

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

alarming as for instance of certain other States. Orissa has certainly observed certain financial discipline, I must admit, because it is one of the States which is not in my list here. The States will have to raise their internal resources, they must not exceed the plan provisions which are sanctioned and they must not go in for more non-plan expenditure. These are the three directions in which they can exert.

SHRI M. KALYANASUNDARAM : Arising out of the answer of the hon. Minister, may I know which are the States to which advances were made, and also whether any State has made representations to the Government of India for re-scheduling the payment of loans so that they can get some relief?

SHRI YESHWANTRAO CHAVAN : Individual States do make requests for re-scheduling of debts, but what specific information do you want?

SHRI M. KALYANASUNDARAM : About Tamil Nadu.

SHRI YESHWANTRAO CHAVAN : In the case of Tamil Nadu the position was such that we had to make an advance payment of about Rs. 27.75 crores and for residuary overdrafts up to 29th June, 1971 we had to make a provision of Rs. 43.68 by way of ways and means advance, which is naturally expected to be adjusted in the remaining part of the year.

SHRI K. S. CHAVDA : May I know the names of the eight States the hon. Minister has mentioned in his reply, which have to pay overdrafts?

SHRI YESHWANTRAO CHAVAN : Andhra Pradesh, Assam, Bihar, Haryana, Kerala, Mysore, Rajasthan and Tamil Nadu.

SHRI P. VENKATASUBBAIAH : May I know whether some of the State Governments have been pressing upon the Central Government to see that the funds are released soon so that they may not be put to this difficulty of taking overdrafts from the Reserve Bank, which is not of their making?

SHRI YESHWANTRAO CHAVAN : The States have their own difficulties. I do not want to be unsympathetic towards them, but the whole problem arises out of three things as I see it. Firstly, they are not making the promised effort for raising their own resources.

SHRI K. MANOHARAN : You are wrong. They are sincerely trying.

SHRI YESHWANTRAO CHAVAN : I am always wrong, you are always right. That is the difficulty. I am not discussing any particular State and I am not taking a high-brow position. I want to be sympathetic and understanding about the States' problems because ultimately the States' problems are our problems. But I wish the States also realise that our problems are their problems. It is only in that spirit that we can go ahead.

These are the three ways in which to face the difficulties. Firstly, necessary efforts to raise their own resources according to the Plan which they agree to while discussing the outlay of the Plan with the Planning Commissions. They make certain commitments which are not fulfilled. Secondly, they exceed on what is agreed to outside the Plan. Thirdly, the expenditure on non-Plan items goes on increasing. On these some care will have to be taken. In order to find a way out, we had made a provision of nearly Rs. 800 crores for special assistance for the Fourth Plan period. You must have seen that in this year's Budget I have made a provision of Rs. 120 crores for special assistance.

The day before yesterday I had a detailed discussion with the Governor of the Reserve Bank and the Planning Minister as to how to face this problem, because this problem is getting more difficult not only for us but for the States themselves. Ultimately, the resources of the Centre are not unlimited. For raising resources I have to come here and listen to your criticism. The national resources are the same. So, we discussed this question and we propose to have discussions with the States individually about their difficulties and problems. We would like to advise them and take some advice from them. This is the only way in which we can go about it.

Agreement signed between the Management and the Employees of Indian Airlines

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*675. **SHRI NIHAR LASKAR :**
SHRI RAMKANWAR :

Will the Minister of TOURISM AND