

[श्री प्रकाशवीर कस्तूरी]

लें कि घर्मस्थानों का राजनीतिक प्रयोजनों के लिए प्रयोग नहीं किया जा सकेगा ।

श्री नन्दा ने अगर इन बातों पर विचार नहीं किया है अभी तक तो अब करें ताकि भागे चल कर इस बात का सुधार किया जा सके । मैं आशा करता हूँ कि वह इस ओर अवश्य ध्यान देंगे

Mr. Deputy-Speaker: There is an amendment by Shri Siddhanti. I shall put it to the vote.

The amendment was put and negatived.

Mr. Deputy-Speaker: The question is:

"That this House takes not of the statement made in the House by the Minister of Home Affairs on the 18th April, 1966 regarding the reorganisation of the present state of Punjab."

The motion was adopted.

15.08 hrs.

ASIAN DEVELOPMENT BANK BILL

The Minister of State in the Ministry of Finance (Shri B. R. Bhagat): I move:

"That the Bill to implement the international agreement for the establishment and operation of the Asian Development Bank and for matters connected therewith, be taken into consideration."

Mr. Deputy-Speaker: Sir, this Bill as it stands is a relatively simple Bill. It provides mainly for two matters; the first, according to clause 3 of the Bill, provides essentially for payment of share capital to the bank. These payments have been detailed in the

Financial Memorandum covering the Bill. It is needless for me to add that before each payment is made, budgetary approval of Parliament will have to be sought and obtained.

The second is in regard to the extension in India of certain immunities, exemptions and privileges relating to the Asian Development Bank, its officers and employees. These have been detailed in the schedule to the Bill. I may say that these immunities etc., are analogous to those enjoyed by other international financial institutions including the World Bank and the Regional Development Banks serving other parts of the world such as the Inter-American Development Bank and the African Development Bank.

While the Bill thus formally seeks to elicit specific concurrence of this House to the matters detailed therein, I am sure that Hon'ble Members would like to go beyond the Bill to the real subject-matter namely the Asian Development Bank itself. A copy of the Agreement detailing the structure, functions etc. of the proposed Bank has been supplied to each Hon'ble Member. The growth of international institutions that engage in economic aid operations in developing countries on a multilateral basis has been a feature of the past ten years or so. The World Bank and its affiliates, which enjoy the status of being Specialised Agencies of the United Nations, have discharged a signal role in the financing of economic development in the newly emerging areas of the world over the past decade or so; similarly there have been the United Nations Special Fund and certain other activities of a multilateral international character that have greatly helped the development process. Yet, at the same time, there has come to be an awareness, and recognition, that there is a legitimate role for regional development banks through which countries contiguously situated in the under-developed areas of the world

could cooperate among themselves, and perhaps with capital exporting countries, with the purpose of accelerating the process of growth. The Inter-American Development Bank that was founded some years ago has done signal work in Central and South America. The African Development Bank which was a later creation stands poised for action. The Asian Development Bank with which we are now concerned is a logical further step.

Hon'ble Members may ask what the rationale is of such regional development banks, and in particular, of the Asian one. It is clearly expected that it would be a surge of additional capital inflows into the region for the purpose of economic development; it would there by increase the pace of growth. Secondly, by the very fact of being a regional organisation and hence being, so to say, closer to the ground, it would be in a position to engage, with more expedition and with more local expertise, in the economic problems, programmes and plans of the area than is perhaps possible for global organisations; for instance, it can use considerably more initiative in identifying projects either of a national or a regional character that can be financed to the benefit of the country or of the region. Thirdly, and quite significantly, it can help in drawing the nations of the area closer together in the constructive aspects of human existence. It has been for long India's view-point that the main cause of unrest—whether national, regional or international—is economic backwardness. In devising the Asian Development Bank as a tool for the acceleration of growth in the area on a cooperative basis, we may be doing a lot to disarm unrest and to relax tensions in the area.

It is, in fact, the experience of the Inter-American Development Bank that its operations have led to certain amount of economic cohesiveness and that it is an useful adjunct to the growing sense of economic cooperation in that area. It has also been the ex-

perience of that Bank that identification of real needs, whether economic or quasi-economic, can be done easier, and the preparation of the project done more expeditiously, if there is a regional institution.

It is for these reasons that, under the auspices of the United Nations Economic Commission for Asia and Far East, a lot of intensive work was done since March 1964 toward the setting up of an Asian Development Bank. It naturally took a few months for the idea to catch on. Considerable support was given by the encouragement extended by the Secretary-General of the United Nations to this concept. Under the auspices of the ECAFE, missions consisting of senior officials deputed by nine Regional countries (including India) visited not only the countries of the ECAFE region but also Western countries inclusive of the USSR and Czechoslovakia to muster support for the Asian Bank. It is as a result of this intensive work that we have before us the "Agreement Establishing the Asian Development Bank" and that a sum of \$992.08 millions has already been found out of an original target of \$1 billion.

A word may be said about the organisation of the proposed Bank. The membership of the Bank is open not only to countries in the region but also to outside countries since it has been recognised as being completely consistent with the objective of the Bank that external capital be recruited for Asia's economic development. The criteria for membership are that (a) *inside* the region of the ECAFE, membership in that organisation will be the deciding factor and (b) *outside* the region, either direct participation in, or association in some form with, the United Nations will be a prerequisite. Each country that is a member will be entitled to have one Governor on the Board of Governors of the Bank. The voting rights will be distributed 20 per cent equally among all countries and 80 per cent in proportion to their share capital. For

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everyday management, there will be a Board of Directors elected by the Board of Governors in consonance with a prescribed voting formula. The chief official of the Bank would be its President; to be appointed by the Board of Governors and to be aided by one or more Vice-Presidents whom he can appoint with the approval of the Board of Directors.

In its functioning the framers of the Charter have been very realistic. They have recognised that it is essential to build up sound traditions and reputation for the Asian Bank and have, therefore, confined 90 per cent of the capital subscriptions to use in furthering distinct and viable economic projects, not more than 10 per cent of the share-capital as also any special funds that the Bank might obtain by special arrangements with any donor country, can be utilised in other forms of assistance of a soft nature. The Bank can also float loans in the capital markets of the world with the concurrence of the country concerned. In one sense, it is a very good feature that the Bank that the Asians set up for themselves will be, so to say, directed in the first instance towards achieving a high credit-rating in the capital markets of the world; it is by its own practice of financial discipline and prudence that the Bank can best serve as an example to member-countries.

As I have already said, the share capital was expected to be \$ 1 billion; when the work started, it was expected that about \$ 600 million would be raised from within the region and \$ 400 million would be raised from outside. It is a matter of gratification that the regional countries have contributed over \$42 millions in excess of \$600 millions and equally a matter of gratification that we have practically reached the aggregate target. India's own total contribution will be U.S. \$93 million. Of this, only 50 per cent will be called up and that too equally in foreign exchange and in local

currency spread over a period of five years; the incidence of these payments is shown in the Financial Memorandum. With a subscription of this magnitude, India would be, within the region the second largest contributor to the Asian Bank, and within all the membership, the third largest; Japan and the USA will be contributing \$200 million each. That India should be contributing more than many other Asian countries to the capital of the Asian Bank is of course in keeping with India's position. The contribution of a portion in convertible currency comes as a time when our foreign exchange situation is under severe strain. Yet, we believe that this strain is well worth taking since the objective is good. If, as I hope, the Agreement relating to the Asian Development Bank is implemented in the spirit in which it was framed, if the Bank is staffed and managed on the basis of merit and not of group or individual interest, and if in dealing with the Bank, member-countries will remember that its health is as important to them as their own, we need have no doubt that the interests of economic cohesion and of economic co-operation in this region would have been well served and that India would have played a due role in it.

15.18 hrs.

[MR. SPEAKER in the Chair]

Procedurally, I would like to report to the House that the draft Agreement was finalised at a meeting of Asian Ministers in Manila in December 1965 and that, I, as representative of India, signed the Agreement. This was only the first step; a country's accession to the Bank will become final only when it has ratified its signature and made its first contribution to the capital. This we hope to do when both the Houses of Parliament are pleased to approve of the Bill. When, according to Article 65 of the Agreement a certain number

of countries with a specified percentage of total voting strength have ratified their signatures, the first Board of Governors can meet and formally set up the Asian Bank.

I am sure that Hon'ble Members would wish God-speed to the Bank.

