

श्री शिव चन्द्र झा : उपसभापति जी, यह जो स्पेशल मेशन आया है, जो आपने कल के लिये पेंडिंग रख दिया है ... (व्यवधान)

श्री उपसभापति : हाँ, सब कल के लिये पेंडिंग है ।

श्री शिव चन्द्र झा : जब मैं स्पेशल मेशन के इतिहास को देखता हूँ, तो लगता है कि जब पेंडिंग होता है, तो पेंडिंग इज रिजेक्टेड । तो ऐसा तो नहीं होगा ।

MR. DEPUTY CHAIRMAN: It is not like that. Hon Finance Minister please.

MOTION REGARDING INDIA'S EXTENDED ARRANGEMENT WITH THE INTERNATIONAL MONETARY FUND

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): Sir, I beg to move:

"That India's extended arrangement with the International Monetary Fund be taken into consideration."

Sir, I shall briefly introduce this subject so that I may clear a lot of misapprehensions on this subject. At the outset, I wish to clarify that all documents connected with the loan application have been made available to the Members in the Library. I may explain that the presentation consists of a letter of intent from the Finance Minister, accompanied by a memorandum on the policies and programmes which the Government of India intends to pursue in furtherance of their adjustment programmes. Then, there is an assessment, made by the staff of the International Monetary Fund which is a confidential document circulated to the members of the International Monetary Fund and then there is a letter of agreement not a letter of agreement,

but a letter of sanction—there is no agreement at all in this case, nobody signs an agreement—these are the four documents connected with the matter. Out of this, I have placed three and also another clarification. Out of propriety, I could not place the internal assessment of the staff of the International Monetary Fund. I have no objection to anybody using this document at all. I have no objection to anybody placing it on the Table of the House. It is only that since it has been marked as a confidential document circulated to the members of the Fund, as Government, propriety demands that we should not place it on the Table of the House and that is why, I have not placed it on the Table of the House.

Then, Sir, the second point which I would like to mention is, in the letter which our Executive Director on the Board of the Fund had sent, certain clarifications had been given. Considerable noise had been made about these clarifications. In paragraph 5 of the letter of intent which the Finance Minister has sent to the International Monetary Fund, he stated that in accordance with the usual practice of the International Monetary Fund and in accordance with article 4 of the articles of agreement between the member and the International Monetary Fund, India will consult with the International Monetary Fund in respect of all matters relating to the programmes which the Government intend to follow. But India will adopt only such of the measures and policies and programmes as are consistent with its own policies approved by Parliament. This particular sentence appears to have given some doubt to the legal department in the International Monetary Fund which though that this sentence confined our consultations only to those policies and programmes which have been approved by Parliament and excluded consultation with the Fund in respect of other matters. We issued a clarification saying that in accordance with the practice of the

International Monetary Fund and in accordance with the article governing it, consultation in respect of policies and programmes will be open on all matters relating to the programme of adjustment which we have put forward, but we emphasized that adoption of any of the programmes and policies will only be of those which have been accepted by Parliament of our country. Therefore, there is nothing which stands on this clarification. I would like the hon. Members to be assured on this account.

SHRI NARASINGHA PRASAD NANDA (Orissa): Just an interruption. It is regarding consultation.

MR. DEPUTY CHAIRMAN: Please, afterwards.

SHRI NARASINGHA PRASAD NANDA: Quite right, I would only like the hon. Finance Minister to tell us...

MR. DEPUTY CHAIRMAN: You will have sufficient opportunity. Do not disturb him.

SHRI NARASINGHA PRASAD NANDA: ...whether this consultation will be effective consultation in the ... (Interruptions) Or it will be just 'consultation'.

MR. DEPUTY CHAIRMAN: Do get be impatient. We have sufficient opportunity throughout the day. (Interruptions)

SHRI R. VENKATARAMAN: Sir, it is my duty to convince the Houses of Parliament of the need for a massive loan of this kind. I will now explain the need for the loan.

Sir, in the year 1978-79 our oil bill was Rs. 1,677 crores. Owing to a price hike in oil, our oil bill went up in 1979-80 to Rs. 3,146 crores. Then in 1980-81, on account of the Assam disturbances, certain refinery products were not available and it cost to the tune of Rs. 1,000 crores. The result was, we had to import oil to meet the shortfall as well as increased consumption within the coun-

try and our oil bill in 1980-81 went up to Rs. 5,588 crores. Sir, our reserves, which were fairly flattering in 1978-79 started dropping with the result that on the 6th of November, 1981, it stands at Rs. 3,570 crores. Our balance of payments deficit, taking the overall, that is not only the balance of trade but balance of payments including invisibles and also our borrowings and net outgoings, is of the order of Rs. 1,683 in 1981-82. It is projected to be Rs. 2,024 crores in 1982-83 and Rs. 2,655 crores in 1983-84. From the 1st of April, 1981 to the 17th November of this year, in a period of about 7½ months, our foreign exchange reserves fell by Rs. 1,400 crores. Therefore, an acute foreign exchange situation has arisen and unless we took steps betimes, we would be faced with prospect of having a very very low foreign exchange reserve by the end of two years. In fact, at the rate of Rs. 1,500 crores every year, we would be left hardly with Rs. 500 or 570 crores at the end of two years. Government had, therefore, no alternative but to go in for some steps to replenish our foreign exchange reserves. And that is why we had to apply for this massive loan. Sir, now we go, with Rs. 3,400 crores as our reserves, with a high credit in the international market, in the Euro-dollar market and, therefore, we have been able to negotiate very reasonable terms of loan. If we had gone two years later with a reserve of Rs. 500 crores of foreign exchange, with a low credit worthiness in the international market, in the Euro-dollar market, we would not then be going as borrowers, as we do now, we would then be going as beggars before the international community.

This, Sir, explains the need for replenishing the foreign exchange reserves of our country. Certain wise people have suggested alternative methods of meeting this foreign exchange crisis and have suggested that if any of these had been followed, we

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need not have gone to the International Monetary Fund. The first suggestion is that we cut down imports. Sir, if we have to cut down our imports, it must be on a substantial item, and the only substantial item of import is the import of crude and oil products. Forty-six per cent of our imports today, amounting to nearly Rs. 5,500 crores, are spent on import of oil. If we cut down import of oil by 50 per cent—i.e. crude and oil products—it would have a disastrous effect on the economy of the country. Firstly, 50 per cent of our crude is used for public transport, or buses, all running on diesel and we will have to cut drastically on that. Fourteen per cent of our crude is being used for agricultural pump-sets. I did not think any Member of this House, to whichever side he belongs, would ever support such a move. Sir, if we cut other imports, such as scarce raw materials, non-ferrous metals and so on, which are required for our industries, there will be closure of establishments, unemployment, a fall in the GNP and per capita income and the country would have gone down and down. Therefore, this Government cannot, in all conscience, think of cutting down imports for the purpose of meeting this foreign exchange crisis.

The second alternative suggested is that we would have borrowed in the Euro-dollar market. The Euro-dollar market charges 18 per cent rate of interest. Would anybody compliment a Finance Minister who goes and borrows in the market at 18 per cent when he can get it at 10 per cent elsewhere?

In fact, such a massive amount of Rs. 5,000 crores is not available even in the Euro-dollar market. And again the Euro-dollar market will not give medium-term loans as we are getting, for 10 years with a moratorium of four years to start with. I do not know where they got this wonderful idea. It is totally not feasible. Then I may also mention here in this

connection that the International Monetary Fund is a multilateral organisation consisting of members. It may be that the voting rights of people vary with the quota which they have. And it is in the nature of a co-operative society where people take shares for the purpose of borrowing...

SHRI M. KALYANASUNDARAM (Tamil Nadu): Questioned. Have you the freedom to increase your voting right?

SHRI R. VENKATARAMAN: No.

SHRI M. KALYANASUNDARAM: Then?

SHRI R. VENKATARAMAN: Then what? What is your question? In a co-operative society can you increase your vote? What is all this? Let us know the facts clearly before we try to criticise. Sir, in the case of this multilateral organisation, we have a quota of SDR 1717.5 million. And as a member of this organisation, we are entitled to borrow up to 450 per cent of the quota, and this is only subject to our satisfying the terms which are applicable to all members, not only to India or to anybody. If I am a member of a co-operative society entitled to borrow at 10 per cent, would it be right for me to go and borrow from anusurious money-lender at 18 per cent and 20 per cent in the market? Is that what you call prudent management of the national finances? Then, Sir, take even this argument. One of the countries which objected to the loan being given to us, said the very same thing that India should have gone to the international money market and should have borrowed at a higher rate but it was coming and taking this money at a lower rate. I wonder whether the objectors in our country are supporting that stand which has taken by that country. In fact the Wall Street and the Europeans bankers are greatly annoyed that a country like India with such a high credit worthiness

which is available for their exploitation—if I did not get this money and I go to them, they will be getting 18 per cent from me—has deprived them of an opportunity for making money at my cost. And it is this which they have put forward as the objection to the loan. And my hon. friends here seem to be in very strange company.

Sir, the third alternative which has been suggested by some people is that we should sell gold. I do not want to comment on the earlier experience of selling gold. At any rate, I was one of those who called my esteemed friend, Mr. H. M. Patel, the Prodigal Son of India for selling gold. I do not propose to be the Prodigal Son of India. Two hundred and sixty-seven tonnes is all that we have in the monetary gold. Suppose you sell it at the price of Rs. 1,185 per ten grammes in the international market, because unless you sell it in the international market, you won't get foreign exchange. Somebody may try to become very clever and say, "Why not sell it in the Indian market? The price here is higher." But rupees have no value because we want foreign exchange. In the international market the rate is Rs. 1,185/- for 10 grammes. The total gold, if it is sold will fetch Rs. 3,157 crores which would not be equal even to one half year's deficit. In this process we will be killing the goose that lays the golden egg. It is this goose that goes on saying that 'I have 270 tonnes of gold and my economy is sound'. This is really the basis of my bargaining strength. If people suggest this wonderful alternative that I should sell this gold, I am afraid they do not know what they are talking. Therefore, all the alternatives suggested have been either thoughtless or reckless.

Some writers have suggested that in the IMF itself we could have borrowed from two other windows and they are the Reserve Branch and the First Credit Branch. The Reserve

Branch is based on your difference between your rupee holding and your quota. And at the present level we could borrow only around Rs. 329 crores from the Reserve tranche. From the First Credit tranche we can borrow only around Rs. 429 crores. In all from these two we could get about Rs. 760 crores or so, as against the massive deficit in our foreign exchange which we have to fill up. Therefore, my submission is that none of the alternatives suggested by any one has any validity whatsoever.

This extended facility which we have taken advantage of was one of the things for which the developing countries, including India, strenuously fought in the meetings of the IMF and achieved. In 1974 my esteemed predecessor, Mr. Y. B. Chavan, spoke in the IMF and said that the developing countries will not be satisfied unless this extended facility is given to them in order to overcome their balance of payment difficulties caused by the rise in the price of oil. Having ourselves fought for such facility and having achieved this ... (*Interruptions*). You will have nothing to say when your turn comes and that is why you are murmuring when I am speaking. Why don't you wait? We have a seven hours' debate on this.

Sir, this facility which we have taken advantage of will be available to us in two parts. The first part is for Rs. 2,400 crores at the rate of 6.25 per cent. The other part will be at the commercial rate of interest which will be around 14 per cent, so that when the average is worked out, it will be between 9 and 10 per cent.

I have already in my statement on the 23rd of this month explained the process by which we will draw this money. I have also given what are called the conditionalities. There are two conditionalities. One is what is called the performance criteria and the other is related to the economic policies and programmes for the achievement of the balance of pay-

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ment position. So far as the performance criteria are concerned, by March 26, 1982, India should not increase the net Government credit from Rs. 26,806 crores to something beyond Rs. 30,981 crores and the total domestic credit from 62,126 crores to Rs. 74,181 crores. I can straightway inform the House with pardonable pride, Sir, that with the buoyancy of our revenues now and the success of the Bearer Bonds, we will be very well below the limits set by the IMF so that what you call as the performance criteria is no longer a condition at all. The second performance criterion is that India should not borrow more than Rs. 1,400 crores in the external market on term loans ranging between 1 to 12 years. India is not prevented from borrowing in the external market on loans which are over 12 years. India is not prevented from taking the IDA loans nor is India prevented from having bilateral arrangements with the socialist countries. Sir, some very wise people, very erudite people, have said that this agreement will bar bilateral payments agreements between India and the Soviet Union and so on. I do not want to go through all the literature. But I can merely mention that under article VIII of the Articles of Agreement between India and the IMF...

AN HON. MEMBER: It is an agreement?

SHRI R. VENKATARAMAN: It is called the Articles of Agreement, that is, under the Constitution of the IMF, it is called the Articles of Agreement. Under that, Sir, bilateral arrangements are binding only between members and any bilateral arrangement between a member and a non-member is not governed by this.

श्री राडली मोहन निगम (मध्य प्रदेश)

140 ही तो है। मैं पूछना चाहता हूँ कि और कौन से ऐसे राष्ट्र हैं...

SHRI R. VENKATARAMAN: I do not know Hindi. (Interruptions).

MR. DEPUTY CHAIRMAN: Order, order, please. Have the patience to hear. You will have an opportunity to speak.

SHRI R. VENKATARAMAN: In fact, I won't have wasted my time on this. But I am saying all this because it is being said by very high, seemingly erudite, authorities that this agreement will bar our agreements, bilateral agreements, with the socialist countries. We have not also been a party to article 8 and we have not accepted that article VIII. We have certain bilateral agreements even with a member, that is, Romania. Romania is a member of the IMF and yet we have bilateral arrangements with them. And, Sir, in the Annual Report of the IMF for the year 1981, you will find, at page 130, the list of members "that have accepted the obligations under article VIII on the 30th April 1981, and they are listed in the alphabetical order and you will find, after "Honduras", not "Indonesia" or any of those things or "Iran" or "Iraq", but "Ireland". Therefore, anybody who wants to preach to the world must also be posted with correct information.

Sir, under Article IV, as I mentioned earlier, there is consultation between the members of the Fund on all economic matters. Whether it is a developing country or not a developing country, whether it is a borrowing country or a non-borrowing country, such consultations are the norm. In one of the consultations, that is, the latest consultation report relating to India, dated June 24th, 1980, this is what are IMF says:

"The only bilateral agreement still in force with a Fund member is the arrangement with Romania. Bilateral agreements are also maintained with the following non-member countries:

The USSR, the German Democratic Republic, Poland and Czechoslovakia."

Sir, I fail to understand the objection of the Communist Party after China has become a member, after Poland has applied for membership and after Hungary is on the road to membership. You do not become a member of the International Monetary Fund in order to deposit your reserves there. You become a member of the International Monetary Fund for the purpose of borrowings. None of these countries is a capital surplus country. And when they have now realised the need for an organization of this kind and for borrowing from them, they have approached and have become members. I do not understand why this great hullabaloo about borrowing from the International Monetary Fund.

Sir, I will now deal with the other so-called conditionalities relating to the policies and programmes. The International Monetary Fund has extended this arrangement to 21 countries so far. These include Kenya, the Philippines, Mexico, Egypt, Haiti, etc. Sir, there is an impression that if you enter into an arrangement you must go through the whole amount you must borrow the whole amount. Kenya did draw the fund in the third year because its balance of payments position improved. Mexico also did not draw because its balance of payments position improved. Sir, it is my earnest hope and my faith in God that India will be able to achieve a break-through in oil production and oil development. (Interruptions). And that within the next three years, we may not be obliged to draw the last instalment of the IMF. We have the confidence when we enter into this arrangement that our balance of payments position will improve to that extent, that at no time will anybody be able to dictate to us. I can only give this assurance: If at any time the IMF or anybody asks us to do anything which is contrary to the policies and

programmes laid down by this Parliament, India will not do it and will not approach them. (Interruptions) This has been made abundantly clear by the intervention of the Prime Minister yesterday in the Lok Sabha when she categorically said that she will not accept any terms which are not accepted by Parliament. You cannot have a higher authority to make this statement. Therefore, Sir, all these statements that we have 'surrendered economic sovereignty or about humiliating conditions' are totally irrelevant in the context of the way in which we are approaching this problem.

Sir, I must have something to reply. Therefore, I will reserve those matters relating to the economic policy for my reply. But I would like to mention here that it will become irrelevant in the context because you can pick up one sentence and say, 'imports will be liberalised'. Yes, imports will be liberalised in the sense, in order to improve your economy, in order to boost your exports, in order to build up your infrastructure. Certainly that will be allowed. But if you say, imports will be liberalised for the import of lipsticks and cosmetics, no, it is not our policy. Therefore, each one of these things which you are going to raise are conditioned by the policy statement which we have made in the Sixth Five Year Plan, which I am glad to say in many matters is in consonance with what the Draft Fifth Plan says. I will read chapter and verse when it comes to that, what the Draft of the Janata Government said in respect of imports, what they said in respect of export, what they said in respect of private sector, everyone of these and what we have also said in respect of these things.

SHRI YOGENDRA SHARMA (Bihar): Do you mean to say that your economic policy is the same as of Janata?

MR. DEPUTY CHAIRMAN: Not at this stage. You ask later on.

SHRI R. VENKATARAMAN: Sir, this is very simple. We are all Indians. Whether Janata or Congress or Communists, there are some basic things which are common to Indians. And on this, merely because it is Janata or even Communists, I will not differ. These are the policies in respect of the private sector, about our imports, about our exports and about our national self-reliance. On all these matters there can be no difference of opinion on the party basis. If there is any difference of opinion on this, it is only the negation of patriotism. Therefore, Sir, you cannot catch me on this.

MR. DEPUTY CHAIRMAN: There are five amendments on the Motion.

SHRI M. KALYANASUNDARAM: Sir, I beg to move:

1. "That at the end of the Motion, the following be added, namely:

'and having considered the same, this House is of opinion that the said arrangement would,—

(a) only worsen the economy of the country;

(b) cast heavy burden on the people for years to come by increasing unemployment, prices and poverty;

(c) cause humiliation to, and lower the dignity and sovereignty of, India;

(d) lead to external interference into the financial, industrial and budgetary policies of the country;

(e) restrict the freedom of Government to borrow from other more favourable sources and undermine the independent and self-reliant industrial development; and

(f) aggravate balance of payment situation when the repayment schedule commences from 1985-86 due to added burden of servicing this debt.'"

DR. BHAI MAHAVIR (Madhya Pradesh): Sir, I beg to move:

2. "That at the end of the Motion, the following be added, namely:—

'and having considered the same, this House expresses its disapproval of the conditions attached to the agreement which would seriously jeopardise the national objective of economic self-reliance accepted by all our plans till now.'"

3. "That at the end of the Motion, the following be added, namely:—

'and having considered the same, this House is of the view that acceptance of the conditions sought to be imposed by the International Monetary Fund on India would amount to a surrender of our sovereignty in the sphere of economic policy and virtual abrogation of the national idea of self-reliance.'"

[The amendment No. 3 also stood in the names of Shri Ram Lakhan Prasad Gupta and Shri Pyare Lal Khan-delwal.]

SHRI SHIVA CHANDRA JHA (Bihar): Sir, I beg to move:

"That at the end of the Motion, the following be added, namely:

'and having considered the same, this House is of opinion that the said arrangement would—

(a) jeopardise India's efforts for the establishment of socialism in the country through the Five Year Plans;

(b) open the Indian economy to the investment of foreign pri-

vate capital specially the U.S. private capital;

(c) affect whatever social welfare works are being done at present in food for work programme, etc.;

(d) eventually force the Indian economy to deviate from the ideals of Mahatma Gandhi, Jawaharlal Nehru and Loknayak Jai Prakash."

SHRI LADLI MOHAN NIGAM:

Sir, I beg to move:

"That at the end of the Motion, the following be added, namely:-

"and having considered the same, this House is of opinion that the extended arrangement with the International Monetary Fund be cancelled."

The questions were proposed.

MR. DEPUTY CHAIRMAN: Now the Motion and the Amendments are open for discussion.

Mr. Kulkarni, will you please start and then we will adjourn for lunch?

SHRI ARVIND GANESH KULKARNI (Maharashtra): Sir, at the outset, I would like to say that I have heard very correctly what the Finance Minister has said but again, on a very technical point, I want to draw his attention to which I had already drawn his attention earlier when the IMF discussion took place in the last session. And the Finance Minister agreed at that time that this is a lacuna and that efforts will be made by the Government to remove it. This is as regards article 292 of the Constitution wherein it is said that whatever borrowings have been made from time to time they are as may be fixed by Parliament by law. I think, Sir, it is high time that when we are borrowing from the International Monetary Fund such a large sum of money, the Finance Minister

should have taken note and mentioned what the Government's intention is and whether they are going to adhere to article 292 of the Constitution. Sir, my view and my case is not that the Government should not borrow. I do not take it that it is a sin to borrow. Borrowing is always there. A country needs money for development. And, I am not at all worried whether they are borrowing from the IMF or any other external source, because borrowing means borrowing at the cheapest rate possible and which is beneficial to the country's interest, and that should be done.

Sir, the Finance Minister has particularly referred on many occasions to the criticism of crude economists or foreign policy experts etc. and he has tried to reply in his own way. I think Mr. Venkataraman will also agree that whatever he has said and whatever the policy of the Government which he has explained, there might be an honest difference of opinion and I may say that whatever the Members in the opposition may criticise it is only in the national interest that our criticism should be taken. It is not that only Mr. Venkataraman knows economics and others are notices.

AN HON. MEMBER: Who says?

SHRI ARVIND GANESH KULKARNI: In his speech the entire attitude was that. He started with that assumption.

SHRI NARASINGHA PRASAD NANDA: Unfortunately, the Finance Minister talked with that assumption. You should have understood the tone of his speech. (*Interruptions*).

SHRI ARVIND GANESH KULKARNI: I do not want to go into that discussion. I will lose my time.

At the outset, Mr. Venkataraman said about conditionality etc. and about the letter addressed by the Finance Minister to the Managing Director of the IMF. He has tried to explain

[Shri Arvind Ganesh Kulkarni]
 the explanation given and convince us that the conditionality and the references to Parliament, whatever he has said, is not as criticised by many people and many newspapers. I particularly draw his attention to an article in the National Herald, leaving aside newspapers like the Indian Express and other newspapers, where Mr. T. N. Kaul has criticised, who was our Foreign Secretary. I want to specifically know from the Finance Minister whether, after the Union Finance Minister's letter of intent had reached the Managing Director of the IMF, India's Executive Director on the Board of the Fund had to say that this expression was not in the least intended to exclude from the consultation process any policies which the Fund considered are and would be consistent with achieving the objectives of the programme. I want to know from the Finance Minister that when the Government and India's Executive Director on the Board clarified in writing to the IMF these things, how does the Finance Minister suggest that the conditionality and promises and everything brought to the notice of Parliament stand. That is really one of the difficulties which I am not prepared to appreciate and that is why I draw his attention to this explanation given by India's Executive Director on the Board.

Then, Sir, I come to another conditionality where he says about...

SHRI G. C. BHATTACHARYA (Uttar Pradesh): Sir, how is it that the Finance Minister is not here? He has gone away. Let him listen here. We all listen to him and why should he not listen to us?

(Interruptions)

MR. DEPUTY CHAIRMAN: This is not proper.

SHRI G. C. BHATTACHARYA: It is proper for us to listen to him. It

is not proper for him to listen to men like Mr. Kulkarni.

1.00 P.M.

MR. DEPUTY CHAIRMAN: His colleagues are there. He has gone out for a while.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): Sir, I can assure the hon. Members that all their speeches will be fairly reported to the hon. Finance Minister; due consideration will be given to their speeches.

SHRI ARVIND GANESH KULKARNI: Sir, may I suggest to you one thing? If the Finance Minister has gone for lunch, we can also go for lunch; we can adjourn now and meet again at 2 P.M. I do not mind. But courtesy demands that the hon. Finance Minister should be here. He says, he want to be heard. We have heard him patiently. Therefore, what is wrong if we also expect the same thing? That is why, I would like to suggest to you that we may adjourn now and meet again at 2 PM.

श्री उपसभापति : सदन की कार्य-
वाही दो बजे तक के लिये स्थगित की
जाती है ।

The House then adjourned for lunch at one minute past one of the clock.

2.00 P.M.

The House reassembled after lunch at three minutes past two of the clock, Mr. Deputy Chairman in the Chair.

SHRI ARVIND GANESH KULKARNI: Sir, I thank the Finance Minister...

SHRI R. VENKATARAMAN: Are you happy now?

SHRI ARVIND GANESH KULKARNI: We are happy. At least I am happy.

Sir, I was not able to follow the Finance Minister's assertion particularly when he says, I quote:

"On the adoption of any appropriate measures consistent with the national policy accepted by our Parliament in accordance with the policies of the fund on such consultation."

That is what the Finance Minister says and when this was objected to and a clarification was sought for, this is what the India's Executive Director on the Board of the Fund, Mr. Narasimha, says that this expression was not in the least intended to exclude from the consultation process any policies which the Fund considers are and would be consistent with achieving the objectives of the programme. So, this to me as a layman seems contradictory to his reply. I would request the Finance Minister to elaborate on this.

Then, apart from going into the conditionality—I will deal with this point at a later stage—what I am worried of is basically some other thing. In regard to conditionality, of course, one may have disputes. Perhaps Mr Venkataraman may have one view and we may have another view.

But, by and large, what is the thrust of this conditionality? The thrust of this conditionality is that import liberalisation should take place. Nobody doubts that Necessity of imports, or import liberalisation was always there during Pt. Nehru's time also. Then the other type of policy—development of industry—was there also. But thrust of Pt. Nehru's policy was development and attainment of commanding heights for the public sector. Mr. Venkataraman, when I am projecting my views, please don't take offence.

SHRI R. VENKATARAMAN: I won't take offence at anything that you people say. I certainly take offence when people misrepresent things outside.

SHRI ARVIND GANESH KULKARNI: That is all right. Then what I feel is that the conditionality and the entire, what you call, guidelines which are to be issued and the consultation process erodes Pt. Nehru's policy of the socialistic pattern of society and development of the public sector and the economy as such. That is why I am opposing this conditionality clause; whether you agree with me or not, that is my feeling. What is placed before Parliament is the Budget, a Plan document which is not voted upon at all and the Industrial Policy Resolution comes, sometimes in two years or three years. The other is what you call the executive policies which are carried on by the Government.

At the outset, I am of the firm view that by accepting this loan—whether it was necessary or not, I am not going into that—Pt. Nehru's policy of socialism and the socialistic pattern of society is, for the first time disturbed by the present Government and you will have to explain to us how that socialistic pattern of society and the policies of the IMF, which have been laid down in this conditionality clause or consultations, are compatible. I would like to know that.

In this connection, let us see the assessment by the IMF. He has now really asked us to place it here.

"For the first time in this unfolding controversy, the Government of India will face the task of debating its arrangements...etc."

Thanks to the courtesy of a Executive Director who has given this background to the correspondent of the Hindu, it came to our

[Shri Arvind Ganesh Kulkarni]
notice. Here on page 16, it is stated:

"Assessment by the Asian and Exchange and Trade Relations departments of the IMF underlines the message that the 'economic strategy and policies' negotiated with the Indian Government through several discussions have built on the existing orientation. But they also mean a shift, in some instance a sharp shift, in the pragmatic, conservative, direction and in 'boosting the private sector, Indian and foreign; in the economy, at large.'"

On what basis is this assessment made? Here the Finance Minister has asserted that this is not so. It is our policy. And here is the assessment made by the assessors of the IMF which says like this.

Then about devaluation—I am not concerned with it—this is what is stated:

"a 'considerable liberalisation of procedures relating to foreign collaboration and royalty payments and export orientation that reverses 'the previous direction of economic development and policies which made the domestic market more attractive than exports' a 'liberalised' import regime that is in need of wider doors, 'reform' (mainly an upward revision) of the price structure..."

