

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA): The Prime Minister also is very keen that this particular line is expedited in accordance with the aspirations of the people of Jammu & Kashmir and, therefore, in the last year and in this year also, a new impetus has been given to the construction of this line and we are trying to ensure it keeping in mind the many railway lines and the many on-going projects and within the general constraint of resources that we are facing. Up to March, this line is estimated to cost, according to latest estimates, Rs. 112 crores up to Udhampur. It is a very tricky hill section also which involves a lot of tunnel sections and I think it is the test of Indian railway engineering ability to speedily complete this line and they are doing more than adequate job. Up to March 1988 we have spent approximately Rs. 15 crores; in 1988-89, the allocation was Rs. 7 crores and in 1989-90 it has been increased to Rs. 12,70,00,000. We want to ensure that the scarce resources are utilised in the best way possible. Wherever the situation is ripe for quick construction, more allocation is given to that area. For instance, Guntur-Macherla in Andhra Pradesh has been given Rs. 23 crores in gauge conversion. Shri Rangaji was making a few remarks in between. Here in the Udhampur line, there has been some problem about land acquisition. The State Government has been rather slow in spite of various reminders made by us and though I know that the State Government is equally keen to complete this line (*Interruptions*) I told you what is the practical situation. It is not a question of your opinion and my opinion. There has been some problem at lower levels. We are trying to sort this problem out. What I am trying to assure the hon. Member is that the allocation has been increased by almost double. We will try to ensure that this line is speedily completed within the 8th Plan period, of course, subject to future allocations for the over-all railway plan by the Planning Commission.

As far as the second part of the hon. Member's question is concerned, a survey has been completed up to Kazikund and, at

the same time, a preliminary survey by RITES for a highway has also been completed. It is found that the railway line up to Kazikund is going to cost three times the amount of what the highway would cost. However, all these things are going to be kept in mind. No decision has yet been taken. All these things are being evaluated.

PROF. SAIFUDDIN SOZ: Kindly try to do something in this regard.

SHRI MADHAVRAO SCINDIA: I will try to ensure that within the Eighth Plan, this line is completed. But I cannot set the deadline or the target date because I am dependent on what the over-all Railway Plan is going to be in the future. However, I would like to ensure the hon. Members from J&K that as per the Prime Minister's wishes, we are trying to ensure that this line is given a certain priority within the on-going line that we are having.

[*Translation*]

SHRI JANAK RAJ GUPTA: Mr. Speaker Sir, the hon. Rail Minister said that the Jammu-Udhampur railway line is expected to be completed by 1993. May I know from the hon. Minister of Railways whether it is possible to complete the railway line by 1993, considering the amount for this project being allotted every year. If not, whether the hon. Minister feels that keeping in view the importance of this line a special fund should be created or additional funds diverted from other projects to expedite the completion of this railway line? It is true that this matter is being given importance for which we are thankful but if the present position continues the work will not be completed even by 2000 let alone 1993.

MR SPEAKER: He has already replied to that.

[*English*]

Overdrafts by States

*145. SHRI P. KOLANDAIVELU: Will the Minister of FINANCE be pleased to state:

(a) whether the State Governments are allowed to have overdraft facilities by the Reserve Bank of India on the directions of Union Government;

(b) if so, the number of States in overdraft with Reserve Bank of India at present; and

(c) if not, whether Union Government have given instructions to State Governments not to resort to overdraft?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) Overdraft which occurs in the account of a State Government is unauthorised and the question of allowing overdraft facility by the Reserve Bank of India does not arise. Under the Overdraft Regulation scheme, the Reserve Bank of India would stop payment on account of any State if it continues in overdraft for more than 7 consecutive working days.

(b) As on 1.3.1989 out of 23 State Governments banking with Reserve Bank of India, only two States were in overdraft.

(c) The State Governments have been advised time and again to avoid getting into overdraft with the Reserve Bank of India.

