

**PRESS RELEASE**

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**International Investment Position (InIP) of India  
as at the end of March 2003, 2004, 2005 and 2006**

The International Investment Position (InIP), compiled at the end of a specific period such as end-March, is the statement of the stock of external financial assets and liabilities of a country. The financial assets consist of the country's financial claims on non-residents and financial liabilities consist of the country's financial liabilities to non-residents. These transactions are classified according to institutional resident sectors, namely, monetary authority, government, banks, and other sectors (includes corporate sector). The net international investment position (the stock of external assets less the stock of external liabilities) shows the difference between what an economy owns in relation to what it owes. The net InIP, combined with the stock of an economy's non-financial assets, constitutes the net worth of that economy.

As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on InIP are to be disseminated on annual (quarterly encouraged) basis with a time lag of two quarters. The InIP of India is disseminated annually as at the end of March and the InIP of India as at the end of March 2005 was last released in September 2005. The latest InIP as at the end of March 2006 is released now. Major highlights of International Investment Position of India are presented below.

**International Investment Position (InIP) of India  
as at end-March 2006 Major Highlights****I. Over all Position**

- (1) Net InIP is the stock of external assets less the stock of external liabilities. The net position has decreased by around US\$ 6 billion during the year under review. This could be attributed to the widening of current account deficit from US\$ 5.4 billion in 2004-05 to US\$ 10.6 billion in 2005-06.

**Table 1. InIP of India  
at the end-March (in US\$ Billion)**

<b>Period</b>	<b>2003PR</b>	<b>2004PR</b>	<b>2005PR</b>	<b>2006P</b>
<b>International Investment Position, net</b>	<b>-60.46</b>	<b>-45.27</b>	<b>-40.31</b>	<b>-46.07</b>
<b>A. Assets</b>	<b>95.59</b>	<b>137.78</b>	<b>168.90</b>	<b>183.13</b>
1. Direct Investment Abroad	5.83	7.76	10.11	12.07
2. Portfolio Investment	0.78	0.76	0.81	1.29
2.1 Equity Securities	0.37	0.40	0.40	0.65
2.2 Debt Securities	0.41	0.36	0.41	0.64
3. Other Investment	12.88	16.31	16.48	18.15
3.1 Trade Credits	1.10	1.90	2.77	0.96
3.2 Loans	1.41	1.76	1.87	2.55
3.3 Currency and Deposits	7.52	9.47	8.44	11.17
3.4 Other Assets	2.86	3.17	3.40	3.47
4. Reserve Assets	76.10	112.96	141.51	151.62
<b>B. Liabilities</b>	<b>156.05</b>	<b>183.12</b>	<b>209.22</b>	<b>229.20</b>
1. Direct Investment	31.22	38.18	43.59	50.26
2. Portfolio Investment	32.41	43.70	55.28	63.36
2.1 Equity Securities	20.09	33.93	42.74	54.33
2.2 Debt securities	12.32	9.77	12.53	9.03
3. Other Investment	92.42	101.25	110.34	115.58
3.1 Trade Credits	4.88	6.28	9.56	10.54
3.2 Loans	61.05	61.87	65.76	67.77
3.3 Currency and Deposits	25.57	32.18	33.64	36.16
3.4 Other Liabilities	<b>0.92</b>	<b>0.92</b>	<b>1.39</b>	<b>1.11</b>

Note- PR: Partially revised; P: Provisional; [figures in the Table have been compiled based on InIP estimates in terms of US \$ Million]

- (2) Reserve assets remained the most dominant component of the external assets.
- (3) Total reserve assets as on end-March 2006 exceeded the entire external debt (US \$ 125.2 billion at the same reference period) by around US \$ 26 billion.

## **II. Ratios of External Assets and Liabilities to GDP (at current prices)**

- (1) Reserve assets accounted for around 21 per cent of the country's GDP (at current prices). Consequently, external assets at the end of March 2006 accounted for around 25.5 per cent of the country's GDP.
- (2) The ratio of total external liabilities to GDP remained between 31 per cent to 33 per cent during the period under review.
- (3) Among the external liability components, the ratio of portfolio equity investment to GDP increased from 6.8 per cent at the end of March 2003 to 8.8 at the end of March 2006. Further, while the ratio of direct investment to GDP has witnessed increasing trend in the last three years of the review period, the ratio of other investment to GDP has decreased gradually over the years under review.

