

SHRI K. K. SHAH : I am winding up." I am not agreeing with the whole of it. What I am pointing out is . . .

SHRI S. S. MARISWAMY: You must have a better argument for the Swatantra Party.

SHRI K. K. SHAH : I must have a much better argument for the Swatantra Party, and for that you need not wait for long. The elections are coming and you will find very good answers to the Swatantra Party's campaign. We shall meet somewhere else at a better place and you will find that that place will give an answer. My only request to my friend, Mr. Bhupesh Gupta, is this: please look at the 'Soviet Review' and see that the trade between India and Russia has gone up to Rs. 200 crores.

SHRI BHUPESH GUPTA: What have I to do then ?

SHRI K. K. SHAH : A notable feature of Soviet-Indian trade is that it is on a balanced basis and that all financial operations are made in Indian currency.

SHRI BHUPESH GUPTA : I know, it has gone up; Shrimati Indira Gandhi had gone to the Soviet Union; all that I know.

SHRI K. K. SHAH : Sir, in view of the arguments that I have advanced, I hope my friends will study, and advance arguments after study: Instead of trying to make this as a forum for party advantages, let this be a forum for national causes, and the forum for party advantage will be available outside the House.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : The House stands adjourned till 2.30 p.m.

The House then adjourned for lunch at half-past one of the clock.

The House reassembled after lunch at half-past two of the clock, the DEPUTY CHAIRMAN in the Chair.

ALLOCATION OF TIME FOR GOVERNMENT AND OTHER BUSINESS

THE DEPUTY CHAIRMAN : I have to inform Members that the Business Advisory Committee, at its meeting held today, has recommended allocation of time for Government and other business as follows :—

1. Consideration and passing of the Constitution (Eighteenth) Amendment Bill, 1966, as passed by the Lok Sabha, to be taken up on August 24—2½ hours.
2. Consideration of a Resolution to be moved by the Minister of Commerce seeking approval of the Notification issued on the 2nd August, 1966, regarding levy of export duties—1½ hours."
3. Consideration and return of the Customs (Amendment) Bill, 1966, as passed by the Lok Sabha—1 hour.
4. The Advocates (Amendment) Bill, 1966, as passed by the Lok Sabha—2 hours.
5. The Criminal Law Amendment (Amending) Bill, 1966 as passed by the Lok Sabha—1 hour.
6. Further consideration and passing of the Electricity (Supply) Amendment Bill, 1966, as passed by the Lok Sabha—2 hours in addition to the time already taken.
7. Discussion on the Fifty-fifth Report of the Public Accounts Committee with reference to the observations of the Committee contained in para 4.128 of the Fiftieth Report of the Public Accounts Committee, on a motion to be moved by Shri Dahya-bhai V. Patel—one day.

The Committee further agreed that the Rajya Sabha should also sit on Saturday, August 27, 1966, and on that day the Fifty-fifth Report of the Public Accounts Committee would be discussed.

We now come back to the other debate.

MOTION RE DEVALUATION OF THE RUPEE—*contd.*

SHRI K. SUNDARAM (Madurai) : Madam Deputy Chairman, this corner of the House has never approved of the economic

[Shri K. Sundaram.] plan, of this Government. We had been always disapproving it. Therefore this devaluation, which is only a consequence of the policies adopted by this Government, we also disapproved. Mr. Ramachandran, this morning, very clearly stated that all the follies and the mistakes of this Government have resulted in this devaluation. It is of such vital importance to the nation that this House ought to have been summoned the very next day following the day when the devaluation was announced. If only they had done so, I am sure the entire Congress Members would have been on this side disapproving the action of the Government. But we had been spared the summer. When the atmosphere was 100 degrees outside, on that day at least it would have been 112 degrees in this House, had they summoned us on that day. No doubt Mr. Babubhai Chinai, Mr. Chengal-varoyan, Mr. Akbar Ali Khan, they all agreed on certain defects in the economic policy though they did not admit all of them. All the same, it is their disapproval of the alliance and afterwards the disapproval of the marriage, and as a consequence of that, we disapprove of the child as well. They say that they had been forced into this. But who had forced them? If only they had read the 'Swarajya' written by Rajaji for several years, and also "The economic trends over the last ten years" by Mr. Kapasi, they would have known that nobody forced them to do this. This was the consequence of their own folly.

I would like to draw the attention of the Deputy Finance Minister who had mistaken the Swatantra Party in the matter of public sector undertakings. He had not studied the policy of the Swatantra Party there properly. I wish he had heard them properly and read their writings properly, and he should not mislead the House by giving some figures and saying that the various industrially advanced foreign countries are spending so much percentage of their national income on public sector undertakings. The Swatantra Party wants this Government to run their Postal and Telegraph Departments in the public sector. We do not mind if you even double your expenditure provided you stop telegrams being despatched by air mail. And in the matter of your Telephones, if the telephone calls can only mature within ten minutes of the bookings, we do not mind

your spending that money. I wish the Finance Minister at least will correct himself about our policy. It is not that the devaluation has taken place on 6-6-1966. It had taken place long ago, many, many years ago. Devaluation had set in already the movement you started subsidising exports, and it was only on that day, 6-6-1966, that the failure of this Government's past policies had been acknowledged and the official seal affixed to that failure. By doing so the Government has brought down the prestige of this country among the international countries.

It is our Indian tradition that the son pays the debt of his father, and it is the tradition of Tamilians that if that son is not able to repay the debt even after his trying his utmost, he would serve as a slave for the rest of his life. I wonder whether this country will ever be able to repay the debts that have been borrowed over these several years. Hence the people, probably, may be asked to work as slaves at least to this Government if not to the creditors.

The bluff of the progress has been called off. The people are demoralised today. The Government has lost complete grip and control over economy and administration, which we have been witnessing during the last three months. They have failed miserably. Their Gold Control Order has failed to stop smuggling, they have failed to unearth the black money and they have failed to stop corruption. Production has stopped. Imports have increased. Exports have dropped, and they are not able to hold the price-line. They are not able to control even their own States; the amounts of overdrafts that the States have been drawing, they were unable to control. When the Prime Minister has to depend on the Chief Ministers for her own election, you cannot expect her to control the Chief Ministers. This is evidenced by the large-scale open violation and defiance of the law. Even today, this morning, or in the last three days you can see, in front of this Parliament House, the demonstration by school teachers. The spate of Bills that are pending disposal before this, very House is an indication of their failure of administration, and the Bills are pertaining to the Essential Commodities Act, to telephone wires in unlawful possession, to railway property in unlawful possession, the Central Industrial Security Force Bill, the Unlawful

Activities (Prevention) Bill and, last of all, the Defence of India (Amendment) Bill. And what does it show? It is nothing but the failure and the incompetence of the present Government to rule with the existing law. Food Minister after Food Minister is blaming the monsoons for all their failures. But the monsoons have fooled them alright, not once but twice, last year and this year also. The Food and Agriculture Minister in his circular has said that 125 out of the 330 districts in the country have been affected. Forty-seven million people are affected by this failure of the monsoons. And they knew it as early as September, 1965, and they have spent Rs. 20 crores by way of relief measures. But, unfortunately, in the list of States that are mentioned there, Kerala is not mentioned. Yet Kerala was the first to agitate for the supply of rice. That only shows the accuracy of the figure given by this Ministry. So, it must be much more than 125 districts. Yes, the monsoon has failed. Have you made any changes in your plans? On the other hand, I will tell you what they have done. They started taxing this country right and left. The Third Five Year Plan envisaged taxation only at Rs. 1,710 crores. But they had collected Rs. 3,880 crores. The Central alone had collected Rs. 2,270 crores in place of Rs. 1,100 crores and all the States put together, in place of Rs. 610 crores, they just doubled it; added another Rs. 610 crores. This is the welfare State which has done its very best, when two out of the five years were famine-stricken ones or when the monsoon failed.

They say that this is a welfare State that we are having now. And what is the type of tax that they have levied? The land tax in Madras and Andhra Pradesh was stayed by the respective High Courts saying that those States had no jurisdiction to collect such land taxes. They are going even beyond their powers in collecting taxes. They have not stopped with that. Through small savings—they call it voluntary savings—they got Rs. 585 crores. They were estimated at Rs. 600 crores: they were short by Rs. 15 crores. They did not stop bleeding the country white. Even after devaluation, they have not stopped this process. Very recently they have raised Rs. 216 crores by way of loans. Scientists say that for every 100 rupees collected by way of taxes, Rs. 21

are taken away from the savings of the people. The national income today is Rs. 15,000 crores. But they never gave you what is the consumption, what is consumed out of this. But definitely, due to the failure of the monsoon for the last three years, it has been estimated to be 7 per cent, and 4 per cent, less than that. And in the current year it may probably be nothing, no increase at all. All this time when the monsoon has been consistently failing, they have collected these extra taxes. Do not forget that these are extra taxes collected at a time when there is no production in the country. So, if in normal times, Rs. 21 out of the savings are taken away and if at this time the Government takes away the money by way of taxes, it must be many times more than Rs. 21. They have bled the people white. The people are now bankrupt. There is economic transfer; economic power has been transferred. I would like to point out to the Deputy Finance Minister. It is not the Swatantra Party which wants wealth to be in a few hands, but it is that the entire wealth of the country has gone into the Government's hands. Do not forget it. We never wanted it.

SHRI L. N. MISHRA : This is people's Government.

SHRI K. SUNDARAM : This is the Congress Government.

They did not stop with that. They started deficit financing. To what extent? Rs. 1,150 crores. They promised to keep it to the extent of Rs. 500 crores. They have fooled us once again. Have they got the sanction of Parliament? You are supposed to be the supreme power to sanction finance. Did they get power from you? Did they get your sanction for spending that much of money by printing them in their own press? They never got your permission. Out of these 1,150 crores, Rs. 400 crores were spent in 1965 alone, the last year of the Third Five Year Plan. And did they inform you? No. The Finance Minister announced it. It came as a surprise when he announced it on the radio that the Rupee value has been reduced. Until then nobody knew because the Reserve Bank is under their own control. They can print any amount, they can distribute any amount. Nobody will come to know of it. And then they announced it. That much has gone into the hands of the people without goods. Inflation and run-

[Shri K. Sundaram.] away prices are the result. The wholesale price-index was 100 based on 1939; today it is 759. In between, in 1950, they changed the indices. If you keep the same Index continuously, people will be constantly aware of it. Therefore, very conveniently the base has been changed. On that original basis today it should be 759. In January, 1960, it was 169. On the day of devaluation, it was 184. On 30-7-66, it was 190. And you do not know what it is today. Hour by hour it is increasing and the result of it is, people like the teachers are now agitating for increased salaries. Agitations all over the country by fixed income groups are visible.

SHRI LOKANATH MISRA (Orissa) : And the people's Government is presiding over it.

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SHRI K. SUNDARAM: Yes. And to satisfy and to fool you, once again, super markets are coming up—co-operatives, buffer stocks, informal rationing, confusion and chaos all over the country. Wherever there is procurement, there is informal rationing. You can see it in the countryside. It is nothing but chaos. They hope to fool the people for ever. I would like to remind them that the time has come when you cannot fool them any longer. Devaluation, they say, will not change the value of the internal rupee. But devaluation and deficit financing have reduced the value both internally and externally. There is no doubt about it. Deficit financing has resulted in devaluation and both of them have contributed to reducing the value both inside and outside the country.

Now, this is the master plan of all the three Plans. Reducing the whole wealth of the country, the rupee value of the country, this is really their master plan. The public has lost confidence completely. In the 'Economic Times Study' he has given you the debt capital ratio of the industries. How much is the debt ratio of the companies floated during 1965-66 ? They are borrowing anything from 50 to 300 per cent, of the capital. No capital is forthcoming. These financial institutions have disbursed as much as Rs. 50 crores during the last year alone to the industrial undertakings. At what interest ? Nine per cent. Nine per cent, is the rate of interest at which the State financial

institutions are lending money to the industrial undertakings. When it was 6 per cent., they were called moneylenders and they were stopped from lending money at that rate by a special Act. And now the financial institution is lending at 9 per cent.

One gets goods on deferred payment only. Nobody gets any goods today for cash. Your circle, your radio, your car, your machinery, your living house, your machinery for capital goods or capital goods for cement, sugar, textile, all these are available only on deferred payment. Now we have small men, middlemen, small industry, large-scale industry, but nobody has got any money. They have to buy these machines on instalment basis. We have been reduced to that extent.

Now there are nascent industries which have been started during the last two or three years. They are the favourites of the Government. Economists have gone very deeply and studied the scheme very thoroughly. Unless it is absolutely profitable, unless it is absolutely necessary for this country to have these industries, licences were not made. They had borrowed nearly Rs. 100 crores by way of foreign investment at deferred payment.

Now this devaluation has increased this capital by 57J per cent, and overnight these industries have become over-capitalised.

THE DEPUTY CHAIRMAN : You have spoken for over 20 minutes. You may continue because your Party has another 7-8 minutes.

