

(b) how many of these plants are to be set up with foreign collaboration; and

(c) how much foreign technical know how has been purchased for these plants and from which countries?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS (SHRI D. R. CHAVAN): (a) M/s. Chemicals & Fibres of India Ltd., Bombay were given a licence on 4-5-1961 for manufacture of 4.5 million lbs. per annum of Polyester fibre and they were given another licence for further expansion up to 10 million lbs. per annum on 27-5-1967 (approximately 4,500 tonnes).

(b) and (c) They have foreign collaboration with M/s. Imperial Chemical Industries Ltd., London, U.K. for implementing both the licences. The foreign collaborators hold 60% of share capital in the Indian Company. The terms of payment of royalty are as follows:—

Royalty payment in £ sterling in London on a national price of Rs. 9.25 per lb. on all polyester fibre sold or utilised as under:—

(i) On sales or utilisation of 2 million lbs weight in any calendar year— $3\frac{1}{2}$ per cent.

(ii) On sales or utilisation of the balance up to 2.5 million lbs in any calendar year— $2\frac{1}{2}$ per cent.

The royalty payment is due from 1st April, 1965 and will continue for a period of 10 years thereafter.

No royalty is involved for the expansion of the capacity from 4.5 million lbs. to 10 million lbs. which expansion was licensed on 27-5-1967.

The royalty payment is subject to Indian taxes.

12 NOON

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED SUGGESTION BY AN EXPERT GROUP SET UP BY THE MINISTRY OF FINANCE FOR THE FREEZING OF PL-480 FUNDS PERMANENTLY

SHRI CHITTA BASU (West Bengal): Madam, with your permission, I beg to call the attention of the Deputy Prime Minister and Minister of Finance to the reported suggestion by an expert group set up by the Ministry of Finance for the "freezing" of PL-480 funds permanently through a mutual agreement between India and the U.S.A. as a way "to cushion the economy from the inflationary impact in future".

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI R. D. SAI): Madam, it will be recalled that acting upon a recommendation of the Estimates Committee, the Government of India set up a small group under Prof. A. M. Khusro of the Institute of Economic Growth to study, *inter alia*, the inflationary effect, if any, of transactions relating to imports financed by U.S. PL-480. The Report of the Khusro Group along with a statement of Government's views regarding the Group's recommendations was sent to the Estimates Committee and the latter was laid on the Table of the Lok Sabha on April 16. As Hon'ble Members may not have had the opportunity of looking at the Report and might have seen the recent newspaper reports about the freezing of PL-480 funds permanently, I am laying on the Table of the House a copy of paragraphs 68 to 71 of the Khusro Report which contains their specific suggestions in this regard. (See below). As Hon'ble Members will see therefrom, the Khusro Report concludes that, after PL 480 commodity supplies have ceased, any expenditures from accumulated PL-480 funds would have the effect of releasing net purchasing power and such expenditures would therefore

be expansionary. Government agrees with this conclusion. As Hon'ble Members will see, the Khusro Report recognises that this potentiality can be met in one of several ways. Their first suggestion is that expenditures from accumulated PL 480 funds should be properly phased under agreement with the Government of India and that such agreement and knowledge would enable the Government to adjust its other expenditures in such a manner as to keep the total expenditure to a level which does not give rise to any inflationary effects. Their other suggestion is to obtain a grant from the U.S. Government; and their final alternative is to enter into an agreement to freeze the funds permanently. As Hon'ble Members are aware, all the PL-480 funds are currently invested in the special securities of the Government of India and are in that sense already frozen. Moreover, even at present funds are released for U.S. uses after consultations with the Government of India and the amount so released are exhibited in the budget on the expenditure side. Consequently, we are already following the procedure suggested by the Khusro Report and are taking steps to cushion the impact on the economy of expenditures from PL-480 funds.

Paragraphs 68 to 71 from the Report of the Expert Group on the Monetary Impact of PL 480 Transactions.

