



सत्यमेव जयते

GOVERNMENT OF INDIA

INDIA'S EXTERNAL DEBT
for the quarter ended
SEPTEMBER 2005

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
EXTERNAL DEBT MANAGEMENT UNIT
DECEMBER 2005
www.finmin.nic.in

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INDIA'S EXTERNAL DEBT

FOR THE QUARTER ENDED SEPTEMBER 2005

1. Introduction

1.1 India's external debt statistics are disseminated on a quarterly basis with a time lag of three months from the end of the reference period in compliance with the requirements under Special Data Dissemination Standards (SDDS) of the International Monetary Fund (IMF). Reserve Bank of India (RBI) and Ministry of Finance (MOF), Government of India share the responsibility of collecting, compiling and publishing the external debt data. While RBI releases external debt data for the two quarters ending March and June, MOF disseminates such information for the remaining two quarters, namely, end-September and end-December. The present report covers details of India's external debt for end-September 2005.

2. External Debt Stock

2.1 India's total external debt rose by US\$2.2 billion or 1.8 percent to US\$124.3 billion as at the end of September 2005 from US\$122.1 billion at end-June 2005. However, as compared to end-March 2005, the stock of external debt at end September 2005 showed a smaller rise of 0.9 percent or US\$1.05 billion (Table1). Quarterly disaggregated data on external debt outstanding in terms of both Rupees as well as US dollars are provided for the last few quarters in Annex I and II, respectively.

Table 1: India's External Debt

(US \$ million)

Item	Debt Outstanding			Variation (absolute)		Variation (Per cent)	
	March 2005 (R)	June 2005 (R)	Sept. 2005 (QE)	Mar. 05 to Sept. 05 (4-2)	June 05 to Sept. 05 (4-3)	Mar. 05 to Sept. 05	June05 to Sept. 05
1	2	3	4	5	6	7	8
1. Multilateral	31,656	31,289	31,401	-255	112	-0.8	0.4
2. Bilateral	16,938	16,293	15,883	-1,055	-410	-6.2	-2.5
3. IMF	0	0	0	0	0	0.0	0.0
4. Export credit	4,972	5,212	5,290	318	78	6.4	1.5
5. Commercial borrowings	27,144	27,173	28,527	1,383	1,354	5.1	5.0
6. NRI Deposits (long-term)	32,743	32,730	32,802	59	72	0.2	0.2
7. Rupee debt	2,301	2,146	2,120	-181	-26	-7.9	-1.2
8. Long-term debt (1 to 7)	115,754	114,843	116,023	269	1,180	0.2	1.0
9. Short-term debt	7,524	7,275	8,303	779	1,028	10.4	14.1
10. Total debt (8+9)	123,278	122,118	124,326	1,048	2,208	0.9	1.8

