

power in January ?

**SHRI JANARDHANA POOJARY :** I have already stated. You did not hear I think. That is why after the new government has come into existence, we are having a fresh look at it; we are going into all aspects of it.

#### Debt Burden of Developing Countries

\*804. **SHRI SATYENDRA NARAYAN SINHA :** Will the Minister of FINANCE be pleased to state :

(a) whether the debt burden of the developing countries was discussed at the meeting of the International Development Committee of the International Monetary Fund and World Bank in April 1985;

(b) if so, the outcome thereof; and

(c) the stand taken by Government ?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) :** (a) Yes, Sir. The debt issue was mainly discussed in the Interim Committee (a Committee of the Governors of the IMF). The Development Committee (a Joint Ministerial Committee of the Governors of IMF and World Bank) also discussed the issue in brief mainly endorsing the conclusions reached and recommendations made in the Interim Committee.

(b) The Interim Committee noted with concern the severe debt servicing difficulties faced by many developing countries and urged the creditors and debtors to work in co-ordination to restore the creditworthiness of and investment climate in these countries through adequate flows of new lending on realistic terms and restructuring the past maturities of loans extended by private and official creditors.

(c) The views expressed by the Com-

mittee were in line with Government of India's thinking on the debt issue.

**PROF. MADHU DANAVATE :** I suggest that Mr. Sinha and Mrs. Sinha be clubbed together.

**MR. SPEAKER :** Do you still feel they are apart ? Why do you want to drive a cleavage now ? Professorsahib's intentions do not seem to be good.

**SHRI SATYENDRA NARAYAN SINHA :** The questions are not identical. I have gone through the statement and I confess I have not been able to understand the reply. What concrete steps were suggested to be taken by the Interim Committee and what was the reaction of the other body ?

**SHRI JANARDHANA POOJARY :** If you go through the answer part (b) you will find that "The Interim Committee noted..." That Interim Committee and also the Development Committee of World Bank, these are two committees; and unfortunately, the hon. member could not find a distinction, difference between these two committees; and that is why we have cleared it.

**SHRI SATYENDRA NARAYAN SINHA :** I know the distinction between the Interim Committee and the Development Committee; and I know that the Interim Committee, a group of 24, met and prepared a note of demand which was considered by the Interim Committee; and this is the result of the Committee. Therefore, I say you are expressing pious sentiment and sympathy. What concrete steps were suggested to be taken up and what action has been taken ?

**SHRI JANARDHANA POOJARY :** Because he had cast some aspersions that he could not understand the reply, what I submit is, this is how that question was formulated. The question reads.

"Whether the debt burden of the

developing countries was discussed at the meeting of the International Development Committee of the International Monetary Fund and World Bank of in April 1985;"

What I ventured to say is that there are two different meetings, one is from the IMF, it is the Interim Committee and another is the Development Committee of the World Bank. Two meetings were held. In the reply what I stated is as follows about the steps taken :

"The Interim Committee noted with concern the severe debt servicing difficulties faced by many developing countries and urged the creditors and debtors to work in co-ordination to restore the credit-worthiness of and investment climate in these countries through adequate flows of new lending on realistic terms and restructuring the past maturities of loans extended by private and official creditors."

AN HON. MEMBER : It is a long reply.

SHRI JANARDHANA POOJARY : That is why I stated that the reply is exhaustive. To make it simpler I can say that the suggestions that have been made there are accepted to see that free flow of credit for developing countries, should continue. That is one, and the terms of the assistance should be liberal and on realistic basis. I think this is simpler than what I stated earlier. The loans which are matured may be restructured in the form of simpler loans and therefore they can be re-scheduled or revised. That is what was accepted.

*(Interruptions)\**

MR. SPEAKER : It is all right. No is not allowed. You sit down.

SHRI SATYENDRA NARAYAN SINHA : It was not an aspersion. It

was only imagination. I only meant that the answer was not clear.

There were specific suggestions made by the Group of 24 and one of them was that the leading rates should be easier and the conditionality should be relaxed. I want to know whether it was suggested that a Task Force should be appointed to review the while situation in order to take steps for easing out the debt burden. I want to know from the Minister, what was the actual decision taken by the Interim Committee or the Developing Committee. I understand that they said, that there will be no dialogue, no negotiation, no conditions etc. So, I am asking this question. Is that so ?

SHRI JANARDHANA POOJARY : As I have already stated, the suggestions that have been made have been accepted by the Committee.

Even in the reply I have stated that the free flow of credit should continue and also that the terms of the loans should be liberalised and restructured on a liberal basis. These are the suggestions made.

PROF. MADHU DANDAVATE : Simpler language is more vague !

MR. SPEAKER : Shri Gadadhar Saha Absent. Shrimati Kishori Sinha.

SHRIMATI KISHORI SINHA : I am here, Sir.

MR. SPEAKER : How can you lag behind ?

AN HON. MEMBER : She is given a back seat.

Change in Foreign Exchange Regulation Act

\*806. SHRIMATI KISHORI SINHA : Will the Minister of FINANCE please state :