

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4016  
ANSWERED ON:22.08.2003  
STATE FINANCES  
CHANDRA NATH SINGH;SADASHIVRAO DADOBA MANDLIK

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

- (a) whether the combined debt of all the States is expected to double to Rs.12,00,000 crore by 2007 from Rs.5,89,200 crore on March 31, 2002 and the annual debt servicing obligations (debt plus guarantees) will rise to Rs.63,500 crore in 2007 from an estimated Rs.25,600 crore in 2002-03, according to a Crisil report on State finances;
- (b) if so, the reasons given by the Crisil for the same;
- (c) the response of the Government thereon;
- (d) whether the aggregate debt of State in 2002 was over 26 per cent of the gross domestic product (GDP);
- (e) if so, the details of debt and the reasons for the same, state-wise; and
- (f) the steps taken/being taken by the Government to check the rising trend of debt?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) & (b): Yes, Sir. The Crisil forecast is based on the assumption that (1) States' revenue receipts will grow at a lower rate over the next four years (2) lower growth rate for the revenue expenditure and guarantee levels and (3) expectation that the States would repay a higher 5% of their debt stock by 2006-07 compared to 2002-03.
- (c): The mounting debt of State Governments and its impact on the fiscal situation of States has received the attention of the Central Government, and was focussed upon in the meeting of State Finance Ministers and thereafter in the meeting of Chief Ministers on Fiscal Situation of States in 2002.
- (d): As per the RBI Report on 'State Finances- A Study of Budgets of 2002-03' the outstanding liabilities of States as on end March, 2002 is estimated at 25.7% of GDP.
- (e): State-wise composition of outstanding liabilities as published by the RBI is annexed.
- (f): Government of India has formulated a Debt Swap Scheme which enables States to pre-pay high cost Government of India loans to the State Governments bearing coupons of 13% and above, with low coupon bearing Small Savings and open Market Borrowings, over a three year period ending 2004-05. Further, Government of India has put in place a framework for Medium Term Fiscal Reforms Programme (MTFRP) in States till 2004-05, which is being implemented by States. The State-wise fiscal reforms programmes aim at bringing down debt to sustainable levels. Government of India has also issued instructions for streamlining of borrowings under Article 293 (3) of the Constitution, within the contours of MTFRP of the States.

STATEMENT REFERRED TO IN REPLY TO PART (e) OF LOK SABHA UNSTARRED QUESTION NO.4016 FOR ANSWER 22nd AUGUST, 2003 REGARDING STATE FINANCES.

State-wise Composition of Outstanding Liabilities As at end- March, 2003 (BE)

(Rs. in crores)

Sl.No.	State	Total Debt
1	Andhra Pradesh	50,638
2	Arunachal Pradesh	1,205
3	Assam	13,252
4	Bihar	44,649
5	Goa	3,060
6	Gujarat	46,689
7	Haryana	17,526

8	Himachal Pradesh	11,101
9	J&K	10,590
10	Karnataka	32,597
11	Kerala	30,008
12	Madhya Pradesh #	34,099
13	Maharashtra	61,324
14	Manipur	2,065
15	Meghalaya	1,538
16	Mizoram	1,488
17	Nagaland	2,526
18	Orissa	29,207
19	Punjab	37,950
20	Rajasthan	40,890
21	Sikkim	834
22	Tamil Nadu	40,947
23	Tripura	3,330
24	Uttar Pradesh #	87,106
25	West Bengal	68,111

# The States of Bihar, Madhya Pradesh and Uttar Pradesh include the liabilities of the newly formed States of Jharkhand, Chhattisgarh and Uttaranchal, respectively.