

IDENTIFY MINIATURE COMPONENT OF INDIA'S EXTERNAL DEBT WITH SPECIAL REFERENCE TO BILATERAL DEBT

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Abstract: External debt is the best instrument which promotes the growth of developing countries like India. The major portion of external debt is multilateral and the next level is bilateral. Most of the studies have focused on multilateral. Bilateral debt is also contributing a lot to the growth of economy. India had a total bilateral debt is \$26.332 billion in the year 2019. The researchers have prepared the research paper is to find out the share of concessional and non concessional debt in the public sector and financial institution and also to identify the position of India's External debt.

Key Words: Multilateral, External Debt, Public sector, Bilateral.

1. INTRODUCTION:

Bilateral debt means a simple loan arrangement between a single borrower and lender, they two parties made a loan with an obligation. According to the business perspective a specific amount of money can transfer to the loan and other will repay as money due to the agreement. Negotiations are more flexible in the external debt. It may take place both bilateral and multilateral. But multilateral negotiation takes place with multilateral framework. In International terms, external debt usually refers to developing countries; the bilateral debt is given to the creditors based on rich countries they focused like private, public, financial institutions, export credit agencies and government.

1.2. STATEMENT OF THE PROBLEM:

Government of India has acquired strong dispute to increase the fund for developing the economic growth of India. The duty and obligation of both the central and state government is always focusing and monitoring the level of expenditure and revenue of current situation. Even in tough environmental situation, the government always prefers of India's external debt and give more priority and involvement on Bilateral External Debt. The contribution of bilateral portion of debt is next to multilateral debt in making economic growth. The research problem is how bilateral debt is functioning and contributing under the various channels like private, public and financial sectors?.Hence the researcher has selected the topic on "Identify Miniature Component of India's External Debt with Special Reference to Bilateral Debt".

1.3. OBJECTIVES OF THE STUDY:

- To study the growth of India's External Debt in India.
- To understand the growth of Bilateral Portion of India's External debt in India.
- To identify the various indicators concessional and non-concessional debt under bilateral debt in India.

2. SCOPE OF THE STUDY:

The study would facilitate to know the growth of bilateral portion of India's external debt. It also assists to understand the various indicators of concessional and non concessional debt under bilateral portion of external debt.

3. LIMITATION OF THE STUDY:

The study covered only bilateral debt on India's External debt. The Share of Bilateral debt is not only the dimension to determine the growth of India's External debt but also analysis of multilateral debt and other dimension to understand and usefulness of external debt. Therefore the result is not generalized.

4. REVIEW OF LITERATURE:

Debi Prasad Bal (2014) observed that central government debt, total factor productivity (TFP) growth, and debt-services are affecting the economic growth in the short-run, and that the results are consistent with our *a priori* expectation. It is recommended that the government should follow the objective of inter-generational equity in fiscal management over the long term in order to stabilize debt-GDP ratio, particularly, after the global financial crisis.

Amanpreet Kaur (2015) attained their study as public borrowing is one of the major instruments of resource mobilization which divert the flow of resources into right channels, especially in case of developing economies. Given the current drive towards government borrowings there is a need to have an understanding of the factors which influence public debt.

5. RESEARCH METHODOLOGY:

The following methodology has been used for the present study.

5.1. Nature of Research Design:

As the study intends to analyze the growth of bilateral debt of India external debt, the analytical research design has been used for the present study.

5.2. Nature of Data:

The collected data for the present study were secondary in nature.

5.3. Sources of Data:

The collected data from a secondary source of Directorate General of Employment and Training, Ministry of Labour & Employment, Government of India.

5.4. Period of Study:

The study covered a period of twelve years i.e. from 2008-09 to 2018-19. The selection of the period of study based on recent years to find out the current trends.

5.5. Statistical Tools Used:

The statistical tools like percentage analysis used for the present study.

