



# INDIA'S EXTERNAL DEBT

*A Status Report*

**GOVERNMENT OF INDIA**  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
AUGUST 2006

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**FINANCE MINISTER  
INDIA**

**FOREWORD**

It gives me pleasure to present the Twelfth Status Report on India's external debt covering the period up to the end of March 2006.

India's external debt stood marginally higher at US \$ 125.2 billion as on March 31, 2006 as compared to US \$ 123.2 billion at end-March 2005. The increase was essentially due to rise in NRI deposits partly because of flow-back of funds from redemption of IMDs and surge in short-term debt owing to larger trade credits buoyed up by higher import demand.

Despite increase in the volume of India's external debt, the external debt indicators have continued to improve. Crucial indicators such as external debt-to-GDP ratio and debt service payments as a proportion of gross external current receipts have softened over the years. While debt-to-GDP ratio declined from 17.3 percent to 15.8 per cent, debt service ratio increased marginally to 6.1 percent (excluding one-off transaction of IMD repayments) in 2005-06. Furthermore, foreign currency assets of the Reserve Bank of India provided a cover of over 115 per cent to external debt stock at end-March 2006.

Key indicators of sustainability of external debt of the country compare well with other indebted countries, particularly in respect of share of concessional debt in total debt, debt-to-GDP ratio, debt service ratio and share of short-term debt in total external debt.

The current Report not only focuses on developments in India's external debt during 2005-06, but also provides a detailed presentation of India's external debt statistics since 1991.

**New Delhi  
August 2006**

  
**(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
CUB	Committed Undisbursed Balance
DESACS	Department of Statistical Analysis & Computer Services
DOD	Debt Disbursed and Outstanding
ECB	External Commercial Borrowings
EDMU	External Debt Management Unit
EEC	East European Commission
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
GNI	Gross National Income
GOI	Government of India
Govt.	Government
IBRD	International Bank for Reconstruction and Development
IDA	International Development Agency
IDB	India Development Bonds
IFAD	International Fund for Agricultural Development
IFC (W)	International Financial Corporation (Washington)
IMD	India Millennium Deposits

IMF	International Monetary Fund
LIBOR	London Inter-Bank Offer Rate
MIS	Management Information System
NA	Not Available
NRI	Non-Resident Indian
NR (E) RA	Non-Resident (External) Rupee Account
NR (NR) D	Non-Resident Non-Repatriable Rupee Deposit
NRSR	Non-Resident Special Rupee Deposit
NRO	Non-Resident Ordinary Account
NSA	Not Separately Available
O/o.	Office of
ONGC	Oil and Natural Gas Commission Limited
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
SDRs	Special Drawing Rights
SLL	Self-Liquidating Loans
S&P	Standard & Poor's
US	United States
XGS	Exports of Goods and Services

## 1. EXECUTIVE SUMMARY

1.1 India's external debt stock rose to US\$125.2 billion at end-March 2006 from US\$123.2 billion at end-March 2005. As at the end of March 2004, India's external debt was US\$111.6 billion. While external debt stock had risen by US \$ 11.6 billion or 10.4 percent in 2004-05, the accumulation of external debt in 2005-06 was smaller at US\$ 2 billion or 1.6 percent essentially due to redemption of India Millennium Deposits (IMDs) of US\$ 5.5 billion in December 2005. Component-wise, increase in debt stock during 2005-06 was mainly due to escalation in NRI deposits and surge in short-term credits which were partially offset by contraction in commercial borrowings and bilateral loans.

1.2 External debt indicators have improved from strength to strength during the last few years despite an increase in the volume of debt. For example, external debt-to-GDP ratio dropped gradually from 38.7 percent in 1991-92 to 15.8 percent in 2005-06. Debt service as a proportion of current receipts (debt service ratio) declined over the years to 6.1 percent (excluding one-off transaction of repayments under IMDs) in 2005-06. Like-wise, short-term debt to total debt and short-term debt to forex assets have shown improvement. The moderation in debt accumulation and improvement in debt sustainability indicators during the post-reform period essentially reflect committed efforts of the Government to keep external debt within manageable limits.

1.3 India's external debt position compares well with that of other indebted countries. India's external debt indicators such as ratios of short-term debt to total debt and short-term debt to forex reserves are lowest among the top ten debtor countries. Proportion of concessional loans in total debt is the highest, while debt to GNI and debt service ratios are the second lowest after China in the year 2004. Among the top ten debtor countries of the world, India has improved her rank from *third* debtor in 1991 to *eighth* in 2004.

1.4 External debt service payments, particularly interest component, have moderated during the last few years reflecting a softening of international interest rates. Debt service payments rose from US \$9.2 billion in 2004-05 to US\$19.0 billion in 2005-06 essentially due to repayment of IMDs of US\$ 7.1 billion (principal US\$ 5.5 billion and interest US\$1.6 billion). Gradual improvement in the ratios of total debt service payments and interest payments to external current receipts shows that India's debt servicing capacity has improved significantly over the years.

1.5 Sovereign debt stock has remained in the range of US\$44 to US\$46 billion since 1998. Contingent liability of Government dropped from US\$10.6 billion at end-March 1994 to US\$5.8 at end-March 2006.

1.6 Encouraged by buoyant foreign exchange reserves and low level of domestic as well as international interest rates, high-cost multilateral and bilateral loans raised under external assistance programme (both on Government and non-Government account) were prepaid which amounted to US\$3.4 billion in 2002-03, US\$3.8 billion in 2003-04, US\$381 million in 2004-05 and US\$23 million in 2005-06. Similarly, corporates and public sector undertakings were encouraged to prepay high cost commercial borrowings raised by them from international capital markets, besides allowing them to convert outstanding loan into equity.

1.7 As effective policy making presupposes a robust management information system, a great deal of importance is attached to compilation, analysis and projections of external debt data. All the major units engaged in collection of debt statistics use Commonwealth Secretariat-Debt Recording and Management System (CS-DRMS), a software package developed by the Commonwealth Secretariat, London. Efforts are being made on a continuous basis to improve the coverage, presentation and dissemination of external debt statistics as well as to enhance capacity building in external debt management.

1.8 External debt policy pursued by the Government of India continues to focus on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring of short-term debt, prepaying high-cost external loans and encouraging non-debt creating flows.

1.9 Data on external debt outstanding at end-March 2006 with comparable numbers for end-March 2005 and 2004 are set out in Exhibit 1.

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

Item	At the end of March			Variation (absolute)	
	2006	2005	2004	March 06 to March 05 (2-3)	March 05 to March 04 (3-4)
1	2	3	4	5	6
1 Multilateral	32,558	31,702	29,297	856	2,405
2 Bilateral	15,784	16,930	17,277	-1,146	-347
3 IMF	0	0	0	0	0
4 Export credit	5,326	4,980	4,697	346	283
5 Commercial borrowing	25,560	27,024	22,007	-1,464	5,017
6 NRI Deposits (long-term)	35,134	32,743	31,216	2,391	1,527
7 Rupee debt	2,031	2,301	2,720	-270	-419
8 Short-term debt	8,788	7,524	4,431	1,264	3,093
<b>9 Total External debt (1 to 8)</b>	<b>125,181</b>	<b>123,204</b>	<b>111,645</b>	<b>1,977</b>	<b>11,559</b>

2.0 Exhibit 2 provides important external debt indicators from 1990-91 through 2005-06.

**Exhibit 2 : Key External Debt Indicators (per cent)**

Year	Debt Service Ratio	Total External Debt to GDP	Debt to Current Receipts	Concessional debt to Total Debt
1990-91	35.3	28.7	328.9	45.9
1991-92	30.2	38.7	312.3	44.8
1992-93	27.5	37.5	323.4	44.5
1993-94	25.4	33.8	275.6	44.4
1994-95	25.9	30.8	235.8	45.3
1995-96	26.2	27.0	188.9	44.7
1996-97	23.0	24.6	169.6	42.2
1997-98	19.5	24.3	159.8	39.5
1998-99	18.8	23.6	162.1	38.5
1999-00	17.1	22.1	145.6	38.9
2000-01	16.2	22.4	127.5	35.4
2001-02	13.6	21.1	121.6	35.9
2002-03	16.0 (12.4)	20.4	109.8	36.8
2003-04	15.9 (8.1)	17.8	98.5	36.1
2004-05	6.0 (5.7)	17.3	78.2	33.3
2005-06	9.7 (6.1)	15.8	64.0	31.5

	<b>Total interest payments to current receipts</b>	<b>Short-term debt to Forex Assets</b>	<b>Short-term debt to GDP</b>	<b>Short-term debt to Total Debt</b>
1990-91	15.5	382.1	3.0	10.2
1991-92	13.0	125.6	3.2	8.3
1992-93	12.5	98.5	2.7	7.0
1993-94	11.1	24.1	1.3	3.9
1994-95	10.0	20.5	1.3	4.3
1995-96	8.6	29.5	1.4	5.4
1996-97	8.0	30.1	1.8	7.2
1997-98	7.7	19.4	1.3	5.4
1998-99	7.5	14.5	1.0	4.4
1999-00	6.6	11.2	0.9	4.0
2000-01	5.8	9.2	0.8	3.6
2001-02	5.4	5.4	0.6	2.8
2002-03	3.9	6.5	0.9	4.5
2003-04	3.7 *	4.1	0.7	4.0
2004-05	2.0	5.6	1.1	6.1
2005-06	2.6 **	6.1	1.1	7.0

**Note :** *Figures in brackets indicate debt service ratio excluding exceptional transactions namely, prepayments and IMD repayments in 2005-06, prepayments for 2002-03 and 2004-05, and prepayments as well as redemption of Resurgent India Bonds (RIBs) for 2003-04.*

\* : *works out to 2.8 percent excluding interest payments on RIBs.*

\*\* : *works out to 1.8 percent excluding interest payments on IMDs*

## 2. EXTERNAL DEBT

### 2.1 Stock of External Debt

2.1.1 During the pre-reform period, debt-creating flows were the main source of financing external current account deficit. After economic reforms were put in place in 1991, annual average accumulation of external debt has become moderate as non-debt creating flows assumed importance and as a result India's external debt situation has improved vastly in terms of debt sustainability indicators.

2.1.2 India's external debt stock rose to US\$125.2 billion at end-March 2006 from US\$123.2 billion at end-March 2005 (Table 2.1). As at the end of March 2004, India's external debt was US\$111.6 billion. While external debt stock had risen by US \$ 11.6 billion or 10.4 percent in 2004-05, the accumulation of external debt in 2005-06 was smaller at US\$ 2 billion essentially due to redemption of India Millennium Deposits (IMDs) of US\$ 5.5 billion in December 2005. Annex I to IV provide data on India's external debt stock since 1991 on an annual and quarterly basis, both in terms of US dollars and Rupees.

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

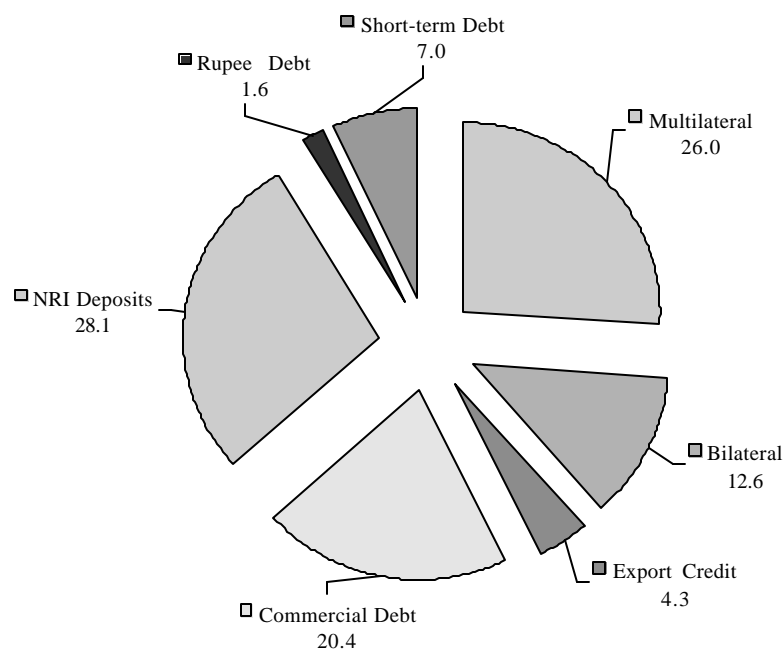
Category	At End-March									
	1991	1996	1998	1999	2001	2002	2003	2004	2005R	2006QE
	(US\$ million)									
Long-term Debt	75,257	88,696	88,485	92,612	97,698	96,098	100,245	107,214	115,680	116,393
Short-term Debt	8,544	5,034	5046	4,274	3,628	2,745	4,669	4,431	7,524	8,788
Total External Debt	83,801	93,730	93,531	96,886	101,326	98,843	104,914	111,645	123,204	125,181
	(Rupees crore)									
Long-term Debt	146,226	304,091	349,753	393160	455,706	468932	476,624	471,827	506,467	519,173
Short-term Debt	16,775	16,637	19,929	18,137	16,919	13,396	22,180	19,251	32,922	39,199
Total External Debt	163,001	320,728	369,682	411,297	472,625	482328	498,804	491,078	539,389	558,372

R: Revised QE: Quick Estimate

2.1.3 Component-wise, multilateral debt rose by US\$ 856 million to US\$ 32,558 million over the year, while bilateral loans declined by over US\$ 1 billion partly reflecting streamlining of bilateral portfolio through pre-payment of high-cost loans and raising loans from select donors during the last two-three years. Trade credits and commercial borrowings put together showed a contraction of US\$1.1 billion over the year owing to redemption of IMDs. Escalation in non-resident deposits by US\$ 2.4 billion was due to higher inflows during 2005-06 reflecting the effect of upward revision in interest rates and flow-back of part of IMD redemptions into NRI deposits. Short-term debt rose essentially because of rise in trade credits on larger import demand.

2.1.4 In terms of their share in total external debt, long-term debt comprised 93.0 per cent and short-term debt 7.0 per cent of total external debt. Under long-term debt, multilateral and bilateral debt representing broadly the loans raised under external assistance programme, accounted for around 38.6 per cent of total external debt at end-March 2006. NRI deposits and commercial borrowings together with export credit, constituted 52.8 percent of total external debt. The share of rupee debt was at 1.6 per cent (Figure 2.1).

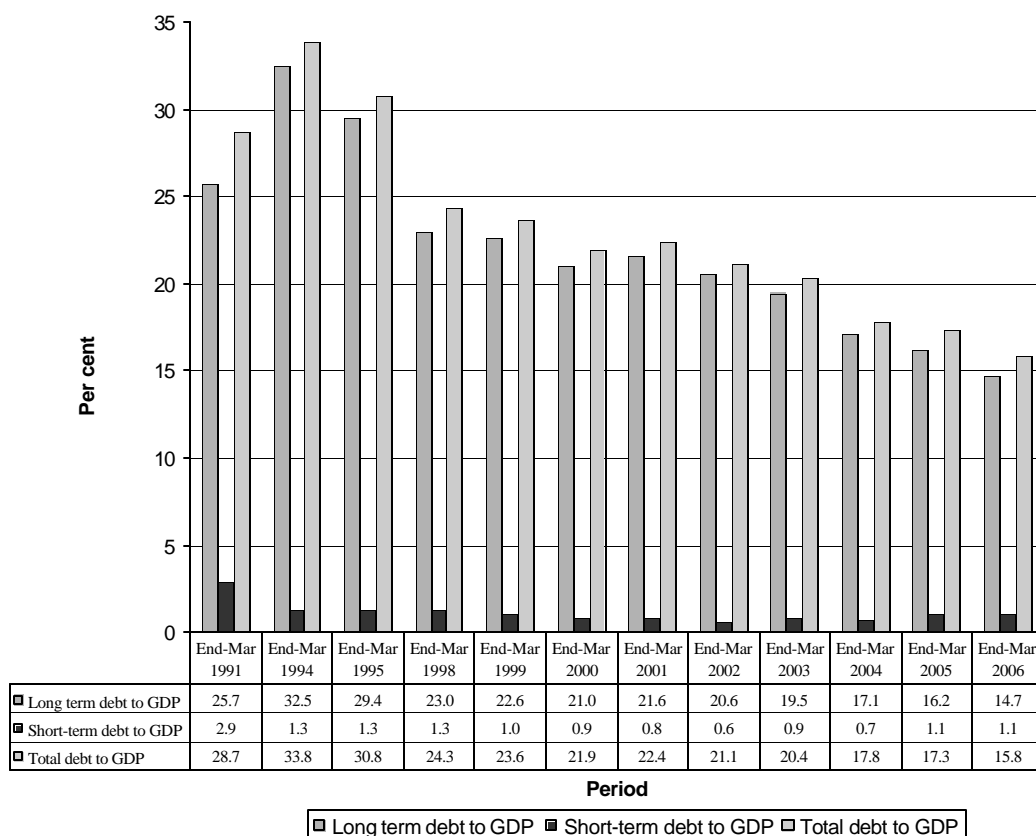
**Figure 2.1: Composition of External Debt as at end-March 2006 (Share in per cent)**



## 2.2 External Debt and GDP

2.2.1 India's external debt expanded at a much lower rate than GDP during the last few years which has resulted in a gradual decline in debt to GDP ratio. After peaking at 38.7 per cent in 1991-92, external debt to GDP ratio dropped to 15.8 per cent during 2005-06 (Figure 2.2).

**Figure 2.2: External Debt to GDP Ratio**



## 2.3 External Debt and Foreign Currency Assets

2.3.1 India's foreign exchange reserves including foreign currency assets of the RBI, gold, SDRs and Reserve Tranche Position in the International Monetary Fund were US \$151.62 billion as at the end of March 2006. Foreign currency assets of the RBI were of the order of US \$145.1 billion as on March 31, 2006 providing a cover of well over 115 per cent to total external debt stock. Such cover was as low as 2.7 per cent as at the end of March 1991 (Figure 2.3) The build-up of foreign exchange assets of the Reserve Bank of India during the last decade and a half was not brought about by debt-creating flows but resulted from non-debt creating flows for the most part (Table 2.2).

Figure 2.3: Ratio of foreign exchange assets to Total external debt

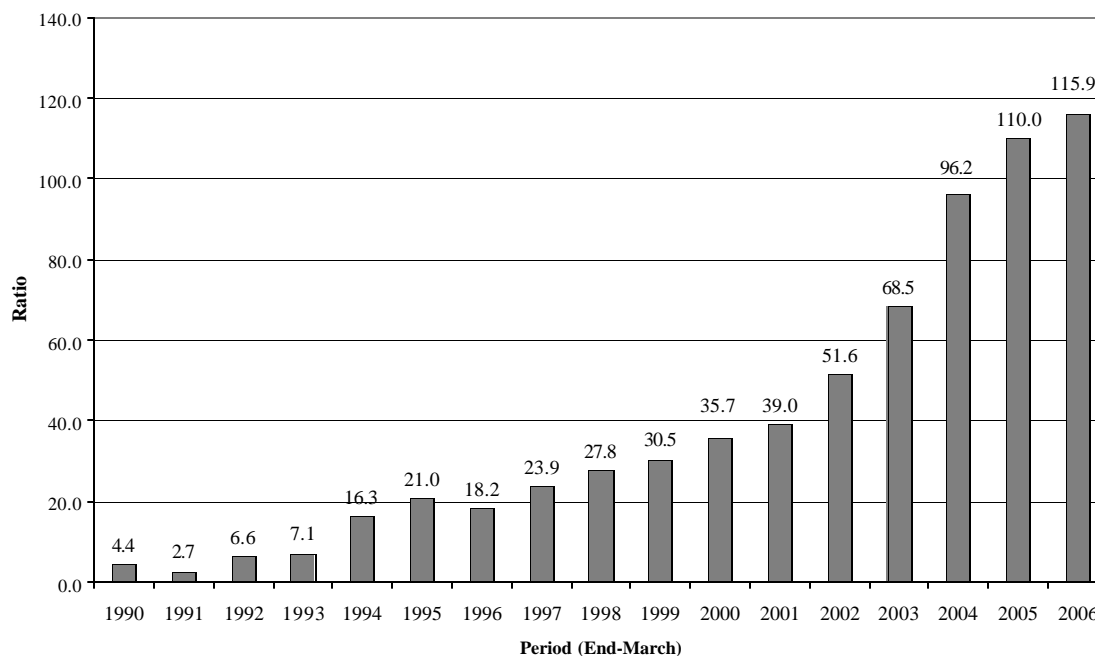


Table 2.2: Sources of Accretion to Foreign Exchange Reserves since 1991

Items	(US\$ billion)
A Reserve as at end-March 1991	5.8
B. Variation during 1991-92 and 2005-06 (B1+BII+BIII)	145.8
B.I. Current Account Balance	-28.8
B.II. Capital Account (net) (a to e)	170.3
a. Foreign Investment	93.9
b. NRI Deposit	25.3
c. External Assistance	11.8
d. External Commercial Borrowings	20.3
e. Other items in capital account	19.0
B.III. Valuation change	4.4
<b>C. Reserves at end - March 2006</b>	<b>151.6</b>

## 2.4 International Comparison

### (a) External Debt Stock

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

2.4.2 In terms of debt to GNI ratio, which shows the magnitude of external debt in relation to national income, India at 17.9 per cent *was the second lowest* after China at 12.9 per cent (Table 2.3).

