

Chapter 5

MANAGEMENT OF FISCAL LIABILITIES

5.1 Internal debt, external debt and other liabilities are the three sets of liabilities that constitute the Union Government debt. Internal and external debts constitute public debt and are secured under the Consolidated Fund of India. Internal debt includes market loans, special securities issued to Reserve Bank of India and National Small Savings Fund, compensation and other bonds and other rupee securities. External debt represents the loans received from foreign governments and bodies. The other liabilities of the government arise more in its capacity as a banker rather than a borrower or a trustee. These borrowings or accruals are not secured under CFI and are shown as part of public account. All these liabilities, however, are obligations of the government.

5.2 Government incurs these liabilities to meet its resource requirements for repayment of debt; discharge of liabilities on the public account, capital expenditure and such other current expenditure requirements as may remain uncovered by revenue and non-debt capital receipts.

Aggregate Fiscal Liabilities: Trends and Composition

5.3 Table 5.1 presents aggregate liabilities of the government including internal debt and external debt reckoned both at the current rate of exchange and at the historic rate (the rate at which the debt was originally contracted) and the Public Account during 1985-2004. Annual total liability in terms of its composition is indicated in **Appendix-V-A**.

Table 5.1: Aggregate Fiscal Liabilities- Trends & Composition

(Rupees in crore)

| Period | Internal Debt | External Debt at Historic Rates | Public Account* | Total liabilities (at historic rates) | External Debt (at Current Rates) | Total liabilities (at current rates) |
|---|---------------|---------------------------------|-----------------|---------------------------------------|----------------------------------|--------------------------------------|
| 1985-2004 | 401904 | 44448 | 203602 | 649954 | 124038 | 729544 |
| VIII Plan (1992-1997) | 272725 | 49206 | 218152 | 540082 | 137732 | 628609 |
| IX Plan (1997-2002) | 655942 | 61703 | 292049 | 1009694 | 183073 | 1131064 |
| 2002-03 | 1020689 | 59612 | 331419 | 1411720 | 196068 | 1548176 |
| 2003-04 | 1141706 | 46125 | 333725 | 1521556 | 184203 | 1659634 |
| Average annual Rate of Growth (per cent) | | | | | | |
| 1985-2004 | 16.81 | 6.95 | 10.79 | 14.19 | 11.88 | 14.33 |
| VIII Plan (1992-1997) | 14.13 | 5.95 | 14.80 | 13.62 | 5.88 | 12.48 |
| IX Plan (1997-2002) | 25.42 | 6.77 | -7.05 | 12.80 | 5.05 | 11.85 |
| 2002-03 | 11.79 | -16.68 | 15.65 | 11.06 | -1.92 | 10.62 |
| 2003-04 | 11.86 | -22.63 | 0.70 | 7.78 | -6.05 | 7.20 |

Depiction of external debt at current rate of exchange in finance accounts commenced from 1991-92. Earlier data of external debt at current exchange rate have been taken from Reserve Bank of India to complete the series.

** Public Account liabilities since 1999-2000 exclude the liabilities on account of small savings to the extent of securities issued to National Small Savings Funds (NSSF) by State Governments.*

5.4 Aggregate fiscal liabilities increased from an average of Rs. 628,609 crore during the VIII Plan (1992-1997) to Rs. 1659,634 crore in 2003-04. Average annual trend rate of growth of these liabilities was 14.33 *per cent* during 1985-2004. Internal debt was not only the most predominant component of the aggregate liabilities, accounting for around two thirds of these in 2003-04, but was also the fastest growing component with its growth averaging 16.81 *per cent*. Public account liabilities had the lowest growth of 10.79 *per cent*. These two components, which in terms of the origin are domestic liabilities, constituted around 89 *per cent* of the aggregate liabilities in 2003-04. Share of these two components in aggregate liabilities also improved from an average of 78 *per cent* during the VIII Plan (1992-1997) to the current level. External liabilities at current exchange rate constituted a little over 11 *per cent* of the aggregate liabilities in 2003-04 and grew at an average annual rate of 11.88 *per cent*. Aggregate liabilities showed deceleration in their growth rates. Average annual rate of change in the growth rates of fiscal liabilities was (-) 4.67 *per cent* during 1985-2004. External liabilities at historic rate, though grew at a lower rate, were only of accounting interest as repayment obligations of this debt are to be met at the current rate of exchange only.

