



INDIA'S EXTERNAL DEBT

A Status Report

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
JUNE 2005

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**FINANCE MINISTER
INDIA**

FOREWORD

I am pleased to present the Status Report on India's external debt, eleventh in the series, covering the period up to end-December 2004.

India's external debt was US\$120.9 billion as at the end of December, 2004 against US\$112.8 billion at end-December 2003. During this period, the external debt stock in US dollar terms rose by US\$8.1 billion, of which US\$3.1 billion or 38 per cent was contributed by valuation effects arising from depreciation of the US dollar. In fact a significant part of the increase in external debt in recent years has resulted from the weakening of US dollar. Notwithstanding the increase in India's external debt stock, the external debt indicators have continued to improve. The external debt-to-GDP ratio has gradually declined over the years to 17.8 per cent in 2003-04 and debt service payments as a proportion of gross current receipts have dropped to 6.1 per cent during April-December 2004. The share of short-term debt in total debt has also declined over time. Further, foreign currency assets of the Reserve Bank of India provided a cover of over hundred per cent to external debt stock at end December 2004.

Presently, India's external debt is not a source of concern. Seen in the context of international indebtedness also, India's position remains comfortable. Some of the indicators, like ratio of concessional debt and the share of short-term debt in total external debt of India, are quite favourable.

The current volume presents an exhaustive analysis of developments in India's external debt during the last year and provides a detailed presentation of India's external debt statistics since 1991.

**New Delhi
June 2005**

**(P.CHIDAMBARAM)
Finance Minister**

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BOP	Balance of Payments
CAA&A	Controller of Aid, Accounts and Audit
CS-DRMS	Commonwealth Secretariat- Debt Recording and Management System
CSO	Central Statistical Organization
CUB	Committed Undisbursed Balance
DESACS	Department of Statistical Analysis & Computer Services, RBI
DOD	Debt Disbursed and Outstanding
ECB	External Commercial Borrowings
EDMU	External Debt Management Unit
FCCB	Foreign Currency Convertible Bonds
FC(B&O)D	Foreign Currency (Banks & Other) Deposits
FCNR(A)	Foreign Currency Non-Resident Accounts
FCNR(B)	Foreign Currency Non-Resident Bank Deposits
FDI	Foreign Direct Investment
FII	Foreign Institutional Investors
FOREX	Foreign Exchange
GBP	Great Britain Pound
GDP	Gross Domestic Product
GDF	Global Development Finance
GNI	Gross National Income
GOI	Government of India
IBRD	International Bank for Reconstruction and Development
ICICI	Industrial Credit and Investment Corporation of India
IDA	International Development Agency
IDB	India Development Bonds
IFAD	International Fund for Agricultural Development
IFC (W)	International Financial Corporation (Washington)
IMD	India Millennium Deposits
IMF	International Monetary Fund
LIBOR	London Inter-Bank Offer Rate
MIS	Management Information System
NRI	Non-Resident Indian

NR(E)RA	Non-Resident External Rupee Account
NR (NR) D	Non-Resident Non-Repatriable Rupee Deposit
NRSR	Non-Resident Special Rupee Deposit
NRO	Non-Resident Ordinary Account
OPEC	Oil Producing and Exporting Countries
PV	Present Value
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RIB	Resurgent India Bonds
SAARC	South Asian Association for Regional Cooperation
SDR	Special Drawing Rights
S&P	Standard & Poor's
US	United States
XGS	Exports of Goods and Services

1. EXECUTIVE SUMMARY

1.1 At end-December 2004, India's external debt was US\$120.9 billion as against US\$112.8 billion as on December 31, 2003, reflecting a rise of US\$8.1 billion over the year. Component-wise, more than half of the increase was accounted for by the commercial borrowing. Measured in US dollar terms, the variation in India's external debt stock was larger due to the weakening of the US dollar *vis-à-vis* other major international currencies. In fact, valuation changes amounted to US\$3.1 billion (38.3 per cent) of the total increase of US\$8.1 billion in 2004. Significantly, between December 2002 and 2004, India's external debt rose by US\$15.5 billion, of which US\$8.7 billion or 56 per cent was on account of valuation effect arising out of depreciation of the US dollar.

1.2 External debt indicators have shown a perceptible improvement over the years though the size of debt has increased. Illustratively, debt service as a proportion of current receipts (debt service ratio) dropped continuously to reach 16.2 percent in 2003-04 and further to 6.1 percent during April-December 2004. Similarly, ratios of debt to GDP, short-term debt to total debt and short-term debt to forex assets have improved over the years. The debt accumulation was moderate and debt sustainability indicators have improved progressively in the recent past mirroring essentially the sustained efforts of the Government to keep external debt within manageable limits.

1.3 In terms of international comparison, India's external debt indicators such as ratios of short-term debt to total debt and short-term debt to forex reserve are lowest among the top ten debtor countries. Proportion of concessional loans in total debt is the highest, while debt to GNI ratio is the second lowest after China in the year 2003. The World Bank has categorized India as a *less indebted* country since 1999. Among the top ten debtor countries of the world, India has improved its rank from *third* debtor in 1991 to *eighth* in 2003.

1.4 External debt service payments, particularly interest component, have moderated during the last few years reflecting a softening of international interest rates. Debt service payments declined from US \$11.8 billion (excluding prepayments of US\$3.4 billion) in 2002-03 to US\$9.7 billion (excluding RIB redemption of US\$5.5 billion and prepayments of US\$3.8 billion) in 2003-04. Debt service payments amounted to US\$6.7 billion during April-December 2004. Consequent improvement in the ratios of total debt service payments and interest payments to current receipts shows that India's ability to service external debt has substantially enhanced over the years.

1.5 Sovereign debt stock has remained in the range of US\$44 to US\$46 billion since 1998. Contingent liability of Government dropped from US\$10.6 billion at end-March 1994 to US\$6.6 at end-December 2004.

1.6 Encouraged by buoyant foreign exchange reserves and low level of domestic as well as international interest rates, high cost multilateral and bilateral loans raised under external assistance programmes were prepaid which amounted to US\$3.4 billion in 2002-03, US\$3.8 billion in 2003-04 and US\$45 million during 2004-05. Similarly, corporates and public sector undertakings were encouraged to prepay high cost commercial borrowings raised by them from international capital markets.

1.7 Efficient data base management facilitates effective policy making. Data compilation, analysis and projections of external debt data are undertaken electronically at all the units engaged in collection of debt statistics. Commonwealth Secretariat-Debt Recording Management System (CS-DRMS), a software package developed by the Commonwealth Secretariat, London is generally used to compile external debt data. Efforts are being made on a continuous basis to improve the coverage, presentation and dissemination of external debt statistics as well as to enhance computing, forecasting and analytical capability of the debt data computing system.

1.8 External debt policy continues to be one of caution focusing on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring of short-term debt, prepaying high cost external loans and encouraging non-debt creating flows.

1.9 Data on external debt outstanding at end-December 2004 with comparable numbers for end-December 2003 and 2002 are set out in Exhibit 1.

Exhibit 1: India's External Debt (US\$ million)

Item	At the end of December			Variation (absolute)	
	2004	2003	2002	Dec. 04 to	Dec. 04 to
				Dec. 03 (2-3)	Dec. 02 (2-4)
1	2	3	4	5	6
1 Multilateral	31,661	30,357	32,564	1,304	-903
2 Bilateral	17,833	17,730	16,630	103	1,203
3 IMF	0	0	0	0	0
4 Export credit	4,977	4,821	5,003	156	-26
5 Commercial borrowing	25,371	21,104	22,604	4,267	2,767
6 NRI Deposits (long-term)	31,799	30,128	21,849	1,671	9,950
7 Rupee debt	2,392	2,638	2,801	-246	-409
8 Short-term debt	6,864	6,023	3,937	841	2,927
9 Total External debt (1 to 8)	120,897	112,801	105,388	8,096	15,509

2.0 Exhibit 2 provides important external debt indicators for the period from 1990-91 through 2003-04.

Exhibit 2: Key External Debt Indicators (per cent)

Year	Debt Service Ratio@	Total External Debt to GDP	Debt to Current Receipts*	Concessional to Total Debt
1990-91	35.3	28.7	328.9	45.9
1991-92	30.2	38.7	312.3	44.8
1992-93	27.5	37.5	323.4	44.5
1993-94	25.4	33.8	275.6	44.4
1994-95	25.9	30.8	235.8	45.3
1995-96	26.2	27.0	188.9	44.7
1996-97	23.0	24.6	169.6	42.2
1997-98	19.5	24.3	159.8	39.5
1998-99	18.8	23.6	162.1	38.5
1999-00	17.1	22.1	145.6	38.9
2000-01	16.2	22.6	127.5	35.4
2001-02	13.7	21.2	121.6	35.9
2002-03	16.0 (12.4)	20.3	109.8	36.8
2003-04	16.2 (8.5)	17.8	98.5	36.1
2004-05#	6.14 (6.10)	**	**	34.8

	Short-term to Total Debt	Short-term to Forex Assets	Short-term to GDP	Concessional to Total Debt
1990-91	10.2	382.1	3.0	15.5
1991-92	8.3	125.6	3.2	13.0
1992-93	7.0	98.5	2.7	12.5
1993-94	3.9	24.1	1.3	11.1
1994-95	4.3	20.5	1.3	10.0
1995-96	5.4	29.5	1.4	8.6
1996-97	7.2	30.1	1.8	8.0
1997-98	5.4	19.4	1.3	7.7
1998-99	4.4	14.5	1.0	7.5
1999-00	4.0	11.2	0.9	6.6
2000-01	3.6	9.2	0.8	5.8
2001-02	2.8	5.4	0.6	5.4
2002-03	4.4	6.5	0.9	3.9
2003-04	4.0	4.1	0.7	3.8
2004-05#	5.7	5.5	**	2.1

@: Proportion of debt service to current receipts.

#: April – December 2004.

*: Current receipts exclude official transfers.

**: Not available, as these are computed only for the whole financial year.

Note: Figures in brackets indicate debt service ratio *excluding* exceptional transactions namely, prepayments for 2002-03 and April-December 2004, and prepayments as well as redemption of Resurgent India Bonds (RIBs) for 2003-04.

2. EXTERNAL DEBT

2.1 Stock of External Debt

2.1.1 In India's economic development effort, a higher rate of domestic investment was achieved by supplementing domestic savings by foreign savings. The foreign savings, as reflected in external current account deficit, took the form of concessional loans, largely sovereign debt, for the most part until the beginning of 1980's. Private debt, such as commercial borrowings and Non-Resident Indian deposits, gained importance since the latter part of eighties. However, the balance of payments crisis of 1991 led to the encouragement of non-debt creating flows, such as foreign direct investment and portfolio investment. As a result, the rate of accumulation of external debt declined over the years and improved India's external debt situation significantly.

2.1.2 External debt stock rose to US\$120.9 billion at end-December 2004 from US\$112.8 billion at end-December 2003 (Table 2.1). As at the end of December 2002, India's external debt had stood at US\$105.4 billion. The rise in debt outstanding over the year was higher at 7.2 per cent in terms of US dollar as compared to 2.5 per cent in Rupee terms reflecting the depreciation of the US dollar against major world currencies through 2004. Over the year, external debt stock in US dollar terms rose by US\$8.1 billion, of which US\$3.1 billion or 38.3 per cent was attributed to valuation effect arising out of depreciation of the US dollar. Similarly, valuation changes amounted to US\$8.7 billion (56 per cent) of the total increase of US\$15.5 billion in India's external debt between end-December 2002 and 2004. Annex I to IV provide data on India's external debt stock since 1991 on an annual and quarterly basis, both in terms of US dollars and Rupees.

Table 2.1: India's External Debt Outstanding

Category	End-March								End-December	
	1991	1996	1998	1999	2001	2002	2003	2004	2003R	2004QE
(US\$ million)										
Long-term Debt	75,257	88,696	88,485	92,612	97,698	96,098	100,289	107,284	106,778	114,033
Short-term Debt	8,544	5,034	5,046	4,274	3,628	2,745	4,669	4,431	6,023	6,864
Total External Debt	83,801	93,730	93,531	96,886	101,326	98,843	104,958	111,715	112,801	120,897
(Rupees crore)										
Long-term Debt	146,226	304,091	349,753	393,160	455,706	468,932	476,831	472,128	487,450	497,918
Short-term Debt	16,775	16,637	19,929	18,137	16,919	13,396	22,180	19,251	27,467	29,917
Total External Debt	163,001	320,728	369,682	411,297	472,625	482,328	499,011	491,379	514,917	527,835

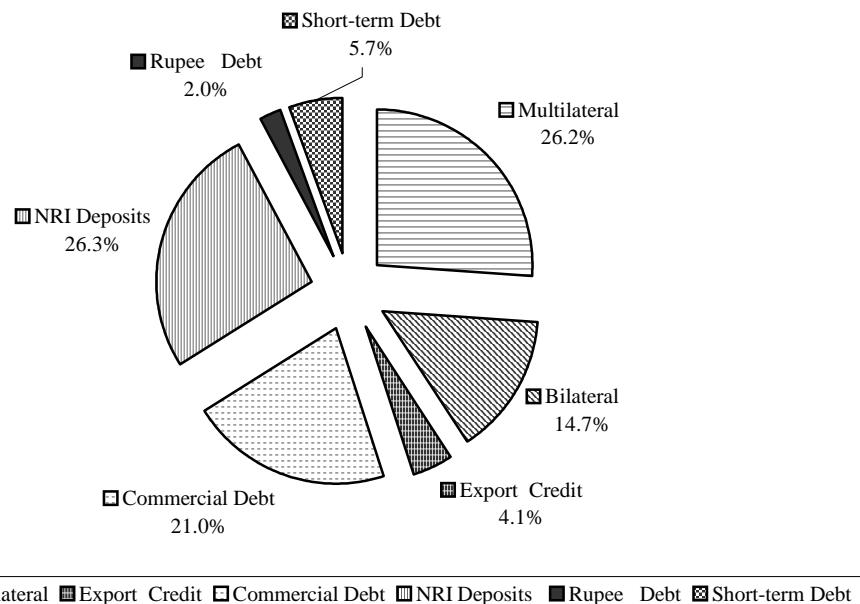
R: Revised QE: Quick Estimate

2.1.3 In terms of components, increase in debt stock between end-December 2003 and December 2004 was mainly on account of commercial borrowing, NRI deposits, multilateral and short-term debt. While increase in commercial borrowings reflected larger access of Indian corporates to international capital markets, escalation in non-resident deposits was mainly due to higher inflows under Foreign Currency Non-Resident (Banks) Deposits. Short-term debt rose essentially because of rise in trade credits reflecting larger import demand during 2004.

2.1.4 As a proportion of total debt stock, long-term debt comprised 94.3 per cent and short-term debt 5.7 per cent of total external debt. Under long-term debt, multilateral and bilateral debt, representing broadly the loans raised under external assistance programme, accounted for around 41 per cent of total

external debt at end-December 2004. NRI deposits and commercial borrowings together with export credit constituted little more than one-half of total external debt. The share of rupee debt remained at around 2 per cent (Figure 2.1).

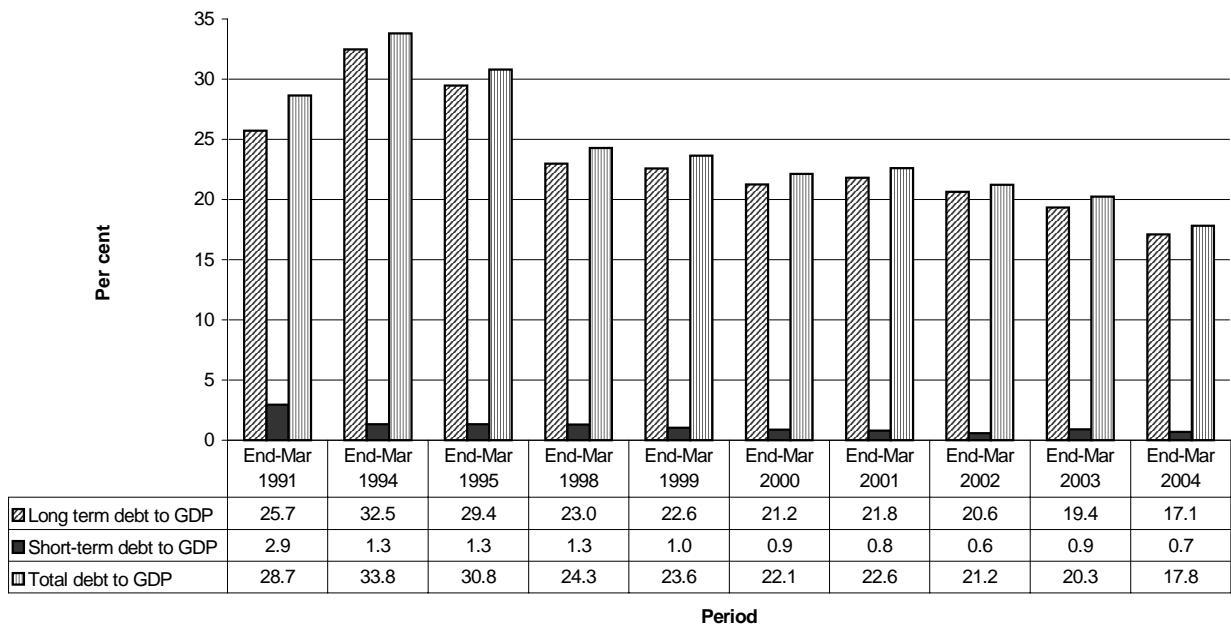
**Figure 2.1: Composition of External Debt as at end-December 2004
(Share in per cent)**



2.2 External Debt and GDP

2.2.1 External debt stock expanded at a rate lower than the growth rate of GDP in the post reform period. As a result, external debt to GDP ratio, after rising sharply from 28.7 per cent in 1990-91 to 38.7 per cent in 1991-92, dropped over time to 17.8 per cent during 2003-04 (Figure 2.2).

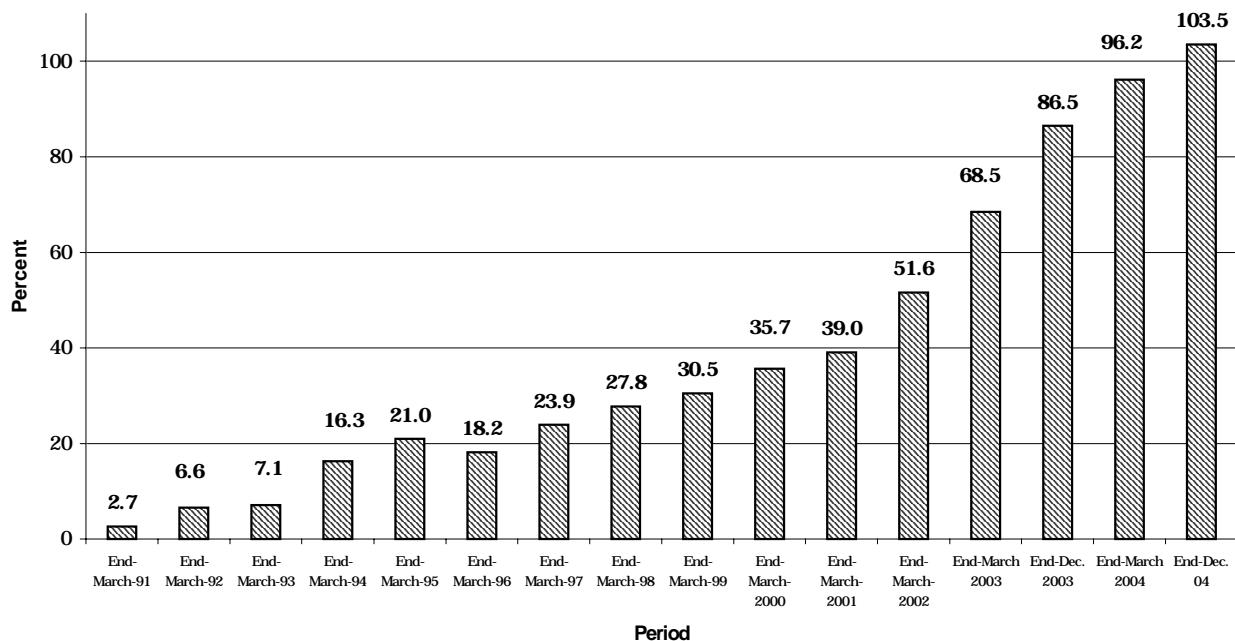
Figure 2.2: External Debt to GDP Ratio



2.3 External Debt and Foreign Currency Assets

2.3.1 India's foreign exchange reserves including foreign currency assets of the RBI, gold, SDRs and Reserve Tranche Position in the International Monetary Fund stood at US \$131.2 billion as at the end of December 2004. Foreign currency assets of the RBI were of the order of US \$125.2 billion as on December 31, 2004 providing a cover of well over hundred per cent to total external debt outstanding as on that date. Such cover was less than three per cent as at the end of March, 1991 (Figure 2.3). This increase in foreign exchange assets of the Reserve Bank of India since 1991 is clearly not on account of debt creating flows.

