

[Shri Harikesh Bahadur]

pointment of the Inquiry Committee as evidenced by the Report of the Estimates Committee.

The poor working conditions have led to suicides and large scale brain drain as evidenced by the suicides in ICAR and the recent suicide at GB Pant Agricultural University, Pantnagar, which receives massive annual recurring and non-recurring grants from the Central Government through the ICAR, which functions as the counterpart of the University Grants Commission so far as the Agricultural Universities in the country are concerned.

It is essential to find out the causes of the problem which is seriously affecting the output of our dedicated scientists in reaching self-sufficiency on the agricultural front and leading to frustration and brain drain.

14.50 hrs.

INTERNATIONAL MONETARY
FUND AND BANK (AMEND-
MENT) BILL—Contd.

MR. DEPUTY-SPEAKER: The House will now take up further consideration of the following motion moved by Shri Pranab Kumar Mukherjee on the 5th October 1982, namely:—

“That the Bill further to amend the International Monetary Fund and Bank Act, 1945, be taken into consideration”.

Now, before I call upon Mr. Satish Agarwal, I would like to inform the hon. Members that there are many hon. Members who want to participate in this debate. We have to pass this Bill and then there is another Bill which will take about one hour. We have to complete that also today. So, the House should permit us to complete these two Bills today even if it is necessary for us to sit beyond 6 P.M. I do not want to restrict any Member who wants to speak on this Bill. Of course time will be restricted

to every Member. Now, Mr. Satish Agarwal to speak.

SHRI SATISH AGARWAL (Jaipur): Mr. Deputy-Speaker, Sir, I thank you for giving me this opportunity of participating in this discussion on International Monetary Fund and Bank Act, 1945.

Sir, we had the opportunity of discussing the implications of the massive borrowing of 5 billion SDRs from the IMF some time during the Budget Session. Though you have not placed any limit so far as time is concerned, you have been gracious enough to permit a full-fledged debate on this Bill. Looking to the importance of the Bill, I am very much conscious of the fact because some other hon. Members will also participate in this debate and we have got an important meeting of the Business Advisory Committee at 3.30 P.M. where I am to be present and decide about an important matter.

Now, Sir, I do not want to repeat what has already been said by my previous speakers yesterday. We have, from our side, said a lot about the need and the propriety of this massive borrowing when we are discussing this issue at length in this House. This is another opportunity given to us to discuss: the whole gamut of the legal and constitutional implications of this borrowing and our relationship with the I.M.F. Now, this seems to be a *fait accompli* as the Government has entered with *mutah* marriage with the I.M.F. and there seems to be no going back. Now, it would have been better had the Government consulted the Opposition, it would have been better had the Government sought a discussion in this House and it would have been still better had the Government taken the entire country into confidence before going in for such a massive borrowing. This borrowing has to be repaid by any Government which will be in office at that point of time. So, particularly it was all the more

essential for this Government to have taken the entire country into confidence before going in for this massive borrowing. We have said so much on the conditionalities of this borrowing and we have also cited examples and instances of the bitter experience which many countries like Brazil, Argentina, Sri Lanka, Mexico, etc. had with the IMF or the World Bank. But now it seems a certainty, particularly it would have been much better, had this Bill been referred to a Select Committee and a Select Committee of this House would have had some opportunity to examine in detail the implication as contained in this Bill. There is not much in this Bill. But I am sorry to say that the Finance Minister while stating in the Statement of Objects and Reasons has very cleverly mentioned this.

The first amendment took place in 1969 with regard to the Articles of Agreement of IMF, and the second set of amendments took place in 1976 which came into operation in 1978 and this Bill has been brought only to incorporate those amendments which have been carried out in the Articles of Agreement of IMF in 1969 and 1976. It looks very simple and plain. How simple this Bill is! We are simply incorporating those amendments which have already been carried out in the Articles of agreement of IMF as back as 1969 and 1976. May I pose a question to the hon Minister? Why did you not bring forward an amending Bill in 1969 itself? Or when this particular Act was Amended in 1969, why did you not incorporate the amendments that were carried out in 1969 through the Articles of Agreement of the IMF? And if you did not bring it then in 1969, why did you not do so in 1970? Why did you wait for all the thirteen years to incorporate the amendments carried out by the IMF in its Articles of Agreement as back as 1969? Not only that, the second set of amendments were carried out in 1976 which came into operation in 1978. I am

talking to you as Finance Minister, not as a Finance Minister of Congress (I), or Janta Party. Why for all these years did you wait for these amendments to be incorporated in this Act? Probably, you have not resorted to such a massive borrowing from IMF and you went on complying with certain provisions. That is the first thing.

Secondly, may I ask the hon. Minister whether without incorporating these amendments in the present Bill you had not been supplying information to the IMF under section 3 of Article 4. You are seeking to incorporate that Article 4 in Section 4 now through this amending Bill. But you have been supplying information to the IMF, and you have not mentioned even a single word with regard to this, which is the most important. With regard to the incorporation of Article 4 in Section 4, you have not mentioned even a single word in the Statement of Objects and Reasons. You have simply said.

"The main objectives of these amendments which came into force on 1st April, 1978, are greater flexibility in exchange rate arrangements, reduction in the role of gold and enlargements of role of Special Drawing Rights; simplification and modernisation of the Fund; financial operations and transactions, improvement in the organisational and administrative aspects of the Fund, etc."

Further,

"The existing provisions in the International Monetary Fund Act, 1945, which is an enabling Act of the Government to implement the provisions of the Fund Agreement, will need amendment to provide for the aforesaid amendments in the Fund Agreement."

My main objection, which I raised on the 5th October, as well as on the 11th October is with regard to Section 4 in this Act, wherein provision has been made with regard to supply of information. Now this Government is

[Shri Satish Agarwal]

going to incorporate in that particular Section one more provision and that is Article 4. What is Article 4? Does anybody know? Do you know, Mr. Mahajan? You supported Article 4, but you have not read it. What is Article 4?

SHRI Y. S. MAHAJAN (Jalgaon): It is with regard to giving information.

15 hrs.

SHRI SATISH AGARWAL: Relating to what? It is not so easy. The House will be interested to know what is Article 4 which is being incorporated in the body of Section 4 now. By it, the Government will be bound and everybody in this country will be bound to furnish information to the Government or the Reserve Bank on this aspect. What have we accepted through this modification? What is article 4? My main objection has been to Section 4, furnishing of information. That is all that infringes Fundamental Rights. So far as the borrowing is concerned, that is another aspect under Article 292. What is article 4 of the Amended Articles of Agreement as modified by the IMF. What is Section 3 of this amending Bill?

In Clause 3 of this amending Bill, we have to substitute the words, "paragraph (b) of section 3 of Article IV". Now, what is this Article IV? What is this section 3? We have to read it, and for the information of the House, I would like to make a mention about it. This is Section 3:

"... Surveillance over exchange arrangements:

(a) The Fund shall oversee the international monetary system in order to ensure its effective operation and shall oversee the compliance of each member with its obligations under Section 1 of this Article."

The obligations under Section 1 of this Article are mentioned therein. Then (b) says:

"...In order to fulfil functions under (a) above, the Fund shall exercise firm surveillance over the exchange rate policies of members, and shall adopt specific principles for the guidance of all members with respect to those policies. Each member shall provide the Fund with the information necessary for such surveillance, and, when requested by the Fund shall consult with it on the member's exchange rate policies."

Now we have accepted surveillance of IMF on our exchange rate policies. So, with regard to exchange rate policies, Government of India is not free to act in any manner it likes, and IMF has got full powers under Article IV, Section 3 to have firm surveillance over our exchange rate policies and we are subject to their control.

15.02 hrs.

[SHRI N. K. SHEJWALKAR in the Chair].

You are accepting complete surveillance. And surveillance normally any human being resists. Anybody normal human being resist surveillance. But we are accepting surveillance over our exchange rate policies, and we shall be bound to furnish all that information.

SHRI Y. S. MAHAJAN: Surveillance literally means only over seeing.

SHRI M. RAM GOPAL REDDY (Nizamabad): He is a professor.

SHRI SATISH AGARWAL: He is a professor; but a professors' interpretation is never good, in preference to lawyer's interpretation.

This is being incorporated in Section 4, and in section 4, you will be now compelling persons living in this country—institutions, organizations, importers and exporters, though my hon. friend clarified that position, saying that they shall be bound to furnish information with regard to Article IV and also Article VIII to the Govern-

ment of India Reserve Bank or any other officer authorized by either of them. So, this is practically violative of the Fundamental Rights guaranteed in Chapter III of the Constitution, whereby you cannot force anybody. The hon. Finance Minister has clarified the position in a letter to me. But this letter does not form part of the record. This letter will not be looked into by the courts, and that is why probably, he has also tried to amend sub-section (2) of section 4, wherein there was some embargo in the form of Income Tax Act—a reference to section 54 of the Income Tax Act, because under it, there was some embargo as to what information can be disclosed, and what information cannot be. Now they are amending that also. They are seeking to delete a reference to Section 54 of the Income Tax Act 1922, and the hon. Finance Minister will argue that the Income Tax Act of 1922 was replaced in 1961, and so, there is no sense in having a reference to that Act. If it was amended in 1961, if Section 54 was replaced in 1964 by an amendment of the relevant provision of the Income Tax Act in the year 1964, why did you not come forward before this House to seek deletion of that reference to the Act of 1922 in the year 1964 when that particular provision was deleted in 1964, and section 54 of the old Income Tax Act was replaced by Section 137, and later on, by Section 138 of the Income Tax Act? Why did you not come forward? Probably because Government took it for granted: "We shall make necessary amendments when need be." And now also, they are taking facts for granted that is why they say "These are consequential amendments, and very innocuous amendments. Because we are a member of the IMF and because we have agreed to the modifications carried out by the IMF and India being a member of that particular body..."

Of course, that may be the basic question that was raised by Mr. Sunil Maitra: why should India continue

to be a member of this IMF body? This is a larger question. This cannot be disposed of in this debate. It is a larger question whether we should continue to be a member of IMF or World Bank or whether we should continue to have borrowings from these institutions; whether India can afford to have that; whether we can do without it. These are very broader questions unless we have some self-reliance, unless we can build up our economy to that extent—But this will require a more deep discussion on that score—I cannot off and on make a suggestion that India should cease to be a member of the IMF. You are a member of the IMF; you continue to be a member of the IMF. You have borrowed heavily from the IMF which is unprecedented in the history of IMF—5 billions S.D.R. we withdrew.

