

(b) to (d) Does not arise.

(e) The RBI have undertaken the following measures to increase the growth of non-resident deposits :

- (i) The interest rate on Non-Resident (External) (NRE) term deposits for maturities of six months to three years was raised by two percentage points to 'not exceeding 10.0 percent per annum' effective from 1st October 1995, and further to 'not exceeding 12.0 percent per annum' effective from 31st October, 1995 with a view to bringing about a better alignment of interest rates on domestic term deposits and NRE term deposits.
- (ii) During the period October 1995 to January 1996 relaxations were made in the Cash Reserve Ratio (CRR) on specific Non-Resident Deposit Schemes. The average CRR on NRE liabilities outstanding as on 27 October, 1995 was reduced from 15.0 percent to 10.0 percent and on the increase in such deposits over this level the CRR was prescribed at zero per cent. The reduction in CRR on NRE deposits was intended to enable the banks to balance the increase in their cost of NRE deposits by increasing the return on the deployment of their funds.
- (iii) The CRR on Foreign Currency Non-Resident (FCNR) bank deposits was reduced to zero with a view to making the scheme more attractive to banks and to enable them to market FCNR(B) deposits more competitively.
- (iv) The CRR on Non-Resident, Non-Repatriable (NRNR) deposits was brought down to zero to enable the banks to market NRNR deposits more competitively.

[English]

#### Export of Pulses

\*63. SHRI MOHAN RAWALE : Will the Minister of COMMERCE be pleased to state :

(a) the policy to the Government regarding export of pulses;

(b) the total quantity of pulses exported during 1995-96, till-date and the foreign exchange earned therefrom, country-wise;

(c) the reasons for allowing export of pulses when there is already shortage of pulses for domestic consumption; and

(d) the steps taken by the Government to meet the domestic demand ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM) : (a) to (c) As per current Export and Import Policy, export of pulses, including processed pulses is restricted and requires a licence. However, such a restriction does not apply in respect of processed pulses made out of pulses imported under the Duty Exemption Scheme or by EQU unit/EPZ unit.

During the year 1995-96 an initial ceiling of 10,000 tonnes was fixed for export of pulses. Subsequently, following a bumper kharif crop of gram dal the Agriculture Ministry approved release of 20,000 tonnes of gram/gram dal for general export and 14000 tonnes for export through STC and NAFED. This was done to shore up the declining prices of the item in the domestic market. According to available information, so far 4857 tonnes of pulses have been exported against licences. The total quantity of pulses exported during April to December, 1995, after including exports of processed pulses made out of pulses imported under the Duty Exemption Scheme or by EQU/EPZ units, for which export licences are not necessary, is estimated at 41074 MT valued at Rs.83.65 crores. 4857 MT of pulses represents about 0.03% of the production of pulses in the country. Export of a small quantity has been allowed in order to cater to markets where a large number of Indians and people of Indian origin live.

(d) To enhance production and productivity of pulses a centrally sponsored Scheme of National Pulses Development Project is being implemented. Under this programme emphasis is laid on increasing the area through multiple and inter-cropping and increasing the yield per unit area. Assistance under this programme for key inputs among others is provided for :

- (1) Production and distribution of certified/quality seed.
- (2) Purchase of breeder seed and production of foundation seed.
- (3) Distribution of plant protection chemicals for seed treatment.
- (4) Distribution of improved farm implements.
- (5) Supply of micronutrients, and
- (6) Distribution of sprinkler sets.

Further, to augment domestic supply import of pulses have been placed under Open General Licence (OGL) and custom duty on imports have been reduced to 5%.

#### Export of Raw Cotton

\*64. SHRI C. SREENIVAASAN :  
SHRI VADDE SOBHANADREESWARA RAO  
VADDE :

Will the Minister of TEXTILES be pleased to State:

(a) the total production and the opening stock of cotton during the year 1995-96;

(b) whether there is a glut in the raw cotton in the country resulting in the decline in the domestic prices of cotton recently;

(c) if so, the details thereof alongwith the reasons therefor;

(d) whether the Government propose to withdraw all restrictions from the export of raw cotton; and

(e) if so, the details thereof ?

