

India's External Debt as at the end of March 2011*

As per the standard practice, India's external debt statistics for the quarters ending March and June are released by the Reserve Bank of India and those for the quarters ending September and December by the Ministry of Finance, Government of India. The external debt data are released with a lag of one quarter. The external debt data, as compiled in the standard format, as at end-March 2011 in Rupee and US Dollar terms and revised data for the earlier quarters are set out in Statement 1 and 2. The major developments relating to India's external debt as at end-March 2011 are presented in the following paragraphs.

Major Highlights

- (i) India's external debt, as at end-March 2011, was placed at US\$ 305.9 billion (17.3 per cent of GDP) recording an increase of US\$ 44.9 billion or 17.2 per cent over the end-March 2010 level on account of significant increase in commercial borrowings, short-term trade credits, bilateral borrowing and multilateral borrowings.
- (ii) Excluding the valuation effects due to depreciation of US dollar against other major international currencies and Indian Rupee, the stock of external debt has increased by US\$ 38.4 billion over the stock as at end-March 2010.
- (iii) The US Dollar accounted for 59.9 per cent of the total external debt stock as at end-March 2011 followed by Indian Rupee (13.2 per cent) and Japanese Yen (11.4 per cent).
- (iv) The share of commercial borrowings stood highest at 28.9 per cent as at end-March 2011 followed by short-term debt (21.2 per cent), NRI deposits (16.9 per cent) and multilateral debt (15.8 per cent).
- (v) Based on residual maturity, short-term debt accounted for 42.2 per cent of the total external debt as at end-March 2011. Whereas the share of short-term debt, by original maturity, was 21.2 per cent of the total external debt stock.

*Prepared in the Division of International Trade and Finance, Department of Economic and Policy Research.

- (vi) The debt service ratio declined to 4.2 per cent during 2010-11 as compared to 5.5 per cent during 2009-10.
- (vii) The ratio of short-term debt to foreign exchange reserves at 21.3 per cent as at end-March 2011 was higher compared to 18.8 per cent as at end-March 2010.
- (viii) India's foreign exchange reserves provided a cover of 99.6 per cent to the external debt stock at the end of March 2011 as compared with 106.9 per cent as at end-March 2010.
- (ix) India continued to be the fifth most indebted country in 2009, based on international comparison of external debt of the twenty most indebted countries.

1. India's External Debt as at end March 2011

- (i) India's external debt, as at end-March 2011, was placed at US\$ 305.9 billion (17.3 per cent of GDP) recording an increase of US\$ 44.9 billion or 17.2 per cent over the end-March 2010 level on account of significant increase in commercial borrowings, short-term trade credits, multilateral and bilateral borrowings (Chart 1 and Table 1).

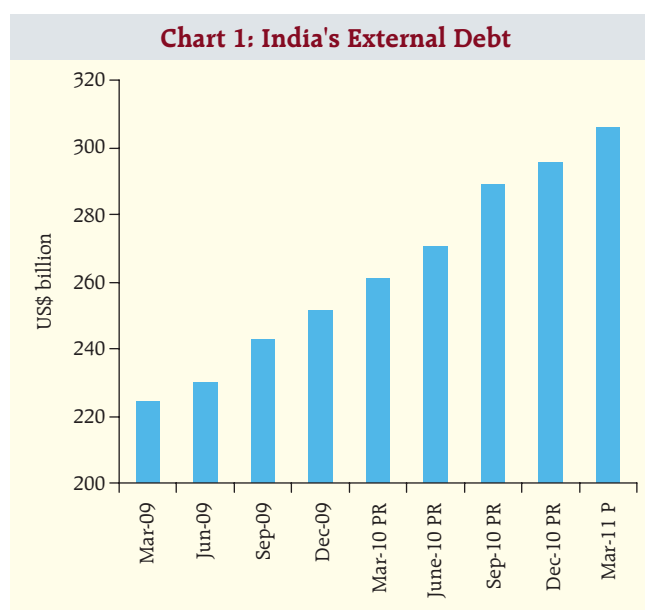


Table 1: External Debt Outstanding

(US\$ billion)					
	Total External Debt	Variation			
		Over Corresponding Quarter of Previous Year		Over Previous Quarter	
		Amount	Per cent	Amount	Per cent
	1	2	3	4	5
Mar-09	224.5	0.1	0.05	-5.3	-2.3
Jun-09	229.7	4.3	1.9	5.2	2.3
Sep-09	242.6	17.5	7.8	12.9	5.6
Dec-09	251.8	22.0	9.6	9.2	3.8
Mar -10 PR	261.0	36.5	16.3	9.2	3.7
June -10 PR	270.3	40.6	17.7	9.3	3.6
Sep - 10 PR	288.7	46.1	19.0	18.4	6.8
Dec - 10 PR	295.9	44.1	17.5	7.2	2.5
Mar - 11 P	305.9	44.9	17.2	10.0	3.4

P: Provisional. PR: Partially Revised.

2. Valuation Changes

- (i) The valuation effect reflecting the depreciation of the US dollar against other major international currencies and Indian rupee resulted in an increase in India's external debt by US\$ 6.5 billion during 2010-11. Excluding the valuation effects, the stock of external debt as at end-March 2011 would have increased by US\$ 38.4 billion over the level at end-March 2010.
- (ii) Compared with the previous quarter (end-December 2010), the valuation effect reflecting the depreciation of the US dollar against other major international currencies and Indian rupee resulted in an increase of US\$ 1.3 billion in India's external debt. Excluding the valuation effects, the stock of external debt as at end-March 2011 would have increased by US\$ 8.7 billion over the level at end-December 2010.

3. Components of External Debt

- (i) The long-term debt at US\$ 240.9 billion and short-term debt at US\$ 65.0 billion accounted for 78.8 per cent and 21.2 per cent, respectively, of the total external debt as at end-March 2011. The share of commercial borrowings continued to be highest at 28.9 per cent in the total external debt as at end-March 2011 followed by short-term debt (21.2 per cent), NRI deposits (16.9 per cent) and multilateral debt (15.8 per cent) (Table 2).
- (ii) The loans under external assistance (multilateral and bilateral debt) increased by around US\$ 9.0 billion during 2010-11 as compared with a lower

increase of US\$ 5.3 billion during the previous year (Table 3).

- (iii) Trade credits (both long-term and short-term) increased, by US\$ 12.8 billion, as at end-March 2011 compared to US\$ 9.9 billion over the level at end-March 2010 (Table 3 and Chart 2).
- (iv) The commercial borrowings increased by US\$ 17.5 billion as at end-March 2011 over its level as at end-March 2010 as compared to an increase of US\$ 8.4 billion during the corresponding period of the preceding year.
- (v) The short-term debt increased by US\$ 12.7 billion to around US\$ 65.0 billion as at end-March 2011 as compared to US\$ 52.3 billion as at end-March 2010 primarily on account of rise in short-term trade credits.
- (vi) The NRI deposits increased by US\$ 3.8 billion to US\$ 51.7 billion as at end-March 2011 over the level as at end-March 2010 largely on account of increase in NRO deposits and FCNR(B) deposits.
- (vii) The approvals of ECBs during 2010-11 (April-March) were higher at US\$ 25.7 billion as compared to US\$ 20.7 billion in the preceding year. Concomitantly, gross disbursements were also significantly higher for 2010-11 at US\$ 23.1 billion than that of US\$ 15.0 billion during the previous year (Table 4).

