

in the foreign exchange market and preventing the emergence of any destabilizing speculative activities.

(c) and (d) India's exchange rate policy focuses on managing volatility with no fixed rate target, allowing the underlying demand and supply conditions to determine the exchange rate movements over time in an orderly way. The RBI continues to monitor closely the developments in the financial markets at home and abroad, and carefully coordinates its market operations with appropriate monetary, administrative and other measures, as considered necessary from time to time.

### **Inter-linking of Rivers**

\*27. SHRI K. RAMA MOHANA RAO:

SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of WATER RESOURCES be pleased to state:

(a) whether it is a fact that the Action Plan-II of the inter-linking of rivers recommended imposition of water charges, levy of cess and duties on some of the goods of mass consumption, raising agricultural mandi tax etc.;

(b) if so, the other important details of Action Plan-II;

(c) whether it is also a fact that according to the preliminary estimates, an investment of Rs. 46,000 crores is needed for inter-linking of 30 rivers and construction of 32 dams in the country; and

(d) if so, in what manner Government are thinking of mobilising resources for this mega project?

THE MINISTER OF WATER RESOURCES (SHRI PRIYA RANJAN DASMUNSI) (a) Yes, Sir.

(b) The other important issues such as appraisal of individual projects in respect of economic viability, socio-economic impacts, environmental impacts and preparation of resettlement plans; suitable mechanism for bringing about speedy consensus amongst the States; prioritization of the different project components for preparation of Detailed Project Reports and implementations; suitable organizational structure for

- implementing the project; various modalities for project funding; international dimensions that may be involved in some project components and cost recovery have also been discussed in Action Plan II.

(c) As per the preliminary estimate, the cost of this programme is about Rs. 5.6 lakh crore which spread over an implementation period of twelve years, works out to Rs. 46,000 crore per annum.

(d) The question of mobilization of resources for this mega project doesn't arise at this stage since Government under its Common Minimum Programme envisages a comprehensive review of the feasibility of linking of the rivers of the country.

### **Taxation on interest on NRI deposits**

**\*29. SHRI RAMAMUNI REDDY SIRIGIREDDY:** Will the Minister of FINANCE be pleased to state:

(a) whether the Internal Group constituted by RBI, recommended that interest income from NRI deposits be taxed like domestic deposits looking at the danger of excessive short-term debt in the fast changing global scenario;

(b) if so, the details of the recommendations of the Group; and

(c) what are the other major recommendations made by the Group?

**THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM):**

(a) Yes, Sir. The Internal Group on External Liabilities of Scheduled Commercial Banks, in its report submitted in April, 2004, has stated that in view of the comfortable forex reserves and improved inflows of NRI deposits, there is no need to give tax benefits for non-resident deposit schemes.

(b) and (c) The Group *inter-alia*, made the following recommendations:

- Reserve and liquidity requirement on NRI deposits may be left unaltered for the present.