I move that the Bill be taken into consideration.

Mr. Speaker: Motion moved:

"That the Bill to implement the international agreement for the establishment and operation of the Asian Development Bank and for matters connected therewith be taken into consideration."

Shri H. N. Mukerjee (Calcutta Central): Mr. Speaker, Sir, I am sorry I have to oppose this motion. My hon. friend, the Minister of State in the Ministry of Finance said that it was a relatively simple proposition, that I find it rather a disturbing matter and this country would need a great deal more satisfaction if it can really be persuaded into accepting this Bill.

Sir, I was told by the Minister that the agreement which this country has already entered into for the establishment and operation of the Asian Development Bank has been made available to us, but as far as I know, apart from the provisions of the agreement which are listed in the Schedule, we have not had access to the other articles of the agreement. The Schedule mentions certain things relative specially to immunity, exemptions and privileges, but apart from that a major part of the agreement has not been laid before Parliament.

I find also that clause 5 confers wide privileges and immunities though, perhaps, I should say, some are doubtful persons, foreigners as well as others. I am told, of course, by the Minister that these exemptions are similar to those enjoyed by other international agencies in this country as well as elsewhere. But that brings

me back to the fundamental proposition as to whether this particular Asian Development Bank, projected in the way it has been, would be of real assistance to our country.

The Minister appeared to me to be making certain naive assumptions about this project being a very useful instrument for the acceleration of growth, and I felt it particularly when he referred to the Inter-American Development Bank which is not particularly an exemplar as far as countries like ours are concerned. We know how in the American continent domination of US big money is made sure by the operation of many agencies among which is Inter-American Development Bank.

When this matter of the Asian Bank had come, and this has been pending for quite some time now, I think since 1964, the question had been raised in this country as to how Asian was the Asian Bank. Is there a really genuine Asian bias to this Asian Development Bank? The answer, I am afraid, is to be in the negative. This organisation is planned to be completely dominated by the United States of America through her friends in Asia like Japan and Thailand and also America's Asian cousin, Australia.

Right at the very start, I should say, the Bank has got off on the wrong foot, and the wool is being pulled over the eyes of us poor Asians. I am very sorry the Government has swallowed the kind of bait which they have put forward.

In the early days when this Asian Development Bank was in the process of negotiation, the United States and Japanese attitude towards it was rather cold as could be seen in the March 1965 meeting at Wellington in New Zealand of their Economic Commission of Asia and the Far East. But all that coldness and indifference on the part, particularly, of the United States and Japan, the two major factors in this situation, suddenly changed when President Johnson

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made somewhat dramatically the announcement that the United States would put a billion dollars for providing assistance to South-East Asia, to show the world that Americans could dangle the carrot just as they were wielding the big stick in South-East Asia. He also appointed at that time the former President of the World Bank, Mr. Eugene Black as Administrator of this Fund which he was inaugurating. At once, after President Johnson's announcement, there began comings and goings. Mr. Walter Rostow, the United States top economic planner, went to Japan, from Japan a high-powered economic mission went to Washington and both these countries suddenly began to wax enthusiastic about Asian Bank in a manner which was considerably in contrast to the earlier reservations. Overnight a lot of warmth was created in regard to this particular project.

It seems, however, that there is a strategy for this Bank. Of the proposed 1000 million dollars, about 500 million dollars are to be raised between Japan and the United States of America and Australia. Particularly, with the help of countries like South Korea, South Vietnam, Philippines and Thailand, and Malaysia being also drawn into this constellation, a solid block of 600 million dollars would be under the control of United States and of Japan working in unison. The rest of the Asian countries like ourselves—India, Pakistan, Burma, Ceylon, Afghanistan, Nepal and Iran would contribute and control about 400 million dollars with India's share at 93 million dollars as against Japan's quota of 200 million dollars. India, in this Asian Development Bank, will be in a permanent minority. United States and Japan, with all the smaller countries in the Pacific area, which are virtually satellites, US satellites, will dominate the bank management. Of course, some Indians might have a few glittering but inconsequential jobs on the management staff, but I do wish that that kind of thing do not

tempt us into some very dangerous parlours. My grouse is that India's position in the Asian Development Bank will not be even as good as in the World Bank where we had a permanent director, not an elective one. Here the US-Japanese predominance would be a ruling the roost. It is common knowledge that a Japanese would be the first President. Even his name was not much of a secret in recent discussions in different countries. India would have to take whatever position is offered to it by the Japanese and the Americans and will at no time be able to mobilise enough voting strength to neutralise any political stand jointly taken by the United States and Japan. And, we know for a fact that these political stands are taken in order to jeopardise and vitiate and distort economic policies which if the world was behaving in a rational manner would really redound to the benefit of the common people of our planet.

This position of inferiority is being accepted by India with her eyes open, by my friends of the Government and their civil servants, to play the role of bankers, and they do not even care to grasp the basic issues behind all these international banking operation projects which are linked up with world politics on a scale which, I am sure, our Minister of External Affairs is beginning to understand, and when he really gets a grasp of the matter he ought to be able to intervene and tell his colleagues that these are dangerous manoeuvres into which, without knowing everything about them, we should not walk with our eyes bound, so to speak, without knowing what to do.

My hon. friend, the Minister, talked about the African Development Bank and I am glad that he did it because in the case of the African Development Bank, which had come up well ahead of the Asian Development Bank, the Africans had successfully resisted the temptation of having their bank

dominated by non-African powers. But, as it is emerging, there is nothing Asian about the Asian Development Bank.

India seems hardly aware of what it is doing to harm its own future role and stakes in the world economy. India should know what happens in such places as the World Economic Conference where Shri Manubhai Shah, as the Minister of Commerce, represented this country and came back with a very good report about the potentialities. India should know how certain financial interests operate in the world and India should know in particular the set-up in South East Asia and the Pacific Sea Board where American influence is today active in a manner which is so blatantly obvious in South Vietnam.

Early in December last year there was a meeting in Manila in the Philippines where steps were taken which helped the United States becoming the virtual director of the so-called Asian Development Bank. After this we found in the American press jubilant comments as to how this Asian Development Bank was a kind of a blind for American supremacy in that part of the world. The *New York Herald Tribune* wrote with satisfaction how the Bank would be managed by the United States. Some Asian countries, it was true, were asking for a greater share in management for Asians, but their demand lacked muscle. "Muscle" is exactly the word used by the *New York Herald Tribune* so that, although called an Asian bank, it would really be a smaller edition of the US-managed World Bank.

This kind of confidence which was shown by a very knowledgeable newspaper like the *New York Herald Tribune* was not without justification. The charter of the Asian Bank gives majority votes to the industrial countries led by the US and her associates in Asia, like Australia and New Zealand. This charter has been signed on the dotted line by the ministers of Asian countries, including, unfortunately, ours.

Why have Asians done this to themselves? Why have we done this to ourselves? Perhaps, one reason is that our Government has no appreciation of what they are singing away. Perhaps, there is a fear that unless management rights are given to the industrial countries, capital will not come to be nighted countries like India. Simple civil servants from several small Asian countries are asked to draft the Bank's charter without being bankers. They do not realise how the power of management stands related to voting rights.

Officials have, perhaps, argued that since non-Asian countries will have 40 per cent of the equity, Asians will have the majority vote. But actually that is not the way in which things happen in these international organisations. Technically whatever the position might be, the set-up is such and American ways of controlling certain other countries, which are virtually its satellites, are so much there that we shall be in a very difficult situation.

Then again the Economic Commission for Asia, which played an important role in preparing the Bank's charter, has perhaps been found to be sadly deficient in technically effective leadership. They were people drawn from many countries but they were usually such as could be depended upon to underwrite United States' interests and the United States' viewpoint. We find, for instance, that two of these Economic Commission for Asia officials were from the Philippines and the other came from Costa Rica from the staff of the Inter-American Development Bank. The ECAFE's own staff is so weak, so muddled, so diffident that they are unable really to understand the position.

Then, we have also to remember the most important factor which is quite patent in the present day, that the United States is now settling down to a secure position from which to manipulate Asian economic policies thanks to the emergence in the Pacific

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Sea Board of, what may be described as, an American Asia and that is linked up with so many things which are happening in that part of the world. What happened in Indonesia lately in which the hand of the C.I.A. was visible to whoever had eyes to see? That was the part of a grand conspiracy in order to make sure that the entire Pacific sea-board becomes the American sphere of influence in Asia. Therefore, we discovered that there are on the Pacific sea board countries, a whole string of countries, who seem to have no choice—Mr. Swaran Singh, the External Affairs Minister knows very much about it—but to be nosed by the United States at the present moment.

