

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
RAJYA SABHA
UNSTARRED QUESTION NO. - 857
TO BE ANSWERED ON TUESDAY, 30th JULY, 2024
8 SRAVANA, 1946 (SAKA)

BURGEONING DEBT ON PUNJAB

857. SHRI SATNAM SINGH SANDHU

Will the Minister of Finance be pleased to state:

- (a) whether Government is aware of the burgeoning debt on Punjab;
- (b) if so, the reasons and explanations for the same; and
- (c) the steps that have been taken to help Punjab lower its debt and the details of steps taken to boost fiscal federalism by Government?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) As per the Reserve Bank of India's report titled 'State Finances: A study of budgets of 2023-24', the details of total outstanding liabilities of the State Government of Punjab at the end of March 2020, March 2021, March, 2022, March 2023(RE) and March 2024(BE) are as follows:

(Rs. in Crores)

Year	2020	2021	2022	2023 (RE)	2024 (BE)
Total Outstanding Liabilities	2,29,629.90	2,59,266.00	2,84,923.20	3,16,346.10	3,51,130.20

(b) and (c) All States have enacted their Fiscal Responsibility and Budget Management (FRBM) Act. Compliance to the State FRBM Act is monitored by the respective State Legislatures. Department of Expenditure, Ministry of Finance generally follows the fiscal limits mandated by the accepted recommendations of the Finance Commission while exercising the powers to approve borrowings by States under Article 293(3) of the Constitution of India. Adjustments for the over-borrowing by States during previous years, if any, are made in the borrowing limits of subsequent years.

Instances of borrowings by certain State Public Sector companies, Special Purpose vehicles (SPVs) and other equivalent instruments, where principal and/or interest are to be serviced out of the State Budgets, had come to the notice of the Ministry of Finance. Considering the effect of bypassing the NBC of the States by such borrowings, it was decided and communicated to the States in March 2022 that borrowings by State Public Sector companies/corporations, Special purpose vehicles (SPVs) and other equivalent instruments, where principal and/or interest are to be serviced out of the State Budgets and/or by assignment of taxes/cess or any other State's revenue, shall be considered as Borrowings made by the State itself for the purpose of issuing the consent under Article 293(3) of the Constitution of India.
