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सत्यमेव जयते

GOVERNMENT DEBT

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STATUS PAPER

JANUARY 2016

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

सत्यमेव जयते

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Minister of Finance, Corporate Affairs
and Information & Broadcasting
India

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 enhances 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 fifth in the series, provides a detailed discussion on the trend, composition and features of Central Government liabilities as well as consolidated General Government Debt as at end-March 2015, including a detailed discussion on State Government debt. There is also a more nuanced assessment on aspects of debt sustainability in the Paper and it attempts to benchmark the efficiency of India's Public Debt Management on internationally accepted debt performance indicators. The Paper also includes some developments in debt markets since last Status Paper, such as issuance of non-standard maturity dated paper, issuance of 40 year paper, etc.

3. The overall liabilities of the Central Government are on a medium-term declining trajectory with low roll-over risk, notwithstanding the marginal increase during 2008-09 to 2011-12 due to increased borrowings requirements post- global financial crisis of 2008. Government is primarily resorting to market linked borrowings for financing its fiscal deficit. Conventional indicators of debt sustainability, i.e. level and cost of debt, indicate that debt profile of government is comfortably placed in terms of sustainability parameters of public debt and consistently improving.

4. The Government's debt portfolio is characterized by prudent risk profile with low roll-over risk with share of short-term debt within safe limits and relatively long maturity of outstanding debt. India's debt is also characterised by fixed rate coupon insulating it from interest rate volatility, big domestic investor base and market aligned rates. Most of the debt is of domestic origin insulating the debt portfolio from currency risk. The limited external debt, almost entirely from official sources on concessional terms, provides safety from volatility in the international financial markets. The predominantly fixed-coupon character provides stability to budget.

5. This Status Paper is an outcome of the consistent efforts put in by officers working in Middle Office, Budget Division, Department of Economic Affairs, Ministry of Finance. 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
January 2016

(ARUN JAITLEY)

EXECUTIVE SUMMARY

Since 2010 the Central Government has been bringing out an annual Status Paper on government debt that provides a detailed analysis of the overall debt situation of the country, including state government debt.

2. Government liabilities have been broadly classified as debt contracted in the Consolidated Fund of India (defined as Public Debt) and liabilities in the Public Account, called Other Liabilities. Public Debt is further classified into internal and external debt. Total liabilities reported in the budget documents of the Central Government have been adjusted so that the outstanding debt truly reflects the outcome of fiscal operations of the Central Government. A summary of statistics present in the paper is tabulated as under (various terms are explained in relevant chapters):

Parameter	2008-09	2013-14	2014-15
Central Govt Debt (in ₹ crore)	2751363	5340939	5907316
Central Govt Debt (as % of GDP)	48.9%	47.1%	47.1%
General Govt Debt (in ₹ crore)	3976783	7501396	8369063
General Govt Debt (% of GDP)	70.6%	66.1%	66.7%
External Debt (% GDP)	4.7%	3.3%	2.9%
External Debt (% total GoI liabilities)	9.6%	7.0%	6.2%
Marketable Debt (% total liabilities for GoI)	57.2%	72.2%	73.7%
Weighted Avg Maturity of outstanding G-Sec	10.45 yr	10.0 yr	10.23 yr
Weighted Avg Coupons of outstanding G-Sec	8.2%	8.0%	8.1%
Ownership by commercial banks in G-Sec	46.9%	44.5%	43.3%
Short term debt (% GDP)	5.4%	5.2%	5.1%
Fixed- coupon G-secs (% outstanding G-sec)	97.1%	98.7%	99.0%
GoI Interest Payment/ Revenue receipt	33.0%	36.9%	36.5%
Avg Interest Cost (AIC) (Centre)	6.1%	6.7%	6.7%
Nominal GDP growth -AIC (Centre)	6.8%	6.9%	3.9%

3. Some salient features of government debt are as under:

- Central Government Debt at 47.1% of GDP at end-March 2015 has stabilised as ratio to GDP, after witnessing a consistent decline from 61.4% in 2001-02.
- General Government debt (GGD)-GDP ratio worked out to 66.1% at end-March 2014, significantly lower than historical high at 83.3% in 2003-04 owing to fiscal consolidation process at Centre and State level.
- 93.8% of total Central government debt at end-March 2015 is denominated in India's currency. As percentage of GDP, external debt constituted a low 2.9% at end-March 2015, implying low currency risk to GoI debt portfolio and impact on balance of payments remains insignificant. The limited external debt is almost entirely from official sources on concessional terms, providing safety from volatility in the international financial markets.

- There has been a compositional shift towards marketable debt - share of marketable securities in total internal liabilities increased from 43% in 2000-01 to 78.5% at end-March 2015. The Government is also moving toward alignment of administered interest rates with the market rates, such as interest rates on small savings.
- Most of the public debt in India is at fixed interest rates, with only around 1% floating rate debt at end-March 2015, insulating debt portfolio from interest rate volatility and providing stability to budget in terms of interest payment.
- The Government is continuing its efforts to elongate the maturity profile of its debt portfolio for lower rollover risk. Weighted average residual maturity of outstanding government securities at end-March 2015 was 10.23 years which is high compared to international standards. The tenor of dated securities goes up to 30 years as at end-March 2015, which is extended further to 40 years now after successful issuance of 40 year bond in October 2015. At end-March 2015, about 28.2% of outstanding stock had a residual maturity of up to 5 years, indicating a relatively lower roll-over risk in medium-term, which is further supported by GoI active debt management in terms of switches and buy backs.
- The largely domestic and institutional investor profile contributes to stable demand for government securities. Ownership pattern of dated securities indicates a gradual broadening of market over time. The share of commercial banks dropped from 61% in end-March 2001 to 43.3% in end-March 2015. With announcement of Medium Term Framework for a more predictable regime for investment by the foreign portfolio investors, the FPI share is expected to increase further to 5 % by end- March 2018.
- Debt Sustainable- IP/ RR ratio (interest payments to revenue receipts) of Centre has decreased to 36.5 % in 2014-15 from about 52 % in the beginning of 2000s. Centre's Average Interest Cost (AIC) has declined to 6.7 % in 2014-15 from 8.1 % in 2000-01. The AIC is stable and well below nominal GDP growth rate, which indicates that India is comfortably placed in terms of sustainability parameters of public debt.

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1
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. The Status Paper consolidates General Government Debt into a single publication.

The present Status Paper for 2015-16 is fifth 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 strategy is to maintain a stable, low-cost and prudent debt structure. It has 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 liabilities[1] 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 detail in the Status Paper for 2010-11, which are briefly explained below:

(i) Market Stabilisation Scheme (MSS) – Securities are being issued under MSS (bonds as well as bills) since April 2004 with the objective of differentiating the liquidity absorption of a more enduring nature, by way of sterilisation, from the day-to-day normal liquidity management operations of Reserve Bank of India (RBI), such as sterilising the foreign exchange market intervention of the 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- that financial 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 included under public account

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

liabilities of the Central Government in the Union Budget. 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 2015[2], total outstanding liabilities of Central Government amounted to 47.1 per cent of GDP. Accordingly, any reference to total outstanding liabilities of the 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

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
GDP*(Market Price, base 2004-05 and 2011-12)*	**5630063**	**6477827**	**7784115**	**8832012**	**9988540**	**11345056**	**12541208**	**14108945**
1. Total Liabilities Reported in Budget	**3159178**	**3529960**	**3938774**	**4517252**	**5070592**	**5670181**	**6278854**	**6894991**
%age of GDP	**56.1**	**54.5**	**50.6**	**51.1**	**50.8**	**50.0**	**50.1**	**48.9**
2. MSS Debt	88773	2737	0	0	0	0	0	20000
%age of GDP	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1
3. External Debt at Historical Exchange Rates	123046	134083	157639	170088	177289	184581	194286	205460
%age of GDP	2.2	2.1	2.0	1.9	1.8	1.6	1.5	1.5
4. External Debt at Current Exchange Rates	264059	249306	278877	322897	332004	374483	366384	379331
%age of GDP	4.7	3.8	3.6	3.7	3.3	3.3	2.9	2.7
5. Securities issued by States to NSSF	460056	482762	526063	517277	517221	519145	543636	553974
%age of GDP	8.2	7.5	6.8	5.9	5.2	4.6	4.3	3.9
6. Total Adjusted Liabilities (1-2-3+4-5)	**2751363**	**3159683**	**3533950**	**4152784**	**4708085**	**5340939**	**5907316**	**6494889**
%age of GDP	**48.9**	**48.8**	**45.4**	**47.0**	**47.1**	**47.1**	**47.1**	**46.0**

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 92.9 per cent of public debt at end-March 2015 while external debt constituted the remaining 7.1 per cent. Public debt accounts for 87.0 per cent of total liabilities, while public account liabilities constitute remaining 13.0 per cent, at the end of March 2015.

[2] *Figures for end-March 2015 pertain to revised estimates (RE) for Central Government and budgets estimates (BE) for State governments. General government debt at end-March 2015 includes RE of Centre and BE of States.*

Table 1.2: Debt Position of the Central Government

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
A. Public Debt (A1+A2)	**2203836**	**2583616**	**2945992**	**3553519**	**4096570**	**4615250**	**5142284**	**5657548**
A1. Internal Debt (a+b)	**1939776**	**2334310**	**2667115**	**3230622**	**3764566**	**4240767**	**4775900**	**5278217**
a. Marketable Securities (i+ii)	1575036	1966687	2283720	2860805	3360932	3853594	4351684	4838152
(i) Dated Securities	1433720	1832145	2148851	2593770	3061127	3514459	3961381	4417787
(ii) Treasury Bills	141316	134542	134869	267035	299805	339134	390303	420365
b. Non-marketable Securities (i to v)	364740	367623	383395	369817	403635	387173	424216	440065
(i) 14 Day Intermediate T-Bills	98663	95668	103100	97800	118380	86816	86816	86816
(ii) Compensation & Other Bonds	48996	40221	32495	20208	15326	15117	14638	9160
(iii) Securities issued to Intl. Fin. Institutions	23085	24483	29315	29626	32226	35181	39427	38347
(iv) Securities against small savings	193997	207252	218485	208183	216808	229165	262441	284848
(v) Special Sec. against POLIF	0	0	0	14000	20894	20894	20894	20894
A2. External Debt *	**264059**	**249306**	**278877**	**322897**	**332004**	**374483**	**366384**	**379331**
B. Public Account[3] (Other Liabilities) (a to d)	**547527**	**576068**	**587957**	**599265**	**611516**	**725688**	**765031**	**837341**
(a) National Small Savings Fund (net accrued gain/ losses in NSSF)	10085	38432	42552	64734	80516	110791	135208	176896
(b) State Provident Fund	83377	99433	111947	122751	133672	143425	153425	163425
(c) Other Account	325383	318749	304697	277904	257424	315421	312708	314493
(d) Reserve funds and Deposit (i+ii)	128682	119453	128762	133877	139904	156051	163690	182527
(i) Bearing Interest	78384	72875	70421	74413	83871	95479	105933	122210
(ii) Not bearing interest	50298	46578	58340	59464	56033	60572	57757	60317
C. Total Liabilities (A+B)	**2751363**	**3159683**	**3533950**	**4152784**	**4708085**	**5340939**	**5907316**	**6494889**
Memo Items								
I. Securities under MSS (a+b)	88773	2737	0	0	0	0	0	20000
(a) Dated Securities	79773	2737	0	0	0	0	0	20000
(b) Treasury Bills	9000	0	0	0	0	0	0	0
II. External Debt (Historical Exchange Rates)	123046	134083	157639	170088	177289	184581	194286	205460
III. Securities issued by States to NSSF	460056	482762	526063	517277	517221	519145	543636	553974
IV. Total Liabilities(C+I+II+III-A2)(*as reported in Union Budget*)	3159178	3529960	3938774	4517252	5070592	5670181	6278854	6894991

* The external debt figures at current (end-of that financial year) exchange rates are taken from Union Govt. Finance Accounts. For 2015-16 (BE), the Net external assistance in 2015-16 has been added to outstanding stock at end-March 2015.

[3] *'Other Liabilities' are essentially 'Public Account' liabilities. 'Other Liabilities' and Public Account' are used interchangeably in the paper.*

Table 1.3: Debt Position of the Central Government

(in percentage of GDP)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
A. Public Debt (A1+A2)	**39.1**	**39.9**	**37.8**	**40.2**	**41.0**	**40.7**	**41.0**	**40.1**
A1. Internal Debt (a+b)	**34.5**	**36.0**	**34.3**	**36.6**	**37.7**	**37.4**	**38.1**	**37.4**
a. Marketable Securities (i+ii)	28.0	30.4	29.3	32.4	33.6	34.0	34.7	34.3
(i) Dated Securities	25.5	28.3	27.6	29.4	30.6	31.0	31.6	31.3
(ii) Treasury Bills	2.5	2.1	1.7	3.0	3.0	3.0	3.1	3.0
b. Non-marketable Securities (i to v)	6.5	5.7	4.9	4.2	4.0	3.4	3.4	3.1
(i) 14 Day Intermediate T-Bills	1.8	1.5	1.3	1.1	1.2	0.8	0.7	0.6
(ii) Compensation & Other Bonds	0.9	0.6	0.4	0.2	0.2	0.1	0.1	0.1
(iii) Securities issued to Intl. Fin. Institutions	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
(iv) Securities against small savings	3.4	3.2	2.8	2.4	2.2	2.0	2.1	2.0
(f) Special Sec. against POLIF	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.1
A2. External Debt *	**4.7**	**3.8**	**3.6**	**3.7**	**3.3**	**3.3**	**2.9**	**2.7**
B. Other Liabilities(a to d)	**9.7**	**8.9**	**7.6**	**6.8**	**6.1**	**6.4**	**6.1**	**5.9**
(a) National Small Savings Fund	0.2	0.6	0.5	0.7	0.8	1.0	1.1	1.3
(b) State Provident Fund	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2
(c) Other Account	5.8	4.9	3.9	3.1	2.6	2.8	2.5	2.2
(d) Reserve funds and Deposit (i+ii)	2.3	1.8	1.7	1.5	1.4	1.4	1.3	1.3
(i) Bearing Interest	1.4	1.1	0.9	0.8	0.8	0.8	0.8	0.9
(ii) Not bearing interest	0.9	0.7	0.7	0.7	0.6	0.5	0.5	0.4
C. Total Liabilities (A+B)	**48.9**	**48.8**	**45.4**	**47.0**	**47.1**	**47.1**	**47.1**	**46.0**

* The external debt figures at current (end-of-that financial year) exchange rates are taken from Union Government Finance Accounts.
For 2015-16 (BE), the Net external assistance in 2015-16 has been added to outstanding stock at end-March 2015.

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 (₹ 47.8 trillion, 38.1 per cent of GDP at end-March 2015) largely consists of fixed tenor and fixed rate market borrowings, viz., dated securities and treasury bills. As at end of March 2015, dated securities (₹39.6 trillion, 31.6 per cent of GDP) accounted for 77.0 per cent of public debt while the treasury bills (₹3.9 trillion, 3.1 per cent of GDP) accounted for 7.6 per cent of public debt. The remaining items in internal debt are securities issued to National Small Savings Fund (NSSF) (₹2.6 trillion), securities issued to international financial institutions (₹0.4 trillion), special securities issued against postal insurance and annuity funds (POLIF and RPOLIF) (₹0.2 trillion) and compensation & other bonds (₹ 0.15 trillion), which together constituted 6.6 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 2015, outstanding amount under these bills was ₹0.86 trillion or 0.7 per cent of GDP accounting for 1.7 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 keeping cost of debt low, 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 issuances stood at 14.66 years in 2014-15. Rupee denominated Floating rate instruments constituted 0.8 per cent of the public debt while short-term debt[4] constituted 12.5 per cent of the public debt as on end-March 2015.

A.2. External Debt

External debt (₹3.66 trillion, 2.9 per cent of GDP as at end-March 2015) constituted 7.1 per cent of the public debt of the Central Government. As State Governments are not empowered to contract external debt under Article 293 of the Indian Constitution, all external debt is contracted by the Central Government and those intended for state government projects are on-lent to States[5]. 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 (₹7.65 trillion, 6.1 per cent of GDP at end of March 2015) include National Small Saving Fund (NSSF), provident fund contribution of Central Government employees, reserve funds and deposits, and other accounts. NSSF liabilities account for 17.7 per cent of public account liabilities, while reserve funds and deposits account for 21.4 per cent and state provident fund for 20.1 per cent. NSSF liabilities in the public account represent the total borrowings of NSSF 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 2015, these liabilities accounted for 40.9 per cent of public account liabilities.

II. Fiscal Consolidation

The Medium Term Fiscal Policy (MTFP) Statement presented along with the Union Budget 2015-16 estimated the ratio of total Central Government liabilities[6] to GDP at 46.8 per cent at the end of March 2015, and 46.1 per cent at the end of March 2016. The ratio is projected to decline to 44.7 per cent of GDP by end of March 2017 and to 42.8 per cent of GDP by end of March 2018. The MTFP statement also gave rolling targets for fiscal deficit. The Budget estimates 2015-16 targets fiscal deficit (as per cent of GDP) at 3.9 per cent, 3.5 per cent for 2016-17 and 3.0 per cent for 2017-18 in accordance with the FRBM guidelines.

As seen in Table 1.3, total liabilities of the Central Government stood at 47.1 per cent of GDP at end-March 2015 against similar levels of 47.08 per cent at end-March 2014 and 47.13 per cent at end-March 2013.

