



सत्यमेव जयते

GOVERNMENT DEBT



STATUS PAPER

DECEMBER 2014

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
BUDGET DIVISION, MIDDLE OFFICE
NEW DELHI

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अरुण जेटली
वित्त, कार्पोरेट कार्य
एवं सूचना व प्रसारण मंत्री
भारत



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FOREWORD

Since 2010 the Central Government has been bringing out an annual Status Paper on public debt that provides a detailed analysis of the overall debt situation of the country. This paper reiterates the Government's commitment to fiscal consolidation, apart from enhancing transparency by providing a detailed account of debt operations and providing an assessment of the health of the public debt portfolio.

2. This Status Paper, the fourth in the series, covers the debt position of the consolidated government, as at end-March 2014. It also includes a detailed discussion on state government debt. There is also a more nuanced assessment on aspects of debt sustainability.

3. The overall liabilities of the Central Government are on a medium-term declining trajectory with low roll-over risk, notwithstanding the slight increase in a couple of years in recent past, due to stimulus spending in the wake of the global financial crisis. The share of public account liabilities in the total liabilities of the General Government are also on a declining trend. The Average Interest Cost, which is stable and well below nominal GDP growth rate, indicates that India is comfortably placed in terms of sustainability parameters of public debt.

4. The Government's debt portfolio is characterized by prudent risk profile with share of short-term debt within safe limits. Most of the debt is of domestic origin insulating the debt portfolio from currency risk. The limited external debt is almost entirely from official sources on concessional terms, providing safety from volatility in the international financial markets. The relatively long maturity of debt and its predominantly fixed-coupon character point to low roll-over and interest rate risks.

5. I hope that this paper is eventually relied upon by academics, policy economists, students, rating agencies and the general public as a comprehensive and reliable source of information on India's public debt.

New Delhi
December 16, 2014


(ARUN JAITLEY)

राजीव महर्षि
वित्त सचिव
Rajiv Mehrishi
Finance Secretary



भारत सरकार
वित्त मंत्रालय
आर्थिक कार्य विभाग
Government of India
Ministry of Finance
Department of Economic Affairs

PREFACE

The Middle Office brings out an annual Status Paper on Government Debt. Present paper is Fourth in the series. It attempts to consolidate all the relevant information on Government Debt in one publication and to benchmark the efficiency of India's Public Debt Management on internationally accepted debt performance indicators. It also offers a preview to the way forward besides addressing the concern on debt sustainability.


The paper gives the composition of overall debt of the country, including the debt of the States, as the Constitution of India charges the Central Government with managing the debt of the entire country (Article 293). Unlike most countries, currently public debt (domestic) of the government is managed by RBI. The Government is in process of setting up its own Public Debt Management Agency (PDMA), and the Middle Office is the one step towards this end.

Marketable dated securities, which are issued domestically through open auction, finances more than three fourth of Government deficits. External Debt, mostly from multilateral agencies constitutes around five percent of India's General Government Debt. The country's debt is predominantly in fixed rate securities, insulating it from interest rate volatility, and low level of external debt, insulating country from volatilities of external sector.

The indicators of debt sustainability, viz. debt level, cost of debt, maturity structure, indicate that debt profile of the country seems within sustainable limits, a reflection of the Government's commitment to keep the level of public debt within sustainable limits. It is further being fine-tuned through active debt management practices such as debt switch and some buyback.

The data for these are primarily sourced from Budget papers and RBI, CGA, AAAD publications besides drawing upon Middle Office's own collections. This Status Report is an outcome of the consistent efforts put in by officers working in the Middle Office under the Budget Division, Department of Economic Affairs, Ministry of Finance. Their contribution is acknowledged.

New Delhi
December, 2014


(Rajiv Mehrishi)

डॉ. रजत भार्गव
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PROLOUGE

It gives me great satisfaction to place Fourth edition of the Annual Status Paper on Government Debt in public domain. The present Status Paper incorporates the latest Budget numbers of July, 2014 and updated with GDP numbers of May, 2014. The Status paper is divided in to five chapters detailing all major aspect of Public debt and covers General Government Debt through more than fifty five charts and tables.

2. **Chapter One** introduces some adjustments to outstanding debt to truly reflect the outcome of fiscal operation of Central Government. The total adjusted outstanding liabilities of Central Government amounted to ₹52,61,451 crore or 46.3 per cent of GDP as at end-March,2014. **Chapter Two** discusses each items of the Public Debt in detail. Public Debt amounting to ₹46,24,780 crore, stood at 40.7 per cent of GDP as at end-March 2014.

3. All public moneys received by or on behalf of the Government of India, other than those which are for credit to the Consolidated Fund of India, are credited to the Public Account of India¹. **Chapter Three** discusses each element of public account liabilities of Central Government. Public account liabilities, at ₹6,36,671 crore at end-March 2014, constituted 5.6 per cent of GDP and has shown a steady decline since 2008-09.

4. General Government Debt² represents indebtedness of Government (Central and State Governments). **Chapter Four** gives a brief account of the debt profile of state governments, followed by a discussion of the General Government Debt. The analysis shows that Market borrowings, at 72.1 per cent at end-March 2013, have emerged as the major source of financing for States. General Government Debt amounted to ₹74,14,861 crore or 65.3 per cent of GDP at end-March 2014. **Chapter Five** attempts an assessment of the debt profile of the Government in terms of cost and risk characteristics. The risk profile of India's Government debt stands out as safe and prudent in terms of internationally accepted parameter.

The soft version of the Status Paper has also been hosted at Ministry of Finance website (finmin.nic.in) and is accessible to all users. I call upon all stakeholders, including academicians and scholars, to grace us with their valuable feedback on mo-dea@nic.in .

New Delhi
December, 2014


(Rajat Bhargava)

¹ clause (2) of Article 266 of the Constitution of India.

² GG debt arrived at by consolidating debt of the Central Government and State governments, netting out inter-governmental transactions (i) investment in T-Bills by States which represent lending by states to the Centre; and (ii) Centre's loans to States.

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Introduction

In the Budget speech for 2010-11, Hon'ble Finance Minister proposed to bring out a status paper giving detailed analysis of the government's debt situation and a road map for curtailing the overall public debt. He also announced that this paper would be followed by an Annual Report on the subject. Accordingly, a paper on public debt was brought out by the government during 2010-11 followed by Annual Status Papers in 2011-12, 2012-13 and 2013-14. The Status Paper consolidates general government debt into a single publication.

The present Status Paper for 2014-15 is fourth in this series and reinforces the Government's commitment to keep the level of public debt within sustainable limits and follow prudent debt management practices. The objective of debt management policy is to mobilise borrowings with long-term cost efficiency subject to prudent levels of risk in the debt portfolio. It is also an objective to develop a liquid and well functioning domestic debt market.

I. Central Government Liabilities

Central Government liabilities include debt contracted in the Consolidated Fund of India (defined as Public Debt) as well as liabilities in the Public Account. These liabilities as reported in the budget documents and finance accounts of the Central Government are shown in Annex 1.

Adjustment to Reported Central Government Debt

Total liabilities¹ reported in the budget documents of the Central Government need to be adjusted so that the outstanding debt truly reflects the outcome of fiscal operations of the Central Government. The details of these adjustments were

discussed in the Status Paper for 2010-11, which are briefly explained below:

- (i) Market Stabilisation Scheme (MSS) – Securities are issued under MSS (bonds as well as bills) with the objective of sterilising the exchange market intervention of the Reserve Bank of India (RBI). The proceeds of the issuance are not used to fund the Central Government budget, but sequestered in an account maintained with the RBI. The sequestered funds are used to redeem MSS securities on maturity. The interest/discount burden on these securities is, however, borne by the Central Government. Thus, MSS securities are purely monetary instrument and not the consequence of fiscal operations. Besides, their redemption requirement is fully provided for in cash. Therefore, debt raised under MSS is netted out of Central Government debt.
- (ii) External debt – External debt is reported at historical exchange rates in the budget documents which don't capture the impact of exchange rate movements on liabilities reported in domestic currency. Therefore, external debt is shown at current (end-of-year) exchange rates.
- (iii) Liabilities under National Small Savings Fund (NSSF)-: The accumulated balance in NSSF (collections net of withdrawals) is invested in special securities of States and the Central Government as per prevailing norms. The borrowing from NSSF by the Central Government for financing its deficit is shown under public debt. The borrowing from NSSF by States is shown under public account liabilities of the Central

¹ 'Liabilities' includes both public debt and Public Account liabilities unless specified otherwise. The words 'liabilities' and 'debt' are used interchangeably in the paper.

Government. The latter is netted out so that total liabilities of the Central Government reflect the outcome of its own fiscal operations.

These adjustments in Central Government debt is shown in **Table 1.1**. At end-March 2014², total

outstanding liabilities of Central Government amounted to 46.3 per cent of GDP. Accordingly, any reference to total outstanding liabilities of Central Government in this Paper means total adjusted outstanding liabilities of Central Government, as appearing in **Table 1.1**.

Table 1.1 : Adjustments to the Reported Debt of the Central Government

<i>(in ₹ crore)</i>							
Components	Actuals				Provisional 2012-13	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
GDP (Market Price, 2004-05)	5630063	6477827	7784115	9009722	10113281	11355073	12876653
1. Total Liabilities as Reported in Budget	3159178	3529960	3938774	4517252	5070592	5587449	6222658
%age of GDP	56.1	54.5	50.6	50.1	50.1	49.2	48.3
2. MSS Debt	88773	2737	0	0	0	0	20000
%age of GDP	1.6	0.0	0.0	0.0	0.0	0.0	0.2
3. External Debt at Historical Rates	123046	134083	157639	170088	177289	182729	188463
%age of GDP	2.2	2.1	2.0	1.9	1.8	1.6	1.5
4. External Debt at Current Rates	264059	249306	278,877	322,897	332,004	374,483	382,622
%age of GDP	4.7	3.8	3.6	3.6	3.3	3.3	3.0
5. Securities issued by States to NSSF	460056	482762	526063	517277	517221	517752	512954
%age of GDP	8.2	7.5	6.8	5.7	5.1	4.6	4.0
6. Total Adjusted Liabilities (1-2-3+4-5)	2751363	3159683	3533950	4152784	4708085	5261451	5883862
%age of GDP	48.9	48.8	45.4	46.1	46.6	46.3	45.7

The effective liability position of the Central Government after making the above adjustments, in nominal terms and relative to GDP, is presented in **Table 1.2** and **Table 1.3**, respectively. A major portion of the outstanding debt is of domestic origin. Internal debt constituted 91.9 per cent of

public debt at end-March 2014 while external debt constituted the remaining 8.1 per cent. Public debt accounts for 87.9 per cent of total liabilities, while public account liabilities constitute remaining 12.1 per cent, at the end of March 2014.

² Figures for end-March 2014 pertain to revised estimates (RE) for Central Government and budgets estimates (BE) for State governments. General government debt at end-March 2014 includes RE of Centre and BE of States.

Table 1.2: Debt Position of the Central Government

(in ₹ crore)

Components	Actuals				Provisional 2012-13	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE 2013-14	BE 2014-15
	1	2	3	4	5	6	7
A. Public Debt (A1+A2)	2203836	2583616	2954700	3553519	4096570	4624780	5134224
A1. Internal Debt (a+b)	1939776	2334310	2675823	3230622	3764566	4250297	4751602
a. Marketable Securities (i+ii)	1575036	1966687	2292428	2860805	3360932	3858187	4353945
(i) Dated Securities	1433720	1832145	2157559	2593770	3061127	3515028	3976233
(ii) Treasury Bills	141316	134542	134869	267035	299805	343159	377712
b. Non-marketable Securities (i to v)	364740	367623	383395	369817	403635	392109	397657
(i) 14 Day Intermediate T-Bills	98663	95668	103100	97800	118380	97704	97704
(ii) Compensation & Other Bonds	48996	40221	32495	20208	15326	15010	14119
(iii) Securities issued to Intl. Fin. Institutions	23085	24483	29315	29626	32226	30088	28299
(iv) Securities against small savings	193997	207252	218485	208183	216808	228413	236641
(v) Special Sec. against POLIF	0	0	0	14000	20894	20894	20894
A2. External Debt *	264059	249306	278877	322897	332004	374483	382622
B. Other Liabilities(a to d)	547527	576068	579249	599265	611516	636671	749638
(a) National Small Savings Fund	10085	38432	42552	64734	80516	104383	134067
(b) State Provident Fund	83377	99433	111947	122751	133672	143672	155672
(c) Other Account	325383	318749	295989	277904	257424	234992	296999
(d) Reserve funds & Deposit (i+ii)	128682	119453	128762	133877	139904	153625	162901
(i) Bearing Interest	78384	72875	70421	74413	83871	96133	106543
(ii) Not bearing interest	50298	46578	58340	59464	56033	57492	56358
C. Total Liabilities (A+B)	2751363	3159683	3533950	4152784	4708085	5261451	5883862
Memo Items							
I. Securities under MSS (a+b)	88773	2737	0	0	0	0	20000
(a) Dated Securities	79773	2737	0	0	0	0	20000
(b) Treasury Bills	9000	0	0	0	0	0	0
II. External Debt (Historical Rates)	123046	134083	157639	170088	177289	182729	188463
III. Sec. issued by States to NSSF	460056	482762	526063	517277	517221	517752	512954
IV. Total Liab. (C+I+II+III-A2)	3159178	3529960	3938774	4517252	5070592	5587449	6222658
<i>(as in Budget Documents)</i>							

* The external debt figures at current exchange rates are taken from Union Govt. Finance Accounts.
For 2014-15 (BE), the Net external assistance in 2014-15 has been added to outstanding stock at end-March 2014.

Table 1.3: Debt Position of the Central Government

Components	<i>(in %age of GDP)</i>						
	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
A. Public Debt (A1+A2)	39.1	39.9	38.0	39.4	40.5	40.7	39.9
A1. Internal Debt (a+b)	34.5	36.0	34.4	35.9	37.2	37.4	36.9
a. Marketable Securities (i+ii)	28.0	30.4	29.5	31.8	33.2	34.0	33.8
(i) Dated Securities	25.5	28.3	27.7	28.8	30.3	31.0	30.9
(ii) Treasury Bills	2.5	2.1	1.7	3.0	3.0	3.0	2.9
b. Non-marketable Securities (i to v)	6.5	5.7	4.9	4.1	4.0	3.5	3.1
(i) 14 Day Intermediate T-Bills	1.8	1.5	1.3	1.1	1.2	0.9	0.8
(ii) Compensation & Other Bonds	0.9	0.6	0.4	0.2	0.2	0.1	0.1
(iii) Securities issued to Intl. Fin. Institutions	0.4	0.4	0.4	0.3	0.3	0.3	0.2
(iv) Securities against small savings	3.4	3.2	2.8	2.3	2.1	2.0	1.8
(v) Special Sec. against POLIF	0.0	0.0	0.0	0.2	0.2	0.2	0.2
A2. External Debt *	4.7	3.8	3.6	3.6	3.3	3.3	3.0
B. Other Liabilities(a to d)	9.7	8.9	7.4	6.7	6.0	5.6	5.8
(a) National Small Savings Fund	0.2	0.6	0.5	0.7	0.8	0.9	1.0
(b) State Provident Fund	1.5	1.5	1.4	1.4	1.3	1.3	1.2
(c) Other Account	5.8	4.9	3.8	3.1	2.5	2.1	2.3
(d) Reserve funds and Deposit (i+ii)	2.3	1.8	1.7	1.5	1.4	1.4	1.3
(i) Bearing Interest	1.4	1.1	0.9	0.8	0.8	0.8	0.8
(ii) Not bearing interest	0.9	0.7	0.7	0.7	0.6	0.5	0.4
C. Total Liabilities (A+B)	48.9	48.8	45.4	46.1	46.6	46.3	45.7

Owing to rounding off to higher decimal places, the individuals may not add up to exact percentage of Total.

A brief description of the major components of total liabilities of the Central Government is given below.

A. Public Debt

A.1. Internal Debt

Internal debt of the Central Government (₹ 42.5 trillion, 37.4 per cent of GDP at end-March 2014) largely consists of fixed tenor and fixed rate

market borrowings, viz., dated securities and treasury bills. As at end of March 2014, dated securities (₹35.15 trillion, 31 per cent of GDP) accounted for 76 per cent of public debt while the treasury bills (₹3.4 trillion, 3 per cent of GDP) accounted for 7.4 per cent of public debt. The remaining items in internal debt are securities issued to National Small Savings Fund (NSSF) (₹2.3 trillion), securities issued to international financial

institutions (₹0.3 trillion) and compensation & other bonds (₹ 0.15 trillion) which together constituted 5.9 per cent of public debt. Central government also issues 14 day Intermediate Treasury Bills to State governments for providing them an avenue to invest their surplus cash. At end-March 2014, outstanding amount under these bills was ₹0.98 trillion or 0.9 per cent of GDP accounting for 2.1 per cent of public debt. While treasury bills are issued to meet short-term cash requirements of the Government, dated securities are issued to mobilise longer term resources to finance the fiscal deficit. All marketable debt is issued through auctions. Issuance of securities is planned and conducted keeping in view the debt management objective of cost efficiency, prudent levels of risk and market development. Assessment of the market structure and market appetite for various maturities of debt influence and facilitate scheduling of debt issue.

The weighted average maturity of dated securities stood at 14.3 years in 2013-14. Floating rate instruments constituted 1 per cent of the public debt while short-term debt³ constituted 13 per cent of the public debt as on end-March, 2014.

A.2. External Debt

External debt (₹3.7 trillion, 3.3 per cent of GDP as at end-March 2014) constituted 8.1 per cent of the public debt of the Central Government. As State Governments are not empowered to contract external debt, all external debt is contracted by the Central Government and those intended for state government projects are on-lent to States⁴. Most of the external debt is from multilateral agencies such as IDA, IBRD, ADB etc. A small proportion of external debt originates from official bilateral agencies. There is no borrowing from international private capital markets. The entire external debt is originally long-term and a major part is at fixed interest rates.

B. Public Account Liabilities

Liabilities in the Public Account (₹6.4 trillion, 5.6 per cent of GDP at end of March 2014) include National Small Saving Fund (NSSF), provident

funds, reserve funds and deposits, and other accounts. NSSF liabilities account for 16.6 per cent of public account liabilities, while reserve funds and deposits account for 24.1 per cent and state provident fund for 22.5 per cent. NSSF liabilities in the public account represent the total borrowings under small savings less the borrowings of the Central Government from NSSF (which is reckoned in public debt) and of State Governments. That is, it represents the net gain/loss in the NSSF. Liabilities under other accounts include special bonds issued to oil marketing companies, fertiliser companies, and FCI. At end-March 2014, these liabilities accounted for 36.8 per cent of public account liabilities.

II. Fiscal Consolidation

The Medium Term Fiscal Policy (MTFP) Statement presented along with the Union Budget 2014-15, estimated the ratio of total Central Government liabilities⁵ to GDP at 46 per cent at the end of March 2014, and 45.4 per cent at the end of March 2015. The ratio is projected to decline to 43.6 per cent of GDP by end of March 2016 and 41.5 per cent by end of March 2017. The MTFP statement also gave rolling targets for fiscal deficit. The Budget estimates 2014-15 targets fiscal deficit at 4.1 per cent of GDP and 3.6 per cent for 2015-16 and 3.0 per cent for 2016-17 in accordance with the FRBM guidelines.

As seen in **Table 1.3**, total liabilities of the Central Government stood at 46.3 per cent of GDP at end-March 2014 against 46.6 per cent at end-March 2013 and 46.1 per cent at end-March 2012.

III. General Government Debt

General government debt represents the indebtedness of the Government sector (Central and State Governments). This is arrived at by consolidating the debt of the Central Government and the State governments, netting out inter-governmental transactions viz., (i) investment in Treasury Bills by States which represent lending by states to the Centre; and (ii) Centre's loans to States (**Table 1.4**)

³ Short-term debt is defined as debt with maturity of one year or less. Total short-term debt is, thus, the sum of outstanding treasury bills at end-March and repayments of dated securities due in the ensuing financial year

⁴ This would require necessary correction while computing the consolidated debt for the country to remove inter-government transactions.

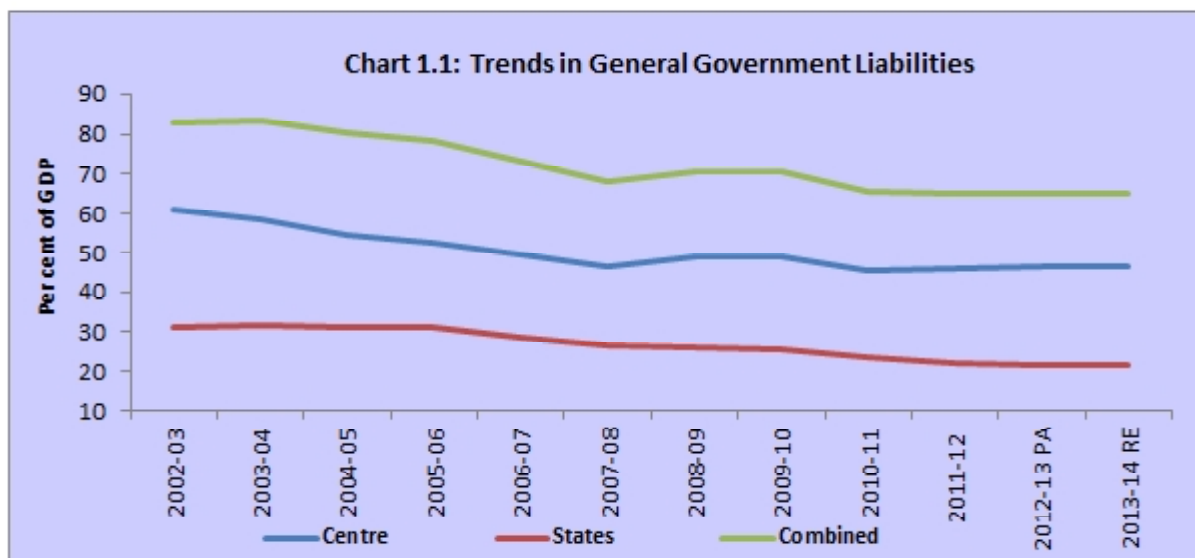
⁵ This is net of NSSF and MSS liabilities not used for financing Central Governments' deficit and with external debt at current exchange rate.