My feeling is that we are changing from Nehru's policy of socialism, though I am one with Mr. Venkataraman when he says that he has to market in capitalist organisations which really do not like that we should grow. I am one with him on that subject. But why should we succumb to such conditions which are tilting the balance and the economic realities which have been fol-

lowed during the last 30 years to a different stance of private sector orientation? I draw the Minister's attention to this. He has to explain.

Then, Sir, I again quote: "Nevertheless the IMF departmental report to the Executive Board notes that the Indian authorities recognise that the profitability and competitiveness of exports is an important objective and that exchange rate policy has an important bearing on this." What is meant by this? We might not be economists and as erudite as some of the economists in the country you have mentioned, but we as Members of Parliament really fail to follow as to what is meant by this. Then I quote: "The conditionality applying to the operation of the arrangement bars multiple currency practices and bilateral payment agreements of a certain kind frowned upon by the IMF." Here I am satisfied that the Minister has stated that the bilateral arrangements are not conditioned. But the assessment of the IMF assessors seems to be totally irrelevant if Mr. Venkataraman is to be believed to be correct or he might not have been really telling us the real facts. So I want to know what the real fact is.

Then the main thrust of the document is: "The documentation reveals that since questions are raised by this involved formulation on conditionality the Government of India has seen it fit to transmit through its Executive Director a clarification with regard to understanding and consultation and parliamentary concurrence." So this is the basic point. Again I quote: "This is to the effect that the phrase consistent with national policies accepted by our Parliament" and another reference to 'Government measures which are in line with the declared policies' are meant to suggest 'actual adoption of measures' and and not in the least intended to exclude from the consultation pro-

cess any policies that the Fund considers are or would be inconsistent..." This is what the assessors of the IMF have stated. So I think this is the first time that a tilt has been made and the policy has been changed, which Mr. Nehru followed in this country with success though the success is so very slow. I am aware of the public sector failures. But though the success is slow, we are definitely going towards a society which in the longer run will be in the interests of this country.

Then, Sir Mr. Venkataraman states that the interest rate works out to an average of 10 per cent. Might be so; I have not worked it out. But I have read somewhere that the total interest payment will be Rs. 3,283 crores, and the total payment will be Rs. 5,400 crores plus Rs. 3,283 crores, that is, somewhere between Rs. 8,000 and Rs. 9,000 crores. And the net inflow in this case will be only 4,314 million SDRs or whatever it is. The question is whether the interest burden will be sustained by the Indian economy. Mr. Venkataraman think that perhaps the Bombay High may relieve the pressure on the Government. But I am doubtful as to whether within this period of two or three years our economy can have such a boost as to be able to pay for the interest and servicing of the debt. As we see, it goes up to Rs. 6,000 crores.

Then, Sir, about the other policies which he has mentioned, import liberalisation, subsidies, etc., I am not going to fight with him. But subsidies, etc. are required for making available to the people in this poor country food at a reasonable price. Subsidies are required by agricultural sector for fertilizer. Will the Minister assure us that these are

not going to be affected whatever the IMF or any other organisation may say?

I want to draw the Finance Minister's attention to another point. He said that we are drawing this loan from the IMF just like a member of the cooperative society takes a loan from the society. I am one with him. I take it only in that light. But there is no Antulay to redeem all the debts. There is nobody here who will redeem the debts. You will have to work hard to pay back the loan. Will he be able to do it? This is what I want to know from him.

Many people have written so many things about this IMF loan. Some people have called it a sell-out. Yesterday the Prime Minister assured that it is consistent with our policies and it is done with Parliament's consent. I do not believe in that. This is a slogan to be given to the people so that they should not be panicky. I do not want our people to be panicky. I said it in the very beginning. I know the Government requires money and they have to take loans. We are only trying to highlight the weaknesses of this agreement and its conditionalities. I want to know whether this loan will be used for development of infrastructure and for expansion of irrigation and agriculture or whether it will be used for the benefit of the private sector. If you do whatever the private sector wants you to do, then what will happen to the general economy and particularly to the development of infrastructure in the field of agriculture where this loan can be vastly used. (Time bell rings) You are ringing the bell...

MR. DEPUTY CHAIRMAN: Because many hon. Members want to speak.

SHRI ARVIND GANESH KULKARNI: I will come to your rescue and sit there for two hours. Everybody wants to speak and participate in this debate.

MR. DEPUTY CHAIRMAN: That is exactly the reason.

SHRI HARI SHANKAR BHABHRA (Rajasthan): He has given you some inducement.

SHRI ARVIND GANESH KULKARNI: This is not inducement. I know his difficulty. After all I am on the panel of Vice-Chairman, whether he likes it or not.

MR. DEPUTY CHAIRMAN: Why do you say so? I like you.

SHRI ARVIND GANESH KULKARNI: I know you like me very well. So also many people from that side also like me.

Sir, as I was saying many people have said so many things about this and therefore this creates doubts. The assurance is there. But it is only cosmetics. All the thumping on the desks is not going to help us. I think the Finance Minister will appreciate one thing. He is here now and I want him to be our Finance Minister for full five years. I earnestly desire that. But do not forget we are binding the entire progeny, the future generations to a colossal load, a colossal strain of paying back these Rs. 8,300 crores.

SHRI N. K. P. SALVE (Maharashtra): In our life time we would have paid it.

SHRI ARVIND GANESH KULKARNI: You had one heart attack. I had two. Shri Venkataraman is a diabetics patient. Mr. Bhandare and Mr. Jain are young. But we cannot take that load. Our children should be saved. That is why I request this Government not to adopt is cosmetic approach by saying that we are people with self-respect. Self-respect is

there and we have not doubted it. But we think that because of your economic policy and because of the tilt towards the private sector, because of the orientation towards the private sector and because of your supply-side economics and all that, a sea-change is going to be made in the whole economy or the economy policy of this country and I think that this is an erosion of Pandit Jawaharlal Nehru's policy by the policies of his daughter who is now presiding over this Government. Thank you, Sir.

SHRI N. K. P. SALVE: Mr. Deputy Chairman, Sir, the Finance Minister has very ably explained the various circumstances under which this loan under the extended facility arrangement of the International Monetary Fund has been negotiated. Sir, with facts, figures, compulsions and imperatives, he has explained the total rationale behind negotiating this loan from the IMF and, therefore, to avoid repetition, I would not go into that aspect of the matter. But, Sir, I will examine the entire criticism and all aspects of it, to and fro, from a broader and from a macro—, socio-economic and political perspective.

Sir, at the outset, I wish to submit that I feel very strongly about the criticisms which have been levelled against this loan, which has been negotiated, particularly by the CPI and CPM friends, and more particularly, Sir, the manner in which the entire criticism has been levelled impels me to feel very strongly about it. I say this because they do know the imperatives and the circumstances under which this loan has been negotiated and yet they have made this sort of criticism. So, Sir, the whole approach, as it has emerged out of the criticisms, impels me to consider that it is a sheer exercise in political profligacy and, therefore, while I am going to deal with the criticisms about which I feel very strongly, I am not going to mince my words in this debate today.

In fact, Sir, I consider the whole criticism—the reasons I am going to enumerate and deal with now—not only as irrational and anti-national, but also dangerous and deleterious to the well-being of the people of this country and the economy of this country and the variety of criticisms which have been levelled against this in some sections, I consider, are entirely an abuse of the freedom of speech and an outrage on free and fair debate. But it is very unfortunate that it should have gone to that extent. Any person with a little of rational faculties and a modicum of or minimal knowledge of foreign trade and foreign exchange will never have any doubts about the sheer calamitous disaster which awaits our economy in the next two to three years if foreign exchange is not made available by our Minister. It will be a sheer collapse of the economy of this country unless foreign exchange, not only in limited quantities, but also in adequate quantities, is made available to us to pay our export bills. In fact, Sir, I find that nobody seems to be disputing or doubting the fact that in view of our massive trade deficits and the consequent extremely adverse balance of payments position it is necessary to earn foreign exchange, at least for the next two to three years before we have substantially augmented our oil reserves. Now that the Oil Minister has, fortunately, been promising a production of about 30 million tonnes of crude and petroleum products within the country, hopefully, we would have retrieved the situation substantially in the future. But, in the meantime I do not want to repeat all those things. He has given the figures relating to the deficit. From Rs. 2,350 crores in 1979-80, it has gone up to Rs. 5,380 crores in 1980-81 and the projection for 1982-83 is Rs. 7,000 crores. Now, Sir, how do the people expect the Finance Minister, Mr. Venkataraman, to sit with his hands crossed, and not to work out, with his wisdom and farsightedness, some arrangement as a result of which we do not impede the entire Plan which

we have given to ourselves, the entire growth programme which we have given to ourselves? This is a very important aspect of the matter. From that angle if one were to see that if we do not do this, if Mr. Venkataraman and his very able men in the Ministry do not act intelligently, then there are one or two alternatives only. Let us look at it objectively. The first alternative is that we drastically cut our imports, mainly import of crude and petroleum products and manage the economy with all its problems, constraints, impediments, and so on. The second alternative as has been suggested by some people was that we raised loans, petro-dollar and Euro-dollar loans. Some people have thought and they have gone so insane, that we should sell the gold stocks that we have. Others said that we should have explored avenues for other commercial loans. I shall deal with the two alternatives.

What would happen if you drastically cut our imports because there is no other alternative. Now if you cut your imports, what is going to be the immediate casualty? The immediate casualty is going to be your programme of economic growth, and once you are going to impede your economic growth you are going to accentuate the inflation in this country, inflation which has already dangerously eroded and corroded the entire economic structure of the country. Those living below the poverty line are the people who are paying a very heavy price on account of this rising inflation which is a global phenomenon. So when you are going to drastically cut your imports, it is going to directly impede your growth activities, your plans your programmes investment seriously. The inflation goes up. Therefore we just cannot leave it at that.

The second aspect of the matter which is a very important aspect, Sir is the defence aspect. Supposing the loan was not there. What about the

[Shri N. K. P. Salve.]

obligations we have? What would be the position? Would we be able to meet our defence requirements. I really hope that in the days to come Pakistan sees the wisdom behind not playing into the hands of Reagan administration in arming itself dangerously to a point where it will become a danger to itself. Undoubtedly, it will mean a very grievous situation for India. If there is another war, it is going to be very aggrieved situation for India. There is no getting away from the fact that it is going to be disastrous. We do not want any harm to that country; we want that country to prosper and to live in, amity. After all, they are our brothers. Nonetheless, if they are going to arm themselves at the behest of somebody else—unfortunately, the President of the United States has such an irrational, hostile attitude towards this country—if they are going to act at his behest, then it is absolutely imperative and we also feel ourselves compelled and driven to augment our defence preparations. And that is going to cost us some money. And if that money is not available to us, imagine for a moment how seriously our defence preparedness would be affected. In fact, I have no doubt in my mind that if Mr. Regan had opposed this loan—fortunately, he was isolated there—what would be the position? I shall be dealing with the allegation that Mr. Venkataraman, in accepting this loan, has given a go-bye to the principles of Socialism of Jawaharlal Nehru. There is no bidding good-bye but we are adhering to the chapter and verse of everything which we have given ourselves, so far as the performance criteria is concerned.

Now, look at the matter. Mr. Reagan opposed this loan and the only and the one reason why Mr. Reagan opposed this is that he never wanted this country to be ever stable, ever independent and ever have a strong economy. I can understand it. But it is most unfortunate that the two Communist Parties are playing stooge

to Mr. Reagan. The most unfortunate aspect of the matter is and it is strange irony of fate, that it is only these two political parties, the CPI and the CPM, who, along with President Reagan, do not want this loan in some. In the comit of nations, and Sir in the Board of Directors of this Fund, there is a weightage of 80 per cent in favour of the United States; I have already said this.

If they had one more country voting against this, this loan would not have come to us. But, Mr. Reagan was isolated alone because the rest of them saw the rationale behind it giving this loan. It is to tide over its temporary difficulties for a period of two or three years by which time Mr. Sethi will be able to manage better all indigenous supplies of petroleum and petroleum products and crude. But, Mr. Reagan is supported very ably right left and centre by these political parties by misleading our people. And that is why I called that it is an exercise of sheer political profligacy.

Sir, look at the other alternative, that is, if we did not take loan, what happens? Now let us see. If we did not take the loan and still we expected our Finance Minister to make the arrangement for the foreign exchange what was the alternative? Sir, there is considerable joke, humour in the situation to suggest to us that gold should be sold. The figures of the meagre reserves have been given. It is some 267 tonnes of gold available in this country. Sir, have they not learnt a lesson. did they not find that an indignant country kicked out a political party which sold gold? No country will ever tolerate gold being sold unless it is under conditions of dire emergency, unless you were compelled to save your honour and the sovereignty of this country. No country will ever tolerate and surely they may wish that we may commit the same error which they have committed. But, Sir, our leadership is far too shrewd and far too dedicated and far too patriotic to

get rid of the gold given in trust by the people of the country to the Government. How dare they suggest that we sell the gold? It is an impossible, a ridiculous proposition; it is a dangerous proposition. Then, why did we not raise loans from the Euro-dollars? Sir, the variation in the rates of interest has been so ably explained by the Finance Minister, and the demand appears to be why are you going in for a loan which has a weighted average rate of interest of 10 per cent, and you should go in for 18 per cent and 20 per cent and at least the performance criteria must not have been there. Sir, I do not know whether any criteria would have been stipulated had we borrowed from Euro-dollars. I am not aware of it. But surely, there is a difference between a lender which is an institution giving loan in the hope that the borrower himself is in a good condition and repays the loan and the interest, and another lender who is only interested in the usurious rate of interest, a large rate of interest. In fact, the Pathan they say is never interested in the principal when he gives a loan. He is not interested in the principal being repaid. He stipulates no condition whatsoever on the borrower. If he gives the interest, he is content. He is happy as long as you go on paying the interest itself. Is that the type of borrowing that we wanted? We wanted borrowing from an institution of which we are ourselves a member, the policies of which we have helped to be framed, salutary and salubrious provisions for the economy of our country. And I shall come to it later on as to what we mean when we adhered to these programmes, the performance criteria. But Sir, this sort of loan being suggested, I cannot understand anything more irrational, more absurd than this and that comes by way of criticism. And why? It is said that we have bargained our sovereignty. Sir, I will come to the sovereignty point a little later. But, all other nations are no fools. They may be

our friends. They are no fools, nor is Mr. Reagan a fool. What he meant is not giving this loan to us was that he wanted to weaken us economically. This is going to be such a tremendous loan, it is going to be such a tremendous factor in building our economies in the days to come. And that is going to be so salutary for the economy of this nation. Politically it is going to be a tremendous factor in the favour of our party. That is the reason why certain parties are jittery about it. But we are not worried, Sir, so far if all these aspects of the matter are looked into, if they have not distorted one good point, Sir, nothing better could have been done. It is said that we have bartered away our sovereignty. Who is talking about the sovereignty of the country to us? Is there anyone in this country more concerned about the sovereignty of the country than Mrs. Indira Gandhi, and whatever else you may accuse her of or whatever else you may blame her, or, she does not suffer from one quality, Sir, that is, even in the worst of her perils and in the worst of her trials and humiliations she can never be timid, she can never be a weakling. She is the one person who is most allergic to pressure tactics of any nature whatsoever, and, therefore, she refused to bow down any time to any international pressures which she thought would mean bartering away her right. Even in the matter of enriched uranium, Morarjibhai went on his knees bent and hands folded before Mr. Carter of the United States of America and said, we will abandon all our programme of nuclear technology, we will not even go for an explosion, but for God's sake give us enriched uranium and these are the set of people talking to us about sovereignty. Sovereignty, if at all it is safe in the hands of any one person it is the Prime Minister of this country today in whose hands it is safe and let us not talk what amounts, submit in all humility and respect what amounts to sheer nonsense. (Interruptions).

डा० भाई महावीर : इतनी जोर से बोल रहे हो कोई ताली भी नहीं बजा रहा है ।

I do not speak...

SHRIMATI USHA MALHOTRA (Himachal Pradesh): Please do not interrupt. (Interruptions)

MR. DEPUTY CHAIRMAN: Order please. Please do not disturb. Let him complete.

डा० भाई महावीर : मोरारजी भाई हाथ जोड़ कर गये तो इस बात पर क्यों नहीं ताली बजाते ?

SHRI N. K. P. SALVE: Sir, one thing I want to clarify in this House for the benefit of Dr. Bhai Mahavir who felt disturbed that they are not clapping when I am speaking, is that Mrs. Gandhi is the one person who is not weak-kneed. Let them assuage their conscience at having supported Morarjibhai who goes on bended knees to the World Bank... (Interruptions)

DR. BHAI MAHAVIR: What about devaluation? That was the first thing she did when she became the Prime Minister. That was the first step she took.

SHRI N. K. P. SALVE: If he is to talk something irrelevant, I have nothing to say. It was Mr. Morarji Desai who went before Mr. Carter and said, we will not go ahead with our nuclear technology programme, that we will not go in for our explosions. Historical record is there to show all that. Why are they feeling touchy about it? Come to the performance criteria if you want to. Test any one of the performance criteria. They are trying to monitor some sort of a demand management with some stringency and bring some discipline. But what is important, utterly important, is this criteria which they have laid down. Is it in any manner even by a comma or by a full stop outside the mandate of your Plan or outside the Plan which you have given? This Plan has been written by the Board of Directors of the International

Monetary Fund and Abbasaheb said getting this loan has taken us away from the socialist concept of Pandit Jawaharlal Nehru, that we are bidding a good bye to the concept of socialism as evolved by Pandit Jawaharlal Nehru because Abbasaheb has seen in this loan, Government bartering its interest in favour of the private sector and against the public sector. So far as the concept of socialism is concerned, firstly, I do not see how does he find such a conflict of interest between the private and the public sector and if I have read anything about Nehru's socialism, the thrust of Nehru's socialism was not to create a conflict between the private and the public sector, but that the two must co-exist together to ensure that disparities of wealth, opportunity and power are eradicated; that ought to be the thrust of the matter. And have you not in your own Plan, and I am quoting from the Policy Statement of the Plan itself, Abbasaheb has unfortunately gone away, this is how people are misled, have we not ourselves given in the Plan policy relating to private sector industry, aim at encouraging production, investment and economic efficiency. This you have given to yourself in the Plan itself. How is it Mr. Venkataraman is guilty of committing one single act which bids good bye to Nehru's socialism when we have done so in the Plan? The Plan has taken us away from Nehru's economy. This is how the whole thing is built upon complete misunderstanding of the matter, if it is not *mala fides* what else is it? You are talking of the Sixth Plan performance. Take it to any one in the opposition, it is my challenge, who is capable of understanding what is contemplated in the Plan, what is the programme, what is the emphasis, what is the thrust of the Plan, and point out a single performance criteria which goes against what we have given to ourselves in the Plan itself. What they have given by way of performance criteria is greater discipline to our economy, restriction on external and internal borrowings; what is wrong with it? It is not that

they have completely clamped a ceiling and they have said that this is the end of the matter which is dangerous to our economy. In fact, the limits which have been given are the most reasonable. I would only submit that a Government which cannot function within that limit is not keeping discipline and it is not good economy and efficient management of affairs. There is restriction on deficit financing. Whenever deficit financing had gone beyond a point the opposition had been jumping on us or on the Finance Minister. But if the IMF says the same thing, if it says 'No; this should be kept within certain limits' and we accept it, they criticise us. It is a very desirable criticism, it is a very constructive criticism because deficit financing has its own pernicious ramifications. We cannot afford deficit financing beyond the limit to which we have already gone in the last several years. When the IMF says this, they are our enemies and they are not our friends.

Then, there is restriction on expansion of money supply. We have been criticising about it. I have been critical of the growth, of the spurt, in money supply. We do feel that unrestricted or intrammelled growth in money supply would lead to dangerous consequences including inflation. (*Time bell rings*) If we say this, it is desirable, it is patriotic, it means we are working for the good of the economy. But if the same thing is said by the IMF, it means, we are bartering away our rights, we are bartering away our sovereignty and so on. If the same thing is said by the IMF, it will mean, we have fallen into the hands of the imperialist powers. What reason, what logic is this?

Then, there is a restriction, a salutary restriction, that one has to be careful on non-development expenses. Have we not been saying that Government has been spending too much, that they should not spend too

much on non-development account? Then, there is the question of liberalisation of imports. What is it? Does Abbasaheb think that liberalisation of imports means from Scotland, we are going to import Scotch whisky and from France, we are going to import some perfumes? It is not so.

SHRI ARVIND GANESH KULKARNI: That would have been better. It would benefit elitist people.

SHRI N. K. P. SALVE: One can have one's own views on this matter. But we are not going to do that. Liberalisation of imports is only for the purpose of augmenting the indigenous capability of our industry and for ensuring more modern and sophisticated technology. Can anyone possessed of his rational faculties and knowing a minimal of macro-economics say that the liberalisation of imports for these two purposes, which I have mentioned, is not for the welfare of the people and it is not for improving and stabilising the economy? I do not understand how some people have been saying that this will slacken our efforts which we are going to make for import substitution. There is the apprehension of some people who say that this money coming into our hands would lead to some sort of complacency in this country. Undoubtedly, it is the imperative duty of every borrower to ensure that the loan is properly utilised, to work hard so that you generate adequate resources on your own and you are able to pay back the loan. A loan of this magnitude has not been given to any country so far. India has secured this loan because of its high credit worthiness. India's record of repayment of past loans, or international commitments, has been unparalleled.

SHRI ARVIND GANESH KULKARNI: Mr. Salve, how do you assess this? Does liberalisation of imports mean, when there is no edible oil, you will import edible oil when there is no sugar, you will import sugar and so on?

AN HON. MEMBER: When there is no Scotch whisky, you will import Scotch whisky.

SHRI ARVIND GANESH KULKARNI: I think, you can have a private meeting with Mr. Salve on this. Mr. Salve, what I mean is, for industry, yes. But not for multi-nationals and not for complacency in regard to production of oilseeds, pulses and so on, which we are importing indiscriminately because money is there. This is my objection.

SHRI N. K. P. SALVE: Abbasaheb if I have time, I will explain to you the rationale of importing essential commodities, restriction of which has caused tremendous inflation in the country. But today, because of shortage of time, let me confine myself to relevant matters.

SHRI ARVIND GANESH KULKARNI: There are no two opinions about the necessity for import.

SHRI N. K. P. SALVE: There are no two opinions about the necessity for import. And if the performance criteria are, as I mentioned, augmenting the indigenous capability of our industry and to have more modern and sophisticated technology, I think, Abbasaheb should have no objection. I have not taken the criticism of Abbasaheb very seriously because he is only on the periphery. He says, in regard to the conditions, we should have done better. There can be opinions and opinions on this. If the loan had been secured at 8 per cent, instead of at 10 per cent, I would have welcomed it. If the loan had been secured at 8 per cent, people would ask, why did you not get it at 6 per cent and so on.

SHRI ARVIND GANESH KULKARNI: You are putting the entire economy in the reverse gear and demolishing socialism. This is what I am saying.

SHRI N. K. P. SALVE: On the socialism aspect of the matter,—

Abbasaheb was not here—I read out something from the Plan document, and told Abbasaheb that there is no conflict.

श्री अरविन्द गणेश कुलकर्णी : अरे बो तो हमेशा लिखता है ।

श्री एन० के० पी० सल्वे : जो चीज प्लान में आई हुई है कम से कम यह आक्षेप तो न लगाइये कि हमने यह लोन ले कर हमारा जो समाजवाद का लक्ष्य है, सकासिद है उसको हमेशा के लिए तिलाजली दे दी है । यह कम से कम आप ... (उपस्थान)

श्री अरविन्द गणेश कुलकर्णी : बिडना बढ़ गये, टाट बढ़ गये क्या वह समाजवाद की नकल है ? (Interruptions)

MR. DEPUTY CHAIRMAN: Mr. Salve, please conclude.

SHRI N. K. P. SALVE: Now please allow me to be relevant. (Interruptions)

SHRI ARVIND GANESH KULKARNI: I am allowing you to be relevant, but I am requesting the hon. lady Member to give you time.

SHRI N. K. P. SALVE: Sir, I am on a vital point, I am on a very crucial question about criticism of the complacency. People who have sufficient money get complacent and mismanage their affairs. The rest is, when the time for payment comes, the borrower gets into the difficulty. Several third world countries have borrowed and have found themselves in very serious difficulties because they were unable to pay back; but do the critics seriously consider that in two or three years' time with all the points which we have, the off-shore and on-shore oil, that our oil position is not going to improve? If we manage our economy strictly—and we cannot have a Finance Minister stricter than the one that we have

today and we are conscious of his job—while I do share that complacency must not be allowed to come in, I do not share the other apprehension that we will burst up or we will become reckless in our expenditure, that we would not be able to augment or generate sufficient resources to be able to pay back the loan. So, there will be no difficulty. Coming to the debt servicing charges as a result of these loans, Mr. Morarka was saying that we are entitled to nearly Rs. 7,000 crores at 5 per cent; why have we got only Rs. 5000 millions and that too part of it has come from IMF and a part of it has come from Saudi Arabia and as a result of this the weightage deduction is 10 per cent? The crucial question is, what is the alternative? Is the alternative to go in for 18 per cent or 20 per cent? It is easy to say that the terms could be better. That is why I was saying, if we have got at 10 per cent, somebody would say that we could have got at 8 per cent. And if had got at 8 per cent, you would have said that we should have got it at 5 per cent. That is going to happen and that is a matter of details only. This is the best manner in which this has been done.

I submit in the end that this successfully negotiated loan is a tribute to the respect which the nation enjoys, it is a tribute to the respect which the strong leadership of India in the hands of our Prime Minister enjoys, it is a tribute to the wisdom and farsightedness of our Finance Minister. Sir, I will not only felicitate the Finance Minister and the able men of his Ministry who have negotiated this loan, but on behalf of the great nation I will salute them.

MR. DEPUTY CHAIRMAN: Mr. Era Sezhiyan. Your party has 15 minutes.

SHRI ERA SEZHIYAN (Tamil Nadu): I will require some more time. I will try to be relevant.

MR. DEPUTY CHAIRMAN: You are always relevant, but the time-limit is there.

SHRI ERA SEZHIYAN: Sir, at the outset, I must concede that I am not a scholar, not to speak of an erudite scholar. I am not an auditor who can post-audit and whitewash all the mishappenings or glory all that is going to happen. I am just a Member of this House and I want to express my views as a layman on this Motion. Some of the previous speakers have tried to apply a yardstick of Reaganism. Whether it is Communist Party or any other party, just if one says that this loan should not have been taken, he should not be blacklisted along with Reagan and I do not want to be accused of being unpatriotic and a Reaganite. (Interruptions). Yes, Mr. Kalpnath Rai, have you got anything to say?

SHRI KALPNATH RAI (Uttar Pradesh): I am listening to you.

SHRI ERA SEZHIYAN: I Just heard your murmuring.

We have got the policy statement, we have the conditionalities, we have the performance criteria—all that has been spelt out is just an iceberg. We do not know what is behind this thing. In the future when these things are got implemented, we will come to know the exact implications of many of these things which now, to my mind, are not very clear. I plead ignorance on many of these matters, just as other citizens of this country are saying that they are ignorant of what is going on behind this loan of Rs. 5,000 crores.

