



# Ministry of Finance releases India's 'External Debt: A Status Report 2016-17'; India's External Debt stock stood at US\$ 471.9 billion at end-March 2017, decreasing by US\$ 13.1 billion (2.7 per cent) over the level at end-March 2016.

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The 23rd Issue of the Annual Publication 'India's External Debt: A Status Report 2016-17' prepared by the Department of Economic Affairs, Ministry of Finance, Government of India presents a detailed analysis of India's External Debt position at end-March 2017, based on the data released by the Reserve Bank of India (RBI) on June 30, 2017 and data and information available from other sources. Apart from analysing the trend, composition and debt service of India's external debt, the Report provides a comparative picture of India's external debt vis-a-vis other countries, particularly developing countries.

The **salient features** of the Report are:

- India's external debt stock stood at US\$ 471.9 billion at end-March 2017, decreasing by US\$ 13.1 billion (2.7 per cent) over the level at end-March 2016. The decline in external debt was due to the decrease in long-term debt particularly NRI deposits and commercial borrowings.
- At end-March 2017, long-term external debt was US\$ 383.9 billion, showing a decrease of 4.4 per cent over the level at end-March 2016. Long-term external debt accounted for 81.4 per cent of total external debt at end-March 2017 as compared to 82.8 per cent at end-March 2016.
- Short-term external debt increased by 5.5 per cent to US\$ 88.0 billion at end-March 2017. This is mainly due to the increase in trade related credits, a major component of short-term debt with a share of 98.3 per cent.
- Government (sovereign) external debt increased from US\$ 93.4 billion at end-March 2016 to US\$ 95.8 billion at end-March 2017, and constituted 20.3 per cent of the total external debt, as compared to 19.3 per cent in the previous year.
- India's external debt has remained within manageable limits and the external debt situation has improved in 2016-17 over 2015-16 as indicated by the increase in foreign exchange reserves cover to debt to 78.4 per cent from 74.3 per cent, and fall in the external debt-GDP ratio to 20.2 per cent from 23.5 per cent. External debt of the country continues to be dominated by the long-term borrowings. India's external debt position in recent years is given below:

India's Key External Debt Indicators (per cent)					
Year	2012-13	2013-14	2014-15	2015-16 R	2016-17 P
External Debt (US\$ billion)	409.4	446.2	474.7	485.0	471.9
Growth in External Debt (%)	13.5	9.0	6.4	2.2	-(2.7)

<b>Total External Debt to GDP</b>	22.4	23.9	23.9	23.5	20.2
<b>Debt Service Ratio</b>	5.9	5.9	7.6	8.8	8.3
<b>Concessional Debt to Total External Debt</b>	11.1	10.4	8.8	9.0	9.3
<b>Foreign Exchange Reserves to Total External Debt</b>	71.3	68.2	72.0	74.3	78.4
<b>Short term External Debt# to Foreign Exchange Reserves</b>	33.1	30.1	25.0	23.1	23.8
<b>Short term External Debt# to Total Debt</b>	23.6	20.5	18.0	17.2	18.6
<b>Short term debt (Residual Maturity) to total debt</b>	42.1	39.7	38.5	42.7	41.5
<b>Short term debt (Residual Maturity) to foreign exchange reserves</b>	59.0	58.2	53.5	57.4	52.9

Source: RBI

Notes: R: Revised; P: Provisional # Short term debt is based on original maturity.

Debt Service Ratio is the proportion of gross debt service payments to current account receipts (net of official transfers)

A cross country comparison based on “International Debt Statistics 2017” of the World Bank which presents the debt data for 2015, shows that India continues to be among the less vulnerable countries with its external debt indicators comparing well with other indebted developing countries. The ratio of India’s external debt stock to gross national income (GNI) at 23.4 per cent was the fifth lowest and in terms of the cover provided by foreign exchange reserves to external debt, India’s position was sixth highest at 69.7 per cent in 2015.

‘India’s External Debt: A Status Report 2016-17’ is available at the website of the Ministry of Finance –[www.dea.gov.in](http://www.dea.gov.in).

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