Table 1.4 : General Government Liabilities

<i>(in ₹ crore)</i>						
Components	Actuals				Provisional 2012-13	RE 2013-14
	2008-09	2009-10	2010-11	2011-12		
1. Total Liabilities of the Centre	2751363	3159683	3533950	4152784	4708085	5261451
<i>percentage of GDP</i>	<i>48.9</i>	<i>48.8</i>	<i>45.4</i>	<i>46.1</i>	<i>46.6</i>	<i>46.3</i>
2. Total Liabilities of States	1470190	1648650	1828970	1993940	2175250	2433270
<i>percentage of GDP</i>	<i>26.1</i>	<i>25.5</i>	<i>23.5</i>	<i>22.1</i>	<i>21.5</i>	<i>21.4</i>
3. Loans from Centre to States	143870	143152	144170	143548	144812	147384
<i>percentage of GDP</i>	<i>2.6</i>	<i>2.2</i>	<i>1.9</i>	<i>1.6</i>	<i>1.4</i>	<i>1.3</i>
4. States Invest in T- Bills of Centre	100900	92810	110690	117740	145700	132476
<i>percentage of GDP</i>	<i>1.8</i>	<i>1.4</i>	<i>1.4</i>	<i>1.3</i>	<i>1.4</i>	<i>1.2</i>
5. General Government Liabilities (1+2-3-4)	3976783	4572371	5108060	5885437	6592823	7414861
<i>percentage of GDP</i>	<i>70.6</i>	<i>70.6</i>	<i>65.6</i>	<i>65.3</i>	<i>65.2</i>	<i>65.3</i>

At end-March 2013, general government debt works out to be 65.2 per cent of GDP, representing a marginal decrease as compared to previous year

of 65.3 per cent of GDP. The broad declining trend in debt-GDP ratio is intact (**Table 1.4**). Trends in general government debt for a longer period is shown in **Chart 1.1**.



IV. Debt Sustainability

The recent financial and debt crisis that originated in the developed world has brought into focus the importance of prudent fiscal management as well as debt management in assessing the vulnerability of a Government's debt position. Any sustainability analysis in terms of primary surplus and growth-interest rate differential may not be adequate to assess the fiscal health of a Government. The cost and risk character of the debt stock is also important for determining the stability and vulnerability of public debt. Thus,

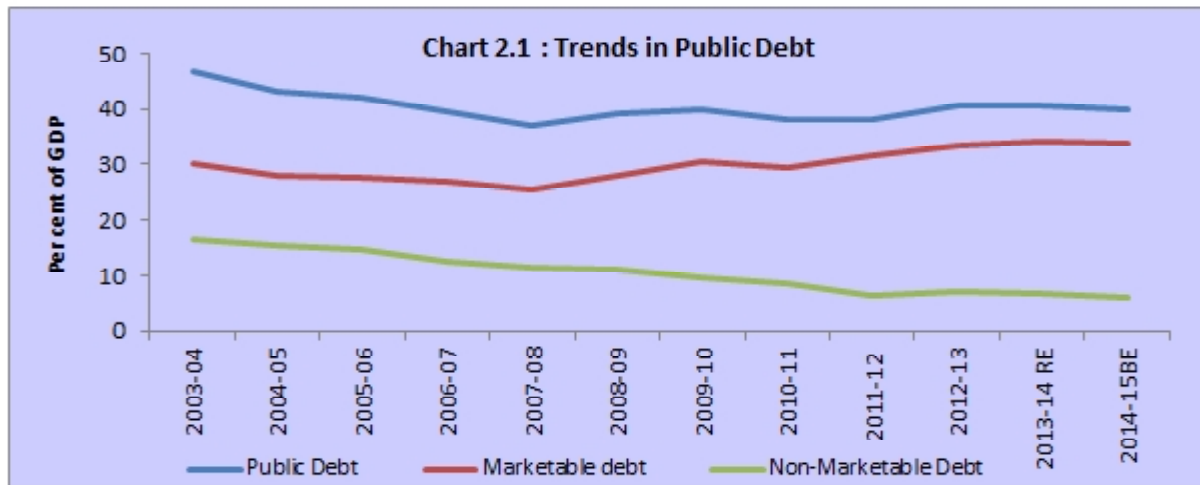
maturity profile of debt, its composition, cost, share of external debt, etc., are important parameters to assess sustainability.

Public debt in India is largely funded through domestic savings, at fixed interest rate, with a domestic institutional investor base. These factors improve sustainability of debt in the long term. The long maturity profile of India's debt limits rollover risks. An assessment of the sustainability public debt in India in terms of some of these parameters is discussed in the final chapter of this Paper.

Public Debt

Public Debt, stood at 40.7 per cent of GDP as at end-March 2014. It had shown a decline from 48.1 per cent of GDP in 2002-03 to 37.1 per cent in 2007-08 (**Chart 2.1**). This reduction in public debt was on account of both fiscal consolidation as well as high rate of GDP growth. Since then the Public Debt/ GDP ratio is varying in a narrow range. Initially it increased marginally during 2008-09 and in 2009-10 as fiscal deficit went up due to measures taken by the Government of India to counter the adverse impact of the global financial

crisis. In 2010-11, as growth recovered and fiscal deficit improved, public debt again declined to 38 per cent of GDP at end-March 2011. However, the increase in India's debt relative to GDP since 2007-08 was marginal and significantly lower than that of many other countries witnessed during this turbulent period. Further, as the firm commitment shown to the fiscal consolidation, Public debt is expected to decrease to 39.9 per cent of GDP at end-March 2015 as against 40.7 per cent at end-March 2014, restoring the long-term trend of decline in the ratio of public debt to GDP.



The share of marketable securities in total liabilities has gone up from 57.2 per cent in 2008-09 to 73.3 per cent in 2013-14 and the share of public debt in total liabilities has gone up from 80.1

per cent in 2008-09 to 87.9 per cent in 2013-14, reflecting the increased recourse to market related instruments for financing the fiscal deficit (**Table 2.1**).

Table 2.1: Share of Public Debt in Total Liabilities

Components	<i>(in %age of Total Liabilities)</i>						
	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
A. Public Debt (A1+A2)	80.1	81.8	83.6	85.6	87.0	87.9	87.3
A1. Internal Debt (a+b)	70.5	73.9	75.7	77.8	80.0	80.8	80.8
a. Marketable Securities (i+ii)	57.2	62.2	64.9	68.9	71.4	73.3	74.0
(i) Dated Securities	52.1	58.0	61.1	62.5	65.0	66.8	67.6
(ii) Treasury Bills	5.1	4.3	3.8	6.4	6.4	6.5	6.4
b. Non-marketable Securities (i to v)	13.3	11.6	10.8	8.9	8.6	7.5	6.8
(i) 14 Day Intermediate Treasury Bills	3.6	3.0	2.9	2.4	2.5	1.9	1.7
(ii) Compensation & Other Bonds	1.8	1.3	0.9	0.5	0.3	0.3	0.2
(iii) Securities issued to International Financial Institutions	0.8	0.8	0.8	0.7	0.7	0.6	0.5
(iv) Securities against small savings	7.1	6.6	6.2	5.0	4.6	4.3	4.0
(v) Special Sec. against POLIF	0.0	0.0	0.0	0.3	0.4	0.4	0.4
A2. External Debt	9.6	7.9	7.9	7.8	7.1	7.1	6.5
B. Other Liabilities	19.9	18.2	16.4	14.4	13.0	12.1	12.7
C. Total Liabilities (A+B)	100	100	100	100	100	100	100

A. Internal Debt⁶

Internal public debt of the Central Government at 37.4 per cent of GDP, constituted 91.9 per cent of public debt at end-March 2014 (**Table 2.2**). Marketable instruments (dated securities and treasury bills) constituted 90.8 per cent of internal public debt (83.4 per cent of public debt and 73.3 per cent of total liabilities) at the end of March 2014. Majority of these instruments are of fixed tenor and fixed rate.

Non-marketable securities constituted 9.2 per cent of internal debt (8.5 per cent of public debt and 7.5 per cent of total liabilities) at end-March 2014. It consists of securities issued to NSSF, constituting 5.4 per cent of internal debt (4.9 per cent of public

debt and 4.3 per cent of total liabilities), securities issued to international financial institutions at 0.7 per cent of internal debt (0.7 per cent of total public debt and 0.6 per cent of total liabilities), POLIF at 0.5 per cent of internal debt (0.5 per cent of public debt and 0.4 per cent of total liabilities) and compensation another bonds at 0.4 per cent of internal debt (0.3 per cent of public debt and 0.3 per cent of total liabilities). Central Government also issues 14 day Intermediate Treasury Bills to the States governments to facilitate them investing their surplus cash. As at end-March 2014, outstanding amount under these non-marketable instruments at ₹ 97,704 crore constituted 2.3 per cent of internal debt (2.1 per cent of public debt and 1.9 per cent of total liabilities).

Table 2.2: Components of Internal Debt

<i>(in %age of Public Debt)</i>							
Components	Actuals				Provisional 2012-13	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
Internal Debt (a+b)	88.0	90.4	90.6	90.9	91.9	91.9	92.5
a. Marketable Securities (i+ii)	71.5	76.1	77.6	80.5	82.0	83.4	84.8
(i) Dated Securities	65.1	70.9	73.0	73.0	74.7	76.0	77.4
(ii) Treasury Bills	6.4	5.2	4.6	7.5	7.3	7.4	7.4
b. Non-marketable Securities (i to v)	16.6	14.2	13.0	10.4	9.9	8.5	7.7
(i) 14 Day Intermediate Treasury Bills	4.5	3.7	3.5	2.8	2.9	2.1	1.9
(ii) Compensation & Other Bonds	2.2	1.6	1.1	0.6	0.4	0.3	0.3
(iii) Securities issued to International Financial Institutions	1.0	0.9	1.0	0.8	0.8	0.7	0.6
(iv) Securities against small savings	8.8	8.0	7.4	5.9	5.3	4.9	4.6
(v) Special Sec. against POLIF	0.0	0.0	0.0	0.4	0.5	0.5	0.4
Memo Items							
I. Securities Issued under MSS (a+b)	4.0	0.1	0.0	0.0	0.0	0.0	0.4
(a) Dated Securities	3.6	0.1	0.0	0.0	0.0	0.0	0.4
(b) Treasury Bills	0.4	0.0	0.0	0.0	0.0	0.0	0.0

⁶ Debt contracting under Consolidated Fund of India from domestic lenders i.e., debt excluding MSS issuance, external debt and public account liabilities.

The following sections provide details of various components of internal debt.

a. Market Loans – Dated Securities

Dated securities are the predominant instruments used for financing the fiscal deficit. They are issued through auctions as per two half-yearly issuance calendars covering April-September and October-March, respectively, every financial year. The share of dated securities in public debt has been gradually increasing over the years. It increased from 73.0 per cent at end-March 2012

to 74.7 percent at end-March 2013 and further to 76 per cent at end-March 2014, underscoring the increasing reliance on dated securities to finance the budget deficit and the gradual shift away from non-marketable instruments. Apart from issuance to finance fiscal deficit, dated securities have also been issued in conversion of (i) securities created in the past in lieu of ad hoc treasury bills (process completed in 2003-04) and (ii) recapitalisation bonds issued to nationalised banks, (completed in 2007-08). A breakup of the stock of dated securities (excluding of IIBs, ₹.6500 cr) is given in **Table 2.3**.

Table 2.3: Outstanding Marketable Dated Securities

(in ₹ crore)							
Components	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
(i) Issued through Borrowings	1326094	1734518	2059932	2496144	2963500	3421402	3887606
(ii) Conversion of Special Securities issued in lieu of ad-hoc Bills	86818	76818	76818	76818	76818	72818	67818
(iii) Conversion of recapitalisation bonds issued to nationalised Banks	20809	20809	20809	20809	20809	20809	20809
Total Dated Securities (i to iii)	1433720	1832145	2157559	2593770	3061127	3515028	3976233
<i>Percentage of Internal Pub. Debt</i>	73.9	78.5	80.6	80.3	81.3	82.7	83.7
<i>Percentage of Public Debt</i>	65.1	70.9	73.0	73.0	74.7	76.0	77.4
<i>Percentage of Total Liabilities</i>	52.1	58.0	61.1	62.5	65.0	66.8	67.6
<i>Percentage of GDP</i>	25.5	28.3	27.7	28.8	30.3	31.0	30.9
Memo:							
MSS Securities	79773	2737	0	0	0	0	20000

During 2013-14, net borrowing through dated securities was ₹ 4,53,902 crores and it financed 86.5 per cent of the fiscal deficit (₹5,24,539 crores). The actual borrowings during 2013-14 were less

than the budget estimate of ₹4,84,000 crores, enabled by better fiscal management.

Maturity Profile of Dated Securities

The tenor of dated securities goes up to 30 years. While it has generally been the endeavour to elongate the maturity profile, the tenor of new issuances is a function of acceptable roll over risk as well as market appetite across various maturity segments. During 2013-14 there was an increase in the share of debt with maturity 10 years and above (Table 2.4). While the weighted average maturity of dated securities issued during 2013-14

increased to 14.2 years from 13.5 years in 2012-13 and 12.7 years in 2011-12, the weighted average maturity of outstanding stock of dated securities at the end of 2013-14 increased to 10 years from 9.7 years as at end-March 2013 and 9.6 years as at end-March 2012 (Table 2.6). The proportion of debt maturing in less than 5 years witnessed decrease during 2013-14, and it remained around 30 per cent, indicating a relatively low roll-over risk in medium-term.

Table 2.4: Maturity Profile of Outstanding Dated Securities-Central Government

Maturity Bucket	End-March 2014	End-March 2013
1	2	3
	<i>(percentage of total outstanding)</i>	
Less than 1 year	3.95	3.1
1-5 Years	25.99	27.9
5-10 Years	31.53	35.0
10-20 Years	25.2	22.9
20 years and above	13.34	11.2

The redemption profile of outstanding government securities in the next 5 years at end-March 2014 is given in Table 2.5. The redemption obligation increases noticeably during 2014-15 through 2017-18 but decreases in 2018-19. Notwithstanding this increase, on an average, about 6.0 per cent of outstanding stock matures annually, over the next 5 years. Switches and buyback for

an aggregate amount of ₹46,590 crore were conducted successfully last year as there is demand from long term investors. Budget 2014-15 also proposed switches and buyback for another ₹50,000 crore, which is expected to be completed smoothly in current market environment. This places the portfolio in a comfortable position in terms of rollover risk.

Table 2.5: Maturity trend of dated securities

	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6
Maturity during year (in ₹ crore)	138795	181877	231130	256774	243478
Percentage of outstanding stock*	3.95	5.18	6.58	7.31	6.93
Percentage of GDP# (₹12876653 crore, 2014-15)	1.08	1.25	1.40	1.37	1.14

*Outstanding as on 31 March, 2014,

Nominal GDP growth assumed at 13.4% from 2015-16 onwards.

The details of maturity and yield of Central Government's dated securities in the recent years

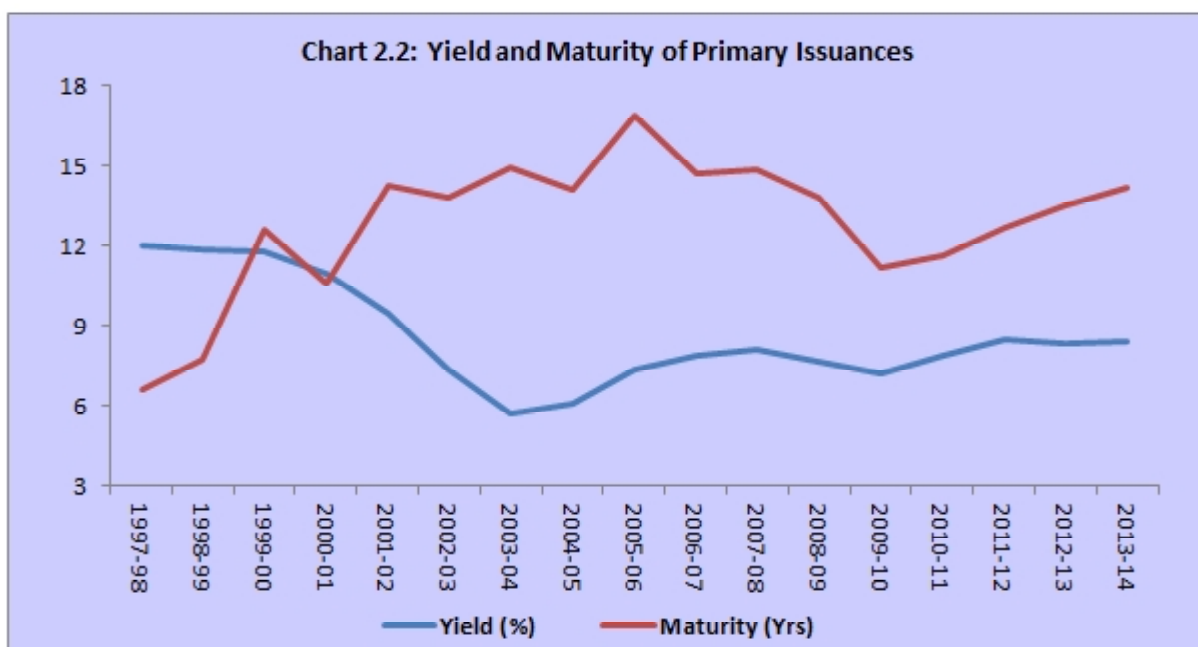
are given in Table 2.6. Further details of maturity profile are given at Annex II.

Table 2.6: Maturity and Yield of Central Government's Market Loans

Year	Issues during the year		Outstanding Stock	
	Weighted Average Yield (%)	Weighted Average Maturity (yrs)	Weighted Average Coupon (%)	Weighted Average Maturity (yrs)
1	2	3	4	5
2004-05	6.11	14.13	8.79	9.63
2005-06	7.34	16.90	8.75	9.92
2006-07	7.89	14.72	8.55	9.97
2007-08	8.12	14.90	8.50	10.59
2008-09	7.69	13.81	8.23	10.45
2009-10	7.23	11.16	7.89	9.67
2010-11	7.92	11.62	7.81	9.64
2011-12	8.52	12.66	7.88	9.60
2012-13	8.36	13.50	7.97	9.66
2013-14	8.39	14.22	7.98	10.0

While the weighted average maturity of securities issued during 2013-14 increased to 14.22 years from 13.5 years in 2012-13, the weighted average yield also increased marginally to 8.39 from 8.36 per cent in 2012-13. The average yield is largely

a function of the interest rate environment and to a much lesser extent, on the shape of the yield curve. **Chart 2.2** depicts the yield and maturity of dated securities issued during the year since 1997-98.



Ownership pattern

Ownership pattern of dated securities indicates a gradual broadening of market over time. The share of commercial banks (including banks that are primary dealers) had dropped from 50.9 per cent

in March 2008 to 44.5 per cent in March 2014. Over the financial year 2013-14, the share of RBI decreased from 17 per cent to 16.1 per cent while that of insurance companies went up from 18.6 per cent to 19.5 per cent.

Table 2.7: Ownership Pattern of Government of India Dated Securities

<i>(Per cent)</i>							
Category/end-March	2008	2009	2010	2011	2012	2013	2014
1	2	3	4	5	6	7	8
Commercial Banks	42.51	38.85	38.03	38.42	36.28	34.5	35.42
Bank-Primary Dealers	8.41	8.05	9.22	8.61	9.83	9.36	9.04
Non-Bank PDs	0.34	0.29	0.14	0.11	0.10	0.11	0.11
Insurance Companies	24.78	23.20	22.16	22.22	21.08	18.56	19.54
Mutual Funds	0.79	0.82	0.40	0.18	0.17	0.68	0.78
Co-operative Banks	3.22	2.92	3.35	3.41	2.98	2.81	2.76
Financial Institutions	0.41	0.41	0.35	0.35	0.37	0.75	0.72
Corporates	3.48	4.72	2.99	1.94	1.38	1.14	0.79
FIIIs	0.52	0.24	0.59	0.97	0.88	1.61	1.68
Provident Funds	6.38	6.59	6.76	7.06	7.45	7.37	7.18
RBI	4.78	9.71	11.76	12.84	14.41	16.99	16.06
Others	4.37	4.20	4.24	3.89	5.07	6.12	5.92
Total	100	100	100	100	100	100	100

Source: Monthly Bulletin, RBI, issues of various quarters. Rounding off may affect the total.

Note: (1) Government of India dated securities includes securities issued under Market Stabilisation Scheme and the Special Securities like bonds issued to the Oil Marketing Companies, etc.

(2) The data is provisional in nature and subject to revisions. The information on category-wise outstanding amounts of Government Securities is disseminated on an annual basis through the Handbook of Statistics on the Indian Economy published by the Reserve Bank of India.

Coupon Rate on Dated Securities

Most of the dated securities carry fixed rate of interest. However, there is a small proportion of floating rate instruments such as Floating Rate Bonds (FRBs) and Inflation Indexed Bonds (totalling 1.3 per cent of dated securities at end-March 2014) whose coupon is benchmarked to treasury bill yields and inflation index respectively. The weighted average coupon of dated securities (including variable rate bonds) was 7.98 per cent at end-March 2014, up from 7.97 per cent at end-March 2013.

Dated securities are listed in Annex IV. At the end of March 2014, 11 per cent of existing dated

securities have fixed coupon rate of up to 7 per cent; 31.3 per cent carry coupon rate of more than 7 per cent and up to 8 per cent; 49.6 per cent carry coupon rate of above 8 per cent and up to 9 per cent; and 8.1 per cent of total dated securities carry coupon rate of more than 9 per cent. Thus, 42.3 per cent of total outstanding dated securities carried a coupon rate up to 8 per cent.

b. Treasury Bills

Treasury bills are discounted instruments which help the government in managing its short term cash flow mismatches. They also provide short term investment instruments for the market and play the role of money market benchmarks. Treasury bills are issued for 91, 182, and 364 days. While 91-days treasury bills are auctioned every week, 182 and 364 days treasury bills are auctioned every fortnight. Auction calendars for treasury bills are announced quarterly. Non-market 14-day

intermediate treasury bills (ITBs) are issued to state governments and some central banks. This section analyses the marketable treasury bills while ITBs are analysed in a separate section.

