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March 23, 2007

## **International Investment Position (InIP) of India as at the end of September 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.

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-March and the InIP of India as at the end-March 2006 was last released in September 2006. For the first time, compilation of the InIP of India has been done on quarterly basis also, for quarter end-June 2006 which was released on January 24, 2007 on RBI website. The quarterly InIP of India as at the end of September 2006 has been compiled now and the major highlights are summarised below:

### **I. Overall International Investment Position**

- (1) The net InIP of India as at end-September 2006, placed at US\$ -45.89 billion, was higher by around US\$ 2 billion over end-March 2006. The increase was mainly due to growth in Reserve Assets as well as 'Trade Credit' component of Other Investment (Table I). The net InIP of India for end-March 2006, placed at US\$ -47.83 billion, was lower by around US\$ 6 billion than end-March 2005.
- (2) Reserve assets remained the most dominant component of the external assets. However, it has registered a much lower growth (of US\$ 2.39 billion) at the end-September 2006 over end-June 2006 as compared to growth of US\$ 11.29 billion at end-June 2006 over end-March 2006. Direct Investment abroad increased by around US\$ 0.81 billion as at the end-September 2006 over end-June 2006.

Table I. Overall International Investment Position

(in US \$ billion)

Period	March 05 (PR)	March 06 (PR)	June 06 (PR)	September 06 (P)
<b>Net InIP</b>	<b>-41.82</b>	<b>-47.83</b>	<b>-46.44</b>	<b>-45.89</b>
<b>A. Assets</b>	<b>168.21</b>	<b>183.45</b>	<b>191.81</b>	<b>199.86</b>
1. Direct Investment Abroad	10.03	12.96	13.63	14.44
2. Portfolio Investment	0.81	1.29	1.08	1.19
2.1 Equity Securities	0.40	0.65	0.49	0.54
2.2 Debt Securities	0.41	0.64	0.59	0.65
3. Other Investment	15.86	17.58	14.19	18.93
3.1 Trade Credits	2.16	0.39	0.28	2.76
3.2 Loans	1.87	2.55	1.60	2.27
3.3 Currency and Deposits	8.43	11.17	8.85	10.30
3.4 Other Assets	3.40	3.47	3.46	3.60
4. Reserve Assets	141.51	151.62	162.91	165.30
<b>B. Liabilities</b>	<b>210.03</b>	<b>231.28</b>	<b>238.25</b>	<b>245.75</b>
1. Direct Investment	44.02	50.68	51.46	54.90
2. Portfolio Investment	55.69	64.62	64.82	67.37
2.1 Equity Securities	43.16	54.74	52.47	54.78
2.2 Debt securities	12.53	9.88	12.35	12.59
3. Other Investment	110.32	115.98	121.98	123.49
3.1 Trade Credits	9.56	10.50	10.91	12.36
3.2 Loans	65.74	68.20	70.74	72.20
3.3 Currency and Deposits	33.64	36.16	39.15	37.55
3.4 Other Liabilities	1.39	1.11	1.18	1.38

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

- (3) Total reserve assets as at end-September 2006 exceeded the entire external debt (US \$ 136.5 billion at the same reference period) by around US\$ 28.8 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 84.9 per cent as at end-June 2006 to 82.7 per cent as at end-September 2006. It remained between 82 per cent to 85 per cent during the period under review.
- (2) As at end-September 2006, around 7.8 per cent of the country's external assets were in the form of Direct & Portfolio Investments. Also, around 9.5 per cent of total external assets were attributed to Other Investment.
- (3) Around 50.3 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-September 2006. In the total external liabilities of the country, loan and 'currency & deposits' were having 29.4 per cent and 15.3 per cent share, respectively whereas the trade credit had accounted for around 5 per cent share.

Table II. Composition of External Assets and Liabilities

(in per cent)

Period	March 05 (PR)	March 06 (PR)	June 06 (PR)	September 06 (P)
<b>A. Assets</b>				
1. Direct Investment Abroad	5.96	7.07	7.11	7.22
2. Portfolio Investment	0.48	0.70	0.56	0.60
3. Other Investment	9.43	9.58	7.40	9.47
4. Reserve Assets	84.13	82.65	84.93	82.71
<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	20.96	21.91	21.60	22.34
2. Portfolio Investment	26.51	27.94	27.20	27.41
3. Other Investment	52.53	50.15	51.20	50.25
<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]

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

The share of non-debt liabilities to total external liabilities was placed at 44.63 per cent as at end-September 2006 and it remained in between 41 per cent to 46 per cent of total external liabilities during the period under review (Table III).

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

(in per cent)

Period	March 05(PR)	March 06(PR)	June 06(PR)	September 06(P)
Non-Debt Liabilities	41.50	45.58	43.62	44.63
Debt Liabilities	58.50	54.42	56.38	55.37
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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Press Release : 2006-2007/1290

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