

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1834  
ANSWERED ON:22.08.2012  
REGARDING DEPOSITS FROM NRIS AND OVERSEAS INVESTORS  
Pathak Shri Harin;Patil Shri C. R.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government proposes to introduce a new scheme to mobilize foreign exchange deposits from Non-Resident Indians (NRIs) and overseas investors to boost dollar inflow into India;
- (b) if so, the details and the present status thereof;
- (c) whether rupee has slid 12 per cent since March, 2012 which has stoked inflation by knocking up prices of most imported goods including crude oil, besides making overseas travel and education costlier; and
- (d) if so, the effective steps taken/proposed to be taken by Government to stop further depreciation of rupee?

**Answer**

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

(a) No, Sir.

(b) Does not arise.

(c) Based on the Reserve Bank of India (RBI) reference rate, the exchange rate of Rupee stood at 55.17 against the US dollar (USD) as on August 9, 2012 as compared to 51.16 as on March 30, 2012, implying a depreciation of 7.3 per cent during the aforesaid period. The Rupee decline makes imports more expensive. When Rupee depreciates and higher cost is passed on to the consumers, it could contribute to inflationary pressures.

(d) The Government of India and the Reserve Bank of India have taken a number of steps to encourage higher capital inflows and boost exports in order to augment supply of foreign exchange to support Rupee. The recent measures taken include the following:

# increase in FII investment limits in debt securities (both corporate and Government securities),

# enhancing all-in-cost ceiling for External Commercial Borrowings (ECBs) between 3-5 year maturity,

# higher interest rate ceiling for Foreign Currency Non-resident deposits and deregulation of interest rates on rupee denominated NRI deposits, and;

# permitting manufacturing and infrastructure sector companies to avail external sector borrowing up to ceiling of US\$ 10 billion for repayment of Rupee loan(s) availed of from the domestic banking system and / or for fresh Rupee capital expenditure, under the approval route under certain conditions.

In addition, the Annual Supplement 2012-13 to Foreign Trade Policy 2009-14, announced initiatives to boost exports to about US\$ 360 billion in 2012-13.