ANNEXURE NO.1

[*Vide* Unstarred question 197 answered on 20th November, 2001]

DETAILS OF THE RECENT WAIVERS OF 1998 SANCTIONS AND PROHIBITIONS AGAINST INDIA BY THE US ADMINISTRATION

1. US Sanctions against India

The United States imposed economic sanctions on India immediately after the nuclear tests in May 1998. In imposing these sanctions, the US Government's stated position was that they sought to send a strong message to would-be nuclear testers; to influence Indian and Pakistani behaviour; to terget the governments, rather than the people; to maximize the impact on India and Pakistan; and to minimize the damage to other U.S. interests.

Under the sanctions, the US took the following steps:

(a) Terminated or suspended foreign assistance under the Foreign Assistance Act, with exceptions provided by law (e.g. humanitarian assistance, food, or other agricultural commodities)

(b) Terminated Foreign Military Sales under the Arms Export Control Act and revoked licenses for commercial sale of any item on the U.S. Munitions List.

(c) Halted any new commitments of US Government credits and credit guarantees by US Government entities (EXIM, OPIC, CCC).

(d) Suspended most military-to-military programmes, including certain on-going educational programmes and official exchange visits.

(e) Denied export of all dual-use items controlled for nuclear or missile reasons, and presumed denial for all other dual- use exports to government entities involved in nuclear or missile programmes.

US Government credits were specifically affected in the following manner:

(i) The US EXIM Bank credits were immediately terminated for approximately US $ 500 million of US exports to India in pending transactions. An additional US $ 3.5 billion of exports, based on indications of interest received by the EXIM Bank, could be affected in the longer term.

(ii) Likewise funding by the US OPIC (Overseas Private Investment Cooperation) was also affected. According to OPIC, existing contracts with India would be continued, but there would be no new transactions. OPIC's total projected investment in India amounted to $10 billion on the basis of the 80 investment projects that were registered with them, and were in sectors such as power telecom, finance, hotels and manufacturing. Till 1997, OPIC was funding roughly $400 million a year of projects, and expected a $ 1 billion portfolio investments in 1998.

After the above sanctions were announced in May 1998, the following steps were taken to relax some of the sanctions:

(i) On 15 July, 1998, the US Department of Agriculture reinstated credit guarantees for export of agricultural commodities to India and Pakistan, after the President signed into law a Bill called the Farmers Export Relief Bill. The decision to exempt agricultural credits extended by the Commodity Credit Corporation from sanctions, was influenced by the US interest in the sale of wheat, under credit, to Pakistan.

(ii) Using the one-year waiver authority given to him by the US Congress under the Brownback Amendment, President Clinton decided to waive some of the sanctions on November 6th 1998. Export-Import Bank (EXIM), OPIC and Trade Development Agency (DTA) programmes in India were restored until October 21, 1999. The other sanctions that were lifted for a year included restoration of the International Military Education and Training (IMET) programme and permission to US banks to extend loans and credits to the Government of India. The rest of the sanctions including ban on military equipment sales, export restrictions on dual use goods and funding for development projects by the World Bank and other international lending agencies remained in place.

While granting similar concessions to India and Pakistan in the above areas, the President made one distinction, i.e. he allowed extension of any loan or financial or technical assistance to Pakistan by any international financial institution in support of the assistance programme that Pakistan is negotiating with the IMF. Explaining the reasons behind this discriminatory move, President Clinton stated that it was mainly due to concern about the precarious situation of Pakistan's economy and what it entails for stability in South Asia. Prime Minister Atal Behari Vajpayee expressed unhappiness at US favoritism towards Pakistan.

In a letter to the Assistant Secretary of State, US industry representatives praised the decision to grant the waiver. The letter dated November 10, 1998 was signed by the Banker's Association for Foreign Trade, the coalition for Employment for Experts, the International Energy Development Council, the National Association of Manufacturers, the National Foreign Trade Council and the US-India Business Council. While praising the decision, they pointed out that limiting the EXIM Bank to a 12 month window for completing action would effectively prevent it from supporting most, if not all, transactions in either country. The industry pointed out that major export transactions in these markets usually require well over a year to arrange, even for straightforward deals; infrastructure project typically take several years.

