

**RESERVE BANK OF INDIA
(SECOND AMENDMENT) BILL***

The Minister of Finance (Shri T. T. Krishnamachari): I beg to move for leave to introduce a Bill further to amend the Reserve Bank of India Act, 1934.

Mr. Speaker: Motion moved:

"That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934"

Shri Naushir Bharucha (East Khandesh): I desire to speak on this motion.

May I point out that the Chair ruled in the past that no Minister shall move for leave for introduction of a Bill unless copies of it are with Members two days ahead. We received copy of this Bill this morning only. In this particular case the Bill is not a bulky one, but may I request, what has been repeatedly urged, that the Ministers may be requested to observe the ruling of the Chair?

Mr. Speaker: I have waived notice. Therefore he has observed and all have observed the ruling of the Chair. In particular cases it is open to the Chair to waive notice. This is a very small matter, and therefore I waived notice.

The question is:

"That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934."

The motion was adopted.

Shri T. T. Krishnamachari: Sir, I introduce the Bill

**STATEMENT RE: RESERVE BANK
OF INDIA ORDINANCE**

The Minister of Finance (Shri T. T. Krishnamachari): Sir, I beg to lay on the Table a copy of the explanatory statement giving reasons for immediate legislation by the Reserve Bank

of India (Amendment) Ordinance, 1957, as required under Rule 71(1) of the Rules of Procedure and Conduct of Business in Lok Sabha.

Statement

Section 33(2) of the Reserve Bank of India Act provided that the amount of gold coin or gold bullion and the amount of foreign securities held in the Issue Department of the Bank should not at any time be less than Rs. 115 crores and Rs. 400 crores respectively in value. Section 37 of the Act however empowered the Reserve Bank to reduce the assets held in the form of foreign securities to amounts not less than Rs. 300 crores in value for periods not exceeding 6 months in the first instance, which could be extended from time to time by periods not exceeding 3 months at a time but only with the prior sanction of the Central Government on each occasion.

2 India's balance of payments position has been adverse for some time and the amount of foreign securities held by the Reserve Bank has been going down rapidly. In July this year, Government permitted the Bank to reduce the foreign security holdings in its Issue Department to a level not below Rs. 300 crores.

3 The amount of foreign securities held by the Reserve Bank went on declining further, and on the 25th October, 1957 the aggregate amount of foreign securities held in the Issue Department was only slightly above the permissible minimum of Rs. 300 crores. As the average rate of decline in foreign securities over the last 3 months had been of the order of Rs. 8 crores per week, action had to be taken immediately to make suitable provisions for relaxation of reserve requirements and as the Parliament was not in session, it became necessary to promulgate an Ordinance.