

AP to defer full Budget till Sept, awaits clarity on Central aid

BUYING TIME. White Paper on State finances will be released soon: Chandrababu Naidu

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Hyderabad

The Andhra Pradesh government has decided to defer presentation of the full State Budget for 2024-25 by a month or so.

The State Assembly session, slated to commence on July 22, may see the N Chandrababu Naidu-led NDA government present a vote-on-account to buy more time to work on full-fledged Budget proposals likely to be presented in September, an official told *businessline*.

Naidu, who was recently in Delhi to meet important ministers in the Union government, has sought substantial financial support to help reconstruct Andhra Pradesh. He had also met Finance Minister Nirmala Sitharaman. There is expectation that Sitharaman may offer something to the State when she presents the Budget on July 23. According to the buzz in the corridors of



LOOKING FOR FUNDS. A file photo of PM Narendra Modi with AP Chief Minister N Chandrababu Naidu

the Finance Ministry, financial aid of about ₹1 lakh crore was discussed by the AP Chief Minister.

TOP OF THE AGENDA

Naidu said that a White Paper on the State finances will be released, which could serve as a run-up to the full Budget to be presented in due course. Apart from ascertaining the position of State finances, Naidu would like to wait for clarity on the flow of funds from the Centre before listing out the State

Budget proposals. Financial support for the Greenfield Amaravati Capital Project and completion of the Polavaram project are on the top of the government's agenda, as declared by Naidu after assuming power.

"The State government is keen on giving a head start to mega projects, including Amaravati, for speedy development of the State, along with fulfilling poll promises. As it inherited a cash-starved State exchequer, it will take some

time to document the liabilities and devise ways and means to garner more revenue while plugging in the loopholes," the official said.

'SUPER SIX' SCHEMES

The promise of 'Super Six' welfare schemes in the pre-poll manifesto of the NDA — TDP, Jana Sena and BJP — will also weigh heavily on the State exchequer as it includes an increase in monthly welfare pensions with effect from April 1, 2024, and free travel for women. Andhra Pradesh has already implemented an increase in welfare pensions, which itself resulted in an additional burden of ₹819 crore, benefiting 65 lakh pensioners.

As per RBI data, the total outstanding liabilities of the Andhra Pradesh government rose from ₹2,64,338 crore in 2019 to ₹4,85,490 crore as of March 2024. As a percentage of the gross State domestic product, they stood at 33.5 per cent

Nitishyeing ₹30,000-cr aid p3

Modi faces Budget pressure as Nitish seeks ₹30,000 crore aid

Bloomberg

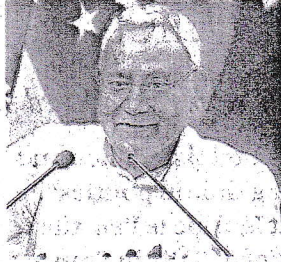
Prime Minister Narendra Modi's second-biggest ally is demanding ₹30,000 crore from the Budget this year to help fund projects in Bihar, according to people familiar with the matter.

The Bihar government, which is led by Janata Dal (United)'s Nitish Kumar, made the request during a pre-Budget meeting with Finance Minister Nirmala Sitharaman last month, the people said, asking not to be identified because the discussions are private.

The government has received the request from Bihar but hasn't yet decided how much will be allocated to the State this year, one of the people said.

Modi's biggest ally in the coalition — N Chandrababu Naidu of the Telugu Desam Party — has already made a request for more than \$12 billion in aid over the next few years for Andhra Pradesh, Bloomberg reported last week.

The combined fiscal demands from the two coal-



Bihar Chief Minister Nitish Kumar

tion parties are equivalent to more than half of the government's annual food subsidy budget of ₹2.2-lakh crore. That shows the fiscal pressure Modi is under as he balances the demands of his allies with his goals of curbing government debt. He has some leeway in this year's Budget though, after the central bank paid the government a record dividend and tax revenues surged.

Modi's Bharatiya Janata Party failed to win an outright majority for the first time in a decade in recently held elections and is reliant on support from its allies to continue governing. The two coalition partners make up 9.5 per cent of the parlia-

mentary seats held by Modi's National Democratic Alliance.

Both the BJP's allies want the federal government to allow them to borrow more in the states that they govern. Fiscal rules stipulate that states limit their borrowing to 3 per cent of the region's gross domestic product. Bihar has asked for an additional 1 per cent of headroom with no conditions attached, people familiar say, while Andhra Pradesh has requested 0.5 per cent.

WHAT JD(U) WANTS

The JD(U) also wants provision in the Budget for building nine airports, four new metro lines, seven medical colleges in the State alongside funding for setting up a ₹20,000-crore thermal power plant, repair work across over 20,000 km of roads. Bihar has also requested special category status, according to media reports, which would give the State preferential treatment in accessing funds from the central government and tax breaks.