

[Shri Y. B. Chavan]

seen a more fantastic statement than this. Article 110 gives a clear definition of what a 'Money Bill' is. He says this because the Bill requires certain Financial Statement and Memorandum. If every Bill that requires a Financial Memorandum is to be treated as a Money Bill, then there will be Constitutional or legislative anarchy in this House.

Therefore, all the objections are absolutely superficial and baseless, and I would not accept them.

MR. CHAIRMAN : The question is :

"That leave be granted to introduce a Bill to amend the Commissions of Inquiry Act, 1952,"

*The motion was adopted*

SHRI Y. B. CHAVAN : I introduce the Bill.

14.17 hrs.

# INTERNATIONAL MONETARY FUND AND BANK (AMENDMENT) BILL—Contd.

MR. CHAIRMAN : Now we take up further consideration of the International Monetary Fund and Bank (Amendment) Bill. The Hon. Minister to reply.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI P. C.  
SETHI) : *rose*—

SHRI H. N. MUKERJEE (Calcutta North East) : Before the Minister replies, could I say a few words.

MR. CHAIRMAN : On what ?

SHRI H. N. MUKERJEE : On this Bill on which the discussion is to be replied to by the Minister.

MR. CHAIRMAN : Let the Minister reply. At the Third Reading stage, you can speak.

SHRI H. N. MUKERJEE : The Third Reading stage is one which will be different.

If you say that the time limit is being so rigidly adhered to by the Chair, then I would not mind.

MR. CHAIRMAN : I will give you two or three minutes after the reply.

SHRI H. N. MUKERJEE : I do not believe in improper proceedings. I do not want to speak. I do not want the proceedings to be conducted improperly.

MR. CHAIRMAN : Can he.

SHRI P. C. SETHI : I have no objection.

SHRI H. N. MUKERJEE : Is the opportunity to speak conditional upon the Minister yielding ? I do not understand the proceedings of this House. I do not wish to take part in the proceedings.

SHRI P. C. SETHI : Perhaps the Chair had called me and that is why you asked.

*(Shri H. N. Mukerjee then left the House)*

SHRI P. C. SETHI : The hon members who spoke on the Bill were generally in agreement with me that the proposal for which the approval of this House is now sought is fairly simple. However, several of them raised questions generally on matters such as foreign aid and trade, as also on certain aspects of SDRs. It will be appropriate from me to deal with the general points briefly at this stage.

I should like to say at the very outset that I am in agreement with the hon. members who said that to the maximum extent possible, our economic development should come from our own effort ; that we should develop our own resources for this purpose ; that we should increase our exports as much as we can ; that we should use our resources, whether generated internally or received from external sources, in the best manner possible for economic growth and that we should follow such policies as will strengthen our economy. The Government is in fact making efforts in all these directions.

Shri Shiva Chandra Jha referred to our dependence on external aid I may say in

this connection, Sir, that our aim is to achieve self-reliance as early as possible. The Fourth Plan places relatively less reliance on external assistance. During the Fourth Plan period net aid has been assumed to be only one half of what it was in the earlier Plan period. Also where as 22% of the outlay of the Third Plan was accounted for by net foreign aid, in respect of the Fourth Plan, outlay on only 8% will be accounted for by net foreign aid. We shall be able during this Plan period to move away from the position, in which we were for quite some time, of having to use food aid. Of course, in order to be able to achieve our objective of reducing dependence on foreign aid and ultimately of eliminating it, we have to increase our exports, become competitive and efficient in our production and increase internal production. These matters are receiving continuous attention.

As for as the Fourth Plan is concerned. We hope that as far as exports are concerned we will be able to maintain the 7% growth and if we are able to do that, I am quite sure that even in spite of the fact that there is indebtedness and we have to pay the debts, the net aid requirements will come down. Also during this Plan we will be in a position where we no longer have to depend upon food imports.