Now the very serious question before the House is that the Government of India is resorting to massive internal borrowings as well as external borrowings. Now our founding fathers of the Constitution made a provision in Article 292 of the Constitution or, say, 293 of the Constitution that by laws, some limit should be laid down on the borrowing power of the Central Government. This is unfortunate that the Government of India did not bring forward any legislation to limit its power of borrowing under Article 292 of the Constitution. This is for the Government should bring forward a legislation in this House whereby some limit can be placed on the borrowing power of the Central Government internally as well as externally. (*Interruptions*)

If that is the argument to what I say, then there is no solution. Firstly, so far as I am concerned, I may reply to your criticism that I was not dealing with this subject; I was not a full-fledged Cabinet Minister. Mr. Pranab Mukherjee has the capacity or rather I should say that he is fortunate; capacity or not may be somewhat disputable; but, at least, he has got good fortune of presiding over

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Cabinet meetings in spite of the fact that there are senior colleagues in the Cabinet. He has got a good luck to have the confidence of the Prime Minister; he is practically second to the Prime Minister as on date. He is looking into the political affairs of many States. So, he is more powerful in that way. If he decides about it, he can set things right. I could not have done that.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): My presiding over the Cabinet meetings is just an accident of alphabet. For your information, all the members of the Cabinet Committee on Political Affairs were treated to be senior Cabinet members alphabetically. I come top of it. Merely by an accident of alphabet should not be treated as a link, either with competence or incompetence. (*Interruptions*)

SHRI SATISH AGARWAL: And the credit for this alphabet does not go to you; it goes to somebody else.

In this connection, I fail to understand as to why the Government is hesitating in bringing forward a legislation with regard to the limitation being placed on the borrowing power of the Central Government. You want unfettered powers.

SHRI Y. S. MAHAJAN: Is there any limitation in any country of the world?

SHRI SATISH AGARWAL: After all, we have got certain limit under the contingency fund. After all, the Budget is passed by Parliament. Even the Government sometimes exceeds it and the PAC makes a recommendation for regularising that excess expenditure—I mean that is not there. Now this external borrowing according to my information as on date for the year 1981-82 is Rs. 11,820 crores and internal debt comes to Rs. 36,146 crores; maybe a little more after 1982. Now the question under Article 292 is whether some limit should be plac-

ed on the borrowing power of the Central Government or not; it is there in the Article itself; and not only that, in this particular connection, I would like to cite the views of the former Speaker, Shri M. Ananthasayanam Ayyangar.

“Finances for much of the expenditure are now-a-days raised by public borrowing by way loan. But unlike the provision that no taxation could be imposed under Article 265 of the Constitution except by an Act of Parliament or of a State Legislature, the borrowing power of the Government is not restricted by any such limitations under Articles 292 and 293 of the Constitution. Nowadays the Government is free to get these loans to finance its expenditure from any individual or from any foreign Government on any terms regarding interest or repayment, as it might choose. Neither the Public Accounts Committee nor the Estimates Committee; to my knowledge, goes into the details of borrowing by the Government nor about the necessity to borrow such sums. It is no doubt provided in these two Articles that Parliament may by law impose limits on any such borrowing from time to time and the forms regarding the giving of guarantee. But no such law has been passed so far. This is a matter which the Parliament must attend to, immediately. They must pass legislation imposing the limits and conditions for borrowing by the Central Government from time to time and appoint a Standing Committee also to scrutinise such borrowing with regard to the conditions, the rates of interests, the guarantees, etc., and the need for such borrowing, and also to find out whether repayment is being made properly and the borrowings are utilised for the purposes for which they were made.”

And not only this. Even the Public Accounts Committee headed by very senior Members belonging to the ruling Party then; in their reports, 68th

report of the Third Lok Sabha, 52nd report of the Fourth Lok Sabha, and the 64th report of the Fourth Lok Sabha have recommended very strongly with regard to this fixation of statutory limits.

I fail to understand, despite the recommendations of the Public Accounts Committee which is the senior-most Financial Committee of the Parliament—and in the Golden Jubilee Souvenir of 1971, when the Golden Jubilee of the PAC was celebrated and even the Prime Minister and the former Chairman including Prof. Ranga and many others have mentioned very strongly about it—despite this, you are not placing any limits on the borrowing powers of the Central Government under Article 292. But this Government has accepted the limitations with regard to the borrowing power so far as the external and internal loans are concerned. This will beat the commercial credit within the country and in this particular connection I will say that the Government has accepted, in this particular case that the Government will not resort to any other borrowings up to 12 years to the tune of 1300 crores from IMF or outside. You have accepted that limit. You have accepted the bank credit also. In this particular case, the net credit to Government in December 1981 was Rs. 25,806 crores. IMF had imposed the condition that it was not to exceed Rs. 30,981 crores—not even 980 crores, but 981 crores, correct to the point—by the 26th March 1982 or Rs. 36,453 crores by the 25th March 1983. And you have accepted this condition. These are limitations placed by IMF on your internal finances; these are limitations on your external borrowings. You have submitted to their jurisdiction. But you are not prepared to submit to the jurisdiction of this House. I fail to understand what is the rationality. Do you want to be reminded that you are accountable to this House, in this Parliamentary democracy, and that all of us are accountable to the people?

DR. SUBRAMANIAM SWAMY
(Bombay North-East): Unfortunately!

SHRI SATISH AGARWAL: How are we going to meet all these things?

Now, apart from this particular point, the Government in its initial memorandum to the IMF which the former Finance Minister wrote through a letter to the IMF, had made a mention about the economic condition of the country and said that the economy was all right during 1975 and 1976. 1975-76 and 1976-77 were two years of Emergency, 1977-78 and 1978-79 were two years of Janata rule. So the performance of the economy was satisfactory inflation was only 2 per cent, there was a non-aligned inflation trend during those four years, but it was during 1979-80 that the situation became worse and India had to face a very adverse balance of payments position. So after 1979-80 and 1980 onwards what is the position now? Where are we going? It worries everybody. It is a matter of great national concern to everybody. How are you going to utilise this massive borrowing? Has the position been improving? Are we going to contain imports? Are we going to improve our exports? As far as my knowledge goes, we have not been able to make any dent in the trade position. Particularly I was surprised to see in today's newspapers that the Government is allowing the import of colour TV from abroad. Will the foreign exchange not be utilised for this? Should we utilise these 5 billion SDRs that we got from IMF with such a conditionality, on such type of imports? I can understand if it is the question of purchasing Mirage or MIGs for defence needs. But I cannot understand the import of colour TV particularly when our indigenous manufacturers of colour TV are going ahead in that direction and they are manufacturing and are prepared to meet the challenges of 1982 or the requirement of ASIAD. But the Government is spending foreign exchange on that and we are going in for that.

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We have got certain interest-free credits from various countries. I will give you one example. We have got interest-free credit for thirty years from Belgium of Rs. 100 crores every year. For the last three years, excepting a part of it, we have not been able to utilise that carry-over of Rs. 300 crores. We can import everything from Belgium. But we prefer to import things from Japan where some officer may have been interested. I do not want to go into the details of that case. When import of cranes for the containers in Madras and Bombay Ports took place, we had imported them from Japan and we had to pay for that. The price of the Belgium crane was 2 to 5 per cent higher. But then we have an interest-free credit, which is to be paid after 30 years, and we are not utilising it. This is how you are managing your foreign exchange. By getting 5 billion SDRs, the Government of India has become complacent. It is my pious duty to warn this Government that if the present trend of exports and imports continues, the same balance of payments' position continues, the same trade deficit continues, by October 1983 you will be left with hardly Rs. 362 crores of foreign exchange. I have calculated everything as to how much you have drawn. At the moment, your trade deficit comes to about Rs. 5000 crores. Suppose, you get Rs. 2000 crores worth of aid or assistance every year, Rs. 800 crores to Rs. 1000 crores goes by debt servicing and all that. So, the net you get is nearabout Rs. 1000 crores. You have already drawn Rs. 900 crores by July, 1982. You will be drawing Rs. 1800 crores by June, 1983 and another Rs. 2300 crores by June, 1984. Out of that Rs. 1800 crores, you have already drawn by October, 1982 more than Rs. 600 crores and by December, 1982 you will be drawing another Rs. 600 crores and the rest, you will be drawing by the end of June, 1983. This is how you are drawing the money. But your foreign exchange position is really very critical. On 1-4-77 the foreign exchange reserve

was Rs. 2863 crores. On 1-4-79, it went upto Rs. 5220 crores. But on 31-8-82 your reserve has come down to Rs. 3634 crores. It is an alarming situation, and it worries all of us. So, how are you going to utilise the foreign exchange reserve? How are you regulating all this? There is no central mechanism at the moment. It is beyond the purview of Parliament or its Committees to scrutinise not only the need for borrowing but also its repayment scheme. There is no mechanism excepting the Finance Ministry monitoring all these facts with regard to utilisation of foreign exchange reserves. Utilisation of foreign exchange reserves is absolutely within the jurisdiction of the Reserve Bank, which is outside the purview of the Comptroller and Auditor-General of India and consequently beyond the purview of either PAC or Estimates Committee or Committee on Public Undertakings and so, beyond the purview of this House. Over this, the Government of India incurs expenditure internally. So far as internal expenditure is concerned, that is subject to scrutiny by Parliament through its committees. But, so far as expenditure through foreign exchange is concerned, it is not subject to scrutiny by any of the Committees of Parliament and so by the Parliament itself. The time has now come when it will be in the interests of the Government, it will be in the interests of the nation, it will be in the interests of the better utilisation of the foreign exchange reserves that some sort of monitoring mechanism is evolved, whereby this Parliament is also involved through its Committees, and the Comptroller and Auditor-General is also involved so that he can oversee them. My hon. friend, Shri Mahajan, is very fond of the word "oversee" in the context of surveillance. But I am not suggesting the name of the Comptroller and Auditor-General for any surveillance over the Reserve Bank, but for overseeing the transactions that are carried on, so far as utilisation of foreign exchange is concerned. This is my humble suggestion, and I am sure the Government will pay attention to it.

In the reply given to me you have mentioned that our debt servicing is quite satisfactory. Well and good, if it remains satisfactory because we have got good monsoon, we have got good gross national product and we are able to repay everything. But, mind you, the foreign or external debts cannot be repaid by printing more notes. It can be repaid only in foreign exchange, and foreign exchange we get only when we have got an exportable surplus. Unless our exports are more, imports less and we save on that account, we shall not be able to repay it. The problem of repayment is very acute.

Mr. Finance Minister, in your speeches in the international forums you have yourself mentioned that a debt of 700 million dollars becomes 2 billion dollars by the year 2,000. This is our own servicing charges. Do you remember it? In your speech at Toronto you have mentioned these facts. If you do not remember, you can have a copy from me. In that speech, you have drawn the attention of the IMF authorities and various countries attending that Conference that for poor countries a debt of 700 million dollars in 1981 will cost 2 billion dollars in interest charges by the year 2000 AD. This is a quotation from your speech, which has appeared in the Indian and Foreign Review. This is your speech of 7th September, where you have made a lot of mention of this and other things.

