



# SOUTH ASIA DEBT FACT SHEET 2020

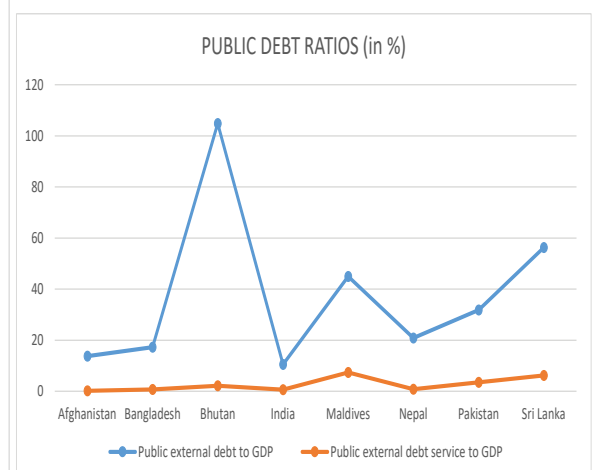
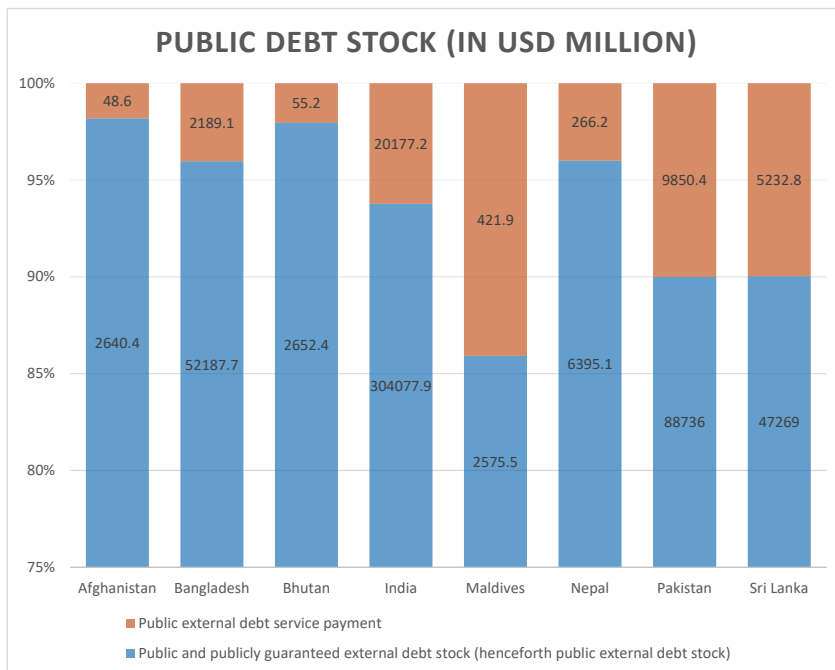


We continue to face one of the serious public health problems and miseries accompanying the spread of the coronavirus that resulted in a global pandemic. The pandemic and the lockdown used as a measure to control the spread of the virus have triggered an economic depression as great as that of the 1930s. This is turning out to be the biggest attack on the lives and livelihoods of a majority around the world. The countries in South Asia are facing serious difficulties in obtaining the fiscal means to combat the virus, protect the poor and vulnerable, and mount an inclusive recovery. Not only has the global economic slowdown hampered the ability of the South Asian countries to mobilise resources, many are forced to make large borrowings and further expend a big part of what little government revenue is coming in to service debt payments. This fact sheet on South Asian debt intends to point out towards the overall deteriorating debt situation in the region and the criticality that these countries face.

