

[5 August, 2003]

RAJYA SABHA

Appreciation in value of rupee

1688. SHRI S. P. M. SYED KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the appreciation in value of rupee against US Dollar is market driven or RBI influenced one;

(b) whether the appreciation in rupee is beneficial to the economy;

(c) what steps are being taken to consolidate the gains made by rupee in the recent past; and

(d) what is its effect on Indian software industry and manufacturing industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The exchange rate of the Rupee is determined by market forces since March 1993. The primary objective of the Reserve Bank of India with regard to the management of the exchange rate is maintenance of orderly conditions in the forex market, and meeting temporary demand supply gaps, which may arise due to uncertainty or other reasons, without focusing on any target rate.

(b) The appreciation/depreciation of the Rupee has its own advantages/disadvantages for different sectors of the economy. The main objective of the Reserve Bank of India in managing the exchange rate is to ensure that the economic fundamentals are reflected in the exchange rate of the Rupee and undue volatility in the forex market is contained in the interest of real-sector stability.

(c) The exchange rate of the Rupee depends on a variety of factors, including demand and supply conditions in the forex market, developments at home and abroad etc. In recent times, Rupee has been appreciating against the US Dollar, which has more to do with the weakness of the US economy. The Reserve Bank of India has been adopting an attitude of watchfulness, caution and flexibility by closely monitoring the developments in the financial markets at home and abroad and co-ordinate its market operations carefully in the area of exchange rate management.

(d) The performance of India's manufacturing and software exports during recent years, both in absolute and percentage terms, is given below:

| Year | Manufacturing Exports | Software Exports (in US\$ billion) |
|---------|-----------------------|---------------------------------------|
| 2001-02 | 33.4 (-2.8) | 7.6 (19.2) |
| 2002-03 | 38.4 (14.9) | 9.6 (27.1) |

(NOTE: Figures in brackets indicate percentage variation over the corresponding period of the previous year.)

Service Tax on Port Service

1689. SHRI BACHANI LEKHRAJ:

PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government have imposed eight per cent service tax on services provided by minor ports;

(b) if so, whether any representation has been received by Government from Maritime Boards including Gujarat; and

(c) whether Government are reconsidering the issue; if so, the status thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) A representation dated 29.3.2003, was received from Chief Minister, Gujarat recommending non-imposition of service tax on services provided by minor ports.

(c) No, Sir.

Information on Tax payers

1690. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Income Tax Department is trying to