

ner and according to the rules. And Dr. Dhanda has been selected by the Union Public Service Commission. Sir, I would like to take this opportunity to express my appreciation of the excellent work which Dr. Dhanda has done in this brief period.

#### LEAKAGE OF DEVALUATION NEWS

\*738. SHRI T. V. ANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Ceylon Government had prior information about devaluation of the Indian rupee as reported in the newspaper "The Mail" of Madras dated the 24th June, 1966 on page 1, col. 8; and

(b) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT): (a) No, Sir.

(b) Does not arise.

SHRI T. V. ANANDAN: Sir, the news item in the papers very clearly stated that apart from Ceylon's information, there were also some Indian banks which had repatriated very huge amounts the previous week and there were also four banks which had already repatriated to foreign countries. It is further stated that there are some foreigners who had reasons for keeping this information from the Ministry of Finance. Is the hon. Minister aware of all this and, if so, what action has been taken by Government in this matter?

SHRI B. R. BHAGAT: There were numerous other news reports that this was kept a closely guarded secret. As for this particular report it says that there was heavy repatriation from Ceylon prior to devaluation. If that was so, then it should not have been repatriated prior but after devaluation. If it is after devaluation for the money held in foreign countries the banks would get more rupees. So it is contradictory and the news cannot be correct.

SHRI BHUPESH GUPTA: Sir, similar reports appeared in some of the Bengali papers also. In this connection it was mentioned that two firms, one a British firm and another an Indian firm, came to know of it, I mean two firms having business abroad

came to know, had prior notice that devaluation was coming. So may I ask the Government whether any special investigation was made by the Government in order to find out the truth or otherwise of these reports that appeared in the papers? May I also know, Sir, whether there was no danger of stories spreading even before devaluation came, when the Government of India consulted people outside the Cabinet, some of their people, some people by pick and choose? Mr. T. T. Krishnamachari was among them. I am not saying and I do not say that he leaked it out. I am not suggesting that, please. I do not know. I am not at all suggesting that. I am concerned with the living ones, not the dead ones, present Ministers, I mean. Now, therefore, at least we have got one information one instance where a person not in the Cabinet, or connected with the Government was consulted. So I would like to know whether some such persons were consulted and whether any of them were connected with big business directly or indirectly? All these questions should be answered specifically by the Government.

SHRI B. R. BHAGAT: The scope of the question is being enlarged as to whether there was leakage due to consultation outside the Government and so on. I do not know how that is relevant here; it is for you to decide but the fact is that there is a strong belief everywhere and there is praise for the fact that this devaluation was kept a closely guarded secret. This has come out in the papers everywhere. He has referred to certain firms or banks getting information. I do not know which firm he has in mind but there was a news item that some British Bank got the information and they made large-scale transactions before devaluation. There is a separate question on that but I can tell hon. Members that the Reserve Bank looked into this news item and they have confirmed that there is no truth in that.

SHRI B. K. P. SINHA: May I know if the Government's attention has been drawn to reports that in the week or fortnight preceding the announcement about devaluation the financial journals of the U.S.A. and the United Kingdom had given firm indications that the Indian currency was going to be devalued? Have they enquired into this matter and come to some conclusion?

SHRI B. R. BHAGAT : It is just in the same way as people are saying now the Sterling will be devalued. It is no leakage. It is a matter of opinion.

SHRI CHANDRA SHEKHAR : Is the Government aware that only a week before this declaration of devaluation the Indian Chamber of Commerce convened a special emergent meeting at Calcutta and circulated a paper on devaluation which more or less indicated the lines on which devaluation would take place ?

MR. CHAIRMAN : More or less ?

SHRI CHANDRA SHEKHAR : Yes, more or less. I want to know whether the Government is aware that the Indian Chamber of Commerce convened a meeting at Calcutta, an emergent special meeting, to consider devaluation—it was a closed door meeting—and a paper was circulated to its members in which devaluation was discussed and the rupee was devalued more or less on the same lines which were indicated in that circular letter.

SHRI B. R. BHAGAT : I am not aware of such a closed door meeting.

SHRI M. M. DHARIA : Sir, without entering into merits and demerits whether devaluation was good or bad, is it not a fact that even the worst critics of devaluation have been complimenting the Government for doing an excellent job . . .

SHRI BHUPESH GUPTA : Who is complimenting ? I wrote from Moscow . . .

(Interruptions)

SHRI M. M. DHARIA : Is it not a fact that even the worst critics of devaluation have been complimenting the Government for doing this excellent job and maintaining secrecy at least on this occasion ?

SHRI B. R. BHAGAT : Yes, it is so.

(Interruptions)

SHRI ARJUN ARORA : Sir, may I know the names of the individuals and firms which repatriated or repaid or paid huge sums to foreign parties ten days prior to devaluation ? The Minister is bound to have that information in connection with Starred Question No. 747.