Table 1 Public external debt statistics as in end-2019

Countries	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
<b>Public debt stock (in USD million)</b>								
Public and publicly guaranteed external debt stock (henceforth public external debt stock)	2640.4	52187.7	2652.4	304077.9	2575.5	6395.1	88736	47269
Public external debt service payment	48.6	2189.1	55.2	20177.2	421.9	266.2	9850.4	5232.8
<b>Public debt ratios (in %)</b>								
Public external debt to GDP	13.82	17.25	104.82	10.58	44.95	20.87	31.89	56.27
Public external debt service to GDP	0.25	0.72	2.18	0.70	7.36	0.87	3.54	6.23

Table 1 shows that already as in end-2019, that is prior to the imposition of lockdown, countries had accumulated a high amount of public debt. Particularly, Bhutan, Maldives, Pakistan, and Sri Lanka were already adversely affected with a very high debt to GDP ratio. Consequently, the high levels of debt servicing was draining out huge amounts from the exchequer making adverse impacts on the ability of countries to make expenditures on social sectors.



Note: Source of the data on public debt stock and public debt servicing for the year ending December 2019 is World Bank International Debt Statistics (2020) (URL: <https://data.worldbank.org/products/ids>). The debt ratios and the debt services ratios are based on the calculation of the authors using the data on GDP from the World Bank World Development Indicators (2020) (URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>).

**Table 2: Public debt stock in 2020 (in million USD)**

Country	Afghanistan <sup>1</sup>	Bangladesh <sup>2</sup>	Bhutan <sup>3</sup>	India <sup>4</sup>	Maldives <sup>5</sup>	Nepal <sup>6</sup>	Pakistan <sup>7</sup>	Sri Lanka <sup>8</sup>
As on	September 22 2020	June 30 2020	September 30 2020	September 30 2020	September 30 2020	October 16 2020	September 30 2020	August 31 2020
Public external debt stock (I)	2123	44202	2914	85521	2476	6945	84749	42209
Public internal debt stock (II)	0	60378	114	1236613	2708	5518	152010	41774
Total public debt (I + II)	2123	104580	3028	1322134	5184	12463	236758	83983

**Table 3: Public debt ratios in percentage**

Country	Afghanistan <sup>9</sup>	Bangladesh <sup>10</sup>	Bhutan <sup>11</sup>	India	Maldives <sup>12</sup>	Nepal <sup>13</sup>	Pakistan <sup>14</sup>	Sri Lanka <sup>15</sup>
As on (unless stated otherwise)	September 22 2020	June 30 2020	September 30 2020	September 30 2020	September 30 2020	October 16 2020	June 30 2020	August 31 2020
Public external debt to GDP	11.18 <sup>16</sup>	13.39	121.77	3.24 <sup>17</sup>	66.00	18.47	33.40	261.00
Public internal debt to GDP	0.00	18.29	4.75	46.79	72.00	14.67	59.35	258.31
Public debt to GDP	11.18	31.68	126.52 <sup>18</sup>	50.03	138.00	33.14	92.75	519.31
Public debt service to GDP	0.19 <sup>19</sup>	2.41 <sup>20</sup>	5.48 <sup>21</sup>	0.29 <sup>22</sup>	4.17 <sup>23</sup>	2.41 <sup>24</sup>	9.54	14.18 <sup>25</sup>
Debt service to domestic revenue	1.61 <sup>26</sup>	30.88 <sup>27</sup>	28.14	3.54 <sup>28</sup>	63.00 <sup>29</sup>	9.94	63.49	46.98 <sup>30</sup>
Debt service to budgeted education expenditure	5.82 <sup>31</sup>	84.86 <sup>32</sup>	84.29 <sup>33</sup>	62.78 <sup>34</sup>	66.60 <sup>35</sup>	51.05	3745.74	21292.30 <sup>36</sup>
Debt service to budgeted health expenditure	16.77	262.13	157.32	92.11	71.73	148.97	16296.71	2580.89

