

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3288  
ANSWERED ON:01.08.2014  
LOAN TO ANDHRA PRADESH  
Rao Shri Rayapati Sambasiva

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

(a) whether the Government of Andhra Pradesh has made a request to the Union Government to restructure the outstanding EAP dues as 90 per cent Central grant and limit State's liability to 10 per cent; and

(b) if so, the time by which the Union Government is likely to convey its consent to the request?

**Answer**

MINISTER OF STATE IN MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): Yes, Sir. The requests for debt relief measures are dealt with within the ambit of recommendations of Finance Commissions. The Twelfth Finance Commission had recommended that external assistance may be transferred to states on the same terms and conditions as attached to such assistance by external funding agencies. Accordingly, the borrowings made by the General Category States from external funding agencies are extended by Gol to them on 'back to back' basis. Only, in case of Special Category States (SCS), loans from external agencies (externally aided projects) are passed in grant: loan ratio of 90:10.

Fourteenth Finance Commission (FFC) has been constituted and its terms of reference inter-alia require the Commission to have regard, among other considerations, to the resources of the State Governments for five years commencing 1st April, 2015 on the basis of levels of taxation and non- tax revenues likely to be reached during 2014-15. Further, an additional Term of Reference has also been made to FFC to take into account the resources available to the successor or the reorganised states on reorganisation of the State of Andhra Pradesh in accordance with the Andhra Pradesh Reorganisation Act, 2014.