Our misfortune is that India, our own country, is too preoccupied with their problems, internal as well as external. We are unable to offer any leadership to Asia even in terms of ideas let alone in terms of money and that is why we have to go about with a begging bowl in our hands, that is why we have to consign away our economic freedom in dozes which are so sugar-coated that we do not quite see the essence of the matter. We are too preoccupied with our problems and are unable to offer any leadership to Asia in terms of ideas even let alone in terms of money and we leave smaller States, our neighbours, our potential friends, to remain happy in a state of serfdom to the United States. Therefore, in our part of the world, there is growing most unhappily, and our country will have to take note of it sooner or later, if we do not do sooner rather than later, we shall have to pay penalties, a sort of negative equilibrium where conflicts and suspicions among themselves are holding down all these countries and the little powers are joining hands to make things safe for Westerns, particularly, United States policy interests in Asia.

I concede that some useful results in terms of figures, in a petty sense, may emerge from an American-direct-

ed Asian Development Bank which it is going to be but they will be results conceived and supported in the interest of United States foreign policy in Asia which will not be the same as the aims and objectives of an Asian long-term economic policy. For a long time, the dream of Western policy-makers has been that of creating enough divisions and diversions within Asia so that conflict of interests here, among ourselves, will create a negative balance. That dream, that bad old dream of the neo-colonialists seems to be in the process of realisation as reflected in the structure and the composition of the Asian Development Bank. The Western objective today is the same as that which led the United Kingdom diligently in this country to work for the partition of India and set up Malaysia as a separate entity in order to frustrate the larger and genuinely Asian concept of Map-hilindo. The dream of these neo-colonialists is nearing fulfilment because India and Pakistan are cancelling each other out in mutual conflict and the small South-East Asian countries are rushing like chicken under the American wing, all too ready to accept the United States economic and military aid projects which are conceived essentially in the foreign policy interest of America but which unfortunately for us are being publicised as Asian development projects.

It is not just an accident that the Economic Commission for Asia holds most of its seminars and meetings in places like Manila, Bangkok or Tokyo or that the 9-Nation Economic Conference of South-East Asian countries, mostly of American Asia, held some time ago in Tokyo talked about welding together development policies. That was under Japanese and American guidance. This was to be the nucleus of an Asian development plan with a high falutin title which gives my friend an opportunity of coming before us to suggest that here is an innocent little scheme about which nobody need have any worry. It is

relatively a simple matter, you just accept it and there is hardly any audience in the House even to listen to what the Minister says. Nobody cares to read it; people are busy with all kinds of other things in the Central Hall and elsewhere and this kind of very important economic proposition is placed before the country, before the Parliament, pushed through, without us knowing a great deal about it. We cannot give okay, a line clear to the Government unless we know more about it.

Neo-colonialism securing many notable successes under the aegis of the Economic Commission for Asia and the Far East is a fact of recent history, and the Government of India wittingly or unwittingly is lending a helping hand. So, I am quite disturbed; I am very disturbed by this Bill. I am not at all satisfied with what the Minister says.

As far as I know, we have not got the full text of the agreement except for a few extracts which are included in the Schedule to the Bill. At least, I have had no access to it. I asked my hon. friend, Shri Kamath about it. He is a very diligent person, and a very diligent Member of this House, and he keeps track of what is supplied and what is not supplied. But we have not got the full text of the agreement. But even so...

Shri B. E. Bhagat: On a point of clarification. The full text was circulated to all the Members by the Lok Sabha Secretariat on the 27th April, 1966.

Shri H. N. Mukerjee: I am sorry; I stand corrected, if the text was circulated to everybody; but I have not got it myself. I asked Shri Kamath about it. I am sorry he is not here at the moment to confirm me. Anyhow, I accept the hon. Minister's statement. But even if the full text was there—after all, we could guess what it is, from what is included here; the more important provisions about exemptions

from judicial proceedings and other kinds of immunities and privileges are delineated here—I am completely unsatisfied with this. The point that I want to raise is this. I am glad the External Affairs Minister is here. This is a matter linked up with our foreign policy objectives. This is a matter which we should go into very much more deeply than we have had a chance of doing. This is a Bill which should not be hurried through in this House. The country should have a better opportunity to find out what is what. We have it in our papers like the *Economic Weekly*, which has ceased publication lately from Bombay, calling this the American Asian Bank. I might be in the bad books of Government, and whatever I say might be disregarded by Government, but here is a very respectable academic economic journal which after very serious consideration of all the negotiations which preceded this project of the Asian Development Bank asks very fundamental questions about this being virtually an American Asian Bank. Today's situation being what it is, when there is an attempt all over the world to campaign against India, to blacken our reputation, by seeing that we are in the American pocket, that we are in the American sphere of influence, that we are going the way of South Viet Nam and South Korea and Taiwan and Philippines and God knows what other country, when this kind of thing is going on, and when we know for a fact ourselves what the dangers are of the American kind of infiltration in different countries, the neo-colonialist infiltration, imperialism in a new guise, when we know all about it, it is very dangerous to enter into this kind of agreement. Then again here even compared to India's position in the World Bank, her position would be much worse. We do not have a permanent seat on the board. We have an elective seat. And what are the methods of election? The hon. Minister has said that the voting rights will be 20 per cent equally for all, and 80 per cent relative to share

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capital, which would make it impossible for India, unless India's candidature is supported by the USA and Japan, ever to be in the directive apparatus, and India from what it looks like has already agreed to take a back seat and to work in the fashion that American and Japan leading the so-called Asian development project want us to take.

That is why I object to this thing. I do wish that Government had the good sense to withdraw it for the time being, and to bring it up before the House next session and give the House a better opportunity when it is more in the mood to try and probe and understand the implications of this matter. I am not an expert in these things, but I have access to certain material which makes me feel extremely apprehensive about it. Therefore, I would ask the Minister to withdraw if he possibly can this Bill and in any case if he goes ahead with this, I shall have to be constrained to oppose it with all my strength.

Shri Sham Lal Saraf (Jammu and Kashmir): I have heard every word that my hon. friend Shri H. N. Mukerjee has said on this Asian Development Bank Bill. First of all, I would like to say something with regard to the utilisation of a bank like this. Our country being backward, we want to develop it, and we want that there should be all-round development. For this, certain things are needed, and about these we must be very clear in our minds. We must know when to get those things, how to get those things and wherefrom to get those things.

As far as our country is concerned, our resources are limited. So the resources will have to be secured from some quarters. What can be those quarters? To my mind, those can be quarters, which are first of

all friendly with India, and secondly, which are in a position to advance us certain things. Naturally, keeping that in view, we shall have to be naturally selective on this matter. If we take the European countries, for instance, which are in a position to give us help, they are West Germany, Sweden, Switzerland and Great Britain, though not the latter could give as much help as the three other countries. Now, the point is this. What are the conditions under which we can secure this help? To what extent are they prepared to give? If you go into detail as to the conditions and terms on which these countries are prepared to lend to other countries, I must say very frankly that it will not lead us anywhere. We are a developing country, we are going to develop in a big way. We have to ask for bigger funds and bigger assistance.

I must not forget one thing. As far as political strings are concerned, they must be there. No country would lend to any other country on terms absolutely free of any strings. Take America, UK or any other country. They will have strings. But the question is whether the assistance is given with strings which will be acceptable to us. We have to see to that. I am the last person to say that it will ever be possible to get aid without conditions attached.

Therefore, we have to be selective and see whether the strings attached are in any way such as will jeopardise our political freedom or economic freedom, whether it affects our freedom to talk and discuss and whether it infringes on our rights in other ways, whether it infringes our policies, national or international. Keeping that in view, I do not see why should we go in for aid and assistance from other countries in order to develop this country.

Today my friends have often been saying that we are going with a begging bowl. I would not say that, certainly not. In this country, we have either to sit idle or move forward, make moves to enhance our production, create more wealth in terms of money in the fields and factories. Only if we embark on the latter effort we will be able to increase the wealth of the country and lead it along the path of development and diversify our production in different ways so that our people can be benefited.

