Government of India
Ministry of Finance
Department of Economic Affairs
(External Debt Management Unit)

Press Release

Subject: India's External Debt: A Status Report 2012-13

The Department of Economic Affairs, Ministry of Finance is bringing out the nineteenth issue of the annual publication titled 'India's External Debt: A Status Report 2012-13'. The Report presents a detailed analysis of India's external debt position at end-March 2013, based on the data released by the Reserve Bank of India on June 27, 2013. Apart from analysing trend, composition and debt service of India's external debt, the Report provides a comparative picture of India's external debt vis-a-vis other developing countries.

The salient features of the Report are summarized as under:

The level of India's external debt is on a rising trend with the elevated level of current account deficit and hence overall external financing requirements. With rising debt flows, deceleration in GDP growth and depreciating rupee, key external debt indicators witnessed some deterioration as at end-March 2013 as compared to end-March 2012. However, debt service ratio, measured by the proportion of total debt service payments to current receipts (minus official transfers) of balance of payments, at end-March 2013 showed some improvement over end-March 2012, coming down from 6.0 to 5.9 and India's external debt has remained within manageable limits as indicated by external debt-GDP ratio of 21.2 per cent during 2012-13. India's external debt position in recent years is given below:

Table: India's Key External Debt Indicators

(Per cent)

At end March	External Debt (US$ billion)	External Debt to GDP	Debt Service Ratio	Foreign Exchange Reserves to Total Debt	Concessional Debt to Total Debt	Short-Term to Foreign Exchange Reserves	Short-Term to Total Debt
1	2	3	4	5	6	7	8
2010-11	305.9	17.5	4.4	99.7	15.5	21.3	21.2
2011-12PR	345.5	19.7	6.0	85.2	13.9	26.6	22.6
2012-13QE	390.0	21.2	5.9	74.9	11.7	33.1	24.8

PR: Partially Revised; QE: Quick Estimates.

At end-March 2013, India's external debt stock stood at US$ 390.0 billion, increasing by 12.9 per cent over the end-March 2012 level of US$ 345.5 billion. The rise is mainly due to increase in short-term debt, commercial borrowings and non-resident Indian deposits.

The long-term external debt at US$ 293.4 billion at end-March 2013 reflected an increase of 9.8 per cent, while the short-term debt at US$ 96.7 billion increased by 23.7 per cent over the level of end-March 2012. The long-term debt accounted for 75.2 per cent of total external debt at end-March 2013 indicating the dominance of long-term borrowings in total external debt.

The share of commercial borrowings in total external debt stock stood at 31.0 per cent at end-March 2013, followed by short-term debt (24.8 per cent), NRI deposits (18.2 per cent) and multilateral debt (13.2 per cent).

Government (sovereign) external debt stood at US$ 81.7 billion at end-March 2013 vis-a-vis US$ 81.9 billion at end-March 2012. The share of Government external debt in total external debt was lower at 20.9 per cent at end-March 2013 as compared to 23.7 per cent at end-March 2012.

A cross country comparison shows that India continues to be among the less vulnerable countries with its external debt indicators comparing well with other indebted developing countries. The International Debt Statistics 2013 of the World Bank, which contains external debt numbers for 2011, shows that India's position was fourth, in terms of absolute debt stock amongst the top twenty developing debtor countries. However, in terms of ratio of external debt to Gross National Income, India's position was the third lowest.

The complete 'India's External Debt: A Status Report 2012-13' is available at the website of the Ministry of Finance –www.finmin.nic.in.
