

(a) whether Government's attention has been drawn to the news-item appearing in Rashtriya Sahara dated 30th July, 2002 captioned "Aam Janata ki kamai videshon mai chali jayegi kya tab chetegi sarkar";

(b) if so, what is Government's reaction thereto;

(c) what action has been taken by Government in order to put a check on the money being siphoned-off to foreign countries by American companies illegally, keeping in view the comment of the Delhi High Court; and

(d) what has been the outcome of the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes, Sir. The Enforcement Directorate had already initiated action against the associated companies of M/s. Skybiz.com in India for unauthorised transfer of funds abroad even prior to the publication of the said news-item. Central Bureau of Investigation, Maharashtra Police, Reserve Bank of India and Income Tax Department have also been requested by the Enforcement Directorate to take appropriate action in the matter.

(c) and (d) In the light of the Delhi High Court's observation, the Enforcement Directorate have requested the Reserve Bank of India to give publicity and to make the general public and authorised dealers aware in this regard.

Reserve Bank of India have advised Banks as well as authorised dealers not to accept/or to entertain any request for remitting money out of India by M/s Skybiz and any of the company who are engaged in such unauthorised activities.

### **Fiscal deficit of States**

†1433. SHRI MOTILAL VORA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether solution of the financial crisis of the States has been found;

(b) whether it is a fact that Government had expressed hope of finding a solution to the financial crisis of the States by the end of September, 2002; and

(c) if so, by when the solution of the financial crisis of the States would be found?

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†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The Central Government in the spirit of cooperative federalism has sought to address the issue of financial problems being faced by States. Accordingly, Government of India constituted a High Powered Committee under the chairmanship of Union Minister of Finance and Company Affairs to assess the impact of pay revision on the finances of State Governments and *inter-alia*, make recommendations for reducing debt burden of the States to sustainable levels, feasible debt swap mechanism and for widening tax base of the States.

To enable wider consultations and arrive at a consensual approach on the fiscal consolidation process a meeting of all State Finance Ministers and subsequently of all Chief Ministers on fiscal situation of States, were held at New Delhi. The solution to the financial crisis in States would depend on the efforts of the States towards the fiscal consolidation process and the consensual approach arrived at among States.

### **Sickness in co-operative sector**

1434. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the co-operative sector banks in Gujarat are becoming sick because of embezzlement;

(b) if so, the details thereof;

(c) the reasons for sickness; and

(d) the efforts made by Government to make these banks economically viable and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) It is not correct to say that the co-operative sector banks in Gujarat are becoming sick because of embezzlement. However, some of the Urban Co-operative Banks (UCBs) are facing liquidity crunch consequent to the crisis of Madhavpura Mercantile Co-operative Bank Ltd. and certain irregularities in transactions in Government securities in violation of RBI's guidelines. RBI has taken several steps to strengthen the system of regulation and supervision on UCBs. These include, putting ceiling on operations in call money market and bank finance against shares and