



INDIA'S EXTERNAL DEBT

A Status Report

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
JUNE 2003

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**FINANCE MINISTER
INDIA**

FOREWORD

I am pleased to present the ninth Status Report on India's external debt against the backdrop of a robust external sector performance.

The external debt stock of the country stood at US \$ 105 billion at end-December 2002. The trend of improved external debt indicators has been maintained. The incidence of external debt burden measured by debt GDP ratio almost halved over the last decade from 38.7 per cent to 20.6 per cent. Similarly, debt service as a proportion of gross current receipts reduced to less than half from 30.2 per cent at end March 1992 to 13.7 per cent at end-December 2002. The stock of short-term debt has declined steadily. This has resulted in a significant shrinkage in short-term to total external debt ratio from the peak of 10.2 per cent at end-March 1991 to 3.2 per cent at end-December 2002. The historical increase in foreign exchange reserves (US \$ 77.6 billion as on May 2, 2003), short-term debt as a proportion of foreign exchange assets declined from a high of 382.1 per cent to 5.0 per cent during the corresponding period.

These milestones achieved on external debt front are certainly reflective of prudence in external debt management. As a part of its prudent debt management policy, Government of India prematurely repaid US \$ 3 billion to the World Bank and Asian Development Bank in end-February 2003. We also intend to continue with this policy of prudently managing the external liabilities and of proactively liquidating relatively higher cost component of our external debt portfolio.

The present Report incorporates some new features like computation of per capita external debt, sector-wise premature repayments and an analysis of external debt and foreign currency assets. I am hopeful that the Report will be useful to Members of the Parliament, research scholars, economists, civil servants, academicians and general public for understanding the external debt position of the country.

**New Delhi
June 2003.**

(Jaswant Singh)

Finance Minister

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LIST OF ABBREVIATIONS

A/c	Account
ADB	Asian Development Bank
BSES	Bombay Suburban Electricity Supply Limited
BOP	Balance of Payments
CAA&A	Controller of Aid, Accounts and Audit
CCI	Container Corporation of India Limited
Co.	Company
CS-DRMS	Commonwealth Secretariat- Debt Recording and Management System
CSO	Central Statistical Organization
CUB	Committed Undisbursed Balance
Dec.	December
DESACS	Department of Statistical Analysis & Computer Services
DOD	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
GNP	Gross National Product
GOI	Government of India
Govt.	Government
HDFC	Housing Development and Finance Corporation Limited
HUDCO	Housing and Urban Development Corporation Limited
IBRD	International Bank for Reconstruction and Development
ICICI	Industrial Credit and Investment Corporation of India
IDA	International Development Agency
IDB	India Development Bonds
IDF	Institutional Development Fund
IFAD	International Fund for Agricultural Development
IFC (W)	International Financial Corporation (Washington)
IMD	India Millennium Deposits
IMF	International Monetary Fund

IPCL	India Petrochemical Corporation Limited
Jan.	January
LIBOR	London Inter-Bank Offer Rate
Mar.	March
MIS	Management Information System
NA	Not Available
NRI	Non-Resident Indian
NRE	Non-Resident External Rupee Account
NR (NR) D	Non-Resident Non-Repatriable Rupee Deposit
NRSR	Non-Resident Special Rupee Deposit
NRO	Non-Resident Ordinary Account
O/o	Office of
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
Rs.	Rupees
SAARC	South Asian Association for Regional Cooperation
SDR	Special Drawing Rights
Sept.	September
SLL	Self-Liquidating Loans
S&P	Standard & Poor's
TNPL	Tamil Nadu News Print Limited
US	United States
XGS	Exports of Goods and Services

1. Executive Summary

1.1 India's external debt stood at US \$ 105 billion at end-December 2002 against US \$ 98.8 billion at end-March 2002. Despite increase in India's external debt stock in recent years, external debt indicators have progressively indicated improvement both in debt-GDP and debt-service ratios. Debt-GDP ratio declined from 38.7 per cent at end-March 1992 to 20.6 per cent at end-December 2002 while debt service as a per cent to current receipts declined from 30.2 per cent to 13.7 per cent in the corresponding period. Some crucial indicators such as short-term to total debt ratio, short-term debt to forex assets ratio have also improved substantially over time.

1.2 In the backdrop of global recession in 2001, financial imbalances that built up during the expansion of 1990s and wide incidence of debt difficulties both across developed and developing countries, the World Bank¹ has observed that countries that have adjusted in order to live with less debt and that have opened themselves to the flow of FDI funding have been relatively strong performers in recent years. Owing to progressive liberal policy adopted by the Government in post reforms period, FDI inflows and portfolio investment have steadily expanded from US \$ 133 million in 1991-92 to US \$ 5925 million in 2001-02. Besides, substantial increase in forex assets by US \$ 64.8 billion between end-March 1991 and end-December 2002 over increase in external debt by US \$ 21.2 billion in the corresponding period implies that most of foreign currency assets have accumulated through non-debt creating flows.

1.3 In terms of indebtedness classification, the World Bank has categorized India as a *less indebted* country since 1999. Among top fifteen debtor countries of the world, India improved its rank from *third* debtor after Brazil and Mexico in 1991 to *ninth* in 2001 after Brazil, China, Mexico, Russian Federation, Argentina, Indonesia, Turkey and Korea Republic. Among top fifteen debtor countries, India's external debt indicators such as short-term debt to total debt and short-term debt to forex reserve ratio are lowest and concessional to total debt ratio is highest, while debt to GNP ratio is the second lowest after China in the year 2001.

1.4 India as a sovereign country has fulfilled its debt service obligations even in times of acute financial crisis. External debt service payments reached a peak in 1995-96 at US \$ 13 billion and thereafter maintained a stable payment schedule. Continuous decline in debt service to current receipts ratio and interest payments to current receipts ratio endorse that India's debt service payment capacity has sustainably improved over time.

1.5 Ready availability of historical data, future projections and MIS inputs for analysis and scenario building in the sovereign debt management exercises have been facilitated due to full computerization of sovereign external debt statistics. External debt stock on total Government debt has alleviated from US \$ 46.5 billion at end-March 1998 to US \$ 45.8 billion at end-December 2002. Contingent liability of Government has also reduced from US \$ 7.3 billion at end-March 1998 to US \$ 6.4 at end-December 2002.

1.6 Cautious and prudent approach towards external debt management pursued in 1990s by the Government of India has helped to place India in comfortable external debt position. The policy focus has been to concentrate on concessional and less expensive fund sources, preference for longer maturity profiles, an enduring vigil on build-up of short-term debt, premature retirement of high cost external debt and encouragement to non-debt creating capital inflows.

¹ *Global Development Finance, 2003 Volume 1 Page ix.*

1.7 Against the backdrop of buoyancy in foreign exchange reserves and prevailing low level of interest rates both in domestic and international markets, the policy stance entailed encouraging the corporate and public sector undertakings to prematurely retire the high cost loans and as a result US \$ 1142 million of such high cost loans were prepaid during the financial year 2002-03. Government of India, taking advantage of comfortable reserve position and low interest rates, prematurely repaid sovereign loans amounting to US \$ 1687.8 million owed to the World Bank and US \$ 1342.33 million owed to ADB during February 2003. Government also prepaid Euro 124.05 million relating to hard portion of French bilateral assistance to Government of India during 2002-03.

1.8 The endeavour is on to improve the situation further by undertaking new initiatives such as increased coverage and computerization of external debt data and better coordination among data reporting agencies.

1.9 Table 1.1 provides summary of external debt indicators from 1990-91 to 2002-03 that manifest significant improvement during the period.

Table 1.1: India – Key External Debt Indicators				
<i>(ratios as per cent)</i>				
Year	Debt Service to Current Receipts [#]	Total External Debt to GDP ^{##}	Interest Payments to Current Receipts [#]	Debt to Current Receipts [*]
1990-91	35.3	28.7	15.5	328.9
1991-92	30.2	38.7	13.0	312.3
1992-93	27.5	37.5	12.5	323.4
1993-94	25.4	33.8	11.1	275.6
1994-95	25.9	30.8	10.0	235.8
1995-96	26.2	27.0	8.6	188.9
1996-97	23.0	24.5	8.0	169.6
1997-98	19.5	24.3	7.7	159.8
1998-99	18.7	23.6	7.5	162.1
1999-00	17.1	22.1	6.6	145.6
2000-01	16.2	22.4	5.6	128.0
2001-02	13.6	21.0	5.1	123.2
2002-03**	13.7	20.6	3.9	152.0

	Short-term to Total Debt	Short-term to Forex Assets	Short-term to GDP	Concessional to Total Debt
1990-91	10.2	382.1	2.9	45.9
1991-92	8.3	125.6	3.2	44.8
1992-93	7.0	98.5	2.6	44.5
1993-94	3.9	24.1	1.3	44.4
1994-95	4.3	20.5	1.3	45.3
1995-96	5.4	29.5	1.4	44.7
1996-97	7.2	30.1	1.8	42.2
1997-98	5.4	19.4	1.3	39.5
1998-99	4.4	14.5	1.0	38.5
1999-00	4.0	11.2	0.9	38.9
2000-01	3.6	9.2	0.8	35.5
2001-02	2.8	5.4	0.6	36.0
2002-03**	3.2	5.0	0.7	36.2

: Figures for debt service and interest payments are 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.

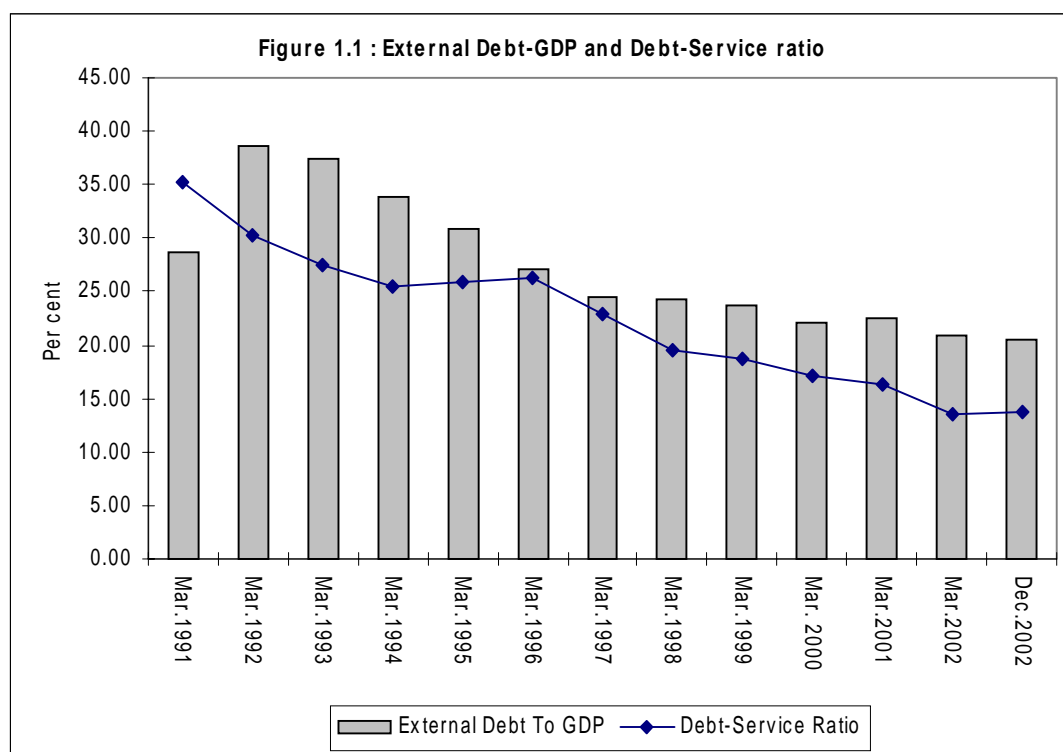
* : Current receipts exclude official transfers.

: Debt-GDP ratios are derived from Rupee figures. GDP figures, at current market prices, are based on New Series of National Accounts Statistics, 2002 released by the Central Statistical Organization. ** : April-December 2002.

1.10 Details of component wise external debt as at end -December 2001, March 2002 and December 2002 are shown in Table 1.2.

Table 1.2 : India's External Debt										
(end period, US \$ million)										
	December, 2001		March, 2002		December, 2002		Variation			
	Amount	Share to total debt	Amount	Share to total debt	Amount	Share to total debt	Mar 02 to Dec 02		Dec 01 to Dec 02	
							Absolute	per cent	Absolute	per cent
1	2	3	4	5	6	7	8	9	10	11
1. Multilateral	31233	31.7	31898	32.3	32564	31.0	665	2.1	1331	4.3
2. Bilateral	15373	15.6	15323	15.5	16630	15.8	1307	8.5	1257	8.2
3. IMF	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
4. Export Credit	5414	5.5	5351	5.4	5003	4.8	-348	-6.5	-411	-7.6
5. Commercial Debt	23756	24.1	23248	23.5	22417	21.4	-831	-3.6	-1339	-5.6
6. NRI Deposits	16835	17.1	17154	17.4	22214	21.2	5060	29.5	5379	32.0
7. Rupee Debt	3190	3.2	3042	3.1	2802	2.7	-240	-7.9	-388	-12.2
8. Long-term debt(1 to 7)	95801	97.2	96016	97.2	101630	96.8	5614	5.8	5829	6.1
9. Short-term Debt	2,750	2.8	2,745	2.8	3,357	3.2	612	22.3	607	22.1
Grand Total	98551	100	98761	100	104987	100.0	6226	6.3	6436	6.5
A. Govt. debt	43,196	43.8	43,620	44.2	45,837	43.7	2217	5.1	2641	6.1
B. Non-Govt. debt	55,355	56.2	55,142	55.8	59,150	56.3	4008	7.3	3795	6.9

1.11 Figure 1.1 provides India's external debt-GDP and debt-service ratios in per cent from 1990-91 to 2002-03 .



2. External Debt

2.1 External Debt Stock:

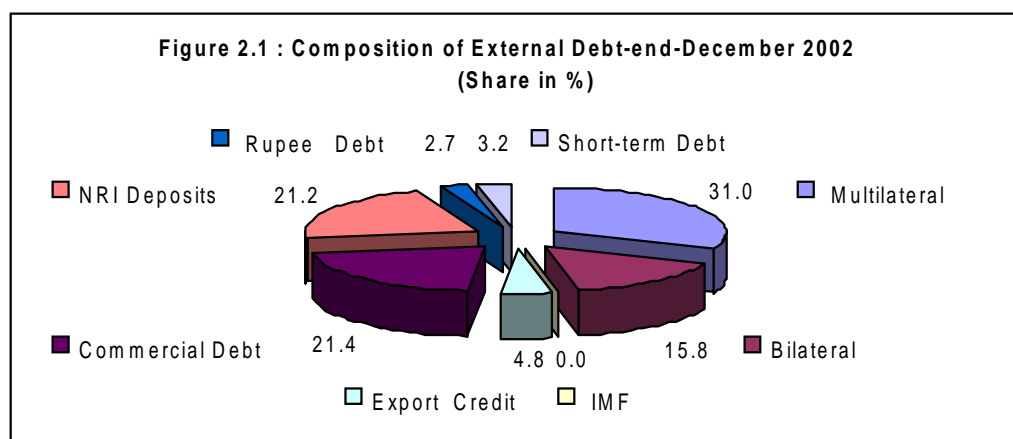
2.1.1 Perceiving self-reliance as the model of development, till early 1980s, India resorted to external assistance mostly on concessional terms from multilateral and bilateral sources during post independence period. The repayment to IMF in late 1980s, large fiscal deficits, balance of payments crisis in 1991, subsequent economic reforms in 1990s and inadequate domestic resource mobilization for growing socio-economic and infrastructure development needs of the country called for more external debt on commercial terms. External debt stock, which was US \$ 83.8 billion at end-March 1991, thus, increased over the years to reach US \$ 99 billion at end-March 1995. It remained relatively stable around US \$ 93.5 billion during end-March 1996 to end-March 1998 before increasing to US \$ 96.9 billion at end-March 1999 and subsequently to US \$ 98.8 billion at end-March 2002. It stood at US \$ 105 billion at end-December 2002 (Table 2.1).

Table 2.1: India's External Debt Outstanding						
	End-March					End-December
	1998	1999	2000	2001	2002 R	2002 QE
(US \$ million)						
Long-term debt	88,485	92,612	94,327	97,504	96,016	101,630
Short-term debt	5,046	4,274	3,936	3,628	2,745	3,357
Total External debt	93,531	96,886	98,263	101,132	98,761	104,987
(Rupees crore)						
Long-term debt	349,753	393,160	411,388	454,805	468,512	488,271
Short-term debt	19,929	18,137	17,162	16,919	13,396	16,123
Total External debt	369,682	411,297	428,550	471,724	481,908	504,394

R : Revised QE : Quick Estimates

2.1.2 Increase in debt stock from end of March 2002 to end of December 2002 is attributed to the increase in NRI deposits, short-term debt, bilateral and multilateral debt. External debt variations between end-December 2001 to end-December 2002 and end-March 2002 to end-December 2002 reveal that absolute level of debt in respect of export credit, commercial debt and rupee debt have declined (Table 1.2). Owing to deposits of maturity proceeds of NR(NR)D and NRSR schemes to the NRE account of holders, which were discontinued with effect from April 1, 2002, long-term NRI deposits increased by 29.5 per cent between end-March 2002 and end-December 2002 and by 32.0 per cent between end-December 2001 and end-December 2002. Share of NRI deposits to total debt was 21.2 per cent at end-December 2002 as against 17.4 per cent at end-March 2002 and 17.1 per cent at end-December 2001.

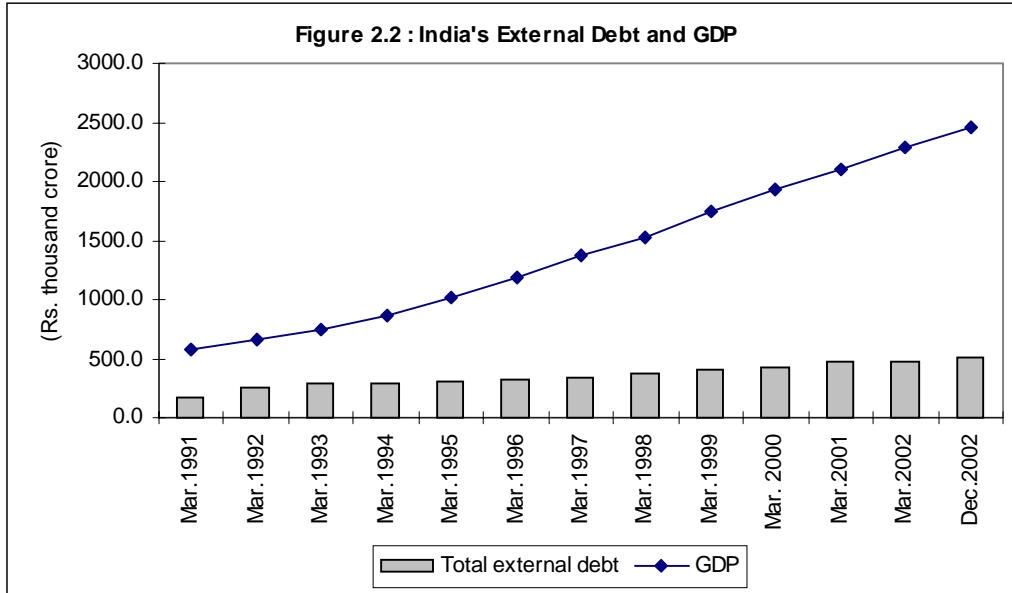
2.1.3 Multilateral debt constituted 31 per cent of total external debt at end-December 2002 followed by 21.4 per cent of commercial debt, 21.2 per cent of NRI deposits, and 15.8 per cent of bilateral debt. Composition of external debt stock at end-December 2002 is given in Figure 2.1.



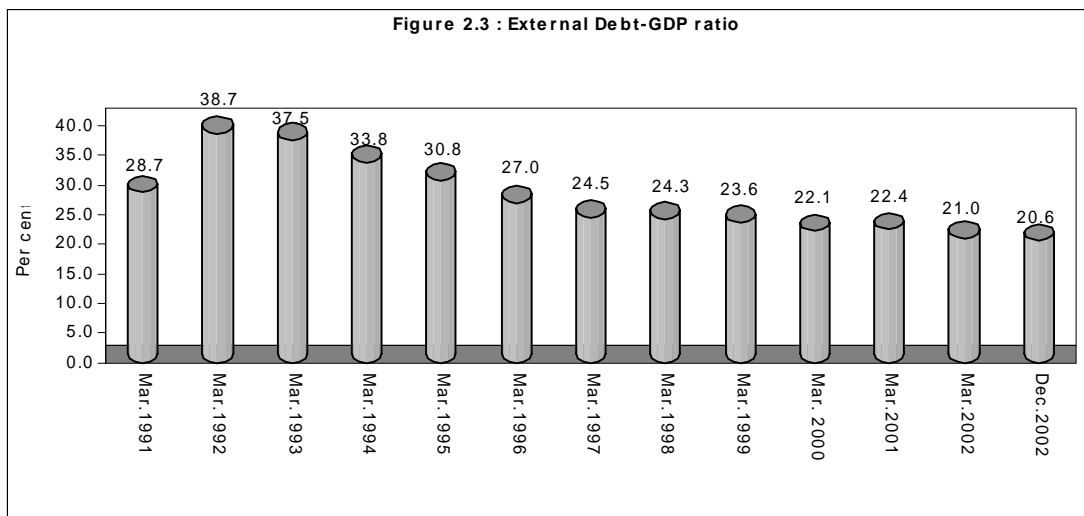
2.1.4 Estimates of increase in debt amounting to US \$ 6 billion between end-March 1995 to end-December 2002 in US dollar terms was the increase at an annual compound rate of 0.7 per cent. However, the growth rate in rupee terms was higher at 6.2 per cent owing to depreciation of rupee against major foreign currencies.

