

because it was only later that a decision had been taken about these other categories.

I may mention that this new scale is an improvement over the original scale which was prescribed in the light of the recommendations of the Central Pay Commission. The then scale was Rs. 55—130, but the revised scale goes beyond that, and it prescribes Rs. 60—130

#### Deferred Payment Exchange Guarantee Scheme

Mr. Speaker: Next question. Q No. 702.

Shrimati Tarkeshwari Sinha: May I request that Q. No. 729 also may be taken up along with this, since both the questions relate to the same subject, namely deferred payments?

Mr. Speaker: Is the Minister willing to answer both together?

The Minister of Finance (Shri T. T. Krishnamachari): Yes, Sir

\*702. Shrimati Tarkeshwari Sinha: Will the Minister of Finance be pleased to state—

(a) the progress made in the Deferred Payments Exchange Guarantee Scheme, and

(b) the estimate of increase in the price of machinery and other capital goods as a result of deferred payments?

Shri T. T. Krishnamachari: (a) and (b) Since deferred payment terms for a number of projects are still under discussion, it is not possible now either to indicate the extent of progress made in this scheme or to calculate the increase in price due to such arrangements; it is however expected to be of the order of 6 per cent on average

The answer to Question No. 729, stands in the name of hon. colleague, Shri B R Bhagat. With your permission I would like to read out that answer.

#### Imports on Deferred Payments

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Shrimati Tarkeshwari Sinha:  
\*729. { Shri Raghunath Singh:  
          { Shri Nagi Reddy:

Will the Minister of Finance be pleased to state:

(a) the progress made so far in achieving facilities for deferred payments in the matter of imports;

(b) the names of the countries that have agreed to help India; and

(c) the countries with whom negotiations are in progress?

The Minister of Finance (Shri T. T. Krishnamachari): (a) Government have under consideration various measures for facilitating import of capital goods on deferred payment basis, including exemption from income-tax, in approved cases, on interest payments on the credits.

(b) and (c). No negotiations are being carried on with the Government of any foreign country other than France for the supply of capital goods on long-term credit. The discussions with the French Government are still in progress

Shrimati Tarkeshwari Sinha: Some time back, in reply to one of my supplementary questions, Government announced that for standing guarantee for these deferred payments, the institution of a foreign exchange fund under that scheme was under consideration. May I know what progress has been made in regard to that, and if there has been a delay, the main reasons for the delay?

Shri T. T. Krishnamachari: I think our preparations in that regard are almost complete. But that does not mean the fund will be constituted, because the money for the fund will have to be subscribed to by those people who require guarantees; I do not know how many people would require guarantees, and even so, how many such people would be prepared to put down the cash for the purpose of obtaining the guarantee.

**Shrimati Tarkeshwari Sinha:** Is it not a fact that even now, in regard to the negotiations that are in progress about deferred payments, Government act as the guarantor in respect of almost all the negotiations with other countries, whether they be in the private sector or on a Government-to-Government basis, and if so, what special difficulties have come in the way of Government in respect of this fund?

**Shri T. T. Krishnamachari:** The answer to the first part of the question is in the negative. The second does not arise.

**Dr. Ram Subhag Singh:** Government are now approaching different countries for giving facilities for deferred payments. May I know why this difficulty of foreign exchange was not realised about a year or two years ago?

**Shri T. T. Krishnamachari:** It is true that this question of an acute shortage of foreign exchange was not realised two years back, nor was it at that time realised that private import of capital goods would be of the magnitude that it was during the last eighteen months. In fact, there has been a phenomenal increase in the import of capital goods on private account, and to some extent, on public account as well during this period. These factors were not then adequately realised.

**Shri Ranga:** Why is it that these negotiations have not been instituted with other countries? We came to know, and it was published in the papers also, that Germany was also considering the advisability of extending this facility. Are any efforts going to be made or are they being made to negotiate with Germany also, so that our importers would be helped?

**Shri T. T. Krishnamachari:** At the present moment, the German Government is not prepared to help its exporters with any form of credit or credit guarantee for the purpose of providing capital goods for this or for any other country.

**Shri Damani:** May I know which industry will be given priority for importing capital goods under this deferred payments scheme?

**Shri T. T. Krishnamachari:** That is a matter to be determined by the Commerce and Industry Ministry in consultation with the Planning Commission.

