

as a poor has to struggle for earning his living in the same way the cheap clothes are out of his reach. May I ask the hon. Ministry that it was there in the manifesto of the Congress Party that if it comes in poor then it would make *Janta Sari* and *Janta Dhoti* available at the rates of 1990. My question is that keeping that in mind how much subsidy our Government has provided for *Janta Sari* and *Janta Dhoti*?

SHRI ASHOK GEHLOT: Mr. Speaker, Sir, it is right it was there in the manifesto of the Congress Party. But the price of *Dhoti* increased by 96 paise and the price of *Sari* had gone up by Rs. 1.12 paise as compared to the prices prevailing in July, 1990. The Government has released Rs. 7 crores as subsidy. The sub-committee of the Cabinet had decided it and the direction were given accordingly. Now the prices are to be rolled back. Keeping that in mind we have tried to reduce the price of *Sari* by Rs. 1.12 per metre and the price of *Dhoti* by 0.96 paise per metre. Today the N.T.C. has started selling *Sari* and *dhoti* at a low price on that basis.

[English]

SHRI G.M.C. BALAYOGI: Sir, there were starvation deaths in the weaving community in Andhra Pradesh. In addition, in the recent floods and rains, this community has lost their everything. I would like to know from the hon. Minister, through you, as to what are the steps the Government is going to take to help the weaving community in Andhra Pradesh?

[Translation]

SHRI ASHOK GEHLOT: Mr. Speaker, Sir, only day before yesterday there was a calling attention in the Rajya Sabha. The condition of the weavers is really very miserable. Their condition has worsened due to the recent floods. For that, we have given full packages to them under which about 35,000 weavers will be benefited. There are separate schemes through which they will get employment. The Government has tried to bring the co-operative weavers into the public

sector so that they are also benefited by that. Alongwith it, the provision of insurance has also been made and the Government has held talks with the Chief Minister for their rehabilitation also so that the local schemes could also be run.

(Interruptions)

[English]

MR. SPEAKER: This is not going on record.

Schemes for NRI Deposits in Banks

*223. **SHRI MUKUL BALKRISHNA WASNIK:** Will the Minister of FINANCE be pleased to state:

(a) whether the ANZ Grindlays Bank has launched a currency swap scheme to attract Non-resident Indians deposits in India at a higher rate of interest than permissible under the Foreign Currency Non-Resident Scheme of the Reserve Bank of India;

(b) if so, the action taken by the Government in this regard;

(c) whether the RBI propose to permit the public sector banks also to introduce similar schemes to attract NRI deposits;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (e). A statement is laid on the table of the House.

STATEMENT

Reserve Bank of India (RBI) have reported that ANZ Grindlays Bank pay interest on FCNR deposits held in their Indian branches as per the rates of interest prescribed by the RBI. However, branches of the bank outside India accept deposits in various foreign currencies and convert them

into one of the designated currencies for placing in FCNR deposits in India through swap arrangements. A part of the profit earned from such transactions is passed on to the depositors in addition to interest at the prescribed rate. Such swap transactions effected abroad do not constitute a violation of the provisions of RBI's directives on interest rates on FCNR deposits.

Public sector banks having branches abroad can also offer similar swap arrangements, if they so desire.

SHRI MUKUL BALKRISHNA WASNIK:

The hon. Minister in his reply has stated that the ANZ Grindlays Bank entered into swap arrangements and passed on the profits earned to the NRI depositors. May I know from the hon. Minister, the total NRI deposits attracted by the ANZ Grindlays Bank during the last two years?

[Translation]

SHRI DALBIR SINGH: Mr. Speaker, Sir, in reply to the hon. Member's question regarding the total deposits under the currency Swap Scheme, I would like to inform that there were Rs. 7090 crore in NRI accounts and Rs. 13405 crore in FCNR accounts in March 1991. There are Rs. 7545 crore in NRI accounts and Rs. 14455 crore in FCNR accounts up to 30.9.91 and Rs. 1505 crore have been deposited more during the last six months.

[English]

SHRI MUKUL BALKRISHNA WASNIK: In his reply the hon. Minister has also stated that public sector banks, having branches abroad, can also offer similar swap arrangements, if they so desire. I would like to know from the hon. Minister whether any other banks, especially the public sector banks, have entered into such arrangements and if so the details of it and if not, why the public sector banks have not yet entered into such arrangements.

I also want to know whether they need

some permission from the Government.

[Translation]

SHRI DALBIR SINGH: Mr. Speaker, Sir, there is no such restriction. We can also offer similar swap arrangements in our branches abroad, if they so desire. But we are not implementing it now because our nationalised banks are not so well equipped at this time. The question whether the scheme is to be implemented or not in our country, is under the consideration of RBI. We have to see that we should not suffer a heavy loss.

SHRI HARI KISHORE SINGH: Mr. Speaker, Sir, the swap scheme of the Government of India is very popular and hon. Minister of Finance and his colleague sitting beside him, know it very well. I am referring to Harvard trained school boy Shri Chidambaram. (Interruptions)

[English]

He went to a school, while the hon. Finance Minister went to University. (Interruptions)

[Translation]

India is suffering a great loss due to this swapping because the ratio fixed with dollar and rouble is causing a great loss to India. I want to know the ratio of dollar and rouble with rupee. What is the justification for new rate?

Because swapping of this currency is practised in Afghanistan.

[English]

MR. SPEAKER: Please come to the concrete question. (Interruptions)

MR. SPEAKER: It is becoming unending. Amorphous questions will get amorphous replies. You will not be satisfied.

