banks by recapitalisation of the PSBs to improve the liquidity of the banks, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) Government has advised Public Sector Banks (PSBs) to review their investment in different non-core banking activities and take suitable necessary decision with regard to investment/disinvestment in existing as well as proposed non-core banking activities. These decisions should be made by the Boards of the PSBs as per corporate governance guidelines laid out in the Companies Act.

(b) At present Public Sector Banks (PSBs) are adequately capitalized and meeting all the three Basel Norms and RBI Norms. However, to adequately capitalize all the Banks to keep us a buffer over and above the minimum norms of Basel III, Government proposes to allocate ₹ 25000 crore in FY 2015-16. Government of India also proposes to make available ₹ 70000 crore out of budgetary allocation from FY 2016 to FY 2019. As the majority shareholder, Government of India is committed to keep all PSBs adequately capitalized.

The Government proposes to allocate ₹ 25000 crore in 2015-16, out of which 40% of the amount will be given to those banks which require support, and maintain PSBs to remain at the level of at least 7.5% Tier-I capital by Financial Year 2016. 40% capital will be allocated to the top six big banks *viz.* State Bank of India, Bank of Baroda, Bank of India, Punjab National Bank, Canara Bank and IDBI Bank in order to strengthen them to play a vital role in the economy. The remaining portion of 20% will be allocated to the banks based on their performance during the three quarters in the current year judged on the basis of certain parameters. This will incentivize them to improve their performance in the current year.

Fall in value of rupee against dollar

2467. SHRI RAMDAS ATHWALE:
SHRI DEVENDER GOUD T.:

Will the Minister of FINANCE be pleased to state:

(a) the value of rupee against dollar in the last three years and the current year, month-wise;

(b) the reasons for sharp fall in rupee against dollar and the steps taken to arrest the downfall of rupee;

(c) what impact the 'slipped rupee' will have on imports, current account deficit, economy and also on various projects going on in the country; and

(d) the steps taken/proposed to be taken to arrest the free fall of rupee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) The month-wise average exchange rate of the rupee *vis-a-vis* US dollar since 2012-13 is given in the following table:

Exchange Rate of the Rupee against the US dollar

(₹ per US dollar)

Months	2012-13	2013-14	2014-15	2015-16
April	51.81	54.38	60.36	62.75
May	54.47	55.01	59.31	63.80
June	56.03	58.40	59.73	63.86
July	55.49	59.78	60.06	63.63
August	55.56	63.21	60.90	
September	54.61	63.75	60.86	
October	53.02	61.62	61.34	
November	54.78	62.63	61.70	
December	54.65	61.91	62.75	
January	54.32	62.08	62.23	
February	53.77	62.25	62.04	
March	54.40	61.01	62.45	
Average	54.41	60.50	61.14	63.51

Source: Reserve Bank of India

(b) The rupee depreciated in 2012-13 and 2013-14 due to elevated levels of current account deficit (CAD) in India and relatively inadequate capital or financial flows of the stable variety to finance it owing to global uncertainties and associated volatilities. During 2015-16, the exchange rate of the Indian rupee against the US dollar has remained in the range of ₹ 62.7- 63.9 per US dollar. The variation in the value of rupee against the US dollar in the recent months has been due to supply-demand imbalance in the foreign exchange market and the general appreciation of the US dollar globally.

(c) A fall in the value of domestic currency can help correct trade imbalances as exports become cheaper and imports become dearer. The impact of exchange rate depreciation on different sectors of Indian economy depends on a number of factors like elasticity of exports and imports, relative prices of domestic and global products, etc. The softening of international commodity prices, particularly crude oil prices, notwithstanding the modest depreciation, will have favourable impact on the value of imports, trade and current account balances as well as macro-economic stability.

(d) The exchange rate of the rupee is by and large market determined. The Government and the RBI are closely monitoring the emerging external position including exchange rate of the rupee and on an on-going basis calibrating policies or regulations to support robust macro-economic outcome.

Waiver of loans of drought affected people in Maharashtra

2468. SHRIMATI RAJANI PATIL: Will the Minister of FINANCE be pleased to state:

(a) whether any study has been done on borrowers who are unable to repay and those who have defaulted in payments in the wake of successive droughts in different parts of the country, particularly in Maharashtra;

(b) if so, the details thereof including the number of borrowers and total amount of loan in the above category, State-wise, category-wise, as on date; and

(c) whether above loans will be waived as a relief measures to the farmers, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (c) The Reserve Bank of India (RBI) and National Bank for Agriculture & Rural Development (NABARD) have informed that they have not conducted any specific study about the borrowers who are unable to repay and those who have defaulted in payments in the wake of successive droughts in different parts of the country.

RBI has issued standing guidelines for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, *inter alia,* include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms, moratorium, etc. The moment calamity is declared by the concerned District Authorities, these Guidelines have been so designed that they are automatically set in motion without any intervention and this saves precious time.

Further, under the Interest Subvention Scheme of Government of India, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.