

the percentage of increase registered, State-wise and institution-wise;

(c) whether amount of disbursement has also grew during the above period; and

(d) if so, the details thereof, State-wise and institution-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (c) Yes, Sir.

(b) and (d) The information is being collected and will be laid on the Table of the House to the extent available.

### Wasteful Expenditure

1235. SHRI SANDIPAN THORAT : Will the Minister of FINANCE be pleased to state :

(a) whether a number of Government departments embark on expenditure spree in a bid to utilise the entire allocation in March;

(b) if so, whether any assessment has been made by the Government in this regard;

(c) if so, the details thereof;

(d) the steps taken/proposed to be taken to avoid wasteful/avoidable expenditure; and

(e) the details of fresh guidelines formulated/proposed for strict compliance by the Government Departments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (c) Under the General Financial Rules, the Department of the Central Government administratively concerned of the authority on whose behalf a Grant or Appropriation is authorised by Parliament, shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at its disposal. These rules also prescribe that rush of expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial regularity and should be avoided. Instructions have also been issued by this Ministry in June, 1996, flaying down guidelines on expenditure management, fiscal prudence and austerity. These guidelines, inter-alia, require Ministries/Departments to work out and monitor monthly cash flow of revenues and expenditures with a view to ensuring that there is no overexpending.

### Trade Relation with SAARC Countries

1236. SHRIMATI VASUNDHARA RAJE : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government have taken any steps to improve and expand trade relations with SAARC countries;

(b) if so, the details thereof;

(c) the present position and the policy of the Government with regard to India's trade relation with those countries; and

(d) the steps taken in that direction since the Dhaka Declaration came into effect on December, 1995?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) to (d) It is Government of India's policy to promote trade with all SAARC Member neighbouring countries namely, Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Pakistan. Formal Bilateral Agreements have been signed with each one of these countries except Pakistan. Trade preferences have been exchanged through Indo-Nepal Treaty of Trade and India-Bhutan Trade Agreement. Most Favoured Nation (MFN) Trade Agreements have been signed with Bangladesh, Sri Lanka and Maldives. In the case of Pakistan, Government of India accords MFN treatment to all import from Pakistan as per the normal Export-Import Policy. However, Government of Pakistan are following a restrictive trade policy, allowing only a specified number of items to be imported by the Pakistani traders from India. Efforts are being made to persuade Pakistan to accord MFN treatment to imports from India.

2. The South Asian Association for Regional Cooperation (SAARC) comprising Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka came into being on 8th December 1985 with the basic objective to accelerate the process of economic and social development in the Member States through joint action in the agreed areas of cooperation. The Heads of State or Government of the SAARC Member States have been meeting periodically to monitor the progress of cooperation. It was in the 7th SAARC Summit held in Dhaka in April, 1993 that a declaration was made by the Heads of State (also known as Dhaka Declaration) emphasising the "need to liberalise trade as early as possible through a step by step approach". An agreement was signed for SAARC Preferential Trading Arrangement (SAPTA) in Dhaka on 11th April, 1993 which came into effect on 7th December, 1995. The intention was to progressively reduce the tariff incidence for intra-regional trade. Two rounds of negotiations have been held for reduction of tariffs for intra-regional trade. Tariff concessions have been exchanged on 484 tariff lines at six digit level at the conclusion of the first round of negotiations and concessions on additional 1975 tariff lines have been exchanged at the conclusion of the second round of negotiations.

3. The Least Developed Countries namely Nepal, Bhutan, Bangladesh and Maldives have been treated as a separate entity giving better treatment in the matter of trade preferences.

4. It is proposed to set up a total Free Trade Area in the SAARC Region preferably by 2000 A.D. but not later than 2005 A.D.

5. The other steps taken to improve Intra-SAARC Regional Trade include the following :

- (a) It has been decided to establish an institutional mechanism like SAARC Arbitration Board for settlement of trade disputes within the region.
- (b) It has been decided to establish a Group on Customs Cooperation with a view to simplify the custom procedures, harmonisation of classification and valuation rules, electronics data base and training of personnel in customs procedures.
- (c) Steps are being taken to standardise the manufacturing specifications of export goods in the region.
- (d) In order to promote intra-regional investment, information relating to investment regulations in the Member States is exchanged on regular basis through the SAARC Secretariat, Kathmandu.
- (e) A Tripartite Study has been instituted with participation from Academia, Governmental and Trade sectors to suggest measures for promoting economic cooperation among the Member States.
- (f) Efforts are being made to improve the transport and transit infrastructure in the SAARC region.
- (g) European Union are being approached to recognise SAARC as an Association for according Cumulative Rules of Origin for GSP Treatment to promote exports from SAARC Region to the Western countries.
- (h) Information relating to bulk purchases by Government agencies in the SAARC region is being shared by the Member States.
- (i) It has been decided to hold meetings of SAARC Commerce Ministers on regular basis to monitor the progress of trade cooperation. The first meeting of SAARC Commerce Minister was held in New Delhi in January 1996 and the second meeting is proposed to be held shortly to suggest measures for promoting intra-regional trade.
- (j) The first SAARC Trade Fair was held in Delhi in January 1996 and the second one is scheduled to be held shortly.
- (k) At the business level the SAARC Chamber of Commerce and Industry (SCCL) plays an important role by organising seminars, workshops and meetings.

### ECB Application for Loans

1237. SHRI N.S.V. CHITTHAN : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have empowered RBI, Mumbai to approve the External Commercial Borrowings applications;

(b) if so, whether the RBI, Mumbai adhere to the guidelines issued for approving of ECB; and

(c) if not, the reasons therefor and the steps taken by the Government to streamline the ECB system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) Yes, Sir. The Government of India has authorised the Reserve Bank of India to consider applications for raising short term foreign currency loans with maturity less than 3 years. Recently with effect from 15th December, 1996, Government have also delegated the sanctioning powers to RBI for the USD 3 million scheme.

(b) Yes, Sir.

(c) Does not arise in view of (b).

### Action Plan for Indo-Pak Trade Agreement

1238. DR. T. SUBBARAMI REDDY : Will the Minister of COMMERCE be pleased to state :

(a) whether Federation of Pakistan Chamber of Commerce and Industry and Punjab, Haryana and Delhi Chamber of Commerce and Industry of India have submitted a comprehensive action plan to their respective Government for formulation of a broad-based Indo-Pak Trade Agreement and expeditious establishment of Joint Business Council;

(b) if so, whether 22 - Member EPCCI and PHDCCI held a meeting in New Delhi on December 24, 1996 to finalise the plan;

(c) if so, the details of outcome thereof;

(d) whether both the Governments have approved the draft proposals; and

(e) if so, by what time Indo-Pakistan Trade Pact is likely to be signed?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) to (e) The Federation of Punjab, Haryana and Delhi Chamber of Commerce and Industry (PHDCCI) had a meeting with a 26 member delegation from Federation of Pakistan Chamber of Commerce and Industry (FPCCI) on December 24, 1996. During the meeting, certain suggestions were made for improving bilateral economic cooperation between India and Pakistan which include interalia, formulation of Indo-Pak Trade Agreement, Indo-Pak Joint Business Council etc.