

SHRI EDUARDO FALEIRO: We are at a preliminary stage in making any announcement about how the loan would be utilised before it is approved. However, we can say at this interim level that the loan is also intended to fund the Technical Development Fund.

SHRI SRIBALLAV PANIGRAHI: We have set up the quantum of the loan. But I would like to know from the hon. Minister of Finance, what are the terms of the loan and also the areas where, with this loan, technological advance and upgradation is intended to be made? I would like to know about the areas and the terms of the loan.

SHRI EDUARDO FALEIRO: I have already mentioned about the areas that the loan will cover and also about the purpose of the loan. As far as terms and conditions of the loan are concerned, broadly, I can say that, to a large extent, it is a soft terms loan.

Central Debt of States/Union Territories

*169. SHRI SYED SHAHABUDDIN: Will the Minister of FINANCE be pleased to state:

(a) the Central debt of all States/Union Territories as on 1 April, 1989;

(b) the interest paid on the Central debt by each of them during 1988-89 and estimated to be paid during 1989-90;

(c) the total revenue receipt of each State Government, exclusive of Central loans and grants, during 1988-89 and 1989-90; and

(d) the percentage that debt repayment servicing forms of the total revenue receipts, State-wise and year wise?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): (a) The total amount of Central loans outstanding against all States and Union Territories together as on 1st April, 1989 was Rs. 56312.07 crores.

(b) to (d). These information are set out in the Statements of I, II, and III respectively given below.

STATEMENT

(Rs. In crores)

States	1988-89			1989-90		
	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans and grants	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans & grants
1	2	3	4	5	6	7
1. Andhra Pradesh	3768.86	401.28	4170.14	3947.14	728.86	4676.00
2. Arunachal Pradesh	113.71	7.44	121.15	98.57	10.98	109.55
3. Assam	788.75	586.94	1375.69	884.41	539.15	1423.56
4. Bihar	2918.94	260.65	3179.59	3194.43	313.61	3508.04
5. Goa	152.59	14.10	166.69	151.35	18.09	169.44
6. Gujarat	2671.71	1013.90	3685.61	2889.96	401.33	3291.29
7. Haryana	1304.44	186.29	1490.73	1480.21	425.48	1905.69
8. Himachal Pradesh	370.06	76.95	447.01	359.26	69.79	429.05

(Rs. In crores)

States	1988-89				1989-90		
	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans and grants	1	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans & grants
	2	3	4	5	6	7	
9. Jammu & Kashmir	466.54	159.27	625.81	496.99	107.01	604.00	
10. Karnataka	2670.65	934.09	3604.74	3026.57	964.65	3991.52	
11. Kerala	1648.14	944.96	2593.10	1787.87	474.54	2262.41	
12. Madhya Pradesh	2854.52	1060.59	3915.11	3122.69	933.45	4056.14	
13. Maharashtra	5553.13	745.57	6298.70	6195.04	1646.78	7841.82	
14. Manipur	139.38	13.53	152.91	114.46	14.91	129.37	
15. Maghalaya	124.03	27.48	151.51	103.89	29.55	133.44	
16. Mizoram	96.26	4.17	10.43	87.40	7.62	95.02	

(Rs. In crores)

States	1988-89			1989-90		
	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans and grants	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans & grants
1	2	3	4	5	6	7
17. Nagaland	151.33	25.48	176.81	128.42	25.13	150.55
18. Orissa	1105.53	898.32	2003.85	1259.16	909.58	2168.74
19. Punjab	1355.88	393.80	1749.68	1627.95	1073.89	2701.84
20. Rajasthan	1717.63	1540.93	3258.56	1984.76	756.30	2740.06
21. Sikkim	52.82	8.71	61.53	44.89	7.78	52.67
22. Tamil Nadu	2961.66	13131.19	4274.85	3465.67	733.25	4198.92
23. Tripura	153.99	17.73	171.72	137.06	19.80	156.86