68. But a major source of potential inflation lies in the final accumulation of funds in U.S. hands in India. As the projects operated under PL 480 schemes mature and repayment is made by the Government of India into the American account at the Reserve Bank of India, American deposits in the Reserve Bank rise once again and the rise this time is not only by the extent of the repayment of capital, but also payment of interest which together work out to be a very substantial addition over a number of years. Assuming that grain imports are stopped at some

date in the near future, no non-Indian supplies will be augmenting the availabilities of grain in India. But on the other hand, the piling up of liquidity in the hands of the U.S. Embassy will pose sharply the question of the manner and the phasing of American expenditure against which there will be no physical grain or other availabilities. The problem would be very much like the complex and the astonishingly large liquidity problem of war-time and post-war Europe, where very substantial accumulated liquid funds kept on putting inflationary pressures in all the markets for commodities and assets and distorted the normal operation of the economy leading the European Governments to take special measures to overcome the problem.

69. It is clear that PL-480 funds have a big potential for becoming inflationary at a future date when grain flows will dwindle down or come to an end. *American expenditures on U.S. uses, one might hope, will be properly phased under Agreement with the Government of India and previous knowledge about the annual expenditure flows from this source would be available to the Government.* This will enable the Government to plan its budget deficits and surpluses appropriately, but there is no denying that other things being equal, the impact of these expenditures, will clearly be inflationary.

70. *Another way to cushion the economy from this inflationary impact would be for the Government of India to obtain a grant from the U.S.A. or, alternatively, enter into a mutual agreement to freeze the funds permanently.* In that case, the accumulated amounts or agreed parts thereof can be annihilated and the economy cushioned from their impact. The matter would be akin to the burning of currency notes at retirement.

71. Of course, by the time such inflationary impacts develop, if the

[Shri Morarji R. Desai]

Indian economy becomes a scene of an agricultural revolution and the pace of industrialization also catches up, it is possible for the Government to provide budget surpluses or smaller deficits (than would otherwise be the case), in order to nullify the impact of expenditures on U.S. uses out of accumulated U.S.-owned funds in India. Nevertheless, we are bound to say that in view of the very large sums involved and considering the large expenditure effects as well as the wealth effects of these sums, a solution acceptable to both Governments needs to be explored urgently.

SHRI CHITTA BASU: Madam, apart from the big inflationary potential of PL-480 funds on our economy, the transactions under the PL-480 agreement very prejudicially affect the interests of India and they have got very wide repercussions, particularly of a political nature. A perusal of the conditions of the agreement would convince this House that this particular agreement is more in the interests of the policy of the US in India than to subserve the interests of the nation. This particular agreement helps the US Government to continue and carry on their neo-colonialist policy in this country of ours with an aim to subvert our economy and also undermine the democratic institutions. This very agreement also . . .

THE DEPUTY CHAIRMAN: Please ask for clarification.

SHRI CHITTA BASU: I shall complete it in two minutes if I am not disturbed. I shall complete it in two or three minutes, not more than that. This agreement increases our susceptibility to the twist and blackmail of the US interests, particularly of the Pentagon to the very serious detriment of our real independence and sovereignty. This agreement also provides ample opportunities for the US Government to make deliberate inroads into our cultural, political and social life. Also,

you will agree that this agreement tightens the grip of the US imperialists over our national economy by the mechanism of various visible and invisible strings attached to it. Finally, it also frustrates the very object of having a self-reliant economy in our country. In the context of these very disastrous consequences . . .

THE DEPUTY CHAIRMAN: In this context, please ask a clarification.

SHRI CHITTA BASU: May I know from the Hon. Minister whether the Government considers it desirable to abrogate the agreement lock, stock and barrel and to begin with permanently freeze the accumulation, as suggested by the expert committee, so that the US interests cannot have a permanent base in India and we can also lift India from the quagmire into which it has been landed due to the wrong policy of subservience and capitulation?

SHRI MORARJI R. DESAI: All the premises given by the hon. Member are a result of the coloured glasses through which he looks. If he had not done that, he would not have made the wrong statements which he has made.

(Interruptions)

SHRI CHITTA BASU: It is not coloured. It is transparent.