When the interest services rise from 700 million dollars to 2 billion dollars in just less than 20 years, you can very well imagine our debt servicing liability. So far as the addition of 5 billion dollars SDR is concerned, it will be 1,000 crore dollars and it will reach 1,200 crores dollars. I wish our position improves on all fronts and that we are able to repay all that we have borrowed from anybody, because it is against national pride not to repay. It is a commitment on behalf of the nation that you have given and it shall be the duty of all of us to see that we repay it, and repay with honour.

But if you want our involvement in it, then you have to involve the people in the decision-making also. You cannot ask people to cooperate with you when you do not involve them in the decision-making process. So, it is the salutary principle of parliamentary democracy that you have to involve the people in the total process. But, I am sorry to say, you are concealing more facts from this House, from the nation, from the country and that you are disclosing much more to your super-masters. Instead of that you have to take us into confidence. You have to plan for a proper utilisation of these resources.

The visualisation, assessment or estimate that the Planning Commission had with regard to other borrowings, including commercial borrowings from external sources, was only Rs. 5,087 crores; drawing upon from foreign exchange was only Rs. 1,000 crores and net aid Rs. 5,889 crores. The total comes to Rs. 11,976 crores. The depletion of reserves through terms of trade is Rs. 2,913 crores or Rs. 3,000 crores. The Planning Commission planned on the basis of a depletion of foreign reserves to the tune of Rs. 3,000 crores. But our experience for the last two years is that it is more than Rs. 5,000 crores every year. If, unfortunately, this continues for another three years, what will be the position? It will be a very difficult position.

So, in that behalf, I would respectfully submit, because this particular borrowing has been taken up by the Government of India without taking into confidence the Parliament, the country as a whole, now it has become a *fait accompli* and we are committed to it. There seems to be no other way. Even any successor Finance Minister will not be able to come out of this easily. Whatever it is, whether Mr. Sunil Maitra is there or Mr. Asok Mitra is there, he will not be able to come easily out of it. This becomes very difficult. So, we have to be on guard so far as these utilisations are

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concerned and I would humbly request the Finance Minister to see to it that the informations that have been submitted to the IMF are not against national dignity and honour and there should be some law under Article 292, and all the foreign exchange transactions should be subject to a review and scrutiny by the Comptroller and Auditor General of India and thereby ultimately by this Parliament through its financial committees. That is all that I have to say, and I would humbly request you and request the Finance Minister that he should not make it a prestige issue. I have already suggested an amendment with regard to Section 4 wherein I have only mentioned that the information should be furnished not to meet the requirements of IMF, but only if the Government of India thinks it proper in the public interest, then it would be made available to the Government of India. That is a very innocent amendment. Instead of meeting the requirements of IMF, I say it should meet the requirements of the Government if you feel that it is necessary in the public interest that this information must be furnished. That is why I said, the particular sentence should be substituted, in place of "as required by IMF" by "as required by the Government of India in the public interest." That is a very simple and innocent amendment and I am sure you will accept it and you should also get the embargo of the income-tax law, but so far as my opposition to Section 4 is concerned, I am prepared to concede the point. Otherwise the whole Bill has to be opposed and there is no other go out to reject this Bill as in the present form.

DR. SUBRAMANIAM SWAMY: I think you will be equally generous about the time to be given to other speakers also.

SHRI S. T. K. JAKKAYAN (Periyakulam): Mr. Chairman, I am very glad to deliver my maiden speech in this historic chamber which has been stalwarts like Pandit Jawaharlal Nehru

and Dr. Ambedkar. Our great Dravidian statesman, Dr. Anna has enriched parliamentary traditions. My thanks go to my golden-hearted leader Puratchi Thalaivar MGR for sending me here. I thank the electors who have voted for me.

DR. SUBRAMANIAM SWAMY: I do not know what is the order of speakers on this Bill.

MR. CHAIRMAN: It is his maiden speech and the Deputy-Speaker wanted him to speak now.

SHRI S. T. K. JAKKAYAN: I am glad to support this IMF (Amendment) Bill on behalf of my AIADMK party.

When our young Finance Minister presented the Budget in this august House on 27-2-1982, we hoped that he would establish himself as an exemplary financial expert and make this financial year, the Year of Productivity.

But I regret to point out that a number of public undertakings proved themselves as non-productive and some of them run at a great loss to the national exchequer. In regard to the timely arrangements to negotiate a line of credit for SDR 5 billion from the International Monetary Fund under its extended Fund facility the credit should go to the former finance Minister Thiru R. Venkataraman. While we are not against as such for taking loan from the IMF we should remain careful to increase the domestic production particularly in petroleum products, fertilisers, steel, edible oils and ferrous metals. But we find that those constitute more than 60 per cent of our total imports. At the same time our exports have increased only upto 15 per cent inspite of the fact that we have established the Export-Import Bank of India since 1st January, 1982.

To increase the production in every sphere our honourable Prime

Minister announced 20 point programme. But the States share of various taxes out of Rs. 15,754 crores was not made according to the economic conditions of various States. The allocation of funds is made on the basis of population which would likely support the ruling party at the Centre. Hence a number of plans submitted by our Tamil Nadu Government still await the clearance. There is a provision in the Central Budget for non-plan loans to State Governments amounting to Rs. 1732 crores. But the Central Government is yet hesitating to finance our Tamil Nadu Government's schemes such as nutritious food scheme, self-sufficiency scheme, and rural electrification scheme etc.

The Finance Minister said here that so far as payments to the IMF were concerned these would continue to be subject to Parliamentary approval. I would like to ask the Finance Minister did he take this House into confidence before furnishing certain informations to the IMF as pre-conditions to obtain the loan? How does he say that these amendments became effective from April 1, 1978? Is it not the duty of the Finance Minister to take the Finance Ministers of all the State Governments into his confidence on the eve of obtaining the IMF loan and accepting their conditions? If we refer to the World Bank's world development Report we find that the share of 10 per cent in the recorded national income is 33.6 per cent in India. This is more than 50 per cent higher concentration of income than other European countries. In other words this share of un-recorded black money income is two-thirds. In the circumstances I would like to ask the Finance Minister, as to how is he going to arrange for repayment of the loans unless he takes an impartial view of the plans submitted by the State Governments ruled by non-Cong(I) parties, in the national interest.

Our Tamil Nadu Government is really interested in helping the poor among the backward classes, we would like to group four or five families together and register them as a firm under the Companies Act and assist them with loans for setting up small scale units in backward areas. May I request the Minister to issue necessary instructions to the Nationalised Banks to advance necessary loans to those families?

The Finance Minister has stated in his Budget Speech that he would make provision of Rs. 190 crores for the integrated Rural Development programme and thus help millions of families. Hence I request the Minister to make a note of our request in the matter.

Finally I would like to conclude my speech with the request that the Central Government should not cause spreading such rumour that the allocation of funds particularly to Tamil Nadu Government is meagre since it is not ruled by the Cong-I party. Our revolutionary leader Thiru M. G. R. had established himself as a super star not only in the film world but also in the political world by massive victory in my Periyakulam Lok Sabha election held recently. The reason for my massive victory on behalf of my party, you know very well that it is due to the effective implementation of the nutritious noon meal and the self-sufficiency schemes which are the special welfare schemes introduced effectively by our beloved leader "PURA-TCHI THALAIVAR" M. G. R. I urge the Central Government to provide the necessary ample funds for these beneficial schemes.

I hope the Central Government should take up the 20 point programme of our hon'ble Prime Minister and assist us in its proper implementation.

द्वारा किया जा रहा है। 1945 में जब
(Shri S. T. K. Takkayan)

The second object of the Bill was stated for reduction of the role of Gold in the International Monetary system.

I hope the Minister will try his best to achieve all the objects. I would like to record my whole-hearted support to this Bill on behalf of my AIADMK Party.

श्री राजनाथ सोनकर शास्त्री (सैदपुर):
सभापति महोदय, अंतर्राष्ट्रीय मुद्रा निधि और बैंक अधिनियम, जो हमारे सामने संशोधन के लिए भेजा है, निश्चय ही एक बहुत गम्भीर विषय है। इसके सम्बन्ध में मुझे पूर्व माननीय सदस्यों ने काफी गहराई के साथ और विस्तार से अपने विचार व्यक्त किए हैं और इसके इतिहास पर भी प्रकाश डाला है। मैं नहीं चाहता कि उन बातों को दोहराया जाए और हाउस का समय लिया जाए।

मैं बहुत गहराई के साथ और गम्भीरता के साथ बहुत साधो-सादो भाषा में दो-चार बातें इस बारे में कहना चाहूंगा।

अन्तर्राष्ट्रीय मुद्रा निधि व बैंक से हमारे लिए वस्तुतः काफी परेशानी उत्पन्न हो गई है। मैं बहुत साफ शब्दों में कहना चाहूंगा कि आज देश में जो जलालत है, जो आर्थिक संकट है उसका एकमात्र यदि कोई कारण है, तो वह है हमारा अन्तर्राष्ट्रीय मुद्रा निधि और बैंक का सदस्य होना। हम देख रहे हैं कि जिस रूप में हमारा मुल्क विकास करना चाहता है, उसमें आए दिन हमारे ऊपर कर्ज की स्थिति बढ़तर होती जा रही है, हम काफी परेशान हैं और दुनिया के बीच में अपनी प्रतिष्ठा बनाए रखने के लिए हम झूठे जलालत में पड़े हुए हैं। अतः हम अन्तर्राष्ट्रीय मुद्रा निधि और बैंक को छोड़ना चाहते हैं। हमको ऐसा लगता

है कि वर्तमान सरकार उस ढंग से इस चीज को सोच रही है जिस ढंग से उसे नहीं सोचना चाहिए। आज हमारे देश का व्यापार कम होता जा रहा है। हमें अपने निर्यात और आयात की स्थिति को देखकर अश्चर्य होता है। इस देश में जो चीजें पैदा होती हैं वह अपने मुल्क में महंगा पड़ रहे हैं। उदाहरण के लिए मैं, दो वर्ष पहले जो प्याज की स्थिति थी, वह बताना चाहूंगा। उस समय हमारे यहाँ प्याज 5-6 रूपया किलो बिक रहा था जबकि हमारे देश सेही भेजा गया प्याज विदेशों में एक रूपया किलो बिक रहा था। इसी प्रकार से आज जो चीजें हमारे यहाँ 5-6 रूपया किलो बिक रही हैं वह चीजें विदेशों में 2 रूपया किलो बिक रही हैं। मैं माननीय मन्त्री जी से जानना चाहूंगा कि जो चीजें हमारे मुल्क में पैदा होती हैं वह यहाँ पर ज्यादा कीमत में चीजें मिलती हैं और बाहर जाकर वही वस्तु सस्ती क्यों मिलती है? मैं समझत हूँ इसका यदि एकमात्र उत्तरदायित्व किसी पर है तो वह है भारत का अन्तर्राष्ट्रीय मुद्रा निधि और बैंक का सदस्य होना।

