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India's External Debt as at the end of March 2009

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. A detailed account of external debt as compiled in the standard format as at end-March 2009 in rupee and US dollar terms and revised data for the earlier quarters are set out in [Statement 1](#) and [2](#), respectively. The developments relating to India's external debt as at end-March 2009 are discussed in the following paragraphs.

Major Highlights of External Debt

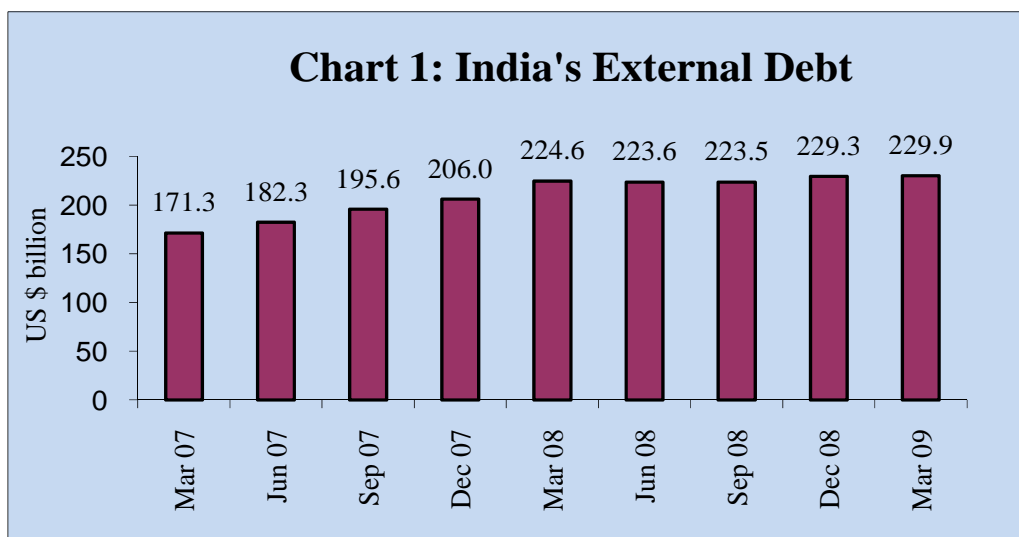
- (i) India's external debt, as at end-March 2009, was placed at US \$ 229.9 billion (22.0 per cent of GDP) recording an increase of US \$ 5.3 billion or 2.4 per cent over the level of the previous year mainly due to the increase in trade credits.
- (ii) As per an international comparison of external debt of the twenty most indebted countries, India was the fifth most indebted country in 2007.
- (iii) By way of composition of external debt, the share of commercial borrowings was the highest at 27.3 per cent as at end-March 2009 followed by short-term debt (21.5 per cent), NRI deposits (18.1 per cent) and multilateral debt (17.2 per cent).
- (iv) The debt service ratio has declined steadily over the years, and stood at 4.6 per cent as at end-March 2009.
- (v) Excluding the valuation effects due to appreciation of US dollar against other major currencies and Indian rupee, the stock of external debt would have increased by US\$ 18.7 billion as compared with the stock as at end-March 2008.
- (vi) The share of short-term debt in total debt increased to 21.5 per cent at end-March 2009 from 20.9 per cent at end-March 2008, primarily on account of rise in short-term trade credits.
- (vii) Based on residual maturity, the short-term debt accounted for 40.6 per cent of the total external debt at end-March 2009
- (viii) The ratio of short-term debt to foreign exchange reserves at 19.6 per cent in March 2009 was higher compared to 15.2 per cent in March 2008.
- (ix) The US dollar continues to remain the dominant currency accounting for 57.1 per cent of the total external debt stock as at end-march 2009.
- (x) India's foreign exchange reserves provided a cover of 109.6 per cent to the external debt stock at the end of March 2009 as compared with 137.9 per cent as at end-March 2008.

1. Stock of India's External Debt as at end-March 2009

- (i) India's external debt, as at end-March 2009, was placed at US \$ 229.9 billion (22.0 per cent of GDP) recording an increase of US \$ 5.3 billion or 2.4 per cent over the end-March 2008 level mainly due to the increase in trade credits. (Table 1 and Chart 1).

Table 1: External Debt Outstanding					
(US \$ billion)					
At end of	Total External Debt	Variation			
		Over corresponding Quarter of Previous year		Over Previous Quarter	
	Amount	Per cent	Amount	Per cent	
1	2	3	4	5	6
March 2007	171.3	33.2	24.0	10.9	6.8
June 2007	182.3	37.3	25.7	11.0	6.4
September 2007	195.6	45.0	29.9	13.3	7.3
December 2007	206.0	45.6	28.4	10.4	5.3
March 2008	224.6	53.3	31.1	18.6	9.0
June 2008	223.6	41.3	22.6	-1.0	-0.5
September 2008	223.5	27.9	14.3	0.0	0.0
December 2008	229.3	23.3	11.3	5.7	2.6
March 2009 P	229.9	5.3	2.4	0.6	0.3

P: Provisional
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 against other major international currencies and Indian rupee resulted in a decline in India's external debt by US \$ 13.4 billion. This implies that excluding the valuation effects, the stock of external debt as at end-March 2009 would have increased by US \$ 18.7 billion over the level at end-March 2008.

