



INDIA'S EXTERNAL DEBT

A STATUS REPORT

2019-20

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
EXTERNAL DEBT MANAGEMENT UNIT
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FOREWORD

Department of Economic Affairs in the Ministry of Finance has brought out the twenty-sixth edition of *India's External Debt: A Status Report 2019-20*. The Report documents a detailed analysis of trends, composition and debt service of India's external debt upto end-March 2020. It also analyses India's external debt position in a cross-country perspective.

India's external debt stock rose 2.8 per cent to US\$ 558.5 billion as at end-March 2020 from US\$ 543.1 billion, a year ago. Salient debt indicators such as external debt to GDP ratio at 20.6 per cent, debt service ratio at 6.5 per cent and foreign exchange reserves to external debt ratio at 85.5 per cent continue to be in the comfort zone. External debt of the country is dominated by long term borrowings and short-term debt is incurred basically to finance imports. India's external debt position compares well with other low and middle income countries and advanced economies. This testifies to the deft and prudent external debt policy pursued by the Government.

This Report enhances, among others, the coverage of debt service projections which would be useful for the Hon'ble Members of Parliament, research scholars, policy makers and the general public.

New Delhi
September 16, 2020


(NIRMALA SITHARAMAN)

Table of Contents

Executive Summary	10
Chapter 1 India's External Debt: An Overview	12
1.1 Introduction	12
1.2 Stock of India's External Debt	13
1.3 External Debt and Valuation Effect	16
1.4 External Debt and GDP	17
1.5 External Debt to Foreign Exchange Reserves	18
Chapter 2 Classification of India's External Debt.....	20
2.1 Sector-wise classification.....	24
2.2 Creditor-wise classification.....	25
2.3 Debtor-wise classification	30
2.4 Currency-wise classification	33
2.5 Instrument-wise classification.....	34
2.6 Maturity-wise classification	35
2.6.1 Total External Debt by Original Maturity	35
2.6.2 Total External Debt by Residual Maturity	37
2.6.3 Short-term Debt by Original Maturity	38
2.6.4 Short-term Debt by Residual Maturity	41
2.7 Concessionalty-wise Classification.....	43
Chapter 3 Sovereign External Debt	46
3.1 Introduction	46
3.2 Composition of Sovereign External Debt	47
3.2.1 Composition of External Assistance.....	48
3.2.2 Composition of Other Government Debt (OGD)	51
3.3 Currency Composition of Government (Sovereign) External Debt.....	52
3.4 Sovereign External Debt Service Payments.....	54

3.5 Contingent liability.....	56
3.6 Projections of Sovereign External Debt Service Payments	58
Chapter 4 India’s External Debt Service Payments	62
4.1 Introduction	62
4.2 India’s External Debt Service Payments	63
4.3 Terms of borrowings	67
4.3.1 Implicit Interest Rate	67
4.3.2 Average Terms of New Commitments	68
4.4 Projections of external debt service payments	69
Chapter 5 India’s External Debt Position: A Cross-Country Perspective	72
5.1 Introduction	72
5.2 Stock of External Debt: India vs. The world.....	73
5.2.1 Global Stock of External Debt.....	73
5.2.2 Global Stock of External Debt: Maturity-Wise	75
5.2.3 Global Stock of External Debt: Sector-Wise	76
5.3 Stock of External Debt: India vs Low and Middle-Income Countries (LMICs)	77
5.3.1 Financial Flows to LMICs	80
5.3.2 External Debt Vulnerability Indicators: India vs. LMICs	81
5.3.3 Overview	82
5.3.4 Present Value of External Debt	82
Annexes	85

Tables

Table 1:1: India's External Debt Stock	13
Table 2:1: India's External Debt: Sovereign and Non-Sovereign	25
Table 2:2: India's External Debt: Creditor-Wise	26
Table 2:3: India's External Debt: Debtor-Wise	31
Table 2:4: India's External Debt: Instrument-Wise	35
Table 2:5: Residual Maturity of External Debt Outstanding as At End-March 2020	37
Table 2:6: India's Short-Term Debt by Residual Maturity	42
Table 3:1: Projections of Sovereign External Debt Service Payments: Creditor-Wise	59
Table 4:1: Disbursements and Principal Repayments Under Short-Term Debt	66
Table 4:2: Implicit Interest Rates on India's External Debt: Source-Wise	67
Table 4:3: Average Terms of New Commitment For India	68
Table 4:4: Projections of External Debt Service Payments: Creditor-Wise	69
Table 5:1: Gross External Debt Stock of Top Twenty Countries	73
Table 5:2: External Debt of Developing Countries: Key Indicators	78
Table 5:3: Aggregate Net Financial Flows To Low and Middle-Income Countries	80

FIGURES

Figure 1:1: External Debt and Valuation Effect	17
Figure 1:2: India's External Debt and GDP	18
Figure 1:3: Ratio of Foreign Exchange Reserves to External Debt	18
Figure 2:1: Share of External Debt as at-End March 2020: Creditor-Wise	27
Figure 2:2: India's External Debt: Currency Composition	34
Figure 2:3: India's External Debt: Maturity-Wise	36
Figure 2:4: Share of Long-Term And Short-Term Debt	36

Figure 2:5: Imports and Trade Credit	38
Figure 2:6: India's External Debt: Concessional and Non-Concessional Debt.....	43
Figure 3:1: Total Sovereign External Debt.....	47
Figure 3:2: Composition of Sovereign External Debt	48
Figure 3:3: Composition of External Debt on Govt. Account Under External Assistance Programme.....	49
Figure 3:4: Multilateral Debt as at End-March 2020.....	50
Figure 3:5: Bilateral Debt as at End-March 2020	50
Figure 3:6: Composition of OGD	51
Figure 3:7: Share of FII Investment and Other Government Debt in Total SED	52
Figure 3:8: Currency Composition of Sovereign External Debt as at End-March, 2020	53
Figure 3:9: Currency Composition of Sovereign External Debt as at End-March, 2019	53
Figure 3:10: Total Sovereign Debt Service Payments	54
Figure 3:11: Total Sovereign External Debt Service Payments	55
Figure 3:12: Composition of Debt Service Payments Under Government Account	56
Figure 3:13: Government Guaranteed Debt To GDP	57
Figure 3:14: Government and Government Guaranteed Debt.....	58
Figure 4:1: External Debt Service Payments: Total, Principal and Interest	63
Figure 4:2: External Debt Service Payments and Debt Service Ratio.....	64
Figure 4:3: Composition of India's External Debt Service Payments.....	65
Figure 5:1: External Debt as at End-December 2019: An Inter-Country Comparison.....	76
Figure 5:2: Global Stock of External Debt as at-End December 2019: Sector-Wise.....	77
Figure 5:3: Select External Debt Sustainability Indicators.....	78
Figure 5:4: Stock of External Debt of Top Twenty LMICs as at End Of 2018.....	79
Figure 5:5: Select External Debt Indicators in 2018: India Vs. Major LMICs.....	82
Figure 5:6: Indicators of Present Value of External Debt – Top Twenty Debtors in 2018	83

Boxes

Box 1.1: What Determines India's External Debt: A Preliminary Exploration.....	14
Box 2.1: Evolution of India's External Debt: A Historical Perspective.....	21
Box 2.2: Policy on and Performance of External Commercial Borrowings (ECB): A Snap Shot	28
Box 2.3: Trade Credit Policy - Revised Framework.....	39

Boxes: Tables

Table B1.1: OLS Estimates	15
Table B2.1: Share of Non-Government Long-term Debt – Sector-wise	23

Boxes: Figures

Figure B2.1: Composition of External Debt: Sovereign and Non-Sovereign	22
Figure B2.2: Share of Sovereign and Non-Sovereign Debt	22
Figure B2.3: Share of External Assistance and ECB	23
Figure B2.4: Share of Short-term Credit	24
Figure B3.1: Stock and Share of ECB	29

Annexes

Annex I: External Debt: Definition, Concepts And Dissemination Of Data.....	85
Annex II: Key External Debt Indicators	92
Annex III: India's External Debt Outstanding (Annual) - Rupees	93
Annex IV: India's External Debt Outstanding (Annual) – US Dollar.....	97
Annex V: India's External Debt Outstanding (Quarterly)-Rupee	102
Annex VI: India's External Debt Outstanding (Quarterly)-US Dollar	106
Annex VII: External Debt by Borrower Classification.....	111
Annex VIII: Classification of External Debt Outstanding at End-March 2020 - Instrument-Wise	112

Annex IX: Composition of External Debt: Currency-Wise.....	114
Annex X: Short-Term Debt by Residual Maturity	115
Annex XI: India's External Debt Service Payments - Source-Wise	116
Annex XII: India's External Debt Service Payments by Creditor Category	117
Annex XII: International Comparison of Top Twenty Low And Middle-Income Debtor Countries, 2018.....	119
Annex XIV: Gross External Debt Position of Top Twenty Developing Countries.....	121
Annex XV: External Debt Position of Top 20 Debtor Countries in The World.....	122
Annex XVI: Sovereign External Debt: Creditor-Wise – Rupees	123
Annex XVII: Sovereign External Debt: Creditor-Wise – US Dollar	125
Annex XVIII: Composition of Sovereign External Debt: Currency-Wise.....	127
Annex XIX: Sovereign External Debt Service Payments.....	128
Annex XX: Central Government Guarantees on External Debt	129
Annex XXI: External Debt Service Payments on Government Account Under External Assistance: Creditor-Wise	130
Annex XXII: Projections of External Debt Service Payments on Sovereign Debt -Creditor- Wise	131
Annex XXIII: External Commercial Borrowings ^a	132

List of Abbreviations

A

All-in-Cost: (AIC), 19

Asian Development Bank: (ADB), 33

Authorised Dealer: (AD), 31

B

Balance of Payments: (BoP), 50

C

Commercial Borrowings: (CBs), 54

Contoller of Aid, Accounts & Audit: (CAAA), 55

current account deficit: (CAD), 5

D

Debt Service Ratio: (DSR), 50

Domestic Tariff Area: (DTA), 31

E

Emerging Market Economies (EMEs), 70

External Commercial Borrowings: (ECBs), 6

F

Fiscal Responsibility and Budget Management: (FRBM), 46

Foreign Currency Non-Resident (Banks) Account: (FCNR(B)), 27

Foriegn Currency Convertiable Bonds: (FCCBs), 50

Foriegn Institutional Investors: (FIIs), 15

Free Trade Warehousing Zone: FTWZ, 31

G

General Data Dissemination System: (GDDS), 60

Gross Domestic Product: (GDP), 5

Gross National Income: (GNI), 61

I

International Debt Statistics: (IDS), 60

International Development Agency: (IDA), 33

International Financial Corporation: (IFC), 55

International Fund for Agriculture Development: (IFAD), 33

J

Joint Ventures: (JV), 20

L

LIBOR: (London Interbank Offer Rate), 6

Low and Middle-Income Countries: (LMICs), 60

M

Minimum Average Maturity Period: (MAMP), 19

N

Nominal Effective Exchange Rate: (NEER), 2

Non-Profit Institutions Serving Households: (NPISHs), 21

Non-Resident (External) Rupee Account: (NR(E)RA), 27

Non-Resident Indian: (NRI), 5

Non-Resident Ordinary Account: (NRO), 27

O

Organization for Economic Cooperation and Development (OECD), 71

Organization of Petroleum Exporting Countries: (OPEC), 33

Other Government Debt: (OGD), 35

Owned Subsidiaries: (WOS), 20

P

Present Value (PV), 71

Q

Quarterly External Debt Statistics: (QEDS), 61

R

Real Effective Exchange Rate: (REER), 2

Reserves to Debt Ratio: (RES), 6

S

Sovereign External Debt: (SED), 35

Special Data Dissemination Standard: (SDDS), 60

Special Drawing Rights: (SDRs), 16

Special Economic Zone (SEZ), 30

T

Trade Credit: (TC), 31

Treasury Bills: (T-Bills), 31

Executive Summary

India's external debt grew 2.8 per cent to US \$ 558.5 billion as at end-March 2020. External debt as a ratio to GDP rose marginally to 20.6 per cent as at end-March 2020 from 19.8 per cent a year ago. The ratio of foreign currency reserves to external debt stood at 85.5 per cent as at end-March 2020, as compared to 76.0 per cent a year ago.

Compared to end-March 2019, sovereign debt shrank 3 per cent to reach US \$ 100.9 billion. This decrease is primarily due to a decline in FII investment in G-Sec – the second largest constituent – by 23.3 per cent to US \$ 21.6 billion from US \$ 28.3 billion a year ago. Loans from multilateral and bilateral sources under external assistance – the largest constituent of the sovereign debt – grew 4.9 per cent to US \$ 87.2 billion.

Non-sovereign debt, on the other hand, rose 4.2 per cent to US \$ 457.7 billion mainly due to an increase in commercial borrowings – the largest constituent – by 6.7 per cent to US \$ 220.3 billion. Outstanding NRI deposits – the second largest constituent – at US \$ 130.6 billion was approximately equal to the level a year ago.

In most emerging markets, as the economy expands, foreign debt typically accumulates to address shortage of domestic savings, India is no exception to this phenomenon. Economic activity in India influences the accumulation of external debt, reflecting the policy over the years of enabling private sector to access foreign debt. Reflecting this, as at end-March 2020, the stock of non-sovereign debt (private sector debt) is four times that of the sovereign debt. Further, non-financial corporations are the biggest debtors, accounting for 42 per cent of total debt, followed by deposit-taking corporations (28.3 per cent), and general government (18.1 per cent). However, as the momentum of economic activity slowed in 2019-20, the private sector's appetite to access foreign debt ebbed, resulting in relatively lower growth of 6.7 per cent in the stock of commercial borrowings as at end-March 2020 when compared to that recorded during the first five years of the previous decade.

The stock of NRI deposits as at end-March 2020, being almost equal to the level recorded as at end-March 2019 needs to be seen in the context of, among others, softening of interest rates on NRI deposits. About 81 per cent of the total stock of external debt is long-term, i.e., having maturity of greater than one year, predominately in the form of commercial borrowings and

NRI deposits. Remaining 19 per cent of debt is short-term, primarily in the form of short-term trade credit. Short-term trade credit, constituting about 95 per cent of the total short-term debt, is used for financing imports. The correlation coefficient between imports and trade credit (in US dollar terms) is very high (0.83). This dynamic of short-term external debt enhances external stability as predominant share of trade credit in short-term debt imparts a built-in stabilizer in the form of pro-cyclicality of short-term debt with growth i.e. short-term credit expands as growth accelerates and vice versa. As the Indian economy slowed down during 2019-20, imports contracted 7.8 per cent during the period. As a result, short-term trade credit shrank 1.0 per cent to US \$ 101.4 billion as at end-March 2020.

The US dollar is the predominant currency for denomination of India's external debt with a share of 53.7 per cent of the total debt as at end-March 2020. The US dollar appreciation as at end-March 2020 over the level a year ago resulted in a valuation gain of US \$ 16.6 billion. In other words, excluding these valuation gains, increase in India's external debt as at end-March 2020 over the level a year ago would have been US \$ 32 billion. Thus, moderation in accumulation of India's external debt as at end-March 2020 reflected, among others, slowing economic activity and appreciating US dollar.

The debt vulnerability indicators continued to remain benign. Debt service ratio (principal repayments plus interest payments) was at 6.5 per cent of current receipts at end-March 2020 as compared with 6.4 per cent a year ago. Further, the external debt service payments on the stock of debt outstanding as at end-March 2020 are projected to reach a peak in 2024-25 at about US \$ 10 billion per quarter and taper off thereafter. Going forward, as the economic activity in India gathers pace and gains traction, stock of external debt would increase. However, there does not appear to be any cause for concern given the benign level of debt vulnerability. More importantly, rising domestic savings would counter-balance the imperative of accessing foreign debt. Thus, while augmenting growth would lead to foreign debt levels increasing, rising savings would moderate such rise in foreign debt levels.

Chapter 1 India's External Debt: An Overview

India's external debt, at US \$ 558.5 billion as at end-March 2020, grew moderately by 2.8 per cent (US \$ 15.4 billion) over the level a year ago. This moderate growth is in contrast to the sharp growth witnessed during the first five years of the previous decade. Excluding valuation gains, the increase in external debt would have been US \$ 32.0 billion instead of US \$ 15.4 billion at end-March 2020 over end-March 2019. In recent years, there were more valuation gains than losses due to strengthening of the US dollar. External debt as a ratio to GDP rose marginally to 20.6 per cent as at end-March 2020 from 19.8 per cent a year ago. Reflecting high growth in external debt during the first five years of the previous decade, the ratio rose consecutively for five years from end-March 2010 to end-March 2015, before reversing since end-March 2016. Notwithstanding an increase in external debt, other debt and reserve-related indicators of external vulnerability improved. Foreign currency reserves as a ratio to external debt rose to 85.5 per cent as at end-March 2020 from 76.0 per cent a year ago. The share of short-term debt declined to 19.1 per cent from 20.0 per cent. Similarly, the ratio of short-term debt to foreign exchange reserves fell to 22.4 per cent from 26.3 per cent.

1.1 INTRODUCTION

1.1 Historically, Indian economic growth has been financed predominantly by domestic savings; recourse to foreign savings—equivalently, current account deficit—has been modest. This conscious policy choice reflects the belief that sound management of capital flows, particularly that of debt flows, is essential to preserve financial stability. Thus, India has managed its external debt prudently with the overarching objective of keeping the current account deficit within sustainable limits by financing it with a prudent mix of debt and equity flows. Accordingly, India's external debt has been quite sustainable over the years.

1.2 This *Status Report* documents India's external debt position as at end-March 2020 and is organised into five chapters.¹ This Chapter presents an overview of India's external debt focusing on the stock of debt, debt and valuation effects, debt in relation to GDP and forex

¹In this Status Report, analysis is basically in terms of US dollar though wherever applicable, data is presented in both US dollar and India rupees in annexes.

reserves. Chapter 2 elaborates on the classification of India's external debt – analysing from the perspective of sectors, debtors, creditors, currency, instruments, maturity and concessionality. Chapter 3 describes sovereign external debt in detail. Issues relating to external debt service payments are addressed in Chapter 4. For the first time, this *Status Report* extends the coverage of the external debt service projections beyond the government account. Chapter 5 presents India's external debt position in a cross-country perspective – both vis-à-vis advanced economies and the low and middle-income countries.

1.2 STOCK OF INDIA'S EXTERNAL DEBT

1.3 India's external debt, at US \$ 558.5 billion as at end-March 2020, grew moderately by 2.8 per cent over US \$ 543.1 billion as at end-March 2019. In rupees, it was estimated at Rs. 42.0 lakh crore as at-end March 2020 registering a growth of 11.8 per cent over Rs. 37.5 lakh crore, a year ago (Table 1.1). This reflects various macroeconomic developments, including deceleration in the growth of India's Gross Domestic Product (GDP) (at current prices) on y-o-y basis to 7.2 per cent in 2019-20 from 11.0 per cent in the previous year and narrowing of India's Current Account Deficit (CAD) to 0.9 per cent of GDP in 2019-20 from 2.1 per cent in 2018-19, due to a large contraction in the trade deficit to US \$ 157.5 billion in 2019-20 from US\$ 180.3 billion in 2018-19.

Table 1:1: India's External Debt Stock

	2016	2017	2018PR	2019PR	2020P
US \$ billion	484.8 (2.1)	471.0 (-2.8)	529.3 (12.4)	543.1 (2.6)	558.5 (2.8)
Rs. Crore	3,217,563 (8.3)	3,055,095 (-5.0)	3,441,960 (12.7)	3,754,872 (9.1)	4,198,492 (11.8)

Note: Figures in brackets are (y-on-y) growth rate
Source: RBI

1.4 As explained in Chapter 2, increase in external debt as at end-March 2020 over the level a year ago was mainly due to a rise in commercial borrowings – the largest segment. While

Non-Resident Indian (NRI) deposits hardly grew over the stock at end-March 2019, trade credit, the largest component in the short-term debt, in fact, contracted.

1.5 Annex III to Annex VI provide data on India's external debt stock since 2010 on an annual basis and since March 2018 on quarterly basis, both US dollars and Rupees. As can be seen from Table 1.1 and the said Annexes, India's external debt has been growing at a moderate pace (in US \$ terms) in the recent years. India's external debt as at end-March 2020 grew (in US \$ terms) by 2.8 per cent over the level a year ago, thereby extending the moderate growth of 2.6 per cent witnessed as at end-March 2019 over the level a year ago. In contrast, external debt rose rapidly during the first five years of the previous decade. On average, India's external debt grew by over 16 per cent (in \$ terms) during the four-year period of end-March 2010 to end-March 2013. As indicated above, slowing economic activity during 2019-20 reduced the appetite for accumulation of external debt, especially through commercial borrowings (CBs). Outstanding NRI deposits as at end-March 2020 hardly growing over that a year ago needs to be seen, *inter alia*, in the context of softening interest rates on NRI deposits. As the economy slowed, imports contracted by 7.8 per cent during 2019-20. Since short-term trade credit is used primarily to finance imports, stock of trade credit as at end-March 2020 shrank by 1.0 per cent over the level a year ago. Box 1.1 examines the various determinants at play using an econometric framework.

Box 1.1: What Determines India's External Debt: A Preliminary Exploration*

In the empirical literature on the subject, host of variables are identified as the sources for accumulation of external debt. Drawing from the literature, the following empirical specification is employed to understand the determinants of the stock of India's external debt²:

$$\log ED_t = a_0 + a_1 \log GDP_t + a_2 Cost_t + a_3 \log FDI_t + a_4 \log GDS_t + a_5 RES_t + a_6 Dummy + \epsilon_t \dots \dots \dots (1)$$

*Views presented in this Box are of the Authors and not of Economic Division. Other usual disclaimers apply. The results are indicative.

²The variables are drawn from the literature. All the variables are tested for unit root using ADF test, DF (GLS) test and PP test. It is found that all these variables are I (1) processes and are cointegrated as per Johansen Cointegration method involving Trace test and Max-Eigenvalue test.

Where ED is stock of India's external debt; GDP is nominal GDP at current prices; Cost is US \$ 12-month LIBOR (annual average); FDI is FDI flows, GDS is India's Gross Domestic Savings, RES is the ratio (in per cent) of forex reserves to stock of external debt, Dummy represents structural policy shift in external debt since 2005, taking the value of 0 till 2004 and 1 beyond 2004 and finally, ϵ is the residual. The sample includes annual data from 1990-91 to 2018-19. While the data on LIBOR is collected from Federal Reserve, St. Louis, rest of the data is sourced from the Reserve Bank of India and the Ministry of Finance.

The above model is estimated using OLS method and the results are presented in the following Table B1.1:

Table B1.1: OLS Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob. (Coefficient \neq 0)
Log of GDP (LGDP)	1.72	0.41	4.20	0.00
US \$ 12-month LIBOR (Cost)	-0.04	0.01	-3.61	0.00
Log of FDI (LFDI)	0.02	0.02	0.72	0.48
Log of Gross Domestic Savings (LGDS)	-0.92	0.42	-2.21	0.04
Ratio of Forex Reserves to External Debt (RES)	-0.004	0.00	-3.19	0.00
DUMMY	0.41	0.09	4.69	0.00
Constant (C)	0.49	0.78	0.63	0.54
Adjusted R-squared	0.99	S.D. dependent variable		0.94
S.E. of regression	0.08	Akaike info criterion		-1.98
Sum squared residuals	0.14	Schwarz criterion		-1.65
Log likelihood	35.71	Hannan-Quinn criter.		-1.88
F-statistic	625.41	Durbin-Watson stat		1.70
Prob(F-statistic)	0.00			

Source: Authors' calculations

As can be observed from the table above, all the variables, barring FDI, are statistically significant. The D-W Statistic and F-Statistic are satisfactory. As the model is specified in

log-log form, the coefficient of each explanatory variable measures the elasticity of external debt to change in each explanatory variable. On average, for every 1 per cent rise in GDP, stock of external debt rises by 1.7 per cent. India's external debt is sensitive to cost of debt. This cost-sensitivity, though statistically significant, is economically small. For every 1 per cent rise in cost of external borrowing, expressed in terms of US \$ 12-month annual average, external debt declines by a meagre 0.04 per cent. FDI flows positively influence external debt as foreign equity in flows pull in complementary foreign debt flows. However, this impact of FDI on external debt is both statistically and economically insignificant. Gross domestic savings, on the other hand, exert negative impact on external debt, implying that as domestic savings increase – *ceteris paribus*– less need is felt for external resources to fund investment. This impact is not only statistically significant but also economically large. For every 1 per cent increase in gross domestic savings, stock of external debt declines by 0.92 per cent. Similarly, forex reserves influence the stock of external debt negatively, with the effect being statistically significant. As the safety net provided by higher reserves – as measured by the ratio of reserves to external debt – widens, the need to access foreign debt diminishes. For every 1 per cent rise in forex reserves relative to external debt, the stock of external debt contracts by 0.004 per cent. The empirical findings with regard to domestic savings and forex reserves, as explained above, are in conformity with the theoretical preposition that identifies investment-saving gap and foreign-exchange gap as two possible sources for accumulation of external debt. Finally, the co-efficient of the dummy variable, representing the policy shift in 2005, is positive and statistically significant, underscoring the discernible policy shift during the mid-2000s to encourage external commercial borrowings – expectedly contributed to the growth of external debt, resulting in rising share of non-government debt in total external debt.³ The policy implications that could possibly be drawn from the empirical findings is: promoting domestic savings and building foreign exchange reserves would assist in the moderation of stock of external debt, which would otherwise grow as the economy expands.

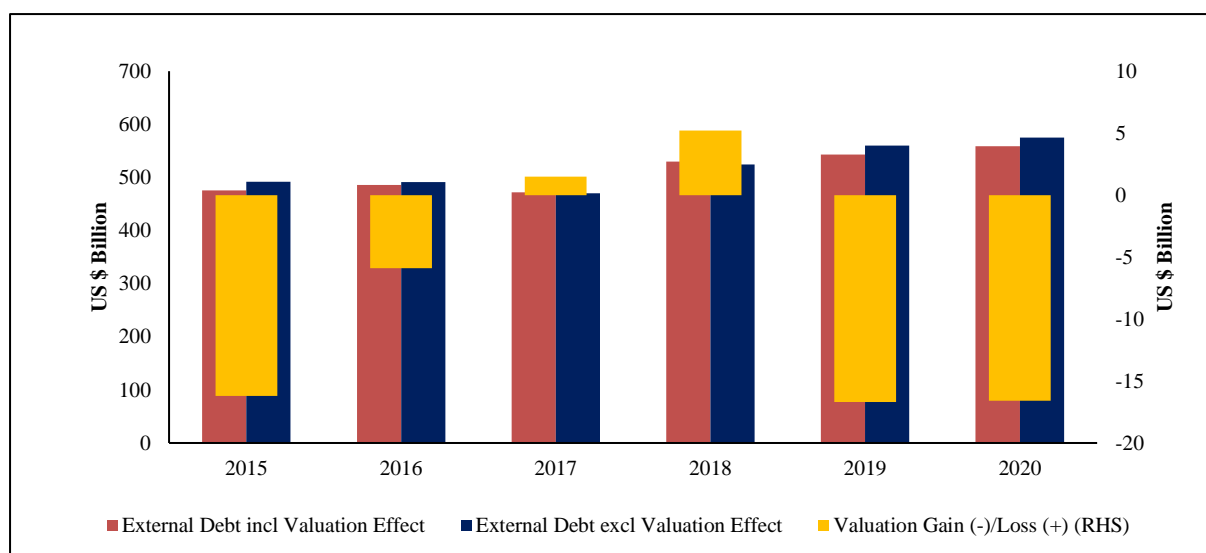
1.3 EXTERNAL DEBT AND VALUATION EFFECT

1.6 India's external debt rose by US \$ 15.4 per cent over the stock at end-March 2019. Valuation gains due to the appreciation of the US dollar vis-à-vis Indian rupee and other major currencies were placed at US \$ 16.6 billion. Excluding the valuation effect, the increase in external debt would have been US \$ 32.0 billion instead of US \$ 15.4 billion at end-March 2020 over end-March 2019. Valuation effects capture the impact of movements in the US dollar vis-à-vis major currencies on the US dollar value of India's external debt. There were valuation gains in India's external debt as at end-March 2015, end-March 2016, end-March 2019 and end-March 2020, and including such valuation gains, stock of external debt was lower. During the period between end-March 2015 and end-March 2020, highest valuation gains of US \$ 16.7

³PI see Box 2.1 and Box 2.2 for details.

billion were recorded as at end-March 2019, followed by US \$ 16.6 billion as at end-March 2020 and US \$ 16.2 billion as at end-March 2015. On the other hand, there were valuation losses in external debt to the extent of US \$ 1.5 billion as at end-March 2017 and US \$ 5.2 billion as at end-March 2018 (Figure 1.1).

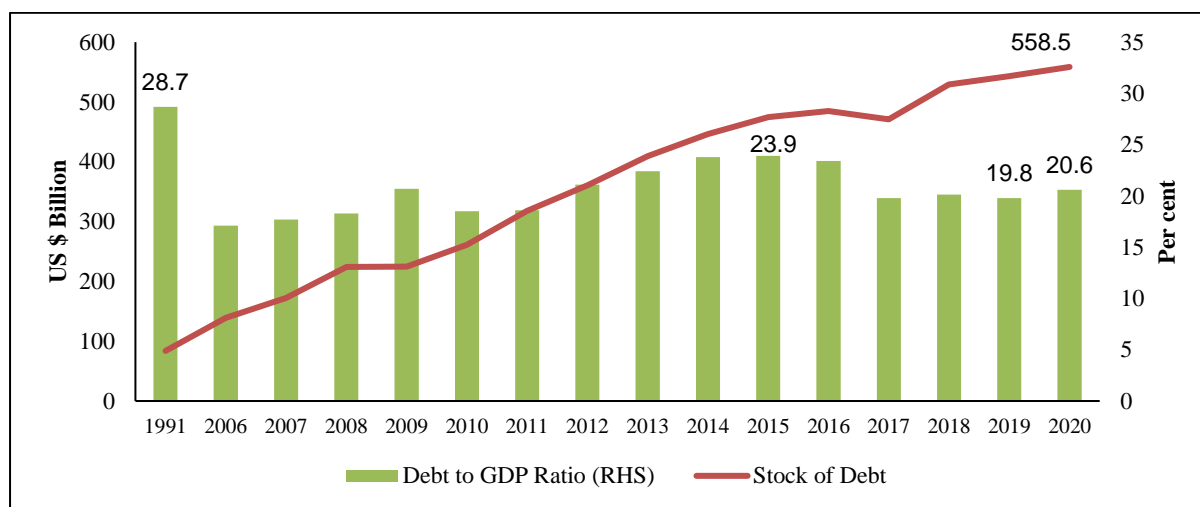
Figure 1.1: External Debt and Valuation Effect



Source: RBI

1.4 EXTERNAL DEBT AND GDP

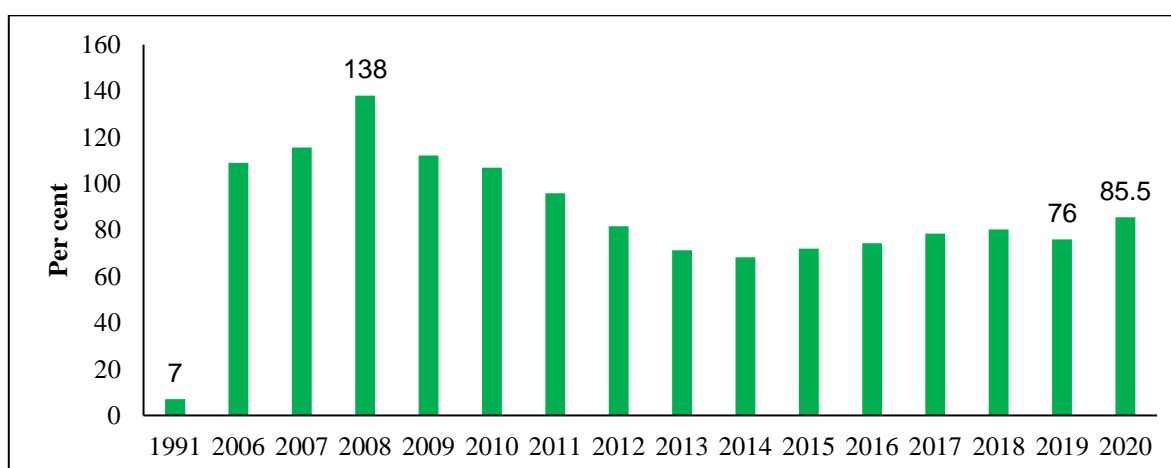
1.7 External debt as a ratio to GDP rose marginally to 20.6 per cent as at end-March 2020 from 19.8 per cent a year ago. Reflecting the acceleration in the growth rate of external debt recorded during the first five years of the previous decade, the ratio witnessed gradual rise and reached a high of 23.9 per cent as at end-March 2015 (Annex II), before falling to 19.8 per cent as at end-March 2017. The ratio has hovered around 20 per cent since then, after peaking at 28.7 per cent in 1991 – the year the Indian economy faced its gravest macroeconomic crisis (Figure 1.2).

Figure 1.2: India's External Debt and GDP

Source: Annex II of this Status Report. Refer to original data sources in the Annex.

1.5 EXTERNAL DEBT TO FOREIGN EXCHANGE RESERVES

1.8 The ratio of foreign currency reserves to external debt stood at 85.5 per cent as at end-March 2020, showing an increase of 9.5 percentage points over the ratio registered a year ago. This ratio, which was at 138 per cent as at end-March 2008, fell consistently during the first five years of the previous decade and stabilised since end-March 2015. The forex reserve cover to the external debt was at 7 per cent in the crisis year 1991 (Figure 1.3).

Figure 1.3: Ratio of Foreign Exchange Reserves to External Debt

Source: Annex II of this Status Report. Refer to original data sources in the Annex.

1.9 To recap, this Chapter provides an overview of the salient features of India's external debt at the aggregate level. The Chapter notes, *inter alia*, that the outstanding debt as on the reference date was moderately higher than a year ago. The Chapter empirically examines the determinants of the stock of debt in India and finds evidence that economic activity and domestic savings, primarily influence external debt accumulation.

CHAPTER AT A GLANCE

- India's external debt, at US \$ 558.5 billion as at end-March 2020, grew moderately by 2.8 per cent (US \$ 15.4 billion) over the level a year ago. This moderate growth is in contrast to the sharp growth witnessed during the first five years of the previous decade.
- Excluding valuation gains, the increase in external debt would have been US \$ 32.0 billion instead of US \$ 15.4 billion at end-March 2020 over end-March 2019. In recent years, there were more valuation gains than losses due to strengthening of the US dollar.
- External debt as a ratio to GDP rose marginally to 20.6 per cent as at end-March 2020 from 19.8 per cent a year ago. Reflecting high growth in external debt during the first five years of the previous decade, the ratio rose consecutively for five years from end-March 2010 to end-March 2015, before reversing since end-March 2016.
- Foreign currency reserves as a ratio to external debt stood at 85.5 per cent as at end-March 2020. This ratio, which was at 138 per cent as at end-March 2008, consistently fell during the first five years of the previous decade, before stabilising since end-March 2015.

