

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:829

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EXTERNAL DEBT

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Will the Minister of FINANCE be pleased to state:

- (a) the amount of external debt outstanding and interest paid thereon during each of the last three years and the current year, year-wise;
- (b) the reasons for raising/mobilising external loans;
- (c) whether any review has been undertaken to ensure proper utilization of the said loans;
- (d) if so, the details and the outcome thereof;
- (e) the per capita debt burden for urban as well as rural areas during the said period, State/UT-wise; and
- (f) the steps taken/proposed to be taken by the Government to reduce the external debt?

Answer

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

(a) Details of India's total external debt and sovereign external debt on Government account and interest paid thereon during the last three years are given below:

India's External Debt Stock (US\$ million)

Year	2009-10	2010-11	2011-12PR
Total External Debt at end-March	260,935	305,852	345,357
Interest paid during the year	5,719	6,073	8,527
Sovereign Debt on Government account at end-March	55,235	62,295	63,374
Interest paid during the year	803	706	687

PR: Partially Revised.

India's total external debt and sovereign external debt on Government account was US\$ 365,315 million and US\$ 63,551 million respectively during the current year (at end September 2012).

(b) External loans have been raised primarily for implementing/executing various projects in different sectors viz. environment & forests, power, urban transport, water supply and sanitation, shipping, tourism, irrigation, railways and financial sector across the country.

(c) & (d) Review/monitoring of the project implementation is done on a regular basis by the stakeholders including the Ministry of Finance and the implementing agencies to ensure proper utilisation of funds.

(e) As per Article 292 of the Indian Constitution, the Central Government can borrow abroad upon the security of the Consolidated Fund of India within limits (if any) specified by the Parliament from time to time, while Article 293 of the Indian Constitution mandates that State Governments can borrow only from internal sources. The concept of per capita debt is only notional. However, as per estimates the per capita external debt was Rs.14,687 and sovereign external debt on Government account was Rs.269 in the year 2011-12.

(f) The external debt management policy followed by the Government of India emphasizes monitoring of long and short term debt,

raising sovereign loans on concessional terms with long maturities, regulating external commercial borrowings through end-use and all-in-cost restrictions and rationalizing interest rates on Non-Resident Indian (NRI) Deposits. As a result, external debt has remained at manageable level as indicated by the Debt-GDP ratio of 19.7 per cent and the debt service ratio of 6.0 per cent in 2011-12.