International Journal of Management, Public Policy and Research
International, Peer Reviewed journal
E-ISSN: 2583-3014

CHANGING SCENARIO OF FOREIGN TRADE OF INDIA WITH SPECIAL REFERENCE TO EXTERNAL DEBT: CAUSES AND GOVERNMENT INITIATIVES

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ABSTRACT
The paper explores how India's foreign trade has changed, with a focus on its external debt. It finds that India's trade is showing strong growth in the service sector, backed by solid foreign exchange reserves. India faces challenges in its international debt, including higher borrowing costs and lower credit ratings because of a high debt-to-GDP ratio. The country also struggles with larger repayment costs due to a weakening rupee and high global interest rates. Significant interest payments could put pressure on public finances, and over-reliance on foreign funds may lead to financial crises. These issues reduce funds available for development, slow economic growth, and make the country more vulnerable to external shocks, affecting investor confidence and overall economic stability. Recent trends show positive growth in total exports, especially in services, along with rising foreign direct investment. The external debt is mostly in US dollars and is well-supported by reserves, helping to maintain stability even with global challenges. In the past, government borrowing was the main source, but the 1990s brought more private sector debt, which is regulated by the Foreign Exchange Management Act of 1999. Even with the rise in debt, India's large foreign exchange reserves offer a high coverage ratio, reflecting strong stability in the external sector. Therefore, there should be proper monitoring the external debt so that the debt should not be a burden for the country.

Keywords: Export, External debt, Foreign trade, Import, and Trade.

INTRODUCTION
Foreign trade is the exchange of capital, services and goods across national borders. It constitutes a significant portion of the total income of many countries. International trade is the exchange of goods and services between two countries. It helps countries that do not have these products to obtain raw materials/finished products. Almost all goods such as water, foreign exchange, alcohol, goods, jewelry, spare parts, fuel, food and clothing are sold in international markets. Business services include travel, marketing, consulting, transportation, and other work. There are three types of international trade: export-return trade, import-export trade, and export-export trade. It allows countries to develop their economies and access goods and services that are not available in their own countries. Global trade increases due to the globalisation. Countries reduces tariff and non-tariff measures due to the instructions of World Trade Organisation. It increases mobility of goods/ services, prices become more competitive.

International trade has positive effects on global economy. Goods, technology, capital, labour and services now easily move where they can use more efficiently and where it requires. General Directorate of Foreign Trade has the responsibility to look after the international trade of India.

India's major exports include medicines, electrical appliances, electronic goods, gold and mineral oils. India's service exports include financial services, insurance, construction, transportation, tourism, medical services and information technology. Foreign trade help India produce goods at lower costs by importing raw materials and exporting manufactured goods. In the early post-independence period, India adopted a protectionist policy, prohibited negotiation and followed a policy of control. However, the 1991 revolution brought about a shift towards free trade, trade liberalisation and promotion of foreign trade. Foreign trade provides many benefits to countries and consumers, such as lower prices, easier access to goods and faster economic growth. Foreign trade creates employment and supports economic growth. A country can import raw materials and resources that it does not have. The country can focus on producing more profitable goods and services. Import and export relations help maintain economic balance within a country. Foreign trade can attract direct foreign investment.

LITERATURE REVIEW

Pillania (2008) found that India's share of services exports in global exports is more than twice that of its manufacturing exports. In terms of where these exports are going, they are now spread out more around the world, and the share of East Asian countries is increasing in overall trade. Considering the large size of the Indian economy, its high growth rates, and its relatively small share in world trade, using economic theories, it can say that there is an untapped potential for India's foreign trade in the future. Ray (2012) gives important information that helps stock brokers, agents, planners, and government officials make decisions about the stocks and stock markets in India, especially the BSE, by looking at trends in India's foreign exchange reserves. Mehta (2013) looks at the trend patterns in the balance of payments before and after the devaluation of the currency and how devaluation affects the balance of payments.

Singh (2014) reports that imports have a negative effect on economic growth, while exports and economic openness are positively linked with India's economic growth. It is found that manufactured goods make up most of the exported goods, whereas petroleum and crude products make up most of the imported goods. Waghmare and Kamble (2014) discussed the trends in India's foreign trade. They point out that, apart from some setbacks in certain years, India's foreign trade has been growing steadily. Income and exchange rate are both important factors that affect foreign trade. The report also identifies products with high trade potential for India's exports and imports of various goods, so they can be targeted in trade facilitation efforts or when mutual recognition of each country's certification is accepted by the other country. Ramsundar and Kumar (2014) examined the pros, cons, and policy implications of government in planning for the future. Globalisation means connecting a country's economy with the rest of the world. It is the process of international integration that happens because of sharing of world views, products, ideas, and other cultural aspects. Bhardwaj (2014) concluded that while globalisation helped India enter the global scene, it also required adaptive policies to balance national interests with global duties. Understanding different impacts is important for making diplomatic strategies that help India keep its identity in a connected world. Goel and Sharma (2015) evaluated that trade between two countries can help build a stronger relationship that brings future benefits. India and the United Arab Emirates are two important growing economies that have had a long and friendly relationship. Since the time of economic liberalisation, both countries have grown a lot. Trade between both countries has played a big role in shaping global trade. The relationship between these two countries keeps getting better on its own. Rehman (2025) studied India's foreign trade from the year of independence in 1947 up to 2015. After the 1991 liberalisation reforms, India's trade started growing quickly. In recent years, India's trade has been in manufactured goods and services. The share of India's service exports in the global market is more than double that of its goods exports. Mohammed and Umar (2016) found that, there is no strong short-term link between exchange rates, foreign exchange reserves, the openness index, and the balance of payments. Even though this is the case, they suggest that countries should diversify their economies to improve their balance of payments. They advise that nations should try to reduce their heavy reliance on developed countries during their development stages.

Roy and Mathur (2016) found that when the United Kingdom is a member of the European Union, both India and the European Union gain more than when the UK leaves the EU. Due to Brexit, India is expected to see its GDP growth rate drop from 1.1% to 0.5%, while the European Union's GDP growth rate is expected to drop from 0.1% to -0.5%. Verma and Singh (2017) focus on the risks and costs of keeping too much in foreign exchange reserves. By minimising these risks and costs, a country should only keep the amount of reserves that is needed or what is called the optimum amount. Mehta (2017) looks at the role of capital flight in understanding the balance of payments. The report has policy suggestions about improving the quality and technology of products. Abid and Jhawar (2017) found that the only component that increased in their study period was foreign currency reserves. Foreign currency reserves increase due to capital inflows and a low current account deficit. GeethaRani (2017) found that the main reason for imbalance in the balance of payments is the gap between exports and imports of goods, which results in either a deficit or a surplus in the balance of trade. The balance of payments is a record of all transactions between a country and other countries during a specific period. It compares the amounts of exports and imports, including all financial exports and imports.

