

the resources available, whatever best could be done, the Department is trying to make efforts.

DR. CHANDRA SHEKHAR TRIPATHI:

The hon. Minister has accepted that the percentage of literacy is still very low. There are two schemes: one is universalisation of elementary education; and the second is adult education, which the Government has introduced. They are thinking very seriously to popularise them so that the percentage of the literate persons may be increased. But I understand that the hon. Minister might be aware of the fact that in spite of extending financial assistance, cooperation, guidelines to the various State Government, in spite of importing paper exclusively and specifically for preparing the material for adult education, the State Governments are not making those papers. This scheme is being hampered, is not getting a momentum because of the lack of material required for teaching, particularly for adult education. What steps is the Government contemplating to see that the paper shortage is not coming as an impediment in the way?

SHRI P. SHIV SHANKER: I appreciate that this scheme has been facing quite a lot of difficulties. While efforts on the part of the Government of India have been to give a thrust to this scheme, we are convinced that if the population of this country is not a constraint, many an evil that persist in the society will vanish. We have been trying to impress upon the different State Governments that these programmes must be taken up not only on a priority basis but as *sine qua non* for the very progress itself. I would not like to blame a particular Government in this regard, but, on the part of the Central Government, we have been monitoring with each and every State in the sense to goad them, to guide them, to push them for the purpose of seeing through the success of the programme. Well, the hon. Member has referred to paper shortage being made a cause for affecting the programme itself. In fact, it has not really come to my notice. Actually, I must plainly confess about it. I would be very grateful to the hon. Member if he is referring

to a particular State so that I could take it up. But this has not come specifically to my notice that in a particular State because of the paper shortage this programme is running into troubled water. I would really appreciate if the hon. Member conveys to me which State and where this is happening so that I can certainly take it up.

DR. PHULRENU GUHA: Through you, I would like to know the grant for adult education given to West Bengal and the number of people covered, particularly women of the State.

SHRI P. SHIV SHANKER: I am really sorry because, this question was a general one, but confined to Gujarat. I see the point of the hon. member from West Bengal that she would like to know as to how much money has been given to that State and the beneficiaries under it. I do not have the specific details at this moment. I would lay it on the Table of the House, or will write to her giving the information, separately.

[Translation]

Restrictions Imposed by Nepal on Trade in Indian Currency

*346. **SHRI KRISHAN PRATAP SINGH:**
DR. B.L. SHAILESH:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Nepal has proposed in their 1989-90 Budget presented to their Rashtriya Panchayat to introduce restrictions in trade with India in Indian Currency;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. NATWAR SINGH): (a) Yes, Sir.

(b) As a follow up of the budgetary provisions, circulars dated July 10, 1989 and July 26, 1989 were issued by the Nepal Rashtra Bank which cover the details of these new procedures for exchange of Indian Rupees. An unofficial translation of the circular is given in the statement I and II below.

(c) At present, from the Indian side, there are practically no restrictions on currency movement across the Indo-Nepal border, largely in order not to inconvenience the people living on either side of the border. Since these restrictions have now been imposed by the Government of Nepal, Government will observe their impact and assess their implications.

STATEMENT I

NEPAL RASHTRA BANK
Central Office
Foreign Exchange Department

Dated 46.3.26 (10.7.1989)

No. E. Pra. Circular No.8
(DIRECTIVE)

Shri _____

REGULARISATION

Subject : In connection with the improvement in the system of exchange of Indian Rupees.

Sir,

The HMGN's recently published policy for the regularisation/improvement in the exchange of Indian currency for commercial purposes, the following revised procedure may be adopted for this purpose for which this circular is being issued. It is requested that all concerned in your office may be apprised of these instructions. This procedure is to be implemented with immediate

effect.

1. SALE OF CASH INDIAN CURRENCY

- a) Banks and authorised exchange counters can issue Indian Currency to the maximum extent of Rs. 5000/- (IC) for the purpose of imports and such other purposes per person.
- b) The persons who are invariably crossing the Indo-Nepal Border can be given an exchange of Rs. 2000/- (IC) per person by the exchange counter at Customs.
(Please read here the amendment of 11.7.1989).

For the above purposes the Exchange counters will be required to get a form India Rupee Form No. 1 filled in by the applicant.

2. Persons going to India for studies, medical treatment, tourism or during the official tours or for other unknown imports if not covered by the above Rs. 5000/- (IC) in cash may be given more exchange as required by Bank Drafts Telegraphic Transfers, Money Orders or Traveller Cheques. For this the following procedure will be followed by the exchanges:

a) *Students going for studies in India or the Nepalese students already studying in India-exchange arrangement*

Over and above the Rs. 5000/- (IC), if more exchange is required by the above category of students, they will have to approach their Educational Institutions and the extra exchange can be transferred by Bank Drafts, Telegraphic Transfers, Money Orders or Traveller Cheques etc. on their recommendations. Any amount of money can be transferred as much is necessary.