As rightly pointed out by my friend, Mr. Kulkarni, it is very easy to borrow money and gloat over the fact that you have got Rs. 5,000 crores' loan. But you are going to repay it. You have already got a foreign debt of Rs. 15,000 crores. To this add another 5000 crores and think of the service charges. Even for this

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Rs. 5000 crores, as per the calculations made in the *Economic Times*, it may come, in the end, to Rs. 8283 crores, which will, after a few years, mean a drain of over a thousand crores every year. It will be from 1987-88 onwards Rs. 1058 crores, 1225 crores and 1140 crores. So after the fourth year of starting repayment, the out-flow will be heavy. At best, it is going to be a temporary reprieve which does not offer any permanent solution of the problem.

This loan hinges on certain assumptions, certain undertakings and certain expectations. Bombay High is one such expectation. I wish Bombay High should succeed and if this country is able not to avail the future instalments, well and good. But I know the limitations of the economy of this country, the past experience about the plans, the past experience about the utilisation of created capacities. If per chance, after the third year we do not get enough oil from the Bombay High, or our demand outstrips supply from Bombay High, what is the alternative? After three or four years, if you are going to have to think of alternatives, why not think of them now and try to avoid such a massive loan from the IMF?

We have got only the blueprint before us. The instalment is yet to come; the reviews are yet to be made in the future at periods given in the policy statement. But we have before us the experience of other third world countries which have taken loan and gone through the drill and suffered the misery. At least let us draw some lesson from their experience. I may not be able to crystal-gaze into the future how India is going to fare. But our apprehensions are very sincere and honest. Our apprehensions may be wrong; but these are very sincere because of the experience of other countries which do not come under the category of 'red' countries. Often times, it has been trotted out that China has already become a member, Poland is

applying, Romania is there, Hungary is on the way. But I would like to impress upon the Minister one difference. These countries have got controlled economy. They do not have a private sector. Probably they may be able to succeed in fulfilling the targets they fix.

SHRI MAGANBHAI BAROT: Then why do they take at all?

SHRI ERA SEZHIYAN: That is correct; it is their look out. But the targets that they fix, the undertakings that they give, are capable of being achieved, they being in complete command of the economy. This is not the position in India. We do not have that complete control over the economy which China, or Hungary, or Romania or Poland can exercise. They have a completely controlled economy, dominated by the Government. The Government can give the undertaking. Here we are involving others, Export boost by the private sector, for instance. If the private sector fails, who is going to pay for it? It is the ordinary man in the street, the poor man in the country side, who is going to pay for the deficiencies of incompleteness, non-fulfilment of the targets that we honestly and sincerely put now. Who is going to pay for this? There it is the Government that takes everything; it is the Government who is going to pay for it. Here you are going to depend may be, on the private sector, on the multi-nationals also. That is why I want you to draw a lesson and I want to invite the attention of this House to the stories of others who have had some experience of the dealings with the International Monetary Fund. For example, I would quote from the Brandt report because nobody can accuse Brandt and his company of being subservient to the communist countries. The Brandt report has argued that the IMF analysis of structural problems of the poorer nations is superficial and shows little concern or even awareness of their socio-econo-

mic rigidities and the "lumpiness" of their poverty. The poverty of the poorer nations is something unique which has never been taken note of by the IMF or by the European countries. The Brandt Commission has said that.

I would like to point out the plight of some of the countries which took IMF loan. In 1977 Sri Lanka, after taking a loan from IMF, introduced many economic reforms towards liberalisation of imports, price controls; multiple exchange rates were abolished; subsidies on food and other essential commodities were also taken away; and export processing zones were established. Of course, all these things were done in "consultation" with, and on the advice of, the IMF. The success story of Sri Lanka was loudly proclaimed throughout the world by the IMF, but when they went for the instalment due in July, 1980, they were told that the performance had not come up to the expectations of IMF and it was withheld. I want to know whether there is not the danger for India going the miserable way in which Sri Lanka went. Sir, during those years when the import liberalisation was allowed, the price controls were allowed, multiple exchange rates were abolished, subsidies were taken away and the export-processing zone was put into operation in Ceylon, the prices went up by 90 per cent. Who were the sufferers? They were the poor people in Sri Lanka. The trade deficit, instead of being reduced in Sri Lanka, went up manifold. The trade deficit which was 187 million dollars in 1978, went up to 957 million dollars in 1980; it went up beyond five times. Therefore, the prices could not be controlled, the trade deficit could not be curbed. This is the situation in Sri Lanka.

The same thing can be said of Jamaica and very many Third World countries. Julius Nyerere has said at the beginning of this year:

"There was a time when a number of people were urging that all aid to the Third World countries should be channelled through international institutions. They honestly believed that such institutions would be politically and ideologically neutral. I do not know whether there are now people who honestly believe that the IMF is politically or ideologically neutral. It has an ideology of economic and social development which it is trying to impose on poor countries irrespective of their own clearly stated policies."

This was his experience.

The same kind of experience was felt by the Prime Minister of Jamaica, Michael Manley; and he says:

"IMF prescriptions are designed by and for developed capitalist economies and are inappropriate for developing economies of any kind;"

Such bad stories have been repeated in Bangladesh and other countries. But these apprehensions are not imaginary or illusory; they are the experiences of other countries. That is why I want to know what alternatives you have got. You have applied and got this loan. Suppose after three years if the economy does not improve if the exports do not rise rapidly as per your expectations, what are the alternatives you have at that time? The creditworthiness of which so much is being talked about now will not be available after three years. What are you going to do at that stage? If you have some strategy at that stage, why not do it even now?

3 P.M. The hon. Minister says that our foreign exchange reserves are coming down. Even in the report he said that the Indian economy made considerable progress during the second half of 'seventies' during the four years 1975-76 to 1978-79, and all these things. For once-

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the Janata Government has not been and could not be blamed as far as the foreign exchange reserves are concerned. In 1976-77 it stood at Rs. 2,863 crores. After two years, in March 1979 it went up to Rs. 5,219 crores. Therefore, Sir, we can discuss these things, but to denigrate the then Prime Minister is not proper. I may have differences with Mrs. Gandhi, but I do not denigrate Mrs. Gandhi. But when Mr. Salve was speaking—I did not want to interrupt him—he denigrated Mr. Morarji Desai saying that he was going on bended knees to Washington and so on.

SHRI KALPNATH RAI: It is a fact.

SHRI ERA SEZHIYAN: Another hon. Member, a General Secretary of the Congress, is doing it. I know how much bonded you are and that is why you are saying all this. But it is not in good taste. I can also fling so many other words against all those who are sitting on the other side. It was not Mr. Morarji Desai who went to the IMF for a loan. Probably when Mr. Morarji Desai went there, the world press said that for the first time an Indian Prime Minister was coming without asking for a loan. (Interruptions) Yes; it was said. He may not be aware of it. Mr. Kalpnath Rai is not aware of so many things and this is one of the things. Now, if a Communist member says anything, they say, "What is your Communist country doing?" If somebody else says something, they say Mr. Morarji Desai did it. Now, I will read from an article published in the *National Herald* founded by the great Jawaharlal Nehru and printed and published by an eminent personality of our times, Mr. Yashpal Kapur. Therefore, anything that comes there should not be unpalatable and cannot be brushed aside as irrelevant or anti-national. All these epithets can be given to me but not to the paper which has published this article, that is, the *National Herald* of the 18th

November. Its title is: "IMF: aid or appendage". In that article, it has been said:

"The crediting policy of these institutions"—that is, the IMF and others—"whose activities are geared to serve US interests, has already deprived many small nations of the power to control their economies.

"Brazil, which was once called the model of economic progress, was one of the first victims of the IMF. The same lot fell to other Latin American countries. Some of these countries have been pressured by the IMF to give up cultivation of grain crops in favour of manufacturing drugs! Quite recently the economy of Sri Lanka was put into jeopardy by the activities of the IMF. The Bangladesh press has openly accused the IMF of 'arm-twisting'. The IMF is reported to have 'advised' Bangladesh to devalue its currency, to increase taxes, raise prices of consumer items and cut down government subsidies and credits. It was also reported to have warned that if Bangladesh did not heed the 'advice' the credit of 217 million dollars which was offered would be frozen."

[The Vice-Chairman, (Shri Arvind Ganesh Kulkarni) in the Chair.]

"The IMF and IBRD are reported to have pressured Bangladesh to open up its economy to foreign private investors and to encourage the private sector, while reducing the activity of the public sector. India's experience of devaluation of the currency earlier and the recent stout denial by the government that the IMF loan did not envisage any devaluation go to show how these invisible demands are made."

Therefore, an accusation of the previous devaluation has been made by an article in the *National Herald* itself. The more crucial part is:

"These instances can be multiplied many times. What do all these show? They show that these international institutions are laying down policies for the recipient nations, depriving them of their sovereignty."

Therefore, nobody else has said this. This is an apprehension of the *National Herald* itself which is as I said earlier, a paper founded by the great Jawaharlal Nehru and ably continued by the great Yashpal Kapur. To that level our national readership has come. What is going to be your answer to this apprehension?

Sometime ago a Petroleum Conservation Committee was appointed to go into our petrol consumption and find out how best that fuel can be conserved. They have said in their report that we could save up to 33 per cent of our fuel consumption and thus Rs. 1,000 crores could be saved. I am not an expert, I am not an astute scholar. But some astute scholars were asked by the Government to go into this aspect as to how to conserve fuel. They have said that 33 per cent of our present consumption could be saved. I want to know from the Finance Minister whether any attempt has been made to conserve fuel on these lines and save Rs. 1,000 crores for the country.

Then there was the Tandon Committee report. A note has been given by two economists who were on that Committee to indicate the possibility of saving another Rs. 1,000 crores by cutting down our current maintenance, import of cement, steel and paper and by utilising our domestic capacities to the maximum.

These two Committees have suggested how Rs. 2,000 crores could be saved. I would like to know from the Finance Minister whether these things have been taken into account while deciding to approach the IMF for such a massive loan.

Two more things. One is regarding devaluation. It has been categorically stated by the Finance Minister that no devaluation is going to take place. And I would accept his statement. It may not take place openly. It can take place covertly. You are going to control the prices of the export commodities, even though their domestic prices may be going up. Export prices will be controlled and maintained. Is this not going to be an indirect devaluation? The domestic consumer is going to pay more to the same commodity

Another factor is this. Even when we were holding discussions with the IMF is it not a fact that the Government has allowed the rupee to depreciate in value by 15 per cent against dollar? Is this not a selective devaluation attempted by the Government? I would like to know from the Finance Minister whether these two do not amount to covert devaluation.

The most agonising factor is that these Rs. 5,000 crores are going to have a terrific impact on the poorer sections of the country. You are going to stop all the credit facilities of the Government. You are not going to increase the tax burden through direct taxes. You are going to resort only to indirect taxation. Even there, export will not be affected because you are going to control and maintain the export prices. The entire tax burden which could have been distributed through other channels of direct taxation is now going to be put fully on the indirect taxes which in turn will be transferred to the common people in this country. Therefore, my apprehension is that the conditionalities and performance criteria of the IMF are going to affect only the common man in this country; because 55 per cent of the indirect taxes are paid by families with less than an income of Rs. 100 per month. That means, the people belonging to the poorer strata of our society and the medium income groups are going to bear the entire burden. This loan of Rs. 5,000

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crores with debt service charges and interest will be a huge burden. In the end we also open the flood-gates to multinationals and import liberalisation. But, Sir, there is one thing which I am not able to understand and I will be happy if the honourable Minister, if he has the time, explains it. I am not able to understand what this liberalisation of imports means. If it is already there, why is it being reiterated and emphasised now? If it is already there for essential ones, then, is this liberalisation for something else? I would like to know what exactly is the nebulous and illusory purpose for which this liberalisation is sought to be emphasised now.

Therefore, Sir, my contention is—the time is short and I will conclude now—that it is only a temporary reprieve and it is not a permanent or lasting solution. No permanent or lasting solution is going to be found by this agreement. At best, the deficits might appear to have been reduced. Once a rapid momentum is given to the economy in a particular direction, you will find it difficult, after three or four years, to reverse this trend. Therefore, Sir, I would only say that the IMF loan should not end in India's Massive Failure in attending to its own economy or in the erosion of its sovereignty. Thank you, Sir.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): Mr. Vice-Chairman, Sir, I have listened very carefully to the speeches of the honourable Members, particularly of those honourable Members on the other side of the House. I think this debate is of considerable importance. This debate will reiterate the national policies, the national principles, the national programmes and the national achievements of our Government. Therefore, Sir, I listened to the Opposition with considerable attention. But, to my surprise, I found that they have not so far been so much on the defensive as they are in this debate.

Sir, the first Member to speak from that side frankly confessed, "Well, it is necessary to borrow, and there is nothing wrong if we borrow". But he says that the terms are such that they will destroy the socialist principles which the late Pandit Jawaharlal Nehru had brought to our country. Now, I must tell the honourable Member through you, Sir, that our policy is one which is at all times pledged to socialism and I am proud of this fact that it is the 42nd Amendment of the Constitution introduced much to the distress of many Members on the other side, the word "socialist" in the Preamble to our Constitution.

DR. BHAI MAHAVIR: What an achievement!

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I know what your views are. I know you were opposed to that even at that time. I also know how you are trying to put on the wolf's clothing so that you can attack the sheep. But we know you very well. You change your stances very very conveniently and you adopt Gandhism whenever it suits you. But the fact remains... (Interruptions)... that you change your stance and we know who the murderers of Gandhiji are. We know you had faith in the free enterprise theory and the Swatantra principles, but now you are professing, along with us, in socialism. Nobody is going to be misled by your pretensions and you will be exposed and you will be exposed at the appropriate time.

SHRIMATI USHA MALHOTRA: They have been exposed already.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, the other Member, for whom I have great respect, Mr. Sezhiyan, said something. Well, he was also on the defensive. Sir, we consider him to be an expert in economic affairs.

SHRI ERA SEZHIYAN: No, I am not.

SHRI MURLIDHAR CHANDRA-KANT BHANDARI: But he started saying—Mr. Sezhiy in, I am not taking you as an ordinary Member—something about the other countries. Now, what did he say? He said, “Look at the experience of the other people. Look at what happened to Jamaica; look at what happened to Sri Lanka”, and so on. I wish, Sir, he had given some illustrations which were either relevant or apt. Now, it is like saying that because some debtor has gone to bank and borrowed some money, could not repay it, as a result of which his house was sold and he was ruined, that because one debtor has failed, nobody should borrow from the bank and that the bank should be closed. Now, I have never understood the logic of it at all. Let me through this House tell the nation that you are dealing with our Government and our Government knows what to do and what not to do, and when we take it upon ourselves we are confident of discharging our functions with the discipline that is required, with the dedication that we have inherited. And I must tell you that whether you look at the Constitution, the Preamble of it, the Directive Principles of it, it is the Congress philosophy, the Resolutions which have been passed by the Indian National Congress at Lahore, at Karachi and at its several other sessions, which have filtered into the Constitution. And, therefore we know what sovereignty means. We know what equality means. We know what Socialism means. And let me assure my friends on the other side that we are not going to compromise these basic principles which are an article of faith with us. We will give up everything but we will not compromise even this bit of it for the sake of IMF loan or any other loan. And, therefore, the reference to Jamaica and Sri Lanka are totally out of place.

Then, there has been a reference to some other things, like reference to an article which has appeared in the National Herald. I wish that the Members will keep on reading the

National Herald and keep on quoting the National Herald, whether it suits them or does not suit them. But he has a viewpoint. The writer who has written has a viewpoint. I want to really bring it to the attention of the House that we are very much conscious of that viewpoint, and it is in this context that I wish to place before the House what the Prime Minister has been doing in the last three months. She went and attended a Conference in Melbourne; then she went to Mexico and attended another Conference at Cancun. And she has been waging this war against the developed, industrialised countries. In the international forum... (*Interruptions*) I shall come to you, don't worry. I will give you a very, very special treatment—to my friends from West Bengal. Let them hold themselves in peace for a while. (*Interruptions*) I am coming to your booklet.

In international forums, Sir, our Prime Minister has projected forcefully the point of view of the developing countries regarding international financial institutions like the IMF and the World Bank, and has called for their re-structuring. She has also pleaded for freeing these institutions from narrow pressures of national interests and of particular ideological stances. India has protested against the conception of conditionality that resulted in socio-economic disruption in developing countries. And this stand which she has taken is reflected in the way, in the manner in which we have conducted ourselves in the matter of this loan. I am going to come to that a little later. But I must tell you that before this loan was granted, everybody on the other side went on saying that this loan will never be granted. (*Interruptions*)

AN HON MEMBER: You were also saying, the same thing. (*Interruptions*).

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: They said that if this loan is at all to be sanctioned, it will be sanctioned only after our Government has agreed to devalua-

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tion. So much so, at the end of the last session, I remember that when I learnt that the hon. Finance Minister was going for negotiations, I went to him with a long-drawn face as if he was going to undergo a major operation, and I wished him really well. But with his usual cheer, he said that everything will go through. I said, Sir, do whatever you may, but see that there is no devaluation. And I must say that the manner in which we have conducted, the manner in which we have obtained this loan is really not what you all said at that time. And I am sorry that by our achievements, we disappointed you. I really feel pity for you. And that is why I started by saying that all this debate has started with profuse apologies, and I have never seen you so much on the defensive.

Now, I come to some important aspects of the matter. The first question is: Why did we take the loan from the IMF? Why did we become the member of the IMF? Sir, I have been listening to what has been said here now and reading what was said before I was a Member of this august House. Nobody has ever said that India should pull out of the IMF. Well, everybody is agreed that India should be a member of IMF. Everybody has agreed that India should also make its contribution or a share or a quota to the funds of the IMF. And what is that contribution? I don't have the exact figure but it exceeds Rs. 1700 crores, if I am right. And our entitlement is 450 per cent of that. Everybody says, "Well done, you are a member of the International Monetary Fund. You subscribe your quota, the capital subscription, as I may call it in a co-operative society, of Rs. 1700 crores in the hope that some day you will be entitled to recover 450 per cent". And after having done all this they say, what you should do is that you should not borrow from the IMF. Now, I have not understood the logic

of this at all. It is like saying, all right, by all means, please go, buy your land, go and build a nice building, but for God's sake, do not stay in it. Therefore, we have really not understood this objection as to why we have taken this loan from the IMF and not from anyone else. It is for the simple reason that we are the members of that body, for the simple reason that we have contributed a substantial capital of Rs. 1700 crores, for the simple reason that we are entitled to 450 per cent as a loan from that, and that is why we have done this.

Sir, at this stage, I want to invite the attention of the House to an important factor which is often missed in a debate on a loan by the IMF. The purpose of the loan is not for your developmental activities or developmental projects. The purpose of the loan is succinctly put, and if I may read from the book of Miago Hori, a very eminent Japanese writer and President of the Bank of Tokyo on the International Monetary Fund. He says, and I quote:

"The IMF is designed to assist in the adjustment of temporary disequilibrium in a member country so that it is clearly desirable that there should not be a prolonged resort to this facility. Moreover, if the IMF was set up as a joint exchange fund with the subscription of members, its resources extend only to these subscriptions which are based upon their quotas."

Sir, I emphasise the word 'quotas'. The funds in the possession of the IMF were, therefore, from the very beginning in the nature of a revolving fund unless those supplied returned to the IMF there is the danger that it might cease to function. So, it is within the framework of this, when there is a temporary disequilibrium, and it is in this connection that I want to place before the House some figures which have

been put by the hon. Finance Minister but in my own way I want to put them. I think my figures are a little more accurate because I work on the Consultative Committee of the Ministry of Petroleum and Chemicals and I want to give a very special treatment again to the question of energy which I will do a little late. In 1977-78, the total imports were of the order of Rs 1552 crores and the total exports were Rs. 5404 crores and, therefore, the percentage was 28.7 per cent to the total exports. Now I am only dealing with crude and petroleum products. I do not want to give the other figures. But in 1980-81 (*Time bell rings*) Sir, I must get more time.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): We have got five speakers from the Congress (I) and the time is allotted by the Chief Whip

SHRI MURIDHAR CHANDRAKANT BHANDARE: There are three other speakers and we have got two hours.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): May I again request you to please conclude? The Whip has given me an allotment of 20 minutes.

SHRI MURIDHAR CHANDRAKANT BHANDARE: Sir, in 1980-81, the import bill rose to Rs. 5255 crores constituting 74 per cent of the total exports. This is all due to the price hike of petroleum products by the OPEC. It is an external factors, which has intervened. Now, many things have been suggested to say that this should be reduced and I really wonder what they are saying. I must tell my friend, Mr. Sezhiyan, that our country has the best record in conservation of oil and fuel. In fact, when I was in China, they were sending a team here to find out how we conserve our fuel, so that let it not be said by anybody that we are wast-

ing fuel, and yet importing I think we are importing what is the minimum. And, I am glad because the whole of this IMF loan is based on the consideration of conservation and production of greater energy within our country and promotion of exports.

In this connection it may sound odd but when I spoke here on the Maruti Acquisition Bill, this is what I said and that is why I feel that there is no loss of self-respect, that there is no humiliating condition, but this is something for which we at all times were pledged, at all times were determined to work hard and this is what I said: "One thing more I want to say which is of great importance for this reason and that I have reason to believe and I am of the firm conviction that the next decade in this country and in the whole world will be determined by two capital Es, namely, Energy and Export. I have been a socialist and I have thought of all these things, including the cottage industry and I have echoed for some time what the Minister for Industry now says that small is beautiful. But a time has come for us if we have to survive, the time has come for us if we have to progress, the time has come for us if we have to take our legitimate place in the comity of nations in the international market, that we expand our exports and that we conserve and expand our energy and it is here that we must congratulate and compliment him." Therefore, I am glad for what I said when the loan discussion for the loan was not there, when even the idea was not there. When you read the letter of request, you will see that the whole Plan is based upon this and Rs. 27,000 crores are earmarked for energy. You forget that this is our emphasis. People have said that there can be other options. I do not want to go into the details, because, the hon. Finance Minister will have enough time to reply to this. Sir, you have been ringing the bell continuously. I do not feel like yielding the floor, be-

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cause, I feel, I must deal with one particular aspect of this matter before I sit down. I found that for about ten days, people were surreptitiously carrying some book I got a copy of it. This is a publication by the West Bengal Government. In this, I am ashamed to say that the memorandum which has been made available by the Executive Director of the Fund and which is supposed to be confidential, has been quoted. Any person who has ordinary sense would know that it would have led to much harm and it would have discredited us and the effect of it may well have been the rejection of this loan by the IMF. But anyway, let it be as it is. As I said, I pity them because they know not what they are doing. They know not, very often, what they are saying. I would urge upon the Marxist friends from West Bengal. Why don't you ask China? Why did China become a Member of the IMF? Why are they asking for a loan from the IMF?

AN. HON. MEMBER: Six billion dollars.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: If they do it, well, they will be benefited. If we do it... (Interruptions) We know your loyalties. We fully appreciate, Sir, what I say is, if they do it, it is a good thing. If we do it, it is a better thing. (Interruptions).

PROF. SOURENDRA BHATTACHARJEE (West Bengal): Sir, on a point of order He told me 'I know your loyalties' When I become a Member of this House, my position to that extent is clear. My party, namely, the Revolutionary Socialist Party, has a long tradition of participation in the national movement. When he talks of my loyalties let him first know his own loyalty, let him trace his own loyalty in the struggle for national independence. Only after that, he can talk about

my loyalties. Mere flattery does not express loyalties.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I do not think, the objection of my hon. friend would convince me.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Mr. Bhandare, how do you expect me to decide on loyalties? It is for you to decide where it lies.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, I also find in this book... (Interruptions)

PROF. SOURENDRA BHATTACHARJEE: Sir, how can anybody question the loyalty of any Member of this House? Can any Member of this House question the loyalty of any other Member? Every Member of this House is loyal to the country.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, in this book, one alternative has been suggested. I am here to condemn this, namely, change in the political system of our country. Sir, our country is a free and open society. We will not compromise on this issue. (Interruptions)

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Mr. Bhandare, you have to conclude now.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Sir, I have done. There is one thing which I would like to mention in the end I really wonder. On the one side, you have the United States, a giant nation which goes on supporting military dictatorships at the cost of largest

democracies like India and, on the other, you have our friends from West Bengal. This is really an odd combination and this is an odd couple. The reasons why they are opposing this grand performance of securing this loan, which nobody in the past had ever dreamt of, are not far to seek. With these words, I congratulate the Finance Minister for securing this loan with his usual humility and persuasion.

DR. BHAI MAHAVIR: Mr. Vice-Chairman, Sir, I have been listening to my friends from the Treasury Benches with all the attention that I was capable of, but I must say, I am rather disappointed at the arguments put forward in defence of the IMF deal. My friend, Mr. Salve, is back, I am very happy. He used all the adjectives that he could gather, from irrational to anti-national. He must have discovered a new criterion for deciding who is national and who is anti-national. Whoever supports the IMF loan is a nationalist in his view and whoever has apprehensions or any objections to it, he is straightaway either absurd, or nonsense, or irrational or anti-national. Now if that is the level of the talk of debating skill which is being fielded by the ruling party, one cannot but be disappointed.

SHRI N. K. P. SALVE: I only said that certain criticism had been very irrational, anti-national and that it was deleterious. So, it is referred to 'criticism' and not to an individual.

SHRI HAREKRUSHNA MALLICK (Orissa): Is it the attitude of the Treasury Benches? (*Interruptions*). Only yesterday they were in the opposition and tomorrow again they will be in the opposition. How can they say all these things? (*Interruptions*). You cannot stop me. The Chair is there to direct me.

DR. BHAI MAHAVIR: Sir, the two necessary elements of the speeches from that side have always to be some rebuke of the opposition and some praise for the Prime Minister. Mr. Salve has done both in a very exemplary manner I am sure he has scored some marks which will be added to his diary and he will be rewarded suitably at the appropriate time. But Sir, I could not understand when he said: He could not think of anybody selling gold unless it was dire emergency. Has he consulted the Finance Minister to find out if there is emergency or not? I am afraid the whole case that has been built up is that we are in for a very bad time on the foreign exchange front and, therefore, something very big had to be done. For that, credit is being taken or is sought to be taken that that big thing has been achieved by the hon. Finance Minister. So, please, do not say in one breath that there is no emergency, no dire emergency and in the other breath keep on arguing that the situation is so bad that if this loan had not been taken the whole economy would have collapsed, there would have been chaos. If this is not dire emergency, I do not know how he defines dire emergency. There have been no arguments put forward and it has been said that nothing derogatory to self-respect has been included in the agreement. There was no demand for devaluation. Whatever policies have been accepted, they are firstly there only for the purpose of tiding over our huge foreign exchange deficit and secondly they are the policies which we shall examine and we shall accept if they are consistent with the decisions taken or the policies adopted by the Parliament or the Government of India. If that was so, why was it necessary to give any clarification, when it was sought for, in the words that this does not exclude any policies which the IMF considers necessary for the purpose of restructuring our economy? If there was no difference between the two, they should have

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been satisfied by our first statement. Here, Sir, I have got that important statement of the Chief of the IMF, Mr. Larosiére, himself. He made this speech at Beijing on November 17. I do not wish to read the whole of it; I will read just two or three sentences which explain what is done when a country approaches for an IMF credit or extended facility. I quote:

"for this purpose, the fund arrive..."

Here we can use the term "arrived".

"at an agreement with a country which sought to make use of its resources, as to the thrust of the country's economic policy."

So economic policy's thrust has to be understood and an agreement has to be arrived at.

The second para, I shall read the whole of it:

"The essence of our approach when we go to a country that is seeking to use Fund resources to bridge part of its payment deficits, is to try to establish with the authorities how much of a current account deficit they can afford to run over the medium term. We then examine with them what are the options and what policy measures will be allowed to them..."

I emphasise—"what policy measures will be allowed to them",

"...to reduce their deficit to this sustainable position within a few years".

So they decide what policy measures can be allowed to us. This is what is being objected to—whether we shall have to take clearance from them before we take any decisions, or whether our autonomy, our independence remains totally unaffected.

