

12.32 hrs.

**INTERNATIONAL FINANCE CORPORATION (STATUS, IMMUNITIES AND PRIVILEGES) BILL****The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):**

I beg to move:

"That the Bill to implement the international agreement for the establishment and operation of the International Finance Corporation in so far as it relates to the status, immunities and privileges of that Corporation, and for matters connected therewith, be taken into consideration."

As the House is aware, two specialised agencies of the United Nations came into existence as a result of the discussions at the Bretton Woods Conference in July 1944. The two agencies, namely, the International Monetary Fund and the International Bank for Reconstruction and Development, started in December, 1945 when 28 Governments signed the Articles of Agreement of these two organisations. As in the case of the U.N. organisation itself and other agencies, these Articles of Agreement of these organisations provide for certain immunities and privileges for the two organisations, their officials and employees. Legal effect was duly given to these provisions under the relevant Ordinance promulgated on 24th December, 1945.

Need was in due course felt for another international financial institution which would promote investment in the private sector, particularly in the under-developed countries. This need was fulfilled when the International Finance Corporation came into being in July, 1956. India became a Member of this Corporation at the very beginning. A subscription of 4·431 million dollars was paid in August, 1956 with the approval of Parliament. The Articles of Agreement of this Corporation follow the pattern of those of the International

Bank, so far as they relate to the granting of status, immunities and privileges for the Corporation, its officials and employees. This international agency is set up to achieve the object on which all member-countries were agreed and it was also agreed that the member-countries should refrain from trying to tax or in any other way hampering its operations but on the contrary facilitate its operation by giving immunities and privileges on the basis agreed to by one and all the member countries. Article VI of the Agreement which has been reproduced in the Bill before the House, and which provides for these immunities and privileges, seeks to make available to the Corporation only those facilities which are essential for its successful operation in the member-countries.

The main items which need a mention are that the Corporation is invested with juridical personality and the capacity to contract, to acquire property and to institute legal proceedings. There is no immunity from judicial proceedings to which the Corporation's assets would be duly subject. The inviolability of the Corporation's archives is recognised; certain privileges in connection with the official communications of the Corporation are also granted. The property and assets of the Corporation are to be free from restrictions, regulations, controls and moratoria of any nature, but as stated already, they can be attached in satisfaction of a judgment if it is against the Corporation.

The officers and employees of the Corporation are conferred immunity from legal process with respect to their official acts only; immunity from emigration restrictions, alien restrictions, requirements, natural service obligations etc., is given to the same extent as is accorded to officers, etc., of comparable rank of other members. They are also granted similar privilege in respect of travelling facilities.

The Corporation, its assets, income and its operations and transactions authorised under the IFC Charter will be immune from all taxation and customs duties. The Corporation will also be immune from liability for the collection or payment of any tax or duty. The salaries and emoluments paid by the Corporation to its Directors, Alternates and officials or employees, who are not local citizens, will be exempted from taxation.

In this connection, I may state that these facilities are to be given only to the Corporation and that they will not be available to the enterprises financed by the Corporation. Those enterprises will not enjoy any special status by reason of the Corporation's investments.

Section 10 of the said Article VI of the Agreement of the Corporation requires each member to take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in the Article. The present Bill seeks to achieve this purpose, and is a very simple measure for discharging our obligations which have arisen as a result of our membership in the Corporation.

While speaking of this Corporation, the House would naturally like me to say a few words about its activities in general. The Corporation has so far sanctioned ten proposals in various countries, the first of them a little over a year ago when it began its lending operations. While no private Indian firm has so far been sanctioned a loan from the IFC, it is understood that a few applications from India are under the consideration of the IFC. I am not going into details in this regard as the IFC's objective is to deal directly with private enterprises and Government comes into the picture only after the IFC and the applicants come to some measure of agreement in principle. All this is, of course, not directly connected with the present Bill, which, as I have

already mentioned, aims at giving a legal basis to the provisions of the Articles of Agreement of the Corporation so far as they relate to certain privileges and immunities.

In view of what I have said, I trust the House will have no hesitation in passing the Bill before us.

**Mr. Speaker:** Motion moved.

"That the Bill to implement the international agreement for the establishment and operation of the International Finance Corporation in so far as it relates to the status, immunities and privileges of that Corporation, and for matters connected therewith, be taken into consideration."

**Shri Naushir Bharucha** (East Khandesh): I rise on a point of order.

**Mr. Speaker:** I am coming to it.

Shri Bharucha has tabled a motion that the Bill may be postponed and asking for the circulation of the Constitution of the Corporation.

**Shri Naushir Bharucha:** That has been circulated.

**Mr. Speaker:** Therefore it does not arise.

Shri Balasaheb Patil is not in his place. Shri Bharucha.

**Shri Naushir Bharucha:** I raise the following points of order on this Bill:

(1) Whether clause 3(2) empowering the Government by Notification to amend the Schedule is not *ultra vires* of the Constitution, in that—

(a) authority to grant further exemptions to the Corporation from taxation implies that the constitutional requirement of

[Shri Naushir Bharucha]

the President's recommendations for such purposes is being dispensed with or circumvented by this Clause;

- (b) a *carte blanche* is being given to the Government to alter the receipts distributable to the States from certain taxes without complying with the provisions of article 274.

(2) Whether the Schedule is not *ultra vires* in its entirety by reason of its violation of article 14, in that—

- (a) whereas similar and indigenous foreign trading and moneylending corporations or bodies in India are not granted facilities in the matter of jurisdiction to defend suits, the IFC (International Finance Corporation) is granted this discriminatory privilege;

- (b) whereas similar other corporations or bodies are not granted immunity from legal action by the Government, the IFC is granted such immunity;

- (c) whereas similar other corporations or bodies are not granted immunity from attachment before judgment, the IFC is granted such immunities;

- (d) whereas similar other corporations or bodies are not granted immunity from search, requisition or seizure by executive or legislative action, the IFC is granted such immunity;

- (e) whereas the archives of similar bodies or corporations are not inviolable, the archives of the IFC are given this immunity.

Whereas property and assets of similar corporations or bodies are not exempt from restrictions, regulations, control or moratoria, the property and assets of the IFC are so exempted. Whereas similar corporations or bodies are not exempted from payment of taxes and customs duties, the IFC is exempted from payment of taxes and customs duties. Whereas salaries paid by similar corporations and bodies are not exempted from payment of income-tax and super-tax, the salaries payable by the IFC to their officers and staff have been exempted.

The second point of order is self-explanatory.

With regard to the first point, it will be observed that clause 3(2) says:

"The Central Government may, from time to time by notification in the Official Gazette, amend the Schedule in conformity with any amendments, duly made and adopted, of the provisions of the Agreement set out therein."

The Schedule gives exemptions from certain taxes, and it is open to Government by mere notification to exempt the corporation from more taxes. Now, any exemption from taxes would require—naturally, that would be an amendment to a money Bill—the recommendation of the President under article 117 of the Constitution. And if the taxes from which the corporation is exempted are liable to be distributed amongst the States, such as income-tax, for instance, then in that case, certainly, it would attract the provisions of article 274 also. Therefore, what clause 3(2) does is to circumvent the provisions of articles 117 and 274 which require that any amendment which either imposes a tax or varies the distribution of the proceeds of a tax would require the recommendation of the President each time that such amendment is made.

Therefore, I submit that by granting a *carte blanche* to the Government

we are circumventing the provisions of these articles. Therefore, that particular clause is void; and the Schedule is void because of the reasons that I have already explained.

**Shri H. N. Mukerjee** (Calcutta—Central) rose—

**Mr. Speaker:** So far as this matter is concerned, the hon. Member is fully aware that questions relating to 'vires' are not decided by the Chair.

**Shri Naushir Bharucha:** Unless it is patent on the face of it.

**Mr. Speaker:** It is always left to the House. I need not read out the string of rulings on this point.

The hon. Member himself raised this point on a prior occasion.

"On the 21st December, 1957, when clause 6 of the Mines and Minerals (Regulation and Development) Bill was taken up for discussion, Shri Naushir Bharucha rising on a point of order stated that the clause was *ultra vires* of the Constitution."

There are other cases where a whole Bill was held to be *ultra vires* of the Constitution.

"The Deputy-Speaker thereupon ruled:

"So far as the question of clause 6 (b) being *ultra vires* of the Constitution is concerned, the Chair does not take the responsibility of declaring any part or portion as *ultra vires*; the Chair leaves it to the vote of the House."

This is in accordance with past practice and procedure.

**Shri Naldurgker** (Osmanabad): Under article 110, you will have to decide this question.

**Mr. Speaker:** I am deciding it that way. The Speaker has not to decide this question of *ultra vires*. It has been repeatedly held that so far as *ultra vires* is concerned, it is left to the House itself. Such other hon. Member as feels that it is *ultra vires* can refer to it and also develop his argument both on facts and on law as to why this House ought not to accept this Bill. It is for the Government and other Members to discuss that matter and ultimately come to a decision both on matters of law and on the facts.

If Shri Naushir Bharucha wants to speak on the Bill, he will have an opportunity.

**Shri Mahanty** (Dhenkanal): I have another point of order.

**Mr. Speaker:** If Shri Naushir Bharucha wants to speak, let him conclude first. Let him not speak only on a portion.

**Shri Naushir Bharucha:** On the subject-matter of the Bill?

**Mr. Speaker:** He has raised this point, which will be part of his speech and he may speak now, and later on, any other hon. Member may rise and answer the point.

**Shri Mahanty:** I have another point of order which has nothing to do with *ultra vires* or anything of that sort. It is a procedural matter.

I wish to invite your attention to the question whether matters falling within the scope and limits of a money Bill can be decided by Government in the form of an agreement or executive order behind the back of Parliament. This Bill which has been framed on the lines of the agreement that Government had entered into with the International Finance Corporation was finalised as long ago as 31st December, 1956. When Government were a signatory to that agreement. . . .

**Mr. Speaker:** We are not going into the merits. Does the hon. Member say that it is a money Bill?

**Shri Mahanty:** No. My point is whether matters falling within the scope and definition of a money Bill can be finalised by Government in an agreement behind the back of Parliament or not.

**Mr. Speaker:** We are not worried about all that. All that I am now concerned with is that if it is a financial Bill, it requires the sanction of the President.

**Shri Naushir Bharucha:** That has been obtained.

**Mr. Speaker:** That has been obtained. As to whether an agreement can be entered into or not, I am not competent to decide. It is for the House to decide.

**Shri Mahanty:** I am afraid I have not made my point clear. Government had finalised this agreement on 31st December, 1956. I do not know when Government signed that agreement, and when Government undertook to bind themselves by that agreement. Now, they are coming, in the year 1958, in the month of September, to ratify that agreement. My only grievance is—it is for you to consider; it is a procedural matter—whether such matters. . . .

**Mr. Speaker:** Will have retrospective effect.

**Shri Mahanty:** . . . will have retrospective effect.

**Mr. Speaker:** That will be left to the House. For the future, there are courts and courts; if anything has retrospective effect, it will be upheld; if it has no retrospective effect, it will not be. All that I am concerned with is whether this Bill has obtained the sanction of the President, since it is a financial Bill. All those formalities have been observed. As to what the effect of this Bill is, I am not competent to decide. There is no point of order.

**Shri Naushir Bharucha:** While speaking on this Bill, it is rather

surprising to me that Government had fallen a victim to the inducement of having some more assistance for the private sector and entered into an agreement which now commits itself to the liability of making so many concessions.

After all, what is the object of the International Finance Corporation? The object is to further economic development by promoting the spread of private enterprise. Therefore, primarily the job of this particular corporation is to assist private enterprise. It will invest in productive private enterprise only, that is to say, if there is any social enterprise which is not productive in the sense of productive of profit, the IFC will steer clear of it. It proposes to serve as a clearing-house to bring investment opportunities and private capital, both foreign and domestic, and experienced management together. It aims at helping to stimulate productive investment capital, and it will operate as an affiliate of the World Bank but will have a separate legal entity.

So far as its investment methods are concerned, it will invest only in productive private enterprise contributing to the country's development, which at first sight, seems very good. But I shall presently point out what the difficulties will be. It also says that if private enterprise would put in half the capital, the other half will be put in by the IFC in the form of dollar capital. It will also finance local as well as foreign private industries. So, let it not be understood that this IFC will invest only for indigenous capitalists. It will not finance public utilities such as electric power supply, transport undertakings, irrigation projects, etc. It will also not invest in Government-owned and Government-managed bodies.

It may make loans with or without securities. And also, it will insist on

representation on the board of directors in the cases of such enterprises as it proposes to assist.

So far as the scheme of the Bill is concerned, we are told that the entire article in the agreement has been bodily transplanted in the Bill itself. But what terrific exemptions and privileges are sought to be given, which can only be given to a sovereign State or to a diplomatic representative of such sovereign State! After all, what is the IFC? Apart from the fact that it is an international body, the capital of which is subscribed by 52 or 54 countries it is nothing but a trading and moneylending body. I fail to understand what is so very extraordinary about this IFC that the Government go out of their way to make it concessions after concessions. I say the ordinary trading and moneylending activity of this foreign capitalist body . . .

**Dr. B. Gopala Reddi:** Foreign body?

**Shri Naushir Bharucha:** Yes, it is international.

**Dr. B. Gopala Reddi:** We are also a member of it.

**Shri Naushir Bharucha:** How much is the Government's share?

**Dr. B. Gopala Reddi:** We are the fourth biggest shareholders.

**Shri Naushir Bharucha:** The Government will be nowhere there.

**Dr. B. Gopala Reddi:** It is our own.

**Shri Naushir Bharucha:** I am going to question him about what are the advantages that we are going to get out of it. Let him have some patience.

What are the exemptions we are giving? First is exemption from taxation of every kind. It is true that we are in need of foreign capital, but are we in such dire need of foreign capital that we must grovel in the dust

before this body and give it exemptions after exemptions? Whoever has heard of an ordinary trading and moneylending corporation getting exemption from income tax, getting exemption from customs duty, getting exemption from hundred and one other taxes which the people of this country have to pay? This is unusual and unheard of and I strongly protest against this.

What are the extraordinary privileges that this Bill confers on this moneylending and trading body? It says that in matters of jurisdiction, nobody can bring a suit against it except where this corporation has its office. Its office is located in Calcutta only, it can be proceeded against in Calcutta; if it does not have its office in Calcutta but in New York or Washington, you cannot file a suit against it except by going to New York or Washington. That is a privilege which is given to this corporation against the taxpayer of this country.

Then it is exempt from legal action even by the Government themselves. The member country cannot bring any action against it, however just the claim of the Government may be. I ask: what right have this Government to barter away the monies of the taxpayer? It is not Government's money. If there is a claim against this moneylending and trading body, then Government should have the right to file a suit. But by this Bill, Government volunteer that their right shall be completely forfeited!

Then nobody can apply for attachment before judgment so far as this body is concerned. It is true we realise that so far as a body of this character is concerned, there may not be cases as would be in case of ordinary debtors that the corporation would run away. But why give exemption of a character which is not enjoyed by our people? It simply shows that we are being placed in a humiliating position and a foreign

[Shri Naushir Bharucha]

capitalist body is elevated to the position of a Super-State.

Then it is free from search, requisition or seizure by executive or legislative action. Whatever activities it carries on are under immunity. One is not sure of the activities it may carry on; I am not making any definite allegations, but may I tell this House that one big German company with a big capital had its office in India and it carried on espionage in India, and it was after war was declared that it was found that that body was carrying on espionage? Here we are giving immunity to another outside body which may have on its board of directors very different types of people from enemy countries, or from countries which are not friendly to us. We say nothing should be done either to search or to look into the papers or documents. I ask: Are Government not paying too big a price for this type of assistance? We definitely mention in so many words that 'the archives of the Corporation shall be inviolable'. Why should they be inviolable? I can understand diplomatic privileges being accorded to certain documents and correspondence of a sovereign State. That is because a State corresponds on the basis of one sovereign State with another. I therefore say that these sovereign rights must not be given to an ordinary moneylending body.

Exemptions after exemptions have been given. We have never heard of so many exemptions being given. The salaries of the staff of this body are to be tax free. No customs duty is payable by this body on its imports. It may run into crores of rupees.

I ask Government what is the extraordinary advantage they are going to get? There are 52 or 54 countries which are going to share in the capital of this particular body. India has paid \$4.4 million as her share of capital. What is she going to get in return? I ask why are we sacrificing so many privileges and so much

revenue in the shape of customs duty, income-tax and all other taxes? It is a very humiliating experience for us to pass a Bill of this character giving away our sovereign rights.

There is one privilege—that special travelling facilities will also be given to the staff of the IFC. It is really humiliating when 404 Members of Parliament asked for bus transport only and they were told that it could not be given. When 404 Members of Parliament residing in North and South Avenue asked for bare bus transport, they were told it could not be given because the bus undertaking was making a huge loss, but every travelling facility is to be given to a foreign capitalist concern! I ask, why? Let the hon. Minister tell me in reply why is it that we are conferring so many immunities in the form of freedom from taxation on this body, and what is it that we are going to get in return. How many private enterprises are going to benefit by it? And why should private enterprises be assisted at the cost of the taxpayer? That is my main grievance.

When I asked for a copy of the agreement, I was told that there were not sufficient number of copies of the agreement—probably on grounds of economy! With difficulty the hon. Minister supplied me one copy and asked me to return it. When we are practising economy on such a drastic scale, why do we lose crores and crores of rupees in concessions to an international body of this character? Can we not do without it?

Shri A. C. Guha (Barasat): Later on copies have been supplied.

