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September 30, 2011

India's External Debt as at the end of June 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 data on external debt outstanding as at end-June 2011 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 2011 are presented in the following paragraphs.

Major Highlights

- i) India's external debt, as at end-June 2011, was placed at US\$ 317.0 billion recording an increase of US\$ 10.5 billion or 3.4 per cent over the level at end-March 2011. About 70 per cent of the increase in total external debt during the quarter was on account of commercial borrowings and short-term trade credits broadly reflecting surge in imports.
- ii) Excluding the valuation effects due to the depreciation of the US dollar against other major international currencies and the Indian rupee, the increase in external debt as at end-June worked out to US \$ 9.1 billion over end-March 2011.
- iii) The share of commercial borrowings in total external debt continued to be the highest at 29.4 per cent as at end-June 2011, followed by short-term debt (21.6 per cent), NRI deposits (16.7 per cent) and multilateral debt (15.6 per cent).
- iv) Based on residual maturity, short-term debt accounted for 43.3 per cent of the total external debt as at end-June 2011. Of this, the share of NRI deposits was the highest at 32.0 per cent. The share of short-term debt, by original maturity, was 21.6 per cent.
- v) The ratio of short-term debt to foreign exchange reserves rose marginally to 21.7 per cent as at end-June 2011 from 21.3 per cent as at end-March 2011.
- vi) The debt denominated in US dollar accounted for the highest share with 54.2 per cent in total external debt as at end-June 2011 followed by the Indian rupee (19.2 per cent) and Japanese Yen (11.1 per cent).
- vii) The ratio of foreign exchange reserves to external debt as at end June 2011 at 99.6 per cent remained almost at the same level as at end-March 2011.

1. India's External Debt as at end-June 2011

- viii) India's external debt, as at end-June 2011, was placed at US\$ 317 billion recording an increase of US\$ 10.5 billion or 3.4 per cent over the end-March 2011 level primarily on account of considerable increase in commercial borrowings, short-term trade credits and NRI deposits.

- ix) The long-term debt at US\$ 248.5 billion and short-term debt at US\$ 68.5 billion accounted for 78.4 per cent and 21.6 per cent, respectively, of the total external debt as at end-June 2011.
- x) The share of commercial borrowings stood highest at 29.4 per cent in the total external debt as at end-June 2011 followed by short-term debt (21.6 per cent), NRI deposits (16.7 per cent) and multilateral debt (15.6 per cent) (Table 1).

Item	(US \$ million)				
	End- March			End-June	
	2009	2010	2011PR	2010	2011 P
1	2	3	4	5	6
1. Multilateral	39,538	42,859	48,473	44,677	49,374
	(17.6)	(16.4)	(15.8)	(16.5)	(15.6)
2. Bilateral	20,610	22,593	25,828	22,963	26,312
	(9.2)	(8.7)	(8.4)	(8.5)	(8.3)
3. IMF	1018	6041	6308	5885	6367
	(0.5)	(2.3)	(2.1)	(2.2)	(2.0)
4. Trade Credit	14,481	16,867	18,649	17,417	18,711
	(6.5)	(6.5)	(6.1)	(6.4)	(5.9)
5. External Commercial Borrowings	62,461	70,800	88,918	73,248	93,220
	(27.8)	(27.1)	(29.0)	(27.1)	(29.4)
6. NRI Deposits	41,554	47,890	51,682	48,108	52,898
	(18.5)	(18.3)	(16.9)	(17.8)	(16.7)
7. Rupee Debt	1,523	1,657	1,601	1,584	1,567
	(0.7)	(0.6)	(0.5)	(0.6)	(0.5)
8. Long-term Debt (1to 7)	1,81,185	2,08,707	2,41,459	2,13,882	2,48,449
	(80.7)	(80.0)	(78.8)	(79.1)	(78.4)
9. Short-term Debt	43,313	52,329	64,990	56,439	68,473
	(19.3)	(20.0)	(21.2)	(20.9)	(21.6)
Total (8+9)	2,24,498	2,61,036	3,06,449	2,70,321	3,16,922
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

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

- xi) The valuation change over the quarter reflecting the depreciation of the US dollar against other major international currencies and the Indian rupee amounted to US\$ 1.4 billion. Therefore, excluding the valuation effects, the stock of external debt as at end-June 2011 showed a lower increase of US \$ 9.1 billion over the level at end-March 2011.

3. Components of External Debt

- xii) Among the components of external debt, the commercial borrowings and short term trade credits accounted for 70 per cent of the rise in total external debt over the quarter broadly reflecting the surge in imports. NRI deposits and multilateral borrowings accounted for about 20 per cent of the increase in total external debt (Table 2).