3. Components of External Debt

- (i) By way of composition of external debt, the share of commercial borrowings was the highest at 27.3 per cent as at end-March 2009 followed by short-term debt (21.5 per cent), NRI deposits (18.1 per cent) and multilateral debt (17.2 per cent) (Table 2).
- (ii) The long-term debt at US\$ 180.5 billion and short-term debt at US\$ 49.4 billion accounted for 78.5 per cent and 21.5 per cent, respectively, of the total external debt as at end-March 2009.

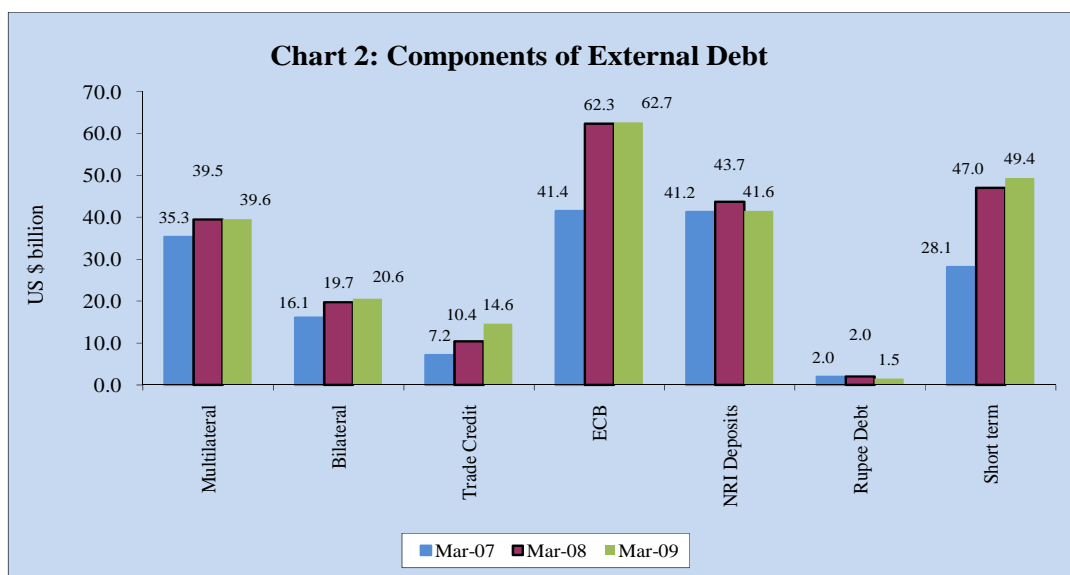
Table 2: External Debt by Component								
(US \$ million)								
Item	End- March							
	1991	1998	2004	2005	2006	2007	2008	2009 P
1	2	3	4	5	6	7	8	9
1. Multilateral	20,900	29,553	29,297	31,744	32,620	35,337	39,490	39,566
	(24.9)	(31.6)	(26.2)	(23.9)	(23.6)	(20.6)	(17.6)	(17.2)
2. Bilateral	14,168	16,969	17,277	17,034	15,761	16,065	19,701	20,587
	(16.9)	(18.1)	(15.5)	(12.8)	(11.4)	(9.4)	(8.8)	(9.0)
3. IMF	2,623	664	0	0	0	0	0	0
	(3.1)	(0.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
4. Trade Credit	4,301	6,526	4,697	5,022	5,420	7,165	10,358	14,604
	(5.1)	(7.0)	(4.2)	(3.8)	(3.9)	(4.2)	(4.6)	(6.4)
5. ECBs	10,209	16,986	22,007	26,405	26,452	41,443	62,337	62,676
	(12.2)	(18.2)	(19.7)	(19.9)	(19.1)	(24.2)	(27.8)	(27.3)
6. NRI Deposits	10,209	11,913	31,216	32,743	36,282	41,240	43,672	41,554
	(12.2)	(12.7)	(28.0)	(24.6)	(26.3)	(24.1)	(19.4)	(18.1)
7. Rupee Debt	12,847	5,874	2,720	2,302	2,059	1,951	2,016	1,527
	(15.3)	(6.3)	(2.4)	(1.7)	(1.5)	(1.1)	(0.9)	(0.7)
8. Long-term Debt (1to 7)	75,257	88,485	1,07,214	1,15,250	1,18,594	1,43,201	1,77,574	1,80,514
	(89.8)	(94.6)	(96.0)	(86.7)	(85.9)	(83.6)	(79.1)	(78.5)
9. Short-term Debt	8,544	5,046	4,431	17,723	19,539	28,130	46,999	49,373
	(10.2)	(5.4)	(4.0)	(13.3)	(14.1)	(16.4)	(20.9)	(21.5)
Total (8+9)	83,801	93,531	1,11,645	1,32,973	1,38,133	1,71,331	2,24,573	2,29,887
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

P: Provisional
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.

- (iii) The rise in external debt stock was mainly due to the increase in trade credits which rose by US\$ 4.2 billion over its level at end-March 2008.
- (iv) The short-term debt increased by US\$ 2.4 billion as at end-March 2009 mainly on account of rise in short-term trade credits (Table 3 and Chart 2).
- (v) Outstanding NRI deposits at US \$ 41.6 billion as at end-March 2009 declined by US \$ 2.1 billion over the level at end-March 2008 mainly due to valuation effects as there was positive inflows under NRI deposits during 2008-09.

