

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO.1240
TO BE ANSWERED ON MONDAY, THE 25TH JULY, 2022
SRAVANA 3, 1944 (SAKA)

Interest paid on Bonds

1240. SHRI PRADYUT BORDOLOI:

Will the Minister of FINANCE be pleased to state:

- (a) The details of interest paid on bonds since 2014 including absolute numbers, percentage share of Gross Domestic Product(GDP) and percentage share of total net tax revenue;
- (b) The details of total Government liabilities (Central Government liabilities as well as sum of Central and State Government liabilities) since 2014 including absolute numbers and percentage share of GDP;
- (c) The details of money sourced through disinvestment and dividends received from the public sector companies since 2014 including absolute numbers and percentage share of GDP;
- (d) The efforts made to operationalise the recommendation of 2017NK Singh Committee that the Central Government shall endeavour to limit the general government debt to 60 per cent of GDP and the Central Government debt to 40 per cent of GDP by 31st March, 2025; and
- (e) Whether any steps have been taken to avoid entering a debt cycle and if so, details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) The details of interest paid on bonds (dated securities, special securities issued against NSSF, Compensation Bonds, Special securities issued to Oil Marketing Companies, Fertiliser Companies and FCIs etc.) since 2014 are provided at **Annexure-I**.
- (b) The details of total Government liabilities (Central Government liabilities as well as sum of Central and State Government liabilities) since 2014 including absolute numbers and percentage share of GDP are provided at **Annexure-II**.
- (c) The details of money sourced through disinvestment and dividends received from the public sector companies since 2014 are provided at **Annexure-III**.

(d) The Government has accepted the recommendation of the Fiscal Responsibility and Budget Management (FRBM) Review Committee regarding debt target with small modification. Section 4(1)(b) of the FRBM Act, 2003 (amended in 2018) states that the Central Government shall endeavour to ensure that the general government debt does not exceed sixty per cent of GDP and the Central Government debt does not exceed forty per cent of GDP by the end of financial year 2024-25.

In FY 2020-21, the Central Government debt increased by more than 9 percentage points of GDP over the previous year's debt mainly on account of CoVID-19 global pandemic, which hugely disrupted projections of Government's public finances, including contraction in GDP/denominator. The Government has announced its commitment to reduce fiscal deficit to the level below 4.5% of GDP by FY 2025-26. Increasing the buoyancy of tax revenue through improved compliance, monetisation of assets, improving efficiency and effectiveness of public expenditure etc. are the important measures initiated by Government to control the fiscal deficit and the debt.

(e): The risk profile of Government's debt stands out as safe and prudent in terms of accepted parameters of indicator based approach for debt sustainability. The Government debt is held predominantly (about 95%) in domestic currency. Outstanding external debt is financed by multilateral and bilateral agencies at concessional rates. Debt Management Strategy which revolves around three broad pillars mainly low cost, risk mitigation and market development for Government securities has been put in place.

Annexure-I

The details of interest paid on various bonds

Financial Year	Interest paid on bonds		
	(₹ in lakh crore)	(% of GDP)	(% of Net Tax Revenue)
2014-15	3.27	2.6%	36.1%
2015-16	3.86	2.8%	40.9%
2016-17	4.32	2.8%	39.2%
2017-18	4.66	2.7%	37.5%
2018-19	5.08	2.7%	38.6%
2019-20	5.56	2.8%	41.0%
2020-21	6.23	3.1%	43.7%
2021-22(Prov.)	7.31	3.1%	40.1%

Note: GDP for FY 2019-20, 2020-21 & 2021-22 as per latest estimates published by MoSPI on 31.05.2022

Annexure-II

The details of total Government liabilities (Central Government liabilities as well as sum of Central and State Government liabilities)

Financial Year	Central Government liabilities		Sum of Central Government and State liabilities	
	(₹ in lakh crore)	(% of GDP)	(₹ in lakh crore)	(% of GDP)
2014-15	62.44	50.1%	76.27	61.2%
2015-16	69.10	50.2%	87.52	63.5%
2016-17	74.94	48.7%	99.82	64.9%
2017-18	82.87	48.5%	113.04	66.1%
2018-19	92.52	49.0%	128.09	67.8%
2019-20	105.23	52.4%	147.32	73.4%
2020-21	122.05	61.6%	170.90	86.3%
2021-22	138.88	58.7%	195.49	82.6%

Source: Union Govt. Budget Documents, Union Govt. Finance Account, RBI (State Finances: A Study of Budgets).

Note:

- (i) GDP for FY 2019-20, 2020-21 & 2021-22 as per latest estimates published by MoSPI on 31.05.2022
- (ii) Sum total of the Central Government liabilities and State Govt. liabilities excludes inter-governmental liabilities such as investment in Special Securities of States under NSSF, Loans and advances from Central Govt. to State Govts., which mainly included Back-to-Back loans etc., to avoid double counting, as the same has been included in the Central Govt. Liabilities.
- (iii) Data from 2017-18 onwards includes Delhi & Puducherry.
- (iv) For Central Govt., 2021-22 figures are 'provisional'. For States/UTs, 2020-21 & 2021-22 figures are their Revised Estimates & Budget Estimates of those years, respectively.

Annexure-III**The details of money sourced through disinvestment and dividends received from the public sector companies**

Year	Receipts from disinvestment		Dividend from the public sector companies#	
	(₹ in lakh crore)	(% of GDP)	(₹ in lakh crore)	(% of GDP)
2014-15	0.24	0.2%	0.33	0.3%
2015-16	0.24	0.2%	0.40	0.3%
2016-17	0.46	0.3%	0.53	0.3%
2017-18	1.00	0.6%	0.47	0.3%
2018-19	0.85	0.4%	0.43	0.2%
2019-20	0.50	0.3%	0.36	0.2%
2020-21	0.33	0.2%	0.40	0.2%
2021-22(Prov.)	0.14	0.1%	0.59	0.3%

#Excluding surplus transfer by RBI and dividend from Insurance Companies & Public Sector Banks.
