

## INDIA'S EXTERNAL DEBT DECLINES 3.6% TO \$510.4 BILLION AT SEPT-END

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

The country's external debt fell by \$19.3 billion, or 3.6 per cent, to \$510.4 billion during the six-month period ended September, due to a decrease in commercial borrowings, non-resident Indian (NRI) deposits and valuation effect. "At end-September 2018, India's external debt witnessed a decline of 3.6 per cent over its level at end-March 2018, on account of a decrease in commercial borrowings and non-resident Indian (NRI) deposits.

"The decrease in the magnitude of external debt was primarily due to valuation gains resulting from the appreciation of the US dollar against the [Indian rupee](#) and major currencies," the RBI said Monday.

Valuation gains due to the appreciation of the dollar vis-a-vis the rupee and major currencies were placed at \$25.4 billion.

"Excluding the valuation effect, the increase in external debt would have been \$6.1 billion instead of a decrease of \$19.3 billion at end-September 2018 over end-March 2018," it added.

The debt was \$529.7 billion at the end of March 2018.

Commercial borrowings continued to be the largest component of external debt with a share of 37.1 per cent, followed by NRI deposits (23.9 per cent) and short-term trade credits (19.9 per cent).

At the end of September 2018, long-term debt (with original maturity of above one year) was placed at \$406.1 billion, recording a decline of \$21.4 billion over its level at the end of March 2018.

According to the standard practice, the country's external debt statistics are released with a lag of one quarter.

US dollar-denominated debt continued to be the largest component of India's external debt with a share of 49.7 per cent at September-end, followed by the rupee (36.1 per cent), SDR (5.3 per cent), the yen (4.7 per cent) and the euro (3.2 per cent).

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