



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279

September 30, 2010

India's External Debt as at the end of June 2010

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 data on external debt outstanding as at end-June 2010 along with 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-June 2010 are presented in the following paragraphs.

Major Highlights

- (i) India's external debt, as at end-June 2010, was placed at US\$ 273.1 billion recording an increase of US\$ 10.8 billion or 4.1 per cent over the level at end-March 2010 on account of significant increase in short-term trade credits, commercial borrowings and multilateral government borrowings.
- (ii) Excluding the valuation effects due to appreciation of US dollar against other major international currencies and the Indian Rupee, the increase in external debt works out to US\$ 12.1 billion over the quarter.
- (iii) The share of commercial borrowings stood highest at 27.3 per cent as at end-June 2010 followed by short-term debt (21.2 per cent), NRI deposits (17.6 per cent) and multilateral debt (16.4 per cent).
- (iv) Based on residual maturity, short-term debt accounted for 42.5 per cent of the total external debt as at end-June 2010, while the share of short-term debt, by original maturity, was 21.2 per cent.
- (v) The ratio of short-term debt to foreign exchange reserves rose to 21.0 per cent as at end-June 2010 from 18.8 per cent as at end-March 2010.
- (vi) External debt in terms of US dollar accounted for 59.8 per cent of the total external debt stock as at end-June 2010 followed by the Indian rupee (13.2 per cent).
- (vii) The ratio of foreign exchange reserves to external debt as at end June 2010 came down to 101.0 per cent from 106.4 per cent as at end-March 2010.

1. India's External Debt as at end-June 2010

- (i) India's external debt, as at end-June 2010, was placed at US\$ 273.1 billion recording an increase of US\$ 10.8 billion or 4.1 per cent over the end-March 2010 level on account of significant increase in short-term trade credits, commercial borrowings and multilateral government borrowings.

- (ii) The long-term debt at US\$ 215.2 billion and short-term debt at US\$ 57.8 billion accounted for 78.8 per cent and 21.2 per cent, respectively, of the total external debt as at end-June 2010.
- (iii) The share of commercial borrowings continued to be the highest at 27.3 per cent in the total external debt as at end-June 2010 followed by short-term debt (21.2 per cent), NRI deposits (17.6 per cent) and multilateral debt (16.4 per cent) (Table 1).

Table 1 : External Debt by Component					
(US \$ million)					
Item	End- March			End-June	
	2008	2009	2010PR	2009	2010 P
1	2	3	4	5	6
1. Multilateral	39,490	39,538	42,755	41,236	44,679
	(17.6)	(17.6)	(16.3)	(18.0)	(16.4)
2. Bilateral	19,708	20,613	22,592	21,377	22,933
	(8.8)	(9.2)	(8.6)	(9.3)	(8.4)
3. IMF	1120	1018	6041	1057	5885
	(0.5)	(0.5)	(2.3)	(0.5)	(2.2)
4. Trade Credit	10,328	14,490	16,878	14,844	17,583
	(4.6)	(6.5)	(6.4)	(6.5)	(6.4)
5. ECBs	62,334	62,413	71,967	62,961	74,465
	(27.8)	(27.8)	(27.4)	(27.4)	(27.3)
6. NRI Deposits	43,672	41,554	47,890	44,579	48,108
	(19.5)	(18.5)	(18.3)	(19.4)	(17.6)
7. Rupee Debt	2,017	1,527	1,657	1,607	1,584
	(0.9)	(0.7)	(0.6)	(0.7)	(0.6)
8. Long-term Debt (1to 7)	178,669	181,153	209,780	187,662	215,237
	(79.6)	(80.7)	(80.0)	(81.7)	(78.8)
9. Short-term Debt	45,738	43,362	52,471	42,029	57,841
	(20.4)	(19.3)	(20.0)	(18.3)	(21.2)
Total (8+9)	224,407	224,515	262,251	229,691	273,078
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

Compared with the previous quarter (end-March 2010), the valuation effect reflecting the appreciation of the US dollar against other major international currencies and the Indian rupee resulted in a decline 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-June 2010 would have increased by US\$ 12.1 billion over the level at end-March 2010 (Table 2).

Table 2: Valuation Effect on External Debt			
(US\$ million)			
External debt end-June 2010	Total Variation over end-March 2010	Valuation Loss(-)/Gain(+)	Variation net of Valuation
1	2	3	4= (2-3)
2,73,078	10,826	-1,291	12,117

3. Components of External Debt

Almost all the components of external debt registered increase over the quarter. While short term debt rose somewhat steeply by US\$ 5.4 billion, the commercial borrowings and loans under external assistance (multilateral and bilateral debt) increased by US\$ 2.5 billion and US\$ 2.3 billion, respectively, as at end-June 2010 over end-March 2010 (Table 3).

