

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

LOK SABHA

UNSTARRED QUESTION NO. 652

TO BE ANSWERED ON MONDAY, 24th JULY, 2023

Sravana 2, 1945 (Saka)

Financial Crisis in Kerala

652. SHRI N.K. PREMACHANDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that Kerala is in a severe financial crisis;
- (b) if so, the details thereof and the action taken by the Government thereon;
- (c) whether the Government of Kerala has requested to the Union Government for relaxation packages;
- (d) if so, the details thereof and the action taken by the Government thereon;
- (e) whether the Union Government included all the loans of the Government of Kerala within the borrowing capacity of the Government of Kerala;
- (f) if so, the amount borrowed under KIIFB;
- (g) whether the Union Government proposes to sanction special grant for Government of Kerala for overcoming the present crisis;
- (h) if so, the details thereof and the action taken by the Government thereon;
- (i) whether the Union Government proposes to consider the request of Government of Kerala for increasing its borrowing limit; and
- (j) if so, the details thereof and the action taken by the Government thereon?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b) Fiscal performances and fiscal situations of the States including State of Kerala is monitored by the respective State Legislatures. State Government of Kerala has not informed about any such severe financial crisis in the State during the financial year (FY) 2023-24.

The 15th Finance Commission (FC) made assessment of revenue and expenditure of the State Government of Kerala and has recommended revenue deficit grant of Rs. 37,814 crore to the State for its award period. Union Government has accepted the recommendation of the 15th Finance Commission for providing revenue deficit grant of Rs. 37,814 crore to the State during the 15th FC award period of 2021-22 to 2025-26. Out of the recommended revenue deficit grant of Rs. 37,814 crore, grant of Rs. 34,648 crore has already been released to the State Government of Kerala so far.

(c) & (d) No Sir, no such request from the State Government of Kerala has been received in the Department of Expenditure during financial year 2023-24 citing severe financial crisis in the State.

(e) Yes Sir, the Union Government has included all the loans of the Government of Kerala within the borrowing ceiling of the Government of Kerala including the loans taken by 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 and/or by assignment of taxes/cess or any other State's revenue.

(f) State of Kerala vide letter dated 10.05.2023 has declared estimated borrowings of Rs. 2,500 crore by Kerala Infrastructure Investment Fund Board (KIIFB) in FY 2023-24, where principal and/or interest is to be serviced out of the State Budgets and/or by assignment of taxes/cess or any other State's revenue.

(g) & (h) State Government of Kerala has not sought any special grant on the ground of severe financial crisis in the State during FY 2023-24.

(i) & (j) Union Government of India applies a common yardstick, while fixing the annual borrowing limit of all the State Governments under Article 293(3) of the Constitution of India. No proposal for increasing the borrowing limit of State Government of Kerala is under consideration in the Department of Expenditure presently.