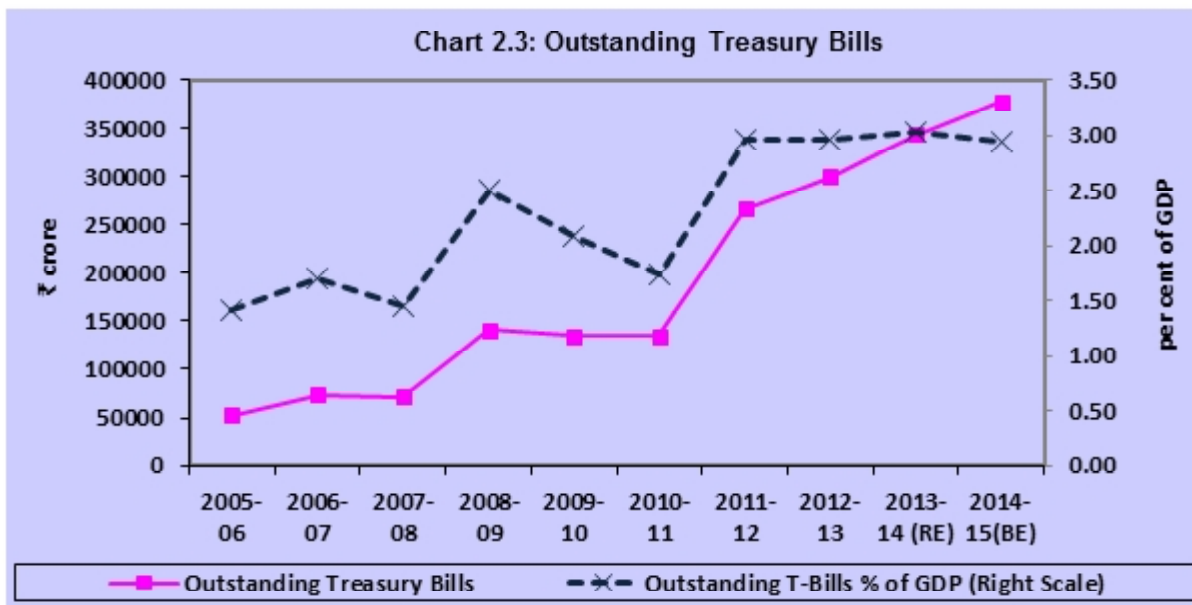
Treasury Bills have a marginal contribution in financing fiscal deficit. Large unanticipated increase in deficit, compared to budget estimates, in 2008-09 and 2011-12 necessitated higher use of bills to fund the fiscal deficit. The increase in stock of bills during these years is shown in **Table 2.8**.

Table 2.8: Outstanding Stock of Treasury Bills

Components	(in ₹ crore)						
	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
91 Day Treasury Bills	75595	71549	70391	124656	105142	136267	150721
182 Day Treasury Bills	20175	21500	22001	52001	64196	69985	69985
364 Day Treasury Bills	45546	41493	42478	90378	130467	136908	157007
Total Outstanding Treasury Bills	141316	134542	134869	267035	299805	343159	377712
<i>Percentage of Internal Pub. Debt</i>	7.3	5.8	5.0	8.3	8.0	8.1	7.9
<i>Percentage of Public Debt</i>	6.4	5.2	4.6	7.5	7.3	7.4	7.4
<i>Percentage of Total Liabilities</i>	5.1	4.3	3.8	6.4	6.4	6.5	6.4
<i>Percentage of GDP</i>	2.5	2.1	1.7	3.0	3.0	3.0	2.9
Memo: issued under MSS							
91 Day Treasury Bills	0	0	0	0	0	0	0
182 Day Treasury Bills	0	0	0	0	0	0	0
364 Day Treasury Bills	9000	0	0	0	0	0	0
Total Outstanding Treasury Bills -MSS	9000	0	0	0	0	0	0

Stock of treasury bills has come to stabilize after gradually increased from 2.5 per cent of GDP in 2008-09 to 3.02 per cent at end-March 2014

(**Chart 2.3**). Treasury bills account for 6.4 per cent of total liabilities (7.4 per cent of public debt) at end-March 2014.

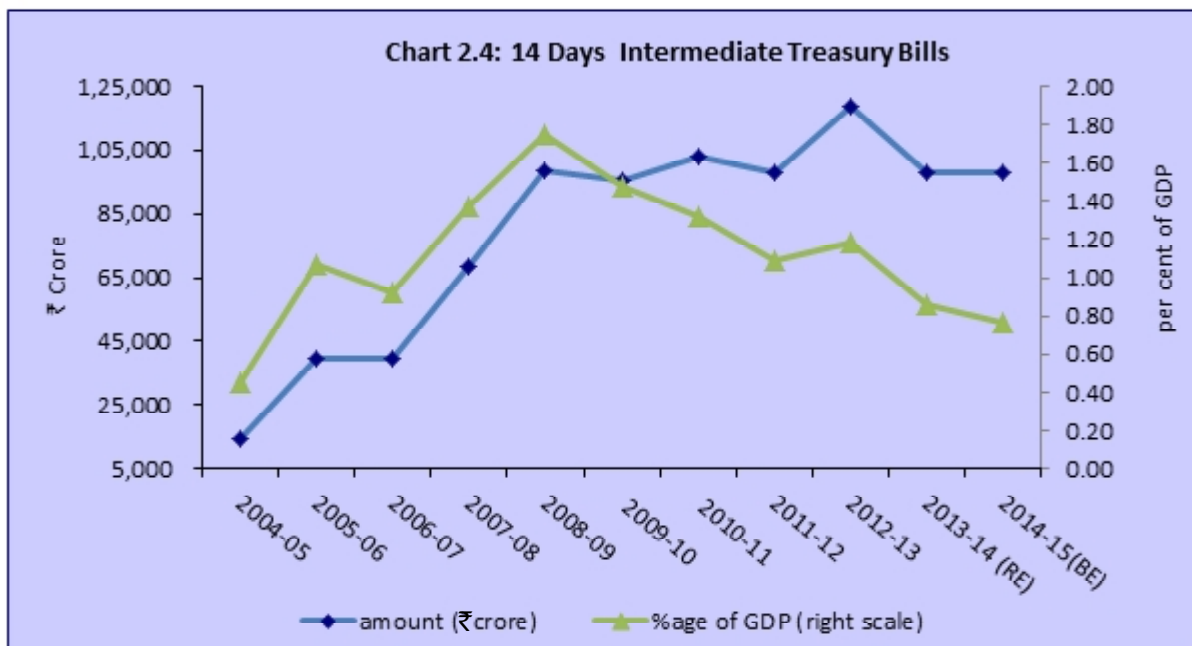


c. 14 Day Intermediate Treasury Bills

14-days Intermediate Treasury Bills (ITBs) are non-marketable instruments issued to the State Government (and a few central banks) to enable them to deploy their short term cash surplus. The surplus cash balance of a state government is automatically invested in these instruments. Conversely, a negative cash position of a state Government is financed first by rediscounting

existing investment in these instruments. These instruments carry a fixed yield of 5 per cent per annum (rediscounting at 4 per cent per annum).

Significant accumulation of surplus cash with states during the last 6-7 years is reflected in increased investment in 14-day ITBs. Investment of States in these instruments went up from ₹7,253crore at end-March 2004 to ₹97,704crore at end-March 2014 (Chart 2.4).



Although this instrument was intended for deployment of temporary cash surpluses of States, over the years, investment under this instrument has become durable in nature. Being automatic instruments, Central Government has practically no control over the accumulation of this instrument.

Being inter-governmental transactions, however, these instruments have little importance from a consolidated general government debt perspective. From a debt management perspective, however, if there is sharp decline in investment in these instruments, the impact on Centre’s cash management might be significant.

d. Cash Management Bills

During 2009-10 a new short-term instrument, known as Cash Management Bills (CMBs) was introduced to meet unanticipated cash flow mismatches of the Government. CMBs are non-standard, discounted bills issued with a maturity of less than 91 days. The tenor, notified amount and date of issue of this instrument depend upon the cash requirements of the Government. As CMBs are generally repaid in the same financial year, they do not finance the budget deficit.

During 2011-12, government had to actively use this instrument to meet cash shortages due to higher direct tax refunds in the beginning of the financial year and shortfall in small savings collection during the year. No CMBs were issued in 2012-13, however, CMBs amounting to an aggregate amount of ₹107195 crore were issued in 2013-14.

e. Securities issued to International Financial Institutions

These securities are issued to International Monetary Fund, International Bank for Reconstruction and Development, International Development Association, Asian Development Bank, African Development Fund & Bank and International Fund for Agricultural Development. These special securities are issued primarily towards

- i. India's subscriptions/contributions to these institutions;
- ii. Special Drawing Rights (SDRs) for subscribing to India's quota increase in the IMF;
- iii. Maintenance of value obligations to IMF, and
- iv. Purchase transactions under the Financial Transaction Plan.

These liabilities are non-interest bearing in nature. The total outstanding value of these rupee securities issued to International Financial Institutions as at the end of March 2014 is ₹30,088 crore, or 0.3 per cent of GDP, showing a marginal decrease from ₹32,226 crore as at end-March 2013. They account for 0.7 per cent of public debt and 0.6 per cent of total liabilities of the Central Government.

f. Market Stabilisation Scheme (MSS)

Securities (bonds and bills) issued under the Market Stabilization Scheme are to facilitate

Reserve Bank's sterilisation needs. They were issued for the first time in 2004-05. Detail of the Scheme was given in earlier Status Papers. There was no requirement for issuance of securities under the scheme in recent years after outstanding securities matured by the end of 2009-10. As discussed earlier, the proceeds of the issuance is not used to fund the Central Government budget, but is sequestered in an account maintained with the RBI. The funds are eventually used to meet redemption of such securities.

g. Compensation and other Bonds

This category includes various types of special purpose bonds issued in the past by the Central Government. Some of these bonds were also open for retail subscription. These bonds carry fixed rates of interest. The importance of this component has been reducing over the years. Their stock has declined from ₹63,585 crore in 2006-07 amounting to 1.5 per cent of GDP to ₹15,010 crore at the end of March 2014 amounting to 0.1 per cent of GDP. They account for 0.3 per cent of public debt at end-March 2014, down from 0.4 per cent at end-March 2013.

h. Securities against small savings (National Small Saving Fund)

All collections under small savings schemes are credited to the National Small Savings Fund (NSSF), established in the Public Account of India with effect from 1.4.1999. Accumulated liabilities at the inception of NSSF (₹1,76,221 crore) were borne by the Central Government, of which ₹64,569 crore amounting to 0.6 per cent of GDP was outstanding as at end-March 2014. All withdrawals as well as interest payments are made out of the accumulations in this Fund. The balance amount after withdrawal is invested in States' and Central government special securities as per norms decided from time to time by the Central Government.

At end-March 2014, the outstanding liabilities of the Central government to NSSF was ₹2.28 trillion amounting to 4.9 per cent of public debt and 4.3 per cent of total liabilities. Outstanding securities issued against fresh loans out of net collections in various years amounted to ₹0.37 trillion and securities issued against redemption amounted to ₹1.30 trillion at end-March 2014. The details of existing special securities with applicable interest rates are shown in Annex VI.

B. External Debt

Under Article 292 of the Constitution of India, the Central Government may borrow from within as well as outside the territory of the Country⁷. The Central Government receives external loans largely from multilateral agencies and to some extent from foreign countries also. External debt at current exchange rates, as at end-March 2014,

for the Central Government increased to ₹3.74 trillion (US \$ 62.2 billion; 3.3 per cent of GDP) from ₹3.32 trillion (US \$ 61.3 billion) at end-March 2013. This amounts to 7.1 per cent of Central Government's total liabilities and 5.0 per cent of general government debt. The trends in external debt at book value and current exchange rate are shown in **Table 2.9**.

Table 2.9: Trends in External Debt (in ₹ crore)

1	Actuals				Provisional	Estimates
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 RE
	2	3	4	5	6	7
External Debt (at Book Value)	123046	134083	157639	170088	177289	182729
Percentage of GDP	2.2	2.1	2.0	1.9	1.8	1.6
External Debt (at current Value)	264059	249306	278877	322897	332004	374483
Percentage of Public Debt	12.0	9.6	9.4	9.1	8.1	8.1
Percentage of Total Liabilities	9.6	7.9	7.9	7.8	7.0	7.1
Percentage of GDP	4.7	3.8	3.6	3.6	3.3	3.3
%age of General Govt. Total Liabilities	6.6	5.5	5.5	5.5	5.0	5.0

*Exchange rate as on 31st March of respective years

External debt (at current exchange rate) as percentage of GDP has consistently declined in the recent years, indicating that reliance on external debt for financing of deficit is declining. This implies that debt portfolio of Government has low currency risk and its impact on balance of payments also remains insignificant.

A major portion of the external debt is from

multilateral institutions (71.7 per cent of total external debt at end-March 2014), while bilateral sources account for the remaining 28.3 per cent). Loans from multilateral institutions are largely on concessional terms. The Central Government does not borrow directly in international capital markets. The details on agency wise outstanding external loans as on 31.3.2014 are shown in Annex VIII.

Table 2.10: Composition of External Debt

Creditor Category	Actuals						Provisional	
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	1	2	3	4	5	6	7	8
Multilateral Debt as percentage of Total External Debt	70.5	68.8	68.9	68.5	68.2	68.9	71	71.7
Bilateral Debt as percentage of Total External Debt	29.5	31.2	31.1	31.5	31.8	31.1	29	28.3

⁷ Executive power of State Governments extends only to borrow within the territory of India as per Article 293 of the Constitution.

External debt is predominantly denominated in three currencies viz., SDR, USD and Yen. At end-March 2014, debt denominated in these three currencies represented 94.8 per cent of total

external debt. A small portion (5 per cent) is denominated in Euro. Other currencies mainly comprise of Rupee denominated debt to Russia (**Table 2.11**).

Table 2.11: Currency Composition of External Debt

(per cent of total external debt)

Currency	Actual					Provisional	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8
SDR	42.9	40.6	39.7	37.6	37.8	38.2	39.2
US Dollar	29.4	31.9	32.2	33.6	33.5	35.0	34.3
YEN	20.6	21.4	22.5	23.6	23.7	22.0	21.3
Euro	6.6	5.7	5.2	4.9	4.8	4.6	5.0
Others	0.5	0.4	0.4	0.3	0.3	0.2	0.2

To summarise the Chapter, public debt as percentage of GDP, after declining from 48.1 per cent in 2002-03 to 37.1 per cent in 2007-08, has stabilized in recent years. Internal debt constitutes a major part of public debt. Within the internal debt, the share of marketable debt has increased consistently over time. Fixed coupon dated securities constitute a major portion of the internal public debt. Maturity profile of outstanding dated securities

indicates a relatively low roll-over risk in the debt portfolio. While weighted average yield of primary issuance of dated securities has remained broadly stable in the recent years, weighted average maturity of these issuances showed an increasing trend. The ownership pattern indicates a gradual broadening of market. The share of external debt in the public debt has consistently declined over time and majority of external debt is on concessional terms.

Public Account Liabilities

All public moneys received by or on behalf of the Government of India, other than those which are for credit to the Consolidated Fund of India, are credited to the Public Account of India⁸. The receipts into the Public Account and disbursements out of it are generally not subject to vote by the Parliament. Receipts under public account in the form of liabilities include small savings collections

into NSSF, provident fund contribution of government employees, security deposits and other deposits received by the Government, securities issued in lieu of oil/food/fertilizer subsidies, balances under various suspense and remittance heads, etc. The public account liabilities position of the Central Government is presented in **Table 3.1**.

Table 3.1: PUBLIC ACCOUNT LIABILITIES OF THE CENTRAL GOVERNMENT

Components	<i>(in ₹ crore)</i>						
	Actual				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
A. Public Debt	2203836	2583616	2954700	3553519	4096570	4624780	5134224
% of Total Liabilities	80.1	81.8	83.6	85.6	87.0	87.9	87.3
B. Other Liabilities (a to d)	547527	576068	579249	599265	611516	636671	749638
Per cent of TL	19.9	18.2	16.4	14.4	13.0	12.1	12.7
(a) National Small Savings Fund	10085	38432	42552	64734	80516	104383	134067
Per cent of TL	0.4	1.2	1.2	1.6	1.7	2.0	2.3
(b) State Provident Fund	83377	99433	111947	122751	133672	143672	155672
Per cent of TL	3.0	3.1	3.2	3.0	2.8	2.7	2.6
(c) Other Account	325383	318749	295989	277904	257424	234992	296999
Per cent of TL	11.8	10.1	8.4	6.7	5.5	4.5	5.0
(d) Reserve funds & Deposit	128682	119453	128762	133877	139904	153625	162901
Per cent of TL	4.7	3.8	3.6	3.2	3.0	2.9	2.8
Bearing Interest	78384	72875	70421	74413	83871	96133	106543
Per cent of TL	2.8	2.3	2.0	1.8	1.8	1.8	1.8
Not bearing interest	50298	46578	58340	59464	56033	57492	56358
Per cent of TL	1.8	1.5	1.7	1.4	1.2	1.1	1.0
C. Total Liabilities (TL) (A+B)	2751363	3159683	3533950	4152784	4708085	5261451	5883862

Public account liabilities, at ₹ 6.37 trillion at end-March 2014, constituted 12.1 per cent of total liabilities, a decline from 13 per cent of total liabilities at end-march 2013. Indeed, the share of public account liabilities has seen a steady decline since 2008-09 when it accounted for 19.9 per cent of total liabilities. The major categories under this head are discussed below.

(a) National Small Savings Fund (NSSF)

Liabilities of NSSF constitute the liabilities of the Central Government. However, as explained earlier, only a part of the liabilities under NSSF are utilized for financing the fiscal deficit of the Central Government and that part is explicitly included in internal debt. The remaining part, which is utilized for financing

⁸ clause (2) of Article 266 of the Constitution of India

State government budget deficits, is excluded from Centre's liabilities. The liabilities of the Central Government in the public account under the head 'NSSF' represent the accumulated

historical net cash position of NSSF. It can also be viewed as the net asset-liability position of NSSF. Trends in assets and liabilities of NSSF are given in **Table 3.2**.

Components	Actual				Provisional	Estimates	
						RE	BE
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7	8
1. Total Liabilities	664137	728446	787100	790194	814545	838943	863829
2. Borrowings by Centre	193997	207252	218485	208183	216808	228413	236641
3. Borrowings by States	460056	482762	526063	517277	517221	517752	512954
4. Loan to IIFCL	-	1500	1500	1500	1500	1500	1500
5. Net Liabilities (1-2-3-4)	10085	36932	41052	63234	79016	91278	112734
6. Total Liabilities % of GDP	11.8	11.2	10.1	8.8	8.1	7.4	6.7
7. Net Liabilities % of GDP	0.2	0.6	0.5	0.7	0.8	0.8	0.9

(b) State Provident Funds

Accumulated Provident Fund contributions of Central Government employees accounted for 2.7

per cent of total liabilities at end-March 2014, slightly down from 2.8 per cent at end-March 2013. This share has been by and large stable. (**Table 3.3**).

Components	Actual				Provisional	Estimates	
						RE	BE
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7	8
State Provident Funds	83377	99433	111947	122751	133672	143672	155672
<i>Percentage of Total Liabilities</i>	<i>3.0</i>	<i>3.1</i>	<i>3.2</i>	<i>3.0</i>	<i>2.8</i>	<i>2.7</i>	<i>2.6</i>
<i>Percentage of GDP</i>	<i>1.5</i>	<i>1.5</i>	<i>1.4</i>	<i>1.4</i>	<i>1.3</i>	<i>1.3</i>	<i>1.2</i>
GDP(MP,2004-05)	5630063	6477827	7784115	9009722	10113281	11355073	12876653

(c) Other Accounts

'Other accounts' includes sundry items like special deposits by retirement funds with the Central government, securities issued in lieu of subsidies, money in postal insurance and annuity funds, other deposits etc. The share of Other Accounts has been going down over the years, from 10.0 per cent of total liabilities in 2006-07 to 4.5 per cent at end-March 2014 (**Table 3.1**). Some important items under this category are elaborated below.

(i) **Oil/Fertiliser/Food Bonds** - Certain subsidy payments were made in the form of bonds

issued to oil marketing companies, fertilizers companies and Food Corporation of India in the past. These bonds are part of public account liability. Liabilities on account of these securities had increased significantly during 2005-06 to 2008-09. Since 2009-10, all payments related to these subsidies are made in cash. As a result, there has been a secular decline in these liabilities to 3.0 per cent of total liabilities at end-March 2014 from 6.5 per cent at end-March 2009 (**Table 3.4**).

Table 3.4: Special Securities issued in lieu of subsidies

<i>(in ₹ crore)</i>							
Components	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE	BE
	1	2	3	4	5	6	7
Special securities issued (in lieu of subsidy payment)	177580	187886	182123	172091	166328	166328	162828
<i>Percentage of Total Liabilities</i>	6.5	5.9	5.2	4.1	3.5	3.2	2.8
Securities issued to OMCs	133880	144186	144186	140186	134423	134423	130923
<i>%age of Total Lia.</i>	4.9	4.6	4.1	3.4	2.9	2.6	2.2
Food Corp. of India	16200	16200	16200	16200	16200	16200	16200
<i>Percentage of Total Liabilities</i>	0.6	0.5	0.5	0.4	0.3	0.3	0.3
Fertiliser Companies	27500	27500	21737	15705	15705	15705	15705
<i>%age of Total Lia.</i>	1.0	0.9	0.6	0.4	0.3	0.3	0.3
GDP	5630063	6477827	7784115	9009722	10113281	11355073	12876653

(ii) **Postal Life Insurance**—With a view to convert part of the frozen corpus of Post Office Life Insurance Fund (POLIF) and Rural Post Life Insurance Fund (RPOLIF) into dated securities, the Government issued Special Securities to Directorate of Postal Life Insurance. Securities for ₹ 7,000 crore of were issued in each of the year 2010-11 and 2011-12 and ₹ 6,080 crore in 2012-13. The total outstanding amount of these Special securities is ₹ 20,894 crore as on end-March, 2014. The liabilities in public account have been reduced

and liabilities under public debt increased accordingly.