Fig. 2.3: Ratio of External debt to Forex Assets



2.4 International Comparison

a) External Debt Stock

2.4.1 India maintained *eighth* position in the list of top ten debtor countries for the last few years. India's ranking was *third* after Brazil and Mexico between 1991 and 1995.

2.4.2 In terms of debt to GNI ratio, which shows the magnitude of external debt in relation to national income, India at 22 per cent was *the second lowest* after China at 15 per cent (Table 2.2).

Table 2.2: International Comparison - External Debt of Top Ten Countries, 2003

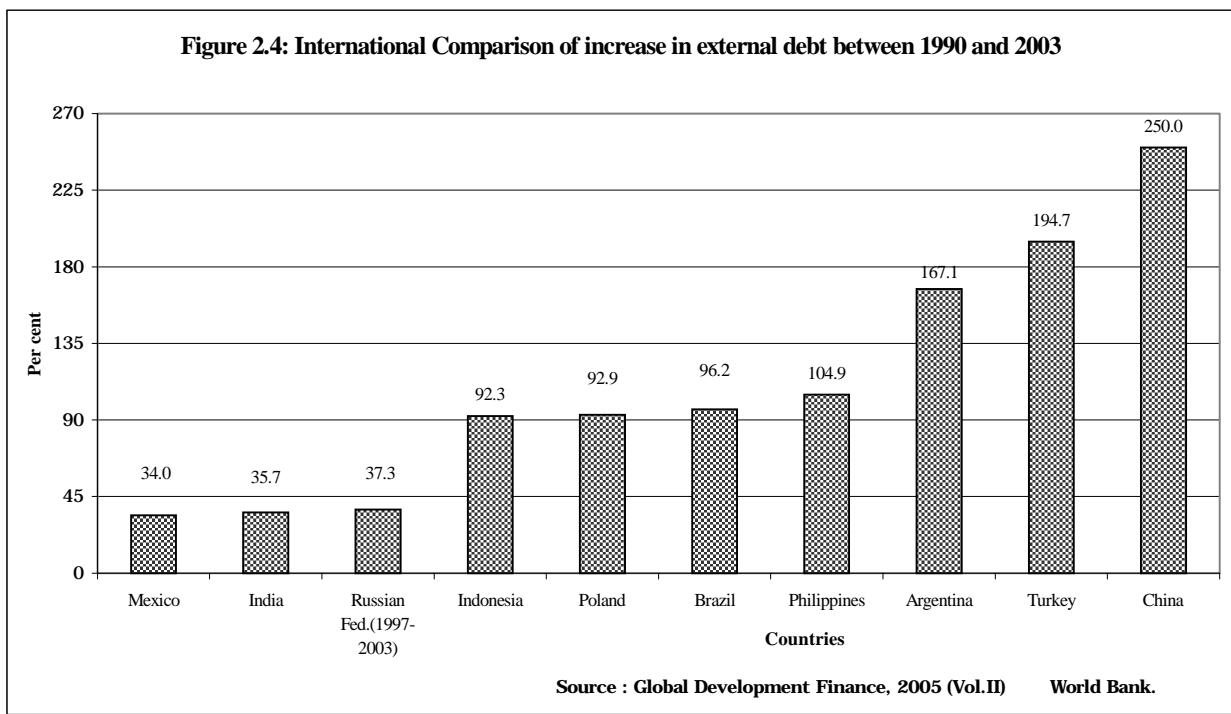
Sl.No.	Country	Total External Debt	Debt to GNI
		(US\$ million)	(ratio as per cent)
1	Brazil	235,431	50
2	China	193,567	15
3	Russian Federation	175,257	50
4	Argentina	166,207	104
5	Turkey	145,662	77
6	Mexico	140,004	23

Sl.No.	Country	Total External Debt (US\$ million)	Debt to GNI (ratio as per cent)
7	Indonesia	134,389	80
8	India	113,467	22
9	Poland	95,219	49
10	Philippines	62,663	77
SAARC Countries			
1	Pakistan	36,345	50
2	Bangladesh	18,778	37
3	Sri Lanka	10,238	62
4	Nepal	3,253	57
5	Bhutan	422	79
6	Maldives	281	45

Source: *Global Development Finance 2005, World Bank*

(b) Change in Debt Stock

2.4.3 As compared to other top indebted countries, accretion to external debt since 1990 was modest in the case of India. Between 1990 and 2003, India accumulated debt equivalent to around 36 per cent of debt stock of US\$84 billion as at the end of 1990, while many other indebted countries added more than the opening stock of debt during this period (Figure 2.4).



(c) Present Value of External Debt

2.4.4 To facilitate international comparison, the Present Value of external debt is computed which reflects essentially the element of concessionality in external debt portfolio. Present Value (PV) concept is considered as a useful measure of indebtedness which is arrived at by discounting the future stream of debt service payments for individual loans by appropriate discount rates and aggregating such PVs for all loans.

2.4.5. PV of external debt of India worked out to US\$100.3 billion vis-à-vis debt stock in absolute terms at US\$113.5 billion in the year 2003. This reflected the fact that India's external debt portfolio contained the largest part of concessional debt as compared to those of other top ten debtor countries. India has maintained its position as *a less indebted* country since 1999. India's PV to Gross National Income (GNI) ratio at 19 per cent was the second lowest after China at 15 percent and PV to export of goods and services (XGS) was encouraging as compared to some of the other indebted countries of the world (Table 2.3).

Table 2.3: International Comparison -Present Value (PV) and PV based ratios of Top Ten debtor countries, 2003

Sl.No.	Country	PV (US\$ million)	PV/GNI (per cent)	PV/XGS (per cent)	Indebtedness Classification	Income Classification
1	Brazil	254,123	54	323	Severe	Middle
2	China	188,526	15	48	Less	Middle
3	Argentina	186,530	117	531	Severe	Middle
4	Russian Federation	184,195	52	135	Moderate	Middle
5	Mexico	157,080	25	83	Less	Middle
6	Turkey	152,990	81	243	Severe	Middle
7	Indonesia	136,898	82	200	Severe	Middle
8	India	100,336	19	106	Less	Low
9	Poland	93,492	48	147	Moderate	Middle
10	Philippines	65,410	80	147	Moderate	Middle
SAARC Countries						
1	Pakistan	29,740	41	189	Moderate	Low
2	Bangladesh	12,819	25	128	Less	Low
3	Sri Lanka	8,400	51	110	Moderate	Middle
4	Nepal	2,134	38	131	Less	Low
5	Bhutan	394	74	252	Severe	Low
6	Maldives	216	35	41	Severe	Middle
Income Classification			Indebtedness Classification			
	PV/XGS higher than 220 per cent <i>or</i> PV/GNI higher than 80 per cent		PV/XGS less than 220 per cent but higher than 132 per cent and PV/GNI less than 80 per cent but higher than 48 per cent		PV/XGS less than 132 per cent and PV/GNI less than 48 per cent.	
Low-Income: GNI per capita less than US\$765	Severely indebted low income countries		Moderately indebted low income countries		Less indebted low income countries	
Middle Income: GNI per capita between US\$766 and US\$9,385.	Severely indebted middle income countries		Moderately indebted middle income countries.		Less indebted middle income countries.	

PV: Present Value, GNI: Gross National Income, XGS: Export of Goods & Services

Note: Sl.No. 1 to 10 represents ranking of the top debtor countries in terms of Present Value of total debt hence may differ from that in other Tables..

Source: Summary and Country Tables (Vol.II) of Global Development Finance, 2005, World Bank.

d) Indebtedness Classification

2.4.6 Based on the ratio of PV to GNI and PV to XGS, the World Bank classifies debtor economies into three categories, i.e., severely, moderately and less indebted countries. While PV takes into account the degree of concessional debt, GNI measures income generation and XGS indicates foreign exchange earnings reflecting debt servicing ability. If ratio of PV-to-XGS exceeds 220 per cent *or* PV-to-GNI is higher than 80 per cent, the country is classified as *severely* indebted. If PV-to-XGS ratio is less than 220

per cent but higher than 132 per cent and PV-to-GNI is less than 80 per cent but higher than 48 per cent (i.e. higher than three-fifths of benchmark level of 220 per cent and 80 per cent, respectively), the country is classified as *moderately* indebted. If both the ratios are less than *three fifths* of their respective benchmark level, the country is classified as *less* indebted.

2.4.7 World Bank's income classification is based on per capita GNI. Countries with GNI per capita of less than US\$765 are classified as *low-income* countries, while GNI per capita between US\$766 and US\$9,385 are classified as *middle-income* countries. Table 2.3 provides international comparison of indebtedness classification of the top ten debtor countries. In 1999, India was upgraded from moderately indebted to less indebted country as a result of the considerable improvement in the indebtedness position during the last decade (Figure 2.5 & 2.6).

Figure 2.5 : PV/XGS Ratio for India during 1994-2003

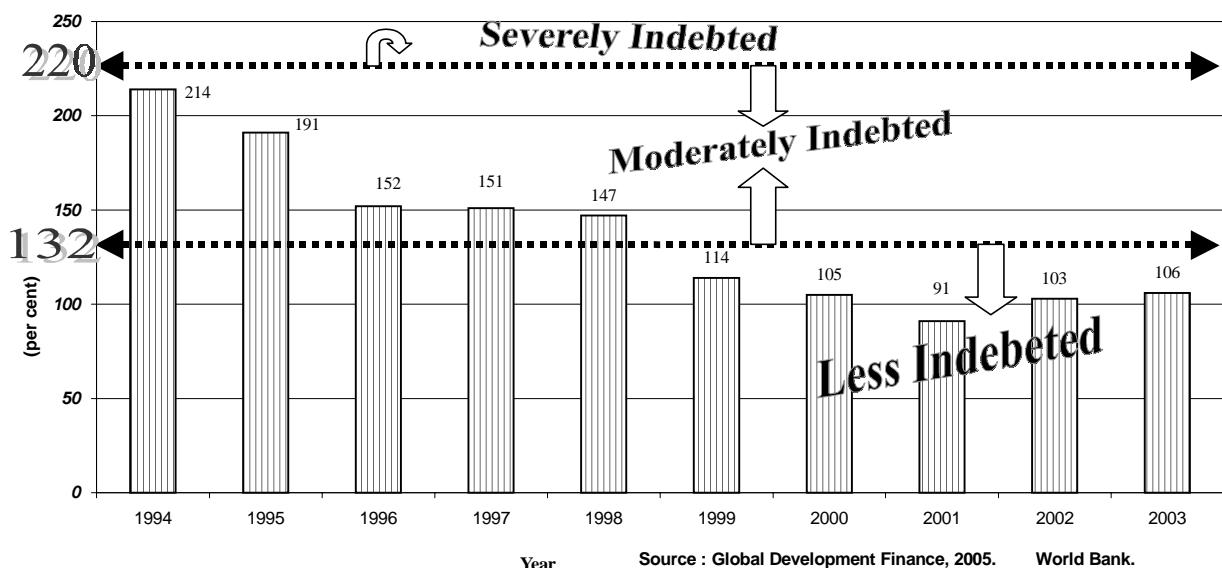
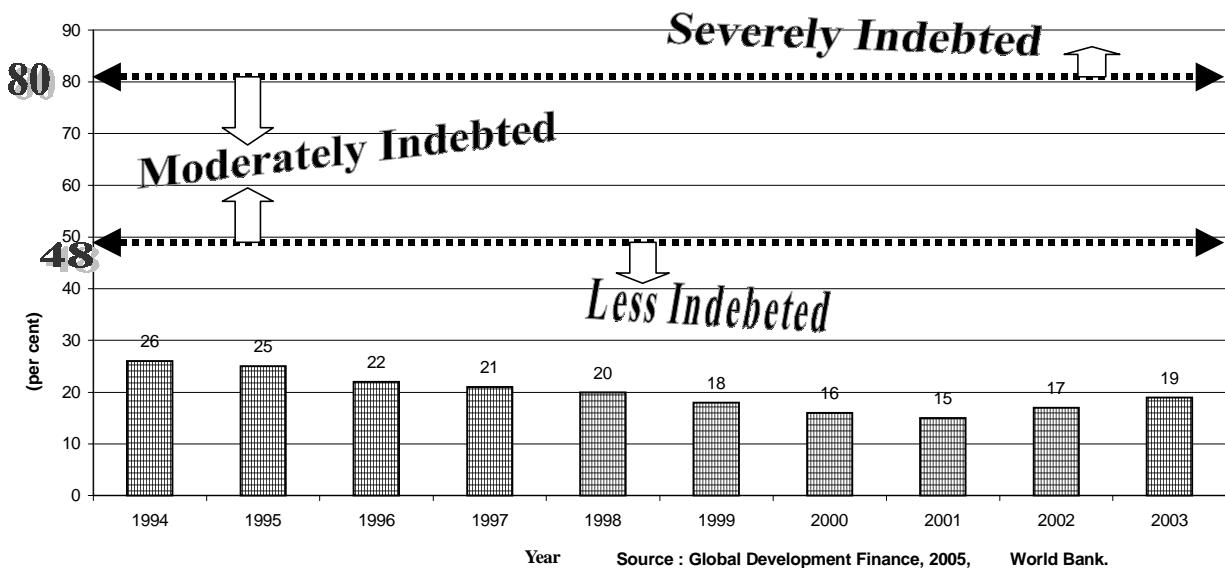


Figure 2.6 : PV/GNI Ratio for India during 1994-2003



3. SHORT-TERM DEBT

3.1 Short-term Debt by Original Maturity

3.1.1 The build-up of large short-term debt renders the economy vulnerable to external shocks and raises serious concerns for policy makers. In the Indian context, the sensitivity of short-term debt was realised in the early nineties, and since then short-term debt has been permitted only for trade related purposes under normal terms, and short-term debt is not raised to supplement the foreign exchange reserves. Besides, generally no roll over beyond six months is allowed and RBI monitors the stock of short-term debt on an on-going basis. As a result, the short-term debt in India is being maintained within a reasonable level. The increase in short-term debt during the last year was due to increase in trade credits. Trade related credits expanded during the last two years reflecting larger import demand.

3.1.2 Trade credit includes buyers' credit of all maturities and suppliers' credit of 180 days to one year. Table 3.1 shows component-wise details of short-term debt by original maturity for the period up to end-December 2004.

Table 3.1: Short-term Debt by Original Maturity

(US\$ million)

Short-term Debt Components	End-March							End-December	
	1991	1996	1999	2001	2002R	2003 R	2004 R	2003R	2004QE
(a) NRI Deposits ¹	3,577	2,883	2,086	957	968	1,962	304	950	0
(b) FC(B&O) Deposits (up to one year maturity)	167	0	0	0	0	0	0	0	0
(c) Trade Credits ² :	4,800	2,151	2,188	2,671	1,777	2,707	4,127	5,073	6,864
Total	8,544	5,034	4,274	3,628	2,745	4,669	4,431	6,023	6,864

1: Short-term component of NRI Deposits comprised Foreign Currency Non-Resident Accounts, [FCNR(A)]; Foreign Currency Non-Resident Bank Deposits, [FCNR(B)]; and Non-Resident External Rupee Account [NR(E)RA]. As at the end of March 2004, deposits of less than one year maturity ceased to exist. Short-term deposits of less than one-year maturity under FCNR(A) were withdrawn with effect from May 15, 1993. Short-term deposits with a maturity of less than one year under FCNR(B) were withdrawn effective October 1999. Short-term deposits of less than one year under NR(E)RA were withdrawn with effect from April, 2003.

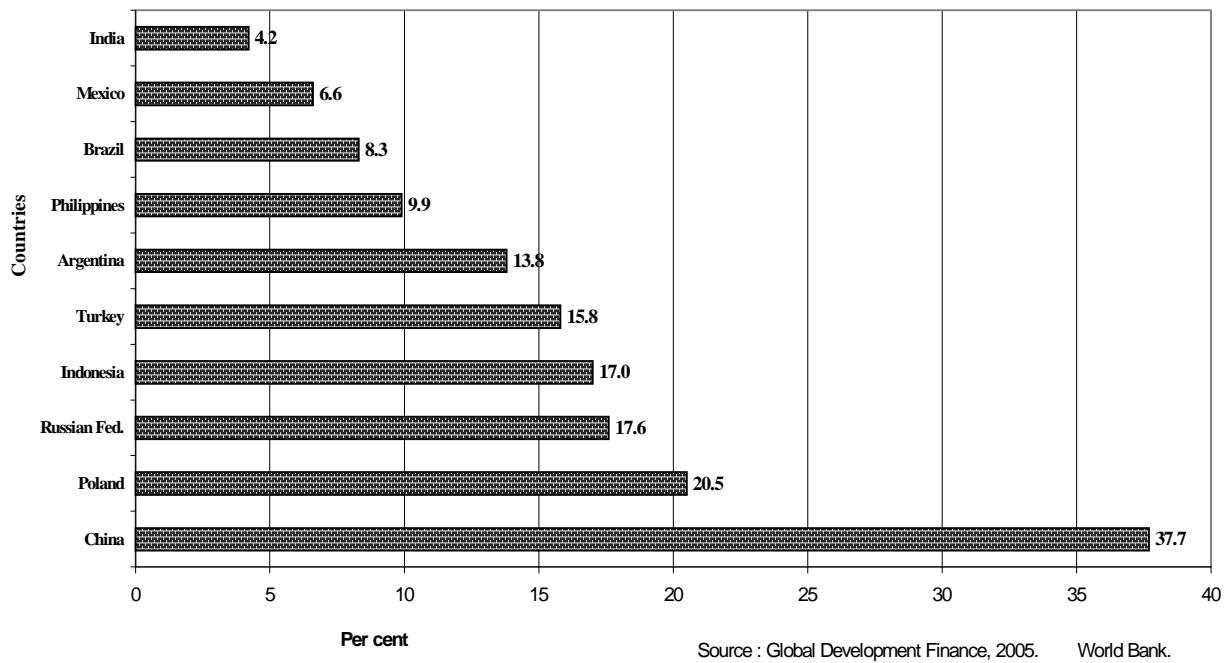
2: Data on short-term trade credits of less than six months in respect of suppliers' credit are not available since end-March 1994.

R: Revised; P: Provisional; QE: Quick Estimates.

3.1.3 The ratio of short-term debt to total debt recorded a sharp decline from 10.2 per cent in 1991 to 5.7 per cent as at the end of December, 2004. Similarly, short-term debt as a percentage of Gross Domestic Product which was at 3 per cent in 1991 gradually came down to 0.7 per cent as at end-March 2004. Ratio of short-term debt to foreign currency assets also recorded a significant decline from a level of 382.1 per cent in 1991 to 5.5 per cent at end-December 2004.

