

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4836

ANSWERED ON:07.08.2009

REQUEST OF A.P. FOR RELAXATION OF BORROWING RULE

Lagadapati Shri Rajagopal;Ponnam Shri Prabhakar

Will the Minister of FINANCE be pleased to state:

- (a) whether a request has been received from the Government of Andhra Pradesh to amend Fiscal Responsibility of Budget Management (FRBM) Act and allow it to borrow money from the market;
- (b) if so, the details thereof;
- (c) the action taken by the Government thereon;
- (d) whether the Government of Andhra Pradesh has also requested the Union Government to give sanction to get loans of Rs. 5966 crore for the open market; and
- (e) if so the details thereof and the action taken thereon?

Answer

Minister of State in Ministry of Finance(SHRI NAMO NARAIN MEENA)

(a)to (e): Yes, Sir. The Chief Minister of Andhra Pradesh has requested that the State Government be permitted to raise an additional sum of Rs. 5966 crore from the market to meet the shortfall in revenues due to the slowdown in the economy, without losing the benefits of debt waiver and interest relief. In view of the economic slowdown, the Finance Minister in his Budget speech on 6th July, 2009 has announced that the State Governments will be permitted additional borrowings by relaxing the Fiscal Deficit targets under FRBM Act for States to 4% of their GSDP for the year 2009-10. This will allow the State Government of Andhra Pradesh to borrow upto Rs. 14852 crore in the current year.