

*India's External Debt as at the end of March 2009**

The external debt data are compiled and released by the Reserve Bank/ Ministry of Finance, Government of India on a quarterly basis with a lag of one quarter. As per the standard practice, India's external debt statistics for the quarters ending March and June are compiled and 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 data on India's external debt for end-March 2009, which was released by the Reserve Bank on June 30, 2009, are presented in this article. A detailed account of external debt as compiled in the standard format as at end-March 2009 in rupee and US dollar terms and revised data for the earlier quarters are set out in Statement 1 and 2, respectively.

Major Highlights of External Debt

- (i) India's external debt, as at end-March 2009, was placed at US \$ 229.9 billion (22.0 per cent of GDP) recording an increase of US \$ 5.3 billion or 2.4 per cent over the level of the previous year, mainly due to the increase in trade credits.
- (ii) As per international comparison of external debt of the twenty most indebted countries, India was the fifth most indebted country in 2007.
- (iii) By way of composition of external debt, the share of commercial borrowings was the highest at 27.3 per cent as at end-March 2009, followed by short-term debt (21.5 per cent), NRI deposits (18.1 per cent) and multilateral debt (17.2 per cent).
- (iv) The debt service ratio has declined steadily over the years, and stood at 4.6 per cent as at end-March 2009.

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

- (v) Excluding the valuation effects due to appreciation of US dollar against other major currencies and Indian rupee, the stock of external debt would have increased by US\$ 18.7 billion as compared with the stock as at end-March 2008.
- (vi) The share of short-term debt in total debt increased to 21.5 per cent at end-March 2009 from 20.9 per cent at end-March 2008, primarily on account of rise in short-term trade credits.
- (vii) Based on residual maturity, the short-term debt accounted for 40.6 per cent of the total external debt at end-March 2009.
- (viii) The ratio of short-term debt to foreign exchange reserves at 19.6 per cent in March 2009 was higher as compared with 15.2 per cent in March 2008.
- (ix) The US dollar continues to remain the dominant currency accounting for 57.1 per cent of the total external debt stock as at end-March 2009.
- (x) India's foreign exchange reserves provided a cover of 109.6 per cent to the external debt stock at the end of March 2009 as compared with 137.9 per cent as at end-March 2008.

1. India's External Debt as at end-March 2009

India's external debt, as at end-March 2009 was placed at US \$ 229.9 billion (22.0 per cent of GDP), recording an increase of US \$ 5.3 billion or 2.4 per cent over the end-March 2008 level, mainly due to the increase in trade credits (Table 1 and Chart 1).

2. Valuation Changes

The valuation effect reflecting the appreciation of the US dollar against other major international currencies and Indian rupee resulted in a decline in India's external debt by US \$ 13.4 billion. This implies that excluding the valuation effects, the stock of external

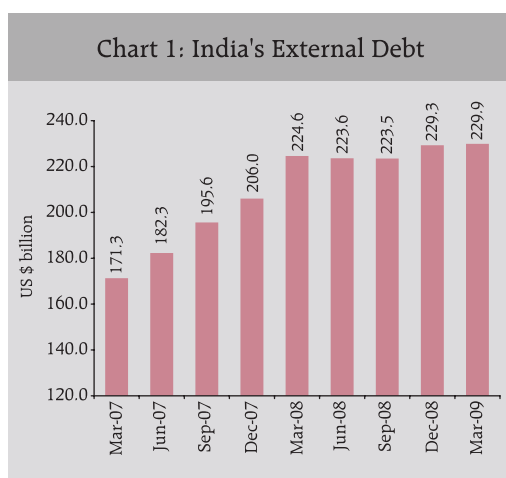
Table 1: External Debt Outstanding

(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	6
March 2007	171.3	33.2	24.0	10.9	6.8
June 2007	182.3	37.3	25.7	11.0	6.4
September 2007	195.6	45.0	29.9	13.3	7.3
December 2007	206.0	45.6	28.4	10.4	5.3
March 2008	224.6	53.3	31.1	18.6	9.0
June 2008	223.6	41.3	22.6	-1.0	-0.5
September 2008	223.5	27.9	14.3	-	-
December 2008	229.3	23.3	11.3	5.7	2.6
March 2009 P	229.9	5.3	2.4	0.6	0.3

P: Provisional.

- : Nil.

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



debt as at end-March 2009 would have increased by US \$ 18.7 billion over the level at end-March 2008.

3. Components of External Debt

- (i) By way of composition of external debt, the share of commercial borrowings was the highest at 27.3 per cent as at end-March 2009 followed by short-term debt (21.5 per cent), NRI deposits (18.1 per cent) and multilateral debt (17.2 per cent) (Table 2).
- (ii) The long-term debt at US\$ 180.5 billion and short-term debt at US\$ 49.4 billion accounted for 78.5 per cent and 21.5 per cent, respectively, of the total external debt as at end-March 2009.
- (iii) The rise in external debt stock was mainly due to the increase in trade

Table 2: External Debt by Component

Item	(US \$ billion)							
	End- March							
	1991	1998	2004	2005	2006	2007	2008	2009 P
1	2	3	4	5	6	7	8	9
1. Multilateral	20,900 (24.9)	29,553 (31.6)	29,297 (26.2)	31,744 (23.9)	32,620 (23.6)	35,337 (20.6)	39,490 (17.6)	39,566 (17.2)
2. Bilateral	14,168 (16.9)	16,969 (18.1)	17,277 (15.5)	17,034 (12.8)	15,761 (11.4)	16,065 (9.4)	19,701 (8.8)	20,587 (9.0)
3. IMF	2,623 (3.1)	664 (0.7)	-	-	-	-	-	-
4. Trade Credit	4,301 (5.1)	6,526 (7.0)	4,697 (4.2)	5,022 (3.8)	5,420 (3.9)	7,165 (4.2)	10,358 (4.6)	14,604 (6.4)
5. ECBs	10,209 (12.2)	16,986 (18.2)	22,007 (19.7)	26,405 (19.9)	26,452 (19.1)	41,443 (24.2)	62,337 (27.8)	62,676 (27.3)
6. NRI Deposits	10,209 (12.2)	11,913 (12.7)	31,216 (28.0)	32,743 (24.6)	36,282 (26.3)	41,240 (24.1)	43,672 (19.4)	41,554 (18.1)
7. Rupee Debt	12,847 (15.3)	5,874 (6.3)	2,720 (2.4)	2,302 (1.7)	2,059 (1.5)	1,951 (1.1)	2,016 (0.9)	1,527 (0.7)
8. Long-term Debt (1 to 7)	75,257 (89.8)	88,485 (94.6)	1,07,214 (96.0)	1,15,250 (86.7)	1,18,594 (85.9)	1,43,201 (83.6)	1,77,574 (79.1)	1,80,514 (78.5)
9. Short-term Debt	8,544 (10.2)	5,046 (5.4)	4,431 (4.0)	17,723 (13.3)	19,539 (14.1)	28,130 (16.4)	46,999 (20.9)	49,373 (21.5)
Total (8+9)	83,801 (100.0)	93,531 (100.0)	1,11,645 (100.0)	1,32,973 (100.0)	1,38,133 (100.0)	1,71,331 (100.0)	2,24,573 (100.0)	2,29,887 (100.0)

P : Provisional. - : Nil.

