

External debt rises to 19.1% of GDP on \$ appreciation

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Mumbai, 27 June

India's external debt rose to \$736.3 billion, or 19.1 per cent of gross domestic product (GDP), at the end of March 2025 from \$668.8 billion, or 18.5 per cent of GDP, a year ago.

In a statement, the Reserve Bank of India (RBI) said the valuation effect due to the appreciation of the US dollar vis-à-vis the Indian rupee and other currencies amounted to \$5.3 billion. Excluding the valuation effect, external debt would have increased by \$72.9 billion instead of \$67.5 billion at the end of March 2025 over the end of March 2024.

The long-term debt (with original maturity of above one year) at end-March 2025 was placed at \$601.9 billion, an increase of \$60.6 billion over its level at end-March 2024.

The share of short-term debt (with

original maturity of up to one year) in total external debt declined to 18.3 per cent at end-March 2025 from 19.1 per cent at end-March 2024.

However, the ratio of short-term debt (original maturity) to foreign exchange reserves increased to 20.1 per cent at the end of FY25 from 19.7 per cent at the end of FY24.

US dollar-denominated debt remained the largest component of India's external debt, with a share of 54.2 per cent at end-March 2025. This was followed by debt denominated in the Indian rupee (31.1 per cent), yen (6.2 per cent), Special Drawing Rights (4.6 per cent), and euro (3.2 per cent).

Loans remained the largest component of external debt, with a share of 34 per cent, followed by currency and deposits (22.8 per cent), trade credit and advances (17.8 per cent), and debt securities (17.7 per cent).