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).**

[4] *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*

[5] *This would require necessary correction while computing the consolidated debt for the country to remove inter-government transactions.*

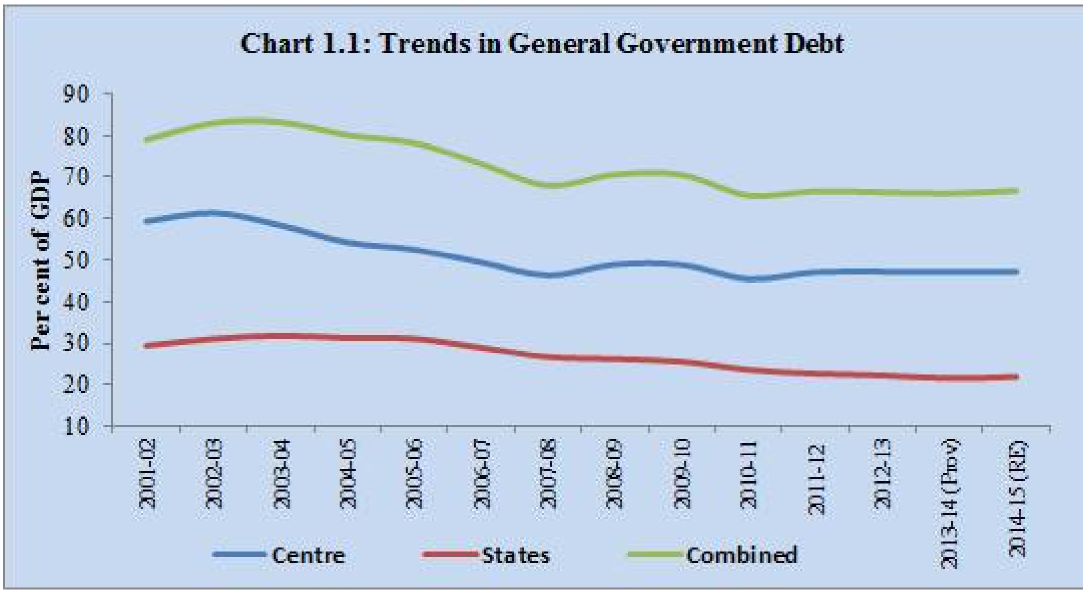
[6] *This is net of NSSF and MSS liabilities, which are not used for financing Central Governments' deficit, and with external debt valued at current exchange rate.*

Table 1.4 : General Government Debt

(in ₹ crore)

Components	Actuals					Provisional	Estimate
	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 of the Centre	**2751363**	**3159683**	**3533950**	**4152784**	**4708085**	**5340939**	**5907316**
percentage of GDP	***48.9***	***48.8***	***45.4***	***47.0***	***47.1***	***47.1***	***47.1***
2. Total Liabilities of States	**1470190**	**1648650**	**1828970**	**1993940**	**2210240**	**2437560**	**2733640**
percentage of GDP	***26.1***	***25.5***	***23.5***	***22.6***	***22.1***	***21.5***	***21.8***
3. Loans from Centre to States	143870	143152	144170	143548	144812	145813	148281
percentage of GDP	*2.6*	*2.2*	*1.9*	*1.6*	*1.4*	*1.3*	*1.2*
4. States Invest in T- Bills of Centre	100900	92810	110690	117740	145700	131290	123611
percentage of GDP	*1.8*	*1.4*	*1.4*	*1.3*	*1.5*	*1.2*	*1.0*
5. General Government Debt (1+2-3-4)	**3976783**	**4572371**	**5108060**	**5885437**	**6627813**	**7501396**	**8369063**
percentage of GDP	***70.6***	***70.6***	***65.6***	***66.6***	***66.4***	***66.1***	***66.7***

At end-March 2014, general government debt works out to be 66.1 per cent of GDP, representing a marginal decrease as compared to previous year of 66.4 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

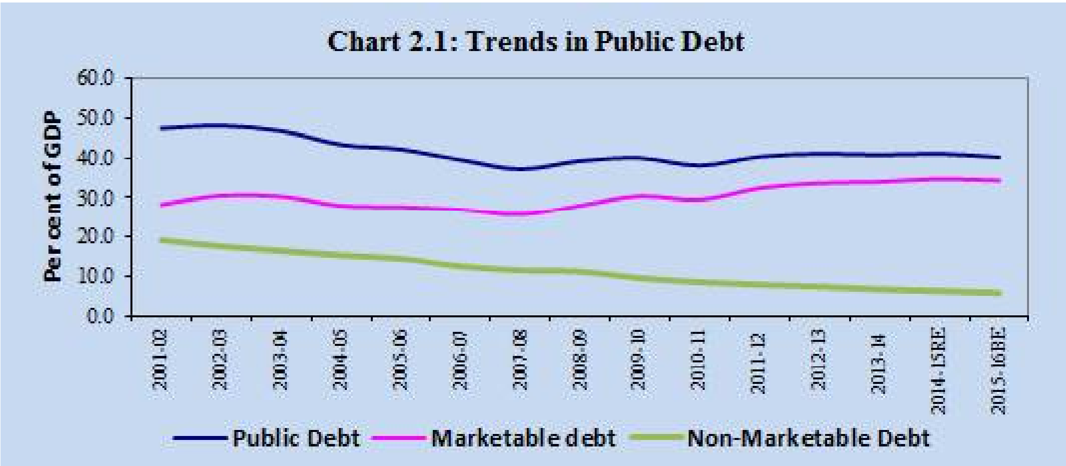
The financial and debt crisis that originated in the developed world has brought into focus the importance of prudent fiscal management as well as debt management in assessing the vulnerability of a Government's debt position. Any sustainability analysis in terms of primary surplus and growth-interest 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, using fixed interest rate instruments and has a large 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.

2

Public Debt

Public Debt stood at 41 per cent of GDP as at end-March 2015. 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 has stabilised in recent years after increasing marginally during 2008-09 to 2012-13 on account of intermittent increase in fiscal deficit of Government of India to counter the adverse impact of the global financial crisis. Increase in Public Debt to GDP ratio also reflects the fact that majority of funding of Government of India fiscal deficit was through market borrowings in recent years, replacing some other source of funding under 'Other Liabilities'. As such total liabilities of Government of India have come down to 47.1 per cent as on end-March 2015 from 48.9 per cent in end-March 2009 vis-a-vis significant increase witnessed by many other countries since financial crisis. With the firm commitment shown to the fiscal consolidation by Government of India, Public debt is expected to decrease further to 40.1 per cent of GDP at end-March 2016, 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 62.2 per cent in 2009-10 to 73.7 per cent in 2014-15 and the share of public debt in total liabilities has gone up from 81.8 per cent in 2009-10 to 87 per cent in 2014-15, reflecting the increased recourse to market related instruments for financing the fiscal deficit (**Table 2.1**). Market linked borrowings bring transparency in cost of debt and efficiency in financial markets. Further, considering most of the marketable debt in India is at fixed tenor and fixed interest rate, our debt portfolio is insulated from interest rate volatility to a great extent.

Table 2.1: Share of Public Debt in Total Liabilities

(Percentage of Total Liabilities)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
A. Public Debt (A1+A2)	**80.1**	**81.8**	**83.4**	**85.6**	**87.0**	**86.4**	**87.0**	**87.1**
A1. Internal Debt (a+b)	**70.5**	**73.9**	**75.5**	**77.8**	**80.0**	**79.4**	**80.8**	**81.3**
a. Marketable Securities (i+ii)	57.2	62.2	64.6	68.9	71.4	72.2	73.7	74.5
(i) Dated Securities	52.1	58.0	60.8	62.5	65.0	65.8	67.1	68.0
(ii) Treasury Bills	5.1	4.3	3.8	6.4	6.4	6.3	6.6	6.5
b. Non-marketable Securities (i to v)	13.3	11.6	10.8	8.9	8.6	7.2	7.2	6.8
(i) 14 Day Intermediate Treasury Bills	3.6	3.0	2.9	2.4	2.5	1.6	1.5	1.3
(ii) Compensation & Other Bonds	1.8	1.3	0.9	0.5	0.3	0.3	0.2	0.1
(iii) Securities issued to International Financial Institutions	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.6
(iv) Securities against small savings	7.1	6.6	6.2	5.0	4.6	4.3	4.4	4.4
(v) Special Sec. against POLIF	0.0	0.0	0.0	0.3	0.0	0.0	0.4	0.3
A2. External Debt	**9.6**	**7.9**	**7.9**	**7.8**	**7.1**	**7.0**	**6.2**	**5.8**
B. Other Liabilities	**19.9**	**18.2**	**16.6**	**14.4**	**13.0**	**13.6**	**13.0**	**12.9**
C. Total Liabilities (A+B)	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

A. Internal Debt[7]

Internal public debt of the Central Government at 38.1 per cent of GDP, constituted 92.9 per cent of public debt at end-March 2015 **(Table 2.2).** Marketable instruments (dated securities and treasury bills) constituted 91.1 per cent of internal public debt (84.6 per cent of public debt and 73.7 per cent of total liabilities) at the end of March 2015. Majority of these instruments are of fixed tenor and fixed rate.

Non-marketable securities constituted 8.9 per cent of internal debt (8.2 per cent of public debt and 7.2 per cent of total liabilities) at end-March 2015. It consists of securities issued to NSSF, constituting 5.5 per cent of internal debt (5.1 per cent of public debt and 4.4 per cent of total liabilities), securities issued to international financial institutions at 0.8 per cent of internal debt (0.8 per cent of total public debt and 0.7 per cent of total liabilities), special securities issued against POLIF at 0.4 per cent of internal debt (0.4 per cent of public debt and 0.4 per cent of total liabilities) and compensation another bonds at 0.3 per cent of internal debt (0.3 per cent of public debt and 0.2 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 2015, outstanding amount under these non-marketable instruments at ₹86,816 crore constituted 1.8 per cent of internal debt (1.7 per cent of public debt and 1.5 per cent of total liabilities).

Table 2.2: Components of Internal Debt

(Percentage of Public Debt)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
Internal Debt (a+b)	88.0	90.4	90.5	90.9	91.9	91.9	92.9	93.3
a. Marketable Securities (i+ii)	71.5	76.1	77.5	80.5	82.0	83.5	84.6	85.5
(i) Dated Securities	65.1	70.9	72.9	73.0	74.7	76.1	77.0	78.1
(ii) Treasury Bills	6.4	5.2	4.6	7.5	7.3	7.3	7.6	7.4
b. Non-marketable Securities (i to v)	16.6	14.2	13.0	10.4	9.9	8.4	8.2	7.8
(i) 14 Day Intermediate Treasury Bills	4.5	3.7	3.5	2.8	2.9	1.9	1.7	1.5
(ii) Compensation & Other Bonds	2.2	1.6	1.1	0.6	0.4	0.3	0.3	0.2
(iii) Securities issued to International Financial Institutions	1.0	0.9	1.0	0.8	0.8	0.8	0.8	0.7
(iv) Securities against small savings	8.8	8.0	7.4	5.9	5.3	5.0	5.1	5.0
(v) Special Sec. against POLIF	0.0	0.0	0.0	0.4	0.5	0.5	0.4	0.4
Memo Items								
I. Securities Issued under MSS (a+b)	4.0	0.1	0.0	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	0.0	0.4
(b) Treasury Bills	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[7] *Debt contracting under Consolidated Fund of India from domestic lenders, i.e., debt excluding MSS issuance (as it is not for funding fiscal deficit and is matched by an equivalent cash balance held by the Government with RBI), 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 70.9 per cent at end-March 2010 to 76.1 percent at end-March 2014 and further to 77 per cent at end-March 2015, 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 to phase out ad hoc treasury bills which directly monetised budget deficits as per signed between RBI and the Central Government (process completed in 2003-04) and (ii) recapitalisation bonds issued to nationalised banks, (completed in 2007-08) to facilitate increased access of the banks to additional resources for lending to the productive sector. A breakup of the stock of dated securities 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	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
(i) Issued through Borrowings	1326094	1734518	2051224	2496144	2963500	3420833	3872754	4332160
(ii) Conversion of Special Securities issued in lieu of ad-hoc Bills	86818	76818	76818	76818	76818	72818	67818	64818
(iii) Conversion of recapitalisation bonds issued to nationalised Banks	20809	20809	20809	20809	20809	20809	20809	20809
Total Dated Securities (i to iii)	1433720	1832145	2148851	2593770	3061127	3514459	3961381	4417787
Percentage of Internal Public Debt	73.9	78.5	80.6	80.3	81.3	82.9	82.9	83.7
Percentage of Public Debt	65.1	70.9	72.9	73.0	74.7	76.1	77.0	78.1
Percentage of Total Liabilities	52.1	58.0	60.8	62.5	65.0	65.8	67.1	68.0
Percentage of GDP	*25.5*	*28.3*	*27.6*	*29.4*	*30.6*	*31.0*	*31.6*	*31.3*
Memo:								
MSS Securities	79773	2737	0	0	0	0	0	20000

During 2014-15, net borrowing through dated securities *(adjusted for buyback of securities)* was ₹ 4,46,922 crore and it financed 87.2 per cent of the fiscal deficit (₹5,12,628 crore).The actual borrowings during 2014-15 were less than the budget estimate of ₹4,61,205 crore by ₹14,283 crore, enabled by better fiscal management and active debt management such as buyback (₹6,282.88 crore).

Maturity Profile of Dated Securities

The tenor of dated securities goes up to 30 years as on last year. 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 rollover risk mainly encompasses the possibility of rolling over debt at relatively higher cost and in extreme circumstances, failure to rollover debt completely/ partially. During 2014-15 there was an increase in the share of outstanding debt with maturity 10 years and above (**Table 2.4**). While the weighted average maturity of dated securities issued during 2014-15 increased to 14.7 years from 14.2 years in 2013-14 and 13.5 years in 2012-13, the weighted average maturity of outstanding stock of dated securities at the end of 2014-15 increased to 10.25 years from 10 years as at end-March 2014 and 9.7 years as at end-March 2013 (**Table 2.6**). The proportion of debt maturing in less than 5 years witnessed decrease during 2014-15, and went below 28.3 per cent, indicating a relatively lower roll-over risk in medium-term.

Table 2.4 : Maturity Profile of Outstanding Dated Central Government Securities

(percentage of total outstanding)

Maturity Bucket	End-March 2015	End-March 2014
1	2	3
Less than 1 Year	3.65	3.95
1-5 Years	24.59	25.99
5-10 Years	30.36	31.53
10-20 Years	28.32	25.20
20 Years and above	13.09	13.34

The redemption profile of outstanding government securities in the next 5 years at end-March 2015 is given in **Table 2.5**. The redemption obligation increases noticeably during 2016-17 and 2017-18 but stablises in 2018-19 and 2019-20. Notwithstanding this increase, on an average, about 5.7 per cent of outstanding stock matures annually, over the next 5 years. Switches and buyback for an aggregate amount of ₹45,311 crore were conducted successfully last year. Budget 2015-16 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

Components	2015-16	2016-17	2017-18	2018-19	2019-20
1	2	3	4	5	6
Maturity during the year (in ₹ crore)	144366	223330	256774	243478	250000
% age of the Outstanding Stock*	3.65	5.64	6.49	6.15	6.31
% age of GDP (₹ 14108945 crore; 2015-16)^	1.02	1.42	1.46	1.24	1.15

** Outstanding as on March 31,2015. ^Nominal GDP growth assumed at 11.5% 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 and interest rate are given at **Annex II** and **Annex III** respectively. For the purpose of using debt strategy for better intra-year cash management, government has started issuances of non-standard maturity bonds **(Box 2.1).**

Box 2.1 : Issuance of Dated Securities with Non-standard Maturity

Quarterly pattern of Government of India (GoI) tax revenue broadly follows a ratio of 15%, 25%, 25% and 35% of total tax revenue receipt, i.e. tax revenue of GoI is back-loaded. However, the expenditure pattern of GoI has been broadly distributed uniformly across the quarter in recent years. This gap between inflow and outflow results in GoI borrowing programme to be generally front-loaded in first half of a financial year. On an average about 60 per cent of the gross market borrowing program was concluded in first half of the last five financial years (including current year). GoI was issuing new securities in a standard form in terms of maturity, viz., 8-year, 14-year, 19-year, etc. till March 2015. As GoI borrowing programme was generally front-loaded and also that there was high demand for newly issued bonds in the first half of the year, issuance of these standard form securities was also creating some sort of pressure on cash management in first half of a financial year. As on March 31, 2015, while the share of securities maturing in first half of a financial year in all outstanding securities was about 62.9 per cent, the share was very high at 71.8 per cent for all securities maturing in next ten years. Accordingly, as a part of debt management strategy, GoI in consultation with the RBI decided to issue bonds with non-standard maturity also, e.g. 14 and half year, 19 and half year or similar to reduce the redemption pressure in the first half of a financial year, to have reasonable distribution between two halves of a financial year as also to match two cash flows for intra-year smoothening of Government cash balances. In current financial year four out of seven new securities (excluding new 40 year bond) were non-standard in terms of maturity. It is expected to provide desired benefit to GoI in long term.

Table 2.6: Maturity and yield of Central Government's Market Loan

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
2003-04	5.71	14.94	9.30	9.78
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	13.5	7.97	9.66
2013-14	8.39	14.22	7.98	10.00
2014-15	8.51	14.66	8.09	10.23

Table 2.4 also suggests that existing maturity profile of dated securities has high share of maturing securities up to ten years. To address this redemption pressure in next ten years, issuance of quantum till nine years of maturity is being reduced significantly with mostly the corresponding increase in 15 and above years maturity buckets. High weighted average maturity of fresh issuance is reflection of this shift in preference of maturity baskets. Extending security issuances up to 40 year will also help in this regard.

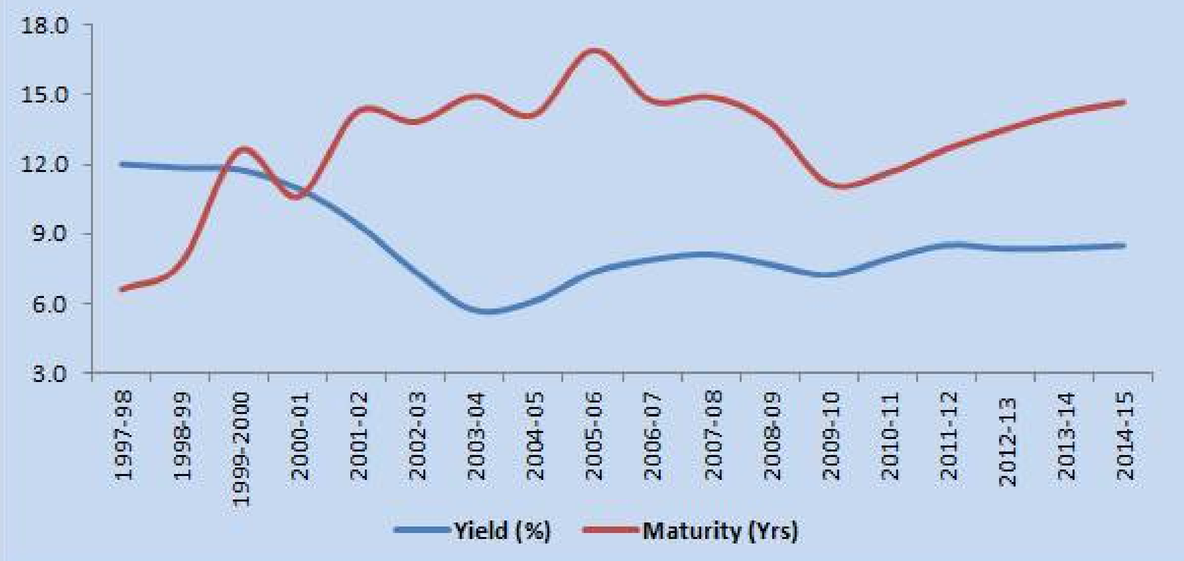
Table 2.6 A: G-Sec issuances by maturity buckets

(share in per cent)

Year	0-5 years	5-9 years	10-14 years	15-19 Years	20-30 Years	Total	Absolute (₹ crore)	% share in total
1	2	3	4	5	6	7	8	9
2015-16	0.0	15.7	45.6	19.8	18.8	100.0	585000	100.0
2014-15	0.0	23.8	41.9	17.8	16.6	100.0	592000	100.0
2013-14	0.0	27.0	46.8	13.4	13.0	100.0	563500	100.0
2012-13	0.0	25.4	46.6	11.5	16.5	100.0	558000	100.0
2011-12	0.0	27.3	46.3	12.7	13.7	100.0	510000	100.0

Alongwith the rise in the weighted average maturity of securities issued during 2014-15 increased to 14.66 years from 14.22 years in 2013-14, the weighted average yield also increased marginally to 8.51 from 8.39 per cent in 2013-14. 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.