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.

Table 3: Variation in Components of External Debt

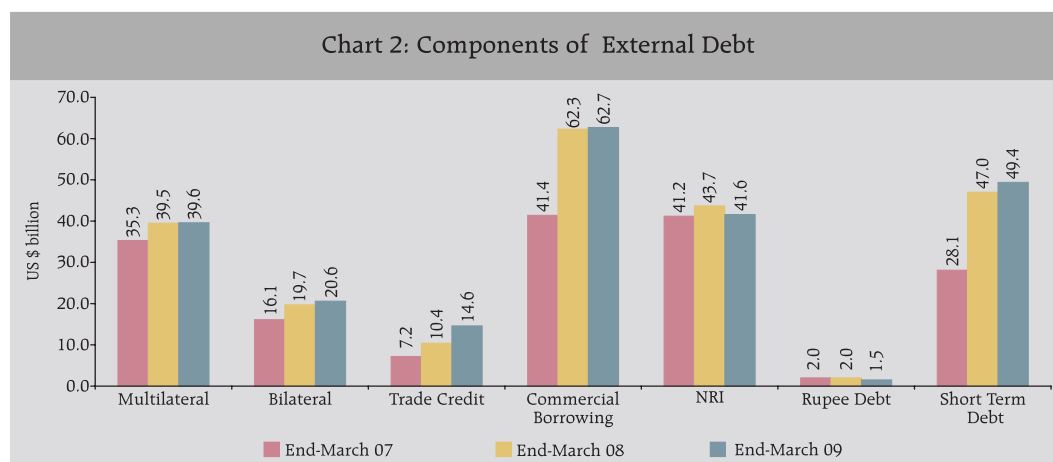
Item	External debt outstanding at the end-of (US\$ million)			Absolute variation (US\$ million)		Percentage variation (Per cent)	
	Mar 07	Mar 08	Mar 09 P	Mar 07 to Mar 08	Mar 08 to Mar 09	Mar 07 to Mar 08	Mar 08 to Mar 09
1	2	3	4	5	6	7	8
1. Multilateral	35,337	39,490	39,566	4,153	76	11.8	0.2
2. Bilateral	16,065	19,701	20,587	3,636	886	22.6	4.5
3. IMF	-	-	-	-	-	-	-
4. Trade Credit	7,165	10,358	14,604	3,193	4,246	44.6	41.0
5. Commercial Borrowings	41,443	62,337	62,676	20,894	339	50.4	0.5
6. NRI Deposits	41,240	43,672	41,554	2,432	-2,118	5.9	-4.8
7. Rupee Debt	1,951	2,016	1,527	65	-489	3.3	-24.3
8. Short-Term Debt	28,130	46,999	49,373	18,869	2,374	67.1	5.1
<i>Of which:</i>							
(i) Short-Term Trade Credit	25,979	43,162	45,975	17,183	2,813	66.1	6.5
Total Debt (1 to 8)	171,331	224,573	229,887	53,242	5,314	31.1	2.4
<i>Memo Items</i>							
A. Long-Term Debt (1 to 7)	143,201	177,574	180,514	34,373	2,940	24.0	1.7
B. Short-Term Debt	28,130	46,999	49,373	18,869	2,374	67.1	5.1

P : Provisional. - : Nil.

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

- credits which rose by US\$ 4.2 billion over its level at end-March 2008.
- (iv) The short-term debt increased by US\$ 2.4 billion as at end-March 2009 mainly on account of rise in short-term trade credit (Table 3 and Chart 2).
- (v) Outstanding NRI deposits at US\$ 41.6 billion as at end-March 2009 declined by US\$ 2.1 billion over the level at end-March 2008, mainly due to valuation effects as there were positive inflows under NRI deposits during 2008-09.

Chart 2: Components of External Debt



(vi) The level of approvals of ECBs during 2008-09 (April-March) was significantly lower at US\$ 18.4 billion as compared with US\$ 31.0 billion during 2007-08. As a result, gross disbursements for 2008-09 were lower at US \$ 13.4 billion than that of US\$ 28.8 billion during the previous year (Table 4).

4. Currency Composition

(i) The currency composition of India's external debt is generally disseminated in terms of major foreign currencies

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

(ii) The US dollar continues to be the dominant currency accounting for 57.1 per cent of the total external debt stock as at end-March 2009, followed by the Japanese yen (14.2 per cent), Indian rupee (13.2 per cent) and SDR (9.2 per cent) (Table 5 and Chart 3). The share of Euro has been at around 4 per cent in recent years.

Table 4: External Commercial Borrowings

(US \$ million)						
Year	Approvals#	Gross Disbursement*	Amortisation*	Interest*	Total Servicing	ECB Debt Outstanding
1	2	3	4	5	6 (4+5)	7
1990-91	1,903	4,252	2,004	1,410	3,414	10,209
1991-92	2,127	3,133	1,677	1,153	2,830	11,715
1992-93	2,200	1,167	1,525	1,182	2,707	11,643
1993-94	2,585	2,913	1,978	1,254	3,232	12,363
1994-95	4,469	4,152	2,812	1,478	4,290	12,991
1995-96	6,286	4,252	3,868	1,380	5,248	13,873
1996-97	8,581	7,571	4,605	1,354	5,959	14,335
1997-98	8,712	7,371	3,550	1,384	4,934	16,986
1998-99	5,200	7,226	3,477	1,593	5,070	20,978
1999-00	3,398	3,187	4,147	1,653	5,800	19,943
2000-01	2,837	9,621	5,378	1,695	7,073	24,408
2001-02	2,653	2,684	4,107	1,456	5,563	23,320
2002-03	4,235	3,505	5,019	1,167	6,186	22,472
2003-04	6,671	5,225	8,045	2,119	10,164	22,007
2004-05	11,490	9,084	3,571	959	4,530	26,405
2005-06	17,175	14,343	11,584	3,015	14,599	26,452
2006-07	24,492	20,257	3,814	2,583	6,397	41,657
2007-08 PR	30,954	28,784	6,119	3,652	9,771	62,337
2008-09 QE	18,364	13,377	6,439	3,962	10,401	62,676

PR : Partially Revised; QE: Quick Estimates.