On September 17, 1999, the US International Trade Commission (US ITC) published its report on the economic impact of US sanctions with respect to India and Pakistan, pursuant to a request from the Committee on Ways and Means of the US House of Representatives. According to the report, the Glenn Amendment sanctions appear to have had relatively minimal overall impact on India's economy, although it is difficult to isolate the effects of the sanctions from the effects of other concurrent economic events. India experienced an initial downturn in its financial sector after the US sanctions were imposed. However, the Indian economy recovered sufficiently from this downturn by late 1998 to post a 5.6 percent economic growth rate for 1998. India does not appear to have been adversely affected by the postponement of several non-humanitarian World Bank loans. In quantitative terms, for India, the sanctions impose an estimated total cost of $ 320 million; for Pakistan, sanctions impose an estimated total cost of $ 57 million; for the United States, this cost is $ 161 million. The Glenn Amendment sanctions had limited affect on US employment, US wages and return to capital. The effects on wages and return to capital in India and Pakistan were also very small. According to several industry statements received by the US ITC, one result of the Glenn Amendment sanctions was the increasing perception of US companies as unreliable suppliers. The major alternative suppliers benefiting from the reduced US exports to India and Pakistan under the Glenn Amendment sanctions were Japan, Europe, rest of Asia, Australia and New Zealand. The Commission found that the US companies most affected by the Glenn Amendment sanctions were those involved in the sale of certain agricultural products, industrial machinery, transportation, construction and mining equipment, electronic products and infrastructure services. Restrictions on company or customer access to project financing or loan guarantees from EXIM bank or OPEC were noted by several US companies as factors hindering their business in India and Pakistan.

On October 7, 1999, an Amendment introduced by Senator Brownback giving waiver authority to the President to suspend certain sanctions against India and Pakistan was passed by the House and Senate Conference. The Amendment, a part of the Defence Appropriations Bill, was signed by President Clinton on October 25, 1999. The main elements of the Amendment were:

- the President may waive, with respect to India and Pakistan, the application of any sanction contained in Section 101 or 102 of the Arms Export Control Act (Glenn Amendment), Section 2 (b) (4) of the EXIM Bank Act of 1945, or Section 620E (c) of the Foreign Assistance Act of 1961, as amended (Pressler Amendment),
- the authority to waive the application of a sanction or prohibition shall not apply with respect to a sanction or prohibition contained in sub-paragraphs(B), (C) or (G) of Section 102 (b) (2) of the Arms Export Control Act, unless the President determines, and certifies to Congress, that the application of the restriction would not be in the national security interest of the US. In other words, the President can permit transfer and sale of military as well as dual-use items [covered by

sub-paragraphs (B), (C) or (G)], if he certifies that it would be in the national security interest to do so.

- a sense of the Congress resolution that application of export controls to nearly 300 Indian and Pakistani entities requires refinement,
- a sense of the Congress resolution that application of export controls should be applied only to entities that make direct and material contribution to weapons of mass destruction and missile programme and only to those items that can contribute to such programmes,
- a reporting requirement that no later than 60 days after the enhancement of this Act, the President shall submit a classified and unclassified report to the Congressional committees listing those Indian and Pakistani entities whose activities contribute to missile programmes or weapons of mass destruction,
- a Congressional review requirement that when a license for export of a defence article, defence service, or technology is issued, the Congress has the right to review the license and may, if both Houses oppose the sale or transfer, cancel the license.
- repeal of the India-Pakistan Relief Act of 1999, effective October 21, 1999, the date on which the waiver authority given in 1998 expired.

Pursuant to the authority vested in him by the above Amendment, President Clinton on October 27, 1999 waived for a indefinite period the following sanctions against India: Activities and programmes of the EXIM Bank; Activities and programmes of the OPIC; Assistance under the International Military Education and Training Programme (IMET); The making of any loan or the providing of any credit to the Government of India by any US bank; Assistance to the Asian Elephant Conservation Fund, the Rhinoceros and Tiger Conservation Fund, and the Indo-American Environmental Leadership programme and; Any credit, credit guarantee, or other financial assistance provided by the Department of Agriculture to support the purchase of food or other agricultural commodity.