- Annual growth rate
- Share percentage

6. DATA ANALYSIS AND INTERPRETATION:

TABLE 1 SHOWING THE SHARE OF BILATERAL DEBT

Rupees in Crores

SL.NO	YEAR	BILATERAL DEBT	ANNUAL GROWTH RATE	% SHARE IN TOTAL INDIA'S EXTERNAL DEBT
1	2007-08	78802	-	8.78
2	2008-09	104997	33.24	9.19
3	2009-10	101976	-2.88	8.65
4	2010-11	114904	12.68	8.10
5	2011-12	137086	19.30	7.43
6	2012-13	136329	-0.55	6.13
7	2013-14	148813	9.16	5.55
8	2014-15	136060	-8.57	4.58
9	2015-16	149483	9.87	4.64
10	2016-17	150780	0.87	4.93
11	2017-18	164847	9.33	4.79
12	2018-19	177140	7.46	4.72

The share of bilateral debt (portion) in India's External debt is given in the above table. It is clear from the table it was found that actual value of the bilateral debt was found increasing trend throughout the study period except 2 years (i.e) 2010 and 2015. However, the percentage shares of bilateral portion in India's External Debt. It was declining from 8.78 per cent in the year 2008 to 4.72 per cent in the year 2019. The annual growth rate was highly fluctuating trends throughout the study period. The highest AGR was 33.24 in the year 2009. The lowest (negative) agr was – 8.57 in the year 2015.

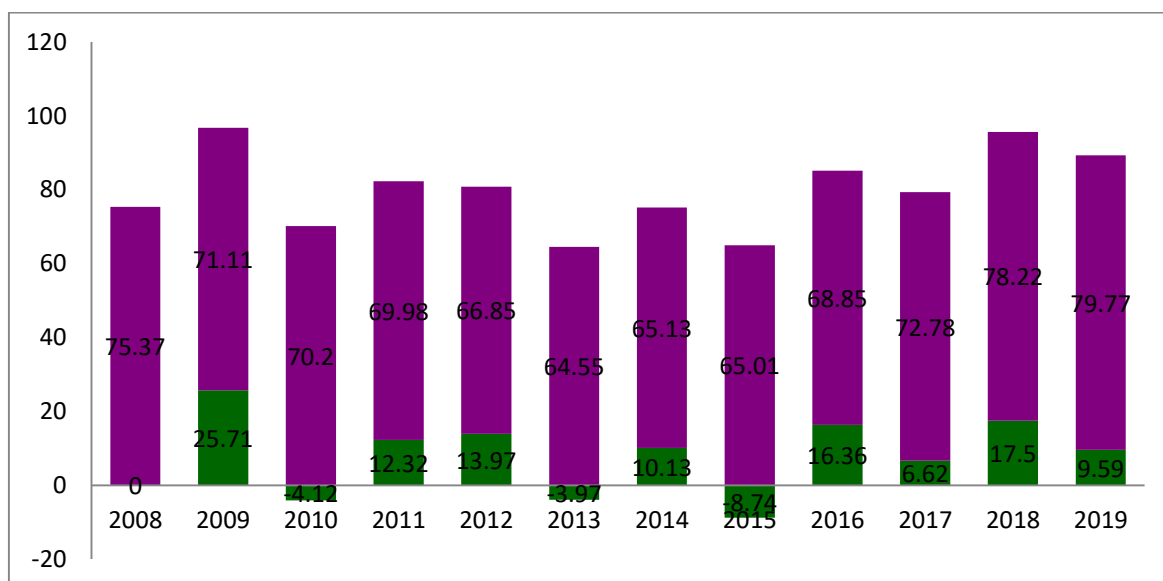
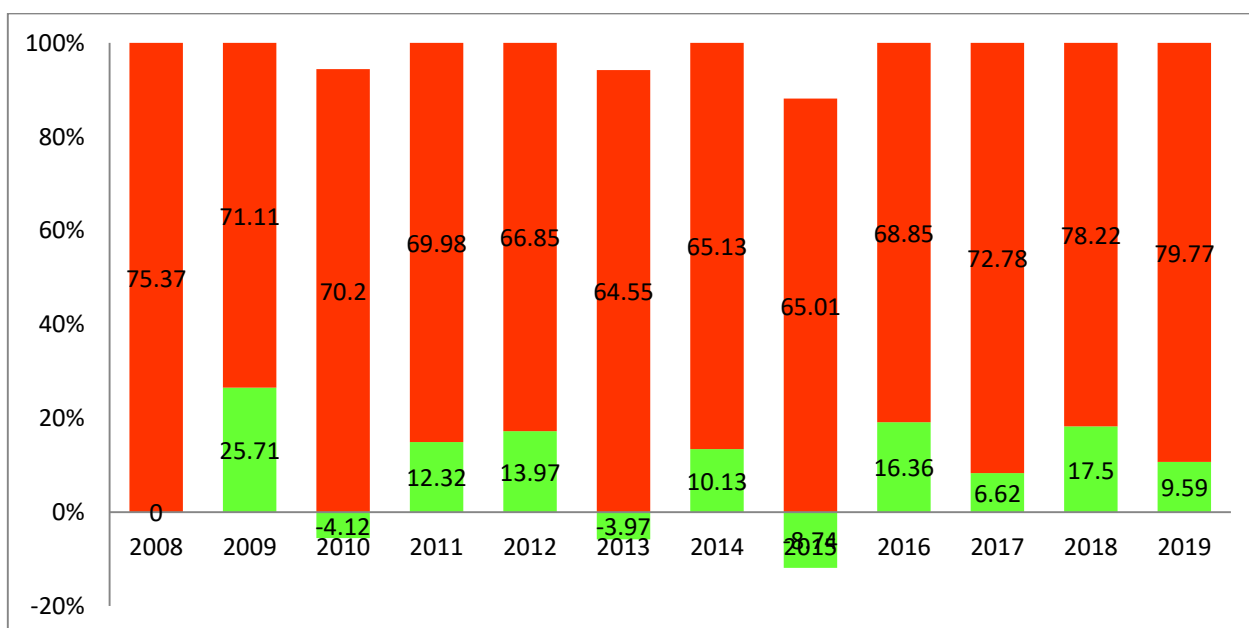


