

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

**LOK SABHA
UNSTARRED QUESTION NO. 815
TO BE ANSWERED ON MONDAY, 12th DECEMBER, 2022
21 AGRAHAYANA, 1944 (SAKA)**

Off-Budget Borrowing by KIIFB

815. DR. SHASHI THAROOR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the off-budget borrowings by Kerala Social Security Pension Limited (KSSPL) and Kerala Infrastructure Investment Fund Board (KIIFB) have been included under Kerala State's net borrowing limit and if so, the details thereof and if not, the reasons therefor;
- (b) whether any objection has been raised by the Kerala Government in this regard and if so, the details thereof;
- (c) whether the Government has, pending finality on the above matter, received a request from the Kerala Government to compute the off-budget borrowings by KSSPL and KIIFB on a net borrowing basis rather than a gross borrowing basis and if so, the details thereof; and
- (d) whether the unutilised portion of open market borrowing limit of the Kerala Government amounting to Rs. 1,619 crore during the Financial Year 2021-22 has not been added to the quota for the present Financial Year and if so, the details thereof and if not, the reasons therefor?

ANSWER

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

- (a) to (c) Yes Sir, State of Kerala has declared gross borrowings of Rs. 14,312.80 crore during financial year 2021-22 by Kerala Social Security Pension Limited (KSSPL) and Kerala Infrastructure Investment Fund Board (KIIFB), 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. This

information was submitted by the State Government along with their request for obtaining consent of Government of India for borrowings of FY 2022-23 under Article 293(3) of the Constitution of India.

Considering the effect of bypassing the Net Borrowing Ceiling (NBC) through such borrowings by some States, as pointed out by the Comptroller & Auditor General, 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.

In this regard, State of Kerala, inter-alia, requested to exclude the borrowings of State Government entities in determining the Net Borrowing Ceiling of the States. The State also requested to consider off-budget borrowing on a net borrowing basis rather than gross borrowing basis and accordingly, allow replacement borrowing for repayment of such borrowings.

In view of magnitude of such borrowings and difficulties expressed by some States, the adjustment for off-budget borrowing done by the States in 2021-22 was spread across upto four remaining financial years of 15th Finance Commission award period (2022-23 to 2025-26). Further, replacement borrowing of Rs. 1,750 crore for repayment of off-budget borrowing which has been raised on or after 01.04.2021 has been allowed to the State of Kerala. Accordingly, only Rs. 3,140.70 crore, being one-fourth of net off-budget borrowing of Rs.12,562.80 crore for the year 2021-22 has been deducted from the borrowing limit of State of Kerala during the FY 2022-23.

(d) No Sir, State of Kerala has raised Open Market Borrowing (OMB) of Rs. 27,000 crore as against the allowed OMB limit of Rs. 28,619 crore for the year 2021-22. The unutilized portion of OMB limit for the year 2021-22, amounting to Rs. 1,619 crore has already been considered while assessing the borrowing space of the State for the FY 2022-23.
