

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE**

DEPARTMENT OF EXPENDITURE

RAJYA SABHA

STARRED QUESTION NO. 168

TO BE ANSWERED ON TUESDAY 19th DECEMBER, 2023

[28 AGRAHAYANA, 1945 (SAKA)]

Relaxation in existing terms for borrowing capacity

168. SHRI KANAKAMEDALA RAVINDRA KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has received any request from the State Government of Andhra Pradesh to relax the existing terms for borrowing capacity of the State Government, considering the financial crisis of the Government of Andhra Pradesh;
- (b) if so, the details thereof;
- (c) whether Government has issued any advisory to the State Government of Andhra Pradesh in this regard; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

FINANCE MINISTER

(SHRIMATI NIRMALA SITHARAMAN)

(a) to (d) : A statement is laid on the table of the House.

Statement referred to in reply to the Rajya Sabha Starred Question No. 168 for answer on December 19th, 2023 raised by Shri Kanakamedala Ravindra Kumar regarding 'Relaxation in existing terms for borrowing capacity'

(a) and (b) The Department of Expenditure, Ministry of Finance generally follows the fiscal limits contained in the accepted recommendations of the Finance Commission while exercising the powers to regulate borrowings by the State Governments under Article 293 (3) of the Constitution of India. The normal Net Borrowing Ceiling (NBC) of each State is fixed by the Union Government in the beginning of each financial year. Every year, the guidelines relating to fixation of NBC are communicated to the State Governments before the commencement or in the beginning of the financial year. For the financial year 2023-24, the borrowing guidelines were communicated to the State Governments by letter no. 40(1)/PF-S/2023-24 dated 27.03.2023. No request has been received from the State Government of Andhra Pradesh to relax these guidelines.

(c) and (d) No Sir. All States including Andhra Pradesh have enacted their Fiscal Responsibility and Budget Management (FRBM) Act. Compliance to the State FRBM Act is monitored by the respective State Legislatures.
