

Mr. Speaker: It is not over yet he should not get impatient. I will call him though it is not necessary that every signatory should be called. **Shri Bade.**

श्री बड़े : जो टेकनी-एकानमिक स्टेडी हो रही है उस में मध्य प्रदेश की रेलवे नहीं है और मोटर ट्रक्स से माल आता है । इसकी बजह से मोटर ट्रक्स और रेलवे में बढ़ा कम्पिटिशन हो रहा है और मोटर पर स्टेट्स टैक्स बढ़ा रही हैं। क्या आप ने कोई निर्देश दिया है स्टेट्स को कि जब तक यह स्टेडी न हो जाये तब तक मोटर ट्रक्स जो माल ले जाती हैं उस का टैक्स न बढ़ाया जाये। इस से मध्य प्रदेश के लोगों को काफी लाभ होगा ।

श्री अशोक मेहता : इस स्टेडी का वहां के टैक्स सिस्टम से कोई सम्बन्ध नहीं है ।

Shri Subodh Hansda: Has the study team on road transport recommended financing of small units of the road industry and, if so, has that recommendation been accepted by the Government, and how long will the Government take to implement that recommendation?

Shri Asoka Mehta: There is a whole road programme in the different States which is being taken into account. This is concerned with the major problems and therefore every little problem is not being looked into by this group.

Devaluation

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- *62. **Shri H. C. Linga Reddy:**
Shri P. R. Chakravarti:
Shrimati Savitri Nigam:
Shri Vishwa Nath Pandey:
Shri Liladhar Kotaki:
Shri Firodia:
Shri R. Barua:
Shri E. S. Pandey:
Shri Senhiyan:
Shri Yashpal Singh:
Shri Bibhuti Mishra:
Shri K. N. Tiwary:
Shri Gokulnanda Mohanty:

Shri Hem Barua:
Shri Surendranath Dwivedy:
Shri Hari Vishnu Kamath:
Shri Subodh Hansda:
Shri S. C. Samanta:
Shri M. L. Dwivedi:
Shri Bhagwat Jha Asad:
Shri P. C. Borooah:
Dr. M. M. Das:
Shri Kolla Venkalah:
Shri D. C. Sharma:
Shri. Ram Harkh Yadav:
Dr. Mahadeva Prasad:
Shrimati Maimoona Sultan:

Will the Minister of Finance be pleased to state:

(a) the follow-up measures taken after the devaluation to re-invigorate the economy of the country; and

(b) their impact on the Indian economy?

The Minister of Finance (Shri Sachindra Chaudhuri): (a) Immediately after the devaluation of the rupee, several transitional problems relating to the external trade of the country arose and these were solved by the mutual agreements between Government of India and the foreign governments concerned. Requirements of imported materials, spares and components for 59 priority industries have been liberalised. The import requirements of export industries are also being met through special arrangements. Cash subsidies have been announced for certain export products. These measures are designed to increase industrial production and exports. Continuing action will also be required to maintain strict fiscal and monetary discipline.

(b) It is too early yet to assess the impact of these measures on the economy.

Shri H. C. Linga Reddy: May I know whether, in view of devaluation, the prices of essential commodities have risen in the internal market and, if so, what steps have

been taken to arrest the rise in prices?

Shri Sachindra Chaudhuri: There has been a certain rise in internal prices but that is entirely unrelated to devaluation.

An hon. Member: Why? (*Interruption*).

Shri Sachindra Chaudhuri: Well, I will answer the question.

Mr. Speaker: He might answer.

Shri Sachindra Chaudhuri: The reason is this. There has been a rise of 3.4 per cent since devaluation up to October 15. These are the figures we have up to October 15. In the same period last year, the rise in price was 5.3 per cent. The reasons for the rise in prices are primarily the shortage of food articles which has already been there, such as edible oils, vegetables, fruits, meat and eggs, and in part, it also reflects the fear that the production of food this year, the current year, will not be as much as was expected. These are the reasons really which affected the prices.

Shri H. C. Linga Reddy: It is stated that the decision for devaluation in the country was taken at the instance of the World Bank and with the advice of foreign countries. May I know the extent to which assistance has been made available by the World Bank and other countries to finance the Fourth Plan?

Shri Sachindra Chaudhuri: I am afraid I could not hear the hon. Member.

Mr. Speaker: From what I could hear, he says it was believed that the decision for devaluation has been done at the instance and the advice of the World Bank and other foreign countries and he is asking whether, after devaluation, those countries have given us the aid that was expected.

Shri Sachindra Chaudhuri: The premise is wrong. I have said repeatedly in this House that the advice was given but the decision was taken on our own on consideration of the circumstances. Therefore, there is no linking between any aid that might be given and any advice that was given for devaluation. So, I cannot say that it had any effect. But there has been the promised aid, the non-project aid, this year to the tune of 900 million dollars. As for the project aid, the matter will have to be considered by the consortium countries which generally give us project aid.