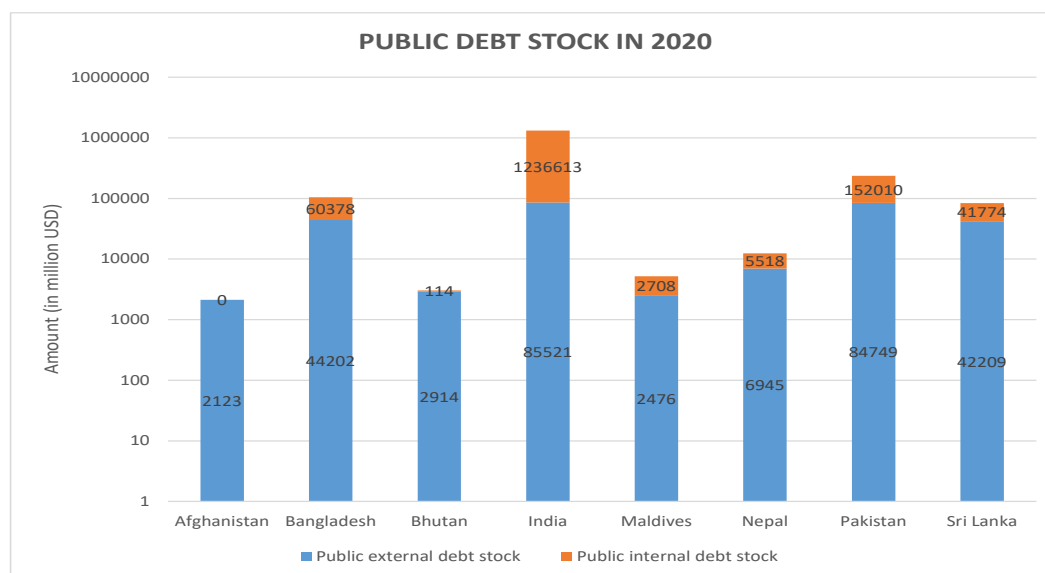
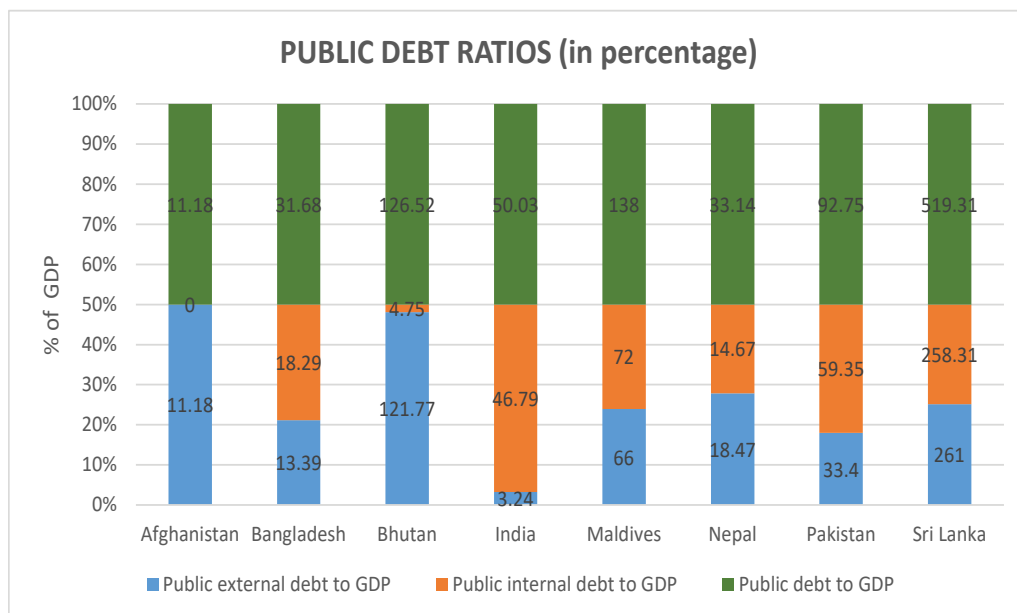