Table 3: Variation in External Debt by Components

Item	External debt outstanding at the end-of (US \$ million)			Absolute variation (US \$ million)		Percentage variation (per cent)	
	Mar 07	Mar 08	Mar 09P	Mar 07 to Mar 08	Mar 08 to Mar 09	Mar 07 to Mar 08	Mar 08 to Mar 09
1	2	3	4	5	6	7	8
1. Multilateral	35,337	39,490	39,566	4,153	76	11.8	0.2
2. Bilateral	16,065	19,701	20,587	3,636	886	22.6	4.5
3. IMF	0	0	0	0	0	0.0	0.0
4. Trade Credit	7,165	10,358	14,604	3,193	4,246	44.6	41.0
5. Commercial Borrowings	41,443	62,337	62,676	20,894	339	50.4	0.5
6. NRI Deposits	41,240	43,672	41,554	2,432	-2,118	5.9	-4.8
7. Rupee Debt	1,951	2,016	1,527	65	-489	3.3	-24.3
8. Short-Term Debt	28,130	46,999	49,373	18,869	2,374	67.1	5.1
Of which:							
(i) Short-Term Trade Credit	25,979	43,162	45,975	17,183	2,813	66.1	6.5
Total Debt (1 to 8)	171,331	224,573	229,887	53,242	5,314	31.1	2.4
Memo Items							
A. Long-Term Debt (1 to 7)	143,201	177,574	180,514	34,373	2,940	24.0	1.7
B. Short-Term Debt	28,130	46,999	49,373	18,869	2,374	67.1	5.1
P: Provisional							
Source: Ministry of Finance, Government of India and Reserve Bank of India.							



- (vi) The level of approvals of ECBs during 2008-09 (April-March) was significantly lower at US\$ 18.4 billion as compared to US\$ 31.0 billion during 2007-08. As a result, gross disbursements for 2008-09 were lower at US \$ 13.4 billion than that of US\$ 28.8 billion during the previous year (Table 4).

Table 4: External Commercial Borrowings						
(US \$ million)						
Year	Approvals #	Gross Disbursement *	Amortisation*	Interest*	Total Servicing	ECB Debt Outstanding
1	2	3	4	5	6 (4+5)	7
1990-91	1,903	4,252	2,004	1,410	3,414	10,209
1995-96	6,286	4,252	3,868	1,380	5,248	13,873
2000-01	2,837	9,621	5,378	1,695	7,073	24,408
2001-02	2,653	2,684	4,107	1,456	5,563	23,320
2002-03	4,235	3,505	5,019	1,167	6,186	22,472
2003-04	6,671	5,225	8,045	2,119	10,164	22,007
2004-05	11,490	9,084	3,571	959	4,530	26,405
2005-06	17,175	14,343	11,584	3,015	14,599	26,452
2006-07	24,492	20,257	3,814	2,583	6,397	41,443
2007-08 PR	30,954	28,784	6,119	3,652	9,771	62,337
2008-09 QE	18,364	13,377	6,439	3,962	10,401	62,676

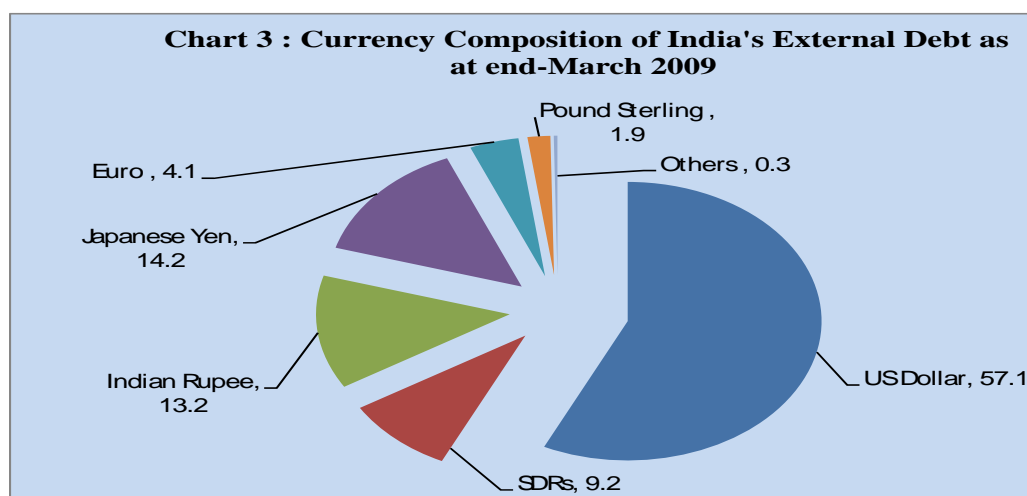
PR : Partially Revised ; QE: Quick Estimates.
 *: Revised; based on Balance of Payments data.
 # : Based on date of agreement of the loan which may differ from the date of granting the loan registration number by the RBI. Ceiling on ECB approvals is fixed on the basis of the latter, which may either be after or before the date of agreement of the loan. Hence, there may be some difference between the amount shown under approvals in the table and the amount of ceiling fixed for a particular year.
 Note: Disbursements during 1998-99 and 2000-01 include RIBs (US\$ 4.2 billion) and IMDs (US \$ 5.5 billion), respectively. Debt service payments during 2003-04 and 2005-06 include redemption of RIBs and IMDs, respectively.

4. Currency Composition

- (i) The currency composition of India's external debt is generally disseminated in terms of major foreign 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 continues to be the dominant currency accounting for 57.1 per cent of the total external debt stock as at end-March 2009, followed by the Japanese yen (14.2 per cent), Indian rupee (13.2 per cent) and SDR (9.2 per cent) (Table 5 and Chart 3). The share of Euro has been at around 4 per cent in the recent years.

