

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5127
ANSWERED ON:10.12.2010
REDUCING DEBT BURDEN
Chavan Shri Harischandra Deoram

Will the Minister of FINANCE be pleased to state:

- (a) the internal and external debt of the country as on date;
- (b) whether there was a steep hike in external and internal debt over the years;
- (c) whether Non-Resident Indians deposits have influenced the level of external debt of the country;
- (d) if so, the details thereof alongwith the reasons therefor;
- (e) the amount of interest and debt servicing charges being paid for these loans annually;
- (f) whether the Government proposes to prepay the foreign debt keeping in view the strong forex reserve;
- (g) if so, the details thereof; and
- (h) the steps taken by the Government to reduce the debt burden of the country?

Answer

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

(a): The estimated internal and external debt of the Central Government as per BE 2010-2011 are as follows:

(Rs. in crore)

Internal Debt 2736754

External Debt 162045

Total 2898799

Balances are according to book value.

(b): The internal and external debt in absolute terms have continuously increased during recent years on account of higher fiscal deficit which increased due to financing requirement for higher developmental expenditure and also due to expansionary counter-cyclical fiscal policy stance adopted by the Government, in the face of the global economic crisis. The internal and external debt during the period 2007-08 to 2009-10 and estimates for 2010-11 are as follows:

(Rs. in crore)

Actuals	BE		
2007-08	2008-09	2009-10	2010-11
			(Provisional)

Internal Debt 1808359 2019841 2316281 2736754

#External Debt 112031 123046 134083 162045

Total 1920390 2142887 2450364 2898799

#Balances are according to book value.

(c) : No, Sir.

(d): Does not arise.

(e): The amount of interest and payment to RBI in the form of management and floatation charges as debt servicing charges during the financial year 2007-08 to 2009-10 and estimates for 2010-11 are as follows:

(Rs. in crore)				
Actuals		BE		
2007-08	2010-11	2009-10	2010-11	
Interest				
170605	191703	211046	248161	
Debt Servicing				
425	501	597	503	
Charges paid				
Total				
171030	192204	211643	248664	

(f) : No, Sir.

(g): Does not arise.

(h): Government is following the policy of gradual reduction in fiscal deficit as enumerated in the Medium Term Fiscal Policy Statement for 2010-11. This will result in reduction of pace of growth of public debt in the coming years.