Sir, the Finance Minister is a very astute man, a very fine man, but when he also starts talking of getting this loan as something which nobody's grand-father could have done, I am really amazed at the level of the argument which we are going to have to face here. The question is not whether anybody's grand-father could have brought this loan or not, or if anybody's grand-son will have to pay for this loan or not. The question is what you have got here and what the consequences of this loan will be.

Sir, it has been said that this will be a reprieve for a short time. I have the figures here from 1985-86 onwards. This arrangement is going to mean a net outflow. Under this arrangement, we are going to have to pay by way of amortisation and by way of interest for what we are taking and this amount goes up to Rs. 1058 crores in one year, Rs. 1225 crores (these are million SDR which can be taken as crores of rupees in a rough way). Rs. 1140 crores in 1979-80 and Rs. 1056 in the next year. It goes on like that for another three or four years. This is what we are going to have to pay back in addition to the deficit which we are currently running. Will we be able to make this payment conveniently? Are our projections correct? These are the basic questions which the Government has to be very much concerned with. It has been projected that the imports will grow at the rate of 12 to 15 per cent during the years 1981-82 to 1985-86. This, in my humble view, is unrealistic. Last year, the imports grew at the rate of 41.2 per cent and the experience hitherto has been that imports have, by and large, increased faster than exports.

Secondly, there has to be a consistent increase in exports projected at more than 16 per cent throughout this period upto 1985-86. This, again, is rather wishful, particularly because we cannot control the protectionist policy of the developed countries. Then the assumption is that the over-

all adverse balance from 1981-82 to 1983-84 would be of the order of 6.4 billion SDR, of which 5 billion would come from the IMF, and 1.4 billion from the commercial sector. If we are forced to exceed this, what happens? We are closing our options because of this arrangement. Sir, the private transfers do not go beyond Rs. 1500 crores. There is a greater potential in this source. Would this be tapped? If we offer better rates of interest to Indians settled abroad, we would be able to get something much larger than projected here. Then, Sir, the rate of interest that we have to pay is 6.25 per cent for the Fund resources and about 15 per cent for the borrowed resources. They are more or less equal, the second category a little more. The arrangement had been that we start with the Fund resources, and when we exhaust them we have to rely on the borrowed resources which are mainly going to come from the Saudi Arabia. Perhaps it would be a saving feature. Right from the start half is to come from the first and the other half from the other sources. This is going to mean a great burden on us.

Regarding the provision that we shall have to hold discussion with the IMF before the 25th March, is it not an understating or an admission that we shall have to get clearance from them before we present our Budget to Parliament? Is this something which is consistent with our self-respect?

SHRI R. VENKATARAMAN: The Budget is presented on the 28th of February.

DR. BHAI MAHAVIR: Well, Sir, I am sorry I mixed up the date. But still I would like to know whether the 25th of March is something that will... (Time bell rings)

What is this Sir?

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You were allowed 14 minutes.

DR. BHAI MAHAVIR: Well, I am sorry. Kindly give me 3 or 4 minutes extra if you can.

There are certain provisions like fiscal and monetary policies. There is the tight money policy which may harm our developmental effort. In 1978-79 our broad money increased by 29 per cent, the GNP by 7.2 per cent whereas the whole sale price increased by only 3.3 per cent. As against this in 1983-84 broad money expansion will be at least 14 per cent when the GDP increase will be more than 13 per cent. Are we not necessarily in for tight money? Will it not work as a constraint on the economic growth? The national output would be increasing roughly at double the rate. But the money supply will increase one-third below the rate of 1978-79. The subsidies are to go, and if the Fund insists on us that the fair-price shops should not be supplied with foodgrains, then the Government is committed to do so. Will this be something which will be consistent with our policies and in the interest of the poor people?

There are other serious matters, I do not have the time to go into them. A backdoor is being opened through all these policies. Here I have a quotation and I quote:

"Policies aimed at maximising production will include the improved access of domestic industry to imported inputs and the easing of regulatory restraints on capacity utilisation and expansion."

It only means a greater elbow-room or greater scope for large houses at the cost of the small houses.

"It is recognised that exports need to be encouraged actively, both to develop domestic industry on competitive basis and to exploit or

[Dr. Bhai Mahavir]

portunities for specialization and economies of sale."

Where would our small industries go? Where do the protected small entrepreneurs go? How do we create jobs? How do we create more employment?

"Identifiable constraints on exports will be reduced and those arising from the application of existing anti-monopoly laws eliminated."

This is most conspicuous:

"This approach aims to reverse the previous direction of economic development and policies which made the domestic market more attractive than exports. It is also recognised that policies favouring the small-scale sector e.g., regulations relating to the reservation of certain items for exclusive production by this sector, need to be implemented in a manner which pays due regard to the efficiency of resources use and production."

It means that reservations will have go to.

"Policies relating to the modernization of industry and the import of technology are expected to accelerate technical innovation. Procedures relating to foreign collaboration and royalty payments are being considerably liberalized for all industries."

And so on, it goes.

This is what we have agreed to do. One question, I will try to answer and finish with it. The question is: What else could we have done? For the first time the hon. Finance Minister has had to accept that during the Janata period also the economy was doing well. Although he never meant to pay compliments, he had to do so because he had to approach the IMF. For the first time nobody has said that this is a creation of the Janata itself.

Nobody has had the tomfoolery to talk like that. Sir, the question that is relevant is, if this entire situation has arisen, whose creation is this? You said: Where shall we go now? What shall we do now? But the dependence that you have created on foreign funds is a result of our lopsided economic policies all the time. We should have had appropriate technology, a technology which tries to use the resources of the Country—human resources—and employ more people and we should not have depended more on imports. Even this arrangement calls for a bias for importing more and more, more capital, more technology, more large enterprises and to do away with whatever little enterprise we have developed. It is very good for the Finance Minister to say that he does not want to import lipsticks or whisky. He may not import lipsticks. But when we see that for attending a marriage we spend so much money or we arrange for a special plane for attending a meeting or for going to this country or that country, are we saving money? Are we not squandering the country's precious resources? Sir, here I have got a newspaper cutting about an offer from private individuals of four billion dollars for investment in this country if the Government were to follow suitable economic policies.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Dr Mahavir, you have to conclude now.

DR. BHAI MAHAVIR: I am finishing, Sir. I wish only to refer to the *Economic Times* cutting of November 8th: Non-residents gesture: 4 billion dollar offer for investment. These things can be done if you can offer better incentives. At least we can start with eliminating unnecessary imports which are these because we are not utilising our full capacity in steel, in cement, in other things. And what have we done? We are only ready to go to the other countries with an arms race and expressing our helplessness

He was talking of somebody else having gone on bended knees. I do not want to use that phrase. But I would like only to say that the country's economy demand that we first make every effort to develop our own resources and adapt our technology according to our requirements. For that even Gandhiji would have desired that we generate new employment and give work to every individual here before we go there and ask for this loan or that loan or this technology or that technology.

I wish this House takes an independent line and not merely accept what the Government has already done. The Government has agreed to demands behind the back of parliament, which they should not have done. Even now, however, as the other countries have done, we can say, "No, thanks; we do not want this arrangement. Therefore, take it back."

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Mrs. Pratibha Singh.

SHRI N. K. P. SALVE: Sir, I should seek your permission and attend a meeting of the MPs cricket team because the Opposition's entire case, their charge and attack has turned out, I respectfully submit, to be a damp squib. (*Interruptions*)

SHRIMATI PRATIBHA SINGH (Bihar): Mr. Vice-Chairman, Sir, I hope you will not cut out this time from my time.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Now I am giving you fresh time.

SHRIMATI PRATIBHA SINGH: Thank you, Sir.

SHRI DINESH GOSWAMI (Assam): I am also walking out. I thought that liberalisation of import would mean liberalisation of import of Scotch whisky. Mr. Salve has said it is not so. So I am walking out.

SHRIMATI PRATIBHA SINGH:

Sir, I rise to support the motion of the Finance Minister about India's extended arrangement with the IMF equivalent to 5.7 billion SDRs. (*Interruptions*) I have never disturbed anybody. Therefore, I would request hon. Members to be a little kind to me.

The loan as it will be disbursed over a period of three years from November 1981 to October 1984. The rate of interest will be on the average 9 to 10 per cent; 6.25 per cent in the beginning and later on 14 per cent. But as the Finance Minister has lucidly stated, India may not need the last portion. So actually it is on a very low rate that we have got this loan.

The criticism that has been mounted on the Government is why they have taken this loan because there is humiliation, there is this and that. It is also being asked: why you did not sell the gold? As a housewife, I would like to place one simple fact before the House. Even in the household only when the situation becomes so critical that we take a loan. But we do not go and sell our ornaments in the beginning. That is done as a last resort when the position becomes so critical and when we cannot get any loan from any source and when we do not have any security to offer or anything to pledge. Then only we go and sell the gold. So, this argument is just nonsensical argument. I do not know whether this is Parliamentary or not. I may be excused for using this word...

SHRI BIPINPAL DAS (Assam):
It is parliamentary.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): I did not object to it. Why do you worry?

SHRIMATI PRATIBHA SINGH: The other argument advanced is this: Why should we not cut down our oil purchase? We cannot do it because if we cut down that, our transport which is a living force of the country will be disturbed. If transport is disturbed, the whole economy, the whole foodgrains movement and everything else will be disturbed. Besides, what will happen to the tube-wells?

Objection has also been raised because after taking the loan we will have to have consultations at intervals with this organisation. Now, Sir, I am not an economist. Anybody who gives a loan would like to have that. In this case the loan is for such a colossal amount. That does not mean that we will sell our independence. That does not mean that we will sell our policies or programmes or surrender the progress that we have made in this country. So, I very humbly disagree with all these arguments.

Then it is being argued, why we have taken this loan and why not from other countries? We have had bitter experience in the past. India had also taken a loan in 1966. That was for a smaller amount. There were some problems at that time. Then Tanzania and Jamaica had bitter experiences of IMF loans. Their Presidents have spoken bitterly against these loans. Here I would like to say that past error is no excuse for its own perpetuation. Tragedy is a tool for the living to gain wisdom, not a guide by which to live. The circumstances in 1966 and those today in India are very

different. We have grown in every sphere, whether it is in science, technology, knowhow, industry or trade and even in sophisticated marketing and planning. That is the main thing which today we have to see, if we really want that we may not have to take the third instalment of the loan. Some of the developing countries used the loans in their countries for turnkey projects which was one out of many factors for failure in the results. This turnkey project idea was the cause of failure in their case. This has happened in some of the countries. (Interruptions).

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Mr. Mallick, please do not go on commenting like a cricket commentator. The speech is going on here and you have to be a little serious.

4 P.M.

SHRIMATI PRATIBHA SINGH: Countries like Kenya took advantage of this loan and they had no problem. There were some other countries also which took advantage of this loan and they also had no problems. Sir, it is a gratifying thing that 148 member-countries sat down and decided this issue and it is a gratifying thing that they decided that India is in a position to repay the debt. Nobody would like to give such a big and colossal loan if he feels that this country is not in a position to repay the debt.

Sir, everything has two sides and everything can be used to our advantage or it can bury one under the deep sea also. Now, Sir, it is a question of how much the people are prepared to sacrifice and how much hard labour they are prepared to put in. At the moment, Sir, the Government headed by Shrimati Indira Gandhi has no reason to feel pessimistic and the people have faith in her and, therefore, I have a feeling that we would be able to repay this loan and we won't need to take the third instalment.

[Shrimati Pratibha Singh]

Now, Sir, how has the need for this loan arisen? The trade imbalance has created a situation in which we have had to take this loan. Now, there are two reasons as the honourable Finance Minister and other honourable colleagues have mentioned. One is the increase in the price of imported oil and the cost of import of fertilizers. These are the two important items besides the other items which are there like steel, coking coal, cement, etc. And the other reason is that the export earnings have gone down. So, the balance of payments position has become very disturbing. Now, Sir, the honourable Finance Minister has explained in great detail the necessity for this loan and, so, I will not go into all those details. But I will go into some of the fears which are there and I would like to make one or two suggestions based on our experience. The fears are in respect of the relaxation in our import policy. The relaxation in our import policy will push up our import bills and will harm the efforts towards import substitution which, in turn, will harm the policy of self-reliance proclaimed by the Government. Now, in order to boost production of quality goods, better technological know-how and better techniques to catch the world market of not only the developing countries, but also the developed countries, are necessary. I would like to submit to the Government for its consideration that with this relaxation in imports, a little change or, one may say, a little diversification in the import policy may be made. At the moment, we have not much of a slant towards buying goods from the trading houses though they can get things at a cheaper price. This I say on the basis of experience gained by the STC in the case of the import of bulk drugs. They were getting at higher prices from the manufacturers because they were treating it as one off transaction whereas the trader

purchased the entire amount for five years and disposed them of at a lower rate as they could spread the costs in five years (*Time bell rings*). Sir, please give me a few minutes more because this may be my last speech during this session.

एक माननीय सदस्य : श्रीमत्, ...

(व्यवधान)

श्रीमती प्रतिभा सिंह : जी हां, क्योंकि मैंने सारे अखबारों की कटिंग पढ़कर यह वाइन्ट्स निकाले हैं। इस लिये मैं जरूर उन्हें सरकार के सामने पेश करूंगी।

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You don't worry about, Go ahead, Madam.

SHRIMATI PRATIBHA SINGH: In the case of import of cement, coking coal, etc., this can be tried because they are special items. The latest trend in the world today is that unless the situation the economic situation in the developing and underdeveloped countries improves, the developed countries are going to have difficult times and this was, you see, as my colleagues have mentioned, discussed on a large scale at the Cancun meeting also. We are witnessing a new trend now. Unless the economy of the developing and underdeveloped countries is strengthened and the economies of these countries are made strong, the developed countries will have to face a lot of problems and a lot of troubles. Our Sixth Five-Year Plan shows our slant towards development and progress. The IMF has not formulated that programme. They have not taken any interest. It is our Chief Ministers, our national leaders, who have formulated these programmes. (*Time bell rings*).

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You have to conclude now.

SHRIMATI PRATIBHA SINGH: Second fear is that export promotion

[Shrimati Pratibha Singh]

will not be able to bring any really appreciable increase in export earnings because of protectionism adopted by Western countries and the inability of our monopolists as they do not try to become efficient and reduce costs and compete in the world market. Thus the balance of trade position deteriorates. The burdens of debt services mount and outflow of foreign exchange in the name of royalty, dividends, fees, etc. through a device of under-invoicing by foreign investors will go up aggravating the balance of payments problems. On this also I would like to suggest that it is time that Government also does re-thinking on the issues of trade and see what are the real bottlenecks.

Two things are operating at the moment: Market-pricing-quality, and most important, timing has become an important factor, if we want to boost the exports. For example, we were supplying coffee to different countries. Now Brazil etc. are supplying. We have to see the price and everything and we have to make certain changes in our procedures. There are a hundred items I can quote. (*Time bell rings*). Sir, just five minutes. (*Interruptions*). Our exporters have to face certain problems. It takes the files months and months to be disposed of by the bureaucrats. Decisions take months and months. The exporters run from pillar to post as the time is short. I will not go into details. But these problems have to be sorted out if the balance of payment position has to be brought up to a proper level. Even the Finance Minister feels that radical changes are needed if we have to reduce the time of severe strain on us.

This loan, which is medium-term finance, has two clear objects: (1) Manage balance of payments; and (2) no faltering in the country's development efforts.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Madam, would you mind concluding now? There is no time left now.

SHRIMATI PRATIBHA SINGH: Sir, net credit standing at Rs. 25,806 crores should not exceed Rs. 30,981 crores by March, 1981 and domestic credit of Rs. 62,126 crores should not go beyond Rs. 74,181 crores. Please (2) Borrowing from outside market should not be more than Rs. 14,000 crores one to 12 years term loan. The first condition will be met by bearer bonds sale; the second will not affect IDA loans or loans negotiated beyond 12 years. It will not affect bilateral arrangements with socialist countries as the Finance Minister said. The loan, no doubt, carries with it austerity programme to avoid more onerous requirements by the Fund. To control inflation the Government has already cut subsidies on basic goods as wheat, sugar, rice and limited the growth of money supply. It has banned strikes in essential services. (*Time bell rings*).

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Now my patience is exhausted.

SHRIMATI PRATIBHA SINGH: It is the last point.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Last sentence or last page?

SHRIMATI PRATIBHA SINGH: These are some of the basic problems. Dr. Ashok Mitra, Finance Minister of West Bengal, has brought out publications that the loan will give only respite to the Government but not solve the basic problems. According to him, the burden on the common man will increase as subsidies go and indirect taxation will increase. Mr. A. K. Bagchi and Mr. Deepak Nayyar feel that a regime of inflation and perpetual balance of payments difficulties will continue.

But, Sir, as against this, I want to say that we are prepared (1) to improve efficiency, (2) for quick disposals of files, (3) for execution of orders, and (4) for competitiveness. I am sure, Sir, that with Shrimati Indira Gandhi, as Prime Minister, and you, Sir, as the Finance Minister, we will not need to take the third instalment of the loan. This loan will not result in devaluation as the rupee is linked with basket of currencies. Its value fluctuated in relation to these currencies. The rupee has depreciated much less in relation to the dollar than the currencies of other advanced countries. The bogey of devaluation is to malign the Government.

Reduction in oil import is impossible. Transport is part of life. Tubewells are imperative for agriculture.

Sir, I will only say in the end that Indira Gandhi will not succumb to any big power. We still remember the day when the Seventh Fleet was in the Indian Ocean. If she kept up the National pride that day, she will not bow down for this pouch of money.

Thank you, Sir.

SHRI DIPENDRABHUSAN GHOSH (West Bengal): Mr. Vice-Chairman, Sir, I rise to oppose the Motion moved by the hon. Finance Minister regarding the IMF loan and to support the amendments brought by the Members of the Opposition. It is because, I think, by this the economic sovereignty of the country has been sought to be bartered away. (Interruptions) Please do not disturb me. Sir, I have listened to what Mr. Salve and Mr. Bhandare had spoken. If what Mr. Salve and Mr. Bhandare had spoken is true, it means that had our hon. Finance Minister not struck this IMF deal, the economy of our country would have collapsed. The literal meaning of what Mr. Salve and Mr. Bhandare said is this. But

Sir, what is the actual position? There is much talk about socialism by Mr. Bhandare and Mr. Salve also. The total external debt burden of our country stands at Rs. 15,000 crores. And after having such a large foreign debt burden and if we are facing this type of a crisis which our Finance Minister has stated, then I doubt whether another dose of a loan of Rs. 5,000 crores would help our country to come out of this morass. But another point, to which I object very firmly, is the way the Parliament was taken into confidence ...

AN HON. MEMBER: By passed and taken for granted.

SHRI DIPENDRABHUSAN GHOSH: ... in making this deal. I am in full agreement with you, Sir, when you spoke on this Motion that when our hon. Finance Minister in his letter of intent written that "The Government will consult the Fund on the adoption of any appropriate measure consistent with the national policies accepted by our Parliament," the IMF frowned upon this and sought a clarification. And immediately after that, a clarification was sent to the IMF through the Executive Director, representing our country stating that the phrase 'consistent with the national policies accepted by our Parliament' was not in the least "intended to exclude from the consultation process in policies which the Fund considers are and would be consistent with achieving the objectives of the programme." What does it mean? It means that to be consistent with achieving the objectives of the programme, if there is any conflict between the IMF policies and programmes and the national policies accepted by our Parliament, it will be the IMF will that shall prevail. And, the IMF is not to be denied its right to shape our economic policies, and the Parliament will be taken as a mere rubber stamp. Sir, I would be happy if the hon. Minister remains in his seat...

[Shri Dipendrabhusan Ghosh]

Sir, the other point is about the conditionality. I know that there are conditions and there must be some conditions while borrowing money from others, as our Finance Minister has stated. But what is the attitude betrayed by our Government in accepting this conditionality? It is not for the first time but for the last three years the government has been preparing the ground. Our learned Members on the other side have stated that is was in conformity with the Sixth Plan and in conformity with our economic policies. But what happened? Sir, before the finalisation of the Sixth Plan, the World Bank and the IMF teams visited our country and talked to our planners and suggested the prescriptions and accordingly the Sixth Plan was framed. For the last three years this Government has been initiating redirections and reorientations of the policies to suit the purpose of the IMF and the World Bank for drawing the loan and if you, Sir, go through, and which, I know, you have gone through, the Memorandum the statement of policies which was submitted by the Government of India along with the letter of intent, submitted by our Finance Minister, you will see that every paragraph has been concluded with what has already been done and what is going to be done. I am not taking much time but if you allow me the time then I can quote every paragraph to show that everywhere it has been stated what they have already done and what they are going to do and that is why "The Economists" of London, which is not a Marxist paper, has aptly stated ...

AN HON. MEMBER: Expose them.

SHRI DIPENDRABHUSAN GHOSH: ...in its recent issue that "some Governments are so reluctant to be portrayed as stooges that they prefer to take their own medicine, the prescription being silently applauded in the IMF itself. More recently, India also took many of the

measures it knew the Fund would require before applying for a loan thereby dampening the political impact of the IMF conditions." This is the position about the conditionality. However, these people can say that their Government ...

SHRI BIPINPAL DAS: Since when have you started relying upon the London Economist? (*Interruptions*). It is very strange to hear this argument from your side? (*Interruptions*)

SHRI R. RAMAKRISHNA (Tamil Nadu): Mr. Bipinpal Das, even the devil can quote scriptures.

SHRI G. C. BHATTACHARYA: Why is it pinching you? (*Interruptions*).

श्री लाडली मोहन निगम : जो वित्त
मंत्री की भाषा बन चुकी है, आपकी जो
भाषा बन चुकी है, उसमें कह रहे हैं
.... (व्यवधान)

SHRI DISPENDRABHUSAN GHOSH: My basic question is, was this loan necessary at all? The hon. Finance Minister has said that it was necessary to tide over the balance of payments crisis and that this balance of payments situation has aggravated because of the price hike of oil but Mr. Bhandare has talked about conservation of energy and particularly fuel. I am quoting not from a Marxist organisation, towards which they have their aversion. The Petroleum Conservation Action Group has estimated the scope for industrial fuel savings up to 33 per cent and smaller savings possible down the line in a variety of application. The Group estimates that as much as one-fifth of the oil imports can be filled by proper substitution of petroleum by alternative sources of energy, such as coal and by reducing consumption elsewhere so that the country could save on foreign exchange spending by

something like Rs. 1,000 crores or more per year. And, you know, Sir, what Mr. Amit Bhaduri and Mr D. K. Rangnekar had said in their note of dissent to the Pandon Committee proceedings. These two Economists have told the Government of India in January 1981, that there is a possibility of saving another Rs. 1,000 crores of foreign exchange by cutting down current maintenance imports like steel, cement, paper and many other items, if the utilisation of the domestic capacities in these industries could be stepped up. Now, Sir, there are two types of imports. One is the regular imports and the other is the contingent imports. What is the position in regard to contingent imports? This year, in spite of the claim made by the Government that last year, we had a record production of 133 million tonnes of foodgrains, we imported 1.2 million tonnes of foodgrains from the U.S.A., the landed cost of which was Rs. 190 per quintal. How is it that when the country had a record harvest of 133 million tonnes, she imported 1.52 million tonnes? Could it not have been stopped? But no attempt was made to stop it. You also imported edible oils. You also imported sugar, which could conveniently have been avoided.

SHRI HAREKRUSHNA MALLICK:
This was for rats.

SHRI DIPENDRABHUSAN GHOSH: What I say is that, the import bill could be reduced.

Another point is, if you go through the import statistics for the year 1978-79 and 1979-80, you will find that the overall import bill in 1979-80 was more due to the increase in the import bill on account of fertilisers, chemicals and metals, than due directly to the increase in the import bill on account of oil. These materials, these commodities, were being imported for whose advantage? For the

multi-nationals, for the big capitalists and for the big farmers. Was there no alternative?

AN HON. MEMBER: What about the kick-back money?

SHRI DIPENDRABHUSAN GHOSH: Was there no alternative? Was there no alternative in the technological choice? Could we not depend upon import substitution? Could we not go in for mobilising local resources? What about our programme of self-reliance? These commodities like fertilisers, chemicals and metals are being imported only to help the multi-nationals, the big capitalists and the big farmers.

SHRI HAREKRUSHNA MALLICK:
This is a sell-out to the multi-nationals.

SHRI DIPENDRABHUSAN GHOSH: There were and there are ways and means by which we can overcome the present impasse without going in for any loan with such conditions. That is why, I oppose this because as we see from the memorandum itself, the measures which have already been taken and which they propose to take, would inevitably lead to imposition of more burdens on the common people. Naturally, we cannot accept such a situation which would bring about more burdens on the common people in the shape of high prices, high indirect taxes, cut in the wages of the workers, cut in their dearness allowance and so on. That is why, I oppose this and I hope, the Government would consider the points made by hon. Members.

In the end, I would say, there are economists in our country, economists like Dr. Bhabotosh Dutta, who is not in the Marxist Party. On the contrary, he was the Head of the South East Asia Division in the IMF itself and Dr. Dutta has himself suggested alternatives in a paper like

[Shri Dipendrabhusan Ghosh]

'Statesman'. Hence, I would appeal to the Government of India to convene a conference of the Economists, to take the Economists into confidence, to take the Opposition parties into confidence and to consider the suggestions made by them, so that we can over-come this impasse.

Thank you, Sir.