(b) *Persons going for medical treatment*

Persons going for medical treatment to India may be paid a sum of Rs. 5000/-

(IC) in cash and can be paid more by Bank Drafts, Telegraphic Transfers, Money Orders and Traveller Cheques on the recommendation of the Nepalese Hospitals or Doctors.

- c) Persons going to India on pilgrimage can be paid a sum of Rs. 5000/- in cash and another Rs. 5000/- by Bank Drafts, Telegraphic Transfers, Money Orders or by Traveller Cheques.
- d) Persons going to India for business purposes can be paid a sum of Rs. 5000/- in cash as mentioned above and more amount can be released in the shape of Bank Drafts, Traveller Cheques, Telegraphic Transfers or Money Orders to a reasonable extent on production of documents.
- e) Officials visiting India on official duty or for some organisational work may be paid the exchange on the specific recommendation of the Government or their Organisation.
- f) Persons visiting India on social trips or on personal trips can be paid an exchange of Rs. 5000/- to the maximum extent.
- g) Indians working in Nepal who have to remit money to India out of their earnings in Nepal will apply for the release of exchange along with sufficient proof of their monthly earnings or the earnings during the specific period. They will be paid Rs. 5000/- (IC) in cash and more in the shape of Bank Drafts, Telegraphic Transfers, Money Orders or Traveller Cheques.
- h) *Royalty, Technical Fees, share of profits/Dividends*

Indian investing in Nepal earning of Royalty, Technical fees or share of profits or the amount of interest can be paid the exchange on production of sufficient proof.

Persons obtaining Bank Drafts, Telegraphic Transfers, Money Order or Traveller Cheques will have to apply on the requisite for Indian Rupees Form No. 2 (I.R. Form No. 2)

3. *Arrangement for the payments for the Imports from India.*
- a) The exchange can be paid on the production of Invoice or Letters of Credit and papers related thereto.
- b) The advance payments can be made for the specific items for specific purposes can be made by Bank Drafts, Telegraphic Transfers, Money Orders on production of the details of the items being imported. The details of the items for which the advance payment has been made will have to be furnished within two months of the payment has been made compulsorily.

For obtaining the advance payment drafts etc. the requisite form Indian Rupees Form No. 3 (I.R. Form No. 3) has to be filled in by the applicant.

The items for which the advance payment has been obtained, the detailed list of the imports will have to be submitted to Nepal Rashtira Bank or to its nearest Branch or any Bank associated to it, if the goods do not reach Nepal Customs within the stipulated time.

- c) The transportation charges, cooliage charges, loading charges insurance charges can be paid in Indian Rupees on production of the sufficient proof and the amount is to be paid to that extent.

(See addendum also)

4. The earnings by export or by other means of income in Indian Rupees will be exchanged at the Bank or at the Exchange Counters, as usual.
5. All transactions in India Rupees made

by the Banks or Exchange Counters will be furnished weekly in the Form for control of Indian Currency V.V. Ni. Bha. Ru. Form No. 11 may be meaning Vividh Vinimay Niyantaran Indian Rupees Form No. 1.

Yours faithfully,

Chief Controller

STATEMENT II

**NEPAL RASHTRA BANK
CENTRAL OFFICE
FOREIGN EXCHANGE DEPARTMENT**

Circular No. 11/046

Dated : 2046-4-11
26-7-1989

Sir,

Some points have been raised about the new agreements for the sale and purchase of Indian currency through banks. This circular is being issued to clarify these points. We hope that you will intimate us about any problems faced by you in your daily transactions.

1) Remittance of IC will not be allowed against cheques drawn on Nepalese banks by Indian banks for the collection of Indian currency.

2) Any individual presenting upto Rs. 5000 IC in a bank will be given equivalent exchange either by draft or in cash.

3) Indian rupee drafts will not be issued against cash payments of Indian rupees.

4) Indian tourists returning to India and wanting to convert NC to IC, will, after production of proof of conversion of IC to NC, be permitted to convert NC to IC in an amount 20% less than the amount that had originally been converted from IC to NC.

5) Indian Insurance companies and Airlines wishing to send remittances from Nepal to India will require permission from

the Nepal Rashtra Bank.

6) (a) After introduction of this scheme traders importing goods from India on credit will be permitted to make remittances of the amounts concerned to India by bank draft/ TT or Mail transfer on production of the following documents:

i) Customs clearance papers

ii) Indian seller's invoice

iii) Proof showing that goods were given on credit

iv) Proof of transportation

After remittance is permitted all these papers will be affixed with the stamp of the bank to show that remittance has been permitted against them.