R: Revised

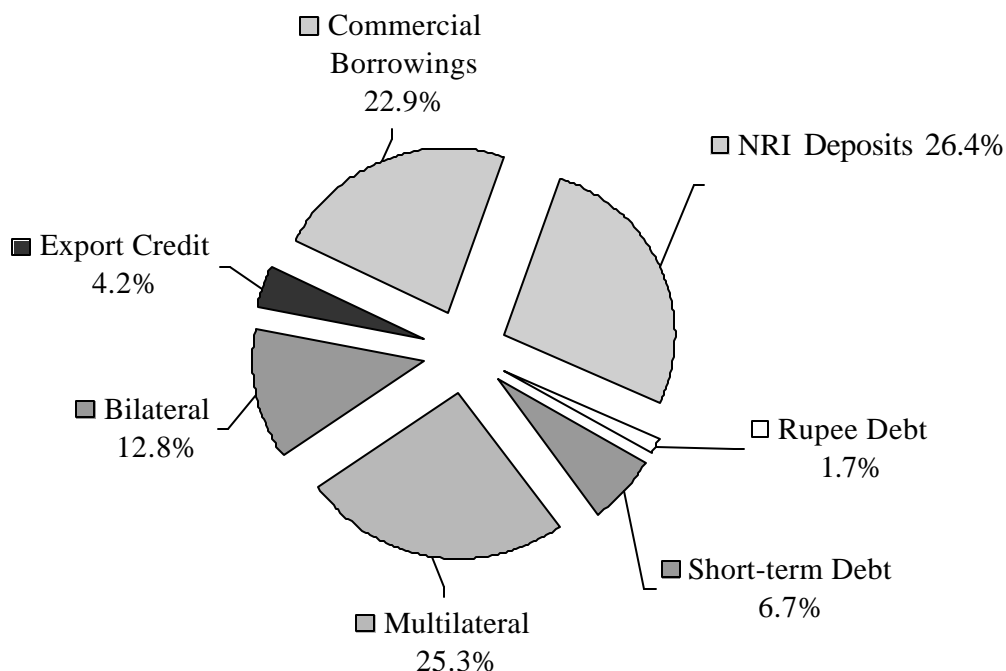
QE: Quick Estimates

2.2 Component-wise, both long-term and short-term contributed almost equal amount to the increase in debt stock. Long-term debt outstanding at US\$116.0 billion at end-September 2005 showed a rise of US\$1.2 billion over the quarter entirely due to increase in external commercial borrowings. Within the group of long-term debt, while multilateral debt rose by US\$112 million to US\$31,401 million due to higher net utilization of World Bank loans, bilateral debt declined by US\$410 million over the quarter to US\$15,883 million. Export credit outstanding edged up by US\$78 million to US\$5,290 million. Outstandings under commercial borrowings at US\$28,527 million were larger by US\$1,354 million as compared to those at the end of preceding quarter due to increased access to international capital market by Indian corporates. NRI deposits rose by US\$72 million to US\$32,802 million and Rupee debt declined marginally by US\$26 million to US\$2,120 million at end-September 2005.

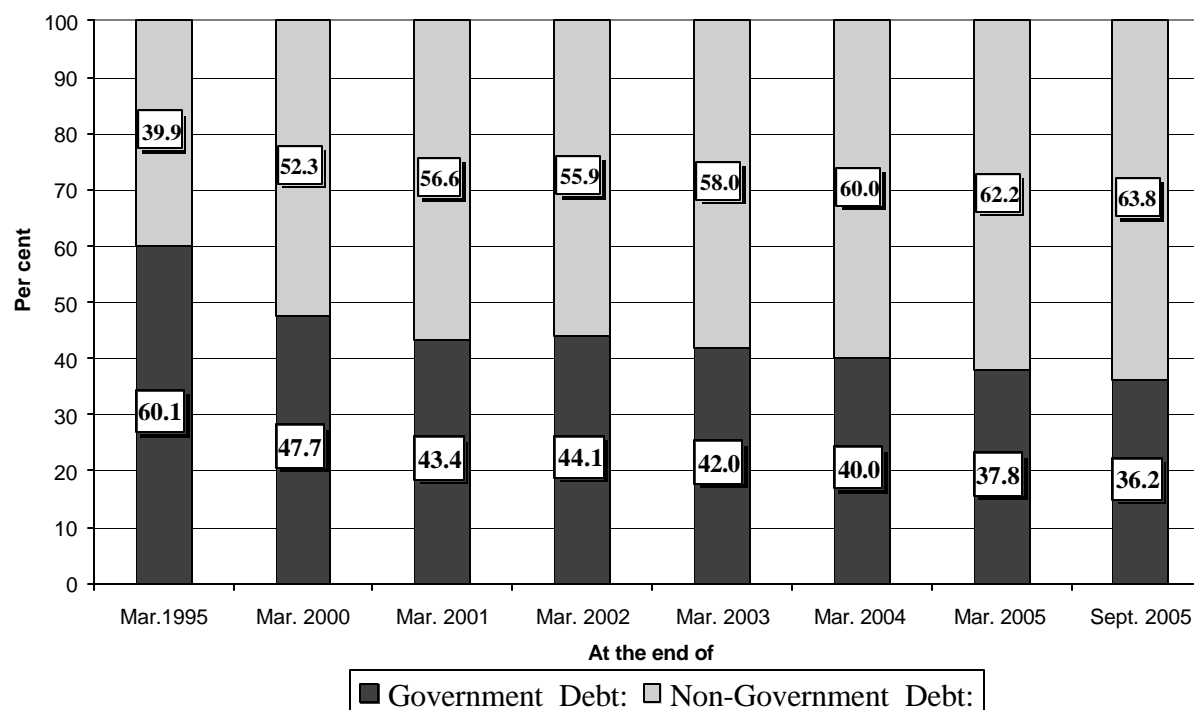
2.3 Short-term debt increased by 14.1 percent over the quarter to US\$8,303 million at end-September 2005 on account of a rise in trade credits. Increase in trade credits was attributed to higher oil and non-oil imports during the current fiscal year so far.