2.2 External Debt and GDP

2.2.1 During the last decade, growth of Gross Domestic Product (GDP) at market prices was higher than the increase in external debt stock (Figure 2.2).



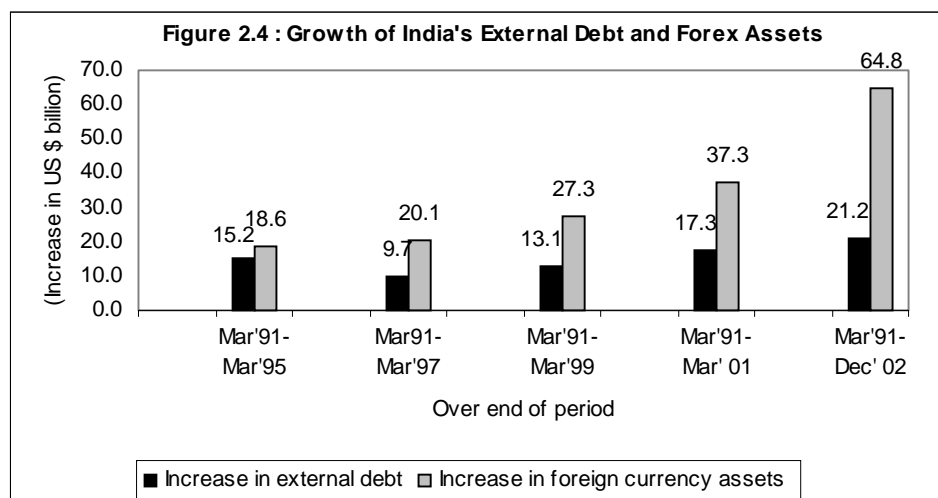
2.2.2 Gross Domestic product (GDP), at current market prices, registered an annual average growth rate of 12.4 percent during 1993-94 to 2002-03 and as a result external debt to GDP ratio that signifies the extent of external debt in relation to domestic output improved over time steadily from the peak of 38.7 per cent at end-March 1992 to 21 per cent at end-March 2002 and further to 20.6 per cent at end-December 2002 (Figure 2.3). This implies that *less than one fourth* of the goods and services that the country produced at end-December 2002 would have been exhausted by repayment of all external debt obligations as against that of *more than one third* at end-March 1992.



2.3 External Debt and Foreign Currency Assets

2.3.1 Since the beginning of economic liberalization in early 1990s, foreign currency assets in absolute terms increased steadily from US \$ 2236 million at end-March 1991 to US \$ 66994

million at end-December 2002 as against increase in external debt from US \$ 83801 million to US \$ 104987 million during the same period. Average annual compound growth rate of foreign currency assets was 31.5 per cent as compared to 1.9 per cent of annual growth rate of external debt in US dollar terms during the period under reference.



2.3.2 Figure 2.4 discloses that while stock of external debt increased by US \$ 15.2 billion between end-March 1991 and end-March 1995, foreign currency assets increased by US \$ 18.6 billion. The margin of difference between the increase in external debt and foreign currency assets steadily expanded over the years to reach US \$ 21.2 billion and US \$ 64.8 billion, respectively between end-March 1991 and end-December 2002. Steady increase in foreign currency assets over external debt during the decade implies that most of foreign currency assets accumulated through non-debt creating flows.

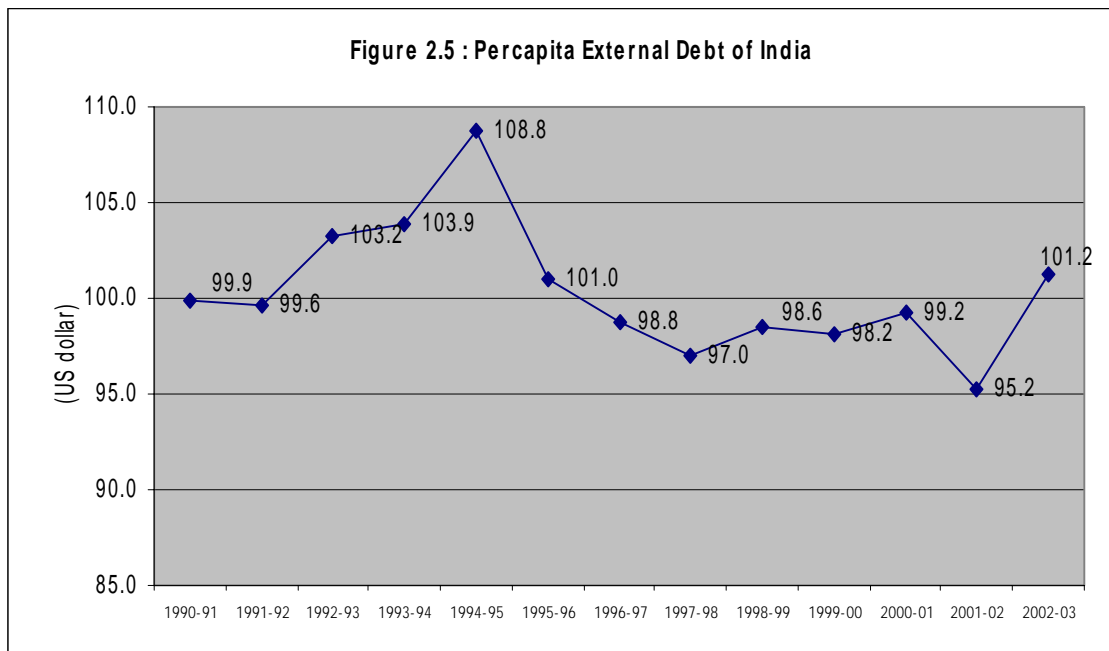
2.4 Per capita external debt

2.4.1 Per capita external debt of India stood at US \$ 95.2 in 2001-02 as against US \$ 99.9 in 1990-91. However, it increased to US \$ 101.2 at end-December 2002 in the FY 2002-03. During the period from 1990-91 to 2001-02, annual average increase in external debt stock was 1.5 per cent compared to 1.9 per cent of population growth. Per capita external debt declined from 1990-91 to 2001-02 on account of higher rate of growth of population over external debt during the period. India's per capita external debt from 1990-91 to 2001-02 in US \$ and rupee terms are given in Table 2.2.

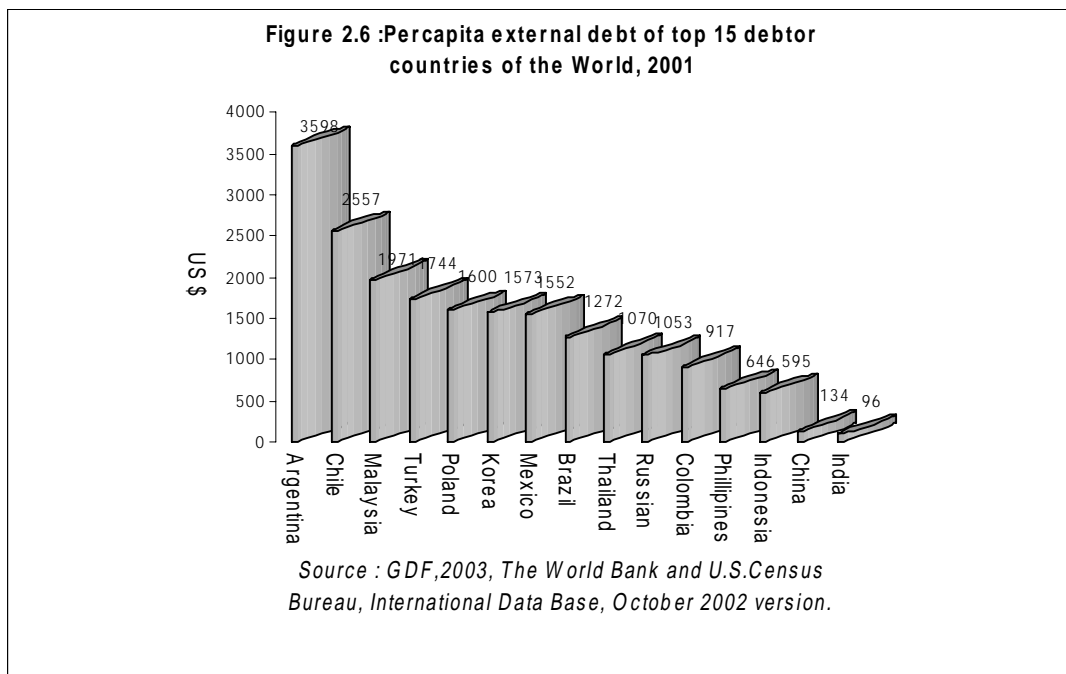
Table 2.2 : Per Capita External Debt of India					
Year	External Debt (US \$ million)	External Debt (Rs. Crore)	Population* (million)	Per capita External Debt (US \$)	Per capita External Debt (Rs.)
1990-91	83,801	163001	839	99.9	1943
1991-92	85,285	252910	856	99.6	2955
1992-93	90,023	280746	872	103.2	3220
1993-94	92,695	290418	892	103.9	3256
1994-95	99,008	311685	910	108.8	3425
1995-96	93,730	320728	928	101.0	3456
1996-97	93,470	335827	946	98.8	3550
1997-98	93,531	369682	964	97.0	3835
1998-99	96,886	411297	983	98.6	4184
1999-00	98,263	428550	1001	98.2	4281
2000-01	101,132	471724	1019	99.2	4629
2001-02	98,761	481908	1037	95.2	4647
2002-03**	104,987	504394	1037	101.2	4864

* Relates to Mid Financial Year. **: April-December 2002.

2.4.2 Figure 2.5 gives a chronological picture of India's per capita external debt in US \$ terms from 1990-91 to 2002-03 (April-December 2002).



2.4.3 India's per capita external debt compares favourably with international standards. India, with per capita debt at US \$ 96 in 2001, was the lowest in rank among the top fifteen debtor countries of the world. Per capita debt of Argentina at US \$ 3598 in 2001 was the highest among them (Figure 2.6).



2.5 International Comparisons

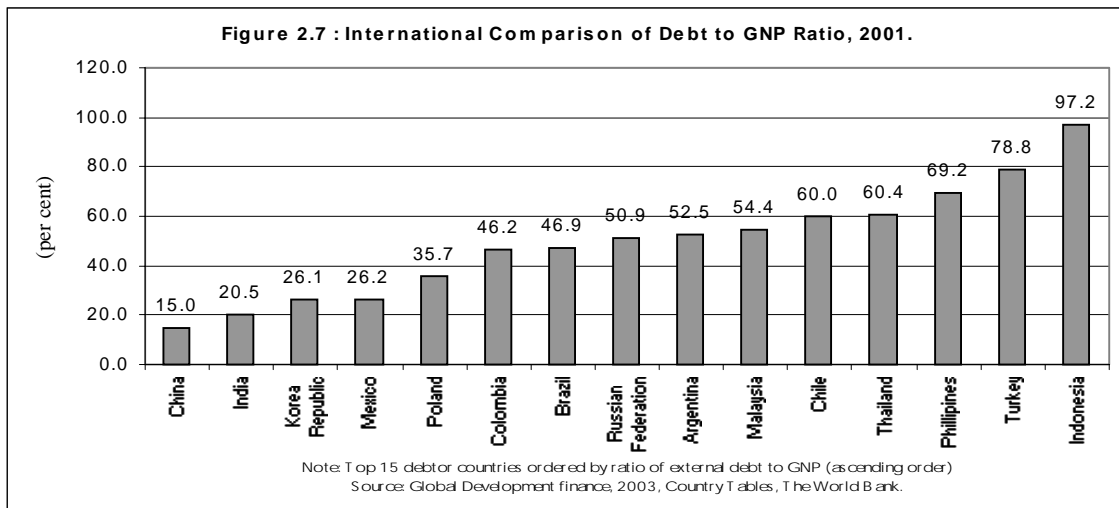
a) External Debt Stock

2.5.1 Among top fifteen debtor countries of the world in the last decade, India improved from *third* after Brazil and Mexico in 1991 to *eighth* in 1995 after Mexico, Brazil, Indonesia, Russian Federation, China, Thailand and Argentina. In the year 2001, its comparative indebtedness

position further improved to *ninth* after Brazil, China, Mexico, Russian Federation, Argentina, Indonesia, Turkey and Korea Republic (Table 2.3)

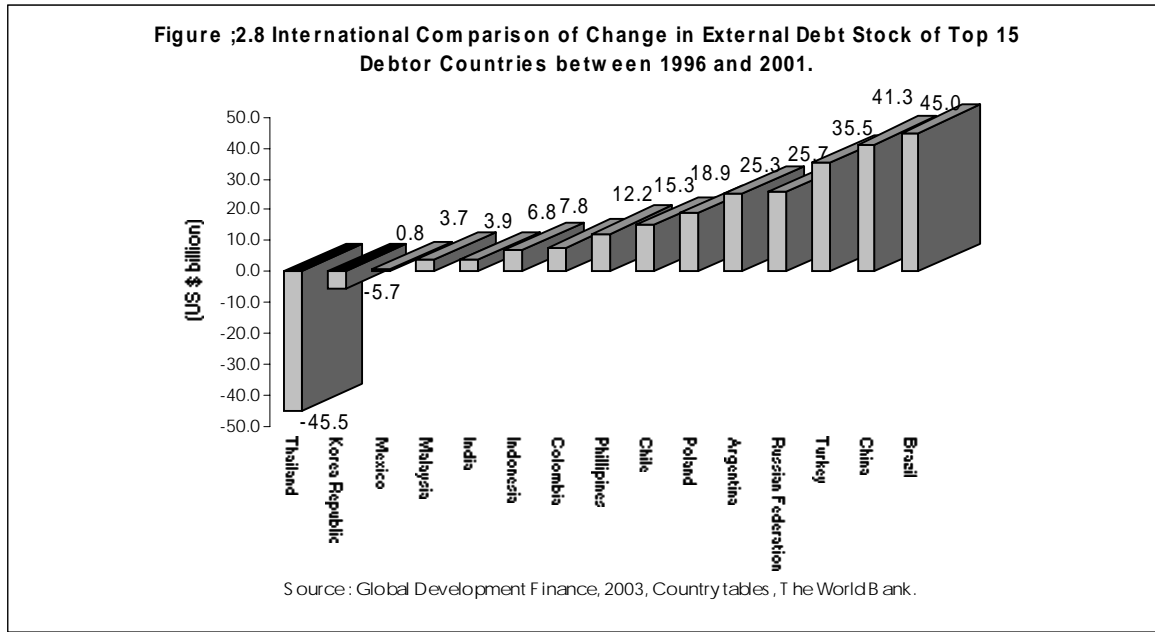
Table : 2.3 international Comparison of Top Fifteen countries, 2001.			
Srl. No.	Country	Total External Debt (US \$ million)	Debt to GNP (ratio as per cent)
1	Brazil	226362	46.9
2	China	170110	15.0
3	Mexico	158290	26.2
4	Russian Federation	152649	50.9
5	Argentina	136709	52.5
6	Indonesia	135704	97.2
7	Turkey	115118	78.8
8	Korea Republic	110109	26.1
9	India	97320	20.5
10	Thailand	67384	60.4
11	Poland	62393	35.7
12	Phillipines	52356	69.2
13	Malaysia	43351	54.4
14	Chile	38360	60.0
15	Colombia	36699	46.2
SAARC countries			
	Pakistan	32020	55.4
	Bangladesh	15215	32.8
	Sri Lanka	8529	52.4
	Nepal	2700	46.7
	Bhutan	265	48.5
	Maldives	235	42.8
Note : Serial number 1 to 15 is the rank of country in terms of total indebtedness. Source : Global Development Finance, 2003, Country Tables, The World Bank.			

2.5.2 Debt to GNP ratio, which shows the magnitude of external debt in relation to national income, at 20.5 per cent in the year 2001 has placed India at the *second lowest* after China at 15 per cent (Figure 2.7) as against *third lowest* in 1991 after Korea Republic and China. Among the SAARC countries, India's Debt-GNP ratio was lowest in 1991, which continued to be lowest in the year 2001 as well.



b) Change in Debt Stock:

2.5.3 India, among the top fifteen debtor countries of the world, secured *fifth* place in regard to increase in external debt stock at US \$ 3.9 billion between 1996 to 2001, while during the same period, debt stock of Thailand declined by 45.5 billion followed by Korea Republic by US \$ 5.7 billion. Brazil accumulated the highest amount of debt stock of US \$ 45 billion between 1996 and 2001. Change in debt stock for top fifteen debtor countries of the world between 1996 and 2001 is depicted in Figure 2.8.



c) Present Value of External Debt:

2.5.4 Since the composition of debt has large variations across the countries, disbursed and outstanding debt (DOD), therefore, as measure of debt burden for international comparison of debt levels of debtor countries, may not be a sound proposition. Some countries accrue high proportion of commercial debt while for others considerable amount of debt are received on concessional terms. DOD norm aggregates all debt outstanding positions to arrive at gross debt disbursed and outstanding and does not take into account the degree of concessionality as an *index of indebtedness*. Present Value (PV) concept is, therefore, considered as a useful measure of indebtedness, which gives due weightage to share of concessional debt and is arrived at by discounting the future stream of debt service payments for individual loans by appropriate discount rates and aggregating such PVs for all loans.

2.5.5 Among top 15 debtor countries, Republic of Korea comes under high income country and is not included in regional and analytical group totals in GDF, 2003. The analysis of Present Value (PV) and PV based ratios, therefore, are based on data for top 14 debtor countries of the world.

2.5.6 Among top fifteen debtor countries of the world, India enjoys highest amount of concessional debt (37.8 per cent of total debt). PV of external debt of India is US \$ 67.8 billion vis-à-vis debt stock in absolute terms at US \$ 97.3 billion in the year 2001. India has maintained its position as *less indebted* country since 1999. India's PV to GNP ratio at 15 per cent is the lowest

and PV to Export of goods and Services (XGS) is the third lowest after Malaysia and Thailand among top 14 debtor countries of the world (Table 2.4).

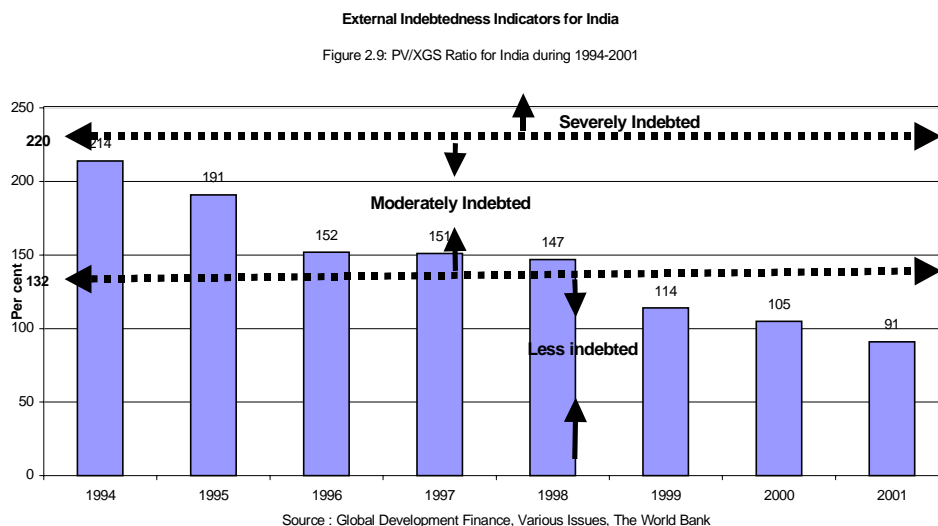
Sri. No.	Country	PV (US \$ million)	PV/GNP (per cent)	PV/XGS (per cent)	Indebtedness Classification	Income Classification
1	Brazil	237,596	45	354	Severe	Middle
2	China	164,068	15	59	Less	Middle
3	Mexico	172,899	32	97	Less	Middle
4	Russian Federation	146,725	60	134	Moderate	Middle
5	Argentina	148,847	55	409	Severe	Middle
6	Indonesia	131,357	96	198	Severe	Low
7	Turkey	116,685	66	209	Moderate	Middle
8	India	67,760	15	91	Less	Low
9	Thailand	66,760	57	83	Moderate	Middle
10	Poland	59,268	37	123	Less	Middle
11	Phillipines	55,262	71	120	Moderate	Middle
12	Malaysia	46,030	59	44	Moderate	Middle
13	Chile	37,730	54	162	Moderate	Middle
14	Colombia	37,554	46	219	Moderate	Middle
SAARC countries						
1	Pakistan	25,457	43	238	Severe	Low
2	Bangladesh	9,712	21	113	Less	Low
3	Sri Lanka	6,909	43	95	Less	Middle
4	Nepal	1,567	28	92	Less	Low
5	Bhutan	245	49	151	Moderate	Low
6	Maldives	177	32	38	Less	Middle
			Income Classification		Indebtedness Classification	
				PV/XGS > 220 or PV/GNP > 80	132 < PV/XGS < 220 or 48 < PV/GNP < 80	PV/XGS < 132 or PV/GNP < 48
Low-income: GNP per capita less than US \$ 745			Severely indebted low income countries	Moderately indebted low income countries	Less indebted low-income countries	
Middle income: GNP per capita between US \$ 746 and US \$ 9,205			Severely indebted middle income countries	Moderately indebted middle income countries	Less indebted middle income countries	
<small>Note : Republic of Korea is a high income country and is not included in regional and analytical group totals in GDF, 2003 of the World Bank, for which top 14 debtor countries are taken in this table. Serial Number 1 to 14 is the rank of the top debtor countries ordered by PV of total debt service in 2001 (desending order). Ratio of PV of debt service to exports is the ratio of PV of debt service in 2001 to average exports (including workers' remittance) in 1999, 2000, 2001. The ratio of PV of total debt service to GNP is the ratio of PV of total debt service in 2001 to average GNP in 1999, 2000 and 2001.</small>						
<small>Source: Summary and Country Tables (Vol.II) of Global Development Finance, 2003, The World Bank.</small>						

d) Indebtedness Classification:

2.5.7 The World Bank classifies developing economies into three categories, i.e., severely, moderately and less indebted countries by relating Present Value (PV) to Gross National Product (GNP) and Export of Goods and Services (XGS). These three terms are used because PV takes into account the degree of concessionality as the *index of indebtedness* while GNP is considered as a measure of income generation in an economy and XGS provide foreign exchange to service debt. The indebtedness is classified based on the ratio of Present Value of total debt service to exports of goods and services and Present Value of total debt service to GNP. If either of the ratios exceed a critical value i.e. 220 per cent for PV of debt service to exports and 80 per cent for PV of total debt service to GNP – the country is classified as severely indebted. If the critical value is not exceeded but either ratio is three-fifths or less than the critical value (i.e. 132 per cent for the PV of debt service to exports and 48 per cent for PV of total debt service to GNP), the country is classified as moderately indebted. If both the ratios are less than *three fifths* of their respective critical value, the country is classified as less indebted.