4. Currency Composition of India's External Debt

- (i) India's external debt is largely denominated in major international currencies such as US Dollar,

Table 2: External Debt by Component

Item	(US\$ million)								
	End-March								
	1991	1998	2005	2006	2007	2008	2009	2010 PR	2011 P
	1	2	3	4	5	6	7	8	9
1. Multilateral	20,900 (24.9)	29,553 (31.6)	31,744 (23.7)	32,620 (23.4)	35,337 (20.5)	39,490 (17.6)	39,538 (17.6)	42,859 (16.4)	48,464 (15.8)
2. Bilateral	14,168 (16.9)	16,969 (18.1)	17,034 (12.7)	15,761 (11.3)	16,065 (9.3)	19,708 (8.8)	20,613 (9.2)	22,593 (8.7)	25,953 (8.5)
3. IMF	2,623 (3.1)	664 (0.7)	1,029 (0.8)	981 (0.7)	1,029 (0.6)	1,120 (0.5)	1,018 (0.5)	6,041 (2.3)	6,308 (2.1)
4. Trade Credit	4,301 (5.1)	6,526 (7.0)	5,022 (3.7)	5,420 (3.9)	7,165 (4.2)	10,328 (4.6)	14,490 (6.5)	16,867 (6.5)	18,627 (6.1)
5. ECBs	10,209 (12.2)	16,986 (18.2)	26,405 (19.7)	26,452 (19.0)	41,443 (24.0)	62,334 (27.8)	62,413 (27.8)	70,800 (27.1)	88,267 (28.9)
6. NRI Deposits	10,209 (12.2)	11,913 (12.7)	32,743 (24.4)	36,282 (26.1)	41,240 (23.9)	43,672 (19.5)	41,554 (18.5)	47,890 (18.3)	51,682 (16.9)
7. Rupee Debt	12,847 (15.3)	5,874 (6.3)	2,302 (1.7)	2,059 (1.5)	1,951 (1.1)	2,017 (0.9)	1,527 (0.7)	1,657 (0.6)	1,601 (0.5)
8. Long-term Debt (1to 7)	75,257 (89.8)	88,485 (94.6)	1,16,279 (86.8)	1,19,575 (86.0)	1,44,230 (83.7)	1,78,669 (79.6)	1,81,153 (80.7)	2,08,707 (80.0)	2,40,902 (78.8)
9. Short-term Debt	8,544 (10.2)	5,046 (5.4)	17,723 (13.2)	19,539 (14.0)	28,130 (16.3)	45,738 (20.4)	43,362 (19.3)	52,329 (20.0)	64,990 (21.2)
Total (8+9)	83,801 (100)	93,531 (100)	1,34,002 (100)	1,39,114 (100)	1,72,360 (100)	2,24,407 (100)	2,24,515 (100)	2,61,036 (100)	3,05,892 (100)

P: Provisional. PR: Partially Revised. IMF: International Monetary Fund. ECBs: External Commercial Borrowings. NRI: Non-Resident Indian.

Note: Figures in parentheses are percentage to total external debt.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

Japanese Yen, Euro, Pound Sterling, Special Drawing Rights (SDR) and the domestic currency, *i.e.*, Indian Rupee.

(ii) The US Dollar denominated debt continues to be the largest with a share of 59.9 per cent in the total external debt as at end-March 2011.

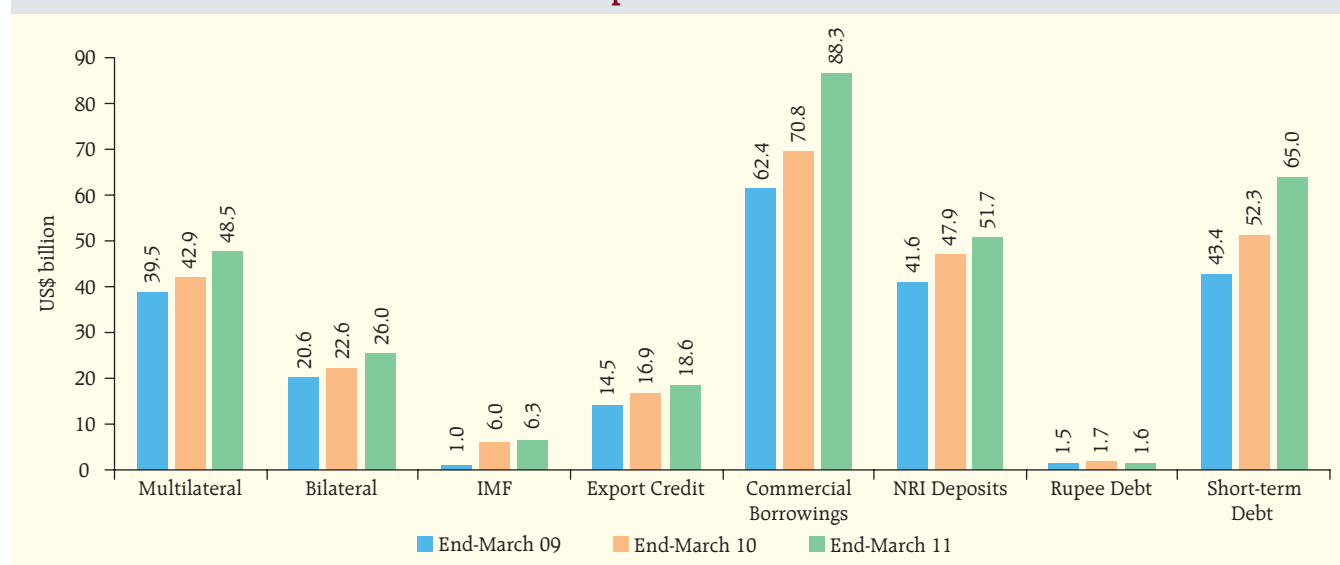
Table 3: Variation in External Debt by Component

Memo Items	(US\$ million)						
	Outstanding at the End-of			Absolute Variation		Percentage Variation	
	09-Mar	Mar-10 PR	Mar-2011 P	Mar-09 to Mar-10	Mar-10 to Mar-11	Mar-09 to Mar-10	Mar-10 to Mar-11
	1	2	3	4	5	6	7
1. Multilateral	39,538	42,859	48,464	3,321	5,605	8.4	13.1
2. Bilateral	20,613	22,593	25,953	1,980	3,360	9.6	14.9
3. IMF	1,018	6,041	6,308	5,023	267	493.4	4.4
4. Export Credit	14,490	16,867	18,627	2,377	1,760	16.4	10.4
5. Commercial Borrowings	62,413	70,800	88,267	8,387	17,467	13.4	24.7
6. NRI Deposits	41,554	47,890	51,682	6,336	3,792	15.2	7.9
7. Rupee Debt	1,527	1,657	1,601	130	-56	8.5	-3.4
8. Short-term Debt	43,362	52,329	64,990	8,967	12,661	20.7	24.2
<i>Of which</i>							
Short-term Trade Credit	39,964	47,473	58,462	7,509	10,989	18.8	23.1
Total Debt	2,24,515	2,61,036	3,05,892	36,521	44,856	16.3	17.2
Memo Items							
A. Long-Term Debt	1,81,153	2,08,707	2,40,902	27,554	32,195	15.2	15.4
B. Short-Term Debt	43,362	52,329	64,990	8,967	12,661	20.7	24.2

P: Provisional. PR: Partially Revised.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

Chart 2: Components of External Debt



The share of Indian rupee in the total external debt stock accounted for 13.2 per cent as at end-March 2011 followed by Japanese Yen (11.4 per cent), and SDR (9.7 per cent). The share of Euro was 3.7 per cent as at end-March 2011 (Table 5).

