GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 227
TO BE ANSWERED ON MONDAY, THE 22th JULY, 2024
ASHADHA, 1946 (SAKA)

INTERNAL AND EXTERNAL DEBT OF INDIA

227. SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

(a) whether the internal and external debt of India has increased in the past 10 years, if so, the details thereof and the areas in which this money has been spent;

(b) whether the present principle of borrowing in line with the recommendations of the 13th Finance Commission, which proposed that borrowing should be undertaken for investment purposes only, and that national savings should not be used to finance consumption, if so, the details thereof;

(c) whether the Government proposes for introduction of a new statutory framework for debt and fiscal targets in response to the FRBM Review Committee Report 2017, which recommends the repeal of the existing FRBM Act, 2003, and FRBM Rules, 2004?

ANSWER

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

(a) Details of the Internal and External debt of the Central Government are as under:

(% of GDP)

Financial Year	Internal Debt	External Debt
2013-14	48.8%	3.3%
2023-24	55.5%	2.7%

Notes*: (1) External debt is at current exchange rate and Internal debt includes Public Account and other liabilities (EBR) of the Central Government. (2) FY 2023-24 data is provisional*

As may be seen from above table, External debt as a % of GDP has declined in the past 10 years. The increase in the Central Government's Internal debt as a percentage of GDP was mainly on account of Covid-19 global pandemic, which increased from 46.4% of GDP in 2018-19 to 58.3% of GDP in 2020-21. However, with firm commitment to the policy of fiscal consolidation, the Central Government has substantially reduced its debt as a percentage of GDP in the post Covid-19 period. The borrowed resources have been utilised by the Government to finance its developmental, welfare and other expenditure.

(b) The ratio of capital expenditure to fiscal deficit indicates percentage of borrowed resources utilised for asset creation/ investment purpose by the Government. Higher ratio denotes better quality of expenditure. Central Government incurs capital nature of expenditure broadly through two routes i.e. capital expenditure by the Central Government Ministries/ Departments (Capex) and Grant-in -Aid provided to the State Governments and other grantee bodies for asset creation (GiA Capex). Capex and GiA Capex both taken together is referred as effective capital expenditure. As may be seen from the following table, the ratio of effective capital expenditure to fiscal deficit has significantly increased during last 10 years:

Financial Year	**Ratio of effective capital expenditure to fiscal deficit**
2010-11	65.2%
2013-14	63.0%
2023-24 (provisional)	75.8%
2024-25 (Interim BE)	88.8%

(c) The recommendations of the FRBM Review Committee were examined by the Government and the FRBM Act, 2003 and the FRBM Rules, 2004 were amended in 2018 to give effect to the accepted recommendations of the Committee.

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