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June 27, 2013

India's External Debt end-March 2013

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 2013 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 2013 are presented in the following paragraphs.

Highlights

The high current account deficit witnessed during 2012-13 and its financing increasingly through debt flows particularly by trade credit resulted in significant rise in India's external debt during 2012-13. However, magnitude of increase in external debt was offset to some extent due to valuation change (gain) resulting from appreciation of US dollar against Indian rupee and other international currencies.

The major developments relating to India's external debt as at end-March 2013 are set out below:

- i. India's external debt, as at end-March 2013, was placed at US\$ 390.0 billion showing an increase of US\$ 44.6 billion or 12.9 per cent over the level at end-March 2012. The increase in total external debt during financial year 2012-13 was primarily on account of rise in short-term trade credit. There has been sizeable rise in external commercial borrowings (ECBs) and rupee denominated Non-resident Indian deposits as well.
- ii. Excluding the valuation change (gain) due to the movement of US dollar (appreciation) against major international currencies and Indian rupee, the external debt as at end-March 2013 would have increased by US \$ 55.8 billion over end-March 2012.
- iii. In terms of major components, the share of external commercial borrowings continued to be the highest at 31.0 per cent of total external debt, followed by short term debt (24.8 per cent) and NRI deposits (18.2 per cent).

- iv. The share of short-term debt in total debt, by original maturity, was 24.8 per cent. Based on residual maturity, short-term debt accounted for 44.2 per cent of the total external debt as at end-March 2013. Of this, the share of NRI deposits was 28.4 per cent.
- v. The ratio of short-term debt (original maturity) to foreign exchange reserves rose to 33.1 per cent as at end-March 2013 from 26.6 per cent as at end-March 2012.
- vi. The debt denominated in US dollar continued to account for the highest share of 57.2 per cent in total external debt as at end-March 2013, followed by that denominated in Indian rupee (24.0 per cent) and SDR (7.5 per cent).
- vii. The ratio of foreign exchange reserves to external debt as at end-March 2013 at 74.9 per cent was lower than the level of end-March 2012 (85.2 per cent).

1. India's External Debt as at end-March 2013

1. India's external debt, as at end-March 2013, was placed at US\$ 390.0 billion showing an increase of US\$ 44.6 billion or 12.9 per cent over the end-March 2012 level, primarily on account of short-term trade credit, ECB and NRI deposits (Table 1).
2. The share of short-term debt in total debt rose over the preceding as well as corresponding quarter of the previous year. The long-term debt at US\$ 293.4 billion and short-term debt at US\$ 96.7 billion accounted for 75.2 per cent and 24.8 per cent, respectively, of the total external debt as at end-March 2013 (Table 1).
3. The share of external commercial borrowings (US\$ 120.9 billion) continued to be the highest at 31.0 per cent of total external debt, followed by short term debt (24.8 per cent) and NRI deposits at (18.2 per cent).

2. Valuation Changes

The valuation change (gain) during 2012-13 amounted to US\$ 11.3 billion reflecting the appreciation of US dollar against the Indian rupee and other major currencies. Thus excluding the valuation gain, the stock of external debt as at end-March 2013 would have increased by US\$ 55.8 billion.

