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RESERVE BANK OF INDIA

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India's External Debt as at the end of March 2018

As per the standard practice, India's external debt statistics for the quarters ending March and June are released by the Reserve Bank of India with a lag of one quarter and those for the quarters ending September and December by the Ministry of Finance, Government of India. The external debt data as at end-March 2018 in rupees and US dollars as well as revised data for earlier quarters are set out in [Statements 1 and 2](#), respectively. The major developments relating to India's external debt as at end-March 2018 are presented below.

Highlights

At end-March 2018, India's external debt witnessed an increase of 12.4 per cent over its level at end-March 2017, primarily on account of an increase in commercial borrowings, short-term debt and non-resident Indian (NRI) deposits. The increase in the magnitude of external debt was partly due to valuation loss resulting from the depreciation of the US dollar against major currencies. The external debt to GDP ratio stood at 20.5 per cent at end-March 2018, higher than its level of 20.0 per cent at end-March 2017.

Major highlights pertaining to India's external debt at end-March 2018 are presented below:

- At end-March 2018, India's external debt was placed at US\$ 529.7 billion, recording an increase of US\$ 58.4 billion over its level at end-March 2017 (Table 1).
- Valuation loss due to the depreciation of the US dollar *vis-à-vis* major currencies (*viz.*, euro, SDR, Japanese yen and pound sterling) was placed at US\$ 5.2 billion. Excluding the valuation effect, the increase in external debt would have been US\$ 53.1 billion instead of US\$ 58.4 billion at end-March 2018 over end-March 2017.
- Commercial borrowings continued to be the largest component of external debt with a share of 38.2 per cent, followed by NRI deposits (23.8 per cent) and short-term trade credit (19.0 per cent).
- At end-March 2018, long-term debt (with original maturity of above one year) was placed at US\$ 427.5 billion, recording an increase of US\$ 44.3 billion over its level at end-March 2017.
- The share of long-term debt (original maturity) in total external debt at end-March 2018 was 80.7 per cent, lower than its level of 81.3 per cent at end-March 2017.

- The share of short-term debt (with original maturity of up to one year) in total external debt increased to 19.3 per cent at end-March 2018 from 18.7 per cent at end-March 2017. The ratio of short-term debt (original maturity) to foreign exchange reserves increased to 24.1 per cent at end-March 2018 (23.8 per cent at end-March 2017).
- Short-term debt on a residual maturity basis (*i.e.*, debt obligations that include long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity) constituted 42.0 per cent of total external debt at end-March 2018 (41.6 per cent at end-March 2017) and stood at 52.3 per cent of foreign exchange reserves (53.0 per cent at end-March 2017) (Table 2).
- US dollar denominated debt continued to be the largest component of India's external debt with a share of 49.5 per cent at end-March 2018, followed by the Indian rupee (35.8 per cent), SDR (5.5 per cent), Japanese yen (4.8 per cent) and euro (3.4 per cent).
- The borrower-wise classification shows that the outstanding debt of both government and non-government sectors increased at end-March 2018 (Table 3).
- Debt service payments declined to 7.5 per cent of current receipts at end-March 2018 as compared with 8.3 per cent at end-March 2017 (Table 4).

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Table 1: External Debt - Outstanding and Variation

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(US\$ billion)							
Component	Outstanding at end-March			Absolute variation		Percentage variation	
	2016 R	2017 PR	2018 P	Mar-17 over Mar-16	Mar-18 over Mar-17	Mar-17 over Mar-16	Mar-18 over Mar-17
1	2	3	4	5	6	7	8
1. Multilateral	54.0	54.5	57.3	0.5	2.8	0.9	5.1
2. Bilateral	22.4	23.2	25.3	0.8	2.1	3.4	9.2
3. IMF	5.6	5.4	5.8	-0.2	0.4	-3.5	6.9
4. Trade Credit	10.5	9.6	9.4	-0.9	-0.2	-8.9	-1.7
5. Commercial Borrowings	180.5	172.4	202.3	-8.1	29.9	-4.5	17.4
6. NRI Deposits	126.9	116.9	126.2	-10.1	9.3	-7.9	8.0
7. Rupee Debt	1.3	1.2	1.2	-0.1	0.0	-3.9	-1.2
8. Short-term Debt#	83.5	88.1	102.2	4.6	14.0	5.5	15.9
<i>Of which</i>							
Short-term Trade Credit	80.0	86.5	100.4	6.5	13.9	8.1	16.1
Total Debt	484.8	471.3	529.7	-13.5	58.4	-2.8	12.4
<i>Memo Items:</i>							
A. Long-term Debt (original maturity)@	401.3	383.2	427.5	-18.1	44.3	-4.5	11.6
B. Short-term Debt (original maturity)#	83.5	88.1	102.2	4.6	14.0	5.5	15.9
R: Revised. PR: Partially Revised. P: Provisional. @: Debt with original maturity of above one year. #: Debt with original maturity of up to one year.							