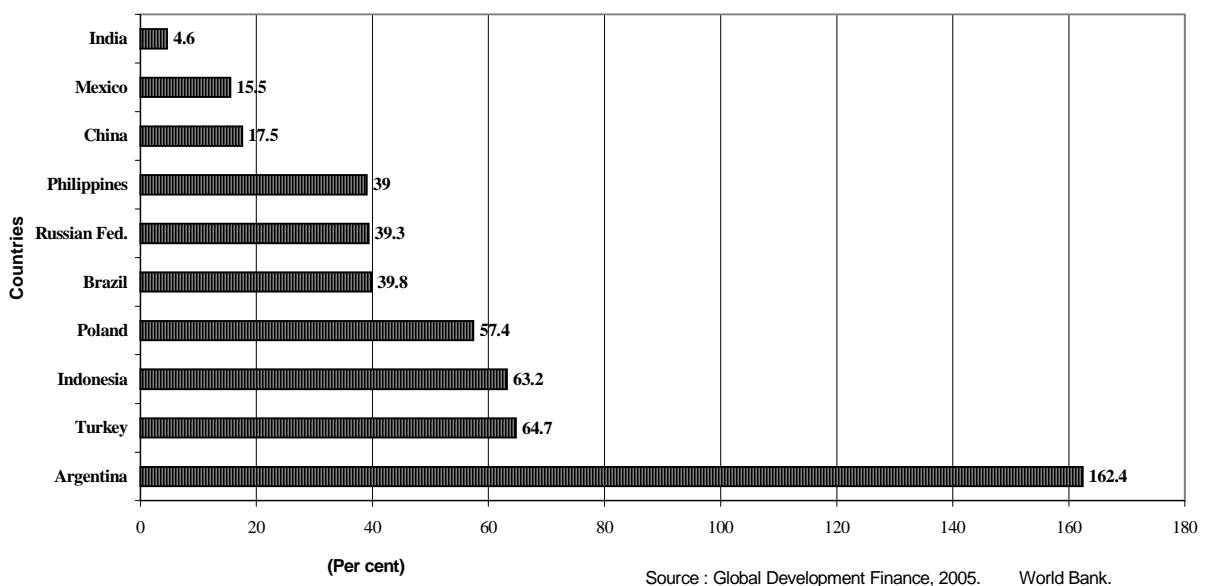
3.1.4 Proportion of India's short-term debt to total external debt at 4.2 per cent in 2003 was the lowest as compared to that of other countries (Figure 3.1).

Figure 3.1: International Comparison-Proportion of Short term to Total External Debt, 2003



3.1.5 Similarly, the proportion of short-term debt to forex reserves was the lowest for India at 4.6 per cent followed by Mexico at 15.5 per cent (Figure 3.2).

Figure 3.2: International Comparison-Proportion of Short term Debt to Total Forex Reserves, 2003



3.2 Short-term Debt by Residual Maturity

The analytical presentation of external debt could be attempted either on the basis of original maturity or residual maturity. While the compilation of external debt statistics based on original maturity helps in understanding the nature of capital flows, residual maturity reveals the profile of debt service payments and consequent charge on the foreign exchange reserves aiding the liquidity management. Short-term debt by residual maturity comprises all the components of short-term debt with original maturity of up to one year, and amounts falling due under medium & long-term debt by original maturity during one year reference period.

3.2.2 Estimates of short-term debt by residual maturity are given in Table 3.2. However, these do not include suppliers' credits of less than 180 days that are not captured on account of exemption from approval, besides NRI deposits. Another component which is not included is short-term component of FII exposure in debt instruments.

Table 3.2 : Short-term Debt by Resident Maturity

	(US\$ million)									
	End-March							End-December		
	1991	1998	1999	2000	2001	2002	2003	2004R	2003R	2004QE
1. Short term debt by original maturity	6,726	5,046	4,274	3,936	3,628	2,745	4,669	4,431	6,023	6,864
2. Long-term debt obligations maturing within one year	6,901	6,723	7,059	8,359	6,776	11,530	14,614	6,865	7,999	11,572
3. External debt by residual maturity up to 1 year (1+2)	13,627	11,769	11,333	12,295	10,404	14,275	19,283	11,296	14,022	18,436
Per cent of GDP	3.3	2.8	2.5	2.7	2.2	3	3.8	1.9	2.4	2.7
Per cent to Total Total Debt	14.6	12.6	11.7	12.5	10.3	14.4	18.4	10.1	12.4	15.2
Per cent to Foreign Currency Assets	60.9	45.3	38.4	35.1	26.3	28	26.8	10.5	14.4	14.7

Note: Data on external debt with residual maturity are actuals for the years up to March 2004 including those for end-December 2003. These are estimated for end-December 2004.

R: Revised, QE: Quick estimate

4. CLASSIFICATION OF DEBT STOCK

While India's external debt statistics are disseminated in a standard format, analytical presentation is attempted in this section to set out creditor and borrower classification, proportion of Government and non-Government debt as well as share of official and private creditors. Currency composition and instrument wise grouping of external debt are also discussed along with the element of concessionality in India's external debt.

4.1 Creditor-wise Classification

Creditor-wise classification exhibits different trends in the behaviour of major categories of external debt over the last decade. While multilateral and bilateral debt put together rose by 41 per cent between end-March 1991 and end-December 2004, commercial debt rose by around one-and-a-half times and NRI deposits by around two times reflecting a rise in the share of private debt. The borrowings from the IMF were fully repaid in the last decade. Export credit outstanding at end-December 2004 showed relatively moderate variation as compared to that at end-March 1991. Rupee Debt component of external debt shrank by more than three-fourths during this period. Short-term debt too declined over the period under reference (Table 4.1).

Table 4.1: External Debt Outstanding by Creditor Category

	End-March								End-December	
	1991	1996	1998	1999	2001	2002	2003R	2004R	2003R	2004QE
(US\$ million)										
I. Multilateral	20,900	28,616	29,553	30,534	31,105	31,899	30,002	29,288	30,357	31,661
II. Bilateral	14,168	19,213	16,969	17,499	15,975	15,323	16,802	17,278	17,730	17,833
III. IMF	2,623	2,374	664	287	-	-	-	-	-	-
IV. Export Credit	4,301	5,376	6,526	6,789	5,923	5,368	4,973	4,680	4,821	4,977
V. Commercial Borrowings	10,209	13,873	16,986	20,978	24,408	23,320	22,530	22,101	21,104	25,371
VI. NRI Deposits #	10,209	11,011	11,913	11,794	16,568	17,154	23,160	31,216	30,128	31,799
VII. Rupee Debt	12,847	8,233	5,874	4,731	3,719	3,034	2,822	2,721	2,638	2,392
A. Total Long Term Debt	75,257	88,696	88,485	92,612	97,698	96,098	100,289	107,284	106,778	114,033
B. Short-term Debt	8,544	5,034	5,046	4,274	3,628	2,745	4,669	4,431	6,023	6,864
C. Total External Debt	83,801	93,730	93,531	96,886	101,326	98,843	104,958	111,715	112,801	120,897
(percentage of total debt)										
i) Share of official creditors	63.5	64.2	58.1	56.0	51.2	51.8	48.3	45.1	46.0	42.9
ii) Share of private creditors	36.5	35.8	41.9	44.0	48.8	48.2	51.7	54.9	54.0	57.1

#: NRI Deposits include FC(B&O) Deposits till end-July 1993.

QE: Quick Estimates; R: Revised

4.1.2 In terms of their share in the total debt, multilateral debt declined to 26.2 per cent at end-December 2004 from 31.5 per cent at end-March 1999. During this period, the share of bilateral debt dropped from 18.1 per cent to 14.7 per cent, export credit from 7 per cent to 4.1 per cent, commercial borrowings from 21.7 per cent to 21.0 per cent and rupee debt from 4.9 per cent to 2.0 per cent. The share of NRI deposits (both long and short-term) rose from 16.6 per cent to 26.3 per cent during the period under reference.

4.1.3 Creditor category is further classified into official creditors and private creditors. Official creditors include multilateral, bilateral, IMF, export credit components of bilateral credit, export credit for defence purchases and rupee debt. Private creditors include commercial borrowings, NRI deposits and export credits other than those included under official creditors and short-term debt. Table 4.1 reveals that share of official creditors in total external debt stock has been declining over the years, while that of private creditors has been rising. In 1991, the share of private creditors in the total debt outstanding was roughly one-third which rose to 57.1 per cent by the end of December 2004 reflecting large accumulation of debt essentially under NRI deposits and commercial borrowings.

4.2 Borrower-wise Classification

4.2.1 Under the borrower category, debt is classified into Government and non-Government debt. Government debt includes multilateral and bilateral borrowing on Government account under external assistance programme besides IMF, defence debt and FII investment in Government securities. All others including short-term debt are shown as part of non-Government debt. Debt of defence PSUs are shown as part of non-Government debt since 1996. Proportion of Government debt to total external debt, on an increasing trend during the first half of the last decade, declined steadily thereafter as compared to non-Government debt. Share of Government debt in total debt, which was 59.6 per cent at end-March 1991, gradually declined to 40.3 per cent at end-March 2004 and further to 38.7 per cent at end-December 2004. Correspondingly, non-Government debt expanded from 40.4 per cent at end-March 1991 to 61.3 per cent at end-December 2004 (Table 4.2) (Annex V).

4.2.2 Breakup of non-Government debt into financial, public and private sectors are also provided in Table 4.2. The financial sector, which borrows for on-lending purposes, accounted for the major share in non-Government debt. The expansion is attributed to (a) bond issuances like Resurgent India Bonds of US\$4.23 billion in August 1998 which was redeemed in the first week of October, 2003, and India Millennium Deposits of US\$5.52 billion issued in December 2000 which are to be repaid in December 2005, and (b) increase in NRI deposits under NR(E)RA owing to discontinuance of NR(NR)RD scheme with effect from April 1, 2002. Borrowings of both public and private sectors in the non-financial sector remained moderate during this period.

Table 4.2: External Debt by Borrower Classification

(US\$ million)

	End-March										End-December	
	1991	1996	1998	1999	2000	2001	2002R	2003R	2004R	2003R	2004QE	
I. Government Debt	49,957	53,095	46,520	46,137	46,852	43,956	43,577	43,612	44,674	45,782	46,735	
	(59.6)	(56.6)	(49.7)	(47.6)	(47.7)	(43.4)	(44.1)	(41.6)	(40.0)	(40.6)	(38.7)	
<i>Of which long-term:</i>	49,957	53,095	46,520	46,137	46,852	43,956	43,577	43,612	44,674	45,782	46,735	
1 Govt. Account	33,744	43,360	40,805	41,896	42,823	40,727	40,965	41,216	41,142	42,566	43,889	
2 Other Govt. Debt	16,213	9,735	5,715	4,241	4,029	3,229	2,612	2,396	3,532	3,216	2,846	

(US\$ million)

	End-March										End-December	
	1991	1996	1998	1999	2000	2001	2002R	2003R	2004R	2003R	2004QE	
II. Non-Government Debt												
	33,844	40,635	47,011	50,749	51,411	57,370	55,266	61,346	67,040	67,019		74,162
	(40.4)	(43.4)	(50.3)	(52.4)	(52.3)	(56.6)	(55.9)	(58.4)	(60.0)	(59.4)		(61.3)
<i>Of which</i>												
A. Long-term:	25,300	35,601	41,965	46,475	47,475	53,742	52,521	56,677	62,609	60,996		67,298
1 Financial Sector*	-	-	20,113	23,699	25,102	32,661	32,367	37,032	40,575	39,539		42,052
2 Public Sector**	-	-	9,753	9,284	9,316	9,024	8,225	7,519	7,684	16,907		20,206
3 Private Sector***	-	-	12,099	13,492	13,057	12,057	11,929	12,126	14,350	4,550		5,040
B. Short-term:	8,544	5,034	5,046	4,274	3,936	3,628	2,745	4,669	4,431	6,023		6,864
III. Total External Debt	83,801	93,730	93,531	96,886	98,263	101,326	98,843	104,958	111,715	112,801		120,897
	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)		(100)

*: Financial sector debt represents borrowings by banks and financial institutions. Long-term NRI Deposits are included in the Financial Sector.

**: Public sector debt represents borrowings of non-financial public sector enterprises.

***: Private sector debt represents borrowings of non-financial private sector enterprises.

R: Revised QE: Quick Estimates.

Figures in parentheses represent share in total external debt.

4.3 Instrument-wise Classification

4.3.1 Instrument-wise classification of long-term external debt outstanding at end-December 2004 into Bonds and Notes, Loans, Trade Credit and Deposits under Borrower as well as Creditor category is provided in Table 4.3.

4.3.2 As at the end of December 2004, sovereign debt comprised loans for the most part (95.3 per cent), while major instrument through which the financial sector incurred debt was deposits which accounted for 74.0 per cent. Non-financial public sector and non-financial private sector accumulated external debt largely through loans accounting for 93.0 per cent and 79.9 per cent, respectively, of total long-term debt outstanding as at end-December 2004 under these sectors.

Table 4.3: Instrument-wise Classification of Long Term External Debt at end-December 2004

(US\$ million)

Borrower	Creditor	Instruments				
		Bonds & Notes	Loans	Trade Credits	Deposits	Total
I Government		1,018	44,551	1,166	0	46,735
	1 Multilateral	0	29,017	0	0	29,017
	2 Bilateral	0	13,470	0	0	13,470
	3 IMF	0	0	0	0	0
	4 Export Credit	0	0	1,166	0	1,166
	5 Commercial*	1,018	0	0	0	1,018
	6 Rupee Debt	0	2,064	0	0	2,064

Borrower		Creditor		Instruments			(US\$ million)	
		Bonds & Notes		Loans		Trade Credits		
II	Financial Sector**			7,547	3,613	0	31,799	42,959
1	Multilateral			0	759	0	0	759
2	Bilateral			0	1,374	0	0	1,374
3	Export Credit			0	16	0	0	16
4	Commercial			7,547	1,464	0	0	9,011
5	NRI Deposits			0	0	0	31,799	31,799
III	Non-Financial Public Sector			426	7,123	114	0	7,663
1	Multilateral			0	1,818	0	0	1,818
2	Bilateral			0	2,490	0	0	2,490
3	Export Credit			0	351	114	0	465
4	Commercial			426	2,136	0	0	2,562
5	Rupee Dept			0	328	0	0	328
IV	Non-Financial Private Sector			2,512	13,317	847	0	16,676
1	Multilateral			0	67	0	0	67
2	Bilateral			0	498	0	0	498
3	Export Credit			0	2,483	847	0	3,330
4	Commercial			2,512	10,269	0	0	12,781
V	Total Long-Term Debt			11,503	68,604	2,127	31,799	114,033
1	Multilateral			0	31,661	0	0	31,661
2	Bilateral			0	17,832	0	0	17,832
3	IMF			0	0	0	0	0
4	Export Credit			0	2,850	2,127	0	4,977
5	Commercial			11,503	13,869	0	0	25,372
6	NRI Deposits			0	0	0	31,799	31,799
7	Rupee Debt			0	2,392	0	0	2,392
Memo items:		per cent to total debt						
A	Government			0.89	39.07	1.02	0.00	40.98
B	Financial Sector			6.62	3.17	0.00	27.89	37.68
C	Non-Financial Public Sector			0.37	6.25	0.10	0.00	6.72
D	Non-Financial Private Sector			2.20	11.68	0.74	0.00	14.62
E	Total Long-Term Debt (A to D)			10.08	60.17	1.86	27.89	100.00

Note: 1. The central bank, i.e., Reserve Bank of India has no external debt liability.

*: Represents FII investment in Government debt securities and treasury bills.

**: Financial sector includes financial development institutions, commercial banks and non-banking financial companies. Borrowings by State Bank of India like Resurgent India Bonds and India Development Bonds are also included.

4.4 Concessional Debt

4.4.1 Debt 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 rate/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.

4.4.2 External debt stock has shown a structural change in terms of a decline in concessional debt. Though concessional debt remained in the range of US\$38 to 40 billion, it fell in terms of its share in total debt from 45.9 per cent in 1991 to 34.8 per cent at end-December 2004 mainly due to a surge in non-concessional private debt. Table 4.4 gives the share of concessional debt in total external debt from March 1991 to December 2004.

Table 4.4 : Share of Concessional Debt

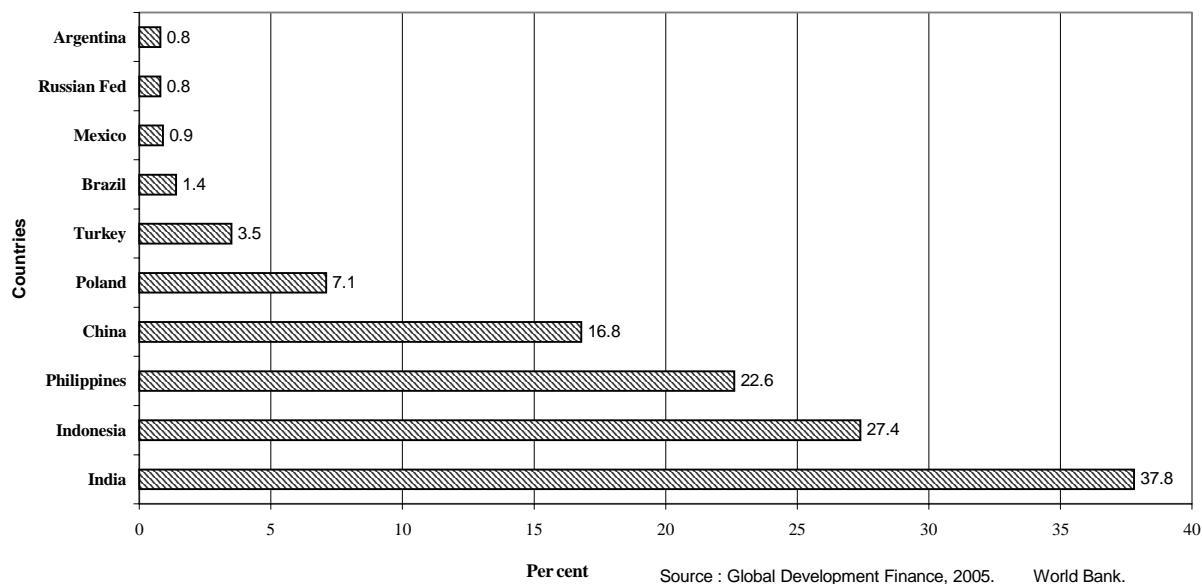
	End-March								End-December	
	1991	1996	1998	1999	2001	2002R	2003R	2004R	2003R	2004QE
(US\$ billion)										
Concessional debt	38.43	41.94	36.94	37.26	35.89	35.52	38.61	40.28	40.79	42.10
Total external debt	83.80	93.73	93.53	96.89	101.33	98.84	104.96	111.72	112.80	120.90
(per cent)										
Concessional debt as share of total debt	45.9	44.7	39.5	38.5	35.4	35.9	36.8	36.1	36.2	34.8

Note: A creditor classification approach is used for classifying debt as concessional.

QE: Quick Estimates R: Revised

4.4.3 Notwithstanding the declining trend, India's share of concessional debt continues to be high by international standards. Figure 4.1 shows that India's share of concessional debt to total debt at 37.8 per cent at the end of 2003 was the highest among the top ten debtor countries followed by Indonesia at 27.4 per cent.

Figure 4.1: International Comparison-Proportion of Concessional Debt to Total External Debt, 2003



4.5 Currency Composition

4.5.1 US dollar, as in the past, was the most important currency in the currency composition of India's external debt. However, the importance of US dollar is gradually waning. Its share declined from 54.3 per cent at end-March 2002 to 43.6 per cent as at the end of December 2004. Other important

currencies were Special Drawing Rights (SDR), Rupee, Japanese Yen, Euro and Pound Sterling, which together accounted for 55.9 per cent of the total debt (Table 4.5).