Rajanbabu and Srilaka (2019) found that foreign exchange reserves have changed a lot over the years. All the indicators showed a big increase during the time they studied. Overall, the analysis shown that India has enough foreign exchange reserves. Kubendran (2020) looked at the trade relationships between India and other BRICS countries both in the short term and long term. All BRICS countries are trying to become more powerful in global trade, and India is also trying to increase its trade and economic work with other BRICS countries and the rest of the world. Chaudhary and Kumar (2020) suggested that exports should be encouraged and imports should be limited. In today's globalised world, India is becoming more connected to the global economy. The balance of payments is a way for countries to track all their money moving in and out, helping to determine how much money is coming in and going out of a country. Athar and Mishra (2020) said that the balance of payments is a key sign to understand a country's economy by keeping records of all money and economic transactions between a country and the rest of the world. Some factors that influence the balance of payments include the price of gold, crude oil, inflation rate, and the exchange rate between the US dollar and the Indian rupee, all of which greatly affect India's balance of payments.

Agarwal (2020) said that foreign reserves are kept to manage changes in the currency's value. This helps protect the country's economy during tough times, ensures there is enough money available, brings in foreign investments, and builds confidence among investors that their money will be safe even during hard economic times. Aladakatti (2020) studied how the principle of market price is generally used to record balance of payments transactions. Transactions that are not related to goods, like financial transactions, are recorded at the price reported by the people involved when they deal with banks. Chahar and Purohit (2022) said that the Indian government started a series of economic reforms covering both the domestic and foreign sectors. The plan for changes in the capital account was based on the Rangarajan Committee Report on Balance of Payments from 2020. Zhang (2021) looked at both the good and bad effects of having a lot of foreign exchange reserves in China's economy. China has the most foreign exchange reserves in the world, but having too much can be both helpful and harmful. Suman and Aman (2021) found that four main macroeconomic factors influence the value of foreign exchange reserves, and these factors are statistically important. The study used a double log regression model to find out which factors are important and significant in determining foreign exchange reserves in India. Rupali (2021) looked at foreign trade as an important part of the Indian economy. The report discussed how important foreign trade is for the Indian economy and tried to find out the connection between foreign trade, foreign investment, and GDP growth. Mani (2021) found that to improve export performance, there needs to be a policy that encourages exports to reduce the trade deficit. At the same time, imports are increasing, which can have a negative effect on economic growth and the international market, and this can also create barriers for Indian companies that want to go into international markets.

Gondaliya and Lodaliya (2021) found that foreign exchange reserves have become a key part of dealing with policy, management, and transparency in developing countries. These reserves also play an important role in creating and shaping macroeconomic policies. In countries with fixed or semi-flexible exchange rates, these reserves are mainly used to keep the tradable sectors competitive. Uma (2022) explained the theoretical view on balance of payments from an Indian perspective. The growth in merchandise exports picked up after the economy started to recover from the second wave of the COVID-19 pandemic, thanks to the rapid spread of vaccines and the quick and effective actions taken by the government. Kumar (2022) looked at the importance of the balance of payments statement. The report explained the challenges faced by countries that have balance of payment deficits. Sultani and Faisal (2022) discovered that factors like exports and imports, fiscal policy, monetary policy, inflation rate, structural changes, macroeconomic stability, and the growth of the financial sector all have a similar effect on the balance of payments in developing and least developed countries. However, other factors such as trade liberalisation, terms of trade, foreign direct investment, exchange rate, loss of investor confidence, human capital, stage of development, infrastructure, and saving habits influence the balance of payments in different ways in these countries. Agarwal (2023) focused on international trade by looking at its performance, the policy framework, and its position in the global market. The analysis starts with an introduction that provides relevant background, followed by a discussion on how foreign trade affects India's economy. It then looks at key indicators, trends, and challenges related to Indian foreign trade. The study also evaluates India's goals in terms of foreign trade policy, the strategies involved, and their implications.

Sharma (2023) looks at how India's foreign exchange reserves have connected with its Gross Domestic Product over the past twenty years. Foreign exchange reserves are handled by the Reserve Bank of India and are important for keeping the national currency stable, supporting the country's money policies, and acting as a backup during economic difficulties. Sidharth (2023) suggested that policymakers need to remember that foreign exchange reserves are the country's international assets. Increasing these reserves is important for the growth of every country, so making sure that reserves are built up for unexpected times should be a top priority. Kulaar and Kaur (2024) said that the balance of payments shown how healthy a nation's international economic relationships are. It reflects the results of all the international business transactions a country takes part in. This may involve credit control, managing inflation, adjusting the exchange rate, or, in serious cases, devaluing the local currency. Pandya and Jagodadiya (2024) studied the amount of India's foreign trade, paying special attention to the difference between exports and imports. They look at the economic effects of the ongoing trade deficit and how it affects the value of the Indian Rupee. The study also looked at the key issues and chances for future trade policies, aiming to help improve India's trade balance and economic plans. Tiwari (2024) emphasised how important economic diplomacy is as part of India's foreign policy. It has the potential to help drive development and resolve conflicts. The study also pointed out the challenges India faces, such as regional issues, global economic changes, and internal problems, as it tries to use economic diplomacy to bring more stability and growth.

Rajah and Kumar (2024) focused on the growth of India's foreign exchange reserves. India's reserves are ranked fourth in the world, behind China, Japan, and Switzerland. To keep the exchange rate stable as demand rises, the central bank can create more domestic currency and buy more foreign currency, thereby increasing the country's reserves. Anjum (2025) looked at the relationship between India and Russia in trade. Their relationship is strong and long-standing, with deep cooperation in trade, investment, defense, and energy. Pushparani and Kumar (2025) examined the role of gold in India's foreign exchange reserves. India's reserves are fourth globally, following China, Japan, and Switzerland. The Reserve Bank of India's focus on growing gold holdings and strengthening reserves is a proactive way to manage finances. Lodhwal and Awasthi (2025) looked at how international relations affect the Indian economy, including diplomatic ties, trade deals, and global events. In recent decades, India's smart connections with global and regional powers have helped boost economic growth. Increased foreign direct investment, expanded trade links, and participation in groups like the World Trade Organisation and BRICS have driven industrial progress and technological improvements.