On March 16, 2000, President Clinton eased sanctions against the following: Assistance to the South Asia Regional Initiative / Energy; Presidential Initiative on Internet for Economic Development; Financial Institution Reform and Expansion Programme and; US Educational Foundation in India Environmental Exchange.

Developments during 2001

As one of his last trade related actions in Office, President Clinton had issued a Presidential Waiver on January 19, 2001, on Sanctions on the Transfer of Select US Munitions List US-Origin Helicopter Spare Parts from UK to India. The waiver was brought into effect by the Bush Administration on February 1, 2001.

An important development during the early days of the Bush Administration was the announcement by US Secretary of State Colin Powell at the Senate Foreign Relations Committee that he would review all sanctions, especially with respect to India, to see whether it was time to move forward and remove the remaining sanctions that are presently in place. Assistant Secretary for South Asia Affairs at the State Department, Christina Rocca, also told the Senate Foreign Relations Committee, during her confirmation hearings on May 17th 2001 that sanctions had "outlived their usefulness," were becoming "an obstacle to fully engaging with India and Pakistan," and needed to be removed.

On August 24, 2001, Senator Joe Biden, Chairman of the Senate Foreign Relations Committee, conveyed in a letter to President Bush, his assessment that the time had come to lift the economic sanctions imposed on India in May 1998 as these had outlived their usefulness. Senator Biden urged the President to use the waiver authority granted by the Congress and hoped that as bilateral relations continued to improve these sanctions would be entirely repealed. Subsequently, on August 28th 2001, Tom Lantos, the Ranking Democrate member of the House International Relations Committee also addressed a letter to President Bush conveying "strong support" for lifting the sanctions on India. Representative Lantos also said that the sanctions had outlived their usefulness and that these were no longer in the interests of the US.

On September 22, 2001, President Bush waived the Glenn amendment sanctions that apply to dual use items controlled for nuclear and missile reasons (section 102(b)(2)(G) of the Arms Export control Act) that were placed on India and Pakistan after the 1998 nuclear tests. The waiver permits the lifting of the denial policy currently in place in the Export Administration Regulations (EAR) for NP-and MT-controlled items to these countries. A license will continue to be required to India and Pakistan for these items, but the license review policy will revert to a case-by-case review, as set forth in sections 742.3 and 742.5 of the Export Administration Regulations (EAR) for nuclear-and missile-controlled items, respectively. The proclamation issued pursuant to section 9001(b) of the Department of Defense Appropriations act, 2000 (Public Law [106-79), determines and certifies to the US Congress that the application to India and Pakistan of the sanctions and prohibitions contained in subparagraphs (B), (C), and (G) of section 102(b)(2) of the Arms Export Control Act would not be in the national security interests of the United States. In addition, pursuant to section 9001(a) of the Department of Defense Appropriations Act, 2000 (Public Law 106-79), President Bush also waived, with respect to India and Pakistan, to the extent not already waived, the application of any sanction contained in section 101 or 102 of the Arms Export Control Act, section 2(b)(4) of the Export Import Bank Act of 1945, and section 620E(e) of the Foreign Assistance Act of 1961, as amended.

Subsequently, on October 1, 2001, the Bureau of Export Administration published in the Federal Register a rule entitled "India and Pakistan: Lifting of Sanctions, Removal of Indian and Pakistani Entities, and Revision in License Review Policy" (details in section below).

US export restrictions on Indian companies

The Bureau of Export Administration (BXA) in the US Department of Commerce issued two notifications, one on May 12, 1997 and the other on June 27, 1997 imposing restrictions on exports to four Indian organisations/companies, namely, Bharat Electronics Ltd., Bhaba Atomic Research Center (BARC), Indira Gandhi Center for Atomic Reserch, Kalpakkam, and Indian Rare Earths Ltd. In October 1997, these restrictions were removed for seven of BEL's units and retained only for BEL's Bangalore and Hyderabad units. As per these regulations, a license was required for exports or re-exports of all items to these entities, implying that without a license these organizations are ineligible to import anything from USA. This licensing applied to all categories of exports, whether they are for hitech, dual-use technology products or general destination items that are otherwise free from any export licensing.