**Table 2.3: International Comparison - External Debt of Top Ten Countries, 2004**

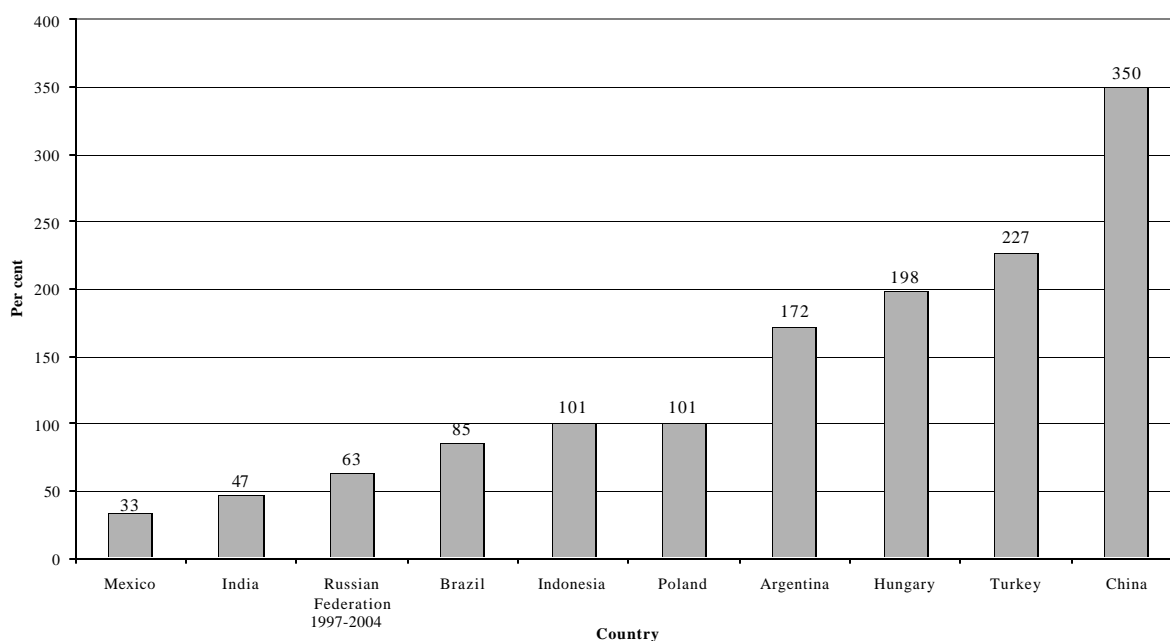
Sl.No.	Country	Total External Debt (US\$ million)	Debt to GNI (ratio as per cent)
1	China	248,934	12.9
2	Brazil	222,026	38.0
3	Russian Federation	197,335	34.7
4	Argentina	169,247	117.4
5	Turkey	161,595	53.6
6	Indonesia	140,649	56.5
7	Mexico	138,689	20.8
<b>8</b>	<b>India</b>	<b>122,723</b>	<b>17.9</b>
9	Poland	99,190	41.7
10	Hungary	63,159	66.8
<b>SAARC Countries</b>			
1	Pakistan	35,687	38.0
2	Bangladesh	20,344	34.2
3	Sri Lanka	10,887	56.6
4	Nepal	3,354	50.2
5	Bhutan	593	90.3
6	Maldives	345	47.9

Source: Global Development Finance 2006, World Bank

*(b) Change in Debt Stock*

2.4.3 As compared to other top indebted countries, accretion to external debt since 1990 was modest in the case of India. Between 1990 and 2004, India accumulated debt equivalent to less than 50 per cent of debt stock of US\$84 billion as at the end of 1990, while many other indebted countries added more than the opening stock of debt during this period (Figure 2.4).

**Figure 2.4: International Comparison of increase in external debt between 1990 and 2004**



Source: Global Development Finance 2006, World Bank

(c) *Present Value of External Debt*

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

2.4.5. PV of external debt of India worked out to US\$109.9 billion vis-à-vis debt stock in absolute terms at US\$122.7 billion in the year 2004. This reflected the fact that India's external debt portfolio contained a large element of concessional debt as compared to those of other top ten debtor countries. India's PV to Gross National Income (GNI) ratio at 18 per cent was the second lowest after China at 15 percent and PV to export of goods and services (XGS) was encouraging as compared to some of the other indebted countries of the world. World Bank's income classification is based on per capita GNI. Countries with GNI per capita of less than US\$825 are classified as *low-income* countries, while GNI per capita between US\$826 and US\$10,065 are classified as *middle-income* countries (Table 2.4).

**Table 2.4 : International Comparison-Present Value (PV) and PV based ratios, 2004**

Sl.No.	Country	PV (US\$ million)	PV/GNI (per cent)	PV/XGS (per cent)	Income Classification
1	China	241,615	15	46	Middle
2	Brazil	239,389	47	258	Middle
3	Russian Federation	201,995	46	120	Middle
4	Argentina	191,462	159	510	Middle
5	Turkey	167,279	69	221	Middle
6	Mexico	154,677	24	77	Middle
7	Indonesia	136,417	61	175	Middle
<b>8</b>	<b>India</b>	<b>109,852</b>	<b>18</b>	<b>95</b>	<b>Low</b>
9	Poland	95,838	45	121	Middle
10	Hungary	59,742	76	108	Middle
	<b>SAARC Countries</b>				
1	Pakistan	28,641	35	156	Low
2	Bangladesh	14,064	26	124	Low
3	Sri Lanka	9,026	50	111	Middle
4	Nepal	2,214	37	119	Low
5	Bhutan	595	100	432	Low
6	Maldives	275	42	46	Middle

Source: *Global Development Finance 2006, World Bank.*

### 3. SHORT-TERM DEBT

#### 3.1 Short-term Debt by Original Maturity

3.1.1 Short term debt in original maturity is defined to include all those loans and credits which have the original maturity of one year or less. Short-term debt is considered as a part of volatile capital flows. Therefore, accumulation of relatively a large size of short-term debt exposes the economy to external shocks. In the Indian context, realizing its nature and characteristics, short-term debt has been permitted in the post-reform period only for trade related purposes under normal terms. Besides, generally no roll over of short term credits beyond six months is allowed and RBI monitors the stock of short-term debt on an on-going basis. Consequently, the short-term debt is maintained in India well within a permissible level. However, short-term debt has increased during the last two years as trade credits expanded particularly under oil trade.

3.1.2 Trade credit includes buyers' credit of all maturities and suppliers' credit of 180 days to one year. Table 3.1 shows component-wise details of short-term debt by original maturity from 1991 to 2006.

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

(US\$ million)

Components	End-March								
	1991	1996	1999	2001	2002	2003	2004	2005R	2006QE
(a) NRI Deposits <sup>1</sup>	3,577	2,883	2,086	957	968	1,962	304	0	0
(b) FC (B&O)									
Deposits (up to one year maturity)	167	-	-	-	-	-	-	-	-
(c) Trade Credits <sup>2</sup>	4,800	2,151	2,188	2,671	1,777	2,707	4,127	7,524	8,788
<b>Total (a+b+c) :</b>	<b>8,544</b>	<b>5,034</b>	<b>4,274</b>	<b>3,628</b>	<b>2,745</b>	<b>4,669</b>	<b>4,431</b>	<b>7,524</b>	<b>8,788</b>

R : Revised;      QE : Quick Estimates.

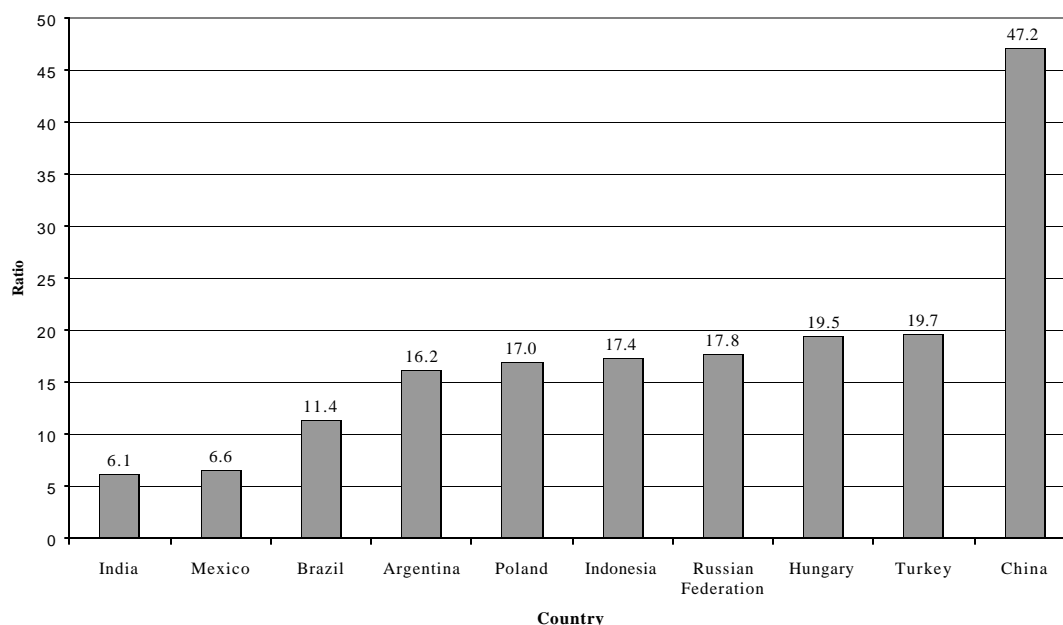
**Note 1.** Short-term component of NRI Deposits comprised Foreign Currency Non-Resident Accounts, [FCNR(A)]; Foreign Currency Non-Resident Bank Deposits, [FCNR(B)]; and Non-Resident External Rupee Account [NR(E)RA]. By the end of March 2004, deposits of less than one year maturity (short-term) under NRI deposits were completely eliminated. In detail, while short-term deposits of less than one-year maturity under FCNR(A) were withdrawn with effect from May 15, 1993, such deposits under FCNR(B) and NR(E)RA were withdrawn effective October 1999 and April, 2003, respectively.

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

3.1.3 Although short-term debt at end-March 2006 (US\$8,788 million) was a shade higher than that at end-March 1991 (US\$ 8,544 million) in terms of volume, the ratio of short-term debt to total debt, which measures the sensitivity of short-term debt, recorded a sharp decline from 10.2 per cent in 1991 to 7.0 per cent as at the end of March, 2006. Similarly, short-term debt as a percentage of Gross Domestic Product which was at 3 per cent in 1991 came down over the years to 1.1 per cent as at end-March 2006. 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 6.1 per cent at end-March 2006.

3.1.4 As compared to other indebted countries, proportion of India's short-term debt to total external debt at 6.1 per cent in 2004 was the lowest (Figure 3.1).

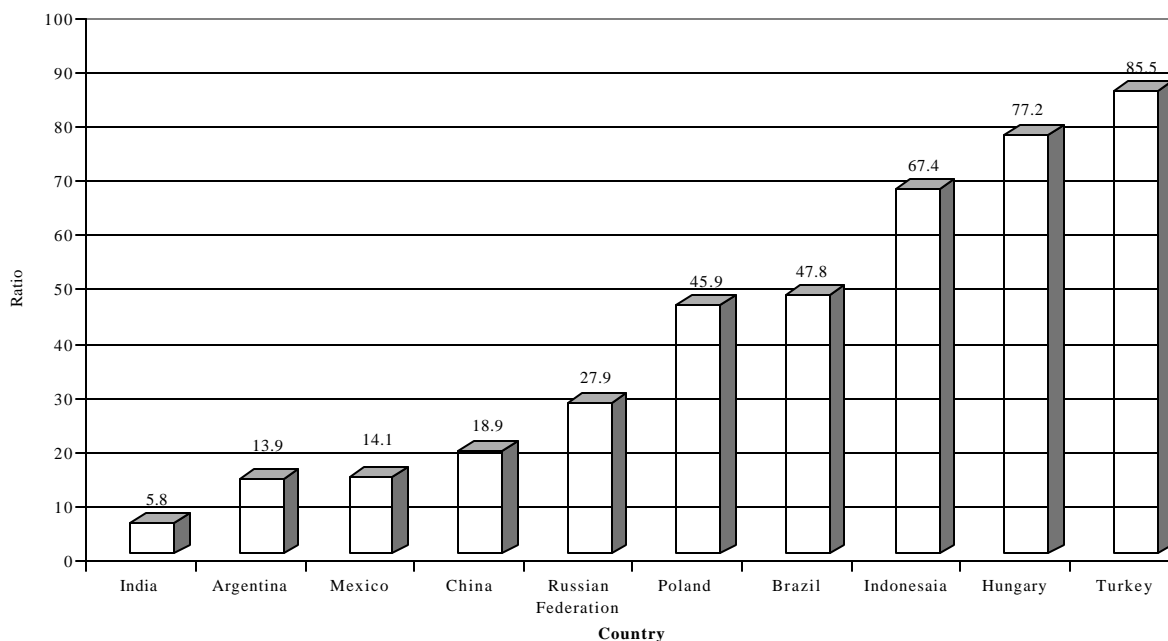
Figure 3.1: International Comparison -Share of Short-term debt in total external debt, 2004



Source: Global Development Finance 2006, World Bank

3.1.5 Similarly, the proportion of short-term debt to forex reserves was the lowest for India at 5.8 per cent followed by Argentina at 13.9 per cent ( Figure 3.2).

Figure 3.2: International Comparison: Proportion of Short-term debt to Forex Reserves, 2004



Source: Global Development Finance 2006, World Bank

### 3.2 Short-term Debt by Residual Maturity

3.2.1 External debt data can be presented either on the basis of original maturity or residual maturity. External debt profile with original maturity shows the nature of capital flows, while external debt compiled on residual maturity is useful in assessing debt servicing obligations during the ensuing year and consequent charge on the foreign exchange reserves facilitating effective cash flow management. Short-term debt by residual maturity refers to principal repayments due under all loans and credits (both long-term and short-term) in one year or less. Short-term debt by residual maturity comprises all the components of short-term debt with original maturity of one year or less, and repayments due under medium & long-term debt by original maturity during one year reference period.

3.2.2 Estimates of short-term debt by residual maturity are given in Table 3.2. However, these do not include suppliers' credits of less than 180 days as these are difficult to be captured since normal trade payments are allowed to be made within 180 days. Deposits matured under NRI deposits and redemption of debt instruments by FII's are also not included.

**Table 3.2: Short-term Debt by Residual Maturity**

(US\$ million)

	End-March									
	1991	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
1. Short-term debt by original maturity	6,726	5,046	4,274	3,936	3,628	2,745	4,669	4,431	7,524	8,788
2. Long-term debt obligations maturing within one year	6,901	6,723	7,059	8,359	6,776	11,530	14,614	6,117	13,886	6,127
3. External debt by residual maturity up to 1 year (1+2)	13,627	11,769	11,333	12,295	10,404	14,275	19,283	10,548	21,410	14,915
As a Per cent of GDP	3.3	2.8	2.5	2.7	2.2	3.0	3.8	1.7	3.3	1.9
As a Per cent to Total Debt	14.6	12.6	11.7	12.5	10.3	14.4	18.4	9.4	17.8	11.9
As a Per cent to Foreign currency Assets	60.9	45.3	38.4	35.1	26.3	28	26.8	9.8	15.8	10.3

**Note:** Data on external debt with residual maturity are actuals for the years up to end-March 2005. These are estimated for end-March 2006.

R : Revised, QE : Quick estimate

## 4. CLASSIFICATION OF DEBT STOCK

The standard format in which India's external debt data are disseminated on a regular basis does not contain certain important information such as classification of debt by borrower category and instruments in which external borrowings are raised. Therefore, analytical presentation of India's external debt is set out in this section focusing on creditor and borrower classification, proportion of Government and non-Government debt as well as share of official and private creditors. Currency composition and instrument wise grouping of external debt are also discussed along with the element of concessionality in India's external debt.

### 4.1 Creditor-wise Classification

4.1.1 The trend in creditor-wise classification showed a distinct shift in the composition of external debt in favour of private sources during the last few years. While external debt raised from official sources (multilateral and bilateral) rose by only around 38 percent between end-March 1991 and end-March 2006, main components of private debt such as commercial borrowings and trade credits doubled and NRI deposits registered a growth of 250 percent during this period. The borrowings (purchases) from the IMF were fully repaid (repurchased) by 2000. The component of Rupee Debt declined from over US\$ 12 billion to around US\$ 2 billion. Short-term debt which registered significant declines in the intervening years showed a small increase over this period (Table 4.1).

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

		End-March									
		1991	1996	1998	1999	2001	2002	2003	2004	2005R	2006QE
		(US\$ million)									
I.	Multilateral	20,900	28,616	29,553	30,534	31,105	31,899	29,994	29,297	31,702	32,558
II.	Bilateral	14,168	19,213	16,969	17,499	15,975	15,323	16,802	17,277	16,930	15,784
III.	IMF	2,623	2,374	664	287	-	-	-	-	-	-
IV.	Export Credit	4,301	5,376	6,526	6,789	5,923	5,368	4,995	4,697	4,980	5,326
V.	Commercial Borrowings	10,209	13,873	16,986	20,978	24,408	23,320	22,472	22,007	27,024	25,560
VI.	NRI Deposits	10,209	11,011	11,913	11,794	16,568	17,154	23,160	31,216	32,743	35,134
VII.	Rupee Debt	12,847	8,233	5,874	4,731	3,719	3,034	2,822	2,720	2,301	2,031
A.	Total Long Term Debt	75,257	88,696	88,485	92,612	97,698	96,098	100,245	107,214	115,680	116,393
B.	Short-term Debt	8,544	5,034	5,046	4,274	3,628	2,745	4,669	4,431	7,524	8,788
C.	Total External Debt	83,801	93,730	93,531	96,886	101,326	98,843	104,914	111,645	123,204	125,181
		(per cent age of total debt)									
i)	Share of official creditors	63.5	64.2	58.1	56.0	51.2	51.8	48.3	45.1	46.0	41.1
ii)	Share of private creditors	36.5	35.8	41.9	44.0	48.8	48.2	51.7	54.9	54.0	58.9

QE: Quick Estimates; R: Revised

4.1.2 In terms of their share in the total debt, multilateral debt declined to 26.0 per cent at end-March 2006 from 31.5 per cent at end-March 1999. During this period, the share of bilateral debt dropped from 18.1 per cent to 12.6 per cent, export credit from 7 per cent to 4.3 per cent, commercial borrowings from 21.7 per cent to 20.4 per cent and rupee debt from 4.9 per cent to 1.6 per cent. The share of NRI deposits (both long and short-term), on the contrary, rose from 16.6 per cent to 28.1 per cent during the period under reference.

