

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5978
ANSWERED ON:11.05.2012
LIABILITIES OF STATES
Tharoor Shri Shashi

Will the Minister of FINANCE be pleased to state:

- (a) whether the ratio of aggregate liabilities to GDP of various States is considerably high and if so, the details thereof, State-wise for each of the last three years;
- (b) the percentage of revenue expenditure of the States spent on paying interest liabilities, State-wise during the same period;
- (c) whether the poor fiscal condition of States has led to reduction in the share of social sector expenditure as a percentage of overall expenditure of States and if so, the details thereof, State-wise; and
- (d) the reaction of the Government on the above?

Answer

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

(a) As per the Reserve Bank of India's recent publication 'State Finances: A Study of Budgets of 2011-12', the aggregate outstanding debt to National Gross Domestic Product (GDP) ratios of States at the end-March 2010-11 (Revised Estimates) and end-March 2011-12 (Budget Estimates) were 23.5% and 22.5% respectively. These are lower than the benchmark ratios of 26.6% and 26.1%, recommended by the Thirteenth Finance Commission (FC-XIII) for these years respectively. These are also lower than the Debt/GDP target of 24.3% recommended by the FC- XIII for 2014-15.

As regards outstanding debt to Gross State Domestic Product (GSDP) ratio is concerned, the States having ratio higher than FC-XIII projections for each of the last three years, is at Annexure-I.

(b) As compiled from Statement 1 of Reserve Bank of India's recent publication 'State Finances: A Study of Budgets of 2011 -12', the details of percentage of revenue expenditure of States spent on paying interest liabilities is at Annexure-II.

(c) & (d) As per the assessment of the Reserve Bank of India, in its recent publication 'State Finances: A Study of Budgets of 2011-12', social sector expenditure by the States, has shown improvement since 2008-09. Social sector expenditure as percentage of total expenditure has increased from 37.6% in 2008-09 to 38.7% in 2009-10 and estimated at 40% each in 2010 -11 (Revised Estimates) and 2011-12 (Budget Estimates).