Export licensing became stricter with the US imposition of sanctions in May 1998, after our nuclear tests. According to a BXA notification issued in June 1998, following will be the impact of US sanctions.

— BXA will deny all export and re-export applications to India for dual-use items controlled for nuclear or missile non-proliferation reasons under the Export Administration Regulations (EAR) to all end users in India.

— BXA will publish a list of Indian Government and Private entities involved in nuclear and missile activities. All exports and re-exports of all items subject to the EAR will be prohibited to these listed entities.

On November 13, 1998 the BXA issued an extended list of Indian government, parastatal and private entities determined to be involved in nuclear or missile activities. As per the BXA notice, Commerce Department licenses would be required for export to these entities, and most licenses would be denied. Applications to export or re-export items controlled for nuclear proliferation or missile technology reasons to listed government entities will be denied, except items intended for preservation of safety of civil aircraft, which will be reviewed on a case by case basis; and computers, which will be reviewed with a presumption of denial. Thus, for these entities there is a general denial of all trade, including items not specifically listed on the Commerce Commodity Control List (CCCL). The restrictions on parastatals and private entities are the same as on government entities, with an additional case by case exception for trade, unrelated to nuclear or missile programmes, which is pursuant to pre-existing business relationships with US firms. For military entities, there will be a denial of trade in items listed on the CCCL.

An interim rule revising the Export Administration Regulations (EAR) to codify sanctions against India and Pakistan by setting forth a licensing policy of denial for exports and re-exports of items controlled for nuclear non-proliferation and missile technology reasons to India and Pakistan, was published in the Federal Register on December 19, 1998. The rule also added several government, parastatal and private entities to the entities list and requested written comments on the list by January 19, 1999. The Government of India submitted its comments to the US Department of State on January 11 and to BXA on January 13, 1999.

On 21 April 1999, the BXA clarified the restrictions on exports and re-exports to Bharat Electronics Limited (BEL) in India, which appeared on the "Entity List" BXA determined that all operations and units of BEL located in Bangalore, Ghaziabad and Hyderabad are considered to be part of BEL and, as such licenses are required for the export and re-export of U.S. items to all such BEL operations and units in those locations.

The FY-2000 Defence Appropriations Act included a sense of the Congress resolution that the list of nearly 300 Indian and Pakistani entities was too large and required refinement. The Act also contained a sense of the Congress resolution that exports only of items that make material contribution to weapons of mass destruction and missile programme should be restricted.

On December 16, 1999, the BXA announced its decision to removes 51 Indian entities from the Entity List. While announcing this removal, BXA stated that the Administration would continue to review both the list of sanctioned entities and products and may make additional changes. The Federal Register notice to implement the decision removing the 51 entities was, however, issued only on March 17, 2000.

On July 26, 2000, the Bureau of Export Administration removed two Indian entities from the Entity List: The Nuclear Science Centre located in New Delhi and the Uranium Recovery Plant located in Cochin; and added one Indian entity: Indian Space Research Organisation (ISRO), Telemetry, Tracking and Command Network (ISTRAC). It was announced that the license review policy for ISTRAC would be one of denial for items controlled for non-proliferation or missile technology reasons, except items intended for the preservation of safety of civil aircraft, which would be reviewed on a case-by-case basis; and computers which would be reviewed with a presumption of denial. All other items subject to the Export Administration Regulations (EAR) would be reviewed with a presumption of denial, with the exception of items classified as EAR 99, which would be reviewed with a presumption of approval.

