

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1270

ANSWERED ON:30.11.2012

RISE IN BORROWING

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Will the Minister of FINANCE be pleased to state:

(a) the details of borrowing estimated vis-a-vis actual borrowing taking place and reasons for excess borrowing during the current financial year;

(b) the amount of the Government borrowings in each of the years from 2004-05 to September, 2012-13 and the reasons for constant rise in the said amount of borrowings; and

(c) the target set in this direction and efforts made/being made by the Government to achieve the target in the current year 2012-13?

Answer

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

(a) The estimated Internal and External Borrowings of the Central Government as per BE 2012-13 are as under:

(Rs crore)				
	Gross	Repayment	Net	
Internal Market Borrowing	569616	90616	479000	
External Assistance	26048	15990	10148	

Higher borrowing needs are on account of financing the higher fiscal deficit and to meet financing of the developmental expenditure.

(b) The internal and external borrowings have constantly increased in the previous years on account of financing the developmental expenditure and due to expansionary counter cyclical fiscal policy stance adopted by the Government in the phase of the global economic crisis. The amount of the Government borrowings (Net) from Internal and External sources during the period 2004-05 to 2011-12 year wise and 2012-13(BE) & till Sept. 2012 are given below:

(Rs crore)											
Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Till	
	(Prov.)	(BE)	Sept.12								
Internal	46031	95374	110446	131768	233630	398424	325414	436214	479000	284383	
Mkt.Borrowing											
External Asstt.	14753	7472	8472	9315	11015	11038	25356	12449	10148	-757	

(C) The quantum of borrowing is primarily dependent upon the Fiscal Deficit. In the medium term Fiscal Policy statement laid before the Parliament, along with Budget 2012-2013, the Fiscal Deficit has been projected to reduce from 5.9 per cent of GDP in RE 2011-12 to 5.1 per cent of GDP in BE 2012-13.

The Central Government has been following a comprehensive strategy to moderate growth in public debt through a policy of fiscal rectitude inter alia, including recourse to lower cost borrowings, phased introduction of active consolidation of debt, emphasis on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring short term debt and encouraging non-debt creating capital flows. The Central Government has also set up a Middle Office in order to have a more prudent management of government debt.