

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

**RAJYA SABHA
UNSTARRED QUESTION NO. 2794**

TO BE ANSWERED ON TUESDAY, THE 20th March, 2018/ PHALGUNA 29, 1939 (SAKA)

Use of revenue to pay interest on loans by States

2794. SHRI MOHD. ALI KHAN:

Will the Minister of FINANCE be pleased to state:

- a) whether it is a fact that States can avail additional borrowings every year to the extent of growth recorded in Gross State Domestic Product (GSDP) of the State subject to maximum percentage ceiling prescribed in Fiscal Responsibility and Budget Management (FRBM) Act, if so, the details thereof;
- b) whether it is a fact that several States are paying a considerable percentage of their revenue towards payment of interest of loans availed by them, if so, the details thereof; and
- c) the details of total debt and interest paid on debts during the last three years State-wise?

ANSWER

**MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)**

(a) to (c) As recommended by Fourteenth Finance Commission (FFC), the Union Government approved in April 2016 year-to-year flexibility for additional fiscal deficit to States for the period 2016-17 to 2019-20 to a maximum of 0.5% over and above the normal limit of 3% in any given year to the States subject to the States 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 State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.

As per Reserve Bank of India (RBI) Report titled "State Finances: A Study of Budgets of 2016-17", the state-wise details of total debts at the end of March of 2014-15 (FA), 2015-16 (RE) and 2016-17 (BE) and interest paid on debts during the years 2014-15 (FA), 2015-16 (RE) and 2016-17 (BE) are placed at **Annex**.

Annex to reply to Rajya Sabha Unstarred Question No. 2794 for 20.03.2018

(Rs. in billion)

S.No.	State	Total Debt liability at the end of March			Interest Payments during		
		2014-15 (FA)	2015-16 (RE)	2016-17 (BE)	2014-15 (FA)	2015-16 (RE)	2016-17 (BE)
1	Andhra Pradesh	1,226.10	1,405.10	1,609.00	100.10	94.80	122.60
2	Arunachal Pradesh	61.60	50.90	51.50	3.50	4.90	5.00
3	Assam	354.60	412.30	475.80	23.30	28.10	32.10
4	Bihar	994.00	1,154.80	1,314.30	61.30	72.30	81.80
5	Chhattisgarh	310.90	381.50	457.80	16.30	20.80	25.90
6	Goa	140.90	159.20	172.90	10.10	10.80	12.10
7	Gujarat	2,025.10	2,235.60	2,484.10	149.50	163.80	174.70
8	Haryana	926.70	1,255.20	1,441.90	69.30	82.80	104.90
9	Himachal Pradesh	381.80	416.70	455.30	28.50	31.10	34.00
10	Jammu and Kashmir	482.20	557.20	641.20	35.30	38.00	47.20
11	Jharkhand	437.40	570.40	638.10	29.30	34.30	41.80
12	Karnataka	1,583.70	1,738.10	1,982.90	94.00	109.50	126.70
13	Kerala	1,435.60	1,599.60	1,823.10	97.70	108.60	126.30
14	Madhya Pradesh	1,087.70	1,242.00	1,479.40	70.70	85.90	102.30
15	Maharashtra	3,218.10	3,532.90	3,939.90	239.60	262.20	282.20
16	Manipur	73.90	80.50	87.60	4.70	4.70	4.80
17	Meghalaya	69.10	76.30	86.00	4.10	4.70	5.50
18	Mizoram	70.10	73.80	77.00	3.10	4.50	5.50
19	Nagaland	79.50	78.30	86.00	5.60	6.60	8.40
20	Odisha	508.80	561.70	677.90	28.10	41.40	46.50
21	Punjab	1,123.90	1,346.20	1,482.30	89.60	97.60	107.90
22	Rajasthan	1,480.90	2,098.10	2,328.30	104.60	119.40	175.30
23	Sikkim	35.00	39.90	45.90	2.40	2.70	3.30
24	Tamil Nadu	1,856.10	2,167.70	2,560.70	145.50	176.40	204.50
25	Telangana	726.60	887.20	1,122.50	52.30	71.60	77.10
26	Tripura	93.30	105.80	115.90	6.80	8.40	10.00
27	Uttar Pradesh	3,140.70	4,067.40	4,582.00	188.60	213.10	273.30
28	Uttarakhand	340.40	390.10	448.70	24.10	31.00	39.00
29	West Bengal	2,773.20	3,056.20	3,344.90	215.90	238.20	262.00
	Total	27,037.90	31,740.70	36,012.90	1,903.90	2,168.20	2,542.70

Source: RBI Report on State Finances: A study of budgets of 2016-17.