5. Instrument-wise Classification of External Debt

- (i) The instrument-wise classification of India's external debt across the borrower category reveals that loans accounted for 49.4 per cent of total debt outstanding as at end-March 2011 as

Table 4: External Commercial Borrowings

(US\$ million)						
Year	Approvals#	Gross Disbursement*	Amortisation*	Interest*	Total Servicing	ECB Debt Outstanding
	1	2	3	4	5 (3+4)	6
1990-91	1,903	4,252	2,004	1,410	3,414	10,209
1995-96	6,286	4,252	2,977	1,380	4,357	13,873
2000-01	2,837	9,621	5,313	1,695	7,008	24,408
2001-02	2,653	2,684	4,272	1,456	5,728	23,320
2002-03	4,235	3,505	5,206	1,167	6,373	22,472
2003-04	6,671	5,225	8,153	2,119	10,272	22,007
2004-05	11,490	9,084	3,658	959	4,617	26,405
2005-06	17,175	14,343	11,584	3,015	14,599	26,452
2006-07	25,353	20,257	3,814	2,517	6,331	41,443
2007-08	28,900	28,700	6,060	3,652	9,712	62,334
2008-09 R	15,702	15,223	6,578	3,965	10,543	62,461
2009-10 PR	20,703	14,954	10,641	3,244	13,885	70,800
2010-11 P	25,702	23,089	9,650	3,525	13,175	88,267

R: Revised; PR: Partially Revised; P: Provisional.

* Revised, based on Balance of Payments data.

Based on date of agreement of the loan which may differ from the date of granting the loan registration number by the RBI. Ceiling on ECB approvals is fixed on the basis of the latter, which may either be after or before the date of agreement of the loan. Hence, there may be some difference between the amount shown under approvals in the table and the amount of ceiling fixed for a particular year.

Note: Disbursements during 2000-01 include IMDs (US\$5.5 billion). Debt service payments during 2003-04 and 2005-06 include redemption of RIBs and IMDs, respectively.

Table 5: Currency Composition of India's External Debt

Currency	(Percentage share in total external debt)						
	As at end-March						
	2005	2006	2007	2008	2009	2010	2011
	1	2	3	4	5	6	7
US Dollar	47.7	48.8	51.1	55.3	54.1	58.2	59.9
Indian Rupee	19.4	18.8	18.5	16.2	15.4	13.8	13.2
Japanese Yen	10.4	10.9	11.4	12	14.3	11.4	11.4
SDR	14.9	14.3	12.4	10.5	9.8	10.7	9.7
Euro	4.6	4.4	3.9	3.5	4.1	3.6	3.7
Pound Sterling	2.6	2.6	2.4	2.2	2	1.8	1.7
Others	0.4	0.2	0.3	0.3	0.3	0.5	0.4
Total	100	100	100	100	100	100	100

Note: Currency composition as at end-March 2008, end-March 2009, end-March 2010 and end-March 2011 incorporates the original currency composition of short-term debt; in the previous years, the entire short-term debt was taken to be denominated in US dollars.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

compared to 48.9 per cent as at end-March 2010 (Table 6).

- (ii) The share of trade credit (long-term and short-term) at 19.8 per cent as at end-March 2011 recorded a marginal increase as compared to 19.0 per cent as at end-March 2010.

- (iii) The share of bonds and notes at 9.6 per cent as at end-March 2011 remained almost at the same level as at end-March 2010.

- (iv) The share of currency and deposits at 16.9 per cent of the India's total external debt as at end-March 2011 witnessed a decline as against 18.6 per cent as at end-March 2010.

Table 6: Instrument-wise Classification of External Debt Outstanding

Sr. No.	Borrower	(US\$ million)	
		End-March 2010	End-March 2011
		1	2
A.	Government (1+2+3)	67,080	78,165
	1 Short-Term	1,518	2,842
	(i) Money Market Instruments	1,518	2,842
	2 Long-term {(i)+(ii)+(iii)}	59,521	69,014
	(i) Bonds and Notes	3,026	5,428
	(ii) Loans	55,116	62,014
	(iii) Trade Credit	1,379	1,572
	3 Other debt liabilities	6,041	6,308
	(i) IMF	6,041	6,308
B.	Monetary Authority	695	155
	1. Short-term	695	155
	(i) Currency and Deposits	695	155
C.	Non-Government (1+2)	1,93,261	2,27,572
	1 Short-Term {(i)+(ii)}	50,115	61,993
	(i) Money Market Instruments	2,643	3,531
	(ii) Trade Credit	47,472	58,462
	2 Long-term {(i)+(ii)+(iii)+(iv)}	1,43,146	1,65,579
	(i) Bonds and Notes	22,064	24,073
	(ii) Loans	72,541	89,194
	(iii) Currency and Deposits	47,890	51,682
	(iv) Trade Credit	651	630
	Total External Debt (A+B+C)	2,61,036	3,05,892

Source: Ministry of Finance, Government of India and Reserve Bank of India.

6. Short-term Debt

- (i) The data on short-term debt includes suppliers' credit up to and above 180 days, FII investments in Government debt, investment by foreign central banks and international institutions in Treasury Bills and external liabilities of central banks and commercial banks.

- (ii) Short-term debt by original maturity has increased over the period because of the increase in trade-related credits due to growing imports marginally and larger FII investment in government securities. The share of short-term trade credit in total short-term debt declined to 90.0 per cent as at end-March 2011 as against 91.0 per cent as at end-March 2010 (Table 7).

7. External Debt by Residual Maturity

- (i) Based on residual maturity, the short-term debt accounted for 42.2 per cent of total external debt as at end-March 2011. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 42.3 per cent at end-March 2011 (Table 8).

Table 7: Short-Term Debt by Original Maturity

(US\$ million)							
Components	End-March						
	1991	2006	2007	2008	2009	2010	2011
	1	2	3	4	5	6	7
A. Short-Term Debt	8,544	19,539	28,130	45,738	43,362	52,329	64,990
a) NRI Deposits (up to 1 year maturity) @	3,577	0	0	0	0	0	0
b) FC (B&O) Deposits (up to 1 year maturity)	167	0	0	0	0	0	0
c) Trade Related Credits #	4,800	19,399	25,979	41,901	39,964	47,473	58,462
(i) Above 6 months and up to 1 year	2,267	8,696	11,971	22,884	23,346	28,003	35,347
(ii) Up to 6 months	2,533	10,703	14,008	19,017	16,618	19,470	23,116
d) FII Investments in Government Treasury Bills & other instruments	0	140	397	651	2,065	3,357	5,424
e) Investment in Treasury Bills by foreign central banks and International Institutions etc.	..	..	164	155	105	103	50
f) External Debt Liabilities of:	..	..	1,590	3,031	1,228	1,396	1,053
(i) Central Bank	..	..	501	1,115	764	695	155
(ii) Commercial Bank	..	..	1,089	1,916	464	701	898
B. Imports (during the year)*	27,915	1,57,056	1,90,670	2,57,629	3,08,521	3,00,609	3,80,936
C. Trade Credit to Imports (%)	17.2	12.4	13.6	16.3	13.0	15.8	15.3

@ Short-term deposits of less than one-year maturity under FCNR(A) were withdrawn with effect from May 15, 1993, such deposits under FCNR(B) and NR(E)RA were withdrawn effective October 1999 and April 2003, respectively.