SHRI B. R. BHAGAT : This question relates to Ceylon. We will deal with that when we come to that question.

SHRI A. P. CHATTERJEE : May I know whether the hon. Minister is aware that a very big business firm—I may name it; it is Birla Brothers—earned crores of rupees taking advantage of the information that the rupee was going to be devalued ?

SHRI B. R. BHAGAT : I am not aware of that, Sir.

SHRI BHUPESH GUPTA : Sir, the answers should be very clear.

MR. CHAIRMAN : They are clear.

SHRI BHUPESH GUPTA : Well, I went to the Soviet Union on the 20th April and returned after devaluation. Yet when Mr. Asoka Mehta made that statement and certain things were going on from there I wrote to our paper that Mr. Mehta's statement that he was not going to devalue cannot be believed. We saw from the many things that were happening . . .

SHRI ATAL BIHARI VAJPAYEE : In Moscow ?

SHRI BHUPESH GUPTA : here; we saw them by reading the Indian papers; I read Indian papers wherever I go. Therefore I ask whether in view of these reports the Government have looked into the cases of these non-officials whom they consulted about devaluation before it was announced in order to find out the possibility of leakage from non-official sources because the non-officials are not bound by any oath of allegiance or oath of secrecy or oath of office. I should like to know from the Government whether it is not a fact that they did consult, prior to devaluation, not only Mr. Krishnamachari but certain other people also and that they gave them to understand that the Government was agreeable and was in fact thinking in terms of devaluing the rupee. Let them give a categorical answer, yes or no.

SHRI B. R. BHAGAT : Does the hon. Member mean that the leakage took place from them ?

MR. CHAIRMAN : He wants to know if you have tried to find out if the leakage occurred from there.

SHRI B. R. BHAGAT : Sir, I beg of you. This question relates to Ceylon. Now he refers to consultation with some people. How does it come in unless he links it up with the leakage ?

SHRI BHUPESH GUPTA : That is how the leakage starts.

(Interruptions)

SHRI B. R. BHAGAT : Sir, I totally deny that there has been any leakage of this matter before the decision was taken and it is absolutely incorrect to say that somebody passed on the information to the interested parties.

\*739. [The questioner (Shri Mahabir Dass) was absent. For answer, vide col. 3739 infra].

#### REMITTANCES ABROAD

\*740. SHRI M. P. BHARGAVA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Reserve Bank of India received quite substantial amount for being remitted to Sterling and Dollar areas two days before the devaluation of the rupee was announced;

(b) if so, what was the daily average remittance of money to Sterling and Dollar areas in the month of May, 1966; and

(c) what was the daily remittance of money to Sterling and Dollar areas in the first five days of June, 1966 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT) : (a) The Reserve Bank does not itself remit any foreign exchange. It only approves applications. Actual remittances are made by the Authorised Dealers in foreign exchange.

(b) and (c) The information is being collected and will be laid on the Table of the House in due course.

SHRI M. P. BHARGAVA : May I know what was the difficulty in getting this information during the notice period when this question was sent about a month back and the reply is being given only today ?

SHRI B. R. BHAGAT : It has to be collected from all the banks which are dealers

in foreign exchange. This information was not available before the date of the answer. Certainly we will place it on the Table as soon as possible.

SHRI M. P. BHARGAVA : May I know whether it will be possible for the hon. Finance Minister to place this information on the Table of the House before the House rises on the 9th September ?

SHRI B. R. BHAGAT : Sir, I will not commit myself but I will try my best.

SHRI BHUPESH GUPTA : Sir, I would like to invite your attention to this. Part (a) of the question relates to a period of only two days before devaluation. Do I understand that thousands of people are in the habit of remitting money to the Sterling and Dollar areas that the Government with even a notice of ten days or more could not find out from the Reserve Bank how many people remitted money during these two relevant days ? The fact that there is delay in this matter is perhaps better information than what the hon. Minister wants to give out. Is it not a fact that there have been reports in the newspapers that systematically remittances did take place on a scale somewhat abnormal and why, in view of this, apart from the fact that this question has been tabled in the House, did not the Government make its own enquires and come ready with the facts ?

SHRI B. R. BHAGAT : Sir, if it had been that easy we would have placed it immediately. But in a matter of this nature, as I said, the Reserve Bank only approves the remittance applications. Then they go to the various dealers, that is, the various banks which deal in foreign exchange remittances. In many cases they are remitted while in others they are kept pending. All this information is with a number of banks. Each bank has to compile a statement and file it. All this takes some time. The information is not available with the Reserve Bank.

MR. CHAIRMAN : Can you more easily give the figures about approvals given by the Reserve Bank ? That would give an indication.

SHRI B. R. BHAGAT : The total amount of such applications—I am referring to only amounts of Rs. 1,000 and above—from the 1st to 31st May under Travel is Rs. 39 lakhs; correspondingly for the period of