

India's Quarterly External Debt Report for Quarter ending September, 2020



**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
EXTERNAL DEBT MANAGEMENT UNIT**

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India's External Debt as at the end of September 2020

The stock of external debt at end-September 2020 along with the revised data for earlier quarters is set out in Statements I (old format) and II (IMF format¹). The major developments relating to India's external debt as at end-September 2020 are presented below:

Highlights

- India's external debt continues to be sustainable and prudently managed.
- At end-September 2020, India's external debt was placed at US\$ 556.2 billion, recording a marginal increase of US\$ 1.5 billion over its level at end-June 2020 (Table 1).
- The external debt to GDP ratio decreased to 21.6 per cent as at end-September 2020 from 21.8 per cent a quarter ago.
- Valuation loss due to the depreciation of the US dollar *vis-à-vis* major currencies such as euro, yen and Special Drawing Rights (SDRs) were placed at US\$ 6.3 billion. Excluding the valuation effect, the decrease in external debt would have been US\$ 4.8 billion instead of an increase of US\$ 1.5 billion at end-September 2020 over end-June 2020.
- Commercial borrowings remained the largest component of external debt, with a share of 37.3 per cent, followed by non-resident deposits (24.7 per cent) and short-term trade credit (18.5 per cent).
- At end-September 2020, long-term debt (with original maturity of above one year) was placed at US\$ 453.4 billion, recording an increase of US\$ 3.7 billion over its level at end-June 2020.
- The share of short-term debt (with original maturity of up to one year) in total external debt declined to 18.5 per cent at end-September 2020 from 18.9 per cent at end-June 2020; the ratio of short-term debt (original maturity) to foreign exchange reserves declined to 19.0 per cent at end-September 2020 (20.7 per cent at end-June 2020).
- Short-term debt on 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 44.6 per cent of total external debt at end-September 2020 (44.0 per cent at end-June 2020) and stood at 45.5 per cent of foreign exchange reserves (48.2 per cent at end-June 2020) (Table 2).
- US dollar denominated debt remained the largest component of India's external debt, with a share of 52.6 per cent at end-September 2020, followed by the Indian rupee (32.6 per cent), yen (5.8 per cent), SDR (4.6 per cent) and the euro (3.6 per cent).

¹ The concepts set out in the IMF's 2013 *External Debt Statistics (EDS) Guide* are harmonized with those of the *System of National Accounts (SNA) 2008* and the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual (BPM6)* published in 2009.

- The borrower-wise classification shows that the outstanding debt of government increased while that of non-government sector decreased as at end-September 2020 over the previous quarter (Table 3).
- The share of outstanding debt of non-financial corporations in total external debt was the highest at 41.4 per cent, followed by deposit-taking corporations (except the central bank) (28.1 per cent), general government (18.6 per cent) and other financial corporations (7.3 per cent).
- The instrument-wise classification shows that the loans were the largest component of external debt, with a share of 34.0 per cent, followed by currency and deposits (25.0 per cent), trade credit and advances (18.4 per cent) and debt securities (17.1 per cent) and (Table 4).
- Debt service (principal repayments plus interest payments) increased to 9.7 per cent of current receipts at end-September 2020 as compared with 8.1 per cent at end-June 2020 reflecting lower current receipts (Table 5).

Table 1: External Debt - Outstanding and Variation

(US\$ billion)

	Outstanding as at end of			Absolute Variation		Percentage Variation	
	Sep-19 PR	Jun-20 PR	Sep-20 P	Sep-20 over Sep-19	Sep-20 over Jun-20	Sep-20 over Sep-19	Sep-20 over Jun-20
1. Multilateral	58.8	64.8	66.9	8.1	2.2	13.8	3.3
2. Bilateral	26.4	27.5	28.3	1.9	0.9	7.2	3.2
3. IMF	5.4	5.5	5.6	0.2	0.1	3.2	2.3
4. Trade credit	7.6	7.0	7.0	-0.6	0.0	-8.3	-0.7
5. Commercial borrowing	216.2	211.3	207.3	-8.9	-4.0	-4.1	-1.9
6. NRI deposits	132.9	132.7	137.3	4.4	4.6	3.3	3.4
7. Rupee debt	1.1	1.0	1.0	-0.1	0.0	-9.6	2.0
8. Short-term Debt of which	109.1	105.0	102.8	-6.3	-2.2	-5.8	-2.1
Short-term trade credit	103.8	101.2	99.4	-4.4	-1.8	-4.2	-1.8
Total External Debt	557.6	554.7	556.2	-1.3	1.5	-0.2	0.3
<i>Memo items:</i>							
Long term debt [@] (original maturity)	448.4	449.7	453.4	5.0	3.7	1.1	0.8
Short Term Debt [#] (original maturity)	109.1	105.0	102.8	-6.3	-2.2	-5.8	-2.1

PR: Partially Revised P: Provisional

@ Debt with original maturity of above one year

Debt with original maturity up to one year

Table 2: Residual Maturity of Outstanding External Debt as at end-September 2020

(US\$ billion)

