

Credit from I.M.F.

*616. SHRI HARSH DEO MALAVIYA :† SHRI N. R. CHOUDHRY: DR. H. K. CHAKRABARTI: MISS SAROJ PURUSHOT- TA'I KHAPARDE: SHRIMATI AZIZA IMAM: SHRI K. B. CHETTRI: SHRI SARDAR AMJAD ALI : SHRI DEBANAND AMAT: SHRI K. C. PANDA: SHRI LOKANATH MISRA : Will the Minister of FINANCE be pleased to state—

(a) whether Government have any proposal to explore credit from the International Monetary Fund; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): (a) and (b) Recourse to I.M.F. can be taken in case of balance of payments need. Government keeps the balance of payments situation under constant review and recourse to the I.M.F. will be taken if and when needed.

SHRI HARSH DEO MALAVIYA: I would like to know whether it is true that a secret meeting of the United Kingdom, France, West Germany and Japan was held recently at Paris to plan the future order of the IMF, etc., by passing the interests of developing countries, including India. There were reports in the press.

SHRI Y. B. CHAVAN : I have no information of any secret meeting and if I had information then it was not a secret meeting.

SHRI HARSH DEO MALAVIYA: It was in the papers and it was commented upon.

MR. CHAIRMAN: But he has no information.

†The question was actually asked on the floor of the House by Shri Harsh Deo Malaviya.

SHRI HARSH DEO MALAVIYA :

My second question is this. What is the present position of credit to India from the IMF?

SHRI Y. B. CHAVAN: It is very excellent.

SHRI S. D. MISRA : The answer is still more excellent.

SHRI Y. B. CHAVAN : If he wants more information, I can give it. At the present moment whatever payments were due to the IMF we have already made. We have not made withdrawals or made any demands on the IMF. Our credit is absolutely intact. That is why I said it is excellent.

SHRI N. R. CHOUDHURY: From a report that appeared in the Economic Times published from Bombay, it is seen that in 1972-73 we had a trade deficit of Rs. 374 crores. Also, this is not likely to be met by exports during the current year. That apprehension is there. In view of that, I would like to know from the Minister how they are going to meet the deficit in the trade balance.

SHRI Y. B. CHAVAN : We are watching things. It is true that at the present time we are required to import more food, more fertilisers and we have to import crude and other commodities at higher prices. Therefore, there is certainly more pressure on the prices of imports. That is true. At the same time, I must say that export earnings this year, as compared to last year, are better. So, we will watch the situation. I do not think there is any need to worry about it. At the same time we have got a very good external credit position with the IMF.

DR. R. K. CHAKRABARTI: Whenever such credits are given by the IMF, may I know whether these credits are for any particular project or it is just to meet the deficit in our budgetary position?

SHRI Y. B. CHAVAN : When we take* these credits, it is our right to take them.

DR. R. K. CHAKRABARTI: Earmarked for specific projects?

SHRI Y.-B. CHAVAN : No, no.

SHRI SARDAR AMJAD ALI: It is seen that in order to meet the various indigenous needs, in the total national economy the import volume is going up and up, whereas the export volume is not actually going up in the same fashion as it is expected or in the same quantity. In view of this, may I know, in order to meet the import needs, whether it will be necessary for us to go in for credit from the IMF during the next financial year?

SHRI Y. B. CHAVAN : I think we are talking about this financial year. About the next financial year I cannot say anything yet. We have yet to go through more than three months of this financial year. At the present moment I do not see any necessity, but I cannot guarantee. If necessary, we can go to them.

SHRI K. P. SUBRAMANIA MENON : In view of the uncertainty about the par value of the dollar and many of the Western currencies, may I know whether any advance has been made in regard to the proposal for making these SDRs an alternative currency for international dealings? May I know what is our right to draw and how much amount we can draw as SDRs?

SHRI Y. B. CHAVAN : There are two types of SDRs. One is the SDR that is held by us, which is more than 186 millions. This is one SDR. The other SDR is held as quota that is allotted to this country. And there are certain rules on the basis of which we can draw. If the hon. Member is interested to know about them, I can certainly give him that information. Certainly it is much better that I tell him—

"Each member of the IMF is entitled to draw resources from the Fund de-

pending on its quota. India's quota is equal to 940 million SDRs. Twentyfive per cent of this quota was paid in gold and the balance in Indian currency. Each member is entitled, as a matter of right, to draw currencies equivalent to its gold contribution—this is called the 'gold tranche'. Gold tranche is defined as equivalent to member's quota minus the Fund's holdings of the member's currency. In our case, this amount currently is equivalent to 77 million SDRs. We can draw currencies equivalent to this amount, as a matter of right. We can also draw a further sum not exceeding 25 per cent of our quota, i.e. currencies equivalent to 235 million SDRs."

Sir, I hope it is clear to him.

Disparity in comparative advance ratio fixed by Nationalised Banks for Priority and Non-Priority Sectors

*617. DR. R. K. CHAKRABARTI : SHRIMATI AZIZA IMAM: MISS SAROJ PURUSHOT-TAM KHAPARDE:

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that comparative advance ratio fixed by the nationalised banks for Priority Sector is less than that for the non-Priority Sector.

(b) whether production has been hampered in the Priority Sector due to such disparity; and

(c) if so, what steps Government propose to take in this regard?

THE MINISTER OF - FINANCE (SHRI Y. B. CHAVAN): (a) While no precise proportions indicating the relative shares of the priority and non-priority sector advances in the total bank advances have been fixed, the policy of the Government is that priority sector advances should progressively increase. As a result, the proportion of priority sector advances to total

†The question was actually, asked on the floor of the House by Dr. R. K. Chakrabarti.