

Sl.No.	Month	Rs. per US dollar*	Appreciation (+) / Depreciation (-) over previous month
1.	July 2011	44.42	(+) 0.9
2.	August 2011	45.25	(-) 1.8
3.	September 2011	47.63	(-) 5.0
4.	October 2011	49.26	(-) 3.3
5.	November 2011	50.86	(-) 3.1
6.	December 2011	52.68	(-) 3.5
7.	January 2012	51.34	(+) 2.6
8.	February 2012	49.17	(+) 4.4

\*Average of buying and selling rates reported by Foreign Exchange Dealers Association of India (FEDAI)

(c) to (e) Gauging the impact of interest rate hike on exchange rate may not be pertinent in the case of India as its capital account is only partially convertible. Moreover, there are many “push” and “pull” factors that influence capital inflows into India, which in turn have an impact on the exchange rate.

#### **Bringing down of fiscal deficit**

653. SHRI UPENDRA KUSHWAHA:

DR. K. P. RAMALINGAM:

Will the Minister of FINANCE be pleased to state:

(a) whether the Governor of RBI has cautioned Government that excessive borrowing is bad and urged to put a cap on the public debt as it would hurt growth;

(b) if so, the action taken on the advice of Governor, RBI;

(c) whether Government's fiscal deficit in 2011-12 is expected to exceed the budget estimate of 4.6 per cent of the GDP on account of subdued receipts and overshooting of the subsidy bill by at least Rs. 1 lakh crore over and above the original projection; and

(d) the measures being taken to bring down fiscal deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) In its ‘Third Quarter Review of Monetary Policy for the Year 2011-12’ released on Jan 24, 2012, by Reserve Bank of India, it was mentioned, ‘the fiscal deficit of the government has remained elevated since 2008-09. If the increase in government borrowing already announced is an indication, the gross fiscal deficit for 2011-12 will overshoot the budget estimate substantially. At the current juncture when there is a need to boost private investment, the increase in fiscal deficit could potentially crowd out credit to the private sector. Moreover, slippage in the fiscal deficit has been adding to inflationary pressures and it continues to be a risk for inflation.

(b) The Government of India has been pursuing the path of fiscal consolidation since 2010-11 and fiscal deficit declined from 6.5 per cent of GDP in 2009-10 to 4.9 per cent of GDP in 2010-11. The budget for 2011-12 had estimated fiscal deficit to come down to 4.6 per cent of GDP in 2011-12. The budget for 2012-13 has revised the estimates of fiscal deficit for 2011-12 to 5.9 per cent of GDP and it is estimated to decline to 5.1 per cent of GDP in 2012-13.

(c) The budget for 2012-13 has indicated that the fiscal balance deteriorated in 2011-12 due to slippage in tax revenues and increased subsidies.

(d) The budget for 2012-13 stated that fiscal consolidation requires efforts both in terms of a rise in the tax-GDP ratio and lowering of the expenditure. Towards the latter, a 'Medium- Term Expenditure Framework Statement, setting a three year rolling target for expenditure indicators with a view to prioritise resource allocation is being introduced as a part of the amendments to the Fiscal Responsibility and Budget Management Act. The budget for 2012-13 also announced that the Government has decided from 2012-13 to fully provide for the subsidies related to food and for administering the Food Security Act. All other subsidies would be funded to the extent that they can be borne by the economy without any adverse implications and would restrict the expenditure on Central subsidies to under 2 per cent of GDP in 2012-13. Over the next three years, it would be further brought down to 1.75 per cent of GDP.

#### **Circulation of fake coins**

†654. DR. YOGENDRA P. TRIVEDI: Will the Minister of Finance be pleased to state:

- (a) whether after fake currency notes, the fake coins too, have begun to come in circulation in the country now;
- (b) whether one such case has come to light in Mumbai; and
- (c) if so, the date on which the said case was unearthed along with the details of action taken by Government ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes Sir. Certain instances of fake coins have been reported.

(b) No, Sir.

(c) Does not arise.

#### **Decline in disbursal of agricultural loan to marginal farmers**

†655. SHRI N. BALAGANGA:

SHRI BALAVANT *ALIAS* BAL APTE:

Will the Minister of FINANCE be pleased to state:

- (a) the details of financial institutions engaged in lending to agricultural

---

† Original notice of the question was received in Hindi