Shri P. R. Chakravarti: In the context of the announcement made by the Government that it would avoid deficit financing, may I know what is the amount of deficit financing which has been resorted to subsequent to devaluation?

Shri Sachindra Chaudhuri: I must say with due respect to the hon. Member that this is hardly a question which arises from the question which was put for reply. But I would try to answer that. I cannot say what would be the amount of deficit financing, if any, until the end of the year when it will be realised as deficit.

Shri Hem Barua: May I know if it is a fact that out of the recommendations given by the Bell Mission, the first recommendation is that India must devalue her currency and, if so, may I know whether it is a fact, as reported in certain newspapers, that the Bell Mission has advised further devaluation of Indian currency and, if so, do the Government propose to carry out this recommendation of the Bell Mission as it has carried out its recommendation in the first instance?

Shri Sachindra Chaudhuri: I am afraid this is what I call a loaded question. This Government has not carried out the recommendation of the Bell Mission or anybody else. I said the advice was given and inde-

pendently there was consideration given.

There is no compulsion in the matter. Secondly, the Bell Mission has not made any recommendation yet; therefore, the question of further devaluation does not arise as a recommendation of the Bell Mission. Thirdly, there is no question of our taking into consideration at the present moment any question of further devaluation.

श्री विभूति मिश्र : क्या यह सही है कि कपड़े और गल्ले की कीमतें डिवैल्यूएशन के बाद बढ़ गई हैं? यदि हां, तो मैं जानना चाहता हूँ कि कौन से प्रिवेंटिव स्टैप्स गवर्नमेंट ने इसके बारे में लिए हैं? क्या गवर्नमेंट यह सोच रही है और इसके लिए क्या कोई कदम उठा रही है कि किसी भी चीज के दाम न बढ़ने पायें, न सरकारी नौकरों की तन्ख्वाहें बढ़ने पायें और न किसी माल के दाम बढ़ने पायें, यदि उठा रही है, तो वे कौन से कदम हैं ?

Shri Sachindra Chaudhuri: So far as prices are concerned there has been, as I pointed out, a slight rise in the prices—3.4 per cent—but as compared to the year before it was less in terms of percentage. The Government is trying to take every step possible by way of direction, procurement and so on to see that the prices are held. So far as the remuneration of Government employees is concerned, there was an agitation for dearness allowance. That matter was referred to a very high-powered Commission. That Commission has made its recommendation and submitted its report and effect has to be given to that. As for the general question as to whether there should be further dearness allowance and what should be the principle on which it should be given, that matter is still before that Commission.

श्री यशपाल सिंह : क्या यह सही है कि रुपये का अवमूल्यन करने से एक रात में भारत के ऊपर 21 अरब रुपये का

कर्जा और ज्यादा हो गया ? मैं चाहता हूँ कि इसका हां या न में जवाब दिया जाए ।

Shri Sachindra Chaudhuri: Well, I am afraid, I cannot answer the question; I will have to find out whether it is Rs. 21,000 crores or how much it is.

श्री हुकम चन्द कछवाय : क्या आपकी प्रंदाजा नहीं था कि कितना हमारे ऊपर कर्ज बढ़ जाएगा ?

श्री क० ना० तिवारी : क्या यह सही है कि डिवैल्यूएशन के पहले जो ग्रांडर विदेशों में सामान के लिए प्लेस किए गए थे उन चीजों के दाम बहुत ज्यादा बढ़ गए और इस वजह से वहां से माल आना रुपये की कमी की वजह से कम हो गया, और इस कारण से इंडस्ट्रीज और एग्रीकल्चर सफर कर रहे हैं ?

Shri Sachindra Chaudhuri: Well, Sir, so far as increase in prices is concerned, there has been increase in prices in terms of rupees and not in terms of foreign currency. It is not a fact that there has been any diminution in the imports by reason of prices having been increased and our having not been able to pay the price.

Shri Kapur Singh: May I know whether the significant disparity between the official value of the rupee and the actual value of the rupee does not already call for a further devaluation; if so, by how much?

Shri Sachindra Chaudhuri: This is a question of policy that the hon. Member is asking. I have already said there is no intention in the mind of the Government to devalue the rupee any further.

Shri Hem Barua: You said the same thing before also.

Shri D. C. Sharma: Yugoslavia, with which we have very good relations, devalued its currency and as a result of that the economy of that

country brightened up. May I know what measures Yugoslavia took in order to do so and what measures we have not taken that our economy is getting more and more downgraded?

Shri Sachindra Chaudhuri: I do not know what happened in Yugoslavia and therefore I cannot give a comparative statement, but I refute the suggestion that the economy of this country is getting downgraded because of devaluation. Devaluation does not show its effect overnight. There has to be a time-lag. The real assessment will be done in a few months time.

Shri Daji: Has the Government made any assessment of this fact that exports have gone down dangerously after devaluation because of withdrawal of export subsidies? Is it not a fact that the export earning has not reached even the pre-devaluation figure in terms of foreign exchange? Since a most dangerous situation has developed in the export trade, what steps are the Government taking to reverse this trend?