Table 4.5: Currency Composition of External Debt

(percentage share in total external debt)

Currency	End-Mar.94	End-Mar.02	End-Mar.03	End-Mar.04	End-Dec.2003	End-Dec.2004
US Dollar @	41.4	54.3	46.6	40.5	40.9	43.6
SDRs	14.9	14.1	15.2	15.5	15.5	15.8
Indian Rupees	14.8	11.9	17.3	22.7	21.6	20.8
Japanese Yen	13.7	10.2	10.7	11.6	12.3	11.4
<i>Deutsche Mark</i>	6.3	-	-	-	-	-
<i>French Franc</i>	1.8	-	-	-	-	-
<i>Netherland Guilder</i>	1.1	-	-	-	-	-
Euro*	-	5.7	6.2	5.8	6.2	5.5
Pound Sterling	3.3	2.9	3.1	3.4	3.1	2.4
Canadian Dollar	0.7	0.4	0.4	0.1	0.1	0.1
Others(US Dollar)	2.0	0.5	0.6	0.4	0.4	0.4
Total:	100	100	100	100	100	100

@: US Dollar share has an upward bias because IBRD and ADB pooled loans are accounted as US dollar loans.

*: Euro includes currency denominated in Euro and Euro area currencies.

P: Provisional; QE: Quick Estimates.

4.6 Valuation Changes

a) Total External Debt

4.6.1 The US dollar is generally used as the numeraire currency for external debt in order to facilitate international comparison. Variation in exchange rates of the currencies in which the debt is denominated *vis-à-vis* the US dollar affects the aggregate value of the debt expressed in US dollar terms. Between end-December 2003 and end-December 2004, the US dollar depreciated against all the currencies in India's external debt portfolio. As a result of this valuation change external debt for end-December 2004 rose by US\$3,096 million. More interestingly, India's external debt rose by US\$15.5 billion between end-December 2002 and end-December 2004, of which US\$8.7 billion or 56 per cent was accounted for by the weakening of the US dollar (Table 4.6).

Table 4.6: Valuation Change (Total External Debt)

(Figures in million)

Currency	Debt Stock at end- Dec.2004 (Foreign Currency)	Debt Stock as on Dec.31 2004 at end-Dec.2004 exchange rates (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2003 exchange rates (US\$)	Difference (3-4) {Increase in debt during 2004 due to valuation changes} (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2002 exchange rates (US\$)	Difference (3-6) {Increase in debt between 2002 & 2004 due to valuation changes} (US \$)
						1
US Dollar	52,732	52,732	52,732	0	52,732	0
SDR	12,322	19,053	18,309	744	16,751	2,302
Indian Rupees	1,095,768	25,139	24,030	1,109	22,814	2,325
Japanese Yen	1,416,750	13,752	13,228	524	11,816	1,936

1	2	3	4	5	6	7
Euro	4,904	6,638	6,193	445	5,143	1,495
Pound Sterling	1,512	2,919	2,698	221	2,437	482
Swiss Franc	405	358	327	31	292	66
Canadian Dollar	196	163	152	11	124	39
Swedish Krona	364	55	51	4	41	14
Norwegian Kroner	311	52	47	5	45	7
Australian Dollar	3	2	2	0	2	0
UAE Dirham	4	1	1	0	1	0
Singapore Dollar	33	20	19	1	19	1
Danish kroner	50	9	8	1	7	2
Kuwaiti Dinar	0.2	1	1	0	1	0
Others(US Dollar)	3	3	3	0	3	0
Total	-	120,897	117,801	3,096	112,228	8,669

Note: 1 Exchange rate of US dollar vis-à-vis other foreign currencies is taken from International Financial Statistics, IMF, February, 2005

2. Valuation change worked out for the different components of debt in other Tables may not add up to the total valuation change given in this Table due to rounding off. Differences are very marginal.

b) Sovereign Debt

4.6.2 India's sovereign external debt at end-December 2004 showed a rise of US\$953 million over the year. Adjusted for the US dollar valuation change, sovereign external debt at end-December 2004 showed a *decline* of US\$586 million. Similarly, between end-December 2002 and end-December 2004, sovereign external debt rose by US\$879 million in US dollar terms; if the US dollar had not depreciated, sovereign debt would have declined by as much as US\$3,922 million during this period (Table 4.7)

Table 4.7: Valuation Change (Sovereign Debt)

(Figures in million)

Currency	Debt Stock at end- Dec.2004 (Foreign Currency)	Debt Stock as on Dec.31 2004 at end-Dec.2004 exchange rates (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2003 exchange rates (US\$)	Difference (3-4) {Increase in debt during 2004 due to valuation changes} (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2002 exchange rates (US\$)	Difference (3-6) {Increase in debt between 2002 & 2004 due to valuation changes} (US \$)
1	2	3	4	5	6	7
US Dollar	11,233	11,233	11,233	0	11,233	0
SDR	12,322	19,053	18,309	744	16,751	2,302
Indian Rupees	132,437	3,079	2,904	175	2,757	322
Japanese Yen	1,026,040	9,954	9,580	374	8,557	1,397
Euro	2,470	3,362	3,119	243	2,590	772
Pound Sterling	24	45	43	2	39	6
Swiss Franc	9	8	7	1	6	2
Kuwaiti Dinar	0.2	1	1	0	1	0
Total	-	46,735	45,196	1,539	41,934	4,801

Note: Exchange rate of US dollar vis-à-vis other foreign currencies is obtained from International Financial Statistics, IMF, February, 2005

(c) External Commercial Borrowings

4.6.3 Impact of valuation change on external commercial borrowings and export credit was limited as compared to other components since major part (over 70 per cent) of borrowings was denominated in US dollar (Table 4.8)

Table 4.8: Valuation Change (ECB & Export Credit)

(Figures in million)

Currency	Debt Stock at end- Dec.2004 (Foreign Currency)	Debt Stock as on Dec.31 2004 at end-Dec.2004 exchange rates (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2003 exchange rates (US\$)	Difference (3-4) {Increase in debt during 2004 due to valuation changes} (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2002 exchange rates (US\$)	Difference (3-6) {Increase in debt between 2002 & 2004 due to valuation changes} (US \$)
1	2	3	4	5	6	7
US Dollar	25,903	25,903	25,903	0	25,903	0
Indian Rupees	73,761	1,651	1,618	33	1,536	115
Japanese Yen	379,900	3,694	3,547	147	3,168	526
Euro	2,195	2,951	2,772	179	2,302	649
Pound Sterling	334	645	596	49	538	107
Swiss Franc	396	350	320	30	286	64
Canadian Dollar	196	163	152	11	124	39
Swedish Krona	364	55	51	4	41	14
Norwegian Kroner	311	52	47	5	45	7
Australian Dollar	3	2	2	0	2	0
UAE Dirham	4	1	1	0	1	0
Singapore Dollar	33	20	19	1	19	1
Danish kroner	50	9	8	1	7	2
Others(US Dollar)	3	3	3	0	3	0
Total	-	35,499	35,039	460	33,975	1,524

Note: Exchange rate of US dollar vis-à-vis other foreign currencies is based on International Financial Statistics, IMF, February, 2005

(d) NRI Deposits & Short-term Debt

4.6.4 Under NRI deposits, valuation effect was significant during the last two years resulting in a large escalation of balances particularly under NR(E)RA reflecting sharp appreciation of the Rupee *vis-à-vis* the US dollar. Short-term debt was not influenced by the weakening of the US dollar as short-term credits were mostly raised in US dollars (Table 4.9).

Table 4.9: Valuation Change (NRI Deposits & Short-term Debt)

(Figures in million)

Currency	Debt Stock at end- Dec.2004 (Foreign Currency)	Debt Stock as on Dec.31 2004 at end-Dec.2004 exchange rates (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2003 exchange rates (US\$)	Difference (3-4) {Increase in debt during 2004 due to valuation changes} (US \$)	Debt Stock as on Dec. 31 2004 at end-Dec.2002 exchange rates (US\$)	Difference (3-6) {Increase in debt between 2002 & 2004 due to valuation changes} (US \$)
1	2	3	4	5	6	7
A. NRI deposits						
US Dollar	8,732	8,732	8,732	0	8,732	0
Indian Rupees	889,570	20,409	19,508	901	18,521	1,888
Japanese Yen	10,828	104	101	3	90	14
Euro	239	325	302	23	251	74
Pound Sterling	1,154	2,229	2,061	168	1,860	369
Total		31,799	30,704	1,095	29,454	2,345
B. Short-term debt						
US Dollar	6,864	6,864	6,864	0	6,864	0
Total	-	6,864	6,864	0	6,864	0

Note: Exchange rate of US dollar *vis-à-vis* other foreign currencies is sourced from International Financial Statistics, IMF, February, 2005.

5. DEBT SERVICING

5.1 Debt Service Payments

5.1.1 Debt service payments in relation to external current receipts indicate the debt servicing capacity of a country which is critical for the assessment of a country's ability to meet its payment obligation arising out of foreign borrowings. Large debt service payments relative to foreign exchange reserves as well as external current receipts may result in balance of payments difficulties. Besides, debt service ratio serves as a significant parameter in the rating exercise undertaken by the international credit rating agencies. Drawing the schedule of debt service payments facilitates effective external reserve management. Therefore, monitoring of debt service payments assumes special importance in external debt management.

5.1.2 In absolute terms, external debt service payments¹ excluding exceptional transactions have showed a declining trend during the last few years. Lower international interest rates stemmed the growth in interest payments on external borrowing. Excluding prepayments of US\$3,430 million on account of borrowing under external assistance programme, total debt service payments amounted to US\$11,808 million in 2002-03. Similarly, adjusted for prepayment of US\$3,797 million on account of borrowing under external assistance programme and redemption of RIBs amounting to US\$5,549 million, total debt service payments during 2003-04 worked out to US\$9,669 million. Debt service payments at US\$6,684 million (excluding prepayments of US\$45 million) during April-December 2004 were less than half of those during the corresponding period of the preceding year (Table 5.1) (Annex VI & VII).

Table 5.1 : India's External Debt Service Payments

(US \$ million)

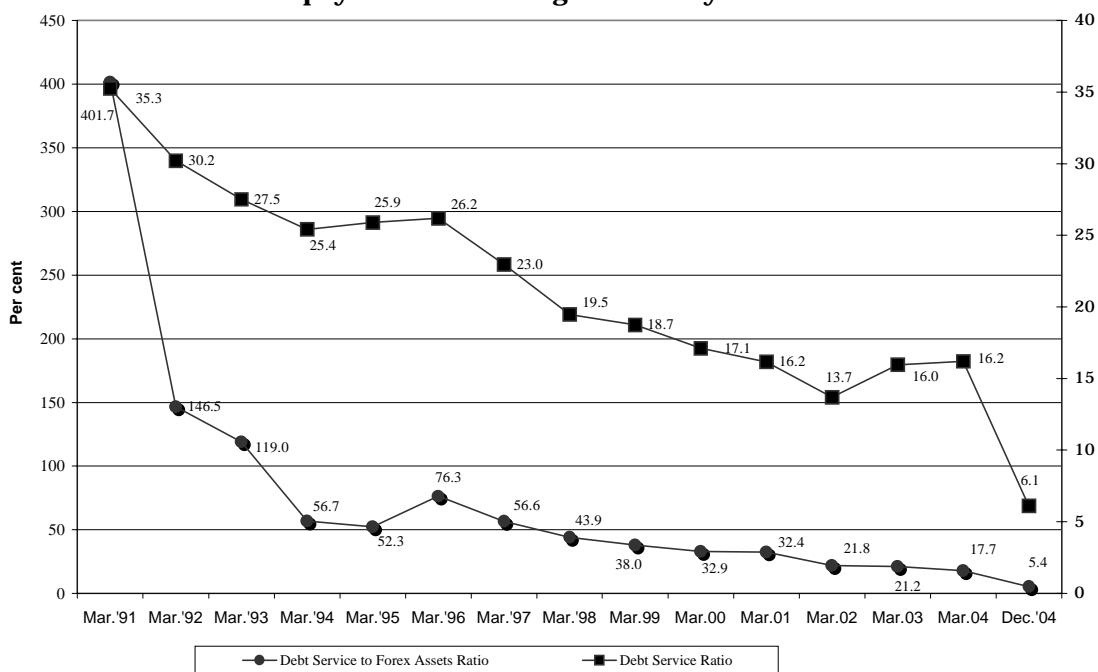
	April-March									April-December	
	1990-91	1995-96	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04P	2003	2004P
1. External Assistance	2,315	3,691	3,229	3,270	3,057	3,444	3,225	7,165	6,983	4,455	1,918
Repayments	1,187	2,192	1,966	2,051	1,941	2,338	2,150	6,037	6,193	3,720	1,381
Interest	1,128	1,499	1,263	1,219	1,116	1,106	1,075	1,128	790	735	537
2. External Commercial											
Borrowings	3,414	5,248	4,934	5,070	5,800	7,073	5,563	6,186	10,164	8,909	3,529
Repayments	2,004	3,868	3,550	3,477	4,147	5,378	4,107	5,019	8,045	7,034	2,700
Interest	1,410	1,380	1,384	1,593	1,653	1,695	1,456	1,167	2,119	1,875	829
3. I. M. F.	778	1,860	667	419	267	26	0	0	0	0	0
Repayments	644	1,715	618	393	260	26	0	0	0	0	0
Interest	134	145	49	26	7	0	0	0	0	0	0
4. NRI Deposits	1,282	1,247	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,124	985
Interest	1,282	1,247	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,124	985
5. Rupee Debt Service											
Repayments	1,193	952	767	802	711	617	519	474	376	304	297
Total Debt Service											
Payments (1 to 5)	8,982	12,998	11,404	11,204	11,543	12,821	11,115	15,238	19,015	14,792	6,729
Repayments	5,028	8,727	6,901	6,723	7,059	8,359	6,776	11,530	14,614	11,058	4,378
Interest	3,954	4,271	4,503	4,481	4,484	4,462	4,339	3,708	4,401	3,734	2,351
Current Receipts @	25,478	49,625	58,545	59,760	67,472	77,467	80,982	95,248	117,142	79,459	109,637
Debt Service Ratio (%)	35.3	26.2	19.5	18.8	17.1	16.6	13.7	16.0	16.2	18.6	6.1
Interest payments to current											
receipts ratio	15.5	8.6	7.7	7.6	6.6	5.8	5.4	3.9	3.8	4.7	2.1

@: Current receipts exclude official transfers. P: Provisional

5.1.3 India's debt service ratio has improved progressively over the years owing to the combined effect of moderation in debt service payments and expansion in external current receipts. Excluding prepayments and redemption of RIBs, debt service ratio worked out to 12.4 per cent in 2002-03, 8.3 per cent in 2003-04 and 6.1 per cent during April-December, 2004 (Figure 5.1).

¹ Debt service payments are calculated on cash payment basis except in the case of Non-Resident Indian Deposits where accrual method is used. The estimates may, therefore, differ from those under BOP data.

Figure 5.1: Debt Service Ratio and Ratio of Debt service payments to Foreign Currency Assets



5.1.4 Table 5.2 provides debt service payments by creditor categories. Debt service payments on account of export credit, commercial borrowings and NRI deposits, broadly representing private debt, accounted for around two-thirds of total debt service payments during April-December 2004 as compared to around 59 per cent in 2003-04. Relatively lower interest payments under multilateral and bilateral debt reflected the favourable impact of concessional loans in the sovereign debt portfolio.

Table 5.2: Debt Service Payments by Creditor Category

(US\$ million)

	April - March						April - December	
	1998-99	1999-00	2000-01	2001-02	2002-03R	2003-04P	2003R	2004P
Multilateral:								
Principal	2,175	2,043	2,411	2,160	5,872	4,553	2,905	966
Interest	1,303	1,261	1,629	1,405	5,093	4,093	2,425	680
Bilateral:	1,716	1,638	1,593	1,530	1,634	2,923	1,918	1,172
Principal	1,204	1,130	1,108	1,119	1,177	2,525	1,623	895
Interest	512	508	485	411	457	398	295	277
IMF:	419	267	26	0	0	0	0	0
Principal	393	260	26	0	0	0	0	0
Interest	26	7	0	0	0	0	0	0
Export Credit:	1,256	1,108	1,670	1,185	1,426	1,090	804	647
Principal	868	758	1,302	885	1,196	877	649	445
Interest	388	350	368	300	230	213	155	202
Commercial Borrowings:	3,193	4,068	4,843	3,913	4,419	8,581	7,737	2,662
Principal	2,153	2,939	3,677	2,848	3,590	6,743	6,057	2,061
Interest	1,040	1,129	1,166	1,065	829	1,838	1,680	601
NRI Deposits (Interest):	1,643	1,708	1,661	1,808	1,413	1,492	1,124	985
Rupee Debt (Principal):	802	711	617	519	474	376	304	297
Total Debt Service:	11,204	11,543	12,821	11,115	15,238	19,015	14,792	6,729
Principal	6,723	7,059	8,359	6,776	11,530	14,614	11,058	4,378
Interest	4,481	4,484	4,462	4,339	3,708	4,401	3,734	2,351

R: Revised; P: Provisional

5.1.5 Table 5.3 provides details of principal repayments under short-term credits. Principal repayments during a year exceed opening stock of short-term credits because of larger intra-year flows reflecting short-term credits contracted for less than one year. The principal repayments and interest payments under short-term debt are not taken into account for the purpose of debt service

calculation. Principal amounts matured under NRI deposits too are not treated as part of debt service payments because of their nature of being rolled over and part of deposits utilized for local payments on maturity. However, interest paid on NRI deposits are included under total debt service payments.

Table 5.3: Debt Servicing on Short-term Trade Credits

(US\$ million)

	April - March								April-December		
	1990-91	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2003R	2004QE
Principal Repayment	677	6,247	7,130	5,562	6,402	10,692	6,355	4,206	9,670	6,138	9,778

R : Revised QE: Quick Estimates

5.1.6 Table 5.4 provides international comparison of debt service payments and debt service ratio for top ten debtor countries as extracted from the Report on Global Development Finance, 2005, World Bank. During 2003, India had the third lowest debt service ratio of 18.1 per cent after China and Russian Federation.

Table 5.4: International Comparison-External Debt Service Payments of Top Ten Debtor Countries and SAARC Countries, 2003

Country	Principal	Interest	Total Debt Service Payments	Debt Service Ratio
				(per cent)
Brazil	41,829	14,889	56,718	63.8
China	30,356	6718	37,074	7.3
Russian Federation	10,951	8,243	19,194	11.8
Argentina	11,947	2,061	14,008	37.9
Turkey	21,499	6,684	28,183	38.5
Mexico	29,995	10,671	40,666	20.9
Indonesia	14,259	4,195	18,454	26.0
India	14,314	6,074	20,388	18.1
Poland	16,542	2,608	19,150	25.1
Philippines	7,401	2,884	10,285	22.1
SAARC Countries				
Pakistan	2,180	848	6,921	16.0
Bangladesh	495	176	722	6.0
Sri Lanka	418	186	716	7.5
Nepal	82	31	98	6.0
Bhutan	5	2	6	NA
Maldives	16	5	22	3.6

Source: *Global Development Finance 2005, World Bank*.

5.2 Debt Service Projections

5.2.1 Projections of debt service payments become useful in avoiding bunching of repayments and for maintaining adequate foreign exchange reserves to meet contractual obligations. Based on repayment schedule of the external debt stock at end-December 2004, the debt service payments of long-term external debt are projected for the next ten years from 2005-06 (Table 5.5). The projections do not include future debt service obligations arising out of fresh borrowings. Total annual debt service payments are projected to be US\$14 billion in 2005-06. The hump in debt service payments is due to the redemption of India Millennium Deposits (IMDs) in December 2005.