SHRI MORARJI R. DESAI: He has prejudices and these prejudices are reflected in what he has said. The PL-480 agreements which are made are made by us for our own benefit and not for the benefit of the USA at all. They do not impose any conditions which deflect our economy or which go against our economy. We should be grateful for the PL-480 agreement . . .

SHRI CHITTA BASU: Certainly not.

SHRI MORARJI R. DESAI: . . . and not the other way. The

hon. Member may say anything, but I do not agree with him at all.

SHRI M. V. BHADRAM (Andhra Pradesh): May I know from the hon. Minister the total amount accumulated so far and the amounts released in the last two years?

SHRI MORARJI R. DESAI: It is not possible for me to give these amounts just now, but if they are wanted, I shall certainly give them.

SHRI A. D. MANI (Madhya Pradesh): According to the study team's report, a part of the expenditure of the US Embassies in Nepal and Burma are met out of PL-480 funds. May I ask the hon. Finance Minister what is the rationale for such expenditure being met out of PL-480 funds which have accumulated in India?

SHRI MORARJI R. DESAI: The hon. Member ought to realise that these funds belong to them. They do not belong to us. When we got from them foodgrains, we had to pay money for it. Now, all that money was paid so far in rupees and under the recent agreement a part of it has got to be paid in dollars. In regard to those amounts which were paid in rupees before, a part of it belongs to them. A part of it was made into grants automatically and a part of it remains to be returned in forty years or fifty years. With regard to the amount which belonged to them and which had to be returned to them in rupees, we agreed that they could spend it here on this Embassy and the other Embassies. It is a matter of agreement. It is a question whether we want these foodgrains or we do not want them. If we want the foodgrains, then we have got to take them, giving all these conditions. It is cheaper for us, better for us and more convenient for us and they did that when we required it. But we do not want that when we become self-sufficient, for which we have worked,

and I think that condition is soon arising and coming.

SHRI SURESH J. DESAI (Gujarat): May I know if it is a fact that the Expert Group which had been appointed had said that the PL 480 funds had really no inflationary effect on our economy at present? Secondly, the funds which are released, 80 per cent of the funds which are loaned to the Government of India and about 7 to 8 per cent which is given as Cooley Funds are released with the permission and consent of the Government of India and therefore there is hardly any danger of any large loose funds having inflationary impact on our economy, of their being released without the knowledge and consent of the Government of India.

SHRI MORARJI R. DESAI: That has been stated already.

SHRI M. K. MOHTA (Rajasthan): May I ask the Finance Minister, if I have understood his answer to the main question correctly, whether the accumulated PL 480 funds are invested in special Central Government securities and in that sense they are already frozen? So, what is the implication of freezing them still further and what would be the *modus operandi* in that connection? Secondly, has the Government got the reaction of the U.S. Government to this proposal?

SHRI MORARJI R. DESAI: They are frozen in the sense that they are invested here already. But they have to be returned. If they are not to be returned, then they are permanently ended. That is what is asked for. That is a matter which can be done by agreement between the two Governments and not by one-sided decision.

श्री सुन्दर सिंह भंडारी (राजस्थान) :
मैं माननीय मंत्री जी से यह पूछना चाहता हूँ कि खुशरू कमेटी ने जो निष्कर्ष निकाले कि पी एल 480 के धन से

[श्री सूर्यदत्त सिंह भंडारी]
मुद्रास्फीति होगी, उस एक सत्य को स्वीकार कर लिया गया है या नहीं। जिस खुशरू कमेटी ने यह राय व्यक्त की थी कि भिन्न-भिन्न प्रकार से इस धन का उपयोग हुआ है, लोन्स के रूप में, ग्रांट्स के रूप में यू० एस० एम्बेसी के एक्सपेन्डीचर के रूप में तो वे कौन, कौन से ऐसे आइटम हैं जिनके इन्फ्लेशनरी परिणाम से हमारी मुद्रास्फीति सर्वाधिक होती है ताकि उस प्रयोग में उसको रोकने या उस खर्च को दूसरी तरफ बदलवाने का हम विचार कर सकें ?

