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RESERVE BANK OF INDIA

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इ-मेल email: helpdoc@rbi.org.in
संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

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India's External Debt as at the end of June 2017

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-June 2017 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-June 2017 are presented below.

Highlights

At end-June 2017, India's external debt witnessed an increase of 3.0 per cent over its level at end-March 2017, primarily on account of an increase in inflow of foreign portfolio investment into the debt segment of domestic capital market encompassed under commercial borrowings. The increase in the magnitude of external debt was partly due to valuation loss resulting from the depreciation of the US dollar *vis-à-vis* the Indian rupee and other major currencies. The external debt to GDP ratio stood at 20.3 per cent as at end-June 2017, a shade higher than its level of 20.2 per cent at end-March 2017.

Major highlights pertaining to India's external debt as at end-June 2017 are presented below:

- At end-June 2017, India's external debt was placed at US\$ 485.8 billion, recording an increase of US\$ 13.96 billion over its level at end-March 2017 (Table 1).
- Valuation loss due to depreciation of the US dollar *vis-à-vis* the Indian rupee and other major currencies was placed at US\$ 1.72 billion. Excluding the valuation effect, the increase in external debt would have been around US\$ 12.24 billion instead of US\$ 13.96 billion as at end-June 2017 over the level at end-March 2017.
- Commercial borrowings continued to be the largest component of external debt with a share of 37.8 per cent, followed by NRI deposits (24.3 per cent) and short-term trade credit (17.9 per cent).
- At end-June 2017, long-term debt was placed at US\$ 397.0 billion, recording an increase of US\$ 13.1 billion over its level at end-March 2017.
- The share of long-term debt in total external debt as at end-June 2017 was 81.7 per cent, marginally higher than its level of 81.4 per cent at end-March 2017.
- The share of short-term debt (original maturity) in total external debt decreased to 18.3 per cent at end-June 2017 from 18.6 per cent at end-March 2017. The ratio

of short-term debt (original maturity) to foreign exchange reserves decreased to 23.0 per cent as at end-June 2017 (23.8 per cent at end-March 2017).

- On a residual maturity basis, short-term debt constituted 41.1 per cent of total external debt at end-June 2017 (41.5 per cent at end-March 2017) and stood at 51.6 per cent of total foreign exchange reserves (52.9 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 50.3 per cent as at end-June 2017, followed by the Indian rupee (35.4 per cent), SDR (5.8 per cent), Japanese yen (4.5 per cent) and Euro (3.0 per cent).
- The borrower-wise classification of the outstanding external debt shows that the Government as well as non-Government debt increased at end-June 2017 (Table 3).
- Debt service payments declined to 6.3 per cent of current receipts as at end-June 2017 as compared with 8.3 per cent at end-March 2017 (Table 4) - reflecting lower repayments of external commercial borrowings (ECBs).

Jose J. Kattoor

Chief General Manager

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Table 1: External Debt - Outstanding and Variation							
(US\$ billion)							
Component	Outstanding at the end of			Absolute variation		Percentage variation	
	June 2016 R	March 2017 PR	June 2017 P	Jun-17 over Jun-16	Jun-17 over Mar-17	Jun-17 over Jun-16	Jun-17 over Mar-17
1	2	3	4	5	6	7	8
1. Multilateral	54.4	54.5	55.5	1.1	1.0	2.1	1.8
2. Bilateral	23.9	23.2	23.1	-0.8	-0.1	-3.5	-0.5
3. IMF	5.6	5.4	5.5	0.0	0.1	-0.5	2.3
4. Trade Credit	10.5	9.8	9.8	-0.8	0.0	-7.3	0.0
5. Commercial Borrowings	175.7	172.9	183.6	7.9	10.7	4.5	6.2
6. NRI Deposits	126.3	116.9	118.2	-8.0	1.4	-6.4	1.2
7. Rupee Debt	1.1	1.2	1.2	0.1	0.0	10.8	-1.2
8. Short-term Debt	82.1	88.0	88.8	6.7	0.9	8.2	1.0
<i>Of which</i>							
Short-term trade credit	79.7	86.5	87.1	7.4	0.6	9.2	0.7
Total External Debt	479.6	471.9	485.8	6.2	14.0	1.3	3.0
<i>Memo Items</i>							
A. Long-term Debt	397.5	383.9	397.0	-0.5	13.1	-0.1	3.4
B. Short-term Debt	82.1	88.0	88.8	6.7	0.9	8.2	1.0

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

Table 2: Residual Maturity of External Debt Outstanding as at End-June 2017					
(US\$ billion)					
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) \$	4.8	7.3	7.8	83.8	103.6
2. Commercial Borrowings #	25.0	22.7	24.2	103.1	175.1
3. NRI deposits {(i)+(ii)+(iii)}	80.9	16.8	9.9	10.7	118.2
(i) FCNR(B)	11.4	5.9	2.2	1.4	20.9
(ii) NR(E)RA	58.8	10.1	6.9	8.9	84.6
(iii) NRO	10.6	0.9	0.8	0.4	12.7
4. Short-term Debt* (Original maturity)	88.8				88.8
Total (1 to 4)	199.5	46.9	41.9	197.6	485.8
<i>Memo Items</i>					
Short-term Debt (residual maturity) as per cent of Total External Debt					41.1
Short-term Debt (residual maturity) as per cent of Reserves					51.6
\$: 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.					

Table 3: Government and Non-Government External Debt				
(US\$ billion)				
Component	End-March			End-June
	2015	2016	2017 PR	2017 P
1	2	3	4	5
A. Sovereign Debt (I+II)	89.7	93.4	95.8	103.7
<i>(As a percentage of GDP)</i>	<i>4.5</i>	<i>4.5</i>	<i>4.1</i>	<i>4.3</i>
I. External Debt on Government Account under External Assistance	58.5	61.1	62.8	64.0
II. Other Government External Debt @	31.3	32.4	33.0	39.7
B. Non-Government Debt #	385.0	391.6	376.1	382.1
<i>(As a percentage of GDP)</i>	<i>19.4</i>	<i>19.0</i>	<i>16.1</i>	<i>15.9</i>
C. Total External Debt (A+B)	474.7	485.0	471.9	485.8
<i>(As a percentage of GDP)</i>	<i>23.9</i>	<i>23.5</i>	<i>20.2</i>	<i>20.3</i>
P: Provisional. PR: Partially Revised.				
@: 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 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	28.4	12.9	14.0
2007	172.4	17.5	4.7	115.6	23.00	14.1	16.3
2008	224.4	18.0	4.8	138	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	485.0	23.5	8.8	74.3	9.0	23.1	17.2
2017 PR	471.9	20.2	8.3	78.4	9.3	23.8	18.6
End-June 2017 P	485.8	20.3	6.3	79.6	9.2	23.0	18.3

P: Provisional. PR: Partially Revised.

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.