

**GOVERNMENT OF INDIA  
HOME AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3843  
ANSWERED ON:19.04.2005  
FINANCIAL ASSISTANCE TO COMBAT TERRORISM  
Khanna Shri Avinash Rai

**Will the Minister of HOME AFFAIRS be pleased to state:**

- (a) whether any financial assistance has been provided by the Union Government to combat terrorism in Punjab;
- (b) if so, the details thereof;
- (c) the manner in which this assistance was to be spent and the areas where this assistance was to be provided;
- (d) the terms and conditions set for this financial assistance;
- (e) whether this financial assistance was to be recovered by the Government;
- (f) if so, whether the Union Government has asked the Punjab Government for the recovery of the amount;
- (g) whether the former Prime Minister of India had waived off this amount completely; and
- (h) if so, the reasons for recovery of said amount of assistance?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI SRIPRAKASH JAISWAL)

(a) to (h): Special Term Loans of Rs. 5799.92 crores were given to the Government of Punjab by the Government of India during the period from 1984-85 to 1993-94 for combating insurgency and militancy in the State. The loans were mainly for funding their Annual Plans as the State could not raise resources due to militancy prevailing in the State during the above period. The rates of interest on the loans were between 7.5% to 12% during the period. These Term Loans were repayable to the Government of India over a period of 15 to 20 years.

The Government of Punjab have paid Rs. 771.24 crores (Principal) and Rs. 1923.43 crores (interest). In addition a total of Rs. 3413.11 crores (Principal and Interest) has been waived by the Central Government during the period 1995-2000. The principal amount outstanding as on 31.3.2000 was Rs. 3772 crores. The 11th Finance Commission recommended a moratorium on the payment of installments of debt and interest on the Special Term Loan due for payment during the period 2000-05 so that the State is able to build its economy and be in a better position to repay the loan. The 11th Finance Commission also recommended that the expenditure incurred on security by the Government of Punjab be worked out by the Ministry of Home Affairs in consultation with the Government of Punjab and the Ministry of Finance and to the extent that the State is entitled to reimbursement on account of security related expenditure, the relief on debt may be given to the State after the period of moratorium is over, and after taking into account the waiver already given. The 12th Finance Commission has recommended continuation of moratorium upto 2006-07 pending finalization of debt relief by the Government. The Central Government has accepted the recommendations of the 11th and 12th Finance Commissions.