* : 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 1998-99 and 2000-01 include RIBs (US\$ 4.2 billion) and IMDs (US \$ 5.5 billion), respectively. 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

(Percentage share in total external debt)

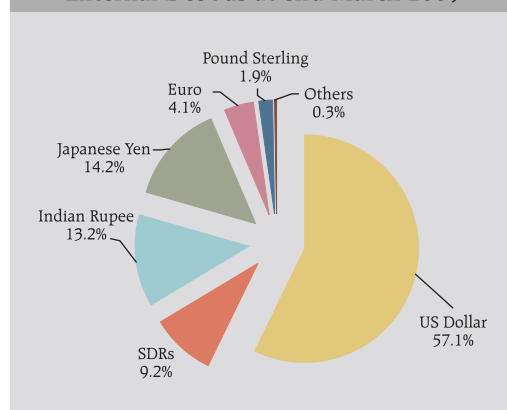
Currency	As at end- March					
	2004	2005	2006	2007	2008	2009 P
1	2	3	4	5	6	7
US Dollar	40.5	48.0	49.2	51.4	54.4	57.1
SDR	15.5	14.2	13.7	11.9	10.0	9.2
Indian Rupee	22.7	19.6	18.9	18.6	17.5	13.2
Japanese Yen	11.6	10.5	10.9	11.5	12.0	14.2
Euro	5.8	4.6	4.4	3.9	3.6	4.1
Pound Sterling	3.4	2.6	2.6	2.4	2.2	1.9
Others	0.5	0.5	0.3	0.3	0.3	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

P : Provisional

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

5. Instrument-wise Classification of External Debt

- (i) The instrument-wise classification of India's external debt as at end-March 2009 reveals that 'loans' accounted for 51.8 per cent of total debt outstanding as compared with 49.5 per cent as at end-March 2008 (Table 6).
- (ii) The group 'currency and deposits' and 'trade credits' together accounted for 50.6 per cent of the total non-

Chart 3: Currency Composition of India's External Debt as at end-March 2009**Table 6: Instrument-wise Classification of External Debt**

(US\$ million)

Sr. No.	Borrower	End-March 2008	End-March 2009
1	2	3	4
A.	Government (1+2)	56,947	54,856
1.	Short-Term	615	939
	(i) Money Market Instruments	615	939
2.	Long-term {(i) + (ii) + (iii)}	56,332	53,917
	(i) Bonds and Notes	2,300	963
	(ii) Loans	52,740	51,680
	(iii) Trade Credits	1,292	1,274
B.	Monetary Authority	1,115	764
1.	Short-term	1,115	764
	(i) Currency and Deposits	1,115	764
C.	Non-Government (1+2)	1,66,511	1,74,267
1.	Short-Term {(i) + (ii)}	45,269	47,670
	(i) Money Market Instruments	2,107	1,695
	(ii) Trade Credits	43,162	45,975
2.	Long-term {(i) + (ii) + (iii) + (iv)}	1,21,242	1,26,597
	(i) Bonds and Notes	18,302	17,018
	(ii) Loans	58,484	67,310
	(iii) Currency and Deposits	43,672	41,554
	(iv) Trade Credits	784	715
	Total External Debt (A+B+C)	2,24,573	2,29,887

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

Government debt as at end-March 2009 as against 52.6 per cent as at end-March 2008.

6. Short-term Debt

- (i) The short-term debt has become an important component for measuring liquidity and refinancing risks. In recent years, efforts have been made to expand the coverage of short-term external debt. The data on short-term debt now includes suppliers' credit up to 180 days and above 180 days, FII investments in
- (ii) Short-term debt by original maturity has increased over the period mainly because of the increase in trade related credits due to growing imports. The share of trade related credits in total short-term debt increased from 91.8 per cent as at end-March 2008 to 93.1 per cent as at end-March 2009 (Table 7).

Government debt, investment by foreign central banks and international institutions in Treasury Bills and external liabilities of central bank and commercial banks.

Table 7: Short-Term Debt by Original Maturity

Components	(US \$ million)						
	End-March						
	1991	2001	2005	2006	2007	2008	2009
1	2	3	4	5	6	7	8
A. Short-Term Debt	8,544	3,628	17,723	19,539	28,130	46,999	49,373
a) NRI Deposits (up to 1 year maturity) @	3,577	957	–	–	–	–	–
b) FC (B&O) Deposits (up to 1 year maturity)	167	–	–	–	–	–	–
c) Trade Related Credits #	4,800	2,671	16,271	19,399	25,979	43,162	45,975
(i) Above 6 months and upto 1 year	2,267	2,671	7,529	8,696	11,971	22,884	23,346
(ii) Upto 6 months	2,533	–	8,742	10,703	14,008	20,278	22,629
d) FII Investments in Government Treasury Bills & other instruments	–	–	1,452	140	397	651	2,065
e) Investment in Treasury Bills by foreign central banks and international institutions etc.	–	–	–	–	164	155	105
f) External Debt Liabilities of:	–	–	–	–	1,590	3,031	1,228
(i) Central Bank	–	–	–	–	501	1,115	764
(ii) Commercial Banks	–	–	–	–	1,089	1,916	464
B. Imports (during the year)*	27,915	57,912	1,18,908	1,57,056	1,90,670	2,57,789	2,94,587
C. Trade Credits to Imports (%)	17.2	4.6	13.7	12.4	13.6	16.7	15.6

@ : 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 Credits 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.

7. External Debt by Residual Maturity

- (i) 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 account of debt service payments in the immediate future.
- (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 long-term debt by

residual maturity. Based on residual maturity, the short-term debt accounted for 40.6 per cent of total external debt as at end-March 2009. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 37.0 per cent at end-March 2009 (Table 8).

