

**14.05 hours**

The Lok Sabha re-assembled after Lunch at five minutes past Fourteen of the Clock.

(Shri Basudeb Acharia *in the Chair*)

**CALLING ATTENTION TO A MATTER OF URGENT**

**PUBLIC IMPORTANCE**

**Title:** Regarding situation arising out of reported decline in the value of rupee in Foreign Exchange market and steps taken by the Government.

MR. CHAIRMAN: We shall now take up item No.12.

SHRI KIRIT SOMAIYA (MUMBAI NORTH EAST): I call the attention of the Minister of Finance to the following matter of urgent public importance and request that he may make a statement thereon:-

"The situation arising out of reported decline in the value of rupee in Foreign Exchange market and steps taken by the Government in regard thereto. "

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman Sir, the exchange rate of the rupee against the US dollar in India is market determined. The nominal exchange rate of the rupee vis-à-vis the US dollar moves in both directions on a day-to-day basis, depending on the demand and supply conditions in the foreign exchange market in India, and strength of the US dollar against other major currencies in the international markets.

The exchange rate developments are closely monitored both by the Government and the Reserve Bank of India. The Reserve Bank of India intervenes in the foreign exchange markets, as and when necessary, and deploys suitable monetary and other measures to effectively counter speculative pressures on the rupee to even out lumpy demand and supply and to ensure orderly foreign exchange market conditions. The long-term measures undertaken by the authorities include fostering macro-economic stability, pursuit of rapid growth of output and productivity, regular monitoring of developments in the balance of payments and institution of appropriate policy measures so as to keep the level of current account deficit within suitable levels and to manage capital flows consistent with the country's requirements of external financing and build up of foreign exchange reserves. These measures have helped to maintain reasonable stability in the external value of the rupee during periods of external pressures and to maintain the level of exchange rate consistent with the preservation and improvement of India's external competitiveness.

More recently, the exchange rate of the rupee against the US dollar had been under downward pressure from mid-May 2000 to mid-June 2000 and again since the third week of July 2000. The exchange rate depreciated from Rs.43.655 per US dollar at the end of April 2000 to Rs.45.785 on August 17 2000, a depreciation of about 4.7 per cent. I may mention here that the US dollar has also appreciated in value in relation to other major currencies during the same period. For example, between 1<sup>st</sup> July 2000 and 2<sup>nd</sup> August dollar appreciated by nearly 4.0 per cent against Euro, by 3.2 per cent against Japanese Yen, and about 1.5 per cent against Pound Sterling. As a result of the movement of US dollar against these currencies, rupee strengthened against Euro by as much as 2.5 per cent, and by 1.5 per cent against Yen, and remained stable against Pound Sterling. These currencies (Euro, Pound and Yen) are currencies of India's other major trading and investment partners.

Thus, while it is true that the rupee has depreciated against the dollar during the last nine weeks or so, it is equally true that rupee has sharply appreciated or remained stable against currencies of its other major trading partners in Europe, the U.K. and Japan. The market correction in the exchange rate will also offset

some of the competitive disadvantages arising from the sharp depreciation of currencies of our competitors in South Asia and neighbouring countries. This is expected to help our exports, the growth of which had faltered in recent years. Rupee depreciation is also expected to restrain imports and will help strengthen our efforts at cost effective import substitution.

SHRI KIRIT SOMAIYA (MUMBAI NORTH EAST): Mr. Chairman Sir, I thank the hon. Finance Minister for responding in positive manner, but I would like to draw his attention that yesterday only once again the rupee lost 20 paise against the dollar. The whole country, the industry and the economy, is paying attention to it. Is it the crisis of confidence? यह रुपया कहाँ जाकर रुकेगा? मई महीने से यह गिरावट, डिवैल्युएशन, डेप्रिश्िएशन प्रारम्भ हुई है।