TABLE 2.2

TABLE SHOWING THE SHARE OF BILATERAL DEBT UNDER GOVERNMENT BORROWING IN INDIA'S EXTERNAL DEBT

Rupees in Crores

SL.NO	YEAR	GOVERNMENT BORROWING	ANNUAL GROWTH RATE	% SHARE OF GOVERNMENT BORROWING
1	2007-08	59391	-	75.37
2	2008-09	74662	25.71	71.11
3	2009-10	71584	-4.12	70.20
4	2010-11	80406	12.32	69.98
5	2011-12	91641	13.97	66.85
6	2012-13	88007	-3.97	64.55
7	2013-14	96918	10.13	65.13
8	2014-15	88452	-8.74	65.01
9	2015-16	102925	16.36	68.85
10	2016-17	109742	6.62	72.78
11	2017-18	128945	17.50	78.22
12	2018-19	141312	9.59	79.77



The share of government borrowing under bilateral debt in India External debt is given in the above table. It is clear from the table it was found that actual value of the government borrowing in bilateral debt was found increasing trend throughout the study period except 3 years (i.e) 2010, 2013 and 2015. However, the percentage shares of government borrowing in bilateral portion in India's External Debt were fluctuating throughout the study period. The annual growth rate was also found highly fluctuating trends over the study period. The highest AGR was 25.71 in the year 2009. The lowest (negative) AGR was - 8.74 in the year 2015.

