

in public interest. The report, since finalised, states that major portion of PFUBs deposits consists of unaccounted money which would not have come to the banking system, anyway.

The major suggestions/recommendations made by the Committee are :

- I. Making the public aware of the pitfalls in associating with PFUBs and launching campaign, through various media channels, to dissuade public from going to Private Financial Unincorporated Bodies.
- II. To bring in refinement in banking :
 - (a) by providing loan facilities against gold/silver ornaments to cater to the consumption needs of the general public;
 - (b) by representing to Reserve Bank of India to allow payment of interest in deposits at monthly rests instead of quarterly rests;
 - (c) by requesting RBI to advise SLBCs to review the operations of PFUBs operating in their areas.
 - (d) Indian Bank Association should advise the member banks to ensure that their staff dissociates themselves from any deposits schemes of private financiers in accordance with Reserve Bank of India instructions.
- III. All State Governments to consider introducing legislation on the lines of Kerala Government ordinance to curb unethical practices of PFUBs.
- IV. Compulsory incorporation of the private financiers business under Company Act, 1956 and making RBI Act and Company Act applicable.
- V. All State Governments to set up tribunals to dispose of the cases of PFUBs expeditiously.

Study on Impact of Exchange Rate Fluctuation on Industrialisation

498. SHRI G.S. BASAVARAJU : Will the Minister of FINANCE be pleased to state :

(a) whether a study conducted by the Associated Chamber of Commerce of India has disclosed that fluctuation in exchange rate has caused a set-back in the process of industrialisation and retardation of economic growth;

(b) if so, other points mentioned in the report; and

(c) the remedial steps taken by Government in this regard ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) to (c). The Associated Chambers of Commerce and Industry of India (ASSOCHAM) had conducted a study on the impact of exchange rate fluctuation on project costs. The study has concluded that as the currencies of certain major countries have been appreciating during the last few years, there has been an escalation in the rupee import cost of projects and erosion in the rate of return, depending in the currency source of imports and the exchange component in the total project costs.

Introducing the Union Budget for 1988-89 the Finance Minister had noted that sharp fluctuations in international exchange rate had posed problems for exporters as well as for Indian industries and indicated that in order to provide some protection to individual projects from exchange rate fluctuations, financial institutions will introduce a new scheme whereby promoters of such projects could have their foreign currency loans designated in rupees. Financial institutions like IDBI, ICICI and IFCI are presently engaged in finalising the scheme to be called Exchange Risk Administration Scheme.

Production of Handloom to Meet National Rural Requirement

499. SHRI NITYANANDA MISRA : Will the Minister of TEXTILES be pleased to state :