

## INDIA'S FOREIGN EXCHANGE POSITION

\*63. SHRI R. P. KHAITAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there has been an improvement in the foreign exchange position of the country since devaluation of the Rupee; and

(b) if the answer to part (a) above be in the negative, what steps Government propose to take in this regard?

THE MINISTER OF FINANCE (SHRI SACHINDRA CHAUDHURI):

(a) It is as yet too early to expect an improvement in the foreign exchange position as a sequel to devaluation, particularly in view of the adverse season that has led to an increase in imports and in view of the time it will take for the liberalised industrial imports to have an impact on industrial production and industrial exports.

(b) The question does not arise.

श्री आर० पी० खेतान : क्या मंत्री जी यह बताने की कृपा करेंगे कि जूट और चाय के निर्यात में कमी आने के कारण हमें विदेशी मुद्रा कितनी कम मिल रही है और क्या सरकार इन पर एक्सपोर्ट ड्यूटी कम करने के बारे में विचार कर रही है जिससे कि दूसरे देशों के मुकाबले में ज्यादा निर्यात हो सके और ज्यादा मुद्रा उपलब्ध हो ?

SHRI SACHINDRA CHAUDHURI: I want notice for this. I have got no ready information as to what is the diminution in the collection of foreign exchange.

SHRI BABUBHAI M. CHINAI: May I know, between June and October 2nd, whether the foreign exchange earnings from export have increased or decreased, and whether there is a fall in the total exchange or total gain?

SHRI SACHINDRA CHAUDHURI:

I am in a position to give the figures. So far as the figures are concerned, the figure of total reserve up to 30th June 1966, was Rs. 398.64 and the total reserve on the 31st October, 1966, was Rs. 288.63 crores. So there has been a fall but the fall is explained by the fact that we have had to incur certain expenses. For instance, we had to repay to I.M.F. Rs. 37.5 crores besides making payment for debt servicing of Rs. 45 crores in July, 1966. There were debt service payments of Rs. 19 crores and Rs. 14 crores in September and October also. These debt services had to be paid and there has been a fall and I have indicated the nature of the fall.

SHRI C. D. PANDE: He said that five months' period is too short to make an impact on the foreign exchange. May I know from him if there is any indication from the orders we are receiving for our goods? Is not the period of five months long enough to indicate the trend in the export trade? If there is an upward trend, what is the extent and if there is a reduction what is the extent in terms of sterling, not in terms of rupees?

SHRI SACHINDRA CHAUDHURI: There are certain indications that there are orders received in this country for certain items which were not moving before devaluation. There are equally indications that there is not going to be a rise, in the immediate future, but in the long run there is expectation of rise and there will be.

श्री विमलकुमार मन्नालालजी चौरडिया :

क्या श्रीमान यह बता लायेंगे कि अवमूल्यन के पश्चात् चीनी के निर्यात में जो सवसिडी दी जाती थी क्या वह बन्द कर दी गई है अथवा नहीं ? क्या यह बात सही है कि जूट पर और ऐसे प्रोडक्ट्स पर कर लगाने की वजह से उनका जो निर्यात सम्भावित था उसमें अड़चन पड़ रही है ?

**SHRI SACHINDRA CHAUDHURI:** So far as that is concerned, I cannot immediately tell you whether there has been a complete taking off the duty on sugar but so far as the jute is concerned, I can tell you that the price of jute has got nothing to do with the export duty and that the price of jute has to do with the production in the country. There was a world rise in the price of jute before August-September this year and because of that there had been a fall in the demand and also the fall in the quantity of jute that we could import. There was a further complaint that we were not getting imports of jute from the usual sources, namely, Pakistan, and in consequence, there had been an application made to the Government to give certain subsidies for jute from sources other than India and a subsidy had been agreed to and that subsidy lasts till 31st December this year.

**SHRI K. K. SHAH:** Is the Minister aware that so far as cotton textiles are concerned, they are absolutely at a standstill for the last 3 1/2 months and nothing has been done so far to see that the normal channels of textile export are kept up? Once the market is lost, it will be difficult to regain the market.

**SHRI SACHINDRA CHAUDHURI:** I am not aware of the information that my friend has given. I shall look into that and suggest the steps to be taken.

**SHRI BHUPESH GUPTA:** You will remember that when we discussed the question of devaluation we were told that they could not wait till the monsoon Session of Parliament because they wanted immediately to get Rs. 900 million dollars of non-project aid and an improvement in the foreign exchange position by higher exports. That is why they had to carry out the devaluation. Now we are told that there is no immediate prospect of any improvement in the foreign exchange position but there is some long-term thing. Is it not a fact that the non-project aid of 900 million dollars has

not yet been properly clinched even, although we were told that the devaluation would be immediately fetching it? Also, how is it that after devaluation the exports, instead of going up, are going down and anyhow the earnings on the export account in foreign currency have declined resulting in an over-all decline of the foreign exchange reserves of our country, at the same time the servicing and other charges have gone up? I would like to know why the Government told us such things at that time and why the Government did not anticipate, as we anticipated from this side, that it would not lead to any improvement in the foreign exchange position nor would bring the 900 million dollars of non-project aid immediately? The Government owes an explanation to this House.

**SHRI SACHINDRA CHAUDHURI:** It is a long question to which I have listened and I think Mr. Gupta will forgive if I do not remember to answer every part of it. The question was whether there has been a commitment for 900 million dollars or not. As I told the House this 900 million dollars has been committed. After the commitment there have been agreements made bilaterally. Even then, I am speaking from memory, agreements for over 400 million dollars have been concluded. In view of this position licences and liberalisations of imports have been given.

The next question is why it is that the foreign exchange position has gone down and exports have gone down. This is a comparative thing. When we said that there was possibility of improvement it meant improvement from the position as it then was. If this step had not been taken, if our exports had not been supported with devaluation, such exports would have fallen even below than what is the position to-day. In consequence there has been improvement but if you compare it with what was there at the time and say that last year it was so much, then undoubtedly it has not moved as closely to that.