

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3872
ANSWERED ON:22.08.2003
FISCAL DEFICIT OF STATES
HOLKHOMANG HAOKIP

Will the Minister of FINANCE be pleased to state:

- (a) the fiscal deficit of all the States for the year 2001-2002;
- (b) whether the States are allowed to borrow from foreign agencies and from outside the country;
- (c) if so, the details thereof; and
- (d) the fiscal position/situation of the State of Manipur with reference to deficit debt and RBI borrowing?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a):The Gross Fiscal Deficit of all the States, including the National Capital Territory of Delhi, stood at 4.20 % of GDP, during the year 2001-02(RE/Acts.).

(b) & (c) : Under the Constitution of India, States are not allowed to borrow from outside the country, directly. However, Government of India borrows from external agencies like the World Bank, ADB, etc. on behalf of States, and such amounts are passed on to States in the form of Central Assistance.

(d):The financial position of the State of Manipur for the year 2001-02 (Actuals), is given below:

Financial Indicator As % of State`s GSDP(%)

Revenue Deficit -4.87

Gross Fiscal Deficit -10.27

Outstanding Debt at
the end of the year
(including Ways & Means
Advances from RBI) 66.54

Pertain to RE figures.

Besides, Manipur is one among the 22 States whose Medium Term Fiscal Reforms Programme(MTFRP) has been finalised. Government of Manipur has signed a Memorandum of Understanding with Government of India (Ministry of Finance) under the `States` Fiscal Reforms Facility(2000-01 to 2004-05)`, for fiscal consolidation. Incentive grants, amounting to Rs.109.70 crores, has been released to the Government of Manipur, so far, under this facility.