

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1975
ANSWERED ON:26.07.2002
DEBT BURDEN OF THE STATES
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) the break-up of debt of States owed to World Bank, Asian Development Bank and other multilateral agencies, State-wise;
- (b) the figure of repayment in terms of such debt of States;
- (c) whether the Government have any plan to encourage low cost financing from international financial agencies like the World Bank and ADB; and
- (d) if so, the details of the plan to reduce debt burden of States ?

Answer

MINISTER OF STATE FOR FINANCE (SHRI ANANT G. GEETE)

(a) & (b) Under the provisions of the Constitution, the executive powers of a State extend to borrowing only within the territory of India. Also, under the VII Schedule of the Constitution, 'Foreign Loans' come under the Union list. Thus, State Governments cannot receive financial assistance from foreign countries/institutions directly. Therefore, debt owed by States to foreign countries/institutions is 'Nil'. The external loans in respect of projects implemented in various States are obtained by the Central Government and passed on to the States on different terms and conditions.

The debt owed by Government of India to various multilateral donors, as on 31.3.2002, was as under:

(Figures in Rs. crore)

Asian Development Bank (ADB)	13804.37
International Bank for Reconstruction & Dev. (IBRD)	28003.50
International Development Assn. (IDA)	93880.30
International Fund for Agricultural Dev. (IFAD)	1065.19
Organization of Petroleum Exporting Countries (OPEC)	82.46
European Economic Community	178.93

(Special Action Credit) [EEC(SAC)]

The breakup of repayment by Govt. of India during the last three years is as under:

(Rs. in crores)

EXTERNAL PRINCIPAL INTEREST

AGENCY	1999-00	2000-01	2001-02	1999-00	2000-01	2001-02
ADB	419.27	534.89	578.09	637.85	726.98	812.22
IBRD	3236.89	3788.30	2686.79	1660.93	1460.29	1312.84
IDA	1430.78	1679.54	2027.48	603.56	628.46	671.90
IFAD	23.70	24.83	26.69	9.54	9.85	10.01
OPEC	53.70	47.04	26.74	1.71	1.96	2.35
EEC (SAC)	3.64	4.82	4.93	1.25	1.08	1.07

(c) & (d) India is already availing low-cost financing from IDA and grants from various bilateral donors. There has been continuous effort to seek low cost financing for development projects in the country. External loans are passed on to the States as Additional Central Assistance (ACA) in the proportion of 70% loan : 30% grant (90% grant : 10% loan to Special Category States). The interest rate charged by Govt. of India on the loan portion has been reduced from 12.5% (two years back) to 11.5% (at present) per annum.