

PRESS RELEASE



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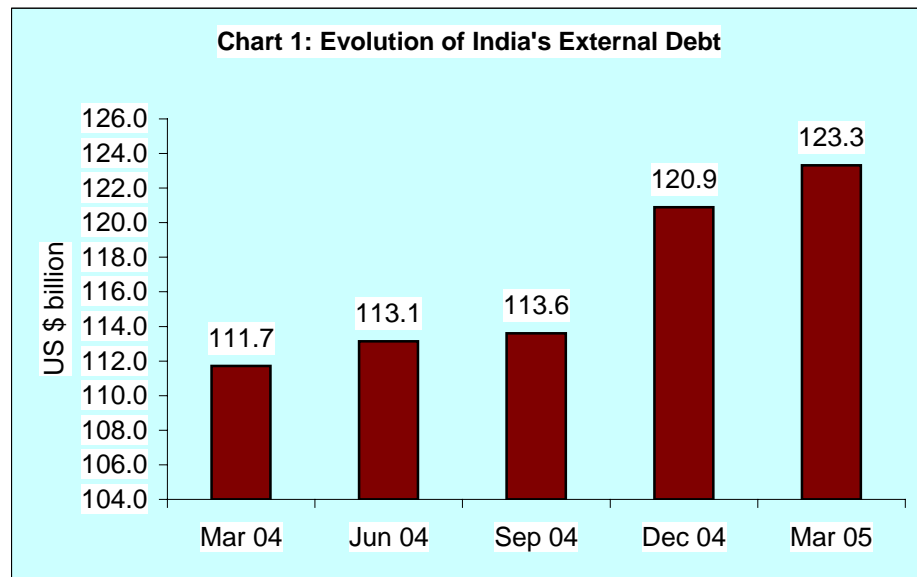
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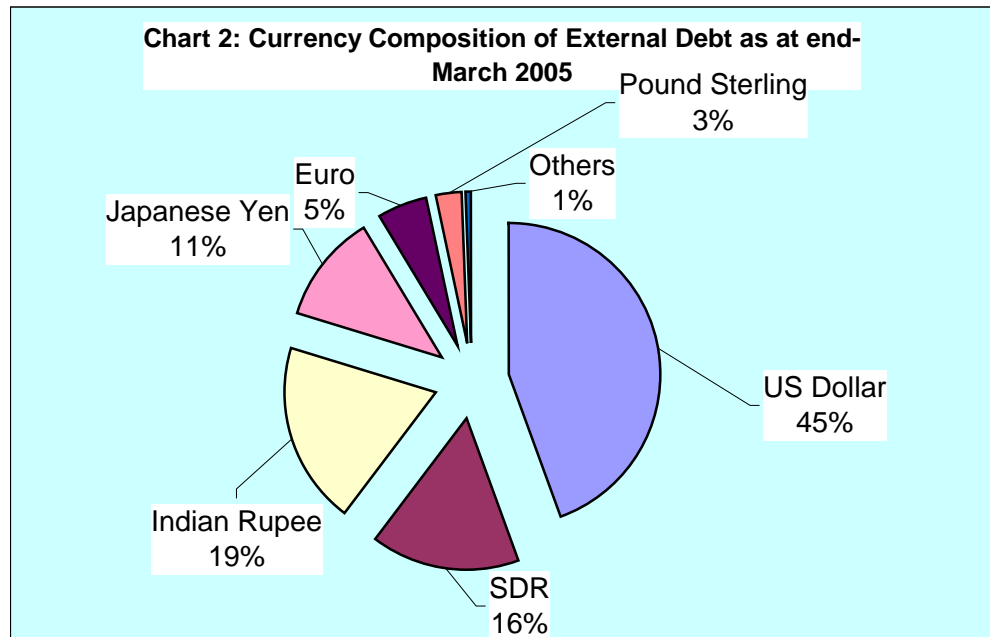
India's External Debt as at the end of March 2005

Major Highlights

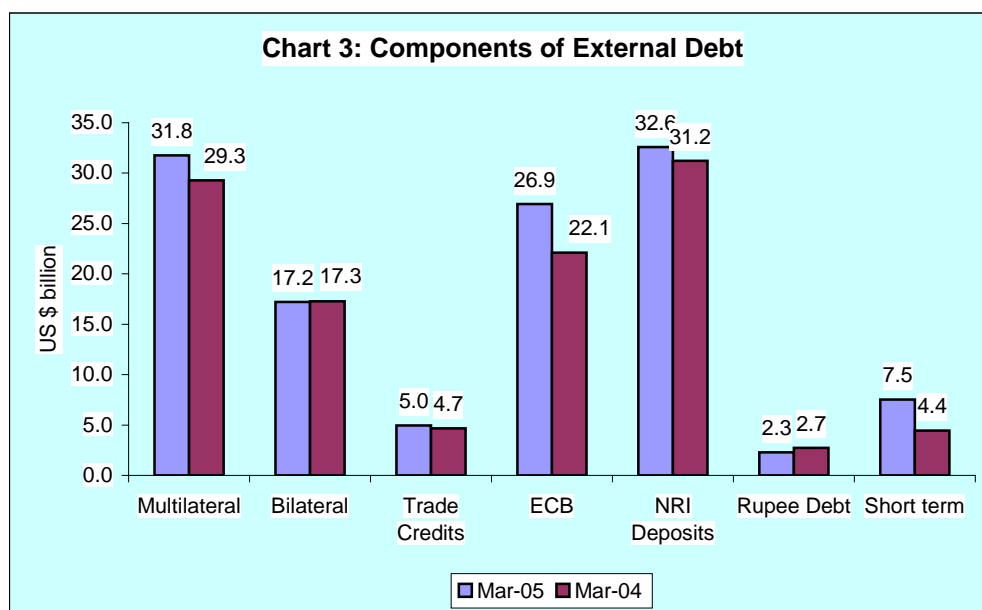
- India's total external debt is placed at US \$ 123.3 billion at the end of March 2005 (Chart 1).
- In nominal terms the external debt stock increased by US \$ 11.6 billion (10.4 per cent) during 2004-05 - the highest accretion in any single year starting from 1990-91.