Shri Naushir Bharucha: My hon. friend does not know that it was after I moved a motion that till then this Bill must not be discussed. It was supplied much later.

Mr. Speaker: That is all right.

**Shri Naushir Bharucha:** I am not making a grievance. I am asking that when such a drastic economy is being exercised, why should crores and crores of rupees of the Indian taxpayers be thrown away for the benefit of this international money-lending and trading concern. I demand a reply from the hon. Minister.

**The Deputy Minister of Finance (Shrimati Tarkeshwari Sinha):** He will also benefit out of that.

**Shri H. N. Mukerjee:** Mr. Speaker, I am sorry that Government has thought fit to bring up this Bill at this present moment in order to define the status, immunities and privileges of the International Finance Corporation. As was pointed out by my hon. friend, Shri Naushir Bharucha, Government's haste was so remarkable that I believe it was necessary for Shri Naushir Bharucha to give notice of a motion regarding the availability of the articles of agreement which we have signed in regard to this organisation and then it was, I am sure, on the direction of the Speaker that copies of the articles were made available to us.

Perhaps there was this rather unseemly haste because we are going to have conferences next month in Delhi of the World Bank and of the International Monetary Fund, and as one of their minor auxiliaries there has now been set up this International Finance Corporation whose Governors might perhaps also meet in Delhi, and to present a brave face in a way—though rather paradoxical way—Government decided to bring up this Bill before the House.

I do not see why there has been any need felt by Government or by anybody for this Bill to be pushed through this House at all at this moment. It is not only that as a matter of principle as far as many of us in this House are concerned we can very well do without these instruments of world finance capital, but it is also that we

hardly know anything about the working of this organisation—and what we do know is not particularly optimistic. The other day a question was asked in this House—Unstarred Question No. 2185 dated 18th September—when it was sought to be discovered how many Indian firms had so far got assistance financially from the International Finance Corporation and Government replied that Government had no information at all regarding the number of Indian firms who might have applied to the IFC; nor does Government know anything about the quantum of assistance which they have sought or they might have got.

13 hrs.

The fact of the matter is that we have already subscribed over Rs. 2 crores in order to have the delectable privilege of sitting on the Governing Body of the International Finance Corporation, but we have had no assistance so far and the conditions of assistance, to judge from the Articles of Agreement and from the proceedings of the Conference held last year at Washington, are such that they are not likely to be beneficial at all to our country.

Sir, it is openly stated by the sponsors of this Corporation that the paramount interest of this body is the enrichment of the private sector. Incidentally, of course, they want to convey some benefit to under-developed countries like ours and they are going to prove how the private sector can be particularly efficient in conferring benefits upon countries like ours. As far as the work of this Corporation is concerned so far, as I said before, it is by no means optimistic. I find from the report of the meeting of Governors last year, held on September 27, 1957, that so far they have made certain investments. They have got a leading German company manufacturing electrical equipment in Brazil; they have got a Canadian and a British firm cooperating with some manufacturers



(Shri H. N. Mukerjee)

in Mexico; they have got a Mexican company jointly with United States nationals manufacturing automotive and industrial equipment; they have got a Latin American Finance Group in Chile doing copper mining and they have got Australian lumber business expanded with the assistance from some quarter which is not specified in the report. This is all that was said last year and I do not think very much more has been done besides. In the proceedings it was reported that the idea of the IFC was to demonstrate that soundly conducted investment in the less developed areas can be highly profitable and by that demonstration to stimulate flow of private management and capital into such investment.

Now, Sir, as far as we are concerned, we have tried to make it very clear that here is an opportunity for the alliance of big money in industrialised countries as well as in backward areas, an alliance which from all that we know so far is not likely to do much good to our country. We know how the quantum of foreign private investment in this country has been growing. Only the other day, discussing the Plan I quoted the figures how from 1948 to the end of 1955 there has been a rise in the quantum of foreign private investment in the country. The other day the Planning Minister said that even now annual remittances of profits to the tune of at least Rs. 30 crores are sent out by foreign private capitalist interests from our country abroad. Today there were questions in regard to oil interests in this country which are nearly all foreign and it came out how in the manipulation of accounts and in the description of the amount of income which accrue to these concerns there is a lot of hocus-pocus and Government is not entirely satisfied. Government may be partially satisfied, but they are not entirely satisfied about the way these foreign interests continue.

I notice that there is at present a dichotomy of contradiction in Government policy. It may be that the present Finance Minister has been given a very clean certificate by the President of the Forum of Free Enterprise, Mr. Shroff, who spoke the other day and sent us all Members of Parliament a copy of his printed speech wherein he said that the last two Finance Ministers, Mr. Deshmukh and Mr. Krishnamachari, ought to be impeached by this House and that Mr. Morarji Desai was showing the dawn of good sense. It may be that the present Finance Minister is showing the dawn of a newly acquired sense, but I do not understand what exactly is the real policy.

The Prime Minister has said so often that the strategic heights of our economy are to be occupied by the public sector and not by the private sector. When last year, along with Mr. Krishnamachari the Governor of the Reserve Bank, Mr. H. V. R. Iengar, had gone to America he made a speech at San Francisco at a meeting of the International Monetary Fund where he referred to the predominant position occupied in the Indian economy by the private sector. We raised that question in this House—many of the hon. Members will remember that occasion—and the Prime Minister sought to defend the statement of the Governor of the Reserve Bank by saying that purely in terms of quantity, particularly if we remember that agriculture in our country is conducted by private individuals, the predominant part in Indian economy is played by the private sector, and that is all that Mr. Iengar wanted to convey. If that is so, then we ought to be told where we really stand.

We are not going to have a merely scholastic discussion about the quantitative participation of the private sector in our economy. There is no doubt that quantitatively speaking the private sector is still predominant

There is no doubt also that the country's policy is not to do away with the private sector here and now. Even we do not suggest that we should not co-exist with the private sector for at least a certain period to come. But at the same time the strategic heights of our economy have got to be occupied by the public sector and the private sector has to be shown its place. But according to the formulations made by the International Finance Corporation, the idea very well is that the private sector is going to show its mettle; that the private sector is going to intervene particularly in under-developed countries and that is why perhaps we are going to give special amenities and privileges and very particular status to officers of the International Finance Corporation. I do not know how this can be squared with the basic essential elements of our economic policy. We do not want this kind of infiltration of private capitalist interests from abroad. We do not want the heightening of the friendship which already exists between the private capitalistic interests in our country and the private capitalistic interests in the highly industrialised countries abroad.

That brings me to the provisions of the Bill to which reference has already been made by Mr. Bharucha. It is almost astounding that certain privileges are granted to officers of the Corporation. A certain status is given to the Corporation which I simply cannot understand. It is not in conformity with the provisions of our Constitution. I do not see why, for example, the property and assets of the Corporation shall wheresoever located and by whomsoever held be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Corporation. The Minister tried to say that interests financed, supported financially, by the Corporation would not be immune, but the wording is "the property and assets of the Corporation wherever located and by whomsoever held". That is to say any concern in this country which holds

a certain proportion of the assets of the Corporation would be able to claim exemption from seizure or attachment or execution before the delivery of final judgment against the Corporation.

According to the law of the land there is provision for interim orders regarding seizure, attachment and that sort of thing. Why is it that till the ultimate disposal of a particular matter before a court of law, till seizure is actually decided upon by the court by a whole series of proceedings at different levels, these people are going to have a special sort of exemption? Then again the provision says—"property and assets of the Corporation shall, wherever located, and by whomsoever held, be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action."

We are having a planned economy. We do know it for a fact how certain interests try to operate against us. We know how politically our position is sought to be jeopardised by the activities of international agents in such a strategic area as Kashmir. We know very well how people working in the secret service of certain countries penetrate into areas like the Naga Hills; we know very well that under cover of international protection a large number of people are likely to come to this country in order to sabotage the success of our operations, particularly when they suspect that those operations might take a socialist direction. They want us to change our direction from socialism to something else. And that is why it may be that people who would come in the garb of officers of the International Finance Corporation would be up to mischief. I do not say they are all sure to be doing that kind of job; maybe there are honest officers among them; maybe there are some people who are honestly inclined in favour of capitalism. But, I am not going to take any risk; I am not going

[Shri H. N. Mukerjee]

to take any chances; I am not going to give any special immunity or any special status to these people.

Then, it is said that the archives of the Corporation shall be inviolable. I do not see why this kind of thing should be done. Then I cannot also see why they should have immunity from taxation. Altogether we are giving to the foreign interests a lot of special prerogatives in regard to immunity from taxation. And, now, it seems that further support is to be given to them and the consolidation of the private sector is going to happen with the assistance of moneys from abroad, moneys which might very well partake of a dubious character.

It is, therefore, very important, so far as I am concerned, that we realise how the immunities proposed to be given to this Corporation by the Minister are of an extremely dangerous character. Foreigners in different garbs may penetrate into our country. They might be wolves in sheep's clothing, trying to bedevil the whole atmosphere of economic development in our country; and, therefore, I feel that this measure is absolutely uncalled for. This measure should not have been put before us at all. There is no reason why we should hurry and pass this kind of legislation which gives special immunities and privileges to an International organisation which, so far, has done very little and what little it has done is by no means something about which we might feel optimistic. That is why I suggest that we reject this proposal made by the Finance Minister.

The Bill is really of a pernicious nature; it suggests a certain tendency of our economic policy which, I am sure, ought to be resisted by whoever is here for the success of the socialist pattern of society that we aim at.

Shri Bimal Ghose (Barrackpore): This Bill, as my friends Shri Bharucha

and Shri Mukerjee have pointed out, is not so simple as the hon. Minister wanted to make it out, because it confers extraordinary privileges and immunities upon this International Corporation.

The question arises, as my hon. friend Shri Mahanty wanted to point out, as to whether it is proper that after the agreement had been entered into in 1955, we are presented with a *fait accompli*. Now, what we are going to do is only in the nature of a *post mortem* because the Government are already committed to this agreement and they are just bringing this Bill to formalise the commitment that they have already made. The question arises as to whether it would not have been proper to have taken this House into confidence before this commitment was made and demonstrated that the benefits to be derived are so large that it would be quite proper for us to give this institution these privileges and immunities which are of an extraordinary character.

We are entitled to know as to why we are going to give this institution these extraordinary privileges and immunities. I am not going to repeat what my hon. friends Shri Bharucha and Shri Mukerjee have said. The immunities that are there in the Bill are of an extraordinary character. But why is it that we have agreed to give these immunities and privileges to this International Corporation?

It would not do merely to say that it is not merely we but other countries—50 or 51 or even 54 or 55—have done the same thing and they have also agreed to give these immunities and privileges to this institution. Because I believe the idea was that we should derive some benefit as an under-developed country by obtaining capital from this Corporation and that it would help our process of development in this country. The question is as to how far we were right in making such an assumption knowing the background of this institution.

Sir, this institution was suggested by the U.S.A. International Development Advisory Board in its report made to the President in March 1951. In a publication entitled *Partners in Progress*, it said that an International Finance Corporation should be set up as an affiliate to the World Bank. The World Bank was advancing moneys to the public sector, and the IFC would be in a position to give loans to the private sector.

It was not merely for the benefit of the under-developed countries alone that this institution was suggested. It was suggested also to give benefit to the private capitalists in other countries who were afraid of investing funds in under-developed countries. And, this institution provides them with the safeties and guarantees and profits if investments are made by them so that it is not merely for the under-developed countries that this institution has been set up; but it is also because private capitalists in those developed countries know that they can derive much higher profits from investments in these under-developed countries, that this institution was sponsored.

The next question arises as to why although the institution has been set up for nearly two years India has so far derived no benefit. No loan has materialised so far as India is concerned. Why so? Why, during the first year, of the 5 loans given, 4 were to Latin America and 1 to Australia? The reasons are, probably, two-fold. One is, as my hon. friend, Shri H. N. Mukerjee tried to point out, that the climate for investment in this country is not favourable for an institution like the International Finance Corporation.

If one reads the President's Address at the 1957 Conference one has no doubt in his mind that what this Corporation wants is an extension of what we call the private sector. The President, Robert Carver, has said that his advice to the under-developed countries was that in those countries which were striving to achieve a better level of living, the enlightened

self-interest of the people and the leaders should indicate the wisdom of following the proven path of economic prosperity, that is private enterprise, rather than the path to the end of the rainbow, which is socialism.

Now, we ask Government whether we are not committed to the establishment of a socialist State in this country, and, if so, how, whenever any Finance Minister goes abroad he goes on giving assurances to the investors and Governments in other countries that the private sector is inviolable. Have we not stated that we shall try to expand the public sector? If we try to expand the public sector in this country, it stands to reason that the International Finance Corporation as an institution will not find it profitable to make investments in this country. That is one reason why it is unlikely that India will get much benefit from this institution.

The second reason is this. The charges of this institution are really very heavy. The interest charge is about 7 to 7½ per cent. And, it is not merely interest charge. There is usually also an agreement that in connection with all the loans they give, they would have a right to participate in the profits and also a right to convert their loans into shares which they can subsequently sell to the public and appropriate any appreciation in the equity values.

If you take all these things into account, the charges would come to about 15 to 20 per cent for us. And, certainly industrialisation in this country would not find it profitable to borrow money at that cost. What is the Government going to do about that? Particularly, if a loan is being given to a new industry, it is not possible for that industry to pay even interest at 7 or 7½ per cent at the beginning for a number of years. But the Corporation insists that the interest must be paid from the start. If the Government wants us to continue to be a Member of this institution, it must obtain some assurance that if under-developed countries are to be helped, its policies must be changed.

[Shri Bimal Ghose]

A country may develop socialism or may not develop socialism if it feels necessary in the country's interest to do so. But it could not be an argument against investment in that particular country. Although it is not stated so explicitly the implication of the statement of the President of this Corporation is without doubt that investments in such countries will not be viewed by this corporation with favour.

Secondly, we must try to find out the terms and see whether we can make them agree that the terms should be more favourable—the terms relating to the rate of interest and other charges that are levied. Only Latin America which is developing its minerals can probably afford to pay about 15–20 per cent on the money borrowed. We cannot afford to pay that much. So, unless the Government can induce the Corporation to make some change in its policy, it would be of no use to us. If so, why should we be a member of this institution and pay Rs. 2 crores to its capital and added to that give all these privileges and immunities, exemption from all kinds of taxation and also give those officers the same status as we give to foreign diplomats.

13.22 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I would ask the hon. Minister to give us some assurance about this. Unless he can change the policy pursued by this Corporation he should see to it that we do not continue to be a member of this Corporation.

**Shri Mahanty:** Mr. Deputy-Speaker, Sir, while I readily concede the fact that private capital, even foreign capital, may have some constructive role to play in our economy in a given context, I am opposed to this Bill and opposed to the very idea that in the interest of the private sector we should be a party to the detraction of our national sovereignty. Can matters falling within the scope of a money Bill be decided by the Government

in the form of an agreement or executive order behind the back of Parliament? You will find that this Bill falls within article 110(a) and (b) of the Constitution. So far as the immunity from tax is concerned, it comes under the abolition or remission of any tax within the purview of article 110(a) of the Constitution and so far as it relates to the guarantees of the investment, it comes under article 110(d) of the Constitution. The repugnant fact has to be remembered that under clause 2(a) of this agreement which the Government had entered into in the year 1955 the Government have bound themselves and have said that we are a party to this agreement and they have accepted the agreement without reservations in accordance with law. I would ask the hon. Minister to explain to this House in the absence of any law which is passed how the Government could bind themselves to this agreement without reservation in accordance with the law. If it is not betrayal of Parliament, I do not know what betrayal of Parliament means. I take very strong exception to this fact that the Government enters into international agreements which allow all these kinds of immunities and guarantees then it comes to the Parliament taking recourse to the majority at its command and presenting the House with a *fait accompli*. The last date for the signing of this agreement under clause 2(c) is 21st December, 1956. Why was this agreement kept from the scrutiny of the House for so long? Why the opinion of this House was not taken before the Government had entered into the agreement? We feel very concerned and agitated that the Government should go in for such international agreements without taking us into confidence. The International Finance Corporation is primarily intended to encourage the growth of private enterprise in this country. I am not against that when we have accepted that in the First and Second Plans. These immunities that we are extending reminds me of

the sad chapter in the history of China—of the Manchus of China. It also reminds us of the East India Company. We know how the decaying Moghuls had granted concessions to the foreign traders. We also know what concessions were allowed by the Manchus to the European traders and what became of China. I am not a Cassandra and I do not want to suggest that the foreigners and foreign capital will take advantage of these concessions and set up another foreign empire in this country. No, Sir. It is, just possible that it may not be a political empire but it will certainly be a financial empire. It will have its effect upon the political integrity of our country. I, therefore, consider it my painful duty to oppose this Bill.

Coming to the other aspects, we are told day in and day out that on account of the lack of resources we may not even fulfil the targets of the core of the Plan. We are told that the paucity of foreign exchange resources has told very heavily on the fulfilment of our Plan. It is interesting to learn that the private sector is never in need of any foreign exchange. Two or three business houses in this country—Indian Iron and Steel, the Tata Group of concerns, etc., have been granted loan from the World Bank and the International Bank for Reconstruction and Development to the extent of Rs. 372.61 crores with India as the guarantor. Now, further, we are going to give guarantees to the private sector for further loans that they may raise from this Corporation.

**Dr. B. Gopala Reddi:** No. Government would not stand any guarantee for this.

**Shri Mahanty:** I am talking of the International Bank for Reconstruction and Development. They have now come to this House for approval. He says: No. Who will guarantee for these commercial houses? Only India has to guarantee—certainly not the Finance Minister—as a guarantor. The

Government of India has been pledged; the whole country has been pledged and mortgaged for two or three business houses which have raised loans from the International Bank to the extent of 372.61 million dollars.

