

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2141

ANSWERED ON:04.08.2000

INDIA AMONG TOP TEN INDEBTED NATIONS

MOHAN RAWALE;NEDURUMALLI JANARDHANA REDDY;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether attention of the Government has been drawn to the news item captioned `India among top ten indebted nations` appearing in `The Statesman` dated June 3, 2000;
- (b) if so, whether India`s total external debt touched to an alarming height and included among the top ten indebted countries of the World;
- (c) if so, whether the country`s debt position has an adverse impact on the economy of the country; and
- (d) if so, the steps taken by the Government in this regard ?

Answer

Minister of State in the Ministry of Finance (Shri Balasaheb Vikhe Patil)

(a) & (b) In its daily issue dated the 3rd June, 2000, The Statesman published a news item titled `India among top ten indebted nations` based on `India`s External Debt: A Status Report-May, 2000` published by the Ministry of Finance. As indicated in the Status Report, India is among the top ten debtor countries of the world in terms of absolute level of debt. However, its position improved from the third largest debtor country after Brazil and Mexico in 1991 to ninth largest in 1998 after Brazil, Russian Federation, Mexico, China, Indonesia, Argentina, Korea and Turkey.

(c) & (d) The outstanding stock of external debt of the country was US \$ 99.0 billion at end-December, 1999, which is the same as the peak level of US \$ 99.0 billion at end-March 1995. External indebtedness position of the country, however, has considerably improved in recent years, which is reflected in decline in key debt indicators over time. Thus for example, Debt-GDP ratio, which measures the magnitude of debt in relation to domestic output, improved from 41.0 per cent at end March 1992 to 23.5 per cent at end March 1999 and further to 22.3 per cent at end December 1999. The debt-service ratio improved from the peak of 35.3 per cent of current receipts in 1990-91 to 19.0 per cent in 1998-99 and further to 18.2 per cent in the first three-quarters of 1999-2000 (April- December 1999).

The improvement in India`s external debt position since early 1990`s is due to a conscious debt management policy that focuses on high growth rate of exports, keeping the maturity structure as well as the total amount of commercial debt under manageable limits, limiting short-term debt and encouraging non-debt creating flows.