श्री मोरारजी आर० देसाई : यह कहा गया है कि अब तक इन्फ्लेशनरी का असर नहीं पड़ रहा है। यह कहा गया है। भविष्य में जब हमें पी० एल० 480 से सप्लाई नहीं लेना है तब जो फंड बाकी रहते हैं वह देना है। उसका खर्च हो सकता है यह उन्होंने कहा है। इस बात के बारे में उन्होंने कुछ सुझाव दिये और हम भी उसको सोच रहे हैं और देख रहे हैं कि किस तरह से उसका उपयोग हो।

श्री राजनारायण (उत्तर प्रदेश) : माननीय मंत्री जी ने जो जवाब दिया है, मैं समझता हूँ वह उचित नहीं है। क्या माननीय मंत्री जी को यह मालूम है, कि अमेरिका के जो अर्थ-शास्त्री थियोडोर सूल्ज हैं, उनकी यह सम्मति है, जो उन्होंने खुद कहा है कि जो एथ्रीकल्वर ट्रेड एक्ट पी० एल० 480 के द्वारा मदद होगी और जिन-जिन मुल्को में इसका गल्ला जायेगा, उन-उन मुल्को की खेती बरबाद हो जायेगी। उसने यह भी कहा है कि अमेरिका का सस्ता गल्ला लेकर वहाँ के लोगों के अन्दर गल्ला पैदा करने की जो प्रेरणा शक्ति होगी वह उसको नष्ट कर देगी। यही प्रश्न नहीं है बल्कि अमेरिका के

अर्थ शास्त्री अब खुद कहते हैं कि जो काउन्टर पार्ट बचा है, उसको फ्रीज कर देना चाहिये। वे नहीं चाहते हैं। फ्रीज से उनको कोई नुकसान नहीं होगा। इस चीज को ठीक तरह से समझ लिया जाय कि जो उनका काउन्टर पार्ट है अगर वह फ्रीज कर दिया जायेगा तो अमेरिका का इससे कुछ बनता बिगड़ता नहीं है। वे तो खुद चाहते हैं कि अमेरिका का जो फालतू गल्ला और दूसरी सामग्री पड़ी हुई है उसका लेन-देन बराबर चलता रहे और उनका सामान बराबर इन मुल्को में आता रहे। तो क्या सरकार इस खतरे से अवगत है कि जो करीब 198 करोड़ रुपया अमेरिकी दूतावासों ने खर्च किया है, वह किन किन कार्यों में खर्च किया गया। यह मूल प्रश्न है। इसके साथ ही साथ क्या सरकार इस बात को भी जानती है कि अब इस रुपये से, जो उनकी सामग्री का पैसा यहाँ बनता है, उससे वे यहाँ पर प्राइवेट कंपनियों को लोन देने लगे हैं और इस तरह से अमेरिका का फाइनेशियल केपटलिज्म यहाँ पर आ गया है। भारत के तमाम फाइनेंस को और तमाम केपटलिज्म व्यवस्था को अमेरिकी अपने पैसे की मदद से कंट्रोल कर रहे हैं। तो इस तरह का खतरा है और इस खतरे से मुल्क को बचाने के लिए सरकार क्या उपाय कर रही है ? आज अमेरिका विश्वविद्यालयों को ग्रांट्स दे रहा है, वहाँ पर कल्चरल एसोसिएशन खोल रही है और इस तरह की तमाम बातें वह कर रही है। इसकी तहत क्या सरकार को इस बात की जानकारी है कि लखनऊ का जो एरोड्रम है, उसके पास एक साइकोलाजिकल रिसर्च सेंटर चल रहा है और उसमें सात लाख रुपया खर्च हुआ है जो इस फंड से गया है। मैं जानना चाहता हूँ कि वह रुपया कहाँ खर्च किया गया है ?

