



# INDIA'S EXTERNAL DEBT

*A Status Report*

**GOVERNMENT OF INDIA**  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
JUNE 2004

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**FINANCE MINISTER  
INDIA**

**FOREWORD**

I am pleased to present the Tenth Status Report on India's external debt. India's external debt stock stood at US \$ 112.1 billion as on December 31, 2003 as against US \$ 105.3 billion as on December 31, 2002. Notwithstanding an absolute increase in external debt stock, India's external debt indicators have continued to improve. The incidence of external debt burden as measured by Debt-to-GDP ratio came down from 38.7 per cent in 1991-92 to 20.2 per cent during 2002-03. The share of short-term debt in total debt declined from the peak of 10.2 per cent at end-March 1991 to 5.1 per cent at end-December 2003. Short-term debt as a proportion of foreign exchange assets too declined from a high of 382.1 per cent to 5.9 per cent during the corresponding period. Similarly, debt servicing as a proportion of gross current receipts dropped from 30.2 per cent in 1991-92 to 15.8 per cent in 2002-03. However, debt service ratio rose to 18.1 percent during 2003-04 (April-December) mainly because of redemptions of Resurgent India Bonds (RIBs). If redemption of RIBs are excluded the debt service ratio works out to 11.1 percent.

According to the latest Report of the World Bank entitled Global Development Finance, 2004, India improved her rank from the position of *third* in 1991 to *eighth* in 2002 in the list of the top fifteen debtor countries. Besides, India's external debt indicators compare well with that of other developing countries. For example, the ratios of short-term debt to total debt and short-term debt to foreign exchange reserves are the lowest. While the ratio of concessional to total debt is the highest, the debt to GNP ratio is the second lowest after China in the year 2002. The improvement in India's external indebtedness as measured by inter-country comparison is encouraging and the position of India's external debt appears to be sustainable.

The present Report provides an extensive exposition of evolution of India's external debt since 1991 tracking the movement in absolute amount as well as in terms of critical indicators of external debt. Furthermore, cross-country comparison is drawn in order to assess India's external debt situation in international perspective. I hope that the Report will be found useful by the Members of the Parliament, academicians and general public.

**New Delhi  
June 2004**

  
**(P.CHIDAMBARAM)  
Finance Minister**

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## **LIST OF ABBREVIATIONS**

ADB	Asian Development Bank
BOP	Balance of Payments
CAA&A	Controller of Aid, Accounts and Audit
CS-DRMS	Commonwealth Secretariat- Debt Recording and Management System
CSO	Central Statistical Organization
CUB	Committed Undisbursed Balance
Dec.	December
DESACS	Department of Statistical Analysis & Computer Services
DOD	Disbursed Outstanding Debt
ECB	External Commercial Borrowings
EDMU	External Debt Management Unit
FCCB	Foreign Currency Convertible Bonds
FC(B&O)D	Foreign Currency (Banks & Other) Deposits
FCNR(A)	Foreign Currency Non-Resident Accounts
FCNR(B)	Foreign Currency Non-Resident Bank Deposits
FDI	Foreign Direct Investment
FII	Foreign Institutional Investors
FOREX	Foreign Exchange
FY	Financial Year
GBP	Great Britain Pound
GDP	Gross Domestic Product
GDF	Global Development Finance
GNP	Gross National Product
GOI	Government of India
Govt.	Government
IBRD	International Bank for Reconstruction and Development
IDA	International Development Agency
IDB	India Development Bonds
IDF	Institutional Development Fund
IFAD	International Fund for Agricultural Development
IFC (W)	International Finance Corporation (Washington)
IMD	India Millennium Deposits
IMF	International Monetary Fund
LIBOR	London Inter-Bank Offer Rate
NA	Not Available
NRI	Non-Resident Indian
NREA	Non-Resident External Rupee Account

NR (NR) D	Non-Resident Non-Repatriable Rupee Deposit
NRSR	Non-Resident Special Rupee Deposit
NRO	Non-Resident Ordinary Account
O/o.	Office of
OPEC	Oil Producing and Exporting Countries
P	Provisional
PV	Present Value
PSU	Public Sector Undertaking
QE	Quick Estimates
R	Revised
RBI	Reserve Bank of India
RIB	Resurgent India Bonds
SAARC	South Asian Association for Regional Cooperation
SDR	Special Drawing Rights
SLL	Self-Liquidating Loans
S&P	Standard & Poor's
US	United States
XGS	Exports of Goods and Services



## 1. EXECUTIVE SUMMARY

1. India's external debt stood at US \$ 112.1 billion as at the end of December 2003 as against US \$ 105.3 billion as on December 31, 2002 representing an increase of US \$ 6.8 billion over the year. Component-wise, the increase is explained by surge in NRI deposits, while other components broadly offset each other. As at end-December 2003, India's external debt outstanding expressed in terms of US dollars showed higher increase of 6.5 per cent over the year as compared to that of 1.2 per cent in rupee terms because of the depreciation of the US dollar during the calendar 2003. In fact, little over 83 per cent (or US\$ 5.7 billion) of the increase in external debt in terms of US dollars is accounted for by the valuation changes resulting from the weakening of US dollar *vis-à-vis* other constituent currencies.

2. External debt indicators have improved in the recent years notwithstanding increase in India's external debt stock. For example, debt to GDP ratio declined from 28.7 per cent in 1990-91 to 20.2 per cent in 2002-03, while debt servicing as per cent of current receipts declined from 35.3 per cent to 15.8 per cent during this period. However, debt service ratio rose to 18.1 per cent during April-December, 2003 mainly because of redemptions of Resurgent India Bonds (RIBs). If redemptions of RIBs are excluded, the debt service ratio works out to 11.1 per cent. Other critical indicators such as ratios of short-term to total debt and short-term debt to foreign currency assets too have improved over the years. The rate of accumulation of external debt came down in the last decade as policy focus shifted in favour of non-debt creating flows such as foreign direct investment and portfolio investment.

3. In terms of indebtedness classification, the World Bank has categorized India as a *less indebted* country since 1999. Among the top fifteen debtor countries of the world, India improved her rank from *third* debtor after Brazil and Mexico in 1991 to *eighth* in 2002 after Brazil, China, Russian Federation, Mexico, Argentina, Indonesia and Turkey. Among the top fifteen debtor countries, India's external debt indicators such as short-term debt to total debt and short-term debt to foreign exchange reserve ratio are the lowest and concessional to total debt ratio is the highest, while debt to GNP ratio is the second lowest after China in the year 2002.

4. In absolute terms, external debt service payments which amounted to around US \$ 9 billion in 1990-91 reached a peak of US \$ 13 billion in 1995-96 and remained thereafter in the range of US \$ 11 to 13 billion up to 2001-02. Total debt service payments rose to US \$ 15 billion in 2002-03 and amounted to US \$ 14 billion during April-December, 2003 mainly because of prepayments of high cost loans and redemption of RIBs. Secular decline in the ratios of total debt service payments and interest payments to current receipts shows that India's debt servicing capacity has steadily improved over time.

5. Government debt outstanding declined from US \$ 50 billion as at end-March 1991 to US \$ 43.7 billion as at end-March 2003 which, however, rose by US\$ 2 billion by the end of December 2003 to US\$ 45.6 billion partly on account of increase in FII exposure in Government papers by around US \$ 1 billion. Contingent liability of Government dropped from US \$ 10.7 billion at end-March 1995 to US \$ 6.9 billion at end-December 2003.

6. Prudent external sector policies pursued by the Government of India particularly since 1991 helped maintaining a comfortable external debt position. Shift in policy focus included emphasis on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring short-term debt, prepaying high cost external loans and encouraging non-debt creating flows.

7. Against the backdrop of buoyant foreign exchange reserves and low level of domestic as well as international interest rates, the Government of India considered premature retirement of high cost loans. The Government of India prematurely repaid sovereign loans, both multilateral and bilateral, amounting to US \$ 2.9 billion in 2002-03 and US \$ 3.8 billion during 2003-04. As on March 31, 2004, bilateral loans received from Sweden, Netherlands, Austria, Australia, Canada, Spain, Denmark, Kuwait and Saudi Arabia stood completely liquidated.

8. Data base management holds the key for providing meaningful inputs to the policy making. Data compilation, analysis and projections of external debt data are facilitated by extensive computerisation at all the units engaged in collection of debt statistics adopting Commonwealth Secretariat-Debt Recording and Management System (CS-DRMS). Efforts are being made to migrate to the latest version of CS-DRMS in order to enhance computing, forecasting and analytical capability.

9. Data on India's external debt outstanding as at end-December 2002, March 2003 and December 2003 are set out in Exhibit 1.

### Exhibit 1: India's External Debt

Item	At the end of						Variation (absolute)	
	Dec.2002 (US\$ mn.)	Share in total External Debt (per cent)	Mar-03 (US\$ mn.)	Share in total External Debt (per cent)	Dec. 2003 (US\$ mn.)	Share in total External Debt (per cent)	Dec. 02 to Dec. 03 (US\$ mn.)	March 03 to Dec. 2003 (US\$ mn.)
1	2	3	4	5	6	7	8	9
1 Multilateral	32,565	30.9	29,994	28.6	30,558	27.3	-2,007	564
2 Bilateral	16,619	15.8	16,815	16.0	17,942	16.0	1,323	1,127
3 IMF	0	0.0	0	0.0	0	0.0	0	0
4 Export credit	5,052	4.8	4,974	4.7	4,773	4.3	-279	-201
5 Commercial borrowing	22,590	21.5	22,540	21.5	20,582	18.4	-2,008	-1,958
6 NRI Deposits (long-term)	21,849	20.7	23,160	22.1	29,867	26.6	8,018	6,707
7 Rupee Debt	2,801	2.7	2,818	2.7	2,635	2.3	-166	-183
8 Short-term Debt	3,837	3.6	4,569	4.4	5,773	5.1	1,936	1,204
9 <b>Total External debt (1 to 8)</b>	<b>105,313</b>	<b>100</b>	<b>104,870</b>	<b>100</b>	<b>112,130</b>	<b>100</b>	<b>6,817</b>	<b>7,260</b>

10. Exhibit 2 provides evolution of external debt indicators from 1990-91 through 2002-03 at a glance.

### Exhibit 2 : India – Key External Debt Indicators

(per cent)

Year	Debt Service to Current Receipts (Debt service Ratio)#	Total External Debt to GDP ##	Interest Payments to Current Receipts#	Debt to Current Receipts*
1990-91	35.3	28.7	15.5	328.9
1991-92	30.2	38.7	13.0	312.3
1992-93	27.5	37.5	12.5	323.4
1993-94	25.4	33.8	11.1	275.6
1994-95	25.9	30.8	10.0	235.8
1995-96	26.2	27.0	8.6	188.9
1996-97	23.0	24.6	8.0	169.6
1997-98	19.5	24.3	7.7	159.8
1998-99	18.8	23.6	7.5	162.1
1999-00	17.1	22.1	6.7	145.6
2000-01	16.2	22.6	5.6	127.5
2001-02	13.4	21.1	5.0	121.6
2002-03	15.8	20.2	3.9	109.8
2003-04**	18.1		4.2	141.1

	Short-term to Total Debt	Short-term to Forex Assets	Short-term to GDP	Concessional to Total Debt
1990-91	10.2	382.1	3.0	45.9
1991-92	8.3	125.6	3.2	44.8
1992-93	7.0	98.5	2.7	44.5
1993-94	3.9	24.1	1.3	44.4
1994-95	4.3	20.5	1.3	45.3
1995-96	5.4	29.5	1.4	44.8
1996-97	7.2	30.1	1.8	42.3
1997-98	5.4	19.4	1.3	39.5
1998-99	4.4	14.5	1.0	38.5
1999-00	4.0	11.2	0.9	38.9
2000-01	3.6	9.2	0.8	35.5
2001-02	2.8	5.4	0.6	36.0
2002-03	4.4	6.4	0.9	36.8
2003-04**	5.1	5.9		36.4

\*\* : April- December 2003.

# Debt service payments are calculated on cash basis except in the case of Non-Resident Indian Deposits for which accrual method is used. The estimates may, therefore, differ from those under BOP data. The ratio for 2003-04 relates to April-December, 2003.

\* : Current receipts exclude official transfers.

## : Debt to GDP ratio is derived from Rupee figures. GDP figures are at current market prices.

## 2. EXTERNAL DEBT

### 2.1 Stock of External Debt

2.1.1 With a view to achieving higher rate of economic growth, India's development strategy focused on supplementing domestic savings with foreign savings in order to augment domestic investment. The corresponding external current account deficit was largely financed by debt creating flows in the pre-reform period, while non-debt creating flows assumed importance in the post reform period. Until early 1980's the debt creating flows were marked by loans and credits under external assistance programme which were largely on concessional terms from multilateral and bilateral sources. The loans on commercial terms became an important segment of debt creating flows in the subsequent years as savings and investment gap widened.

2.1.2 External debt stock, which was US \$ 83.8 billion at end-March 1991, increased to US \$ 101.1 billion at end-March 2001 representing an average growth of around 2 per cent per annum. As at the end of March 2002, India's external debt outstanding contracted by 2.3 per cent over the year to US \$ 98.8 billion. However, total external debt outstanding rose to US \$ 104.9 billion as at the end of March 2003 reflecting a rise of 6.2 per cent over the level in the preceding year. The stock of external debt amounted to US \$ 112.1 billion as at December, 2003 representing an increase of 6.5 per cent as compared to that at end-December 2002 (Table 2.1). The increase over the year is mainly brought about by surge in NRI deposits. The rise in debt outstanding in terms of US dollar was higher (6.5 per cent) as compared to that in Indian Rupees (1.2 per cent) as the former depreciated against all the constituent currencies of external debt. In fact, around 83 per cent of rise in external debt expressed in US dollar was explained by valuation changes resulting from the weakening of the greenback *vis-à-vis* other currencies.

**Table 2.1: India's External Debt Outstanding**

Category	End-March							End-December	
	1991	1996	1998	1999	2001	2002	2003R	2002 R	2003
	<b>(US \$ million)</b>								
Long-term Debt	75,257	88,696	88,485	92,612	97,504	96,012	100,301	101,476	106,357
Short-term Debt	8,544	5,034	5046	4,274	3,628	2,745	4,569	3,837	5,773
Total External Debt	83,801	93,730	93,531	96,886	101,132	98,757	104,870	105,313	112,130
	<b>(Rupees crore)</b>								
Long-term Debt	146,226	304,091	349,753	393,160	454,805	468,512	476,888	487,536	485,533
Short-term Debt	16,775	16,637	19,929	18,137	16,919	13,396	21,705	18,429	26,328
Total External Debt	163,001	320,728	369,682	411,297	471,724	481,908	498,593	505,965	511,861

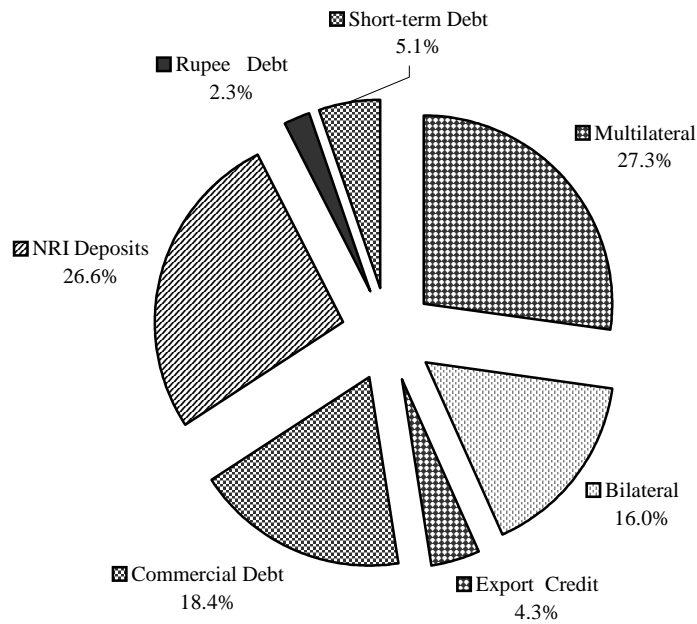
R: Revised P: Provisional

2.1.3 Increase in debt stock from end-March, 1999 to end-December, 2003 is entirely attributed to the increase in NRI deposits. Between December 2002 and December 2003 too, escalation in non-resident deposits is responsible for surge in external debt partly reflecting flowing back of a portion of redemption proceeds of RIBs and discontinuation of the NRNR(D) scheme by converting the account into the NRERA scheme. Between March 1999 and December 2003, total debt outstanding rose by US \$ 15.2 billion, while NRI deposits (both long and short-term together) went up by US \$ 16.9 billion thus accounting for more than the rise in total debt outstanding. As a per cent of total debt, NRI deposits rose from 14.3 per cent at end-March 1999 to 27.5 per cent at end-December 2003. During this period, multilateral debt remained broadly unchanged whereas bilateral debt showed a small increase of half a billion US dollar. Debt at commercial terms (export credits and commercial borrowings) showed a decline of around US \$ 2.4 billion. The decline in rupee debt by about US \$ 2.1 billion was offset by increase in the trade related credits under short-term (Annexure 2).

2.1.4 In terms of share in total debt stock, multilateral debt constituted 27 per cent of the total debt at end-December 2003. Non-resident deposits (long-term) accounted for 27 per cent, followed by commercial borrowings at 18 per cent. The share of bilateral debt was 16 per cent.

Short-term debt and export credits accounted for 5 and 4 per cent, respectively. The share of rupee debt remained at around 2 per cent. Composition of external debt stock at end-December 2003 is given in Figure 2.1.

**Figure 2.1: Composition of External Debt as at end-December 2003 (Share in per cent)**

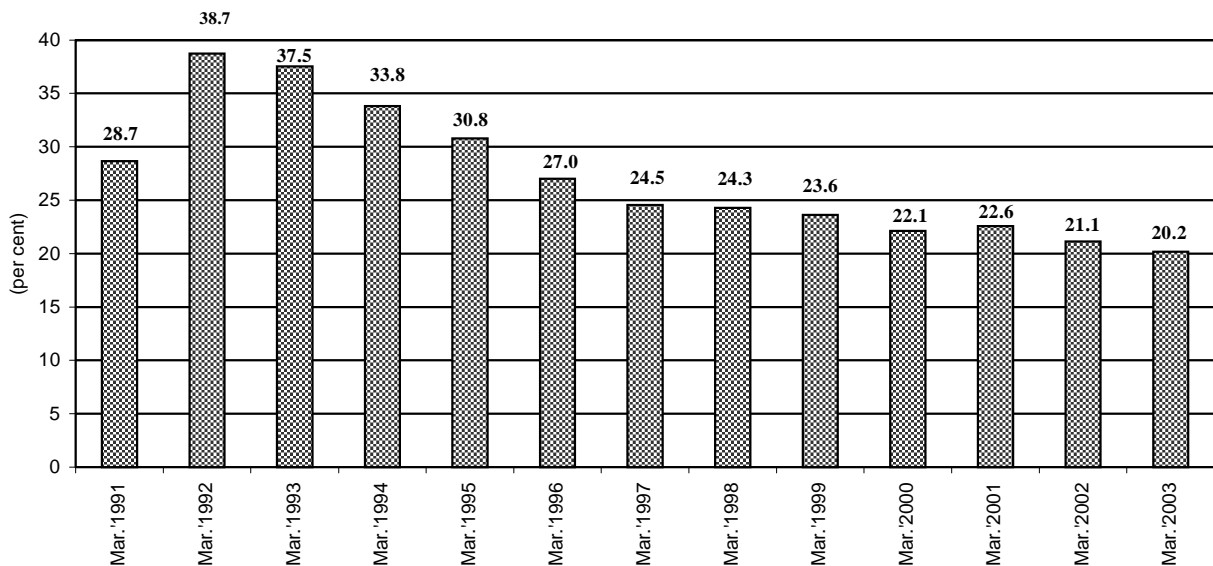


■ Multilateral ■ Bilateral ■ Export Credit ■ Commercial Debt ■ NRI Deposits ■ Rupee Debt ■ Short-term Debt

## 2.2 External Debt and GDP

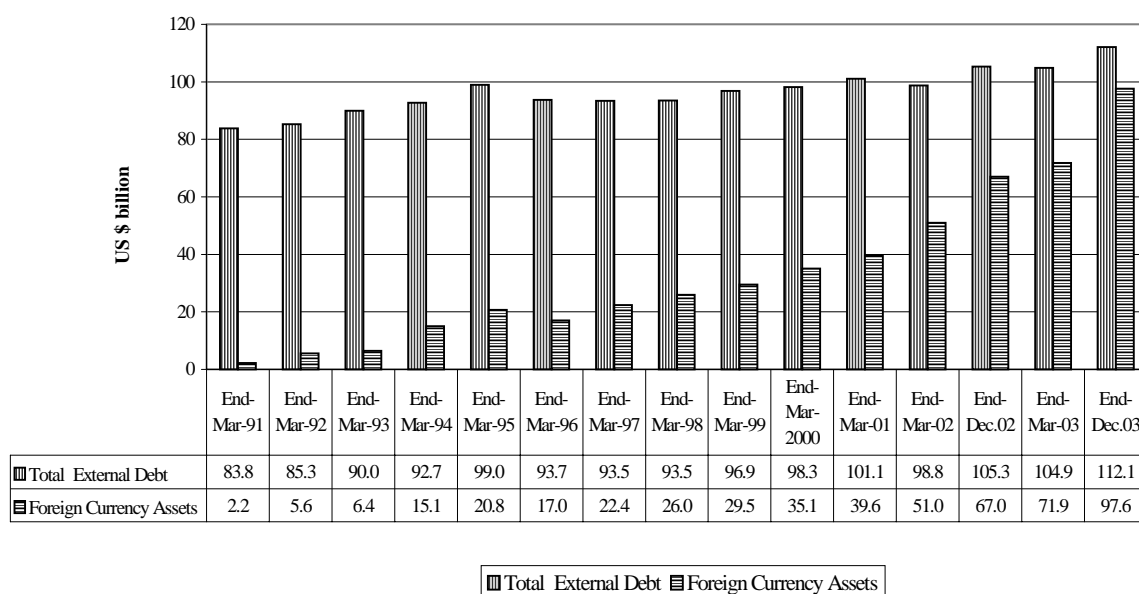
2.2.1 During the last decade, growth rate of Gross Domestic Product (GDP) at market prices was higher than the rate at which external debt stock increased. As a result, external debt to GDP ratio improved steadily over time from 28.7 per cent in 1990-91, after reaching the peak of 38.7 per cent in 1991-92, to 20.2 per cent during 2002-03 (Figure 2.2).