From the above literature reviews it has found that foreign trade is an important sector for earning revenue for the government. It depends on the international relations with other countries and also pattern of goods/services nation want to export. It is essential for fulfilling consumers demand and smooth flow of raw materials for industries. Majority of the reports discussed the foreign trade and balance of payments of India. Few reports were discussed about the challenges of foreign trade of India and policies of government for mitigating such challenges.

OBJECTIVES

The general objective of the paper is to study the pattern of foreign trade and external debt of India. The specific objectives of the paper are:

(1) To study the foreign trade of India with other countries.
(2) To examine the foreign trade of oil and non-oil goods of India.
(3) To study the trend of short-term debt of Government of India.
(4) To assesses the trend of external debt of India.
(5) To study the relationship between the external debt and gross domestic product of India,
(6) To identify the causes of external debt of India, and various policies for mitigating such challenges.

METHODS AND MATERIALS

- **Hypothesis:**

H11: There is no relation between the External debt and Gross domestic product of India.
H01: There is relation between the External debt and Gross domestic product of India.

- **Design and Approach:** This study is descriptive in design and has utilised quantitative and qualitative approach. The study is based on secondary data. Secondary data for the study has been collected from Handbook of Statistics on Indian Economy (https://rbi.org.in/), research papers, published theses, articles, etc. The researchers have undertaken the period 2019-2024 for consideration in this study.
- **Method of Analysis**: To reveal the status and detection of foreign trade and external debt in India in general and challenges and government initiatives in particular, a method of qualitative analysis consisting of regression analysis, descriptive analysis, content and text analysis have been performed.

RESULTS AND DISCUSSION

India's foreign trade includes all imports and exports to and from India. The economy is primarily managed by the Ministry of Commerce and Industry. Before trade liberalization in 1991, India was a closed economy with average tariffs exceeding 200% and extensive import restrictions. Foreign investment is strictly prohibited; property rights are limited to Indian companies. Since independence, India's economy has improved, largely due to growth in foreign trade. India’s reforms in 1990s and 2000s focused on increasing global competitiveness in various sectors. These reforms included lower tariffs, trade liberalisation, and lower taxes, which led to foreign investment and successful economic growth. India is the second largest oil importer after China and is highly dependent on imported crude oil. India’s export services range from information technology to medical services provided by foreign experts. Software exports continue to dominate India’s services export landscape.

Table 1: Direction of Foreign Trade of India with European and North American Countries

Group/ Country	2023-24		2022-23		2021-22		2020-21	
	Export	Import	Export	Import	Export	Import	Export	Import
European Union	64333.5	54160.9	64454.9	54182.5	54832.7	45764.4	35532.9	35444.3
Belgium	7837.2	7236.8	8864.1	9177.7	10084.4	9951.7	5235.6	6940.7
France	7141.1	7971.2	7610.1	6201.0	6640.9	5782.1	4782.2	4343.2
Germany	9839.6	16644.3	10134.5	16601.5	9883.3	14968.1	8124.9	13643.0
Italy	8765.8	5796.5	8691.4	5591.9	8180.8	5048.5	4735.7	3862.1
Netherlands	86684.6	4966.5	21618.4	5961.4	12543.7	4478.1	6472.8	3317.7
Switzerland	1526.9	21248.0	1346.5	15794.0	1348.6	23392.3	1261.5	18231.0
United Kingdom	12922.6	8413.6	11405.6	8960.7	10461.3	7017.8	8157.6	4955.8
Russia	4261.3	61159.3	3147.0	46212.7	3254.7	9870.0	2655.5	5485.7
Eastern Europe	8249.0	63185.6	5444.7	48466.5	5071.7	14235.1	4193.9	9343.5
North America	86684.6	49853.0	87848.7	58899.0	84356.2	50694.9	57670.6	34420.4
Canada	3845.3	4553.2	4109.7	4167.6	3764.0	3132.8	2960.8	2686.4
United States	77515.0	42195.5	78542.6	50863.9	76167.0	43314.1	51623.1	28888.1

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22599, Note: Figure in US$ Million.

Table 1 discussed the direction of foreign trade of India with European and North American Countries. It has found that overall India has trade surplus with European and North American Countries. India has trade deficit with Germany, Switzerland, and Russia. India and European Union has economic ties and trade between them are growing unexpectedly in current years. European countries are India’s biggest buying and selling partner and EU is a key pillar of India’s overseas trade. Both are them have trade dispute with World Trade Organisation over drugs, tobacco and alcohol. Both the EU and India have expressed concerns that the restrictions will affect their exports. India is still under the influence of EU rules and regulations, especially in agricultural exports. India is not currently considered a safe haven under EU law, but India’s Information Technology Act was amended in 2000 and a new Information Technology Act was enacted. It was used in 2011. interesting. This FTA is also very important for India in terms of investment and technological cooperation. The EU funding will enable European companies to help India realize its plan to build 100 “smart cities” in the future and support other Indian initiatives.

India's biggest trading partner is the United States, and the economic ties between the two countries are getting stronger. India sends a lot of engineering goods, electronics, and medicines to the US. The US keeps investing a lot in India, especially in manufacturing, research, and IT services. India also exports diamonds and jewellery, electronics, and engineering products to the US. The US sends pearls, iron, stone, lime, cement, and oil to India. India does not have any trade agreements with countries in the NAFTA region. Trade and economic relations are very important in the US-India relationship. India and Canada also have strong trade links, including in goods and services. Both countries are part of the Commonwealth of Nations and the G20, which is the world's largest group of economies. India mainly exports seafood, jewellery, electronics, and medicines to Canada. India mainly imports medicines, fertilizer chemicals, lentils, and minerals from Canada.

