

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 1797
ANSWERED ON AUGUST 02, 2022

EXTERNAL DEBT PAYMENT AND FOREIGN EXCHANGE RESERVES

1797. Shri Jawhar Sircar:

Will the Minister of FINANCE be pleased to state:

- (a) India's external debt in dollar terms and how much is due for repayment this financial year;
- (b) what percentage of the Foreign exchange reserves may be expended for debt repayment this year; and
- (c) how Government plans to replenish this outgo of Foreign exchange reserves in a scenario when the Rupee is sinking against the Dollar and neither Foreign Direct Investment (FDI) nor remittances from Indians abroad appears positive?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) India's external debt as at End-March 2022 is estimated at US\$ 620.7 billion. Out of this, the stock of debt with residual maturity of up to 1 year (due for repayment within next 12 months) stood at US\$ 267.7 billion.

(b) The stock of external debt with residual maturity up to 1 year is 44.1 per cent of foreign exchange reserves at end-March 2022.

(c) Apart from the, recent hike of customs duty on import of gold by the Government of India to discourage gold imports, the Reserve Bank of India has announced various measures in the recent period to augment forex inflows:

i. Incremental Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposit liabilities for computation of Net Demand and Time Liabilities (NDTL) will be exempt from the maintenance of CRR and SLR up to November 4, 2022.

ii. Fresh FCNR(B) and NRE deposits have been exempted from the extant regulation on interest rates (interest rates shall not be higher than those offered by the banks on comparable domestic rupee term deposits) till October 31, 2022.

iii. The regulatory regime relating to FPI investment in debt flows has been revised to encourage foreign investment in Indian debt instruments.

iv. The External Commercial Borrowing limit (under automatic route) has been raised to \$1.5 billion from \$ 750 million and the all-in-cost ceiling has been raised by 100 bps in select cases up to December 31, 2022.

v. AD Cat-I banks can utilise overseas foreign currency borrowing for lending in foreign currency to entities for a wider set of end-use purposes, subject to the negative list set out for external commercial borrowings.