Table 5. 5 : Projected Debt Service Payments

(US\$ million)

Year	Principal	Interest	Total
2005-06	10,910	3,228	14,138 ⁺
2006-07	6,175	1,622	7,797
2007-08	7,038	1,544	8,582
2008-09	7,643	1,350	8,993
2009-10	9,619	1,204	10,823
2010-11	4,780	995	5,775
2011-12	4,460	839	5,299
2012-13	3,804	752	4,556
2013-14	3,656	660	4,316
2014-15	3,500	581	4,081

Note: The projections on debt servicing are based on the end-December 2004 debt outstanding position. Projections exclude NRI Deposits and FII investment in Government Debt Securities.

+ includes repayment on account of IMDs.

6. EXTERNAL DEBT MANAGEMENT

The external debt management policy pursued by the Government since the early nineties has focused on keeping external debt within manageable limits. The policy emphasis has been on concessional and less expensive fund sources, preference for longer maturity profiles, monitoring of short-term debt, premature retirement of high cost external loans and encouraging non-debt creating capital flows. An effective system is in place to measure and monitor the level and indicators of external debt. Some of the important sustainability and liquidity indicators such as external debt-to-GDP, short-term debt-to-GDP, share of short-term debt in total debt, debt service ratio and short-term debt-to-foreign exchange reserves, are being constantly monitored. Statistical improvement and technological upgradation are undertaken on an on-going basis to ensure capacity building to meet the demand of management information system.

6.1 Premature repayment of high-cost external debt

6.1.1 The process of prepayment of high-cost foreign loans continued in 2004-05 too. During the last three years, Government of India prematurely repaid a significant part of both multilateral and bilateral sovereign loans raised under external assistance programme. Other institutions and public sector undertakings (non-government) too effected prepayment of loans obtained under external assistance (Table 6.1).

Table 6.1 : Prepayment of Government & Non-Government loans

(US\$ million)

Year	Government Account	Non-Government Account	Total
2002-03			
Multilateral	2,788.7	530.0	3,318.7
Bilateral	111.5	-	111.5
Total	2,900.2	530.0	3,430.2
2003-04			
Multilateral	2,534.2	43.9	2,578.1
Bilateral	1,219.3	-	1,219.3
Total	3,753.6	43.9	3,797.5
2004-2005			
Multilateral	-	9.9	9.9
Bilateral	35.2	-	35.2
Total	35.2	9.9	45.1

6.1.2 Table 6.2 provides country/institution-wise prepayment of sovereign loans undertaken during the last three years. The multilateral loans which were prepaid included Currency Pooled Loans owed to the World Bank and Single Currency Loans obtained from the Asian Development Bank. Besides, bilateral loans received by the Government of India under external assistance programme were also prematurely retired. Bilateral loans raised from Sweden, Netherlands, Austria, Australia, Canada, Spain, Denmark, Kuwait and Saudi Arabia stood completely liquidated. In addition, some of the non-Government loans where the Government stood as guarantor were also prepaid during the last three years. Change in policy framework of loans raised under external assistance programme which are passed to the states is set out in Box 6.1.

**Table 6.2: Country-wise Prepayment of Sovereign Debt
(loans under Government account)**

SI No.	Country/ Institution	Prepayments	Prepayments	Prepayments
		(2002-2003)	(2003-2004)	(2004-05)
1	2	3	4	5
<u>MULTILATERAL</u>				
1	ADB	1,184.43	1,168.84	-
2	IBRD	1,604.26	1,365.40	-
3	EEC(SAC)			
4	IDA			
5	IFAD			
6	OPEC			
	TOTAL (A)	2,788.69	2,534.24	-
<u>BILATERAL</u>				
1	Austria	31.06	-	
2	Australia	4.78	-	
3	Canada	313.69	-	
4	Denmark	83.50	-	
5	Spain	24.00	-	
6	France	111.51	-	
7	Italy	93.49	-	
8	Japan	68.71	-	
9	Kuwait	26.36	-	
10	Netherlands		474.35	-
11	Saudi Arabia		6.92	-
12	Sweden	92.46	-	
13	Belgium		35.2	
	TOTAL (B)	111.51	1,219.32	35.2
	GRANDTOTAL(A+B)	2,900.20	3,753.56	35.2

6.1.3 The prepayment of loans raised abroad by corporates and financial institutions under external commercial borrowings was also encouraged by stipulating that the loans could be prepaid purely based on commercial consideration without seeking prior approval of the Reserve Bank of India up to US\$100 million subject to compliance with the prescribed minimum average maturity period as applicable for the loan.

6.1 Short-term Debt

6.2.1 The policy towards short-term debt focuses essentially on twin objectives of providing enough short term credits to meet import requirements and at the same time keep the level of such credits under control to prevent them from precipitating an external crisis. Short-term trade credits are allowed only for import purposes. Trade credits, particularly short-term trade credits, are under strict surveillance of the RBI. Furthermore, the analytical computation of residual maturity of external debt has aided effective monitoring of short-term debt in terms of assessing total repayments due during the year.

6.3 Non-Resident Indian Deposits

6.3.1 In the initial years, the policy initiatives were aimed at attracting non-resident deposits by offering a number of incentives including exchange guarantees and higher rate of interest. However, in the recent years, such deposits have been streamlined by withdrawing the schemes with exchange guarantees, revising maturity structure to encourage long-term deposits, allowing banks to decide the interest rates on foreign currency deposits subject to a limit based on LIBOR/ Swap rates for the corresponding maturities, discontinuing non-repatriable schemes and rationalisation of interest rate structure on Non-resident External Rupee Accounts.

6.3.2 With regard to rationalisation of interest rates on NRI deposits, interest rates on NR(E)RA *term* deposits were rationalized in a phased manner beginning July 17, 2003. They have been set at 50 basis points above LIBOR/SWAP rates of US dollar of corresponding maturities

effective November 1, 2004. Interest rate on NR(E)RA *savings* deposits has been linked to LIBOR rates for six months' maturity on US dollar deposits, instead of domestic savings deposit rate, effective April 17, 2004 which is to be fixed quarterly on the basis of LIBOR/SWAP rate of US dollar on the last working day of the preceding quarter. Interest rate on FCNR(B) continues to be subjected to a ceiling of 25 basis points below LIBOR/SWAP rate of US dollar of corresponding maturity since April 2002.

6.3.3 Under FCNR(B), the short-term deposits with less than one year maturity were withdrawn with effect from October 1999. In April 2003, maturity period of NR(E)RA term deposits was also made between one to three years withdrawing short-term deposits of less than one year maturity in line with FCNR(B) deposits.

6.4 External Commercial Borrowings (ECBs)

6.4.1 Corporates and Public Sector Undertakings are permitted to access international capital market for the purposes of expansion of existing capacity as well as for fresh investments. Loans, raised by the private sector from international capital markets, with maturity of more than three years are classified as ECBs. While those with maturity of less than one year fall under the category of short term credits, loans with maturity of less than 3 years are categorised as trade credits. ECB proposals are approved within an overall annual ceiling keeping in view the sectoral requirements and outcome of Balance of Payments in the medium term. The principal elements of policy for ECBs include keeping the maturities long, costs low and encouraging investments in infrastructure and export sectors. Utilisation of ECB proceeds is not permitted for on-lending or investment in capital market and for investment in real estate by corporates. End-use of ECBs for working capital and repayment of existing rupee loans are also not allowed since January 2004. Furthermore, the minimum average maturity for loans above US\$20 million has been stipulated at five years. Trade credits with a maturity period beyond one year and up to three years have been permitted only for import of capital goods up to US\$20 million per transaction.

6.4.2 Table 6.3 shows details of ECB approvals, disbursements, debt-service and debt outstanding. India Millennium Deposits of US\$5.5 billion raised in 2000 would come up for repayment in December 2005. The current policy stance on export credit & ECB is explained in Box 6.2.

Table 6.3: External Commercial Borrowings

(US\$ million)

Year	Approvals	Gross Disbursement	Amortisation	Interest	Total Debt Service	Debt Outstanding
1	2	3	4	5	6	7
1985-86	1390	1470	462	499	961	6227
1990-91	1903	1700	1191	1042	2233	13909
1991-92	2127	2798	1146	994	2140	15557
1992-93	2200	1001	1357	917	2274	15818
1993-94	2585	1859	1703	896	2599	16650
1994-95	4469	2670	2513	1091	3604	18037
1995-96	6286	4538	3311	1162	4473	19024
1996-97	8581	7018	4032	1177	5209	20261
1997-98	8712	7400	3411	1406	4817	23946
1998-99	5200	6927	3153	1575	4728	28182
1999-00	3398	2289	3460	1635	5095	27530
2000-01	2837	9295	5043	1683	6726	30922
2001-02	2653	2933	4013	1534	5547	29579
2002-03	4235	3033	5001	1180	6181	28074
2003-04	6671	5149	8015	2031	10046	25722
2004-05 # # (QE)	9400	6117	2670	678	3348	29141

Note : Disbursements during 1998-99 and 2000-01 include RIBs and IMDs. Debt service payments during 2003-04 include redemption of RIBs

QE: Quick Estimates; # # : April - December 2004.

Box 6.1: External Assistance

External Assistance to India is largely project-based except for structural adjustment assistance. External assistance comprises a mixed bag of grants, soft loans and non-concessional loans. So far, the external assistance received for states' projects was passed on to states in equivalent rupee terms as 70 per cent loan and 30 per cent grant (10 per cent and 90 per cent, respectively in case of special category states). Interest rates applied were those in rupee terms as applicable to block loans. Under this arrangement, exchange loss or gain on foreign loans, besides commitment and management charges, were borne by the Centre as states were required to repay only the borrowed rupee amount. Interest rates charged by the Centre to states were different from those applied by the external lending agencies.

The Twelfth Finance Commission (2005-10) recommended that external assistance be passed on to states on back-to-back basis and Government of India to act as only a financial intermediary without any gain or loss. The Government of India accepted the recommendation effective April 1, 2005 subject to the condition that the service cost and exchange rate fluctuations would also be passed on to the States. Under the new arrangement, states would obtain external assistance on the same terms and conditions with regard to interest rate, maturity, moratorium and amortisation schedule, as those contained in the loan agreement between the Government of India and the donor. Operation and disbursement of external assistance becomes easier and faster as it would be under a separate 'Fund' outside the Consolidated Fund of India. The 'Fund', as observed by the Commission, could also be utilised for covering foreign exchange fluctuations and currency risk. However, the onus of bearing exchange risk and managing external resources eventually falls on the States. States will have to, therefore, focus on capacity building to raise foreign resources at competitive rates, manage attendant exchange risk and monitor externally aided projects closely to ensure reasonable rate of return.

BOX 6.2 Policy of External Commercial Borrowings & Trade Credits

External Commercial Borrowings

Policy of External Commercial Borrowings (ECB) is revised from time to time taking into account the requirements of the corporate sector, developments in international interest rates and domestic liquidity, external debt position and host of other factors which have bearing on external borrowings. ECB refers to commercial loans availed from non-resident lenders with a minimum average maturity of 3 years. Borrowers can raise ECB from internationally recognised sources such as (i) international banks, international capital markets, multilateral financial institutions (such as IFC, ADB etc.), (ii) export credit agencies and (iii) suppliers of equipment, foreign collaborators and foreign equity holders.

ECB can be raised through two routes viz. (i) Automatic Route and (ii) Approval Route.

Under the Automatic Route, ECB can be raised for investment in real sector-industrial sector, especially infrastructure sector, in India without RBI/Government approval. Corporates registered under the Companies Act except financial intermediaries (such as banks, financial institutions (FIs), housing finance companies and NBFCs) are eligible. As announced in Budget 2005-06, NGOs engaged in micro-finance activities have been permitted to raise ECB up to US\$5 million during a financial year for permitted end-use under the automatic route. Individuals, Trusts and Non-profit making organisations except the NGOs mentioned above are not eligible to raise ECB.

Maximum amount of ECB allowed under the Automatic Route is restricted to US\$500 million per borrower during a financial year with a sub-limit of up to US\$20 million or equivalent with minimum average maturity of 3 years, and above US\$20 million and up to US\$500 million or equivalent with minimum maturity of 5 years.

Under the Approval Route, cases falling outside the purview of automatic route limits and maturity periods are considered. Financial Institutions dealing exclusively with infrastructure or export finance (for example, IDFC, IL&FS, etc.) are considered on a case by case basis. Banks and Financial Institutions which have participated in the textile or steel sector restructuring packages approved by the Government are also permitted to the extent of their investment in the package and assessment by RBI based on prudential norms. On June 3, 2005, ECB policy was revised to permit ECBs by NBFCs under the Approval Route from the multilateral financial institutions, reputed regional financial institutions, official export agencies and international banks towards import of infrastructure equipment for leasing for infrastructure projects with a minimum average maturity of 5 years. Further, Foreign Currency Convertible Bonds (FCCBs) by housing finance companies with strong financial satisfying criteria to be notified by RBI, will be permitted under the Approval Route. The cases falling under the Approval Route are considered by an Empowered Committee of the RBI.

General terms and conditions:

i) All-in-cost ceilings: All-in-cost ceiling includes rate of interest, other fees and expenses in foreign currency except commitment fee, prepayment fee, and fees payable in Indian rupees. Also, payment of withholding tax is excluded for calculating the all-in-cost. The present all-in-cost ceilings for ECB are as follows:

<u>Maturity</u>	<u>All-in-cost ceiling over 6 months LIBOR</u>
(i) 3 years and up to 5 years	200 basis points
(ii) More than 5 years	350 basis points

ii) End-use restrictions: ECB can be raised only for investment (such as import of capital goods, new projects, modernisation/expansion of existing production units) in real sector-industrial sector including small and medium enterprises and infrastructure sector, in India. Infrastructure sector is defined to include power, telecommunication, railways, roads including bridges, ports, industrial parks, and urban infrastructure (water supply, sanitation, and sewage projects). ECB proceeds can be utilised for overseas direct investment in Joint Ventures subject to the existing guidelines. Utilisation of ECB proceeds is permitted in the first stage acquisition of shares in the disinvestment process and in the mandatory second stage offer to the public under the disinvestment programme of PSU shares. Utilisation of ECB proceeds is not permitted for investment in capital market by corporates or for on-lending except by specific banks, financial institutions, NBFCs and housing finance companies permitted under the Approval Route. Utilisation of ECB is not permitted in real estate. 'Real estate' excludes development of townships as per provisions of Press Note No. 2(2005 series) dated March 3, 2005 of the Department of Industrial Policy & Promotion. End-use of ECB for working capital, general corporate purpose and repayment of existing rupee loans are not permitted.

iii) Prepayment: Prepayment of ECB up to US\$200 million is permitted without prior approval of RBI, subject to minimum average maturity period of 5 years. Prepayment of ECB for amounts exceeding US\$200 million and prepayment of ECBs with minimum average maturity of 3-5 years would be on the Approval Route.

iv) Refinance of existing ECB: Refinancing of existing ECB by raising fresh loans at lower cost is permitted, subject to the condition that the outstanding maturity of the original loan is maintained.

v) Guarantees: Issuance of guarantees, stand by letter of credit, etc. by banks, financial institutions and NBFCs relating to ECB is not permitted. However, such guarantees in the case of SME are considered on merit under approval route.

vi) Security: The choice of security to be provided to the lender is left to the borrower. However, creation of charge over immovable assets is subject to the existing guidelines.

vii) Parking of ECB proceeds overseas: ECB proceeds should be parked overseas until actual requirement in India.

viii) Debt servicing: The designated Authorised Dealers (ADs) have the general permission to remit principal, interest amount and other charges.

ix) Procedure: Borrower may enter into an agreement with overseas lender under automatic route without any approval from the RBI/Government satisfying the reporting requirement. Under approval route, applicants are required to submit an application in prescribed form through designated AD to the concerned Department in the RBI.

The norms applicable to ECB are also extended to Foreign Currency Convertible Bonds (FCCBs) in all respects, except in the case of housing finance companies for which criteria will be notified by RBI.

The recent revisions in ECB policy will come into force from the date of notification of regulations/directions by RBI under the Foreign Exchange Management Act, 1999.

Trade Credits

‘Trade credits’ (TC) refer to credits extended for imports directly by the overseas supplier, bank and financial institution for original maturity of less than three years. Depending on the source of finance, such trade credits include suppliers’ credit or buyers’ credit. Suppliers’ credit relates to credit for imports into India extended by the overseas supplier, while buyers’ credit refers to loans for payment of imports into India arranged by the importer from a bank or financial institution outside India for maturity of less than three years.

Amount of maturity: ADs are permitted to approve trade credits for imports into India up to US\$20 million per import transaction for import of all items with a maturity period up to one year. For import of capital goods, ADs may approve trade credits up to US\$20 million per import transaction with a maturity period of more than one year and less than three years.

All-in-Cost Ceilings: The all-in-cost ceilings include arranger fee, upfront fee, management fee, handling/processing charges, out of pocket and legal expenses, if any.

<u>Maturity</u>	<u>All-in-cost ceiling over 6 months LIBOR</u>
(i) up to one year	50 basis points
(ii) More than one year but less than three years	125 basis points

Guarantee: ADs should not extend guarantee to overseas lender without prior approval of RBI.

Reporting arrangement: ADs are required to furnish consolidated details of approvals, drawal, utilisation, and repayment of trade credits granted by all its branches in the prescribed format to the concerned Department in the RBI.

6.5 Monitoring of External Debt

6.5.1 The external debt management in terms of computation and dissemination of debt statistics is largely aided by extensive computerisation at all the units engaged in the compilation of external debt data. The Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) is being used to collate the debt statistics. The latest version CS-DRMS 2000+ ver.1.1 is operationalised. The Commonwealth Secretariat conducted workshops in June 2004 both at CAA&A, Ministry of Finance, New Delhi and DESACS, RBI, Mumbai to facilitate completing migration to the new version. The usage of CS-DRMS facilitated effective analysis of debt statistics apart from making debt-service projections available for the purpose of designing future debt strategies. At present, nearly eighty per cent of external debt data have been computerised. The efforts are underway to computerise Non Resident Deposits and short-term debt statistics in order to achieve complete data computerisation.

6.5.2 External Debt Management Unit at the Ministry of Finance strives to function as the apex-monitoring unit with due support from Controller of Aid, Audit & Accounts Division (Ministry of Finance) and Reserve Bank of India. The agencies engaged in compilation of debt statistics continue to focus on ensuring complete coverage, timely availability and transparency in the external debt statistics. Besides, Standing Committees and Technical Groups drawing officials from the RBI and Government of India meet on a regular basis to address various issues relating to improvement in coverage, classification and presentation of external debt statistics.

6.5.3 External debt data are published on a quarterly basis in compliance with the requirement under Special Data Dissemination Standards (SDDS) of the IMF. External Debt Management Unit in the Ministry of Finance compiles these statistics for end-September as well as end-December and disseminates them through press releases. In addition, they are covered in annual issues of the Economic Survey and Status Report on External Debt. Reserve Bank of India releases these data for end-March and end-June besides including them in their Annual Report and monthly Bulletins.

7. SOVEREIGN EXTERNAL DEBT MANAGEMENT

7.1 Organisational Structure

7.1.1 The organisational structure of sovereign external debt management is as follows:

- (i) Head Office which accords final approval for raising debt,
- (ii) Front Office which is responsible for negotiating new loans,
- (iii) Middle Office that undertakes measurement, monitoring and policy formulation.
- (iv) Back Office looking after auditing, accounting, data consolidation and dealing office functions.

7.1.2 7.1.1 Finance Minister is the Head of Office and final authority for granting approval for raising both internal and external debt. All loan negotiating divisions in the Ministry of Finance viz., Fund Bank, ECB Division, ADB Division, EEC Division, Japan Division, etc. and the Reserve Bank of India (for IMF loans) perform Front Office role. External Debt Management Unit (EDMU) in Ministry of Finance performs Middle Office functions. Office of Controller of Aid, Accounts & Audit acts as the Back Office.

