

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3488  
ANSWERED ON:20.08.2004  
INTEREST ON LOANS SANCTIONED TO BIHAR  
Modi Shri Sushil Kumar

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

- (a) whether a sum of Rs 10935 crore and 81 lakhs of the Union Government is outstanding against the State Government of Bihar for which it has to pay Rs. 61 thousand crore annually as interest amount;
- (b) if so, whether the Union Government propose to waive the loans against State Government of Bihar;
- (c) if not, the reasons for the same;
- (d) whether the interest amount on loans was waived in case of Punjab; and
- (e) if so, the reasons for the same?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a): Loans of Rs. 10181 crores from Ministry of Finance were outstanding against the State Government of Bihar as on 31st March, 2004. The interest payable by the State Government for the current year 2004-05 was Rs. 1194.35 crores.
- (b)& (c): No, Sir. Government of India, as a policy does not waive loans given to State Governments, as the GoI also raises loans to provide loans to them. The Twelfth Finance Commission has been asked to assess the debt position of States as on 31st March, 2004 and suggest such corrective measures, as are deemed necessary, consistent with macro-economic stability and debt sustainability etc.
- (d)&(e): Yes, Sir. Interest payments were partially waived for Punjab on account of militancy and insurgency in the State during the period 1995-96 to 1999-00.