

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

**LOK SABHA**

**UNSTARRED QUESTION NO. 784**

**TO BE ANSWERED ON FRIDAY, 14<sup>th</sup> December, 2018**

**23 AGRAHAYANA, 1940(SAKA)**

**Borrowing limit of Kerala**

**784. SHRI MULLAPPALLY RAMACHANDRAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government received request from the State of Kerala for hike in borrowing limit of the State for raising funds for flood rehabilitation activities; and
- (b) if so, the details thereof and the decision taken thereon?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(SHRI PON. RADHAKRISHNAN)**

(a) Yes, Sir.

(b) The Ministry has received request from the State of Kerala for raising the borrowing limit to 4.5% for the year 2018-19 and 3.5% for the year 2019-20.

As per Action Taken Report on the recommendations of 14<sup>th</sup> Finance Commission (FFC) laid in the both houses of Parliament, fiscal roadmap for each State including Kerala for its award period 2015-20 has anchored fiscal deficit of all States to an annual limit of 3% of GSDP. Further, the year-to-year flexibility for additional fiscal deficit is available to the States for the period 2016-17 to 2019-20 to a maximum of 0.5% over and above the normal fiscal deficit limit of 3% in any given year subject to the States maintaining the debt-GSDP ratio within 25% and interest payments-revenue receipts ratio within 10% in the previous year. The State of Kerala was permitted to borrow as per the above dispensation.

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