THE MINISTER OF LABOUR AND MINISTER OF TEXTILES (SHRI G. VENKAT SWAMY) : (a) to (e) The production and the opening stock of cotton during the year 1995-96, as estimated by the Cotton Advisory Board(CAB) in its meeting held on 5th February, 1996 is 136.50 lakh bales and 35.02 lakh bales, respectively.

Cotton prices have shown a downward trend for some varieties compared to last year's prices. However, it is to be noted that last year the prices were exceptionally high. Moreover, the current prices are above the Minimum Support Price (MSP) and on 23.2.96 ranged from 39% to 124% above MSP, depending upon the variety. According to the CAB estimates, the domestic demand for 1995-96 is likely to be 138.80 lakh bales, and the availability, including estimated imports, will be 172.52 lakh bales, taking into account an opening balance of 35.02 lakh bales. In the current cotton year, Government have already released 9.15 lakh bales of cotton for export. Over two thirds of the crop is estimated to have already arrived in the market. Government is watching the situation. There is no proposal to withdraw restrictions on the export of cotton.

#### Value of Rupee

\*65. SHRI DHARMANNA MONDAYYA SADUL :  
SHRI BALRAJ PASSI :

Will the Minister of FINANCE be pleased to state :

(a) whether the value of Rupee vis-a-vis U.S. Dollar and other foreign currencies has suffered downward fluctuation recently;

(b) if so, the reasons therefor alongwith the weekly details of the last four months;

(c) whether this has caused a lot of concern in the country especially in the business community;

(d) if so, the measures taken by Reserve Bank of India and Government to stabilise the Value of the rupee;

(e) whether the depreciation in the external value

of the rupee has also resulted in enlargement of trade deficit, depletion in reserves for meeting the Government's commitments, increasing defence expenditure and debt servicing obligation;

(f) if so, the details thereof; and

(g) the measures taken and proposed in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL) : (a) and (b) The exchange rate of the rupee which depreciated, especially against the US dollar, in January 1996 and until February 6, 1996, has recovered since then. The value of the rupee against the US dollar and other major currencies as on 29.2.1996 stands appreciated compared with the rates at the end of December 1995. The weekly average exchange rates of the rupee against the US dollar and against the other major currencies from October 1995 are given in the statement attached.

(c) to (g) The level of exchange rate of the rupee at present is realistic and will help ensure that export growth remains strong and import growth is contained. Both these factors will help to contain the trade deficit to manageable levels. The exchange rate developments are monitored continuously both by the Government and the RBI and appropriate measures are taken, as and when necessary, to counter excessive volatility in the exchange rate and to maintain orderly market conditions. Most recently, the Reserve Bank of India announced on 7.2.1996 some strong measures to counter speculation through leads and lags in foreign trade payments and receipts. These included; (i) termination of the scheme on Post-Shipment Export Credit denominated in US dollar, (ii) freeing of interest rate on Post-Shipment Export Rupee Credit for over 90 days, (iii) increase in interest surcharge on import finance from 15 per cent to 25 per cent and (iv) monitoring by the RBI of cancellation of forward contracts and intra-day trading transactions of authorised dealers. These measures came into effect from 8.2.1996. Since the announcement of these measures, there has been stability in the foreign exchange market.

#### STATEMENT

##### Exchange Rate of Rupee (Weekly Average)

(Rs. per foreign currency)

Week ended	US Dollar	Pound Sterling	Deutsche Mark	Japanese Yen @
1	2	3	4	5
Oct., 1995				
6	33.8817	53.6650	23.6583	33.6442
13	33.9180	53.5508	23.9253	33.7228
20	34.8920	54.9365	24.6340	34.7280
27	36.5200	56.0996	25.5300	35.2133
Nov., 1995				
3	34.5840	54.5803	24.4723	33.6685