

Bailout package of Assam

1398. DR. AKHILESH DAS: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government of Assam has pleaded for sanctioning a bailout package to Assam to enable the State to meet its payment obligations;

(b) if so, whether the rescheduling of Central loan repayment liability and clearance of payment of State Tax on petroleum products, besides other steps have been requested for as a part of the package; and

(c) what is Government's response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Yes, Sir.

(c) In the matter of debt relief the Government of the India is guided by the recommendations of the Eleventh Finance Commission. No selective reopening of the eleventh Finance Commission award is possible or expedient. On the issue of arrears and sales tax on petroleum, Ministry of Petroleum and Natural Gas have indicated that on their directions, the Indian Oil Corporation has released the following amounts, "on account" basis to the Government of Assam.

- (i) Rs. 86.41 crore, being the principle amount collected as sales tax by Indian Oil Corporation during the period July 1993 to September 1998 and deposited with the oil pool account.
- (ii) An interest amount of Rs. 54.77 crore, calculated @ 10.5% simple Interest p.a. on the aforesaid principal amount upto 31st May 2002.

As in the case of all States, Assam has been advised to draw up a Medium Fiscal Reforms Programme to address the problem of fiscal imbalance on a long-term basis.