Table 5: Currency Composition of External Debt (Percentage share in total external debt)						
As at end March						
Currency	2004	2005	2006	2007	2008	2009 P
1	2	3	4	5	6	7
US Dollar	40.5	48.0	49.2	51.4	54.4	57.1
SDR	15.5	14.2	13.7	11.9	10.0	9.2
Indian Rupee	22.7	19.6	18.9	18.6	17.5	13.2
Japanese Yen	11.6	10.5	10.9	11.5	12.0	14.2
Euro	5.8	4.6	4.4	3.9	3.6	4.1
Pound Sterling	3.4	2.6	2.6	2.4	2.2	1.9
Others	0.5	0.5	0.3	0.3	0.3	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

P: Provisional
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 as at end-March 2009 reveals that 'loans' accounted for 51.8 per cent of total debt outstanding as compared to 49.5 per cent as at end-March 2008 (Table 6).
- (ii) The group 'currency and deposits' and 'trade credits' together accounted for 50.6 per cent of the total non-Government debt as at end-March 2009 as against 52.6 per cent as at end-March 2008.

Table 6: Instrument-wise Classification of External Debt Outstanding (US\$ million)			
Sr. No.	Borrower	End-March 2008	End-March 2009
1	2	3	4
A.	Government (1+2)	56,947	54,856
1.	Short-Term	615	939
	(i) Money Market Instruments	615	939
2.	Long-term {(i)+(ii)+(iii)}	56,332	53,917
	(i) Bonds and Notes	2,300	963
	(ii) Loans	52,740	51,680
	(iii) Trade Credits	1,292	1,274
B.	Monetary Authority	1,115	764
1.	Short-term	1,115	764
	(i) Currency and Deposits	1,115	764
C.	Non-Government (1+2)	1,66,511	1,74,267
1.	Short-Term {(i)+(ii)}	45,269	47,670
	(i) Money Market Instruments	2,107	1,695
	(ii) Trade Credits	43,162	45,975
2.	Long-term {(i)+(ii)+(iii)+(iv)}	1,21,242	1,26,597
	(i) Bonds and Notes	18,302	17,018
	(ii) Loans	58,484	67,310
	(iii) Currency and Deposits	43,672	41,554
	(iv) Trade Credits	784	715
	Total External Debt (A+B+C)	2,24,573	2,29,887

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

6. Short-term Debt

- (i) The short-term debt has become an important component for measuring the liquidity and refinancing risks. In the recent years, efforts have been taken to expand the coverage of short-term external debt. The data on short-term debt now includes suppliers' credit up to and above 180 days, FII investments in Government debt, investment by foreign central banks and international institutions in Treasury Bills and external liabilities of central banks and commercial banks.
- (ii) Short-term debt by original maturity has increased over the period mainly because of the increase in trade related credits due to growing imports. The share of trade related credits in total short-term debt increased from 91.8 per cent as at end-March 2008 to 93.1 per cent as at end-March 2009 (Table 7).

Table 7: Short-Term Debt by Original Maturity							
(US \$ million)							
Components	End-March						
	1991	2001	2005	2006	2007	2008	2009
1	2	3	4	5	6	7	8
A Short-Term Debt	8,544	3,628	17,723	19,539	28,130	46,999	49,373
a) NRI Deposits (up to 1 year maturity) @	3,577	957	0	0	0	0	0
b) FC (B&O) Deposits (up to 1 year maturity)	167	0	0	0	0	0	0
c) Trade Related Credits #	4,800	2,671	16,271	19,399	25,979	43,162	45,975
(i) Above 6 months and upto 1 year	2,267	2,671	7,529	8,696	11,971	22,884	23,346
(ii) Upto 6 months	2,533	0	8,742	10,703	14,008	20,278	22,629
d) FII Investments in Government Treasury Bills & other instruments	0	0	1,452	140	397	651	2,065
e) Investment in Treasury Bills by foreign central banks and international institutions etc.	-	-	-	-	164	155	105
f) External Debt Liabilities of:	-	-	-	-	1,590	3,031	1,228
(i) Central Bank	-	-	-	-	501	1,115	764
(ii) Commercial Bank	-	-	-	-	1,089	1,916	464
B Imports (during the year)*	27,915	57,912	1,18,908	1,57,056	1,90,670	2,57,789	2,94,587
C Trade Credits to Imports (%)	17.2	4.6	13.7	12.4	13.6	16.7	15.6

@: 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.

#: Data on short-term Trade Credits of less than six months in respect of suppliers' credit and FII investment in debt papers are included since end-March 2005.

*: On balance of payments basis.

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

7. External Debt by Residual Maturity

- (i) 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.
- (ii) The 'short-term debt by residual maturity' comprises the repayments due under medium and long-term debt by original maturity during one year reference period along with the short-term debt with original maturity. The balance constitutes the long-term debt by residual maturity. Based on residual maturity, the short-term debt accounted for 40.6 per cent of total external debt as at end-

March 2009. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 37.0 per cent at end-March 2009 (Table 8).

