

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5029  
ANSWERED ON:25.04.2003  
DEBT RELIEF TO STATES  
TRILOCHAN KANUNGO

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) the amount of debt relief availed by each of the State during each of the last three years owing to the Eleventh Finance Commission performance related debt relief award;
- (b) the amount of normal debt relief awarded by Eleventh Finance Commission, year-wise and State-wise;
- (c) the debt relief awarded by the Union Government through debt swap mechanism or otherwise, State-wise and year-wise;
- (d) whether the Government have measured the debt burden of each of the State in terms of debt clearance as ratio of State's own revenue, State's total revenue and State's net Domestic Products, State-wise during each of the last three years; and
- (e) the steps being taken to mitigate the chronic and unmanageable debt problems of certain States like UP, Bihar and Orissa?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) The amount of general debt relief given to the States on the basis of recommendations of the Eleventh Finance Commission, so far, is as follows:

(Rs. in crore)

States	2001-02	2002-03
1. Andhra Pradesh	77.52	
2. Arunachal Pradesh	1.72	
3. Manipur	2.47	-

As the scheme operates with a time lag, the recommendations of the Eleventh Finance Commission, in respect of general debt relief, commence from the year 2001-02 only.

(b) the Eleventh Finance Commission has not recommended/awarded year-wise debt relief to States during its award period.

(c) the debt swap scheme is an attempt to capitalise on the current low interest regime, enabling States to pre-pay expensive loans contracted from Govt. of India in the past, with current low coupon bearing small savings and open market loans. During the year 2002-03, 20% of net small savings loans payable to States from September, 2002, was used to pre-pay the past debt. This has been supplemented by Rs.10,000 crore of Open Market Borrowings for the same purpose. In the current year, 30% of net small savings, complemented by additional market borrowings will be used for the swap. In the year 2004-05 the swap will be effected through 40% of net small savings and additional open market borrowings. A statement containing State-wise sums adjusted under debt swap scheme during 2002-03 including SLR market borrowings, is enclosed.

(d) & (e) :As incentives towards fiscal consolidation by States, including those like U.P., Bihar and Orissa, Govt. of India has created a 'States' Fiscal Reforms Facility 2000-01 to 2004-05'.

This is in accordance with the recommendations of the Eleventh Finance Commission. States are enjoined to draw up their Medium Term Fiscal Reforms Programme (MTFRP), aiming at reducing their revenue deficit and gross fiscal deficit over the reform period. The MTFRP of the States also aim at bringing down the stock of debt and guarantees to sustainable levels by 2004-05. Towards this

objective the borrowing limit of the State as percentage of total revenue receipts has been projected in the MTFRP.

Statement referred to in reply to part (c) of the Lok Sabha Unstarred Question No.5029, by Shri Trilochan Kanungo, for answer on 25.04.03, regarding Debt Relief to States.

State-wise sums adjusted under Debt Swap Scheme during the year 2002-03, including SLR Market Borrowings

(Rupees in crore)

States Adjustment out of States` Collections Additional SLR  
Share of Net Small Savings Market Borrowings allowed

1. Andhra Pradesh	333.87	827.00
2. Arunachal Pradesh	1.71	18.00
3. Assam	62.16	231.00
4. Bihar	191.21	597.00
5. Chattisgarh	61.44	149.00
6. Goa	21.02	45.00
7 Gujarat	598.11	1147.00
8. Haryana	151.03	379.00
9. Himachal Pradesh	46.38	244.00
10. Jammu & Kashmir	47.04	177.00
11. Jharkhand	115.73	205.00
12. Karnataka	222.02	609.00
13. Kerala	118.47	344.00
14. Madhya Pradesh	176.55	411.00
15. Maharashtra	0	0
16. Manipur	2.25	18.00
17. Meghalaya	3.02	17.00
18. Mizoram	1.73	13.00
19. Nagaland	1.71	14.00
20. Orissa	87.56	387.00
21. Punjab	274.77	717.00
22. Rajasthan	340.54	693.00
23. Sikkim	0.74	0
24. Tamil Nadu	253.00	689.00
25. Tripura	16.03	37.00
26. Uttaranchal	64.83	584.00
27. Uttar Pradesh	572.66	1448.00
28. West Bengal	0	0