मई से लेकर आज तक जो अप्रैल 2000 में रुपये की वैल्यू डॉलर के मुकाबले 43.65 रुपये थी, वह कुछ दिन पहले 46 रुपये क्रॉस कर चुकी थी। यह कहा जाकर रुकेगा? मई और जून महीने में रिजर्व बैंक और वित्त मंत्री ने इस प्रकार के रियेक्शन दिये थे कि **It is a temporary phase. I would like to know, whether it is a temporary phase.** टेम्पोररी फेज़ है तो कब तक रहेगा क्योंकि **The Senior Economic Advisor to the Planning Commission and the ex-officials of the Reserve Bank of India, including the ex-Governor of RBI have given their opinion that it can cross Rs.47.** देश की इंडस्ट्री और इकोनॉमी के एक्सपर्ट जानना चाहते हैं कि रुपया कहां तक जाएगा, कैसे रुकेगा, रिजर्व बैंक और सरकार ने क्या एक्शन लिये हैं और क्या लेने वाले हैं? उसके साथ-साथ सबसे बड़ा प्रश्न है क्राइसेज़ ऑफ कॉन्फिडेंस का। जो कॉन्फिडेंस रुपये में डगमगाया है, उसको कैसे रोका जाएगा? यह जो डेप्रिसियेशन है मार्च 1998 में रुपये की वैल्यू 39.45 थी। एक साल तक वह गिरावट कंटीन्यू रही थी लेकिन 1999 से लगभग मार्च 2000 तक आठ-दस महीने रुपया बहुत स्ट्रॉंग था। वह किस कारण था और अचानक ऐसी क्या परिस्थिति पैदा हो गई कि मार्च से डेप्रिसियेशन शुरू हुआ और वह कहीं रुक नहीं रहा है।

रिजर्व बैंक ने अनेक प्रकार के स्टेप्स लिये हैं। कुछ का उल्लेख माननीय मंत्री जी ने किया है और कुछ का नहीं किया है। लेकिन इन सबके बावजूद भी गिरावट रुक नहीं रही है। एक कारण यह भी बताया गया है कि यूरो, येन और पाउंड स्टर्लिंग के सामने हमारी रुपी मजबूत है लेकिन **If we compare it with the previous year, I think, there is a devaluation, there is a depreciation.** इसी के साथ-साथ चिन्ता यह भी व्यक्त की जा रही है कि क्या इसका कारण ऑइल पूल अकाउंट है? क्या यह बात सही है कि पिछले वर्षों में 75,000 करोड़ रुपये का ऑइल हमें इंपोर्ट करना पड़ा था जिसके कारण हमारे फारेन एक्सचेंज की परिस्थिति ज्यादा से ज्यादा नाजुक होती जा रही है? मैं यह भी जानना चाहूंगा कि ऑइल के भाव क्या बढ़ने जा रहे हैं? कल ही माननीय पेट्रोलियम मंत्री महोदय ने सदन में कहा कि दस साल में हाइड्रैट रेट है। इसको हम कैसे कोप अप कर पाएंगे? आने वाले साल में भी यह बढ़ने वाला है। मैं एक फिगर देना चाहूंगा। **In 1997-98, oil import was Rs.15,883 crore. In 1998-99, it was Rs.14,920 crore. In 1999-2000, it was Rs.30,582 crore. So, it is almost double.** उसके कारण मार्च 1998 में जो रुपया 39.45 था, वह आज 46 रुपये है। दो साल में सात रुपया डॉलर के सामने गिरावट हुई है। मुझे लगता है कि यह देश की दृष्टि से बहुत महत्वपूर्ण विषय है। मैं वित्त मंत्री जी का ध्यान आकर्षित करना चाहूंगा कि क्या यह बात सही है कि देश का इंपोर्ट पिछले अनेक वर्षों में बहुत प्रमाण में बढ़ा है? **In 1994-95, trade deficit was Rs.9,045 crore. In 2000-2001, we are expecting almost double, that is, Rs.18,500 crore.** एक कारण यह भी है कि इंपोर्ट जो 35,904 करोड़ था, वह 62,000 करोड़ है।

