

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE**

**RAJYA SABHA  
STARRED QUESTION NO. \*337  
TO BE ANSWERED ON TUESDAY, 27<sup>th</sup> MARCH, 2018/  
6 CHAITRA, SAKA 1940**

**Enhancement of FRBM limit**

**\*337. SHRI DHARMAPURI SRINIVAS:**

Will the Minister of FINANCE be pleased to state:

- a) whether Government has received any proposal from the State Government of Telangana requesting for increase of the Fiscal Responsibility and Budget Management (FRBM) limit to enable the State to get more loans;
- b) if so, the details thereof;
- c) whether Government has taken any decision on the matter; and
- d) if so, the details thereof, if not, the reasons therefor?

**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. \*337 due for answer on 27.03.2018.**

- (a)&(b) Yes. The requests of the State Government of Telangana for additional Fiscal Deficit (FD) of 0.5% of Gross State Domestic product (GSDP) over and above the normal FD/GSDP limit of 3% of GSDP was received in October 2016 for 2016-17 and in May 2017 for 2017-18.
- (c) As recommended by Fourteenth Finance Commission (FFC), the Union Government has approved year-to-year flexibility for additional FD to States for the period 2016-17 to 2019-20 to a maximum of 0.5% of GSDP over and above the normal FD/GSDP limit of 3% in any given year to a State subject to the State maintaining the debt-GSDP ratio within 25% and interest payments-revenue receipts ratio within 10% in the previous year. However, the flexibility in availing the additional fiscal deficit will be available to a State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.
- (d) Based on the prescribed parameters, the State of Telangana was considered eligible and the permission for additional borrowings of Rs.3,122 crore for 2016-17 and of Rs. 3,574 crore for 2017-18, equivalent to 0.5% of GSDP were allowed to the State of Telangana.