8. Government and Non-Government External Debt

- (i) Government (Sovereign) external debt stood at US\$ 54.9 billion as at end-March 2009 while non-Government debt amounted to US\$ 175.0 billion.
- (ii) The share of non-Government debt in total external debt has increased steadily since March 2003. This trend continued during 2008-09 as the share

Table 8: Residual Maturity of External Debt (Outstanding as at End-March 2009)

(US\$ million)					
Components	Short-term	Long-term			Total (2) to (5)
	Up to one year	1 to 2 years	2 to 3 years	More than 3 years	
1	2	3	4	5	6
1. Sovereign Debt (long-term)	2,603	2,924	3,015	45,376	53,917
2. External Commercial Borrowings (including trade credit)	9,189	10,839	14,521	50,494	85,043
3. NRI deposits {(i) + (ii) + (iii)}	32,108	4,465	3,757	1,224	41,554
(i) FCNR(B)	9,944	2,085	1,075	107	13,211
(ii) NR(E)RA	18,649	2,015	2,041	865	23,570
(iii) NRO	3,516	365	641	252	4,773
4. Short-term Debt* (Original maturity)	49,373	–	–	–	49,373
Total (1 to 4)	93,273	18,228	21,293	97,093	229,887
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total debt)	40.6				
Short-term debt (Residual maturity as per cent of Reserves)	37.0				
* Also includes short-term component of sovereign debt amounting to US\$ 939 million.					
Note : Residual Maturity of NRI Deposits is estimated on the basis of the Survey conducted by the Reserve Bank on NRI deposits outstanding as on March 31, 2009.					
Source : Ministry of Finance, Government of India and Reserve Bank of India.					

Table 9: Government and Non-Government External Debt

		(US\$ million)						
Sr. No.	Components	End- March						
		2003	2004	2005	2006	2007	2008	2009
1	2	3	4	5	6	7	8	9
A.	Sovereign Debt (I+II)	43,612	44,674	46,668	45,346	48,330	56,947	54,856
	(As a percentage of GDP)	8.4	7.2	6.5	5.6	5.1	4.8	5.3
	I. External Debt on Government Account under External Assistance	41,216	41,142	43,686	43,510	46,155	52,538	51,816
	II. Other Government External Debt @	2,396	3,532	2,982	1,768	2,175	4,409	3,040
B.	Non-Government Debt #	61,302	66,971	86,305	92,787	1,23,001	1,67,626	1,75,031
	(As a percentage of GDP)	11.9	10.6	12.0	11.5	13.0	14.2	16.8
C.	Total External Debt (A+B)	1,04,914	1,11,645	1,32,973	1,38,133	1,71,331	2,24,573	2,29,887
	(As a percentage of GDP)	20.3	17.8	18.5	17.2	18.1	19.0	22.0

@ : Other Government external debt includes defence debt, investment in Treasury Bills/ Government securities by FIIs, foreign central banks and international institutions.

: Includes external debt of Monetary Authority.

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

of non-Government debt in total external debt increased further to 76.1 per cent as at end-March 2009 as against 74.6 per cent as at end-March 2008 (Table 9 and Chart 4).

9. Debt Service Payments

(i) India's external debt service payments amounted to US\$ 15.4 billion during

2008-09 (April-March) as compared with US\$14.9 billion during 2007-08 (April-March) (Table 10).

(ii) India's debt service ratio has improved progressively over the years owing to the combined effect of moderation in debt service payments and growth in external current receipts. The debt service ratio had declined from a peak

Chart 4: Share of Government and Non-Government External Debt

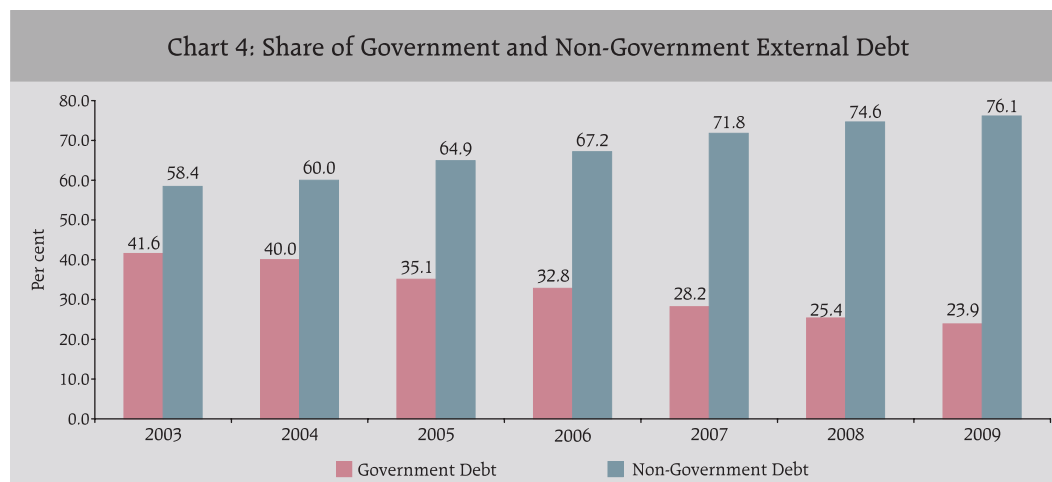


Table 10: India's External Debt Service Payments

(US\$ million)									
Sr. No.	Item	1990-91	2000-01	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1	2	3	4	5	6	7	8	9	10
1	External Assistance	2,315	3,444	6,983	2,855	2,652	2,942	3,241	3,381
	Repayment	1,187	2,338	6,193	2,129	1,945	1,960	2,099	2,372
	Interest	1,128	1,106	790	726	707	982	1,142	1,009
2	External Commercial Borrowings	3,414	7,073	10,164	4,530	14,839	6,331	9,771	10,401
	Repayment	2,004	5,378	8,045	3,571	11,824	3,814	6,119	6,439
	Interest	1,410	1,695	2,119	959	3,015	2,517	3,652	3,962
3	I.M.F.	778	26	–	–	–	–	–	–
	Repayment	644	26	–	–	–	–	–	–
	Interest	134	–	–	–	–	–	–	–
4	NRI Deposits								
	Interest	1,282	1,661	1,642	1,353	1,497	1,969	1,813	1,547
5	Rupee Debt Service								
	Repayments	1,193	617	376	417	572	162	121	101
6	Total Debt Service								
	(1 to 5)	8,982	12,821	19,165	9,155	19,560	11,404	14,946	15,430
	Repayment	5,028	8,359	14,614	6,117	14,341	5,936	8,339	8,912
	Interest	3,954	4,462	4,551	3,038	5,219	5,468	6,607	6,518
7	Current Receipts #	25,479	77,467	1,19,239	1,54,123	1,94,170	2,42,811	3,14,014	3,37,095
	Debt Service Ratio (6/7) (%)	35.3	16.6	16.1	5.9	10.1	4.7	4.8	4.6

: Current Receipts minus Official Transfers. – : Nil.