Table 1 and Table 2 have different sources with the former retrieved from the World Bank database while the latter taken from individual government sources. As a result, the external debt data are not comparable due to differences in definition according to differing sources. However, the two tables when combined with debt ratios and debt service ratios in Table 3,

provide evidences on the largeness of external debt particularly in Bhutan, Maldives, Pakistan, and Sri Lanka, and the worrisome level of internal debt, particularly in India, Pakistan, and Sri Lanka where the internal debt tends to surpass the already high levels of external debt. However, it is to be noted that the reported data cited from various central bank and other government sources do not account for the entire calendar year 2020 and hence, the effect of the COVID-19 pandemic may only be partially reflected in the data. In other words, the data do not include most of the new debt contracted in the year 2020. News sources indicate that countries have contracted large debts in 2020 either under the pretext of an economic recovery or under some other guise. The ratios of debt service to budgeted education and health expenditure are excessively high in Pakistan and Sri Lanka and unsatisfactorily high in other South Asian countries as well (see Table 3) which show that debt servicing acts as a major constraint on the ability of the state to provide health care, education, and other social provisionings.



A recent IMF report<sup>37</sup> states that average public debt worldwide approached 98 percent of GDP at end-2020, compared with 84 percent projected pre-pandemic for the same date. It is not surprising that the South Asian countries will record a high growth of public debt. This fact sheet explicitly indicates a growing debt to GDP ratio of Bhutan, Maldives, Pakistan, and Sri Lanka but the overall trend in the region indicates that other countries will follow suit.

The response to this crisis by the largest lenders of the world –International Monetary Fund( IMF), World Bank (WB), Asian Development Bank (ADB), Paris Club, China, et cetera has been pathetic. The World Bank claims that six countries of the region - Afghanistan, Bangladesh, Bhutan, Maldives, Nepal and Pakistan – will benefit from the Debt Service Suspension Initiative (DSSI). A report by Eurodad<sup>38</sup> indicates that this initiative which claims to help developing countries with unbearable debt, exacerbated by the impacts of the pandemic and economic downturn has fallen short on most counts, viz. meagre in scope, limited impact, Middle income countries, many of whom are currently at the epicentre of the pandemic, are left out of this initiative and its extension. Moreover, neither China, nor private creditors such as banks, investment funds or vulture funds, that are the main creditors of Global South are involved in the DSSI.

The issue of debt cancellation remains at the centre of any vision that looks forward to a just recovery from the COVID crisis and aims to guarantee a decent living condition for the poor and marginalised in the region.

<sup>1</sup>Retrieved from the Economic and Statistical Bulletin 3rd Quarter Fiscal Year 2020 published by Da Afghanistan Bank; URL: [https://dab.gov.af/sites/default/files/2021-01/Economic%20Bulletin%20for%203rd%20Quarter%20of%20FY%201399\\_0.pdf](https://dab.gov.af/sites/default/files/2021-01/Economic%20Bulletin%20for%203rd%20Quarter%20of%20FY%201399_0.pdf)

<sup>2</sup>Retrieved from the Annual Report 2019-20 published by the Bangladesh Bank; URL [https://www.bb.org.bd/pub/annual/anreport/ar1920/full\\_2019\\_2020.pdf](https://www.bb.org.bd/pub/annual/anreport/ar1920/full_2019_2020.pdf)

<sup>3</sup>Retrieved from the Public Debt Situation Report September 2020 published by the Ministry of Finance, Royal Government of Bhutan; URL: <https://www.mof.gov.bt/publications/reports/public-debt-report/>

<sup>4</sup>Retrieved from the Public Debt Management Quarterly Report July-September 2020 published by the Ministry of Finance, Government of India; URL: <https://dea.gov.in/sites/default/files/Quarterly%20Report%20on%20Public%20Debt%20Management%20for%20the%20Quarter%20Jul%20-%20Sep%202020.pdf>

<sup>5</sup>Retrieved from Ministry of Finance, Republic of Maldives. URL: <https://www.finance.gov.mv/public/attachments/1ctgJjEXu0S4QTYuwspHulHDBsoFJhvLr8lg37Fa.pdf>

