



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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International Investment Position (IIP) of India as at end-September 2007

The Reserve Bank of India today released the International Investment Position of India as at end-September 2007. 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. India disseminates data on IIP once every quarter with a lag of less than two quarters since June 2006.

Highlights of IIP as at end-September 2007

I. Overall International Investment Position

(1) The net IIP (Assets – Liabilities) of India had resulted in net claims of non-residents to India (resulting largely from Portfolio & Direct Investment in India and external commercial loans), which declined by US\$ 11.51 billion to US\$ 68.72 billion as at end-September 2007 from a level of US\$ 80.23 billion as at end-June 2007 (Table I).

(2) Among the external financial assets, Reserve Assets had registered an increase of US\$ 34.41 billion as at end-September 2007 over the end-June 2007, followed by Other Investment (mainly trade credit), which witnessed an increase of US \$ 4.81 billion during the same period.

Table I. Overall International Investment Position

| Period | Mar. 05 (R) | Mar. 06 (PR) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (P) |
|-------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Net IIP | -53.91 | -59.77 | -58.45 | -62.30 | -58.30 | -62.35 | -80.23 | -68.72 |
| A. Assets | 165.69 | 183.97 | 192.83 | 199.91 | 230.03 | 245.29 | 261.80 | 302.23 |
| 1. Direct Investment | 10.03 | 15.90 | 17.27 | 18.66 | 25.30 | 29.41 | 33.96 | 35.38 |
| 2. Portfolio Investment | 0.47 | 0.97 | 0.76 | 0.87 | 0.85 | 0.79 | 0.79 | 0.58 |
| 2.1 Equity Securities | 0.24 | 0.50 | 0.33 | 0.38 | 0.39 | 0.38 | 0.41 | 0.40 |
| 2.2 Debt Securities | 0.23 | 0.48 | 0.43 | 0.49 | 0.46 | 0.41 | 0.38 | 0.18 |
| 3. Other Investment | 13.68 | 15.48 | 11.89 | 15.06 | 26.63 | 15.91 | 13.69 | 18.50 |
| 3.1 Trade Credits | 1.08 | -0.28 | -0.60 | 0.20 | 2.66 | 0.57 | -0.64 | 3.69 |
| 3.2 Loans | 1.86 | 2.43 | 1.49 | 2.14 | 3.66 | 3.02 | 2.02 | 3.83 |
| 3.3 Currency & Deposits | 7.31 | 10.01 | 7.68 | 9.27 | 16.66 | 8.11 | 8.14 | 6.60 |
| 3.4 Other Assets | 3.43 | 3.31 | 3.32 | 3.45 | 3.66 | 4.21 | 4.18 | 4.39 |
| 4. Reserve Assets | 141.51 | 151.62 | 162.91 | 165.31 | 177.25 | 199.18 | 213.35 | 247.76 |
| B. Liabilities | 219.61 | 243.74 | 251.27 | 262.20 | 288.33 | 307.65 | 342.03 | 370.95 |
| 1. Direct Investment | 44.46 | 52.36 | 53.72 | 58.14 | 69.57 | 76.24 | 87.61 | 93.48 |
| 2. Portfolio Investment | 55.96 | 64.28 | 64.32 | 67.51 | 73.65 | 79.54 | 93.90 | 108.31 |
| 2.1 Equity Securities | 43.16 | 54.74 | 52.47 | 54.77 | 59.98 | 63.27 | 75.17 | 88.21 |
| 2.2 Debt securities | 12.81 | 9.53 | 11.86 | 12.74 | 13.67 | 16.28 | 18.73 | 20.11 |
| 3. Other Investment | 119.19 | 127.10 | 133.23 | 136.55 | 145.11 | 151.87 | 160.52 | 169.16 |
| 3.1 Trade Credits | 18.31 | 21.24 | 22.42 | 25.04 | 26.88 | 27.59 | 29.76 | 31.95 |
| 3.2 Loans | 66.04 | 67.95 | 70.76 | 71.85 | 76.17 | 80.92 | 85.78 | 90.90 |
| 3.3 Currency & Deposits | 33.64 | 37.31 | 39.37 | 38.80 | 41.19 | 42.30 | 43.81 | 44.76 |
| 3.4 Other Liabilities | 1.19 | 0.60 | 0.68 | 0.87 | 0.87 | 1.06 | 1.16 | 1.55 |

(3) The total Reserve Assets exceeded the entire external debt (US \$ 190.52 billion*) by US \$ 57.25 billion as at end-September 2007.

