

SHRI R.L. JALAPPA : Let me answer the question. This is a specific question. Some hon. Member was advising me to do my homework and come here. I thank him for the advice...*(Interruptions)*

MR. DEPUTY SPEAKER : Please sit down. Let the hon. Minister give his reply to the question.

*(Interruptions)*

SHRI R.L. JALAPPA : I thank the hon. Member for the suggestion. What is it that they want? Do they want me to reply or not?

*[Translation]*

SHRI RAM KRIPAL YADAV : You please listen.

SHRI MADHUKAR SARPOTDAR : I will listen only when you allow to give reply...*(Interruptions)*

MR. DEPUTY SPEAKER : The hon. Minister has not been able to give his reply properly. He should come after doing his home-work. I shall allow Half-an-hour discussion.

*(Interruptions)*

*[English]*

MR. DEPUTY SPEAKER : Please come prepared.

*(Interruptions)*

*[Translation]*

SHRI KASHIRAM RANA : Mr. Deputy Speaker, Sir, this question has not been replied. Therefore, please allow half-an-hour discussion.

*[English]*

SHRI R.L. JALAPPA : All right. I have no objection.

## WRITTEN ANSWERS TO QUESTIONS

*[Translation]*

### Debt Servicing

\*144. SHRI RAMESHWAR PATIDAR :  
SHRI PRAMOD MAHAJAN :

Will the Minister of FINANCE be pleased to state :

(a) whether during the current financial year approximately 30% of the debt is likely to be spent to meet debt servicing liabilities;

(b) if so, the details thereof; and

(c) the steps taken by the Government to reduce the debt burden?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) and (b). No, Sir. External debt service is estimated to go up to about US \$ 14.5 billion in 1996-97 from US \$ 12.6

billion in 1995-96. A precise projection of debt service is rendered difficult by movements in the cross rates between various currencies in which India's debt is denominated as well as by fluctuations in interest rates applicable to various loans. India's foreign debt was estimated to be US \$ 93.8 billion at end September 1995.

(c) A prudent debt management policy is being pursued to contain the growth of external debt and debt-service. As per World Bank classification, India is a moderately indebted country. Sustaining a high rate of growth of exports, encouraging non-debt creating capital inflows and keeping the maturity structure as well as the total amount of commercial debt under control are the major planks of our debt management policy.

*[English]*

### Devaluation of Rupee

\*145. SHRI JAGAT VIR SINGH DRONA : Will the Minister of FINANCE be pleased to state :

(a) whether there was 17% devaluation of rupee during the last one year;

(b) if so, the reasons therefor;

(c) the steps being taken to stop the devaluation of Rupee;

(d) the loss suffered by the Government due to this devaluation of rupee so far; and

(e) the steps taken or proposed to be taken to balance the loss incurred so far?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) The average exchange rate of the rupee for June 1996, compared to the corresponding average in June 1995, marked a depreciation of 10.2% against the US dollar, 7.2% against the Pound Sterling, 2.1% against the Deutsche Mark and 5.4% against the French Franc. However, over the same period, the rupee appreciated by 15.6% vis-a-vis the Japanese Yen.

(b) The exchange rate of the rupee is determined by the market forces of demand and supply. Under this system, the exchange rate moves in both directions in response to changes in underlying economic fundamentals, short term speculation and developments in the international currency markets.

(c) The exchange rate developments are monitored continuously both by the Government and the Reserve Bank of India. Measures are taken, as and when necessary, to maintain orderly market conditions as well as to ensure that the exchange rate of the rupee remains consistent with economic fundamentals.

(d) and (e). The development in the nominal exchange rate of the rupee during the past one year was a market correction for the appreciation of the rupee.