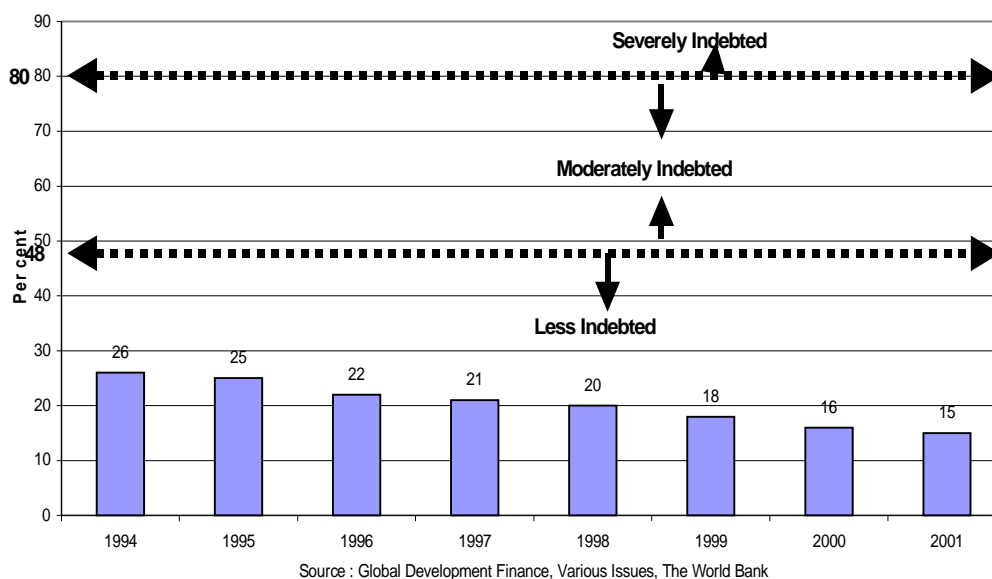
2.5.8 Income classification of countries, by the World Bank, is based on GNP per capita. Countries with GNP per capita of less than US \$ 745 are classified as *low-income* countries, while those with GNP per capita between US \$ 746 and US \$ 9,205 are classified as *middle-income* countries.

2.5.8 Based on the World Bank's classification, Table 2.4 provides international comparison of indebtedness classification of the top 14 debtor countries. Brazil and Argentina are classified as severely indebted middle-income countries, while Argentina as severely indebted low-income country. Moderately indebted middle-income countries include Russian Federation, Turkey, Thailand, Philippines, Malaysia, Chile and Colombia. On the other extreme, while China, Mexico and Poland are classified as *less indebted* middle-income countries, India joined the category of *less indebted* low-income countries in the year 1999.



2.5.8 Upgradation of India to less indebted country category in 1999 from a moderately indebted country is a result of the considerable improvement in its indebtedness position during the last decade. Figure 2.9 shows the improvement in the ratio of PV of debt service to exports of goods and services between 1994 and 2000. While the ratio in 1994 at 214 per cent was close to the *severely* indebted benchmark of 220 per cent; it improved thereafter, and till 1998 remained above the *less* indebted benchmark of 132 per cent. In 1999, the ratio pierced below the less indebted benchmark and stood at 114 per cent, which further improved to 91 per cent in 2001. In terms of PV of debt service to GNP, the ratio has been well below the less indebted benchmark of 48 per cent (Figure 2.10). The ratio has also been improving over the years, declining from 26 per cent in 1994 to 15 per cent in 2001.

Figure 2.10 : PV/GNP Ratio for India during 1994-2001



3. Short-term Debt

3.1 Short-term debt by Original Maturity

3.1.1 A vigil on build-up of short-term external debt is an essential component of debt management. Volatility and surge in short-term debt exposes a sovereign to external sector crisis. The policy has helped to keep this under check in India. The stock of short-term debt declined from US \$ 5.0 billion in 1998 to \$ 3.4 billion at end-December 2002. Table 3.1 shows component-wise details of short-term debt by original maturity for the period up to end-December 2002.

Short-term Debt Components	End-March					End-December	
	1998	1999	2000	2001R	2002 R	2001R	2002 QE
NRI Deposits ¹	2192	2086	1372	957	968	916	1267
Trade Credit ²	2854	2188	2564	2671	1777	1834	2090
Total	5046	4274	3936	3628	2745	2750	3357

1. At the end of March 2001, deposits of less than one year maturity on Non-Resident External Rupee Account, [NR(E)RA] is the only short-term external debt component under NRI deposit scheme that is available for investment by NRIs.

2. Data on short-term trade credit of less than six months in respect of suppliers' credit are not available.

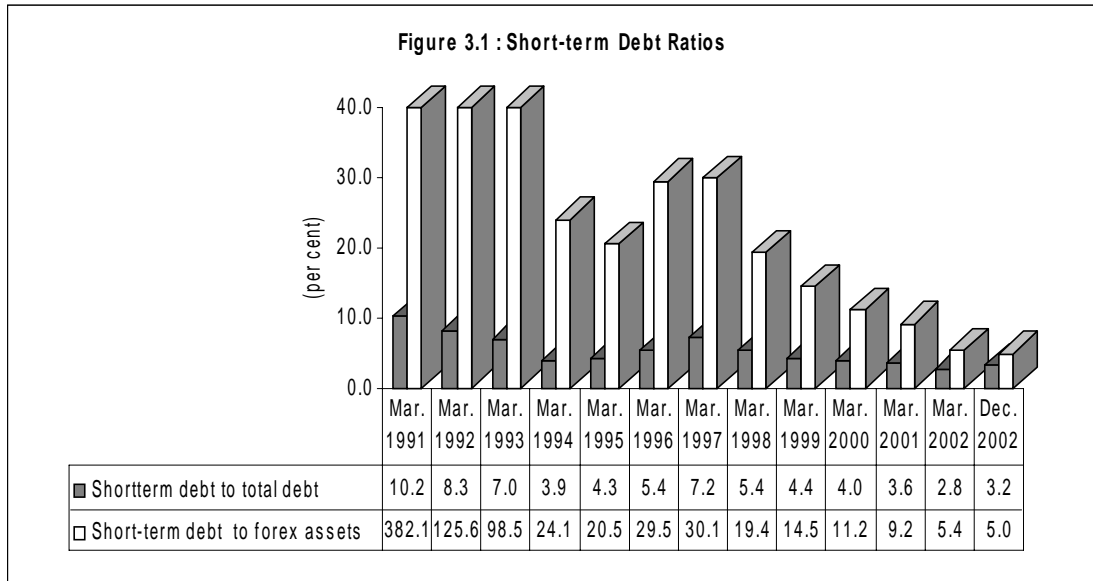
QE : Quick Estimates R: Revised.

3.1.2 Short-term debt by original maturity declined consistently from US \$ 5.0 billion at end-March 1998 to US \$ 2.7 billion in 2002, it increased to US \$ 3.4 billion at end-December 2002. The increase during end-March 2002 and end-December 2002 was on account of an increase of US \$ 0.3 billion each in NRI deposits and trade credit. Consequent upon discontinuation of the two non-repatriable NRI deposit schemes, the maturity proceeds of NR (NR) D and NRSR schemes are from time to time credited to NRE and NRO accounts of the holders, respectively. The increase on this account is reflected in the external debt statistics.

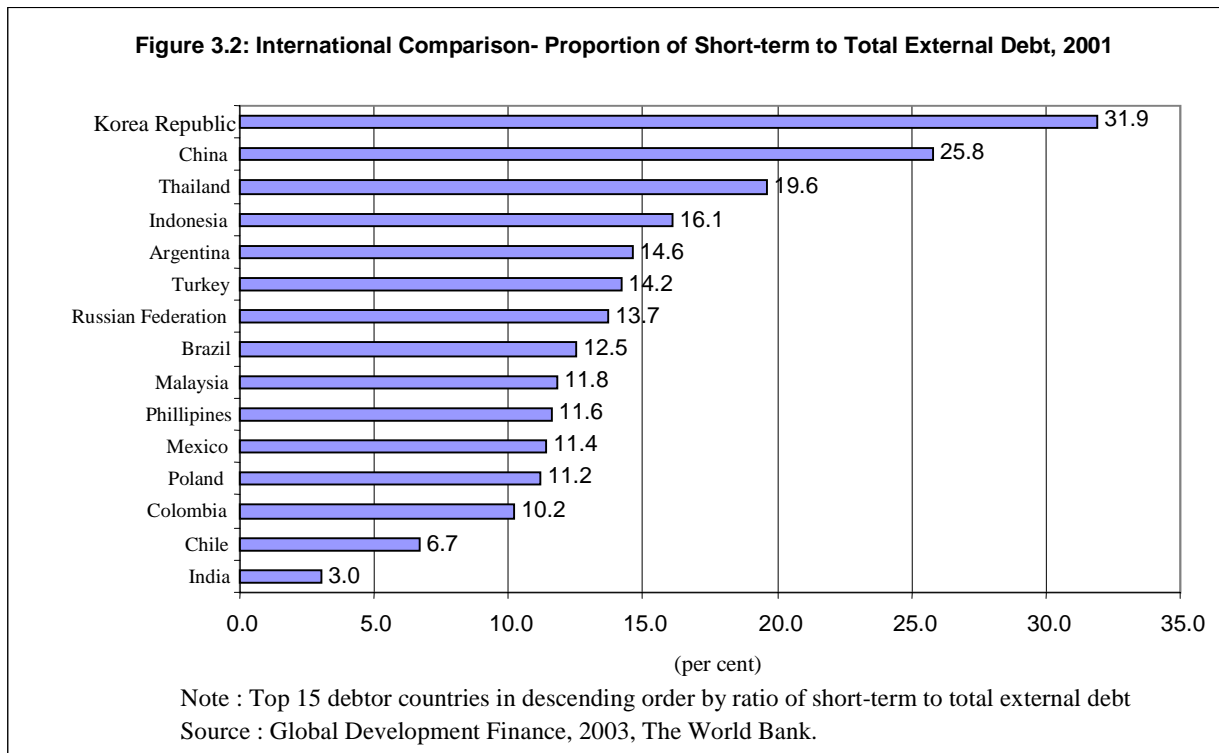
3.1.3 Short-term debt also includes trade credit (buyers' credit of all maturities and suppliers' credit of 180 days up to one year). In India there is a policy induced thrust to monitor short-term debt and keep it within manageable limits. Following the recommendations of Report of High Level Committee on Balance of Payments (1993, Chairman: C. Rangarajan) short-term credits are allowed strictly for import purposes, in addition total outstanding under short-term credits are subject to a ceiling.

3.1.4 The ratio of short-term debt to total debt recorded a sharp decline from 10.2 per cent in 1991 to 3.2 per cent at end-December 2002 (table 1.1). In consonance with this trend, short-term debt as a percentage of Gross Domestic Product that was recorded at 2.9 per cent in 1991 worked out to 0.7 per cent at end-December 2002. Short-term debt to foreign exchange assets ratio also

posted a significant decline from a level of 382.1 per cent in 1991 to as low as 5.0 per cent at end-December 2002.

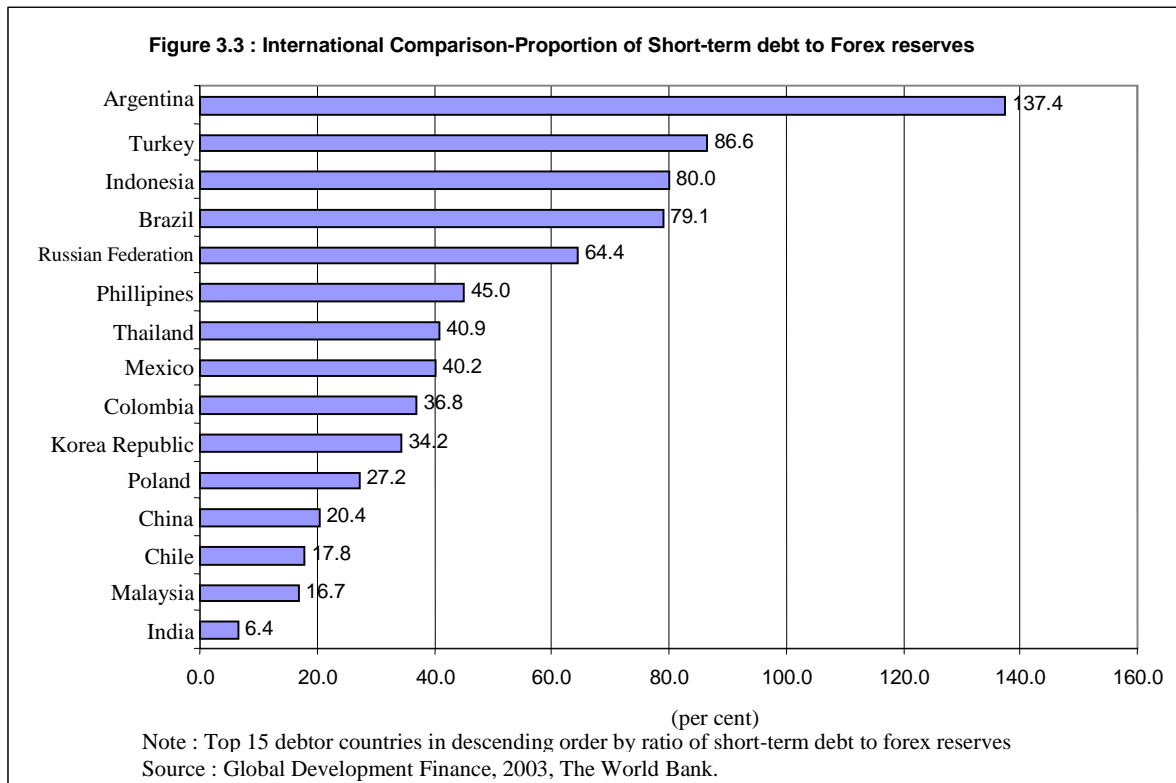


3.1.5 Figure 3.2 provides comparative picture of proportion of short-term to total external debt for top fifteen debtor countries of the world at the end of 2001 as per Global Development Finance, 2003. India is at the top with short-term debt to total external debt proportion of 3.0 per cent in 2001.



3.1.6 Similarly, figure 3.3 gives comparative picture of top fifteen debtor countries as per the World Bank in terms of proportion of short-term debt to foreign exchange reserves for the year

2001. India is again at the top with a proportion of short-term debt to forex reserves at 6.7 per cent followed by Malaysia at 16.7 per cent.



3.2 Short-term debt by Residual Maturity

3.2.1 Original maturity concept of short-term debt is a static concept whereas residual maturity is a dynamic or realistic concept. Southeast Asian crisis highlighted the necessity to monitor debt by residual maturity. Short-term debt by residual maturity comprises short-term debt by original maturity of up to one year and medium & long-term debt by original maturity that fall due during one year reference period. Residual maturity concept is distinctly superior to original maturity concept. This enables the sovereign to monitor debt-service effectively and avoid potential liquidity risks on account of bunching of repayments.

3.2.2 Estimates of short-term debt by residual maturity are given in Table 3.2. The short-term debt by residual maturity posted an increase from US \$ 10.4 billion at end-March 2001 to US \$ 14.2 billion at end-March 2002 and further to US \$ 16.0 billion at end-December 2002. There is a sharp ascent in the volume of short-term debt when calculated on residual maturity terms vis-à-vis that on original maturity terms. This ensures that the policy makers view short-term debt obligations along with long and medium-term obligations falling due during the year under reference for the purpose of debt servicing.

Table 3.2: External Debt by Residual Maturity							
<i>(US \$ million)</i>							
	End-March				End-December		
	1999 R	2000 R	2001 R	2002 P	2000 R	2001 R	2002 QE
1. Short-term debt by original maturity	4,274	3,936	3,628	2,745	3,589	2,750	3,357
2. Long-term debt obligations maturing within one year	7,059 ¹	8,359 ¹	6,767 ¹	11,465 ²	7,155 ³	8,965 ³	12,648 [#]
3. External debt by residual maturity (1+2)	11,333	12,295	10,395	14,210	10,744	11,715	16,005
4. External debt by residual maturity as per cent to							
(a) Total external debt	11.5	12.2	10.5	13.5	10.6	11.9	15.2
(b) GDP	2.5	2.7	2.2	2.8	2.3	2.4	3.2
(c) Foreign currency assets	38.4	35.1	26.3	27.8	28.8	25.9	23.9
<p>1: Estimates of long-term debt maturing within one year as on March 31, 1999, March 31, 2000 and March 31, 2001 are taken as actual principal repayments on long-term debt obligations during 1999-2000, 2000-01 and 2001-02, respectively.</p> <p>2: Estimates of long-term debt maturing within one year as on March 31, 2002 are calculated on: a) actual basis for first three quarters; and b) projections for the fourth quarter, (i.e. Jan. 1 to March 31, 2003).</p> <p>3: Estimates of long-term debt maturing within one year as on December 31, 2000, December 31, 2001 are taken as actual principal repayments on long-term debt obligations during calendar year 2000 and 2001.</p> <p>#: Estimates of long-term debt maturing within one year as on December 31, 2002 are calculated on the basis of projections for the calendar year 2003 (i.e. Jan. 1, 2003 - December 31, 2003) taking DOD as on Dec. 31, 2002.</p> <p>P: Provisional R: Revised QE: Quick Estimates.</p>							

3.2.3 In computation of short-term debt, areas that deserve consideration are suppliers' credit of less than 180 days that are not captured on account of exemption from exchange control approval. Another area of concern is non-availability of NRI deposits on residual maturity basis. The third issue is exclusion of short-term debt component of FII investment both under 100 per cent debt route and 70:30 equity-debt route on account of non-availability of data on break-up of outstanding balances of FII investment in debt and equity securities and further into short-term and long-term securities.

3.2.4 Report of the IDF Project on Short-term debt (September 2000) has addressed these issues in detail and efforts are underway to resolve them.

4. Classification of Debt Stock

Classification of debt is maintained both in Creditor and Borrower categories besides by concessionality. It is also categorized as Government and non-Government debt and Official and Private Creditors along with currency compositions. External debt stock is also arranged instrument wise such as Bonds and Notes, Loans, Trade Credit and Deposits.

4.1 Creditor Classification

4.1.1 Component wise creditor classification of debt outstanding indicates that over the decade and particularly for last five years, bilateral, export credit and rupee debt components of external debt have declined while multilateral and NRI deposits have increased. Commercial Borrowings have remained approximately constant in the first half of the decade before increasing at end-March 1996. Commercial Borrowing, which was around 13.5 per cent of the total external debt in the first half of the century increased to 15.6 per cent at end-March 1996. It further moved up to reach 23.5 per cent of total debt at end-March 2002. However, at end-December 2002 it stood at US \$ 22.4 billion constituting 21.4 per cent of total debt outstanding. (Table 4.1).