जो डायरेक्टर श्री पी० एन० सिंह थे, वे स्कूटर वाले हैं, उन्होंने एक मीटिंग में कहा था कि यह सारे का सारा रुपया तो बरबाद हो गया है।

उपसभापति : आप सवाल पूछिये।

श्री राजनारायण : यही तो मैं जानना चाहता हूँ कि इस फंड का रुपया यहां की सभ्यता और संस्कृति को बरबाद करने में खर्च किया जा रहा है और यहां पर जासूसी तथा लिट्रेसी के नाम पर अनावश्यक ढंग से खर्च किया जा रहा है। अमेरिका ने इस तरह के सेन्टर्स, उद्योगों के आस-पास और मुल्क के मुख्य प्वाइंट्स में खोल रखे हैं। तो मैं यह जानना चाहता हूँ कि सरकार ने इस संबंध में क्या व्यवस्था कर रखी है?

श्री मोरारजी आर० देसाई : जो विधान सम्माननीय सदस्य ने कहा है वह विधान सही नहीं है। वह कहते हैं कि मैं सही नहीं हूँ। यह झगड़ा कौन निपटायेंगा।

श्री राजनारायण : यह तो दृष्टि का फर्क है।

श्री मोरारजी आर० देसाई : दृष्टि का फर्क नहीं है, दिमाग का फर्क है। माननीय सदस्य की विचारधारा में फर्क है, यह मैं मानता हूँ।

श्री राजनारायण : अगर दिमाग के फर्क के बारे में इन्दिरा जी कहें तो मैं समझ सकता हूँ। आप तो भाषा का ज्ञान रखते हैं। दृष्टि का फर्क और दिमाग का फर्क, एक ही चीज़ है। विचारधारा का फर्क कहिये या दृष्टि का फर्क कहिये। दोनों का अर्थ एक है।

श्री मोरारजी आर० देसाई : मुझे भी सुनियेगा या आप ही बोलते रहियेगा? क्या आप चाहते हैं कि मैं बैठ जाऊँ क्योंकि जब मैं बोलना शुरू करता हूँ तो आप बीच-बीच में खड़े हो जाते हैं।

श्री राजनारायण : मैं तो शब्दों के प्रयोग के बारे में बता रहा था।

श्री मोरारजी आर० देसाई : शब्दों का प्रयोग तो आप कर रहे हैं, मैं तो नहीं कर रहा हूँ। शब्द का उपयोग मैं समझ गया हूँ। यह मेरी समझ में नहीं आता है कि सम्मानित माननीय सदस्य अमरीकी शास्त्री की अर्थशास्त्री कहना क्यों भूल गये? यह कहते हैं कि अर्थ-शास्त्री ने कुछ कहा है। उन्होंने कहा कि अर्थ शास्त्री कहते हैं कि अगर अनाज भेजेंगे तो वहां की खेती बरबाद हो जायेगी। हो सकता है कि कुछ लोगों का ऐसा ख्याल हो और हमारे यहाँ भी कुछ लोगों का ख्याल हो सकता है। मैं नहीं कहता कि ऐसा ख्याल है ही नहीं। हर एक का मामले में अलग अलग ख्याल हो सकता है। यह कब हो सकता है? यहां कब हो नुकसान हमें जरूरत न पड़े और फिर हम उनके पास से मंगवा लें। जब हमें फायदा होता है तब हम वहां से मंगाते हैं। जब किसी तरह का नुकसान होता है तो हम नहीं मंगाते हैं। जब यहां पहले जरूरत होती है तब हम बाहर से मंगाते हैं। हमें विदेशी मुद्रा में भी पैसा देना पड़ता है और वह हम नहीं दे सकने हैं क्योंकि हमारे पास नहीं है। अगर हम वहां से अनाज नहीं मंगाते हैं तो यहां पर हजारों लाखों लोग भूख से मर जायेंगे। ऐसी हालत में हमें वहां से अनाज मंगाना पड़ता है। इस अनाज से हमारी खेती बरबाद नहीं होती है बल्कि हमें इस

[श्री मोरारजी आर० देसाई]