Chart 2.2: Yield and Maturity of Primary Issuances



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 end-March 2008 to 43.3 per cent in end-March 2015. Over the financial year 2014-15, the share of RBI decreased from 16.05 per cent to 13.54 per cent while that of insurance companies went up from 19.54 per cent to 20.87 per cent **(Table 2.7)**. With an objective of having a more predictable regime for investment by the foreign portfolio investors (FPI), RBI, in consultation with the government, set out the medium term framework (MTF) for FPI limits in Government securities. The MTF provided for staggered increase of FPI limits in Government securities **(Box 2.2).**

Table 2.7: Ownership pattern of Government of India Dated securities

(per cent)

Category/ end-March	2008	2009	2010	2011	2012	2013	2014	2015
1	2	3	4	5	6	7	8	9
Commercial Banks	42.51	38.85	38.03	38.42	36.28	34.50	35.42	34.76
Bank-Primary Dealers	8.41	8.05	9.22	8.61	9.83	9.36	9.04	8.54
Commercial Banks including Bank PDs	50.92	46.90	47.25	47.03	46.11	43.86	44.46	43.30
Non-Bank PDs	0.34	0.29	0.14	0.11	0.10	0.11	0.11	0.31
Insurance Companies	24.78	23.20	22.16	22.22	21.08	18.56	19.54	20.87
Mutual Funds	0.79	0.82	0.40	0.18	0.17	0.68	0.78	1.89
Co-operative Banks	3.22	2.92	3.35	3.41	2.98	2.81	2.76	2.62
Financial Institutions	0.41	0.41	0.35	0.35	0.37	0.75	0.72	2.07
Corporates	3.48	4.72	2.99	1.94	1.38	1.14	0.79	1.25
FPIs	0.52	0.24	0.59	0.97	0.88	1.61	1.68	3.67
Provident Funds	6.38	6.59	6.76	7.06	7.45	7.37	7.18	7.58
RBI	4.78	9.71	11.76	12.84	14.41	16.99	16.05	13.48
Others	4.38	4.20	4.24	3.89	5.07	6.12	5.92	2.96
Total	**100**	**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.

Box 2.2: Medium Term Framework (MTF) for investment by Foreign Portfolio Investors (FPI) in Government Securities

With an objective of providing a more predictable regime for investment by the foreign portfolio investors (FPI), RBI, in consultation with the government, set out the medium term framework (MTF) for FPI limits in Government securities in its Fourth Bi-monthly Monetary Policy Statement on September 29, 2015. This MTF provided for staggered increase of FPI limits in Government securities.

The broad features of this MTF are:

(i) The limits for FPI investment in debt securities will be fixed in Rupee terms. (Instead of current practice of fixing in US dollars).

(ii) The limits for FPI investment in the Central Government securities will be increased in phases so as to reach 5 per cent of the outstanding stock by March 2018 (expected to open up space for additional investment of ₹ 1,200 billion in the limit for Central Government securities by March 2018 over and above the existing limit of ₹ 1,535 billion as on September 30, 2015 for all Government securities).

(iii) Additionally, a separate limit for investment by all FPIs in the State Development Loans (SDLs), will be increased in phases to reach 2 per cent of the outstanding SDL stock by March 2018. This would amount to an additional limit of about ₹ 500 billion by March 2018.

(iv) The effective limits for following two quarters of a Financial Year will be announced every half year in March and September.

(v) The existing requirement of investments being made in G-sec (including SDLs) with a minimum residual maturity of three years will continue to apply to all categories of FPIs.

(vi) Aggregate FPI investments in any Central Government security will be capped at 20% of the outstanding stock of the security.

For the current financial year, the revised limits, as notified on October 6, 2015 are as under:

(in ₹ billion)

	Central Government Securities			State Development Loans	Aggregate
	For all FPIs	Additional for Long term FPIs	Total	For all FPIs (including Long Term FPIs)	
Existing Limits	1244	291	1535	Nil	1535
Revised Limits w.e.f 12.10.2015	1299	366	1665	35	1700
Revised Limits w.e.f 01.01.2016	1354	441	1795	70	1865

Operational guidelines relating to allocation and monitoring of limits will continue to be issued by the Securities and Exchange Board of India (SEBI).

Auction for allocation of limit for ₹ 5,600 crore on October 12, 2015, comparatively a bigger auction size, saw huge demand and FPI offered a premium as high as 85 bps to get hold of limit, indicating trust of international investors in country's recovering growth.

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 1.03 per cent of dated securities at end-March 2015) whose coupon is benchmarked to treasury bill yields and inflation indices respectively. The weighted average coupon of dated securities (including variable rate bonds) was 8.09 per cent at end-March 2015, marginally up from 7.98 per cent at end-March 2014.

Outstanding dated securities as on March 31, 2015 are listed in **Annex IV**. **Annex V** lists these outstanding dated securities coupon rate-wise. At the end of March 2015, including floating rate instruments such as Floating Rate Bonds (FRBs) and Inflation Indexed Bonds, 8.98 per cent of existing dated securities have fixed coupon rate of up to 7 per cent; 24.30 per cent carry coupon rate of more than 7 per cent and up to 8 per cent; 57.87 per cent carry coupon rate of above 8 per cent and up to 9 per cent; and 8.85 per cent of total dated securities carry coupon rate of more than 9 per cent. Thus, 33.28 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.

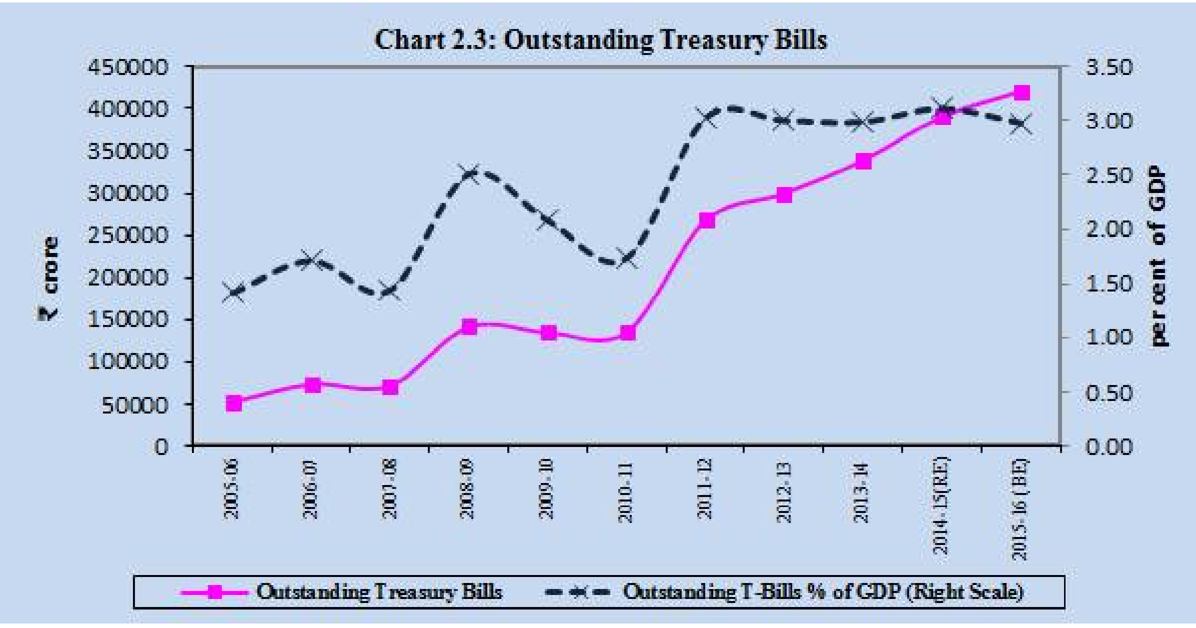
Treasury Bills have a marginal contribution in financing fiscal deficit. Large unanticipated increase in deficit, compared to budget estimates, in 2008-09 and 2011-12 necessitated higher use of bills to fund the fiscal deficit. The increase in stock of bills during these years is shown in **Table 2.8**.

Table 2.8: Outstanding Stock of Treasury Bills

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
91 Day Treasury Bills	75595	71549	70391	124656	105142	125761	163615	181552
182 Day Treasury Bills	20175	21500	22001	52001	64196	76417	77437	81437
364 Day Treasury Bills	45546	41493	42478	90378	130467	136956	149251	157377
Total Outstanding Treasury Bills	**141316**	**134542**	**134869**	**267035**	**299805**	**339134**	**390303**	**420365**
Percentage of Internal Public Debt	7.3	5.8	5.1	8.3	8.0	8.0	8.2	8.0
Percentage of Public Debt	6.4	5.2	4.6	7.5	7.3	7.3	7.6	7.4
Percentage of Total Liabilities	5.1	4.3	3.8	6.4	6.4	6.3	6.6	6.5
Percentage of GDP	*2.5*	*2.1*	*1.7*	*3.0*	*3.0*	*3.0*	*3.1*	*3.0*
Memo: issued under MSS								
91 Day Treasury Bills	0	0	0	0	0	0	0	0
182 Day Treasury Bills	0	0	0	0	0	0	0	0
364 Day Treasury Bills	9000	0	0	0	0	0	0	0
Total Outstanding Treasury Bills -MSS	**9000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

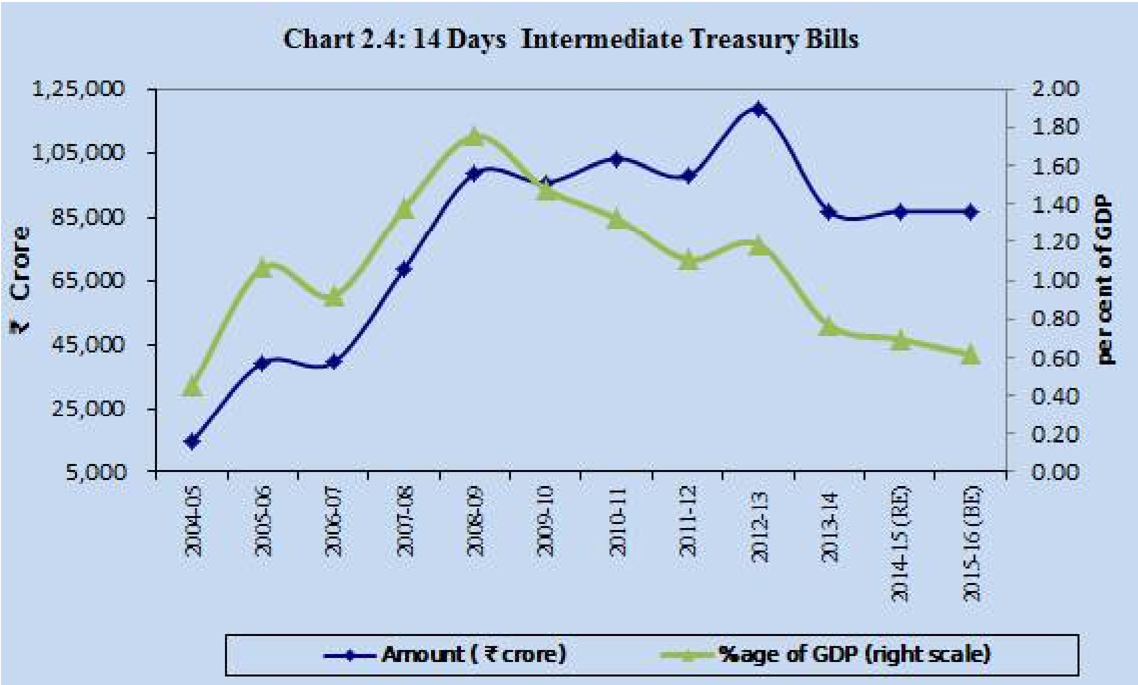
Stock of treasury bills has stabilized since 2011-12 (in terms of per cent of GDP) after increasing first from 1.5 per cent to 2.5 per of GDP in 2008-09 and then 1.7 per cent to 3.0 per cent during 2011-12 **(Chart 2.3).** Treasury bills account for 6.6 per cent of total liabilities (7.6 per cent of public debt) at end-March 2015.



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 reflected in increased investment in 14-day ITBs since 2004-05 till 2012-13. Investment of States in these instruments went up from ₹7,253 crore at end-March 2004 to ₹97,800 at end-March 2013. It is stable in recent years and stands at ₹86,816 crore at end-March 2015 **(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, while a sharp decline in investment in these instruments might impact Centre's cash management, its impact was manageable in recent years as outstanding amount has stabilised.

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.

Government actively used this instrument to meet cash mismatches and therefore CMBs amounting to an aggregate amount of ₹1,07,195 crore were issued during 2013-14. However, in 2014-15, CMBs issuances were placed only at ₹10,000 crore.

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 2015 is ₹39,427 crore, or 0.31 per cent of GDP, showing a marginal increase from ₹35,181 crore as at end-March 2014. They account for 0.77 per cent of public debt and 0.67 per cent of total liabilities of the Central Government.

f. Market Stabilisation Scheme (MSS)

Reserve Bank's Report of the Internal Group on Liquidity Adjustment Facility dated Dec 2, 2003, recommended introducing MSS essentially to differentiate the liquidity absorption of a more enduring nature by way of sterilisation from the day-to-day normal liquidity management operations. Government of India launched Market Stabilisation Scheme (MSS), in consultation with RBI, since April, 2004. The MSS envisages issue Securities (bonds and bills) to absorb excess liquidity, arising largely from significant foreign exchange inflows. Net issuance for the year has been budgeted at ₹20,000 crore in 2015-16. As the funds raised under MSS not used to fund the Central Government budget, but is sequestered in an account maintained with the RBI, it would not entail any redemption pressure on the Central Government at the time of maturity. As inflows raised through such bills/bonds will not enter the Consolidated Fund of the Central Government, the impact on the fiscal would be limited to the extent of interest payments on the outstanding securities. There was no requirement for issuance of securities under the scheme in recent years after outstanding securities matured by the end of 2009-10.

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 ₹48,996 crore in 2008-09 amounting to 0.9 per cent of GDP to ₹14,638 crore at the end of March 2015 amounting to 0.1 per cent of GDP. They account for 0.3 per cent of public debt at end-March 2015, same level as at end-March 2014.

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 0.5 per cent of GDP was outstanding as at end-March 2015. 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. Such special securities issued by the Central Government are included in Public Debt of Central Goveernment.

At end-March 2015, these outstanding liabilities of the Central government to NSSF was ₹2,62,441 crore amounting to 5.1 per cent of public debt and 4.4 per cent of total liabilities. Outstanding securities issued against fresh loans out of net collections in various years amounted to ₹36,317 crore and securities issued against redemption amounted to ₹1,60,380 crore at end-March 2015. The details of existing special securities with applicable interest rates are shown in **Annex VI.** The interest rates on various small saving schemes are provided in **Annex VII**.

i. 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 of India 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, 2015. The liabilities, which were earlier reported under public account, have now been reported under public debt by Central Government.

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 Country[8]. 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 2015, for the Central Government decreased to ₹3,66,384 crore (US $ 58.5 billion; 2.9 per cent of GDP) from ₹3,74,483 crore (US $ 62.5 billion; 3 per cent of GDP) at end-March 2014. This amounts to 6.2 per cent of Central Government's total liabilities and 4.4 percent of General Government Debt. The trends in external debt at book value and current exchange rate are shown in **Table 2.9** and detailed in **Annex IX**.

Table 2.9: Trends in External Debt

(in ₹ crore)

Components	Actuals					Provisional	Estimate
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15
1	2	3	4	5	6	7	8
External Debt (at Book/ historical Value)	123046	134083	157639	170088	177289	184581	194286
Percentage of GDP	2.2	2.1	2.0	1.9	1.8	1.6	1.5
External Debt (at current exchange rate*)	264059	249306	278877	322897	332004	374483	366384
Percentage of Public Debt	12.0	9.6	9.4	9.1	8.1	8.1	7.1
Percentage of Total Liabilities	9.6	7.9	7.9	7.8	7.1	7.0	6.2
Percentage of GDP	4.7	3.8	3.6	3.7	3.3	3.3	2.9
Percentage of General Government debt	6.6	5.5	5.5	5.5	5.0	5.0	4.4

*Exchange rate on March 31 of respective years.

The net funding, i.e. fresh borrowing less repayment of earlier loans, from external debt is minimal in recent years. Accordingly, External debt (at current, i.e. end-of-the financial year, 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 (73.6 per cent of total external debt at end-March 2015), while bilateral sources account for the remaining 26.4 per cent) **(Table 2.10).** 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 31.3.2015 are shown in **Annex VIII**.

Table 2.10: Composition of External Debt

Creditor Category	Actuals					Provisional	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7	8
Multilateral Debt as percentage of Total External Debt	68.9	68.5	68.2	68.9	71.0	71.7	73.6
Bilateral Debt as percentage of Total External Debt	31.1	31.5	31.8	31.1	29.0	28.3	26.4

External debt is predominantly denominated in three currencies viz., Special Drawing Rights (SDR), USD and Yen. At end-March 2015, debt denominated in these three currencies represented 95.8 per cent of total external debt. A small portion (4 per cent) is denominated in Euro. Other currencies mainly comprise of Rupee denominated debt to Russia **(Table 2.11).**

[8] *Executive power of State governments extend only to borrow within the territory of India as per Article 293 of the Constitution.*

Table 2.11: Currency Composition of External Debt

(per cent of total external debt)

Currency	Actuals					Provisional	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7	8
SDR	40.6	39.7	37.6	37.8	38.2	39.2	37.8
US Dollar	31.9	32.2	33.6	33.5	35.0	34.3	37.4
YEN	21.4	22.5	23.6	23.7	22.0	21.3	20.5
Euro	5.7	5.2	4.9	4.8	4.6	5.0	4.0
Others	0.4	0.4	0.3	0.3	0.2	0.2	0.2

Conclusion

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 a function of interest rate environment, 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.

3

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 India[9]. 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 central government employees, Reserve funds and deposits received by the Government, securities issued in lieu of oil/food/fertilizer subsidies, 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

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
A. Public Debt	**2203836**	**2583616**	**2945992**	**3553519**	**4096570**	**4615250**	**5142284**	**5657548**
Per cent of Total Liabilities	**80.1**	**81.8**	**83.4**	**85.6**	**87.0**	**86.4**	**87.0**	**87.1**
B. Other Liabilities (a to d)	**547527**	**576068**	**587957**	**599265**	**611516**	**725688**	**765031**	**837341**
Per cent of TL	**19.9**	**18.2**	**16.6**	**14.4**	**13.0**	**13.6**	**13.0**	**12.9**
(a) National Small Savings Fund	10085	38432	42552	64734	80516	110791	135208	176896
Per cent of TL	0.4	1.2	1.2	1.6	1.7	2.1	2.3	2.7
(b) State Provident Fund	83377	99433	111947	122751	133672	143425	153425	163425
Per cent of TL	3.0	3.1	3.2	3.0	2.8	2.7	2.6	2.5
(c) Other Account	325383	318749	304697	277904	257424	315421	312708	314493
Per cent of TL	11.8	10.1	8.6	6.7	5.5	5.9	5.3	4.8
(d) Reserve funds & Deposit	128682	119453	128762	133877	139904	156051	163690	182527
Per cent of TL	4.7	3.8	3.6	3.2	3.0	2.9	2.8	2.8
Bearing Interest	78384	72875	70421	74413	83871	95479	105933	122210
Per cent of TL	2.8	2.3	2.0	1.8	1.8	1.8	1.8	1.9
Not bearing interest	50298	46578	58340	59464	56033	60572	57757	60317
Per cent of TL	1.8	1.5	1.7	1.4	1.2	1.1	1.0	0.9
C. Total Liabilities (TL) (A+B)	**2751363**	**3159683**	**3533950**	**4152784**	**4708085**	**5340939**	**5907316**	**6494889**

Public account liabilities, at ₹7.65 trillion at end-March 2015, constituted 13 per cent of total liabilities, a decline from 13.6 per cent of total liabilities at end-march 2014. 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 directly and that part is

[9] *clause (2) of Articile 266 of the Constitution of India*

explicitly included in Public Debt. The remaining part of NSSF liabilities is included under Public Account in Union Budget, a part of which is also utilized for financing State Government budget deficits. The liabilities in Central Government Public Account under the head 'NSSF' in this document is net of NSSF liabilities as under Public Account in Union Budget and the part of NSSF utilized for financing State Government budget deficits. It represents the accumulated historical net cash position (net gain/losses) in the operations 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**.

