

Apart from the above, the GSI carried out investigation by regional geo-chemical inventory in Karnataka for gold in collaboration with BRGM, France, a State-owned organisation. The expenditure incurred was Rs. 44,32,666 in 1995-96, Rs. 13,60,453 in 1996-97 and Rs. 14,38,069 in 1997-98, making a total of Rs. 72,31,188.

Under Section 5(1) of the Mines and Minerals (Regulation and Development) Act, 1957 only an Indian national or a company as defined in Sub-section (1) of Section 3 of the Companies Act, 1956 can be granted a prospecting license for exploration of minerals including gold and silver. As such, under the existing scheme of mining legislation a foreign company is not allowed to undertake prospecting operations.

[Translation]

#### **Award to Informers**

\*74. SHRI RAM TAHAL CHOUDHARY: Will the Minister of FINANCE be pleased to state:

(a) whether several cases are lying pending with the Income-Tax Department for the last many years for finally awarding the informers, on the basis of whose information raids were conducted and additional taxes were recovered;

(b) the number of those pending group cases in which the award amount has not been paid finally to the informers even after five years of conducting raids;

(c) the rules in regard to the time limit pertaining to the payment of the said award amount to the informers; and

(d) the action proposed to be taken by the Government for the speedy payment of award money to the informers?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) Yes, Sir.

(b) The number of such pending group cases in which the award amount has not been paid finally to the informers even after five years of conducting raids, is 988.

(c) No time limit has been prescribed in the guidelines for grant of reward to informants. The existing guidelines

for grant of reward to informants provide for payment of final reward only after all the assessments have become final and no appeal is pending or filed and the time for filing of appeal has expired. Moreover, the final reward can only be granted after the extra taxes levied are actually realised.

(d) Speedier payment of reward to informants is ensured by regularly reviewing such cases and facilitating prompt payment after the conditions prescribed by the existing guidelines are satisfied.

[English]

#### **Euro Currency**

\*75. DR. SUGUNA KUMARI CHELLAMELA:  
SHRI PRASAD BABURAO TANPURE:

Will the Minister of FINANCE be pleased to state:

(a) whether eleven European countries have adopted a common currency named "Euro" recently;

(b) if so, the details thereof and the countries which have adopted this currency;

(c) the impact of introduction of new European Currency on Indian companies;

(d) whether India has taken all steps to deal in Euros;

(e) if so, the details of the steps taken in this regard;

(f) the benefit this currency is likely to give as compared to trading in dollar;

(g) whether any difficulty has been experienced by India in trading with these eleven countries;

(h) if so, the details thereof; and

(i) the present stage of agreements already signed with these countries in earlier currencies?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) Eleven European countries, namely, Germany, France, Italy, Spain, The Netherlands, Belgium, Portugal, Ireland, Finland, Luxembourg and Austria, have adopted a common currency 'Euro' with effect from January 1, 1999. Euro is for use by Central Banks, Commercial Banks and some large market players to begin with. It is too early to assess its full impact. However, some of the likely implications of the introduction

of single currency are: reduction in transaction cost, elimination of exchange rate risks and wider market. At the same time, companies are likely to face more competition.

(d) to (h) RBI has permitted banks to extend FCNR deposit facilities in Euro and/or DM till 31 December 2001. Thereafter banks can offer only deposits denominated in Euro. RBI has advised banks to adopt EURIBOR and EURO LIBOR bench marks for pricing their foreign exchange transactions. Banks have been asked to set up Core Groups within each one of them to deal with issues relating to Euro.

(i) Agreements already signed with the eleven countries in earlier currencies would not face any problems with the introduction of euro if these expire before December 31, 2001, as the settlements can be made either in earlier currencies or euro during this period. On continuity of contracts beyond January 1, 2002 specific legislation has been established in the European Union (EU) and there would be no difficulty in Indian law regarding continuity of contracts *per se*.

#### **Financial Crisis Faced by South-Eastern Countries**

\*76. SHRI BHAGWAN SHANKAR RAWAT:  
SHRI RAMKRISHNA BABA PATIL:

Will the Minister of FINANCE be pleased to state:

(a) whether any study has been conducted by the Government to ascertain the impact on the economy of the country of the financial crisis faced by South-Eastern countries;

(b) if so, the results thereof;

(c) if not, the reasons therefor;

(d) whether the Government have taken any steps to save the country from the repercussion of the financial crisis of the South Eastern countries; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (e) The repercussions of the financial crisis in the Southeast Asian countries are being assessed continuously and suitable measures are taken, as and when necessary, to minimise its impact on the Indian economy. The steps taken, from time to time, *inter alia* include: (i) monetary measures aimed at countering speculative pressures on the exchange rate of the rupee and maintaining orderly foreign exchange market conditions; (ii) financial sector reforms aimed at

strengthening prudential norms and supervision and enhancing transparency and competition; (iii) pragmatism in managing capital account to impart reasonable stability; (iv) cautious approach to capital account convertibility; and (v) a policy for management of external sector, which is consciously directed to keep the external debt and debt service burden within prudent levels.

#### **Loan/Assistance through NABARD to States**

\*77. SHRI CHAMAN LAL GUPTA:  
SHRI A.C. JOS:

Will the Minister of FINANCE be pleased to state:

(a) the details of loan/assistance provided by NABARD to various States during each of the last three years, State-wise, particularly to Jammu and Kashmir, Orissa, Bihar and Uttar Pradesh;

(b) the State-wise details of the projects/works undertaken through this loan during the above period; and

(c) the policies being formulated by NABARD to boost their investment in the coming financial year?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) provides loans to State Governments under Rural Infrastructure Development Fund (RIDF) to complete on-going projects or for taking up new projects under rural infrastructure including major, medium, minor irrigation, soil conservation and watershed management, etc. Details of the loans provided to States, including projects undertaken and financial progress made under RIDF I, II and III during 1995-96, 1996-97 and 1997-98 respectively are given in Statement-I, II and III.

NABARD also provides loans to State Governments for share capital contribution to cooperative credit institutions. Details of the loans provided by NABARD during the preceding three years are given in Statement IV.

(c) Measures taken by NABARD to improve flow of funds to State Governments include-

- (i) Reduction in interest rate on RIDF loans to the State Governments from 13% per annum in RIDF-I to 12% per annum for RIDF-II & III;
- (ii) Loans with an initial grace period of two years;