

## **India's External Debt as at the end of December 2018**

As per the standard practice, India's external debt statistics are released with a lag of one quarter. The external debt outstanding data as at end-December 2018 in rupees and US dollars are set out in Statements 1 and 2 respectively. The major developments relating to India's external debt as at end-December 2018 are presented below.

### **Highlights**

At end-December 2018, India's external debt witnessed a decline of 1.6 per cent over its level at end-March 2018, on account of decrease in commercial borrowings and trade credit. However, with respect to figures at end-September 2018, it has increased by 2.1 percent as at end-December 2018.

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

- At end-December 2018, India's external debt was placed at US\$ 521.2\* billion, recording a decrease of US\$ 8.5 billion over its level at end-March 2018 and increase of US\$10.8 billion over its level at end September 2018. (Table 1).
- Valuation gains in external debt as at end December 2018 over September 2018, due to depreciation of the US dollar vis-a-vis the Indian rupee and other major currencies (viz., SDR, yen, euro, and pound sterling), were placed at US\$20.6 billion. Excluding the valuation effect, the external debt as at end December 2018 would have been US\$ 541.8 billion.
- Commercial borrowings continued to be the largest component of external debt with a share of 37.4 per cent, followed by NRI deposits (24.1 per cent) and short term trade credit (19.9 per cent).

\*Based on the information subsequently received, the figures for India's external debt at end- December 2018 was marginally revised to US\$ 521.1 billion. However, the analysis in this report continues to be based on the former figure of US\$ 521.2 billion.

- At end-December 2018, long-term debt (with original maturity of above one year) was placed at US\$ 417.3 billion, recording a decline of US\$ 10.2 billion over its level at end-March 2018.
- The share of long-term debt (original maturity) in total external debt at end December was 80.1 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 19.9 per cent at end-December 2018 from 19.3 percent 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 43.5 per cent of total external debt at end-December 2018 (as against 42.0 percent at end March 2018) and stood at 57.3 percent of foreign exchange reserves (as against 52.3 per cent at end-March 2018) (Table 2).
- US dollar denominated debt continued to be the largest component of India's external debt with a share of 49.6 percent at end December 2018, followed by the Indian rupee (36.3 percent), SDR (5.1 percent), yen (4.9 percent) and euro (3.1 percent).
- The borrower-wise classification shows that the outstanding debt of both government and non-government sectors decreased at end-December 2018, in comparison to end-March 2018, however, increased in comparison to end-September 2018 (Table 3).
- The ratio of short-term debt (original maturity) to foreign exchange reserves increased to 26.4 per cent at end-December 2018 (as against 24.1 per cent at end-March 2018) (Table 4).
- The ratio of concessional debt to total external debt stands at 8.9 per cent as at end December 2018, as against 9.1 percent as at end March 2018 (Table 4).

**Table 1: External Debt - Outstanding and Variation**

Component	Outstanding as at end of				Percentage variation	
	(US\$ billion)				(%)	
	Mar. 2018 PR	June 2018 PR	Sept. 2018 P	Dec 2018 P	Dec. 2018 over March 2018	Dec. 2018 over Sept. 2018
1	2	3	4	5	6	
1. Multilateral	57.3	56.9	56.5	57.1	-0.3	1.1
2. Bilateral	25.3	24.3	23.3	24.7	-2.4	6.0
3. IMF	5.8	5.6	5.6	5.5	-5.2	-1.8
4. Trade Credit	9.5	9	8.4	8.1	-14.7	-3.6
5. Commercial Borrowings	202.3	194.6	189.3	195.0	-3.6	3.0
6. NRI Deposits	126.2	124.3	121.9	125.8	-0.3	3.2
7. Rupee Debt	1.2	1.1	1.1	1.0	-16.7	-9.1
8. Short-term Debt	102.2	98.7	104.3	103.9	1.7	-0.4
Of which:						
Short-term trade credit	100.4	96.9	101.7	100.9	0.5	-0.8
Total Debt	529.7	514.4	510.4	521.2	-1.6	2.1
Memo Items:						
A. Long-term debt (original maturity) @	427.5	415.7	406.1	417.3	-2.4	2.8
B. Short-term debt (original maturity) #	102.2	98.7	104.3	103.9	1.7	-0.4
PR: Partially Revised. P: Provisional						
@: Debt with original maturity of above one year.						
#: Debt with original maturity of up to one year.						

**Table : 2 Residual Maturity of External Debt Outstanding as at End-December 2018**

(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) \$	5.5	7.7	8.0	83.3	104.5
2. Commercial Borrowings #	27.0	24.0	22.5	113.5	187.0
3. NRI deposits {(i)+(ii)+(iii)}	90.1	15.0	10.0	10.7	125.8
(i) FCNR(B)	13.9	2.8	2.1	2.0	20.8
(ii) NR(E)RA	63.3	11.3	7.3	8.4	90.3
(iii) NRO	12.9	0.9	0.6	0.3	14.7
4. Short-term Debt * (original maturity)	103.9				103.9
<b>Total (1 to 4)</b>	<b>226.6</b>	<b>46.7</b>	<b>40.5</b>	<b>207.4</b>	<b>521.2</b>
<i>Memo Items:</i>					
Short-term Debt (residual maturity) as per cent of Total External Debt					43.5
Short-term Debt (residual maturity) as per cent of Reserves					57.3
<p>\$: Inclusive of FPI investments in government securities.</p> <p>#: 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.</p> <p>*: Includes FPI investments in security receipts issued by Asset Reconstruction Companies (ARCs) under the extant corporate debt limits.</p> <p>** : Short-term debt by residual maturity comprises long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity.</p>					

**Table 3: Government and Non-Government External Debt**

(US\$ billion)					
Component	End-March			End-Sep. 2018 PR	End-Dec. 2018 P
	2016	2017	2018		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
A. Sovereign Debt (I+II)	93.6	95.9	111.9	102.7	104.5
(As a percentage of GDP)	4.5	4.1	4.3	4.2	*
I. External Debt on Government Account under External Assistance	61.1	62.8	68.6	66.7	67.9
II. Other Government External Debt @	32.5	33.1	43.4	35.9	36.6
B. Non-Government Debt #	391.2	375.5	417.7	407.7	416.7
(As a percentage of GDP)	18.9	16.0	16.2	16.6	*
C. Total External Debt (A+B)	484.8	471.5	529.7	510.4	521.2
(As a percentage of GDP)	23.4	20.0	20.5	20.8	*
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.					
*: Not calculated for parts of the year.					

**Table 4: India's Key External Debt Indicators**

(Per cent, unless indicated otherwise)

<b>End-March</b>	<b>External Debt (US\$ billion)</b>	<b>Ratio of External Debt to GDP</b>	<b>Debt Service Ratio</b>	<b>Ratio of Foreign Exchange Reserves to Total Debt</b>	<b>Ratio of Concessional Debt to Total Debt</b>	<b>Ratio of Short-Term Debt to Foreign Exchange Reserves</b>	<b>Ratio of Short-Term Debt (original maturity) to Total Debt</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1991	83.8	28.7	35.3	7	45.9	146.5	10.2
1996	93.7	27	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
2007	172.4	17.5	4.7	115.6	23	14.1	16.3
2008	224.4	18	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	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	8.8	25	18
2016	484.8	23.4	8.8	74.3	9	23.2	17.2
2017 PR	471.5	20	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
Sep. 2018 P	510.4	20.8	6.5	78.5	9	26.1	20.4
End Dec'18 P	521.2	*	*	75.5	8.9	26.4	19.9

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.

\*: Not calculated for parts of the year.