

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

LOK SABHA

UNSTARRED QUESTION NO. 3554

TO BE ANSWERED ON MONDAY, 20TH DECEMBER, 2021

29 AGRAHAYANA, 1943 (SAKA)

Borrowing Ceiling Limits

3554. SHRI KANUMURU RAGHU RAMA KRISHNA RAJU:

SHRI KESINENI SRINIVAS:

Will the Minister of FINANCE be pleased to state:

- a) the details of gross borrowing ceiling limits and net borrowing ceiling limits of Andhra Pradesh, prescribed by the Ministry for the financial year 2021-2022 along with full calculation details;
- b) whether these borrowings are taken into consideration by the Ministry while arriving at state gross borrowings ceiling limit and net borrowing ceiling limit as per FRBM Act since the borrowings of state-owned entities are being serviced/escrow state revenue through State Budget and if so, the details thereof;
- c) whether the Ministry would disclose the office Memorandums in the public domain from time to time about states' gross borrowings ceiling limit consents with full calculation details for ensuring transparency in public financial matters as RBI and other externally aided agencies have been doing the same and if so, the details thereof; and
- d) whether the States can resort to additional borrowings by exceeding the borrowing limits prescribed by the Ministry in the name of State-owned shell/suit case companies for financing routine Government expenditure/freebie schemes and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

- (a) For the financial 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). GSDP for this purpose has been calculated based on the methodology prescribed by the XV-FC and data published by National Statistical Office

(NSO). For the State of Andhra Pradesh, the projected GSDP for the year 2021-22 has been determined as Rs. 10,61,802 crore. Accordingly, NBC of State of Andhra Pradesh has been fixed at Rs. 42,472 crore. Out of the normal NBC of 4 percent of GSDP allowed to the States for the current financial year, borrowings of upto 0.50% of the GSDP has been earmarked for the incremental capital expenditure to be incurred by States during 2021-22.

Gross borrowing ceiling of a State for a particular year is calculated by adding the amount of repayment of liabilities by the State to the net borrowing ceiling and subtracting the amount of over-borrowing of previous period, if any. Accordingly, Gross Borrowing Ceiling (GBC) of State of Andhra Pradesh was calculated as Rs. 38,978 crore after adding Rs 14,430 crore as estimated repayments of liabilities and subtracting the over-borrowing of 17,924 crore of previous period. However, in view of request of the State and appreciating the difficulties likely to be faced by the State, it was decided to spread the adjustment of the over-borrowing of Rs. 17,924 crore across three financial years.

In addition, States, including Andhra Pradesh are allowed to avail additional borrowing of up to 0.50% of GSDP based on certain performance criteria in power sector.

(b) No Sir, Borrowings of State owned entities was not taken into consideration while fixing the Net borrowing ceiling and Gross Borrowing ceiling of the State.

(c) The details of Open Market Borrowing (OMB) raised by States are available on the website of the Reserve Bank of India.

(d) All States including Andhra Pradesh have enacted their Fiscal Responsibility and Budget Management (FRBM) Act. Compliance to the State FRBM Act is monitored by the respective State legislatures. Andhra Pradesh Fiscal Responsibility and Budget Management Act, 2005 makes the State Government responsible to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the government and conduct of fiscal policy in a medium term framework and matters connected therewith or incidental thereto. Department of Expenditure, Ministry of Finance enforces fiscal roadmap mandated by Finance Commissions through the powers to approve borrowings by States under Article 293 (3) of the Constitution of India.