7.2 Sovereign External Debt Management

7.2.1 The public debt management is an important element of overall macro economic management. Sovereign external debt management is a subset of general debt management strategy which focuses on minimising cost and risk of sovereign external borrowings. GOI's external debt portfolio, though comprises loans obtained under external assistance programme for the most part and no sovereign borrowing from international capital markets, contains variety of currencies, different maturities and mix of interest rates which needs to be monitored on a continuous basis.

7.2.2 There are two types of sovereign external debt namely, 'external debt on Government account' and 'other Government external debt'. While the former, accounting for the major share, comprises outstanding loans raised by the Government of India from multilateral and bilateral sources under external assistance programme, other Government external debt includes debt from IMF, defence debt and FII investment in Government securities. Complete computerisation of external debt on Government account has ensured ready availability of historical data for analysing, scenario/strategy building and modeling of sovereign external debt.

7.2.3 Table 7.1 shows data on sovereign debt along side the source-wise information. Debt outstanding on Government account under external assistance, though remained in the range of US\$41 to 44 billion between end-March 1997 and end-December 2004, declined gradually as a proportion of GDP from little over 14 per cent at end-March 1995 to 6.7 per cent at end-December 2004. 'Other Government external debt' came down sharply from US\$7.5 billion at end-March 1997 to US\$3.5 billion at end-March 2004 mainly due to contraction in Rupee debt and complete liquidation of IMF loan over this period. Total sovereign debt relative to GDP declined more steeply from 12.9 per cent at end-March 1997 to 7 per cent at end-March 2004 than the absolute amount, which dropped from US\$49.1 billion to US\$44.7 billion over the same period.

Table 7.1: Sovereign External Debt

(US\$ million)

		End-March							End-December		
		1997	1998	1999	2000	2001	2002 R	2003 R	2004R	2003R	2004 QE
I. External Debt on Govt.											
Account under External Assistance (A+B)											
		41,592	40,805	41,896	42,823	40,727	40,965	41,216	41,142	42,567	43,889
A	Multilateral (1 to 5)	26,369	26,344	26,967	27,555	27,417	28,289	27,271	26,826	27,805	29,016
1	IDA	17,337	17,541	18,301	18,964	18,811	19,440	21,257	22,356	22,563	23,860
2	IBRD	6,772	6,430	6,062	5,797	5,657	5,741	4,009	3,144	2,799	3,568
3	ADB	1,961	2,078	2,309	2,507	2,680	2,835	1,702	1,007	2,116	1,256
4	IFAD	208	211	221	225	213	219	247	262	271	277
5	Others	91	84	74	62	56	54	56	57	56	55
		(63.4)	(64.6)	(64.4)	(64.4)	(67.3)	(69.1)	(66.2)	(65.2)	(65.3)	(66.1)
B.	Bilateral@ (6 to 12)	15,223	14,461	14,929	15,243	13,310	12,676	13,945	14,316	14,762	14,873
6	Japan	6,423	6,506	7,441	8,705	7,513	7,389	8,429	9,654	9,487	9,953
7	Germany	3,165	2,853	2,789	2,374	2,113	1,983	2,317	2,512	2,574	2,693
8	United States	1,824	1,693	1,574	1,436	1,298	1,161	1,026	903	935	816
9	France	1,001	925	891	760	679	628	598	637	651	670
10	Netherlands	756	654	629	524	447	398	439	0	446	0
11	Russian Federation	654	556	482	447	407	372	414	572	537	733
12	Others	1,400	1,274	1,123	997	853	745	722	38	132	8
		(36.6)	(35.4)	(35.6)	(35.6)	(32.7)	(30.9)	(33.8)	(34.8)	(34.7)	(33.9)
II.	Other Govt. External Debt**	7,468	5,715	4,241	4,029	3,494	2,747	2,547	3,916	3,304	2,846
III.	Total Sovereign External Debt (I+II)	49,060	46,520	46,137	46,852	44,221	43,712	43,763	45,058	45,871	46,735

Note : Figures in bracket indicate percentage to total debt on Government Account.

@ : Includes Rupee Debt (Civilian).

* : External debt on Government Account represents borrowings from external assistance.

** : Other Government External Debt comprises Defence debt, loans from IMF, and FII investment in Government securities.

QE : Quick Estimates R: Revised

7.3 Sovereign External Debt Service Payments

7.3.1 Table 7.2 shows annual debt-servicing of sovereign external debt. Debt service payments on Government account under external assistance accounts for the major part of the sovereign debt. The debt service payments which showed a stable trend up to 2001-02 went up in 2002-03 and 2003-04 because of prepayments of high cost multilateral and bilateral credits. Excluding prepayments, debt service payments amounted to US\$3,523 million in 2002-03, US\$2,542 million in 2003-04 and US\$1,877 million during April-December 2004.

Table 7.2: Sovereign External Debt Service Payments (Actual)

(US\$ million)

	(April - March)							(April-December)		
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03R	2003-04	2003R	2004P
I. Debt Service Payments under External Assistance (A+B)										
	3022	2923	2954	3057	3444	2762	5949	6296	3940	1631
A. Multilateral (i& ii)	1849	1808	1800	2009	2374	1673	4749	3932	2440	744
(i) Principal	1053	1078	1117	1239	1606	1097	4134	3562	2140	525
(ii) Interest	796	730	683	770	768	576	615	370	300	219
B. Bilateral (iii +iv)	1173	1115	1154	1048	1070	1089	1200	2364	1500	887
(iii) Principal	784	740	802	702	732	787	918	2067	1271	656
(iv) Interest	389	375	352	346	338	302	282	297	229	231
II. Other Government Debt Service Payments (v + vi)										
	1788	1434	1221	978	643	519	474	0	304	297
(v) Principal	1702	1385	1195	971	643	519	474	0	304	297
(vi) Interest	86	49	26	7	0	0	0	0	0	0
III. Total Government External Debt Service Payments (I+II)										
	4810	4357	4175	4035	4087	3281	6423	6296	4244	1928
(vii) Total Principal	3539	3203	3114	2912	2981	2403	5526	5629	3715	1478
(viii) Total Interest	1271	1154	1061	1123	1106	878	897	667	529	450

* : Does not include debt service payments on account of FII investment in Government securities.

QE : Quick Estimates R: Revised P: Provisional

7.4 Projections of debt servicing on Government Account under External Assistance

7.4.1 Table 7.3 shows projections of external debt service payments on Government account for ten years based on the debt outstanding as on December 31, 2004. The redemption profile of the Government reflects steady debt service payments over the next ten years in the range of US\$2.3 to US\$3.1 billion from 2005-06 to 2014-15.

Table 7.3: Projection of External Debt Service Payments on Government Account Under External Assistance

(US\$ million)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
A. Multilateral (I+II)	1,097	1,239	1,388	61,533	1,630	1,695	1,756	1,810	1,885	1,915
(I) Principal	823	947	1,083	1,219	1,317	1,390	1,463	1,533	1,626	1,674
(II) Interest	274	292	305	314	313	305	293	277	259	241
B. Bilateral (II+III)	1,161	1,352	1,353	1,344	1,319	1,284	1,243	1,206	1,186	1,162
(II) Principal	829	1,021	1,028	1,023	1,005	986	968	954	960	960
(III) Interest	332	331	325	321	314	298	275	252	226	202
C. Total Government Account (A+B)										
ie (iv+v)	2,258	2591	2,741	2,877	2,949	2,979	2,999	3,016	3,071	3,077
(IV) Total Principal	1,652	1,968	2,111	2,242	2,322	2,376	2,431	2,487	2,586	2,634
(V) Total Interest	606	623	630	635	627	603	568	529	485	443

Note: The projections are based on debt outstanding as at end-December 2004 on Government Account against multilateral and bilateral debt under external assistance. The projections also include debt service arising out of committed undisbursed balance (CUB). It excludes debt service payments on account of Defence debt, FII investment in Government securities and those on fresh borrowing.

BOX 7.1: Sovereign Credit Ratings

Sovereign credit ratings assigned by the Standard & Poor's, Moody's and Fitch's to top ten indebted countries are given in Table 7.4. These ratings are based on a variety of parameters such as per capita income, external debt stock, inflation, track record of repayment, etc. The perception of international investors are quite often shaped by these ratings. The ratings given below relate to long-term foreign currency sovereign debt issued by the respective countries. International ratings assume special importance for a country like India which does not raise sovereign borrowings from international private capital markets rendering it difficult to assess the benchmark rate. While Moody's assign investment grade, Standard & Poor's and Fitch place India under non-investment grade and speculative grade, respectively.

Table 7.4 :Credit Ratings of Top Fifteen Debtor Countries

Sl. No.	Country	Standard & Poor's Rating	Grade	Moody's Rating	Grade	Fitch's Rating	Grade
1	Brazil	BB-	Stable	B1	Positive	BB-	Stable
2	China	BBB+	Positive	A2	Stable	A-	Positive
3	Argentina	SD		Caa1	Stable	DDD	
4	Russian Federation	BBB-	Stable	Baa3	Positive	BBB-	Stable
5	Mexico	BBB	Stable	Baa1	Stable	BBB-	Stable
6	Turkey	BB-	Stable	B1	Positive	BB-	Stable
7	Indonesia	B+	Positive	B2	Positive	BB-	Positive
8	India	BB+	Stable	Baa3	Stable(M)	BB+	Stable
9	Poland	BBB+	Positive	A2	Stable	BBB+	Positive
10	Philippines	BB-	Stable	B1	Stable	BB	Negative

Note: 1. Sovereign credit ratings refer to the sovereign ceiling for foreign currency ratings on long- term bonds & notes for top debtor countries.

2. SD: Selective Default; M: Modifier (indicating multiple, differing outlooks).

3. Standard & Poor's ratings are as on April 18, 2005, Moody's ratings are as on 18.3.2005 and Fitch's ratings as on April 1, 2005.

Rating Grades: Standard and Poor's

Investment Grade: AAA,AA+,AA,A+,A,BBB+,BBB,BBB-:Non-investment Grade: BB+,BB,BB-,B+,B,B-

Default Grade: CC+,CCC,CCC-,CC,C

Rating Grades: Moody's Investors service

Investment Grade:Aaa,Aa1,Aa2,Aa3,A1,A2,A3,Baa1,Baa2,Baa3:Non-Investment Grade:Ba1,Ba2,Ba3,B1,B2,B3: Default Grade: Caa, Ca, C

Rating Grades: Fitch Ratings Ltd

Investment Grade: AAA,AA,A, BBB +,BBB-: Speculative: BB+,BB-,B +,B-:Default risk: CCC,CC, C

Default: DDD,DD,D

Source: Web sites of S &P, Moody's Rating Services and Fitch Ratings Ltd

8. CONTINGENT LIABILITY ON EXTERNAL DEBT

8.1 Government Guaranteed External Debt

8.1.1 Government of India raises external loans on its own account under external assistance programme and also provides guarantees to external borrowings by public sector enterprises, developmental financial institutions and few private sector companies. All loans raised by the non-Government sector under the external assistance programme from multilateral and bilateral creditors involve guarantees by the Government. In addition, commercial borrowings by some public sector enterprises and financial institutions are also guaranteed by the Government of India. Such guarantees given by the Government form part of sovereign liability as the guarantees could be invoked in the case of default by the borrower in which case Government will have to honour the payment obligation. Thus, guarantees tantamount to *contingent liability* of the Government.

8.1.2 Direct guarantees provided by the Government for the loans raised by public sector, financial sector and the non-financial private sector (i.e., on account of external assistance and external commercial borrowings) have been declining since March 1994 (Table 8.1). The Government guarantees dropped from US\$10.6 billion at the end of March 1994 to US\$6.5 billion at the end of March 2004. Government guarantees stood marginally higher at US\$6.6 billion at end-December 2004.

Table 8.1 : Government Guaranteed External Debt

(US\$ million)

	End-March							End-December	
	1994	1996	2000	2001	2002	2003	2004 P	2003 P	2004 QE
1 Govt. (Sovereign) Debt	55,943	53,095	46,852	44,221	43,712	43,763	45,058	45,870	46,735
2 Non-Govt. Debt	36,752	40,635	51,411	57,105	55,224	61,346	67,041	67,019	74,162
3. of which with Govt. Guarantee: (a+b+c)	10,568	8,545	7,449	6,315	7,022	6,458	6,528	6,851	6,634
a. Financial Sector	1,709	1,098	2,673	1,429	1,761	1,790	1,856	1,807	1,881
b. Public Sector	8,533	7,070	4,503	4,639	5,070	4,605	4,614	4,985	4,696
c. Private Sector	326	377	273	247	191	63	58	59	57
4 Total External Debt (1+2)	92,695	93,730	98,263	101,132	98,843	104,958	111,715	112,801	120,897
5 Govt. Debt and Guaranteed Debt (1+3)	66,511	61,640	54,301	50,536	50,734	50,221	51,586	52,721	53,369
6 Per cent of Govt. Debt and Guaranteed Debt to Total External Debt (5/4)	71.8	65.8	55.3	50.0	51.3	47.8	46.2	46.7	44.1
7 Per cent of Govt. Guaranteed Debt to Non-Govt. Debt (3/2)	28.8	21.0	14.5	11.1	12.7	10.5	9.7	10.2	8.9

P: Provisional QE: Quick Estimates

9. CONCLUSION

9.1 The present Status Report on External Debt, eleventh in the series, covers India's external debt statistics and attendant issues up to end-December 2004. India's external debt position is compared with that of other developing countries based on the data set out by World Bank in its Global Development Finance, 2005. India's external debt, at US\$120.9 billion at end-December 2004, though slightly higher in absolute terms, remains within manageable limits as reflected in the improvement in debt indicators.

9.2 The accumulation of external debt is moderate with the focus of bridging the gap between savings and investment on non-debt creating flows. Besides, prepayment of high cost Government and Non-Government loans, rationalisation of interest rates as well as structure of NRI deposits, end-use stipulations for ECB, restriction on trade credits and close monitoring of short-term debt helped consolidation of external debt.

9.3 Relatively low level of short-term debt, a large part of concessional loans in India's external debt portfolio, moderation in debt service payments as a proportion of external current receipts and no default in debt service payment so far impacted favourably India's sovereign international credit rating.

9.4 India has maintained 'Less indebted' category status assigned by the World Bank since 1999. In the recent years, India's external debt position *vis-à-vis* other indebted countries progressively improved in terms of important external debt indicators.

9.5 Computerisation of major part of external debt statistics and higher order of coordination among debt compiling agencies helped in maintaining a reliable management information system. The different agencies responsible for external debt data compilation are continuously striving for improvement in coverage, classification and presentation of external debt statistics.

India's External Debt Outstanding (Annual)

(Rs. crore)

	End - March													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
I. MULTILATERAL	40,386	68,262	77,758	82,199	89,819	98,173	105,066	116,904	129,682	137,132	145,105	155,633	142,720	131,069
A. Government Borrowing	38,429	63,787	72,286	75,617	82,223	89,428	94,824	104,218	114,531	120,321	127,886	138,023	129,727	120,073
(i) Concessional	25,849	40,990	48,206	50,250	55,963	60,425	63,418	70,560	78,979	84,051	89,008	96,177	102,559	101,490
a) IDA	25,221	40,017	47,167	49,238	54,897	59,349	62,343	69,392	77,725	82,721	87,753	94,848	101,122	100,065
b) Others	628	973	1,039	1,012	1,066	1,076	1,075	1,168	1,254	1,330	1,255	1,329	1,437	1,425
(ii) Non-concessional	12,580	22,797	24,080	25,367	26,260	29,003	31,406	33,658	35,552	36,270	38,878	41,846	27,168	18,583
a) IBRD	12,161	21,134	21,602	22,518	22,442	23,721	24,354	25,438	25,747	25,343	26,376	28,012	19,069	14,074
b) Others	419	1,663	2,478	2,849	3,818	5,282	7,052	8,220	9,805	10,927	12,502	13,834	8,099	4,509
B. Non-Government Borrowing	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,993	10,996
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,993	10,996
a) Public Sector	303	1,424	1,777	2,786	3,248	4,628	4,738	8,765	10,716	12,183	12,386	12,729	9,255	7,916
i) IBRD	303	962	1,300	2,158	2,013	2,942	3,341	5,217	6,349	6,931	7,114	7,298	4,378	4,402
ii) Others	0	462	477	628	1,235	1,686	1,397	3,548	4,367	5,252	5,272	5,431	4,877	3,514
b) Financial Institutions	1,270	2,345	2,883	2,718	2,559	2,464	2,391	2,171	2,723	3,099	3,368	3,736	3,177	2,828
i) IBRD	872	1,720	1,791	1,667	1,605	1,643	1,618	1,011	1,057	999	1,017	1,049	525	380
ii) Others	398	625	1,092	1,051	954	821	773	1,160	1,666	2,100	2,351	2,687	2,652	2,448
c) Private Sector	384	706	812	1,078	1,789	1,653	3,113	1,750	1,712	1,529	1,465	1,145	561	252
i) IBRD	330	628	709	953	1,610	1,244	1,639	1,321	1,312	1,173	1,148	929	298	0
ii) Others	54	78	103	125	179	409	1,474	429	400	356	317	216	263	252
II. BILATERAL	27,378	47,603	50,258	54,580	63,761	65,740	62,891	67,104	74,304	79,278	74,519	74,762	79,918	77,085
A. Government borrowing	23,065	40,371	42,220	45,387	52,965	53,119	49,092	51,420	57,106	60,920	56,802	56,302	60,242	58,121
(i) Concessional	23,065	40,371	42,220	45,387	52,965	52,078	48,165	50,583	56,425	59,380	55,504	55,418	59,687	57,742
(ii) Non-concessional	0	0	0	0	0	1,041	927	837	681	1,540	1,298	884	555	379
B. Non-Government borrowing	4,313	7,232	8,038	9,193	10,796	12,621	13,799	15,684	17,198	18,358	17,717	18,460	19,676	18,964
(i) Concessional	514	928	1,243	1,453	1,896	3,088	3,409	1,770	2,738	4,022	5,579	6,885	8,013	8,876
a) Public Sector	0	0	0	190	654	376	1,054	192	526	1,488	2,962	4,278	5,152	5,759
b) Financial Institutions	514	928	1,243	1,263	1,242	2,712	2,355	1,578	2,212	2,534	2,617	2,607	2,861	3,117
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(Rs. crore)

		End - March													
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
ii)	Non-concessional	3,799	6,304	6,795	7,740	8,900	9,533	10,390	13,914	14,460	14,336	12,138	11,575	11,663	10,088
a)	Public Sector	2,957	4,472	4,726	5,475	6,120	5,602	5,216	5,360	5,197	4,752	3,715	4,822	5,116	4,852
b)	Financial Institutions	527	1,236	1,571	1,718	1,883	2,197	2,436	4,216	4,363	4,151	3,568	3,708	3,572	3,120
c)	Private Sector	315	596	498	547	897	1,734	2,738	4,338	4,900	5,433	4,855	3,045	2,975	2,116
III. IMF		5,132	8,934	14,985	15,812	13,545	8,152	4,714	2,622	1,218	113	0	0	0	0
IV. EXPORT CREDIT		8,374	12,418	13,484	16,307	20,876	18,432	21,044	25,783	28,812	29,564	27,625	26,110	23,647	20,480
a)	Buyers' credit	2,230	3,566	3,989	5,474	6,227	7,216	11,184	15,433	18,097	18,734	17,336	16,147	13,344	11,002
b)	Suppliers' credit	933	1,380	2,050	4,129	6,432	5,382	4,791	5,453	5,532	5,582	5,401	5,144	5,113	4,457
c)	Export credit component of bilateral credit	1,390	2,428	3,671	3,947	4,604	4,529	4,189	4,399	4,905	5,165	4,828	4,819	5,190	5,021
d)	Export credit for defence purchases	3,821	5,044	3,774	2,757	3,613	1,305	880	498	278	83	60	0	0	0
¶ V. COMMERCIAL BORROWINGS		19,727	35,711	36,367	38,782	40,915	47,642	51,454	67,086	89,019	86,963	113,839	113,908	107,119	96,016
a)	Commercial bank loans #	13,200	20,933	20,156	18,694	18,384	23,120	29,968	39,419	43,892	44,015	46,169	48,683	46,953	50,611
b)	Securitized borrowings ##	5,840	13,219	13,990	16,557	16,935	19,790	17,320	23,786	41,464	39,564	64,769	62,714	57,747	41,616
c)	Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	687	1,512	2,105	2,430	2,998	3,050	3,521	3,451	3,430	3,271	2,901	2,511	2,419	3,789
d)	Self-Liquidating Loans	0	47	116	1,101	2,598	1,682	645	430	233	113	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS®		20,030	27,384	34,941	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	110,022	135,618
(Above one year maturity)															
a)	NRI deposits	19,843	26,737	34,113	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	110,022	135,618
b)	FC (B&O) Deposits®®	187	647	828	0	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*		25,199	31,956	33,149	31,634	30,315	28,150	26,978	23,204	20,077	19,218	17,345	14,807	13,405	11,860
a)	Defence	22,875	28,796	30,177	28,735	27,603	25,602	24,590	20,976	18,004	17,290	15,573	13,198	11,946	10,543
b)	Civilian	2,324	3,160	2,972	2,899	2,712	2,548	2,388	2,228	2,073	1,928	1,772	1,609	1,459	1,317
VIII. TOTAL LONG TERM DEBT (I TO VII)		146,226	232,268	260,942	279,043	298,237	304,091	311,674	349,753	393,160	411,388	455,706	468,932	476,831	472,128

(Rs. crore)

	End - March													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
IX. SHORT-TERM DEBT	16,775	20,642	19,804	11,375	13,448	16,637	24,153	19,929	18,137	17,162	16,919	13,396	22,180	19,251
a) NRI deposits (up to one year maturity)@	7,018	6,517	8,131	4,078	7,176	9,896	13,547	8,657	8,852	5,983	4,463	4,724	9,320	1,321
b) FC(B&O) Deposits (up to one-year maturity)@@	328	924	2,433	1,672	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	9,429	13,201	9,240	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,860	17,930
X. GRAND TOTAL (VIII+IX)	163,001	252,910	280,746	290,418	311,685	320,728	335,827	369,682	411,297	428,550	472,625	482,328	499,011	491,379

R: Revised

P: Provisional

IFC(W): International Finance Corporation (Washington).

