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**International Investment Position (IIP) of India as at the end-December 2006**

The International Investment Position (IIP), 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 IIP are to be disseminated on annual (quarterly encouraged) basis with a time lag of two quarters. The IIP of India is disseminated annually as at end-March by end-September of reference period. The IIP of India as at end-March 2006 was last released on September 29, 2006. Quarterly data on IIP are also being released since quarter end-June 2006. The IIP of India as at end-September 2006 was published on March 23, 2007. The quarterly IIP of India as at end-December 2006 has been compiled now and the highlights are summarized below:

**Overall International Investment Position**

- (1) The net IIP (Assets – Liabilities) of India as at end-December 2006, placed at US\$ -43.23 billion, improved by around US\$ 4.57 billion over end-September 2006. The improvement was mainly due to growth in Reserve Assets, Direct Investment abroad, Trade Credits and Currency and Deposits (Table I).
- (2) Reserve Assets remained the most dominant component of the external assets, registering an increase of US\$ 11.95 as at end-December 2006 over end-September 2006. Direct Investment abroad, Trade Credits and Currency and Deposits increased by US\$ 6.39 billion, US\$ 3.86 billion and US\$ 2.54 billion respectively, as at end-December 2006 over as at end-September 2006.

Table I. Overall International Investment Position

(In US \$ billion)

Period	March 05 (PR)	March 06 (PR)	June 06 (PR)	September 06 (PR)	December 06 (P)
<b>Net IIP (Assets – Liabilities)</b>	<b>-41.82</b>	<b>-47.86</b>	<b>-45.17</b>	<b>-47.79</b>	<b>-43.23</b>
<b>A. Assets</b>	<b>168.21</b>	<b>183.45</b>	<b>192.09</b>	<b>198.23</b>	<b>224.51</b>
1. Direct Investment Abroad	10.03	12.96	14.11	15.26	21.65
2. Portfolio Investment	0.81	1.29	1.08	1.19	1.17
2.1 Equity Securities	0.40	0.65	0.49	0.54	0.54
2.2 Debt Securities	0.41	0.64	0.59	0.65	0.62
3. Other Investment	15.86	17.58	13.99	16.47	24.44
3.1 Trade Credits	2.16	0.39	0.08	0.28	4.14
3.2 Loans	1.87	2.55	1.60	2.27	3.63
3.3 Currency and Deposits	8.44	11.17	8.85	10.32	12.86
3.4 Other Assets	3.40	3.47	3.47	3.61	3.82
4. Reserve Assets	141.51	151.62	162.91	165.31	177.25
<b>B. Liabilities</b>	<b>210.03</b>	<b>231.31</b>	<b>237.27</b>	<b>246.01</b>	<b>267.74</b>
1. Direct Investment in India	44.03	50.70	51.58	55.09	65.32
2. Portfolio Investment	55.69	64.63	64.67	67.45	73.62
2.1 Equity Securities	43.16	54.74	52.47	54.78	59.99
2.2 Debt securities	12.53	9.89	12.21	12.68	13.64
3. Other Investment	110.32	115.98	121.02	123.46	128.79
3.1 Trade Credits	9.56	10.51	10.91	12.41	11.75
3.2 Loans	65.73	68.20	70.74	72.16	76.22
3.3 Currency and Deposits	33.64	36.16	38.19	37.50	39.37
3.4 Other Liabilities	1.39	1.11	1.18	1.39	1.45

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

- (3) Total Reserve Assets as at end-December 2006 exceeded the entire external debt (US\$ 142.7 billion at the same reference period) by around US\$ 34.55 billion.

## II. Composition of External Assets and Liabilities

- (1) The major part of country's external assets is in the form of Reserve Assets followed by Other investment and Direct investment Abroad (Table II). However, the share of Reserve Assets in total external assets of the country declined from 83.39 per cent as at end-September 2006 to 78.95 per cent as at end-December 2006. It remained between 78 per cent and 85 per cent over the period under study.

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

<b>Period</b>	<b>March 05 (PR)</b>	<b>March 06 (PR)</b>	<b>June 06 (PR)</b>	<b>September 06 (PR)</b>	<b>December 06 (P)</b>
<b>A. Assets</b>					
1. Direct Investment Abroad	5.96	7.06	7.35	7.70	9.64
2. Portfolio Investment	0.48	0.71	0.56	0.60	0.52
3. Other Investment	9.43	9.58	7.28	8.31	10.89
4. Reserve Assets	84.13	82.65	84.81	83.39	78.95
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>B. Liabilities</b>					
1. Direct Investment in India	20.95	21.92	21.74	22.39	24.40
2. Portfolio Investment	26.52	27.94	27.25	27.43	27.50
3. Other Investment	52.53	50.14	51.01	50.18	48.10
<b>Total</b>	<b>100.00</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 IIP estimates in terms of US \$ Million]

- (2) Around 48.10 per cent of the country's external liabilities were in the nature of Other Investments, i.e. trade credits, loans, currency & deposits and other liabilities, as at end-December 2006. In the total external liabilities of the country, loan and 'currency & deposits' were having 28.47 per cent and 14.7 per cent share respectively whereas trade credit had accounted for around 4.39 per cent share as at end-December 2006.

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

The share of non-debt liabilities to total external liabilities increased from 44.66 per cent as at end-September 2006 to 46.80 per cent as at end-December 2006, which may be attributed to the growth in direct investment and portfolio equity securities investment in India (around 18.5 per cent and 9.5 per cent respectively) during end-December 2006 over end-September 2006.

**Table III. Share of External Debt and Non-Debt Liabilities****(in per cent)**

<b>Period</b>	<b>March 05 (PR)</b>	<b>March 06 (PR)</b>	<b>June 06 (PR)</b>	<b>September 06 (PR)</b>	<b>December 06 (PR)</b>
Non-Debt Liabilities	41.51	45.58	43.85	44.66	46.80
Debt Liabilities	58.49	54.42	56.15	55.34	53.20
<b>Total</b>	<b>100.00</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 IIP estimates in terms of US \$ Million]

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