Chapter 2 Classification of India's External Debt

India's external debt is classified and analysed according to sectors, creditors, debtors, currency, instruments, maturity and concessionality. Sovereign debt, accounting for 18 per cent of the total external debt, contracted 3 per cent to US \$ 100.9 billion, as at end-March 2020 due to a decline in FII investments in securities issued by the Government of India (G-sec). Non-sovereign debt, accounting for 82 per cent of the total external debt, rose 4.2 per cent to US \$ 457.7 billion, as at end-March 2020 reflecting a rise in external commercial borrowings (ECBs). Commercial lenders were the biggest creditors accounting for about 40 per cent of the debt outstanding as at-end March 2020, followed by NRI depositors (23.4 per cent) and trade-creditors (19.1 per cent). Debt from commercial lenders rose 6.7 per cent to US \$ 220.3 billion. While deposits from NRIs at US \$ 130.6 billion hardly grew, trade credit shrank 1.0 per cent to US \$ 101.4 billion. The largest borrowers were non-financial corporations with an outstanding debt of US \$ 235 billion as at end-March 2020. About 57 per cent of this component comprised long-term debt, primarily in the form of loans through ECBs and FPI investments. As at end-March 2020, access to foreign debt was primarily through loans that account for 36.3 per cent (including multilateral, bilateral credit and bank loans), followed by deposits (25.0 per cent), bonds and notes (20.0 per cent) and trade credit (18.7 per cent). The US dollar continued to be the leading currency of denomination accounting for about 54 per cent of the total external debt as at-end March 2020, which is higher than 50.4 per cent a year ago but lower than the proportions recorded in the early 2010s. Long-term debt, accounting for 81 per cent of the total debt, grew 3.9 per cent to US \$ 451.7 billion as at end-March 2020. Short-term debt, constituting 19 per cent of the total debt, fell 1.4 per cent to US \$ 106.9 billion as at-end March 2020. Concessional debt, constituting 9 per cent of the total debt, rose 1.6 per cent to US \$ 48.2 billion as at end-March 2020

2.1 In this chapter, a granular composition of India's external debt is presented from the perspective of sectors, creditors, borrowers, instruments, currency, maturity and concessionality. Over the years, India's external debt witnessed various shifts and transformations both in terms of the magnitude and composition reflecting evolving broader macroeconomic framework, in general, and strategy on external debt, in particular. The overarching philosophy that guided policy included (i) gradual liberalisation of current account transactions eventually culminating in current account convertibility, (ii) calibrated opening up of capital account, preferring non-debt flows to debt flows, and (iii) a calibrated

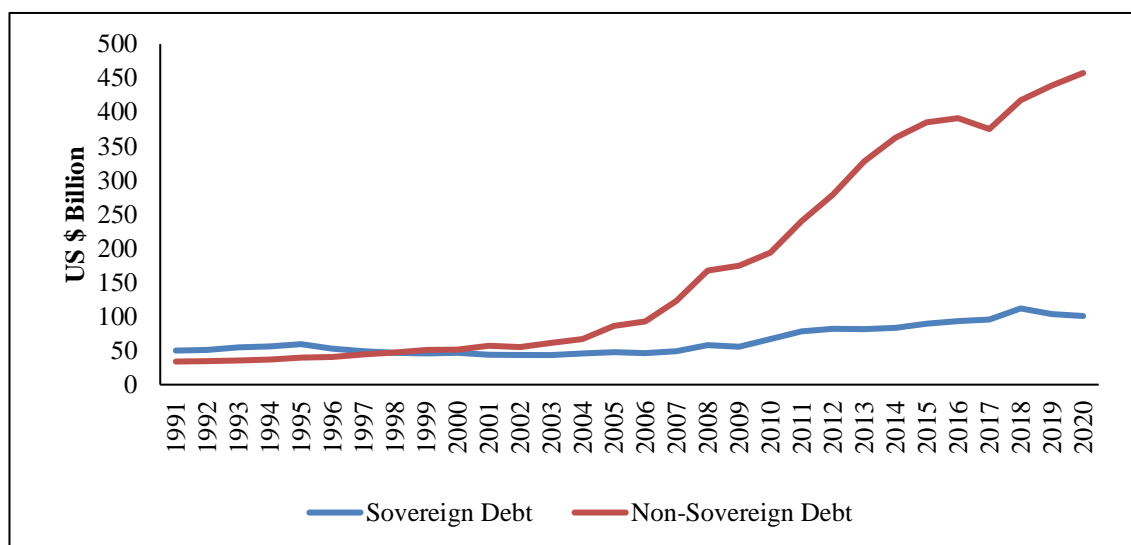
approach to External Commercial Borrowings (ECBs) with restrictions on quantum of loan, end use, tenor, lender credentials, and cost of borrowing and prudent reliance on short-term debt (Box 2.1).

Box 2.1: Evolution of India's External Debt: A Historical Perspective

On the eve of Independence, India had little external debt. Post-independence, India adopted a planned era of economic growth and development guided by Five-Year Plans with an overarching theme of import substitution with the public sector occupying the commanding heights of the economy. India's external debt (medium and long-term) rose from 1.8 per cent of GDP at end-March 1955 to about 17 per cent by end-March 1970. The focus was to augment the economy's investment rate by supplementing domestic savings with foreign borrowings and external transfers in the form of grants. As India followed a growth policy directed by centralized plans with an emphasis on import-substitution, private capital inflows were not allowed. Accordingly, foreign resources came primarily through official transfers. Private inward investment that entered India mainly through technology transfer didn't play any significant role in economic development.

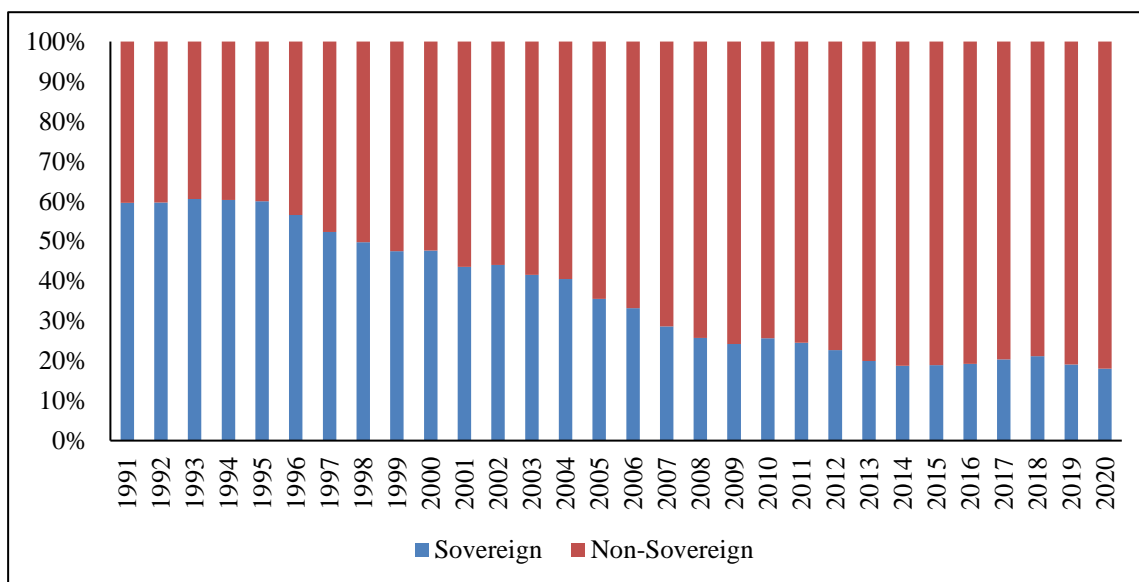
As official concessional flows dried up in the 1980s, there was a need to access private capital. However, this private capital came in the form of debt flows through costly external commercial borrowings (ECBs) and NRI deposits. Thus, during the 1980s, there was a compositional shift in India's external debt from external grants/assistance to commercial debt. This preponderance of debt inflows in funding the Current Account Deficit (CAD) eventually culminated in the 1991 crisis.

A new policy came into being on the basis of lessons emanating from the BoP crisis of 1991 and the recommendations of the High-level Committee on Balance of Payments, 1993 (Chairman: Dr. C. Rangarajan). The new policy was guided by (i) restrictions on size, maturity and end-use of ECBs; (ii) LIBOR-based interest rate ceiling on non-resident deposits to discourage the volatile component of such deposits; (iii) pre-payment and refinancing of high cost external debt; and (iv) measures to encourage non-debt flows such as foreign direct investment (FDI) and foreign portfolio investment (FPI). As the process of reforms and liberalization rolled out during the 1990s, room for greater private corporate participation opened up, requiring modernization of the manufacturing sector by allowing greater access to foreign technology and foreign capital. All these developments resulted in a rise in external debt of non-sovereign sector from US \$ 34 billion as at end-March 1991 to US \$ 53 billion as at end-March 2000 and further to US \$ 458 billion as at end-March 2020 (Figure B2.1).

Figure B2.1: Composition of External Debt: Sovereign and Non-Sovereign

Source: RBI and Ministry of Finance

Accordingly, the share of non-sovereign debt in total external debt increased from 41 per cent as at end-March 1991, to 52 per cent as at-end March 2000 and further to 82 per cent as at end-March 2020 (Figure B2.2).

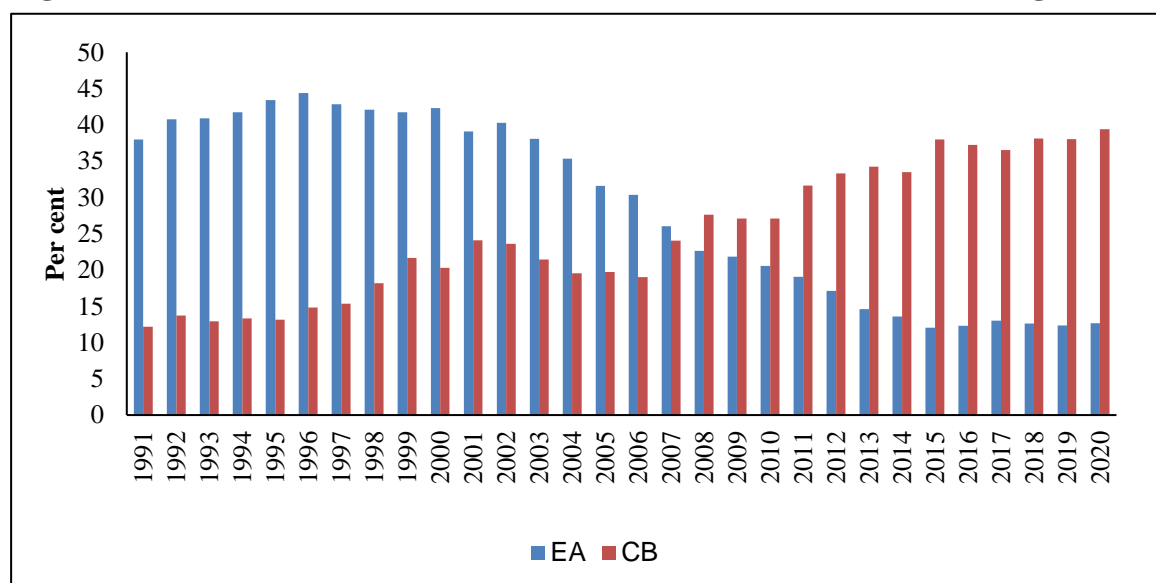
Figure B2.2: Share of Sovereign and Non-Sovereign Debt

Source: RBI and Ministry of Finance

Thus, composition of India's external debt again underwent a shift from government sector to non-government sector. This transformation was made possible by (a) a significant drop in the share of concessional loans from multilateral and bilateral sources under External Assistance; (b) prepayment of high cost non-concessional multilateral and bilateral loans,

during the first half of 2000s; and (c) liberalisation effected in the policies relating to ECBs (Figures B2.3).

Figure B2.3: Share of External Assistance (EA) and Commercial Borrowings (CB)



Source: RBI and Ministry of Finance

Consequently, the financial sector, which constituted 22 per cent of total external debt at end-March 1998 increased its share to 35 per cent by end-March 2020. Similarly, the share of the private (non-financial) sector in total external debt increased from 13 per cent at end-March 1998 to 22 per cent by end-March 2020. This sharp acceleration of external debt accumulation reflected rising leverage during the post-global financial crisis period. On the other hand, the share of non-financial public sector in total external debt witnessed a decline from its level of 10 per cent at end-March 1998 to 6 per cent by end-March 2020 (Table B2.1).

Table B2.1: Share of Non-Government Long-term Debt – Sector-wise

(Per cent)

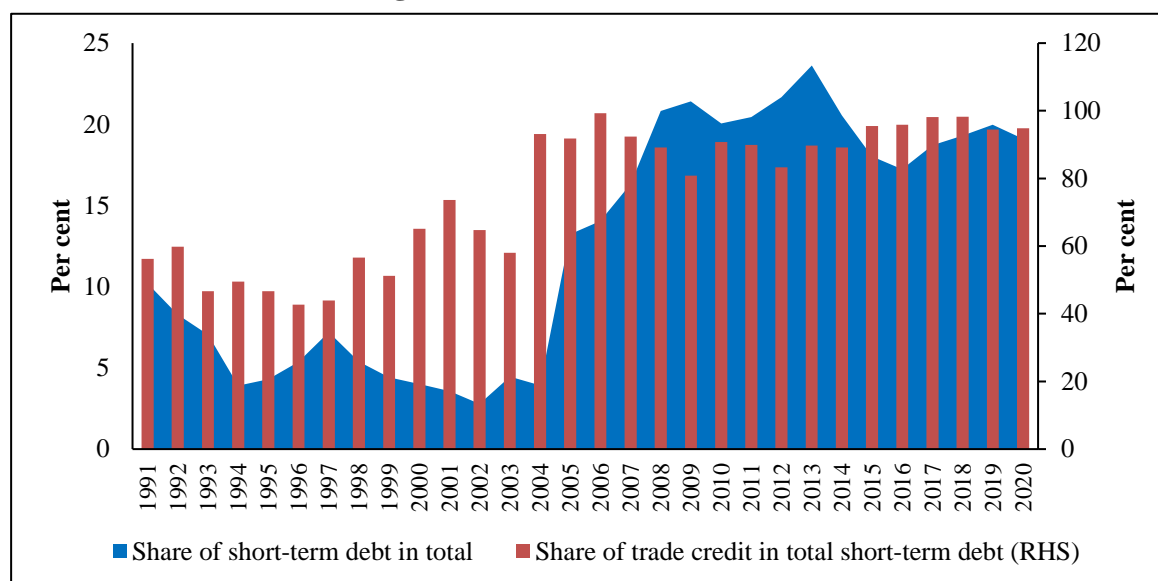
	End-March 1998	End-March 2020
Financial Sector	22	35
Public Sector	10	6
Private Sector	13	22

Source: RBI and Ministry of Finance

Prior to 1991, the bulk of short-term debt was borrowed by public sector canalising agencies for financing the import of petroleum, petroleum products and fertilisers. Such short-term debt constituted around 10 per cent of total external debt during the 1980s. Drawing from the experience of balance of payments crisis in 1991 and consequent adoption of prudent external debt management policies, reliance on short-term foreign capital was de-emphasized. This resulted in a declining share of short-term debt in total debt during the 1990s. However, the share of short-term debt of both private and public sectors rose again

from the mid-2000s, on the back of a strong growth in imports, with trade credit accounting for bulk of the total short-term credit (Figure B2.4).

Figure B2.4: Share of Short-term Credit



Source: RBI and Ministry of Finance

To sum up, over the years, the share of government debt in the total external debt has declined reflecting the reduced reliance on external assistance from both multilateral and bilateral sources. The share of non-government debt, on the other hand, has increased, primarily on the back of rising commercial loans taken by the private sector. Short-term debt, especially trade credit, rose significantly since mid-2000s due to increasing imports.

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2.1 SECTOR-WISE CLASSIFICATION

2.2 India's external debt could be classified into sovereign debt and non-sovereign debt. As mentioned in Annex 1, *Sovereign debt* includes (i) external debt outstanding on account of loans received by Government of India under the "external assistance" programme, and civilian component of Rupee Debt; (ii) other Government debt comprising borrowings from IMF, defence debt component of Rupee debt as well as foreign currency defence debt and FII investment in Government Securities. *Non-sovereign debt* includes the remaining components of external debt. As has been documented in Box 2.1, there has been a gradual discernible

increase in the share of non-sovereign debt over the years reflecting the impact of reforms aimed at enabling the private sector to raise debt externally.

2.3 Table 2.1 below presents data classified into sovereign and non-sovereign debt in the recent years. As at end-March 2020, the outstanding sovereign debt equalled at US \$ 100.9 billion, contracting by 2.9 per cent over the level a year ago. This contraction follows a large decline of 7.2 per cent recorded as at end-March 2019. As mentioned earlier, FII (FPI) investment in G-sec, which is part of 'Other Government Debt (OGD)' accounts for an increasing share in sovereign debt, *inter alia*, reflecting the calibrated opening up of the Indian debt market to foreign investors (See Chapter 3). FPI investment in G-sec, which accounts for 20.5 per cent of total sovereign debt, at US \$ 21.6 billion, as at-end March 2020, declined by 23.3 per cent over the level a year ago. Non-sovereign debt, estimated at US \$ 457.7 billion as at end-March 2020, rose 4.2 per cent over the level a year ago. External commercial borrowings (ECBs), which account for 48 per cent of total non-sovereign debt, rose 6.7 per cent to US \$ 220.3 billion as at end-March 2020.

Table 2.1: India's External Debt: Sovereign and Non-Sovereign

(US \$ Billion)

	At end-March			
	2017	2018	2019R	2020 P
1	2	3	4	5
Total Sovereign External Debt	95.8 (2.5)	111.9 (16.9)	103.8 (-7.2)	100.9 (-2.9)
Share (%)	20.3	21.2	19.1	18.1
Total of Non-Sovereign Debt	375.5 (-4.1)	417.2 (11.1)	439.3 (5.3)	457.7 (4.2)
Share (%)	79.7	78.8	80.9	81.9
Grand Total	471.3	529.2	543.1	558.5

Source: Annexure VII of this Status Report. Refer to original data sources in the Annex.

Note: Figures in brackets are (y-on-y) growth rate.

2.2 CREDITOR-WISE CLASSIFICATION

2.4 Till the release of estimates for the quarter ending March 2019, the gross debt position was being classified, as per the recommendations of the Policy Group/Task Force (PG/TF) on

the External Debt Statistics of India (1992) and the Report of the Technical Group on External Debt (1998). The classification was therefore under the following broad categories of creditors: multilateral debt, bilateral debt, IMF-SDR, trade credit, commercial borrowings, non-resident deposits, rupee debt, and short-term debt.

2.5 With the release of statistics on India's external debt position at end-June 2019 in September 2019, the Reserve Bank of India introduced compilation and dissemination of statistics on India's external debt in an additional format as per the IMF's 2013 EDS Guide. This format provides information about sectoral, instrument and maturity-wise debt position on India's external debt, which is presented in the next section. Table 2.2 below presents the creditor-wise data for recent years, while Annex III and Annex IV present a longer time series creditor-wise data in rupee crore and US dollar million.

Table 2.2: India's External Debt: Creditor-Wise

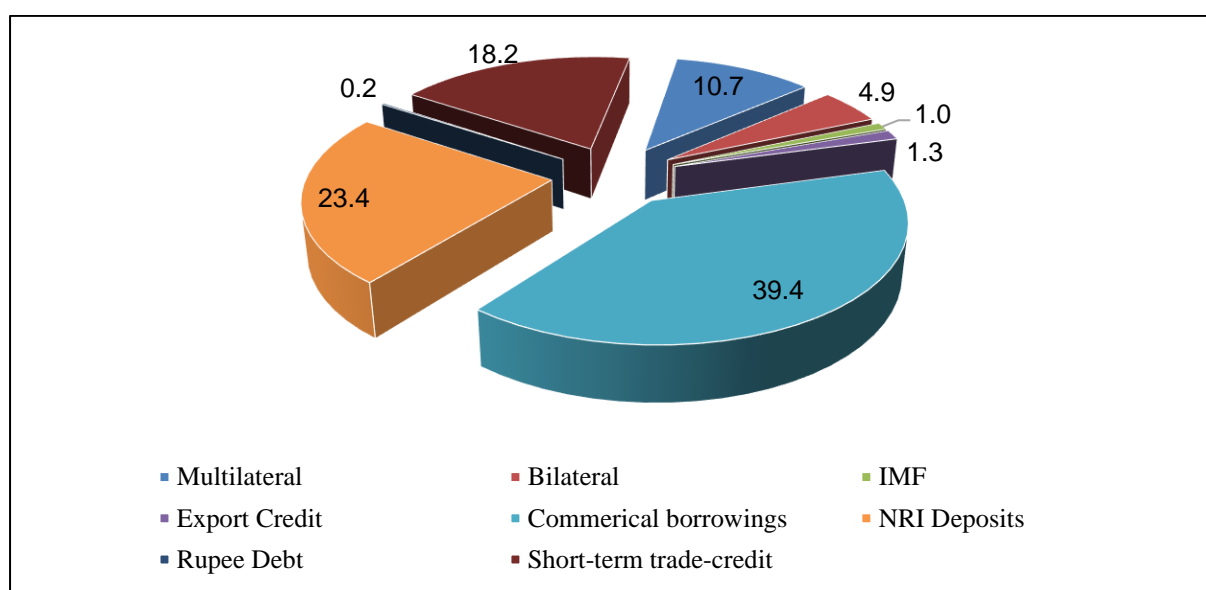
(US \$ Billion)

	2018 R	2019 PR	2020 P	Absolute Variation		Per centage Variation	
				Mar-19 over Mar-18	Mar-20 over Mar-19	Mar-19 over Mar-18	Mar-20 over Mar-19
1	2	3	4	5	6	7	8
1. Multilateral	57.2	57.5	60.0	0.2	2.5	0.4	4.3
2. Bilateral	25.4	25.6	27.2	0.2	1.5	0.9	6.0
3. IMF	5.8	5.5	5.4	-0.3	-0.1	-4.5	-1.7
4. Export Credit	9.5	7.9	7.2	-1.5	-0.8	-16.3	-9.5
5. Commercial Borrowings	201.8	206.6	220.3	4.7	13.8	2.4	6.7
6. NRI Deposits	126.2	130.4	130.6	4.2	0.2	3.4	0.1
7. Rupee Debt	1.2	1.2	1.0	-0.1	-0.1	-4.5	-11.7
8. Short-term Debt	102.2	108.4	106.9	6.2	-1.5	6.1	-1.4
<i>Of which:</i>							
Short-term trade credit	100.4	102.4	101.4	2.0	-1.0	2.0	-1.0
Total Debt	529.3	543.1	558.5	13.8	15.4	2.6	2.8

Source: RBI

2.6 As mentioned earlier, India's external debt rose 2.8 per cent to US \$ 558.5 billion as at end-March 2020 over the level a year ago. As at end-March 2020, debt from multilateral equalled US \$ 60 billion (4.3 per cent) and that from bilateral sources was US \$ 27 billion (6.0 per cent). Debt from commercial lenders at US \$ 220 billion (the single largest lender) (6.7 per cent) rose higher than the overall debt, while debt from the rest of creditors rose less or witnessed a decline. Deposits from NRI depositors – the second-largest lenders after commercial lenders – estimated at US \$131 billion as at end-March 2020, remained the same as a year ago. Notably, debt from short-term creditors at US \$ 107 billion contracted by 1.4 per cent over the level as at end-March 2019, primarily reflecting a decline of 1 per cent from trade creditors (the single-largest short-term creditor). Figure 2.1 below presents the shares of debt from various creditors as at end-March 2020.

Figure 2.1: Share of External Debt as at-End March 2020: Creditor-Wise



Source: RBI

2.7 Commercial lenders are the biggest creditors accounting for about 40 per cent of the debt outstanding as at-end March 2020 (Box 3), followed by NRI depositors (23.4 per cent) and short-term trade credit (18.2 per cent). These three groups of creditors account for over 81 per cent of the total debt. Putting the data from Table 2.2 and Figure 2.1 together, aggregate debt grew moderately (2.8 per cent) as at end-March 2020 over the level a year ago because

commercial lending (largest) grew by 6.7 per cent while NRI deposits – the second-largest – stayed same and trade credit – the third largest –contracted.

Box 2.2: Policy on and Performance of External Commercial Borrowings (ECB): A Snap Shot

External Commercial Borrowings (ECBs) are bi-partite loan contracts denominated in foreign currency and initiated by the domestic borrowers. India's approach has been that since the external liability of the economy should not be allowed to expand excessively, the ECBs need to be allocated, to their most productive uses. This objective is sought to be achieved through a regulatory regime comprising restrictions on the quantum of loan, end use, tenor, lender credentials and cost of borrowing. The ceiling on cost of borrowing, may seem superfluous in view of the restriction on the quantum of borrowing. However, as ECB can be accessed through the automatic route, restrictions on the cost of borrowing seek to address the adverse selection problem so that ECBs do not flow into risky projects. The ECB framework has evolved over the years, as this regulatory regime has been revised from time to time.

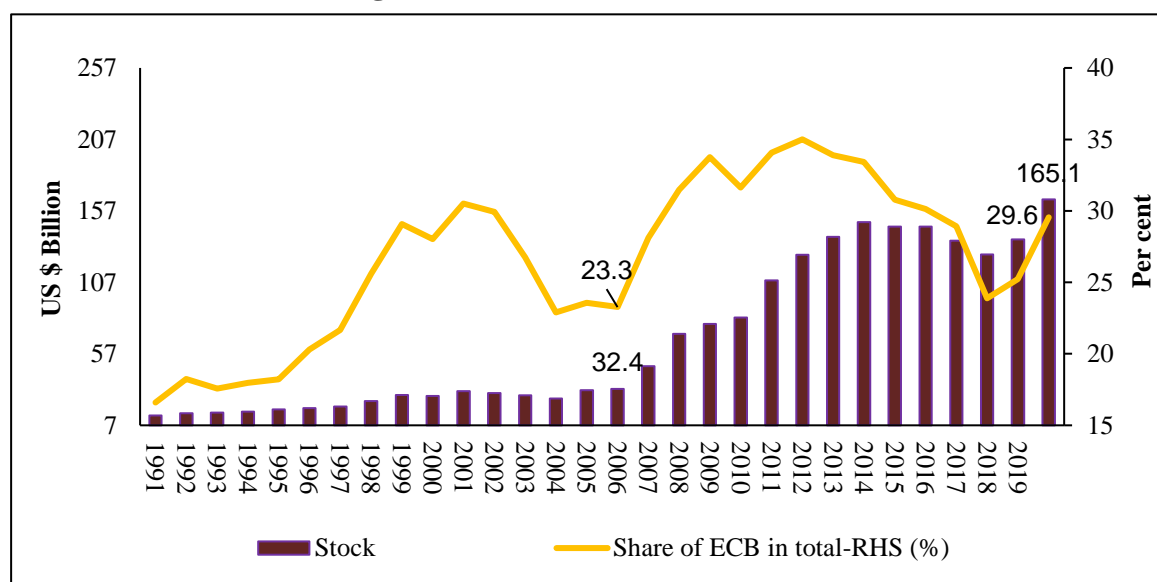
As per the old framework, which was in effect till January 15, 2019, ECBs could be raised either under the automatic route or under the approval route. The policy was premised on a three-track approach: Track I for Medium term foreign currency denominated ECB with minimum average maturity of 3/5 years; Track II for Long term foreign currency denominated ECB with minimum average maturity of 10 years; and Track III for Indian Rupee (INR) denominated ECB with minimum average maturity of 3/5 years. All the parameters of the framework *viz.*, minimum average maturity period (MAMP), eligible borrowers, recognised lenders/investors, all-in-cost (AIC), end-use prescriptions, individual limits and currency of borrowing were formulated separately for these tracks.

The Fifth Bi-monthly Monetary Policy Statement for 2018-19 released on December 5, 2018 proposed, among others, to revise the above framework in consultation with the Government. Accordingly, a New Framework for External Commercial Borrowings (ECB) Policy was announced by the RBI in January 2019.

The new ECB framework came into effect from January 16, 2019. External borrowing norms have been simplified under two tracks: foreign currency denominated ECBs; and rupee denominated ECBs. The list of eligible borrowers has been expanded to include all entities eligible to receive FDI, registered entities engaged in microfinance activities, registered societies/ trusts/ cooperatives and non-government organisations. A rule-based dynamic limit for outstanding stock of ECBs at 6.5 per cent of GDP is in place. Rupee denominated bonds or Masala bonds under the ECB route offer an opportunity to domestic firms to borrow from international markets without the need for hedging exchange rate risk. ECBs up to US \$ 750 million or equivalent per financial year are permitted under the automatic route. Further, end-use restrictions relating to external commercial borrowings have also been relaxed for specific eligible borrowers for their working capital requirements, general corporate purposes and repayment of rupee loans. The mandatory hedging requirement had earlier been reduced from 100 per cent to 70 per cent for ECBs with minimum average maturity period between 3 and 5 years in the infrastructure space.

The Figure B3.1 below presents the performance of the ECBs since 1991. As can be observed, ECBs witnessed significant pick up post mid-2000s. The stock of ECBs rose from US \$ 32.4 billion as at end-March 2006 to US \$ 165.1 billion as at end-March 2020. In terms of share in the total, it increased from 23.3 per cent to 29.6 per cent respectively in the aforementioned time periods. At present, as explained in the Box 2.1, ECB is the single largest component of external debt.

Figure B3.1: Stock and Share of ECB



Source: RBI

These developments were borne out of a conscious policy stance to promote ECBs. Some of the salient policy changes introduced during early 2000s included the following:

- 1) In September 2000, to liberalise further ECB approvals, the Government decided to operationalise the automatic route for fresh ECB approvals upto USD 50 million and all refinancing of existing ECBs.
- 2) In September 2002, flexibility was provided for prepayments to permit corporates to take advantage of low international interest rates.
- 3) In January 2003, corporates raising ECBs were allowed to retain the funds abroad in a bank account for their future forex requirements subject to certain conditions.
- 4) In February 2004, to enable Indian corporates to become global players by facilitating their overseas direct investment, permitted end-use for ECBs was enlarged to include overseas direct investment in Joint Ventures (JV)/Wholly Owned Subsidiaries (WOS).
- 5) With effect from August 1, 2005, ECBs with minimum average maturity of 5 years by non-banking financial companies from multilateral financial institutions, reputable regional financial institutions, etc., to finance import of infrastructure equipment for

leasing to infrastructure projects would be considered by the Reserve Bank under the Approval Route.

- 6) In November 2005, to facilitate capacity expansion and technological up-gradation in the Indian textile industry after the phasing out of Multi-Fibre Agreement, banks were allowed to issue guarantees, stand-by letters of credit, letters of undertaking or letters of comfort for ECBs by textile companies. This was intended to modernize or expand their textile units.

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2.3 DEBTOR-WISE CLASSIFICATION

2.8 As mentioned earlier, in order to make statistics on India's external debt position internationally comparable and consistent with India's other macroeconomic statistics, the Reserve Bank of India introduced an additional format (as per the IMF's 2013 EDS Guide format), with the release of statistics on India's external debt position at end-June 2019 in September 2019. Several advanced and emerging market economies, such as Brazil, Chile, China, Malaysia, the Philippines, South Africa, Thailand, and the US, follow the IMF's 2013 EDS Guide for the compilation and dissemination of their external debt statistics. As per this additional format, India's external debt position is classified by debtor sectors, instruments and maturity. The debtor sectors include general government, central bank, deposit-taking corporations (except the central bank), other sectors (including other financial corporations, nonfinancial corporations, and households and non-profit institutions serving households (NPISHs)), and direct investment: intercompany lending. The sectoral position of debt is further classified by sector-specific instruments, viz., loans, debt securities, currency and deposits, trade credit and advances, SDR (allocations), and other debt liabilities, under short-term and long-term debt.

2.9 This new format is, thus, an omnibus format where in the borrower-wise debt is further broken down into maturity and instrument. India's external debt as at end-March 2020 and as at-end March 2019 is presented in the new format in Table 2.3 below.

Table 2.3: India's External Debt: Debtor-wise

(US \$ million)

Sector/Instrument	Mar 2019 PR	Mar 2020 P	Variation	
			Absolute	Per centage
I. General Government	103.8	100.9	-3.0	-2.9
I.A. Short-term	0.3	0.2	0.0	-8.2
(ii) Debt securities	0.3	0.2	0.0	-8.2
I.B. Long-term	103.6	100.6	2.9	-2.8
(i) Special drawing rights (allocations)	5.5	5.4	-0.1	-1.7
(iii) Debt securities	28.3	21.6	-6.6	-23.4
(iv) Loans	68.0	71.6	3.6	5.3
(v) Trade credit and advances	1.8	1.9	0.2	9.0
II. Central Bank	0.2	0.2	0.0	-18.5
II.A. Short-term	0.2	0.2	0.0	-18.5
(i) Currency and deposits	0.2	0.2	0.0	-18.5
III. Deposit-taking Corporations, except the Central Bank	164.3	158.2	-6.1	-3.7
III.A. Short-term	3.8	3.3	-0.4	-11.6
(i) Currency and deposits	3.8	3.3	-0.4	-11.6
III.B. Long-term	160.5	154.9	-5.6	-3.5
(i) Currency and deposits	130.4	130.6	0.2	0.1
(ii) Debt securities	6.4	7.0	0.6	9.6
(iii) Loans	23.7	17.3	-6.4	-27.0
IV. Other Sectors	257.6	276.5	18.8	7.3
IV.1. Other financial corporations	31.6	41.7	10.1	31.8
IV.1.A. Short-term	1.7	1.7	0.0	-0.7
(ii) Debt securities	1.7	1.7	0.0	-0.7
IV.1.B. Long-term	29.9	39.9	10.1	33.7
(ii) Debt securities	12.8	16.3	3.5	26.9
(iii) Loans (ECBs)	17.0	23.6	6.6	38.9
IV.2. Nonfinancial corporations	226.0	234.8	8.8	3.9

Sector/Instrument	Mar 2019 PR	Mar 2020 P	Variation	
			Absolute	Per centage
IV.2.A. Short-term	102.4	101.4	-1.0	-1.0
(iv) Trade credit and advances	102.4	101.4	-1.0	-1.0
IV.2.B. Long-term	123.6	133.4	9.8	7.9
(ii) Debt securities	42.4	50.6	8.1	19.2
(iii) Loans	80.2	81.9	1.7	2.1
(iv) Trade credit and advances	1.0	0.9	-0.1	-5.1
IV.3. Households and non-profit institutions serving households (NPISHs)	0.0	0.0	0.0	-13.3
IV.3.A. Short-term	0.0	0.0	0.0	-
IV.3.B. Long-term	0.0	0.0	0.0	-13.3
(ii) Debt securities	0.0	0.0	0.0	542.3
(iii) Loans	0.0	0.0	0.0	-16.1
V. Direct Investment: Intercompany Lending	17.1	22.8	5.7	33.2
A. Debt liabilities of direct investment enterprises to direct investors	17.1	22.8	5.7	33.2
GROSS EXTERNAL DEBT POSITION (I to V)	543.1	558.5	15.4	2.8
PR: Partially Revised. P: Provisional.			0	

Source: RBI.

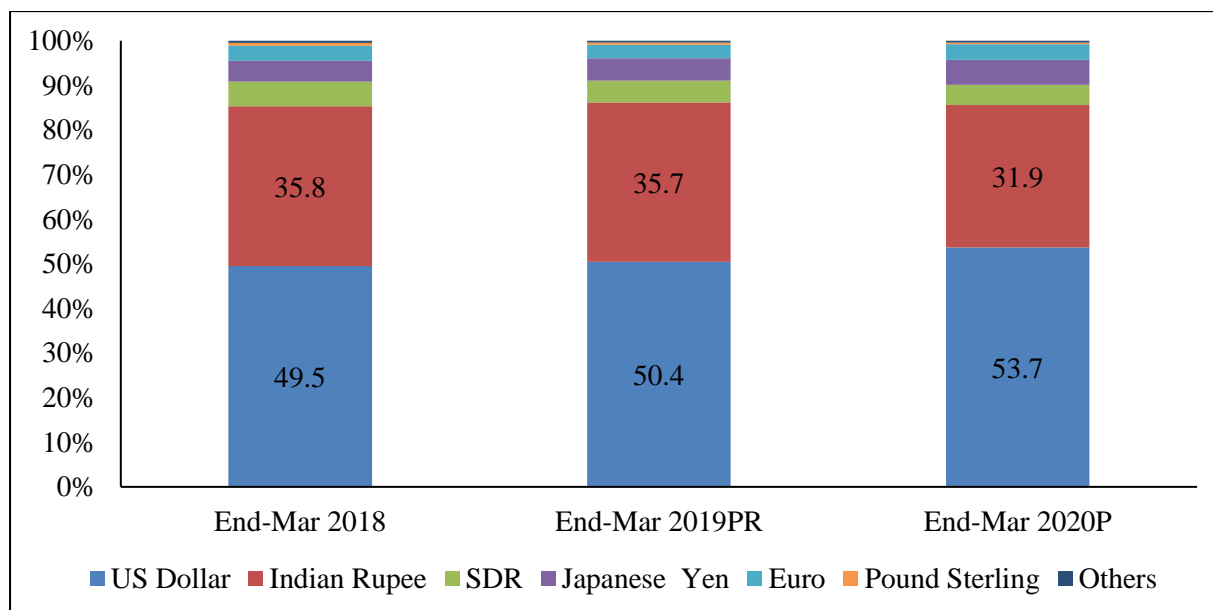
2.10 The largest borrowers were non-financial corporations with an outstanding debt of US \$ 235 billion as at end-March 2020, about 57 per cent of which was long-term primarily in the form of loans through ECB route and FPI investments. The remaining 43 per cent of debt of non-financial corporations was short-term in the form of trade credit to finance their imports. The outstanding debt of non-financial corporations as at-end-March 2020 rose 3.9 per cent over the level a year ago. Short-term debt contracted by 1 per cent due to falling imports by these non-financial corporations during 2019-20. On the other hand, the long-term debt grew 7.9 per cent, mainly due to a significant increase of 19.2 per cent in the debt securities of these corporations.

2.11 Similarly, the second-largest borrowers were deposit-taking corporations with an outstanding debt of US \$ 158 billion, of which over 98 per cent (US \$ 155 billion) was long-

term, primarily in the form of NRI deposits (US \$ 131 billion). Outstanding debt of deposit-taking corporations as at end-March 2020 shrank 3.7 per cent mainly on the back of a contraction of outstanding loans (securitised borrowings) as at-end March 2020 by 27 per cent over the level a year ago. The Government was the third largest borrower with an outstanding debt of US \$ 101 billion as at-end March 2020, almost all of which was long-term in the form of loans from multilateral and bilateral creditors (US \$ 72 billion) and FPI investments in G-sec (US \$ 22 billion). The general government debt as at end-March 2020 shrank by about 3 per cent over the stock a year ago due to a significant fall of 23.4 per cent in the outstanding FPI investment in government securities as at-end March 2020 over that as at end-March 2019. Annex VII presents a longer time series data on debtor by maturity wise external debt.