Note: Debt service ratio is defined as total repayments of principal and interest on debt as a ratio of current receipts.

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

of 35.3 per cent in 1990-91 to 5.9 per cent in 2004-05 but increased to 10.1 per cent during 2005-06 due to repayments relating to the India Millennium Deposits. The debt service ratio declined to 4.6 per cent during 2008-09.

(iii) Servicing of External Commercial Borrowings (including principal and interest payments) accounted for 67.4 per cent of the total debt service during 2008-09.

(iv) At end-March 2009, the projected debt service payments for External Commercial Borrowings and Foreign Currency Convertible Bonds revealed that the principal repayments between 2011-12 and 2012-13 would be higher (Table

11). Despite consolidation of high cost loans and lower interest rates on the

Table 11: Projected Debt Service Payments for ECBs and FCCBs

(US\$ million)			
Year	Principal	Interest	Total
1	2	3	4
2009-10	8,633	2,057	10,690
2010-11	10,239	1,996	12,235
2011-12	13,877	2,367	16,244
2012-13	15,823	2,141	17,964
2013-14	10,256	961	11,217
2014-15	5,608	627	6,235
2015-16	3,786	465	4,251
2016-17	3,602	331	3,933
2017-18	2,285	212	2,497
2018-19	1,655	135	1,790

ECBs: External Commercial Borrowings.

FCCBs: Foreign Currency Convertible Bonds.

Note: Projections on debt servicing are based on the end-March 2009 debt outstanding position. The projections exclude NRI deposits and FII investment in government debt securities.

current borrowings, interest payments would also increase during these years due to higher disbursement. 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 sustainability of external debt is generally undertaken based on the trends in certain key ratios such as debt to GDP ratio, debt service ratio, short-term debt to total debt and total debt to foreign exchange reserves.
- (ii) The ratio of external debt to GDP increased to 22.0 per cent as at end-March 2009 from 19.0 per cent as at end-March 2008.
- (iii) The debt service ratio has declined steadily over the years, and stood at 4.6 per cent as at end-March 2009.
- (iv) India's foreign exchange reserves provided a cover of 109.6 per cent to

India has managed its external debt successfully as reflected in the perceptible improvement in various external debt sustainability indicators (Table 12).

Table 12: India's Key External Debt Indicators

Year	External Debt (US \$ billion)	Ratio of External Debt to GDP (per cent)	Debt Service Ratio (per cent)	Ratio of Foreign Exchange Reserves to Total Debt (per cent)	Ratio of Concessional Debt to Total Debt (per cent)	Ratio of Short-Term Debt to Foreign Exchange Reserves (per cent)	Ratio of Short-Term Debt to Total Debt (per cent)
1	2	3	4	5	6	7	8
1990-91	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1991-92	85.3	38.7	30.2	10.8	44.8	76.7	8.3
1992-93	90.0	37.5	27.5	10.9	44.5	64.5	7.0
1993-94	92.7	33.8	25.4	20.8	44.4	18.8	3.9
1994-95	99.0	30.8	25.9	25.4	45.3	16.9	4.3
1995-96	93.7	27.0	26.2	23.1	44.7	23.2	5.4
1996-97	93.5	24.6	23.0	28.3	42.2	25.5	7.2
1997-98	93.5	24.3	19.5	31.4	39.5	17.2	5.4
1998-99	96.9	23.6	18.7	33.5	38.5	13.2	4.4
1999-00	98.3	22.0	17.1	38.7	38.9	10.3	4.0
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	111.6	17.8	16.1**	101.2	36.1	3.9	4.0
2004-05	133.0	18.5	5.9 [^]	106.4	30.9	12.5	13.3
2005-06	138.1	17.2	10.1 [#]	109.8	28.6	12.9	14.1
2006-07	171.3	18.1	4.7	116.2	23.1	14.1	16.4
2007-08	224.6	19.0	4.8	137.9	19.7	15.2	20.9
2008-09P	229.9	22.0	4.6	109.6	18.2	19.6	21.5

P: Provisional.

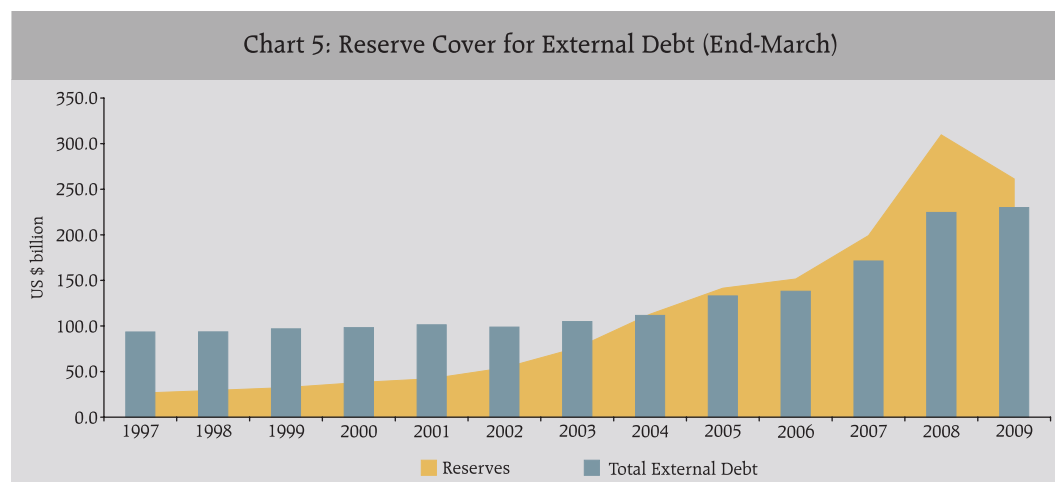
* Works out to 12.4 per cent, with the exclusion of prepayment of external debt of US \$ 3,430 million.

** Works out to 8.2 per cent with the exclusion of pre payment 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 pre payment 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 pre payment of external debt of US \$ 23.5 million.

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



the external debt stock at the end of March 2009 as compared with 137.9 per cent as at end-March 2008 (Chart 5).

