


	प्रेस प्रकाशनी PRESS RELEASE
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International Investment Position (IIP) of India as at end-December 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. 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 onwards, the IIP is being disseminated on quarterly basis with a lag of less than two quarters. The quarterly IIP as at end-September 2007 was last released on RBI website on March 19, 2008.

The quarterly IIP of India as at end-December 2007 has been compiled now and the major highlights are summarized below:

I. Overall International Investment Position

(1) The net IIP (Assets – Liabilities) of India resulted in net claims of non-residents to India (resulting largely from Portfolio & Direct Investment in India and external commercial loans), which marginally increased by US\$ 1.23 billion to US\$ 73.90 billion as at end-December 2007 from a level of US\$ 72.67 billion as at end-September 2007 (Table I).

(2) Among external financial assets, the Reserve Assets increased by US\$ 27.56 billion over the end-September 2007 and was at US\$ 275.32 billion at end-December 2007. The Direct Investment abroad witnessed an increase of US \$ 3.57 billion during the same period and was at US\$ 38.95 billion as at end-December 2007.

Table I. Overall International Investment Position

(in US \$ billion)

Period	Mar. 06 (PR)	Jun. 06 (PR)	Sep. 06 (PR)	Dec. 06 (PR)	Mar. 07 (PR)	Jun. 07 (PR)	Sep.07 (PR)	Dec. 07 (P)
Net IIP	-59.77	-59.24	-62.35	-58.45	-62.39	-80.25	-72.67	-73.90
A. Assets	183.97	192.03	199.91	230.03	245.29	261.42	299.83	331.73
1. Direct Investment	15.90	17.27	18.66	25.30	29.41	33.96	35.38	38.95
2. Portfolio Investment	0.97	0.76	0.87	0.85	0.79	0.79	0.58	0.56
2.1 Equity Securities	0.50	0.33	0.38	0.39	0.38	0.41	0.40	0.40
2.2 Debt Securities	0.48	0.43	0.49	0.46	0.41	0.38	0.18	0.16
3. Other Investment	15.48	11.09	15.06	26.63	15.91	13.31	16.11	16.90
3.1 Trade Credits	-0.28	-1.40	0.20	2.66	0.57	-1.02	1.29	2.37
3.2 Loans	2.43	1.49	2.14	3.66	3.02	2.02	3.83	3.09
3.3 Currency & Deposits	10.01	7.68	9.27	16.66	8.11	8.14	6.60	6.91
3.4 Other Assets	3.31	3.32	3.45	3.66	4.21	4.18	4.39	4.52
4. Reserve Assets	151.62	162.91	165.31	177.25	199.18	213.35	247.76	275.32
B. Liabilities	243.74	251.27	262.25	288.48	307.69	341.67	372.50	405.63
1. Direct Investment	52.37	53.73	58.14	69.59	76.23	88.07	94.39	102.38
2. Portfolio Investment	64.28	64.32	67.51	73.65	79.45	93.81	108.50	124.58
2.1 Equity Securities	54.74	52.47	54.77	59.98	63.27	75.17	88.21	103.50
2.2 Debt securities	9.53	11.86	12.74	13.67	16.18	18.65	20.30	21.08
3. Other Investment	127.10	133.22	136.60	145.24	152.01	159.79	169.61	178.68
3.1 Trade Credits	21.21	22.41	25.08	27.01	27.73	29.06	32.35	36.13
3.2 Loans	67.98	70.76	71.85	76.17	80.93	85.75	90.91	97.15
3.3 Currency & Deposits	37.31	39.37	38.80	41.19	42.30	43.81	44.79	44.13
3.4 Other Liabilities	0.60	0.68	0.87	0.87	1.06	1.16	1.55	1.27

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

(3) The Reserve Assets at US \$ 275.32 billion exceeded the entire external debt (US \$ 201.45 billion*) by US \$ 73.87 billion as at end-December 2007.

(4) Regarding external financial liabilities, Portfolio Investment (mainly in Equity Securities) and Direct Investment in India increased by US \$ 16.08 billion and US \$ 7.99 billion respectively, at end-December 2007 over end-September 2007. Further, external commercial loans and trade credits increased by US \$ 6.24 billion and US \$ 3.78 billion respectively during the same period.

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 83.0 per cent, followed by Direct Investment and Other Investment accounting for 11.7 per cent and 5.1 per cent respectively (Table II).

Note *: As published in External Debt Statistics of India, December 2007, MOF, GOI.

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

Period	Mar.06 (PR)	Jun. 06 (PR)	Sep. 06 (PR)	Dec. 06 (PR)	Mar. 07 (PR)	Jun.07 (PR)	Sep. 07 (PR)	Dec. 07 (P)
A. Assets								
1. Direct Investment	8.64	8.99	9.33	11.00	11.99	12.99	11.80	11.74
2. Portfolio Investment	0.53	0.40	0.44	0.37	0.32	0.30	0.19	0.17
3. Other Investment	8.41	5.78	7.53	11.58	6.49	5.09	5.37	5.09
4. Reserve Assets	82.42	84.84	82.69	77.06	81.20	81.61	82.63	83.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
B. Liabilities								
1. Direct Investment	21.49	21.38	22.17	24.12	24.77	25.78	25.34	25.24
2. Portfolio Investment	26.37	25.60	25.74	25.53	25.82	27.46	29.13	30.71
3. Other Investment	52.15	53.02	52.09	50.35	49.40	46.77	45.53	44.05
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note- 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-December 2007, around 44.1 per cent of country's external financial liabilities were in the form of Other Investment, i.e. trade credits, loans, currency & deposits and other liabilities, followed by Portfolio Investment at 30.7 per cent and Direct Investment at 25.2 per cent. Further, 'loan' and 'currency & deposits' were having 24.0 per cent and 10.9 per cent share respectively, in the total external financial liabilities of the country whereas trade credit accounted for 8.9 per cent as at end-December 2007.

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

The share of non-debt liabilities to total external financial liabilities has witnessed an increasing trend since end-June 2006. It has increased from 42.3 per cent as at end June 2006 to 50.8 per cent as at end-December 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. 06 (PR)	Jun. 06 (PR)	Sep. 06 (PR)	Dec. 06 (PR)	Mar. 07 (PR)	Jun. 07 (PR)	Sep. 07 (PR)	Dec. 07 (P)
Non-Debt Liabilities	43.94	42.26	43.06	44.91	45.34	47.78	49.02	50.75
Debt Liabilities	56.06	57.74	56.94	55.09	54.66	52.22	50.98	49.25
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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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