

the Joint Committee of the Houses on the Press Council Bill, 1963.

PAPER LAID ON THE
TABLE—contd.

NOTIFICATION UNDER BENGAL FINANCE
(SALES TAX) ACT AS IN FORCE IN
DELHI

The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu): I beg to relay on the Table a copy of Notification No. F.4(33)/62-Finance (E) published in Delhi Gazette dated the 17th September, 1964, under sub-section (4) of section 26 of the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union Territory of Delhi [Placed in Library. See No. LT-3762/65].

PRESS COUNCIL BILL—contd.

EVIDENCE BEFORE JOINT COMMITTEE

The Deputy Minister in the Ministry of Information and Broadcasting (Shri C. R. Pattabhi Raman): I beg to lay on the Table a copy of the evidence tendered before the Joint Committee of the Houses on the Press Council Bill, 1963.

12.26 hrs.

STATEMENT RE. FOREIGN EX-
CHANGE SITUATION

The Minister of Finance (Shri T. T. Krishnamachari): Mr. Speaker, Sir, I crave the indulgence of the House for making this statement on the opening day of the Parliament as I wish to take Honourable Members into confidence, at the earliest opportunity, about the extremely difficult foreign exchange position in which we find ourselves at present. Our foreign exchange reserves have declined more or less steadily during the current fiscal year. Some decline during the months of April-September, when export receipts are usually

situation

low, is a normal feature of our balance of payments. The decline in reserves during April-September 1964, however, was almost twice as large as in the same period of 1963. What is even more disturbing, the decline in reserves has continued during the past 4 or 5 months when we should normally be gaining reserves in order to meet the requirements of the coming lean season for exports. On February 12, 1965, the foreign assets of the Reserve Bank stood at about Rs. 79 crores. As Honourable Members are aware, the Reserve Bank is required to hold as a minimum Rs. 200 crores of reserves in the form of gold and foreign securities. The Reserve Bank has been able, in fact, to abide by this requirement for some time only on the basis of a transfer to the Bank of gold which the Government had acquired over the years.

2. The recent decline in reserves is the result of a variety of factors. In view of shortages of foodgrains in the country and the pressure on prices, we have had to provide for larger imports of food and fertilizers against free foreign exchange. Payments on account of defence imports have also been increasing; and we have had to provide for larger repayment obligations in respect of the growing volume of our indebtedness abroad. While exports have been rising, the increase this year has not been as large as in 1963-64; and it has not been reflected fully in the receipt of foreign exchange. A part of the increase in exports has been to countries with whom settlements in trade and payments are made in rupees, and bring, therefore, no free foreign exchange. There is reason also to believe that export earnings have been slower in coming because of higher interest rates elsewhere. A part of the decline in reserves may, therefore, be short-term in character and may be expected to reverse itself over the coming months. Even so Honourable Members would appreciate that, given the low level to which reserves