

## DEBT-TO-GDP RATIO OF STATES WORRYING: RBI

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The combined debt-to-GDP ratio of states is expected to remain at 31% by end-March 2022, which is worryingly higher than the target of 20% to be achieved by 2022-23, according to an RBI report.

In view of the pandemic induced slowdown, in its projections, the 15th Finance Commission expects the debt-GDP ratio to peak at 33.3% in 2022-23 (in view of the higher deficits in 2020-21, 2021-22 and 2022-23), and gradually decline thereafter to reach 32.5% by 2025-26, RBI said in its 'State Finances: A Study of Budgets of 2021-22' report.

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