

Shri Jawaharlal Nehru: In our documents to the U.N.O. we have often pointed out that this is a false description and a reversal of what really has happened

Shri Tyagi: I hope we have not accepted this description

Shri Jawaharlal Nehru: Of course, not

Reduction in currency Backing

S.N.Q. No. 13. { **Shri Naushir Bharucha.**
Shrimati Tarkeshwari Sinha.
Shri Shree Narayan Das.
Shri Kashtwal;
Dr. Ram Subhag Singh.

Will the Minister of Finance be pleased to state

(a) whether the latest published statistics of the Reserve Bank of India disclose that there was a loss of Rs 18.36 crores of foreign exchange during the week ending August 2,

(b) if so, the reasons for this large deficit,

(c) whether this drawal has caused the amount of foreign securities in the Issue Department of the Reserve Bank of India to be reduced below the figure of Rs. 400 crores prescribed in section 33(2) of the Reserve Bank of India Act, 1934,

(d) whether the Reserve Bank of India has sought the permission of Government to reduce the statutory minimum reserve of foreign securities to Rs 300 crores from Rs 400 crores which is the minimum required under the Reserve Bank of India Act and suggested an amendment of the Act; and

(e) if so what action Government have taken or propose to take in the matter?

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

(b) The reason for this large loss of exchange is that the Government of

Burma have drawn Rs. 10 crores out of the loan granted to them last year and have remitted this sum to London.

(c) Yes, Sir. The amount of foreign securities in the Issue Department of the Reserve Bank of India stood on August 2 at Rs 375.52 crores

(d) and (e) The Reserve Bank of India approached the Government of India who have, in terms of section 37 of the Reserve Bank of India Act, permitted the Bank to reduce, for six months, the amount of foreign securities required to be held in the Issue Department to a figure below Rs 400 crores but at no time less than Rs 300 crores

Shrimati Tarkeshwari Sinha: In answer to part (b), the hon Minister has stated that Burma has withdrawn the loan. May I know whether it is a fact that the Government of Burma failed to draw the loan during the stipulated time and if so, may I know the reason why we agreed to the recent withdrawal when we ourselves are very much hard-pressed in the matter of foreign exchange?

Shri T. T. Krishnamachari: It is a fact that the Burma Government did not draw on the original loan granted to them. But, there was a subsequent agreement by which the loan agreement is renewed. It is under this second agreement that the Burma Government had drawn this loan.

RE ADJOURNMENT MOTION

Raja Mahendra Pratap (Mathura): I have given notice of an adjournment motion (*Interruptions*)

Mr. Speaker: Order, order. Adjournment motion? I have already ruled it out. Even otherwise, the adjournment motions come only after questions

Shrimati Tarkeshwari Sinha: According to the United Nations report released recently, the Indian rupee has emerged a much stronger currency—stronger than the dollar itself. In view of this what prevents