(4) Regarding external financial liabilities, the Portfolio Investment and Other Investment in India increased by US \$ 14.41 billion and US \$ 8.64 billion respectively, at end-September 2007 over end-June 2007. Further, Direct Investment in India increased by US \$ 5.87 billion to US \$ 93.48 billion as at end-September 2007 from a level of US \$87.61 billion as at end-June 2007.

Note *: As published in External Debt Statistics of India, September 2007, RBI.

II. Composition of External Financial Assets and Liabilities

(1) The major part of country's external financial assets was in the form of Reserve Assets constituting around 82.0 per cent, followed by Direct Investment and Other Investment accounting for 11.7 per cent and 6.1 per cent respectively (Table II).

Table II. Composition of External Financial Assets and Liabilities

(In per cent)

| Period | Mar. 05 (R) | Mar. 06 (PR) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (P) |
|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| A. Assets | | | | | | | | |
| 1. Direct Investment | 6.05 | 8.64 | 8.96 | 9.33 | 11.00 | 11.99 | 12.97 | 11.71 |
| 2. Portfolio Investment | 0.28 | 0.53 | 0.39 | 0.44 | 0.37 | 0.32 | 0.30 | 0.19 |
| 3. Other Investment | 8.26 | 8.41 | 6.17 | 7.53 | 11.58 | 6.49 | 5.23 | 6.12 |
| 4. Reserve Assets | 85.41 | 82.42 | 84.48 | 82.69 | 77.06 | 81.20 | 81.49 | 81.98 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| B. Liabilities | | | | | | | | |
| 1. Direct Investment | 20.24 | 21.48 | 21.38 | 22.17 | 24.13 | 24.78 | 25.61 | 25.20 |
| 2. Portfolio Investment | 25.48 | 26.37 | 25.60 | 25.75 | 25.54 | 25.85 | 27.45 | 29.20 |
| 3. Other Investment | 54.27 | 52.15 | 53.02 | 52.08 | 50.33 | 49.36 | 46.93 | 45.60 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

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

(2) As at end-September 2007, the country's external financial liabilities to the tune of 45.6 per cent were in the form of Other Investment, i.e. trade credits, loans, currency & deposits and other liabilities, followed by Portfolio Investment at 29.2 per cent and Direct Investment at 25.2 per cent. Further, 'loan' and 'currency & deposits' were having 24.5 per cent and 12.1 per cent share respectively, in the total external financial liabilities of the country whereas trade credit had accounted for 8.6 per cent as at end-September 2007.

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

The share of non-debt liabilities to total external financial liabilities increased to 49.0 per cent as at end-September 2007 from 47.6 per cent as at end-June 2007 due to capital inflow under portfolio and direct investments (Table III).

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

(in per cent)

| Period | Mar. 05 (R) | Mar. 06 (PR) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (P) |
|-----------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Non-Debt Liabilities | 39.90 | 43.94 | 42.26 | 43.06 | 44.93 | 45.34 | 47.59 | 48.98 |
| Debt Liabilities | 60.10 | 56.06 | 57.74 | 56.94 | 55.07 | 54.66 | 52.41 | 51.02 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

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

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 including corporate sector. The net international investment position (the stock of external financial assets less the stock of external financial 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 basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006, the IIP is being disseminated on quarterly basis with a lag of less than two quarters. The quarterly IIP as at end-June 2007 was released on RBI website on December 31, 2007.

The IIP series have been revised from March 2005 due to inclusion of suppliers credit of less than 180 days and Foreign Institutional Investors' (FIIs) investment in short term debt instruments under short term debt; and non-resident ordinary (NRO) deposits from quarter ending June 2005 under non-resident Indian (NRI) deposits.

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