Table 4.1 : External Debt Outstanding by Creditor Categories								
(US \$ million)								
		End-March					End-Dec.	
		1998	1999	2000	2001	2002 R	2001 R	2002 QE
I.	Multilateral	29553	30534	31438	31105	31898	31233	32564
II.	Bilateral	16969	17499	18175	15974	15323	15373	16630
III.	IMF	664	287	26	0	0	0	0
IV.	Export Credit	6526	6789	6780	5923	5351	5414	5003
V.	Commercial Debt	16986	20978	19943	24215	23248	23756	22417
VI.	NRI Deposits	11913	11794	13559	16568	17154	16835	22214
VII.	Rupee Debt	5874	4731	4406	3719	3042	3190	2802
A.	Total long term debt	88485	92612	94327	97504	96016	95801	101630
B.	Short-term Debt	5046	4274	3936	3628	2745	2750	3357
	Grand Total	93531	96886	98263	101132	98761	98551	104987
		(Per cent)						
i)	Share of official creditors*	58.1	56.0	56.2	51.3	51.9	51.5	50.5
ii)	Share of private creditors	41.9	44.0	43.8	48.7	48.1	48.5	49.5
* : The term official creditors here include multilateral, bilateral, IMF, export credit component of bilateral credit and for defence purchases; and rupee debt.								
QE : Quick Estimates R: Revised								

4.1.2 Multilateral debt declined to 31.0 per cent of total external debt at end-December 2002 from 31.7 per cent at end-December 2001 and 32.3 per cent from end-March 2002. Corresponding decline in export credit was 4.8 per cent at end-December 2002 from 5.5 per cent at end-December 2001 and 5.4 per cent at end-March 2002. Similarly, rupee debt showed southward trajectory of 2.7 per cent at end-December 2002 from 3.1 per cent at end-March 2002 and 3.2 per cent at end-December 2001. NRI Deposits that formed 13.6 per cent of the total external debt at end-March 1991 increased to 17.4 per cent at end-March 2002 and further to 21.2 per cent at end-December 2002. The upward movement is owing to the decision taken by the Government to

discontinue NR(NR)D and NRSR schemes with effect from April 1,2002 and credit the maturity proceeds of the deposit to the account holders' NRE account.

4.1.3 Creditor category is further classified by share of official creditors that include multilateral, bilateral, IMF, export credit components of bilateral credit and for defence purchase, rupee debt and private creditors. Table 4.1 reveals that over the years share of official creditors to total external debt stock has been declining; while that of private creditors has been growing. Share of official creditors descended from 58.1 per cent at end-March 1998 to 50.5 per cent at end-December 2002 while in the corresponding period share of private creditors improved from 41.9 per cent to 49.5 per cent.

4.2 Concessional Debt

4.2.1 Debt from some multilateral institutions such as IDA, International Fund for Agriculture Development (IFAD), and Organization of Petroleum Exporting Countries (OPEC), which have long maturity and relatively low interest rates are treated as concessional. The loans from some 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.

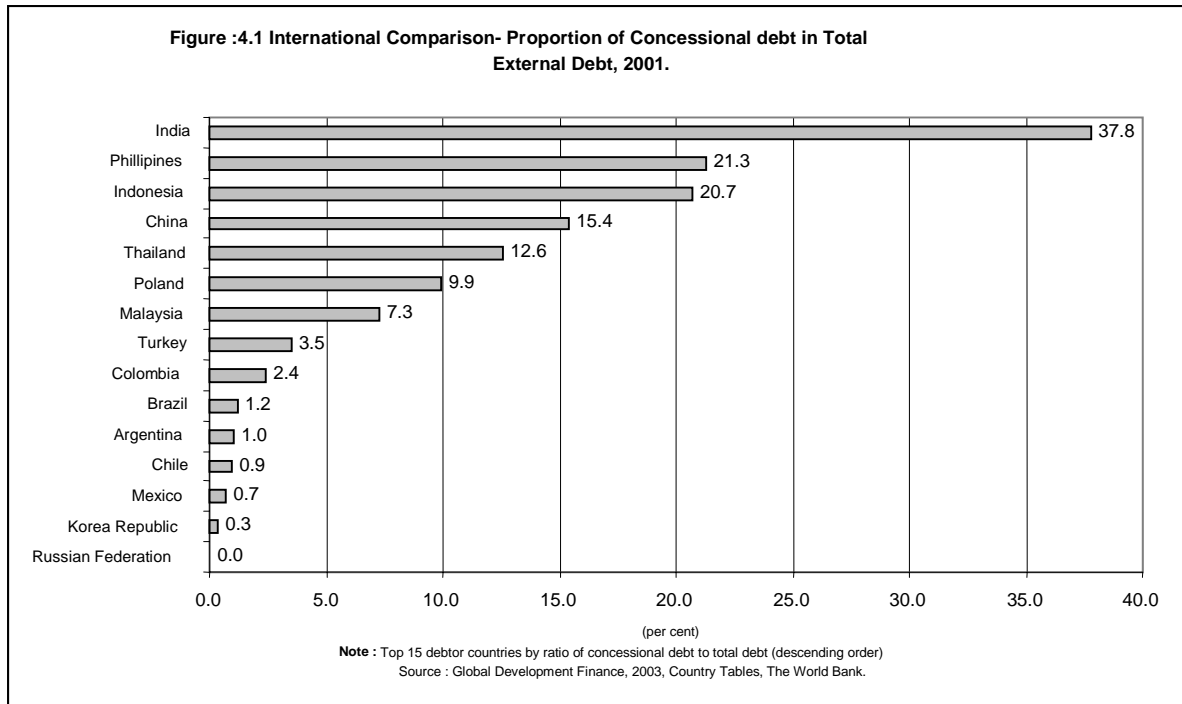
4.2.2 Cognizance of statistics reveals that external debt stock has shown a structural change in terms of decline in concessional debt that is mainly on account of shrinking share of official creditors and share of Government debt, which are mostly on concessional terms. Table 4.2 gives the share of concessional debt in total external debt of the country.

Table 4.2 : Share of Concessional Debt							
	end-March					end-December.	
	1998	1999	2000	2001	2002 R	2001 R	2002 QE
	(US \$ million)						
Concessional debt	36,944	37,258	38,210	35,893	35,524	35,323	37,987
Total External Debt	93,531	96,886	98,263	101,132	98,761	98,551	104,987
	(Per cent)						
Concessional debt as share of total debt	39.5	38.5	38.9	35.5	36.0	35.8	36.2
Note : Creditor classification approach is used for classifying debt as concessional.							
QE : Quick Estimates R: Revised							

4.2.2 Concessional debt to total debt ratio, that was around 45 per cent during first half of the decade has moved southward as on end-March 2001. However, concessional debt in total debt stock has marginally improved to 36 per cent at end-March 2002 and further to 36.2 per cent at end-December 2002.

4.2.3 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 37.8 per cent was the highest among fifteen top debtor countries at end of 2001 followed by Philippines at 21.3 per cent.



4.3 Borrower Classification

4.3.1 In the borrower category, debt is classified as Government and non-Government debt. Government debt includes multilateral and bilateral borrowing on Government account from external assistance besides IMF, defence debt and FII investment in Government debt securities. All others including short-term debt are shown as a part of non-Government debt.

Table 4.3 : External Debt by Borrower Classification		(US \$ million)						
		End-March					End-Dec.	
		1998	1999	2000	2001	2002 R	2001 R	2002 QE
I.	Govt. Debt	46520	46137	46852	44027	43619	43196	45837
		49.7	47.6	47.7	43.5	44.2	43.8	43.7
	<i>Of which long-term :</i>	46520	46137	46852	44027	43619	43196	45837
1	Govt. A/c.	40805	41896	42823	40727	40965	40452	43486
2	Other Govt. Debt	5715	4241	4029	3300	2654	2744	2351
II.	Non-Govt. Debt	47011	50749	51411	57105	55142	55355	59150
		50.3	52.4	52.3	56.5	55.8	56.2	56.3
	<i>Of which long-term :</i>	41965	46475	47475	54434	52397	52605	55793
1	Financial Sector*	20113	23699	25102	33618	32367	32246	37058
2	Public Sector**	9753	9284	9316	9024	8228	8347	7121
3	Private Sector***	12099	13492	13057	11792	11802	12010	11613
III.	Total External Debt	93531	96886	98263	101132	98761	98551	104987
		100	100	100	100	100	100	100

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

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

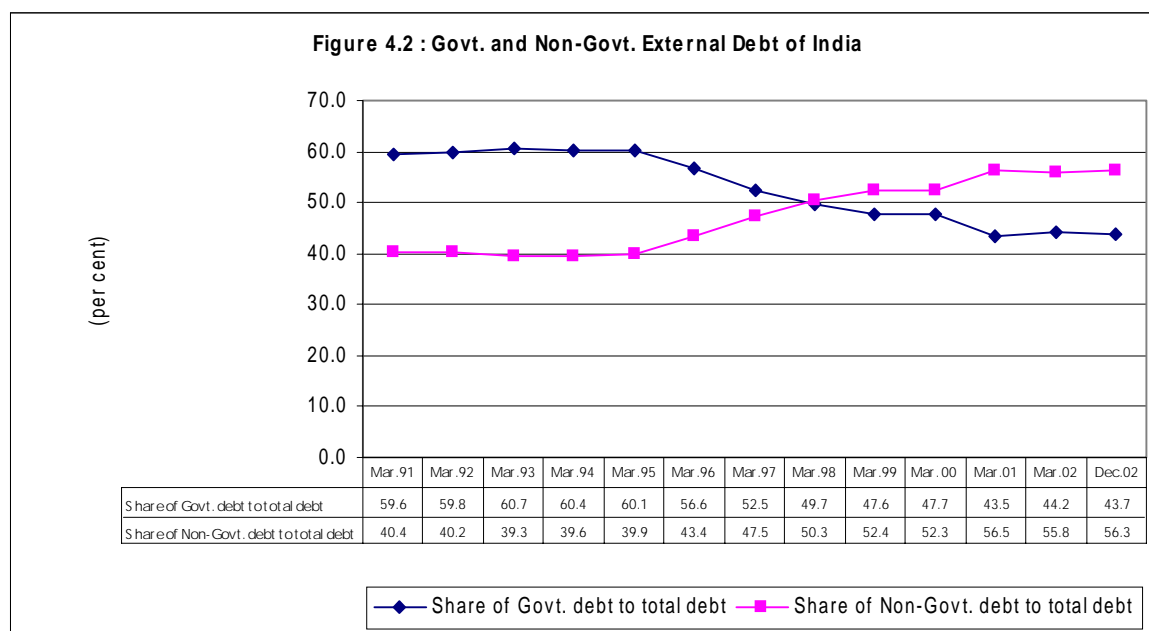
*** : Private sector debt represents borrowings of non-financial private sector enterprises.

QE Quick Estimates R : Revised

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

Debt of defence PSUs is shown as part of non-Government debt since 1996. Owing to pursuance of prudent debt management policy in the 1990s, proportion of Government debt to total external debt that exhibited an increasing trend during the first half of the decade has declined steadily thereafter as compared to non-Government debt. Share of Government debt to total debt, which was 60.1 per cent at end-March 1995 gradually declined to 49.7 per cent at end-March 1998, 44.2 per cent at end-March 2002 to reach 43.7 per cent at end-December 2002. Correspondingly, non-Government debt expanded from 39.9 per cent at end-March 1995 to 56.3 per cent at end-December 2002 (Table 4.3).

4.3.2 Figure 4.2 gives a chronological movement of share of Government and non-Government debt since end-March 1991 to end-December 2002.



4.3.3 Breakup of non-Government debt into financial, public and private sectors is also provided in Table 4.3. The financial sector, which borrows for on-lending purposes, accounted for 47.9 per cent of total long-term debt at end 1998 steadily expanded to end up to 66.4 per cent at end-December 2002. This expansion is attributed to the bond issuance like Resurgent India Bonds of US \$ 4.23 billion in August 1998, India Millennium Deposits of US \$ 5.52 billion in November 2000 and increase in NRI deposits in NRE account owing to discontinuance of NR(NR)RD scheme with effect from April 1, 2002. Borrowings of both public and private sectors in non-financial sector declined from 23.2 per cent and 28.8 per cent of the total long-term debt, respectively at end-March 1998 to 12.8 per cent and 20.8 per cent, respectively at end-December 2002.

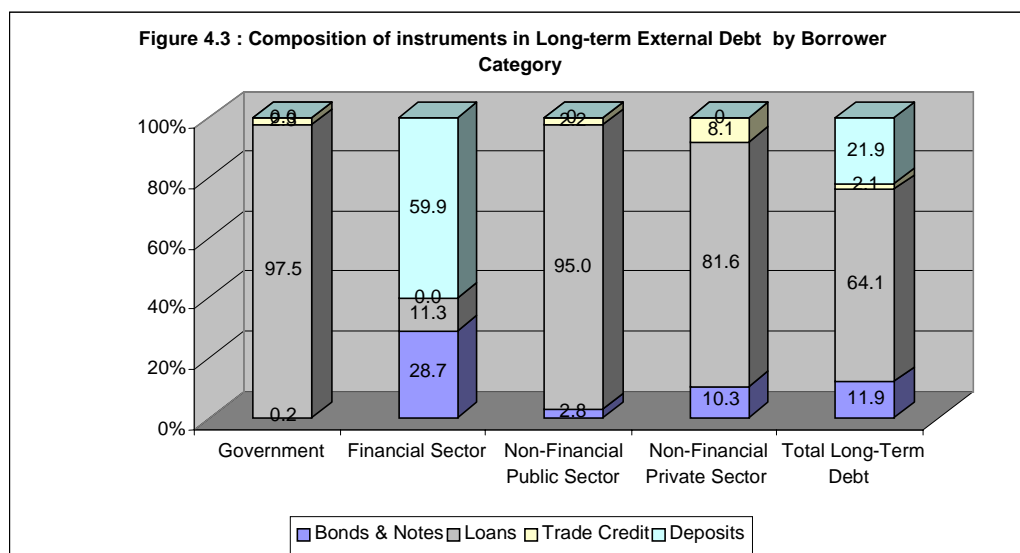
4.4 Instrument wise Classification

4.4.1 Instrument wise classification such as Bonds and Notes, Loans, Trade Credit and Deposits in Borrower and Creditor category on outstanding long-term external debt at end-December 2002 is provided in Table 4.4.

4.4.2 Government sector is heavily dominated by Loans constituting 97.5 per cent of total long-term debt as against 2.3 per cent Trade Credits and 0.2 per cent Bonds and Notes at end-December 2002. In the corresponding period, in the Financial Sector the share of Deposits was 59.9 per cent of the total long-term borrowing followed by Bond and Notes 28.7 per cent and Loans 11.3 per cent. Borrowing upto 95 per cent was owed by non-financial Public Sector under Loans; while Non-Financial Private Sector held 81.6 per cent under Loans followed by 10.3 per cent Bonds and Notes and 8.1 per cent Trade Credit.

Table 4.4: Instrument-wise Classification of Long-term External Debt Outstanding (as on end-December 2002)							
(US \$ million)							
	Borrower	Creditor	INSTRUMENTS				
			Bonds & Notes	Loans	Trade Credit	Deposits	Total
I	Government:		79	44,687	1071	0	45837
	1	Multilateral	0	29793	0	0	29793
	2	Bilateral	0	12436	0	0	12436
	3	IMF	0	0	0	0	0
	4	Export Credit	0	0	1071	0	1071
	5	Commercial	79	0	0	0	79
	6	Rupee Debt	0	2459	0	0	2459
II	Financial Sector:		10649	4195	0	22214	37058
	1	Multilateral	0	745	0	0	745
	2	Bilateral	0	1374	0	0	1374
	3	Export Credit	0	153	0	0	153
	4	Commercial	10649	1923	0	0	12571
	5	NRI Deposits	0	0	0	22214	22214
III	Non-Financial Public Sector:		199	6767	154	0	7121
	1	Multilateral	0	1914	0	0	1914
	2	Bilateral	0	2202	0	0	2202
	3	Export Credit	0	649	154	0	804
	4	Commercial	199	1660	0	0	1859
	5	Rupee Debt	0	343	0	0	343
IV	Non-Financial Private Sector:		1197	9481	935	0	11613
	1	Multilateral	0	113	0	0	113
	2	Bilateral	0	619	0	0	619
	3	Export Credit	0	2039	935	0	2974
	4	Commercial	1197	6710	0	0	7908
V	Total Long-Term Debt:		12125	65130	2161	22214	101630
	1	Multilateral	0	32563	0	0	32563
	2	Bilateral	0	16630	0	0	16630
	3	IMF	0	0	0	0	0
	4	Export Credit	0	2842	2161	0	5003
	5	Commercial	12125	10292	0	0	22418
	6	NRI Deposits	0	0	0	22214	22214
	7	Rupee Debt	0	2802	0	0	2802

4.4.3 As on end-December 2002, share of Loans in total long-term external debt outstanding accounted for 64.1 per cent followed by Deposits 21.9 per cent, Bonds and Notes 11.9 per cent and Trade Credit 2.1 per cent.



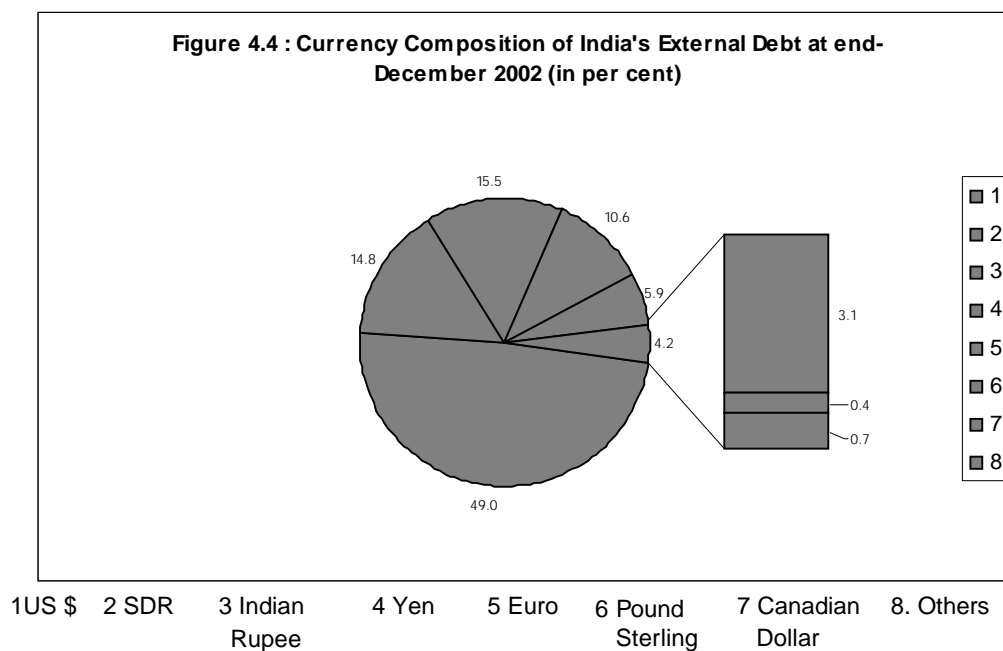
4.5 Currency composition

4.5.1 The currency composition of India's external debt is weighed in favour of US dollar. The share of US dollar has also increased over the years and accounted for 49 per cent of the total debt at the end of December 2002 as against 41.4 per cent at end-March 1994. Table 4.5 provides currency-wise exposure at end-March 1994 (earliest year for which disaggregated currency-wise data are available) and till end-December 2002. Other important currency components are Special Drawing Rights (SDR), Rupee denominated debt, Japanese Yen, Euro area currencies and Pound Sterling which together with the US dollar account for over 99 per cent of the total debt.

Table 4.5 Currency Composition of External Debt					
(Per cent of total External Debt)					
Currency	End-March 1994	End-March 2000	End-March 2001	End-March 2002R	End-December 2002 QE
US Dollar \$	41.4	51.4	55.1	54.3	49.0
SDR	14.9	13.2	12.9	14.1	14.8
Indian Rupee	14.8	11.6	12.2	11.9	15.5
Japanese Yen	13.7	12.7	10.1	10.2	10.6
Deutsche Mark	6.3	-	-	-	-
French Franc	1.8	-	-	-	-
Netherlands	1.1	-	-	-	-
Euro*	-	6.9	5.8	5.7	5.9
Pound Sterling	3.3	2.9	2.9	2.9	3.1
Canadian Dollar	0.7	0.5	0.4	0.4	0.4
Others	2	0.8	0.6	0.5	0.7
Total	100	100	100	100	100

\$ US Dollar share has an upward bias because IBRD and ADB pooled loans are accounted here as US Dollar loans.
 * Euro includes currency denominated in Euro and Euro area currencies.
 R : Revised QE : Quick Estimates

4.5.2 Figure 4.4 shows the currency composition of India's external debt at end-December 2002 (in per cent).



5. Debt Service

5.1 Debt Service Payments

5.1.1 As lending must be taken to include 'repaying debt', monitoring debt service payments, thus, has been considered as the indispensable aspect of debt management. India as a sovereign country has maintained its debt service obligations even in acute financial crisis that, in turn, helped her to withstand the effect of global contagion during 1997-98. The prudent external debt management policy followed by the Government in the 1990s has resulted in improving debt indicators and increasing sufficient non-debt creating financial flows to augment debt servicing capacity.

5.1.2 External debt service payments reached a peak in 1995-96 at US \$ 13 billion and thereafter maintained a stable payment schedule (Figure 5.1). Prior to that the range of debt service payments varied between US \$ 8 to 10 billion, annually. In the financial year 2002-03 as at end-December 2002, amount of debt service was US \$ 9.4 billion consisting of principal payments US \$ 6.7 billion and interest payments US \$ 2.7 billion. During the last decade, debt service payments have increased from US \$ 8.98 billion at end-March 1991 to US \$ 10.86 billion at end-March 2002, registering an annual average growth of 1.7 per cent (Table 5.1). Time series data on debt service payments from end-March 1991 to end-December 2002 is given in Annexure 5.