FC(B&O)Deposits : Foreign Currency (Banks & others) Deposits.

includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds. FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@: Figures include accrued interest.

@@: The Scheme was discontinued in July, 1993.

*: Rupee denominated debt owed to Russia and payable through exports.

**: This does not include Suppliers' credits of up to 180 days.

***: The definition of concessional debt here includes concessional categories under multilateral and bilateral debt and rupee debt under item VII.

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India, Securities & Exchange Board of India.

India's External Debt Outstanding (Annual)

(US \$ million)

	End - March													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
I. MULTILATERAL	20,900	23,090	25,008	26,263	28,542	28,616	29,218	29,553	30,534	31,438	31,105	31,899	30,002	29,288
A. Government Borrowing	19,887	21,651	23,247	24,158	26,127	26,059	26,369	26,344	26,967	27,584	27,414	28,290	27,271	26,826
(i) Concessional	13,377	14,320	15,503	16,044	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	21,559	22,674
a) IDA	13,052	13,974	15,169	15,721	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	21,257	22,356
b) Others	325	346	334	323	339	313	299	295	295	305	269	273	302	318
(ii) Non-concessional	6,510	7,331	7,744	8,114	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,577	5,712	4,152
a) IBRD	6,293	6,796	6,947	7,203	7,136	6,938	6,772	6,430	6,062	5,810	5,654	5,742	4,009	3,144
b) Others	217	535	797	911	1,214	1,545	1,961	2,078	2,309	2,505	2,680	2,835	1,703	1,008
B. Non-Government Borrowing	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,731	2,462
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,731	2,462
a) Public Sector	157	458	572	891	1,033	1,353	1,318	2,216	2,523	2,793	2,655	2,609	1,945	1,770
i) IBRD	157	308	418	690	640	860	929	1,319	1,495	1,589	1,525	1,496	920	984
ii) Others	0	150	154	201	393	493	389	897	1,028	1,204	1,130	1,113	1,025	786
b) Financial Institutions	657	754	928	869	813	721	665	550	641	710	722	766	668	634
i) IBRD	451	553	576	533	510	481	450	256	249	229	218	215	110	85
ii) Others	206	201	352	336	303	240	215	294	392	481	504	551	558	549
c) Private Sector	199	227	261	345	569	483	866	443	403	351	314	234	118	58
i) IBRD	171	202	228	305	512	364	456	334	309	269	246	190	63	0
ii) Others	28	25	33	40	57	119	410	109	94	82	68	44	55	58
II. BILATERAL	14,168	15,466	16,154	17,450	20,270	19,213	17,494	16,969	17,499	18,175	15,975	15,323	16,802	17,278
A. Government borrowing	11,936	13,099	13,578	14,519	16,841	15,535	13,652	12,998	13,447	13,966	12,176	11,540	12,664	12,988
(i) Concessional	11,936	13,099	13,578	14,519	16,841	15,232	13,394	12,786	13,286	13,613	11,898	11,359	12,547	12,901
(ii) Non-concessional	0	0	0	0	0	303	258	212	161	353	278	181	117	87
B. Non-Government borrowing	2,232	2,367	2,576	2,931	3,429	3,678	3,842	3,971	4,052	4,209	3,799	3,783	4,138	4,290
(i) Concessional	266	348	400	465	603	903	948	448	645	922	1,196	1,411	1,685	1,983
a) Public Sector	0	0	0	61	208	110	293	49	124	341	635	877	1,083	1,287
b) Financial Institutions	266	348	400	404	395	793	655	399	521	581	561	534	601	696
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0

((US \$ million))

		End - March													
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
ii)	Non-concessional	1,966	2,019	2,176	2,466	2,826	2,775	2,894	3,523	3,407	3,287	2,603	2,372	2,453	2,307
a)	Public Sector	1,530	1,432	1,513	1,745	1,943	1,631	1,453	1,358	1,224	1,089	797	988	1,076	1,110
b)	Financial Institutions	273	396	503	547	598	639	678	1,067	1,028	952	765	760	751	710
c)	Private Sector	163	191	160	174	285	505	763	1,098	1,155	1,246	1,041	624	626	487
III. IMF		2,623	3,451	4,799	5,040	4,300	2,374	1,313	664	287	26	0	0	0	0
IV. EXPORT CREDIT		4,301	3,990	4,322	5,203	6,629	5,376	5,861	6,526	6,789	6,780	5,923	5,368	4,973	4,680
a)	Buyers' credit	1,154	1,142	1,277	1,745	1,977	2,101	3,116	3,908	4,265	4,297	3,717	3,311	2,807	2,532
b)	Suppliers' credit	483	442	656	1,316	2,042	1,567	1,335	1,380	1,303	1,280	1,158	1,069	1,075	1,026
c)	Export credit component of bilateral credit	719	791	1,181	1,263	1,464	1,325	1,165	1,112	1,155	1,184	1,035	988	1,091	1,122
d)	Export credit for defence purchases	1,945	1,615	1,208	879	1,146	383	245	126	66	19	13	0	0	0
‡ V. COMMERCIAL BORROWINGS		10,209	11,715	11,643	12,363	12,991	13,873	14,335	16,986	20,978	19,943	24,408	23,320	22,530	22,101
a)	Commercial bank loans #	6,831	6,704	6,453	5,959	5,837	6,731	8,349	9,981	10,343	10,094	9,899	9,962	9,875	11,650
b)	Securitized borrowings ##	3,022	4,512	4,479	5,278	5,377	5,751	4,825	6,022	9,772	9,073	13,887	12,851	12,146	9,579
c)	Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	356	484	674	775	952	888	981	874	808	750	622	507	509	872
d)	Self-Liquidating Loans	0	15	37	351	825	503	180	109	55	26	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS@		10,209	10,083	11,141	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	23,160	31,216
(Above one year maturity)															
a)	NRI deposits	10,114	9,833	10,876	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	23,160	31,216
b)	FC (B&O) Deposits@@	95	250	265	0	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*		12,847	10,420	10,616	10,084	9,624	8,233	7,511	5,874	4,731	4,406	3,719	3,034	2,822	2,721
a)	Defence	11,645	9,222	9,661	9,160	8,763	7,488	6,847	5,311	4,243	3,964	3,339	2,704	2,515	2,427
b)	Civilian	1,202	1,198	955	924	861	745	664	563	488	442	380	330	307	294
VIII. TOTAL LONG TERM DEBT (I TO VII)		75,257	78,215	83,683	89,068	94,739	88,696	86,744	88,485	92,612	94,327	97,698	96,098	100,289	107,284

((US \$ million))

	End - March													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001R	2002R	2003 R	2004 P
IX. SHORT-TERM DEBT	8,544	7,070	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	4,669	4,431
a) NRI deposits (up to one year maturity)@	3,577	2,486	2,603	1,300	2,278	2,883	3,773	2,192	2,086	1,372	957	968	1,962	304
b) FC(B&O) Deposits (up to one-year maturity)@@	167	357	779	533	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)**	4,800	4,227	2,958	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,707	4,127
of which, short-term debt over 6 months	2,533	1,517	1,793	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,707	4,127
GRAND TOTAL (VIII+IX)	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,326	98,843	104,958	111,715
Memo Items :														
Concessional Debt***	38,426	38,187	40,097	41,112	44,845	41,944	39,489	36,944	37,258	38,210	35,893	35,517	38,613	40,279

R: Revised

P: Provisional

† IFC(W): International Finance Corporation (Washington).

FC(B&O) Deposits : Foreign Currency (Banks & others) Deposits.

#: includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds. FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@: Figures include accrued interest.

@@: The Scheme was discontinued in July, 1993.

*: Rupee denominated debt owed to Russia and payable through exports.

**: This does not include Suppliers' credits of up to 180 days.

***: The definition of concessional debt here includes concessional categories under multilateral and bilateral debt and rupee debt under item VII.

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India, Securities & Exchange Board of India.

India's External Debt Outstanding (Quarterly)

(Rs. crore)

	End period																
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June 2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June 2004P	Sept. 2004P	Dec. 2004QE
I. MULTILATERAL	145,346	145,105	145,982	151,127	150,420	155,633	157,964	155,552	156,499	142,720	140,027	140,317	138,699	131,069	137,127	138,886	138,573
A. Government Borrowing	127,916	127,886	128,583	133,598	132,973	138,024	142,871	140,881	143,183	129,727	128,176	128,617	127,042	120,073	125,654	127,560	127,005
i) Concessional	89,537	89,008	89,345	93,583	93,204	96,178	101,406	100,399	102,040	102,559	101,806	102,039	104,585	101,490	105,911	106,911	105,890
a) IDA	88,244	87,753	88,083	92,236	91,884	94,848	100,005	98,997	100,596	101,122	100,348	100,581	103,089	100,065	104,435	105,433	104,434
b) Others	1,293	1,255	1,262	1,347	1,320	1,330	1,401	1,402	1,444	1,437	1,458	1,458	1,496	1,425	1,476	1,478	1,456
ii) Non-concessional	38,379	38,878	39,238	40,015	39,769	41,846	41,465	40,482	41,143	27,168	26,370	26,578	22,457	18,583	19,743	20,649	21,115
a) IBRD	25,899	26,376	26,387	26,921	26,772	28,012	27,955	27,153	27,074	19,069	18,734	18,522	12,791	14,074	14,902	15,511	15,615
b) Others	12,480	12,502	12,851	13,094	12,997	13,834	13,510	13,329	14,069	8,099	7,636	8,056	9,666	4,509	4,841	5,138	5,500
B. Non-Government Borrowing	17,430	17,219	17,399	17,529	17,447	17,609	15,093	14,671	13,316	12,993	11,851	11,700	11,657	10,996	11,473	11,326	11,568
i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	17,430	17,219	17,399	17,529	17,447	17,609	15,093	14,671	13,316	12,993	11,851	11,700	11,657	10,996	11,473	11,326	11,568
a) Public Sector	12,396	12,386	12,413	12,591	12,449	12,728	10,208	10,077	9,200	9,255	8,241	8,212	8,130	7,916	8,353	8,313	8,608
i) IBRD	7,192	7,114	7,048	7,036	6,984	7,297	5,741	5,255	4,393	4,378	4,276	4,267	4,205	4,402	4,699	4,663	4,422
ii) Others	5,204	5,272	5,365	5,555	5,465	5,431	4,467	4,822	4,807	4,877	3,965	3,945	3,925	3,514	3,654	3,650	4,186
b) Financial Institutions	3,503	3,368	3,534	3,564	3,638	3,736	3,738	3,613	3,578	3,177	3,061	2,942	2,984	2,828	2,838	2,737	2,666
i) IBRD	1,015	1,017	998	1,020	995	1,049	1,045	1,001	962	525	490	452	420	380	390	329	282
ii) Others	2,488	2,351	2,536	2,544	2,643	2,687	2,693	2,612	2,616	2,652	2,571	2,490	2,564	2,448	2,448	2,408	2,384
c) Private Sector	1,531	1,465	1,452	1,374	1,360	1,145	1,147	981	538	561	549	546	543	252	282	276	294
i) IBRD	1,202	1,148	1,155	1,119	1,124	929	931	771	315	298	292	273	271	0	0	0	0
ii) Others	329	317	297	255	236	216	216	210	223	263	257	273	272	252	282	276	294
II. BILATERAL	79,163	74,519	74,416	79,450	74,069	74,762	81,142	78,619	79,919	79,919	79,428	80,437	80,996	77,085	77,875	76,662	78,022
A. Government borrowing	60,700	56,802	56,461	60,660	56,177	56,302	60,630	58,944	59,768	60,243	59,908	60,919	61,134	58,121	58,546	57,849	58,959
i) Concessional	59,399	55,504	55,606	59,793	55,304	55,418	60,058	58,377	59,205	59,688	59,503	60,519	60,736	57,742	58,282	57,584	58,708
ii) Non-concessional	1,301	1,298	855	867	873	884	572	567	563	555	405	400	398	379	264	265	251
B. Non-Government borrowing	18,463	17,717	17,955	18,790	17,892	18,460	20,512	19,675	20,151	19,676	19,520	19,518	19,862	18,964	19,329	18,813	19,063
i) Concessional	5,801	5,579	6,125	6,737	6,242	6,885	7,795	7,644	7,855	8,013	8,167	8,578	8,980	8,876	8,951	8,791	9,213
a) Public Sector	2,961	2,962	3,460	3,855	3,625	4,278	4,900	4,830	4,988	5,152	5,253	5,561	5,816	5,759	5,797	5,704	6,042
b) Financial Institutions	2,840	2,617	2,665	2,882	2,617	2,607	2,895	2,814	2,867	2,861	2,914	3,017	3,164	3,117	3,154	3,087	3,171
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

(Rs. crore)

End period																		
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June 2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June 2004P	Sept. 2004P	Dec. 2004QE	
ii) Non-concessional	12,662	12,138	11,830	12,053	11,650	11,575	12,717	12,031	12,296	11,663	11,353	10,940	10,882	10,088	10,378	10,022	9,850	
a) Public Sector	3,789	3,715	3,510	3,630	4,702	4,822	5,485	5,318	5,587	5,116	5,109	5,017	5,189	4,852	4,973	4,751	4,737	
b) Financial Institutions	3,796	3,568	3,564	3,643	3,766	3,708	4,010	3,743	3,737	3,572	3,306	3,140	3,405	3,120	3,206	3,095	3,013	
c) Private Sector	5,077	4,855	4,756	4,780	3,182	3,045	3,222	2,970	2,972	2,975	2,938	2,783	2,288	2,116	2,199	2,176	2,100	
III. IMF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
IV. EXPORT CREDIT	29,056	27,625	26,028	26,726	26,140	26,110	26,174	23,997	24,030	23,647	23,234	22,321	22,008	20,480	20,928	21,157	21,717	
a) Buyers' credit	18,078	17,336	16,029	16,202	16,299	16,147	15,609	13,747	13,649	13,344	13,099	12,194	11,941	11,002	11,325	11,770	12,423	
b) Suppliers' credit	5,750	5,401	5,105	5,262	4,970	5,144	5,342	5,174	5,233	5,113	4,961	4,865	4,786	4,457	4,535	4,380	4,189	
c) Export credit component of bilateral credit	5,165	4,828	4,835	5,199	4,809	4,819	5,223	5,076	5,148	5,190	5,174	5,262	5,281	5,021	5,068	5,007	5,105	
d) Export credit for defence purchases	63	60	59	63	62	0	0	0	0	0	0	0	0	0	0	0	0	
V. COMMERCIAL BORROWINGS	114,370	113,839	112,372	114,093	114,697	113,908	113,251	108,760	108,569	107,118	111,063	111,395	96,307	96,016	104,450	107,459	110,578	
a) Commercial bank loans #	46,373	46,169	45,912	46,596	48,377	48,683	48,289	46,934	47,018	46,953	48,220	49,539	52,770	50,611	56,582	58,026	63,382	
b) Securitized borrowings ##	64,883	64,769	63,825	64,797	63,529	62,714	62,441	59,374	59,136	57,747	59,926	58,486	39,528	41,616	44,085	45,702	43,501	
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	3,081	2,901	2,635	2,700	2,791	2,511	2,521	2,452	2,415	2,418	2,917	3,370	4,009	3,789	3,783	3,731	3,695	
d) Self-Liquidating Loans	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
VI. NRI & FC(B&O) DEPOSITS®	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	104,941	110,022	118,527	125,404	137,399	135,618	141,534	141,045	138,596	
(Above one year maturity)																		
a) NRI deposits	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	104,941	110,022	118,527	125,404	137,399	135,618	141,534	141,045	138,596	
b) FC (B&O) Deposits®@	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
VII. RUPEE DEBT*	17,715	17,345	15,283	15,547	15,371	14,807	14,234	13,589	13,454	13,405	12,046	11,975	12,041	11,860	10,643	10,636	10,432	
a) Defence	15,831	15,573	13,549	13,815	13,640	13,198	12,655	12,012	11,995	11,946	10,617	10,548	10,614	10,543	9,356	9,351	9,147	
b) Civilian	1,884	1,772	1,734	1,732	1,731	1,609	1,579	1,577	1,459	1,459	1,429	1,427	1,427	1,317	1,287	1,285	1,285	
VIII. TOTAL LONG TERM DEBT																		
(I TO VII)	456,646	455,706	448,070	464,360	461,800	468,932	483,756	481,108	487,412	476,831	484,325	491,849	487,450	472,128	492,557	495,845	497,918	

(Rs. crore)

	End period																		
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June 2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June 2004P	Sept. 2004P	Dec. 2004QE		
IX. SHORT-TERM DEBT	16,775	16,919	14,775	14,797	13,250	13,396	15,112	16,389	18,910	22,180	27,635	29,234	27,467	19,251	27,134	28,108	29,917		
a) NRI deposits (up to one year maturity)@	2,524	4,463	3,806	4,144	4,413	4,724	6,070	4,576	8,391	9,320	10,817	7,446	4,332	1,321	0	0	0		
b) Others (trade-related)***	14,251	12,456	10,969	10,653	8,837	8,672	9,042	11,813	10,519	12,860	16,818	21,788	23,135	17,930	27,134	28,108	29,917		
of which, short-term debt over 6 months	14,251	12,456	10,969	10,653	8,837	8,672	9,042	11,813	10,519	12,860	16,818	21,788	23,135	17,930	27,134	28,108	29,917		
X. GRAND TOTAL (VIII+IX)	473,421	472,625	462,845	479,157	475,050	482,328	498,868	497,497	506,322	499,011	511,960	521,083	514,917	491,379	519,691	523,953	527,835		

QE Quick Estimates

R Revised

P Provisional

IFC(W) International Finance Corporation (Washington).

