

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

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1317  
TO BE ANSWERED ON TUESDAY, 1<sup>st</sup> AUGUST, 2023  
10 SRAVANA, 1945 (SAKA)**

**Raising of loans by Andhra Pradesh**

**1317. SHRI KANAKAMEDALA RAVINDRA KUMAR:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken note of the fact that the State Government of Andhra Pradesh, instead of making efforts to mobilize additional resources to finance its socio-economic measures, finances it through debts and loans against guarantees;
- (b) if so, the details thereof;
- (c) whether Government has sent any advisory to the State Government in this regard;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
**(SHRI PANKAJ CHAUDHARY)**

(a) to (e) State Government of Andhra Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act which makes the State Government responsible to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability and greater transparency in fiscal operations of the government.

Compliance to the State FRBM Act, including monitoring of debts of State owned entities guaranteed by the State is monitored by the State Legislature of the State of Andhra Pradesh.

Department of Expenditure, Ministry of Finance generally follows the fiscal limits mandated by the accepted recommendations of the Finance Commission while exercising the powers to approve borrowings by States under Article 293 (3) of the Constitution of India.

As per information received from the State Government of Andhra Pradesh, Government guarantees of Rs. 22,366.08 crore during financial year 2021-22 and Rs.57,449.55 crore during financial year 2022-23 have been issued by the State Government of Andhra Pradesh.

Instances of borrowings by certain State Public Sector companies, Special Purpose vehicles (SPVs) and other equivalent instruments, where principal and/or interest are to be serviced out of the State Budgets, had come to the notice of the Ministry of Finance. Considering the effect of bypassing the NBC of the States by such borrowings, it was decided and communicated to the States in March 2022 that borrowings by State Public Sector companies/corporations, Special purpose vehicles (SPVs) and other equivalent instruments, where principal and/or interest are to be serviced out of the State Budgets and/or by assignment of taxes/cess or any other State's revenue, shall be considered as Borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India.

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