

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3397  
ANSWERED ON:12.12.2014  
FINANCIAL CRISIS IN SOME STATES  
Singh Shri Sushil Kumar

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

- (a) whether some States are facing crisis in respect of financial resources;
- (b) if so, the details thereof;
- (c) whether the Government has received requests from various States for financial assistance particularly in respect of Bihar; and
- (d) if so, the details thereof and the response thereon?

**Answer**

MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) to (d): The Thirteenth Finance Commission (FC- XIII) has worked out a fiscal consolidation roadmap for each State to eliminate Revenue Deficit (RD) and achieve Fiscal Deficit (FD) of 3% of their respective Gross State Domestic Product (GSDP) by 2014-15. It has also prescribed annual debt to Gross State Domestic Product (GSDP) ratios 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). States in aggregate have been able to achieve the fiscal targets of RD, FD and Debt as a ratio of GDP prescribed by FC-XIII. The RD, FD and Outstanding debt as a ratio to respective GSDP of States including Bihar for the years 2012-13 (actual), 2013-14 (RE), and 2014-15 (BE) is at Annexure - 1.

Requests received from the States for financial assistance from time to time and debt relief measures, are processed, at the time of finalization of annual plans and within the ambit of recommendations of Finance Commissions respectively. Accordingly, central loans from Ministry of Finance (MoF), contracted by the States upto 31st March 2004 amounting to Rs.1,22,604 crore 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.19,726 crore was extended to eligible States under the award of the Twelfth Finance Commission. Further, loans extended to States through Ministries other than MoF under Centrally Sponsored Schemes (CSS)/Central Plan Schemes (CPS) have been written off to the extent of Rs.2,335 crore under FC XIII. Central assistance is also provided to States to supplement their developmental needs. The details of debt relief extended to States and central funds released to States are at Annexure - 2.

The Fourteenth Finance Commission has been constituted and its Terms of the Reference, inter- alia require the Commission to review the state of finances, deficit and debt levels of the States, keeping in view, in particular, the fiscal deficit roadmap recommended by FC XIII, and suggest measures for maintaining a stable and sustainable fiscal environment consistent with equitable growth.