FC(B&O) Deposits : Foreign Currency (Banks & others) Deposits.

includes Financial Lease since 1996.

includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds. FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@ Figures include accrued interest.

@@ The Scheme was discontinued in July, 1993.

* Rupee denominated debt owed to Russia and payable through exports.

** This does not include Suppliers' credits of up to 180 days.

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

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India, Securities & Exchange Board of India.

India's External Debt Outstanding (Quarterly)

(US \$ million)

	End period																	
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June 2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June 2004P	Sept. 2004P	Dec. 2004QE	
I. MULTILATERAL	31,118	31,105	31,034	31,544	31,233	31,898	32,297	32,126	32,564	30,002	30,068	30,570	30,357	29,288	29,894	30,142	31,661	
A. Government Borrowing	27,386	27,414	27,335	27,885	27,611	28,289	29,211	29,096	29,793	27,271	27,523	28,021	27,805	26,826	27,393	27,684	29,017	
i) Concessional	19,169	19,080	18,994	19,533	19,353	19,713	20,733	20,735	21,232	21,560	21,861	22,231	22,890	22,674	23,089	23,201	24,193	
a) IDA	18,892	18,811	18,725	19,252	19,079	19,440	20,447	20,446	20,931	21,258	21,548	21,913	22,563	22,356	22,767	22,880	23,860	
b) Others	277	269	269	281	274	273	286	289	301	302	313	318	327	318	322	321	333	
ii) Non-concessional	8,217	8,334	8,341	8,352	8,258	8,576	8,478	8,361	8,561	5,711	5,662	5,790	4,915	4,152	4,304	4,483	4,824	
a) IBRD	5,545	5,654	5,609	5,619	5,559	5,741	5,716	5,608	5,633	4,009	4,023	4,035	2,799	3,144	3,249	3,368	3,568	
b) Others	2,672	2,680	2,732	2,733	2,699	2,835	2,762	2,753	2,928	1,702	1,639	1,755	2,116	1,008	1,055	1,115	1,256	
B. Non-Government Borrowing	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,771	2,731	2,545	2,549	2,552	2,462	2,501	2,458	2,644	
i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Non-concessional	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,771	2,731	2,545	2,549	2,552	2,462	2,501	2,458	2,644	
a) Public Sector	2,654	2,655	2,639	2,629	2,585	2,609	2,088	2,081	1,914	1,945	1,770	1,789	1,780	1,770	1,821	1,804	1,968	
i) IBRD	1,540	1,525	1,498	1,469	1,450	1,496	1,174	1,085	914	920	918	930	921	984	1,025	1,012	1,011	
ii) Others	1,114	1,130	1,141	1,160	1,135	1,113	914	996	1,000	1,025	852	859	859	786	796	792	957	
b) Financial Institutions	750	722	751	744	755	766	764	746	745	668	657	641	653	634	619	594	609	
i) IBRD	217	218	212	213	206	215	213	207	200	110	105	98	92	85	85	71	64	
ii) Others	533	504	539	531	549	551	551	539	545	558	552	543	561	549	534	523	545	
c) Private Sector	328	314	309	286	282	234	234	203	112	118	118	119	119	58	61	60	67	
i) IBRD	257	246	246	233	233	190	190	159	66	63	63	59	59	0	0	0	0	
ii) Others	71	68	63	53	49	44	44	44	46	55	55	60	60	58	61	60	67	
II. BILATERAL	16,945	15,975	15,820	16,586	15,373	15,323	16,592	16,239	16,630	16,801	17,060	17,527	17,730	17,278	16,974	16,634	17,832	
A. Government borrowing	12,994	12,176	12,003	12,661	11,664	11,540	12,397	12,173	12,436	12,664	12,864	13,272	13,380	12,988	12,764	12,554	13,470	
i) Concessional	12,716	11,898	11,821	12,480	11,483	11,359	12,280	12,056	12,319	12,547	12,777	13,185	13,293	12,901	12,706	12,496	13,413	
ii) Non-concessional	278	278	182	181	181	181	117	117	117	117	87	87	87	87	58	58	57	
B. Non-Government borrowing	3,951	3,799	3,817	3,925	3,709	3,783	4,195	4,066	4,194	4,137	4,196	4,255	4,350	4,290	4,210	4,080	4,362	
i) Concessional	1,242	1,196	1,302	1,407	1,296	1,411	1,593	1,579	1,634	1,684	1,754	1,869	1,966	1,983	1,952	1,908	2,105	
a) Public Sector	634	635	735	805	753	877	1,001	998	1,038	1,083	1,128	1,212	1,273	1,287	1,264	1,238	1,381	
b) Financial Institutions	608	561	567	602	543	534	592	581	596	601	626	657	693	696	688	670	724	
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

(US \$ million)

End period																			
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June	2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June	2004P	Sept. 2004P	Dec. 2004QE
ii) Non-concessional	2,709	2,603	2,515	2,518	2,413	2,372	2,602	2,487	2,560	2,453	2,442	2,386	2,384	2,307	2,258	2,172	2,257		
a) Public Sector	811	797	746	758	974	988	1,122	1,099	1,163	1,076	1,099	1,094	1,137	1,110	1,082	1,030	1,085		
b) Financial Institutions	812	765	758	761	780	760	820	774	778	751	711	685	746	710	698	671	690		
c) Private Sector	1,086	1,041	1,011	999	659	624	660	614	619	626	632	607	501	487	478	471	482		
III. IMF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
IV. EXPORT CREDIT	6,217	5,923	5,533	5,584	5,414	5,368	5,355	4,959	5,003	4,973	4,996	4,867	4,821	4,680	4,555	4,586	4,978		
a) Buyers' credit	3,868	3,717	3,407	3,386	3,374	3,311	3,194	2,842	2,842	2,807	2,818	2,660	2,616	2,532	2,463	2,550	2,851		
b) Suppliers' credit	1,230	1,158	1,085	1,100	1,029	1,069	1,093	1,069	1,090	1,075	1,067	1,061	1,049	1,026	987	949	961		
c) Export credit component of bilateral credit	1,106	1,035	1,028	1,085	998	988	1,068	1,048	1,071	1,091	1,111	1,146	1,156	1,122	1,105	1,087	1,166		
d) Export credit for defence purchases	13	13	13	13	13	0	0	0	0	0	0	0	0	0	0	0	0		
V. COMMERCIAL BORROWINGS	24,467	24,408	23,888	23,853	23,743	23,320	23,172	22,521	22,604	22,531	23,892	24,296	21,104	22,101	22,719	23,284	25,371		
a) Commercial bank loans #	9,921	9,899	9,760	9,738	10,014	9,962	9,880	9,702	9,789	9,876	10,373	10,805	11,564	11,650	12,307	12,572	13,020		
b) Securitized borrowings ##	13,880	13,887	13,568	13,551	13,151	12,851	12,776	12,312	12,312	12,146	12,892	12,756	8,662	9,579	9,589	9,904	11,503		
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	659	622	560	564	578	507	516	507	503	509	627	735	878	872	823	808	848		
d) Self-Liquidating Loans	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
VI. NRI & FC(B&O) DEPOSITS[®]	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	21,849	23,160	25,498	27,351	30,128	31,216	30,785	30,559	31,799		
(Above one year maturity)																			
a) NRI deposits	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	21,849	23,160	25,498	27,351	30,128	31,216	30,785	30,559	31,799		
b) FC (B&O) Deposits ^{®@}	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
VII. RUPEE DEBT[*]	3,789	3,719	3,249	3,248	3,190	3,035	2,911	2,809	2,801	2,822	2,591	2,611	2,638	2,721	2,315	2,305	2,392		
a) Defence	3,386	3,339	2,880	2,886	2,831	2,705	2,588	2,483	2,497	2,515	2,284	2,300	2,326	2,427	2,035	2,026	2,099		
b) Civilian	403	380	369	362	359	330	323	326	304	307	307	311	312	294	280	279	293		
VIII. TOTAL LONG TERM DEBT																			
(I TO VII)	97,724	97,698	95,253	96,994	95,788	96,098	98,944	99,448	101,451	100,289	104,105	107,222	106,778	107,284	107,242	107,510	114,033		

(US \$ million)

	End period																	
	Dec. 2000R	Mar. 2001R	June 2001R	Sept. 2001R	Dec. 2001R	Mar. 2002R	June 2002R	Sept. 2002R	Dec. 2002R	Mar. 2003R	June 2003R	Sept. 2003R	Dec. 2003R	Mar. 2004P	June 2004P	Sept. 2004P	Dec. 2004QE	
IX. SHORT-TERM DEBT	3,589	3,628	3,141	3,092	2,750	2,745	3,092	3,388	3,937	4,669	5,945	6,376	6,023	4,431	5,902	6,090	6,864	
a) NRI deposits (up to one year maturity)@	540	957	809	866	916	968	1,242	946	1,747	1,962	2,327	1,624	950	304	0	0	0	
b) Others (trade-related)**	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,442	2,190	2,707	3,618	4,752	5,073	4,127	5,902	6,090	6,864	
of which, short-term debt over 6 months	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,442	2,190	2,707	3,618	4,752	5,073	4,127	5,902	6,090	6,864	
X. GRAND TOTAL (VIII+IX)	101,313	101,326	98,394	100,086	98,538	98,843	102,036	102,836	105,388	104,958	110,050	113,598	112,801	111,715	113,144	113,600	120,897	
Memo Items :																		
Concessional Debt***	36,916	35,893	35,366	36,668	35,322	35,518	37,517	37,179	37,986	38,613	38,983	41,042	40,787	40,279	40,062	39,910	42,103	

QE Quick Estimates

R Revised

P Provisional

IFC(W) International Finance Corporation (Washington).

50

FC(B&O) Deposits : Foreign Currency (Banks & others) Deposits.

includes Financial Lease since 1996.

includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds. FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@ Figures include accrued interest.

@@ The Scheme was discontinued in July, 1993.

* Rupee denominated debt owed to Russia and payable through exports.

** This does not include Suppliers' credits of up to 180 days.

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

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India, Securities & Exchange Board of India.

External Debt by Borrower Categories

(US dollar million)

Borrower Category	End - March													End December				
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 R	2003 R	2004 R	2001	2002 R	2003 R	2004 QE
I. Government Debt:	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	44,221	43,712	43,612	45,058	43,182	45,856	45,870	46,735
	(59.6)	(59.8)	(60.7)	(60.4)	(60.1)	(56.6)	(52.5)	(49.7)	(47.6)	(47.7)	(43.6)	(44.4)	(41.7)	(40.3)	(43.8)	(43.5)	(40.7)	(38.7)
of which long-term:	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	44,221	43,712	43,612	45,058	43,182	45,856	45,870	46,735
1 <i>Government A/c.</i>	33,744	36,739	38,961	40,864	45,293	43,361	41,592	40,805	41,896	42,823	40,727	40,965	41,216	41,142	40,452	43,486	42,566	43,889
2 <i>Other Govt. Debt</i>	16,213	14,288	15,668	15,079	14,209	9,734	7,468	5,715	4,241	4,029	3,494	2,747	2,396	3,916	2,730	2,370	3,304	2,846
II. Non-Govt. Debt (A+B):	33,844	34,258	35,394	36,752	39,506	40,635	44,410	47,011	50,749	51,411	57,105	55,131	61,346	66,657	55,355	59,532	66,931	74,162
	(40.4)	(40.2)	(39.3)	(39.6)	(39.9)	(43.4)	(47.5)	(50.3)	(52.4)	(52.3)	(54.4)	(55.8)	(58.4)	(59.7)	(56.2)	(56.5)	(59.3)	(61.3)
A. of which long-term:	25,300	27,188	29,054	33,125	35,237	35,601	37,684	41,965	46,475	47,475	53,477	52,386	56,677	62,226	52,605	55,595	60,908	67,298
1 <i>Financial Sector*</i>	0	0	0	0	0	0	20,113	23,699	25,102	32,661	32,367	37,032	40,575	32,246	36,013	39,539	42,052	2
2 <i>Public Sector**</i>	0	0	0	0	0	0	0	9,753	9,284	9,316	9,024	8,228	7,518	7,685	8,349	7,349	16,907	20,206
3 <i>Private Sector***</i>	0	0	0	0	0	0	0	12,099	13,492	13,057	11,792	11,791	12,127	13,966	12,010	12,233	4,462	5,040
B. of which short-term:	8,544	7,070	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	4,669	4,431	2,750	3,937	6,023	6,864
	(10.2)	(8.3)	(7.0)	(3.9)	(4.3)	(5.4)	(7.2)	(5.4)	(4.4)	(4.0)	(3.6)	(2.8)	(4.4)	(4.0)	(2.8)	(3.7)	(5.3)	(5.7)
III. Total External Debt (I+II)	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,326	98,843	104,958	111,715	98,537	105,388	112,801	120,897

Note : The definition of Government debt here includes debt on Government Account maintained by the Controller of Aid Accounts and Audit, Ministry of Finance. Other Government debt include IMF, Defence Debt and FII investment in Government debt securities. All others, including short-term debt are shown as part of non-Government debt. Debt of Defence public sector enterprises is included as part of non-Government debt from 1996 onwards.

***** : Financial sector debt represent borrowings by external debt of commercial banks and financial institutions. Long-term NRI Deposits are included in the financial sector.

****** : Public sector debt represents borrowings of non-financial public sector enterprises.

******* : Private sector debt represents borrowings of non-financial private sector enterprises.

P : Provisional; **R**: Revised

Figures in parentheses represent share of components in total external debt.

India's External Debt Service Payments

(US \$ million)

	Full Financial Year (April - March)													April - December		
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99R	1999-00	2000-01	2001-02	2002-03 R	2003-04 R	2003 R	2004P
1 External Assistance*	2,315	2,447	2,541	2,968	3,186	3,691	3,283	3,229	3,270	3,057	3,444	3,225	7,165	6,983	4,455	1,918
Repayments	1,187	1,329	1,443	1,645	1,748	2,192	1,922	1,966	2,051	1,941	2,338	2,150	6,037	6,193	3,720	1,381
Interest	1,128	1,118	1,098	1,323	1,438	1,499	1,361	1,263	1,219	1,116	1,106	1,075	1,128	790	735	537
2 External Commercial Borrowings#	3,414	2,830	2,707	3,232	4,290	5,248	5,959	4,934	5,070	5,800	7,073	5,563	6,186	10,164	8,909	3,529
Repayments	2,004	1,677	1,525	1,978	2,812	3,868	4,605	3,550	3,477	4,147	5,378	4,107	5,019	8,045	7,034	2,700
Interest	1,410	1,153	1,182	1,254	1,478	1,380	1,354	1,384	1,593	1,653	1,695	1,456	1,167	2,119	1,875	829
3 I. M. F.	778	697	614	387	1,368	1,860	1,061	667	419	267	26	0	0	0	0	0
Repayments	644	459	335	134	1,146	1,715	975	618	393	260	26	0	0	0	0	0
Interest	134	238	279	253	222	145	86	49	26	7	0	0	0	0	0	0
4 NRI Deposits	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,124	985
Interest	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,124	985
5 Rupee Debt Service	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	304	297
Repayments	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	304	297
Total Debt Service	8,982	8,250	7,658	8,545	10,873	12,998	12,657	11,404	11,204	11,543	12,821	11,115	15,238	19,015	14,792	6,729
Repayments	5,028	4,705	4,181	4,810	6,689	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	14,614	11,058	4,378
Interest	3,954	3,545	3,477	3,735	4,184	4,271	4,428	4,503	4,481	4,484	4,462	4,339	3,708	4,401	3,734	2,351
Memo items:																
Current Receipts	25,478	27,307	27,839	33,629	41,988	49,625	55,115	58,545	59,760	67,472	77,467	80,982	95,248	117,142	79,459	109,637
Debt Service Ratio (%)	35.3	30.2	27.5	25.4	25.9	26.2	23.0	19.5	18.8	17.1	16.2	13.7	16.0	16.2	18.6	6.1
Interest to Current Receipts Ratio	15.5	13.0	12.5	11.1	10.0	8.6	8.0	7.7	7.6	6.6	5.8	5.4	3.9	3.8	4.7	2.1

* : Inclusive of non-Government account figures supplied by the office of Controller of Aid Accounts & Audit, Ministry of Finance.

: Excludes accrued interest on India Development Bonds (IDBs). For 1996-97, only that component of principal repayment on IDBs is taken as debt service which is redeemed in foreign exchange.

Debt Service Payments by Creditor Categories

(US \$ million)

	Full Financial Year (April - March)									(April - December)			
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02 R	2002-03R	2003-04P	2001	2002 R	2003 R	2004 P
1. Multilateral :	2,503	2,186	2,212	2,175	2,043	2,411	2,160	5,872	4,553	1,549	2,274	2,905	966
Principal	1,435	1,211	1,299	1,303	1,261	1,629	1,405	5,093	4,093	998	1,719	2,425	680
Interest	1,069	975	913	872	782	782	755	779	460	551	555	480	286
2. Bilateral :	1,565	1,537	1,795	1,716	1,638	1,593	1,530	1,634	2,923	1,105	1,422	1,918	1,172
Principal	982	988	1,269	1,204	1,130	1,108	1,119	1,177	2,525	823	1,145	1,623	895
Interest	583	549	526	512	508	485	411	457	398	282	277	295	277
3. IMF :	1,860	1,061	667	419	267	26	0	0	0	0	0	0	0
Principal	1,715	975	618	393	260	26	0	0	0	0	0	0	0
Interest	145	86	49	26	7	0	0	0	0	0	0	0	0
4. Export Credit :	1,135	1,570	1,188	1,256	1,108	1,670	1,185	1,426	1,090	948	1,064	804	647
Principal	792	1,138	855	868	758	1,302	885	1,196	877	725	885	649	445
Interest	343	432	333	388	350	368	300	230	213	223	179	155	202
5. Commercial Borrowings:	3,735	3,949	2,968	3,193	4,068	4,843	3,913	4,419	8,581	2,874	3,352	7,737	2,662
Principal	2,851	3,190	2,093	2,153	2,939	3,677	2,848	3,590	6,743	2,019	2,650	6,057	2,061
Interest	884	759	875	1,040	1,129	1,166	1,065	829	1,838	855	702	1,680	601
6. NRI Deposits :	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,221	982	1,124	985
Interest*	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,221	982	1,124	985
7. Rupee Debt :	952	727	767	802	711	617	519	474	376	389	358	304	297
Principal	952	727	767	802	711	617	519	474	376	389	358	304	297
8. Total Debt : (1 to 7)	12,998	12,657	11,404	11,204	11,543	12,821	11,115	15,238	19,015	8,086	9,452	14,792	6,729
Principal	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	14,614	4,954	6,757	11,058	4,378
Interest	4,271	4,428	4,503	4,481	4,484	4,462	4,339	3,708	4,401	3,132	2,695	3,734	2,351
Current Receipts	49,625	55,115	58,545	59,760	67,472	77,467	80,982	95,248	117,142	59,648	70,309	79,459	109,637
Debt Service Ratio (%)	26.19	22.96	19.48	18.75	17.11	16.2	13.73	16.00	16.23	13.56	13.44	18.62	6.14
Interest to Current													
Receipts Ratio (%)	8.61	8.03	7.69	7.6	6.65	5.76	5.36	3.89	3.76	5.25	3.83	4.70	2.14

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

Note : 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.

R : Revised

P : Provisional