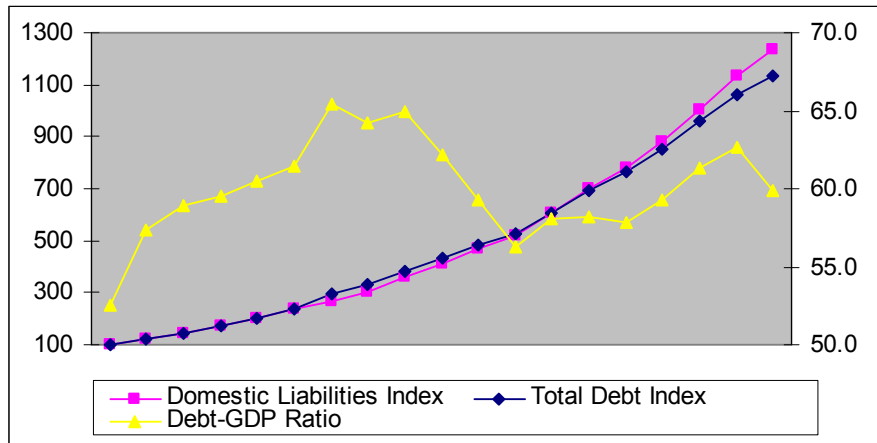
Fiscal Liabilities relative to GDP

5.5 Table 5.2 gives the aggregate fiscal liabilities of the Union Government relative to GDP. Aggregate fiscal liabilities-GDP ratio peaked during 1991-92 when it reached 65.43 *per cent* of GDP. This ratio decelerated to an average of 60.72 during the VIII Plan (1992-1997) and further to an average of 59.08 *per cent* during the IX Plan (1997-2002). In the recent two years, while the ratio of fiscal liabilities to GDP increased to 62.69 *per cent* in 2002-03, it decelerated in the current year to 59.87 *per cent*, close to the long-term trend levels. The long-term tendency of the ratio of fiscal liabilities to GDP ratio was of acceleration with an average annual rate of shift of 0.17 *per cent* during 1985-2004. Average annual rate of shift in the ratio of internal debt- GDP at 2.34 *per cent* largely contributed to this moderate acceleration in debt- GDP ratio.

Table 5.2: Fiscal Liabilities Relative to GDP

| Period | Internal Debt | External Debt at Historic Rates | Public Accounts | Total liabilities | <i>(per cent)</i> | |
|--|---------------|---------------------------------|-----------------|-------------------|--------------------------------|-------------------|
| | | | | | External Debt at Current Rates | Total liabilities |
| 1985-2004 | 33.11 | 3.66 | 16.77 | 53.54 | 10.22 | 60.10 |
| VIII Plan (1992-1997) | 26.34 | 4.75 | 21.07 | 52.16 | 13.30 | 60.72 |
| IX Plan (1997-2002) | 34.26 | 3.22 | 15.26 | 52.74 | 9.56 | 59.08 |
| 2002-03 | 41.33 | 2.41 | 13.42 | 57.16 | 7.94 | 62.69 |
| 2003-04 | 41.18 | 1.66 | 12.04 | 54.89 | 6.64 | 59.87 |
| Average Annual Rate of Shift in Relative Shares | | | | | | |
| 1985-2004 | 2.34 | -6.29 | -2.94 | 0.05 | -1.98 | 0.17 |

5.6 If various components of fiscal liabilities in 1985-86 are set to 100, the index value of internal debt, external debt and total liabilities in 2003-04 would be 1607, 691 and 1137 respectively as against the index of GDP at 997. Movement of aggregate and domestic liabilities and overall debt-GDP ratio during 1985-2004 is indicated in the graph below.



5.7 It would be appropriate to look at the aggregate fiscal liabilities relative to the revenue receipts of the Union Government. This ratio is considered as a better indicator of debt stock because it is directly related to the resources that are available for its servicing and redemption. Table 5.3 gives the ratio of outstanding fiscal liabilities as a percentage of the non-debt receipts, revenue receipts and receipts after providing for the committed liabilities.

