

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4637  
ANSWERED ON:21.02.2014  
RATIO OF LIABILITIES TO GDP OF STATES  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the ratio of aggregate liabilities to Gross Domestic Product (GDP) of various States along with reasons for high ratio, State/UT wise;
- (b) the percentage of revenue expenditure of the States that is spent on paying interest liabilities, State/UT wise;
- (c) whether the poor fiscal condition of States has led to reduction in the share of social sector expensWure as a percentage of overall expenditure and if so, the details thereof, State/UT wise;and
- (d) the measures taken or proposed to be taken thereon?

**Answer**

THE MINISTER OF STATE FOR FINANCE  
(SHRI NAMO NARAIN MEENA)

(a) to (d)The Thirteenth Finance Commission (FC XIII) has worked out a fiscal consolidation roadmap for each State,inter-alia recommending a combined debt target of 24.3 % of GDP to be reached by States by 2014-15 from a level of 27% in 2008-09. FC XIII also prescribed outstanding debt to GSDP ratios for each State for each year of its award period. The States are required to monitor their liabilities under their respective Fiscal Responsibility and Management Acts (FRBMAs) enacted/amended by States in line with recommendations of FC XIII.

As per RBI's report 'State Finances: A Study of Budgets of 2013-14', debt to GDP ratio for States in aggregate has been declining and budgeted to be 21.4% in 2013-14, ahead of FC XIII recommendation of achieving 24.8% of GDP by 2013-14. All States taken together, Interest Payment (IP) to Total Revenue Expenditure (TRE) ratio for 2011-12 (Actual), 2012-13 (RE) and 2013-14 is 12.7%, 11.7% and 11.7% respectively.Social Sector Expenditure (SSE) of all States as a percentage of their Overall Expenditure has- risen from 38.7% in 2011-12 to 40.4% in 2012-13(RE) and 40.5% in 2013-14 (BE). State/UT-wise, debt to GSDP ratio, IP to TRE ratio and SSE to Overall Expenditure ratio for 2011-12, 2012-13 (RE) and 2013-14 (BE) are annexed.

As recommended by FC XIII, Government of India works out the annual gross borrowing ceiling for each Siate and monitors the same.