I would try to take this occasion to raise this point. Is it not unconstitutional on the part of the Government to stand guarantee and underwrite loans which the private sector has been getting from the International Bank or the World Bank behind the back of the Parliament and to pledge this Parliament to underwrite that loan? Similarly, the International Finance Corporation is primarily meant to augment the resources of the private sector in this country. How the hon. Finance Minister says that they cannot raise the loans from them is something which I fail to understand.

Why has it been promoted? Anybody can go through the preamble of this agreement to find out the purpose of the Corporation. It is further economic development by encouraging growth of productive enterprise in member-countries. If that is not to be achieved by incurring loans from this Corporation, I do not know how they are going to achieve it. Therefore, how can the hon. Minister say that they may have taken loans from the International Bank of Reconstruction, but not from the Corporation? According to my reading of the agreement, I believe the hon. Minister will revise his opinion about the character of this Bank.

Then, it has been said that it is not a foreign trading body or a foreign bank and that we are a member of it. It is very true that we are a member of this body. But the House may be amused to learn that our share, our investment in this bank is less than the investment of the so-called Kuomintang China—Formosa. The Kuomintang China has 6.6 million U.S. dollars, whereas our great country, India, has got only 4.4 million dollars.

[Shri Mahanty]

I do not want to give the figures relating to United Kingdom or the other Western countries. U.S.A. has got 35 million dollars investment in this bank. Therefore, whatever we have got in this bank is an illusion, is a nominal thing. Therefore, it is true to say that we are a member of this Corporation, but the financial investment which the Western countries and their satellites have will certainly place us at a very disadvantageous position.

As has been pointed out by Shri Ghose, even though we are signatories to this agreement two years ago, the private sector in this country has not been able to receive any aid, any loan, any assistance whatsoever from this International Finance Corporation.

Sir, I would now formulate my points. I would like the hon. Minister to reply why this exceptional agreement was entered into in the year 1955 behind the back of Parliament. Secondly, is it open to the Government to finalise an agreement which fall within the scope and description of a money Bill under article 110 of the Constitution? Is it open to them to finalise this agreement behind the back of Parliament and then come to Parliament to present a *fait accompli*? It cannot be unconstitutional technically, but, Sir, certainly it is immoral, it is impolitical and it is undemocratic. It pains me to say that the Government, a parliamentary form of government, has to learn how to treat a Parliament better. Thirdly, I would like to know to what extent this International Finance Corporation is going to help the private sector in this country, and to what extent it is going to lead us forward towards the achievement of our targets. Lastly, we would like to know why the Government has stood guarantor to three business houses—the Tatas, the Tata Iron and Steel Company and the Indian Iron and Steel Company.

Shri Bimal Ghose: That is the World Bank loan.

Shri Mahanty: The Government has stood guarantor; the Parliament has stood guarantor, without taking Parliament into confidence. This is a betrayal of trust, a breach of faith. Sir, I do not know how to describe it, because that may be unparliamentary. I would like the hon. Minister to satisfy us on these four points; otherwise, it is high time that we bring a motion of censure against Government for treating Parliament so lightly, so negligently and in such a cavalier way. Sir, it should not be taken as though I am making a broadside.

Dr. B. Gopala Reddi: Bring a privilege motion.

Shri Mahanty: We must bring a motion of censure against the Government which does not take Parliament into confidence before it enters into exceptional agreements.

Shri A. C. Guha: Mr Deputy-Speaker, Sir, the first two speakers have opposed this Bill completely and absolutely, but I think the purpose of this Bill will be generally acceptable to this House.

We are committed to a mixed economy, and in our latest industrial policy declaration private enterprise has been given enough scope and sufficient responsibility in the development of the country. Therefore, that this Corporation is going to help the private enterprise cannot be an argument by itself to condemn this proposal. As long as in our own industrial and economic policy we have allowed private enterprise to have certain functions in the development of the country, any help coming from any quarter to the private enterprise should not be condemned as such. Moreover, in whatever form this help from this Corporation may come to.

the private enterprise, it will ultimately add to our foreign exchange resources in which we are in a very difficult position now. So, from that point of view also, this proposal should be welcomed by this House, and it is a matter which should be supported as helping the economic development of the country.

But I would like to mention some points which I hope the hon. Minister, in the course of his reply, will try to clarify. This Corporation will help private enterprises, not only industrial but also commercial, agricultural and financial enterprises.

**Shri Bimal Ghose:** Primarily industrial. In the speech they have said that.

**Shri A. C. Guha:** This is given in the article. It may be primarily for industrial enterprises, but still there will be scope for helping commercial, financial and agricultural enterprises also. With regard to agricultural enterprises, I do not think we can have any objection, particularly in view of the very difficult food and agricultural position in the country. Anyhow, we should welcome it in the case of agricultural enterprises. But I am doubtful about the financial and commercial ventures. The purpose of this Corporation is to increase the productive potentialities of private enterprise. How it can be done by helping commercial and financial enterprises, is something that is hardly understandable. I think Government should keep a watch on this, because this may lead to certain other unhealthy developments. No investment should be allowed from this Corporation in India in financial and commercial enterprises.

In clause 3 of this Bill it has been stated:

"Notwithstanding anything to the contrary contained in any other law, the provisions of the Agreement set out in the Schedule shall have the force of law in India."

This is, in a way, practically giving superior authority to the provisions of this agreement compared to any other law existing in the country. I think, Sir, this is too much, too great a concession that this House can agree and the Government can agree. We cannot allow ourselves to pass a Bill which would subordinate all legislations passed by this House and delegate them to an inferior position compared to the provisions of this agreement. An Act passed by this House, should have prior authority over the provisions of this agreement, and whenever there is any conflict between any of the existing provisions of any Act, or any of the provisions in our industrial and economic policy I think the provisions of this agreement should conform to them and to that extent the provisions of the agreement should be modified.

**Pandit Thakur Das Bhargava (Hisar):** Those provisions go further than the fundamental rights given in the Constitution to the citizens of India.

**Shri A. C. Guha:** I would like to draw the attention of the hon. Minister, particularly, to the Industries (Development and Regulation) Act. I think that Act gives certain powers to the Government to regulate industries for the better development of the country. Will the provisions of this agreement have priority over the Industries (Development and Regulation) Act? Will the provisions of the Industries (Development and Regulation) Act have no authority, no validity, in any enterprise in which this Corporation will have investment? If that is so, then I think it would be a serious position which the Government should consider. This House cannot commit itself to any such provisions, which will mean that any provisions in the enactment, namely, the Industries (Development and Regulation) Act or anything in the industrial policy should be relegated to a subordinate position.



[Shri A. C. Guha]

In the Industrial Policy Resolution, there are two or rather three categories. Schedule A is exclusively reserved for the public sector; Schedule B shows the items in which public sector will increasingly take part and the private sector will not be allowed as free a scope as before, and Schedule C will be more or less reserved for the private sector. I do not know if this Corporation will also be entitled to have any investment in which the public sector is to be in an 'inclusive' position. I shall read in full section 1 of article III of the Schedule:

"The Corporation may make investments of its funds in productive private enterprises in the territories of its members. The existence of a government or other public interest in such an enterprise shall not necessarily preclude the Corporation from making an investment therein."

Here Investment is not merely just a financial investment. Investment carries a number of immunities. So, even if there is an enterprise of the private sector, if some existing private enterprise continues, to be in what is reserved for public sector, then, this Corporation can invest in that and have all the immunities. I think that also would be a dangerous thing.

Shri Bimal Ghose: He himself was a Minister when these agreements were arrived at.

Mr. Deputy-Speaker: By lapse of time!

Shri A. C. Guha: The hon. Minister stated in his opening speech that the Corporation will deal directly with the party and the Government will come into the picture only at a later stage when there has been some tentative agreement between the party and the Corporation. That also, I think, is not a good feature. The Government should be kept informed from the very beginning. To a ques-

tion whether there was any proposal from any party or from the Corporation for any investment, the reply given by the Government was that they had no information if any party had applied for any investment or if any investment had been made. I think that sort of reply should not have been given to this House. When we are passing this Bill and are taking certain steps, the Government should have been kept informed about any progress made by this Corporation in this country. Nothing should be done in this country in which the Government will not be posted with proper information. As it is, the Corporation will deal directly with the party and the Government will come into the picture only at a later stage. So, this also requires some modification. I think from the very beginning the Government should be kept informed and it should have a watch as to how the proceedings and the negotiations go and in what industries or enterprises the Corporation is going to make its investment.

Then section 2(2) of article VI of the Schedule says:

"to acquire and dispose of immovable and movable property".

That also will be dealt with by the Corporation without any reference from the Government. The Corporation might have invested certain sums in an enterprise, and after sometime, it may sell them off to anybody, but it may not be in accordance with the policy of the Government or may not be to the interests of the country that those shares should be sold to any person whatsoever. Such disposals of the movable and immovable property of the Corporation should be with the cognizance and approval of the Government.

Then, section 4 of article VI of the Schedule says:

"Property and assets of the Corporation, wherever located and by

whomever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action".

I would like to draw the attention of the hon. Minister to this section. Here, a limit is being put even on the authority of this House. This House will not have any power to pass any legislation for seizure or the requisition or anything about the property in an enterprise in which the Corporation will have some investment. I can understand a limitation may be put on the executive authority, but a limitation on the legislative action means a limitation on the authority of this House. I think this provision also should not be there. I cannot understand also why the property and assets should be immune from search. The property and assets will be the property and assets of a private enterprise. This Corporation will have those assets mostly in private enterprise. So, does it mean that the assets and the property of those private enterprises in which this Corporation will make some investment will also be immune from search?

**Dr. B. Gopala Reddi:** No.

**Shri A. C. Guha:** The "property and assets of the Corporation, wherever located... shall be immune from search...."

**Dr. B. Gopala Reddi:** Of the Corporation. Other institutions which receive help are not the Corporation.

**Shri A. C. Guha:** If that is the position, I have not much objection. But as regards limitation of legislative action I think some modification ought to be made here.

Then there is another point. Section 6 of article VI of the Schedule runs as follows:

"To the extent necessary to carry out the operations provided for in this Agreement and subject to the provisions of Article III,

Section 5, and the other provisions of this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature."

It, here also, as the hon. Minister has given the interpretation which he just made, namely, this property does not mean the property created out of an investment in a private enterprise, I have no objection, but if it means also the property created out of investment in a private enterprise and includes property of that private enterprise, I think this is too sweeping an exemption and it should not be granted.

Then section 7 of article VI deals with privilege for communications. I think here also we should be somewhat more careful. I am told an objection has also been raised by the International Telecommunication Conference about this prerogative and this immunity; and the Corporation itself is now thinking whether it should insist on this. I think the Government also should take note of this and this immunity should not be granted to it.

Then I come to section 9 which deals with immunities from taxation. I think more or less these are on the lines given to other international bodies, that is, the International Bank, UNESCO and such other bodies. If there is nothing more than what is given to other bodies, I have no objection. Otherwise, as it is put now, it appears somewhat too generous. If they are on the lines with the concessions already given to other international bodies, I have no objection to them.

Then there is section 11, the waiver section. Under this, the Corporation can waive any of the privileges and immunities conferred. I hope the Government will take the help of this section and make the Corporation agree to waive certain of the privileges and immunities about which objection has been raised in this House.

[Shri A. C. Guha]

There is a clause that Government may make amendment to this agreement consequent on the amendment made by the Corporation simply by a notification. I think that clause requires some change. At least these notifications should be placed on the Table of the House and the House should be given an opportunity, if it so thinks, to consider these notifications, modify, change or confirm them. That is the usual pattern that any notification or rule framed under any Act should be placed before the House and the House be given an opportunity to consider such notification.

Mr. Bimal Ghose has referred to the rate of interest. I could not find it anywhere, but if the rate of interest is  $7\frac{1}{2}$  per cent, that will be too high. The cumulative effect of the rate of interest will be more than 40 per cent. I do not know what will be the rate of interest charged and what will be the other charges—service charges, etc.—which may be demanded. I think these things should be clearly mentioned by the hon. Minister.

Shri Dasappa (Bangalore): I rise to accord my support to the measure before the House more unreservedly than my hon. friend, Shri Guha. One of the objections taken was that this House should have been taken into confidence before we subscribed our signature to this agreement. That is a thing which is applicable to practically every deal which any Government negotiates. But if I understand the functions of a democratic Government aright, I do not think before a negotiation is completed, the Governments generally come before the Parliament for its assent. If that is at all to be a guidance to us, I am afraid it is not possible for any Government to function in the way it ought to.

It is fairly clear that a Government which enjoys the confidence of the Parliament and the people proceeds on the understanding that it has got

to carry on its administration in the certain hope that it will be supported by the Parliament when such an agreement is concluded. I am yet unable to recollect any agreement of this nature where any Government came to its Parliament to obtain its assent before they subscribed their signature to the agreement.

Besides, a development of this nature, as a limb of the International Bank, is a thing which is not carried on in secrecy. It is fairly clear to the world at large. I am sure those hon. Members who spoke against the measure or at any rate against the procedure adopted by the Government are usually very alert. Why should they feel today that any kind of surprise has been sprung upon them?

Shri Bimal Ghose: Is it the hon. Member's contention that the agreements were known to hon. Members?

Shri Dasappa: The development of this whole scheme of an International Finance Corporation is a thing of which, I am sure, of all Members, Mr. Bimal Ghose, could not have been unaware. It was also fairly clear that our Government was interested in the particular Corporation. There have been a series of negotiations and nothing has come as a surprise to anybody. It is just possible—I am not free from that omission—that we have not applied our minds towards these things at the right time and now we feel that there is something out of the way, something extraordinary in this matter. May I say more than 50 nations have subscribed their signature to this agreement, from A to Z...

An Hon. Member: A to Z is only 26.

Mr. Deputy-Speaker: There may be more nations in one letter.

Shri Dasappa: In the first place, let us be clear that we are not doing something very extraordinary, very out of the way, something which will prejudice the national interests of the

country. A thing like this ought to convince anybody, when fifty and odd nations have subscribed their signatures to an agreement of this nature, not only that it would not be against the national interests of each member-nation, but that there must be something very useful and very helpful in such a scheme of things. This ought to be very clear.

Another very important objection was that we are granting here extraordinary immunities, privileges and status on the Corporation. I wish Mr. Guha just answered this point. This is an international organisation born out of the International Development Fund. All these international organisations enjoy identical status, immunities and privileges. For instance, the F.A.O., the I.M.F., U.N.E.S.C.O., W.H.O. and all other international organisations enjoy the same immunities. The reason is fairly simple from my point of view. If in each nation the emoluments of an officer who may be functioning there are to be subject to the taxation of that particular country, the incidence that will fall on that officer will vary from country to country. It is open to a country to take away more than 60 per cent. of his income by way of income-tax and another country may take away only 5 per cent. of the salary as tax. That would land the corporation in an absurd and impossible situation. Therefore, the scheme that has been evolved according to the United Nations Status, Immunities and Privileges Act is a very wholesome and desirable one, which we cannot get over. With regard to taxation also, the same thing applies.

The country which derives the utmost benefit of any taxation is the country in which the headquarters or the main office is located. A large number of the employees of this Corporation will be in New York or Washington. Now, should Shri Ghose and Shri Mukerjee, who are such good and excellent watchdogs of our funds, should they allow that country to take all the tax, hardly leaving anything

for us? Therefore, in accordance with a very wholesome principle, the officials of this Corporation are not to be taxed according to the principles of taxation prevailing in each member-nation. They ought to be free from such a tax. Well, it may be—I take it—that in fixing the emoluments of the employees of this Corporation the fact is taken into account that their income is free from income-tax and so on. It is not that one wants to create an invidious distinction between each member-nation, between the employees of that nation either in the private sector or in the Government and the employees of the Corporation. The desire is not that. The desire is to have a certain amount of uniformity in the net emoluments which the employees of the Corporation might received.

14 hrs.

With regard to the question of immunities by way of seizure etc., to which Shri Guha and others referred, my submission is, as already indicated by the hon. Minister, that no concern which gets any benefit from the Corporation is going to have any privileges under this particular enactment. It is the Corporation as such that will enjoy all these immunities and privileges. Take, for example, Tatas. If they are given say Rs. 10 crores by this Corporation, it does not mean that every employee of that firm will enjoy the status, immunities and privileges of this Act. It will be absurd to suggest that. It is the particular property belonging to the Corporation as such that will enjoy these privileges, and very rightly so. Otherwise, as I said in the beginning, it will lead to varying incidence of taxes and privileges and immunities in different countries. In order to equalise the treatment to the employees of the Corporation in all parts of the globe I think these provisions are absolutely necessary.

Again, I might say, that each one of these clauses is more or less accepted in the case of other international

[Shri Dasappa]

bodies, to which I have referred earlier. Therefore, we need not feel that we are now trying to confer on this Corporation any privilege which is extraordinary or out of the way.

I think I have tried to answer the main gravamen of the charge and there is not very much left for me to say except that we are now launching on a tremendous development programme. We have now found ourselves in straitened circumstances and it is necessary to step up the tempo and the pace. I want the hon. Members who are critical of this measure to tell me whether they have got any alternative scheme or proposal to increase the tempo and the development in the under-developed countries. I am not referring to India alone but to all the under-developed countries. I am sorry that the work of this International Finance Corporation has not expanded at the pace at which most of us desire it to expand. And if the hon. friends opposite have been critical of the point that India has not yet secured any tangible benefit from this Corporation I am wholeheartedly with them in that criticism. I think that every effort must be made by the Government to take full advantage of the help that this Corporation is going to render.

