

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:816
ANSWERED ON:21.02.2003
BLACK MONEY
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) Whether the attention of the Government have been drawn to the news-items captioned, 'Return of Black Money' appearing in the Hindu dated February 2002;
- (b) if so, whether the major reason for this inflow is alleged to be the possible return of the stashed black money abroad consequent on the global tightening of screws on secret accounts in the wake of the international crackdown on terrorists funding;
- (c) if so, whether the Government have examined the facts about the unprecedented inflow of foreign exchange into the country during the short period of 2-3 months; and
- (d) if so, the result of the investigations made in the matter?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a) : Yes sir.

(b) to (d) : During the current financial year from April 1, 2002 to January 17, 2003, India's foreign exchange reserves have increased from US\$ 54.1 to US\$ 72.4 billion - an increase of US\$ 18.3 billion. According to a recent RBI study, major sources of accretion of foreign exchange reserves during the current financial year till end November 2002, have been surplus in current account, increase in 'other capital' and valuation changes in reserves. The study has found that the increase in 'other capital' has been on account of leads in export receipts due to rupee appreciation. Export receipts which may have been withheld earlier due to expectation of further depreciation of the rupee, are also being realized faster as the rupee has appreciated. The study further states that the valuation changes reflecting the appreciation of the Euro, GBP and Yen against the US dollar account for US\$ 2.1 billion in the value of foreign exchange reserves. The details are given in the following table :

Major Sources of Accretion

(figures in US\$ billion)

Item	April- ovember	
	2001	2002
I. Current Account Balance	-1.3	2.5
II. Captial Account Balance (Net)	6.2	8.0
Foreign Investment	2.7	1.9
Banking Capital : of which	3.6	4.0
NRI Deposits	2.2	2.1
Short Term Credit	-0.5	0.1
Other Capital	1.2	3.8
Commerciall Borrowings	-0.9	1.8
III. Valuation Changes	0.4	2.1
Total	4.5	12.6