श्री नरसिंह नारायण पाण्डेय (उत्तर प्रदेश) : उपसभाध्यक्ष जी, जो प्रस्ताव माननीय वित्त मंत्री जी ने रखा है, उसका पूर्ण समर्थन करता हूं, श्रीमन् मैं ऐसा मानता हूं कि जो हमारी आर्थिक परिस्थिति है, उस आर्थिक परिस्थिति में यदि हमने आई० एम० एफ० से लोन लेने के लिए दरखास्त दी और मेमोरेण्डम आफ एसोसिएशन में जो सिस्स्य फाईव इयर प्लान के आब्जेक्टिव थे उनको अगर हमने शामिल कर दिया और जिसके बेसिस पर आई० एम० एफ० के एक्जीक्यूटिव डाइरेक्टर्स ने, स्टाफ ने जांच करने के बाद लोन को स्वीकृत किया और जब कि एक बड़ा राष्ट्र जिसका एक बड़ा हिस्सा है, उसने इसका विरोध किया और वे वाक आऊट कर गये। इस परिस्थिति को समझने के बाद श्रीमन्, मेरे दिमाग में यह आता है कि हमारे विरोधी पार्टी के लोग और उनके नेता जो बोल रहे हैं वह अनावश्यक रूप से एक ऐसी परिस्थिति देश के अन्दर पैदा करना चाहते हैं जैसे मालूम होता है कि सरकार ने देश की सार्वभौम सत्ता, देश की अखण्डता, देश की आर्थिक स्वतंत्रता आदि को मारटो गेज कर दिया हो। मैं ऐसा मानता हूं, श्रीमन् कि ये कुछ सरफिर लोग जो कि सही तरीके से देश की आर्थिक व्यवस्था के अन्दर मौलिक परिवर्तन नहीं देखना चाहते, जो सिस्स्य फाईव इयर प्लान के आब्जेक्टिव को, गरीबों के घर और झोंपड़े तक नहीं पहुंचने देना चाहते, जो हम हाथ को काम

और हर खेत को पानी नहीं देना चाहते वे आज इस तरह की बातें कर करके हमारे श्रोत को, हमारे प्रोडक्शन को, हमारी नीतियों को, हमारी जो आर्थिक नीतियां हैं जिनका संकल्प हमने पूरा करने हेतु लिया है, उसको अनदेखा करना चाहते हैं।

श्रीमन्, कहां पर आज हमने राष्ट्र की आर्थिक स्वतंत्रता को गिन्गी रखा है? आई० एम० एफ० एक आर्गनाइजेशन है, संगठन है करीब 145-146 राष्ट्र जो भी उसके मेम्बर हैं वे बैठते हैं और उनका एक अपना हिस्सा है और उस हिस्से में यदि वे लोन के लिए अप्लाई करते हैं और लोन लेते हैं अपनी आवश्यकताओं को देखते हुए। और श्रीमन्, यदि आई० एम० एफ० के कन्डीशन को, कन्डीशनलिटी को जिसकी चर्चा की गयी है उसका विरोध करते हुए अपने प्रोग्राम के तहत में यदि आई० एम० एफ० के लोन को पाते हैं, उसकी स्वीकृति होती है बावजूद एक बड़े राष्ट्र के विरोध के तो श्रीमन् इसमें कहां पर राष्ट्र की नीतियों को सरकार ने गिन्गी रख दिया है? श्रीमन् मैं साफ तौर से कहना चाहता हूं कि आज राजनीतिक तौर पर यदि इसकी विवेचना करेंगे तो देश के अर्थ शास्त्र को जानने वाले लोग भी आपको आपकी इस नीति को और आपकी पार्टी को जो देश के अन्दर कंस्ट्रक्टिव सुझाव चाहिए आर्थिक विपन्नता से देश को दूर करने के लिए, उस पर आज आपको माफ नहीं करेंगे। मैं आपसे कहना चाहता हूं कि एक अजीब तरीके से एक भावना पैदा की जा रही है, देश में। श्रीमन्, मैं नहीं जानता आखिर वह कौन सी कन्डीशनलिटी है जिस कन्डीशनलिटी को विरोधी पार्टी अभी तक इस सदन और देश के सामने रखकर कहती है कि भारत ने या भारत

के वित्त मंत्री ने या भारत के एक्जीक्यूटिव डाइरेक्टर ने जो आई० एम० एफ० के मेम्बर हैं, उनको गिरवी रखा। कोई ऐसी बात सामने नहीं आई है और श्रीमन् मेरा आपसे निवेदन है कि आज इसको अगर राजनीतिक पहलू से देखा जायेगा तो आज इसका राजनीतिक पहलू हमारे देश को आत्मनिर्भरता की तरफ नहीं ले जा सकता। 17 सौ करोड़ का आयल विल 5000 करोड़ पर चला जाय और हमारे आर्थिक ढाँचे पर बोझ पड़े और सिक्स्थ फाईव इयर प्लान के फारमूलेशन को हम पूरा नहीं कर पायें और यदि हम किसी अंतर्राष्ट्रीय संगठन से जिसके हम मेम्बर हैं और जिसमें हमारा हिस्सा है और उनमें ... उस हिस्से के मुनाबिक भी आज हम कर्ज नहीं ले रहे हैं, वह भी मामूली शर्तों पर कर्ज ले रहे हैं। तो एक माहौल बनाने की कोशिश की जाए कि अगर यूरोप के तमाम डालर के देशों में और बैंकों से पैसा लिया जाता तो ज्यादा अच्छा था, आज अगर हमारे साधनों को खर्च बढ़ाया जाता तो अच्छा था। श्रीमन्, जहां तक हो सका है हमारी नीति है कि हम देश के अन्दर ऐसी व्यवस्था पैदा करना चाहते हैं, ऐसा कल्प लिए हुए हैं कि हमको इम्पोर्ट पर जरूरत से ज्यादा निर्भर न रहना पड़े और इसीलिए जो इम्पोर्ट करने का सामान आवश्यक है हम उसको आज प्राथमिकता देते हैं जिसको कि हम प्रोडक्टिव चैनल्स में लगा सकते हैं और आज हम वैसे ही विदेशी किसी भी पूंजी को अपने देश में इसलिए आने देते हैं जिससे कि हम अपनी प्रोडक्शन को बढ़ा सकें, लोगों को रोजगार दे सकें, और लोगों की आवश्यकताओं को पूरा कर सकें और अपने देश की मान-मर्यादा के अनुसार काम करते हैं।

लेकिन यहां पर देश के अन्दर ऐसा लगता है कि विरोधी पार्टी के पास कोई हथकंडा नहीं रह गया है मिथाए इसको कहने के कि हमने आई० एम० एफ० से ऐसी शर्त पर लोन लिया है कि हमने दुनिया के सामने अपने को गिरवी रख दिया है।

मैं आपसे पुनः निवेदन करना चाहता हूं कि आज अगर आप इसका राजनैतिक लाभ लेना चाहते हैं, तो यह देश और इस देश की महान जनता जब तक कि इस देश की प्रधान मंत्री श्रीमती इन्दिरा गांधी हैं, जो कि अपने देश के हितों के ऊपर किसी भी बुनियाद व किसी भी राष्ट्रनायक से ज्यादा आज देशभक्त हैं और उन्होंने साफ तरीके से लोगों से कहा, जिस पर हमें विश्वास करना चाहिए कि आज हम किसी भी तरीके से, किसी भी इन्टरनेशनल संस्था से हम लोन नहीं लेंगे जो हमारी इज्जत की कास्ट पर होगा, किसी कंडिशन के आधार पर होगा। श्रीमन्, वर्ल्ड बैंक के फोरम में भी, चाहे वह आई० एम० एफ० हो, चाहे वर्ल्ड बैंक हो, उसके ऊपर भी उन्होंने कहा कि इसकी "री-स्ट्रक्चरिंग" ऐसी होनी चाहिए कि कोई भी कण्ट्री इसका पोलिटिकल एडवांटेज न उठा सके। क्या यह ऐसी बात नहीं है जो हमारे लिए गौरव की बात है और आज आप यह महसूस कर सकते हैं कि विरोधी पार्टी का कोई नेता, मैं कहता हूं, कि क्या इस बात को स्वीकार करेगा कि देश की प्रधान मंत्री जब तक इन्दिरा गांधी बैठी है, इस देश को मार्टगेज कर सकती है? न तो नेहरू ने मार्टगेज किया, न इन्दिरा गांधी करेगी, या नेहरू परिवार का कभी कोई बच्चा भी रहेगा, तो वह मार्टगेज नहीं कर सकता? क्योंकि वह आज इस देश की आर्थिक लड़ाई में, स्वतंत्रता की लड़ाई में उसने हिस्सा लिया है और यहां के बैठने वाले लोग,

[श्री नरसिंह नारायण पाण्डेय]

इन्होंने कुर्बानी की है और उन कुर्बानियों के आधार पर यह देश बना है। आज कुछ लोगों के कहने पर, कुछ "वैस्टेड इंट्रेस्ट्स" के कहने पर इस देश की सार्वभौम सत्ता को, आर्थिक सत्ता को, कोई आंच नहीं लगा सकता।

इसलिए मैं कहना चाहता हूँ, मन्थवर, कि इसको ऐसा प्रश्न न बनाया जाए। मुझे तो आज घोष साहब का भाषण सुनने के बाद बहुत हैरत हुई जिनका कि खुद एक मुल्क है, जिस मुल्क से वह इन्स्पिरेशन लेते हैं, जिनकी एडवाइसेज पर वे चलते हैं, आज वह मुल्क स्वयं आई० एम० एफ० के सामने मेम्बर होना चाहता है, इस बात को भूल जाते हैं कि आज बहुत से समाजवादी कण्ट्री उसका मेम्बर होना चाहते हैं जिससे उनको अर्थ प्राप्त हो सके और अपने विकास के कार्यों में इसको इस्तेमाल कर सकें।

श्रीमन्, इन शब्दों के साथ मैं इस प्रस्ताव का जोरदार समर्थन करते हुए विरोधी दल के माननीय नेताओं से अपील करना चाहता हूँ और बतलाना चाहता हूँ कि इस देश के अन्दर ऐसी स्थिति मत पैदा करें कि जिसका राजनैतिक लाभ उठाया जाए। देशवासी आपकी इस बात से यह समझेंगे कि आपके पास कोई प्रोग्राम कोई दूसरा काम नहीं रह गया है सिवाए देश को कमजोर करने के।

SHRI G. C. BHATTACHARYA: Mr. Vice-Chairman, Sir, the Prime Minister, Mrs. Gandhi and the Finance Minister, Mr. Venkataraman, defended the IMF loan yesterday in the Lok Sabha, and Mr. Venkataraman today in this House by denying that the loan did not amount to surrender of economic independence and change in the accepted policies. But these brave words cannot stand a moment's scrutiny.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Mr. Bhattacharya, you have got seven minutes.

SHRI G. C. BHATTACHARYA: Mr. Goswami has given his time to me, Sir.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Seven minutes only.

SHRI G. C. BHATTACHARYA: I am at your disposal entirely.

THE VICE-CHAIRMAN: (SHRI ARVIND GANESH KULKARNI): You are reading. That is why I brought it to your notice.

SHRI G. C. BHATTACHARYA: The Finance Minister in his letter dated 28-9-1981 addressed to the Managing Director of the IMF requesting for the loan said: "The Government will consult with the Fund on the adoption of any appropriate measures, consistent with the national policies accepted by our Parliament..." But in subsequent explanation, the Government of India said that the statement "are meant to refer to actual adoption of measures and is not intended to exclude from the consultation provided for in that paragraph any policies that the Fund considers are and would be consistent with achieving the objective of the programme."

Sir, Mr. Venkataraman tried to clarify in this House that only those which would be acceptable by Parliament would be adopted, but that consultation on all the points would be there. If this is the meaning, then that meaning was clear from his letter dated 28-9-1981. What was the necessity of giving this explanation? This explanation was not needed to reassure your *bona fides*. You have given the explanation because you have succumbed to the pressure. The pressure is this. Firstly, Sir, except for the industrial policy, Parliament is needed to be taken into confidence in

[Shri G. C. Bhattacharya]

respect of economic policy. Therefore, whom are you hoodwinking? Therefore, the explanation you have given is not consistent with your previous statement in your own letter.

Sir, this is nothing but surrender of both political and economic sovereignty of India. The reasons given for exclusion of Parliamentary debate before loan was contracted are not at all convincing. What are the reasons? They were saying that Italy and Britain debated this resolution in their own Parliaments, there was no opposition, and therefore Parliament should be ignored or side-racked because there is some opposition by some forces to the loan. After all, you do not have the monopoly of patriotism; the opposition is equally entitled to patriotism. On the question of opposition, some of our friends like Mr. Salve, have castigated, "McCarthy was coming in this country, in this House," are doing virulent anti-communist propaganda, attacking virulently the Communists. They are saying that Reagan has also opposed and that others are also opposing it. My learned friend should know that Mr. Reagan did not oppose it. Mr. Reagan has the power. America is the only good country in the IMF, and no other. If Mr. Reagan had opposed, he would have vetoed it. You are showing wonderful ignorance. In your speeches you are doing nothing but exaggeration and giving no facts. Mr. Venkataraman has also attacked him on that account. Therefore, what Mr. Venkataraman is saying, that they were isolated, is wrong. Why were they isolated when they had the veto power? I want to know. They could have vetoed it if they did not approve of it. Therefore, this is the propaganda technique of a Fascist rule—go on talking false things, again and again repeating it so that sometime or somewhere it will stick. That is the technique now adopted by this Government, which is going to be authoritarian.

So far as the changes in accepted economic policies are concerned, it may be stated that the policies of commanding height of the public sector, which includes restraining of private capital, both indigenous and foreign, self-reliance and gradual elimination of concentration of economic power both in industry and agriculture, have been given up.

The IMF and World Bank which were created to preserve the international capitalist system, act as agents of American and Western imperialism and play the role of destabilising progressive governments in the third world. You know what happened to Allende. Mrs. Gandhi will never go because of the opposition from the people. She will go because of her policies, the policies pursued by her. She went because of her family planning policy. Now she will go because of the IMF loan.

Sir, the policy of commanding height of the public sector has been reversed when the Finance Minister in his statement of economic policies attached to his aforesaid letter said that "about 40 per cent of private sector investment is expected to be in the industrial sector, compared with about one-third in the past." What is it, Mr. Venkataraman, if it is not absolutely policy change? On the one hand, you have accepted the policy of commanding height of the public sector. On the other, you are saying that 40 per cent of private sector investment is expected to be made compared to one-third in the past. You had no mandate for this. You could not give this boost to the private sector. You never went to the people on this question whether you would give up the policy of commanding height of the public sector. And still you say you have done nothing.

The concentration of economic power both in industry and agriculture will increase due to the following assurance given by Mr. Venkataraman in his aforesaid statement:

[Shri G. C. Bhattacharya]

"Reduction of subsidies, even though this might entail price adjustment for important commodities." This in the case of fertilizers and irrigation will help big landlords; in the case of foodgrains, both landlords and traders; and in the case of other commodities, the capitalists, particularly monopolists and multinationals. He further said that "the revenue loss from taxes will be more than compensated for by an increase in indirect taxes." The resultant price rise will make the poor poorer.

The policies relating to the private sector industry, both indigenous and foreign, will lead to further growth of monopolies and multinationals. Mr. Venkataraman says in the aforesaid statement that "the Government's Industrial Policy statement of July 1980 reflects a pragmatic policy approach. The new industrial policies are being implemented through a flexible administration of existing regulations. Further adaptation of policies to achieve the objectives stated earlier will Under the said Industrial Policy

Under the said Industrial Policy Statement, additional capacities created since 1975 are being regularised; automatic expansion of capacity has been extended to 19 additional industries; export capacity has been exempted from anti-monopoly regulations and domestic licensing provisions...

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Please conclude

SHRI G. C. BHATTACHARYA: Policies favouring small-scale industries are being implemented in a way which places a much increased emphasis on economic efficiency. This is what they are doing for small-scale industries: policies favouring small-scale industries are being implemented in a way which places a much increased emphasis on economic efficiency. And import of foreign technology is being permitted liberally.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Please conclude.

SHRI G. C. BHATTACHARYA: I will finish—only two paragraphs.

The policy of self-reliance will be seriously affected by the open-door policy towards multinationals, which the Finance Minister proudly describes as more purchase from Western countries than Communist countries. He has said that the criticism is motivated because the Communists fear that we will not purchase more from the Socialist countries than from Western countries. Then it will be favouring whom? The multinationals. Then the Finance Minister has said in his statement: "It is our intention that the import policies for 1982-83 and 1983-84 will contain significant steps aimed at liberalising imports. Specific measures contemplated include increasing...

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): I am now calling the next speaker.

SHRI G. C. BHATTACHARYA: Give me one minute. "Specific measures contemplated include increasing the access to imports of restricted and banned items..." See they are going to import restricted and banned items permitted under automatic import licences as well as changes in the classification of items under the restricted, banned and open lists...

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Thank you very much.

SHRI G. C. BHATTACHARYA: I am finishing. Although we have indigenous capacities to manufacture steel plants and energy industries, yet the Government...

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You have to conclude now. I am calling the next speaker.

SHRI G. C. BHATTACHARYA:
Only two sentences more.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI):
Only two sentences? After that you should conclude.

SHRI G. C. BHATTACHARYA:
Still, the Government are opting for Devy Mackee Group, a UK/US combination for construction of three million tonne steel plant at Paradip and importing heavy shovels for coal mines from a US company. The agreement with Siemens for power industry equipments and to import other such equipment are also result of this policy...

THE VICE CHAIRMAN (SHRI ARVIND GANESH KULKARNI):
Mr Ladli Mohan Nigam.

SHRI G. C. BHATTACHARYA:
All that I heard in the morning from the Finance Minister is rhetoric. There was nothing to touch upon the problem which has arisen out of this agreement which, I say, is a sell-out. Let him resign. He is selling this country and he will be judged by posterity. People will not forgive him. He should resign and go.

श्री लाडली मोहन निगम : उपसभाध्यक्ष महोदय, मुझे ऐसा लग रहा है कि हिन्दुस्तान में इतिहास की एक पुनरावृत्ति हो रही है। मैं बहुत दुखी मन से आज यह निवेदन करने खड़ा हुआ हूँ। इस मुल्क में इतिहास के पन्ने गवाह हैं कि जो दलील सत्ता पक्ष के खजाना मंत्री ने दी है वह सब अगर मैं कबूल न भी कर लू तो देश को बेहतर और खुशनुमा बनाने का जो उनका सपना है उसके तहत जो उन्होंने कहा है उसके बाद मैं बहुत अदब से वित्त मंत्री जी को कहना चाहूंगा कि 1917 के भी उस जमाने के दिल्ली के एक बादशाह (शाह आलम) ने इस मुल्क में बाहर से कुछ अच्छी चीजें आ जाय

इस ब्याज को सामने रख कर विदेश के व्यापारियों को और फिरंगी विदेशी सेठों को हिन्दुस्तान में व्यापार करने की सुविधा दी थी। आज मुझे लग रहा है कि 1981 में हिन्दुस्तान के नये शाह आलम अब विदेशों आर्थिक साम्राज्य को फिर से वापस इस देश में लाना चाहते हैं।

1917 की एक भूल, एक बादशाह की भूल ने इस मुल्क को सदियों तक गुलाम बनाये रखा और आज फिर नये शाह आलम की यह आर्थिक भूल हिन्दुस्तान को गुलामी का दरवाजा फिर खोल दे रही है। यह भी मुझे मालूम है कि 1945 में दुनिया के धनता मेटों ने जब कि तीसरी दुनिया आजाद होने की तरफ चल रही थी तब एक फैसला किया था। उन को पता था कि उनकी तादाद सीमित है और उनका पैसा विभिन्न जगहों पर लगा हुआ है। उसकी हिफाजत कैसे हो। विभिन्न देशों की जनता के आंतरिक दबाव का, उनकी राजनीतिक आजादी की इच्छा का वह दमन नहीं कर पाये। उनके सामने एक प्रश्न पैदा हुआ कि अपने आर्थिक स्वार्थों की वे किस प्रकार से रक्षा करें। तब 1945 में पहली मर्तबा अंतर राष्ट्रीय मुद्राकोष की स्थापना हुई जिस का एक ही मकसद था और वह मकसद यह था कि जिन राष्ट्रों के ऊपर उनकी लेनदारियां हैं, उन की वह लेनदारियां न टूटने पाये इसलिये उनके बीच में व्यापार संतुलन के नाम पर और अतिरिक्त पैसा दिया जाय। यह तीसरी दुनिया के साथ हो रहा है। महोदय, एक कर्जदार जब कर्ज में गले गले डूब जाता है तो कर्ज देने वाला यह सोच कर कि हमारा कर्जा न डूब जाये उसको और कर्ज देता है।

श्री कल्पनाथ राय : क्या यह देश का कर्जा है ?

श्री लाडली मोहन निगम : हां, देश का कर्जा तो है ही तो मैं आप से कहना चाहता हूं कि इस बात को बच्चों की सी बात बना कर मन पड़ाइये। मैं यह भी जानता हूं कि यह किस के लिये बना था। मैं भी जानता हूं कि किस लिए बनाया था। उसके जाल में हमको फंसाना है कि नहीं, यह एक सवाल है। इससे तीन दरवाजे खुल जाते हैं। एक दरवाजा खुलता है बहु-राष्ट्रीय निगमों का हिन्दुस्तान में पदार्पण खुले आम होना। दूसरा दरवाजा है व्यक्तिगत उद्योग और उसके साथ जुड़े हुए बहुत से पैसे वाले घरानों को मनमानी करने की छूट। अभी तक जो उनके ऊपर बंदिशें थीं, वह भी उठने वाली हैं। मैं विस्तार में इसके अन्दर नहीं जाता और समझाते वे अन्तर्गत जो निहित बातें हैं उनकी चर्चा नहीं करता क्योंकि उसमें बहुत समय लगेगा और आप भी बंटी बजा देंगे। मैं तो इतना ही कहना चाहता हूं कि आज जो आपका कर लादने का और टैक्स लगाने का तरीका है कब तक वह ऐसे ही चलता रहेगा। क्या उन्होंने आपसे यह नहीं कहा है कि आप सीधे करों में छूट दें ताकि नये लोग आकर्षित हो सकें अपना पैसा लगाने के लिए? यही कर और लगाने की सुविधा 1717 में थी। क्या आप शाह आलम की तरह कर्ज की सुविधा देने जा रहे हैं? क्या हिन्दुस्तान के आयात और निर्यात व्यापार में जो बहुत बड़ा असंतुलन बन गया है उसको किसी प्रकार संतुलित करने की व्यवस्था करेंगे। आज 13 परसेंट आपका निर्यात है और 30 परसेंट आयात है। इसमें कैसे संतुलन लायेंगे, यह प्रश्न है। मुझे ऐसा लगता है कि इस कर्ज के फलस्वरूप भटने की जगह और दूरी बढ़ेगी। मैं मिसाल देना चाहता हूं। हम अभी निर्यात कर सकते हैं जब उस चीज के उत्पादन में देश आत्म-निर्भर हो। कौन सी ऐसी चीजें हैं जो विदेशी हमसे

लेगा, जो हम निर्यात करने वाले हैं। फैशन, विलासिता का सामान आप बनायेंगे तो ले सकते हैं, लेकिन उनकी दृष्टि हमारी तरफ है क्योंकि जितने भी ऐसे मुल्क हैं जो आज तथा कथित विकसित बन चुके हैं, उन्होंने अपनी अंदरूनी अर्थ व्यवस्था का निजाम इस तरह से बदल लिया है कि वह उपभोक्ताओं की चीजें नहीं बनाते हैं बल्कि उनका सारा निग्राम सामान के जंगी मनसूबे के साथ बना हुआ है। अमेरिका क्यों जूते बनायेगा? वह तो बम बनायेगा जिसे मैं मनमाने दाम मिल सकें। हम जूते, चप्पल नहीं बनाते हैं, उसे गांव का मोची बनाता है। दुनिया के बाजार की आकांक्षा के लिए उपभोक्ता की रोजमर्रा की चीज नहीं पैदा करें तो देश की भूखा रखना होगा। अगर वह पैदा करें तो इस व्यवस्था से भुगतान का संतुलन जो हमको करना है वह संतुलन हम पैदा नहीं कर सकेंगे। आधुनिक खपत की तरफ बढ़ते हुए उन चीजों को हम निर्यात करते चले जायेंगे। एक क्षण के लिए मैं मान लेता हूं कि आपका मसूबा ठीक है, लेकिन यह भी याद रखें मंत्री खजाना कि आज जिस चीज को विकसित देश तीन मिनट में बनाता है, वहीं दूसरा विकसित देश छः मिनट में बनाता है, चीन उसको—जिसकी आपने चर्चा की थी कि वह भी कर्जा लेने गया वह—उसको 40 मिनट में बनाता है। आप उसको 60 मिनट में बनाते हो। यह जो पैदावार का असमान अनुपात है, उसके साथ जुड़ी हुई जो विकसित टेक्नालाजी है या तकनीकी ज्ञान है और उसके साथ परिष्कृत सामान जो प्रयोग होता है। वह आप कैसे पूरा करोगे। आप श्रम बाहुन्य तरीके से करोगे और वह मशीन से करेंगे तो मुकाबला नहीं हो सकता। आप मशीन से चलोगे तो पता नहीं इस देश में कितने असंख्य बेरोजगार बढ़ा दोगे। हो सकता है तात्कालिक स्वार्थ के लिए आप इसको

कर रहे हो, लेकिन मुझे एक खतरा है कि जब तक आप कर्ज की दूसरी किस्त लोगे जब तक चार वर्ष पूरे करोगे तब तक शायद छठी योजना के संसूचे पूरे होंगे, तब तक हिन्दुस्तान में जितनी कंगाली आज है, उससे दूनी पड़व जायेगी। मैं भविष्यवक्ता नहीं हूँ लेकिन इतना कहे देता हूँ कि यह मत भूलिये कि सन् 1966 में पहली मर्तबा मुद्राकोष से आप लोगों को 38 करोड़ 60 लाख डालर उधार लेना पड़ा था। उस वक्त रुपये की क्या कीमत थी? जब आपने कर्ज लिया तो यह नहीं कहा था कि हम रुपये का अवमूल्यन करने जा रहे हैं लेकिन उस वक्त भी आपने 37 परसेंट गिरा दिया। (समय की घंटी) कितने मिनट आपने दिये हैं?

उपसभाध्यक्ष (श्री अरविन्द गणेश कुलकर्णी): बोलिये।

श्री लाडली मोहन निगम : 37 परसेंट आपने गिरा दिया। यह बात मत भूलिये कि जब मुल्क आजाद हुआ था तब रुपया और डालर का रिश्ता करीब 5 रुपये का था और आज 9 रुपये 36 पैसे पर टिक गया है। आप क्या घोषणा करने की स्थिति में हैं कि इस कर्ज के बाद आपके डालर और रुपये के बीच का अनुपात नहीं बढ़ेगा। मैं इतना जरूर कहना चाहता हूँ कि शायद यह साल खत्म होने तक 12 रुपये का डालर हो जाएगा।

एक माननीय सदस्य : 14 रुपये का हो जाएगा।

श्री लाडली मोहन निगम : ज्यादा हो सकता है मैं तो अब कर कह रहा हूँ। दो-तीन और चीज कहना चाहता हूँ।

देश में उत्पादन के लिये आप बाहर से माँगेंगे उनके कारखाने। उनमें क्या चीजें बनायेंगे यह भी ध्यान देने की बात है। क्या आपका उस पर नियंत्रण होगा? जिस उद्योग में पूंजी लगेगी उस पर आपका कोई नियंत्रण होगा? आज देश में जितनी बहुराष्ट्रीय कम्पनियां काम कर रही हैं उनके इक्विटी शेयर पर अभी तक आपका कोई कब्जा नहीं हुआ। सवाल यह है कि खुले बाजार में आर्थिक बरबादी के लिये आप तैयारी कर रहे हैं। बड़ी दलील दी गई है बच्चों की सी। आपका वजीरे खजाना, वित्त मंत्री जी की तरफ से जितनी दलीलें आईं उनसे मुझे लगा, सोने पर जब चर्चा हुई, मैं भी जानता हूँ सोना एक सरकार ने बेचा ...

श्री कल्पनाथ राय : जनता सरकार ने बेचा।

श्री लाडली मोहन निगम : मैं यही कह रहा हूँ कि तभी तो वह 85 से 72 गिरा। आज भी जो सोना रिजर्व बैंक के पास रखा है अगर उसका मूल्य आका जाए, अगर मैं गलत कहूँ तो मुझे समझाया जाए, 85 रुपये 10 ग्राम के हैं। लेकिन अगर दुनिया के बाजार से भाव लगाया जाए तो आप करीब-करीब हजार करोड़ रुपये के मालिक हैं। उस पर कोई साख है आपकी? उस साख पर आपको पैसा मिल सकता है?

