

## External Debt

6.64 India's external debt at end-September 1999 stood at US \$98.87 billion as against US \$97.68 billion at end-March 1999. Despite the increase in debt stock, there has been considerable improvement in major debt indicators, which reflects an over all improvement in the external debt scenario of the country. In this regard, it is noteworthy that the Debt-GDP ratio improved from 41.0 per cent in 1991-92 to 23.5 per cent in 1998-99 (Table 6.12). The debt service payments as ratio of current receipts continued to improve steadily from 30.2 per cent in 1991-92 to 18 per cent in 1998-99.

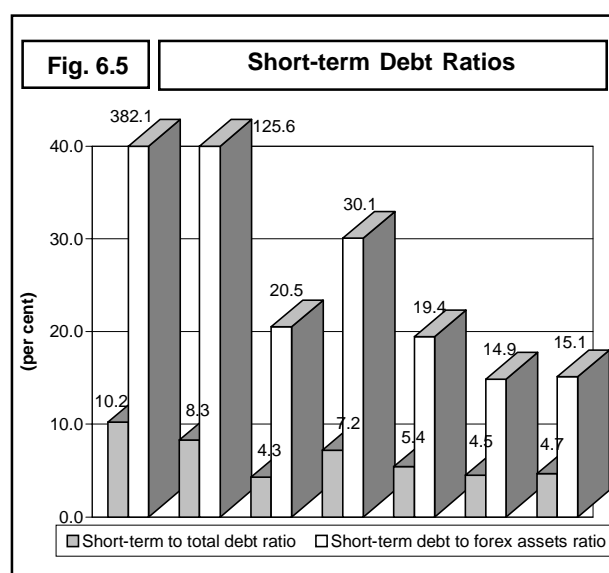
6.65 Short-term debt (*i.e.*, debt with an original maturity of up to one-year) declined from US \$ 8.54 billion at end-March 1991 to US \$ 4.61 billion at end September 1999. The share of short term to total debt fell from 10.2 per cent at end March 1991 to 4.7 per cent at end-September 1999 (Figure 6.5). Simultaneously, the ratio of short term debt to foreign currency assets has continued to improve from the high of 382.1 per cent at the end March 1991 to 15.1 per cent at end September 1999. (Table 6.12).

6.66 The share of concessional debt to total external debt was 38.7 per cent at the end September 1999 as against around 45 per cent during first half of the decade. The share has been declining gradually since the mid-nineties

showing signs of structural change in the composition of external debt.

6.67 India has been among the top ten developing country debtors. However, its comparative indebtedness position has improved over the years. India ranked as the third largest debtor country after Brazil and Mexico in 1991 while in 1997 it ranked eighth after Brazil, Mexico, China, Korea, Indonesia, the Russian Federation and Argentina.

6.68 Table 6.13 gives comparative indebtedness position for the top 15 debtor countries. India has the most favorable short-term to total debt ratio. Since India has a high proportion of concessional debt, its Present Value (PV) of debt is low, and it ranks tenth on



**TABLE 6.12**  
**India's External Debt Outstanding**

(Amounts in US \$ million)

Categories	End-March				End-Sept.		
	1991	1992	1995	1997	1998	1999P	1999 QE
I. Long term debt	75257	78215	94739	86744	88485	93290	94263
II. Short-term debt	8544	7070	4269	6726	5046	4387	4608
<b>Total External Debt</b>	<b>83801</b>	<b>85285</b>	<b>99008</b>	<b>93470</b>	<b>93531</b>	<b>97677</b>	<b>98871</b>
<b>External Debt Ratios :</b>	(Ratios as per cent)						
External Debt to GDP	30.4	41.0	30.9	24.7	24.4	23.5	22.3*
Short term to total debt	10.2	8.3	4.3	7.2	5.4	4.5	4.7
Short-term to Forex Assets	382.1	125.6	20.5	30.1	19.4	14.9	15.1
Concessional to total debt	45.9	44.8	45.3	42.2	39.5	38.1	38.7

\* End-September 1999 debt as ratio of GDP at current market prices for 1999-2000.

TABLE 6.13

## International Comparison of Top Fifteen Debtor Countries, December 1997

Sl. No.	Ranking Country	Total External Debt	Debt to GNP	Debt Service to Exports of Goods and Service	Short term to Total Debt	Short term debt to Forex Reserves	PV of Total Debt	PV to Exports of Goods and Service	PV to GNP	Indebtedness classification
		(US\$ bn)	(ratios as per cent)			(US\$ bn)	(ratios as per cent)			
1	Brazil	193.7	24	57	19	69.8	184.2	299	24	Severe
2	Mexico	149.7	38	32	19	98.8	144.7	127	44	Less
3	China	146.7	17	9	21	21.5	134.7	74	17	Less
4	Korea	143.4	33	9	38	262.8	135.9	85	30	Less
5	Indonesia	136.2	65	30	26	205.9	128.6	215	62	Moderate
6	Russian Federation	125.6	26	7	5	34.6	118.8	118	29	Less
7	Argentina	123.2	39	59	15	80.2	119.7	382	40	Severe
<b>8</b>	<b>India</b>	<b>94.4</b>	<b>25</b>	<b>20</b>	<b>5</b>	<b>17.8</b>	<b>76.1</b>	<b>151</b>	<b>21</b>	<b>Moderate</b>
9	Thailand	93.4	63	15	37	129.5	91.3	121	56	Moderate
10	Turkey	91.2	47	18	25	114.6	82.3	164	45	Moderate
11	Malaysia	47.2	51	8	32	69.6	44.1	48	49	Moderate
12	Philippines	45.4	53	9	26	135.3	43.3	106	52	Moderate
13	Poland	39.9	30	6	10	18.4	35.9	90	28	Less
14	Venezuela	35.5	42	31	12	24.8	35.0	136	46	Moderate
15	Colombia	31.8	35	27	18	59.9	30.0	192	36	Moderate

Note : Serial number 1 to 15 is the rank of the country in terms of total indebtedness.

Source : Global Development Finance, 1999, Country Tables, The World Bank.

this count (as against eighth position in terms of total indebtedness).

6.69 External debt management continues as an area of high priority. To consolidate the gains already made, the focus of external debt

management policy would be continued stress on high growth rate of exports, keeping the maturity structure as well as the total amount of commercial debt under manageable limits and encouraging non-debt creating flows of foreign investment.