- The US dollar continued to dominate the currency composition of India's external debt (Chart 2).



- External commercial borrowings (ECB), trade credits (short-term and long-term), multilateral debt and NRI deposits were the key drivers to the growth in the external debt stock.
- Bilateral and rupee debt have recorded a decline (Chart 3).
- The rise in ECB by around US \$ 5 billion during the year reflected strong investment demand domestically as well as favourable financing conditions overseas.
- ECB mainly took the form of syndicated loans and issues of bonds including foreign currency convertible bonds (FCCBs), as spreads on emerging market bonds narrowed down substantially.



- Short-term debt recorded the highest growth (69.8 per cent) during the year reflecting the sharp rise in both POL and non-POL imports (Table 1).
- External assistance (both concessional and non-concessional) to the Government from multilateral agencies increased substantially during 2004-05.

Table 1: Variation in External Debt by Components

Item	At the end-of				Variation during the year	
	March 05		March 04		Absolute variation (US \$ million)	Percentage variation (Per cent)
	Amount (US \$ million)	Share in total debt (Per cent)	Amount (US \$ million)	Share in total debt (Per cent)		
1	2	3	4	5	6	7
Multilateral	31763	25.8	29288	26.2	2475	8.5
Bilateral	17222	14.0	17278	15.5	-56	-0.3
IMF	0	0.0	0	0.0	0	0.0
Trade Credit	4960	4.0	4680	4.2	280	6.0
Commercial Borrowings	26942	21.8	22101	19.8	4841	21.9
NRI Deposits (long-term)	32599	26.4	31216	27.9	1383	4.4
Rupee Debt	2300	1.9	2721	2.4	-421	-15.5

Long-Term Debt (1 to 7)	115786	93.9	107284	96.0	8502	7.9
Short-Term Debt	7524	6.1	4431	4.0	3093	69.8
Total Debt (8+9)	123310	100	111715	100	11595	10.4

- There was a prepayment of debt amounting to US \$ 35.1 million in 2004-05 as compared with prepayments of US \$ 3.8 billion and US \$ 2.9 billion in 2003-04 and 2002-03, respectively.

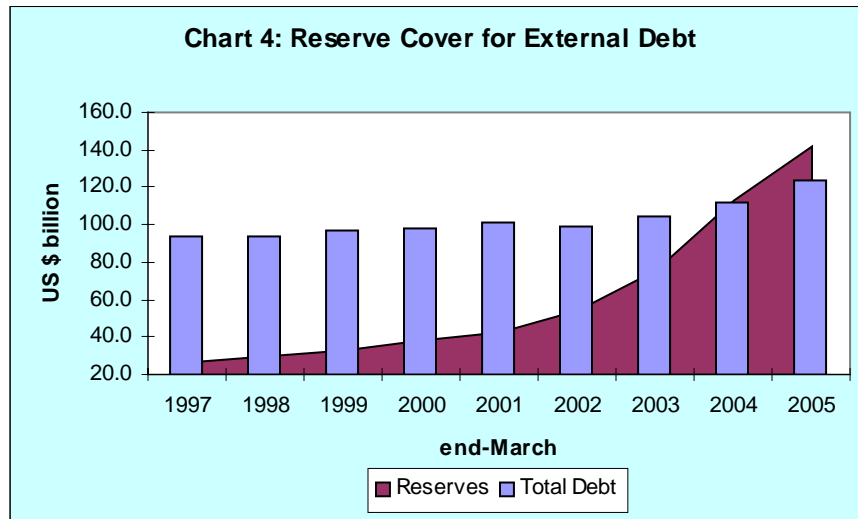
Indicators of External Debt

- The ratio of short-term to total debt posted a modest rise. This was also reflected in an upward movement in the ratio of short-term debt to foreign exchange reserves (Table 2).

Table 2: Indicators of Debt Sustainability

Indicators	End-Mar 05	End-Mar 04
Concessional debt/Total debt(%)	33.5	36.1
Short-term/Total debt (%)	6.1	4.0
Short-term debt/Reserves (%)	5.3	3.9
Reserves/ Total debt (%)	114.8	101.1
External Debt / GDP (%)	17.4	17.8

- India's foreign exchange reserves exceeded the external debt by US \$ 18.2 billion providing a cover of 114.8 per cent to the external debt stock at the end of March 2005 (Chart 4).



Full details of the evolution of the debt stock over the period March 2004 to March 2005 are set out in [Statement 1 and 2](#).

P.V. Sadanandan
Manager

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