

of the rupee and in May, 2013 has taken slew of initiatives to increase capital flows, to boost exports and to lower imports.

The impact of exchange rate depreciation on different sectors of economy depends on a number of factors like elasticity of exports and imports, relative prices of domestic and global product etc. The impact of rupee depreciation could be in terms of higher prices (in rupee terms) of certain critical import items like petroleum, oil and lubricants (POL). If rising import prices on POL items (especially diesel) which are not fully passed on to domestic retail prices, it may have fiscal implications for the Government in form of higher subsidy burden. If higher import prices are fully passed on domestic prices, it will have implications for inflation. Rupee depreciation also increases the burden of debt in rupee terms where borrowing is in foreign currency.

(b) and (c) Unhedged forex exposure of corporates is a source of risk to the corporates as well as to the financing banks and the financial system, especially in times of currency volatility. Under the guidelines of the Reserve Bank of India, banks should put in place a proper mechanism to rigorously evaluate the risks arising out of unhedged foreign currency exposure of corporates and price them in the credit risk premium, while also considering stipulating a limit on the unhedged positions of corporates on the basis of banks' board-approved policy.

Inquiry in sale of stake by UB's company

825. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that M/s Deepak Fertilizers Ltd. have acquired 24.46 per cent stake in UB's Mangalore Chemicals and Fertilizers (MCF) in a deal worth ₹ 180 crore;

(b) whether the deal has been concluded when UB Group is involved in huge debt of SBI and other banks;

(c) if so, what are the reasons for not enquiring into the deal by Income-tax and Securities and Exchange Board of India (SEBI); and

(d) what are the sources of funding of such a huge deal of buying MCF's shares by Deepak Fertilizers violating SEBI guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir. On July 3, 2013, SCM Soilfert Limited (hereinafter referred as "SCM"), a wholly owned subsidiary of Deepak Fertilizers and Petrochemicals Corporation Limited (hereinafter referred as "Deepak Fertilizers") acquired 2,89,91,150 shares, constituting 24.46% share capital of Mangalore Chemicals and Fertilizers Limited (hereinafter referred as "MCFL").

(b) As per the disclosures made by SCM, the 24.46% share capital of MCFL has been acquired through the stock exchange's trading system. Sale of shares on stock exchange is made through automatic anonymous screen based order matching system. The financial position of the seller or buyer is not a factor that is considered by the trading system of the stock exchange while matching trades.

(c) After examination, SEBI has determined that no SEBI regulations/guidelines have been violated on account of this transaction.

(d) Does not arise in view of reply (b) and (c) above.

High networth individuals in the country

†826. SHRI RAVI SHANKAR PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the number of high networth individuals in India has risen during the year 2012 as per the recent report of the Capgemini and RBC Wealth Management;

(b) if so, the total increase in comparison to the year 2011; and

(c) whether it is also a fact that this number has risen despite global economic recession?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JESUDASU SEELAM): (a) The World Wealth Report 2013 by Capgemini and RBC Wealth Management available on their website "www.worldwealthreport.com". based on their own definitions and assumptions has estimated the growth of HNIs for India at 22%. However, the term 'High Net-worth Individual' (HNI) is not defined in the Income-tax Act, 1961. Therefore, database is neither maintained nor available

†Original notice of the question was received in Hindi.