

question is : "whether other State Governments have also been asked to send audited account of flood and drought relief expenses; and if not, the reasons therefore ?". Our answer is : "All the State Governments who have been sanctioned relief assistance are required to send—not requested—such certified figures".

SHRIMATI GEETA MUKHERJEE :
My supplementary was specific.

MR. SPEAKER : Madam, one minute. I can settle the question like this. Mr. Minister, you furnish the other part also.

(Interruptions)

SHRI BHAGWAT JHA AZAD : If they have not sent, they should be asked to send.

(Interruptions)

MR. SPEAKER : Yes, we will get the information. Mr. Azad, there is no excuse for West Bengal Government also not to send. Everybody has to.

(Interruptions)

KUMARI MAMATA BANERJEE : It is a matter of shame that when the Central Government is giving money for the Flood relief to the West Bengal people, it is not reaching them. This is not the campaign of Congress (I), but this is the campaign of CPI, RSP and Forward Block that the State Government is not properly utilising this money. So, I want to know from the hon. Minister whether he will review the situation as to how many persons have got the flood relief amount and how many have not. Has the Government any proposal to nationalise this incompetent State Government ? *(Interruptions)*

SHRI CHANDRA PRATAP NARAIN SINGH : At least the hon. Member is able to keep the hon. Members from West Bengal at bay which even you cannot. *(Interruptions)*

SHRI BHAGWAT JHA AZAD : Nationalise a State Government is a novel idea !

SHRI B.K. GADHVI : I can appreciate the concern of the hon. Member that the relief which is being provided either for flood or drought or any other natural calamity must go to the people who are affected. It is the responsibility of every State Govern-

ment to see that whatever assistance is provided to that, it reaches the people who are affected. But we do not distrust the States that it is not reaching the really affected people. At the same time, with a view to have a little more monitoring we insist on a statement of expenditure so that diversion of funds can be prevented from taking place and the money is utilised for the very purpose for which it is sanctioned. That is why, as I said in my reply to the earlier supplementary, that initially the West Bengal Government gave us a statement of expenditure amounting to Rs. 44.77 crores. Later on, when we examined that, we found that out of this, Rs. 33.69 crores was the anticipated expenditure which they were likely to incur in future. Therefore, we did not release it. When our teams go, they do go to the areas which are affected, assess the needs of the people who are affected and then on that basis, after examination, the amount is released. I very much wish that the State Governments should try to see that there are no leakages, that there is no diversion and the amount reach the people for whom it is meant.

Fall in Value of Rupee Vis-a-Vis Pound Sterling

*422. SHRI DHARAM PAL SINGH MALIK† :

SHRI PRAKASH CHANDRA :

Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to the news item appearing in the Hindustan Times dated 30 October, 1987 wherein it has been stated that the rupee slumped to an all time record low against the pound sterling;

(b) if so, the causes thereof;

(c) what steps are being taken to improve the situation; and

(d) how much loss is expected to the exchequer due to the rupee slumps in the world market ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI) : (a) to (d) A statement is given below,

Statement

(a) Yes Sir.

(b) to (d). The exchange rate of rupee is determined with reference to the value of a basket of currencies, mainly of countries which are India's major trading partners. Thus the exchange rate of rupee vis-a-vis other currencies including Pound Sterling moves upward or downward depending upon fluctuations in the value of the currencies constituting the basket. In a regime of floating exchange rates, frequent movements in exchange parity rates are a normal phenomenon.

It is not possible to isolate the impact of exchange rate movements on country's financial and other transactions, particularly when the level of such transactions is influenced by a large number of other factors.

[Translation]

SHRI DHARAM PAL SINGH MALIK: Mr. Speaker, Sir, the hon'ble Minister has not replied to parts (c) and (d) of my question. I would like to read it out again, which is read like this :

[English]

(c) what steps are being taken to improve the situation; and

(d) how much loss is expected to the exchequer due to the rupee slumps in the world market ?

[Translation]

What is the reason for not replying to the said parts of my question. What measures are proposed to be taken to enhance the name of the rupee in the world market and how ?

I would also like to know from the hon'ble Minister whether it is not true that the value of our currency slumps down with the increase in our imports and the value of our currency increases with the increase in our exports ? I, therefore, would like to know whether the recent slump in the value of our currency has any bearing on our exports and imports ? If so, what is the value of our export and to which extent there is corresponding slump in the rupee value and what is the exact value of the

rupee in relation to pound-sterling and dollar currencies ?

