GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

LOK SABHA

UNSTARRED QUESTION NO. 2408

TO BE ANSWERED ON MONDAY, 3rd AUGUST, 2026

SHRAVANA12, 1948 (SAKA)

PUBLIC DEBT AND FISCAL SUSTAINABILITY OF ANDHRA PRADESH

2408. Shri Y S Avinash Reddy

Shri P V Midhun Reddy

Will the Minister of **Finance** be pleased to state:

(a) the total public debt of Andhra Pradesh in the Financial years 2024-25 and 2025-26 including off-budget borrowings through State corporations and special purpose vehicles and the current debt-to-Gross State Domestic Product (GSDP) ratio of the State;

(b) whether the Union Government has assessed the impact of Andhra Pradesh's fiscal deficit of 4.6 per cent of GSDP in FY 2025-26 which significantly exceeds the limit prescribed by the 16th Finance Commission on the State's interest payment burden and long-term fiscal sustainability, if so, the details thereof; and

(c) whether the Union Government has issued any corrective measures or advisory guidance to the Government of Andhra Pradesh to arrest the rising debt trajectory and safeguard essential public services and welfare expenditure in the State and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) As per the information provided by the State Government of Andhra Pradesh for determination of borrowing ceiling under Article 293(3) of the Constitution of India, the details regarding total public debt of Andhra Pradesh during Financial year (FY) 2024-25 and 2025-26 including off-budget borrowings through State corporations and special purpose vehicles is given at **Annexure-I**.As per the Reserve Bank of India's report titled 'State Finances: A Study of Budgets 2025-26', the current debt-to-Gross State Domestic Product (GSDP) ratio of the State Government of Andhra Pradesh is 35.5 percent during FY 2024-25 (Revised Estimates)and 35.4 percent during FY 2025-26 (Budget Estimates).

(b) and (c) All States including Andhra Pradesh have enacted their Fiscal Responsibility and Budget Management (FRBM) Act which 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 and greater transparency in fiscal operations of the government. Compliance to the State FRBM Act is monitored by the respective State Legislatures.

Department of Expenditure, Ministry of Finance, usually considers the fiscal limits as per the accepted recommendations of the Finance Commission while granting consent for borrowings by States under Article 293(3) of the Constitution of India. Adjustments for the over-borrowing by States during previous year, if any, are made in the borrowing ceiling of subsequent year. To prevent circumvention of debt limits and promote transparency in reporting fiscal deficit, from the financial year 2021-22 onwards, the off-budget borrowings (OBBs) raised by States through the States Owned Entities are also treated as borrowings of the State Governments while granting consent for borrowing under Article 293(3) of the Constitution of India.

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Annexure-I referred to in the answer of part (a) of Lok Sabha Unstarred question no. 2408 for 03.08.2026

Details regarding total public debt raised by State Government of Andhra Pradeshduring FY 2024-25 and FY 2025-26

(Rs. in crore)

S.No.	Components	2024-25	2025-26 (RE)
1	Open Market Borrowings (OMB)	78,205.06	82,272.03
2	Loans from banks and Financial Institutions (NL)	700.00	2,000.00
3	Externally Aided Projects (EAP)	966.64	1,633.01
4	Public Account Liability (PAL)	2983.81	581.25
5	Off-Budget Borrowings (OBBs)	-	-
Total		82,855.51	86,486.29

Source: Based on the information received from the State Government of Andhra Pradesh.
RE: Revised Estimates