

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4761  
ANSWERED ON:04.05.2012  
REQUEST FROM TAMIL NADU  
Natarajan Shri P.R.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Finance Ministry has received any request from the Government of Tamil Nadu for special financial package of Rs. 2 lakh crores to meet the State Government's debt relief, bailout pack for Tamil Nadu Electricity Board (TNEB) and urban infrastructure provision in the recent past;
- (b) if so, the details thereof; and
- (c) the decision taken by the Government in this regard?

**Answer**

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

(a) & (b) No request for special financial package of Rs. 2 Lakh crore has been received from Government of Tamil Nadu. However, the State, had requested, through separate references, to extend Special Assistance of Rs.1,00,000 crore as grant to reduce the debt level of the State and a special developmental financial package of Rs.25,000 crore partly as grant and partly as a 20 year loan for specific developmental and heavy infrastructure projects, including for urban development.

(c) Debt Consolidation amounting to Rs.5265.57 crore and Debt Waiver amounting to Rs.1316.40 crore has been extended to the State in pursuant to the recommendations of XIIIth Finance Commission. Further, following public debt and other liabilities relief measures have been extended to the State of Tamil Nadu in accordance with the recommendations of Thirteenth Finance Commission (FC-XIII), for its award period 2010-15;

(i) Central loan amounting to Rs.107.89 crore under Central Plan Schemes (CPS)/Centrally Sponsored Schemes (CSS) advanced to Government of Tamil Nadu by Ministries other than Ministry of Finance outstanding as on 31.3.2010 has been written off during 2011-12.

(ii) FC XIII has recommended that interest rate on National Small Savings Fund (NSSF) loans contracted by States till 2006-07 and outstanding till the end of the year preceding the year in which Fiscal Reforms and Budget Management Act (FRBMA) is amended /enacted by a State, be reset at an interest rate of 9%. On amendment of FRBMA by the State in October 2011 the benefit of reset of interest on NSSF loans has been extended to the State for the year 2011-12.

Request for additional funds from State is contextualized within the framework for the Central Assistance that is provided to States on a regular basis. Funds are made available to States through CPS/CSS, State Plan Schemes and Finance Commissions awarded grants. Loans are also facilitated for State specific projects through External Funding Agencies. State has been requested to project its requirement of resources for specific areas of development during the course of discussion of State's Annual Plan for 2012-13. A response on these lines has already been sent to the State Government of Tamil Nadu in January 2012.