

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
LOK SABHA

UNSTARRED QUESTION NO. 3497

TO BE ANSWERED ON MONDAY, 10th AUGUST, 2026
SHRAVANA 19, 1948 (SAKA)

PERFORMANCE LINKED ADDITIONAL BORROWING FACILITY TO STATES

3497. Adv K. Francis George

Will the Minister of **Finance** be pleased to state:

- (a) whether the 15th Finance Commission had proposed an Award for Excellence in power sector management to states, amounting to excess borrowing limit of 0.5 per cent of Gross Domestic Product (GDP) from 2021-22 to 2024-25, if so, the details of such facility granted, State-wise;
- (b) whether the Ministry of Power had recommended to extend this facility up to 2029-30, if so, the steps taken by the Government in this regard; and
- (c) whether the Government proposes to extend the excess borrowing limit of 0.5 per cent up to 2029-30 for the State of Kerala, considering the various power sector projects being undertaken by the Government of Kerala, such as the installation of smart meters and upgradation of distribution lines?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) Yes, the 15th Finance Commission had recommended for providing an additional annual borrowing space to the States equivalent to 0.50 per cent of their Gross State Domestic Product (GSDP) for each of the first four years of its award period, i.e., from Financial Year (FY) 2021-22 to 2024-25, based on specified performance criteria in the power sector. Pending the submission of the report of the 16th Finance Commission, this facility was continued during FY 2025-26. The State-wise details of additional borrowings allowed for performance in power sector from FY 2021-22 to 2025-26 are given in the **Annexure**.

(b) & (c) Yes, a request had been received from the Ministry of Power for extension of the additional borrowing facility linked to power sector reforms, which was duly replied vide D.O. letter dated 12.05.2026. The 16th Finance Commission has submitted its report, which has been duly accepted. The Commission has not recommended continuation of the additional borrowing facility linked to power sector reforms. Therefore, at present, there is no proposal under consideration for extension of additional borrowing facility for power sector reforms to State Governments including Kerala.

**Annexure referred to in the answer of part (a) of Lok Sabha Unstarred question no. 3497
for 10.08.2026**

**Details of additional borrowings allowed for performance in power sector to the all States
from FY 2021-22 to 2025-26**

(Rs. in crore)

Sl. No.	Name of State	2021-22	2022-23	2023-24	2024-25	2025-26	Total
1	Andhra Pradesh	3,716	5,858	6,709	7,986	6,886	31,155
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	1,886	2,473	2,702	1,573	-	8,634
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	-	-	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	-	-	-	-
9	Himachal Pradesh	251	-	-	-	564	815
10	Jharkhand	-	-	-	-	-	-
11	Karnataka	-	-	-	-	-	-
12	Kerala	4,060	4,263	4,866	6,149	5,848	25,186
13	Madhya Pradesh	-	-	-	-	-	-
14	Maharashtra	-	-	-	-	-	-
15	Manipur	180	213	-	-	-	393
16	Meghalaya	192	-	-	-	-	192
17	Mizoram	-	-	-	-	-	-
18	Nagaland	-	-	-	-	-	-
19	Odisha	2,725	-	-	-	-	2,725
20	Punjab	-	-	-	3,952	1,578	5,530
21	Rajasthan	5,186	6,122	7,996	7,088	5,002	31,394
22	Sikkim	191	170	156	262	102	881
23	Tamil Nadu	7,054	5,775	9,656	9,589	6,790	38,864
24	Telangana	-	-	-	-	-	-
25	Tripura	-	-	-	-	-	-
26	Uttar Pradesh	6,823	-	-	-	-	6,823
27	Uttarakhand	-	-	-	-	-	-
28	West Bengal	6,911	8,352	7,276	-	-	22,539
	Total	39,175	33,226	39,361	36,599	26,770	1,75,131