(Rs. In crores)

States	1988-89			1989-90		
	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans and grants	Revenue Receipts excluding Central grants	Capital Receipts excluding Central loans	Total Receipts excluding Central loans & grants
1	2	3	4	5	6	7
24. Uttar Pradesh	433.46	1764.85	6098.31	4964.67	1558.58	6523.25
25. West Bengal	2649.99	532.41	3182.40	3116.61	765.11	3881.72
Total	40124.00	12932.63	53066.63	44669.73	12535.22	57204.95

STATEMENT-III

(Rs. In Crores)

		1988-89					
States U. Ts./	Repayment of Principal	Debt Servicing Payment of interest	Total Col. (2) & (3)	Total receipt excluding Centrla loans & Grants	Debt Servicing as % age of total receipts excluding Central loans & advances (Col. (4) as % age of Col.(5).		
1	2	3	4	5	6		
1. Andhra Pradesh	205.42	229.60	435.02	4170.14	10.43		
2. Arunachal Pradesh	17.90	7.59	25.49	121.15	21.04		
3. Assam	212.21	184.02	396.23	1375.69	28.80		
4. Bihar	261.51	313.51	575.02	3179.59	18.08		
5. Goa	36.04	39.56	75.60	166.69	45.35		
6. Gujarat	204.92	258.51	463.43	3685.61	12.57		
7. Haryana	112.59	93.26	205.85	1490.73	13.81		
8. Himachal Pradesh	23.63	32.14	55.77	447.01	12.48		
9. Jammu & Kashmir	78.79	142.86	221.65	625.81	35.42		

1988-89

States U. Ts./	Repayment of Principal	Debt Servicing Payment of interest	Total Col. (2) & (3)	Total receipt excluding Central loans & Grants	Debt Servicing as % age of total receipts excluding Central loans & advances (Col. (4) as % age of Col.(5).
1	2	3	4	5	6
10. Karnataka	176.35	171.00	347.35	3604.74	9.64
11. Kerala	168.15	125.43	293.58	2593.10	11.32
12. Madhya Pradesh	180.06	207.57	387.63	3915.11	9.90
13. Maharashtra	230.81	451.37	682.18	6298.70	10.83
14. Manipur	13.20	9.80	23.00	152.91	15.04
15. Meghalaya	14.74	6.51	21.25	151.51	14.03
16. Mizoram	10.92	9.94	20.86	100.43	20.77
17. Nagaland	14.39	9.96	24.35	176.81	13.27
18. Orissa	114.65	131.17	245.82	2003.85	12.27
19. Punjab	137.15	119.78	256.93	1749.68	14.68

(Rs. In Crores)

States U. Ts./	1988-89					Debt Servicing as % age of total receipts excluding Central loans & advances (Col. (4) as % age of Col.(5).
	Repayment of Principal	Debt Servicing Payment of interest	Total Col. (2) & (3)	Total receipt excluding Central loans & Grants	5	
1	2	3	4	5	6	
20. Rajasthan	211.47	205.81	417.28	3258.56	12.81	
21. Sikkim	2.19	3.03	5.22	61.53	8.48	
22. Tamil Nadu	172.56	179.54	352.10	4274.85	8.24	
23. Tripura	8.11	7.96	16.07	171.72	9.36	
24. Uttar Pradesh	386.40	493.00	879.40	6098.31	14.42	
25. West Bengal	303.81	337.72	641.53	3182.40	20.16	
Total	3297.97	3770.64	7068.61	53056.63	13.32	