Keeping that in view, we should make every effort. Today every effort is being made to augment our export trade. In respect of certain things in the export trade, it may be a happy augury today. But how long will it last? I cannot say. India, though it started late, is today in a position to export her goods to countries far advanced in terms of industrial development, like America and some European countries. We have also been exporting to Australia and New Zealand. But how long will that last?

Therefore, we have to take the South East Asian countries round about. Excepting Japan, all the countries in this region are backward. Why should we not have unity of outlook, unity of thought and unity of action with the common object of economic development in this region? With this object in view, all the countries of this region can pool their resources, put their heads together. They can get assistance from friendly countries like America. If they are prepared to advance assistance to us on terms acceptable to us, I say yes. We are not ashamed to seek and utilize such assistance. We do not feel any hesitation in going to any other country for the same purpose. Take Russia. We have great respect for that country and the way they have developed their country. We need assistance from them also. Today we are getting it also. I do not know why there should

be any hesitation in seeking assistance on our terms.

Let one thing be made very very clear. When we seek and get assistance from other countries, those countries have also certain interests in mind. All that we have to see in accepting assistance is that two or three things are safeguarded, namely, our political freedom, our internal freedom and our economic freedom. We have to see that these things are in no way jeopardised.

Reading the Bill, with the agreement, I think it is a purely business document. It is a purely business agreement, it is nothing more, nothing less.

My hon. friend Shri Mukerjee, has said about the directorate. Of course, I have a feeling that now that we are subscribing nearly one-tenth of the total paid-up capital of this bank, there should be a permanent seat for India on the board of directors, a permanent director should have been given to India for the reason that we will be subscribing nearly one-tenth and we belong to this part of the world for which it is being set up, though I may not lay very much importance on that, because there are other things also.

Countries living in this whole area, including Middle East countries which are also backward, must think of aligning themselves in a number of ways in order to help themselves in trade, commerce, industry and other development purposes. Keeping this in view, if an opportunity is provided where a number of things which we waste today can be saved, I think I would welcome it.

What happens today? Last time we had conflict with Pakistan. Coming in conflict may be one thing, but at the same time the aid-giving countries from whom we were receiving aid, stopped it altogether. How it has retarded our progress is a matter which should be gone into. We could not get components for our civil production, no machinery, we could get no

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foreign exchange for other things. The result is that today the backlog is quite heavy. This is one of the results because we could not have any foreign exchange readily available for us which could be utilised for such purposes. Keeping this in view, if there is a bank readily available, with finances readily available for our use, why should we not make use of that, because that bank will be helpful to us both for export and for our imports?

If I am correct, after we become a member of this bank, what we earn by way of export trade will be in foreign currency, and that will remain deposited at our credit. Is that not so?

Shri Nambiar (Tiruchirapalli): That is so even now, even without this bank. There is nothing new about that.

Shri Sham Lal Saraf: Let me explain what I mean to say. Today we have to remain subservient to America and United Kingdom. Keeping that in view, if the rules of this bank are such that we are able to get foreign currencies whenever we need them, that should be accepted. Certain countries are prepared to give aid which we do take, in a number of ways we take it, but if we have a better way in which everybody is agreed, I do not know what harm there is in it. Keeping this in view, I would certainly say, in case we are able to get a permanent seat on the board of directors—I think India should seek it, India will deserve it because we are contributing one-tenth—in order to be much nearer, in order to understand our trade problems, commerce problems with our neighbours in Southeast Asia and other countries in the Middle East, if they are prepared to join this bank or have some dealings with this bank, this should be very much acceptable.

And then also, wherever we need foreign exchange for a number of things, I think it will be easier to utilise the foreign exchange that may be at the disposal of our country in this bank.

With these words, I fully associate myself with the feelings expressed by the hon. Minister and say again that we should try our utmost to get a permanent directorship on this bank.

श्री तन सिंह (बाइमेर) : अध्यक्ष महोदय, मैं इस विधेयक का समर्थन करता हूँ। इसके उद्देश्य का कारण निरापद है। अभी अभी इसके विरोध में श्री मुर्जी द्वारा जो सिद्धान्त और तर्क प्रस्तुत किये गये थे, उनमें एक बड़ा तर्क यह था कि हम अमरीका और पश्चिमी देशों पर बहुत ज्यादा निर्भर हो रहे हैं। वास्तव में बात यह है कि यदि हम उन की निर्भरता से पृथक होना चाहें, तो उसका एक मात्र उपाय यह है कि हम एशिया के राज्यों के बीच में एक सहकारिता का बैंक स्थापित कर सकें। यही अमरीका के प्रभाव से दूर जाने का एक रास्ता है। एक तरफ वह वर्ल्ड बैंक का समर्थन करते हैं, किन्तु एशियाई बैंक के लिए कहते हैं कि इससे प्रभुत्व घट जाएगा, यह बात समझ में आने वाली नहीं है। सच बात तो यह है कि हम बहुत ज्यादा पश्चिमी देशों पर आश्रित रहे हैं और इसका नतीजा यह हो रहा है कि पश्चिमी देश हम को कर्जा देते देते तंग आ गये हैं। सन् 1955 में विकासशील देशों पर जो कर्ज था, वह सात अरब डालर था, लेकिन सन् 1963 में वह आकर 21 अरब डालर हो गया। लगभग तिगुना कर्जा विकासशील देशों को वर्ल्ड बैंक और पश्चिमी देशों की मारफत मिल रहा है और इसका प्रभाव पश्चिमी देशों की अर्थ व्यवस्था पर पड़े बिना नहीं रह सका। इसलिये हम बैंक की स्थापना से मुझे इस में कोई कठिनाई या बुराई की बात नजर नहीं आती है।

यदि हम, उपाध्यक्ष महोदय, एशिया के देशों के बीच में ऐसा सन्तुलन बना सकते हैं, जो कि आर्थिक और राजनीतिक दृष्टि से आवश्यक है, तो यह बैंक उसका एक

बहुत बड़ा साधन सिद्ध हो सकता है। दुर्भाग्य से हम पश्चिमी देशों के प्रति राजनीतिक दृष्टिकोण से इतने बड़े हुए हैं, कि हमने इस सहयोग को प्राप्त करने के लिए कभी प्रयत्न ही नहीं किये, जिसका नतीजा यह हुआ कि जो समर्थन हमें एशियाई देशों से मिलना चाहिए था या पश्चिमी देशों से मिलना चाहिए था, वह हमें नहीं मिला और यह सब हमारी उदासीनता के कारण हुआ। यह जो भ्रमसर उपस्थित हुआ है, जिसमें भारत यदि अपनी हमेशा की उदासीनता को त्याग दे, तो बहुत कुछ करने की सामर्थ्य और प्रभाव प्राप्त कर सकता है और अपने प्रभाव को एशिया के देशों में फैला सकता है। भारत सरकार यह समझती है कि इस बैंक के द्वारा हम देने वाले बनें, लेने वाले नहीं। यह विचार मूलतः ही गलत है, क्योंकि इस में जो व्यवस्था की गई है, मैंने जहां तक इस एग्जीमेन्ट को पढ़ा है, उस से प्रतीत होता है कि इस में केवल विदेशी मुद्रा ही नहीं, बल्कि देशी मुद्रा भी इस में 50 प्रतिशत भा जायेगी। यह मुद्रा यदि हमारे दूसरे एशियाई देशों में जाती है, तो इस का अभिप्राय यह होता है कि उन देशों से हमारे यहां माल या तकनीकी जानकारी भा सकेंगी। हम हमेशा अपने आर्थिक विकास के लिए एक ही दृष्टिकोण से देखते रहे हैं, जितनी पूंजी हम आयात कर सकें, उतना ही लाभदायक है, लेकिन आर्थिक सन्तुलन की दृष्टि से यह बात गलत है। अगर हम आयात ही आयात करते जायेंगे और निर्यात का रास्ता नहीं होगा, तो उस से हमारी परिस्थिति और हमारा सन्तुलन बिगड़ जायगा और हम बहुत अधिक दिनों तक कर्जदार रहेंगे और आर्थिक दृष्टि से निबंल बन जायेंगे और उस से बचना बहुत मुश्किल हो जायगा।

मुझे सरकार से यही कहना है कि उन्होंने इस में कुल 93 मिलियन ही अपनी पूंजी रखी है, क्यों नहीं उन्होंने जापान के बराबर

