

India (SIDBI) is seeking a credit of Euro 43 million as part of its plan to increase credit flow to Small Scale industries;

(b) if so, the details thereof; and

(c) how much credit is proposed to be given to North-Eastern Region as part of SIDBI's credit flow to Small Scale industries, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) and (b) Yes, Sir. As a part of the Project on Financing & Development of SMEs, SIDBI is in dialogue with KfW, Germany for a line of credit of Euro 43.5 million.

(c) The line of credit has so far not been broken up into state-wise components.

Release of grants under Eleventh Finance Commission

2929. **DR. VIJAY MALLYA:** Will the Minister of FINANCE be pleased to state:

(a) whether a request for release of final installment of Rs. 78.82 crores under the Eleventh Finance Commission grants for the period 2004-05 was submitted by the State Government of Karnataka;

(b) what is the present status of consideration of the request; and

(c) by when the funds are expected to be released?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Yes, Sir.

(b) and (c) Eleventh Finance Commission Award period was over on 31.3.2005 and no further grants can be released for the purpose to Government of Karnataka. In this regard, the State Government has already been informed by Ministry of Finance.

Low spending on National Highways

2930. **SHRI DEVDASAPTE:** Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that spending on National Highways is less than 1 per cent of the country's GDP; and

(b) whether it is also a fact that because of low spending, which has resulted in scanty arterial network of highways, the inflow of Foreign Direct Investment in the country is getting affected?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The expenditure incurred on National Highways during 2004-05 was Rs. 8746.4 crore amounting to 0.3 per cent of the Gross Domestic Product. Inflow of Foreign Direct Investment depends *inter alia* on a variety of factors including overall investment climate, macro-economic fundamentals and availability of infrastructure.

Performance of VAT in States

2931. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether VAT regime has been introduced since 1st April, 2005 in several States;

(b) if so, the details of these States;

(c) the findings of review carried out, if any, of performance of VAT, particularly relating to levy of tax rates imposed on various commodities and variations in gross earnings of these States compared to erstwhile sales tax, over the last six months;

(d) whether retail prices of various commodities witnessed substantial increase following the introduction of VAT or decreased; and

(e) the aggregate retail prices of selected commodities during the quarter preceding VAT and during the quarter following it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) State VAT has been implemented by 25 States/Union Territories so far. These are Andhra Pradesh, Assam, Arunachal Pradesh, Bihar, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, NCT of Delhi, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttaranchal and West Bengal.

(c) The structure of tax rates under State VAT is fairly simple and relatively moderate compared to earlier Sales Tax systems in most States.