2.4 CURRENCY-WISE CLASSIFICATION

2.12 Figure 2.2 and Annex IX present the currency composition of India's external debt. As can be observed, the US dollar continues to be the leading currency of denomination accounting for about 54 per cent of the total as at-end March 2020, which is higher than 50.4 per cent a year ago but lower than recorded in the early 2010s. Reflecting increasing FPI investments, Indian rupee has gained in prominence as a currency of denomination in the recent years as compared to the early years in the previous decade. Indian rupee, the second leading currency with a share of 32 per cent of the total as at end-March 2020, witnessed significant erosion over the share recorded a year ago because of a decline in outstanding FPI investment to US \$ 51.0 billion as at end-March 2020 from US \$ 60.0 billion as at end-March 2019. Following the US dollar and the Indian rupee are the Japanese Yen (5.6 per cent), SDRs (4.5 per cent) and Euro (3.5 per cent).

Figure 2:2: India's External Debt: Currency Composition

Source: Annex IX of the Status Report. Refer to original data sources in the Annex.

2.5 INSTRUMENT-WISE CLASSIFICATION

2.13 Instrument-wise classification of external debt in terms of bonds, loans, trade credits and deposits along with borrower details describes the mix of instruments through which debtors gain access to external financing. At end-March 2020, access to foreign debt by the debtors is primarily in the form of loans, accounting for 36.3 per cent (including multilateral, bilateral credit and bank loans), followed by deposits (25.0 per cent), bonds and notes (20.0 per cent) and trade credit (18.7 per cent). The bulk of external debt is in the form of loans for the Government (71.2 per cent), the non-financial public sector (79.9 per cent) and non-financial private sector (63.5 per cent), while NRI deposits constitute the major instrument (67.0 per cent) for the financial sector (Annex VIII). Trade credit has the major share (95 per cent) in short term external debt (Table 2.4).

Table 2:4: India's External Debt: Instrument-Wise

(US \$ Billion)

	Borrower	Bonds & Notes	Loans	Trade Credits	Deposits	Total
1	2	3	4	5	6	7
I	Government	21.6 (21.5)	71.6 (71.2)	1.9* (1.9)	5.4** (5.4)	100.6
II	Financial Sector@	37.7 (194.0)	26.5 (13.6)	0 (0.0)	130.6 (67.0)	194.8
III	Non-Financial Public Sector	6.7 (20.1)	26.8 (79.9)	0 (0.0)	0 (0.0)	33.5
IV	Non-Financial Private Sector	43.8 (35.7)	78.0 (63.5)	0.9 (0.8)	0 (0.0)	122.8
V	Short-Term Debt	2.0 (1.8)	0 (0.0)	101.4 (94.9)	3.5 (3.3)	106.9
V	Total External Debt***	111.9 (20.0)	202.8 (36.3)	104.3 (18.7)	139.5 (25.0)	558.5

Source: Based on data from RBI, CAAA, SEBI and Ministry of Defence

* Signifies 'export credit' component of bilateral external assistance.

** IMF SDR allocations have been classified as 'Deposits' under the 'Government' head.

***Items I to IV constitute total long-term debt.

@ Financial sector includes financial development institutions, commercial banks and non-banking financial companies.

Figures in brackets are share in the total

2.6 MATURITY-WISE CLASSIFICATION

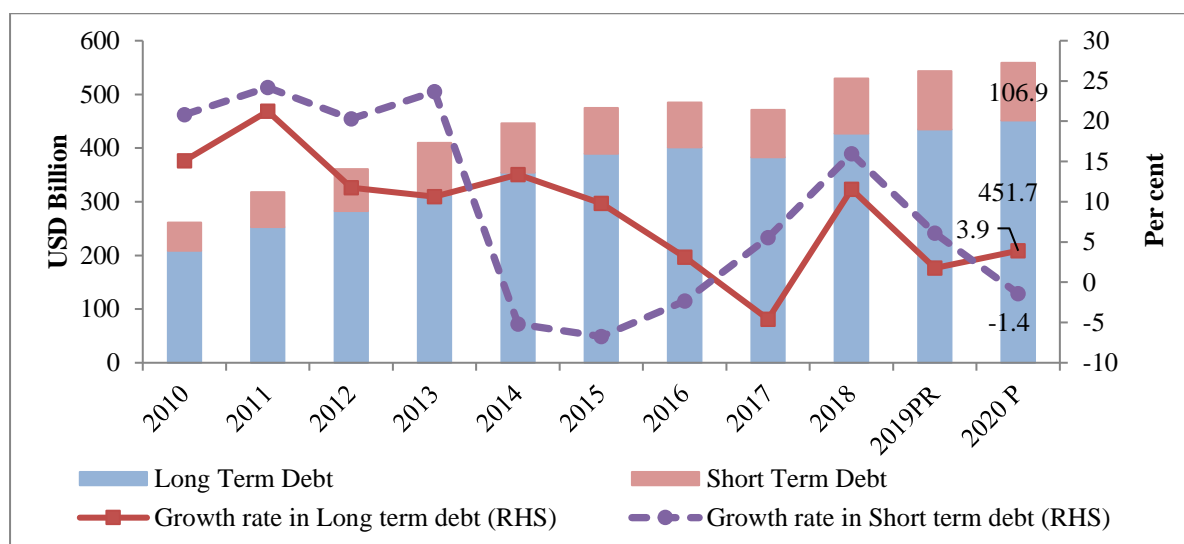
2.14 In this section, total external debt is analysed from the stand-point of original maturity as well as residual maturity. Further, given its importance, original maturity and residual maturity of short-term debt is also examined.

2.6.1 Total External Debt by Original Maturity

2.15 Figure 2.3 below presents the original maturity profile of India's external debt. Long-term debt, estimated at US \$ 451.7 billion as at end-March 2020, grew 3.9 per cent over the level, a year ago. Short-term debt, on the other hand, is placed at US \$ 106.9 billion as at-end March 2020, contracting 1.4 per cent over the level, a year ago (for details see below). There has been a significant moderation in the growth of both long and short-term debt in the recent years as compared to early 2010s. Further, short-term debt exhibited greater volatility than the

long-term debt. In the early 2010s, short-term debt grew by over 20 per cent, followed by a large contraction in the mid-2010s.

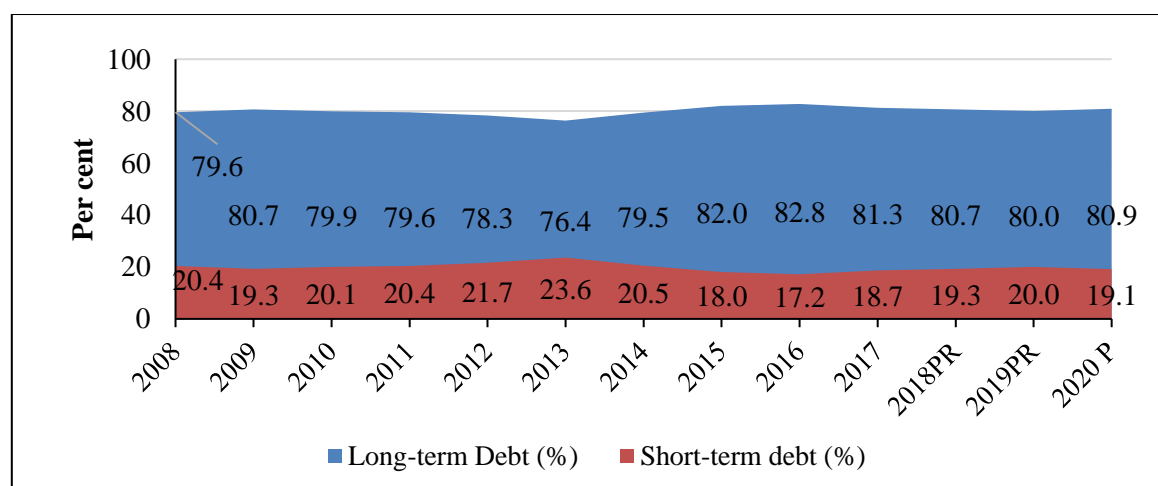
Figure 2:3: India's External Debt: Maturity-Wise



Source: Annex IV of the Status Report. Refer to original data sources in the Annex.

2.16 Figure 2.4 presents the share of long-term and short-term external debt since end-March 2008. The share of long-term debt at 80.9 per cent, as at-end March 2020, went up by 0.9 percentage points over that a year ago, reversing a slow decline witnessed in the recent years. The share of short-term debt accordingly was lower at 19.1 per cent, as at end-March 2020, halting a steady rise in its share since end-March 2017.

Figure 2:4: Share of Long-term and Short-term Debt



Source: RBI.

2.6.2 Total External Debt by Residual Maturity

2.17 Analysis of total external debt by residual maturity reveals that as at end-March 2020, short term debt (residual maturity) of upto one year occupies a major share (42.4 per cent) in total debt, followed by the “more than 3 years” category (39.1 per cent), “1 to 2 years” (9.7 per cent) and “2 to 3 years” (8.9 per cent). Among the components, short term debt by original maturity was the major component followed by NRI deposits, commercial borrowings and sovereign debt. Among NRI deposits, NR(E)RA had a major share (Table 2.5).

Table 2.5: Residual Maturity of External Debt Outstanding as at End-March 2020

(US \$ billion)

	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) \$	5.5	7.4	8.2	79.5	100.6
2. Commercial Borrowings #	34.7	25.2	30.6	130.1	220.5
3. NRI deposits {(i)+(ii)+(iii)}	89.7	21.3	11.0	8.7	130.6
(i) FCNR(B)	15.4	3.4	2.8	2.6	24.2
(ii) NR(E)RA	60.4	16.4	7.7	5.8	90.4
(iii) NRO	13.9	1.4	0.4	0.2	16.0
4. Short-term Debt* (original maturity)	106.9				106.9
Total (1 to 4)	236.7	53.9	49.7	218.2	558.5
Memo Items					
Short-term Debt (residual maturity) as per cent of Total External Debt					42.4
Short-term Debt (residual maturity) as per cent of Reserves					49.5

Source: RBI

\$: Inclusive of FPI investments in government securities.

#: Commercial Borrowings are inclusive of trade credit, FPI investments in corporate debt instruments and a portion of non-government multilateral and bilateral borrowings and therefore may not tally with the figures provided in other tables under original maturity.

*: Also includes FPI investments in security receipts issued by Asset Reconstruction Companies (ARCs) under the extant corporate debt limits.

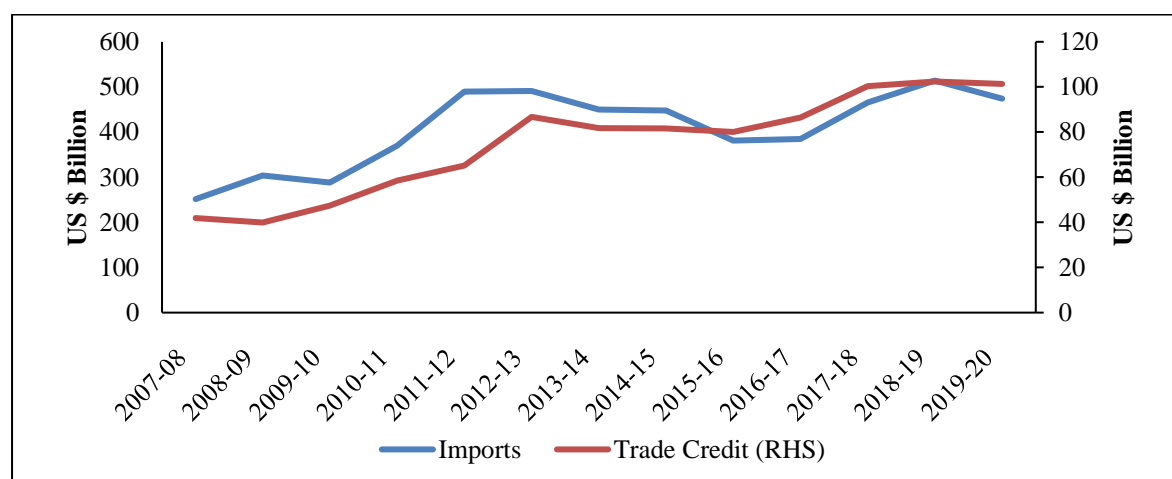
** : Short-term debt by residual maturity comprises long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity.

2.6.3 Short-term Debt by Original Maturity

2.18 Short-term debt includes: (i) trade credit up to 180 days as well as above 180 days and up to 1 year, (ii) foreign Institutional Investor (FII) investments in Government Treasury Bills and corporate securities, (iii) investments by foreign central banks and international institutions in Treasury Bills, and (iv) external debt liabilities of central bank and commercial banks. Short-term debt is considered as a part of volatile capital flows. Therefore, accumulation of a relatively large size of short-term debt exposes the economy to external shocks. In the Indian context, realizing its nature and characteristics, short-term debt has been prudently permitted in the post-reform period.⁴ Besides, generally no roll over of short-term credits beyond six months is allowed and RBI monitors the stock of short-term debt on an on-going basis. Consequently, the short-term debt in India is maintained within the manageable level.

2.19 As documented in the Box 2.1 and presented in Annex IV, trade credit is the dominant component of short-term debt, accounting for about 95 per cent (Box 2.3). As trade credit finances imports and imports contracted during 2019-20, trade credit contracted by 1 per cent and reached US \$ 101.4 billion, as at end-March 2020 when compared to the level a year ago (Figure 2.5).⁵

Figure 2:5: Imports and Trade Credit



Source: RBI.

⁴For a detailed analysis of short-term debt in an historical perspective, pl see Box 2.

⁵The correlation coefficient between imports (in US \$) and the stock of trade credit (in US \$) is as high as 0.84.

Box 2.3: Trade Credit Policy - Revised framework

Trade Credits (TC) refer to the credits extended by the overseas supplier, bank, financial institution and other permitted recognised lenders for maturity of typically one year. This is as prescribed in this framework for imports of capital/non-capital goods permissible under the Foreign Trade Policy of the Government of India. Depending on the source of finance, such TC includes suppliers' credit and buyers' credit from recognised lenders.

The TC framework was revised and the revised framework came into effect from March 13, 2019. The salient features of the new TC Framework are as follows:

TC can be raised in any freely convertible foreign currency (FCY denominated TC) or Indian Rupee (INR denominated TC), as per the framework given below:

Sr. No	Parameters	FCY denominated TC	INR denominated TC
1	Forms of TC	Buyers' Credit and Suppliers' Credit	
2	Eligible borrower	Person resident in India acting as an importer	
3	Amount under automatic route	Up to USD 150 million or equivalent per import transaction for oil/gas refining & marketing, airline and shipping companies. For others, up to USD 50 million or equivalent per import transaction.	
4	Recognised lenders	1. For suppliers' credit: Supplier of goods located outside India. 2. For buyers' credit: Banks, financial institutions, foreign equity holder(s) located outside India and financial institutions in International Financial Services Centres located in India.	
5	Period of TC	The period of TC, reckoned from the date of shipment, shall be up to three years for import of capital goods. For non-capital goods, this period shall be up to one year or the operating cycle whichever is less. For shipyards / shipbuilders, the period of TC for import of non-capital goods can be up to three years.	
6	All-in-cost ceiling per annum	Benchmark rate plus 250 bps spread.	
7	Exchange rate	Change of currency of FCY TC into INR TC can be at the exchange rate prevailing on the date of the agreement between the parties concerned for such change or at an exchange rate, which	For conversion to Rupee, exchange rate shall be the rate prevailing on the date of settlement.

		is less than the rate prevailing on the date of agreement, if consented to by the TC lender.	
8	Hedging provision	The entities raising TC are required to follow the guidelines for hedging, if any, issued by the concerned sectoral or prudential regulator in respect of foreign currency exposure. Such entities shall have a board approved risk management policy.	The overseas investors are eligible to hedge their exposure in Rupee through permitted derivative products with Authorised Dealer (AD) Category I banks in India.
9	Change of currency of borrowing	Change of currency of TC from one freely convertible foreign currency to any other freely convertible foreign currency as well as to INR is freely permitted.	Change of currency from INR to any freely convertible foreign currency is not permitted.

Trade Credits in Special Economic Zone (SEZ)/Free Trade Warehousing Zone (FTWZ)/ Domestic Tariff Area (DTA):

TC can be raised by a unit or a developer in a SEZ including FTWZ for purchase of non-capital and capital goods within an SEZ including FTWZ or from a different SEZ including FTWZ subject to compliance with parameters given above.

Security for trade credit: The provisions regarding security for raising TC are as under:

- Bank guarantees may be given by the Authorised Dealers (Ads), on behalf of the importer, in favour of overseas lender of TC not exceeding the amount of TC. Period of such guarantee cannot be beyond the maximum permissible period for TC. TC may also be secured by overseas guarantee issued by foreign banks / overseas branches of Indian banks. Issuance of such guarantees will be subject to compliance with relevant provisions issued from time to time.
- For the purpose of raising TC, the importer may also offer security of movable assets (including financial assets) / immovable assets (excluding land in SEZs) / corporate or personal guarantee for raising TC.

The performance of trade credit, which is the largest component of the short-term credit, is explained in detail in the Box.2.1.

References

Trade Credit Policy – Revised framework dated March 13, 2019: RBI

2.20 Among other components of short-term debt, external debt liabilities of commercial banks (NRI deposits with less than 1-year original maturity), at US \$ 3.3 billion as at end-March 2020, were a shade lower than a year ago. T-Bills continued to attract FII investments and such investments amounted to US \$ 1.7 billion as at-end March 2020, indicating revival of FIIs' interest in T-Bills. FII investment in T-Bills, as at end-March 2016 and 2017, was negligible. On the contrary, as explained earlier while discussing sovereign debt, there has been a significant back-to-back contraction of FII investments in G-Sec as at end March 2019 and 2020, respectively. In the recent years, foreign portfolio investors preferred T-Bills to the long-dated securities. The position of India's short-term debt in a cross-country perspective is presented in Chapter 5.

2.6.4 Short-term Debt by Residual Maturity

2.21 The original maturity of external debt shows the nature of capital flows. In contrast, external debt compiled on the basis of residual maturity is useful in assessing debt servicing obligations during the year under review to assess the requirement of foreign exchange reserves to facilitate effective cash flow management. Short-term debt by residual maturity refers to principal repayments due under all loans and credits (both long-term and short-term) in one year or less. It comprises all the components of short-term debt with original maturity of one year or less, and repayments due under medium & long-term debt by original maturity during the one-year reference period.

2.22 Short-term debt by residual maturity includes short term debt by original maturity as well as long term debt repayments falling due within the next twelve months which includes sovereign debt, commercial borrowings and NRI deposits (Foreign Currency Non-Resident Bank Deposit [FCNR(B)], Non-Resident (External) Rupee Account [NR(E)RA] and Non-Resident Ordinary Account [NRO]) falling due in the short term (Table 2.6 and Annex X).

Table 2:6: India's Short-term Debt by Residual Maturity

(US \$ Billion)

Component	End-Mar 2015	End-Mar 2016	End-Mar 2017	End-Mar 2018	End-Mar 2019	End-Mar 2020
1	2	3	4	5	6	7
1. Sovereign Debt (long-term) \$	6.8	4.3	4.6	5	5.6	5.5
2. Commercial Borrowings #	31.4	28.8	24	25.9	27.6	34.7
3. NRI deposits {(i)+(ii)+(iii)}	59.0	90.4	79.3	89.1	93.9	89.7
(i) FCNR(B)	12.2	33.9	11.4	14.9	16.3	15.4
(ii) NR(E)RA	39.2	48	57.4	62	64.2	60.4
(iii) NRO	7.6	8.5	10.5	12.2	13.3	13.9
4. Short-term Debt* (original maturity)	85.5	83.4	88	102.2	108.4	106.9
Total (1 to 4)	182.7	206.9	195.9	222.2	235.5	236.7
Memo						
As per cent of Total Debt	38.5	42.7	41.6	42.0	43.4	42.4
As per cent of Forex Reserves	53.5	57.4	52.9	52.3	57.0	49.5

Source: RBI

\$: Inclusive of FPI investments in government securities.

#: Commercial Borrowings are inclusive of trade credit, FPI investments in corporate debt instruments and a portion of non-government multilateral and bilateral borrowings and therefore may not tally with the figures provided in other tables under original maturity.

*: Also includes FPI investments in security receipts issued by Asset Reconstruction Companies (ARCs) under the extant corporate debt limits.

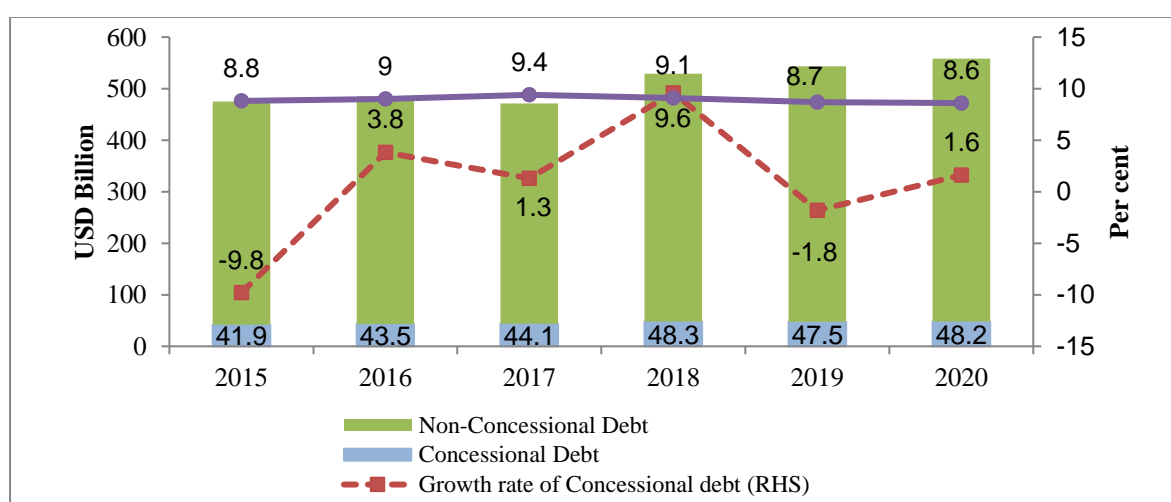
2.23 As can be seen from Table 2.6, short-term debt by residual maturity rose 0.5 per cent to US \$ 236.7 billion as at end-March 2020 due to a contraction in short-term debt by original maturity and NR(E)RA deposits. The short-term debt by original maturity, at US \$ 107 billion, as at end-March 2020 was the largest component, accounting for 45.2 per cent of the total short-term debt by residual maturity, followed by NR(E)RA deposits at US \$ 60.4 billion (25.5 per cent) and commercial borrowings at US \$ 34.7 billion (14.7 per cent). Commercial borrowings, which is the largest component of outstanding external debt (40 per cent), accounts for just 14.7 per cent of the total short-term debt by residual maturity because of longish maturity profile of such borrowings. Similarly, sovereign debt, which accounts for about 18 per cent of the total debt, constitutes just over 2 per cent of the total short-term debt by residual maturity. This testifies to the prudent management of sovereign debt and ECBs. The share of short-term debt by residual maturity in the total debt, placed at 42.4 per cent, as

at end-March 2020 is in the line with the trend observed over the years. Another comforting aspect of short-term debt by residual maturity is its ratio to forex reserves, which was estimated lower at 49.5 per cent as at end-March 2020 than 57 per cent, a year ago. This is the lowest in many years.

2.7 CONCESSIONALITY-WISE CLASSIFICATION

2.24 Softer terms of a loan in relation to prevailing market conditions indicate concessionality. Concessionality could be reflected in terms of lower rate of interest, elongation of maturity or repayment periods, etc. and is measured by the difference between the face value of a credit and the sum of the discounted future debt service payments. Different multilateral institutions follow different norms for classifying credits into concessional and non-concessional. In India, loans from a few multilateral institutions such as International Development Agency (IDA), International Fund for Agriculture Development (IFAD), and Organization of Petroleum Exporting Countries (OPEC), which have long maturity and relatively low interest rates/service charges, are treated as concessional. The loans from other multilateral sources, such as the IBRD, ADB etc., however, are on terms close to market rates and are, therefore, classified as non-concessional. All Government borrowings from bilateral sources (except dollar denominated debt from Russia) are classified as concessional. Rupee debt, which is serviced through exports, is also treated as concessional.

Figure 2:6: India's External Debt: Concessional and Non-Concessional Debt



Source: RBI.

Note: Creditor classification is used for classifying debt as concessional.

2.25 As can be seen from the Figure 2.6 above, outstanding concessional debt remained by and large range-bound for many years. The concessional debt marginally rose 1.6 per cent to US \$ 48.2 billion as at end-March 2020. As a share in the total debt, it declined significantly from around 20 per cent as at end-March 2008 to around 9 per cent as at end-March 2020 (see Box 2.1 for details).

2.26 In sum, this Chapter describes the granular details of India's external debt in terms of the various classifications. The chapter provides the following insights. As a result of proactive policy, the share of sovereign debt has witnessed a gradual, yet discernible, decline, reflecting the reduced reliance on concessional loans from multilateral and bilateral sources under external assistance. Private sector, led by non-financial corporations, is the biggest beneficiary of external debt accessing foreign debt predominantly through loans; and maturity structure of India's external debt is favourable with the domination of long-term debt.

CHAPTER AT A GLANCE

- India's external debt is classified and analysed according to sectors, creditors, debtors, currency, instruments, maturity and concessionality.
 - Sovereign debt, accounting for 18 per cent of the total external debt, contracted 3 per cent to US \$ 100.9 billion, as at end-March 2020 due to a decline in FII investments in securities issued by the Government of India (G-sec). Non-sovereign debt, accounting for 82 per cent of the total external debt, rose 4.2 per cent to US \$ 457.7 billion, as at end-March 2020 reflecting a rise in external commercial borrowings (ECBs).
 - Commercial lenders were the biggest creditors accounting for about 40 per cent of the debt outstanding as at-end March 2020, followed by NRI depositors (23.4 per cent) and trade-creditors (19.1 per cent). Debt from commercial lenders, the biggest creditors, rose 6.7 per cent to US \$ 220.3 billion. While deposits from NRIs, at US \$ 130.6 billion hardly grew, trade credit shrank 1.0 per cent to US \$ 101.4 billion.
 - The largest borrowers were non-financial corporations with an outstanding debt of US \$ 235 billion as at end-March 2020. About 57 per cent of this component comprised long-term debt, primarily in the form of loans through ECBs and FPI investments.
-

- As at end-March 2020, access to foreign debt was primarily through loans that account for 36.3 per cent (including multilateral, bilateral credit and bank loans), followed by deposits (25.0 per cent), bonds and notes (20.0 per cent) and trade credit (18.7 per cent).
- The US dollar continued to be the leading currency of denomination accounting for about 54 per cent of the total external debt as at-end March 2020, which is higher than 50.4 per cent a year ago but lower than the proportions recorded in the early 2010s.
- Long-term debt, accounting for 81 per cent of the total debt, grew 3.9 per cent to US \$ 451.7 billion as at end-March 2020. Short-term debt, constituting 19 per cent of the total debt fell 1.4 percent to US \$ 106.9 billion as at-end March 2020.
- Concessional debt, constituting 9 per cent of the total debt, rose 1.6 per cent to US \$ 48.2 billion as at end-March 2020.

Chapter 3 Sovereign External Debt

Sovereign (government) external debt includes debt on government account under external assistance programme and Other Government Debt (OGD), comprising FII investment in G-Sec, SDRs and defence debt. It declined to US \$ 100.9 billion at the end of March 2020 from US \$ 103.8 billion as at end-March 2019. Over the years, the borrowings under external assistance programme dominated the Government debt, with its share at 72.1 per cent as at end-March 2020, while the rest is accounted for by OGD. Under external assistance programme, the borrowings are from multilateral and bilateral sources. Though the debt from multilateral sources accounts for the bulk, its share witnessed decline in recent years to reach 66.5 per cent as at end-March 2020. On the other hand, the share of bilateral debt rose consistently to 33.5 per cent as at end-March 2020. FII Investment in G-Sec is the largest constituent of OGD, which went up seven-fold in 10 years. Its share in OGD rose three-fold from around 25 per cent as at end-March 2010 to around 77 per cent as at end-March 2020. As at end-March 2020, US dollar denominated debt, which comes primarily through external assistance loans, was the largest component of India's sovereign external debt with a share of 29.8 per cent. The rupee denominated debt as at end-March 2020 is second due to a fall in FII investment in G-Sec. Total government (Sovereign) external debt service payments witnessed gradual yet steady rise to reach US \$ 6.3 billion in 2019-20. Though principal repayments constitute the bulk of sovereign external debt servicing, its share saw decline beyond 2015-16, with corresponding rise in the share of interest payments. The multilateral debt service payments at US \$ 4.3 billion during 2019-20 form the major chunk of the total debt service payments under Government account, accounting for 75.6 per cent in 2019-20. The total sovereign external debt service payments during the current year (2020-21) are projected to increase to US \$ 7.9 billion, comprising principal repayments of US \$ 4.9 billion and interest payments of US \$ 3.0 billion. The total debt service payments on sovereign external debt are projected to peak in 2024-25 and taper off thereafter.

3.1 INTRODUCTION

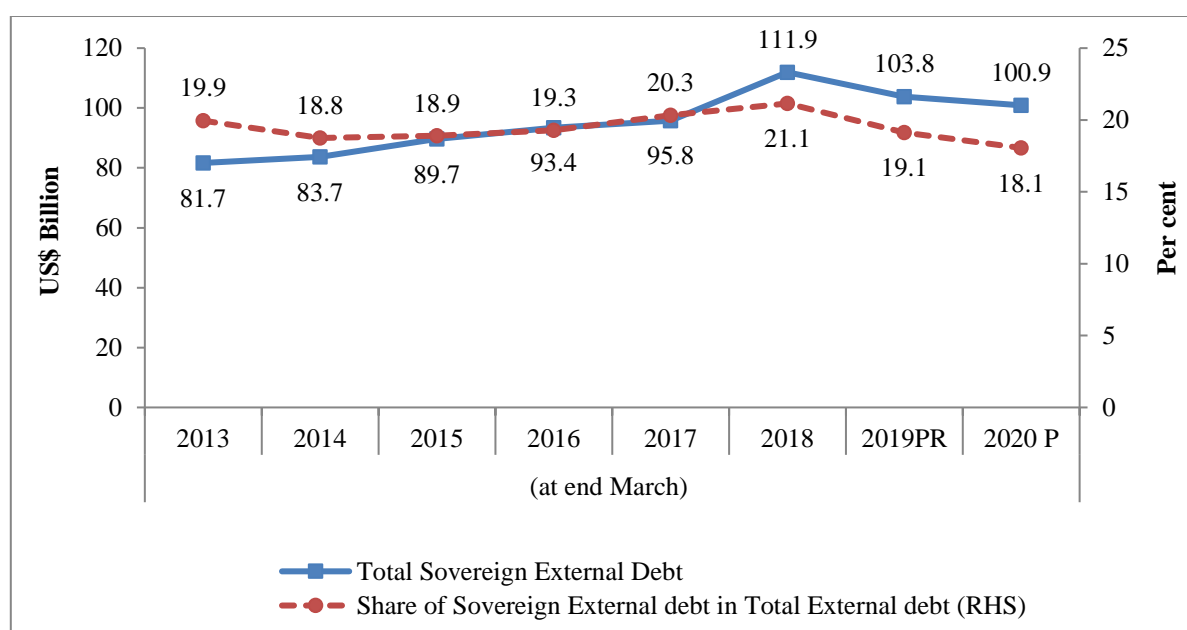
3.1 This chapter provides an overview of the emerging trends in the country's sovereign external debt, its creditor-wise composition, currency composition, sovereign debt service payments and explicit contingent liabilities of the Government. Government Debt/ Sovereign

External Debt (SED) refers to the foreign debt contracted by the Government or the extent of external liabilities taken by the Government.

3.2 SED includes (i) External debt outstanding on account of loans received by Government of India under the “external assistance” programme and civilian component of Rupee Debt; and (ii) “Other Government Debt” (OGD) comprising borrowings from IMF, defence debt component of Rupee debt as well as foreign currency defence debt and FII investment in Government Securities.

3.3 SED declined to US \$ 100.9 billion at the end of March 2020 from US \$ 103.8 billion at end-March 2019 (Figure 3.1). The share of sovereign external debt in total external debt fell to 18.1 per cent from 19.1 per cent, a year ago, mainly due to significant drop in OGD.

Figure 3.1: Total Sovereign External Debt



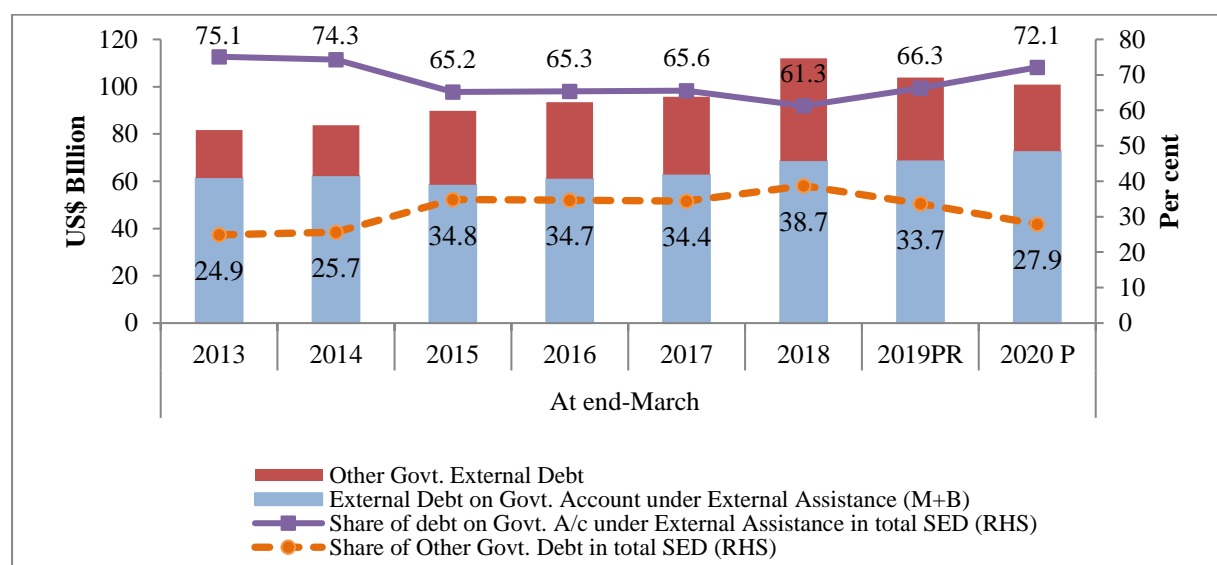
Source: Annex VII of this Status Report. Refer to original data sources in the Annex.

3.2 COMPOSITION OF SOVEREIGN EXTERNAL DEBT

3.4 The creditor-wise classification of Sovereign External Debt in rupees and US dollars may be seen at Annexes XVI and XVII respectively.

3.5 Government of India, unlike many other emerging economies, and in pursuance of its prudent external debt management policy has primarily been borrowing under external assistance programme. Debt under external assistance rose 5.6 per cent to US \$ 72.7 billion as at end-March 2020. “Other Government Debt” (OGD), on the other hand, contracted 19.5 per cent to US \$28.1 billion as at-end March 2020. As a result, the share of external assistance in total sovereign debt increased to 72.1 per cent as at end-March 2020, from 66.3 per cent as at end-March 2019 (Figure 3.2). Accordingly, the share of OGD dropped to 27.9 per cent as at end-March 2020, from 33.7 per cent, a year ago. The fall in the ratio of OGD can be attributed to decline in FII investment in Government securities. The share of external assistance, which has been on the decline till end-March 2018, rose as at end-March 2019 and March 2020. Accordingly, the share of OGD increased till end-March 2018 and fell thereafter as at end-March 2019 and 2020, mainly reflecting movements in FII investments in G-Sec during the said period.

