

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2375
ANSWERED ON:23.08.2013
RELEASE OF DEBT WAIVER
Singh Chaudhary Lal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any request from State Governments for releasing of debt waiver;
- (b) If so, the details thereof during the last three years and the current year and the action taken by the Government thereon; and
- (c) the steps taken/being taken by the Government to expedite releasing of debt waiver to the States ?

Answer

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

(a) to (c): Debt waiver is sanctioned to State Governments under recommendations of the Finance Commissions. However, the amount of waiver is not released to State Governments in cash. Instead, it is adjusted against their outstanding Central loans due to Government of India.

The recent most comprehensive debt restructuring exercise was undertaken under the award of the Twelfth Finance Commission (TFC). To ameliorate the debt position of the States, TFC had recommended Debt Consolidation and Relief Facility (DCRF) to be extended to the States. This involved (i) consolidation of central loans from Ministry of Finance for a fresh tenure of 20 years at an interest rate of 7.5% p.a. and (ii) waiver of repayment due against consolidated debt based on fiscal performance of States each year.

As recommended by TFC, debt waiver under DCRF in aggregate amounting to Rs. 19,726 crore has been provided to eligible States, including to Andhra Pradesh, Assam, Gujarat, Haryana, Kerala, Punjab, Rajasthan, Tamil Nadu and Uttar Pradesh, which had in the last three years requested for waiver of debt. State wise details of debt waiver extended to the eligible States under DCRF are at Annexure I. As recommended by Thirteenth Finance Commission (FC – XIII), the debt waiver under DCRF is not continued any further to any State.

Similarly, FC-XIII has recommended write-off of central loans extended to States by ministries other than MoF. As recommended by FC – XIII, loans for Centrally sponsored schemes (CSS)/Central Plan Schemes (CPS) to the extent of Rs. 2,050.10 crore were written off in 2011-12. Further, an amount of Rs. 220.83 crore of outstanding central loans against CSS/CPS has been adjusted against outstanding central loans from Ministry of Finance in 2012-13. State-wise details of debt written off is at Annexure II.