Table 2: Direction of Foreign Trade of India with O.P.E.C. and African Countries

Group/	2023-24	2022-23	2021-22	2020-21

Country	Export	Import	Export	Import	Export	Import	Export	Import
O P E C	60456.7	129087.5	55898.3	156675.0	48926.5	138782.0	32067.5	72090.6
Iran	1222.3	625.1	1659.1	672.1	1451.1	463.4	1774.7	331.5
Iraq	3354.7	29961.4	2696.7	34385.5	2403.3	31927.1	1499.0	14287.1
Kuwait	2103.2	8362.8	1560.4	12247.4	1241.9	11001.8	1054.2	5214.1
Saudi Arabia	11558.6	31416.4	10727.7	42035.3	8758.9	34100.6	5856.6	16186.8
U A E	35625.0	48025.6	31608.8	53231.5	28044.9	44833.5	16679.5	26623.0
Africa	38920.5	28247.3	43731.7	32800.0	33526.1	32953.4	23087.0	19445.3
Benin	752.5	214.6	892.8	452.6	716.4	402.1	555.2	326.0
Egypt	3520.6	1157.4	4109.4	1951.5	3743.9	3520.8	2264.4	1892.4
Kenya	3174.8	176.3	3273.7	116.7	2631.9	145.4	1895.8	130.3
South Africa	8707.5	10538.2	8474.4	10397.8	6085.3	10965.8	3934.2	7568.2
Sudan	805.0	330.6	1815.8	218.2	1077.2	129.2	1022.3	368.3
Tanzania	4616.6	3291.9	3935.5	2541.3	2300.9	2279.2	1439.1	934.9
Zambia	244.3	204.1	280.7	184.9	341.0	118.2	268.9	126.5

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22599, Note: Figure in US$ Million. OPEC: Organization of the Petroleum Exporting Countries.

Table 2 represented the direction of India's foreign trade with OPEC and African countries. It shows that India has a trade deficit with OPEC countries. However, India has a trade surplus with Iran and with the African continent. But, India has a trade deficit with South Africa. India has had a long trade relationship with OPEC. It imports a lot of crude oil and gas from OPEC countries. India also asks OPEC to help big oil producers take more responsibility for oil prices. India has a long history of trade and economic ties with Arab countries like Saudi Arabia and the United Arab Emirates. These ties are based on shared culture, common interests, and support for the Palestinian cause. Arab countries provide more than 50 percent of India's fertilizers and related products, and about 60 percent of its crude oil imports. Saudi Arabia is India's fourth largest trading partner, and India is Saudi Arabia's second largest. The Gulf Cooperation Council (GCC) has become a major trading partner for India. India's rich oil and gas reserves are important for its energy needs. India's trade with the GCC has been increasing, especially because of the growth in the oil sector.

India has a long history of trade and economic cooperation with Africa. India is Africa’s third largest trading partner after the European Union and China. India is Nigeria’s largest market, while Nigeria is India’s largest market in Africa. Indian companies are also making inroads into the African market by making many acquisitions abroad. The India-Africa Forum Summit is a platform for India-Africa relations. India and Africa have a long and diverse economic relationship characterised by strong trade, investment and growth. India's trade with Africa has grown at an annual rate of 18% since 2003 and is expected to reach $103 billion by 2023. India's exports to Africa include food, pharmaceuticals and mineral fuels. India's major markets in Africa include Sudan, Algeria, Morocco, Egypt and South Africa. India provides security services to African countries, including equipment such as coastal patrol boats, combat helicopters and military vehicles.

Table 3: Direction of Foreign Trade of India with Latin American and Asian Countries

Group/ Country	2023-24		2022-23		2021-22		2020-21	
	Export	Import	Export	Import	Export	Import	Export	Import
Latin American	11742.1	15530.5	14720.2	17539.5	11893.6	17249.9	7876.8	9690.7
Asia	103396.2	234733.8	110963.2	246372.1	119636.4	216386.1	92463.2	147943.7
S.A.A.R.C.	25623.7	5171.0	28026.7	5446.0	34228.8	5486.4	22077.8	3377.1
Afghanistan	355.4	642.3	437.0	452.8	554.5	510.9	825.8	509.5
Bangladesh	11065.9	1844.8	12215.9	2021.2	16156.4	1977.9	9691.6	1091.7
Bhutan	963.7	339.1	1079.1	535.6	885.8	545.0	701.0	433.0
Maldives	891.9	86.6	476.8	496.6	670.4	68.9	195.9	24.5
Nepal	7041.0	831.1	8079.3	841.5	9645.7	1371.0	6838.5	673.2
Pakistan	1188.9	2.9	627.1	20.1	513.8	2.5	326.9	2.4
Sri Lanka	4116.9	1424.2	5111.6	1078.1	5802.2	1010.0	3498.2	642.9
Other Asian Countries	77772.5	229562.7	82936.5	240926.1	85407.6	210899.7	70385.4	144566.6

China	16658.9	101735.8	15306.1	98505.8	21259.8	94570.6	21187.2	65212.3
Hong Kong	8243.9	20448.4	9892.6	18275.0	10984.8	19096.6	10162.4	15172.8
South Korea	6416.7	21135.4	6654.1	21227.3	8085.0	17477.2	4684.6	12773.0
Malaysia	7262.2	12754.0	7156.2	12734.9	6995.0	12424.2	6057.7	8373.1
Singapore	14414.3	21199.2	11992.9	23595.4	11150.6	18962.2	8675.5	13304.9
Thailand	5039.0	9909.2	5709.8	11193.4	5751.3	9332.6	4237.6	5682.3
Indonesia	5988.9	23410.6	10024.3	28820.4	8471.5	17702.8	5026.2	12470.2

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22599, Note: Figure in US$ Million.

Table 3 discussed the direction of foreign trade of India with Latin American and Asian countries. It has found that India has trade deficit with Asia and Latin America. India has trade surplus with SAARC countries. India has huge trade deficit with South-East Asian countries. Brazil is India's main market in Latin America. Latin American countries are inviting Indian companies to their markets. Latin American exports to India include natural resources such as oil, iron ore, copper, and agricultural products. India and Brazil's economic ties continue to grow, with India expected to become Brazil's fifth largest trading partner by 2021. India's main exports to Brazil are engineering goods, pharmaceuticals, chemicals, agrochemicals and processed petroleum products. India imports ores, bulk minerals, sugar, vegetable oil, gold and crude oil. Brazil was the first Latin American country to establish diplomatic relations with India in 1948. India became Argentina's fourth largest trading partner, and Argentina became a major exporter of edible oils, especially soybean oil, for India. Argentina's vegetable oil exports still account for over 50% of India's bilateral trade with Argentina. India and Mexico have good economic relations, and both countries benefit from growth in imports and exports. India is Mexico's largest market in Latin America, while Mexico is India's largest market in the Americas after the United States.

India is a key trading partner for most countries in the SAARC region. It is the biggest economy in the area and plays a big role in helping the region grow economically. India and other SAARC nations signed the SAARC Free Trade Agreement in 2004. This agreement aims to cut down trade barriers and make economic cooperation stronger. India has a trade deal with Afghanistan. It also allows certain goods from SAARC countries to be imported into India without paying duties. India has free trade agreements with Sri Lanka, Bhutan, and Nepal. It also gives development help to SAARC countries through aid, loans, and grants. India helps its neighbours by investing in technology, energy, and infrastructure. However, ethnic and border conflicts can hurt economic ties. Trade can be limited because of restrictions on investments, high tariffs, and poor logistics. India has strong economic connections, cultural exchanges, infrastructure projects, and friendly relations with Asian countries. It is working to improve links with ASEAN through projects like the India-Myanmar-Thailand highway and the Kaladan Multimodal Transit Transport Project. Trade between India and China has been growing quickly in recent years. But relations between the two countries are also influenced by geopolitical issues and changes in foreign investments. In the last ten years, the trade between India and China has more than doubled.

