

## TODAY'S PAPER

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## A.P. borrows Rs. 8,200 crore, repays loans, interests



• [Appaji Reddem](#)

*Avails loans with cheaper interest rate compared to eight States, including Telangana*

The cash-starved Andhra Pradesh has borrowed huge sums from the market and a sizeable part of the borrowing was utilised to repay part of the loans and interests.

As per CARE Ratings' October report on State government borrowings H1-FY2017, the Andhra Pradesh government borrowed Rs.8,200 crore at 7.78 per cent interest rate in the first half of the current fiscal. Interestingly, about 80 per cent of the amount was used to repay the debts and interest rates on the State liabilities, according to sources in the government.

"We have an alarming debt burden of about Rs.1.6 lakh crore, of which about Rs.18,000 crore was disputed one inherited during bifurcation. A lion's share of such borrowings go to repayment of loans and interests," C. Kutumba Rao, vice-chairman, Andhra Pradesh State Planning Board told *The Hindu*. The government paid about Rs.4,984 crore in the form of interest in the first half of the fiscal, according to him.

However, the silver lining is in the form of cheaper interest rate. The interest rate at which A.P. borrowed the loans was cheaper than that of eight States, including the neighbouring Telangana.

Telangana borrowed Rs.11,000 crore at 7.81 per cent interest which is 30 basis points (BPS) more than that of Andhra Pradesh.

The other States, which borrowed loans with higher interest rates are Odisha, Kerala, Tamil Nadu, Tripura, Arunachal Pradesh, Sikkim and Mizoram which went up to 8.05 per cent interest rate.

Of all, 14 States could manage to take loans with cheaper interest rates compared to that availed by Andhra Pradesh. Madhya Pradesh leads the rest by availing Rs.5,000 crore at 7.45 per cent interest.

Surprisingly, Karnataka, Bihar, Jharkhand, and Chhattisgarh have not yet accessed the market for loans yet.

### Further dip in

### interest rates

The rating agency predicts that the interest rates are poised to decline further and all the States can save on significant amount in the coming days.

Andhra Pradesh Chief Minister N. Chandrababu Naidu recently sought the Centre to relax the limit set by Fiscal Responsibility and Budget Management (FRBM) Act so that the State could go for further borrowings for public spending.

The A.P. government, which is looking at Externally Aided Projects such as Vijayawada and Visakhapatnam metro rails, is looking at cheaper debt from abroad. The government is in talks with German and French lending agencies for about Rs.10,000 crore loan with affordable interest rates. "Global interest rates would not cross 4 per cent even after factoring hedging component. It's the advantage we plan to take," said Mr. Kutumba Rao.

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