

12:00 PM 10 OCT LIVE MARKET STATS ▾	सेन्सेक्स 31,938 ▲ 91.46	निफ्टी 50 10,014 ▲ 25.85	सोने (एमसीएक्स) (₹/१० ग्रॅम) 29,801.00 ▲ 69.00	यू एस डी/भारती... 65.27 ▼ -0.09	पोर्टफोलियो निर्माण करा	ई-टी मार्केट्स आप उतरवून घ्या	CHOOSE LANGUAGE MAR
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Will debt do them part?

BY [GAYATRI NAYAK](#), ET BUREAU | UPDATED: OCT 10, 2017, 08.58 AM IST

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India's record high \$400 billion [forex](#) may have bolstered the Indian rupee but might flounder in the face of short-term debt that needs to be repaid in the next 12 months if the global financial [markets](#) tighten, though it may not be as bad as it was in 2013.

Nearly \$200 billion worth of debt are coming up for repayment between June 2017 and June 2018, data from RBI shows. The total [external debt](#) is at \$485.8 billion as at the end June 2017, which is more than the total reserves, making the external [economy](#) vulnerable.

"India's [foreign exchange reserves](#) are much higher than in the recent turbulent period of 2013 and able to buffer any potential outflows," said Saugata Bhattacharya chief economist at [Axis Bank](#).


A lot of India's residual maturity short-term debt is not at high [risk](#) of creating [volatility](#) at the time of maturity. About half are trade credits, and a significant amount of the rest is rupee-denominated, nulling currency risk. While in general short-term debt is rolled over, the timing can create trouble if it coincides with any global financial markets turmoil.

In normal circumstance the rollover would be smooth, but if a [Fed](#) tightening roils the financial markets, that could lead to a 'sudden stop' of inflows, sparking currency volatility. The current debt includes short term trade credit as well as [NRI](#) deposits with residual maturity of up to one year.

Significantly, of the \$199.5 billion debt, which comes up for maturity over the next one year, \$80 billion are NRI deposits. Barring major events, NRI deposits get rolled over easily as overseas [Indians](#) find it profitable to keep funds in local deposits than in [investments](#) overseas where returns are poor.



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"The situation is not alarmist. It is not a matter of immediate concern as short-term debt tends to get rolled over," said Madan Sabnavis, chief economist at Care Ratings. "There could be an issue with NRI deposits, but a lot could depend on how the [exchange rate](#) moves."

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