

# GOVERNMENT SHOULD BORROW ONLY LONG-TERM FUND FROM OVERSEAS MARKET: BIMAL JALAN

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

NEW DELHI: [Former RBI Governor](#) Bimal Jalan on Tuesday said the government should borrow only long-term fund from the [overseas market](#), and the quantum should not exceed 1.5 per cent of GDP under any circumstances.

"...if you (the government) are borrowing from abroad (then) borrow long-term and the total foreign borrowing should not exceed more than 1.5 per cent of GDP under any circumstances," he said at the launch of his book 'Resurgent India'.

Jalan said that he does not have negative view about overseas sovereign borrowing, but he thinks India does not need to borrow from abroad.

The government has announced that it would start raising a part of its gross borrowing programme from external markets in [foreign currencies](#).

India's sovereign external debt-to-GDP level is among the lowest globally at less than 5 per cent.

Replying to a query, Jalan said the panel on Reserve Bank of India's economic capital framework will meet again to finalise its report to decide appropriate capital reserves for the central bank.

"The report was not finalised... the new finance secretary was appointed by the RBI as a member of the committee and therefore he has to familiarise himself with what the report says.

"...we are going to have another meeting and going to finalise the report," he said.

The six-member panel, headed by Jalan, was appointed on December 26, 2018, to review the Economic Capital Framework for the RBI.

The panel has got extension beyond the three-month term.

The former MP also said that while deciding the appropriate capital reserves for the RBI, the resources and the risk factors are going to be taken into account.

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