The debt scenario in India
CADTM Workshop
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EXTERNAL DEBT

- External debt – US $ 617.1 billion (June 2022) – 19.4% GDP
- US $ 490 billion – Non Government
- US $ 130 billion - Government
INDIA – INTERNAL PUBLIC DEBT

- 31/03/2022 – US $ 1.621 trillion
- 31/03/2022 – US $ 1.817 trillion
- GDP – US $ 3.173 trillion
2016 – 68.8% GDP
June 2021 – 85.3% GDP
India’s total debt is very among emerging economies.

- It is second to China and South Korea
- Total debt – US $ 4.65 trillion
- Private sector debt – US $ 2.55 trillion
- Non-financial corp - $ US 1.54 trillion
- Household - $ US 1.01 trillion
A major worry is the non-performing assets of the banks.
Currently, it has hit a six year low – 5.9%
However, among comparable economies it is very high
WHERE INDIA STANDS IN BAD LOANS

NPAs as % of loans (gross NPA ratio)

- Russia: 8.3
- India*: 5.9
- South Africa: 5.2
- France: 2.7
- Indonesia: 2.6
- China: 1.8
- Malaysia: 1.6
- UK: 1.2
- US: 1.1

*FY22 data; For other countries: latest-available figures (CY2020)

Source: CareEdge
The bad loans peaked in March 2018 – 10% of GDP.

US $ 125 billion loans were written-off in the last 5 years.

It is reported that only 13% of the written-off loans were recovered.

PSU Banks – 72.7%

Private Sector Banks – 27.28%
SOLUTIONS?

- PRIVATISATION of PSU banks
- Bank denationalisation – 2021 budget
  - 2 PSU Banks
  - 1 Insurance company
CADTM PROPOSALS

- Recovering the damage caused by the capitalists at the expense of the public banks, from the overall wealth of the major shareholders of the groups in question;
- Refusing to make taxpayers or depositors, 92% of whom have savings of less than 1,00,000 rupees), bear the burden of the clean-up;
- Prosecute the top managers of the offending banks and the beneficiaries;
PROPOSALS

- Prohibit public banks from engaging in speculative operations, marketing derivatives, and granting credit to private companies above a certain amount, and oblige them to devote credit to the needs of households, the public sector, small and medium-sized enterprises, the peasantry, artisans and other independent workers;

- Force large private companies to finance themselves entirely from the private sector at their own risk, without a state guarantee;
- Compel all banking institutions, whether public or not, to promote transparency in their accounts and, as a corollary, abolish banking secrecy;
- Compel the RBI to ensure comprehensive in situ controls to put an end to recent years’ practices to rely on private audit firms and to carry out remote controls on the basis of evasive reports provided by the banks.
These are emergency measures that should pave the way for the full socialisation of the Indian banking sector.