India's External Debt Ratio at 13 year low in FY'24

STRATEGIC MANAGEMENT AND ECONOMIC ADVISORY DIVISION

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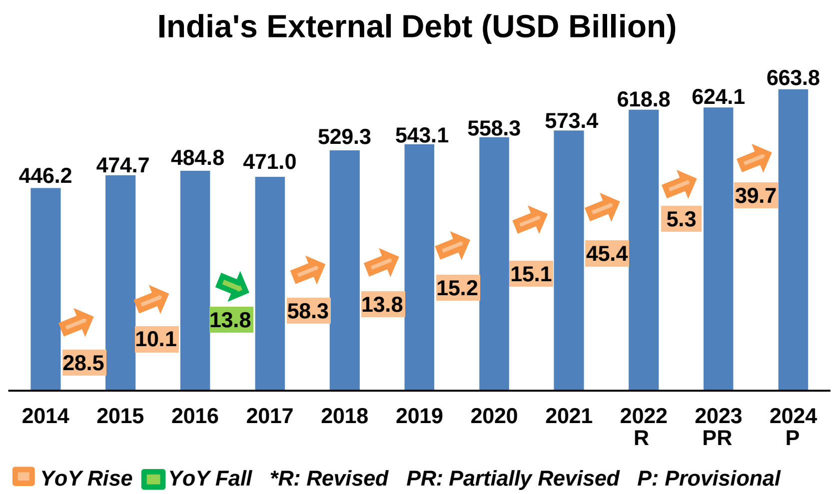
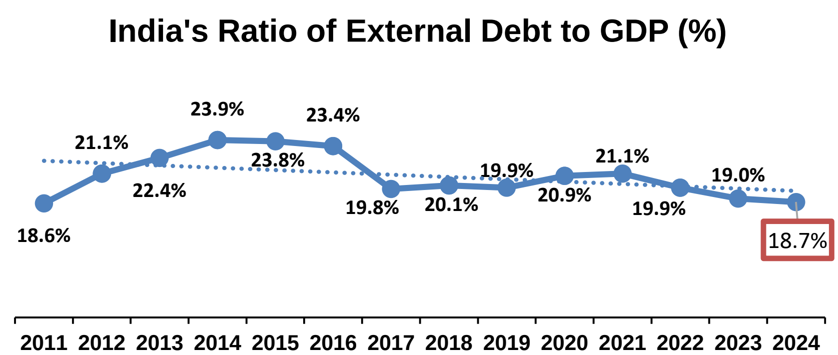
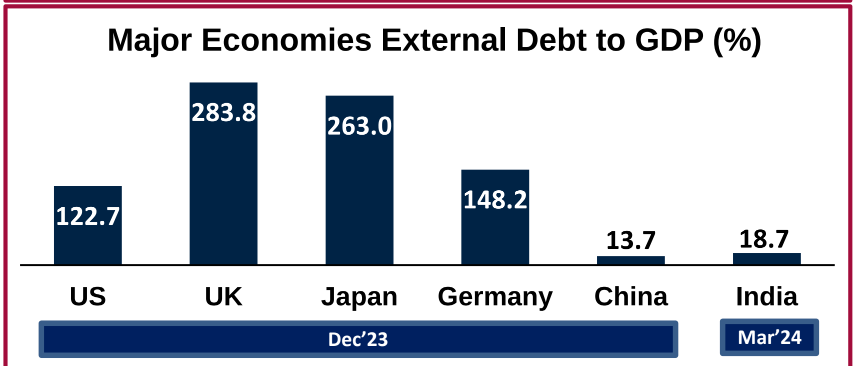
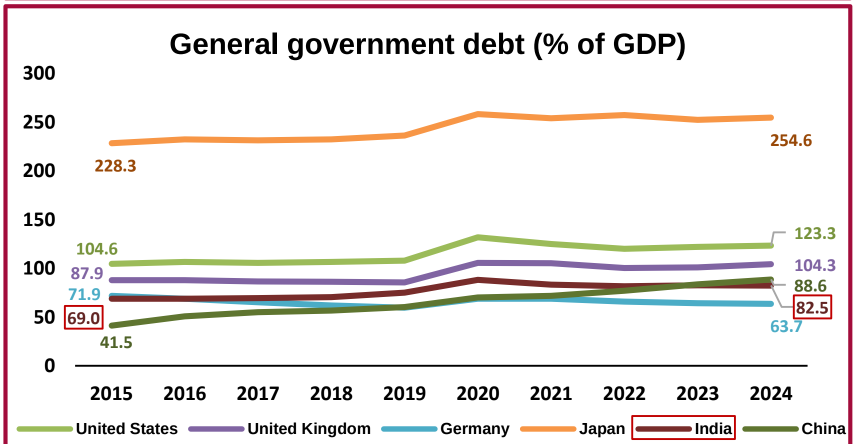
India's external debt stood at USD 663.8 billion, while Debt to GDP at 18.7% as of Mar'24









Sources:RBI, IMF, CEIC, PNB (EIC)

- In FY24, India's external debt to GDP ratio that has been in downtrend since 2021 has further declined to **18.7 per cent** of the GDP from **19 per cent** in the FY23. It was a **record 13 year low** after 18.6 per cent recoreded in 2011.
- The country has added **$39.7 billion** over the last fiscal year, taking the total debt to **$663.8 billion** as of March 2024. It was the third highest addition since 2014.
- **Excluding the valuation effect** due to the appreciation of the US dollar vis-à-vis the Indian rupee and other major currencies such as yen, the euro and SDR (Special Drawing Rights), **external debt would** have increased by another **$8.7 billion**.
- **On YoY basis, long term debt** (with original maturity of above one year) **has gone up** by 9.2 per cent, while **short term debt has fallen** by 4.6 per cent.
- The deposit-taking corporations including Banks (except the central bank) have the 2nd highest share of 28.1 per cent in India's total outstanding external debt. Moreover, this segment has witnessed a robust YoY growth of 14.3 per cent in FY24.
- **Among the top 6 economies, India has the second lowest external debt to GDP ratio**, while the United Kingdom accounts for the highest (283.8 as on Dec'23).
- Further bifurcating, as of March 24, India's general government debt—which makes up a significant 22.4 percent of its external debt—amounted to $148.7 billion, an increase of 11.5% year over year.
- As per the IMF's April 2024 economic outlook, **India's general government debt to GDP ratio stood at 82.5 per cent,** second lowest after Germany's 63.7 per cent among the top 6 economies of the world.
- Germany has even witnessed a fall in their general government debt to GDP ratio since 2015, whereas others have witnessed a rise, with **China** accounting for the **highest rise** (nearly doubled from 2015).
- **As per the RBI**, **India's general govt. debt to GDP ratio is anticipated to fall from 82.5 per cent in FY24 to 73.4 per cent in FY31** on account of a strategic realignment of government spending and favourable interest rate scenario compared to the growth rate. This will be in contrast to major advanced and emerging economies where the ratio is expected to go up.