SHRI P. KOLANDAIVELU: Sir, from the answer given by the hon. Minister, with regard to overdraft it becomes unauthorised. When it becomes unauthorised, nobody can draw the amount from the banks. I know fully well that in the last year and before the last year also, so many States were under overdraft. Has the Government of India insisted on the States or given directions to the States not to take money under overdraft? If it is so, which are the two States that are under overdraft? The hon. Minister has mentioned out of the 23 States, two were in overdraft. But as far as I know there are 25 States in our country. But the hon. Minister has stated as 23 States. Anyhow, I would like to know as to which are the two States under overdraft? Has any limitation been fixed with

regard to the amount which is being drawn by the State Governments from the banks? In his answer (a), the hon. Minister has stated: "Under the Overdraft Regulation Scheme, the Reserve Bank of India would stop payment on account of any State if it continues in overdraft for more than 7 consecutive working days. Even within the 7 consecutive working days, what is the limitation that has been fixed by the Government of India or the Reserve Bank?"

SHRI B. K. GADHVI: Sir, it would be an ideal situation if the States were not to draw any overdrafts. It is our anxiety that as far as possible, States should not draw the overdrafts. However, sometimes the contingency arises when States are supposed to draw overdrafts. That is why an enabling provision has been kept, a sort of condonation — although overdraft drawing is regular — contemplation has been made that for 7 consecutive working days, if the overdraft is there, that could be permitted. But they have to clear the overdraft by that limit and over that, the Reserve Bank of India would stop the payment. One State that I have stated as per the latest figure today — I have given figures as on 28th February — as on 1st March, 1989, two States are in overdrafts one is Mizoram and the other is Madhya Pradesh.

So far as limit is concerned, there is no limit prescribed for taking overdraft. It all depends on the State's requirement. States are bound to claim within seven days otherwise all the payments would stop. Therefore it automatically works as a mechanism or a lever to in for huge overdrafts.

SHRI P. KOLANDAIVELU: We know full well that if anyone issues a cheque to the bank and if it is bounced, automatically we can charge the man who issued the cheque under Section 420 of the Indian Penal Code. Here is a case where most of the States are doing overdrafts by issuing cheques. I know full well that the Kerala Government are issuing cheques and even cheques amounting less than Rs. 50,000 are returned to the persons who are actually drawing it. When

such is the case, what kind of action have you taken under the Indian Penal Code I would draw the attention of the Government to know is it not a breach of faith, is it not a case of cheating under the IPC? When people elect a particular Government and when they are told by the Government that they are not having money and the Government continues to issue cheques, is it not a case under the IPC?

With regard to Tamil Nadu State, the Chief Minister Mr Karunanidhi, after assumption of office made a remark against the Central Government stating that under the one year rule of Governor from 1988-89, the Treasury is empty and the granary is also empty. He has actually accused the Central Government *(Interruptions)*

MR SPEAKER He has not lost his right to put a question at least. Please put a question.

(Interruptions)

SHRIP KOLANDAIVELU I would like to know whether that is the position. He has also said with regard to Prime Minister's visit to Tamil Nadu that innumerable times the Prime Minister in the last several months *(Interruptions)*

MR SPEAKER It becomes worse confounded.

(Interruptions)

SHRIP KOLANDAIVELU For the last one month, there is no administration. I would like to know whether the treasury of Tamil Nadu is empty.

MR SPEAKER This is not the way

SHRI B.K. GADHVI I have no comments to say about what Mr Karunanidhi has said. But so far as Tamil Nadu position is concerned, presently, their ways and means are limited. It was Rs. 83.60 crores and they have drawn Rs. 55.64 crores

Therefore, to say that Treasury is empty is not a correct statement. So far as States issuing cheques which may bounce, it is for the State Government to comment. I have no comments. I would say that no State would issue a cheque which is likely to be bounced. But if the cheques are issued and it comes within the prescribed limit of overtime regulation, then the cheques are never returned and they are honoured. But States are supposed to have their own financial discipline and accuracy in their accounts.

