

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1758
ANSWERED ON:19.11.2010
WAIVING OF LOANS UNDER DCRF
Bairwa Shri Khiladi Lal

Will the Minister of FINANCE be pleased to state:

- (a) whether loans sanctioned to be waived under the Debt Consolidation and Relief Facility (DCRF) Scheme from Rajasthan has not been waived;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the reaction of the Union Government thereto?

Answer

Minister of State in the Ministry of Finance(SHRI NAMO NARAIN MEENA)

(a) to (c) : The Twelfth Finance Commission recommended debt relief to States during its award period 2005-10. Under the resultant Debt Consolidation and Relief Facility (DCRF), loans to be repaid by the States to Ministry of Finance, Government of India, are waived based on the States' fiscal performance.

In order to reduce the time lag in providing debt relief, the revenue deficit indicated in the revised budget estimates of the preceding year and fiscal deficit based on the relevant year's budget estimates, are relied upon to provide provisional debt waiver. The position is reviewed once the finance accounts become available.

Debt waiver of Rs.308.70 crore has been allowed to Government of Rajasthan for each of the years 2005-06, 2006-07 and 2007-08.

For 2008-09, debt waiver of Rs.308.70 crore was provisionally allowed to Rajasthan, based on the State's budgeted fiscal performance. The provisional debt relief granted could not be confirmed as the State's ratio of fiscal deficit to gross state domestic product was found to be higher than the prescribed ratio, when the finance accounts became available.

For 2009-10, the state was not eligible for provisional debt waiver as its 2009-10 budget estimates indicated a higher fiscal deficit than prescribed. Rajasthan's final eligibility for debt waiver for 2009-10 can be assessed upon receipt of the finance accounts for that year.