

Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
UNSTARRED QUESTION NO. 31
ANSWERED ON – 03.02.2020

DEBT TO GDP RATIO

31. SHRI DUSHYANT SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware about the recommendation of Fiscal Responsibility and Budget Management (FRBM) Review Committee for the State Government and Central Government's Debt to GDP ratio;
- (b) if so, the details of the recommended targets for the Debt to GDP ratios for States and the Centre and the timelines recommended;
- (c) the details of current debt to GDP ratio of the Central Government and all State Governments;
- (d) whether the Government plans to achieve the recommended targets for the Central Government and the State Governments;
- (e) if so, the plans and policy framework to be undertaken by the Central Government to support and encourage State Governments to achieve the target;
- (f) the amount of funds to be received from the Reserve Bank of India in FY20 and the same in terms of percentage of GDP; and
- (g) whether the Government has any alternate plans to meet fiscal deficit target and if so, the details thereof?

ANSWER

MINISTER OF STATE FOR FINANCE (SHRI ANURAG SINGH THAKUR)

- (a) Yes sir. The Report of Fiscal Responsibility and Budget Management (FRBM) Review Committee was received by Ministry of Finance on 23 January 2017.
- (b) The Committee recommended the following in respect of Debt-GDP ratio –

- Adopt a prudent medium-term ceiling for general government debt of 60% of GDP, to be achieved by no later than FY 23.
 - Within the overall ceiling specified above, adopt a ceiling of 40% for the Centre, and the balance 20% for the States.
- (c) The details of Central Government Debt as a per cent of GDP and the State-wise details of total outstanding debts as percentage of GSDP for BE 2019-20 are placed at **Annex**.
- (d) The Government has amended the Fiscal Responsibility and Budget management Act, 2003 vide the Finance Act, 2018. Section 4(1)(b) of the Act states that “the central Government shall endeavour to ensure that
- i. the General Government debt does not exceed sixty per cent.;
 - ii. the Central Government debt does not exceed forty per cent.,
- of gross domestic product by the end of financial year 2024-25;”
- (e) 14th Finance Commission (FFC) has prescribed the fiscal roadmap for each State for its award period 2015-20 and 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. However, the flexibility in availing the additional fiscal deficit is available to State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.
- (f) As on 27.01.2020, Government of India has received Surplus Reserve of ₹1,47,988 crore from the Reserve Bank of India in the financial year 2019-20 as Non-Tax revenue, which is 0.7 per cent of the Revised Estimate of GDP for 2019-20 as per Union Budget 2020-21.
- (g) The Fiscal Policy Strategy in respect of Financial Years 2019-20 and 2020-21 are contained in the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement presented to Parliament along with the Union Budget on 1st February 2020.

Annexure

	BE 2019-20
A. Central Government Debt (as % of GDP)	48.0
B. State/UT (as % of GSDP)	
1. Andhra Pradesh	31.6
2. Arunachal Pradesh	35.0
3. Assam	18.9
4. Bihar	32.4
5. Chhattisgarh	23.7
6. Goa	25.9
7. Gujarat	19.2
8. Haryana	26.3
9. Himachal Pradesh	34.9
10. Jammu and Kashmir	48.2
11. Jharkhand	26.0
12. Karnataka	18.7
13. Kerala	30.8
14. Madhya Pradesh	25.4
15. Maharashtra	16.9
16. Manipur	38.1
17. Meghalaya	33.0
18. Mizoram	31.6
19. Nagaland	38.4
20. Odisha	24.7
21. Punjab	39.9
22. Rajasthan	33.6
23. Sikkim	25.1
24. Tamil Nadu	21.7
25. Telangana	17.0
26. Tripura	25.5
27. Uttar Pradesh	38.1
28. Uttarakhand	24.6
29. West Bengal	32.6
30. NCT Delhi	0.8
31. Puducherry	20.0
All States and UTs	24.9

Note: SDL of ₹38,468.46 crore under Andhra Pradesh reflects transfer to Telangana due to bifurcation of the state of Andhra Pradesh.

Source:

1. Statement No. 20 of Reserve Bank of India Report – “State Finances: A Study of Budgets of 2019-20”.
2. Medium-term Fiscal Policy cum Fiscal policy Strategy Statement presented with Union budget 2019-20 (Regular)