**Figure 2.2 : External Debt-GDP Ratio\***



\* : Debt-GDP ratio is based on external debt in Rupee terms as a proportion of GDP at current market prices.

**Fig 2.3. Total External Debt and Foreign Currency Assets**



## 2.3 External Debt and Foreign Currency Assets

2.3.1 India's foreign exchange reserves including foreign currency assets of the Reserve Bank of India, gold, SDRs, and Reserve Position in the IMF crossed US \$ 100 billion mark and stood at US \$ 103.2 billion as at the end of December 2003. The foreign currency assets of the Reserve Bank of India were of the order of US\$ 97.62 billion as on December 31, 2003 providing around 87 per cent cover for total external debt outstanding as on that date. Such cover was less than three per cent as at the end of March 1991. The increase in foreign currency assets of the Reserve Bank of India in the recent years was mainly on account of non-debt creating flows. Figure 2.3 exhibits the level of foreign currency assets and external debt from March, 1991 through December, 2003.

## 2.4 International Comparison<sup>1</sup>

### a) External Debt Stock

2.4.1 Among the top fifteen debtor countries of the world in the last decade, India improved her position from *third* after Brazil and Mexico in 1991 to *eighth* in 1995. In the year 2002 too, India stood eighth in the list of top fifteen debtor countries after Brazil, China, Russian Federation, Mexico, Argentina, Indonesia and Turkey.

<sup>1</sup> International comparison is drawn based on the World Bank data base. Therefore, data in respect of India may differ as between World Bank data source and those published by Indian authorities.

**Table 2.2: International Comparison - External Debt of Top Fifteen Countries, 2002**

Sl.No.	Country	Total External Debt (US \$ million)	Debt to GNP (ratio as per cent)
1	Brazil	227,932	52.5
2	China	168,255	13.4
3	Russian Federation	147,541	43.3
4	Mexico	141,264	22.6
5	Argentina	132,314	138.4
6	Indonesia	132,208	80.3
7	Turkey	131,556	72.7
8	India	104,429	20.7
9	Poland	69,521	37.2
10	Philippines	59,342	71.4
11	Thailand	59,211	47.6
12	Malaysia	48,557	54.9
13	Chile	41,945	68.1
14	Hungary	34,958	54.4
15	Colombia	33,853	43.3
<b><u>SAARC Countries</u></b>			
1	Pakistan	33,672	56.5
2	Bangladesh	17,037	34.2
3	Sri Lanka	9,611	58.9
4	Nepal	2,953	53.3
5	Bhutan	377	70.4
6	Maldives	270	44.8

Source: Global Development Finance 2004, The World Bank.

2.4.2 In terms of debt to GNP ratio, which shows the magnitude of external debt in relation to national income, India at 20.7 per cent was second lowest after China at 13.4 per cent (Table 2.2).

#### ***b) Change in Debt Stock***

2.4.3 Between 1990 and 2002, India increased its external debt by just around 25 per cent over that at the end of 1990, while most of the other indebted countries have either nearly or more than doubled their external debt. In fact, increase in India's external debt during this period was the least among major indebted countries (Figure 2.4).

**Table 2.3: International Comparison -Present Value (PV) and PV based ratios of Top fifteen debtor countries, 2002**

Sl.No.	Country	PV (US \$ million)	PV/GNP (per cent)	PV/XGS (per cent)	Indebtedness Classification	Income Classification
1	Brazil	242,257	48	336	Severe	Middle
2	China	161,498	14	50	Less	Middle
3	Mexico	154,543	26	82	Less	Middle
4	Russian Federation	148,599	50	122	Moderate	Middle
5	Argentina	139,764	66	393	Severe	Middle
6	Turkey	134,434	77	232	Severe	Middle
7	Indonesia	130,847	89	189	Severe	Low
8	India	82,903	17	103	Less	Low
9	Poland	66,561	38	122	Less	Middle
10	Philippines	61,272	77	136	Moderate	Middle
11	Thailand	58,174	49	69	Moderate	Middle
12	Malaysia	48,311	57	44	Moderate	Middle
13	Chile	41,651	63	173	Moderate	Middle
14	Colombia	36,211	46	204	Moderate	Middle
15	Hungary	32,799	62	82	Moderate	Middle
<b><u>SAARC Countries</u></b>						
1	Pakistan	26,462	45	201	Moderate	Low
2	Bangladesh	10,973	22	117	Less	Low
3	Sri Lanka	7,692	48	103	Moderate	Middle
4	Nepal	1,716	31	133	Moderate	Low
5	Bhutan	347	73	244	Severe	Low
6	Maldives	203	34	42	Less	Middle
<b>Income Classification</b>		<b>Indebtedness Classification</b>				
		<b>PV/XGS&gt;220 OR PV/GNP&gt;80</b>	<b>132&lt;PV/XGS&lt;220 OR 48&lt;PV/GNP&lt;80</b>	<b>PV/XGS&lt;132 and PV/GNP&lt;48</b>		
Low-Income:GNP per capita less than US\$ 735		Severely indebted low income countries	Moderately indebted low income countries	Less indebted low income countries		
Middle Income:GNP per capita between US\$ 736 and US\$ 9,075.		Severely indebted middle income countries	Moderately indebted middle income countries.	Less indebted middle income countries.		

Note: Sl.No. 1 to 15 indicate in descending order the rank of the top debtor countries in terms of Present Value of total debt service in 2002. The numerator in these ratios refers to 2002 data and Denominator refers to average of 2000, 2001 and 2002 data.

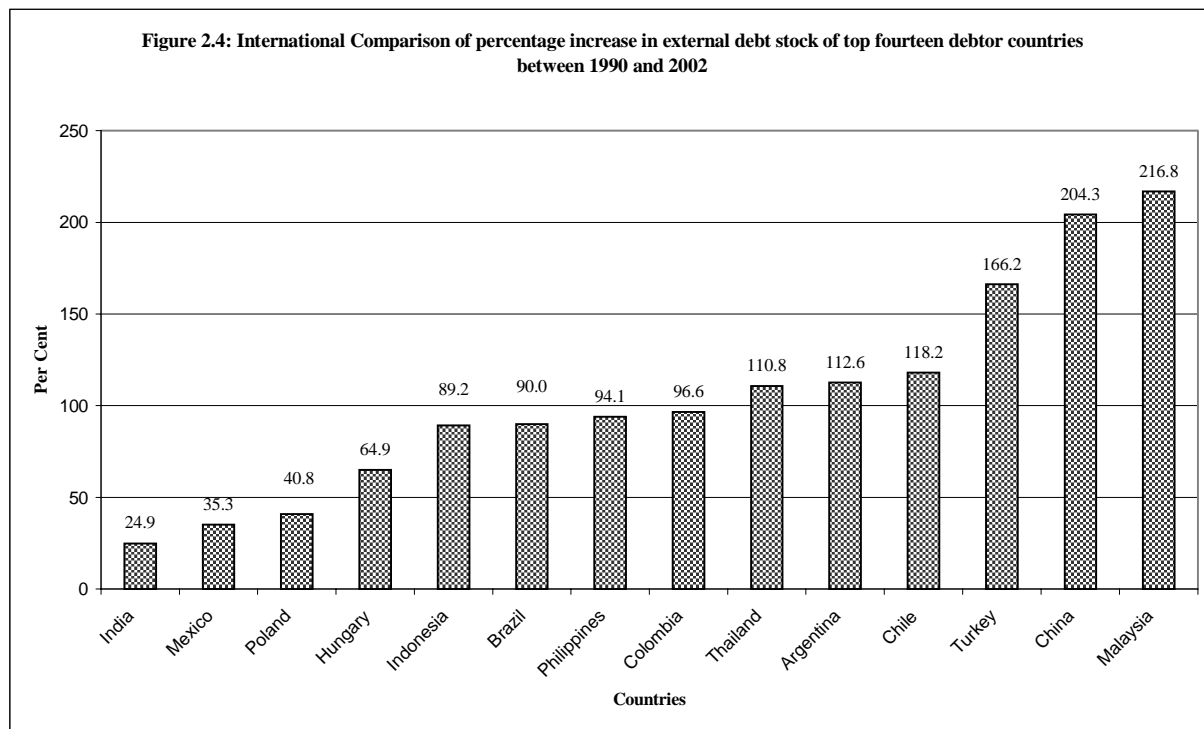
Source: Summary and Country Tables (Vol.II) of Global Development Finance, 2004, The World Bank.

### ***c) Present Value of External Debt***

2.4.4 The composition of debt in terms of commercial and non-commercial loans including concessional, varies across the countries. Inter-country comparison of debt in absolute terms disregarding the composition as well as terms and conditions of the debt outstanding, may not reflect proper measure of indebtedness. Present Value (PV) concept is, therefore, considered as a useful measure of indebtedness, which gives due weightage to share of concessional debt and is arrived at by discounting the future stream of debt service payments for individual loans by appropriate discount rates and aggregating such PVs for all loans.



2.4.5 Among the top fifteen debtor countries of the world, India enjoys the highest amount of concessional debt. PV of external debt of India is US \$ 82.9 billion vis-à-vis debt stock in absolute terms at US \$ 104.4 billion in the year 2002. India has maintained its position as *less indebted* country since 1999. India's PV to GNP ratio at 17 per cent is the second lowest and PV to Export of goods and Services (XGS) is comfortable as compared to some of the other indebted countries of the world (Table 2.3).



#### ***d) Indebtedness Classification***

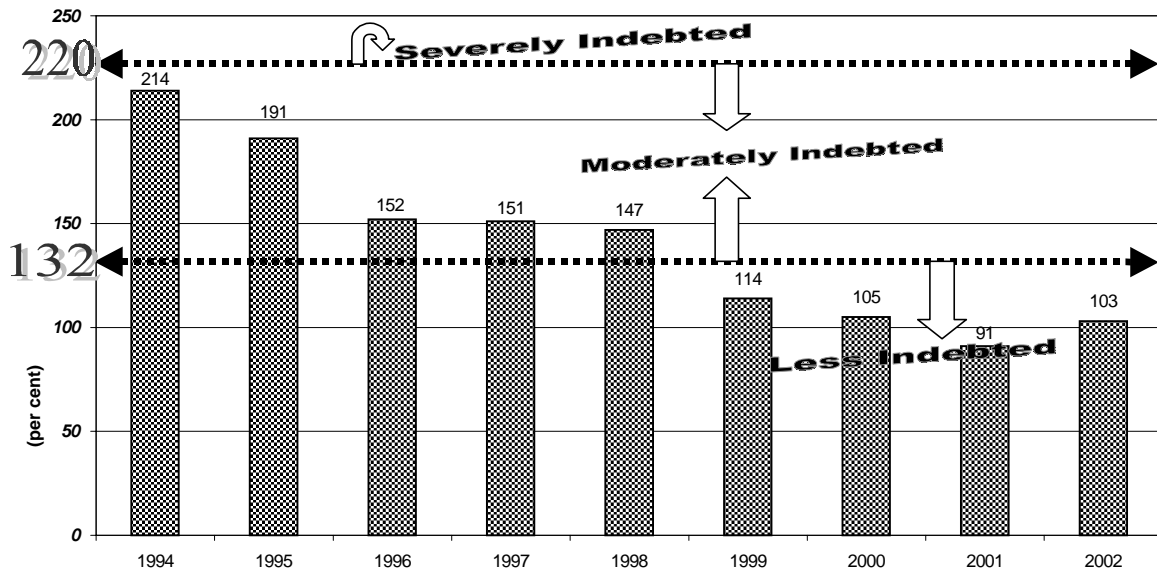
2.4.6 The World Bank classifies developing economies into three categories, i.e., severely, moderately and less indebted countries by relating PV to Gross National Product (GNP) and to XGS. PV takes into account the degree of concessionality to work out the *index of indebtedness* while GNP indicates income generation in an economy and XGS provides a measure of foreign exchange earnings. The extent of indebtedness is classified based on the ratio of PV of total debt service to XGS and PV of total debt service to GNP. If either of the ratios exceeds a critical value (220 per cent for PV of debt service to XGS and 80 per cent for PV of total debt service to GNP) the country is classified as severely indebted. If the critical value does not exceed but one of the ratios is three-fifths or less than the critical value (132 per cent for the PV of debt service to XGS and 48 per cent for PV of total debt service to GNP), the country is classified as moderately indebted. If both the ratios are less than *three fifths* of their respective critical values, the country is classified as less indebted.

2.4.7 Income classification of countries by the World Bank is based on GNP per capita. Countries with GNP per capita of less than US \$ 735 are classified as *low-income* countries, while those with GNP per capita between US \$ 736 and US \$ 9,075 are classified as *middle-income* countries.

2.4.8 Based on the World Bank's classification, Table 2.3 provides international comparison of indebtedness classification of the top 15 debtor countries. Brazil, Argentina and Turkey are classified as severely indebted middle-income countries, while Indonesia as severely indebted low-income country. Moderately indebted middle-income countries include Russian Federation, Thailand, Philippines, Malaysia, Chile, Hungary and Colombia. While China, Mexico and Poland are classified as *less indebted* middle-income countries, India joined the category of *less indebted* low-income country.

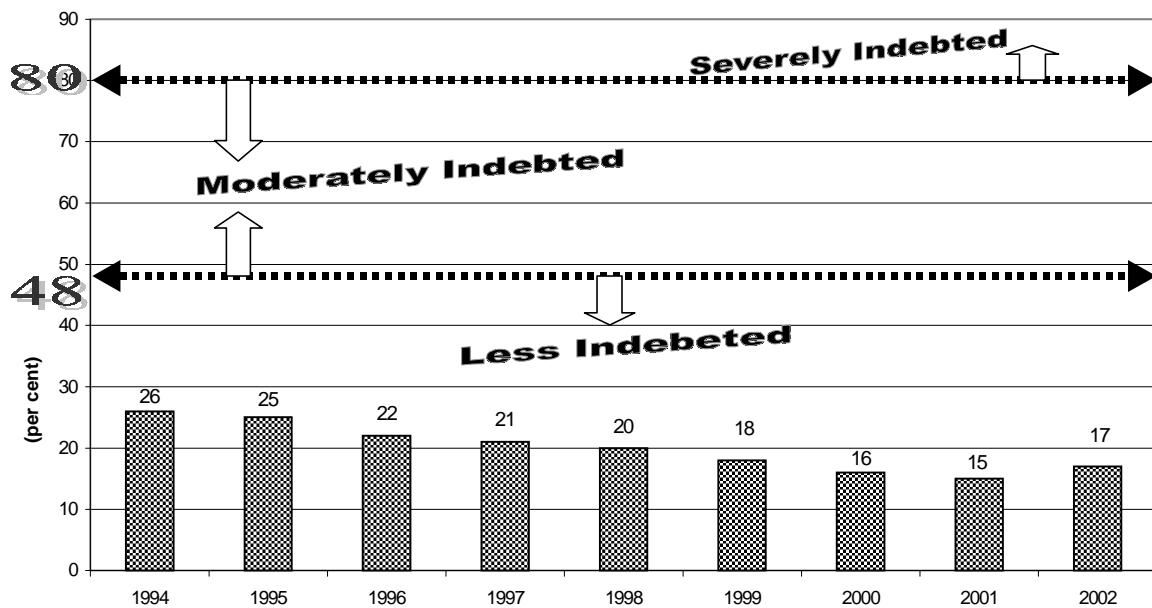
2.4.9 In 1999, India was upgraded to less indebted country category from a moderately indebted country as a result of the considerable improvement in the indebtedness position during the last decade. Figure 2.5 shows the improvement in the ratio of PV of debt service to XGS between 1994 and 2002. The ratio in 1994 at 214 per cent was close to the *severely* indebted benchmark of 220 per cent which steadily improved thereafter. Figure 2.6 provides the ratio of PV to GNP for India from 1994 to 2002.

Figure 2.5 : PV/XGS Ratio for India during 1994-2002



Source : Global Development Finance, 2004, The World Bank.

Figure 2.6 : PV/GNP Ratio for India during 1994-2002



Source : Global Development Finance, 2004, The World Bank.

### 3. SHORT-TERM DEBT

#### 3.1 Short-term debt by original maturity

3.1.1 Monitoring of short-term external debt is an essential component of debt management as external sector becomes vulnerable if short-term debt increases. The short-term debt in India has been maintained within a reasonable level. The stock of short-term debt declined from US \$ 8.5 billion as at end-March 1991 to US \$ 2.7 billion as on March 31, 2002. However, short-term debt rose to US \$ 4.6 billion at end March, 2003 and further to US \$ 5.8 billion as on December 31, 2003 which showed a rise of little over 50 per cent as compared to the level of US \$ 3.8 billion as at end-December 2002. The increase in short-term debt during the last year was due to increase in trade credits. Trade related credits expanded during 2003-04 reflecting larger import growth. The other component of short-term debt namely NRI deposits recorded a decline in line with RBI's policy of discontinuation of short-term NRERA Scheme.

3.1.2 Trade credit includes buyers' credit of all maturities and suppliers' credit of more than 180 days up to one year. In India, there is a policy induced thrust to monitor short-term debt and keep it within manageable limits. Following the recommendations of Report of High Level Committee on Balance of Payments (1993, Chairman: C. Rangarajan) short-term credits are allowed strictly for import purposes. Table 3.1 shows component-wise details of short-term debt by original maturity for the period from 1991 to end-December 2003.

