

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
RAJYA SABHA

UNSTARRED QUESTION NO. - 880

TO BE ANSWERED ON TUESDAY, 30th JULY, 2024

8 SRAVANA, 1946 (SAKA)

EXCESS BORROWING BY GOVERNMENT OF CHHATTISGARH

880. SMT. SANGEETA YADAV:

Will the Minister of FINANCE be pleased to state:

- a) whether it is a fact that the State Government of Chhattisgarh had increased off budget/excess borrowing around 30 percent of its total borrowing in the previous five years;
- b) If so, the action taken/ likely to be taken by the Central Government against the Government of Chhattisgarh for not showing financial prudence and violating FRBM Act;
- c) Whether Government will consider taking some steps to help the incumbent Government of Chhattisgarh to improve its financial condition which has gone worse due to financial mismanagement of the previous regime and
- d) If so, the details thereof?

ANSWER

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

(a) As per the information submitted by the State Government of Chhattisgarh, details of Off-budget borrowings and Open Market Borrowings raised by the State Government during the previous five years are given below:

(Rs. in Crores)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Borrowing Ceiling	15,625.36	19443.51	18,124.32	17,995.12	46,245.31
Off-budget Borrowings	797.56	977.61	617.58	2,283.38	779.87
Percentage of Off-budget borrowing to Gross Borrowing Ceiling	5.10%	5.03%	3.41%	12.69%	1.69%

(b) to (d) All States have enacted their Fiscal Responsibility and Budget Management (FRBM) Act. Compliance to the State FRBM Act is monitored by the respective State Legislatures. 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. Adjustments for the over-borrowing by States during previous years, if any, are made in the borrowing limits of subsequent years.

Further, in terms of Article 151 (2) of the Constitution of India, Comptroller and Auditor General of India, submits State Finances Audit Report relating to the Accounts of a State to the Governor of the State which is laid before the Legislature of the State. The State Finances Audit Report includes the fiscal situation of the State along with debt position.

Union Government applies a common yardstick while fixing the annual borrowing limit of all the State Governments under Article 293(3) of the Constitution of India. In doing so, it is guided by the recommendations of the Finance Commission.

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.