Table 3.2 : Liabilities and Assets of NSSF

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
1. Total Liabilities	664137	728446	787100	790194	814545	858349	907257	959282
2. Borrowings by Centre	193997	207252	218485	208183	216808	229165	262441	284848
3. Borrowings by States	460056	482762	526063	517277	517221	519145	543636	553974
4. Loan to IIFCL	-	1500	1500	1500	1500	1500	1500	1500
5. Net Liabilities (1-2-3-4)	10085	36932	41052	63234	79016	108539	99680	118960
6. Total Liabilities % of GDP	11.8	11.2	10.1	8.9	8.2	7.6	7.2	6.8
7. Net Liabilities % of GDP	0.2	0.6	0.5	0.7	0.8	1.0	0.8	0.8

(b) State Provident Funds

Accumulated Provident Fund contributions of Central Government employees accounted for 2.6 per cent of total liabilities at end-March 2015, slightly down from 2.7 per cent at end-March 2014. The share with reference to GDP has been showing a gradually declining trend **(Table 3.3)**.

Table 3.3: State Provident Funds

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
State Provident Funds	83377	99433	111947	122751	133672	143425	153425	163425
Percentage of Total Liabilities	3.0	3.1	3.2	3.0	2.8	2.7	2.6	2.5
Percentage of GDP	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2
GDP	5630063	6477827	7784115	8832012	9988540	11345056	12541208	14108945

(c) Other Accounts

'Other accounts' includes sundry items like special deposits by retirement funds with the Central government, securities issued in lieu of subsidies, other deposits etc. The share of other items has been going down over the years, from 10.0 per cent of total liabilities in 2006-07 to 5.3 per cent at end-March 2015 **(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 2.8 per cent of total liabilities at end-March 2015 from 6.5 per cent at end-March 2009 **(Table 3.4).**

Table 3.4: Special Securities issued in lieu of subsidies

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
							RE	BE
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9
Special securities issued (in lieu of subsidy payment)	177580	187886	182123	172091	166328	166328	162828	162828
Percentage of Total Liabilities (of which)	*6.5*	*5.9*	*5.2*	*4.1*	*3.5*	*3.1*	*2.8*	*2.5*
Securities issued to Oil Marketing Companies	133880	144186	144186	140186	134423	134423	130923	130923
Percentage of Total Liabilities	*4.9*	*4.6*	*4.1*	*3.4*	*2.9*	*2.5*	*2.2*	*2.0*
Food Corporation of India	16200	16200	16200	16200	16200	16200	16200	16200
Percentage of Total Liabilities	*0.6*	*0.5*	*0.5*	*0.4*	*0.3*	*0.3*	*0.3*	*0.2*
Fertiliser Companies	27500	27500	21737	15705	15705	15705	15705	15705
Percentage of Total Liabilities	*1.0*	*0.9*	*0.6*	*0.4*	*0.3*	*0.3*	*0.3*	*0.2*

(ii) 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 2014, there was a balance of (-) ₹1,673 crore which is mainly attributed to Defence advance of (-) ₹ 487 crore and Postal advance of (-) ₹433 crore. The trends in outstanding advances in the Public Account are shown in **Table 3.5** below.

Table 3.5: Advances

(in ₹ crore)

Components	Actuals					Provisional
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7
Advances	-9817	-8969	-5899	-10817	-14533	-1673
Percentage of Total Liabilities	*-0.4*	*-0.3*	*-0.2*	*-0.3*	*-0.3*	*0.0*
Percentage of GDP	-0.2	-0.1	-0.1	-0.1	-0.1	0.0
GDP	5630063	6477827	7784115	8832012	9988540	11345056

(d) Reserve Funds and Deposits

Reserve Funds and deposits constituted 2.8 per cent of total liabilities as at end-March 2015, marginally down from 2.9 per cent at end-March 2014 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 64.7 per cent of total at end-March 2015 compared to 61.2 per cent at end-March 2014. 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

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
Reserve Funds	34248	20670	21617	27291	26880	30343	17596	23246
Percentage of Total Liabilities (of which)	*1.2*	*0.7*	*0.6*	*0.7*	*0.6*	*0.6*	*0.3*	*0.4*
(i) Interest bearing	15627	4848	474	2392	5283	8227	8408	15578
Percentage of Total Liabilities	*0.6*	*0.2*	*0.0*	*0.1*	*0.1*	*0.2*	*0.1*	*0.2*
(ii) Non-Interest bearing	18621	15822	21143	24899	21597	22116	9188	7668
Percentage of Total Liabilities	*0.7*	*0.5*	*0.6*	*0.6*	*0.5*	*0.4*	*0.2*	*0.1*
Share of interest-bearing funds to total (%)	45.6	23.5	2.2	8.8	19.7	27.1	47.8	67.0
GDP	5630063	6477827	7784115	8832012	9988540	11345056	12541208	14108945

(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) increased marginally to 2.5 per cent at end-March 2015 from 2.4 per cent at end-March 2014 **(Table 3.7).** Interest bearing liabilities went down to 66.8 per cent at end-March 2015 from 69.4 per cent of total deposits at end-March 2014. Contributions under Employees Family Pension Scheme, 1971 accounted for the major part of these interest bearing deposits. Non-interest bearing 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

(in ₹ crore)

Components	Actuals					Provisional	Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	RE 2014-15	BE 2015-16
1	2	3	4	5	6	7	8	9
Deposits	94434	98783	107145	106586	113024	125708	146093	159280
Percentage of Total Liabilities (of which)	*3.4*	*3.1*	*3.0*	*2.6*	*2.4*	*2.4*	*2.5*	*2.5*
Bearing Interest	62757	68027	69948	72021	78588	87252	97525	106631
Percentage of Total Liabilities	*2.3*	*2.2*	*2.0*	*1.7*	*1.7*	*1.6*	*1.7*	*1.6*
Not Bearing Interest	31677	30756	37197	34565	34436	38456	48568	52649
Percentage of Total Liabilities	*1.2*	*1.0*	*1.1*	*0.8*	*0.7*	*0.7*	*0.8*	*0.8*
GDP	5630063	6477827	7784115	8832012	9988540	11345056	12541208	14108945

The share of Public Account liabilities in the total liabilities of the Government has declined from 18.2 per cent in 2009-10 to 13 per cent in 2014-15. Decline was primarily due to 'Other Accounts', which mainly comprises of securities issued in lieu of subsidies to oil companies, 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 also seen a decline in the recent years.

4

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 Debt[10]

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 gross fiscal deficit (GFD) 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 70.8 per cent in 2013-14, continued as the major source of financing. The reliance on borrowings from NSSF[11] continued to decline in 2013-14 (at -1.3 per cent). Financing through Deposits and Advances declined to 4.3 per cent of GFD in 2013-14 from 15.8 per cent of GFD in 2012-13. The major variation was observed in use of states' cash balances. States utilised accumulated cash over recent years to finance its GFD, with a share of 14.5 per cent in financing GFD in 2013-14 as against a build up of cash to the extent of 11.8 per cent of GFD in 2012-13 **(Table 4.1).**

Table 4.1: Financing of Gross Fiscal Deficit - States

(in ₹ crore)

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 Acount	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	2,860	3,110	90,100
2000-01	12,520	8,320	32,610	4,550	13,110	3,100	7,140	8,920	-2,350	87,920
2001-02	17,250	10,900	35,650	6,290	10,190	4,520	5,000	1,040	3,420	94,260
2002-03	28,480	-370	48,970	4,860	9,860	4,800	710	7,030	-4,610	99,730
2003-04	47,290	13,940	18,000	4,130	9,330	6,380	-370	22,460	-530	1,20,630
2004-05	34,560	-9,780	64,190	0	8,880	7,130	8,070	5,180	-10,460	1,07,770
2005-06	15,300	-40	73,820	4,060	10,460	5,230	7,260	7,930	-33,940	90,080
2006-07	13,080	-8,890	56,020	3,940	10,370	7,630	12,800	-1,110	-16,330	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	1,04,040	-760	1,480	5,700	15,640	7,540	4,590	5,320	-8,960	1,34,590
2009-10	1,12,650	-1,700	24,160	8,210	23,140	-1,990	12,370	4,280	7,700	1,88,820
2010-11	88,780	710	38,630	3,200	27,810	2,610	22,860	-8,300	-14,840	1,61,460
2011-12	1,35,400	180	-8,060	5,640	26,650	12,180	17,690	-5,020	-16,310	1,68,350
2012-13	1,46,250	1,730	-170	5,280	25,780	9,150	30,960	-420	-23,090	1,95,470
2013-14 (RE)	2,00,640	7,470	-3,570	5,270	25,440	1,470	12,120	-6,580	41,240	2,83,500
2014-15 (BE)	2,29,300	12,940	-1,760	8,150	26,910	7,220	12,400	-11,280	11,180	2,95,060
					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	10.1	-2.7	100.0
2001-02	18.3	11.6	37.8	6.7	10.8	4.8	5.3	1.1	3.6	100.0
2002-03	28.6	-0.4	49.1	4.9	9.9	4.8	0.7	7.0	-4.6	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	4.8	-9.7	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	3.4	15.8	7.2	10.5	-3.0	-9.7	100.0
2012-13	74.8	0.9	-0.1	2.7	13.2	4.7	15.8	-0.2	-11.8	100.0
2013-14 (RE)	70.8	2.6	-1.3	1.9	9.0	0.5	4.3	-2.3	14.5	100.0
2014-15 (BE)	77.7	4.4	-0.6	2.8	9.1	2.4	4.2	-3.8	3.8	100.0

[10] *Data on State Governments' finances is sourced from the RBI publication, 'State Finances: A Study of Budgets of 2014-15'.*

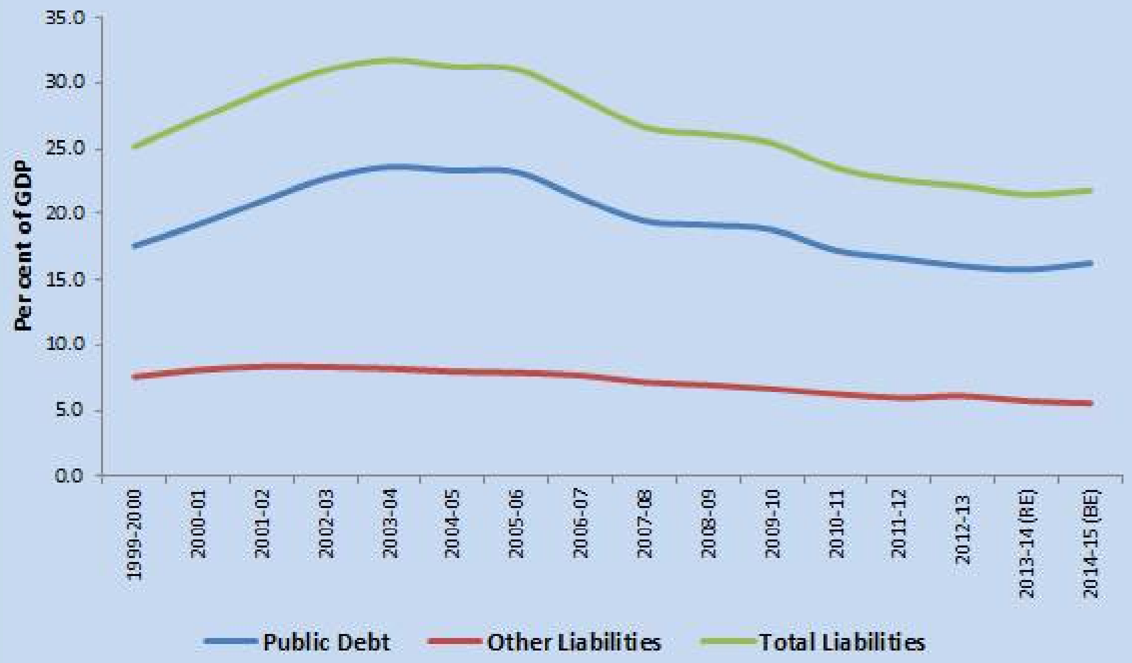
[11] *States' borrowings from NSSF is largely a function of the level of small savings collections. To a lesser extent, it also depends on the prevailing ratio of sharing net small savings collections with the Central Government.*

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 component-wise 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 ₹24.4 trillion at end-March 2014 from ₹22.1 trillion at end-March 2013. 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 for states, with reference to GDP, over the years **(Chart 4.1)**.

Chart 4.1: Liabilities of the State Governments



Public Debt

Public Debt, at ₹17.9 trillion at end-March 2014, constituted 73.4 per cent of total liabilities of state governments (15.8 per cent of GDP). While its contribution to total liabilities has remained largely stable since 2006-07, its composition has seen significant change where market loans are increasing its share vis-à-vis all other components. Market loans (dated securities) constituted 43.1 per cent of total liabilities at end-March 2014, up from 39.6 per cent at end March 2013. This share has increased from 19.6 per cent at end-March 2007. Borrowings from NSSF accounted for 20.1 per cent of total liabilities at end-March 2014, down from 22.0 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 6.2 per cent of total liabilities at end-March 2014 compared to 6.6 per cent at previous year-end. State governments also take negotiated loans from LIC, GIC, NABARD and other financial institutions. At end-March 2014, these loans constituted 3.6 per cent of total liabilities down from 3.9 per cent at end-March 2013 (**Table 4.2**). Increasing market loans as per cent of GDP is just a reflection of greater recourse to market by the States to finance their deficit replacing other components of financing GFD **(Table 4.3)**.

Table 4.2 : Liability Position of State Governments

(in ₹ crore)

Components	Actuals					Estimates	
	2008-09	2009-10	2010-11	2011-12	2012-13	RE	BE
1	2	3	4	5	6	7	8
1. Public Debt (a to f)	1077630	1216780	1340530	1466430	1600640	1788290	2037620
(a) Market Loans	401920	515790	604090	741150	874600	1050370	1279670
(b) Borrowings from NSSF	431920	455020	494640	486420	486750	489230	487470
(c) Loans from the Centre	143870	143150	144170	143550	144810	152280	165230
(d) Loans from Banks and other Financial Institutions	77780	83480	81720	83080	85180	88750	100460
(e) Power Bonds	21690	18780	14420	11540	8670	7230	4360
(f) Ways and Means Advances and others	450	560	1490	690	630	430	430
2. Other Liabilities (a to d)	392560	431870	488440	527510	609600	649270	696020
(a) State Provident Funds	177430	200560	228240	253450	279360	304810	331720
(b) Reserve Funds	83930	94350	103170	91940	131560	133020	140240
(c) Deposits and Advances	128350	134530	153660	178980	195230	207350	219750
(d) Contingency Fund	2850	2430	3370	3140	3450	4090	4310
3. Total Liabilities (1+2)	1470190	1648650	1828970	1993940	2210240	2437560	2733640
	as percentage of total liabilities						
1. Public Debt (a to f)	**73.3**	**73.8**	**73.3**	**73.5**	**72.4**	**73.4**	**74.5**
(a) Market Loans	27.3	31.3	33.0	37.2	39.6	43.1	46.8
(b) Borrowings from NSSF	29.4	27.6	27.0	24.4	22.0	20.1	17.8
(c) Loans from the Centre	9.8	8.7	7.9	7.2	6.6	6.2	6.0
(d) Loans from Banks and other Financial Institutions	5.3	5.1	4.5	4.2	3.9	3.6	3.7
(e) Power Bonds	1.5	1.1	0.8	0.6	0.4	0.3	0.2
(f) Ways and Means Advances and others	0.0	0.0	0.1	0.0	0.0	0.0	0.0
2. Other Liabilities (a to d)	***26.7***	***26.2***	***26.7***	***26.5***	***27.6***	***26.6***	***25.5***
(a) State Provident Funds	12.1	12.2	12.5	12.7	12.6	12.5	12.1
(b) Reserve Funds	5.7	5.7	5.6	4.6	6.0	5.5	5.1
(c) Deposits and Advances	8.7	8.2	8.4	9.0	8.8	8.5	8.0
(d) Contingency Fund	0.2	0.1	0.2	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

Table 4.3: Liability Position of State Governments

(per cent of GDP)

Components	Actuals					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
1. Public Debt (a to f)	**19.1**	**18.8**	**17.2**	**16.6**	**16.0**	**15.8**	**16.2**
(a) Market Loans	7.1	8.0	7.8	8.4	8.8	9.3	10.2
(b) Borrowings from NSSF	7.7	7.0	6.4	5.5	4.9	4.3	3.9
(c) Loans from the Centre	2.6	2.2	1.9	1.6	1.4	1.3	1.3
(d) Loans from Banks and other Financial Institutions	1.4	1.3	1.0	0.9	0.9	0.8	0.8
(e) Power Bonds	0.4	0.3	0.2	0.1	0.1	0.1	0.0
(f) Ways and Means Advances and others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Other Liabilities (a to d)	**7.0**	**6.7**	**6.3**	**6.0**	**6.1**	**5.7**	**5.5**
(a) State Provident Funds	3.2	3.1	2.9	2.9	2.8	2.7	2.6
(b) Reserve Funds	1.5	1.5	1.3	1.0	1.3	1.2	1.1
(c) Deposits and Advances	2.3	2.1	2.0	2.0	2.0	1.8	1.8
(d) Contingency Fund	0.1	0.0	0.0	0.0	0.0	0.0	0.0
3. Total Liabilities (1+2)	**26.1**	**25.5**	**23.5**	**22.6**	**22.1**	**21.5**	**21.8**

Other Liabilities

Other liabilities of State governments stood at ₹6.5 trillion at end-March 2014 compared to ₹6.1 trillion at end-March 2013. Relative to GDP, however, there is a reduction over the same period from 6.1 per cent to 5.7 per cent. They constituted 26.6 per cent of total liabilities as at end-March 2014, a share that has remained more or less stable over the years. The share of its components also remained more or less stable since 2008-09. The major constituent of other liabilities is State Provident Funds at 46.9 per cent of Other Liabilities (and 12.5 per cent of total liabilities) at end-March 2014. Deposits and advances and reserve funds are the other components accounting for 31.9 per cent and 20.5 per cent respectively, of Other Liabilities at end-March 2014. Contingency fund constituted 0.6 per cent of Other Liabilities at end-March 2014 **(Table 4.4)**.

