

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5739
ANSWERED ON:30.04.2010
RISE IN FOREIGN DEBT
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Will the Minister of FINANCE be pleased to state:

- (a) whether due to depreciation of US dollar against major international currencies, India's foreign debt has swelled;
- (b) if so, the details thereof for the last three years;
- (c) whether the Ministry of Finance compiles with quarterly statistics of the external debt;
- (d) if so, the increase or decrease of foreign debt in the last three quarters of 2009-10;
- (e) whether foreign exchange reserves has also decreased considerably due to these reasons in 2009-10; and
- (f) if so, the present position of foreign exchange and steps taken or being taken by Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) India's external debt was US \$ 224.4 billion at end-March 2008, US \$ 224.6 billion at end-March 2009 and US \$ 251.4 billion at end-December 2009. The factors contributing to the increase in debt level between end-March 2009 and end-December 2009 include higher external commercial borrowings, increased NRI deposits as well as valuation effect resulting from the depreciation of the US dollar against major international currencies. The valuation effect contributed to an increase of US \$ 9.9 billion (40 per cent) to the total increase of US \$ 26.8 billion in external debt between end-March 2009 and end-December 2009.

(c) External debt data are disseminated on a quarterly basis. Statistics for the third and fourth quarters of the Calendar Year (end September and December) are compiled and released by the Ministry of Finance, while the data for the first two quarters (end March and June) are compiled and released by the Reserve Bank of India.

(d) India's external debt stood at US \$ 229.8 billion at end-June 2009, before increasing to US \$ 242.7 billion at end-September 2009 and to US \$ 251.4 billion at end-December 2009.

(e) India's foreign exchange reserves stood at US \$ 252.0 billion at end-March 2009. However, it increased to US \$ 279.1 billion at end-March 2010, mainly on account of capital inflows and the valuation effect as the US dollar depreciated against most of the major international currencies.

(f) India's foreign exchange reserves stood at US \$ 280.1 billion as at April 16th 2010. The reserves remain at a comfortable level as indicated by the import cover of 12.4 months and the short term debt to foreign exchange reserve ratio of 15.1 percent as at end-September 2009.