(iii) **Advances**- Government occasionally makes advances to public and quasi-public bodies and to individuals, under special laws or for special reasons. Under advances in the Public Account, as on 31st March 2013, there was a balance of (-) ₹ 14,533 crore which is mainly attributed to Postal advance of (-) ₹ 13,515 crore and Telecommunication advance of (-) ₹ 324 crore. The trends in outstanding advances in the Public Account are shown in **Table 3.5** below.

Table 3.5: Advances

<i>(in ₹ crore)</i>					
Components	Actuals				Provisional
	2008-09	2009-10	2010-11	2011-12	
1	2	3	4	5	6
Advances	-9817	-8969	-5899	-10817	-14533
<i>Percentage of Total Liabilities</i>	-0.4	-0.3	-0.2	-0.3	-0.3
Percentage of GDP	-0.2	-0.1	-0.1	-0.1	-0.1
GDP	5630063	6477827	7784115	9009722	10113281

(d) Reserve Funds and Deposits

Reserve Funds and deposits constituted 2.8 per cent of total liabilities as at end-March 2014, marginally down from 2.9 per cent at end-March 2013 and noticeably lower than 4.7 per cent at end-

March 2009. These liabilities can be interest bearing or non interest bearing. Interest bearing liabilities constituted 62.6 per cent of total at end-March 2014 compared to 59.9 per cent at end-March 2013. A more detailed account is given below.

(i) **Reserve Funds** - Reserve Funds in the Public Account include balance sheet reserves of commercial undertakings (e.g., Railways), grants by other governments and public subscriptions (e.g. relief funds), contributions

made by outside agencies (e.g. ICAR) etc. (Table 3.6). Reserve funds not bearing interest include National Calamity Contingency Fund, Guarantee Redemption Fund, Central Road Fund, Railway Safety Fund etc.

Table 3.6 : Reserve Funds

<i>(in ₹ crore)</i>							
Components	Actuals				Provisional 2012-13	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
Reserve Funds	34248	20670	21617	27291	26880	32708	35856
<i>Percentage of Total Liabilities</i>	<i>1.2</i>	<i>0.7</i>	<i>0.6</i>	<i>0.7</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>
(i) Interest bearing	15627	4848	474	2392	5283	11045	15839
<i>Percentage of Total Liabilities</i>	<i>0.6</i>	<i>0.2</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.3</i>
(ii) Non-Interest bearing	18621	15822	21143	24899	21597	21663	20017
<i>Percentage of Total Liabilities</i>	<i>0.7</i>	<i>0.5</i>	<i>0.6</i>	<i>0.6</i>	<i>0.5</i>	<i>0.4</i>	<i>0.3</i>
Share of interest-bearing funds to total (%)	45.6	23.5	2.2	8.8	19.7	33.8	44.2

(ii) **Deposits** - Deposits received by the Government are reckoned in the public account. These deposits may be interest bearing or non-interest bearing. Deposit liabilities (as percentage of total liabilities) declined to 2.3 per cent at end-March 2014 from 2.4 per cent at end-March 2013 (Table 3.7). Interest bearing liabilities went up from 69.5 per cent of total deposits at end-March 2013 to 70.4 per cent at end-March 2013.

Contributions under Employees Family Pension Scheme, 1971 accounted for the major part of these interest bearing deposits. Non-interest bearing deposits declined to 0.32 per cent of GDP at end-March 2014 from 0.34 per cent a year ago. These deposits largely consist of deposits with civil courts, with departments like defence, railway, post and telecommunication etc.

Table 3.7: Deposits-Interest Bearing and Not Bearing Interest

<i>(in ₹ crore)</i>							
Components	Actuals				Provisional 2012-13	Estimates	
	2008-09	2009-10	2010-11	2011-12		RE 2013-14	BE 2014-15
1	2	3	4	5	6	7	8
Deposits	94434	98783	107145	106586	113024	120917	127045
<i>Percentage of Total Liabilities</i>	<i>3.4</i>	<i>3.1</i>	<i>3.0</i>	<i>2.6</i>	<i>2.4</i>	<i>2.3</i>	<i>2.2</i>
Bearing Interest	62757	68027	69948	72021	78588	85088	90704
<i>Percentage of Total Liabilities</i>	<i>2.3</i>	<i>2.2</i>	<i>2.0</i>	<i>1.7</i>	<i>1.7</i>	<i>1.6</i>	<i>1.5</i>
Not Bearing Interest	31677	30756	37197	34565	34436	35829	36341
<i>Percentage of Total Liabilities</i>	<i>1.2</i>	<i>1.0</i>	<i>1.1</i>	<i>0.8</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>
GDP	5630063	6477827	7784115	9009722	10113281	11355073	12876653

The share of public account liabilities in the total liabilities of the Government has declined from 19.9 per cent in 2008-09 to 12.1 per cent in 2013-14. Decline was primarily due to 'other accounts', which mainly comprises of securities issued in lieu of subsidies to oil and fertilizers companies and FCI. Since 2009-10, all payments related to such subsidies are made in cash. The share

of NSSF in the total liabilities of the Government is increasing whereas that of state provident funds has remained broadly stable. The share of reserve funds and deposits has seen a decline in the recent years.

General Government Debt

General government debt is the consolidated debt of the Central Government and state governments. Central Government debt was covered in the previous chapters. This chapter gives a brief account of the debt profile of state governments, followed by a discussion of the general government debt.

1. State Government Debt⁹

The Constitution of India empowers state governments to borrow only from domestic sources (Article 293(1)). Further, as long as a state has outstanding borrowings from the Central Government, it is required to obtain Central Government's prior approval before incurring debt (Article 293 (3)).

Financing of Fiscal Deficit – States

The major sources of financing of the fiscal deficit of the state governments are market borrowings, borrowings from NSSF, loans from financial institutions, and loans from the Centre. State governments also incur liabilities in the public accounts through provident funds, reserve funds, deposit, etc. The financing pattern of budget deficit of state governments has undergone a shift in composition over time. Market borrowings, at 72.1 per cent in 2012-13 have emerged as the major source of financing. There is a decline in borrowings from NSSF¹⁰ (-3.5 per cent in 2012-13) while an increase in loans from the Centre¹¹ (2.9 per cent in 2012-13) (Table 4.1).

Year	Market Borrowings	Loans from Centre	Special Securities issued to NSSF	Loans from LIC, NABARD, NCDC, SBI and Other Banks	State Provident Funds, etc.	Reserve Funds	Deposits and Advances	Other Public Account	Cash Drawdown Overall Surplus(-)/ Deficit (+)	Gross Fiscal Deficit (GFD)
1	2	3	4	5	6	7	8	9	10	11
1999-2000	12,660	12,180	26,420	3,380	17,880	2,560	9,050	2,850	3,130	90,100
2000-01	12,520	8,320	32,610	4,550	13,110	3,100	7,140	8,950	-2,380	87,920
2001-02	17,250	10,900	35,650	6,290	10,190	4,520	5,000	930	3,540	94,260
2002-03	28,480	-370	48,970	4,860	9,860	4,800	710	6,700	-4,290	99,730
2003-04	47,290	13,940	18,000	4,130	9,330	6,380	-370	22,470	-530	120,630
2004-05	34,560	-9,780	64,190	0	8,880	7,130	8,070	4,960	-10,230	107,770
2005-06	15,300	-40	73,820	4,060	10,460	5,230	7,260	7,940	-33,950	90,080
2006-07	13,080	-8,890	56,020	3,940	10,370	7,630	12,800	-1,120	-16,320	77,510
2007-08	53,920	-930	5,850	6,300	12,340	-5,920	13,580	3,720	-13,410	75,450
2008-09	104,040	-760	1,480	5,700	15,640	7,540	4,590	5,320	-8,960	134,590
2009-10	112,650	-1,700	24,160	8,210	23,140	-1,990	12,370	4,280	7,700	188,820
2010-11	88,780	710	38,630	3,200	27,810	2,610	22,860	-8,290	-14,850	161,460
2011-12	135,400	180	-8,060	5,640	26,650	12,180	17,690	-5,030	-16,300	168,350
2012-13 (RE)	168,390	6,860	-8,270	5,470	22,790	2,150	16,300	-9,390	29,110	233,410
2013-14 (BE)	216,180	9,930	-6,600	7,920	24,040	5,570	6,730	-17,820	-900	245,050
Per cent of GFD										
1999-2000	14.1	13.5	29.3	3.8	19.8	2.8	10.0	3.2	3.5	100.0
2000-01	14.2	9.5	37.1	5.2	14.9	3.5	8.1	10.2	-2.7	100.0
2001-02	18.3	11.6	37.8	6.7	10.8	4.8	5.3	1.0	3.8	100.0
2002-03	28.6	-0.4	49.1	4.9	9.9	4.8	0.7	6.7	-4.3	100.0
2003-04	39.2	11.6	14.9	3.4	7.7	5.3	-0.3	18.6	-0.4	100.0
2004-05	32.1	-9.1	59.6	0.0	8.2	6.6	7.5	4.6	-9.5	100.0
2005-06	17.0	0.0	81.9	4.5	11.6	5.8	8.1	8.8	-37.7	100.0
2006-07	16.9	-11.5	72.3	5.1	13.4	9.8	16.5	-1.4	-21.1	100.0
2007-08	71.5	-1.2	7.8	8.3	16.4	-7.8	18.0	4.9	-17.8	100.0
2008-09	77.3	-0.6	1.1	4.2	11.6	5.6	3.4	4.0	-6.7	100.0
2009-10	59.7	-0.9	12.8	4.3	12.3	-1.1	6.6	2.3	4.1	100.0
2010-11	55.0	0.4	23.9	2.0	17.2	1.6	14.2	-5.1	-9.2	100.0
2011-12	80.4	0.1	-4.8	3.3	15.8	7.2	10.5	-3.0	-9.7	100.0
2012-13 (RE)	72.1	2.9	-3.5	2.3	9.8	0.9	7.0	-4.1	12.5	100.0
2013-14 (BE)	88.2	4.1	-2.7	3.2	9.8	2.3	2.7	-7.2	-0.4	100.0

Source: State Finances: A Study of Budgets, 2013-14

⁹ Data on State Governments' finances is sourced from the RBI publication, 'State Finances: A Study of Budgets of 2013-14'.

¹⁰ States' borrowings from NSSF is largely a function of the level of small savings collections. To a lesser extent, it also depends on the prevailing ratio of sharing net small savings collections with the Central Government.

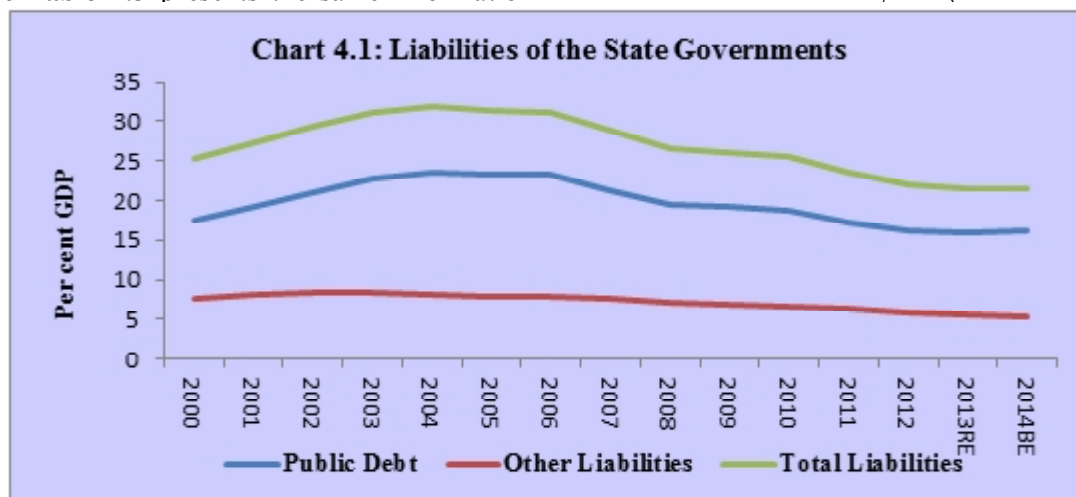
¹¹ Central Government extends loans to State Governments under Article 293 (2) of the Constitution of India. Following the recommendations of the Twelfth Finance Commission, the loan component of the plan assistance to States has been done away with, leading to decline of loans from the Centre as a financing source for States.

Liabilities of State Governments

Consistent with the classifications of Central Government liabilities, state government debt is discussed under two broad categories *viz.*, public debt and other liabilities. The liability position of state governments is presented in **Table 4.2** while **Table 4.3** presents the same information

as a ratio to GDP.

Total liability of state Governments increased to ₹ 21.8 trillion at end-March 2013 from ₹ 19.9 trillion at end-March 2012. As a per cent of GDP, however, it declined to 21.5 per cent from 22.1 per cent over the same dates, in line with the declining trend established over the years (**Chart 4.1**).



Public Debt

Public debt, at ₹ 16.1 trillion at end-March 2013, constituted 73.8 per cent of total liabilities of state governments (15.9 per cent of GDP). Its contribution to total liabilities has remained largely stable since 2006-07. Market loans (dated securities) constituted 40.2 per cent of total liabilities at end-March 2013, up from 37.2 per cent at end March 2012. This share has increased from 19.6 per cent at end-March 2007. Borrowings from NSSF accounted for 22.4 per cent of total liabilities at end-March 2013, down from 24.4 per cent at

previous year-end. The share of NSSF has been steadily decreasing over the years. Loans from the centre, which have also been decreasing over the years, accounted for 6.9 per cent of total liabilities at end-March 2013, compared to 7.2 per cent at previous year-end. State governments also take negotiated loans from LIC, GIC, NABARD and other financial institutions. At end-March 2013, these loans constituted 3.9 per cent of total liabilities down from 4.2 per cent at end-March 2012 (**Table 4.2**).

Table 4.2: Liability Position of State Governments

Components	<i>(in ₹ crore)</i>							
	Actuals						(RE)	(BE)
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9
1. Public Debt (a to f)	910510	969400	1077630	1216780	1340530	1466430	1606060	1827240
(a) Market Loans	242780	298510	401920	515790	604090	741150	874600	1090780
(b) Borrowings from NSSF	425310	430880	431920	455020	494640	486420	486750	480150
(c) Loans from the Centre	146650	145100	143870	143150	144170	143550	150410	160340
(d) Loans from Banks and other Financial Institutions	69340	71440	77780	83480	81720	83080	84900	89410
(e) Power Bonds	26050	23140	21690	18780	14420	11540	8670	5800
(f) Ways and Means Advances and others	380	330	450	560	1490	690	730	760
2. Other Liabilities (a to d)	331070	358890	392560	431870	488440	527510	569190	606030
(a) State Provident Funds	149920	161970	177430	200560	228240	253450	276240	300280
(b) Reserve Funds	78760	78260	83930	94350	103170	91940	94080	99650
(c) Deposits and Advances	101070	116590	128350	134530	153660	178980	195280	202010
(d) Contingency Fund	1320	2070	2850	2430	3370	3140	3590	4090
3. Total Liabilities (1+2)	1241580	1328290	1470190	1648650	1828970	1993940	2175250	2433270

Table 4.2: Liability Position of State Governments (Contd...)

Percentage of total liabilities

1	2	3	4	5	6	7	8	9
1. Public Debt (a to f)	73.3	73.0	73.3	73.8	73.3	73.5	73.8	75.1
(a) Market Loans	19.6	22.5	27.3	31.3	33.0	37.2	40.2	44.8
(b) Borrowings from NSSF	34.3	32.4	29.4	27.6	27.0	24.4	22.4	19.7
(c) Loans from the Centre	11.8	10.9	9.8	8.7	7.9	7.2	6.9	6.6
(d) Loans from Banks and other Financial Institutions	5.6	5.4	5.3	5.1	4.5	4.2	3.9	3.7
(e) Power Bonds	2.1	1.7	1.5	1.1	0.8	0.6	0.4	0.2
(f) Ways and Means Advances and others	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
2. Other Liabilities (a to d)	26.7	27.0	26.7	26.2	26.7	26.5	26.2	24.9
(a) State Provident Funds	12.1	12.2	12.1	12.2	12.5	12.7	12.7	12.3
(b) Reserve Funds	6.3	5.9	5.7	5.7	5.6	4.6	4.3	4.1
(c) Deposits and Advances	8.1	8.8	8.7	8.2	8.4	9.0	9.0	8.3
(d) Contingency Fund	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2
3. Total Liabilities (1+2)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Various components of liabilities of State governments as per cent of GDP are given in Table 4.3. While overall debt-GDP ratio of States has been declining over the years, market loans as per

cent of GDP have shown increasing trend in line with greater recourse to market by the States to finance their deficit (Table 4.3).

Table 4.3: Liability Position of State Governments

(per cent of GDP)

Components	Actuals						(RE)	(BE)
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9
1. Public Debt (a to f)	21.2	19.4	19.1	18.8	17.2	16.3	15.9	16.1
(a) Market Loans	5.7	6.0	7.1	8.0	7.8	8.2	8.6	9.6
(b) Borrowings from NSSF	9.9	8.6	7.7	7.0	6.4	5.4	4.8	4.2
(c) Loans from the Centre	3.4	2.9	2.6	2.2	1.9	1.6	1.5	1.4
(d) Loans from Banks and other Financial Institutions	1.6	1.4	1.4	1.3	1.0	0.9	0.8	0.8
(e) Power Bonds	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.1
(f) Ways and Means Advances and others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Other Liabilities (a to d)	7.7	7.2	7.0	6.7	6.3	5.9	5.6	5.3
(a) State Provident Funds	3.5	3.2	3.2	3.1	2.9	2.8	2.7	2.6
(b) Reserve Funds	1.8	1.6	1.5	1.5	1.3	1.0	0.9	0.9
(c) Deposits and Advances	2.4	2.3	2.3	2.1	2.0	2.0	1.9	1.8
(d) Contingency Fund	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
3. Total Liabilities (1+2)	28.9	26.6	26.1	25.5	23.5	22.1	21.5	21.4

Other Liabilities

Other liabilities of State governments stood at ₹ 5.7 trillion at end-March 2013 compared to ₹ 5.3 trillion at end-March 2012. Relative to GDP, however, there is a reduction over the same period from 5.9 per cent to 5.6 per cent. They constituted 26.2 per cent of total liabilities as at end-March 2013, a share that has remained more or less stable over the years. The major

constituent of other liabilities is State Provident Funds at 48.5 per cent of other liabilities (and 12.7 per cent of total liabilities) at end-March 2013. Deposits and advances and reserve funds are the other components accounting for 34.3 per cent and 16.5 per cent respectively, of other liabilities at end-March 2013. Contingency fund constituted 0.6 per cent of other liabilities at end-March 2013 (Table 4.4).

Table 4.4: Composition of Other Liabilities of State Government

Components	Actuals						RE	BE
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	1	2	3	4	5	6	7	8
(i) State Provident Funds	45.3	45.1	45.2	46.4	46.7	48.0	48.5	49.5
(ii) Reserve Funds	23.8	21.8	21.4	21.8	21.1	17.4	16.5	16.4
(iii) Deposits and Advances	30.5	32.5	32.7	31.2	31.5	33.9	34.3	33.3
(iv) Contingency Fund	0.4	0.6	0.7	0.6	0.7	0.6	0.6	0.7
Other Liabilities (i to iv)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

State Governments as a group maintain a large cash surplus on a consistent basis while at the same time running a budget deficit. This appears to be a case of over-borrowing by states. There could be scope for state governments to curtail their borrowings by running down their cash surplus (parked as investment in treasury bills of the Central Government). An adjustment made to this effect

indicates that total liabilities of state governments could have been lower at 20.1 per cent of GDP against 21.5 per cent without adjustment (Table 4.5). This factor, however, does not affect consolidated general government debt as investment in treasury bills by states is an inter-government transaction that is netted out of consolidated general government debt position.

Table 4.5: State Government Debt Adjusted for Investment in Treasury Bills

(in ₹ crore)

Components	Actuals						RE	BE
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	1	2	3	4	5	6	7	8
1. Public Debt	910510	969400	1077630	1216780	1340530	1466430	1606060	1827240
<i>percentage of GDP</i>	<i>21.2</i>	<i>19.4</i>	<i>19.1</i>	<i>18.8</i>	<i>17.2</i>	<i>16.3</i>	<i>15.9</i>	<i>16.1</i>
2. Investment in Treasury Bills of Centre	73410	96970	100900	92810	110690	117740	145700	132476
3. Public Debt net of Investment T-Bills (1-2)	837100	872430	976730	1123970	1229840	1348690	1460360	1694764
<i>percentage of GDP</i>	<i>19.5</i>	<i>17.5</i>	<i>17.3</i>	<i>17.4</i>	<i>15.8</i>	<i>15.0</i>	<i>14.4</i>	<i>14.9</i>
4. Other Liabilities	331070	358890	392560	431870	488440	527510	569190	606030
<i>percentage of GDP</i>	<i>7.7</i>	<i>7.2</i>	<i>7.0</i>	<i>6.7</i>	<i>6.3</i>	<i>5.9</i>	<i>5.6</i>	<i>5.3</i>
5. Total Debt (1+4)	1241580	1328290	1470190	1648650	1828970	1993940	2175250	2433270
<i>percentage of GDP</i>	<i>28.9</i>	<i>26.6</i>	<i>26.1</i>	<i>25.5</i>	<i>23.5</i>	<i>22.1</i>	<i>21.5</i>	<i>21.4</i>
6. Total Adjusted Debt (3+4)	1168170	1231320	1369290	1555840	1718280	1876200	2029550	2300794
<i>percentage of GDP</i>	<i>27.2</i>	<i>24.7</i>	<i>24.3</i>	<i>24.0</i>	<i>22.1</i>	<i>20.8</i>	<i>20.1</i>	<i>20.3</i>

2. General Government Debt

General government liabilities are arrived at by consolidating liabilities of the Central Government and state governments. As was done for liabilities of the Centre and states, general government liabilities are also discussed in terms of two broad components viz., public debt and other liabilities. As general government debt represents the liability of the government sector to the 'rest-of-the-world', the following inter-government transactions are netted out while consolidating general government debt:

- (i) Investment of state governments in bills issued by the Central Government;

- (ii) Centre's loans to states.

