

SHRI S. R. DAMANI : The hon. Finance Minister says that he had discussed the matter with the Chief Ministers of States and given them advice. A similar advice had been given by the previous Finance Minister also, but the position is deteriorating, and the overdrafts are increasing. May I know whether the hon. Minister is going to put a ceiling on the overdrafts or has suggested or is going to suggest any such ceilings ?

SHRI YESHWANTRAO CHAVAN : I cannot behave like a schoolmaster in this particular matter. We have to deal with the States, and this relationship is a political relationship. Naturally, one will have to talk to them, argue them, persuade them and convince them and think about other things, if necessary, only in the last resort.

SHRI C. M. STEPHEN : May I know whether Government have made any attempt from time to time to analyse the financial position of the States State-wise and to find out whether and where financial indiscipline is indulged in and whether and where resources which can be mobilised are not being mobilised and whether the hon. Minister proposes to discuss with each State the picture that is emerging out of the study so that the correct line could be indicated for each State ?

SHRI YESHWANTRAO CHAVAN : At the conference of all the Chief Ministers, we discussed about the general position of resource mobilisation and whether there were specific suggestions about areas where they could make some efforts. Having done that, I discussed individually with the Chief Ministers of those States which were having the problem of overdraft and went into the different aspects of their problems and tried to evolve certain policies for them. Of course, much depends upon them. I would not like to go into the details because it would not be fair to the States, but we had gone into this matter.

Moratorium on Payment of Foreign Loans

*422. **DR. RANEN SEN :** Will the Minister of FINANCE be pleased to state :

(a) whether Government have considered the question of declaring a moratorium on repayment of foreign loans; and

(b) if so, the decision taken thereon ?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : (a) and (b). Government do not consider it desirable to declare a moratorium on repayment of foreign loans.

DR. RANEN SEN : It is well known to everybody that the amount of India's foreign loans is increasing day by day so much so that every year we have to pay more than Rs. 500 crores as interest on those foreign loans. That is the figure at the present moment and it is increasing every day. In view of the present financial position inside the country and the state of economy and the difficulties that we are facing, may I know what difficulty the Government of India feel in appealing to the parties or the Governments that have given us loan to have a sort of phased moratorium.

SHRI YESHWANTRAO CHAVAN : It is not a question of any difficulty in declaring a moratorium. It is not just done like that. That is not the way we function in the international sphere. Naturally, we are repaying the loans we have taken, I must say there are two periods which are distinct from the loan point of view. In the earlier period, the terms on which had to take loans were rather hard, but lately the terms of the loans we are receiving from the international institutions are softer. Therefore, things might be easier so far as the later part of the period is concerned. We are now at a stage when we are, really speaking, trying to return the loans contracted during the earlier period when harder terms were there. Therefore, debt-servicing has, no doubt, become a problem.

I think we have reached a stage when our objective now is to depend less and less on foreign aid, foreign loans. So if this process continues, I think we will reach a stage when we will repay the loans and possibly we will not be required to depend too much on new foreign loans.

DR. RANEN SEN : I quite appreciate the statement made by the hon. Finance Minister that we should be more and more self-reliant and not take loans. At one stage, he referred to aid in this context. But Government are aware, and are making us aware everyday, that we are passing through a difficult position. He said that the proposal of a moratorium is not made. Very recently, not only Pakistan, which may be in a greater financial stringency than we, but the Egyptian Government also have notified to those parties from whom they are getting loans that there will be a phased moratorium. It is reported in the papers that most of the governments concerned have accepted the proposal. Therefore, if there be any difficulty, why should Government be ashamed to make this request to those countries, while appreciating what he said, namely that we stand on our own legs?

SHRI YESHWANTRAO CHAVAN : I do not say that we should try and imitate Pakistan or even Egypt. Every country has its own personality, its own economic policies and problems and India...

SHRI PILOO MODY : Self-respect.

SHRI YESHWANTRAO CHAVAN : Self-respect also. Coming to the problem of adjustments, when there is the problem of repayment and service charges, we do take up this question with the countries concerned and they also do respond in a constructive manner. For example when there was a question of debt servicing becoming more difficult in 1967, the World Bank agreed to appoint a French expert, M. Guindey, to go into the problem and they agreed to give us certain debt relief, by way of rescheduling and refinancing facilities. This was done for three years for nearly 300 million dollars. Even for this year, this is being done; not that we are ashamed of asking for adjustment when it is necessary, but that should be done in a particular way as a self-respecting nation should do.

