

[16 July, 2002]

RAJYA SABHA

deposited during November, 1999 to December, 2000 in the accounts of some individuals at the Mumbai branches of some banks. The said amounts were found to have been gradually transferred over the period of November, 1999 to December, 2000 to certain accounts maintained with the corresponding branches of the said banks in Tamil Nadu and Kerala. The investigation made by the Directorate of Enforcement did not reveal any violation of the provisions of the Foreign Exchange Regulation Act/ Foreign Exchange Management Act on the part of the banks/ their officials concerned. However, keeping in view the large amounts involved in these transactions, references were made by the Enforcement Directorate to various investigating agencies, including the Central Bureau of investigation for taking necessary action in the matter in accordance with the respective laws.

(c) and (d) No arrests were made by the Enforcement Directorate in this regard.

Devaluation of Rupee

82. SHRIYADLAPATIVENKAT RAO: WILL THE MINISTER OF FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) Whether the value of rupee against the US dollar had fallen to all time low in May, 2002.
- (b) If so, what was the lowest value of rupee in that month;
- (c) what was the value of rupee in May, 2001; and
- (d) What action Government have taken to stabilise the value of rupee *vis-a-vis* US dollar?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE) (a) and (b) Yes, Sir. The exchange rate of the rupee against the US dollar reached all time low of Rs. 49.06 as on the 16th May, 2002 and was in the range between Rs. 48.96 to Rs. 49.06 per US dollar in May, 2002

(c) The exchange rate of the rupee was in the range between Rs. 46.82 to Rs. 47.01 per US dollar in May, 2001.

(d) The movement in exchange rate of the rupee are largely determined by demand and supply conditions in the foreign exchange market. The developments in the

financial markets in India and abroad are monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to reduce excessive volatility in the exchange rate, prevent emergence of destabilizing speculative activities, develop an orderly foreign exchange market conditions and to help maintain adequate level of foreign exchange reserves.

Global Competitiveness Report

83. SHRI ABANI RAO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) Whether according to the World Economic Forum's Global Competitiveness Report 2001-2002, India slips to 57th position in competitiveness ranking as reported in the Hindustan Times dated the 3rd June, 2002;

(b) if so, the details thereof;

(c) whether the factors responsible for country's competitiveness ranking which slipped to a alarming stage have been assessed and identified; and

(d) if so, the details thereof and the corrective steps Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE) (a) and (b) According to Global Competitiveness Report (2001 -2002) of the World Economic Forum, India's rank has come down to 57 in 2001-2002 as compared to 49 in 2000. These rankings are not strictly comparable, as the Report for 2001-2002 includes 17 new countries and incorporates new parameters on technology innovation, infrastructure and financial markets. However, the present Report has highlighted India's competitive advantages in areas like information and communications technology (ICT), promotion of conducive legal framework, access to credit, inflation, real exchange rate and availability of scientists and engineers and quality of research. Among areas relating to India's competitive disadvantages, the Report mentions Government deficit, road infrastructure quality, distortive Government subsidies and labour-employer relations.

(c) and (d) The Government is aware of the shortcomings mentioned and has undertaken several reforms in trade, industry, financial and public sectors to improve efficiency, productivity and competitiveness of Indian industries, and to induce dynamism to the overall growth process. Containment of fiscal deficit