

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

LOK SABHA
UNSTARRED QUESTION NO. 1818
TO BE ANSWERED ON MONDAY, 13th FEBRUARY, 2023
24 MAGHA, 1944 (SAKA)

Debt-ridden States

1818. ADV. ADOOR PRAKASH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has suggested to take corrective measures for the five most indebted States including Kerala and if so, the details thereof;
- (b) the current debt to GSDP ratio of all States, State/UT-wise;
- (c) whether the Government is aware of the fact that the total debt of Kerala has increased by 80% in the last five years and the State is facing financial crisis and if so, the details thereof and the reaction of the Government thereto;
- (d) whether the State of Kerala has sought any supportive measures from Union Government to address the said concerning situation and if so, the details thereof and the action taken by the Government in this regard;
- (e) whether aggressive borrowing of States is causing higher debt for the States; and
- (f) if so, the details thereof and the measures proposed by the Government in this regard?

ANSWER

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

- (a) No Sir, no suggestion from Reserve Bank of India (RBI) has been received in Ministry of Finance regarding corrective measures for the five most indebted States including Kerala.
- (b) As per Reserve Bank of India's report titled 'State finances: A study of budgets of 2022-23', the State/ Union Territory (UT)-wise details of total outstanding liabilities of States & Union Territories with Legislature as percent of GSDP at the end of March 2021, March 2022 (RE) and March 2023 (BE) are given in **Annexure**.

(c) to (f) All States including Kerala have enacted their Fiscal Responsibility and Budget Management (FRBM) Act. Compliance to the State FRBM Act is monitored by the respective State Legislatures.

No proposal has been received in Ministry of Finance from State of Kerala seeking supportive measures from the Union Government on account of its indebtedness.

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. The normal Net Borrowing Ceiling (NBC) of each State is fixed by the Union Government in the beginning of each financial year. Adjustments for the over-borrowing by States during previous years, if any, are made in the borrowing limits of subsequent years.

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.

The Fifteenth Finance Commission (15th FC) has recommended Revenue Deficit Grants amounting to Rs. 2,94,514 crore for seventeen States for the five years period from 2021-22 to 2025-26. Based on the recommendations of 15th FC, Revenue Deficit Grant of Rs. 1,18,452 crore (including Rs.19,891 crore for Kerala) were released to States in FY 2021-22 and Rs. 79,017 crore (including Rs. 12,076 crore for Kerala) has been released in current FY 2022-23 upto 07.02.2023.

**Annexure referred to in the answer of part (b) of Lok Sabha Unstarred question no. 1818 for
13.02.2023**

**State/ UT-wise details of total outstanding liabilities of States & UT with Legislature as
percent of GSDP at the end of March 2021, March 2022 (RE) and March 2023 (BE)**

(Rs. In crore)

S. No.	State/UT	(at the end-March)		
		2021 (Actual)	2022 (RE)	2023 (BE)
1	Andhra Pradesh	34.8	32.8	33.0
2	Arunachal Pradesh	45.0	41.4	39.7
3	Assam	26.4	26.9	27.5
4	Bihar	38.7	38.5	38.6
5	Chhattisgarh	28.6	26.9	27.1
6	Goa	35.2	36.5	39.6
7	Gujarat	22.2	20.3	19.5
8	Haryana	32.5	29.3	28.9
9	Himachal Pradesh	44.0	41.3	41.9
10	Jharkhand	36.3	34.0	34.1
11	Karnataka	24.4	23.1	23.4
12	Kerala	38.9	39.1	39.1
13	Madhya Pradesh	29.8	28.0	28.9
14	Maharashtra	20.2	18.7	19.0
15	Manipur	38.3	38.4	38.3
16	Meghalaya	42.4	41.7	42.5
17	Mizoram	56.7	55.7	53.1
18	Nagaland	50.1	43.5	44.2
19	Odisha	26.5	20.1	15.7
20	Punjab	48.7	48.4	47.6
21	Rajasthan	40.6	38.3	40.2
22	Sikkim	30.4	31.1	30.8
23	Tamil Nadu	31.5	31.8	32.0
24	Telangana	28.2	27.4	28.2
25	Tripura	39.5	35.3	34.8
26	Uttar Pradesh	36.4	34.5	32.6
27	Uttarakhand	32.1	31.6	32.0
28	West Bengal	38.2	35.8	35.5
29	Jammu and Kashmir	32.8	31.9	33.1
30	NCT Delhi	1.2	1.8	2.2
31	Puducherry	29.6	29.8	32.2

Source: RBI report titled 'State finances: A study of budgets of 2022-23'
