

[6 July, 2004]

RAJYA SABHA

**Foreign exchange reserves**

44. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign exchange reserves have swelled to over US\$ 100 billion by the end of year 2003;

(b) if so, how Government propose to utilise this amount at the optimum level;

(c) whether Government would prepay outstanding loans; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) (a) Yes, Sir. India's foreign exchange reserves stood at US\$ 103.1 billion as on December 31, 2003.

(b) The overall approach to management of India's foreign exchange reserves reflects the changing composition of the balance of payments and the 'liquidity risks' associated with different types of flows and other requirements. The policy for reserve management is thus judiciously built upon a host of identifiable factors and other contingencies. Taking these factors into account, India's foreign exchange reserves continue to be comfortable and consistent with the rate of growth, the share of the external sector in the economy and the size of risk-adjusted capital flows.

(c) and (d) The significant increase in forex reserves enabled prepayment of external debt on Government account amounting to US\$2.9 billion in 2002-03 and US\$3.8 billion in 2003-04.

**Merger of DFIs**

45. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a proposal to merge all Development Financial Institutions (DFIs) into one single entity;

(b) if so, the details thereof;

(c) what are the advantages of such a merger;

(d) whether any study has been done on this matter; and