TABLE 2.3
TABLE SHOWING THE SHARE OF BILATERAL DEBT IN NON GOVERNMENT BORROWING IN INDIA'S EXTERNAL DEBT

Rupees in Crores

SL.NO	YEAR	NON GOVERNMENT BORROWING	ANNUAL GROWTH RATE	% SHARE OF GOVERNMENT BORROWING IN MULTILATERAL DEBT
1	2007-08	19411	-	24.63
2	2008-09	30335	56.28	28.89
3	2009-10	30392	0.19	29.80
4	2010-11	34498	13.51	30.02
5	2011-12	45445	31.73	33.15
6	2012-13	48322	6.33	35.45
7	2013-14	51895	7.39	34.87
8	2014-15	47068	-9.30	34.59
9	2015-16	46558	-1.08	31.15
10	2016-17	41038	-11.86	27.22
11	2017-18	35902	-12.52	21.78
12	2018-19	35828	-0.21	20.23

The share of non-government borrowing under bilateral debt in India External debt is given in the above table. It is clear from the table it was found that actual value of the non-government borrowing in bilateral debt was found increasing trend throughout the study period except 2 years (i.e) 2018 and 2009. However, the percentage shares of non-government borrowing under bilateral portion were found declining over the study period. The annual growth rate was also highly fluctuating trends throughout the study period. The highest AGR was 56.28 in the year 2009. The lowest (negative) AGR was - 12.52 in the year 2018.

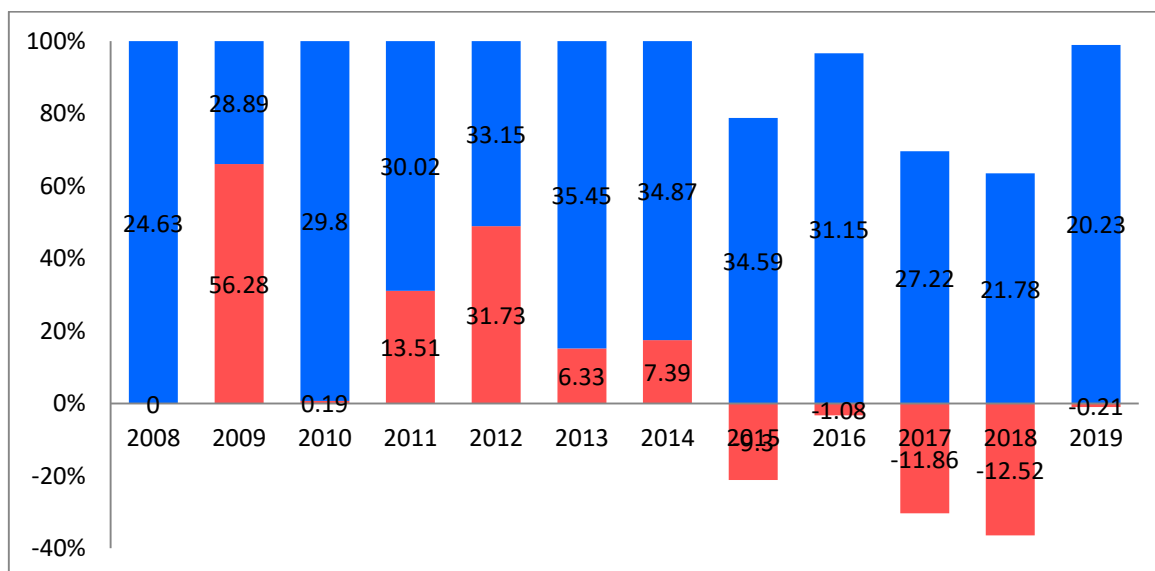


TABLE 2.4
TABLE SHOWING THE TRENDS IN THE SHARE OF CONCESSIONAL DEBT IN NON GOVERNMENT BORROWING COMPONENTS

Non-Government borrowings covered the components like Concessional and Non Concessional Debt. Concessional debt covered the indicators like Public sector and Financial Institutions

