

## India's external debt registered at about US \$456.1 billion at end-December 2016

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**Major highlights pertaining to India's external debt as at end-December 2016 are presented below:**

- India's external debt stock fell by US\$ 29.0 billion (6.0 %) 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 %) from the end-September 2016 level.
- 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 % of India's total external debt, while the remaining 18.4 % was short-term debt.
- While long-term debt at US\$ 372.2 billion, declined by US\$ 29.4 billion (7.3 %) at end-December 2016 over the level at end-March 2016, short-term debt increased marginally by 0.5 % to US\$ 83.8 billion.
- 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.
- The shares of Government (Sovereign) and non-Government debt in the total external debt were 19.6 % and 80.4 % respectively, at end-December 2016.
- The share of US dollar denominated debt was 54.7 % of the total external debt at end-December 2016, followed by the Indian rupee (31.1 %), SDR (5.9 %), Japanese yen (4.4 %), Euro (2.7 %), Pound Sterling (0.7 %) and Others (0.5 %).
- 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 % during this period, the foreign exchange cover for external debt increased to 78.7 % from 74.3 % and the ratio of concessional debt to total external debt increased to 9.2 % from 9.0 %. Though, the share of short-term debt (original maturity) in total debt increased to 18.4 % from 17.2 % 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 % from 42.6 %. While the share of short-term debt (original maturity) to foreign exchange reserves increased marginally to 23.4 % from 23.1 % during this period, the share of short-term debt (residual maturity) to foreign exchange reserves fell to 52.6 % from 57.4 %.

- 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 % 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 % 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 % for India and 55.4 % for China.

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**Warm regards,**

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