Table 5.1 : India's External Debt Service Payments

(US \$ million)

	1998-99R	1999-00R	2000-01R	2001-02R	2002-03*QE
1. External Assistance@	3270	3057	3444	3224	3304
Repayments	2051	1941	2338	2150	2513
Interest	1219	1116	1106	1074	791
2. External Commercial Borrowings#	5070	5800	7073	5563	4805
Repayments	3477	4147	5378	4107	3883
Interest	1593	1653	1695	1456	922
3. I.M.F.	419	267	26	0	0
Repayments	393	260	26	0	0
Interest	26	7	0	0	0
4. NRI Deposits	1643	1708	1661	1556	982
Interest	1643	1708	1661	1556	982
5. Rupee Debt Service	802	711	617	519	358
Repayments	802	711	617	519	358
Total Debt Service (1 to 5)	11,204	11,543	12,821	10,862	9,449
Repayments	6723	7059	8359	6776	6754
Interest	4481	4484	4462	4086	2695
Current Receipts**	59,760	67,472	79,003	80,142	69,078
Debt Service Ratio (%)	18.7	17.1	16.2	13.6	13.7
Interest payments to current receipts ratio	7.5	6.6	5.6	5.1	3.9

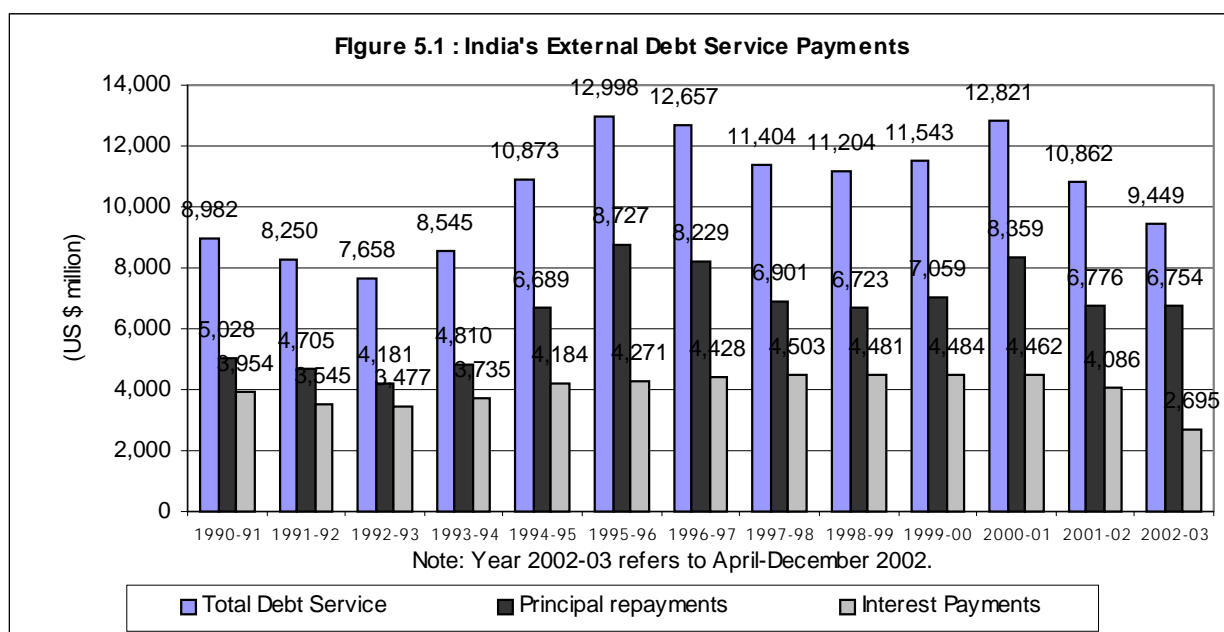
* : Debt Service for the period 2002-03 refers to April-December, 2002.

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

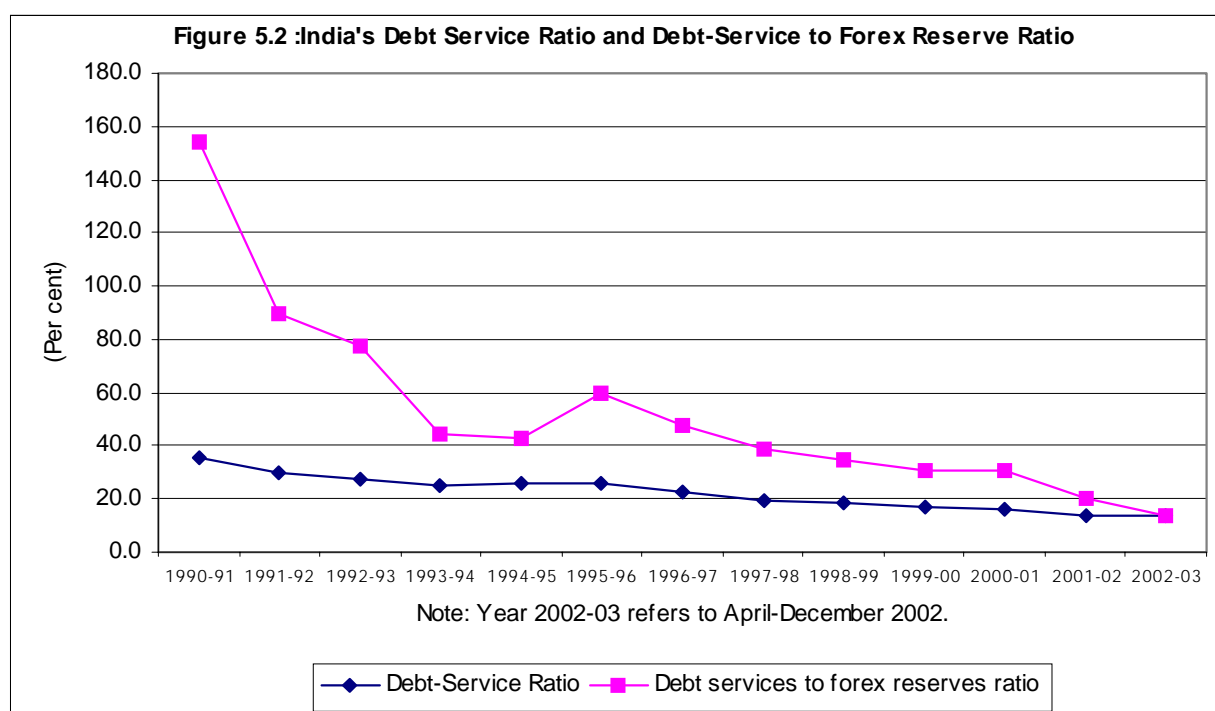
: Excludes accrued interest on India Development Bonds (IDBs). For 1996-97, only that component of principal repayment on IDBs is taken as debt service, which is redeemed in foreign exchange.

** : Current receipts exclude official transfers R : Revised QE : Quick Estimates

¹ The debt service 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.



5.1.3 Repayment capacity of the country towards its debt obligation, which is the basis of prudent debt management policy, is measured by debt service to current receipts ratio. India's debt service to current receipt ratio has continuously improved over time exhibiting a decline from 35.3 per cent from end-March 1991 to 13.6 per cent at end-March 2002. However, it has marginally increased to 13.7 per cent at end-December 2002.



5.1.4 Besides an improvement in debt-service ratio, steady increase in forex reserves over external debt in the years during the decade implied that much of foreign currency assets were accumulated through non-debt creating flows. It is, therefore, pertinent to observe the development of both, while former refers to capacity of the country towards its debt obligations and later as the capacity to meet debt servicing using the share of forex reserves. It is evident from Figure 5.2 that debt service to forex reserves ratio has substantially improved from 154 per cent in 1990-91 to 13.6 per cent in 2002-03 (up to end-December 2002).

5.1.5 Table 5.2 provides debt service payments by creditor categories. The share of commercial debt in total debt service was 35.4 per cent at end-December 2002 as against 28.7 per cent at end-March 1996. Multilateral and bilateral debt together (excluding IMF and rupee debt) accounted for 39.1 per cent of the total debt service at end-December 2002.

Table 5.2: Debt Service by Creditor Categories						
(US \$ million)						
	Apr.-Mar.			Apr.-Dec.		
	1999-00R	2000-01R	2001-02R	2000R	2001R	2002QE
Multilateral :	2043	2411	2160	2082	1549	2274
Principal	1261	1629	1405	1431	998	1719
Interest	782	782	755	651	551	555
Bilateral :	1638	1593	1530	1375	1105	1422
Principal	1130	1108	1119	990	823	1145
Interest	508	485	411	385	282	277
IMF :	267	26	0	26	0	0
Principal	260	26	0	26	0	0
Interest	7	0	0	0	0	0
Export Credit :	1108	1670	1185	1610	948	1064
Principal	758	1302	885	1200	725	885
Interest	350	368	300	410	223	179
Commercial Borrowing :	4068	4843	3913	4577	2874	3349
Principal	2939	3677	2848	3412	2019	2647
Interest	1129	1166	1065	1165	855	702
NRI Deposits :	1708	1661	1556	1236	1221	982
Interest	1708	1661	1556	1236	1221	982
Rupee Debt Principal	711	617	519	461	389	358
Total Debt Service :	11,543	12,821	10,863	11,367	8,086	9,449
Principal	7059	8359	6776	7520	4954	6754
Interest	4484	4462	4087	3847	3132	2695

R ;Revised QE : Quick Estimates

5.1.6 Debt service on short-term debt i.e. principal repayment on trade credit increased from US \$ 0.7 billion in 1990-91 to US \$ 7.1 billion in 1997-98 before declining to US \$ 5.6 billion in 1998-99 (Table 5.3). Subsequently, principal repayment on short-term trade credit increased to US \$ 10.7 billion in 2000-01. It again declined to US \$ 6.4 billion in 2001-02. As on end December 2002, it stood at US \$ 2.2 billion.

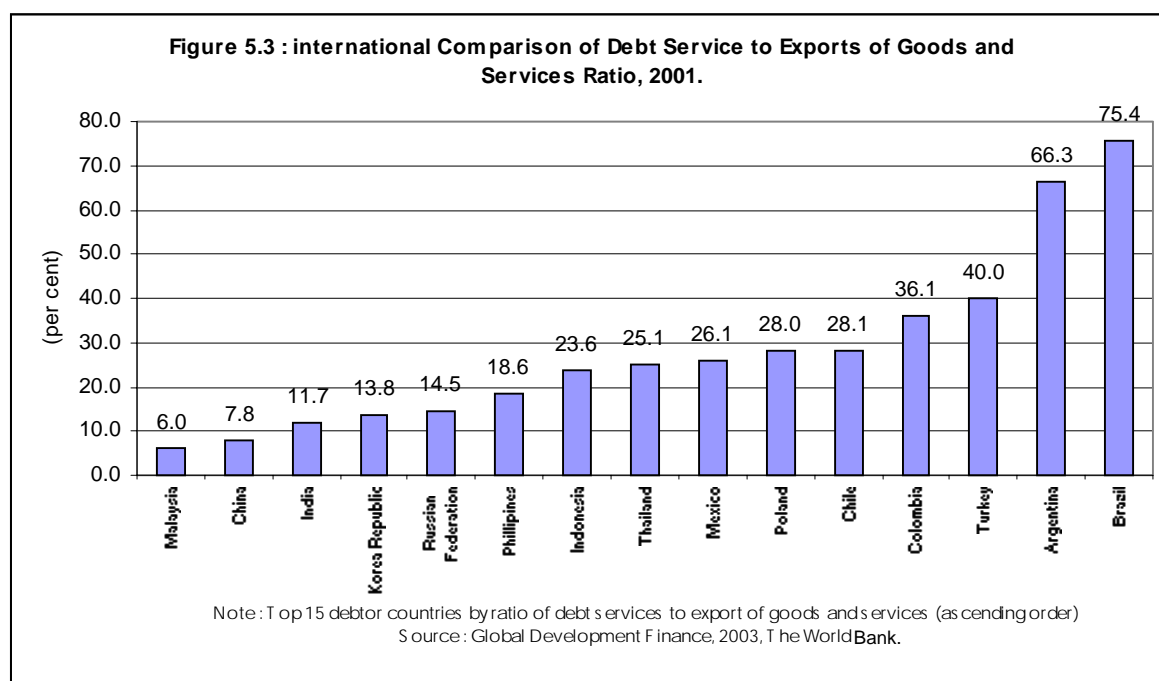
Table 5.3: Debt Service on Short-term Trade Credit						
(US \$ million)						
	Financial Year (April 1 – March 31)					Jan-Dec.
	1997-98	1998-99	1999-00R	2000-01R	2001-02 R	2002 QE
Principal Repayment	7130	5562	6402	10698	6356	2915

R : Revised QE : Quick Estimates.

5.1.7 Table 5.4 provides international comparison of debt service and debt service ratio for top 15 debtor countries from the Global Development Finance 2003 of the World Bank. During 2001, India had the third lowest debt service ratio of 11.7 per cent after Malaysia and China (Figure 5.3).

Table 5.4 : International Comparison- External Debt Service Payments for top fifteen Debtor Countries and SAARC Countries, 2001				
Countries	(US \$ million)			(per cent)
	Principal	Interest	Total Debt Service	Debt Service Ratio
Brazil	37,331	16,991	54,322	75.4
China	16,643	7,655	24,298	7.8
Mexico	35,941	12,809	48,750	26.1
Russian Federation	9,390	7,932	17,322	14.5
Argentina	13,318	10,935	24,253	66.3
Indonesia	9,633	5,897	15,530	23.6
Turkey	16,181	6,206	22,387	40.0
Korea Republic	20,804	5,236	26,040	13.8
India	5,465	3,818	9,283	11.7
Thailand	16,797	3,276	20,073	25.1
Poland	12,609	2,769	15,378	28.0
Phillipines	4,961	2,815	7,776	18.6
Malaysia	4,088	2,140	6,228	6.0
Chile	4,675	1,959	6,634	28.1
Colombia	3,622	2,675	6,297	36.1
SAARC Countries				
Pakistan	2,093	865	2,958	25.8
Bangladesh	494	179	673	7.3
Sri Lanka	493	223	716	9.7
Nepal	63	26	89	4.9
Bhutan	45	2	47	3.3
Maldives	16	6	22	4.6

Source : Global Development Finance, 2003, The World Bank



5.2 Debt Service Projections

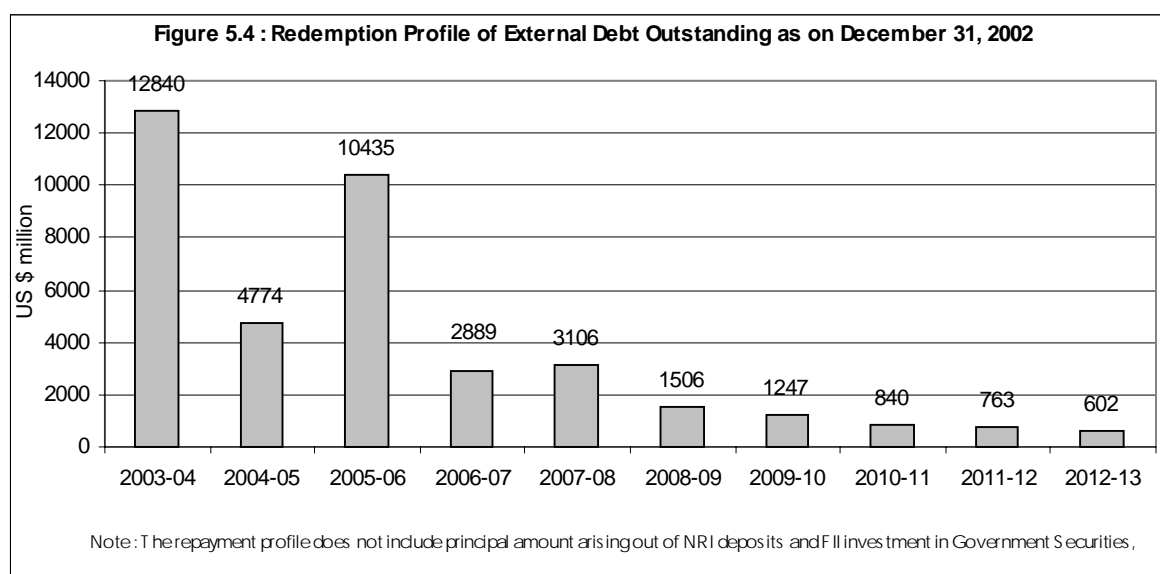
5.2.1 Based on the end-December 2002 debt stock, the projected debt service payments of long-term external debt for the next ten years, beginning 2003-04 are provided in Table 5.5. Such projections are necessary for debt management exercises, particularly for avoiding bunching of repayments and for maintaining adequate foreign exchange reserves to meet contractual obligations.

5.2.2 The projections do not include future debt service obligations out of committed undisbursed balance (disbursement in pipeline) and fresh borrowings. Total annual debt service payments are projected to be US\$ 12.8 billion in 2003-04 and US \$ 10.4 billion in 2005-06 (Table 5.5). The hump in debt service payments occurs due to the redemption of Resurgent India Bonds and India Millennium Deposits, respectively. However, keeping in view the fact that a significant part of these bonds could be transferred in favour of residents or could be reinvested in the form of NRI Deposits, and in the light of past experience in similar bond issuance like India Development Bonds, the actual debt service may turn out to be much lower. The projected debt service payments decline steadily 2006-07 onwards.

Year	Principal	Interest	Total
2003-04	9995	2845	12840
2004-05	3931	843	4774
2005-06	8385	2050	10435
2006-07	2464	425	2889
2007-08	2742	364	3106
2008-09	1264	242	1506
2009-10	1052	195	1247
2010-11	685	155	840
2011-12	635	128	763
2012-13	499	103	602

*: The projections of debt servicing are based on the end-December 2002 debt outstanding position. Projections exclude NRI Deposits and FII investment in Government Debt Securities. The projections do not include debt service arising out of committed undisbursed balance (CUB) and fresh borrowings.

5.2.3 Figure 5.4 shows the debt service payment projections for coming ten years based on external debt outstanding as on December 31, 2002.



6. External Debt Management

A cautious and prudent approach towards management of external debt since early nineties has paid rich dividends. The policy focus has been to concentrate on concessional and less expensive fund sources, preference for longer maturity profiles, constant vigil on build-up of short-term debt, premature retirement of high cost external debt and encouragement to non-debt creating capital inflows.

6.1 Premature payment of high cost external debt

6.1.1 Against the backdrop of buoyancy in foreign exchange reserves (foreign exchange reserves stood at US \$ 77.6 billion as on May 2, 2003) and prevailing low level of interest rates in the domestic and international markets, the policy stance entailed encouraging corporates and Public Sector Undertakings to prematurely repay external loans perceived as high cost by them. Premature repayments of External Commercial Borrowings were also substantially liberalized. The financing options of premature repayment proposals are examined carefully in terms of their foreign exchange and budget neutrality along with the cost saving factor. The Government of India, taking advantage of comfortable reserves position and low interest rate regime prematurely repaid sovereign loans owed to the World Bank and Asian Development Bank that were considered high cost in February 2003.

6.1.2 Sovereign Loans: Government of India prematurely retired high cost Currency Pool Loans (12 loans) owed to the World Bank amounting to US \$ 1687.80 million and Single Currency loans (13 loans) owed to Asian Development Bank amounting to US \$ 1342.33 million in February 2003. The premature repayment is financed entirely through domestic market borrowings. Swapping of fixed rate foreign currency debt with fixed rate rupee debt, besides being advantageous, does not affect the fiscal deficit in any significant way. The Government also prematurely repaid Euro 124.05 million relating to hard portion of French bilateral assistance to Government of India during the financial year 2002-03.

6.1.3 Corporates and Public Sector Undertakings (PSUs): The corporates and PSUs, as per the guidelines of Ad hoc Group on prepayment of high cost external debt, are required to undertake analysis of costs and benefits before undertaking premature repayments. Low interest rate environment catalyzes the debt off-loading process that is refinanced at cheaper rates. Table 6.1 shows premature payments undertaken by corporates and PSUs during the financial year 2002-03.

**Table 6.1 PREMATURE REPAYMENTS (Corporates and PSUs)
(Financial Year 2002-03)**

Borrower	Lender	Premature repayments	
		US \$ million	Rs. crore
BSES	IBRD	114.99	556.16
HUDCO	Japan	9.50	46.30
ONGC	IBRD	312.64	1,531.85
ONGC	ADB	207.10	1,014.11
Tata Power Co.	IBRD	90.88	440.54
HDFC	IBRD	102.84	493.65
IPCL	IBRD	145.44	482.49
CCI	IBRD	9.48	45.42
TNPL	IBRD	75.00	234.47
ICICI	IBRD	74.01	352.86
Total		1141.88	5197.85

Source: Controller of Aid, Audit & Accounts.