SHRI K. SUNDARAM : All right. Thank you. Madam, I am very sorry that we are equating India for devaluation to the U.K., Japan, Italy, France and Czechoslovakia. It is all erroneous; they are not identical. The conditions were different. The people are different. Their economic structure is different. Therefore, the remedies also will be different. It is absolutely erroneous to say that since these countries did it, we are doing it. Any country not producing enough, not cheaper enough, not saving; enough, borrowing more and spending more in relation to other countries, will meet with the same fate. Planning is not merely borrowing and spending. We are planning for more and more troubles only. It is like a race-horse. Our Planning Minister seems

to have forgotten that you cannot race with a wagon tied behind. We are planning for defence as well as for development. Do you think that this country can take this extra load ? If you want to prepare for defence, you have to sacrifice development. Naturally, the race-horse cannot drag the wagon as well, in which you will lose your race.

By big plans, they are once again misleading the public. They have misled it already. They have been continuously misleading it. In this electioneering year, again they want to mislead the public. Once more the interest of the country **has** been totally ignored. Party comes next, that is what they say. But when you look into these things, have they really taken care of the interest of the nation ? I do not think so. If that is the case, why this inaction ? During the last 2½ months when the country should have been bustling with activity, it is totally ignored and we are sleeping and dozing. We are leisurely discussing structural reforms and mobilisation of savings. Where are the savings **left** to mobilise ? Everything has come to a standstill except self-interest and Bank interest. They are forgetting the latter.

Though the present Finance Minister has not said so, it is, said that we are about to take off. I would like to have a categorical answer from the Finance Minister. Are we in the take-off stage, have we taken off or are we landed firmly on the ground ?

SHRI BANKA BEHARY DAS (Orissa):
Crashlanding.

SHRI K. SUNDARAM : Let the Minister say where we are.

Madam, the Government does not allow free forces to play so that the people can put forth their best efforts. The Ministry of Commerce and Industry note this morning to the Informal Consultative Committee says that "weaknesses in our plans and policies and institutional arrangements also had their share and responsibility in the price line". It is an admission of their guilt. It is an admission of their faults. Now it is time to recall the warning by no less a person than Dr. Radhakrishnan, our President, on the eve of the Independence Day, warning the Government about the conditions of the country today. At least stop fooling now. Unless a radical change in the

policy of the Government is made, there is no salvation. Immediate action is necessary. For that I would say that: (1) First and foremost is payment by result in industrial, agricultural, private, public, Government and other fields. This alone can achieve the goal. You may verify that countries which have devalued have stabilised their economy by sheer work. By hard work only they have come up and not by just planning or by fooling the people. (2) A substantial reduction in **taxation** is absolutely necessary to rebuild the industrial development. (3) We do not **want** an Everest effort. An earnest effort is necessary in agricultural production which we never had all these 15 years. (4) We must create confidence and give opportunity for the people to invest in industry. (5) Then, industrial development should not be impeded by controls. We must be free from controls. (6) Industry must have adequate rupee finance. At least, if you cannot provide with your money, do not stop them from getting it. (7) Provide enough incentive for exports wherever it is found absolutely necessary. (8) And last of all, reduce your expenditure drastically, whether it is private or public sector, but never attempt deficit financing either openly or secretly. The strength of the currency ultimately depends upon the level and growth of production. Economic policies should be made liberal, planning realistic and administration efficient. Otherwise next session we will be again discussing a second devaluation and the session after that a third devaluation.

Thank you, Madam.

DR. S. CHANDRASEKHAR (Madras):
Madam Deputy Chairman, how many minutes do I have ?

THE DEPUTY CHAIRMAN : Ten minutes. You should be able to put in everything in ten minutes.

DR. S. CHANDRASEKHAR : Yes, because I speak fast. Madam Deputy Chairman, I must confess I cannot give cogent and learned arguments for reasons leading to devaluation in the course of my ten minutes. As I examined the records of my distinguished colleague, Shri Bhupesh Gupta, and other Members of the Opposition, I must confess I have not come across a single high level economic argument justifying

[Dr. S. Chandrasekhar]

3 P.M.

fying or not justifying devaluation. It seems to be, if I may say so, political or quasi-political economic action. Therefore, in view of the very limited time, I am not going to make a very learned, long or fast speech. Mr. Das is hoping that I will speak very fast, but I will give one, two, three or four points which are not at all economic as far as I can see. The first complaint seems to be that the Rupee has been devalued not as a compulsive measure or out of any particular economic circumstance of this country and the country's economy, but as a result of force, coercion and compulsion on the part of the U.S. Government and the World Bank. The second argument of the same species is that the Government on the floor of this House, as elsewhere, very categorically went on record saying that they do not propose to devalue our currency at any time. For the first argument, I want to say that this country—and the Opposition must know it very clearly by now—is not run on the dictates of any Government, either of the U.S.A. or of the Soviet Union. We are an independent nation. We respect and value our national sovereignty. We do in economic and political matters what we think suits our situation best and what we, under the particular set of circumstances, think is to the best of our national interests. If it appears to be, as if we have sided with the demands, requests, aspirations and wishes expressed by any other Government or any U.N. agency like the World Bank, then it simply means that the action we took happens to coincide with the wishes of somebody else. I might point out here that those of us who have been following the clamourings of certain economists in this country can go back at least four years to find an economist in Gujarat, not being particularly in sympathy with our official policy in this country, who has been pleading consistently that the Rupee must be devalued. At the same time we might argue that the Government finally capitulated to the requests of this economist and devalued our currency, not in the least. We have said on the floor of this House, I mean the Government, that we shall not devalue it, but the Government felt compelled at one stage to change its mind.

As for the second point, I want to add that if a Government cannot change its

mind, woe be to it. The Government cannot be static and rigid. It has to be flexible and dynamic. If circumstances warrant, in the larger national interests and for the rehabilitation of our economy, a Government to go back, if it says "just because we took a particular stand on this question, so we shall not devalue", we cannot say very much in favour of that particular Government. Therefore instead of attacking the Government, on the contrary, one ought to congratulate the Government that despite its stand that it will not devalue the Rupee, it has thought it necessary and courageously acted in devaluing the Rupee. So the answer to the second question is this. The choice is between devaluation and larger external economic aid and overall rehabilitation of the economy or no devaluation, no large external aid, no overall rehabilitation of the economy.

People have been saying—I come to the third argument—that we have been planning in an extraordinary fashion—almost questioning the need for plans for the economic and social development of our country—that we are thinking in such astronomical figures that we cannot really meet the needs of our people, the needs of what the plan says ought to be done, that we are forced to have a total gap and that has been our grave. To this argument I must reply very briefly that if we cannot plan big or dream big and cannot aspire with the sky as the limit, we will probably be not at all going to undertake even half the dream. I remember a boy in a high school examination saying he was just preparing to get 35 to 40 per cent, marks and was very happy. Unless he said that he would get 80 to 90 per cent, marks and wanted to get distinction, he would not get even second class and 50 per cent, marks. That should be the rule of life as far as this question is concerned. So the fact that we are thinking big or even say that a part of the plan will be carried out or predicate upon the availability of external finance is not something of bad economics. It is really sound reasoning in one sense that we ought to aim very, very high and hope and trust that in the course of the plan period we shall be able to mobilise sufficient resources to see that we fulfil the plan. Therefore the Opposition really ought to appreciate and not decry that we are thinking in such large measures because in the

same breath one can say : 'Look at the tremendous ignoble poverty of this country and unless we do something on a magnificent scale, we may not touch the fringe of the economic problem in this country.

People have been saying that the Third Plan has failed miserably, fallen down far short of our expectations. It is true that we have, to a limited extent, failed in achieving the targets of the Third Plan and that is because we are not prophets', astrologers and we are not able to control the foreign policies of our aggressive neighbours, namely,¹ China and Pakistan. If we can perhaps speculate for a moment, what would have been the economy of this country today had Pakistan not attacked us and we had not this war or had China not attacked us, and if we had the privilege and fortune as well as the pleasure of living with friendly neighbours with good-neighbourliness, as far as our country is concerned, I have no doubt, whatsoever, that if we can speculate on this basis, this country would have had no need for devaluation and we should really have fulfilled all the targets of the Third Plan and we should be today not facing the crisis of not even meeting the demands of the people as far as the basic cereals are concerned. Therefore the Opposition should remember very clearly that if we are forced to do certain things, it is because we are not able to control the foreign policies of our neighbours.

SHRI S. S. MARISWAMY : The Opposition was aware of the fact that China would attack, but unfortunately you were living in the world of 'Hindi-Chini Bhai Bhai'.

DR. S. CHANDRASEKHAR : I take the point of Mr. Mariswamy and say that we went to proceed with a friendly feeling, hoping that our neighbours will be friendly and reciprocating our friendly sentiments and we do not expect that everybody will stab in the back. We have to go on a certain amount of trust in international relations.

Then we come to the complaint that we are not able to give any food and we are going to spend enormous amounts in importing foodgrains and here is an example. I am not taking refuge, as Mr. Sundaram has been repeating that we have had this crisis, namely the failure of the

monsoons. Mr. G. Ramachandran was telling that we have had monsoons for 5,000 years. Yes, it is there but we have also the history of monsoons periodically failing our peasantry and therefore this is a factor which we cannot control. We have not got on to a technical level of having artificial rains come on our soil and therefore we have to make some kind of adjustment. We take this failure of monsoons and we have to depend on external assistance on a large scale. People are asking—Shri Ramachandran particularly said—that something is wrong with the planning mechanism. Now anybody who has read very carefully all the three Plans—and the day after tomorrow we shall have the draft outline of the Fourth Plan—will see that there is nothing there fascinating. The Opposition every time in this House comes and questions the very basis, the *raison d'être*, the very ethos of the plan. It is very simple, so that I am surprised that this comes up periodically from the Opposition, even from people who believe in the economic reorganisation of the entire economy of the country. It is because we happen to be developing or we are under-developed or even undeveloped as far as certain sectors are concerned that we have to say that certain targets must be of primary priorities and with the limited resources we shall pool them together and see that we reach this target so that we shall have in the last analysis some kind of a semblance of a welfare economy, an economy of self-sufficiency, if not possible abundance or eventual affluence. Therefore the reason is, since we do not have all the things that we need, since we do not want the wealth to be concentrated in the hands of a few in this country and we want to give the basic requirements for a civilised and decent honest existence, the Government have resorted to what immediately was necessary, namely the basic elementary plan for economic development and you cannot dispute it. Of course, if we say we do not give enough to eat, even for that we do not have the resources and therefore we have to go with a begging bowl because it is very necessary. Because as I read the world's economic history, I do not conceive across a single country—I would like the House to be challenged on this—which calls itself an advanced country, an industrialised nation, a modern nation, a Western nation which has not at some time of its history

[Dr. S. Chandrasekhar] of economic growth gone abroad to another country or to the international money market or to the world capital resources and borrowed at heavy prices to build its internal economy.

SHRI S. S. MARISWAMY : But it was never on this scale, I suppose.

DR. S. CHANDRASEKHAR : Maybe. Well we cannot say there cannot be a change. We cannot say this can be done only in a particular way. In those days there were no aids from one country to another or loans from the World Bank. Now it is aid from one country to another country. In those days it was only aid from one private capital market to another private capital market. Now it is from one government to another, from one country to another country. Therefore it has become big business.

But the most important cause of all our troubles—and here I am coming to my favourite theme which I am sure many hon. Members would have expected—the cause of all our difficulties here . . .

THE DEPUTY CHAIRMAN : Your time is over, Dr. Chandrasekhar.

DR. S. CHANDRASEKHAR : Just one or two more minutes, Madam, and then I shall be done. The difficulty is that all our Members are having too many babies. I think we shall have to somehow declare a moratorium. At least those people who are recently coming into the picture of adulthood and entering the labour force or want to marry, they should see to this. Imagine, instead of adding one million to our population every year, the number is halved and you reverse the projection, how much better off we shall be ?

SHRI C. D. PANDE (Uttar Pradesh) : We are all beyond that age now.

DR. S. CHANDRASEKHAR : I am not sure if you are beyond the age of mischief, I hope not. The question is if somehow we control this growth of population in our country, no matter what ideology we may have to adopt, it will be worth while.

SHRI BANKA BEHARY DAS. You may name it "devaluation of population".

SHRI M. N. GOVINDAN NAIR (Kerala) : No, it will be "depopulation".

DR. S. CHANDRASEKHAR : This is something which is entirely in the private sector and hence it is for the private sector to deal with this matter. Government cannot control this private sector business. Yet if the Government could somehow declare a holiday for sex . . .

SHRI C. D. PANDE : Bring it to the public sector, you mean.

DR. S. CHANDRASEKHAR : You can do it. There are ways in which you can do it. There are non-clinical and nonmedical reforms which you can apply to our country. Raise the age of consent. Give prolonged education to girls, in the high schools and colleges and so on. Draw more and more women into the labour force and give them incentives so that they will not have more than 1.8 or at the most 2 or 2.2 children on an average instead of the present average and in no case more than 2.5.