मैं एक बात की ओर मंत्री जी का ध्यान आकर्षित करना चाहूंगा कि ऐसा भी ध्यान में आया है कि इंडस्ट्रियल पॉलिसी डिपार्टमेंट और फाइनेन्स मिनिस्ट्री में भी थोड़ा ज्यादा कोऑर्डिनेशन करने की आवश्यकता महसूस हो रही है क्योंकि हमने देखा है कि इंपोर्ट भी बढ़ रहा है। उसका एक कारण यह है कि अनेक इंडियन इंडस्ट्रीज़ में ऐसा है कि फिनिश गुड्स की कस्टम ड्यूटी वित्त मंत्रालय ने कम कर दी है। अनेक गुड्स की इंपोर्ट ड्यूटी 20 परसेंट है और उसका रॉ मैटीरियल, जो यहां पर प्रोसेस किया जाता है उस पर मैक्सिमम 42.5 प्रतिशत है। उसके कारण इंपोर्ट बढ़ा है। जो कंज्यूमबल प्रोडक्ट्स हैं **I can understand the Finance Minister's concern that we must go for core industries, basic development, and import the technology.** लेकिन कंज्यूमर गुड्स का जिस प्रकार से इंपोर्ट बढ़ा है, उसके लिए हम किस प्रकार से कदम उठाएंगे इसके उमर भी मैं वित्त मंत्री जी का ध्यान आकर्षित करना चाहूंगा।

अन्त में मैं इतना ही कह कर अपनी बात समाप्त करूंगा कि ये जो रूपए का डाउनफाल कंटीन्यू है उसके कारण हमारा जो फारेन एक्सचेंज रिजर्व है, उस पर निगेटिव इम्पैक्ट हुआ है। यह बात सही है कि आज तक पांच-छः साल में फारेन एक्सचेंज रिजर्व जो था वह कभी उमर और कभी नीचे जा रहा था, लेकिन इस साल कितना फारेन एक्सचेंज निगेटिव आया है, इस साल फारेन एक्सचेंज रिजर्व में कितनी कमी आएगी, यह बताने की कृपा करें ?

**श्री नारायण दत्त तिवारी (नैनाताल):** श्रीमन्, मुझे माननीय वित्त मंत्री जी के आज के इस महत्वपूर्ण वक्तव्य के संबंध में खेद पूर्ण आश्चर्य हुआ। आश्चर्य यह कि जिस प्रकार पिछले महीनों में विदेशी मुद्रा की जो संवेदनशीलता, वोलेटिलिटी है, जिस तरह से मुद्रा मूल्य नीचे रहा है और अब जिस तरह से रुपये में गिरावट आ रही है उसमें बिलकुल स्पष्ट है कि सरकार रिजर्व बैंक की घोषणा, जो आज हुई है, उसमें विरोधाभास है, कंट्राडिक्शन है।

स्भापति महोदय, माननीय मंत्री जी ने जो आज बयान दिया, उसके बारे में कहते हुए मुझे दुख होता है कि उन्होंने रुपए की गिरावट का समर्थन किया है। आज के उनके वक्तव्य की जो भाषा और वाणी है, जो जोर है, थ्रस्ट है वह यह है कि रुपए के डेप्रिसिएशन से फायदा हो रहा है। इससे इम्पोर्ट कम हो जाएंगे, एक्सपोर्ट्स बढ़ जाएंगे और जो हमारा दक्षिण एशिया के दूसरे देशों से व्यापार में कंपटीशन है, उस मुकाबले में हम ज्यादा प्रतिस्पर्धी होंगे, ज्यादा अच्छी मार्केटिंग होगी, यह उन्होंने कहा है।