Figure 3.2: Composition of Sovereign External Debt



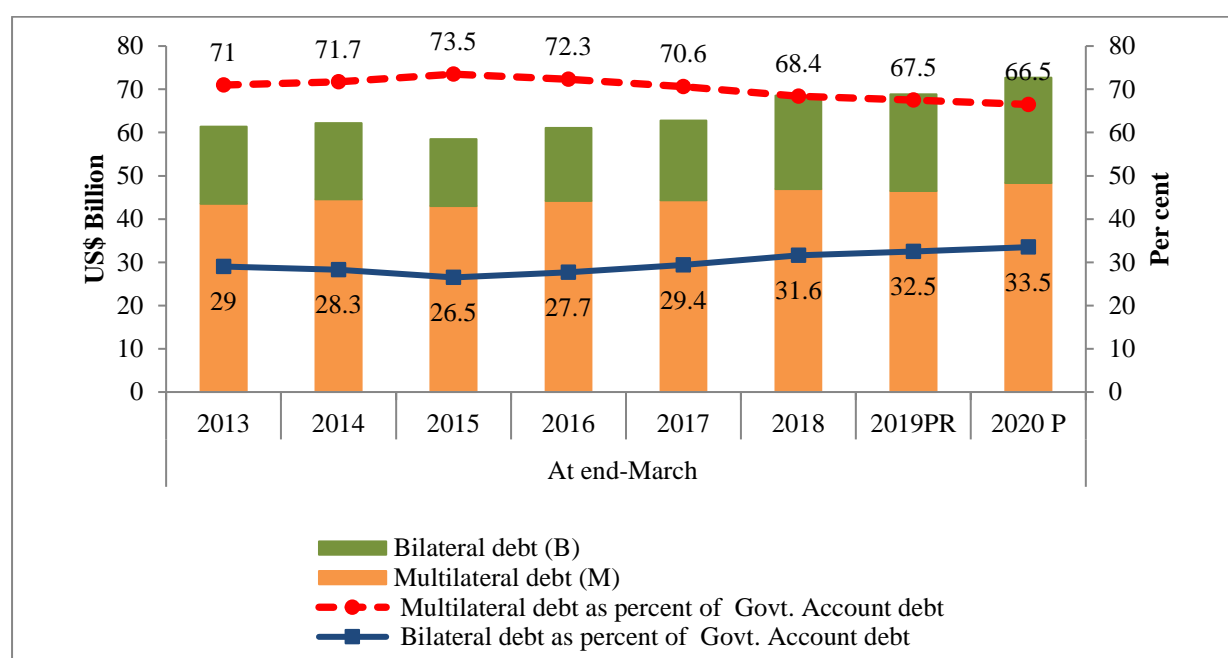
Source: Annex XVII of this Status Report. Refer to original data sources in the Annex.

3.2.1 Composition of External Assistance

3.6 Under external assistance programme, the borrowings are mainly from multilateral and bilateral sources, which are long-term in nature. Multilateral debt rose 4 per cent to US \$ 48.3 billion as at end-March 2020, while bilateral debt increased 8.9 per cent to US \$ 24.3 billion as at end-March 2020. As can be seen from Figure 3.3, the debt from multilateral sources

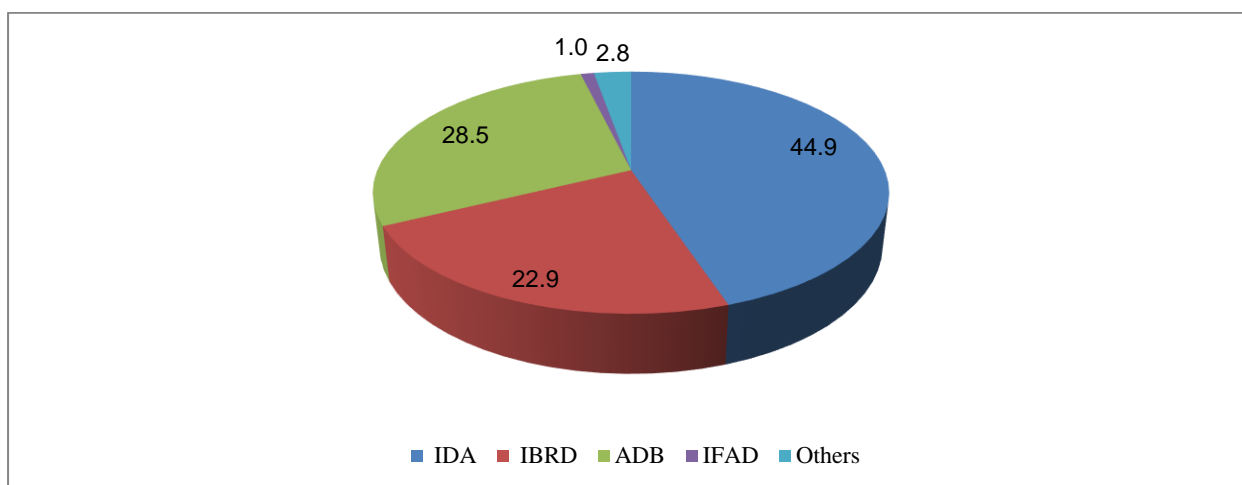
dominated external debt on Government Account under external assistance over the years. However, the share of multilateral debt in Government account debt witnessed a steady decline from 73.5 per cent as at end-March 2015 to 66.5 per cent as at end-March 2020, while the share of bilateral debt rose consistently from 26.5 per cent to 33.5 per cent in the same period (Figure 3.3).

Figure 3.3: Composition of External debt on Govt. Account under External Assistance Programme



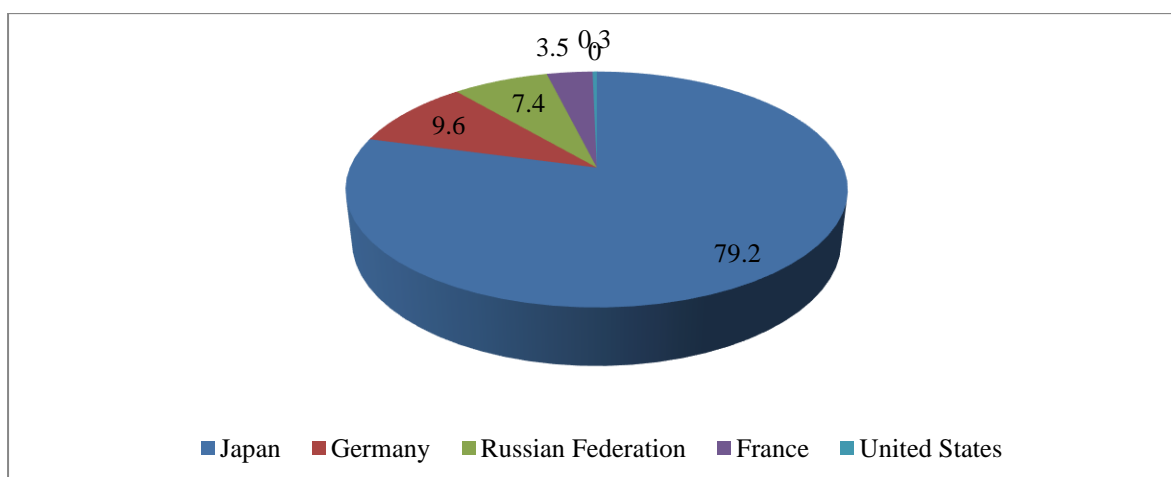
Source: Annex XVII of this Status Report. Refer to original data sources in the Annex.

3.7 The creditor-wise composition of multilateral and bilateral sovereign debt at end-March 2020 is given in Figures 3.4 and 3.5 respectively. International Development Association (IDA) accounts for bulk of the multilateral sovereign debt at US \$ 21.7 billion (44.9 per cent in terms of share) as at end-March 2020, followed by Asian Development Bank (ADB) at US \$ 13.8 billion (28.5 per cent), International Bank for Reconstruction and Development (IBRD) at US \$ 11.1 billion (22.9 per cent), and International Fund for Agricultural Development (IFAD) at US \$ 0.5 billion (1.0 per cent) (Figure 3.4). Though the highest, the share of IDA in multilateral debt eroded continuously from 59.9 per cent as at end-March 2013 to 44.9 per cent as at end-March 2020 (Annex XVII). Meanwhile, ADB witnessed its share rise significantly, while that of IBRD rose moderately indicating declining access to concessional finance.

Figure 3:4: Multilateral debt as at end-March 2020

Source: Annex XVII of this Status Report. Refer to original data sources in the Annex.

3.8 Within bilateral debt, Japan continues to be the largest creditor of external debt to India, at US \$ 19.2 billion accounting for 79.2 per cent at end-March 2020, followed by Germany at US \$ 2.3 billion (9.6 per cent), Russia at US \$ 1.8 billion (7.4 per cent), and France at US \$ 0.9 billion (3.5 per cent) (Figure 3.5).

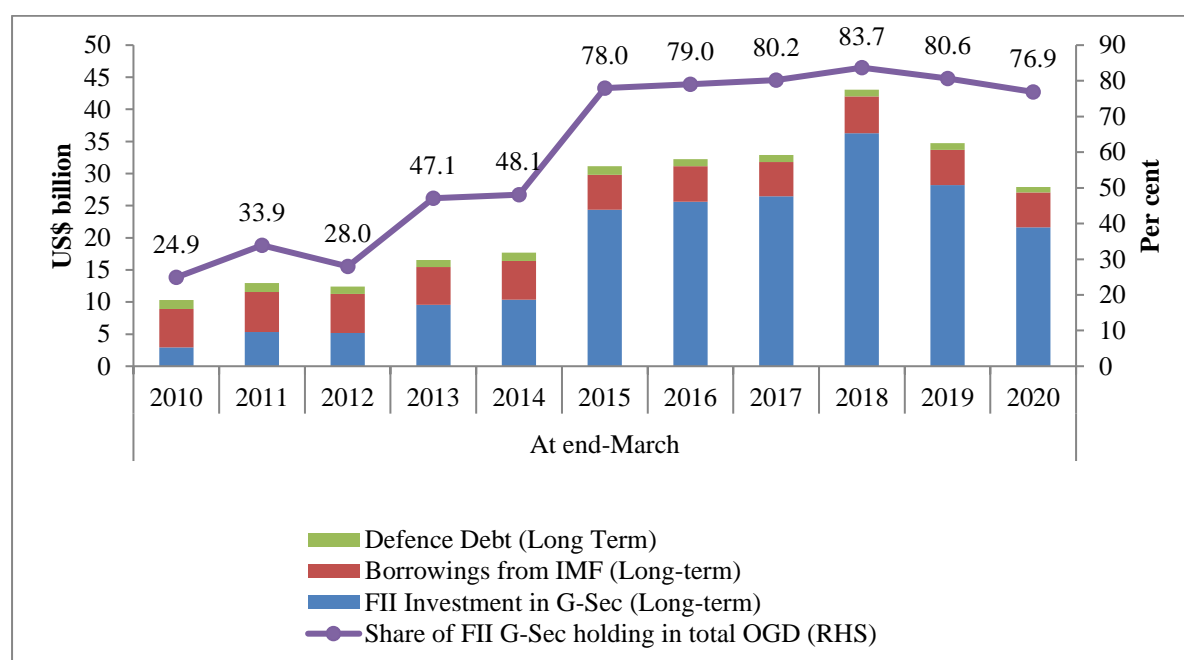
Figure 3:5: Bilateral debt as at end-March 2020

Source: Annex XVII of this Status Report. Refer to original data sources in the Annex.

3.2.2 Composition of Other Government Debt (OGD)

3.9 As mentioned at the outset of the chapter, total sovereign debt comprises debt under external assistance and OGD consisting of borrowings from IMF, defence debt component of Rupee debt as well as foreign currency defence debt and FII investment in Government Securities. In this section, the composition of OGD is examined. Figure 3.6 below presents the composition of OGD.⁶

Figure 3:6: Composition of OGD



Source: QEDS, World Bank and Annex XVII of this Status Report. Refer to original data sources in the Annex.

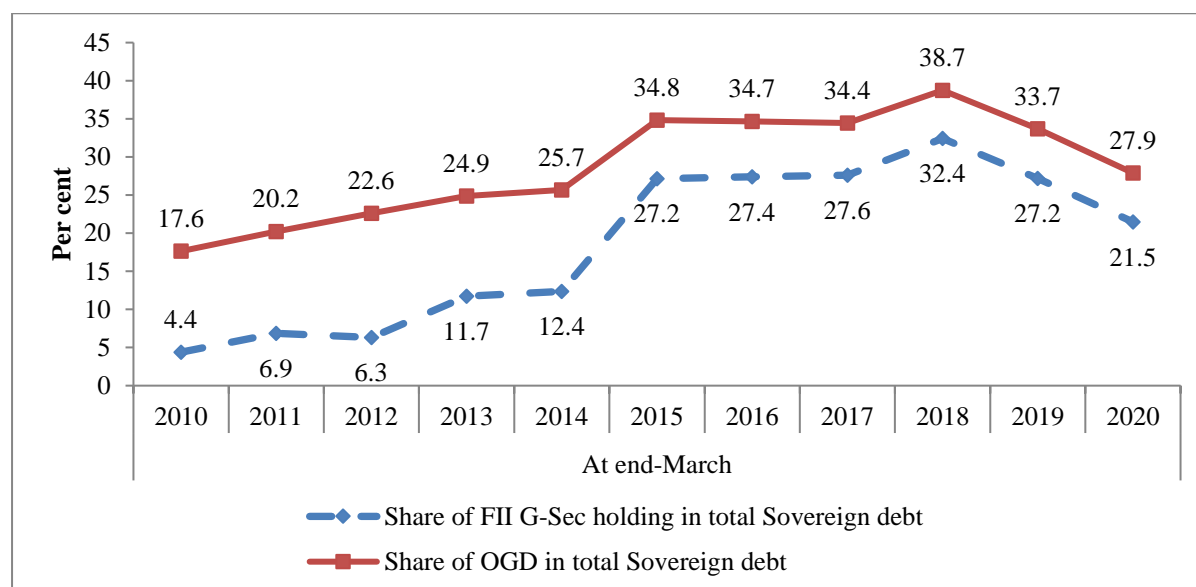
3.10 The stock of FII investment in G-sec went up from US \$ 2.9 billion as at end-March 2010 to US \$ 36.3 billion as at end-March 2018 before it came down to US \$ 21.6 billion as at end-March 2020. In other words, stock of FII investment in G-Sec went up seven-fold in 10 years. Reflecting this large increase, the share of FII investment in G-Sec in OGD rose three-fold from 24.9 per cent as at end-March 2010 to 76.9 per cent during the same period (Figure 3.6).⁷ Further, the share of OGD in the total sovereign debt went up from 17.6 per cent to 27.9

⁶ Though, technically it is related to long-term OGD, short-term OGD is practically negligible

⁷ In fact, it reached 83.5 per cent as at end-March 2018

per cent as at end-March 2020, and the share of FII investment in G-Sec in the total sovereign debt increased from 4.4 per cent to 21.5 per cent during the same period (Figure 3.7).

Figure 3.7: Share of FII Investment and Other Government Debt in total SED



Source: QEDS, World Bank and Annex XVII of this Status Report. Refer to original data sources in the Annex.

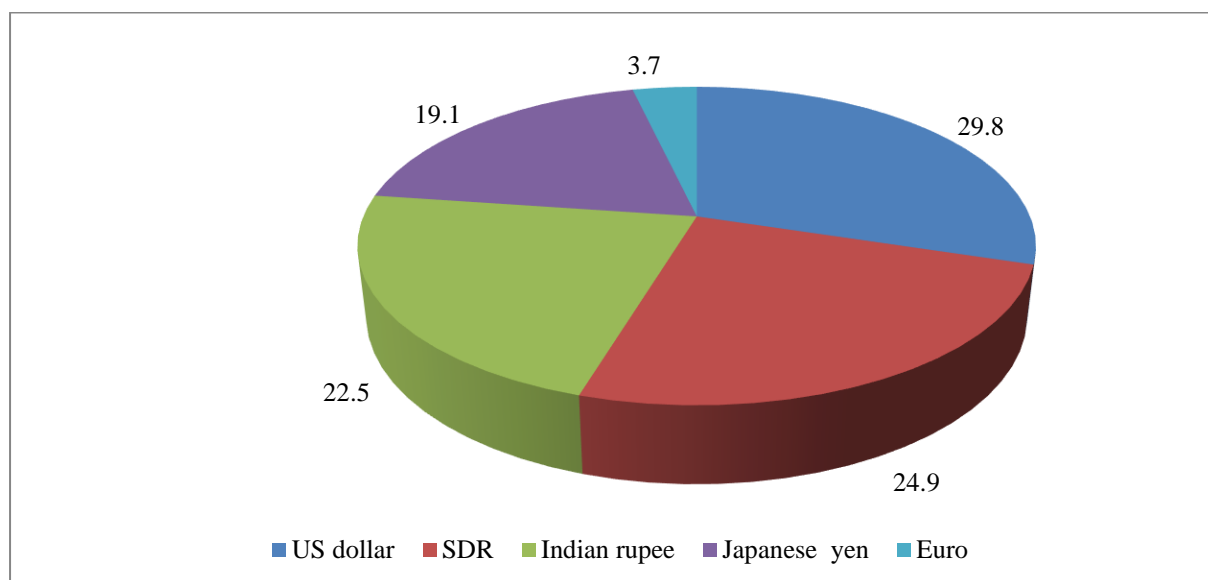
3.11 This growing share of FII investment in G-Sec is in response to the calibrated opening up of the Indian debt market to foreign investment. The stock of sovereign debt as at end March 2019 and March 2020 contracted 7.2 per cent and 2.9 per cent, respectively on the back of the decline of 22.2 per cent and 23.4 per cent in the stock of FII investment in G-Sec.

3.3 CURRENCY COMPOSITION OF GOVERNMENT (SOVEREIGN) EXTERNAL DEBT

3.12 US dollar denominated debt was the largest component of India's sovereign external debt with a share of 29.8 per cent as at end-March 2020, followed by SDR (24.9 per cent), the Indian rupee (22.5 per cent), Yen (19.1 per cent) and the Euro (3.7 per cent) (Figure 3.8). There is a considerable fall in the share of rupee denominated debt to 22.5 per cent as at end-March 2020, from 28.4 per cent as at end-March 2019 (Figure 3.8 and 3.9). While Indian rupee (INR) was the dominant currency in India's sovereign external Debt since 2017, US dollar replaced Indian rupee as at end-March 2020, with its share at 29.8 per cent (Annex XVIII). This was due to corresponding fall in FII investment in government securities (which are denominated

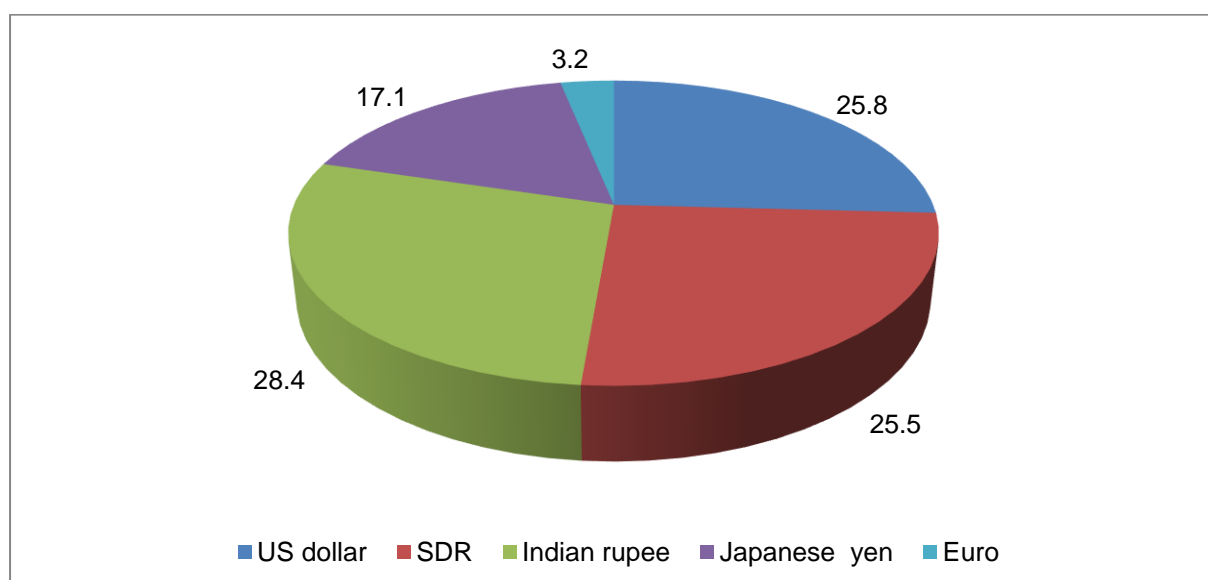
in INR). Further, the share of SDR in India's sovereign external debt declined steadily since end-March 2015, while Japanese Yen witnessed steady rise. Euro denominated debt also rose since end-March 2017 (Annex XVIII).

Figure 3:8: Currency Composition of Sovereign External Debt as at end-March, 2020



Source: Annex XVIII of this Status Report. Refer to original data sources in the Annex.

Figure 3:9: Currency Composition of Sovereign External Debt as at end-March, 2019

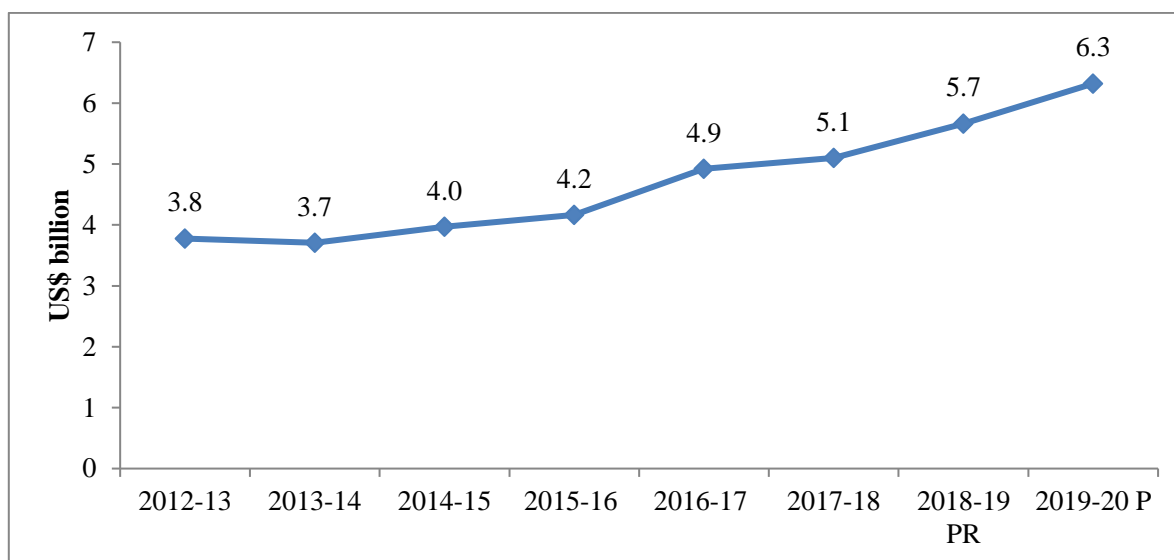


Source: Annex XVIII of this Status Report. Refer to original data sources in the Annex.

3.4 SOVEREIGN EXTERNAL DEBT SERVICE PAYMENTS

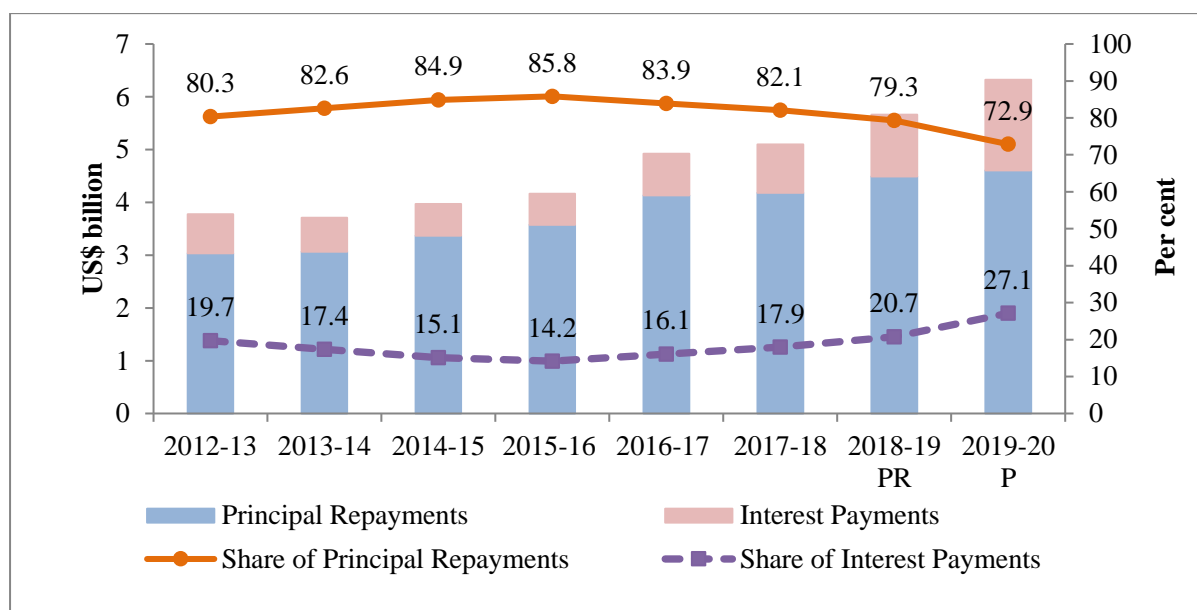
3.13 Total government (Sovereign) external debt service payments witnessed gradual, yet steady, rise from US \$ 3.8 billion during 2012-13 to US \$ 6.3 billion in 2019-20 (Figure 3.10). The time series data of sovereign debt service payments is presented in Annex XIX.

Figure 3.10: Total Sovereign Debt Service Payments



Source: Annex XIX of this Status Report. Refer to original data sources in the Annex.

3.14 Principal repayments constitute the bulk of sovereign external debt servicing, as can be seen from Figure 3.11. The principal repayments amounted to US \$ 4.6 billion during 2019-20, while interest payment totalled US \$ 1.7 billion during the same period. While the absolute amount of principal repayments rose over the years, the share of principal payments in the total sovereign external debt service payments saw decline beyond 2015-16. On the other hand, the interest payments' share rose steadily since then (Figure 3.11).

Figure 3:11: Total Sovereign External Debt Service Payments

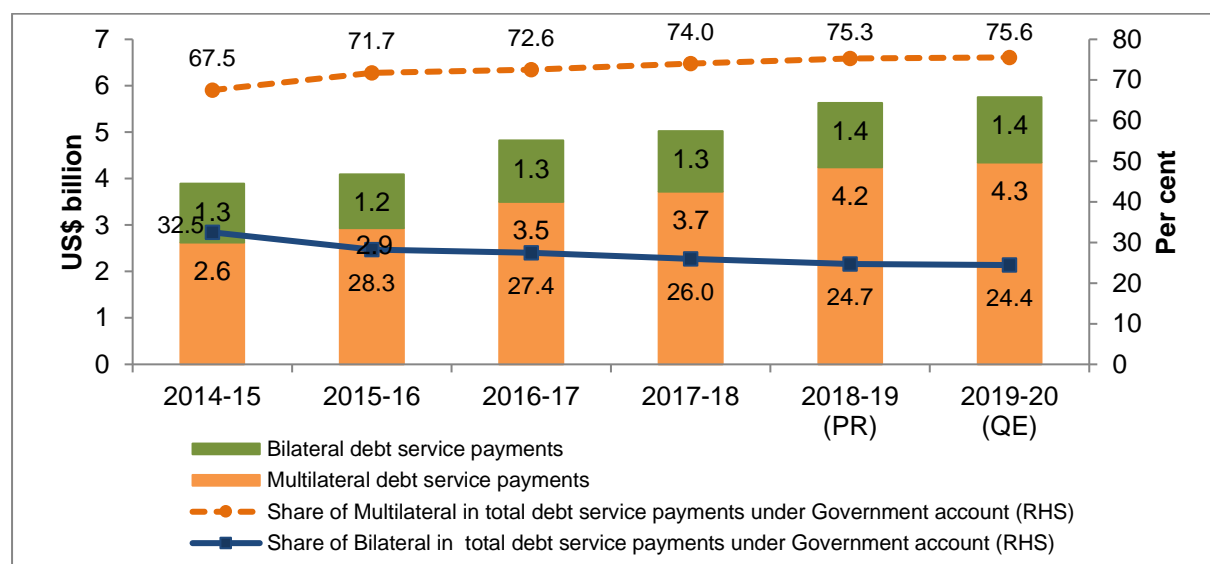
Source: Annex XIX of this Status Report. Refer to original data sources in the Annex.

3.15 Reflecting the composition of stock of sovereign external debt, the sovereign debt service payments include debt service payments under Government Account (under External Assistance Programme) and “Other Government Debt Service Payments” with the former accounting for the largest share in total. Debt service payments under Government Account and OGD totalled US\$ 5.8 billion and US \$ 565 million in 2019-20, accounting for 91.1 per cent and 8.9 per cent of the total, respectively. As mentioned earlier, stock of OGD consists, *inter alia*, of FII investment in G-Sec – its largest component. Due to unavailability of data, sovereign external debt service payments presented in Annex XIX did not include interest payments on G-Sec till 2018-19. As such details became available for 2019-20, it is now included under ‘Interest’ of “Other Government Debt Service Payments” in Annex XIX.

3.16 As noted earlier, multilateral debt constitutes the bulk of sovereign external debt on Government account under external assistance programme. As a corollary, the multilateral debt service payments at US \$ 4.3 billion during 2019-20 form the major chunk of the total debt service payments under Government account, accounting for 75.6 per cent in 2019-20 (Figure 3.12). The primary multilateral institutions that account for sizeable proportion of multilateral debt service payments (under Government Account) in 2019-20 are International Development

Association (IDA) at 47.6 percent, followed by International Bank for Reconstruction and Development (IBRD) at 28.0 per cent and Asian Development Bank (ADB) at 23.5 per cent. The external debt service payments under Government account over a period of time may be seen from Annex XXI.

Figure 3:12: Composition of Debt service Payments under Government Account



Source: Annex XXI of this Status Report. Refer to original data sources in the Annex.

3.17 The debt service payments to bilateral sources are estimated at US \$ 1.4 billion during 2019-20, which is a shade higher than the previous year. While the absolute amount of debt service payments to bilateral agencies saw gradual rise, its share has consistently dropped since 2014-15. The share of bilateral debt service payments in total debt service payments under Government account reduced to 24.4 per cent in 2019-20, from 24.7 per cent in 2018-19 (Figure 3.12). Within bilateral debt service payments, Japan, Germany and Russian Federation constitute the majority of bilateral debt service payments under Government Account at 72.1 per cent, 12.7 per cent and 10.0 per cent respectively in 2019-20 (Annex XXI).

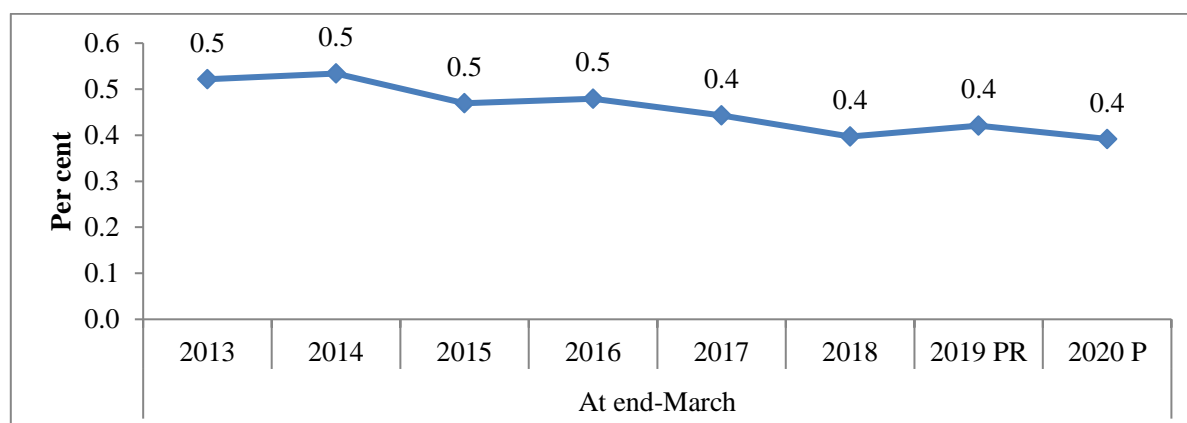
3.5 CONTINGENT LIABILITY

3.18 Contingent liabilities refer to such legal obligations that may fall on the Government if the borrower defaults on the payment of principal and/ or interest of a credit. Sovereign external contingent liabilities relate to guarantees provided by the Government of India for specific

loans raised by the non-Government sector from non-residents. The magnitude of contingent liabilities is regularly monitored from the point of view of their implications for overall macroeconomic and financial stability.

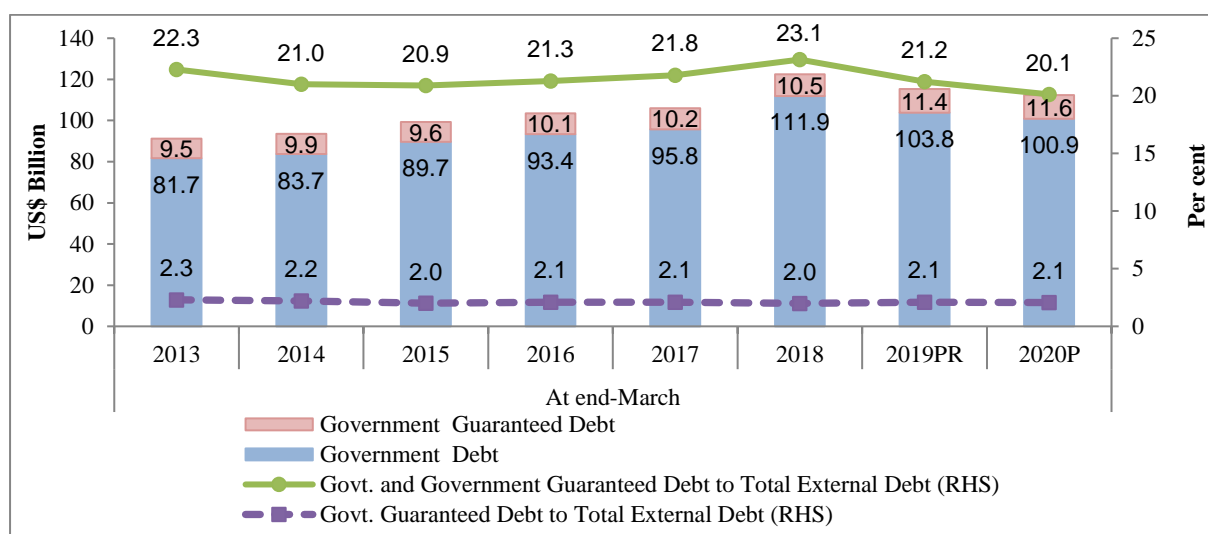
3.19 The Central Government extends guarantees mainly on loans from multilateral/bilateral agencies to various public sector undertakings/financial institutions. In accordance with the “Fiscal Responsibility and Budget Management (FRBM) Rules 2004”, there is an overall cap of 0.5 per cent of GDP in any financial year on the quantum of Central Government guarantees. Figure 3.13 shows that the ratio of government guaranteed debt to GDP has remained within the indicated ceiling.

Figure 3.13: Government Guaranteed Debt to GDP



Source: Annex XX of the Status Report and Ministry of Statistics and Programme Implementation (MoSPI). Refer to original data sources in the Annex.

3.20 The Government guaranteed debt grew 1.3 per cent to US \$ 11.6 billion as at end-March 2020 (Figure 3.14), accounting for 2.1 per cent of the total external debt. Its ratio to total external debt has remained range bound between 2.0 to 2.3 per cent during 2013 to 2020. The data on Central Government guarantees on External debt may be seen at Annex XX. As at end-March 2020, the bulk of non-Government debt guaranteed by the Government is in favour of public sector debt with a share of 68.5 per cent, followed by financial sector (that represents borrowings by banks and financial institutions) at 27.7 per cent and private sector at 3.8 per cent.

Figure 3.14: Government and Government Guaranteed Debt

Source: Annex XX of this Status Report. Refer to original data sources in the Annex.

3.21 Though Government guaranteed debt rose as at end-March 2020, the Government and Government guaranteed debt actually contracted by 2.5 per cent to US \$ 112.4 billion, from US \$ 115.2 billion a year ago (Figure 3.14), due to decline in OGD, which as explained earlier, fell on account of reduced FII investment in G-Sec. Consequently, the share Government and Government guaranteed debt in total external debt declined to 20.1 per cent as at end-March 2020, from 21.2 per cent a year ago.

3.6 PROJECTIONS OF SOVEREIGN EXTERNAL DEBT SERVICE PAYMENTS

3.22 The projections related to the debt service payments on government (sovereign) external debt, are presented in Annex XXII. In the past, due to data unavailability, the projections were made relating to debt service payments under Government Account only. In this chapter, for the first time, the data coverage has been enhanced beyond the government account. Accordingly, the projections discussed in this section include those relating to debt on government account and FII investment in G-Sec, which is the biggest constituent of OGD.