**Shri Shivananjappa:** May I know whether the import of machinery for co-operative sugar factories is also arranged on a deferred payment basis?

**Shri T. T. Krishnamachari:** We have made some arrangement so far, and I cannot say whether any extension of that scheme would be possible in the future.

**Shrimati Tarkeshwari Sinha:** In reply to one of my questions, the Minister stated that in regard to the establishment of a foreign exchange fund for the deferred payment guarantee scheme, the arrangements were almost complete. May I have an idea of the total working capital of the fund, and whether Government will charge any maintenance charges for keeping that fund, and, if so, what they would be?

**Shri T. T. Krishnamachari:** There will be no capital, so to say, for that fund, because the accrual in the fund would depend upon the number of people who approach the Reserve Bank for the guarantee and, therefore, will deposit money there. The question of any interest to be paid in respect of those deposits will have to be determined by the Reserve Bank.

**Shrimati Tarkeshwari Sinha:** We read in the papers, and a little indication of it was also given by the Minister of Commerce and Industry, that some negotiations about deferred payment imports are going on with Japan. As Japan has come to be one of the main capital goods producing countries, may I know in what way these negotiations are being carried on and whether there are any expectations about getting some capital goods from Japan, and if so, of what kind?

**Shri T. T. Krishnamachari:** The stage of the negotiations is such that I am not able to add materially to the knowledge of my hon friend in this respect.

**Remittance of Profits**

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\*764. { **Shri M. E. Krishna:**  
**Shri Sadhan Gupta:**  
**Shri V. P. Nayar:**

Will the Minister of Finance be pleased to state the steps, if any taken, to minimise loss of foreign exchange through remittances abroad by foreign firms in India?

**The Minister of Finance (Shri T. T. Krishnamachari):** If the question is intended to elicit an answer about unauthorised remittances from India to foreign countries I would say we have complete control over all transactions that take place through traditional channels

**Shri V. P. Nayar:** Earlier this session, I was told that the Finance Ministry or the Reserve Bank did not keep a separate account of the remittance of profits firm-wise. I want to know what will be the total annual remittance of profits by foreign firms operating in India

**Shri T. T. Krishnamachari:** During the year 1956-57, it was of the order of Rs 27 odd crores

**Shri V. P. Nayar:** May I know why it is not possible for either the Reserve Bank or the Finance Ministry to keep separate accounts of various firms in regard to the foreign exchange which they have to ask for for remittance of profits?

**Shri T. T. Krishnamachari:** It is a matter of policy of the various institutions that keep accounts not to divulge individual transactions, but they are always prepared to give the collective transactions to any person who is entitled to ask questions and is entitled to receive an answer

**Shri V. P. Nayar:** May I know what is the amount of profit remitted by firms of British origin?

**Shri T. T. Krishnamachari:** As regards U.K., it would be Rs 22.4 crores

**Shri Ranga:** What is the position in regard to the import of books as well as journals from abroad for which rupee payments are advertised to be paid to their agents here?

**Shri T. T. Krishnamachari:** I do not know if my hon friend wants to know about the procedure

**Shri Ranga:** Are we making remittances in foreign exchange in any indirect way?

**Shri T. T. Krishnamachari:** Actually, so far as books are concerned, until 30th June, it was on the OGL. So anybody was free to import books as he liked and the Reserve Bank had to provide the exchange, if a person wanted to import books. It may be that in certain cases, people did not approach the Reserve Bank, but got the books on consignment and the shipper obtained payment in rupees. It is likely, but this is a matter about which I have no information now. If the hon Member puts down a question, I shall try to gather the information from the Reserve Bank and the appropriate Ministry and give it

**Shri E. Ramanathan Chettiar:** What is the total amount of profits remitted out of the tea industry?

**Shri T. T. Krishnamachari:** I require notice

**Shri Joachim Alva:** In view of the difficulties experienced by Government, has the Associated Chambers of Commerce, Calcutta, offered any assistance to Government to ease the situation?

**Shri T. T. Krishnamachari:** We do not go and approach chambers of commerce for assistance whatever might be our difficulties

**Shri Joachim Alva:** They have voluntarily offered

**Shri T. T. Krishnamachari:** No offer is invited, no offer is accepted, and I suppose, no offer will be made

**Shri B. S. Murthy:** The hon Minister mention about traditional channels. Have Government any machinery to find out other remittances made not through the proper and traditional channels, but untraditional channels?