

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2751
ANSWERED ON:09.12.2011
BOOSTING CONFIDENCE OF INDIAN COMPANIES
Bhagora Shri Tarachand

Will the Minister of FINANCE be pleased to state:

(a) whether some of the top business houses/companies having their ventures abroad are reported to have been hit hard by the sharp devaluation of the Indian currency in the recent past; and

(b) If so, the details thereof and steps taken or proposed to be taken by the Government to boost the confidence of such companies?

Answer

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

(a): The Indian business houses/companies having their ventures abroad are likely to be affected by unfolding of the Euro Zone crisis. Depreciation of Rupee could increase the cost of foreign currency debt service in Rupee terms. However, Rupee depreciation, could also increase the value of incoming dividend/profits, remittances in Rupee terms.

(b): A number of steps have been taken to stabilise the Rupee and shore up the capital market. The recent policy initiatives include inter alia, increase in all-in-cost ceiling for trade credits; liberalization of External Commercial Borrowing norms; requirement to bring into the country proceeds of ECBs raised abroad for Rupee expenditure; raising of FII investment limit in corporate and Government securities and raising of interest rates on Non-Resident Indian Deposits. In order to augment dollar supply, the Reserve Bank also lifted the US\$ 100-million cap placed on banks' net foreign exchange supply position in the market.