फंड के रुपये का उपयोग मिलता है। इसके साथ ही साथ वे लोग भी जानते हैं कि हिन्दुस्तान की खेती मजबूत होनी चाहिये। वे लोग चाहते हैं कि यहाँ की खेती में सुधार हो ताकि पी० एल० 480 का उपयोग कम से कम हो। इसीलिए उनकी शर्त ज्यादा तग बनती जाती है जिससे हम इस लोभ में न पड़े कि हम वहाँ से ज्यादा अनाज मगा लें। इसीलिए वे तग करते हैं और कोई दूसरा कारण नहीं है। यह उनकी ईमानदारी बतलाती है और कोई दूसरी चीज नहीं बतलाती है।

इसी तरह से जो फंड मौजूद है, उसका जो उपयोग होता है वह भी हमारी सम्मति से नहीं होता है। उसका जो उपयोग होता है उसकी हम देख भाल कर सकते हैं। उनकी ऐम्बसी में जो रुपया खर्च होता है उसका सुपर-विजन हम नहीं कर सकते हैं और उसका सुपरविजन करने की जरूरत हमें नहीं होनी चाहिये और न हमें इसकी मांग करनी चाहिये। वे अपने पैसे से जो चाहे करे और जो उपयोग करना चाहेंगे करेंगे। अगर इस पैसे के उपयोग में कुछ गलती हुई हो तो मैं नहीं कह सकता हूँ। मुझे आशा और भरोसा है कि उसका गलत उपयोग नहीं हुआ है। इससे ज्यादा मैं कुछ नहीं कह सकता हूँ।

उन्होंने लखनऊ के पास जो स्कीम बतलाई है, जो सेन्टर की बात बतलाई है, उसके बारे में मुझे पता नहीं है। उन्होंने पी० एन० सिंह का नाम लिया है जो उसके डायरेक्टर हैं। इन डायरेक्टर ने कुछ खराब काम किया तब ही उनको पता चला।

श्री राजनारायण : आखिरी सेटेंस मैंने सुना नहीं . . .

THE DEPUTY CHAIRMAN : We do not want to have a discussion over that.

श्री राजनारायण : मैडम, आखिरी सेटेंस मोरारजी भाई ने क्या कहा, वह मैंने सुना नहीं। पी० एन० सिंह के बारे में उन्होंने क्या कहा? वह मैं सुनना चाहता हूँ।

श्री मोरारजी आर० देसाई : मैंने इतना ही कहा कि मुझे पता नहीं। अगर उनको पता चला हो कि वे डाइरेक्टर थे, ऐसी बात कहते हैं, मैं तो वह भी नहीं जानता हूँ।

श्री राजनारायण : पी० एन० सिंह डाइरेक्टर थे। वे निकाले गये और उन पर मुकदमा चल रहा है।

श्री मोरारजी आर० देसाई : मैं तो वह भी नहीं जानता। यह तो आपने खबर दी है कि उन पर मुकदमा चल रहा है। तो अपने बचाव में उल्टा सुल्टा उनको बता रहे हैं।

श्री राजनारायण : मैं कहता हूँ कि माइक्रोलोजिकल सेक्टर जो चलाते हैं उनके ऊपर मुकदमा चल रहा है। (*Interruption*) आप तो उलटी बात ममझ लेते हैं, मोरारजी भाई (*Interruption*) साइकोलाजिकल सेक्टर के ऊपर मुकदमा चल रहा है।

SHRI A G KULKARNI (Maharashtra): Madam, I want to seek a clarification from the Finance Minister. The Khushro Committee have studied the impact of PL 480 funds and the accounting procedure. The Government has rightly taken the view that the accounting procedure is to be adjusted. As regards their suggestion about debts, I rightly say here that this country should never deny any of its debts whether they are from the USA or from the USSR.

and I really congratulate the Government for taking such a stand. But at the same time I want to know this. As you have stated rightly, in the Fourth Five Year Plan period—and it is our intention to do so in the Fifth Plan also—we are doing away with the PL-480 import of food-grains. Then naturally a time will come when there will be a likely deficit in the budget. And for that purpose, the Finance Minister has stated that that much of deficiency has been taken care of in the successive Budgets. I want to know from the Finance Minister whether, while taking care of this deficit, there is any possibility of the price-line being maintained because there will be the inflationary character of that deficit being increased by that much amount. So, I want to know from the Government whether they have taken the right steps so that in the Fourth Plan or in the Fifth Plan, the price line will be maintained for industrial progress and exports.