**Table 3.1: Short-term Debt by Original Maturity**

*(US \$ million)*

Short-term Debt Components	End-March						End-December		
	1991	1996	1998	1999	2001	2002	2003 R	2002 R	2003 P
NRI Deposits <sup>1</sup>	3,577	2,883	2,192	2,086	957	968	1,962	1,747	950
FC(B&O)D <sup>2</sup>	167	0	0	0	0	0	0	0	0
Trade Credits <sup>3</sup> :	4,800	2,151	2,854	2,188	2,671	1,777	2,607	2,090	4,823
Total	8,544	5,034	5,046	4,274	3,628	2,745	4,569	3,837	5,773

1: Short-term external debt components of NRI Deposits comprised of Foreign Currency Non-Resident Accounts, [FCNR(A)]; Foreign Currency Non-Resident Bank Deposits, [FCNR(B)]; and Non-Resident External Rupee Account [NR(E)RA]. At the end of March 2001, deposits of less than one year maturity on Non-Resident External Rupee Account, [NR(E)RA] is the only short-term external debt component under NRI deposit scheme that is available for investment by NRIs. Short-term deposits of less than one-year maturity on Foreign Currency Non-Resident Accounts, [FCNR(A)], were withdrawn from May 15, 1993. Short-term deposits with a maturity of less than one year of Foreign Currency Non-Resident Bank Deposits, [FCNR(B)], were withdrawn.

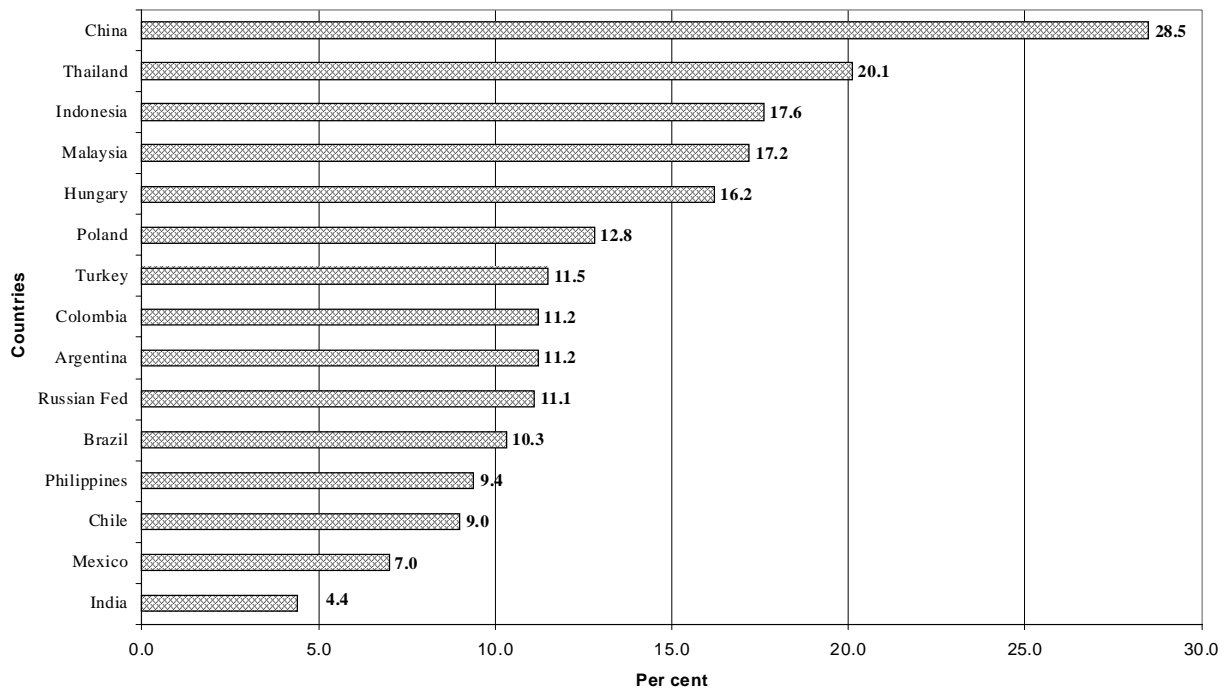
2: Foreign Currency (Banks and Others) Deposits were discontinued effective July 1993.

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

R: Revised; P: Provisional.

3.1.3 The ratio of short-term debt to total debt which had recorded a sharp decline from 10.2 per cent in 1991 to 4.4 per cent as at end-March 2003 edged up to 5.1 per cent as at the end of December 2003. Similarly, short-term debt as a per centage of GDP which was at 3 per cent in 1991 came down to 0.9 per cent as at end-March 2003. Ratio of short-term debt to foreign currency assets also recorded a significant decline from a level of 382.1 per cent in 1991 to as low as 5.9 per cent at end-December 2003.

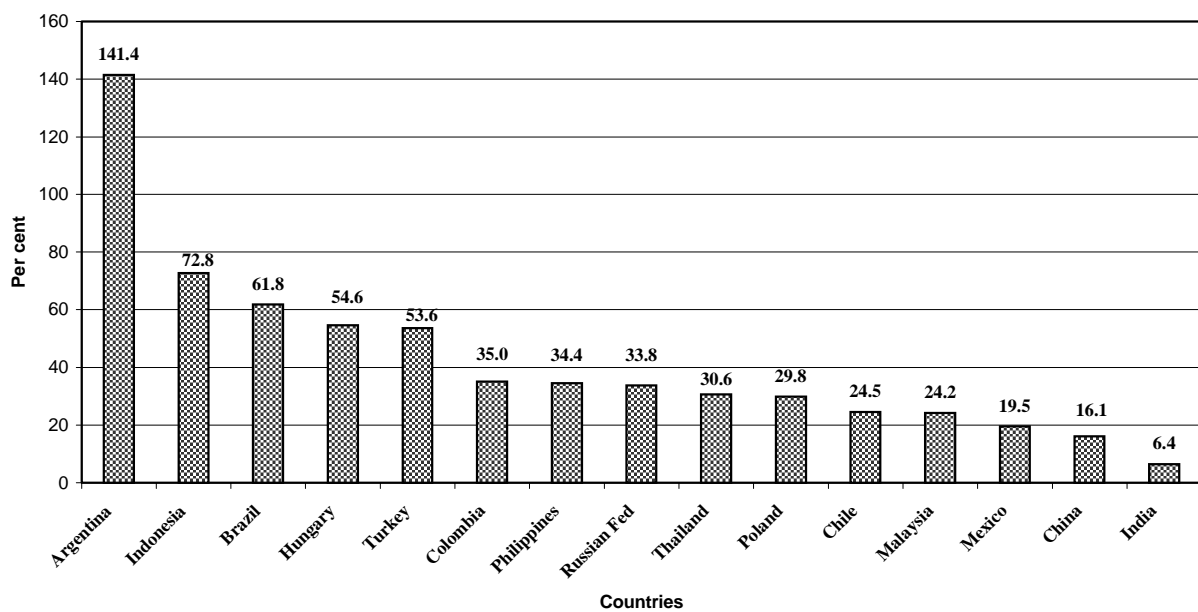
**Figure 3.1: International Comparison-Proportion of Short term debt to Total External Debt, 2002**



3.1.4 Figure 3.1 provides a comparative picture of proportion of short-term to total external debt for top fifteen debtor countries of the world at the end of 2002 as per Global Development Finance, 2004. Proportion of India’s short-term debt to total external debt at 4.4 per cent was the lowest in 2002.

3.1.5 Figure 3.2 gives a comparative picture of top fifteen debtor countries in terms of proportion of short-term debt to foreign exchange reserves for the year 2002. The proportion of short-term debt to forex reserves was the lowest for India at 6.4 per cent followed by China at 16.1 per cent.

**Figure 3.2: International Comparison-Proportion of Short Term External Debt to Total Foreign Exchange Reserves, 2002**



### 3.2 Short-term debt by residual maturity

3.2.1 The debt profile could be built in two ways, one, using original maturity concept and the other, on the basis of residual maturity. The conventional method of debt management focused on original maturity. However, South East Asian crisis underscored the importance of monitoring debt with residual maturity. Short-term debt by residual maturity comprises all the components of short-term debt with original maturity of up to one year, and amounts falling due under medium & long-term debt by original maturity during one year reference period. This is essential to monitor major part of debt-service payments and to manage effectively the cash-flow of foreign exchange in order to minimise external liquidity mismatch.

**Table 3.2 : External Debt by Residual Maturity up to One Year**

*(US \$ million)*

Short-term Debt Components	End-March							End-December			
	1991	1996	1998	1999	2000	2001	2002 R	2003 R	2002 R	2003 P	
1. Short term debt by original maturity	8,544	5,034	5,046	4,274	3,936	3,628	2,745	4,569	3,837	5,773	
2. Long-term debt obligations maturing within one year	4,705	8,229	6,723	7,059	8,359	6,776	11,530	12,627	14,958	6,987	
3. External debt by residual maturity up to 1 year (1+2)	13,249	13,263	11,769	11,333	12,295	10,404	14,275	17,196	18,795	12,760	
	<b>Ratios</b>										
Per cent of GDP	4.2	3.7	2.9	2.7	2.8	2.3	2.9	3.2			
Per cent to Total External Debt	15.8	14.2	12.6	11.7	12.5	10.3	14.4	16.4	17.9	11.4	
Per Cent to Foreign Currency Assets	592.5	77.8	45.3	38.4	35.1	26.3	27.9	23.9	28.1	13.1	

Note: Data on External debt with residual maturity are actuals for the years up to March 2002 including those for end-December 2002. These are projected for end-March 2003 and end-December 2003

R: Revised P: Provisional

3.2.2 Estimates of short-term debt by residual maturity are given in Table 3.2. The short-term debt by residual maturity registered an increase from US \$ 10.4 billion at end-March 2001 to US \$ 17.2 billion at end-March 2003 as redemption of RIBs fell due in October, 2003 and moderated to US \$ 12.8 billion at end-December 2003. However, these do not include suppliers' credits of less than 180 days that are not captured on account of exemption from approval. NRI deposits of more than one year maturity are also not included as complete maturity profile of these deposits is not available. Other component which is not included here is short-term component of FII exposure in debt instruments (Box 3.1).

### Box 3.1: FII Investment in Debt Instruments

One of the shortcomings of the short-term debt statistics in Indian context has been the exclusion of short-term component of FII investment in debt securities for want of necessary details as highlighted in the earlier issues of Status Report.

The Report of the Institutional Development Finance (IDF) Project of the World Bank on Short-term Debt had recommended, *inter alia*, that the data on FII investment in debt securities broken-up into short-term and long-term maturities be collected and incorporated under appropriate heads in our external debt statistics.

Accordingly, an attempt has been made to collect the necessary details. The Securities and Exchange Board of India (SEBI) which tracks FII investment in Indian capital market furnished data on FII investment outstanding in Government/Corporate Securities bifurcated into long-term and short-term components for end-December 2003. The total debt outstanding under FII investment was US \$ 1219.95 million as on 31.12.2003. Of this, long-term debt was only US \$ 72.48 million, the short-term debt component worked out to US \$ 1147.47 million. The short-term component constituted about 94.1 per cent of the total FII investment in debt instruments. The exposure of FIIs in debt securities was for the most part confined to Government Treasury Bills (Table 3.3). At present, all FII investment in debt securities valued at acquisition cost is treated as long-term and included under commercial borrowing against securitized borrowing.

**Table 3.3: FII investment in debt securities-outstanding\***

As on Dec. 31, 2003	Rupees Crore	US \$ million
1. LONG TERM DEBT (above one year maturity)	329.92	72.48
a) Investment in Govt. Dated Securities	127.81	28.08
b) Corporate Debt Instruments	202.10	44.40
2. SHORT TERM DEBT (up to one year maturity)	5223.29	1147.47
a) Treasury Bills	5023.29	1103.53
b) Others	200.00	43.94
<b>3. GRAND TOTAL (1+2)</b>	<b>5553.20</b>	<b>1219.95</b>

\* At face value.

## 4. CLASSIFICATION OF DEBT STOCK

External debt statistics could be classified into several categories depending upon the analytical need. India's external debt is classified according to creditor and borrower classification as well as based on terms and conditions to measure the extent of concessionality. External debt outstanding is also categorised as Government and non-Government as well as debt owed to official and private creditors. Currency composition and instrument wise grouping are other important classifications of external debt.

### 4.1 Creditor-wise Classification

4.1.1 Creditor-wise classification of debt outstanding indicates divergent trends in the behaviour of major categories of external debt over the last decade. Multilateral debt rose progressively from US \$ 20.9 billion as at the end of March 1991 to US \$ 31.9 billion as at end-March 2002 before declining to US \$ 30.6 billion as on December 31, 2003. While borrowings from the IMF were entirely liquidated in the last decade, bilateral debt at US \$ 17.9 billion as at the end of December 2003 showed an increase of US\$ 3.7 billion as compared to that of US \$ 14.2 billion as at end-March 1991. Although there were variations in the intervening years, export credit outstanding did not show significant change between March 1991 and December 2003. Commercial borrowings rose from US \$ 10.2 billion in 1991 to US \$24.2 billion in 2001 and thereafter declined gradually to reach the level of US \$ 20.6 billion as at the end of December 2003. Rupee Debt component of external debt has declined while NRI deposits have increased. Short-term debt which had declined over the decade recorded an upward trend in the recent years (Table 4.1).

**Table 4.1 : External Debt Outstanding by Creditor Category**

Category	<i>(US \$ million)</i>								
	End-March							End-December	
	1991	1996	1998	1999	2001	2002	2003 R	2002R	2003 P
I. Multilateral	20,900	28,616	29,553	30,534	31,105	31,898	29,994	32,565	30,558
II. Bilateral	14,168	19,213	16,969	17,499	15,974	15,323	16,815	16,619	17,942
III. IMF	2,623	2,374	664	287	0	0	0	0	0
IV. Export Credit	4,301	5,376	6,526	6,789	5,923	5,368	4,974	5,052	4,773
V. Commercial Debt	10,209	13,873	16,986	20,978	24,215	23,227	22,540	22,590	20,582
VI. NRI Deposits	10,209	11,011	11,913	11,794	16,568	17,154	23,160	21,849	29,867
VII. Rupee Debt	12,847	8,233	5,874	4,731	3,719	3,042	2,818	2,801	2,635
A. Total Long Term Debt	75,257	88,696	88,485	92,612	97,504	96,012	100,301	101,476	106,357
B. Short-term Debt	8,544	5,034	5,046	4,274	3,628	2,745	4,569	3,837	5,773
Grand Total	83,801	93,730	93,531	96,886	101,132	98,757	104,870	105,313	112,130
	(per centage of total debt)								
i) Share of official creditors*	63.5	64.2	58.1	56.0	51.3	51.9	48.4	50.4	46.6
ii) Share of private creditors	36.5	35.8	41.9	44.0	48.7	48.1	51.6	49.6	53.4

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

\*: *The term official creditors include Multilateral, Bilateral, IMF, Export Credit component of bilateral credit as well as for defence purchases and Rupee Debt.*

R: *Revised* P: *Provisional*

4.1.2 In terms of their share in the total external debt, multilateral debt declined to 27.3 per cent at end-December 2003 from 31.5 per cent at end-March 1999. During this period, the share

of bilateral debt dropped from 18.1 per cent to 16.0 per cent, export credit from 7 per cent to 4.3 per cent, commercial borrowings from 21.7 per cent to 18.3 per cent and rupee debt from 4.9 per cent to 2.3 per cent. The share of long-term component of NRI deposits and short-term debt rose from 12.2 per cent to 26.6 per cent and 4.4 per cent to 5.1 per cent, respectively. At end-December 2003, the share of bilateral debt in total debt marginally increased by 0.2 per centage points and that of NRI deposits and short-term debt rose by 5.9 and 1.5 per centage points, respectively. All other components showed decline over the year in terms of their share in total debt.

4.1.3 Table 4.1 reveals that over the years share of official creditors in total external debt stock has been declining; while that of private creditors has been growing. In 1991, the share of private creditors in the total debt outstanding was roughly one-third which rose gradually to more than a half in 2003, while the ratio of official creditors moved in the opposite direction.

## 4.2 Concessional Debt

4.2.1 Loans from International Development Association (IDA) of World Bank, International Fund for Agriculture Development (IFAD), and Organization of Petroleum Exporting Countries (OPEC), which have long maturity and relatively low interest rate/service charges are treated as concessional. The loans from other multilateral sources, such as the IBRD, ADB etc., however, are on the terms close to market rates and are, therefore, classified as non-concessional. All Government borrowings from bilateral sources (except dollar denominated debt from Russia) are classified as concessional. Rupee debt, which is serviced through exports, is also treated as concessional.

4.2.2 Over the years, external debt stock has shown a structural change in terms of composition. Concessional debt declined mainly on account of shrinking share of official creditors and share of Government debt which are mostly on concessional terms. Table 4.2 gives the share of concessional debt in total external debt of the country.

**Table 4.2 : Share of Concessional Debt**

Category	End-March							End-December	
	1991	1996	1998	1999	2001	2002	2003 R	2002R	2003 P
	(US \$ billion)								
Concessional debt	38.43	41.94	36.94	37.26	35.89	35.52	38.61	37.99	40.81
Total External Debt	83.80	93.73	93.53	96.89	101.13	98.76	104.87	105.31	112.13
	(per cent)								
Concessional debt as share of total debt	45.9	44.8	39.5	38.5	35.5	36.0	36.8	36.1	36.4

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

P : Provisional      R : Revised

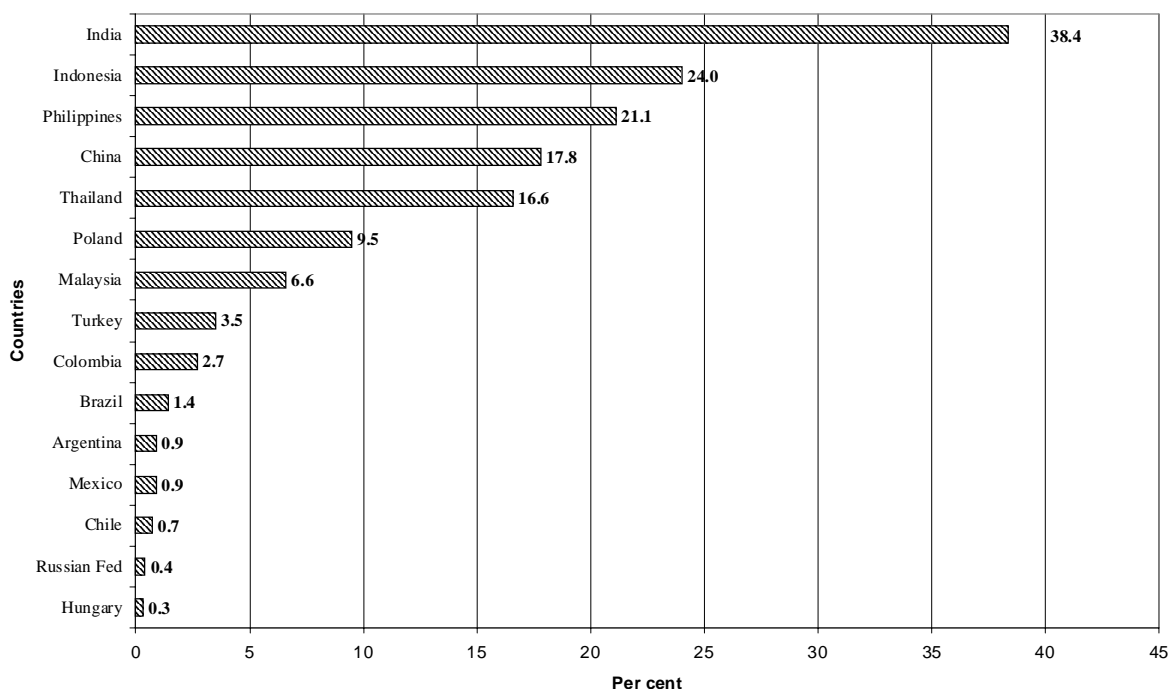
4.2.3 The share of concessional debt to total debt, which was around 46 per cent in 1991 came down to 36.4 per cent as at end December, 2003. However, over the year, concessional debt in total debt stock has improved marginally by 0.3 percentage points from that at the end of December 2002.

4.2.4 Despite the declining trend, India's share of concessional debt continues to be high by international standards. Figure 4.1 shows that India's share of concessional debt to total debt at



38.4 per cent was the highest among the top fifteen debtor countries in 2002 followed by Indonesia at 24 per cent, based on Global Development Finance, 2004, World Bank.