अभी इसी सदन में कुछ दिन पहले चर्चा हुई थी कि हमारे देश में जो गेहूँ पैदा होता है उसको सरकार किसानों से 142 रूपया क्वॉटल खरीद रही है लेकिन विदेशों से जो गेहूँ सरकार मंगा रहा है, वह 172 रूपए क्वॉटल के भाव पर आ रहा है। आखिर इसका क्या कारण है? मेरी समझ में तो इसका कारण भी अन्तर्राष्ट्रीय मुद्रा निधि और बैंक का हमारा सदस्य होना है। मैं साफ शब्दों में कहना चाहूंगा कि यदि भारत के गौरव की रक्षा करना है तो अन्तर्राष्ट्रीय मुद्रा निधि और बैंक की सदस्यता से तत्काल त्यागपत्र देना होगा। इसमें कोई सन्देह नहीं है कि आज हमारी सरकार का शोषण अन्य विदेशी सरकारों के

हमारा देश अंग्रेजों के अधीन था तब अन्तर्राष्ट्रीय मुद्रा निधि और बैंक के हम सदस्य बने थे लेकिन आज तो वह परिस्थिति नहीं है। आज हमारा देश आजाद है और हमें अपने पैरों पर खड़ा होना है। हमें आश्चर्य है कि 35 वर्षों की आजादी के बाद भी आज हम विदेशी सहायता और विदेशी मुद्रा की ओर हाथ पसार रहे हैं। बहुत से मित्रों एवं अर्थ-शास्त्रियों ने बताया है कि जब दूसरे देशों में मुद्रा का अवमूल्यन होता है तो हमारे मुल्क पर उसका प्रभाव पड़ता है। फ्रांस जब फ्रैंक का अवमूल्यन करता है या जब अमरीका डालर का अवमूल्यन करता है तो निश्चित रूप से उसका असर भारत पर पड़ता है, हमारे विदेश व्यापार पर उसका असर पड़ता है, हमारा सामान जो विदेशी बाजारों में जाता है, उसपर उसका असर पड़ता है और हमारा सामान कभी-कभी विदेशी बाजार में मुकाबला नहीं कर पाता। जो चीजें हमारे यहां बाहर से आती हैं उनका हम मुकाबला नहीं कर पाते हैं। मैं माननीय मंत्री जी से पूछना चाहता हूँ कि आखिरकार ऐसी क्या बातें हैं, इन सब कठिनाईयों का सामना बाजार के उतार चढ़ाव से करना पड़ता है। जब डालर की कीमत का अवमूल्यन होता है, तो ये विदेशी बैंक हमें क्या सहायता देते हैं, बाजारों में अपना सामान ले जाने के लिये और इसकी सदस्यता से हमें क्या लाभ होता है ?

पूजीपति मजदूरों का शोषण कर रहा है, व्यापारी किसानों का शोषण कर रहा है, हर बड़ा आदमी छोटे आदमी का शोषण कर रहा है। इसी प्रकार दूसरे मुल्क विदेशी मुद्रा और बैंक की सहायता के नाम पर भारत का शोषण कर रहे हैं। दूसरे

मुल्क की तुलना में हमारा देश उत्पादन के मामले में निश्चित ही अच्छा है। अमरीका जितना धन एक मिनट में कमाता है, उतना ही धन भारत 20 मिनट में कमाता है, जितना धन एक मिनट में रूस कमाता है, उतना ही धन भारत 12 मिनट में कमाता है, जितना धन चीन एक मिनट में कमाता है उतना ही धन भारत ढाई मिनट में कमाता है। हमारे यहां एशियन गेम्स हो रहे हैं, जो कि हम लोगों को खाये जा रहे हैं। जैसा कि अभी एक माननीय सदस्य बता रहे हैं कि रंगीन टी० वी० से हमें क्या लाभ हुआ और उससे विदेशी मुद्रा अचानक चली जा रही है--इस बारे में मंत्री जी को सोचना चाहिये। मेरा मंत्री जी से निवेदन है कि अपना सारा धन और दिमाग उनको देश को पैरों पर खड़ा करने पर लगाना चाहिये था। आज नये उद्योगों की स्थापना होनी चाहिये, नया कारोबार खुलना चाहिये, बेकारी को मिटाने के लिये सरकार को अपना सारा दिमाग लगाना चाहिये। लेकिन मंत्री जी ने अपना दिमाग इस ओर न लगाकर इस मुद्रा अधिनियम के संशोधन के बारे में लगाया है, यह उचित नहीं है। हो सकता है कि उनका जवाब होगा कि हम दूसरे मुल्कों की तुलना में अच्छे हैं। देश में पिछले 35 वर्षों में जो व्यवस्था हुई है, वह व्यवस्था इस से सुधरने वाली नहीं है। मैं पुनः साफ़ शब्दों में कहना चाहता हूँ कि आप को इसकी सदस्यता से इस्तीफा देना चाहिये।

मैं विशेष न कहते हुये अपनी बात समाप्त करता हूँ और मंत्री महोदय द्वारा पेश किये गये बिल का मैं विरोध करता हूँ।

DR. SUBRAMANIAM SWAMY
(Bombay North East): Mr. Chairman, Sir, the President of Tanzania, Mr. Julius Nyerere, had renamed the

(Dr. Subramaniam Swamy)

IMF as the International Ministry of Finance. Every day, we are getting indications that the Indian Finance Ministry is losing its independence and that more and more decisions are being made by the International Ministry of Finance.

The Bill that the hon. Minister has brought forward is essentially the fulfilment of the requirement which came on the books, so to speak, in 1976. During the entire Janata period, we took no notice of it. But now, after almost 3 years of the Congress (I) rule, they have come forward with this Bill. Therefore, I will say that the most suspicious element of this Bill is the timing of it, that the Government suddenly finds itself in a very weak position and it is not in a position to stand up and say, "No. All these years, we have not agreed and we will not agree now", that is, to provide information to the International Monetary Fund which even the Indian Parliament is not provided with.

The International Monetary Fund does not consist of politicians. It consists of civil servants drawn from all over the world, and they would have access to vital information on income-tax returns which the Indian courts and the Indian Parliament will not have!

I think this weakness is demonstrated by the Government's own ability to defend its case!

Take the case of Bangladesh to which the International Monetary Fund recently cancelled the loan that was given earlier. In fact, Bangladesh had received about \$912 in a three-year loan and this suspension has now been followed by a finding by the IMF that "the Bangladesh Government's performance of the terms of the loan had not been satis-

factory and the performance criteria were not being adhered to." Bangladesh is represented in the IMF by the Government of India and you are its representative and you have not been able to prevent the IMF from continuing the loan specially when Bangladesh is in such difficult circumstances because they say "we have certain performance clauses which you have to meet" and I think the Government is in the same position today. The Government of India is terrified by the prospect that the International Monetary Fund may terminate the loan.

When the loan was actually taken, the previous Finance Minister Mr. Venkataraman said the following and I will quote it to the present Finance Minister. I do not know whether he will be here to defend when the final agreement is completed whether he will be a Minister or something else, may be Home or Defence. I do not know. But this is what he said:

SHRI K. MAYATHEVAR (Dindigul): Swamy is very much doubtful.

Dr. SUBRAMANIAM SWAMY: I have every hope for him.

"The need for the loan had arisen from the adverse balance of payments situation due to doubling of oil prices and the sharp decline in foreign reserves."

Therefore, they wanted the loan because of the balance of payments position. State deficit was running at Rs. 5,000 crores or so and in order to meet the situation, they had taken the loan.

But this present Finance Minister wrote a letter to the International Monetary Fund in June, 1982, and this is what he said:—

"Despite economic performance " which is now doubtful.

"Despite economic performance and prudent demand management the balance of payments continued to be under strain. The current account deficit is estimated to be SDR 3.5 billion which is SDR .5 billion higher than that was in the programme, the earlier commitment."

So, the letter written by the Finance Minister to the IMF clearly says that the primary objective of taking the loan was not satisfied. They have given all kinds of other examples

The present Finance Minister, in order to satisfy the IMF, has given a list of things that the Government of India has done in adjustment programmes and if you read them, they all look like surrender statements. "We have liberalised here. We have now taken so many items out of the MRTP Act. We have done this." All of them look as if they are meant to please the Western capital or the forces and this letter which was very kindly placed in the library is worth reading. It shows the weakness, the weak position, the Government is itself finding in.

The first thing that the former Finance Minister said was that "we are taking this loan in order to overcome the adverse balance of payments position."

But the person Finance Minister says that "we made some other improvements including the economy more and more to your liking."

But on the balance of payments, things have gone worse. I cannot understand how after taking so much money from the International Monetary Fund, the balance of payments claim the oil prices as an excuse because the oil prices have not risen during this period.

The second point the former Finance Minister said was that Government is not contemplating devaluation of the rupee and the arrangement with

the IMF will in no way affect India's rupee situation.

Now everybody knows that the rupee today *vis-a-vis* the dollar has been devalued in the last one year.

I challenge the Finance Minister to come give and present figures for the exchange rate that existed between the dollar and the rupee a year from today, that a year ago, and this year to date that is, a year ago and to-day a year after. And you will find that the rupee has been devalued by 18 per cent without the Parliament being informed, by a trick known as linking the rupee to a basket of currencies. But the fact has been that it has been devalued and it is the talk of the international market that the rupee is getting devalued. This is the second thing want to say.

The assurance given as also the second assurance given is that there will be no devaluation but we find that after taking this International Monetary Fund loan, the confidence in the rupee has gone down and at the international level the rupee has been devalued and the Parliament is kept in the dark.

