

Outstanding Loans against State Governments

4485. SHRI S.S. OWAISI : Will the Minister of FINANCE be pleased to state :

(a) the details of State Governments against whom amount of various nationalised banks have been outstanding and the dates since when the said amounts are pending alongwith reasons therefor;

(b) the steps taken by the Union Government for recovery of the said amount;

(c) whether some nationalised banks have also filed their cases in the courts for recovery of the said amount; and

(d) if so, the latest position thereof ?

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) Since public sector banks normally do not directly lend to State Governments, the information sought is presumably with reference to the obligation in respect of the securities of State Governments held by nationalised banks. The Reserve Bank of India (RBI) have reported that there are no cases where such securities have not been repaid on presentation unless they have been involved in disputes or litigation or under notice of stoppage. The RBI have further reported that the market loans floated by State Governments managed by the RBI are repaid on due dates on presentation of the securities by the holders including the nationalised banks by debit to Government account.

(b) Does not arise.

(c) and (d) RBI have reported that Punjab & Sind Bank has filed a suit impleading among other the Government of Bihar for recovery of the amounts due under 2½% Bihar Zamindari Abolition Compensation Bonds Issued by the Bihar Government. The bonds were purchased by the Punjab & Sind Bank. The State Government claimed that the bonds issued to the original holder in lieu of compensation have been cancelled. The RBI had been advised not to make any payment on these bonds. The matter is subjudice.

External Commercial Borrowings

4486. SHRI NADENDLA BHASKAR RAO : Will the Minister of FINANCE be pleased to state :

(a) the External Commercial Borrowing (ECB) during 1997-98.

(b) whether the credit rating down grading by Moody will make overseas borrowings inviable and difficult; and

(c) if so, the reaction of the Government in this regard ?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) Total ECB approval given during 1997-98, was USD 8713 million;

(b) and (c) Spreads on borrowing depends on several factors including credit rating. It is a market determined variable and varies as market conditions change.

Agreement with France

4487. SHRI R. SAMBASIVA RAO : Will the Minister of COMMERCE be pleased to state :

(a) whether India and France have signed an agreement to grow twofold trade over the next four years to touch 10m billion Francs;

(b) if so, the details of the agreement;

(c) the extent to which the trade between the two countries is likely to improve; and

(d) the steps being taken to implement the agreement?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) No, Sir. However, Indo-French trade over the last three years itself was 10.8 billion French Francs (1995); 11.3 billion French Francs (1996); and 11.3 billion French Francs (1997).

(b) to (d) Do not arise.

Merger of GIC

4488. SHRI SANDIPAN THORAT : Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under consideration of the Govt. for merger of four subsidiaries of General Insurance Corporation (GIC) into one Corporation to facilitate pooling the manpower skills, funds and resources to compete successfully with the mighty, global insurance giants;

(b) if so, the details thereof; and

(c) the details of policy initiatives taken during 97-98 and proposed to be taken during 1998-99?

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) No, Sir.

(b) Does not arise.

(c) In the year 1997-98, substantial autonomy was given to both Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC), particularly in the matter of investments. The LIC and GIC were given the power to make non-scheduled, non-consortium investments without the prior approval of the Central Government. The scope of the social sector was widened to facilitate LIC to