AN HON. MEMBER : Nationalise it ?

DR. S. CHANDRASEKHAR : A very good idea. I am glad one hon. Member, is supporting me on this. If you can do that, then it will be a very good thing.

I have, Madam Deputy Chairman, this problem always in this House of speaking very fast. I will finish by saying that devaluation alone is neither good, bad or indifferent. It is a question of how you use it. It is only an instrument for larger economic good and gain. I think if the Government could follow it up with the necessary measures as they do in other countries, then we can make both ends meet.

One thing I should like to say. We should somehow give tremendous priority to agricultural production. I do not want to emulate my hon. friend, Shri Rajnarain, who this morning, when discussing the subject of education, gave the history of all the educational commissions and committees we had. We had a number of agricultural commissions and so on. I do not want to refer to them. One thing is clear. We talk a great deal but we do not do much. At one time I thought, agricultural was to

be put on a war basis. I do not think there is any war basis any more. People till up their lawns and grounds. You go to North Avenue or South Avenue or any other place, you can see the thing. If only we grew toniato, we could solve the problem of agricultural production at least at the domestic family level. That is one thing, namely, giving priority to agriculture. Secondly, we must do something about economy. I think Mr. Morarji Desai has suggested a 10 per cent, cut in the case of all Government expenditures, Central and State Governments. I would even say that it should be made a 15 per cent. cut. Thirdly, there should be rural industries about which Mr. Rama-chandran so vigorously, so rightly and correctly pleaded. It is not as if I am against large heavy industries or large-scale industrialisation or rapid industrialisation. We want to mix the two, combine the two. Shall we say we should have rural, cottage handicraft industries which need not be given power, which do not come under the Factories Act, but which can at the same time produce, enormous goods and commodities for the internal market and also for the external markets ? Then there is also enormous unutilised capacity which . . .

THE DEPUTY CHAIRMAN: Your fifteen minutes are over.

DR. S. CHANDRASEKHAR : This unutilised capacity should be made use of and if that is done, we can transform our economy into one of security and self-sufficiency. I want to repeat before I sit down that . . .

(Time bell rings)

DR. S. CHANDRASEKHAR: Thank you, Mr. Rajnarain.

DR. S. CHANDRASEKHAR : I don't understand what my hon. friend there says.

श्री राजनारायण : मैं कहता हूँ कि उनको पूरा मौका दिया जाये ।

And I state my last point and then sit down. All of us and hon. Members opposite particularly, should strengthen the hands

of the Government—I see that Prof. Ruthnaswamy is very quiet this morning—and we should somehow be able to declare a bad year so far as the increase in the birth-rate is concerned. Thank you, Madam.

SHRI LOKANATH MISRA: Madam, before you call the next speaker, may I recall and submit to you that there was a ruling given by the Chairman yesterday which was subsequently discussed in the Business Advisory Committee also ? In spite of all that for the last 45 minutes we have been discussing devaluation with the presence of a Deputy Minister. The clear advice, the clear direction of the Chairman —you will kindly listen to me first, Madam —the direction given by you earlier and subsequently by the Chairman also, was that a senior Minister in charge of Finance must be here. The skies are not falling outside . . .

AN HON. MEMBER : Neither here.

SHRI LOKANATH MISRA : ... and I do not know what he is doing outside or anywhere else. But in spite of the directions from the Chairman and from you, Madam, if he has the audacity to flout it, then I do not know what this House is coming to. Therefore, Madam, I propose that the House be now adjourned till the Finance Minister comes here. Or in his absence, at least the Minister in charge of Planning ought to be here.

AN HON. MEMBER : No.

SHRI LOKANATH MISRA : I don't know who says "No" and why he says that.

THE DEPUTY CHAIRMAN : That is enough, Mr. Misra.

SHRI MULKA GOVINDA REDDY (Mysore) : Madam, this has been pointed out here not once but for a hundred times in this House and even the last day you were kind enough to say that the Finance Minister should be immediately called and that he should be present whenever such an important discussion takes place. Unfortunately your advice has not been heeded to and they are flouting your advice. They are showing such discourtesy to this House and so I think it is but proper that this House be adjourned so that some senior Minister may come in.

THE MINISTER OF STATE IN THE DEPARTMENTS OF PARLIAMENTARY AFFAIRS AND COMMUNICATIONS (SHRI JAGANNATH RAO) : There is no intention to flout the order of the Chair, Madam. But unfortunately the Finance Minister is held up in the Lok Sabha where the Supplementary Demands are being discussed. I am sending him a message and he will be here soon.

SHRI LOKANATH MISRA : But there is the Planning Minister. What is he doing?

THE DEPUTY CHAIRMAN : Anyway, the Chair has expressed the opinion and shares the feelings of those Members who have raised this issue. I think this House deserves the courtesy of a Cabinet Minister being present in this House. If the Finance Minister is otherwise busy in the other House, then some other Minister should be here. I feel that repeated reminders seem to have no effect on the Treasury Benches. But we shall continue the debate now and wait for another ten minutes. Yes, Mr. Vajpayee.

श्री अटल बिहारी वाजपेयी (उत्तर प्रदेश) : महोदया, सदन की पिछली बैठक में बजट पर अपनी बात कहते हुये मैंने अवमूल्यन के विरुद्ध सरकार को चेतावनी दी थी। उसे अनसुना करके रुपये का अवमूल्यन कर दिया गया है। मैं जानना चाहता हूँ : यह अवमूल्यन का निर्णय कब किया गया ? क्या यह निर्णय उस समय किया गया जब श्री अशोक मेहता वाशिंगटन में थे या उनके जाने के बाद वाशिंगटन के दबाव पर यह फैसला दिल्ली में किया गया ? श्री अशोक मेहता ने जब वे अमेरिका में थे, एक अंग्रेजी दैनिक पत्र के प्रतिनिधि को भेंट में बताया था कि मैंने हजारों मील की यात्रा रुपये की कीमत घटाने के लिये नहीं की है। मैं चाहता हूँ, श्री अशोक मेहता की वाशिंगटन में जो भी वार्ता हुई उससे संबंधित सभी कागज पत्र प्रकाशित किये जायें जिससे सदन को और देश को पता लग सके कि अमेरिका ने अवमूल्यन कराने के लिये कितना दबाव डाला और भारत सरकार की ओर से किस सीमा तक उस दबाव का प्रतिरोध किया गया। इस बात से इन्कार नहीं किया जा

सकता, और इन्कार किया जाना भी नहीं चाहिये, कि अवमूल्यन का दुर्भाग्यपूर्ण निर्णय हमने विदेशी दबाव में आकर किया है। 8 जून को वित्त मंत्री जी ने संसद् सदस्यों को जो नोट दिया उसमें यह बात साफ कही गई थी। उसे दोहराया जा चुका है और मैं उसे फिर उद्धृत करता हूँ। उस नोट में एक वाक्य था "The action could not be postponed as all further aid negotiations hinged on it." अर्थ यह है कि विदेशी सहायता जारी होने के सभी आसार इस बात पर निर्भर करते थे कि हम रुपये की कीमत घटाते हैं या नहीं। क्या यह सच नहीं है कि अवमूल्यन का फैसला करने के 10 दिन बाद अमेरिका ने रोकी हुई आर्थिक सहायता जारी कर दी ? कहने के लिए तो स्टेट डिपार्टमेंट की ओर से यह कहा गया कि हम इस भूखंड में शांति चाहते हैं और अब वहाँ पर शांति हो गई है, इसलिए हम सहायता जारी कर रहे हैं। मगर शान्ति हुए तो 9 महीने हो चुके थे। युद्ध विराम के 9 महीने बाद तक भी अमेरिकी सहायता जारी नहीं की गई और ताशकन्द घोषणा के 6 महीने बाद तक हमारे उद्योगों के लिये विदेशी मुद्रा उपलब्ध नहीं की गई। लेकिन अवमूल्यन का फैसला करने के 10 दिन बाद ही अमेरिकी सहायता फिर से जारी करने का ऐलान कर दिया गया।

महोदया, अमेरिकी दबाव केवल रुपये पर ही नहीं है, पाँड पर भी है। कुछ दिन पहले मुझे यू० के० जाने का अवसर मिला था और हाउस आफ कामन्स की बैठकों में और वहाँ के कुछ अन्य प्रतिनिधियों से बातें करते हुये मुझे लगा कि अमेरिका पाँड की कीमत को घटाने में हाथ डाल रहा है। प्राइम मिनिस्टर विल्सन ने 20 जुलाई को हाउस आफ कामन्स में कहा था।

"For several weeks there has been an increasing pressure on liquidity in the world's financial centres."

और 27 तारीख को उन्होंने स्पष्ट शब्दों में कहा था। मैं उनको उद्धृत कर रहा हूँ :

"It had to be recognised that in the past year some of these companies with American roots had been under pressure from their own Government to transfer profits more rapidly to the U.S."

मेरा निवेदन है कि समय आ गया है जब भारत को अन्य देशों के साथ मिलकर यह मांग करनी चाहिये कि सोने के मूल्य का पुनर्निर्धारण किया जाय। हमारी मांग होगी चाहिये कि सोने का अन्तर्राष्ट्रीय मूल्य कम हो। सचमुच में यह ताज्जुब की बात है कि अन्तर्राष्ट्रीय मौनेटरी सिस्टम में सुधार पर विचार करने के लिए 10 देशों की जो कमेटी बनी है, उसके विचार की परिधि से सोने का मूल्य कम करने के प्रश्न को निकास दिया गया है। सोने का मूल्य अगर कम होगा तो डालर का मूल्य कम होगा। इससे पाँड भी बचेगा और रुपया भी बचेगा। अन्तर्राष्ट्रीय लिक्विडिटी को बढ़ाने का इससे बलावा मुझे और तरीका दिखाई नहीं देता है। सवाल यह है कि अगर अमेरिका ने दबाव डाला था रुपये की कीमत घटाने के लिए, तो क्या हम उसका मुकाबला नहीं कर सकते थे? आखिर ब्रिटेन पाँड को बचाने में सफल हुआ है क्या भारत के लिये रुपये का रक्षण करना सम्भव नहीं था? आखिर यह एक राजनैतिक फैसला था और अगर हम राजनैतिक दबाव के सामने झुकने से इनकार कर देते, तो हम रुपये को बचा सकते थे।

अपनी विदेश यात्रा में मुझे अनुभव हुआ कि अनेक देशों को ताज्जुब है कि भारत ने रुपये की कीमत घटाने का फैसला इतनी जल्दी से कैसे मान लिया? पश्चिमी जर्मनी और फ्रांस रुपये की कीमत घटाई जाय, इस बात के लिये बहुत उत्सुक नहीं थे। ब्रिटेन चिन्ता की नजर से हमें देख रहा था कि क्या भारत दबाव का सामना कर सकेगा या नहीं कर सकेगा? अगर हम दृढ़ता के साथ खड़े रहते, हम पिछले दो वर्षों से दृढ़ता के साथ खड़े थे— क्योंकि जबमूल्यन की मांग कोई नई मांग नहीं है, जब से बल्ले बैंक के बेल मिशन ने अपनी रिपोर्ट पेश की तब से यह कहा जाता रहा कि रुपये की कीमत घटाई जाय, मगर हमने रुपये

की कीमत घटाने से इन्कार किया हम और उसमें सफल हुये थे, लेकिन यह सरकार अमेरिकी दबाव के आगे टिक नहीं सकी। न यह वाशिंगटन के दबाव के सामने टिक सकी और न यह मास्को के दबाव के सामने टिक सकी। वाशिंगटन के दबाव में आकर यह रुपये की कीमत घटा सकती है, मास्को के दबाव में आकर यह ताश्कन्द घोषणा पर दस्तखत करने की गलती कर सकती है। यदि यह सरकार अन्तर्राष्ट्रीय दबाव के सामने दृढ़ता के साथ खड़े रहने का साहस नहीं जुटायेगी तो यह अपने आप को और देश को भी आगे गड़े की तरफ ले जायेगी।

महोदया, यदि हम रुपये का अवमूल्यन करने से इन्कार कर देते तो भी अमेरिका को आर्थिक सहायता कालू धरने के सवाल पर विचार करने के लिए विवश होना पड़ता। जो देश हमको सहायता करते हैं, उनके भी हित में यह है कि हम सबल और सशक्त हों। यह ठीक है कि वे हमें पहलू श्रेणी का राष्ट्र देखना नहीं चाहते, मगर हमारी दुकान चलती रहे, यह बह जरूर चाहते हैं और किसी न किसी रूप में वे हमें सहायता देने के लिए आगे आते।

सच्चाई की बात यह है कि अवमूल्यन का निर्णय इतनी जल्दबाजी में किया गया और निर्णय के बाद कौन से कदम उठाये जायेंगे इसका भी विचार करने का सरकार को अवसर नहीं मिला। अवमूल्यन का फैसला ले लिया गया मगर बढ़ती हुई कीमतों को कैसे रोका जायेगा, जो एक्सपोर्ट इन्फ्लेटिव दिया था और जिन इम्पोर्ट्स को घटाने का फैसला किया गया है उनकी जगह कौन सी वैकल्पिक व्यवस्था की जायेगी, जो हमने इम्पोर्ट लिबरेलाइजेशन आयात को उधार करने का फैसला किया है, उसमें हम कहाँ तक जायेंगे, ये सारी चीजें ऐसी थीं जिनके बारे में भारत सरकार का दिमाग साफ नहीं था, जिनके बारे में भारत सरकार के पास कोई योजना नहीं थी। और इससे पता लगता है कि सरकार अवमूल्यन के लिए तैयार नहीं थी। उसे विदेशी दबाव में

[श्री अटल बिहारी वाजपेयी]

आकर अवमूल्यन करना पड़ा और ईमानदारी का तकाजा है कि सरकार को यह बात मान लेनी चाहिए। किन्तु सच्चाई को मानना सरल नहीं होता है।

महोदया, मैं इस बात से सहमत नहीं हूँ कि अवमूल्यन करने का फैसला करने से पहले सरकार को संसद को खबर देनी चाहिये थी या विरोधी दलों को विश्वास में लेना चाहिये था। यह मांग हास्यास्पद है। अवमूल्यन जैसा निर्णय पहले विचार के लिए पेश नहीं किया जा सकता है। उसे आवश्यक रूप से गुप्त रखना ही होता है। मगर क्या सचमुच में अवमूल्यन का निर्णय गुप्त रखा गया? क्या यह सच नहीं है कि अवमूल्यन के निर्णय के बारे में कलकत्ते के कुछ उद्योगपतियों को, व्यापारियों को पहले से ही पता लग गया था?