Data on Short-term Trade Credit of less than six months in respect of suppliers' credit and FII investment in debt papers are included since end-March 2005.

* On balance of payments basis.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

(ii) The 'short-term debt by residual maturity' comprises the repayments due under medium and long-term debt by original maturity during one year reference period along with the short-term debt with original maturity. The balance constitutes the long-term debt by residual maturity.

(iii) While external debt is generally compiled in terms of original maturity, analysing the external debt, in particular short-term debt in terms of residual maturity is important from the point of view of foreign exchange liquidity management and to ascertain the total foreign exchange outgo on

Table 8: Residual Maturity of External Debt Outstanding as at End-March 2011

(US \$ million)					
Components	Short-term up to one year	Long-term			Total (1) to (4)
		1 to 2 years	2 to 3 years	More than 3 years	
	1	2	3	4	5
1. Sovereign Debt (long-term)	4,769	5,156	5,339	60,058	75,322
2. External Commercial Borrowings (including trade credit)	18,791	18,777	15,175	61,155	1,13,898
3. NRI deposits {(i) + (ii) + (iii)}	40,513	7,046	2,491	1,632	51,682
(i) FCNR(B)	11,979	2,230	858	530	15,597
(ii) NR(E)RA	21,419	3,350	1,002	607	26,378
(iii) NRO	7,115	1,466	631	495	9,707
4. Short-term Debt* (Original maturity)	64,990	-	-	-	64,990
Total (1 to 4)	1,29,062	30,979	23,006	1,22,845	3,05,892
Memo Items					
Short-term debt (Residual maturity as per cent of total external debt)	42.2				
Short-term debt (Residual maturity as per cent of Reserves)	42.3				

* Also includes short-term component of sovereign debt amounting to US\$ 2,842 million.

Note: Residual Maturity of NRI Deposits is estimated on the basis of the Survey conducted by the Reserve Bank of India on NRI deposits outstanding as on March 31, 2011.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

Table 9: Government and Non-Government External Debt

Components	(US\$ million)						
	End-March						
	2005	2006	2007	2008	2009	2010	2011
	1	2	3	4	5	6	7
A. Sovereign Debt (I+II)	47,697	46,259	49,360	58,068	55,874	67,080	78,165
(As a percentage of GDP)	6.3	5.5	5.0	4.6	5.1	4.7	4.4
I. External Debt on Government Account under External Assistance	43,686	43,510	46,155	52,538	51,816	55,235	62,388
II. Other Government External Debt @	4,011	2,749	3,205	5,530	4,058	11,845	15,777
B. Non-Government Debt #	86,305	92,855	1,23,000	1,66,339	1,68,641	1,93,955	2,27,726
(As a percentage of GDP)	11.8	11.3	12.5	13.4	15.4	13.4	12.9
C. Total External Debt (A+B)	1,34,002	1,39,114	1,72,360	2,24,407	2,24,515	2,61,036	3,05,892
(As a percentage of GDP)	18.1	16.8	17.5	18.0	20.5	18.0	17.3

@ Other Government external debt includes Defence Debt, Investment in Treasury Bills/ Government Securities by FIIs, Foreign Central Banks and International Institutions and IMF.

Includes external debt of Monetary Authority.

Source: Ministry of Finance, Government of India and Reserve Bank of India

account of debt service payments in the immediate future.

8. Government and Non-Government External Debt

- Government (Sovereign) external debt stood at US\$ 78.2 billion as at end-March 2011 as against US\$ 67.1 billion as at end-March 2010. The share of Government external debt in the total external debt at 25.6 per cent at end-March 2011 remained almost at the same level as at end-March 2010 (25.7 per cent).
- The share of non-Government debt in total external debt at 74.4 per cent as at end-March 2011

also remained same as at end-March 2010 (74.3 per cent). The share of non-Government debt in total external debt, however, has increased steadily over the years (Table 9 and Chart 3).

9. Debt Service Payments

- India's debt service payments were placed at US\$ 18.6 billion during 2010-11 as compared to US\$19.0 billion during 2009-10 (Table 10).
- India's debt service ratio has improved due to moderation in debt service payments coupled with higher growth in current receipts; it led to decline in the debt service ratio to 4.2 per cent during 2010-11 from 5.5 per cent in 2009-10.

