

with a view to making it more realistic have taken both plan and non-plan revenue expenditure and the receipts.

Therefore, it would be better for States to have their financial disciplines also. It would also remove one anomaly, namely, that uptill now the experience was that before the Finance Commission the projections by the States with regard to revenue and expenditure were different; before the Planning Commission the projections of the States with regard to revenue and expenditure were different and that would perhaps be removed also because of this normative approach.

PROF. MADHU DANDAVATE: It is a very typical reply: he has revealed little, and concealed a lot. To what I had asked for, he has refused to give a reply.

SHRI V. SOBHANADREESWARA RAO: What is this, Sir? You are giving me the opportunity to ask questions. I have put the question, and he has not answered.

MR SPEAKER: You can ask again.

SHRI V. SOBHANADREESWARA RAO Is it a fact that the Chief Ministers have pointed out to the Prime Minister, the need for extending the time limit for clearing the over-drafts by the States from the present ceiling of seven days to three weeks, and for increasing the ways and means limit which at present works out to 1% of the States, whereas the deficit financing ceiling limit for Centre is 10%; and also for convening the meeting of the national Development Council twice a year? If so, what are the reactions of the Union Government to these suggestions from the Chief Ministers?

SHRI B. K. GADHVI: In my answer to question No. 69, I have already stated...

*(Interruptions)*

SHRI SURESH KURUP: Why talk about question 69; why is he referring to it?

*(Interruptions)*

SHRI B. K. GADHVI: I will reply to his question now, although it is irrelevant to this question.

SHRI SURESH KURUP: How is it irrelevant? *(Interruptions)*

MR. SPEAKER: Please take your seats. You are not running this House. Mr Gadhvi, if you have given that answer in reply to question No. 69, you give it here also.

SHRI B. K. GADHVI: I say that the question of raising the ways and means limit is under the consideration of the Government. I also say that we do not intend to extend the overdraft clearing limit of seven clear working days to more days. But when the States find themselves in difficulty on this financial aspect, we certainly try to help by other devices.

MR. SPEAKER: Now next question. Mr. Sarfaraz Ahmad and Mr. Vilas Muttemwar are not here. Now question 63: Mr Ramoowalia.

*(Translation)*

#### **World Bank Advice on Devaluation of Rupee**

\*63. SHRI BALWANT SINGH  
RAMOOWALIA:  
DR. CHINTA MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has recently advised Government of India to devalue the rupee against leading countries and to take other sweeping measures to boost exports;

(b) if so, the details thereof; and

(c) the action taken by Government in this regard?

*(English)*

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a). No, Sir.

(b) and (c). Do not arise.

**SHRI BALWANT SINGH RAMOOWALIA:** As already mentioned by Mr. Madhu Dandavate, the replies given by the Minister are usually very harsh, viz. "No, Sir; Yes, Sir." (*Interruptions*) It pains us.

**PROF. MADHU DANDAVATE:** They are unduly precise.

**SHRI BALWANT SINGH RAMOOWALIA:** The point is that it is reported that the Indian rupee fell sharply by 23.5% against the British pound, 18.34% against the West German Mark, 20% against the Japanese Yen and 1.38% against the U.S. dollar.

My question was whether the World Bank has recently advised Government of India to devalue the rupee against the currencies of all leading countries. In a report of 230 pages published by the World Bank, it has been categorically suggested by that institution to Government of India, to devalue our currency.

**PROF. MADHU DANDAVATE:** They have called it depreciation.

**SHRI BALWANT SINGH RAMOOWALIA:** So, will you again categorically assure the House that the Government will not, at any cost, revise the rupee parity against the basket of currencies?

**THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI):** There is no question at all of any devaluation of the rupee as such. (*Interruptions*) The hon. Member must have seen the newspaper report wherein Mr. E. Bevan Waide, the Chief of the Bank's resident mission in India, himself has said this in a special interview to the U.N.I. The report says:

In this connection, Mr. Waide referred to reports suggesting that the World Bank had urged the Government to devalue the rupee, and said: 'I would like to state, not only for myself but for my colleagues in Washington, that the Bank has not recommended devaluation to the Government of India.

