Year	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal Deficit (% of GDP)	5.3	4.8	4.2	3.6	3.0

Restriction of uncontrolled import of gold

3010. DR. BHALCHANDRA MUNGEKAR: Will the Minister of FINANCE be pleased to state:

(a) the steps that the Ministry would like to adopt to restrict the uncontrolled import of gold in the country; and

(b) to what extent such import of gold is responsible, for widening the current account deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Keeping in view the attendant impact of the sharp increase in gold imports on the current account deficit, the Union Government in the Budget for 2012-13 further increased basic customs duty on standard (99.5 purity) gold imports from 2 per cent to 4 per cent and on non-standard gold from 5 per cent to 10 per cent. Non Banking Financial Companies (NBFCs) that are predominantly engaged in lending against collateral of gold jewellery have recorded significant growth in recent years, both in terms of their balance sheet size and physical presence. Certain prudential measures were taken on account of regulatory concerns, given the rapid pace of their business growth and the nature of their business model which has inherent concentration risk. The measures include a loan-to-value (LTV) ratio not exceeding 60 per cent for loans against collateral of gold jewellery and a minimum Tier 1 capital of 12 per cent by April 1, 2014. It has been stipulated that NBFCs should not grant any advance against bullion/primary gold and gold coins. Banks were advised to reduce their regulatory exposure ceiling in a single NBFC, having gold loans to the extent of 50 per cent or more of its total financial assets, from the existing 10 per cent to 7.5 per cent of bank's capital funds. However, exposure ceiling may go up by 5 per cent, i.e., up to 12.5 per cent of bank's capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector; and (ii) banks should have an internal sub-limit on their aggregate exposure to all such NBFCs, having gold loans to the extent of 50 per cent or more of their total financial assets, taken together.

(b) According to DGCI&S data, gold imports in US $ terms grew significantly in the preceding four years (2008-09 to 2011-12). The imports during the first quarter of 2012-13 (given in the following Table) were lower than of the imports recorded in the corresponding period of the preceding year reflecting the impact of recent policy measures.

Table: Gold Imports and Current Account Deficit

(in US $ billion)

Year	Gold Imports	Current Account Deficit	Gold Imports as % of CAD
2008-09	20.7	-27.9	-74.2
2009-10	28.6	-38.4	-74.4
2010-11	40.5	-46.0	-88.1
2011-12	56.2	-78.2	-71.9
2011-12 (April-June)	16.1	-17.4	-92.5
2012-13 (April-June)	9.1	-16.4	-55.5

End use of FDI in different sectors

3011. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Ministry and Reserve Bank of India monitor the end use of Foreign Direct Investment in different sectors;

(b) if so, the details thereof;

(c) whether it is a fact that some complaints bring FDI through automatic route which does not need the approval of Foreign Investment Promotion Board and divert it to other sectors; and

(d) if so, the details and what action has been taken against such companies making illegal investments in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No, Sir.

(b) Although there is no monitoring of the end use of Foreign Direct Investment (FDI), yet the investee companies are required under the Foreign Exchange Management Act (FEMA) regulations to file FC-GPR form to the Reserve Bank of India indicating the issuance of shares/compulsorily convertible debentures/ compulsorily convertible preference shares on receipt of the FDI together with a