

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:316

ANSWERED ON:25.02.2000

FINANCIAL CONDITION OF STATES

NAMDEO HARBAJI DIWATHE;RAJO SINGH;RANEE NARAH;VSM (RETD.) COL. CHOUDHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether the financial health of most of the State Governments has reached a critical position;
- (b) if so, the details thereof by standard parameters;
- (c) whether a number of State Governments have sought waiver of loans from the Centre to ease debt burden;
- (d) if so, the details thereof, State-wise;
- (e) whether the Government are considering to bring out White Paper on present financial health of State Governments; and
- (f) if so, the details thereof with radical action proposed to halt the deteriorating financial health of State Governments?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a) & (b): Financial health of State Governments has deteriorated over the years as is evidenced from the following gross fiscal deficit and revenue deficit levels:

(Rs. crore)

Year	Gross Fiscal Deficit	Revenue Deficit
1997-98	44200	16333
1998-99 (RE)	75256	40491
1999-2000 (BE)	77893	40724

(c) & (d) : While some States have approached the Centre for waiver of their debt, it has been clarified to them that as per the terms and reference of the Eleventh Finance Commission, the Commission would make an assessment of the debt position of the States as on 31st March, 1999 and suggest such corrective measures as are deemed necessary keeping in view the long term sustainability for both the Centre and the States. The States would have also submitted their memoranda to the Eleventh Finance Commission.

(e) & (f) : No Sir. The financial management of the States is primarily the responsibility of the State Governments and it is for the respective State Governments to initiate remedial action.