

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
PLAN FINANCE-I DIVISION**

**RAJYA SABHA
STARRED QUESTION NO. 132
TO BE ANSWERED ON TUESDAY, 14th MARCH, 2017/
23 PHALGUNA, SAKA 1938**

Estimation of Gross State Domestic Product

***132. SHRI NARENDRA KUMAR SWAIN:**

Will the Minister of FINANCE be pleased to state:

Whether Government has adopted the methodology prescribed by the 14th Finance Commission for estimation of Gross State Domestic Product for calculation of annual borrowing ceiling of the State Governments for the coming years?

ANSWER

FINANCE MINISTER
(SHRI ARUN JAITLEY)

A statement is laid on the table of the House.

Statement referred to in reply to Rajya Sabha Starred question no. 132 due for answer on 14.03.2017

The Union Government has decided to adopt the principles recommended by the 14th Finance Commission for estimation of Gross State Domestic Product for calculation of annual borrowing ceilings. FFC recommended that for the purpose of assigning state-specific borrowing limits as a percentage of Gross State Domestic Product (GSDP) for a given fiscal year (t), GSDP should be estimated on the basis of the annual average growth rate of the actual GSDP observed during the previous three years or the average growth rate of GSDP observed during the previous three years for which actual GSDP data are available. This growth should be applied on the GSDP of the year t - 2. Specifically, GSDP for the year (t - 1) and the given fiscal year (t) should be estimated by applying the annual average growth rate of GSDP in t - 2, t - 3 and t - 4 years on the base GSDP (at current prices) of t - 2. FFC also recommended that State estimates of GSDP published by the Central Statistical Organization (CSO) should be used for this purpose.
