

His Majesty's Government in the U. K. ! in accordance with the Financial Agree- I ment concluded with His Majesty's Government soon after the outbreak of the war. During the currency of | the Agreement, transfers to and from the Defence Reserve Fund were not ! permissible. The cessation of the Agreement on 31st March 1947 <sup>was</sup> followed by the Partition of the country. The balance of Rs. 1,05,00,005 lying in the Fund on 14-8-47 was merged in the accounts of the undivided Government of India. No portion of I this balance was brought forward in the accounts of the Dominion of India as the question of revival of this Fund in the altered circumstances had to be j considered *ab initio* in respect of the new Dominion.

(f) Government consider that there is no need to build up a similar Fund now in circumstances obtaining at present.

(g) Before the war this Fund was drawn upon to finance mainly measures of re-equipment of the Armed Forces and there was no separate booking of expenditure under any capital head.

### WRITTEN ANSWERS TO QUESTIONS

#### CENTRAL GOVERNMENT LOANS

79. SHRI P. C. BHANJ DEO : Will the Minister for FINANCE be pleased to state :

(a) whether his attention has been drawn to a statement in the White Paper on the Punjab Budget for 1952-53 (page 35) that "unfortunately a substantial portion of them (i.e., Central Government loans) have been taken for purposes which are quite clearly not productive, nor can they in their very nature be so ";

(b) what portion of the total Central Government loans of Rs. 59,62,000, due from the Punjab on the first of

April 1952, was taken and used by that State for unproductive purposes;

(c) whether any steps have been taken to write off the unproductive loans granted to the Punjab;

(d) whether other States have been granted Central Government loans for unproductive purposes and if so, what is their extent up to the 31st March 1952;

(e) the amount of loans, if any, proposed to be granted to each State Government for unproductive purposes during the year 1952-53 ?

THE MINISTER FOR FINANCE  
(SHRI C. D. DESHMUKH) : (a). Yes, Sir.

(6) and (c). The total Central Government loans outstanding against the Punjab on the first of April 1952<sup>2</sup> amounted roughly to Rs. 58.07 crores comprising :

	Rs. crores
(i) Loans for Irrigation and Multi-purpose River Schemes .	32.46
(ii) G. M. F. Loans . . .	3.52
(iii) Loans for the Rehabilitation of Displaced Persons . . .	13.58
(iv) Other Loans . . .	8.51
<b>TOTAL .</b>	<b>58.97</b>

productive. In so far, however, as loans for the rehabilitation of displaced persons prove irrecoverable, the Government of India have accepted in principle to bear a moiety of the irrecoverable amount.

(d) and (e). Loans to other State Governments given upto the end of 1951-52 and proposed to be given during 1952-53 are almost entirely for purposes similar to those mentioned above; that is to say, are not for unproductive purposes.