

directed to adjourn all cases pending in different courts.

During the discussions with P.M., it was stated that the issue of extension of Income Tax Act, 1961 to Sikkim is pending in the Supreme Court. The Central Government will have to await the decision of the Supreme Court before taking any further steps.

#### **DEBT Foreign Exchange Position**

2965. SHRI S.M. KRISHNA: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 631 given in the Rajya Sabha on 2nd June, 1998 and state:

(a) the status of India's debt and to what extent ASSOCHAM's advice has been found positive and worthy of implementing;

(b) the current foreign exchange reserves of the country; and

(c) the measures taken to maintain balance of payment position?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) As per the latest estimates, external debt of the country as on September 30, 1997 was US dollar 92.88 billion. Government is aware of ASSOCHAM's advice on issues relating to external debt. Policies are based on all available information.

(b) India's foreign exchange reserves comprising the foreign currency assets of the Reserve Bank of India (RBI), gold held by RBI, and Special Drawing Rights (SDRs) of the Government of India stood at US dollar 27.28 billion as on June 26, 1988.

(c) The measures to improve balance of payment position include: enhancing export competitiveness by reducing the interest rate spread charged (over LIBOR) on export credit provided by the scheduled commercial banks and also providing concessional credit on incremental exports over their level in 1997-98; encouraging inflows under

foreign direct investment by expanding the list of industries and items eligible for automatic approval by the RBI; facilitating larger inflows under portfolio investment by increasing the aggregate investment ceilings for Non-Resident Indians (NRIs) including Overseas Corporate Bodies; allowing FIs to invest in Treasury Bills within the approved debt ceilings; and tapping NRI funds through proposed "India Millennium Scheme" and "Resurgent India Bonds".

#### **Economic Sanctions Against India following Nuclear Tests**

2966. SHRI N.R. DASARI:  
SHRI GURDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) the countries and institutions which have announced economic sanctions against India as a fallout of the recent nuclear tests conducted by India; and

(b) the details of the sanctions announced by each of these countries and institutions;

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The USA has announced sanctions. Canada, Norway, Sweden, Denmark, Netherlands, Germany and Japan have frozen official assistance at current level/ reduced assistance. Consideration on some loans by the World Bank has been deferred though other loans have been cleared.

The sanctions/suspensions of official loans will mostly apply to new loans. The disbursements of loans already agreed upon are likely to remain unaffected. Humanitarian aid will not be affected. Sanctions by the US also include denial of any credit, credit guarantees or other financial assistance by the US Government entities which includes termination of all new US EXIM Bank credits and credit guarantees for US exports to India as from May 13, 1998 as well as discontinuance of US Overseas

Private Investment Corporation (OPIC) guarantees for US Foreign Direct Investment ventures in India. EXIM Bank loans already approved will not be affected. The precise nature of the sanctions and suspensions is not clear.

### Financial crisis Facing Assam

2967. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the State of Assam is facing a precarious financial condition and even paper and other stationery items are not available in Government offices and the Chief Minister of the state is acknowledging it is public;

(b) if so, the reasons for it; and

(c) whether the Central Government propose to take any measures to bail out the State Government from financial crists?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) No, Sir. The financial management of a particular State is primarily the responsibility of the state Government.

(c) As and when necessary, Central Government have been helping the State of Assam by giving ways and means advances and making advance releases of State's entitlements on account of Central devolution of plan and non-plan funds.

### Excess excise duty collected on Petrol

2968. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) the amount collected by Government as excise duty on Petrol between the midnight of 1st June, 1998 to 3rd June, 1998 because of the communication gap as claimed by the Ministry of Finance;

(b) whether the tax collected is legal as such a tax was not contemplated and the approval of Parliament is not there for such a tax; and

(c) whether the Government will consider to come before the Parliament to seek its approval; if not, under what provision of the Consitution such levy is justified?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARTHANAM): (a) and (b) Basic excise duty was collected at the rate of 35% ad valorem on petrol between the midnight of 1st and 2nd June, 1998 to the midnight of 2nd and 3rd June, 1998 as per the provisions contained in clause 115 read with the Fourth Schedule of the Finance (No. 2) Bill, 1998 presented in the Lok Sabha on 1st June, 1998. Also an additional excise duty of Re. 1.00 per litre was collected on petrol as per the provisions contained in clause 114 read with the Second Schedule of the Finance (No. 2) Bill, 1998. The hike in excise duty became effective from the midnight of 1st, 2nd June, 1998 by virtue of the declaration under the Provisional Collection of Taxes Act, 1931. Therefore, the amount of excise duty was collected as per the law. There was no communication gap so far as levy of duty is concerned.

(c) does not arise, in view of (a) and (b) above.

### Fiscal Crisis in Orissa

2969. SHRI SANATAN BISI: Will the Minister of FINANCE be pleased to state:

(a) whether Government of Orissa is presently heading for a fiscal crisis as reported in "Samaj" dated 10th May, 1998; and

(b) the details of the loans which have been given to the State Government of Orissa for the last three years by the various Ministries/Departments of the central Government?