

the assessing officers have been deleted by Appellate Authorities. In order to ensure that undue demands are not raised, Commissioners of Income Tax are supervising and monitoring the assessment proceedings.

Clean Note Policy

1717. SHRI R. S. GAVAI: Will the Minister of FINANCE be pleased to state:

- (a) the clean note policy of Government;
- (b) whether surprise checks by Reserve Bank of India have revealed that certain banks are not adhering to its 'clean note policy;' and
- (c) if so, the action taken against these banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The "Clean Note Policy" announced in January, 1999 by Reserve Bank of India (RBI) envisaged making available fresh and clean notes to the people. The banks have been given directive by RBI to do away with stapling of all kinds of notes, stop writing on notes and issue only clean notes to the public. Inspections are being conducted by RBI to ensure the compliance and action like, debiting the amount of stapled notes to the bank, is taken.

Appreciation of Rupee

1718. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Rupee has significantly appreciated against American dollar during the last one year;
- (b) if so, whether it has affected India's exports; and
- (c) what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) In terms of monthly average exchange rates, the Rupee appreciated by 2.3% against the US Dollar during 2002-03, and by 2% during 2003-04, (April—June).

(b) and (c) Despite the appreciation of the Rupee against the US Dollar, the value of merchandise exports (in Dollar terms) during April-May, 2003-04 increased by 11.12% over April-May, 2002-03. During

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RAJYA SABHA

2002-03, Indian exports reached a record level of US\$52 billion, registering a robust growth of 19.2%.

Enactment of Service Tax Act

1719. SHRI P. PRABHAKHAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering a proposal for the enactment of Service Tax Act to allow States to levy service tax on specific items;

(b) if so, the details thereof;

(c) whether the viewpoints of various State Governments have been elicited thereon and if so, what is their reaction; and

(d) by when the proposed law is likely to be put in place?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir.

(b) Does not arise.

(c) and (d) The Constitution (95th Amendment) Bill has already been passed by both the Houses of Parliament during the Budget Session 2003. This amendment provides for a specific entry 92C which provides for tax on services in the Union List. A new Article 268A as well as consequential amendment to Article 270 has been made to enable Parliament to formulate by law, the principles for determining the modalities for levy of tax on services by the Central Government and collection and appropriation of the proceeds thereof by the Central and State Governments. As per Article 368, clause (2) (c) of the Constitution, the Bill as passed by the Parliament has to be ratified by the legislatures of not less than one half of the States by Resolution to that effect passed by those legislatures before the Bill making provision for such amendment is presented to the President for assent. Thereafter, the Constitution amendment Bill will be notified as an Act. Only when this enabling clause is notified, necessary legislation determining the principles and modalities of collection and appropriation of service tax can be finalized in consultation with the State Governments.