अपनी पूंजी को बढ़ाने की कोशिश का। अभी जो कारण बतलाया गया है, वह यह था कि हमारे पास इस समय विदेशी मुद्रा की बड़ी भारी कमी है, लेकिन यहां पर इस विधेयक में एग्जीमेन्ट के हिसाब से कुल मिलाकर हमको जो अपनी रकम देनी है, वह पांच वर्षों में देनी होगी और उसमें भी प्राची पूंजी रूपों की मुद्रा में और प्राची पूंजी विदेशी मुद्रा में देनी होगी, इस दृष्टिकोण से हम को 2 करोड़ साढ़े बत्तीस लाख पांच लाख में तोड़ कर देना होगा, जिसका अर्थ है कि साढ़े छियालीस लाख विदेशी मुद्रा प्रतिवर्ष देनी होगी। साढ़े छियालीस लाख विदेशी मुद्रा देना हमारे देश के लिए इतना कठिन काम नहीं है, जब कि बहुत से ऐसे कठिन कार्य हैं, बहुत से ऐसे प्रोजेक्ट्स हैं, और कई ऐसे उपकरण हैं, जो विदेशों से आते हैं, उनको आवश्यकताओं में कटौती कर के और बिना कटौती किये भी साढ़े छियालीस लाख देना कठिन बात नहीं है। जो हमारी पूंजी है इस एशियाई विकास बैंक में वह यदि जापान के बराबर हो तो हम उस से कहीं अधिक अपने देश का फायदा कर सकते हैं और एशियाई देशों में भी हम अपने प्रभाव को अधिक बढ़ा सकते हैं।

16 hrs.

इस के सिवा मुझे एक और बात कहनी है कि हमारा देश और विशेषतः हमारी भारत सरकार इस बैंक के सिलसिले में, और इस बैंक के सिलसिले में ही नहीं और भी कई बातों में, विशेष नेतृत्व प्रदान करने में हमेशा हिचकिचाती रही है। इस बैंक का हेडक्वार्टर स्थापित करने में पहले जापान ने की, प्रत्यक्षतया इस कारण कि उस ने 200 मिलियन रुपये की पूंजी लगाई है, लेकिन जापान इसी लिए स्वीकार नहीं किया गया कि एशिया के लिए वह बहुत दूर है। उस के बाद मनीला ने की और शायद ईरान ने भी मांग की थी, लेकिन भारत बड़े

[श्री तन सिंह]

ने इस दृष्टिकोण से कोई रुचि प्रदान नहीं की कि बैंक का हेडक्वार्टर कलकत्ते में हो जो कि सारे एशिया के बीच में पड़ता है। मनीला कोई सारे एशिया के बीचों बीच में पड़ता हो, ऐसी बात नहीं है। यदि इस बैंक का हेडक्वार्टर हमारे यहाँ होता तो हमें कई लाभ मिल सकते थे। हमारी उदासीनता बैंक के फंशन में आगे चल कर भी इसी प्रकार बनी रहेगी। हम यह समझते जायेंगे कि हमें तो देना है, और देना है सहकारी के दृष्टिकोण से, जो कुछ लगेगा हमें विवश हो कर देना पड़ेगा। विवश हो कर देने के बजाय यह अच्छा है कि हम स्वयम् नेतृत्व दे कर के जो सहायता दें उसका लाभ उठायें।

इस ऐप्रोमेन्ट में डेवेलपमेंट की कोई व्याख्या नहीं की गई है। वर्ल्ड बैंक का जहाँ तक सवाल है, मेरा ऐसा खयाल है कि बन्दरगाहों के विकास और सड़कों के निर्माण इत्यादि के लिए भी वह पूंजी दिया करता है। मैं समझता हूँ कि जहाँ पर इंडस्ट्रीज़ बगैरह होती हैं वहाँ पर तो हम कह सकते हैं कि वह कार्य सीधे तरीके से विकास से सम्बन्धित हैं। लेकिन सड़क निर्माण सीधे तरीके से नहीं परीक्षण रूप से ही विकास से सम्बन्ध रखता है। इस के सिवा हमारे एशियाई देशों में एक बहुत बड़ी आवश्यकता है तकनीकी ज्ञान और शिक्षण की। यह तकनीकी ज्ञान और शिक्षण विकास की श्रेणी में ही माना जा सकता है और न सिर्फ हम एशियाई देशों में इस कार्य को बढ़ायें इस देश में भी शिक्षण का कार्य बैंक के द्वारा किया जा सकता है। अगर ऐसा किया जा सकता हो तो बड़ा अच्छा है। अभी एक दो प्रोजेक्ट्स जरूर आई हैं जो एक देश और दूसरे देश से सम्बन्धित हैं बल्कि दो या तीन को मिला कर ज्वायेंट ढंग की हैं। एक तो मीकांग योजना है दूसरी एशियाई हाई वे के सम्बन्ध में है। मैं

एशियाई हाई वे के उपर विशेष जोर देना चाहता हूँ। यह हाई वे बनना आवश्यक है। हम कई वर्षों से कहते रहे हैं कि हमारा और उन का सांस्कृतिक सम्बन्ध बहुत गहरा है और एशियाई देशों की विकास स्थिति एक सी है। लेकिन इस से कुछ बनता नहीं है। सच बात तो यह है कि हमारे और उन के बीच में जितने भी वैरियस है वह टूटें और आने जाने के साधन सुगम हों। आने जाने के साधन जितने ही सुगम होंगे हम उतने ही उन के निकट पहुँचेंगे। मैंने मंत्री महोदय से यह भी सुना कि इस के लिए एक ट्रस्ट फंड होगा और वह स्पेसिफिक परपज के लिये होगा। स्पेसिफिक परपज के लिये वह हो या न हो, लेकिन मुझे एशियाई विकास बैंक के विधेयक में कोई आपत्ति नहीं लगती। मैं चाहता हूँ कि भारतवर्ष को इस में आगे बढ़ कर मेहनत करनी चाहिये और नेतृत्व प्रदान करना चाहिये। एशियन हाई वे की स्थापना होनी चाहिये। उस को केवल यह नहीं सोचना है कि उसे लेने के सम्बन्ध में भी सोचना है, और वह ले सके तो कोई हर्ज नहीं है। हमारे देश की मुद्रा का रुपया जितना ही दूसरे देशों में इस बैंक की मार्फत जायेगा, उस से हमारा व्यापार बढ़ेगा, हमारे यहाँ उत्पादन की वस्तुयें बढ़ेंगी और इस से हम को लाभ होगा। हम काफी अग्रे तक पश्चिमी देशों पर निर्भर नहीं रह सकते।

मैं इस विधेयक का पूर्णतया समर्थन करता हूँ।

Shri Muthiah (Tirunelveli): Sir, I rise to support the Asian Development Bank Bill. I do not share the misgivings of the hon. member, Prof. Hiren Mukerjee. I do not like to read political motives in the establishment of this financial institution, viz., the Asian Development Bank. It is a new

financial institution set up for promoting the economic development of the countries of Asia and the Far East in accordance with an international agreement. It fulfills the long-felt need of Asiatic countries to have a bank of their own. What the World Bank is for the countries of the world, this new Bank will be for the countries of Asia. This will play a vital role in the economic development of the developing countries of Asia. It will prove very useful to India in financing its important projects, national and regional. Today important projects in India like the Sethusamudram project are being held up for want of funds, particularly foreign exchange and this bank, I am sure, will give sufficient financial aid to take up and to expedite a number of important projects in our country.

The objects of the bank are:

1. Close economic cooperation among the countries of Asia for achieving efficient utilisation of their resources and for accelerating their economic development.

2. Making funds available for the economic development of the developing countries of Asia by mobilising resources from within and outside the region.

3. Promoting the external trade and intra-regional trade of the member-countries. India is short of foreign exchange today and it will have to increase its foreign exchange by increased exports. This Bank will help in stimulating exports to the members of this Bank.

The functions of this Bank are:

1. Promoting investment of public and private capital in the region for development purposes.

2. Providing technical assistance for the execution of development projects.

3. Cooperating with the United Nations and its subsidiary bodies including the Economic Commission for Asia and the Far East and with public international institutions.

The membership of this Bank will be open to members of the ECAFE, other regional countries and non-regional developed countries which are members of the United Nations. The members of the Bank at present are 19 countries in Asia and the Far East. The Bank also has non-regional members and they are UK, USA, Canada and West European countries. The authorised capital of the Bank is 1,000 million US Dollars. It is divided into one lakh shares, each having a par value of 10,000 dollars.