Table 1: External Debt by Component

(US \$ million)								
End- March								
Item	1991	2007	2008	2009	2010	2011 R	2012 PR	2013 P
1	2	3	4	5	6	7	8	9
1. Multilateral	20,900	35,337	39,490	39,538	42,857	48,475	50,453	51,642
	(24.9)	(20.5)	(17.6)	(17.6)	(16.4)	(15.8)	(14.6)	(13.2)
2. Bilateral	14,168	16,065	19,708	20,610	22,593	25,712	26,888	25,065
	(16.9)	(9.3)	(8.8)	(9.2)	(8.7)	(8.4)	(7.8)	(6.4)
3. IMF	2,623	1,029	1,120	1,018	6,041	6,308	6,163	5,964
	(3.1)	(0.6)	(0.5)	(0.5)	(2.3)	(2.1)	(1.8)	(1.5)
4. Trade Credit	4,301	7,165	10,328	14,481	16,841	18,614	19,067	17,705
	(5.1)	(4.2)	(4.6)	(6.5)	(6.5)	(6.1)	(5.5)	(4.5)
5. ECBs	10,209	41,443	62,334	62,461	70,726	88,479	104,786	120,893
	(12.2)	(24.0)	(27.8)	(27.8)	(27.1)	(28.9)	(30.3)	(31.0)
6. NRI Deposits	10,209	41,240	43,672	41,554	47,890	51,682	58,608	70,823
	(12.2)	(23.9)	(19.5)	(18.5)	(18.4)	(16.9)	(16.9)	(18.2)
7. Rupee Debt	12,847	1,951	2,017	1,523	1,658	1,601	1,354	1,258
	(15.3)	(1.1)	(0.9)	(0.7)	(0.6)	(0.5)	(0.4)	(0.3)
8. Long-term Debt (1 to 7)	75,257	144,230	178,669	181,185	208,606	240,871	267,319	293,350
	(89.8)	(83.7)	(79.6)	(80.7)	(79.9)	(78.8)	(77.4)	(75.2)
9. Short-term Debt	8,544	28,130	45,738	43,313	52,329	64,990	78,179	96,697
	(10.2)	(16.3)	(20.4)	(19.3)	(20.0)	(21.2)	(22.6)	(24.8)
Total (8+9)	83,801	172,360	224,407	224,498	260,935	305,861	345,498	390,048
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.								

3. Components of External Debt

Almost all the major components of the external debt recorded a rise during the year except bilateral, IMF, exports credits and rupee debt.

- i. External debt on account of commercial borrowings increased by US\$ 16.1 billion during 2012-13 as compared with US\$ 16.3 billion in 2011-12. Trade credit components of external debt (both long-term and short-term) showed an increase of US\$ 20.3 billion as at end-March 2013 over end-March 2012 (Table 2).
- ii. The short-term debt increased by US\$ 18.5 billion to US\$ 96.7 billion as at end-March 2013 from US\$ 78.2 billion as at end-March 2012 mainly on account of rise in short-term trade credit.

- iii. NRI deposits increased by US\$ 12.2 billion to US\$ 70.8 billion as at end-March 2013 over the level as at end-March 2012 primarily on account of increase in rupee denominated NRI deposits reflecting the impact of deregulation of interest rates on these deposits in December 2011.
- iv. The loans under external assistance (multilateral and bilateral debt) declined by around US \$ 0.6 billion during 2012-13 as compared with an increase of US\$ 3.2 billion in the preceding year.

Table 2: External Debt - Outstanding and Variation

(US\$ million)

Memo Items	Outstanding at the end-of March			Absolute variation		Percentage variation	
	2011 (R)	2012 (PR)	2013 (P)	Mar-11 to Mar-12	Mar-12 to Mar-13	Mar-11 to Mar-12	Mar-12 to Mar-13
1	2	3	4	5	6	7	8
1. Multilateral	48,475	50,453	51,642	1,978	1,189	4.1	2.4
2. Bilateral	25,712	26,888	25,065	1,176	-1,823	4.6	-6.8
3. IMF	6,308	6,163	5,964	-145	-199	-2.3	-3.2
4. Export Credit	18,614	19,067	17,705	453	-1,362	2.4	-7.1
5. Commercial Borrowings	88,479	104,786	120,893	16,307	16,107	18.4	15.4
6. NRI Deposits	51,682	58,608	70,823	6,926	12,215	13.4	20.8
7. Rupee Debt	1,601	1,354	1,258	-247	-96	-15.4	-7.1
8. Short term Debt	64,990	78,179	96,697	13,189	18,518	20.3	23.7
<i>Of which:</i>							
Short term trade credit	58,463	65,130	86,787	6,667	21,657	11.4	33.3
Total Debt	305,861	345,498	390,048	39,637	44,550	13.0	12.9
<i>Memo Items</i>							
A. Long-Term Debt	240,871	267,319	293,351	26,448	26,031	11.0	9.7
B. Short-Term Debt	64,990	78,179	96,697	13,189	18,518	20.3	23.7
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 continued to be the largest components of India's external debt with a share of 57.2 per cent as at end-March 2013, followed by Indian rupee (24.0 per cent), SDR (7.5 per cent), Japanese Yen (6.3 per cent) and Euro (3.5 per cent).

