ONE-STOP DESTINATION FOR
TAXMAN AND TAXPAYER

5 States get nod for addl borrowing on meeting reform targets

By TIOL News Service

NEW DELHI, SEPT 24, 2020: The Department of Expenditure, Ministry of Finance, has granted permission to raise additional financial resources of Rs. 9,913 crore to 5 (five) States through Open Market Borrowings (OMBs). These States are Andhra Pradesh, Telangana, Goa, Karnataka and Tripura. This permission has been accorded after these States successfully met the reform condition of implementation of One Nation One Ration Card System. State wise details of the additional borrowing permission granted by the Government of India are as follows: -

- Andhra Pradesh â€“ Rs.2,525 crore
- Telangana â€“ Â Â Â Â Â Â Rs.2,508 crore
- Karnataka â€“ Â Â Â Â Â Â Rs.4,509 crore
- GoaÂ Â Â Â Â Â Â Â Â â€“ Â Â Â Â Â Rs.223 crore
- TripuraÂ Â Â Â Â â€“ Â Â Â Â Â Rs.148 crore

In view of the unprecedented COVID-19 pandemic the Central Government had in May, 2020 allowed additional borrowing limit of up to 2 percent of Gross State Domestic Product (GSDP) to the States for the year 2020-21. This made an amount up to Rs. 4,27,302 crore available to the States. One percent of this is subject to implementation of following four specific State level reforms, where weightage of each reform is 0.25 percent of GSDP: -

- Implementation of One Nation One Ration Card System;
- Ease of doing business reform;
- Urban Local body/ utility reforms; and
- Power Sector reforms

The remaining additional borrowing limit of 1 percent was to be released in two instalments of 0.50 percent each - first immediately to all the States as untied, and the second on undertaking at least 3 out of the above mentioned reforms. The Government of India has already granted permission to States to raise the first 0.50 percent as OMB in June, 2020. This made an additional amount of Rs.1,06,830 crore available to the States.