स्भापति महोदय, उन्होंने यह भी कहा है कि डॉलर की तुलना में आज यदि हमारा रुपया गिर रहा है, तो क्या हुआ, येन से तो हम ऊंचे हो रहे हैं, यूरो से ऊंचे हो रहे हैं, पाउंड स्टर्लिंग के हम बराबर हैं। श्रीमन् हमें हमेशा इस बात को ध्यान में रखना चाहिए कि आज भारत की व्यापार मुद्रा डॉलर है न कि येन, यूरो या पाउंड स्टर्लिंग। अभी-अभी जो माननीय सदस्य, किरीट सोमैया जी ने जो कहा कि हमारी ऑयल पेमेंट यूरो में नहीं होती, तेल की कीमत येन में नहीं होती, वह डॉलर में होती है और आज सूचनाओं के आधार पर मैं कह सकता हूँ कि यह बढ़ती हुई कीमत एक सबसे बड़ा महंगाई का आधार है।

**"The net oil import bill could jump to dollar 16 billion from dollar 12.3 billion of the previous year if the current firm trend in global crude price is continued."**

**14.19 hours (Mr. Deputy-Speaker in the Chair)**

स्भापति महोदय, अभी कल ही माननीय पेट्रोलियम मंत्री जी ने यह कहा कि कीमतें बढ़ाई भी जा सकती हैं क्योंकि हमारा जो ऑयल प्राइस पूल है, उसमें जिस तरह से गिरावट आ रही है, उसको देखते हुए हमें कीमत बढ़ानी पड़ सकती है। अगर तेल की कीमत रुपए में बढ़ती है, यदि रुपया नीचे आता है, तो हमारे बाजारों में मिट्टी का तेल, डीजल और पेट्रोल हर चीज का रेट बढ़ जाएगा। महंगाई बढ़ेगी इसलिए हमें डॉलर की तुलना येन और पाउंड स्टर्लिंग से नहीं करनी चाहिए।

स्भापति महोदय, अभी वर्तमान मूल्य स्थिति के बारे में जो सूचना मैंने मार्गी तो उसके अनुसार फारेन एक्सचेंज आज दोपहर तक रुपया 46.95 डॉलर तक पहुंच गया है। अब इसके बारे में हम अगर यह कहें कि डॉलर का मूल्य अभी बढ़ेगा, बढ़ जायेगा। हालांकि हम यह नहीं कहना चाहते, स्केयर क्रिएट नहीं करना चाहते और हम संसद में इस बात का उल्लेख करके मार्केट में भय का वातावरण नहीं बनाना चाहते, लेकिन आखिर हो क्या रहा है। मीडिया में बार-बार कहा जा रहा है कि स्टेट मैनेजेंट बैंक ने भी कहा है कि इस साल के अन्त तक रुपए प्रति डॉलर की कीमत घट कर 50 रुपए तक आ जाएगी। रिजर्व बैंक और वित्त विभाग द्वारा क्यों उसका प्रतिरोध नहीं किया गया?

**The hon. Finance Minister and the Governor of the Reserve Bank of India, both of them claim, that they very closely monitor whatever is happening in the foreign exchange market.** उधर कई समाचार पत्र घोषणा करते जा रहे हैं कि भारत का रुपया और

गिरेगा। फॉरेन एक्सचेंज मार्केट में रूपये के गिरने का कारण क्या है ? रिजर्व बैंक की रिपोर्ट, करेंसी फाइनेंस और उस पर आधारित हाल की एक टिप्पणी में बताया गया है-

**"A massive outflow by the FIIs, Foreign Institutional Investors from the Indian stock markets, coupled with a sudden surge in corporate demand leading to supply demand mismatching."**

