

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1405
ANSWERED ON:11.03.2005
SCHEME TO REDUCE BURDEN OF INTEREST
Renge Patil Shri Tukaram Ganpatrao;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is formulating any scheme to reduce the ever increasing burden of interest on external debt;
- (b) if so, the details thereof;
- (c) the amount of interest paid by the Government during each of the last three years; and
- (d) the reaction of the Government on the ever increasing burden of interest on external debt?

Answer

Minister of State in Ministry of Finance (SHRI S.S. PALANIMANICKAM)

(a) & (b): In order to reduce the interest burden, the Government of India have been making premature repayment of high cost sovereign loans. The details are given in the following Table.

Table: Prepayment of Government loans
(US \$ Million)

Year	Creditor	Amount
2002-2003		
	Multilateral	2,788.7
	Bilateral	111.5
	Total	2,900.2
2003-2004	Multilateral	2,534.2
	Bilateral	1,219.3
	Total	3,753.5
2004-2005	Multilateral	-
	Bilateral	35.2
	Total	35.2

(c) Interest paid by the Government during the last three years, revised estimates for 2004-05 and budget estimates for 2005-06 are given below.

(Rs.Crore)	Interest payments				
	2001-02	2002-03	2003-04	2004-05 (RE)	2005-06 (BE)
	4,285.2	4,565.5	3,249.78	2,797.41	3,111.91

RE: Revised Estimate, BE: Budget Estimate

(d) Government follows a prudent external debt management policy to keep external debt within manageable limits. The policy focus is on concessional loans, longer maturity profiles, close monitoring of short-term debt and laying emphasis on non-debt creating capital flows.