After making these adjustments, consolidated 'public debt' of the general government works out to 53.5 per cent of GDP at end-March 2013, higher than 52.8 per cent at end-March 2012. On corresponding dates, general government 'other liabilities' constituted 11.7 per cent and 12.5 per cent of GDP. Total liabilities of the general government at end-March 2013 amounted to 65.2 per cent of GDP, compared to 65.3 per cent of GDP at end-March 2012 (Table 4.6). General government debt-GDP ratio is estimated to increase marginally to 65.3 per cent at end-March 2014.

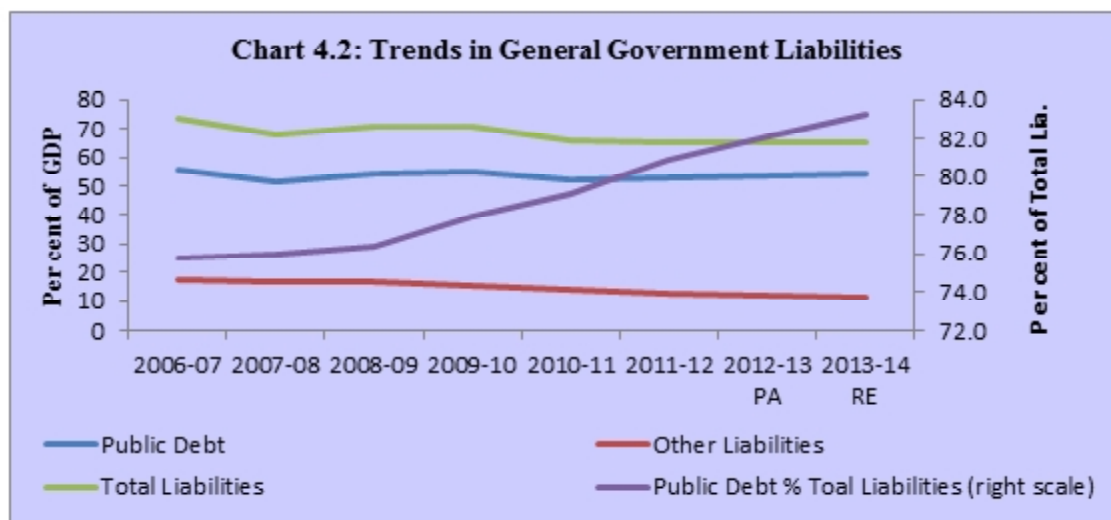
Table 4.6 : General Government Liabilities

(in ₹ crore)						
Components	Actuals				Provisional	BE
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7
1. Public Debt Centre percentage of GDP	2203836 39.1	2583616 39.9	2954700 38.0	3553519 39.4	4096570 40.5	4624780 40.7
2. Public Debt States percentage of GDP	1077630 19.1	1216780 18.8	1340530 17.2	1466430 16.3	1606060 15.9	1827240 16.1
3. States Investment in T-Bills of Centre percentage of GDP	100900 1.8	92810 1.4	110690 1.4	117740 1.3	145700 1.4	132476 1.2
4. Loans from Centre to States percentage of GDP	143870 2.6	143152 2.2	144170 1.9	143548 1.6	144812 1.4	147384 1.3
5. General Government Public Debt (1+2-3-4) percentage of GDP	3036696 53.9	3564433 55.0	4040370 51.9	4758661 52.8	5412117 53.5	6172160 54.4
6. Other Liabilities Centre percentage of GDP	547527 9.7	576068 8.9	579249 7.4	599265 6.7	611516 6.0	636671 5.6
7. Other Liabilities States percentage of GDP	392560 7.0	431870 6.7	488440 6.3	527510 5.9	569190 5.6	606030 5.3
8. General Government Other Liabilities (6+7) percentage of GDP	940087 16.7	1007938 15.6	1067689 13.7	1126775 12.5	1180706 11.7	1242701 10.9
9. General Government Total Liabilities (5+8) percentage of GDP	3976783 70.6	4572371 70.6	5108060 65.6	5885437 65.3	6592823 65.2	7414861 65.3

Note:- 1. States data relate to revised estimates for 2012-13 and budget estimates for 2013-14.
2. Data on States' Investment in Treasury Bills of Centre for 2013-14 is taken from RBI.

General government liabilities have been declining in recent years (Chart 4.2). Share of public debt in total liabilities has increased over time with commensurate decline in share of other liabilities. At end-March 2014, public debt represented 83.2 per cent of total liabilities as against 76.3 per cent at end-March 2009. The decline in share of other liabilities is attributable

to greater reliance on market borrowings by both the Central and State governments and relatively subdued small savings collections. In addition, the Central Government has discontinued the practice of issuing special bonds to oil companies, fertilizers companies, etc., which formed part of other liabilities of Central Government earlier.



In brief, the State Governments' debt-GDP ratio declined to 21.4 per cent at end-March 2014 from 21.5 per cent a year ago. The shares of public debt and other liabilities within the overall debt portfolio of the state governments have remained broadly unchanged over time. Within the public debt, however, the share of market borrowings has increased while the borrowings from NSSF have declined significantly. Taking the Central and State Governments together, the general government liabilities have continued its broad declining trend in debt-GDP ratio. Share of public debt in total liabilities has increased over time with commensurate decline in share of other liabilities.

Assessment, Emerging Issues and Road Ahead

This chapter provides an assessment of the debt profile of the Government in terms of cost and risk characteristics. Debt sustainability is in great part a function of the level of debt. At the same time, the risk profile of debt stock, by virtue of its impact on the ability to borrow, has important consequences for debt sustainability. The risk profile of India's Government debt stands out as safe and prudent in terms of accepted parameters.

1. Maturity of Debt

Information regarding residual maturity is not readily available on the entire debt portfolio of the Government, particularly regarding liabilities under public account. Maturity analysis of debt in this Chapter is confined to the 'public debt'¹² component of the liabilities for both the Centre and states.

Short-term Debt

Central Government

Short-term debt¹³ of the Central Government on residual maturity basis includes 14 day treasury bills, regular treasury bills, dated securities maturing in the ensuing one year and external debt with remaining maturity of less than one year. Short-term debt declined noticeably during the first half of 2000s with its share in public debt declining to a low of 6.2 per cent in 2003-04. It, however, rose consistently thereafter with its share in the Public Debt increasing to 13.8 per cent in 2008-09. Since then it is stable and stood at 13 per cent of total public debt and 5.3 per cent of GDP at end-March 2014 (**Table 5.1**).

Table 5.1: Short-term Debt of the Central Government

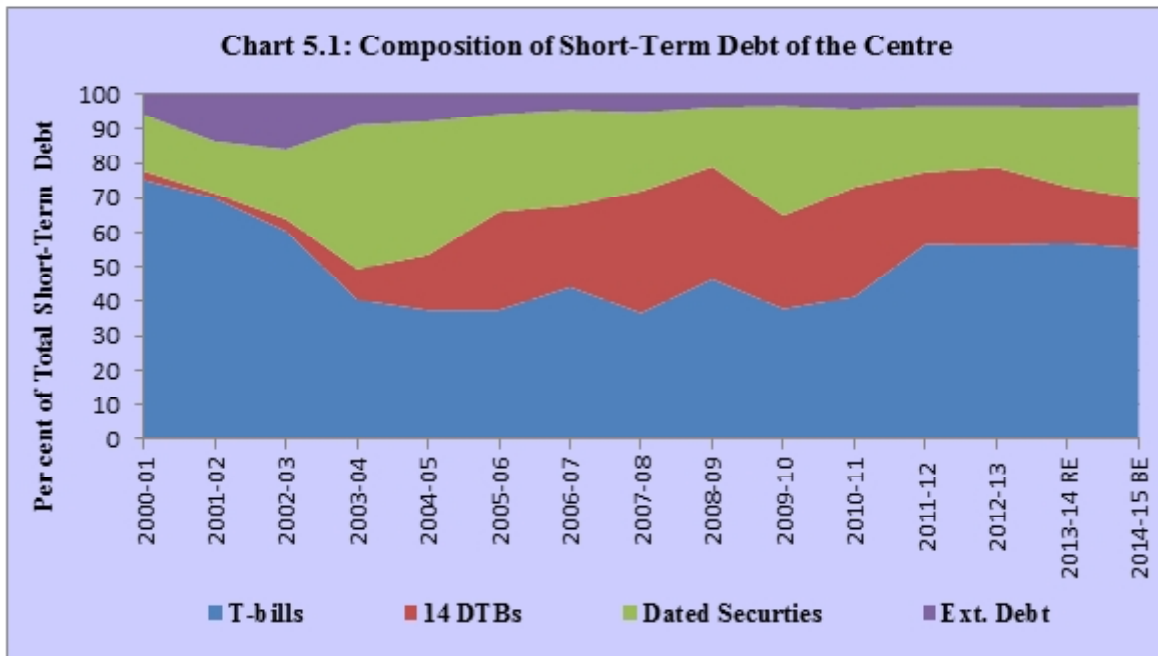
Year	Amount (₹ Crore)	Per cent of Public Debt	Per cent of GDP
1	2	3	4
2000-01	159,726	16.1	7.37
2001-02	180,649	16.2	7.69
2002-03	161,379	13.3	6.38
2003-04	81,987	6.2	2.89
2004-05	91,720	6.5	2.83
2005-06	138,454	8.9	3.75
2006-07	166,270	9.8	3.87
2007-08	194,964	10.6	3.91
2008-09	304,253	13.8	5.40
2009-10	354,117	13.7	5.47
2010-11	325,683	11.0	4.18
2011-12	471,559	13.3	5.23
2012-13	531,318	13.0	5.25
2013-14 RE	602,100	13.0	5.30

Composition of short-term debt indicates that treasury bills account for 73.2 per cent while dated securities constituted 23.1 per cent of total short-

term debt at end-March 2014. Share of short-term external debt, at 3.7 per cent, was relatively insignificant (**Chart 5.1**).

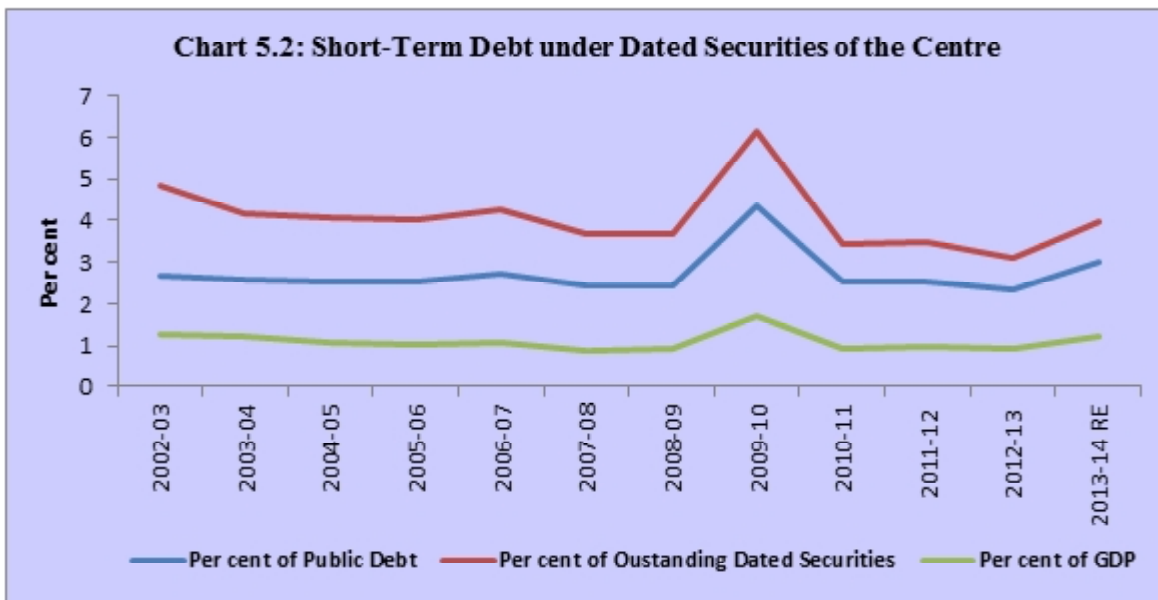
¹² Maturity profile is available for marketable debt, external debt and 14-day ITBs, which together account for more than 90 per cent of public debt. Of the remaining items, securities issued to NSSF and securities issued to international financial institutions are not significant from a rollover risk perspective. Compensation bonds, at 0.5 per cent of public debt, is too low to affect the conclusions.

¹³ Short-term debt is defined as debt with maturity of one year or less. Total short-term debt is, thus, the sum of outstanding treasury bills at end-March and repayments of dated securities due in the ensuing financial year.



As treasury bills are necessary for development of money markets and as their stock is by no means excessive, it would be more pertinent to focus on dated securities with residual maturity of less than one year. Short-term dated securities remained around one per cent of GDP during the 2000s,

barring 2009-10 when it reached 1.7 per cent of GDP due to de-sequestering of MSS securities. At end-March 2014, dated securities maturing within a year amounted to 1.2 per cent of GDP, 3.0 per cent of public debt, and 3.9 per cent of total outstanding dated securities (Chart 5.2).



State Governments

Short-term debt of state governments is relatively low, constituting 5.9 per cent of their public debt (Table 5.2). State Governments do not issue bills. Besides, as market loans constitutes the

dominant part of public debt of States' governments, and as States largely issue securities with 10-year maturity¹⁴, short-term debt has been relatively low under market loans.

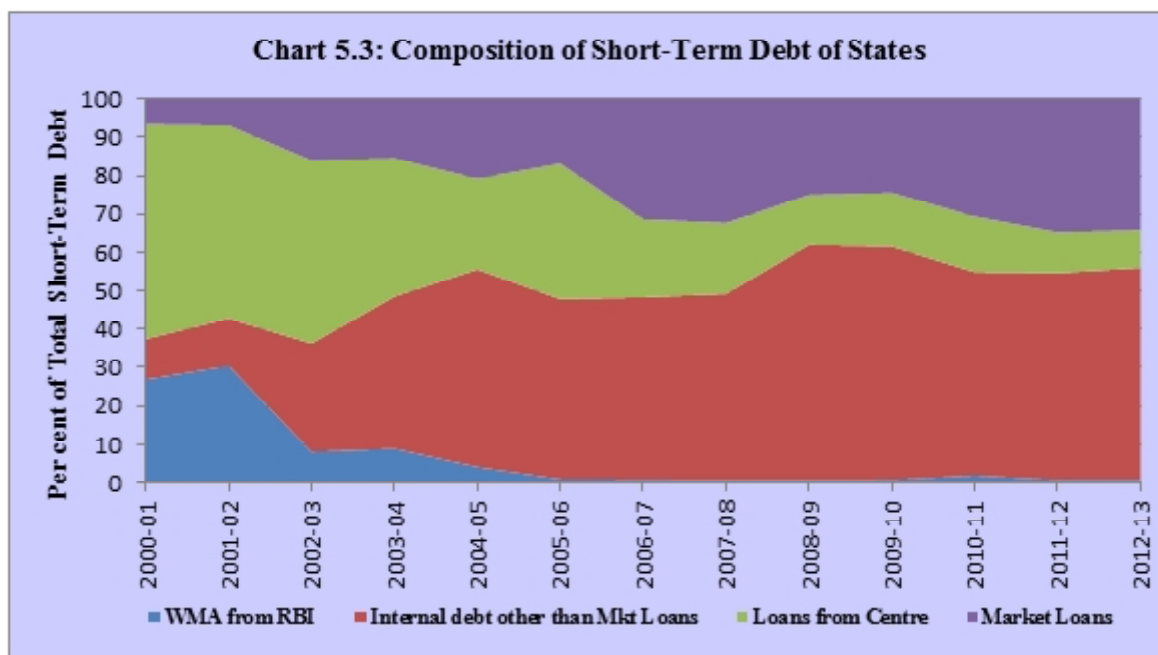
¹⁴ Since 2012-13, States' Governments have been allowed to issue securities with shorter maturities of 4-5 years and also re-issue existing securities.

Table 5.2 : Short-term Debt of the States' Government

Year	Amount (₹ Crore)	Per cent of Public Debt	Per cent of GDP
1	2	3	4
2000-01	24,381	5.8	1.1
2001-02	30,927	6.3	1.3
2002-03	31,016	5.4	1.2
2003-04	38,001	5.7	1.3
2004-05	36,130	4.8	1.1
2005-06	43,217	5.1	1.2
2006-07	40,207	4.4	0.9
2007-08	44,776	4.6	0.9
2008-09	65,631	6.1	1.2
2009-10	65,693	5.4	1.0
2010-11	73,270	5.5	0.9
2011-12	87,987	6.0	1.0
2012-13	95,517	5.9	0.9

Note: Short-term debt other than WMA from RBI is estimated from repayment schedule net of debt swap scheme related repayments.

Over the years, there is a shift in composition of short-term debt of state governments. A major change is the reduction in WMA¹⁵ from RBI which constituted 30.5 per cent of short-term public debt at end-March 2002, but tapered off to 0.7 per cent at end-March 2013. Similarly short-term component of loans from the Centre (on residual maturity basis) also declined (**Chart 5.3**).



General Government

Short-term public debt of the general government¹⁶ has remained below 10 per cent of total public debt. It has been increasing since

2007-08 but seems to have stabilised now. At end-March 2013, it represented 8.7 per cent of total public debt compared with 9.1 per cent at end-March 2012 (**Table 5.3**).

¹⁵ Ways and Means Advances, (WMA) is line of credit from RBI.

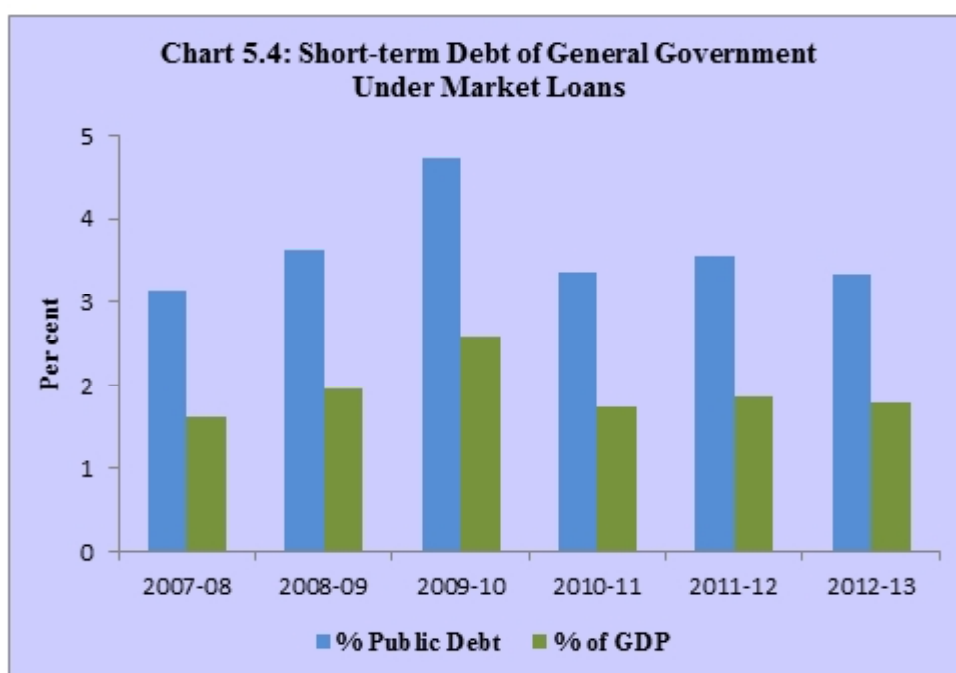
¹⁶ Intergovernmental debt such as treasury bills held by State Governments are netted out.

Table 5.3 : Short-term Debt of the General Government

Year	₹ Crore	Per cent of Public Debt	Per cent of GDP
1	2	3	4
2006-07	124879	5.2	2.9
2007-08	134498	5.2	2.7
2008-09	260432	8.6	4.6
2009-10	317790	8.9	4.9
2010-11	277625	6.9	3.6
2011-12	431550	9.1	4.8
2012-13	470794	8.7	4.7
2013-14 RE	602100	9.8	5.3

Short-term debt under market loans¹⁷ has remained stable for the general government during the recent past, barring 2009-10 when it saw some increase. At end-March 2013, short-term debt under

market loans represented 3.3 per cent of general government public debt and 1.8 per cent of GDP (Chart 5.4).

