

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

**LOK SABHA
UNSTARRED QUESTION NO. 3461
TO BE ANSWERED ON MONDAY, 20TH DECEMBER, 2021
29 AGRAHAYANA, 1943 (SAKA)**

Financial Assistance Sought by Kerala

3461. SHRI KUMBAKUDI SUDHAKARAN:

Will the Minister of FINANCE be pleased to state:

- a) the number of times, the State Government of Kerala has written representations to the Union Government seeking financial assistance since 2016;
- b) the year-wise details along with the specific issues for which the financial assistance was sought for; and
- c) the number of times, the Union Government has accepted the request of Kerala's demand for financial assistance, year-wise and topic-wise?

ANSWER

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

(a) & (b) During the year 2019-20, State Government of Kerala requested for enhancement of the prescribed borrowing limit of 3% of Gross State Domestic Product (GSDP) to 4.5% of GSDP and keeping external borrowing from multilateral and bilateral agencies outside the State's borrowing limit. During the year 2020-21 also, the State Government of Kerala requested for enhancement of the prescribed borrowing limit of 3% of Gross State Domestic Product (GSDP), extension of enhanced limit of Ways and Means Advances (WMA) and assistance under the 'Scheme for Special Assistance to States for Capital Expenditure'. Thereafter, during the year 2021-22 too, State Government of Kerala requested to allow the net borrowing ceiling of 5 percent of GSDP without any condition, to continue the enhanced limit of Ways and Means Advances at least till the end of the financial year 2021-22, Rs. 2,412 crore as sector-specific grant and Rs. 1,100 crore as State Specific Grants to State of Kerala.

(c) In 2019-20, the Government of India allowed the States additional borrowing as onetime special dispensation, beyond state's eligibility on account of lower tax devolution during 2019-20. State of Kerala was allowed additional borrowing of Rs. 1,471 crore under this special dispensation. Based on the requests received from the States including State of Kerala, Union Government had approved additional borrowing limit of up to 2 percent of GSDP over and above normal borrowing limit of 3% of GSDP of the States for the year 2020-21. Out of this 2 percent, additional borrowing permission of Rs. 18,087 crore was allowed to the State of Kerala during the year 2020-21. Besides this, special assistance of Rs. 81.50 crore in the form of 50 year interest free loan was also released to Kerala under the 'Scheme for Special Assistance to States for Capital Expenditure' during 2020-21.

During the year 2021-22, based on the recommendation of the 15th Finance Commission (XV-FC), the normal net borrowing ceiling (NBC) of the States have been fixed at 4 percent of Gross State Domestic Product (GSDP). In addition, States, including State of Kerala are also allowed to avail additional borrowing of up to 0.50% of GSDP based on certain performance criteria in power sector. Further, Reserve Bank of India has extended the existing enhanced limit of WMA for all States including State of Kerala up to March 31, 2022.
