

to time including in recent talks at the Director General of Revenue Intelligence level held in Delhi. The issue will be further discussed in detail at the time of the renewal of the Treaty of Transit scheduled in the later part of this year.

**Disinvestment in Bongaigaon Refinery and Petrochemicals Ltd.**

4539. SHRI DRUPAD BORGHAIN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have taken the decision to disinvest Bongaigaon Refinery and Petrochemicals Ltd. along with other four Public Sector Undertakings, as reported in the Economic Times, Delhi Edition on 26th June, 1998; and

(b) whether this is due to the general disinvestment policy of Government as regards to the Public Sector Undertakings?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) The Disinvestment Commission has made certain recommendations on disinvestment in Bongaigaon Refinery and Petrochemicals Ltd. The matter is under consideration of Government.

(b) Yes, Sir.

**Economic Sanctions**

4540. SHRI RAM NATH KOVIND: Will the Minister of FINANCE be pleased to state:

(a) what is India's commitment to carry out economic reforms for building its economy to a position of strength in the light of US sanctions;

(b) whether Government feel that the US and other foreign private investors, who are not constrained by US sanctions will continue to enlarge their business through further inflow of capital;

(c) what initiatives Government plans to implement in this regard so that the existing and future foreign investors are assured that the US sanctions will not be counter-productive to their interests and

that the spirit of liberalization shall be sustained?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Economic reform is a continuous process. However, the general approach of the Government in countering the effect of sanctions is to try to get a better understanding of our position on the part of other countries and also to encourage private capital flows to substitute for whatever reduction takes place in the official flows. To this end the Government is pursuing its stated policies of encouraging inflows of foreign direct investment, NRI flows and ensuring that our economic situation is strong and such as to create confidence in financial markets.

(b) and (c) The decision of the foreign investors to invest will depend upon a number of factors which decide the relative attraction of India as a host country in comparison to other competing countries. India's economic reforms play a major role in this regard.

In conformity with the reforms policy of the Government various measures have been initiated to encourage foreign direct investment and investment from NRIs/OCBs and FIIs. The Government has allowed cover for incremental FII equity investment and separated and made independent FII and NRI/OCB limits on portfolio holdings in a company. The NRI/OCB limits have been enhanced.

As per the announcements made in the Union Budget, 1998-99, Unit Trust of India is planning to launch a new India Millennium Scheme to invite subscription in dollars from the NRIs. State Bank of India is planning to launch a new Resurgent India Bond denominated in foreign currencies for subscription by NRIs. Investment by the FII debt funds in unlisted domestic debt securities has been proposed. The budget also proposed measures to accelerate processing and implementation of FDI. In addition, an-