2.4 In terms of their share in total debt stock, multilateral debt constituted 25.3 per cent of the total debt at end-September 2005. Non-Resident deposits accounted for 26.4 percent, followed by commercial borrowings at 22.9 per cent. The share of bilateral debt was 12.8 per cent. Export credit and Rupee debt accounted for 4.2 and 1.7 per cent, respectively. The share of short-term debt was 6.7 per cent (Figure 1).

Figure 1: Composition of India's external debt at end-September 2005



2.5 The composition of external debt underwent a significant change over the last few years. Government debt steadily declined from US \$ 59,502 million (60.1 per cent of the total external debt) at end-March 1995 to US \$ 45,034 million (36.2 per cent) at end-September 2005 and a corresponding increase in non-Government debt from US \$ 39,506 million (39.9 per cent of total debt) to US \$ 79,292 million (63.8 per cent) during this period (Figure 2), essentially due to rise in private debt.

Figure 2: Share of Government and Non-Government External debt

3. External Debt Indicators

3.1 The key indicators of India's external debt continue to show improvement during the last few years. External debt to GDP ratio dropped from 30.8 per cent at end-March 1995 to 17.4 per cent at end-March 2005. Debt servicing as a proportion of gross current receipts dropped from 25.9 per cent in 1994-95 to 6.2 per cent in 2004-05 (Table 2). However, the ratio of short-term-debt to total debt and proportion of short-term debt to foreign currency assets rose over the quarter to 6.7 percent and 6.1 percent, respectively.

Table 2: India's Key External Debt Indicators*(Ratio as per cent)*

Ratios	As at the end of							
	March							
	1995	2000	2001	2002	2003	2004 R	2005 R	Sept. 2005 QE
External Debt to GDP	30.8	22.1	22.4	21.1	17.8	20.3	17.4	*
Debt service to Current Receipts (Debt Service ratio)	25.9	17.1	16.2	13.6	16.0 (12.4)	16.3 (8.5)	6.2 (6.14)	*
Short-term to total Debt	4.3	4.0	3.6	2.8	4.5	4.0	6.1	6.7
Short-term Debt to Foreign Currency Assets	20.5	11.2	9.2	5.4	6.5	4.1	5.6	6.1
Concessional Debt to Total Debt	45.3	38.9	35.4	35.9	36.8	36.1	33.3	31.6

Note: Figures in brackets indicate debt service ratio excluding exceptional transactions such as prepayments for 2002-03 and 2004-05, and prepayments as well as redemption of Resurgent India Bonds (RIBs) for 2003-04.

* Not computed for the broken period. R: Revised Q.E: Quick Estimates.

4. External Debt and Foreign Exchange Reserves

4.1 India's foreign exchange reserves including foreign currency assets of the Reserve Bank of India (RBI), gold, SDRs and Reserve Tranche Position in the International Monetary Fund were US \$ 143.1 billion as at the end of September 2005. Foreign currency assets of the RBI amounted to US\$ 136.9 billion as on September 30, 2005 providing a cover of around 110 per cent to total external debt.

5. Currency Composition

5.1 There is no significant change in the currency composition of India's external debt over the quarter. As in the past, the US dollar continued to be the major currency in India's external debt basket with the share of 45.9 percent at end-September 2005 (Table 3)(Figure3).

