Bihar Reorganisation Act, 2000

Section 48 - Public Debt

(1) All liabilities on account of Public Debt and Public Account of the existing State of Bihar outstanding immediately before the appointed day shall be apportioned in the ratio of population of the successor States unless a different mode of apportionment is provided under the provisions of this Act.

(2) The individual items of liabilities to be allocated to the successor States and the amount of contribution required to be made by one successor State to another shall be such as may be ordered by the Central Government in consultation with the Comptroller and Auditor-General of India:

Provided that till such orders are issued, the liabilities on account of Public Debt and Public Account of the existing State of Bihar shall continue to be the liabilities of the successor State of Bihar.

(3) The liability on account of loans raised from any source and re-lent by the existing State of Bihar to such entities as may be specified by the Central Government and whose area of operation is confined to either of the successor States shall devolve on the respective States as specified in sub-section (4).

(4) The public debt of the existing State of Bihar attributable to loan taken from any source for the express purpose of re-lending the same to a specific institution and outstanding immediately before the appointed day shall--

(a) if re-lent to any local body, body corporate or other institution in any local area, be the debt of the State in which the local area is included on the appointed day; or

(b) if re-lent to the Bihar State Electricity Board, the Bihar State RoadTransport Corporation, or the Bihar Housing Board or any other institution which becomes an inter-State institution on the appointed day, be divided between the States of Bihar and Jharkhand in the same proportion in which the assets of such body corporate or institution are divided under the provisions of Part VII of this Act.

(5) Where a sinking fund or a depreciation fund is maintained by the existing State of Bihar for repayment of any loan raised by it, the securities held in respect of investments made from that fund shall be divided between the successor States of Bihar and Jharkhand in the same proportion in which the total public debt is divided between the two States under this section.

(6) In this section, the expression "Government security" means a security created and issued by a State Government for the purpose of raising a public loan and having any of the forms specified in, or prescribed under clause (2) of section 2 of the Public Debt Act, 1944.