Table 5.3: Outstanding Fiscal Liabilities as a percentage of Non-Debt Receipts, Revenue Receipts and Uncommitted Receipts

| Period | Non-Debt Receipt | Revenue Receipt | Uncommitted Receipt |
|--|------------------|-----------------|---------------------|
| 1985-2004 | 432 | 477 | 1147 |
| VIII Plan (1992-1997) | 446 | 478 | 1047 |
| IX Plan (1997-2002) | 444 | 476 | 1290 |
| 2002-03 | 453 | 516 | 1401 |
| 2003-04 | 390 | 489 | 1163 |
| Average Annual Rate of Shift in Relative Shares | | | |
| 1985-2004 | 0.88 | 1.05 | 3.70 |
| Average Annual Rate of Growth | | | |
| 1985-2004 | 13.33 | 13.14 | 10.26 |

Note:- Non-Debt Receipts are Revenue Receipts (net of the States' share in taxes) and non-debt capital receipts. Uncommitted receipts are the Revenue Receipt (net of the States' share in taxes) minus the committed liabilities of salary, pensions and interest payments.

5.8 The ratio of fiscal liabilities to revenue, non-debt and uncommitted receipts had a positive shift rate during 1985-2004. The trend rate of growth of fiscal liabilities exceeded the rate of growth of above three parameters. Average ratio of fiscal liabilities to non-debt receipts increased from 446 *per cent* during the VIII plan (1992-97) to 453 in 2002-03. It, however, declined to 390 *per cent* in 2003-04, because of accelerated recovery of loans and advances. In case of the ratio of aggregate fiscal liabilities to revenue receipts and its uncommitted component, the average annual rate of shift was positive and directly related to the difference in their trend growth rates relative to aggregate fiscal liabilities.

Debt Sustainability

5.9 Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and debt-GDP ratio does not grow to explosive proportions. A necessary condition for stability is the Domar's Debt Stability Equation. It states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. In a situation where the rate of interest is higher than the rate of growth of output, the debt GDP ratio would continue to rise unless the primary balances turn positive. The sustainability of debt is also examined in relation to the inter-temporal budget constraints; sustainability rests on whether the past behaviour of revenue, expenditure and fiscal deficits could be continued indefinitely without any adverse implications or response from lenders. As such, the question of sustainability of debt involves consideration of whether Ponzi Financing has been used as a debt management strategy. The solvency or the overall budget constraints also require that initial debt stock equals the present discounted value of primary surplus in future. The equality of the current debt and present value of surplus do not necessarily imply that debt is ultimately re-paid or even that debt is ultimately constant. All it implies is that debt ultimately grows less rapidly than the interest rate. Debt stabilisation can take place in one of two possible ways. If the nominal growth rate of the economy exceeds the nominal rate of interest on domestic debt, which can happen under financial repression, stabilisation of domestic debt is possible while still running a primary deficit (even in excess of monetisation). But if the nominal interest rate exceeds the growth rate, the primary deficit must be sufficiently less than monetisation for debt stabilisation to be possible.

5.10 Debt sustainability has been examined in terms of some of the following parameters:

- Rate of interest in relation to GDP growth or Domar gap
- Rate of Interest and the growth of debt in terms of debt satisfying inter-temporal budget constraints
- Application of borrowed funds in terms of assets back up for the liabilities
- Net availability of funds from the gross borrowings after payment of principal and interest

5.11 The average interest rate (nominal) on total debt over time, as indicated in Table 5.4 remained lower than the rate of growth of GDP at the market

**The CAG's Report on
Union Government Accounts 2003-04**

prices during 1985-2004. However, the spread declined from an average of 8.63 *per cent* during the VIII Plan (1992-1997) to an average of 1.37 *per cent* during the IX Plan (1997-2002). The spread between GDP growth and interest rates became negative in 2002-03 but recovered later to a positive 3.97 *per cent* in 2003-04.

5.12 Average interest rates on fiscal liabilities, however, moved in a narrow range. Average annual rate of interest on external debt was 2.84 *per cent* during 1985-2004. It decelerated from an average of 3.07 *per cent* during the VIII Plan (1992-1997) to 1.60 *per cent* in 2003-04. For the domestic liabilities (public debt and public accounts) the average rate of interest was 10.42 *per cent* during the IX Plan (1997-2002), which got moderated to 9.24 *per cent* in 2003-04. The deceleration in average rate of interest on domestic liabilities started in 2000-01 and in the last four years witnessed a decline of 155 basis points (the peak rate of interest was 10.79 *per cent* in 1999-2000). The decline in interest rate was only moderate as the overhang of debt remained significant. Average rate of interest on debt and Domar gap is indicated in table 5.4.