Table 8: Residual Maturity of External Debt Outstanding as at End-March 2009 (US \$ million)					
Components	Short-term	Long-term			Total (2) to (5)
	Up to one year	1 to 2 years	2 to 3 years	More than 3 years	
1	2	3	4	5	6
1. Sovereign Debt (long-term)	2,603	2,924	3,015	45,376	53,917
2. External Commercial Borrowings (including trade credit)	9,189	10,839	14,521	50,494	85,043
3. NRI deposits {(i)+(ii)+(iii)}	32,108	4,465	3,757	1,224	41,554
(i) FCNR(B)	9,944	2,085	1,075	107	13,211
(ii) NR(E)RA	18,649	2,015	2,041	865	23,570
(iii) NRO	3,516	365	641	252	4,773
4. Short-term Debt* (Original maturity)	49,373	-	-	-	49,373
Total (1 to 4)	93,273	18,228	21,293	97,093	229,887
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total debt)	40.6				
Short-term debt (Residual maturity as per cent of Reserves)	37.0				
* Also includes short-term component of sovereign debt amounting to US\$ 939 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 March 31, 2009. Source: Ministry of Finance, Government of India and Reserve Bank of India.					

8. Government and Non-Government External Debt

- (i) Government (Sovereign) external debt stood at US\$ 54.9 billion as at end-March 2009 while non-Government debt amounted to US \$ 175.0 billion.
- (ii) The share of non-Government debt in total external debt has increased steadily since March 2003. This trend continued during 2008-09 as the share of non-Government debt in total external debt increased further to 76.1 per cent as at end-March 2009 as against 74.6 per cent as at end-March 2008 (Table 9 and Chart 4).

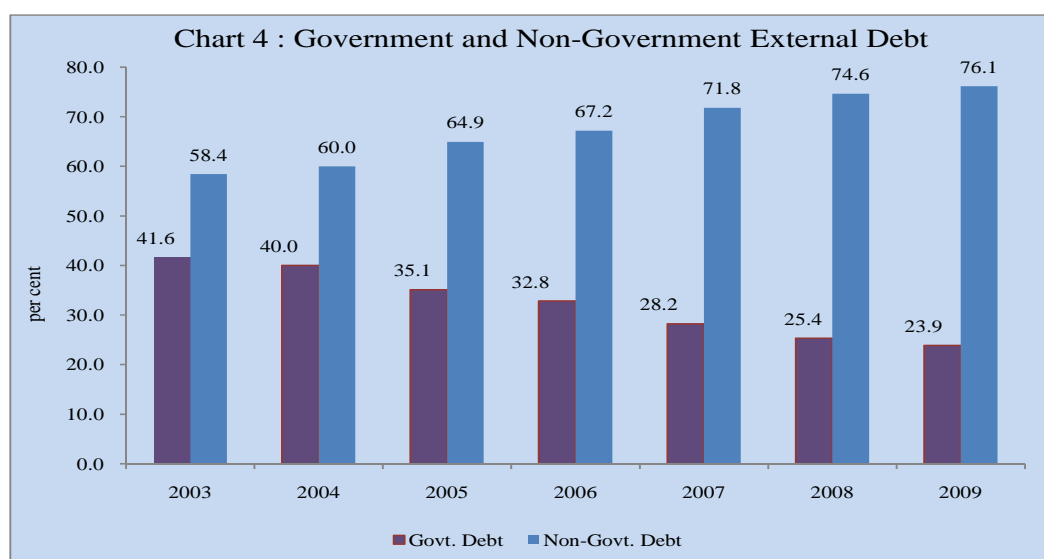
Table 9: Government and Non-Government External Debt**(US \$ million)**

Sr. No.	Components	End-March						
		2003	2004	2005	2006	2007	2008	2009
1	2	3	4	5	6	7	8	9
A.	Sovereign Debt (I+II)	43,612	44,674	46,668	45,346	48,330	56,947	54,856
	(As a percentage of GDP)	8.4	7.2	6.5	5.6	5.1	4.8	5.3
I.	External Debt on Government Account under External Assistance	41,216	41,142	43,686	43,510	46,155	52,538	51,816
II.	Other Government External Debt @	2,396	3,532	2,982	1,768	2,175	4,409	3,040
B.	Non-Government Debt #	61,302	66,971	86,305	92,787	1,23,001	1,67,626	1,75,031
	(As a percentage of GDP)	11.9	10.6	12.0	11.5	13.0	14.2	16.8
C.	Total External Debt (A+B)	1,04,914	1,11,645	1,32,973	1,38,133	1,71,331	2,24,573	2,29,887
	(As a percentage of GDP)	20.3	17.8	18.5	17.2	18.1	19.0	22.0

@: 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



9. Debt Service Payments

- India's debt service payments amounted to US \$ 15.4 billion during 2008-09 (April-March) as compared to US \$14.9 billion during 2007-08 (April-March) (Table 10).
- India's debt service ratio¹ has improved progressively over the years owing to the combined effect of moderation in debt service payments and growth in

¹ Debt service ratio is defined as total repayments of principal and interest on debt as a ratio of current receipts.

external current receipts. The debt service ratio had declined from a peak of 35.3 per cent in 1990-91 to 5.9 per cent in 2004-05 but increased to 10.1 per cent during 2005-06 due to repayments relating to the India Millennium Deposits. The debt service ratio declined to 4.6 per cent during 2008-09.

- (iii) Servicing of External Commercial Borrowings (including principal and interest payments) accounted for 67.4 per cent of the total debt service during 2008-09.