My point is that this has vast possibilities. It is not by trying to make the work of the Corporation difficult or trying to suspect the motives of this Corporation that we can take the utmost advantage of it. Shri Mukerjee let himself go by saying that this will be a fine forum for propaganda and so on. He seems to believe only in one international organisation and that is the Red International. If that is there, he is perfectly happy. He does not suffer from the qualms of conscience if it is the Red International. But if it is a question of positive help to these under-developed countries in trying to build up the economies of these countries by any other international body well, he cannot stand it. Therefore, I

feel that we must welcome this measure wholeheartedly and rather insist upon the Government to take the utmost advantage, much greater advantage than they have hitherto tried to secure, as early as possible.

श्री० रणधीर सिंह (रोहतक) : उपाध्यक्ष महोदय, इस सदन के अन्दर कई दोस्तों की तो विद्यापी भक्त्वा कुछ ऐसी हो गयी है कि जहाँ कहीं विदेशी पूँजी की बात आती है या विदेशी सहायता की बात आती है तो उनको एक किस्म का बूझा सा हो जाता है। मैं समझता हूँ कि इस देश के अन्दर कोई आदमी भी विदेशी सहायता या विदेशी पूँजी नहीं चाहता अगर उसके वगैर इस देश की तरक्की हो सकती हो। यह बात भी सही है कि यह देश काफी सालों दूसरे देशों का गुलाम रहा है और उस गुलामी के वक्त में इस देश के अवाम पर कुछ इनफ़ीरियारिटी कम्प्लेक्स छा गया। लेकिन आज तो हमारा देश ११ साल से आजाद है और यही नहीं बल्कि इन ११ सालों के इतिहास में हमारे प्रधान मंत्री जी ने जो अपनी विदेशी मामलों के अन्दर नीति रखी वह एक बड़ी आजाद नीति रखी और चाहे रैड इंटरनेशनलिज्म हो चाहे येलो इंटरनेशनलिज्म हो या कोई और देश हो, उन्होंने सारे देशों से इस देश के लिए सहायता हासिल की है।

मुझे याद है जब १९५५ के बजट पर बहस हो रही थी तो कई दोस्तों का खयाल था कि जितना रुपया विदेशी सहायता का आने का अन्दाजा है वह रुपया नहीं आ सकेगा। लेकिन वह रुपया भी आया और विदेशी सहायता भी मिली। महंती जो ने तो हद कर दी। वह तो मुगल जमाने की जो बात थीं उनको आज से मुकाबला करना चाहते हैं। वह डर आज दिखाना चाहते हैं। मैं उनको बताना चाहता हूँ कि मुगलों के वक्त में किसी एक मामूली से डाक्टर के खिलाफ मुगल संहसाद नहीं बोल सकते

वे। आज जो हिन्दुस्तान के जो भी प्रतिनिधि बाहर जाते हैं, प्रधान मंत्री जो तो दूर रहे, अगर कोई मामूली प्रतिनिधि भी होता है तो वह हर एक जगह आजादी से बोल सकता है और बोलता है, और आज सारा संसार मानता है कि हिन्दुस्तान की नीति एक आजाद नीति है। आज हिन्दुस्तान की नीति को कोई पैसे से नहीं खरीद सकता। तो मेरी समझ में नहीं आता कि ये जो इतनी बराबरी बंग की बातें कही पयीं वे क्यों कही गयीं।

यही नहीं, विदेश की पूंजी से इतना डर हो गया कि लोग अन्तर्राष्ट्रीय पूंजी से भी डरने लगे। जिन अन्तर्राष्ट्रीय संस्थाओं के हम भी मेम्बर और साक्षीदार हैं, उनसे भी आज लॉग डरने लगे हैं। आखिर हम आज क्या कर रहे हैं। आज हम अपने देश में वही कर रहे हैं जैसा कि हम दूसरे देशों की पार्लियामेंट से चाहेंगे। वहां पर भी आज हमारे बारे में कोई वही कह सकता है जो कि हम दूसरों के बारे में कहते हैं। तो मुझे तो उसमें कोई डर की बात नहीं दिखायी देती। यहां तो मवान किसी खास विदेश का नहीं है। इस समय राजा साहब नहीं हैं। अगर वह इस बात का सुनते तो वह मानते कि आज विश्व संघ की तरफ एक कदम उठ रहा है। यह ठीक है कि विश्व संघ का राज नहीं कायम होने जा रहा लेकिन कम से कम प्रार्थिक क्षेत्र में तो एक कदम उस तरफ उठाया जा रहा है।

जहां तक प्राइवेट सेक्टर का सवाल है मेरा भी उसके साथ कोई खास समर्थन नहीं है। लेकिन बहुत सोच समझ कर ही इस सदन ने फैसला किया है कि इस देश के अन्दर मिक्स्ड इकानमी रहेगी, जिसके अन्दर व्यक्तिगत सरमाये की भी मौका दिया जायेगा और सरकारी सरमाये को भी बढ़ावा

दिया जायेगा। और मैं समझता हूं कि इस कारण इस देश की नोसि पर कोई असर नहीं हुआ है। पहली पंच साला योजना में व्यक्तिगत सरमाये का जो मौसल था तो दूसरी योजना में इससे उलटा हो रहा है। तो इससे प्रकट होता है कि इस देश के अन्दर व्यक्तिगत सरमाये से सरकार नहीं खराती और न यह सदन खराता है।

एक माननीय सदस्य ने बिड़ला और टाटा का जिक्र किया और कहा कि यह तो बिड़ला और टाटा की सरकार है। लेकिन ये जानता हूं कि इस सदन में इन ११ सालों के अन्दर जो कायदे और कानून बने उनके कारण बिड़ला और टाटा को बड़ी खराबत हुई होगी। अब वह यह मानने लगे हैं कि जैसा उनका ब्याल था उस बंग की बातें यह सदन पास नहीं करता और यह सदन उस किस्म की बातें नहीं चाहता। तो मैं समझता हूं कि इस नीति के अन्दर कोई आपत्ति की बात नहीं है, कि व्यक्तिगत सरमाये को भी स्थान दिया जाये।

महन्ती साहब ने किसी और चीज का रेफरेंस देते हुए कहा कि सरकार ने ३७० या ३७२ करोड़ डालर की जमानत दी है। मैं मानता हूं कि अगर सरकार ने यह जमानत बिड़ला या टाटा और दूसरे हाउसेज के लिए मकान या महल बनाने के लिए दी होती तब तो यह नाजायज बात होती। यह जमानत इस चीज के लिए दी गयी है कि इस देश की तरक्की के लिए कारखाने लगाये जायें, इस देश की इंडस्ट्री की बढ़ोतरी हो। मुझे यह मालूम नहीं कि यह जमानत देने के साथ साथ सरकार ने कोई सीक्योरिटी भी ले ली है या नहीं या इन कारखानों की अपने नाम रजिस्ट्री करा ली है या नहीं। ऐसा सरकार को करना चाहिए यह मैं मानता हूं। अगर माननीय सदस्य का यह केष होता कि जहां सरकार इन बड़े बड़े हाउसेज के लिए जमानत दे तो सरकार को इस

## [श्री रणवीर सिंह]

बात का ध्यान रखना चाहिए कि वे उस सरमाये से जो चीज लगाते हैं या जो चीज उस सरमाये से बनती है उसकी मिल्कियत जब तक कि वह कर्जा भ्रदा न हो तब तक हिन्दुस्तान की सरकार के नाम होनी चाहिए, तो मैं उनके साथ होता और उनकी बात का समर्थन करता। लेकिन अगर खाली एक डर है तो मैं उसका समर्थन नहीं कर सकता। मैं मानता हूँ कि अगर सरकार ऐसा कर लेती तो अच्छी बात होती, लेकिन अगर कहीं गलती हो भी गयी है तो सरकार उसे ठीक करेगी और अगर उस गलती को दुरुस्त करने में कुछ देरी भी लगती है तो उसमें भी कोई आपत्ति नहीं होनी चाहिए। आखिर इन कारखानों को कोई हवाई जहाज से उड़ाकर दूसरे देशों को तो हिन्दुस्तान से ले नहीं जा सकता। और यह सदन ऐसे भ्रादरियों का इन्तिजाम करने के लिए काफ़ी मजबूत है। अगर किसी ने यह कोशिश की कि सरकार ने जो जमानत दी है उसका नाजायज फायदा उठाये तो मैं समझता हूँ कि चाहे वे कितनी ही ताकत वाले या रुपये वाले हों, लेकिन इस सदन की नीति को वे बदल नहीं सकेंगे और यह सदन जो कार्रवाई करेगा वह सही होगी और इस देश के हित की रक्षा के लिए होगी।

एक और बात कहना चाहता। कुछ दोस्त समझते हैं कि सरकार के साथ हर काम में ५१ या ५२ फीसदी आदमी ही होने चाहिए। शायद वह सोचते हैं कि सरकार इस ग से काम नहीं कर पायेगी। वह समझते हैं कि जब सरकार कोई काम करे तो इन लोगों से पूछ कर जाये। लेकिन हिन्दुस्तान की सरकार को मालूम है कि इस देश को विश्वास और इस देश के प्रतिनिधियों का विश्वास उसके साथ है और इसी वजह से उसका हौसला बढ़ा हुआ है। आज जो संसार के दूसरे देशों में डेमोक्रेसियाँ नहीं चल रही हैं इसकी

यही वजह है कि वहाँ जहाँ पंचायती राज का राज्य है उस राज्य में राज्य चलाने वालों के साथ वहाँ के लोगों का और प्रतिनिधियों का विश्वास नहीं है। यहाँ हालत उल्टे उलटी है। इन ११ सालों में दुनिया में बहुत सारी तबदीलियाँ हुई लेकिन हमने इन ११ सालों में एक बार भी यह नहीं देखा कि सरकार ने विश्वास के साथ कहीं जाकर कुछ कहा हो और इस सदन में वे या उनके दूसरे साथी उस बात को बदलावा सके हों। जब यह बात है तो क्यों न हिन्दुस्तान का मंत्री, जब बाहर जाये तो देश के बारे में विश्वास के साथ बात कर सके, क्यों वह शिक्षक और इसमें देश के साथ क्या गहारी है यह बात मेरी समझ में नहीं आती। ऐसी बात तो है नहीं कि यहाँ पर भी पाकिस्तान की तरह लोगों को अपनी राय जाहिर करने का मौका नहीं दिया गया हो। हिन्दुस्तान के आजाद होने के बाद सब दलों को दो दफा इस बात का मौका दिया गया कि वे सही या गलत तौर पर लोगों को बहका कर अपने साथ ले जायें, लेकिन दोनों दफा दूसरे दल हिन्दुस्तान के लोगों को अपने साथ नहीं ले जा सके और हिन्दुस्तान के लोगों ने दोनों दफा इस सरकार पर और कांग्रेस पार्टी पर अपना विश्वास प्रकट किया। तो जब कांग्रेस पार्टी के नुमायंदे दूसरे देशों में बात-चीत करने के लिए इस देश के प्रतिनिधि की हैसियत से जायें, तो क्यों न उन के दिल में विश्वास हो। लोगों ने उन पर अपना विश्वास प्रकट किया है। जो इस पर शक जाहिर करते हैं, वे तो अपने ख्याल के मुताबिक बात करते हैं। हमने देखा है कि १९४७ में हमारे जो साथी उधर बैठे थे, उन में से चन्द ही भाई हैं जिन को दोबारा यहाँ बैठने का मौका मिला है। जिस तरह उन लोगों के दिलों में अविश्वास है, वैसे ही वे दूसरों के दिलों में भी अविश्वास पैदा करना चाहते हैं। लेकिन लोगों ने जिसको अपना विश्वास दिया हुआ है, वह

अविश्वास के साथ कैसे बात कर सकता है? वह तो विश्वास के साथ ही बात करेंगे।

इन शब्दों के साथ मैं इस विधेयक का पूरा समर्थन करता हूँ।

श्री मू० चं० जैन (कैथल) : माननीय मिस्ट्री स्पीकर साहब, मैं इस बिल की हिमायत करने के लिए खड़ा हुआ हूँ और दिल से इस की हिमायत करता हूँ।

श्री बी० चं० शर्मा (गुरदासपुर) : और दिमाग से?

श्री मू० चं० जैन : मेरे बुजुर्ग शर्मा साहब का कहना है कि मैं दिमाग से भी इस की हिमायत करूँ। इसलिए उनकी तसल्ली के लिए मैं कहना चाहता हूँ कि मैं दिल और दिमाग दोनों से इस की तारीफ करने के लिए खड़ा हुआ हूँ।

उपाध्यक्ष महोदय : उन की तसल्ली आप कहां तक करेंगे? दिल और दिमाग के बाद वह जिस्म के किसी और हिस्से का नाम ले देंगे, जैसे जिगर से।

श्री मू० चं० जैन : जैसे मौका आयगा वैसे देख लेंगे। इस बिल पर बहस करते हुए कुछ माननीय मेम्बरान ने कहा कि यह बिल इस पार्लियामेंट की बिटरेयल है। यह बात सुन कर मुझे हैरानी हुई है। उन मेम्बरान ने दलील यह दी कि जो यह इन्टर-नैशनल एग्रीमेंट किया गया है, उस की बाबत पार्लियामेंट से मन्जूरी नहीं ली गई और उस एग्रीमेंट की बिना पर ही यह बिल पार्लियामेंट में लाया गया है। मैं अपने माननीय साथी महन्ती साहब को कहना चाहता हूँ कि the boot is on the other leg यह तो उनकी ओर से एक तरह से ज्यादाती है। अप्रैल, १९५५ में पचास से ज्यादा देशों में यह एग्रीमेंट हुआ। तीन बरस से ज्यादा गुजर चुके हैं। अगर

उसकी बाबत माननीय मेम्बरान को नाराजगी थी, तो क्या वे इस घरसे मैं उस एग्रीमेंट को डिसएप्पूब करने के लिए कोई मोशन यहां पर लाएं साढ़े तीन साल तक वे खामोश रहे।

श्री० रणवीर सिंह : सोते रहे।

श्री मू० चं० जैन : आज जब कि एक इन्टरनैशनल आबलिगेशन एक रेसिप्रोकल आबलिगेशन को पूरा करने के लिए पार्लियामेंट में बिल आता है, तो कहा जाता है कि यह पार्लियामेंट की बिटरेयल है। इस तरह का सस्त शब्द इस्तेमाल करना किसी आग्रीमेंट की जगह नहीं ले सकता है और न ही उस ने उस की दलील का बज्ज न ही बढ़ता है।

इस सिलसिले में ईस्ट इंडिया कम्पनी की मिसाल भी दी गई और कहा गया कि जैसे जहांगीर ने उस को ज़रा सा मौका दिया था और वह बढ़ते बढ़ते कहां तक पहुंच गई, वैसे ही फिर होगा। जैसा कि मेरे दोस्त श्री० रणवीर सिंह ने कहा है, यह दलील एक एहसास कमतरी—इन्कीरियारिटी कम्प्लेक्स—का मुजाहिदा करती है। कहां ईस्ट इंडिया कम्पनी और कहां यह इन्टरनैशनल एग्रीमेंट। मैं प्रार्थना करना चाहता हूँ कि यह एग्रीमेंट पचास कौमों के दरमियान हुआ है और हिन्दुस्तान भी उस में एक फ़रीक है। इसलिए मेरी समझ में नहीं आता कि इस सिलसिले में ईस्ट इंडिया कम्पनी की मिसाल कैसे दी जाती है।

Pandit K. C. Sharma (Hapur): On a point of order, Sir, एहसास कमतरीन is a very bad expression and may be deleted. He may use एहसास नाकिस.

Mr. Deputy-Speaker: I do not find anything objectionable in it. He has not said "एहसास कमतरीन" "but" एहसास कमतरी" meaning inferiority complex.

श्री मू० चं० जैन : मैं ईस्ट इंडिया कम्पनी की दलील का हवाला दे रहा था



[श्री यू० च० जैन]

में बर्ब करमा चाहता हूँ कि यह एक इंटर-नेशनल एजीमेंट है और दूसरे कन्टीज की तरह हमारा मुल्क भी उस फाइनेंशियल कॉर्पोरेशन का एक हिस्सेदार है और उसने उसमें हजारों हिस्से लिये हैं, तो फिर हमें यह क्यों ब्याल घाता है कि हम ही मारे जायेंगे, हमें कुछ नहीं मिलेगा, हमारा नुकसान होगा, जबकि पचास मुल्क शामिल हो कर इस कॉर्पोरेशन को बनाते हैं। इस तरह की दलील का मतलब दिखाये इसके कुछ नहीं है कि हमें अपने ऊपर विश्वास नहीं है और हम अपने ऊपर भ्रम-विश्वास का इजहार करते हैं। इसके अलावा इस दलील में कोई बात नजर नहीं आती है।

**Shri Mahanty:** On a point of order, Sir. Of course, hon. Members may speak in Hindi, but certainly when hon. Members speak in Persianised Urdu, will it be open to me to speak in Oriya or in any other language.

Kindly furnish a translated copy of the version of the speech so that we can refer to it and be enlightened.

**Dr. B. Gopala Reddy:** When the hon. Deputy-Speaker understands it and the mover of the motion understands it where is the difficulty?

