

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:604
ANSWERED ON:09.07.2004
INTEREST RATE ON LOANS
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has decided to ease the fiscal stress of States by planning a 50-100 basis point cut in the interest charged on fresh loans to States;
- (b) if so, whether reduction in interest rate on plan loans has provided some relief in easing their debt burden;
- (c) if so, the total deduction of interest rate on fresh loans in 2004-2005 to be considered;
- (d) the extent in which this reduction of interest rates has helped States for debt relief; and
- (e) the States which have been benefited?

Answer

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

(a) to (e): The Union Government has announced the decision regarding the rate of interest on loans to State Governments in the Budget 2004-05, presented on July 8, 2004.