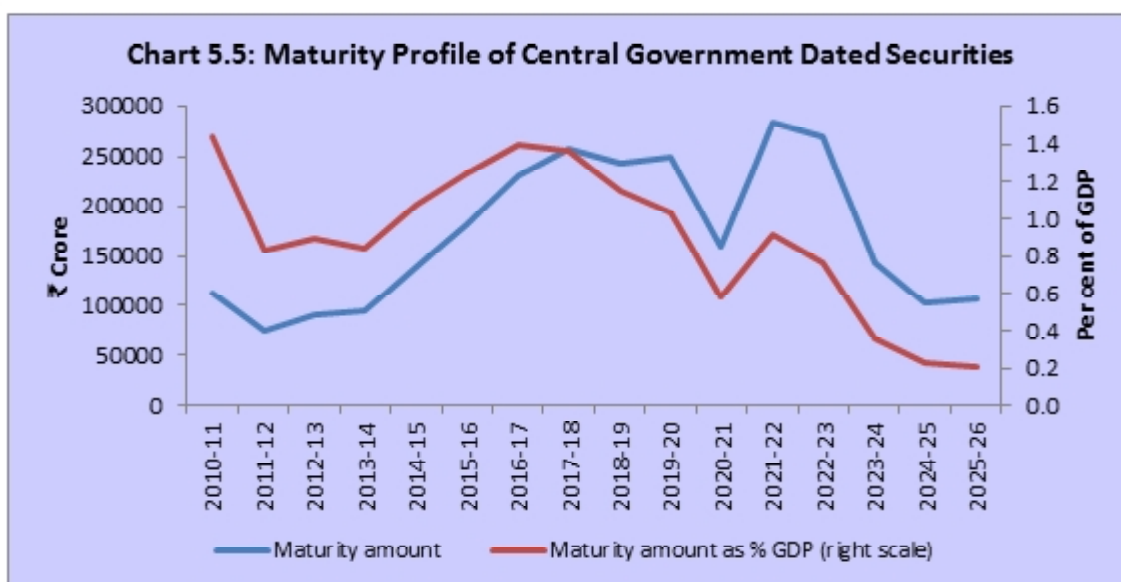


Annual Repayment Burden of Dated Securities

The annual repayment burden (ARB) of dated securities is shown in **Chart 5.5** (actual repayments for years up to 2013-14 and position as at end-March 2014 for later years). An increase in ARB is visible during 2014-15 to 2017-18 both in absolute terms as well as relative of GDP.

Government had used active debt management in year 2013-14 to smoothen the redemption profile in 2014-15. Budget 2014-15 also proposed switches and buyback for another ₹ 50,000 crore. Continuance of this strategy will enable government to reduce redemption pressure in year 2015-16 to 2017-18 also.

¹⁷ Includes market loans as well as other items in internal debt, in case of State Governments.



2. Floating Rate Debt

Government debt is predominantly at fixed coupon rates. State governments do not issue any floating rate debt, while Central Government issues a small amount. At end-March 2014 outstanding floating rate debt issued domestically amounted to ₹ 45,942 crore constituting 1.0 per cent of public debt and 0.4 per cent of GDP (Table 5.4). A part of external debt is also at floating rates, linked to

LIBOR. At end-March 2014, such external debt stood at ₹ 1,04,902 crore, constituted 2.3 per cent of public debt and 0.9 per cent of GDP. Taking both components together, total floating rate debt works out to be 1.3 per cent of GDP at end-March 2014. Share of floating rate debt in Central Government public debt was 3.3 per cent, while it represented 2.4 per cent of the general government public debt at end-March 2014.

Table 5.4: Floating Debt of the Central Government

Year	Internal Floating Debt		External Floating Debt		Total Floating Debt	
	Per cent of Public Debt	Per cent of GDP	Per cent of Public Debt	Per cent of GDP	Per cent of Public Debt	Per cent of GDP
1	2	3	4	5	6	7
2001-02	0.3	0.1	3.7	1.7	3.9	1.9
2002-03	0.2	0.1	2.2	1.1	2.5	1.2
2003-04	1.0	0.5	1.4	0.7	2.4	1.1
2004-05	2.5	1.1	1.6	0.7	4.1	1.8
2005-06	2.3	1.0	1.8	0.8	4.1	1.7
2006-07	2.1	0.8	2.0	0.8	4.1	1.6
2007-08	1.9	0.7	2.0	0.7	3.9	1.5
2008-09	1.6	0.6	2.5	1.0	4.1	1.6
2009-10	1.6	0.6	2.1	0.8	3.7	1.5
2010-11	1.5	0.6	2.4	0.9	3.8	1.4
2011-12	1.4	0.5	2.4	0.9	3.7	1.5
2012-13	1.1	0.4	2.3	0.9	3.3	1.4
2013-14	1.0	0.4	2.3	0.9	3.3	1.3

Note: In year 2013-14 total inflation index bonds issued were 0.06 per cent of GDP and 0.14 per cent of public debt.

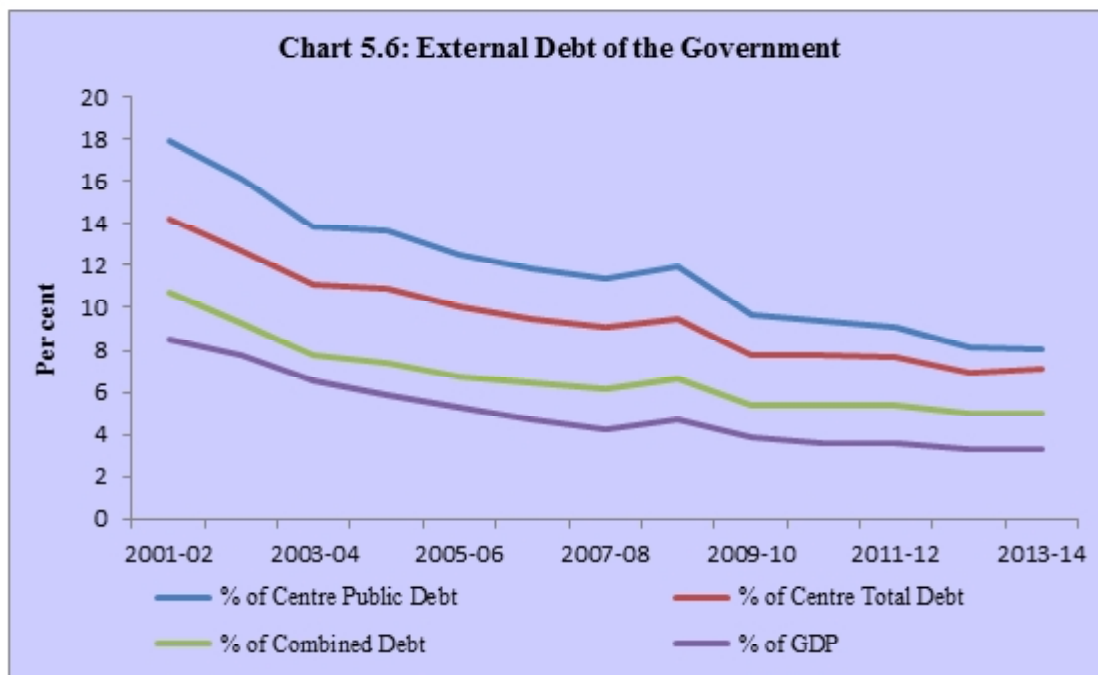
The low share of floating rate debt insulates the debt portfolio from interest rate volatility. This imparts stability to the budget. Nevertheless, for development of the government securities market

and given the Government's responsibility to provide investors with a diversified range of risk free instruments, it may be desirable to maintain a regular supply of floating rate instruments.

A related instrument is the inflation indexed bond (IIB) which has a fixed real rate of interest but whose nominal interest payments vary with inflation. Subsequent to the announcement made in the Union Budget 2013-14 regarding the introduction of inflation protected instruments, the Government issues such bonds for institutional investor, linked to Wholesale Price Index(WPI), as well as for retail investors, linked to Consumer Price Inflation(CPI) (called Inflation Indexed National Saving Certificate) in the 2013-14.

3. Origin of Debt – Domestic and External

As discussed earlier in the chapter on public debt, government debt in India is raised from a predominantly domestic investor base. The share of external debt has also seen a secular decline, from 10.8 per cent of general government debt at end-March 2002 to 5.1 per cent at end-March 2014. As per cent of GDP, external debt declined to 3.3 per cent from 8.5 per cent over the same period (**Chart 5.6**). The low share of external debt insulates the debt portfolio from currency risk.



In the recent past, interest rates in the international financial markets have been very low. In this backdrop there have been suggestions that it may be beneficial for the Government to borrow from international financial market in terms of increasing the accessible pool of savings for the economy, broadening the investor base for Government borrowings, developing benchmarks for the Indian corporate sector borrowings abroad, etc. There are, of course, certain risks such as currency risk, exposure to the volatility in global capital markets, etc. Any adverse event in international financial markets may have implication on the country's ability to borrow.

The decision to issue foreign currency denominated sovereign bonds cannot be based on relative cost alone. A study in this regard, which

was included in the last year's Status Paper, suggested that hedged external debt performs better than un-hedged external debt in terms of cost and volatility. However, even hedged external debt does not seem to be the cheaper alternative to internal debt and witnessed more volatility than internal debt over the 5 year of study (2007-12).

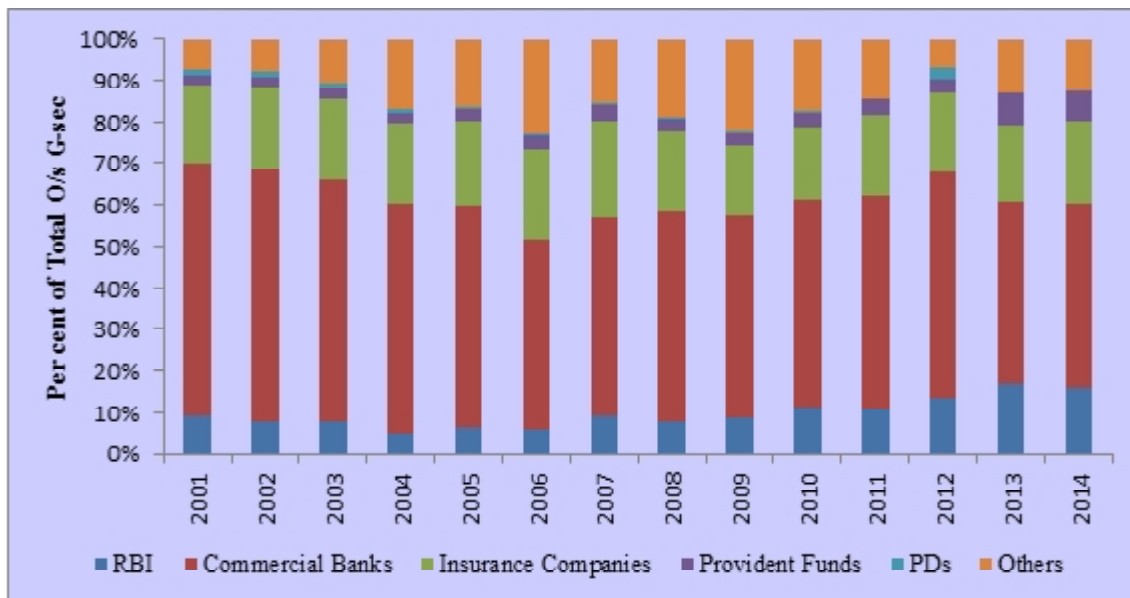
The need for a government to access international capital markets should be justified in the context of overall savings and investment requirements of economy. If a government decides to issue sovereign bonds, it would require establishing a regular and predictable schedule of issuance leading to a build up of interest and redemption payments. Therefore, the balance of payments (BoP) implications of external borrowing should also be clearly appreciated.

4. Ownership Pattern

Historically, commercial banks have been the predominant investor category in Government securities. Over time, while remaining the largest investor class, their share has declined, while the shares of insurance and provident funds have

increased (Chart 5.7). Since insurance and provident funds are long-term investors, a secular increase in their share complements Government's endeavour to lengthen the maturity profile of its debt portfolio without undue pressure on yields.

Chart 5.7: Ownership Pattern of Central Government Securities

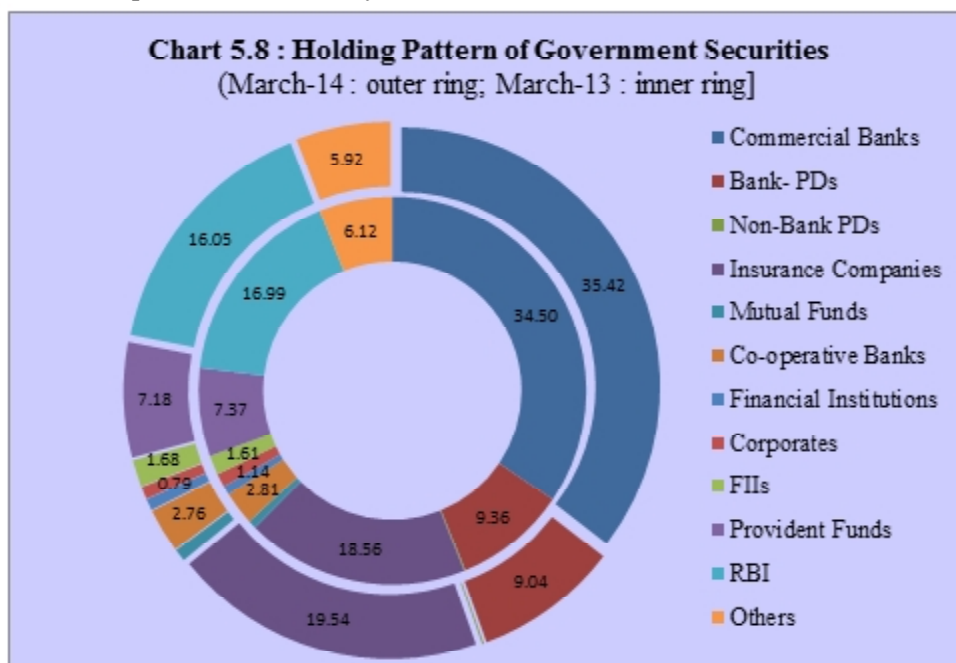


Source: Handbook of Statistics on Indian Economy, RBI

At end-March 2014, share of commercial banks stood at 44.4 per cent compared with 61.0 per cent at end-March 2001. Over the same period, the share of insurance companies increased from 18.6 per cent to 19.5 per cent and of provident funds from 2.3 per cent to 7.2 per cent. In recent years, the

share of FIIs has increased consistently and it represented 1.68 per cent of total government securities at end-March 2014 (Chart 5.8). The largely domestic and institutional investor profile contributes to stable demand for government securities.

Chart 5.8 : Holding Pattern of Government Securities
(March-14 : outer ring; March-13 : inner ring)



In continuation to the assessment of the current debt profile of the Government an attempt is made to anticipate Government Debt Structure over next three years below. (Box 5.1)

Box 5.1 :Anticipated Government Debt structure over the next three years

Ownership:

As discussed in para 4, ownership pattern has diversified over the years. While the share of commercial banks has been declining, share of insurance companies and of Provident/Pension Funds (PFs) has increased. In the next three years, it is expected that domestic and institutional investor ownership base would continue to be large with increasing share of Insurance and PF companies primarily owing to proposed reforms in Insurance Laws, opening of insurance sector to foreign investment and increased coverage of the PFs. The investment limit for foreign portfolio investors in government securities will continue to be reviewed periodically based on evolving policy preference. The appropriate level of foreign ownership of Government debt is not a single number but a dynamic decision made in accordance with a variety of macroeconomic factors including the country’s overall external debt position, current account deficit, size of Government borrowing program, etc.

Currency:

As discussed in para 3, in terms of currency, India’s public debt is predominantly in domestic currency with external debt constituting 8.1 per cent of the public debt at end-March 2014. All the external debt is contracted by the Central Government and most of external debt is from multilateral agencies such as IDA, IBRD etc. There is no borrowing from international markets.

Instrument type:

As discussed in para 2, Government debt is predominantly at fixed rates. At end-March 2014 domestically issued, outstanding floating rate debt constituted just 0.9 per cent of total public debt. India has commenced issue of Inflation Indexed Bonds. We expect in near future fix coupon rate will continue to have major share in borrowings.

Maturity Profile:

Currently, the tenor of dated securities goes up to 30 years. As seen in chapter 2, the weighted average maturity of securities under new issuances has been increasing in recent years. The weighted average maturity of outstanding stock ranged between 9.60 years (minimum) to 10.59 years (maximum) during the last 10 years. While it has generally been the endeavour to elongate the maturity profile, the tenor of new issuances is a function of acceptable roll over risk as well as market appetite across various maturity segments. The increased share of insurance companies and provident funds in ownership reflects the growing appetite for longer dated paper. It is expected that the average maturity of the outstanding stock will remain within the same range, with an elongation bias of maturity commensurate with market demand.

5. Sustainability Indicators of Debt

Traditionally debt sustainability is assessed in terms of primary deficit and interest cost, relative to nominal GDP growth rate. There is little consensus with regard to a level of debt that may be considered unsustainable. There are instances of countries with debt/GDP ratios close to or higher than 100 per cent without doubts on their ability to service debt. A secularly rising debt/GDP ratio can nonetheless be considered as leading towards unsustainability. Symmetrically, a secularly falling debt/GDP ratio can be considered as leading

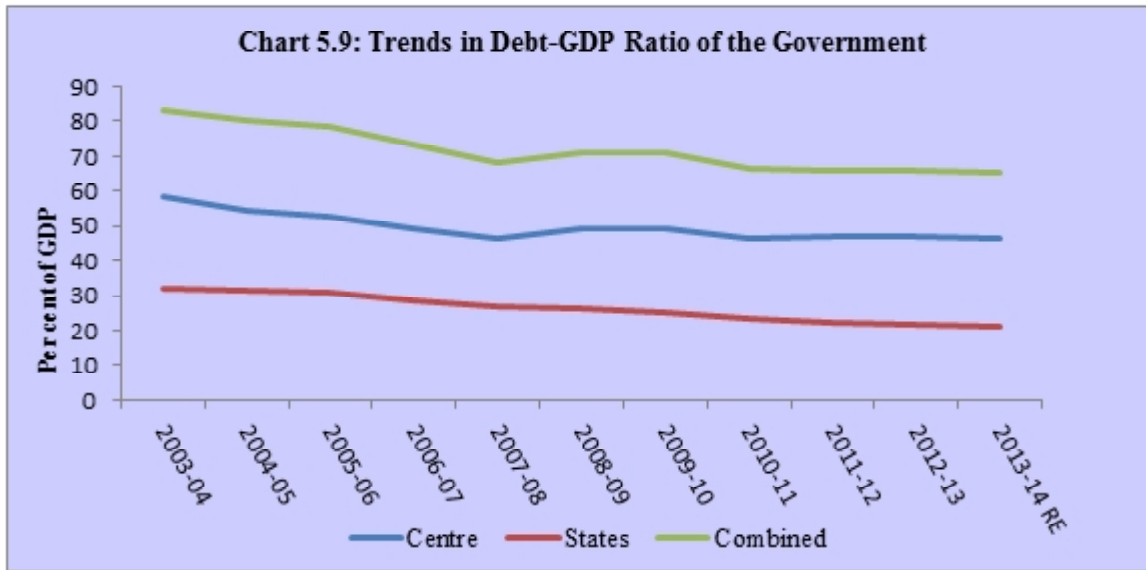
towards stability. In this chapter, assessment of the sustainability of public debt is made using trends observed in critical variables.

Level of Debt

The trend in level of debt is the first such indicator which points toward long and medium-term sustainability of the public debt. The level of debt reflects the cumulative effect of Government borrowings over time, which tends to be higher for a developing economy due to the need for creating adequate infrastructure. India’s debt level went up consistently during 1980s and 1990s and

the combined debt-GDP ratio of the Centre and States reached a peak of 83.3 per cent by the end of 2003-04. Thereafter, debt-GDP ratio has shown a secular decline. The marginal increase during 2008-09 and 2009-10 was mainly on account of

global factors (**Chart 5.9**). General government debt/GDP ratio stood at 65.2 per cent at end-March 2013 compared to 65.3 per cent at end-March 2012. Reduction in debt took place at both the Central and State level.



The debt-GDP ratio is likely to continue to trend downward in the years ahead. The estimates for debt GDP-ratio upto 2016-17 for the Central Government,

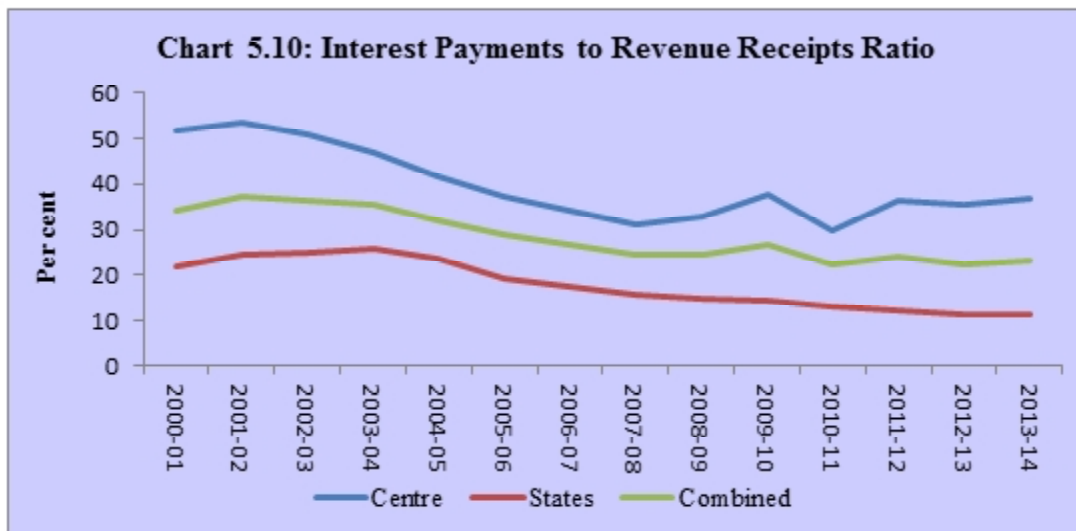
provided in the Medium Term Fiscal Policy (MTFP) Statement, underscore the commitment to sustainable debt trajectory (**Table 5.5**).

Estimates	2013-14	2014-15	2015-16	2016-17
MTFP	46.0	45.4	43.6	41.5
Kelkar Committee	44.9	42.9	-	-

Interest Payments

The interest cost of debt is another crucial indicator of the sustainability of Government debt. The ratio of interest payments to revenue receipts (IP/RR) shows a secular decline for both the

Central and State governments (**Chart 5.10**), notwithstanding the marginal increase in recent years due to increased borrowings requirements post-financial crisis of 2008-09.