4.1.3 Creditor category is further classified into official creditors and private creditors. Official creditors include multilateral, bilateral, IMF, export credit components of bilateral credit, export credit

for defence purchases and rupee debt. Private creditors include commercial borrowings, NRI deposits and export credits other than those included under official creditors, and short-term debt. Table 4.1 shows that share of official creditors in total external debt stock has been declining over the years, while that of private creditors has been rising. In 1991, the share of private creditors in the total debt outstanding was roughly one-third which rose to 58.9 per cent by the end of March 2006 reflecting large accumulation of private debt essentially under NRI deposits and commercial borrowings.

## 4.2 Borrower-wise Classification

4.2.1 Under the borrower category, debt is classified into Government and non-Government debt. Government debt includes multilateral and bilateral borrowing on Government account under external assistance programme as well as borrowings from IMF, defence debt and FII investment in Government securities. All others including short-term debt are shown as part of non-Government debt. Debt of defence PSUs are shown as part of non-Government debt since 1996. Proportion of Government debt to total external debt, which was showing an increasing trend during the first half of the last decade, declined steadily thereafter as compared to non-Government debt. Share of Government debt in total debt, which was 59.6 per cent at end-March 1991, gradually declined to 36.1 per cent at end-March 2006. Correspondingly, non-Government debt expanded from 40.4 per cent at end-March 1991 to 63.9 per cent at end-March 2006 (Table 4.2) (Annex V).

4.2.2 Breakup of non-Government debt into financial, public and private sectors are also provided in Table 4.2. The financial sector, which borrows for on-lending purposes, accounted for the major share in non-Government debt. The increase in financial sector debt in the last few years is due to rise in NRI deposits.

**Table 4.2: External Debt by Borrower Classification**

(US\$ million)

	End-March										
	1991	1996	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
<b>I. Government Debt</b>	49,957	53,095	46,520	46,137	46,852	43,956	43,577	43,612	44,673	46,604	45,242
	(59.6)	(56.6)	(49.7)	(47.6)	(47.7)	(43.4)	(44.1)	(41.6)	(40.0)	(37.8)	(36.1)
<i>Of which long-term:</i>	49,957	53,095	46,520	46,137	46,852	43,956	43,577	43,612	44,673	46,604	45,242
1 Govt. Account	33,744	43,360	40,805	41,896	42,823	40,727	40,965	41,216	41,142	43,621	43,427
2 Other Govt. Debt	16,213	9,735	5,715	4,241	4,029	3,229	2,612	2,396	3,531	2,983	1,815
<b>II. Non-Government Debt</b>	33,844	40,635	47,011	50,749	51,411	57,370	55,266	61,302	66,972	76,600	79,939
	(40.4)	(43.4)	(50.3)	(52.4)	(52.3)	(56.6)	(55.9)	(58.4)	(60.0)	(62.2)	(63.9)
<i>A. Of which long-term:</i>	25,300	35,601	41,965	46,475	47,475	53,742	52,521	56,633	62,541	69,076	71,151
1 Financial Sector*	-	-	20,113	23,699	25,102	32,661	32,367	37,032	40,575	42,211	39,769
2 Public Sector**	-	-	9,753	9,284	9,316	9,024	8,225	7,518	7,616	8,061	7,777
3 Private Sector***	-	-	12,099	13,492	13,057	12,057	11,929	12,083	14,350	18,804	23,605
<i>B. Of which short-term:</i>	8,544	5,034	5,046	4,274	3,936	3,628	2,745	4,669	4,431	7,524	8,788
<b>III. Total External Debt</b>	83,801	93,730	93,531	96,886	98,263	101,326	98,843	104,914	111,645	123,204	125,181
	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

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

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

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

R: Revised QE: Quick Estimates. Figures in parentheses represent share in total external debt

### 4.3 Instrument-wise Classification

4.3.1 Instrument-wise classification of long-term external debt outstanding at end-March 2006 into Bonds and Notes, Loans, Trade Credits and Deposits under Borrower as well as Creditor category is provided in Table 4.3.

**Table 4.3: Instrument-wise Classification of Long-term External Debt at end-March 2006**

(US\$ million)

Borrower	Creditor	Instruments				
		Bonds & Notes	Loans	Trade Credits	Deposits	Total
<b>I Government:</b>		<b>275</b>	<b>43,907</b>	<b>1,060</b>	<b>0</b>	<b>45,242</b>
	1 Multilateral	0	29,938	0	0	29,938
	2 Bilateral	0	12,218	0	0	12,218
	3 IMF	0	0	0	0	0
	4 Export Credit	0	0	1,060	0	1,060
	5 Commercial*	275	0	0	0	275
	6 Rupee Debt	0	1,751	0	0	1,751
<b>II Financial Sector:**</b>		<b>1,813</b>	<b>3,456</b>	<b>0</b>	<b>35,134</b>	<b>40,403</b>
	1 Multilateral	0	589	0	0	589
	2 Bilateral	0	901	0	0	901
	3 Export Credit	0	28	0	0	28
	4 Commercial	1,813	1,938	0	0	3,751
	5 NRI Deposits	0	0	0	35,134	35,134
<b>III Non-Financial Public Sector</b>		<b>220</b>	<b>5,917</b>	<b>11</b>	<b>0</b>	<b>6,148</b>
	1 Multilateral	0	1,900	0	0	1,900
	2 Bilateral	0	2,010	0	0	2,010
	3 Export Credit	0	313	11	0	324
	4 Commercial	220	1,414	0	0	1,634
	5 Rupee Dept	0	280	0	0	280
<b>IV Non-Financial Private Sector:</b>		<b>4,465</b>	<b>19,432</b>	<b>703</b>	<b>0</b>	<b>24,600</b>
	1 Multilateral	0	131	0	0	131
	2 Bilateral	0	655	0	0	655
	3 Export Credit	0	3,211	703	0	3,914
	4 Commercial	4,465	15,435	0	0	19,900
<b>V Total Long-Term Debt:</b>		<b>6,773</b>	<b>72,712</b>	<b>1,774</b>	<b>35,134</b>	<b>116,393</b>
	1 Multilateral	0	32,558	0	0	32,558
	2 Bilateral	0	15,784	0	0	15,784
	3 IMF	0	0	0	0	0
	4 Export Credit	0	3,552	1,774	0	5,326
	5 Commercial	6,773	18,787	0	0	25,560
	6 NRI Deposits	0	0	0	35,134	35,134
	7 Rupee Debt	0	2,031	0	0	2,031
<b>Memo items:</b>	<b>per cent to total long-term debt</b>					
A Government		0.2	37.7	0.9	0.00	38.8
B Financial Sector		1.6	3.0	0	30.2	34.8
C Non-Financial Public Sector		0.2	5.1	Negl.	0	5.3
D Non-Financial Private Sector		3.8	16.7	0.6	0	21.1
E Total Long-Term Debt (A to D)		5.8	62.5	1.5	30.2	100.00

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

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

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

4.3.2 As at the end of March 2006, sovereign debt comprised loans for the most part (97.1 per cent), while major instrument through which the financial sector raised debt was deposits which accounted for 87.0 per cent. Similarly, non-financial public sector and non-financial private sector accumulated external debt largely through loans accounting for 79.0 per cent and 62.5 per cent, respectively, of total long-term debt raised by them.

#### 4.4 Concessional Debt

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

4.4.2 Although concessional debt remained in the range of US\$ 38 to US\$ 40 billion, it fell gradually in terms of its share in total debt from 45.9 per cent in 1991 to 31.5 per cent at end-March 2006 mainly due to surge in non-concessional private debt. Table 4.4 gives the share of concessional debt in total external debt from March 1991 to 2006.

**Table 4.4 : Share of Concessional Debt**

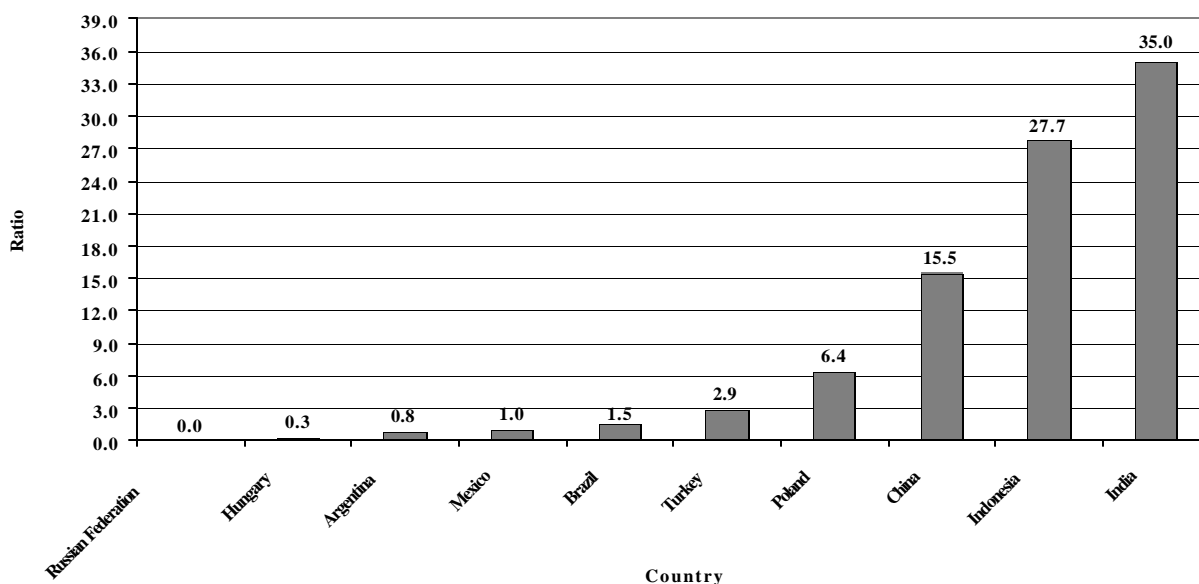
	End-March									
	1991	1996	1998	1999	2001	2002	2003	2004	2005R	2006QE
	(US\$ billion)									
Concessional debt	38.43	41.94	36.94	37.26	35.89	35.52	38.61	40.28	41.03	39.46
Total external debt	83.80	93.73	93.53	96.89	101.33	98.84	104.91	111.64	123.20	125.18
	(per cent)									
Concessional debt as										
share of total debt	45.9	44.7	39.5	38.5	35.4	35.9	36.8	36.1	33.3	31.5

*QE: Quick Estimates R: Revised*

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

4.4.3 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 35 per cent at the end of 2004 was the highest among the top ten debtor countries followed by Indonesia at 27.7 per cent.

**Figure 4.1: International comparison -  
Share of concessional debt in total external debt, 2004**



Source: Global Development Finance 2006, World Bank

## 4.5 Currency Composition

4.5.1 US dollar, as in the past, was the dominating currency in India's external debt portfolio. Its share has been varying from 54 to 41 percent. Other important currencies were Special Drawing Rights (SDRs), Rupee, Japanese Yen, Euro and Pound Sterling (Table 4.5).

**Table 4.5: Currency Composition of External Debt  
At end-March**

(percentage share in total external debt)

Currency	1994	2002	2003	2004	2005R	2006QE
US Dollar @	41.4	54.3	46.6	40.5	44.1	45.1
SDRs	14.9	14.1	15.2	15.5	15.4	15.1
Indian Rupees	14.8	11.9	17.3	22.7	21.1	19.9
Japanese Yen	13.7	10.2	10.7	11.6	11.1	12.1
<i>Deutsche Mark</i>	6.3	-	-	-	-	-
<i>French Franc</i>	1.8	-	-	-	-	-
<i>Netherland Guilder</i>	1.1	-	-	-	-	-
Euro*	-	5.7	6.2	5.8	5.0	4.5
Pound Sterling	3.3	2.9	3.1	3.4	2.8	2.9
Others	2.7	0.9	1.0	0.5	0.5	0.4
<b>Total:</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

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

QE: Quick Estimates.

## 5. DEBT SERVICING

### 5.1 Debt Service Payments

5.1.1 Debt service ratio as measured by the proportion of gross debt service payments to external current receipts serves as an important indicator of debt sustainability. A larger outgo on account of debt service payments in the form of principal and interest payments may pre-empt a significant part of foreign exchange earnings reducing the availability of foreign exchange for other essential payments. A higher debt service ratio as well as large debt service payments relative to foreign exchange reserves increase the risk of exposing the country to external shocks. A higher debt service ratio may also worsen sovereign credit rating. Therefore, recording and monitoring of debt service payments and debt service ratio are important elements of effective external debt management. In addition, projection of future stream of debt service payments becomes equally important from the view point of effective cash flow management.

5.1.2 In absolute terms, external debt service payments excluding exceptional transactions such as prepayments of high-cost loans and redemption of RIBs and IMDs have shown a declining trend during the last few years. Softening of international interest rates in the early part of this decade reduced the interest burden on external borrowing both under external assistance and commercial borrowings (Table 5.1) (Annex VI & VII).

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

(US \$ million)

	April-March							
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05R	2005-06QE
1. External Assistance	3,270	3,057	3,444	3,225	7,165	6,983	2,855	2,619
Principal	2,051	1,941	2,338	2,150	6,037	6,193	2,129	1,828
Interest	1,219	1,116	1,106	1,075	1,128	790	726	791
2. External Commercial Borrowings	5,070	5,800	7,073	5,563	6,186	10,164	4,530	14,282
Principal	3,477	4,147	5,378	4,107	5,019	8,045	3,571	11,486
Interest	1,593	1,653	1,695	1,456	1,167	2,119	959	2,796
3. I. M. F.	419	267	26	0	0	0	0	0
Principal	393	260	26	0	0	0	0	0
Interest	26	7	0	0	0	0	0	0
4. NRI Deposits	1,643	1,708	1,661	1,808	1,413	1,492	1,353	1,497
Interest	1,643	1,708	1,661	1,808	1,413	1,492	1,353	1,497
5. Rupee Debt Service								
Principal	802	711	617	519	474	376	417	572
Total Debt Service Payments (1 to 5)	11,204	11,543	12,821	11,115	15,238	19,015	9,155	18,970
Principal	6,723	7,059	8,359	6,776	11,530	14,614	6,117	13,886
Interest	4,481	4,484	4,462	4,339	3,708	4,401	3,038	5,084
<b>Current Receipts @</b>	<b>59,760</b>	<b>67,472</b>	<b>77,467</b>	<b>80,982</b>	<b>95,248</b>	<b>119,239</b>	<b>153,381</b>	<b>195,594</b>
<b>Debt Service Ratio (%)</b>	<b>18.8</b>	<b>17.1</b>	<b>16.6</b>	<b>13.7</b>	<b>16.0</b>	<b>15.9</b>	<b>6.0</b>	<b>9.7</b>
Interest payments to current receipts ratio	7.6	6.6	5.8	5.4	3.9	3.7	2.0	2.6

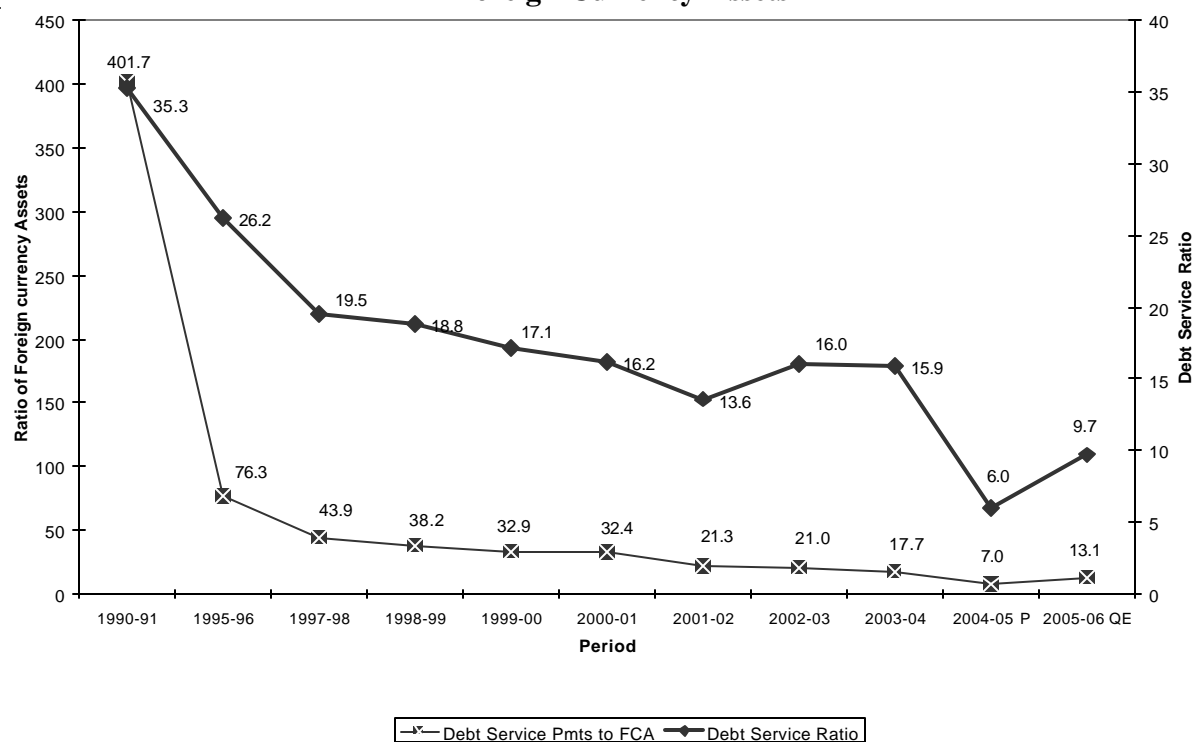
R: Revised QE: Quest Estimate

5.1.3 Excluding prepayments of US\$3,430 million on account of borrowing under external assistance programme, total debt service payments amounted to US\$11,808 million in 2002-03. Similarly, adjusted for such prepayments of US\$3,797 million and redemption of RIBs amounting to US\$5,549 million, total debt service payments during 2003-04 worked out to US\$9,669 million. Debt service payments at US\$8,774 million (excluding prepayments of US\$381 million) in 2004-05 were the lowest since 1990-91. Debt service payments, excluding exceptional transactions of IMD repayments of US\$ 7.1 billion (Principal US\$ 5.5 billion and interest US\$1.6 billion) and small prepayments of US\$23 million, rose to US\$ 11,847 million in 2005-06 due to higher debt servicing under commercial borrowings as the level of such borrowings increased during the last couple of years.

5.1.4 India's debt service ratio has improved progressively over the years owing to the combined effect of moderation in debt service payments and increase in external current receipts buoyed up

mainly by exports including software, and workers' remittances (Figure 5.1). Excluding exceptional transactions, debt service ratio worked out to 5.7 per cent in 2004-05 and 6.1 percent in 2005-06.

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



5.1.5 Table 5.2 provides debt service payments by creditor categories. Debt service payments on account of export credit, commercial borrowings and NRI deposits, broadly representing private debt, accounted for more than three-fourths of total debt service payments during 2005-06 as compared to around 60 per cent in 2004-05. Relatively lower interest payments under multilateral and bilateral debt reflected the favourable impact of concessional loans in the sovereign debt portfolio.

