

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1446

ANSWERED ON:13.12.2013

LOANS TAKEN BY THE GOVERNMENT

Agarwal Shri Jai Prakash;Azad Shri Kirti (Jha);Chaudhary Shri Haribhai Parthibhai;Joshi Dr. Murl Manohar;Khaire Shri Chandrakant Bhaurao;Roy Shri Arjun;Semmalai Shri S. ;Vijayan Shri A.K.S.

Will the Minister of FINANCE be pleased to state:

- (a) the per capita indebtedness in rural and urban areas of the country, State-wise;
- (b) the details of the internal and external loans taken by the Government along with repayment made of the principal and interest thereto during each of the last three years and the current year till date;
- (c) the details of the criteria, if any, for allocation and utilization along with details of utilization actually made project/loan wise during the same period;
- (d) the positive as well as negative effects of such loans/borrowings along with reaction of the Government thereto; and
- (e) the measures taken or proposed to be taken in the matter?

Answer

MINISTER OF STATE IN THE (SHRI NAMO NARAIN MEENA)

(a): As per Annexure enclosed.

(b) The details of internal and external loans taken by the Government and repayments made of the principal and interest thereto during last three years and current year is given below:

(Rs. Crore)

Year	Loan raised	Loan Repayment	Interest Payment
Internal Debt			
2010-11	3141776	2803000	201841
2011-12	4037142	3482343	242569
2012-13 (RE)	3810410	3285630	286110
2013-14 (BE)	4565870	3997162	334755
External Debt			
2010-11	35330	11774	3156
2011-12	26034	13586	3501
2012-13 (RE)	18491	16276	4073
2013-14 (BE)	27646	17086	4276

(c): Proposals of States as well as of Central line Ministries, seeking funding from Multilateral Development Banks, that are complete in all respects are placed before the Screening Committee of Department of Economic Affairs on a regular basis. The Screening Committee scrutinizes the proposals on merits and decides on further course of action to be taken. The details of utilization actually made project/loan wise during the period is available on the website <http://www.aad.gov.in>

(d) & (e): The Government takes loans to finance its fiscal deficit i.e., excess of expenditure over revenue collections. Thus, the loans taken by the Government enables the Government to spend on various development projects and building up of required infrastructure in the economy. Excessive borrowings by the Government may, however, reduce the availability of financial resources for the private sector and therefore may crowd out the private investment. Excessively large borrowings over a prolonged period may also undermine the sustainability of public finances. Realizing the possible adverse impact of the high public debt, the Government has expressed its commitment to resume the fiscal consolidation process under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. The Medium Term Fiscal Policy (MTFP) Statement presented along with the Union Budget 2013-14 projected to reduce fiscal deficit from 4.8 per cent of GDP in budget estimates for 2013-14 to 4.2 per cent in 2014-15 and further to 3.6 per cent of GDP in 2015-16. The Central Government liabilities as percentage of GDP were projected to decline to 45.9 per cent at the end of March 2013, 45.7 per cent at the end of March 2014 and to 42.3 per cent of GDP by end of March 2016.