**Mr. Deputy-Speaker:** I do not find any point of order in this. It is very difficult for an hon. Member to speak in such Hindi which might be comprehensible or understandable by the hon. Member. That would be difficult. If some hon. Member might choose to introduce some Persianised words or Urdu words or Sanskrit words, how can I help it?

**Shri Balasaheb Patil (Miraj):** Can we use Marathi words?

**Mr. Deputy-Speaker:** When he does that, then I will see.

श्री यू० च० जैन : मैं तो ऊर्दू में बोल रहा हूँ, जो कि कांस्टीट्यूशन की एक रेकम-नाइज्ड लैंग्वेज है।

**Mr. Deputy-Speaker:** Then he creates the difficulty. I have argued for him that he is speaking in Hindi. There are only two languages that are allowed here—English or Hindi. So, I pleaded for him that he was speaking in Hindi.

**Shri Mahanty:** I do not know what "एहसास कमतरी"

**Shri Tridib Kumar Chaudhuri (Bermampore):** The Constitution already provides that if any hon. Member cannot make himself understandable in Hindi.....

**Mr. Deputy-Speaker:** I know that. That is a different thing.

श्री यू० च० जैन : इस बिल के खिलाफ एक दलील यह भी दी गई कि इससे तो हमारे देश में सैबोटेज की तहरीक बढ़ जायेगी। मैं समझता हूँ कि इस इंटरनेशनल फाइनेंशियल कॉर्पोरेशन के डायरेक्टर, गवर्नर और दूसरे मुलाजमीन जिस तरीके से दूसरे देशों में काम करेंगे, उसी तरीके से वे हमारे देश में भी काम करेंगे। हमारे देश के आदमी भी इस कॉर्पोरेशन के डायरेक्टर और गवर्नर हो सकते हैं। तो फिर हमें यह भ्रमशा क्यों है कि दूसरे देशों के जो आदमी डायरेक्टर और गवर्नर होंगे, वे हमारे यहां सैबोटेज करेंगे और हमारे देश के जो आदमी डायरेक्टर और गवर्नर बनेंगे वे किसी देश में काम नहीं कर सकेंगे। यह तो एक मुफ्तका बीज है।

उपाध्यक्ष महोदय : उनका मतलब यह है कि हमारा प्रोग्राम सैबोटेज करने का नहीं है।

श्री यू० च० जैन : न हम यह उम्मीद करते हैं कि दूसरे देशों के लोग हमारे यहां

संबोधित करेंगे। यह समझना शक्य है।  
इस तरह की दलील के कोई मायने नहीं हैं।

अगर माननीय मेम्बरान इस बिल के आबजैक्ट्स को ठीक ढंग से पढ़ लेते, तो अच्छा होता। कुछ स्पीचिंग में हार्ड फ़ाइनैस की बात भी इन्ट्रोड्यूस कर दी गई है। मैं तो हार्ड फ़ाइनैस जानता नहीं हूँ। मैं तो एक लेमैन की हैसियत में बोलता हूँ। मैं यह प्रश्न करना चाहता हूँ कि एक आबलिगेशन थी और इस बिल के जरिये उसको पूरा किया गया है। दूसरे कितने ही देशों में इस तरह के कानून बन चुके हैं। हमने तो देर कर दी है। यह कानून पहले बन जाना चाहिये था। एक एतराज यह किया गया है कि हमारे देश के कैपिटलिस्ट्स को कर्जा नहीं मिला है। मैं समझता हूँ चूँकि हमने यह कानून नहीं बनाया था, हम पर जो आबलिगेशन थी, उसको एक कानूनी शक्ति नहीं दी थी, इसलिये कर्जा नहीं मिला। अगले ऐसा पहले कर दिया जाता, तो मिल सकता था।

मूद की बात भी कही गई है और कहा गया है कि मूद बहुत ज्यादा है। इस एप्रोमेंट की जो टर्मज हैं, उन में मूद का पता नहीं चलता है। लेकिन मैं प्रश्न करना चाहता हूँ कि हम ही इस कापिंगन के हिस्सेदार नहीं हैं। अगर ज्यादा मूद देकर भी हमारे कैपिटलिस्ट्स फ़ायदा उठाना चाहते हैं, तो जहाँ किम्मत। यह एक अच्छी बात है। और अगर वे फ़ायदा नहीं उठाते हैं, तो हमारा देश उन ख़तरान में बच जायेगा, जिनकी तरफ़ माननीय मेम्बरान ने इशारा किया है। और फिर अगर किसी दूसरे देश के कैपिटलिस्ट इसका फ़ायदा उठाते हैं और इतना अधिक मूद देते हैं तो भी हमको उसका डिविडेंड मिलेगा उसी तरह से जिस तरह से कि दूसरी कंट्रीज को मिलेगा। इस तरह हम कहां घाटे में रहेंगे?

यहां पर यह बहुत बार कहा गया है कि यह बिल कांस्टीट्यूशन को वायोलेट करता

है, उसकी फलां फलां दफा के खिलाफ़ बाता है। मैं समझता हूँ कि यह एक रेसिप्रोकल सा है। जिस तरह से दूसरे देशों ने इस किस्म के बिल अपने यहां बनाये हैं, उसी तरह से हम भी इसको अपने मुल्क में बना रहे हैं। इसके कांस्टीट्यूशन के खिलाफ़ जाने का सबास ही पैदा नहीं होता है।

यहां पर यह भी कहा गया है कि इस बिल को पास करने का मतलब यह है कि हम अपने देश में प्राइवेट कैपिटलिज्म को तक़ियत दे रहे हैं। यह दलील सुन कर मुझे एक कहानी याद आ गई है। एक स्टूडेंट था जो कि बार बार इम्तिहान में फेल हुआ करता था चूँकि उसे Bionomial Theorem नहीं आता था। पांच छ. बार फेल होने के बाद उसने यह Theorem याद कर ली, पर उस समय यह सवाल नहीं आया। तो भी उसने पच्चे पर लिखना शुरू किया तो एग्जैमिनर ने कहा कि बकत खत्म हो गया। इसके जवाब में उसने कहा कि मैं तो अभी बाइनोमियल थ्योरम ही लिख रहा हूँ। बार बार आप प्राइवेट कैपिटलिज्म को तक़ियत देने की बात कह कर बाइनोमियल थ्योरम की बात को ही साबित करते हैं। चाहे उसका जिकर हो या नहीं।

यह एक सिम्पल सा बिल है। जो आब्लीगेशंस हमने इंटर्नेशनल एग्जैमेंट के तहत अपने ऊपर ली है उनको हम पूरा कर रहे हैं। मैं समझता हूँ कि इस आगस्ट पालियामेंट का यह कर्तव्य है कि वह जो आब्लीगेशन हिन्दुस्तान ने तथा उसकी गवर्नमेंट ने अपने ऊपर ली है, उसको पूरा करे। मुझे खुशी है कि हमारी सरकार यह बिल यहाँ लाई है और मैं इसका पूरे ज़ोर के साथ समर्थन करता हूँ।

Shri Viswanatha Reddy (Rajampet):  
Mr. Deputy-Speaker, Sir, at this stage of the debate I do not think it will be necessary for me.....

**Mr. Deputy-Speaker:** Most of the things have been said and now the hon. Member shall be very brief.

**Shri Viswanatha Reddy:** That is exactly what I was trying to say. I will confine myself to a few remarks with regard to some points.

This Bill, I do not think, deserved such a stiff opposition as it seems to have provoked from hon. Members of the Opposition. I think my hon. friends, Shri Guha and Shri Dasappa, have already adequately answered the points raised by the Opposition. To the arguments advanced by them, I might add a few and lay at rest the fears expressed by my hon. friends of the Opposition.

Much has been made about the immunities that are found in this Bill, but one fact should not be forgotten. This Bill has been brought forward in pursuance of an international agreement entered into by the Government of India two years ago. One can take objection to the agreement itself, but the agreement being a *fait accompli* and having been under implementation for the past two years, I do not see how we can take any particular objection now with any sense of responsibility to the provisions of the various articles of this agreement.

However, I might say that the immunities that have been sanctioned under this Bill in pursuance of this agreement are multilateral. It is not as if we isolatedly are granting all these concessions to other nationals. Whatever immunities are available under this Bill are multilateral, and they are sanctioned by every other signatory to the agreement that was entered into in 1956. If we do not make a doctrinaire approach to this Bill, I think it is a very innocuous measure which should find the support of the whole House.

I can quite understand the opposition or the stand taken by my hon. friend Shri Mukerjee who does not believe in private enterprise. The

main intention of the agreement is to promote private enterprise in all the member countries, and because of this one fact, it excludes all the Communist or so-called socialist countries in one strike.

**An Hon. Member:** How?

**Shri Viswanatha Reddy:** Because it does not extend help to governmental enterprises, but only to private enterprise. Only where Government is a participant it can extend help, but if it is entirely Government-owned, it does not.

**Mr. Deputy-Speaker:** The hon. Member need not answer interruptions.

**Shri Viswanatha Reddy:** Therefore, if one does not make a doctrinaire approach, as I was saying, one feels that it is a very innocuous measure.

Having disposed of some of the points of criticism raised by my hon. friends of the Opposition, may I refer now to some salient features of this measure?

Fears have been expressed by some hon. friends that this is an indirect method of introducing foreign capital in our country. It is said that once the I.F.C. takes interest in any industry in our country, this is one way of introducing foreign capital because it is open to the I.F.C. to sell its debentures to any other individual or company, whether Indian or foreign. That fear has been expressed by my hon. friend Shri Mukerjee who said that this is an indirect method of introducing foreign capital. That fear can be removed by the provision that is found in this Bill where it says that the first refusal for the selling of a particular asset or investment in a private enterprise in this country would be given to that particular enterprise. If, for instance, a shipping company takes aid from the I.F.C. and the I.F.C. later on decides to transfer those assets, or sell those assets or

investments, to some one in a foreign country, it cannot do so straightaway; it must take the first refusal from the shipping company. Therefore, there is no fear at all that should be felt on that account.

**Shri Naushir Bharucha:** There is nothing like that in the Bill.

**Shri Viswanatha Reddy:** I am only giving an instance of a shipping company.

I may refer my hon. friend Shri Bharucha to this booklet found in the Library—*The International Finance Corporation?* If he looks at page 13, paragraph 35 it says:

"The I.F.C. is prepared in appropriate cases to consider giving to the private investors with which it is associated the right of first refusal to purchase I.F.C.'s interests in the enterprise."

**Shri Naushir Bharucha:** There is only one copy in the Library and I got it only for two hours.

**Shri Viswanatha Reddy:** It contains only ten pages. One can read it two or three times in two hours.

As has been pointed out quite appropriately by my hon. friend Shri Bimal Ghose, for the past two years there has been no investment at all by the I.F.C. in our country. I do not know whether the Government has made any assessment about this fact. I do not know whether Indian industrialists have made any approach to the I.F.C. at all, or having made approaches, they have been refused. It seems rather strange that in a country where the private industrialists are crying hoarse for foreign aid, foreign assistance, capital and so on, for a period of two years no investment has been made by the I.F.C. This is a very significant fact. I do not know whether, at this rate, our being a member of the I.F.C. would be of any use at all. I think it is proper that Government should make an investigation as to the reasons why the I.F.C. has not been able to make any invest-

ments in our country. As he was pointing out, it might be possible that the interest rates are very high, or there might be some other reasons. Whatever it is, it is better that this House is told why investments are not taking place.

Secondly, with regard to the personnel of the I.F.C., this book contains a list of high dignitaries or big officers of the I.F.C. All these gentlemen who hold high executive posts belong probably to one or two countries. In an organisation of such an international character, I do not see why high executive officers should not be drawn from all member countries. We have very often been complaining in this House that in many of these international organisations we are not getting a sufficient quota of Indian personnel in the executive offices. Here is a case where not a single Indian, not to speak of any other Asian national, finds a place in a high executive position. This is intolerable, and I hope the Government of India will take steps to see that our interests are safeguarded by introducing high Indian executives in this organisation.

The I.F.C. is supposed to function as a catalyst in private enterprise; that is, it does not participate in equity capital of private enterprise in the member countries; it only invests in debenture capital, and after the industry has found its roots, has been established properly, withdraws its investment and proceeds to further investments in other directions. The profit motive is not such an important factor. My hon. friend Shri Bharucha was saying that enormous profits would be made by the I.F.C. and asked: when it is making enormous profits why should we not take our share by way of taxes. That was the gravamen of his criticism about this organisation.

Here, in this booklet—I do not know what authoritative validity can be given to this publication made by the

[Shri Viswanatha Reddy]

I.F.C. itself, but I hope whatever is contained in it would be endorsed by the hon. Minister when he replies to the debate—they say that the intention of the I.F.C. is only to act as a catalyst. With your permission, I would like to read a few words from this Booklet in this connection.

“Accordingly, the I.F.C., unlike the usual private will not hold profitable investments simply because they are profitable. On the other hand, it will usually wish to retain investments long enough to enable it to form a judgment as to the purpose and prospects of the enterprise financed, and thus be in a position to realise appropriate profits from successful ventures.”

That is to say, it is satisfied with only a reasonable profit. The profit motive is really not the main consideration for the investments to be made by the I.F.C.

I am surprised that up to this stage no mention has been made about the minimum and maximum investments that the I.F.C. can make in any enterprise according to the present arrangement. It has been mentioned in this booklet, and I think, in the Agreement also, that the maximum investment permissible under the present circumstances is \$500,000, which comes roughly to about a crore of rupees or even less; and the minimum investment is \$100,000 or about Rs. 20 lakhs. That is to say, only those industries which require aid ranging between a maximum of Rs. 1 crore and a minimum of Rs. 20 lakhs will come under the purview of this international organisation. To obtain an aid or financial help ranging between a maximum of Rs. 1 crore and a minimum of Rs. 20 lakhs, I do not see really why such a huge organisation has got to be built up or why so many concessions have to be offered for building up this organisation. Even our Industrial Finance Corporation is

advancing loans which are bigger in amount than what this organisation is permitted to give for the present. Therefore, this upper limit will have to be completely removed; if it is to function really as a catalyst as they seem to have pretensions for, that upper limit will have to be removed. No industry in these days, which can be termed as a capital-intensive industry, would have anything less than Rs. 10 crores investment; it would require anything between Rs. 10 and 20 crores of investment. That being the case, I do not see what substantial help the I.F.C. can give by merely advancing Rs. 1 crore. I hope that next time when there is . . .

**Shri Naushir Bharucha:** It is not even Rs. 1 crore. It is Rs. 25 lakhs.

**Shri Viswanatha Reddy:** That is the minimum.

**Shri Naushir Bharucha:** That is the maximum.

**Shri Viswanatha Reddy:** \$500,000 is the maximum. I do not know what it comes to.

**Shri Bimal Ghose:** If the hon. Member multiplies it by 5, he will get only Rs. 25 lakhs.

**Shri Viswanatha Reddy:** If it is Rs. 25 lakhs, it is still worse. My hon. friend is only strengthening my argument.

**Shri Naushir Bharucha:** The hon. Member is agreeing with me.

**Shri Vishwanatha Reddy:** So, both of us are agreeing on this particular point.

**Mr. Deputy Speaker:** Therefore there should be no further discussion.

**Shri Viswanatha Reddy:** May I just refer to one or two doubts that have arisen in my mind regarding the provisions of this Bill? Item (b) in

the proviso to sub-clause (1) of clause 3 reads:

"Conferring on the Corporation any exemption from duties or taxes which form part of the price of goods sold;"

I really could not make out the meaning of this, as to whether it is making a reference to the excise duties and sales taxes that are imposed on certain articles of sale in our country or it means something else. I hope the hon. Minister will enlighten us on this point.

There is another point in regard to the applicability of certain foreign exchange restrictions. It has been said in section 5 of article III of the agreement:

"Funds received by or payable to the Corporation in respect of an investment of the Corporation made in any member's territories pursuant to Section 1 of this Article shall not be free, solely by reason of any provision of this Agreement, from generally applicable foreign exchange restrictions, regulations and controls in force in the territories of that member."

Does this mean that any restrictions that we have placed for the time being, in respect of remittance of profits abroad, on other private companies would also be applicable to the remittances made by this corporation outside this country, or does it mean something else? I should like to have a clarification on this point.

There is one other doubt which I would like to be clarified. Wherever the corporation has a branch, the assets of that corporation or the personnel employed in the branch etc. are immune from certain judicial processes. Suppose there is no branch established. Suppose, in our country, no branch is established, as is the case today, and suppose service has been

offered to a particular industry in our country through a governmental organisation or through some private agent. Is that particular agent through whom such service is rendered by the corporation to the industry in which the corporation invests it; funds, also free from these judicial processes? Section 3 of article 6 does not seem to mention anything about that aspect. If the agent is also exempted, I think there should be a very serious objection to that procedure. One can understand a branch of the corporation receiving certain immunities offered through this Bill, but if even an agent is to receive those immunities, it would lead to all sorts of complications. I hope the hon. Minister would let us know the exact purport of this section.

**Shri Balasaheb Patil:** It is alleged here that we cannot challenge this Bill, because Government have signed this agreement, and it is now too late to challenge it. Further, it is alleged that every Member of Parliament was knowing about this International Finance Corporation for three years or so. But I may submit at this stage that even the articles of the agreement were not circulated for the first time when the Bill was circulated. For that purpose, one hon. Member of this House has had to move a motion, and, thereafter, arrangement was made that the articles of the agreement should be circulated.

