

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3500
ANSWERED ON:15.12.2006
PROVISION OF LOAN ASSISTANCE
Bhagora Shri Mahavir

Will the Minister of FINANCE be pleased to state:

- (a) the details of policy for providing loan/financial assistance to the State Government by the Union Governments;
- (b) whether the said policy is being complied with;
- (c) if not, the reasons therefore;
- (d) the total loan assistance provided to Rajasthan during each of the last three years;
- (e) whether loans are being provided to the external funded schemes through public accounts as per the recommendations of the 12th Finance Commission; and
- (f) if not, the reasons therefore?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c): Central assistance for State Plans is decided by the Planning Commission as per revised Gadgit Formula approved by the National Development Council in 1991. All Central assistance, other than programme related assistance is released in the loan grant ratio of 10:90 for Special Category States and 30:70 for non-Special Category States. From the year 2005-06 onwards however States are required to approach the market directly for loan for Plan purposes and the Centre has ceased to act as an intermediary in line with the recommendation made by the 12th Finance Commission.

(d): The total loan assistance provided to the State of Rajasthan for Plan purposes is given below:

Year Loan Amount (in crores)

2003-04	1623.68
2004-05	1453.92
2005-06	365.93

(e) & (f): No, Sir. External loans do not flow to the States through the public account but through the Consolidated Fund of India. This is in line with the decision of Gol while accepting the recommendations of Twelfth Finance Commission.