

**Government of India  
Ministry of Finance  
Department of Economic Affairs  
(External Debt Management Unit)**

**Press Release**

**Subject: India's External Debt at end-December 2016**

Department of Economic Affairs, Ministry of Finance has been compiling and releasing quarterly statistics on India's external debt for the quarters ending September and December every year. This press release relates to India's external debt at end-December 2016.

- (i) India's external debt stock fell by US\$ 29.0 billion (6.0 per cent) to US\$ 456.1 billion, at end-December 2016 over the level at end-March 2016. The decline in external debt during the period was due to the fall in long-term external debt, particularly the fall in NRI deposits reflecting the redemption of FCNR (B) deposits and decline in commercial borrowings with fall in both commercial bank loans and securitized borrowings. On a sequential basis, total external debt at end-December 2016 declined by US\$ 28.1 billion (5.8 per cent) from the end-September 2016 level.
- (ii) The maturity pattern of India's external debt indicates dominance of long-term borrowings. At end-December 2016, long-term external debt accounted for 81.6 per cent of India's total external debt, while the remaining 18.4 per cent was short-term debt.
- (iii) While long-term debt at US\$ 372.2 billion, declined by US\$ 29.4 billion (7.3 per cent) at end-December 2016 over the level at end-March 2016, short-term debt increased marginally by 0.5 per cent to US\$ 83.8 billion.
- (iv) The valuation gain (appreciation of the US dollar against the Indian rupee and most other major currencies) was US\$ 7.3 billion. This implies that excluding the valuation effect, the decrease in external debt would have been lower at US\$ 21.7 billion at end-December over end-March 2016.
- (v) The shares of Government (Sovereign) and non-Government debt in the total external debt were 19.6 per cent and 80.4 per cent respectively, at end-December 2016.
- (vi) The share of US dollar denominated debt was 54.7 per cent of the total external debt at end-December 2016, followed by the Indian rupee (31.1 per cent), SDR (5.9 per cent), Japanese yen (4.4 per cent), Euro (2.7 per cent), Pound Sterling (0.7 per cent) and Others (0.5 per cent).
- (vii) Many key external debt indicators of India show improvement at end-December 2016 over end-March 2016. Besides, total external debt falling by 6.0 per cent during this period, the foreign exchange cover for external debt increased to 78.7 per cent from 74.3 per cent and the ratio of concessional debt to total external debt increased to 9.2 per cent from 9.0 per cent. Though, the share of short-term debt (original maturity) in total debt increased to 18.4 per cent from 17.2 per cent during this period due to rise in trade related credits, the share of short term debt (residual maturity) in total external debt fell to 41.4 per cent from

42.6 per cent. While the share of short-term debt (original maturity) to foreign exchange reserves increased marginally to 23.4 per cent from 23.1 per cent during this period, the share of short-term debt (residual maturity) to foreign exchange reserves fell to 52.6 per cent from 57.4 per cent.

- (viii) Cross country comparison of external debt indicates that India continues to be among the less vulnerable countries. India's key debt indicators compare well with other indebted developing countries. Among the top twenty developing debtor countries, India's external debt stock to gross national income (GNI) at 23.4 per cent was the fifth lowest and in terms of the foreign exchange cover for external debt, India's position was the sixth highest at 69.7 per cent in 2015. Contrary to China's high share of short-term debt to total external debt which has been increasing in each quarter of 2016, India's share is low and has been decreasing. In 2016 Q3 (end-September), the shares were 16.8 per cent for India and 55.4 per cent for China.