Rupees in crores

YEAR	CONCESSIONAL	PUBLIC SECTOR	FINANCIAL INSTITUTIONS	% SHARE OF CONCESSIONAL NON GOVERNMENT BORROWING	% SHARE OF PUBLIC SECTOR IN CONCESSIONAL	% SHARE OF FINANCIAL INSTITUTIONS IN CONCESSIONAL
2007-08	1737	1226	511	8.95	70.58	29.42
2008-09	3262	1156	2106	10.75	35.44	64.56
2009-10	3169	1121	2048	10.43	35.37	64.63
2010-11	4101	1621	2480	11.89	39.53	60.47
2011-12	7648	4963	2685	16.83	64.89	35.11
2012-13	8435	5916	2519	17.46	70.14	29.86
2013-14	10318	7763	2555	19.88	75.24	24.76
2014-15	10080	7546	2534	21.42	74.86	25.14
2015-16	11892	9052	2840	25.54	76.12	23.88
2016-17	11988	6578	5230	29.21	54.87	43.63
2017-18	12973	7600	5373	36.13	58.58	41.42
2018-19	17389	12182	5207	48.53	70.06	29.94

The share of concessional debt under non government borrowing is given in the above table. It is revealed that the share of public sector of concessional debt in non government borrowing continuously declining throughout the study period. The percentage share of concessional in non government borrowing was found highly increasing from 8.95 per cent in the year 2008 to 48.53 per cent in the year 2019. But the actual value of concessional debt was found increasing Rs.1737 crores in the year 2008 to Rs.17389 crores in the year 2019.