Secondly, even if we go to the Library, what do we find? We find that there are only three books, in all. One is the inaugural address by the president or chairman of the corporation. The second is the booklet which has been referred to. And the third is the first report on the working of this corporation. The report was issued to somebody, and, therefore, we could not have access to it, and the other two booklets had no information whatsoever, that we required. Therefore, my submission to the Minister

[Shri Balasaheb Patil]

and to the Cabinet as a whole would be that they should supply at least to the Members of this House, not to speak of the public at large, the information which is necessary and sufficient, or the information which they consider to be necessary and sufficient, so that we can come to a proper conclusion. But this was lacking at the time the Bill was introduced here.

If we look at the Statement of Object and Reasons, we find:

"Section 10 of this Article requires each member country to take such action as is necessary in its own territories for the purpose of making effective in terms of its own law, the principles set forth in the Article."

Let us turn our attention to section 10 of the articles of agreement which says in regard to application of the article that each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its rules the principles set forth in this article and so on. What I want to know from the Minister is this: when they have signed the agreement in 1956 and want to honour it, how could they come forward with clause 3 of this Bill? Clause 3 contains three sub-clauses which restrict in a particular way the articles of the agreement, namely, restriction on the sale of goods imported by it, exemption from duties or taxes which form part of the price of goods sold, and exemption from duties or taxes which are in fact no more than charges for services rendered. This is superficial; there is no doubt about it. But look at section 10 of the articles of agreement. Government have no right or jurisdiction whatsoever to make any change in the immunities granted to the Corporation. So if they want to honour the agreement at all, clause 3 will become *ultra vires*.

The inaugural address of the President of the Corporation delivered

on 24th September 1956 lays down the general principles about the Corporation and its investment. He says:

"We want to earn a return commensurate with the risk we undertake and aim at reasonable profits for our investment".

So that it is nothing but a private enterprise. It wants to invest money and hope to get a profit.

Now let us look at the immunities and privileges they want to get these profits out of any member country. They want to get these profits without any taxation, without any form of income or other tax. I do not know whether it is allowed under any system of law. For instance, what is the difference between a private enterprise and this Corporation? There is no difference whatsoever between a private merchant or trader and this Corporation, because this Corporation also wants to invest in order to get profits. The further thing is that they want reasonable profits—that is, as every trader or merchant would like to have. Therefore, there is no difference whatsoever between any person trading in this country or any other country and this Corporation, and so it cannot claim any more rights than an ordinary commercial concern. Therefore, we cannot subscribe to these provisions granting special treatment to this Corporation.

Again this Corporation wants special treatment in respect of official communications. The staff employed by this Corporation is immune from legal processes with respect to any act performed by it in official capacity. They want to have the same status as ambassadors and other personages from other countries. As it is similar to a private enterprise coming to this country and investing money to get a profit, why should the personnel of this Corporation be accorded such type of status in this country? Can we think of a certain trading concern in this country going to other countries, investing money there and

wanting to have the same status as ambassadors for its servants? It is unthinkable.

Therefore, my submission is that at the time the agreement was to be signed, it was the duty of the Government of India to have come before the House and taken the vote of the House. This should have been brought before the House for ratification. Neither of these things has been done. Now Government, without supplying any information available with them, come before the House and want to have this Bill passed. By this process, the rights of this House have been taken away. Now it is a skeleton without flesh and blood. This cannot be agreed to by this House at this stage at least.

I am not referring to the immunities granted to the staff as sufficient has been said about it. But as regards delegation of powers, the rule-making power to lay down procedure—regarding fees that are to be taken at the time of filing application and so on—we find in clause 3(2):

"The Central Government may, from time to time, by notification in the Official Gazette, amend the Schedule in conformity with any amendments, duly made and adopted, of the provisions of the Agreement set out therein".

I find there are about 55 nations who have subscribed to or signed this agreement. But I do not think any nation from the so-called Socialist group, Russia, China and so on are a party to this. I do not know why this is so. If this country wanted to be neutral in all its foreign affairs and wanted to be away from this group or that, to pursue its own policy, it should have, before signing this agreement, found out whether it was signed by all the countries, whether the so-called Socialist group of nations had also subscribed to it. From the agreement, I find that all the countries friendly to America or under the thumb of America or under the financial influence of America are the

shareholders. A director of each member is taken as director, alternate director, Governor or other person. All the decisions to be taken by this Corporation will be by majority vote. We know how the votes will be cast. We have the example before us of the fate of the resolution that was moved in the Security Council. Even though we are in the Commonwealth, all the nations in the Commonwealth voted against us in the Security Council. In view of these things how can this country hope that that all the directors and Governors will vote for this country when the time comes.

Therefore, my submission is that the Bill cannot be passed by this House and it may be rejected.

**Pandit Thakur Das Bhargava:** I just want to ask a question of the hon. Minister so that he may reply. According to article 19 of the Constitution, even a private citizen of India has not got the right to practise any profession or to carry on any occupation, trade or business, because we have sub-clause (6) of the same article, which means that in any trade or business Government can have the monopoly and operate it through some controlled corporation and so on. But I find in section 1 of the Schedule the following:

"The Corporation may make investments of its funds in productive private enterprises in the territories of its members. The existence of a government or other public interest in such an enterprise shall not necessarily preclude the Corporation from making an investment therein".

Do I understand that under this provision, the I. F. C. shall get more rights than even the citizens of this country have got and that this Corporation, IFC, will be able to poke its nose even in industries which have been specially preserved by Government for themselves and run by their own controlled corporations, thereby enjoying a monopolistic right? Will this Corporation be able to break this monopoly?



15 hrs.

**Dr. B. Gopala Reddi:** Sir, I am really happy that many issues have been raised by hon. Members on the one side and, on the other side, the Bill received quite a good volume of support. Hon. Members, according to their own economic philosophies have expressed doubts about the immunities that we are going to give. But, on the other hand, some unqualified support for the Bill also was given by hon. Members on this side.

Originally, the point that was raised by Shri Mahanty was that Parliament was kept in the dark and it was not consulted from stage to stage and, now, at the last moment, Parliament is being asked to vote for this Bill. For the last two or three years, Parliament, at some stage or the other, was being brought into the picture. Apart from that, the executive Government can only function on its own rights as long as it receives the support of the Parliament, as long as it retains the support of the Parliament.

There are things that are done by the executive Government, quite big contracts are, perhaps, entered into, big deals, international treaties, political or otherwise, sometimes confidential treaties are also entered into. These are entered into without consulting Parliament at the first instance. Of course, when there is a general debate, whether it is the Budget or the Foreign Affairs debate, certainly, those points are referred to and ratification of Parliament is received. But, to tell Government that before entering into this agreement or before attempting to negotiate with these foreign bodies, Parliament must have been taken into the fullest confidence is a thing which no democratic Parliament can accept. Therefore, Government must be trusted. Whether it has the confidence of the House or not is a matter which can be ascertained from time to time. (Interruptions)

Of course, if the hon. Member feels that Government has done something

very wrong, certainly, there are avenues open to him to censure the Government or even to remove the Government. But to say that everything that is done, big or small, either in the national sphere or in the international sphere, must come before the House, I think, is asking too much of Government and it, perhaps, cannot be done also.

Even with regard to taxation, I may say that as soon as a Bill is introduced it comes into effect though it may take some 6 or 8 weeks for Parliament to ratify it. But, as soon as the Bill is introduced with regard to central excise or even income-tax, it comes into force from that very evening.

**Shri Mahanty:** In this case it has taken 20 long months.

**Dr. B. Gopala Reddi:** I am coming to that. It is not as if Parliament was kept in the dark. I want to give you *seriatim* how things were taking shape with regard to this Bill. In April 1955, the constitution of this Corporation was adopted by all the countries including India. India was also present and it adopted the constitution. Of course, I may tell you that it is open to the members of the World Bank to become members of this Corporation; but those who are not members of the World Bank are not entitled to become members of the Corporation. China, though it is a member of the World Bank today is not a member of the Corporation here. So, Shri Mahanty's statement that China is there with a greater share capital than India is not correct as far as this Corporation is concerned.

**Shri Mahanty:** What is the total investment?

**Dr. B. Gopala Reddi:** In May 1955, the Cabinet approved India's participation. And India signed acceptance in October 1955. On 2nd April, 1956, the instrument of ratification was signed by the President; and India paid in August 1956, \$4.431 million with the consent of Parliament.

## (Status, Immunities and Privileges) Bill

**Shri Mahanty:** Was it provided for in the Budget?

**Dr. B. Gopala Reddi:** Yes; it was in the Budget. It was a part of the Demands made and Parliament was seized of the document. Parliament gave its approval; and then only it was paid. Therefore, you cannot say at this stage that Parliament was kept in the dark, that Government was doing things without the knowledge of Parliament.

So, having paid this money, \$4.431 million to this Corporation, shall we give these immunities or not is the point now. We have paid money over two years ago and it is not as if it is American simply because it is located in America. It is the property of Corporation of 55 countries now. Originally, 30 countries or so adopted the constitution; but, today, 55 countries are members. \$93 million have been paid as the share capital and they may even raise it to 100 million dollars. So I want to remove this impression that we are giving some immunities to some foreign agency or some foreign corporation, that is going to operate in India. It is not so; it is the property of 55 countries including India. Of course, America, the United Kingdom and France and other countries have joined this Corporation. Let us not think that we are going to give something to some foreign corporation. It is our own; if it makes profits tomorrow, we are going to be the beneficiaries. If they are going to make a loss, we are going to be partners in that loss. So, we are not doing anything for an outside organisation; but we are doing it for ourselves and for our country's benefit; and if there is any profit everybody will be sharing in that.

Let us first of all understand that it is not a foreign institution. It is our own institution because we are the fourth largest shareholders, next to the United States, the United Kingdom and France. So, we are vitally interested in the future of the Corporation. If it spreads into all the undeveloped and under-developed countries

tomorrow, if it invests large sums of money and makes profit . . .

**Shri Mahanty:** Sir, in the document which has been circulated by Government you will find that the share capital of China is \$6.6 million.

**Dr. B. Gopala Reddi:** Is it the World Bank or the Corporation?

**Shri Mahanty:** It is the International Finance Corporation; in the capital stock of the International Finance Corporation you will find that India is not the fourth.

**Dr. B. Gopala Reddi:** China is not a member.

**Shri Mahanty:** It is mentioned there.

**Dr. B. Gopala Reddi:** We shall see about it.

**Shri A. C. Guha:** It is the original allocation that they may subscribe so much. But China has not yet become a member.

**Dr. B. Gopala Reddi:** If you want to raise the capital to \$100 million . . .

**Shri Mahanty:** It is given in the Schedule.

**Dr. B. Gopala Reddi:** Perhaps, it is the allocation. China has not yet become a member.

**Shri Bimal Ghose:** Then it is wrongly stated; it should have been stated that it is allocation and not subscription.

**Shri Mahanty:** Why not circulate correct information to us?

**Dr. B. Gopala Reddi:** You wanted it in a hurry and we gave it in a hurry.

**Shri Mahanty:** Then there is a charge of contempt, Sir. All these things are passed in a hurry.

**Mr. Deputy-Speaker:** The hon. Minister says that when things are done in a hurry, in the Secretariat some mistake has been committed.

**Dr. B. Gopala Reddi:** It must be a typing mistake, Sir.

**Pandit Thakur Das Bhargava:** We are the fourth; it is correct.

**Dr. B. Gopala Reddi:** China has not yet become a member of this Corporation. She is a member of the World Bank and the figure given here may be that of the allocation.

This is a Corporation mainly intended for assisting private enterprise. The World Bank gives money, of course, to Government or Government sponsored concerns. But, this is essentially a Corporation to give assistance to private enterprise, without Government guarantee. That is also a thing which must be noted. Government does not stand guarantee at all. But, with regard to the World Bank, they require the Government's guarantee. If it is a Tata loan, the Tatas cannot get a loan without Government approving and guaranteeing it.

In this case, Government comes in at a later stage. If Government objects to the lending, say a loan to a particular concern, the Corporation will not give the loan. At this stage Government comes in and not in the preliminary negotiations. If they enter into some initial negotiations, later on Government must also approve it. Then alone the concern can get money from the Corporation. So, there is also that guarantee that nothing can be done by hoodwinking the Government. The Government comes into the picture at a later stage; but Government does not guarantee anything at all. Shri Mukerjee has objected to the Corporation coming into being and helping the private enterprise. Whether he likes it or not, we have accepted a mixed economy and we expect the private sector to spend Rs. 2400 crores during the Second Plan; we are also providing them with necessary foreign exchange also and our import machinery is giving them as much assistance as possible. It is therefore no use saying that we do not want

this corporation to come and assist the private enterprise at all. We will not allow anything to be done against the industrial policy of the Government. If it cuts across that policy, we would not allow the loan to go through. So, Government has got ample checks to see that it does not go into unnecessary or misdirected channels. We can always see that the Corporation functions in the right manner allowing the private sector also to do business with the support given by this body. We have voted two crores of rupees and we want these immunities to be given. We have got our director there—Shri Narahari Rao. Our Finance Minister is a Governor on the Corporation. We want all these immunities to be extended to them when they go to America or Canada or any other country. Whatever we give to these officers in India will be extended to them when they are in other countries. We do not want Shri Narahari Rao to be subjected to all sorts of customs and income-tax difficulties when he is abroad. So, as Shri Vishwanath Reddi said, it is multilateral. What we give, we also expect. We hope 55 countries would ratify this. Today it may be that the president is an American; tomorrow it may be anybody else. After all, the directors also change and we do not want our officers and Governors to be subjected to these difficulties when they go there. Let us not feel that we are bestowing some benedictions on these Corporations. We expect it to be extended to our officers also. The Corporation is located in New York and so it may be subject to the American income-tax. We do not want this Corporation to be subject to American income-tax. Or, if it is having activities in Pakistan, we do not want it to be subject to Pakistan income-tax. 55 countries are interested in this world organisation and the income-tax rules vary from country to country. We do not want that these varying rates of income-tax should be applicable to the transactions of the Corporation. As a sort of a self-denying ordinance, all the countries are imposing upon themselves this restriction. We do not want

these officers to be subjected to these restrictions and so on. 55 countries had agreed to it and Rs. 2 crores had been paid. It will therefore, be too late in the day to deny these immunities which we will also get in our own turn when our people go abroad.

So many concessions have been given—that is the complaint of some hon. Members. But all the countries sat together and decided about this. It is nothing peculiar to the Corporation. We have done this in respect of other international organisations. It is enjoined in the body of the agreement that every member country must get this ratified by their Governments or Parliaments as the case may according to the law within the shortest possible time. In pursuance of that, we are coming before the Parliament to get it ratified. Ordinarily, it may be done by notification but we thought that it was better to get Parliament's approval so that it will be on the statute-book instead of being a mere notification.

Some hon. Members ask this question. What is the help which India has received so far? But the Corporation started giving loans only last year. All the preliminaries were done in 1955-56. The loans were sanctioned in 1957. May be, India has not so far received any assistance from this Corporation and even with regard to the world Bank, we started late. The first loan given to India was perhaps very late and today the total amount of assistance to India totals about 400 million dollars or so from the World Bank. So we will have to wait and see how far it is good to take loans from the Corporation, whether the rate of interest is good for us and our industry in the prevailing circumstances here, etc. All these matters will have to be considered on the one side by the private industry and on the other by the Government. Therefore, there cannot be any complaint that it has not done anything to India. It is too early to say what it is likely to do and how far we are going to receive help from this Body.

With regard to amendment, every time the World Bank makes an amendment by the necessary majority, we think we need not come before the Parliament. All the 55 countries are there and there is a very special majority to amend the Constitution.

We think that by mere notification it can be given effect to. The amendment is rather a difficult process there. It is about 3/5th of the shareholders who hold 4/5ths of the shares. So, it is a very special majority and it is rather a difficult majority. So, if the amendment is adopted by the prescribed process, the Government would bring it into effect by a notification.

With regard to the officers of the Corporation, some of them are perhaps elected and some of them are permanent people. I am sure India also would be given a due place in course of time. We need not complain now that no Indian is occupying a high place. India also will be eligible for holding some of these high posts.

As I said, we have taken so many steps; this is only a consequential step. When 55 countries are going to do this, it is but right that we honour our obligations with regard to our participation. The President has also communicated that it is accepted without reservations in accordance with the law and necessary steps would be taken to enable them to carry out their obligations under the said agreement. So, it is but right that we keep up to our obligation. There is nothing more and if there is anything that the hon. Members want to ask, they can ask me.

**Shri Balasaheb Patil:** Sir, on a point of information. Just now, it has been stated by the hon. Minister that this is our Corporation. What is the amount of dividend that has been received by India in the first year?

**Dr. B. Gopala Reddi:** They have started giving loans only last year.

**Shri Balasaheb Patil:** It was started on 24th July 1956. That means it is nearly two years—not one year.

**Dr. B. Gopala Reddi:** The Corporation came into being in 1956. But it began giving loans to Latin America and other countries in 1957 or so.

**Shri A. C. Guha:** What is the rate of interest?

**Mr. Deputy-Speaker:** I shall now put the motion.

The question is:

"That the Bill to implement the international agreement for the establishment and operation of the International Finance Corporation in so far as it relates to the status, immunities and privileges of that Corporation, and for matters connected therewith, be taken into consideration."

*The motion was adopted.*

**Mr. Deputy-Speaker:** We shall now take up the clause-by-clause consideration of the Bill. Does any hon. Member want to move his amendment to clause 2? I find none.

The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

### Clause 3

**Mr. Deputy-Speaker:** Are there any amendments to clause 3?

**Shri Naldurgker:** I beg to move:

Page 2,—

*for lines 6 to 9, substitute—*

"(2) The Parliament may, if it thinks expedient, amend the Schedule in conformity with the amendments, if duly made and adopted, of the provisions of the Agreement set out therein."