**Table 5.2: Debt Service Payments by Creditor Category**

(US \$ million)

	April-March							
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05R	2005-06QE
Multilateral	2,175	2,043	2,411	2,160	5,872	4,553	1,299	1,549
Principal	1,303	1,261	1,629	1,405	5,093	4,093	919	1,061
Interest	872	782	782	755	779	460	380	488
Bilateral	1,716	1,638	1,593	1,530	1,634	2,923	1,960	1,456
Principal	1,204	1,130	1,108	1,119	1,177	2,525	1,524	1,049
Interest	512	508	485	411	457	398	436	407
IMF	419	267	26	0	0	0	0	0
Principal	393	260	26	0	0	0	0	0
Interest	26	7	0	0	0	0	0	0
Export Credit	1,256	1,108	1,670	1,185	1,426	1,090	718	1,325
Principal	868	758	1,302	885	1,196	877	618	1,112
Interest	388	350	368	300	230	213	100	213
Commercial Borrowings	3,193	4,068	4,843	3,913	4,419	8,581	3,408	12,571
Principal	2,153	2,939	3,677	2,848	3,590	6,743	2,639	10,092
Interest	1,040	1,129	1,166	1,065	829	1,838	769	2,479
NRI Deposits (Interest)	1,643	1,708	1,661	1,808	1,413	1,492	1,353	1,497
Rupee Debt (Principal)	802	711	617	519	474	376	417	572
<b>Total Debt Service</b>	<b>11,204</b>	<b>11,543</b>	<b>12,821</b>	<b>11,115</b>	<b>15,238</b>	<b>19,015</b>	<b>9,155</b>	<b>18,970</b>
Principal	6,723	7,059	8,359	6,776	11,530	14,614	6,117	13,886
Interest	4,481	4,484	4,462	4,339	3,708	4,401	3,038	5,084

R: Revised; QE: Quick Estimate

5.1.6 Table 5.3 provides details of principal repayments under short-term credits. Principal repayments during a year exceeded opening stock of short-term credits because of larger intra-year flows as short-term credits are contracted for less than one year. The principal repayments and interest payments under short-term debt are not taken into account for the purpose of debt service calculation. Principal amounts matured under NRI deposits too are not treated as part of debt service payments because of their nature of being rolled over and part of deposits utilized for local payments on maturity. However, interest paid on NRI deposits are included under total debt service payments.

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

(US\$ million)

	April - March										
	1990-91	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05R	2005-06QE
Principal Repayment	677	6,247	7,130	5,562	6,402	10,692	6,355	4,206	9,670	13,602	17,647

R: Revised; QE: Quick Estimates

5.1.7 Table 5.4 provides international comparison of debt service payments and debt service ratio for top ten debtor countries as extracted from the Report on Global Development Finance 2006, World Bank. During 2004, India had the second lowest debt service ratio of 6.0 per cent after China.

**Table 5.4: International Comparison-External Debt Service Payments of Top Ten Debtor Countries, 2004**

Country	Principal	Interest	Total Debt Service Payments	Debt Service Ratio
	(US\$ million)			(per cent)
1. China	16,490	7,166	23,656	3.5
2. Brazil	38,570	15,140	53,710	46.8
3. Russian Federation	12,812	8,369	21,181	9.8
4. Argentina	10,023	2,354	12,377	28.5
5. Turkey	26,155	7,785	33,940	35.9
6. Indonesia	15,599	4,865	20,464	22.1
7. Mexico	40,557	10,735	51,292	22.9
<b>8. India</b>	<b>15,891</b>	<b>3,203</b>	<b>19,094</b>	<b>6.0</b>
9. Poland	31,341	3,210	34,551	34.6
10. Hungary	15,329	1,827	17,156	25.2
<b>SAARC Countries</b>				
1. Pakistan	3,535	750	4,285	21.2
2. Bangladesh	462	212	674	5.2
3. Sri Lanka	552	214	766	8.5
4. Nepal	84	30	114	5.5
5. Bhutan	7	5	12	NA
6. Maldives	24	8	32	4.6

Source: Global Development Finance 2006, World Bank.

## 5.2 Projections of Debt Service Payments

5.2.1 Projections of debt service payments become useful in cash flow management and maintaining adequate foreign exchange reserves to meet contractual obligations. Based on repayment schedule of the external debt stock at end-March 2006, the debt service payments of long-term external debt are projected up to the financial year, 2014-15 (Table 5.5). The projections do not include future debt service obligations arising out of fresh borrowings. Total annual debt service payments are projected to be US\$7.9 billion in 2006-07. The hump in debt service payments in 2009-10 and 2010-11 reflects larger repayments under commercial borrowings as a result of higher commercial borrowings during 2004-05 and 2005-06 as may be seen from Table 6.3 in Chapter 6.

**Table 5.5 : Projected Debt Service Payments**

*(US\$ million)*

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006-07	6,127	1,822	7,949
2007-08	6,583	2,011	8,594
2008-09	7,872	1,814	9,686
2009-10	9,605	1,735	11,340
2010-11	12,382	1,558	13,940
2011-12	8,237	1,341	9,578
2012-13	5,046	947	5,993
2013-14	4,138	744	4,882
2014-15	3,862	649	4,511

*Note:* The projections of debt servicing are based on the end-March 2006 debt outstanding position. Projections exclude NRI Deposits and FII investment in Government Debt Securities.

## 6. EXTERNAL DEBT MANAGEMENT

As Balance of Payments crisis of 1991 was triggered, *inter alia*, by an unsustainable level of external debt, the policy pursued by the Government of India with regard to external debt since then reflects a cautious approach of keeping external debt within manageable limits. The policy emphasis has been on concessional and less expensive loans with longer maturity profiles, monitoring of short-term debt, premature retirement of high-cost external loans and less reliance on debt-creating capital flows to finance external current account deficit. A system has been put in place to measure and monitor the level of debt along with key indicators of external debt on an ongoing basis. Some of the important sustainability and liquidity indicators such as external debt-to-GDP, short-term debt-to-GDP, share of short-term debt in total debt, debt service ratio and short-term debt-to-foreign exchange reserves, are being monitored more frequently. Statistical improvement, technological upgradation and capacity building in external debt are continued in order to ensure effective management information system of external debt.

Some of the important policy measures undertaken during the last few years to consolidate external debt portfolio are discussed in the following. In fact, series of measures initiated since 1991 to turnaround external sector including external debt situation, has helped India to reduce her 'net international indebted position' in the post-reform period (Box-6.1).

### 6.1 Premature repayment of high-cost external loans

6.1.1 The process of prepayment of high-cost foreign loans was carried forward in 2005-06 and 2006-07, though the amount involved was smaller. During the last three-four years, Government of India prematurely repaid a significant part of both multilateral and bilateral sovereign loans raised under external assistance programme. Other institutions and public sector undertakings (non-government) too effected prepayment of loans obtained under external assistance (Table 6.1).

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

<i>(US\$ million)</i>				
Year	Category of Creditor	Government Account	Non-Government Account	Total
2002-2003				
	Multilateral	2,788.7	530.0	3,318.7
	Bilateral	111.5	-	111.5
	<b>Total</b>	<b>2,900.2</b>	<b>530.0</b>	<b>3,430.2</b>
2003-2004				
	Multilateral	2,534.2	43.9	2,578.1
	Bilateral	1,219.3	-	1,219.3
	<b>Total</b>	<b>3,753.6</b>	<b>43.9</b>	<b>3,797.5</b>
2004-2005				
	Multilateral	-	9.9	9.9
	Bilateral	35.2	336.4	371.6
	<b>Total</b>	<b>35.2</b>	<b>346.3</b>	<b>381.5</b>
2005-2006				
	Multilateral	-	23.5	23.5
	Bilateral	-	-	-
	<b>Total</b>	<b>-</b>	<b>23.5</b>	<b>23.5</b>
2006-2007 (April-June)				
	Multilateral	-	-	-
	Bilateral	<b>59.2</b>	-	<b>59.2</b>
	<b>Total</b>	<b>59.2</b>	<b>-</b>	<b>59.2</b>

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

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

*(US\$ million)*

Sl No.	Country/ Institution	Prepayments				
		2002-2003	2003-2004	2004-05	2005-06	2006-07 (April-June)
1	2	3	4	5	6	7
<b><u>MULTILATERAL</u></b>						
1	<i>ADB</i>	<i>1,184.43</i>	<i>1,168.84</i>	-	-	-
2	<i>IBRD</i>	<i>1,604.26</i>	<i>1,365.40</i>	-	-	-
3	<i>EEC(SAC)</i>					
4	<i>IDA</i>					
5	<i>IFAD</i>					
6	<i>OPEC</i>					
	<b>TOTAL (A)</b>	<b>2,788.69</b>	<b>2,534.24</b>	-	-	-
<b><u>BILATERAL</u></b>						
1	<i>Austria</i>		<i>31.06</i>	-	-	-
2	<i>Australia</i>		<i>4.78</i>	-	-	-
3	<i>Canada</i>		<i>313.69</i>	-	-	-
4	<i>Denmark</i>		<i>83.50</i>	-	-	-
5	<i>Spain</i>		<i>24.00</i>	-	-	-
6	<i>France</i>	<i>111.51</i>		-	-	-
7	<i>Italy</i>		<i>93.49</i>	-	-	-
8	<i>Japan</i>		<i>68.71</i>	-	-	<i>59.2</i>
9	<i>Kuwait</i>		<i>26.36</i>	-	-	-
10	<i>Netherlands</i>		<i>474.35</i>	-	-	-
11	<i>Saudi Arabia</i>		<i>6.92</i>	-	-	-
12	<i>Sweden</i>		<i>92.46</i>	-	-	-
13	<i>Belgium</i>			<i>35.2</i>	-	-
	<b>TOTAL (B)</b>	<b>111.51</b>	<b>1,219.32</b>	<b>35.2</b>	-	<b>59.2</b>
<b>GRANDTOTAL(A+B)</b>		<b>2,900.20</b>	<b>3,753.56</b>	<b>35.2</b>	-	<b>59.2</b>

6.1.3 The prepayment of loans raised abroad by corporates and financial institutions under external commercial borrowings was also encouraged by stipulating that the loans could be prepaid purely based on commercial consideration without seeking prior approval of the Reserve Bank of India up to US\$100 million subject to compliance with the prescribed minimum average maturity period as applicable for the loan. In addition, effective October 2004, external commercial borrowings were freely allowed to be converted into equity subject to satisfying the conditions of foreign investment rule and prescribed reporting requirements.

## **6.2 Short-term Debt**

6.2.1 The policy with regard to short-term debt is essentially to strike balance between twin objectives of providing enough short term credits to meet import requirements and to keep the level of such credits under control to prevent any payments problem. In Indian context, short-term debt comprised short-term trade credits and NRI deposits of one year or less. While NRI deposits of one year or less have been completely eliminated by April 2003, short-term trade credits are allowed only for import purposes. Short-term trade credits are under strict surveillance of the RBI. Furthermore, the analytical computation of residual maturity of external debt has aided effective monitoring of short-term debt in terms of assessing total repayment liability due during the year.

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

6.3.1 In the pre-reform period, the policy initiatives were aimed at attracting non-resident deposits by offering a number of incentives including exchange guarantees and higher rate of interest. Since 1991, such deposits have been streamlined by withdrawing the schemes with exchange guarantees, eliminating short-term components in a phased manner, revising maturity structure of the deposits 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 {NR(E)RA}.

6.3.2 With regard to rationalisation of interest rates on NRI deposits, interest rates on NR(E)RA *term* deposits were rationalized in a phased manner beginning July 17, 2003. During 2005 and 2006, they were revised twice. Effective November 18, 2005, interest rates on NR(E)RA were fixed at 75 basis points above LIBOR/SWAP rates of US dollar of corresponding maturities. The upper limit of 75 basis points was increased to 100 basis points over LIBOR rates effective April 19, 2006. Interest rate on NR(E)RA *savings* deposits was linked to LIBOR rates for six months' maturity on US dollar deposits, instead of domestic savings deposit rate, effective April 17, 2004 which was to be fixed quarterly on the basis of LIBOR/SWAP rate of US dollar on the last working day of the preceding quarter. However, interest rate on NRE savings deposits was again linked back to domestic savings deposits effective November 18, 2005 in order to ensure proper alignment in interest rates.

6.3.3 Interest rate on FCNR(B), which was subjected to a ceiling of 25 basis points below LIBOR/SWAP rate of US dollar of corresponding maturity since April 2002, was increased for all maturities contracted effective close of business in India on March 28, 2006 so as not to exceed LIBOR/SWAP rate prevailing on the last working day of the previous month for relevant maturity and currency.

## **6.4 External Commercial Borrowings (ECBs)**

6.4.1 In order to enable them to expand existing capacity as well as enhance fresh investments, corporates and public sector undertakings are permitted to raise loans on commercial terms from international capital market. Loans raised by the private sector from international capital markets with maturity of more than three years are classified as ECBs. While those with maturity of less than one year fall under the category of short term credits, loans with maturity of 1 to 3 years are categorised as trade credits. ECB proposals are approved within an overall annual ceiling fixed by the Ministry of Finance keeping in view the sectoral requirements and outcome of Balance of Payments in the medium term. The principal elements of policy for ECBs include keeping the

maturities long, costs low and encouraging investments in infrastructure and export sectors. Utilisation of ECB proceeds is not permitted for on-lending or investment in capital market and for investment in real estate by corporates. End-use of ECBs for working capital and repayment of existing rupee loans are also not allowed since January 2004. Furthermore, the minimum average maturity for loans above US\$20 million has been stipulated at five years. Trade credits with a maturity period beyond one year and up to three years have been permitted only for import of capital goods up to US\$20 million per transaction.

6.4.2 Table 6.3 shows details of approvals, disbursements, debt-service and debt outstanding under ECBs. India Millennium Deposits of US\$5.5 billion raised in 2000 were redeemed in December 2005 along with an interest outgo of US\$ 1.5 billion (Box 6.2). The current policy stance on export credit & ECB is explained in Box 6.3.

**Table 6.3: External Commercial Borrowings\***

(US\$ million)

Year	Approvals	Gross Disbursement	Amortisation	Interest	Total Debt Service**	Debt Outstanding**
1	2	3	4	5	6	7
1985-86	1,390	1,470	462	499	961	6,227
1990-91	1,903	1,700	1,191	1,042	2,233	13,909
1991-92	2,127	2,798	1,146	994	2,140	15,557
1992-93	2,200	1,001	1,357	917	2,274	15,818
1993-94	2,585	1,859	1,703	896	2,599	16,650
1994-95	4,469	2,670	2,513	1,091	3,604	18,037
1995-96	6,286	4,538	3,311	1,162	4,473	19,024
1996-97	8,581	7,018	4,032	1,177	5,209	20,261
1997-98	8,712	7,400	3,411	1,406	4,817	23,946
1998-99	5,200	6,927	3,153	1,575	4,728	28,182
1999-00	3,398	2,289	3,460	1,635	5,095	27,530
2000-01	2,837	9,295	5,043	1,683	6,726	30,922
2001-02	2,653	2,933	4,013	1,534	5,547	29,579
2002-03	4,235	3,033	5,001	1,180	6,181	28,074
2003-04	6,671	5,149	8,015	2,031	10,046	25,722
2004-05	11,490	9,094	3,571	959	4,530	31,154
2005-06 QE	17,175	13,519	11,486	2,796	14,282	31,336

\*: Include export credits and commercial borrowings

\*\* : may show small variation as compared to other figures given in this Report due to difference in classification.  
 Note : Disbursements during 1998-99 and 2000-01 include RIBs (US\$4.2 billion) and IMDs (US\$5.5 billion), respectively. Debt service payments during 2003-04 and 2005-06 include redemption of RIBs {US\$5.2 billion (principal US\$ 4.2 billion and interest US\$1 billion )} and IMDs {US\$7.1 billion (principal US\$5.5 billion and interest US\$1.6 billion)}, respectively.

QE: Quick Estimates

### Box 6.1: India's International Investment Position

International Investment Position (IIP) comprises stock of external financial assets and liabilities of a country. IIP is, in fact, country's balance sheet of external transactions. The *net* IIP, together with an economy's stock of non-financial assets, measures the net worth of that economy. India's net IIP, though still reflects net liabilities, improved over the years particularly during the present decade (Table 6.4). While India's international assets continue to comprise foreign exchange reserves held by the RBI for the major part, the composition of international liabilities of India shifted in favour of non-debt liabilities during the recent past. The share of non-debt liabilities in total external liabilities which was 21 percent in 1997 improved to 25.6 percent in 2000 and further to around 40 percent in 2005. Correspondingly, the ratio of debt liabilities dropped from 79 percent in 1997 to 74.5 percent in 2000 and further to around 60 percent in 2005. With the improvement in international assets brought about by burgeoning foreign exchange reserves, India's net international liabilities contracted by more than fifty percent from US\$ 86 billion in 1995 to US\$ 41 billion in 2005. In terms of GDP, net foreign liabilities dropped from 26.8 percent to 6.3 percent during this period.

**Table 6.4: India's International Investment Position: External Assets and Liabilities  
At End-March (US\$ Million)**

S.No		1987	1992	1993	1994	1995	1997	1998
1	2	3	4	5	6	7	8	9
<b>A</b>	<b>Assets</b>	<b>10,971</b>	<b>11,852</b>	<b>8,212</b>	<b>16,814</b>	<b>22,924</b>	<b>37,710</b>	<b>41,537</b>
1	Direct Investment Abroad	NSA	NSA	NSA	NSA	NSA	617	706
2	Portfolio Investment	NSA	NSA	NSA	NSA	NSA	282	275
3	Other Investment	NSA	NSA	NSA	NSA	NSA	10,097	10,906
4	Reserve Assets	8,603	7,252	7,837	16,423	22,521	26,714	29,650
<b>B</b>	<b>Liabilities</b>	<b>48,197</b>	<b>86,723</b>	<b>93,398</b>	<b>98,707</b>	<b>1,08,930</b>	<b>1,18,762</b>	<b>1,22,201</b>
1	Direct Investment in Reporting Economy	NSA	NSA	NSA	NSA	NSA	10,630	14,065
2	Portfolio Investment	NSA	NSA	NSA	NSA	NSA	18,744	20,410
3	Other Investment	NSA	NSA	NSA	NSA	NSA	89,388	87,725
a	Trade Credits	NSA	NSA	NSA	NSA	NSA	5,698	5,475
b	Loans	NSA	NSA	NSA	NSA	NSA	67,743	67,358
c	Currency and Deposits	NSA	NSA	NSA	NSA	NSA	15,300	14,590
d	Other Liabilities	NSA	NSA	NSA	NSA	NSA	647	303
<b>C</b>	<b>Net assets (+)/Net liabilities(-)</b>	<b>-37,226</b>	<b>-74,871</b>	<b>-85,186</b>	<b>-81,893</b>	<b>-86,006</b>	<b>-81,052</b>	<b>-80,663</b>
S.No.		1999	2000	2001	2002	2003	2004	2005P
9	10	11	12	13	14	15	16	17
<b>A</b>	<b>Assets</b>	<b>46,822</b>	<b>54,716</b>	<b>62,473</b>	<b>73,617</b>	<b>95,591</b>	<b>1,37,121</b>	<b>1,69,255</b>
1	Direct Investment Abroad	1,707	1,859	2,615	4,006	5,825	7,079	9,568
2	Portfolio Investment	130	121	505	653	782	757	806
3	Financial Derivatives							
4	Other Investment	11,832	14,043	16,456	14,241	12,883	16,326	17,367
5	Reserve Assets	33,153	38,694	42,897	54,716	76,100	1,12,959	1,41,514
<b>B</b>	<b>Liabilities</b>	<b>1,25,849</b>	<b>1,31,564</b>	<b>1,38,626</b>	<b>1,42,737</b>	<b>1,55,985</b>	<b>1,84,131</b>	<b>2,10,132</b>
1	Direct Investment in Reporting Economy	15,426	17,517	20,326	25,419	31,221	39,104	44,511
2	Portfolio Investment	23,105	25,009	31,295	31,539	32,409	43,723	55,467
3	Other Investment	87,318	89,038	87,005	85,779	92,355	1,01,304	1,10,154
a	Trade Credits	4,713	5,047	4,877	3,834	4,761	6,275	9,560
b	Loans	68,336	63,994	62,718	61,103	61,903	65,876	
c	Currency and Deposits	14,412	15,291	17,807	18,508	25,568	32,181	33,497
d	Other Liabilities	376	364	327	719	922	945	1,221
<b>C</b>	<b>Net assets (+)/Net liabilities(-)</b>	<b>-79,027</b>	<b>-76,848</b>	<b>-76,153</b>	<b>-69,120</b>	<b>-60,394</b>	<b>-47,009</b>	<b>-40,877</b>

Note: Assets for 1993, 1994 & 1995 comprise only major sectors such as official and insurance.