फॉरेन इंस्टीट्यूशन इन्वेस्टर्स का विश्वास स्टॉक मार्केट पर कमजोर क्यों पड़ रहा है? इसका मुख्य कारण यह है कि पिछले दिनों लगभग 700 मिलियन डालर हमारे स्टॉक एक्सचेंज से फॉरेन इंस्टीट्यूशन इन्वेस्टर्स ने वापस ले लिये हैं। माननीय मंत्री जी ने आज जो नीति घोषणा की है, उससे मुझे इस बात का भय है कि फॉरेन इंस्टीट्यूशन इन्वेस्टर्स कहीं और अधिक मात्रा में शेयरों में लगा रूपया विद्वान न करने लगे। आज के रिजर्व बैंक के बयान में जो कहा गया है, मुझे उसकी सफाई चाहिए। वित्त मंत्री जी के वक्तव्य के पहले सेन्टेन्स में कहा गया है " **The exchange rate of the rupee against the US dollar in India is market determined.**" यह वित्त मंत्री जी आज कह रहे हैं। उधर आज ही के अखबारों में रिजर्व बैंक के वक्तव्य में कहा गया है कि - **The Reserve Bank reiterates the resolve to defend the rupee.** अगर रूपया मार्केट ओरियेन्टेड है, मार्केट डिटरमिन्ड है और बाजार तय करता है तो फिर रूपये को डिफेंड करने की क्या जरूरत है ? **The Reserve Bank on Friday maintained**

â€( ( व्यवधान)

**उपाध्यक्ष महोदय :** आप सवाल पूछिये।

**श्री नारायण दत्त तिवारी (नैनीताल) :** मैं सवाल ही पूछ रहा हूं। जो रूलस में लिखा है, वही क्लेरीफिकेशन में पूछ रहा हूं। आज के बयान में, आज के अखबारों में रिजर्व बैंक ऑफ इंडिया कहता है कि **It was not in favour of allowing the rupee to find its own level against the dollar. The RBI will not allow the rupee to fall freely.** "Then How is the Rupee rate market determined?" मंत्री जी जरा बतायें कि रिजर्व बैंक ऑफ इंडिया का बयान सही है या मंत्री जी ने जो डेप्रीसिएशन ऑफ रुपी का समर्थन किया है, वह सही है। मुझे खेद है कि जिन लोगों ने भी यह सलाह दी है कि यह वक्तव्य आज दिया जाये, उन्होंने आज की स्थिति सुधारने में कोई मदद नहीं की है। हमारा डालर का भंडार घटता जा रहा है। देश में मार्च 2000 में 35 बिलियन डालर का रिजर्व था जबकि वह 28 जुलाई, 2000 को घटकर 33.2 बिलियन डालर रह गया। लगभग दो बिलियन डालर इसी बीच खर्च हो गया, निकल गया। जिसके लिए अर्थशास्त्री कहते हैं कि यह वोलैटैलिटी मार्केट की वजह से है। मार्च के बाद अप्रैल 2000 में 65 मिलियन डालर और ज्यादा घट गया, मई में 601 मिलियन डालर की घटौती हुई, जुलाई में 534 मिलियन डालर की घटौती हुई और कुल मिलाकर मार्च से 28 जुलाई तक करीब 1.8 बिलियन डालर की घटौती हुई है। फॉरेन एक्सचेंज रिजर्व को कितना खतरा है। तेल की कीमत बढ़ रही है। एक तरफ डिफेंस का खर्चा है। इसलिए भारत सरकार को रिजर्व बैंक से मिलकर आज बाजार को विश्वास में लेना चाहिए। कैपिटल मार्केट को विश्वास में लेना चाहिए क्योंकि इससे महंगाई बढ़ते रहने का खतरा है। मैं जानता हूं कि मंत्री जी स्वयं कभी भी यह नहीं चाहेंगे कि महंगाई बढ़े लेकिन अगर पालिसी कंट्राडिक्शन होता रहे, नीति का परस्पर विरोध होता रहे तो यह मामला कैसे रुकेगा। इस अवमूल्यन के खतरे से हम कैसे बच सकेंगे ? मुझे आशा है कि मैंने जो नीतिगत प्रश्न पूछा है, जो मुख्य प्रश्न है, उसे मैं आपकी आज्ञा से मंत्री जी के सामने रख रहा हूं।

**DR. NITISH SENGUPTA (CONTAI):** Mr.Deputy-Speaker, thank you very much for giving me this opportunity. I am afraid, the matter has become much more serious than the casual manner in which the Ministry of Finance has tried to view this.

From the month of May the rupee has been on a downward trend and all efforts to arrest this trend have failed. There is no sign of any effort to arrest this fall. The point is if it goes on like this, if the falling trend is not arrested, it may become difficult.