Each member-country has to subscribe to the shares of the capital of the Bank. The initial subscription shall be paid in five instalments, 50 per cent to be paid in gold or convertible currency and 50 per cent in the currency of the member. The Bank will accept from any member promissory notes, issued by the Government of that member, in lieu of the currency of the member and such notes are non-negotiable, non-interest-bearing and payable to the Bank at par value on demand.

The total contributions of regional countries amount to 700 million dollars and the total contributions of non-regional countries amount to 300 million dollars. Among regional countries, Japan's contribution is the largest, i.e. 200 million dollars; India ranks next and its contribution is 93 million dollars. Among non-regional countries, the USA contributes the highest share, i.e. 200 million dollars. India's initial subscription of 46.5 million dollars will have to be paid in 5 instalments beginning from 1966 and ending in 1970, half this amount in foreign exchange and the other half in Indian rupees. The remaining 46.5 million dollars is to be paid later when the call is made.

The Bank will provide loans to any member from its own resources or from money borrowed in capital markets. In providing loans, the Bank will furnish foreign currency to a country which needs foreign exchange for its projects, or will provide local currency. The loans will be for the

[Shri Muthiah]

financing of specific projects, national and regional. The Bank will charge, in addition to interest, a commission on direct loans made by it to a member. The commission will be one per cent per annum. The Bank will charge a guarantee fee while guaranteeing a loan.

The Bank will be managed by a Board of Governors, and each member will be represented on the Board of Governors. The head-office of the Bank will be located in Manila in the Philippines, and it will have branches in the member countries.

I shall now say a few words about the Bill. The Bill gives legal sanction in India to articles 49, 50, 51, 52, 53, 54, 55 and 56 of the International Agreement. Article 49 of the Agreement provides that the Bank shall have power to contract, to acquire and sell immovable and movable property and to institute legal proceedings. Article 50 gives immunity to the Bank from judicial proceedings and legal processes. Article 51 guarantees that the property and assets of the Bank, wherever located, shall be immune from search, requisition, confiscation or expropriation by executive or legal action. Article 55 provides that all Governors, Directors, officers and employees of the Bank shall be immune from legal process with respect to acts performed by them in their official capacity. Article 56 provides that the Bank, the assets, property, income and transactions shall be exempt from all taxation and from all customs duties and that no tax shall be levied on the salaries and emoluments paid by the Bank to its directors, officers and employees. But the Bill, while accepting Article 56, makes a proviso to it that goods imported into India free of customs duty shall be subject to restrictions on their subsequent sale in India, and that the prices of such imported goods sold in India shall be subject to duties and taxes.

With these words, Sir, I welcome this laudable Bill.

Shri M. N. Swamy (Ongole): Mr. Speaker, Sir, I rise to oppose this Bill. While doing so, it is not as if we are against the inflow of capital to build our industries to develop our country. But the whole scheme, the whole idea, although it has been discussed on several occasions at the UNO and at the regional conferences of the Afro-Asian countries, was sponsored by America and other western countries, saying that they should have an Asian Bank of their own choice and funds will be made available. It was perhaps the United States of America that first moved this idea of the Asian Bank.

Who are these regional members and who are these non-regional members? India is a non-aligned country. We have been functioning in the U.N.O. There have been several non-aligned gatherings. In this list of 19 regional countries, I find that they are those who have never been one with us in the UNO in the voting system or in the non-aligned conferences. Barring, Nepal, Afghanistan, Cambodia and one other country, none of these countries—Thailand, Malaysia, Philippines, Australia and all others in this long list—has been one with us, they have all been one with Anglo-American imperialism in the UNO. They have been against us all along, when occasion has arisen for our national interests. Therefore, it is wrong to say that here is a regional gathering to develop the region, that we are having more inflow of foreign capital and, therefore, it is a fine chance for all concerned to develop the country forward.

Then, the non-regional countries are Canada, Britain and America. America, we find from our experience of the World Bank, leave aside the Asian Bank, when we go for foreign aid or let us take the fertiliser plant, they want more shares. They want equity of management and of shares. That is what they want. It is not a question of capital to make India go ahead with

its development plans and other activities. It is not that.

16.16 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Today, foreign countries, mostly western countries, in the name of food, education, technical know-how and other advice, are penetrating into the Afro-Asian countries. That is the experience of several nations around us. That is how in the name of foreign aid and assistance, they are toppling down the governments of several countries whom they do not like, whom they do not want, who do not cooperate with them and who do not bow down to their wishes. That is our experience in several Afro-Asian countries in the last two or three months. Do we not see that in Asia today? What is happening in Indonesia, as my hon. friend pointed out?

Then, West Germany, a country that is now rising up on old Nazi methods, a country that is now aiding Israel against the Arab world with all weapons and money, a country that is today supporting Pakistan by arms and ammunitions, is the second biggest non-regional force that is contributing to the capital of this Bank. Therefore, it is a very very dangerous scheme. Although the name is Asian Development Bank, the idea is different.

Today, in the Far East, America and Britain and their other friends want a say. They want to dictate terms. It is not in a straight line that we find things today. By all indirect methods they do it. Therefore, this Asian Development Bank is a very dangerous scheme. It is not a question of capital. It is not as though we are against capital.

My hon. friends have said that we wanted directorship in the bank or that its headquarters should be situated in Calcutta. These are all minor things, whether its headquarters is in Manila, in Australia or in Calcutta.

Similarly, it is not a directorship that is wanted. The thing is that the forces that are working behind the whole idea are mainly America and Britain.

We are a developing nation and several of the Far Eastern and Asian countries are in need of funds. We want more of developmental activities and more of projects; therefore, we want more funds. That is true. But let us look at the discussions at the regional gatherings of Afro-Asian countries. What do they really want today? Let us know their minds. From the discussions as reported in the *Economic Weekly* of May 16, 1964 I want to quote what the Nigerian Minister of Commerce says. While talking of his country and the countries of Africa and Asia and what really are their problems he says:—

"Between 1948 and 1961, while the value of our exports increased by only 173 per cent, the value of imports increased by about 447 per cent. The position is even worse when we take the more important export commodities in our country. Between 1954 and 1962, the unit value of our exports of cocoa and groundnuts have been on the decline, falling from £70 to £51".

Then, he goes on to say:

"The developing countries are not invoking pity, nor are they asking for charity. They feel that they have been subsidising and underwriting the economic growth and rising standard of living of the advanced industrialised nations."

He further goes on to say that cocoa is their primary product through which they have been earning foreign exchange. He says that when the cost of cocoa was £500 per ton, there was a hue and cry in the Western countries, "The cost is very much high. Please reduce it."

[Shri M. N. Swamy]

When it had been reduced to £ 170 or £ 200 per ton of cocoa, then it did not become very profitable to the growers. Then, they approached the Western countries and they said, "Well, let us leave things to the law of supply and demand. Let us leave it to the natural forces of free market." Therefore, that is how they feel today that the Western countries do not allow their primary commodities to enter their markets. All sorts of restrictions are imposed on them. They do not encourage their primary products in all the developed Western countries and they do not get the proper remunerative prices. That is the experience of the several countries in this region. Take, for instance, Pakistan and Iran. Iran's Minister of Commerce also says so. What about Burma? Burma is our next-door neighbour. She is not a member of this Bank though the gates are open for her. But she has not entered into it. This is what Burma's Minister says:

"It is not only that the infant industries of the developing countries have to compete with the established modern industries of the developed countries, but their agricultural sector meets with stiff and often times unfair competition "from protected agricultural sector of the developed countries.

These are some of the problems that are there.

What they feel is that they must have a fair trade with the developed nations and that they must earn proper price for their primary commodities. But that is not happening. That encouragement is not being given by the developed countries. That is the experience of all these countries in this region.

There is one thing more. We have got not only the Western powers but we have also got the socialist block. Where are they? They are building our industries; they are building our

steel plants; they are helping us in many ways. But they are not the members of this Asian Development Bank. No socialist country which is aiding several of the Afro-Asian countries in their plans, in their industrial development, has chosen to find a place in this Asian Development Bank because they know it better and they are certain that this Bank is not going to help industries, to help development in Far-Eastern and Asian countries. That is why, although the socialist block of countries are there helping individually the countries in Asia, they have not become the members of this Bank.