SHRI INDRAJIT GUPTA : May I draw the hon. Minister's attention to what has been stated in the Government's own Economic Survey for 1970-71, namely, 'for many years to come, the annual outgo on account of servicing of debts already

incurred will continue to be well over the level of 1970-71'. The level in 1970-71 was of the order of Rs. 435 crores. It has been calculated by some of the economic journals that at this rate by 1980-81, this figure will go upto Rs. 677 crores. While he hopes that gradually this burden of debts will be lightened, according to these calculations coming out of his own Economic survey, the debt-servicing burden is not going down but going up. In view of this very serious situation, I would like to ask him. In an emergency, as we are facing, where many temporary burdens are being placed on our own people, and they have been promised that as soon as the crisis is a bit lightened we will remove these burdens, what is there so embarrassing or derogatory to our self-respect to say that for a temporary period, say, three or five years, we will declare a moratorium on these debts till we are in a better position to discharge our obligations.

SHRI YESHWANTRAO CHAVAN : This is asking the same thing. About the burden part, I would like to tell him that the burden in terms of quantity might increase. But meanwhile, he must remember that burden is a comparative term; it has relationship with your own strength. In ten years, by 1980-81, we are not going to remain stagnant. We will increase our internal strength as well. Along with the burden of debt servicing our target for increasing internal savings also is projected.

If you take that burden in 1980-81, in relation to the strength and the internal capacity of the country, the burden will not be as high as he visualises. As I said, in terms of the quantum, in terms of the amount, possibly it may be more, but at the same time, our internal capacity also will increase to that extent. So, the burden will have to be compared and explained in relation to our own capacity.

SHRI B. V. NAIK : I would like to know from the hon. Finance Minister whether this concept of progressive self-sufficiency, the immediate one as against the long-term one, connected with American aid; whether the curtailment of American aid has an effect on the concept of self-sufficiency and a moratorium is therefore justified, I would like to know whether the rejection by

the President will harm our position, particularly, our concept of self-sufficiency, as far as our own finances are concerned.

MR. SPEAKER: Please be relevant. It is not a relevant question.

SHRI B.V. NAIK : Regarding self-sufficiency. (*Interruption*)

MR. SPEAKER : What self-sufficiency? It is a moratorium on loans, I am sorry. Yes, Shri Kachwai.

श्री हुकम चन्द कछवाय : इस समय किन किन देशों का कितना कितना कर्जा हमारे ऊपर है और उसका व्याज कितना है? क्या यह सच है कि कर्ज पर व्याज की राशि को चुकाने के लिए हमें और कर्ज लेना पड़ता है?

जिन देशों से हमने कर्ज लिया है और उस पर जो व्याज पड़ता है, वह राशि बंगला देश से जो शरणार्थी आए हैं और उस कारण जो हम पर भार पड़ा है, उस भार को हलका करने के लिए और शरणार्थियों की मदद के लिए लगाई जाए, क्या इस तरह का मुझा आन उन देशों को दिया है?

SHRI YESHWANTRAO CHAVAN: I do not think this question on moratorium on loans will be related to the present problem. The present problem will have to be faced; separately. The international community has also certainly shown some interest, and they have already paid some of the amounts. I think a few weeks before, the World Bank had also called a meeting of the consortium countries to give additional aid, etc., for the refugee problem. So, I think these things should be looked at separately. As far the amount of the loans of this country, I have got the details. If you want, I can read them, but I do not think there is enough time to do that.

श्री हुकम चन्द कछवाय : कितना व्याज है और उस पर कितना व्याज देना पड़ता है? क्या वह व्याज कमाई में से दिया जाता है या उसको चुकाने के लिए हमें और कर्ज लेना पड़ता है?

MR. SPEAKER: That does not arise out of this. You can ask a separate question.

Recovery of arrears of tax

*424. **SHRI AMAR NATH CHAWLA:** Will the Minister of FINANCE be pleased to state:

(a) how far the operation "RAT" (Reduction of Arrears of Tax) launched by Government has been successful in realising outstanding arrears of tax; and

(b) whether Government propose to provide special incentive to Tax Recovery Officers who show outstanding performance in the recovery of tax arrears; and if so, the nature thereof?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN): (a) and (b). A statement is laid on the Table of the House.

Statement

(a). The problem of income tax arrears was discussed in the Commissioners' Conference held in May, 1970 and it was decided that a special drive Operation Rat (Reduction of Arrears of Tax)-be launched in all Commissioners charges to reduce the outstanding tax demand. As a result of these efforts, in the financial year 1970-71, the collection out of arrear demand amounted to Rs. 159.61 crores as against Rs. 129.75 crores in the financial year 1969-70. The total gross demand outstanding as on 31-3-1970 at Rs. 840.70 crores was also brought down to Rs. 738.77 crores as on 31-3-1971.

During the current financial year, upto September, 1971, the arrears have been further brought down.

(b). It has been decided that an appropriate note regarding outstanding work done by any officer in the recovery of tax arrears may be made while writing his annual confidential report. The question of giving special pay to Tax Recovery Officers is also under consideration of the Government.