

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1599
ANSWERED ON:04.03.2011
DEBT SWAP SCHEME
Singh Shri Sukhdev

Will the Minister of FINANCE be pleased to state:

(a) whether Government has formulated a Debt Swap Scheme to give interest relief to the States on the 'high cost debt' owned by the States to the Union Government; and

(b) if so, the debt of States, especially Punjab, outstanding as on date?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) The Twelfth Finance Commission for the award period 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 31.3.2005 for a fresh tenure of twenty years at an interest rate of 7.5% per annum. States which had enacted their Fiscal Responsibility and Budget Management Acts have availed of this facility.

In addition, The Thirteenth Finance Commission for the award period 2010-15 has recommended that loans to States from National Small Savings Fund (NSSF) contracted till 2006-07 and outstanding at the end of 2009-10 be reset at 9 per cent rate of interest, subject to the condition that States with Fiscal Responsibility and Budget Management Acts (FRBMA) already in place amend the same and States not having FRBMAs legislate their FRBMAs as recommended by the Commission. Government of India has accepted this recommendation in principle.

(b): Details of outstanding debt of various States as on 31.3.2010 as reported by the Reserve Bank of India (RBI) is given in Annexure A.