Figure 4.1: International Comparison-Proportion of Concessional Debt to Total External Debt, 2002



### 4.3 Borrower-wise Classification

4.3.1 Under the borrower category, debt is classified as Government and non-Government debt. Government debt includes borrowings from multilateral and bilateral sources on Government account, IMF, defence debt and FII investment in Government debt securities. All others including short-term debt are shown as a part of non-Government debt. Debt of defence PSUs is shown as part of non-Government debt since 1996. The proportion of Government debt to total external debt that exhibited an increasing trend during the first half of the last decade has declined steadily in the recent years. Share of Government debt to total debt, which was 59.6 per cent at end-March 1991 gradually declined to 47.6 per cent at end-March 1999 and further to 40.7 per cent at end-December 2003. This ratio was 43.5 per cent as at the end of December 2002. Correspondingly, the share of non-Government debt expanded from 40.4 per cent at end-March 1991 to 59.3 per cent at end-December 2003 (Table 4.3).

Table 4.3: External Debt by Borrower Classification

(US \$ million)

Category	End-March									End-December	
	1991	1996	1998	1999	2000	2001	2002	2003 R	2002R	2003 P	
I. Govt. Debt	49,957	53,095	46,520	46,137	46,852	44,027	43,619	43,717	45,838	45,647	
Of which long-term	59.6	56.6	49.7	47.6	47.7	43.5	44.2	41.7	43.5	40.7	
1 Govt. A/c.	33,744	43,360	40,805	41,896	42,823	40,727	40,965	41,216	43,486	42,488	
2 Other Govt. Debt	16,213	9,735	5,715	4,241	4,029	3,300	2,654	2,501	2,352	3,159	
II. Non-Govt. Debt	33,844	40,635	47,011	50,749	51,411	57,105	55,138	61,153	59,475	66,483	
Of which long-term	40.4	43.4	50.3	52.4	52.3	56.5	55.8	58.3	56.5	59.3	
A. Of which long-term	25,300	35,601	41,965	46,475	47,475	53,477	52,393	56,584	55,638	60,710	
1 Financial Sector*	-	-	20,113	23,699	25,102	32,661	32,367	37,063	36,013	39,298	
2 Public Sector**	-	-	9,753	9,284	9,316	9,024	8,228	7,084	7,349	7,474	
3 Private Sector***	-	-	12,099	13,492	13,057	11,792	11,798	12,437	12,276	13,938	
B. Of which short-term:	8,544	5,034	5,046	4,274	3,936	3,628	2,745	4,569	3,837	5,773	
III. Total External Debt	83,801	93,730	93,531	96,886	98,263	101,132	98,757	104,870	105,313	112,130	
	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	

R : Revised P : Provisional

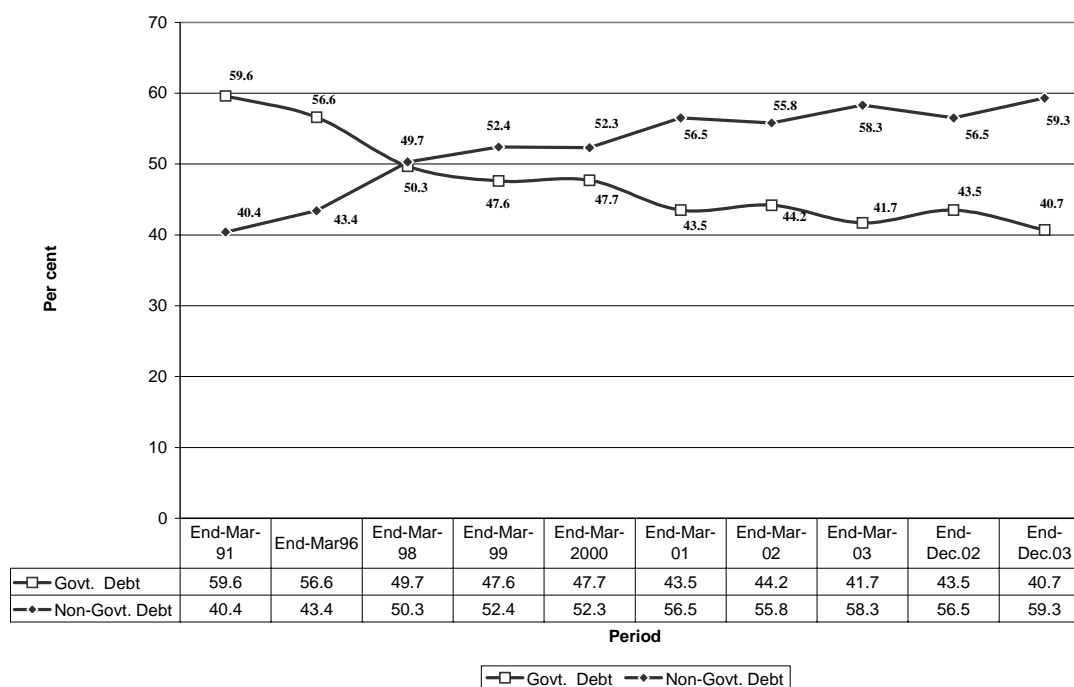
\* : Financial Sector debt represents borrowings by commercial banks and financial institutions. Long term NRI Deposits are included in the financial sector.

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

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

4.3.2 Figure 4.2 gives a chronological movement of share of Government and non-Government debt since end-March 1991 to end-December 2003.

Figure 4.2: Share of Government & Non-Government External Debt



4.3.3 Breakup of non-Government debt into financial, public and private sectors is also provided in Table 4.3. The financial sector, which borrows for on-lending purposes, accounted for 51 per cent of total non-Government long-term debt at end 1999, its share went up to 64.7 per cent at end-December 2002 and remained same as at the end of December 2003. The expansion is attributed to the bond issuance under India Millennium Deposits of US \$ 5.52 billion in November 2000 and increase in deposits in NRE account owing to discontinuance of NR(NR)RD scheme with effect from April 1, 2002 by converting it into NREA. Borrowings of both public and private sectors in non-financial sector declined during this period.

#### 4.4 Instrument-wise Classification

4.4.1 Instrument-wise classification such as Bonds and Notes, Loans, Trade Credit and Deposits under Borrower as well as Creditor category of outstanding long-term external debt at end-December 2003 are provided in Table 4.4.

4.4.2 As at the end of December 2003, Government sector debt comprised 'Loans' for the most part ( 95.2 per cent). Debt outstanding under Financial Sector consisted of Deposits to the extent of 76 per cent. Non-financial Public Sector and Non-Financial Private Sector relied heavily on loans which accounted for 93.6 and 84.7 per cent, respectively of total long-term debt outstanding as at end-December 2003 under these sectors.

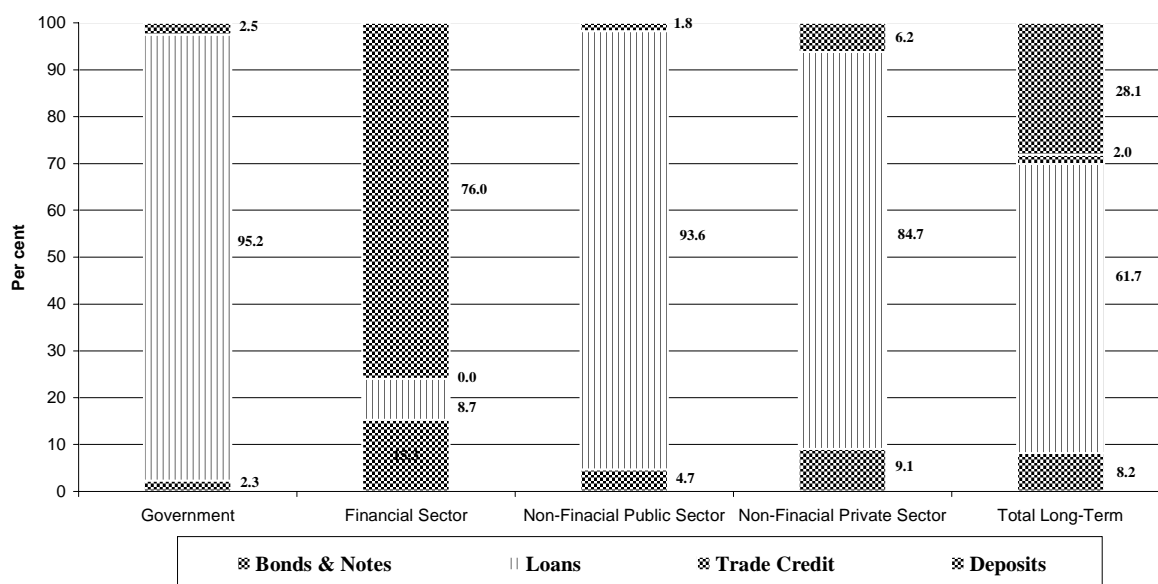
**Table 4.4: Instrument-wise Classification of Long Term External Debt Outstanding as at end-December 2003**

(US \$ million)

Borrower	Creditor	Instruments				Total
		Bonds & Notes	Loans	Trade Credit	Deposits	
I	Government:	1058	43434	1155	0	45647
	1. Multilateral	0	27734	0	0	27734
	2. Bilateral	0	13386	0	0	13386
	3. IMF	0	0	0	0	0
	4. Export Credit	0	0	1155	0	1155
	5. Commercial	1058	0	0	0	1058
	6. Rupee Debt	0	2314	0	0	2314
II	Financial Sector:	6012	3419	0	29867	39298
	1. Multilateral	0	639	0	0	639
	2. Bilateral	0	1445	0	0	1445
	3. Export Credit	0	19	0	0	19
	4. Commercial	6012	1316	0	0	7328
	5. NRI Deposits	0	0	0	29867	29867
III	Non-Financial Public Sector:	349	6994	131	0	7474
	1. Multilateral	0	2074	0	0	2074
	2. Bilateral	0	2521	0	0	2521
	3. Export Credit	0	542	131	0	673
	4. Commercial	349	1536	0	0	1885
	5. Rupee Dept	0	321	0	0	321
IV	Non-Financial Private Sector:	1269	11805	864	0	13938
	1. Multilateral	0	111	0	0	111
	2. Bilateral	0	590	0	0	590
	3. Export Credit	0	2061	864	0	2925
	4. Commercial	1269	9043	0	0	10312
V	Total Long-Term Debt:	8688	65652	2150	29867	106357
	1. Multilateral	0	30558	0	0	30558
	2. Bilateral	0	17942	0	0	17942
	3. IMF	0	0	0	0	0
	4. Export Credit	0	2622	2150	0	4772
	5. Commercial	8688	11895	0	0	20583
	6. NRI Deposits	0	0	0	29867	29867
	7. Rupee Debt	0	2635	0	0	2635

4.4.3 As on December 31, 2003, the share of Loans in total long-term external debt outstanding accounted for 61.7 per cent, followed by Deposits 28.1 per cent, Bonds and Notes 8.2 per cent and Trade Credit 2 per cent.

**Figure 4.3: Long Term External Debt as at end-December, 2003 - Instruments by Borrower Category**



## 4.5 Currency composition

4.5.1 US dollar, as in the past, dominated the currency composition of India's external debt. The share of US dollar in the debt stock of the country which had risen to 55.1 per cent at end-March 2001 declined to 41.6 per cent as at the end of December 2003. Other important currency components were Special Drawing Rights (SDR), Rupee, Japanese Yen, Euro and Pound Sterling, which together accounted for 57.8 per cent of the total debt. Table 4.5 provides currency-wise exposure of external debt.

**Table 4.5 Currency Composition of External Debt**

(Per cent)

Currency	End-March					End-December	
	1994	2000	2001	2002	2003 R	2002 R	2003 P
US Dollar @	41.4	51.4	55.1	54.3	46.4	49.1	41.6
SDR	14.9	13.2	12.9	14.1	15.3	14.8	15.6
Indian Rupee	14.8	11.6	12.2	11.9	17.2	15.6	21.4
Japanese Yen	13.7	12.7	10.1	10.2	10.8	10.5	11.3
Deutsche Mark	6.3	-	-	-	-	-	-
French Franc	1.8	-	-	-	-	-	-
Netherlands	1.1	-	-	-	-	-	-
Euro*	-	6.9	5.8	5.7	6.3	5.9	6.4
Pound Sterling	3.3	2.9	2.9	2.9	3.1	3.1	3.1
Canadian Dollar	0.7	0.5	0.4	0.4	0.4	0.4	0.1
Others	2.0	0.8	0.6	0.5	0.5	0.6	0.5
Total	100	100	100	100	100	100	100

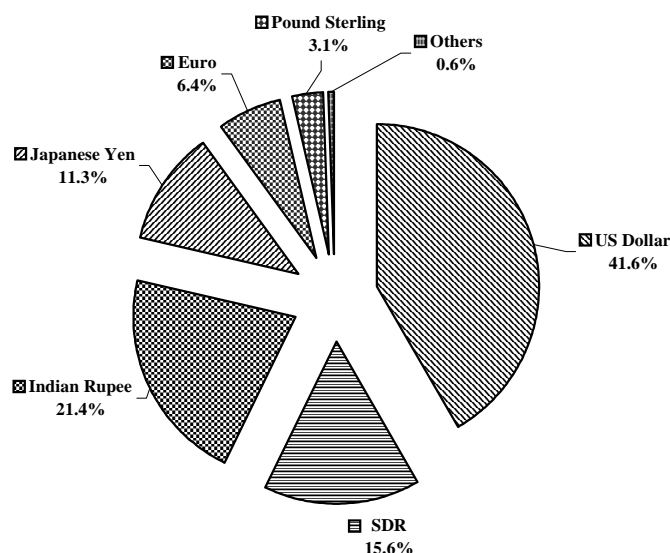
@ US Dollar share has an upward bias because IBRD and ADB pooled loans are considered as US Dollar loans.

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

R: Revised P: Provisional

4.5.2 Figure 4.4 shows the currency composition of India's external debt at end-December 2003.

**Figure 4.4 : Currency Composition of External Debt as at end-December 2003**



## 4.6 Valuation Changes

4.6.1 The US dollar is the commonly used numeraire currency in the case of external debt data. External debt of a country, however, has many constituent currencies. Variation in their exchange rate vis-à-vis US dollar affects the aggregate value of debt in US dollar terms. Between end-December 2002 and end-December 2003, the US dollar depreciated against all the currencies in external debt basket resulting in increase in our external debt numbers for December, 2003 in terms of US dollars by US \$ 5,690 million (Table 4.6). In fact, rise in India's external debt between end-December 2002 and end-December 2003 amounted to US \$ 6817 million, of which mere valuation changes resulting from the weakening of US dollar accounted for 83.47 per cent.

**Table 4.6: External Debt Outstanding at end December,2003 in US dollar terms- Valuation Effect**

*(Figures in million)*

<b>Currency</b>	<b>Debt outstanding at end-Dec.2003 (Foreign Currency)</b>	<b>Debt outstanding as on Dec.31 2003 at end-Dec.03 exchange rates (US\$)</b>	<b>Debt outstanding as on Dec 31, 2003 at end-Dec. 2002 exchange rates (US\$ )</b>	<b>Difference (3-4) {Increase in debt due to valuation changes} (US\$)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
US Dollar	46,672	46,672	46,672	0
SDR	11,778	17,500	16,011	1,489
Indian Rupees	1,093,897	23,984	22,775	1,209
Japanese Yen	1,355,051	12,652	11,302	1,350
Euro	5707	7,208	5985	1,223
Pound Sterling	1,957	3,493	3,154	339
Swiss Franc	451	365	325	40
Canadian Dollar	189	146	120	26
Swedish Krona	206	29	23	6
Norwegian Kroner	265	40	38	2
Australian Dollar	17	12	9	3
Singapore Dollar	22	13	12	1
Danish Kroner	71	12	10	2
Kuwaiti Dinar	Negligible	1	1	0
Others(US Dollar)	3	3	3	0
<b>Total :</b>		<b>112,130</b>	<b>106,440</b>	<b>5,690</b>

**Note:** Exchange rate of US dollar vis-à-vis other foreign currencies is taken from International Financial Statistics, IMF, April, 2004

## 5. DEBT SERVICING

### 5.1 Debt Service Payments

5.1.1 A regular monitoring of debt service obligations becomes important from the angle of both managing cash-flow of foreign currency as well as gauging the preemption of external current receipts by principal and interest payments on external loans. In the past, India as a sovereign country honoured its commitment of debt servicing even during difficult times. The sound track record of debt servicing and optimal external debt management strategy has strengthened the debt indicators and resulted in improvement in credit rating.

5.1.2 In absolute terms, external debt service payments<sup>2</sup> which amounted to around US \$ 9 billion in 1990-91 reached a peak of US \$ 13 billion in 1995-96 and remained thereafter in the range of US \$ 11 to 13 billion up to 2001-02. Total debt service payments rose to US \$ 15 billion in 2002-03 and amounted to US \$ 14 billion during April-December, 2003 mainly because of prepayments of high cost loans and redemption of RIBs. Time series data on debt service payments from end-March 1991 to end-December 2003 are given in Annex 5.

**Table 5.1 : India's External Debt Service Payments**

(US \$ million)

	April-March							April-December		
	1990-91	1995-96	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2002	2003
1. External Assistance@	2,315	3,691	3,229	3,270	3,057	3,444	3,225	7,165	3,303	4,455
Principal	1,187	2,192	1,966	2,051	1,941	2,338	2,150	6,037	2,513	3,720
Interest	1,128	1,499	1,263	1,219	1,116	1,106	1,075	1,128	790	735
2. External Commercial										
Borrowing#	3,414	5,248	4,934	5,070	5,800	7,073	5,563	6,186	4,809	8,859
Principal	2,004	3,868	3,550	3,477	4,147	5,378	4,107	5,019	3,886	7,033
Interest	1,410	1,380	1,384	1,593	1,653	1,695	1,456	1,167	923	1,826
3. I.M.F.	778	1,860	667	419	267	26	0	0	0	0
Principal	644	1,715	618	393	260	26	0	0	0	0
Interest	134	145	49	26	7	0	0	0	0	0
4. NRI Deposits	1282	1,247	1,807	1,643	1,708	1,661	1,556	1,269	982	741
Interest	1282	1,247	1,807	1,643	1,708	1,661	1,556	1,269	982	741
5. Rupee Debt Service	1,193	952	767	802	711	617	519	474	358	304
Principal	1,193	952	767	802	711	617	519	474	358	304
Total Debt Service (1to5)	8,982	12,998	11,404	11,204	11,543	12,821	10,863	15,094	9,452	14,359
Principal	5,028	8,727	6,901	6,723	7,059	8,359	6,776	11,530	6,757	11,057
Interest	3,954	4,271	4,503	4,481	4,484	4,462	4,087	3,564	2,695	3,302
Current Receipts ##	25478	49,625	58,545	59,760	67,472	79,342	81,220	95,475	70,309	79,459
Debt Service Ratio (%)	35.3	26.2	19.5	18.8	17.1	16.2	13.4	15.8	13.4	18.1
Interest payments to current receipts ratio	15.5	8.6	7.7	7.5	6.7	5.6	5.0	3.9	3.8	4.2

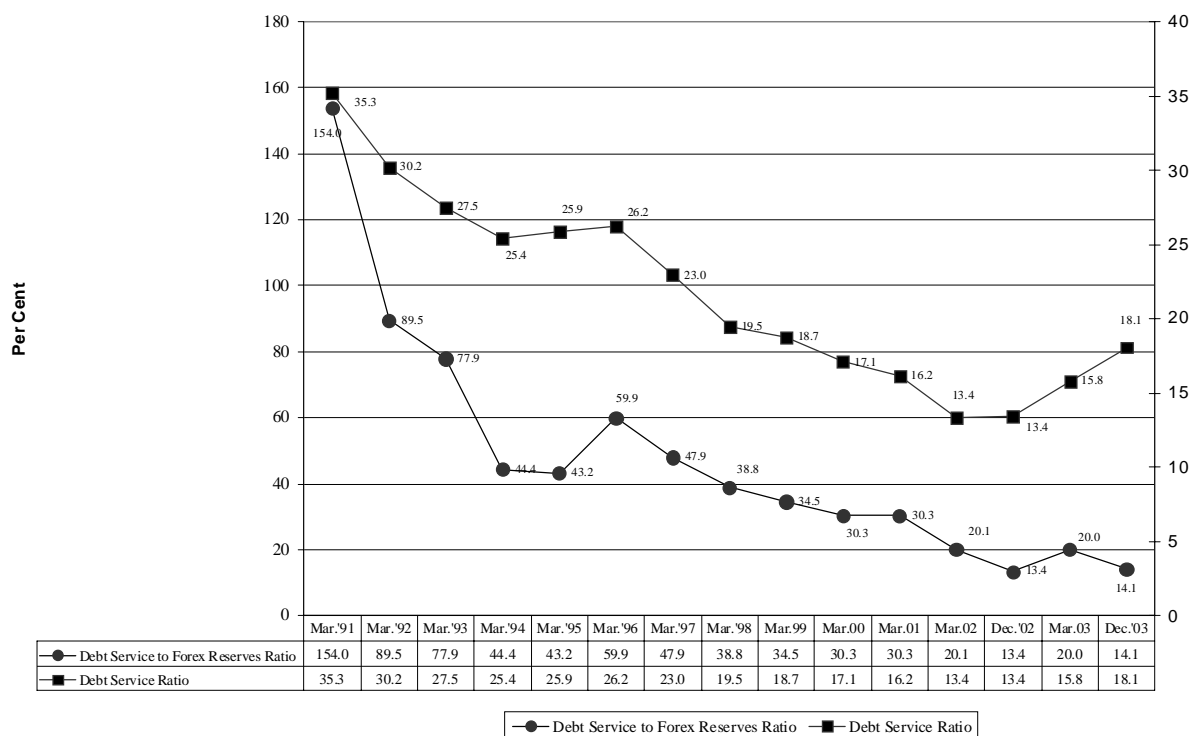
@ : Inclusive of non-Government loans as supplied by the office of Controller of Aid Accounts & Audit, Ministry of Finance.

