

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3313
ANSWERED ON:12.05.2006
FREEZING OF FOREIGN CURRENCY
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Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has any plan to freeze the foreign currency reserves upto 150 billion dollars;
- (b) If so the details thereof;
- (c) Whether high foreign currency reserves put pressure on the Indian economy and also increase the interest rates;
- (d) If so, the remedial measures taken in this regard;
- (e) Whether Government has any plan to divert this fund to development of infrastructure in the country; and
- (f) If so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) & (b): India's foreign exchange reserves stood at US dollar 160.7 billion as on April 28, 2006. There is no proposal to cap such reserves at a level of US dollar 150 billion.
- (c) & (d) : There is no evidence to suggest that increase in foreign exchange reserves in recent years has adversely affected economic growth or interest rates. While the economy has achieved GDP growth rates between 7.5 - 8.5 per cent during the last three years, the RBI's bank rate has remained stable at 6.0 per cent during this period.
- (e) & (f): There is currently no proposal to utilize a part of the foreign exchange reserves directly to fund infrastructure development.