Our exports have grown considerable in the recent past. They have increased by 13.5% in 1968-69 and reached a level which was higher than ever before. Of course, recently our exports have shown again a downward trend. Our non-traditional exports are doing very well. Export of engineering goods increased by almost hundred per cent in 1968-69 and again by 21 per cent in the first six months of the current financial year. A member referred to tea and jute exports. Export of jute goods suffered a set back in 1968-69 but has shown promising trends during the current financial year. In respect of tea, it is unfortunately true that the prospects of exports for all tea exporters in the world have been adversely affected by the international demand not keeping pace with the growth of production. In order to meet this situation, we are actively pursuing the question of orderly joint marketing with Ceylon, which along with India, is the other major tea exporter. We are conscious of the need to help the growth of our exports and are making efforts in that direction. At

the same time, the need to make imports for helping indigenous production, for domestic use as also for export, is large. We have also to make debt servicing payments. Therefore, we find the need to use foreign aid for some more time.

Shri Dinkar Desai, raised the question whether our production has increased because of the use of foreign aid. I would submit that in several cases our production has increased by the use of our resources as well as by the assistance that we got for our Plans. During the plan periods, the installed capacity for power generation has increased from 2.3 million kilo-watts to 14.5 million kilowatts. The number of villages electrified have increased from 4300 to 62000. Production of crude oil has increased from 2.5 lakh tonnes to 70 lakh tonnes. Transport capacity has increased considerably.

SHRI S. KANDAPPAN (Mettur) : What is the reply we are hearing ? (*Interruptions*)

SHRI N. K. SOMANI (Nagaur) : This Bill is International Monetary Fund and Bank (Amendment) Bill.

SHRI RANDHIR SINGH (Rohtak) : What is this ? Both of them cannot speak simultaneously.

SHRI S. S. KOTHARI (Mandsaur) : He is a good Minister. Please go on.

SHRI P. C. SETHI : These points have been raised during the debate, but if the hon Members do not want, I would not go into detail. But I would only say that a large diversified industrial production base has been built up and an infrastructure has been created.

In all these sectors we have made advances, but, Sir, I do agree that we ought to do more and as far as possible with our own effort. Also, whereas our production has considerably improved in quality and efficiency, we ought to improve it further. We are now in a position to expand with relatively less dependence on foreign aid than we were at the earlier stages of our development.

At this stage, Sir, I should like to make clear one point. The IMF is not a development finance institution. As I said in my

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opening remarks yesterday the purpose of the IMF is primarily to promote exchange stability, to maintain orderly exchange arrangements, to assist a multilateral system of payments and thus to facilitate expansion and balanced growth of trade. Its funds are to be used to help member countries tide over short term balance of payments difficulties. Thus the funds provided by IMF cannot be deemed to be a substitute for long term funds needed for the economic development of the developing countries. There are agencies like the World Bank and the IDA intended to provide such funds.

Mr. Somani thought that the Prime Minister or the Finance Minister should have gone to the Annual Meetings of the IMF as Governor of India and that sending the Governor, Reserve Bank, is somehow contrary to the traditions and the constitution of the IMF. I should like to inform the Hon. Member that it is not necessary that the Prime Minister or the Finance Minister should be nominated as the Governor on the IMF. In fact, several countries are there which have been represented in recent years by the Governors of their Central Banks, in the IMF. Those countries are. Austria, Belgium, Denmark, Philippines, Sweden, Netherlands, Japan, Malaysia, Venezuela, Germany etc. The Governors of the Central Banks can represent their countries in the IMF and therefore it is not necessary that the Finance Minister or the Prime Minister of the country has to be on the Board of Governors of the IMF. The Reserve Bank Governor or any of the other person can be nominated by her.

SHRI S. S. KOTHARI : We would like you to be nominated as one of the Governors on the IMF Board.

SHRI P. C. SETHI : That is where I am coming to, and the status of the Minister of State. The IMF constitution does not require it. Several countries are having their Central Bank Governors corresponding to our Governor, Reserve Bank, as their Governors on the IMF.

Sir, I should like to emphatically deny the charge made by Shri Somani that the Prime Minister is taking the Finance Portfolio in a cavalier manner. I am sure the Hon. Member knows that it is well

recognised that Parliamentary work will have to be attended to and shared among the Ministers in a Ministry. Therefore, it is unbecoming of the hon Member to level such a charge on the ground that the Prime Minister is not piloting the Bill, but a Minister of State is piloting the Bill. This is, to treat the Minister of State with contempt.