<sup>6</sup>Retrieved from Quarterly Debt Report of Fiscal Year 2020-21, Public Debt Management Office, Ministry of Finance, Government of Nepal. URL: <http://pdmo.gov.np/reportsdetail/7/2020/14997398/>

<sup>7</sup>Retrieved from the State Bank of Pakistan; URL: <https://www.sbp.org.pk/ecodata/Summary.pdf>

<sup>8</sup>Authors' calculation are based on the data from Monthly Bulletin September 2020 published by the Central Bank of Sri Lanka; URL: [https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/statistics/mbt/monthly\\_bulletin\\_september\\_2020.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/mbt/monthly_bulletin_september_2020.pdf). In addition, the figures on outstanding government guaranteed debt and foreign debt owed by state-owned enterprises and business corporations (this particular data is as on September 30 2020) are taken respectively from the National Summary Data Page and the Quarterly External Debt Statistics both published by the Central Bank of Sri Lanka; URLs: [http://erd.cbsl.gov.lk/erd/presentation/htm/english/erd/sdds/rpt\\_sdds.aspx#35](http://erd.cbsl.gov.lk/erd/presentation/htm/english/erd/sdds/rpt_sdds.aspx#35); and <https://www.cbsl.gov.lk/en/statistics/statistical-tables/external-sector>

<sup>9</sup>The source of data in this column is the same as in endnote (1) unless specifically stated otherwise.

<sup>10</sup>The data used in the column have their source the same as in endnote (2) unless specifically stated otherwise.

<sup>11</sup>The source of data for the column is the same as endnote (3) unless specifically stated otherwise.

<sup>12</sup>It is worth noting that the much higher debt ratios compared to the earlier year (for example, public debt to GDP ratio was 78 percent in December end 2019 compared to 128 percent in June end 2020) was mainly due to the loss in GDP caused by the pandemic - the GDP was 88825 million Maldivian Rufiyaa in Fiscal Year 2019 while the expected GDP in 2020 is revised down to 57942 million Maldivian Rufiyaa. The source for the debt indicators is the same as in footnote (5) unless stated otherwise.

<sup>13</sup>The source is the same as in endnote (6) unless stated otherwise.

<sup>14</sup>The debt ratios for Pakistan are authors' calculation using figures from the 'Annual Report 2019-2020: The State Bank of Pakistan's Economy' published by the State Bank of Pakistan; URL: <https://www.sbp.org.pk/reports/annual/arFY20/Complete.pdf>. Meanwhile, the figures for budget allocations for health and education are used from 'Budget in Brief 2019-20' published by the State Bank of Pakistan; URL: [http://www.finance.gov.pk/budget/Budget\\_in\\_Brief\\_2019\\_20.pdf](http://www.finance.gov.pk/budget/Budget_in_Brief_2019_20.pdf)

<sup>15</sup>The source of the data used for calculation is the same as endnote (8) unless specifically stated otherwise.

<sup>16</sup>GDP figure for the calculation is taken from the IMF document titled 'Afghanistan Request for Disbursement under the Rapid Credit Facility - Press Release & Staff Report November 2020'; URL: <https://www.imf.org/en/Publications/CR/Issues/2020/11/13/Islamic-Republic-of-Afghanistan-Request-for-a-42-Month-Arrangement-Under-the-Extended-Credit-49888>

<sup>17</sup>First estimate of the GDP figure for the fiscal year 2020-21, based on the Macroeconomic Framework Statement 2020-21 released by the Ministry of Finance, Government of India, is used for the estimation of debt to GDP ratios; URL: <https://www.indiabudget.gov.in/doc/frbm1.pdf>

<sup>18</sup>GDP figure of the fiscal year 2019-20, ending on June 30 2020, is used for the calculation.

<sup>19</sup>Budget allocations for interest payments and principal repayments for the year 2020 are considered for calculating debt service payment in absence of actual figures. See Fiscal Strategy Paper 2021 published by the Ministry of Finance, Afghanistan; URL: <https://mof.gov.af/sites/default/files/2020-09/FSP%202021%20Final.pdf>

<sup>20</sup>Public debt service here includes external debt service payment plus interest payment on domestic borrowings by the central bank.