Chart 3: Share of Government and Non-Government External Debt

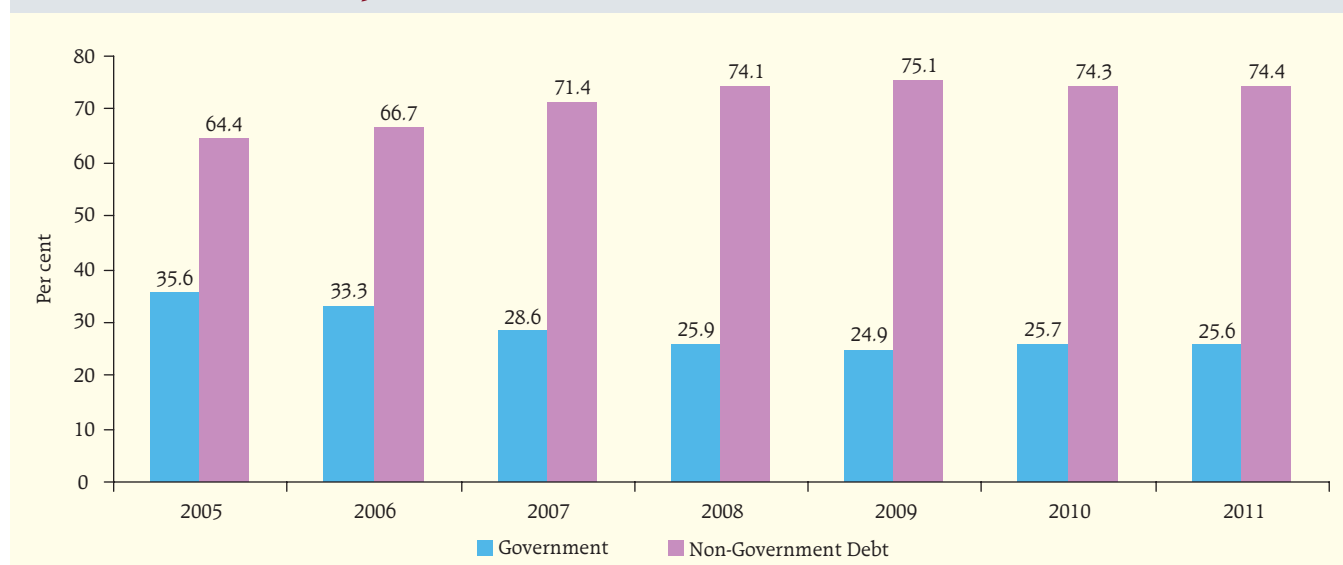


Table 10: India's External Debt Service Payments

(US\$ million)								
Item	1990-91	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8
1 External Assistance	2,315	2,855	2,652	2,942	3,241	3,384	3,461	3,668
Repayment	1,187	2,129	1,945	1,960	2,099	2,375	2,585	2,840
Interest	1,128	726	707	982	1,142	1,009	876	828
2 External Commercial Borrowings	3,414	4,530	14,839	6,331	9,771	10,543	13,885	13,175
Repayment	2,004	3,571	11,824	3,814	6,119	6,578	10,641	9,650
Interest	1,410	959	3,015	2,517	3,652	3,965	3,244	3,525
3 I.M.F.	778	-	-	-	-	-	-	-
Repayment	644	-	-	-	-	-	-	-
Interest	134	-	-	-	-	-	-	-
4 NRI Deposits Interest	1,282	1,353	1,497	1,969	1,813	1,547	1,599	1,737
5 Rupee Debt Service Repayments	1,193	417	572	162	121	101	97	17
6 Total Debt Service (1 to 5)	8,982	9,155	19,560	11,404	14,946	15,575	19,042	18,649
Repayment	5,028	6,117	14,341	5,936	8,339	9,054	13,323	12,559
Interest	3,954	3,038	5,219	5,468	6,607	6,521	5,719	6,090
7 Current Receipts #	25,479	1,54,123	1,94,170	2,42,811	3,14,284	3,56,175	3,44,917	4,47,405
Debt Service Ratio (6/7) (%)	35.3	5.9	10.1	4.7	4.8	4.4	5.5	4.2

Current Receipts minus Official Transfers. – Nil.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

- (iii) Servicing of External Commercial Borrowings (including principal and interest payments) during 2010-11 accounted for 70.7 per cent of the total debt service as against 72.9 per cent during 2009-10.
- (iv) The projected debt service payments at end-March 2011, for ECBs and Foreign Currency Convertible Bonds (FCCBs) revealed that the principal repayments between 2011-12 and 2015-16 would be higher (Table 11). The projections do not

include future debt service obligations arising out of fresh borrowings.

10. Sustainability of India's External Debt

- (i) An assessment of the sustainability of the external debt was undertaken in terms of solvency and liquidity indicators such as the ratio of external debt to gross domestic product (GDP), the ratio of foreign exchange reserves to total external debt, debt service ratio, share of concessional debt and short-term debt in the total external debt and ratio of short-term debt to foreign exchange reserves. While the ratio of external debt to GDP and debt service ratio improved, other indicators as mentioned above deteriorated moderately (Table 12 and Chart 4).
- (ii) The debt to GDP ratio declined to 17.3 per cent during 2010-11 as compared to 18.0 per cent during 2009-10.
- (iii) The debt service ratio declined to 4.2 per cent during 2010-11 as compared to 5.5 per cent during 2009-10.
- (iv) India's foreign exchange reserves provided a cover of 99.6 per cent to the external debt stock at the

Table 11: Projected Debt Service Payments for ECBs and FCCBs

(US\$ million)			
Year	Principal	Interest	Total
	1	2	3
2011-12	15,859	2,788	18,646
2012-13	15,747	2,714	18,460
2013-14	12,100	1,817	13,918
2014-15	13,381	1,531	14,912
2015-16	14,465	1,189	15,654
2016-17	8,488	750	9,238
2017-18	5,657	449	6,107
2018-19	3,327	300	3,627
2019-20	1,980	223	2,203
2020-21	2,077	148	2,225
2021-22	441	54	495

Note: Projections on debt servicing are based on the end-March 2011 debt outstanding position. The projections exclude NRI deposits and FII investment in government debt securities.

Table 12: India's Key External Debt Indicators

Year	External Debt	Ratio of External Debt to GDP	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Concessional Debt to Total Debt	Ratio of Short-Term Debt to Foreign Exchange Reserves	Ratio of Short-Term Debt to Total Debt
	(US \$ billion)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)
	1	2	3	4	5	6	7
1990-91	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1995-96	93.7	27.0	26.2	23.1	44.7	23.2	5.4
2000-01	101.3	22.5	16.6	41.7	35.4	8.6	3.6
2001-02	98.8	21.1	13.7	54.7	35.9	5.1	2.8
2002-03	104.9	20.3	16.0*	72.5	36.8	6.1	4.5
2003-04	112.6	18.0	16.1**	100.3	35.8	3.9	3.9
2004-05	134.0	18.1	5.9 [^]	105.6	30.7	12.5	13.2
2005-06	139.1	16.8	10.1 [#]	109.0	28.4	12.9	14.0
2006-07	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2007-08	224.4	18.0	4.8	138.0	19.7	14.8	20.4
2008-09	224.5	20.5	4.4	112.2	18.7	17.2	19.3
2009-10PR	261.0	18.0	5.5	106.9	16.8	18.8	20.0
2010-11P	305.9	17.3	4.2	99.6	15.6	21.3	21.2

P: Provisional. PR: Partially Revised.

* Works out to 12.4 per cent, with the exclusion of prepayment of external debt of US\$ 3,430 million.

** Works out to 8.2 per cent with the exclusion of prepayment of external debt of US\$ 3,797 million and redemption of Resurgent India Bonds (RIBs) of US\$ 5,549 million.

[^] Works out to 5.7 per cent with the exclusion of prepayment of external debt of US\$ 381 million.

[#] Works out to 6.3 per cent with the exclusion of India Millennium Deposits (IMDs) repayments of US \$ 7.1 billion and prepayment of external debt of US\$ 23.5 million.

Source: Ministry of Finance, Government of India and Reserve Bank of India.

end of March 2011 as compared to 106.9 per cent as at end-March 2010.

- (v) The share of concessional debt in total external debt declined to 15.6 per cent as at end-March 2011 from 16.8 per cent at end-March 2010 reflecting the increase in non-

concessional private debt in India's external debt stock.

- (vi) The ratio of short-term debt to foreign exchange reserves increased to 21.3 per cent as at end-March 2011 from 18.8 per cent in the preceding year.

