

(b) if so, the details of achievements thereof;

(c) if not, the reasons therefor; and

(d) the steps proposed to be taken by the Government to increase capital formation in future?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (d). The various economic reforms measures such as trade liberalisation, deregulation of industry, fiscal and financial sector reforms over the last few years has led to significant improvement in the domestic capital formation. As per the latest information available with the Central Statistical Organisation the aggregate gross domestic capital formation at 1980-81 prices increased by 28.5 per cent from Rs. 54361 crore in 1993-94 (quick estimate) to Rs. 69848 crore in 1994-95 (provisional estimate). Besides, the Central Government Budget presented to the Parliament few months ago contains various measures/policy changes which are likely to have a positive impact on capital formation.

[English]

#### Smuggling at Gujarat Border

4294. SHRI MADHAVRAO SCINDIA :  
DR. M. JAGANNATH :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government are aware of the large-scale smuggling across Gujarat border;

(b) If so, the details thereof during each of the last three years; and

(c) the steps taken or being taken to effectively prevent smuggling across Gujarat border?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). Value of contraband goods seized during last three years in the state of Gujarat are as follows :

Year	Value (Rs. in Crores)
1994-95	19.45
1995-96	5.27
1996-97 (upto 30.11.96)	11.38

Seizure statistics and intelligence reports do not indicate large scale smuggling on the international border in the State. Field formations are alert to detect and prevent smuggling in the State of Gujarat.

#### Overdraft by Government of Kerala

4295. SHRI KODIKUNNIL SURESH : Will the Minister of FINANCE be pleased to state :

(a) whether the State Government of Kerala has taken any over draft from Central Government; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) No, Sir. There is no system of overdraft for States from Government of India. The States excepting those of Jammu and Kashmir and Sikkim have an agreement with Reserve Bank of India which allows them to draw Ways and Means Advances from their accounts with the Central Bank upto the limit prescribed for each. The States also enjoy the facility of overdraft beyond the prescribed Ways and Means limit upto the maximum of 10 consecutive working days on exceeding which payment of State Government cheques are suspended until balance in the State's accounts is restored.

(b) Does not arise.

#### Permission for Loan from Foreign Agencies

4296. DR. LAXMINARAYAN PANDEY : Will the Minister of FINANCE be pleased to state :

(a) whether some State Governments have requested the Union Government to allow the States to procure loans from foreign agencies directly;

(b) if so, the details thereof;

(c) whether the Union Government are aware of its likely adverse effects on external debt, fiscal deficit and budgetary deficit management; and

(d) if so, the reaction of the Union Government on the request of the State Governments?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b). During the last and current financial years, Government of India have received requests from the following State Governments to avail of external commercial borrowing :

1. Kerala
2. Andhra Pradesh
3. Madhya Pradesh
4. Assam
5. Karnataka
6. Maharashtra
7. Punjab
8. Haryana
9. Meghalaya
10. Mizoram

(c) and (d). These proposals were not accepted, because as per the Constitution of India, the State Governments can borrow within the territory of India only. The States cannot raise loans from abroad directly.