

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA UNSTARRED QUESTION NO. 322**

**TO BE ANSWERED ON MONDAY, THE 5<sup>TH</sup> OF FEBRUARY,  
2024/Magha 16, 1945 (Saka)**

**PRESUMPTIONS ABOUT INDIA'S INDEBTEDNESS**

**QUESTION**

322. SHRI MANNE SRINIVAS REDDY: SHRI KANUMURU RAGHU  
RAMA KRISHNA RAJU:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has dispelled certain factually incorrect presumptions being made about India's indebtedness levels from a scenario-based assessment by the various agencies including International Monetary Fund (IMF) that warned that Government debt could hit 100 per cent of GDP by 2027-28 under adverse circumstances as certain presumptions have been made taking into account possible scenarios that does not reflect factual position and if so, the details thereof; and

(b) whether the Government has stressed that any interpretation that the report implies that general Government debt would exceed 100 per cent is misconstrued and if so, the details thereof and the corrective steps being taken including results yielded till now?

## ANSWER

### MINISTER OF STATE (SHRI PANKAJ CHOWDHARY) IN THE MINISTRY OF FINANCE:

Yes, Sir.

(a) & (b): The Government has clarified through Press Release dated 22nd December, 2023, that in the International Monetary Fund's report, certain presumptions have been made taking into account possible scenarios that do not reflect the factual position. The IMF report talks only of a worst-case scenario and is not fait accompli. The same IMF report also indicates that under favourable circumstances, the General Government debt to GDP ratio may decline to below 70 per cent in the same period in which it has been projected to increase. Therefore, any interpretation that the report implies that General Government debt would exceed 100 per cent of GDP in the medium term is misconstrued. Debt to GDP ratio is being reduced as a result of the fiscal consolidation measures undertaken by the Government some of which are fiscal discipline, better mobilisation of resources and improving quality of expenditure. As a result, RE of FY 2023-24 indicate fiscal deficit at 5.8 per cent of GDP which is estimated to further decline to 5.1 per cent of GDP in BE for FY 2024-25. The General Government debt has also declined from about 88 per cent in FY 2020-21 to about 81 per cent in 2022-23.

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