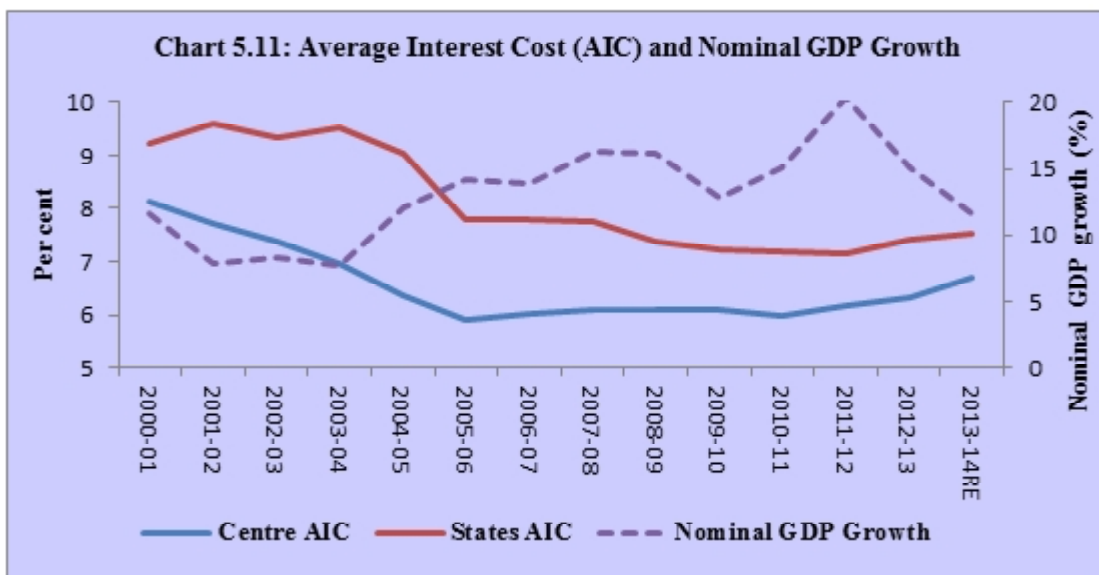
Centre's IP/RR was placed at 36.9 per cent in 2013-14 as compared with 35.6 per cent in 2012-13 and 53.4 per cent in 2001-02. Similarly, States IP/RR ratio declined to 11.4 per cent in 2013-14 from 24.7 per cent in 2001-02. Combined IP/RR of Centre and States in 2013-14 was placed at 23.2 per cent compared to 37.2 per cent in 2001-02.

Average Interest Cost

Average interest cost (AIC) is arrived at by dividing interest payments during a year with average debt stock¹⁸. A continuously declining average interest cost augurs well for the stability of government debt. Trend in average interest cost

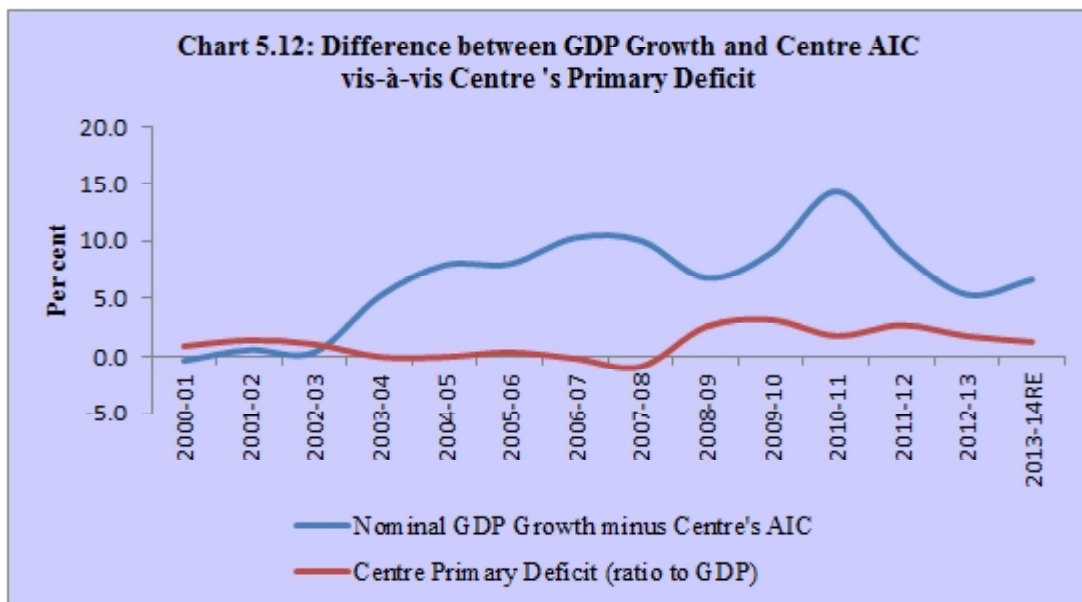
of both the Centre and states showed a downward movement over 2000s. Centre's AIC declined to 6.7 per cent in 2013-14 from 8.1 per cent in 2000-01, while states' AIC declined to 7.5 per cent from 9.2 per cent over the same period (Chart 5.11).

A comparison of AIC with nominal GDP growth rate reinforces the sustainability of public debt. Nominal growth rate in GDP has been well above the average interest cost, implying that the growth in revenue generation through GDP is likely to exceed the growth in interest obligations. This is likely to further push down the IP/RR ratio providing more fiscal space for other expenditure.



Similarly, a comparison between the difference in the average interest cost and nominal GDP growth vis-a-vis the primary deficit (as ratio of the nominal

GDP) over the same period also supports the sustainability of Centre's Debt (Chart 5.12).



¹⁸ Average debt stock is a simple average of outstanding debt at the beginning and at the end of the year.

To sum up, India's Government debt portfolio is characterized by favourable sustainability indicators and right profile. Share of short-term debt is within safe limits, although it has risen in recent years. Most of the debt is at fixed interest rates which minimizes volatility on the budget. Debt is mostly of domestic origin implying that

currency risk to the debt portfolio is insignificant, as is the likely impact of volatile international capital markets. Conventional indicators of debt sustainability, level and cost of debt, indicate that debt profile of government is within sustainable limits, and consistently improving.

ANNEXES

Annex 1: Debt Position of the Central Government

(₹ crore)

COMPONENTS OF DEBT	Actuals				Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE	BE
	1	2	3	4	5	6	7
A. PUBLIC DEBT (B+C)	2151595	2471130	2833462	3400710	3941855	4433026	4960065
B. INTERNAL DEBT (i+ii)	2028549	2337047	2675823	3230622	3764566	4250297	4771602
(i) Under MSS							
(a) Dated Securities	79773	2737	0	0	0	0	20000
(b) Treasury Bills	9000	0	0	0	0	0	
Total (a+b)	88773	2737	0	0	0	0	20000
(ii) Market Loans							
(a) Dated Securities	1433720	1832145	2157559	2593770	3061127	3515028	3976233
(b) Treasury Bills	239979	230210	237969	364835	418185	440863	475416
(c) Compensation & Other Bonds	48996	40221	32495	20208	15326	15010	14119
(d) Securities issued to International Fin. Instns	23085	24483	29315	29626	32226	30088	28299
(e) Securities against small savings	193997	207252	218485	208183	216808	228413	236641
(f) Spl. Sec. against POLIF	0	0	0	14000	20894	20894	20894
Total (a+b+c+d+e+f)	1939776	2334310	2675823	3230622	3764566	4250297	4751602
C. External Debt	123046	134083	157639	170088	177289	182729	188463
D. Other Liabilities							
(a) National Small Savings Fund	470141	521194	568614	582011	597737	622135	647021
(b) State Provident Fund	83377	99433	111947	122751	133672	143672	155672
(c) Other Account	325383	318749	295989	277904	257424	234992	296999
(d) Reserve funds & Deposit (i + ii)	128682	119453	128762	133877	139904	153625	162901
(i) Bearing Interest	78384	72875	70421	74413	83871	96133	106543
(ii) Not bearing interest	50298	46578	58340	59464	56033	57492	56358
Total (a+b+c+d)	1007583	1058830	1105312	1116542	1128737	1154424	1262592
E. TOTAL LIABILITIES (A+D)	3159178	3529960	3938774	4517252	5070592	5587449	6222658

Annex II : Statement showing Maturity Profile of Market Loans including Floating Rate Bonds (FRBs), Converted Special Securities and Special Securities as on 31st March, 2014

Year of Maturity	MARKET LOANS					SPECIAL SECURITIES							Grand Total Col.(7) + Col.(12)
	Fixed Coupon Dated Securities	Floating Rate Bonds	Conversion of Special Securities issued to	Dated Securities under MSS	Total Col.(2) to Col.(6)	Oil Marketing Companies	Fertiliser Companies	Food Corporation of India	Others	Total Col.(8) to Col.(11)	Total Col.(12)		
												Banks	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
2014-15	128795.34	5000.00	0.00	5000.00	0.00	138795.34	35000.00	0.00	0.00	0.00	35000.00	142295.34	
2015-16	166877.43	12000.00	0.00	3000.00	0.00	181877.43	0.00	0.00	0.00	0.00	0.00	181877.43	
2016-17	225129.85	6000.00	0.00	0.00	0.00	231129.85	0.00	0.00	0.00	0.00	0.00	231129.85	
2017-18	242773.60	3000.00	0.00	11000.00	0.00	256773.60	0.00	0.00	0.00	0.00	0.00	256773.60	
2018-19	237347.88	0.00	0.00	6130.00	0.00	243477.88	0.00	0.00	0.00	0.00	0.00	243477.88	
2019-20	164000.00	0.00	0.00	12000.00	0.00	176000.00	0.00	0.00	0.00	0.00	0.00	176000.00	
2020-21	221000.00	13000.00	0.00	0.00	0.00	234000.00	0.00	0.00	100.00	0.00	100.00	234100.00	
2021-22	282213.32	0.00	1632.33	0.00	0.00	283845.65	10000.00	0.00	0.00	400.00	10400.00	294245.65	
2022-23	254000.00	0.00	5464.69	11000.00	0.00	270464.69	0.00	8273.85	5000.00	0.00	13273.85	283738.54	
2023-24	129000.00	0.00	0.00	8000.00	0.00	137000.00	31150.00	3880.00	0.00	9996.01	45026.01	182026.01	
2024-25	102000.00	0.00	0.00	0.00	0.00	102000.00	52860.17	0.00	5000.00	0.00	57860.17	159860.17	
2025-26	90000.00	0.00	0.00	16687.95	0.00	106687.95	0.00	3550.87	0.00	0.00	3550.87	110238.82	
2026-27	177000.00	0.00	4388.55	0.00	0.00	181388.55	36913.00	0.00	6200.00	0.00	43113.00	224501.55	
2027-28	161000.00	0.00	2679.57	0.00	0.00	163679.57	0.00	0.00	0.00	0.00	0.00	163679.57	
2028-29	11000.00	0.00	0.00	0.00	0.00	11000.00	0.00	0.00	0.00	0.00	0.00	11000.00	
2030-31	107000.00	0.00	0.00	0.00	0.00	107000.00	0.00	0.00	0.00	0.00	0.00	107000.00	
2031-32	88000.00	0.00	2687.11	0.00	0.00	90687.11	0.00	0.00	0.00	0.00	0.00	90687.11	
2032-33	119000.03	0.00	3956.50	0.00	0.00	122956.53	0.00	0.00	0.00	0.00	0.00	122956.53	
2034-35	60000.00	350.00	0.00	0.00	0.00	60350.00	0.00	0.00	0.00	0.00	0.00	60350.00	
2035-36	52000.00	0.00	0.00	0.00	0.00	52000.00	0.00	0.00	0.00	0.00	0.00	52000.00	
2036-37	86000.00	0.00	0.00	0.00	0.00	86000.00	0.00	0.00	0.00	0.00	0.00	86000.00	
2038-39	13000.00	0.00	0.00	0.00	0.00	13000.00	0.00	0.00	0.00	0.00	0.00	13000.00	
2040-41	72000.00	0.00	0.00	0.00	0.00	72000.00	0.00	0.00	0.00	0.00	0.00	72000.00	
2041-42	90000.00	0.00	0.00	0.00	0.00	90000.00	0.00	0.00	0.00	0.00	0.00	90000.00	
2042-43	56000.00	0.00	0.00	0.00	0.00	56000.00	0.00	0.00	0.00	0.00	0.00	56000.00	
2043-44	39472.28	0.00	0.00	0.00	0.00	39472.28	0.00	0.00	0.00	0.00	0.00	39472.28	
Total	3374609.7	39350	20809	72818	0	3507586.43	134423.17	15704.72	16200.00	10496.01	176823.90	3644938.05	

Memo Items:

Unclaimed Amount/ Outstanding against matured Securities

414.13

3508000.56

Annex - III : Statement showing Weighted Average Rate of Interest (Maturity year wise) on Market Loans including Floating Rate Bonds (FRBs), Converted Special Securities and Special Securities as on 31st March, 2014

Year of Maturity	MARKET LOANS				SPECIAL SECURITIES							Wtd Average Col.(7) and Col.(12)
	Fixed Coupon Dated Securities	Floating Rate Bonds	Conversion of Special Securities issued to	Dated Securities under MSS	Wtd Average Col.(2) to Col.(6)	Oil Marketing Companies	Fertiliser Companies	Food Corporation of India	Others	Wtd Average Col.(8) to Col.(11)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			Banks	Others								(₹ crore)
(Weighted Average Rate of Interest)												
2014-15	7.46	7.54	0.00	7.37	0.00	7.46	7.60	0.00	0.00	0.00	7.60	7.46
2015-16	7.45	8.67	0.00	7.38	0.00	7.53	0.00	0.00	0.00	0.00	0.00	7.53
2016-17	7.93	7.62	0.00	0.00	0.00	7.92	0.00	0.00	0.00	0.00	0.00	7.92
2017-18	7.69	9.13	0.00	6.81	0.00	7.67	0.00	0.00	0.00	0.00	0.00	7.67
2018-19	7.67	0.00	0.00	5.69	0.00	7.62	0.00	0.00	0.00	0.00	0.00	7.62
2019-20	6.93	0.00	0.00	6.18	0.00	6.88	0.00	0.00	0.00	0.00	0.00	6.88
2020-21	8.21	8.92	0.00	0.00	0.00	8.25	0.00	0.00	0.00	0.00	11.50	8.25
2021-22	8.42	0.00	8.20	0.00	0.00	8.42	7.94	0.00	0.00	9.75	8.01	8.41
2022-23	8.16	0.00	8.10	5.87	0.00	8.07	0.00	6.88	8.15	0.00	7.36	8.04
2023-24	7.45	0.00	0.00	6.17	0.00	7.38	8.17	8.30	0.00	8.35	8.22	7.59
2024-25	8.97	0.00	0.00	0.00	0.00	8.97	7.41	0.00	8.03	0.00	7.46	8.43
2025-26	8.20	0.00	0.00	5.97	0.00	7.85	0.00	7.95	0.00	0.00	7.95	7.85
2026-27	8.45	0.00	8.24	0.00	0.00	8.45	7.40	0.00	8.23	0.00	7.52	8.27
2027-28	8.06	0.00	8.27	0.00	0.00	8.06	0.00	0.00	0.00	0.00	0.00	8.06
2028-29	6.13	0.00	0.00	0.00	0.00	6.13	0.00	0.00	0.00	0.00	0.00	6.13
2030-31	9.01	0.00	0.00	0.00	0.00	9.01	0.00	0.00	0.00	0.00	0.00	9.01
2031-32	8.28	0.00	8.28	0.00	0.00	8.28	0.00	0.00	0.00	0.00	0.00	8.28
2032-33	8.14	0.00	8.32	0.00	0.00	8.14	0.00	0.00	0.00	0.00	0.00	8.14
2034-35	7.50	7.17	0.00	0.00	0.00	7.50	0.00	0.00	0.00	0.00	0.00	7.50
2035-36	7.40	0.00	0.00	0.00	0.00	7.40	0.00	0.00	0.00	0.00	0.00	7.40
2036-37	8.33	0.00	0.00	0.00	0.00	8.33	0.00	0.00	0.00	0.00	0.00	8.33
2038-39	6.83	0.00	0.00	0.00	0.00	6.83	0.00	0.00	0.00	0.00	0.00	6.83
2040-41	8.30	0.00	0.00	0.00	0.00	8.30	0.00	0.00	0.00	0.00	0.00	8.30
2041-42	8.83	0.00	0.00	0.00	0.00	8.83	0.00	0.00	0.00	0.00	0.00	8.83
2042-43	8.30	0.00	0.00	0.00	0.00	8.30	0.00	0.00	0.00	0.00	0.00	8.30
2043-44	9.23	0.00	0.00	0.00	0.00	9.23	0.00	0.00	0.00	0.00	0.00	9.23
Weighted Average Interest Rate as on 31st March, 2014	8.02	8.47	8.23	6.27	0.00	7.99	7.63	7.47	8.14	8.43	7.71	8.07

**Annex -IV : List of Government of India Securities Outstanding as on March 31, 2014
- Maturity Year Wise**

(₹ crore)

Sl.No.	Nomenclature	Date of Issue	Date of Maturity	Security wise Outstanding Stock	Maturity Year Wise Outstanding stock
1	2	3	4	5	6
2014-15					
1	7.37% GS,2014 (Conv)	16-Apr-2002	16-Apr-2014	40,751.20	
2	6.07% GS,2014	15-May-2009	15-May-2014	27,958.20	
3	Govt.of India Floating Rate Bonds,2014	20-May-2003	20-May-2014	5,000.00	
4	10.00% Loan,2014	20-May-2003	20-May-2014	1,403.63	
5	7.32% GS,2014	30-May-1983	30-May-1983	13,000.00	
6	10.50% Loan,2014	20-Oct-2009	20-Oct-2014	1,025.36	
7	7.56% GS,2014	29-Oct-1984	29-Oct-2014	40,845.08	
8	11.83% GS,2014	3-Nov-2008	12-Nov-2014	5,042.46	
9	10.47% GS,2015	12-Nov-1999	12-Feb-2015	3,769.40	1,38,795.34
2015-16					
10	10.79% GS,2015	19-May-2000	19-May-2015	999.38	
11	11.50% GS Loan,2015	21-May-1985	21-May-2015	1,899.16	
12	6.49% GS,2015	8-Jun-2009	8-Jun-2015	39,500.14	
13	7.17% GS,2015	14-Jun-2010	14-Jun-2015	55,449.93	
14	Govt.of India Floating Rate Bonds,2015	2-Jul-2004	2-Jul-2015	6000	
15	11.43% GS,2015	7-Aug-2000	7-Aug-2015	7,204.30	
16	Govt.of India Floating Rate Bonds,2015 II	10-Aug-04	10-Aug-2015	6000	
17	7.38% GS,2015 (Conv)	3-Sep-2002	3-Sep-2015	57,386.74	
18	9.85% GS,2015	16-Oct-2001	16-Oct-2015	7,437.78	1,81,877.43
2016-17					
19	7.59% GS,2016	12-Apr-2006	12-Apr-2016	68,000.00	
20	10.71% GS,2016	19-Apr-2001	19-Apr-2016	9,000.00	
21	Govt.of India Floating Rate Bonds,2016	7-May-2004	7-May-2016	6000	
22	5.59% GS,2016	4-Jun-2004	4-Jun-2016	6,000.00	
23	12.30% GS,2016	2-Jul-1999	2-Jul-2016	13,129.85	
24	7.02% GS,2016	17-Aug-2009	17-Aug-2016	60,000.00	
25	8.07% GS,2017	15-Jan-2002	15-Jan-2017	69,000.00	2,31,129.85
2017-18					
26	7.49% GS,2017 (Conv)	16-Apr-2002	16-Apr-2017	58,000.00	
27	Govt.of India Floating Rate Bonds,2017	02-Jul-02	2-Jul-2017	3000	
28	8.07% GS,2017	3-Jul-2012	3-Jul-2017	50,000.00	
29	7.99% GS,2017	9-Jul-2007	9-Jul-2017	71,000.00	
30	7.46% GS,2017	28-Aug-2002	28-Aug-2017	57,886.80	
31	6.25% GS,2018 (Conv)	2-Jan-2003	2-Jan-2018	16,886.80	2,56,773.60
2018-19					
32	7.83% GS,2018	11-Apr-2011	11-Apr-2018	73,000.00	
33	8.24% GS,2018	22-Apr-2008	22-Apr-2018	75,000.00	
34	10.45% GS,2018	30-Apr-2001	30-Apr-2018	3,716.00	
35	5.69% GS,2018 (Conv)	25-Sep-2003	25-Sep-2018	16,130.00	

(₹ crore)

