

OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) to (c) Average exchange rates of the rupee vis-a-vis the US dollar and the pound sterling since March 1993 are given below :—

**Average Exchange Rate of Rupee
(FEDAI Indicative Rates)**

	Rs/US \$	Rs./£
March 1993	31.5256	45.9520
April 1993	31.3105	48.4066
May 1993	31.3283	48.5172
June 1993	31.4068	47.4174
July 1993 (upto 21st)	31.3690	46.9427

The data show that the rupee has remained broadly stable against the US dollar and the pound sterling over the past four months.

Under the unified exchange rate system instituted on 1st March 1993 the exchange rate of the rupee is determined in the market and the movements in the external value are the result of the interaction of forces demand and supply as generated by the country's trade flows. The RBI at its discretion may enter the market to purchase or sell foreign exchange and thus smoothen erratic fluctuations in the exchange rate. In the four months following the unification of exchange rate, there has been an overspill of foreign exchange in the market resulting in upward pressure on the exchange rate of the rupee. Under such conditions, passive purchases by the RBI from the market have prevented the rupee from appreciating and eroding the competitiveness of India's exports.

FOREIGN CURRENCY TO NON-RESIDENT DEPOSIT

1859. SHRI S. B. SIDNAL : Will the Minister of FINANCE be pleased to state :

(a) whether major foreign banks in NRI business have stopped supplying foreign currency to non-resident deposit with a maturity of less than one year;

(b) if so, the reasons for the same;

(c) the foreign banks which have stopped the foreign currency to non-resident deposit;

(d) whether the Government of India has taken serious view on this; and

(e) if so, the action being taken by the Government in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) to (c) The Reserve Bank of India (RBI) has modified, with effect from 15th May 1993, the Foreign Currency Non-Resident (FCNR) Deposit Scheme by stipulating that the exchange risk on the deposits with a maturity of six months and above but less than a year is borne by the commercial banks accepting the deposits rather than by RBI. The objective of this modification is, inter-alia, to lower the contingent exchange risk liability of Reserve Bank of India and Government on short term capital flows into the country. As the Scheme has been modified from 15th May 1993 it is not possible at this stage to evaluate definitively the likely impact of the modifications on foreign exchange inflows under this Scheme. Further, as deposits under this scheme are given voluntarily by Non-Resident Indian depositors, the question of taking action against foreign banks does not arise.

AD-HOC ADVANCES FOR EXPORT OF TOBACCO TO RUSSIA

1860. DR. D. VENKATESWARA RAO : Will the Minister of COMMERCE be pleased to state :

(a) whether India has given ad-hoc advance to Russia for import of tobacco from India;