3.23 The total sovereign external debt service payments during the current year (2020-21) are projected to increase to US \$ 7.9 billion, comprising principal repayments of US \$ 4.9 billion and interest payments of US \$ 3.0 billion. They are estimated to go up further in 2021-

22 and 2022-23 to US \$ 9.2 and US \$ 9.8 respectively, with the corresponding rise in principal repayments.

Table 3:1: Projections of Sovereign External Debt Service Payments: Creditor-wise

(US \$ billion)

Component	2020-21	2021-22	2022-23	Beyond 2022-23
Multilateral	4.5	5.6	6.0	46.6
Multilateral share in total (%)	56.8	60.9	61.5	59.7
Principal	3.4	4.3	4.6	36.1
Interest	1.1	1.3	1.4	10.5
Bilateral	1.8	2.0	2.3	23.7
Bilateral share in total (%)	22.2	21.5	23.8	30.4
Principal	1.4	1.6	1.9	19.5
Interest	0.3	0.4	0.4	4.3
Other Govt Debt (OGD) *	1.7	1.6	1.4	7.7
OGD share in total (%)	20.9	17.6	14.8	9.9
Interest	1.7	1.6	1.4	7.7
Total Sovereign External Debt Service Payments	7.9	9.2	9.8	78.0
Principal	4.9	5.8	6.5	55.5
Interest	3.0	3.4	3.3	22.4

Source: CAAA and CCIL.

* Converted into US \$ million with the exchange rate as on 31st March 2020.

1. Bilateral includes export credit component of bilateral credit and civilian rupee debt.
2. Other Govt. Debt includes FPI investment of Govt Securities and State Development Loans
3. Debt Service Payments with regard to T-Bills, SDRs and Defence Debt are not included.
4. The projections do not include debt service arising out of Committed Undisbursed Balance (CUB) and fresh borrowings.

3.24 The expected rise in sovereign external debt service payments is mainly accounted for by the debt service payments to multilateral institutions, constituting approximately 57 per cent of the total sovereign external debt service payments in 2020-21, followed by bilateral debt service payments (22 per cent) and interest payments to G-Sec holders of FIIs (21 per cent). This is in line with the fact that the debt from multilateral sources account for the bulk of sovereign external debt. Further, it may be seen from Table 3.1 and Annex XXII that the debt service payments to multilateral and bilateral agencies would peak in 2024-25 and 2023-24, respectively and taper off thereafter. The debt service payments towards servicing G-Sec FII-holders, on the other hand, would continue to taper off throughout all the years reflecting lower

interest payments in the future. Therefore, the total debt service payments on sovereign external debt are projected to peak in 2024-25 and taper off thereafter.

3.25 In sum, the Chapter documents an overview of the emerging trends in the country's sovereign external debt. Sovereign debt has historically been sourced from multilateral and bilateral agencies. However, in the recent years, FII holdings of G-Sec has been exerting influence on growth and composition of India's sovereign external debt, reflecting the calibrated opening up of the Indian debt market to foreign investment. There has been a gradual yet steady rise in total government debt service payments, bulk of which is accounted for by principal repayments. They are projected to go up and peak in 2024-25 and taper off thereafter.

CHAPTER AT A GLANCE

- Sovereign (government) external debt includes debt on government account under external assistance programme and Other Government Debt (OGD), comprising FII investment in G-Sec, SDRs and defence debt. It declined to US \$ 100.9 billion at the end of March 2020 from US \$ 103.8 billion as at end-March 2019.
 - Over the years, the borrowings under external assistance programme dominated the Government debt, with its share at 72.1 per cent as at end-March 2020, while the rest is accounted for by OGD.
 - Under external assistance programme, the borrowings are from multilateral and bilateral sources. Though the debt from multilateral sources accounts for the bulk, its share witnessed decline in recent years to reach 66.5 per cent as at end-March 2020. On the other hand, the share of bilateral debt rose consistently to 33.5 per cent as at end-March 2020.
 - FII Investment in G-Sec is the largest constituent of OGD, which went up seven-fold in 10 years. Its share in OGD rose three-fold from around 25 per cent as at end-March 2010 to around 77 per cent as at end-March 2020.
 - As at end-March 2020, US dollar denominated debt was the largest component of India's sovereign external debt with a share of 29.8 per cent. The rupee denominated debt as at end-March 2020 is second due to a fall in FII investment in G-Sec.
 - Total government (Sovereign) external debt service payments witnessed gradual yet steady rise to reach US\$ 6.3 billion in 2019-20. Though principal repayments constitute the bulk of sovereign external debt servicing, its share saw decline beyond 2015-16, with corresponding rise in the share of interest payments.
-

- The multilateral debt service payments at US \$ 4.3 billion during 2019-20 form the major chunk of the total debt service payments under Government account, accounting for 75.6 per cent in 2019-20.
- The total sovereign external debt service payments during the current year (2020-21) are projected to increase to US \$ 7.9 billion. The total debt service payments on sovereign external debt are projected to peak in 2024-25 and taper off thereafter.

Chapter 4 India's External Debt Service Payments

India's gross external debt service payments went up to US \$ 41.8 billion in 2019-20 from US \$ 40.9 billion during the previous year, recording an increase of 2.1 per cent. Principal repayments declined to US \$ 23.2 billion in 2019-20 from US \$ 23.6 billion in 2018-19. Interest payments, on the other hand, went up to US \$ 18.6 billion from US \$ 17.3 billion in the previous year. Principal repayments accounted for 55.4 per cent of India's total external debt service payments during the year under review while the rest (44.6 per cent) was on account of interest payments. The Debt Service Ratio (DSR) stood at 6.5 per cent as at end-March 2020. The DSR witnessed a secular decline from the crisis year 1991 and reached 4.7 per cent as at end-March 2007 and has remained by and large range bound thereafter. During 2019-20, increase in gross external debt service payments is primarily due to an increase in debt service payments for loans under external assistance. Debt service payments of commercial borrowings at US \$ 28.2 billion during 2019-20, accounted for the largest share of 67.7 per cent of total external debt service payments. The external debt service payments are projected to increase to US \$ 46.9 billion in 2020-21 and then decrease to US \$ 36 billion in 2021-22. The debt service payment obligations arising out of the stock of external debt as at end-March 2020 are projected to be moderate and peak in 2024-25.

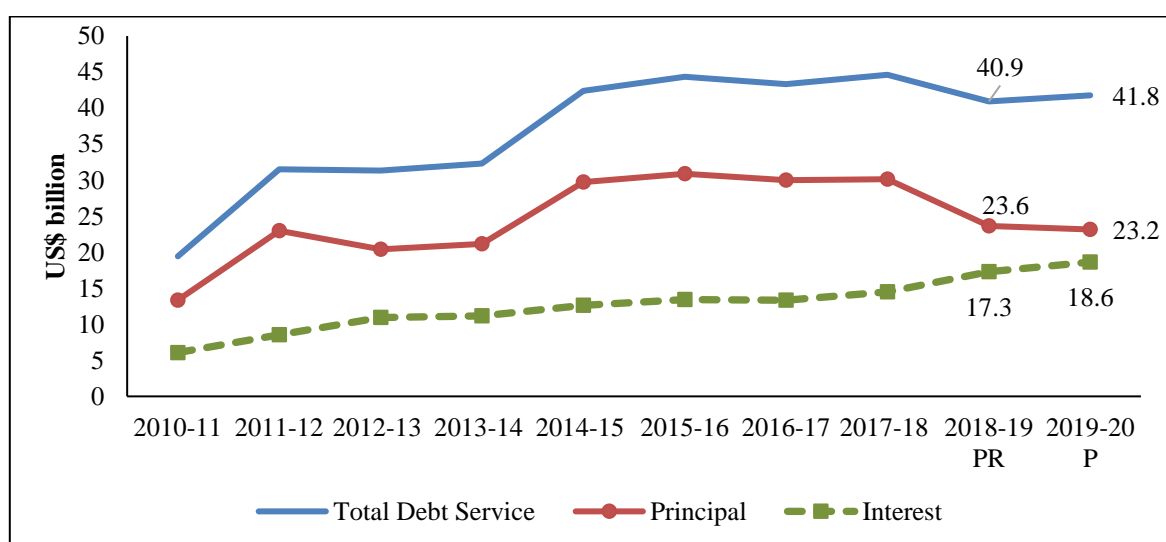
4.1 INTRODUCTION

4.1 This chapter examines the India's external debt service payments, terms of borrowings and external debt service payment projections. Debt service ratio is measured by the proportion of gross debt service payments (both principal and interest) to external current receipts. It indicates the extent of pre-emption of forex resources for the purposes of repayment of principal and interest on the stock of foreign debt. A higher ratio means larger pre-emption with potential adverse implications for the sovereign rating and external sector stability. Hence, collection, compilation and monitoring of external debt service payments are important for an effective external debt management. Further, analysis of projection of external debt service payments is useful from the stand point of future cash flow management.

4.2 INDIA'S EXTERNAL DEBT SERVICE PAYMENTS

4.2 Gross external debt service payments went up to US \$ 41.8 billion during 2019-20 from US \$ 40.9 billion during the previous year, recording an increase of 2.1 per cent. Principal repayments, at US \$ 23.2 billion, registered a marginal decline from US \$ 23.6 billion during 2018-19. Interest payments, on the other hand, went up to US \$ 18.6 billion from US \$ 17.3 billion in the previous year. Principal repayments accounted for 55.4 per cent in India's total external debt service payments during the year under review, while the rest (44.6 per cent) was on account of interest payments (Figure 4.1).

Figure 4.1: External Debt Service Payments: Total, Principal and Interest



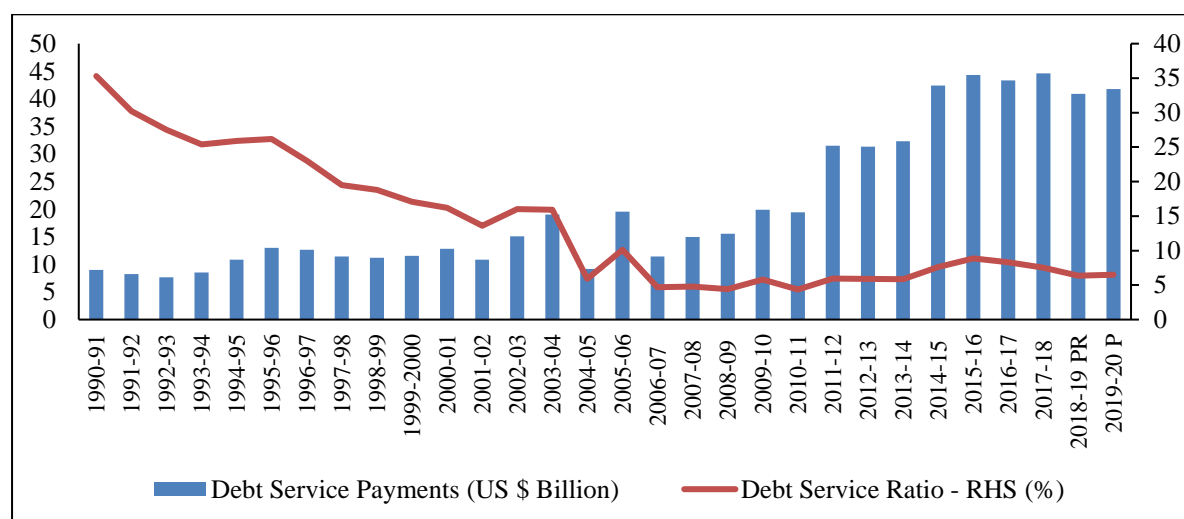
Source: Annex XI of this Status Report. Refer to original data sources in the Annex.

4.3 As can be discerned from the above Figure, trajectory of total external debt service payments, which remained range-bound during the mid-2010s (during 2014-15 to 2017-18), turned downwards in the previous two years i.e., 2018-19 and 2019-20, broadly reflecting the trajectory of principal repayments. On the contrary, the upward bias in the trajectory of interest payments, which was steady and moderate during the mid-2010s, accelerated in 2018-19 and 2019-20. In the aftermath of the global financial crisis, interest rates in the international financial markets tended to be soft on the back of easy monetary policy adopted by the systemically important central banks. In spite of such softening of rates, interest payments were

typically rising during this period due to increasing volume of ECBs to take advantage of lower interest rates, aided of course by the supportive policy on ECB.

4.4 The debt service ratio, as at end-March 2020 stood at 6.5 per cent, which is a shade higher than a year ago due to a fall in current receipts from US \$ 643.5 billion in 2018-19 to US \$ 642 billion during 2019-20 coupled with an increase in debt service payments, as mentioned earlier, from US \$ 40.9 billion as at-end March 2019 to US \$ 41.8 billion as at end-March 2020. Figure 4.2 below presents the time series data on external debt service payments and the Debt Service Ratio (DSR).

Figure 4.2: External Debt Service Payments and Debt Service Ratio

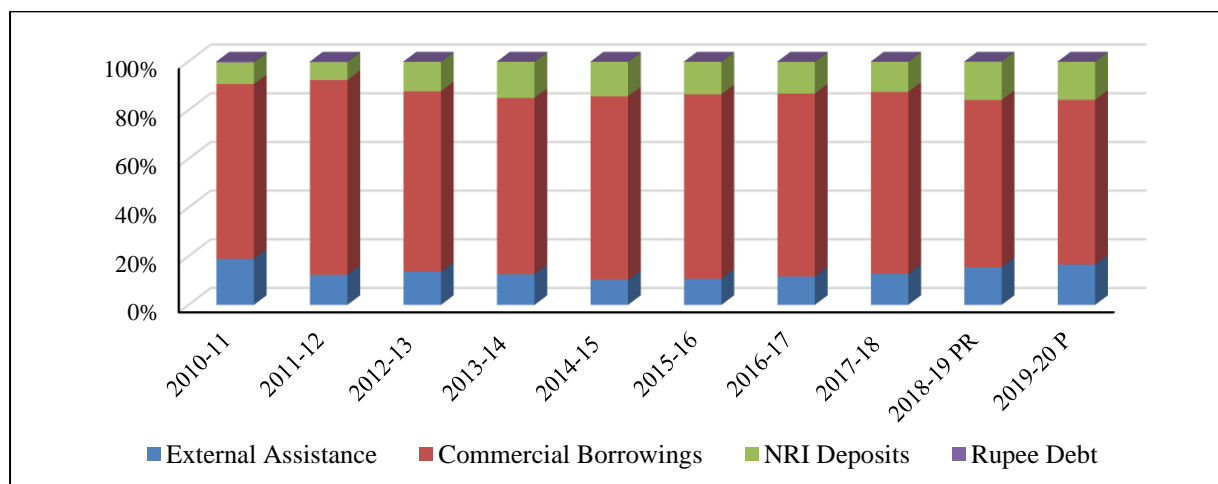


Source: RBI and CAAA.

4.5 During 2019-20, increase in gross external debt service payments is primarily due to an increase in debt service payments for loans under external assistance. The incremental increase in external debt service payments during 2019-20 *vis-à-vis* the previous year is US \$ 868 million, of which external assistance accounted for US \$ 538 million followed by commercial borrowings (US \$ 219 million) and NRI deposits (US \$ 74 million). This is in contrast to the previous year. During 2018-19, total debt service payments contracted by US \$ 3.7 billion over the previous year (2017-18) due to the shrinkage of debt service payments under commercial borrowings (CBs) by US \$ 5.3 billion (Annex XI).

4.6 Debt service payments towards commercial borrowings (CBs), at US \$ 28.3 billion during 2019-20, account for the largest share of 67.7 per cent of total external debt service payments, followed by those to external assistance at US \$ 6.9 billion (16.6 per cent) and NRI deposits at US \$ 6.5 billion (15.6 per cent) (Figure 4.3).⁸

Figure 4.3: Composition of India's External Debt Service Payments



Source: Annex XI of this Status Report. Refer to original data sources in the Annex.

4.7 Over the years, commercial borrowings accounted for the bulk of the external debt service repayments and ranged between 67 per cent and 80 per cent during the past 10 years. The share of external assistance and NRI deposits ranged between 10 per cent and 19 per cent and 7 per cent and 16 per cent, respectively during the same period. The dominance of external debt service payments arising out of commercial borrowings are reflective of the conscious policy choice to encourage such borrowings especially after 2005 (Box 2.2). Accordingly, commercial borrowings, especially by non-financial corporations, constitute the largest chunk of total stock of external debt and non-financial corporations are the biggest debtor. The data on creditor-wise debt service payments are presented in Annex XII. As can be seen therein, external debt service payments to the commercial creditors at US \$ 26.0 billion, constituting

⁸ Commercial borrowings include borrowings through multilateral and bilateral sources, export credit, commercial loans, securitized instruments, FCCB and IFC and FPI debt Investments (in G-Sec plus corporate bonds) and banks' overseas borrowings or securitized borrowings of commercial banks.

62 per cent of the total, are the largest followed by those to NRI depositors at US 6.5 billion (15.6 per cent) and multilateral lenders at US \$ 5.7 billion (13.7 per cent).⁹

4.8 The principal repayments for short-term debt are not included in total external debt service payments, which is in line with the best international practice, because trade credit, which constitutes the major chunk of the short-term credit, can be easily rolled over. Net disbursement (gross disbursements minus principal repayments) on short-term debt is a useful indicator of roll-over risk in the event of external shocks. Table 4.1 below presents the relevant data. During 2012-13, net short-term trade credit showed substantial increase over the previous year and stood at US\$ 21.7 billion helping in financing the elevated levels of CAD that year. During the next 3 years i.e. 2013-14, 2014-15 and 2015-16, net disbursements were negative as imports during these years contracted successively. As imports improved during 2016-17 and 2017-18, so did the net disbursements. Net disbursements again slowed significantly during 2018-19 and turned negative in 2019-20 on the back of poor performance of imports in these years. Evidently, access to trade credit was in sync with the import performance over the years, indicating thereby that roll-over risk of short-term trade credit for India is muted.

Table 4:1: Disbursements and Principal Repayments under Short-term Debt

(US \$ Billion)			
	Disbursements	Principal Repayments	Net
2007-08	47.7	31.7	15.9
2008-09	41.8	43.7	-2.0
2009-10	53.3	45.7	7.6
2010-11	76.8	64.7	12.0
2011-12	102.8	96.1	6.7
2012-13	122.7	101.1	21.7
2013-14	100.1	105.2	-5.0
2014-15	89.7	89.8	-0.1
2015-16	90.0	91.7	-1.6
2016-17	91.5	85.0	6.5
2017-18	100.5	86.6	13.9

⁹ Commercial lenders through commercial loans, securitized instruments, FCCB and IFC and FPI debt Investments (in G-Sec plus corporate bonds) and banks' overseas borrowings or securitized borrowings of commercial banks.

2018-19	43.3	41.3	2.0
2019-20	38.8	39.8	-1.0

Source: RBI.

4.3 TERMS OF BORROWINGS

4.9 This section examines the terms of borrowings of India's external debt involving implicit interest rate on various sources of debt and average terms of new commitments/ loans.

4.3.1 Implicit Interest Rate

4.10 Implicit interest rate is calculated by taking interest payments during the year as a percentage of the outstanding debt at the end of the previous year. Implied rate of interest throws light on comparative cost of debt across sources. Table 4.2 presents implicit interest rate on external assistance, commercial borrowings and NRI deposits – the three leading sources of India's external debt. The implied rate of interest on the total external debt for 2019-20 is estimated at 3.4 per cent. Among the sources of debt, CBs is the costliest source of debt with an implicit interest rate of 5.2 per cent, followed by NRI deposits (5.0 per cent) and external assistance (1.8 per cent). In other words, the cost of serving US \$ 100 in the form of CBs, NRI deposits and external assistance during 2019-20 was US \$5.2, US \$5.0 and US \$1.8, respectively.

Table 4.2: Implicit Interest Rates on India's External Debt: Source-Wise

(Per cent)										
Sources of Debt	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
External Assistance	1.3	1.1	1.2	1.0	1.0	1.0	1.2	1.4	1.7	1.8
Commercial Borrowings	5.0	5.4	5.3	4.1	4.0	3.8	3.8	4.6	4.7	5.2
NRI Deposit	3.6	4.5	6.4	6.8	5.8	5.1	4.4	4.7	5.1	5.0
Gross Total External Debt	2.3	2.7	3.0	2.7	2.8	2.8	2.8	3.1	3.3	3.4

Source: RBI and CAAA.

4.11 Analysis of data presented in Table 4.2 above underscores two stylised facts. First, over the years, there is a broad convergence of cost between CBs and NRIs. Second, during the last

three years, cost of borrowings, measured by the implicit rate of interest, has gone up across all the three sources, reversing the downward trend visible during the mid-2010s.

4.3.2 Average Terms of New Commitments

4.12 World Bank compiles terms of new commitments/loans contracted – both from official and private sources – during any given year. Terms include interest rate, maturity and grace period. Such data on the average terms of new commitments to India shows that in terms of maturity, it is still markedly favourable to avail credit from official creditors than private creditors. Among the new loans contracted during 2018, loans from official creditors had an average maturity period of 28 years as compared with 5.3 years for loans from the private sources. Similarly, loans from official creditors during 2018 had, on average, a longer grace period of 7.9 years than 5.2 years for the private creditors. The difference in terms of interest rates for new commitments for credit from official creditors and private creditors has narrowed down over the years, though official creditors continue to be more competitive than private creditors, as on average, interest rate charged by the official creditors for the new loans contracted in 2018 were lower at 2 per cent than 2.9 per cent charged by the private creditors (Table 4.3).

Table 4.3: Average Terms of New Commitment for India

	Official Creditors			Private Creditors		
	Interest rate (Per cent)	Maturity (Years)	Grace Period (Years)	Interest rate (Per cent)	Maturity (Years)	Grace Period (Years)
1	2	3	4	5	6	7
2007	3.4	24.9	6.3	6.7	10.2	3.8
2008	2.0	26.3	5.4	4.5	7.8	2.3
2009	1.0	27.6	6.5	3.6	3.5	2.5
2010	0.8	30.8	8.4	2.3	6.5	3.6
2011	1.0	25.1	5.0	2.9	7.6	5.8
2012	2.2	22.6	6.1	3.6	6.9	6.2
2013	1.1	28.5	7.4	2.3	5.2	4.1
2014	1.9	21.2	5.7	2.9	6.4	5.0
2015	1.5	21.9	5.4	2.2	5.6	5.1
2016	1.5	24.9	7.5	2.8	7.1	6.4

2017	1.8	22.9	6.0	2.8	7.2	6.9
2018	2.0	28.0	7.9	2.9	5.3	5.2

Source: International Debt Statistics 2020, World Bank.

4.4 PROJECTIONS OF EXTERNAL DEBT SERVICE PAYMENTS

4.13 Projections of external debt service payments are presented in Table 4.4 below. As mentioned in Chapter 3, typically, in the Status Report, projections related to the external debt service payments on the debt on the government account, consisting of borrowings from multilateral and bilateral sources as provided by the CAAA, are covered. In this report, for the first time, coverage has been extended beyond the government account. Accordingly, the projections include external debt service payments arising out of external commercial borrowings as provided by the RBI and the FPI investment in G-Sec, as provided by the CCIL.

4.14 The external debt service payments during the current year (2020-21) are projected to increase to US \$ 46.9 billion, comprising principal repayments of US \$ 37.4 billion and interest payments of US \$ 9.5 billion. The estimated increase in external debt service payments are primarily due to an estimated rise in debt service payments of commercial borrowings.

Table 4.4: Projections of External Debt Service Payments: Creditor-Wise

(US \$ Billion)

Component	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Beyond 2028
1	2	3	4	5	6	7	8	9	10
Multilateral[#]	5.9	7.0	7.6	7.7	9.1	8.4	7.8	7.5	16.4
Principal	4.5	5.3	5.8	5.9	7.2	6.7	6.3	6.1	12.2
Interest	1.5	1.7	1.8	1.8	1.8	1.7	1.5	1.4	4.2
Bilateral[#]	2.7	2.7	3.0	2.9	2.7	2.7	2.7	2.7	14.5
Principal	2.3	2.2	2.5	2.5	2.2	2.2	2.3	2.3	10.7
Interest	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	3.8
Export Credit	2.6	0.8	0.7	0.4	0.3	0.3	0.1	0.1	0.3
Principal	2.5	0.7	0.7	0.4	0.3	0.3	0.0	0.1	0.2
Interest	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Commercial Borrowings*	35.6	25.4	29.8	26.9	28.4	10.8	8.3	9.0	19.9
Principal	28.1	18.9	24.1	22.4	25.0	8.5	6.4	7.5	13.9
Interest	7.5	6.6	5.7	4.5	3.4	2.3	1.9	1.5	6.0
Total Debt Service	46.9	35.9	41.1	37.9	40.5	22.2	18.8	19.2	51.1
Principal	37.4	27.1	33.1	31.2	34.8	17.8	15.0	16.0	37.0
Interest	9.5	8.8	8.0	6.8	5.7	4.4	3.8	3.2	14.0

Source: RBI, CAAA and CCIL.

The projections are based on original amortization schedule as per loan agreements. The actuals/ projections will vary based on the debt servicing by Non-Govt. Entities (PSUs).

* Includes commercial loans, securitized instruments, FCCB, loans from IFC and FPI investment in G-Sec.

FPI investment in G-Sec converted into US \$ with the exchange rate as on 31st March 2020.

Bilateral component also includes export credit component of bilateral credit and civilian rupee debt.

Debt service payments arising out of SDRs, FPI investments in corporate debt, securitised borrowings by banks, NRI deposit, short-term debt and defence debt, not included.

Projections are based on the debt outstanding as at end-March 2020.

4.15 The external debt service payments for the next year (2021-22) are estimated to be lower by US \$ 10 billion at US \$ 36 billion with substantially lower principal repayments of US \$ 27 billion and interest payments of US \$ 8.8 billion. The estimated drop in external debt service payments during 2021-22 reflects the lower principal repayments of commercial borrowings.

4.16 India's external debt service payments are projected to average about US \$ 10 billion per quarter till 2024-25, reaching a peak then and tapering off thereafter. In comparison, during the previous three years, the net quarterly accretion to India's foreign exchange reserves (on the BoP) averaged US \$ 8.3 billion. Thus, repayment obligations arising out of the stock of external debt as at end-March 2020 would continue to be moderate and reach a peak in 2024-25. This testifies to the prudent management of external debt by a dynamically calibrated policy framework.

4.17 To recap, this Chapter documents that the external debt service payments during the year under review were moderate in relation to the current earnings, thereby extending the trajectory of benign repayment obligations over the years. The projections of debt service payments arising out of the stock of external debt as at end-March 2020 into the future indicate

that such payments would peak in 2024-25 with a quarterly average outgo that can be comfortably managed given the net average quarterly forex reserve accretions in the recent past. The repayment obligations are estimated to taper off beyond 2024-25.

CHAPTER AT A GLANCE

- India's gross external debt service payments went up to US \$ 41.8 billion in 2019-20 from US \$ 40.9 billion during the previous year, recording an increase of 2.1 per cent.
- Principal repayments declined to US \$ 23.2 billion in 2019-20 from US \$ 23.6 billion in 2018-19. Interest payments, on the other hand, went up to US \$ 18.6 billion from US \$ 17.3 billion in the previous year.
- Principal repayments accounted for 55.4 per cent of India's total external debt service payments during the year under review while the rest (44.6 per cent) was on account of interest payments.
- The Debt Service Ratio (DSR) stood at 6.5 per cent as at end-March 2020.
- During 2019-20, increase in gross external debt service payments is primarily due to an increase in debt service payments for loans under external assistance.
- Debt service payments of commercial borrowings at US \$ 28.2 billion, accounted for the largest share of 67.7 per cent of total external debt service payments during 2019-20.
- The external debt service payments are projected to increase to US \$ 46.9 billion in 2020-21 and then decrease to US \$ 36 billion in 2021-22.

Chapter 5 India's External Debt Position: A Cross-Country Perspective

In this chapter, India's external debt position has been examined vis-à-vis the world. India is comfortably placed as it doesn't figure among the top 20 debtors as at end- December 2019. As per the IDS 2020, external debt stock of low and middle-income countries (LMICs) rose at a slower pace in 2018 to US \$ 7.8 trillion, due to a 28 per cent contraction in net debt flows during the year. For LMICs, short-term debt, accounting for 28 per cent of the total, grew faster than the long-term debt, which constituted 72 per cent. China, by far the largest debtor among the LMICs, accounted for about 25 per cent of the combined end-2018 external debt stock of these countries, followed by Brazil. India stands third most externally indebted country among LMICs. On average, the external debt burden of LMICs remained moderate. India is far superior to many LMICs in terms of key external debt vulnerability indicators.

5.1 INTRODUCTION

5.1 In this Chapter, India's external debt is analysed from the global as well as LMICs perspective. World Bank publishes annual data on external debt of Low and Middle-Income Countries (LMICs) in the form of its publication titled "International Debt Statistics (IDS)" and quarterly data on external debt of the countries that subscribe to the IMF's Special Data Dissemination Standard (SDDS) and a select number of countries that participate in the IMF's General Data Dissemination System (GDDS). While the data for the former are sourced from Quarterly External Debt Statistics (QEDS), the data for the latter are sourced from International Debt Statistics (IDS), 2020.¹⁰

¹⁰In October 2014, the World Bank in collaboration with the International Monetary Fund (IMF), launched the new Quarterly External Debt Statistics (QEDS) SDDS and GDDS database in line with the classifications and definitions of the 2013 External Debt Statistics: Guide for Compilers and Users (2013 EDS Guide) and Sixth Edition of Balance of Payments and International Investment Position Manual (BPM6). The latest QEDS data is available for the quarter-ending December 2019.

5.2 STOCK OF EXTERNAL DEBT: INDIA VS. THE WORLD

5.2 The QEDS databases of the World Bank, as mentioned earlier, brings together detailed quarterly external debt data of countries that subscribe to the IMF's Special Data Dissemination Standard (SDDS) and a select number of countries that participate in the IMF's General Data Dissemination System (GDDS). The benefit of bringing together comparable external debt data is to facilitate macroeconomic analysis and cross-country data comparison. The quarter end-December 2019 is the latest quarter for which data are available.

5.2.1 Global Stock of External Debt

5.3 The gross external debt stock of the top 20 debtor countries in the world as at end-December 2019 are presented in Table 5.1. The break-up of debt into long-term and short-term debt of top 20 debtor countries is presented in Annex XV.

Table 5.1: Gross External Debt Stock of Top Twenty Countries

(US \$ Billion)

Country	2018Q4	2019Q3	2019Q4	Growth Rate (Y-on-Y in %)	
				2018Q4	2019Q4
United States	19,669	20,421	20,413	3.4	3.8
United Kingdom	8,425	8,673	8,774	-2.6	4.2
France	5,829	6,445	6,253	0.6	7.3
Germany	5,573	5,632	5,588	-2.6	0.3
Japan	4,013	4,329	4,221	11.5	5.2
Netherlands	4,290	4,217	4,185	-4.6	-2.5
Luxembourg	4,168	4,113	4,020	-3.8	-3.6
Ireland	2,730	2,763	2,852	12.4	4.5
Italy	2,443	2,461	2,505	-4.0	2.5
Spain	2,316	2,300	2,368	-0.5	2.2

Country	2018Q4	2019Q3	2019Q4	Growth Rate (Y-on-Y in %)	
				2018Q4	2019Q4
Canada	1,897	2,039	2,108	-1.1	11.1
China	1,983	2,050	2,057	12.8	3.8
Switzerland	1,861	1,868	1,827	-3.8	-1.8
Hong Kong SAR, China	1,695	1,647	1,674	7.6	-1.3
Singapore	1,525	1,554	1,576	2.9	3.3
Australia	1,499	1,484	1,526	-3.3	1.8
Belgium	1,245	1,316	1,319	-9.1	5.9
Sweden	923	889	889	-9.0	-3.6
Austria	656	683	684	-4.2	4.3
Brazil	666	673	676	-0.2	1.5
Total	83,665	85,988	85,983	0.7	2.7
<i>India</i>	<i>521</i>	<i>557</i>	<i>564</i>	<i>1.6</i>	<i>1.3</i>

Source: Quarterly External Debt Statistics: World Bank

5.4 The total external debt of the world, at US \$ 86 trillion as at end-Dec 2019, grew at higher rate of 2.7 per cent over the level as at-end December 2018 than that (0.7 per cent) registered a year ago.¹¹ Interestingly, the US is the most heavily indebted country in the world with total external debt stock estimated at US \$ 20 trillion, constituting 23.7 per cent of the total global debt at end-December 2019. Following the US are the UK (10.2), France (7.3 per cent), Germany (6.5 per cent) and Japan (4.9 per cent). China, which is the most heavily externally indebted among the LMICs, occupies 12th position globally in terms of the stock, while Brazil occupies the 20th position. Barring China and Brazil, none of the LMICs, including India, figures among the top 20 indebted countries. The total external debt stock of the top 20

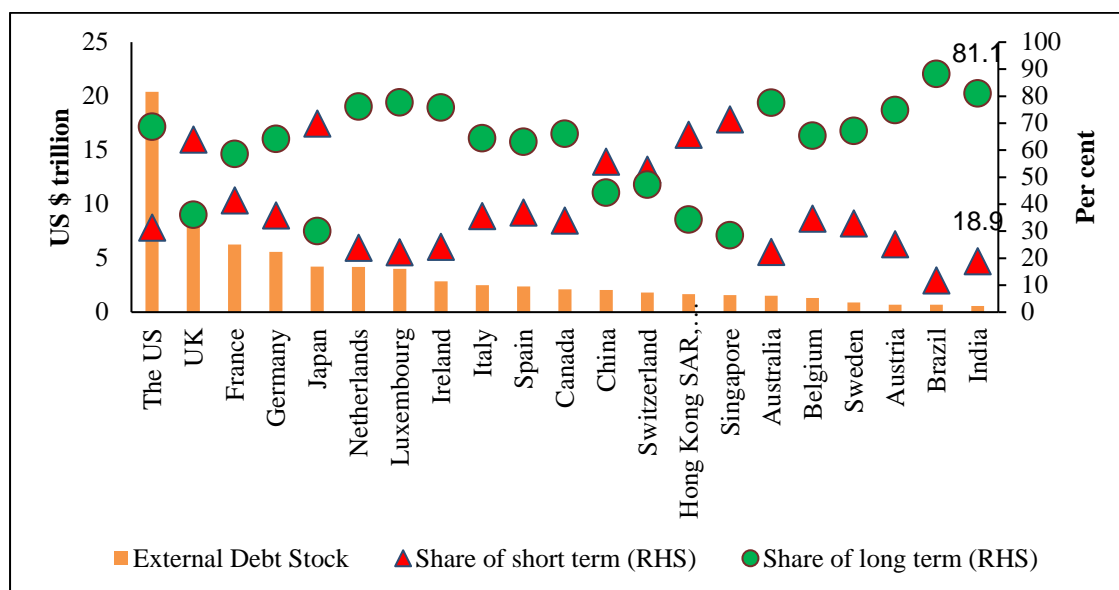
¹¹Including countries reporting under SDDS (numbering 77) and GDDS (numbering 59).

debtor countries in the world forms 88 per cent of world external debt at end-December 2019. India is comfortably placed *vis-à-vis* the top 20 debtor countries with an estimated stock of external debt at US \$ 564 billion (Table 5.1).

5.5 The rates of growth (y-o-y) of the external debt of the top 20 debtor countries, as at end-December 2019 over end-December 2018, diverged significantly. While Luxembourg and Sweden witnessed a contraction of 3.6 per cent, Canada registered the largest rise of 11.1 per cent. While the external debt of the US, the UK, France, Japan, Ireland, Canada, China, Singapore, Belgium and Austria grew more than the global average, Germany, Italy, Spain, Australia and Brazil saw their external debt grow less than the world average. Netherlands, Luxembourg, Switzerland, Hong-Kong and Sweden, on the other hand, witnessed contraction. India's external debt stock rose by a modest 1.3 per cent.

5.2.2 Global Stock of External Debt: Maturity-Wise

5.6 As at end-December 2019, the share of long-term debt in the total debt of the top 20 debtor countries ranged between 28.5 per cent (Singapore) and 88.3 per cent (Brazil), while the global average stood at 61.8 per cent. The share of long-term debt of the UK, France, Japan, China, Switzerland, Hong-Kong and Singapore was below the global average. As regards the share of short-term debt, it ranged between 11.7 per cent (Brazil) and 71.5 per cent (Singapore), while the global average was estimated at 38.2 per cent. While majority of the top 20 debtors had higher share of short-term debt than the global average, the US, the Netherlands, Luxembourg, Ireland, Australia, Belgium, Sweden, Austria, Canada, Italy, Germany, Spain and Brazil had a lower share than the global average (Figure 5.1).