STATEMENT

1989-90

States	Debt Servicing Repayment of Principal	Payment of Interest	Total (Col.2 + 3)	Total receipts Excluding Central Loans & Central Grants.	Debt servicing as percentage of total receipts excluding Central Loans & Grants. (Col. 4. as Percentage of Col.5).
1	2	3	4	5	6
1. Andhra Pradesh	219.12	263.67	482.79	4676.00	10.32
2. Arunachal Pradesh	18.75	15.81	34.56	109.55	31.55
3. Assam	237.43	224.58	462.01	1423.56	32.45
4. Bihar	282.58	345.89	623.47	3508.04	17.92
5. Goa	40.67	37.17	77.84	169.44	45.94
6. Gujarat	212.92	308.29	521.21	3291.29	15.84
7. Haryana	92.28	109.47	201.75	1905.69	10.59
8. Himachal Pradesh	25.98	42.12	68.10	439.05	15.87
9. J & K	116.33	144.01	260.34	604.00	43.10
10. Karnataka	191.31	194.84	386.15	3991.52	9.67

1989 - 90					
States	Debt Servicing Repayment of Principal	Payment of Interest	Total (Col.2 + 3)	Total receipts Excluding Central Loans & Central Grants.	Debt servicing as percentage of total receipts excluding Central Loans & Grants. (Col. 4. as Percentage of Col.5).
1	2	3	4	5	6
11. Kerala	158.35	135.77	294.12	2262.41	13.00
12. Madhya Pradesh	174.73	246.67	421.40	4056.14	10.39
13. Maharashtra	245.89	537.73	783.62	7841.82	9.99
14. Manipur	13.81	10.14	23.95	129.37	18.51
15. Meghalaha	14.24	8.45	22.69	133.44	17.00
16. Mizoram	10.00	14.25	24.25	95.02	25.52
17. Nagaland	15.77	10.75	26.52	153.55	17.27
18. Orissa	132.10	151.52	283.62	2168.74	13.08
19. Punjab	149.40	114.26	263.66	2701.84	9.76
20. Rajasthan	163.23	221.85	385.08	2741.06	14.05
21. Sikkim	2.61	3.61	6.22	52.67	11.81

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States	Debt Servicing Repayment of Principal	Payment of Interest	Total (Col.2 + 3)	Total receipts Excluding Central Loans & Central Grants.	Debt servicing as percentage of total receipts excluding Central Loans & Grants. (Col. 4. as Percentage of Col.5).
1	2	3	4	5	6
22. Tamil Nadu	185.36	182.46	367.82	4198.92	8.76
23. Tripura	8.95	9.28	18.23	156.85	11.62
24. Uttar Pradesh	472.98	626.13	1099.11	6523.25	16.85
25. West Bengal	268.93	387.53	656.46	3881.72	16.91
Total	3453.72	4346.25	7799.97	57204.95	13.64

SHRI SYED SHAHABUDDIN: Mr. Speaker, Sir, the picture that emerges from the reply and the statement tabled in the House is a cause for serious concern. I find that the total Central loans are just over Rs. 56,000 crores and the total receipts on revenue and capital account taken together of all the States and Union Territories for 1988-89 is just over Rs. 53,000 crores and in 1989-90, it is estimated at just over Rs. 57,000 crores. So, roughly, the picture is that the States and Union Territories are indebted to the Central Government to the extent of one year's total revenue and capital receipts. Now, Sir, this is indeed a very serious picture. I would like to know from the hon. Minister the state-wise break-up of the outstanding loans as on the 1st of April, 1989. If he prefers, he may like to place it on the Table of the House. But, I would like to know from him now is the period over which this balance has accumulated. What were the total grants to the States and the Union Territories during that period? And what is the rate of interest payable on these loans?

SHRI B.K. GADHVI: Sir, the hon. Member has clubbed many questions into one. So far as State-wise break-up is concerned...

MR. SPEAKER: He had been a diplomat, he knows how to do that.

SHRI B.K. GADHVI: Naturally, because he was in the Indian Foreign Service. So far, State-wise outstanding loans as on 31st March, 1989 are as follows:

Andhra Pradesh —Rs. 3341.09 crores

Arunachal Pradesh —Rs. 327.10 crores.

Should I repeat for all the States?

