(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) In order to bring efficiency in margining of index Exchange Traded Funds (ETFs) and facilitate efficient use of margin capital by market participants, SEBI *vide* its circular CIR/MRD/DP/26/2012 dated September 26, 2012 reviewed the margining framework of Exchange Traded Funds on the following lines:

1. Value at Risk (VaR) margin computation for ETFs that track an index shall be computed as higher of 5% or three times sigma (Standard Deviation) of the ETF. The revised margin framework is applicable to ETFs that track broad based market indices and does not include ETFs which track sectoral indices.

2. The facility of cross margining is extended to ETFs based on equity index and its constituent stocks for following off-setting positions in cash market segment as follows:

    a. ETFs and constituent stocks (in the proportion specified for the ETF) to the extent they offset each other,

    b. ETFs and constituent stocks futures (in the proportion specified for the ETF) to the extent they offset each other, and

    c. ETFs and relevant Index Futures to the extent they offset each other.

3. In the event of a suspension on creation/redemption of the ETF units, the cross-margining benefit shall be withdrawn.

Momentum of headline WPI inflation

679. SHRI N.K SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether there has been a pick-up in the momentum of headline Wholesale Price Index (WPI) inflation;

(b) if so, the reasons therefor;

(c) whether Government has undertaken measures to arrest the momentum of headline WPI; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The headline WPI inflation which averaged 9.56% in 2010-11 moderated to 8.94% in 2011-12 and is placed at 7.63% in first seven months of current financial year.

(b) The factors contributing to the persistence of inflation, however, have been changing over time. Higher international prices of tradeables including crude petroleum, change in dietary patterns leading to structural demand-supply mismatch for protein rich items and increase in prices of cereals and pulses, partly on account of increase in MSP, have contributed to inflation.

(c) and (d) Measures taken by the Government to contain inflation are given in the Statement.

Statement

Measures taken and proposed by the Government to contain price rise

1. Fiscal and Administrative measures

- Reduced import duties to zero – for wheat, onion, pulses, crude palmolein and to 7.5% for refined and hydrogenated oils and vegetable oils.
- Duty-free import of white and raw sugar was extended up to 30.6.2012; presently the import duty has been kept at 10%.
- Banned export of edible oils (except coconut oil and forest based oil) and edible oils in blended consumer packs upto 5 kg with a capacity of 20,000 tons per annum and pulses (except Kabuli chana and organic pulses and lentils up to a maximum of 10000 tonnes per annum).
- Imposed stock limits from time to time in the case of select essential commodities such as pulses, edible oil, and edible oilseeds and in the case of paddy and rice for specific seven States upto 30.11.2012.
- Ban on export of onion was imposed for short period of time whenever required. Exports of onion were calibrated through the mechanism of Minimum Export Prices (MEP).
- Maintained the Central Issue Price (CIP) for rice (at Rs. 5.65 per kg for BPL and Rs. 3 per kg for AAY) and wheat (at Rs. 4.15 per kg. for BPL and Rs. 2 per kg for AAY) since 2002.
- Suspended Futures trading in rice, urad, tur, guar gum and guar seed.
- To ensure adequate availability of sugar for the households covered under TPDS, the levy obligation on sugar factories was restored to 10% for sugar season 2011-12.

- Government allocated rice and wheat under OMSS Scheme.
- Resumed the scheme for subsidized imported pulses through PDS in a varied form with the nomenclature "Scheme for Supply of Imported Pulses at Subsidized rates to States/UTs for distribution under PDS to BPL card holders" with a subsidy element of Rs. 20/- per kg to be paid to the designated importing agencies upto a maximum number of BPL card holders for the residual part of the current year and extended the scheme for subsidized imported edible oils *w.e.f.* 1.10.2012 to 30.9.2013 with subsidy of Rs.15/- per kg for import of upto 10 lakh tonnes of edible oils for this period.

2. Budgetary and other measures

A number of measures have been announced in Union Budget 2012-13 to augment supply and improve storage and warehousing facilities. Government had launched a National Mission for Protein supplements in 2011-12 with allocation of Rs. 300 crore. To broaden the scope of production of fish to coastal aquaculture, apart from fresh water aquaculture, the outlay in 2012-13 is being stepped up to Rs. 500 crore. Recently, Government has permitted Foreign Direct Investment (FDI) in multi-brand retail trading. This will help consumers and farmers as it will improve the selling and purchasing facilities.

3. Monetary measures

The Reserve Bank of India (RBI) had also taken suitable steps to contain inflation with 13 consecutive increases by 375 bps in policy rates from March, 2010 to October, 2011.

Recovery of loans by Regional Rural Banks

680. SHRI SABIR ALI: Will the Minister of FINANCE be pleased to state:

(a) the profitability or otherwise of each Regional Rural Banks;

(b) whether recovery of loans advanced to the loaners is up to the mark; and

(c) if not, the steps that Government proposes to take to ensure effective recovery of loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Regional Rural Bank-wise details of profit earned as on 31st March, 2010, 2011 and 2012 and percentage of recovery to demand as on 30th June, 2009, 2010 and 2011 are given in the Statement *(See* below). Overall recovery position of these banks has been above 80 per cent.