

[Shrimati Tarkeshwari Sinha]

the uncalled 80 per cent portion of the capital that is lying with the Bank. The 80 per cent portion of the Bank's capital thus constitutes a guarantee undertaken by all Member-Governments to meet the obligations of the Bank in the likely event of its failing to meet them from its other resources. It is pertinent to mention here that there has been no call on the 80 per cent capital or any part of it so far; and there is little likelihood also of a call unless something unforeseen happens and there is a drastic deterioration in the international financial situation. But this situation has not arisen so far, and we do not expect that situation to arise also in the future.

Recently, it became clear that the resources of the Bank were likely to become inadequate in the not distant future. The capital needs of the under-developed countries have increased with the rising tempo of their developmental programmes, and therefore, currently, the Bank is lending at a rate of nearly \$700 million to \$800 million a year. Its borrowings in the last year amounted to \$650 million, and if it is to continue to serve its purpose, as it has so admirably done in the recent past, it may have to borrow even larger amounts in the future years. But favourable response to its efforts to borrow increasingly larger amounts in the future years will depend on the prospective investors being convinced that the Bonds of the Bank will continue to be of the same financial strength as before. In the considered judgment of the management of the Bank which has received the acceptance of its Board of Governors, with the continuance of its present scale of operations, the Bank's borrowings are likely, within a few years, to reach the limit to which these are backed by guarantees, namely the 80 per cent uncalled portion of its capital stock. In order to enable the

Bank to continue its operations at the present growing tempo, the Board of Governors, at its 12th annual meeting in New Delhi in October last year, considered it necessary to augment its resources, and asked the Executive Directors to formulate concrete proposals for the purpose.

17 hrs.

The Board of Executive Directors accordingly examined the matter carefully and recommended an increase in the capital of the Bank from the present \$10 billion to \$21 billion, involving a general 100 per cent increase in the subscription of all member-Governments. The Government of India are in accord with this recommendation, as the increase in capital will give renewed assurance to investors that the Bank's bonds will continue to be of the same high quality and will provide the basis for continued favourable reception of the Bank's securities.

Mr Deputy-Speaker: Is the hon Minister likely to take some more time?

Shrimati Tarkeshwari Sinha: Yes, another five or seven minutes.

Mr. Deputy-Speaker: Then she might continue the next day.

17 01 hrs.

CENTRAL EXCISES AND SALT (AMENDMENT) BILL*

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): I beg to move for leave to introduce a Bill to amend the Central Excises and Salt Act, 1944.

Mr Deputy-Speaker: The question is—

“That leave be granted to introduce a Bill to amend the Central Excises and Salt Act, 1944”.

The motion was adopted.

*Published in the Gazette of India Extraordinary Part II—Section 2, dated 20-8-59.

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Business

SRAVANA 29, 1881 (SAKA)

Advisory Com-
mittee

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Dr. B. Gopala Reddi: I introduce
the Bill.

present the Forty-first Report of the
Business Advisory Committee.

BUSINESS ADVISORY COMMITTEE

FORTY-FIRST REPORT

17 02 hrs.

Shri Rane (Buldana): I beg to

*The Lok Sabha then adjourned till
eleven of the clock on Friday, August
21, 1959/Sravana 30, 1881 (Saka).*

Introduced with the recommendation of the President.