SHRI S. S. KOTHARI : No disrespect to the Minister of State.

SHRI RANDHIR SINGH : We have the greatest respect to the Minister of State.

श्री मधु लिमये (मुंगरे) : वे चाहते हैं कि ग्राप फाइनेन्स मिनिस्टर बनें ।

SHRI P. C. SETHI : Shri Somani made a point about our bilateral trading arrangements with East European countries. It is difficult to have multilateral arrangements with countries who do not have such arrangements with others. We have found bilateral arrangements with these countries mutually useful. These East European countries are not Members of the International Monetary Fund and therefore, in order to have trade relations with them we cannot have them on a multilateral clearance basis but they can be only had on a bilateral basis. And when we have trade relations with these East European countries and USSR, it is not proper to think that we are having them at our disadvantage. On the contrary by a good many of these trade agreements we have been able to tide over the difficulties of the hard currency areas and therefore the point made by the Hon Member Shri Somani that the trade relations which we are having with these countries on bilateral basis are not advantageous is not correct.

15 hrs.

SHRI N. K. SOMANI : It is the IMF which has said this. It is not my statement.

SHRI P. C. SETHI : I know it, but it was the hon. Member who had raised this point.

Then, Shri N. K. Somani also raised a point that the Special Drawing Rights Schemes have not yet come a force in the sense that only 61 countries have signed it and not the required number of countries. I think the information which the hon. Member had with him was either insufficient or incorrect. Actually, 71 countries have already signed it, and, therefore, the SDRs have become a reality, and there is no question of India taking special steps or making special effort for making the SDRs a real success.

Then, Shri N. K. Somani and Shri Himatsingka had raised the question of stability of commodity prices. That is certainly a subject which has already been considered by the IMF, and the IMF has decided to establish a new facility to enable the members to arrange buffer stocks of certain primary commodities. But they have started with the idea of having buffer stocks of coffee and cocoa or Cococola. Therefore, to that extent, it has to be widened, and I fully agree that the scope has to be widened in respect of all commodities which are being dealt with by the developing countries in order to stabilise their prices.

Then, Shri N. K. Somani expressed the need for caution that the international deficit financing should be held under control. This actually refers to the quantum of the creation of SDRs. The IMF has kept in view the need to see that the creation of liquidity is related to actual needs of international trade in that period, and that has already been taken care of.

Several Members, including Shri S. S. Kothari, Shri Sezhiyan and Shri Shiva Chandra Jha expressed dissatisfaction that in the total allocation of the SDRs, the share of the developing countries was small. As I said yesterday, the SDRs are distributed on the basis of the quota of the participating member countries. Our quota in the I M F is 750 million dollars. Therefore, the SDRs will have to be proportionate to the quota that we hold in the IMF. But that does not mean that either India or the other developing countries are not trying to have a greater share or a greater quota in the IMF.

SHRI S. S. KOTHARI : Our point was that the basis has to be changed. We wanted that the basis should be that the developing

countries should get more and the basis should be the balance of payments position of the various countries.

SHRI P. C. SETHI : Actually, that is what we have been pleading in these international bodies. I am fully in agreement with hon. Members, and that is what we are doing.

The quota of the developing countries in the IMF is very much smaller than that of developed countries. Many developing countries including ourselves have felt that the relative quota of developing countries should improve. Several other developing countries have also asked for this. We have specifically taken up this question because as must be known to hon. Members, since the creation of this Fund and also the World Bank, India has been enjoying the unique position of being a nominated member in both the World bank and the IMF, and that is in view of the quota that we are holding. In the IMF, at present, we are holding a quota of 750 million dollars, while Japan is holding a quota of 740 million dollars, while Canada has less than that. In view of the quinquennial review which is going to take place shortly, it is likely that Japan or Canada or both of them may get a higher quota under this review and, therefore, it is likely, and this point was also raised by some hon. Members, that we might lose the position of a nominated director.

