GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1369
ANSWERED ON:05.03.2010
FOREIGN EXCHANGE
Swamygowda Shri N Cheluvaraya Swamy

Will the Minister of FINANCE be pleased to state:

(a)the total amount of foreign exchange available in the country;

(b)the names of the countries whose currencies are available in the Foreign Exchange Reserve of the country;

(c)the amount invested by Reserve Bank of India (RBI) during the last three years from the said reserve; and

(d)the steps taken to meet the problems posed by the current economic situation,especially inflation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a)The Foreign Exchange Reserves comprising Foreign Currency Assets (FCA), Gold, Special Drawing Rights and Reserve Tranche Position with International Monetary Fund stood at US$ 278.7 billion as on February 19, 2010.

(b)The foreign currency assets are maintained in major international currencies like US dollar, Euro, Pound sterling, Australian dollar and Japanese yen.

(c)In line with the principles of preserving the long-term value of the reserves in terms of purchasing power and minimizing risk and volatility in returns, the Reserve Bank of India holds foreign currency assets (FCAs) in major convertible currency instruments. These include deposits of other-country central banks, the Bank for International Settlements (BIS) and top-rated foreign commercial banks, and in securities representing debt of sovereigns and supranational institutions with residual maturity not exceeding 10 years, to provide a strong bias towards capital preservation and liquidity.

(d)The Government is seized of the problems posed by the current economic situation, especially inflation and has taken both fiscal and administrative measures to moderate price rise which, inter alia, include: reducing import duties to zero − for rice, wheat, pulses, edible oils, maize, butter and ghee; reducing import duties on refined and hydrogenated oils and vegetable oils to 7.5%; allowing import of raw sugar at zero duty under O.G.L. up to 31.12.2010; removing levy obligation in respect of imported raw sugar and white/refined sugar; banning export of non-basmati rice, edible oils and pulses (except kabuli chana); imposing stock limit orders in the case of paddy, rice, pulses, sugar, edible oils and edible oilseeds upto 30.09.2010; suspension of futures trading in rice, urad and tur by the Forward Market Commission upto 2009-10; suspension of futures trading in sugar upto end of June 2010; permitting the public sector undertakings (namely, STC, MMTC, and PEC) and NAFED to import and sell pulses to augment supply with losses, if any, up to 15% to be reimbursed by the Government; and distribution of imported pulses through PDS at a subsidy of Rs.10 per kg to State Governments.

Besides, State Governments have been requested, inter alia, to lift surplus stocks allotted to them and strengthen the public distribution system to bring down the inflation.