The third thing I would like to say is that the Prime Minister herself made a statement that the IMF is a line of credit and we may not utilise all of it, that we may utilise some of it and that we may in the middle give it up once we find that we are in a comfortable situation. Now we find that at the rate at which things are going on, the Government is planning to use 100 per cent of that SDR line of 5.5 billion dollars. Therefore, the original expectation that you will reorganise your finances in such a way that you will not need to use or draw on all that has been belied and in fact, there has been an economic failure in the sense that you become more and more dependent on this matter. I would like to say and perhaps the

[Dr. Subramaniam Swamy]

thing what worries me the most is the fact that money is being taken in loan and this has to be paid back. In answer to a question raised in the Parliament during the last session, I was told that the rough rate of interest works out to about 13 per cent. If you use this interest rate, it turns out that 5500 crores of rupees of IMF loan compounded at this date would mean Rs. 9000 crores which has to be paid back in 9 instalments from January 1, 1985. That means Rs. 1000 crores extra in foreign exchange has to be produced from somewhere over and above meeting out trade deficit which is running at Rs. 6000 crores now. Rs. 1000 crores in foreign exchange plus Rs. 850 crores of rupees in foreign exchange on interest and amortisation of loan taken from the World Bank, that is, all the old loans that are pending—that means Rs. 1850 crores extra over and above the Rs. 6000 crore trade deficit. That Rs. 1850 crores extra has to be taken from our export earnings to be able to pay back. I want to know how they are going to do it. Where are they going to get it from? And for 9 years continuously. Of course, Prof. Mukherjee may say, 'In January 1985 our term of 5 years will be over. There will be a new Government and you will please ask that Government.' That will be the Janata Party Government and I am sure about that and it will be our headache.

I would say one more thing. The former Finance Minister gave us an assurance of which I would like to remind you. What the former Finance Minister said was, according to report published in the Review—the Parliamentary Journal brought out by the Bureau of Parliamentary Studies—is that the imports would be restricted to essential sectors like expanding exports and increasing production and enlarging the industrial base. I would challenge the Finance Minister. Please come and present the import policy that you have now adopted following

a review of the Sixth Five Year Plan and your previous import policy. What do we find? A vast amount liberalisation in the non-essential sectors. Do you know, Sir that now you can import billiard balls? Tell me how essential these billiard balls are? I can tell you many things. We have decided import—some one said—TV sets. Not only TV sets, billiard balls cosmetics and all the other kinds of various non-essential items you have now been permitted to import. Of course, I will not talk about Suzuki and other things because they are border line cases and whether it should be there or not, but whether this should be done in this form I have got to oppose. But the fact of the matter is that this Government is knuckling under the International Monetary Fund and at every step, all the way, they are yielding and they are not going to be in a position to pay back.

This country is facing liquidation-financial bankruptcy. All this is ahead of us. So, I would urge upon this Government to draw its wisdom from the advice of what we are saying and, for God's sake, terminate this ignoble 5.5 Billion Dollar SDR which you have taken from the IMF and save this country from utter ruin and bankruptcy to which you are pushing this country.

MR. CHAIRMAN: Shri Nadar.

SHRI A. NEELALOHITHADASAN NADAR (Trivandrum): Mr. Chairman, Sir, I am opposing this Bill because the attempts of this Bill and the spirit of it are completely against all our dreams of Swaraj and self-reliance during the days of our freedom struggle.

Some of the Members from the ruling party have tried to defend the Government side that we are not going according to the terms of the IMF and that will have our own terms. They are speaking in a manner so that the IMF men go according to their terms.

But, Sir, may I bring to your notice a report which has appeared in the *Amrita Bazar Patrika* dated 28-8-82 under the heading that the IMF told of new import policy. The Government of India told IMF that it has adopted a flexible and pragmatic approach towards import of technology and foreign collaboration.

15.58 hrs.

[SHRI S. M. KRISHNA *in the Chair.*]

I am saying this because of this liberalisation in the import policy. My own State of Kerala has become a victim of the pro-IMF import policy of this Government. The Government has started, through various means, importing rubber, cocoa, copra and coconut oil. That is because of the liberalised import policy of the Government. Even the Finance Minister of Kerala has made a speech in Quilon, Kerala and he openly stated that we are going to agitate against the import of rubber by the Central Government. This must have come in the press. I think the hon. Finance Minister would have noticed what the Finance Minister of Kerala said in a speech there. He said that the Government of Kerala was going to agitate against the import policy of the Central Government.

Similarly, all the political parties and their consecutive Governments in Kerala including the present one headed by the Congress (I) Chief Minister have represented to the Central Government against its import policy. This Government has not accepted this. Even now they are continuing the import.

16.00 hrs.

My hon. friend Shri Satish Agarwal had asked a question: Why was this amendment not brought up in 1963? It is a relevant question, Sir. At that time that Government even though it was headed by the present Prime Minister, was trying to impress upon the people that it is following a dif-

ferent path because of the bank rationalisation measure, because of the stopping of the Privy Purses and other things. Now this Government under the leadership of Mrs. Gandhi (of which Mr. Pranab Mukherjee is the Finance Minister), is trying to impress upon the world capitalists and multinationals that they are following a path which suits world capitalists and multinationals.

For example, the recent speech of the Finance Minister at U.S.A. brings out this point very clearly. He told these world capitalists and industrialists, don't be afraid of the public sector in India; they are there only to provide the infrastructure for the private sector. Is the approach of the Finance Minister in tune with, in terms with, the policy of the old Congress party under the leadership of Pandit Nehru and others? I am sure the industrial and economic policies of the present Government are in contradiction with the policies of the old Congress party headed by Pandit Nehru and others and all the socio-economic approach during the time of our freedom struggle.

Sir, a Government, which is following completely the capitalist line and trying to please the world capitalists and multinationals, also, through this Bill is trying to bring Parliament also in terms with the interest of the IMF and other financial institutions controlled by world capitalists and multinationals, elaborately described by my hon. friend Mr. Sunil Maitra.

Sir, I oppose this Bill.

SHRI CHITTA BASU (Barasat): We today in Parliament have been placed in a predicament because we are facing today a *fait accompli*. It is predicament for us because the Government and the Treasury Benches today advise us to play a subservient role and to remain oblivious of the sinister design of the World Bank and the International Monetary Fund which are potent instruments so that their policy of neo-colonialism and exploitation can

[Shri Chitta Basu]

be sustained. So, with all the emphasis at my command, I would urge upon you and the House to try to understand the predicament in which we are placed today. We are in this predicament also because of the fact that the hon. Members adorning the Treasury Benches also advise us to play a subservient role when the economic sovereignty and the policies of self-reliance of this country are being eroded. Members adorning the Treasury Benches and their Ministers particularly also advise us to emulate the example of Bangla Desh, Sri Lanka, Mexico, etc. which have allowed themselves to be dragged into the death-trap under the behest of the International Monetary Fund and the World Bank.

Sir, I am sorry I cannot oblige them at this stage because this is disastrous for our nation's sovereign policy of self-reliance, which I suppose is a nationally accepted policy. Sir, I have no alternative but to oppose this Bill lock, stock and barrel. Why am I opposing this Bill? Although it has been mentioned by many, the attempts on the part of the Government have all along been to create a situation, to create an impression in the House and outside that this Bill is merely a very simple and innocuous Bill and an innocent piece of legislation which aims at merely including by an amendment certain reforms and changes which have already been agreed upon or carried out late in the year 1979. In the Article of Agreement of the IMF. There have been constant efforts to create this kind of impression in this House and outside. Naturally, Sir, this is their idea. Sir, I refuse to give in because this is too simplistic a make-believe and if you have certain political perspective, you would have understood the mechanism adopted by imperialism and the functions of capitalism. If you have got a simple insight about the working of the International Monetary Fund and the World Bank, you will not give in and accept this make-believe agreement. As a

matter of fact, by acceting this amendment, we shall be allowing the IMF and the World Bank to mount an assault on our economic sovereignty and the policy of self-reliance. No self-respecting patriots either in this House or outside can accept this proposition. If there are economic and fiscal difficulties, there are ways to meet them. I am second to none in supporting the Government if the Government takes a very firm position in order to save the prestige, in order to save the economic independence and the policy of self-reliance. We are prepared to accept certain measures, however stiff it might be, however, hard it might be; but it is most unimagible when the Government manipulates, when the Government surrenders and when the Government sells away the patriotic rights of the people and the prestige of the country. By this they have already set on the course of seal. This is a final seal. This is a final seal of approval for the complete sell-out of the economic sovereignty and the policy of self-reliance. I refuse to be a party to that policy of sell-out being adopted and being pursued by the Government of India. Therefore, I have got the strongest possible disapproval of this Bill.

Sir, coming to the Bill itself, there are certain perspectives and political thinking. I agree that these observations have got nothing to do with the body of the Bill. I am sorry you may live in fools' paradise. But I refuse to be a party to this because the repercussions of the Bill on the economic sovereignty of our country cannot be understood properly. Therefore, in the briefest possible time, I have held my opinion totally different from that of the Government and I do not know whether we shall embark on the policy of sell-out or whether we shall sell-out our economic independence. Unfortunately, these people have embarked upon the path of sell-out and I refuse to be a party to such a deal. We want that the Government should at least explain its position in unequivocal terms. I refer to Section 5 of Article

8 of the Agreement. This Article covers a very wide range of subjects on which the IMF can call for information which we are bound to offer to them. Is it not an assault on our sovereignty? Again, I would also like to draw attention of the House to Article 9 of the Agreement. Article 9 suggests that the archives of the International Monetary Fund is inviolable and whereas our Government's archives or other information are violable. Why this distinction? If the IMF can claim inviolability of their archives, if they can refuse to furnish or give away or disseminate certain information, how is it and why is it that our Government should give away all the information covering wide areas of economic life? This is again an example of capitulation as I have mentioned earlier, and is an example of abject surrender to the International Monetary Fund.

Certain provisions of the Income Tax Act, 1964 forbid transmission of certain information. But by this amendment, you are doing away with those limitations or restrictions. In fact, one of the major objectives of this amending Bill is to give information. It is an assault on our sovereign rights and it is also an assault on our economic sovereignty. Again, as we know there are certain provisions, and certain Acts like the Bearer Bonds Act, or the Voluntary Disclosure Scheme, by which you zealously guard certain facts from the Parliament and the people in our country. But this kind of information may be claimed by the IMF. The Government would be obliged to give this information to the IMF. Therefore, this is an internal affair of our country, and by this amending Bill we are allowing the IMF to make interferences into our internal administration, particularly economic affairs. If you allow an international organisation, or an international instrument to interfere in our economic life in this way, dangers are ahead when the imperialist powers can also politically intervene. Therefore, economic interference and political interference are

not the two things aside. These two things provide the same danger. Once you allow certain international institution to make interference into your economic life or economic policy, in your economic decision-making process, dangers are there, when they would also try to interfere and put pressure on our political independence. It is not only the question of erosion of our political economic independence it also leads to our political sovereignty being subjected to foreign pressures.

These are the dangers ahead of us, and I think, the Parliament being the highest body of the Indian people, cannot just afford to ignore these dangers. Therefore, by amending this Bill, our country's sovereignty, both economic and political, are being exposed to the external dangers. As a Member of this House, I cannot become a party to this. Having regard to this, I once again appeal to the Government to reconsider it and see that this dangerous trend is arrested.