Table 3: External Debt by Components – Outstanding and Variation							
(US\$ million)							
Item	Outstanding at the end-of			Absolute variation		Percentage Variation	
	Jun 2009	Mar 2010	Jun 2010 P	Jun-10 over Jun-09	Jun-10 over Mar-10	Jun-10 over Jun-09	Jun-10 over Mar-10
1	2	3	4	5	6	7	8
1. Multilateral	41,236	42,755	44,679	3,443	1,924	8.3	4.5
2. Bilateral	21,377	22,592	22,933	1,556	341	7.3	1.5
3. IMF	1057	6041	5885	4,828	-156	456.8	-2.6
4. Trade Credit	14,844	16,878	17,583	2,739	705	18.5	4.2
5. Commercial Borrowings	62,961	71,967	74,465	11,504	2,498	18.3	3.5
6. NRI Deposits	44,579	47,890	48,108	3,529	218	7.9	0.5
7. Rupee Debt	1,607	1,657	1,584	-23	-73	-1.4	-4.4
8. Short-Term Debt	42,029	52,471	57,841	15,812	5,370	37.7	10.2
Of which:							
(i) Short-Term Trade Credit	38,501	47,615	53,194	14,693	5,579	38.2	11.7
Total Debt (1 to 8)	229,691	262,252	273,078	43,387	10,826	18.9	4.1
Memo Items							
A. Long-Term Debt (1 to 7)	187,662	209,780	215,237	27,575	5,457	14.7	2.6
B. Short-Term Debt	42,029	52,471	57,841	15,812	5,370	37.7	10.2
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

The US Dollar denominated debt continues to be the largest component with a share of 59.8 per cent in the total external debt as at end-June 2010. The share of Indian rupee in the total external debt stock accounted for 13.2 per cent as at end-June 2010 followed by Japanese yen (11.5 per cent), SDR (10.0 per cent) and Euro (3.3) (Table 4).

Table 4: Currency Composition of External Debt					
(Percentage share in total external debt)					
Currency	End-March			End-June	
	2008	2009	2010	2009	2010 P
1	2	3	4	5	6
US Dollar	55.3	54.1	53.3	54.4	59.8
SDR	10.6	9.8	10.7	9.6	10.0
Indian Rupee	16.2	15.4	18.7	14.3	13.2
Japanese Yen	12.0	14.3	11.4	14.6	11.5
Euro	3.5	4.1	3.6	4.4	3.3
Pound Sterling	2.2	2.0	1.8	2.3	1.8
Others	0.2	0.3	0.5	0.4	0.4
Total	100	100	100	100	100
P: Provisional; PR : Partially Revised					
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 across the borrower category reveals that the share of loans in total debt outstanding remained at around 49 per cent as at end-June 2010, nearly the same as at end-March 2010 (Table 5).
- (ii) The share of trade credit (long-term and short-term) was 20.2 per cent and that of currency and deposits was 17.9 per cent in India's total external debt showing a marginal increase over the quarter.

Table 5: Instrument-wise Classification of External Debt Outstanding			
(US\$ million)			
Sr. No.	Borrower	End-March 2010	End-June 2010
1	2	3	4
A.	Government (1+2)	67,066	68,911
1	Short-Term	1519	1548
	(i) Money Market Instruments	1519	1548
2	Long-term {(i)+(ii)+(iii)}	59,506	61,478
	(i) Bonds and Notes	3,026	3235
	(ii) Loans	55,101	56,857
	(iii) Trade Credit	1,379	1,386
3	Other debt liabilities	6,041	5,885
	IMF	6,041	5,885
B.	Monetary Authority	695	639
1.	Short-term	695	639
	(i) Currency and Deposits	695	639
C.	Non-Government (1+2)	194,492	203528
1	Short-Term {(i)+(ii)}	50,257	55,654
	(i) Money Market Instruments	2,642	2,460
	(ii) Trade Credit	47,615	53,194
2	Long-term {(i)+(ii)+(iii)+(iv)}	144,235	147874
	(i) Bonds and Notes	22,356	22,314
	(ii) Loans	73,338	76,830
	(iii) Currency and Deposits	47,890	48,108
	(iv) Trade Credits	651	622
	Total External Debt (A+B+C)	262,253	273078

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

6. Short-Term Debt by Original and Residual Maturity

- (i) Based on original maturity, the share of short-term debt stood at 21.2 per cent in the stock of total external debt as at end-June 2010 (Table 6).
- (ii) 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.