Figure 5.1: External Debt as at end-December 2019: An Inter-Country Comparison

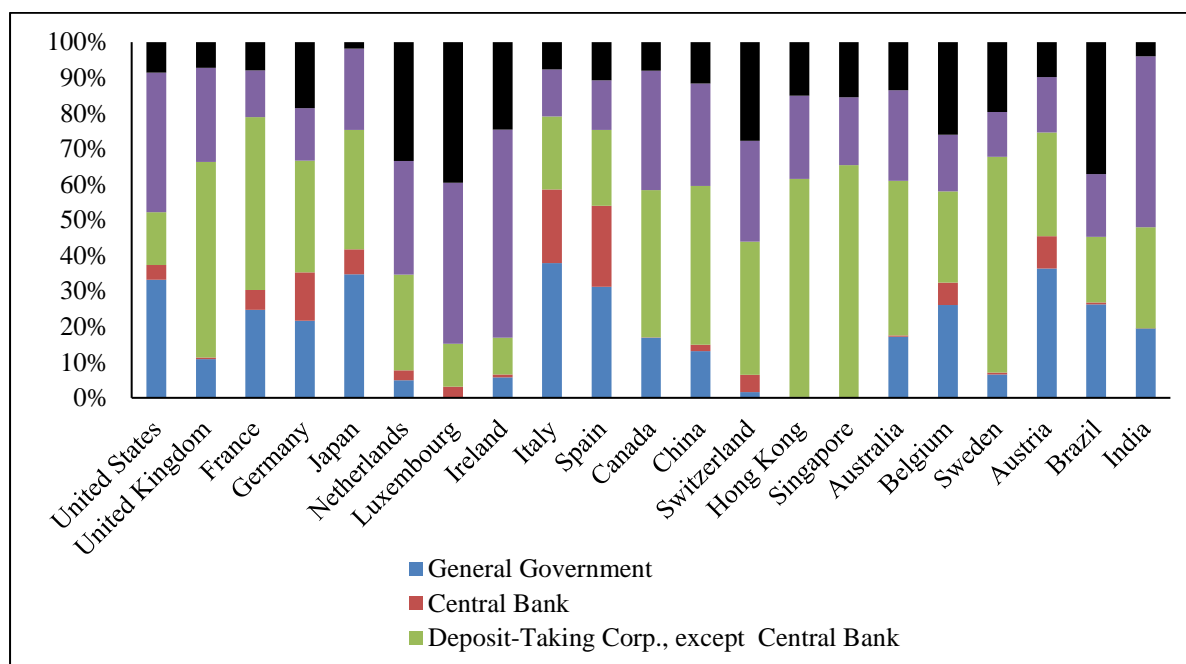
Source: Quarterly Estimates of External Debt, World Bank

5.7 At 81.1 per cent, India's share of long-term debt is the second highest in the world, following Brazil. The share of the short-term debt, at 18.9 per cent was the second-lowest, again following Brazil.

5.2.3 Global Stock of External Debt: Sector-Wise

5.8 Figure 5.2 below presents the sector-wise classification of the stock of external debt of the top twenty debtor-countries as at end-December 2019. On average, deposit-taking corporations and other sectors accounted for 35 per cent and 26 per cent, respectively of the total stock of external debt.¹² In particular, Singapore, Hong-Kong, Sweden, the UK, and France are among the countries wherein deposit-taking corporations are the leading recipients of the external debt. As regards "Other Sectors", Ireland, Luxemburg, the US, Canada, and the Netherlands are the leading countries. Italy, Austria, Japan, the US, and Spain are the countries with large external debt stocks in so far as the Government sector is concerned. Government sector in Hong-Kong and Luxemburg accounted for the smallest share of external debt. In India, 'other sectors' is the largest borrower, followed by deposit-taking corporations and the general government (Figure 5.2).

¹² 'Other sectors' include other financial corporations and non-financial corporations.

Figure 5:2: Global Stock of External Debt as at-end December 2019: Sector-Wise

Source: Quarterly Estimates of External Debt, World Bank

5.3 STOCK OF EXTERNAL DEBT: INDIA VS LOW AND MIDDLE-INCOME COUNTRIES (LMICS)

5.9 The total external debt of LMICs rose 5.2 percent in 2018, to US \$ 7.8 trillion, as at end-December 2018, almost half the rate of accumulation (10.4 percent) recorded in 2017. The increase in debt stock was the outcome of net debt inflows of US \$ 529 billion and valuation changes in year-on-year exchange rates in relation to the U.S. dollar.

5.10 Long-term external debt stock of LMICs rose 3 percent to US \$ 5.7 trillion, at the end of 2018. Within long-term external debt, public and publicly guaranteed debt constituted 53 per cent and private sector debt, which is not guaranteed, accounted for 47 per cent. Short-term debt was the fastest growing component of external debt stocks in 2018. It rose 12 percent to US \$ 2.2 trillion, on top of an increase of over 20 per cent in 2017. In contrast, it shrank by 23 per cent and 2 per cent in 2015 and 2016, respectively. While long-term debt accounted for 72 per cent of the total, short-term debt was equivalent to 28 percent of total external debt stock.

5.11 On average, the external debt burden of LMICs remained moderate as evidenced by the salient external debt vulnerability indicators. While external debt to GNI ratio remained range-

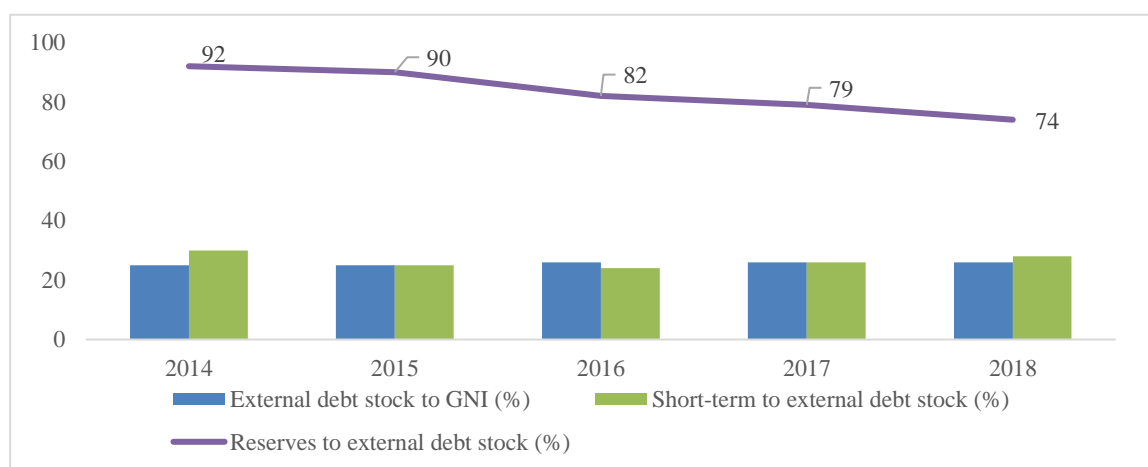
bound around 25 per cent, the share of short-term debt in the total external debt, at 28 per cent in 2018, has been increasing in the recent years, though it is still below that recorded in 2014. The reserve to external debt stock, estimated at 74 per cent in 2018, has been worsening over the years. In 2008, it was placed at 114 per cent (Table 5.2 and Figure 5.3).

Table 5.2: External Debt of Developing Countries: Key Indicators

(US \$ Billion)

	2008	2014	2015	2016	2017	2018
Total External debt stocks	3462	6939	6452	6726	7424	7810
Long-term External Debt	2740	4828	4818	5126	5501	5656
Short-term External Debt	722	2115	1635	1599	1924	2154
Memo Items						
External debt stocks to exports (%)	64	95	100	108	105	101
External debt stocks to GNI (%)	21	25	25	26	26	26
Debt service to exports (%)	10	11	13	15	14	14
Short-term to external debt stocks (%)	21	30	25	24	26	28
Multilateral to external debt stocks (%)	11	8	9	9	9	9
Reserves to external debt stocks (%)	114	92	90	82	79	74

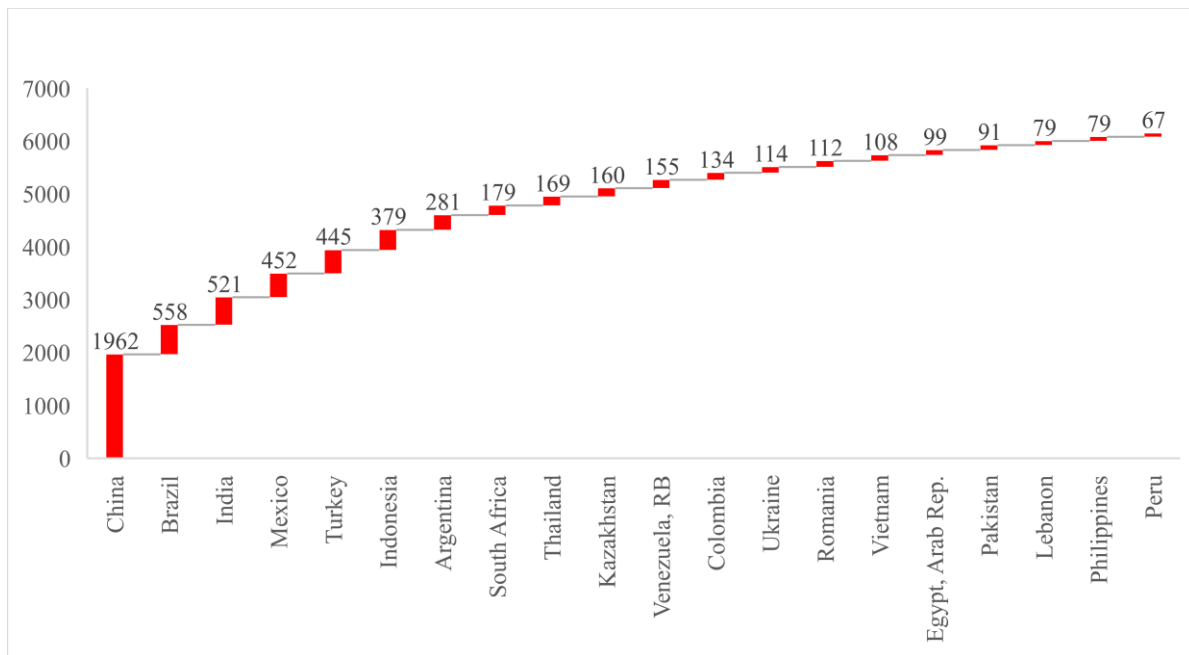
Source: International Debt Statistics 2020

Figure 5.3: Select External Debt Sustainability Indicators

Source: Quarterly Estimates of External Debt, World Bank

5.12 Top 20 LMICs account for about 79 per cent of the total external debt of these countries. As can be observed from Figure 5.4 below, the external debt stock was dominated by China, which accounted for one-quarter of the combined end-2018 external debt stock of LMICs. China's external debt stock rose 15 per cent in 2018; short-term debt increased by 18 per cent, and long-term debt by 9 per cent. While Brazil is the second largest debtor, India is in the third position with a modest growth of less than 2 per cent in 2018.

Figure 5.4: Stock of External Debt of Top Twenty LMICs as at end of 2018



Source: International Debt Statistics 2020

5.13 Russia, which was the fourth largest debtor in 2017, didn't figure among the top 20 LMICs in 2018, as it witnessed a contraction in its external debt by 12 per cent in 2018. Argentina, on the other hand, though didn't figure among the top 20 LMICs in 2017, emerged as the 7th heavily indebted country as at end-December 2018; its external debt stock rose 19 per cent in 2018, which is attributable in large part to the IMF economic support package and increased short-term borrowing. Barring Egypt, all other countries among the top twenty registered either an increase of less than 10 per cent or a moderate decrease. Egypt posted an increase of about 18 per cent, respectively in their external debt during the period under review.

5.3.1 Financial Flows to LMICs

5.14 As can be observed from Table 5.3, aggregate net financial flows, both debt and equity, to LMICs amounted to US \$ 1 trillion in 2018, contracted by 19 per cent over 2017, though this contraction is smaller as compared to the one registered in 2015 (-81 per cent). Further, these aggregate flows exhibited large volatility in the recent years, stemming basically from the net debt inflows, as net equity inflow experienced moderate volatility. Measured in relation to GNI, aggregate financial flows were equivalent to 3.4 per cent in 2018, a significant decrease from 2017 (4.4 per cent), and well short of the 6.9 per cent recorded in 2010.

5.15 Net debt inflows to low- and middle-income countries fell 28 per cent in 2018, to US \$529 billion, driven by downturns in both long-term and short-term debt inflows. Net equity flows shrank by about 7 per cent to US \$ 504 billion, reflecting sharp contraction in portfolio equity flows. Uncertainties in global financial markets deterred investment in low- and middle-income countries (Table 5.3).

Table 5.3: Aggregate Net Financial Flows to Low- and Middle-income Countries

	(US \$ Billion)						
	2012	2013	2014	2015	2016	2017	2018
Net Total financial flows	1213	1446 (19.2)	1118 (-22.7)	209 (-81.3)	726 (246.5)	1275 (75.7)	1032 (-19.0)
Net Debt Inflows	580	805 (38.7)	525 (-34.7)	-318 (-160.6)	211 (-166.2)	734 (248.7)	529 (-28.0)
Net equity inflows	633	641 (1.4)	592 (-7.7)	528 (-10.9)	515 (-2.4)	540 (5.0)	504 (-6.8)

Source: International Debt Statistics 2020

Figures in brackets are percentage change over the previous year.

5.16 The headline numbers hide a crucial aspect of the volume and directional trend of international financial flows in 2018. The dominance of China, accounting for almost 49 per cent of the combined net debt inflows, and 43 per cent of the combined net equity flows to LMICs in 2018. Aggregate financial flows to China fell 4 per cent in 2018, with an 18 per cent reduction in net debt flows largely offset by a corresponding 22 per cent rise in net equity flows. This was in marked contrast to aggregate net financial flows to LMICs, ex-China. These fell 29 per cent in 2018, with debt inflows 35 per cent, and net equity inflows 21 per cent, lower

than the comparable figures for 2017. Net total financial flows to India fell 51 per cent to US \$ 47 billion, with net debt flows contracting higher (76.8 per cent) than the net equity flows (18.6 per cent). Thus, lower level of external debt accumulation in 2018 is due to lower net debt flows during the year under review.

5.3.2 External Debt Vulnerability Indicators: India vs. LMICs

5.17 In this Section, the vulnerability of India's external debt position is examined in an international perspective.

5.3.2.1 External Debt to GNI

5.18 As measured by the ratio of external debt to GNI – which is a better indicator as it normalises the stock of external debt to the size of the economy – India (19.3 per cent) is the second least indebted country, after China. China is the least externally indebted with a ratio of 14.1 per cent, with Philippines being third. Lebanon is the most heavily indebted (145.1 per cent), followed by Kazakhstan (105.7 per cent), Ukraine (89.6 per cent), Turkey (59 per cent) and Argentina (56.1 per cent). Argentina and Turkey are among the top 10 indebted countries both in terms of absolute stock of external debt and the ratio of external debt to GNI (Figure 5.5).

5.3.2.2 Share of Short-term Debt

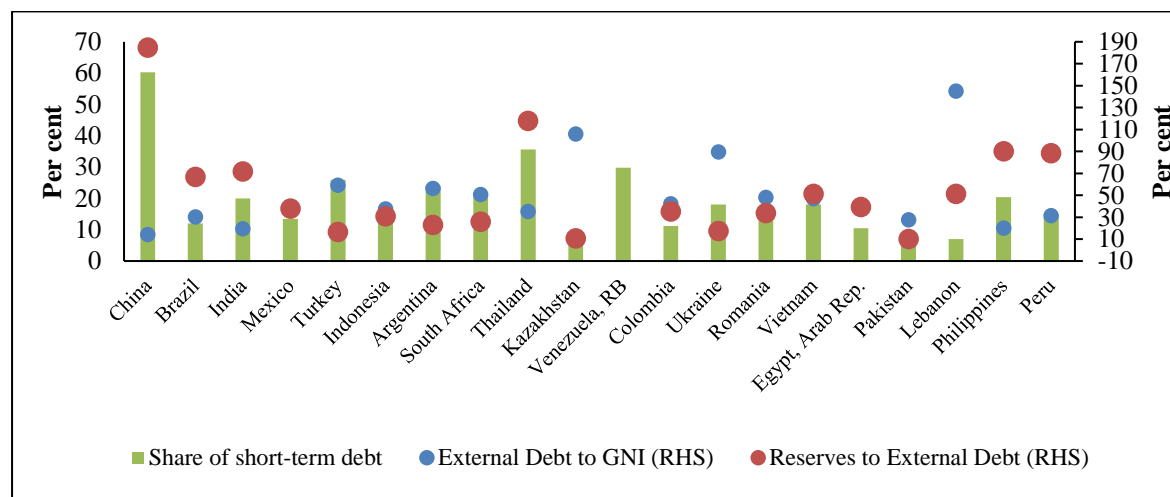
5.19 The share of short-term debt in the total stock of external debt is an important metric to analyse potential debt vulnerability. This metric ranged between 5.3 per cent for Kazakhstan and 60.3 per cent for China in 2018. China not only has the highest share of short-term debt to total external debt, but it also accounts for the biggest share in total short-term debt of LMICs (56.5 per cent). For India, it is estimated at 20 per cent. While Thailand (35.6 per cent), Venezuela (29.8 per cent), Turkey (25.9 per cent), Argentina (24.1 per cent) and the Philippines and South Africa (20.4 per cent) have higher shares than India, all other countries have lower shares than India (Figure 5.5).

5.3.2.3 Forex Reserves to Total Debt

5.20 The forex reserve cover for the external debt for the top twenty LMICs ranged from 10.1 per cent for Pakistan to 184.7 per cent for China. After China, Thailand (117.8 per cent)

has the highest reserve cover, followed by the Philippines (90.1 per cent), Peru (88.3 per cent), India (71.8 per cent), Brazil (66.7 per cent), Vietnam (51.3 per cent) and Lebanon (51.1 per cent). Barring Pakistan, Kazakhstan, Turkey and Ukraine, forex reserve cover for other countries is estimated between 20 per cent and 40 per cent. Thus, India figures among the top five LMICs in terms of reserve cover to total external debt stock.

Figure 5:5: Select External Debt Indicators in 2018: India vs. Major LMICs



Source: International Debt Statistics, 2020, World Bank.

5.3.3 Overview

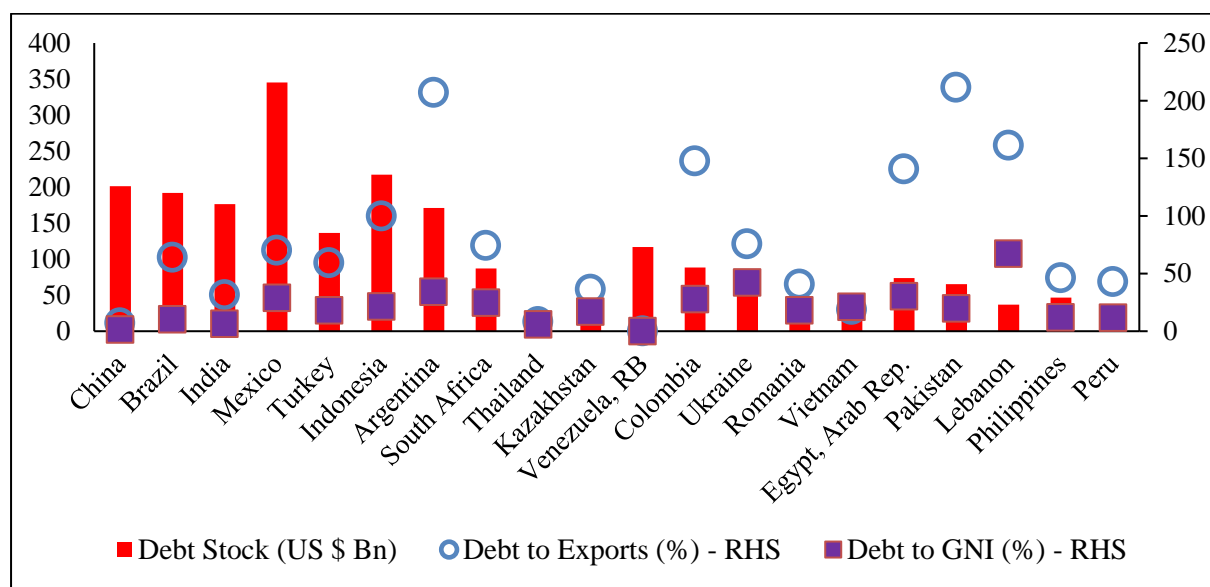
5.21 To sum up, in terms of stock at the end of 2018, India's external debt is comfortably placed among Emerging Market Economies (EMEs). In terms of the external debt to GNI ratio, India is second least externally indebted after China. In terms of reserve cover for total external debt, India ranks better than any leading EME, be it Brazil, Mexico and Indonesia. Only China, Thailand, the Philippines and Peru have a better reserve cover. The share of short-term debt (original maturity) in India's total external debt was far more modest relative to China, Thailand, Venezuela, South Africa, Argentina, Turkey, and Philippines. Overall, India stands superior to many EMEs in so far as external debt is concerned (Figure 5.5).

5.3.4 Present Value of External Debt

5.22 The concept of Present Value (PV) is a useful measure of assessing indebtedness. The PV of external debt outstanding is arrived at by discounting the nominal value of all future debt service payments by the prevailing market rates of interest and aggregating such PVs. The

interest rates used in the calculations are the Commercial Interest Reference Rates for each relevant currency compiled and published by the Organization for Economic Cooperation and Development (OECD). The data on PV of external debt for the top twenty low and middle-income debtor countries is presented in Figure 5.6.

Figure 5.6: Indicators of Present Value of External Debt – Top Twenty Debtors in 2018



Source: Annex XIII of the Status Report. Refer to original data sources in the Annex.

5.23 As can be observed from Figure 5.6, India's standing improves in a cross-country comparison when external debt is measured in terms of PV, from 3rd largest debtor among LMICs (on nominal value basis) to 5th largest debtor (on PV basis) in so far as absolute stock of debt is concerned.¹³ Similarly, India's position improves from 14th to 16th largest debtor using debt stock to export earnings as the indicator. However, it witnessed erosion in terms of external debt stock to GNI as it moved up from 18th largest debtor to 17th largest debtor. On PV basis, China is better off than India with regard to debt to exports and debt to GNI, while India is better off than China in so far as stock of debt is concerned. By all the three indicators, Brazil is worse off than India in all the three indicators.

¹³The ranking is from largest debtor to smallest debtor. Lower rank is an improvement and vice versa.

5.24 To recap, in a cross-country perspective – be it among the top 20 debtor countries in the world or be it among the LMICs – India's external debt position is comfortable as measured using the standard set of indicators of debt vulnerability.

CHAPTER AT A GLANCE

- In this chapter, India's external debt position has been examined vis-à-vis the world.
- India is comfortably placed as it doesn't figure among the top 20 debtors as at end-December 2019.
- As per the IDS 2020, external debt stock of low and middle-income countries (LMICs) rose at a slower pace in 2018 to US \$ 7.8 trillion.
- For LMICs, short-term debt, accounting for 28 per cent of the total, grew faster than the long-term debt, which constituted 72 per cent.
- China, by far the largest debtor among the LMICs, accounted for about 25 per cent of the combined end-2018 external debt stock of these countries, followed by Brazil. India stands third most externally indebted country among LMICs.
- On average, the external debt burden of LMICs remained moderate. India is far superior to many LMICs in terms of key external debt vulnerability indicators.

Annexes

Annex I: External Debt: Definition, Concepts and Dissemination of Data

1. External Debt

Gross external debt is a stock variable and is measured at a point in time. External debt is defined as “the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy” {*External Debt Statistics - Guide for Compilers and Users, International Monetary Fund (IMF), 2003*}.

2. Original and Residual Maturity

- i. *Original maturity* is defined as the period encompassing the precise time of creation of the financial liability to its date of final maturity.
- ii. *Debt by residual maturity (or remaining maturity)* includes short term debt by original maturity of up to one year, combined with medium to long term debt repayment by original maturity but falling due within the twelve-month period from a reference date. External debt is commonly expressed in terms of original maturity.

3. Long and Short-term

One way of classifying external debt is the two-way scheme based on maturity – long-term and short-term. Long-term debt is defined as debt with an original maturity of *more than* one year, while short term debt is defined as debt repayments on demand or with an original maturity of *one year or less*.

The coverage of short-term was redefined in 2005-06 by including supplier’s credit upto 180 days and FII investment in the Government Treasury Bills and other instruments and further in March 2007 by including external debt liabilities of the banking system and the investment in the Government securities by the foreign central banks and the international institutions.

4. Multilateral and Bilateral Debt

Multilateral creditors are primarily multilateral institutions such as the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), Asian Development bank (ADB), etc. Bilateral creditors are sovereign countries with whom sovereign and non-sovereign entities enter into one-to-one loan arrangements. Some of India's bilateral creditors who extend loans to both sovereign and non-sovereign debtors include Japan, Germany, United States, France, Netherlands and Russian Federation.

5. Sovereign (Government) and Non-Sovereign (Non-Government) debt

Sovereign debt includes (i) external debt outstanding on account of loans received by Government of India under the 'external assistance' programme, and civilian component of Rupee Debt; (ii) other Government debt comprising borrowings from IMF, defence debt component of Rupee debt as well as foreign currency defence debt and FII investment in Government Securities.

Non-sovereign debt includes the remaining components of external debt.

6. Trade Credit/ Export Credit

Trade credit/ Export credit refers to loans and credit extended for imports directly by overseas supplier, bank and financial institution to sovereign and non-sovereign entities. Depending on the source of finance, such credit can be either *suppliers' credit* or *buyers' credit*.

- i. *Suppliers' Credit*: Such credit is extended by the overseas supplier of goods in the form of deferred payments.
- ii. *Buyers' Credit*: Such credit is provided by a bank or financial institution and is generally governed by OECD consensus terms and carries insurance from export credit agency of the concerned country.

7. External Commercial Borrowings

External commercial borrowings include loans from commercial banks, other commercial financial institutions, money raised through issue of securitized instruments like bonds

(including India Development Bonds (IDBs) and Resurgent India Bonds (RIBs)), Floating Rate Notes (FRN) and securitized borrowings of commercial banks, etc. It also includes borrowings through buyers' credit & supplier credit mechanism of the concerned countries, International Finance Corporation, Washington [IFC (W)], Nordic Investment Bank and private sector borrowings from Asian Development Bank (ADB).

8. NRI Deposits

Non-Resident Indian (NRI) deposits are of three types:

- i. *Non-Resident (External) Rupee Account {NR(E)RA} Deposits* were introduced in 1970. Any NRI can open an NRE account with funds remitted to India through a bank abroad. A NRE account maintained in Indian rupee may be opened as current, savings or term deposit. The amount held in these deposits together with the interest accrued can be repatriated.
- ii. *Foreign Currency (Non-Resident) (Banks) Deposits {FCNR (B)}* were introduced with effect from May 15, 1993. These are term deposits maintained only in Pound Sterling, U.S. dollar, Japanese Yen, Euro, Canadian dollar and Australian dollar. The minimum maturity period of these deposits was raised from six months to one year effective October 1999. From July 26, 2005, banks have been allowed to accept FCNR (B) deposits up to a maximum maturity period of five years against the earlier maximum limit of three years.
- iii. *Non-Resident Ordinary Rupee (NRO) Accounts*: Any person resident outside India may open and maintain NRO account with an Authorised Dealer or in authorised bank for the purpose of putting through bonafide transactions denominated in Indian Rupees. NRO Accounts may be opened/maintained in the form of current, saving, recurring or fixed deposits. NRI/Persons of Indian Origin (PIO) may remit an amount not exceeding USD 1 million per financial year out of the balances held in NRO Accounts.

9. Concessional Debt

Generally, a loan is defined as '*concessional*' when the grant portion of the loan exceeds 25 per cent. In India, loans from multilateral (International Development Association (IDA),

International Fund for Agricultural Development (IFAD)) and bilateral sources (including rupee debt that is serviced through exports) is categorized as ‘concessional’, based on their terms of long maturity and less than market rate of interest charged on them.

10. External Debt from Official and Private Creditors

External debt from multilateral and bilateral sources of finance, export credit component of bilateral credit, export credit for defence purposes and rupee debt, etc., is called as *official debt*. *External debt from private creditor* denotes sources of loans raised under ECBs, NRI deposits, export credits (other than those included under official creditors), and short-term debt.

11. External Debt to GDP Ratio

The ratio of the *external debt stock to GDP* is derived by scaling the total outstanding debt stock (in rupees) at the end of the financial year by the GDP (in rupees at current market prices) during the financial year.

12. Debt Service Ratio

Debt service ratio is measured by the proportion of total debt service payments (i.e. principal repayment plus interest payment) to current receipts (minus official transfers) of Balance of Payments (BoP). It indicates the claim that servicing of external debt makes on current receipts and is, therefore, a measure of strain on BoP due to servicing of debt service obligations.

13. Borrower Classification of External Debt

The borrower classification of external debt provides breakup into Government (Sovereign) and non-Government debt. The latter is further categorized into financial, public and private sectors. Financial sector represents borrowings by banks and financial institutions including long-term NRI Deposits. Public sector debt represents borrowings of non-financial public sector enterprises and private sector debt represents borrowings of non-financial private sector enterprises.

14. External Debt Denominated in Rupee Currency

Unlike foreign currency denominated external debt, where the currency (exchange rate) risk is borne by the borrower, the characteristic feature of domestic currency denominated debt is that

the exchange rate risk is borne by the creditor. The contractual liability, however, is settled in terms of the designated foreign currency (Exports in case of Rupee debt owed to Russia). This implies that the borrower gains (and the creditor loses) when the local currency depreciates since less has to be repaid in foreign currency terms and vice versa.

India's external debt denominated in rupees consists of the following categories:

- i. *Rupee Debt*: The outstanding state credits (both defence and civilian) extended to India by the erstwhile Union of Soviet Socialist Republic (USSR). The debt is denominated in Rupees and repayment of such debt is made primarily through the export of goods to Russia;
- ii. *Rupee Denominated NRI Deposits*, viz., the Non-Resident (External) Rupee Account {*NR(E)RA*} and the Non-Resident Ordinary Rupee (*NRO*) Accounts. The *NR(E)RA* is categorized as an external debt liability since the principal amount held in such accounts as well as the interest accrued are repatriable;
- iii. Foreign Institutional Investor's (FII) Investments in Government Treasury Bills (TBs) and dated securities; and
- iv. FII Investments in corporate debt securities.

15. Dissemination of External Debt Statistics in India

- i. The Government of India has been publishing the Status Report on India's external debt annually since 1993. The coverage of external debt statistics has been expanded over the years to align it with the best international practices and make it more comprehensive. India has also been disseminating data on external debt under IMF's Special Data Dissemination Standards (SDDS) and Quarterly External Debt Statistics (QEDS) database jointly developed by the World Bank and the International Monetary Fund.
- ii. The external debt statistics of India are disseminated with a lag of three months from the end of the reference quarter in both the country-specific and SDDS format and are accessible at www.finmin.nic.in and www.rbi.org.in. In November 2006, India joined the "Quarterly External Debt Statistics" database, jointly developed by the World Bank

- and IMF and has been compiling external debt statistics in the QEDS format every quarter and furnishing the same for release on the World Bank's website.
- iii. Under the present arrangement, the External Debt Management Unit (EDMU) in the Department of Economic Affairs (DEA), Ministry of Finance (MoF), Government of India compiles external debt data for the quarters ending September and December, while the Reserve Bank of India (RBI) compiles and disseminates data for the quarters ending March and June every year. In addition, an annual publication "India's External Debt: A Status Report" is brought out by the EDMU, MoF, Government of India. Office of the Controller of Aid Accounts & Audit (CAAA) of the DEA, MoF publishes a report titled "External Assistance" which provides a detailed account of external assistance received by the Government of India in the form of loans/ credits and grants from foreign countries, international institutions and other organizations. It provides donor/ country/ currency-wise details along with information relating to interest rate structure and maturity profile of external debt availed from multilateral and bilateral creditors.
 - iv. The data published for the current quarter/ year are termed as "Quick Estimates". Quick estimates data are subject to revision during the next twelve months which are labelled as "Partially Revised" as and when they are published. The partially revised data are fully 'frozen' and released as final data with a lag of 24 months from the reference date. Extraordinary revisions are undertaken within the cycle only in the event of methodological changes in respect of data collection and compilation procedures and/ or significant changes indicated by data sources that may entail structural shifts in the data series.
 - v. External debt recording and compilation is done with the aid of the latest version of *Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) 2000+* (version 1.3) by the CAAA, DEA, MoF and Department of Statistics and Information Management (DSIM), Reserve Bank of India (RBI). About 60 per cent of external debt is recorded in CS-DRMS 2000+, except NRI deposits and short-term debt. Besides, FII investment and defence debt and some minor portions of the external debt are also not under the purview of this computerization scheme.
 - vi. The external debt statistics are compiled using the methodology and practices prescribed in the "*External Debt Statistics: Guide for Compilers and Users*" brought

out by the IMF. The coverage of India's external debt statistics, particularly short-term external debt, has been expanded gradually to make these statistics more comprehensive. In fact, short-term trade credit, which is not adequately captured in external debt statistics of several countries due to conceptual issues and data-related problems, are being compiled regularly and included in the short-term debt. Thus, global comparisons may be problematic because other countries' external debt statistics may not adequately capture their short-term debt.

Annex II: Key External Debt Indicators

							(Per cent)
Year	External Debt (US \$ million)	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Total External Debt to GDP	Ratio of Concessional Debt to Total Debt	Ratio of Short-term Debt to Foreign Exchange Reserves	Ratio of Short-term Debt to Total Debt
1	2	3	4	5	6	7	8
2001-02	98,843	13.7	54.7	20.8	35.9	5.1	2.8
2002-03	1,04,914	16.0 ^a	72.5	20	36.8	6.1	4.5
2003-04	1,12,653	16.1 ^b	100.3	17.7	35.8	3.9	3.9
2004-05	1,34,002	5.9 ^c	105.6	18.4	30.7	12.5	13.2
2005-06	1,39,114	10.1 ^d	109.0	17.1	28.4	12.9	14.0
2006-07	1,72,360	4.7	115.6	17.7	23.0	14.1	16.3
2007-08	2,24,407	4.8	138.0	18.3	19.7	14.8	20.4
2008-09	2,24,498	4.4	112.2	20.7	18.7	17.2	19.3
2009-10	2,60,935	5.8	106.9	18.5	16.8	18.8	20.1
2010-11	3,17,891	4.4	95.9	18.6	14.9	21.3	20.4
2011-12	3,60,766	6.0	81.6	21.1	13.3	26.6	21.7
2012-13	4,09,374	5.9	71.3	22.4	11.1	33.1	23.6
2013-14	4,46,178	5.9	68.2	23.8	10.4	30.1	20.5
2014-15	4,74,675	7.6	72.0	23.9	8.8	25.0	18.0
2015-16	4,84,791	8.8	74.3	23.4	9.0	23.2	17.2
2016-17	4,71,012	8.3	78.5	19.8	9.4	23.8	18.7
2017-18	5,29,290	7.5	80.2	20.1	9.1	24.1	19.3
2018-19 PR	5,43,112	6.4	76.0	19.8	8.7	26.3	20.0
2019-20 P	5,58,548	6.5	85.5	20.6	8.6	22.4	19.1

Source: RBI

PR: Partially Revised; P: Provisional

^a Works out to 12.4 per cent, with the exclusion of pre-payment of US \$ 3.4 billion.^b Works out to 8.2 per cent, with the exclusion of pre-payment of US \$ 3.8 billion and redemption of Resurgent India Bonds (RIBs) of US \$ 5.5 billion.^c Works out to 5.7 per cent, with the exclusion of pre-payment of US \$ 381 million.^d 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 US \$ 23.5 million.

