

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3458  
ANSWERED ON:20.08.2004  
DEBT OF NORTH EASTERN STATES  
Das Shri Khagen

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government is aware that the debt of North-Eastern States has reached an unsustainable stage;
- (b) if so, the measures proposed to be taken by the Union Government to make the debt stock for the North-Eastern States self sustaining;
- (c) whether the Government proposes to take measures to correct the fiscal imbalance in the North-Eastern States through special debt relief package; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a): Finance Ministry treats States with Debt to GSDP ratio of 30% or more or Debt to TRR ratio of 300% (200% for Special Category States) as debt-stressed State. All NE States i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura are debt stressed as per debt to GSDP criterion.
- (b): Total borrowing by the States have been capped to check undue build up of debt. A debt-swap scheme has also been launched since 2002-03 to reduce interest burden and also to pre-empt a part of small savings loans for debt retirement.
- (c)& (d): A debt relief scheme recommended by Eleventh Finance Commission is currently in operation. However, only Manipur and Arunachal Pradesh in North-East have taken advantage of it. The issue of debt restructuring of State has been referred to the Twelfth Finance Commission also.