

India's external debt rose by 2.1% year-on-year to USD 570 billion

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India's external debt rose modestly by 2.1 per cent year-on-year to USD 570 billion as of March-end 2021, notwithstanding the COVID-19 pandemic, according to the finance ministry.

External debt to GDP ratio rose marginally to 21.1 percent from 20.6 percent as at end-March 2020.

Key Highlights

- Reserves to external debt ratio, however, increased to 101.2 percent from 85.6 percent during the same period, thereby consolidating the country's position as a net creditor to the world, as per the status report on India's external debt released by the ministry.
- The sovereign debt at USD 107.2 billion rose higher by 6.2 per cent over its level a year ago, mainly because of an increase in external assistance more than compensating the fall in FPI investment in government securities (G-Secs), it said.
- The augmented external assistance reflected larger disbursement of COVID-19 loans from multilateral agencies during 2020-21.

- The non-sovereign debt, on the other hand, grew 1.2 percent on a yearly basis to USD 462.8 billion. Commercial borrowings, NRI deposits and short-term trade credit account for 95 per cent of the non-sovereign debt.
- While NRI deposits grew 8.7 per cent to USD 141.9 billion, commercial borrowings at USD 197.0 billion and short-term trade credit at USD 97.3 billion shrank by 0.4 per cent and 4.1 per cent, respectively.
- At March-end 2021, long-term debt (with original maturity of above one year) was at USD 468.9 billion, recording an increase of USD 17.3 billion over the year-ago level.

SOURCE: *The Indian Express*