



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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India's External Debt as at the end of March 2012

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 2012 in Rupees and US dollar terms and revised data for the earlier quarters are set out in [Statements 1](#) and [2](#). The major developments relating to India's external debt as at end-March 2012 are presented in the following paragraphs.

Highlights

With a widening current account deficit and continued uncertainty in global economic scenario and prospects for equity flows, dependence on debt flows rose considerably during 2011-12. As a result, external debt stock increased during 2011-12, and key vulnerability indicators like debt-GDP ratio and debt service ratio witnessed deterioration over the year.

- (i) India's external debt, as at end-March 2012, was placed at US \$ 345.8 billion (20.0 per cent of GDP) recording an increase of US \$ 39.9 billion or 13.0 per cent over the end-March 2011 level on account of significant increase in commercial borrowings, short-term trade credits, and rupee denominated Non-resident Indian deposits.
- (ii) Excluding the valuation effects due to appreciation of US dollar primarily against Indian Rupee, the stock of external debt has increased by US\$ 51.8 billion over the stock as at end-March 2011.
- (iii) The share of commercial borrowings stood highest at 30.2 per cent as at end-March 2012 followed by short-term debt (22.6 per cent), NRI deposits (16.9 per cent) and multilateral debt (14.6 per cent).
- (iv) The short-term debt increased by US\$ 13.2 billion on account of rise in short-term trade credits, FII investment in T-bills and commercial banks borrowings.
- (v) The debt service ratio increased to 5.6 per cent during 2011-12 as compared to 4.2 per cent during 2010-11.
- (vi) Based on residual maturity, short-term debt accounted for 42.7 per cent of the total external debt as at end-March 2012. Whereas the share of short-term debt, by original maturity, was 22.6 per cent of the total external debt stock.
- (vii) The ratio of short-term debt (residual maturity) to foreign exchange reserves at 50.1 per cent as at end-March 2012 was higher compared to 42.3 per cent as at end-March 2011.

- (viii) The US dollar denominated debt accounted for 55.0 per cent of the total external debt stock as at end-March 2012 followed by Indian rupee (21.4 per cent) and Japanese Yen (9.1 per cent).
- (ix) India's foreign exchange reserves provided a cover of 85.1 per cent to the external debt stock at the end of March 2012 as compared with 99.6 per cent as at end-March 2011.

1. India's External Debt as at end-March 2012

- (i) India's external debt, as at end-March 2012, was placed at US\$ 345.8 billion (20.0 per cent of GDP) recording an increase of US\$ 39.9 billion or 13.0 per cent over the end-March 2011 level on account of considerable increase in commercial borrowings, short-term trade credits, and rupee denominated NRI deposits. Large recourse to borrowings in particular of those in short-term nature reflect widening financing needs and growing uncertainty in global financial markets as situation in euro zone continued to be fragile.
- (ii) The long-term debt at US\$ 267.6 billion and short-term debt (with original maturity) at US\$ 78.2 billion accounted for 77.4 per cent and 22.6 per cent, respectively, of the total external debt as at end-March 2012.
- (iii) The share of commercial borrowings continued to be highest at 30.2 per cent in the total external debt as at end-March 2012 followed by short-term debt (22.6 per cent), NRI deposits (16.9 per cent) and multilateral debt (14.6 per cent) (Table 1).