Recent developments

Pursuant to President Bush's proclamation of September 22nd, 2001 lifting sanctions on India, the Bureau of Export Administration on October 1, 2001 published in the Federal Register a rule entitled "India and Pakistan: Lifting of Sanctions, Removal of Indian and Pakistani Entities, and Revision in License Review Policy". This rule amends the Export Administration Regulations (EAR) by implementing President Bush's September 22, 2001 waiver of sanctions on India and Pakistan. The BXA rule lifts the sanctions by removing the license review policy of denial of exports and re-exports of Nuclear Proliferation (NP) and Missile Technology (MT) items to India and Pakistan and restoring the use of License Exceptions for these items for entities not listed on the Entity List. In addition, the rule removes many Indian and Pakistani entities from the Entity List. The license review policy for items classified as EAR 99 (items that are subject to the EAR, but are not listed on the Commerce Control List) has also been revised and the policy now presumes approval for all Indian and Pakistani-listed entities. Items on the Commerce Control List (CCL) will be considered on a case-by-case basis. The entities which remain on the Entity List are as follows: Bharat Dynamics Limited (1 entity), DRDO (4 entities), DAE (3-entities and all nuclear reactor activity related entities, including power plants) and ISRO (8 entities).

2.1 *Impact of sanctions on World Bank Projects:*

Immediately after the US sanctions notification, G-7 passed a resolution in May 1998 itself that they would support new projects from India in the World Bank Board only if they fall under the 'basic human needs' category. Expecting opposition from the G-7 countries, the World Bank decided not to take any project which did not fall under this category to the Board. However, the preparations under all other projects continued. Four projects which were negotiated in the financial year 1997-98 were the immediate casualty of this decision. These were, Power System Development Project II, Haryana

State Highway, Gujarat State Highway and India Renewable Energy Development Programm.

The Andhra Pradesh Economic Restructuring Programm and the Andhra Pradesh Power Sector Reform Project were the first projects negotiated in 1998-99 after imposition of sanctions which did not fall under the Humanitarian Assistance category as the US Congress had passed the Relief Act 1998 and the EXIM Bank also resumed assisting export financing project for India in Dec 1998, the US and the other G-7 countries were also persuaded not to oppose these two projects. Accordingly, the World Bank Board approved these projects in March 1999 though these were argued and presented as 'human needs' programmes.

After the US Government further waived some more sanctions in October 1999, thereby making all loans or providing credits to Government of India by US banks and assistance to certain environmental funds and programs were also permitted, the World Bank took some more projects, which did not fall under the category of "human needs", to their Board for approval. In the last quarter of the Bank i.e. Apr—Jun 2000, four new projects-UP Fiscal Reforms Project, Power Sector Reforms Loan, Technical Assistance for Telecom and National Highway Project-were approved. The Indian Renewable Energy Development Project II, which was negotiated prior to imposition of sanctions, was also approved during this time. During these Board meetings, USA, Japan and Germany abstained from voting, whereas France supported the loans. During the past financial year of the Bank-2000-01-Gujarat at State Highway and Power System Development Project II were also approved.

Thus, as far as the World Bank is concerned, the sanctions where practically over by the beginning of April 2000.

2.2 *Asian Development Bank*

The sanctions imposed by some of the G-7 countries on new commitments for India, except for Basic Human Needs (BHN) projects resulted in the approval of only one project *viz* Rajasthan Urban Development Project during CY 1998 out of the following projects in the pipeline for CY 1998:—

	Project	US$ million
(i)	Gujarat Power Sector Development Programme	300
(ii)	Power Transmission Improvement	250
(iii)	Surat-Manor Tollways	180
(iv)	Railway Sector Improvement	250
(v)	MP Public Resource Management	250
(vi)	Rajasthan Infrastructure Development	250

During CY 1999, the Bank approved the following three projects of a total loan of US $ 625 million for BHN projects in which US abstained;

	Project	US $ million
(i)	Karnataka Urban Development & Coastal Improvement	175
(ii)	Urban and Environmental Infrastructure Facility	200
(iii)	MP Public Resource Management	250

During CY 2000, some Members of G-7 countries softened their stand on sanctions. ADB approved a loan assistance of US$ 1330 million for the following projects. US abstained from voting for projects at SL No. (i) to (iii) (non-BHN) and supported projects at S.No (iv) and (v) (BHN):—

