

Overdrafts by States

5172. DR. B L SHAILESH : Will the Minister of FINANCE be pleased to state :

(a) the names of the States that had taken overdrafts from the Reserve Bank of India during the last financial year and the amount of overdraft;

(b) which of these States asked for their outstanding overdrafts to be converted from the present medium term loans to long-term loans; and

(c) Government's reaction thereto ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI) : (a) No State was in overdraft as on 31st March, 1986.

(b) A number of States were running in overdrafts during 1985 which were continuously on the rise since 1984-85. In order to help the States to clear their overdraft, 90 per cent of the overdrafts as of 28.1.1986 were converted into medium term loans and were provided by the Government of India to the State Governments on 1st October, 1985, repayable in 4 annual instalments commencing from 1986-87 and ending in 1989-90 (7th plan period). The State Governments were advised not to take recourse to overdrafts w.e.f. 2nd October, 1985 and the R.B.I. was also advised to stop payments on accounts of any State Government which ran an overdraft for more than 7 continuous working days.

Reacting to the Government of India's decision, Governments of Uttar Pradesh and Karnataka requested conversion of overdrafts into long term loans so that the repayment liability on the States may be spread over a longer period of time and States could also start the 7th Plan on a clean slate.

(c) The requests of the State Governments were not agreed to by the Government of India. The State Governments were informed that the recovery of medium-term loan during the 7th Plan period had already

been taken into account while finalising the funding arrangements for the 7th Plan and as such it would not be possible to reconsider the decision of the Government of India regarding recovery of medium-term loans during the 7th Plan period.

Creation of DRR by companies issuing debentures

5173 DR. B L SHAILESH : Will the Minister of FINANCE be pleased to state :

(a) whether government have decided to relax any of the conditions in the guidelines for creation of a mandatory Debentures Redemption Reserve (DRR) by companies issuing debentures;

(b) if so, the reasons therefor; and

(c) how the Ministry will satisfy itself that the DRR is backed by sufficient assets ?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHMA DUTT) : (a) No, Sir.

(b) Does not arise.

(c) As the Debenture Redemption Reserve (DRR) is to be created by appropriation of profits it is expected to be backed by sufficient assets

Desalination of sea water

5174. DR. B L SHAILESH : Will the PRIME MINISTER be pleased to state :

(a) whether a new technique for desalination of sea water has been developed by a Swedish inventor;

(b) if so, whether any research or experiment has been conducted in this behalf in India also;

(c) if so, its outcome; and

(d) if not, whether Government propose to undertake studies of the Swedish new technique ?