As far as we are concerned, we have always taken the view that these bodies should not give the impression of a rich man's club, and, therefore, India's case and the case of other developing countries should be considered not only on the basis of the normal quota that we get, but we have pleaded with them that a special quota should be considered in favour of India so that the present composition and structure of the world bodies does not change. That is what we have been asking for. But even if it happens, and I would like to place this on record before hon. Members, if India will have to be one of the elected members, the substance would not change but the form would change. Then, perhaps, we can also get an advantage. The other side of the picture is that as a nominated member, we have no authority to represent other countries. But if we become an elected member in either of these bodies, then it is possible for us to represent some

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friendly countries and we have also started moving in that direction. Although our first position is that we are trying to have the present position as a nominated director retained, and we are pleading in that direction, yet we are also pleading that special consideration should be given to the developing countries including India for a special quota apart from the normal that we would get from 750 million dollars to 938 million dollars. But if it does not happen, then we are also taking care in the other direction so that India may become an elected member, and as an elected member, we can get an authority and chance to represent some of the other friendly countries.

Then, there are two points on the SDR that I would like to clarify. Shri S. S. Kothari thought that the charge of  $1\frac{1}{2}$  per cent payable in connection with the SDRs was too high. When the SDR allocation is made there is no charge until it is used. If we use it by taking convertible currency against our SDRs, then we have to pay  $1\frac{1}{2}$  per cent on what is used for that purpose. I would like to make it very clear that when we take convertible currency from the IMF against SDRs, we have to pay to the IMF  $1\frac{1}{2}$  per cent as the charge. When we want to use the SDR, then the IMF would direct some of the countries with convertible currency to pay us in lieu of these SDRs, and when a particular country which has that convertible currency, say, Japan or Germany or any other country, with convertible currency, pays us, then that country will get in return from the IMF  $1\frac{1}{2}$  per cent; it is  $1\frac{1}{2}$  per cent which we pay in lieu of the convertible currency and it is  $1\frac{1}{2}$  per cent which those countries are receiving in lieu of the payment made by them in convertible currency for the SDRs which have been given to them. So,  $1\frac{1}{2}$  per cent cannot be considered as too high. Therefore, the contention of the hon. Member Shri S. S. Kothari that  $1\frac{1}{2}$  per cent is on the high side is not correct. The same  $1\frac{1}{2}$  per cent is paid to the countries which make available their convertible currency. I do not know if Shri S. S. Kothari will think that  $1\frac{1}{2}$  per cent thus paid to the country providing the real fund in exchange for the SDR is too high.

SHRI S. S. KOTHARI: It is the administrative cost. My point was that the allocation was defective. Richer countries

are paying a lesser charge than the poorer countries. Let the hon. Minister check up the position.

SHRI P. C. SETHI:  $1\frac{1}{2}$  per cent has to be paid by any country which uses the SDR.

SHRI S. S. KOTHARI: The richer countries will not use them.

SHRI P. C. SETHI: That is a different matter. What I am trying to make out is that the charge of  $1\frac{1}{2}$  per cent is not much.

I do not know if Shri S. S. Kothari also thought that this was an unequal burden because he felt that only developing countries would make use of this. I need only remind the hon. Member that some of the recent disturbances to the international monetary stability arose by the balance of payments difficulties of some major developed countries like the UK and France; and the USA has also been in balance of payment difficulties.

The SDRs can be used by developed countries in such circumstances and it is therefore not correct to think of SDRs just as if it was supplemental finance for developing countries only.

It appears that some hon. Members were also under the impression that since the SDRs was a new form of reserve asset for meeting the balance of payments problems, therefore, when the SDRs were used, they would have to be repaid. I would like to clarify that the SDR is not a form of loan assistance, but an unconditional addition to the reserve of a participant member, and as such it is not repayable. When a member uses its SDRs by getting convertible currencies against them, provided it does not use more than 70 per cent, then it is not to be paid, but in case a country draws more than 70 per cent, then to the extent that it has drawn over 70 per cent, it will have to repay it. Therefore, it is not correct to say that the SDR is a form of loan assistance. Up to 70 per cent, there is no question of repayment. If more than 70 per cent is used, then the excess has to be paid back.

