

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1712
ANSWERED ON:22.08.2012
CENTRAL LOAN TO PUNJAB
Singh Shri Sukhdev

Will the Minister of FINANCE be pleased to state:

- (a) the details of Central loan outstanding against the State of Punjab as on date indicating interest thereon;
- (b) whether Punjab Government has requested the Centre to write off/waive the interest for a certain period; and
- (c) if so, the relevant details thereof and the reaction of the Central Government thereto?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE SHRI NAMO NARAIN MEENA

(a): As per latest Union Finance Account for 2010-11, total outstanding Central loan of Punjab on 31st March, 2011 is Rs.3297.42 crore. The provisional figure of outstanding Central loan is Rs.3268.61 crore as on 31st March 2012. Estimated interest of Rs.174.75 cr. is due from Punjab during the year 2012-13.

(b) & (c): Requests received recently from State Government of Punjab relate to waiver on outstanding small savings loans or moratorium on repayment of principal and interest of this debt for a period of five years from 2012-13. Requests received from State Governments on debt restructuring, moratorium and waiver are generally dealt within the ambit of recommendation of Finance Commissions.

During the award period of Twelfth Finance Commission (TFC), loans from Ministry of Finance amounting to Rs.3,067.75 crore have been consolidated for a fresh tenure of 20 years at an interest rate of 7.5% per annum. Consolidation resulted in interest relief of Rs.599 crore to the State. Further, Ministry of Finance loans amounting to Rs.370.70 crore were waived.

During the award period of Thirteenth Finance Commission (FC-XIII), Central loans for Central Sector Schemes/Central Plan Schemes (other than Ministry of Finance) outstanding as at the end of 2009-10, amounting to Rs.32.68 crore have been written off. With respect to loans from the National Small Saving Fund (NSSF), FC-XIII has recommended that loans contracted from the NSSF till 2006-07 and outstanding at the end of the year preceding the . year of enactment/amendment of Fiscal Responsibility and Budget Management Act (FRBMA) be reset at 9% interest rate on the date of enactment/amendment of FRBMA. Punjab is estimated to get an interest relief of Rs.703.34 cr. during the award period of FC-XIII.