कई माननीय सदस्य : नहीं, नहीं।

श्री अटल बिहारी वाजपेयी : इस तरह की रिपोर्ट प्रकाशित हुई है और मैं सरकार से जानना चाहूंगा कि क्या इन रिपोर्टों की छानबीन की गई है? जिस तरह से गुप्तचर पकड़े जा रहे हैं, उस स्थिति में कुछ असम्भव दिखाई नहीं देता है। गुप्तचर केवल आल इंडिया कांग्रेस कमेटी के दफ्तर में ही नहीं पकड़े गये, हमारे सचिवालयों में भी अवांछनीय व्यक्ति हो सकते हैं। इस संबंध में एक बात का उल्लेख कर दूँ। मुझे पता लगा है कि लैफ्ट कम्प्यूनिस्टों की गति-विधियों के बारे में गुप्तचर विभाग के एक अधिकारी ने रिपोर्ट तैयार की थी और वह रिपोर्ट सरकार के पास गई। मगर रिपोर्ट ऐसे हाथ में पहुँच गई, जिन हाथों में वह नहीं पहुँचनी चाहिये थी। मैं चाहूंगा कि इस बात की जांच की जाय कि इस आरोप में कहां तक सच्चाई है? वह रिपोर्ट बड़े जिम्मेदार व्यक्ति ने लिखी और उसे और भी बड़े जिम्मेदार व्यक्ति को पहुँचाया गया। मगर वह रिपोर्ट छप गई, उसका अंश समाचारपत्रों में आ गया। यह कैसे हुआ? यह चीज ऐसी नहीं है कि जिस पर परदा डाला जा सके।

महोदया, अब अवमूल्यन के तारीफ के पुल बांधे जा रहे हैं और कहा जा रहा है कि अवमूल्यन से हमारी अर्थ-व्यवस्था को एक नई चेतना प्राप्त होगी। विदेशों में हमारे माल का निर्यात बढ़ेगा, कच्चे माल का आयात होने से हमारे उद्योग-धन्धे चलेंगे, और आर्थिक क्षेत्र में जो जड़ता आ गई थी, वह दूर हो जायेगी। अगर अवमूल्यन इतना ही अच्छा है तो हम इतनी देर तक क्यों रुके रहे और फिर अमरीकी दबाव के लिए क्यों बैठे रहे? हमने अपनी बुद्धि और अकल से अवमूल्यन करने का फैसला क्यों नहीं किया? आज यूगोस्लाविया और फ्रांस का उदाहरण दिया जाता है। अर्जेंटीना ने दो साल में 5 महीने अवमूल्यन किया मगर किसी दबाव के कारण नहीं किया बल्कि अपनी आवश्यकता को समझकर किया।

क्या सरकार अपने हृदय पर हाथ रख कर के कह सकती है कि अवमूल्यन से हमारी समस्याएं हल हो जायेंगी। सच्चाई तो यह है कि हमें उन्हीं समस्याओं का फिर से सामना करना पड़ेगा जिन समस्याओं के कारण अवमूल्यन हुआ। चीजों के दाम बढ़ रहे हैं। कितने प्रतिशत बढ़े हैं, इसमें जाने की आवश्यकता नहीं। ये चीजों के बढ़ते हुए दाम कैसे रोके जायेंगे? हम विदेशों को जो माल भेजेंगे उसमें अधिक गुंजाइश नहीं है। 80 प्रतिशत हमारा निर्यात परम्परागत वस्तुओं का है। इंजीनियरिंग के सामान को भेजने की संभावना है, लेकिन वह हमारे निर्यात का कुल 3 फी सदी है। इसीलिये तो कामर्स मिनिस्ट्री ने अपनी रिपोर्ट में अवमूल्यन का विरोध किया था। वह रिपोर्ट कहां है? उसे प्रकाशित करना चाहिये। कम से कम संसद के सदस्यों को उस रिपोर्ट को उपलब्ध करना चाहिये। वाणिज्य मंत्रालय की रिपोर्ट में है कि अवमूल्यन हमारे हित में नहीं है। आज उसी आधार पर अवमूल्यन की तारीफ की जा रही है।

एक और तर्क यह दिया जाता है कि रुपये की अंतर्राष्ट्रीय कीमत तो पहले से कम हो

गई थी और जो असलियत थी हमने उसको केवल स्वीकार किया है। मैं जानना चाहता हूँ कि यह कीमत कब से कम हो गई थी। मुझे याद है कि मैं 1962 में हांगकांग गया था तो एक पौंड के बदले में 20 रु० हांगकांग में उस समय मिलते थे और एक डालर के बदले में 10 रु० मिलते थे। मगर उस समय हमने अवमूल्यन नहीं किया क्योंकि हमने उसे राष्ट्र के हित में नहीं समझा। आज क्या रुपये की घरेलू कीमत और अंतर्राष्ट्रीय कीमत एक हो गई है? संदन में एक पौंड के बदले में 30 रु० मिलते हैं।

एक माननीय सदस्य : आज भी ?

श्री अटल बिहारी वाजपेयी : आज भी 30 रु० मिलते हैं। दुनिया में कुछ केन्द्र ऐसे भी हैं जहाँ एक पौंड के बदले में 40 रु० तक मिल सकते हैं। क्या सरकार इस बात को नहीं जानती ? क्या वित्त मंत्री इससे इनकार कर सकते हैं ? क्या हम रुपये की अंतर्राष्ट्रीय कीमत को वस्तुस्थिति तक लाने के लिये और भी अवमूल्यन करेंगे ? इन कारणों में कोई दम नहीं है। महोदया, कारण एक ही है कि हम अपनी अर्थव्यवस्था का ठीक तरह से संचालन नहीं कर सके, हम अपनी योजनाओं को यथार्थवादी नहीं बना सके, हम राष्ट्र की श्रमशक्ति को जगा कर अपनी आवश्यकताओं के अनुरूप अपना उत्पादन नहीं बढ़ा सके, हम आर्थिक और प्रशासनिक अनुशासन नहीं ला सके। श्री अशोक मेहता कहते हैं कि अवमूल्यन के बाद की जो स्थिति है, अगर उसका सामना करना है तो ऐडमिनिस्ट्रेटिव और फाइनेंशियल डिस्प्लिन चाहिये। अगर इस देश में, शासन में, ऐडमिनिस्ट्रेटिव, फाइनेंशियल, फिजिकल डिस्प्लिन होता तो अवमूल्यन की आवश्यकता ही नहीं पड़ती। आज वही समस्याएँ हमारे सामने खड़ी हैं जो समस्याएँ अवमूल्यन के पहले थीं।

महोदया, कहा जाता है कि बुराई में से अच्छाई भी निकल सकती है। अवमूल्यन

एक चेतावनी है, अवमूल्यन एक चुनौती है। चेतावनी इस बात की है कि अगर अभी भी हमने आँखें नहीं खोलीं तो हमें और भी अवमूल्यन करना पड़ सकता है। यह चुनौती इस बात की है कि हम अपना घर ठीक करें। मगर अवमूल्यन के बाद मुझे तो कहीं आँखें खुलने का सबूत दिखाई नहीं देता। क्या राज्यों को आर्थिक अनुशासन में बांधा जा रहा है ? क्या राज्यों को अपनी क्षमता के अनुसार खर्च करने के लिये मजबूर किया जा रहा है ? मैंने बजट अधिवेशन में सुझाव दिया था कि कुछ राज्यों में संविधान का सहारा ले करके फाइनेंशियल इमर्जेंसी घोषित कर देनी चाहिये। वे रिजर्व बैंक से ओवरड्रा करते जा रहे हैं। वे हमारे देश को आर्थिक गड्डे में ले जा रहे हैं। संविधान में व्यवस्था की गई है कि केन्द्र फाइनेंशियल इमर्जेंसी घोषित कर सकता है। मगर केन्द्रीय सरकार किसी राज्य को हाथ लगाने को तैयार नहीं। अगर राज्य सरकारें अपने खर्च में कमी नहीं करेंगी और अगर केन्द्र में नान-प्लान एक्सपेंडीचर घटाया नहीं जायेगा और डेफिसिट फाइनेंसिंग करना हम बन्द नहीं करेंगे और सब से बड़ी बात यह है कि हम देश में जो विश्वास का संकट पैदा हो गया है उस विश्वास के संकट पर विजय नहीं प्राप्त करेंगे तो यह अवमूल्यन दवा साबित नहीं होगी और अगर दवा साबित होगी तो ऐसी दवा साबित होगी जो बीमारी से भी अधिक खतरनाक होगी।

महोदया, सरकार की आँखें नहीं खुलीं हैं। इसका प्रमाण यह भी है कि चौथी पंचवर्षीय योजना का जो खाका सामने आया है वह सरकार के हवा में उड़ने का सबूत है। वह इस बात का प्रमाण नहीं है कि सरकार वास्तविकता की धरती पर पैर रख कर चलने को तैयार है। आज भी विदेशी सहायता पर हमारी निर्भरता बढ़ती जा रही है। यह कर्जा कहां से चुकेगा ? क्या हम कर्जा चुकाने की स्थिति में हैं ? 1700 करोड़ रु० का स्टॉलिंग बैलेंस हमको उत्तराधिकार में मिला था। हमने उसे समाप्त कर दिया। आज 4300

[श्री अटल बिहारी वाजपेयी]

करोड़ रुपये का विदेशी कर्जा है जो अवमूल्यन के कारण बढ़ गया है। अभी भी हमारी योजना इस अनुसार बन रही है कि बड़ी मात्रा में हमें विदेशी सहायता प्राप्त होगी। मैं सिद्धांततः विदेशी सहायता का विरोधी नहीं हूँ। मगर विदेशी सहायता शर्तों के साथ मिलती है, इससे इन्कार नहीं किया जा सकता। अमेरिका शर्त लगा रहा है कि भारत और पाकिस्तान के बीच में शांति बनी रहनी चाहिये। अगर एकतरफा शांति का उल्लंघन हो गया, पाकिस्तान ने गड़बड़ी कर दी, फिर सहायता बन्द हो जायेगी और फिर चौथी योजना खटाई में पड़ जायेगी। क्या हम अपने साधनों के अनुरूप योजना नहीं बना सकते हमें बनानी चाहिये। मैं छोटी योजना के हक में नहीं हूँ। योजना बड़ी से बड़ी बनाइये, मगर बड़ी से बड़ी बनाते हुए देश के साधनों पर निर्भर रहिये। विदेशी सहायता कुछ मात्रा में ली जा सकती है, मगर इतनी मात्रा में कि जिसको हम हज़म कर सकें।

महोदया, देश में न तो समाजवाद है और न पूंजीवाद है क्योंकि यदि सच्चे अर्थों में पूंजीवाद होता तब भी देश आगे बढ़ता हुआ दिखाई देता। मैं सच्चे अर्थों में इस लिये कह रहा हूँ कि अगर सच्चे अर्थों में पूंजीवाद होता तो विज्ञान की नई प्रगति को उद्योग में, कृषि में काम में लाने का प्रयत्न किया जाता, एक स्वस्थ प्रतियोगिता चलती और देश में अधिक से अधिक पूंजी लगा कर अधिक से अधिक उत्पादन बढ़ाने का वातावरण बनता। संघि काल में पूंजीवाद को सहन भी किया जा सकता है, मगर आज देश में भ्रष्ट राजनीतिज्ञों, लक्ष्मीलोलुप पूंजीपतियों और निकम्मे नौकरशाहों के बीच में एक साजिश चल रही है। इसमें न तो व्यक्तिगत प्रयत्नों के लिये जगह है, न ईमानदारी के लिये प्रश्रय है और न अपनी इच्छा से काम करने वाले हमारे अधिकारियों के लिये गुंजाइश है।