Table 10: India's External Debt Service Payments

(US \$ million)

Sr. No.	Item	1990-91	2000-01	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1	2	3	4	5	6	7	8	9	10
1	External Assistance	2,315	3,444	6,983	2,855	2,652	2,942	3,241	3,381
	Repayment	1,187	2,338	6,193	2,129	1,945	1,960	2,099	2,372
	Interest	1,128	1,106	790	726	707	982	1,142	1,009
2	External Commercial Borrowings	3,414	7,073	10,164	4,530	14,839	6,331	9,771	10,401
	Repayment	2,004	5,378	8,045	3,571	11,824	3,814	6,119	6,439
	Interest	1,410	1,695	2,119	959	3,015	2,517	3,652	3,962
3	I.M.F.	778	26	0	0	0	0	0	0
	Repayment	644	26	0	0	0	0	0	0
	Interest	134	0	0	0	0	0	0	0
4	NRI Deposits Interest	1,282	1,661	1,642	1,353	1,497	1,969	1,813	1,547
5	Rupee Debt Service Repayments	1,193	617	376	417	572	162	121	101
6	Total Debt Service (1 to 5)	8,982	12,821	19,165	9,155	19,560	11,404	14,946	15,430
	Repayment	5,028	8,359	14,614	6,117	14,341	5,936	8,339	8,912
	Interest	3,954	4,462	4,551	3,038	5,219	5,468	6,607	6,518
7	Current Receipts #	25,479	77,467	1,19,239	1,54,123	1,94,170	2,42,811	3,14,014	3,37,095
	Debt Service Ratio (6/7) (%)	35.3	16.6	16.1	5.9	10.1	4.7	4.8	4.6

#: Current Receipts minus Official Transfers.

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

- (iv) At end-March 2009, the projected debt service payments for External Commercial Borrowings (ECBs) and Foreign Currency Convertible Bonds (FCCBs) revealed that the principal repayments between 2011-12 and 2012-13 would be higher (Table 11). Despite consolidation of high cost loans and lower interest rates on the current borrowings, interest payments would also increase during these years due to higher disbursement. The projections do not include future debt service obligations arising out of fresh borrowings.

Table 11: Projected Debt Service Payments for ECBs and FCCBs

(US \$ million)

Year	Principal	Interest	Total
1	2	3	4
2009-10	8,633	2,057	10,690
2010-11	10,239	1,996	12,235
2011-12	13,877	2,367	16,244
2012-13	15,823	2,141	17,964
2013-14	10,256	961	11,217
2014-15	5,608	627	6,235
2015-16	3,786	465	4,251
2016-17	3,602	331	3,933
2017-18	2,285	212	2,497
2018-19	1,655	135	1,790

Note: Projections on debt servicing are based on the end-March 2009 debt outstanding position. The projections exclude NRI deposits and FII investment in government debt securities.

10. Sustainability of India's External Debt

- (i) An assessment of sustainability of external debt is generally undertaken based on the trends in certain key ratios such as debt to GDP ratio, debt service ratio, short-term debt to total debt and total debt to foreign exchange reserves. India has managed its external debt successfully as reflected in the perceptible improvement in various external debt sustainability indicators (Table 12).
- (ii) The ratio of external debt to GDP increased to 22.0 per cent as at end-March 2009 from 19.0 per cent as at end-March 2008.
- (iii) The debt service ratio has declined steadily over the years, and stood at 4.6 percent as at end-March 2009.
- (iv) India's foreign exchange reserves provided a cover of 109.6 per cent to the external debt stock at the end of March 2009 as compared to 137.9 per cent as at end-March 2008 (Chart 5).
- (v) The share of concessional debt in total external debt declined to 18.2 per cent as at end-March 2009 from 19.7 per cent at end-March 2008 reflecting the continuing increase in non-concessional private debt in India's external debt stock.
- (vi) The ratio of short-term debt to foreign exchange reserves at 19.6 per cent as at end-March 2009 was higher than that of 15.2 per cent in the previous year.
- (vii) The share of short-term debt in total debt increased to 21.5 per cent at end-March 2009 from 20.9 per cent at end-March 2008.

Table 12: India's Key External Debt Indicators

Year	External Debt (US \$ billion)	Ratio of External Debt to GDP (per cent)	Debt Service Ratio (per cent)	Ratio of Foreign Exchange Reserves to Total Debt (per cent)	Ratio of Concessional Debt to Total Debt (per cent)	Ratio of Short-Term Debt to Foreign Exchange Reserves (per cent)	Ratio of Short-Term Debt to Total Debt (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	17.8	16.1**	101.2	36.1	3.9	4.0
2004-05	133.0	18.5	5.9^	106.4	30.9	12.5	13.3
2005-06	138.1	17.2	10.1#	109.8	28.6	12.9	14.1
2006-07	171.3	18.1	4.7	116.2	23.1	14.1	16.4
2007-08	224.6	19.0	4.8	137.9	19.7	15.2	20.9
2008-09P	229.9	22.0	4.6	109.6	18.2	19.6	21.5

