

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2204

ANSWERED ON:05.12.2014

DEBT BURDEN ON STATES

Galla Shri Jayadev;Mullappally Shri Ramachandran

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

- (a) whether the Government reviewed the debt burden and budget deficit position of States;
- (b) if so, the details thereof and the position of debt of each State; and
- (c) the details of financial support requested and the assistance provided/proposed thereto, State-wise?

**Answer**

THE MINISTER OF STATE FOR FINANCE (SHRI JAYANT SINHA)

(a) to (c): 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 (FRBMA). The fiscal deficit and outstanding debt of States and its ratio to GSDP for the years 2012-13 (actual), 2013-14 (RE) and 2014-15 (BE) is at Annex 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, 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/Central Plan Schemes 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 Annex 2.

Further, Terms of the Reference of the Fourteenth Finance Commission inter-alia provides for FFC to have regard, among other considerations, to the resources of the State Governments, including impact of debt levels on resource availability in debt stressed States, for five years commencing 1st April, 2015 on the basis of taxation and non-tax revenues likely to be reached during 2014-15.