Annex III: India's External Debt Outstanding (Annual) - Rupees

(Rs. crore)												
S.No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	MULTILATERAL	1,93,436	2,16,672	2,57,088	2,79,310	3,21,560	3,28,148	3,59,490	3,54,118	3,71,783	3,96,131	4,49,066
	A. Government Borrowing	1,70,722	1,90,326	2,22,579	2,35,670	2,68,491	2,69,431	2,94,122	2,88,246	3,04,595	3,20,336	3,62,028
	i) Concessional	1,16,046	1,20,653	1,38,691	1,43,130	1,63,589	1,54,581	1,66,506	1,56,726	1,64,002	1,60,421	1,66,300
	a) IDA	1,14,552	1,19,068	1,36,816	1,41,119	1,61,165	1,52,171	1,63,772	1,54,050	1,60,970	1,57,188	1,62,506
	b) Others	1,494	1,585	1,875	2,011	2,424	2,410	2,734	2,676	3,032	3,233	3,794
	ii) Non-concessional	54,676	69,673	83,888	92,540	1,04,902	1,14,850	1,27,616	1,31,519	1,40,593	1,59,915	1,95,728
	a) IBRD	28,874	39,218	45,328	48,239	53,433	57,107	61,553	60,667	61,663	67,248	82,787
	b) Others	25,802	30,455	38,560	44,301	51,469	57,743	66,063	70,852	78,930	92,667	1,12,940
	B. Non-Government Borrowing	22,714	26,346	34,509	43,640	53,069	58,717	65,368	65,872	67,188	75,795	87,038
	i) Concessional	0	0	0	0	0	0	0	0	0	0	0
	ii) Non-concessional	22,714	26,346	34,510	43,640	53,069	58,717	65,368	65,872	67,188	75,795	87,038
	a) Public sector	14,919	15,802	19,407	23,414	28,105	31,385	35,409	32,123	33,715	39,028	41,042
	IBRD	8,544	9,193	11,092	12,749	14,412	15,674	17,005	16,625	16,935	18,652	21,544
	Others	6,375	6,609	8,315	10,664	13,693	15,711	18,404	15,498	16,780	20,375	19,498

	b) Financial institutions	5,385	7,511	10,290	14,370	18,881	21,859	25,190	29,829	30,231	35,155	44,376
	IBRD	1,343	1,899	2,707	2,973	3,820	3,709	5,984	7,276	7,418	8,449	8,609
	Others	4,042	5,612	7,583	11,397	15,061	18,150	19,206	22,553	22,812	26,706	35,767
	c) Private sector	2,410	3,033	4,813	5,856	6,083	5,473	4,769	3,920	3,242	1,612	1,620
	IBRD	0	0	0	0	0	0	0	0	0	0	0
	Others	2,410	3,033	4,813	5,856	6,083	5,473	4,769	3,920	3,242	1,612	1,620
II.	BILATERAL	1,01,976	1,14,904	1,37,086	1,36,329	1,48,813	1,36,060	1,49,378	1,50,808	1,64,847	1,76,660	2,03,440
	A. Government borrowing	71,584	80,406	91,641	88,007	96,918	88,452	1,02,925	1,09,742	1,28,945	1,41,410	1,67,349
	(i) Concessional	71,584	80,406	91,641	88,007	96,918	88,452	1,02,925	1,09,742	1,28,945	1,41,410	1,67,349
	(ii) Non-concessional	0	0	0	0	0	0	0	0	0	0	0
	B. Non-Government borrowing	30,392	34,499	45,445	48,322	51,895	47,608	46,453	41,066	35,902	35,250	36,091
	(i) Concessional	3,169	4,101	7,648	8,435	10,318	10,080	11,892	11,988	12,973	17,389	19,808
	a) Public Sector	1,121	1,621	4,963	5,916	7,763	7,546	9,052	6,758	7,600	12,182	14,615
	b) Financial Institutions	2,048	2,480	2,685	2,519	2,555	2,534	2,840	5,230	5,373	5,207	5,193
	c) Private Sector	0	0	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	27,223	30,397	37,797	39,887	41,577	37,528	34,560	29,077	22,930	17,861	16,283
	a) Public Sector	13,845	13,789	14,200	13,010	13,374	11,561	10,938	9,478	8,531	7,048	5,087
	b) Financial Institutions	3,436	3,754	3,886	4,206	4,361	3,323	3,029	3,169	2,530	2,296	2,770
	c) Private Sector	9,942	12,854	19,711	22,671	23,842	22,644	20,594	16,430	11,869	8,516	8,426
III.	IMF^a	27,264	28,163	31,528	32,439	36,910	34,350	37,177	35,129	37,716	38,202	40,931
IV.	EXPORT CREDIT	76,011	83,112	97,117	96,556	93,275	78,915	70,001	62,426	61,660	54,899	54,119
	a) Buyers' credit	66,849	73,273	85,896	84,667	80,069	66,006	54,963	46,790	43,683	35,692	32,419

	b) Suppliers' credit	2,937	2,847	3,252	4,236	4,779	5,217	6,088	6,094	6,764	6,910	7,148
	c) Export credit component of bilateral credit	6,225	6,992	7,969	7,653	8,427	7,692	8,950	9,543	11,213	12,297	14,552
V.	COMMERCIAL BORROWINGS	3,19,221	4,48,448	6,14,623	7,62,128	8,97,744	11,28,501	11,97,176	11,15,514	13,12,756	14,28,897	16,60,215
	a) Commercial bank loans ^b	2,02,350	2,61,678	3,73,194	4,54,450	5,82,644	6,35,246	6,47,311	5,67,286	5,50,820	6,59,541	8,30,002
	b) Securitized borrowings ^c	1,13,177	1,83,504	2,38,849	3,06,070	3,13,416	4,90,895	5,47,465	5,45,906	7,59,701	7,67,283	8,28,093
	c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	3,694	3,266	2,580	1,608	1,684	2,360	2,400	2,323	2,234	2,074	2,120
VI.	NRI DEPOSITS^d (Above one-year maturity)	2,17,062	2,30,812	2,99,840	3,85,202	6,24,101	7,20,997	8,41,956	7,57,751	8,20,737	9,02,152	9,77,309
VII.	RUPEE DEBT^e	7,480	7,147	6,922	6,839	8,826	9,426	8,479	7,962	7,886	8,007	7,704
	a) Defence	6,709	6,416	6,220	6,164	8,179	8,807	7,887	7,398	7,350	7,498	7,223
	b) Civilian	771	731	702	675	647	619	592	564	536	509	481
VIII.	TOTAL LONG TERM DEBT (I TO VII)	9,42,450	11,29,258	14,44,205	16,98,803	21,31,229	24,36,397	26,63,657	24,83,708	27,77,385	30,04,948	33,92,784
IX.	SHORT-TERM DEBT	2,36,188	2,90,149	3,99,962	5,25,931	5,50,985	5,35,145	5,53,906	5,71,387	6,64,575	7,49,924	8,05,708
	a) Trade-Related Credits	2,14,267	2,61,006	3,33,202	4,72,026	4,91,271	5,10,938	5,30,806	5,60,781	6,52,969	7,08,379	7,64,291
	1) Above 6 Months	1,26,391	1,57,806	2,00,454	3,21,010	3,30,500	3,34,267	3,39,674	3,64,104	4,31,225	3,62,982	3,89,010
	2) Upto 6 Months	87,876	1,03,200	1,32,748	1,51,016	1,60,771	1,76,671	1,91,132	1,96,677	2,21,744	3,45,397	3,75,281

	b) FII Investment in Govt. T - Bills and other instruments	15,153	24,214	48,066	29,671	33,686	7,307	132	260	580	12,003	12,990
	c) Investment in T- Bills by foreign central banks and other international institutions etc.	467	225	326	447	572	714	1,576	1,577	1,791	1,820	1,822
	d) External Debt Liabilities of:	6,301	4,704	18,368	23,787	25,456	16,186	21,392	8,768	9,235	27,721	26,605
	1) Central Bank	3,139	693	871	985	892	939	1,197	1,575	1,782	1,529	1,357
	2) Commercial banks	3,162	4,011	17,497	22,802	24,564	15,247	20,195	7,194	7,453	26,193	25,248
X.	GRAND TOTAL (VIII+IX)	11,78,638	14,19,407	18,44,167	22,24,734	26,82,214	29,71,542	32,17,563	30,55,095	34,41,960	37,54,872	41,98,492

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, RBI, SEBI

PR: Partially Revised; P: Provisional

IFC(W): International Finance Corporation, Washington D.C

FII: Foreign Institutional Investors

a-Relates to SDR allocations from March 2004 onwards; b-Includes Financial Lease since 1996;

c-Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), FCCBs and net investment by 100% FII debt funds and securitized borrowings of commercial banks. FCCB debt has been adjusted since end-March, 1998 after netting out conversion into equity and redemptions

d-Figures include accrued interest; e-Rupee denominated debt owed to Russia and payable through exports

Note: NRO Deposits are included under NRI Deposits

Annex IV: India's External Debt Outstanding (Annual) – US Dollar

(US \$ million)

Sl. No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	MULTILATERAL	42,857	48,475	50,452	51,590	53,418	52,391	54,000	54,499	57,249	57,455	59,952
	A. Government Borrowing	37,825	42,579	43,686	43,539	44,598	43,015	44,170	44,356	46,907	46,471	48,352
	(i) Concessional	25,711	26,992	27,221	26,443	27,173	24,679	25,005	24,117	25,256	23,272	22,211
	a) IDA	25,380	26,637	26,853	26,071	26,770	24,294	24,595	23,705	24,789	22,803	21,704
	b) Others	331	355	368	372	403	385	411	412	467	469	507
	(ii) Non-concessional	12,114	15,587	16,465	17,096	17,425	18,336	19,165	20,238	21,651	23,199	26,141
	a) IBRD	6,397	8,774	8,897	8,912	8,876	9,117	9,244	9,335	9,496	9,756	11,057
	b) Others	5,717	6,813	7,568	8,184	8,549	9,219	9,921	10,903	12,155	13,443	15,084
	B. Non-Government Borrowing	5,032	5,896	6,766	8,051	8,820	9,376	9,829	10,144	10,342	10,984	11,600
	(i) Concessional	0	0	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	5,032	5,896	6,766	8,051	8,820	9,376	9,829	10,144	10,342	10,984	11,600
	a) Public Sector	3,305	3,536	3,808	4,324	4,669	5,010	5,319	4,944	5,192	5,661	5,480
	i) IBRD	1,893	2,057	2,177	2,355	2,394	2,502	2,554	2,558	2,608	2,706	2,877
	ii) Others	1,412	1,479	1,631	1,969	2,275	2,508	2,765	2,386	2,583	2,955	2,602
	b) Financial Institutions	1,193	1,681	2,017	2,650	3,139	3,492	3,791	4,595	4,652	5,091	5,905

(US \$ million)

Sl. No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
	i) IBRD	298	425	531	549	635	592	899	1,120	1,142	1,226	1,150
	ii) Others	895	1,256	1,486	2,101	2,504	2,900	2,892	3,475	3,509	3,865	4,755
	c) Private Sector	534	679	941	1,077	1,012	874	719	605	498	233	215
	i) IBRD	0	0	0	0	0	0	0	0	0	0	0
	ii) Others	534	679	941	1,077	1,012	874	719	605	498	233	215
II.	BILATERAL	22,593	25,712	26,884	25,158	24,727	21,726	22,448	23,214	25,382	25,622	27,161
	A. Government borrowing	15,860	17,988	17,987	16,259	16,099	14,121	15,457	16,887	19,857	20,514	22,351
	(i) Concessional	15,860	17,988	17,987	16,259	16,099	14,121	15,457	16,887	19,857	20,514	22,351
	(ii) Non-concessional	0	0	0	0	0	0	0	0	0	0	0
	B. Non-Government borrowing	6,733	7,724	8,897	8,899	8,628	7,605	6,991	6,327	5,525	5,108	4,811
	(i) Concessional	702	918	1,501	1,558	1,714	1,610	1,786	1,845	1,998	2,523	2,646
	a) Public Sector	248	363	974	1,093	1,290	1,205	1,359	1,040	1,170	1,767	1,952
	b) Financial Institutions	454	555	527	465	424	405	427	805	827	755	694
	c) Private Sector	0	0	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	6,031	6,806	7,396	7,341	6,914	5,995	5,205	4,482	3,527	2,585	2,165
	a) Public Sector	3,072	3,087	2,781	2,397	2,223	1,846	1,646	1,459	1,313	1,021	679
	b) Financial Institutions	761	840	762	776	724	531	455	488	389	333	369
	c) Private Sector	2,198	2,879	3,853	4,168	3,967	3,618	3,105	2,534	1,825	1,231	1,118

(US \$ million)

Sl. No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
III.	IMF^a	6,041	6,308	6,163	5,964	6,149	5,488	5,605	5,410	5,784	5,523	5,430
IV.	EXPORT CREDIT	16,841	18,647	18,990	17,760	15,518	12,608	10,548	9,625	9,483	7,943	7,192
	a) Buyers' credit	14,811	16,437	16,790	15,567	13,323	10,547	8,286	7,216	6,716	5,160	4,300
	b) Suppliers' credit	651	646	636	779	795	833	918	940	1,040	999	948
	c) Export credit component of bilateral credit	1,379	1,564	1,564	1,414	1,400	1,228	1,344	1,468	1,727	1,784	1,944
V.	COMMERCIAL BORROWINGS	70,726	1,00,476	1,20,136	1,40,125	1,49,375	1,80,295	1,80,480	1,72,045	2,01,826	2,06,574	2,20,333
	a) Commercial bank loans ^b	44,832	58,643	72,946	83,555	96,946	1,01,492	97,585	87,492	84,684	95,349	1,10,100
	b) Securitized borrowings ^c	25,075	41,100	46,686	56,274	52,149	78,426	82,533	84,195	1,16,798	1,10,925	1,09,951
	c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	819	733	504	296	280	377	362	358	344	300	281
VI.	NRI DEPOSITS^d (Above one year maturity)	47,890	51,682	58,608	70,822	1,03,845	1,15,163	1,26,929	1,16,867	1,26,182	1,30,423	1,30,581
VII.	RUPEE DEBT^e	1,658	1,601	1,354	1,258	1,468	1,506	1,278	1,228	1,213	1,158	1,022
	a) Defence	1,487	1,437	1,216	1,133	1,361	1,407	1,189	1,141	1,120	1,084	958
	b) Civilian	171	164	138	125	107	99	89	87	83	74	64
VIII.	TOTAL LONG TERM DEBT (I TO VII)	2,08,606	2,52,901	2,82,587	3,12,677	3,54,500	3,89,177	4,01,288	3,82,888	4,27,117	4,34,697	4,51,671

(US \$ million)

Sl. No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
IX.	SHORT-TERM DEBT	52,329	64,990	78,179	96,697	91,678	85,498	83,504	88,124	1,02,173	1,08,415	1,06,878
	a) Trade-Related Credits	47,473	58,463	65,130	86,787	81,743	81,631	80,022	86,489	1,00,389	1,02,409	1,01,384
	1) Above 6 Months	28,003	35,347	39,182	59,021	54,992	53,405	51,208	56,155	66,297	52,476	51,603
	2) Upto6 Months	19,470	23,116	25,948	27,766	26,751	28,226	28,814	30,333	34,091	49,934	49,781
	b) FII Investment in Govt. Treasury Bills and other instruments	3,357	5,424	9,395	5,455	5,605	1,167	20	40	89	1,735	1,723
	c) Investment in T- Bills by foreign central banks and other international institutions etc.	103	50	64	82	95	114	238	243	275	263	242
	d) External Debt Liabilities of:	1,396	1,053	3,590	4,373	4,235	2,586	3,225	1,352	1,420	4,008	3,529
	1) Central Bank	695	155	170	181	148	150	180	243	274	221	180
	2) Commercial banks	701	898	3420	4,192	4,087	2,436	3,045	1,110	1,146	3,787	3,349
X.	GRAND TOTAL (VIII+IX)	2,60,935	3,17,891	3,60,766	4,09,374	4,46,178	4,74,675	4,84,791	4,71,012	5,29,290	5,43,112	5,58,548
	Memo Items :											
	Concessional Debt ^f	43,931	47,499	48,063	45,517	46,454	41,916	43,526	44,077	48,324	47,466	48,230
	Concessional Debt to total external debt (per cent)	16.8	14.9	13.3	11.1	10.4	8.8	9.0	9.4	9.1	8.7	8.6
	Short-term debt	52,329	64,990	78,179	96,697	91,678	85,498	83,504	88,124	1,02,173	1,08,415	1,06,878

(US \$ million)

Sl. No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
	Short-term debt to total external debt (per cent)	20.1	20.4	21.7	23.6	20.5	18.0	17.2	18.7	19.3	20.0	19.1

Source: Ministry of Finance, Ministry of Defence, RBI, SEBI, CCIL.

PR: Partially Revised; P: Provisional.

IFC(W): International Finance Corporation, Washington D.C.

FII: Foreign Institutional Investors

a) Relates to SDR allocations; b) Includes Financial Lease

c) Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), FCCBs and net investment by 100% FII debt funds and securitized borrowings of commercial banks. FCCB debt has been adjusted after netting out conversion into equity and redemptions.

d) Figures include accrued interest.

e) Rupee denominated debt owed to Russia and payable through exports.

f) The definition of concessional debt here includes 'concessional' categories under multilateral and bilateral debt and rupee debt under item VII.

Note: NRO Deposits are included under NRI Deposits.

Annex V: India's External Debt Outstanding (Quarterly)-Rupees

(Rs. Crore)

Sl.No.	Compts	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
I.	MULTILATERAL	3,71,783	3,90,131	4,11,284	4,01,530	3,96,131	4,08,830	4,16,829	4,29,040	4,49,066
	A. Government Borrowing	3,04,595	3,20,303	3,36,998	3,27,140	3,20,336	3,30,108	3,35,977	3,45,923	3,62,028
	(i) Concessional	1,64,002	1,68,113	1,74,532	1,64,764	1,60,421	1,59,814	1,60,099	1,60,641	1,66,300
	a) IDA	1,60,970	1,64,928	1,71,172	1,61,524	1,57,188	1,56,456	1,56,623	1,57,056	1,62,506
	b) Others	3,032	3,185	3,360	3,241	3,233	3,358	3,476	3,585	3,794
	(ii) Non-concessional	1,40,593	1,52,190	1,62,466	1,62,375	1,59,915	1,70,294	1,75,878	1,85,282	1,95,728
	a) IBRD	61,663	66,935	70,146	68,758	67,248	75,464	75,956	78,658	82,787
	b) Others	78,930	85,256	92,320	93,617	92,667	94,830	99,921	1,06,625	1,12,940
	B. Non-Government Borrowing	67,188	69,829	74,286	74,391	75,795	78,722	80,853	83,117	87,038
	(i) Concessional	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	67,188	69,829	74,286	74,391	75,795	78,722	80,853	83,117	87,038
	a) Public Sector	33,715	35,704	38,874	38,455	39,028	37,038	37,981	38,653	41,042
	i) IBRD	16,935	18,069	19,011	18,397	18,652	19,032	19,517	19,899	21,544
	ii) Others	16,780	17,635	19,864	20,058	20,375	18,006	18,464	18,755	19,498
	b) Financial Institutions	30,231	30,715	33,396	34,270	35,155	40,134	41,327	42,901	44,376
	i) IBRD	7,418	7,915	8,400	8,198	8,449	7,864	8,232	8,193	8,609
	ii) Others	22,812	22,800	24,997	26,072	26,706	32,270	33,095	34,708	35,767

(Rs. Crore)

Sl.No.	Compts	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
	c) Private Sector	3,242	3,409	2,015	1,666	1,612	1,550	1,545	1,563	1,620
	i) IBRD	0	0	0	0	0	0	0	0	0
	ii) Others	3,242	3,409	2,015	1,666	1,612	1,550	1,545	1,563	1,620
II.	BILATERAL	1,64,847	1,66,861	1,70,630	1,73,856	1,76,660	1,83,849	1,87,508	1,87,718	2,03,440
	A. Government borrowing	1,28,945	1,31,018	1,36,652	1,37,924	1,41,410	1,48,566	1,52,406	1,54,124	1,67,349
	(i) Concessional	1,28,945	1,31,018	1,36,652	1,37,924	1,41,410	1,48,566	1,52,406	1,54,124	1,67,349
	(ii) Non-concessional	0	0	0	0	0	0	0	0	0
	B. Non-Govt borrowing	35,902	35,843	33,978	35,932	35,250	35,283	35,102	33,594	36,091
	(i) Concessional	12,973	12,722	13,250	16,621	17,389	17,751	18,312	18,043	19,808
	a) Public Sector	7,600	7,632	7,929	11,208	12,182	12,701	12,970	13,038	14,615
	b) Financial Institutions	5,373	5,090	5,322	5,413	5,207	5,050	5,342	5,005	5,193
	c) Private Sector	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	22,930	23,122	20,728	19,311	17,861	17,532	16,790	15,551	16,283
	a) Public Sector	8,531	8,329	8,275	7,685	7,048	6,802	6,374	5,055	5,087
	b) Financial Institutions	2,530	2,608	2,687	2,405	2,296	2,299	2,234	2,195	2,770
	c) Private Sector	11,869	12,185	9,765	9,221	8,516	8,432	8,182	8,301	8,426
III.	IMF^a	37,716	38,373	40,269	38,719	38,202	38,116	38,337	39,248	40,931
IV.	EXPORT CREDIT	61,660	60,494	60,693	57,047	54,899	53,744	54,001	50,235	54,119
	a) Buyers' credit	43,683	42,083	41,416	38,004	35,692	34,187	33,971	30,054	32,419

(Rs. Crore)

Sl.No.	Compts	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
	b) Suppliers' credit	6,764	7,018	7,394	7,050	6,910	6,638	6,778	6,779	7,148
	c) Export credit component of bilateral credit	11,213	11,393	11,883	11,993	12,297	12,919	13,253	13,402	14,552
V.	COMMERCIAL BORROWINGS	13,12,756	13,26,205	13,67,686	13,60,267	14,28,897	14,72,855	15,26,845	15,95,263	16,60,215
	a) Commercial bank loans ^b	5,50,820	5,72,293	6,25,842	6,15,945	6,59,541	6,87,428	7,19,137	7,67,542	8,30,002
	b) Securitised borrowings ^c	7,59,701	7,51,470	7,39,603	7,42,154	7,67,283	7,83,339	8,05,645	8,25,655	8,28,093
	c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	2,234	2,442	2,241	2,168	2,074	2,088	2,063	2,066	2,120
VI.	NRI DEPOSITS(Above one year maturity)^d	8,20,737	8,52,092	8,84,451	8,80,145	9,02,152	9,20,651	9,41,391	9,48,225	9,77,309
	a) NR(E) RA	5,85,625	6,02,338	6,21,868	6,31,582	6,36,491	6,43,843	6,55,618	6,61,572	6,76,338
	b) FCNR (B)	1,43,264	1,54,762	1,62,665	1,45,834	1,60,271	1,67,911	1,73,552	1,71,059	1,81,451
	c) NRO Deposits	91,848	94,992	99,918	1,02,729	1,05,390	1,08,897	1,12,221	1,15,595	1,19,521
VII.	RUPEE DEBT^e	7,886	7,752	7,720	7,816	8,007	7,712	7,729	7,688	7,704
	a) Defence	7,350	7,242	7,211	7,307	7,498	7,229	7,248	7,207	7,223
	b) Civilian	536	510	509	509	509	483	481	481	481
VIII.	TOTAL LONG-TERM DEBT (I TO VII)	27,77,385	28,41,908	29,42,732	29,19,381	30,04,948	30,85,758	31,72,641	32,57,418	33,92,784

(Rs. Crore)

Sl.No.	Compts	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
IX.	SHORT-TERM DEBT	6,64,575	6,76,683	7,57,029	7,25,309	7,49,924	7,56,095	7,71,431	7,61,060	8,05,708
	a) Trade - Related Credits	6,52,969	6,64,484	7,37,713	7,04,495	7,08,379	7,19,501	7,33,381	7,29,728	7,64,291
	1) 6 Month and above/upto 1 yr	4,31,225	3,85,881	3,99,306	3,60,576	3,62,982	3,65,721	3,73,622	3,72,415	3,89,010
	2) Up to 6 months	2,21,744	2,78,603	3,38,407	3,43,919	3,45,397	3,53,780	3,59,759	3,57,314	3,75,281
	b) FII Investment in Govt. T-Bills and other instruments	580	699	4,139	9,328	12,003	12,601	13,140	13,079	12,990
	c) Investment in T- Bills by foreign central banks and international institutions etc.	1,791	1,739	1,759	1,706	1,820	1,853	1,781	1,741	1,822
	d) External Debt Liabilities of:	9,234	9,761	13,419	9,780	27,721	22,140	23,129	16,513	26,605
	1) Central Bank	1,782	1,714	1,622	1,559	1,529	1,787	1,498	1,380	1,357
	2) Commercial banks	7,453	8,047	11,797	8,221	26,193	20,353	21,632	15,133	25,248
X.	GRAND TOTAL (VIII+IX)	34,41,960	35,18,592	36,99,761	36,44,689	37,54,872	38,41,853	39,44,072	40,18,478	41,98,492

Source: Ministry of Finance, Ministry of Defence, RBI, SEBI, CCIL

PR: Partially Revised; P: Provisional

IFC(W): International Finance Corporation, Washington D.C

FII: Foreign Institutional Investors

a-Relates to SDR allocations

b-Includes Financial Lease

c-Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), FCCBs and net investment by 100% FII debt funds and securitized borrowings of commercial banks. FCCB debt has been adjusted after netting out conversion into equity and redemptions

d-Figures include accrued interest

e-Rupee denominated debt owed to Russia and payable through exports

NRO Deposits are included under NRI Deposits.

Annex VI: India's External Debt Outstanding (Quarterly)-US Dollar

(US \$ million)

S. No.	Components of External Debt	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
I.	MULTILATERAL	57,249	56,907	56,543	57,095	57,455	58,975	58,777	60,214	59,952
	A. Government Borrowing	46,907	46,722	46,324	46,497	46,471	47,601	47,366	48,550	48,352
	(i) Concessional	25,256	24,522	23,991	23,418	23,272	23,045	22,571	22,546	22,211
	a) IDA	24,789	24,058	23,529	22,958	22,803	22,561	22,081	22,043	21,704
	b) Others	467	465	462	461	469	484	490	503	507
	(ii) Non-concessional	21,651	22,200	22,333	23,079	23,199	24,556	24,795	26,004	26,141
	a) IBRD	9,496	9,764	9,642	9,773	9,756	10,882	10,708	11,039	11,057
	b) Others	12,155	12,436	12,690	13,306	13,443	13,674	14,087	14,965	15,084
	B. Non-Government Borrowing	10,342	10,185	10,219	10,598	10,984	11,374	11,411	11,664	11,600
	(i) Concessional	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	10,342	10,185	10,219	10,598	10,984	11,374	11,411	11,664	11,600
	a) Public Sector	5,192	5,208	5,345	5,468	5,661	5,343	5,356	5,425	5,480
	i) IBRD	2,608	2,636	2,613	2,615	2,706	2,744	2,751	2,793	2,877
	ii) Others	2,583	2,572	2,731	2,853	2,955	2,598	2,604	2,632	2,602
	b) Financial Institutions	4,652	4,480	4,597	4,891	5,091	5,807	5,837	6,020	5,905
	i) IBRD	1,142	1,155	1,155	1,165	1,226	1,134	1,161	1,150	1,150
	ii) Others	3,509	3,325	3,442	3,726	3,865	4,673	4,677	4,870	4,755
	c) Private Sector	498	497	278	239	233	225	219	219	215

(US \$ million)

S. No.	Components of External Debt	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
	i) IBRD	0	0	0	0	0	0	0	0	0
	ii) Others	498	497	278	239	233	225	219	219	215
II.	BILATERAL	25,382	24,339	23,460	24,726	25,622	26,521	26,440	26,345	27,161
	A. Government borrowing	19,857	19,111	18,784	19,603	20,514	21,423	21,486	21,631	22,351
	(i) Concessional	19,857	19,111	18,784	19,603	20,514	21,423	21,486	21,631	22,351
	(ii) Non-concessional	0	0	0	0	0	0	0	0	0
	B. Non-Government borrowing	5,525	5,228	4,676	5,122	5,108	5,098	4,954	4,714	4,811
	(i) Concessional	1,998	1,856	1,821	2,362	2,523	2,560	2,582	2,532	2,646
	a) Public Sector	1,170	1,113	1,090	1,593	1,767	1,831	1,829	1,830	1,952
	b) Financial Institutions	827	742	732	769	755	728	753	702	694
	c) Private Sector	0	0	0	0	0	0	0	0	0
	(ii) Non-concessional	3,527	3,372	2,855	2,760	2,585	2,539	2,373	2,182	2,165
	a) Public Sector	1,313	1,215	469	1,096	1,021	983	900	709	679
	b) Financial Institutions	389	380	121	343	333	332	315	308	369
	c) Private Sector	1,825	1,777	1,346	1,321	1,231	1,223	1,158	1,165	1,118
III.	IMF^a	5,784	5,596	5,551	5,533	5,523	5,531	5,424	5,501	5,430
IV.	EXPORT CREDIT	9,483	8,822	8,361	8,160	7,943	7,787	7,633	7,049	7,192
	a) Buyers' credit	6,716	6,137	5,709	5,445	5,160	4,961	4,806	4,217	4,300
	b) Suppliers' credit	1,040	1,023	1,019	1,010	999	963	959	951	948

(US \$ million)

S. No.	Components of External Debt	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
	c) Export credit component of bilateral credit	1,727	1,662	1,633	1,705	1,784	1,863	1,868	1,881	1,944
V.	COMMERCIAL BORROWINGS	2,01,826	1,93,394	1,88,523	1,94,851	2,06,574	2,13,711	2,15,969	2,23,833	2,20,333
	a) Commercial bank loans ^b	84,684	83,455	86,267	88,254	95,349	99,746	1,01,738	1,07,689	1,10,100
	b) Securitized borrowings ^c	1,16,798	1,09,583	1,01,948	1,06,286	1,10,925	1,13,662	1,13,939	1,15,854	1,09,951
	c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	344	356	309	311	300	303	292	290	281
VI.	NRI DEPOSITS (Above one year maturity)^d	1,26,182	1,24,256	1,21,914	1,25,773	1,30,423	1,33,586	1,32,893	1,33,138	1,30,581
	a) NR(E) RA	90,035	87,836	85,719	90,254	92,017	93,422	92,552	92,889	90,367
	b) FCNR (B)	22,026	22,568	22,422	20,840	23,170	24,364	24,500	24,018	24,244
	c) NRO Deposits	14,121	13,852	13,773	14,680	15,236	15,801	15,842	16,230	15,969
VII.	RUPEE DEBT^e	1,213	1,130	994	1,119	1,158	1,119	1,093	1,079	1,022
	a) Defence	1,130	1,056	994	1,047	1,084	1,049	1,025	1,011	958
	b) Civilian	83	74	0	72	74	70	68	68	64
VIII.	TOTAL LONG-TERM DEBT (I TO VII)	4,27,117	4,14,445	4,05,346	4,17,257	4,34,697	4,47,230	4,48,230	4,57,159	4,51,671
IX.	SHORT-TERM DEBT	1,02,173	98,677	1,04,350	1,03,924	1,08,415	1,09,709	1,09,136	1,06,780	1,06,878
	a) Trade - Related Credits	1,00,389	96,898	1,01,687	1,00,942	1,02,409	1,04,400	1,03,753	1,02,384	1,01,384

(US \$ million)

S. No.	Components of External Debt	Mar. 2018	Jun. 2018	Sep. 2018	Dec. 2018	Mar 2019 PR	Jun 2019 PR	Sep 2019 PR	Dec 2019 PR	Mar 2020 P
1	2	3	4	5	6	7	8	9	10	11
	1) 6 Months and above/upto 1 year	66,297	56,271	55,041	51,664	52,476	53,066	52,857	52,251	51,603
	2) Up to 6 months	34,091	40,627	46,646	49,278	49,934	51,334	50,896	50,132	49,781
	b) FII Investment in Govt. T-Bills and other instruments	89	102	571	1,337	1,735	1,828	1,859	1,835	1,723
	c) Investment in T- Bills by foreign central banks and international institutions etc.	275	254	242	244	263	269	252	244	242
	d) External Debt Liabilities of:	1,420	1,423	1,850	1,401	4,008	3,212	3,272	2,317	3,529
	1) Central Bank	274	250	224	223	221	259	212	194	180
	2) Commercial banks	1,146	1,174	1,626	1,178	3,787	2,953	3,060	2,123	3,349
X.	GRAND TOTAL (VIII+IX)	5,29,290	5,13,122	5,09,696	5,21,181	5,43,112	5,56,939	5,57,366	5,63,938	5,58,548
	Memo Items :									
	Concessional Debt ^f	48,324	46,620	45,591	46,503	47,466	48,146	47,732	47,788	48,230
	Concessional Debt to total external debt (per cent)	9.1	9.1	8.9	8.9	8.7	8.6	8.6	8.5	8.6
	Short-term debt	1,02,173	98,677	1,04,350	1,03,924	1,08,415	1,09,709	1,09,136	1,06,780	1,06,878
	Short-term debt to total external debt (per cent)	19.3	19.2	20.5	19.9	20.0	19.7	19.6	18.9	19.1

Source: Ministry of Finance, Ministry of Defence, RBI, SEBI, CCIL

PR: Partially Revised; P: Provisional

IFC(W): International Finance Corporation, Washington D.C

FII: Foreign Institutional Investors

a-Relates to SDR allocations

b-Includes Financial Lease

c-Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), FCCBs and net investment by 100% FII debt funds and securitized borrowings of commercial banks. FCCB debt has been adjusted after netting out conversion into equity and redemptions

d-Figures include accrued interest

e-Rupee denominated debt owed to Russia and payable through exports

f-The definition of concessional debt here includes 'concessional' categories under multilateral and bilateral debt and rupee debt under item VII.

Note:NRO Deposits are included under NRI Deposits.

Annex VII: External Debt by Borrower Classification

(US\$ million)												
Sl.No.	Components	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	Government Debt (A+B)	67067	78072	81,896	81,654	83,695	89,717	93,437	95,779	1,11,937	1,03,823	1,00,851
A.	Long-term (1+2):	65549	75230	75,789	77,867	79,914	89,603	93,329	95,680	1,11,662	1,03,560	1,00,609
1	Govt. Account	55235	62295	63,374	61,335	62,204	58,462	61,060	62,800	68,574	68,842	72,709
2	Other Govt. Debt (Long term)	10314	12935	12,415	16,532	17,710	31,141	32,269	32,880	43,088	34,717	27,901
B.	Other Govt Debt (Short-term)	1518	2842	6,107	3,787	3,781	114	108	99	275	263	242
II.	Non-Government Debt (C+D)	193868	239819	2,78,870	3,27,720	3,62,483	3,84,958	3,91,552	3,75,529	4,17,219	4,39,290	4,57,698
C.	Long-term (1+2):	143057	177671	2,06,798	2,34,809	2,74,586	2,99,574	3,08,285	2,87,504	3,15,321	3,31,137	3,51,061
1	Financial Sector*	55933	74786	85,689	1,02,261	1,35,175	1,44,619	1,59,629	1,47,174	1,69,008	1,90,394	1,94,836
2	Non-Financial Sector of which	87124	102885	1,21,109	1,32,548	1,39,411	1,54,955	1,48,656	1,40,330	1,46,313	1,40,743	1,56,225
	a. Public Sector**	13749	16070	19,180	23,943	33,226	33,711	33,515	28,578	29,493	34,147	33,470
	b. Private Sector***	73375	86815	1,01,929	1,08,605	1,06,185	1,21,244	1,15,141	1,11,752	1,16,819	1,06,596	1,22,756
D.	Short-term	50811	62148	72,072	92,911	87,897	85,384	83,267	88,025	1,01,898	1,08,152	1,06,636
III.	Total External Debt (I+II)	260935	317891	3,60,766	4,09,374	4,46,178	4,74,675	4,84,989	4,71,308	5,29,156	5,43,112	5,58,548
Memo items:												
IV	Govt debt in total debt (%)	25.7	24.6	22.7	19.9	18.8	18.9	19.3	20.3	21.2	19.1	18.1
V	Non-Govt debt in total debt (%)	74.3	75.4	77.3	80.1	81.2	81.1	80.7	79.7	78.8	80.9	81.9

Source: Based on data from RBI, SEBI, CCIL, CAAA and Ministry of Defence.

PR: Partially Revised; P: Provisional.

*Financial sector represents borrowings by banks and financial institutions and also includes long-term NRI Deposits; **Public sector debt represents borrowings of non-financial public sector enterprises; ***Private sector debt represents borrowings of non-financial private sector enterprises.

Annex VIII: Classification of External Debt Outstanding at End-March 2020 - Instrument-wise

(US \$ Million)

	Borrower	Creditor	Instruments				
			Bonds & Notes	Loans	Trade Credits	Deposits	Total
1	2	3	4	5	6	7	8
I	Government:		21,649	71,587	1,943	5,430	1,00,609
	1	Multilateral		48,352			48,352
	2	Bilateral		22,349			22,349
	3	IMF (SDR)				5,430	5,430
	4	Export Credit			1,943	0	1,943
	5	Commercial ^a	21,649				21,649
	6	Rupee Debt		886			886
II	Financial Sector^b:		37,743	26,485	0	1,30,581	1,94,809
	1	Multilateral		4,079			4,079
	2	Bilateral		1,103			1,103
	3	Export Credit		50			50
	4	Commercial	37,743	21,253			58,997
	5	NRI Deposits				1,30,581	1,30,581
III	Non-Financial Public Sector		6,733	26,761	0	0	33,495
	1	Multilateral		6,147			6,147
	2	Bilateral		2,666			2,666
	3	Export Credit		377			377
	4	Commercial	6,733	17,436			24,169
	5	Rupee Debt		136			136
IV	Non-Financial Private Sector:		43,826	77,982	948	0	1,22,755
	1	Multilateral		1,373			1,373
	2	Bilateral		1,042			1,042
	3	Export Credit		3,874	948		4,822
	4	Commercial	43,826	71,693			1,15,518
V.	Total Long-Term External Debt: (I to IV)		1,09,951	2,02,815	2,892	1,36,010	4,51,668
	1	Multilateral	0	59,951	0	0	59,951
	2	Bilateral	0	27,160	0	0	27,160
	3	IMF	0	0	0	5,430	5,430
	4	Export Credit	0	4,300	2,892	0	7,192

	Borrower	Creditor	Instruments				
			Bonds & Notes	Loans	Trade Credits	Deposits	Total
1	2	3	4	5	6	7	8
	5	Commercial	1,09,951	1,10,381	0	0	2,20,333
	6	NRI Deposits	0	0	0	1,30,581	1,30,581
	7	Rupee Debt	0	1,022	0	0	1,022
VI	Total Short-Term External Debt:		1,965	0	1,01,384	3,529	1,06,878
		Export Credit			1,01,384		1,01,384
		Commercial	1,965			3,529	5,494
	Memo Items:						
	Borrower Category						
I	Government:		21,649	71,587	1,943	5,430	1,00,609
II	Financial Sector:		37,743	26,485	0	1,30,581	1,94,809
III	Non-Financial Public Sector		6,733	26,761	0	0	33,495
IV	Non-Financial Private Sector		43,826	77,982	948	0	1,22,755
V	Total Long-Term Debt:		1,09,951	2,02,815	2,892	1,36,010	4,51,668
VI	Government:		242				242
VII	Financial Sector:		1,723			3,529	5,252
VIII	Non-Financial Sector				1,01,384		1,01,384
IX	Total Short term Debt		1,965	0	1,01,384	3,529	1,06,878

Source: RBI, CAAA, SEBI, CCIL and Ministry of Defence

Note: The central bank, i.e., Reserve Bank of India has no external debt liability.