P: Provisional, NSA: Not separately Available. Source: RBI Bulletin, various issues.

### Box 6.2: India Millennium Deposits (IMDs)

Hardening of international crude oil prices in the early 2000 escalated India's import bill and resulted in the erosion of foreign currency assets of the RBI by around US\$3 billion during the first seven months of the fiscal year 2000-01. To cope with volatility in international oil price and to ensure a measure of comfort of foreign exchange reserves imparting stability to India's overall balance of payments position, India Millennium Deposits (IMDs) scheme was launched by the State Bank of India (SBI) for NRIs during the last quarter of 2000 with the approval of Government of India and the RBI. Added objective of the scheme was to provide an investment opportunity for NRIs in long-term fixed income instruments. The tenor of IMDs was 5 years and denominated in US dollar, Pound Sterling and Euro, with the option of cumulating and non-cumulating interest. Government's guarantee, *inter alia*, covered Government's commitment to bear foreign exchange risk beyond 1% per annum on a cumulative basis on the total pool of foreign currency deposits raised through the scheme and also tax benefits to the deposit holders. The rupee proceeds of the IMDs were utilised by the SBI for investment in Government Securities, on-lending to collecting banks as per the arrangement and financing infrastructure projects and other lending. The amount raised and interest rates offered are given below in Table 6.5.

**Table 6.5: India Millennium Deposits**

Currency	Amount collected (US\$ million)			Interest rate
	Cumulative	Non-cumulative	Total	
	<b>Deposits</b>	<b>Deposits</b>		(% per annum)
A. US dollar	2,861	2,318	5,179	8.50
B. Pound Sterling	186 (131)	59 (42)	245	7.85
C. Euro	60 (70)	13 (16)	73	6.85
D. Total (A+B+C)	<b>3,107</b>	<b>2,390</b>	<b>5,497</b>	

Note: Figures in brackets indicate respective foreign currencies in million

At the time of the launch of IMDs, India's foreign currency credit rating was one of non-investment grade and one or two notches lower than that of most of other emerging market economies. IMDs had a fixed lock-in period of the tenor of maturity and were not tradeable in the secondary market thus rendering them less liquid. Nevertheless, IMDs were raised at relatively competitive rates as compared to other international bond issues during that period (Table 6.6).

**Table 6.6: Interest rate comparison of IMDs and select international US dollar bonds (October 2000)**

Country	Issuer	Amount (million)	Spread over 5 year US Treasury (basis points)	Tenor (Years)
India	State Bank of India	5,179	253	5
South Korea	Exim Bank of Korea	350	265	6
South Korea	Exim Bank of Korea	200	260	5
Thailand	Industrial Finance Corporation of Thailand	250	265	6.5
China	China Development	330	230	6

The IMDs have matured on December 29, 2005. The redemption entailed total foreign exchange outgo of US\$ 7080 million which was entirely met by RBI by way of direct sale out of its foreign exchange reserves to SBI for equivalent rupee consideration. As Indian Rupee appreciated between calendar 2000 and 2005, there was no exchange loss incurred on account of these deposits. Although it was difficult to measure accurately, available indicators pointed to the fact that a significant part of the maturity proceeds of IMDs either flowed back into NRI deposits or converted into Indian Rupees.

### **BOX 6.3**

#### **Policy of External Commercial Borrowings & Trade Credits**

The policy stance on External Commercial Borrowings (ECB) & Trade Credits (TC), which aims at managing the level of external borrowings within manageable limits, is regularly reviewed and revised by the Government in consultation with the Reserve Bank of India (RBI) taking into account a host of factors such as current macro economic situation, borrowing requirements of the corporate sector, domestic liquidity conditions and external debt parameters.

#### **External Commercial Borrowings**

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

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

Under the Automatic Route, ECB can be raised for investment in real sector - industrial sector, especially infrastructure sector - in India without RBI/Government approval. Corporates registered under the Companies Act (except financial intermediaries such as banks, financial institutions (FIs), housing finance companies and NBFCs) are eligible. NGOs engaged in micro-finance activities have been permitted to raise ECB up to US\$5 million during a financial year for permitted end-use under the automatic route. Individuals, Trusts and Non-profit making organisations except the NGOs mentioned above are not eligible to raise ECB. Maximum amount of ECB allowed under the Automatic Route is restricted to US\$500 million per borrower during a financial year with a sub-limit of up to US\$20 million or equivalent with minimum average maturity of 3 years, and above US\$20 million and up to US\$500 million or equivalent with minimum maturity of 5 years.

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

#### **General terms and conditions:**

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

<u>Maturity</u>	<u>All-in-cost ceiling over 6 months LIBOR</u>
(i) 3 years and up to 5 years	200 basis points
(ii) More than 5 years	350 basis points
<p>ii) <u>End-use restrictions</u>: ECB can be raised only for investment (such as import of capital goods, new projects, modernisation/expansion of existing production units) in real sector- industrial sector including small and medium enterprises and infrastructure sector - in India. Infrastructure sector is defined to include power, telecommunication, railways, roads including bridges, ports, industrial parks, and urban infrastructure (water supply, sanitation, and sewage projects). ECB proceeds can be utilised for overseas direct investment in Joint Ventures subject to the existing guidelines. Utilisation of ECB proceeds is permitted in the first stage acquisition of shares in the disinvestment process and in the mandatory second stage offer to the public under the disinvestment programme of PSU shares. NGOs engaged in micro finance activities can utilize ECB proceeds for lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building. Utilisation of ECB proceeds is not permitted for investment in capital market by corporates or for on-lending except by specific banks, financial institutions, NBFCs and housing finance companies permitted under the Approval Route. Utilisation of ECB is not permitted in real estate. 'Real estate' excludes development of townships as per provisions of Press Note No. 2(2005 series) dated March 3, 2005 of the Department of Industrial Policy &amp; Promotion. End-use of ECB for working capital, general corporate purpose and repayment of existing rupee loans are not permitted.</p>	
<p>iii) <u>Prepayment</u>: Prepayment of ECB up to US\$200 million is permitted without prior approval of RBI, subject to minimum average maturity period of 5 years. Prepayment of ECB for amounts exceeding US\$200 million and prepayment of ECBs with minimum average maturity of 3-5 years would be on the Approval Route.</p>	
<p>iv) <u>Refinance of existing ECB</u>: 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.</p>	
<p>v) <u>Guarantees</u>: Issuance of guarantees, stand by letter of credit, etc. by banks, financial institutions and NBFCs relating to ECB is not permitted. However, such guarantees in the case of SME are considered on merit under approval route.</p>	
<p>vi) <u>Security</u>: The choice of security to be provided to the lender is left to the borrower. However, creation of charge over immovable assets is subject to the existing guidelines.</p>	
<p>vii) <u>Parking of ECB proceeds overseas</u>: ECB proceeds should be parked overseas until actual requirement in India.</p>	
<p>viii) <u>Debt servicing</u>: The designated Authorised Dealers (ADs) have the general permission to remit principal, interest amount and other charges.</p>	
<p>ix) <u>Procedure</u>: Borrower may enter into an agreement with overseas lender under automatic route without any approval from the RBI/Government satisfying the reporting requirement. Under approval route, applicants are required to submit an application in prescribed form through designated AD to the concerned Department in the RBI.</p>	
<p>Units in Special Economic Zones (SEZs) are permitted to raise ECB provided that ECB is raised for</p>	

their own requirement and they shall not transfer or on-lend any borrowed funds to their sister concern or any other unit in Domestic Tariff Area (DTA).

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

### **Trade Credits**

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

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

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

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

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

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

## **6.5 Monitoring of External Debt**

6.5.1 Compilation and dissemination of debt statistics are largely aided by extensive computerisation at all the units engaged in the compilation of external debt data. The Commonwealth Secretariat Debt Recording and Management System (CSDRMS) is being extensively used to collate the debt statistics. The latest version CSDRMS 2000+ ver.1.2 is operationalised. The Commonwealth Secretariat conducted a workshop in September 2005 in DESACS, RBI, Mumbai to familiarise the new package especially management tools in the new version. The usage of CSDRMS has facilitated effective analysis of debt statistics apart from making debt-service projections available for the purpose of designing future debt strategies. At present, compilation of almost all the components of external debt is mechanized except NRI deposits and short-term debt.

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. The agencies engaged in compilation of debt statistics continue to focus on ensuring complete coverage, timely availability and transparency in external debt statistics. Besides, Standing Committees and Technical Groups drawing officials from the RBI and Government of India meet on a regular basis to address various issues relating to improvement in coverage, classification and presentation of external debt statistics.

6.5.3 As a subscriber to IMF's Special Data Dissemination Standards (SDDS), India is regularly publishing the data on external debt on a quarterly basis since September 2003. External Debt Management Unit in the Ministry of Finance compiles these statistics for end-September as well as end-December and disseminates them through press releases. In addition, they are covered in annual issues of the Economic Survey and Status Report on External Debt. Reserve Bank of India releases these data for end-March and end-June besides including them in their Annual Report and monthly Bulletins.

## **7. SOVERIGN EXTERNAL DEBT MANAGEMENT**

### **7.1 Organisational Arrangement**

7.1.1 In terms of organisational structure of sovereign external debt management, while Front Office negotiates all new loans, measurement, monitoring and policy formulation of external debt are undertaken by the Middle Office. Back Office looks after auditing, accounting, data consolidation and working of dealing office.

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

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

7.2.1 An effective macro economic management policy includes focused public debt management strategy. Sovereign external debt management is an important part of general debt management policy which focuses on minimising cost and risk of sovereign external borrowings. In fact, the cost of borrowing not only of sovereign debt but also of non-sovereign debt depends on sovereign credit ratings (Box 7.1), which in turn depends on, *inter alia*, the size and policy of sovereign debt. India's sovereign debt has been relatively low and GOI does not borrow from international capital markets. GOI's external debt portfolio therefore contains mainly loans obtained under external assistance programme by both Centre and States. These loans comprise variety of currencies, different maturities and mix of interest rates. Besides, the external loans which are passed on to States need to be accounted for at the Centre as Union Government is responsible for servicing of such loans. Thus, the Government's external debt portfolio is required to be measured, maintained and monitored on an ongoing basis.

7.2.2 Sovereign external debt in India takes two forms namely, 'external debt on Government account' and 'other Government external debt'. While the former, being a major component, comprises outstanding loans raised by the Government of India from multilateral and bilateral sources under external assistance programme, 'other Government external debt' includes debt from IMF, defence debt and FII investment in Government securities. Total automation of Back Office besides facilitating a proper accounting of transactions of GOI's external debt both in local currency as well as foreign currencies, has ensured ready availability of historical data for analysing, scenario/strategy building and modeling of sovereign external debt.

7.2.3 Details of sovereign debt classified according to source are given in Table 7.1. Debt outstanding on Government account under external assistance which ranged between US\$41 and 44 billion between end-March 1997 and end-March 2006, dropped as a proportion of GDP from little over 14 per cent at end-March 1995 to 5.5 per cent at end-March 2006. 'Other Government external debt' came down sharply from US\$7.5 billion at end-March 1997 to US\$1.8 billion at end-March 2006 mainly due to contraction in Rupee debt. Total sovereign debt relative to GDP declined steeply from 12.9 per cent at end-March 1997 to 5.7 per cent at end-March 2006, while absolute amount of total sovereign debt dropped from US\$49.1 billion to US\$45.2 billion over the same period.

**Table 7.1: Sovereign External Debt**

	At End-March									
	<i>(US\$ million)</i>									
	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
<b>I. External Debt on Govt. Account under External Assistance (A+B)</b>	<b>41,592</b>	<b>40,805</b>	<b>41,896</b>	<b>42,823</b>	<b>40,727</b>	<b>40,965</b>	<b>41,216</b>	<b>41,142</b>	<b>43,621</b>	<b>43,427</b>
<b>A Multilateral (1 TO 5)</b>	<b>26,369</b>	<b>26,344</b>	<b>26,967</b>	<b>27,555</b>	<b>27,417</b>	<b>28,289</b>	<b>27,271</b>	<b>26,826</b>	<b>29,161</b>	<b>29,939</b>
	(63.4)	(64.6)	(64.4)	(64.4)	(67.3)	(69.1)	(66.2)	(65.2)	(66.8)	(68.9)
1 IDA	17,337	17,541	18,301	18,964	18,811	19,440	21,257	22,356	23,658	23,374
2 IBRD	6,772	6,430	6,062	5,797	5,657	5,741	4,009	3,144	3,766	4,391
3 ADB	1,961	2,078	2,309	2,507	2,680	2,835	1,702	1,007	1,408	1,862
4 IFAD	208	211	221	225	213	219	247	262	276	266
5 Others	91	84	74	62	56	54	56	57	53	46
<b>B. Bilateral@ (6 TO 12)</b>	<b>15,223</b>	<b>14,461</b>	<b>14,929</b>	<b>15,243</b>	<b>13,310</b>	<b>12,676</b>	<b>13,945</b>	<b>14,316</b>	<b>14,460</b>	<b>13,488</b>
	(36.6)	(35.4)	(35.6)	(35.6)	(32.7)	(30.9)	(33.8)	(34.8)	(33.2)	(31.1)
6 Japan	6,423	6,506	7,441	8,705	7,513	7,389	8,429	9,654	9,647	8,927
7 Germany	3,165	2,853	2,789	2,374	2,113	1,983	2,317	2,512	2,560	2,280
8 United States	1,824	1,693	1,574	1,436	1,298	1,161	1,026	903	789	687
9 France	1,001	925	891	760	679	628	598	637	641	552
10 Netherlands	756	654	629	524	447	398	439	0	0	0
11 Russian Federation	654	556	482	447	407	372	414	572	816	1035
12 Others	1,400	1,274	1,123	997	853	745	722	38	7	7
<b>II. Other Govt. External Debt**</b>	<b>7,468</b>	<b>5,715</b>	<b>4,241</b>	<b>4,029</b>	<b>3,494</b>	<b>2,747</b>	<b>2,396</b>	<b>3,531</b>	<b>2,983</b>	<b>1,815</b>
<b>III. Total Sovereign External Debt (I+II)</b>	<b>49,060</b>	<b>46,520</b>	<b>46,137</b>	<b>46,852</b>	<b>44,221</b>	<b>43,712</b>	<b>43,612</b>	<b>44,673</b>	<b>46,604</b>	<b>45,242</b>
<b>Of which:</b>										
<b>a) under floating interest rate:</b>	--	--	--	--	--	--	--	4,151	5,174	6,253
<b>b) under fixed interest rate:</b>	--	--	--	--	--	--	--	36,991	38,447	38,989

Note: *Figures in brackets indicate percentage to external debt on Government Account under external assistance.*

@: *Includes Rupee Debt (Civilian).*

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

QE: *Quick Estimates R: Revised*

--: *Not Compiled*

### 7.3. Sovereign External Debt Service Payments

7.3.1 Table 7.2 shows annual debt-servicing of sovereign external debt. Debt service payments on Government account under external assistance accounts for the major part of the sovereign debt. The debt service payments on Government account which showed a stable trend up to 2001-02 went up in 2002-03 and 2003-04 because of prepayments of high-cost multilateral and bilateral credits. Excluding prepayments, debt service payments amounted to US\$3,523 million in 2002-03, US\$2,918 million in 2003-04 and US\$2,644 million during 2004-05.

**Table 7.2 : Sovereign External Debt Service Payments (Actual)**  
(April-March)

(US\$ million)

		1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>I.</b>	<b>Debt Service Payments under External Assistance (A+B)</b>	3,022	2,923	2,954	3,057	3,444	2,762	5,949	6,296	2,262	2,273
<b>A.</b>	<b>Multilateral (i&amp; ii)</b>	<b>1,849</b>	<b>1,808</b>	<b>1,800</b>	<b>2,009</b>	<b>2,374</b>	<b>1,673</b>	<b>4,749</b>	<b>3,932</b>	<b>1,044</b>	<b>1,192</b>
(i)	Principal	1,053	1,078	1,117	1,239	1,606	1,097	4,134	3,562	737	790
(ii)	Interest	796	730	683	770	768	576	615	370	307	402
<b>B.</b>	<b>Bilateral (iii +iv)</b>	<b>1,173</b>	<b>1,115</b>	<b>1,154</b>	<b>1,048</b>	<b>1,070</b>	<b>1,089</b>	<b>1,200</b>	<b>2,364</b>	<b>1,218</b>	<b>1,081</b>
(iii)	Principal	784	740	802	702	732	787	918	2067	884	776
(iv)	Interest	389	375	352	346	338	302	282	297	334	305
<b>II.</b>	<b>Other Government Debt Service Payments (v + vi)</b>	<b>1,788</b>	<b>1,434</b>	<b>1,221</b>	<b>978</b>	<b>643</b>	<b>519</b>	<b>474</b>	<b>376</b>	<b>417</b>	<b>572</b>
(v)	Principal	1,702	1,385	1,195	971	643	519	474	376	417	572
(vi)	Interest	86	49	26	7	0	0	0	0	0	0
<b>III.</b>	<b>Total Government External Debt Service Payments (I+II)</b>	<b>4,810</b>	<b>4,357</b>	<b>4,175</b>	<b>4,035</b>	<b>4,087</b>	<b>3,281</b>	<b>6,423</b>	<b>6,672</b>	<b>2,679</b>	<b>2,845</b>
(vii)	Total Principal (i, iii & v)	3,539	3,203	3,114	2,912	2,981	2,403	5,526	6,005	2,038	2,138
(viii)	Total Interest (ii, iv & vi)	1,271	1,154	1,061	1,123	1,106	878	897	667	641	707

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

R: Revised QE: Quick Estimate

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

7.4.1 Table 7.3 shows projections of external debt service payments on Government account up to 2014-15 based on the debt outstanding as on March 31, 2006. The redemption profile of Government debt reflects steady debt service payments over next few years in the range of US\$1.9 billion to US\$3.3 billion from 2006-07 to 2014-15.

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

(US\$ million)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>A.Multilateral</b>	<b>998</b>	<b>1358</b>	<b>1531</b>	<b>1659</b>	<b>1843</b>	<b>1928</b>	<b>1997</b>	<b>2081</b>	<b>2116</b>
(I)Principal	744	1068	1226	1344	1526	1614	1692	1791	1843
(II)Interest	214	290	305	315	317	314	305	290	273
<b>B.Bilateral (II+III)</b>	<b>986</b>	<b>1229</b>	<b>1220</b>	<b>1203</b>	<b>1192</b>	<b>1163</b>	<b>1136</b>	<b>1127</b>	<b>1138</b>
(II)Principal	754	947	940	923	916	898	889	900	930
(III)Interest	232	282	280	280	276	265	247	227	205
<b>C.Total Government Account (A+B) ie (iv+v)</b>	<b>1944</b>	<b>2587</b>	<b>2751</b>	<b>2862</b>	<b>3035</b>	<b>3091</b>	<b>3133</b>	<b>3208</b>	<b>3251</b>
(IV)Total Principal	1498	2015	2166	2267	2442	2512	2581	2691	2773
(V)Total Interest	446	572	585	593	595	579	552	517	478

Note: The projections are based on debt outstanding as at end-March 2006 on Government Account against multilateral and bilateral debt under external assistance. The projections include debt service arising out of committed undisbursed balance (CUB). It excludes debt servicing on account of Defence debt, FII investment in Government securities. It also excludes debt service payments on fresh borrowings.

