(a) whether the Government has made an assessment of the recent Greek crisis and its possible impact on the Indian economy;

(b) if so, the details thereof and the sectors/areas of the economy likely to be affected;

(c) the steps taken by the Government to protect and boost the Indian economy, the credibility of Foreign Institutional Investors (FIIs) and to ease pressure on capital investment in case of increased interest rates in Europe;

(d) whether there has been a surge in the external and Domestic debt of India, if so, the details thereof during the last three years and the current year; and

(e) whether the surge in the aforesaid debt may have an adverse impact on the Indian economy, if so, the details thereof and the preventive steps taken/proposed to be taken by the Government in this regard?

ANSWER

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 73 BY DR. MANOJ RAJORIA AND SHRI CHANDRA PRAKASH JOSHI DUE FOR ANSWER ON JULY 24, 2015

(a) and (b): As per the assessment of the Government, the Greece crisis is not likely to directly impact the Indian economy in any significant measure, as India has low exposure (less than 0.3 percent of total) to trade, remittances and capital flows with Greece.

(c)The Government of India has taken various initiatives to improve the growth rate of the economy. These include fiscal reforms with emphasis on consolidation, expenditure reforms and rationalization of tax structure; fillip to industry and infrastructure; liberalization of foreign direct investment in selected sectors; Skill India and Digital India initiatives; measures to de-bottleneck the supply of key raw-materials like coal; “Make in India” initiative along with the attendant facilitatory measures; and, various measures to improve clarity and transparency in economic policy-making. As regards improving the credibility of foreign institutional Investors, Securities Exchange Board of India (SEBI) notified the Foreign Portfolio Investor (FPI) Regulations in 2014 and operationalized the FPI regime with an objective for rationalizing various foreign portfolio investment routes and simplifying the procedures.

(d) There has been a marginal increase in combined total liabilities of Centre and States and external debt in nominal terms in the recent years. However, in terms of proportion to the GDP, the share of combined total liabilities of Centre and States has remained stable at about 66 percent during the period March 2012 to March 2014. As on end March 2015, the total liabilities of the Central Government was Rs.64,144,22 crore, which constituted 51 per cent of the GDP. The share of external debt has also remained stable and was below 25 percent of GDP during last four years. The details of external and internal debt are given below:

Table: India-Combined Liabilities of Centre and States and External Debt

End March	Combined total liabilities of Centre & States (Rs. in crore)	Combined liabilities of Centre & states as proportion of GDP (%)	External Debt (Rs. in crore)	External Debt as proportion of GDP (%)
2012	5870555	66.5	1844167	20.9
2013	6564436	65.7	2224733	22.3
2014	7499192	66.1	2682752	23.6
2015	NA	NA	2978666	23.8

Source: RBI NA=Not Available

(e) The Government has reverted to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. The proposed reduction in fiscal deficit to 3.9 per cent of GDP in Budget Estimates 2015-2016 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP. As regards external debt, a number of steps have been taken to reduce the vulnerability. These include: liberalisation of rupee external debt and taking steps to create a more liquid domestic bond market for both Government and Corporates.