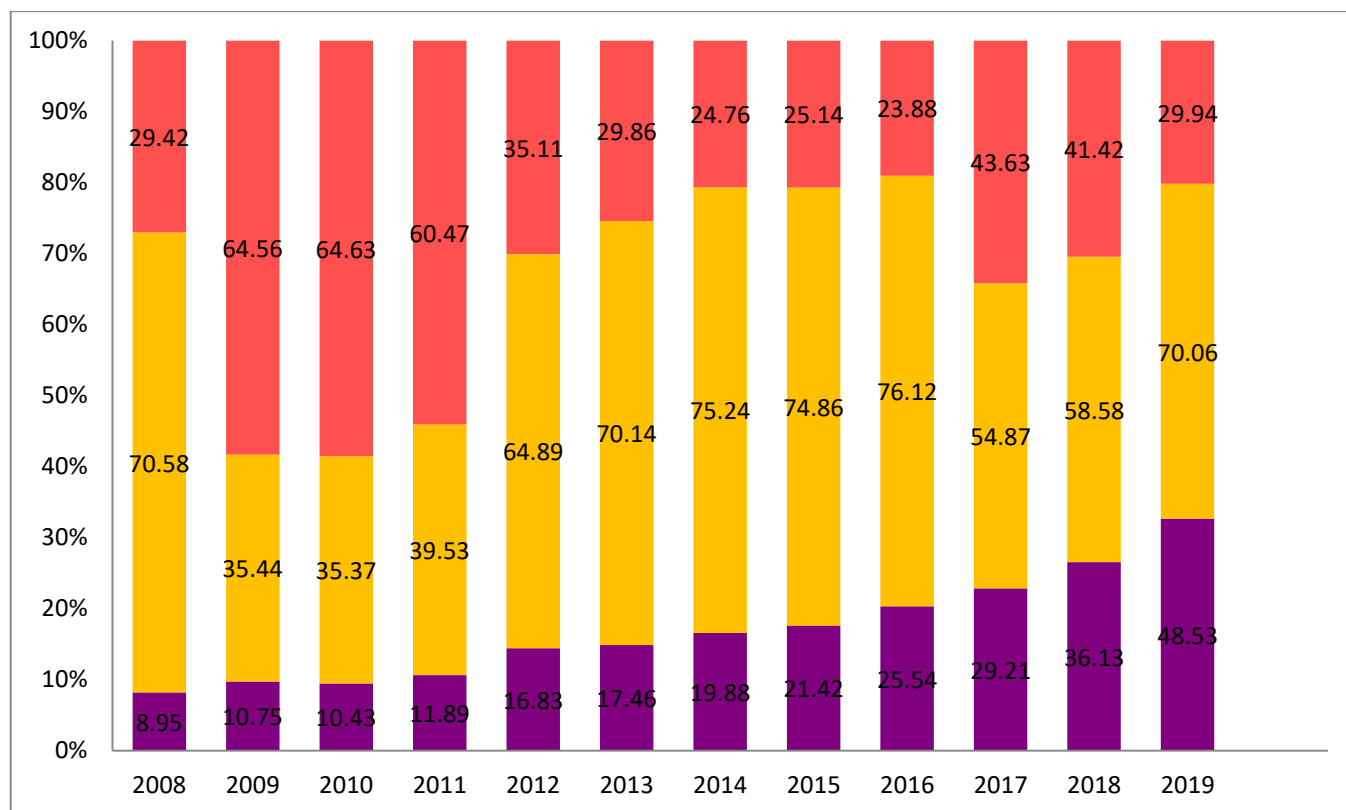
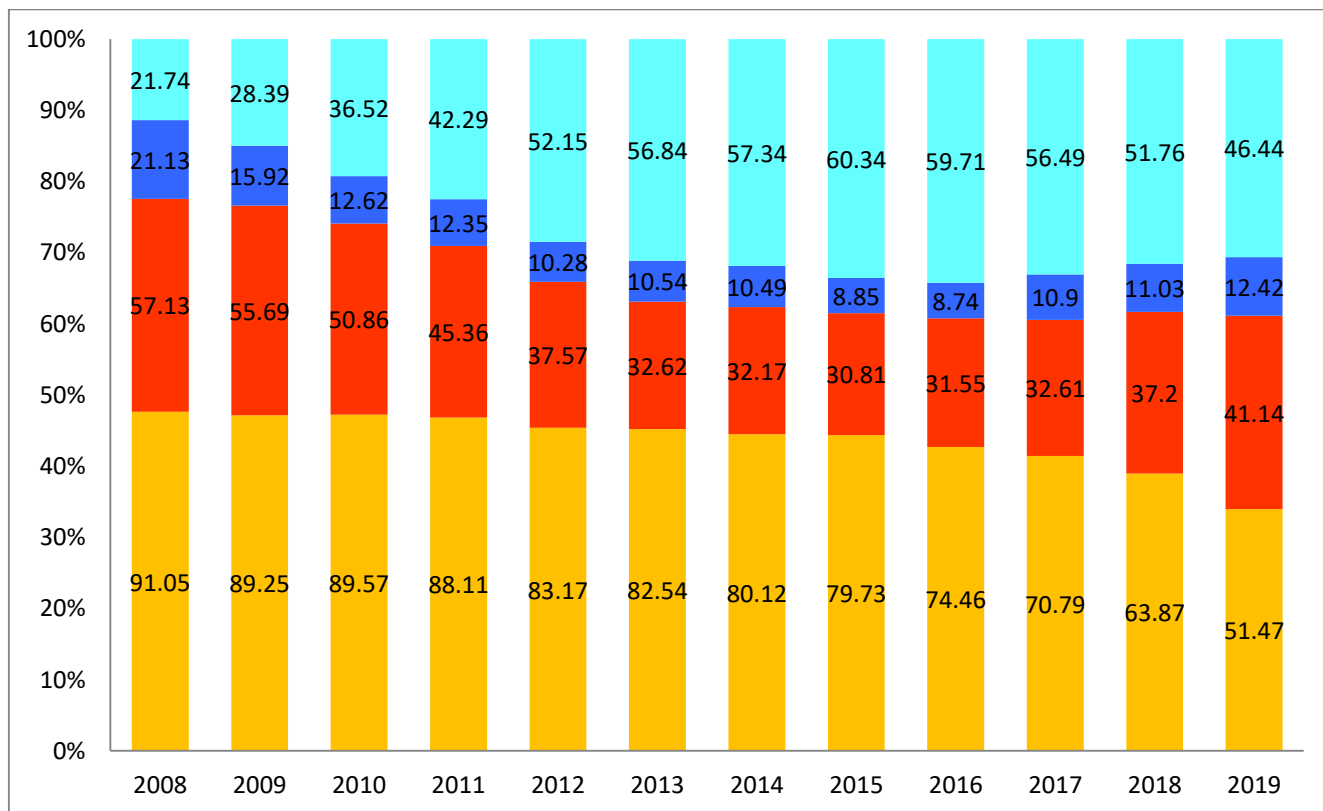