मैं आपके सामने दो उदाहरण रखना चाहता हूँ। उदाहरण बहुत छोटे-छोटे हैं, मगर नमूने

के लिये हैं। बम्बई के सांताक्रूज़ हवाई अड्डे के पास जमीन पड़ी है जो हर साल ठेके पर घास काटने के लिये दी जाती है। 17, 18 साल से एक सज्जन वह ठेका लेते रहे हैं। कहा जाता है कि वे टेंडर के अनुसार ठेका लेते हैं। मगर टेंडर कब मांगे जाते हैं, कब मंजूर किये जाते हैं, इसकी खबर उनके अलावा और किसी को नहीं लगती। वे ठेका लेते हैं 20 हजार या 30 हजार रु० में और फिर बाद में वह जमीन वे गाय भेंस चराने वालों को दो लाख रुपये में देते हैं। इस बार ऐसा हुआ कि उस कोआपरेटिव सोसायटी को पता लग गया जो उनसे दो लाख रु० में जमीन लेती थी। उसने एक टेंडर दे दिया 51 हजार रुपये का। वह टेंडर ज्यादा था, इसलिये मंजूर करना पड़ा। मगर बम्बई से तार हिले, राजनैतिक दबाव आये। टेंडर मंजूर कर लिया गया था और मंजूरी की सूचना उस कोआपरेटिव सोसायटी को दे दी गई थी, मगर बाद में वह टेंडर रद्द कर दिया गया, दूसरे टेंडर मांगे गये और उसमें उन्होंने सज्जन का टेंडर आया और ठेका उनको दे दिया गया।

श्री बाबुसाई एम० चिनाई (महाराष्ट्र) : कितने रुपये में दे दिया ?

श्री अटल बिहारी वाजपेयी : यह तो सरकार को बताना होगा।

श्री राजनारायण : दो हजार ज्यादा पर। पहले 51 हजार में दिया था और फिर 53 हजार में उसी को दे दिया।

श्री अटल बिहारी वाजपेयी : जो पुराना था, जिस ने 51 हजार का टेंडर दिया था उसको खबर दी जानी चाहिये थी कि नये सिरे से टेंडर मांगे जाने थे। 53 हजार की जो जमीन ली गई है वह उसी कोआपरेटिव सोसायटी को दो लाख रुपये पर दी जायेगी। यह सिविल एविएशन मिनिस्ट्री का मामला है, राज्य का मामला नहीं है। मैं चाहूंगा कि इस मामले की जांच होनी चाहिये। कोआपरेटिव

सोसायटियां बना कर चीजों की कीमत कम की जायेगी, यह सरकार का दावा है, लेकिन कोआपरेटिव सोसायटियों के अधिकारों पर इस तरह से डाका डाला जाएगा तो सहकारिता की भावना में भी जनता का विश्वास कम हो जायगा धीरे-धीरे कम होता जा रहा है। और यह खतरनाक है।

एक मामला और है। यह राजनीतिक भ्रष्टाचार का मामला है। डी० टी० यू०, दिल्ली परिवहन कुछ प्राइवेट बसें चलाती है। ये बसें पीक आवर्स में ली जाती हैं। पहले दिल्ली के कांग्रेसी नेता यह दावा करते थे कि बसें चले तो सरकारी चले, प्राइवेट बसों के लिए सोशलिज्म में कोई जगह नहीं हो सकती। सोशलिज्म की उनकी क्या व्याख्या है यह मैं समझने में असमर्थ हूँ। बसों के स्टाप पर लोग खड़े रहें, लेकिन सोशलिज्म प्राइवेट बसों को चलने से रोकता है तो ऐसे सोशलिज्म को कोई पसन्द नहीं करेगा और यह सोशलिज्म है भी नहीं। पहले यह तय कर दिया गया कि प्राइवेट बसें नहीं चल सकतीं, बाद में प्राइवेट बसों का चलना मान लिया गया। इसके लिए एक सौदा हुआ। सौदा हुआ दिल्ली प्रदेश कांग्रेस कमेटी के बीच में और जो प्राइवेट बस आपरेटर्स हैं उनके बीच में, और सौदा यह हुआ कि जो भी प्राइवेट बस चलेगी उसके लिए हर महीने 50 रुपया दिल्ली प्रदेश कांग्रेस कमेटी को दिया जाएगा।

SHRI LOKANATH MISRA : Socialist consideration.

श्री अटल बिहारी वाजपेयी : मैं बड़ी जिम्मेदारी के साथ यह आरोप लगा रहा हूँ। यह आरोप अगर गलत साबित होगा तो मैं दंड भुगतने के लिए तैयार हूँ। मैं चाहता हूँ कि इस आरोप की जांच होनी चाहिये। हर महीने एक बस आपरेटर 50 रुपये दिल्ली प्रदेश कांग्रेस कमेटी को देता है, उसके बदले में रसीद दी जाती है। आप कहेंगे यह भ्रष्टाचार नहीं है, कांग्रेस कमेटी को चन्दा दिया जा रहा है। मगर मैं यह पूछना चाहूँगा कि यह चन्दा घटता-बढ़ता क्यों रहता है? जितनी

बसें चलती हैं, उतना ही चन्दा मिलता है और जिस महीने में बसें कम हो जाती हैं, चन्दा कम हो जाता है; जिस महीने में बसें बढ़ जाती हैं चन्दा भी बढ़ जाता है और यह 50 रुपया जो बस आपरेटर्स का एसोसिएशन है—दिल्ली कन्ट्रैक्ट कैरेज बस एसोसिएशन—उसके जरिए दिया लिया जाता है। मैं चाहूँगा कि इस मामले की जांच की जाय। बस एसोसिएशन का हिसाब-किताब जप्त कर लिया जाय, दिल्ली प्रदेश कांग्रेस कमेटी का हिसाब भी जप्त होना चाहिये। पंजाब नेशनल बैंक की जो नया बाजार की शाखा है, उसमें चेक के जरिये रुपया दिया जाता है, हर महीने चेक से रुपया जमा होता है। मैं साबित कर सकता हूँ कि जितनी बसें चलती हैं उसी के हिसाब से 50 रुपये हर बस का भुगतान किया जाता है। बसों की संख्या यात्रियों पर निर्भर नहीं करती, बसों की संख्या दिल्ली के नागरिकों की आवश्यकता पर निर्भर नहीं करती, बसों की संख्या इस बात पर निर्भर करती है कि दिल्ली के कांग्रेसियों को कितना रुपया चाहिए। यह आरोप लगाते हुए मुझे खुशी नहीं हो रही, लेकिन मैं अपने कर्तव्य से चूकता अगर मैं इस तथ्य को सदन के सामने न लाता। भ्रष्ट राजनीतिज्ञ, पैसे के पीछे पागल पूंजीपति और निकम्मे नौकरशाह—ये तीन देश को पतन की ओर ले जा रहे हैं। अगर अवमूल्यन हमारी आँखें खोल सके, अगर हमें शाक ट्रीटमेंट दे सके, अगर हम देश के दिवालियापन को अपनी अनुभूति से देख सकें, आने वाले संकट का सामना करने के लिए दृढ़ता के साथ खड़े हो सकें तो बुराई में से अच्छाई निकलने की कहावत भी चरितार्थ हो सकती है। ब्रिटेन की जनता प्राइम मिनिस्टर विल्सन के नेतृत्व में पाँड के डिबैल्यूएशन को टाल कर आर्थिक संकट का सामना कर रही है। जो ब्रिटेन कर सकता है वह भारत के लिए करना असंभव नहीं होना चाहिए। कमी नेतृत्व की है, कमी जनता की नहीं है; कमी यथार्थवादी नीति अपनाने की है। कोरे किताबी सिद्धान्तों से

[श्री अटल बिहारी वाजपेयी]

हमारी समस्या हल नहीं हो सकती । अगर हम आमदनी पर रोक लगा देते, अगर हम चीजों के दामों को नियंत्रित करते और हम सारी शक्ति रुपए को बनाने में लगा देते तो हम शायद रुपए को भी बचा ले जाते और आर्थिक संकट में से निकलने का रास्ता भी ढूँढ़ पाते । अभी तो हम रास्ता ढूँढ़ नहीं पा रहे हैं । और मैं चेतावनी देना चाहता हूँ कि यह डिबैल्युशन अन्तिम डिबैल्युशन साबित नहीं होगा । अगर सरकार की गलत नीतियाँ इसी तरह से चलती रहें तो देश को आगे भी डिबैल्युशन के लिए तैयार रहना चाहिये ।

SHRI HAYATULLAH ANSARI (Uttar Pradesh) : Madam Deputy Chairman, they say that devaluation is a great betrayal and a black act and that it has dishonoured our country. May I remind you an episode which took place thirty years back in this building? The Swaraj Party walked out of this building with the intention not to reenter it again till the general elections. But on account of a decision of the British Government, they had to break their vow. It so happened that the British Government at that time wanted to bring in a resolution about changing the value of the Rupee. This whole country was disturbed on account of that news and even requested the Swaraj Party to go back to the Assembly, attend the session and oppose the resolution. May I ask you what was that resolution which the British Government wanted to bring in? Were they trying to enhance the value of the Rupee or were they trying to devalue the Rupee? I think that some of our friends will say that they do not think that the British were trying to enhance the value of the Rupee. Now I tell you the Swaraj Party broke their vow, reentered the Assembly and fought the move. I give you one more news. At that time there were many Indian traders outside India, in Africa, Singapore and other places, and they also opposed the change which the British Government wanted to bring in in the value of the Rupee, and what was that change? The British Government were going to enhance the value of the Rupee and the Swaraj Party was fighting that move to keep the *status quo*. Will you allow me to read a paragraph from the history of the Con-

gress written by Dr. Sitaramayya? He says :

"Then came the question of questions — the question of the 18d. ratio. This affected not merely the millowners and the merchants but the people of India— notably the exporters of raw produce and food material. The pound which was in the pre-war and the war days worth Rs. 15 is now made equivalent to Rs. 13-5-4. In other words, the importer is encouraged to import more foreign goods because they have become cheaper by 2d. a rupee or 2d. out of 16d., i.e. by 1/8th or 12½ per cent. Applying the reverse reasoning to exports of the ryots' produce if a pound worth of cloth which is imported into India and which formerly cost at the 16d. ratio Rs. 15 now cost only Rs. 13-5-4, a pound worth of produce which formerly fetched the cultivator Rs. 15 would now yield him only Rs. 13-5-4. This computing the total exports, say, for 1925 at Rs. 316 crores, 1/8th or Rs. 316 crores or nearly Rs. 40 crores would be lost to the ryot year by year."

The fight was in this! way that the British Government wanted to enhance the value of the Rupee and the Swaraj Party was fighting to keep the *status quo*.

I will remind you another episode. Gandhiji wrote a letter to the Viceroy in 1930 presenting eleven points and said that if the Viceroy would accept them, he would not launch his Satyagraha. These eleven points were very important points. Among other things he wanted to reduce the land revenue by 50 per cent.; abolition of salt tax; reduction of military expenditure at least by 50 per cent.; and you will be amazed to know that his second point was to devalue the rupee by 2d. and the whole country was behind his demand. So, will you say that all those patriots including Gandhiji and other great leaders were fighting to dishonour our country?

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.]

Was their act a sort of betrayal? Now this is what I have said about the principle of devaluation. Actually the term 'devaluation' is a very misleading term, and all the noise which I hear is about this word 'devaluation'. It shows as if we are going down

as if we are dishonouring ourselves. It is a term in economics, and it means nothing.

Now I shall tell you why the British Government were wanting to enhance the value of the Rupee, and it will disclose another thing, a very good episode because, at that time, Japanese goods were competing with British goods very acutely in the market, and the British were rather afraid that they might be ousted from the market. And why were the Japanese goods selling so cheap in India ? It was because the value of their yen was very low. At that time the Japanese policy was to buy raw material costly, to pay more for the raw materials, and to sell their finished goods cheaply. And so their profit was only marginal. But by having this marginal profit they were able to capture the foreign markets a bit easily, and on account of their capturing the foreign markets they were able to eradicate unemployment from their country. I remember that Diwan Chaman Lall has written in his book that when he visited Japan, he saw everybody employed. He asked how much they were paid. They named a very little sum. He wondered that they accepted so little payment. To this their reply came, "We wonder that you have got so many people unemployed in your country". So what I want to say is that this policy of buying costly raw material and selling finished goods cheaply is a good policy for a country which is not very well advanced.