Table 5.4: Average interest rate on fiscal liabilities

(per cent)

| Period | Internal Liabilities | External debt | Aggregate Liabilities | Rate of growth of GDP | Interest Spread |
|--------------------------------------|----------------------|---------------|-----------------------|-----------------------|-----------------|
| 1985-2004 | 9.01 | 2.84 | 7.85 | 14.14 | 6.29 |
| VIII Plan (1992-1997) | 9.37 | 3.07 | 7.91 | 16.54 | 8.63 |
| IX Plan (1997-2002) | 10.42 | 2.51 | 9.06 | 10.43 | 1.37 |
| 2002-03 | 10.03 | 2.13 | 8.90 | 8.21 | -0.69 |
| 2003-04 | 9.24 | 1.60 | 8.28 | 12.25 | 3.97 |
| Average Annual Rate of growth | | | | | |
| 1985-2004 | 2.30 | -2.27 | 2.23 | | |

*Average interest rate is = Interest paid/Outstanding Liabilities at the beginning of the year*100*

5.13 Two factors are identified as contributing to the fiscal liabilities-GDP ratio. One is the cumulated effect of the primary deficit and the other, the cumulated effect of the difference between growth rate of GDP and interest rates. Since for most part of 1985-2004, average rate of interest on Union Government liabilities was below the rate of growth of GDP, nearly two thirds of impact of cumulated primary deficit was absorbed by this positive gap. The situation underwent a change in 2002-03 when the spread between GDP growth and interest rates became negative, which led to an increase in fiscal liabilities-GDP ratio, more than the primary deficit- GDP ratio would warrant. In the current year, GDP growth was higher than the interest rates resulting in a part of the incremental liabilities getting absorbed by the domar gap. The relationship between the primary deficit-GDP and debt-GDP ratio along with the domar gap is indicated in table 5.5.

Table 5.5: Increase in Debt-GDP ratio and primary deficit

| Period | Increase in Debt GDP Ratio | Cumulative Primary Deficit- GDP Ratio | Average Annual Domar Gap |
|---------------------|----------------------------|---------------------------------------|--------------------------|
| 1985-2004 | 7.36 | 41.39 | 6.29 |
| VIII plan (1992-97) | -9.11 | 9.78 | 8.63 |
| IX Plan (1997-2002) | 2.10 | 7.74 | 1.37 |
| 2002-03 | 1.36 | 0.41 | -0.69 |
| 2003-04 | -2.82 | -1.70 | 3.97 |

5.14 It is not uncommon for the government to borrow funds for creating capital assets or for making investment. Though in government accounting system comprehensive accounting of the fixed assets like land and buildings etc., owned by government is not done to create a kind of a balance sheet, accounts do capture and provide the assets created out of expenditure incurred. Government's investment, outstanding loans and advances and cumulated capital expenditure could be considered as its assets. The ratio of these assets to its aggregate fiscal liabilities could be considered as a surrogate measure of quality of its application of borrowed funds.

Table 5.6: Buoyancy of assets and Ratio of Assets to Liabilities

(Rupees in crore, Ratio and Growth rates in per cent)

| Period | Aggregate Liabilities | Aggregate Assets | Ratio of Assets to Liabilities | Annual Growth of Liabilities | Annual Growth of Assets | Buoyancy of Assets |
|-----------------------|-----------------------|------------------|--------------------------------|------------------------------|-------------------------|--------------------|
| 1985-2004 | 729544 | 389247 | 53.35 | 14.33 | 10.38 | 0.72 |
| VIII Plan (1992-1997) | 628609 | 362555 | 57.68 | 12.48 | 10.31 | 0.83 |
| IX Plan (1997-2002) | 1131064 | 575689 | 50.90 | 11.85 | 8.28 | 0.70 |
| 2002-03 | 1548176 | 693286 | 44.78 | 10.62 | 4.20 | 0.40 |
| 2003-04 | 1659634 | 688434 | 41.48 | 7.20 | -0.70 | |

5.15 The ratio of assets to liabilities witnessed a secular decline from an average of 57.68 per cent during the VIII Plan (1992-97) to 41.48 per cent in 2003-04. Average annual rate of shift in this ratio was (-) 3.46 per cent during 1985-2004. By 2003-04, nearly 60 per cent of the union government liabilities had ceased to have assets back up. Overall rate of growth of assets not only remained lower than the rate of growth of liabilities, the spread between these growth rates was also widening. Buoyancy of the assets to liabilities also declined from 0.83 during the VIII Plan (1992-1997) to 0.40 in 2002-03. In 2003-04, aggregate assets actually declined due to accelerated recovery of the loans and advances, while liabilities continued to grow.