- (v) The share of concessional debt in total external debt declined to 18.2 per cent as at end-March 2009 from 19.7 per cent at end-March 2008, reflecting the continuing increase in non-concessional private debt in India's external debt.
- (vi) The ratio of short-term debt to foreign exchange reserves at 19.6 per cent as at end-March 2009 was higher than that of 15.2 per cent in the previous year.
- (vii) The share of short-term debt in total debt increased to 21.5 per cent at end-March 2009 from 20.9 per cent at end-March 2008.

11. Cross Country Comparison

- (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 revealed that India was the

fifth most indebted country in 2007 as compared with third position in 1990 (Table 13).

- (ii) The element of concessionality in India's external debt portfolio was the third highest after Indonesia and Philippines.
- (iii) India's debt service ratio was third lowest with China and Malaysia having first and second lowest debt service ratio, respectively.
- (iv) In terms of ratio of external debt to Gross National Income (GNI), India's position was sixth lowest, with China having the lowest ratio of external debt to GNI.
- (v) India's position with respect to short-term debt to total external debt was eighth lowest with Mexico 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, Malaysia and Thailand had higher reserves to debt ratio than India.

Table 13: International Comparison of Top Twenty Debtor Countries, 2007

	External debt stocks, total (US \$ million)	Concessional debt/Total debt (EDT) (per cent)	Debt service ratio (per cent)	External Debt to GNI (per cent)	Short-term debt/Total debt (EDT) (per cent)	Forex Reserves to Total Debt (per cent)
1	2	3	4	5	6	7
China	373.6	10.1	2.2	11.6	54.5	413.9
Russian Federation	370.2	0.4	9.1	29.4	21.4	129.1
Turkey	251.5	2.1	32.1	38.8	16.6	30.4
Brazil	237.5	1.0	27.8	18.7	16.5	75.9
India	224.6	19.7	4.8	19.0	20.9	137.9
Poland	195.4	0.4	25.6	47.7	30.9	33.6
Mexico	178.1	0.6	12.5	17.7	5.1	49.0
Indonesia	140.8	26.2	10.5	33.9	24.8	40.4
Argentina	127.8	1.3	13.0	49.7	29.8	36.1
Kazakhstan	96.1	1.0	49.6	103.7	12.2	18.4
Romania	85.4	1.6	19.1	51.5	35.7	46.8
Ukraine	73.6	2.2	16.9	52.9	31.1	44.1
Philippines	65.8	20.0	13.7	41.9	10.8	51.2
Thailand	63.1	9.6	8.1	26.5	34.3	138.7
Chile	58.6	0.4	14.2	40.3	22.7	28.7
Malaysia	53.7	6.1	4.6	29.4	28.4	189.9
Croatia	48.6	2.1	33.0	97.7	10.5	28.1
Colombia	45.0	2.1	22.0	22.5	11.9	46.6
South Africa	43.4	–	5.9	15.8	38.2	75.9
Venezuela, RB	43.1	0.5	7.4	18.7	27.1	78.2

Source: Data for India as published by national authorities for 2007-08 and those for other countries as at end-December 2007 as available in World Bank's Global Development Finance Online Database.

(vii) The Quarterly External Debt Statistics (QEDS) database, 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 reporting countries for the third and fourth quarters of the calendar year 2008, which has been published by the World Bank (<http://go.worldbank.org/6V603CE490>) is given at Annex I.

Statement 1 : India's External Debt Outstanding					
(Rs. crore)					
Item	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
1	2	3	4	5	6
I. Multilateral	157,901	170,269	182,594	193,297	201,565
A. Government borrowing	144,627	155,456	165,771	175,056	181,997
i) Concessional	107,395	114,576	120,061	123,851	127,771
a) IDA	105,947	113,042	118,450	122,245	126,127
b) Others #	1,448	1,534	1,611	1,606	1,644
ii) Non-concessional	37,232	40,880	45,710	51,205	54,226
a) IBRD	22,630	24,549	26,820	28,583	29,948
b) Others ##	14,601	16,332	18,890	22,622	24,278
B. Non-Government borrowing	13,274	14,813	16,823	18,240	19,568
i) Concessional	–	–	–	–	–
ii) Non-concessional	13,274	14,813	16,823	18,240	19,568
a) Public sector	10,352	11,449	12,693	13,855	14,299
IBRD	4,690	5,390	5,993	6,773	7,106
Others ##	5,662	6,060	6,699	7,082	7,193
b) Financial institutions	2,350	2,781	3,130	3,335	3,721
IBRD	593	647	700	729	744
Others ##	1,757	2,133	2,430	2,607	2,977
c) Private sector	572	583	1,000	1,050	1,548
IBRD	–	–	–	–	–
Others	572	583	1,000	1,050	1,548
II. Bilateral	78,776	80,422	88,222	103,378	104,882
A. Government borrowing	59,391	59,413	64,903	75,687	74,662
i) Concessional	59,391	59,413	64,903	75,687	74,662
ii) Non-concessional	–	–	–	–	–
B. Non-Government borrowing	19,385	21,009	23,319	27,691	30,220
i) Concessional	1,737	1,852	1,897	1,951	3,262
a) Public sector	1,226	1,262	1,293	1,289	1,156
b) Financial institutions	511	590	604	662	2,106
c) Private sector	–	–	–	–	–
ii) Non-concessional	17,648	19,157	21,422	25,740	26,958
a) Public sector	10,097	11,135	12,285	14,580	14,900
b) Financial institutions	3,735	3,820	3,930	4,238	4,281
c) Private sector	3,816	4,202	5,207	6,922	7,777
III. International Monetary Fund	–	–	–	–	–
IV. Trade Credit	41,413	47,373	56,869	67,030	74,400
a) Buyers' credit	33,115	38,965	47,811	56,916	64,265
b) Suppliers' credit	3,134	3,242	3,414	3,532	3,643
c) Export credit component of bilateral credit	5,164	5,166	5,644	6,581	6,492
d) Export credit for defence purposes	–	–	–	–	–

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

(Rs. crore)