Chart 4: Reserves Cover for External Debt (End-March)

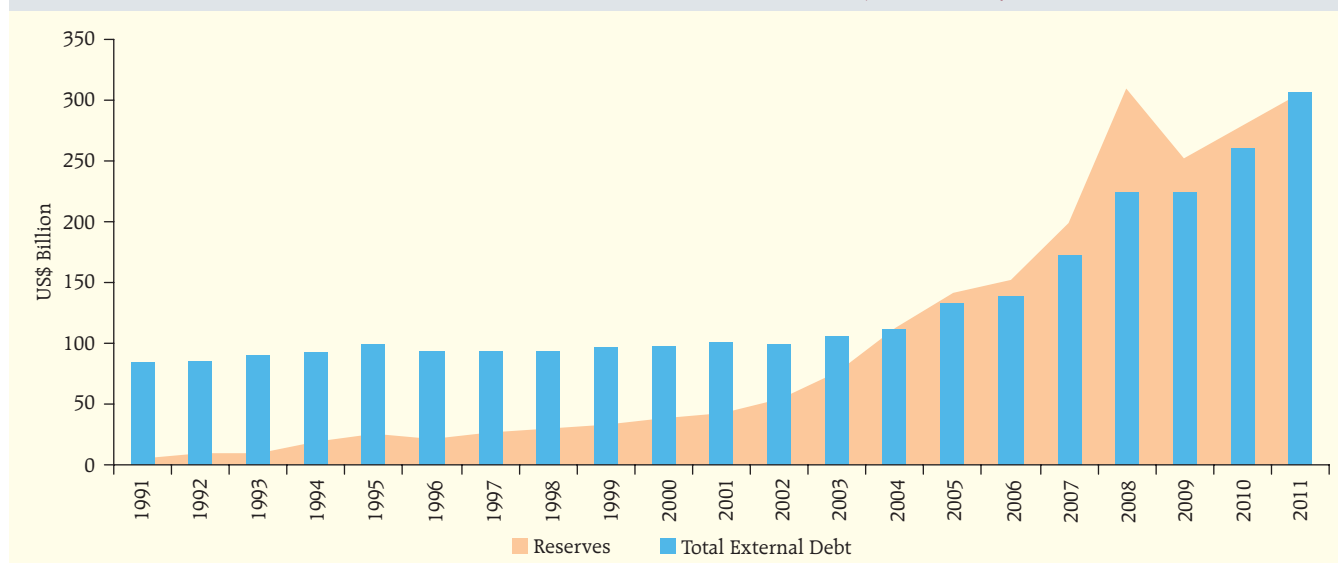


Table 13: International Comparison of Top Twenty Debtor Countries, 2009

Country	Total external debt (US\$ billion)	Concessional debt/Total external debt (per cent)	Debt service ratio (per cent)	Total external debt/GNI (per cent)	Short-term debt/Total external debt (per cent)	Forex exchange reserves/Total external debt (per cent)
	1	2	3	4	5	6
China	428	10	3	9	56	573
Russian Federation	381	0	18	32	8	115
Brazil	277	2	23	18	14	86
Turkey	251	4	42	41	16	30
India	238	20	6	18	18	120
Mexico	192	1	16	22	12	52
Indonesia	158	28	18	30	12	42
Argentina	120	2	17	40	16	40
Romania	118	3	31	72	18	38
Kazakhstan	110	1	80	113	8	21
Ukraine	93	1	36	84	21	28
Chile	72	0	23	47	24	35
Malaysia	66	6	5	36	36	146
Philippines	63	23	19	39	6	70
Thailand	59	11	7	23	47	236
Venezuela, RB	55	2	6	17	29	63
Pakistan	54	59	15	31	3	25
Colombia	52	2	22	24	8	48
South Africa	42	0	9	15	32	94
Bulgaria	41	2	21	90	46	46

Source: World Bank's Global Development Finance Online Database.

(vii) The share of short-term debt in total debt increased to 21.2 per cent at end-March 2011 from 20.0 per cent in the previous year.

11. Cross-Country Comparison among Top 20 Indebted Countries

- (i) According to the latest data available on Global Development Finance Online Database, World Bank, the international comparison of external debt of the twenty most indebted countries indicates that India continues to be the fifth most indebted country in 2009 (Table 13).
- (ii) The element of concessionality in India's external debt portfolio was the fourth highest after Pakistan, Indonesia and Philippines.
- (iii) India's debt service ratio was third lowest after China and Malaysia.
- (iv) In terms of ratio of external debt to Gross National Income (GNI), India's position was fourth lowest, with China having the lowest ratio of external debt.

(v) India's position with respect to short-term debt to total external debt was eleventh lowest with Romania having the lowest ratio of short-term debt to total external debt.

(vi) In terms of reserves to total debt, India's position was fourth as China, Thailand and Malaysia had higher reserves to debt ratio than India.

(vii) The Quarterly External Debt Statistics (QEDS), jointly developed by the World Bank and the International Monetary Fund, brings out detailed external debt data of countries that are subscribing to IMF's Special Data Dissemination Standard/General Data Dissemination System. The position in respect of the 64 reporting countries for the fourth quarter of the calendar year 2010 and the first quarter of the calendar year 2011, which has been published by the World Bank (http://ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?REPORT_ID=13535&REQUEST_TYPE=VIEW) is given at Annex I.

Statement 1: India's External Debt Outstanding

(₹ crore)					
Item	Mar-10 PR	Jun-10 PR	Sep-10 PR	Dec-10 PR	Mar-11 P
	1	2	3	4	5
I. Multilateral	1,93,442	2,08,157	2,09,755	2,12,949	2,16,628
A. Government borrowing	1,70,722	1,84,354	1,84,920	1,87,525	1,90,325
i) Concessional	1,16,046	1,17,550	1,18,395	1,17,648	1,20,651
a) IDA	1,14,552	1,16,027	1,16,852	1,16,125	1,19,066
b) Others ##	1,494	1,523	1,543	1,523	1,585
ii) Non-concessional	54,676	66,804	66,525	69,877	69,674
a) IBRD	28,874	39,389	38,834	39,651	39,219
b) Others ##	25,802	27,415	27,691	30,226	30,455
B. Non-Government borrowing	22,720	23,803	24,835	25,424	26,303
i) Concessional	-	-	-	-	-
ii) Non-concessional	22,720	23,803	24,835	25,424	26,303
a) Public sector	14,919	15,603	15,457	15,506	15,802
IBRD	8,544	8,861	9,003	8,939	9,193
Others ##	6,375	6,742	6,454	6,567	6,609
b) Financial institutions	5,385	5,501	6,700	7,024	7,507
IBRD	1,343	1,348	1,813	1,786	1,899
Others ##	4,042	4,153	4,887	5,238	5,609
c) Private sector	2,416	2,699	2,678	2,894	2,993
IBRD	-	-	-	-	-
Others	2,416	2,699	2,678	2,894	2,993
II. Bilateral	1,01,974	1,06,991	1,11,337	1,13,494	1,15,983
A. Government borrowing	71,584	74,238	77,428	79,155	80,794
i) Concessional	71,584	74,238	77,428	79,155	80,794
ii) Non-concessional	-	-	-	-	-
B. Non-Government borrowing	30,390	32,753	33,909	34,339	35,189
i) Concessional	3,169	3,561	3,886	3,913	4,101
a) Public sector	1,121	1,295	1,471	1,467	1,621
b) Financial institutions	2,048	2,266	2,415	2,446	2,480
c) Private sector	-	-	-	-	-
ii) Non-concessional	27,221	29,192	30,023	30,426	31,088
a) Public sector	13,867	14,415	14,177	14,221	13,943
b) Financial institutions	3,435	3,428	3,689	3,691	3,777
c) Private sector	9,919	11,349	12,157	12,514	13,368
III. International Monetary Fund	27,264	27,417	27,810	27,453	28,163
IV. Trade Credit	76,128	81,087	82,219	84,829	83,167
a) Buyers' credit	66,965	71,691	72,617	75,074	73,328
b) Suppliers' credit	2,938	2,940	2,869	2,873	2,814
c) Export credit component of bilateral credit	6,225	6,456	6,733	6,883	7,026
d) Export credit for defence purposes	-	-	-	-	-

Statement 1: India's External Debt Outstanding (Concl'd.)