Mr. Vajpayee has presented India's case very well, saying that six years back the Rupee was very cheap in foreign markets. I have my own experience in Geneva. There is the money market there where the dollar used to fetch ten rupees. And in the Beirut money market you could get 12 rupees for a dollar. So the Rupee was very cheap at that time. May I point out how we were able to keep the ratio which was prevalent before 6-6-66 ? It was because we made it a condition of our friendship with all those countries who **were** friendly to us that they would have to pay that much for us, that they would have to buy our money and pay more for it. It was going to every country with almost having a beggar's bowl in hand and saying, "I will give you less and you give me more". And I wonder that this did not hurt our self-respect. We are now raising the ques-

tion of self-respect after the devaluation, but don't we remember that every country, which was friendly to us, was paying more. They were paying more and getting less on account of the value of the rupee going down. It was with a beggar's bowl in our hands that we were going to each country and saying, "This is the value of our friendship. If you want to keep our friendship, pay us more. We have very little to pay you". Did we ever think of our national honour then ? This was the condition then. So now how can you say that we have dishonoured our country on account of the devaluation ?

I remember the case I came across in Moscow. I went to the Soviet Union on my own in 1961, and I had an experience in Moscow. I was visiting a Government market. There a blackmarketeer came to me and said that he was ready to pay 25 roubles to a dollar, and at that time 35 roubles to a dollar was double the normal equivalent. A little later he again came to me and offered 40 roubles to a dollar. This was the condition in Russia then. But Russia cared for self-respect and so, on account of this thing, they had no foreign trade. But we had to go in for foreign trade, and to have it we had to go with a beggar's bowl in our hands, and I think we must be very thankful to the Government that at least now we can go with honour to every country, and we have not got to take a beggar's bowl in our hands.

AN HON. MEMBER: As more rich beggars.

SHRI HAYATULLAH ANSARI: Now our economic policies have not been very good. You say : speed. Speed is a relative term. We are trading with the Americans; we are trading with American business and European business. But then they have introduced two factors. Automation, number one, and computer, number two, and on account of this they have been able to reduce the number of labour to 50 per cent, and for this reason they are able to produce more and they are able to sell their finished goods cheaply in our markets. So it is not that we are going slow. We are going by supersonic planes, but they are travelling by rockets. What can we do ? So, if you are going to see to our speed and compare it with the speed of other countries

[Shri Hayatullah Ansari.] which have introduced automation and computers, we can only compete with them in one regard, and that greater speed and growth is in our man-power. We are very rich in man-power, and if we can employ all our man-power, we will be able to eradicate unemployment, as was the case with Japan, and side by side we will be able to produce more. So for that thing, for employing our man-power, we have to follow the line which was followed by Japan in pre-War days, which I have already told you. And luckily now we have come to a level where we are able to send our finished goods cheaply to foreign markets. I shall not speak about the traditional goods which we are already sending to foreign markets and which come to 80 per cent, of our exports. It does not mean that the other non-traditional things never grow and we won't be able to send them to foreign market! I tell you, there are so many non-traditional things. I find the Indian cloth in the Near East, also sewing machines, and also books. You will be surprised to know that we have been able to sell our books in America, books on Indian art, on Indian culture, about Ajanta, Khajuraho and many other places. We have had good writers among us, but we were unable to sell our books abroad because our books were costly, and on account of that, other books written by English writers were sold in the market more easily than our books. But now we will be able to send our books and also many non-traditional goods.

Now I want to make two points more. If we want to make the best use of this devaluation, we have only one way out, and that is to follow the line which Japan followed in the pre-War days. That is, we have to select a few items which can be exported easily, which can find foreign markets and which can capture foreign markets, and we have got such things in our country. But we have to give incentives to those things, number one. and Government had to see that they are well shown, - that they have show-rooms at many places, that there are exhibitions of such goods and that such goods are advertised in foreign P.M. papers and so on. I have seen our small show-room in San Francisco. Is it not a good show-room. I do not think it can compare with the other show-rooms and other establishments.

Though San Francisco is a very good place, on account of its bad showmanship, very few persons visit our show-room there. We have to expand our trade in foreign countries.

Internally, I think the Super Bazar movement is very good. But we have to take the Super Bazar to every district and possibly to every big village and not in five or ten years, but within two or three years. And if we follow this line I think we will be successful in keeping the value of the Rupee as it is and increasing our exports to a great extent.

SHRI MULKA GOVINDA REDDY : Mr. Vice-Chairman, I support the motion moved by Shri Bhupesh Gupta. I fail to understand the reason of the Government for devaluation. In 1949 our Rupee was devalued; again in 1966 it has been devalued. In 1949 they said the same thing— that our economy has come to a standstill, that unless we devalue the Rupee, it will not be possible to develop the country and to raise the standard of living of our people. They are saying the same thing in 1966. For the last 17 or 18 years, the prices are going up. We are seeing the prices rocketing. They are going the Brazilian or the Indonesian way. And the Government have failed to hold the price line.

The other point that they are bringing forward is that our exports are costly and therefore in order to reduce the export prices and to make them cheaper, we have devalued the Rupee so that our export trade will improve. In the wake of it, they have said that they are going to liberalise the imports and already many import licences have been given.

What exactly is the reason for this devaluation? Is it going to improve the common man's condition in India ? Or is it going to benefit some other persons outside India ? Mr. Vice-Chairman, we are all aware that the Government made denial after denial, when asked whether they were considering the proposal or advice that was made to the Government of India by the World Bank and the International Monetary Fund. A distinction was tried to be made out between proposal and advice. It is a distinction without any difference. In 1964, the President of the World Bank

wrote a letter to the then Finance Minister advising him, or more or less intimidating him, to devalue the Rupee. It must be said to the credit of the then Finance Minister that he resisted it. Not only did he resist it, he wrote a stinking letter to the President of the World Bank that he had no right to interfere in the internal affairs of our country and that we are not to be dictated by him. But the pressure from the World Bank and other American interests went on. They even tried to pressurise the then Prime Minister to drop Shri T. T. Krishnamachari from the Cabinet. As long as Shri Krishnamachari was the Finance Minister, he resisted it and he did not surrender. But, unfortunately, the Prime Minister, Shri Lai Bahadur Shastri, passed away and a new Government . . .

SHRI SHEEL BHADRA YAJEE (Bihar) : During Shri Lai Bahadur Shastri's time Shri T. T. Krishnamachari resigned and his resignation was accepted. In the present Government he is not in the picture.

SHRI MULKA GOVINDA REDDY : Shri Lai Bahadur Shastri passed away and the new Government took charge. But this pressure from the World Bank and the International Monetary Fund and from the other financial and monopoly capitalist interests in America went on; they pressurised the Government of India. Even when the Planning Minister went there, it was almost understood that as soon as Parliament ended its session, the Government of India would devalue the Rupee. The Government—the Finance Ministers and the other Ministers who went to the All India Radio and made speeches—said that our economy has reached a stagnant stage and we cannot increase our exports and it is difficult to get financial aid for the imports so that our industries can go ahead with full capacity. But I would like to ask the Government whether they have considered in what direction they will be in a position to increase our exports. Nearly Rs. 800 crores worth of goods we are exporting out of which 82 per cent, are of traditional items, based on agriculture. We know how difficult it is for us to increase agricultural production. It is true that we have been to some extent affected by drought conditions and the defence measures that we have to undertake to repel our aggressors. But

as far as agriculture is concerned, Government have not paid the attention that it deserves; particularly when 80 per cent, of our people depend upon agriculture, more attention should have been paid to it. Instead of that, they neglected it and they have brought the country to this ruinous condition.

A little while ago, I was saying that 80 per cent, of our exports are based on agriculture and it is* highly impossible to increase this item of our export in the foreseeable future so that our exports would go up. And there is a feeling among some of the hon. Members that we will increase our exports. They forget that every country in the world today wants to be self-reliant and self-sufficient and there are no markets left for exploiting, as the imperialist powers did previously. It is all a myth, it is all a wishful thinking to say that our exports would be stepped up because of devaluation. It is not a correct appreciation of the situation that is prevailing in India. Even the traditional exports were subsidised. And, therefore, whatever benefit they will have after devaluation will be lost. We do not have the capacity and the competence at the present stage of our industrial development to increase the remaining 18 or 20 per cent, of industrial products that we want to export to other countries. So whatever exports we are able to step up will only be marginal. On the other hand, today we are importing capital goods, spare parts, components and raw materials to the extent of Rs. 1,400 crores. Now because of liberalisation of imports these items will go up and we have to pay more for our imports because of devaluation, and because of that the production costs of industrial goods will go up. So the Government is trying to befool the people by saying that the balance of payment" position will improve within a period of five or ten years. Even within that long period of ten years, I am afraid, the balance of payments position will not improve. It will go on adversely affecting our country.

They may ask : How is it going to benefit American interests ? Yes, it is going to benefit the American investor and the American Government in this way. We have been importing large quantities of foodgrains from America under PL. 480. Previously for a hundred dollars we were paving

[Shri Mulka Govinda Reddy] Rs. 456. But now we will have to pay Rs. 750 for the same 100 dollars worth of food that we are going to import. The bill is going up. The American Embassy hee . . .

PANDIT S. S. N. TANKHA (Uttar Pradesh) : That money cannot be used in America.

SHRI MULKA GOVINDA REDDY : It will be used in India for so many purposes including for spying purposes. The other day the Government was not in a position to account for the way in which the funds with the U.S. Embassy are now utilised. They were not in a position to give a proper account of how the amount is spent for their Embassy staff etc. and for spying purposes. So you are going to create more money which will be utilised by the American Embassy for purposes for which they want it which sometimes may be against the interests of India.

Then for a hundred dollar investment, at the old rate they were getting Rs. 45 as dividend. But for the same amount they are now going to get Rs. 75 as dividend. Therefore, it is the American investor who is going to be benefited by this devaluation. It looks as if this devaluation is done not in the best interest of India which is a developing country but in the best interests of the developed countries.

Now and then the Government or their spokesmen point out to the fact that it is not India alone that has devalued its currency but there are other countries like Russia, Yugoslavia, France or U.K. which have devalued their currencies. Yes, it is true that they have devalued their currencies. But the difference between India and those countries should be understood. They are highly developed countries, highly disciplined countries. They have developed productive apparatus to take advantage of devaluation so that the goods that are produced in their country will be cheaper to be sold in the competitive world market. They are going to be benefited in that way. Moreover, they apply strict financial discipline.

SFRI BHUPESH GUPTA: I am very glad that the hon'ble Member is referring to it. I have brought this thing. The gold content of rouble was increased after, what

they called, devaluation. The value of the rouble in terms of dollar was increased. One dollar, after the currency reform in Russia, came down to 9 kopecks compared to 4 roubles before what they call devaluation of the rouble. Currency reform is confused with devaluation. This is the statement issued by the Soviet Government in 1960-61 which I have got. Yugoslavia also, it was the same thing. I got the statement from them officially.

SHRI MULKA GOVINDA REDDY : I was referring to the way in which devaluation was resorted to by developed countries. They have strict financial discipline. The people of those countries are disciplined. They have very efficient administrative machinery. They do not have corrupt governments as we have in India. Day in and day out it is being said in this House as well as in the other that some Minister or other is involved in some scandal or the other. We have seen how so many Chief Ministers were involved in these corrupt charges. Two Chief Ministers had to vacate their places. Therefore, so long as we do not have efficient, competent, administrative machinery, whatever benefit there might be due to devaluation will not be utilised. It will be thrown into the waters of Lamuna.

Mr. Vice-Chairman, another point I would like to stress is that some of the countries are socialist countries and they did devalue their currencies. True. But they are communist countries or pro-communist countries where because of the very system they can introduce or enforce this financial discipline. They can increase production and they can maintain the price line, and reduce the cost of production. Both production and productivity can be increased in a country like Yugoslavia. But unfortunately, in India the experience is that we have not been able to maintain the price line. The prices are spiralling. From 100 in 1958 it has gone up to 184. Look at the way the price line is maintained in other countries. I am giving you the wholesale price :—

India	..	1958	..	100
		1965	..	184
Pakistan	..	1958	..	100
		1965	..	118
U.S.A.	..	1958	..	100
		1965	..	102
		1966	..	104
England	..	1958	..	100
		1966	..	118

So it is evident that these countries have maintained the price line, have increased production and have made use of this devaluation for the prosperity of the countries concerned. As Mr. Vajpayee just now told us, pressure is now mounting on the U.K. Government to devalue the pound but the U.K. Government is fighting to maintain the present pound and to strengthen it. The same measures, that the U.K. Government is now adopting, have never been adopted by the Government of India. On the other hand, it was a paradise in India for the blackmarketeers, hoarders and the smugglers to make more money. It looks as though the Government of India have accepted the verdict of the smugglers in order to devalue the Rupee. It is true that the value of the Rupee has been going down but who is responsible for that? I charge that it is the Government of India that is responsible for this. If only they had maintained the price line, if they had mopped up all the unaccounted money with the hoarders and the blackmarketeers, this would not have happened and the smuggling of gold would not have happened and the value of the Rupee would not have come down but unfortunately the Government, which is hand-in-glove with the big business in this country, which is hand-in-glove with the hoarders and profiteers, has not been able to maintain the price line.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : We are running on a very tight schedule. That will do.

