

Decline in Foreign Exchange Reserves

3850. SHRI K. RAMACHANDRA REDDI: Will the Minister of FINANCE be pleased to state:

(a) whether there is a sharp decline in foreign exchange reserves held by the Reserve Bank of India due to compulsion to step up the import of edible oil/pulses and other agricultural products;

(b) whether there was a drop of 12,000 crores of rupees between March 1987 and January 1988 in the foreign exchange reserves held by the Reserve Bank of India;

(c) the reaction of Government thereto; and

(d) whether any steps have been initiated to improve the foreign exchange held by the Reserve Bank of India?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO):(a) to (d). The foreign exchange reserves (excluding Gold and Special Drawing Rights) which stood at Rs. 7645.17 crores as on 31.3.87 declined to Rs.6360.06 crores as on 30.1.88 but have increased to the level of Rs. 6802.86 crores as on 11.3.88. The level of reserves is kept under constant review in the light of our balance of payment requirements.

[English]

Foreign Banks in India

3851. DR. B.L.SHAILESH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that most of the foreign banks in India do not have any capital of their own primarily because these

are branches of international banks with large assets;

(b) the names of foreign banks which are at present functioning in India and their annual turnover and the estimated annual profits which these branches repatriate as per latest information available with the Reserve Bank of India or his Ministry;

(c) whether Government are considering a proposal to ask foreign banks to bring in foreign currency resources as a back-up for their rupee operations; and

(d) if so, the broad outlines of this proposal?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO):(a) In terms of section 11(2) of the Banking Regulation Act, 1949, for a foreign bank having branch/branches in India, the aggregate value of the paid up capital and reserves shall not be less than Rs.15 lakhs and if it has a place or places of business in the city of Bombay or Calcutta or both, the aggregate value shall not be less than Rs.20 lakhs.

(b) Information relating to the names of the foreign banks presently operating in India, their total assets as at the end of December, 1986, the net published profits earned during the year 1986 and the current surplus repatriated by these banks to their head offices during 1985 is given in the statement below.

(c) and (d). Reserve Bank of India has reported that it has formulated certain proposals in this regard. However, no final decision has been taken on them.