<sup>21</sup>This includes only debt servicing pertaining to external public debt. Data on debt servicing for domestic debt are not available.

<sup>22</sup>Public debt service amount considered for the debt service ratios of India includes only the projected debt service payment for external debt for the fiscal year 2020-21 (ending on March 31 2020) due to unavailability of data for internal debt service payment. Public external debt service amount is taken from 'Projection by India's External Debt: A Status Report 2019-20' published by Ministry of Finance, Government of India; URL: <https://dea.gov.in/sites/default/files/India%27s%20External%20Debt%20-%20A%20Status%20Report%202019-20.pdf>

<sup>23</sup>Debt service figure for the entire year of 2020 is not available. Hence debt service figure of 2019 but the revised GDP of 2020 (revised considering the effect of the pandemic) is used for the calculation of debt to GDP ratio assuming that there is not very high difference between the debt service figure of 2019 and 2020. The 2019 figure is obtained from Public Debt Bulletin December 2019, Ministry of Finance, Republic of Maldives; URL: <https://www.finance.gov.mv/public/attachments/bs3qMerYTFDdgX53IL282Tedthi52ffkb3lfqkpv.pdf>

<sup>24</sup>Variables such as GDP, revenue, and expenditure are flow variables which require a uniform time period for comparison. Hence, FY 2019/20 (July 16 2019 to July 15 2020) is taken as a reference period for the calculation of the debt service ratios. Debt service figures are summed from different quarterly reports of Fiscal Year 2019-20 published by the Finance Comptroller General Office, Ministry of Finance, Government of Nepal. URL: <https://www.fcgo.gov.np/reporttype/14>. Figures on domestic revenue for FY 2019-20 are borrowed from Nepal Rastra Bank (URL: <https://www.nrb.org.np/>). Meanwhile, allocated budget expenditures on health and education are sourced out from the annual budget presentation by the Ministry of Finance, Government of Nepal (see summary here <https://www.nepalisansar.com/government/nepal-federal-budget-fy-2019-20-highlights-key-announcements/>)

<sup>25</sup>This ratio is an underestimation since the GDP figure (estimate by the central bank in June 2020) is for the whole year while the debt service figure represents servicing done during the first eight months of 2020 and the debt service figure also does not include debt servicing for the loans taken by state-owned enterprises (see debt service figure at [http://www.treasury.gov.lk/documents/budget/2021/FMRP-Report-2020-21-\(English\).pdf](http://www.treasury.gov.lk/documents/budget/2021/FMRP-Report-2020-21-(English).pdf)).

<sup>26</sup>Medium term effect of covid is considered for the estimation of domestic revenue in 2020. The source of the data for domestic revenue is Fiscal Strategy Paper 2021 published by the Ministry of Finance, Islamic Republic of Afghanistan; URL: <https://mof.gov.af/sites/default/files/2020-09/FSP%202021%20Final.pdf>

<sup>27</sup>Authors' calculation based on the data on revenue from the National Board of Revenue, Bangladesh; URL: [http://nbr.gov.bd/uploads/publications/IMG\\_20200903\\_0002.pdf](http://nbr.gov.bd/uploads/publications/IMG_20200903_0002.pdf)

<sup>28</sup>Domestic revenue of fiscal year 2019-20 is used for the calculation of the ratio. The figure on domestic revenue is retrieved from Controller General of Accounts, Ministry of Finance, Government of India; URL: <http://cga.nic.in/MonthlyReport/Published/3/2019-2020.aspx>. The ratio is an underestimation because the domestic revenue for the fiscal year 2020-21 would be much less due to the effect of the pandemic.

