

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2834
ANSWERED ON:29.08.2012
MARKET BORROWING LIMIT FOR STATES
Reddy Shri Magunta Srinivasulu

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has extended the limit of market borrowing for the debt-stressed States, beyond the prescribed limit under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003; and

(b) if so, the details thereof, State-wise including Andhra Pradesh during the last four years?

Answer

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

(a) and (b): During the Twelfth Finance Commission (TFC) award period (2005-2010), twenty six States had their Fiscal Responsibility and Management Acts (FRBMAs) in place prescribing fiscal targets. Of these twenty six States, the State of Jammu & Kashmir was permitted additional market borrowings of Rs. 500 crore during 2009-10. The fiscal deficit target of 3% of Gross State Domestic Product (GSDP) to be attained by 2008-09, prescribed by the Twelfth Finance Commission, was relaxed due to general economic conditions and all States, including Andhra Pradesh, were permitted to borrow upto 3.5% of GSDP in 2008-09 and upto 4% of GSDP in 2009-10 as economic stimulus.

The remaining two States of West Bengal and Sikkim enacted their FRBMA during the award period of Thirteenth Finance Commission (FC-XIII), beginning 2010-11. FC-XIII recommended an enhanced borrowing of Rs.1300 crore for the State of Jammu and Kashmir as incentive to migrate to RBI's Ways and Means regime, which was permitted to be raised during 2010-11. Further, additional borrowing space of Rs.479.10 crore and Rs.1000 crore to Jammu & Kashmir and Rs.500 crore and Rs.2706 crore to West Bengal was permitted during, 2010-11 & 2011-12 respectively.