**Mr. Deputy-Speaker, Sir,** in order that the House may understand my intention in moving this amendment,

I will first refer to clause 3(1) of the Bill. It says:

"Notwithstanding anything to the contrary contained in any other law, the provisions of the Agreement set out in the Schedule shall have the force of law in India."

In sub-clause (2) it is said:

"The Central Government may, from time to time, by notification in the Official Gazette, amend the Schedule in conformity with any amendments, duly made and adopted, of the provisions of the Agreement set out therein."

My amendment to sub-clause (2) is as follows:

"The Parliament may, if it thinks expedient, amend the Schedule in conformity with the amendments, if duly made and adopted, of the provisions of the Agreement set out therein."

According to sub-clause (1) of clause 3, when the Schedule shall have the force of law, it means that all the provisions, all the words incorporated in the Schedule will constitute a component and integral part of the main Act; that is to say, the Schedule will not be separable or divisible from the main Act. It means the Schedule itself constitutes the Act. When the Schedule constitutes a part of the main Act, then the question arises as to whether Government will have the power to amend the Act or, whether this House has the power to delegate the power to amend the Act.

I respectfully submit, that under the Constitution of India this House has no power to delegate its own legislative power to an executive body. Under article 245 the Parliament is authorised to enact laws generally on all matters or on all the subject matters that have been enumerated in the Union List and the Concurrent List. Under article 253, Parliament is

authorised to pass laws for implementing international agreements. The present Bill comes under article 253.

I submit, Sir, that sub-clause (2) of clause 3 *ultra vires* of the Constitution, because under the Constitution this House has no right to delegate its legislative power to any executive body. In this connection I want to cite some cases. This matter of "delegated legislation" came up before the Supreme Court in three cases—the Delhi Laws Act, the Harishankar's case and the Rajnarain's case. The latter two cases have already been reported in *All India Reporter*, 1954. From this it is quite evident that delegated legislation has been viewed with reprobation by the highest judicial tribunal. It is reported in Basu's Constitution as follows:

"Since the cases of Harishankar and Rajnarain, therefore, it may be said to have been settled that in India the doctrine that the essential functions of the Legislature cannot be delegated applies, even though the doctrine of separation of powers has not been adopted by our Constitution in the American sense.

It follows, therefore, that when a question as to the constitutionality of a statute is challenged on the ground that it involves delegated legislation, what is to be determined by the Court is whether the function which has been delegated by the Legislature is an essential function of the Legislature or not."

Therefore, Sir, I submit, even though my amendment is a minor one, it involves rather a constitutional point. Sub-clause (2) which says: "The Central Government may, from time to time, by notification in the Official Gazette, amend the Schedule. . .", means that we are delegating the power of amending the Act to the Executive. Under article 73 of the Constitution, the Government has only to implement or execute the laws

passed by Parliament. The Government itself cannot sit as a legislative body or legislative authority. That is the function of this House only. There is no article in the Constitution which empowers this House to delegate its own powers to the Executive. The Government can only frame some rules, because rules are framed for executing or implementing the laws framed by Parliament. Therefore, under the Constitution this House has no authority to delegate its legislative powers to the Executive, and as such sub-clause 2 of clause 3 is *ultra vires* of the Constitution. I am afraid, if sub-clause (2) of this clause 3 is allowed to stand part of the Bill, it will not only be *ultra vires*, but it means that we are travelling beyond the limits of our legislative and constitutional competency. I am afraid, the constitutionality or the validity of the Act will be challenged before the court of law. I am always of the view that this House should be more cautious in enacting laws, so that they should not be challenged before the judicial tribunals. We should not also be semi-somnolent over the appropriate and main provisions of the Constitution at the time of enactment.

Taking into consideration all these facts, Sir, I am of the opinion that sub-clause (2) should be amended in the way suggested in my amendment. Only Parliament has got the right to amend, enact or repeal a law.

**Mr. Deputy-Speaker:** Is it necessary for this Parliament to say that Parliament shall have the authority to amend the Act? It has already got that power.

**Shri Naldurgker:** Not to delegate its legislative powers.

**Mr. Deputy-Speaker:** I am talking of his amendment; I am not talking about his objection. I am only asking whether his amendment is necessary at all. The objection that he has raised is all right, and it would be put to the House. But the amendment

(Mr. Deputy-Speaker)

that he has suggested is that Parliament may, if it thinks expedient, amend the Schedule.

**Shri Naldurgker:** Instead of giving power to the Executive.

**Mr. Deputy-Speaker:** Is it necessary for this Parliament to give power to the Parliament to do something?

**Shri Naushir Bharucha:** The amendment is superfluous.

**Mr. Deputy-Speaker:** This Parliament has always got the authority and jurisdiction to amend, alter or modify any law that it has passed. What is the significance of this amendment?

**Shri Naldurgker:** The word "Government" will be replaced.

**Mr. Deputy-Speaker:** He only wants to negative that clause. That is not what the amendment says. I shall put the clause straightaway.

**Shri A. C. Guha:** Sir, his amendment may not be in order—that is for you to decide—but I still expect the hon. Minister to move an amendment himself that these notifications may at least be placed before the House so that the House may have an opportunity to consider those amendments. If you only say "by notification", that is something unusual.

**Shri Braj Raj Singh (Firozabad):** Unheard of.

**Dr. B. Gopala Reddi:** The hon. Member could have asked for deletion of the clause itself; then, of course, Parliament has the inherent right.

**Mr. Deputy-Speaker:** That is the thing being demanded.

**Shri A. C. Guha:** At least the notifications may be placed before the House—the hon. Minister may move an amendment to that effect. The House must be given an opportunity to discuss the amendments so that any

notification will have the approval of this House.

As for the hon. Minister's reference to the charter of the International Monetary Fund and the International Bank, I think the Brettonwoods agreement was not put into any enactment in this House. It was discussed in the House and the general approval was taken from the hon. House the old Central Assembly. There was no enactment. Here, this is an enactment.

**Mr. Deputy-Speaker:** Let us hear the hon. Minister.

**Dr. B. Gopala Reddi:** I have no objection to place it before the House. Whenever a notification is made by the Government, it is laid in the House. We place it on the Table of the House. What is the amendment?

**Shri A. C. Guha:** It is better that he moves an amendment.

**Shri Naushir Bharucha:** May I suggest an amendment? It may be added after sub-clause (2) of clause 3.

"Provided that any notification so issued under this section shall be laid for not less than thirty days before each House of Parliament as soon as may be after it is issued and shall be subject to such modifications as Parliament may make during the session in which it is so laid or the session immediately following."

This will serve the purpose.

**Dr. B. Gopala Reddi:** While I am prepared to lay it on the Table of the House, to keep it for not less than thirty days, etc., becomes superfluous.

**Shri A. C. Guha:** That is the usual formula.

**Dr. B. Gopala Reddi:** Whatever formula is there, will be there. After, all, the Corporation itself makes the amendment to its constitution by a

special majority. Then that is given effect to by a notification of the Government and we could inform the House.

**Shri A. C. Guha:** Still, it is an enactment of this House. So, any amendment of the enactment should be ratified and approved by this House in some form or other.

**Dr. B. Gopala Reddi:** I have no objection to place it on the Table of the House.

**Shri Naushir Bharucha:** That is not enough.

**Shri A. C. Guha:** As has been said by Shri Naushir Bharucha, when it is placed on the Table of the House, it becomes a subject-matter of this House and the House is seized of it. It can discuss it, it can modify it and it can change it.

**Mr. Deputy-Speaker:** It is almost an established practice now that when any delegated legislation is made by the executive, it is to be placed on the Table of the House and then some time is allowed to the House to scrutinize whether any amendment is necessary or not. Of course, this is in pursuance of an agreement that is international, and we should conform to that agreement. This Bill is being brought for that purpose. In that case, when this extraordinary power is being taken by the executive, it is not by a notification that they might just change the law which has been passed by Parliament. So, at least, the Members desire that there ought to be a provision made that that change which is contemplated or has been agreed to there, should be placed on the Table of the House, and should be subject to the scrutiny of this Parliament. This is what they desire, and if it is acceptable to the hon. Minister, then he might just give his reactions.

**Pandit Thakur Das Bhargava:** May I further add that according to clause 3 which we are going to pass, only

the agreement which is the subject-matter of the Schedule shall be adopted and that shall have the force of law. Any amendment made subsequently shall not have the force of law, unless a proviso is subsequently added. Unless the notification is here and the House is apprised of it, it shall not have the force of law. So, it is absolutely necessary that the notification should be placed on the Table of the House and adopted by the House.

**Mr. Deputy-Speaker:** I think that amendment should be accepted.

**Dr. B. Gopala Reddi:** I accept the amendment. But what is the amendment?

**Mr. Deputy-Speaker:** That amendment might be drafted. Shri Naushir Bharucha proposed it then sometime ago.

**Shri Naushir Bharucha:** I shall propose it then, in these words. In fact, I may tell you that I am lifting it bodily from another amendment of mine.

**Mr. Deputy-Speaker:** Very well.

**Shri Naushir Bharucha:** I move:

Page 2, after line 9, add—

“Provided that any notification so issued under this sub-section shall be laid for not less than thirty days before each House of Parliament as soon as may be after it is issued and shall be subject to such modifications as Parliament may make during the session in which it is so laid or the session immediately following.”

**Mr. Deputy-Speaker:** This is after sub-clause (2) of clause 3. So far as sub-clause (2) of clause 4 is concerned, there is provision. It is desired that even after sub-clause (2) of clause 3, a similar provision may be made. That is the point.



**SCHEDULE**

**Shri Naldurgker:** Sub-clause (2) may be amalgamated with clause 4.

**Mr. Deputy-Speaker:** No amalgamation is allowed. Has the hon. Minister considered the amendment?

**Dr. B. Gopala Reddi:** Yes, Sir, I accept the amendment. I take it that Shri Naldurgker is not pressing his amendment.

The amendment was, by leave, withdrawn.

**Mr. Deputy-Speaker:** The question is:

Page 2, after line 9, add—

"Provided that any notification issued under this sub-section shall be laid for not less than thirty days before each House of Parliament as soon as may be after it is issued and shall be subject to such modifications as Parliament may make during the session in which it is so laid or the session immediately following."

*The motion was adopted.*

**Mr. Deputy-Speaker:** The question is:

"That clause 3, as amended, stand part of the Bill".

*The motion was adopted.*

Clause 3, as amended, was added to the Bill.

Clause 4—(Power to make rules).

**Mr. Deputy-Speaker:** We come to clause 4. There are no amendments.

**Shri Naushir Bharucha:** What about the amendment about laying the rules on the Table of the House?

**Mr. Deputy-Speaker:** The provision is there. The question is:

"That clause 4 stand part of the Bill"

*The motion was adopted.*

Clause 4 was added to the Bill.

**Mr. Deputy-Speaker:** We now come to the Schedule.

**Shri Naushir Bharucha:** I may move my amendment Nos. 9 to 19.

**Mr. Deputy-Speaker:** I might say that all the amendments to the Schedule are out of order. The reason is, when the Bill is brought to confirm an agreement; either it stands or falls out altogether. We cannot split it into pieces. 55 countries have given their consent to it. It is not a unilateral thing so that the House adopt it with any modification. It was in clause 3 that the House say that it is not going to ratify it, without the proviso. This Parliament has ample authority and it can say that it would not have the force of law. But now we cannot split it up and say that some portion would remain there and the others would not. It should be taken as a whole; whether this Parliament accepts it or not, it cannot be taken to pieces, because in that case, it does not mean anything.

**Shri Naushir Bharucha:** I agree with your ruling, Sir, but I would like to speak on the Schedule.

**Mr. Deputy-Speaker:** Very well.

**Shri Naushir Bharucha:** The Schedule contains certain portions of an Article of Agreement which are bodily lifted and transplanted here. It is true that certain concessions have been given and they are of a far-reaching character. But the main point that I have been making still remains to be answered by the hon. Minister. If we are inviting the International Finance Corporation to invest in private enterprise, may I ask this House, what is going to happen in case of certain industries which are semi-private, such as shipping? Only the other day we passed a law saying that the percentage of foreign capital in shipping enterprise shall be restricted to 25. Take, for instance, a case where the

IFC comes in and wants to encourage the shipping industry. The IFC capital will be foreign capital. Even as foreign capital, if it is invested in shipping, what is the guarantee that this percentage will not be exceeded?

**Dr. B. Gopala Reddi:** Government have got the right of veto. We can stipulate that they shall not lend to such concerns.

**Shri Naushir Bharucha:** So far as I understand the agreement, apart from the hon. Minister making hundred and one points, he may even by executive action torpedo the whole agreement if he wants to do that. The point is this. What are we legislating today? Is there anything in the Schedule whatsoever which will prevent the IFC exceeding the percentage of capital which we have prescribed as the maximum for foreign investment? That is my point and there is nothing in this Bill to that effect. That is one aspect.

My second objection is this. Take page 4, line 31. Section 9 deals with "Immunities from Taxation". I am taking sub-section (c) which says:

"(c) No taxation of any kind shall be levied on any obligation or security issued by the Corporation (including any dividend or interest thereon) by whomsoever held:

(i) which discriminates against such obligation or security solely because it is issued by the Corporation...." etc.

Suppose there is an Indian citizen who holds certain securities and has earned dividend on that. Is that dividend going to be immune from taxation also? It is not clear here. It seems because it is a security issued by the IFC, it is immune from taxation also. We do not know today what will be the extent of the Corporation's participation. Today it may be small, but later on if its capital is increased, it may be very extensive. Today we are committing ourselves to this extent

that we are not only exempting the Corporation, but even the holders of dividend warrants from taxation. I should like the hon. Minister to clarify whether it is so or not and why this section is worded in such a way that any Indian citizen holding certain securities will be exempted from tax.

We have invested 4½ million dollars or over Rs. 2 crores and odd as the capital of the IFC and we expect to get some return or some advantage. The maximum that can be given to one industry is Rs. 25 lakhs. Does anybody believe that Rs. 25 lakhs would be a big assistance to any of the big industries that really matter? Somebody spoke of Tatas being assisted by the IFC. Is it seriously contended that Rs. 25 lakhs, which is the maximum investment that IFC can make, would materially help the Tatas? I seriously ask the Government whether the game is worth the candle. The candle is far too costly compared to the game.

The hon. Minister has also not replied to one point, which is very important. We are giving them diplomatic privileges of all kinds, immunity from check by customs officials, immunity of assets from seizure, immunity of archives and so on. Does not the Government think it desirable to modify the terms of the agreement or at least insert some proviso that if in the interest of national security the Government thinks that a search must be made of the assets, account books and documents of the company, the Government should be able to do so? In times of emergency, in the interest of national security, the Government should be able to look into the archives of the Corporation. Why not have such a proviso here that in times of emergency, the provision that "the archives of the Corporation shall be inviolable" shall not apply?

**Mr. Deputy-Speaker:** Should such a check be by some other authority or by the customs?

**Shri Naushir Bharucha:** By Government itself. In times of national emergency, the Government must have power to say that a search must be made of the documents of the IFC.

**Mr. Deputy-Speaker:** By this, are we precluding the Government from exercising other checks?

**Shri Naushir Bharucha:** I do not follow.

**Mr. Deputy-Speaker:** The hon. Member says that in emergency, we might require a check on the archives to safeguard our security, and the Government should have the power to do so. Will it preclude the Government from exercising other checks?

**Shri Naushir Bharucha:** The words used in section 5 are very dangerous. It says: "Immunity of Archives: The archives of the Corporation shall be inviolable". It is very dangerous.

So many dangerous concessions are being given, in return for what? A few industries here and there might get the maximum of Rs. 25 lakhs by way of participation from the IFC. Is that what we want? The hon. Minister has not understood the full implications of this Bill.

**Pandit Thakur Das Bhargava:** When the hon. Minister was replying to the general discussion, I brought to his notice one aspect of the question. I read out from article 19:

"All citizens shall have the right—

(g) to practise any profession, or to carry on any occupation, trade or business."

Then clause (6) says:

"(6) Nothing in sub-clause (g) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevents the State from making any law imposing, in the interests of the general

public, reasonable restrictions on the exercise of the right conferred by the said sub-clause and in particular, nothing in the said sub-clause shall affect the operation of any existing law in so far as it relates to, or prevent the State from making any law relating to—

(ii) the carrying on by the State or by a corporation owned or controlled by the State, of any trade, business, industry or service, whether to the exclusion, complete or partial, of citizens or otherwise."

This means that so far as the fundamental rights are concerned, we do not confer absolute rights on the citizens of India. We also reserve to the State or to any corporation owned or controlled by the State rights in particular trade, business or industry, like shipping or defence weapons or implements. There are some other kinds of trade and business also in which the State only can perform these functions and a private person cannot.

The words in section 1 of Article III of the Schedule are:

"The existence of a government or other public interest in such an enterprise shall not necessarily preclude the Corporation from making an investment therein."

I understand that this Corporation is invested with a super-right, so that even when the Government does not want it to come in, still it can come in. I find in the agreement itself, there is a clause in which some right is given to the Government. Section 3 says that the Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing, which means our Government have a right to object to the financing of the IFC. So far so good.

At the same time, in one of the clauses of the agreement it is said

that all these matters shall be decided by the majority. Now, if the majority decides that the IFC shall enter into competition with the Government as regards shipping, defence implements, etc., what would happen then? If the parties to the agreement decide by a majority to interfere with the activities of any particular country, then they can interfere.

