(c) and (d) As per IBA, in the case of retirees prior to 2002, the pension will be revised w.e.f. 1st May 2005 taking the average of pay drawn by them in the last 10 months prior to their retirement. No arrears of pension or difference in commuted value of pension would be payable to the retirees.

Impact of oil prices on foreign exchange reserve

†316. SHRIMATI PREMA CARIAPPA:
SHRI JANARDAN DWIVEDI:

Will the Minister of FINANCE be pleased to state:

(a) the impact of skyrocketing oil prices and bountiful increase in import of non-oil items every year on the foreign exchange reserves;

(b) what is the decrease/increase in the foreign exchange reserve in the last two years; and

(c) the details of steps taken by Government to enhance the foreign exchange reserve?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Foreign exchange reserves of a country, at any given point in time, represent the net outcome of transactions in the current and capital accounts of the country's balance of payments. Merchandise imports (i.e. oil and non-oil) constitute a part of current account transactions. Notwithstanding the rise in oil and non-oil imports in recent years, India's foreign exchange reserves have continued to increase due to robust growth of merchandise exports and buoyant invisibles and capital inflows. The overall balance of payments position, as reflected by the increase/ decrease in foreign exchange reserves, continued to be comfortable with such reserves increasing by US$ 36.9 billion in 2003-04 and US$ 28.6 billion in 2004-05, respectively.

(c) The broad principles guiding India's foreign exchange reserves management includes a policy of maintaining a level of foreign exchange reserves, which takes into account not only anticipated current account deficits, but also liquidity-at-risk arising from unanticipated capital movements. Taking these factors into account, India's foreign exchange reserves continue adequate and comfortable.

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†Original notice of the question was received in Hindi.