^a: Includes investment by FII in Central Government domestic debt securities and treasury bills.

^b: Financial sector includes financial development institutions, commercial banks and non-banking financial companies.

Annex IX: Composition of External Debt: Currency-Wise**(Per cent)**

S. No.	Currency	At end-March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
1	US Dollar	53.2	55.3	56.9	59.1	61.1	58.3	57.1	52.1	49.5	50.4	53.7
2	Indian Rupee	18.7	18.8	20.5	22.9	21.8	27.8	28.9	33.6	35.8	35.7	31.9
3	SDR	10.7	9.4	8.3	7.2	6.8	5.8	5.8	5.8	5.5	4.9	4.5
4	Japanese Yen	11.5	10.9	8.7	6.1	5	4	4.4	4.6	4.7	5.0	5.6
5	Euro	3.6	3.6	3.7	3.4	3.3	2.3	2.5	2.9	3.4	3.1	3.5
6	Pound Sterling	1.8	1.6	0.9	0.7	1.1	0.9	0.8	0.6	0.6	0.5	0.4
7	Others	0.5	0.4	1	0.6	0.9	0.9	0.5	0.4	0.5	0.4	0.4
	Total (1 to 7)	100	100	100	100	100	100	100	100	100	100	100

Source: RBI, CAAA, SEBI, CCIL and Ministry of Defence

PR: Partially Revised; P: Provisional.

Annex X: Short-term Debt by Residual Maturity**(US \$ Billion)**

Year (End-March)	Short-term debt (Original Maturity)	Long-term debt repayment obligations maturing in one year	Post facto Short-term debt Residual Maturity (2+3)	Residual short-term debt to total debt (per cent)	Residual short-term debt to Foreign Currency Assets (per cent)	Residual short-term debt to Foreign Exchange Reserves (per cent)
1	2	3	4	5	6	7
2009	49	44	93	38.8	36.1	34.6
2010	52	55	108	41.2	42.2	38.5
2011	65	64	129	40.6	47.0	42.3
2012	78	69	147	40.9	56.7	50.1
2013	97	76	172	42.1	66.4	59.0
2014	92	85	177	39.7	64.1	58.2
2015	85	97	183	38.5	57.6	53.5
2016	84	123	207	42.7	61.6	57.4
2017	88	108	196	41.6	56.6	52.9
2018	102	120	222	42.0	55.6	52.3
2019 PR	108	127	236	43.4	61.1	57.0
2020 P	107	130	237	42.4	53.5	49.5

Source: RBI

PR: Partially Revised, P: Provisional

Annex XI: India's External Debt Service Payments - Source-wise

(US\$ Million)

S. No.	Source	Component	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 PR	2019-20 P
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	External Assistance ^a		3,461	3,667	3,923	4,255	4,078	4,354	4,771	5,071	5,672	6,380	6,918
		Repayments	2,585	2,839	3,125	3,415	3,383	3,667	4,099	4,251	4,650	5,073	5,466
		Interest	876	828	798	840	695	688	672	820	1,022	1,307	1,452
2	Commercial Borrowings		14,742	13,959	25,198	23,240	23,399	31,994	33,586	32,562	33,379	28,076	28,295
		Repayments	11,498	10,451	19,782	16,914	17,702	26,004	26,716	25,642	25,386	18,531	17,625
		Interest	3,244	3,508	5,416	6,326	5,697	5,990	6,871	6,920	7,993	9,545	10,670
3	Non-resident Deposits		1,599	1,737	2,313	3,778	4,784	5,973	5,901	5,612	5,495	6,434	6,508
		Interest	1,599	1,737	2,313	3,778	4,784	5,973	5,901	5,612	5,495	6,434	6,508
4	Rupee Debt Service		97	69	79	58	52	81	73	99	75	31	69
		Repayments	97	69	79	58	52	81	73	99	75	31	69
5	Total Debt Service		19,899	19,432	31,513	31,331	32,312	42,402	44,331	43,344	44,621	40,921	41,790
		Repayments	14,180	13,359	22,986	20,387	21,136	29,751	30,888	29,992	30,111	23,635	23,160
		Interest	5,719	6,073	8,527	10,944	11,176	12,650	13,443	13,351	14,510	17,286	18,629
Memo Items:													
Current Receipts			3,45,144	4,45,999	5,28,372	5,30,163	5,51,410	5,57,868	5,00,972	5,21,921	5,92,050	6,43,472	6,41,982
Debt Service Ratio (%)			5.8	4.4	6.0	5.9	5.9	7.6	8.8	8.3	7.5	6.4	6.5
Interest to Current Receipts (%)			1.7	1.4	1.6	2.1	2.0	2.3	2.7	2.6	2.5	2.7	2.9

PR: Partially Revised. P: Provisional

a: Inclusive of non-government account figures supplied by the Office of Controller of Aid Accounts & Audit, DEA, Ministry of Finance.

Source: RBI

Annex XII: India's External Debt Service Payments by Creditor Category

(US \$ million)

	Creditor Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 PR	2019-20 P
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Multilateral [#]	2,084	2,382	2,537	2,680	3,005	3,395	3,956	4,823	4,975	5,447	5,718
	Principal	1,560	1,927	2,026	2,165	2,548	2,914	3,384	4,062	4,016	4,303	4,386
	Interest	524	455	511	515	457	481	572	761	960	1,145	1,332
2	Bilateral [@]	1,974	2,111	2,292	2,598	2,480	2,526	2,374	2,726	2,765	2,479	2,205
	Principal	1,353	1,583	1,624	1,981	1,926	2,003	1,870	2,189	2,283	2,055	1,795
	Interest	621	528	668	617	554	523	504	537	482	424	410
3	Export Credit ^{##}	2,048	2,186	3,182	3,448	3,855	4,129	3,018	2,292	1,908	1,271	1,297
	Principal	1,394	1,734	2,671	2,608	3,276	3,565	2,517	1,842	1,482	994	1,037
	Interest	654	452	511	840	579	564	501	450	426	277	260
4	Commercial Borrowings*:	12,097	10,947	21,110	18,769	18,136	26,299	29,009	27,792	29,403	23,816	25,992
	Principal	9,776	8,046	16,586	13,575	13,335	21,189	23,044	21,800	22,256	16,252	15,872
	Interest	2,321	2,901	4,524	5,194	4,801	5,110	5,965	5,992	7,147	9,006	10,119
5	NRI Deposits	1,599	1,737	2,313	3,778	4,784	5,972	5,901	5,612	5,495	6,434	6,508
	Interest ^a	1,599	1,737	2,313	3,778	4,784	5,972	5,901	5,612	5,495	6,434	6,508

(US \$ million)												
	Creditor Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 PR	2019-20 P
1	2	3	4	5	6	7	8	9	10	11	12	13
6	Rupee Debt	97	69	79	58	52	81	73	99	75	31	69
	Principal	97	69	79	58	52	81	73	99	75	31	69
8	Total Debt Service:	19,899	19,432	31,513	31,331	32,312	42,402	44,331	43,344	44,621	40,921	41,789
	Principal	14,180	13,359	22,986	20,387	21,137	29,752	30,888	29,992	30,111	23,635	23,160
	Interest	5,719	6,073	8,527	10,944	11,175	12,650	13,443	13,352	14,510	17,286	18,629
	Memo items:											
I	Current Receipts	3,45,144	4,45,999	5,28,372	5,30,163	5,51,410	5,57,868	5,00,972	5,20,848	5,92,050	6,43,472	6,41,982
II	Debt Service Ratio (%)	5.8	4.4	6.0	5.9	5.9	7.6	8.8	8.3	7.5	6.4	6.5
III	Interest to Current Receipts Ratio (%)	1.7	1.4	1.6	2.1	2.0	2.3	2.7	2.6	2.5	2.7	2.9

Source: RBI, SEBI, CCIL, Ministry of Finance, Ministry of Defence,

PR: Partially Revised, P: Provisional

1) This corresponds to the creditor-wise debt outstanding ie. major heads of debt outstanding as per Annex III&IV (Annual).

2) Figures for debt service and interest payments is calculated on cash payment basis except for Non-Resident Indian Deposits for which accrual method is used. The estimates may, therefore, differ from BOP data compilation methodology

Includes external assistance and ECBs under multilateral

@ Includes external assistance and ECBs under bilateral

Includes external assistance and ECBs under export credit

*Commercial borrowings include total of commercial borrowings minus ECBs under multilateral, bilateral and export credit

a:Interest payments on NRI Deposits include both long term and short-term external debt component of NRI Deposits

Annex XIII: International Comparison of Top 20 Low and Middle Income Debtor Countries, 2018

Sl. No.	Country	External debt stock 2018 (US\$ million)	Present value of debt (US\$ million)	Ratio of total external debt to exports of goods and service (%)	Ratio of present value of debt to exports of goods and service (%)	Ratio of total external debt to GNI (%)	Ratio of present value of debt to GNI (%)	Short-term debt (US\$ million)	Ratio of foreign exchange reserves/ total debt (%)	Ratio of Short-term debt to total debt (%)	Short term debt to Foreign Exchange Reserves (%)
1	2	3	4	5	6	7	8	9	10	11	12
1	China	1962304	2,01,336	62.9	7	14.1	1.5	12,18,901	184.7	60.3	33.6
2	Brazil	557823	1,91,895	185.6	63.9	30.3	10.4	66,844	66.7	12.0	18.0
3	India	521391	1,76,571	93.1	31.5	19.3	6.5	1,04,171	71.8	20.0	27.8
4	Mexico	452991	3,45,275	92.0	70.1	38.0	29	61,095	37.8	13.5	35.7
5	Turkey	445139	1,36,458	193.9	59.4	59.0	18.1	1,15,421	16.4	25.9	158.1
6	Indonesia	379664	2,17,497	174.2	99.8	37.6	21.5	47,960	30.9	12.6	40.9
7	Argentina	280516	1,71,000	339.5	206.9	56.1	34.2	67,583	22.8	24.1	105.7
8	South Africa	179306	87,206	152.8	74.3	50.6	24.6	36,630	25.9	20.4	78.9
9	Thailand	169241	28,509	49.0	8.3	35.1	5.9	60,305	117.8	35.6	30.2
10	Kazakhstan	156921	25,257	225.7	36.3	105.7	17	8,365	10.5	5.3	50.8
11	Venezuela, RB	154898	1,16,811		46,221	..	29.8	..
12	Colombia	134940	88,510	224.9	147.5	42.3	27.7	15,105	35.1	11.2	31.9
13	Ukraine	114512	53,793	161.3	75.8	89.6	42.1	20,690	17.3	18.1	104.4
14	Romania	112116	42,184	107.9	40.6	48.0	18.1	15,863	33.8	14.1	41.9

Sl. No.	Country	External debt stock 2018 (US\$ million)	Present value of debt (US\$ million)	Ratio of total external debt to exports of goods and service (%)	Ratio of present value of debt to exports of goods and service (%)	Ratio of total external debt to GNI (%)	Ratio of present value of debt to GNI (%)	Short-term debt (US\$ million)	Ratio of foreign exchange reserves/ total debt (%)	Ratio of Short-term debt to total debt (%)	Short term debt to Foreign Exchange Reserves (%)
1	2	3	4	5	6	7	8	9	10	11	12
15	Vietnam	108096	48,577	41.6	18.7	46.7	21	19,585	51.3	18.1	35.3
16	Egypt, Arab Rep.	98705	73,920	187.9	140.7	40.4	30.2	10,341	39.1	10.5	26.8
17	Pakistan	90957	65,115	295.3	211.4	27.6	19.8	8,302	10.1	9.1	90.4
18	Lebanon	79345	36,702	348.5	161.2	145.1	67.1	5,547	51.1	7.0	13.7
19	Philippines	78824	46,664	77.9	46.1	19.9	11.8	16,068	90.1	20.4	22.6
20	Peru	66697	24,935	114.7	42.9	31.3	11.7	9,998	88.3	15.0	17.0

Note: The order of the countries is the ranking of total external debt stock appearing in column No.3

Source: International Debt Statistics, 2020: World Bank

Annex XIV: Gross External Debt Position of Top 20 Developing Countries

(US \$ million)

Sl. N o.	Countries	2019 Q3 (End-September 2019)			Short-Term Debt to Total Debt (4/5) (%)	2019 Q4 (End-December 2019)			Short-Term Debt to Total Debt (8/9) (%)
		Long-term	Short-term	Total		Long-term	Short-term	Total	
1	2	3	4	5	6	7	8	9	10
1	China	8,90,950	11,58,569	20,49,519	56.5	9,10,572	11,46,708	20,57,280	55.7
2	Brazil	5,99,496	73,228	6,72,724	10.9	5,96,609	79,180	6,75,789	11.7
3	India	4,48,239	1,09,136	5,57,375	19.6	4,57,146	1,06,780	5,63,926	18.9
4	Korea, Rep.	3,26,640	1,33,525	4,60,165	29.0	3,32,482	1,34,496	4,66,978	28.8
5	Mexico	3,91,299	58,489	4,49,788	13.0	4,01,588	62,470	4,64,058	13.5
6	Turkey	3,15,294	1,17,667	4,32,961	27.2	3,13,761	1,23,159	4,36,920	28.2
7	Indonesia	3,48,540	45,761	3,94,301	11.6	3,57,081	47,201	4,04,282	11.7
8	Argentina	2,13,158	63,577	2,76,735	23.0	2,13,145	64,503	2,77,648	23.2
9	Mauritius	2,29,728	5,063	2,34,791	2.2	2,33,076	5,729	2,38,805	2.4
10	Malaysia	1,26,005	92,873	2,18,878	42.4	1,36,710	94,516	2,31,226	40.9
11	Chile	1,77,451	17,595	1,95,046	9.0	1,78,676	19,428	1,98,104	9.8
12	South Africa	1,44,000	33,676	1,77,676	19.0	1,50,817	34,419	1,85,236	18.6
13	Saudi Arabia	1,35,595	43,974	1,79,569	24.5	1,39,096	44,657	1,83,753	24.3
14	Thailand	1,17,457	49,734	1,67,191	29.7	1,21,235	50,900	1,72,135	29.6
15	Kazakhstan	1,49,356	8,245	1,57,601	5.2	1,48,034	8,768	1,56,802	5.6
16	Hungary	1,35,724	16,150	1,51,874	10.6	1,28,544	14,619	1,43,163	10.2
17	Colombia	1,21,000	15,164	1,36,164	11.1	1,21,982	16,194	1,38,176	11.7
18	Ukraine	1,02,660	15,773	1,18,433	13.3	1,05,503	16,236	1,21,739	13.3
19	Romania	1,00,829	16,460	1,17,289	14.0	1,02,652	16,284	1,18,936	13.7
20	Egypt	98,330	11,033	1,09,363	10.1	1,01,387	11,284	1,12,671	10.0

External Debt Position of BRICS

Sl. No.	Countries	2019 Q3 (End-September 2019)			Short-Term Debt to Total Debt (4/5) (%)	2019 Q4 (End-December 2019)			Short-Term Debt to Total (8/9) (%)
		Long-term	Short-term	Total		Long-term	Short-term	Total	
1	2	3	4	5	6	7	8	9	10
1	China	8,90,950	11,58,569	20,49,519	56.5	9,10,572	11,46,708	20,57,280	55.7
2	Brazil	5,99,496	73,228	6,72,724	10.9	5,96,609	79,180	6,75,789	11.7
3	India	4,48,239	1,09,136	5,57,375	19.6	4,57,146	1,06,780	5,63,926	18.9
4	Russian Federation	4,26,002	48,836	4,74,838	10.3	4,33,112	57,699	4,90,811	11.8
5	S. Africa	1,44,000	33,676	1,77,676	19.0	1,50,817	34,419	1,85,236	18.6

Source: Quarterly External Debt Statistics (QEDS), IMF

Note: The order of the countries is the ranking of total external debt stock appearing in column no. 9.

Annex XV: External Debt Position of Top 20 Debtor Countries in the World

(US \$ million)

S. No.	Countries	2019 Q3 (End-September)			2019 Q4 (End-December)		
		Long term	Short term	Total	Long term	Short term	Total
1	2	3	4	5	6	7	8
1	United States	1,41,52,210	62,69,063	2,04,21,273	1,40,13,462	63,99,252	2,04,12,714
2	United Kingdom	30,56,661	56,16,740	86,73,401	31,63,004	56,11,411	87,74,415
3	France	36,20,930	28,23,642	64,44,572	36,64,551	25,88,834	62,53,385
4	Germany	35,53,468	20,78,411	56,31,879	35,83,432	20,04,671	55,88,103
5	Japan	12,96,181	30,32,953	43,29,134	12,69,744	29,51,009	42,20,753
6	Netherlands	31,54,600	10,62,243	42,16,843	31,88,793	9,96,489	41,85,282
7	Luxembourg	31,66,655	9,46,784	41,13,439	31,25,159	8,94,389	40,19,548
8	Ireland	21,36,596	6,26,788	27,63,384	21,62,973	6,89,071	28,52,044
9	Italy	15,63,118	8,97,908	24,61,026	16,12,927	8,91,740	25,04,667
10	Spain	14,66,499	8,33,269	22,99,768	14,93,929	8,73,939	23,67,868
11	Canada	13,97,343	6,41,742	20,39,085	13,92,932	7,15,169	21,08,101
12	China	8,90,950	11,58,569	20,49,519	9,10,572	11,46,708	20,57,280
13	Switzerland	8,79,054	9,88,605	18,67,659	8,62,377	9,65,029	18,27,406
14	Hong Kong SAR, China	5,81,210	10,65,605	16,46,815	5,74,558	10,99,057	16,73,615
15	Singapore	4,51,553	11,02,248	15,53,801	4,49,710	11,26,322	15,76,032
16	Australia	11,67,270	3,16,666	14,83,936	11,84,527	3,41,442	15,25,969
17	Belgium	8,57,222	4,58,433	13,15,655	8,62,330	4,56,594	13,18,924
18	Sweden	5,80,704	3,08,391	8,89,095	5,96,652	2,92,619	8,89,271
19	Austria	5,06,536	1,76,437	6,82,973	5,11,751	1,72,348	6,84,099
20	Brazil	5,99,496	73,228	6,72,724	5,96,609	79,180	6,75,789
	India	4,48,239	1,09,136	5,57,375	4,57,146	1,06,780	5,63,926
	Total*	5,29,89,306	3,27,93,448	8,57,82,754	5,31,93,673	3,26,25,393	8,58,19,066

Source: Quarterly External Debt Statistics (QEDS), World Bank

*Total represents sum total of countries reporting to QEDS (SDDS and GDDS)

Note: The order of the countries is the ranking of total external debt stock appearing in column no. 8.

Annex XVI: Sovereign External Debt: Creditor-wise – Rupees

(Rs. crore)

Sl. No.	Category	End March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	Govt. A/C under External Assistance (A+B)	249288	278455	322890	332004	374483	366193	406589	408108	445289	474551	544394
A.	Multilateral (1 to 5)	170720	190326	222578	235671	268490	269430	294122	288260	304595	320336	362028
1	IDA	114552	119067	136815	141119	161164	152170	163771	154050	160970	157188	162506
2	IBRD	28872	39218	45328	48239	53433	57107	61553	60681	61663	67248	82787
3	ADB	25803	30455	38560	44301	51469	57743	66063	70151	76809	87612	103062
4	IFAD	1300	1398	1662	1789	2182	2145	2458	2423	2786	3003	3578
5	Others	193	188	213	223	242	265	277	955	2368	5284	10094
B.	Bilateral (6 to 11)	78568	88129	100312	96333	105993	96763	112467	119848	140694	154215	182366
6	Japan	56156	65907	76401	73120	79825	75253	90112	97433	112650	122498	144445
7	Germany	11090	11899	13765	13826	16085	12611	13575	12597	15398	15466	17433
8	United States	1715	1489	1516	1460	1453	1329	1215	1010	846	725	605
9	France	1901	1750	1657	1514	2517	2058	2467	2957	4345	4913	6422
10	Russian Federation	7684	7062	6953	6397	6099	5504	5094	5848	7453	10611	13458
11	Others	22	22	20	16	14	8	4	3	2	2	2
II.	Total Other Govt. Debt [C+D]	53405	70439	94752	110514	129116	195083	214765	213882	281599	241964	212168
C.	Other Govt. Debt (Long-term)	46550	57748	63511	89918	106391	194369	214051	213240	279813	240143	210346
D.	Other Govt. Debt (Short-term)	6855	12691	31241	20596	22725	714	714	642	1786	1820	1822
III.	Total Government Debt (I+II)	302693	348894	417642	442518	503599	561276	621354	621990	726888	716515	756561

(Rs. crore)

Sl. No.	Category	End March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
IV.	Total External Debt	1178638	1419407	1844167	2224734	2682214	2971542	3218875	3060537	3441090	3754872	4198492
Memo Items:												
a)	Govt Debt to GDP (%)	4.7	4.5	4.6	4.4	4.5	4.4	4.5	4.2	4.3	3.9	3.7
b)	External Assistance to GDP (%)	3.8	3.6	3.6	3.3	3.3	2.9	3.0	2.7	2.6	2.5	2.7

Source: RBI, CCIL, CAAA and Ministry of Defence

PR: Partially Revised; P: Provisional

Annex XVII: Sovereign External Debt: Creditor-wise – US Dollar

(US \$ Million)

Sl. No.	Category	At end-March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	Govt. A/C under External Assistance(A+B)	55235	62295	63374	61335	62204	58462	61060	62800	68574	68842	72709
A	Multilateral (1 to 5)	37825	42579	43686	43538	44598	43014	44170	44358	46907	46471	48352
	<i>Multilateral Credit as percent of Govt.A/C debt</i>	68.48	68.35	68.93	71.00	71.70	73.50	72.30	70.60	68.40	67.50	66.50
	1. IDA	25380	26637	26853	26071	26771	24293	24594	23705	24789	22803	21704
	2. IBRD	6397	8774	8897	8912	8876	9117	9244	9338	9496	9756	11057
	3. ADB	5717	6813	7568	8184	8549	9219	9921	10795	11828	12710	13765
	4. IFAD	288	313	326	330	362	342	369	373	429	436	478
	5. Others	43	42	42	41	40	43	42	147	365	767	1348
B	Bilateral (6 to 12) ^a	17410	19716	19688	17797	17606	15448	16890	18442	21667	22372	24357
	<i>Bilateral Credit as percent of Govt.A/c debt</i>	31.52	31.65	31.07	29.00	28.30	26.50	27.70	29.40	31.60	32.50	33.50
	6. Japan	12444	14745	14995	13508	13259	12014	13533	14993	17348	17771	19292
	7. Germany	2458	2662	2702	2554	2672	2013	2039	1938	2371	2244	2328
	8. United States	380	333	298	270	241	212	182	155	130	105	81
	9. France	421	392	325	280	418	329	371	455	669	713	858
	11. Russian Federation	1702	1579	1365	1182	1013	879	764	900	1148	1539	1797
	12. Others	5	5	3	3	3	1	1	1	0	0	0

(US \$ Million)

Sl. No.	Category	At end-March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
II.	Total Other Govt. Debt (C+D)	11832	15777	18522	20319	21491	31255	32377	32979	43363	34980	28142
C.	Other Govt. Debt (Long term)	10314	12935	12415	16532	17710	31141	32269	32880	43088	34717	27901
D.	Other Govt. Debt (Short-term)	1518	2842	6107	3787	3781	114	108	99	275	263	242
III.	Total Sovereign Debt (I+II)	67067	78072	81896	81654	83695	89717	93437	95779	111937	103823	100851

Source: RBI, CAAA, CCIL, SEBI and Ministry of Defence

a: Includes civilian component of rupee debt and export credit component of bilateral credit.

PR: Partially Revised; P: Provisional

Annex XVIII: Composition of Sovereign External Debt: Currency-Wise**(per cent)**

Sl. No.	Currency	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
1	US dollar	26.5	26.7	25.9	26.3	26.2	24.4	24.0	24.4	22.1	25.8	29.8
2	SDR	41.7	38.1	36.8	36.0	37.4	30.8	30.2	28.5	25.8	25.5	24.9
3	Indian Rupee	8.9	12.4	15.3	17.7	16.3	28.8	28.7	28.9	33.7	28.4	22.5
4	Japanese Yen	18.6	18.9	18.3	16.5	16.3	13.4	14.5	15.7	15.5	17.1	19.1
5	Euro	4.3	3.9	3.7	3.5	3.8	2.6	2.6	2.5	2.9	3.2	3.7
6	Pound Sterling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (1 to 7)		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: RBI, CAAA, CCIL and Ministry of Defence

PR: Partially revised; P: Provisional

Annex XIX: Sovereign External Debt Service Payments

(US \$ Million)

S.No.	Debt Service Payments	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 (PR)	2019-20 (P)
1	2	3	4	5	6	7	8	9	10	11	12	13
I.	Debt Service Payments under Govt A/C (A+B)	3273	3340	3354	3,718	3,655	3,890	4,091	4,823	5023	5632	5756
A	Multilateral (i + ii)	1818	1846	1859	2,161	2,272	2,626	2,935	3,500	3719	4241	4349
	i. Principal	1386	1529	1545	1,789	1,944	2,306	2,600	3,000	3092	3382	3411
	ii. Interest ^a	432	317	314	372	328	320	335	500	627	859	938
B	Bilateral (iii +iv)	1455	1494	1495	1,557	1,383	1,264	1,156	1,323	1304	1391	1407
	iii. Principal	1084	1105	1122	1,186	1,067	983	901	1,031	1017	1077	1115
	iv. Interest	371	389	373	371	316	281	255	292	287	314	292
II.	Other Govt Debt Service Payments (v + vi)	97	69	79	58	52	81	73	99	75	31	565
	v. Principal	97	69	79	58	52	81	73	99	75	31	80
	vi. Interest	0	0	0	0	0	0	0	0	0	0	484
III.	Total Government External Debt Service Payments (I+II)	3370	3409	3433	3,776	3,707	3,971	4,164	4,922	5098	5663	6321
	vii. Total Principal (i+ iii + v)	2567	2703	2746	3,033	3,063	3,370	3,574	4,130	4184	4491	4607
	viii. Total Interest (ii + iv + vi)	803	706	687	743	644	601	590	792	914	1173	1714

Source: CAAA and CCIL, RBI, M/o Defence

PR: Partially Revised P: Provisional.

Note: 1. Debt service payments on account of FII investment in Government securities and defence debt are not included till 2018-19

2. Debt service payments on account of Investment in Treasury Bills by foreign central banks and international institutions etc. and SDR are not included

^a: Though IDA loans are interest-free, the service charges associated with it are treated as 'interest payments

* Indicates interest payments on G-Sec holdings by FIIs

Annex XX: Central Government Guarantees on External Debt

(US\$ million)

Sl.	Component	At end-March										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 PR	2020 P
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Government Debt	67067	78072	81896	81654	83695	89717	93437	95779	111937	103823	100851
2	Non-Government Debt	193868	239819	278870	327720	362483	384958	391552	375529	417219	439290	457698
3	of which with Govt. Guaranteed*: (a+b+c)	7786	8563	9361	9536	9913	9577	10086	10171	10540	11420	11566
	a. Financial Sector	2276	2748	2794	2748	2741	2448	2657	3791	3315	3133	3209
	b. Public Sector	5450	5757	6534	6777	7172	7129	7411	6236	7004	7957	7923
	c. Private Sector	60	58	33	11	0	0	18	144	221	330	434
4	Total External Debt (1+2)	2609935	317891	360766	409374	446178	474675	484989	471308	529156	543112	558548
5	Government and Government Guaranteed Debt (1+3)	74853	86635	91257	91190	93608	99294	103523	105950	122477	115243	112417
6	Govt. and Govt Guaranteed Debt to Total External Debt (Per cent)	28.7	27.3	25.3	22.3	21.0	20.9	21.3	21.8	23.1	21.2	20.1
7	Govt. Guaranteed Debt to Total External Debt (Per cent)	2.9	2.7	2.6	2.3	2.2	2.0	2.1	2.1	2.0	2.1	2.1
8	Govt. Guaranteed to Total Non- Govt. Debt (Per cent)	4.0	3.6	3.4	2.9	2.7	2.5	2.6	2.6	2.5	2.6	2.5

Source: RBI, CAAA, SEBI, CCIL and Ministry of Defence

PR: Partially Revised; P: Provisional.

* Direct Credit guarantees on non-government external debt provided by the Central Government.

Annex XXI: External Debt Service Payments on Government Account under External Assistance: Creditor-wise

(US \$ million)

S. N.	Component	2014-15			2015-16			2016-17			2017-18			2018-19 (PR)			2019-20 (P)		
		P	I	Total	P	I	Total	P	I	Total	P	I	Total	P	I	Total	P	I	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
I.	Govt. A/C under EA (A+B)	3289	601	3890	3501	590	4091	4032	791	4823	4110	913	5023	4459	1173	5632	4526	1230	5756
A.	Multilateral*	2306	320	2626	2600	335	2935	3001	499	3500	3092	627	3719	3382	860	4241	3411	938	4349
1	ADB	359	60	419	414	75	489	503	138	641	526	202	727	582	320	902	654	366	1020
	AIIB	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	0	12	12
2	EEC (SAC)	2	0	2	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1
	EIB	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	IBRD	663	54	717	745	70	815	855	135	990	838	187	1026	900	287	1187	893	327	1220
4	IDA	1267	202	1469	1425	186	1611	1626	222	1848	1711	234	1945	1881	243	2124	1844	228	2072
5	IFAD	12	3	15	12	3	15	14	3	17	14	3	17	15	4	19	17	4	21
	NDB	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1
6	OPEC	3	1	4	3	1	4	2	1	3	2	1	2	2	1	3	2	0	3
B.	Bilateral	983	281	1264	901	255	1156	1031	292	1323	1017	287	1304	1077	314	1391	1115	292	1407
7	Germany	190	31	221	166	24	190	173	27	200	143	23	166	161	25	186	155	23	178
8	France	38	7	45	17	6	23	18	6	24	27	7	34	33	8	41	39	8	47
9	Japan	594	201	795	580	190	770	695	228	923	710	219	930	746	232	978	793	221	1014
10	Russian Fedr	132	35	167	108	29	137	117	26	143	112	32	145	112	45	157	104	36	141
11	Switzerland	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
12	USA	28	7	35	29	6	35	28	5	33	25	4	30	26	4	29	23	3	26

Source: CAAA

P: Principal; I: Interest

PR: Partially Revised, P: Provisional.

*Note: It may be noted that in year 2017-18, three (3) multilateral agencies i.e. European Investment Bank (EIB), New Development Bank (NDB) (with US \$0.33 million Interest on Government Account) and Asian Infrastructure Investment Bank (AIIB) (with US \$0.98 Interest on Government Account) were newly added in the creditor list.

Annex XXII: Projections of External Debt Service Payments on Sovereign Debt -Creditor-wise**(US \$ Million)**

	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)	Total of 2020 -21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028 Onwards
1	2	3	4	5	6	7	8	9	10	11	12	13
Multilateral	666	1184	1601	4496	5616	6007	6388	7284	7233	6840	6581	12252
Principal	496	901	1183	3418	4285	4569	4873	5748	5779	5525	5403	8752
Interest	170	284	418	1078	1331	1438	1514	1536	1454	1314	1178	3500
Bilateral	313	454	499	1758	1986	2323	2445	2233	2247	2272	2341	12173
Principal	288	417	360	1447	1560	1891	2013	1802	1830	1878	1977	9960
Interest	25	37	138	311	426	431	432	431	418	394	364	2213
Other Govt. Debt *	350	476	352	1657	1623	1443	1254	1006	908	804	638	3004
Interest	350	476	352	1657	1623	1443	1254	1006	908	804	638	3004
Total	1329	2114	2452	7911	9225	9772	10087	10523	10389	9916	9560	27430
Principal	784	1317	1544	4865	5845	6460	6886	7550	7609	7403	7380	18712
Interest	545	796	908	3046	3380	3312	3200	2973	2780	2512	2180	8717

Source: CAAA and CCIL

* Converted into US \$ million with the exchange rate as on 31st March 2020. --

Note: 1. Bilateral includes export credit component of bilateral credit and civilian rupee debt

2. Other Govt. Debt includes FPI investment of Govt Securities and State Development Loans

3. Debt Service Payment for Investment in Govt. Treasury Bills, SDR and Defence Debt are not included in this table.

4. The projections do not include debt service arising out of Committed Undisbursed Balance (CUB) and fresh borrowings.

Annex XXIII: External Commercial Borrowings^a

(US \$ Million)

Year	Approvals ^b	Gross Disbursement ^c	Amortisation ^c	Interest ^c	Total Debt Service ^c	Debt Outstanding ^c
1	2	3	4	5	6	7
1990-91	1,903	1,700	1,191	1,042	2,233	13,909
1991-92	2,127	2,798	1,146	994	2,140	15,557
1992-93	2,200	1,001	1,357	917	2,274	15,818
1993-94	2,585	1,859	1,703	896	2,599	16,650
1994-95	4,469	2,670	2,513	1,091	3,604	18,037
1995-96	6,286	4,538	3,311	1,162	4,473	19,024
1996-97	8,581	7,018	4,032	1,177	5,209	20,261
1997-98	8,712	7,400	3,411	1,406	4,817	23,946
1998-99	5,200	6,927	3,153	1,575	4,728	28,182
1999-00	3,398	2,289	3,460	1,635	5,095	27,530
2000-01	2,837	9,295	5,043	1,683	6,726	30,922
2001-02	2,653	2,933	4,013	1,534	5,547	29,579
2002-03	4,235	3,033	5,001	1,180	6,181	28,074
2003-04	6,671	5,149	8,015	2,031	10,046	25,809
2004-05	11,490	9,094	3,571	959	4,530	31,595
2005-06	17,175	14,606	11,518	2,996	14,514	32,371
2006-07	24,492	20,727	3,785	1,709	5,494	48,459
2007-08	28,842	29,112	6,063	2,630	8,693	71,051
2008-09	16,517	14,024	6,426	2,702	9,128	77,862
2009-10	21,703	15,951	11,501	2,397	13,898	82,518
2010-11	25,012	23,008	10,440	2,584	13,024	1,08,328
2011-12	35,240	31,791	16,478	4,326	20,804	1,26,288
2012-13	30,992	28,563	16,355	4,990	21,345	1,38,735
2013-14	30,563	29,901	17,778	4,739	22,517	1,49,146
2014-15	27,415	29,454	26,000	4,886	30,886	1,46,097
2015-16	23,519	23,611	26,725	4,976	31,701	1,46,104
2016-17	20,052	21,228	25,642	4,894	30,536	1,36,239
2017-18	27,139	27,094	24,834	5,288	30,122	1,26,443
2018-19 PR	40,481	32,129	18,913	6,289	25,202	1,37,013
2019-20 P	51,495	47,835	17,624	6,829	24,453	1,65,116

Source: RBI

PR: Partially Revised; P: Provisional.

^a: The definition of commercial borrowing includes loans from commercial banks, other commercial financial institutions, money raised through issue of securitised instruments like Bonds(including India Development Bonds (IDBs) and Resurgent India Bonds (RIBs), Floating Rate Notes (FRN), etc. It also includes borrowings through Buyers' credit & Supplier credit mechanism, of concerned countries, International Finance Corporation, Washington [IFC(W)], Nordic Investment Bank and private sector borrowings from Asian Development Bank (ADB).

^b: 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.

^c: May show small variation as compared to other figures given elsewhere in this Report due to differences in classification.

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 {US \$5.2 billion (principal US \$ 4.2 billion and interest US \$1 billion)} and IMDs {US \$7.1 billion (principal US \$5.5 billion and interest US \$1.6 billion)}, respectively.