

Fiscal condition of States and UTs

1759.DR.T. N. SEEMA: Will the Minister of FINANCE be pleased to state:

- (a) the ratio of aggregate liabilities of Gross Domestic Product (GDP) of various States along with the reasons for high ratio, State/UT-wise;
- (b) the percentage of revenue expenditure of the States that is spent on paying interest liabilities. State and UT-wise;
- (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 and if so, the details thereof, State and UT-wise;
- (d) the measures taken or proposed to be taken thereon; and
- (e) the steps taken/proposed to be taken by the Government to improve the economic growth of the country?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) to (e) The Thirteenth Finance Commission (FC- XIII) has worked out a fiscal consolidation roadmap for each State to eliminate Revenue Deficit (RD) and achieve Fiscal Deficit (FD) of 3% of their respective Gross State Domestic Product (GSDP) by 2014-15. It has also prescribed annual debt to Gross State Domestic Product (GSDP) ratios for each State to be maintained during its award period 2010-15. The States are required to monitor their liabilities under their respective Fiscal Responsibility and Budget Management Acts (FRBMA). States in aggregate have been able to achieve the fiscal targets of RD, FD and Debt as a ratio of GDP prescribed by FC-XIII. Further, as per RBI publication "State Finance - A Study of Budgets 2013-14", social sector expenditure as a ratio of overall expenditure for States, in aggregate, have increased from 38.7% in 2011-12 to 40.4% in 2012-13 (RE) to 40.5% in 2013-14 (BE). State-wise ratio of outstanding liabilities of States to GSDP, ratio of interest payment to revenue expenditure and social sector expenditure as a percentage of overall expenditure is given in the Statement (*See below*).

Several measures were outlined in the Union Budget 2014-15 to revive growth in the economy that, *inter-alia*, included: fiscal consolidation with emphasis on expenditure reforms via constitution of the Expenditure Management Commission; continuation of fiscal reforms with rationalization of tax structure; measures to boost agriculture *via* emphasis on irrigation and long-term credit; fillip to industry and infrastructure, *inter-alia*, through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of Foreign Direct Investment in selected sectors, including defence manufacturing and insurance; steps to augment low cost long-term foreign borrowings by Indian companies; and boost to savings. Fiscal reforms have been bolstered further by the recent deregulation of diesel prices. These steps along with 'Make in India' initiative, launched in September 2014 along with the attendant facilitatory measures; and the labour reforms announced recently, are aimed to create a more conducive environment for investment in India and to boost business confidence and restart the investment cycle in the economy.

Statement													
Details of Fiscal position of the States & UTs													
Sl.No.	State	Debt to GSDP ratios prescribed by FC-XIII			Debt to GSDP ratios of States			Interest Payment to Revenue Expenditure ratio			Social Sector Expenditure to Overall Expenditure ratio		
		2011-12	2012-13	2013-14	2012 (FA)*	2013 (RE)	2014 (BE)	2011-12 (FA)*	2012-13 (RE)	2013-14 (BE)	2011-12 (FA)*	2012-13 (RE)	2013-14 (BE)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
General Category States													
1.	Andhra Pradesh	29.6	28.9	28.9	23	22.7	22.4	11.7	11.1	11.5	39.2	40.6	41.8
2.	Bihar	46.4	44.4	43	27.5	24.8	23.3	9.3	7.7	8	40	44.6	45
3.	Chhattisgarh	22.5	23	23.5	12.9	12.5	14.6	5.3	4.3	3.6	51.6	51	53.6
4.	Goa	31.9	30.8	29.9	27.7	27.6	27.3	12.9	10.9	11	33.1	34.9	36.4
5.	Gujarat	28.8	28.1	27.6	24.7	23.5	23.2	18.3	17	16.8	38.2	39	39.1
6.	Haryana	22.6	22.7	22.8	18.6	18.6	18.4	12.5	12.5	13.6	40.9	40	42.1
7.	Jharkhand	28.5	27.8	27.3	22.1	21.1	20.7	10.8	8.7	8.1	41.2	44.8	43.9
8.	Karnataka	26	25.7	25.4	23	20.6	20.9	9.3	8.2	8.7	37.8	41.1	42.1
9.	Kerala	32.3	31.7	30.7	30.1	29.4	28.5	13.7	13.6	12.7	34.8	34.7	35.7
10.	Madhya Pradesh	37.6	36.8	36	26.1	23.9	23.9	10.1	9.1	8.8	33.6	41.8	41.6
11.	Maharashtra	26.1	25.8	25.5	20.5	19.7	19.1	14.2	13.3	13.5	41.1	43	43.2
12.	Odisha	30.6	30.2	29.8	22.2	18.5	18.2	7.4	10.6	10.1	42.9	41.5	39.9
13.	Punjab	41.8	41	39.8	32.1	31.7	33.5	19	15.9	17.1	27.1	32.6	32.2
14.	Rajasthan	39.3	38.3	37.3	25.6	24.3	24.5	14.7	12.5	12.1	42.6	42.2	43.3

1	2	3	4	5	6	7	8	9	10	11	12	13	14
15.	Tamil Nadu	24.5	24.8	25	19.6	20.2	20	10.6	10.1	11.1	38.3	38.9	37.9
16.	Uttar Pradesh	46.9	45.1	43.4	36	33.7	33.2	12.5	10.9	10.2	38.8	40.3	39.6
17.	West Bengal	39.1	37.7	35.9	40.1	37.5	34.6	21.7	20.9	21.2	42.5	42.8	4.3
Special Category States													
1.	Arunachal Pradesh	58.2	55.2	52.5	36.4	33.2	30.3	6.4	6	7.1	32.4	26.9	20.8
2.	Assam	28.3	28.4	28.4	22.1	20.4	21	7.8	5.8	5.9	37	38.4	37
3.	Himachal Pradesh	47	44.4	42.1	44.2	40.6	38.8	15.3	14	13.8	34.6	35.5	35.9
4.	Jammu and Kashmir	55.1	53.6	51.6	56.2	52.2	53.8	10.5	10.7	11.7	29.3	27	25.8
5.	Manipur	62.9	60.1	57	62.5	56.1	51.3	7.9	7.1	6.4	29.4	30.9	27
6.	Meghalaya	32.7	32.3	32	33.2	32.4	32	5.9	5.6	4.8	39.4	41.6	46.5
7.	Mizoram	85.7	82.9	79.2	70.3	63.9	59.5	7.4	5.3	5.3	36.6	38	30.3
8.	Nagaland	55.8	54.9	53.5	55	54.7	52.8	8.6	8.4	8.8	24.9	28.6	28.9
9.	Sikkim	65.2	62.1	58.8	32.3	30.1	29.8	5.9	5.6	5.2	36.8	35.4	35.2
10.	Tripura	44.9	44.6	44.2	32.9	33.7	31.8	10.3	9	8.9	41.7	44.2	38
11.	Uttarakhand	41.1	40	38.5	26.4	25.3	25.6	13.6	13.3	14.1	45.5	41.2	41.7
All States (Per cent of GDP)		26.1	25.5	24.8	22.2	21.7	21.4	12.7	11.7	11.7	38.7	40.4	40.5
Memo item:													
1.	NCT Delhi				9.5	8	6.5	16.2	13	12.4	50	48.3	46.7
2.	Puducherry				38.1	33.8	31.3	12.1	14.1	10.3	45.9	39.8	36.1

Source: RBI Report 'State Finances: A Study of Budgets 2013-14'.

* Actuals as per Finance Accounts