SHRI SRINIBAS MISRA (Cuttack): Is it a gift?

SHRI P. C. SETHI : It is an addition to the reserve.

SHRI S. S. KOTHARI : Where does it come from ? Not out of thin air.

SHRI P. C. SETHI : That is why it is known as 'paper gold'. This is currency which has been created and on account of this creation, each country has got the benefit of SDRs.

In conclusion, I would like to express my appreciation to members that while raising these questions, they have extended support to the main purpose of the Bill, namely, to make the Reserve Bank of India the agent for handling SDRs and for making an enabling provision that such charge as necessary shall be paid after due appropriation made by Parliament.

I would also clarify one point raised by Shri Somani. He alleged that we are not treating the institution of the Reserve Bank with dignity and honour. This is not correct. Under Sec. 8(1) of the Reserve Bank of Act, the Deputy Governor of the Reserve Bank is appointed by the Central Government. The Statute does not lay down that the Governor of the Reserve Bank should be consulted before making the appointment. However, I would like to make clear that the Prime Minister did consult the Governor before appointing Dr. Hazari as Deputy Governor and the Governor readily agreed. Under sec. 8(2) of the same Act, the salary and allowances of the Deputy Governor are to be determined by the Central Board of the Reserve Bank with the approval of the Central Government. That is being done. Therefore, I do not know wherefrom the hon. member got the information he gave.

SHRI S. S. KOTHARI : It is distribution of office and patronage, Shri Mohan Kumaramangalam as Chairman of IAC and this gentleman as Deputy Governor of the Reserve Bank. This is just conferment of favours. I am saying this on the floor of the House that it is patronage conferred by the Prime Minister for services rendered, all kinds of services, political and economic.

SHRI RANDHIR SINGH : Do not forget they are very competent people.

SHRI KANWARLAL GUPTA (Delhi Sadar) : He is *Russl* agent.

SHRI P. C. SETHI : This is very unfair on the part of the hon. member.

He should not attribute motives.

SHRI RANDHIR SINGH : It must be expunged. Such allegations cannot be made in the absence of the person here.

SHRI S. S. KOTHARI : Officers who have been there for 20 and 30 years are not nominated as Deputy Governors. There is no justification whatsoever for choosing this particular person.

SHRI P. C. SETHI : We know who is who.

SHRI KANWARLAL GUPTA : Can he deny that he was a cardholder of the Communist Party.

SHRI P. C. SETHI : I was replying to the point made by Shri Somani about our not having consulted the Governor.

SHRI N. K. Somani : You consulted him in the same manner as you consulted him in regard to bank nationalisation.

SHRI S. S. KOTHARI : Send him before the UPSC.

SHRI P. C. SETHI : I think I have met all the points. I commend the Motion.

MR. CHAIRMAN : The question is :

"That the Bill further to amend the International Monetary Fund and Bank Act, 1945, be taken into consideration".

*The Motion was adopted.*

Clause 2—(Amendment of section 2)

SHRI LOBO PRABHU (Udipi) : I beg to move :

Page 1, line 11, —omit "by law in this behalf". (1)

I have actually two amendments. I think they are the only amendments tabled. They have a common background. I seek your indulgence to give the House a few details by way of background.

[Shri Lobo Prabhu]

Although much has been said about the new equivalent of currency, first bank call and now SDR which derives from Keynes's theory of liquidity, what we have not considered is whether this is that important to us that we should have gone headlong for it, instead of waiting and considering whether it was necessary.

I would like the Minister to note the figures; our foreign exchange reserves just now of gold, convertible currency, *i.e.* sterling and dollars, and IMF quotas are about the total of Rs. 500 crores. Our gap in foreign exchange, the latest figure, is Rs. 503 crores. So, no question of liquidity arises on the present figures. We are obtaining a total SDR of Rs. 93 crores at present. This will only serve as an overdraft in case we run short of ability to repay the balance due in foreign exchange. So, this is a point which has to be considered more carefully that this is not so important. This is the reason that because everybody is doing it, we go into the stream and swim and anything foreign international this and that, is accepted by us and made much of.

