ABSTRACT

In a developing economy like India, governments endeavour has been to build adequate stock of foreign exchange reserves to face 'Balance of Payment' eventualities. In case these reserves run short than required, government has to resort to external borrowings. Therefore, government is in constant pursuit of tapping various sources with which scarce foreign exchange could be mobilised to overcome worsening Balance of Payment situation. One of such sources is 'Foreign Currency Non-Resident Deposit Scheme' (FCNR). The sizeable foreign exchange is being mobilised by Government of India with the help of this scheme, since '75, which is the year of inception of the scheme. As indicated in the title the research relates to analytical study of Foreign Currency Non-Resident Scheme with reference to its contribution in Balance of Payment of India from the year 1975 to 1991.

In the research work undertaken an objective of the Researcher has been two fold.

(i) To evaluate critically Foreign Currency Non-Resident scheme with reference to its contribution in correcting disequilibrium in Balance of Payment.

(ii) To suggest suitable modification in the scheme so as to make it more attractive and its impact on Balance of Payment is felt more than present.

With above objectives in the mind the Researcher has framed following Hypothesis.
"AS A MEASURE TO SUPPORT BALANCE OF PAYMENT, FOREIGN CURRENCY NON­RESIDENT DEPOSIT SCHEME HAS MADE SIGNIFICANT PROGRESS TOWARDS CORRECTING DISEQUILIBRIUM IN BALANCE OF PAYMENT. HOWEVER SOME IMPROVEMENTS IN THE SCHEME ARE NECESSARY SO AS TO ENHANCE SMOOTH AND STEADY INFLOW OF FOREIGN EXCHANGE."

The Hypothesis stated above has been presented in an introductory Chapter-1.

Since, research undertaken is about the study of FCNR deposit in relation to Balance of Payment, initially, it has been considered necessary to highlight upon important aspects of Balance of Payment. Hence two chapters i.e. Chapter-2 and 3 have been devoted on Balance of Payment itself. The Chapter-2 is on the conceptual framework of Balance of Payment in general and Chapter-3 is on the structure of India's Balance of Payment in particular.

The Chapter-4 has covered all facets of Foreign Currency Non-Resident Deposit scheme alongwith its critical evaluation. The Chapter-5—'Preliminary to Survey', the researcher discussed about representative sample of 'Non-Resident Indians' and 'Authorised Dealers' and 'methodology' for survey.

The 'Primary Data' has been derived mainly from 'Survey Results'. The 'Secondary Data' has been derived from various statistical tables that have been presented at the beginning of Chapter-6. On the basis of empirical observations drawn from 'Primary' as well as 'Secondary' data, the validity of Hypothesis has been put to test in the same chapter. The chapter has
ended with conclusion of (a) part proving of Hypothesis and (b) that, modifications in the scheme are necessary so as to make it more attractive for Non-Resident Indians to invest therein and ultimately help in correcting disequilibrium in Balance of Payment. In addition to these some more conclusions are also drawn and stated at the end of this chapter.

In accordance to the conclusions drawn, in the last chapter, the Researcher has suggested certain modifications in the scheme. These modifications are with regard to -

a) Structural aspects of FCNR scheme
b) Operational aspects of FCNR scheme
c) Economic implications of FCNR scheme

The whole chapter has been precisely a contribution of the Researcher to the research work undertaken.