

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:287

ANSWERED ON:30.08.2013

DEBT SUSTAINABILITY

Hegde Shri Anant Kumar; Roy Shri Arjun

Will the Minister of FINANCE be pleased to state:

- (a) whether the gross market borrowing by the States and Union Territories has increased from Rs. 1,58,600 crore in the year 2011-12 to Rs. 1,77,300 crore in the year 2012-13;
- (b) if so, the details thereof;
- (c) whether the Government has made any assessment of the likely impact of the said increase on the country's economy;
- (d) if so, the details and the outcome thereof; and
- (e) the remedial measures being taken/ proposed to be taken by the Government in this regard?

Answer

FINANCE MINISTER SHRI P. CHIDAMBARAM

(a) & (b): Yes Sir, State/UT wise details are in Annexure -I

(c) to (e): A Statement is laid on the table of the House.

Statement referred to in reply to Lok Sabha Starred question no. 287 for answer on 30-08-13

a) to b): Yes Sir. State/UT wise details are in Annexure -I

c) to e): The States are permitted to borrow each year, within the borrowing ceilings determined for each State, in accordance with the formulation provided by the Thirteenth Finance Commission (FC-XIII) taking into account the prescribed yearly Fiscal Deficit (FD) target as a ratio of Gross State Domestic Product (GSDP). Market borrowings, within the borrowing ceiling of each State, are a permissible source of financing of the Plan expenditure and indicated by the Planning Commission in the Scheme of Financing of the Annual Plans of the States. FC-XIII has also inter-alia prescribed yearly Debt to GSDP target for each State during its award period (2010-15). On an aggregate basis, States have borrowed within their available borrowing space for 2011-12 and 2012-13. Further, as gleaned from Finance Accounts and Budget Estimates, States on an aggregate basis are expected to achieve for 2011-12 and 2012-13 a Debt/GDP ratio of 23.59% and 22.78% and FD/GDP of 2.12% and 2.39% respectively as against FC XIII projections Debt/GDP of 26.1% and 25.5% and FD/GDP target of 2.5% for these years.