

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

LOK SABHA

UNSTARRED QUESTION NO. 2462

TO BE ANSWERED ON MONDAY, 13TH DECEMBER, 2021

22 AGRAHAYANA, 1943 (SAKA)

New Incentive Scheme

2462. SHRI MAGUNTA SREENIVASULU REDDY:

Will the Minister of FINANCE be pleased to state:

- a) whether the Government has recently announced a new incentive scheme for States that could achieve their targets and become eligible for incremental borrowing;
- b) if so, the details thereof; and
- c) the details and number of States which were granted permission to mobilise the additional borrowings after the end of 1st quarter?

ANSWER

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

(a) & (b) Yes Sir. Out of the net borrowing ceiling (NBC) of 4% of GSDP for the States for 2021-22, 0.50 percent of GSDP was earmarked for incremental capital expenditure to be incurred by the States during 2021-22. The target for incremental capital expenditure for each state to qualify for this incremental borrowing was fixed. This earmarking for incremental capital expenditure has been done because the capital expenditure has a high multiplier effect, enhances the future productive capacity of the economy, and results in a higher rate of economic growth.

To become eligible for incremental borrowing, States were required to achieve at least 15 percent of the target set for 2021-22 by the end of 1st quarter of 2021-22, 45 percent by the end of 2nd quarter, 70 percent by the end of 3rd quarter and 100 percent by 31st March 2022.

(c) Eleven States namely, Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Kerala, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Rajasthan and Uttarakhand had achieved the target set by the Ministry of Finance for the capital expenditure in the 1st Quarter of 2021-22. As an incentive, these States were granted additional borrowing permission of 0.25% of Gross State Domestic Product (GSDP) amounting to Rs. 15,721 crore.