5.16 Another issue in debt sustainability is the ratio of the debt redemption to total debt receipts. A higher ratio would indicate that to the extent debt receipts were used in debt redemption, there was less net accrual of resources. Table 5.7 gives the ratio of debt redemption to debt receipts during 1985-2004 and over VIII and IX Plan periods along with the information of the two most recent years.

**The CAG's Report on
Union Government Accounts 2003-04**

Table 5.7: Ratio of Debt redemption to Debt Receipts

| Period | Debt Receipts | Debt Repayment | | Debt Repayment (1) / Debt Receipts | Debt Repayment (2) / Debt Receipts |
|---------------------------------------|---------------|----------------|-------------------------|------------------------------------|------------------------------------|
| | | Principal (1) | Principal+ Interest (2) | | |
| <i>(Rs in crore) (Annual Average)</i> | | | | <i>(per cent)</i> | |
| 1985-2004 | 348540 | 276532 | 331149 | 79.34 | 95.01 |
| VIII Plan (1992-1997) | 266443 | 203787 | 248066 | 76.48 | 93.10 |
| IX Plan (1997-2002) | 530341 | 411106 | 502208 | 77.52 | 94.70 |
| 2002-03 | 623645 | 485764 | 610337 | 77.89 | 97.87 |
| 2003-04 | 811010 | 726131 | 854245 | 89.53 | 105.33 |

Debt receipt and payments are average of the years indicated and net of Ways and Means Advances.

5.17 The debt sustainability issues have also been discussed by the Finance Commissions. The Ninth Finance Commission observed that ultimately the solution to the Government debt problem lies in borrowed funds – (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in government revenue. The Eleventh Finance Commission suggested that debt sustainability could be significantly facilitated if the incremental revenue receipts could meet the incremental interest burden and the incremental primary expenditure. Table 5.8 indicates the resource gap as defined above for the VIII and IX Plans and for the two recent years. It would be observed that during 1985-2004, incremental revenue receipts fell short of meeting the incremental revenue expenditure by about a quarter. This gap increased to over 45 per cent during the IX plan (1997-2002). In the last two years, however, due to a moderate growth in expenditure and moderation in interest rates, there was a positive gap.

Table 5.8: Shortfall of incremental revenue receipts to meet incremental revenue expenditure and interest payments

(Rupees in crore)

| Period | Incremental | | | | Resource Gap |
|-----------------------|-------------|----------------------------------|----------------------|-------------------|--------------|
| | Receipts | Non-interest Revenue Expenditure | Interest Expenditure | Total Expenditure | |
| 1985-2004 | 16737 | 15338 | 6700 | 22038 | -5301 |
| VIII Plan (1992-1997) | 16887 | 13589 | 6576 | 20166 | -3279 |
| IX Plan (1997-2002) | 18621 | 23212 | 10939 | 34151 | -15530 |
| 2002-03 | 34547 | 23609 | 10400 | 34009 | 538 |
| 2003-04 | 39274 | 26954 | 3541 | 30495 | 8779 |

Cash Management

5.18 With Union Government entering into an agreement with Reserve Bank of India in 1994, a system of automatic monetisation of budget deficit was phased out in 1997. Effective from April 1997, a new scheme of Ways and Means advances (WMA) was introduced to facilitate the government to

Management of Fiscal Liabilities

overcome the temporary mismatches in its cash flows. This system had demanded greater skill in debt management and also cash management. While there was a need to avail WMA on a continuous basis, the system seems to have stabilized. There were no outstanding WMA balances at the end of the years 2002-03 and 2003-04. (Table 5.9)

Table 5.9: Ways and Means Advances

(Rupees in crore)

| Year | Opening Balance | Addition during the Year | Discharge during the Year | Outstanding Ways and Means Advances |
|---------|-----------------|--------------------------|---------------------------|-------------------------------------|
| 1999-00 | 3042 | 124972 | 127032 | 982 |
| 2000-01 | 982 | 131300 | 126887 | 5395 |
| 2001-02 | 5395 | 170953 | 171172 | 5176 |
| 2002-03 | 5176 | 118961 | 124137 | Nil |
| 2003-04 | Nil | 96615 | 96615 | Nil |

Unutilised Committed External Assistance

5.19 As on 31 March 2004, unutilised committed external assistance was of the order of Rs. 64,521 crore. Much of the unutilised external assistance was for projects in the infrastructure sector (details in **Appendix-V-B**). Table 5.10 shows the year wise unutilised committed external assistance.

