

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA UNSTARRED QUESTION NO. 370

TO BE ANSWERED ON TUESDAY, THE 6TH OF FEBRUARY, 2024/

Magha 17, 1945 (Saka)

DEBT SITUATION IN THE COUNTRY

QUESTION

370. SHRI B. LINGAIAH YADAV:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has dispelled certain factually incorrect presumptions being made about india's indebtedness levels from a scenario-based assessment by various agencies including International Monetary Fund (IMF) that Government debt could hit 100 per cent of GDP by 2027-28 under adverse circumstances as certain presumptions have been made, taking into account possible scenarios that do not reflect factual position and if so, the details thereof; and

(b) whether Government has stressed that such as interpretation is misconstrued and if so, the details thereof, corrective steps being taken and results yielded till now?

ANSWER

MINISTER OF STATE (SHRI PANKAJ CHOWDHARY)

IN THE MINISTRY OF FINANCE:

Yes, Sir.

(a) & (b): The Government has clarified through Press Release dated 22nd December, 2023, that in the International Monetary Fund's report, certain presumptions have been made taking into account possible scenarios that do not reflect the factual position. The IMF report talks only of a worst-case scenario and is not fait accompli. The same IMF report also indicates that under favourable circumstances, the General Government debt to GDP ratio may decline to below 70 per cent in the same period in which it has been projected to increase. Therefore, any interpretation that the report implies that General Government debt would exceed 100 per cent of GDP in the medium term is misconstrued. Debt to GDP ratio is being reduced as a result of the fiscal consolidation measures undertaken by the Government some of which are fiscal discipline, better mobilisation of resources and improving quality of expenditure. As a result, RE of FY 2023-24 indicate fiscal deficit at 5.8 per cent of GDP which is estimated to further decline to 5.1 per cent of GDP in BE for FY 2024-25. The General Government debt has also declined from about 88 per cent in FY 2020-21 to about 81 per cent in 2022-23.
