

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 694
TO BE ANSWERED ON 12.12.2022

EXTERNAL DEBT

694. Shri Prathap Simha:
Shri D. M. Kathir Anand:

Will the Minister of FINANCE be pleased to state:

- (a) Whether the country's External debt (private & sovereign) of about \$267 billion will mature in the next 12 months which might cause a big hit on the foreign reserves;
- (b) if so the details thereof and the reaction of the Government thereto;
- (c) whether the country's forex reserve which is about 19 per cent of GDP, would solve the said debt issue and provide the needed balance and comfort;
- (d) if so the details thereof

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): As of end-March 2022, India's short-term external debt (residual maturity) was US\$ 267.7 billion, which was 44 per cent of foreign exchange reserves. A major part of this short-term debt is in the form of NRI deposits mobilised by deposit-taking corporations and short-term trade credit availed by non-financial corporations to finance imports, typically carrying a higher probability of rollover. Hence, they have relatively muted implications for repayment. Thus, the burden of short-term external debt is low and well cushioned by available foreign exchange reserves.

(c) & (d): India's external debt and the forex reserves are closely monitored by the Government and the RBI to ensure the stability of India's external sector. As of end-June 2022, the ratio of foreign exchange reserve to total external debt (long-term and short-term) was 95.5 per cent and the ratio of external debt to GDP was 19.4 per cent. Hence, the current stock of external debt is well shielded by the comfortable level of foreign exchange reserves.