Table 4.4 : Composition of Other Liabilities of State Governments

(per cent of Other Liabilities)

Components	Actuals					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) State Provident Funds	45.2	46.4	46.7	48.0	45.8	46.9	47.7
(ii) Reserve Funds	21.4	21.8	21.1	17.4	21.6	20.5	20.1
(iii) Deposits and Advances	32.7	31.2	31.5	33.9	32.0	31.9	31.6
(iv) Contingency Fund	0.7	0.6	0.7	0.6	0.6	0.6	0.6
Other Liabilities (i to iv)	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 20.3 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					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
1. Public Debt	1077630	1216780	1340530	1466430	1600640	1788290	2037620
percentage of GDP	*19.1*	*18.8*	*17.2*	*16.6*	*16.0*	*15.8*	*16.2*
2. Investment in Treasury Bills of Centre	*100900*	*92810*	*110690*	*117740*	*145700*	*131290*	*123611*
3. Public Debt net of Investment T-Bills (1-2)	976730	1123970	1229840	1348690	1454940	1657000	1914009
percentage of GDP	17.3	17.4	15.8	15.3	14.6	14.6	15.3
4. Other Liabilities	392560	431870	488440	527510	609600	649270	696020
percentage of GDP	*7.0*	*6.7*	*6.3*	*6.0*	*6.1*	*5.7*	*5.5*
5. Total Debt (1+4)	1470190	1648650	1828970	1993940	2210240	2437560	2733640
percentage of GDP	*26.1*	*25.5*	*23.5*	*22.6*	*22.1*	*21.5*	*21.8*
6. Total Adjusted Debt (3+4)	1369290	1555840	1718280	1876200	2064540	2306270	2610029
percentage of GDP	*24.3*	*24.0*	*22.1*	*21.2*	*20.7*	*20.3*	*20.8*

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 54.0 per cent of GDP at end-March 2014, marginally lower than 54.1 per cent at end-March 2013. On corresponding dates, general government 'Other Liabilities' constituted 12.1 per cent and 12.2 per cent of GDP respectively. Total liabilities of the general government at end-March 2014 amounted to 66.1 per cent of GDP, compared to 66.4 per cent of GDP at end-March 2013 **(Table 4.6).** General Government Debt-GDP ratio is estimated to increase marginally to 66.7 per cent at end-March 2015.

Table 4.6: General Government Debt

(in ₹ crore)

Components	Actuals					Provisional	Estimates
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7	8
1. Public Debt Centre	2203836	2583616	2945992	3553519	4096570	4615250	5142284
percentage of GDP	*39.1*	*39.9*	*37.8*	*40.2*	*41.0*	*40.7*	*41.0*
2. Public Debt States	1077630	1216780	1340530	1466430	1600640	1788290	2037620
percentage of GDP	*19.1*	*18.8*	*17.2*	*16.6*	*16.0*	*15.8*	*16.2*
3. States Investment in Treasury Bills of Centre	100900	92810	110690	117740	145700	131290	123611
percentage of GDP	*1.8*	*1.4*	*1.4*	*1.3*	*1.5*	*1.2*	*1.0*
4. Loans from Centre to States	143870	143152	144170	143548	144812	145813	148281
percentage of GDP	*2.6*	*2.2*	*1.9*	*1.6*	*1.4*	*1.3*	*1.2*
5.General Government Public Debt (1+2-3-4)	**3036696**	**3564433**	**4031662**	**4758661**	**5406697**	**6126437**	**6908012**
percentage of GDP	***53.9***	***55.0***	***51.8***	***53.9***	***54.1***	***54.0***	***55.1***
6. Other Liabilities Centre	547527	576068	587957	599265	611516	725688	765031
percentage of GDP	*9.7*	*8.9*	*7.6*	*6.8*	*6.1*	*6.4*	*6.1*
7. Other Liabilities States	392560	431870	488440	527510	609600	649270	696020
percentage of GDP	*7.0*	*6.7*	*6.3*	*6.0*	*6.1*	*5.7*	*5.5*
8. General Government Other Liabilities (6+7)	**940087**	**1007938**	**1076397**	**1126775**	**1221116**	**1374958**	**1461051**
percentage of GDP	***16.7***	***15.6***	***13.8***	***12.8***	***12.2***	***12.1***	***11.7***
9. General Government Debt (5+8)	**3976783**	**4572371**	**5108060**	**5885437**	**6627813**	**7501396**	**8369063**
percentage of GDP	***70.6***	***70.6***	***65.6***	***66.6***	***66.4***	***66.1***	***66.7***

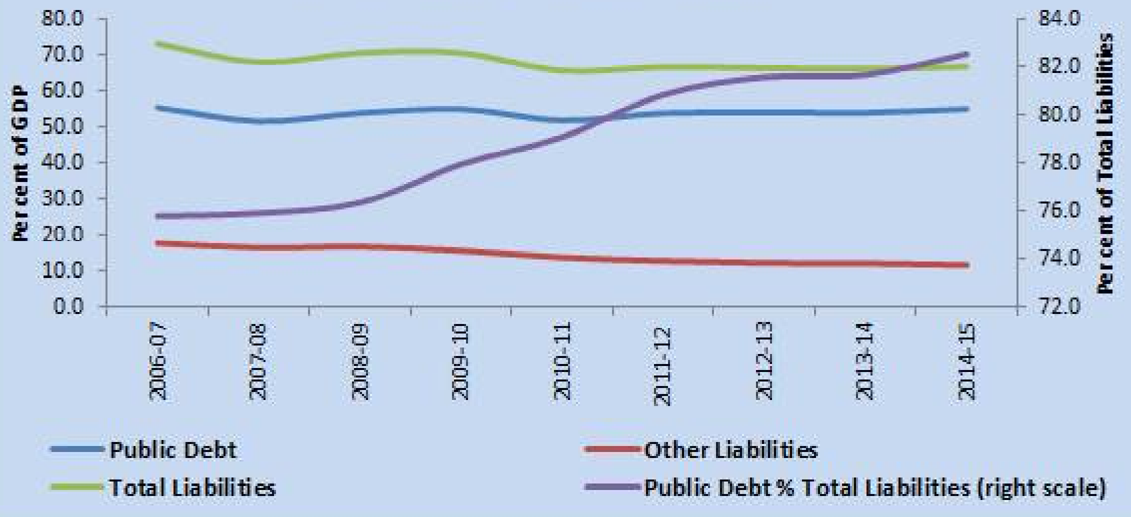
Note:- 1. States data relate to revised estimates for 2013-14 and budget estimates for 2014-15.

2. Data on States' Investment in Treasury Bills of Centre for 2014-15 is taken from RBI.

3. Data for Loans from Centre to states has been taken from Annex 5(ii) of Receipt Budget of Union Budget 2015-16.

General Government Debt have been broadly 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 2015, Public Debt represented 82.5 cent of total liabilities as against 76.4 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 collection through small savings. 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.

Chart 4.2: Trends in General Government Debt



In brief, the state governments' debt-GDP ratio has decreased to 21.5 per cent at end-March 2014 from 22.1 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 Debt 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.

5

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 debt[13] 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 of 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 broadly declining gradually and stood at 12.5 per cent of total Public Debt and 5.14 per cent of GDP at end-March 2015 **(Table 5.1).**

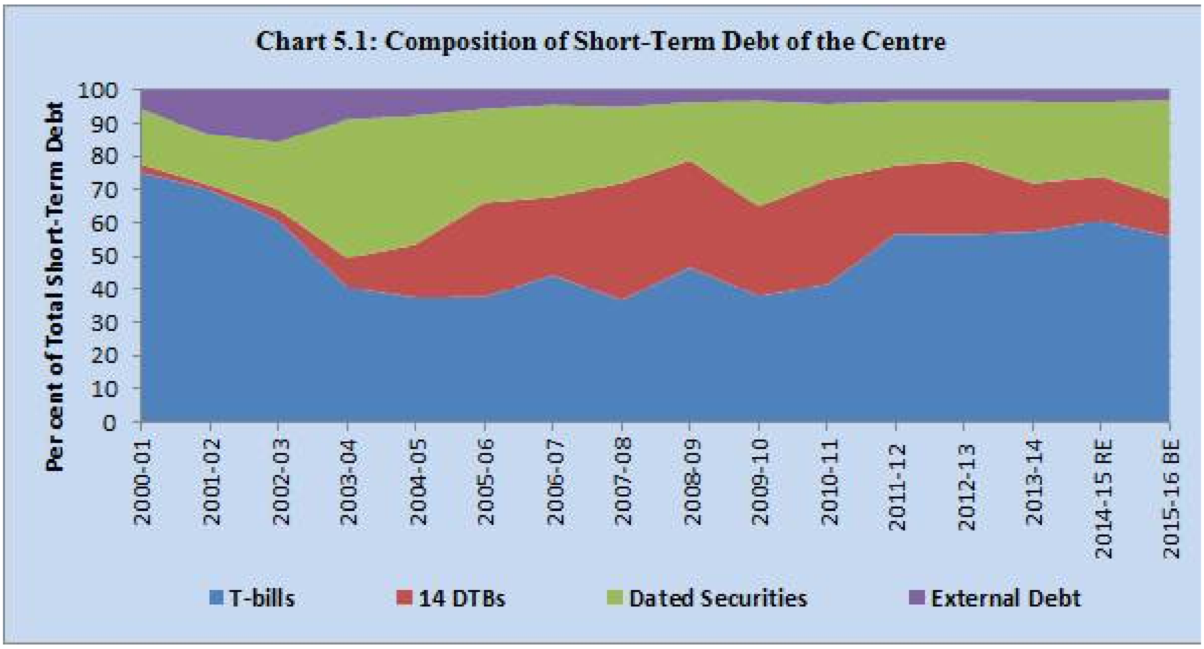
Table 5.1: Short-term Debt of the Central Government

Year	Amount (₹ Crore)	Per cent of Public Debt	Per cent of GDP
1	2	3	4
2000-01	159726	16.1	7.4
2001-02	180649	16.2	7.7
2002-03	161379	13.3	6.4
2003-04	81987	6.2	2.9
2004-05	91720	6.5	2.8
2005-06	138454	8.9	3.7
2006-07	166270	9.8	3.9
2007-08	194964	10.6	3.9
2008-09	304253	13.8	5.4
2009-10	354117	13.7	5.5
2010-11	325683	11.0	4.2
2011-12	471559	13.3	5.3
2012-13	531318	13.0	5.3
2013-14	591730	12.8	5.2
2014-15 RE	644685	12.5	5.1

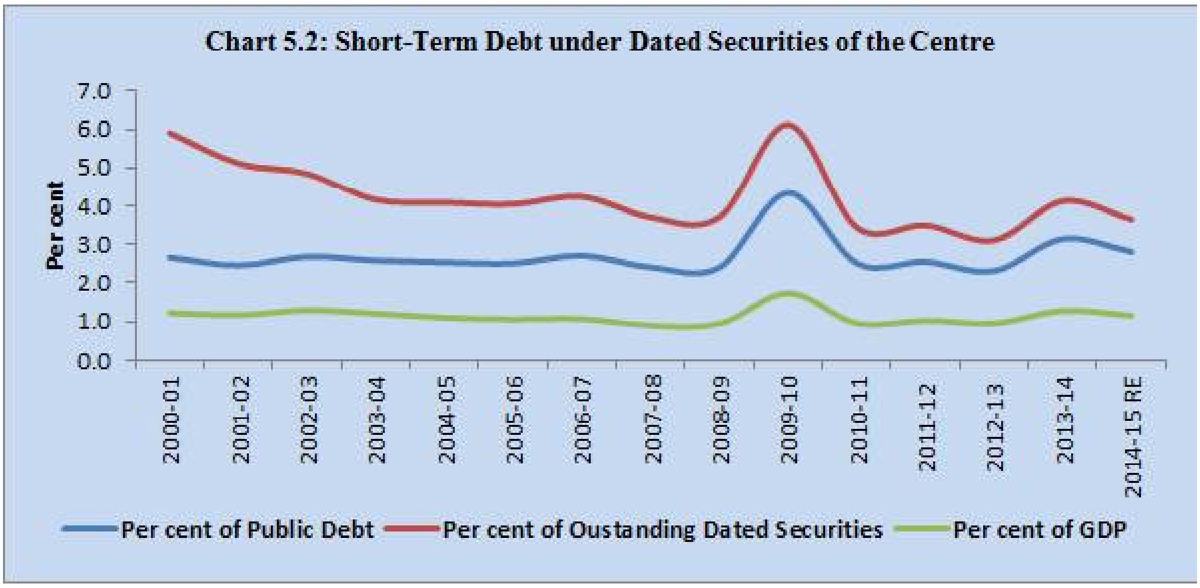
Composition of short-term debt indicates that treasury bills account for 74.0 per cent while dated securities constituted 22.4 per cent of total short-term debt at end-March 2015. Share of short-term external debt, at 3.6 per cent, was relatively insignificant **(Chart 5.1).**

[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 2015, dated securities maturing within a year amounted to 1.2 per cent of GDP, 2.8 per cent of public debt, and 3.6 per cent of total outstanding dated securities **(Chart 5.2).**



State Governments

Short-term debt of state governments is relatively low, constituting 5.4 per cent of their public debt (**Table 5.2**). State Governments do not issue T-bills. Besides, as market loans constitutes the dominant part of public debt of States' governments, and as States largely issue securities with 10-year maturity[14], 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.*

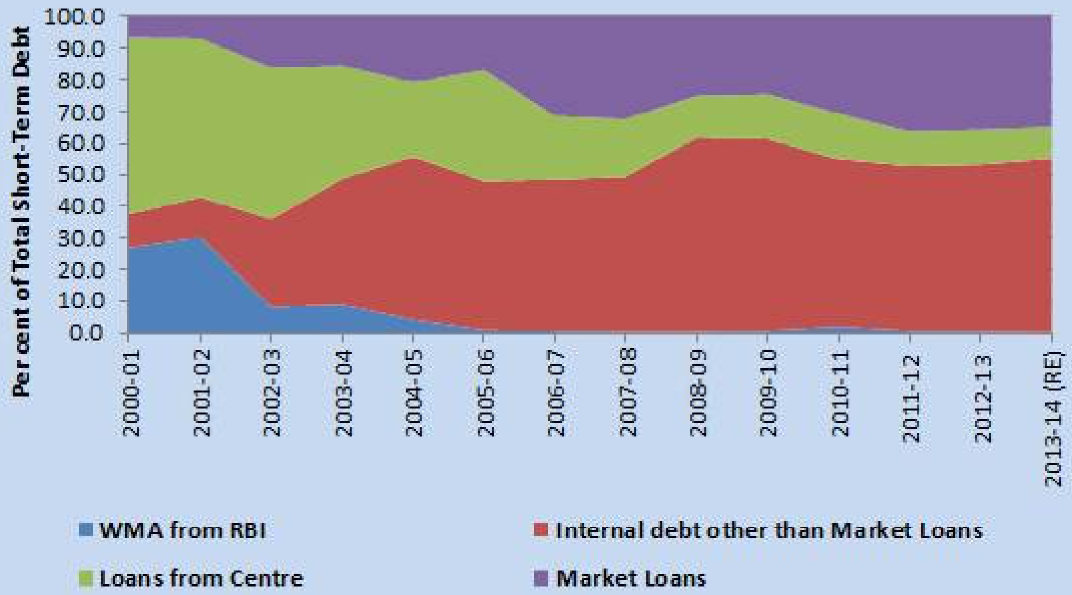
Table 5.2: Short-term Debt of the States' Governments

Year	Amount (₹ Crore)	Per cent of Public Debt	Per cent of GDP
1	2	3	4
2000-01	24381	5.8	1.1
2001-02	30927	6.3	1.3
2002-03	30846	5.4	1.2
2003-04	38001	5.7	1.3
2004-05	36130	4.8	1.1
2005-06	43217	5.1	1.2
2006-07	40207	4.4	0.9
2007-08	44776	4.6	0.9
2008-09	65631	6.1	1.2
2009-10	65693	5.4	1.0
2010-11	73270	5.5	0.9
2011-12	85255	5.8	1.0
2012-13	90477	5.7	0.9
2013-14	96412	5.4	0.8

Note: Short term debt other than WMA from RBI.

Over the years, there is a shift in composition of short-term debt of State Governments. A major change is the reduction in WMA[15] from RBI which constituted 30.5 per cent of short-term public debt at end-March 2002, but tapered off to just 0.4 per cent at end-March 2014. Similarly short-term component of loans from the Centre (on residual maturity basis) also declined (**Chart 5.3**).

Chart 5.3: Composition of Short-Term Debt of States



General Government

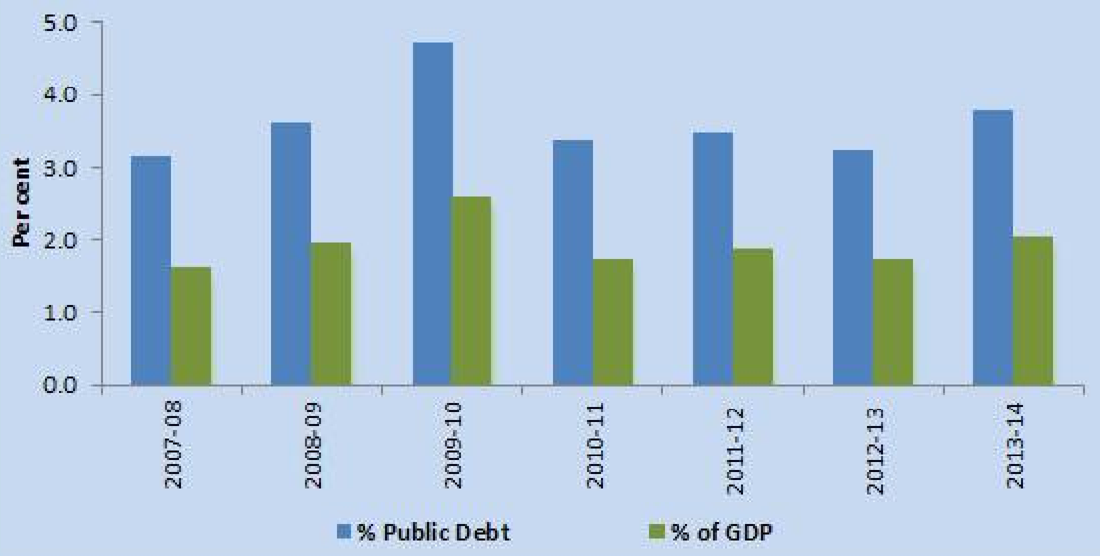
Short-term debt of the General Government[16] has remained below 10 per cent of total debt. It has been increasing since 2007-08 but seems to have stabilised now below 9 per cent. At end-March 2014, it represented 8.9 per cent of total public debt compared with 8.6 per cent at end-March 2013 (**Table 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	Amount (₹ 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	429678	9.0	4.9
2012-13	466087	8.6	4.7
2013-14	547166	8.9	4.8

Short-term debt under market loans[17] has remained stable for the general government during the recent past, barring 2009-10 when it saw some increase. At end-March 2014, short-term debt under market loans represented 3.8 per cent of General Government Public Debt and 2.0 per cent of GDP (**Chart 5.4**).

Chart 5.4: Short-term Debt of General Government Under Market Loans



Annual Repayment Burden of Government of India Dated Securities

The annual repayment burden (ARB) of dated securities is shown in **Chart 5.5** (actual repayments for years up to 2014-15 and position as at end-March for later years). An increase in ARB is visible during 2016-17 to 2018-19 both in absolute terms as well as relative of GDP. Government had used active debt management since 2013-14 in the form of buyback and switching of securities, with an objective to smoothen redemption pressure as well as utilizing the cash surplus. Union Budget 2015-16 have also budgeted ₹50,000 crore for buyback/ switching during 2015-16. Continuance of this strategy will enable government to reduce redemption pressure in year 2016-17 to 2018-19. 40 year tenor bond was also issued recently to primarily limit rollover risk (**Box 5.1**).

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

Box 5.1 : Issuance of Long Tenor Government Security of 40 year maturity

Government of India securities yield curve spanned till 30 years as on September 30 2015. Elongation of maturity of the portfolio is preferred strategy to limit rollover risk, particularly in light of problems faced in financing Sovereign Debt during recent financial crisis. UK, France and Japan (since 2007) were the regular issuers of ultra-long bonds. However, recently a number of countries have issued these bonds (Canada, Switzerland, Spain, Austria, etc.) upto 50 years. UK stepped up its issuances of ultra-long bond recently, including issuance of a 55-year bond.

