

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7027
ANSWERED ON:18.05.2012
RUPEE VALUE
Viswanathan Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has information about the actual loss incurred by the oil marketing companies due to sudden fluctuation in dollar-rupee rate and if so, the details thereof;
- (b) the steps being taken by the Reserve Bank of India (RBI) to control the falling rupee value;
- (c) the actual current account deficit due to declining rupee value; and
- (d) the total amount of outflow of Foreign Institutional Investors during the current financial year?

Answer

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

(a) The oil marketing companies incurred losses on account of depreciation of rupee vis-a-vis US dollar. The estimated impact of increase in Rupee - US dollar exchange rate by Re 1.0 on under recovery of sensitive products is given below:

Products	Estimated Per Unit	Estimated Annual Impact
	(Rs./Ltr. Cyl)	(Rs. crore)

HSD	0.87	6850
PDS Kerosene	0.85	850
Domestic LPG	14.51	1500
Total		9200

Based on Refinery gate price as on May 01, 2012, Source: PPAC, Ministry of Petroleum & Natural Gas

(b) The Government of India and Reserve Bank of India have taken a number of steps to augment supply of foreign exchange and to curb speculation in the foreign exchange market to stem Rupee decline. These, inter alia, include RBI's intervention in the foreign exchange market, increase in FII limits for investment in government securities and corporate bonds, upward revision of all-in-cost ceiling for external commercial borrowings limits, increase in interest rate on NRI deposits, allowing qualified foreign investors to invest in specified Indian mutual funds and equities, measures to curb speculation in the foreign exchange market and the requirement to convert 50 per cent of the balances in the Exchange Earner's Foreign Currency (EEFC) Account into rupee balances.

(c) The current account deficit (CAD) increased to 4.0 per cent of GDP in 2011-12 (upto December 2011) as compared to 3.3 per cent during the same period of 2010-11 due to widening of trade deficit on account of higher imports of POL and gold & silver.

(d) The details of investments (equity and debt) made by Foreign Institutional Investors (FIIs) during the current financial year (2012-13) under portfolio investment scheme, as reported by custodians are as follows:

Duration	Gross (cr.) Purchases	Gross (cr.) Sales	Net Investment (cr.)
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01/04/2012	76872.9	80661.7	-3788.8
to 14/05/2012			

Source: SEBI