

Overdraft of State Government

2141. SHRI KAILASH JOSHI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) what is the limit of overdraft a State can draw, State-wise;
- (b) the names and details of overdraft drawn by States during the last two years;
- (c) whether Government propose to set up a panel to reform RBI's present practice with regard to overdraft limits by States; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Overdraft of States with Reserve Bank of India are governed by the Ways and Means Advance and Overdraft Regulation Scheme of the RBI, as revised from time to time. Presently there is no limit on the amount of overdraft that a State can draw.

(b) The transaction between a State and the RBI is conducted as per an agreement between the two. Since, it is a matter of relationship between the banker and the client (between the Reserve Bank of India and the State Government), such information is not published/made public by Govt, of India.

(c) and (d) The existing Ways and Means Advance and Overdraft Regulation Scheme of the Bank is due for review in March 2003. A decision has been taken by RBI to form a Group to review the Scheme.

Domestic savings

2142. SHRI ASHWANI KUMAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether a decline in the domestic savings rate from 25 to about

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22-23 per cent of GDP will have adverse impact on the economic growth of the country;

(b) whether it is a fact that the targeted growth rate of 7 to 8 per cent will not be achieved without insuring domestic savings at 32 per cent of GDP;

(c) what are the new productive saving instruments planned by Government that would assure a reasonable rate of return to householders and thereby encourage domestic savings; and

(d) whether any tax free-saving instruments, beyond those indicated in the budget are contemplated, if so, whether these would be indicated?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Domestic savings rate measured in terms of gross domestic savings as a proportion of GDP at current market prices improved from 23.2 per cent in 1999-2000 to 23.4 per cent in 2000-01.

(b) As per the Approach Paper to the Tenth Five Year Plan (2002—07) approved by the National Development Council, given an incremental capital output ratio of around 4.08, annual average growth in real GDP of 8 per cent may be achieved through the gross domestic investment rate of 32.6 per cent of GDP at current market prices, which would be financed by external capital flows amounting to 2.8 per cent of GDP and gross domestic savings of 29.8 per cent of GDP.

(c) and (d) The Finance Minister, while announcing the Supplementary Demands for Grants for 2002-03, has proposed the following measures which would encourage the growth of domestic savings:

- (i) Increase in deduction under Section 80L to Rs. 15,000 comprising Rs. 12,000 for income from specified investments and Rs. 3000 on interest on Government securities.

- (ii) Increase in the limit in respect of dividend income upto Rs. 2500 received from each company or a mutual fund for tax deduction at source for senior citizens and investors.
- (iii) Life insurance premia to be totally exempt from service tax.
- (iv) The Government propose to shortly offer a new scheme of tax-free bond with enhanced monetary ceiling which will have an interest rate of 7 per cent and a maturity period of 6 years.

Cadre restructuring of Directorates of Income tax

2143. SHRI RAMA SHANKER KAUSHIK: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether it is a fact that while restructuring the cadre of income-tax Department, the cadres of Directorates of Income-tax were not restructured;
- (b) if so, the reasons therefor;
- (c) whether there is any proposal for restructuring the cadres of Directorates of Income-tax;
- (d) if so, by when it is likely to be implemented; and
- (e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) to (e) Priority was accorded in the restructuring exercise to those areas of work which contribute directly to increase in revenue realization.

A separate exercise for restructuring of the Directorates and their cadres is under way. It would not be practical to indicate a precise timeframe for its completion.

Excise duty on medicines

†2144. SHRI MOTILAL VORA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether it is a fact that a proposal for heavy increase in excise duty on medicines is under Government's consideration;

†Original notice of the question was received in Hindi.