Sector	Short-term up to one year	1 to 2 years	2 to 3 years	More than 3 years	Total (2 to 5)
1	2	3	4	5	6
I. General Government	5.4	8.2	7.4	82.6	103.6
I.A. Short-term (original maturity)	0.2				0.2
I.B. Long-term (original maturity)	5.1	8.2	7.4	82.6	103.3
II. Central Bank	0.2	0.0	0.0	0.0	0.2
II.A. Short-term (original maturity)	0.2				0.2
II.B. Long-term (original maturity)	0.0	0.0	0.0	0.0	0.0
III. Deposit-Taking Corporations, except the Central Bank	99.9	22.5	10.4	23.4	156.2
III.A. Short-term (original maturity)	1.3				1.3
III.B. Long-term (original maturity)	98.6	22.5	10.4	23.4	154.9
IV. Other Sectors	137.1	24.9	25.7	83.5	271.1
IV.A. Short-term (original maturity)	101.1				101.1
IV.B. Long-term (original maturity)	36.0	24.9	25.7	83.5	170.0
IV.1. Other financial corporations	6.0	6.7	10.9	16.9	40.5
IV.1.A. Short-term (original maturity)	1.7				1.7
IV.1.B. Long-term (original maturity)	4.3	6.7	10.9	16.9	38.8
IV.2. Non-financial corporations	131.1	18.1	14.8	66.5	230.6
IV.2.A. Short-term (original maturity)	99.4				99.4
IV.2.B. Long-term (original maturity)	31.7	18.1	14.8	66.5	131.2
IV.3. Households and non-profit institutions serving households (NPISHs)	0.0	0.0	0.0	0.0	0.0
IV.3.A. Short-term (original maturity)	0.0				0.0
IV.3.B. Long-term (original maturity)	0.0	0.0	0.0	0.0	0.0
V. Direct Investment: Intercompany Lending	5.4	2.8	2.6	14.3	25.1
A. Total Short-term Debt (original maturity)	102.8				102.8
B. Total Long-term Debt (original maturity)	145.1	58.4	46.1	203.7	453.4
C. Total External Debt (A+B)	248.0	58.4	46.1	203.7	556.2
<i>Memo Items:</i>					
Short-term Debt (residual maturity) as per cent of Total External Debt					44.6
Short-term Debt (residual maturity) as per cent of Reserves					45.5

Table 3: Government and Non-Government External Debt

Components	(US\$ billion)		
	Sep-19 PR	Jun-20 PR	Sep-20 P
A. General Government	107.0	99.9	103.6
(As percentage of GDP)	(3.9)	(3.8)	(4.0)
I. External Assistance under Govt. Account	70.8	77.3	80.0
II. Other Govt. External Debt [@]	36.3	22.6	23.5
B. Non-government Debt	450.5	454.8	452.7
(As percentage of GDP)	(16.2)	(17.1)	(17.4)
B.1. Central Bank	0.2	0.2	0.2
B.2. Deposit-Taking Corporations, except the Central Bank	162.7	155.6	156.2
B.3. Other financial corporations	38.2	42.2	40.5
B.4. Non-financial corporations	231.1	233.1	230.6
B.5. Households and non-profit institutions serving households (NPISHs)	0.0	0.0	0.0
B.6. Direct investment: Intercompany lending	18.3	23.6	25.1
Total External Debt	557.6	554.7	556.2
(Percentage of GDP)	(20.1)	(21.8)	(21.6)

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.

Table 4: Outstanding External Debt by Instruments

Instruments	(US\$ billion)		
	Sep-19 PR	Jun-20 PR	Sep-20 P
Special Drawing Rights (allocations)	5.4	5.5	5.6
Currency and deposits	136.2	134.6	138.8
Debt securities	98.7	90.5	95.2
Loans	192.4	196.6	189.3
Trade credits and advances	106.6	104.0	102.2
Other debt liabilities	0.0	0.0	0.0
Direct investment: Intercompany lending	18.3	23.6	25.1
Total External Debt	557.6	554.7	556.2

PR: Partially Revised P: Provisional

Table 5: 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	28.3	35.3	7	45.9	146.5	10.2
1996	93.7	26.6	26.2	23.1	44.7	23.2	5.4
2001	101.3	22.1	16.6	41.7	35.4	8.6	3.6
2006	139.1	17.1	10.1 [#]	109	28.4	12.9	14
2007	172.4	17.7	4.7	115.6	23	14.1	16.3
2008	224.4	18.3	4.8	138	19.7	14.8	20.4
2009	224.5	20.7	4.4	112.2	18.7	17.2	19.3
2010	260.9	18.5	5.8	106.9	16.8	18.8	20.1
2011	317.9	18.6	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	23.8	7.6	72.0	8.8	25	18
2016	484.8	23.4	8.8	74.3	9.0	23.2	17.2
2017	471	19.9	8.3	78.5	9.4	23.8	18.7
2018	529.3	20.1	7.5	80.2	9.1	24.1	19.3
2019	543.1	19.8	6.4	76.0	8.7	26.3	20.0
2020 PR	558.2	20.6	6.5	85.2	8.8	22.5	19.1
End-Sep 2020 P	556.2	21.6	9.7	97.4	9.0	19.0	18.5

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[#] 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.