(₹ crore)

Item	Mar-10 PR	Jun-10 PR	Sep-10 PR	Dec-10 PR	Mar-11 P
	1	2	3	4	5
V. COMMERCIAL BORROWING	3,19,556	3,41,340	3,62,542	3,78,663	3,94,070
a) Commercial bank loans	2,02,618	2,20,117	2,28,565	2,44,239	2,59,095
b) Securitised borrowings \$ (including FCCBs) SEBI Debt Funds	1,13,245	1,17,559	1,30,481	1,31,072	1,31,708
c) Loans/secured borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	3,693	3,663	3,496	3,351	3,267
VI. NRI Deposits (above one-year maturity)	2,17,062	2,23,939	2,27,314	2,27,037	2,30,813
a) NR(E)RA	1,18,984	1,21,340	1,21,062	1,19,010	1,17,802
b) FCNR(B)	64,625	66,887	68,374	67,657	69,658
c) NRO Deposits	33,453	35,712	37,878	40,370	43,352
VII. Rupee Debt *	7,481	7,380	7,373	7,374	7,147
a) Defence	6,710	6,635	6,630	6,631	6,416
b) Civilian +	771	745	743	743	731
VIII. Short-term Debt	2,36,188	2,62,949	2,71,907	2,73,942	2,90,147
a) Trade Related credits	2,14,267	2,41,297	2,44,435	2,49,808	2,61,006
1) Above 180 days	1,26,391	1,45,258	1,46,581	1,50,844	1,57,806
2) Upto 180 days	87,876	96,039	97,854	98,964	1,03,200
b) FII investment in Government T-Bills and other instruments	87,876	15,086	19,725	17,854	24,214
c) Investment in Treasury Bills by foreign central banks and international Institutions	467	393	385	200	225
d) External Debt Liabilities of :	6,301	6,173	7,362	6,080	4,703
1) Central Banks	3,139	2,977	2,808	2,980	693
2) Commercial Banks	3,162	3,196	4,554	3,100	4,011
IX. GROSS TOTAL	11,79,096	12,59,260	13,00,257	13,25,741	13,66,117
<i>Memo Items</i>					
A. Total Long-term Debt	9,42,908	9,96,311	10,28,350	10,51,799	10,75,970
As % of Total Debt	80.0	79.1	79.1	79.3	78.8
B. Short-term Debt	2,36,188	2,62,949	2,71,907	2,73,942	2,90,147
As % of Total Debt	20.0	20.9	20.9	20.7	21.2
C. Concessional Debt	1,98,280	2,02,729	2,07,082	2,08,090	2,12,693
As % of Total Debt	16.8	16.1	15.9	15.7	15.6

P: Provisional.

PR: Partially Revised.

Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

Refers to debt outstanding against loans from ADB.

\$ Includes net investment by 100 per cent FII debt funds.

* Debt denominated in Rupees and payable in exports.

+ Includes Rupee suppliers' credit from end-March 1990 onwards.

Notes: Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

Statement 2: India's External Debt Outstanding

(US\$ million)

Item	Mar-10 PR	Jun-10 PR	Sep-10 PR	Dec-10 PR	Mar-11 P
	1	2	3	4	5
I. Multilateral	42,859	44,678	46,690	47,528	48,464
A. Government borrowing	37,825	39,569	41,162	41,854	42,578
i) Concessional	25,711	25,231	26,354	26,258	26,991
a) IDA	25,380	24,904	26,010	25,918	26,637
b) Others ##	331	327	343	340	355
ii) Non-concessional	12,114	14,339	14,808	15,596	15,587
a) IBRD	6,397	8,454	8,644	8,850	8,774
b) Others ##	5,717	5,884	6,164	6,746	6,813
B. Non-Government borrowing	5,034	5,109	5,528	5,674	5,886
i) Concessional	–	–	–	–	–
ii) Non-concessional	5,034	5,109	5,528	5,674	5,886
a) Public sector	3,305	3,349	3,441	3,461	3,535
IBRD	1,893	1,902	2,004	1,995	2,057
Others ##	1,412	1,447	1,437	1,466	1,479
b) Financial institutions	1,193	1,181	1,491	1,568	1,680
IBRD	298	289	404	399	425
Others ##	896	891	1,088	1,169	1,255
c) Private sector	535	579	596	646	670
IBRD	–	–	–	–	–
Others	535	579	596	646	670
II. Bilateral	22,593	22,964	24,783	25,331	25,953
A. Government borrowing	15,860	15,934	17,235	17,667	18,075
i) Concessional	15,860	15,934	17,235	17,667	18,075
ii) Non-concessional	–	–	–	–	–
B. Non-Government borrowing	6,733	7,030	7,548	7,664	7,878
i) Concessional	702	764	865	873	917
a) Public sector	248	278	327	327	363
b) Financial institutions	454	486	538	546	555
c) Private sector	–	–	–	–	–
ii) Non-concessional	6,031	6,266	6,683	6,791	6,961
a) Public sector	3,072	3,094	3,156	3,174	3,121
b) Financial institutions	761	736	821	824	845
c) Private sector	2,198	2,436	2,706	2,793	2,994
III. International Monetary Fund	6,041	5,885	6,190	6,127	6,308
IV. Trade Credit	16,867	17,404	18,301	18,933	18,627
a) Buyers' credit	14,837	15,388	16,164	16,756	16,425
b) Suppliers' credit	651	631	639	641	630
c) Export credit component of bilateral credit	1,379	1,386	1,499	1,536	1,572
d) Export credit for defence purposes	–	–	–	–	–

Statement 2: India's External Debt Outstanding (Concl'd.)

(US\$ million)

Item	Mar-10 PR	Jun-10 PR	Sep-10 PR	Dec-10 PR	Mar-11 P
	1	2	3	4	5
V. COMMERCIAL BORROWING	70,800	73,265	80,699	84,513	88,267
a) Commercial bank loans	44,892	47,246	50,877	54,512	58,034
b) Securitised borrowings \$ (including FCCBs)	25,090	25,233	29,044	29,254	29,501
c) Loans/secured borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	818	786	778	748	731
d) Self-liquidating Loans	–	–	–	–	–
VI. NRI Deposits (above one-year maturity)	47,890	48,108	49,907	50,672	51,682
a) NR(E)RA	26,251	26,067	26,579	26,562	26,378
b) FCNR(B)	14,258	14,369	15,012	15,100	15,597
c) NRO Deposits	7,381	7,672	8,316	9,010	9,707
VII. Rupee Debt *	1,657	1,584	1,641	1,646	1,601
a) Defence	1,487	1,424	1,476	1,480	1,437
b) Civilian +	171	160	165	166	164
VIII. Short-term Debt	52,329	56,439	60,525	61,141	64,990
a) Trade Related credits	47,473	51,792	54,410	55,754	58,462
1) Above 180 days	28,003	31,178	32,628	33,667	35,347
2) Upto 180 days	19,470	20,614	21,782	22,088	23,116
b) FII investment in Government T-Bills and other instruments	3,357	3,238	4,391	3,985	5,424
c) Investment in Treasury Bills by foreign central banks and international Institutions etc.	103	84	86	45	50
d) External Debt Liabilities of:	1,396	1,325	1,639	1,357	1,053
1) Central Banks	695	639	625	665	155
2) Commercial Banks	701	686	1,014	692	898
IX. GROSS TOTAL	261,036	270,328	288,737	295,891	305,892
<i>Memo Items</i>					
A. Total Long-term Debt	208,707	213,889	228,212	234,750	240,902
As % of Total Debt	80.0	79.1	79.0	79.3	78.8
B. Short-term Debt	52,329	56,439	60,525	61,141	64,990
As % of Total Debt	20.0	20.9	21.0	20.7	21.2
C. Concessional Debt	43,930	43,513	46,095	46,443	47,584
As % of Total Debt	16.8	16.1	16.0	15.7	15.6

P: Provisional.

