

[29th February, 2000] RAJYA SABHA

Winding up of Unviable Banks

507. SHRI ANANTA SETHI: Will the Minister of FINANCE be pleased to state:

- (a) whether Government have a proposal to wind up the uneconomic/unviable banks;
- (b) if so, the number of such banks in each State;
- (c) the reasons for the sickness of those banks; and
- (d) the details of alternative arrangements made/planned for employment of the employees of those banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No Sir.

(b) to (d) Do not arise.

Budgetary Provisions for the Centre and States

508. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

- (a) what is the combined fiscal deficit of States and the Centre in per cent of GDP;
- (b) what is the reaction of Government thereto;
- (c) whether Government are aware that the States play greater role in agriculture, industry, employment, health, education and infrastructure like road, water, irrigation, power etc. than the Centre; and
- (d) if so, the rationale behind taking major share of budgetary provisions for the Centre?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) The combined fiscal deficit of the Centre and States as a proportion of gross domestic product (GDP) is budgeted at 7.8 per cent in 1999-2000. The growing fiscal deficit is the most challenging macro economic management problem faced by the Centre and the States and needs to be urgently reversed. For providing plan assistance to States,

budgetary support from the Central Government is provided through the Planning Commission. The pattern and quantum of financial support to the States is determined on the basis of recommendations of the Finance Commission.

RBI warning on States deficit

509. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) what is the States deficit of the GDP;

(b) in what manner Government propose to combat the situation;

(c) whether Government's attention has been drawn to the warning of the Reserve Bank of India in this regard; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) As per the RBI report on State Finances, January 2000, the Gross Fiscal Deficit was 4.3 percent of GDP in 1998-99. Financial management of States is primarily the responsibility of the State Governments and it is for the respective State Governments to initiate remedial action. However, in order to assist the States who have initiated fiscal reforms, Government of India has created a facility for extending medium term assistance to those States who have entered into an agreement with Government of India for initiating monitorable fiscal reform programmes.