Lastly, why I oppose this measure is for this reason. I would like to quote from the minutes of the United Nations Information Service Bulletin on Economic Commission for Asia and the Far East. I simply read what the Government of Cambodia which is a member of this Bank says. The delegate, Mr. Srey Pong says:

"He also hoped that political considerations would not enter into the Bank's operations but that these would be determined by economic considerations alone."

Here is a country which doubts and rather hesitates to believe that the operations of the Bank would be purely economic. The Cambodian delegate himself has expressed his opinion that the economic considerations alone may not be the guiding factor. Lastly, we find that Taiwan, which is a small country, is also a member. This is the report about what the Taiwan delegate Mr. T. C. Pan, said on the Asian Development Bank:

"Mr. T. C. Pan (China) was of the view that the Bank should invest not only in machinery, equipment, buildings or roads, but should enter such fields as education, health, land-use etc.

He pointed out that it would be no good to lend money to build

additional schools unless this were accompanied with effective plans to modernize teaching methods, curricula and school administration'.

So, we find that Taiwan wants this Bank to give aid to modernize teaching methods, curricula and school administration too. Then we find that:

'He strongly recommended that the Bank should render service as much in the social field as in the economic field.'

Please note that he wants services to be rendered in the social field also. It was not Taiwan that was speaking, but as the American mouth-piece, Taiwan, that was speaking what America wanted. They not only want to give economic assistance, but they want to change the social fabric of our country. They want to cut at our education, design our educational methods, and everything else, as they desire and need. They want to bring up a new generation in the Far East to American requirements. As perhaps in the good olden days when the Britishers, came here first they started schools and universities to train clerical staff. Similarly Americans want to do so today in India and in Asia in the name of this Bank.

Mr. Deputy-Speaker: The hon. Member should try to conclude now. Only 2 hours have been allotted for this Bill.

Shri M. N. Swamy: Then, I shall conclude.

Shri V. B. Gandhi (Bombay Central South): The purpose of this Bill is to provide for the implementation of the international agreement establishing the Asian Development Bank. The Bill, should normally raise no controversy. But as we have heard two speeches from the Opposition, as a matter of fact, it has given rise to controversy. We can only say that we are a little surprised at the fact that this controversy should have arisen at this stage, when the Bank has hardly come into existence and has hardly

had time to operate and show its points of strength and weakness. It is rather premature. The Bill should, therefore, be welcomed and supported.

This is a short Bill, There are only two main clauses which need to be considered. One is clause 3 which authorises the Central Government to make payments to the Bank out of the Consolidated Fund of India for various purposes such as the subscriptions to the capital, or the commissions or for taking care of the fluctuation in the exchange value of the currency holdings which the Bank will be holding. We, that is India, contribute something like 23.25 million dollars in Indian currency, and the value of this currency may change, and it is only right that some provision should be made to protect the Bank from loss on that account.

The other main clause is clause 5 which deals with some of the immunities, exemptions, privileges and status etc. which are to be granted to the new Asian Development Bank.

As has been already explained before, we can see that there is nothing new in these concessions, exemptions or immunities that are going to be granted. They are really customary in the case of international institutions of this standing, that is, of the standing of this new Asian Development Bank that is going to be established.

Then there is another point. These concessions, exemptions, privileges and status are not something that we alone are going to grant to the new Bank. But the new bank will receive similar privileges and status and exemptions in all other countries wherever it is going to function. That should dispose of this point. I won't elaborate on it any more.

This new bank is designed to provide additional development financing for the region and it is going to do so

[Shri V. B. Gandhi]

through mobilising and increasing domestic savings. Now, many countries in this region, as we know, are not very rich countries and we know that their capacity for savings is limited. To expect that through their own savings unaided by other sources from outside the region we will be able to achieve the object will be like trying to pull ourselves up by our own bootstraps.

This is an experiment that is going to be made in regional co-operation, and I for one would think that the effort is not worth making if we are not going to have the co-operation of other advanced countries in the matter of providing a greater flow of development funds into this region.

Something is said about weaker countries, that these countries, small and weak, will not get justice in the kind of set-up that has been built up for this Bank. I am glad to see that in the constitution of this bank, in the agreement establishing the Asian Development Bank, there is a clear statement of purpose. I am referring to art. 2 which says that the 'purpose of the bank will be to utilise the resources at its disposal for financing development of developing member countries . . .'. Then it goes on to say, 'Having regard to the needs of the smaller or less developed member countries in the region'. Now, it is heartening to see that this new institution is aware of the great need of paying attention to small and weak countries or member countries in the region.

One of the objects of the new institution is to promote the orderly expansion of foreign trade, in particular intra-regional trade. We all know that the potentialities of intra-regional trade among these countries are simply immense, and have not been exploited the way they should have been. I have here some figures showing that the expansion of trade among Asian countries declined in the past, in the past ten years. In 1963-64 the inter-

Asian trade formed just about 37.6 per cent of the total trade, while ten years ago the trade was 40.6 per cent. This is a sad state of affairs that due to lack of co-operation and the habit of co-operation among the countries of this region, intra-regional trade has been so badly neglected and allowed to decline. Something very much can be done to whip up this side of the activity through the instrumentality of the new Bank.

Sometimes the question is raised whether the new bank should grant soft loans or hard loans. I think the question is a bit premature. If one is to state a policy, one could say that the Bank's policy should be neither conservative nor too liberal, but it should be prudent and forward looking. I am glad that the Bank has shown awareness of the needs, the special needs of the countries of the region who will not be able to take advantage of the kind of standard loans, hard loans, but who have to be provided with finance, development finance, of certain other kinds. For that purpose we see that there is a provision that the bank is going to set aside 10 per cent of the paid-up capital of the bank, and out of this it is going to establish a special fund to be utilised for the needs of these weak people. Also, we find the U. S. Government has offered 100 million dollars towards the special fund of this bank, which also is to be used for granting special loans to member countries.

Shri B. R. Bhagat: Mr. Deputy-Speaker, the hon. member opposite when he rose to speak I expected the severe tone of his criticism and while listening to his speech my expectations were more than fulfilled. My only satisfaction is that the House has not reacted favourably to him or reciprocated his sentiments. He wants that the Bill be postponed and taken up in the next session because he says the House has not got time to go into this or it would not be able to devote sufficient attention to a measure like this. He objected to my statement

also that this was a simple Bill. When I said imple I did not mean that the Bill does not contain various provisions. I mean that the principle as such was not a new principle; it has been accepted; it is not as if it had not at all been discussed. The burden of his speech was to attack the principle of economic co-operation which according to him is one of neo-colonialism and which interferes with the economic freedom of the countries in this region. I think the House is wedded to the principle of economic co-operation and since we are following an independent non-aligned policy we have accepted aid from all quarters consistent with our interest and dignity. This has been repeatedly accepted by the House. Even in the recent debate, I think no one suggested that we should not accept any aid. The principle of foreign co-operation has been accepted. In that connection I said that there is a new agency for co-operation, the Asian Development Bank. From that point of view it is a simple measure. The House can certainly go into the details if the Members are willing. That is why we circulated the agreement immediately after it was signed; we got printed copies and we sent it to all members; it has been debated in the country and hon. members have quoted from the journals in the country as well as outside although it is only one type of criticism he has quoted. Particularly, he has referred to a leading article of an economic journal which I had also the honour to read; it had ceased publication. I respect it. It does not mean that all that it says is correct. That particular journal has a particular angle in respect of economic aid. He also quoted from an American journal which he described as fairly respectable, the *New York Herald Tribune*. That also has its own angle about this. They may be right or wrong; they may be quoted by anybody. But even in America there are other papers, more respectable and more mature than that paper which have given a different opinion about this matter. But the point is that the basis should not be

this opinion expressed anywhere; the basis should be the merits of the case and how far it meets our own national interest. Although his speech was full of political overtones, which also I expected and I also concede that a purely economic measure of this kind has a political angle, we cannot divorce politics from economics in our every day life, particularly in the present day world, the point is that all the apprehensions or misapprehensions that he expressed arose mostly out of his own studies of this matter, his own attitude towards foreign aid, towards these institutions. According to him, even the Economic Commission for Asia and the Far East is dominated by American thinking. He may be right but according to me he is wrong. But he may be right according to his own view. But the point is that if you see the history in this matter, it is this. He concedes that both the American and the Japanese, in the beginning, were cool about the setting up of the Asian Development Bank. He quoted from the Wellington report and only after that he said that President Johnson's announcement in a speech, a south-east Asian fund—that the American interest came in. But he missed this fact that when the Secretary-General of the United Nations who is a very distinguished Asian, made a request to the President that part of this fund should be made available for the Asian Development, it was agreed to. It is a very significant fact. The fact is that, howsoever it may be described as an American-Asian Bank, it does not make this bank an American bank. It is an Asian Bank, because largely it is the effort of the Asian countries. He may like some of the countries and may not like some of the countries, and to describe some of these countries, smaller countries, as chickens under the wings of the Americans, is not proper. I think those countries will feel it very strongly, and rightly so. There are countries, big and small, and there are countries who may be some sort of satellites

[Shri B. R. Bhagat]

under one group or the other. But in this country, we have followed, as I said, a non-aligned and independent way; we judge each country from its own policies, we judge the countries from their economic and political policies, and we do not judge them as satellites of one big power or another. Therefore, howsoever he may be right in his own thinking that some of these Asian countries are smaller and are just chickens—they may be smaller—I can tell him from my own experience that each one of those countries is very jealous of its own economic and political freedom. They are fighting and they will fight to the last for keeping their own economic viability and their own freedom. They are much more sensitive about their own national interests and feelings than many of the bigger countries.