Continuing the elongation of maturity, strong demand expressed by long term investors for longer government bonds and in the backdrop of broadly flat yield curve, expecting that cost of long tenor bond may not be much higher than the 30 year security, Government of India also introduced a long tenor bond of 40 year maturity on October 23, 2015.

Potential Benefits of long tenor bond issuance

a) Reducing the Government's refinancing risk by further extending the average maturity of the Government's debt portfolio.

b) 'Public good' benefits of long-tenor bond issuance include providing bench mark for valuation of long term corporate bonds as well as perpetual bonds and acting as a comparator for the valuation of long-term public infrastructure projects. It will help long term investors such as insurance companies to match further their assets and liabilities.

The response to the new paper was very good with bid cover ratio more than 6 and yield was trading about 15 basis points lower than the current 30 year paper.

Chart 5.5: Maturity Profile of Central Government Dated Securities

Note: In Chart 5.5, nominal GDP growth rate from 2016-17 onwards till 2028-29 has been assumed at uniform rate of 11.5%

2. Floating Rate Debt

Government of India 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 2015 outstanding floating rate debt issued domestically amounted to ₹40,942 crore constituting 0.8 per cent of public debt and 0.3 per cent of GDP (**Table 5.4**). A part of external debt is also at floating rates, linked to LIBOR. At end-March 2015, such external debt stood at ₹1,15,042 constituted 2.2 per cent of public debt and 0.9 per cent of GDP. Taking both components together, total floating rate debt works out to be 1.2 per cent of GDP at end-March 2015. Share of floating rate debt in Central Government Public Debt was 3.0 per cent, while it represented 2.4 per cent of the General Government Public Debt at end-March 2015.

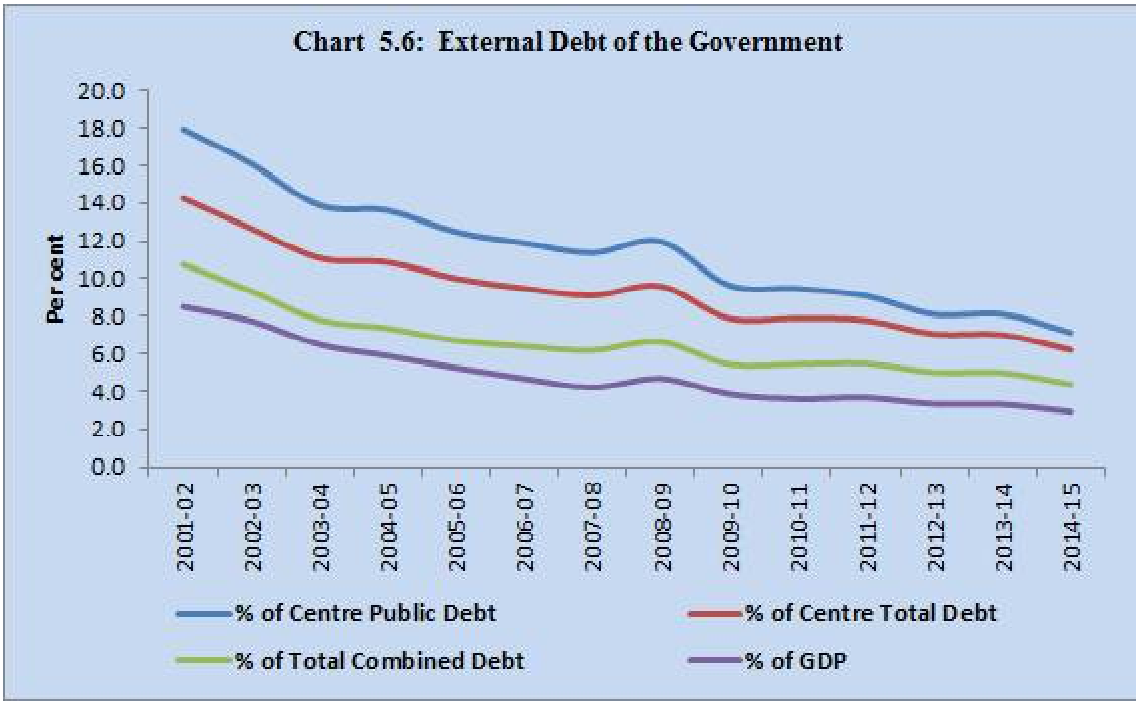
Table 5.4: Floating Rate Debt of the Central Government

Year	Internal Floating Debt		External Floating Debt		Tota 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	1.5
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
2014-15	0.8	0.3	2.2	0.9	3.0	1.2

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. Recently, 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 seen a secular decline, from 10.8 per cent of General Government Debt at end-March 2002 to 4.4 per cent at end-March 2015. As per cent of GDP, external debt declined to 2.9 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.



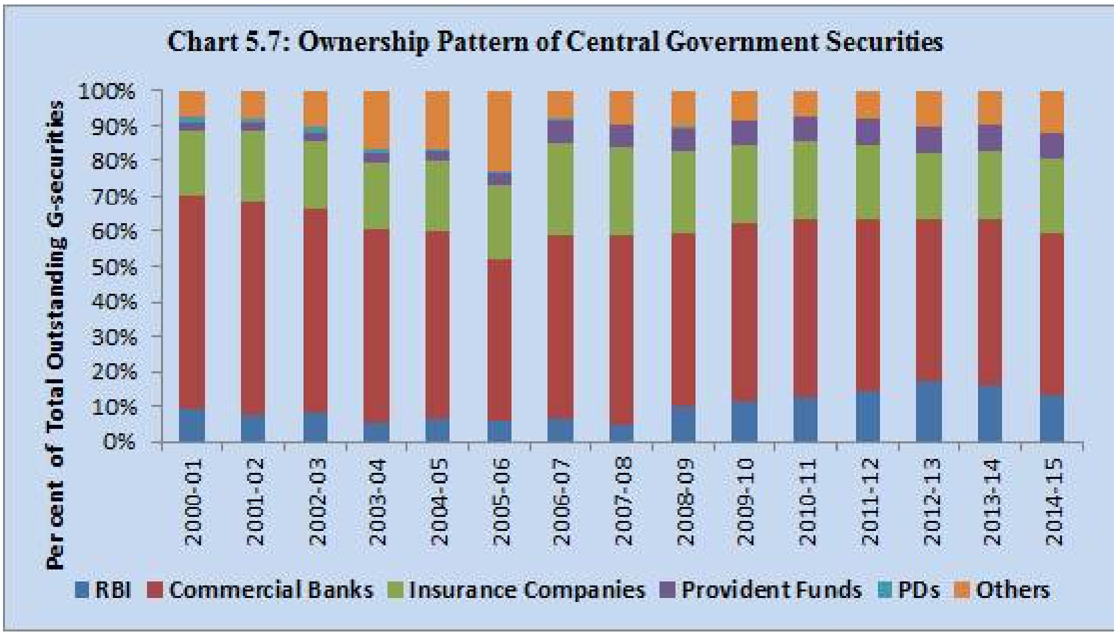
In the recent past, interest rates in the international financial markets have been very low. In this backdrop there have been suggestions that it may be beneficial for the Government to borrow from international financial market in terms of increasing the accessible pool of savings for the economy, 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 2012-13 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, other macro economic factors, Government of India borrowing program, etc., should also be clearly appreciated.

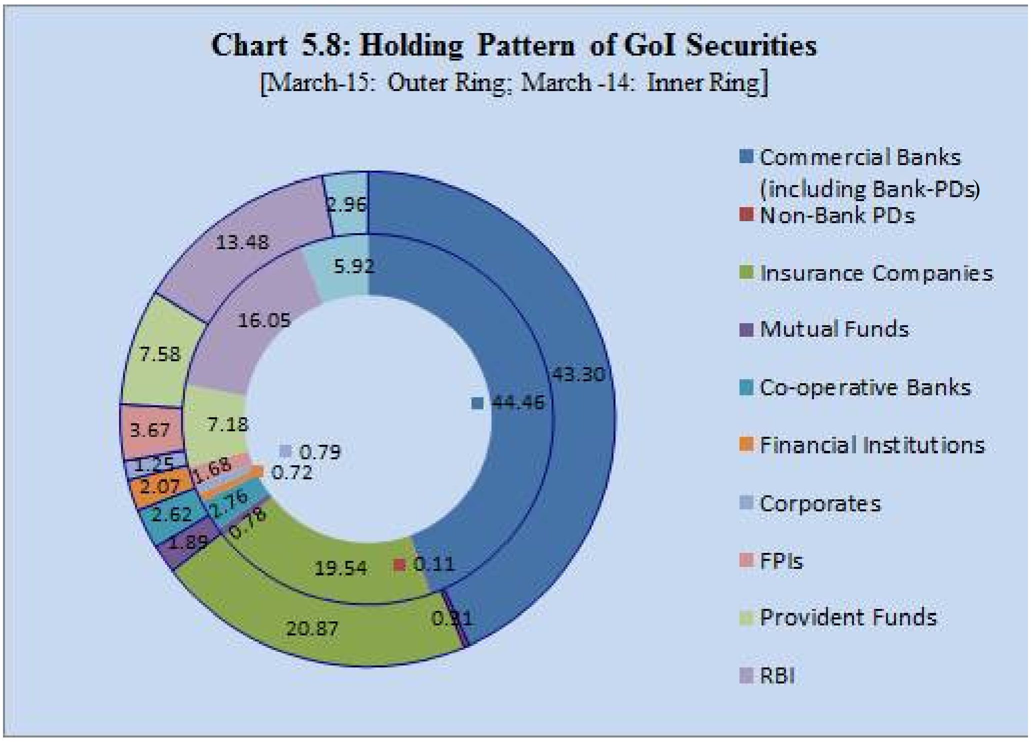
4. Ownership Pattern

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.



Source: Handbook of Statistics on Indian Economy; RBI

While commercial banks continued to hold maximum Government of India dated securities, their share continue to reduce. At end-March 2015, their share at 43.3 per cent was lower compared to 44.5 per cent as on end- March 2014 and 61.0 per cent at end-March 2001. Over end-March 2001 to end- March 2015, the share of insurance companies increased from 18.6 per cent to 20.9 per cent and of provident funds from 2.3 per cent to 7.6 per cent. In recent years, the share of FPIs has increased consistently and it represented 3.7 per cent of total government securities at end-March 2015. With no OMO purchases by RBI last year and some OMO sales, share of RBI has come down by more than 2.5 per cent in 2014-15 **(Chart 5.8).** The largely domestic and institutional investor profile contributes to stable demand for government securities. Further, while Gold Schemes launched by Government of India in November 2015 will broaden investment choice of investors, it will also diversify investor base for debt liabilities of central government through more participation of retail investors **(Box 5.2)**.



Box 5.2: Gold Schemes of Government of India (GoI)

GoI launched two Gold Schemes, i.e. Sovereign Gold Bond Scheme (SGB) and Gold Monetisation Scheme (GMS), in November, 2015. These schemes together are expected to not only broaden investment choice of investors but also may result in lowering current account deficit with lower gold import, utilising idle gold in productive purposes, diversifying investor base for GoI debt liabilities through more participation of retail investors, etc. Schemes will be managed by RBI.

Sovereign Gold Bond Scheme (SGB)

SGB is expected to reduce the demand for physical gold for investment purposes by allowing investors an exposure to gold through SGB. SGBs are government guaranteed securities denominated in grams of gold, with minimum investment of two grams and a maximum annual cap of 500 grams per person. SGBs would be restricted for sale to resident Indian entities as per FEMA Act, 1999.

SGBs will be issued and redeemed in cash on maturity/ premature redemption at ongoing market price, however, interest will be paid at 2.75 per cent on the amount of initial investment denominated in gold. The tenor of the bond is 8 years, with option of early encashment after fifth year from the date of issue on coupon payment dates. The bond will be tradable on Exchanges, if held in demat form. It can also be transferred to any other eligible investor.

SGB offers a superior alternative to holding physical gold. The risks and costs of storage are eliminated, with assured market value of gold at the time of maturity and periodical interest. SGB is free from issues like making charges and purity in the case of gold in jewellery form. The bonds are held in the books of the RBI or in demat form, eliminating risk of loss of scrip etc. However, the investor carries the risk of capital loss if the market price of gold declines, same as in the case of physical holding. SGB can also be used as collateral for loans from banks, financial institutions and Non-Banking Financial Companies (NBFC).

The amount received from the bonds will be used by GoI to finance its fiscal deficit for 2015-16 and onwards. The notional interest saved on this amount would be credited in a "Gold Reserve Fund (GRF)" to take care of the risk of increase in gold price that will be borne by the government. The GRF will be monitored for sustainability.

The first tranche of SGB was issued by RBI through scheduled commercial banks and post offices in November 2015. The scheme saw an good response throughout the country with about 63,000 investors subscribed for a total of ₹ 246.20 crore worth 915.9 kgs of gold. More tranches will be issued during the financial year 2015-16.

Gold Monetisation Scheme (GMS)

The Gold Monetization Schemes consist of the Revamped Gold Deposit Scheme (GDS), and the Revamped Gold Metal Loan (GML) scheme, linked together. The Gold Monetization Scheme (GMS) has primary objectives of mobilizing the gold held by households and institutions in the country and putting this gold into productive use as also to reduce the country's reliance on the import of gold. The revamped GDS will provide improved infrastructure (in terms of ease of depositing, faster processing' transparency) and greater flexibility in the terms and tenure of deposits. Gold Savings Account will be opened and this account would be denominated in grams of gold of Standard gold of 995 fineness of gold.

The deposits can be made for a short-term period, a medium-term period of 5-7 years and a long-term period of 12-15 years. While the interest rate payable for short-term deposits would be decided by the banks, rate of interest will be decided by the government from time-to-time on other deposits. Further, while short term deposits will be denominated in grams of gold, other deposits will be denominated and payable in rupees.

The gold deposited may be auctioned by RBI or MMTC or any other authorized agency and amount realized will be used by GoI in lieu of government borrowing. The monetized gold may be used for RBI's reserves, minting the Indian Gold coins by MMTC or lending to jewellers under the GML.

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 5.3**)

Box 5.3 :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. It is expected that domestic and institutional investor ownership base would continue to be large in coming years with similar trend of investor diversification. With Medium Term Framework for the investment by FPIs in government securities already announced by RBI, FPI investment is expected to increase to 5 per cent of outstanding stock of government securities by March 2018.

Currency:

As discussed in para 3, in terms of currency, India's public debt is predominantly in domestic currency with external debt constituting 7.1 per cent of the public debt at end-March 2015. Debt from multilateral agencies is expected to be dominant portion in external debt in near future. The decision to access international capital market will be 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.

Instrument type:

As discussed in para 2, Government debt is predominantly at fixed rates. At end-March 2015, outstanding floating rate debt constituted just 3 per cent of total public debt. India has commenced issue of Inflation Indexed Bonds and Sovereign Gold Bonds, which may be continued to cater investor needs and address national priorities. However, it may be expected that in near future fix coupon rate will continue to have major share in borrowings.

Maturity Profile

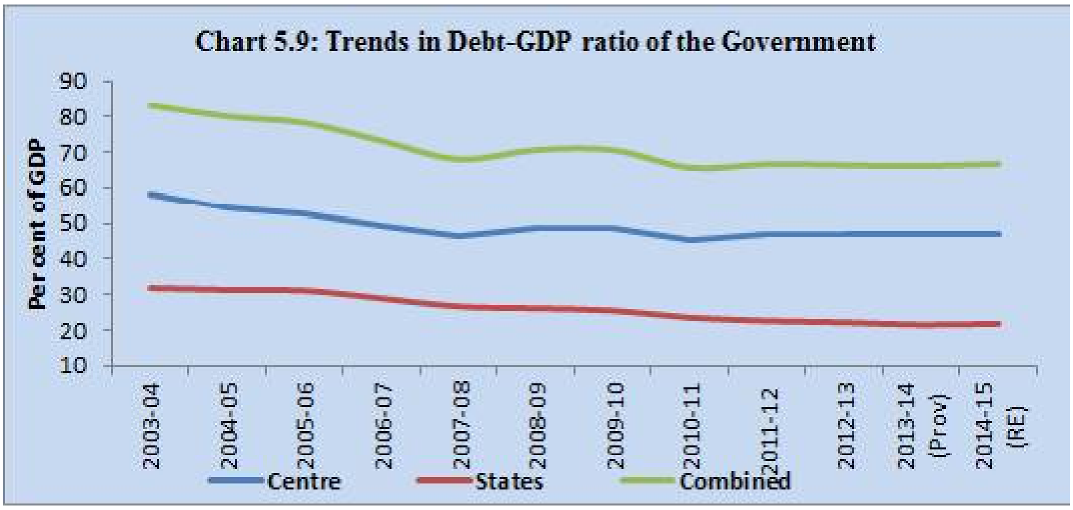
Government of India issued 40 year bond during this year, thus, the tenor of dated securities now goes up to 40 years. As seen in chapter 2, the weighted average maturity of securities under new issuances has been increasing in recent years. While it has generally been the endeavour to elongate the maturity profile, the tenor of new issuances will continue to be 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 9-12 years, 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 un-sustainability. 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 broadly declining trend. The marginal increase during 2008-09 and 2011-12 was mainly on account of global factors, however, this increase was significantly lower than that of many other countries witnessed during that turbulent period (**Chart 5.9**). General Government Debt/GDP ratio stood at 66.1 per cent at end-March 2014 compared to 66.4 per cent at end-March 2013. Reduction in debt took place at both the Central and State level.



With commitment shown by both Central and State Governments, the debt-GDP ratio is likely to continue to trend downward in the years ahead. The estimates for debt GDP-ratio up to 2017-18 for the Central Government, provided in the Medium Term Fiscal Policy Statement, underscore the commitment to sustainable debt trajectory (**Table 5.5**).

Table 5.5 : Debt-GDP Ratio of the Centre

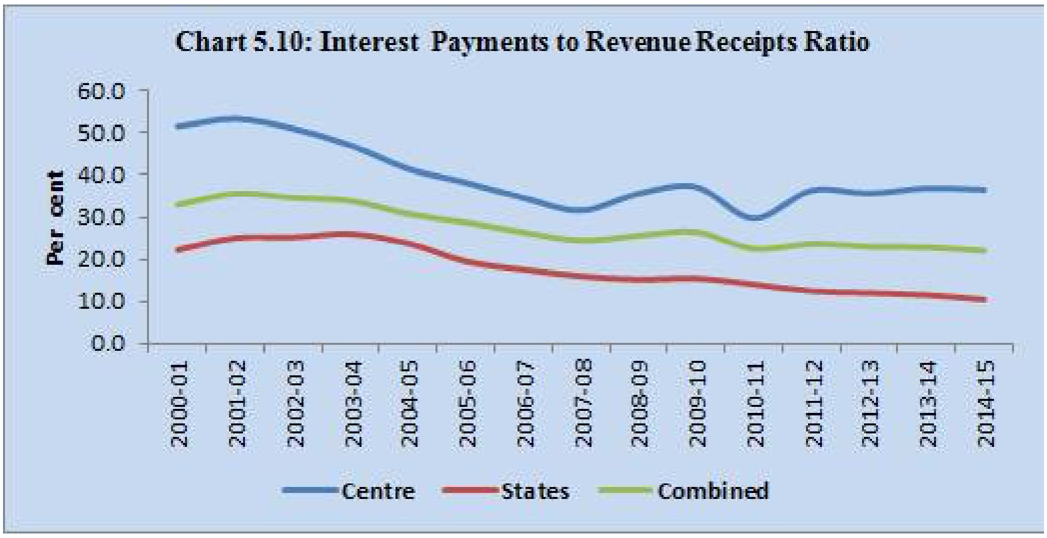
(per cent)

Estimate	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5
MTFP	46.8	46.1	44.7	42.8

MTFP: Medium Term Fiscal Policy Statement.

