



# **INDIA'S EXTERNAL DEBT**

*A Status Report*

*2007-2008*

**GOVERNMENT OF INDIA**  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
AUGUST 2008

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वित्त मंत्री  
भारत  
नई दिल्ली-110001  
**FINANCE MINISTER**  
**INDIA**  
**NEW DELHI-110001**

## **FOREWORD**

I am happy to present the fourteenth issue of 'India's External Debt: A Status Report: 2007-08'. The current volume of the Report presents details of India's external debt as on March 31, 2008, together with details of external debt statistics since 1990.

2. Though India's external debt stock increased during 2007-08, all the major solvency and liquidity indicators of external debt remained in the comfort zone. International comparison based on the data given in World Bank's 'Global Development Finance, 2008' also shows that India's external debt sustainability indicators compare well with those of other debtor countries of the developing world. For instance, India's ratio of external debt to Gross National Income and the debt service ratio are among the lowest in the developing world. Further, the element of concessionality in India's external debt portfolio continues to be relatively high as compared to that of many other countries.

3. India's external debt has remained within manageable limits owing to the cautious external debt policy pursued by the Government. The main elements of external debt policy include regular monitoring of short-term debt, rationalisation of interest rates on Non-Resident Indian deposits, rationalising the guidelines relating to External Commercial Borrowings and regulating their end-use, raising sovereign loans on concessional terms with longer maturities and encouraging non-debt creating flows.

**New Delhi**  
**August 2008**

  
**(P.CHIDAMBARAM)**

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## EXECUTIVE SUMMARY

India's external debt stock at end-March 2008 stood at US\$ 221.2 billion (Rs. 884,516 crore), reflecting an increase of US\$ 51.5 billion (30.4 per cent) over the year. Valuation change due to the weakening of the US dollar vis-à-vis other major international currencies accounted for almost 20 per cent of the increment in total external debt during the year. In terms of rupees, the increase in India's external debt during 2007-08 was lower at 19.6 per cent due to the appreciation of Indian rupee essentially against the US dollar. The escalation in external debt during the year could be ascribed mainly to rise in external commercial borrowings (39.5 per cent) and short-term debt (34.8 per cent). The rise in external debt stock in the recent past has been marked. It expanded at an average rate of around US\$ 12 billion during the last six quarters.

2. All the major external debt indicators are still in the comfortable zone. Foreign exchange reserve cover of external debt continued to be at a high level, up from 117.4 per cent during 2006-07 to 140.0 per cent during 2007-08. Debt service ratio which remained low at 5.4 per cent during 2007-08, though this was marginally higher by 0.6 percentage points over the previous year. Other indicators, such as the ratio of external debt to Gross Domestic Product which measures the burden of external debt, increased from 17.8 per cent during 2006-07 to 18.8 per cent during 2007-08; the ratio of short-term debt to foreign exchange reserves rose from 13.2 per cent at end-March 2007 to 14.3 per cent at end-March 2008; and the ratio of short-term debt to total external debt too increased from 15.5 per cent to 20 per cent over the same period.

3. A cross-country comparison based on the data given in World Bank's 'Global Development Finance, 2008' showed that India's position among the top ten debtor countries of the developing world was *fifth* in 2006 in terms of the stock of external debt. In terms of ratio of external debt to Gross National Income, India's position was second after that of China. Similarly, India's debt service ratio was the second best after that of China. The element of concessionality in India's external debt portfolio was the second highest after that of Indonesia.

4. As regards sovereign debt, between end-March 2007 and end-March 2008, Government debt as a proportion of total external debt declined from 28.4 per cent to 25.6 per cent and, as a percentage of GDP, it dropped from 5.3 per cent to 4.8 per cent. Government guaranteed external debt increased marginally from US\$ 6.1 billion to US\$ 6.6 billion over the same period. Total sovereign debt together with government guaranteed debt, accounted for 28.5 per cent of total external debt at end-March 2008.

5. The coverage of India's external debt statistics has become fairly comprehensive. During 2007-08, further efforts were made to improve the scope and reporting of the debt numbers, especially that of short-term external debt.

6. India's external debt has remained within manageable limits owing to the cautious external debt policy of the Government, the main elements of which include monitoring of short-term debt, rationalisation of interest rates on Non-Resident Indian deposits, limiting External Commercial Borrowings along with restrictions on their end-use and raising sovereign loans on concessional terms with longer maturities and encouraging non-debt creating flows.

# CHAPTER 1

## STOCK OF EXTERNAL DEBT

### 1.1 Introduction

1.1.1 The assessment of international liability is an important segment of macro-economic management. International liabilities comprise external debt and equity-related liabilities. In the Indian context external debt is the main component of external liabilities. Therefore, a comprehensive, comparable, reliable and regularly disseminated statistics on external debt become crucial for policy-makers, financial markets and others. Towards this end, the Government of India has been collecting, compiling and publishing regularly a Status Report on India's external debt since 1993 providing extensive statistics<sup>1</sup>, *inter alia*, on the magnitude, composition, key indicators of India's external debt together with the comparative position of other indebted countries of the developing world.

### 1.2 Stock of External Debt

1.2.1 India's external debt which moderated in the 1990s and earlier part of the current decade, has shown an increase during the last few years. At end-March 2008 India's external debt stock stood at US\$ 221.2 billion (Rs. 884,516 crore), reflecting an increase of US\$ 51.5 billion (30.4 per cent) over the year (Table 1.1). Valuation change due to the weakening of the US dollar vis-à-vis other major international currencies accounted for almost 20 per cent of the increment in total external debt during the year. However, in terms of rupees, the increase in India's external debt during 2007-08 was lower at 19.6 per cent due to the appreciation of Indian rupee essentially against the US dollar. Data on India's external debt stock on annual and quarterly basis, both in terms of US dollars and rupees are provided in Annex II to Annex V.

**Table 1.1: India's External Debt Outstanding**

Total External Debt	At end-March								
	1991	2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10
US\$ million	83,801	101,326	98,843	104,914	111,645	132,973	138,133	169,669	221,212
Rs. crore	163,001	472,625	482,328	498,804	491,078	581,802	616,144	739,695	884,516

PR: Partially Revised.      QE: Quick Estimates

### 1.3 Components of External Debt

1.3.1 At end-March 2008, long-term debt accounted for 80 per cent of the total external debt and short-term debt formed the remaining 20 per cent. While long-term debt rose by 24 per cent during the year 2007-08 (adding US\$ 33.6 billion to the total debt outstanding), short-term debt increased by 68 per cent (raising the debt stock by US\$ 17.9 billion). The details are brought out in Table 1.2. The increase in long term debt during the year 2007-08 was primarily because of a surge in External Commercial Borrowings (ECBs), which rose by 49 per cent over the year (US\$ 20.36 billion).

<sup>1</sup> The definition, concepts, coverage, classification and dissemination of external debt data are brought out in Annex I.



**Table 1.2 : Components of India's External Debt**

(US\$ million)

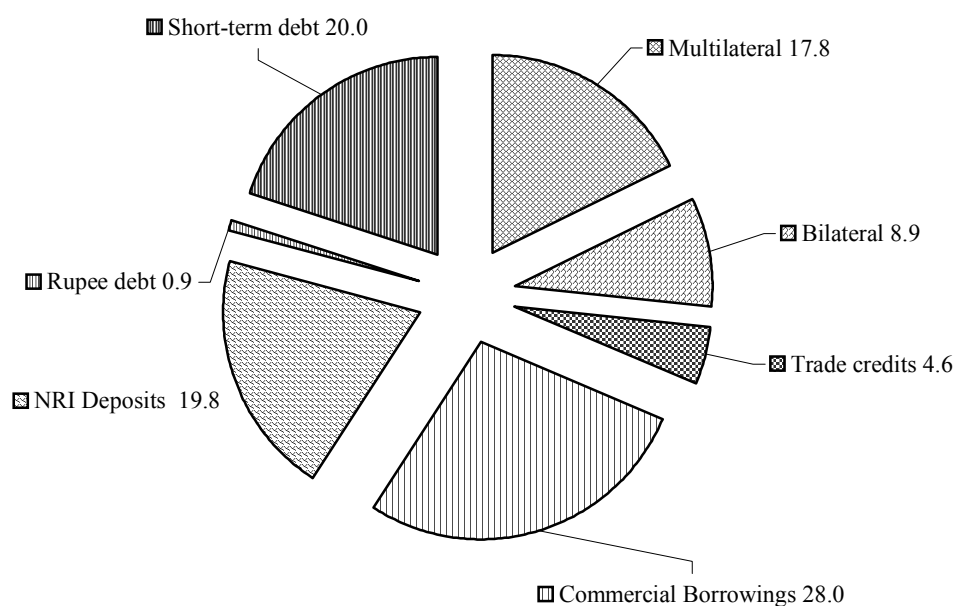
Sl. No.	Components	At end -March			Variation (absolute)	
		2008 QE	2007 PR	2006	March 07 to March 08 (3-4)	March 06 to March 07 (4-5)
1	2	3	4	5	6	7
1	Multilateral	39,312	35,337	32,620	3,975	2,717
2	Bilateral	19,613	16,061	15,761	3,552	300
3	Trade Credits	10,267	7,051	5,420	3,216	1,631
4	External Commercial Borrowings	62,019	41,657	26,452	20,362	15,205
5	NRI Deposits	43,672	41,240	36,282	2,432	4,958
6	Rupee Debt	2,016	1,947	2,059	69	-112
A	Long-term Debt (1 to 6)	176,899	143,293	118,594	33,606	24,699
B	Short-term Debt	44,313	26,376	19,539	17,937	6,837
C	<b>Total External Debt (A + B)</b>	<b>221,212</b>	<b>169,669</b>	<b>138,133</b>	<b>51,543</b>	<b>31,536</b>

PR: Partially Revised; QE: Quick Estimates.

1.3.2 The increase in ECBs can be attributed to the larger borrowings from international capital markets by Indian corporates encouraged by the persistence of interest rate wedge between domestic and international interest rates. The increase in short-term debt owed mainly to larger trade credits due to higher level of imports during the year, particularly oil imports.

1.3.3 At end-March 2008, outstanding ECBs at US\$ 62 billion accounted for the highest share in total external debt, followed by short-term debt at US\$ 44.3 billion and Non-Resident Indian (NRI) deposits at US \$ 43.7 billion. Multilateral and bilateral debt accounted for US\$ 39.3 billion and US\$ 19.6 billion, respectively. Trade credits stood at US\$ 10.3 billion and Rupee debt at US\$ 2 billion. Figure 1.1 depicts the component-wise share of total external debt at end-March 2008.

**Figure 1.1 : Composition of External Debt at end-March 2008  
(Share in per cent)**



## 1.4 Key External Debt Indicators

The sustainability of external debt can be measured by solvency and liquidity parameters such as debt service ratio, the foreign exchange cover of external debt, the ratio of external debt to Gross Domestic Product (GDP) and the component of concessional debt in total external debt. The ratio of short-term debt to foreign currency assets measures the immediate impact on foreign exchange outgo, while the ratio of short-term to total debt assesses the market and roll-over risks associated with the external debt. The trend in these indicators since 1990-91 is presented in Table 1.3. Though the major external debt indicators are in the comfortable zone, they presented a mixed picture during 2007-08. For example, foreign exchange reserve cover of external debt continued to be at a higher level improving from 117.4 per cent during 2006-07 to 140.0 per cent during 2007-08. Debt service ratio remained low at 5.4 per cent in 2007-08, though this was marginally higher by 0.6 percentage points over the previous year. Other indicators, such as the ratio of external debt to Gross Domestic Product which measures the burden of external debt, increased from 17.8 per cent during 2006-07 to 18.8 per cent during 2007-08, the ratio of short-term debt to foreign exchange reserves rose from 13.2 per cent at end-March 2007 to 14.3 per cent at end-March 2008 and the ratio of short-term debt to total external debt too increased from 15.5 per cent to 20 per cent over the same period.

**Table 1.3 : Key External Debt Indicators**

(Per cent)

Year	External Debt (US\$ billion)	Debt Service Ratio	Ratio of Foreign Exchange Reserves to Total Debt	Ratio of Total External Debt to GDP	Ratio of Concessional Debt to Total Debt	Ratio of Short-term Debt to Foreign Exchange Reserves	Ratio of Short-term Debt to Total Debt
1	2	3	4	5	6	7	8
1990-91	83.8	35.3	7.0	28.7	45.9	146.5	10.2
1991-92	85.3	30.2	10.8	38.7	44.8	76.7	8.3
1992-93	90.0	27.5	10.9	37.5	44.5	64.5	7.0
1993-94	92.7	25.4	20.8	33.8	44.4	18.8	3.9
1994-95	99.0	25.9	25.4	30.8	45.3	16.9	4.3
1995-96	93.7	26.2	23.1	27.0	44.7	23.2	5.4
1996-97	93.5	23.0	28.3	24.6	42.2	25.5	7.2
1997-98	93.5	19.5	31.4	24.3	39.5	17.2	5.4
1998-99	96.9	18.7	33.5	23.6	38.5	13.2	4.4
1999-00	98.3	17.1	38.7	22.0	38.9	10.3	4.0
2000-01	101.3	16.6	41.7	22.5	35.4	8.6	3.6
2001-02	98.8	13.7	54.7	21.1	35.9	5.1	2.8
2002-03	104.9	16.0*	72.5	20.3	36.8	6.1	4.5
2003-04	111.6	16.1**	101.2	17.8	36.1	3.9	4.0
2004-05	133.0	6.1^	106.4	18.5	30.9	12.5	13.3
2005-06	138.1	9.9 #	109.8	17.2	28.6	12.9	14.1
2006-07PR	169.7	4.8	117.4	17.8	23.3	13.2	15.5
2007-08QE	221.2	5.4	140.0	18.8	19.9	14.3	20.0

PR : Partially Revised; QE: Quick Estimates. \*Works out to 12.4 %, with the exclusion of pre-payment of US\$ 3.4 billion.

\*\* Works out to 8.2 %, with the exclusion of pre-payment of US\$ 3.8 billion and redemption of Resurgent India Bonds (RIBs) of US\$ 5.5 billion.

^ Works out to 5.7 % excluding pre-payment of US\$ 381 million.

# Works out to 6.3 %, excluding India Millennium Deposits (IMDs) repayments of US\$ 7.1 billion and pre-payment of US\$ 23.5 million.

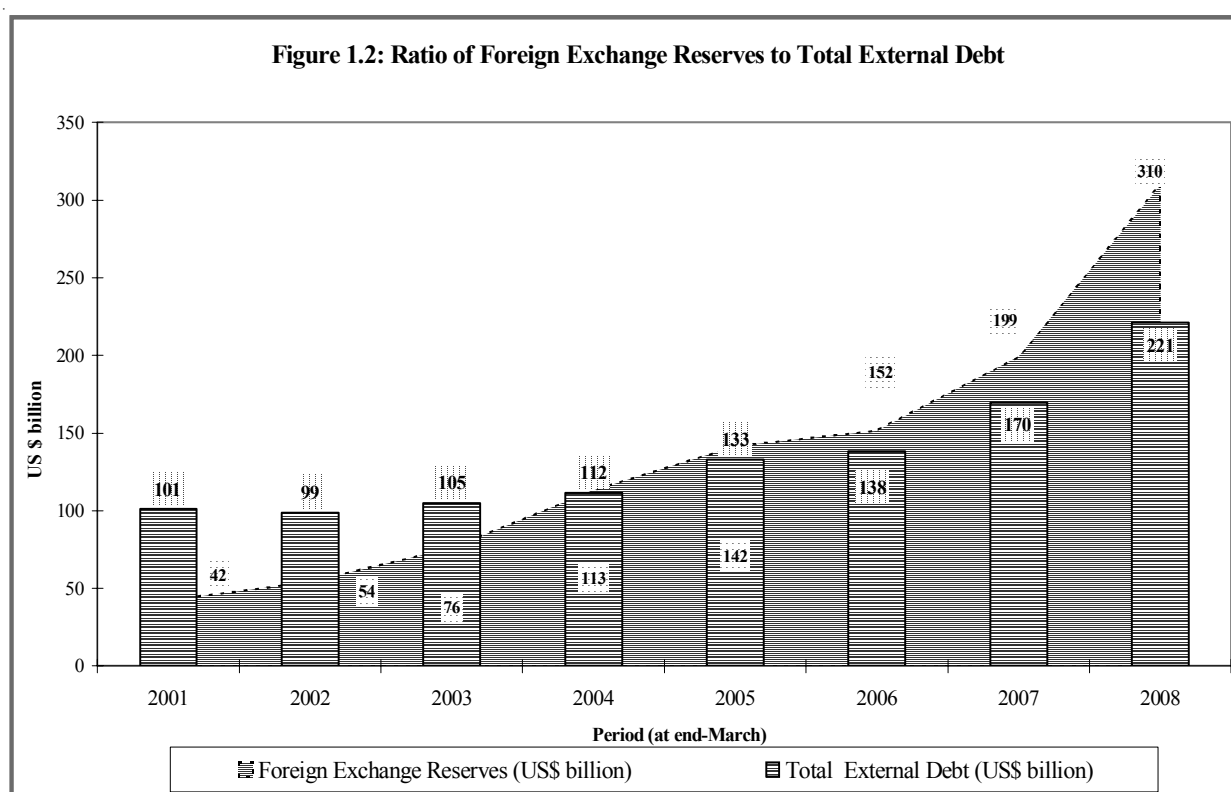
**Note :** NRO deposits are included under NRI deposits from end-June 2005 onwards. Suppliers' credits up to 180 days and FII investment in short-term debt instruments are included under short-term external debt since end-March 2005.

### 1.4.1 Debt Service Ratio

Debt Service Payments or debt servicing is defined as the set of payments, inclusive of both principal and interest, actually made to meet debt obligation. Debt service ratio is measured by the proportion of gross debt service payments to external current receipts, excluding receipts on account of official transfers. India's debt service ratio has shown a declining trend since 1990-91 when it was as high as 35.3 per cent. During 2006-07, it was 4.8 per cent, and it increased marginally to 5.4 per cent in 2007-08. This was mainly due to higher amortization and interest payments under ECBs.

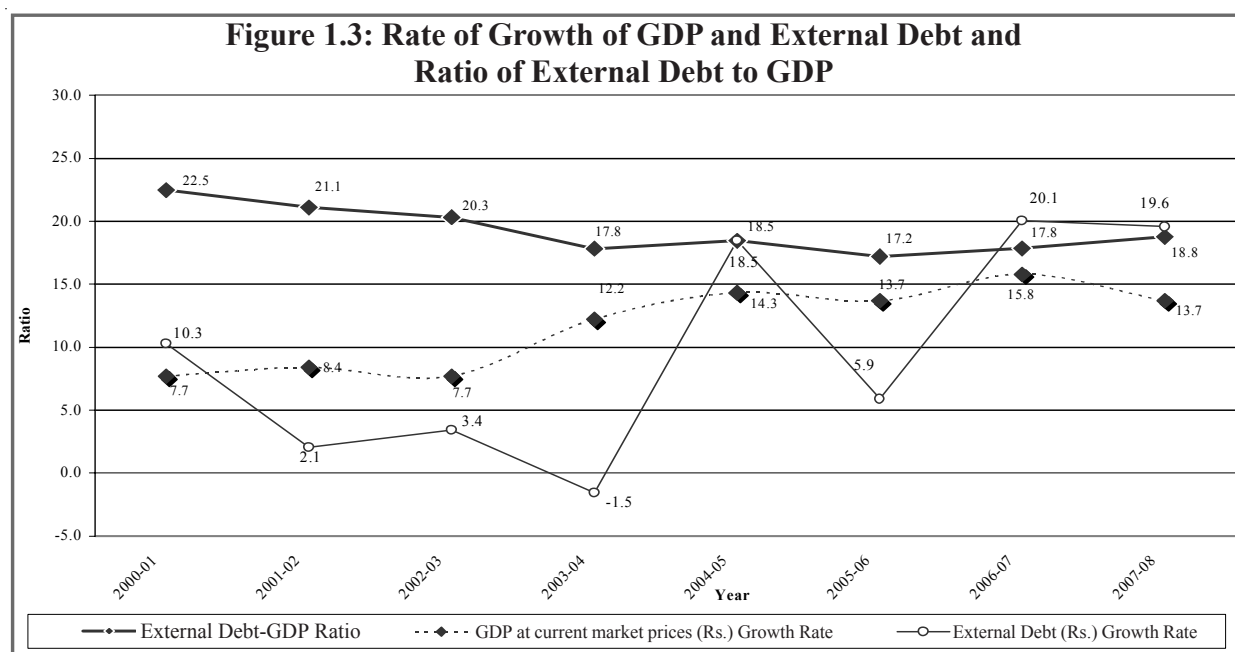
### 1.4.2 Ratio of Foreign Exchange Reserves to Total External Debt

The ratio of foreign exchange reserves to total external debt reflects the availability of resources with which the external debt can be serviced. India's foreign exchange reserves {which include foreign currency assets of the Reserve Bank of India (RBI), gold, SDRs and Reserve Tranche in the International Monetary Fund (IMF)} stood at around US\$ 310 billion at end-March 2008. The cover of external debt in terms of foreign exchange reserves has shown a steady uptrend from a level of 7 per cent in 1990-91 to 117.4 per cent at end-March 2007 and further to 140.0 per cent in 2007-08. The increase in the ratio to over 100 per cent since 2003-04 was on account of large increase in foreign exchange reserves mainly due to non-debt creating flows (Fig 1.2).