6.1.4 External Commercial Borrowings: The borrowers complying completely with regulations enacted by the Government and Reserve Bank of India while raising ECBs are entitled to prematurely repay under the 'Automatic Route' which was operational up to March 31st, 2003. The 'Automatic Route' permitted premature repayment of ECBs up to US \$ 100 million without prior approval from the Reserve Bank. This liberalized route was available to all categories of borrowers irrespective of residual maturity or percentage of the outstanding loan. Further, no prior permission or 'in principle' approval of the Reserve Bank was required for premature repayment of ECBs out of balances in exchange earners' foreign currency accounts or foreign exchange inflow for fresh equity, even if the amount exceeded US \$ 100 million.

6.1.5 Further to these directives, the Reserve Bank of India on 1st March 2003 decided that premature repayment of External Commercial Borrowings under the automatic route would be permitted without any limit by removing the current ceiling of US \$ 100 million. This facility will be available until further notice, subject to review.

6.1.6 In response to the aforementioned developments, a study conducted by Department of Statistical Analysis and Computer Services (DESACS) of Reserve Bank of India reveals that during April-December 2002, corporates prematurely repaid External Commercial Borrowings amounting to US \$ 595 million. The premature repayments amounted to US \$ 241 million during the financial year 2001-02 and US \$ 270 million during 2000-01. The total premature repayments during 2000-01 to 2002-03 (up to December 2002) amounted to US \$ 1106 million. The reduction in interest burden on account of these premature payments worked out to about US \$ 90 million thereby saving interest cost by around 230 basis points in terms of effective rate of interest. The effective rate of interest was calculated taking into account interest rate, maturity period and grace period.

6.2 Short-term debt Management:

6.2.1 The policy stance of the Government on management of short-term debt essentially highlights the link between appropriate maturity structures and external sector stability. The pursuit of this policy and close monitoring of short-term debt in India was vindicated by the crisis faced by Southeast Asian nations in 1997-98. The composition of external debt in India, almost half of that being long maturity multilateral or bilateral debt along with options on bonds and banking sector's ability to borrow abroad being subject to prudential regulations, reflect inherent strength of the system to ward-off crisis situations. Residual maturity concept has added another dimension to effective monitoring of short-term debt.

BOX 6.1**Accretion to Foreign Exchange Reserves in India: Sources, Arbitrage and Costs: A Reserve Bank of India Perspective.**

The burgeoning foreign exchange reserves have been widely acclaimed by experts, international agencies and others for the security they provide to external financial position. Historically, this is the first such surge in foreign exchange reserves.

- **Major Sources of Accretion:**

During April-December 2002, accretions to reserves were of the order of US \$ 15.9 billion vis-à-vis US \$ 5.7 billion during the corresponding period of previous year. The current account balance contributed about 17.6 per cent on account of higher earnings from merchandise exports, software exports and strong private remittances. Under the capital account, major contribution came in from leads and lags in export receipts accounting for 13.8 per cent, foreign investment 14.5 per cent, NRI deposits 14.5 per cent and Banking Capital excluding NRI deposits 27.7 per cent. Besides, valuation changes reflecting appreciation of Euro, GBP and Yen against US \$ (since foreign exchange reserves are accounted for in US \$ terms) contributed 20.1 per cent.

Substantive part of the inflows therefore emanated from current account transactions viz., merchandise and software exports and private remittances that apart from being non-reversible are also non-debt creating. There have been normal inflows in most of the major capital account items demonstrating thereby the confidence in strength and resilience of Indian economy.

- **The Arbitrage Issue:**

While there is no scope of arbitrage in other capital inflows, there is acceptance of possibility of arbitrage in NRI deposits on account of interest rate differentials in Indian and the international markets. The analysis points to absence of any increase above the usual trend in NRI deposits over a longer period.

The discontinuation of NR (NR) D deposits and NRSR deposits resulted in a higher increase of US \$ 2.3 billion during April- December 2002 in NRE deposits due to deposits on maturity and crediting of proceeds to NRE account. The interest rate offered at present on FCNR (B) deposit is 25 basis points lower than LIBOR hence there is hardly any scope of arbitrage. In the nutshell, there is not much evidence of arbitrage.

- **Costs of Reserves:**

An analysis of sources of reserves indicates that a substantial portion of reserves was generated from current account surplus; non-debt creating capital inflows; debt creating capital inflows, NRI deposits, banking capital and loans and currency valuation changes. In view of lower proportion of debt creating inflows, cost of accretion to reserves is not very significant. Credit Policy 2002-03 noted that in past few years, almost the whole addition to reserves has been without any rise in external debt stock. The nature of inflows are such that financial cost of additional reserve accretion is quite low and is likely to be more than offset by the return on additional reserves.

The quantified maintenance costs of reserves apart, the Credit Policy 2002-03 has rightly emphasized: 'It is essential to keep in view the objectives of holding reserves', that in nutshell include: to maintain confidence in monetary and exchange rate policies, enhancing capacity to intervene in the forex market, guarding against external vulnerability in order to be able to absorb shocks in crisis, providing confidence to market in respect of ability to meet external obligations, adding to comfort of market participants and backing domestic currency by external assets. These economic costs are likely to be substantially higher than net financial costs, if any, of holding reserves.

6.3 Non-Resident Indian Deposits

6.3.1 The Report of Expert Group on NRI Deposits (October, 2000) has made significant recommendations on issues of compilation and computerization of data, impact of repatriability of the schemes, capturing NRI deposits on remaining maturity in addition to original maturity, presentation of data by geographic region of NRIs and alignment of interest rates of both domestic and foreign currency denominated deposits with that of domestic and international rates. The policy initiatives over the years aimed at attracting the funds by offering facilities for current transfers, investment & deposit schemes. Discontinuation of non-repatriable schemes in the Union Budget 2002-03 added another dimension to these initiatives. This has implications for the foreign exchange market operations, compilation of Balance of Payments and the external debt stock.

6.3.2 The policy stance in respect of management of NRI deposits has been to bring down effective cost of borrowing in terms of interest out go, careful monitoring of currency composition specially in terms of deposit denominations, exchange risks being borne by the non-residents and maturity profiles with a focus on longer-term deposit mobilization. There has been at the same time an added emphasis on reserves adequacy in order to guard against sudden short-term outflows.

6.4 External Commercial Borrowings

6.4.1 External Commercial Borrowings (ECBs) are permitted by the Government as an additional source of finance in order to augment domestically available resources to corporates and Public Sector Undertakings for the purposes of expansion of existing capacity as well as for fresh investments. In pursuance of prudence in external debt management, these borrowings are approved within an overall annual ceiling against the backdrop of sectoral requirements and medium-term Balance of Payments projections. The principal elements of policy for External Commercial Borrowings include keeping the maturities long, costs low and encouraging investments in infrastructure and export sectors. Table 6.1 shows details of External Commercial Borrowing approvals, disbursements, debt-service and debt outstanding. The approvals increased consistently from 1985-86 to 1997-98 and thereafter showed a declining trend. The gross disbursements were high in 1998-99 due to raising of US \$ 4.2 billion through Resurgent India Bonds and peaked at US \$ 9.2 billion in 2000-01 on account of raising of US \$ 5.5 billion through India Millennium Deposits. Thereafter, the gross disbursements reflect a relatively lower demand for these funds by corporates. The debt-service of ECBs maintained a steady profile around US \$ 4-5 billion from 1995-96 to 2002-03.

Table 6.2: External Commercial Borrowings

(US \$ million)

Year	Approvals	Gross Disbursement	Amortization	Interest	Total Debt Service	Debt Outstanding
1985-86	1390	1470	462	499	961	6227
1990-91	1903	1700	1191	1042	2233	13909
1991-92	2127	2798	1146	994	2140	15557
1992-93	2200	1001	1357	917	2274	15818
1993-94	2585	1859	1703	896	2599	16650
1994-95	4469	2670	2513	1091	3604	18037
1995-96	6286	4538	3311	1162	4473	19024
1996-97	8581	7018	4032	1177	5209	20261
1997-98	8712	7400	3411	1406	4817	23946
1998-99*	5200	6927	3153	1575	4728	28182
1999-00	3398	2289	3460	1635	5095	27530
2000-01** R	2837	9295	5043	1683	6726	30922
2001-02 R	2653	2909	4012	1444	5456	29583
2002-03## QE	2789	1904	3679	923	4602	28446

* : Disbursements during 1998-99 include US \$ 4230 million draws on account of RIBs.

** : Disbursements during 2000-01 include US \$ 5520 on account of IMDs.

: April 2002 to December 2002.

R : Revised QE : Quick Estimates.

BOX 6.2**External Commercial Borrowings Policy**

External Commercial Borrowings are permitted to be raised from internationally recognized financing bodies viz., banks, export credit agencies, suppliers of equipment, foreign collaborators, foreign equity holders, international capital markets etc. The existing all-in-cost ceilings for normal projects, infrastructure projects and for long-term External Commercial Borrowings are 300,400 and 450 basis points over six months LIBOR for the respective currency in which loan is being raised or applicable benchmark(s), as the case may be.

The maximum eligibility for raising these funds under automatic route is US \$ 50 million. For US \$ 50 million to US \$ 100 million, RBI approves the fund raise whereas above US \$ 100 million, approval of Ministry of Finance is required.

The policy guidelines and approval process in respect of ECBs have been substantially liberalized. The important elements of the policy are:

- Limits on individual borrowings are linked to average maturity of the borrowing.
- Foreign exchange earners are permitted to raise up to thrice the average amount of annual exports during the past three years subject to a maximum of US \$ 200 million without end-use restrictions except for investment in stock markets or real estate.
- ECBs with an average maturity of eight years and above are outside the purview ECB ceiling. Funds under this head too are not subject to end-use restrictions except for stock market or real estate investments.
- In order to enable corporates to hedge exchange rate risks and raise resources domestically, rupee denominated structural obligations are permitted to be credit enhanced. Non Banking Finance Companies are also eligible to avail of the facility on compliance with conditions laid down for the purpose by international banks, international financial institutions or joint venture partners.
- Units in Special Economic Zones are permitted to raise ECBs without any maturity restrictions but through recognized banking channels and strictly on a 'stand-alone basis'.

ECB guidelines have been relaxed to a limited extent for end-use of such proceeds for the purpose of stock market or real estate transactions. The relaxations include:

- (a) For first stage acquisition of shares in dis-investment process and also in mandatory second stage offer to the public, use of ECB proceeds is permitted (this investment technically is a non-stock exchange transaction).
- (b) The end-use restrictions regarding investment of ECB proceeds in real estate sector have been dropped for the purpose of development of integrated townships that would be governed by guidelines laid down by Ministry of Commerce & Industry and Department of Industrial Policy & Promotion. The existing maturity guidelines would, however apply on maturity of these borrowings.

6.5 External Debt Monitoring

6.5.1 Computerization has added a new dimension to the convenience in accessing external debt data. The updated windows based Commonwealth Secretariat: Debt Recording and Management System (CS:DRMS) version 2000+ is in the process of being operationalized. The use of this system now for well over a decade has facilitated effective analysis apart from making debt-service projections available for the purpose of designing future debt strategies. This has also enabled on-

line connectivity and availability of data on a real-time basis. Presently, nearly eighty per cent external debt data have been computerized. The efforts are underway to computerize Non Resident Deposits and short-term debt statistics in order to achieve cent per cent data computerization.

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

6.5.3 External debt data are published on a quarterly basis. External Debt Management Unit in the Ministry of Finance compiles these statistics as at end-December in Status Report on External Debt and end-September in the Economic Survey every year while Reserve Bank of India reports these data as at end-March in the Annual Report and as at end-June in RBI monthly Bulletin.

7. Sovereign External Debt Management

7.1 Organizational Structure:

7.1.1 The organizational structure for sovereign external debt management comprises:

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

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

7.2 Sovereign External Debt Management

7.2.1 The fundamental premise of a sound debt management strategy is appropriate macroeconomic framework. Sovereign external debt management incorporates policy execution in order to raise required funds keeping cost and risk objectives in view. The underlying principle is to ensure sustainability of external debt. Strategy formulation is important because badly structured debt in terms of maturity, currency or interest mix with a large proportion of contingent liabilities can induce external sector crisis. GOI's external debt portfolio comprises of complex financial structure, which if not monitored carefully can adversely affect sovereign's balance sheet and cause financial instability. As India does not access the international capital market as a sovereign entity, judicious management of external debt assumes greater dimensions from the viewpoint of using the available options in a cost efficient manner.

7.2.2 External debt of Government of India referred to, as 'external debt on Government account' comprises external assistance from multilateral and bilateral sources maintained by the office of Controller of Aid, Accounts & Audit in Ministry of Finance. Other components of Government debt include debt from IMF (liquidated in the year 2001), defence debt and FII investment in Government securities. Complete computerization of external debt on Government account has ensured ready availability of historical data and future projections for analysis, scenario/strategy building and modeling.

7.2.3 Table 7.1 shows external debt on Government account along with the source-wise break-up. The total external debt on Government account that was US \$ 46.5 billion at end March 1998 declined to US \$ 43.6 billion at end-March 2002 but thereafter increased to US \$ 45.8 billion at end-December 2002. External assistance both from multilateral and bilateral sources contributed to this increase. Multilateral assistance that was US \$ 28.3 billion at end-March 2002 was recorded at US \$ 29.8 billion at end-December 2002. During the same period, bilateral assistance increased from US \$ 12.7 billion to US \$ 13.7 billion. The share of multilateral assistance in total Government debt decreased from 69.1 per cent at end-March 2002 to 68.5 per cent at end-December 2002 and that of bilateral assistance increased from 30.9 per cent to 31.5 per cent during the same period. Major bilateral donors to India (loan portfolio) included Japan, Germany, United States of America, France, Netherlands and Russian Federation. The other Government external debt recorded a decline

from US \$ 5.7 billion at end-March 1998 to US \$ 2.7 billion at end-March 2002 and further to US \$ 2.4 billion at end-December 2002.

Table 7.1: External Debt outstanding of Government							
<i>(US \$ million)</i>							
	End-March					End-Dec.	
	1998	1999	2000	2001	2002 R	2001R	2002QE
I. Multilateral	26,344	26,967	27,584	27,414	28,289	27,611	29,793
1 IDA	17,541	18,301	18,964	18,811	19,440	19,079	20,931
2 IBRD	6,430	6,062	5,810	5,654	5,741	5,559	5,633
3 ADB	2,078	2,309	2,505	2,680	2,835	2,699	2,928
4 IFAD	211	221	236	213	219	219	243
5 Others	84	74	69	56	54	55	58
Share of multilateral debt to Government Account debt	64.6	64.4	64.4	67.3	69.1	68.3	68.5
II. Bilateral	14,461	14,929	15,239	13,313	12,676	12,841	13,694
1 Japan	6,506	7,441	8,690	7,513	7,389	7,405	8,291
2 Germany	2,853	2,789	2,374	2,113	1,983	2,018	2,247
3 United States	1,693	1,574	1,447	1,298	1,161	1,196	1,059
4 France	925	891	762	679	628	645	577
5 Netherlands	654	629	524	447	398	408	435
6 Russian Federation	556	482	445	407	372	399	375
7 Others	1,274	1,123	997	856	745	770	710
Share of bilateral debt to Government Account debt	35.4	35.6	35.6	32.7	30.9	31.7	31.5
III. Govt. Debt from External Assistance (I+II)*	40,805	41,896	42,823	40,727	40,965	40,452	43,486
IV. Other Govt. External Debt**	5,715	4,241	4,029	3,300	2,655	2,744	2,351
V. Total Government External Debt (III+IV)	46,520	46,137	46,852	44,027	43,620	43,196	45,837

* : External debt on Government Account represents borrowings from external assistance.
** : Other Government External Debt comprises of Defence debt, loans from IMF, and FII investment in Government debt securities.
QE : Quick Estimates.

7.3 External Debt Service on Government Account

7.3.1 Table 7.2 shows annual debt-service on Government account external debt. The debt service payments showed a stable trend during 1997-98 to 2001-02 and further in 2002-03 (April-December 2002).

Table 7.2: Government Account External Debt Service*						
<i>(US \$ million)</i>						
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03**
Multilateral	1808	1800	2009	2374	1673	1334
Principal	1078	1117	1239	1606	1097	912
Interest	730	683	770	768	576	422
Bilateral	1115	1154	1048	1070	1089	994
Principal	740	802	702	732	787	771
Interest	375	352	346	338	302	223
Total Govt. Account	2923	2954	3057	3444	2762	2328
Principal	1818	1919	1941	2338	1884	1683
Interest	1105	1035	1116	1106	878	645

* : Government account external debt is the main component of total external debt and represents external assistance. It does not include other components of Government external debt-service payments on account of borrowing from IMF, Defence Debt and FII investment in Government securities.
** : April-December 2002 (Provisional data).

7.4 Debt-Service Projections on Government Account

7.4.1 Table 7.3 shows sovereign external debt service projections for ten years based on the debt outstanding as at end-December, 2002. The redemption profile of the Government reflects steady debt service over the next ten years that declines from US \$ 2.6 billion in 2003-04 gradually to US \$ 2.0 billion in 2012-13. Total repayments during the next ten years amount to US \$ 23.0 billion or 21.9 per cent of outstanding debt stock as at end-December 2002.

Table 7.3: Projected Debt Service Payments on Government Account			
<i>(US\$ million)</i>			
Year	Principal	Interest	Total
2003-04	1916	689	2605
2004-05	1927	619	2546
2005-06	1925	568	2493
2006-07	1897	520	2417
2007-08	1832	475	2307
2008-09	1780	436	2216
2009-10	1768	398	2166
2010-11	1750	362	2112
2011-12	1761	327	2088
2012-13	1722	293	2015

Note: *The projections are based on end-December 2002 government account debt outstanding (multilateral & bilateral external assistance) maintained by the O/o CAA&A and other components of government external debt like defence debt. It does not include FII investment in government securities. Projections also do not include debt service arising out of committed undisbursed balance (CUB) and fresh borrowings.*

BOX 7.1**Sovereign Credit Ratings**

Table 7.4 provides a snapshot of sovereign ratings assigned by Standard & Poor's and Moody's Investor Service to top fifteen debtor countries (as per the World Bank classification). These ratings are based primarily on country's per capita income, external debt burden, inflation experience, default history and level of economic development. They flash early warning signs of any impending crisis and share with the investors the views about what determines default or the nature of sovereign risk. The ratings under consideration apply to long-term foreign currency sovereign debt issued by the respective countries. Investors' decisions for investment in international bonds and other debt instruments are often based on these ratings. Rating is implicit for a country like India that does not access international capital market as a sovereign entity. Risk perceptions determine the grades and sub-grades. India's sovereign rating was Ba1 with stable outlook by Moody's and BB with negative outlook by Standard & Poor's.

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

S.No.	Country	Standard & Poor's Rating and Grade	Moody's	
			Rating	Grade
1	Brazil	B+/Negative/B	B2	Stable
2	Russian Federation	BB/Stable/B	Ba2	Stable
3	Mexico	BBB-/Stable/--	Baa2	Positive
4	China	BBB/Stable/A3	A3	Positive
5	Indonesia	CCC+/Stable/C	B3	Positive(2)
6	Argentina	SD/-/SD	Ca	Stable
7	Korea Republic	A-/Stable/A-2	A3	Negative
8	Turkey	B-/Stable/C	B1	Negative(2)
9	Thailand	BBB-/Positive/A-3	Baa3	Positive
10	India	BB/Negative/B	Ba1	Stable(1)
11	Poland	BBB+/Stable/A-2	A2	Stable
12	Philippines	BB+/Negative/B	Ba1	Stable(1)
13	Malaysia	BBB+/Stable/A-2	Baa1	Stable
14	Chile	A-/Positive/A-1	Baa1	Stable
15	Venezuela, RB	CCC+/Negative/C	Caa1	Developing

Note: Sovereign credit ratings refer to the sovereign ceiling for foreign currency ratings on long-term bonds & notes for top debtor countries as on April 4th, 2003 for S&P and as on March 21st, 2003 for Moody's.

(1) Domestic currency government bond ratings have a negative outlook.

(2) Domestic currency government bond ratings have stable outlook.