Further, these changes had taken place and carried out in 1978. Why and how was this amending Bill not brought forward earlier? Shri Satish Agarwal was there in the Government for some time, and he can explain it. I do not know whether he has explained it. The Janta Government was in power at that time. After the revision of the IMF arrangements earlier, they did not feel it necessary to come with a proposal for amending the Bill. Certainly, this question was also before them. I think and I believe that the Janta Government were aware of its implications and, therefore, they did not come before the House for an amendment of this nature. The Janta Party could have afforded to muster courage and moral power. Otherwise, how is it that they claim to have progressive policies? How is it that they could not have that courage and could not steer another course and not the one which they have chosen?

If it was possible to maintain our relationship with IMF and World Bank

[Shri Chitta Basu]

during the last four years without amending the parent Act, how and why has it become so urgent to get it passed by this House? Is it also one of the conditionalities for the last agreement of receiving a loan of Rs. 5,000 crores from IMF? If so, the Minister owes a responsibility to explain it to the House.

Lastly, there are many conditionalities of IMF which have been accepted by Government; and they are disastrous in effect and consequences. They are now being felt, and I think these effects and consequences will be of a much more mortal nature in the years to come. The conditionalities were for the reduction, and ultimately for the elimination of subsidies; for the fixation of support prices for agricultural produce at the behest of IMF and World Bank; for a new wage policy, particularly a wage-freeze policy for the Indian working class at their behest; and for import liberalization which will have disastrous effects on our economy as a whole. I do not want to mention all the conditionalities which we have described earlier as very much injurious to our national economy. Before taking a final plunge in that direction of disaster, will Government reconsider all these issues and withdraw the Bill? If they do not withdraw the Bill, there is no alternative but to oppose it tooth and nail, which I have done.

श्री गिरधारी लाल व्यास (भीलवाड़ा): सभापति महोदय, इंटरनेशनल मानेटरी फंड एंड बैंक (अमेंडमेंट) बिल, 1982 का मैं समर्थन करता हूँ। मार्क्सवादी कम्युनिस्ट पार्टी के श्री सुनील मित्र जब बोल रहे थे तो उन्होंने इस बिल का विरोध करते हुये कहा कि ब्रिटिश गवर्नमेंट के जमाने में भारत मानेटरी फंड का सदस्य बना था और ब्रिटिश जमाने की यह लिंगेसी चली आ रही है जिसको हमें चालू नहीं रखना चाहिये। उसके बाद 1969 में इस योजना

के तहत भारत सरकार इसमें सम्मिलित हुई, 1978 में भी इसमें कुछ अमेंडमेंट किये गये। जनता पार्टी के समय के वित्त मंत्री श्री सतीश अग्रवाल यहां पर विराजमान हैं। उन्होंने कहा कि 1969 और 1978 में जो अमेंडमेंट किये गये उसके बाद अमेंडमेंट करने की क्या आवश्यकता है। मैं उनसे पूछना चाहता हूँ कि जब हमारी पार्टी ने जनता पार्टी को राज सुपुर्द किया था तब हमारे देश के फोरन एक्सचेंज की क्या पोजीशन थी? कितना फोरन एक्सचेंज हम छोड़कर गये थे?

DR. SUBRAMANIAM SWAMY: Mr. Minister, you should ensure that.

श्री गिरधारी लाल व्यास: जनता पार्टी के लिये फोरन एक्सचेंज की कोई व्यवस्था करने की आवश्यकता ही नहीं रह गई थी (व्यवधान)

SHRI PRANAB MUKHERJEE: I will give you the figure.

श्री गिरधारी लाल व्यास: जनता पार्टी को कोई जरूरत ही नहीं थी कि वह इंटरनेशनल मानेटरी फंड में किसी प्रकार का अमेंडमेंट करने की बात सोचती। (व्यवधान) जनता पार्टी के वित्त मंत्री को इस बात की भी जानकारी नहीं है उन के समय में फोरन एक्सचेंज की क्या स्थिति थी। श्रीमती इंदिरा गांधी की सरकार ने आपको इतना फोरन एक्सचेंज इकट्ठा कर के दे दिया था कि आपको और आवश्यकता ही नहीं रह गई थी लेकिन मैं यह कहना चाहता हूँ कि जनता पार्टी की सरकार ने इस देश का दिवाला निकाल दिया।

(व्यवधान)

DR. SUBRAMANIAM SWAMY: Is this the kind of statistics on which you

base your policy? There was doubling of foreign exchange during Janata rule.

श्री गिरधारी लाल ग्वास : उस स्थिति में इस देश को व्यवस्थाओं को चलाना सम्भव नहीं रह गया था। इस बात को गम्भीरता से सोचने की आवश्यकता है। माननीय मंत्री जी असेम्बली सदन में लेकर आये हैं वे वाजिव हैं क्योंकि जब तक बैलेंस आफ ट्रेड की व्यवस्था नहीं की जायेगी तब तक हमारा देश ठीक प्रकार से नहीं चल सकता है। बैलेंस आफ ट्रेड में छः हजार का जो गैप बढ़ गया है उसको मीट करने के लिये आई. एम. एफ. का लोन लिया गया है। हमारे बैठे हुये माननीय सदस्य सी. पी. आई. (एम) के उन्होंने इसका भयंकर विरोध किया है, मैं पूछना चाहता हूँ यूरोपियन कन्ट्रीज क्यों आई. एम. एफ. का सदस्य बन रही हैं? पोलैंड, हंगरी, चाइना बनने की कोशिश कर रहा है— ऐसी हालत में हिन्दुस्तान अगर सदस्य बन कर अपने देश की आर्थिक स्थिति को मजबूत बनाता है और यहां की व्यवस्था को मजबूत करता है तो इसमें शंका की क्या बात है। इनकी कथनी और करनी में बड़ा अन्तर है। ये लोग कहते कुछ हैं और करते कुछ हैं। बंगाल में 350 करोड़ रु. का ओवर ड्राफ्ट चल रहा है। ये लोग अपने स्टेट को नहीं संभाल सकते हैं, अपने स्टेट की व्यवस्था को ठीक प्रकार से चला सकते हैं और बातें करते हैं इन्टरनेशनल मोनेटरी फण्ड की। कहते हैं देश गिरवी रख दिया। इन लोगों ने बंगाल का दिवाला तत्काल दिया है। यदि भारत सरकार इनको हर महीने का राशन न भेजे तो वहां के लोग भूखे मर जायें। इन्फ्लास्ट्रक्चर के संबंध में, एग्रीकल्चर के डेवलपमेंट के संबंध में,

इन्डस्ट्री के संबंध में जो कुछ भी भारत सरकार कर रही है वह देश को आत्म-निर्भर बनाने के लिये कर रही है। देश को अपने पैरों पर खड़ा करने के लिये कर रही है। ये लोग निश्चित तरीके से आगे नहीं बढ़ने देना चाहते हैं। हम चाहते हैं कि हमारा देश उन्नति करे, मजबूत बने हिन्दुस्तान की आर्थिक स्थिति मजबूत बने, यहां से गरीबी दूर हो, इसलिये आज इस प्रकार के संशोधन की आवश्यकता है।

माननीय मंत्री जी जो बिल सदन में लाये हैं वे हमारे देश की विगड़ती हुयी आर्थिक स्थिति को मजबूत बनाने के लिये है। इस लिये मैं इसका समर्थन करता हूँ।

THE FINANCE MINISTER (SHRI PRANAB MUKHERJEE): Mr. Chairman, first of all, I would like to express my gratitude to all the hon. members who have participated in the discussion and have made contribution in their own way. Obviously, when I was listening to the debate, it reminded me of an old story which I was told during my school days. I do not know what is the present practice. But in those days, we had to write an essay on something. One boy prepared an essay only on cow, but, unfortunately, in the examination, the essay was on the play-field. So, what he had to do. He said that the play-field was full of grass and the cow had to eat the grass. Now I have brought the cow. Thereafter, the whole subject he could devote on cow itself.

We are discussing about certain amendments to the article of the IMF: and while taking part in the discussion, we had gone to the extent of rationality of this Institute which was established in 1944, which is known as Britainwood Institution and the rationality of continuing these institutions of which we are the founding member. But our participation was

[Shri Pranab Mukherjee]

at the time of the colonial rule. What is the rationality of it? What is the objective with which these institutions are providing today the Extended Fund Facilities of five billion dollars loan? In between, I find hon. Members discussing the entire foreign trade policy and indeed one hon. Member went to the extent of broadly hinting that we should take a decision in favour of a particular party because of easy availability of credit. Therefore, I am a little (*Interruptions*).

AN HON. MEMBER: Is he here on this side?

SHRI PRANAB MUKHERJEE: Obviously, I would not like to mention the name.

Therefore, I would like to confine my observations to ... (*Interruptions*).

SHRI SATYASADHAN CHAKRABORTY (Calcutta South): When you say 'party' do you mean, political party or anybody else?

SHRI PRANAB MUKHERJEE: The hint was that I am to take a particular party—two parties were providing the offer—because of the easy availability of credit.

DR. SUBRAMANIAM SWAMY: Commercial parties.

SHRI PRANAB MUKHERJEE: So, it is really intriguing. Firstly, coming to the rationality of these institutions, we took the decision in 1944 when we were not masters of our own. At that time we decided to be the founder member of the United Nations Organisation. As the same line of logic would apply, should we come out of the U.N.O.? We became a member of the International Labour Organisation? Would it be an extension of the same logic that we should come out of it? The Britishers established the system of the rule of law. They gave the Penal Code. Even today you talk of Macaulay's Penal Code, and we also talk of the Act of 1878 and so many

Acts. Therefore, is it the conclusion that because we took a decision at the time of the Britishers, we should come out of it?

AN HON. MEMBER: It is not so.

SHRI PRANAB MUKHERJEE: Obviously, it is not. I do agree. Therefore, what is the rationality? Rationality is whether our association with these institutions is serving any useful purpose and helping us in the process of development. And a great Marxist leader pointed out that we should come out immediately. Here too, I am sorry to mention, they obviously believe in dialectics and very frequently they change their views.

I would like to give you one instance. In 1969, in one State, Mr. McNamara who was then the Managing Director of IMF and the World Bank, was not even allowed to visit that State, because the whole attitude was to resist World Bank and any financial assistance from World Bank was to be prevented. And today, the situation is, what to speak of the Chairman of the World Bank, a much junior officer of the World Bank can simply step into the corridors of that State Secretariat, meet the top guy and talk to him. I had to write to that State and to all other Chief Ministers that for God's sake they should not meet that type of guests who were not equal to them.

DR. SUBRAMANIAM SWAMY: You publish that letter.

SHRI SATYASADHAN CHAKRABORTY: Circumstances change.