### Box 7.1: Sovereign Credit Ratings

International credit ratings become important in the context of credit flows and their cost to the emerging markets. The sentiment of international creditors and investors are quite often influenced by the ratings. Table 7.4 sets out Sovereign credit ratings assigned by the Standard & Poor's, Moody's and Fitch's to top ten indebted countries. The international ratings are normally assigned based on a variety of macroeconomic parameters such as GDP, per capita income, external debt stock, international reserves, inflation, fiscal deficit, track record of repayment, etc. The ratings given below relate to long-term foreign currency sovereign debt issued by the respective countries. While Moody's assign investment grade, Standard & Poor's places India under non-investment grade. Fitch upgraded India from speculative grade to investment grade (BBB-) in August 2006.

**Table 7.4 :Credit ratings of top ten Debtor Countries**

Sl.No.	Country	Standard & Poor's		Moody's		Fitch's	
		Rating	Grade	Rating	Grade	Rating	Grade
1	Brazil	BB	Stable	Ba3	Positive	BB	Stable
2	China	A-	Positive	A2	Positive	A	Stable
3	Argentina	B	Stable	B3	Stable	RD	
4	Russian Federation	BBB	Stable	Baa2	Stable	BBB	Stable
5	Mexico	BBB	Stable	Baa1	Stable	BBB	Stable
6	Turkey	BB-	Stable	Ba3	Stable	BB-	Positive
7	Indonesia	B+	Positive	B1	Stable	BB-	stable
8	<b>India</b>	<b>BB+</b>	<b>Positive</b>	<b>Baa3</b>	<b>Stable</b>	<b>BBB-</b>	<b>Stable</b>
9	Poland	BBB+	Positive	A2	Stable	BBB+	Positive
10	Philippines	BB-	Stable	B1	Negative	BB	Stable

Note:

1. Sovereign credit ratings refer to the sovereign ceiling for foreign currency ratings on long-term bonds & notes for top debtor countries.
2. RD: Rating Default.
3. Standard & Poor's ratings are as on July 8, 2006, Moody's ratings are as on July 7, 2006 and Fitch's ratings as on August 3, 2006.

#### Rating Grades: Standard and Poor's

Investment Grade: AAA, AA+, AA, A+, A, BBB+, BBB, BBB-; Non-investment Grade: BB+, BB, BB-, B+, B, B-; Default Grade: CC+, CCC, CCC-, CC, C

#### Rating Grades: Moody's Investors service

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

#### Rating Grades: Fitch Ratings Ltd

Investment Grade: AAA, AA+, AA, BBB+, BBB-; Speculative: BB+, BB-, B+, B-; Default risk: CCC, CC, C; Default Grade: DDD, DD, D; Source: Web sites of S&P, Moody's Rating Services and Fitch Ratings Ltd

## 8. CONTINGENT LIABILITY ON EXTERNAL DEBT

### 8.1 Government Guaranteed External Debt

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

8.1.2 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 gradually declined over the years from US\$10.6 billion at the end of March 1994 to US\$5.8 billion at the end of March 2006. As a proportion of total debt, Government guaranteed debt declined rather steeply from 71.8 per cent to 40.8 per cent during this period (Table 8.1).

**Table 8.1: Government Guaranteed External Debt**  
At End-March

	(US\$ million)						
	2000	2001	2002	2003	2004	2005	2006QE
1 Government (Sovereign) Debt	46,852	43,956	43,577	43,612	44,673	46,604	45,242
2 Non-Govt. Debt	51,411	57,370	55,266	61,302	66,972	76,600	79,939
of which with Govt. Guarantee: (a+b+c)	7,449	6,315	7,022	6,458	6,528	6,240	5,823
a) Financial Sector	2,673	1,429	1,761	1,790	1,856	1,600	1,462
b) Public Sector	4,503	4,639	5,070	4,605	4,614	4,484	4,230
c) Private Sector	273	247	191	63	58	156	131
3 Total External Debt (1+2)	98,263	101,326	98,843	104,914	111,645	123,204	125,181
4 Govt. Debt and Guaranteed Debt (1+3)	54,301	50,271	50,599	50,070	51,201	52,844	51,065
	(55.3)	(49.6)	(51.2)	(47.7)	(45.9)	(42.9)	(40.8)
5 Per cent of Govt. Guaranteed Debt to Non-Govt. Debt	14.5	11	12.7	10.5	9.7	8.1	7.3
<b>Memo Items:</b>							
Private Non-Guaranteed Debt (1+2)	--	--	--	54,888	60,444	70,360	74,116
1 Long term debt (a+b+c)	--	--	--	50,219	56,013	62,836	65,328
a) Financial Sector	--	--	--	31,768	39,937	41,831	38,242
b) Public Sector	--	--	--	2,327	2,217	2,006	2,255
c) Private Sector	--	--	--	16,124	13,859	18,999	24,831
2 Short term debt (a+b)	--	--	--	4,669	4,431	7,524	8,788
a) Financial Sector	--	--	--	1,962	304	0	0
b) Private Sector	--	--	--	2,707	4,127	7,524	8,788

--: Not Compiled

Note: 1) Private Non-guaranteed debt refers to all those loans which are not sovereign loans and loans which are not guaranteed by the Government.

2) Data on Private Non-guaranteed debt prior to 2003 are not compiled.

3) Figures in brackets indicate percentage to total external debt.

QE: Quick Estimates

## 9. CONCLUSION

9.1 The current Status Report on External Debt, twelfth in the series, focuses on developments in India's external debt during 2005-06. Although India's external debt at US\$125.2 billion at end-March 2006 was higher than that at end-March 2005, debt indicators continued to improve in 2005-06.

9.2 The accumulation of external debt was moderated in the post-reform period as external current account gap was financed more by non-debt creating flows. In addition, streamlining of Government's external debt portfolio by prepaying high-cost loans, rationalizing the interest rates as well as structure of NRI deposits, restricting end-use of ECB, limiting trade credits and close monitoring of short-term debt stemmed unreasonable expansion in external debt.

9.3 In terms of international investment position, 'net external liabilities' of India which had peaked at US\$86 billion at end-March 1995, gradually came down over the years to US\$ 41 billion by end-March 2006. The contraction in 'net external liabilities' was mainly due to surge in foreign exchange reserve assets.

9.4 Gradual improvement in key debt indicators over the years such as contraction of short-term debt, moderation in debt service payments as a proportion of external current receipts, drop in debt-to-GDP ratio and increase in the debt cover of foreign exchange reserves aided improvement in India's international sovereign credit rating.

9.5 Based on Global Development Finance 2006, World Bank, a comparison is drawn between India's external debt position with that of other indebted countries. The comparison shows that India's external debt position *vis-à-vis* other indebted countries showed a significant improvement during the last few years.

9.6 Mechanisation of major part of external debt statistics and complete coordination among debt compiling agencies ensured effective external debt data-base management. The RBI as well as Ministry of Finance which are responsible for external debt data compilation and dissemination, are continuously engaged in improving the external debt statistics in terms of coverage, classification and presentation.

## India's External Debt Outstanding (Annual)

(Rs. crore)

	End - March																	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE	
<b>I. MULTILATERAL</b>	<b>32,886</b>	<b>40,386</b>	<b>68,262</b>	<b>77,758</b>	<b>82,199</b>	<b>89,819</b>	<b>98,173</b>	<b>105,066</b>	<b>116,904</b>	<b>129,682</b>	<b>137,132</b>	<b>145,105</b>	<b>155,633</b>	<b>142,683</b>	<b>131,105</b>	<b>138,915</b>	<b>145,230</b>	
A. Government Borrowing	31,575	38,429	63,787	72,286	75,617	82,223	89,428	94,824	104,218	114,531	120,321	127,886	138,023	129,727	120,073	127,782	133,544	
(i) Concessional	21,760	25,849	40,990	48,206	50,250	55,963	60,425	63,418	70,560	78,979	84,051	89,008	96,177	102,559	101,490	105,114	105,651	
a) IDA	21,055	25,221	40,017	47,167	49,238	54,897	59,349	62,343	69,392	77,725	82,721	87,753	94,848	101,122	100,065	103,671	104,258	
b) Others	705	628	973	1,039	1,012	1,066	1,076	1,075	1,168	1,254	1,330	1,255	1,329	1,437	1,425	1,443	1,393	
ii) Non-concessional	9,815	12,580	22,797	24,080	25,367	26,260	29,003	31,406	33,658	35,552	36,270	38,878	41,846	27,168	18,583	22,668	27,893	
a) IBRD	9,752	12,161	21,134	21,602	22,518	22,442	23,721	24,354	25,438	25,747	25,343	26,376	28,012	19,069	14,074	16,500	19,587	
b) Others	63	419	1,663	2,478	2,849	3,818	5,282	7,052	8,220	9,805	10,927	12,502	13,834	8,099	4,509	6,168	8,306	
B. Non-Government Borrowing	1,311	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,956	11,032	11,133	11,686	
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Non-concessional	1,311	1,957	4,475	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	12,956	11,032	11,133	11,686	
a) Public Sector	158	303	1,424	1,777	2,786	3,248	4,628	4,738	8,765	10,716	12,183	12,386	12,729	9,255	7,916	8,000	8,494	
i) IBRD	158	303	962	1,300	2,158	2,013	2,942	3,341	5,217	6,349	6,931	7,114	7,298	4,378	4,402	4,462	4,585	
ii) Others	0	0	462	477	628	1,235	1,686	1,397	3,548	4,367	5,252	5,272	5,431	4,877	3,514	3,538	3,909	
b) Financial Institutions	799	1,270	2,345	2,883	2,718	2,559	2,464	2,391	2,171	2,723	3,099	3,368	3,736	3,177	2,902	2,789	2,624	
i) IBRD	503	872	1,720	1,791	1,667	1,605	1,643	1,618	1,011	1,057	999	1,017	1,049	525	381	252	629	
ii) Others	296	398	625	1,092	1,051	954	821	773	1,160	1,666	2,100	2,351	2,687	2,652	2,521	2,537	1,995	
c) Private Sector	354	384	706	812	1,078	1,789	1,653	3,113	1,750	1,712	1,529	1,465	1,145	524	214	344	568	
i) IBRD	313	330	628	709	953	1,610	1,244	1,639	1,321	1,312	1,173	1,148	929	298	0	0	0	
ii) Others	41	54	78	103	125	179	409	1,474	429	400	356	317	216	226	214	344	568	
<b>II. BILATERAL</b>	<b>22,993</b>	<b>27,378</b>	<b>47,603</b>	<b>50,258</b>	<b>54,580</b>	<b>63,761</b>	<b>65,740</b>	<b>62,891</b>	<b>67,104</b>	<b>74,304</b>	<b>79,278</b>	<b>74,519</b>	<b>74,762</b>	<b>79,921</b>	<b>77,084</b>	<b>74,174</b>	<b>70,403</b>	
A. Government borrowing	19,444	23,065	40,371	42,220	45,387	52,965	53,119	49,092	51,420	57,106	60,920	56,802	56,302	60,243	58,121	57,458	54,488	
(i) Concessional	19,444	23,065	40,371	42,220	45,387	52,965	52,078	48,165	50,583	56,425	59,380	55,504	55,418	59,688	57,742	57,207	54,363	
ii) Non-concessional	0	0	0	0	0	0	1,041	927	837	681	1,540	1,298	884	555	379	251	125	
B. Non-Government borrowing	3,549	4,313	7,232	8,038	9,193	10,796	12,621	13,799	15,684	17,198	18,358	17,717	18,460	19,678	18,963	16,716	15,915	
(i) Concessional	441	514	928	1,243	1,453	1,896	3,088	3,409	1,770	2,738	4,022	5,579	6,885	8,013	8,876	7,472	6,926	
a) Public Sector	7	0	0	0	190	654	376	1,054	192	526	1,488	2,962	4,278	5,152	5,759	5,653	5,273	
b) Financial Institutions	431	514	928	1,243	1,263	1,242	2,712	2,355	1,578	2,212	2,534	2,617	2,607	2,861	3,117	1,819	1,653	
c) Private Sector	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

(Rs. crore)

	End - March																	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE	
ii) Non-concessional	3,108	3,799	6,304	6,795	7,740	8,900	9,533	10,390	13,914	14,460	14,336	12,138	11,575	11,665	10,087	9,244	8,989	
a) Public Sector	2,581	2,957	4,472	4,726	5,475	6,120	5,602	5,216	5,360	5,197	4,752	3,715	4,822	5,116	4,851	4,354	3,698	
b) Financial Institutions	271	527	1,236	1,571	1,718	1,883	2,197	2,436	4,216	4,363	4,151	3,568	3,708	3,571	3,119	2,844	2,372	
c) Private Sector	256	315	596	498	547	897	1,734	2,738	4,338	4,900	5,433	4,855	3,045	2,978	2,117	2,046	2,919	
<b>III. IMF</b>	<b>2,572</b>	<b>5,132</b>	<b>8,934</b>	<b>14,985</b>	<b>15,812</b>	<b>13,545</b>	<b>8,152</b>	<b>4,714</b>	<b>2,622</b>	<b>1,218</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>IV. EXPORT CREDIT</b>	<b>8,002</b>	<b>8,374</b>	<b>12,418</b>	<b>13,484</b>	<b>16,307</b>	<b>20,876</b>	<b>18,432</b>	<b>21,044</b>	<b>25,783</b>	<b>28,812</b>	<b>29,564</b>	<b>27,625</b>	<b>26,110</b>	<b>23,750</b>	<b>20,553</b>	<b>21,798</b>	<b>23,755</b>	
a) Buyers' credit	1,877	2,230	3,566	3,989	5,474	6,227	7,216	11,184	15,433	18,097	18,734	17,336	16,147	13,421	11,061	12,900	15,929	
b) Suppliers' credit	950	933	1,380	2,050	4,129	6,432	5,382	4,791	5,453	5,532	5,582	5,401	5,144	5,139	4,471	3,923	3,098	
c) Export credit component of bilateral credit	1,340	1,390	2,428	3,671	3,947	4,604	4,529	4,189	4,399	4,905	5,165	4,828	4,819	5,190	5,021	4,975	4,728	
d) Export credit for defence purchases	3,835	3,821	5,044	3,774	2,757	3,613	1,305	880	498	278	83	60	0	0	0	0	0	
<b>V. COMMERCIAL BORROWINGS</b>	<b>15,988</b>	<b>19,727</b>	<b>35,711</b>	<b>36,367</b>	<b>38,782</b>	<b>40,915</b>	<b>47,642</b>	<b>51,454</b>	<b>67,086</b>	<b>89,019</b>	<b>86,963</b>	<b>113,839</b>	<b>113,908</b>	<b>106,843</b>	<b>95,611</b>	<b>118,243</b>	<b>114,011</b>	
a) Commercial bank loans #	11,453	13,200	20,933	20,156	18,694	18,384	23,120	29,968	39,419	43,892	44,015	46,169	48,683	46,929	50,346	60,448	70,895	
b) Securitised borrowings ##	4,227	5,840	13,219	13,990	16,557	16,935	19,790	17,320	23,786	41,464	39,564	64,769	62,714	57,495	41,567	54,152	39,773	
c) Loans/securitised borrowings etc., with multilateral/bilateral guarantee + IFC(W)	308	687	1,512	2,105	2,430	2,998	3,050	3,521	3,451	3,430	3,271	2,901	2,511	2,419	3,698	3,643	3,343	
d) Self-Liquidating Loans	0	0	47	116	1,101	2,598	1,682	645	430	233	113	0	0	0	0	0	0	
<b>VI. NRI &amp; FC(B&amp;O) DEPOSITS<sup>®</sup></b> (Above one year maturity)	<b>15,719</b>	<b>20,030</b>	<b>27,384</b>	<b>34,941</b>	<b>39,729</b>	<b>39,006</b>	<b>37,802</b>	<b>39,527</b>	<b>47,050</b>	<b>50,048</b>	<b>59,120</b>	<b>77,273</b>	<b>83,712</b>	<b>110,022</b>	<b>135,618</b>	<b>143,267</b>	<b>156,715</b>	
a) NRI deposits	15,719	19,843	26,737	34,113	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	110,022	135,618	143,267	156,715	
b) FC (B&O) Deposits <sup>®</sup>	0	187	647	828	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>VII. RUPEE DEBT*</b>	<b>19,075</b>	<b>25,199</b>	<b>31,956</b>	<b>33,149</b>	<b>31,634</b>	<b>30,315</b>	<b>28,150</b>	<b>26,978</b>	<b>23,204</b>	<b>20,077</b>	<b>19,218</b>	<b>17,345</b>	<b>14,807</b>	<b>13,405</b>	<b>11,856</b>	<b>10,070</b>	<b>9,059</b>	
a) Defence	17,276	22,875	28,796	30,177	28,735	27,603	25,602	24,590	20,976	18,004	17,290	15,573	13,198	11,946	10,539	8,887	7,991	
b) Civilian	1,799	2,324	3,160	2,972	2,899	2,712	2,548	2,388	2,228	2,073	1,928	1,772	1,609	1,459	1,317	1,183	1,068	
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	<b>117,235</b>	<b>146,226</b>	<b>232,268</b>	<b>260,942</b>	<b>279,043</b>	<b>298,237</b>	<b>304,091</b>	<b>311,674</b>	<b>349,753</b>	<b>393,160</b>	<b>411,388</b>	<b>455,706</b>	<b>468,932</b>	<b>476,624</b>	<b>471,827</b>	<b>506,467</b>	<b>519,173</b>	

(Rs. crore)

	End - March																	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE	
<b>IX.SHORT-TERM DEBT</b>	<b>12,964</b>	<b>16,775</b>	<b>20,642</b>	<b>19,804</b>	<b>11,375</b>	<b>13,448</b>	<b>16,637</b>	<b>24,153</b>	<b>19,929</b>	<b>18,137</b>	<b>17,162</b>	<b>16,919</b>	<b>13,396</b>	<b>22,180</b>	<b>19,251</b>	<b>32,922</b>	<b>39,199</b>	
a) NRI deposits (up to one year maturity) <sup>®</sup>	5,589	7,018	6,517	8,131	4,078	7,176	9,896	13,547	8,657	8,852	5,983	4,463	4,724	9,320	1,321	0	0	
b) FC(B&O) Deposits (up to one-year maturity) <sup>® ®</sup>	0	328	924	2,433	1,672	0	0	0	0	0	0	0	0	0	0	0	0	
c) Others (trade-related)** of which, short-term debt over 6 months	7,375	9,429	13,201	9,240	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,860	17,930	32,922	39,199	
	7,375	4,976	4,738	5,601	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	12,860	17,930	32,922	39,199	
<b>X. GRAND TOTAL ( VIII+IX )</b>	<b>130,199</b>	<b>163,001</b>	<b>252,910</b>	<b>280,746</b>	<b>290,418</b>	<b>311,685</b>	<b>320,728</b>	<b>335,827</b>	<b>369,682</b>	<b>411,297</b>	<b>428,550</b>	<b>472,625</b>	<b>482,328</b>	<b>498,804</b>	<b>491,078</b>	<b>539,389</b>	<b>558,372</b>	

R: Revised

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

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

#: includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millenium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds.

FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@ Figures include accrued interest.

@ @ The Scheme was discontinued in July, 1993.

