

MR. SPEAKER : Next question.

**Increase in Air Fare by Indian Airlines**

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\*872. SHRI M. M. JOSEPH :  
SHRI N. S. BISHT :  
SHRI BISHWANATH JHUN-  
JHUNWALA :

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state :

(a) whether any rise in the Air fares has been sought by the Indian Airlines recently ; and

(b) if so, the extent of rise sought and the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (DR. SAROJINI MAHISHI) : (a) and (b). Indian Airlines have, with the approval of the Central Government, announced a fare increase of 15% on all domestic routes except those in the eastern region where the increase will be limited to 7% It has taken effect from 1.7.1971.

SHRI M. M. JOSEPH : Why is there such a discrimination in respect of fare increase between the eastern region and the other parts of the country ?

DR. SAROJINI MAHISHI : This is only on account of the fact that the transport facilities in the Eastern region are very much less and it is also a mountainous terrain. No other means of transport is convenient. Therefore, in order to give better facilities to the people of the Eastern region, the fare is kept considerably lower as compared with the fare in the other parts of the country.

MR. SPEAKER : Next question, Member absent. We go to Question No. 874.

**Writing off of States' Debt**

\*874. SHRI P. GANGADEB : Will the Minister of FINANCE be pleased to state :

(a) whether Government have considered the demand to write off the debt of about Rs. 8,000 crores which is outstanding against the States at present ; and

(b) if so, when the final decision in this regard is likely to be taken ?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : (a) and (b). No specific demand to this effect has been formally received nor is Government of India in a position to accept it.

SHRI P. GANGADEB : Since overdrafts have an inflationary effect on the economy, what the Government are going to do to prevent the States from resorting to overdrawing from the Reserve Bank ?

SHRI YESHWANTRAO CHAVAN : I have said earlier also that it is very essential that we try to impress upon the State Governments to observe certain financial discipline. I have made reference to this problem in both the Budgets this year. I will seek the cooperation of hon. Members to impress upon the respective States of the urgency of this matter. It is really a very serious financial problem. Regarding this question of the repayment of the overdrafts, we have certainly helped the States to find a way out. I think the day before yesterday was the last day for payment. We have helped the States by making advance payment out of the Central Grants and loans and the share from Central taxation, etc., which are due in July. That part-payment is made. We have made certain arrangements for giving them some loans as ways and means advances. I would like the House to realise the significance of the whole impact of the overdrafts which were more than Rs. 300 crores. For example, the ways and means advance for clearance of overdrafts of nearly 8 States comes to nearly Rs. 197.45 crores. This we had to give as ways and means advance to clear the overdrafts. This certainly will have to be adjusted in the remaining period of the year.

SHRI P. GANGADEB : The previous coalition Government of Orissa have incurred unrestrained overdrafts from the Reserve Bank of India in a very cavalier fashion. It is not a good thing. I would like to know what outstanding amounts are there uptodate in respect of Orissa and the steps already taken or proposed to be taken by the Centre to ease this situation of the State.

SHRI YESHWANTRAO CHAVAN : I would not say that Orissa's position is as