

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3040
ANSWERED ON:19.08.2011
WAIMER OF LOAN
Agarwal Shri Jai Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have received any representation for suspension of outstanding amount of Central Government;
- (b) if so, the details of issues mentioned in representation as on date, State-wise; and
- (c) the action taken/proposed to be taken by the Government in this regard, State- wise?

Answer

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

(a) to (c): In the recent past, Government of Kerala has sought moratorium on repayment of Central loans from 2011-12 to 2013-14 and in 2017-18 and 2018-19 owing to high spikes in repayments in these years, to be resumed over the next five or six years. Government of Punjab has also requested waiver of the entire Central term loan outstanding as on 31.3.2010 to ameliorate the debt burden of the State. The Twelfth Finance Commission (TFC), had recommended a Debt Consolidation and Relief Facility (DCRF) for States, subject to certain conditions, during its award period 2005-2010. This facility involved (i) consolidation of 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 and (ii) debt waiver to States based on their fiscal performance. Under this scheme, debt waiver amounting to Rs. 20567 crore has been provided to eligible States, and loans amounting to Rs. 113601 crore were consolidated. The Thirteenth Finance Commission (FC-XIII), for its award period 2010-2015, has recommended that the facility of debt consolidation be extended to States that had not availed this benefit under DCRF, subject to enactment of fiscal responsibility legislation as prescribed. Accordingly the loans of the States of West Bengal and Sikkim, from Ministry of Finance amounting to Rs. 8633.50 crore and Rs. 133.45 crore respectively, have been consolidated. FC XIII has also recommended that loans given to States and administered by ministries other than Ministry of Finance, outstanding at the end of 2009-10, be written off, subject to enactment/amendment of fiscal responsibility legislation by the States on the lines recommended by FC-XIII. This recommendation has been accepted.