

Regarding clarification on Non-Convertible Debentures (NCDs) borrowing and its effect on Andhra Pradesh-Laid

SHRI MADDILA GURUMOORTHY (TIRUPATI): I wish to draw the attention of the Government to a serious fiscal and constitutional concern affecting the State of Andhra Pradesh. Andhra Pradesh Beverages Corporation Limited has issued Non-Convertible Debentures (NCDs) aggregating to ₹5,750 crore. The Ministry of Finance earlier issued a written clarification while determining the Net Borrowing Ceiling for FY 2023 - 24. It was stated that borrowings raised by State-owned entities on the basis of government-determined profit margins, and utilised for welfare schemes unrelated to their normal commercial activities, would be treated as State borrowings. This treatment was explicitly applied under Article 293, sub-clause (3) of the Constitution of India. Accordingly, such borrowings were accounted for while granting borrowing permissions to the States. I therefore seek explicit clarification whether Government is aware of this NCDs Borrowing and the Article 293, sub-clause (3) applies in the current financial year as well.