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- global financial crisis of 2008.



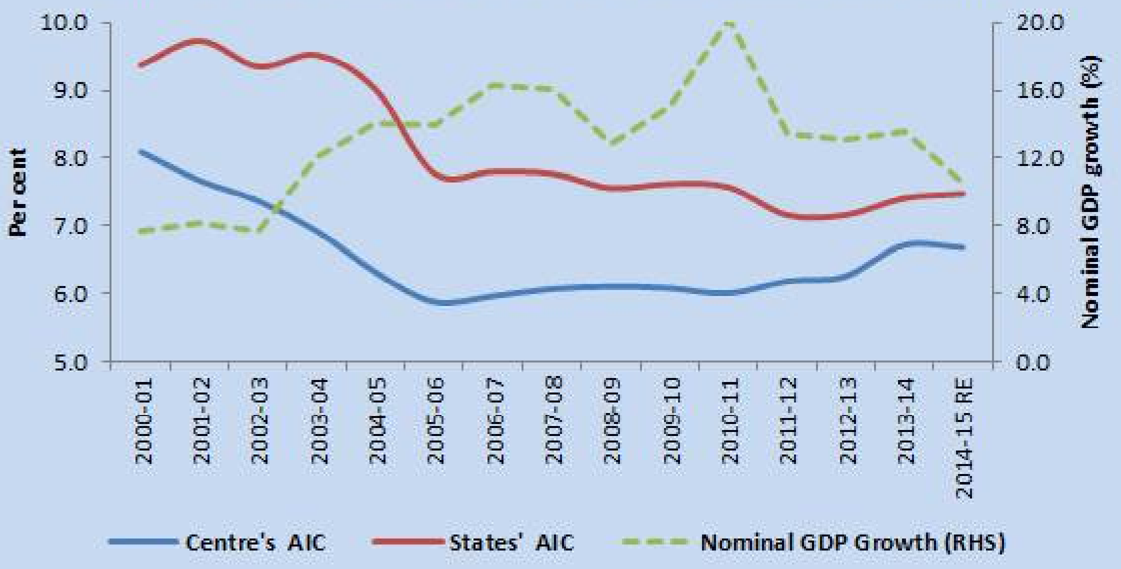
Centre's IP/RR was placed at 36.5 per cent 2014-15 as compared with 36.9 per cent in 2013-14 and 53.4 per cent in 2001-02. States IP/RR ratio has secularly declined to 10.4 per cent in 2014-15 from 25.1 per cent in 2001-02. Combined IP/RR of Centre and States in 2014-15 was placed at 22.0 per cent as compared to 23.2 per cent in 2013-14 and 35.6 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 stock[18]. 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 2014-15 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)**. With economy poised for downward interest rate cycle, lowering of AIC may be expected in coming years.

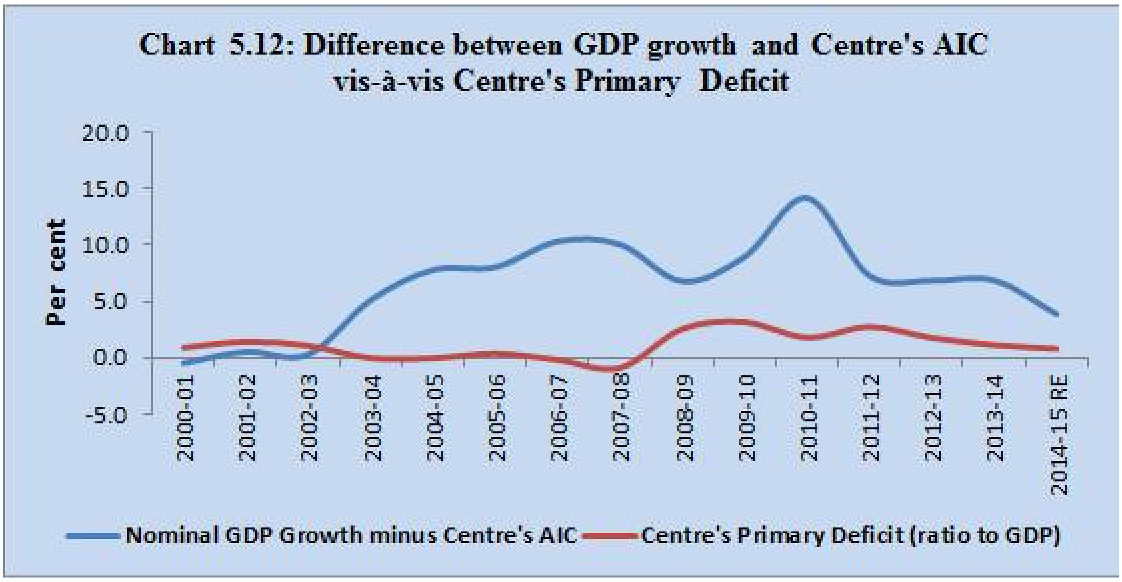
A comparison of AIC with nominal GDP growth rate reinforces the sustainability of public debt. Nominal growth rate in GDP has been well above the average interest cost, implying that the growth in revenue generation through GDP is likely to exceed the growth in interest obligations. This is likely to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

Chart 5.11: Average interest Cost (AIC) and Nominal GDP growth



Similarly, a comparison between the difference in the nominal GDP and average interest cost 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 and stabilised after some rise between 2005 to 2012. 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, i.e. level and cost of debt, indicate that debt profile of government is within sustainable limits, and consistently improving.

Annex 1: Debt Position of the Central Government

(in ₹ crore)

Components of debt	Actuals					Provisional	Estimates RE	Estimates BE
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9
A. PUBLIC DEBT (B+C)	**2151595**	**2471130**	**2824754**	**3400710**	**3941855**	**4425348**	**4970186**	**5503676**
B. INTERNAL DEBT (i+ii)	**2028549**	**2337047**	**2667115**	**3230622**	**3764566**	**4240767**	**4775900**	**5298217**
(i) Under MSS								
(a) Dated Securities	79773	2737	0	0	0	0	0	20000
(b) Treasury Bills	9000	0	0	0	0	0	0	
Total (a+b)	**88773**	**2737**	**0**	**0**	**0**	**0**	**0**	**20000**
(ii) Market Loans								
(a) Dated Securities	1433720	1832145	2148851	2593770	3061127	3514459	3961381	4417787
(b) Treasury Bills	239979	230210	237969	364835	418185	425950	477119	507181
(c) Compensation & Other Bonds	48996	40221	32495	20208	15326	15117	14638	9160
(d) Securities issued to International Financial Institutions	23085	24483	29315	29626	32226	35181	39427	38347
(e) Securities against small savings	193997	207252	218485	208183	216808	229165	262441	284848
(f) Spl. Sec. against POLIF	0	0	0	14000	20894	20894	20894	20894
Total (a+b+c+d+e+f)	**1939776**	**2334310**	**2667115**	**3230622**	**3764566**	**4240767**	**4775900**	**5278217**
C. External Debt	**123046**	**134083**	**157639**	**170088**	**177289**	**184581**	**194286**	**205460**
D. Other Liabilities								
(a) National Small Savings Fund	470141	521194	568614	582011	597737	629936	678844	730869
(b) State Provident Fund	83377	99433	111947	122751	133672	143425	153425	163425
(c) Other Account	325383	318749	304697	277904	257424	315421	312708	314493
(d) Reserve funds & Deposit (i+ii)	128682	119453	128762	133877	139904	156051	163690	182527
(i) Bearing Interest	78384	72875	70421	74413	83871	95479	105933	122210
(ii) Not bearing interest	50298	46578	58340	59464	56033	60572	57757	60317
Total (a+b+c+d)	**1007583**	**1058830**	**1114020**	**1116542**	**1128737**	**1244833**	**1308668**	**1391315**
E. TOTAL LIABILITIES (A+D)	**3159178**	**3529960**	**3938774**	**4517252**	**5070592**	**5670181**	**6278854**	**6894991**

Annex II : Statement showing Maturity Profile of Market Loans including Floating Rate Bonds (FRBs), Converted Special Securities and Special Securities as on 31st March, 2015

(In ₹ Crore)

Year of Maturity	MARKET LOANS: Fixed Coupon Dated Securities	MARKET LOANS: Floating Rate Bonds	MARKET LOANS: Conversion of Special Securities issued to: Banks	MARKET LOANS: Conversion of Special Securities issued to: Others	MARKET LOANS: Dated Securities under MSS	MARKET LOANS: Inflation Indexed Bonds	MARKET LOANS: Total Col. (2) to Col.(7)	SPECIAL SECURITIES: Oil Marketing Companies	SPECIAL SECURITIES: Fertiliser Companies	SPECIAL SECURITIES: Food Corporation of India	SPECIAL SECURITIES: Others	SPECIAL SECURITIES: Total Col. (9) to Col.(12)	Grand Total Col.(8) + Col.(13)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
2015-16	129366	12000	0	3000	0	0	*144366*	0	0	0	0	*0*	*144366*
2016-17	217330	6000	0	0	0	0	*223330*	0	0	0	0	*0*	*223330*
2017-18	242774	3000	0	11000	0	0	*256774*	0	0	0	0	*0*	*256774*
2018-19	237348	0	0	6130	0	0	*243478*	0	0	0	0	*0*	*243478*
2019-20	238000	0	0	12000	0	0	*250000*	0	0	0	0	*0*	*250000*
2020-21	223000	13000	0	0	0	0	*236000*	0	0	0	100	*100*	*236100*
2021-22	282213	0	1632	0	0	0	*283846*	10000	0	0	400	*10400*	*294246*
2022-23	294000	0	5465	11000	0	0	*310465*	0	8274	5000	0	*13274*	*323739*
2023-24	179000	0	0	8000	0	6592	*193592*	31150	3880	0	9996	*45026*	*238618*
2024-25	178000	0	0	0	0	0	*178000*	52860	0	5000	0	*57860*	*235860*
2025-26	90000	0	0	16688	0	0	*106688*	0	3551	0	0	*3551*	*110239*
2026-27	259489	0	4389	0	0	0	*263878*	36913	0	6200	0	*43113*	*306991*
2027-28	175000	0	2680	0	0	0	*177680*	0	0	0	0	*0*	*177680*
2028-29	95000	0	0	0	0	0	*95000*	0	0	0	0	*0*	*95000*
2030-31	151885	0	0	0	0	0	*151885*	0	0	0	0	*0*	*151885*
2031-32	88000	0	2687	0	0	0	*90687*	0	0	0	0	*0*	*90687*
2032-33	146000	0	3957	0	0	0	*149957*	0	0	0	0	*0*	*149957*
2033-34	25000	0	0	0	0	0	*25000*	0	0	0	0	*0*	*25000*
2034-35	60000	350	0	0	0	0	*60350*	0	0	0	0	*0*	*60350*
2035-36	52000	0	0	0	0	0	*52000*	0	0	0	0	*0*	*52000*
2036-37	86000	0	0	0	0	0	*86000*	0	0	0	0	*0*	*86000*
2038-39	13000	0	0	0	0	0	*13000*	0	0	0	0	*0*	*13000*
2040-41	90000	0	0	0	0	0	*90000*	0	0	0	0	*0*	*90000*
2041-42	90000	0	0	0	0	0	*90000*	0	0	0	0	*0*	*90000*
2042-43	90000	0	0	0	0	0	*90000*	0	0	0	0	*0*	*90000*
2043-44	76472	0	0	0	0	0	*76472*	0	0	0	0	*0*	*76472*
2044-45	21000	0	0	0	0	0	*21000*	0	0	0	0	*0*	*21000*
Total	***3829877***	***34350***	***20809***	***67818***	***0***	***6592***	***3959446***	***130923***	***15705***	***16200***	***10496***	***173324***	***4132770***
Memo Items:													
Unclaimed Amount/ Outstanding agiantst matured Securities						***198***							
Total						***3959644***							

Note : (i) Figures in Table 1.2 (A1)(a)(i) are revised estimates as in Union Budget 2015-16

(ii) Figures in Annex (ii) are actual position as on March 31, 2015

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, 2015

5

Year of Maturity	MARKET LOANS							SPECIAL SECURITIES					
	Fixed Coupon Dated Securities	Floating Rate Bonds	Conversion of Special Securities issued to		Dated Securities under MSS	Inflation Indexed Bonds	Wt Avg of Col. (2) to Col.(7)	Oil Marketing Companies	Fertiliser Companies	Food Corporation of India	Others	Wt Avg. of Col. (9) to Col.(12)	Wt Avg. of Col.(8) + Col.(13)
			Banks	Others									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(Weighted Average Rate of Interest)													
2015-16	7.53	9.01	0.00	7.38	0.00	0.00	***7.65***	0.00	0.00	0.00	0.00	***0.00***	***7.65***
2016-17	7.96	8.98	0.00	0.00	0.00	0.00	***7.99***	0.00	0.00	0.00	0.00	***0.00***	***7.99***
2017-18	7.69	8.66	0.00	6.81	0.00	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	0.00	***7.62***	0.00	0.00	0.00	0.00	***0.00***	***7.62***
2019-20	7.32	0.00	0.00	6.18	0.00	0.00	***7.27***	0.00	0.00	0.00	0.00	***0.00***	***7.27***
2020-21	8.20	8.36	0.00	0.00	0.00	0.00	***8.21***	0.00	0.00	0.00	11.50	***11.50***	***8.21***
2021-22	8.42	0.00	8.20	0.00	0.00	0.00	***8.42***	7.94	0.00	0.00	9.75	***8.01***	***8.41***
2022-23	8.18	0.00	8.10	5.87	0.00	0.00	***8.10***	0.00	6.88	8.15	0.00	***7.36***	***8.07***
2023-24	7.84	0.00	0.00	6.17	0.00	5.31	***7.68***	8.17	8.30	0.00	8.35	***8.22***	***7.78***
2024-25	8.73	0.00	0.00	0.00	0.00	0.00	***8.73***	7.41	0.00	8.03	0.00	***7.46***	***8.42***
2025-26	8.20	0.00	0.00	5.97	0.00	0.00	***7.85***	0.00	7.95	0.00	0.00	***7.95***	***7.85***
2026-27	8.36	0.00	8.24	0.00	0.00	0.00	***8.36***	7.40	0.00	8.23	0.00	***7.52***	***8.24***
2027-28	8.08	0.00	8.27	0.00	0.00	0.00	***8.08***	0.00	0.00	0.00	0.00	***0.00***	***8.08***
2028-29	8.31	0.00	0.00	0.00	0.00	0.00	***8.31***	0.00	0.00	0.00	0.00	***0.00***	***8.31***
2030-31	9.06	0.00	0.00	0.00	0.00	0.00	***9.06***	0.00	0.00	0.00	0.00	***0.00***	***9.06***
2031-32	8.28	0.00	8.28	0.00	0.00	0.00	***8.28***	0.00	0.00	0.00	0.00	***0.00***	***8.28***
2032-33	8.17	0.00	8.32	0.00	0.00	0.00	***8.17***	0.00	0.00	0.00	0.00	***0.00***	***8.17***
2033-34	8.24	0.00	0.00	0.00	0.00	0.00	***8.24***	0.00	0.00	0.00	0.00	***0.00***	***8.24***
2034-35	7.50	7.64	0.00	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	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	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	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	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	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	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	0.00	***9.23***	0.00	0.00	0.00	0.00	***0.00***	***9.23***
2044-45	8.17	0.00	0.00	0.00	0.00	0.00	***8.17***	0.00	0.00	0.00	0.00	***0.00***	***8.17***
Weighted Average Interest Rate as on 31st March,2015													
	8.13	**8.71**	**8.23**	**6.19**	**0.00**	**5.31**	**8.09**	**7.63**	**7.47**	**8.14**	**8.43**	**7.71**	**8.08**

Annex -IV : List of Government of India Securities Outstanding as on March 31, 2015 - Maturity Year Wise

(in ₹ 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
2015-16					
1	10.79% GS 2015	19-May-2000	19-May-15	999	
2	11.50% GS 2015	21-May-85	21-May-15	1899	
3	6.49% GS 2015	8-Jun-09	8-Jun-15	36105	
4	7.17% GS 2015	14-Jun-10	14-Jun-15	33072	
5	GOI FRB, 2015	2-Jul-04	2-Jul-15	6000	
6	11.43% GS 2015	7-Aug-00	7-Aug-15	7204	
7	GOI FRB, 2015(II)	10-Aug-04	10-Aug-15	6000	
8	7.38% GS 2015 (Conv)	3-Sep-02	3-Sep-15	45649	
9	9.85% GS 2015	16-Oct-01	16-Oct-15	7438	**144366**
2016-17					
10	7.59% GS 2016	12-Apr-06	12-Apr-16	68000	
11	10.71% GS 2016	19-Apr-01	19-Apr-16	9000	
12	GOI FRB, 2016	7-May-04	7-May-16	6000	
13	5.59% GS 2016	4-Jun-04	4-Jun-16	6000	
14	12.30% GS 2016	2-Jul-99	2-Jul-16	13130	
15	7.02% GS 2016	17-Aug-09	17-Aug-16	52200	
16	8.07% GS 2017	15-Jan-02	15-Jan-17	69000	**223330**
2017-18					
17	7.49% GS 2017 (Conv)	16-Apr-02	16-Apr-17	58000	
18	GOI FRB-2017	2-Jul-02	2-Jul-17	3000	
19	8.07% GS 2017 JUL	3-Jul-12	3-Jul-17	50000	
20	7.99% GS 2017	9-Jul-07	9-Jul-17	71000	
21	7.46% GS 2017	28-Aug-02	28-Aug-17	57887	
22	6.25% GS 2018 (Conv)	2-Jan-03	2-Jan-18	16887	**256774**
2018-19					
23	7.83% GS 2018	11-Apr-11	11-Apr-18	73000	
24	8.24% GS 2018	22-Apr-08	22-Apr-18	75000	
25	10.45% GS 2018	30-Apr-01	30-Apr-18	3716	
26	5.69 % GS 2018(Conv)]	25-Sep-03	25-Sep-18	16130	
27	12.60% GS 2018	23-Nov-98	23-Nov-18	12632	
28	5.64% GS 2019	2-Jan-04	2-Jan-19	10000	
29	6.05% GS 2019	2-Feb-09	2-Feb-19	53000	**243478**
2019-20					
30	7.28% GS 2019	3-Jun-13	3-Jun-19	53000	
31	6.05% GS 2019 (con)	12-Jun-03	12-Jun-19	11000	
32	6.90% GS 2019	13-Jul-09	13-Jul-19	45000	
33	10.03% GS 2019	9-Aug-01	9-Aug-19	6000	
34	6.35% GS 2020 (con)	2-Jan-03	2-Jan-20	61000	
35	8.19% GS 2020	16-Jan-12	16-Jan-20	74000	**250000**
2020-21					
36	10.70% GS 2020	22-Apr-00	22-Apr-20	6000	
37	7.80% GS 2020	3-May-10	3-May-20	75000	
38	8.27% GS 2020	9-Jun-14	9-Jun-20	61000	
39	8.12% GS 2020	10-Dec-12	10-Dec-20	76000	
40	GOI FRB - 2020	21-Dec-09	21-Dec-20	13000	
41	11.60% GS 2020	27-Dec-2000	27-Dec-20	5000	**236000**

