



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

B-204375

JULY 20, 1983

The Honorable George P. Shultz
The Secretary of State



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Dear Mr. Secretary:

Subject: Planning for Orderly Use of Remaining
U.S.-Owned Excess Foreign Currency in India
(GAO/NSIAD-83-2)

We have reviewed the ongoing effort by the Department of State and other Government agencies to develop a plan for orderly spending of about \$500 million worth of remaining U.S.-owned excess Indian rupees. This planning effort began in August 1982 in response to a State Department proposal that an interagency committee be formed to establish priorities and funding ceilings for the future use of Indian rupees. State made the proposal because it believed the supply of excess rupees would be running out in about 6 years. The Office of Management and Budget supported State's proposal.

During the course of our work, we noted that some progress had been made in developing an overall plan for using the remaining excess Indian rupees. There are, however, several matters still to be resolved.

State had requested financial information from the various agencies that use rupees, including estimated disbursements for fiscal years 1984-88. The information will be used in setting spending ceilings and priorities. The U.S. Ambassador to India proposed that a portion of current rupee holdings be used to establish an endowment to fund scientific and educational activities. These activities would be jointly agreed to by the Government of India and the U.S. Government. Agreement for such an endowment, including the amount, proposed uses, and financial operation had not been worked out.

We discussed the current planning efforts with State officials in Washington and at the U.S. Embassy in New Delhi, as well as with staff members of cognizant congressional committees. We emphasized the need to develop an orderly rupee utilization plan. Timely development of such a plan would provide

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greater assurance that the remaining rupees will be used efficiently. We believe that priority should be given to using the rupees for regular operating needs in India.

Because there are matters still to be resolved in developing an orderly utilization plan, we provided agency officials with an alternative plan for disciplined use of the remaining funds. In the event that suitable details for the establishment of an endowment fund or other approaches now under consideration cannot be worked out, you may wish to consider further the alternative plan for the use of these funds. Also, similar planning for orderly use of other U.S.-owned excess foreign currencies, such as Pakistani rupees, could be considered.

We are sending copies of this letter to the Director, Office of Management and Budget, and to appropriate congressional committees. We would be pleased to further discuss our views concerning this matter with you or members of your staff.

Sincerely yours,



Frank C. Conahan
Director