TABLE 2.5
TABLE SHOWING THE TRENDS IN THE SHARE OF NON CONCESSIONAL DEBT UNDER NON
GOVERNMENT BORROWING COMPONENTS IN INDIA’S EXTERNAL DEBT

Rupees in crores

YEAR	NON CONCESSIONAL	PUBLIC SECTOR	FINANCIAL INSTITUTIONS	PRIVATE SECTOR	% SHARE OF NON CONCESSIONAL NON GOVERNMENT BORROWING	% SHARE OF PUBLIC SECTOR IN NON CONCESSIONAL	% SHARE OF FINANCIAL INSTITUTIONS IN NON CONCESSIONAL	% SHARE OF PRIVATE SECTOR IN NON CONCESSIONAL
2007-08	17674	10097	3735	3842	91.05	57.13	21.13	21.74
2008-09	27073	15076	4311	7686	89.25	55.69	15.92	28.39
2009-10	27223	13845	3436	9942	89.57	50.86	12.62	36.52
2010-11	30397	13789	3754	12854	88.11	45.36	12.35	42.29
2011-12	37797	14200	3886	19711	83.17	37.57	10.28	52.15
2012-13	39887	13010	4206	22671	82.54	32.62	10.54	56.84
2013-14	41577	13374	4361	23842	80.12	32.17	10.49	57.34
2014-15	37528	11561	3323	22644	79.73	30.81	8.85	60.34
2015-16	34666	10938	3029	20699	74.46	31.55	8.74	59.71
2016-17	29049	9472	3167	16410	70.79	32.61	10.90	56.49
2017-18	22930	8531	2530	11869	63.87	37.20	11.03	51.76
2018-19	18439	7586	2290	8563	51.47	41.14	12.42	46.44

The share of non concessional debt under non government borrowing is given in the above table. It is revealed that the share of non concessional debt in non government borrowing was continuously declining throughout the study period. The percentage share of non concessional in non government borrowing was found highly decreasing from 91.05 per cent in the year 2008 to 51.47 per cent in the year 2019. But the actual value of non concessional debt was found increasing Rs.17674 crores in the year 2008 to Rs.18439 crores in the year 2019.



7. FINDINGS OF THE STUDY:

- It was revealed that the share of bilateral debt (portion) in India's External debt was found increasing trend. The actual value of the bilateral debt was also found increasing trend throughout the study period.
- It was found that actual value of the government borrowing under bilateral debt was found increasing trend throughout the study period.
- It was initiated that actual value of the non-government borrowing under bilateral debt was found increasing trend throughout the study period.
- It was observed that the share of public sector of concessional debt in non government borrowing was found continuously declining throughout the study period.
- It is revealed that the share of non concessional debt in non government borrowing was continuously declining throughout the study period.

8. CONCLUSIONS;

There are two major components of External debt are multilateral and Bilateral Debt. The study was mainly focused on bilateral debt. It was concluded that although the share of bilateral debt in Indian External debt was found increasing trend, the share of public sectors concessional and non concessional debt in non government borrowings were found continuously declining trend over the study period. Therefore, the government takes necessary steps to increase the concessional debt in government borrowing to maintain the sound economy of India.

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