SHRI SYED SHAHABUDDIN: You can lay it on the Table of the House.

SHRI B.K. GADHVI: In 1984, these loans were all clubbed together. There are various types of loans on the Plan side, on the small savings side and others. The inter-

est rate varies from figure to figure. But, by and large, it is 9.75% and something more than that. The re-scheduling of the loan is also being done on the recommendation of the Finance Commission. Some of the loans are also being written off taking into account the particular situation of a particular State. I do believe that burden on the State Exchequer by way of loans is a little heavy. But that is because the States also have to perform their own part of raising their resources. One of the reasons for more States not being able to raise their resources is that the contribution of their public sector undertakings to the Exchequer is not coming up to the expectations. We very much wish and we are trying to impress upon the States that they also have to play a very vital role in augmenting their own resources. Now, I believe, States are aware of that situation also.

SHRI SYED SHAHABUDDIN: I also asked about the total grant during the same period, that is from 1984 to 1989.

SHRI B.K. GADHVI: So far as the grants are concerned of that period, I am sorry, perhaps I may not have the figures presently with me because there are two types of States the special category of States like Assam and J&K which are on a different footing as well as the other general category States. If the Hon. Member so wishes, I will furnish this information to him.

SHRI SYED SHAHABUDDIN: I asked that question because I am concerned about some of the States, especially those in disadvantaged circumstances. They are concerned about the mix, the proportion between the grant and the loan from the Central Government.

I come to the other two Statements. I presume that in addition to the loan that the States take from the Central Government, they also raise public loans. They are borrowing from the commercial channels. They have also overdrawn from the Reserve Bank of India. On all of them they have got to pay a certain amount of interest. Now the interest rate, as the Hon. Minister has just now

mentioned, on the Central loan is of the order of 9.75%. I would certainly like him to consider whether this rate of interest is not very high.

After all, since he referred to my being a diplomat, I must remind him that all the debt countries are always arguing that the rate of interest on the loans taken by them from the developed countries must be much lower than this level. It should be of the order of 2% to 3%, just about the servicing charge. In our own country we should certainly be far more compassionate towards the less fortunate States and Union Territories than what we expect the developed countries to show towards the developing countries.

I would like to point out that the debt servicing charge as stated in the Statements 2 and 3 is reaching a critical proportion of the total receipts in many States. I would particularly like to draw the attention of the Hon. Minister where it has already crossed the safe limit of 20% - in the case of Arunachal Pradesh, Assam, Goa, Jammu and Kashmir and Mizoram. Bihar, my State, is not very far behind, in a year or two it shall cross the safe limit. It is already around 18% now. In the case of Arunachal Pradesh it has reached 31.5%, in the case of Assam 32.5% in the case of Goa 46%, in the case of J & K 43%. Just imagine, 43 rupees out of 100 raised by them on capital revenue account to be paid to be Central Government alone, not counting what they have to pay on other borrowing! The States will go totally bankrupt.

So, I would like the Hon. Minister to let me know what measures the Central Government have in mind in respect of their total borrowings—not only on their borrowings from the Central Government—in order to ensure that at least those States which have crossed the safe limit of 20% are saved from financial bankruptcy.

SHRI B. K. GADHVI: I agree that so far as the debt servicing ratio is concerned, in some of the States it is a little high. But on an average it comes to 13.64%. But individually

some States have a larger debt servicing ratio.

With a view to reducing this, it would not be proper to say that they should always depend upon the concession to be given by the Central Government because Finance Commissions time and again are looking into the debt position of every State, they are trying to give some relief by way of rescheduling of the loans as well as by way of writing off the loans.

To compare that the developing countries should receive at a concessional rate from the developed countries is no more a valid and cogent argument in this case because we are a part of the same country. Of course, Central Government also is equally a developing country. We are also borrowing at a very high rate and then we are repaying to the States at a concessional rate.