# : Data for April-December, 2003 include US \$ 4177 million under principal repayments and US \$ 1372 million under interest payments on account of redemptions of Resurgent India Bonds (RIB).

## : Current Receipts exclude official transfers.

<sup>2</sup> The debt service payments are calculated on cash payment basis except in the case of Non-Resident Indian Deposits where accrual method is used. The estimates may, therefore, differ from those under BOP data.

Figure 5.1: India's Debt Service Ratio and Debt service to Forex Reserve Ratio



5.1.3 The capacity to meet debt service obligation is broadly measured by the ratio of debt service payments to external current receipts. India's debt service ratio has steadily improved over time showing a decline from 35.3 per cent in 1990-91 to 13.4 per cent in 2001-02. However, this ratio increased to 15.8 per cent in 2002-03 and further to 18.1 per cent during April-December, 2003 as total debt service payments increased sharply during this period on account of redemption of RIBs (Figure 5.1). If redemptions of RIBs are excluded, debt service ratio works out to 11.1 per cent during 2003-04 (April-December).

5.1.4 Table 5.2 provides debt service payments by creditor categories. Among other things, the share of commercial debt (both commercial borrowing and export credit taken together) in total debt service rose to 59.7 per cent at end-December 2003 from 46.7 per cent at end-December 2002 due to inclusion of redemption of RIBs. Multilateral and bilateral debt together (excluding IMF and rupee debt) accounted for 33 per cent of the total debt service at end-December 2003.

Table 5.2: Debt Service Payments by Creditor Category

(US \$ million)

	April - March					April - December	
	1998-99	1999-00	2000-01	2001-02	2002-03R	2002R	2003P
Multilateral	2,175	2,043	2,411	2,160	5,872	2,274	2,904
Principal	1,303	1,261	1,629	1,405	5,093	1,719	2,424
Interest	872	782	782	755	779	555	480
Bilateral	1,716	1,638	1,593	1,530	1,634	1,422	1,832
Principal	1,204	1,130	1,108	1,119	1,177	1,145	1,540
Interest	512	508	485	411	457	277	292
IMF	419	267	0	0	0	0	0
Principal	393	260	0	0	0	0	0
Interest	26	7	0	0	0	0	0
Export Credit	1,256	1,108	1,670	1,185	1,426	1,064	858
Principal	868	758	1,302	885	1,196	885	708
Interest	388	350	368	300	230	179	150
Commercial Borrowing	3,193	4,068	4,843	3,913	4,419	3,352	7,720
Principal	2,153	2,939	3,667	2,848	3,590	2,650	6,081
Interest	1,040	1,129	1,166	1,065	829	702	1,639
NRI Deposits	1,643	1,708	1,661	1,556	1,269	982	741
Interest	1,643	1,708	1,661	1,556	1,269	982	741
Rupee Debt (Principal)	802	711	617	519	474	358	304
Total Debt Servicing	11,204	11,543	12,821	10,863	15,094	9,452	14,359
Principal	6,723	7,059	8,359	6,776	11,530	6,757	11,057
Interest	4,481	4,484	4,462	4,087	3,564	2,695	3,302

R : Revised P : Provisional.

5.1.5 Principal repayment on trade credits under short-term debt increased from US \$ 0.7 billion in 1990-91 to US \$ 10.7 billion in 2000-01 which dropped to US \$ 4.1 billion in 2002-03 and rose by 50 per cent to US \$ 6.1 billion during April-December, 2003-04 (Table 5.3). The principal repayments and interest payments under short-term debt are not taken into account for the purpose of debt service calculation. Principal amounts matured under NRI deposits are not treated as part of debt service payments because of their nature of being rolled over and part of deposits being utilised sometimes to meet local payments. However, interest paid on NRI deposits are included under total debt service payments.

**Table 5.3: Debt Servicing on Short-term Trade Credits**

(US \$ million)

	Financial Year (April - March )									April-December		
	1990-91	1991-92	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03R	2001	2002	2003P
Principal Repayment	677	2413	6247	7130	5562	6402	10692	6356	4143	5305	2915	6138

R : Revised P : Provisional.

5.1.6 Table 5.4 provides international comparison of debt servicing and debt service ratio for the top 15 debtor countries as extracted from the Report on Global Development Finance, 2004, World Bank. During 2002, India had 4th lowest debt service ratio of 14.9 per cent after Malaysia, China and Russian Federation (Figure 5.2).

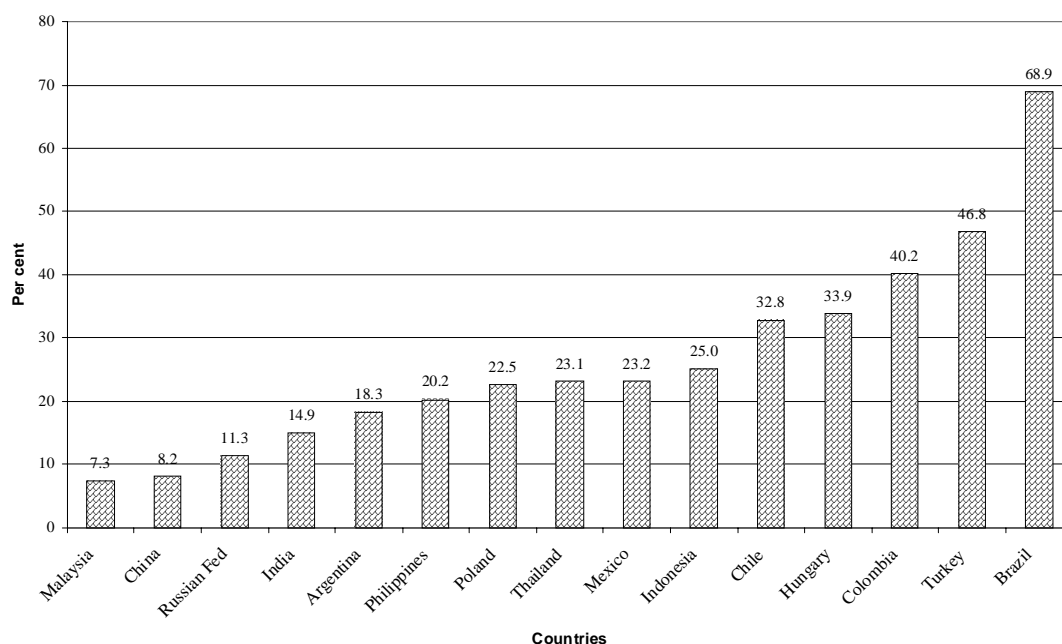
**Table 5.4: International Comparison-External Debt Service Payments, 2002**

Country	Principal	Interest	Total Debt Service	Debt Service Ratio
	(US \$ million)			(per cent)
Brazil	36,910	14,721	51,631	68.9
China	24,714	5,902	30,616	8.2
Russian Fed	7,167	7,163	14,330	11.3
Mexico	32,651	10,884	43,535	23.2
Argentina	3,260	2,565	5,825	18.3
Indonesia	12,925	4,046	16,971	25.0
Turkey	22,061	5,543	27,604	46.8
India	9,344	3,784	13,128	14.9
Poland	10,978	2,511	13,489	22.5
Philippines	6,220	2,972	9,192	20.2
Thailand	17,187	2,551	19,738	23.1
Malaysia	6,117	1,965	8,082	7.3
Chile	6,011	1,718	7,729	32.8
Hungary	13,560	1,310	14,870	33.9
Colombia	4,740	2,181	6,921	40.2
<b>SAARC Countries</b>				
Pakistan	2,019	825	2,844	17.8
Bangladesh	551	171	722	7.3
Sri Lanka	496	220	716	9.8
Nepal	71	27	98	9.2
Bhutan	4	2	6	4.6
Maldives	17	6	22	4.5

Source: Global Development Finance 2004, The World Bank.



**Figure 5.2: International Comparison of Debt Service Ratio, 2002**



## 5.2 Debt Service Projections

5.2.1 Based on the end-December 2003 debt stock, the projected debt service payments of long-term external debt for the next ten years, beginning 2004-05 are provided in Table 5.5. Such projections become necessary for debt management exercises, particularly for avoiding bunching of repayments and for maintaining adequate foreign exchange reserves to meet contractual obligations.

5.2.2 The projections do not include future debt service obligations out of fresh borrowings. Total annual debt service payments are projected to be US \$ 7.8 billion in 2004-05 and US \$ 14 billion in 2005-06 (Table 5.5). The above hump in debt service payments occur due to maturity of India Millennium Deposits (IMDs). However, it is quite possible that as in the past case of India Development Bonds and Resurgent India Bonds, a part of redemptions may result in local payments or flow back to non-resident deposits.

**Table 5.5 : Projected Debt Service Payments**

<i>(US \$ million)</i>			
<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004-05	6,182	1,655	7,837
2005-06	11,099	2,932	14031 <sup>1</sup>
2006-07	6,245	1,289	7,534
2007-08	6,309	1,205	7,514
2008-09	6,264	1,043	7,307
2009-10	4,887	935	5,822
2010-11	3,699	831	4,530
2011-12	3,778	742	4,520
2012-13	3,592	665	4,257
2013-14	3,504	602	4,106

<sup>1</sup> : Includes repayment on account of IMDs.

**Note** : Projections of debt servicing are based on end-December 2003 debt outstanding. They exclude NRI Deposits as well as FII investment in debt securities and also debt servicing on fresh borrowings. The projections may not tally with those given in earlier reports as the earlier projections did not include Committed Undisbursed Balance (CUB).

## 6. EXTERNAL DEBT MANAGEMENT

The external debt management policy pursued by the Government particularly since 1991 has proved to be effective. The policy emphasis has been on concessional and less expensive fund sources, preference for longer maturity profiles, monitoring of short-term debt, premature retirement of high cost external loans and encouraging non-debt creating capital flows.

### 6.1 Premature repayment of high cost external debt

6.1.1 Encouraged by buoyant foreign exchange reserves and low level of domestic as well as international interest rates, Government of India considered premature retirement of high cost loans. The financing options of premature repayment proposals were examined carefully in terms of foreign exchange outgo, budgetary implication and cost saving factor. The mode of prepayment through domestic market borrowing was considered logical as this was budget neutral and cost saving particularly in terms of foreign currency.

6.1.2 The Government of India prematurely repaid sovereign loans, both multilateral and bilateral, amounting to US \$ 2.9 billion in 2002-03 and US \$ 3.8 billion during 2003-04. The multilateral loans which were prepaid included Currency Pooled Loans owed to the World Bank and Single Currency Pool Loans obtained from the Asian Development Bank. Besides, bilateral loans received by the Government of India under external assistance programme were also prematurely retired. As on March 31, 2004, bilateral loans raised from Sweden, Netherlands, Austria, Australia, Canada, Spain, Denmark, Kuwait and Saudi Arabia stood completely liquidated. In addition, non-Government loans where the Government stands as guarantor were also prepaid to the extent of US \$ 0.6 billion during 2002-03 and 2003-04 (Table 6.1).

**Table 6.1 : Prepayment of Government & Non-Government loans**

*(US \$ million)*

Year	Government Account	Non-Government Account	Total
2002-03			
Multilateral	2,788.7	530.0	3,318.7
Bilateral	111.5	0.0	111.5
Total	2,900.2	530.0	3,430.2
2003-04			
Multilateral	2,534.2	43.9	2,578.1
Bilateral	1,219.3	0.0	1,219.3
Total	3,753.6	43.9	3,797.5
Total Multilateral	5,322.9	573.9	5,896.9
Total Bilateral	1,330.8	0.0	1,330.8
Grand Total	6,653.8	573.9	7,227.7

6.1.3 In addition, the prepayment of loans raised abroad by the corporates and financial institutions under External Commercial Borrowings was also been encouraged. The corporates and financial institutions were allowed to prepay the loans purely based on commercial proposition without seeking prior approval of the Reserve Bank of India up to US \$ 100 million subject to compliance with the stipulated minimum average maturity period as applicable for the loan.

### 6.2 Short-term debt Management

6.2.1 The policy stance of the Government with regard to the management of short-term debt essentially highlights the link between appropriate maturity structures and external sector

stability. The importance of close monitoring of short-term debt has been underscored by the crisis faced by South East Asian nations during the latter part of the last decade. In Indian context, the level of short-term debt is being monitored on a regular basis. On one hand, the trade related credits are allowed only for import purposes and on the other, the short term component of non-resident deposits is gradually eliminated. Furthermore, the analytical computation of residual maturity of external debt has aided effective monitoring of short-term debt in terms of assessing total repayment obligation due during the year.

### **6.3 Non-Resident Indian Deposits**

6.3.1 The Report of the IDF Project on NRI Deposits (October, 2000) made significant recommendations on issues relating to Non-resident deposits such as compilation and computerization of the data, impact of repatriability, capturing data on remaining maturity and alignment of interest rates of both domestic and foreign currency denominated deposits with that of corresponding domestic and international rates. In the initial years, the policy initiatives were aimed at attracting the Non-resident deposits by offering a number of incentives including exchange guarantees and higher rate of interest. However, in the recent years, the policy relating to non-resident deposits has been streamlined by withdrawing the schemes with exchange guarantees, revising maturity structure to encourage long-term deposits, allowing banks to decide the interest rates on foreign currency deposits subject to a limit based on LIBOR/Swap rates for the corresponding maturities, discontinuing non-repatriable schemes and rationalisation of interest rate structure on Non-Resident External Rupee Accounts.

6.3.2 In the last one year, the interest rates on Non-Resident External Rupee Account have been revised three times in order to align them with international rates and to remove arbitrage opportunities. Effective July 17, 2003, the interest rates on fresh NRE deposits for one to three years were fixed not exceeding 250 basis points above the LIBOR/Swap rates for US dollar of corresponding maturity. This was brought down to 100 basis points with effect from September 15, 2003 and further to 25 basis points effective October 18, 2003. The interest rates on NRE deposits for one to three years have been brought on par with the LIBOR/Swap rates for US dollar of corresponding maturity with effect from April 17, 2004. Furthermore, the interest rate on NRE savings deposits was fixed not to exceed the LIBOR/Swap rate for six months maturity on US dollar deposits and to be revised quarterly on the basis of the LIBOR/Swap rate of US dollar on the last working day of the preceding quarter.

### **6.4 External Commercial Borrowings**

6.4.1 Corporates and Public Sector Undertakings are permitted to raise External Commercial Borrowings (ECBs) for the purposes of expansion of existing capacity as well as for fresh investments. ECBs are approved within an overall annual ceiling against the backdrop of sectoral requirements and medium-term Balance of Payments scenario. The principal elements of policy for ECBs include keeping the maturities long, costs low and encouraging investments in infrastructure and export sectors. Table 6.2 shows details of ECB approvals, disbursements, debt-service and debt outstanding. The approvals increased consistently from 1990-91 to 1997-98 and remained subdued during 2000-01 and 2001-02. The approvals rose thereafter to reach US \$ 5 billion in 2003-04 reflecting larger borrowing requirements consequent on revival of economic activity. The gross disbursements too exhibited similar trend except in 1992-93 and they included mobilization of US \$ 4.2 billion through RIBs in 1998-99 and US \$ 5.5 billion through India Millennium Deposits in 2000-01. The debt-service payments under ECBs maintained broadly a steady profile of around US \$ 4-6

billion from 1995-96 to 2002-03. However, during 2003-04, repayments under ECB were higher due to the redemption of RIBs in October 2003.

**Table 6.2: External Commercial Borrowings**

*(US \$ million)*

<b>Year</b>	<b>Approvals</b>	<b>Gross Disbursement</b>	<b>Amortisation</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Debt Outstanding</b>
1990-91	1903	1700	1191	1042	2233	13909
1991-92	2127	2798	1146	994	2140	15557
1992-93	2200	1001	1357	917	2274	15818
1993-94	2585	1859	1703	896	2599	16650
1994-95	4469	2670	2513	1091	3604	18037
1995-96	6286	4538	3311	1162	4473	19024
1996-97	8581	7018	4032	1177	5209	20261
1997-98	8712	7400	3411	1406	4817	23946
1998-99	5200	6927	3153	1575	4728	28182
1999-00	3398	2289	3460	1635	5095	27530
2000-01	2837	9295	5043	1683	6726	30922
2001-02	2653	2933	4013	1534	5547	29579
2002-03	4235	2823	5030	1279	6309	28100
2003-04 <sup>P##</sup>	4998	3173	6946	1826	8772	24935

Note : Disbursements during 1998-99 and 2000-01 include RIBs and IMDs. Amortisation and interest payments during 2003-04 include redemptions of RIBs (amortization, US \$ 4.2 billion and interest, US \$ 1.4 billion).

## : April -December 2003.

P : Provisional

## BOX 6.1

### External Commercial Borrowings Policy

External Commercial Borrowings (ECB) refer to commercial loans availed from non-resident lenders with minimum average maturity of 3 years. Borrowers can raise ECB from internationally recognized sources such as (i) international banks, international capital markets, multilateral financial institutions (such as IFC, ADB etc.), (ii) export credit agencies and (iii) suppliers of equipment, foreign collaborators and foreign equity holders.

#### A. Access Mechanism

The policy guidelines and approval process in respect of ECBs have been substantially liberalized. ECB can be raised through two routes viz. (i) Automatic Route and (ii) Approval Route.

##### (i) Automatic Route

**Eligible Borrowers:** Corporates registered under the Companies Act except financial intermediaries (such as banks, financial institutions (FIs), housing finance companies and NBFCs) are eligible.

##### Cases considered:

- a) Up to USD 20 million or equivalent with minimum average maturity of 3 years.
- b) Above USD 20 million and up to USD 500 million or equivalent with minimum maturity of 5 years.

##### (ii) Approval Route

##### Eligible Borrowers :

- a) Financial Institutions dealing exclusively with infrastructure or export finance will be considered on a case by case basis.
- b) Banks and Financial Institutions which have participated in the textile or steel sector restructuring packages approved by the Government will also be permitted to the extent of their investment in the package and assessment by RBI based on prudential norms.

**Cases considered:** Cases falling outside the purview of the automatic route limits and maturity period mentioned earlier. Such cases falling under the Approval Route will be considered by an Empowered Committee of the RBI.

