

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5294

ANSWERED ON:29.04.2005

DEBT OF PUNJAB

Ajnala Dr. Rattan Singh;Dhindsa Shri Sukhdev Singh;Libra Shri Sukhdev Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether Punjab State Government has approached the Union Government to reduce its debt servicing burden;
- (b) if so, the total debt position of the Punjab as on date;
- (c) the interest burden of Punjab against State loan; and
- (d) the steps taken by the Union Government to help the Punjab State Government?

Answer

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

(a) Government of Punjab has not made any specific request for reducing its debt servicing burden. However, the State Government has requested for waiver of the balance Special Term Loan granted to the State for combating insurgency and militancy.

(b) and (c) Outstanding loan of the State payable to Ministry of Finance as on 31-3-2005 is Rs. 7182.58 crore. Interest payments estimated for financial year 2005-06 (without taking into debt consolidation) is Rs. 887.88 crore.

(d) Government of India has accepted the recommendations of Twelfth Finance Commission (TFC) for debt consolidation and waiver of outstanding GoI debts. This is expected to benefit the State with estimated lower interest of Rs. 523.18 crore, lower repayment of Rs. 351.48 crore and debt waiver of Rs. 763.42 crore over the next five years i.e. 2005-10, if the State meets necessary conditions.