### 1.4.3 Ratio of External Debt to Gross Domestic Product

The burden of external debt can be measured by its ratio to GDP. India's external debt to GDP ratio has been on the decline and has remained at less than 20 per cent since 2003-04. As compared to the level of 17.8 per cent in 2006-07, it edged up to 18.8 per cent during 2007-08. This could be traced to the difference in the rate of growth of GDP and accumulation of external debt in 2007-08 as is brought out in Figure 1.3.



#### 1.4.4 Ratio of Concessional Debt to Total External Debt

The concessional component of a loan refers to its softer terms and conditions as compared to the prevailing market conditions. Concessionality could be reflected in lower interest rates, extended grace period and longer maturity period, or a combination of all. To measure the concessionality of a loan, the difference between the face value of the loan and the sum of the discounted future debt service payments to be made by the borrower is calculated.

Different multilateral institutions have their own norms for classification of concessional debt. In India, loans from International Development Association (IDA), International Fund for Agricultural Development (IFAD) and Organisation of Petroleum Exporting Countries (OPEC), government borrowings from bilateral sources (except dollar denominated debt from Russia) and rupee debt are termed as concessional. The proportion of these loans to total external debt has been declining in the past few years due to the change in the composition of external debt. In terms of absolute values, the concessional debt has been in the range of US \$ 40 to 44 billion during 2004-08. However, non-concessional debt has increased to 177.2 billion in 2007-08 driven mainly by private debt (Table 1.4).

**Table 1.4 : Share of Concessional Debt**

(US \$ billion)

Component	At end-March								
	1991	2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10
1 Total external debt	83.8	101.3	98.8	104.9	111.6	133.0	138.1	169.7	221.2
2 Concessional debt	38.4	35.9	35.5	38.6	40.3	41.1	39.6	39.6	44.0
3 Non-Concessional debt									
of which	45.4	65.4	63.3	66.3	71.4	91.9	98.6	130.1	177.2
Private debt	36.6	55.7	53.5	59.3	64.6	84.3	91.0	120.8	163.9
4 Concessional debt as share of total debt (per cent)	45.9	35.4	35.9	36.8	36.1	30.9	28.6	23.3	19.9

PR: Partially Revised; QE: Quick Estimates.

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

### 1.4.5 Ratio of Short-term Debt to Total External Debt

The break-up of India's external debt outstanding given in Table 1.5 indicates the increasing share of short-term debt in total external debt during the last few years. During 2007-08, the proportion of short-term debt to total debt stood at 20 per cent. The spurt in the share of short term debt in the total debt during the last few years could be attributed mainly to improvement in the coverage of short-term debt. Beginning March 2005<sup>2</sup>, coverage of short-term debt has expanded to include all types of trade related credits. It may be observed that besides including trade credits with the maturity of six months to one year, the external debt data has also included (i) estimated supplier's credit maturing in less than six months and (ii) FII investment in treasury bills and other short-term debt instruments having a maturity of one year or less [details indicated in Box 8.1] This explains the ratio of short term debt to total external debt increasing from 4.0 per cent in 2003-04 to around 13.3 per cent in 2004-05. As a proportion of total imports, the trade related credits which accounted for almost entire amount of short term debt, increased to 17.6 per cent at end-March 2008 from 12 to 14 per cent between 2005 and 2007 reflecting increase in the proportion of oil imports, which generally contains a larger element of credit, in the total imports.

**Table 1.5: Share of Short-term debt**

(US\$ million)

Sl. No.	Category	At End-March								
		1991	2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10	11
1	Long-term Debt	75,257	97,698	96,098	100,245	107,214	115,250	118,594	143,293	176,899
2	Short-term Debt (i to iv)	8,544	3,628	2,745	4,669	4,431	17,723	19,539	26,376	44,313
i)	NRI Deposits*	3,577	957	968	1,962	304	0	0	0	0
ii)	FC (B&O) Deposits up to one year maturity	167	0	0	0	0	0	0	0	0
iii)	Trade Credits** (a+b)	4,800	2,671	1,777	2,707	4,127	16,271	19,399	25,979	43,662
	a. 6 months and above, upto 1 year	2,267	2,671	1,777	2,707	4,127	7,529	8,696	11,971	22,884
	b. Upto 6 months	2,533	0	0	0	0	8,742	10,703	14,008	20,778
iv)	FII investment in Govt. T-Bills and other instruments	0	0	0	0	0	1,452	140	397	651
A	Total External Debt (1+2)	83,801	101,326	98,843	104,914	111,645	132,973	138,133	169,669	221,212
B	Share of Short-term debt in total debt (2as % of A)	10.2	3.6	2.8	4.5	4.0	13.3	14.1	15.5	20.0
C	Imports <sup>^</sup> (during the year)	27,915	57,912	56,277	64,464	80,003	118,779	156,993	191,254	248,521
D	Ratio of Trade Credits to Imports (%) (iii as % of B)	17.2	4.6	3.2	4.2	5.2	13.7	12.4	13.6	17.6

PR: Partially Revised; QE: Quick Estimates.

\* Short-term component of NRI deposits comprise Foreign Currency Non-Resident Accounts, [FCNR (A)]; Foreign Currency Non-Resident Bank Deposits, [FCNR (B)]; and Non-Resident External Rupee Account [NR (E) RA]. By the end of March 2005, deposits of less than one year maturity (short-term) under NRI deposits were completely eliminated. While short-term deposits of less than one-year maturity under FCNR(A) were withdrawn with effect from May 15, 1993, such deposits under FCNR(B) and NR(E)RA were withdrawn effective October 1999 and April 2003, respectively.

\*\* Data on short-term trade credits of less than six months in respect of suppliers' credit are not available up to end-March 2004.

<sup>^</sup> On balance of payments basis.

<sup>2</sup> The improvement in coverage has been effected by the RBI and the MOF for the BOP and External Debt, respectively and put up in the public domain in September 2007. The revisions have been made in the data relating to end-March 2005 onwards.

#### 1.4.6 Ratio of Short-term Debt to Foreign Exchange Reserves

Short-term debt is generally to be repaid in less than a year. Excessive build-up of short-term debt could lead to preemption of the foreign exchange earnings of the year for liquidating such obligations; in addition, it may entail attendant roll-over and market risks, and lead to foreign exchange constraints. India's short-term debt as a ratio of foreign exchange reserves at 14.3 per cent at end-March 2008 could be considered to be free of such risks

#### 1.5 India's International Investment Position

The International Investment Position is the stock of external financial assets and liabilities of a country on a specified reference date, usually at the end of the quarter or a year. The change in the position between two end-periods reflects financial transactions, valuation changes, and other adjustments which occurred during the period. India's international assets at US\$ 331.73 billion at end-December 2007, continued to comprise foreign exchange reserves held by RBI as the major component (83 per cent). The composition of India's international liabilities shifted in favour of non-debt liabilities during the recent past. The net international investment position of India has reflected an increase in both debt and non-debt variety of international liabilities in the last two years (Table 1.6).

**Table 1.6: India's International Investment Position**

(US \$ billion)

Sl.No.	Assets/Liabilities	At end-March						At end-Dec.
		2002	2003	2004	2005	2006	2007PR	2007QE
1	2	3	4	5	6	7	8	9
<b>A</b>	<b>Assets</b>	<b>73.6</b>	<b>95.6</b>	<b>136.0</b>	<b>165.7</b>	<b>184.8</b>	<b>245.3</b>	<b>331.7</b>
	1. Direct Investment Abroad	4.0	5.8	7.8	10.0	15.9	29.4	39.0
	2. Portfolio Investment	0.7	0.8	0.4	0.5	1.0	0.8	0.6
	3. Financial Derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	4. Other Investment	14.2	12.9	14.9	13.7	15.5	15.9	16.9
	5. Reserve Assets	54.7	76.1	113.0	141.5	151.6	199.2	275.3
<b>B</b>	<b>Liabilities</b>	<b>142.7</b>	<b>156.1</b>	<b>183.2</b>	<b>219.6</b>	<b>243.7</b>	<b>307.7</b>	<b>405.6</b>
	1. Direct Investment in Reporting Economy	25.4	31.2	38.2	44.5	52.4	76.2	102.4
	2. Portfolio Investment	31.5	32.4	43.7	56.0	64.3	79.5	124.6
	3. Other Investment	85.8	92.4	101.3	119.2	127.1	152.0	178.7
	a. Trade Credits	3.8	4.9	6.3	18.3	21.2	27.7	36.1
	b. Loans	62.7	61.1	61.9	66.0	68.0	80.9	97.2
	c. Currency and Deposits	18.5	25.6	32.2	33.6	37.3	42.3	44.1
	d. Other Liabilities	0.7	0.9	1.0	1.2	0.6	1.1	1.3
<b>C</b>	<b>Net Assets (+)/ Net Liabilities (-)</b>	<b>-69.1</b>	<b>-60.5</b>	<b>-47.2</b>	<b>-53.9</b>	<b>-59.8</b>	<b>-62.4</b>	<b>-73.9</b>

PR: Partially Revised QE: Quick Estimates

Source: Reserve Bank of India

## CHAPTER 2

### CLASSIFICATION OF EXTERNAL DEBT STOCK

The standard format in which India's external debt statistics are regularly published provides a mix of source-wise and maturity-wise classification<sup>3</sup> of external debt. In addition, external debt could also be analysed by disaggregating it under (i) creditor groups; including official and private creditors; (ii) borrower groups; (iii) loans, bonds, credits and deposits, and (iv) domestic and foreign currency components.

#### 2.1 Creditor-wise Classification

2.1.1 The creditor-wise composition of external debt of India has undergone a gradual change over the years from a heavy reliance on multilateral and bilateral creditors under external assistance to ECBs and NRI deposits. During the year 2007-08, each component of external debt showed an increase over the preceding year (Table 2.1). The largest increase in long-term external debt, both in terms of absolute numbers (US\$ 20.4 billion) and in terms of percentage (48.9 per cent) was recorded by ECBs which reached a level of US\$ 62 billion at end-March 2008. Amongst the other components of long-term external debt, multilateral debt increased by US\$ 4 billion, bilateral debt by US\$ 3.6 billion, trade credit by US\$ 3.2 billion and NRI deposits by US\$ 2.4 billion. Rupee debt continued to remain at around US\$ 2 billion. The short-term debt component added US\$ 17.9 billion to total debt stock during the year.

**Table 2.1: External Debt Outstanding by Creditor Category**

(US \$ million)

Sl. Components No.		At End-March								
		1991	2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10	11
<b>A.</b>	<b>Long Term Debt ( i to vii)</b>	<b>75,257</b>	<b>97,698</b>	<b>96,098</b>	<b>100,245</b>	<b>107,214</b>	<b>115,250</b>	<b>118,594</b>	<b>143,293</b>	<b>176,899</b>
i	Multilateral	20,900	31,105	31,899	29,994	29,297	31,744	32,620	35,337	39,312
ii	Bilateral	14,168	15,975	15,323	16,802	17,277	17,034	15,761	16,061	19,613
iii	IMF	2,623	0	0	0	0	0	0	0	0
iv	Trade Credit	4,301	5,923	5,368	4,995	4,697	5,022	5,420	7,051	10,267
v	Commercial Borrowings	10,209	24,408	23,320	22,472	22,007	26,405	26,452	41,657	62,019
vi	NRI Deposits	10,209	16,568	17,154	23,160	31,216	32,743	36,282	41,240	43,672
vii	Rupee Debt	12,847	3,719	3,034	2,822	2,720	2,302	2,059	1,947	2,016
<b>B.</b>	<b>Short-term Debt</b>	<b>8,544</b>	<b>3,628</b>	<b>2,745</b>	<b>4,669</b>	<b>4,431</b>	<b>17,723</b>	<b>19,539</b>	<b>26,376</b>	<b>44,313</b>
<b>C.</b>	<b>Total External Debt (A + B)</b>	<b>83,801</b>	<b>101,326</b>	<b>98,843</b>	<b>104,914</b>	<b>111,645</b>	<b>132,973</b>	<b>138,133</b>	<b>169,669</b>	<b>221,212</b>
<b>D.</b>	<b>Share of official creditors in total external debt (per cent)</b>	<b>63.5</b>	<b>51.2</b>	<b>51.8</b>	<b>48.3</b>	<b>45.5</b>	<b>39.3</b>	<b>37.3</b>	<b>32.1</b>	<b>28.1</b>
<b>E.</b>	<b>Share of private creditors in total external debt (per cent)</b>	<b>36.5</b>	<b>48.8</b>	<b>48.2</b>	<b>51.7</b>	<b>54.5</b>	<b>60.7</b>	<b>62.7</b>	<b>67.9</b>	<b>71.9</b>

PR: Partially Revised; QE: Quick Estimates.

2.1.2 The creditor-wise classification could also be viewed by regrouping the creditors under the broad heads of "official" and "private". The official creditors include multilateral and bilateral sources of credit, loans and credits obtained from IMF, export credit component of bilateral credit, export credit for defence purchases and rupee debt. On the other hand, private creditors would denote

<sup>3</sup> The World Bank's QEDS format included in the Status Report since last year provides debtor-wise regrouping of India's external debt data.



sources of loans raised under ECBs, NRI deposits, trade credits other than those included under official creditors and short-term debt. The proportion of “official creditors” in total external debt declined over the years from 63.5 per cent in 1991 to 28.1 per cent at end-March 2008 reflecting the declining share of multilateral and bilateral creditors in India’s external debt portfolio. Correspondingly, the share of “private creditors” rose from 36.5 per cent to 71.9 per cent during this period.

## 2.2 Borrower-wise Classification

2.2.1 The borrower-wise classification of external debt provides an assessment of sectoral external indebtedness of a country. Broadly, it can be viewed as Government (sovereign) and non-Government (private) debt (Table 2.2). The latter can be further broken down into financial, public and private sectors. While Government debt is declining, private debt is rising in terms of its share in total external debt. In 2008, the share of non-Government was almost three-fourths of total external debt, as compared to 42 per cent in 1991. The details of borrower-wise classification of external debt are provided in Annex VI.

**Table 2.2: External Debt by Borrower Classification**

(US \$ million)

Sl. Components		At End-March								
No.		1991	2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10	11
I.	<b>Government Debt (A+B)</b>	48,585 (58.0)	43,956 (43.4)	43,575 (44.1)	43,612 (41.6)	44,674 (40.0)	46,668 (35.1)	45,278 (32.8)	48,167 (28.4)	56,551 (25.6)
A.	<i>Of which long-term(1+2):</i>	48,585	43,956	43,575	43,612	44,674	45,509	45,138	48,005	56,091
1	Govt. Account	34,317	40,727	40,965	41,216	41,142	43,686	43,510	46,155	52,297
2	Other Govt. Debt	14,268	3,229	2,610	2,396	3,532	1,823	1,628	1,850	3,794
B.	<i>Of which short-term:</i>	0	0	0	0	0	1,159	140	162	460
II.	<b>Non-Govt. Debt (A+B)</b>	35,216 (42.0)	57,370 (56.6)	55,268 (55.9)	61,302 (58.4)	66,971 (60.0)	86,305 (64.9)	92,855 (67.2)	121,502 (71.6)	164,661 (74.4)
A.	<i>Of which long-term(1+2+3):</i>	26,672	53,742	52,523	56,633	62,540	69,741	73,456	95,288	120,808
1	Financial Sector*	-	32,661	32,367	37,032	40,575	43,455	42,334	48,414	51,069
2	Public Sector**	-	9,024	8,225	7,518	7,685	6,496	6,671	7,978	11,011
3	Private Sector***	-	12,057	11,931	12,083	14,280	19,790	24,451	38,896	58,728
B.	<i>Of which short-term:</i>	8,544	3,628	2,745	4,669	4,431	16,564	19,399	26,214	43,853
III.	<b>Total External Debt (I+II)</b>	83,801	101,326	98,843	104,914	111,645	132,973	138,133	169,669	221,212

PR: Partially Revised QE: Quick Estimates

\*: Financial sector represents borrowings by banks and financial institutions and also long-term NRI Deposits.

\*\*: Public sector debt represents borrowings of non- financial public sector enterprises. - : Not separately available.

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

Note: Figures in parentheses represent share in total external debt

## 2.3 Instrument-wise Classification

2.3.1 The classification of external debt according to the instruments of borrowing such as bonds and notes, loans, trade credits and deposits (further-tabulated borrower-wise), is presented in Table 2.3. Instrument-wise classification reveals that ‘loans’ accounted for almost half (49.9 per cent) of combined debt outstanding under Government and Non-Government accounts. The group ‘currency and deposits’ and ‘trade credits’ together accounted for around one-fifth each of aggregate Government and non-Government debt. The remaining was in the form of bonds and notes. Under government borrowing, the most popular instrument of borrowing was loans (92.8 per cent).



**Table 2.3: Instrument-wise Classification of External Debt Outstanding at end-March 2008**

Sl. No.	Borrower	US\$ million
1	2	3
<b>A</b>	<b>Government (1+2)</b>	<b>56,551</b>
1	<b>Short-term</b>	460
	i. Money market instruments	460
2	<b>Long-term (i+ii+iii)</b>	56,091
	i. Bonds and notes	2,301
	ii. Loans	52,504
	iii. Trade credits	1,286
<b>B</b>	<b>Non-Government (1+2)</b>	<b>164,661</b>
1	<b>Short-term (i+ii)</b>	43,853
	i. Money market instruments	191
	ii. Trade credits	43,662
2	<b>Long-term (i+ii+iii+iv)</b>	120,808
	i. Bonds and notes	18,449
	ii. Loans	57,924
	iii. Currency and deposits	43,672
	iv. Trade credits	763
<b>Total External Debt (A+B)</b>		<b>221,212</b>

## 2.4 Currency Composition

2.4.1 In respect of currency composition of external debt, the US dollar continued to account for the largest share in India's external debt portfolio (57.1 per cent) at end-March 2008; this was followed by other currencies with lower share, viz. Indian Rupees (14.5 per cent), Japanese Yen (12.1 per cent) and SDRs (10.2 per cent) (Table 2.4).

**Table 2.4: Currency Composition of External Debt**

(per cent)

Sl. No.	Component	At End-March							
		2001	2002	2003	2004	2005	2006	2007PR	2008QE
1	2	3	4	5	6	7	8	9	10
1	US Dollar	55.0	54.3	46.6	40.5	48.0	49.2	52.0	57.1
2	SDRs	12.8	14.1	15.2	15.5	14.2	13.7	12.0	10.2
3	Indian Rupees	12.4	11.9	17.3	22.7	19.6	18.9	17.7	14.5
4	Japanese Yen	10.1	10.2	10.7	11.6	10.5	10.9	11.6	12.1
5	Euro	5.8	5.7	6.2	5.8	4.6	4.4	4.0	3.6
6	Pound Sterling	2.9	2.9	3.0	3.4	2.6	2.6	2.4	2.2
7	Others	1.0	0.9	1.0	0.5	0.5	0.3	0.3	0.3
<b>Total (1 to 7) :</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

PR: Partially Revised; QE: Quick Estimates.

To sum up, creditor-wise classification of external debt indicates a shift in favour of ECBs and NRI deposits, from multilateral and bilateral creditors, particularly since 2004. In terms of borrower-wise classification, the emphasis has shifted from Government to non-Government borrowing since the initiation of reforms in 1991. Instrument-wise classification shows that loans are the most popular instrument for both Government and Non-Government borrowers. US dollar denominated debt continued to account for the largest share in India's external debt during 2007-08.

## CHAPTER 3

### INTERNATIONAL COMPARISON OF EXTERNAL DEBT

A cross-country comparison of external debt serves as a useful tool to assess a country's external indebtedness in the international perspective. An international comparison of the magnitude of India's external debt and its key indicators has been made on the basis of information released by World Bank in Global Development Finance (GDF), 2008. A consolidated picture of India's indebtedness as compared with the rest of the world is given in Annex VII. A quick survey of developments in the external indebtedness of developing countries indicates that external debt burden of developing countries as a group declined in 2007 (Box 3.1).

#### Box 3.1: External Debt Burden of Developing Countries

During the year 2007 the external debt burden of all developing countries taken together continued to decline. More importantly, the proportion of external debt owed to public creditors has been declining during the last few years reflecting subdued disbursements under official Development Assistance (ODA). Between 1990 and 2007, the nominal value of public and publicly guaranteed external debt as a proportion of GDP declined from 25 per cent to 10 per cent.