#### B. General terms and conditions:

##### All-in-cost ceilings

The present all-in-cost ceilings for ECB are as follows:

Maturity	All-in-cost ceiling* over 6 month LIBOR
(i) 3 years and up to 5 years	200 basis points
(ii) More than 5 years	350 basis points

\* All-in-cost ceiling includes rate of interest, other fees and expenses in foreign currency except commitment fee, prepayment fee, and fees payable in Indian rupees. Also, payment of withholding tax is excluded for calculating the all-in-cost.

##### End-use

- (i) ECB can be raised only for investment (such as import of capital goods, new projects, modernization/expansion of existing production units) in the real sector- industrial sector including small and medium enterprises and infrastructure sector in India.
- (ii) Utilisation of ECB proceeds is permitted in the first stage acquisition of shares in the disinvestment process and in the mandatory second stage offer to the public under the disinvestment programme of PSU shares.
- (iii) Utilisation of ECB proceeds is not permitted for on-lending or investment in capital market by corporates.
- (iv) Utilisation of ECB proceeds is not permitted in real estate. 'Real estate' excludes development of integrated townships as per provisions of Press Note No. 3(2002 series) dated 4.1.2002 of the D/O Industrial Policy & Promotion.
- (v) End-uses of ECB for working capital, general corporate purpose and repayment of existing rupee loans are not permitted.

#### C. Prepayments

Prepayment of ECB up to USD 100 million is permitted without prior approval of RBI, subject to compliance with stipulated minimum average maturity period as applicable for the loan.

#### D. Refinance of existing ECB

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

#### E. Foreign Currency Convertible Bonds (FCCB)

The liberalization norms applicable to ECB are also extended to FCCBs in all respects.

## **6.5 External Debt Monitoring**

6.5.1 The external debt management in terms of computation and dissemination of debt statistics is largely aided by extensive computerisation at all the units engaged in the compilation of external debt data. The Commonwealth Secretariat: Debt Reporting and Management System (CS:DRMS) is being used to collate the debt statistics. The version 2000+ is in the process of being operationalised. The usage of CS-DRMS has facilitated effective analysis apart from making debt-servicing projections available for the purpose of designing future debt strategies. This has also enabled on-line connectivity and availability of data on a real-time basis. At present, nearly eighty per cent of external debt data have been computerised. The efforts are underway to computerise Non Resident Deposits and short-term debt statistics in order to achieve cent per cent data computerization.

6.5.2 External Debt Management Unit at the Ministry of Finance functions as the apex-monitoring unit with due support from Controller of Aid, Accounts & Audit Division (Ministry of Finance) and Reserve Bank of India. All the agencies involved in compilation of debt statistics are continuously striving to ensure complete coverage, timely availability and transparency in the external debt statistics.

6.5.3 External debt data are published on a quarterly basis. External Debt Management Unit in the Ministry of Finance compiles these statistics for end-September as well as end-December and disseminates them through annual issues of the Economic Survey and Status Report on External Debt, respectively every year, while the Reserve Bank of India reports these data for end-March in their Annual Report and end-June in monthly Bulletin.

## **7. SOVEREIGN EXTERNAL DEBT MANAGEMENT**

### **7.1 Organisational Structure**

7.1.1 The organizational structure for sovereign external debt management comprises:

- (i) Head Office that is responsible for final approval of Public debt.
- (ii) Front Office, responsible for negotiations to raise debt and project appraisals for fund disbursement.
- (iii) Middle Office that is responsible for measurement, monitoring and policy formulation of risk management.
- (iv) Back Office that is responsible for auditing, accounting, data consolidation and dealing office functions.

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

### **7.2 Sovereign External Debt Management**

7.2.1 The external debt management is an integral part of overall macro economic management. Sovereign external debt management incorporates policy of raising foreign resources at minimum cost and risk. The underlying principle is to ensure sustainability of external debt. Indiscriminate raising of external resources in terms of maturity, currency and interest mix with a large proportion of contingent liabilities can render external sector vulnerable. GOI's external debt portfolio comprises complex financial structure, which if not monitored carefully can adversely affect sovereign's balance sheet and cause financial instability. As India does not undertake sovereign borrowing from international private capital markets, external debt management becomes important from the angle of cost minimisation.

7.2.2 External debt of Government of India referred to as 'external debt on Government account' comprises external assistance from multilateral and bilateral sources maintained by the office of Controller of Aid, Accounts & Audit in the Ministry of Finance. Other components of Government debt include borrowings from IMF (liquidated in the year 2000), defence debt and FII investment in Government securities. Complete computerisation of external debt on Government account has ensured ready availability of historical data and helped attempting projections, scenario/strategy building and modeling.

7.2.3 Table 7.1 shows external debt on Government account along side the source-wise information. The total external debt on Government account which was US \$ 46.1 billion at end March 1999 declined to US \$ 43.7 billion at end-March 2003 but thereafter increased to US \$ 45.6 billion at end-December 2003. External assistance both from multilateral and bilateral sources contributed to this increase. Multilateral assistance that was US \$ 27.3 billion at end-March 2003 edged up to US \$ 27.7 billion at end-December 2003. During the same period, bilateral assistance increased from US \$ 13.9 billion to US \$ 14.8 billion. The share of multilateral and bilateral loans under total external assistance broadly remained in the range of two-third and one-third, respectively during the last few years. The other Government external debt at US \$ 3.2 billion as at the end of

December 2003 was however higher by US\$ 660 million as compared to that of US \$ 2.5 billion as on March 31, 2003.

**Table 7.1: Government External Debt**

(US \$ million)

	End-March						End-December		
	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
I. Multilateral	26,369	26,344	26,967	27,555	27,417	28,289	27,271	29,793	27,735
IDA	17,337	17,541	18,301	18,964	18,811	19,440	21,257	20,931	22,567
IBRD	6,772	6,430	6,062	5,797	5,657	5,741	4,009	5,633	2,796
ADB	1,961	2,078	2,309	2,507	2,680	2,835	1,702	2,927	2,046
IFAD	208	211	221	225	213	219	247	243	270
Others	91	84	74	62	56	54	56	57	57
Share of multilateral debt to Govt. account debt	63.4	64.6	64.4	64.4	67.3	69.2	66.2	68.5	65.3
II. Bilateral@	15,223	14,461	14,929	15,243	13,310	12,676	13,945	13,693	14,753
1 Japan	6,423	6,506	7,441	8,705	7,513	7,389	8,429	8,291	9,481
2 Germany	3,165	2,853	2,789	2,374	2,113	1,983	2,317	2,247	2,574
3 United States	1,824	1,693	1,574	1,436	1,298	1,161	1,026	1,059	935
4 France	1,001	925	891	760	679	628	598	576	652
5 Netherlands	756	654	629	524	447	398	439	435	445
6 Russian Federation	654	556	482	447	407	372	414	375	534
7 Others	1,400	1,274	1,123	997	853	745	722	709	132
Share of bilateral debt to Govt. account debt	36.6	35.4	35.6	35.6	32.7	30.9	33.8	31.5	34.7
III. Govt. Debt from External Assistance (I+II)*	41,592	40,805	41,896	42,823	40,727	40,965	41,216	43,486	42,488
IV. Other Govt. External Debt**	7,468	5,715	4,241	4,029	3,300	2,654	2,501	2,352	3,159
V. Total Government External Debt (III+IV)	49,060	46,520	46,137	46,852	44,027	43,619	43,717	45,838	45,647

\* : External debt on Government Account represents borrowings from multilateral and bilateral sources.

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

@ : Includes Rupee Debt (Civilian)

R : Revised                      P : Provisional

### 7.3 External Debt Servicing on Government Account

7.3.1 Table 7.2 shows annual debt servicing under external debt on Government account. The debt service payments which had exhibited a stable trend up to 2001-02 went up in 2002-03 and April-December, 2003-04 because of prepayments of high cost multilateral and bilateral credits.



**Table 7.2: External Debt Servicing under Government Account***(US \$ million)*

	<b>(April - March)</b>						<b>(April-December)</b>		
	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03R</b>	<b>2002R</b>	<b>2003P</b>
Multilateral:	1849	1808	1800	2009	2374	1673	4770	1331	2440
Principal	1053	1078	1117	1239	1606	1097	4134	912	2140
Interest	796	730	683	770	768	576	636	419	300
Bilateral :	1173	1115	1154	1048	1070	1089	1234	995	1500
Principal	784	740	802	702	732	787	918	771	1271
Interest	389	375	352	346	338	302	316	224	229
Total Govt. Account:	3022	2923	2954	3057	3444	2762	6004	2326	3940
Principal	1837	1818	1919	1941	2338	1884	5052	1683	3411
Interest	1185	1105	1035	1116	1106	878	952	643	529

**Note** : Debt service payments above do not include other components such as debt servicing on account of borrowing from IMF, Defence debt, and FII investment in Government securities.

R : Revised                      P : Provisional

#### **7.4 Projections of debt servicing on Government Account**

7.4.1 Table 7.3 shows sovereign external debt service projections for ten years based on the debt outstanding as on December 31, 2003. The amortization schedule of the Government loans reflects steady debt service payments over the next ten years in the range of US \$ 2.4 to US \$ 3.1 billion from 2004-05 to 2013-14.

**Table 7.3 : Projected Debt Service Payments on Government Account***(US \$ million)*

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004-05	1757	674	2431
2005-06	1858	683	2541
2006-07	2149	693	2842
2007-08	2229	685	2914
2008-09	2347	677	3024
2009-10	2400	648	3048
2010-11	2436	610	3046
2011-12	2485	567	3052
2012-13	2545	521	3066
2013-14	2616	475	3091

\* : The projections are based on debt outstanding as at end-December 2003 on Government Account under multilateral and bilateral debt (external assistance) as maintained by the O/o CAA&A. The projections also include debt service arising out of committed undisbursed balance (CUB). They exclude debt servicing under FII Investment in Government securities, defence debt and those on fresh borrowings.

### BOX 7.1 : Sovereign Credit Ratings

Table 7.4 provides a snapshot of sovereign ratings assigned by Standard & Poor's and Moody's Investor Service to top fifteen debtor countries (as per the World Bank classification). These ratings are based primarily on country's per capita income, external debt burden, inflation experience, default history and level of economic development. They flash early warning signs of any impending crisis and share with the investors the views about what determines default or the nature of sovereign risk. The ratings under consideration apply to long-term foreign currency sovereign debt issued by the respective countries. Investors' decisions for investment in international bonds and other debt instruments are often based on these ratings. Rating is important for a country like India that does not access international private capital market as a sovereign entity. Risk perceptions determine the grades and sub-grades. India's sovereign rating was Baa3 with stable outlook by Moody's and BB with stable outlook by Standard & Poor's.

**Table 7.4 : International Comparison of Sovereign Credit Ratings for Top fifteen Debtor Countries**

S.No.	Country	Standard & Poor's		Moody's	
		Rating	Grade	Rating	Grade
1	Brazil	B+	Positive	B2	Stable
2	China	BBB+	Positive	A2	Stable
3	Russian Federation	BB+	Stable	Baa3	Stable
4	Mexico	BBB-	Stable	Baa2	Positive
5	Argentina	SD	NM	Caa1	Stable
6	Indonesia	B	Stable	B2	Stable
7	Turkey	B+	Positive	B1	Stable
8	India	BB	Stable	Baa3	Stable
9	Poland	BBB+	Negative	A2	Stable
10	Philippines	BB	Stable	Ba2	Negative
11	Thailand	BBB	Positive	Baa1	Stable
12	Malaysia	A-	Stable	Baa1	Positive
13	Chile	A-	Positive	Baa1	Stable
14	Hungary	A-	Stable	A1	Stable
15	Colombia	BB	Stable	Ba2	Negative

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

NM: Not Meaningful; SD : Selective Default

S&P Ratings are as on May 3, 2004 and that for Moody's are as on April 30, 2004.

**Rating Grades: Standard and Poors'**

Investment Grade: AAA,AA+,AA,A+,A,BBB+,BBB,BBB-

Non-investment Grade: BB+,BB,BB-,B+,B,B-

Default Grade: CCC+,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

Source: Websites of S&P and Moody's Rating Services.

## 8. CONTINGENT LIABILITY ON EXTERNAL DEBT

### 8.1 Government Guaranteed External Debt

8.1.1 Government of India often provides guarantees to external borrowings by public sector enterprises, developmental financial institutions and in some instances private sector companies. All loans received by the non-Government sector under the external assistance programme from multilateral and bilateral creditors involve credit guarantees by the Government. Commercial borrowings by some public sector enterprises and financial institutions are under Government guarantee. Such credit guarantees could be invoked in the case of default by the borrower and therefore, constitute explicit contingent liability of the Government, which has direct implications for the Government budget in the event of default.

8.1.2 Direct guarantees provided by the Government for the loans raised by public sector, financial sector and the non-financial private sector (i.e., on account of external assistance and external commercial borrowings) have been declining since March 1995 (Table 8.1). The Government guarantees dropped from US \$ 10.7 billion at the end of March 1995 to US \$ 6.5 billion at the end of March 2003. Government guarantees stood marginally higher at US \$ 6.9 billion at end-December 2003 (Figure 8.1).

**Table 8.1 : Government Guaranteed External Debt**

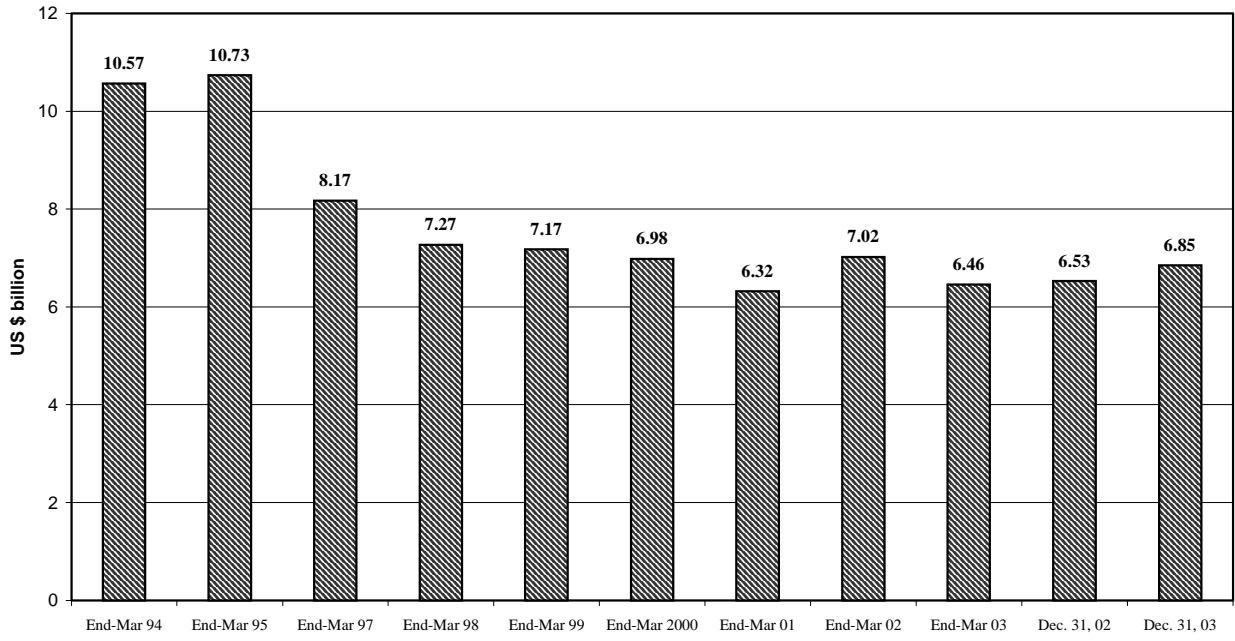
*(US \$ million)*

	End-March							End-December	
	1994	1996	1998	1999	2001	2002	2003 R	2002 R	2003 P
1 Govt. Debt	55,943	53,095	46,520	46,137	44,027	43,619	43,717	45,838	45,647
2 Non-Govt. Debt	36,752	40,635	47,011	50,749	57,105	55,138	61,153	59,475	66,483
3 of which with Govt. Guarantee*: (a+b+c)	10,568	8,545	7,269	7,174	6,315	7,022	6,458	6,528	6,851
a. Financial Sector	1,709	1,098	2,323	2,496	1,429	1,761	1,790	1,860	1,807
b. Public Sector	8,533	7,070	4,605	4,363	4,639	5,070	4,605	4,602	4,985
c. Private Sector	326	377	341	315	247	191	63	66	59
4 Total External Debt (1+2)	92,695	93,730	93,531	96,886	101,132	98,757	104,870	105,313	112,130
5 Govt. Debt and Guaranteed Debt (1+3)	66,511	61,640	53,789	53,311	50,342	50,641	50,174	52,366	52,498
6 Per cent of Govt. Debt and Guaranteed Debt to Total External Debt (5/4)	71.8	65.8	57.5	55.0	49.8	51.3	47.8	49.7	46.8
7 Per cent of Govt. Guaranteed Debt to Non-Govt. Debt (3/2)	28.8	21.0	15.5	14.1	11.1	12.7	10.6	11.0	10.3

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

R : Revised      P : Provisional

**Figure 8.1 : Government Guaranteed External Debt**



## 9. CONCLUSION

9.1 The Tenth Status Report on External Debt brings out the developments in India's external debt during the last year drawing comparison with other indebted developing countries. India's external debt, both in absolute terms as well as in relation to macroeconomic indicators, remained encouraging. The renewed policy focus on financing the saving-investment gap by encouraging non-debt creating flows helped containing accumulation of external debt.

9.2 Government of India, taking advantage of surge in foreign exchange reserves and softening of interest rates, prematurely retired identified high cost loans amounting to US \$ 6.7 billion during 2002-03 and 2003-04. In addition, non-Government loans of US \$ 0.6 billion were prepaid during 2002-03 and 2003-04. Besides, the prepayment of loans raised abroad by the corporates and financial institutions under External Commercial Borrowings was also encouraged. The corporates and financial institutions were allowed to prepay the loans purely based on commercial proposition without seeking prior approval of the Reserve Bank of India up to US \$ 100 million subject to compliance with the stipulated minimum average maturity period as applicable for the loan.

9.3 A low level of volatile short-term debt, dominance of concessional loans, lower rate of increase in debt service payments as compared to external current receipts and track record of prompt adherence to the debt service payment schedule even during difficult times, helped improving international credit rating.

9.4 India has maintained 'Less indebted' category status assigned by the World Bank in 1999. In the recent years, she has strengthened her relative position among top fifteen debtor nations in terms of some of the important external debt indicators. According to the latest Report of the World Bank entitled Global Development Finance, 2004, India improved her rank from the position of third in 1991 to eighth in 2002 in the list of the top fifteen debtor countries. Besides, India's external debt indicators compare well with that of other developing countries. For example, the ratios of short-term debt to total debt and short-term debt to forex reserves are the lowest. While the ratio of concessional to total debt is the highest, the debt to GNP ratio is the second lowest after China in the year 2002. The improvement in India's external indebtedness as measured by inter-country comparison is encouraging and India's external debt position appears to be sustainable.

9.5 Complete coordination among debt reporting agencies and computerisation of more than three fourth of external debt statistics have not only ensured quarterly availability of the data but also helped in improving coverage, classification and presentation of external debt statistics.

