

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:494
ANSWERED ON:07.08.2009
ASSISTANCE TO STATES
Singh Shri Dushyant

Will the Minister of FINANCE be pleased to state:

- (a) the debt burden of various States as on 31st March,2009;
- (b) the proposal submitted by various States including Rajasthan for financial assistance to reduce the debt;
- (c) the aid and assistance proposed to be extended to each State during 2009-10 to reduce the debt burden; and
- (d) the action taken by the Union Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to ftt OF THE LOK SABHA STARRED QUESTION NO.494 FOR ANSWER ON 7TH AUGUST,2009 REGARDING ASSISTANCE TO STATES

(a): A statement indicating outstanding liabilities of state governments as at end March 2009 (BE) is at Annexure-A

(b): In the conference of the State Finance Ministers with the Union Finance Minister on 11 June 2009, representatives of State Governments, inter-alia, requested for debt relief including relaxation of fiscal deficit targets without losing benefits under the Debt ConsoUdation and Relief Facility (DCRF), consolidation and rescheduling of loans given by financial institutions to state governments, review of Fiscal Responsibility and Management Acts etc.

(c) & (d): The Twelfth Finance Commission (TFC) recommended DCRF over the period of its award, i.e. 2005-10. The DCRF Scheme has two components - (i) consolidation of Central loans contracted till 313.2004 and outstanding as on 313.2005, and (ii) grant of interest relief and debt waiver to States based on their fiscal performance. For the year 2009-10, based on the existing DCRF guidelines and the information provided by the states in their budget documents, debt waiver to the extent of Rs 2192.06 crore has been provided to 8 states, till date, as per details in Annexure - B. In the recent Union Budget the fiscal deficit ceiling has been liberalized to 4% of the Gross State Domestic Product, to enable the States to pursue their developmental programmes without the losing the benefits of DCRF