श्री मनगभाई बरोट : मिल रहा है।

श्री लाडली मोहन निगम : नहीं मिलेगा। आपने कोशिश की है, देश में काला पैसा काला धन, अनैतिक मूल्य की नैतिक मूल्य में बदलने के लिये कानूनी शक्ल दी है और जो पैसा उससे आया वह आपकी जेब में जायेगा। अगर आप घोषणा कर दें कि देश में जितना काला पैसा

[श्री लाडली मोहन निगम]

है उस पर कोई टैक्स नहीं लगेगा तो अब आप सरकारी खजाने में कर्ज से 54 अरब रुपये की उम्मीद कर रहे हैं लेकिन बेरा अन्दाजा है उससे आपको कम से कम 60 अरब रुपये मिल सकेंगे।

मैं एक ही बात और कह रहा हूँ। मुझे एक ही खतरा लग रहा है कि हिन्दुस्तान जैसा देश कोशिश कर रहा है स्वावलम्बी बनने की उसकी नीति दुनिया के बाजार में खड़ा कर रहे हो मंदी व सस्ते में। हम उनको अपना कच्चा माल सस्ते में बेचें और वे तैयार माल भी सस्ते में खरीदेंगे। मैं उदाहरण के लिये आपको बताऊँ कि एक एच० एम० टी० की घड़ी जो यहां बनती है जिसकी कम से कम कीमत 280 या 284 रुपये है वह विदेशी बाजार में 100 रुपये में बेची जाती है। जो उत्पादन आप करते हैं उनको निर्धारित दामों पर आपको बेचना चाहिये। आप सस्ती चीजें बेच कर अपनी अन्दर की अर्थ-व्यवस्था को लड़खड़ा रहे हैं और वे कोशिश कर रहे हैं जंगी सामान पर अपना खर्च करें और उपभोक्ताओं की चीजें पिछड़े मुल्कों से बनवायें। मैं एक और बात कहना चाहता हूँ कि आपकी सारी दलील उस औरत की तरह है जो अपना जिस्म बेचना चाहती है जेवर नहीं। अगर जेवर से जिस्म आपको ज्यादा पसंद है तो मैं यह सकता हूँ कि आपको हक है आप अपना जिस्म बेचें लेकिन मुल्क का जिस्म नहीं। एक बात मैं बिल्कुल साफ कर देना चाहता हूँ कि आप और आपकी मौजूदा सरकार सदा के लिये नहीं रहने वाली है। आने वाली पीढ़ी को अगर आप गिरवी रखने जा रहे हैं तो जरूरत थी कि आप इस सदन में पहले अपनी बातों को रखते उनसे पास करवाते ताकि देश आपके साथ खड़ा होता लेकिन मैं यह कहना चाहता हूँ कि आपके द्वारा किये गये यह कदम आने वाली कौम और

आने वाली पीढ़ी पर बंधनकारक 5 P.M. नहीं होंगी चाहे कुछ भी हो जाए।

अगर आप चाहते हैं कि लोगों की भावनाओं का खयाल किया जाये, उनका आदर किया जाये तो आपको जनता के मंसूबों का खयाल रखते हुए आगे बढ़ना होगा। जहां तक मुझे पता चला है, आपके केबिना में भी इस बात पर मतभेद है। मैं नहीं जानता कि यह कहां तक सही है, लेकिन यहां तक कहा जाता है कि वित्त मंत्रालय के अधिकारियों में भी इस मामले पर फूट है। कुछ लोगों पर यह आरोप लगाया जा रहा है कि उन्होंने देश को बेचा है और प्रधान मंत्री जो को गलत राय दी है। इस वक्त मैं काले बोण्डों के मामले में नहीं जाना चाहता हूँ, लेकिन उनके संबंध में यह कहा जा रहा है कि हम लोगों को ठग गया है। इस वास्ते मैं यह कहना चाहूंगा कि हमारे देश में बहुत पैसा है। आप दूसरे तरकों से उस पैसे को ले सकते हैं। लेकिन अगर आप इस प्रकार से देश की अर्थ-व्यवस्था और सार्वभौमिकता को गिरवी रख कर आगे बढ़ाना चाहते हैं तो इस देश की जनता इसको कभी बर्दाश्त नहीं करेगी इसलिए मैं आप से करबद्ध यह प्रार्थना करना चाहता हूँ कि अभी भी ज्यादा समय नहीं गुजरा है, आप मुल्क के जिस्म को मत बेचिये, देश को आर्थिक और साम्राज्यवादी ताकतों के हाथ में मत गिरवी कीजिये और हिन्दुस्तान को दुबारा उपनिवेशवादी शक्तियों के चंगुल में मत जाने दीजिये। यहां बेरा आपसे निवेदन है।

SHRI R. RAMAKRISHNAN: Mr. Vice-Chairman, Sir, I have great pride and pleasure both personally and on behalf of my Party, the All India Anna D.M.K., in congratulating the Government for getting the largest loan ever in the international financial history. This loan of 5.6 billion dollars or that about is no small thing. It is not a small joke, and if the congratulations are due, it is in

great measure due to the Government led by Mrs. Indira Gandhi, and more particularly, we are very happy to say our man, Mr. R. Venkataraman—I say our man because he belongs to the South; he belongs to Madras and I am a voter in his constituency—So we have great pleasure in congratulating him for bringing of this financial coup. In fact, I don't think ever in the annals of the international financial history such a loan has been negotiated in such a smooth and efficient manner. And really this gives us a shot in the arm that India, which many people consider all along just to be a nation which can be taken for granted, cannot be taken for granted on the international financial scene. Sir, do you really think that if the United States of America had wanted to scuttle the loan it could not have done so? I am sure it could have with all the power at its command and with all the tricks in the hats of the CIA. But the very fact that it did not choose to do so but it nearly abstained from the voting shows that it reckoned India as a force, not merely as a force in the developing nations of the world but also as a fast-becoming great world power to reckon with. Sir, at the same time, we have to salute national newspapers like the 'Hindu' and also the 'Indian Express' which on many occasions bring to limelight many national and international issues. On this particular matter I think the Parliament and the entire Indian people owe a debt of gratitude to Mr. Ram, Washington Correspondent of the 'Hindu'—he is the son of my esteemed friend, the late Mr. G. Narasimham, the Managing Editor—for his exposure in bringing out the complete memorandum of letters which Mr Venkataraman could not place in the House because it was a private document; he has his own reasons for it. But these have helped the Indian people to critically evaluate the loan and other so-called conditionalities, etc.

Sir, according to the financial circles all over the world the IMF conditionalities which have now come to light have shown that the IMF has

taken rather a soft approach towards India. That itself shows that our negotiators like Mr. Narasimham and others have done a good job to tell the exact position to the International Monetary Fund. Not only that, Sir. Recently, the IMF sources said that this conditionality is not final and that it is also flexible. That means, depending upon the situation, depending upon the circumstances and after a continual appraisal of the policies of the Government and the country, the IMF also may not exactly go by the rigid stands that it has taken in the original conditionality. Sir, the conditionality itself, if we can summarise, can be called the 12-point programme of the IMF. We are used to the 20-point programme and the 5-point programme. Now we have this 12-point programme. Just now I need not repeat the whole of it. (*Time bell rings*) Briefly speaking, one is the import policy, the second is the export policy, the third is the exchange rate policy, the fourth is the monetary policy, etc. etc. I have no time to enumerate them. But, Sir, I will deal with only some of the important aspects of this conditionality. One is about the import liberalisation, which has come in for a lot of criticism. I am sure the hon. Mr. Venkataraman has got the wisdom to know that certain indiscriminate imports have been taking place in the recent past, which even though the Government may justify, is not a harbinger of good news for the country. Sir, if there is no proper monitoring of this import liberalisation it will spell chaos. Recently a report has come to light that our great Mr. Stephen's department—these telephones which do not work—wants to import telephone instruments into India. Sir, the IMF makes very good instruments. What is wrong is with the engineering and the managing of the communications department. I am sure, leaving aside personalities, that Mr. Venkataraman will not allow the import of such indiscriminate items like telephone instruments in the country.

[Shri R. Ramakrishnan]

The other point, Sir, is about devaluation. Sir, the Finance Minister has assured us that there is nothing to worry about devaluation and that the Government, at the same time, will not do anything derogatory to the self-respect of this nation. But, unfortunately, Sir, one trend has to be noticed. Ever since January, 1981 the rupee has been fast depreciating against other currencies, particularly against dollar. *(Time bell rings)* *(Interruptions)*. Sir, I have cancelled my flight to Madras because I wanted to speak on this matter and you are ringing the bell. You have been liberal to other Members and I am requesting you to extend the same facility to me.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): You have already taken eight minutes and I am giving you ten minutes, not nine.

SHRI R. RAMAKRISHNAN: The trend of thought goes away.

THE VICE-CHAIRMAN (SHRI ARVIND GANESH KULKARNI): Watch this clock provided in the Chamber.

SHRI R. RAMAKRISHNAN: Now, about the debt for future generations. One thing about the interest aspect of this loan. Only a certain portion of the loan will be available at 6.25 per cent and the other will be available at 10 or 11 per cent. So, there is definitely a cause for concern about what will be the debt-servicing, the debt for posterity and future generations. Therefore, it is imperative that in the next two or three years the development programmes and particularly the performance of the public sector has to be toned up and I hope the Government and Mr. Venkataraman are quite seized of this problem.

Similarly, they have expressed hopes about Bombay High and other things and that they need not take even the second or the third instalments of the loan. Since the time is short, I will just skip many points.

I will only say one thing about the 23 wise men of Calcutta. What advice they offered to Mr. Venkataraman, I do not know. But definitely on this occasion I would like to earnestly place before him a demand, a request, for setting up of a national economic council which will consist of 15 or 16 expert economists who can critically evaluate both in advance as well as later about these things, independent of political considerations. These can be academic bigwigs and others also men drawn from the highest walks of public life so that this body can advise the Government on certain matters.

One more thing is about the bearer bonds and the buoyancy of revenue about which the hon. Minister has spoken. I only hope that today's newspaper reports about the sale of bearer bonds, that the sale is dull, may not be true. There is still some more time to go and I hope these bearer bonds will give them the desired results.

Before sitting down I congratulate them once again for this bold decision and I extend to him my good wishes for all the best for future. Thank you.

SHRI V. B. RAJU (Andhra Pradesh): Mr. Vice-Chairman, Sir, I would not like to repeat what has already been said. Now, the controversy that has arisen about borrowing from outside i.e. from the IMF is because of the suspicion that is being entertained in the country that there is something secret about it, something deep about it which is not desirable. In fact, borrowing is not a new practice. I think, the foreign debt outstandings are of the order of Rs. 15,000 crores or so. Nobody had raised his little finger when all this amount was being borrowed. We have borrowed much more than this and we have made repayments. Now, as I said, the total outstandings are of the order of Rs. 15,000 crores. But a borrowing of the present size, at a stretch, without preparing the country's mind, has

given scope for this controversy, as I find it.

Secondly, Parliament was not taken into confidence before finalising this loan. It is not only that one should be honest, but one should seem to be honest. This is more important. The latter part is more important. I think, the Finance Minister lacks the art of public relations. This is what I find. So much heat has been generated today because of some misunderstanding, as I understand it. The fact of the matter is, a facility has been secured. Not that we are borrowing all this amount of Rs. 5,000 crores tomorrow. A facility, a limit for borrowing has been agreed upon. They take it as a concession to us. But we find it as a burden to us. There is a gap in the wavelength. Both are not on the same wavelength. This needs a very cool debate, not on party lines, as we see it. Most of the speeches have been made on party lines, in terms of the opposition and the ruling party. Not in an objective way, from the point of view of economics as such. There should be more economic content rather than political overtones. We can score a point. It is all right. It is for a day. This is not a party matter. This is not even the Government's matter, I would put it. The suspicion is, whether there is going to be a structural change in the economic activity in the country, whether we are shifting or sliding back to a more capitalist-oriented economy, from the present mixed economy which slightly leans in favour of a socialist economy. This fear has got to be removed in the sense this suspicion has to be dispelled.

I think, the Finance Minister,—not only in his reply to the debate, but during discussion with the Members of Parliament in the Consultative Committee and outside as well,—will impress his point and satisfy everybody that what the Government is intending is not what is being suspected. The burden of removing the suspicion is on the shoulders of the Government. What is being done is to get

some assistance to meet the existing payments, balance of payments, crisis because of the hike in the price of crude oil and also because of certain essential imports which we are having through a liberalised import policy. Because of this, this situation has arisen. The Finance Minister has made an assessment that by about 1983-84 or so, we would be needing about, there will be a gap of about, 6.4 billion SDRs. This is the estimate. To this extent, we have secured this loan of five billion SDRs or whatever it is; partly to meet it, to meet this gap.

[MR. DEPUTY CHAIRMAN in the Chair]

It is all right. You meet a temporary emergency situation. After this, what is going to happen? I would put a straight question to the hon. Finance Minister. Now the Government has already liberalised imports. In fact, when this Government or this Party took office in 1980, it complained that the Janata Government and the succeeding Lok Dal Party had mismanaged the economy and that this Government would improve upon it. This should reflect in certain things. While claiming that there has been increase in food production by about 21 million tonnes or 24 million tonnes, at the same time when there was scarce foreign exchange, it imported food. And there is no slackening in the import of edible oils. Forget crude oil, we are importing agricultural products. Even edible oil worth Rs. 800 crores or Rs. 900 crores was imported. We are importing cement, we are importing sugar.

SHRI KALPNATH RAI: That is only because of you.

SHRI V. B. RAJU: That is all right, you may find reasons. Every Government has a reason. The Janata Government had also a reason. But the question is, where is the foreign exchange? When there is slackening

[Shri V. B. Raju]

of exports, you allow all types of imports and create such a situation. Shri Kalpnath Rai creates a situation and says that this is the way to meet the situation.

Secondly, Sir, at such a situation when the depletion is there to the foreign exchange resources, to meet actually the balance of payment by bigger borrowing and agreeing to further import liberalisation I am unable to understand the logic. Who is to ensure us that these heavy imports will help meet the gap of exports? Secondly, in the long run should our economy be domestic market-based economy or export-oriented economy? I, for one feel, when there are hungry millions, when nearly half the population is below the poverty line...

SHRI KALPNATH RAI: No.

SHRI V. B. RAJU: Why no? I think everyone is not as fat as you are.

SHRI KALPNATH RAI: No, it is 30 per cent only.

SHRI V. B. RAJU: No, no, we have governmental figures. It is 51 per cent in the rural areas. (*Interruptions*). Now the export-oriented economy means that we have to produce things which are world market requirements, not the domestic market requirements, and we must depress the export prices. We have to export at lower prices to compete. Now what will happen to the domestic market? I think more miserable times we have to face. This is not a blessing to us. Therefore, these things have to be examined. Borrowing is not bad. If anybody says that borrowing is bad, I think he is not doing justice. Every country has to borrow and much more we have to borrow because we do not have enough domestic resources. That is required for growth.

SHRI KALPNATH RAI: That is very good.

SHRI V. B. RAJU: But that is not the point here. Again nobody has suggested that the Finance Minister should go into the commercial market for borrowing at 18 per cent or 20 per cent. I do not know who has said that. Anyway, we are opposed to borrowing from the commercial market at high rate of interest. I would appeal to the Finance Minister to consider one suggestion. We have got the right to borrow from the IMF 450 times of our quota or whatever it is. We have that right. I think the present borrowing is at the level of 291 per cent or so. 48 per cent is from ordinary sources of the IMF and 52 per cent is borrowed money. 48 per cent is at the rate of 6 1/4 per cent interest and the remaining 52 per cent is at about 14 and odd per cent interest. Can we not be satisfied with this 48 per cent, namely 2400 crores at 6 1/4 per cent interest and see later on what is required by us? Why should we go in for borrowed funds of 52 per cent at the rate of interest of 14 per cent? Why should we go in for that? Because one estimate is, according to this scheme of things, ultimately when we repay, it will be somewhere near Rs. 9000 crores. This Rs. 5000 crores will become Rs. 9000 crores by the time we repay. Therefore, why should we take that money? Why should we go in for Rs. 2600 crores at 14 per cent? Is it necessary? Can't we confine ourselves and limit ourselves? Will IMF agree to that?

I do not want to take much time. Much has already been said. I would only say that the Finance Minister should be careful when there is an impression that he is making a deviation from the established pattern of economic development in this country. He should remove this misunderstanding, if it is a misunderstanding, according to him, and assure Parliament that this is meant for growth.

There are three problems for our country: price inflation, slow rate of economic growth and the balance of

payment difficulty. This might temporarily meet the balance of payment difficulty. But for this, we should not land ourselves into a bigger trouble later on. The other motives that are attributed are irrelevant, as though somebody has come under somebody's influence. Let us not make political projections here. Let us discuss it actually on an economic plane.

So let the Finance Minister assure us whether so much of borrowing is necessary. He has already said in his introductory speech about the valuation of gold. If the gold that we possess is valued according to the market rate and the reserves which we have got of Rs. 3500 crores—both will make it Rs. 7000 crores. So we have a cushion of Rs. 7000 crores. Now what the Finance Minister is worried about is that some greater difficulty will arise at a later date—after two years. Now actually this is not taking care of that greater difficulty. Taking care of that greater difficulty is to reduce imports. For whom all this imports is being made? To whose benefit these imports are going? And you complain about the crude oil position! I have not seen any signs of austerity in this country. We talk about high prices of fuel. But the number of private cars on the road has not come down. We are actually burning away this fuel as though we are, like any Gulf country, taking it out from below the ground. There is no sign of austerity.

Secondly, what about the machinery imported and the utilisation of capacity? Everywhere there is the complaint that the capacity utilisation is so low, in some cases even 40 per cent, or 45 per cent. So much machinery has already been imported and the utilisation is so low. And what about fertiliser production? When we go into these matters and discuss about the activities of the public sector—we are prepared to quote facts and figures here—we find that there is so much of wastage. Without taking steps in this direction, without taking measures in this direction,

import liberalisation is not the right thing. We must resist particularly this import liberalisation.

Lastly, I would put it, the orientation that is sought to be put, that a favourable climate has to be created for the growth of the private enterprise, what does it mean? Leave for awhile the invitation to multi-nationals and others. Our image is going to be distorted. Has the Finance Minister taken care that our image is more important? We the political elements are temporary tenants here. We may be here today; we may not be there tomorrow. But the image of the country that we have built over the last three decades is that this country is left-oriented, because more than half of its population is poor. Pandit Jawaharlal Nehru used to say: "Our party may be a middle-of-the-road party, but we have to lean a few degrees to the left because the country's situation is such that without an injection of leftism, this country's poverty cannot be directly tackled."

Thank you very much, Sir.

THE PRIME MINISTER (SHRI-MATI INDIRA GANDHI): Sir, I have not come here to discuss the economics of the loan, which my colleague the Finance Minister, has explained previously, and will, no doubt, do so most ably at the end of the debate. But some questions have arisen on the political aspect. I intervened for about a minute in the other House and I thought I would enlarge upon my remarks if I may, in this House and I take a couple of minutes.

What has been alleged or insinuated is that by taking this loan we have deviated or are intending to deviate from our declared policy. That why I have come here to strongly refute this allegation. In the other House, I said and I should like to repeat, that it is inconceivable that we would accept assistance from an external agency on terms which a

[Shrimati Indira Gandhi]

not in conformity with our declared national policy.

Just a glance at our policies: Basically we aim at self-reliance, and I think that wherever I have been recently—I have travelled a great deal—this was acknowledged by economists as well as others that we had made a tremendous effort and gained, not complete success, but certainly partial success in this direction.

[We stand for self-reliance. We are committed to the uplift of the weaker sections, and we have, as the hon. Members know, a mixed economy, in which the public sector will hold the commanding heights, but the private sector also has a legitimate and active role. This policy was decided upon right at the beginning by our leaders, not as a whim, but after deep thought given to the special conditions existing in India and also the vast size of our problem.

Also, as we in our independent struggle, had, mobilised all sections of the people, the rich, the middle class and the poor, the highly sophisticated, the partly educated and the illiterate, so, in the development effort also no section must be left out. We must mobilise this entire force in one direction, to make this country strong and self-reliant.)

We are also committed to build up indigenous capacity in production and to progress towards self-reliance. We are doing everything possible to build up our own strength. But we found that we needed to import in order to increase efficiency in production, to achieve more rapid growth in investment and to provide essential commodities which were not available at all. This is the import policy which we are maintaining at this moment. We have liberalised procedure because they were cumbersome and they added to our problems, not just problems of those who wanted to sell to us or to invest here, but even our own. But I should like to assure the House that there is not going to be

no reversal of our policy of using this to develop our indigenous capacity and our self-reliance.

We have provided and we shall continue to provide, special assistance to the poorer sections, particularly of the backward regions, economically backward regions and classes whether they live in rural or in urban areas. We shall continue to support programmes to meet their essential needs and for their economic development and advancement.

Since ours is a mixed economy, we shall also continue to encourage the private sector; it should impinge on any of the areas reserved for the State sector, but worse in those areas which are kept aside for the private sector. In that area, it should grow and play a much fuller part than it is doing today in the development of the country's economy. The public sector will maintain the commanding heights of our economy, and I am sure that it will continue to expand. We should redouble our efforts, to make it more efficient, to produce higher returns and to serve our social purpose. These in a nut-shell are the basic elements of our economic policy and we are not going to compromise on them. There is no question of our being dictated to from any quarter. Anybody who has been abroad or who has been with me when I have talked with leaders there or exchanged correspondence with them will see that we have been very firm on all those points. This is all I wanted to say.

MR. DEPUTY CHAIRMAN: Mr. Indradeep Sinha.

SHRI HAREKRUSHNA MALLICK: I have a small submission...

MR. DEPUTY CHAIRMAN: No submissions.

SHRI HAREKRUSHNA MALLICK: I thank the hon. Prime Minister for this, but one thing I want...

MR. DEPUTY CHAIRMAN: No, no, the Minister will reply at the end. (Interruptions)

SHRI HAREKRUSHNA MALLICK: It means you do not allow me even to thank the Prime Minister. (Interruptions)

MR. DEPUTY CHAIRMAN: When your turn comes, you can say it. (Interruptions) No, I do not allow you. Mr. Indradeep Sinha. (Interruptions) Dr. Mallick, just hear me. Please take your seat first. When your turn comes, you can mention your points and the Finance Minister will reply to your points. There is no hurry. I have got so many names. Now, Mr. Sinha.

SHRI HAREKRUSHNA MALLICK: I have only a submission...

MR. DEPUTY CHAIRMAN: Don't record him.

SHRI HAREKRUSHNA MALLICK: *

SHRI INDRADEEP SINHA (Bihar): Mr. Deputy Chairman, Sir, I am happy that the Prime Minister has intervened in the debate at this moment, more so, because she has sought to clarify the policies and economic objectives that are being pursued by her Government. I am not one of those who think that this Government is selling the country to foreigners. We do not indulge in such talk. But it is not a question of intentions. It is a question of objective realities and the logic of facts. It is possible. It is true that neither the Prime Minister nor the Finance Minister nor this Government as a whole want to mortgage our country's future to the IMF or to other imperialist powers. But the question is whether the type of loan that our country is going to accept and the conditionalities that are attached to

it whether they restrict or do not restrict our freedom of action in vital spheres, some of which have been named by no less a person than Mr. T. N. Kaul, a former Secretary of the External Affairs Ministry. I do not want to go into details. But an objective analysis of the conditions attached to the loan would induce any impartial observer to come to the conclusion that, in some way or the other, the freedom of action of our Government is going to be restricted because of this IMF loan.

SHRI SHRIKANT VERMA (Madhya Pradesh): Now China is also demanding loan.

SHRI INDRADEEP SINHA: I am not answering for China. You can ask your Government about China.

MR. DEPUTY CHAIRMAN: The Minister will reply to it.

SHRI M. KALYANASUNDARAM: China is no model for us.

SHRI INDRADEEP SINHA: Now, Sir, I want to raise only one point. We are taking a big loan of about Rs. 5,000 crores. The repayment liability of this loan, after repayment begins, principal plus interest—I am taking the average of the interest rate—would be about Rs. 1,000 crores per year, Rs. 500 crores of the principal and Rs. 500 crores of the interest. Already our repayment liability on the existing foreign loans is about Rs. 900 crores per year. That means that when the repayment begins, we will have to find foreign exchange of about Rs. 2,000 crores for meeting annually our foreign debt liabilities, principal as well as interest, provided further loans are not contracted.

AN HON. MEMBER: You are weak in mathematics.

SHRI INDRADEEP SINHA: Sorry. I have to work with my own mathematics, not with borrowed mathematics.

So, how shall we be able to meet this liability? One of the conditions is that our Government cannot restrict imports in order to improve its balance of payment position. If the deficit grows and if the balance of payment account worsens, we are not free to cut down certain imports. We cannot do that according to the terms laid down by the IMF. Then how are we going to meet this liability? By increasing exports? We are asked to increase our exports. But the imperialist countries themselves are erecting barrier after barrier against import from our country. So we can increase exports only by subsidising exports to a large extent. That subsidy will have to come from the meagre earnings of our common people and even then it will not be possible for us to earn enough foreign exchange to meet this entire foreign exchange liability on account of debt repayments. So, my apprehension is that this IMF loan is going to place our country in what is called a "debt trap". We are putting our neck in a trap out of which it will be very difficult for us to extricate.

I do not accuse the Finance Minister that he is doing it deliberately. But the question is not of his desire. The question is not of his intentions. The question is one of objective facts and the facts are like this. Whatever the intentions of the Government may be, our country will be in a debt trap and we shall never be able to come out of this trap. We have to contract one loan after another. We have to contract one loan in order to repay the previous loan and in this way our country will go on repaying debts. The consequences of this loan and its conditionalities will be quite serious for our country.

I may remind the Finance Minister that in 1966, when our rupee was devalued, it was at that time too a question of foreign loans. According to

Dr. Gyan Chand, Mr. T. T. Krishnamachari is reported to have stated on July 8 (1966) that devaluation had been before the Government since 1964 and that he had himself been under pressure from American interests for two years when he was the Finance Minister.

The other point which has been admitted in an official document is that "the action to devalue the rupee would not be postponed as all further aid negotiations depend on it". **THE MENACE OF INFLATION** Page 162. This was in 1966. In 1974, our Government went in for a stand-by arrangement with IMF. On May 1, 1974 the IMF issued a press release which said *inter alia*: "The Fund had agreed to the purchase by the Government of India of the equivalent of SDR 235 millions. The purchase is in support of the Government's programme to reduce the rate of inflation, adjust the balance of payment and its economy as a whole to the recent increases in the import prices and achieve satisfactory rate of economic growth". **Times of India 1—July, 1977.** Here again in 1974 the condition laid down was that Indian economy as a whole had to be adjusted to the economic situation which had been created by the increase in prices of petroleum products. And, Sir, what did that adjustment mean. That adjustment meant wage freeze for workers, abrogation of civil liberties and declaration of emergency. The whole country knows what the consequences were of the second loan from the IMF. So, now, Sir, this is the third time that the Government is going in for such a loan. In 1966, we took the loan which led to the devaluation of the rupee and the disastrous consequences which dislocated the entire process of planning for a number of years. The second time that we went in for the IMF loan was in 1974 which brought about the emergency, abrogation of civil rights and attack on the working people. And now, Sir, this is the third time that we are going in for a big IMF loan for bigger loan and with conditions which are far more

stiff. So, I would only say that we expect the Finance Minister to tell us today in this House, that after the first instalment, India will not draw another instalment of this loan. That loan is not necessary and alternative sources can be found. If the honourable Finance Minister wants, we can have a discussion on that subject and if the Finance Minister considers it necessary, he can appoint a smaller group and we can discuss this subject and alternative sources can be found. Our situation is really not as bad as it is painted to be and this loan is not necessary. But if this loan is insisted upon and if the Government goes on blindly, then, Sir, with your permission, I would like to warn the Government that the consequences will be as serious for the Government as they were in 1967 and 1977.

SHRI SANKAR PRASAD MITRA (West Bengal): Sir, numerous points have already been raised by the previous speakers. What is happening in this House today is a post-mortem examination of a deal, which has already been entered into by the Government of India.

Sir, particularly after the Prime Minister's intervention in this debate, it appears that, the principal point to be considered is whether it is feasible to avoid these borrowings as much as possible, keeping in view our ideal of a self-reliant economy. The Finance Minister has advanced his arguments for the necessity of this loan and the circumstances which compelled him to go in for this loan. If we are heading or intending to be heading for a self-reliant economy, there should be a rethinking on, and a review of our economic policies. I agree, Sir, that for improving our productive structure and making it more competitive, updated technology, especially for expanding exports, is necessary. Anyone who has visited the India International Trade Fair, must have realised that, in this sphere of updated technology, India has made tremendous progress. But we must clearly bear in mind the distinction between updated technology

and indiscriminate use of technology, particularly of imported technology, for agriculture and industry. Where local resources are available, technology based on imports has to be eschewed. I was glad to hear the other day, Sir, in this House from one of the hon. Ministers of the ruling party that the party was committed to Gandhian philosophy.