Shri Sachindra Chaudhuri: Since devaluation there has been a certain amount of fall in exports. Whether it is dangerous or not is a matter of opinion. I do not want to express any opinion on that. Government is taking steps to see that the exports go up by giving encouragement to exporters by way of relief in duties sometimes, by trying to see that more effort is made by the exporters by giving them assistance in getting import quotas for the purpose of exports. These are some of the important measures.

Shri Tyagi: In the case of UK, I understand they have taken advance action before devaluing their currency. In our case, has any action been taken in India to check the rise in prices by way of effecting economy in public expenditure? What is the follow-up action which has been taken?

Shri Vasudevan Nair: A 20-member Cabinet in a small State.

Shri Sachindra Chaudhuri: So far as the first part of the question is concerned, I do not know what special knowledge the hon. Member has, but I have no knowledge that Britain is thinking in terms of devaluation. They have taken certain steps to gear up their economy.

Shri Tyagi: Freezing of wages.

Shri Sachindra Chaudhuri: They have taken that action. So far as this country is concerned, the attempt is to economise in public expenditure. So far as the Central Government is concerned, the economy is to the tune of Rs. 91 crores. But, as against that, there is an increase in expenditure because of increased demand by a certain category of Government servants. This matter was referred to a high-powered commission and, as I said, on the basis of its report a certain amount of money will have to be paid.

Shri Tyagi: I was referring to the general economy in expenditure.

Shri Sachindra Chaudhuri: General economy has been effected to the tune of Rs. 91 crores.

Shri Nath Pal: Among the justifications that were offered on behalf of the Government for the step in the dark that is devaluation, one was that all prospects of foreign aid hinged—that was the phrase the communique of the Finance Ministry used—on devaluation and (b) it is to correct the imbalance and distortion in the national economy. How far have these prospects of foreign aid improved? Are they not as bleak as ever? Secondly, has not the distortion become worse since devaluation? One example is that there is a fall in exports in spite of the efforts to boost exports.

Shri Sachindra Chaudhuri: This is an economic theory which has been put forward. I will try to answer the question as far as I can. So far as the hinging of the foreign aid is

concerned, the hon. Member reminds me of something that has been said about the hinging of foreign aid on devaluation; I cannot readily recall that statement.

Shri Nath Pal: I am quoting verbatim—the prospects of foreign aid hinges on devaluation. This is the term the official communique has used.

Shri Sachindra Chaudhuri: If it is so, what I have to say is this. So far as putting our economy in order is concerned, that has naturally to be taken into account by foreign aid-givers and the result of that has been that we have been able in this year to get a commitment for 900 million dollars.

Shri Vasudevan Nair: Only commitment, not real aid.

Shri Sachindra Chaudhuri: Well, I do not think aid comes in immediately. Aid comes in when it is called upon to be paid. On top of that, there is consideration going on about our projects. When those projects have been considered, I expect the project commitment will also be given.

Mr. Speaker: Next question, Shri D. C. Sharma.

Shri Nath Pal: Sir, let him complete the answer to the other part of the question also.

Mr. Speaker: All right.

Shri Sachindra Chaudhuri: I thought the hon. Speaker wanted the next question to be answered.

The third part of the question is about distortion in the economy which is exemplified by there being a general fall in exports. There has not been any distortion of that by reason of devaluation. If anything, devaluation has upheld exports at the figure at which it stands today. It is the other reasons which have really distorted it.

Third Pay Commission

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*63. **Shri D. C. Sharma:**
Shri P. C. Borooah:
Shri Bhagwat Jha Azad:
Shri S. C. Samanta:
Shri Subodh Hansda:
Shri M. L. Dwivedi:
Shri Yashpal Singh:

Will the Minister of Finance be pleased to state:

(a) whether Government have been urged upon by the Central Government Employees' Unions and Federations to appoint a Third Pay Commission to determine the scales of pay, allowances and other working conditions of the Central Government employees including those in Defence Establishments in view of the material change that has taken place in the country; and

(b) if so, the reaction of Government thereto?

The Deputy Minister in the Ministry of Finance (Shri L. N. Mishra):

(a) Yes, Sir.

(b) It is not proposed to appoint Third Pay Commission at present.

Shri D. C. Sharma: In view of the *ad hoc* increase in DA and the interim increases in allowances which the Government has been giving from time to time, will it not be in the interest of Government that it should have a Third Pay Commission so that this question is not dealt with on a piecemeal basis but is dealt with on a scientific, objective and all-India basis?

Shri L. N. Mishra: The DA increase is given in pursuance of the recommendations of the Second Pay Commission and whatever increase is given in dearness allowance is to neutralise the rise in prices. This increase is given on a rational and scientific basis. So far as the appointment of a Third Pay Commission is concerned, the issue will not be confined to payment of dearness allowance only as we have been doing at the moment; it will refer to the pay