Net official lending continued to decline during 2007, but at a much lower rate than in the past few years. Repayments on loans owed to governments and multilateral institutions exceeded gross lending by US\$4 billion during 2007, compared to US\$70 billion during 2005-06. Net official lending declined by a cumulative total of US\$185 billion between 2002 and 2007, as middle-income countries made voluntary pre-payments to the Paris Club and multilateral institutions. While the lending by IMF declined to US\$ 2.5 billion during 2007 from US\$ 4 billion during 2005-06, net lending by the World Bank averaged only US\$ 0.8 billion between 2002 and 2007. Principal repayments to IBRD exceeded disbursements by US\$4.4 billion on average during 2002-07, offset by US\$ 5.2 billion in net lending by IDA. The change in the composition of net lending by the World Bank implies a shift away from IBRD lending to middle-income countries toward IDA lending to low-income countries, with a much higher average grant element.

Source: Global Development Finance, 2008, World Bank

### 3.1 External Debt Stock

3.1.1 The ratio of India's external debt stock to Gross National Income as of 2006, was 17.8 per cent and it was the second lowest after that of China. India ranked fifth amongst the top ten debtor countries of the developing world<sup>4</sup> in 2006 (Table 3.1). Amongst the top ten indebted countries, India was the only 'low' income country, all the other nine countries being 'middle' income countries as per World Bank's classification.

**Table 3.1: International Comparison: Top Ten Debtor Countries  
Amongst Developing Economies, 2006**

Sl. No.	Countries	Total debt stocks (US\$ million)	Ratio of Total debt to Gross National Income (%)	Income Classification
1	2	3	4	5
1	China	322,845	12.2	Middle
2	Russian Federation	251,119	26.2	Middle
3	Turkey	207,854	51.7	Middle
4	Brazil	194,053	18.7	Middle
5	<b>India</b>	<b>169,669</b>	<b>17.8</b>	<b>Low</b>

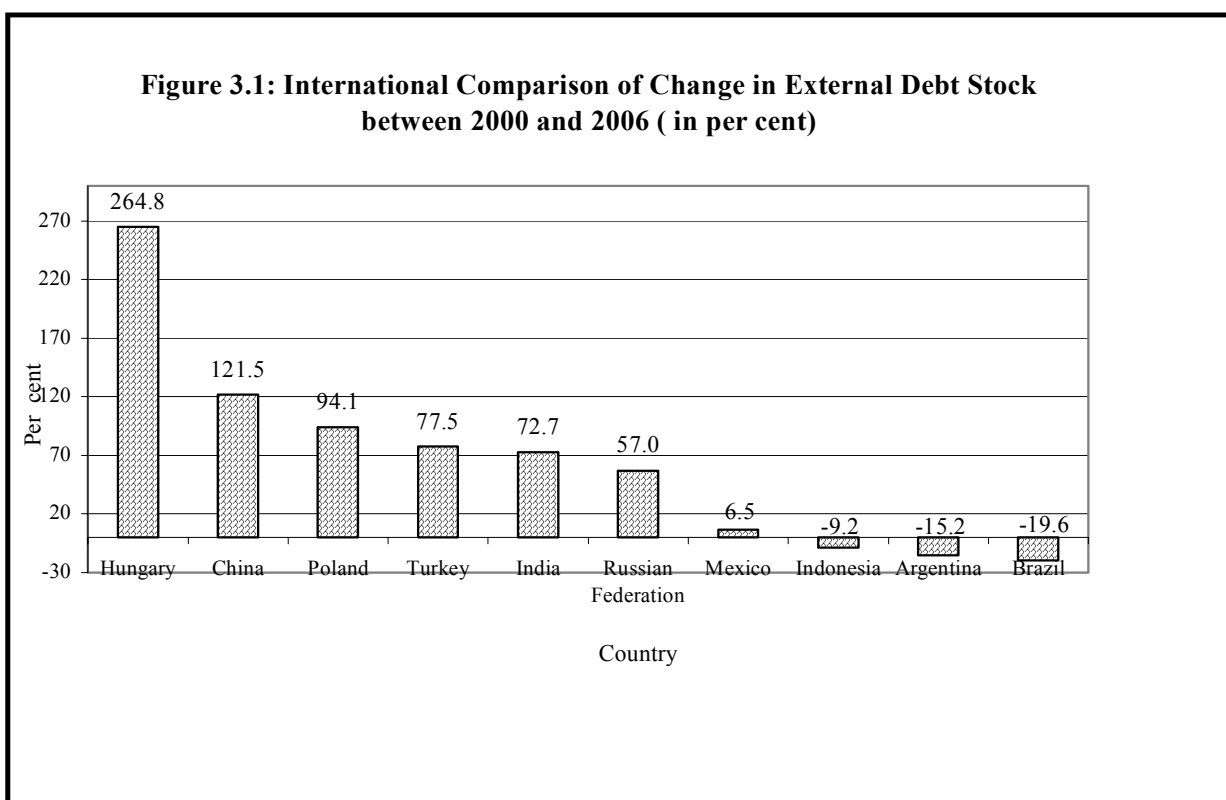
<sup>4</sup> Data for India are as published by national authorities for 2006-07 and those for other countries are at end-December 2006 as available in World Bank's GDF, 2008.

Sl. No.	Countries	Total debt stocks (US\$ million)	Ratio of Total debt to Gross National Income (%)	Income Classification
1	2	3	4	5
6	Mexico	160,700	19.5	Middle
7	Indonesia	130,956	37.5	Middle
8	Poland	125,831	38.7	Middle
9	Argentina	122,190	58.6	Middle
10	Hungary	107,677	102.7	Middle

Source: Data for India are as published by national authorities for 2006-07 and those for other countries are at end-December 2006 as available in World Bank's GDF, 2008.

### 3.2 Change in Debt Stock

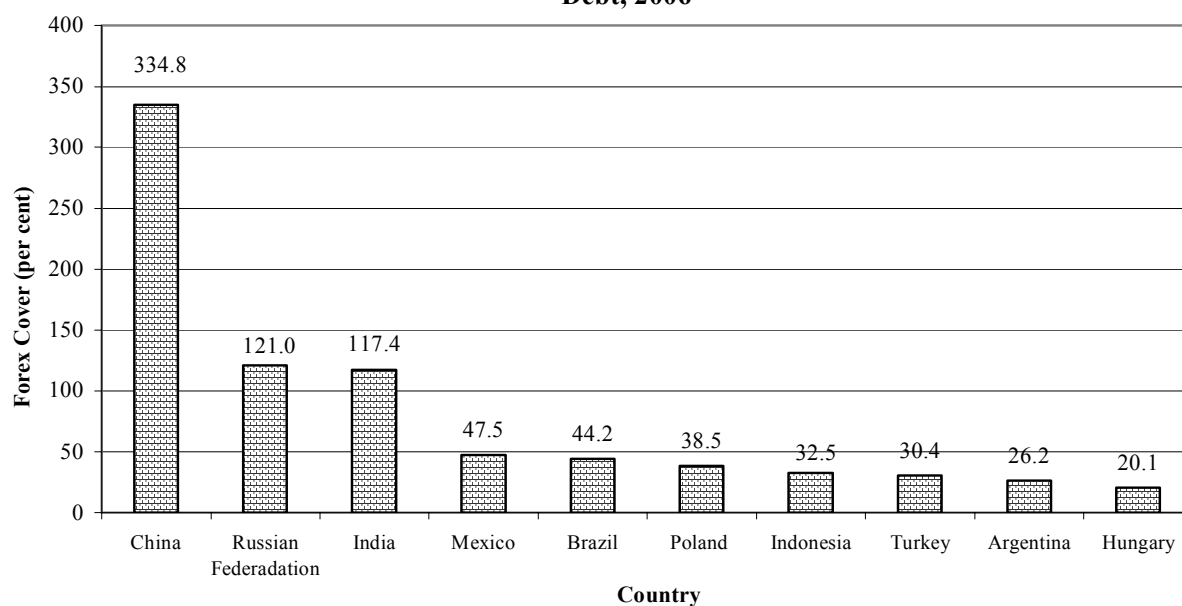
3.2.1 Among the top ten developing indebted countries, three countries, viz. Indonesia, Argentina and Brazil have moderated the amount of their external debt outstanding, recording a net decline in the total external debt outstanding between 2000 and 2006 (Figure 3.1). All other countries recorded an addition to their external debt outstanding during the same period. The addition to India's external debt outstanding between 2000 and 2006 was of the order of US\$ 73 billion (around 68 per cent increase).



### 3.3 Foreign Exchange Reserve Cover of External Debt

3.3.1 In terms of the cover of external debt provided by foreign exchange reserves, India was the third highest at 117.4 per cent, coming after China and the Russian Federation (Figure 3.2). Besides China, Russian Federation and India, all other countries had less than 50 per cent reserve cover of their external debt.

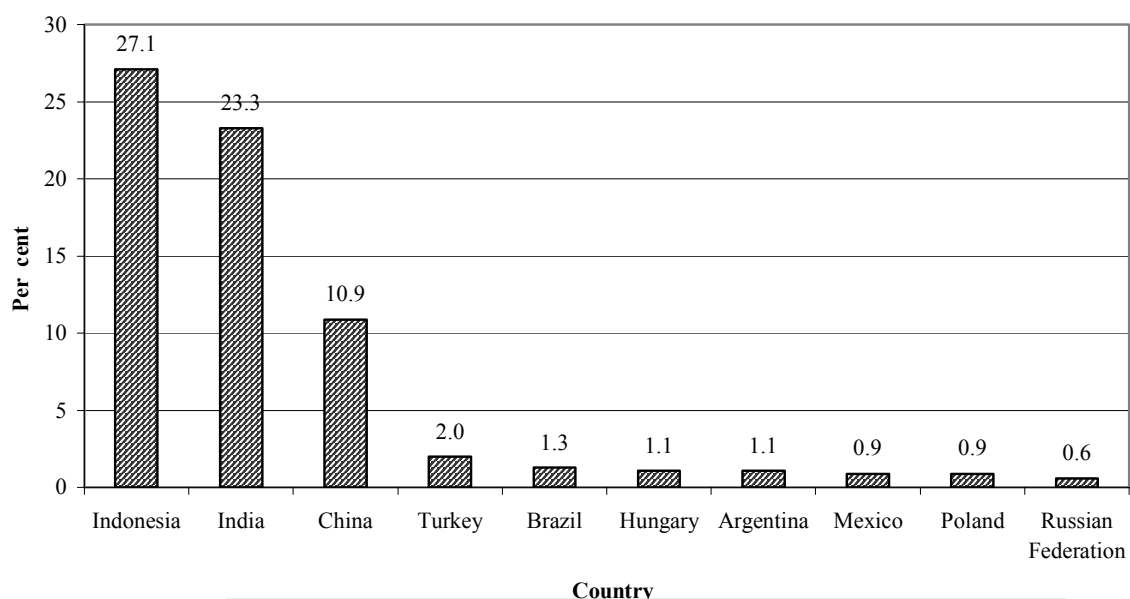
**Figure 3.2: International Comparison of Forex Reserve Cover of External Debt, 2006**



### 3.4 Concessional Debt and Present Value of External Debt

3.4.1 On a cross-country comparison, it was noted that the proportion of concessional debt in total external debt was the second highest for India (23.3 per cent) after Indonesia (27.1 per cent) (Figure 3.3). To identify concessional loans, GDF follows the same concessional criteria as is being used by Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). DAC identifies all those loans as concessional which have an original grant element of 25 per cent or more which is derived from comparing the rate of interest charged by the donor with the market rate of 10 per cent.

**Figure 3.3 : International comparison of Share of Concessional Debt in Total External Debt**



3.4.2 The present value of external debt reflects the element of overall concessionality in external debt portfolio. Present Value (PV) is arrived at by discounting the future stream of debt service payments for individual loans by appropriate discount rates (normally market rates) and aggregating such PVs for all loans. The PV of India's external debt in 2006 worked out to US\$ 129 billion, reflecting a large element of concessionality as compared to those of other indebted countries. India's PV to Gross National Income (GNI) at 15 per cent and PV to export of goods and services (XGS) at 53 per cent, were second lowest after that of China (Table 3.2).

**Table 3.2: International Comparison : Present Value of Debt and Income Classification, 2006**

Sl. No.	Country	PV of Debt (US\$ million)	Ratio of PV of Debt/GNI (per cent)*	Ratio of PV of Debt/XGS (per cent)*
1	2	3	4	5
1	China	316,277	14	35
2	Russian Federation	255,042	34	88
3	Turkey	215,957	61	200
4	Brazil	221,411	26	158
<b>5</b>	<b>India^</b>	<b>128,916</b>	<b>15</b>	<b>53</b>
6	Mexico	161,118	21	62
7	Indonesia	128,905	45	122
8	Poland	117,484	41	97
9	Argentina	119,202	68	230
10	Hungary	101,200	100	127

\* While PV relates to the year 2006, GNI and XGS relate to the average for the years 2004-2006.

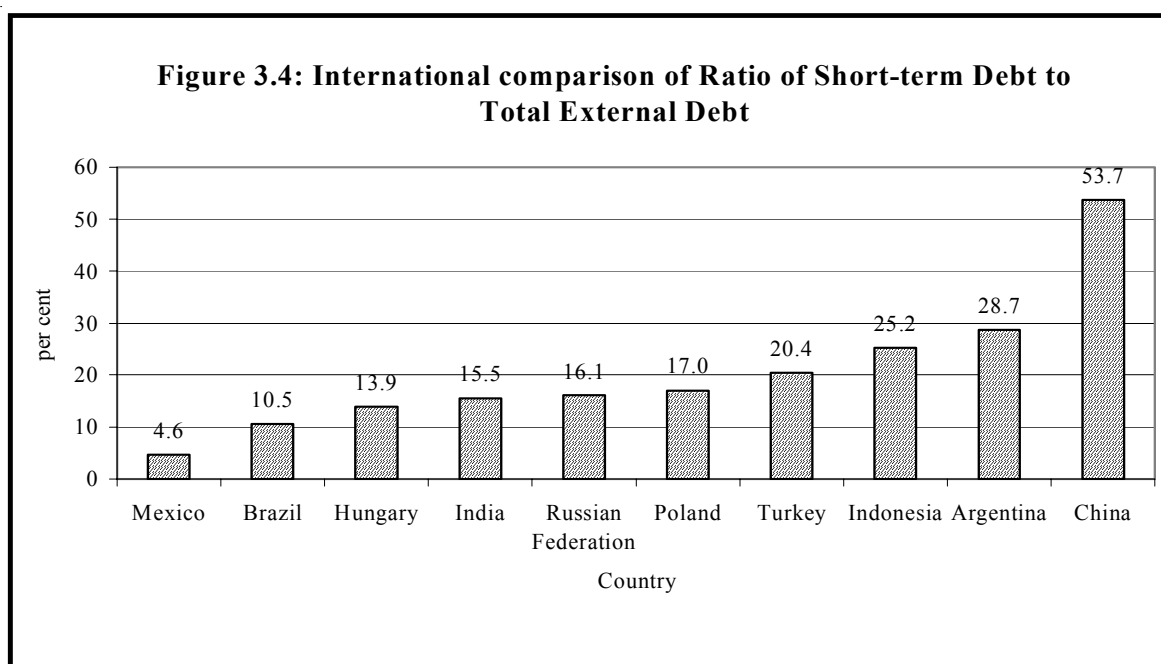
PV: Present Value GNI: Gross National Income XGS: Export of Goods and Services

^ PV for India has been derived from revised figures as published by national authorities

Note: Data for other countries are at end-December 2006 as available in World Bank's GDF, 2008.

### 3.5 Short-term Debt

3.5.1 With the ratio of short-term debt to total debt at 15.5 per cent (as of 2006) as per GDF 2008, India was placed at the lower order in the hierarchy of top ten indebted countries. While Mexico was placed lowest (4.6 per cent), China topped the list (54 per cent) (Figure 3.4).



### 3.6 Debt Service Payments

3.6.1 A cross-country comparison of the profile of debt service payments indicates that India's debt service ratio in 2006-07 was 4.8 per cent (Table 3.3). This was the second lowest amongst the top ten debtor countries of the developing world after China which had the lowest ratio of 2.5 per cent.

**Table 3.3: International Comparison: External Debt Service Payments of Top Ten Debtor Countries amongst Developing Economies, 2006**

Sl. No.	Countries	Total Debt Service payments (US\$ million)	Debt Service Ratio (per cent)
1	2	3	4
1	China	27,877	2.5
2	Russian Federation	50,223	13.8
3	Turkey	40,511	33.2
4	Brazil	62,145	37.3
<b>5</b>	<b>India</b>	<b>11,854</b>	<b>4.8</b>
6	Mexico	56,068	18.9
7	Indonesia	20,434	16.6
8	Poland	36,044	24.7
9	Argentina	18,994	31.6
10	Hungary	30,828	33.1

Source: Data for India are as published by national authorities for 2006-07 and those for other countries are at end-December 2006 as available in World Bank's GDF, 2008.

## CHAPTER 4

### DEBT SERVICING

The debt service payments and debt service ratio occupy a central place in the analysis of the country's external debt volume. The magnitude of debt service payments has a bearing on the cash flow and foreign exchange reserve management. Debt service ratio, as measured by the proportion of gross debt service payments to external current receipts, would reflect the extent of pressure on external payments. A relatively larger outgo on account of debt service payments in the form of principal and interest payments could pre-empt a significant part of foreign exchange earnings, thereby reducing the availability of foreign exchange for other essential payments.

#### 4.1 Debt Service Payments and Debt Service Ratio

4.1.1 The debt service payments comprise principal repayments and interest payments made on the "outstanding debt out of the disbursed amount". A high debt service ratio and large debt service payments relative to foreign exchange reserves could increase the risk of external shocks. In this context, recording and monitoring of debt service payments and debt service ratio assume importance. Similarly, projecting the debt service payments becomes crucial for estimating future cash flows.

4.1.2 In absolute terms, the debt service payments increased by around US\$ 5 billion during 2007-08 (Table 4.1). While the combined debt servicing of external assistance and ECBs increased 1.5 times during 2007-08 as compared to 2006-07, the debt servicing under all other categories of borrowing remained more or less the same. During the year 2007-08, around 68.6 per cent of debt service payments, inclusive of principal and interest, was on account of ECBs. Another 20 per cent of total debt service payments was accounted for by external assistance. The details of debt service payments are given in Annex VIII.

**Table 4.1: India's External Debt Service Payments**

(US\$ million)

Sl No.	Components	April-March								
		1990-91	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07PR	2007-08QE
1	2	3	4	5	6	7	8	9	10	11
1	External Assistance	2,315	3,444	3,225	7,165	6,983	2,855	2,652	2,904	3,241
	Repayments	1,187	2,338	2,150	6,037	6,193	2,129	1,945	1,922	2,099
	Interest	1,128	1,106	1,075	1,128	790	726	707	982	1,142
2	External Commercial Borrowings	3,414	7,073	5,563	6,186	10,164	4,530	14,839	6,819	11,317
	Repayments	2,004	5,378	4,107	5,019	8,045	3,571	11,824	4,236	6,119
	Interest	1,410	1,695	1,456	1,167	2,119	959	3,015	2,583	5,198
3	I. M. F.	778	26	0	0	0	0	0	0	0
	Repayments	644	26	0	0	0	0	0	0	0
	Interest	134	0	0	0	0	0	0	0	0
4	NRI Deposits	1,282	1,661	1,808	1,414	1,642	1,353	1,497	1,969	1,813
	Interest	1,282	1,661	1,808	1,414	1,642	1,353	1,497	1,969	1,813
5	Rupee Debt Service	1,193	617	519	474	376	417	572	162	121
	Repayments	1,193	617	519	474	376	417	572	162	121
<b>Total Debt Service (1 to 5)</b>		8,982	12,821	11,115	15,239	19,165	9,155	19,560	11,854	16,492
	Repayments	5,028	8,359	6,776	11,530	14,614	6,117	14,341	6,320	8,339
	Interest	3,954	4,462	4,339	3,709	4,551	3,038	5,219	5,534	8,153
<b>Debt Service Ratio (%)</b>		35.3	16.6	13.7	16.0*	16.1**	6.1^	9.9^^	4.8	5.4
Interest payments to current receipts ratio		15.5	5.8	5.4	3.9	3.8	2.0	2.7	2.3	2.7

PR: Partially Revised; QE: Quick Estimates.

\* Works out to 12.4 %, with the exclusion of pre-payment of US\$ 3.4 billion.