Item	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
1	2	3	4	5	6
V. Commercial Borrowing	249,255	262,243	284,958	318,039	319,302
a) Commercial bank loans	160,844	171,992	184,478	213,356	220,641
b) Securitized borrowings \$ (including FCCBs)	82,376	83,959	93,848	97,865	91,603
c) Loans/securitized borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	6,035	6,292	6,633	6,819	7,058
d) Self Liquidating Loans	–	–	–	–	–
VI. NRI Deposits (above one-year maturity)	174,623	183,019	190,660	195,254	210,118
a) NR(E)RA	106,824	109,888	112,081	112,542	119,181
b) FCNR(B)	56,651	60,134	63,381	62,681	66,803
c) NRO Deposits	11,148	12,997	15,198	20,031	24,134
VII. Rupee Debt *	8,063	8,015	8,011	8,006	7,779
a) Defence	7,170	7,148	7,146	7,141	6,954
b) Civilian +	893	867	865	865	825
VIII. Short-term Debt	187,924	208,820	237,846	225,927	251,529
a) Trade Related credits	172,583	195,676	220,158	207,944	234,219
1) Above 180 days	91,502	104,631	122,988	119,015	118,936
2) Upto 180 days	81,081	91,045	97,170	88,929	115,283
b) FII investment in Government Treasury Bills and other instruments	2,603	2,905	7,922	10,812	10,522
c) Investment in Treasury Bills by foreign central banks and international Institutions etc.	620	641	582	529	534
d) External Debt Liabilities of :	12,118	9,598	9,184	6,642	6,254
1) Central Bank	4,458	4,188	4,108	3,752	3,892
2) Commercial Banks	7,660	5,410	5,076	2,890	2,362
IX. Gross Total	897,955	960,161	1,049,160	1,110,931	1,169,575
<i>Memo Items</i>					
A. Total Long-term Debt	710,031	751,341	811,314	885,004	918,046
B. Short-term Debt	187,924	208,820	237,846	225,927	251,529
<i>Concessional Debt</i>	176,586	183,856	194,872	209,495	213,474
As % of Total Debt	19.7	19.1	18.6	18.9	18.3
<i>Short Term Debt</i>	187,924	208,820	237,846	225,927	251,529
As % of Total Debt	20.9	21.7	22.7	20.3	21.5

P : Provisional. – : Nil.

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-08	Jun-08	Sep-08	Dec-08	Mar-09
1	2	3	4	5	6
I. Multilateral	39,490	39,644	38,903	39,892	39,566
A. Government borrowing	36,171	36,194	35,319	36,128	35,725
i) Concessional	26,859	26,676	25,580	25,560	25,081
a) IDA	26,497	26,319	25,237	25,229	24,758
b) Others #	362	357	343	331	323
ii) Non-concessional	9,312	9,518	9,739	10,568	10,644
a) IBRD	5,660	5,716	5,714	5,899	5,878
b) Others ##	3,652	3,802	4,025	4,669	4,766
B. Non-Government borrowing	3,319	3,450	3,584	3,764	3,841
i) Concessional	–	–	–	–	–
ii) Non-concessional	3,319	3,450	3,584	3,764	3,841
a) Public sector	2,589	2,666	2,704	2,859	2,807
IBRD	1,173	1,255	1,277	1,398	1,395
Others ##	1,416	1,411	1,427	1,461	1,412
b) Financial institutions	587	648	667	688	730
IBRD	148	151	149	150	146
Others ##	439	497	518	538	584
c) Private sector	143	136	213	217	304
IBRD	–	–	–	–	–
Others	143	136	213	217	304
II. Bilateral	19,701	18,724	18,795	21,336	20,587
A. Government borrowing	14,853	13,833	13,828	15,620	14,655
i) Concessional	14,853	13,833	13,828	15,620	14,655
ii) Non-concessional	–	–	–	–	–
B. Non-Government borrowing	4,848	4,891	4,967	5,716	5,932
i) Concessional	435	431	404	403	640
a) Public sector	307	294	275	266	227
b) Financial institutions	128	137	129	137	413
c) Private sector	–	–	–	–	–
ii) Non-concessional	4,413	4,460	4,563	5,313	5,292
a) Public sector	2,525	2,593	2,617	3,009	2,925
b) Financial institutions	934	889	837	875	840
c) Private sector	954	978	1,109	1,429	1,527
III. International Monetary Fund	–	–	–	–	–
IV. Trade Credit	10,358	11,030	12,116	13,833	14,604
a) Buyers' credit	8,282	9,072	10,187	11,746	12,615
b) Suppliers' credit	784	755	727	729	715
c) Export credit component of bilateral credit	–	–	–	–	–
of bilateral credit	1,292	1,203	1,202	1,358	1,274
d) Export credit for defence purposes	–	–	–	–	–

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

(US \$ million)

Item	Mar-08	Jun-08	Sep- 08	Dec-08	Mar-09
1	2	3	4	5	6
V. Commercial Borrowing	62,337	61,058	60,713	65,636	62,676
a) Commercial bank loans	40,226	40,045	39,305	44,032	43,310
b) Securitized borrowings \$ (including FCCBs)	20,602	19,548	19,995	20,197	17,981
c) Loans/securitized borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	1,509	1,465	1,413	1,407	1,385
d) Self Liquidating Loans	–	–	–	–	–
VI. NRI Deposits (above one-year maturity)	43,672	42,612	40,622	40,296	41,554
a) NR(E)RA	26,716	25,585	23,880	23,226	23,570
b) FCNR(B)	14,168	14,001	13,504	12,936	13,211
c) NRO Deposits	2,788	3,026	3,238	4,134	4,773
VII. Rupee Debt *	2,016	1,866	1,707	1,653	1,527
a) Defence	1,793	1,664	1,523	1,474	1,365
b) Civilian +	223	202	184	179	162
VIII. Short-term Debt	46,999	48,619	50,675	46,625	49,373
a) Trade Related credits	43,162	45,559	46,907	42,915	45,975
1) Above 180 days	22,884	24,361	26,204	24,562	23,346
2) Upto 180 days	20,278	21,198	20,703	18,353	22,629
b) FII investment in Government Treasury Bills and other instruments	651	676	1,688	2,231	2,065
c) Investment in Treasury Bills by foreign central banks and international Institutions etc.	155	149	124	109	105
d) External Debt Liabilities of :	3,031	2,235	1,956	1,370	1,228
1) Central Bank	1,115	975	875	774	764
2) Commercial Banks	1,916	1,260	1,081	596	464
IX. Gross Total	224,573	223,553	223,531	229,271	229,887
<i>Memo Items</i>					
A. Total Long-term Debt	177,574	174,934	172,856	182,646	180,514
B. Short-term Debt	46,999	48,619	50,675	46,625	49,373
<i>Concessional Debt</i>	44,163	42,806	41,519	43,236	41,903
As % of Total Debt	19.7	19.1	18.6	18.9	18.2
<i>Short Term Debt</i>	46,999	48,619	50,675	46,625	49,373
As % of Total Debt	20.9	21.7	22.7	20.3	21.5

P : Provisional. – : Nil.