Table 5.10: Unutilised Committed External Assistance

(Rupees in crore)

| Year | Amount |
|-----------|--------|
| 1999-2000 | 56917 |
| 2000-01 | 56920 |
| 2001-02 | 62565 |
| 2002-03 | 67365 |
| 2003-04 | 64521 |

5.20 Commitment charges on un-drawn external assistance are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head 'interest obligation'. Table 5.11 indicates charges paid to various bodies/governments during 1999-2004 as commitment charges for rescheduling of drawal of assistance at a later date. This points to continued inadequate planning resulting in avoidable expenditure in the form of commitment charges amounting to Rs. 93.15 crore in 2003-04.

Table 5.11: Commitment Charges

(Rupees in crore)

| Year | ADB | France | Germany | IBRD | Total |
|-----------|-------|--------|---------|--------|-------|
| 1999-2000 | 15.71 | 0.36 | 0.37 | 25.33 | 41.77 |
| 2000-01 | 13.52 | 0.27 | 0.19 | 26.25 | 40.23 |
| 2001-02 | 12.84 | 0.22 | 0.76 | 34.64 | 48.46 |
| 2002-03 | 26.45 | 0.19 | 0.95 | 39.60 | 67.19 |
| 2003-04 | 38.23 | 0.02 | 8.99 | 45.91* | 93.15 |

Source: External Assistance Brochure 2002-2003. *includes IDA assistance

Growth in Contingent Liabilities of the Union Government

5.21 Contingent liabilities of the Union Government arise because of its role in promoting investment and in reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating the debt position of the government. The issue of guarantees assumes significance in the context of the growing investment needs for infrastructure, participation by the private sector in such projects and its increasing probability of being invoked. In exchange risk guarantees provided for Resurgent India Bonds and India Millennium Deposits there was substantial financial outgo from the government receipts. Table 5.12 gives the position regarding the maximum amount of guarantees and sums guaranteed and outstanding at the end of the financial year during 1999-2004.

Table 5.12: Guarantees Given by Union Government

(Rupees in crore)

| Position at the end of the year | Maximum amount of guarantee | Sums Guaranteed Outstanding | External Guarantees Outstanding | External Guarantees Outstanding as % to sums Guaranteed Outstanding |
|---------------------------------|-----------------------------|-----------------------------|---------------------------------|---|
| 1999-2000 | 144438 | 83954 | 47663 | 56.77 |
| 2000-01 | 135678 | 86862 | 55664 | 64.08 |
| 2001-02 | 168712 | 96859 | 57006 | 58.65 |
| 2002-03 | 174487 | 90617 | 51097 | 56.39 |
| 2003-04 | 184420 | 87780 | 50328 | 57.33 |

5.22 Total outstanding guarantees were 6.7 *per cent* of GDP and 54 *per cent* of the revenue receipts that accrued to the union. These guarantees, however, do not include the volume of implicit contingent liabilities in the nature of open-ended pension payments.

5.23 Ministries/Departments of the government are required to levy guarantee fee at the rate of one *per cent* on internal and 1.2 *per cent* on external borrowings as per the instructions of the Union Government. Guarantee fee is to be levied on the date of guarantee and thereafter on 1 April every year. Where the guarantee fee is not paid on due date, it should be charged at double the normal rate.

Table 5.13: Guarantee Fee

(Rupees in crore)

| Year | Sums guaranteed outstanding | | | Guarantee fee due | | | Total guarantee fee received | As per cent to total outstanding guarantee |
|-----------|-----------------------------|----------|-------|-------------------|----------|-------|------------------------------|--|
| | Internal | External | Total | Internal | External | Total | | |
| 1999-2000 | 36291 | 47663 | 83954 | 363 | 572 | 935 | 280 | 0.33 |
| 2000-01 | 31197 | 55664 | 86862 | 312 | 668 | 980 | 542 | 0.62 |
| 2001-02 | 39853 | 57006 | 96859 | 399 | 684 | 1083 | 484 | 0.50 |
| 2002-03 | 39520 | 51097 | 90617 | 395 | 613 | 1008 | 491 | 0.55 |
| 2003-04 | 37452 | 50328 | 87780 | 375 | 604 | 979 | 401 | 0.46 |

5.24 As a result of the sharp rise in debt servicing, an overwhelming proportion of the total disbursement out of the CFI is charged on the Fund, i.e., it is not subject to vote by Parliament. In 2003-04, out of a total disbursement of Rs. 937780 crore, only 36 *per cent* was voted by the Parliament. Of the total disbursement, 64 *per cent* was applied towards debt service obligations, i.e., loan repayment and interest payment.