Sl.No.	Nomenclature	Date of Issue	Date of Maturity	Security wise Outstanding Stock	Maturity Year Wise Outstanding stock
1	2	3	4	5	6
36	12.60% GS,2018	23-Nov-1998	23-Nov-2018	12,631.88	
37	5.64% GS,2019	2-Jan-2004	2-Jan-2019	10,000.00	
38	6.05% GS 2019	2-Feb-2009	2-Feb-2019	53,000.00	2,43,477.88
2019-20					
39	7.28% GS 2019	3-Jun-2013	3-Jun-2019	53,000.00	
40	6.05% GS,2019 (Conv)	12-Jun-2003	12-Jun-2019	11,000.00	
41	6.90% GS,2019	13-Jul-2009	13-Jul-2019	45,000.00	
42	10.03% GS,2019	9-Aug-2001	9-Aug-2019	6,000.00	
43	6.35% GS,2020 (Conv)	2-Jan-2003	2-Jan-2020	61,000.00	
44	8.19% GS,2020	16-Jan-2012	16-Jan-2020	74,000.00	2,50,000.00
2020-21					
45	10.70% GS,2020	22-Apr-2000	22-Apr-2020	6,000.00	
46	7.80% GS,2020	3-May-2010	3-May-2020	60,000.00	
47	Govt.of India Floating Rate Bonds,2020	21-Dec-09	21-Dec-2020	13000	
48	8.12% GS,2020	10-Dec-2012	10-Dec-2021	76,000.00	
49	11.60% GS,2020	27-Dec-2000	27-Dec-2021	5,000.00	1,60,000.00
2021-22					
50	7.80% GS,2021	11-Apr-2011	11-Apr-2021	68,000.00	
51	7.94% GS,2021	24-May-2006	24-May-2021	49,000.00	
52	10.25% GS,2021	30-May-2001	30-May-2021	26,213.32	
53	8.79% GS,2021	8-Nov-2011	8-Nov-2021	83,000.00	
54	8.20% GS,2022	15-Feb-2007	15-Feb-2022	57,632.33	2,83,845.65
2022-23					
55	8.35% GS,2022	14-May-2002	14-May-2022	44,000.00	
56	8.15% GS,2022	11-Jun-2012	11-Jun-2022	83,000.00	
57	8.08% GS,2022	2-Aug-2007	2-Aug-2022	61,969.41	
58	5.87% GS 2022 (Conv)	28-Aug-2003	28-Aug-2022	11000	
59	8.13% GS,2022	21-Sep-2007	21-Sep-2022	70,495.28	2,70,464.69
2023-24					
60	6.30% GS,2023	9-Apr-2003	9-Apr-2023	13,000.00	
61	7.16% GS,2023	20-May-2013	20-May-2023	77,000.00	
62	6.17% GS,2023 (Conv)	12-Jun-2003	12-Jun-2023	14,000.00	
63	8.83% GS,2023	25-Nov-2013	25-Nov-2023	33,000.00	1,37,000.00
2024-25					
64	7.35% GS,2024	22-Jun-2009	22-Jun-2024	10,000.00	
65	9.15% GS,2024	14-Nov-2011	14-Nov-2024	92,000.00	1,02,000.00
2025-26					
66	8.20% GS,2025	24-Sep-2012	24-Sep-2025	90,000.00	
67	5.97% GS 2025 (Conv)	25-Sep-03	25-Sep-2025	16687.95	1,06,687.95
2026-27					
68	8.33% GS,2026	9-Jul-2012	9-Jul-2026	90,000.00	
69	10.18% GS,2026	11-Sep-2001	11-Sep-2026	15,000.00	
70	8.24% GS,2027	15-Feb-2007	15-Feb-2027	76,388.55	1,81,388.55

Government Debt : Status Paper

(₹ crore)

Sl.No.	Nomenclature	Date of Issue	Date of Maturity	Security wise Outstanding Stock	Maturity Year Wise Outstanding stock
1	2	3	4	5	6
2027-28					
71	8.26% GS,2027	2-Aug-2007	2-Aug-2027	73,427.33	
72	8.28% GS 2027	21-Sep-2007	21-Sep-2027	75,252.24	
73	6.01% GS,2028	25-Mar-2003	25-Mar-2028	15,000.00	1,63,679.57
2028-29					
74	6.13% GS,2028	4-Jun-2003	4-Jun-2028	11,000.00	11,000.00
2030-31					
75	9.20% GS,2030	30-Sep-2013	30-Sep-2030	17,000.00	
76	8.97% GS,2030	5-Dec-2011	5-Dec-2030	90,000.00	1,07,000.00
2031-32					
77	8.28% GS,2032	15-Feb-2007	15-Feb-2032	90,687.11	90,687.11
2032-33					
78	8.32% GS,2032	2-Aug-2007	2-Aug-2032	62,434.05	
79	7.95% GS,2032	28-Aug-2002	28-Aug-2032	59,000.00	
80	8.33% GS 2032	21-Sep-2007	21-Sep-2032	1522.48	1,22,956.53
2034-35					
81	7.50% GS,2034	10-Aug-2004	10-Aug-2034	60,000.00	
82	Govt.of India Floating Rate Bonds,2035	25-Jan-05	25-Jan-2035	350.00	60,350.00
2035-36					
83	7.40% GS,2035	9-Sep-2005	9-Sep-2035	52,000.00	52,000.00
2036-37					
84	8.33% GS,2036	7-Jun-2006	7-Jun-2036	86,000.00	86,000.00
2038-39					
85	6.83% GS,2039	19-Jan-2009	19-Jan-2039	13,000.00	13,000.00
2040-41					
86	8.30% GS,2040	2-Jul-2010	2-Jul-2040	72,000.00	72,000.00
2041-42					
87	8.83% GS,2041	12-Dec-2011	12-Dec-2041	90,000.00	90,000.00
2042-43					
88	8.30% GS,2042	31-Dec-2012	31-Dec-2042	56,000.00	56,000.00
2043-44					
89	9.23% GS,2043	23-Dec-2013	23-Dec-2043	39,472.28	39,472.28
Grand Total				35,07,586.43	35,07,586.43

Annex - V : List of Government of India Securities Outstanding as on March 31, 2014 - Interest Rate Wise

(₹ crore)

Sl.No.	Nomenclature of Govt. Security	Coupen (per cent)	Date of Maturity	Amount Outstanding	Sub Total	% of Total Outstanding
1	2	3	4	5	6	7
GOI Securities bearing Interest rate less than or equal to 7%						
1	5.59% GS,2016	5.59	4-Jun-2016	6,000.00		
2	5.64% GS,2019	5.64	2-Jan-2019	10,000.00		
3	5.69% GS,2018 (Conv)	5.69	25-Sep-2018	16,130.00		
4	5.87% GS 2022 (Conv)	5.87	28-Aug-2022	11,000.00		
5	5.97% GS 2025 (Conv)	5.97	25-Sep-2025	16,687.95		
6	6.01% GS,2028	6.01	25-Mar-2028	15,000.00		
7	6.05% GS 2019	6.05	2-Feb-2019	53,000.00		
8	6.05% GS,2019 (Conv)	6.05	12-Jun-2019	11,000.00		
9	6.07% GS,2014	6.07	15-May-2014	27,958.20		
10	6.13% GS,2028	6.13	4-Jun-2028	11,000.00		
11	6.17% GS,2023 (Conv)	6.17	12-Jun-2023	14,000.00		
12	6.25% GS,2018 (Conv)	6.25	2-Jan-2018	16,886.80		
13	6.30% GS,2023	6.30	9-Apr-2023	13,000.00		
14	6.35% GS,2020 (Conv)	6.35	2-Jan-2020	61,000.00		
15	6.49% GS,2015	6.49	8-Jun-2015	39,500.14		
16	6.83% GS,2039	6.83	19-Jan-2039	13,000.00		
17	6.90% GS,2019	6.90	13-Jul-2019	45,000.00	3,80,163.09	10.8
GOI Securities bearing Interest rate above 7% but less than or equal to 8%						
18	7.02% GS,2016	7.02	17-Aug-2016	60,000.00		
19	7.16% GS,2023	7.16	20-May-2023	77,000.00		
20	7.17% GS,2015	7.17	14-Jun-2015	55,449.93		
21	Govt.of India Floating Rate Bonds,2035	7.17	25-Jan-2035	350.00		
22	7.28% GS 2019	7.28	3-Jun-2019	53,000.00		
23	7.32% GS,2014	7.32	30-May-1983	13,000.00		
24	7.35% GS,2024	7.35	22-Jun-2024	10,000.00		
25	7.37% GS,2014 (Conv)	7.37	16-Apr-2014	40,751.20		
26	7.38% GS,2015 (Conv)	7.38	3-Sep-2015	57,386.74		
27	7.40% GS,2035	7.40	9-Sep-2035	52,000.00		
28	7.46% GS,2017	7.46	28-Aug-2017	57,886.80		
29	7.49% GS,2017 (Conv)	7.49	16-Apr-2017	58,000.00		
30	7.50% GS,2034	7.50	10-Aug-2034	60,000.00		
31	Govt.of India Floating Rate Bonds,2014	7.54	20-May-2014	5,000.00		
32	7.56% GS,2014	7.56	29-Oct-2014	40,845.08		
33	Govt.of India Floating Rate Bonds,2015	7.57	2-Jul-2015	6,000.00		
34	7.59% GS,2016	7.59	12-Apr-2016	68,000.00		
35	Govt.of India Floating Rate Bonds,2016	7.62	7-May-2016	6,000.00		
36	7.80% GS,2020	7.80	3-May-2020	60,000.00		
37	7.80% GS,2021	7.80	11-Apr-2021	68,000.00		
38	7.83% GS,2018	7.83	11-Apr-2018	73,000.00		
39	7.94% GS,2021	7.94	24-May-2021	49,000.00		
40	7.95% GS,2032	7.95	28-Aug-2032	59,000.00		
41	7.99% GS,2017	7.99	9-Jul-2017	71,000.00	11,00,669.75	31.4

Government Debt : Status Paper

(₹ crore)

Sl.No.	Nomenclature of Govt. Security	Coupn (per cent)	Date of Maturity	Amount	Sub Total	% of Total Outstanding
1	2	3	4	5	6	7
GOI Securities bearing Interest rate above 8% but less than or equal to 9%						
42	8.07% GS,2017	8.07	15-Jan-2017	69,000.00		
43	8.07% GS,2017	8.07	3-Jul-2017	50,000.00		
44	8.08% GS,2022	8.08	2-Aug-2022	61,969.41		
45	8.12% GS,2020	8.12	10-Dec-2021	76,000.00		
46	8.13% GS,2022	8.13	21-Sep-2022	70,495.28		
47	8.15% GS,2022	8.15	11-Jun-2022	83,000.00		
48	8.19% GS,2020	8.19	16-Jan-2020	74,000.00		
49	8.20% GS,2022	8.20	15-Feb-2022	57,632.33		
50	8.20% GS,2025	8.20	24-Sep-2025	90,000.00		
51	8.24% GS,2018	8.24	22-Apr-2018	75,000.00		
52	8.24% GS,2027	8.24	15-Feb-2027	76,388.55		
53	8.26% GS,2027	8.26	2-Aug-2027	73,427.33		
54	8.28% GS,2027	8.28	21-Sep-2027	75,252.24		
55	8.28% GS,2032	8.28	15-Feb-2032	90,687.11		
56	8.30% GS,2040	8.30	2-Jul-2040	72,000.00		
57	8.30% GS,2042	8.30	31-Dec-2042	56,000.00		
58	8.32% GS,2032	8.32	2-Aug-2032	62,434.05		
59	8.33% GS,2026	8.33	9-Jul-2026	90,000.00		
60	8.33% GS,2032	8.33	21-Sep-2032	1,522.48		
61	8.33% GS,2036	8.33	7-Jun-2036	86,000.00		
62	8.35% GS,2022	8.35	14-May-2022	44,000.00		
63	8.79% GS,2021	8.79	8-Nov-2021	83,000.00		
64	8.83% GS,2023	8.83	25-Nov-2023	33,000.00		
65	8.83% GS,2041	8.83	12-Dec-2041	90,000.00		
66	GOI Floating Rate Bonds,2020	8.92	21-Dec-2020	13,000.00		
67	8.97% GS,2030	8.97	5-Dec-2030	90,000.00	17,43,808.78	49.7
GOI Securities bearing Interest rate above 9%						
68	GOI Floating Rate Bonds,2017	9.13	2-Jul-2017	3,000.00		
69	9.15% GS,2024	9.15	14-Nov-2024	92,000.00		
70	9.20% GS,2030	9.20	30-Sep-2030	17,000.00		
71	9.23% GS,2043	9.23	23-Dec-2043	39,472.28		
72	GOI Floating Rate Bonds,2015 II	9.77	10-Aug-2015	6,000.00		
73	9.85% GS,2015	9.85	16-Oct-2015	7,437.78		
74	10.00% Loan,2014	10.00	20-May-2014	1,403.63		
75	10.03% GS,2019	10.03	9-Aug-2019	6,000.00		
76	10.18% GS,2026	10.18	11-Sep-2026	15,000.00		
77	10.25% GS,2021	10.25	30-May-2021	26,213.32		
78	10.45% GS,2018	10.45	30-Apr-2018	3,716.00		
79	10.47% GS,2015	10.47	12-Feb-2015	3,769.40		
80	10.50% Loan,2014	10.50	20-Oct-2014	1,025.36		
81	10.70% GS,2020	10.70	22-Apr-2020	6,000.00		
82	10.71% GS,2016	10.71	19-Apr-2016	9,000.00		
83	10.79% GS,2015	10.79	19-May-2015	999.38		
84	11.43% GS,2015	11.43	7-Aug-2015	7,204.30		
85	11.50% GS Loan,2015	11.50	21-May-2015	1,899.16		
86	11.60% GS,2020	11.60	27-Dec-2021	5,000.00		
87	11.83% GS,2014	11.83	12-Nov-2014	5,042.46		
88	12.30% GS,2016	12.30	2-Jul-2016	13,129.85		
89	12.60% GS,2018	12.60	23-Nov-2018	12,631.88	2,82,944.81	8.1
Grand Total				35,07,586.43	35,07,586.43	100.00

Annex - VI : List of Government Securities issued to NSSF outstanding as on March 31, 2014

Nomenclature/ Name of Securities	Coupon / Interest Rate	Date of issue	Initial Amount	Outstanding Amount			
				as at end- March 2011	as at end- March 2012	as at end- March 2013	as at end- March 2014
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Category I							
10.5% Special GOI Securities	10.5	01-Apr-99	73,569.2	73,569.2	64,569.2	64,569.2	64,569.2
Category II							
13.5% Special GOI Securities	13.5	-	8,978.9	6,285.2	5,836.3	5,387.3	4,938.4
12.5% Special GOI Securities	12.5	-	8,316.3	6,237.2	5,821.4	5,405.6	4,989.8
11.0% Special GOI Securities	11.0	-	8,754.6	7,003.6	6,565.9	6,128.2	5,690.5
9.5% Special GOI Securities	9.5	-	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
9.5% Special GOI Securities	9.5	-	12,535.7	12,535.7	12,535.7	12,535.7	12,535.7
9.5% Special GOI Securities	9.5	-	-	-	-	-	3,639.5
Sub-total			41,085.40	34,561.8	33,259.3	31,956.8	34,293.8
Category III							
7% Special GOI Securities 2023	7.0	01-Apr-03	13,765.6	13,765.6	13,765.6	13,765.6	13,765.58
6% Special GOI Securities, 2023	6.0	30-Sep-03	32,602.3	32,602.3	32,602.3	32,602.3	32,602.28
5.95% Special GOI Securities, 2024	5.95	31-Mar-04	13,608.9	13,608.9	13,608.9	13,608.9	13,608.87
6.96% Special GOI Securities, 2024	6.96	31-Dec-04	22,665.0	22,665.0	22,665.0	22,665.0	22,665.00
7% Special GOI Securities, 2025	7.00	01-Apr-05	10,010.0	10,010.0	10,010.0	10,010.0	10,010.00
7.5% Special GOI Securities, 2025	7.50	30-Sep-05	888.0	888.0	888.0	888.0	888.00
7.6% Special GOI Securities, 2026	7.60	31-Mar-06	907.9	907.9	907.9	907.9	907.87
8.17% Special GOI Securities, 2026	8.17	30-Sep-06	2,015.9	2,015.9	2,015.9	2,015.9	2,015.85
7.88% Special GOI Securities, 2027	7.88	31-Mar-07	1,832.9	1,832.9	1,832.9	1,832.9	1,832.89
7.64% Special GOI Securities, 2029	7.64	30-Sep-09	6,000.0	6,000.0	6,000.0	6,000.0	6,000.00
8.21% Special GOI Securities, 2030	8.21	31-Mar-10	6,058.0	6,058.0	6,058.0	6,058.0	6,058.00
9.50% Special GOI Securities, 2033	9.50	31-Mar-13	9928.00	-	-	9,928.0	9,928.00
9.50% Special GOI Securities, 2034	9.50	31-Mar-14	10020.00	-	-	-	10,020.00
Sub-total			130,302.34	110,354.3	110,354.3	120,282.3	130,302.3
TOTAL			244,956.93	218,485.3	208,182.8	216,808.3	229,165.4

Note :- Two securities 9.50 % Special GOI Securities 2032 issued on April 1, 2012 and September 30, 2012 have not been included to align data with the Budget document.

Annex - VII : Interest rate on various Small Savings Instruments

Instrument	Rate of interest (%) Before 1.12.2011	Rate of Interest (%) w.e.f. 1.12.2011	Revised Rate (%) (w.e.f. 1.4.2012)	Revised Rate (%) (w.e.f. 1.4.2013)	Revised Rate (%) (w.e.f. 1.4.2014)
(1)	(2)	(3)	(4)	(5)	(6)
Savings Deposit	3.5	4.0	4.0	4.0	4.0
1 year Time Deposit	6.3	7.7	8.2	8.2	8.4
2 year Time Deposit	6.5	7.8	8.3	8.2	8.4
3 year Time Deposit	7.3	8.0	8.4	8.3	8.4
5 year Time Deposit	7.5	8.3	8.5	8.4	8.5
5 year Recurring Deposit	7.5	8.0	8.4	8.3	8.4
5-year SCSS	9.0	9.0	9.3	9.2	9.2
5 year MIS	8.0	8.2	8.5	8.4	8.4
	(6 Year MIS)				
5 year NSC	8.0	8.4	8.6	8.5	8.5
	(6 year NSC)				
10 year NSC	New Instrument	8.7	8.9	8.8	8.8
PPF	8.0	8.6	8.8	8.7	8.7

Annex VIII : Donor-wise Sovereign External Debt

Category	at end-March													(₹ Crore)
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 PR		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
I. External Debt on Government Account under External Assistance (A+B)	196,067.6	184,202.8	191,270.9	194,198.5	201,199.0	210,086.0	264,059.5	249,305.7	278,877.4	322,896.6	332,003.8	374,483.4		
A. Multilateral (1 to 5)	129,715.6	120,123.5	127,916.9	133,923.4	141,736.5	144,631.7	181,996.9	170,723.4	190,325.2	222,584.3	235,670.8	268,490.6		
1. IDA	101,092.8	100,066.1	103,755.9	104,539.5	107,019.7	105,947.9	126,120.3	114,552.2	119,066.3	136,822.0	141,119.4	161,164.8		
2. IBRD	19,058.4	14,097.6	16,525.4	19,639.3	21,862.7	22,634.4	29,949.3	28,875.2	39,219.0	45,327.5	48,239.3	53,433.0		
3. ADB	8,098.8	4,509.4	6,168.1	8,321.3	11,433.4	14,593.8	24,283.5	25,802.7	30,455.1	38,560.0	44,301.0	51,468.8		
4. IFAD	1,174.3	1,172.1	1,210.9	1,191.4	1,218.8	1,244.0	1,437.3	1,299.7	1,397.4	1,661.9	1,788.5	2,182.0		
5. Others	291.2	278.4	256.6	231.9	201.9	211.6	206.6	193.7	187.4	212.8	222.5	242.0		
B. Bilateral (1 to 6)	66,352.1	64,079.3	63,354.0	60,275.1	59,462.5	65,454.3	82,062.6	78,582.3	88,552.2	100,312.3	96,333.0	105,992.8		
1. Japan	40,097.6	43,210.0	42,275.0	39,895.6	38,014.1	43,206.8	56,599.5	56,163.9	65,907.3	76,401.1	73,120.4	79,824.8		
2. Germany	11,022.9	11,244.4	11,216.1	10,190.4	10,658.0	11,392.7	12,565.5	11,097.0	11,899.0	13,764.6	13,825.8	16,085.3		
3. Russian Federation	1,969.8	2,560.6	3,576.4	4,626.6	5,760.2	6,336.0	8,249.4	7,683.8	7,485.3	6,952.7	6,396.2	6,098.9		
4. France	2,862.4	2,851.2	2,803.5	2,473.8	2,446.3	2,452.0	2,406.3	1,900.8	1,750.3	1,657.4	1,514.1	2,516.8		
5. USA	4,878.5	4,041.7	3,457.6	3,071.2	2,567.1	2,049.5	2,215.8	1,715.3	1,489.2	1,516.5	1,460.3	1,452.7		
6. Others	5,521.0	171.5	25.5	17.6	17.0	17.4	26.2	21.5	21.1	20.1	16.3	14.4		
Memo items:														
Multilateral (per cent to total External Assistance)	66.2	65.2	66.9	69.0	70.4	68.8	68.9	68.5	68.2	68.9	71.0	71.7		
Bilateral (per cent to total External Assistance)	33.8	34.8	33.1	31.0	29.6	31.2	31.1	31.5	31.8	31.1	29.0	28.3		
Exchange Rates as per Finance Accounts	47.6	44.8	43.8	44.7	43.2	40.2	50.6	45.1	44.7	51.0	54.3	59.9		

Source: Finance Accounts of Government of India, various years.

Annex - IX: Currency composition of Sovereign External Debt

Currency (1)	at end-March												
	2003 (2)	2004 (3)	2005 (4)	2006 (5)	2007 (6)	2008 (7)	2009 (8)	2010 (9)	2011 (10)	2012 (11)	2013 (12)	2014 PR (13)	
Special Drawing Rights	76032.6	77682.5	83012.3	84468.2	88751.3	90085.2	107323.1	98941.4	104839.7	121951.8	126680.9	146757.5	
US Dollar	59327.1	47535.0	50563.0	55904.5	60152.0	61869.4	84164.7	80281.0	93598.1	108258.6	116036.4	128484.0	
Japanese Yen	40097.6	43210.0	42275.0	39895.6	38014.1	43206.8	56599.5	56163.9	65907.3	76401.1	73120.4	79824.8	
Euro	16456.1	14238.1	14019.6	12664.2	13104.2	13844.7	14973.7	12999.5	13651.1	15423.8	15341.8	18604.4	
INR	1459.1	1316.5	1183.8	1072.0	974.8	892.6	825.0	770.7	731.0	702.2	674.5	646.9	
GBP	187.3	196.0	191.8	176.6	185.5	169.9	149.2	129.4	130.9	140.9	135.4	165.8	
SW Francs	556.8	24.8	25.5	17.6	17.0	17.4	24.3	19.8	19.3	18.2	14.4	-	
Can. Dollar	1393.4	-	-	-	-	-	-	-	-	-	-	-	
D.Kroner	391.7	-	-	-	-	-	-	-	-	-	-	-	
Kwaiti Dinar	132.3	-	-	-	-	-	-	-	-	-	-	-	
Saudi Riyal	33.6	-	-	-	-	-	-	-	-	-	-	-	
Total:	196067.6	184202.8	191271.0	194198.6	201199.0	210086.0	264059.4	249305.7	278877.4	322896.6	332003.8	374483.4	

Source: Finance Accounts of Government of India, various years.