

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3580
ANSWERED ON:16.04.2010
EXTERNAL DEBT
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Will the Minister of FINANCE be pleased to state:

- (a) the external debt of the country compared to other developing countries during each of the last three years till date and the impact of such debt on the financial infrastructure of the country;
- (b) the comparative position of India among the countries in this regard in the world;
- (c) the per capita amount of foreign debt at present in the country;
- (d) the interest being paid by India per year on the total debt;
- (e) the amount paid to foreign lenders country-wise and institution-wise as principal amount and as interest during each of the last three years;
- (f) the steps taken by the Government to lessen the burden of debt in the country; and
- (g) the extent of success achieved therefrom?

Answer

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

(a) & (b) As per the latest Global Development Finance Report (2009) of the World Bank, India was the fifth most indebted country in 2007, amongst the top twenty debtor countries of the developing world. The external debt stock of the top 5 most indebted developing countries (during 2005 to 2007) is indicated in the Table 1 below:

Table 1: External Debt of Developing Countries
(US \$ million)

Sl.No. Country External Debt Stock

2005 2006 2007

1 China 283,803 325,077 373,635

2 Russian Federation 229,911 250,480 370,172

3 Turkey 169,269 207,773 251,477

4 Brazil 187,431 193,516 237,472

5 India 123,145 175,540 220,956

Source: Global Development Finance 2009

However, as per the latest Government of India estimates, India's external debt stock stood at US \$ 251.4 billion as at end-December

2009 (Quick Estimate). The external debt has been within sustainable limits as indicated by a low debt service ratio of 4.4 per cent during 2008-09. It was due to the comfortable external debt position that the Government could liberalize External Commercial Borrowings guidelines and raise Non-Resident deposit interest rates to counter the fallout of global financial crisis.

(c) India's estimated per capita foreign debt stood at US \$ 214.86 at end-December 2009 (QE).

(d) The estimates of interest paid on the total external debt during 2006-07 to 2008-09 are given in Table 2 below:

Table 2: Interest payments on India's external debt

(US \$ million)

Year	Interest Payments
2006-07	5,468
2007-08	6,607
2008-09	6,518

(e) The country and institution-wise details of principal and interest on sovereign external debt during 2006-07 to 2008-09 are given in Table 3 below.

Table 3: External Debt Service Payments on Government Account

(US \$ million)

2006-07	2007-08	PR	2008-09	PR	Princ- ipal	Inte- rest	Tot- al	Princ- ipal	Inte- rest	Tot- al
I.External Debt	1,827	895	2,722	1,865	978	2,843	2,415	1,057	3,472	
on Govt. Account										

(A+B)

A.Multilateral 959 584 1,543 1,065 672 1,737 1,367 681 2,048

(1 to 6)

1 ADB 49 121 170 66 170 236 164 220 384

2 EEC (SAC) 2 0 2 2 0 2 1 0 1

3 IBRD 205 263 468 265 302 567 419 262 681

4 IDA 693 197 890 721 197 918 772 196 968

5 IFAD 9 3 12 10 3 13 10 3 13

6 OPEC 1 0 1 1 0 1 1 0 1

B.Bilateral 868 311 1,179 800 306 1,106 1,048 376 1,424

(7 to 12)

7 Germany 97 20 117 96 20 116 136 29 165

8 France 51 14 65 53 14 67 60 14 74

9 Japan 583 219 802 533 208 741 679 258 937

10 Russian 39 3 76 34 47 81 99 60 159
Federation

11 Switzerland 1 0 1 0 0 0 1 0 1

12 USA 97 21 118 84 17 101 73 15 88

PR: Partially Revised

(f) & (g) India's external debt has been within manageable limits, as indicated by the external debt to GDP ratio of 20.5 per cent during 2008-09. This has been possible due to an external debt management policy that emphasizes raising of sovereign loans on concessional terms with longer maturities, regulating external commercial borrowings and their end-use, rationalizing interest rates on NRI deposits and monitoring long and short-term debt.