Table 4: India's Foreign Trade of Oil and Non-Oil Goods

Year	Exports			Imports			Trade Balance		
	Oil	Non-oil	Total	Oil	Non-oil	Total	Oil	Non-oil	Total
1985-86	527.0	8377.5	8904.5	4078.0	11988.9	16066.9	-3551.0	-3611.4	-7162.4
1991-92	414.7	17450.7	17865.4	5324.8	14085.7	19410.5	-4910.1	3365.0	-1545.1
2000-01	1872.9	42638.1	44511.0	15663.6	34890.8	50554.4	-13790.7	7747.2	-6043.4
2004-05	7001.1	76750.9	83752.0	29858.3	81881.7	111740.0	-22857.2	-5130.8	-27988.0
2008-09	27547.0	157748.4	185295.4	93671.7	210024.6	303696.3	-66124.8	-52276.2	-118401.0
2010-11	36370.1	213445.4	249815.5	105964.3	263804.8	369769.1	-69594.2	-50359.4	-119953.6
2012-13	60865.1	239535.5	300400.6	164040.6	326696.1	490736.6	-103175.4	-87160.6	-190336.1
2014-15	56794.1	253557.9	310352.0	138325.5	309707.9	448033.4	-81531.4	-56150.0	-137681.4
2015-16	30582.6	231708.4	262291.1	82944.5	298063.3	381007.8	-52361.8	-66354.8	-118716.7
2016-17	31545.3	244307.2	275852.4	86963.8	297393.2	384357.0	-55418.6	-53086.0	-108504.6

2017-18	37465.1	266061.1	303526.2	108658.7	356922.3	465581.0	-71193.6	-90861.2	-162054.8
2018-19	46553.6	283524.5	330078.1	140920.6	373157.8	514078.4	-94367.1	-89633.3	-184000.3
2019-20	41288.7	272072.3	313361.0	130550.3	344159.0	474709.3	-89261.6	-72086.7	-161348.2
2020-21	25804.4	266004.1	291808.5	82683.9	311752.0	394435.9	-56879.5	-45747.9	-102627.4
2021-22	67471.7	354532.7	422004.4	161810.5	451241.6	613052.1	-94338.8	-96708.9	-191047.7
2022-23	97468.4	353601.5	451070.0	209418.2	506550.7	715968.9	-111949.7	-152949.2	-264898.9
2023-24	84156.7	352915.3	437072.0	178732.7	499482.1	678214.8	-94576.0	-146566.8	-241142.7

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22591, Note: Figure in US$ Million.

Table 4 depicted oil and non-oil goods trade in India. It has found from the table India has trade deficit in oil and non-oil trade. The value of oil export was 527.0 million in 1985-86, and 84156.7 million in 2023-24. The value of non-oil export was 8377.5 million in 1985-86, and 3.529 lakhs million in 2023-24. So, export of oil and oil-oil product was increased respectively 159 and 42 times in last 30 years. The value of oil import was 4078.0 million in 1985-86, and 1.787 lakhs million in 2023-24. The value of non-oil import was 11988.9 million in 1985-86, and 4.994 lakhs million in 2023-24. So, import of oil and oil-oil product was increased respectively 44 and 41 times in last 30 years. Therefore, total trade deficit of oil and non-oil goods/ services was increased more than 33.66 times in last 30 years. India is the world's second largest consumer of oil and the third largest consumer of petroleum. India imports oil and natural gas and also exports oil/ non-oil products. India's main sources of oil imports are Russia, Iraq, Saudi Arabia, United States, and United Arab Emirates. India relies on other regions and countries to meet its growing oil demand. India imports more than 2/3 of its oil needs. Major suppliers in India include Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation (IOC), Reliance Industries Ltd (RIL) and Rosneft-backed Nayala Energy. India has been exporting more oil products to Europe since Russia began its war with Ukraine in 2022. Non-oil products are products that are not produced from oil, such as synthetic fibres, cosmetics, plastics and rubber. Non-oil products play a significant role in the global economy and are supported by oil products.

Table 5: Key Components of Balance of Payments in India

Items	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Current account	-23286	-67055	-38766	23912	-24656	-57256	-48717
Merchandise	-242065	-265291	-189459	-102152	-157506	-180283	-160036
Invisibles, net	218778	198236	150694	126065	132850	123026	111319
Capital account	86988	57920	86266	63374	84154	53917	92292
Foreign Investment	71094	37178	42160	93653	56558	42898	61595
External assistance, net	7603	5579	5379	11211	3856	3487	3013
Commercial borrowings, net	3761	-4139	7407	240	21680	9769	-799
Rupee debt service	-72	-68	-71	-64	-69	-31	-75
NRI deposits, net	14702	8989	3234	7364	8627	10387	9676
Other capital	-10099	10381	28158	-49030	-6498	-12592	18881

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22591, Note: Figure in US$ Million.

Table 5 discussed the key components of India's Balance of Payments. It has found that current account was negative since 2017-18. Capital account in Balance of Payments was 92292 million USD in 2017-18, and 53917 million USD in 2018-19, and finally 86988 million USD in 2023-24. The current account is the portion of a country's balance of payments that includes trade and other transactions between the country and the outside world. It is a major component of a country's balance of payments because it measures assets, investments, and trade. It is essential to understanding the health of a country. It is used to measure income or deficit. The capital account records all changes in a country's foreign assets and/or liabilities. It records the budget and expenditures that directly affect the country's assets and liabilities. Foreign investment amount was increased during 2017-18 to 2023-24. It was 61595 million USD in 2017-18 and 93653 million USD in 2020-21. It declined 42160 million USD in 2021-22, and finally 71094 million USD in 2023-24. External assistance was increased during 2017-18 to 2023-24. It was 3013

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International Journal of Management, Public Policy and Research
International, Peer Reviewed journal
E-ISSN: 2583-3014

million USD in 2017-18 and 93653 million USD in 2020-21. It declined 42160 million USD in 2021-22, and finally 71094 million USD in 2023-24. Rupee debt service was slightly declined during 2017-18 to 2023-24. NRI deposits was increased during 2017-18 to 2023-24. It was 9676 million USD in 2017-18, and 14702 million USD in 2023-24. Therefore, the negative current account is a matter of concern for the government. It means nations spends on imports and other foreign transactions > earns from export of goods/services, making it a net borrower from the rest of the world. But the positive capital account is an encouraging for the economy, which shows a net capital inflow into a country (i.e. value of foreign capital entering the country > the capital leaving).