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

8. Contingent Liability on External Debt

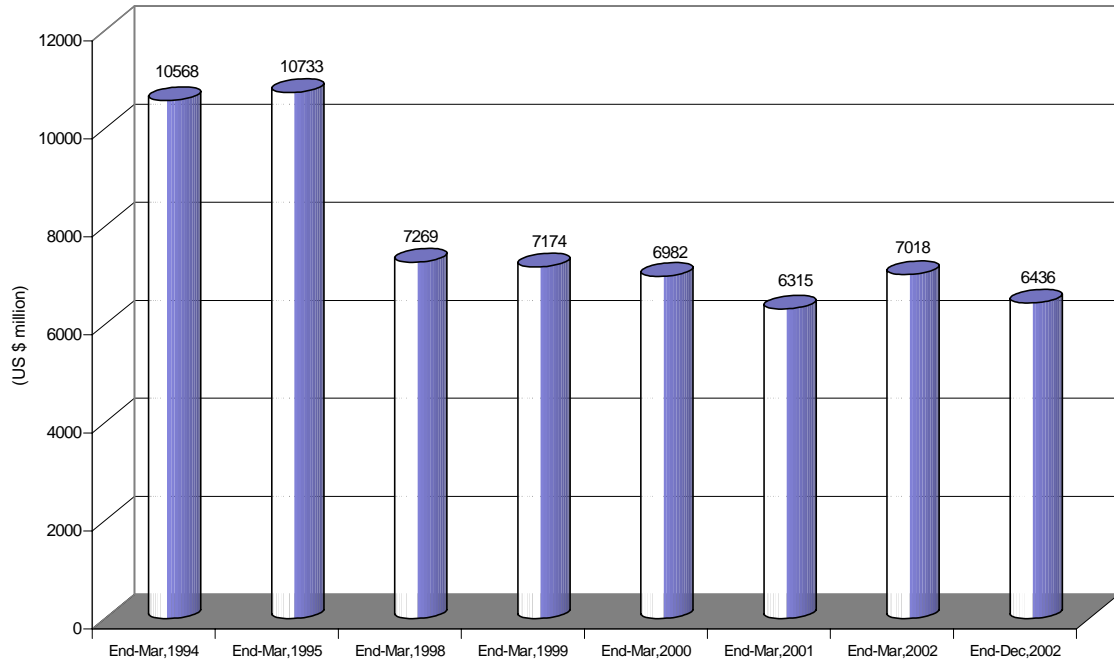
8.1 Credit Guarantees on External Debt

8.1.1 Government of India provides guarantees on a selective basis on external borrowings by public sector enterprises, developmental financial institutions and in some instances to private sector companies. While all loans under the external assistance window, i.e. from multilateral and bilateral creditors involve credit guarantees by the Government, commercial borrowings by some public sector enterprises, financial institutions also involve credit guarantees provided by the Government. Such credit guarantees are to be invoked in the case of default by the borrower and therefore, constitute explicit contingent liability of the Government, which have direct implications for the budget in the event of default.

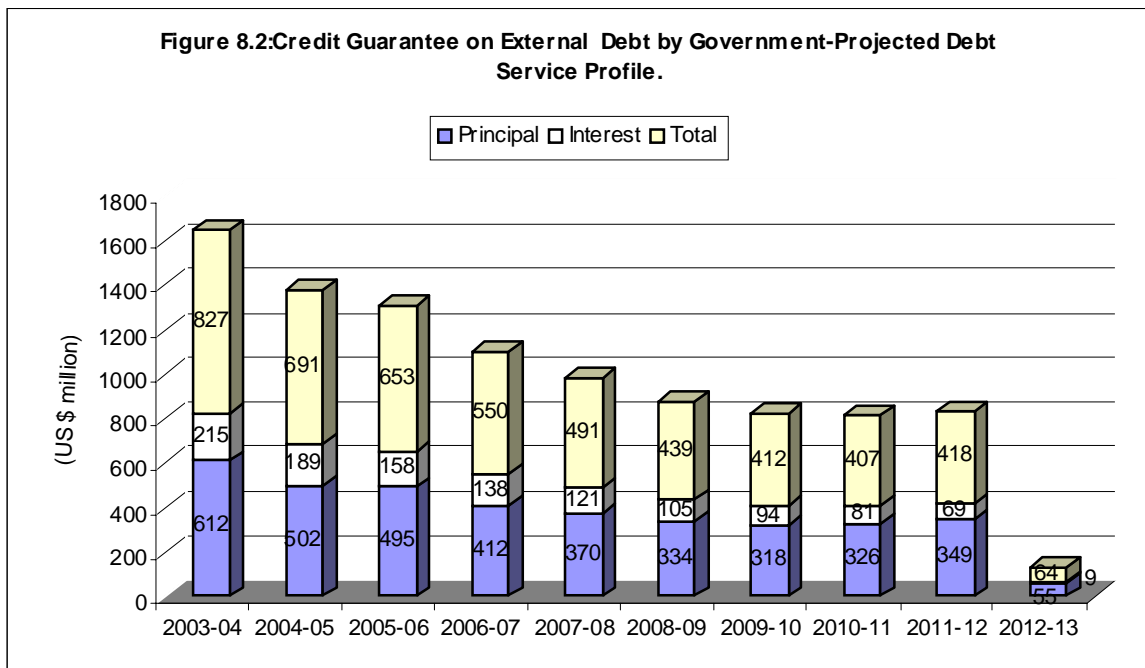
8.1.2 Such direct guarantees provided to creditors by Government for public sector, financial sector and the non-financial private sector external debt (i.e., on account of external assistance and external commercial borrowings) was in its downward trajectory since March 1995 (Table 8.1). There has been a steady decline in Government guarantees from US \$ 10.7 billion at the end of March 1995 to US \$ 7.0 billion at the end of March 2002. Government guarantees stood at US \$ 6.4 billion at the end-Dec. 2002 (Figure 8.1).

Table 8.1 : Central Government Credit Guarantees on External Debt								
	End-March						End-Dec	
	1994	1995	1998	1999	2000	2001	2002R	2002QE
	(US \$ million)							
1. Govt. Debt	55943	59502	46520	46137	46852	44027	43620	45837
2. Non-Govt. Debt	36752	39506	47011	50749	51411	57105	55141	59150
3. of which with Govt. Guarantee* (a+b+c)	10568	10733	7269	7174	6982	6315	7018	6436
a. Financial Sector	1709	1695	2323	2496	1548	1429	1636	1484
b. Public Sector	8533	8671	4605	4363	5161	4639	5192	4887
c. Private Sector	326	367	341	315	273	274	190	65
4. Total External Debt (1+2)	92695	99008	93531	96886	98263	101132	98761	104987
5. Govt. Debt and Guaranteed Debt (1+3)	66511	70235	53789	53311	53834	50342	50638	52273
	(ratios as per cent)							
6. Govt. Debt and Guaranteed Debt to Total External Debt (5/4)	71.8	70.9	57.5	55.0	54.8	49.8	51.3	49.8
7. Govt. Guaranteed Debt to Non-Govt. Debt (3/2)	28.8	27.2	15.5	41.1	13.6	11.1	12.7	10.9
* :	Direct credit guarantees on external debt provided by the Central Government.							
R :	Revised		QE : Quick Estimate					

Figure 8.1 Government Credit Guarantees on External Debt



8.1.3 The debt service profile of credit guarantees provided by Government on external debt outstanding as on December 31, 2002 during the next ten years is provided in figure 8.2. The total projected debt service obligations on credit guaranteed by the Government declined from US \$ 827 million in 2003-04 to US \$ 64 million in 2012-13.



9. Conclusions

9.1 The ninth successive Status Report on External Debt endorses the consistency achieved in resilience of external sector. Against the backdrop of sound macroeconomic fundamentals, the economy recently reached a historic level of foreign exchange reserves. This raised issues of sources of accretion to reserves and possible arbitrage. The sources of accretion were then identified and costs analyzed that put speculations of arbitrage at rest. Government of India, using the developments of surge in foreign exchange reserves and domestic interest rate scenario to its advantage, prematurely retired identified high cost loans amounting to US \$ 3 billion to the World Bank and Asian Development Bank at end-February 2003. The furtherance of commitment for prudence in external debt management was endorsed in Finance Ministers' Budget Speech for 2003-04.

9.2 A consistently declining proportion of volatile short-term debt, dominance of concessional funding, a history of no compromise on honouring debt service obligations and a constant endeavour to encourage non-debt creating flows have been the performance highlights for over a decade. Projections of debt service have enabled the policy makers to formulate judicious strategy designs, affirm debt servicing and sidestep bunching of repayments.

9.3 Success achieved in complete coordination among debt reporting agencies and computerization of more than three fourth external debt statistics has not only ensured quarterly availability of these data but also real-time basis access to government account external debt data.

9.4 India has maintained 'Less indebted' category status assigned by the World Bank in 1999. She has further strengthened her relative position among top fifteen debtor nations in 2001.

9.5 The unprecedented external sector crisis of 1990-91 compelled policy makers to take a stock of the situation and initiate measures that turned the economy around from verge of a disruption in debt servicing. From this classic experience emerged a coherent debt management strategy with cost and end-use considerations of external finance assuming exalted position. It is important to note that not only the debt stock but also debt flow indicators have recorded consistent progression. The present scenario of prudent external debt management in consonance with sound external sector performance and judicious exchange rate management not only insulate the economy from external sector shocks but also affirm sustainability of external debt.

India's External Debt Outstanding (Annual)

(Rs. crore)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 R	2001R	2002QE
I. MULTILATERAL	77,758	82,199	89,819	98,173	105,066	116,904	129,682	137,132	145,105	155,633	150,420	156,499
A. Government Borrowing	72,286	75,617	82,223	89,428	94,824	104,218	114,531	120,321	127,886	138,023	132,973	143,182
(i) Concessional	48,206	50,250	55,963	60,425	63,418	70,560	78,979	84,051	89,008	96,178	93,204	102,039
a) IDA	47,167	49,238	54,897	59,349	62,343	69,392	77,725	82,721	87,753	94,848	91,884	100,596
b) Others	1,039	1,012	1,066	1,076	1,075	1,168	1,254	1,330	1,255	1,330	1,320	1,443
(ii) Non-concessional	24,080	25,367	26,260	29,003	31,406	33,658	35,552	36,270	38,878	41,845	39,769	41,143
a) IBRD	21,602	22,518	22,442	23,721	24,354	25,438	25,747	25,343	26,376	28,012	26,772	27,074
b) Others	2,478	2,849	3,818	5,282	7,052	8,220	9,805	10,927	12,502	13,833	12,997	14,069
B. Non-Government Borrowing	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	17,447	13,317
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	5,472	6,582	7,596	8,745	10,242	12,686	15,151	16,811	17,219	17,610	17,447	13,317
a) Public Sector	1,777	2,786	3,248	4,628	4,738	8,765	10,716	12,183	12,386	12,729	12,449	9,200
(i) IBRD	1,300	2,158	2,013	2,942	3,341	5,217	6,349	6,931	7,114	7,298	6,984	4,393
(ii) Others	477	628	1,235	1,686	1,397	3,548	4,367	5,252	5,272	5,431	5,465	4,807
b) Financial Institutions	2,883	2,718	2,559	2,464	2,391	2,171	2,723	3,099	3,368	3,736	3,638	3,579
(i) IBRD	1,791	1,667	1,605	1,643	1,618	1,011	1,057	999	1,017	1,049	995	962
(ii) Others	1,092	1,051	954	821	773	1,160	1,666	2,100	2,351	2,687	2,643	2,617
c) Private Sector	812	1,078	1,789	1,653	3,113	1,750	1,712	1,529	1,465	1,145	1,360	538
(i) IBRD	709	953	1,610	1,244	1,639	1,321	1,312	1,173	1,148	929	1,124	315
(ii) Others	103	125	179	409	1,474	429	400	356	317	216	236	223
II. BILATERAL	50,258	54,580	63,761	65,740	62,891	67,104	74,304	79,278	74,519	74,762	74,069	79,919
A. Government borrowing	42,220	45,387	52,965	53,119	49,092	51,420	57,106	60,920	56,802	56,302	56,177	59,768
(i) Concessional	42,220	45,387	52,965	52,078	48,165	50,583	56,425	59,380	55,504	55,418	55,304	59,205
(ii) Non-concessional	0	0	0	1,041	927	837	681	1,540	1,298	884	873	563
B. Non-Government borrowing	8,038	9,193	10,796	12,621	13,799	15,684	17,198	18,358	17,717	18,460	17,892	20,151
(i) Concessional	1,243	1,453	1,896	3,088	3,409	1,770	2,738	4,022	5,579	6,885	6,242	7,855
a) Public Sector	0	190	654	376	1,054	192	526	1,488	2,962	4,278	3,625	4,988
b) Financial Institutions	1,243	1,263	1,242	2,712	2,355	1,578	2,212	2,534	2,617	2,607	2,617	2,867
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0

(Rs. crore)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 R	2001R	2002QE
ii) Non-concessional	6,795	7,740	8,900	9,533	10,390	13,914	14,460	14,336	12,138	11,575	11,650	12,296
a) Public Sector	4,726	5,475	6,120	5,602	5,216	5,360	5,197	4,752	3,715	4,822	4,702	5,587
b) Financial Institutions	1,571	1,718	1,883	2,197	2,436	4,216	4,363	4,151	3,568	3,708	3,766	3,737
c) Private Sector	498	547	897	1,734	2,738	4,338	4,900	5,433	4,855	3,045	3,182	2,972
III. IMF	14,985	15,812	13,545	8,152	4,714	2,622	1,218	113	0	0	0	0
IV. EXPORT CREDIT	13,484	16,307	20,876	18,432	21,044	25,783	28,812	29,564	27,625	26,110	26,140	24,030
a) Buyers' credit	3,989	5,474	6,227	7,216	11,184	15,433	18,097	18,734	17,336	16,147	16,299	13,649
b) Suppliers' credit	2,050	4,129	6,432	5,382	4,791	5,453	5,532	5,582	5,401	5,144	4,970	5,233
c) Export credit component of bilateral credit	3,671	3,947	4,604	4,529	4,189	4,399	4,905	5,165	4,828	4,819	4,809	5,148
d) Export credit for defence purchases	3,774	2,757	3,613	1,305	880	498	278	83	60	0	62	0
V. COMMERCIAL BORROWINGS	36,367	38,782	40,915	47,642	51,454	67,086	89,019	86,963	112,938	113,451	114,764	107,670
a) Commercial bank loans #	20,156	18,694	18,384	23,120	29,968	39,419	43,892	44,015	46,169	48,682	48,377	47,018
b) Securitized borrowings ##	13,990	16,557	16,935	19,790	17,320	23,786	41,464	39,564	63,868	62,258	63,596	58,237
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	2,105	2,430	2,998	3,050	3,521	3,451	3,430	3,271	2,901	2,511	2,791	2,415
d) Self-Liquidating Loans	116	1,101	2,598	1,682	645	430	233	113	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS® (Above one year maturity)	34,941	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	81,103	106,694
a) NRI deposits®	34,113	39,729	39,006	37,802	39,527	47,050	50,048	59,120	77,273	83,712	81,103	106,694
b) FC (B&O) Deposits®®	828	0	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*	33,149	31,634	30,315	28,150	26,978	23,204	20,077	19,218	17,345	14,844	15,371	13,459
a) Defence	30,177	28,735	27,603	25,602	24,590	20,976	18,004	17,290	15,573	13,235	13,640	12,000
b) Civilian	2,972	2,899	2,712	2,548	2,388	2,228	2,073	1,928	1,772	1,609	1,731	1,459
VIII. TOTAL LONG TERM DEBT (I TO VII)	260,942	279,043	298,237	304,091	311,674	349,753	393,160	411,388	454,805	468,512	461,867	488,271
IX. SHORT-TERM DEBT	19,804	11,375	13,448	16,637	24,153	19,929	18,137	17,162	16,919	13,396	13,250	16,123

(Rs. crore)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 R	2001R	2002 QE
a) NRI deposits (up to one year maturity)@	8,131	4,078	7,176	9,896	13,547	8,657	8,852	5,983	4,463	4,724	4,413	6,085
b) FC(B&O) Deposits (up to one-year maturity)@@@	2,433	1,672	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	9,240	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	8,837	10,038
	5,601	5,625	6,272	6,741	10,606	11,272	9,285	11,179	12,456	8,672	8,837	10,038
X. GRAND TOTAL (VIII+IX)	280,746	290,418	311,685	320,728	335,827	369,682	411,297	428,550	471,724	481,908	475,117	504,394
Memo Items :												
GDP (in Rs. crore at current market prices)***	748,367	859,220	1,012,770	1,188,012	1,368,208	1,522,547	1,740,985	1,936,925	2,104,298	2,296,049	2,296,049	2,451,038
External Debt to GDP Ratio	37.5	33.8	30.8	27.0	24.5	24.3	23.6	22.1	22.4	21.0	20.7	20.6

R Revised

QE Quick Estimates

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.

@@ NRI deposit data do not include NRNRD which was discontinued w.e.f. April 1, 2002.

Interest for NRNRD upto March 2002 and Principal plus interest service w.e.f. April 1, 2002 of NRE account are however included in debt service payments.

@@@ 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.

*** GDP figures at current market prices are as released by CSO.

GDP at current market prices for 2002-03 is based on CSO's Advance Estimates.

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

India's External Debt Outstanding (Annual)

(US \$ million)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 R	2001R	2002QE
I. MULTILATERAL	25,008	26,263	28,542	28,616	29,218	29,553	30,534	31,438	31,105	31,898	31,233	32,564
A. Government Borrowing	23,247	24,158	26,127	26,059	26,369	26,344	26,967	27,584	27,414	28,289	27,611	29,793
(i) Concessional	15,503	16,044	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	19,353	21,232
a) IDA	15,169	15,721	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	19,079	20,931
b) Others	334	323	339	313	299	295	295	305	269	273	274	301
(ii) Non-concessional	7,744	8,114	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,576	8,258	8,561
a) IBRD	6,947	7,203	7,136	6,938	6,772	6,430	6,062	5,810	5,654	5,741	5,559	5,633
b) Others	797	911	1,214	1,545	1,961	2,078	2,309	2,505	2,680	2,835	2,699	2,928
B. Non-Government Borrowing	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	3,622	2,771
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	1,761	2,105	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	3,622	2,771
a) Public Sector	572	891	1,033	1,353	1,318	2,216	2,523	2,793	2,655	2,609	2,585	1,914
i) IBRD	418	690	640	860	929	1,319	1,495	1,589	1,525	1,496	1,450	914
ii) Others	154	201	393	493	389	897	1,028	1,204	1,130	1,113	1,135	1,000
b) Financial Institutions	928	869	813	721	665	550	641	710	722	766	755	745
i) IBRD	576	533	510	481	450	256	249	229	218	215	206	200
ii) Others	352	336	303	240	215	294	392	481	504	551	549	545
c) Private Sector	261	345	569	483	866	443	403	351	314	234	282	112
i) IBRD	228	305	512	364	456	334	309	269	246	190	233	66
ii) Others	33	40	57	119	410	109	94	82	68	44	49	46
II. BILATERAL	16,154	17,450	20,270	19,213	17,494	16,969	17,499	18,175	15,974	15,323	15,373	16,630
A. Government borrowing	13,578	14,519	16,841	15,535	13,652	12,998	13,447	13,966	12,176	11,540	11,664	12,436
(i) Concessional	13,578	14,519	16,841	15,232	13,394	12,786	13,286	13,613	11,898	11,359	11,483	12,319
(ii) Non-concessional	0	0	0	303	258	212	161	353	278	181	181	117
B. Non-Government borrowing	2,576	2,931	3,429	3,678	3,842	3,971	4,052	4,209	3,798	3,783	3,709	4,194
(i) Concessional	400	465	603	903	948	448	645	922	1,196	1,411	1,296	1,634
a) Public Sector	0	61	208	110	293	49	124	341	635	877	753	1,038
b) Financial Institutions	400	404	395	793	655	399	521	581	561	534	543	596
c) Private Sector	0	0	0	0	0	0	0	0	0	0	0	0

(US \$ million)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002R	2001R	2002QE
ii) Non-concessional	2,176	2,466	2,826	2,775	2,894	3,523	3,407	3,287	2,602	2,372	2,413	2,560
a) Public Sector	1,513	1,745	1,943	1,631	1,453	1,358	1,224	1,089	796	988	974	1,163
b) Financial Institutions	503	547	598	639	678	1,067	1,028	952	765	760	780	778
c) Private Sector	160	174	285	505	763	1,098	1,155	1,246	1,041	624	659	619
III. IMF	4,799	5,040	4,300	2,374	1,313	664	287	26	0	0	0	0
IV. EXPORT CREDIT	4,322	5,203	6,629	5,376	5,861	6,526	6,789	6,780	5,923	5,351	5,414	5,003
a) Buyers' credit	1,277	1,745	1,977	2,101	3,116	3,908	4,265	4,297	3,717	3,309	3,374	2,842
b) Suppliers' credit	656	1,316	2,042	1,567	1,335	1,380	1,303	1,280	1,158	1,054	1,029	1,090
c) Export credit component of bilateral credit	1,181	1,263	1,464	1,325	1,165	1,112	1,155	1,184	1,035	988	998	1,071
d) Export credit for defence purchases	1,208	879	1,146	383	245	126	66	19	13	0	13	0
V. COMMERCIAL BORROWINGS	11,643	12,363	12,991	13,873	14,335	16,986	20,978	19,943	24,215	23,248	23,756	22,417
a) Commercial bank loans #	6,453	5,959	5,837	6,731	8,349	9,981	10,343	10,094	9,899	9,976	10,014	9,789
b) Securitized borrowings ##	4,479	5,278	5,377	5,751	4,825	6,022	9,772	9,073	13,694	12,758	13,164	12,125
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	674	775	952	888	981	874	808	750	622	514	578	503
d) Self-Liquidating Loans	37	351	825	503	180	109	55	26	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS@ (Above one year maturity)	11,141	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	16,835	22,214
a) NRI deposits@@	10,876	12,665	12,383	11,011	11,012	11,913	11,794	13,559	16,568	17,154	16,835	22,214
b) FC (B&O) Deposits@@@	265	0	0	0	0	0	0	0	0	0		0
VII. RUPEE DEBT*	10,616	10,084	9,624	8,233	7,511	5,874	4,731	4,406	3,719	3,042	3,190	2,802
a) Defence	9,661	9,160	8,763	7,488	6,847	5,311	4,243	3,964	3,339	2,712	2,831	2,498
b) Civilian	955	924	861	745	664	563	488	442	380	330	359	304
VIII. TOTAL LONG TERM DEBT (I TO VII)	83,683	89,068	94,739	88,696	86,744	88,485	92,612	94,327	97,504	96,016	95,801	101,630

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(US \$ million)

	End - March										End-Dec.	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002R	2001R	2002QE
IX. SHORT-TERM DEBT	6,340	3,627	4,269	5,034	6,726	5,046	4,274	3,936	3,628	2,745	2,750	3,357
a) NRI deposits (up to one year maturity)@	2,603	1,300	2,278	2,883	3,773	2,192	2,086	1,372	957	968	916	1,267
b) FC(B&O) Deposits (up to one-year maturity)@@@	779	533	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)** of which, short-term debt over 6 months	2,958	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	1,834	2,090
	1,793	1,794	1,991	2,151	2,953	2,854	2,188	2,564	2,671	1,777	1,834	2,090
X. GRAND TOTAL (VIII+IX)	90,023	92,695	99,008	93,730	93,470	93,531	96,886	98,263	101,132	98,761	98,551	104,987

R *Revised*

QE *Quick Estimates*

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.*

@@ *NRI deposit data do not include NRNRD which was discontinued w.e.f. April 1, 2002.*

Interest for NRNRD upto March 2002 and Principal plus interest service w.e.f. April 1, 2002 of NRE account are however included in debt service payments.

