



RESERVE BANK OF INDIA

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**RBI releases data on India's International Investment
Position for Quarter ending June 2006**

Highlights

I. Overall International Investment Position

(1) The net InIP, which declined by around US\$ 6 billion from end-March 2005 to end-March 2006, had improved by around US\$ 2.6 billion as on end-June 2006 mainly due to the increase in Reserve Assets (Table I).

Table I. Overall International Investment Position

(in US \$ billion)

Period	March-05(PR)	March-06(PR)	June-06(P)
International Investment Position, net	-41.20	-47.19	-44.64
A. Assets	168.83	184.02	193.58
1. Direct Investment Abroad	10.03	12.96	13.63
2. Portfolio Investment	0.81	1.29	1.08
2.1 Equity Securities	0.40	0.65	0.49
2.2 Debt Securities	0.41	0.64	0.59
3. Other Investment	16.48	18.15	15.95
3.1 Trade Credits	2.77	0.96	2.04
3.2 Loans	1.87	2.55	1.60
3.3 Currency and Deposits	8.44	11.17	8.85
3.4 Other Assets	3.40	3.47	3.47
4. Reserve Assets	141.51	151.62	162.91
B. Liabilities	210.03	231.21	238.21
1. Direct Investment	44.01	50.65	51.46
2. Portfolio Investment	55.69	64.55	64.75
2.1 Equity Securities	43.16	54.74	52.46
2.2 Debt securities	12.53	9.81	12.29
3. Other Investment	110.33	116.00	122.00
3.1 Trade Credits	9.56	10.50	10.90
3.2 Loans	65.75	68.23	70.74
3.3 Currency and Deposits	33.64	36.16	39.15
3.4 Other Liabilities	1.39	1.11	1.21

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 and witnessed an increase of US\$ 11.3 billion as at end-June 2006 over end-March 2006 level. Direct Investment abroad increased by US \$ 0.67 billion whereas both the portfolio investment and other investment declined by US \$0.2 billion and US \$ 2.2 billion, respectively, as at end-June 2006 over at end-March 2006 level.
- (3) Total reserve assets as on end-June 2006 exceeded the entire external debt (US \$ 132.2 billion at the same reference period) by around US \$ 30.7 billion.

II. Composition of External Assets and Liabilities

- (1) The major part of country's external assets is in the form of reserve assets (Table II). The share of reserve assets in total external assets of the country had marginally decreased from 83.8 per cent as on end-March 2005 to 82.4 per cent as on end-March 2006. However, it increased to 84.2 per cent as on end-June 2006.
- (2) As at end-June 2006, around 7.6 per cent of the country's external assets were in the form of Direct & Portfolio Investments.
- (3) Around 51.2 per cent of the country's external liabilities were in the nature of other investments, i.e., trade credit, loans, currency & deposits and other liabilities as at end-June 2006.

Table II. Composition of External Assets and Liabilities

(in per cent)

Period	March-05(PR)	March-06(PR)	June-06(P)
A. Assets			
1. Direct Investment Abroad	5.94	7.04	7.04
2. Portfolio Investment	0.48	0.70	0.56
3. Other Investment	9.76	9.86	8.24
4. Reserve Assets	83.82	82.39	84.16
Total	100.00	100.00	100.00
B. Liabilities			
1. Direct Investment	20.96	21.91	21.60
2. Portfolio Investment	26.51	27.92	27.18
3. Other Investment	52.53	50.17	51.22
Total	100.00	100.00	100.00

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

III. External Debt Liabilities vis-à-vis External Non-Debt Liabilities

The share of non-debt liabilities to total external liabilities increased for end-March 2006 over end-March 2005 (Table III). However, it had declined marginally on account of corresponding decrease in Equity Securities investment under Portfolio Liabilities during April – June 2006 to 43.6 per cent as at end-June 2006 from 45.6 per cent as at end-March 2006.

Table III. Share of External Debt and non-Debt Liabilities

(in per cent)

Period	March-05(PR)	March-06(PR)	June-06(P)
Non-Debt Liabilities	41.50	45.58	43.63
Debt Liabilities	58.50	54.42	56.37
Total	100.00	100.00	100.00

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

The International Investment Position (InIP), compiled at the end of a specific period such as end-March, is a 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 (including 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.

As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on InIP are to be disseminated on annual – though quarterly dissemination is encouraged - basis with a time lag of two quarters. The Reserve Bank of India releases InIP of India annually as at end-March. The InIP of India as at end-March 2006 was released in September 2006. Now, for the first time, the quarterly InIP of India as at end-June 2006 has been compiled.

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