If this falling trend is not arrested, I am afraid, with the rising oil price -- according to the report, it is likely to be 16.5 million dollars in the next year -- it will be an unbridgeable gap. There will be no escape from, once again, having to approach the IMF with the begging bowl, a contingency which we should try our best to avoid.

Sir, to my mind the RBI has not acquitted itself particularly well in exercising the kind of monitoring and supervision which should be done over the foreign exchange dealers, especially the foreign bankers and others, who seem to have a complete sway in exchanging rupee into dollar and all that. So, there is time for much greater vigilance by the RBI over dealers in foreign exchange, particularly the foreign banks.

Secondly, many exporters, who have been given a free run, are reported to be keeping large volumes of their

export earnings abroad especially software people and many other exporters also. So, I think, a time has come when the RBI, once again, should pursue a vigorous policy in telling them to bring back their proceeds to India so that part of the visible gap can be released.

Thirdly, the fiscal concessions to the exporters which were introduced, I think, when Shri N.D. Tiwari was the Minister of Finance about ten years ago and then subsequently I also handled the Budget for some time, specially concessions like 88 (h) (d), to my mind, have done a lot of help to the exporters to export because basically the Indian industry seldom wants to export unless there is an artificial sop. The fiscal concessions are much better than giving them subsidy. The hon. Minister of Finance might consider "it is my suggestion" whether some of these concessions which were withdrawn abruptly in the last Budget, can be restored again so that exporters can go on planning on a long-term basis, instead of being suddenly having to stop their process of exports because the basis on which they plan their exports has suddenly been withdrawn.

Sir, a lot of projects have been approved by the international agencies like the World Bank. I do not know the present figure. I am sure it will be in the region of 50-60 billion dollars. They cannot be implemented because of our own procedural hurdles and bureaucratic problems, etc. ...*(Interruptions)*

MR. DEPUTY-SPEAKER: Please come to the question.

DR. NITISH SENGUPTA : Sir, that is the question. I would like to know whether there can be any way to ensure that these projects are implemented very quickly so that the committed foreign flow can be realised in actual practice.

Lastly, I would like to know whether the Government would like to raise the interest rate. I am saying it as a temporary measure. I follow the general principle of falling interest, which is good for the economy in the long run. But, at present, we are facing a near emergency situation.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Sir, I am grateful to the hon. Members who have raised this issue.

I would like to hasten to add that it is not my intention to sound either casual or complacent. The situation which has arisen is certainly not one of the best that any Minister of Finance or the Central Bank Governor would like to handle. It is a difficult situation, but there is no reason to panic. This is what I wanted to say. In that context, I would like to point out that this is not the first time, after March, 1993, when the rupee was made fully convertible on the current account. This is not the first time that there has been some volatility in the market and depreciation of the rupee. History shows that in October, 1995, there was considerable volatility in the market and the value of the rupee declined. It touched Rs. 36 to a dollar. In Jan, 1996, again there was volatility in the market. In August, 1997, again, there was volatility in the market and the value of the rupee against the dollar had declined. Similarly, in November, 1997, we faced a major problem in the exchange market.

In 1998 summer, when sanctions had been imposed, we faced volatility in the foreign exchange market and after that we are facing the current situation in 2000. So, the volatility in the foreign exchange market, temporary mismatch between supply and demand and some depreciation of the rupee is something which has happened over a period of time and the rupee has actually depreciated.

The second issue which I would like to point out before the hon. Members is that the Reserve Bank of India has not kept quiet, as has been pointed out. In fact, whatever the newspapers might say or some forecasters might say, the Reserve Bank of India, on this particular occasion, has come out with four or five very important policy statements from time to time. Starting from May till August, they have explained in great detail what the situation is and how they look at the situation. Any student who has been following this, would be aware of what the Reserve Bank's point of view is. There is absolutely no contradiction between the point of view of the RBI and the point of view of the Government.

