

Government has already imported 700 million pieces of one rupee coins and 300 million pieces of 2 rupee coins. Government has also decided to further improve the coins supply position by importing additional quantity of 700 million pieces of one rupee coins and 300 million pieces of 2 rupee coins during the current year.

**Increase in Bank-Rate by Reserve Bank of India**

1401. SHRIMATI VEENA VERMA: Will the Minister of FINANCE be pleased to state:

(a) Whether in order to check sharp fall in rupee value against US dollar, the Reserve Bank of India had announced a 2 per cent increase in bank rate raising it from 9 to 11 per cent.

(b) if so, how it was reflected on various money-market parameters and on exports and industrial indices; and

(c) how far it brought about the desired results?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) the policy measures undertaken by the Reserve Bank of India (RBI) during

November, 1997 to January, 1998 sought to protect the Rupee from speculative activities in the foreign exchange market, The measures included increase in Bank Rate by two percentage points from 9 per cent to 11 per cent with effect from the close of business on January 16, 1998. The measures undertaken by RBI to counter volatility in the forex market led to significant increase in call money rates and interest rates on other short-term money market instruments like Certificates of Deposits and Commercial Papers. However, the increase in Bank Rate was designed to address specifically unusual movements in the foreign exchange market. The RBI subsequently reviewed the monetary and credit situation and reduced the Bank Rate in stages to 9 per cent with effect from April 29, 1998.

With the improvement in liquidity conditions during the initial months of 1998-99, major public sector banks reduced their short-term Prime Lending Rates (PLRs) to 13.5 per cent and their long term PLRs to 13.25 per cent - 13.50 per cent. The temporary and relatively small increases in PLRs in the last quarter of 1997-98 did not have any significant impact on the cost of funds for the industrial sector and hence on industrial production. In regard to exports also, the influence of Bank Rate was not significant because deceleration in export growth was caused by a number of factors like deceleration in world export growth, unprecedented depreciation in the currencies of competitor countries, infrastructure constraints, etc.

(c) The policy measures undertaken by the RBI, including increase in Bank Rate, facilitated restoration of orderly conditions in the foreign exchange market.

**NPAs of Public Sector Banks**

1402. SHRI PRANAB MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) the percentage of gross non-performing assets of the public sector banks in the country; and

(b) what steps Government proposes to take to deal with the problems of non-performing public sector banks, together with the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) Gross Non-Performing Assets (NPAs) of the public

sector banks for the last three years are given below:

As on	31st March	Gross NPAs	as per-
of		centage	of total ad-
			vances
1995			19.45
1996			18.01
1997			17.84

(b) Even though there is considerable variation in the performance of public sector banks, it would not be appropriate to describe any of them as non performing public sector banks having regard to their contribution to the economy. Some of the relatively weaker public sector banks have prepared strategic revival plans/action plans and detailed the steps contemplated by them to improve performance. These steps include concentrating on recoveries and reduction of NPAs, arresting generation of fresh NPAs, reducing cost of deposits, rationalisation of loss making branches, limiting recruitment to specialised cadres, technological upgradation, longer working hours, containment of operating expenses etc.

#### **Impact of Sanctions on Indian Economy**

1403. SHRI VEDPRAKASH P. GOYAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have appointed a team of experts to evaluate the impact on different sectors of Indian economy of sanctions or conditions imposed by USA and other countries against India in the wake of nuclear tests conducted by India in May, 1998;

(b) whether this team of experts has submitted its report;

(c) if so, the details of the same; and

(d) the steps Government have taken or proposes to take to meet the situation?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) No, Sir. However, all relevant Ministries

of the Government of India, including Ministry of Finance and Ministry of External Affairs, are constantly monitoring the developments in this regard and evaluating the implications.

(d) The Economic Sanctions imposed on India by the U.S.A. and deferment of ODA by some other countries of Multilateral agencies are likely to have only a marginal effect on aid flows in 1998-99. The Union Budget for 1998-99 has proposed a number of measures to encourage foreign investment, including investments by NRIs.

#### **Debt GDP and Debt Service Ratio**

1404. SHRI N.R. DASARI:

SHRI GURUDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state the debt-GDP ratio, debt-service ratio for the years 1992-93, 1993-94, 1994-95, 1995-96, 1996-97 and 1997-98?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): The external debt to GDP ratio and external debt-service (calculated by using cash payment method) to current receipts ratio are as under:

Year	External debt to GDP ratio(%)	Debt-Service ratio (%)
1992-93	39.8	27.5
1993-94	35.8	25.4
1994-95	32.3	25.6
1995-96	28.2	24.8
1996-97	25.9	22.6
1997-98	23.8*	N.A.

End-September 1997 debt as a ratio of estimated GDP at market price for 1997-98.