

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:630

ANSWERED ON:03.12.2004

FOREIGN EXCHANGE RESERVES

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Will the Minister of FINANCE be pleased to state:

(a) Whether the Government proposes to utilize the foreign exchange reserve for the Infrastructure Development projects in the country with a view to adequately use of foreign exchange reserve as suggested by the Planning Commission;

(b) If so, the details thereof; and

(c) The sectors where the foreign exchange reserves are likely to be utilized sector-wise;

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PAPANIMANICKAM)

a), b) & c): India's total foreign exchange reserves are now more than US\$125 billion. Any decision to utilize a part of foreign exchange reserves for funding domestic projects requires careful assessment inter alia, of the impact of such a measure on the fiscal situation, money supply, exchange rate, domestic interest rates and inflation.