P: Provisional

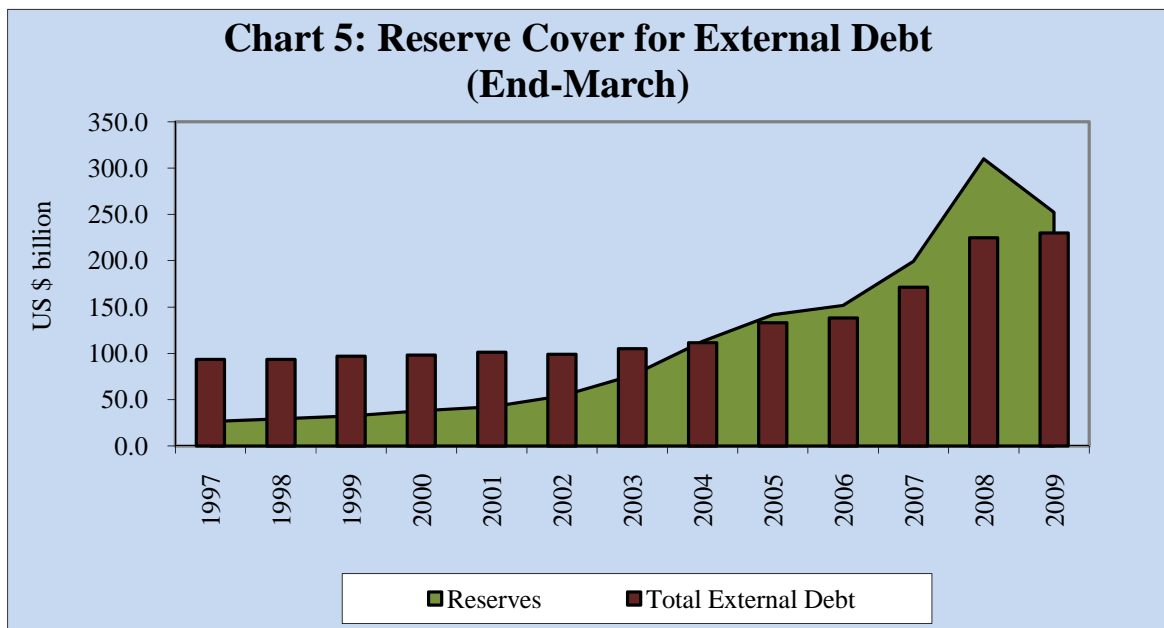
* Works out to 12.4 per cent, with the exclusion of prepayment of external debt of US \$ 3,430 million.

** 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



11. Cross Country Comparison

- (i) According to the latest data available on Global Development Finance Online Database, World Bank, the international comparison of external debt of the twenty most indebted countries indicates that India was the fifth most indebted country in 2007 as compared with third position in 1990 (Table 13).
- (ii) The element of concessionality in India's external debt portfolio was the third highest after Indonesia and Philippines.
- (iii) India's debt service ratio was third lowest with China and Malaysia having first and second lowest debt service ratio, respectively.
- (iv) In terms of ratio of external debt to Gross National Income (GNI), India's position was sixth lowest, with China having the lowest ratio of external debt to GNP.
- (v) India's position with respect to short-term debt to total external debt was eighth lowest with Mexico having the lowest ratio of short-term debt to total external debt.
- (vi) In terms of reserves to total debt, India's position was fourth as China, Malaysia and Thailand had higher reserves to debt ratio than India.

Table 13: International Comparison of Top Twenty Debtor Countries, 2007						
	External debt stocks, total (US \$ million)	Concessional debt/Total debt (EDT) (per cent)	Debt service ratio (per cent)	External Debt to GNI (per cent)	Short-term debt/Total debt (EDT) (per cent)	Forex Reserves to Total Debt (per cent)
1	2	3	4	5	6	7
China	373.6	10.1	2.2	11.6	54.5	413.9
Russian Federation	370.2	0.4	9.1	29.4	21.4	129.1
Turkey	251.5	2.1	32.1	38.8	16.6	30.4
Brazil	237.5	1.0	27.8	18.7	16.5	75.9
India	224.6	19.7	4.8	19.0	20.9	137.9
Poland	195.4	0.4	25.6	47.7	30.9	33.6
Mexico	178.1	0.6	12.5	17.7	5.1	49.0
Indonesia	140.8	26.2	10.5	33.9	24.8	40.4
Argentina	127.8	1.3	13.0	49.7	29.8	36.1
Kazakhstan	96.1	1.0	49.6	103.7	12.2	18.4
Romania	85.4	1.6	19.1	51.5	35.7	46.8
Ukraine	73.6	2.2	16.9	52.9	31.1	44.1
Philippines	65.8	20.0	13.7	41.9	10.8	51.2
Thailand	63.1	9.6	8.1	26.5	34.3	138.7
Chile	58.6	0.4	14.2	40.3	22.7	28.7
Malaysia	53.7	6.1	4.6	29.4	28.4	189.9
Croatia	48.6	2.1	33.0	97.7	10.5	28.1
Colombia	45.0	2.1	22.0	22.5	11.9	46.6
South Africa	43.4	0.0	5.9	15.8	38.2	75.9
Venezuela, RB	43.1	0.5	7.4	18.7	27.1	78.2

Source: Data for India as published by national authorities for 2007-08 and those for other countries as at end-December 2007 as available in World Bank's Global Development Finance Online Database.

- (vii) The Quarterly External Debt (QEDS) database, jointly developed by the World Bank and the International Monetary Fund, brings out detailed external debt data of countries that are subscribing to IMF's Special Data Dissemination Standard/ General Data Dissemination System. The position in respect of the reporting countries for the third and fourth quarters of the calendar year 2008, which has been published by the World Bank (<http://go.worldbank.org/6V603CE490>) is given at Annex I.