<sup>29</sup>Retrieved from Public Debt Bulletin Issue 5, Resource Mobilization and Debt Management Department, Ministry of Finance, Republic of Maldives; URL: <https://www.finance.gov.mv/public/attachments/nZySU62UwL33YTitYObmljYEdg4TwH034PFS12Zf.pdf>

<sup>30</sup>The ratio takes into account debt service and domestic revenue figures corresponding to the first eight months of 2020.

<sup>31</sup>Budget allocations for education and health in the Afghan Fiscal Year 1399 (2020) are taken from the National Budget 1399 published by the Ministry of Finance, Islamic Republic of Afghanistan; URL: [https://www.budgetmof.gov.af/images/stories/DGB/BPRD/National%20Budget/1399\\_Budget/MasterEnglish.pdf](https://www.budgetmof.gov.af/images/stories/DGB/BPRD/National%20Budget/1399_Budget/MasterEnglish.pdf)

<sup>32</sup>The data on education used in case of Bangladesh also includes technology. Data on budgets allocated for health and education and technology are retrieved from the nation budget 2019-20; see 'Overview of National Budget 2019-2020' by The Institute of Chartered Accountants of Bangladesh; URL: [https://www.icab.org.bd/icabweb/webNewsEventNoticeCir/viewPdf?fileWithPath=/app/share\\_Storage/Attachments/icabwebcommonupload/images/upload/webupload/general\\_file/general\\_file/Presentation-Final.pdf](https://www.icab.org.bd/icabweb/webNewsEventNoticeCir/viewPdf?fileWithPath=/app/share_Storage/Attachments/icabwebcommonupload/images/upload/webupload/general_file/general_file/Presentation-Final.pdf)

<sup>33</sup>Authors' calculation based on the national budget released by the Ministry of Finance in May 2019; URL: [https://www.mof.gov.bt/wp-content/uploads/2019/05/BR2019\\_20\\_ENG.pdf](https://www.mof.gov.bt/wp-content/uploads/2019/05/BR2019_20_ENG.pdf)

<sup>34</sup>The sources of the budgeted amount under education and health expenditure are some news articles; see [https://www.prsindia.org/parliamenttrack/budgets/demand-grants-2020-21-analysis-health-and-family-welfare#:~:text=Overall%2C%20India's%20public%20health%20expenditure,%2D09%20and%202021%20D2D.&text=In%202020%2D21%2C%20the%20Ministry,%20\(Rs%2064%2C609%20crore\);](https://www.prsindia.org/parliamenttrack/budgets/demand-grants-2020-21-analysis-health-and-family-welfare#:~:text=Overall%2C%20India's%20public%20health%20expenditure,%2D09%20and%202021%20D2D.&text=In%202020%2D21%2C%20the%20Ministry,%20(Rs%2064%2C609%20crore);) and <https://www.businesstoday.in/union-budget-2020/decoding-the-budget/budget-2020-education-gets-front-seat-sitharaman-aspiring-india/story/395249.html#:~:text=The%20budget%20 earmarked%20Rs%2099%2C300,sector%20was%20Rs%2094%2C800%20crore>.

<sup>35</sup>The ratios 'debt service to budgeted education expenditure' and 'debt service to budgeted health expenditure' for Maldives correspond to the year 2019. The budget figures are retrieved from the Ministry of Finance, Republic of Maldives; URL: <https://budget.gov.mv/en/functional-classification>

<sup>36</sup>This is an underestimation due to the same reason as in endnote (25). The budget allocation is for the year 2021 since the data for 2020 were not available. The budget allocations figures are retrieved from Budget Speech 2021; URL: [http://www.treasury.gov.lk/documents/budget/2021/budget\\_speech\\_en.pdf](http://www.treasury.gov.lk/documents/budget/2021/budget_speech_en.pdf)

<sup>37</sup>Refer to <https://www.imf.org/en/Publications/FM/Issues/2021/01/20/fiscal-monitor-update-january-2021>

<sup>38</sup>Refer to [https://www.euroadad.org/g20\\_dssi\\_shadow\\_report](https://www.euroadad.org/g20_dssi_shadow_report)

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