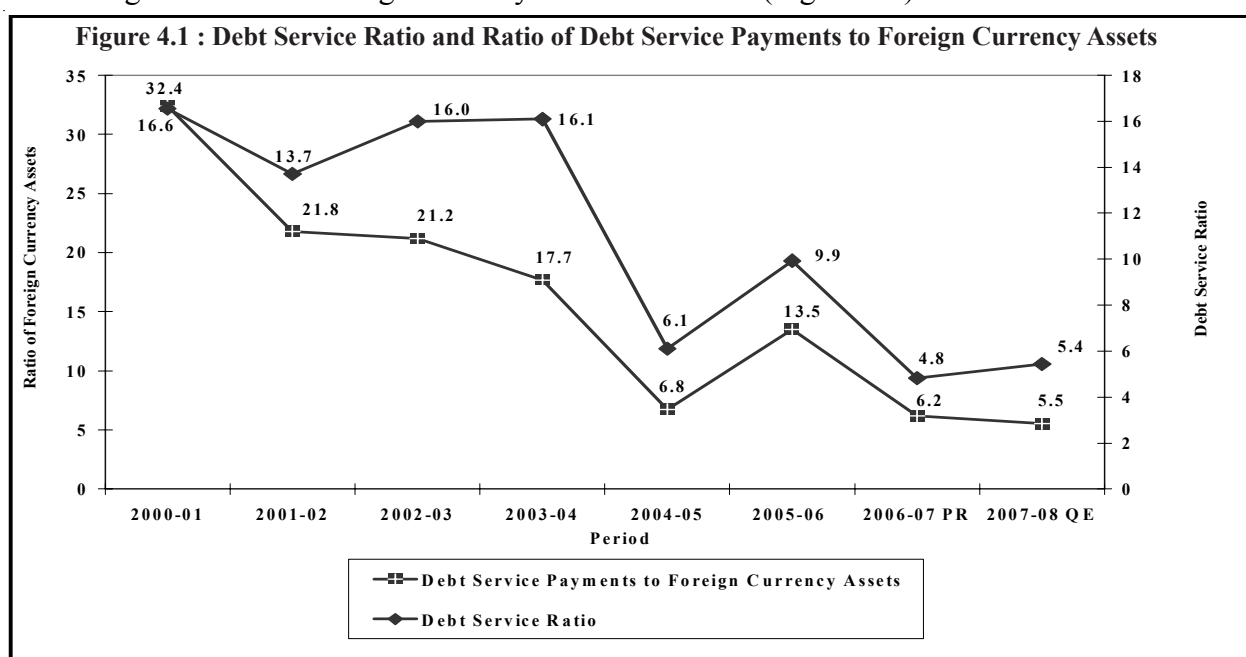
\*\* Works out to 8.2 %, with the exclusion of pre-payment of US\$ 3.8 billion and redemption of Resurgent India Bonds (RIBs) of US\$ 5,549 million.

^ Works out to 5.7 % with the exclusion of pre-payment of US\$ 381 million.

^^ Works out to 6.3 %, with the exclusion of India Millennium Deposits (IMDs) repayments of US\$ 7.1 billion and pre-payment of US\$ 23.5 million.

4.1.3 In the Indian context, the principal repayments under short-term debt are not taken into account for calculation of the total debt service payments and debt service ratio as the repayments during the year far exceed the outstanding amount due to multiplicity of drawals and repayments, which may distort the picture of debt service payments and debt service ratio. Similarly, principal amounts under deposits matured under NRI deposits too are not treated as part of total debt service payments. This owes to the fact that these generally get rolled over and part of such deposits are also utilised for local payments on maturity. However, interest paid as well as accrued on NRI deposits is included under total debt service payments. Redemption of debt securities by FII is also not captured in debt service ratio. Rupee debt service payments are treated as principal repayments as the interest component is difficult to be segregated.

4.1.4 The debt service ratio for India stood at 5.4 per cent during 2007-08, as compared to the higher level of 9.9 per cent during 2005-06. During 2006-07, the debt service was 4.8 per cent. The ratio of debt service payments to foreign currency assets has shown a declining trend in 2007-08 due to larger increase in foreign currency assets of the RBI (Figure 4.1).



4.1.5 Although the principal repayments under short-term credits are not accounted for in the calculation of debt service ratio, it is useful to assess the magnitude of such outflows. These are provided in Table 4.2. Short-term credits which are essentially import related are contracted for less than one year. Hence, principal repayments during a year exceeded the opening stock of short-term credits. It may be observed that these repayments have shown an upward trend since 2004-05, reaching US\$ 31,729 million during 2007-08 partly reflecting higher imports and partly due to improvement in coverage (Box 8.1).

**Table 4.2: Principal Repayments under Short-term Debt**

(US\$ million)

Component	April - March								
	1990-91	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07PR	2007-08QE
1	2	3	4	5	6	7	8	9	10
Principal Repayments	677	10,692	6,355	4,206	9,670	13,602	17,647	23,380	31,729

.PR: Partially Revised.

QE: Quick Estimates



## 4.2 Projections of Debt Service Payments

4.2.1 Projections of future debt service payments are important for effective cash flow management. Based on long-term debt outstanding at the end of March 2008, such projections till 2017-18 have been made. These projections do not include future debt service obligations that may arise out of fresh borrowings. Also, NRI deposits and FII investment in debt securities are excluded. It is estimated that the principal repayments for the period 2011-12 to 2012-13 (Table 4.3) would be larger as compared to other years because of higher gross disbursements of ECBs during 2006-07 and 2007-08.

**Table 4.3 : Projected Debt Service Payments\***

*(US \$ million)*

Year	Principal	Interest	Total
1	2	3	4
2008-09	9,303	4,309	13,612
2009-10	9,686	3,353	13,039
2010-11	12,213	2,691	14,904
2011-12	15,312	2,907	18,219
2012-13	18,041	3,250	21,291
2013-14	9,629	1,977	11,606
2014-15	6,844	1,654	8,498
2015-16	6,422	1,553	7,975
2016-17	6,199	1,333	7,532
2017-18	5,445	1,129	6,574

\*: The projections of debt servicing are based on the end-March 2008 debt outstanding position. Projections exclude NRI Deposits and FII investment in Debt Securities.

## 4.3 Implicit Interest Rate

4.3.1 Since different loans in the external debt portfolio are contracted at different rates of interest, working out of implicit or effective rate of interest would help in assessing the average cost of external borrowing. Implicit interest rates relate to total interest payments made during the year as a percentage of the outstanding debt at the end of the previous year. The implicit interest rate on total external debt increased to 4.8 per cent during 2007-08 from 4 per cent during 2006-07 due to hardening of international interest rates. While the implicit interest rate on NRI deposits declined from 5.4 per cent during 2006-07 to 4.4 per cent during 2007-08, the implicit interest rate for ECBs and external assistance rose marginally from 4.5 per cent to 4.7 per cent and from 2.1 per cent to 2.3 per cent, respectively, over the same period (Table 4.4).

**Table 4.4: Implicit Interest Rate on India's External Debt**

*(percent)*

Sl No.	Components	April-March							
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07PR	2007-08QE
1	2	3	4	5	6	7	8	9	10
I	Implicit Interest Rate on Total External Debt	4.5	4.3	3.8	4.3	2.7	3.9	4.0	4.8
	Of which								
a	External Assistance	2.3	2.4	2.5	1.7	1.6	1.5	2.1	2.3
b	ECB	6.2	4.7	4.0	7.6	3.7	4.5*	4.5	4.7
c	NRI Deposits	12.3	10.9	8.2	7.1	4.3	4.6	5.4	4.4

PR: Partially Revised; QE: Quick Estimates.

\* Excluding interest payments on IMDs.

Note: Implicit interest rates relate to total interest payments made during the year as a percentage of the outstanding debt at the end of the previous year.

## CHAPTER 5

### EXTERNAL DEBT MANAGEMENT

External debt management received an explicit attention in the policy framework designed as a part of economic reforms initiated in 1991. Non-debt creating flows have been accorded primacy over debt creating flows to finance the external current account gap. As a consequence, India's debt accumulation was moderated in the post reform period and debt sustainability indicators improved markedly over the years. For example, the burden of external debt measured in terms of the ratio of external debt to GDP has declined from 28.7 per cent at end-March 1991 to 18.8 per cent at end-March 2008. Over the same period, the ratio of short-term debt to foreign exchange reserves declined from 146.5 per cent to 14.3 per cent and the cover provided by foreign exchange reserves to total external debt increased from 7.0 per cent to 140.0 per cent. Some of the specific measures undertaken to moderate the debt level included pre-payment of high interest bearing multilateral and bilateral loans; monitoring of short-term debt; revising regularly the interest rates on NRI deposits in the light of developments in international interest rates and policy stance on such deposits; and rationalising the guidelines relating to ECBs, along with regulating their end-use.

#### 5.1 Premature Repayment of High-Cost External Debt

5.1.1 As international interest rates softened during the beginning of the current decade, India prepaid certain high cost sovereign loans raised earlier. The consideration for pre-payment of an external loan was that the replacement cost of the loan should be lower than the rupee cost of the existing loan. The replacement cost was defined to include the interest cost for raising fresh funds from alternate resources for pre-payment *plus* breakage cost charged by the donor; and the rupee cost of the existing loan was estimated as the sum of the contracted rate of interest on the loan and presumed rate of depreciation of the foreign currency.

5.1.2 Table 5.1 shows the pre-payments made on Government and non-Government loans which were raised under External Assistance Programme. In addition to the earlier premature repayments, some amounts of pre-payments were again made on the Government account during 2004-05 and 2006-07. During 2007-08, there were no pre-payments as no interest rate advantage was perceived. Measured by prevailing interest rates, there appears to be no high-cost loans in India's sovereign external debt portfolio at present which merit pre-payment.

**Table 5.1: Pre-payment of Loans raised under External Assistance Programme**

(US\$ million)

Year	Government Account			Non-Government Account			Total		
	Multilateral	Bilateral	Total	Multilateral	Bilateral	Total	Multilateral	Bilateral	Total
1	2	3	4	5	6	7	8	9	10
2002-03	2,788.7	111.5	2,900.2	530.0	-	530.0	3,318.7	111.5	3,430.2
2003-04	2,534.2	1,219.3	3,753.5	43.9	-	43.9	2,578.1	1,219.3	3,797.4
2004-05	-	35.2	35.2	9.9	336.4	346.3	9.9	371.6	381.5
2005-06	-	-	-	23.5	-	23.5	23.5	-	23.5
2006-07 PR	-	61.1	61.1	-	-	-	-	61.1	61.1
2007-08 QE	-	-	-	-	-	-	-	-	-

PR: Partially Revised; QE: Quick Estimates.

5.1.3 The pre-payment of loans raised abroad by corporate and financial institutions under ECBs was also encouraged by stipulating that the loans could be prepaid purely based on commercial consideration without seeking the prior approval of RBI upto a limit, subject to compliance with the prescribed minimum average maturity period as applicable for the loan. The limit for pre-payment has been gradually enhanced from US\$ 100 million in 2003-04 to US\$ 500 million in 2007-08.

## 5.2 Short-term Debt

5.2.1 As high levels of short-term debt could make the country vulnerable to external shocks, the Report of High Level Committee on Balance of Payments (1993) recommended that short-term debt should be permitted only for trade-related purposes under normal terms and conditions. Since then the short-term trade credits are strictly restricted to trade purposes and not allowed for any other purpose. These trade credits are regularly monitored by RBI on the basis of periodic reports submitted by the Authorised Dealers (ADs). Besides, short-term debt on a residual maturity basis is also computed. This gives an assessment of the total repayment liability falling due during the year and its likely impact on foreign exchange outgo. Details on short-term debt by residual maturity are provided in Chapter 7.

## 5.3 Non-Resident Indian (NRI) Deposits

5.3.1 NRI deposits have increased in recent years both in absolute numbers and as a proportion of total external debt. The rationalisation of the structure and interest rates on NRI deposits form a part of external debt management policy. Some of the important policy initiatives taken in the past for managing these deposits included withdrawal of schemes with exchange guarantees, elimination of short-term components and encouraging long-term deposits. During 2007-08, interest rates on NRI deposits were reset to reflect the developments in international interest rates and policy stance on such deposits.

5.3.2 The interest rate on NR(E)RA *savings* deposits, was delinked from LIBOR/SWAP rate with effect from November 18, 2005 and was set at the rate applicable to domestic savings deposits. The interest rate on Foreign Currency (Non-Resident) (Banks) Accounts {FCNR(B)}, which was subjected to a ceiling of 25 basis points below LIBOR with effect from January 31, 2007 was reduced on April 24, 2007 to 75 basis points below LIBOR. With effect from April 24, 2007 the interest rates applicable to NR(E)RA *term deposits* was made on par with LIBOR, having been reduced by 50 basis points.

## 5.4 External Commercial Borrowings (ECBs)

5.4.1 The loans which are 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 one to three years are categorised as trade credits and those with maturity of one year or less fall under the category of short term credits.

5.4.2 Table 5.2 shows the details of approvals, gross disbursements, debt-servicing and debt outstanding under ECBs. Compared to 2006-07, the level of approvals during 2007-08 was higher by about US\$ 6.1 billion. Gross disbursements for 2007-08 were also higher by US\$ 8 billion compared to the previous year.

**Table 5.2: External Commercial Borrowings\***

(US\$ million)						
Year	Approvals#	Gross Disbursement	Amortisation	Interest	Total Servicing	Debt Outstanding
1	2	3	4	5	6	7
1985-86	1,390	1,470	462	499	961	6,227
1990-91	1,903	1,700	1,191	1,042	2,233	13,909
1991-92	2,127	2,798	1,146	994	2,140	15,557
1992-93	2,200	1,001	1,357	917	2,274	15,818
1993-94	2,585	1,859	1,703	896	2,599	16,650
1994-95	4,469	2,670	2,513	1,091	3,604	18,037
1995-96	6,286	4,538	3,311	1,162	4,473	19,024
1996-97	8,581	7,018	4,032	1,177	5,209	20,261
1997-98	8,712	7,400	3,411	1,406	4,817	23,946
1998-99	5,200	6,927	3,153	1,575	4,728	28,182
1999-00	3,398	2,289	3,460	1,635	5,095	27,530
2000-01	2,837	9,295	5,043	1,683	6,726	30,922
2001-02	2,653	2,933	4,013	1,534	5,547	29,579

Year	Approvals#	Gross Disbursement	Amortisation	Interest	Total Servicing	Debt Outstanding
1	2	3	4	5	6	7
2002-03	4,235	3,033	5,001	1,180	6,181	28,074
2003-04	6,671	5,149	8,015	2,031	10,046	25,809
2004-05	11,490	9,094	3,571	959	4,530	31,595
2005-06	17,175	14,606	11,518	2,996	14,514	32,371
2006-07PR	24,492	20,713	3,757	1,751	5,508	48,529
2007-8QE	30,569	28,609	6,098	4,199	10,297	70,665

PR: Partially Revised; QE: Quick Estimates.

\*: Include all commercial loans and trade credits received under the automatic and approval routes and do not include (i) non-government loans received from multilateral and bilateral sources under external assistance programme and (ii) FII investments in Government securities.

#: Based on date of agreement of the loan which may differ from the date of granting the loan registration number by the RBI. Ceiling on ECB approvals is fixed on the basis of the latter, which may either be after or before the date of agreement of the loan. Hence, there may be some difference between the amount shown under approvals in the table and the amount of ceiling fixed for a particular year.

Note: Disbursements during 1998-99 and 2000-01 include RIBs (US\$4.2 billion) and IMDs (US\$5.5 billion), respectively. Debt service payments during 2003-04 and 2005-06 include redemption of RIBs {US\$5.2 billion (principal US\$ 4.2 billion and interest US\$1 billion)} and IMDs {US\$7.1 billion (principal US\$5.2 billion and interest US\$1.6 billion)}, respectively.

Source: Reserve Bank of India

5.4.3 The Ministry of Finance regularly reviews and revises the policy stance on ECBs and trade credits in consultation with RBI, keeping in view the macro-economic scenario. The highlights of such policy reviews and modifications undertaken during 2007-08 are given in Box 5.1.

**Box 5.1: Policy Developments related to External Commercial Borrowings during 2007-08**

(i) The exemption accorded to the 'development of integrated township' as a permissible end-use of ECBs was withdrawn. Earlier, utilisation of ECB proceeds was not permitted in real estate, excluding the development of integrated township. With the exemption being withdrawn, the utilisation of ECB proceeds is now not permissible in real estate, without any exemption.

(ii) The all-in-cost ceilings for ECBs have been modified as given below:

**Table 5.3: All-in-Cost Ceilings for ECBs**

Average Maturity Period	All-in-Cost Ceilings over 6 months LIBOR*	
	Existing	Revised
Three years and up to five years	200 basis points	150 basis points
More than five years	350 basis points	250 basis points

\* For the respective currency of borrowing or applicable benchmark.

The above changes are applicable to ECBs under both the automatic and approval routes.

(iii) With a view to providing greater flexibility to the corporates in managing their liquidity and interest costs dynamically, the limit for pre-payment of ECBs has been enhanced from US\$ 400 million to US\$ 500 million, without the prior approval of RBI subject to compliance with the average maturity period as applicable to the loan.

(iv) ECBs more than US\$ 20 million per borrower company per financial year would be permitted only for foreign currency expenditure for permissible end-uses of ECBs, both under the Automatic Route and under the Approval Route. Accordingly, borrowers raising ECBs more than US\$ 20 million shall park the ECB proceeds overseas for use as foreign currency expenditure permissible end-uses and shall not remit the funds to India.

(v) ECBs up to US\$ 20 million per borrowing company per financial year would be permitted for foreign currency expenditures for permissible end-uses under the Automatic Route and these funds shall be parked overseas and not be remitted to India. Borrowers proposing to avail ECBs up to US\$ 20 million for Rupee expenditure for permissible end-uses would require prior approval of the RBI under the Approval Route. However, such funds shall be continued to be parked overseas until actual requirement in India.

5.4.4 The continued difference in domestic and international interest rates has been one of the main reasons for the rise in commercial borrowings in the last few years. During 2007-08, the interest rate differentials, between domestic and international, widened further (Table 5.4) making international borrowing more attractive (Figure 5.1)

**Table 5.4 Comparison of Interest Rates, 2006-07 and 2007-08**

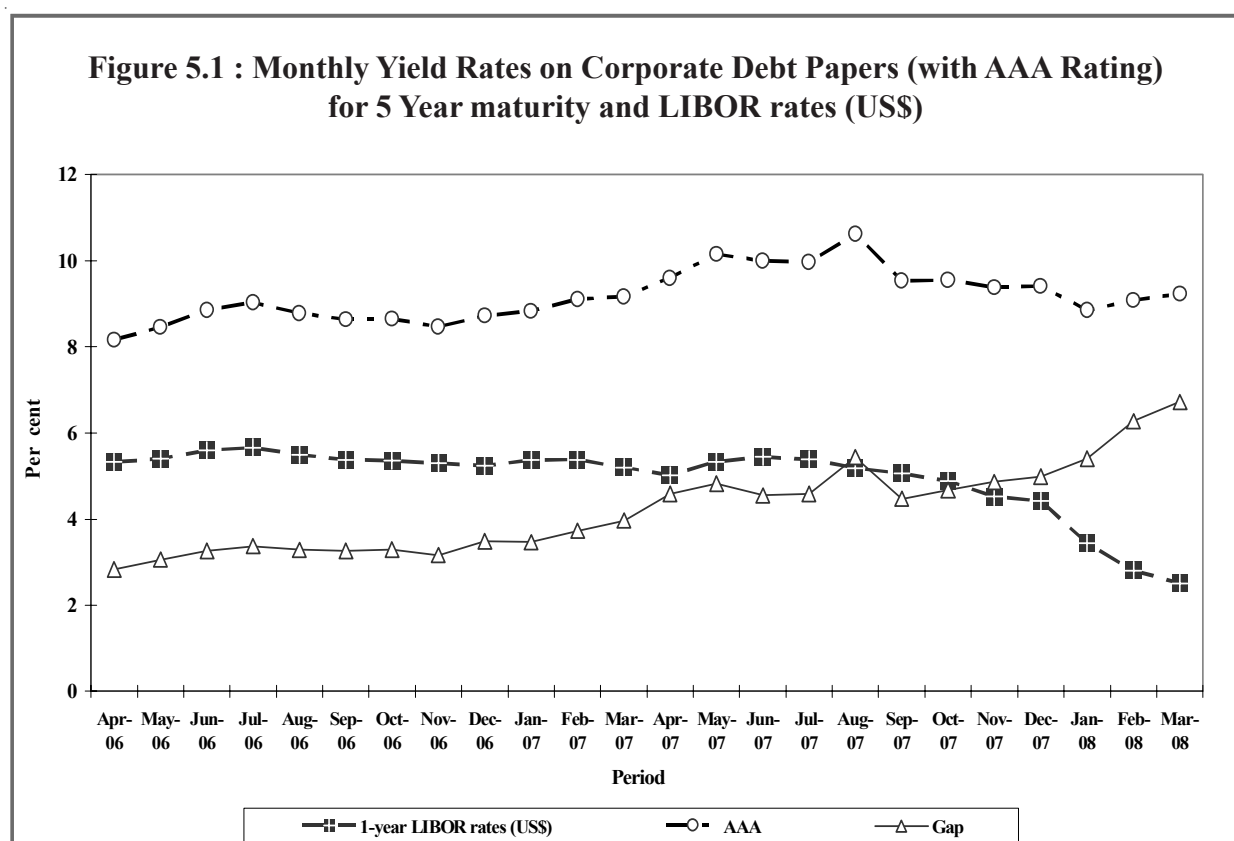
(per cent)

Year	2006-07				2007-08			
a. Yield Rate on Corporate Debt Papers (with AAA Rating) for 5 year maturity (Domestic Market)	8.16 to 9.17				9.60 to 10.63			
	US \$	Euro	GB Pound	Japanese Yen	US \$	Euro	GB Pound	Japanese Yen
1	2	3	4	5	6	7	8	9
b. Range of LIBOR Rates (one year)	5.11 to 5.77	3.16 to 4.18	4.74 to 5.93	0.34 to 0.81	2.18 to 5.51	4.19 to 4.89	5.23 to 6.65	0.78 to 1.20
c. Effective Interest Rate on ECBs <sup>^</sup>	5.31	3.76	4.19	0.98	4.86	3.89	6.33**	1.13
d. Effective Interest Rate on ECBs including All-in-Cost*	6.21	4.81	6.14	1.71	5.87	4.81	6.33**	2.27

<sup>^</sup> Effective rate of interest is worked out loan-wise, weighted by the amount of loan.

