

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:240
ANSWERED ON:20.11.2009
DEBT WAIVER OF STATES
Pakkirappa Shri S.

Will the Minister of FINANCE be pleased to state:

- (a) The total debt of States till now since the introduction of formula of 70 per cent Loan and 30 percent grant to the State, State wise:
- (b) the reasons for introduction of principle;
- (c) amount of debt waived under the scheme of debt waiver extended to States:
- (d) whether Government would like to extend this principle in Railways, Transport and Information Technology sectors also;
- (e) if not, the reasons thereof?

Answer

- (a) State-wise details of outstanding debt as on 31.03.2009/31.10.2009 are at Annexure.
- (b) The principle of 70 percent Loan and 30 percent grant to non-special category States was introduced on the basis of a decision of the National Development Council in April 1959. The principle was introduced because it more or less corresponded to the generally observed pattern of revenue and Capital components of States' Plan outlays.
- (c) Under the scheme of debt waiver recommended by Twelfth Finance Commission, debt of States to the extent of Rs. 21573.07 crore has been waived (till date).
- (d) No such proposal is under consideration in the Ministry of Finance.
- (e) Debt waiver to States has been granted on the basis of recommendation of Twelfth Finance Commission, which is relevant to States' debt only.