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| | प्रेस प्रकाशनी PRESS RELEASE |
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International Investment Position of India as at the end of March 2008

The Reserve Bank of India today released on its website its annual International Investment Position (IIP) as at the end of March 2008.

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-December 2007 was last released on RBI website on June 18, 2008.

IIP as at the end of March 2008

Highlights:

I. Overall International Investment Position

- (1) The net IIP (Assets – Liabilities) of India as at end-March 2008 resulted in net claim of non-residents on India, lower by US\$ 8.95 billion at US\$ 53.01 billion from a level of US\$ 61.96 billion as at end-March 2007 (Table I). The decline in net claim of non-residents on India resulted due to increase in Reserve Assets and loan assets of banking sector. The net claim of non-residents on India as at end-December 2007 was at US\$ 78.64 billion.
- (2) Among external financial assets, the Reserve Assets registered an increase of US\$ 110.54 billion over the end-March 2007 and stood at US\$ 309.72 billion at end-March 2008. Direct Investment abroad increased by US\$ 16.78 billion during the same period and was at US\$ 46.19 billion as at end-March 2008. Other Investment grew by US\$ 8.33 billion, mainly due to the increase in the loan extended to non-residents by banking sector.

Table I. Overall International Investment Position

(US \$ billion)

| Period | Mar. 06 (R) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (PR) | Dec. 07 (PR) | Mar. 08 (P) |
|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Net IIP | -60.00 | -59.46 | -62.56 | -58.68 | -61.96 | -80.73 | -75.20 | -78.64 | -53.01 |
| A. Assets | 184.16 | 192.22 | 200.10 | 230.22 | 245.99 | 261.89 | 300.14 | 331.02 | 381.45 |
| 1. Direct Investment | 15.90 | 17.27 | 18.66 | 25.30 | 29.41 | 33.73 | 35.16 | 38.82 | 46.19 |
| 2. Portfolio Investment | 1.24 | 1.02 | 1.14 | 1.11 | 0.93 | 0.93 | 0.72 | 0.70 | 0.73 |
| 2.1 Equity Securities | 0.76 | 0.60 | 0.65 | 0.65 | 0.52 | 0.56 | 0.55 | 0.55 | 0.64 |
| 2.2 Debt Securities | 0.47 | 0.43 | 0.49 | 0.46 | 0.41 | 0.38 | 0.17 | 0.16 | 0.09 |
| 3. Other Investment | 15.40 | 11.02 | 14.99 | 26.56 | 16.47 | 13.87 | 16.51 | 16.18 | 24.80 |
| 3.1 Trade Credits | -0.28 | -1.40 | 0.20 | 2.66 | 0.57 | -1.02 | 1.13 | 1.07 | 0.85 |
| 3.2 Loans | 2.45 | 1.52 | 2.16 | 3.68 | 3.15 | 2.15 | 3.96 | 3.22 | 10.51 |
| 3.3 Currency & Deposits | 9.79 | 7.47 | 9.05 | 16.44 | 8.51 | 8.55 | 7.00 | 7.34 | 8.23 |
| 3.4 Other Assets | 3.44 | 3.44 | 3.57 | 3.79 | 4.23 | 4.20 | 4.41 | 4.55 | 5.21 |
| 4. Reserve Assets | 151.62 | 162.91 | 165.31 | 177.25 | 199.18 | 213.35 | 247.76 | 275.32 | 309.72 |
| B. Liabilities | 244.16 | 251.68 | 262.66 | 288.90 | 307.95 | 342.62 | 375.35 | 409.66 | 434.45 |
| 1. Direct Investment | 52.37 | 53.73 | 58.14 | 69.61 | 76.25 | 88.33 | 94.89 | 103.09 | 115.51 |
| 2. Portfolio Investment | 64.28 | 64.32 | 67.51 | 73.65 | 79.45 | 93.81 | 108.50 | 124.58 | 119.45 |
| 2.1 Equity Securities | 54.74 | 52.47 | 54.77 | 59.98 | 63.27 | 75.17 | 88.21 | 103.50 | 98.28 |
| 2.2 Debt securities | 9.53 | 11.86 | 12.74 | 13.67 | 16.18 | 18.65 | 20.30 | 21.08 | 21.17 |
| 3. Other Investment | 127.51 | 133.63 | 137.00 | 145.64 | 152.26 | 160.48 | 171.95 | 181.99 | 199.49 |
| 3.1 Trade Credits | 21.21 | 22.41 | 25.08 | 27.01 | 27.73 | 29.49 | 34.43 | 39.15 | 45.71 |
| 3.2 Loans | 67.98 | 70.76 | 71.85 | 76.15 | 80.91 | 85.73 | 90.88 | 97.14 | 106.43 |
| 3.3 Currency & Deposits | 37.31 | 39.37 | 38.80 | 41.19 | 42.30 | 43.81 | 44.79 | 44.13 | 44.79 |
| 3.4 Other Liabilities | 1.01 | 1.08 | 1.27 | 1.28 | 1.33 | 1.45 | 1.84 | 1.57 | 2.56 |