Table 6: Overall Balance of Payments of India

Item	2023-24			2022-23			2021-22		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Current account	942903	966189	-23286	921877	988932	-67055	798764	837529	-38766
Capital account	850279	764002	86276	672554	613611	58943	761402	675595	85807
Errors & omissions	1503	791	712	900	1924	-1024	1433	974	459
Overall balance	1794684	1730982	63702	1595331	1604466	-9135	1561599	1514098	47501
Monetary movements	0	63702	-63702	30379	21244	9135	16024	63524	-47501
I.M.F.	0	0	0	0	0	0	0	0	0
Foreign exchange reserves (+/-)	0	63702	-63702	30379	21244	9135	16024	63524	-47501
of which: SDR Allocation	0	0	0	0	0	0	0	17862	-17862

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22604, Note: Figure in US$ Million

Table 6 discussed the India's overall balance of payments. It has found that current account of balance of payment is always negative during 2021-22 to 2023-24, but capital account was positive during the period. Overall balance of payments was 47501 million USD and 63702 million USD in 2023-24. But it was negative in 2022-23. Positive balance of payments shows
total financial inflows > total financial outflows. It boosting investor confidence, strengthening the country's currency, increasing foreign exchange reserves, and providing a foundation for economic growth and stability. Monetary movements here show changes in a country's foreign exchange reserves and transactions with the International Monetary Fund. Monetary movements with IMF was positive during 2022-23, but was negative during 2021-22, and 2023-24. India do not have any debt with International Monetary Fund. Foreign exchange reserves also changed during 2021-22 to 2023-24. Foreign exchange reserves were increased during 2022-23, but was declined during 2021-22, and 2023-24. Therefore, negative current account in balance of payments is challenge before the government. Overall positive balance of payment is a relief for the government, but it is not stable. India has deficit balance of payment in 2022-23.

Table 7: Short-term Debt of Government of India

Item	2024	2023	2022	2021	2020	2019
Non-resident deposits (up to 1 year maturity)	0	0	0	0	0	0
Trade-related credits	118002	123898	117359	97254	101384	102409
Above 180 days	57672	60802	48098	46903	51603	52476
Up to 180 days	60330	63095	69261	50351	49781	49934
FII investments on government treasury bills and other instruments	1400	1998	2101	1697	1733	1735
Investments in treasury bills by foreign central banks and international institutions	214	229	256	266	242	263
External Debt Liabilities	2909	2254	1972	1865	3529	4008
Central Bank	210	134	76	174	180	221
Commercial Banks	2699	2120	1897	1691	3349	3787
Total Short-term Debt	122525	128379	121688	101082	106887	108415

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22625, Note: Figure in US$ Million

Table 7 represented short-term debt of Government of India. It has found that trade-related credits debt of

Government of India is increased during 2019-2024. It was 102409 million USD in 2019, 117359 million USD in 2022, and finally 118002 million USD in 2024. Trade-related credits of above 180 days was increased during the period. It was 52476 million USD in 2019, 48098 million USD in 2022, and finally 57672 million USD in 2024. Trade-related credits of upto 180 days was also increased during the period. It was 49934 million USD in 2019, 69261 million USD in 2022, and finally 60330 million USD in 2024. FII investments on government treasury bills and other instruments was initially increased, but later declined during 2019-2024. It was 1735 million USD in 2019, 2101 million USD in 2022, and finally 1400 million USD in 2024.

Investments in treasury bills by foreign central banks and international institutions was declined during 2019-2024. It was 263 million USD in 2019, 256 million USD in 2022, and finally 214 million USD in 2024. Short-term external debt liabilities were declined during 2019-2024. It was 4008 million USD in 2019, 1972 in 2022, and finally 2909 million USD in 2024. Short-term external debt liabilities of central bank and commercial banks were declined during 2019-2024. Short-term external debt liabilities of central bank were 221 million USD in 2019, 76 million USD in 2012, and finally 210 million USD in 2024. Short-term external debt liabilities of commercial banks were 3787 million USD in 2019, 1897 million USD in 2022, and finally 2699 million USD in 2024. Total short-term debt of central government was increased during 2019-2024. It was 108415 million USD in 2019, 121688 million USD in 2022, and finally 122525 million USD in 2024. Therefore, short term external debt liabilities were decreased during the period, where external debt liabilities of commercial banks are higher than the central bank. Gross short term debt was increased during the period.

Table 8: External Debt of India

Item	2024	2023	2022	2021	2020	2019	2018
Multilateral (I)	78087	75310	72848	69904	60023	57419	57249
Bilateral (II)	35211	34515	32486	31064	28058	26646	25373
International Monetary Fund (III)	21910	22261	22876	5638	5430	5523	5784
Trade Credit (IV)	2918	2922	3356	6293	6849	7747	9485
Commercial Borrowing (V)	250378	220981	225532	216559	219466	205804	201821
Non-resident Deposits (VI)	151879	138879	139022	141895	130581	130423	126182
Rupee Debt (VII)	852	813	960	975	1022	1158	1213
Total Long-term Debt (I to VII)	541235	495681	497079	472327	451428	434719	427105
Short-term Debt	122525	128379	121688	101082	106887	108415	102173
Gross External Debt Position	663760	624060	618767	373410	558315	543135	529278
Concessional Debt as % of Total Debt	7.5	8.2	8.3	9.0	8.8	8.7	9.1
Short-term Debt as % of Total Debt	18.5	20.6	19.7	17.6	19.1	20.0	19.3
Debt to GDP Ratio (%)	18.7	19.0	19.9	21.1	20.9	19.9	20.1
Debt Service Ratio (%)	6.7	5.3	5.2	8.2	6.5	6.4	7.5

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22625, Note: Figure in US$ Million

Table 8 discussed the external debt of India. It has found that gross external debt of India increased during 2018-2024. It was 529278 million USD in 2018, 373410 million USD in 2021, and finally 663760 million USD. Out of total external debt, long-term debt is higher than the short-term debt. Long-term debt was 427105 million USD in 2018, 472327 million USD in 2021, and finally 541235 million USD. Short-term debt was 102173 million USD in 2018, 101082 million USD in 2021, and finally 122525 million USD in 2024. Concessional debt as percentage of total debt declined during 2018-2024. It was 9.1 in 2018, 8.3 in 2022, and 7.5 in 2024. Short-term debt as percentage of total debt is nearly same during the period. It was 19.3 in 2018, 19.7 in 2022, and finally 18.5 in 2024. Debt to GDP ratio in percentage was slightly declined during 2018-2024. It was 20.1 in 2018, 19.9 in 2022, and finally 18.7 in 2024. Debt service ratio in percentage was slightly declined during 2018-2024. It was 7.5 in 2018, and 6.7 in 2024. Therefore, gross external debt of central government was increased during 2018-2024, but Debt to GDP ratio, and Debt service ratio was slightly declined during the period.

