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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 Rupees 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 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 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).
- (iv) The debt service ratio declined to 4.2 per cent during 2010-11 as compared to 5.5 per cent during 2009-10.
- (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.
- (vi) 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.
- (vii) 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).
- (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.

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, bilateral and multilateral borrowings.
- (ii) 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.
- (iii) 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 1).

Table 1: External Debt by Component

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

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. This implies that 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. This implies that 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 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 2).
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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 and partly due to valuation effects.

Table 2: External Debt - Outstanding and Variation

(US\$ million)							
Memo Items	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	8
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>	39,964	47,473	58,462	7,509	10,989	18.8	23.1
Short term trade credit							
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							

4. Currency Composition of India's External Debt

- (i) The currency composition of India's external debt consists of major international 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 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. 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 accounted for 3.7 per cent as at end-March 2011.

5. 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 3).

Table 3: Residual Maturity of External Debt Outstanding as at End-March 2011					
(US \$ million)					
Components	Short-term up to one year	Long-term			Total (2) to (5)
		1 to 2 years	2 to 3 years	More than 3 years	
1	2	3	4	5	6
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	1466	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
<i>Memo Items</i>					
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.					

6. Government and Non-Government External Debt

- (i) 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 almost remained stable as that of 25.7 per cent as at end-March 2010.
- (ii) The share of non-Government debt in total external debt at 74.4 per cent as at end-March 2011 also remained stable as that of 74.3 per cent at end-March 2010. The share of non-Government debt in total external debt, however, has increased steadily over the years (Table 4).

Table 4: Government and Non-Government External Debt

(US \$ million)								
Sr. No.	Components	End-March						
		2005	2006	2007	2008	2009	2010	2011
1	2	3	4	5	6	7	8	9
A.	Sovereign Debt (I+II)	47,697	46,259	49,360	58,068	55,874	67,080	78,165
	<i>(As a percentage of GDP)</i>	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
	<i>(As a percentage of GDP)</i>	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	261,036	3,05,892
	<i>(As a percentage of GDP)</i>	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

7. Select Indicators of External Debt

- (i) While the debt to GDP ratio and debt service ratio improved, other indicators like ratio of foreign exchange reserves to total debt and the short-term debt as per cent to total debt as well as foreign exchange reserves deteriorated as at end-March 2011 as compared to end-March 2010 (Table 5).

Table 5: 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	8
1990-91	83.8	28.7	35.3	7	45.9	146.5	10.2
1995-96	93.7	27	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	111.6	18	16.1**	101.2	35.8	3.9	4
2004-05	133	18.1	5.9^	106.4	30.7	12.5	13.3
2005-06	138.1	16.8	10.1#	109.8	28.4	12.9	14.1
2006-07	172.4	17.5	4.7	115.6	23	14.1	16.3
2007-08	224.4	18.0	4.8	138	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 pre payment 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