Sir, Gandhi, in "Young India" on the 13th November, 1924, said—I quote:

"What I object to is the craze for machinery, not machinery as such. The craze is for what they call labour-saving machines. Men go on saving labour till thousands are without work and thrown on the open streets to die of starvation. I want to save time and labour, not for a fraction of mankind but for all. I want concentration of wealth, not in the hands of a few but in the hands of all. Today, machinery only helps a few to ride on the back of millions. The impetus behind it all is not philanthropic to save labour, but greed. It is this constitution of things that I am fighting with all my might."

Unfortunately, the philosophy of Gandhi was not always considered to be relevant or appropriate in the past. India in my view, needs introduction of this philosophy at the present time, subject to modifications in changed circumstances, to reduce dependence on imports and to make full use of local resources and manpower for increasing production, and hence exports, in agriculture, for instance, as far as possible, we have to replace the use of chemical fertilizers by local resource-based bio-fertilisers.

China has been attacked over and over again in this House today. But Mao Tse-tung adopted this policy with remarkable success, in China when he was at the peak of his power without perhaps knowing anything about Gandhian ideas. In 1954, I have seen in China that his slogan of "Total Mobilisation of Total Man-

[Shri Shankar Prasad Mitra.]

power' was in fact working miracles. We have to think in terms of more reliance on small irrigation projects, using local resources and labour. We have to think in terms of decentralised growth of small industries with local resources, coupled with needed inputs and implements for agriculture. We must ensure a balance between growth in agriculture and growth in industry. Let us concentrate, Sir, on small and marginal peasants, and small producers in industry, who consist of nearly 90 per cent of our households. Let us concentrate on a socially-controlled marketing system and a planned system of distribution.

Sir, the Finance Minister has said and we all know that there is a hike in oil prices and this hike in oil prices compels us to go to the International Monetary Fund. But, as far as I know, we have not yet thought of restraining our use of petroleum products through rationing and controlled distribution. We have not thought of curtailing money supply and Government's non-developmental expenditure. The Preamble to our Constitution proclaims that we are to have a sovereign, socialist, secular, democratic Republic. The Finance Minister has behind him the mandate of this Parliament and he says that he is a democrat. He says, and I agree, that cent per cent consensus in a democracy is not possible. But as a most ordinary citizen of India, it is my appeal to him to see that the IMF loan does not lead as astray from the ideals which this Parliament has unequivocally declared and create a heaven for monopolists and multi-nationals, for a few of the richest families in our country, and of the privileged few. I do hope that Finance Minister and his colleagues would take necessary precautions in this behalf before going in for this type of adventure.

SHRI V. GOPALSAMY (Tamil Nadu): Mr. Deputy Chairman, Sir, as far as our policy is concerned, I am not opposed to borrowing from foreign

countries. But there have been some severest criticisms which have been made by eminent economists. Some of the criticisms seem to be genuine. And I would like to get enlightened by the hon. Finance Minister as far as these criticisms are concerned.

Sir, there are certain conditions which have been imposed. As far as the first condition is concerned, it is that inflation should be curtailed. There cannot be a second opinion about it. Even if we are not able to curtail inflation because it is a global phenomenon, we are at it, we are trying to curtail inflation. Regarding credit expansion curbs, even the academicians do admit that there should be credit expansion curbs. As far as export promotion is concerned, this conditionality will also be welcomed by all sections. As far as liberalisation of imports is concerned, I would like to know from the hon. Minister whether he would give an assurance that liberalisation of imports would not be of the cost of domestic industries which would ultimately lead to unemployment.

Sir, one condition which causes anxiety in the minds of economists and others is the condition of a realistic policy in regard to exchange rates. Sir, our hon. Finance Minister has assured that there would not be any devaluation of rupee. Even if there is devaluation of rupee, if that decision is taken by the Cabinet, I am not against it. But it should not be taken at the instance of the IMF. Why I am pointing out this is because it has happened in the case of Jamaica. Jamaica availed of a loan from the IMF and they had to devalue their currency by 46 per cent. The same thing happened in the case of Sri Lanka. They had to devalue their currency by 49 per cent. You may say that these countries are very small. The size of the country is irrelevant here. There is a genuine fear that the Government may go in for backdoor devaluation because there has been frequent revision of fluctuating rate of rupee. So this is the danger. This is

the fear which has been expressed by economists, namely, that there may be backdoor devaluation.

Sir, another thing which is creating anxiety is about the principles of self-reliance because the principles of self-reliance have gone to the wind. This is the criticism made by economists. Suppose our country faces a bad harvest, I would like to know from the Minister, are we free to get imports of foodgrains? Are we free to expand the public distribution system? Moreover, the prescriptions of the IMF may lead to a cut in the social welfare programmes like education, upliftment of the Harijans and the weaker sections because there cannot be a cut in development projects, there cannot be a cut in defence expenditure in that case. There is a genuine fear that these conditions would ultimately usher in an era of Reaganomics or supply side of economics. This is the fear which has been expressed. Then there is the fear that in the name of curbing inflation the subsidy for foodgrains may be given a goodbye. In the name of export promotion there may be export subsidies. Therefore, I would like to get a categorical reply from the Finance Minister whether goodbye will be given to food subsidies and there will be a boost given to export subsidies.

Another serious concern has been expressed about debt servicing. Sir, in our country we have got external debts to the tune of Rs. 15000 crores. Now this IMF loan will further push up the debt servicing by one-third. In that case our country may be in a quagmire of external debts unprecedented in the history of this country and our posterity may be tied up eternally to clear the debts for debt-servicing. Sir, leave alone the conditions of the IMF, leave alone the monitoring by IMF, what are we going to do after getting the loan? How are we going to monitor ourselves? Sir, our past record is not a good record. As far as achievements are concerned our past record is a poor record and never have we achieved a growth rate evinced by the

Plan document. I am not speaking from any party angle or party-politics point of view. (Time bell rings). So, I would like to ask whether there will be quarterly assessments of our Plan programme. Even after getting the loan that amount should be spent in a proper way. For that there should be quarterly assessment, there should be a monitoring cell and I would like to say that without constant vigilance no amount of money or loan will deliver the goods. That is why I would like to request the hon. Finance Minister to take into account the caution and warning given by the economists and also make use of the experience of other countries which have availed of the loan from the IMF. Sir, with these words I conclude.

6.00 P.M.

MR. DEPUTY CHAIRMAN: Now, we have the Half-an-hour discussion by Prof. Sourendra Bhattacharjee. If he agrees, we can postpone it to the next week some day. In that case, we can continue with this discussion.

PROF. SOURENDRA BHATTACHARJEE: We should take it up on Monday.

MR. DEPUTY CHAIRMAN: We shall fix it up and we shall inform you. Now, Mr. Kalpanath Rai please.

THE MINISTER OF STATE IN THE MINISTRY OF ENERGY (SHRI VIKRAM MAHAJAN): Not on Monday.

MR. DEPUTY CHAIRMAN: If not on Monday, it will be some other day (Interruptions).

DR. BHAI MAHAVIR: Sir, it is not a question of taking the consent of the individual Member, in whose name the Half-an-hour discussion stands. It is a question of the propriety and the rules of the House. I would make a suggestion. Unless there is something extraordinary, we should stick to the rules and we should go by the rules. The rule says that either it has to start at 6 P.M. or earlier.

SHRI R. RAMAKRISHNAN: The whole House agrees to the postponement of the Half-an hour discussion. (Interruptions).

DR. BHAI MAHAVIR: Please permit me to make my submission. My submission is, there is no particular urgency why the Government should insist that the discussion on IMF should be concluded today. We have the whole Session at our disposal. Even if it spills over to Monday and it is concluded on Monday, the Heavens are not going to fall. Actually, there may be some more Members who will get an opportunity to speak and thereby we may be able to do more justice to the subject.

SHRI R. RAMAKRISHNAN: We should conclude it today. You can take the consensus of the House. All the Members are agreeable.

MR. DEPUTY CHAIRMAN: That is why, I requested the hon. Member. I think, the House also has no objection. We can postpone the Half-an-hour discussion. So far as the discussion on IMF is concerned, four hours have been allotted. We have already taken a quarter to five hours. There are only one or two more speakers. There is therefore, no question of postponing this discussion. Mr. Kalpnath Rai please.

श्री कल्याण राय : आदरणीय उप-सभापति महोदय, इस डिबेट में जिन माननीय सदस्यों ने भाग लिया, उनको मैं सुना ।

SHRI M. KALYANASUNDARAM: Why not speak in English?

श्री कल्याण राय : उपसभापति महोदय, दुख की गहरी भावना के साथ मुझे कहना है कि विरोधी पार्टियों की तरफ से कहा गया कि जो हम ने पांच हजार करोड़ रुपए का कर्ज लिया है इस कर्ज से हम हिन्दुस्तान की आर्थिक आजादी

का सौदा करने जा रहे हैं। मुख्य रूप से यह बात कही गई है। यह अर्द्ध० एम० एफ० का लोन क्यों ? सब से बड़ा प्रश्न यह है। दूसरा सवाल यह है कि दुनिया में कौन सा ऐसा देश है जिसने अर्थ व्यवस्था के निर्माण के लिए कर्ज नहीं लिया हो। ये दो सवाल हैं। कांग्रेस पार्टी कांग्रेस की सरकार और उसकी नेता श्रीमती इंदिरा गांधी किस के ऊपर आरोप आया है कि कांग्रेस पार्टी की सरकार श्रीमती इंदिरा गांधी के नेतृत्व में भारत की आर्थिक आजादी का सौदा करने जा रही है।

एक माननीय सदस्य : सही है ।

श्री कल्याण राय : मैं पूछना चाहता हूँ आज श्रीमती इंदिरा गांधी केवल हिन्दुस्तान की ही नहीं, एशिया की ही नहीं, सारी दुनिया के नेता के रूप में दुनिया के रंगमंच पर उभरी है। मैलबोर्न की कांफ्रेंस में श्रीमती थेचर ने कहा—

“Problem before the world is generation of wealth.”

प्रधान मंत्री श्रीमती इंदिरा गांधी ने कहा—

“Problem before the world is not only generation of wealth but redistribution of that wealth looted by colonial countries for 300 years.”

कैन्कुन कांफ्रेंस में जिस देश की नेता नये इकोनॉमिक आर्डर, नये इंटर-नेशनल आर्डर की बात करे उस के संबंध में यह कहते हैं कि वे आर्थिक आजादी का सौदा करने जा रही हैं।

उपसभापति महोदय, हिन्दुस्तान की राजनीतिक आजादी का सौदा तो उस दिन हुआ जिस दिन अमरीका की धरती पर मोरारजी देसाई ने कहा कि सिक्किम

का विलिनीकरण बड़ा दुर्भाग्यपूर्ण काम था। हिन्दुस्तान का राजनीतिक आजादी का सौदा जनता पार्टी की सरकार ने उस दिन किया जब इसके प्रधानमंत्री ने कहा कि गोआ का हिन्दुस्तान में विलिनीकरण दुर्भाग्यपूर्ण कदम था।

उपसभापति महोदय, अमेरिका की धरती पर हिन्दुस्तान की आर्थिक आजादी का सौदा उस समय हुआ जब मोरारजी देसाई ने अमेरिकन सीनेट मेम्बरों के सामने कहा... (व्यवधान) उस समय कहा...

श्री शिव चन्दा झा : गलत कह रहे हैं... (व्यवधान) लेकिन यह गोआ वाली बात गलत है।

श्री कल्पनाय राय : हिन्दुस्तान की आर्थिक आजादी का सौदा उस समय किया मोरारजी देसाई ने जब अमेरिका को सीनेट के सामने कहा : the explosion at Pokhran made by Indira Gandhi was unfortunate and India will not resort to atomic explosion.

उस दिन हिन्दुस्तान की आजादी का सौदा और आर्थिक आजादी का सौदा आपने और आपकी सरकार ने किया था और अब वस सरकार, पार्टी और इंदिरा गांधी के ऊपर यह बात कहने की? आपको यह जानना चाहिए कि आई० एम० एफ० लोन की आवश्यकता क्यों पड़ी। उपसभापति महोदय, 1977 में :

When the Congress demitted office, it had left behind a strong industrial base, modern agriculture, a sound

infrastructure for further development, a buffer stock of 20 million tonnes of food and sizeable foreign exchange reserves. Prices had been stabilised by 1975-76 and the tempo of industrial production was maintained at a high level. The public sector had also started yielding profits.

Despite all these valuable assets, the incoherent policies of the Janata Party Government have ruined the economy. Industrial production has slumped and the public sector is running at a loss. There is a steep fall in the production of steel, coal, cement, paper, power—in fact in all essential commodities. For a country with a 200 miles sea coast even salt has gone into short supply, perhaps for the first time in history. Hardly any sector of industry is free from widespread unrest. The main pillar of our accepted industrial policy, i.e. keeping the public sector at commanding heights, was practically abandoned. Self-reliance has become the biggest casualty. The concept of planning was diluted with fanciful notions like the rolling plan.

उपसभापति महोदय, 1977 में जब जनता सरकार सत्ता में आयी, हम कोयले को एक्सपोर्ट करते थे, हम स्टील को एक्सपोर्ट करते थे, हम शुगर एक्सपोर्ट करते थे, हम अनाज एक्सपोर्ट करते थे, मगर इनकी जनघाती और राष्ट्रघाती नीतियों के कारण उपसभापति महोदय हमें कोयले को हिन्दुस्तान में मंगाना पड़ा, हमें सीमेंट मंगाना पड़ा, शुगर मंगानी पड़ी और 10 सौ करोड़ रुपया जो हम खर्च करते थे क्लूड आयल पर उसमें हमें 56 सौ करोड़ रुपया खर्च करना पड़ा। आज जब देश की सीमाओं पर युद्ध के बादल मंडरा रहे हैं तो हमें मजबूर हो कर 8 सौ करोड़ रुपया डिफेंस पर खर्च करना पड़ रहा है। हमारी पार्टी, हमारी सरकार, हमारे नेता कर्ज नहीं चाहते, लेकिन जरूरत पड़ती है तो कर्ज

[श्री कल्पनाथ राय]

लेना पड़ता है और कांग्रेस पार्टी और कांग्रेस सरकार जिन्होंने हिन्दुस्तान की आजादी को हासिल किया। उपसभापति महोदय जिसने शहीदों के खून से अर्जित हिन्दुस्तान का आजादी और 34-35 साल तक मुल्क में डेमोक्रेसी को कायम किया है उसी ने मुल्क की इक्तामी को बिल्ड अप किया है। उपसभापति महोदय, जो फ्री इन्टरप्राइज के आने के समर्थक हैं... (व्यवधान)

श्री उपसभापति : आप मुनिये ध्यान पूर्वक ।

श्री कल्पनाथ राय : उपसभापति महोदय, संकेत क्यों आता। वेलेंस आफ पेमेंट के नाते इकात्मिकता के ए बी सी डी बनने वालों को जानना चाहिए कि जो डेवलपिंग कंट्रीज हैं और आजाद सामान एक्सपोर्ट करती हैं उनको इन्टरनेशनल मार्केट में प्राईस कम मिलता है और जो डेवलपड कंट्रीज हैं और अपना सामान एक्सपोर्ट करती हैं उनको इन्टरनेशनल मार्केट में प्राईस कम मिलता है और जो डेवलपड कंट्रीज हैं अपना सामान एक्सपोर्ट करती हैं वे कई सौ गुना दम लती हैं जिसके कारण वेलेंस आफ पेमेंट का संकट आता है। जानी हो हमारे मुल्क की करेंसी या इक्तामी मजबूत होगी इतने ही टर्म्स हम डिक्लेट कर सकते हैं इन्टरनेशनल मार्केट में...।

इस बात को जानने के बावजूद यह इस तरह की बातें कहते हैं। कांग्रेस सरकार और कांग्रेस पार्टी ने जवाहर-लाल नेहरू के नेतृत्व में जो इंडस्ट्रियल पालिसी रैजोल्यूशन बनाया है, हम उसी नीति पर पिछले पैंतीस साल से चल रहे हैं।

श्री अरविन्द गणेश कुलकर्णी : वह बोल दिया है।... (व्यवधान)

श्री कल्पनाथ राय : ... और आज भी चल रहे हैं। माफ कीजिएगा, हमने बुनियादी नीति में कोई परिवर्तन नहीं किया है।... (व्यवधान)

श्री उपसभापति : आप बोलिए।

श्री कल्पनाथ राय : आप इस तरह की बात करते हैं। हमने बुनियादी नीतियों में कोई परिवर्तन नहीं किया है।... (व्यवधान)

श्री उपसभापति : आप पहले मुनिये।

श्री कल्पनाथ राय : हमने सैल्फ-रिलाएंटे देश को बनाने का, देश को जनता के सामने वचन दिया है। हम पिछले पैंतीस साल से सैल्फ-रिलाएंटे इका नोमी को बिल्ड किया है।

मैं आपको चुनौती के साथ पूछना चाहता हूं कि एशिया और अफ्रीका के सैल्फों मुल्कों में जिन्होंने डेमोक्रेसी के माध्यम से अपने मुल्क में इकानोमी बनाई है, क्या भारत की इकानोमी से ज्यादा मजबूत एशिया या अफ्रीका के किसी मुल्क की इकानोमी है? अपनी हो सैल्फब रिलाएंटे इकानोमी के नाते आज हिन्दुस्तान दुनिया का तीसरा टेक्निकल मा-हाऊ पावर है, आज हम दुनिया में आठवीं इंडस्ट्रियल पावर हैं, दुनिया की छठवीं एग्रीकल्चरल पावर हैं और चौथी फर्टिलाइजर टेक्नालोजी जानने वाले हैं, छठवीं हम स्पेस पावर हैं, एटामिक पावर हैं।

एशिया या अफ्रीका के किसी भी मुल्क ने इतना विकास नहीं किया है जितना कि हिन्दुस्तान ने किया है। इस तरह की निरर्थक बहस को लाकर के हम इन्द्रदीप सिंह की कुछ बातों से हम सहमत हैं। इन्द्रदीपसिंह जी ने कुछ सुझाव दिए। आप लोग तो सौदागर हो इस मुल्क को बेचने के लिए। इसलिए मैं आपसे बात नहीं करना चाहता। हमारी इकानोमी

हमें उन कन्ट्रीज में अपने रिलेशंस बढ़ाने चाहिये जो सोशलिस्ट कन्ट्रीज हैं, हमारी इन्टरनेशनल ग्रेड सोशलिस्ट कन्ट्रीज से बढ़ाने चाहिये। श्रोमन्, कैपिटल फार्मेशन के लिए हमारी सरकार को कदम उठाने चाहिये। हमें जा जीवन की आवश्यक वस्तुएं नहीं हैं, उनके इम्पोर्ट पर प्रतिबन्ध लगाना चाहिये। हमें अपने मुल्क के अन्दर चाहे स्पेस सैक्टर हो, या आयल सैक्टर हो, चाहे पावर सैक्टर हो, इन सैक्टरों को मजबूत करने के लिए उन मुल्कों से, जो सोशलिस्ट कन्ट्रीज हैं, जो कि इन मुल्क की डिवेलपमेंट चाहते हैं, जो इन मुल्क की इकोनोमी को बढ़ावा चाहते हैं, उनसे सहयोग लेना चाहिये।

अभी रूस से हमारे देश ने समझौता किया है। रूस से हुये समझौते से हम तेल के क्षेत्र में—उपका हम स्वागत करते हैं। रूस जैसे समाजवादी देश ने हमारे देश की स्टोल प्लांट को अर्थ-व्यवस्था को हमारे मुल्क में हैवी इन्ड्रिस्ट्रल्स को, हैवी इंजीनियरिंग में, फर्टिलाइजर डिवेलप करने में, डिफेंस डिवेलप करने में और स्पेस टेक्नालोजी डिवेलप करने में हमारी मदद की है। हम चाहते हैं कि उन सैक्टरों को मजबूत करके अपने मुल्क को मजबूत करें

हमने इस मुल्क में समाजवादी समाज की रचना का निर्णय किया है और समाजवादी समाज को रचना के माध्यम से हम कठिन इष्टों को दुर्गम घाटियों को पार करके हिन्दुस्तान को सुख-समृद्धि की दुनिया में ले जाना चाहते हैं। जवाहरलाल ने जी आधुनिक हिन्दुस्तान बनाने की नींव डाली और श्रीमती इन्दिरा गांधी हिन्दुस्तान को आधुनिक और सबसे शक्तिशाली देश बनाना चाहती हैं। हम देशवासियों से अपील करते हैं कि राष्ट्र के मत को, राष्ट्र को ओपोनियन में रहते हुये श्रीमती गांधी के हाथों को मजबूत

करें। . . . (व्यवधान)

श्री उपसभापति : अब समाप्त करने दीजिए। आप धीरे से सुन लीजिए।

श्री कल्पनाथ राय : आप बहराते क्यों हैं। आई. एम. एफ. से कर्ज लिया है, किसी देश का कर्ज नहीं है। हमने वर्ल्ड आर्गनाइजेशन से कर्ज लिया है और हम उस कर्ज का इस्तेमाल कन्ज्यूमर-ओरिएण्टेड इकानमी के लिए नहीं खर्च करेंगे। हम उसका इस्तेमाल आयल एक्सप्लोरेशन के लिए करेंगे, वाम्बे हाई में करेंगे, गोदावरी और कावेरी के बेड्स में खर्च करेंगे। हम 5600 करोड़ रुपए का जो हमारा इम्पोर्ट बिल है, उस बिल को देने के लिए . . .

(व्यवधान)

जिस दिन हिन्दुस्तान आयल के क्षेत्र में सैल्फ-रिलिएंट हो जाएगा, हम एनर्जी में खर्च करेंगे। इसलिए आयल सैक्टर (व्यवधान)

SHRI ARVIND GANESH KULKARNI: The Finance Minister does not understand Hindi.

MR. DEPUTY CHAIRMAN: Order please. Please take your seat.

SHRI ARVIND GANESH KULKARNI: Mr. Minister you do not follow Hindi. That is your good luck.

श्री उपसभापति : आप हिन्दी नहीं समझते हैं ? आप खूब समझते हैं। आप इधर कहिए, उनको छोड़िए।

श्री उपसभापति : आप बैठ जाइए आप हिन्दी नहीं समझते हैं क्या ?

श्रीमती उषा मल्होत्रा : वह कुछ भी नहीं समझते हैं।

श्री कल्पनाथ राय : उपसभापति महोदय, मैंने कहा कि नाना प्रकार की चीजों की स्केयरसिटी के कारण संकट उत्पन्न

[श्री कल्पनाथ राय]

हुआ। फिर भी सन् 1977-78 के बीच एक मिलियन टन तेल का उत्पादन बढ़ा और 1980 से 1981 के बीच हमने 10 मिलियन टन तेल का उत्पादन बढ़ाया और जो 5600 करोड़ का इम्पोर्ट होता था वह घट कर 4600 करोड़ रुपये हुआ, और हमें विश्वास है कि श्रीमती इन्दिरा गांधी के नेतृत्व में वर्तमान में, अतीत को सामने रख कर, हम भविष्य का निर्माण करेंगे जिससे हिन्दुस्तान आर्थिक दृष्टि से समृद्ध हो और हर क्षेत्र में विकसित होकर आधुनिक हिन्दुस्तान बन सके और नेहरू जी के सपनों का हिन्दुस्तान बन सके। धन्यवाद।

MR. DEPUTY CHAIRMAN: Prof. Sourendra Bhattacharjee, please take five, seven minutes, not more than that.

PROF. SOURENDRA BHATTACHARJEE: Sir, I shall try my best. Economy of time has to be sustained by us.

Mr. Deputy Chairman, Sir, we have a Finance Minister who is always out to teach everybody on the other side, and his self-righteousness is rather sky-high. His main defenders on the Treasury Benches, including Mr. Salve and Mr. Bhandare, excelled in using invectives because that is the only course left to them because of the poor logic of the case they are out to defend.

When we consider that it is this party which has been responsible for the administration of the country for most of the period since independence and that it is their policies which have brought the economy of this country to this situation which compels the country to go in for such a massive credit, their gladness surpasses shamelessness of anyone. As Mr Raju as pointed out, after having created problems themselves, they ask that the way out is. The economy of the

country has been brought on the verge of ruin by them. The tentacles of the multinationals and the monopoly capital have been spread everywhere. Well, they have no shame in talking about socialism which means at least social ownership of all the country's resources by all, not by a handful. But this is the state of our economy, and even then their talk of socialism never ends.

Sir, the tenor of the Finance Minister's initial speech is against the very spirit of a Parliamentary debate, because, to start with, he dismisses any possibility of finding any logic in the arguments put forth by any section of the Opposition. Parliament is both of the Treasury Benches and the Opposition Benches. When a major policy is involved the Parliamentary process demands that the Treasury Benches would at least show to be respectable to the opinion of the Opposition. He has shown ultre contempt, thereby denigrating the spirit of Parliamentary debate in its essence. Of course, what else could the Finance Minister do after he entered into a secret deal on behalf of the Government with the IMF, behind the back of Parliament? What else could he do when he failed Parliament? After having completed the deal, Parliament is only enabled to make a post-mortem and nothing else. On our part, I would say that we are unequivocally opposed to the taking of loan from international financial institutions under the tutelage of US capital, as the World Bank and the IMF are. We are thoroughly opposed to it...

SHRI KALPNATH RAI: No.

PROF. SOURENDRA BHATTACHARJEE: "No" from those who have created the conditions for it is an echo of their own guilt.

SHRI KALPNATH RAI: Janata conglomerate.

PROF. SOURENDRA BHATTACHARJEE: We are not admirers of the Janata Government. That you settle amongst yourselves.

MR. DEPUTY CHAIRMAN: Please make your points.

PROF. SOURENDRA BHATTACHARJEE: What they have been doing all the time—the Congress Government with different names—is to turn our country into a happy hunting ground of multinational cartels, for whom you have guaranteed import liberalisation, removal of capacity utilisation restriction on the multinationals and many things else. Import liberalisation is to be made in order to favour these organisations, in order to obtain some kickback, if not in respect of cosmetics, in respect of wheat, in respect of sugar, of which there is on dearth in our country.

Sir, when it is asked as to what wrong has been committed by obtaining a loan from the IMF, the basic question arises: what is the character of these international financial institutions? Are not the World Bank and the IMF under US tutelage? It is self deception to claim that this loan was obtained in spite of opposition from the United States. Our friend, Mr. Bhandare, enlogised the contribution that the Prime Minister's global tour made to the sanctioning of this IMF loan. It is not our idea that the Prime Minister of the country was going round the world only to pave the way for this massive loan.

SHRI KALPNATH RAI: No, wrong.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I never said that.

PROF. SOURENDRA BHATTACHARJEE: Ultimately it comes to that. If there had been opposition from the United States Government, the IMF would not have been in a position to grant that loan. That is the position. Therefore, they agreed

to the conditions put forth by the IMF, whose brazenness is quite clear. The IMF contradicts in very clear terms what our Finance Minister seeks to explain. It says: "During the programme period, the authorities will consult with the Fund in accordance with Fund policies", not in accordance with Indian policies. Either here and now the Finance Minister contradicts this or we will have to conclude that this has been a sell-out in spite of loud protestations from the side of those who entered into this secret deal. Thank you.