Table 3: Currency Composition of India's External Debt

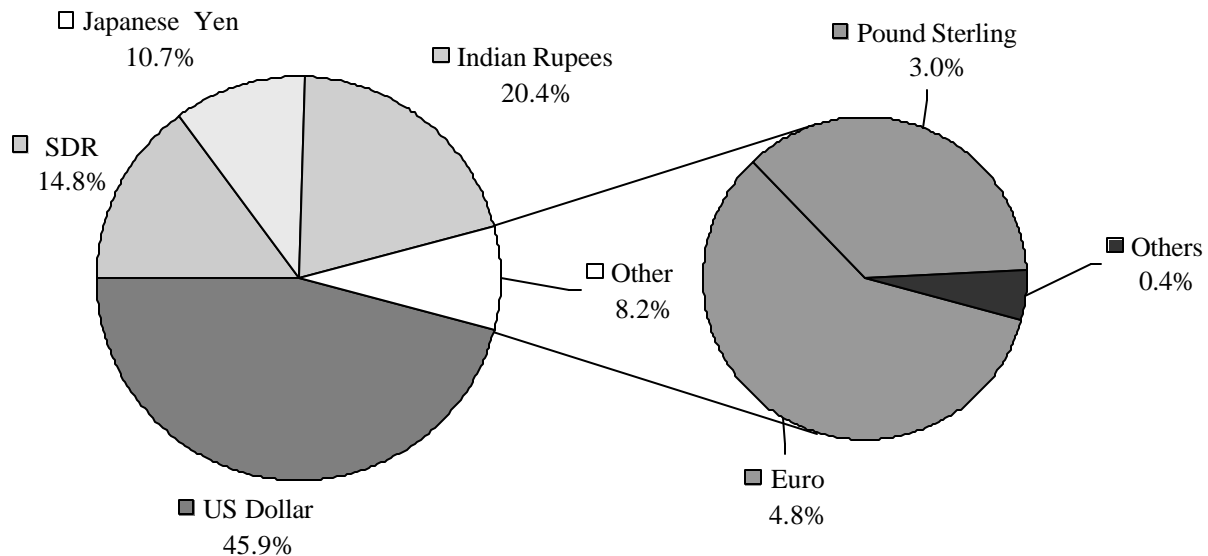
(per cent to total external debt)

	As at the end of				
	Mar. 02	Mar. 03	Mar. 04 R	Mar. 05 R	Sept. 05 QE
US Dollar	54.3	46.4	40.5	44.1	45.9
SDRs	14.1	15.2	15.5	15.4	14.8
Indian Rupees	11.9	17.4	22.7	21.1	20.4
Japanese Yen	10.2	10.7	11.6	11.1	10.7
Euro	5.7	6.2	5.8	5.0	4.8
Pound Sterling	2.9	3.1	3.4	2.8	3.0
Others	0.9	1.0	0.5	0.5	0.4
Total	100.0	100.0	100.0	100.0	100.0

R: Revised.

QE Quick Estimates

Figure 3: Currency Composition of India's external debt at end-September 2005



6. External Debt Management

6.1 The external debt management policy of the Government continued to focus on raising loans from least expensive sources with longer maturities, monitoring of short-term debt, keeping commercial debt under manageable limits, encouraging non-debt creating capital flows and accelerating growth of exports.

India's External Debt Outstanding (Quarterly)

(Rs. crore)

