

Pipeline Project. Various important issues, viz., pricing of gas, delivery point of gas and transportation tariff and transit fees for passage of natural gas through Pakistan territory are under discussion amongst the participating countries. Five meetings of India-Pakistan Joint Working Group (JWG) have been held. Three meetings of India-Iran Special JWG have been held. Six meetings of tripartite JWG of Iran, Pakistan and India have been held. Further, a Ministerial-level meeting between India and Pakistan on the IPI Project has also been held in Islamabad on April 25, 2008.

Such multilateral projects involve protracted discussions, as all the aspects have to be carefully examined and deliberated upon to the satisfaction of the participating countries to protect each country's interests and to avoid any problems in the future in the successful operation of the project.

India as a preferred business destination

*55. SHRI GIREESH KUMAR SANGHI:
SHRI VIJAY JAWAHARLAL DARDA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether a FORBES study, containing a comparative business analysis from various angles in 121 countries, has ascribed India's fall in ranking this year from 51st to 64th to "demonstrated resistance to increasing personal freedom, higher inflation from food and other commodity costs, as well as increased burdens on entrepreneurs, etc."; and

(b) if so, what steps Government proposes to take so that India becomes a preferred "Business Destination" in the fast emerging global market?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) Yes, Sir.

(b) The Government takes appropriate steps to facilitate and promote the operation of business in the country, through requisite policy and administrative initiatives for creating and maintaining an environment conducive to investment and growth.

Increasing Supply of Dollars

*56. SHRIMATI T. RATNA BAI: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has announced a package of measures aimed at increasing the supply of dollars and augmenting liquidity;

(b) if so, the details thereof;

(c) whether it is also a fact that the exchange rate is primarily determined by demand and supply and the outflow of portfolio capital aggravated the rupee's fall; and

(d) if so, the response of Government thereon?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The RBI has announced a package of measures aimed at improving domestic and foreign currency liquidity in September and October, 2008 as under:

- On October 20, 2008, the RBI reduced the repo rate to 8 per cent from the earlier level of 9 per cent.
- On September 16, 2008, the RBI announced that it will continue to supply dollars to meet demand-supply gaps directly or through agent banks; modulated interest rates on non-resident deposits to attract capital flows; as a purely temporary measure, scheduled banks were allowed additional liquidity support to the extent of one per cent of their net demand and time liability, which was further enhanced by 0.5 per cent on October 15, 2008; the second liquidity adjustment facility introduced on August 1, 2008 on reporting Fridays (every two weeks) was made a daily facility (LAF) with effect from September 17, 2008.
- The RBI reduced the cash Reserve Ratio from a level of 9.0 per cent as of October 10, 2008 to 6.5 per cent with effect from October 11, 2008 releasing about Rs. 1,00,000 crore additional liquid funds.
- On October 14, 2008 the RBI also conducted a special 15-day repo at 9 per cent per annum for a notified amount of Rs. 20,000 crore under LAF to meet the liquidity requirements of mutual funds. This facility was made daily on October 15, 2008.
- On October 15, 2008, at the request of the Government, the RBI has announced that it would provide Rs. 25,000 crore as first instalment immediately as liquidity support to concerned financial institutions under the Agriculture Debt Waiver and Debt Relief Scheme.
- On October 15, 2008, the RBI announced that banks were allowed to borrow funds from their overseas branches and correspondent banks up to a limit of 50 per cent of their unimpaired Tier I capital as at the close of the previous quarter or US \$ 10 million whichever is higher as against the existing limit of 25 per cent.

Earlier, to obviate the difficulties arising out of a tightening in the money and foreign exchange markets, the public sector oil marketing companies were facilitated through special market operations for oil bonds in June-July 2008. Besides the above measures taken by the RBI, the SEBI has relaxed the restrictions on offshore derivative instruments and decided to increase the Foreign Institutional Investors (FIIs) investment limit in corporate bonds from \$3 billion to US\$6 billion.

(c) and (d) The movement of exchange rate is largely determined by demand-supply conditions in the foreign exchange market. The depreciation of the rupee against US dollar in the current financial year is mainly due to: lower levels of net capital inflows on the supply side arising out of the turbulence in global financial markets, of which net outflows on account of foreign Institutional Investors is a major component; increased demand from market participants, particularly on account of higher international crude petroleum prices; and the appreciation of the US dollar against major currencies since the worsening of the global financial crisis in September, 2008. The exchange rate policy in recent years has been guided by the broad

principles of careful monitoring and management of exchange rates with flexibility, without a fixed target or a pre-announced target or a band, coupled with the ability to intervene, if and when necessary. The exchange rate movements are closely monitored and intervention as deemed appropriate in the domestic foreign exchange markets is made by the RBI depending upon overall market conditions.

Revival of PSEs

*57. SHRI SANJAY RAUT: Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the details of unviable Public Sector Enterprises (PSEs) registered with the Board for Industrial and Financial Reconstruction (BIFR) upto September, 2008, PSE-wise and location-wise; and

(b) the steps taken to revive them?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV): (a) As per available information as on 30.6.2008, total 66 Central Public Sector Enterprises (CPSEs) were registered with the Board for Industrial and Financial Reconstruction (BIFR). The status-wise, PSE-wise and location-wise details are given in the Statement. (See below).

(b) Enterprise specific steps for revival of CPSEs are taken by the concerned administrative Ministries/Departments and the CPSEs as well, which may include financial and business restructuring such as waiver of loan and interest including penal interest, conversion of loan into equity, Government guarantee, grant of moratorium on payment of interest/loan, formation of joint ventures, merger/ closures, modernization, improved marketing strategies, rationalization of manpower, change of management, fresh cash infusion, etc. In addition, the Government constituted the Board for Reconstruction of Public Sector Enterprises (BRPSE) in December, 2004 in pursuance to the stipulations made in the National Common Minimum Programme (NCMP) for *inter alia* examination of the cases for revival of CPSEs and to make appropriate recommendations to the Government.

Statement

The status of CPSEs registered with BIFR as on 30.06.2008

Sl. No.	Case No. and Year of Reference	Name of CPSE	Date of order
1	2	3	4
A. Revival Scheme Sanctioned			
1.	531/1992	National Instruments Ltd., Kolkata (West Bengal)	1.10.2002
2.	533/1992	Bengal Chemicals and Pharmaceuticals Ltd., Kolkata (West Bengal) @	31.3.1995