PR: Partially Revised.

Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

Refers to debt outstanding against loans from ADB.

\$ Includes net investment by 100 per cent FII debt funds.

* Debt denominated in Rupees and payable in exports.

+ Includes Rupee suppliers' credit from end-March 1990 onwards.

Notes: Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

Annex I
Gross External Debt Position of QEDS Reporting Countries for
end-December 2010 and end-March 2011

(US\$ billion)

Sr. No.	Countries	2010 Q4			2011 Q1		
		Short-term	Long-term	Total	Short-term	Long-term	Total
		1	2	3	4	5	6
1	Argentina	29.5	99.1	128.6	30.1	100.7	130.8
2	Armenia	0.6	5.7	6.3	0.7	5.9	6.6
3	Australia	314.8	852.5	1,167.3	338.9	886.7	1,225.6
4	Austria	200.0	597.7	797.8	243.6	623.5	867.1
5	Belarus	12.0	16.5	28.5	13.4	18.3	31.7
6	Belgium	694.2	597.8	1,292.1	718.4	606.2	1,324.7
7	Brazil	57.3	294.6	351.9	57.5	320.6	378.1
8	Bulgaria	15.4	34.6	50.0	15.4	37.1	52.5
9	Canada	345.2	761.8	1,107.0	360.0	790.0	1,150.0
10	Chile	19.2	67.5	86.7	20.6	71.2	91.8
11	Colombia	8.2	56.6	64.8	9.8	58.1	67.9
12	Costa Rica	2.4	6.8	9.2	2.7	6.6	9.3
13	Croatia	6.8	55.7	62.5	7.7	59.7	67.4
14	Czech Republic	24.9	70.5	95.4	27.0	73.5	100.4
15	Denmark	277.4	318.7	596.1	279.7	346.4	626.1
16	Ecuador	0.3	13.3	13.7	0.0	0.0	0.0
17	Egypt	3.1	31.8	35.0	3.1	31.8	34.8
18	El Salvador	1.1	10.3	11.4	0.0	0.0	0.0
19	Estonia	8.9	13.1	22.0	8.8	14.3	23.1
20	Finland	176.4	261.9	438.4	223.8	281.3	505.1
21	France	2,031.2	3,060.0	5,091.3	2,127.9	3,238.9	5,366.8
22	Georgia	1.1	8.6	9.7	1.4	8.8	10.2
23	Germany	1,813.6	3,394.5	5,208.0	1,885.9	3,556.2	5,442.1
24	Greece	243.8	302.3	546.1	237.9	341.7	579.7
25	Hong Kong, China	626.5	176.9	803.4	643.2	172.5	815.6
26	Hungary	33.4	176.1	209.5	35.1	190.1	225.2
27	India	61.1	234.8	295.9	65.0	240.9	305.9
28	Indonesia	31.3	168.8	200.1	35.1	123.6	158.7
29	Ireland	752.8	1,550.7	2,303.4	200.1	493.7	693.9
30	Israel	50.0	56.0	106.0	52.9	56.1	109.1
31	Italy	569.6	1,858.4	2,427.9	607.2	1,994.5	2,601.7
32	Japan	1,805.7	782.9	2,588.6	1,854.5	786.4	2,640.9

Annex I
Gross External Debt Position of QEDS Reporting Countries for
end-December 2010 and end-March 2011 (Concl.)

(US\$ billion)

Sr. No.	Countries	2010 Q4			2011 Q1		
		Short-term	Long-term	Total	Short-term	Long-term	Total
		1	2	3	4	5	6
33	Jordan	9.4	6.8	16.3	9.5	6.8	16.3
34	Kazakhstan	8.8	110.4	119.2	12.3	111.9	124.2
35	Korea	135.0	225.0	360.0	0.0	0.0	0.0
36	Kyrgyz Republic	0.2	3.8	4.0	0.0	0.0	0.0
37	Latvia	12.7	26.6	39.3	12.4	28.8	41.2
38	Lithuania	5.5	25.7	31.2	5.8	27.7	33.5
39	Luxembourg	1,087.3	867.5	1,954.7	1,162.9	913.7	2,076.5
40	Malaysia	35.1	47.1	82.2	0.0	0.0	0.0
41	Malta	31.7	11.8	43.5	30.5	13.6	44.0
42	Mexico	44.6	206.3	251.0	51.2	214.8	266.0
43	Moldova	1.6	3.2	4.8	1.6	3.3	4.9
44	Morocco	2.7	24.2	27.0	3.1	25.6	28.7
45	Netherlands	938.7	1,488.3	2,426.9	1,010.9	1,536.3	2,547.2
46	Norway	229.0	352.7	581.7	260.1	380.6	640.7
47	Peru	6.1	29.6	35.6	0.0	0.0	0.0
48	Poland	48.4	266.1	314.6	63.7	282.3	346.0
49	Portugal	227.1	302.8	529.8	227.9	324.3	552.2
50	Romania	17.6	105.4	123.0	19.3	114.9	134.3
51	Russian Federation	60.2	428.8	489.0	62.3	447.6	509.9
52	Slovak Republic	30.0	36.4	66.4	32.2	41.7	73.9
53	Slovenia	11.3	43.1	54.4	10.5	50.1	60.7
54	South Africa	21.7	77.3	99.0	20.7	82.4	103.1
55	Spain	743.5	1,571.4	2,314.9	725.5	1,730.9	2,456.4
56	Sweden	296.8	647.7	944.5	323.3	677.7	1,001.0
57	Switzerland	816.8	474.7	1,291.5	828.0	476.4	1,304.4
58	Thailand	43.0	54.0	96.9	48.2	56.5	104.7
59	Tunisia	5.0	17.0	22.0	4.8	18.0	22.8
60	Turkey	78.1	211.4	289.5	77.2	221.6	298.8
61	Ukraine	25.6	91.8	117.3	27.5	93.0	120.5
62	United States	5,156.8	9,299.3	14,456.2	5,379.0	9,446.4	14,825.3
63	Uruguay	0.1	12.8	13.0	0.1	13.1	13.3
64	EURO Area	0.0	1,933.1	1,933.1	0.0	2,056.2	2,056.2

Source: World Bank and IMF.