Table 9: Central Government Debt on Gross Domestic Product of South Asian Countries

Country	% of GDP	Country	% of GDP
India	56.06	Afghanistan	8.3
Nepal	42.6	Bangladesh	39.34
Pakistan	77.29	Bhutan	116.6
Sri Lanka	96.1	Maldives	62.4

Source: https://www.imf.org/external/datamapper/

Table 9 discussed the central government debt on gross domestic product of South Asian countries. It has found that Bhutan has debt on percentage of gross domestic product, followed by Sri Lanka, Pakistan, Maldives, and India. On the other hand, Afghanistan has the least debt on percentage of gross domestic product, preceded by Nepal.

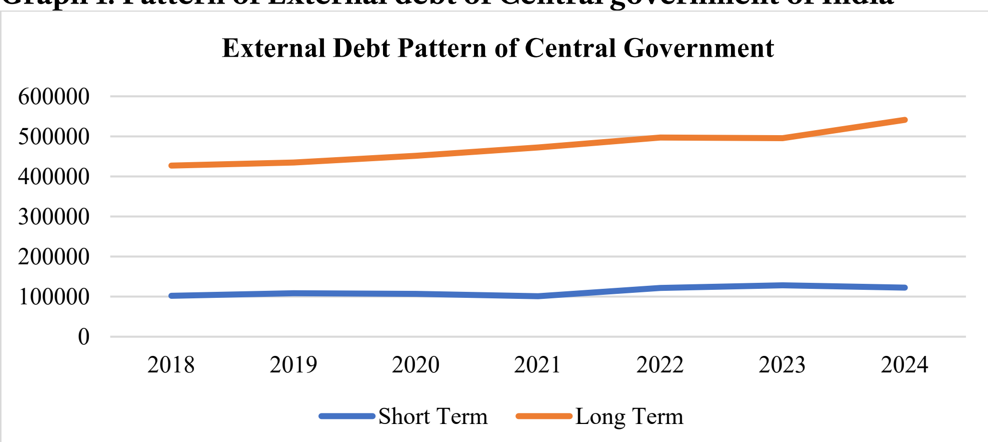
Table 10: Trend of External Debt in India

Year	Amount	Year	Amount
Q2 2022	613000	Q4 2023	648000
Q3 2022	606000	Q1 2024	654000
Q4 2022	612000	Q2 2024	682000
Q1 2023	624000	Q3 2024	712000
Q2 2023	629000	Q4 2024	718000
Q3 2023	635000	Q1 2025	736000

Source: https://tradingeconomics.com/india/external-debt, Note: USD Million

Table 10 represented trend of external debt in India. It has found that external debt of India is increasing since Q2 2022. India's external debt increased by 10 per cent, reaching USD 736.3 billion at the end of the financial year, compared to USD 668.8 billion in the prior year. When measured as a percentage of the country's gross domestic product (GDP), the external debt rose to 19.1 per cent from 18.5 per cent the previous year. According to the Reserve Bank of India (RBI), the total external debt was composed of USD 261.7 billion in loans extended to non-financial corporations, USD 168.4 billion owed by the government, and USD 202.1 billion from deposit-taking corporations. By the end of March 2025, long-term debt—defined as debt with an original maturity exceeding one year—amounted to USD 601.9 billion, which is USD 60.6 billion higher than the same period last year. The majority of India's external debt is denominated in US dollars, making up 54.2 per cent of the total at the end of March 2025. This is followed by rupee-denominated debt at 31.1 per cent, yen at 6.2 per cent, special drawing rights (SDR) at 4.6 per cent, and euros at 3.2 per cent, as per the RBI.

Graph 1: Pattern of External debt of Central government of India



The above graph-1 shown that long term external debt of central government of India is higher than the short term debt. Long term debt is neatly 4/5 times higher than the short term debt. Long-term debt was 427105 million USD in 2018, 472327 million USD in 2021, and finally 541235 million USD. Short-term debt was 102173 million USD in 2018, 101082 million USD in 2021, and finally 122525 million USD in 2024.

Table 11: Relation between External debt and Gross domestic product of India

Year	Gross Domestic Product	External Debt	Year	Gross Domestic Product	External Debt
2019	2186186.60	543135	2022	2490614.90	618767
2020	2139762.27	558315	2023	2660466.31	624060
2021	1396305.96	373410	2024	2885758.71	663760

Source: https://www.rbi.org.in/scripts/PublicationsView.aspx?id=22625, Note: Figure in US$ Million

Table 11 (a): Summary Output

Regression Statistics	
Multiple R	0.98602946

R Square	0.972254096
Adjusted R Square	0.96531762
Standard Error	97283.64049
Observations	6

Source: Calculated by author.

Table 11 (b): ANOVA Test

	df	SS	MS	F	Significance F
Regression	1	1.32654E+12	1.32654E+12	140.1654214	0.000291401
Residual	4	37856426824	9464106706		
Total	5	1.3644E+12			

Source: Calculated by author.

	Coefficients	Standard Error	t Stat	P-value
Intercept	-517068.6923	240669.0102	-2.14846395	0.098150628
External Debt	4.986476767	0.421185446	11.83914783	0.000291401

Source: Calculated by author

The table (11-a) shows that R square is found to be 0.97225, showing, that their relation between the external debt and gross domestic product of India, i.e. independent variable X, i.e. external debt, and the dependent variable Y, i.e. gross domestic product of India. Table (11-b) shows that p value (0.0002) is lower than critical value at 5% level of significance ($p< 0.05$), therefore we will reject the null hypothesis hypothesis-1. So, it is concluded that there is relationship between the external debt and gross domestic product of India.