The second reason for this reserve is that we should maintain the value of our money, the official value of the rupee.

SHRI P. C. SETHI : Is the hon. member speaking on the amendment.

SHRI LOBO PRABHU : I am giving the background. I am not able to understand why the Minister is so sensitive to these remarks.

SHRI P. C. SETHI : I am not.

SHRI LOBO PRABHU : We have heard him with patience both on matters which are relevant and irrelevant, and what I am saying is absolutely relevant. The unofficial rate is about Rs. 12 per dollar as against the official rate of Rs. 7.8. So, your rupee is today highly devalued, highly depreciated, and to that extent you require something which can restore the value of your rupee.

SHRI RAJARAM (Salem) . I do not think we get a dollar for Rs. 12/-

SHRI LOBO PRABHU : I do not know. You may have better experience. So, we have to think again how to increase our liquidity. I would like to point out that we have got really two kinds of exchanges. One is the gold exchange with which the Minister and the IMF are concerned, and the other is the silver exchange. There is silver going from this country by smuggling, against remittances which are made by Indians abroad. The exchange value of our silver is about half of the world price. At the same time, the value of our gold is about double the world price. Here, we have an opportunity to remove this disparity between the official values and non-official values of the rupee by allowing export of our silver and actually importing gold in the regular way instead of allowing it to be smuggled in. This is a matter which deserves more consideration than merely how much SDR we are going to get.

The Government should also consider why remittances to this country should not come in the ordinary way, because there are a larger number of Indians who are earning money, especially in Africa, who wish to repatriate their money, but we have made such rules about taxes etc., that no one cares to send money in the regular way. Please therefore consider how you can make remittances possible to this country by changing your rules and laws.

Coming to the precise amendment about which the Minister was anxious to know, the position so far was that we pay to the IMF from the Consolidated Fund. Now it is proposed that we should not only come before Parliament for appropriation, but that we should have a law also. I would like to know whether every time you pay out of the Consolidated Fund you have to come with a law to this House, and whether it is not enough if you confine yourself only to appropriation. It is going too far to say that you will have appropriation and laws at the same time. So, my amendment is that you delete the words "or by law in this behalf". If the Minister has any use for this phrase, I would invite him to let the House know.

SHRI P. C. SETHI : Before coming to the amendment of the hon. Member, I shall

refer to his comments about the export of silver and import of gold. This question has been examined before and Government came to the conclusion that silver being our second line of defence it would not be desirable to do so. We shall examine the whole question in all earnestness.

His amendment seeks to omit the words 'by law in this behalf' occurring in clause 2(a) of the Bill. The wording used here is the normal wording used in other similar enactments as a matter of legislative practice. Section 3(1) of the Asian Development Act, 1966, for instance, reads :

"They shall be paid out of the Consolidated Fund of India after due appropriation made by Parliament by law in this behalf, of such sums..."

Article 266 (3) of the Constitution also refers to appropriations by law. I understand that this question was also gone into by the Committee on Subordinate legislation. The practice has been followed for many years. I hope therefore that the hon. Member will not press the amendment.

SHRI LOBO PRABHU : I do not think that the Minister should rely on a previous mistake because I see no meaning for the word 'by law' when there is the word 'appropriation'.

MR. CHAIRMAN : I shall put amendment No. 1 to the vote of the House.

*Amendment No. 1 was put and negatived.*

MR. CHAIRMAN The question is :  
"That Clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

*Clause 3—(Insertion of new section 3A).*

SHRI LOBO PRABHU : I move my amendment to clause 3. I move :

Page 2, line 11. —

*after "thereto" insert—*

"provided that acquisition above an amount fixed shall be with the concurrence of Government". (2)

This clause is an example of how the Government tends to forget itself moving from one clause to another. Clause 2 speaks of appropriation by law while clause 3 gives

the Reserve Bank absolute power to use, receive, acquire, transfer, etc. On the one hand they say that the sum shall be paid only by appropriations by law. In the next clause, they proceed to give a carte blanche to the Reserve Bank to do all those very definite things which are mentioned. I am not going to press for the complete abolition of clause 3. I suggest that they do not give the Reserve Bank the right to operate without any limits. Government may fix a limit of Rs. 10 crores or Rs. 25 crores ; beyond that they must come for the concurrence of the Government. I hope that the Minister will not adopt a monolithic attitude that nothing in a Bill should be touched. This is a very patent case where one clause contradicts the other and the amendment that I ask the House to accept is a mild one.