Recently in small saving they have to pay 13% and on others 9.75%. Our borrowing varies from 13% to 15%. Even the external borrowing which is coming in terms of rupees is also a high cost borrowing. Therefore, what I would submit is that the States also should not totally throw out their own responsibility of managing their fiscal affairs. They have also to be very diligent about it. They have also to be very prompt about that and they should manage their financial aspect in a much better way.

SHRI SYED SHAHABUDDIN: That is precisely what the country and the financial institutions can ask for.

PROF. N. G. RANGA: What does not the Centre do? You express the Centre's point of view.

SHRI RAM SINGH YADAV: Mr. Speaker, Sir, the hon. Minister has just pointed out that there are two categories of States. One is the special category and the second is the general category. Assam and Jammu & Kashmir are in the special category. There are some States which are constantly facing natural calamities and

Rajasthan is one of them. Rajasthan has incurred heavy debts and the financial position of the State is very much deplorable today. I would like to know whether the hon. Minister would assure the House that the loan which has been incurred by the Government of Rajasthan for natural calamities will be written off.

SHRI B.K. GADHVI: Sir, I understand that some States—because of their geographical situation and because of their natural conditions—are being visited by the natural calamities like drought and famine. A part of Rajasthan is facing such a situation. But the hon. Member should appreciate that while we take into consideration their augmentation of resources, we also take into consideration their scope and potentiality for augmenting the resources. Therefore when there is a serious drought or a famine, there is a different mechanism by which we try to help the States; then our Central team will go there, they assess the damage and then we give them relief, etc. They are not to be clubbed with this, because this is on the Plan side. We are trying to meet the maximum possible, the plan side resource augmentation deficit of the States. But, so far as the writing off of the loans is concerned, in some States, in the past, Finance Commission has done it. We are also referring the matter to the Finance Commission about the indebtedness of the States and the Finance Commission would also take into account, what relief can be given. I hope that the second report that would come, would take into consideration these aspects of the States also, because this is one of the references made to the Finance Commission.

SHRI P. KOLANDAIVELU: Sir, in Statement No. : 2 it has been stated that the capital receipts, excluding Central loan for 1988-89, for Tamilnadu was Rs. 1313.19 crores, whereas for 1989-90, it has been stated as Rs. 733.25 crores. So, the capital receipts have been reduced by more than Rs. 400 crores. My submission is that the Chief Minister of Tamilnadu, as soon as he assumed Office as the Chief Minister of Tamilnadu on 28th Jan., has stated that the

treasury was empty and the granary was also empty. May I know whether the State Government is in a crisis of financial bankruptcy and whether they have asked for a loan from the Central Government? Recently, he has announced Rs. 400 crores for the NGOs, which is an addition to what they were being paid. When the position of the State Government is very bad and when there is a financial bankruptcy, how can it announce? Unless it raises the resources, how can it announce? May I also know whether this fact has been brought to the notice of the Central Government or not?

SHRI B.K. GADHVI: The hon. Member has drawn a comparison between the capital receipts excluding the Central loans and grants. It is quite noticeable that in 1989 it has fallen down to Rs. 733.25 crores. This reflects the State's own capacity to have the capital receipts and also reflects their management of the fiscal mechanism of the State. So far as the States are concerned, as you know, we have got a feudal structure and if any State is resorting to prodigalism, then it is very difficult for us to say anything. I am not casting any aspersions on Tamilnadu or any other State. But sometimes, we do find that the States go in for very cheap populist measures, thereby resorting to prodigalism. We would wish that better sense should prevail upon them so that the financial aspect is not imbalanced.

Bank Loans to Entrepreneurs

*171. SHRI SOMNATH RATH: Will the Minister of FINANCE be pleased to state:

(a) the number of entrepreneurs to whom loans have been advanced by the State Bank of India and the nationalised banks during the last three years, year-wise;

(b) the average time taken to give loan after receipt of application; and

(c) the measures taken by Government to reduce the time gap between submission of application and receiving the amount by the entrepreneurs?