5. External Debt by Residual Maturity

Based on residual maturity, the short-term debt accounted for 44.2 per cent of total external debt as at end-March 2013. Within the short-term debt, the share of NRI deposits was the highest at 28.4 per cent. The ratio of short-term debt by residual maturity to foreign exchange reserves worked out to 59.0 per cent at end-March 2013 (Table 3).

(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) \$	5,603	5,810	6,011	60,444	77,868
2. External Commercial Borrowings #	21,038	19,660	23,621	80,341	144,660
3. NRI deposits {(i)+(ii)+(iii)}	49,005	7,257	4,543	10,018	70,823
(i) FCNR(B)	11,816	1,580	1,124	668	15,188
(ii) NR(E)RA	29,575	4,638	3,031	8,680	45,924
(iii) NRO	7,613	1,039	388	670	9,710
4. Short-term Debt* (Original maturity)	96,697				96,697
Total (1 to 4)	172,346	32,727	34,175	150,803	390,048
<i>Memo Items</i>					
Short-term debt (Residual maturity as per cent of total external debt)	44.2				
Short-term debt (Residual maturity as per cent of Reserves)	59.0				
<p>\$: Inclusive of FII Investments in Government Securities. *: Also includes FII investments in sovereign debt and commercial paper. #: External Commercial Borrowings are inclusive of trade credit, FII investments in corporate debt instruments and a portion of non-Government multilateral and bilateral borrowing and therefore may not tally with the ECBs 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.</p>					

6. Government and Non-Government External Debt

Government (Sovereign) external debt stood at US\$ 81.7 billion as at end-March 2013 as against US\$ 81.9 billion as at end-March 2012. The shares of Government and non-Government external debt in the total external debt were 20.9 per cent and 79.1 per cent, respectively, as at end-March 2013 (Table 4).

Table 4: Government and Non-Government External Debt

(US \$ million)							
Sr. No. Components 1	End-March						
	2007 2	2008 3	2009 4	2010 5	2011R 6	2012 PR 7	2013 PR 8
A. Sovereign Debt (I+II)	49,360	58,070	55,870	67,067	78,072	81,895	81,654
<i>(As a percentage of GDP)</i>	<i>5.0</i>	<i>4.7</i>	<i>5.1</i>	<i>4.7</i>	<i>4.5</i>	<i>4.7</i>	<i>4.4</i>
I. External Debt on Government Account under External Assistance	46,155	52,538	51,816	55,235	62,295	63,374	61,336
II. Other Government External Debt @	3,205	5,529	4,054	11,832	15,777	18,521	20,319
B. Non-Government Debt #	1,23,000	1,66,337	1,68,628	193,868	227,789	263,603	308,394
<i>(As a percentage of GDP)</i>	<i>12.5</i>	<i>13.3</i>	<i>15.2</i>	<i>13.6</i>	<i>13.0</i>	<i>15.0</i>	<i>16.7</i>
C. Total External Debt (A+B)	1,72,360	2,24,407	2,24,498	260,935	305,861	345,498	390,048
<i>(As a percentage of GDP)</i>	<i>17.5</i>	<i>18.0</i>	<i>20.3</i>	<i>18.3</i>	<i>17.5</i>	<i>19.7</i>	<i>21.2</i>
@: 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

Among the indicators of external debt considered for assessing vulnerability, almost all the indicators showed deterioration as at end-March 2013 as compared to end-March 2012. Debt service ratio, however, showed marginal improvement at end-March 2013 over the end-March 2012 (Table 5).

The data on external debt outstanding as at end-March 2013, along with revised data for the earlier quarters are set out in Statements 1 and 2.

Table 5: India's Key External Debt Indicators							
End-March	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
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	305.9	17.5	4.4	99.7	15.5	21.3	21.2
2012PR	345.5	19.7	6.0	85.2	13.9	26.6	22.6
2013P	390.0	21.2	5.9	74.9	11.7	33.1	24.8
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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Press Release : 2012-13/2186