SHRI PRANAB MUKHERJEE: I do admit that 'circumstances change'. Therefore, I am not surprised.

DR. SUBRAMANIAM SWAMY: If an ex-employee of the World Bank could become the Finance Minister... (*Interruptions*).

SHRI SATYASADHAN CHAKRABORTY: You just wait: When we come to Delhi what we do, we will see. Un-

fortunately in West Bengal we have to accept the institutional framework. That is the only thing I can say.

SHRI PRANAB MUKHERJEE: I do agree; you have to say so. I was having that in my mind that your thinking. Your functioning is double-dealing or double-thinking. But if you yourself say so, I have nothing to add. I hope Professor would not mind my saying double-dealing.

What I say is that, that is the rationality. I would agree with Mr. Maitro that these institutions are basically meant to serve the interests of the capitalist world. They wanted to protect and in fact, I myself said that when you give one dollar to these multilateral agencies, you have to keep in mind that you get a contract of three dollars. It is not charity. These institutions are not meant for charity. They have their own interests. We have our own interests. We are fighting. I myself said that the conditionality cannot be such as will totally ignore the social and economic factors of the recipient countries. Conditionality cannot be such that the institutional framework of the recipient country cannot absorb it, or adopt it. But, at the same time, we shall have to keep in mind whether we have been able to improve the situation. It is a constant struggle. And the totality and total concept is changing. What was relevant in 30s is no longer relevant in 70s or 80s.

What was relevant in 70s is no longer relevant in 80s. Even what was relevant in the Interim Committee of the Development Committee meeting in Helsinki in May this year, was not relevant in the meeting of the World Bank in Stockholm. There, all the developed countries changed their stand. They changed their hearts. They realised the situation that if the current account deficit of the oil importing developing countries increased from \$ 7 billion, say, a couple of years ago, to \$90 billion in 1980, they would have hardly anything to import from

the industrialised countries. It is not for the sake of developing countries that they have done it, it is in their own interest, to maintain their own industrial activity that they have changed their stand. Should we not take advantage of it? Should we not build up an atmosphere or create a situation in which these institutions can serve our objectives? As I said many of the State Governments including those who opposed this type of assistance in the 60s, feel that if they get assistance to augment their developmental effort, why should they not take advantage of that? And they are taking advantage of it. Therefore, to my mind, that type of ideologue has no relevance.

The second point is about surrender. This is their old favourite thesis—document of surrender, surveillance and all that. What is the fact? Is it not a fact that 90 per cent of our development outlays are coming from our own domestic savings?

DR. SUBRAMANIAM SWAMY: It was 98 per cent three years ago.

SHRI PRANAB MUKHERJEE: It is between 90 to 92 per cent. Is it not a fact that if you calculate all the total foreign assistance, it is just 2 per cent of our total Gross Domestic Product? Even if you take the figure which Mr. Satish Agarwal projected—Rs. 700 crores to Rs. 2000 crores—he was gracious enough to provide me my own copy—is it alarming? Even if you presume that Rs. 700 crores is our debt servicing, it is 10 per cent of our total export earning at the current year's level. In 1980, our total export was more than Rs. 7000 crores. Therefore, it is 10 per cent. What is the canon of your calculation? Every prudent economist—Dr. Swamy is here; he will bear me out—will say that it can go up to 20 per cent.

DR. SUBRAMANIAM SWAMY: I am not a student of economics; I am a Professor of economics.

SHRI PRANAB MUKHERJEE: I always consider myself as a student and I am always prepared to learn from you. But here, it is extremely conservative; it is not even 11 per cent today. If I say that I will have to project one picture, then we will have to be very liberal and we have to provide more funds. What I say is that as a result of our efforts, today most of the developed countries have agreed that the quota should be increased and that the role of the IDA should not be diluted. Therefore, the importance and effectiveness of these international agencies are being recognised. So far as we are concerned, if we have 90 per cent of our total development outlay out of our domestic savings and our debt serving is not more than 10 to 11 per cent of our total export earning, why should we be scared, that IMF is going to dictate to us?

I am not sharing your view. After all, we have confidence on ourselves. We have overcome many crisis. I only feel sorry for you and I sympathize with you. If you do not have that much of a precious commodity, which is known as confidence, I do not blame you, because you started with no confidence in yourself. When the people chose you to govern, you did not have any confidence and so you could not carry on. Now your job in every session is to bring in a no-confidence motion. Therefore, if you do not have any confidence in yourself, you keep it within yourself. For God's sake, do not try to inject it on us. Do not try to inject it on the people of India. The people of India have confidence in themselves, IMF or no-IMF they can carry on their developmental projects. They have done it. If we could have overcome the oil crisis of 1971, whatever may be the difficulties, we can overcome the other difficulties. We have to go forward in spite of all the difficulties; I do entirely agree with that view.

But if, say I will increase the oil production and if the World Bank or the IMF says that it is a good programme, am I surrendering? If I say I will increase the production of cement, fertilizers or power generation or that I will carry more goods by railways and if the IMF says 'fine', would you say that I am surrendering my economic freedom and that I am servile to the IMF?

What about the subsidy? The other day Shri Indrajit Gupta referred to it half a dozen times. We have not reduced the subsidy on food. If you do not believe me, you go through the documents. The food subsidy in 1981-82 was Rs. 700 crores. If you see the figures in the 1982-83 budget, I repeat it, I have not reduced it. Even in the matter of fertilizer, I will say that gradually we will have to reduce the subsidy, because we cannot allow this type of deficit financing and we cannot go on continuing this premium on inefficiency. But even this fertilizer subsidy has gone up from Rs. 388 crores in 1981-82 to Rs. 446 crores in 1982-83. This is precisely one of the points I mentioned in the Fund meeting, which I repeated in Parliament.

I am really at a loss to appreciate this type of arguments. If you say that it is your duty to oppose it and that you will have to go on saying it, I do not object to it. But are you at least convinced yourself, before you try to carry conviction to me? I am putting this question to you: are you convinced about what you are saying?

SHRI SUNIL MAITRA (Calcutta North East): Yes.

SHRI PRANAB MUKHERJEE: You can say it as bravado.

SHRI SUNIL MAITRA: Would you please inform the House what was the quantum of fertilizer subsidy in 1979-80 and what was the quantum in 1981-82?

SHRI PRANAB MUKHERJEE: In your excitement, you have not listened to what I have said. The IMF agreement was in November 1981. Do you remember that we entered into the IMF Agreement in November 1981? Therefore, the relevant budget is that of 1981-82, where it was Rs. 386 crores. in 1982-83 it is Rs. 446 crores.

DR. SUBRAMANIAM SWAMY: Come to the next point.

SHRI PRANAB MUKHERJEE: You are a Professor of Economics, but you have wrongly calculated it. You have taken into account only the borrowing part. But you should not forget that half of the kitty will be from home reserves. In home reserves the interest will be less.

DR. SUBRAMANIAM SWAMY: This is the answer you gave in Parliament that the compound rate is 13 per cent.

SHRI PRANAB MUKHERJEE: It will be 10 per cent. It will be 13 per cent if you take into account the borrowed portion. But it has two other components.

AN HON. MEMBER: Professor of Economics becomes a student of economics.

SHRI PRANAB MUKHERJEE: The question of surrendering our rights and giving information about our domestic policies does not arise. We shall be pursuing our domestic policies without any interference. There cannot be any compromise. No Government can allow it.

SHRI CHITTA BASU: What type of information will be provided?

SHRI PRANAB MUKHERJEE: Under section 5, article 8, we are giving information. What type of information I am giving?

SHRI CHITTA BASU: What information you can tell?

(Interruptions)

SHRI PRANAB MUKHERJEE: About what type of information I am giving you quoted and Mr. Agarwal also quoted that we are giving this type of information. But the information that we are giving is: our data on exports and imports on balance of payments, national income, price and exchange control regulations. These are the things and all these are public documents. (Interruptions). In the articles of IMF itself it has been mentioned that no country is obliged to give information in regard to the affairs of an individual. The information which we provide is at the national level—the information which we decide that we should provide—and you have forgotten that it is an association of nations. Nobody asks us that we will have to be there. Of our own we considered it necessary, we went there, and when we go there we have to accept certain disciplines. It is applicable to all countries, however mighty they may be. What is the basic objective of IMF? It is to maintain a steady monetary system. Therefore, information relating to exchange control is absolutely necessary. Twisting and distorting the policies by one individual country can create problems for other countries because we are too interdependent, we cannot isolate ourselves and insulate ourselves from the and reaction from the other countries. other countries. Therefore, it is applicable to each and every country. It is not specially relevant to us.

Sir, the question about which particularly Mr. Agarwal was very much worried is. Why we are bringing these amendments after 13 years? I thought that he would also do some homework. So far as the amendment of 1969 about which you told that we are bringing after 13 years is concerned, I am just giving you the chronology of events: Proposed amendments were approved by the Governors on 31st May 1968. The Government of India indicated its acceptance on 31st July 1968. The amendment came into force on 28th July 1968. The

[Shri Pranab Mukherjee]

Bill was passed by both the House on 30th August 1969 and the Bill was assented to by the President on 26th December, 1969. I am not bringing in 1980. I am bringing this amendment now. A question has been raised as to why I am bringing this amendment so late. Suddenly there are all the patriotic outbursts telling that we are surrendering the rights of the country. I am not blaming anybody, but you will have to keep in mind that the acceptance of this amendment was communicated by the Government of which you were a distinguished Member, after two months. I do admit that on that day you were not a Minister. It was on 26th July. I think, and after two months you became the Minister. And suddenly there are the patriotic outbursts in 1982 that we have surrendered ourselves by accepting and communication the decision of accepting the amendments. Normally we delay it, or practically there are certain voting patterns, there are certain percentages—three-fifths of the total voting power and a certain number of countries are to admit it. Then it will come into effect. That is why we have to watch as to what is the development in other countries, whether they are going to accept it or not, whether it will be actually effective or not and that is why it was a little delayed. And if they would have a little confidence and if they could have carried on, the baby would not have come to me. They themselves would have done it.

DR. SUBRAMANIAM SWAMY: In Emergency you wrote like that...
(Interruptions)

SHRI PRANAB MUKHERJEE: That is not the point. There is no question of many other countries having done it. It has become effective from 1st April 1978. And we are putting this amendment.

SHRI SATISH AGARWAL: The first set of amendments related to 1969.

SHRI PRANAB MUKHERJEE: Yes. That I told you, that has been done.

SHRI SATISH AGARWAL: In your Statement of Objects and Reasons you have mentioned that the 'aforesaid amendments are being incorporated'.

SHRI PRANAB MUKHERJEE: Naturally, it will have to be incorporated. That is the normal legislative procedure. But that amendment was made at that time.