[Translation]

SHRI RAM SINGH YADAV Mr Speaker, Sir, some State Governments have to resort to overdrafts when faced with difficult circumstances. This is the problem with the Rajasthan Government. The Rajasthan Government had to be paid a certain amount by the Centre during the famine of 1986-87 and 1987-88. Out of that amount Rs. 78 crores are still outstanding. The minimum wages were increased from Rs. 7.50 to Rs. 10.50 and from Rs. 11.00 to Rs. 14.00. So Rs. 57 crores and Rs. 21 crores add up to Rs. 78 crores, which is the amount due to the Rajasthan Government. As this amount was not paid, the Rajasthan Government resorted to overdraft in 1988. Will the hon. Minister ask the Centre to pay this amount of Rs. 78 crores due to the Rajasthan Government?

SHRI B.K. GADHVI I agree that Rajasthan is affected by famine. A lot of assistance was provided within the ceiling prescribed by the famine relief team which went there. When the Rajasthan Government faced problems, the Centre helped it by re-scheduling of loans and granting extra time for overdraft through they cleared it within the prescribed time limit. As to the question of amount being due, we cannot go beyond the ceiling fixed for drought relief.

SHRI RAM SINGH YADAV. The increase in daily wages from Rs. 7.50 to Rs. 10.00 and from Rs. 11/- to Rs. 14.00 has resulted in a difference of Rs. 78 crores. This amount should be paid.

SHRI B.K. GADHVI: When a team from the Ministry of Agriculture went to assess the intensity of the famine, it fixed the ceiling keeping all these factors in mind. We cannot give anything above the ceiling limit. Even now Rajasthan has been given the facility of loans and non-plan assistance. Besides, some States have been given permission for special market borrowings.

SHRI VIRDHI CHANDER JAIN: The amount of Rs. 57 plus 21 crores has been declared valid under the Drought Relief Fund by the special team... *(Interruptions)*

SHRI GIRDHARI LAL VYAS: Mr. Speaker, Sir, please get this amount of Rs 78 crores sanctioned to Rajasthan at the earliest.

AN HON. MEMBER: Is there anyone else belonging to Rajasthan?

MR. SPEAKER. I am here

[English]

SHRI V. SOBHANADREESWARA RAO: The strict observation of the overdraft regulation scheme is causing a lot of hardship to the States. In fact the State Governments in the recent years are taking all precautions to behave well within these regulations. The Economic Survey also pointed out that the anticipated overdraft of the States has come down more than the expectation and the answer of the Minister also proves the same. At the same time why are you imposing so many restrictions on the States? You yourself, the Government of India, are behaving contrary to the economic discipline. Because the printing presses are with you, you are printing a large number of notes, bringing into circulation them and thereby bringing inflationary pressure on the economy.

In view of this fact, will the Government reconsider and give some more leverage to the States by bringing some amendments to the ways and means procedure, increasing the seven consecutive working days to a

fortnight so that it will give some leverage to the States to take certain measures and also increase the ways and means advance position?

SHRI B K. GADHVI: The august House is aware that financial discipline is very important and States have to observe that .. *(Interruptions)*... Before the overdraft regulation was strictly enforced you know that the financial position of the States had gone a little awry and that is why we had to give loans to clear the overdraft and some strict observation has been kept. At the same time with a view to helping the States right now we have given some additional market borrowing facilities to various States — about 14 States. So far as the ways and means limit is concerned, I may say that from 1972 to 1988 revision has been made five times by the Reserve Bank of India. The latest revision was made on the 1st March 1988

Procurement of Iron Ore from Orissa by MMTC

*151. **SHRI SRIBALLAV PANIGRAHI**
Will the Minister of COMMERCE be pleased to state:

(a) the steps being taken or proposed by the Minerals and Metals Trading Corporation of India Limited (MMTC) to increase the procurement of iron ore from different Orissa mines in 1989-90;

(b) whether any special strategy has been drawn up by the MMTC in this regard and

(c) if so, the details thereof?

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): (a) to (c). A Statement is given below.

STATEMENT

Keeping in view the stocks lying at MMTC's various ex-plot procurement stations in Orissa/Bihar and firm sales finalised so far for shipments from Paradip Port during