6) (b) In respect of goods that had been imported upto 45 days before the present scheme, and for which payments are outstanding, the aforesaid papers will have to be submitted to the Nepal Rashtra Bank and remittance will be allowed only after permission has been given by Nepal Rashtra Bank.

6) (c) In the event of a difference between the value of goods as shown in the Indian seller's invoice, and in the Nepalese Customs clearance papers, remittances of the lower of the two amounts only will be allowed. If the invoice shows a higher value than the customs clearance papers, then it will have to be clarified whether the additional amounts represent transportation, clearance or demurrage charges. If it is established after scrutinizing relevant papers that the additional amounts represent transportation, clearing or demurrage charges then remittance of the additional amount will be allowed subject to the condition that the total amount remitted shall not exceed the invoice value.

6) (d) If the invoice of the Indian seller represent only the face value of the goods

and does not include transport, and clearing charges and the Indian sellers wishes to separately recover these charges from the Nepalese buyer, remittance of these amounts will be allowed after verifying that separate remittance was not taken for transport and clearing charges. When remittance is allowed, all the aforesaid papers will be initialled and stamped by the bank.

6) (e) Government and semi Government organizations such as Janakpur Cigarette Factory, Agricultural Tools Factory, Salt Trading Corporation, National Trading Limited etc. can be given Indian rupees in cash on the basis of Railway chalang produced by them, to get their goods released from the Indian Railways. Such organizations will be required to produce the receipt of payment from the Indian Railways within 15 days of taking such cash advance.

6) (f) In case of goods imported from India by trucks and where the return fare has also to be paid, this can be permitted only if the importer produces the relevant documents showing that the goods had actually been imported by him by the said truck.

[Translation]

SHRI KRISHNA PRATAP SINGH: Mr. Speaker, Sir, I shall not dwell upon the historic ties on the border relations between India and Nepal. Instead, I shall draw the Government's attention towards clause 7 of the Friendship Treaty between India and Nepal signed in 1950. Under the provision of this treaty, any Indian citizen had the right to work in Nepal and a citizen of Nepal could work in India. Similarly, easy exchange of their respective currencies was also possible. After the expiry of the Treaty, the Nepalese Government, has been taking certain steps that have created tension in the relations between the two countries. Recently, a proposal was passed in the Nepalese Panchayat that imposed restrictions on Indian currency and certain new conditions were also added. After that the Nepal Rashtra Bank issued circulars also. In my question, I had asked the hon. Minister as to the

Government's reaction to the second circular issued by the Bank. The hon. Minister did not clarify the Government's reaction but only said that the Government would assess its implications and absence its impact in border areas. The circular placed on the Table of the House makes it quite clear that restrictions have been imposed on Indians living in Nepal bringing Nepalese currency into India. Students going for studies in India or Nepalese students already studying in India get an allowance of Rs. 5,000/- only. The Nepal Rashtra Bank has issued a notification making it mandatory for Indian businessmen in Nepal to give a fresh declaration if they are bringing large amounts of money to India. Similarly, Nepalese students and businessmen in India, particularly in Bihar.....

MR. SPEAKER: Please don't deliver a lecture. Put your question.

SHRI KRISHNA PRATAP SINGH: That is what I am doing, Sir. The second circular issued by the Nepal Rashtra Bank on 26.7.89 raises some points about the new agreements for the sale and purchase of Indian currency through banks. This circular has been issued to clarify these points.

MR. SPEAKER: This is no question. Please put your question.

SHRI KRISHNA PRATAP SINGH: Mr. Speaker, Sir, I want to know the details of the new agreements, if any, signed between the Government of India and the Nepalese Government for the sale and purchase of Indian currency as referred to in the second circular?

SHRI K. NATWAR SINGH: Mr. Speaker, Sir, the points raised by the hon. Member are before the Government as are the two circulars issued by the Nepalese Government which I am prepared to lay on the Table of the House.

The hon. Member has asked for the Government's reaction to these circulars. Firstly, we are finding out why these new

rules and regulations have been introduced. The past 8-10 days have shown an increase in the value of Indian currency in Nepal. Before these new rules were enforced the equivalent of one Indian Rupee was 1.68 Nepali rupees and now one Indian rupee is equal to 2.2. Nepali rupees. This has given rise to black marketing. The reason given for the introduction of this law is that capital flows into India. But there is no demand for Nepalese capital in India. On the contrary, it is Indian currency which is in great demand there. The Government has monitored the situation for the last 7-8 days and the Department of Economic Affairs is watching the situation closely. This will lead to two things. One is that it will cause in-convenience to the people. Imposing limits on bringing the Nepalese currency on students, businessmen and the people coming for medical treatment, will not benefit them in any way.

Secondly, the last six months have seen nearly Rs. 300 crores flowing into India from Nepal. This has resulted in big inflation over there.

