

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:570

ANSWERED ON:03.12.2004

IMPROVEMENT OF PUBLIC FINANCES BY GUJARAT GOVERNMENT

Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

- (a) whether the Gujarat Government is taking steps to improve its public finances by reduction of average interest rate of debts;
- (b) whether the State Government has made any proposals to the Finance Ministry in this regard; and
- (c) the decision of the Union Government in this regard?

Answer

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

- (a): Yes, Sir. State Government has undertaken extensive debt swap, including under Debt Swap Scheme of Gol. Government of Gujarat has swapped Central debt of Rs 9563.51 crores carrying coupon rate of 13% and above outstanding as on 01.04.2002, in full.
- (b): The State Government requested that 40% of their small savings collections may continue to be deducted and applied for swapping Central Government loans carrying interest rates lower than 13%. Further the State Government had requested for approval of loans from merchant bankers @ 7.7% to 7.8% for swapping outstanding HUDCO loan bearing interest rate of 13.5%.
- (c): Approval for both the requests has been accorded.