

SHRI ATAL BIHARI VAJPAYEE :
How can there be anything on record ?

SHRI S. M. BANERJEE : Let there
be some inquiry.

SHRI Y. B. CHAVAN : I cannot
assure an enquiry about that period.
As to who they were, what they were
doing and whether those officers had
any contacts, etc., it is difficult to prove
that. If any further evidence comes to
my hands, I will certainly have a look
into it. The point that I am answering
is this. On the inquiry that I have
made, the inquiry that I could make so
far, this is the advice I have got about
it. As far as the other matter is con-
cerned, certainly, there are certain cover
names, and I have asked our agency to
make further enquiries about it.

SHRI ATAL BIHARI VAJPAYEE :
What agency ?

SHRI Y. B. CHAVAN : Intelligence
Agency.

SHRI NATH PAI : How can he tell
the House, "I have made an inquiry." ?
The revelations may be absolutely sensa-
tional mongering or they may be sub-
stantial. But the inquiry must be pro-
perly conducted. He says, "I have
made an inquiry." Is that a fair reply ?
How can he complete an inquiry so
quickly ?

MR. SPEAKER : I know he has not
answered other matters. That is all.
(*Interruption*) Dr. Sushila Nayar.

SHRI S. M. BANERJEE : When we
raised the question of CIA, not on this
particular Call Attention, Mr. Chagla
had assured the House that he would
put the entire thing before the Cabinet
and see that a Commission is appoint-
ed and a proper inquiry is made. The
Home Minister has not replied to that
even.

MR. SPEAKER : Dr. Sushila Nayar.

12.20 HOURS

UNLAWFUL ACTIVITIES (PREVEN- TION) BILL

(i) REPORT OF JOINT COMMITTEE

DR. SUSHILA NAYAR (*Jhansi*) :
I present the Report of the Joint Com-
mittee on the Bill to provide for the
more effective prevention of certain un-
lawful activities of individuals and
associations and for matters connected
therewith.

(ii) EVIDENCE BEFORE JOINT COM- MITTEE

DR. SUSHILA NAYAR : I beg to
lay on the Table a copy of the evidence
given before the Joint Committee on
the Bill to provide for the more effec-
tive prevention of certain unlawful ac-
tivities of individuals and associations
and for matters connected therewith.

12.21 Hrs.

STATEMENT RE. DEVALUATION OF THE POUND STERLING

THE DEPUTY PRIME MINISTER
AND MINISTER OF FINANCE
(SHRI MORARJI DESAI) : I would
like to take this opportunity of making
a brief statement regarding the decision
of the U.K. Government to devalue the
pound sterling. The extent of the de-
valuation is 14.3 per cent and there-
fore, at the new exchange rate, £ 1
equals US dollars 2.40 as against the
old rate of dollars 2.80 to the pound.
The pound sterling will now exchange
for Rs. 18 instead of Rs. 21 previously.

The exchange rate of the Rupee in
terms of gold or U.S. dollars will re-
main unchanged at the level established
on June 6, 1966.

Honourable Members will wish to
know the implications of the U.K. ac-
tion for the Indian economy. The
change in the exchange value of the
pound is a moderate one. Its effect in
general will be to improve the competi-
tiveness of British products vis-à-vis

[Shri Morarji Desai]

products from India as well as other countries.

Our imports from the U.K. in recent years have been around 10 per cent of the total. These comprise mainly capital goods, metals and chemicals. The effect of the devaluation of the pound will be to make these cheaper to us in terms of rupees and also in relation to imports from other countries.

Our exports to the U.K. amounted in 1966-67 to the equivalent of U.S. dollars 270 million or about 17 per cent of our total exports in that year. Consequent on the change in the British exchange rate, some of our exports may face difficulties but the demand for other products exported by us may remain unaffected. On the whole it is not expected that there will be any substantial adverse effect on our exports.

The U.K. has been an important source of external loans and our foreign debt in sterling is about 245 million pounds. This is more than 10 per cent of India's total external debt payable in foreign exchange. The devaluation does not affect the amount of our obligations in terms of sterling. However, the budgetary burden in terms of rupees of servicing the debt to the United Kingdom will diminish by 14.3%.

As the House is aware, the aid we receive from the U.K. is linked to the supply of goods and services from the U.K. A change in the British exchange rate will naturally reduce the rupee value of a given quantum of foreign aid, but it need not affect the purchasing power of that aid in terms of British goods and services. Moreover, to the extent that the new policies of the British Government lead to an improvement in the United Kingdom balance of payment, there will also be an improvement in the ability to provide development finance.