Table 1: External Debt by Component									
(US \$ million)									
Item	End- March								
	1991	2005	2006	2007	2008	2009PR	2010 PR	2011 PR	2012 P
1	2	4	5	6	7	8	9	10	11
1. Multilateral	20,900	31,744	32,620	35,337	39,490	39,538	42,857	48,474	50,453
	(24.9)	(23.7)	(23.4)	(20.5)	(17.6)	(17.6)	(16.4)	(15.8)	(14.6)
2. Bilateral	14,168	17,034	15,761	16,065	19,708	20,610	22,593	25,698	26,757
	(16.9)	(12.7)	(11.3)	(9.3)	(8.8)	(9.2)	(8.7)	(8.4)	(7.7)
3. IMF	2,623	1,029	981	1,029	1,120	1,018	6,041	6,308	6,163
	(3.1)	(0.8)	(0.7)	(0.6)	(0.5)	(0.5)	(2.3)	(2.1)	(1.8)
4. Trade Credit	4,301	5,022	5,420	7,165	10,328	14,481	16,841	18,613	19,908
	(5.1)	(3.7)	(3.9)	(4.2)	(4.6)	(6.5)	(6.5)	(6.1)	(5.8)
5. ECBs	10,209	26,405	26,452	41,443	62,334	62,461	70,726	88,565	1,04,397
	(12.2)	(19.7)	(19.0)	(24.0)	(27.8)	(27.8)	(27.1)	(28.9)	(30.2)
6. NRI Deposits	10,209	32,743	36,282	41,240	43,672	41,554	47,890	51,682	58,608
	(12.2)	(24.4)	(26.1)	(23.9)	(19.5)	(18.5)	(18.4)	(16.9)	(16.9)
7. Rupee Debt	12,847	2,302	2,059	1,951	2,017	1,523	1,658	1,601	1354
	(15.3)	(1.7)	(1.5)	(1.1)	(0.9)	(0.7)	(0.6)	(0.5)	(0.4)
8. Long-term Debt (1to 7)	75,257	116,279	119,575	144,230	178,669	181,185	208,606	240,941	267,640
	(89.8)	(86.8)	(86.0)	(83.7)	(79.6)	(80.7)	(79.9)	(78.8)	(77.4)
9. Short-term Debt	8,544	17,723	19,539	28,130	45,738	43,313	52,329	64,990	78,179
	(10.2)	(13.2)	(14.0)	(16.3)	(20.4)	(19.3)	(20.0)	(21.2)	(22.6)
Total (8+9)	83,801	134,002	139,114	172,360	224,407	224,498	260,935	305,931	345,819
	(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 appreciation of the US dollar particularly against Indian rupee resulted in decrease in India's external debt by US\$ 11.9 billion during 2011-12. Thus excluding the valuation effects, the stock of

external debt as at end-March 2012 would have increased by US\$ 51.8 billion over the level at end-March 2011.

3. Components of External Debt

- (i) Almost all the components of the external debt recorded a rise during the year. The loans under external assistance (multilateral and bilateral debt) increased by around US \$ 3.0 billion during 2011-12 as compared with an increase of US\$ 8.7 billion in the preceding year (Table 2).
- (ii) Trade credits (both long-term and short-term) increased, by US \$ 8.0 billion, as at end-March 2012 as compared to US\$ 12.8 billion over the level at end-March 2011.
- (iii) The commercial borrowings increased by US\$ 15.8 billion as at end-March 2012 as compared to an increase of US \$ 17.8 billion as at end-March 2011 during the corresponding period of the preceding year.
- (iv) The short-term debt increased by US\$ 13.2 billion to US\$ 78.2 billion as at end-March 2012 as compared to US\$ 65.0 billion as at end-March 2011 on account of rise in short-term trade credits, FII investment in T-bills and commercial banks borrowings.
- (v) NRI deposits increased by US\$ 6.9 billion to US \$ 58.6 billion as at end-March 2012 over the level as at end-March 2011 primarily on account of increase in rupee denominated NRI deposits reflecting the impact of deregulation of interest rates on these deposits in December 2011.

Memo Items	Outstanding at the end-of			Absolute variation		Percentage variation	
	Mar-2010 PR	Mar-2011PR	Mar-2012 P	Mar-10 to Mar-11	Mar-11 to Mar-12	Mar-10 to Mar-11	Mar-11 to Mar-12
1	2	3	4	5	6	7	8
1. Multilateral	42,857	48,474	50,453	5,617	1,979	13.1	4.1
2. Bilateral	22,593	25,698	26,757	3,105	1,059	13.7	4.1
3. IMF	6,041	6,308	6,163	267	-145	4.4	-2.3
4. Export Credit	16,841	18,613	19,908	1,772	1,295	10.5	7.0
5.Commercial Borrowings	70,726	88,565	104,397	17,839	15,832	25.2	17.9
6. NRI Deposits	47,890	51,682	58,608	3,792	6,926	7.9	13.4
7. Rupee Debt	1,658	1,601	1,354	-57	-247	-3.4	-15.4
8. Short term Debt	52,329	64,990	78,179	12,661	13,189	24.2	20.3
<i>Of which</i>							
Short term trade credit	47,473	58,463	65,130	10,990	6,667	23.2	11.4
Total Debt	260,935	305,931	345,819	44,996	39,888	17.2	13.0
Memo Items							
A. Long-Term Debt	208,606	240,941	267,640	32,335	26,699	15.5	11.1
B. Short-Term Debt	52,329	64,990	78,179	12,661	13,189	24.2	20.3

