

Foreign Currency Options System

2462. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state:

(a) whether the Government have decided to introduce a foreign currency options system in the country from January next year ;

(b) if so, the broad features thereof ; and

(c) the advantages likely to accrue from this financial development in the form of foreign currency options ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) The Reserve Bank of India has permitted Authorised Dealers in India to sell cross currency options to resident customers with effect from January 3, 1994.

(b) Authorised Dealers would be allowed to sell cross currency options to resident customers to cover their genuine exposures . Such options may be sold to customers who are permitted to get cross currency forward exchange cover under current regulations . Cross currency options should be sold by Authorised Dealers on a fully covered basis, that is, the Authorised Dealers should buy from the Overseas branch bank, an identical option for the same amount, strike price and maturity date as the one sold to their customer . Option premia may be paid in foreign exchange to the overseas sellers by Authorised Dealers who, in turn may charge the premia to the customers by keeping a spread.

(c) Cross currency options would

assist Indian customers to hedge their foreign currency exposures . Since options convey a right but not an obligation to the purchasers, they offer protection against adverse fluctuations in exchange rates and simultaneously enable the purchasers to profit from favourable movements in exchange rates.

Development of Aeronautical Industry

2463. SHRI HARISH NARAIN PRABHU ZANTYE : Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state :

(a) whether the Government are considering a proposal to establish a department for aeronautical development;

(b) if so, the details thereof;

(c) whether, in view of the policy of globalisation and liberalisation, the Government propose to develop aeronautical industry with greater thrust during the Eighth Five Year Plan; and

(d) if so, the details thereof along with the profile of important projects proposed to be executed during the above period ?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI GHULAM NABI AZAD) : (a) and (b). There is no such proposal under consideration in the Minister.

(c) and (d). Under the liberalised policy, manufacture of aircraft other than Defence aircraft has been reserved from the exclusive purview of the public sector.

Prices of Cigarettes

2464. SHRI SOBHAND REESWARA RAO VADDE : Will the Minister

of FINANCE be pleased to state :

(a) whether the cigarette manufacturers have increased the prices of cigarettes since the introduction of the General Budget, 1992-93;

(b) if so, the additional amount earned by the cigarette manufacturers during the current year as a result thereof;

(c) whether any fresh additional excise duties have been levied on cigarettes in 1992-93 Budget;

(d) whether the cigarette manufacturers have passed on any part of the additional profits earned, to the tobacco growers;

(e) if so, the details thereof;

(f) if not, whether the Government take the necessary steps to pass a percentage of the additional profits to the tobacco growers; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE (SHRI M. V.
CHANDRASHEKHARA MURTHY) : (a), (b)
and (d) to (g). The information is being
collected and will be laid on the Table of the
House.

(c) During the 1992-93 budget, rates
of duties on cigarettes were enhanced as per
the Statement enclosed.

STATEMENT

RATE OF DUTY (PER ONE THOUSAND CIGARETTES)

DESCRIPTION

1991-92

1992-93

I.	Cigarettes, other than filter cigarettes, of length:	Rs. 110/-	Rs. 110/-
	(a) not exceeding 60 millimetres		Rs. 230/-
	(b) exceeding 60 millimetres but not exceeding 70 millimetres	Rs. 200/-	
II.	Filter cigarette of length (including length of the filter, the length of the filter being 11 millimetres or its actual length whichever is more):-		
	(a) not exceeding 70 millimetres	Rs. 260/-	Rs. 300/-
	(b) exceeding 70 millimetres but not exceeding 75 millimetres	Rs. 500/-	Rs. 575/-
	(c) exceeding 75 millimetres but not exceeding 85 millimetres	Rs. 675/-	Rs. 775/-