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**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 22660358

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## India's External Debt as at the end of June 2014

As per the standard practice, with a lag of one quarter, 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 as at end-June 2014 in Rupees and US dollar terms as well as revised data for the earlier quarters are set out in [Statements 1](#) and [2](#), respectively. The major developments relating to India's external debt as at end-June 2014 are presented in the following paragraphs.

### Highlights

With a modest level of current account deficit (CAD) and sharp rise in non-debt creating flows in Q1 of 2014-15, India's external debt at US\$ 450.1 billion rose marginally by 1.8 per cent over end-March 2014. The share of short-term debt in total debt in terms of both original maturity and residual maturity declined further over end-March 2014 as investment of FIIs in Government treasury bills and other instruments showed a decline in Q1 of 2014-15.

The major developments relating to India's external debt as at end-June 2014 are set out below:

- India's external debt, as at end-June 2014, was placed at US\$ 450.1 billion showing an increase of US\$ 7.9 billion or 1.8 per cent over the level at end-March 2014 (Table 1).
- Of the total absolute increase of US\$ 7.9 billion in total external debt, a marginal increase of about US\$ 0.4 billion during the quarter was on account of valuation change, reflecting a marginal depreciation of the US dollar against the Indian rupee and other major currencies.
- The increase in total external debt was primarily on account of rise in commercial borrowings by US\$ 6.3 billion over end-March 2014. Outstanding NRI deposits with a rise of US\$ 2.4 billion over end-March 2014 were the second largest source of increase in India's external debt.
- In terms of major components, the share of commercial borrowings continued to be the highest at 34.2 per cent of total external debt, followed by NRI deposits (23.6 per cent) and short-term debt based on original maturity (19.5 per cent).
- The share of short-term debt in total debt witnessed a decline over the preceding quarter as well as the corresponding quarter of the previous year. Short-term debt at US\$ 87.9 billion accounted for 19.5 per cent of the total external debt as at end-June 2014 as compared to 20.2 per cent at end-March 2014.

- With decline in short-term debt, the ratio of short-term debt (original maturity) to foreign exchange reserves declined to 27.8 per cent as at end-June 2014 from 29.3 per cent as at end-March 2014. Similarly, on residual maturity basis, the ratio of short-term debt to foreign exchange reserves worked out to 55.3 per cent at end-June 2014 as compared with 57.4 per cent at end-March 2014 (Table 2).
- The US dollar denominated debt continued to be the largest component of India's external debt with a share of 61.1 per cent as at end-June 2014, followed by Indian rupee (22.1 per cent), SDR (6.8 per cent), Japanese Yen (4.9 per cent) and Euro (3.1 per cent).
- Government (Sovereign) external debt stood at US\$ 85.4 billion as at end-June 2014 as against US\$ 81.5 billion as at end-March 2014 (Table 3). The shares of Government and non-Government external debt in the total external debt were 19.0 per cent and 81.0 per cent, respectively, as at end-June 2014.

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**Ajit Prasad**  
Assistant General Manager

**Table 1: External Debt - Outstanding and Variation**

(US\$ billion)							
Memo Items	Outstanding at the end of			Absolute variation		Percentage variation	
	Jun 2013 PR	Mar 2014 PR	Jun 2014 P	Jun-14 over Jun-13	Jun-14 over Mar-14	Jun-14 over Jun-13	Jun-14 over Mar-14
1	2	3	4	5	6	7	8
1. Multilateral	51.7	53.4	53.7	2.0	0.4	3.9	0.7
2. Bilateral	24.8	24.7	24.7	-0.1	0.0	-0.4	0.1
3. IMF	6.0	6.1	6.1	0.2	0.0	2.8	0.0
4. Export Credit	17.5	15.9	16.0	-1.5	0.1	-8.5	0.8
5. Commercial Borrowings	135.8	147.6	153.8	18.0	6.3	13.3	4.3
6. NRI Deposits	71.1	103.8	106.3	35.1	2.4	49.4	2.3
7. Rupee Debt	1.2	1.5	1.5	0.2	0.0	19.8	1.9
8. Short term Debt	96.8	89.2	87.9	-8.9	-1.3	-9.2	-1.5
<i>Of which</i>							
Short term trade credit	89.2	81.7	82.0	-7.3	0.2	-8.2	0.3
Total Debt	405.0	442.2	450.1	45.1	7.9	11.1	1.8
<i>Memo Items</i>							
A. Long-Term Debt	308.2	353.0	362.2	54.0	9.3	17.5	2.6
B. Short-Term Debt	96.8	89.2	87.9	-8.9	-1.3	-9.2	-1.5

P: Provisional. PR: Partially Revised.