	As at the end of					
	June 2004 R	Sept. 2004 R	Dec. 04 R	Mar. 2005 R	June. 05 R	Sept. 2005 QE
I. MULTILATERAL	137,094	138,854	137,882	138,713	136,388	138,506
A. Government Borrowing	125,655	127,560	127,005	127,782	125,547	127,293
(i) Concessional	105,911	106,911	105,890	105,114	101,957	102,692
a) IDA	104,435	105,433	104,434	103,671	100,587	101,307
b) Others	1,476	1,478	1,456	1,443	1,370	1,385
ii) Non-concessional	19,744	20,649	21,115	22,668	23,590	24,601
a) IBRD	14,903	15,511	15,615	16,500	16,960	17,640
b) Others	4,841	5,138	5,500	6,168	6,630	6,961
B. Non-Government Borrowing	11,439	11,294	10,877	10,931	10,841	11,213
(i) Concessional	0	0	0	0	0	0
ii) Non-concessional	11,439	11,294	10,877	10,931	10,841	11,213
a) Public Sector	8,353	8,313	7,961	8,000	7,863	8,124
i) IBRD	4,699	4,663	4,422	4,462	4,368	4,459
ii) Others	3,654	3,650	3,539	3,538	3,495	3,665
b) Financial Institutions	2,840	2,737	2,666	2,584	2,585	2,546
i) IBRD	390	329	282	252	396	371
ii) Others	2,450	2,408	2,384	2,332	2,189	2,175
c) Private Sector	246	244	250	347	393	543
i) IBRD	0	0	0	0	0	0
ii) Others	246	244	250	347	393	543
II. BILATERAL	77,865	76,676	78,043	74,208	71,008	70,042
A. Government borrowing	58,546	57,849	58,959	57,458	55,159	54,555
(i) Concessional	58,282	57,584	58,708	57,207	55,038	54,433
ii) Non-concessional	264	265	251	251	121	122
B. Non-Government borrowing	19,319	18,827	19,084	16,750	15,849	15,487
(i) Concessional	8,951	8,791	9,213	7,471	7,143	7,060
a) Public Sector	5,797	5,704	6,042	5,653	5,400	5,344
b) Financial Institutions	3,154	3,087	3,171	1,818	1,743	1,716
c) Private Sector	0	0	0	0	0	0
ii) Non-concessional	10,368	10,036	9,871	9,279	8,706	8,427
a) Public Sector	4,962	4,746	4,699	4,389	4,065	3,972
b) Financial Institutions	3,205	3,094	3,017	2,844	2,698	2,609
c) Private Sector	2,201	2,196	2,155	2,046	1,943	1,846
III. IMF	0	0	0	0	0	0
IV. EXPORT CREDIT	20,962	21,195	21,732	21,763	22,690	23,283
a) Buyers' credit	11,348	11,787	12,422	12,876	14,136	14,851
b) Suppliers' credit	4,546	4,401	4,205	3,913	3,767	3,698
c) Export credit component of bilateral credit	5,068	5,007	5,105	4,974	4,787	4,734
d) Export credit for defence purchases	0	0	0	0	0	0
V. COMMERCIAL BORROWINGS	103,135	105,873	109,420	118,771	118,242	125,489
a) Commercial bank loans #	56,096	57,392	55,861	60,587	60,029	63,546
b) Securitized borrowings ##	43,347	44,858	49,962	54,541	54,576	58,315
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	3,692	3,623	3,597	3,643	3,637	3,628
d) Self-Liquidating Loans	0	0	0	0	0	0
VI. NRI DEPOSITS@	141,534	141,045	139,088	143,267	142,425	144,926

(Above one year maturity)

	As at the end of					
	June 2004 R	Sept. 2004 R	Dec. 04 R	Mar. 2005 R	June. 05 R	Sept. 2005 QE
VII. RUPEE DEBT*	10,642	10,634	10,434	10,071	9,336	9,329
a) Defence	9,356	9,349	9,149	8,887	8,179	8,173
b) Civilian	1,286	1,285	1,285	1,184	1,157	1,156
VIII. TOTAL LONG TERM DEBT (I TO VII)	491,232	494,277	496,599	506,793	500,089	511,575
IX. SHORT-TERM DEBT	27,134	28,108	29,917	32,922	31,657	36,525
a) NRI deposits (up to one year maturity)@	0	0	0	0	0	0
b) Others (trade-related)**	27,134	28,108	29,917	32,922	31,657	36,525
of which, short-term debt over 6 months	27,134	28,108	29,917	32,922	31,657	36,525
X. GRAND TOTAL (VIII+IX)	518,366	522,385	526,516	539,715	531,746	548,100

QE: Quick Estimates

R: Revised

P: Provisional

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

#: includes Financial Lease since 1996.

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

@: Figures include accrued interest.

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

****:** Does not include suppliers' credits of up to 180 days.

*****:** The definition of concessional debt here includes concessional categories under Multilateral and Bilateral debt and Rupee debt under item VII.

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

India's External Debt Outstanding (Quarterly)

(US \$ million)

