

Debt servicing soars to \$11.8bn in FY20

KARACHI: The government paid \$11.895 billion in external public debt servicing during 2019-20, data released by the State Bank of Pakistan (SBP) showed on Wednesday.

The amount was 23 per cent higher than \$9.645bn paid in 2018-19.

The data showed that the government paid \$9.543bn as principal for public debt and \$2.352bn in interest during FY20.

The rise in public debt and debt servicing costs could create serious problem as the government has accumulated large debt to improve foreign exchange reserves. However, the sharp decrease in the current account deficit in FY20 and a surplus of \$424 million in July FY21 could help strengthen the external account.

The details further showed that the government paid \$3.022bn external debt service on public debt in the last quarter of FY20. In addition, it paid additional \$559m as interest on it.

The government debt paid to Paris Club Consortium, multilateral, commercial loans, etc was \$10.171bn. The remaining \$904m were paid to the International Monetary Fund (IMF) and \$820m to meet foreign exchange liabilities.

The SBP data also showed that the total principal amount of long-term debt was around \$14.578bn which was paid as debt servicing while the interest included in it was \$3.233bn.

The long-term debt included the non-guaranteed debt of the public sector enterprises (PSEs), borrowings from scheduled banks, private guaranteed debt, private non-guaranteed debt and private non-guaranteed bonds. Moreover, by the end of FY20, the total public sector external debt stood at \$87.885bn while government's external debt was \$70.3bn. The public debt also included \$7.68bn of the IMF and \$9.9bn of foreign exchange liabilities.

Meanwhile, the total external debt and liabilities rose to \$112.8bn in FY20 from \$106.3bn in FY19. The total external debt includes \$4.9bn of the PSEs, \$1.86bn in non-resident deposits and \$11.07bn borrowed by the private sector.