Item	Outstanding at the end-of			Absolute variation		Percentage Variation	
	Jun-10	Mar-11 PR	Jun 2011 P	Jun-11 over Jun-10	Jun-11 over Mar-11	Jun-11 over Jun-10	Jun-11 over Mar-11
1	2	3	4	5	6	7	8
1. Multilateral	44,677	48,473	49,374	4,697	901	10.5	1.9
2. Bilateral	22,963	25,828	26,312	3,349	484	14.6	1.9
3. IMF	5885	6308	6367	482	59	8.2	0.9
4. Trade Credit	17,417	18,649	18,711	1,294	62	7.4	0.3
5. External Commercial Borrowings	73,248	88,918	93,220	19,972	4,302	27.3	4.8
6. NRI Deposits	48,108	51,682	52,898	4,790	1,216	10.0	2.4
7. Rupee Debt	1,584	1,601	1,567	-17	-34	-1.1	-2.1
8. Short-Term Debt	56,439	64,990	68,473	12,034	3,483	21.3	5.4
<i>Of which:</i>							
(i) Short-Term Trade Credit	51,791	58,462	61,532	9,741	3,070	18.8	5.3
Total Debt (1 to 8)	2,70,321	3,06,449	3,16,922	46,601	10,473	17.2	3.4
Memo Items							
A. Long-Term Debt (1 to 7)	2,13,882	2,41,458	2,48,449	34,567	6,991	16.2	2.9
B. Short-Term Debt	56,439	64,990	68,473	12,034	3,483	21.3	5.4
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

- xiii) The US Dollar denominated debt continued to be the largest component with a share of 54.2 per cent in the total external debt as at end-June 2011. The share of Indian rupee in the total external debt stock accounted for 19.2 per cent, followed by Japanese yen (11.1 per cent), SDR (9.5 per cent) and Euro (3.7 per cent)

5. External Debt by Residual Maturity

- xiv) Based on residual maturity, the short-term debt accounted for 43.3 per cent of total external debt as at end-June 2011. Of this, the share of NRI deposits was the highest at 32.0 per cent. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 43.5 per cent at end-June 2011 (Table 3).

Components	Short-term	Long-term			Total
	Up to one year	1 to 2 years	2 to 3 years	More than 3 years	(2) to (5)
1	2	3	4	5	6
1. Sovereign Debt (long-term) \$	5,028	5,251	5,419	60,066	75,764
2. External Commercial Borrowings #	20,313	18,162	15,115	66,196	1,19,787
3. NRI deposits {(i)+(ii)+(iii)}	43,434	5,514	2,387	1,563	52,898
(i) FCNR(B)	13,027	1,856	743	517	16,142
(ii) NR(E)RA	22,628	2,095	917	550	26,190
(iii) NRO	7,779	1,562	728	496	10,565
4. Short-term Debt* (Original maturity)	68,473	0	0	0	68,473
Total (1 to 4)	1,37,248	28,928	22,922	1,27,825	3,16,922
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total debt)	43.3				
Short-term debt (Residual maturity as per cent of Reserves)	43.5				
\$: Inclusive of FII investment in Government securities amounting to US \$ 5,274 million.					
#: External Commercial Borrowings are inclusive of trade credit and a portion of non-Government multilateral and bilateral borrowing and therefore may not tally with the ECB provided in other Tables under original maturity.					
* Also includes short-term component of sovereign debt amounting to US\$ 2,934 million.					
Note: Residual Maturity of NRI Deposits is estimated on the basis of returns submitted by authorised dealers.					
Source: Ministry of Finance, Government of India and Reserve Bank of India.					

6. Government and Non-Government External Debt

- (xv) Government (Sovereign) external debt stood at US\$ 78.7 billion as at end-June 2011 as against US\$ 78.2 billion as at end-March 2011. The shares of Government and non-Government external debt in the total external debt were 24.8 per cent and 75.2 per cent, respectively, as at end-June 2011 (Table 4).

Table 4: Government and Non-Government External Debt					
					(US\$ million)
Sr. No.	Components	End- March			End June
		2009	2010	2011	2011
1	2	3	4	5	6
A.	Sovereign Debt (I+II)	55,870	67,067	78,165	78,698
	(As a percentage of GDP)	5.1	4.7	4.5	
I.	External Debt on Government Account under External Assistance	51,816	55,235	62,388	62,944
II.	Other Government External Debt @	4,054	11,832	15,777	15,754
B.	Non-Government Debt #	1,68,628	1,93,969	2,28,283	2,38,225
	(As a percentage of GDP)	15.4	13.3	12.9	
C.	Total External Debt (A+B)	2,24,498	2,61,036	3,06,448	3,16,923
	(As a percentage of GDP)	20.5	18.0	17.4	

@ 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.

7. Select Indicators of External Debt

- XVI) While the ratio of India's foreign exchange reserves to the external debt stock at the end of June 2011 remained more or less at the same level as at end-March 2011, other indicators such as the ratios of concessional debt in total external debt, short-term debt to foreign exchange reserves and short-term debt to total debt showed some deterioration at end-June 2011 as compared to the end-March 2011. Debt service ratio recorded moderate deterioration as at end-June 2011 over end-March 2011 on account of higher repayments under commercial borrowings (Table 5).

Table 5: India's Key External Debt Indicators							
Year	External Debt (US \$ billion)	Ratio of External Debt to GDP	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Concessional Debt to Total Debt	(Per cent)	
						Ratio of Short-Term Debt to Foreign Exchange Reserves	Ratio of Short-Term Debt to Total Debt
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	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
2009-10	261.0	18.0	5.5	106.9	16.8	18.8	20.0
2010-11PR	306.5	17.4	4.2	99.5	15.5	21.3	21.2
end-June 11P	316.9	-	4.6	99.6	15.1	21.7	21.6

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.

Press Release : 2011-2012/508

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