A point has been made in regard to incom-tax. You cannot refer to the Act of 1922. That Act is no longer relevant and it has been replaced. I am glad that Shri Agarwal has understood that point that it is no longer relevant. But whether we are widening the scope by making this amendment? What is the amendment—provision in the Act of 1961?

SHRI SATISH AGARWAL: It is here.

SHRI PRANAB MUKHERJEE: I am not going into that. I am not a tax lawyer. I am afraid of your Income-Tax Law. So I am just putting the point which is understandable to a simple man. In 1922 Act there was absolute prohibition of providing certain type of information. Now you are, under certain circumstances, to provide some sort of information. If you are to provide some sort of information you are to get it reflected there. Therefore, how you can have and how you can tie up these two things, when you are amending because what would be the relevance of individual assessment or even Corporations? IMF collects the type of information to study the country. It is not only to the World Bank, but to the other international organisations. Asian Development Bank Even the type of data, we provide to the Colombo Plan. Shri Agarwal represented twice in the Colombo Plan. By providing the type of information and data, are we surrendering our rights? We are exchanging this type of information. This type of macro-

level information is necessary. This is to conduct and to create a situation in which we can get the advantage. Therefore, to my mind, the objections which have been raised in regard to the Constitutional Validity are not correct. Article 372 clearly mentioned that all those Acts which were prevalent before the implementation of the Constitution from 26th January, 1950 they will be released. They will be valid. If you find that it is *ultra-vires*, it infringes the rights, Supreme Court is open to you and you can show your advocacy there. Nobody prevents you. There I am not a person competent to say. What I have been told and advised by the Law Ministry, I can just say that this is neither *ultra vires* nor there is any danger of getting struck down on the basis of unreasonableness or infringing the fundamental rights.

In regard to the political and economic aspects, I think I have spelt out the points and at least I tried to remove the misgivings. I would like to repeat it that we are taking assistance from the IMF and the World Bank and it is not a fact that crores and billions of rupees we are getting; I have given in terms of percentage and it will be necessary for us to maintain this.

In regard to IFC somebody said the other day that our share in International Finance Corporation is very insignificant. That is the complaint. We do not want even our private sector to expose themselves to foreign money. We have to be extremely conservative and you are suggesting of the ceiling under Article 290. I do not know whether you had an opportunity of seeing the note of Shri Krishnamachari in those days. It is worth reading as to what would be the difficulties and problems which would come. That does not mean any Government responsible and responsive to the people can be reckless and can do anything they like. Nobody would. After all you have to trust the people who are chosen by the people to govern. Therefore, it is

not the case there and upto now no-wreathless in regard to the borrowings. We have been conservative and I do feel that that conservativeness has paid. Situation is becoming a little difficult. But at the same time you are noticing that we have reduced our dependence to a considerable extent of cement imports, steel imports and petroleum imports. That is necessary.

In regard to some of the points mentioned by Dr. Subramaniam Swamy and Shri Agarwal, there are two ways of doing things. You may say that we will go in for restrictive measures. I may be extremely restrictive, without saying so. Let us see what administrative measures we are taking. Instead of shouting or instead of expressing over-enthusiasm in words, many more things could be done silently through action and through taking appropriate policies. And we are exactly doing the same. It is a matter of concern that exports, are to be increased. Exportable surplus is a must. At the same time, our dependence from... (Interruptions.) Yes, it is 50 per cent this year. Our export is picking up. There too, there are difficulties. We have to fight with the developed countries.

Unfortunately, I do not know which policy you are following. You are against export. You are against loans. And you think, money will come from the heaven.

DR. SUBRAMANIAM SWAMY: Therefore, do you expect to pay back the loan to the International Monetary Fund or default?

SHRI PRANAB KUMAR MUKHERJEE: I can tell you. I told them that the Government of India entered into the building of IMF not with stretcher but entered on its own foot. We will come out on our own legs and not being carried by a stretcher.

DR. SUBRAMANIAM SWAMY: I think, you are pleading for a bad case.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the International Monetary Fund and Bank Act, 1945, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: We shall now take up clause-by-clause consideration. Clause 2.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR. CHAIRMAN: We shall now take up Clause 3.

Shri Indrajit Gupta has given notice of an amendment. But I do not find him in his seat. So, I shall now put Clause 3 to the vote of the House.

The question is:

"That Clause 3 stand part of the Bill."

The motion was adopted.

Cause 3 was added to the Bill.

MR. CHAIRMAN: There are no amendment to Clauses 4 and 5, I shall put them together.

SHRI SATISH AGARWAL: What about my amendment? I have moved the amendment.

MR. CHAIRMAN: On verification, it is found that though you did mention your amendment in your speech, it did not reach the Secretariat in time. So, I shall now put Clauses 4 and 5 together to the vote of the House.

The question is:

"That Clauses 4 and 5 stand part of the Bill."

The motion was adopted.

Clauses 4 and 5 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: Motion moved.

"That the Bill be passed."

SHRI SATYASADHAN CHAKRABORTY: Mr. Chairman, Sir, I had no desire initially to participate in the debate. But there is a smile on the face of our dear Finance Minister. Though deserving, his arguments are not at all convincing. He has accused us of double standards. I can with confidence and with facts accuse the ruling party of double standards.

What actually is the main burden of our speeches? The main burden of our speeches was that the IMB. conditionalities go against the interest of our national economy, self-reliance and all that and we also surrender ourselves to the IMF dictates. Our Finance Minister has tried to reject all the arguments.

Now, this is a publication *New Delhi Declaration* of the non-aligned countries. I would only request him to go through the Economic Chapter of this book. The Government of India is a signatory to this document. I would only refer to one thing to which the Government of India is a party. This is very important because all our arguments in a different language are found to be here. On

page 65, Money and Finance, this is what is stated.

"The Ministers noted with concern that the continued absence of a viable international monetary system was one of the most critical aspects of world economy and that the effects of erratic movements in that area, such as the chaotic build-up of world money supplies in terms of national currencies and the fluctuations occurring in exchange rates, was to accentuate and perpetuate the unwarranted costs. These adverse effects were aggravated and perpetuated by the strict conditionality of the rules built into the rules of the IMF and other financial institutions which was often unsuited to the particular need for an adjustment assistance to developing countries."

This is exactly what we are saying. If for saying this thing you use sarcasm that we are trying to be patriotic, by denying all these things, what are you trying to be? I would request the hon. Minister to go through this book. You are a party to it. Your Government is a party to it. You have stated it to the whole world that the conditionalities of the IMF aggravate the situation. But in this House, you deny it.

Again, I would refer you to page 66 of the book. This is what is written:

"They urged a re-structuring of international financial institutions so as to bring about an equitable treatment of developed and developing countries with regard to conditionality and surveillance in the use of resources available from these institutions."

17 hrs.

(Mr. Deputy-Speaker in the Chair)

MR. DEPUTY-SPEAKER: Please conclude now. This is the third reading of the Bill. How can there

be a discussion? Whether you support the Bill or oppose the Bill? If you support the Bill, what are the reasons and, if you oppose the Bill, what are the reasons?

SHRI SATYASADHAN CHAKRABORTY: I am opposing the Bill and concluding.

MR. DEPUTY-SPEAKER: All these points have been touched by the hon. Member, Mr. Sunil Maitra.

SHRI SATYASADHAN CHAKRABORTY: Now I am quoting from their document and when we say we criticise, you criticise us. We used to criticise you. In your document, all the Finance Ministers, including your Finance Minister, your Prime Minister was present, here is a line.

MR. DEPUTY-SPEAKER: No no. He is our Prime Minister.

SHRI SATYASADHAN CHAKRABORTY: "Perpetuated by the draconian and discriminatory rules of the IMF and other financial institutions."

These are the languages used by the non-aligned countries. These are the languages to which you are a party. These are the languages which you use inside Parliament. You chide us and you advance your arguments and I would only request you to tell me who is double-dallying and who is trying to hoodwink the Parliament.

MR. DEPUTY-SPEAKER: Now the Hon. Minister will reply.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): I would only mention one point. In fact, I started my observation by saying that I do agree with Mr. Maitra that these institutions were meant to protect some set of interests and thereafter I said how we are trying to change.

Your objective is just to go on criticising, go on condemning and to go on having confrontation.

[Shri Pranab Mukherjee]

We are saying that in these institutions itself, with the cooperation of the developing countries, through long-drawn process, we can get benefit out of it. It is not a question of that words you use. It is a question of what you ultimately achieve.

DR. SUBRAMANIAM SWAMY: I am very business-like.

MR. DEPUTY-SPEAKER: The Minister is replying to you.

DR. SUBRAMANIAM SWAMY: He is agreeing.

MR. DEPUTY-SPEAKER: The Hon. Minister is not agreeing. The question is:

"That the Bill be passed."

The motion was adopted.

17.04 hrs.

SURRENDER BY MEMBER TO CUSTODY

MR. DEPUTY-SPEAKER: Before we take up the next item, I have to make an announcement. I have to inform the House that the Speaker has received the following wireless message dated 11th October, 1982, from the Deputy Commissioner/Superintendent of Police, Jalpaiguri, West Bengal, today:—

"Shri Pius Tirkey, Member of Parliament, Lok Sabha, surrendered before L.D. Judicial Magistrate I Class, Alipurduara, Sub-Divisional Court, District Jalpaiguri, West Bengal, on 11-10-1982 being accused in C/W Cr. Case No. 1265/71, Cr. 84/71 and Cr. 1158/71 as warrants of arrest were pending against him in the above cases. He has been taken into custody by the LD Magistrate rejecting his prayer for bails."

17.56 hrs.

ROAD TRANSPORT CORPORATIONS (AMENDMENT) BILL—
Contd.

MR. DEPUTY-SPEAKER: The next item is Road Transport Corporation. I think almost all the Members have discussed because the time allotted was 2 hours. Therefore, already some of the Hon. Members have discussed this subject and spoken. Now the Hon. Minister will reply because the time is exhausted. I would ask the Hon. Minister to reply and complete this Bill before time. The Hon. Minister is ready.

Shri Shamanna is the only Member. All right. I will allow him from the opposition.

Afterwards the Hon. Member will reply.

SRHI T. R. SHAMANNA (Bangalore South): It will be difficult for me to support this Bill. The reason is that if you refer to the original Act of 1950 you will find "the objects of the Road Transport Bill were to provide the Corporation with efficient, adequate, economical and properly coordinated system of road transport services."

The following are the objects:—

(i) To run efficiently;

(ii) To provide adequate travel facilities and it should be economical; and

(iii) There should be a proper coordinated system of transport.

I am to state that none of these things have been observed till 40 years.

Another object of this Bill is to give fair wages to employees and facilities like provident fund, living house, recreation, etc. Here we find that the labourers have got their wea-