\* The all-in-cost ceiling was 3.5 per cent in 2006-07. It was brought down to 2.5 per cent with effect from May 21, 2007.

\*\* Provisional



## CHAPTER 6

### SOVEREIGN EXTERNAL DEBT MANAGEMENT AND SOVEREIGN EXTERNAL CONTINGENT LIABILITY

As a part of its cautious debt management policy, the borrowings by the Government are only from multilateral and bilateral sources. No Government borrowings are raised from the international capital market. Hence, sovereign external debt comprises, for the most part, outstanding loans obtained from multilateral and bilateral sources under the external assistance programme which are grouped under 'external debt on Government Account'. In addition, there are some components of Government Debt such as borrowings from the IMF, rupee debt, and FII investment in government securities which are included under 'other Government external debt'. The magnitude, composition, management, debt service payments, projections of debt servicing and currency composition of sovereign debt stock, along with sovereign contingent liability are briefly delineated below.

#### 6.1 Composition of Sovereign Debt

6.1.1 Most of the borrowings under sovereign debt comprises loans taken by Central and State Governments from multilateral and bilateral sources. While the loans from some multilateral organisations, viz. International Bank for Reconstruction and Development (IBRD) and Asian Development Bank (ADB) are non-concessional, almost being on market rates, those from IDA, IFAD and OPEC are on concessional terms, with longer maturity periods and at relatively low interest rates. Majority of the loans are raised for the improvement of infrastructure. In fact, a significant amount of aid (sovereign) is available in the pipeline, whose speedy utilisation could partly meet the requirement of funds by the infrastructure sector (Box 6.1).

#### Box 6.1: Foreign Aid Available in the Pipeline

As on March 31, 2008, the total foreign aid (sovereign) available in the pipeline was Rs. 87,853 crore, equivalent to US\$ 21,971 million (Table 6.1). In terms of aid available in the pipeline for centrally aided projects and State projects, the Centre accounted for 35.6 per cent and six States, viz. Karnataka, Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Maharashtra and West Bengal together accounted for another 37.1 per cent of total unutilised balance at end-March 2008.

**Table 6.1: Foreign Aid Available (Sovereign) in the Pipeline**

S. No.	Category	Aid Available as on March 31, 2008
1	2	3
A.	Loans (Rs. crore)	77,676
B.	Grants (Rs. crore)	10,177
C	Total (A+B) (Rs. crore)	87,853
	(US\$ million)	21,971

*Source: Controller of Aid Accounts and Audit, Ministry of Finance*

Sector-wise, a major part of aid available in the pipeline pertained to infrastructure sector which was Rs. 57,389 crore or around 65.3 per cent of total aid available in the pipeline (Table 6.2). Within the group of infrastructure, aid available for urban development was 28.9 per cent, development of roads around 20.4 per cent and energy 16.8 per cent of the total unutilised balance at the end-of March 2008.



**Table 6.2: Foreign Aid (Sovereign) Available in the Pipeline for Infrastructure Sector as on March 31, 2008**

(Rs. crore)				
Sl. No.	Sector	Loans	Grants	Total
1	2	3	4	5
1	Energy	9,354	314.6	9,669
	Of which			
	(i) Power	4,349	84.18	4,433
	(ii) Non-Conventional Energy	10.15	3.09	13
2	Urban Development	15,620	943	16,563
3	Water Resources Management	7,418	5.32	7,423
4	Other Infrastructure {(i) to (vi)}	23,679	54.92	23,734
	(i) Road	11,710	0	11,710
	(ii) Railways	1,045	0	1,045
	(iii) Telecommunications	0	1.43	1
	(iv) Port	0	0	0
	(v) Water supply & sanitation	4,585	5.25	4,590
	(vi) General	6,339	48.24	6,387
5	<b>Grand Total ( 1 to 4)</b>	<b>56,071</b>	<b>1,318</b>	<b>57,389</b>

(US\$ 14,353 million)

Source: Controller of Aid Accounts & Audit, Ministry of Finance

6.1.2 Sovereign debt as a proportion of total external debt has shown a declining trend, though in absolute terms it has remained in the range of US\$ 43-57 billion during the period 2000-01 to 2007-08 (Table 6.3). From end-March 2007 to end-March 2008, sovereign debt as a proportion of total external debt dropped from 28.4 per cent to 25.6 per cent and as a percentage of GDP, it came down from 5.3 per cent to 4.8 per cent.

**Table 6.3: Sovereign External Debt**

(US\$ million)

		At end-March							
Sl. No.	Year	2001	2002	2003	2004	2005	2006	2007PR	2008 QE
1	2	3	4	5	6	7	8	9	10
<b>I.</b>	<b>External Debt on Govt.</b>								
	<b>Account under External Assistance (A+B)</b>	<b>40,727</b>	<b>40,965</b>	<b>41,216</b>	<b>41,142</b>	<b>43,686</b>	<b>43,510</b>	<b>46,155</b>	<b>52,297</b>
<b>A</b>	<b>Multilateral (1 to 5)</b>	<b>27,417</b>	<b>28,289</b>	<b>27,271</b>	<b>26,826</b>	<b>29,204</b>	<b>29,997</b>	<b>32,515</b>	<b>36,005</b>
		(67.3)	(69.1)	(66.2)	(65.2)	(66.9)	(68.9)	(70.5)	(68.9)
	1. IDA	18,811	19,440	21,257	22,356	23,693	23,418	24,548	26,375
	2. IBRD	5,657	5,741	4,009	3,144	3,771	4,400	5,015	5,634
	3. ADB	2,680	2,835	1,702	1,007	1,410	1,866	2,623	3,635
	4. IFAD	213	219	247	262	277	267	280	310
	5. Others	56	54	56	57	53	46	49	51
<b>B</b>	<b>Bilateral (6 to 12) #</b>	<b>13,310</b>	<b>12,676</b>	<b>13,945</b>	<b>14,316</b>	<b>14,482</b>	<b>13,513</b>	<b>13,640</b>	<b>16,292</b>
		(32.7)	(30.9)	(33.8)	(34.8)	(33.1)	(31.1)	(29.5)	(31.1)
	6. Japan	7,513	7,389	8,429	9,654	9,662	8,944	8,720	10,756
	7. Germany	2,113	1,983	2,317	2,512	2,564	2,285	2,445	2,835
	8. United States	1,298	1,161	1,026	903	790	688	589	510
	9. France	679	628	598	637	642	554	560	609
	10. Netherlands	447	398	439	0	0	0	0	-
	11. Russian Federation	407	372	414	572	817	1,037	1,321	1,576
	12. Others	853	745	722	38	7	5	5	6
<b>II.</b>	<b>Total Other Govt. External Debt *</b>	<b>3,229</b>	<b>2,610</b>	<b>2,396</b>	<b>3,531</b>	<b>2,982</b>	<b>1,768</b>	<b>2,012</b>	<b>4,254</b>

Sl. No.	Year	At end-March							
		2001	2002	2003	2004	2005	2006	2007 PR	2008 QE
1	2	3	4	5	6	7	8	9	10
<b>C.</b>	<b>Other Govt. External Debt (Long term)</b>	3,229	2,610	2,396	3,531	1,823	1,628	1,850	3,794
<b>D.</b>	<b>Other Govt. External Debt (Short-term)</b>	0	0	0	0	1,159	140	162	460
<b>III.</b>	<b>Total Sovereign External Debt (I+II)</b>	<b>43,956</b>	<b>43,575</b>	<b>43,612</b>	<b>44,673</b>	<b>46,668</b>	<b>45,278</b>	<b>48,167</b>	<b>56,551</b>
	<i>Of which</i>								
	(a) With fixed interest rate	35,746	35,182	37,975	40,520	41,492	40,883	40,456	47,283
	(b) With floating interest rate	8,210	8,393	5,637	4,153	5,176	4,395	7,711	9,268

PR: Partially Revised; QE: Quick Estimates.

Note: Figures in brackets indicate percentage to external debt on government account under external assistance.

#: Includes rupee debt (civilian).

\*: Other government external debt comprises rupee debt, loans from IMF, and FII investment in government securities.

## 6.2 Sovereign External Debt Service Payments

6.2.1 Debt service payments on government account under external assistance accounts for the major part of sovereign external debt service payments. The sovereign external debt service payments have been around US\$ 2.8 billion since 2005-06 (Table 6.4).

**Table 6.4: Sovereign External Debt Service Payments (Actual)**

(US\$ million)

Sl. No.	Debt Service Payments	(April - March)							
		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 PR	2007-08 QE
1	2	3	4	5	6	7	8	9	10
<b>I.</b>	<b>Debt Service Payments under External Assistance (A+B)</b>	<b>3,444</b>	<b>2,762</b>	<b>5,949</b>	<b>6,296</b>	<b>2,262</b>	<b>2,272</b>	<b>2,722</b>	<b>2,696</b>
<b>A</b>	<b>Multilateral (i + ii)</b>	<b>2,374</b>	<b>1,673</b>	<b>4,749</b>	<b>3,932</b>	<b>1,044</b>	<b>1,192</b>	<b>1,543</b>	<b>1,738</b>
	i. Principal	1,606	1,097	4,134	3,562	737	790	959	1066
	ii. Interest	768	576	615	370	307	402	584	672
<b>B</b>	<b>Bilateral (iii + iv)</b>	<b>1,070</b>	<b>1,089</b>	<b>1,200</b>	<b>2,364</b>	<b>1,218</b>	<b>1,080</b>	<b>1,179</b>	<b>958</b>
	iii. Principal	732	787	918	2067	884	776	868	713
	iv. Interest	338	302	282	297	334	304	311	245
<b>II.</b>	<b>Other Government Debt Service Payments (v + vi)</b>	<b>643</b>	<b>519</b>	<b>474</b>	<b>376</b>	<b>417</b>	<b>572</b>	<b>162</b>	<b>121</b>
	v. Principal	643	519	474	376	417	572	162	121
	vi. Interest	0	0	0	0	0	0	0	0
<b>III.</b>	<b>Total Government External Debt Service Payments (I+II)</b>	<b>4,087</b>	<b>3,281</b>	<b>6,423</b>	<b>6,672</b>	<b>2,679</b>	<b>2,844</b>	<b>2,884</b>	<b>2,817</b>
	vii. Total Principal (i+ iii + v)	2,981	2,403	5,526	6,005	2,038	2,138	1,989	1,900
	viii. Total Interest (ii + iv + vi)	1,106	878	897	667	641	706	895	917

PR: Partially Revised; QE: Quick Estimates

Note: Debt service payments on account of FII investment in government securities are not included.



### 6.3 Sovereign External Debt Management

6.3.1 External debt management of the Government encompasses three distinct functional groups, viz., the front office which is the executing agency for issuance of debt, the middle office which is the policy making unit and the back office which provides the necessary support for receiving disbursements, making debt service payments, book keeping and accounting. The various credit Divisions of Department of Economic Affairs (DEA) act as the front office, the External Debt Management Unit (EDMU) of DEA is the middle office and the Office of the Controller of Aid, Accounts & Audit of DEA is the back office.

6.3.2 The Government's policy towards external debt management aims at moderating the growth of accumulation of external debt and maintaining a comfortable external debt position. These policies include emphasis on raising funds on concessional terms with longer maturities, pre-paying high cost loans and encouraging non-debt creating capital flows. A sound sovereign debt management policy has a favourable impact on sovereign credit ratings as well. India has now been placed in investment grade (sovereign foreign currency bond rating) by all the major credit rating agencies (Box 6.2).

#### Box 6.2: Sovereign Credit Ratings

Sovereign credit ratings are assessments of the relative likelihood that a borrower will default on its obligations. Risk assessments assigned by credit rating agencies to the obligations of central governments are important factors which decide the borrowing costs for sovereigns. Determinants of sovereign ratings include per capita income, GDP growth, inflation, fiscal balance, external balance, external debt, economic development and default history.

Table 6.5 presents the credit ratings (sovereign foreign currency long-term) of top ten debtors amongst developing countries. Indian sovereign has been rated in the investment grade by Standard and Poor, Moody's and Fitch.

**Table 6.5: Credit Ratings of Top Ten Debtors amongst Developing Countries, 2008**

Sl. No.	Countries	Standard & Poor's		Moody's		Fitch's	
		Rating	Grade	Rating	Grade	Rating	Grade
1	2	3	4	5	6	7	8
1	China	A	Positive	A1	Stable	A+	Stable
2	Russian Federation	BBB+	Positive	Baa1	Positive	BBB+	Stable
3	Turkey	BB-	Negative	Ba3	Stable	BB-	Stable
4	Brazil	BBB-	Stable	Ba1	Stable	BBB-	Stable
5	<b>India</b>	<b>BBB-</b>	<b>Stable</b>	<b>Baa3</b>	<b>Stable</b>	<b>BBB-</b>	<b>Stable</b>
6	Mexico	BBB+	Stable	Baa1	Stable	BBB+	Stable
7	Indonesia	BB-	Stable	Ba3	Stable	BB	Stable
8	Poland	A-	Positive	A2	Stable	A-	Stable
9	Argentina	B+	Negative	B3	Positive	RD	N.A.
10	Hungary	BBB+	Negative	A2	Stable	BBB+	Stable

Notes: 1. Moody's ratings are as on July 17, 2008 and those of S&P and Fitch are as on July 21, 2008.

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

**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; RUR+: Ratings under review

**Rating Grades: Fitch Ratings Ltd:** Investment Grade: AAA, AA, A, BBB+, BBB-; Speculative: BB+, BB-, B+, B-; Default risk: CCC, CC, C. Default Grade: DDD, DD, D. RD indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honour other classes of obligations.

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

## 6.4 Projections of Debt Servicing on Government Account under External Assistance

6.4.1 The projections of external debt service payments on Government account under external assistance indicate that the payments would remain at around US\$ 3 billion annually till 2011-12. Thereafter, it is estimated to increase to around US\$ 4 billion till 2017-18 (Table 6.6).

**Table 6.6: Projection of External Debt Service Payments on Government Account Under External Assistance**

(US\$ million)

Sl No.	Components	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	2	3	4	5	6	7	8	9	10	11	12
<b>A</b>	<b>Multilateral</b>										
	(i+ii)	1,961	2,112	1,065	1,111	2,731	2,843	2,864	2,897	2,878	2,853
	i. Principal	1,244	1,355	862	907	1,881	2,017	2,083	2,173	2,216	2,257
	ii. Interest	717	757	203	204	850	826	781	724	662	596
<b>B</b>	<b>Bilateral (i+ii)</b>	1,123	1,130	1,108	1,088	1,089	1,092	1,156	1,221	1,238	1,234
	i. Principal	814	821	804	792	800	810	882	970	1002	1021
	ii. Interest	309	309	304	296	289	282	274	258	236	213
<b>C</b>	<b>Total Government</b>										
	<b>Account (A+B)</b>	3,084	3,242	2,173	2,199	3,820	3,935	4,020	4,118	4,116	4,087
	i. Principal	2,058	2,176	1,666	1,699	2,681	2,827	2,965	3,136	3,218	3,278
	ii. Interest	1,026	1066	507	500	1139	1108	1055	982	898	809

*Note: The projections are based on multilateral and bilateral debt outstanding on government account at end-March 2008. The projections exclude debt service arising out of Committed Undisbursed Balance (CUB), debt servicing on account of FII investment in government securities and NRI deposits and debt service payments on fresh borrowings.*

## 6.5 Currency Composition of Sovereign Debt

6.5.1 The currency composition of sovereign debt as shown in Table 6.7 indicates that around 40.7 per cent of the total sovereign debt is in SDRs. The entire short-term sovereign debt is in rupee terms. The 'others' category comprises debt in Pound Sterling and Swiss Francs.

**Table 6.7: Currency Composition of Sovereign Debt Outstanding at End-March 2008**

Total Sovereign Debt	U.S. dollar	Euro	Yen	Rupees*	SDR	Others	Total
1	2	3	4	5	6	7	8
<b>Percentage</b>	28.0	6.2	19.6	5.4	40.7	0.1	100.0

\* includes rupee component of short-term debt which is 0.8 per cent of total sovereign external debt.

## 6.6 Sovereign External Contingent Liability

6.6.1 Contingent liabilities are obligations that arise from particular, discrete event(s) that may or may not occur. These differ from external debt outstanding (out of disbursed loans) because their occurrence depends on the fulfillment of a financial transaction. Explicit contingent liabilities are contractual financial arrangements that give rise to conditional requirements to make payments.

6.6.2 The Government of India provides guarantees to specific loans raised by the non-Government sector which form a part of the sovereign contingent liability. These include external borrowings under the external assistance programme from multilateral and bilateral creditors by public sector enterprises, developmental financial institutions, and a few private sector companies; and commercial borrowings by some public sector enterprises and financial institutions. In case of default by any of the borrowers, the government will have to honour the payment obligation. Therefore, it is important to keep a track of such guarantees.

6.6.3 Government guaranteed external debt has remained in the range of US\$ 6 to 7 billion since 2001, having risen marginally from US\$ 6.1 billion at end-March 2007 to US\$ 6.6 billion at end-March 2008. Total government debt and government guaranteed debt together accounted for 28.5 per cent of total external debt at end-March 2008 (Table 6.8).

**Table 6.8: Government Guaranteed External Debt**

(US\$ million)

Sl. No.	Components	At end-March							
		2001	2002	2003	2004	2005	2006	2007 PR	2008 QE
1	2	3	4	5	6	7	8	9	10
1	Govt. Debt	43,956	43,575	43,612	44,673	46,668	45,278	48,167	56,551
2	Government Guaranteed debt: (a+b+c)	6,315	7,022	6,458	6,528	6,240	6,096	6,107	6,563
	a) Financial Sector	1,429	1,761	1,790	1,856	1,600	1,465	1,446	1,422
	b) Public Sector	4,639	5,070	4,605	4,614	4,484	4,506	4,557	5,040
	c) Private Sector	247	191	63	58	156	125	104	101
3	Total Govt. Debt and Guaranteed Debt (1+2)	50,271	50,597	50,070	51,201	52,908	51,374	54,274	63,114
4	Private Non- Guaranteed Debt	51,055	48,246	54,844	60,444	80,065	86,759	115,395	158,098
5	Total External Debt (3+4)	1,01,326	98,843	1,04,914	1,11,645	1,32,973	1,38,133	1,69,669	2,21,212
6	Per cent of Govt. Debt and Guaranteed Debt to Total External Debt (5/4)	49.6	51.2	47.7	45.9	39.8	37.2	32.0	28.5

PR: Partially Revised; QE: Quick Estimates

\*: Direct credit guarantees on non-government external debt provided by the Central Government.

## CHAPTER 7

### EXTERNAL DEBT BY RESIDUAL MATURITY

External debt expressed in terms of original maturity explains the nature of capital flows. However, when the external debt is recast based on residual maturity, it indicates the profile of debt service payments, measure the consequent charge on the foreign exchange reserves and assess the liquidity risk. External debt data on a residual maturity basis is, therefore, important from the point of view of forex liquidity management and to ascertain the total forex outgo on account of debt service payments in the immediate future.

#### 7.1 External Debt by Residual Maturity

7.1.1 Based on residual maturity, long-term debt accounted for US\$ 139.2 billion or 62.9 per cent of total external debt (Table 7.1). Short-term debt by residual maturity which consists of principal repayments due during a one-year reference period under medium and long-term loans, and short-term debt with original maturity of one year or less, stood at US\$ 82.1 billion at end-March 2008, accounting for 37.1 per cent of total external debt. The ratio of short-term debt by residual maturity to foreign currency assets was 26.5 per cent at end-March 2008.