[Translation]

SHRI HARI KISHORE SINGH: What is

the exchange rate of rupee in terms of dollar, rouble, yen, deutsch mark in the world market and how much loss it is causing.

[English]

MR. SPEAKER: That is the effective part of your question.

[Translation]

SHRI DALBIR SINGH: Mr. Speaker, Sir, I told that we have received Rs. 1505 crore during the last six months. Upto 31 July, 1988, FCNR deposit was in two currencies U.S. dollars and ponds. Since August 1988 deutsch mark and yen were also included. Under swap arrangements branches of the Banks accept deposit in any foreign currency and convert them into Dollar, Pounds, Mark and Yen and can send to India for deposit. Its maturity period is three years. The depositor is paid total difference between spot rate and forward rate besides the interest. It is known as swap arrangements.

[English]

SHRI P.M. SAYEED: Mr. Speaker, Sir, on account of this higher rate of interest changed by the ANZ Grindlays Bank, it appears that there is a good amount of money that is likely to come to the country. I just wanted to know one thing. The hon. Minister has given greater details about the statistics 'lies, damn lies and statistics' as they call about statistics. But I just wanted to know that if, because of this higher rate of interest larger amount is going to come to the country, why not you encourage the units of the nationalised banks abroad to make such swap arrangement?

[Translation]

SHRI DALBIR SINGH: I had told earlier also that there are 115 branches of our Banks abroad. We feel that our network is not enough. Foreign Banks are fully computerised. They keep continuous vigil on fluctuation that take place. We are unable to do so due to some reasons. Our Foreign

branches can implement these arrangements. R.B.I. does not impose any restriction in this regard. The matter to implement these arrangements in the country is under the consideration of R.B.I.

[English]

SHRI MIRMAL KANTI CHATTERJEE: Sir, there is no loss to India because of swap arrangement. That is the understanding and our patriotic NRIs will naturally divert their money where they can maximise their return. That also is understandable. The question is, what fraction of the FCNR deposits are coming through these foreign banks because of this factor.

Part (b) of my question is that it is enough to state that our Indian public sector banks having branches abroad are also permitted to do this. Why should not the RBI encourage our public sector banks having branches outside the country to indulge in this kind of swap arrangements so that a part of the profit comes into Indian hands and not into the hands of foreign banks?

Part (c) of my question is: Is it this kind of a competition that is visualised by the Finance Ministry when they decide that foreign banks would be allowed to increase their number of branches in India infinitely?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I do not have the precise details of the contribution of each bank to the FCNR account. We can supply this information to the hon. Member.

As regards the remaining part of the supplementary questions, we have said that this sort of competition is not at the cost of any Indian interests. But I also want to say that in the last 5 or 6 years there has been a revolution in international banking. Currency swap, rates swap and new techniques of international banking have developed. They require expertise, our banks have to develop that expertise. Until they develop that expertise, there are also risks in this sort of ventures. There is no barrier to Indian banks

having overseas branches for doing these things, but that decision must be based on their judgment whether they have the capabilities to take the risks that are involved in this swap taking exercise.

[*Translation*]

KUMARI UMA BHARTI: Mr. Speaker, Sir, the question which I want to know from the hon. minister was asked to me by several people when I was on tour in South Africa. Sir I would like to know whether citizens of Indian Origin in South Africa would also be given the same facilities, by classifying them as non-resident Indians, as we have been giving to the Indians in other countries under NRI.

[*English*]

SHRI MANMOHAN SINGH: Even South Africa, have moved with great speed and rapidity in the last one and-a-half years. Far reaching political changes have taken place. More are in the offing. At the recent Commonwealth Prime Ministers' meeting, some decisions were taken to normalise people-to-people contact. We would explore whatever is possible in the area of banking in the light of the decisions taken at the meeting of the Commonwealth Prime Ministers.

[*Translation*]

Changes in Import Policy

*24. **SHRI RAJENDRA KUMAR SHARMA:** Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have made some changes in the import policy;

(b) if so, whether certain items have been removed from the Restricted List and allowed to be imported under the Open General Licence; and

(c) the steps proposed to be taken by the Government to remove the imbalance in foreign trade?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) to (c). The new Trade Policy announced by the Government inter-alia aims at linking imports with exports thereby providing a saving in the outgo of free foreign exchange with a view to removing imbalance in foreign trade. The items included in the Restricted as well as Open General Licence lists have been reviewed and a number of them shifted to the Limited Permissible List making them available for import against Exim Scrips. However, no item has been shifted from the Restricted List to Open General Licence.

[*English*]

SHRI RAJENDRA KUMAR SHARMA: The relaxation by the Reserve Bank of India of the curbs on the import of capital goods by export oriented units amounts to very little in the context of expectations that import curbs will be lifted with the rise in India's foreign exchange reserves. The export oriented units will in fact protest that the fine print is not quite to their liking, and demand more. For example, it is very difficult if not altogether impossible to get a suppliers credit for 360 days since under the relaxed regime.

[*Translation*]

MR. SPEAKER: Such questions are not replied to.

[*English*]

SHRI RAJENDRA KUMAR SHARMA: This is part and parcel of the question.

[*Translation*]

MR. SPEAKER: No, not like this you ask appointed questions

[*English*]

SHRI RAJENDRA KUMAR SHARMA: Since under the relaxed regime, the imports of capital goods between Rs. 50 lakhs and Rs. 100 lakhs require such credit, is it not