## India's External Debt Outstanding (Annual)

(Rs. crore)

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
<b>I. MULTILATERAL</b>	40,386	68,262	77,758	82,199	89,819	98,173	105,066	116,904	129,682	137,132	145,105	155,633	142,680	156,507	139,620
A. Government Borrowing	38,429	63,787	72,286	75,617	82,223	89,428	94,824	104,218	114,531	120,321	127,886	138,023	129,727	143,183	126,720
(i) Concessional	25,849	40,990	48,206	50,250	55,963	60,425	63,418	70,560	78,979	84,051	89,008	96,177	102,559	102,040	104,598
a) IDA	25,221	40,017	47,167	49,238	54,897	59,349	62,343	69,392	77,725	82,721	87,753	94,848	101,122	100,596	103,108
b) Others	628	973	1,039	1,012	1,066	1,076	1,075	1,168	1,254	1,330	1,255	1,329	1,437	1,444	1,490
ii) Non-concessional	12,580	22,797	24,080	25,367	26,260	29,003	31,406	33,658	35,552	36,270	38,878	41,846	27,168	41,143	22,122
a) IBRD	12,161	21,134	21,602	22,518	22,442	23,721	24,354	25,438	25,747	25,343	26,376	28,012	19,069	27,074	12,774
b) Others	419	1,663	2,478	2,849	3,818	5,282	7,052	8,220	9,805	10,927	12,502	13,834	8,099	14,069	9,348
B. Non-Government Borrowing	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,953	13,324	12,900
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,953	13,324	12,900
a) Public Sector	303	1,424	1,777	2,786	3,248	4,628	4,738	8,765	10,716	12,183	12,386	12,729	9,255	9,200	9,478
i) IBRD	303	962	1,300	2,158	2,013	2,942	3,341	5,217	6,349	6,931	7,114	7,298	4,378	4,393	5,487
ii) Others	0	462	477	628	1,235	1,686	1,397	3,548	4,367	5,252	5,272	5,431	4,877	4,807	3,991
b) Financial Institutions	1,270	2,345	2,883	2,718	2,559	2,464	2,391	2,171	2,723	3,099	3,368	3,736	3,177	3,582	2,918
i) IBRD	872	1,720	1,791	1,667	1,605	1,643	1,618	1,011	1,057	999	1,017	1,049	525	962	453
ii) Others	398	625	1,092	1,051	954	821	773	1,160	1,666	2,100	2,351	2,687	2,652	2,620	2,465
c) Private Sector	384	706	812	1,078	1,789	1,653	3,113	1,750	1,712	1,529	1,465	1,145	521	542	504
i) IBRD	330	628	709	953	1,610	1,244	1,639	1,321	1,312	1,173	1,148	929	298	316	271
ii) Others	54	78	103	125	179	409	1,474	429	400	356	317	216	223	226	233
<b>II. BILATERAL</b>	27,378	47,603	50,258	54,580	63,761	65,740	62,891	67,104	74,304	79,278	74,519	74,762	79,983	79,865	81,963
A. Government borrowing	23,065	40,371	42,220	45,387	52,965	53,119	49,092	51,420	57,106	60,920	56,802	56,302	60,243	59,768	61,159
(i) Concessional	23,065	40,371	42,220	45,387	52,965	52,078	48,165	50,583	56,425	59,380	55,504	55,418	59,688	59,205	60,703
ii) Non-concessional	0	0	0	0	0	1,041	927	837	681	1,540	1,298	884	555	563	456
B. Non-Government borrowing	4,313	7,232	8,038	9,193	10,796	12,621	13,799	15,684	17,198	18,358	17,717	18,460	19,740	20,097	20,804
(i) Concessional	514	928	1,243	1,453	1,896	3,088	3,409	1,770	2,738	4,022	5,579	6,885	8,013	7,855	9,125
a) Public Sector	0	0	0	190	654	376	1,054	192	526	1,488	2,962	4,278	5,152	4,988	5,947
b) Financial Institutions	514	928	1,243	1,263	1,242	2,712	2,355	1,578	2,212	2,534	2,617	2,607	2,861	2,867	3,178
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(Rs. crore)

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
ii) Non-concessional	3,799	6,304	6,795	7,740	8,900	9,533	10,390	13,914	14,460	14,336	12,138	11,575	11,727	12,242	11,679
a) Public Sector	2,957	4,472	4,726	5,475	6,120	5,602	5,216	5,360	5,197	4,752	3,715	4,822	5,183	5,487	5,565
b) Financial Institutions	527	1,236	1,571	1,718	1,883	2,197	2,436	4,216	4,363	4,151	3,568	3,708	3,572	3,741	3,275
c) Private Sector	315	596	498	547	897	1,734	2,738	4,338	4,900	5,433	4,855	3,045	2,972	3,014	2,839
<b>III. IMF</b>	5,132	8,934	14,985	15,812	13,545	8,152	4,714	2,622	1,218	113	0	0	0	0	0
<b>IV. EXPORT CREDIT</b>	8,374	12,418	13,484	16,307	20,876	18,432	21,044	25,783	28,812	29,564	27,625	26,110	23,649	24,269	21,787
a) Buyers' credit	2,230	3,566	3,989	5,474	6,227	7,216	11,184	15,433	18,097	18,734	17,336	16,147	13,408	13,841	11,965
b) Suppliers' credit	933	1,380	2,050	4,129	6,432	5,382	4,791	5,453	5,532	5,582	5,401	5,144	5,051	5,280	4,543
c) Export credit component of bilateral credit	1,390	2,428	3,671	3,947	4,604	4,529	4,189	4,399	4,905	5,165	4,828	4,819	5,190	5,148	5,279
d) Export credit for defence purchases	3,821	5,044	3,774	2,757	3,613	1,305	880	498	278	83	60	0	0	0	0
<b>V. COMMERCIAL BORROWINGS</b>	19,727	35,711	36,367	38,782	40,915	47,642	51,454	67,086	89,019	86,963	112,938	113,451	107,165	108,500	93,928
a) Commercial bank loans #	13,200	20,933	20,156	18,694	18,384	23,120	29,968	39,419	43,892	44,015	46,169	48,682	47,062	46,602	50,401
b) Securitised borrowings ##	5,840	13,219	13,990	16,557	16,935	19,790	17,320	23,786	41,464	39,564	63,868	62,258	57,696	59,417	39,648
c) Loans/secured borrowings etc., with multilateral/bilateral guarantee + IFC(W)	687	1,512	2,105	2,430	2,998	3,050	3,521	3,451	3,430	3,271	2,901	2,511	2,407	2,481	3,879
d) Self-Liquidating Loans	0	47	116	1,101	2,598	1,682	645	430	233	113	0	0	0	0	0
<b>VI. NRI &amp; FC(B&amp;O) DEPOSITS®</b> (Above one year maturity)	20,030	27,384	34,941	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	110,021	104,941	136,208
a) NRI deposits	19,843	26,737	34,113	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	110,021	104,941	136,208
b) FC (B&O) Deposits®	187	647	828	0	0	0	0	0	0	0	0	0	0	0	0
<b>VII. RUPEE DEBT*</b>	25,199	31,956	33,149	31,634	30,315	28,150	26,978	23,204	20,077	19,218	17,345	14,844	13,390	13,454	12,027
a) Defence	22,875	28,796	30,177	28,735	27,603	25,602	24,590	20,976	18,004	17,290	15,573	13,235	11,931	11,995	10,600
b) Civilian	2,324	3,160	2,972	2,899	2,712	2,548	2,388	2,228	2,073	1,928	1,772	1,609	1,459	1,459	1,427
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	146,226	232,268	260,942	279,043	298,237	304,091	311,674	349,753	393,160	411,388	454,805	468,512	476,888	487,536	485,533

(Rs. crore)

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
<b>IX. SHORT-TERM DEBT</b>	16,775	20,642	19,804	11,375	13,448	16,637	24,153	19,929	18,137	17,162	16,919	13,396	21,705	18,429	26,328
a) NRI deposits (up to one year maturity)@	7,018	6,517	8,131	4,078	7,176	9,896	13,547	8,657	8,852	5,983	4,463	4,724	9,320	8,391	4,332
b) FC(B&O) Deposits (up to one-year maturity)	328	924	2,433	1,672	0	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	9,429	13,201	9,240	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,385	10,038	21,996
	4,976	4,738	5,601	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,385	10,038	21,996
<b>X. GRAND TOTAL ( VIII+IX )</b>	163,001	252,910	280,746	290,418	311,685	320,728	335,827	369,682	411,297	428,550	471,724	481,908	498,593	505,965	511,861
Memo Items :															
Concessional Debt***	74,627	114,245	124,818	128,724	141,139	143,741	141,970	146,117	158,219	166,671	167,436	173,324	183,650	182,554	186,453
Short-term Debt	16,775	20,642	19,804	11,375	13,448	16,637	24,153	19,929	18,137	17,162	16,919	13,396	21,705	18,429	26,328

R Revised

P Provisional

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.

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

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



## India's External Debt Outstanding (Annual)

(US \$ million)

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
<b>I. MULTILATERAL</b>	20,900	23,090	25,008	26,263	28,542	28,616	29,218	29,553	30,534	31,438	31,105	31,899	29,994	32,565	30,558
A. Government Borrowing	19,887	21,651	23,247	24,158	26,127	26,059	26,369	26,344	26,967	27,584	27,414	28,290	27,271	29,793	27,735
(i) Concessional	13,377	14,320	15,503	16,044	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	21,559	21,232	22,893
a) IDA	13,052	13,974	15,169	15,721	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	21,257	20,931	22,567
b) Others	325	346	334	323	339	313	299	295	295	305	269	273	302	301	326
ii) Non-concessional	6,510	7,331	7,744	8,114	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,577	5,712	8,561	4,842
a) IBRD	6,293	6,796	6,947	7,203	7,136	6,938	6,772	6,430	6,062	5,810	5,654	5,742	4,009	5,633	2,796
b) Others	217	535	797	911	1,214	1,545	1,961	2,078	2,309	2,505	2,680	2,835	1,703	2,928	2,046
B. Non-Government Borrowing	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,772	2,823
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,772	2,823
a) Public Sector	157	458	572	891	1,033	1,353	1,318	2,216	2,523	2,793	2,655	2,609	1,945	1,914	2,074
i) IBRD	157	308	418	690	640	860	929	1,319	1,495	1,589	1,525	1,496	920	914	1,201
ii) Others	0	150	154	201	393	493	389	897	1,028	1,204	1,130	1,113	1,025	1,000	873
b) Financial Institutions	657	754	928	869	813	721	665	550	641	710	722	766	668	745	639
i) IBRD	451	553	576	533	510	481	450	256	249	229	218	215	110	200	99
ii) Others	206	201	352	336	303	240	215	294	392	481	504	551	558	545	540
c) Private Sector	199	227	261	345	569	483	866	443	403	351	314	234	110	113	110
i) IBRD	171	202	228	305	512	364	456	334	309	269	246	190	63	66	59
ii) Others	28	25	33	40	57	119	410	109	94	82	68	44	47	47	51
<b>II. BILATERAL</b>	14,168	15,466	16,154	17,450	20,270	19,213	17,494	16,969	17,499	18,175	15,974	15,323	16,815	16,619	17,942
A. Government borrowing	11,936	13,099	13,578	14,519	16,841	15,535	13,652	12,998	13,447	13,966	12,176	11,540	12,664	12,436	13,386
(i) Concessional	11,936	13,099	13,578	14,519	16,841	15,232	13,394	12,786	13,286	13,613	11,898	11,359	12,547	12,319	13,286
ii) Non-concessional	0	0	0	0	0	303	258	212	161	353	278	181	117	117	100
B. Non-Government borrowing	2,232	2,367	2,576	2,931	3,429	3,678	3,842	3,971	4,052	4,209	3,798	3,783	4,151	4,183	4,556
(i) Concessional	266	348	400	465	603	903	948	448	645	922	1,196	1,411	1,685	1,634	1,997
a) Public Sector	0	0	0	61	208	110	293	49	124	341	635	877	1,083	1,038	1,301
b) Financial Institutions	266	348	400	404	395	793	655	399	521	581	561	534	601	596	696
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

((US \$ million))

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
ii) Non-concessional	1,966	2,019	2,176	2,466	2,826	2,775	2,894	3,523	3,407	3,287	2,602	2,372	2,466	2,549	2,559
a) Public Sector	1,530	1,432	1,513	1,745	1,943	1,631	1,453	1,358	1,224	1,089	796	988	1,090	1,142	1,219
b) Financial Institutions	273	396	503	547	598	639	678	1,067	1,028	952	765	760	751	779	718
c) Private Sector	163	191	160	174	285	505	763	1,098	1,155	1,246	1,041	624	625	628	622
<b>III. IMF</b>	2,623	3,451	4,799	5,040	4,300	2,374	1,313	664	287	26	0	0	0	0	0
<b>IV. EXPORT CREDIT</b>	4,301	3,990	4,322	5,203	6,629	5,376	5,861	6,526	6,789	6,780	5,923	5,368	4,974	5,052	4,773
a) Buyers' credit	1,154	1,142	1,277	1,745	1,977	2,101	3,116	3,908	4,265	4,297	3,717	3,311	2,820	2,882	2,622
b) Suppliers' credit	483	442	656	1,316	2,042	1,567	1,335	1,380	1,303	1,280	1,158	1,069	1,063	1,099	996
c) Export credit component of bilateral credit	719	791	1,181	1,263	1,464	1,325	1,165	1,112	1,155	1,184	1,035	988	1,091	1,071	1,155
d) Export credit for defence purchases	1,945	1,615	1,208	879	1,146	383	245	126	66	19	13	0	0	0	0
<b>V. COMMERCIAL BORROWINGS</b>	10,209	11,715	11,643	12,363	12,991	13,873	14,335	16,986	20,978	19,943	24,215	23,226	22,540	22,590	20,582
a) Commercial bank loans #	6,831	6,704	6,453	5,959	5,837	6,731	8,349	9,981	10,343	10,094	9,899	9,962	9,898	9,703	11,044
b) Securitized borrowings ##	3,022	4,512	4,479	5,278	5,377	5,751	4,825	6,022	9,772	9,073	13,694	12,757	12,136	12,371	8,688
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	356	484	674	775	952	888	981	874	808	750	622	507	506	516	850
d) Self-Liquidating Loans	0	15	37	351	825	503	180	109	55	26	0	0	0	0	0
<b>VI. NRI &amp; FC(B&amp;O) DEPOSITS@</b> (Above one year maturity)	10,209	10,083	11,141	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	23,160	21,849	29,867
a) NRI deposits	10,114	9,833	10,876	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	23,160	21,849	29,867
b) FC (B&O) Deposits@@	95	250	265	0	0	0	0	0	0	0	0	0	0	0	0
<b>VII. RUPEE DEBT*</b>	12,847	10,420	10,616	10,084	9,624	8,233	7,511	5,874	4,731	4,406	3,719	3,042	2,818	2,801	2,635
a) Defence	11,645	9,222	9,661	9,160	8,763	7,488	6,847	5,311	4,243	3,964	3,339	2,712	2,511	2,497	2,323
b) Civilian	1,202	1,198	955	924	861	745	664	563	488	442	380	330	307	304	312
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	75,257	78,215	83,683	89,068	94,739	88,696	86,744	88,485	92,612	94,327	97,504	96,012	100,301	101,476	106,357

((US \$ million))

	End - March													End-December	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 R	2002 R	2003 P
<b>IX. SHORT-TERM DEBT</b>	8,544	7,070	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	4,569	3,837	5,773
a) NRI deposits (up to one year maturity)@	3,577	2,486	2,603	1,300	2,278	2,883	3,773	2,192	2,086	1,372	957	968	1,962	1,747	950
b) FC(B&O) Deposits (up to one-year maturity)	167	357	779	533	0	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	4,800	4,227	2,958	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,607	2,090	4,823
	2,533	1,517	1,793	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,607	2,090	4,823
<b>X. GRAND TOTAL (VIII+IX)</b>	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,132	98,757	104,870	105,313	112,130
Memo Items :															
Concessional Debt***	38,426	38,187	40,097	41,112	44,845	41,944	39,489	36,944	37,258	38,210	35,893	35,525	38,609	37,986	40,811
As % of Total Debt	45.9	44.8	44.5	44.4	45.3	44.7	42.2	39.5	38.5	38.9	35.5	36.0	36.8	36.1	36.4
Short-term Debt	8,544	7,070	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	4,569	3,837	5,773
As % of 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	4.4	3.6	5.1

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R Revised

P Provisional

IFC(W) International Finance Corporation (Washington).

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

# includes Financial Lease since 1996.

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

\*\*\* 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)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
<b>I. MULTILATERAL</b>	145,346	145,105	145,982	151,127	150,420	155,633	157,964	155,552	156,507	142,680	140,329	140,338	139,620
A. Government Borrowing	127,916	127,886	128,583	133,598	132,973	138,024	142,871	140,881	143,183	129,727	128,488	128,641	126,720
(i) Concessional	89,537	89,008	89,345	93,583	93,204	96,178	101,406	100,399	102,040	102,559	101,835	102,067	104,598
a) IDA	88,244	87,753	88,083	92,236	91,884	94,848	100,005	98,997	100,596	101,122	100,377	100,610	103,108
b) Others	1,293	1,255	1,262	1,347	1,320	1,330	1,401	1,402	1,444	1,437	1,458	1,457	1,490
(ii) Non-concessional	38,379	38,878	39,238	40,015	39,769	41,846	41,465	40,482	41,143	27,168	26,653	26,574	22,122
a) IBRD	25,899	26,376	26,387	26,921	26,772	28,012	27,955	27,153	27,074	19,069	18,727	18,499	12,774
b) Others	12,480	12,502	12,851	13,094	12,997	13,834	13,510	13,329	14,069	8,099	7,926	8,075	9,348
B. Non-Government Borrowing	17,430	17,219	17,399	17,529	17,447	17,609	15,093	14,671	13,324	12,953	11,841	11,697	12,900
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	17,430	17,219	17,399	17,529	17,447	17,609	15,093	14,671	13,324	12,953	11,841	11,697	12,900
a) Public Sector	12,396	12,386	12,413	12,591	12,449	12,728	10,208	10,077	9,200	9,255	8,270	8,250	9,478
i) IBRD	7,192	7,114	7,048	7,036	6,984	7,297	5,741	5,255	4,393	4,378	4,260	4,261	5,487
ii) Others	5,204	5,272	5,365	5,555	5,465	5,431	4,467	4,822	4,807	4,877	4,010	3,989	3,991
b) Financial Institutions	3,503	3,368	3,534	3,564	3,638	3,736	3,738	3,613	3,582	3,177	3,061	2,940	2,918
i) IBRD	1,015	1,017	998	1,020	995	1,049	1,045	1,001	962	525	490	450	453
ii) Others	2,488	2,351	2,536	2,544	2,643	2,687	2,693	2,612	2,620	2,652	2,571	2,490	2,465
c) Private Sector	1,531	1,465	1,452	1,374	1,360	1,145	1,147	981	542	521	510	507	504
i) IBRD	1,202	1,148	1,155	1,119	1,124	929	931	771	316	298	292	273	271
ii) Others	329	317	297	255	236	216	216	210	226	223	218	234	233
<b>II. BILATERAL</b>	79,163	74,519	74,416	79,450	74,069	74,762	81,142	78,619	79,865	79,983	79,427	80,419	81,963
A. Government borrowing	60,700	56,802	56,461	60,660	56,177	56,302	60,630	58,944	59,768	60,243	59,898	60,876	61,159
(i) Concessional	59,399	55,504	55,606	59,793	55,304	55,418	60,058	58,377	59,205	59,688	59,498	60,476	60,703
(ii) Non-concessional	1,301	1,298	855	867	873	884	572	567	563	555	400	400	456
B. Non-Government borrowing	18,463	17,717	17,955	18,790	17,892	18,460	20,512	19,675	20,097	19,740	19,529	19,543	20,804
(i) Concessional	5,801	5,579	6,125	6,737	6,242	6,885	7,795	7,644	7,855	8,013	8,104	8,529	9,125
a) Public Sector	2,961	2,962	3,460	3,855	3,625	4,278	4,900	4,830	4,988	5,152	5,245	5,553	5,947
b) Financial Institutions	2,840	2,617	2,665	2,882	2,617	2,607	2,895	2,814	2,867	2,861	2,858	2,976	3,178
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0