**Table 7.1: Residual Maturity of External Debt Outstanding at end-March 2008**

(US \$ million)

Sl. No.	Components	Short-term	Long-term			Total
		Upto one Year	1 to 2 years	2 to 3 years	More than 3 years	
1	2	3	4	5	6	7
1	Sovereign Debt	2,720	3,061	3,425	47,122	56,328
2	ECBs (including Trade Credits)	6,881	7,327	10,636	52,706	77,550
3	NRI Deposits* (i+ii+iii)	28,799	7,070	3,566	1,449	43,672
	i. FCNR(B)	10,258	2,394	1,403	113	14,168
	ii. NR(E)RA	18,541	4,676	2,163	1,336	26,716
	iii. NRO	N.A.	N.A.	N.A.	N.A.	2,788
4	Short-term Debt (Original Maturity)	43,662	0	0	0	43,662
	<b>Total</b>	<b>82,062</b>	<b>17,458</b>	<b>17,627</b>	<b>101,277</b>	<b>221,212</b>
	Short-term debt (Residual Maturity) as % of Total Debt	37.1				
	Short-term (Residual Maturity) as % of Foreign Exchange Reserves	26.5				

- Note:** 1. Residual Maturity of NRI deposits is estimated on the basis of a Survey on NRI deposits outstanding as on March 31, 2007, conducted by RBI.
2. Short-term under NRI deposits includes deposits under i) current account, ii) savings account, iii) fixed deposits with one year or less (residual maturity), and iv) unclaimed matured deposits under all the categories.
3. Maturity pattern of NRO Deposits is not available. Therefore, maturity-wise totals will not add up to the total given in column no. 7.
4. FII investment in treasury bills and government dated securities are included under sovereign debt, while FII investment in corporate debt papers and other short-term debt instruments are included under External Commercial Borrowings.

## **CHAPTER 8**

### **EXTERNAL DEBT STATISTICS**

8.1 Until late 1980s, India's external debt statistics had serious shortcomings in terms of coverage and classification. Since then, India has made concerted efforts to build a comprehensive external debt database. To address heightened concerns emanating from the 1991 crisis about the size and composition of India's external debt, the Government of India started publishing the annual Status Report on India's external debt since 1993. Over the years, the coverage and compilation procedures of external debt statistics have become more comprehensive and the dissemination of external debt statistics too has improved; India has also been able to comply with both IMF's Special Data Dissemination Standard (SDDS) and World Bank's Quarterly External Debt Statistics (QEDS).

8.2 While the compilation and dissemination of external debt data at end of March and June each year is carried out by RBI, for the quarters ending September and December, it is done by EDMU in Ministry of Finance (MoF), Government of India. For the dissemination of data for QEDS, EDMU is the nodal agency for all the four quarters. In addition, India's external debt data along with a commentary, are also published in RBI's 'Annual Report' and 'Monthly Bulletin' and MoF's 'Economic Survey' and 'India's External Debt: A Status Report'. Besides the above, the publication titled 'External Assistance' published annually by the Controller of Aid Accounts and Audit, MoF carries a detailed account of grants and loans obtained by the Government of India, including currency mix, interest rate structure and maturity profile.

8.3 The external debt statistics of India are disseminated within three months from the end of the reference quarter in both the country-specific formats and also in IMF's SDDS format. These are accessible at [www.finmin.nic.in](http://www.finmin.nic.in) and [www.rbi.org.in](http://www.rbi.org.in). India's external debt statistics for end-March 2008 in SDDS format are presented in Annex IX. In November 2006 India joined World Bank's QEDS and has been disseminating external debt statistics in the QEDS format every quarter. Annex X gives India's external debt statistics for the past four quarters in the main table of QEDS format.

8.4 For external debt compilation, the latest version of Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) 2000+ version 1.3 is used in both MoF and RBI. Except for NRI deposits and short-term debt, the compilation of all components of external debt has been mechanised.

8.5 The coverage of India's external debt statistics is increasingly being made more comprehensive. It was felt that having regard to the cross-country experience, attention was needed for adequate coverage of short-term suppliers' credits and FII Investment in debt securities. The methodology for compilation and presentation of external debt statistics recommended by IMF is articulated in the 'External Debt Statistics: Guide for Compilers and Users, IMF 2003'. The Guide recommends that external debt should be compiled and presented with explicit maturity breakdown - short-term and long-term - in order to provide a clear picture of emerging vulnerabilities to solvency and liquidity risks.

8.6 It is noted that no uniform treatment is accorded by different countries to short-term trade-related credits. While the majority of industrialised countries are reported to have included all the varieties of trade-related credits, experience varies across the emerging economies. A survey conducted by Bank for International Settlements (2002) indicated that out of the sample of 32 countries, six countries including India and China did not appear to have a comprehensive coverage of such trade credits. The latest observation made from IMF's SDDS website and other country sources reveals that China includes delayed import payments of more than 180 days and above US\$ 200,000 in short-term external debt. While Malaysia excludes trade credits of one year or less from short-term debt, Indonesia appears to include only trade credits of more than six months under short-term debt.

8.7 A number of countries, which allow FII investment in debt papers, compile and present such investment broken down by maturity. These include Ireland, Greece, Hungary, Philippines and Lithuania. It is, however, noted that while many countries have significant external government debt reported under long-term debt securities, very few countries report external government debt under short-term debt securities (money market instruments) - the main reason being that FII investments are not significantly channelled into this category of assets. An internal survey of select emerging economies conducted by RBI indicates that most of the countries covered under the survey (Argentina, Brazil, Hong Kong, Korea, Singapore and Thailand) classify foreign portfolio investment in debt securities separately under long-term and short-term external debt.

8.8 During 2007-08, further efforts were made to improve the scope and reporting of the debt numbers. As a result, the short-term debt coverage was improved with effect from data relating to end March 2005 (Box 8.1). However, two more components are yet to be included in short-term debt; viz. (i) short-term external liabilities of banks i.e. movement in Nostro/Vostro accounts of commercial banks and (ii) segregated short-term component of NRO Deposits as NRO deposits are shown at present without the break-up of long-term and short-term.

#### **Box 8.1: Coverage of Short-term External Debt**

The short-term external debt, defined to include all loans and credits with an original maturity of one year or less, did not so far cover (i) suppliers' credits maturing in less than six months in India's external debt statistics, as such loans and credits were mainly import-related, and since payments for such imports were normally allowed up to six months which rendered the estimation of the credit element embedded in imports somewhat difficult, and (ii) investment by FIIs in treasury bills and other debt instruments of up to one year maturity, for want of details.

A number of committees such as the High-level Committee on Balance of Payments (1993), Technical Group on External Debt (1998) and (2006), World Bank Project Report on Short-term Debt (2000) and Committee on Fuller Capital Account Convertibility (2006), recommended that suppliers' credits up to 180 days be included in short-term debt data. Besides, the growing volume of such credits on the back of burgeoning imports, increasing significance of short-term debt in terms of being an important variable in measuring a country's vulnerability to liquidity risks, best international practices, and a cross-country experience underscored the importance of inclusion of such trade credits in measuring short-term debt. Accordingly, the RBI, which monitors India's short-term debt on a regular basis, evolved an estimation procedure to work out trade-related credits up to six months' maturity by taking into account the difference between the date of shipment and the date of payment of imports. The external debt statistics of India now contain the new series on short-term debt beginning quarter ended March 2005. However, suppliers' credits of this variety prior to this period were estimated to be relatively small.

Similarly, FII investment in debt securities, comprising investment in G-secs, treasury bills and corporate bonds, was not disaggregated into long-term and short-term as similar details were not available. Instead such investments were lumped together and shown under long-term securitised borrowings. Internationally recommended procedures and inter-country comparisons suggested that FII investment in debt instruments could be appropriately classified according to maturity. Securities and Exchange Board of India (SEBI) has since supplied the break-up of FII investment by maturity, according to which FII investment is broken down into long-term and short-term in the new series, beginning March 2005.



## **CHAPTER 9**

### **CONCLUSION**

9.1 This report is the fourteenth in the series of annual Status Report on External Debt brought out by the Ministry of Finance, Government of India. Efforts towards improvements in the coverage and presentation of External Debt continued during the year with the objective of enhancing the quality of India's External Debt statistics. The present report highlights the fact that despite the increase in the quantum of external debt of the country, India's external debt situation remains comfortable.

9.2 India has added an amount of US\$ 51.5 billion during 2007-08. This increase has been brought about by quantum jumps in ECBs and improvement in the coverage of short-term debt. The acceleration in the increment in external debt has primarily been during the last six quarters between October 2006 and March 2008 and was of the order of around US\$ 12 billion per quarter on an average. India's external debt outstanding crossed the US\$ 200 billion mark for the first time in December 2007 and reached US\$ 221.2 billion at end-March 2008.

9.3 India's external debt position compares well with that of other developing countries, as brought out by World Bank's Global Development Finance, 2008 (in which data for 2006 has been analysed). India ranked fifth amongst the developing economies in terms of stock of external debt. India had the second lowest debt service ratio and external debt to GNP ratio. The forex cover of external debt was the third highest.

9.4 While the movements in key indicators were mixed during 2007-08, there appeared to be no cause for undue concern as their long-term behaviour showed an improved situation. For example, the burden of external debt measured in terms of the ratio of external debt to GDP, has declined from 28.7 per cent at end-March 1991 to 18.8 per cent at end-March 2008. Over the same period, the ratio of short-term debt to foreign exchange reserves declined from 146.5 per cent to 14.3 per cent and the cover provided by foreign exchange reserves to total external debt increased from 7.0 per cent to 140.0 per cent. Improvement in the debt sustainability indicators could mainly be attributed to cautious and prudent debt management exercises like pre-payment of expensive multilateral and bilateral loans, monitoring of short-term debt, rationalisation of interest rates on NRI deposits and regulating the end-use of ECBs.

9.5 Sustained improvement in macroeconomic conditions due to prudent policies together with the concerted efforts made to keep the external debt within manageable limits have contributed to India's sovereign credit rating being placed in the investment grade by international credit rating agencies.

**External Debt: Definition, Concepts, Coverage, Classification and dissemination of data****Definition of External Debt**

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

**Long-term and Short-term**

External debt can be decomposed into long-term and short-term. External debt that has maturity of one year or less comprises short-term external debt. Conversely, all other debt with maturity of more than one year is classified as long-term external debt.

**Original Maturity and Residual Maturity**

Original maturity defines the period of time from when the financial liability was created to its final maturity date. Residual maturity refers to the period of time until payments fall due. External debt is commonly expressed in terms of original maturity. While Chapter 7 of this Report gives an account of external debt in terms of residual maturity, the reference in the rest of the Report is with respect to original maturity.

**Multilateral and Bilateral Debt**

While multilateral creditors refer to multilateral institutions such as World Bank and other multilateral development banks, bilateral creditors are sovereign countries. In the Indian context, multilateral loans are those sovereign and non-sovereign loans which are taken from multilateral agencies like International Development Agency, International Bank for Reconstruction and Development, Asian Development Bank, International Fund for Agriculture Development, etc. Some of India's bilateral creditors who extend loans to both sovereign and non-sovereign debtors, are Japan, Germany, United States, France, Netherlands, Russian Federation, etc.

**Sovereign (Government) and Non-Sovereign (Non-Government or Private) debt**

Sovereign debt includes (i) external debt outstanding on account of loans received by Government of India under external assistance programme, and (ii) other Government debt comprising borrowings from IMF, defence debt (both Rupee debt as well as foreign currency debt) and FII investment in Government Securities. Non-sovereign or Private debt includes the remaining.

**Trade Credits**

Trade credits are loans extended to finance a specific purchase of goods or services from within the creditor country. Depending on the source, such credits can be either suppliers' credits or buyers' credits. The former is extended by the supplier of goods in the form of deferred payments. The latter is credit provided by a financial institution, or an export credit agency in the exporting country. Trade credits include all loans and credits obtained by sovereign and non-sovereign entities for an original maturity of one to three years.

**External Commercial Borrowings**

The loans which are raised by the private sector from international capital markets with maturity of more than three years are classified as external commercial borrowings. These include commercial



bank loans, securitised borrowings, loans from IFC(W), multilateral and bilateral guaranteed loans and investment made by Foreign Institutional Investors (FII) in long-term debt securities.

### **NRI Deposits**

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

- (i) Non Resident (External) Rupee Accounts {NR(E)RA} - These accounts can be maintained in Indian Rupees in the form of savings or current or recurring or fixed deposit account. The amount held in these accounts together with the interest accrued can be repatriated.
- (ii) Foreign Currency (Non Resident) (Banks) Accounts {FCNR (B)} - These can be maintained only in term deposits in Pound Sterling, U.S. dollar, Japanese Yen, Euro, Canadian dollar and Australian dollar.
- (iii) Ordinary Non-Resident Rupee (NRO) Accounts – When a resident becomes a non-resident Indian (NRI), his existing domestic rupee account is designated as Non-Resident Ordinary (NRO) account and can be maintained in the form of current, savings, recurring or term deposits. Balances in the NRO accounts can be repatriated up to US\$ 1 million per account per year for all bonafide purposes.

### **Rupee Debt**

Rupee debt refers to the outstanding state credits extended to India by the erstwhile United Soviet Socialist Republic. The repayment is made mainly through the export of goods to Russia.

### **Dissemination of external debt statistics**

The external debt statistics are disseminated with a lag of three months from the reference data. Under the existing arrangement, the Reserve Bank of India compiles and releases the external debt statistics for the quarters ending March and June, while the relevant data for the remaining quarters ending September and December are disseminated by the Ministry of Finance, Government of India. The extant policy of data revision allows for firming up of debt numbers based on new information available. The data published for the current quarter/year are termed and identified as 'Quick Estimates'. Quick estimates data are subject to revision during the next twelve months which are labeled as 'Partially revised' as and when they are published. The partially revised data are finally 'frozen' and released as final data with a lag of twenty-four months from the reference date. Extraordinary revisions are undertaken within this cycle in the event of methodological changes in respect of data collection and compilation procedures and/or significant changes indicated by data sources that cause structural shifts in the data series.

## India's External Debt Outstanding (Annual)

(Rs. crore)

	End - March																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
I. MULTILATERAL	32,886	40,386	68,262	77,758	82,199	89,819	98,173	105,066	116,904	129,682	137,132	145,105	155,633	142,683	131,105	138,897	145,503	154,053	157,181
A. Government Borrowing	31,575	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	127,782	133,800	141,746	143,961
(i) Concessional	21,760	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	105,114	105,852	108,448	106,901
a) IDA	21,055	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	103,671	104,457	107,019	105,459
b) Others	705	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	1,443	1,395	1,429	1,442
ii) Non-concessional	9,815	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	22,668	27,948	33,298	37,060
a) IBRD	9,752	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	16,500	19,626	21,864	22,526
b) Others	63	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	6,168	8,322	11,434	14,534
B. Non-Government Borrowing	1,311	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,956	11,032	11,115	11,703	12,307	13,220
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	1,311	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,956	11,032	11,115	11,703	12,307	13,220
a) Public Sector	158	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	8,000	8,510	9,315	10,307
i) IBRD	158	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	4,462	4,594	4,550	4,669
ii) Others	0	0	462	477	628	1,235	1,686	1,397	3,548	4,367	5,252	5,272	5,431	4,877	3,514	3,538	3,916	4,765	5,638
b) Financial Institutions	799	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	2,902	2,789	2,628	2,414	2,341
i) IBRD	503	872	1,720	1,791	1,667	1,605	1,643	1,618	1,011	1,057	999	1,017	1,049	525	381	252	630	655	590
ii) Others	296	398	625	1,092	1,051	954	821	773	1,160	1,666	2,100	2,351	2,687	2,652	2,521	2,537	1,998	1,759	1,751
c) Private Sector	354	384	706	812	1,078	1,789	1,653	3,113	1,750	1,712	1,529	1,465	1,145	524	214	326	565	578	572
i) IBRD	313	330	628	709	953	1,610	1,244	1,639	1,321	1,312	1,173	1,148	929	298	0	0	0	0	0
ii) Others	41	54	78	103	125	179	409	1,474	429	400	356	317	216	226	214	326	565	578	572
II. BILATERAL	22,993	27,378	47,603	50,258	54,580	63,761	65,740	62,891	67,104	74,304	79,278	74,519	74,762	79,921	77,084	74,530	70,302	70,019	78,428
A. Government borrowing	19,444	23,065	40,371	42,220	45,387	52,965	53,119	49,092	51,420	57,106	60,920	56,802	56,302	60,243	58,121	57,458	54,593	53,810	59,117
(i) Concessional	19,444	23,065	40,371	42,220	45,387	52,965	52,078	48,165	50,583	56,425	59,380	55,504	55,418	59,688	57,742	57,207	54,468	53,810	59,117
ii) Non-concessional	0	0	0	0	0	0	1,041	927	837	681	1,540	1,298	884	555	379	251	125	0	0
B. Non-Government borrowing	3,549	4,313	7,232	8,038	9,193	10,796	12,621	13,799	15,684	17,198	18,358	17,717	18,460	19,678	18,963	17,072	15,709	16,209	19,311
(i) Concessional	441	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	7,471	6,949	1,727	1,729
a) Public Sector	7	0	0	0	190	654	376	1,054	192	526	1,488	2,962	4,278	5,152	5,759	5,653	5,285	1,241	1,220
b) Financial Institutions	431	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	1,818	1,664	486	509

(Rs. crore)

	End - March																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
c) Private Sector	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	3,108	3,799	6,304	6,795	7,740	8,900	9,533	10,390	13,914	14,460	14,336	12,138	11,575	11,665	10,087	9,601	8,760	14,482	17,582
a) Public Sector	2,581	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	4,851	4,353	3,628	7,420	10,031
b) Financial Institutions	271	527	1,236	1,571	1,718	1,883	2,197	2,436	4,216	4,363	4,151	3,568	3,708	3,571	3,119	2,847	2,386	3,828	3,724
c) Private Sector	256	315	596	498	547	897	1,734	2,738	4,338	4,900	5,433	4,855	3,045	2,978	2,117	2,401	2,746	3,234	3,827
III. IMF	2,572	5,132	8,934	14,985	15,812	13,545	8,152	4,714	2,622	1,218	113	0	0	0	0	0	0	0	0
IV. EXPORT CREDIT	8,002	8,374	12,418	13,484	16,307	20,876	18,432	21,044	25,783	28,812	29,564	27,625	26,110	23,750	20,553	21,976	24,175	30,740	41,051
a) Buyers' credit	1,877	2,230	3,566	3,989	5,474	6,227	7,216	11,184	15,433	18,097	18,734	17,336	16,147	13,421	11,061	13,040	16,088	23,127	32,860
b) Suppliers' credit	950	933	1,380	2,050	4,129	6,432	5,382	4,791	5,453	5,532	5,582	5,401	5,144	5,139	4,471	3,961	3,351	2,934	3,050
c) Export credit component of bilateral credit	1,340	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	4,975	4,736	4,679	5,141
d) Export credit for defence purchases	3,835	3,821	5,044	3,774	2,757	3,613	1,305	880	498	278	83	60	0	0	0	0	0	0	0
V. COMMERCIAL BORROWINGS	15,988	19,727	35,711	36,367	38,782	40,915	47,642	51,454	67,086	89,019	86,963	113,839	113,908	106,843	95,611	115,533	117,991	181,602	247,986
a) Commercial bank loans #	11,453	13,200	20,933	20,156	18,694	18,384	23,120	29,968	39,419	43,892	44,015	46,169	48,683	46,929	50,346	62,896	73,508	108,045	160,507
b) Securitized borrowings ##	4,227	5,840	13,219	13,990	16,557	16,935	19,790	17,320	23,786	41,464	39,564	64,769	62,714	57,495	41,567	48,992	41,112	68,036	81,428
c) Loans/secritized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	308	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	3,698	3,645	3,371	5,521	6,051
d) Self-Liquidating Loans	0	0	47	116	1,101	2,598	1,682	645	430	233	113	0	0	0	0	0	0	0	0
VI. NRI & FC (B&O) DEPOSITS																			
(Above one year maturity)@	15,719	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	143,267	161,834	179,788	174,623
a) NRI deposits	15,719	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	143,267	161,834	179,788	174,623
b) FC (B&O) Deposits@@	0	187	647	828	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*																			
a) Defence	19,075	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	11,856	10,071	9,184	8,485	8,062
b) Civilian	17,276	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	10,539	8,887	8,112	7,510	7,173
	1,799	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	1,184	1,072	975	889
VIII. TOTAL LONG-TERM DEBT (TO VII)	117,235	146,226	232,268	260,942	279,043	298,237	304,091	311,674	349,753	393,160	411,388	455,706	468,932	476,624	471,827	504,274	528,989	624,687	707,331

(Rs. crore)

	End - March																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
<b>IX. SHORT-TERM DEBT</b>	<b>12,964</b>	<b>16,775</b>	<b>20,642</b>	<b>19,804</b>	<b>11,375</b>	<b>13,448</b>	<b>16,637</b>	<b>24,153</b>	<b>19,929</b>	<b>18,137</b>	<b>17,162</b>	<b>16,919</b>	<b>13,396</b>	<b>22,180</b>	<b>19,251</b>	<b>77,528</b>	<b>87,155</b>	<b>115,008</b>	<b>177,185</b>
a) NRI deposits																			
(up to one year maturity) <sup>@</sup>	5,589	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	0	0	0	0
b) FC(B&O) Deposits																			
(up to one-year maturity) <sup>@@</sup>	0	328	924	2,433	1,672	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Trade-Related Credits	7,375	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	71,173	86,531	113,276	174,582
1) 6 Months and above upto 1 year	7,375	4,453	8,463	3,639	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,860	17,930	32,922	38,788	52,188	91,501
2) Upto 6 Months	0	4,976	4,738	5,601	0	0	0	0	0	0	0	0	0	0	0	38,251	47,743	61,088	83,081
d) FII Investment in Govt. Treasury Bills and other instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,355	624	1,732	2,603
<b>X. GRAND TOTAL (VIII+IX)</b>	<b>130,199</b>	<b>163,001</b>	<b>252,910</b>	<b>280,746</b>	<b>290,418</b>	<b>311,685</b>	<b>320,728</b>	<b>335,827</b>	<b>369,682</b>	<b>411,297</b>	<b>428,550</b>	<b>472,625</b>	<b>482,328</b>	<b>498,804</b>	<b>491,078</b>	<b>581,802</b>	<b>616,144</b>	<b>739,695</b>	<b>884,516</b>

PR: Partially Revised

QE: Quick Estimates

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

FC(B&amp;O) Deposits : Foreign Currency (Banks &amp; Others) Deposits

#: includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millenium 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.

