

All Members,

India's external debt stands at USD 510 billion at end September 2018

At end-September 2018, India's external debt witnessed a decline of 3.6 per cent over its level at end-March 2018, on account of a decrease in commercial borrowings and non-resident Indian (NRI) deposits. The decrease in the magnitude of external debt was primarily due to valuation gains resulting from the appreciation of the US dollar against the Indian rupee and major currencies. The external debt to GDP ratio stood at 20.8 per cent at end-September 2018, higher than its level of 20.5 per cent at end-March 2018.

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

- **At end-September 2018, India's external debt was placed at US\$ 510.4 billion, recording a decrease of US\$ 19.3 billion over its level at end-March 2018.**
- Valuation gains due to the appreciation of the US dollar vis-à-vis the Indian rupee and major currencies (viz., SDR, yen, euro, and pound sterling) were placed at US\$ 25.4 billion. Excluding the valuation effect, the increase in external debt would have been US\$ 6.1 billion instead of a decrease of US\$ 19.3 billion at end September 2018 over end-March 2018
- Commercial borrowings continued to be the largest component of external debt with a share of 37.1 per cent, followed by NRI deposits (23.9 per cent) and shortterm trade credit (19.9 per cent)
- At end-September 2018, long-term debt (with original maturity of above one year) was placed at US\$ 406.1 billion, recording a decline of US\$ 21.4 billion over its level at end-March 2018
- The share of long-term debt (original maturity) in total external debt at end September 2018 was 79.6 per cent, lower than its level of 80.7 per cent at end March 2018
- The share of short-term debt (with original maturity of up to one year) in total external debt increased to 20.4 per cent at end-September 2018 from 19.3 per cent at end-March 2018. The ratio of short-term debt (original maturity) to foreign exchange reserves increased to 26.1 per cent at end-September 2018 (24.1 per cent at end-March 2018).
- 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 43.8 per cent of total external debt at end-September 2018 (42.0 per cent at end-March 2018) and stood at 55.8 per cent of foreign exchange reserves (52.3 per cent at end-March 2018)
- US dollar denominated debt continued to be the largest component of India's external debt with a share of 49.7 per cent at end-September 2018, followed by the Indian rupee (36.1 per cent), SDR (5.3 per cent), yen (4.7 per cent) and euro (3.2 per cent)

- The borrower-wise classification shows that the outstanding debt of both government and non-government sectors decreased at end-September 2018
- Debt service payments declined to 6.5 per cent of current receipts at end September 2018 as compared with 7.5 per cent at end-March 2018 - reflecting lower repayments of external commercial borrowings

India's Key External Debt Indicators

(Per cent, unless indicated otherwise)

End-March	External Debt (US\$ billion)	Ratio of External Debt to GDP	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Concessional Debt to Total Debt	Ratio of Short-Term Debt to Foreign Exchange Reserves	Ratio of Short-Term Debt (original maturity) to Total Debt
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	484.8	23.4	8.8	74.3	9.0	23.2	17.2
2017 PR	471.5	20.0	8.3	78.5	9.3	23.8	18.7
2018 PR	529.7	20.5	7.5	80.2	9.1	24.1	19.3
End-Sep. 2018 P	510.4	20.8	6.5	78.5	9.0	26.1	20.4

Source: RBI, 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.

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Warm Regards,

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