

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1416
ANSWERED ON:04.03.2011
REDUCTION OF INTEREST ON CENTRAL LOAN TO GUJARAT
Bavalia Shri Kuvarjibhai Mohanbhai

Will the Minister of FINANCE be pleased to state:

- (a) whether Central Government is taking major steps to reduce interest rate on Debts towards Central loan sanctioned to Government of Gujarat;
- (b) if so, whether any proposal has been received by the Ministry from State Government in this regard; and
- (c) if so, the present status thereof?

Answer

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

- (a) The Twelfth Finance Commission for its award period 2005-2010 had recommended a Debt Consolidation and Relief Facility, which provided for consolidation of central loans (from Ministry of Finance) contracted till 31.3.2004 and outstanding as on 31.3.2005 for a fresh tenure of twenty years at an interest rate of 7.5% per annum. Loans from Ministry of Finance to 26 States, including Gujarat, which had enacted their Fiscal Responsibility and Budget Management Acts (FRBMA), have been consolidated. Interest Relief amounting to Rs.1,673.47 crore has been provided to Government of Gujarat during the period 2005-10 as a result of their debt consolidation.
- (b) No, Sir.
- (c) Does not arise.