

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3358
ANSWERED ON:13.08.2010
WAIVER OF LOANS
Satpathy Shri Tathagata

Will the Minister of FINANCE be pleased to state:

- (a) the details of loans given to the States by the Union Government during the last three years, State-wise;
- (b) whether States have requested for waiving of the loans which have become a burden on them; and
- (c) if so, the steps taken by the Union Government in this regard?

Answer

Minister of State in the Ministry of Finance (SHRI S.S. PALANIMANICKAM)

(a): A statement showing details of loans and advances released to States by Government of India, state-wise, for the years 2006-07 to 2008-09, is annexed.

(b) and (c): State Governments have recently urged the Thirteenth Finance Commission (FC-XIII), to take into account the total debt burden of the states in recommending effective debt relief measures. FC-XIII has, inter alia, recommended that loans given to states for centrally sponsored schemes/central plan schemes through ministries other than Ministry of Finance, outstanding as at the end of 2009-10, be written off, subject to conditions prescribed. Government of India has accepted this recommendation.

The Twelfth Finance Commission (whose award period was 2005-2010) had recommended a Debt Consolidation and Relief Facility, which provided for

- (i) Consolidation of central loans (from Ministry of Finance) contracted till 31-3-2004 and outstanding as on 31-03-2005 for a fresh tenure of twenty years at an interest rate of 7.5% per annum and
- (ii) Debt waiver to states based on their fiscal performance. Loans from Ministry of Finance to 26 States which had enacted their Fiscal Responsibility and Budget Management Acts, have been consolidated and debt waiver amounting to Rs.19,963.66 crore has been provided to eligible states.