(in ₹ 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
2021-22					
42	7.80% GS 2021	11-Apr-11	11-Apr-21	68000	
43	7.94% GS 2021	24-May-06	24-May-21	49000	
44	10.25% GS 2021	30-May-01	30-May-21	26213	
45	8.79% GS 2021	8-Nov-11	8-Nov-21	83000	
46	8.20% GS 2022	15-Feb-07	15-Feb-22	57632	**283846**
2022-23					
47	8.35% GS 2022	14-May-02	14-May-22	77000	
48	8.15% GS 2022	11-Jun-12	11-Jun-22	83000	
49	8.08% GS 2022	2-Aug-07	2-Aug-22	68969	
50	5.87% GS 2022 (conv)	28-Aug-03	28-Aug-22	11000	
51	8.13% GS 2022	21-Sep-07	21-Sep-22	70495	**310465**
2023-24					
52	6.30% GS 2023	9-Apr-03	9-Apr-23	13000	
53	7.16% GS 2023	20-May-13	20-May-23	77000	
54	1.44% II GS 2023	5-Jun-13	5-Jun-23	6500	
55	6.17% GS 2023 (conv)	12-Jun-03	12-Jun-23	14000	
56	8.83% GS 2023	25-Nov-13	25-Nov-23	83000	
57	IINSS -Cumulative 1.5% GS 2023	25-Dec-13	25-Dec-23	92	**193592**
2024-25					
58	7.35% GS 2024	22-Jun-09	22-Jun-24	10000	
59	8.40% GS 2024	28-Jul-14	28-Jul-24	76000	
60	9.15% GS 2024	14-Nov-11	14-Nov-24	92000	**178000**
2025-26					
61	8.20% GS 2025	24-Sep-12	24-Sep-25	90000	
62	5.97 % GS 2025 (Conv)	25-Sep-03	25-Sep-25	16688	**106688**
2026-27					
63	8.33% GS 2026	9-Jul-12	9-Jul-26	90000	
64	10.18% GS 2026	11-Sep-01	11-Sep-26	15000	
65	8.15% GS 2026	24-Nov-14	24-Nov-26	65489	
66	8.24% GS 2027	15-Feb-07	15-Feb-27	93389	**263878**
2027-28					
67	8.26% GS 2027	2-Aug-07	2-Aug-27	73427	
68	8.28% GS 2027	21-Sep-07	21-Sep-27	89252	
69	6.01% GS GS 2028 (C Align)	8-Aug-03	25-Mar-28	15000	**177680**
2028-29					
70	8.60% GS 2028	2-Jun-14	2-Jun-28	84000	
71	6.13% GS 2028	4-Jun-03	4-Jun-28	11000	**95000**
2030-31					
72	9.20% GS 2030	30-Sep-13	30-Sep-30	61885	
73	8.97% GS 2030	5-Dec-11	5-Dec-30	90000	**151885**
2031-32					
74	8.28% GS 2032	15-Feb-07	15-Feb-32	90687	**90687**

(in ₹ 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
2032-33					
75	8.32% GS 2032	2-Aug-07	2-Aug-32	89434	
76	7.95% GS 2032	28-Aug-02	28-Aug-32	59000	
77	8.33% GS 2032	21-Sep-07	21-Sep-32	1522	**149957**
2033-34					
78	8.24% GS 2033	10-Nov-14	10-Nov-33	25000	**25000**
2034-35					
79	7.50% GS 2034	10-Aug-04	10-Aug-34	60000	
80	GOI FRB, 2035	25-Jan-05	25-Jan-35	350	**60350**
2035-36					
81	7.40% GS 2035	9-Sep-05	9-Sep-35	52000	**52000**
2036-37					
82	8.33% GS 2036	7-Jun-06	7-Jun-36	86000	**86000**
2038-39					
83	6.83% GS 2039	19-Jan-09	19-Jan-39	13000	**13000**
2040-41					
84	8.30% GS 2040	2-Jul-10	2-Jul-40	90000	**90000**
2041-42					
85	8.83% GS 2041	12-Dec-11	12-Dec-41	90000	**90000**
2042-43					
86	8.30% GS 2042	31-Dec-12	31-Dec-42	90000	**90000**
2043-44					
87	9.23% GS 2043	23-Dec-13	23-Dec-43	76472	**76472**
2044-45					
88	8.17% GS 2044	1-Dec-14	1-Dec-44	21000	**21000**
TOTAL				**3959446**	**3959446**

Annex - V : List of Government of India Securities Outstanding as on March 31, 2015- Interest Rate Wise

(in ₹ 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	1.44% IIB GS 2023	1.44	5-Jun-23	6500		
2	IINSS -Cumulative 1.5% GS 2023	1.50	25-Dec-23	92		
3	5.59% GS 2016	5.59	4-Jun-16	6000		
4	5.64% GS 2019	5.64	2-Jan-19	10000		
5	5.69 % GS 2018(Conv)	5.69	25-Sep-18	16130		
6	5.87% GS 2022 (Conv)	5.87	28-Aug-22	11000		
7	5.97 % GS 2025 (Conv)	5.97	25-Sep-25	16688		
8	6.01% GS GS 2028 (Coupon Align)	6.01	25-Mar-28	15000		
9	6.05% GS 2019	6.05	2-Feb-19	53000		
10	6.05% GS 2019 (Conv)	6.05	12-Jun-19	11000		
11	6.13% GS 2028	6.13	4-Jun-28	11000		
12	6.17% GS 2023 (Conv)	6.17	12-Jun-23	14000		
13	6.25% 2018 (Conv)	6.25	2-Jan-18	16887		
14	6.30% GS 2023	6.30	9-Apr-23	13000		
15	6.35% GS 2020 (Conv)	6.35	2-Jan-20	61000		
16	6.49% GS 2015	6.49	8-Jun-15	36105		
17	6.83% GS 2039	6.83	19-Jan-39	13000		
18	6.90% GS 2019	6.90	13-Jul-19	45000	**355402**	**9.0**
GOI Securities bearing Interest rate above 7% but less than or equal to 8%						
19	7.02% GS 2016	7.02	17-Aug-16	52200		
20	7.16% GS 2023	7.16	20-May-23	77000		
21	7.17% GS 2015	7.17	14-Jun-15	33072		
22	7.28% GS 2019	7.28	3-Jun-19	53000		
23	7.35% GS 2024	7.35	22-Jun-24	10000		
24	7.38% GS 2015 (Conv)	7.38	3-Sep-15	45649		
25	7.40% GS 2035	7.40	9-Sep-35	52000		
26	7.46% GS 2017	7.46	28-Aug-17	57887		
27	7.49% GS 2017 (Conv)	7.49	16-Apr-17	58000		
28	7.50% GS 2034	7.50	10-Aug-34	60000		
29	7.59% GS 2016	7.59	12-Apr-16	68000		
30	GOI FRB, 2035	7.64	25-Jan-35	350		
31	7.80% GS 2020	7.80	3-May-20	75000		
32	7.80% GS 2021	7.80	11-Apr-21	68000		
33	7.83% GS 2018	7.83	11-Apr-18	73000		
34	7.94% GS 2021	7.94	24-May-21	49000		
35	7.95% GS 2032	7.95	28-Aug-32	59000		
36	7.99% GS 2017	7.99	9-Jul-17	71000	**962157**	**24.3**
GOI Securities bearing Interest rate above 8% but less than or equal to 9%						
37	8.07% GS 2017	8.07	15-Jan-17	69000		
38	8.07% GS 2017	8.07	3-Jul-17	50000		
39	8.08% GS 2022	8.08	2-Aug-22	68969		
40	8.12% GS 2020	8.12	10-Dec-20	76000		

(in ₹ crore)

Sl.No.	Nomenclature of Govt. Security	Coupen (per cent)	Date of Maturity	Amount	Sub Total	% of Total Outstanding
1	2	3	4	5	6	7
41	8.13% GS 2022	8.13	21-Sep-22	70495		
42	8.15% GS 2022	8.15	11-Jun-22	83000		
43	8.15% GS 2026	8.15	24-Nov-26	65489		
44	8.17% GS 2044	8.17	1-Dec-44	21000		
45	8.19% GS 2020	8.19	16-Jan-20	74000		
46	8.20% GS 2022	8.20	15-Feb-22	57632		
47	8.20% GS 2025	8.20	24-Sep-25	90000		
48	8.24% GS 2018	8.24	22-Apr-18	75000		
49	8.24% GS 2027	8.24	15-Feb-27	93389		
50	8.24% GS 2033	8.24	10-Nov-33	25000		
51	8.26% GS 2027	8.26	2-Aug-27	73427		
52	8.27% GS 2020	8.27	9-Jun-20	61000		
53	8.28% GS 2027	8.28	21-Sep-27	89252		
54	8.28% GS 2032	8.28	15-Feb-32	90687		
55	8.30% GS 2040	8.30	2-Jul-40	90000		
56	8.30% GS 2042	8.30	31-Dec-42	90000		
57	8.32% GS 2032	8.32	2-Aug-32	89434		
58	8.33% GS 2026	8.33	9-Jul-26	90000		
59	8.33% GS 2032	8.33	21-Sep-32	1522		
60	8.33% GS 2036	8.33	7-Jun-36	86000		
61	8.35% GS 2022	8.35	14-May-22	77000		
62	GOI FRB - 2020	8.36	21-Dec-20	13000		
63	8.40% GS 2024	8.40	28-Jul-24	76000		
64	8.60% GS 2028	8.60	2-Jun-28	84000		
65	GOI FRB-2017	8.66	2-Jul-17	3000		
66	8.79% GS 2021	8.79	8-Nov-21	83000		
67	GOI FRB, 2015	8.83	2-Jul-15	6000		
68	8.83% GS 2023	8.83	25-Nov-23	83000		
69	8.83% GS 2041	8.83	12-Dec-41	90000		
70	8.97% GS 2030	8.97	5-Dec-30	90000		
71	GOI FRB, 2016	8.98	7-May-16	6000	**2291298**	**57.9**
GOI Securities bearing Interest rate above 9%						
72	9.15% GS 2024	9.15	14-Nov-24	92000		
73	GOI FRB, 2015(II)	9.18	10-Aug-15	6000		
74	9.20% GS 2030	9.20	30-Sep-30	61885		
75	9.23% GS 2043	9.23	23-Dec-43	76472		
76	9.85% GS 2015	9.85	16-Oct-15	7438		
77	10.03% GS 2019	10.03	9-Aug-19	6000		
78	10.18% GS 2026	10.18	11-Sep-26	15000		
79	10.25% GS 2021	10.25	30-May-21	26213		
80	10.45% GS 2018	10.45	30-Apr-18	3716		
81	10.70% GS 2020	10.70	22-Apr-20	6000		
82	10.71% GS 2016	10.71	19-Apr-16	9000		
83	10.79% GS 2015	10.79	19-May-15	999		
84	11.43% GS 2015	11.43	7-Aug-15	7204		
85	11.50% GS 2015	11.50	21-May-15	1899		
86	11.60% GS 2020	11.60	27-Dec-20	5000		
87	12.30% GS 2016	12.30	2-Jul-16	13130		
88	12.60% GS 2018	12.60	23-Nov-18	12632	**350589**	**8.9**
	TOTAL			**3959446**	**3959446**	**100.00**

Annex - VI : List of Government Securities issued to NSSF outstanding as on March 31, 2015

(in ₹ crore)

Nomenclature/ Name of Securities	Coupon / Interest Rate	Date of issue	Outstanding Amount					
			Initial Amount	as at end-March 2011	as at end-March 2012	as at end-March 2013	as at end-March 2014	as at end-March 2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Category I								
10.5% Special GOI Securities	10.5	01-Apr-99	73569	73569	64569	64569	64569	64569
Category II								
13.5% Special GOI Securities	13.5	-	8979	6285	5836	5387	4938	4489
12.5% Special GOI Securities	12.5	-	8316	6237	5821	5406	4990	4574
11.0% Special GOI Securities	11.0	-	8755	7004	6566	6128	5690	5253
9.5% Special GOI Securities	9.5	-	2500	2500	2500	2500	2500	2375
9.5% Special GOI Securities	9.5	-	12536	12536	12536	12536	12536	12536
9.5% Special GOI Securities	9.5	-	-	-	-	-	3640	3640
9.5% Special GOI Securities	9.5	-	-	-	-	-	-	3450
Sub-total			**41085**	**34562**	**33259**	**31957**	**34294**	**36317**
Category III								
7% Special GOI Securities 2023	7.0	01-Apr-03	13766	13766	13766	13766	13766	13766
6% Special GOI Securities, 2023	6.0	30-Sep-03	32602	32602	32602	32602	32602	32602
5.95% Special GOI Securities, 2024	5.95	31-Mar-24	13609	13609	13609	13609	13609	13609
6.96% Special GOI Securities, 2024	6.96	31-Dec-04	22665	22665	22665	22665	22665	22665
7% Special GOI Securities, 2025	7.00	01-Apr-05	10010	10010	10010	10010	10010	10010
7.5% Special GOI Securities, 2025	7.50	30-Sep-05	888	888	888	888	888	888
7.6% Special GOI Securities, 2026	7.60	31-Mar-06	908	908	908	908	908	908
8.17% Special GOI Securities, 2026	8.17	30-Sep-06	2016	2016	2016	2016	2016	2016
7.88% Special GOI Securities, 2027	7.88	31-Mar-07	1833	1833	1833	1833	1833	1833
7.64% Special GOI Securities, 2029	7.64	30-Sep-09	6000	6000	6000	6000	6000	6000
8.21% Special GOI Securities, 2030	8.21	31-Mar-10	6058	6058	6058	6058	6058	6058
9.50% Special GOI Securities,2033	9.50	31-Mar-13	-	-	-	9928	9928	9928
9.50% Special GOI Securities,2034	9.50	31-Mar-14	-	-	-	-	10020	10020
9.50% Special GOI Securities, 2035	9.50	31-Mar-15	-	-	-	-	-	30078
Sub-total			**110354**	**110354**	**110354**	**120282**	**130302**	**160380**
TOTAL			**225009**	**218485**	**208183**	**216808**	**229165**	**261266**

Note :- 1. The figures in table 1.2 (A1(b)(iv)) are revised estimates as in Union Budget 2015-16.
2. Figures in Annex VI are actual position as on March 31, 2015

Annex - VII : Interest rate on various Small Savings Instruments

Instrument	Rate of interest (%) Before 1.12.2011	Rate of interest (%) Before 1.12.2011	Rate of Interest (%) w.e.f. 1.4.2012	Revised Rate (%) (w.e.f. 1.4.2013)	Revised Rate (%) (w.e.f. 1.4.2014)	Revised Rate (%) (w.e.f. 1.4.2015)
(1)	(2)	(3)	(4)	(5)	(6)	
Savings Deposit	3.5	4.0	4.0	4.0	4.0	4.0
1 year Time Deposit	6.3	7.7	8.2	8.2	8.4	8.4
2 year Time Deposit	6.5	7.8	8.3	8.2	8.4	8.4
3 year Time Deposit	7.3	8.0	8.4	8.3	8.4	8.4
5 year Time Deposit	7.5	8.3	8.5	8.4	8.5	8.5
5 year Recurring Deposit	7.5	8.0	8.4	8.3	8.4	8.4
5-year SCSS	9.0	9.0	9.3	9.2	9.2	9.3
5 year MIS	8.0 (6 Year MIS)	8.2	8.5	8.4	8.4	8.4
5 year NSC	8.0 (6 year NSC)	8.4	8.6	8.5	8.5	8.5
10 year NSC	New Instrument	8.7	8.9	8.8	8.8	8.8
PPF	8.0	8.6	8.8	8.7	8.7	8.7
Kisan Vikas Patra (KVP)	-	-	-	-	8.7	8.7
Sukanya Samriddhi Yojana	-	-	-	-	9.1	9.2

Note: (i) KVP was relaunched on in Nov 18, 2014

(ii) Sukanya Samriddhi Yojana was introduced on Dec 02, 2014

Annex VIII : Donor-wise Sovereign External Debt

(in ₹ Crore)

Category	at end-March 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 PR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I. External Debt on Government Account under External Assistance (A+B)	**196068**	**184203**	**191271**	**194199**	**201199**	**210086**	**264059**	**249306**	**278877**	**322897**	**332004**	**374483**	**366384**
A. Multilateral (1 to 5)	**129716**	**120123**	**127917**	**133923**	**141736**	**144632**	**181997**	**170723**	**190325**	**222584**	**235671**	**268491**	**269621**
1. IDA (International Development Association)	101093	100066	103756	104540	107020	105948	126120	114552	119066	136822	141119	161165	152169
2. IBRD (World Bank)	19058	14098	16525	19639	21863	22634	29949	28875	39219	45328	48239	53433	57107
3. ADB (Asian Development Bank)	8099	4509	6168	8321	11433	14594	24284	25803	30455	38560	44301	51469	57935
4. IFAD (Intl. Fund for Agriculture Development)	1174	1172	1211	1191	1219	1244	1437	1300	1397	1662	1789	2182	2145
5. Others	291	278	257	232	202	212	207	194	187	213	223	242	265
B. Bilateral (1 to 6)	**66352**	**64079**	**63354**	**60275**	**59463**	**65454**	**82063**	**78582**	**88552**	**100312**	**96333**	**105993**	**96763**
1. Japan	40098	43210	42275	39896	38014	43207	56599	56164	65907	76401	73120	79825	75253
2. Germany	11023	11244	11216	10190	10658	11393	12565	11097	11899	13765	13826	16085	12611
3. Russian Federation	1970	2561	3576	4627	5760	6336	8249	7684	7485	6953	6396	6099	5504
4. France	2862	2851	2803	2474	2446	2452	2406	1901	1750	1657	1514	2517	2058
5. USA	4878	4042	3458	3071	2567	2049	2216	1715	1489	1516	1460	1453	1329
6. Others	5521	172	26	18	17	17	26	21	21	20	16	14	8
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	73.6
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	26.4
Exchange Rates as per Finance Accounts (CGA)	**47.6**	**44.8**	**43.8**	**44.7**	**43.2**	**40.2**	**50.6**	**45.1**	**44.7**	**51.0**	**54.3**	**59.9**	**62.6**

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

Annex - IX: Currency composition of Sovereign External Debt

(in ₹ Crore)

Currency	at end-March												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 PR
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Special Drawing Rights	76033	77682	83012	84468	88751	90085	107323	98941	104840	121952	126681	146757	138542
US Dollar	59327	47535	50563	55904	60152	61869	84165	80281	93598	108259	116036	128484	137158
Japanese Yen	40098	43210	42275	39896	38014	43207	56599	56164	65907	76401	73120	79825	75252
Euro	16456	14238	14020	12664	13104	13845	14974	13000	13651	15424	15342	18604	14671
INR	1459	1317	1184	1072	975	893	825	771	731	702	675	647	619
GBP	187	196	192	177	186	170	149	129	131	141	135	166	142
SW Francs	557	25	26	18	17	17	24	20	19	18	14		
Can. Dollar	1393	-	-	-	-	-	-	-	-	-	-	-	-
D.Kroner	392	-	-	-	-	-	-	-	-	-	-	-	-
Kwaiti Dinar	132	-	-	-	-	-	-	-	-	-	-	-	-
Saudi Riyal	34	-	-	-	-	-	-	-	-	-	-	-	-
Total:	**196068**	**184203**	**191271**	**194199**	**201199**	**210086**	**264059**	**249306**	**278877**	**322897**	**332004**	**374483**	**366384**

Source: Finance Accounts of Government of India, various years