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-September and End-December 2008							
(US\$ million)							
Sr. No.	Countries	2008 Q3			2008 Q4		
		Short-term	Long-term	Total	Short-term	Long-term	Total
1	2	3	4	5	6	7	8
1.	Argentina	53,660	75,277	1,28,937	56,253	71,859	1,28,112
2.	Armenia	429	2,748	3,177	465	2,962	3,427
3.	Australia	2,73,741	5,65,950	8,39,691	2,28,190	5,35,482	7,63,671
4.	Austria	3,03,048	5,61,405	8,64,453	2,65,533	5,61,961	8,27,494
5.	Belarus	8,755	5,802	14,557	7,253	7,565	14,818
6.	Belgium	12,02,725	4,20,123	16,22,848	9,64,129	3,82,388	13,46,517
7.	Bolivia	317	5,484	5,801	267	5,656	5,923
8.	Brazil	47,507	2,25,459	2,72,966	36,466	2,26,466	2,62,931
9.	Bulgaria	18,913	32,909	51,822	18,493	32,624	51,117
10.	Canada	2,99,552	5,10,854	8,10,406	3,01,712	4,49,599	7,51,311
11.	Chile	18,616	50,426	69,042	14,251	50,517	64,768
12.	Colombia	5,616	39,793	45,409	5,684	40,708	46,392
13.	Costa Rica	3,509	5,297	8,805	3,864	5,218	9,082
14.	Croatia	4,123	47,721	51,843	6,620	47,830	54,450
15.	Czech Republic	28,553	61,187	89,740	25,941	54,487	80,428
16.	Denmark	2,88,064	3,00,587	5,88,651	2,99,226	2,84,127	5,83,353
17.	Ecuador	-	-	-	-	-	-
18.	Egypt	2,651	29,831	32,481	2,842	29,281	32,123
19.	El Salvador	1,497	8,873	10,369	1,542	9,149	10,691
20.	Estonia	9,982	17,077	27,059	10,623	16,778	27,401
21.	Finland	1,17,488	2,26,735	3,44,223	1,09,624	2,18,935	3,28,559
22.	France	22,47,510	28,90,585	51,38,095	21,38,532	28,63,164	50,01,696
23.	Georgia	1,062	6,081	7,143	972	6,330	7,302
24.	Germany	19,78,058	34,50,105	54,28,163	17,23,723	35,26,777	52,50,499
25.	Greece	1,29,621	3,70,543	5,00,164	1,56,216	3,48,397	5,04,612
26.	Hong Kong, China	5,10,248	1,67,531	6,77,779	4,83,877	1,76,053	6,59,931
27.	Hungary	26,422	1,83,990	2,10,412	26,111	1,83,523	2,09,634
28.	India	50,675	1,72,856	2,23,531	46,625	1,82,646	2,29,271
29.	Indonesia	20,264	1,31,475	1,51,739	20,488	1,34,578	1,55,067
30.	Ireland	10,81,982	13,08,683	23,90,665	11,10,636	12,01,087	23,11,724
31.	Israel	35,512	53,423	88,935	32,956	52,312	85,268
32.	Italy	9,44,407	16,07,011	25,51,418	8,09,594	15,49,516	23,59,110

Annex I
Gross External Debt Position of QEDS Reporting Countries for
End-September and End-December 2008 (Concl.)

(US\$ million)

Sr. No.	Countries	2008 Q3			2008 Q4		
		Short-term	Long-term	Total	Short-term	Long-term	Total
1	2	3	4	5	6	7	8
33.	Japan	12,51,745	8,02,838	20,54,583	14,66,347	8,78,336	23,44,683
34.	Kazakhstan	10,946	95,117	1,06,064	10,174	97,639	1,07,813
35.	Korea	1,89,598	2,35,918	4,25,516	1,51,056	2,29,439	3,80,495
36.	Kyrgyz Republic	292	3,060	3,352	385	3,082	3,467
37.	Latvia	15,014	27,452	42,466	14,091	27,963	42,054
38.	Lithuania	9,066	24,426	33,492	8,169	24,299	32,469
39.	Malaysia	38,796	43,355	82,151	30,892	44,399	75,292
40.	Mexico	28,679	1,83,493	2,12,172	24,218	1,76,175	2,00,393
41.	Moldova	1,299	2,596	3,895	1,429	2,696	4,125
42.	Netherlands	12,57,438	14,31,377	26,88,815	10,68,222	13,71,643	24,39,864
43.	Norway	3,02,466	2,56,742	5,59,208	2,74,891	2,76,705	5,51,596
44.	Paraguay	710	2,653	3,363	735	2,772	3,507
45.	Peru	8,934	26,931	35,865	6,148	28,440	34,587
46.	Poland	62,275	2,03,832	2,66,107	50,809	1,91,248	2,42,057
47.	Portugal	1,95,715	3,08,391	5,04,106	1,80,351	3,04,359	4,84,710
48.	Russian Federation	1,15,759	4,26,322	5,42,082	79,779	4,04,948	4,84,726
49.	Slovak Republic	20,255	32,791	53,045	20,102	32,424	52,527
50.	Slovenia	17,842	39,257	57,100	16,170	38,240	54,409
51.	South Africa	27,978	49,547	77,525	25,462	46,349	71,811
52.	Spain	7,12,137	16,93,443	24,05,580	6,91,557	16,22,086	23,13,643
53.	Sweden	–	–	–	–	–	–
54.	Switzerland	9,99,466	4,31,423	14,30,890	9,12,796	3,92,161	13,04,956
55.	Thailand	21,201	44,023	65,224	20,317	44,529	64,846
56.	Tunisia	4,602	16,010	20,612	4,330	16,442	20,773
57.	Turkey	57,804	2,32,911	2,90,715	50,714	2,26,120	2,76,834
58.	Ukraine	29,345	75,494	1,04,839	21,983	81,253	1,03,236
59.	United Kingdom	80,71,790	26,77,095	1,07,48,884	69,80,002	24,08,010	93,88,012
60.	United States	53,47,436	82,80,023	1,36,27,459	54,14,396	82,27,411	1,36,41,807
61.	Uruguay	351	10,863	11,214	115	10,626	10,742

Source: World Bank and IMF.