Component	Short-term up to one year**	Long-term			Total (2 to 5)
		1 to 2 years	2 to 3 years	More than 3 years	
1	2	3	4	5	6
1. Sovereign Debt (long-term)\$	5.0	7.9	8.3	90.4	111.7
2. Commercial Borrowings #	25.9	20.8	25.6	117.4	189.7
3. NRI Deposits {(i)+(ii)+(iii)}	89.1	16.7	9.7	10.7	126.2
(i) FCNR(B)	14.9	3.9	1.8	1.5	22.0
(ii) NR(E)RA	62.0	11.7	7.4	8.9	90.0
(iii) NRO	12.2	1.0	0.6	0.3	14.1
4. Short-term Debt* (original maturity)	102.2				102.2
Total (1 to 4)	222.2	45.4	43.6	218.5	529.7
<i>Memo Items:</i>					
Short-term Debt (residual maturity) as per cent of Total External Debt					42.0
Short-term Debt (residual maturity) as per cent of Reserves					52.3
\$: Inclusive of FPI Investments in government securities.					
#: Commercial borrowings are inclusive of trade credit, FPI investments in corporate debt instruments and a portion of non-government multilateral and bilateral borrowings and therefore may not tally with the figures provided in other tables under original maturity.					
*: Also includes FPI investments in security receipts issued by Asset Reconstruction Companies (ARCs) under the extant Corporate Debt Limits.					
**: Short-term debt by residual maturity comprise long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity.					

Component	End-March			
	2015	2016 R	2017 PR	2018 P
1	2	3	4	5
A. Sovereign Debt (I+II)	89.7	93.6	95.9	111.9
<i>As a percentage of GDP</i>	4.5	4.5	4.1	4.3
I. External Debt on Government Account under External Assistance	58.5	61.1	62.8	68.6
II. Other Government External Debt@	31.3	32.5	33.1	43.4
B. Non-Government Debt #	385.0	391.2	375.4	417.7
<i>As a percentage of GDP</i>	19.4	18.9	16.0	16.2
C. Total External Debt (A+B)	474.7	484.8	471.3	529.7
<i>As a percentage of GDP</i>	23.9	23.4	20.0	20.5
R: Revised. PR: Partially Revised. P: Provisional.				
@: Other government external debt includes defence debt, investment in Treasury Bills/ government securities by FPIs, foreign central banks and international institutions and IMF.				
#: Includes external debt of Monetary Authority.				

Table 4: India's Key External Debt Indicators

End-March	External Debt (US\$ billion)	Ratio of External Debt to GDP (Per cent)	Debt Service Ratio (Per cent)	Ratio of Foreign Exchange Reserves to Total Debt (Per cent)	Ratio of Concessional Debt to Total Debt (Per cent)	Ratio of Short-term Debt to Foreign Exchange Reserves (Per cent)	Ratio of Short-term Debt (original maturity) to Total Debt (Per cent)
1	2	3	4	5	6	7	8
1991	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1996	93.7	27.0	26.2	23.1	44.7	23.2	5.4
2001	101.3	22.5	16.6	41.7	35.4	8.6	3.6
2006	139.1	16.8	10.1#	109.0	28.4	12.9	14.0
2007	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2008	224.4	18.0	4.8	138.0	19.7	14.8	20.4
2009	224.5	20.3	4.4	112.2	18.7	17.2	19.3
2010	260.9	18.2	5.8	106.9	16.8	18.8	20.1
2011	317.9	18.2	4.4	95.9	14.9	21.3	20.4
2012	360.8	21.1	6.0	81.6	13.3	26.6	21.7
2013	409.4	22.4	5.9	71.3	11.1	33.1	23.6
2014	446.2	23.9	5.9	68.2	10.4	30.1	20.5
2015	474.7	23.9	7.6	72.0	8.8	25.0	18.0
2016 R	484.8	23.4	8.8	74.3	9.0	23.2	17.2
2017 PR	471.3	20.0	8.3	78.5	9.4	23.8	18.7
2018 P	529.7	20.5	7.5	80.2	9.1	24.1	19.3

R: Revised. PR: Partially Revised. P: Provisional.

#: works out to 6.3 per cent with the exclusion of India Millennium Deposits (IMDs) repayments of US\$ 7.1 billion and pre-payment of external debt of US\$ 23.5 million.