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) India's external debt mainly 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 55.0 per cent in the total external debt as at end-March 2012. The share of Indian rupee in the total external debt stock accounted for 21.4 per cent as at end-March 2012 followed by Japanese Yen (9.1 per cent), and SDR (8.7 per cent). The share of Euro accounted for 3.7 per cent as at end-March 2012.

5. External Debt by Residual Maturity

- (i) The short-term debt, on the basis of residual maturity, accounted for 42.7 per cent of total external debt as at end-March 2012. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 50.1 per cent at end-March 2012 (Table 3).

Table 3: Residual Maturity of External Debt Outstanding as at End-March 2012					
(US \$ million)					
Components	Short-term up to one year	Long-term			Total
		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)\$	4,454	4,651	4,840	61,843	75,788
2. External Commercial Borrowings #	21,978	16,522	19,013	75,732	1,33,244
3. NRI deposits {(i)+(ii)+(iii)}	42,800	5,545	4,189	6,075	58,608
(i) FCNR(B)	12,169	1,467	823	509	14,968
(ii) NR(E)RA	21,882	2,672	2,547	4,307	31,408
(iii) NRO	8,750	1,405	819	1,259	12,232
4. Short-term Debt* (Original maturity)	78,179	-	-	-	78,179
Total (1 to 4)	147,411	26,718	28,041	143,650	345,819
Memo Items					
Short-term debt (Residual maturity as per cent of total external debt)	42.7				
Short-term debt (Residual maturity as per cent of Reserves)	50.1				
\$: Inclusive of FII investment in Government securities amounting to US \$ 5,260 million.					
*:Also includes short-term component of sovereign debt amounting to US\$ 6,042.7 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.					
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, 2012.					
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\$ 81.9 billion as at end-March 2012 as against US\$ 78.1 billion as at end-March 2011. The share of Government external debt in the total external debt at 23.7 per cent at end-March 2012 was lower than that of 25.5 per cent as at end-March 2011.
- (ii) The share of non-Government debt in total external debt increased to 76.3 per cent as at end-March 2012 from 74.5 per cent at end-March 2011 (Table 4).

Table 4: Government and Non-Government External Debt								
(US \$ million)								
Sr. No.	Components	End-March						
		2006	2007	2008	2009	2010	2011	2012
1	2	3	4	5	6	7	8	9
A.	Sovereign Debt (I+II)	46,259	49,360	58,070	55,870	67,067	78,071	81,895
	(As a percentage of GDP)	5.6	5.0	4.7	5.1	4.7	4.6	4.7
I.	External Debt on Government Account under External Assistance	43,510	46,155	52,538	51,816	55,235	62,295	63,374
II.	Other Government External Debt @	2,749	3,205	5,530	4,058	11,845	15,776	18,521
B.	Non-Government Debt #	92,855	123,000	166,337	168,628	193,868	2,27,859	2,63,924
	(As a percentage of GDP)	11.2	12.5	13.3	15.2	13.6	13.2	15.3
C.	Total External Debt (A+B)	139,114	172,360	224,407	224,498	260,935	305,931	345,819
	(As a percentage of GDP)	16.8	17.5	18.0	20.3	18.3	17.8	20.0
@: 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) Key indicators of external debt such as debt-GDP ratio, debt service ratio, 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 2012 as compared to end-March 2011 (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	7.0	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	20.3	4.4	112.1	18.7	17.2	19.3
2009-10PR	260.9	18.3	5.5	106.8	16.8	18.8	20.0
2010-11P	305.9	17.8	4.2	99.6	15.5	21.3	21.2
2011-12	345.8	20.0	5.6	85.1	13.9	26.6	22.6
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							

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