

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2587
ANSWERED ON:18.03.2005
PART FUNDING FOR STATES DEBT PAYMENT
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

- (a) Whether attention of the Government has been drawn to the news item appearing in Economic Times on 19.01.2005 captioned 'Centre offers part funding for States' debt payment' ;
- (b) If so, the facts of the matter reported therein ;
- (c) The details of States consented to avail of such scheme; and
- (d) The reason for some States showing no enthusiasm in the offer ?

Answer

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

(a) to (d): State Governments have been assisted during 2004-05 to pre-pay their outstanding high cost loans of the Financial Institutions by permitting them additional open market borrowings/ consent under Article 293(3) of the Constitution of India to take new low interest bearing loans from Banks/FIs. Government of India also offered to allow part market borrowings to cover the premiums, if any, which the States might have to pre-pay/restructure existing negotiated loans.

States of Gujarat, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Nagaland, Orissa, Rajasthan, Sikkim and Uttar Pradesh were accorded permission for this purpose.