

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3891

ANSWERED ON:27.04.2012

BORROWING AND LOAN LIABILITIES OF STATES

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Will the Minister of FINANCE be pleased to state:

- (a) The State-wise total liabilities and share of market loans, borrowings from National Small Saving Fund and loans taken from the Union Government in it, respectively during each of the last three and current year till date ;
- (b) the purpose vis-a-vis utilization of each of category of such loans during the same period alongwith action taken or being taken by the Union Government for misuse of such loans;
- (c) the State-wise Gross State Domestic Product and also its ratio to the liabilities during the same period; and
- (d) the measures taken or proposed to be taken to reduce such liabilities, State-wise?

Answer

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The State-wise total liabilities and share of market loans, borrowings from National Small Saving Fund and loans taken from the Union Government in it, respectively during the years 2009-10, 2010-11 and 2011-12 as reflected in Statement 26 of Reserve Bank of India Annual Report `State Finances: A study of Budgets of 2011-12` are given in the annexed Table-I. Liabilities at the end of fiscal 2011-12 are carried over as opening liabilities for the year 2012-13.
- (b) The purpose vis-a-vis utilisation of each category of loans is not maintained by Ministry of Finance. However, the borrowings made by the States is one of the sources to finance for the Annual Plans of the States. The States` are required to plan their borrowing programme with respect to instruments prudently. The utilisation of funds for the purposes they are meant is subject to control of State and audit by Comptroller & Auditor General (C&AG).
- (c) The State-wise Gross State Domestic Product (GSDP) estimates for the years 2009-10, 2010-11 and 2011-12, used for calculating Net Annual Borrowing Ceilings for the States, and liabilities to GSDP ratio for the same period is given in the annexed Table -II.
- (d) The Thirteen Finance Commission (FC-XIII) has worked out a fiscal consolidation road map for States requiring them to eliminate revenue deficit and achieve a fiscal deficit of 3 per cent of their respective GSDP latest by 2014-15. FC-XIII has also recommended the State-wise path for debt as the percentage of GSDP and a combined States` debt target of 23.4 per cent of GDP to be reached during this period. The States are required to amend or enact their Fiscal Responsibility and Budget Management Act (FRBMA) to conform to these recommendations. As per the information available, all the States have in place FRBMA conforming to FC-XIII targets.