

Increase in borrowing limit of Telangana

934. SHRI DEVENDER GOUD T: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government has increased the borrowing limit of Telangana to 3.5 per cent from the existing 3 per cent of GSDP;
- (b) if so, the details thereof and the reason therefor; and
- (c) what are the reasons that other States like Andhra Pradesh are also demanding an increase of their GSDP but Government has not increased their limit?

THE MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) and (b) The Central Government has approved Additional fiscal deficit to States under the two flexibility options recommended by Fourteenth Finance Commission (FFC) in para 14.64 to 14.67 of its report. Accordingly, the following fiscal parameters have been taken into account before determining States' eligibility for additional borrowings of 0.5% of GSDP for the year 2016-17:

- (i) Additional borrowing space of 0.25% of GSDP if Interest Payment (IP)/Total Revenue Receipt (TRR) ratio based on the data as contained in Finance Account for t-2 (*i.e.* 2014-15) is less than or equal to 10%.
- (ii) Additional borrowing space of 0.25% of GSDP if Debt/GSDP ratio based on the data as contained in Finance Account for t-2 (*i.e.* 2014-15) is less than or equal to 25% of GSDP.
- (iii) The two options under the above flexibility provisions can be availed of by a State either separately, if any of the above criteria is fulfilled, or simultaneously if both the above stated criteria are fulfilled only if the States are in Revenue Surplus as per Finance Account for t-2 (*i.e.* 2014-15) and as per Revised Budget Estimates for t-1 (*i.e.* 2015-16 RE) and State's FRBM Act should be duly amended to provide for the statutory flexible limits on fiscal deficit.

The State of Telangana was allowed additional borrowing limit of 0.25% of GSDP for the year 2016-17 since it was in Revenue Surplus for 2014-15 (actual as per Finance Accounts) and 2015-16 (RE), its debt/ GSDP ratio for 2014-15 was less than 25% and it has amended FRBM act to provide for the statutory flexible limits on fiscal deficit.

- (c) The above flexibility for increase in borrowing limit is not available to some of the States including Andhra Pradesh due to non-fulfilment of the prescribed eligibility conditions by FFC.