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

## India's External Debt Outstanding (Annual)

(US \$ million)

	End - March																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
<b>I. MULTILATERAL</b>	<b>19,164</b>	<b>20,900</b>	<b>23,090</b>	<b>25,008</b>	<b>26,263</b>	<b>28,542</b>	<b>28,616</b>	<b>29,218</b>	<b>29,553</b>	<b>30,534</b>	<b>31,438</b>	<b>31,105</b>	<b>31,899</b>	<b>29,994</b>	<b>29,297</b>	<b>31,744</b>	<b>32,620</b>	<b>35,337</b>	<b>39,312</b>
A. Government Borrowing	18,399	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	29,204	29,996	32,514	36,005
(i) Concessional	12,672	13,377	14,320	15,503	16,044	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	21,560	22,674	24,023	23,731	24,876	26,736
a) IDA	12,261	13,052	13,974	15,169	15,721	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	21,258	22,356	23,693	23,418	24,548	26,375
b) Others	411	325	346	334	323	339	313	299	295	295	305	269	273	302	318	330	313	328	361
ii) Non-concessional	5,727	6,510	7,331	7,744	8,114	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,577	5,711	4,152	5,181	6,265	7,638	9,269
a) IBRD	5,690	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	3,771	4,400	5,015	5,634
b) Others	37	217	535	797	911	1,214	1,545	1,961	2,078	2,309	2,505	2,680	2,835	1,702	1,008	1,410	1,865	2,623	3,635
B. Non-Government Borrowing	765	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,471	2,540	2,624	2,823	3,307
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	765	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,471	2,540	2,624	2,823	3,307
a) Public Sector	92	157	458	572	891	1,033	1,353	1,318	2,216	2,523	2,793	2,655	2,609	1,945	1,770	1,828	1,908	2,136	2,578
i) IBRD	92	157	308	418	690	640	860	929	1,319	1,495	1,589	1,525	1,496	920	984	1,020	1,030	1,043	1,168
ii) Others	0	0	150	154	201	393	493	389	897	1,028	1,204	1,130	1,113	1,025	786	808	878	1,093	1,410
b) Financial Institutions	465	657	754	928	869	813	721	665	550	641	710	722	766	668	651	637	589	554	586
i) IBRD	292	451	553	576	533	510	481	450	256	249	229	218	215	110	85	58	141	150	148
ii) Others	173	206	201	352	336	303	240	215	294	392	481	504	551	558	566	579	448	404	438
c) Private Sector	208	199	227	261	345	569	483	866	443	403	351	314	234	110	50	75	127	133	143
i) IBRD	184	171	202	228	305	512	364	456	334	309	269	246	190	63	0	0	0	0	0
ii) Others	24	28	25	33	40	57	119	410	109	94	82	68	44	47	50	75	127	133	143
<b>II. BILATERAL</b>	<b>13,565</b>	<b>14,168</b>	<b>15,466</b>	<b>16,154</b>	<b>17,450</b>	<b>20,270</b>	<b>19,213</b>	<b>17,494</b>	<b>16,969</b>	<b>17,499</b>	<b>18,175</b>	<b>15,975</b>	<b>15,323</b>	<b>16,802</b>	<b>17,277</b>	<b>17,034</b>	<b>15,761</b>	<b>16,061</b>	<b>19,613</b>
A. Government borrowing	11,489	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	12,987	13,132	12,239	12,343	14,785
(i) Concessional	11,489	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	12,900	13,074	12,211	12,343	14,785
ii) Non-concessional	0	0	0	0	0	0	303	258	212	161	353	278	181	117	87	58	28	0	0
B. Non-Government borrowing	2,076	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	3,902	3,522	3,718	4,828
(i) Concessional	262	266	348	400	465	603	903	948	448	645	922	1,196	1,411	1,685	1,983	1,708	1,558	396	432
a) Public Sector	4	0	0	0	61	208	110	293	49	124	341	635	877	1,083	1,287	1,292	1,185	285	305
b) Financial Institutions	255	266	348	400	404	395	793	655	399	521	581	561	534	602	696	416	373	111	127



((US \$ million))

	End - March																		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
VIII. TOTAL LONG-TERM DEBT (I TO VII)	68,357	75,257	78,215	83,683	89,068	94,739	88,696	86,744	88,485	92,612	94,327	97,698	96,098	100,245	107,214	115,250	118,594	143,293	176,899
IX. SHORT-TERM DEBT	7,501	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	17,723	19,539	26,376	44,313
a) NRI deposits (up to one year maturity) <sup>@</sup>	3,244	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	0	0	0	0
b) FC(B&O) Deposits (up to one-year maturity) <sup>@@</sup>	0	167	357	779	533	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Trade-Related Credits	4,257	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	16,271	19,399	25,979	43,662
1) 6 Months and above upto 1 year	4,257	2,267	2,710	1,165	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,707	4,127	7,529	8,696	11,971	22,884
2) Upto 6 Months		2,533	1,517	1,793	0	0	0	0	0	0	0	0	0	0	0	8,742	10,703	14,008	20,778
d) FII Investment in Govt. Treasury Bills and other instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,452	140	397	651
X. GRAND TOTAL (VIII+IX)	75,858	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,326	98,843	104,914	111,645	132,973	138,133	169,669	221,212
Memo Items:																			
Concessional Debt***	35,444	38,426	38,187	40,097	41,112	44,845	41,944	39,489	36,944	37,258	38,210	35,893	35,517	38,614	40,277	41,107	39,559	39,562	43,969

PR: Partially Revised

QE: Quick Estimates

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																	
		Mar 2004	June 2004	Sept 2004	Dec 2004	Mar 2005	June 2005	Sept 2005	Dec 2005	Mar 2006	June 2006PR	Sept 2006PR	Dec 2006PR	Mar 2007PR	June 2007PR	Sept 2007PR	Dec 2007PR	Mar 2008QE	
I.	MULTILATERAL	131,105	137,168	138,928	138,087	138,897	136,571	138,613	144,009	145,503	153,678	154,367	153,577	154,053	146,954	147,289	149,556	157,181	
A. Government Borrowing		120,073	125,654	127,560	127,005	127,782	125,547	127,293	132,455	133,800	141,701	142,238	141,363	141,746	134,813	134,832	136,986	143,961	
(i) Concessional		101,490	105,911	106,911	105,891	105,114	101,957	102,692	105,685	105,852	111,859	111,628	109,642	108,448	101,895	101,691	102,163	106,901	
a) IDA		100,065	104,435	105,433	104,435	103,671	100,587	101,307	104,295	104,457	110,392	110,161	108,201	107,019	100,569	100,332	100,748	105,459	
b) Others		1,425	1,476	1,478	1,456	1,443	1,370	1,385	1,390	1,395	1,467	1,467	1,441	1,429	1,326	1,359	1,415	1,442	
ii) Non-concessional		18,583	19,743	20,649	21,114	22,668	23,590	24,601	26,770	27,948	29,842	30,610	31,721	33,298	32,918	33,141	34,823	37,060	
a) IBRD		14,074	14,902	15,511	15,615	16,500	16,960	17,640	18,759	19,626	20,848	21,149	21,422	21,864	21,157	20,898	21,205	22,526	
b) Others		4,509	4,841	5,138	5,499	6,168	6,630	6,961	8,011	8,322	8,994	9,461	10,299	11,434	11,761	12,243	13,618	14,534	
B. Non-Government Borrowing		11,032	11,514	11,368	11,082	11,115	11,024	11,320	11,554	11,703	11,977	12,129	12,214	12,307	12,141	12,457	12,570	13,220	
(i) Concessional		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Non-concessional		11,032	11,514	11,368	11,082	11,115	11,024	11,320	11,554	11,703	11,977	12,129	12,214	12,307	12,141	12,457	12,570	13,220	
a) Public Sector		7,916	8,353	8,313	7,961	8,000	7,864	8,124	8,227	8,510	8,742	8,928	9,098	9,315	9,041	9,458	9,618	10,307	
i) IBRD		4,402	4,699	4,662	4,422	4,462	4,368	4,459	4,516	4,594	4,726	4,777	4,512	4,550	4,475	4,456	4,449	4,669	
ii) Others		3,514	3,654	3,651	3,539	3,538	3,496	3,665	3,711	3,916	4,016	4,151	4,586	4,765	4,566	5,002	5,169	5,638	
b) Financial Institutions		2,902	2,918	2,814	2,870	2,789	2,788	2,740	2,770	2,628	2,689	2,634	2,532	2,414	2,460	2,373	2,328	2,341	
i) IBRD		381	390	329	282	252	396	370	375	630	649	639	615	655	617	595	585	590	
ii) Others		2,521	2,528	2,485	2,588	2,537	2,392	2,370	2,395	1,998	2,040	1,995	1,917	1,759	1,843	1,778	1,743	1,751	
c) Private Sector		214	243	241	251	326	372	456	557	565	546	567	584	578	640	626	624	572	
i) IBRD		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Others		214	243	241	251	326	372	456	557	565	546	567	584	578	640	626	624	572	
II.	BILATERAL	77,084	77,865	76,676	78,043	74,530	71,371	70,421	70,737	70,302	73,593	72,430	70,316	70,019	64,559	66,651	68,066	78,428	
A. Government borrowing		58,121	58,546	57,848	58,959	57,458	55,159	54,555	54,356	54,593	57,004	56,053	54,000	53,810	49,430	50,741	51,008	59,117	
(i) Concessional		57,742	58,282	57,583	58,708	57,207	55,038	54,433	54,231	54,468	57,004	56,053	54,000	53,810	49,430	50,741	51,008	59,117	
ii) Non-concessional		379	264	265	251	251	121	122	125	125	0	0	0	0	0	0	0	0	
B. Non-Government borrowing		18,963	19,319	18,828	19,084	17,072	16,212	15,866	16,381	15,709	16,589	16,377	16,316	16,209	15,129	15,910	17,058	19,311	
(i) Concessional		8,876	8,951	8,791	9,213	7,471	7,143	7,060	6,992	6,949	7,292	7,153	6,906	1,727	1,576	1,600	1,563	1,729	
a) Public Sector		5,759	5,797	5,704	6,042	5,653	5,400	5,344	5,292	5,285	5,527	5,442	5,249	1,241	1,122	1,137	1,103	1,220	
b) Financial Institutions		3,117	3,154	3,087	3,171	1,818	1,743	1,716	1,700	1,664	1,765	1,711	1,657	486	454	463	460	509	
c) Private Sector		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

(Rs. crore)

## End period

	Mar 2004	June 2004	Sept 2004	Dec. 2004	Mar 2005	June 2005	Sept. 2005	Dec. 2005	Mar. 2006	June 2006PR	Sept. 2006PR	Dec.2006PR	Mar2007PR	June 2007PR	Sept.2007PR	Dec.2007PR	Mar.2008QE
ii) Non-concessional	10,087	10,368	10,037	9,871	9,601	9,069	8,806	9,389	8,760	9,297	9,224	9,410	14,482	13,553	14,310	15,495	17,582
a) Public Sector	4,851	4,962	4,746	4,699	4,353	4,030	3,930	3,842	3,628	3,894	3,702	3,567	7,420	7,033	7,602	8,833	10,031
b) Financial Institutions	3,119	3,205	3,095	3,017	2,847	2,702	2,615	2,583	2,386	2,502	2,400	2,540	3,828	3,533	3,578	3,543	3,724
c) Private Sector	2,117	2,201	2,196	2,155	2,401	2,337	2,261	2,964	2,746	2,901	3,122	3,303	3,234	2,987	3,130	3,119	3,827
<b>III. IMF</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>IV. EXPORT CREDIT</b>	20,553	20,974	21,224	21,752	21,976	23,113	23,044	23,660	24,175	25,458	26,089	26,636	30,740	30,328	32,592	35,028	41,051
a) Buyers' credit	11,061	11,359	11,814	12,447	13,040	14,496	14,576	15,716	16,088	17,096	17,898	18,772	23,127	23,376	25,585	27,976	32,860
b) Suppliers' credit	4,471	4,547	4,403	4,200	3,961	3,830	3,734	3,228	3,351	3,405	3,317	3,169	2,934	2,654	2,595	2,616	3,050
c) Export credit component of bilateral credit	5,021	5,068	5,007	5,105	4,975	4,787	4,734	4,716	4,736	4,957	4,874	4,695	4,679	4,298	4,412	4,436	5,141
d) Export credit for defence purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>V. COMMERCIAL BORROWINGS</b>	95,611	102,693	104,441	108,054	115,533	116,165	124,171	104,371	117,991	140,804	148,417	158,807	181,602	195,291	207,112	224,712	247,986
a) Commercial bank loans #	50,346	56,124	56,455	54,973	62,896	62,233	65,538	68,141	73,508	84,267	87,910	97,308	108,045	116,073	123,739	139,855	160,507
b) Securitised borrowings ##	41,567	42,877	44,363	49,484	48,992	50,282	54,964	32,757	41,112	52,471	56,458	57,843	68,036	73,249	77,555	79,027	81,428
c) Loans/securitized borrowings etc., with multilateral/ bilateral guarantee + IFC(W)	3,698	3,692	3,623	3,597	3,645	3,650	3,669	3,473	3,371	4,066	4,049	3,656	5,521	5,969	5,818	5,830	6,051
d) Self-Liquidating Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VI. NRI DEPOSITS</b>	135,618	141,534	141,045	139,088	143,267	144,206	148,200	154,493	161,834	169,736	173,756	177,900	179,788	173,628	173,558	169,619	174,623
(Above one year maturity)^	87,998	90,713	89,873	89,240	93,159.00	92,831	94,068	96,528	98,443	101,807	103,900	106,082	106,786	103,672	104,439	102,786	106,824
a) NR(E) RA	47,620	50,821	51,172	49,848	50,108.00	49,594	50,487	53,263	58,272	62,491	63,905	64,845	65,955	62,433	61,041	58,169	56,651
b) FCNR (B)	0	0	0	0	0	1,781	3,645	4,702	5,119	5,438	5,951	6,973	7,047	7,523	8,078	8,664	11,148
c) NRO Deposits	11,856	10,642	10,634	10,434	10,071	9,337	9,329	9,329	9,184	8,833	8,826	8,781	8,485	8,238	8,267	8,267	8,062
<b>VII. RUPEE DEBT*</b>	10,539	9,356	9,349	9,149	8,887	8,179	8,173	8,173	8,112	7,789	7,782	7,737	7,510	7,295	7,320	7,320	7,173
a) Defence	1,317	1,286	1,285	1,285	1,184	1,158	1,156	1,156	1,072	1,044	1,044	1,044	975	943	947	947	889
b) Civilian																	

(Rs. crore)

	End period																
	Mar 2004	June 2004	Sept 2004	Dec 2004	Mar 2005	June 2005	Sept 2005	Dec 2005	Mar 2006	June 2006PR	Sept 2006PR	Dec 2006PR	Mar 2007PR	June 2007PR	Sept 2007PR	Dec 2007PR	Mar 2008QE
VIII. TOTAL LONG TERM DEBT (I TO VII)	471,827	490,876	492,948	495,458	504,274	500,763	513,778	506,599	528,989	572,102	583,885	596,017	624,687	618,998	635,469	655,248	707,331
IX.SHORT-TERM DEBT	19,251	27,134	28,108	29,917	77,528	77,752	88,042	89,677	87,155	96,229	108,305	113,480	115,008	115,315	132,222	150,677	177,185
a) NRI deposits (up to one year maturity)@	1,321	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Trade - Related Credits	17,930	27,134	28,108	29,917	71,173	72,353	83,255	88,061	86,531	94,921	107,066	111,621	113,276	113,230	129,809	147,253	174,582
1) 6 Months and above / upto 1 year	17,930	27,134	28,108	29,917	32,922	31,157	36,437	39,729	38,788	41,960	48,827	44,311	52,188	53,348	64,609	73,454	91,501
2) Up to 6 months	0	0	0	0	38,251	41,196	46,818	48,332	47,743	52,961	58,239	67,310	61,088	59,882	65,200	73,799	83,081
c) FII Investment in Govt. Treasury Bills and other instruments	0	0	0	0	6,355	5,399	4,787	1,616	624	1,308	1,239	1,859	1,732	2,085	2,413	3,424	2,603
X. GRAND TOTAL (VIII+IX)	491,078	518,010	521,056	525,375	581,802	578,515	601,820	596,276	616,144	668,331	692,190	709,497	739,695	734,313	767,691	805,925	884,516

PR: Partially Revised

QE: Quick Estimates

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

FII: Foreign Institutional Investors

#: 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.