Table 6: Short-Term Debt by Original Maturity					
(US \$ million)					
	End-March			End-June	
	2008	2009	2010	2009	2010
1	2	3	4	5	6
A Short-Term Debt	45,738	43,362	52,471	42,029	57,841
a) NRI Deposits (up to 1 year maturity) @	-	-	-	-	-
b) FC (B&O) Deposits (up to 1 year maturity)	-	-	-	-	-
c) Trade Related Credits	41,901	39,964	47,615	38,501	53,194
(i) Above 6 months and up to 1 year	22,884	23,346	28,002	23,882	32,075
(ii) Up to 6 months	19,017	16,618	19,613	14,619	21,119
d) FII Investments in Government Treasury Bills & other instruments	651	2,065	3,357	2149	3,238
e) Investment in Treasury Bills by foreign central banks and international institutions etc.	155	105	103	104	84
f) External Debt Liabilities of:	3,031	1,228	1,396	1,275	1,325
(i) Central Bank	1,115	764	695	769	639
(ii) Commercial Bank	1,916	464	701	506	686
B Imports (during the year)*	257,789	294,587	299,491	64,799	87,920
C Trade Credits to Imports (%)	16.7	15.6	15.9	-	-
@: 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.					
*: On balance of payment basis.					
Source: Ministry of Finance, Government of India and Reserve Bank of India.					

- (iii) Based on residual maturity, the short-term debt accounted for 42.5 per cent of total external debt as at end-June 2010. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 42.1 per cent at end-June 2010 (Table 7).

Table 7: Residual Maturity of External Debt Outstanding as at End-June 2010					
(US \$ million)					
Components	Short-term	Long-term			Total
	Up to one year	1 to 2 years	2 to 3 years	More than 3	(2) to (5)
1	2	3	4	5	6
1. Sovereign Debt (long-term)	4,195	4,400	4,686	54,081	67,362
2. External Commercial Borrowings (including trade credit)	15,841	15,836	15,542	52,549	99,767
3. NRI deposits {(i)+(ii)+(iii)}	38,085	5,752	2,959	1,312	48,108
(i) FCNR(B)	11,035	1,854	1,078	402	14,369
(ii) NR(E)RA	21,349	2,633	1,590	495.273	26,067
(iii) NRO	5,700	1265.88	291.536	414.288	7,672
4. Short-term Debt* (Original maturity)	57,841	0	0	0	57,841
Total (1 to 4)	115,962	25,988	23,187	107,941	273,078
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total debt)	42.5				
Short-term debt (Residual maturity as per cent of Reserves)	42.1				
* Also includes short-term component of sovereign debt amounting to US\$ 1548 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 June 30, 2010.					
Source: Ministry of Finance, Government of India and Reserve Bank of India.					

7. Government and Non-Government External Debt

- (i) Government (Sovereign) external debt stood at US\$ 68.9 billion as at end-June 2010 as against US\$ 67.1 billion as at end-March 2010. The shares of Government and non-Government external debt in the total external debt were 25.2 per cent and 74.8 per cent, respectively, as at end-June 2010 (Table 8).

Table 8: Government and Non-Government External Debt					
(US \$ million)					
Sr. No.	Components	End-March			End-June
		2008	2009	2010	2010
1	2	3	4	5	6
A.	Sovereign Debt (I+II)	58,068	54,795	67,065	68911
	(As a percentage of GDP)	4.7	5.0	4.8	
I.	External Debt on Government Account under External Assistance	52,538	51755	55232	57050
II.	Other Government External Debt @	5,530	3040	11833	11860
B.	Non-Government Debt #	166,339	169720	195188	204167
	(As a percentage of GDP)	13.4	15.5	14.1	
C.	Total External Debt (A+B)	224,407	224,515	262,252	273078
	(As a percentage of GDP)	18.1	20.5	18.9	
@: 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					

8. Select Indicators of External Debt

- (i) India's foreign exchange reserves provided a cover of 101.0 per cent to the external debt stock at the end of June 2010 as compared to 106.4 per cent as at end-March 2010.
- (ii) The share of concessional debt in total external debt continued to decline and stood at 15.9 per cent as at end-June 2010 as compared to 16.7 per cent at end-March 2010.
- (iii) The ratio of short-term debt to foreign exchange reserves at 21.0 per cent as at end-June 2010 was higher than that of 18.8 per cent as at end March 2010.
- (iv) The share of short-term debt in total debt increased marginally to 21.2 per cent at end-June 2010 (Table 9).

Table 9: 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	7.0	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	111.6	18.0	16.1**	101.2	35.8	3.9	4.0
2004-05	134.0	18.1	5.9^	106.4	30.7	12.5	13.3
2005-06	139.1	16.7	10.1#	109.0	28.4	12.9	14.1
2006-07	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2007-08	224.4	18.1	4.7	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	262.3	18.9	5.5	106.4	16.7	18.8	20.0
end-June 10P	273.1			101.0	15.9	21.0	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 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.							

Press Release : 2010-2011/452

Ajit Prasad
Assistant General Manager