

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE**

DEPARTMENT OF EXPENDITURE

RAJYA SABHA

STARRED QUESTION NO. *21

TO BE ANSWERED ON TUESDAY 5th DECEMBER, 2023

[14 AGRAHAYANA, 1945 (SAKA)]

Borrowing limit fixed for Kerala

***21. DR. JOHN BRITTAS:**

Will the Minister of FINANCE be pleased to state:

- (a) the quantum and details of net borrowing limit fixed for Kerala for Financial Year 2023-24 including apportionment made out of it towards borrowings by State instrumentalities during the previous years;
- (b) whether 15th Finance Commission made any explicit recommendations for reckoning off budget borrowings by State instrumentalities for fixing borrowing limit;
- (c) whether borrowings by State PSUs or SPVs, where State stood as guarantor but without having any arrangements for Budgetary allocations or assignment of taxes, cess or any other State's revenue for its repayment, be treated as borrowings by State for reckoning the net borrowing limit; and
- (d) the details in this regard?

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. *21 for answer on December 5th, 2023 raised by Dr. John Brittas regarding ‘Borrowing limit fixed for Kerala’

(a) Based on the recommendation of the 15th Finance Commission (XV-FC), the normal Net Borrowing Ceiling (NBC) of the States including Kerala have been fixed at 3 percent of the Gross State Domestic Product (GSDP) for the financial year 2023-24. Accordingly, the normal NBC of the State of Kerala has been arrived at Rs. 32,442 crore for the Financial Year (FY) 2023-24. Out of this, based on the information submitted by the State Government of Kerala on off-budget borrowings, Rs. 3,140.70 crore has been apportioned towards borrowing by the State instrumentalities during the previous years.

(b) The XV-FC has in Para 12.75 of its report has made the following recommendations on off-budget transactions and contingent liabilities:

“Governments at all tiers may observe strict discipline by resisting any further additions to the stock of off-budget transactions and contingent liabilities which is against the norms of fiscal transparency and detrimental to fiscal sustainability. One very important purpose of our recommendation for higher borrowing limit to the Union and State Government is to foster transparency and to avoid build-up of non-transparent liabilities.”

(c) and (d) No Sir, only the borrowings by State Public Sector companies/corporations, 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, are considered as borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India.