Causes of External debt of India and Government Policies

India's external debt comes from several factors. One is the gap between what the country saves and what it needs to invest. This includes funding for important infrastructure projects and covering current account deficits, which happen when the country's imports exceed exports, requiring loans from outside. Other reasons include loans taken by Indian companies, money borrowed from international bodies like the World Bank and IMF, deposits from Non-Resident Indians, and the need for foreign currency reserves to support the economy. The country borrows from abroad to finance development and capital projects, especially when domestic savings are not enough. The current account deficit needs to be covered by external borrowing to keep the balance of payments stable. Indian businesses and non-financial corporations take out loans and issue debt in international markets, adding to the external debt. The World Bank, IMF, and loans from other countries are also major sources of borrowing. Deposits from NRIs are part of the external debt and provide needed foreign currency.

Short-term trade-related loans, such as trade credit and advances, are also included in the external debt. Geopolitical issues can cause supply chain problems and reverse capital flows, indirectly affecting the external debt position by raising economic uncertainty. The public sector borrows from abroad for public projects and facilities when income is low. A big part of India's external debt is from private companies and non-financial corporations that borrow from foreign lenders. These companies raise funds through foreign currency convertible bonds and other debt tools in global financial markets.

External debt in India has both positive and negative impacts. On one hand, it can supply important funds for economic growth and development. On the other hand, it can create various risks, such as making the economy more vulnerable, causing fluctuations in the value of the currency, increasing the costs of repaying debt, and putting pressure on government budgets, especially when the debt is in foreign currencies. If it is not handled carefully, rising debt can take away resources that could be used for investments and essential services, which might slow down long-term economic progress. Relying heavily on foreign loans can make India more exposed to global economic problems and financial instability. A large part of India's external debt is in US dollars. If the Indian Rupee loses value compared to these foreign currencies, the cost of paying back both the loan and the interest goes up, which strains the country's finances. When global interest rates rise and the local currency weakens, India has to spend more on repaying its debts, leaving less money for growth and public services. If a big part of borrowed money is used to pay off debt, there is less capital left for infrastructure and other projects that help the economy grow. In very serious cases, too much debt could result in a sovereign default, which might stop lenders from giving more money and harm the country's economic reputation. Governments might have to take money away from important services like healthcare and education to meet debt payments, and this issue is made worse by the need to repay foreign debts. External debt can offer funding for developing infrastructure and supporting economic growth, especially when directed toward initiatives that create income. Taking loans from other countries can assist in paying off current debts, providing temporary relief, but it needs to be handled with care to prevent getting stuck in a cycle of borrowing.

To reduce external debt, India should focus on strategies such as maintaining fiscal discipline and managing the fiscal deficit effectively. Enhancing foreign exchange earnings through increased exports and value-added production can help in debt management. Improving government securities markets will attract a wider range of investors, enabling cost-effective borrowing. A well-managed exchange rate is crucial for controlling the cost and risk of external debt, ensuring it remains within acceptable limits. Skill development and education are vital to improve economic competitiveness and productivity, promoting long-term sustainable growth. Reducing non-essential subsidies can free up government resources for critical investments, such as infrastructure, which can generate future revenue. Implementing prudent fiscal policies to lower the fiscal deficit-to-GDP ratio will ensure sustainable public finances. Streamlining tax systems and rationalising expenditures can boost government revenues and minimise the need for external borrowing. Diversifying export markets and encouraging high-value exports will increase foreign exchange earnings, reducing dependence on external debt. Investing in education and skill development will enhance productivity and competitiveness, leading to higher economic growth and increased tax collections.

India’s government is planning to cut public debt by changing its focus from annual fiscal deficit targets to a more concentrated effort on lowering the debt-to-GDP ratio, aiming to bring it down to 50% by March 2031. This will be done through fiscal consolidation and increased capital spending. The plan involves a new fiscal roadmap from the financial year 2027 to 2031, which includes borrowing more for capital projects to boost economic growth. The government will use active debt management techniques like bond switching, which involves replacing short-term government bonds with longer-term ones to adjust the maturity of its debt. It will also streamline subsidies and tax compliance to make things more efficient. The government wants to ensure long-term fiscal sustainability by keeping macroeconomic stability, securing enough resources for growth and social welfare, and reducing the overall fiscal deficit. Starting from the financial year 2026-27, the government will stop targeting annual fiscal deficits and instead prioritise reducing the debt-to-GDP ratio. Bond switching is a method used to replace shorter-term bonds with longer-term ones, which helps in extending the lifespan of the government's debt. The plan also includes consolidating the government's debt portfolio and creating a well-functioning market for government securities to improve liquidity in the secondary market. There are plans to set up a Public Debt Management Authority to handle debt-related tasks separately from the Reserve Bank of India, so the RBI can concentrate on monetary policy and regulating the financial sector.

CONCLUSION

India's foreign trade is growing steadily, particularly in services and non-petroleum goods exports, but faces global uncertainties which increase the total cost of imports. While India's external debt has risen, its external position remains strong due to increasing foreign exchange reserves. India's robust export growth, especially in services, contributes significantly to its foreign exchange reserves. These reserves act as a crucial buffer against external shocks and support the management of India's external debt. Policymakers monitor trade performance and external debt levels to ensure financial stability and sustained economic growth, as external debt and trade balance are vital components of a country's external sector health. India's external debt increases due to factors such as funding infrastructure and economic growth, increased commercial borrowings, and favourable borrowing costs in global markets.

The government borrows externally to finance development projects and meet fiscal needs, while commercial entities and the public sector take on external liabilities for their operational and investment requirements. A significant driver of the increase in external debt is commercial borrowings, particularly in foreign currencies. The government borrows externally to finance public sector projects, including infrastructure, to stimulate growth and address developmental needs. The private non-financial corporate sector is a major component of India's external debt, with entities borrowing from abroad to fund their operations and expansions. There is positive relation between the external debt and gross domestic product in India.

India's policies to handle external debt focus on managing risks carefully. This includes keeping an eye on both long-term and short-term debts, controlling External Commercial Borrowings, and managing deposits from Non-Resident Indians. The main approaches are pushing for loans with better terms and longer repayment periods, encouraging capital flows that don't increase debt, and ensuring enough foreign currency is kept aside to meet overseas obligations. The Public Debt Management Cell helps the government with these tasks by offering expert advice. It works to keep the ratio of debt to the country's economic size in check. The government keeps track of both long and short-term external debts to make sure they are manageable. It also gives guidance on how to handle debt effectively and helps run the government securities market smoothly. It is part of the Department of Economic Affairs and focuses on managing government debts, giving advice on external debt, and watching over the debt market closely.

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