SHRI MULKA GOVINDA REDDY : They say that they are going to take action. Yes, it is true that in the Punjab, the Governor has taken action but in a State like Mysore, I know it for certain that when some of the hoarders were arrested, they were with the Chief Minister later on and they were there to garland him when he left the place. I was an eye-witness. If this is the way in which the hoarders and profiteers are treated by the Governments concerned, how is it possible for them to maintain the price line. This has been opposed not only by the Opposition parties in India but even by important Congressmen and the Congress Working Committee members. The former Finance Ministers of India have opposed this and no right-thinking man or one who has the best interests of this country in his heart has

supported this ignominious measure that the Government has brought. Prof. Gadgil has stated :

"Devaluation forced on Indian Government is the result of cumulative circumstances and is a clear evidence of failure of past policies. Devaluation underlined the grave defects of past policy of import licensing and export incentives which were costly to the economy and had highly corrupting influence. It should be the occasion for framing active policies to do without foreign aid as early as possible."

More or less Dr. Lokanathan and Prof. Vakil have said the same thing. This is not a measure that is going to improve the economy of this country. This is a measure which is running the country and which has ruined the country. In Russia, they did devalue but they introduced a heavier rouble. They introduced reforms in their currency. If only the Government is sincere, it should introduce reforms. They have devalued the currency, they have devalued the Indian character, they have devalued our nation and therefore I press that they should resign from the Treasury Benches.

SHRI B. D. KHOBARAGADE (Maharashtra) : Mr. Vice-Chairman, I support the motion moved by Mr. Gupta because the decision of the Government regarding devaluation is against the national interests and it is contrary to the Government's assurances given in Parliament. We have been hearing about the possible decision of devaluation since last 18 months. The assurances were given by the Government and by the Ministers that the Rupee would not be devalued. About a year back, the then Finance Minister, Shri T. T. Krishnamachari, assured Parliament that there would not be any devaluation of the Rupee. This was reiterated by the Planning Minister, by the Finance Minister as well as by the Prime Minister. At that time, the plea for devaluation was turned down on the same grounds that the exports being traditional and inelastic would not be increased but now we find that under pressure from the U.S. Government, the Rupee has been devalued. From press reports, we learn that even the Congress party has not fully supported this measure. There have been complaints and protests as well as opposition from the Congress leaders. When the decision about

[Shri B. D. Khobaragade] devaluation was announced, most of the Ministers had opposed the decision. Even the Congress President, Mr. Kamaraj, had openly opposed this move and announced that there was no necessity for devaluing the Rupee. The Madras Minister, Shri R. Venkataraman, who is supposed to express the views of Mr. Kamaraj, has publicly stated that the devaluation is "politically unwise and economically unsound". It will be seen from these statements that they were under the impression that the Rupee would not be devalued. But all the assurances given to Parliament as well as to the people of this country have been broken and it has been a betrayal of the national interests.

There is no doubt that the decision has been taken under pressure of the World Bank as well as the U.S. Government. About 18 months back the Bell Mission of the World Bank suggested that the Rupee should be devalued. As pointed out by some Members here, the suggestion of the World Bank was strongly opposed by Mr. T. T. Krishnamachari, the then Finance Minister. Unfortunately Mr. Krishnamachari had done nothing to prevent the devaluation of the Rupee. No doubt, Mr. Krishnamachari and Mr. Desai have strongly opposed the decision of the Government about devaluation but the responsibility for devaluation should be squarely borne by these ex-Ministers because they were the Finance Minister; and, as we find today, this devaluation is the result of the bankruptcy of this country. It is due to the extravagant expenditure and policies that were pursued by these two Finance Ministers and therefore, as we today blame Mr. Asoka Mehta, Mr. Chau-dhuri and Mr. Subramaniam for devaluation, similarly the responsibility should be placed on the shoulders of Mr. Desai and Mr. Krishnamachari.

It is said that the devaluation was inevitable because the prices have risen by 80 per cent, during the last 10 years. What steps have been taken in the past to control the prices? In every Five Year Plan, it was mentioned that it was essential to control prices so that our planned economy could be successful, so that all the Five Year Plans could be worked successfully. But unfortunately no steps were taken in this regard. When the late Lal Bahadur Shastri became the Prime Minister of India and took over the reins of Government, he

announced that it would be his primary and paramount duty and responsibility to control prices. But what do we find? In the past two years or rather in the period of his regime the prices have actually doubled. During the last three years, prices have risen by 30 per cent, and the rise is as much as the rise during the past ten to twelve years. When Shri Lal Bahadur Shastri was Prime Minister of this country, the price index number was 146.8 with the number for the base year 1952-53 as 100. It has gone up by 39.7 per cent, during the last two years. That is to say the rise now is double what it was during the last twelve years. In one year, during 1965-66, the prices rose by as much as 16.8 per cent. It clearly means that we could not take any effective measures to control prices. All this is because of the deficit financing and inflationary policies that have been adopted by the Government in order to implement their Plans. This has also been due to the unbridled Governmental expenditure. If we take into consideration the expenditure of the Government, we will find that the revenue and capital expenditure in 1950-51, that is to say the first year of the First Plan, was Rs. 250 crores. In 1961-62 it was Rs. 1,036 crores and now in 1965-66, it is as much as Rs. 1,970 crores. Thus we see the enormous increase in Governmental expenditure.

It was also pointed out by the Government spokesmen that a rise in the cost of living was inevitable in a developing economy. This, I submit, is not correct as we shall find from the examples of countries like Germany and Japan. The economy of these two countries was completely shattered during the Second World War. But we find that they have improved tremendously and have made remarkable progress. In fact, they are now advanced countries. In Germany during the ten years, from 1953 to 1964, the national income rose by 16.8 per cent, while the annual increase in prices* was only 1 per cent. In Japan also the national income rose by 22.5 per cent and the prices rose only by 1 per cent, a year. What about other countries? In the United States of America, there has been a price rise of only 10 per cent, and in the United Kingdom the prices rose by 20 per cent. only. But we find that it has been admitted by this Government itself that during the same period prices in India rose by 80

per cent. How was it possible for Germany and Japan to advance their economy and to develop their industries without there being rise in prices ?

AN HON. MEMBER : Better production.

SHRI B. D. KHOBARAGADE : How could they do that without increasing their cost of living ? Here the national income does not grow but the cost of living goes up every day and every hour.

It has also been pointed out that India is not the first country to devalue its currency, that France, the United Kingdom, Yugoslavia and Soviet Russia among other countries, had devalued their currencies on a number of occasions. But to this I must point out that there is a difference between the economic situation of India and the economic situations in those countries. Here in our country there is no surplus which we can export. We have no reserve of industrial capacity. Our country is economically and agriculturally backward whereas England and France are economically advanced. Therefore they could make tremendous economic progress after devaluation. We cannot say that the same thing will happen in the case of India, when the Indian currency is devalued.

This decision to devalue the Rupee is being justified on the ground that this will improve our balance of payment position. It has also been said that this will increase our exports and help us to reduce our imports. But I do not think that by devaluation we will be able to increase our exports. Only a couple of months back, before this devaluation decision was taken, the hon. Minister stoutly opposed any suggestion of devaluation on the ground that there would not be any increase in our exports because Indian exports were inelastic. We find that our exports mainly consist of jute, tea, cotton textiles, tobacco, hides and skins and so on. These items account for about 80 per cent. of our export trade. Is there any possibility of increasing the export of these traditional items ? So far as jute is concerned, we find that there is not much that we can do to increase our jute exports because already the jute industry is running below capacity. There are some jute mills that are closed. I quote from an article by Dr. Rangnekar where he says :

"Already, the jute industry has had to resort to block closure of mills. The jute mills will now have to pay an extra cost of Rs. 23 crores for the import of *H* million bales of raw jute and the export duty will add to the bill another Rs. 68 crores."

As we are not producing enough raw jute, we have to import the raw jute needed from other countries. For this we will have to pay more price.

Similar is the case about tea exports also. We are not producing enough tea either so that we can export large quantity of tea. In the same article Dr. Rangnekar has stated this :

"Our tea exports actually have been falling from 529 million lb. in 1956 to 467 million lb. in 1962, 464 million lb. in 1964 and 440 million lb. in 1965. Simultaneously, domestic consumption has been increasing by something like 14 to 16 million kg. every year."

Mr. Kapasi in his book "Economic Trends Indications" has stated :

"During the last 10 years, consumption of tea in India has increased 3-fold to 190 million kilograms."

Further he says :

"The result has been that quantity available for export has remained the same in spite of sizeable increases in production."

The same is the case with regard to textiles. In the case of textiles, the target was that by the end of 1970 we should be able to export textile goods worth Rs. 70 crores. That comes to only an increase of Rs. 5 crores in exports of textile goods compared to that in 1966. Moreover, we are exporting the fine and superfine varieties of our textile goods and if we want to produce these varieties of fine and superfine cloth, we have to import the necessary raw cotton from other countries. For this import of raw cotton also, as I mentioned earlier, we have to pay a higher price now. Apart from that, other countries have fixed a quota for their import of textiles. We have not been able to raise this quota during the past 5 or 10 years and I do not think we should be able to raise it. England and America are the important countries that import textile

[Shri B. D. Khobaragade] :oods from India. In their case also we have not been able to increase the quotas.

So far as industrial goods are concerned, ive find that there is no reserve capacity by which we can raise our industrial production. No doubt immediately after devaluation the imports were liberalised and industrialists have been allowed to import some of the spare parts and components and raw materials. But even with these measures, I doubt whether we shall be able to compete with the world prices and whether we can increase our exports in these industrial goods when we are importing the spare parts and components and raw material at increased prices. For these imports we shall have to pay more and therefore we may not, I am afraid, be in a position to increase our exports.

Therefore, from all these things it is clear that this step of devaluing the Rupee was taken not in the interest of the nation or to support the national economy. What will be the result of it, can be seen even now. One immediate result of this is that our debts will be increased by 57 per cent. Before devaluation, we had to pay Rs. 3,300 crores to foreign countries. Now after devaluation, this amount is increased to as much as Rs. 5,000 crores.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Mr. Khobaragade, it is time. You have to wind up now.

SHRI B. D. KHOBARAGADE : I will take only two or three minutes more, Sir.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : No, no. Please wind up. we are running on a very tight schedule.

SHRI B. D. KHOBARAGADE: I will not take long, Sir.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : No question of being long. You have taken the fifteen minutes due to you.

SHRI B. D. KHOBARAGADE: The rate of interest is also increased and if we were paying, say, 7 per cent, before, we shall now have to pay about 10 per cent, or 11 per cent.

Secondly, the industrial development may be retarded because for industrial develop-

ment we require capital equipment, spare parts, raw material and for these things we will have to pay higher prices. Surely this will also result in the rise of the cost of living. Every day we are noticing that there is rise in the cost of living and since devaluation, prices have gone up by 15 per cent. It will mean a very serious blow to the poverty-stricken people who are being exploited by the monopolists and capitalists. This further rise in the cost of living be a very serious blow to their standard of living.

Now what are the steps that should be taken to counter the evils of devaluation ? The first thing is that there should be control over prices. The prices should be controlled. By opening merely one or two super bazars we will not be in a position to tackle the problem. To control prices it is necessary that we should make available, if not all the commodities, at least the essential commodities, to the poor people at cheap prices. There should be no deficit financing. We have been resorting to deficit financing in the past for our Plans. We should reduce Government expenditure. We see that there is a plethora of officers drawing high salaries of Rs. 2,000 to Rs. 3,000 per month. The number of such officers should be reduced and their salaries should also be reduced. Taking advantage of this devaluation, the vested interests are putting forth many programmes and many policies and they want to reverse the policies of the Government. They want to reverse the socialist policy that has been pursued by the Government. They want to remove the land ceilings; they want that land should be given to the big capitalist people and joint stock companies so that they can increase foodgrain production. But these policies will not be helpful to the nation, will not be helpful to the poor farmers and will not be helpful to the poor people of the country. Thank you, Sir.

SHRI M. N. KAUL (Nominated) : Mr Vice-Chairman, Sir, I am grateful to you for giving me a little time to express some of my ideas. No subject has, in recent times, been discussed so thoroughly, both inside Parliament and outside, as the subject of devaluation. It has had a great educative influence on the minds of the people.