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

## India's External Debt Outstanding (Quarterly)

(US \$ million)

End period																	
	Mar 2004	June 2004	Sept 2004	Dec 2004	Mar 2005	June 2005	Sept 2005	Dec 2005	Mar 2006	June 2006PR	Sept 2006PR	Dec 2006PR	Mar 2007PR	June 2007PR	Sept 2007PR	Dec 2007PR	Mar 2008QE
I. MULTILATERAL																	
A. Government Borrowing	29,297	29,903	30,151	31,550	31,744	31,385	31,510	31,956	32,620	33,346	33,591	34,711	35,337	36,058	37,068	37,944	39,312
(i) Concessional	26,826	27,394	27,684	29,017	29,204	28,852	28,937	29,392	29,996	30,747	30,952	31,950	32,514	33,079	33,933	34,755	36,005
a) IDA	22,674	23,090	23,201	24,193	24,023	23,430	23,345	23,451	23,731	24,272	24,291	24,781	24,876	25,002	25,593	25,920	26,736
b) Others	22,356	22,768	22,880	23,860	23,693	23,115	23,030	23,143	23,418	23,954	23,972	24,455	24,548	24,677	25,251	25,561	26,375
ii) Non-concessional	318	322	321	333	330	315	315	308	313	318	319	326	328	325	342	359	361
a) IBRD	4,152	4,304	4,483	4,824	5,181	5,422	5,592	5,941	6,265	6,475	6,661	7,169	7,638	8,077	8,340	8,835	9,269
b) Others	3,144	3,249	3,368	3,568	3,771	3,898	4,010	4,163	4,400	4,524	4,602	4,842	5,015	5,191	5,259	5,380	5,634
B. Non-Government Borrowing	1,008	1,055	1,115	1,256	1,410	1,524	1,582	1,778	1,865	1,951	2,059	2,327	2,623	2,886	3,081	3,455	3,635
(i) Concessional	2,471	2,509	2,467	2,533	2,540	2,533	2,573	2,564	2,624	2,599	2,639	2,761	2,823	2,979	3,135	3,189	3,307
ii) Non-concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a) Public Sector	2,471	2,509	2,467	2,533	2,540	2,533	2,573	2,564	2,624	2,599	2,639	2,761	2,823	2,979	3,135	3,189	3,307
i) IBRD	1,770	1,820	1,804	1,819	1,828	1,807	1,847	1,825	1,908	1,897	1,943	2,057	2,136	2,218	2,380	2,440	2,578
ii) Others	984	1,024	1,012	1,010	1,020	1,004	1,014	1,002	1,030	1,026	1,040	1,020	1,043	1,098	1,121	1,129	1,168
b) Financial Institutions	786	796	792	809	808	803	833	823	878	871	903	1,037	1,093	1,120	1,259	1,311	1,410
i) IBRD	651	636	611	656	637	641	623	615	589	583	573	572	554	604	597	591	586
ii) Others	85	85	72	64	58	91	84	83	141	141	139	139	150	152	150	149	148
c) Private Sector	566	551	539	592	579	550	539	532	448	442	434	433	404	452	447	442	438
i) IBRD	50	53	52	58	75	85	103	124	127	119	123	132	133	157	158	158	143
ii) Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	50	53	52	58	75	85	103	124	127	119	123	132	133	157	158	158	143
II. BILATERAL																	
A. Government borrowing	17,277	16,971	16,636	17,838	17,034	16,402	16,009	15,697	15,761	15,969	15,761	15,892	16,061	15,841	16,774	17,269	19,613
(i) Concessional	12,987	12,763	12,553	13,471	13,132	12,676	12,402	12,062	12,239	12,369	12,197	12,205	12,343	12,128	12,770	12,941	14,785
ii) Non-concessional	12,900	12,706	12,496	13,413	13,074	12,648	12,374	12,034	12,211	12,369	12,197	12,205	12,343	12,128	12,770	12,941	14,785
B. Non-Government borrowing	87	57	57	58	58	28	28	28	28	0	0	0	0	0	0	0	0
(i) Concessional	4,290	4,208	4,083	4,367	3,902	3,726	3,607	3,635	3,522	3,600	3,564	3,687	3,718	3,713	4,004	4,328	4,828
ii) Non-concessional	1,983	1,952	1,908	2,105	1,708	1,642	1,605	1,552	1,558	1,583	1,557	1,560	396	387	403	397	432
a) Public Sector	1,287	1,264	1,238	1,381	1,292	1,241	1,215	1,174	1,185	1,199	1,184	1,186	285	275	286	280	305
b) Financial Institutions	696	688	670	724	416	401	390	378	373	383	373	374	111	112	117	117	127
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(US \$ million)

		End period																
		Mar.'2004	June '2004	Sept.'2004	Dec.'2004	Mar. 2005	June 2005	Sept. 2005	Dec. 2005	Mar. 2006	June 2006PR	Sept. 2006PR	Dec. 2006PR	Mar. 2007PR	June 2007PR	Sept. 2007PR	Dec. 2007PR	Mar.2008QE
ii)	Non-concessional	2,307	2,256	2,175	2,262	2,194	2,084	2,002	2,083	1,964	2,017	2,007	2,127	3,322	3,326	3,601	3,931	4,396
a)	Public Sector	1,110	1,079	1,028	1,077	995	926	893	852	813	845	806	806	1,702	1,726	1,913	2,241	2,508
b)	Financial Institutions	710	698	671	691	650	621	595	573	535	543	522	574	878	867	900	899	931
c)	Private Sector	487	479	476	494	549	537	514	658	616	629	679	747	742	733	788	791	957
III	IMF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV. EXPORT CREDIT		4,697	4,564	4,600	4,986	5,022	5,311	5,238	5,250	5,420	5,524	5,677	6,020	7,051	7,441	8,202	8,887	10,267
a)	Buyers' credit	2,546	2,470	2,559	2,856	2,980	3,331	3,313	3,487	3,607	3,709	3,894	4,243	5,305	5,735	6,439	7,098	8,218
b)	Suppliers' credit	1,029	989	954	964	905	880	849	716	751	739	722	716	673	651	653	664	763
c)	Export credit component of bilateral credit	1,122	1,105	1,087	1,166	1,137	1,100	1,076	1,047	1,062	1,076	1,061	1,061	1,073	1,055	1,110	1,125	1,286
d)	Export credit for defence purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V. COMMERCIAL BORROWINGS		22,007	22,337	22,630	24,791	26,405	26,695	28,227	23,160	26,452	30,553	32,296	35,893	41,657	47,918	52,123	57,012	62,019
a)	Commercial bank loans #	11,588	12,208	12,232	12,613	14,375	14,301	14,898	15,120	16,479	18,285	19,130	21,993	24,784	28,480	31,141	35,483	40,142
b)	Securitized borrowings ##	9,568	9,326	9,613	11,353	11,197	11,555	12,495	7,269	9,217	11,386	12,285	13,073	15,606	17,973	19,518	20,050	20,364
c)	Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	851	803	785	825	833	839	834	771	756	882	881	827	1,267	1,465	1,464	1,479	1,513
d)	Self-Liquidating Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VI. NRI DEPOSITS		31,216	30,785	30,559	31,912	32,743	33,139	33,690	34,282	36,282	36,831	37,810	40,208	41,240	42,603	43,679	43,034	43,672
(Above one year maturity)^		20,255	19,731	19,472	20,475	21,291	21,333	21,384	21,420	22,070	22,091	22,609	23,976	24,495.00	25,438	26,284	26,078	26,716.00
a)	NR(E) RA	10,961	11,054	11,087	11,437	11,452	11,397	11,477	11,819	13,064	13,560	13,906	14,656	15,129.00	15,319	15,362	14,758	14,168.00
b)	FCNR (B)	0	0	0	0	0	409	829	1,043	1,148	1,180	1,295	1,576	1,616.00	1,846	2,033	2,198	2,788.00
c)	NRO Deposits	2,720	2,315	2,305	2,392	2,302	2,146	2,121	2,070	2,059	1,917	1,921	1,985	1,947	2,023	2,071	2,097	2,016
VII. RUPEE DEBT*		2,426	2,035	2,026	2,099	2,031	1,880	1,858	1,814	1,819	1,690	1,694	1,749	1,723	1,790	1,833	1,857	1,794
a)	Defence	294	280	279	293	271	266	263	256	240	227	227	236	224	233	238	240	222
b)	Civilian																	

(US \$ million)

	End period																
	Mar 2004	June 2004	Sept 2004	Dec 2004	Mar 2005	June 2005	Sept 2005	Dec 2005	Mar 2006	June 2006PR	Sept 2006PR	Dec 2006PR	Mar 2007PR	June 2007PR	Sept 2007PR	Dec 2007PR	Mar 2008QE
VIII. TOTAL LONG TERM DEBT (I TO VII)	107,214	106,875	106,881	113,469	115,250	115,078	116,795	112,415	118,594	124,140	127,056	134,709	143,293	151,884	159,917	166,243	176,899
IX. SHORT-TERM DEBT	4,431	5,902	6,090	6,864	17,723	17,868	20,014	19,900	19,539	20,881	23,568	25,648	26,376	28,295	33,276	38,229	44,313
a) NRI deposits																	
(up to one year maturity)@	304	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Trade - Related Credits	4,127	5,902	6,090	6,864	16,271	16,627	18,926	19,541	19,399	20,597	23,298	25,228	25,979	27,783	32,669	37,360	43,662
1) 6 Months and above/ upto 1 year	4,127	5,902	6,090	6,864	7,529	7,160	8,283	8,816	8,696	9,105	10,625	10,015	11,971	13,090	16,260	18,636	22,884
2) Up to 6 months	0	0	0	0	8,742	9,467	10,643	10,725	10,703	11,492	12,673	15,213	14,008	14,693	16,409	18,724	20,778
c) FII Investment in Govt. Treasury Bills and other instruments	0	0	0	0	1,452	1,241	1,088	359	140	284	270	420	397	512	607	869	651
X. RAND TOTAL (VIII+IX)	111,645	112,777	112,971	120,333	132,973	132,946	136,809	132,315	138,133	145,021	150,624	160,357	169,669	180,179	193,193	204,472	221,212
Memo Items :																	
Concessional Debt***	40,277	40,063	39,910	42,103	41,107	39,866	39,445	39,107	39,559	40,141	39,966	40,531	39,562	39,540	40,837	41,355	43,969

PR: Partially Revised

QE: Quick Estimates

IPC(W): International Finance Corporation (Washington DC).

FII: Foreign Institutional Investors

#: includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millenium 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.

\*\*\*: 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 &amp; Exchange Board of India.

## External Debt by Borrower Category

(US \$ million)

Borrower Category	End - March																	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007PR	2008QE
I. Government Debt (A+B):	48,585	47,940	53,367	55,082	58,378	53,569	49,060	46,520	46,137	46,852	43,956	43,575	43,612	44,674	46,668	45,278	48,167	56,551
(Share of Government Debt in total debt)	(58.0)	(56.2)	(59.3)	(59.4)	(59.0)	(57.2)	(52.5)	(49.7)	(47.6)	(47.7)	(43.4)	(44.1)	(41.6)	(40.0)	(35.1)	(32.8)	(28.4)	(25.6)
A. of which long-term:	48,585	47,940	53,367	55,082	58,378	53,569	49,060	46,520	46,137	46,852	43,956	43,575	43,612	44,674	45,509	45,138	48,005	56,091
1 Government A/c.	34,317	35,267	38,907	40,882	45,315	43,404	41,592	40,805	41,896	42,823	40,727	40,965	41,216	41,142	43,686	43,510	46,155	52,297
2 Other Govt. Debt	14,268	12,673	14,460	14,200	13,063	10,165	7,468	5,715	4,241	4,029	3,229	2,610	2,396	3,532	1,823	1,628	1,850	3,794
B. of which short-term:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,159	140	162	460
II. Non-Govt. Debt (A+B):	35,216	37,345	36,656	37,613	40,630	40,161	44,410	47,011	50,749	51,411	57,370	55,268	61,302	66,971	86,305	92,855	121,502	164,661
(Share of Non-Government Debt in total debt)	(42.0)	(43.8)	(40.7)	(40.6)	(41.0)	(42.8)	(47.5)	(50.3)	(52.4)	(52.3)	(56.6)	(55.9)	(58.4)	(60.0)	(64.9)	(67.2)	(71.6)	(74.4)
C. of which long-term:	26,672	30,275	30,316	33,986	36,361	35,127	37,684	41,965	46,475	47,475	53,742	52,523	56,633	62,540	69,741	73,456	95,288	120,808
1 Financial Sector**	NSA	NSA	NSA	NSA	NSA	NSA	NSA	NSA	20,113	23,699	25,102	32,661	32,367	37,032	40,575	43,455	42,334	48,414
2 Public Sector**	NSA	NSA	NSA	NSA	NSA	NSA	NSA	NSA	9,753	9,284	9,316	9,024	8,225	7,518	7,685	6,496	6,671	7,978
3 Private Sector***	NSA	NSA	NSA	NSA	NSA	NSA	NSA	NSA	12,099	13,492	13,057	12,057	11,931	12,083	14,280	19,790	24,451	38,896
D. 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	16,564	19,399	26,214	43,853
(Share of short-term Debt in total debt)	(10.2)	(8.3)	(7.0)	(3.9)	(4.3)	(5.4)	(7.2)	(5.4)	(4.4)	(4.0)	(3.6)	(2.8)	(4.5)	(4.0)	(12.5)	(14.0)	(15.5)	(19.8)
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	104,914	111,645	132,973	138,133	169,669	221,212

PR: Partially Revised, QE: Quick Estimate, NSA: Not Separately Available

**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 represents borrowings of external debt by 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.



### International Comparison of Top Ten Debtor countries, 2006

Sl. No.	Country	Total Debt stocks (US\$ billion)	Ratio of Total debt to Gross National Income	Debt Service Ratio (%)	Ratio of Short Term debt/ Total debt(%)	Ratio of Foreign Exchange Reserves/ Total Debt (%)	Ratio of Conce- sional debt to Total debt (%)	PV of Debt (US\$ million)	Total Debt Service payments (US\$ million)	Income Classification	Ratio of PV of Debt/ GNI (percent <sup>9</sup> )	Ratio of PV of Debt/XGS (percent <sup>9</sup> )
1	2	3	4	5	6	7	8	9	10	11	12	13
1	China	323	12.2	2.5	53.7	334.8	10.9	316,277	27,877	Middle	14	35
2	Russian Federation	251	26.2	13.8	16.1	121.0	0.6	255,042	50,223	Middle	34	88
3	Turkey	208	51.7	33.2	20.4	30.4	2.0	215,957	40,511	Middle	61	200
4	Brazil	194	18.7	37.3	10.5	44.2	1.3	221,411	62,145	Middle	26	158
5	India	170	17.8	4.8	15.5	117.4	23.3	128,916	11,854	Low	15	53
6	Mexico	161	19.5	18.9	4.6	47.5	0.9	161,118	56,068	Middle	21	62
7	Indonesia	131	37.5	16.6	25.2	32.5	27.1	128,905	20,434	Middle	45	122
8	Poland	126	38.7	24.7	17.0	38.5	0.9	117,484	36,044	Middle	41	97
9	Argentina	122	58.6	31.6	28.7	26.2	1.1	119,202	18,994	Middle	68	230
10	Hungary	108	102.7	33.1	13.9	20.1	1.1	101,200	30,828	Middle	100	127

Source: Data for India are as published by national authorities for 2006-07 and those for other countries are at end-December 2006 as available in World Bank's Global Development Finance, 2008.

## India's External Debt Service Payments-Source-wise

(US \$ million)

Sl. No.	Components	April - March																		PR	QE
		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
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	2,855	2,652	2,904	3,241		
	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	2,129	1,945	1,922	2,099		
	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	726	707	982	1142		
2	External Commercial Borrowings																				
	Repayments	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	4,530	14,839	6,819	11,317		
	Interest	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	3,571	11,824	4,236	6,119		
3	I. M. F.	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	959	3,015	2,583	5,198		
	Repayments	778	697	614	387	1,368	1,860	1,061	667	419	267	26	0	0	0	0	0	0	0		
	Interest	644	459	335	134	1,146	1,715	975	618	393	260	26	0	0	0	0	0	0	0		
4	NRI Deposits	134	238	279	253	222	145	86	49	26	7	0	0	0	0	0	0	0	0		
	Repayments	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,414	1,642	1,353	1,497	1,969	1,813		
	Interest	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,414	1,642	1,353	1,497	1,969	1,813		
5	Rupee Debt Service	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	417	572	162	121		
	Repayments	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	417	572	162	121		
	Interest																				
Total Debt Service	Repayments	8,982	8,250	7,658	8,545	10,873	12,998	12,657	11,404	11,204	11,543	12,821	11,115	15,239	19,165	9,155	19,560	11,854	16,492		
	Interest	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	6,117	14,341	6,320	8,339		
	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	3,709	4,551	3,038	5,219	5,534	8,153		
Memo Items:																					
a)	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	119,239	154,103	194,170	245,715	302,964		
b)	Debt Service Ratio (%)	35.3	30.2	27.5	25.4	25.9	26.2	23.0	19.5	18.7	17.1	16.6	13.7	16.0*	16.1**	6.1^	9.9^^	4.8	5.4		
c)	Interest to Current Receipts Ratio (%)	15.5	13.0	12.5	11.1	10.0	8.6	8.0	7.7	7.5	6.6	5.8	5.4	3.9	3.8	2.0	2.7	2.3	2.7		

PR: Partially Revised, QE: Quick Estimate

\$: Inclusive of Non-Government account figures supplied by the office of Controller of Aid Accounts &amp; Audit, DEA, Ministry of Finance.

\*: Works out to 12.4%, with the exclusion of pre-payment of US\$ 3.4 billion.

\*\*: Works out to 8.2%, with the exclusion of pre-payment of US\$ 3.8 billion and redemption of Resurgent India Bonds (RIBs) of US\$ 5.5 billion.

^: Works out to 5.7%, with the exclusion of pre-payment of US\$ 381 million.

^^: Works out to 6.3%, with the exclusion of India Millennium Deposits (IMDs) repayments of US\$ 7.1 billion and pre-payment of US\$ 23.5 million.

## India's External Debt Outstanding at end-March 2008 (SDDS format)

Borrower	US\$ million
1	2
<b>General Government</b>	<b>56,551</b>
<b>Short-term</b>	460
Money market instruments	460
Loans	
Trade credits	
Other debt liabilities	
Arrears	
Other	
<b>Long-term</b>	56,091
Bonds and notes	2,301
Loans	52,504
Trade credits	1,286
Other debt liabilities	
<b>Monetary Authorities</b>	<b>0</b>
<b>Short-term</b>	0
Money market instruments	
Loans	
Currency and deposits	
Other debt liabilities	
Arrears	
Other	
<b>Long-term</b>	0
Bonds and notes	
Loans	
Currency and deposits	
Other debt liabilities	
<b>Banks</b>	<b>46,210</b>
<b>Short-term</b>	0
Money market instruments	
Loans	
Currency and deposits	
Other debt liabilities	
Arrears	
Other	
<b>Long-term</b>	46,210
Bonds and notes	585
Loans	1,953
Currency and deposits	43,672
Other debt liabilities	

<b>Borrower</b>	<b>US\$ million</b>
1	2
<b>Nonbank financial corporations</b>	<b>6,246</b>
<b>Short-term</b>	190
Money market instruments	190
Loans	
Currency and deposits	
Other debt liabilities	
<b>Long-term</b>	6,056
Bonds and notes	2,331
Loans	3,725
Currency and deposits	
Other debt liabilities	
<b>Nonfinancial corporations</b>	<b>112,199</b>
<b>Short-term</b>	43,662
Money market instruments	
Trade credits	43,662
Other debt liabilities	
<b>Long-term</b>	68,537
Bonds and notes	15,533
Loans	52,241
Trade credits	763
Other debt liabilities	
<b>Households and nonprofit institutions serving households (NPISH)</b>	<b>6</b>
<b>Short-term</b>	0
Money market instruments	
Loans	
Trade credits	
Other debt liabilities	
<b>Long-term</b>	6
Bonds and notes	
Loans	6
Trade credits	
Other debt liabilities	
<b>Gross External Debt Position</b>	<b>221,212</b>

## India's External Debt Outstanding (Quarter-wise) QEDS format

Borrower	2007Q2	2007Q3	2007Q4	2008Q1
1	2	3	4	5
<b>General Government</b>	<b>49,018</b>	<b>51,276</b>	<b>52,994</b>	<b>56,551</b>
<b>Short-term</b>	246	411	622	460
Money market instruments	246	411	622	460
Loans				
Trade credits				
Other debt liabilities				
Arrears				
Other				
<b>Long-term</b>	48,772	50,865	52,372	56,091
Bonds and notes	761	1,260	1,745	2,301
Loans	46,957	48,495	49,502	52,504
Trade credits	1,054	1,110	1,125	1,286
Other debt liabilities				
<b>Monetary Authorities</b>	0	0	0	0
<b>Short-term</b>	0	0	0	0
Money market instruments				
Loans				
Currency and deposits				
Other debt liabilities				
Arrears				
Other				
<b>Long-term</b>	0	0	0	0
Bonds and notes				
Loans				
Currency and deposits				
Other debt liabilities				
<b>Banks</b>	44,494	45,749	45,232	46,210
<b>Short-term</b>	0	0	0	0
Money market instruments				
Loans				
Currency and deposits				
Other debt liabilities				
Arrears				
Other				
<b>Long-term</b>	44,494	45,749	45,232	46,210
Bonds and notes	524	542	551	585
Loans	1,367	1,528	1,647	1,953
Currency and deposits	42,603	43,679	43,034	43,672
Other debt liabilities				
<b>Other Sectors</b>	86,667	96,168	106,246	118,451
<b>Short-term</b>	28,049	32,768	37,607	43,852
Money market instruments	266	196	247	190
Loans				
Currency and deposits				
Trade credits	27,783	32,572	37,360	43,662
Other debt liabilities				
Arrears				
Other				
<b>Long-term</b>	58,618	63,400	68,639	74,599
Bonds and notes	16,689	17,716	17,683	17,864
Loans	41,278	45,032	50,293	55,972
Currency and deposits				
Trade credits	651	652	663	763
Other debt liabilities				
<b>Direct investment: Intercompany lending</b>				
Debt liabilities to affiliated enterprises				
Arrears				
Other				
Debt liabilities to direct investors				
Arrears				
Other				
<b>Gross External Debt Position</b>	<b>180,179</b>	<b>193,193</b>	<b>204,472</b>	<b>221,212</b>

## LIST OF ABBREVIATIONS

AD	Authorised Dealers
ADB	Asian Development Bank
BOP	Balance of Payments
CS-DRMS	Commonwealth Secretariat- Debt Recording and Management System
CUB	Committed Undisbursed Balance
ECB	External Commercial Borrowings
EDMU	External Debt Management Unit
FC(B&O)D	Foreign Currency (Banks & Other) Deposits
FCNR(A)	Foreign Currency Non-Resident Accounts
FCNR(B)	Foreign Currency Non-Resident Bank Deposits
FII	Foreign Institutional Investors
Forex	Foreign Exchange
GDF	Global Development Finance
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC (W)	International Finance Corporation (Washington DC)
IMD	India Millennium Deposits
IMF	International Monetary Fund
LIBOR	London Inter-Bank Offer Rate
NA	Not Available
NRI	Non-Resident Indian
NR(E)RA	Non-Resident (External) Rupee Account

NR (NR) D	Non-Resident (Non-Repatriable) Rupee Deposit
NRO	Non-Resident Ordinary Account
OPEC	Organisation of the Petroleum Exporting Countries
P	Provisional
PR	Partially Revised
PV	Present Value
QE	Quick Estimates
QEDS	Quarterly External Debt Statistics
RBI	Reserve Bank of India
RIB	Resurgent India Bonds
SDDS	Special Data Dissemination Standards
SDR	Special Drawing Rights
SEBI	Securities and Exchange Board of India
S&P	Standard & Poor's
US	United States of America
XGS	Exports of Goods and Services