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

**Table 2: Residual Maturity of External Debt Outstanding as at end-June 2014**

(US\$ billion)					
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) \$	7.4	7.8	8.2	61.1	84.5
2. External Commercial Borrowings (including trade credit) #	24.6	25.2	24.0	97.7	171.5
3. NRI deposits {(i)+(ii)+(iii)}	55.0	9.6	26.7	14.9	106.3
(i) FCNR(B)	11.7	3.2	20.7	6.9	42.6
(ii) NR(E)RA	36.1	5.4	5.5	7.6	54.7
(iii) NRO	7.2	1.0	0.4	0.4	9.0
4. Short-term Debt* (Original maturity)	87.9				
<b>Total (1 to 4)</b>	<b>174.9</b>	<b>42.7</b>	<b>58.8</b>	<b>173.7</b>	<b>450.1</b>
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total external debt)	<b>38.9</b>				
Short-term debt (Residual maturity as per cent of Reserves)	<b>55.3</b>				

\$: Inclusive of FII Investments in Govt. Securities

\* Also includes FII investment in sovereign debt and commercial paper.

# External Commercial Borrowings are inclusive of trade credit, FII investment in corporate debt instruments and a portion of non-Govt. multilateral and bilateral borrowing and therefore may not tally with the ECB provided in other Tables under original maturity

Note: Residual Maturity of NRI Deposits is estimated on the basis of returns submitted by authorised dealer

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

<b>Table 3: Government and Non-Government External Debt</b>					
(US\$ billion)					
<b>Sr. No.</b>	<b>Components</b>	<b>End-March</b>			<b>End-June</b>
		<b>2012</b>	<b>2013 PR</b>	<b>2014 PR</b>	<b>2014 P</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>A.</b>	<b>Sovereign Debt (I+II)</b>	<b>81.9</b>	<b>81.6</b>	<b>81.5</b>	<b>85.4</b>
	<i>(As a percentage of GDP)</i>	4.7	4.4	4.3	4.4
I.	External Debt on Government Account under External Assistance	63.4	61.3	62.2	62.4
II.	Other Government External Debt @	18.5	20.3	19.3	23.0
<b>B.</b>	<b>Non-Government Debt #</b>	<b>278.9</b>	<b>327.8</b>	<b>360.7</b>	<b>364.8</b>
	<i>(As a percentage of GDP)</i>	15.8	17.6	19.1	18.8
<b>C.</b>	<b>Total External Debt (A+B)</b>	<b>360.8</b>	<b>409.4</b>	<b>442.2</b>	<b>450.1</b>
	<i>(As a percentage of GDP)</i>	20.5	22.0	23.4	23.2
@: 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.					
<b>Source:</b> Ministry of Finance, Government of India and Reserve Bank of India					

<b>Table 4: India's Key External Debt Indicators</b>							
<b>End-March</b>	<b>External Debt</b>	<b>Ratio of External Debt to GDP</b>	<b>Debt Service Ratio</b>	<b>Ratio of Foreign Exchange Reserves to Total Debt</b>	<b>Ratio of Concessional Debt to Total Debt</b>	<b>Ratio of Short-Term Debt to Foreign Exchange Reserves</b>	<b>Ratio of Short-Term Debt to Total Debt</b>
	(US\$ billion)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1991	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1996	93.7	27.0	26.2	23.1	44.7	23.2	5.4
2001	101.3	22.5	16.6	41.7	35.4	8.6	3.6
2002	98.8	21.1	13.7	54.7	35.9	5.1	2.8
2003	104.9	20.3	16.0*	72.5	36.8	6.1	4.5
2004	112.6	18.0	16.1**	100.3	35.8	3.9	3.9
2005	134.0	18.1	5.9^	105.6	30.7	12.5	13.2
2006	139.1	16.8	10.1#	109.0	28.4	12.9	14.0
2007	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2008	224.4	18.0	4.8	138.0	19.7	14.8	20.4
2009	224.5	20.3	4.4	112.2	18.7	17.2	19.3
2010	260.9	18.2	5.8	106.9	16.8	18.8	20.1
2011R	317.9	18.2	4.4	95.9	14.9	21.3	20.4
2012 PR	360.8	20.5	6.0	81.6	13.3	26.6	21.7
2013 PR	409.4	22.0	5.9	71.3	11.1	33.1	23.6
2014 PR	442.2	23.4	5.9	68.8	10.5	29.3	20.2
End-June 2014 P	450.1	23.2	8.1	70.2	10.3	27.8	19.5
P: Provisional. PR: Partially Revised. R: 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.							
<b>Source:</b> Ministry of Finance, Government of India and Reserve Bank of India							