

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
**LOK SABHA**

**UNSTARRED QUESTION NO. 162**

TO BE ANSWERED ON MONDAY, 21<sup>st</sup> JULY, 2025  
30 ASHADHA, 1947 (SAKA)

**FINANCIAL CRISIS IN KERALA**

**162. Shri N K Premachandran**

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

- (a) whether the Government analysed the reasons for financial crisis in Kerala;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government proposes to resolve the grave financial crisis in Kerala such as debt burdens, fiscal deficit, restriction of borrowing capacity, etc.;
- (d) if so, the details thereof and the action taken thereon; and
- (e) the year-wise details of borrowings and debt of Kerala during the last ten years and the current year?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(SHRI PANKAJ CHAUDHARY)**

(a) to (b) Fiscal performance of all States including the State of Kerala is monitored by the respective State Legislatures. The State Government of Kerala has enacted the Kerala Fiscal Responsibility Act, 2003. It makes the State Government responsible for ensuring prudence in fiscal management and fiscal stability. This is to be done by progressive elimination of revenue deficit and sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal frame work.

(c) to (d) Union Government of India applies a common yardstick and generally follows the fiscal limits mandated by the accepted recommendations of the Finance Commission while exercising the powers to approve borrowings by the State under Article 293 (3) of the Constitution of India. Further, the Government of India is also providing substantial financial resources to State Governments including the Government of Kerala in the form of Finance Commission Recommended Grants, Central Sector Schemes, Centrally Sponsored Schemes,

and Special Assistance to States for Capital Investment. The assistance provided to Kerala under these heads from 2021-22 to 2025-26 (till 10.07.2025) is given in Annexure-I.

(e) As per RBI report titled “State Finances: A Study of Budgets” and information provided by RBI, year-wise details of Market Borrowings and Total Outstanding Liabilities of State Government of Kerala during the last 10 years and current year are given in Annexure-II.

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**Annexure-I referred to in the answer of part (c) to (d) of Lok Sabha Unstarred  
question no. 162 answered on 21.07.2025**

**The assistance provided to Kerala in the form of Finance Commission Recommended Grants, Central Sector Schemes, Centrally Sponsored Schemes, and Special Assistance to States for Capital Investment from 2021-22 to 2025-26 (till 10.07.2025)**

**(in Rs crore)**

<b>Heads</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26 (10<sup>th</sup> July, 2025)</b>
<b>Finance Commission Recommended Grants</b>	22,171	15,382	7,246	2,532	558
<b>Central Sector Schemes</b>	6,896	7,262	6,040	6,106	582
<b>Centrally Sponsored Schemes</b>	8,300	10,249	8,061	7,795	2,218
<b>Special Assistance to States for Capital Investment</b>	238	1,903	-	2,716	657
<b>Total</b>	<b>37,605</b>	<b>34,796</b>	<b>21,347</b>	<b>19,149</b>	<b>4,015</b>

**Annexure-II referred to in the answer of part (e) of Lok Sabha Unstarred question no.  
162 answered on 21.07.2025**

**Year-wise details of Market Borrowings and Total Outstanding Liabilities of State  
Government of Kerala during the last 10 years and current year**

(in Rs crore)		
<b>Year</b>	<b>Market Borrowings</b>	<b>Total Outstanding Liabilities</b>
2015-16	15,000	1,62,272
2016-17	17,300	1,91,623
2017-18	20,500	2,16,499
2018-19	19,500	2,43,746
2019-20	18,073	2,67,585
2020-21	28,566	3,10,856
2021-22	27,000	3,60,037
2022-23	30,839	3,87,798
2023-24	42,438	4,26,020 (RE)
2024-25	53,666	4,71,091(BE)
2025-26	14,000 (till 9 <sup>th</sup> July 2025)	4,81,997 (Projected as on 31.03.2026)*

\*'Budget in Brief 2025-26' published by Finance Department, Government of Kerala.