

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5223  
ANSWERED ON:26.04.2013  
PER CAPITA DEBT AND INCOME  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the per capita debt and its proportion to the per capita income of the country;
- (b) the amount spent on payment of interest on such debt/loan during each of the last three years and the current financial year till date;
- (c) the reasons for rise in per capita indebtedness along with the reaction of the Government thereto; and
- (d) the measures being taken/proposed to be taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE (SHRI NAMO NARA1N MEENA) MINISTRY OF FINANCE

(a): As per RE 2012-13, per capita debt of the country which includes external debt, internal debt and other liabilities including National Small savings Fund and State Provident Fund etc. was 39,678 and the per capita income as per Advance Estimates of National Income 2012-13 at factor cost at current prices was 39,143.

(b): The amount spent on payment of interest on debt/loan during each of the last three years is given below

(Rs. in crore)			
2010-11	2011-12	2012-13	
(Prov.)	(RE)		
Payment of Interest	234022	273150	316674

(c): The Central Government borrowings for a financial year are primarily depending upon the fiscal deficit of the year. Borrowings of the Government 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 Government has reverted to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. The reduction in Fiscal deficit from 5.7 per cent of GDP in 2011-12 to 5.2 per cent of GDP in RE 2012-13 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP. With reprioritization of expenditure towards developmental side and curtailing the growth in non-development expenditure, total expenditure is estimated to decline as percentage of GDP. Finance Minister has recently announced a fiscal roadmap to bring down the fiscal deficit to 3% by 2016-17 with a reduction of 0.5% - 0.6% every year.

(d): 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, emphasise 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.