value of the plant and machinery installed in the factory did not arise, as also to determine whether the factory was working in the small scale sector with a capital investment of less than Rs. 10 lakhs. It has been ascertained that condensors and other machinery installed in the factory of Barmalt Malting had been purchased by it from other factories. Verification of payment of duty on the machinery installed in the factory would not normally arise or be necessary as it is not relevant for the assessment of the excisable goods manufactured in the factory.

Foreign exchange reserves

1044. DR. (SHRIMATI) SATHIAVANI MUTHU: Will the Minister of FINANCE be pleased to state:

(a) the foreign exchange reserves at the beginning of 1978-79 and as on 28th February, 1979; and

(b) the steps taken by Government for the utilisation of the reserves against concrete programmes of development?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL): (a) India's foreign exchange reserves (excluding gold and Special Dressing Rights) were Rs. 4499.75 crores at the beginning of the financial year 1978-79 and Rs. 5094.74 crores as on 28th February, 1979.

(b) A series of measures have been taken by the Government to utilise the foreign exchange reserves fruitfully with a view to enhance the rate of growth of the economy and to maintain reasonable price stability. These include:

(i) Import policy has been progressively liberalised and relevant procedures simplified with a view to improving utilisation of existing and establishment of new industrial capacity while taking care that indigenous industry is not hurt. Actual users (a major category of licensees) are now entitled to automatic licences for import of industrial raw materials components, spare parts (except restricted and banned items) within liberal limits. The Open General Licence List has been substantially expanded to include, among others, leather machinery, garment and hosiery machinery and a wide range of machine tools. Provision has been made for imports on a global basis of capital goods and machinery for 14 specified priority industries to remove bottlenecks in speedy completion of projects. Canalising agencies are being provided foreign exchange on a liberal scale to enable them to service the needs of their clients for imported canalised items.

(ii) Increased plan outlays and a general step up in demand have resulted in enhanced requirements for important commodities like steel, cement, cotton, fertiliser and fertiliser raw materials, non-ferrous metals, etc. Foreign exchange reserves have been liberally utilised to augment domestic supply of these inputs and this has helped maintain the tempo of development.

(iii) A special facility has been established to enable intending importers of capital goods to obtain on reasonable terms, rupee funds with which they can purchase the requisite foreign exchange.

(iv) Price stability is an important condition for sustained economic growth. Government has, therefore, been importing essential consumer commodities which are in short supply in the domestic market such as edible oils.

While it is too early to estimate accurately the amount of foreign exchange likely to be spent as a result of the above measures the provisional value of imports during April—December, 1978 is Rs. 4792.76 crores as compared to Rs. 3917.92 crores in the same period last year.