As to the effect on reserves, the reduction in the British exchange rate has lowered by 14.3% the gold or dollar value of the sterling holding of all foreign countries. Our own sterling holdings—i.e., the balances held by the Reserve Bank as well as Government—

amount to about £ 34 million or approximately Rs. 71 crores at the old rate of exchange. This constitutes about one-sixth of our total reserves in gold and foreign exchange. While this component of our reserves has come down in value in terms of gold, its value for meeting our payment obligations in the U.K. remains unimpaired.

I have dealt so far with the effects of the change in the par value of the pound sterling. We have received news that Ireland, Guyana and a few others have also lowered their exchange rates. Whether any other countries will adjust their exchange rates and if so, to what extent, remains to be seen; we shall naturally watch developments and consider such measures as may be necessary to safeguard and promote our interests. I have already stated that the par value of the Indian rupee will not be changed.

SHRI HEM BARUA (Mangaldai). May I seek a clarification?

MR. SPEAKER I will suggest a way-out for the consideration of the House.

SHRI D C SHARMA (Gurdaspur): I had sent a call-attention notice on this subject, but it seems to have been disallowed.

MR. SPEAKER How could it be done? The Pound Sterling was devalued only yesterday and he has made the statement today; he has taken the earliest opportunity to make the statement. I could not have admitted a call-attention notice on this. I am suggesting a way-out.

SHRI ATAL BIHARI VAJPAYEE (Balrampur): If he made the statement in response to the calling attention motion, in that case we could have got opportunities to ask questions.

SHRI MORARJI DESAI: This statement was sent before any calling attention notice was given.

MR. SPEAKER: Calling attention notice could have come only after devaluation. He wrote to me last night and I got it this morning. Then the Calling Attention notice came this

morning. So I may suggest a way out. If the hon'ble Deputy Minister has any further information as to what steps they are going to take and if he could give some information to the House, we will have a discussion. Sometime later, whenever he can give information about this, we can have a couple of hours discussion whenever he is ready.

SHRI MORARJI DESAI : This can be known only after a week or so and I think no useful purpose will be served by an early discussion.

श्री मदन बिहारी बानस्येयी तो यह
 डिस्कशन बाद में रखा जाये

SHRI S. KUNDU (Balasore) : The hon'ble Deputy Prime Minister has said that he is going to review the situation before he takes a final decision. From that point of view it is necessary that we do have an urgent discussion and time should be allotted for it.

MR. SPEAKER : Decision has been taken that he is not going to devalue. Only if he has any further information, he can give it—that is what I said.

SHRI NATH PAI (Rajapur) : In that context, an immediate discussion becomes all the more necessary.

MR. SPEAKER : I have no objection if you want it.....

SHRI NATH PAI : You stated, Mr. Speaker, if I heard you clearly, that the statement was received by you even before you received our call attention notice. I want to know, Sir, whether Mr. Morarji Desai could prepare his statement because there were prior consultations by him with the U.K. Government. How else could he have prepared a statement?

MR. SPEAKER : The devaluation took place on Saturday. Whole of yesterday he had at his disposal. I said I have received it this morning or last night.

SHRI MORARJI DESAI : I had given notice of this this morning before any calling attention notice could have reached you.

SHRI S. M. BANERJEE (Kampur) : We put it in the box, but he did not put it in the box.

12 27½ Hrs

COTTON TEXTILE COMPANIES (MANAGEMENT OF UNDERTAKINGS AND LIQUIDATION OR RECONSTRUCTION) BILL*

वाणिज्य मंत्री (श्री बिनेश सिंह) : मैं प्रस्ताव करना हूँ कि जनहित में कतिपय मामलों में सूती कपड़ा कम्पनियों के परिचालन के लिए, उन के उपकरणों को बचाने के लिए, अथवा सूती कपड़ा कम्पनियों के पुनः स्थापन तथा तन्मन्बन्धी विषयों के लिए आवश्यक करने वाले विधेयक को पेश करने की अनुमति दी जाये।

MR. SPEAKER The question is :

"That leave be granted to introduce a Bill to provide in the public interest for the liquidation of cotton textile companies while keeping the undertakings thereof as running concerns, or for the reconstruction of cotton textile companies, in certain cases and for matters connected therewith."

The motion was adopted.

*Published in Gazette of India Extraordinary, Part II, Section 2, dated 20-11-67.

†Introduced with the recommendation of the President.