Briefly speaking, the impression left on my mind is that the discussion lies within

a narrower field. What are the facts that are either established or not proved? The one fact that stands out is that the cost of imports will go up, that we have to provide more funds in rupees in order to repay the foreign debt and the interest that we have to pay on that debt and that all our charges abroad, the maintenance of embassies, our international obligations, our contribution to the various Funds, will all go up. Members have from Government documents stated what would be the individual items in which the expenses in rupees will go up by 57.5 per cent, but I think no one has yet totalled up the whole amount. It will probably be disclosed in the next Budget and will come to a massive figure. There is no question that so far as our Budget is concerned, the increase as a result of devaluation will be a massive figure.

The second fact that has been emphasised is that the increase in the cost of the imports will give an impetus to new industries being developed in India or what is called import substitution. Now that is a thing of the future and it cannot be proved today as to what will be the effect of devaluation in this field.

Taking the export side, the position is that so far as the traditional items are concerned, they constitute about 80 per cent, of our exports and it is said that so far as these exports are concerned, devaluation was not called for. In fact, the bounty given to these traditional industries as a result of devaluation has been mopped up to a large extent by the Government by the imposition of export duties. And in the balance of 20 per cent., you have new industries of the Western type, the indigenous industries, industries based on agriculture and all these will take time to develop. Therefore it is clear that so far as the immediate future is concerned, devaluation will not in the short run result in any substantial expansion of the export trade. I was talking some time ago to a Swiss banker who told me that devaluation is really beneficial for a developed country. When he said developed country, he meant a country which has large export industries and in which there are surpluses or industries which can be quickly expanded. In such cases if Government takes a devaluation decision, the surpluses are disposed of and the industries can be quickly expanded to take advantage of the

more competitive prices that they can quote in the foreign markets.

So it is clear that on all these counts you cannot defend the decision of devaluation and ultimately you come to this argument that the industries that were developed during the Five Year Plans were not running to full capacity and in order to have spare parts, components and raw materials for them it was necessary to devalue the currency. Now, that is in a sense a political decision; that is to say, it is the decision of those who are in a position to give us all these spare parts and other things or to provide us with the foreign exchange to buy these things. They thought that unless we devalued they would not give this aid to us. I am not concerned whether there were political pressures or not. It may well be that the Government was convinced that all the efforts made through the Five Year Plans will come to nought as it were if a great part of the industrial capacity that had been built up were to lie unused and so to get non-project loans from abroad they devalued the currency. You may call it pressure of circumstances, pressure of monetary authorities but whatever it is, I feel that the decision of the Government was mainly influenced by these circumstances. If it were so, I should have thought that they should have planned the devaluation well in advance; that is to say, six months to a year in advance; they should have tried to stabilise the prices; they should have tried to negotiate with the monetary authorities regarding the re-scheduling of the foreign loans and they should have made earnest efforts to secure authoritative statements that the 900 million dollars promised will, in fact, come. We do not know yet whether this money will actually come in the course of this year or not. In any case, the value of the promise is confined to one year only. We do not know what will be the circumstances during the coming years. So we are faced with this situation.

Now, the decision having been taken, what about the future? The Government will be applauded or condemned by two circumstances, whether they are able to control the rise in prices and whether the balance of payments difficulties are relieved. If the balance of payments difficulties are not solved in the future and the prices go on rising, then the Government will be subjected to severe criticism. So far as the

[Shri M. N. Kaul] rise in prices is concerned, I think very urgent steps are necessary. If I may coin an expression, the Government is in a sense a 'monopolist of the legal tender'. It is they and they alone who can issue legal tender but on the basis of that legal tender the banks issue credits. So the Government is not fully able to control the situation that arises in the monetary sphere. I think it is absolutely urgent that there should be—I do not like to say nationalisation of banks but I would like to put it this way that there should be a monopoly of the State in the banking sphere throughout the country. It is only then that they will be able not only to control the issue of the legal tender but also control the creation of further credit. That is a vital step that the Government should seriously consider and take as soon as possible.

Another suggestion is with regard to unaccounted money. Unless the unaccounted money is tackled, prices will go on rising and the way to tackle it is to demonetise the currency down to the hundred rupee note. It was done once in British times down to one thousand rupee notes. I think the time has now come to take effective steps to demonetise the currency. So far as demonetisation is concerned, I was talking to some experts and they said that you have to plan it, as you plan a military operation, that is to say, the decision should actually be confined to the Finance Minister and his adviser. All steps should be laid down and they should be so given out to various authorities that they do not know why those instructions are being given. The whole thing has to be planned and executed secretly. It requires a great deal of planning and a great deal of thought. I think the Government should give serious consideration to the demonetisation problem. I am myself very interested in it. I had occasion to discuss it with one of the predecessors of the present Finance Minister and I could find no reason against it, except the administrative reason, which I am convinced can be solved.

Finally, I would make one suggestion in regard to the constitution of a Committee of Members of Parliament, with whom the Government should keep constantly in touch. I refer to this matter because I was concerned with it, at the time of the last

devaluation in 1949. At that time Mr. Speaker Mavalankar used the weight of this authority with then Finance Minister, Dr. John Matthai, and the Deputy Prime Minister, Sardar Patel, and pressed the Government to accept that suggestion. I quote from the speech of Dr. John Matthai :—■

"Suggestions have been made by honourable Members to the effect that there should be a suitable machinery which would enable Government to take into their confidence representative elements of the House so that the proposals which the Government have in hand might be formulated and might be implemented with their assistance. Government have decided to appoint a Committee for this purpose, an *ad hoc* committee, for the purpose of considering what measures should be taken to meet the problems created by devaluation and also to determine whether adequate progress is being made in the matter of implementing these proposals from time to time. Government have accepted the proposal made by honourable Members to that effect and I hope, with the approval of the Deputy Prime Minister to make a very early announcement of the composition and terms of reference to the Committee."

In accordance with the promise made by the Government to the House, the Government of India in their Resolution dated the 29th October, 1949 constituted an *ad hoc* committee in the following terms :—

"The Government of India have decided to constitute an *ad hoc* Committee for the purpose of considering measures that should be taken to meet the problems created by the devaluation of the rupee and to review the progress made in the implementation of these measures.

2. The personnel of the Committee will be as follows:—

1. The Hon'ble Finance Minister.
2. The Hon'ble Commerce Minister.
3. The Hon'ble Minister for Industry and Supply.
4. The Hon'ble Food Minister.
5. The Hon'ble Minister for Parliamentary Affairs."

Then, there are ten other members. At that time, it was unicameral Legislature which was in existence. Now, if a committee is constituted, it will have to be a Joint Committee of both the Houses. I earnestly plead with the hon. Finance Minister that he should follow this precedent and set up this committee because the mood of the moment is such that unless confidence is inspired, the Government will not be able to tackle the problem. I saw this morning a cartoon in a paper. There are two men facing each other. One of them is obviously a Minister, because he holds a file, the devaluation file. The caption is "I think we've decided on the follow-up action—a second devaluation." Now, this is the temper that we have to face in the country. Only three or four days ago, in a leading article in one of the daily papers of Delhi it was stated:—

"The original mistake was, of course, the failure to have thought out in detail all the elements of the post-devaluation situation and not to have provided all the relevant answers in advance.

The difference to the mood of the country would have been enormous if all the related decisions had been taken in advance of devaluation and announced in quick succession within a fortnight of the decision.

Unless this miasma of inaction lifts, the psychological and actual advantages of devaluation would be irretrievably lost."
[THE DEPUTY CHAIRMAN in the Chair]

I think a committee entirely composed of Members of Parliament will be of great advantage to the Government. Members of Parliament must be continuously kept in touch with the follow-up action. We have seen that when the Government and the Members of Parliament meet together, they stimulate the thoughts of one another. When we go into the inter-session period, all that contact will disappear. If the Government decides to accept this proposal, the Members will be able to bring up new ideas and will be able to test whether the Government is really earnest in the follow-up action, about which they have spoken from time to time.

SHRI SITARAM JAIPURIA (Uttar Pradesh) : Madam Deputy Chairman, the reason why the Government had to resort

to devaluation of the Rupee was because it carried too far a basic economic principle that while the expenditure of a man is governed by this income, the expenditure of a country decides its income. So far as the well-recognised and much talked about principles of beg, borrow or steal are concerned, the Government has not spared any one of these. So far as the question of begging is concerned, in the name of aid, it has been done. Borrowing, of course, has no limit. And devaluation is an example of stealing. As an economic theory this may be good, but only to a certain extent. But when it is applied without any checks, it results in inflation and other disastrous results. I do not agree with the Members who say that the people were taken unawares. To those who have had knowledge, a bare knowledge, of our economic situation, this measure was not something unexpected. Perhaps none expected it so near. Whether the Government had any other alternative or not, is a big question. Now that devaluation has come to stay, there is not much use in discussing the *pros* and *cons* of this measure. What is needed today is to find out whether the Government has taken sufficient supplementary measures to make devaluation a success. I am afraid, it is not so. Devaluation is like an operation, just as a surgical operation is necessary sometime to cure a patient. Probably devaluation was necessary to cure some of the evils of the Indian economy. Everybody knows that the success of a surgical operation depends upon the care taken before and after the operation. Mere operation never cures any patient. Where the Government has failed is not in taking the decision to devalue the Rupee, but in lagging behind in taking follow-up measures. It looks as if the Government never seriously considered the follow-up action to be taken. Therefore they perhaps thought: 'Let us first do so and when difficulties arise we will solve them'.

Here I would like to point out what happened in the U.K. when they devalued the sterling in 1949. The announcement of devaluation was followed by the publication of a book containing 750 pages listing several other measures to strengthen the economy after devaluation. I am quite conscious of the fact that the speeches of some of our Ministers, after devaluation, defending why it was done, may even exceed 750 pages, but it is clear, that very little

[Shri Sitaram Jaipuria] has been done as follow-up action. Whatever follow-up actions have been taken, so far, are half-hearted and do not come up to meet the situation that has arisen. At the time of devaluation in early June, the impression was given that devaluation would restore the free market forces to a certain extent, and governmental interference would be reduced to the extent possible, but the steps taken subsequently reveal something different. The cash subsidy scheme introduced only a few days back, although welcomed by the traders from the short-term angle. I am afraid—and I must say so emphatically—is nothing short of a second *de facto* devaluation. Why did the Government not think earlier that such measures, which were themselves responsible for devaluation, would not be introduced again? A network of cash subsidies and export incentive schemes have been and are being introduced and can the Government assure us that this will not be followed by a second *de jure* devaluation in the near future?

THE DEPUTY CHAIRMAN : You may continue on the next day.

5 P.M.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

RECENT EXPULSIONS OF SOME PERSONS OF INDIAN ORIGIN FROM KENYA

DR. B. N. ANTANI (Gujarat) : Madam Deputy Chairman, I rise to call the attention of the Minister of External Affairs to the recent expulsions of some persons of Indian origin from Kenya.

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DINESH SINGH) : On 30th July 1966, Shri D. H. D. Shah and Shri O. N. S. Nathwani living in Kisii, Western Province were suddenly arrested and removed to Nairobi. They were served with notice of deportation to leave for India within 24 hours. As they were British subjects, our High Commissioner in Kenya objected to their being sent to India. Shri Shah and Shri Nathwani represented to the High Commissioner that they were very old and had no relatives in United Kingdom. They wanted to come to India as they had some

relatives in this country. The High Commissioner allowed them to come to India on compassionate grounds on the understanding that they would not be deported to India, but would come to India on the strength of their valid British passports.

2. Again, on 13th August, 1966, our High Commissioner came to know that another person of Indian origin, Shri B. W. L. Shah had been arrested and served with notice of expulsion indicating that he would be sent to India by the Air-India flight leaving the next day. On further enquiries it was revealed that Kenya immigration authorities had reserved four more seats on the same flight. Our High Commissioner informed the Permanent Secretary of Kenya Foreign Office that expulsion or deportation of British subjects to India was improper. He mentioned that he had come to know that five persons were booked for India on 14th August, 1966 and that they would not be allowed to enter India. He also informed the Minister of State in the President's Office in charge of Foreign Affairs. The High Commissioner's verbal communication to the Foreign Office was followed up by a formal note on the morning of 14th August,

3. Later, it appeared that out of the five persons booked on 14th August, two persons, Shri P. P. Sheth and Shri J. N. Meghji Bhadaressa who had acquired Kenya nationality had been deprived of their citizenship by Kenya Government allegedly for "having shown themselves by acts and speech to be disloyal and disaffected towards Kenya" and were rendered stateless. On their pleadings and compassionate grounds, the High Commissioner agreed to their being sent to India. The remaining three holding British passports viz., Shri B. W. L. Shah, Dr. K. Nagrath and Shri V. P. C. Dodia were withheld and are believed to have been sent to U.K. It is understood that one other person, Shri V. M. S. Chandaria has also been declared a prohibited immigrant.

4. The High Commissioner has made it quite clear to Kenya Government that no person, other than Indian citizen, can be deported to India. Persons of Indian origin holding British passports who could normally come to India without any visa or other formalities should also not be sent to India against their wishes.

5. On 15th August, 1966, the Voice of Kenya broadcasting on these expulsions had