(Rs. crore)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
ii) Non-concessional	12,662	12,138	11,830	12,053	11,650	11,575	12,717	12,031	12,242	11,727	11,425	11,014	11,679
a) Public Sector	3,789	3,715	3,510	3,630	4,702	4,822	5,485	5,318	5,487	5,183	5,182	5,091	5,565
b) Financial Institutions	3,796	3,568	3,564	3,643	3,766	3,708	4,010	3,743	3,741	3,572	3,307	3,142	3,275
c) Private Sector	5,077	4,855	4,756	4,780	3,182	3,045	3,222	2,970	3,014	2,972	2,936	2,781	2,839
<b>III. IMF</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>IV. EXPORT CREDIT</b>	29,056	27,625	26,028	26,726	26,140	26,110	26,174	23,997	24,269	23,649	23,159	22,065	21,787
a) Buyers' credit	18,078	17,336	16,029	16,202	16,299	16,147	15,609	13,747	13,841	13,408	13,137	12,217	11,965
b) Suppliers' credit	5,750	5,401	5,105	5,262	4,970	5,144	5,342	5,174	5,280	5,051	4,848	4,589	4,543
c) Export credit component of bilateral credit	5,165	4,828	4,835	5,199	4,809	4,819	5,223	5,076	5,148	5,190	5,174	5,259	5,279
d) Export credit for defence purchases	63	60	59	63	62	0	0	0	0	0	0	0	0
<b>V. COMMERCIAL BORROWINGS</b>	114,445	112,938	112,235	113,719	114,764	113,451	112,889	109,467	108,500	107,165	110,917	110,010	93,928
a) Commercial bank loans #	46,372	46,169	45,912	46,597	48,377	48,682	48,289	46,934	46,602	47,062	48,039	48,208	50,401
b) Securitised borrowings ##	64,959	63,868	63,688	64,422	63,596	62,258	62,079	60,082	59,417	57,696	59,945	58,357	39,648
c) Loans/securitised borrowings etc., with multilateral/bilateral guarantee + IFC(W)	3,081	2,901	2,635	2,700	2,791	2,511	2,521	2,451	2,481	2,407	2,933	3,445	3,879
d) Self-Liquidating Loans	33	0	0	0	0	0	0	0	0	0	0	0	0
<b>VI. NRI &amp; FC(B&amp;O) DEPOSITS®</b> (Above one year maturity)	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	104,941	110,021	118,528	125,404	136,208
a) NRI deposits	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	104,941	110,021	118,528	125,404	136,208
b) FC (B&O) Deposits®®®	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VII. RUPEE DEBT*</b>	17,715	17,345	15,283	15,546	15,371	14,844	14,228	13,565	13,454	13,390	11,962	11,933	12,027
a) Defence	15,831	15,573	13,549	13,814	13,640	13,235	12,649	11,988	11,995	11,931	10,533	10,506	10,600
b) Civilian	1,884	1,772	1,734	1,732	1,731	1,609	1,579	1,577	1,459	1,459	1,429	1,427	1,427
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	456,721	454,805	447,933	463,985	461,867	468,512	483,388	481,791	487,536	476,888	484,322	490,169	485,533

(Rs. crore)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
<b>IX. SHORT-TERM DEBT</b>	16,775	16,919	14,775	14,797	13,250	13,396	15,112	14,744	18,429	21,705	27,170	28,317	26,328
a) NRI deposits (up to one year maturity)@	2,524	4,463	3,806	4,144	4,413	4,724	6,070	4,576	8,391	9,320	10,817	7,446	4,332
b) FC(B&O) Deposits (up to one-year maturity)	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)**	14,251	12,456	10,969	10,653	8,837	8,672	9,042	10,168	10,038	12,385	16,353	20,871	21,996
of which, short-term debt over 6 months	14,251	12,456	10,969	10,653	8,837	8,672	9,042	10,168	10,038	12,385	16,353	20,871	21,996
<b>X. GRAND TOTAL ( VIII+IX )</b>	473,496	471,724	462,708	478,782	475,117	481,908	498,500	496,535	505,965	498,593	511,492	518,486	511,861

R Revised

P Provisional

# 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 & Exchange Board of India.

## India's External Debt Outstanding (Quarterly)

(US \$ million)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
<b>I. MULTILATERAL</b>	31,118	31,105	31,034	31,544	31,233	31,898	32,297	32,126	32,565	29,994	30,133	30,575	30,558
A. Government Borrowing	27,386	27,414	27,335	27,885	27,611	28,289	29,211	29,096	29,793	27,271	27,590	28,026	27,735
(i) Concessional	19,169	19,080	18,994	19,533	19,353	19,713	20,733	20,735	21,232	21,560	21,867	22,237	22,893
a) IDA	18,892	18,811	18,725	19,252	19,079	19,440	20,447	20,446	20,931	21,258	21,554	21,919	22,567
b) Others	277	269	269	281	274	273	286	289	301	302	313	318	326
(ii) Non-concessional	8,217	8,334	8,341	8,352	8,258	8,576	8,478	8,361	8,561	5,711	5,723	5,789	4,842
a) IBRD	5,545	5,654	5,609	5,619	5,559	5,741	5,716	5,608	5,633	4,009	4,021	4,030	2,796
b) Others	2,672	2,680	2,732	2,733	2,699	2,835	2,762	2,753	2,928	1,702	1,702	1,759	2,046
B. Non-Government Borrowing	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,772	2,723	2,543	2,549	2,823
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,772	2,723	2,543	2,549	2,823
a) Public Sector	2,654	2,655	2,639	2,629	2,585	2,609	2,088	2,081	1,914	1,945	1,776	1,797	2,074
i) IBRD	1,540	1,525	1,498	1,469	1,450	1,496	1,174	1,085	914	920	915	928	1,201
ii) Others	1,114	1,130	1,141	1,160	1,135	1,113	914	996	1,000	1,025	861	869	873
b) Financial Institutions	750	722	751	744	755	766	764	746	745	668	657	641	639
i) IBRD	217	218	212	213	206	215	213	207	200	110	105	98	99
ii) Others	533	504	539	531	549	551	551	539	545	558	552	543	540
c) Private Sector	328	314	309	286	282	234	234	203	113	110	110	111	110
i) IBRD	257	246	246	233	233	190	190	159	66	63	63	60	59
ii) Others	71	68	63	53	49	44	44	44	47	47	47	51	51
<b>II. BILATERAL</b>	16,945	15,974	15,820	16,586	15,373	15,323	16,592	16,239	16,630	16,815	17,060	17,542	17,942
A. Government borrowing	12,994	12,176	12,003	12,661	11,664	11,540	12,397	12,173	12,436	12,664	12,863	13,263	13,386
(i) Concessional	12,716	11,898	11,821	12,480	11,483	11,359	12,280	12,056	12,319	12,547	12,776	13,176	13,286
(ii) Non-concessional	278	278	182	181	181	181	117	117	117	117	87	87	100
B. Non-Government borrowing	3,951	3,798	3,817	3,925	3,709	3,783	4,195	4,066	4,183	4,151	4,197	4,260	4,556
(i) Concessional	1,242	1,196	1,302	1,407	1,296	1,411	1,593	1,579	1,634	1,685	1,740	1,858	1,997
a) Public Sector	634	635	735	805	753	877	1,001	998	1,038	1,083	1,126	1,210	1,301
b) Financial Institutions	608	561	567	602	543	534	592	581	596	602	614	648	696
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0

(US \$ million)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
ii) Non-concessional	2,709	2,602	2,515	2,518	2,413	2,372	2,602	2,487	2,549	2,466	2,457	2,402	2,559
a) Public Sector	811	796	746	758	974	988	1,122	1,099	1,142	1,090	1,114	1,110	1,219
b) Financial Institutions	812	765	758	761	780	760	820	774	779	751	711	685	718
c) Private Sector	1,086	1,041	1,011	999	659	624	660	614	628	625	632	607	622
<b>III. IMF</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>IV. EXPORT CREDIT</b>	6,217	5,923	5,533	5,584	5,414	5,368	5,354	4,959	5,052	4,974	4,980	4,811	4,773
a) Buyers' credit	3,868	3,717	3,407	3,386	3,374	3,311	3,193	2,842	2,882	2,820	2,826	2,664	2,622
b) Suppliers' credit	1,230	1,158	1,085	1,100	1,029	1,069	1,093	1,069	1,090	1,063	1,043	1,001	996
c) Export credit component of bilateral credit	1,106	1,035	1,028	1,085	998	988	1,068	1,048	1,071	1,091	1,111	1,146	1,155
d) Export credit for defence purchases	13	13	13	13	13	0	0	0	0	0	0	0	0
<b>V. COMMERCIAL BORROWINGS</b>	24,483	24,215	23,859	23,775	23,756	23,227	23,098	22,629	22,590	22,540	23,861	23,993	20,582
a) Commercial bank loans #	9,920	9,899	9,760	9,738	10,014	9,962	9,880	9,702	9,703	9,898	10,334	10,514	11,044
b) Securitized borrowings ##	13,897	13,694	13,539	13,472	13,164	12,758	12,702	12,420	12,371	12,136	12,896	12,728	8,688
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	659	622	560	565	578	507	516	507	516	506	631	751	850
d) Self-Liquidating Loans	7	0	0	0	0	0	0	0	0	0	0	0	0
<b>VI. NRI &amp; FC(B&amp;O) DEPOSITS@</b> (Above one year maturity)	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	21,849	23,160	25,498	27,351	29,867
a) NRI deposits	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	21,849	23,160	25,498	27,351	29,867
b) FC (B&O) Deposits@@@	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VII. RUPEE DEBT*</b>	3,789	3,719	3,249	3,248	3,190	3,042	2,911	2,809	2,801	2,818	2,601	2,608	2,635
a) Defence	3,386	3,339	2,880	2,886	2,831	2,712	2,588	2,483	2,497	2,511	2,294	2,297	2,323
b) Civilian	403	380	369	362	359	330	323	326	304	307	307	311	312
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	97,740	97,504	95,224	96,916	95,801	96,012	98,869	99,556	101,476	100,301	104,133	106,861	106,357



(US \$ million)

	Dec. 2000	Mar. 2001	June, 2001	Sept. 2001	Dec. 2001	Mar. 2002	June-02	Sept. 2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 P
<b>IX. SHORT-TERM DEBT</b>	3,589	3,628	3,141	3,092	2,750	2,745	3,092	3,048	3,837	4,569	5,845	6,176	5,773
a) NRI deposits (up to one year maturity)@	540	957	809	866	916	968	1,242	946	1,747	1,962	2,327	1,624	950
b) FC(B&O) Deposits (up to one-year maturity)	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)**	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,102	2,090	2,607	3,518	4,552	4,823
of which, short-term debt over 6 months	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,102	2,090	2,607	3,518	4,552	4,823
<b>X. GRAND TOTAL (VIII+IX)</b>	101,329	101,132	98,365	100,008	98,551	98,757	101,961	102,604	105,313	104,870	109,978	113,037	112,130

R Revised

P Provisional

# 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 & Exchange Board of India.

## External Debt by Borrower Categories

(US dollar million)

	End - March													End December			
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002R	2003	2000	2001	2002R	2003P
I. Government Debt:	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	44,027	43,619	43,717	44,927	43,196	45,838	45,647
	59.6	59.8	60.7	60.4	60.1	56.6	52.5	49.7	47.6	47.7	43.5	44.2	41.7	44.3	43.8	43.5	40.7
of which long-term:	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	44,027	43,619	43,717	44,927	43,196	45,838	45,647
1 Government A/c.	33,744	36,739	38,961	40,864	45,293	43,361	41,592	40,805	41,896	42,823	40,727	40,965	41,216	41,611	40,452	43,486	42,488
2 Other Govt. Debt	16,213	14,288	15,668	15,079	14,209	9,734	7,468	5,715	4,241	4,029	3,300	2,654	2,501	3,316	2,744	2,352	3,159
II. Non-Govt. Debt (A+B):	33,844	34,258	35,394	36,752	39,506	40,635	44,410	47,011	50,749	51,411	57,105	55,138	61,153	56,402	55,355	59,475	66,483
	40.4	40.2	39.3	39.6	39.9	43.4	47.5	50.3	52.4	52.3	56.5	55.8	58.3	55.7	56.2	56.5	59.3
A. Long-term:	25,300	27,188	29,054	33,125	35,237	35,601	37,684	41,965	46,475	47,475	53,477	52,393	56,584	52,813	52,605	55,638	60,710
1 Financial Sector*	0	0	0	0	0	0	0	20,113	23,699	25,102	32,661	32,367	37,063	29,941	32,246	36,013	39,298
2 Public Sector**	0	0	0	0	0	0	0	9,753	9,284	9,316	9,024	8,228	7,084	10,772	8,349	7,349	7,474
3 Private Sector***	0	0	0	0	0	0	0	12,099	13,492	13,057	11,792	11,798	12,437	12,100	12,010	12,276	13,938
B. 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	4,569	3,589	2,750	3,837	5,773
	10.2	8.3	7.0	3.9	4.3	5.4	7.2	5.4	4.4	4.0	3.6	2.8	4.4	3.5	2.8	3.6	5.1
III. (I+II) Total External Debt	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,132	98,757	104,870	101,329	98,551	105,313	112,130
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

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

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

P : Provisional; R: Revised

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

## India's External Debt Service Payments

(US \$ million)

	Financial Year (April 01 - March 31)													(April 01 - December 31)				
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99R	1999-00	2000-01	2001-02 R	2002-03P	1999	2000	2001	2002R	2003P
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	2,577	2,922	2,273	3,303	4,455
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	1,639	2,021	1,514	2,513	3,720
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	938	901	759	790	735
2 External Commercial																		
Borrowings#	3,414	2,830	2,707	3,232	4,290	5,248	5,959	4,934	5,070	5,800	7,073	5,563	6,186	5,495	6,722	4,203	4,809	8,859
Repayments	2,004	1,677	1,525	1,978	2,812	3,868	4,605	3,550	3,477	4,147	5,378	4,107	5,019	3,880	5,012	3,051	3,886	7,033
Interest	1,410	1,153	1,182	1,254	1,478	1,380	1,354	1,384	1,593	1,653	1,695	1,456	1,167	1,615	1,710	1,152	923	1,826
3 I. M. F.	778	697	614	387	1,368	1,860	1,061	667	419	267	26	0	0	240	26	0	0	0
Repayments	644	459	335	134	1,146	1,715	975	618	393	260	26	0	0	234	26	0	0	0
Interest	134	238	279	253	222	145	86	49	26	7	0	0	0	6	0	0	0	0
4 NRI Deposits	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,269	1,308	1,236	1,221	982	741
Interest	1,282	1,036	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,269	1,308	1,236	1,221	982	741
5 Rupee Debt Service	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	570	461	389	358	304
Repayments	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	570	461	389	358	304
Total Debt Service	8,982	8,250	7,658	8,545	10,873	12,998	12,657	11,404	11,204	11,543	12,821	10,863	15,094	10,190	11,367	8,086	9,452	14,359
Repayments	5,028	4,705	4,181	4,810	6,689	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	6,323	7,520	4,954	6,757	11,057
Interest	3,954	3,545	3,477	3,735	4,184	4,271	4,428	4,503	4,481	4,484	4,462	4,087	3,564	3,867	3,847	3,132	2,695	3,302
Current Receipts	25,478	27,307	27,839	33,629	41,988	49,625	55,115	58,545	59,760	67,472	79,342	81,120	95,475	48,321	57,851	59,648	70,309	79,459
Debt Service Ratio (%)	35.3	30.2	27.5	25.4	25.9	26.2	23.0	19.5	18.8	17.1	16.2	13.4	15.8	21.1	19.6	13.6	13.4	18.1
Interest to Current																		
Receipts Ratio	15.5	13.0	12.5	11.1	10.0	8.6	8.0	7.7	7.5	6.7	5.6	5.0	3.9	8.0	6.6	5.3	3.8	4.2

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

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

## Debt Servicing by Creditor Categories

(US \$ million)

	Financial Year (April 01 - March 31)								(April 01 - December 31)				
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02 R	2002-03P	1999	2000	2001	2002R	2003P
1. Multilateral :	2,503	2,186	2,212	2,175	2,043	2,411	2,160	5,872	1,692	2,082	1,549	2,274	2,904
Principal	1,435	1,211	1,299	1,303	1,261	1,629	1,405	5,093	1,017	1,431	998	1,719	2,424
Interest	1,069	975	913	872	782	782	755	779	675	651	551	555	480
2. Bilateral :	1,565	1,537	1,795	1,716	1,638	1,593	1,530	1,634	1,400	1,375	1,105	1,422	1,832
Principal	982	988	1,269	1,204	1,130	1,108	1,119	1,177	991	990	823	1,145	1,540
Interest	583	549	526	512	508	485	411	457	409	385	282	277	292
3. IMF :	1,860	1,061	667	419	267	26	0	0	240	26	0	0	0
Principal	1,715	975	618	393	260	26	0	0	234	26	0	0	0
Interest	145	86	49	26	7	0	0	0	6	0	0	0	0
4. Export Credit :	1,135	1,570	1,188	1,256	1,108	1,670	1,185	1,426	1,334	1,610	948	1,064	858
Principal	792	1,138	855	868	758	1,302	885	1,196	956	1,200	725	885	708
Interest	343	432	333	388	350	368	300	230	378	410	223	179	150
5. Commercial Borrowings:	3,735	3,949	2,968	3,193	4,068	4,843	3,913	4,419	3,646	4,577	2,874	3,352	7,720
Principal	2,851	3,190	2,093	2,153	2,939	3,677	2,848	3,590	2,554	3,412	2,019	2,650	6,081
Interest	884	759	875	1,040	1,129	1,166	1,065	829	1,092	1,165	855	702	1,639
6. NRI Deposits :	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,269	1,308	1,236	1,221	982	741
Interest*	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,269	1,308	1,236	1,221	982	741
7. Rupee Debt :	952	727	767	802	711	617	519	474	570	461	389	358	304
Principal	952	727	767	802	711	617	519	474	570	461	389	358	304
8. Total Debt : (1 to 7)	12,998	12,657	11,404	11,204	11,543	12,821	10,863	15,094	10,190	11,367	8,086	9,452	14,359
Principal	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	6,322	7,520	4,954	6,757	11,057
Interest	4,271	4,428	4,503	4,481	4,484	4,462	4,087	3,564	3,868	3,847	3,132	2,695	3,302
Current Receipts	49,625	55,115	58,545	59,760	67,472	79,342	81,120	95,475	48,321	57,851	59,648	70,309	79,459
Debt Service Ratio (%)	26.19	22.96	19.48	18.75	17.11	16.16	13.39	15.81	21.09	19.65	13.56	13.44	18.07
Interest to Current Receipts Ratio (%)	8.61	8.03	7.69	7.50	6.65	5.62	5.04	3.73	8.00	6.65	5.25	3.83	4.16

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

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

R : Revised

P : Provisional

## India – Key External Debt Indicators

(ratios as per cent)

Year	Debt Service to Current Receipts <sup>#</sup>	Total External Debt to GDP <sup>##</sup>	Interest Payments to Current Receipts <sup>#</sup>	Debt to Current Receipts <sup>*</sup>	Short-term to Total Debt	Short-term to Forex Assets	Short-term to GDP	Concessional to Total Debt
1990-91	35.3	28.7	15.5	328.9	10.2	382.1	3.0	45.9
1991-92	30.2	38.7	13.0	312.3	8.3	125.6	3.2	44.8
1992-93	27.5	37.5	12.5	323.4	7.0	98.5	2.7	44.5
1993-94	25.4	33.8	11.1	275.6	3.9	24.1	1.3	44.4
1994-95	25.9	30.8	10.0	235.8	4.3	20.5	1.3	45.3
1995-96	26.2	27.0	8.6	188.9	5.4	29.5	1.4	44.8
1996-97	23.0	24.6	8.0	169.6	7.2	30.1	1.8	42.3
1997-98	19.5	24.3	7.7	159.8	5.4	19.4	1.3	39.5
1998-99	18.8	23.6	7.5	162.1	4.4	14.5	1.0	38.5
1999-00	17.1	22.1	6.7	145.6	4.0	11.2	0.9	38.9
2000-01	16.2	22.6	5.6	127.5	3.6	9.2	0.8	35.5
2001-02	13.4	21.1	5.0	121.6	2.8	5.4	0.6	36.0
2002-03	15.8	20.2	3.9	109.8	4.4	6.4	0.9	36.8
2003-04**	18.1		4.2	141.1	5.2	5.9		36.4

# : Debt service payments are calculated on cash basis except in the case of Non-Resident Indian Deposits where accrual method is used. The estimates may, therefore, differ from those under BOP data. The ratio for 2003-04 relates to April-December 2003.

\* : Current Receipts exclude official transfers.

## : Debt-GDP ratios are derived from Rupee figures. GDP figures, at current market prices.