Mr. Speaker, Sir, we want representatives from both countries to have discussion and arrive at a decision. This is always the better approach and we have been favouring it for the last 50 years. We do not want to take any step that could have an adverse effect on the people of Nepal or that may strain Indo-Nepal relations.

The hon. Minister of External Affairs, Shri Narsimha Rao has written a letter to the Nepalese Foreign Minister. We hope that a meeting will be arranged and this aspect would be discussed. But their decision is not a bilateral one. This was their own decision and we were not even informed about it. We learnt of it from newspapers. Apparently, it will lead to difficulties to the people. The Finance Ministry is considering the long-term impact of this step.

So far as the immediate effects are concerned, I have already told that black marketing is one and inconvenience to the people of Terai is another. Till now an Indian

travelling to Nepal could carry as much of currency as he wished to and also bring back any amount of currency. We too could impose a restriction on the flow of currencies, but we are interested in knowing the long-term impact of any decision that we are likely to take. We are not going to act in haste, neither shall we let anger influence any action on our part. Foreign policy is not practised on the principle of anger or vindictiveness.

SHRI KRISHNA PRATAP SINGH: Mr. Speaker, Sir, some newspapers have reported that the Government of India is going to write a letter to the Nepalese Government. Will the letter mention about the circulars issued by the Nepalese Government and the Nepal Rashtra Bank? Secondly, will this matter be raised when our Hon. Prime Minister and the king of Nepal meet at the forthcoming Belgrade Summit?

SHRI K. NATWAR SINGH: As you know, bilateral issues are not discussed at the Non-Aligned Summit, the SAARC Summit or the Commonwealth Summit. This is an issue concerning India and Nepal only and it does not concern the non-aligned movement as a whole. I don't know whether the king of Nepal will attend the Summit or not. If he does, the Hon. Prime Minister will definitely meet him over there. But this matter shall not be on the summit agenda. This point will be raised if they meet privately. In any case, this is not a matter concerning the non-alignment meeting.

DR. B.L. SHAILESH: The hon. Minister has said that we are prepared to have a dialogue. May I know from him the reason for delay in holding a meeting? Is the Nepalese Government trying to involve a third party and thereby causing this delay? Dialogue has not even started as yet and this has affected trade and business.

SHRI K. NATWAR SINGH: Look, I am not in a position to comment on their line of thinking or what their intentions are. So far as India is concerned, we want to commence a dialogue. I believe that the current tension in

the relationship between the two countries is just a temporary phase.

DR. B.L. SHAIŁESH: What are the reasons for the delay in starting a dialogue?

SHRI K. NATWAR SINGH: I could certainly have answered this question if I were in the shoes of my Nepalese Counterpart. I am all at sea as to the problems that have induced the Nepalese Government to introduce laws imposing such restrictions. We do not want to take any action that would give them a cause to complain. We are treating this issue with utmost patience and seriousness. If they want to delay matters we are prepared to wait. But we hope that we can have an early dialogue on the current State of Indo-Nepal relations.

[English]

Rice Production in Kerala

*347. **SHRI VAKKOM PURUSHOTHAMAN:** Will the Minister of AGRICULTURE be pleased to state:

(a) the rice production in Kerala during the last three years, year-wise;

(b) whether a group farming system has been introduced in the State with a view to enhance rice production;

(c) if so, the hectares of land brought under paddy cultivation under the group farming system;

(d) the details of incentives being given to the farmers; and

(e) the target set for rice production in the State for the current year?

THE MINISTER OF STATE IN THE DEPARTMENT OF AGRICULTURE AND COOPERATION IN THE MINISTRY OF AGRICULTURE (SHRI SHYAM LAL YADAV): (a) to (e). A statement is given below.

STATEMENT

(a) The rice production in Kerala during the last three years is as follows:—

Year	Production (Lakh tonnes)
1986-87	11.34
1987-88	10.39
1988-89 (Prov.)	10.17

(b) Yes, Sir.

(c) The State Government has planned to bring over 50,000 hectares of paddy land under group farming system during the kharif 1989.

(d) The State Government has planned to open retail outlets for fertiliser, green manure seeds and pesticides in the interior areas for easy reach to the farmers. The group could acquire modern equipments and machinery such as tractor, tiller, pumpsets, sprayers, harvesting machine etc., with the assistance of financial institutions and the Department. For adoption of improved rice production technology, technological support will be provided by the State Government.

(e) For 1989-90 the rice production target for the State is 15 lakh tonnes, as recommended by the Working Group of Planning Commission.

SHRI VAKKOM PURUSHOTHAMAN: The Government have launched an intensive paddy cultivation programme throughout the country. I sincerely congratulate the Prime Minister and the Ministry of Agriculture for implementing such a popular and production oriented scheme. But unfortunately, this scheme is not implemented in my State, Kerala. As far as rice is concerned, it is a deficit State and the farmers in my State are also agitating. The Government of Kerala is also encouraging their agitation and