SHRI MORARJI R. DESAI : That is the hope and that is the attempt.

SHRI BHUPESH GUPTA (West Bengal): First of all, even before this Report came to us, many economists have pointed out the dangers of the rupee counterpart PL-480 funds. Even the then Finance Minister, Mr. T. T. Krishnamachari, when he was in office, said in Bombay that there was great anxiety and concern in the Government over such accumulations over there. Is it not a fact that the economists have pointed out that the PL-480 accruals come to over Rs 2,000 crores, almost equal to one half of the currency in circulation, and that if these trends were to continue, a time might come when the Americans, indirectly, would be controlling the Indian currency? Is he aware of that?

SHRI N SRI RAMA REDDY (Mysore): It is absurd.

SHRI BHUPESH GUPTA: That is what the economists have said. You can well understand—if some agency has control over so much of funds equal to one-half of the total currency in circulation, then it is a very strategic position. I should also like to know whether it is not a fact that some of the funds are used in a manner which calls for enquiry. For example, now we are told that there is a sum of Rs. 366 crores with the Americans for their expenditure here and that out of that Rs. 100 crores or so are for the expenditure of the American Embassy in this country. Is the hon. Minister aware that Rs. 25 crores have been spent, according to the reports submitted by them to the Government, for the USIS, the American Information Service here?

AN HON. MEMBER: How much?

SHRI BHUPESH GUPTA: Rupees twentyfive crores, according to what they have told this Government.

Now, this is a very serious matter. Have they made an inquiry as to how the moneys have been spent and why so much money should be spent on an Information Service, the USIS?

Secondly, I should also like to know whether the Government has any idea

SHRI LOKANATH MISRA (Orissa): How much is the expenditure on the Russian Information Centre?

SHRI BHUPESH GUPTA: Give another Calling Attention Notice. The Russians do not believe in PL-480. Madam, Deputy Chairman, why is he interrupting me? My hon. friends know very well that the Russians do not believe in PL 480 or in 420

SHRI LOKANATH MISRA: They believe in Patriot and Link.

SHRI DAHYABHAI V. PATEL (Gujarat): They believe in subversion.

SHRI BHUPESH GUPTA: My friend believes in 420, you believe in 420. The point here is this. It is Rs. 98 crores—a huge amount. You should find out. Then again, is the hon. Minister aware that Rs. 67 crores have already been spent under the Cooley Agreement and that another Rs. 67 crores have been set apart as Cooley loans which means moneys to be given to big business capital or private collaboration between the American monopolists and the Indian monopolists with the consent of the Government of India? I should like to know what the Government is doing in this matter.

THE DEPUTY CHAIRMAN: You have asked many questions.

SHRI BHUPESH GUPTA: I would like to know why the Government is not taking steps to see that the Americans keep, in the first place, a proper account of the moneys which they are spending—huge sums are being spent—and secondly, why the Government is not taking charge of the entire accruals, apart from what the Americans might require, for example, for meeting the legitimate expenditure of their Embassy or some other agency here. And finally, is he aware that these funds are being diverted even for interference in elections and so on? I do not know how much has been spent in Banaskantha.

THE DEPUTY CHAIRMAN: That will do.

SHRI BHUPESH GUPTA: I do not know; I do not claim to know . . .

THE DEPUTY CHAIRMAN: I know that.

SHRI BHUPESH GUPTA: . . . how much has been spent in Banaskantha. Do not blame me. I am ignorant in this matter.

(Interruptions)

THE DEPUTY CHAIRMAN: You cannot go on like this.

SHRI BHUPESH GUPTA: Why? Is my question inconvenient? It is utilised for subversion, for building up the American Lobby . . .