[English]

SHRI B.K. GADHVI : Sir, the value of rupee in terms of international rate of exchange is determined with regard to the basket of currencies with whom we are trading. It is true that when import comes down and export rises, it will be one of the favourable conditions for the country. But at the same time the linkage of value is related not only to one currency but with so many other currencies and therefore the rate fluctuates depending upon the rates of the other currencies which are in the basket. I know that presently the exchange rate of rupee has gone down a little because of some international phenomenon also, with regard to dollar and other currencies. But it is wrong to say that it has got an international bearing and it is not only linked with the rupee on the export and imports of the country, but with regard to other factors also which are existing in other countries. So far as dollar rate is concerned, presently in pound sterling rate in September 1987, it was Rs. 21.50, in US dollar, it was Rs. 13.2064, in Dutch mark it was Rs. 7.1762, in French franc it was Rs. 2.1576 and in Japanese Yen, it was Rs. 0.0904. This is the rate of exchange of rupee with regard to other countries' currencies.

[Translation]

SHRI DHARAM PAL SINGH MALIK : I want to know from the hon'ble Minister whether the value of our currency has any relation with the rise in prices of essential commodities ? If so, what steps are being taken by the Government in this regard and how far rise in the prices of essential commodities this year affected the value of the rupee ?

[English]

SHRI B.K. GADHVI : Sir, it is true that when the prices are rising, the purchasing power of money declines. In other words, the purchasing real value of money, in currencies, declines and therefore with a view to contain and combat inflationary trend in the country, we are taking various measures on demand side as well as supply side. There is a long list and if the hon. Member wishes, I can provide the list as to what measures we are taking on the demand

side and what measures we are contemplating on the supply side.

SHRI INDRAJIT GUPTA : Sir, these currency fluctuations have affected our rupee value as he has explained because it is linked with the basket of currencies and the value fluctuations. I would like to know from the Minister whether it is the opinion of the Government of India that if formal devaluation and official devaluation of the currency is carried out, as was done once previously and as is being recommended frequently by international finance institutions that if a country devalues its currency, it will help it to increase its exports and to improve its balance of trade and allow it to pay its debts also more scrupulously. This is the prescription of the World Bank and IMF and these people not only to us, but to many developing countries. So, I want to know what is the reaction of the Government to this advice which is frequently given gratis to us and whether there is any possibility of such devaluation of the rupee being carried out.

PROF. MADHU DANDAVATE : In giving that advice no commission is also taken !

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI) : May I assure the hon. Member and the hon. House that there is no question of any general devaluation of the rupee ? Neither the World Bank nor the IMF have suggested any general devaluation. As our distinguished Member knows, in the fluid international monetary situation as we are, as we see, today in the world any revision of rates in the rupee is an integral part of the process of adjustment and it does not signify any intrinsic weakness or otherwise in the value of the rupee and for that matter, the economy as a whole. In the regime of floating exchange rates upward and downward adjustments have to be accepted as a normal phenomenon.

SHRI DINESH SINGH : Mr. Speaker, Sir, despite what the hon. Minister has said; according to the statistics that have been published, the value of the rupee in relation to the Pound Sterling as compared to the last year has gone down by 30 per cent. This, in effect, is a devaluation. What else

is the devaluation ? Instead of announcing devaluation, when you attach a currency to a basket, it devalues automatically when the buying power or its exports go down. The hon. Minister has talked of the weakness of the international currency market. That has nothing to do with the rupee. It is the dollar that has gone down and we are going down with the dollar. What is the reason for the fall of the rupee ? That is not explained and this is the question that has been asked.

SHRI NARAYAN DATT TIWARI : Sir, I am fully aware of the knowledge and experience of the hon. Member, but I would humbly suggest that it is not a devaluation of the rupee as such, it is adjustment of rupee as a currency to different international currencies. As a matter of fact, if you say the rupee is devalued compared to many African currencies or many European currencies . . . (*Interruptions*). Dollar has been fluctuating, Pound has been fluctuating, the Yen has been appreciating with this.

SHRI DINESH SINGH : Only the dollar is fluctuating and this is the thing. (*Interruptions*). My knowledge is not any more than that of the hon. Minister. He has been a Finance Minister in the State and here. I have never had the Finance portfolio, Sir.

PROF. MADHU DANDAVATE : He was External Affairs Minister. That is why he knows about the dollars !

SHRI NARAYAN DATT TIWARI : Well, I think what the general statement that I had made, reflects the situation correctly.

PROF. MADHU DANDAVATE : Sir, if the dollar dies, the rupee has to commit sati. That is what is happening today.

Recruitment in Army from Chambal Division

***423. SHRI KAMMODILAL JATAV :** Will the Minister of DEFENCE be pleased to state :

(a) whether Government propose to recruit youths in the Army keeping in view unemployment among educated persons at present;