I would also like to say that the RBI has said – and that is also the Government's point of view – that when the rupee is being traded in the foreign exchange market, it is market-determiner I would like to emphasise, despite what Shri Narayan Datt Tiwari has said, that the RBI has said clearly that we are not targeting a particular exchange rate. We are not saying that the rupee should be at this level *vis-à-vis* the dollar, or at any other level. We are not targeting that. The RBI's and the Government's policy is that we will prevent undue volatility in the market. We will not let the speculators take over the market. That is what we want. We want orderly conditions to prevail in the foreign exchange market and that is why the RBI has taken a number of steps.

Shri Kirit Somaiya was asking me where would the rupee stop. In the same vein, Shri Narayan Datt Tiwari said that some people are forecasting that the rupee will touch 50 to a dollar. I am not surprised at all. I have lived with the

situation for almost 28-29 months. I remember, in 1998, there were people who were forecasting that the rupee is going to touch Rs.50 to a dollar at the end of 1998. That has not come to happen. So, let us not be given to the doomsday soothsayers. There is no reason whatsoever to panic.

As far as foreign exchange reserves are concerned, let me say that we have, since March, 1998...(Interruptions)

SHRI NARAYAN DATT TIWARI : My question was, why did anybody not controvert that statement by the State Manhattan Bank. It should have been nipped in the bud at that point of time. Somebody should have contradicted that.

SHRI YASHWANT SINHA: Sir, the RBI has repeatedly explained its policy and its position. There are a whole lot of people who are making predictions in India and outside. You do not go round challenging everyone and joining into it. It becomes self-defeating at times.

I would also like to add that during the last two years, that is 1998-99 and 1999-2000, after we assumed office in March, 1998, we have added nine billion dollars to our reserves. In the last four years, we have added sixteen billion dollars to our reserves. Therefore, at the end of March, 2000, when the foreign exchange reserves of the country were over 38 billion dollars, that was a tribute to the strength of the Indian economy and the policies which have been followed consistently. Since the time of the Narasimha Rao Government, we have been adding to our reserves. Let me point out that this is again not the first time that there has been some drawing down of reserves. In March, 1994, our reserves were 25 billion dollars and in March 1996, that is, one year later, they came down to 21.6 billion dollars. There was a draw down of over 3.5 billion dollars. Now if there has been a draw down of something like two billion dollars in this year, it is not a matter of concern at all.

I say this because reserves are after all to meet a situation of this kind. Therefore, I would like to say that the economic fundamentals of our country are strong.

Shri Kirit Somaiya was asking why it is happening and what is so special this year, and if economic fundamentals are strong, why there is a pressure on the rupee *vis-à-vis* the dollar. The reasons for this have to be found outside, in the external situation and not here. The external situation is that there was a fear that the US economy was going to get into some kind of a trouble. That has not come to pass. The US federation has increased the rates in order to slow down the US economy. The difference between our interest rates and their interest rates has narrowed down. From world over, money has flown back to the US and that is the reason of why there has been pressure on all the major currencies of this world, including the rupee. Therefore, this is a temporary phenomenon.

The question of oil imports has been raised. Let me assure this House that we have, even at our current foreign exchange holdings, over seven months worth of imports in terms of foreign exchange reserves. So, what is the reason to worry? I would like to say that our economic fundamentals are strong, industrial production is almost at the same level as last year, agriculture promises to be good, the *kharif* rains have been good and therefore, agriculture should be normal. There are people who are forecasting. It is not the Government which is saying; everyone is forecasting 6.5 per cent growth rate. There are others who are saying that we will have â€¦..  
...(Interruptions)

श्री यश्वन्त सिन्हा : यह रुपये डॉलर का सवाल है।

We take, for instance, the value of the rupee *vis-à-vis* the dollar and other currencies. Let me put it in perspective. From January this year to till date, what has been the depreciation of the rupee? It is 5.13. The depreciation of the British Pound against the dollar is 9.16. The depreciation of the Euro is 10.97. The depreciation of the Yen is 3.88. Yen is the only currency which has depreciated a little less than the rupee. So, let us not worry about it too much. I am not saying that we will not worry about it at all. We are worrying about it, but things are improving.

