

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2644
ANSWERED ON:04.12.2009
FRBM
Botcha Lakshmi Smt. Jhansi

Will the Minister of FINANCE be pleased to state:

- (a) whether some States are not following Fiscal Responsibility and Budget Management (FRBM); and
(b) if so, the names of the States and response of the Union Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) and (b): Except West Bengal and Sikkim, all other 26 states have enacted Fiscal Responsibility and Budget Management (FRBM) Acts. Enactment of FRBM Acts by States is one of the conditions for availing benefits under the Debt Consolidation and Relief Facility (DCRF).

Under DCRF, framed on the basis of recommendations of the 12th Finance Commission, States are eligible for debt waiver in respect of Consolidated loans, provided they eliminate revenue deficit by 2008-09, and reduce fiscal deficit (FD) to 3% of their respective State Gross Domestic Product as computed under DCRF

The fiscal deficit target for States for 2009-10 under DCRF has been relaxed from 3% to 4% of States` respective Gross State Domestic Product (GSDP) as computed under DCRF. As per their 2009-10 Budget Estimates, 17 States` FD to GSDP ratios exceed 4%. These states are Andhra Pradesh, Arunachal Pradesh, Assam, Goa, Haryana, Himachal Pradesh, J & K, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Tripura, Uttar Pradesh and Uttarakhand. This renders these States ineligible for debt waiver under DCRF for 2009-10.