

(d) the steps being taken by Government to reduce the growing current account deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) The current account deficit (CAD) as per cent of GDP during the last five years are given below :

| Years | Current Account Deficit as per cent of GDP |
|---------------------------------|--|
| 2007-08 | 1.3 |
| 2008-09 | 2.3 |
| 2009-10 | 2.8 |
| 2010-11 | 2.7 |
| 2011-12 (Up to December, 2011) | 4.0 |

(c) The CAD is financed by capital account surplus and drawdown of foreign exchange reserves in case CAD exceeds capital account balance. Capital flows include both equity and debt. Short term trade credit financed about one-tenth to one-fourth of the CAD in the recent years.

(d) The recent increase in CAD is due to widening of trade deficit on account of higher imports of POL and gold & silver. To lower the impact of gold imports on CAD under balance of payment, Government in the Union Budget 2012-13 has proposed to increase basic custom duty on standard gold bars; gold coins of purity exceeding 99.5 per cent and platinum from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent.

Further, the Reserve Bank of India has taken certain prudential measures in respect of Non-Banking Financing Companies (NBFCs) predominantly engaged in lending against collateral of gold jewellery, to restrict the loans against gold.

Loss making branches of banks and insurance companies

3452. SHRI ANIL DESAI :

SHRI SANJAY RAUT :

Will the Minister of FINANCE be pleased to state :

(a) whether the Ministry is considering to close down loss making branches of banks and insurance companies;

(b) if so, the details thereof; and

(c) how the Ministry is going to achieve financial inclusion if it closes down the loss making branches of banks and insurance companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) to (c) The Public Sector Banks (PSBs) and Public Sector Insurance Companies are governed by their Board driven policies. Expansion or closure of branches of these institutions is decided by their Board in accordance with the guidelines laid down by the regulator.

However, the Government, as a promoter shareholder, has recently advised PSBs and public sector Insurance Companies to make an action plan for turnaround of their loss making branches. As regards financial inclusion campaign of Government of India, the banks have been advised to meet all the targets of financial inclusion which remains the priority of the Government.

Investment by public financial institution in tobacco companies

3453. SHRI SANJAY RAUT :

SHRI ANIL DESAI :

Will the Minister of FINANCE be pleased to state :

- (a) whether it is a fact that Government agencies like LIC and UTI have invested heavily in a private sector company called the ITC which is involved in marketing tobacco products;
- (b) if so, the details of the investment made; and
- (c) the reasons for encouraging public financial institutions to invest in private sector rather than infrastructure-related projects?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) The details of investments made by Life Insurance Corporation of India (LIC) and the Unit Trust of India (UTI) in ITC Limited are as under:

| Investment made by | Number of share |
|-------------------------------------|-----------------|
| Life Insurance Corporation of India | 93,52,41,572 |
| Unit Trust of India | 89,68,68,810 |

(c) LIC is investing in Government's Securities, Infrastructure Financing and Companies including private sector within permissible regulatory norms. The Unit Trust of India which was established under the UTI Act 1963, invest in many public sector and private sector companies across various industries in terms of its main business. The investment in the equity shares of ITC Limited was one of such investments made by UTI.