The exports of this country, in the first quarter, have risen by 27 per cent. A reference was made to outflow by the foreign institutional investors. My information is that in the month of August, again, they have turned positive. Therefore, the only thin line of worry in the whole situation is the question of the rise in oil prices because if they have touched almost 33 dollars to a barrel, then naturally, our import bill of oil is going to go up in terms of value. But Sir, as I have said earlier, let me assure this House and assure the nation that we have enough resources to be able to take care of the situation. Why is it temporary? It is because our experience shows that this kind of a situation has never lasted for a long time. We have been able to get the better of it. We will certainly get the better of it on this occasion also.

Finally, Sir, let me say that as far as our policy is concerned – the Government's policy, the RBI's policy – it is a two-pronged policy.

The first part of that policy is that we will continue to take steps to curb speculation, to curb volatility in the market. The second part of the strategy is that we have adequate reserves to meet genuine demand of importers and others in this country. A suggestion has been made by Dr. Nitish that we should raise the interest rates. The RBI has already raised the interest rates once by 100 basis points. Sir, the hon. Member would be aware that in my regime I brought down the interest rates by 200 basis points. We have gone back half way now. I do not think, the situation has come as yet when we have to raise the interest rates again. But let me say that this is a situation which has to be handled with a great deal of care because if we overstep, on the one side, we will harm the growth of the economy. If we do not take adequate steps, then there might be undue volatility in the market. Given these constraints, we have to choose the best policy option. I am confident that the RBI, so far, has done extremely well in controlling the volatility in the forex market, and they have explained their policy and the Government's policy very clearly in this regard. Thank you. ...*(Interruptions)*

**श्री मुलायम सिंह यादव (सम्भल) :** उपाध्यक्ष जी, यह आज तुलना का सवाल नहीं है कि नरसिंह राव जी के जमाने में इतना बढ़ा या इतना घटा। आप इतना ले आये हैं और कोई चिंता की बात नहीं है। वास्तविक बात यह है जो तिवारी जी ने या उधर के सदस्यों ने जो चिंता व्यक्त की है कि देश की अर्थ-व्यवस्था बिगड़ती जा रही है और महंगाई तो बढ़ेगी। वित्त मंत्री जी को घबराने की जरूरत नहीं है, वह तो मुकाबला करना ही पड़ेगा। आज भी आपके सामने सारे नतीजे आ चुके हैं। आज किसानों की हालत क्या है? महंगाई बढ़ती चली जा रही है, उनकी कीमतें गिरती चली जा रही हैं। आप आटा मंगाते चले जा रहे हैं। यह सारी वास्तविकता है। यदि आप इसे स्वीकार करेंगे और अगर कोई रास्ता निकालेंगे तथा आप कहेंगे तो मैं मानता हूँ कि इसमें महत्वपूर्ण सुधार होगा। ( व्यवधान)

**उपाध्यक्ष महोदय :** यह कॉलिंग अटेंशन है। जिन-जिन के नाम हैं, उन्हीं को बुला रहा हूँ।

**श्री मुलायम सिंह यादव :** आप वास्तविकता स्वीकार कीजिए और सदन को विश्वास में लीजिए तो हम उसमें सहयोग करेंगे। ( व्यवधान)

**श्री यश्वन्त सिन्हा :** मुझे खेद है कि मैं मुलायम सिंह यादव जी की बात से सहमत नहीं हूँ। ( व्यवधान)

**श्री मुलायम सिंह यादव :** यह देश का सवाल है। ( व्यवधान)

**SHRI KIRIT SOMAIYA :** Sir, I would like to seek only one clarification regarding the export earners' foreign currency account.

**SHRI MADHAVRAO SCINDIA :** Sir, all I wanted to say is that more than the falling value of the rupee, what is the matter of great worry is the supreme confidence of the Finance Minister as he stands amongst the ruins.

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