	Project	US $ million
(i)	Power Transmission Sector Project and Programme Loan	350
(ii)	Surat-Manor Tollways	180
(iii)	Power Transmission Improvement	250
(iv)	Calcutta Environmental Improvement	250
(v)	Housing Finance II	300

During CY 2001, ADB has approved the following two loans. US abstained for projects at S.No. (ii)(non-BHN) and supported project at S.No.(i) (BHN):—

	Project	US $ million
(i)	Gujarat Earthquake Rehabilitation & Reconstruction	500
(ii)	Western Transport Corridor Project	240

To sum up, sanctions added uncertainties, but their effect has been marginal as Indian proposals that came up for Board consideration so far have been approved by the Board, although some of the G-7 countries have not been supporting Indian proposals in the Board seen as non-BHN due to the G-7 policy on sanction.

3. Under the sanctions, there has been denial of all exports of specified products from USA to specific Indian entities on the entity list. Indian entities affected by the export restrictions imposed by USA as a part of its restrictive economic measures have hardly any export to the USA, and therefore, there is no noticeable adverse impact on Indian trade and commerce.

On 22nd September 2001, the United States Government lifted sanctions imposed on India under its domestic law following India's unclear tests in May, 1998. Lifting of sanctions will enhance economic cooperation between India and the United States, formally end US opposition to extension of loans to India by international financial institutions and stimulate trade and technological cooperation between the two countries on a wide range of sensitive and 'dual use' goods and technologies.

Government has used every opportunity to convey to the US authorities that all unilateral restrictions against India are unjustified and counter-productive

ANNEXURE NO. 2

DETAILS OF MEMBERS OF MOHAN NAGAR KARAMCHARI SAHAKARI AWAS SAMITI

[*Vide* Unstarred Question 244 (C) answered on 20th November, 2001]

Sl. No.	Name	Plot No.	Area in Meters	Entry fees	Share money	Cost of plot
1	2	3	4	5	6	7
1.	Madhulika Seth, New Delhi	1101	133	11.00	100	156618
2.	Girish Dogra, Mumbai	869	78	11.00	100	70800
3.	Brajmohan, Ghaziabad	1445	290	11.00	100	361000
4.	Jayaprakash, New Delhi	1130	138	11.00	100	130200
5.	Gopalji, New Delhi	1028	128	11.00	100	115200
6.	Dr. Balvinder Kumar, Delhi	906	128	11.00	100	138450
7.	Manoj Kumar Jain, Delhi	1418	200	11.00	100	180000
8.	Kishan Kishore, Chandigarh	1306	200	11.00	100	180000
9.	N.P. Nayar, New Delhi	902	128	11.00	100	146700
10.	Subhash Chandra Kapoor, New Delhi	1339	290	11.00	100	260100
11.	Om Prakash Behl, Ghaziabad	1420	200	11.00	100	180000
12.	S.K. Jain, Ghaziabad	1425	200	11.00	100	180000
13.	Ranjana Datta, Ghaziabad	1404	200	11.00	100	180000
14.	Anita Sarma, Delhi	1102	138	11.00	100	124200
15.	Chandanlal Sharma, Ghaziabad	1103	138	11.00	100	124200
16.	Sanjay Kaushik, Ghaziabad	1104	138	11.00	100	124200
17.	Rajiv Arya, New Delhi	1105	138	11.00	100	124200
18.	Satyanarayana Sarma, Rajasthan	1106	138	11.00	100	124200
19.	Vinay Bhardwaj, New Delhi	907	128	11.00	100	115200
20.	Sunita Gautam, Delhi	908	128	11.00	100	115200
21.	Shiv Sarma, New Delhi	1421	200	11.00	100	180000
22.	Devinder Kumar, Delhi	1422	200	11.00	100	180000
23.	Vijay Kanotra, Delhi	1024	128	11.00	100	115200
24.	Kusum Bhardwaj, Delhi	1359	290	11.00	100	261000
25.	Trilochan Dutt Sarma, Ghaziabad	1301	200	11.00	100	207300
26.	Manishwarpuri, Chandigarh	1424	200	11.00	100	130000