

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:755
ANSWERED ON:17.05.2002
DEBT BURDEN OF STATES
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO

Will the Minister of FINANCE be pleased to state:

- (a) the total debt burden of various State Governments on the Union Government as on 31st March, 2002 ;
- (b) whether some State Governments have requested the Union Government to provide certain reliefs ;
- (c) if so, the details thereof, State-wise; and
- (d) the decision taken by the Union Government on each of this request ?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI YASHWANT SINHA)

(a) The total debt burden of various State Governments on the Union Government as on 31.3.2002 was Rs. 247030 crores (B.E.), and the amount State Governments owed to the National Small Savings Fund was Rs. 92870 crores. The Statewise position in the enclosed statement.

(b) to (d) State Governments have, by and large, asked for three types of relief :-

(i) Moratorium on debt.

(ii) Rescheduling of debt.

(iii) Reduction the interest burden on debt.

Insofar as concerned, the position of State Governments has been reviewed by the Eleventh Finance Commission (EFC). The EFC has recommended a scheme of debt relief as part of its report. The recommendations of EFC have been accepted by the Government of India. There is no provision for selective reopening of debt relief beyond the recommendations of EFC. Insofar as (iii) is concerned, the rate of Interest on Plan loans as well as Small Savings loans has been reduced to 11.5% and 10.5% respectively effective from 1.4.2002. States have also been enabled to receive 100% of net Small Savings entitlements as against 80% earlier. This is on the condition that States retire their high cost debt contracted earlier, from the incremental 20% Small Savings Advance raised at the current low interest rates.