

Central Government has also set up a Middle Office in order to have a more prudent management of government debt.

Steps to control the menace of foreign remittance

2037. SHRI C.M. RAMESH: Will the Minister of FINANCE be pleased to state:

(a) whether Government is contemplating to take any aggressive steps to control the menace of foreign remittances without Tax-deduction at source (TDS); and

(b) if so, the steps proposed to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Sir, monitoring and scrutinizing high foreign remittances without tax deduction at source (TDS) is one of the stipulated activities of the Income Tax Department which is reflected in the Central Action Plan of Income Tax Department for Financial Year 2012-13. Appropriate action is taken regularly in accordance with the provisions of the Act, whenever there is a shortfall in deduction of tax at source.

Fluctuation in the value of Rupee

†2038. SHRI RAMCHANDRA PRASAD SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the fluctuation in the value of Rupees in the country has also a bearing on the foreign capital investment in the country;

(b) if so, the reaction of Government thereto; and

(c) the other factors in the country which are believed to play major role in fluctuation of value of Indian currency *i.e.* Rupee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Capital flows into the country depend upon “push” and “pull” factors. The push factors include global liquidity and investors’ perception, while the pull factors include a set of macroeconomic factors such as expected growth, interest rate differential, inflation, expected exchange rate movement and corporate performance. The fluctuations in exchange rate might create uncertainty about the expected returns on capital and hence has a bearing on the capital inflows.

† Original notice of the question was received in Hindi.

The reason for decline in the exchange rate value of the rupee against US dollar is the supply-demand imbalance in the domestic foreign exchange market. This is due to widening of trade and current account deficits and slowdown in portfolio flows on account of escalation in euro zone crisis and strengthening of US dollar in the international market.

Government policy of credit to priority sector

2039. SHRI HUSAIN DALWAI: Will the Minister of FINANCE be pleased to state:

- (a) the policy of Government with regard to credit to priority sector;
- (b) whether any targets have been fixed for public sector banks, private sector banks and foreign banks during 2010-11 and 2011-12;
- (c) how far these targets have been achieved;
- (d) whether there were shortfalls in the case of a few individual banks in the public and private sector and foreign banks; and
- (e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) As per Reserve Bank of India's (RBI) extant guidelines on Priority Sector Lending (PSL) during 2010-11 and 2011-12, all domestic Scheduled Commercial Banks (SCBs) including Public and Private Sector Banks were mandated to earmark 40% of their Adjusted Net Bank Credit (ANBC)/Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, for PSL. Similarly, Foreign Banks had to earmark 32% of their ANBC/CEOBE, whichever is higher, for PSL.

However, as per RBI's revised guidelines on Priority Sector Lending (PSL), Foreign Banks having 20 or more branches in the country will be brought on par with domestic SCBs for PSL in a phased manner over a maximum period of 5 years starting April 1, 2013. The Foreign Banks with less than 20 branches will have no sub targets within the overall PSL target of 32 percent. There is no change in the overall targets for domestic SCBs.

(c) to (e) Statements showing details of the achievements on overall Priority Sector Lending, as on the last reporting Fridays of March 2011 and 2012 (Provisional), by Public and Private Sector Banks is given in Statement I and for