Attention has been drawn by Mr. Bharucha to section 5. May I draw your attention to section 4? It says:

"Property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action."

To my mind, this is too much. A person may be indulging in smuggling activities or doing certain other things which should not be allowed, so far as the security of the country is concerned. If our Government wants by executive or legislative action to seize the property of such a person or to search his assets, it cannot do so. The powers of the Government have been taken away here. I do not want that. So far as Government is concerned, it should have the final authority in all these matters.

**Mr. Deputy-Speaker:** The hon. Member has referred to smuggling. Would any property carried by a person employed in the Corporation, the Industrial Finance Corporation, also have these immunities? Section 4 refers to the properties and assets of the Corporation, wherever located and by whomsoever held. If some person is moving about or going from one place to another, would he be carrying the property?

**Pandit Thakur Das Bhargava:** So far as the property of the Corporation is concerned, that is a different matter. I quite see that the Corpora-

tion will not be able to own such properties which are not conducive to the safety of the country, in accordance with the provisions made by the Corporation itself. But now persons are also immune from search etc. We are giving them immunity from search etc. Many of the officers of the Corporation are immune from search etc. We find that even in the case of diplomatic employees there is some discretion given to the officer to search those persons; even persons coming under the diplomatic service are sometimes searched.

So, my humble submission is that there should be some provision of law that so far as the legislative and executive actions of the Government are concerned they should not come within the operation of this agreement. I am only anxious that Government themselves may not be told by the IFC employees 'all right, don't poke your nose in our business or make a search'. Now, suppose a person is carrying a weapon. Now, in the modern world we do not know what kinds of weapons are coming into existence. There may be a time weapon which may explode after one year. A person may be carrying one such weapon. After one year, anything can happen.

Then, after all, the government of this country has got the paramount right to do anything it pleases. If it is taken away by the agreement, I am not in favour of it. I am sure that other countries also would not like it. They will also adopt the same attitude, so far as this Corporation is concerned. Our Government should say to this Corporation that they should change the rule so that the legislative and executive action of the Government is immune from the operation of this Act. The government of every country should have this power. Otherwise, it will be really denying the sovereign right of every country. The fact that we are parties to this agreement should not make us allergic to our rights as a country. Therefore, I would request

[Pandit Thakur Das Bhargava]

the hon. Minister to kindly look into the agreement from this point of view and see that changes are made in it, which will be to the benefit of not only this country but also other countries. That is all what I want to say.

**Dr. B. Gopala Reddi:** The immunity is not for the individuals concerned. This immunity is for the official discharge of their duties. For things done in their individual capacity they will be subject to our law.

**Mr. Deputy-Speaker:** Panditji was speaking about section 8 also. Employees also have their privileges.

**Dr. B. Gopala Reddi:** That is true. But this will not apply to things done in their individual capacity. This will apply only to their official discharge of duties. You cannot slap anybody in the street and then say "I want immunity". That is done in his individual capacity, and he is subject to the law of the country.

Then, this Corporation is operating in 55 countries. We must remember that there are varieties of Government. We do not want the governments also to interfere or embarrass the Corporation in its normal functions in those countries. If any government can search these things, then it will embarrass them and put a stop to their activities. So, it is a sort of self-denying ordinance. There are governments and governments and we must see that, as far as possible, they also do not come into the picture.

Then, we have given these concessions to other international organisations. Nothing has happened, though we have given them these concessions. If they do any mischief, we can say that they are *persona non grata*. Therefore, there is nothing special in these immunities.

**Mr. Deputy-Speaker:** The question is:

"That the Schedule stand part of the Bill".

*The motion was adopted.*

*The Schedule was added to the Bill.*

**Mr. Deputy-Speaker:** The question is:

"That clause 1, Enacting Formula and the Title stand part of the Bill."

*The motion was adopted*

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

**Dr. B. Gopala Reddi:** I move:

"That the Bill, as amended, be passed".

**Mr. Deputy-Speaker:** Motion moved:

"That the Bill, as amended, be passed".

**Shri H. N. Mukerjee:** Mr. Deputy-Speaker, I had spoken at an earlier stage of the proceedings and normally I would not think of speaking again but I feel that we ought to register a very stern protest at the manner in which the Government has proceeded with this piece of legislation. I cannot quite understand how the Schedule, including the passages from certain articles of the agreement, is now proposed by Government to become part of the law of our country. I cannot go into details. Sufficient arguments have been put forward by speakers who have taken part in the debate before me, and I was very happy when my hon. friend, Pandit Thakur Das Bhargava, pointed out how, basically speaking, certain sovereign rights of an expanding economy in our country, an economy which is trying to develop in the socialist direction, has been attacked and overcome by the instrumentality of this particular legislation.

I cannot understand why in the year of grace 1958 we should have to

depend on whatever assistance might be forthcoming from an organisation like the International Finance Corporation. We know very well how these organisations function. I do not wish to go into any detail about the activities of the World Bank. But it is a matter of record that whenever the World Bank have assisted the public sector they have interfered, as far as the ascertainment of the priorities is concerned. In regard to the Damodar Valley Corporation, we know it as a matter of fact that the construction work of the Bokaro Thermal Station was made in accordance with the direction of the World Bank and even a contract was given to the Kuljeen Corporation of the United States because the World Bank insisted that it should be done. If in regard to the public sector, organisations like the World Bank can behave in this fashion, surely their auxiliary in the private sector, the International Finance Corporation, will follow suit. There is no doubt about that.

So far 55 countries have joined the Organisation. But their eye is on the under-developed countries—my hon. friend, the Minister, knows it very well. As far as the record of work done so far is concerned, they have gone to the Latin American countries. They have gone to Chile and Mexico and they have tried to introduce certain features in the economy of those countries which would make it impossible for anything like socialist development there. We here in this country are supposedly trying to build a socialistic pattern of society and we are going to depend upon whatever generous assistance is going to be forthcoming from the International Finance Corporation and we are going to give officers of this Corporation such privileges and immunities as can hardly be conceived of in any context of national sovereignty.

This is a pernicious piece of legislation and the Schedule which we have just passed in this House with shame includes certain items which surely

should not find a place on the statute-book. This is the kind of legislation which we have to oppose with all the strength at our command. I know the brute majority is on the side of the Minister and he would requisition that majority in order to pass this Bill. But I am equally sure that if today or tomorrow the hon. Minister tries to convince his own party about the rightness of this particular legislation, even there he would have to bow down to the public opinion of this country. They will certainly not stomach the kind of legislation which he has had the temerity to put before the House. We will pass it, no doubt, but we want to register our protest at the insolence of the Government in proposing this kind of legislation in the year of grace 1958.

**Pandit K. C. Sharma:** I am sorry, my hon. friend, Shri Mukerjee, when referring to the simple fact.....

**Mr. Deputy-Speaker:** He has only lodged a protest.

16 hrs.

**Pandit K. C. Sharma:** The simple fact remains that it is not a matter of shame that such a piece of legislation has come or is going to be passed. The matter of shame is that we have 320 calories in the diet of our people. The calories ordinarily required are over 1400, even when one remains sitting or is lying down. The poorest countries have 2,000 calories, the middle-class countries have 1,800 calories and the upper-class countries, which is the dreamland of my hon. friend's aspirations, have got 3,500 calories. So, to talk in the interest or in the language of a country with 3,500 calories for its citizens and to bring that into consideration as against the interests of the people who are getting only 320 calories is not good logic. Shame lies in what standard of living an average Indian has, what food he has got, what employment he has got and how much clothing he has got.

[Pandit K. C. Sharma]

We have simply got political freedom. We have not got freedom from want. An Indian citizen with 320 calories in his food and almost naked passes as a specimen of shame and disgust before the people of the world. So, if this position can be improved by whatever means or mechanism, it is our sacred and religious duty to improve this state of affairs. It may not last longer and it should not. Therefore, if this is a mechanism which can help in the improvement of the standard of living of people, in giving some impetus and some help for the industrialisation of this country and in providing improvement, I stand for it. Mere logic and mere doctrine does not help. Human life is complex and much more complex is national life. Therefore, we should stand for a speedy improvement of industrialisation, for greater employment and for much higher standard of living, at least an acceptable standard of living, for our people. From this viewpoint I support the measure.

**Mr. Deputy-Speaker:** If Shri Dasappa particularly wants, he might have his say.

**Shri Dasappa:** I do not want to enter into the general arguments advanced by my hon. friend, Professor Mukerjee, in launching his protest against the enactment of this measure.

**Shri Braj Raj Singh:** Are you making a counter-protest?

**Shri Dasappa:** I have already said what I wanted to say about it. What I want to say just now is that this is an international corporation.

**Shri V. P. Nayar (Quilon):** It is for the first time now that he has known this.

**Shri Nath Pal (Rajapur):** We owe him a vote of thanks for pointing out this.

**Mr. Deputy-Speaker:** Even those things that may be known have sometimes to be said.

**Shri Dasappa:** This point, I am afraid, my hon. friends there have not kept in their view when they launched their criticism. Is it possible, I ask even the worst critic on the other side, that in an international corporation each country can have its own laws which differ from the laws of that corporation? That is exactly the thing to which my hon. friends are referring. I can understand if they say that this International Finance Corporation does no good to us at any rate, leave alone other countries, and they may all be a set of unpatriotic people who have fallen victims to the machinations of some nations. But even granting that they have all the wisdom in the world, is it right for us, having become members of that Corporation, to seek or attempt to have separate laws other than what they have laid down for all the member nations who are going to join the agreement? That is what my hon. friend, Shri Bharucha was thinking of—this amendment to clause 3, with reference to the notification to be issued in consonance with the modifications that may be adopted by the Corporation at the other end, i.e., at the headquarters. The idea is that it must be duly notified in India by means of a proper notification. It is perfectly right that the Parliament should be made aware of such changes as there may be in the Schedule or as may be effected by the Corporation itself, but can we go further and say that it is open for the Parliament to modify the Schedule in such manner as it suits us which is something inconsistent with the modifications affected by the Corporation itself? I want the hon. Minister also to see what a situation we will be landing ourselves in if we say that the Schedule will be amended in a manner different from what the Corporation itself has done by virtue of an agreed solution there or by a

majority for which the agreement itself provides. I am afraid that that is a thing which the Parliament cannot do. But if the Parliament's sovereignty is concerned, it is concerned in this, viz., that if the Parliament thinks that this agreement is working to the detriment of the nation or if some clause in the Schedule is amended in a manner which would not be to the interests of this nation, the Parliament has a perfect right to call upon the Government to withdraw from this.

**Shri Braj Raj Singh:** That we shall do by notification.

**Mr. Deputy-Speaker:** Where any change is made and is not approved by the Parliament, certainly that would mean the withdrawal of our country from that participation.

**Shri Braj Raj Singh:** For this a notification has to be issued.

**Mr. Deputy-Speaker:** That is what the hon. Member has said.

**Shri Dasappa:** Your interpretation on the consequences that might flow may be perfectly correct, but I say that the right course and the most straight forward and the most honourable course would be, to withdraw from the Corporation and not to suggest an amendment. Parliament has a perfect right when it comes to the conclusion that this agreement is not working to the benefit of this nation to call upon the Government to withdraw from the Corporation.

**Shri A. C. Guha** rose—

**Mr. Deputy-Speaker:** The hon. Member has spoken in the beginning.

**Shri A. C. Guha:** I won't take more than five minutes. I want to say something simply because I have been provoked by the speeches of some hon. members.

**Mr. Deputy-Speaker:** We have already overdrawn on the time. The hon. Minister.

**Dr. B. Gopala Reddi:** Sir, Professor Mukerjee has raised very fundamental issues. Perhaps, he is suggesting that we should withdraw from some of these international organisations. We have taken foreign assistance in the postulation of our Second Five-Year Plan itself. I do not know whether he is now trying to attack the Second Plan, possibly with some foreign assistance element also. Therefore, I do not think that we can agree to that policy now.

We have been borrowing and we are not afraid of borrowing, whether it is American money or it is Russian money. We are strong enough to resist all these machinations of the power blocs and in our developing economy some foreign assistance is necessary. That is what is being postulated in the Second Plan. Therefore, we need not apprehend that something is going to happen and we are going to be dictated by other power blocks and we will be absolutely at the mercy of those people. We do not apprehend any of those difficulties. As long as we can we shall certainly be there and try to get assistance from this international organisation. So, I cannot accede to his argument at all.

**Mr. Deputy-Speaker:** The question is:

"That the Bill, as amended, be passed."

Those in favour will please say 'Aye'.

**Several Hon. Members:** 'Aye'.

**Mr. Deputy-Speaker:** Those against will please say 'No'.

**Some Hon. Members:** 'No'.

**Mr. Deputy-Speaker:** I think the 'Ayes' have it. The motion is adopted.



Some Hon. Members: The Noes have it.

"That the Bill, as amended, be passed."

Mr. Deputy-Speaker: The question is:

The Lok Sabha divided: Ayes 112; Noes 25.

Division No. 6 ]

AYES

16. 11 hrs ]

Achal Singh, Seth  
Achar, Shri  
Agadi, Shri  
Ajit Singh, Shri  
Ambalam, Shri Subbiah  
Anirudh Sinha, Shri  
Arumugham, Shri R. S.  
Ayyakannu, Shri  
Banerji, Dr. R.  
Barmen, Shri  
Basumatari, Shri  
Bhagat, Shri D. R.  
Bhargava, Pandit Thakur Das  
Bidari, Shri  
Birendra Singhji, Shri  
Bose, Shri  
Brahm Perkaash, Ch.  
Chandak, Shri  
Chaturvedi, Shri  
Chavda, Shri  
Daljit Singh, Shri  
Das, Shri N. T.  
Das, Shri Shree Narayan  
Dasappa, Shri  
Dinesh Singh, Shri  
Dube, Shri Mulchand  
Elayaperumal, Shri  
Gackwad, Shri Fatesingh Rao  
Ganga Devi, Shrimati  
Ganpati Kum, Shri  
Ghare, Shri A. V.  
Ghosh, Shri M. K.  
Guha, Shri A. C.  
Hanada, Shri Subodh  
Jain, Shri A. P.  
Jain, Shri M. C.  
Jangde, Shri  
Jhulan Sinha, Shri

Jhunjhunwala, Shri  
Jinachandran, Shri  
Kalika Singh, Shri  
Karmarkar, Shri  
Kotoki, Shri Liladhar  
Khedkar, Dr. G. B.  
Khwaja, Shri Jamal  
Krishna, Shri M. R.  
Krishna Rao, Shri M. V.  
Kureel, Shri B. N.  
Lahiri, Shri  
Laskar, Shri N. C.  
Laxmi Bai, Shrimati  
Malliah, Shri U. S.  
Manaan, Shri  
Mandal, Dr. Pashupati  
Manjula Devi, Shrimati  
Mathur, Shri Harish Chandra  
Mathur, Shri M. D.  
Mishra, Shri Bibhuti  
Misra, Shri R. R.  
Morarka, Shri  
Mormu, Shri Paika  
Naldurgker, Shri  
Narasimhan, Shri  
Nehru, Shrimati Uma  
Pande, Shri C. D.  
Pangarkar, Shri  
Panna Lal, Shri  
Patel, Shri Rajeshwar  
Patel, Shri Maniben  
Pillai, Shri Thanu  
Prabhakar, Shri Naval  
Raj Bahadur, Shri  
Rajiah, Shri  
Ramananda Tirtha, Swami  
Ramaswamy, Shri K. S.

Ranbir Singh, Ch.  
Rane, Shri  
Ranga, Shri  
Rangarao, Shri  
Rao, Shri Hanumanth  
Rao, Shri Jagannatha.  
Reddy, Shri K. C.  
Reddy, Shri Rami  
Reddy, Shri Viswanatha  
Roy, Shri Bishwanath  
Rungsung Suissa, Shri  
Sadhu Ram, Shri  
Sanganna, Shri  
Satyabhama Devi, Shrimati  
Selku, Shri  
Sen, Shri P. G.  
Shah, Shrinati Jayaben  
Shankuraiya, Shri  
Sharma, Pandit K. C.  
Sharma, Shri R. C.  
Siddananiappa, Shri  
Siddiah, Shri  
Singh, Shri D. N.  
Singh, Shri H. P.  
Singh, Shri M. N.  
Sinha, Shri B. P.  
Sinha, Shri Satyendra Narayan  
Sinha, Shrimati Tarkeshwari  
Siva, Dr. Gangadhara  
Subbarayan, Dr. P.  
Sunder Lal, Shri  
Tahir, Shri Mohammed  
Tariq, Shri A. M.  
Tewari, Shri Dwarikanath  
Thirumala Rao, Shri  
Vedakumari, Kumari M.  
Venkatesubbaiah, Shri

NOES

Banerjee, Shri Pramathanath  
Banerjee, Shri S. M.  
Bharucha, Shri Naushir  
Broj Raj Singh, Shri  
Chakravarty, Shrimati Renu  
Chaudhuri, Shri T. K.  
Gackwad, Shri B. K.  
Ghosal, Shri Aurobindo  
Ghose, Shri Subman

Imam, Shri Mohamed  
Jadhav, Shri  
Kodiyar, Shri  
Majhi, Shri R. C.  
Manay, Shri  
Mukerjee, Shri H. N.  
Nath Pai, Shri  
Nayar, Shri V. P.

Patil, Shri Balasaheb  
Pillai, Shri Anthony  
Rao, Shri D. V.  
Reddy, Shri Nagi  
Salunke, Shri Balasaheb  
Somule, Shri H. N.  
Soren, Shri  
Tangamani, Shri

The motion was adopted.