Therefore, the point is that this is purely an Asian Bank, and its management is entirely Asian. The management of this agreement also will be Asian. The fact is that we have imported capital from outside the region for the simple reason that there is paucity of capital in the region. If there was that much amount of capital available in this region, there would have been no need for importing it from outside, and because capital plays an important part as an economic stimulant and as a stimulant to growth it was necessary to have capital from outside. Therefore, the choice is that it is better to have capital from outside, from the developed countries, through the agency of a multilateral organisation like this, than to have to negotiate bilaterally where there may be all the various pulls which may be operating between the two countries. Therefore, the choice is always that. The dangers of political domination are minimised in a multilateral arrangement of this kind, and that is the reason for having an Asian Bank of this nature.

Therefore, the Asian Bank is the result of the efforts of the regional

countries of the ECAFE region. It will be managed entirely by the Asian talents and Asian expertise, and the fact that there has been capital from outside does not detract from its basic Asian character. Therefore, to describe it in anyway, that it is an organisation which is being dominated by any big power or the other is not a statement of fact.

Secondly, the hon. Member said that even in the matter of arrangement, India does not figure well because it has no permanent seat on the Board of Executive Directors. The arrangement here is different from the World Bank. It need not be a copy of the World Bank. We may benefit from the experience of the World Bank which has played a leading role in international lending and international economic co-operation and we may benefit from other experiences also; for that matter, we may benefit from the Inter-American Bank or the African Bank. But it need not be that we should have a copy of it.

The Directors are elected and India with its share capital and voting rights will be able to have its Director in any election. The voting rights will be distributed 20 percent equally among all the countries and 80 percent in proportion to their share capital. This will give the benefit to the smaller countries of the region as against the big capital-subscribing countries. That is also to give a balance in favour of the region, particularly smaller countries. India will have a voting strength of 8.67 per cent. According to Annexure B, there are 10 Directors-non-regional countries will have 3 and regional countries will have 7 Directors. The total voting of the regional countries is 68.84 per cent. 10 per cent of this comes to 6.884 per cent, which is the percentage required to get a Director elected by any country. India having 8.6 per cent, will always be able to elect a Director. Therefore, even though there is no provision for permanent Execu-

tive Directors, in any election India will have a place and a say.

As I said, in an institution like this, all the countries of the region, irrespective of their political views, have the right to be represented. It will not be an institution which will be dominated by any group. India has emphasised in all the meetings that the management has to be firm and of a very high level of technical efficiency and the projects will have to be determined on merits and merits alone, considering what they are going to contribute to the region and to the member countries. The projects should be good and be able to sustain themselves on their own merits. Selection of projects can only be on that basis. Therefore, howsoever in the background certain political forces may be operating, if a particular country with the help of some other countries is able to dominate this Bank then that will be the end of the Bank. This feeling is very strong in the region. There was this unanimous feeling in all these countries that the Bank has to be operated purely on economic and technical terms. Politics should not have a part to play in an institution like this. Therefore, I think the misgivings that have been expressed are wrong. One only wishes that this Bank has ample opportunities and support from all the member-countries to play its role in the development of the region, which is so badly needed. It is expected that in the coming months, when the Bank starts functioning, the regional talents—managerial, technical etc.—would be available to it and it will be purely Asian management. If we follow the correct traditions of competence, independence and judging projects on merits and economic criteria only, I think the Bank would be making a great contribution towards the economic cooperation of the region, which is so badly needed.

I would like to emphasise again, in conclusion, that by participating in this Bank, we have fulfilled a role that was expected of us in strengthening the Asian character of the manage-

ment and making the Asian Bank truly Asian and bringing about economic cooperation in this part of the world through this multi-lateral agency. The fears expressed are unfounded.

With these words, I commend this Bill.

Shri M. N. Swamy: How is it that the socialist bloc of countries, essentially the Soviet Union which is very much assisting India and other countries in their developmental activities, have not joined this Bank. What was their approach to this question?

Shri B. R. Bhagat: It is true that they have not joined, but some of the countries in the region, socialist countries or communist countries, might come in later on. The attitude of the Soviet Union is that they have offered constructive cooperation to this Bank. For actual participation in share capital they have their own constitution and other difficulties in the particular way of participation. But they have not closed the doors for joining and they have offered constructive cooperation in the functioning of this Bank. Then there are the non-regional countries like Yugoslavia which have expressed a desire to join this Bank.

Mr. Deputy-Speaker: The question is:

That the Bill to implement the international agreement for the establishment and operation of the Asian Development Bank and for matters connected therewith be taken into consideration."

The motion was adopted.

There are no amendments to any of the clauses. I shall put them together. The question is:

That clauses 2 to 7 and the Schedule stand part of the Bill."

The motion was adopted.

Clauses 2 to 7 and the Schedule were added to the Bill.

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

Shri B. R. Bhagat: Sir, I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: Motion moved:

"That the Bill be passed."

Shri H. N. Mukerjee: Sir, I have not the foggiest hope of ever being able to persuade my hon. friend, the Minister of State as long as he holds to the kind of doctrines which he propounded and the portfolio to which he clings, but at least I am grateful for small mercies, and I notice that he was good enough to recognise that economic matters do get tinged with political overtones. That was exactly why I wanted to sound a note of warning. He does not heed to any warning. I do not know what particular paradise he wishes to inhabit. But if he is unaware of the kind of objective with which President Johnson's dramatic announcement took place, which was followed up by so many other things, I am very sorry for my country. I would like only to add one thing, that I am not at all convinced about his explanation of voting rights. He tried to say how this might help India. It might conceivably help India from the statistics, which he gives us, but he told us that 20 per cent is to be equally for all the constituents and 80 per cent to share capital. I should have thought, if he was going to have any kind of sound democratic composition the proportion would have been very different, but India does seem to have agreed to this kind of thing. I am very sorry he has not found his way to accept some of the modifications. I am very sorry he is presenting this Bill as something which the country ought to accept as a very good thing and he disregarded the many points which I have brought out.

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

16.59 hrs.

DELHI ADMINISTRATION BILL—
Contd.

The Minister of State in the Ministry of Home Affairs and Minister of Defence Supplies in the Ministry of Defence (Shri Hathi): Sir, I beg to move:

"That the Bill to provide for the administration of the Union territory of Delhi and for matters connected therewith, as reported by the Joint Committee, be taken into consideration."

Mr. Deputy-Speaker: The hon. Minister may continue on the next day. The House will take up the Half-hour-discussion now.

17 hrs.

URBANISATION OF AREAS*

Shri H. N. Mukerjee (Calcutta Central): Mr. Deputy-Speaker, Sir, I am raising this discussion on account of the unsatisfactory nature of the answers which were given by Government to Starred Question No. 1109 on the 14th April, 1966. This had relation to the urbanisation of areas and Government had been asked if it had studied the reports prepared by the Calcutta Metropolitan Planning Organisation on India's urbanisation and what were its salient features. Government gave us the benefit of a note prepared by somebody in the CMPO and almost left it at that.

The Minister of Planning, in answering supplementaries, could only say that there already is a plan for Calcutta which the Government of India had started during the Third Plan and that they had still to decide what should be the programme for the Fourth Plan. When it was pointed to him that the note on urbanisation

*Half-An-Hour Discussion.