

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1293  
ANSWERED ON:30.11.2012  
DEBT BURDEN OF STATES  
Thomas Shri P. T.

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

- (a) whether the debt burden of States has been reviewed;
- (b) if so, the details thereof along with the State-wise amount of debts of various States; and
- (c) the details of support proposed to be provided to the revenue deficit States for repayment of loan?

**Answer**

THE MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): The Thirteenth Finance Commission (FC – XIII) has inter- alia prescribed annual debt to Gross State Domestic Product (GSDP) targets for each State to be maintained during its award period 2010-15. The States are required to monitor their liabilities under their respective Fiscal Responsibility and Budget Management Acts (FRBMAs), enacted/amended by all States in line with recommendations of FC – XIII. As gleaned from Budget Estimates of States for 2012-13, the estimated outstanding debt and other liabilities at the end of 2012-13, the estimated debt/GSDP ratios and the targets prescribed for 2012-13 for all States are given in

Annexure. FC- XIII has noted that three general category States had revenue deficit in 2007-08. Accordingly, it has prescribed fiscal correction path for these three States to eliminate revenue deficit by 2014-15 and to achieve fiscal Deficit/GSDP ratio of 3% by 2013-14 as compared to other general category States that are required to eliminate revenue deficit by 2011-12 and attain fiscal deficit/GSDP ratio of 3% by 2011-12.

Further, debt relief measures are extended as per the recommendations of the Finance Commissions. Under the Debt Consolidation and Relief Facility recommended by Twelfth Finance Commission (TFC), Central loans amounting to Rs.122348 crore from Ministry of Finance (MoF) contracted by the States was consolidated for a fresh tenure of 20 years at an interest rate of 7.5% per annum and debt waiver to the extent of Rs.19726 crore was extended to eligible States from 2005-06 to 2009-10.

As recommended by FC-XIII for its award period (2010-15), loans extended to States through Ministries other than MoF under Centrally Sponsored Schemes/ Central Plan Schemes and outstanding at the end of 2009-10, have also been written off to the extent of Rs. 2,050 crore till 31.3.2012.

FC XIII has also recommended reset of interest rates on loans from National Small Savings Fund, contracted up to 2006-07 and outstanding at the end of the year preceding the year of enactment /amendment of the States' FRBMAs, at a common rate of 9% per annum. As estimated by FC XIII, interest relief of Rs.13,517 crore is expected to accrue to States on this account, during 2010-15. The benefit continuing beyond the award period of FC-XIII has been estimated to reach Rs.28,360 crore by the maturity of the last loan coming under purview.