SHRI P. C. SETHI : The amendment seeks to limit the extent to which the Reserve Bank can acquire special drawing rights. There is no question of unlimited powers being available to the Reserve Bank of India because special drawing rights are by themselves limited to the extent of the quota we hold in the IMF and normally what we would draw is only 70 per cent. There is that limiting factor already. How does the Reserve Bank get SDRs ? First, it gets SDRs when the allocation is made to the Government. The allocation made to the Government is in accordance with the quota that the Government holds in the IMF. It is the intention that the Government takes its full share of the SDRs and the Reserve Bank holds them on behalf of the Government.

Secondly, the Reserve Bank may get S.D.R.'s when more than 70 per cent of our allocation has been used and it becomes necessary to reconstitute the excess over 70 per cent. This is an obligation under the scheme and there is an automatic limit to this type of acquisition of S.D.R.'s. It is to the extent that S.D.R.'s have been used in excess of the 70 per cent that the reconstitution will take place and Reserve Bank will re-acquire S.D.R.'s.

Thirdly, the question can arise when the Indian rupee becomes a convertible currency and is also a surplus currency and another country wishes to acquire Indian rupees against its S.D.R.'s, just as we will now be



[Shri P. C. Sethi]

asking for dollars, etc. against our S.D.R.'s. At that time, we will have to honour our obligation, just as now we will be exercising our rights. There are certain limits and conditions laid down in the scheme in Article XXV, section 4, which governs this. There is no question of Government imposing further limits on them.

Thus, at all stages, the scheme itself clearly defines the limits for acquisition of S.D.R.'s and it is not desirable or necessary to impose other limits.

In view of this, I request the hon. member not to press his amendment.

SHRI LOBO PRABHU : I am not pressing it.

MR. CHAIRMAN : Does the hon. member have the leave of the House to withdraw his amendment ?

HON. MEMBERS : Yes.

*Amendment No. 2 was, by leave, withdrawn.*

MR. CHAIRMAN : The question is :  
"That clause 3 stand part of the Bill."  
*The motion was adopted.*

*Clause 3 was added to the Bill.*

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

SHRI P. C. SETHI : I beg to move :  
"That the Bill be passed".

MR. SPEAKER : The question is :  
"That the Bill be passed".  
*The motion was adopted.*

15.28 hrs.

# THE SALARIES AND ALLOWANCES OF MINISTERS (AMENDMENT) BILL

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI VIDYA CHARAN SHUKLA) : Sir, on behalf of Shri K. S. Ramaswamy I beg to move :

"That the Bill further to amend the

Salaries and Allowances of Ministers Act, 1952, be taken into consideration."

This is a small Bill which provides for a small increase in the period for which a minister can retain his residence on demission of his office or for which his family can retain the residence in the event of his death. At present, a minister is entitled to occupy the residence only for 15 days after he demits his office. By this Bill, we would be extending this period to one month. We are also providing that in the event of his death, his family can retain the house for two months without payment and for a further period of one month on the payment of usual rent. This has been providing only to enable the minister's family to wind up their establishment. Sometimes it is also difficult for a minister who demits his office to find suitable accommodation after that. Therefore, this small amending Bill, which is pending for the last three years, has been brought before the House and I hope this non-controversial measure would be unanimously accepted by the House.

MR. CHAIRMAN : It is now 3.30 and we will take up private members' business.

15.30 hrs.

## COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

### Fifty-Fourth Report

SHRI D. R. PARMAR (Patan) : I beg to move :

"That this House do agree with the Fifty-fourth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 19th November, 1969."

MR. CHAIRMAN : The question is :

"That this House do agree with the Fifty-fourth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 19th November, 1969."

*The motion was adopted.*