MR. DEPUTY CHAIRMAN: Dr. Mallick five minutes only, please. The Minister will be called at 6.30.

SHRI HAREKRUSHNA MALLICK: Sir, on the 8th September, we had a half-an-hour discussion ...

MR. DEPUTY CHAIRMAN: Leave aside the half-an-hour discussion.

SHRI HAREKRUSHNA MALLICK: For the first time the hon. Finance Minister was caught red-handed. He kept on escaping but now ultimately the hon. Finance Minister has been caught in the forum of Parliament. And even the hon. Prime Minister has had to come forward to hold the brief for him both in the other House and here. I wanted to make a little submission while thanking the hon. Prime Minister who was making a face-saving attempt to defend the hon. Finance Minister who has been misleading this country and who has led this country to economic crisis. There is now practically an undeclared economic emergency. Now I am making a few points as to how is it and why is it that Parliament was not told earlier when this was started. Secondly, while he was presenting his Budget for the current financial year, how is it and why is it that he was silent on this?

Thirdly, may I just ask him as to why and how during the last 33 years, that means in the last 33 Budgets, no Finance Minister thought of this deal

[Shri Harekrushna Mallick.]

and no Prime Minister also thought about this deal and how is it that overnight you decided to borrow this huge sum? My hon. friend over there said: *Yavat Jeevet Sukham Jeevet, rinam Krithwa Ghritham Peevet*. That does not apply here. Ours is a democratic country. Parties may come and parties may go. Governments will come and Governments will go. Finance Ministers will come and go. They will not be here to repay the loan. They create difficulties for the successor Governments. And ultimately the nation will be in difficulty ... (Interruptions). The more there is interruption, the more I will speak. Therefore, I am not bothered about interruptions.

MR. DEPUTY CHAIRMAN: Please do not disturb him.

SHRI HAREKRUSHNA MALLICK: When the Finance Minister was speaking in the other House I was the only Member watching him from the Rajya Sabha Gallery in the Lok Sabha. He was saying that the opposition members are disappointed because this loan is not being distributed among them. I was really amused; but I could not laugh loudly there because the House decorum had to be maintained in the gallery also ...

SHRI ARVIND GANESH KULKARNI: You have to maintain decorum here also.

SHRI HAREKRUSHNA MALLICK: Yes, I have to.

Then he was speaking of "Buoyancy" of our economy. This word was very much used in relation to a discovery by Archimedes. When he discovered "Buoyancy" he ran out to the public road without even a loin cloth shouting 'eureka', 'eureka'. I am not saying that the Finance Minister, after 33 years of freedom, and after 33 Budgets, ran out into the street saying 'eureka', 'eureka', that is, IMF, IMF of course not without loin cloth.

I am sorry to say this. But I want to warn this Government of putting this avoidable burden on the future generations. I say that this agreement should be repealed. Otherwise you are casting a heavy financial burden on our children. One of the great freedom fighters, Asaf Ali, who was once the Governor of Orissa said while addressing the Convocation of the Utkal University said: "Our life will be but vain, if we do not earmark a better future of our generations to come." Here the Finance Minister is just switching off the light for all time to come. A responsible person is one who does not leave behind a loan for future generations to pay. Now you are doing the opposite and the future generations will blame you.

After comparing the Finance Minister with Archimedes in a wrong way—as he is not like that—I will now just tell a small story from Jaradgab Upakyanam. Incidentally he is from our nice State Tamil Nadu. *Asthi Godavari Teere Vishal Salmali Taru*—This was near the Godavari. On that tree there was an old vulture who was in charge of many little birdies. When the birds were going out for food the Jaradgab was in charge. He allowed a marjara i.e. a cat—who wanted to stay there as a guest. The cat came disguised with Ganga Jal and Tulsi Mala and told the vulture: "I have taken to vegetarianism" Jaradgab asked him: How can I allow one who is *Ajnyata Kula Shila*? That is, who has no clan or family. *Karnam Sparsa Bhoomim Sparsa*—touching the ears and the earth—he asked: How can you blame me? I am after all your guest. So Jaradgab allowed him to stay and the result was that the Birdies were finished off day by day. Finally the birds had to peck Jaradgab and ultimately kill him. I think the House can analyse and find out whom I have compared with the birds, the Jaradgab and the *Vishal Salmali taru* with no fruits and no flowers as useful. Whether it has

been done by their party or by somebody else, I really feel sorry and I really think that the Honourable Finance Minister will ultimately be fooled by his own admirers. He is falling a prey to the flattery of his friends who are admiring him now and who are shouting the loudest, from the house-tops, probably thinking that this huge sum is coming as some other honourable Members said, and will be distributed amongst them ... (Interruptions).

MR. DEPUTY CHAIRMAN: Please conclude now. That will do. You have made your point.

SHRI HAREKRUSHNA MALLICK: The honourable Members on the other side should answer ... (Interruptions).

MR. DEPUTY CHAIRMAN: That will do, Dr. Mallik. Please sit down.

SHRI HAREKRUSHNA MALLICK: The honourable colleagues on the other side should answer whether this IMF loan will be put to proper use ... (Interruptions) ... or not and they should say that ...

MR. DEPUTY CHAIRMAN: You have said enough. You have told a story and that is enough. Please sit down.

SHRI HAREKRUSHNA MALLICK: ... that this IMF loan will be properly used and will not go to another IMF, that is, 'Indira Monetary Fund' which they are waiting for. (Interruptions)

MR. DEPUTY CHAIRMAN: That will do. Please conclude now.

SHRI HAREKRUSHNA MALLICK: I can only say that this will only lead this nation towards darkness.

MR. DEPUTY CHAIRMAN: Please conclude now.

SHRI HAREKRUSHNA MALLICK: Sir, I would only like to tell him that

he should remember the budgetary gap that he has made which this Parliament accepted. After that, we are going in for a huge loan ... (Interruptions) ... which is going to affect us adversely. (Interruptions) I would only say that this Budget, that the Budget of this Finance Minister, has crashed, his Budget has failed and he has failed signally. (Interruptions) Sir, it is not his personal failure, but it is the failure of the Cabinet as a whole. Therefore, Sir, I demand his resignation, not only his resignation, but the resignation of the Cabinet as a whole and I demand a fresh poll on this issue of IMF. (Interruptions)

MR. DEPUTY CHAIRMAN: All right. That will do. Yes, Mr. Finance Minister.

श्री शिव चन्द्र झा : श्रीमन्, मेरा प्वाट आफ आर्डर है ।

श्री उपसभापति : कहिये, क्या प्वायंट आफ आर्डर है ।

श्री शिव चन्द्र झा : आप जरा यह साफ कर दीजिए कि ये जो अमंडमेंट हैं, उसको मेरा कहना यह है कि मंत्री जी के जवाब के पहले आप बोलने देंगे या मोशन के बाद आप करेंगे ?

श्री उपसभापति : झा जी, आप स्याद ग्रहण करिए । इस सदन में जो नियम है, जो कायदा है, जो परम्परा है उसके अनुसार अमंडमेंट मोशन के साथ मूव हो जाते हैं और मोशन तथा अमंडमेंट दोनों बहस के लिए आपन रहते हैं । सभी पार्टियां अपने हिस्सा में मम्बरों का नाम देती हैं और वह अमंडमेंट और मोशन दोनों पर बोलते हैं । अमंडमेंट पर अलग से बोलने का मौका नहीं मिलता । आप सदन में बराबर देख रहे हैं कि ऐसा नहीं होता । इसलिए मंत्री जी को जवाब देने दीजिए ।

श्री शिव चन्द्र झा : बिल पर क्लोज बाई क्लोज होता है। . . . (व्यवधान)

श्री उपसभापति : इस पर क्लोज बाई क्लोज नहीं होता है। . . . (व्यवधान)

श्री शिव चन्द्र झा : आप कह दीजिए कि इसका नियम नहीं है। . . . (व्यवधान)

श्री उपसभापति : अमेंडमेंट पर वोट होगा, बहस तो हो गई।

श्री शिव चन्द्र झा : आप नियम देखिए, नियम कहता है। . . .

श्री उपसभापति : नियम हमने देख लिया। श्री हुक्मदेव नारायण जी, आप क्या कहना चाहते हैं।

श्री हुक्मदेव नारायण यादव : उपसभापति जी, मेरा व्यवस्था का प्रश्न है कि कोई भी प्रस्ताव सदन में आयेगा तो बहुमत से पास होगा तो उसको माना हो जाएगा। बहुमत के आधार पर गलत प्रस्ताव पास करवाया जाए और यह कर्जा लेकर खर्चा करेंगे तो उसकी हमारे बाल-बच्चों पर देनदारो नहीं लगनी चाहिये। इसे जबरदस्ती आप पास करा रहे हैं। इसको सुधारना होगा। इसलिए मैं जा रहा हूँ।

(At this stage, the hon. Member left the Chamber.)

श्री शिव चन्द्र झा : यह आपका गलत तरीका है। उसका अन्तग्रास्पेक्ट है। . . . (व्यवधान)

श्री उपसभापति : नहीं है, आप बैठिए।

श्री शिव चन्द्र झा : नहीं तो, इसके विरोध में मैं जा रहा हूँ।

(At this stage, the hon. Member left the Chamber.)

SHRI R. VENKATARAMAN: Sir, at the outset, I should say that I am looking for Mr. Bhattacharjee for he has joined the band of people who have been dismissing me from time to time.

Sir, I think once the "Times of India" dismissed me; at another time, "The Hindu" dismissed me; and at another time somebody else dismissed me. Now he has joined the band of those people who are indulging in the great pastime of dismissing me. But I want to remind him that the Government or the Minister is not dismissed by the strength of their throats; but it is only by the strength of the votes that he can be dismissed. It is only by the strength of vote that he can be dismissed. (Interruptions) So, whatever exuberance he exhibited it totally out of place. Barring some jarring note in the whole proceedings, I must thank the House on the objectivity they have brought to bear on the discussion of the subject and the number of points which they have raised for clarification.

It is true that each Member present has a certain commitment to ideology and, therefore, he will put forth that ideology and the Parliament is intended to be a forum for setting out the representative opinion of the country. I have always welcomed a debate on that line and I have never objected or quarrelled with it. I shall, therefore, in my own humble way try to answer the main points that have been raised in the debate. And if, in the course of my reply I fail to advert or refer to any particular point raised by an hon. Member, it is not because I have not taken note of it but it is because of the constraint of time.

Sir, I should like to pay my tribute to the Members on my side who

very gallantly defended the Motion—particularly Mr. Salve, Mr. Bhandare, Shrimati Pratibha Singh, Shri Pande and no less, the ebullient Kalpnath Rai. (*Interruptions*)

DR. BHAI MAHAVIR: Could you understand what he was saying?

SHRI R. VENKATARAMAN: I had put on my ear phone. (*Interruptions*) I have a convenient habit. When you speak, I take off my ear phone. (*Interruptions*) Let us have some fun. What does it matter? (*Interruptions*)

There are certain general points which I would like to clarify before I go to the individual points raised by the Members.

In the first place, the Bank assessment, the Bank staff assessment, is the perception of the Bank. It is not—I repeat not—binding on the Government. What is binding on the Government is the Memorandum which I have attached to my Letter of Intent, and I will be bound, and the Government of India will be bound only by that. If hon. Members have quoted from that Document and say certain things, I have only to say that it is not binding on me. What is binding on me is the Document which I have put forth, and I will deal with this subject from the point of view of the commitment the Government of India have made in this matter.

The second clarification I would like to give is, even though in our Letter of Intent of 28th September, we had told them categorically that we will consult them on all general matter but we will be bound by only the policies which have been adopted by Parliament, lawyers being what they are in the world, raised certain doubts with the Bank, saying this could be interpreted as limiting the consultation only on policies which are approved by Parliament. Therefore, we issued a clarification that it is not limited only to the

policies approved by Parliament. Under Article 4 of the Articles of Agreement of the Constitution of the IMF, they have a right to consult the Member country. And that such consultations will not be in any way debarred. In fact, if the hon. Members would kindly refer to my letter, we have definitely stated that the Government will consult with the Fund on the adoption of appropriate measures consistent with national policies accepted by Parliament, and there has been no deviation from that.

DR. BHAI MAHAVIR: What about the statement made by the IMF official that they would allow only policies which they consider proper?

SHRI R. VENKATARAMAN: Now, about consultation and adoption, I suppose people understand the difference. What I am bound to do is consultation. Excuse me, I have got some throat trouble. What I am bound to do is a consultation. A consultation is the one in which they mention certain policies are good for the country and we explain to them that our perception is different, our point of view is different. And that is all a consultation means. Thereafter, the adoption is what the Parliament has approved. If in spite of the consultation, the IMF authorities say that certain things must be done, then it is open to us either to accept or not to accept, and it is open to them either to give the further loans or not to give the loans. We exercise the option. There is nothing like somebody being bound to follow their advice. And there the difference between consultation and acceptance and adoption must be clearly understood by the people. It should not be exaggerated as if mere consultation means acceptance of whatever they say. It is not.

Then, Sir, a number of Members have raised questions with regard to the devaluation of the rupee. They

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said, even though you have categorically stated that there will be no devaluation as such—I don't know what is wrong with my throat—your currency as against the dollar has depreciated by 13 per cent and, therefore, you have devalued. Sir, our currency is linked to a basket of currencies, the US dollar, the British pound, the Deutsche mark, the French franc, and the Japanese yen. Sir, here, as a result of the variations in this

SHRI NARASINGHA PRASAD NANDA: Sir, if the hon. Minister is feeling any difficulty in giving the reply, let him reply on Monday.

SHRI R. VENKATARAMAN: No, no. I am going to finish it.

SHRI NARASINGHA PRASAD NANDA: Mr. Venkataraman, we may be severe on you so far as your IMF policy is concerned but certainly so far as your physical body is concerned, we cannot be severe on you. You can give your reply on Monday.

MR. DEPUTY CHAIRMAN: He can do it very well. He is giving the reply.

SHRI NARASINGHA PRASAD NANDA: But he is having a throat trouble.

श्री कल्पनाथ राय : आप उनको सुनिये तो सही ।

श्री नरसिंह प्रसाद नन्द : वे बड़्हे आदमी हैं, अगर बोलते-बोलते गिर जायेंगे तो फिर क्या होगा ?

डा० भाई महावीर : श्री कल्पनाथ राय तो सबको अपना जैम की समझते हैं ।

SHRI R. VENKATARAMAN: Sir, the American dollar, from January, 1981, went on appreciating as against

all the currencies of the world. I will give the rate of appreciation. Between 1st January, 1981 and 17th November, 1981, as against the British pound, it appreciated 25.14 per cent; against the Deutsche Mark it appreciated by 14.16 per cent; against the French Franc it appreciated by 24.66 per cent, against the Japanese Yen it appreciated 11.24 per cent and against the rupee it appreciated only 13.68 per cent. If you put it in the other way, the British Pound depreciated 24.14 per cent, the Deutsche Mark depreciated 14.16 per cent, the French Franc 24.66 per cent, the Japanese Yen 11.24 per cent, while the Indian rupee depreciated 13.68 per cent. Would you all say that all the currencies of this world have depreciated or devalued their currencies? It is sheer ignorance of international monetary payments that makes them say that India has devalued its currency. Therefore, my submission is that so far as the basket of currencies with which we have link, the statement that it will be expressed through the international currency, namely, the British Pound, this will certainly continue and the fluctuations will be there on account of the fluctuations which will take place in the international money market. In fact, during this period the Indian rupee has been valued upwards or downwards nearly 122 times. On 62 occasions, it has been valued downwards and on 60 occasions it has been valued upwards. Therefore, to say that India has devalued her currency as against the dollar is to exhibit a lack of knowledge of the system.

Now, the next point which I would like to deal with is the conditionalities about which people have said. The main criticism is that there is a shift in the policy towards socialism, that we are now going away from Nehru's doctrine of socialist pattern and socialism to a greater emphasis on private enterprise. I do not know

wherefrom they get this impression. On the contrary, in paragraph 6 of the Memorandum, which I have submitted to the International Monetary Fund, I have stated that the public sector investment will rise from 45 to 53 per cent during the Sixth Plan period. Is it a deviation from Pandit Jawaharalal Nehru's policy? Is it in any way derogatory to the policy of commanding heights reserved for the public sector? I do not know where Members get this information and what information they are using in the debate. I want them to please refer to paragraph 6 of my statement which says: The share of the public sector rises from 45 to 53 per cent reflecting the emphasis of the Plan on overcoming bottlenecks in the infrastructures such as energy, transportation and in basic goods such as coal, steel, fertiliser and cement. It is a totally unfounded charge.

Then, Mr. Bhattacharya does not even read the papers properly. He said that the private sector investment, the National investment in private sector will go up from 33 and 1/3 per cent to 40 per cent and this is a crime which I am supposed to have committed. He did not read the sentence properly. I will read the sentence for his benefit. In the memorandum to the IMF, in paragraph 6, I have said:

"About 40 per cent of the private sector investment..."

Please mark the words—

"...about 40 per cent of the private sector investment is expected to be in industrial sector compared with only one-third in the past."

This is to say, in regard to private sector investment, the emphasis will now be to have more investment in industry rather than in other sectors like agriculture and so on. Therefore, we have said the private sector will make 40 per cent investment in industry in order to increase produc-

tion in the country. Have I said that forty per cent of the national investment will be in the private sector and that the private sector investment will go up from 33 and 1/3 per cent to 40 per cent? If people do not even read the documents and then deliver thunders, it is very difficult for me to answer them.

The next point which I would like to take is about the question of imports. They say, the import policy has been liberalised. They say, this will lead to flood of imported goods in this country. The sentence which I have used in my statement is:

"The objective of the import policy will be to ensure that import requirements and technological needs of a growing economy will be met with a view to economic efficiency."

This is the basis. In order to increase economic efficiency, in order to increase production in the country, in order to update technology in the country, certain import liberalisation will take place. This is not a new policy which I have enunciated for the IMF. I would like to quote from the draft Sixth Plan which the Janata Government itself had prepared. In the draft Sixth Plan, what they call the rolling Plan, this is what they have said:

SHRI KALPNATH RAI: What is the rolling Plan?

SHRI R. VENKATARAMAN: This is what they have said in the Draft Sixth Plan:

"The main thrust of the new import policy should be on meeting ... (Interruptions)

Please hear me. If you do not want to hear me, I can finish my speech in ten minutes. It is possible for me to do so. But I have never done it. I have always tried to convince everybody in the House. Therefore,

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I will take a little more time to explain this. In the draft Sixth Plan, this is what they have said:

"The main thrust of the new import policy should be on meeting the requirements of raw materials, components and spares required by priority industries and on those having focus on export promotion."

So far as the national policy is concerned, there can be no differences of opinion between different parties. The Plan is one of the national policies. We do want the nation to improve. We do want the production to go up. After all, as you know, these documents are prepared by the staff, whether you are in office or I am in office, and this is directed towards the policy which the Government lays down.

SHRI S. KUMARAN: Do you consider the rolling plan of the Janata Party as one of the national policies?

SHRI R. VENKATARAMAN: There are statements in the Plan which are of national importance and which I consider right. I am not one of the people on this side of the House who have said that all that they did is wrong. I have never said that. I have always said that there were certain things which were right and I mentioned it. In this case, this is one of the things which is basic to both the parties, whether it is the Janata Party or the Congress Party. It is that, so far as import is concerned, liberalisation in favour of developing our industries, our technology, our export promotion, has been the basic policy, whether it is you or I. You cannot complain about it. What have I said in the statement?

DR. BHAI MAHAVIR: Is there the mention that this approach aims to reverse the previous direction of economic development and policy which made the domestic market more attractive than exports? And further...

SHRI R. VENKATARAMAN: Is it in my memorandum?

DR. BHAI MAHAVIR: No, it is not there, but...

SHRI R. VENKATARAMAN: That is why I knew that this kind of things will be said and in the very beginning I said that I am not bound by...

DR. BHAI MAHAVIR: Mr Venkataraman, you can certainly say that it is not correct.

SHRI R. VENKATARAMAN: No, no, I do not say that it is not correct. What I say is, it is not my presentation.

DR. BHAI MAHAVIR: And then they say of the small sector and the reservation policy. In effect, that will go.

MR. DEPUTY CHAIRMAN: He has already clarified that position.

SHRI R. VENKATARAMAN: I knew that this kind of things will be stated; that is why I said that I am bound to which I have put my signature. I have not put my signature to the economic assistance document. I have put signature to my memorandum and I have made an application on the basis of my memorandum.

Sir, to say that we have done anything which is contrary to national interest on import policy is totally unsustainable. I will take up the next point, that is about import of technology. The policy statement which I have made says: The import of foreign technology needed for the economy is being permitted liberally. The emphasis is on 'needed for the economy' and not on everything. Suppose, there is technology on face powder, on cosmetics. I will not accept it. But if we need it for the country... (Interruptions).

DR. BHAI MAHAVIR: Not cosmetics, but capital intensive technology... (Interruptions).

MR. DEPUTY CHAIRMAN: You have already spoken. You have already made your point.

DR. BHAI MAHAVIR: I am trying to understand: I am entitled to understand...

MR. DEPUTY CHAIRMAN: Do not interrupt him. You have already made your point and he has heard you with patience.

SHRI R. VENKATARAMAN: Here again I will quote from the Janata Plan document. It says: There is need for continued inflow of technology in limited areas of sophisticated technology of high priority sectors where the Indian skill and technology have not developed adequately.

DR. BHAI MAHAVIR: Stick to that.

SHRI R. VENKATARAMAN: In other words I have stated, "what is needed for the economy." You now say that I have done something which is not the national policy or which has not been accepted by your men. In fact, we have further said that all our policies will be governed by the Sixth Five Year Plan document. In the finalised Sixth Plan document it is mentioned that the import of technology should be proceeded by advice tendered by the competent groups in the larger interest of the country. This is what we have stated and this is the policy on which we will import technology.

We have gone one step further than the previous Plan and we have said that the import of technology would be proceeded by advice tendered by competent groups in the larger interest of the country.

Sir, I can deal with all the points. Take the question of reduction of subsidies. In my memorandum I have stated: "The Central Government intends to contain—please mark the words—and wherever possible reduce subsidies even though this might entail price adjustments for import in commodities. Therefore, 'wherever possible' is the one by which the Government will exercise

its discretion and say whether it is possible or not possible. Take again what the Janata Plan said. Some of the new sources of investment funds which would need to be tapped include selective subsidy reductions. This is the same thing which they have said.

SHRI S. KUMARAN: This was opposed by Shri A. P. Sharma and those on this side at that time.

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SHRI R. VENKATARAMAN: We are now discussing the IMF loan. You can go to the public and then say that this Government should be dismissed because it had then done something or the other. Now for the IMF discussion, you are shifting the charge. Now your charge is that I am doing something anti-national, that I am doing something derogatory to the national interest, that I am doing something which is derogatory to the national self-respect. And this, I said, is not so because this is what we have stated.

I think they are very happy now. As far as exchange rate policy is concerned, I have mentioned about it already. Then with regard to the private savings, there is no dispute at all. As regards exports, we have not committed ourselves to anything which will be contrary to our national interest. The export procedure has been liberalised and freed from restrictions because we want more exports.

Therefore, in all the points which you have raised, we find that the policy has been consistent, not only with the national Plan but with the national approach to this question, and therefore to say that we have bartered away, or humiliated ourselves, or done anything of the kind in order to get the loan is totally unsustainable.

Before I conclude, I would say that I would have said that the Government would not do anything derogatory to the national interest, but after the very powerful statement made by

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the Prime Minister, who has a greater authority to make such a statement, I conclude by re-emphasising what she has said.

SHRI ERA SEZHIYAN: The hon. Finance Minister has said that we have got two documents before us. One is the letter of intent and also the statement of policy given by him and for which he says he is bound. The other one has been prepared by the IMF staff, to which, he says, he is not responsible. Still this is a document prepared by the IMF and sent to the Government of India which, is treated as confidential and therefore he is not laying it on the Table of the House. But what is his reaction to the IMF statement wherein, as has been pointed out by him, there are some contradictions and certain things which are not according to the proposals or the policy of the Government. But I want to know whether they have given the reaction of the Government of India to the IMF on the points contained therein to which they do not agree.

DR. BHAI MAHAVIR: I am only asking him about a point which seems to have been missed by him. I referred to the private transfers. It has been estimated that Rs. 1500 crores would be coming through private transfers. I referred to a press report here where 4 billion dollars have been offered by non-residents as a non-official inflow. Now that the debate is over, will he at least now consider such a proposal and make use of such inflow of funds? If non-resident Indians are able to offer an amount like 4 billion dollars, that would be good for the country, thereby we may do away with such a loan.

SHRI R. VENKATARAMAN: So far as the point raised by Mr. Sezhiyan is concerned, when the consultations take place after 25th of March or around 25th of March, 1982, they will tell us this is their viewpoint and this is what they think would be good, and we will say, this is our statement and this is what we think.

We will have to discuss. That will be a matter for discussion. There is nothing binding on us. Again I repeat I am bound by what I have spoken and what I have put my signature to.

About private transfers, I have been deceived by a number of offers. Believing one or two, I sent one or two people to some Gulf countries and London and they came back empty-handed.

MR. DEPUTY CHAIRMAN: I shall now put the amendments to vote.

The question is:

1. "That at the end of the Motion, the following be added, namely:—

'and having considered the same this House is of opinion that the said arrangement would,—

(a) only worsen the economy of the country;

(b) cast heavy burden on the people for years to come by increasing unemployment, prices and poverty;

(c) cause humiliation to, and lower the dignity and sovereignty of India;

(d) lead to external interference into the financial, industrial and budgetary policies of the country;

(e) restrict the freedom of Government to borrow from other more favourable sources and undermine the independent and self-reliant industrial development; and

(f) aggregate balance of payment situation when the repayment schedule commences from 1985-86 due to added burden of servicing this debt."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

2. "That at the end of the motion, the following be added namely:

'and having considered the same, this House expresses its disapproval of the conditions attached to the agreement which would seriously jeopardise the national objective of economic self-reliance accepted by all our plans till now.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

3. "That at the end of the Motion, the following be added, namely:

'and having considered the same, this House is of the view that acceptance of the conditions sought to be imposed by the International Monetary Fund on India would amount to a surrender of our sovereignty in the sphere of economic policy and virtual abrogation of the national idea of self-reliance.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

4. "That at the end of the Motion, the following be added, namely:

'and having considered the same this House is of opinion that the said arrangement would—

(a) jeopardise India's efforts for the establishment of socialism in the country through the Five Year Plans;

(b) open the Indian economy to the investment of foreign private capital specially the U.S private capital;

(c) effect whatever social welfare works are being done at present in food for work programme, etc.

(d) eventually force the Indian economy to deviate from the ideals of Mahatma Gandhi, Jawaharlal Nehru and Loknayak Jai Prakash.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

5. "That at the end of the Motion, the following be added, namely:

'and having considered the same, this House is of opinion that the extended arrangement with the International Monetary Fund be cancelled.'

The motion was negatived.

PAPERS LAID ON THE TABLE *contd.*

Notification of the Ministry of Finance (Department of Revenue)

SHRI SAWAI SINGH SISODIA:
Sir, I beg to lay on the Table—

I. A copy each (in English and Hindi) of the Ministry of Finance (Department of Revenue) Notifications Nos. 192/81- Central Excises to 195/81-Central Excises, dated the 3rd December, 1981, together with Explanatory Memoranda thereon.

II. A copy each (in English and Hindi) of the Ministry of Finance (Department of Revenue) Notifications Nos. 259/81-Customs to 266/81-Customs, dated the 3rd December, 1981, together with Explanatory Memoranda thereon, under Section 159 of the Customs Act, 1962.

[Placed in Library. See No. LT-2994/81 for I and II]