SHRI BABUBHAI M. CHINAI (Maharashtra): What about Midnapore? How much money has been spent in Midnapore on Mr. Krishna Menon's election?

SHRI BHUPESH GUPTA: . . . for cloak and dagger . . . *(Interruptions)* Why is he disturbing me? . . . for cloak and dagger diplomacy of the United States of America, for open bribery and political corruption. Therefore, I say that in political terms it is 420. You must remember: At political level it is 420 and at the economic level it is PL-480.

SHRI MORARJI R. DESAI: It is impossible for me to give an answer to the rambling dissertation which the hon. Member has given. He might say that because this money is there, the U.S. Government has control over the economy of this country. This is only a figment of his imagination. There is absolutely no control by any country here over our economy, whether it is the USA or it is the USSR or it is England or France or anybody. There is no question of that. There are rupee funds everywhere. But that does not mean that they have control over us. And it is something fantastic and absurd if it is suggested that I should ask the United States Embassy to give an account of its expenditure on the Embassy. This is not done anywhere in the world.

SHRI BHUPESH GUPTA: PL-480 funds?

SHRI MORARJI R. DESAI: Even PL-480 belongs to them.

SHRI BHUPESH GUPTA: Which belongs to them?

SHRI MORARJI R. DESAI: They are spending their money, not my money.

SHRI BHUPESH GUPTA: Your money.

SHRI MORARJI R. DESAI: The hon. Member has no sense of proportion. That is why he goes on saying like this.

SHRI BHUPESH GUPTA: What is sense of proportion? (*Interruptions*) The hon. Minister should not philosophise. I say, PL-480 accruals are rupees, they are not got from the United States.

THE DEPUTY CHAIRMAN: Please sit down.

SHRI N. SRI RAMA REDDY: I would like to know from the hon. Finance Minister whether some portion of these PL-480 funds is being used for research purposes in this country and, if so, what is that amount, and how far it is beneficial to this country.

SHRI BHUPESH GUPTA: I hope that PL-480 funds are not used for Congress Parliamentary elections.

SHRI MORARJI R. DESAI: Accounts of these funds I cannot give, but whatever money is spent here is spent for the benefit of this country and not for the benefit of any other country.

SHRI MULKA GOVINDA REDDY (Mysore): I would like to know from the Deputy Prime Minister whether the P.L. 480 spending is regulated in any manner and, if not, are they free to spend money in any manner they like, and has it come to the notice of the Government that these P.L. 480 funds are many a time surreptitiously spent for political subversion and given as donations to some political party? What steps have the Government taken to prevent this malpractice?

SHRI MORARJI R. DESAI: If any of the Embassies do this in this country and if we come to know of it, we will take action immediately. But if we do not find out we cannot do anything. Let any information be given to us and we will certainly go at it and see that necessary action is taken. But merely vague allegations have no meaning.

REFERENCE TO BANASKANTHA BY-ELECTION

THE DEPUTY CHAIRMAN: Mr. Chinai. He has taken my permission.

SHRI BABUBHAI M. CHINAI (Maharashtra): Madam Deputy Chairman, with your permission I want to raise a very important issue which has taken place during the course of the last ten days twice. On Sunday before last there was an election in Banaskantha. The campaign was closed at 5 o'clock on Friday evening. Unfortunately our President expired and the Election Commissioner thought it fit to postpone election for one week. I had a talk with him and I drew his attention that since the election process had started he should not stop the election. Moreover, this was not a festive occasion and therefore, I said, that the election should continue. Further, in his wisdom he thought that as it was a time of national mourning, no controversy should be raised.

Yesterday counting was going on and some objections were raised by the opposite candidate of Mr. Patil which was rejected by the Returning Officer. In the evening at 7.45 Mr. Amersey telephoned to the Election Commissioner. He raised objection to the result being announced. In his wisdom the Election Commissioner authorised and informed the Returning Officer that the counting should be over but the result should not be declared.

By all canons of justice and election rules the Returning Officer is