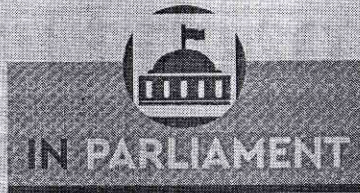


FIGURE HAD HIT A FOUR-DECADE HIGH DURING PANDEMIC

General govt debt moderates to 80.9% of GDP in FY23



Sharp, post-pandemic fiscal correction yields results

PRASANTA SAHU
New Delhi, July 25

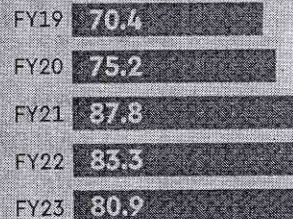
INDIA'S GENERAL GOVERNMENT debt moderated to 80.9% of the Gross Domestic Product (GDP) in 2022-23 from 83.3% in 2021-22, minister of state for finance Pankaj Chaudhary told Rajya Sabha on Tuesday.

The general government debt, which comprises the debts of the Centre and states, had soared to 87.8% in FY21, the highest in at least four decades, as government expenditure rose during the Covid-19 pandemic, amid revenue slump.

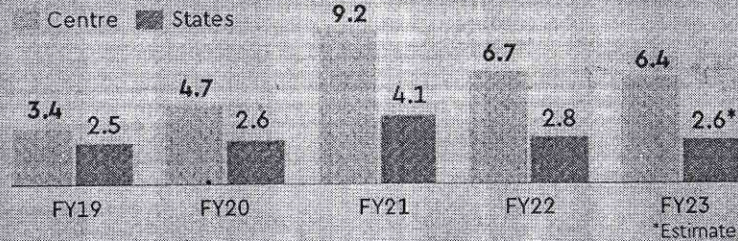
The concerted effort by the

GRADUAL DOWNTREND

General government debt as % of GDP



Fiscal deficit (% of GDP)



Centre and States to limit borrowing helped them bring down the fiscal deficit and debt level from FY22 onward.

The Centre's fiscal deficit which hit 9.2% of GDP in FY21, the highest in the last four

decades, was brought down to 6.7% in FY22 and further to 6.4% in FY23.

Aided by buoyancy in revenues, the Centre managed to cut its fiscal deficit even after bringing ₹5 trillion or 75% of off-Budget lia-

bilities of close to ₹6.7 trillion, into the balance sheet by FY22.

With the fiscal deficit likely at 2.6% in FY23, the states have also rebounded to the pre-pandemic level aided by buoyant revenue collections and prudent expenditure management.

However, many states pruned their capex plans to keep the fiscal deficit below 3% of their GSDP. The combined fiscal deficit of states had shot up to 4.1% of GDP in FY21 from 2.6% in FY20.

High public debt means a substantial chunk of government resources are used annually to pay interest to bondholders.

The Centre's expenditure on interest payments rose to ₹9.28 trillion (27% of revenue expenditure) in FY23 from ₹5.83 trillion (29% of revenue expenditure) in FY19.

According to IMF's Fiscal Monitor report in April, public debt as a ratio to GDP has soared across the world during Covid-19.

In 2020, the global average of this ratio approached 100%, and it is expected to remain above pre-pandemic levels for about half of the world, it said.