

rity norms, rate of interest applicable etc, are as under:

I. MARGIN MONEY

Credit limit	Margin
(i) Credit limit upto and inclusive of Rs. 25,000/-	No Margin
(ii) Credit limit exceeding Rs. 25,000/-	15 to 25% depending upon the purpose and amount of loan.

Where subsidy/margin money is available and is not less than 15 per cent of the loan amount, no further margin is required.

II. SECURITY NORMS

Credit limit	Security required
(i) Credit limit upto and inclusive of Rs. 25,000/-	Pledge/Hypothecation/Mortgage of asset created out of loan.
(ii) Credit limit in excess of Rs. 25,000/-	As determined by the banks on merits of each case.

In case of loans upto and inclusive of Rs. 25,000/- banks have been advised not to ask collateral security/third party guarantee. For loans in excess of Rs. 25,000/-, collateral security by way of immovable properties or third party guarantee may be asked for only in cases where the primary security is inadequate or for other valid reasons and not as a matter of routine.

III. RATE OF INTEREST APPLICABLE

- (i) Short term loans 14.00—15.50% p.a.
- (ii) Term loans 15.00% (Minimum) p.a.

In respect of professionals and self employed persons belonging to Scheduled Castes/Scheduled Tribes and women entrepreneurs, the rates of interest are as follows:

- (a) Advances by way of loans 14.0% p.a.
- (ii) Term loans 13.5% p.a.

Reserve Bank of India has reported that as per the latest available data, the outstanding priority sector advances by all scheduled commercial banks as at the end of December, 1987 in respect of

professionals and self employed persons work out to 3.66 per cent of total priority sector advances.

Debt burden on Jammu and Kashmir State

400. SHRI SHABBAR AHMAD SALARIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that ending March, 1988 there is a debt burden of rupees two thousand crores on the State of J & K and that the State has to pay interest of rupees two hundred crores per annum on that amount; and

(b) if so, what steps are being taken by the Central Government to lessen this burden so as to enable the State to progress economically?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) According to Reserve Bank of India's Report on Currency and Finance, 1987-88, the debt outstanding against J & K State as at the end of March, 1988 was estimated at Rs. 3143 crores comprising internal debt, loans and advances from the Central Government and Provident Funds

etc. and according to State Government's budget for 1989-90, interest to be paid by the State Government on these debts during 1988-89 was estimated at Rs. 198.33 crores.

(b) Debt servicing requirements are taken into consideration while funding the State's Plan. Earlier, in addition to fully funding the annual Plan, Central assistance was also given to the State Government for meeting the gap in non-plan expenditure including repayment of principal and payment of interest on loans due. For instance, in 1988-89, in addition to fully funding the annual plan ~~and~~ a Central assistance of Rs. 81.81 crores was also provided to bear the gap in non-plan expenditure. This practice has been discontinued from the current year as the recommendations of the Ninth Finance Commission regarding devolution on the revenue account and debt relief take care of the non-plan gap in the resources.

Vacation of Stay Order Passed by Madras High Court for recovery against M/s. I.T.C. Limited Bangalore

401. SHRI ISH DUTT YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Madras High Court has stayed the recovery proceedings against confirmed demand of Rs. 27.58 crores from M/s. I.T.C. Limited, Bangalore; and

(b) if so, what steps have been taken by the Central Government to get the stay order vacated when the Attorney General of India has given his opinion and upheld the judgment of Director General of Inspection, New Delhi?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) Yes, Sir.

(b) A counter affidavit has been filed in the High Court of Madras for vacating the stay and the Senior Standing Counsel at Madras has been requested to move the Court for early vacation of the stay.

Government Policy to prosecute tax evaders after completion of adjudication proceedings

402. SHRI ISH DUTT YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether it is the policy of Government to launch prosecution against tax evaders after the adjudication is completed; and

(b) if so, what steps have been taken by Government in the case M/s. I.T.C. Ltd., and their Directors where the adjudication has already been completed by Director General of Inspection, New Delhi as far back as 10th April, 1986?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) As per guidelines laid down by Central Board of Excise & Customs, prosecution in Central Excise cases is normally launched immediately after adjudication proceedings are completed. However, if the assessee deliberately delays completion of adjudication proceedings, prosecution can be launched even during the pendency of the adjudication proceedings. It has further been decided that in cigarettes evasion cases prosecution should be launched only after completion of adjudication proceedings.

(b) Director General of Inspection, Customs and Central Excise, New Delhi in his adjudication order dated 10.4.1986 had not quantified the amount of duty evasion against the company. Only the Principles for quantifying the amount of duty evasion were laid down by him in his order. The question of quantification of amount of duty evasion became the subject matter of dispute and was finally referred to Attorney General of India whose opinion has been received only in the month of May, 1989.

The amount has since been quantified. As per directions of the Ministry through letter dated 24th October, 1989 Collector of Central Excise, Calcutta-I in consultation with Ministry of Law is examining the question of prosecution in this case.