**Table 2. Ratios of External Assets and Liabilities to GDP**  
(at current prices)

(in per cent)

Period	2003PR	2004PR	2005PR	2006P
<b>International Investment Position, net</b>	<b>-12.74</b>	<b>-7.73</b>	<b>-6.20</b>	<b>-6.40</b>
<b>A. Assets</b>	<b>20.15</b>	<b>23.54</b>	<b>25.99</b>	<b>25.45</b>
1. Direct Investment Abroad	1.23	1.33	1.56	1.68
2. Portfolio Investment	0.16	0.13	0.12	0.18
2.1 Equity Securities	0.08	0.07	0.06	0.09
2.2 Debt Securities	0.09	0.06	0.06	0.09
3. Other Investment	2.72	2.79	2.53	2.52
3.1 Trade Credits	0.23	0.32	0.43	0.13
3.2 Loans	0.30	0.30	0.29	0.35
3.3 Currency and Deposits	1.58	1.62	1.30	1.55
3.4 Other Assets	0.60	0.54	0.52	0.48
4. Reserve Assets	16.04	19.30	21.77	21.07
<b>B. Liabilities</b>	<b>32.89</b>	<b>31.28</b>	<b>32.19</b>	<b>31.86</b>
1. Direct Investment	6.58	6.52	6.71	6.99
2. Portfolio Investment	6.83	7.46	8.50	8.81
2.1 Equity Securities	4.23	5.80	6.58	7.55
2.2 Debt securities	2.60	1.67	1.93	1.25
3. Other Investment	19.48	17.29	16.98	16.06
3.1 Trade Credits	1.03	1.07	1.47	1.47
3.2 Loans	12.87	10.57	10.12	9.42
3.3 Currency and Deposits	5.39	5.50	5.18	5.03
3.4 Other Liabilities	0.19	0.16	0.21	0.15

Note- PR: Partially revised; P: Provisional; [figures in the Table have been compiled based on InIP estimates in terms of US \$ Million]

### III. Composition of External Assets and Liabilities

- (1) The major part of country's external assets is in the form of reserve assets. The share of reserve assets in total external assets of the country steadily increased during the previous three financial years. However, the same has slightly declined in 2005-06.
- (2) Around 7 per cent of the country's external assets are in the form of Direct & Portfolio Investments.
- (3) More than 50 per cent of the country's external liabilities are in the nature of other investments, i.e., trade credit, loans, currency & deposits and other liabilities. However, the share of this component in total liabilities, declined from 59.2 per cent at the end-March 2003 to 50.4 per cent at the end-March 2006.

**Table 3. Composition of External Assets and Liabilities****( in per cent)**

<b>Period</b>	<b>2003PR</b>	<b>2004PR</b>	<b>2005PR</b>	<b>2006P</b>
<b>A. Assets</b>				
1. Direct Investment Abroad	6.09	5.63	5.98	6.59
2. Portfolio Investment	0.82	0.55	0.48	0.70
3. Other Investment	13.48	11.83	9.75	9.91
4. Reserve Assets	79.61	81.98	83.78	82.80
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>B. Liabilities</b>				
1. Direct Investment	20.01	20.85	20.84	21.93
2. Portfolio Investment	20.77	23.86	26.42	27.64
3. Other Investment	59.22	55.29	52.74	50.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Note- PR: Partially revised; P: Provisional [figures in the Table have been compiled based on InIP estimates in terms of US \$ Million]

#### **IV. External Debt Liabilities vis-à-vis External Non-Debt Liabilities**

The share of non-debt liabilities to total external liabilities continued to increase for all the years under study.

**Table 4. External Debt vis-à-vis External Non-Debt Liabilities****( in per cent)**

<b>Period</b>	<b>2003PR</b>	<b>2004PR</b>	<b>2005PR</b>	<b>2006P</b>
Non-Debt Liabilities	32.88	39.38	41.27	45.63
Debt Liabilities	67.12	60.62	58.73	54.37
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Note- PR: Partially revised; P: Provisional [figures in the Table have been compiled based on InIP estimates in terms of US \$ Million]