Now, there is no recommendation; there is no question of any recommendation being made. And even if any recommendation is made by economists and others, we are not going to devalue. I must congratulate the hon. Member for asking a subtle question whether we shall adjust our currency to a basket of currencies now because of volatile exchange rates. Most of the countries are adjusting their currencies according to a basket of currencies. Therefore, you may see a fluctuation on currency rates because of this adjustment of different baskets of currencies. Sometimes we go up; sometimes we go a little marginally down; but we go up and down that way; but that is an adjustment; it is not devaluation.

**SHRI BALWANT SINGH RAMOOWALIA:** I am thankful to the government for assuring that the rate is not being devalued.

**PROF. MADHU DANDAVATE:** For the time being.

**SHRI BALWANT SINGH RAMOOWALIA:** Again, according to the report, the foreign trade deficit will be upto the amount of dollar Rs. 700 crores this year. Keeping in view that, is it true that the government has also been advised to boost exports from this country to meet this deficit?

**PROF. MADHU DANDAVATE:** Following the recommendation of the common-sense.

**SHRI EDUARDO FALEIRO:** As the Finance Minister has said, this question has been based on some report which has been very categorically refuted by the World Bank themselves. Now, as far as exports are concerned, I am happy to inform the House that over the last couple of years there has been a substantial rise in our exports to the extent if you mention in terms of dollars from 1986-87, as compared to the previous year to the point of 15 plus per cent over the previous year; and if you mention this year, upto November, April-November 1987, as compared to the previous year, 1986, there has been a further rise in terms of US dollar to the extent of 21 per cent plus; and as a

result of this, actually the trade deficit has been reduced. This is very comparable to the extent of 1986-87. We were able to exceed the target of exports and this trend is continuing. I am sure the members will congratulate the government for this splendid performance.

PROF. MADHU DANDAVATE: We will wait for the budget figures.

SHRI E. AYYAPU REDDY: Is it a fact that the foreign exchange rate of the rupee has been steadily going down as against the dollar, as against the pound, as against the yen for the last four years? If the foreign exchange rate of the rupee is going down, what are the efforts made by the Government of India to stabilise the rupee with regard to foreign exchange rate especially of these four countries? What are the steps taken to reduce the trade deficit? As a matter of fact, we have been hearing that the trade deficit is going up and not coming down. It only depended upon a few items like jewellery, gems and other things. With regard to engineering goods and capital goods, we have not been at all making any improvement in our foreign exchange and in our export trade. As compared to Singapore and Malaysia, we have not been doing very well at all. So, what are the steps that will be taken to stabilise foreign exchange rate of the rupee?

SHRI NARAYAN DATT TIWARI: It is very difficult for a particular country to maintain exchange rate when the foreign exchange rate of other countries is itself volatile. When the dollar itself is falling continuously and going up and down and all currencies are going up down; if they are volatile, they will adjust exchange rates there in their currencies. It is not just one country's affair; it is because of the volatility of rates of other countries that it also affects us. Therefore, I think it is not as if we ourselves are doing some adjustment; it is because of the urgency of the situation as such; and in a fluid international monetary situation, any revision in the rate of the rupee is an integral part of the process of adjustment; it does not signify any intrinsic weakness or otherwise in the value of the

rupee or for that matter the economy as a whole.

SHRI E. AYYAPU REDDY: The foreign exchange value of the rupee has been going down for the last four years.

MR. SPEAKER: Please sit down.

SHRI THAMPAN THOMAS: It is ascertained that there is no proposal to devalue the rupee. But I would like to know from the hon. Minister, in terms of rupee in 1947 and in terms of rupee in 1960, what is the value of the rupee today because it is reported that one paisa in 1947 is equal to one rupee today and ten paise in 1960 are equal to one rupee today.

SHRI MURLI DEORA: You are talking of purchasing power. This is not the foreign exchange market.

*(Interruptions)*

SHRI NARAYAN DATT TIWARI: It is internal, not external.

PROF. MADHU DANDAVATE: After the budget it will go down further.

#### **Drive Against Income Tax Evasion**

\*64. SHRI BALASAHEB VIKHE PATIL:  
DR. CHANDRA SHEKHAR  
TRIPATHI:

Will the Minister of FINANCE be pleased to state:

(a) the concrete results achieved out of the drive conducted against income tax evasion during the last year; and

(b) whether any special instructions have been issued to the Income Tax authorities in regard to the methods and procedures to be followed by them to make anti tax evasion drive more effective?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): (a) and (b). A statement is given below.