

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3405

ANSWERED ON:30.08.2013

LOANS TAKEN BY THE STATES

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Will the Minister of FINANCE be pleased to state:

(a) the amount of loans given by the Government to the States during the last three years till date along with the outstanding liabilities of the States, State/UT-wise:

(b) whether the Government has received complaints regarding the misuse of the said loans by the States and if so, the details thereof along with the purpose for which the said loans were taken along with the purposes for which the said loans were spent, State/ UT-wise and reactions of the Government thereto; and

(c) the details of requests received from the States with respect to the outstanding liabilities, if any, and the action taken thereon, State/UT-wise?

Answer

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

(a) The details of the amount advanced by Central Government, including those on back-to-back basis, during last three years from 2010-11 to 2012-13 and during 2013-14 (till 25th August 2013) alongwith the outstanding amount as at the end of 2010-11 to 2012-13 are at Annex-I.

(b) The details of complaints regarding misuse of loans by the States and details thereof as received in this Ministry are at Annex-II.

(c) State Governments including Andhra Pradesh, Assam, Gujarat, Haryana, Kerala, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal have requested in recent past for various debt relief measures including with regard to outstanding liabilities of the States. Requests received from States are dealt within the ambit of recommendations of the Finance Commission.

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 a Debt Consolidation and Relief Facility (DCRF) to be extended to the States during its award period of 2005-10. 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.

Similarly, Thirteenth Finance Commission (FC-XIII) has recommended write-off of central loans extended to States by Ministries other than Ministry of Finance, interest reset on the NSSF loans extended to the States and consolidation of loans extended through MoF to the two States (West Bengal and Sikkim) that had not enacted their FRBMs during TFC award period.

Accordingly, following debt relief measures with regard to outstanding liabilities have been extended to the States:

As recommended by TFC loans extended by Ministry of Finance (MoF) amounting to Rs.1,22,348 crore, were consolidated and debt waiver of Rs.19,726 crore provided to eligible States during TFC award period. The details are at Annex-III.

As recommended by FC-XIII, loans for Centrally sponsored schemes (CSS)/Central Plan Schemes (CPS) to the extent of Rs.2050.10 crore written off in 2011-12. Further an amount of Rs. 220.83 crore, being repayment of principal and payment of interest under CSS/CPS made by States after 31.03.2010 has been adjusted against outstanding central loans from MoF, during 2012-13. The details are at Annex-IV.