

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3178

ANSWERED ON:15.03.2013

CENTRE LOANS TO STATES

Agarwal Shri Jai Prakash;Badal Harsimrat Kaur;Gaddigoudar Shri P.C.;Hazari Shri Maheshwar ;Lal Shri Kirodi ;Singh Shri Uday Pratap;Viswanathan Shri P.

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

- (a) the State/UT-wise amount of loan given by the Centre during each of the last three years and the current year and that outstanding along with the reasons for delays, if any, as on date;
- (b) the purpose for and present status of utilization of the loans, State/UT-wise;
- (c) whether any amount has been waived by the Government and if so, the details thereof and the reasons therefor, State/UT-wise;
- (d) whether the Government proposes to implement the formula followed in sharing of net proceeds of the Union taxes between the Centre and the States in railways, transport and information technology sectors too; and
- (e) if not, the reasons therefor?

**Answer**

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

(a) & (b): Year wise details of loan given by the Centre to the States/UTs and amount outstanding at the end of the years 2009-10, 2010-11 and 2011-12 (Prov), are given in the annexed Table-1. During current year 2012-13 (upto January 2013), loan of Rs. 8136.03 crore has been given by the Centre to States/UTs. As the outstanding liabilities of States are compiled on a year to year basis, State/UT-wise provisional figures of outstanding liabilities of latest available financial year are given in the annexed Table -I. No instance of delay has been reported. The utilization of loans for the purposes they are meant is subject to control of State and audit by the Comptroller & Auditor General of India (C&AG).

(c): The Twelfth Finance Commission (TFC), had recommended a Debt Consolidation and Relief Facility (DCRF) for States, subject to compliance with certain conditions, during its award period, 2005-2010. This facility involved

- (i) consolidation of loans from Ministry of Finance, contracted till 31.03.2004 and outstanding as on 31.03.2005, for a fresh tenure of 20 years at an interest rate of 7.5% per annum and
- (ii) debt waiver to States based on their fiscal performance. Under the scheme, loans amounting to Rs. 1,22,348 crore were consolidated and debt waiver of Rs. 19,726 crore was provided to eligible States. State-wise details of debt waiver granted under DCRF are at Table-2. As recommended by the Thirteenth Finance Commission (FC-XIII), the benefit of waiver under DCRF is not continued any further to any State.

FC-XIII has further, intra-alia, recommended for write-off of loans given to States and administered by Ministries other than Ministry of Finance for Centrally Sponsored Schemes/ Central Plan Schemes (CSS/CPS), outstanding at the end of 2009-10, subject to the States enacting/amending their Fiscal Reforms and Budget Management Acts (FRBMAs). An amount of Rs. 2050.10 crore outstanding against CSS/CPS has been written off till 2011-12 after enactment/ amendments were made to FRBMAs by the States. State wise details of loans written off are at Table-3.

(d) & (e): In terms of Article 270 of the Constitution of India, the sharing of Union tax revenues is decided on the recommendations of Finance Commission. As per accepted recommendations of FC-XIII, the States` share has been fixed at 32% of the net proceeds of sharable Central Taxes during its award period 2010-2015, and accordingly, annual devolution is made to the State Governments.

Further, the distribution between the Union and the States of the net proceeds of taxes and allocation between the States of the respective shares of such proceeds is one of the mandates of the 14th Finance Commission (XIVth FC), which has now been constituted.