

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4070

ANSWERED ON:20.03.2015

EXTERNAL DEBT AND FOREIGN LOANS

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Will the Minister of FINANCE be pleased to state:

- (a) whether external debt including foreign loans of the country has been continuously rising during the last few years, if so, the details thereof and the reasons therefor;
- (b) the total amount of external debt/foreign loans accrued during each of the last three years and the current year;
- (c) whether the Government has tapped the financial resources of Foreign Financial Institutions (FFIs) for the borrowing during the said period;
- (d) if so, the details thereof, institution-wise along with the terms and conditions of the borrowings and the interest rate charged by these institutions; and
- (e) the amount of interest paid during the said period by the Government?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b) Indias total external debt (government and non-government) increased from US\$ 360.8 billion at end March 2012 to US\$ 409.5 billion at end March 2013 and further US\$ 442.3 billion at end March 2014. Indias total external debt is estimated at US\$ 455.9 billion at end-September 2014. The rise in total external debt was largely due to commercial borrowings and Non-Resident Indian deposits, which essentially reflect interest rate differential.

(c) External debt on Government Account during the last three years are given below in Table 1:

| Component | End-March | | End-Sep. | |
|-------------------------|-----------|---------|----------|---------|
| | 2012 | 2013 PR | 2014 QE | 2014 QE |
| Government Debt (A+B+C) | 81,896 | 81,655 | 81,524 | 88,444 |
| A. Multilateral | 43,686 | 43,539 | 44,598 | 44,193 |
| B. Bilateral | 19,688 | 17,797 | 17,606 | 16,527 |
| C. Other | 18,522 | 20,319 | 19,320 | 27,724 |

PR: Partially Revised. QE: Quick Estimates.

(d) The interest rates on external debt varies from loan to loan, as it depends upon borrower and creditor type, the maturity profile and the level of the global reference rate. The terms and conditions of loans from external agencies are placed at Annex-I.

(e) Creditor-wise payment of interest on Government Account during the last three years are given below in Table 2:

Table 2: Creditor-wise Interest Payments on Government Account (US\$ million)

| Component | April-March | | | |
|-------------------------|-------------|------------|------------|-----|
| | 2011-12 | 2012-13 PR | 2013-14 QE | |
| A. Multilateral | | 314 | 372 | 328 |
| B. Bilateral | 373 | 371 | 317 | |
| C. Other | 0 | 0 | 0 | |
| Total Interest Payments | 687 | 743 | 645 | |

PR: Partially Revised. QE: Quick Estimates.

Annex-I

Terms and Conditions of External Agencies

| Sl. No. | Institution/ Country | Rate of Interest | Maturity Period |
|---------|---|--|---------------------------------|
| 1. | Asian Development Bank | LIBOR+Spread | 15-25 Years Grace 0-5 Years |
| 2. | International Development Association | Service Charges-0.75% per annum (p.a) plus interest 1.25% p.a. | 25 Years Grace 5 Years |
| | IBRD Lending rate less 200 basis points plus Service Charges-0.75% p.a. | 25 Years Grace 5 Years | |
| 3. | International Bank for Reconstruction and Development | LIBOR+Spread | 18 to 25 Years Grace 5 Years |
| 4. | Japan (JICA) (Standard Rate) | General Terms -1.40% p.a. | 30/40 Years |
| | Preferential Terms- 0.65% p.a. (Standard Rate) | Grace 10 Years | |
| 5. | Germany (KfW) Bank | Treasury 0.75% | 30 to 50 Years |
| | 1.67% p.a. to 5.31% p.a. | 10 to 16 Years Grace 0 to 5 Years | |
| 6. | France | EURIBOR+Spread | 20 Years Grace 5 Years |
| 7. | International Fund for Agricultural Development | Service Charges- 0.75% p.a. | 40 Years Grace 10 Years |
| 8. | Russian Federation | 4% p.a. | 28 Year |
| 9. | Organization of the Petroleum Exporting Countries | 2% & 2.75% p.a. | 20 Years Grace 5 Years |

1.LIBOR London Inter Bank Offered Rate

2.EURIBOR-Euro Inter Bank Offered Rate.

3.JICA- Japan International Cooperation Agency

4.KfW Kreditanstalt fur Wiederaufbau.