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

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

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

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

India's External Debt Outstanding (Quarterly)

(Rs. crore)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
I. MULTILATERAL	141,482	145,346	145,105	145,982	151,127	150,420	155,633	157,964	155,552	156,499
A. Government Borrowing	124,618	127,916	127,886	128,583	133,598	132,973	138,023	142,871	140,881	143,182
(i) Concessional	87,449	89,537	89,008	89,345	93,583	93,204	96,178	101,406	100,399	102,039
a) IDA	86,166	88,244	87,753	88,083	92,236	91,884	94,848	100,005	98,997	100,596
b) Others	1,283	1,293	1,255	1,262	1,347	1,320	1,330	1,401	1,402	1,443
ii) Non-concessional	37,169	38,379	38,878	39,238	40,015	39,769	41,845	41,465	40,482	41,143
a) IBRD	25,575	25,899	26,376	26,387	26,921	26,772	28,012	27,955	27,153	27,074
b) Others	11,594	12,480	12,502	12,851	13,094	12,997	13,833	13,510	13,329	14,069
B. Non-Government Borrowing	16,864	17,430	17,219	17,399	17,529	17,447	17,610	15,093	14,671	13,317
(i) Concessional	0	0	0	0	0	0	0	0	0	0
ii) Non-concessional	16,864	17,430	17,219	17,399	17,529	17,447	17,610	15,093	14,671	13,317
a) Public Sector	12,090	12,396	12,386	12,413	12,591	12,449	12,729	10,208	10,077	9,200
i) IBRD	7,154	7,192	7,114	7,048	7,036	6,984	7,298	5,741	5,255	4,393
ii) Others	4,936	5,204	5,272	5,365	5,555	5,465	5,431	4,467	4,822	4,807
b) Financial Institutions	3,240	3,503	3,368	3,534	3,564	3,638	3,736	3,738	3,613	3,579
i) IBRD	1,026	1,015	1,017	998	1,020	995	1,049	1,045	1,001	962
ii) Others	2,214	2,488	2,351	2,536	2,544	2,643	2,687	2,693	2,612	2,617
c) Private Sector	1,534	1,531	1,465	1,452	1,374	1,360	1,145	1,147	981	538
i) IBRD	1,190	1,202	1,148	1,155	1,119	1,124	929	931	771	315
ii) Others	344	329	317	297	255	236	216	216	210	223
II. BILATERAL	79,482	79,163	74,519	74,416	79,450	74,069	74,762	81,143	78,619	79,919
A. Government borrowing	61,434	60,700	56,802	56,461	60,660	56,177	56,302	60,631	58,944	59,768
(i) Concessional	60,152	59,399	55,504	55,606	59,793	55,304	55,418	60,058	58,377	59,205
ii) Non-concessional	1,282	1,301	1,298	855	867	873	884	573	567	563
B. Non-Government borrowing	18,048	18,463	17,717	17,955	18,790	17,892	18,460	20,512	19,675	20,151
(i) Concessional	4,289	5,801	5,579	6,125	6,737	6,242	6,885	7,795	7,644	7,855
a) Public Sector	1,641	2,961	2,962	3,460	3,855	3,625	4,278	4,900	4,830	4,988
b) Financial Institutions	2,648	2,840	2,617	2,665	2,882	2,617	2,607	2,895	2,814	2,867
c) Private Sector	0	0	0	0	0	0	0	0	0	0

(Rs. crore)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
ii) Non-concessional	13,759	12,662	12,138	11,830	12,053	11,650	11,575	12,717	12,031	12,296
a) Public Sector	4,719	3,789	3,715	3,510	3,630	4,702	4,822	5,485	5,318	5,587
b) Financial Institutions	4,062	3,796	3,568	3,564	3,643	3,766	3,708	4,009	3,743	3,737
c) Private Sector	4,978	5,077	4,855	4,756	4,780	3,182	3,045	3,223	2,970	2,972
III. IMF	0	0	0	0	0	0	0	0	0	0
IV. EXPORT CREDIT	29,285	29,056	27,625	26,028	26,726	26,140	26,110	26,174	23,996	24,030
a) Buyers' credit	18,145	18,078	17,336	16,029	16,202	16,299	16,147	15,609	13,746	13,649
b) Suppliers' credit	5,848	5,750	5,401	5,105	5,262	4,970	5,144	5,342	5,174	5,233
c) Export credit component of bilateral credit	5,231	5,165	4,828	4,835	5,199	4,809	4,819	5,223	5,076	5,148
d) Export credit for defence purchases	61	63	60	59	63	62	0	0	0	0
V. COMMERCIAL BORROWINGS	89,505	114,445	112,938	112,235	113,719	114,764	113,451	112,889	108,877	107,670
a) Commercial bank loans #	45,867	46,372	46,169	45,912	46,597	48,377	48,682	48,289	46,934	47,018
b) Securitized borrowings ##	40,427	64,959	63,868	63,688	64,422	63,596	62,258	62,079	59,491	58,237
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	3,147	3,081	2,901	2,635	2,700	2,791	2,511	2,521	2,452	2,415
d) Self-Liquidating Loans	64	33	0	0	0	0	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS® (Above one year maturity)	67,042	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	106,694
a) NRI deposits®	67,042	70,996	77,273	73,989	77,417	81,103	83,712	90,991	100,591	106,694
b) FC (B&O) Deposits®®	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*	17,330	17,715	17,345	15,283	15,546	15,371	14,844	14,227	13,565	13,459
a) Defence	15,434	15,831	15,573	13,549	13,814	13,640	13,235	12,648	11,988	12,000
b) Civilian	1,896	1,884	1,772	1,734	1,732	1,731	1,609	1,579	1,577	1,459
VIII. TOTAL LONG TERM DEBT (I TO VII)	424,126	456,721	454,805	447,933	463,985	461,867	468,512	483,388	481,200	488,271

(Rs. crore)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
IX. SHORT-TERM DEBT	20,440	16,775	16,919	14,775	14,797	13,250	13,396	15,112	14,744	16,123
a) NRI deposits (up to one year maturity)@	4,207	2,524	4,463	3,806	4,144	4,413	4,724	6,070	4,576	6,085
b) FC(B&O) Deposits (up to one-year maturity)@@@	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)**	16,233	14,251	12,456	10,969	10,653	8,837	8,672	9,042	10,168	10,038
of which, short-term debt over 6 months	16,233	14,252	12,456	10,969	10,653	8,837	8,672	9,042	10,168	10,038
X. GRAND TOTAL (VIII+IX)	444,566	473,496	471,724	462,708	478,782	475,117	481,908	498,500	495,944	504,394

R Revised

QE Quick Estimates

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.

@@ NRI deposit data do not include NRNRD which was discontinued w.e.f. April 1, 2002.

Interest for NRNRD upto March 2002 and Principal plus interest service w.e.f. April 1, 2002 of NRE account are however included in debt service payments.

June 2002, September 2002 and December 2002 data include maturity proceeds of NRNRD & NRSR credited to NRE & NRD accounts of the holders, respectively as the two Schemes were discontinued w.e.f. April 1, 2002.

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

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

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

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

India's External Debt Outstanding (Quarterly)

(US \$ million)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001R	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
I. MULTILATERAL	30,637	31,118	31,105	31,034	31,544	31,233	31,898	32,297	32,126	32,564
A. Government Borrowing	26,986	27,386	27,414	27,335	27,885	27,611	28,289	29,211	29,096	29,793
(i) Concessional	18,937	19,169	19,080	18,994	19,533	19,353	19,713	20,733	20,735	21,232
a) IDA	18,659	18,892	18,811	18,725	19,252	19,079	19,440	20,447	20,446	20,931
b) Others	278	277	269	269	281	274	273	286	289	301
(ii) Non-concessional	8,049	8,217	8,334	8,341	8,352	8,258	8,576	8,478	8,361	8,561
a) IBRD	5,538	5,545	5,654	5,609	5,619	5,559	5,741	5,716	5,608	5,633
b) Others	2,511	2,672	2,680	2,732	2,733	2,699	2,835	2,762	2,753	2,928
B. Non-Government Borrowing	3,651	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,771
(i) Concessional	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	3,651	3,732	3,691	3,699	3,659	3,622	3,609	3,086	3,030	2,771
a) Public Sector	2,618	2,654	2,655	2,639	2,629	2,585	2,609	2,087	2,081	1,914
i) IBRD	1,549	1,540	1,525	1,498	1,469	1,450	1,496	1,174	1,085	914
ii) Others	1,069	1,114	1,130	1,141	1,160	1,135	1,113	913	996	1,000
b) Financial Institutions	701	750	722	751	744	755	766	765	746	745
i) IBRD	222	217	218	212	213	206	215	214	207	200
ii) Others	479	533	504	539	531	549	551	551	539	545
c) Private Sector	332	328	314	309	286	282	234	234	203	112
i) IBRD	258	257	246	246	233	233	190	190	159	66
ii) Others	74	71	68	63	53	49	44	44	44	46
II. BILATERAL	17,218	16,945	15,974	15,820	16,586	15,373	15,323	16,592	16,239	16,630
A. Government borrowing	13,304	12,994	12,176	12,003	12,661	11,664	11,540	12,397	12,174	12,436
(i) Concessional	13,026	12,716	11,898	11,821	12,480	11,483	11,359	12,280	12,057	12,319
(ii) Non-concessional	278	278	278	182	181	181	181	117	117	117
B. Non-Government borrowing	3,914	3,951	3,798	3,817	3,925	3,709	3,783	4,195	4,065	4,194
(i) Concessional	929	1,242	1,196	1,302	1,407	1,296	1,411	1,594	1,579	1,634
a) Public Sector	355	634	635	735	805	753	877	1,002	998	1,038
b) Financial Institutions	574	608	561	567	602	543	534	592	581	596
c) Private Sector	0	0	0	0	0	0	0	0	0	0

(US \$ million)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001 R	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
ii) Non-concessional	2,985	2,709	2,602	2,515	2,518	2,413	2,372	2,601	2,486	2,560
a) Public Sector	1,024	811	796	746	758	974	988	1,122	1,099	1,163
b) Financial Institutions	880	812	765	758	761	780	760	820	773	778
c) Private Sector	1,081	1,086	1,041	1,011	999	659	624	659	614	619
III. IMF	0	0	0	0	0	0	0	0	0	0
IV. EXPORT CREDIT	6,355	6,217	5,923	5,533	5,584	5,414	5,351	5,354	4,959	5,003
a) Buyers' credit	3,939	3,868	3,717	3,407	3,386	3,374	3,309	3,193	2,842	2,842
b) Suppliers' credit	1,270	1,230	1,158	1,085	1,100	1,029	1,054	1,093	1,069	1,090
c) Export credit component of bilateral credit	1,133	1,106	1,035	1,028	1,085	998	988	1,068	1,048	1,071
d) Export credit for defence purchases	13	13	13	13	13	13	0	0	0	0
V. COMMERCIAL BORROWINGS	19,430	24,483	24,215	23,859	23,775	23,756	23,248	23,098	22,507	22,417
a) Commercial bank loans #	9,957	9,920	9,899	9,760	9,738	10,014	9,976	9,880	9,702	9,789
b) Securitized borrowings ##	8,776	13,897	13,694	13,539	13,472	13,164	12,758	12,702	12,298	12,125
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	683	659	622	560	565	578	514	516	507	503
d) Self-Liquidating Loans	14	7	0	0	0	0	0	0	0	0
VI. NRI & FC(B&O) DEPOSITS@ (Above one year maturity)	14,553	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	22,214
a) NRI deposits@@	14,553	15,188	16,568	15,729	16,179	16,835	17,154	18,617	20,794	22,214
b) FC (B&O) Deposits@@@	0	0	0	0	0	0	0	0	0	0
VII. RUPEE DEBT*	3,761	3,789	3,719	3,249	3,248	3,190	3,042	2,911	2,804	2,802
a) Defence	3,350	3,386	3,339	2,880	2,886	2,831	2,712	2,588	2,478	2,498
b) Civilian	411	403	380	369	362	359	330	323	326	304
VIII. TOTAL LONG TERM DEBT (I TO VII)	91,954	97,740	97,504	95,224	96,916	95,801	96,016	98,869	99,429	101,630

(US \$ million)

	End - Period									
	Sept., 2000	Dec., 2000	Mar., 2001	June, 2001	Sept., 2001	Dec., 2001 R	Mar., 2002 R	June, 2002R	Sept., 2002R	Dec., 2002QE
IX. SHORT-TERM DEBT	4,438	3,589	3,628	3,141	3,092	2,750	2,745	3,092	3,048	3,357
a) NRI deposits (up to one year maturity)@	914	540	957	809	866	916	968	1,242	946	1,267
b) FC(B&O) Deposits (up to one-year maturity)@@@	0	0	0	0	0	0	0	0	0	0
c) Others (trade-related)**	3,524	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,102	2,090
of which, short-term debt over 6 months	3,524	3,049	2,671	2,332	2,226	1,834	1,777	1,850	2,102	2,090
X. GRAND TOTAL (VIII+IX)	96,392	101,329	101,132	98,365	100,008	98,551	98,761	101,961	102,477	104,987

R *Revised*

QE *Quick Estimates*

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.*

@@ *NRI deposit data do not include NRNRD which was discontinued w.e.f. April 1, 2002.*

Interest for NRNRD upto March 2002 and Principal plus interest service w.e.f April 1, 2002 of NRE account are however included in debt service payments.

June 2002, September 2002 and December 2002 data include maturity proceeds of NRNRD & NRSR credited to NRE & NRD accounts of the holders respectively as the two Schemes were discontinued w.e.f. April 1, 2002.

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

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

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

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

Debt Service by Creditor Categories

(US \$ million)

	Financial Year (April 01 - March 31)					(April 01 - December 31)			
	1997-98	1998-99 R	1999-2000 R	2000-01R	2001-02 R	1999 R	2000 R	2001 R	2002QE
Multilateral :	2,212	2,175	2,043	2,411	2,160	1,692	2,082	1,549	2,274
Principal	1,299	1,303	1,261	1,629	1,405	1,017	1,431	998	1,719
Interest	913	872	782	782	755	675	651	551	555
Bilateral :	1,795	1,716	1,638	1,593	1,530	1,400	1,375	1,105	1,422
Principal	1,269	1,204	1,130	1,108	1,119	991	990	823	1,145
Interest	526	512	508	485	411	409	385	282	277
IMF :	667	419	267	26	0	240	26	0	0
Principal	618	393	260	26	0	234	26	0	0
Interest	49	26	7	0	0	6	0	0	0
Export Credit :	1,188	1,256	1,108	1,670	1,185	1,334	1,610	948	1,064
Principal	855	868	758	1,302	885	956	1,200	725	885
Interest	333	388	350	368	300	378	410	223	179
Commercial Borrowings:	2,968	3,193	4,068	4,843	3,913	3,646	4,577	2,874	3,349
Principal	2,093	2,153	2,939	3,677	2,848	2,554	3,412	2,019	2,647
Interest	875	1,040	1,129	1,166	1,065	1,092	1,165	855	702
NRI Deposits :	1,807	1,643	1,708	1,661	1,556	1,308	1,236	1,221	982
Interest*	1,807	1,643	1,708	1,661	1,556	1,308	1,236	1,221	982
Rupee Debt :	767	802	711	617	519	570	461	389	358
Principal	767	802	711	617	519	570	461	389	358
Total Debt :	11,404	11,204	11,543	12,821	10,863	10,190	11,367	8,086	9,449
Principal	6,901	6,723	7,059	8,359	6,776	6,322	7,520	4,954	6,754
Interest	4,503	4,481	4,484	4,462	4,087	3,868	3,847	3,132	2,695

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.

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

R : Revised

QE : Quick Estimates

India's External Debt Service Payments

(US \$ million)

	Financial Year (April 01 - March 31)										(April 01 - December 31)			
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99R	1999-00R	2000-01 R	2001-02 R	1999 R	2000 R	2001 R	2002QE
1 External Assistance*	2,541	2,968	3,186	3,691	3,283	3,229	3,270	3,057	3,444	3,224	2,577	2,922	2,273	3,304
Repayments	1,443	1,645	1,748	2,192	1,922	1,966	2,051	1,941	2,338	2,150	1,639	2,021	1,514	2,513
Interest	1,098	1,323	1,438	1,499	1,361	1,263	1,219	1,116	1,106	1,074	938	901	759	791
2 External Commercial														
Borrowings#	2,707	3,232	4,290	5,248	5,959	4,934	5,070	5,800	7,073	5,563	5,495	6,722	4,203	4,805
Repayments	1,525	1,978	2,812	3,868	4,605	3,550	3,477	4,147	5,378	4,107	3,880	5,012	3,051	3,883
Interest	1,182	1,254	1,478	1,380	1,354	1,384	1,593	1,653	1,695	1,456	1,615	1,710	1,152	922
3 I.M.F.	614	387	1,368	1,860	1,061	667	419	267	26	0	240	26	0	0
Repayments	335	134	1,146	1,715	975	618	393	260	26	0	234	26	0	0
Interest	279	253	222	145	86	49	26	7	0	0	6	0	0	0
4 NRI Deposits	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,308	1,236	1,221	982
Interest	918	905	1,046	1,247	1,627	1,807	1,643	1,708	1,661	1,556	1,308	1,236	1,221	982
5 Rupee Debt Service	878	1,053	983	952	727	767	802	711	617	519	570	461	389	358
Repayments	878	1,053	983	952	727	767	802	711	617	519	570	461	389	358
Total Debt Service	7,658	8,545	10,873	12,998	12,657	11,404	11,204	11,543	12,821	10,862	10,190	11,367	8,086	9,449
Repayments	4,181	4,810	6,689	8,727	8,229	6,901	6,723	7,059	8,359	6,776	6,323	7,520	4,954	6,754
Interest	3,477	3,735	4,184	4,271	4,428	4,503	4,481	4,484	4,462	4,086	3,867	3,847	3,132	2,695
Current Receipts	27,839	33,629	41,988	49,625	55,115	58,545	59,760	67,472	79,003	80,142	48,321	57,597	58,889	69,078
Debt Service Ratio (%)	27.5	25.4	25.9	26.2	23.0	19.5	18.7	17.1	16.2	13.6	21.1	19.7	13.7	13.7
Interest to Current Receipts Ratio	12.5	11.1	10.0	8.6	8.0	7.7	7.5	6.6	5.6	5.1	8.0	6.7	5.3	3.9

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

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

India – Key External Debt Indicators

(Ratios as per cent)

Year	Debt Service to Current Receipts [#]	Total External Debt to GDP ^{##}	Interest Payments to Current Receipts [#]	Debt to Current Receipts [*]	Short-term to Total Debt	Short-term to Forex Assets	Short-term to GDP	Concessional to Total Debt
1990-91	35.3	28.7	15.5	328.9	10.2	382.1	2.9	45.9
1991-92	30.2	38.7	13.0	312.3	8.3	125.6	3.2	44.8
1992-93	27.5	37.5	12.5	323.4	7.0	98.5	2.6	44.5
1993-94	25.4	33.8	11.1	275.6	3.9	24.1	1.3	44.4
1994-95	25.9	30.8	10.0	235.8	4.3	20.5	1.3	45.3
1995-96	26.2	27.0	8.6	188.9	5.4	29.5	1.4	44.7
1996-97	23.0	24.5	8.0	169.6	7.2	30.1	1.8	42.2
1997-98	19.5	24.3	7.7	159.8	5.4	19.4	1.3	39.5
1998-99	18.7	23.6	7.5	162.1	4.4	14.5	1.0	38.5
1999-00	17.1	22.1	6.6	145.6	4.0	11.2	0.9	38.9
2000-01	16.2	22.4	5.6	128.0	3.6	9.2	0.8	35.5
2001-02	13.6	21.0	5.1	123.2	2.8	5.4	0.6	36.0
2002-03 ^{**}	13.7	20.6	3.9	152.0	3.2	5.0	0.7	36.2

: Figures for debt service and interest payments are 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.

* : Current Receipts exclude official transfers.

** : April - December, 2002.

: Debt-GDP ratios are derived from Rupee figures. GDP figures, at current market prices, are based on New Series of National Accounts Statistics, 2002 released by the Central Statistical Organization.