	As at the end of					
	June 2004 R	Sept. 2004 R	Dec. 04 R	Mar. 2005 R	June. 05 R	Sept. 2005 QE
I. MULTILATERAL	29,887	30,135	31,502	31,656	31,289	31,401
A. Government Borrowing	27,394	27,684	29,017	29,161	28,802	28,858
(i) Concessional	23,090	23,201	24,193	23,988	23,390	23,281
a) IDA	22,768	22,880	23,860	23,659	23,076	22,967
b) Others	322	321	333	329	314	314
ii) Non-concessional	4,304	4,483	4,824	5,173	5,412	5,577
a) IBRD	3,249	3,368	3,568	3,765	3,891	3,999
b) Others	1,055	1,115	1,256	1,408	1,521	1,578
B. Non-Government Borrowing	2,493	2,451	2,485	2,495	2,487	2,543
(i) Concessional	0	0	0	0	0	0
ii) Non-concessional	2,493	2,451	2,485	2,495	2,487	2,543
a) Public Sector	1,821	1,804	1,819	1,826	1,804	1,842
i) IBRD	1,025	1,012	1,010	1,018	1,002	1,011
ii) Others	796	792	809	808	802	831
b) Financial Institutions	619	594	609	590	593	577
i) IBRD	85	71	64	58	91	84
ii) Others	534	523	545	532	502	493
c) Private Sector	53	53	57	79	90	124
i) IBRD	0	0	0	0	0	0
ii) Others	53	53	57	79	90	124
II. BILATERAL	16,971	16,636	17,838	16,938	16,293	15,883
A. Government borrowing	12,763	12,553	13,471	13,113	12,654	12,368
(i) Concessional	12,706	12,496	13,413	13,055	12,626	12,340
ii) Non-concessional	57	57	58	58	28	28
B. Non-Government borrowing	4,208	4,083	4,367	3,825	3,639	3,515
(i) Concessional	1,951	1,908	2,105	1,705	1,639	1,601
a) Public Sector	1,264	1,238	1,381	1,290	1,239	1,212
b) Financial Institutions	687	670	724	415	400	389
c) Private Sector	0	0	0	0	0	0
ii) Non-concessional	2,257	2,175	2,262	2,120	2,000	1,914
a) Public Sector	1,080	1,028	1,077	1,003	934	902
b) Financial Institutions	698	671	691	649	620	592
c) Private Sector	479	476	494	468	446	420
III. IMF	0	0	0	0	0	0
IV. EXPORT CREDIT	4,562	4,594	4,981	4,972	5,212	5,290
a) Buyers' credit	2,468	2,554	2,850	2,943	3,248	3,376
b) Suppliers' credit	989	953	965	894	866	841
c) Export credit component of bilateral credit	1,105	1,087	1,166	1,135	1,098	1,073
d) Export credit for defence purchases	0	0	0	0	0	0
V. COMMERCIAL BORROWINGS	22,433	22,940	25,105	27,144	27,173	28,527
a) Commercial bank loans #	12,202	12,435	12,817	13,847	13,795	14,446
b) Securitised borrowings ##	9,428	9,720	11,463	12,465	12,542	13,256
c) Loans/securitised borrowings etc., with multilateral/bilateral guarantee + IFC(W)	803	785	825	832	836	825
d) Self-Liquidating Loans	0	0	0	0	0	0
VI. NRI DEPOSITS@	30,785	30,559	31,912	32,743	32,730	32,802
(Above one year maturity)						

(US \$ million)

	As at the end of					
	June 2004 R	Sept. 2004 R	Dec. 04 R	Mar. 2005 R	June. 05 R	Sep. 2005 QE
VII. RUPEE DEBT*	2,315	2,305	2,393	2,301	2,146	2,120
a) Defence	2,035	2,026	2,099	2,031	1,880	1,858
b) Civilian	280	279	294	270	266	262
VIII. TOTAL LONG TERM DEBT (I TO VII)	106,953	107,169	113,731	115,754	114,843	116,023
IX. SHORT-TERM DEBT	5,902	6,090	6,864	7,524	7,275	8,303
a) NRI deposits (up to one year maturity)@	0	0	0	0	0	0
b) Others (trade-related)**	5,902	6,090	6,864	7,524	7,275	8,303
of which, short-term debt over 6 months	5,902	6,090	6,864	7,524	7,275	8,303
X. GRAND TOTAL (VIII+IX)	112,855	113,259	120,595	123,278	122,118	124,326
Memo Items :						
Concessional Debt***	40,062	39,910	42,104	41,049	39,801	39,342

QE: Quick Estimates**R:** Revised**IFC(W):** International Finance Corporation (Washington).**#:** includes Financial Lease since 1996.**##:** includes Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds. FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.**@** Figures include accrued interest.***:** Rupee denominated debt owed to Russia and payable through exports.****:** 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.