

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:160

ANSWERED ON:10.12.2004

FOREIGN DEBT

Chowdhury Shri Adhir Ranjan;Mahato Shri Sunil Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the present status of the foreign debt till the end of the last month;
- (b) the load of foreign debts on the financial structure of the country and the total debts taken by the Government during the current financial year;
- (c) the per capita external loan as on date;
- (d) the amount of interest and debt service charges being paid for these loans annually; and
- (e) the steps taken to reduce the debt burden of the country?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (e): A statement is placed on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No.160 by Shri Sunil Kumar Mahato and Shri Adhir Chowdhury regarding 'foreign debt' for answer on December 10, 2004.

(a) & (b) According to the latest information available, India's total external debt stood at US \$ 112.6 billion as at the end of June 2004. Net drawals under loans raised by the Government of India during the current financial year up to June 2004 amounted to US \$ 86 million. Gross drawals amounted to US \$ 441 million and principal repayments were US\$ 355 million during April-June 2004.

(c) The per capita external debt at end-March 2004 is estimated at approximately US \$ 105 or Rs.4,556 (at US\$ 1 = Rs.43.4).

(d) Total debt service payments for the last five years are given in the following Table.

Table: India's External Debt Service Payments (US \$ million)

(April - March)

1999-2000 2000-01 2001-02 2002-03 2003-04 P

1. Principal

Repayments 7,059 8,359 6,776 11,517 14,546

2. Interest

Payments 4,484 4,462 4,086 3,564 6,403

3. Total Debt Service

Payments (1+2) 11,543 12,821 10,862 15,081 20,949

P: Provisional

(e) The Government follows prudent external debt management policies which include emphasis on raising funds on concessional

terms and from less expensive sources with longer maturities, monitoring of short term debt, prepaying high cost loans and encouraging non-debt creating capital flows. Government of India prepaid high cost sovereign loans of US\$ 2.9 billion and US \$ 3.8 billion during 2002-03 and 2003-04. respectively.