Annex I: Gross External Debt Position of QEDS Reporting Countries for End-September and End-December 2008 (US\$ million)							
Sr. No.	Countries	2008 Q3			2008 Q4		
		Short-term	Long-term	Total	Short-term	Long-term	Total
1	2	3	4	5	6	7	8
1	Argentina	53,660	75,277	1,28,937	56,253	71,859	1,28,112
2	Armenia	429	2,748	3,177	465	2,962	3,427
3	Australia	2,73,741	5,65,950	8,39,691	2,28,190	5,35,482	7,63,671
4	Austria	3,03,048	5,61,405	8,64,453	2,65,533	5,61,961	8,27,494
5	Belarus	8,755	5,802	14,557	7,253	7,565	14,818
6	Belgium	12,02,725	4,20,123	16,22,848	9,64,129	3,82,388	13,46,517
7	Bolivia	317	5,484	5,801	267	5,656	5,923
8	Brazil	47,507	2,25,459	2,72,966	36,466	2,26,466	2,62,931
9	Bulgaria	18,913	32,909	51,822	18,493	32,624	51,117
10	Canada	2,99,552	5,10,854	8,10,406	3,01,712	4,49,599	7,51,311
11	Chile	18,616	50,426	69,042	14,251	50,517	64,768
12	Colombia	5,616	39,793	45,409	5,684	40,708	46,392
13	Costa Rica	3,509	5,297	8,805	3,864	5,218	9,082
14	Croatia	4,123	47,721	51,843	6,620	47,830	54,450
15	Czech Republic	28,553	61,187	89,740	25,941	54,487	80,428
16	Denmark	2,88,064	3,00,587	5,88,651	2,99,226	2,84,127	5,83,353
17	Ecuador	0	0	0	0	0	0
18	Egypt	2,651	29,831	32,481	2,842	29,281	32,123
19	El Salvador	1,497	8,873	10,369	1,542	9,149	10,691
20	Estonia	9,982	17,077	27,059	10,623	16,778	27,401
21	Finland	1,17,488	2,26,735	3,44,223	1,09,624	2,18,935	3,28,559
22	France	22,47,510	28,90,585	51,38,095	21,38,532	28,63,164	50,01,696
23	Georgia	1,062	6,081	7,143	972	6,330	7,302
24	Germany	19,78,058	34,50,105	54,28,163	17,23,723	35,26,777	52,50,499
25	Greece	1,29,621	3,70,543	5,00,164	1,56,216	3,48,397	5,04,612
26	Hong Kong, China	5,10,248	1,67,531	6,77,779	4,83,877	1,76,053	6,59,931
27	Hungary	26,422	1,83,990	2,10,412	26,111	1,83,523	2,09,634
28	India	50,675	1,72,856	2,23,531	46,625	1,82,646	2,29,271
29	Indonesia	20,264	1,31,475	1,51,739	20,488	1,34,578	1,55,067
30	Ireland	10,81,982	13,08,683	23,90,665	11,10,636	12,01,087	23,11,724
31	Israel	35,512	53,423	88,935	32,956	52,312	85,268
32	Italy	9,44,407	16,07,011	25,51,418	8,09,594	15,49,516	23,59,110
33	Japan	12,51,745	8,02,838	20,54,583	14,66,347	8,78,336	23,44,683
34	Kazakhstan	10,946	95,117	1,06,064	10,174	97,639	1,07,813
35	Korea	1,89,598	2,35,918	4,25,516	1,51,056	2,29,439	3,80,495
36	Kyrgyz Republic	292	3,060	3,352	385	3,082	3,467
37	Latvia	15,014	27,452	42,466	14,091	27,963	42,054
38	Lithuania	9,066	24,426	33,492	8,169	24,299	32,469
39	Malaysia	38,796	43,355	82,151	30,892	44,399	75,292
40	Mexico	28,679	1,83,493	2,12,172	24,218	1,76,175	2,00,393
41	Moldova	1,299	2,596	3,895	1,429	2,696	4,125
42	Netherlands	12,57,438	14,31,377	26,88,815	10,68,222	13,71,643	24,39,864
43	Norway	3,02,466	2,56,742	5,59,208	2,74,891	2,76,705	5,51,596
44	Paraguay	710	2,653	3,363	735	2,772	3,507
45	Peru	8,934	26,931	35,865	6,148	28,440	34,587
46	Poland	62,275	2,03,832	2,66,107	50,809	1,91,248	2,42,057
47	Portugal	1,95,715	3,08,391	5,04,106	1,80,351	3,04,359	4,84,710
48	Russian Federation	1,15,759	4,26,322	5,42,082	79,779	4,04,948	4,84,726
49	Slovak Republic	20,255	32,791	53,045	20,102	32,424	52,527
50	Slovenia	17,842	39,257	57,100	16,170	38,240	54,409
51	South Africa	27,978	49,547	77,525	25,462	46,349	71,811
52	Spain	7,12,137	16,93,443	24,05,580	6,91,557	16,22,086	23,13,643
53	Sweden	0	0	0	0	0	0
54	Switzerland	9,99,466	4,31,423	14,30,890	9,12,796	3,92,161	13,04,956
55	Thailand	21,201	44,023	65,224	20,317	44,529	64,846
56	Tunisia	4,602	16,010	20,612	4,330	16,442	20,773
57	Turkey	57,804	2,32,911	2,90,715	50,714	2,26,120	2,76,834
58	Ukraine	29,345	75,494	1,04,839	21,983	81,253	1,03,236
59	United Kingdom	80,71,790	26,77,095	1,07,48,884	69,80,002	24,08,010	93,88,012
60	United States	53,47,436	82,80,023	1,36,27,459	54,14,396	82,27,411	1,36,41,807
61	Uruguay	351	10,863	11,214	115	10,626	10,742