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

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

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

## India's External Debt Outstanding (Annual)

(US \$ million)

	End - March																
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
<b>I. MULTILATERAL</b>	<b>19,164</b>	<b>20,900</b>	<b>23,090</b>	<b>25,008</b>	<b>26,263</b>	<b>28,542</b>	<b>28,616</b>	<b>29,218</b>	<b>29,553</b>	<b>30,534</b>	<b>31,438</b>	<b>31,105</b>	<b>31,899</b>	<b>29,994</b>	<b>29,297</b>	<b>31,702</b>	<b>32,558</b>
A. Government Borrowing	18,399	19,887	21,651	23,247	24,158	26,127	26,059	26,369	26,344	26,967	27,584	27,414	28,290	27,271	26,826	29,161	29,939
(i) Concessional	12,672	13,377	14,320	15,503	16,044	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	21,560	22,674	23,988	23,686
a) IDA	12,261	13,052	13,974	15,169	15,721	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	21,258	22,356	23,659	23,374
b) Others	411	325	346	334	323	339	313	299	295	295	305	269	273	302	318	329	312
(ii) Non-concessional	5,727	6,510	7,331	7,744	8,114	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,577	5,711	4,152	5,173	6,253
a) IBRD	5,690	6,293	6,796	6,947	7,203	7,136	6,938	6,772	6,430	6,062	5,810	5,654	5,742	4,009	3,144	3,765	4,391
b) Others	37	217	535	797	911	1,214	1,545	1,961	2,078	2,309	2,505	2,680	2,835	1,702	1,008	1,408	1,862
B. Non-Government Borrowing	765	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,471	2,541	2,619
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	765	1,013	1,439	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,471	2,541	2,619
a) Public Sector	92	157	458	572	891	1,033	1,353	1,318	2,216	2,523	2,793	2,655	2,609	1,945	1,770	1,826	1,904
i) IBRD	92	157	308	418	690	640	860	929	1,319	1,495	1,589	1,525	1,496	920	984	1,018	1,028
ii) Others	0	0	150	154	201	393	493	389	897	1,028	1,204	1,130	1,113	1,025	786	808	876
b) Financial Institutions	465	657	754	928	869	813	721	665	550	641	710	722	766	668	651	636	588
i) IBRD	292	451	553	576	533	510	481	450	256	249	229	218	215	110	85	57	141
ii) Others	173	206	201	352	336	303	240	215	294	392	481	504	551	558	566	579	447
c) Private Sector	208	199	227	261	345	569	483	866	443	403	351	314	234	110	50	79	127
i) IBRD	184	171	202	228	305	512	364	456	334	309	269	246	190	63	0	0	0
ii) Others	24	28	25	33	40	57	119	410	109	94	82	68	44	47	50	79	127
<b>II. BILATERAL</b>	<b>13,565</b>	<b>14,168</b>	<b>15,466</b>	<b>16,154</b>	<b>17,450</b>	<b>20,270</b>	<b>19,213</b>	<b>17,494</b>	<b>16,969</b>	<b>17,499</b>	<b>18,175</b>	<b>15,975</b>	<b>15,323</b>	<b>16,802</b>	<b>17,277</b>	<b>16,930</b>	<b>15,784</b>
A. Government borrowing	11,489	11,936	13,099	13,578	14,519	16,841	15,535	13,652	12,998	13,447	13,966	12,176	11,540	12,664	12,987	13,113	12,216
(i) Concessional	11,489	11,936	13,099	13,578	14,519	16,841	15,232	13,394	12,786	13,286	13,613	11,898	11,359	12,547	12,900	13,055	12,188
(ii) Non-concessional	0	0	0	0	0	0	303	258	212	161	353	278	181	117	87	58	28
B. Non-Government borrowing	2,076	2,232	2,367	2,576	2,931	3,429	3,678	3,842	3,971	4,052	4,209	3,799	3,783	4,138	4,290	3,817	3,568
(i) Concessional	262	266	348	400	465	603	903	948	448	645	922	1,196	1,411	1,685	1,983	1,705	1,553
a) Public Sector	4	0	0	0	61	208	110	293	49	124	341	635	877	1,083	1,287	1,290	1,182
b) Financial Institutions	255	266	348	400	404	395	793	655	399	521	581	561	534	602	696	415	371
c) Private Sector	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

((US \$ million))

	End - March																
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
ii) Non-concessional	1,814	1,966	2,019	2,176	2,466	2,826	2,775	2,894	3,523	3,407	3,287	2,603	2,372	2,453	2,307	2,112	2,015
a) Public Sector	1,507	1,530	1,432	1,513	1,745	1,943	1,631	1,453	1,358	1,224	1,089	797	988	1,076	1,110	995	829
b) Financial Institutions	158	273	396	503	547	598	639	678	1,067	1,028	952	765	760	751	710	649	532
c) Private Sector	149	163	191	160	174	285	505	763	1,098	1,155	1,246	1,041	624	626	487	468	654
<b>III.IMF</b>	<b>1,493</b>	<b>2,623</b>	<b>3,451</b>	<b>4,799</b>	<b>5,040</b>	<b>4,300</b>	<b>2,374</b>	<b>1,313</b>	<b>664</b>	<b>287</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV.EXPORT CREDIT</b>	<b>4,655</b>	<b>4,301</b>	<b>3,990</b>	<b>4,322</b>	<b>5,203</b>	<b>6,629</b>	<b>5,376</b>	<b>5,861</b>	<b>6,526</b>	<b>6,789</b>	<b>6,780</b>	<b>5,923</b>	<b>5,368</b>	<b>4,995</b>	<b>4,697</b>	<b>4,980</b>	<b>5,326</b>
a) Buyers' credit	1,096	1,154	1,142	1,277	1,745	1,977	2,101	3,116	3,908	4,265	4,297	3,717	3,311	2,823	2,546	2,948	3,571
b) Suppliers' credit	555	483	442	656	1,316	2,042	1,567	1,335	1,380	1,303	1,280	1,158	1,069	1,081	1,029	897	695
c) Export credit component of bilateral credit	790	719	791	1,181	1,263	1,464	1,325	1,165	1,112	1,155	1,184	1,035	988	1,091	1,122	1,135	1,060
d) Export credit for defence purchases	2,214	1,945	1,615	1,208	879	1,146	383	245	126	66	19	13	0	0	0	0	0
<b>V.COMMERCIAL BORROWINGS</b>	<b>9,335</b>	<b>10,209</b>	<b>11,715</b>	<b>11,643</b>	<b>12,363</b>	<b>12,991</b>	<b>13,873</b>	<b>14,335</b>	<b>16,986</b>	<b>20,978</b>	<b>19,943</b>	<b>24,408</b>	<b>23,320</b>	<b>22,472</b>	<b>22,007</b>	<b>27,024</b>	<b>25,560</b>
a) Commercial bank loans #	6,687	6,831	6,704	6,453	5,959	5,837	6,731	8,349	9,981	10,343	10,094	9,899	9,962	9,870	11,588	13,815	15,894
b) Securitised borrowings ##	2,468	3,022	4,512	4,479	5,278	5,377	5,751	4,825	6,022	9,772	9,073	13,887	12,851	12,093	9,568	12,376	8,917
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	180	356	484	674	775	952	888	981	874	808	750	622	507	509	851	833	749
d) Self-Liquidating Loans	0	0	15	37	351	825	503	180	109	55	26	0	0	0	0	0	0
<b>VI.NRI &amp; FC(B&amp;O) DEPOSITS@</b> (Above one year maturity)	<b>9,124</b>	<b>10,209</b>	<b>10,083</b>	<b>11,141</b>	<b>12,665</b>	<b>12,383</b>	<b>11,011</b>	<b>11,012</b>	<b>11,913</b>	<b>11,794</b>	<b>13,559</b>	<b>16,568</b>	<b>17,154</b>	<b>23,160</b>	<b>31,216</b>	<b>32,743</b>	<b>35,134</b>
a) NRI deposits	9,124	10,114	9,833	10,876	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	23,160	31,216	32,743	35,134
b) FC (B&O) Deposits®	0	95	250	265	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>RUPEE DEBT*</b>	<b>11,021</b>	<b>12,847</b>	<b>10,420</b>	<b>10,616</b>	<b>10,084</b>	<b>9,624</b>	<b>8,233</b>	<b>7,511</b>	<b>5,874</b>	<b>4,731</b>	<b>4,406</b>	<b>3,719</b>	<b>3,034</b>	<b>2,822</b>	<b>2,720</b>	<b>2,301</b>	<b>2,031</b>
a) Defence	9,972	11,645	9,222	9,661	9,160	8,763	7,488	6,847	5,311	4,243	3,964	3,339	2,704	2,515	2,426	2,031	1,791
b) Civilian	1,049	1,202	1,198	955	924	861	745	664	563	488	442	380	330	307	294	270	240
<b>VIII.TOTAL LONG TERM DEBT</b> <b>(I TO VII)</b>	<b>68,357</b>	<b>75,257</b>	<b>78,215</b>	<b>83,683</b>	<b>89,068</b>	<b>94,739</b>	<b>88,696</b>	<b>86,744</b>	<b>88,485</b>	<b>92,612</b>	<b>94,327</b>	<b>97,698</b>	<b>96,098</b>	<b>100,245</b>	<b>107,214</b>	<b>115,680</b>	<b>116,393</b>

((US \$ million)

	End - March																
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
<b>IX.SHORT-TERM DEBT</b>	<b>7,501</b>	<b>8,544</b>	<b>7,070</b>	<b>6,340</b>	<b>3,627</b>	<b>4,269</b>	<b>5,034</b>	<b>6,726</b>	<b>5,046</b>	<b>4,274</b>	<b>3,936</b>	<b>3,628</b>	<b>2,745</b>	<b>4,669</b>	<b>4,431</b>	<b>7,524</b>	<b>8,788</b>
a) NRI deposits (up to one year maturity) <sup>®</sup>	3,244	3,577	2,486	2,603	1,300	2,278	2,883	3,773	2,192	2,086	1,372	957	968	1,962	304	0	0
b) FC(B&O) Deposits (up to one-year maturity) <sup>® @</sup>	0	167	357	779	533	0	0	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	4,257	4,800	4,227	2,958	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,707	4,127	7,524	8,788
	4,257	2,533	1,517	1,793	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	2,707	4,127	7,524	8,788
<b>GRAND TOTAL (VIII+IX)</b>	<b>75,858</b>	<b>83,801</b>	<b>85,285</b>	<b>90,023</b>	<b>92,695</b>	<b>99,008</b>	<b>93,730</b>	<b>93,470</b>	<b>93,531</b>	<b>96,886</b>	<b>98,263</b>	<b>101,326</b>	<b>98,843</b>	<b>104,914</b>	<b>111,645</b>	<b>123,204</b>	<b>125,181</b>
Memo Items :																	
Concessional Debt***	35,444	38,426	38,187	40,097	41,112	44,845	41,944	39,489	36,944	37,258	38,210	35,893	35,517	38,614	40,277	41,049	39,458

R: Revised

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

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

#: includes Financial Lease since 1996.

##: includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds.

FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@ Figures include accrued interest.

@@ The Scheme was discontinued in July, 1993.

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

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

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

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

## India's External Debt Outstanding (Quarterly)

(Rs. crore)

	End period																
	Mar:2002	June 2002	Sept:2002	Dec:2002	Mar. 2003	June 2003	Sept. 2003	Dec. 2003	Mar. 2004 R	June 2004 R	Sept. 2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept. 2005 R	Dec. 2005 R	Mar. 2006 QE
<b>I. MULTILATERAL</b>	155,633	157,964	155,552	156,500	142,683	139,990	140,281	138,736	131,105	137,168	138,928	138,087	138,915	136,589	138,630	144,012	<b>145,230</b>
A. Government Borrowing	138,024	142,871	140,881	143,183	129,727	128,176	128,617	127,041	120,073	125,654	127,560	127,005	127,782	125,547	127,293	132,455	<b>133,544</b>
i) Concessional	96,178	101,406	100,399	102,040	102,559	101,807	102,039	104,585	101,490	105,911	106,911	105,891	105,114	101,957	102,692	105,684	<b>105,651</b>
a) IDA	94,848	100,005	98,997	100,596	101,122	100,348	100,581	103,089	100,065	104,435	105,433	104,435	103,671	100,587	101,307	104,295	<b>104,258</b>
b) Others	1,330	1,401	1,402	1,444	1,437	1,459	1,458	1,496	1,425	1,476	1,478	1,456	1,443	1,370	1,385	1,389	<b>1,393</b>
ii) Non-concessional	41,846	41,465	40,482	41,143	27,168	26,369	26,578	22,456	18,583	19,743	20,649	21,114	22,668	23,590	24,601	26,771	<b>27,893</b>
a) IBRD	28,012	27,955	27,153	27,074	19,069	18,733	18,522	12,790	14,074	14,902	15,511	15,615	16,500	16,960	17,640	18,760	<b>19,587</b>
b) Others	13,834	13,510	13,329	14,069	8,099	7,636	8,056	9,666	4,509	4,841	5,138	5,499	6,168	6,630	6,961	8,011	<b>8,306</b>
B. Non-Government Borrowing	17,609	15,093	14,671	13,317	12,956	11,814	11,664	11,695	11,032	11,514	11,368	11,082	11,133	11,042	11,337	11,557	<b>11,686</b>
i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
ii) Non-concessional	17,609	15,093	14,671	13,317	12,956	11,814	11,664	11,695	11,032	11,514	11,368	11,082	11,133	11,042	11,337	11,557	<b>11,686</b>
a) Public Sector	12,728	10,208	10,077	9,200	9,255	8,241	8,212	8,130	7,916	8,353	8,313	7,961	8,000	7,864	8,124	8,227	<b>8,494</b>
i) IBRD	7,297	5,741	5,255	4,393	4,378	4,276	4,267	4,205	4,402	4,699	4,662	4,422	4,462	4,368	4,459	4,516	<b>4,585</b>
ii) Others	5,431	4,467	4,822	4,807	4,877	3,965	3,945	3,925	3,514	3,654	3,651	3,539	3,538	3,496	3,665	3,711	<b>3,909</b>
b) Financial Institutions	3,736	3,738	3,613	3,579	3,177	3,061	2,942	3,060	2,902	2,918	2,814	2,870	2,789	2,788	2,740	2,770	<b>2,624</b>
i) IBRD	1,049	1,045	1,001	962	525	490	452	419	381	390	329	282	252	396	370	375	<b>629</b>
ii) Others	2,687	2,693	2,612	2,617	2,652	2,571	2,490	2,641	2,521	2,528	2,485	2,588	2,537	2,392	2,370	2,395	<b>1,995</b>
c) Private Sector	1,145	1,147	981	538	524	512	510	505	214	243	241	251	344	390	473	560	<b>568</b>
i) IBRD	929	931	771	315	298	291	273	272	0	0	0	0	0	0	0	0	<b>0</b>
ii) Others	216	216	210	223	226	221	237	233	214	243	241	251	344	390	473	560	<b>568</b>
<b>II. BILATERAL</b>	74,762	81,142	78,619	79,919	79,921	79,431	80,440	80,999	77,084	77,865	76,676	78,043	74,174	70,981	70,005	70,403	<b>70,403</b>
A. Government borrowing	56,302	60,630	58,944	59,768	60,243	59,908	60,919	61,134	58,121	58,546	57,848	58,959	57,458	55,158	54,555	54,355	<b>54,488</b>
i) Concessional	55,418	60,058	58,377	59,205	59,688	59,503	60,519	60,736	57,742	58,282	57,583	58,708	57,207	55,037	54,433	54,230	<b>54,363</b>
ii) Non-concessional	884	572	567	563	555	405	400	398	379	264	265	251	251	121	122	125	<b>125</b>
B. Non-Government borrowing	18,460	20,512	19,675	20,151	19,678	19,523	19,521	19,865	18,963	19,319	18,828	19,084	16,716	15,823	15,450	16,048	<b>15,915</b>
i) Concessional	6,885	7,795	7,644	7,855	8,013	8,167	8,578	8,980	8,876	8,951	8,791	9,213	7,472	7,143	7,060	6,992	<b>6,926</b>
a) Public Sector	4,278	4,900	4,830	4,988	5,152	5,253	5,561	5,816	5,759	5,797	5,704	6,042	5,653	5,400	5,344	5,292	<b>5,273</b>
b) Financial Institutions	2,607	2,895	2,814	2,867	2,861	2,914	3,017	3,164	3,117	3,154	3,087	3,171	1,819	1,743	1,716	1,700	<b>1,653</b>
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>

(Rs. crore)

	End period																
	Mar.'2002	June 2002	Sept.'2002	Dec.'2002	Mar. 2003	June 2003	Sept. 2003	Dec. 2003	Mar. 2004 R	June 2004 R	Sept. 2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept. 2005 R	Dec. 2005 R	Mar. 2006 QE
ii) Non-concessional	11,575	12,717	12,031	12,296	11,665	11,356	10,943	10,885	10,087	10,368	10,037	9,871	9,244	8,680	8,390	9,056	<b>8,989</b>
a) Public Sector	4,822	5,485	5,318	5,587	5,116	5,109	5,017	5,190	4,851	4,962	4,746	4,699	4,354	4,031	3,935	3,895	<b>3,698</b>
b) Financial Institutions	3,708	4,010	3,743	3,737	3,571	3,306	3,140	3,404	3,119	3,205	3,095	3,017	2,844	2,699	2,609	2,574	<b>2,372</b>
c) Private Sector	3,045	3,222	2,970	2,972	2,978	2,941	2,786	2,291	2,117	2,201	2,196	2,155	2,046	1,950	1,846	2,587	<b>2,919</b>
<b>III. IMF</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>IV. EXPORT CREDIT</b>	26,110	26,174	23,997	24,030	23,750	23,323	22,418	22,107	20,553	20,974	21,224	21,752	21,798	22,785	22,668	23,314	<b>23,755</b>
a) Buyers' credit	16,147	15,609	13,747	13,649	13,421	13,163	12,265	12,019	11,061	11,359	11,814	12,447	12,900	14,208	14,257	15,381	<b>15,929</b>
b) Suppliers' credit	5,144	5,342	5,174	5,233	5,139	4,986	4,891	4,807	4,471	4,547	4,403	4,200	3,923	3,790	3,677	3,217	<b>3,098</b>
c) Export credit component of bilateral credit	4,819	5,223	5,076	5,148	5,190	5,174	5,262	5,281	5,021	5,068	5,007	5,105	4,975	4,787	4,734	4,716	<b>4,728</b>
d) Export credit for defence purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>V. COMMERCIAL BORROWINGS</b>	113,908	113,251	108,760	108,153	106,843	110,508	111,534	95,107	95,611	102,693	104,441	108,054	118,243	117,631	124,576	101,092	<b>114,011</b>
a) Commercial bank loans #	48,683	48,289	46,934	47,018	46,929	48,164	49,412	52,666	50,346	56,124	56,455	54,973	60,448	59,890	62,790	66,247	<b>70,895</b>
b) Securitised borrowings ##	62,714	62,441	59,374	58,720	57,495	59,511	58,839	38,519	41,567	42,877	44,363	49,484	54,152	54,111	58,144	31,388	<b>39,773</b>
c) Loans/securitised borrowings etc., with multilateral/ bilateral guarantee + IFC(W)	2,511	2,521	2,452	2,415	2,419	2,833	3,283	3,922	3,698	3,692	3,623	3,597	3,643	3,630	3,642	3,457	<b>3,343</b>
d) Self-Liquidating Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>VI. NRI DEPOSITS @</b> (Above one year maturity)	83,712	90,991	100,591	104,941	110,022	118,527	125,404	137,399	135,618	141,534	141,045	139,088	143,267	142,425	144,556	149,792	<b>156,715</b>
<b>VII. RUPEE DEBT*</b>	14,807	14,234	13,589	13,454	13,405	12,046	11,975	12,041	11,856	10,642	10,634	10,434	10,070	9,337	9,329	9,329	<b>9,059</b>
a) Defence	13,198	12,655	12,012	11,995	11,946	10,617	10,548	10,614	10,539	9,356	9,349	9,149	8,887	8,179	8,173	8,173	<b>7,991</b>
b) Civilian	1,609	1,579	1,577	1,459	1,459	1,429	1,427	1,427	1,317	1,286	1,285	1,285	1,183	1,158	1,156	1,156	<b>1,068</b>
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	468,932	483,756	481,108	486,997	476,624	483,825	492,052	486,389	471,827	490,876	492,948	495,458	506,467	499,748	509,764	497,942	<b>519,173</b>

(Rs. crore)

	End period																
	Mar.2002	June 2002	Sept.2002	Dec.2002	Mar. 2003	June 2003	Sept. 2003	Dec. 2003	Mar. 2004 R	June 2004 R	Sept. 2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept. 2005 R	Dec. 2005 R	Mar. 2006 QE
<b>IX. SHORT-TERM DEBT</b>	13,396	15,112	16,389	18,910	22,180	27,635	29,234	27,467	19,251	27,134	28,108	29,917	32,922	31,657	36,525	40,248	<b>39,199</b>
a) NRI deposits (up to one year maturity)@	4,724	6,070	4,576	8,391	9,320	10,817	7,446	4,332	1,321	0	0	0	0	0	0	0	<b>0</b>
b) Others (trade-related)** of which, short-term debt over 6 months	8,672	9,042	11,813	10,519	12,860	16,818	21,788	23,135	17,930	27,134	28,108	29,917	32,922	31,657	36,525	40,248	<b>39,199</b>
<b>X GRAND TOTAL (VIII+IX)</b>	482,328	498,868	497,497	505,907	498,804	511,460	521,286	513,856	491,078	518,010	521,056	525,375	539,389	531,405	546,289	538,190	<b>558,372</b>
Memo Items :																	
Concessional Debt***	173,288	183,493	180,009	182,554	183,665	181,523	183,111	186,342	179,964	183,786	183,919	184,246	179,863	173,474	173,514	176,235	<b>175,999</b>

QE Quick Estimates

R Revised

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

# includes Financial Lease since 1996.

## includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds.

FCCB debt has been adjusted since End-March, 1998 after netting out conversion into equity and redemptions.

