

## COUNCIL OF STATES

Wednesday, 26th November 1952

The Council met at a quarter to eleven of the clock, MR. CHAIRMAN in the Chair.

### ORAL ANSWERS TO QUESTIONS

#### STERLING BALANCES

\*39. DIWAN CHAMAN LALL : Will the Minister for FINANCE be pleased to state the reasons for the disparity in the figures for 1950-51 and 1951-52 relating to the balance of trade position relative to exports and imports for these respective years and the source from which the deficit for 1951-52 has been covered

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH) : The disparity between the balance of trade for 1950-51 and 1951-52 is mainly attributable to larger payments for increased imports at higher prices. The 1951-52 (exchange year) trade deficit was met partly by *net* invisible receipts, partly by drawing on the Reserve Bank's foreign assets and partly from the U. S. Food Loan and the loan from the International Bank for Reconstruction and Development.

#### STERLING BALANCES

\*40. DIWAN CHAMAN LALL : Will the Minister for FINANCE be pleased to state :

(a) the present position in regard to Sterling Balances ; and

(b) the quantum, if any, earmarked as backing for our currency ?

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH) : (a) On the 14th of November 1952, India's Sterling Balances amounted to Rs. 694.6 crores.

(b) An amount of Rs. 413.3 crores approximately has been earmarked as backing for our currency.

SHRI B. GUPTA : Is it unavoidable that we should have any currency reserve in England ?

MR. CHAIRMAN : That is a matter of opinion.

SHRI M. C. SHAH : Section 33(2) of the Reserve Bank Act says that we should have two-fifths in gold coin or bullion for foreign currency.

SHRI KISHEN CHAND : What is the interest that we earn on this sterling balance ?

SHRI M. C. SHAH : From January to June 1952 the average interest that we have earned comes to 1.69 per cent.

PROF. G. RANGA : Are Government considering the possibility of having currency backing in other currencies also ?

SHRI M. C. SHAH : Yes, we have got gold and bullion.

PROF. G. RANGA : No, apart from gold and bullion, I was asking whether we should not have currency backing in other currencies also, in dollars and other currencies ?

SHRI M. C. SHAH : I don't know that.

PROF. G. RANGA : Why is it, Sir in spite of the fact that it is now six years since we became free, Government have not thought it fit to arrange for currency backing in other currencies also, instead of depending entirely on sterling whose value is not very stable or dependable ?

SHRI M. C. SHAH : The sterling backing is only to the extent of 413 crores out of the total of 1,112 crores currency.

#### TREASURY BILLS

\*41. DIWAN CHAMAN LALL : Will the Minister for FINANCE be pleased to state :

(a) the reason why the offer of sale of short-term treasury bills was withheld for nearly three years ; and

(b) whether Government intend to make an offer for their sale now; if so, the reasons therefor, and the rate and terms proposed for the sale ?

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH) : (a) and (b). The auctions were suspended at the end of 1949 due to extremely stringent money market conditions prevailing at the time and could not be resumed until recently for mainly the same reason. Weekly sales are now on but it is not possible to give an indication in advance of what rates will be tendered by the public and accepted by the Government.

SHRI GOVINDA REDDY : Would it have been disadvantageous if the Government had auctioned them then ?

SHRI M. C. SHAH : As I said just now, the money market was stringent and we could not get enough money. Therefore we had to suspend the auctions.

DIWAN CHAMAN LALL : What is the response now to the auction ?

SHRI M. C. SHAH : The response is very very satisfactory. We just now tendered for about 2 crores and the offers were at times more than 5 crores and at times 5 crores. I can read out all these figures, for I have got them here. On 19th September the amount tendered was 4.99 crores, on 23rd September it was 5.151 crores and on 6th October the amount tendered was 4 crores and so on.

SHRI B. C. GHOSE : Will the hon. Minister kindly state if there was a dearth of short-term money only in those years or was there dearth of long term money also ?

SHRI M. C. SHAH : Yes, it was so.

SHRI B. C. GHOSE : How much money was offered in those years to the Government ?

SHRI M. C. SHAH : I am not in a position to say.

SHRI MAHAVIR TYAGI : It was a general climate of stringency as far as the money market was concerned.

#### ZINC ORES

\*42. SHRI M. VALIULLA : Will the Minister for NATURAL RESOURCES AND SCIENTIFIC RESEARCH be pleased to state :

(a) the resources of zinc in India ; and

(b) the places in India where zinc ore is available ?

THE DEPUTY MINISTER FOR NATURAL RESOURCES AND SCIENTIFIC RESEARCH (SHRI K. D. MALAVIYA) : (a) and (b). The only known large scale deposits of lead/zinc ores at present in India are those of Zawar in Udaipur District of Rajasthan. The known reserves in the Zawar area are reported by the Geological Survey of India to be of the order of 700,000 tons of high grade ore containing 5.25 per cent. of lead and 7.25 per cent. of zinc, two million tons of medium grade ore containing 1.9 per cent. of lead and 3.8 per cent. of zinc and also a probable reserve of 8 million tons of low grade ore averaging 3 per cent. of combined lead and zinc.

SHRI M. VALIULLA : What is the need of our country ? How much zinc do we need per year ?

SHRI K. D. MALAVIYA : Our requirement is much more than what we may be able to produce. Our requirements at present have been about 20,000 tons in 1951. It is likely to be up by about 15,000 more next year.

SHRI M. VALIULLA : The potential quantities have been given and the reserves have been pointed out. But what is the actual quantity of zinc that is being produced now ?

SHRI K. D. MALAVIYA : I have only indicated the ores that are present, ores which can give large quantities of zinc, but not as much as we need. We will have to import more and more if we continue to use zinc as we do now.