@ Figures include accrued interest.

\* 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 &amp; Exchange Board of India.

## India's External Debt Outstanding (Quarterly)

(US \$ million)

	End period																
	Mar:2002	June 2002	Sept:2002	Dec:2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 R	Mar. 2004 R	June 2004 R	Sept. 2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept.2005 R	Dec:2005 R	Mar.2006 QE
<b>I. MULTILATERAL</b>	31,898	32,297	32,126	32,563	29,994	30,060	30,562	30,365	29,297	29,903	30,151	31,550	31,702	31,335	31,429	31,799	<b>32,558</b>
A. Government Borrowing	28,289	29,211	29,096	29,792	27,271	27,523	28,021	27,805	26,826	27,394	27,684	29,017	29,161	28,802	28,858	29,246	<b>29,939</b>
(i) Concessional	19,713	20,733	20,735	21,231	21,560	21,861	22,231	22,890	22,674	23,090	23,201	24,193	23,988	23,390	23,281	23,335	<b>23,686</b>
a) IDA	19,440	20,447	20,446	20,931	21,258	21,548	21,913	22,563	22,356	22,768	22,880	23,860	23,659	23,076	22,967	23,028	<b>23,374</b>
b) Others	273	286	289	300	302	313	318	327	318	322	321	333	329	314	314	307	<b>312</b>
ii) Non-concessional	8,576	8,478	8,361	8,561	5,711	5,662	5,790	4,915	4,152	4,304	4,483	4,824	5,173	5,412	5,577	5,911	<b>6,253</b>
a) IBRD	5,741	5,716	5,608	5,633	4,009	4,023	4,035	2,799	3,144	3,249	3,368	3,568	3,765	3,891	3,999	4,142	<b>4,391</b>
b) Others	2,835	2,762	2,753	2,928	1,702	1,639	1,755	2,116	1,008	1,055	1,115	1,256	1,408	1,521	1,578	1,769	<b>1,862</b>
B. Non-Government Borrowing	3,609	3,086	3,030	2,771	2,723	2,537	2,541	2,560	2,471	2,509	2,467	2,533	2,541	2,533	2,571	2,553	<b>2,619</b>
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
ii) Non-concessional	3,609	3,086	3,030	2,771	2,723	2,537	2,541	2,560	2,471	2,509	2,467	2,533	2,541	2,533	2,571	2,553	<b>2,619</b>
a) Public Sector	2,609	2,088	2,081	1,914	1,945	1,770	1,789	1,779	1,770	1,820	1,804	1,819	1,826	1,804	1,842	1,817	<b>1,904</b>
i) IBRD	1,496	1,174	1,085	914	920	918	930	920	984	1,024	1,012	1,010	1,018	1,002	1,011	997	<b>1,028</b>
ii) Others	1,113	914	996	1,000	1,025	852	859	859	786	796	792	809	808	802	831	820	<b>876</b>
b) Financial Institutions	766	764	746	745	668	657	641	670	651	636	611	656	636	640	622	612	<b>588</b>
i) IBRD	215	213	207	200	110	105	98	92	85	85	72	64	57	91	84	83	<b>141</b>
ii) Others	551	551	539	545	558	552	543	578	566	551	539	592	579	549	538	529	<b>447</b>
c) Private Sector	234	234	203	112	110	110	111	111	50	53	52	58	79	89	107	124	<b>127</b>
i) IBRD	190	190	159	66	63	63	59	60	0	0	0	0	0	0	0	0	<b>0</b>
ii) Others	44	44	44	46	47	47	52	51	50	53	52	58	79	89	107	124	<b>127</b>
<b>II. BILATERAL</b>	15,323	16,592	16,239	16,630	16,802	17,060	17,527	17,730	17,277	16,971	16,636	17,838	16,930	16,287	15,875	15,553	<b>15,784</b>
A. Government borrowing	11,540	12,397	12,173	12,436	12,664	12,864	13,272	13,380	12,987	12,763	12,553	13,471	13,113	12,654	12,368	12,002	<b>12,216</b>
(i) Concessional	11,359	12,280	12,056	12,319	12,547	12,777	13,185	13,293	12,900	12,706	12,496	13,413	13,055	12,626	12,340	11,974	<b>12,188</b>
ii) Non-concessional	181	117	117	117	117	87	87	87	87	57	57	58	58	28	28	28	<b>28</b>
B. Non-Government borrowing	3,783	4,195	4,066	4,194	4,138	4,196	4,255	4,350	4,290	4,208	4,083	4,367	3,817	3,633	3,507	3,551	<b>3,568</b>
(i) Concessional	1,411	1,593	1,579	1,634	1,685	1,754	1,869	1,965	1,983	1,952	1,908	2,105	1,705	1,639	1,601	1,544	<b>1,553</b>
a) Public Sector	877	1,001	998	1,038	1,083	1,128	1,212	1,273	1,287	1,264	1,238	1,381	1,290	1,239	1,212	1,168	<b>1,182</b>
b) Financial Institutions	534	592	581	596	602	626	657	692	696	688	670	724	415	400	389	376	<b>371</b>
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>

(US \$ million)

	End period																
	Mar.'2002	June 2002	Sept.'2002	Dec.'2002 R	Mar. 2003 R	June 2003 R	Sept. 2003 R	Dec. 2003 R	Mar. 2004 P	June 2004 R	Sept. 2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept. 2005 R	Dec. 2005 QE	Mar. 2006 QE
ii) Non-concessional	2,372	2,602	2,487	2,560	2,453	2,442	2,386	2,385	2,307	2,256	2,175	2,262	2,112	1,994	1,906	2,007	<b>2,015</b>
a) Public Sector	988	1,122	1,099	1,163	1,076	1,099	1,094	1,137	1,110	1,079	1,028	1,077	995	926	894	863	<b>829</b>
b) Financial Institutions	760	820	774	778	751	711	684	746	710	698	671	691	649	620	592	570	<b>532</b>
c) Private Sector	624	660	614	619	626	632	608	502	487	479	476	494	468	448	420	574	<b>654</b>
<b>III. IMF</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>IV. EXPORT CREDIT</b>	5,368	5,355	4,959	5,003	4,995	5,016	4,888	4,843	4,697	4,564	4,600	4,986	4,980	5,234	5,150	5,168	<b>5,326</b>
a) Buyers' credit	3,311	3,194	2,842	2,842	2,823	2,832	2,675	2,634	2,546	2,470	2,559	2,856	2,948	3,265	3,241	3,413	<b>3,571</b>
b) Suppliers' credit	1,069	1,093	1,069	1,090	1,081	1,073	1,067	1,053	1,029	989	954	964	897	871	836	714	<b>695</b>
c) Export credit component of bilateral credit	988	1,068	1,048	1,071	1,091	1,111	1,146	1,156	1,122	1,105	1,087	1,166	1,135	1,098	1,073	1,041	<b>1,060</b>
d) Export credit for defence purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>V. COMMERCIAL</b>																	
<b>BORROWINGS</b>	23,320	23,172	22,521	22,518	22,472	23,773	24,326	20,841	22,007	22,337	22,630	24,791	27,024	27,032	28,319	22,433	<b>25,560</b>
a) Commercial bank loans #	9,962	9,880	9,702	9,789	9,870	10,361	10,777	11,541	11,588	12,208	12,232	12,613	13,815	13,763	14,274	14,701	<b>15,894</b>
b) Securitised borrowings ##	12,851	12,776	12,312	12,226	12,093	12,802	12,833	8,441	9,568	9,326	9,613	11,353	12,376	12,435	13,217	6,965	<b>8,917</b>
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	507	516	507	503	509	610	716	859	851	803	785	825	833	834	828	767	<b>749</b>
d) Self-Liquidating Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>VI. NRI DEPOSITS@</b> (Above one year maturity)	17,154	18,617	20,794	21,849	23,160	25,498	27,351	30,128	31,216	30,785	30,559	31,912	32,743	32,730	32,861	33,239	<b>35,134</b>
<b>VII. RUPEE DEBT*</b>	3,035	2,911	2,809	2,801	2,822	2,591	2,612	2,638	2,720	2,315	2,305	2,392	2,301	2,146	2,120	2,069	<b>2,031</b>
a) Defence	2,705	2,588	2,483	2,497	2,515	2,284	2,301	2,326	2,426	2,035	2,026	2,099	2,031	1,880	1,858	1,814	<b>1,791</b>
b) Civilian	330	323	326	304	307	307	311	312	294	280	279	293	270	266	262	255	<b>240</b>
<b>VIII. TOTAL LONG TERM DEBT (I TO VII)</b>	96,098	98,944	99,448	101,364	100,245	103,998	107,266	106,545	107,214	106,875	106,881	113,469	115,680	114,764	115,754	110,261	<b>116,393</b>

(US \$ million)

	End period																
	Mar.2002	June 2002	Sept.2002	Dec.2002 R	Mar. 2003 R	June 2003 R	Sept.2003 R	Dec. 2003 R	Mar. 2004 P	June 2004 R	Sept.2004 R	Dec. 2004 R	Mar. 2005 R	June 2005 R	Sept.2005 R	Dec.2005 QE	Mar.2006 QE
<b>IX. SHORT-TERM DEBT</b>	2,745	3,092	3,388	3,937	4,669	5,945	6,376	6,023	4,431	5,902	6,090	6,864	7,524	7,275	8,398	8,931	<b>8,788</b>
a) NRI deposits (up to one year maturity)@	968	1,242	946	1,747	1,962	2,327	1,624	950	304	0	0	0	0	0	0	0	<b>0</b>
b) Others (trade-related)** of which, short-term debt over 6 months	1,777	1,850	2,442	2,190	2,707	3,618	4,752	5,073	4,127	5,902	6,090	6,864	7,524	7,275	8,398	8,931	<b>8,788</b>
<b>X GRAND TOTAL (VIII+IX)</b>	98,843	102,036	102,836	105,301	104,914	109,943	113,642	112,568	111,645	112,777	112,971	120,333	123,204	122,039	124,152	119,192	<b>125,181</b>
Memo Items :																	
Concessional Debt***	35,518	37,517	37,179	37,985	38,614	38,983	39,897	40,786	40,277	40,063	39,910	42,103	41,049	39,801	39,342	38,922	<b>39,458</b>

QE: Quick Estimates

R: Revised

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

#: includes Financial Lease since 1996.

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

@ Figures include accrued interest.

\*: 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 &amp; Exchange Board of India.

## External Debt by Borrower Categories

(US dollar million)

Borrower Category	End - March															
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005R	2006QE
<b>I. Government Debt:</b>	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	43,956	43,577	43,612	44,673	46,604	<b>45,242</b>
	(59.6)	(59.8)	(60.7)	(60.4)	(60.1)	(56.6)	(52.5)	(49.7)	(47.6)	(47.7)	(43.4)	(44.1)	(41.6)	(40.0)	(37.8)	<b>(36.1)</b>
of which long-term:	49,957	51,027	54,629	55,943	59,502	53,095	49,060	46,520	46,137	46,852	44,221	43,712	43,612	44,673	46,604	<b>45,242</b>
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	41,142	43,621	<b>43,427</b>
2 Other Govt. Debt	16,213	14,288	15,668	15,079	14,209	9,734	7,468	5,715	4,241	4,029	3,494	2,747	2,396	3,531	2,983	<b>1,815</b>
<b>II. Non-Govt. Debt (A+B):</b>	33,844	34,258	35,394	36,752	39,506	40,635	44,410	47,011	50,749	51,411	57,370	55,266	61,302	66,972	76,600	<b>79,939</b>
	(40.4)	(40.2)	(39.3)	(39.6)	(39.9)	(43.4)	(47.5)	(50.3)	(52.4)	(52.3)	(56.7)	(56.0)	(58.4)	(60.0)	(62.2)	<b>(63.9)</b>
A. of which long-term:	25,300	27,188	29,054	33,125	35,237	35,601	37,684	41,965	46,475	47,475	53,742	52,521	56,633	62,541	69,076	<b>71,151</b>
1 Financial Sector*	NSA	NSA	NSA	NSA	NSA	NSA	NSA	20,113	23,699	25,102	32,661	32,367	37,032	40,575	42,211	<b>39,769</b>
2 Public Sector**	NSA	NSA	NSA	NSA	NSA	NSA	NSA	9,753	9,284	9,316	9,024	8,225	7,518	7,616	8,061	<b>7,777</b>
3 Private Sector***	NSA	NSA	NSA	NSA	NSA	NSA	NSA	12,099	13,492	13,057	12,057	11,929	12,083	14,350	18,804	<b>23,605</b>
B. of which short-term:	8,544	7,070	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	4,669	4,431	7,524	<b>8,788</b>
	(10.2)	(08.3)	(07.0)	(03.9)	(04.3)	(05.4)	(07.2)	(05.4)	(04.4)	(04.0)	(03.6)	(02.8)	(04.5)	(04.0)	(06.1)	<b>(07.0)</b>
<b>III. Total External Debt (I+II)</b>	83,801	85,285	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,326	98,843	104,914	111,645	123,204	<b>125,181</b>

**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.

R: Revised, QE: Quick Estimate, NSA: Not Separately Available.

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

(US \$ million)

		April - March															
		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99I	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05 R	2005-06QE
1	External Assistance*	2,315	2,447	2,541	2,968	3,186	3,691	3,283	3,229	3,270	3,057	3,444	3,225	7,165	6,983	2,855	<b>2,619</b>
	Principal	1,187	1,329	1,443	1,645	1,748	2,192	1,922	1,966	2,051	1,941	2,338	2,150	6,037	6,193	2,129	<b>1,828</b>
	Interest	1,128	1,118	1,098	1,323	1,438	1,499	1,361	1,263	1,219	1,116	1,106	1,075	1,128	790	726	<b>791</b>
2	External Commercial																
	Borrowings	3,414	2,830	2,707	3,232	4,290	5,248	5,959	4,934	5,070	5,800	7,073	5,563	6,186	10,164	4,530	<b>14,282</b>
	Principal	2,004	1,677	1,525	1,978	2,812	3,868	4,605	3,550	3,477	4,147	5,378	4,107	5,019	8,045	3,571	<b>11,486</b>
	Interest	1,410	1,153	1,182	1,254	1,478	1,380	1,354	1,384	1,593	1,653	1,695	1,456	1,167	2,119	959	<b>2,796</b>
3	I. M. F.	778	697	614	387	1,368	1,860	1,061	667	419	267	26	0	0	0	0	<b>0</b>
	Principal	644	459	335	134	1,146	1,715	975	618	393	260	26	0	0	0	0	<b>0</b>
	Interest	134	238	279	253	222	145	86	49	26	7	0	0	0	0	0	<b>0</b>
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	1,492	1,353	<b>1,497</b>
	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	1,492	1,353	<b>1,497</b>
5	Rupee Debt Service	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	417	<b>572</b>
	Principal	1,193	1,240	878	1,053	983	952	727	767	802	711	617	519	474	376	417	<b>572</b>
	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	19,015	9,155	<b>18,970</b>
	Principal	5,028	4,705	4,181	4,810	6,689	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	14,614	6,117	<b>13,886</b>
	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	4,401	3,038	<b>5,084</b>
	Current Receipts	25,478	27,307	27,839	33,629	41,988	49,625	55,115	58,545	59,760	67,472	79,342	81,220	95,475	119,239	153,381	<b>195,594</b>
	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	13.6	16.0	15.9	6.0	<b>9.7</b>
	Interest to Current																
	Receipts Ratio	15.5	13.0	12.5	11.1	10.0	8.6	8.0	7.7	7.6	6.6	5.8	5.4	3.9	3.7	2.0	<b>2.6</b>

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

R: Revised, QE: Quick Estimate

## India's External Debt Service Payments - by Creditor Categories

(US \$ million)

	April - March										
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02 R	2002-03R	2003-04	2004-05R	2005-06QE
Multilateral :	2,503	2,186	2,212	2,175	2,043	2,411	2,160	5,872	4,553	1,299	<b>1,549</b>
Principal	1,435	1,211	1,299	1,303	1,261	1,629	1,405	5,093	4,093	919	<b>1,061</b>
Interest	1,069	975	913	872	782	782	755	779	460	380	<b>488</b>
Bilateral :	1,565	1,537	1,795	1,716	1,638	1,593	1,530	1,634	2,923	1,960	<b>1,456</b>
Principal	982	988	1,269	1,204	1,130	1,108	1,119	1,177	2,525	1,524	<b>1,049</b>
Interest	583	549	526	512	508	485	411	457	398	436	<b>407</b>
IMF :	1,860	1,061	667	419	267	26	0	0	0	0	<b>0</b>
Principal	1,715	975	618	393	260	26	0	0	0	0	<b>0</b>
Interest	145	86	49	26	7	0	0	0	0	0	<b>0</b>
Export Credit :	1,135	1,570	1,188	1,256	1,108	1,670	1,185	1,426	1,090	718	<b>1,325</b>
Principal	792	1,138	855	868	758	1,302	885	1,196	877	618	<b>1,112</b>
Interest	343	432	333	388	350	368	300	230	213	100	<b>213</b>
Commercial Borrowings:	3,735	3,949	2,968	3,193	4,068	4,843	3,913	4,419	8,581	3,408	<b>12,571</b>
Principal	2,851	3,190	2,093	2,153	2,939	3,677	2,848	3,590	6,743	2,639	<b>10,092</b>
Interest	884	759	875	1,040	1,129	1,166	1,065	829	1,838	769	<b>2,479</b>
NRI Deposits :	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,353	<b>1,497</b>
Interest*	1,247	1,627	1,807	1,643	1,708	1,661	1,808	1,413	1,492	1,353	<b>1,497</b>
Rupee Debt :	952	727	767	802	711	617	519	474	376	417	<b>572</b>
Principal	952	727	767	802	711	617	519	474	376	417	<b>572</b>
Total Debt :	12,998	12,657	11,404	11,204	11,543	12,821	11,115	15,238	19,015	9,155	<b>18,970</b>
Principal	8,727	8,229	6,901	6,723	7,059	8,359	6,776	11,530	14,614	6,117	<b>13,886</b>
Interest	4,271	4,428	4,503	4,481	4,484	4,462	4,339	3,708	4,401	3,038	<b>5,084</b>
Memo items:											
Current Receipts	49,625	55,115	58,545	59,760	67,472	79,342	81,220	95,475	119,239	153,381	<b>195,594</b>
Debt Service Ratio (%)	26.2	23.0	19.5	18.8	17.1	16.2	13.6	16.0	15.9	6.0	<b>9.7</b>
Interest to Current Receipts Ratio (%)	8.6	8.0	7.7	7.5	6.6	5.8	5.4	3.9	3.7	2.0	<b>2.6</b>

\* 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.

QE: Quick Estimates

R: Revised