Note- R: Revised; 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\$ 309.72 billion exceeded the entire external debt (US\$ 221.21 billion*) by US\$ 88.51 billion as at end-March 2008.
- (4) Regarding external financial liabilities, Portfolio Investment (mainly covering Equity Securities) and Direct Investment in India increased by US\$ 40 billion and US\$ 39.26 billion respectively, at end-March 2008 over end-March 2007. Portfolio Equity Investment at end-March 2008, however, declined by US\$ 5.22 billion from US\$ 103.50 billion as at end-December 2007. Further, loans and trade credits components of 'Other Investment' in India increased by US\$ 25.52 billion and US\$ 17.98 billion respectively during end-March 2008 over end-March 2007.

Note *: As published in External Debt Statistics of India, March 2008, RBI.

II. Ratios of External Financial Assets and Liabilities to Gross Domestic Product (GDP at current market prices)

- (1) The ratio of net IIP of India to GDP was -4.5 per cent as at end-March 2008 as compared with -6.5 per cent as at end-March 2007 (Table II).

- (2) The total external financial assets to GDP (at current prices) ratio increased to 32.4 per cent as at end-March 2008 from 25.9 per cent as at end-March 2007. The Reserve Assets to GDP ratio stood at 26.3 per cent as at end-March 2008 as compared to 20.9 per cent as at end-March 2007.
- (3) The ratio of total external financial liabilities to GDP increased from 32.4 per cent as at end-March 2007 to 36.9 per cent as at end-March 2008.

Table II. Ratios of External financial Assets and Liabilities to Gross Domestic Products (GDP at current market prices)

(per cent)

| Period | March 06 (R) | March 07 (PR) | March 08 (P) |
|---------------------------------------|-----------------|------------------|-----------------|
| Net IIP (Assets - Liabilities) | -7.47 | -6.52 | -4.50 |
| A. Assets | 22.94 | 25.87 | 32.36 |
| 1. Direct Investment | 1.98 | 3.09 | 3.92 |
| 2. Portfolio Investment | 0.15 | 0.10 | 0.06 |
| 2.1 Equity Securities | 0.09 | 0.06 | 0.05 |
| 2.2 Debt Securities | 0.06 | 0.04 | 0.01 |
| 3. Other Investment | 1.92 | 1.73 | 2.10 |
| 3.1 Trade Credits | -0.04 | 0.06 | 0.07 |
| 3.2 Loans | 0.31 | 0.33 | 0.89 |
| 3.3 Currency & Deposits | 1.22 | 0.90 | 0.70 |
| 3.4 Other Assets | 0.43 | 0.44 | 0.44 |
| 4. Reserve Assets | 18.89 | 20.94 | 26.28 |
| B. Liabilities | 30.42 | 32.38 | 36.86 |
| 1. Direct Investment | 6.52 | 8.02 | 9.80 |
| 2. Portfolio Investment | 8.01 | 8.35 | 10.13 |
| 2.1 Equity Securities | 6.82 | 6.65 | 8.34 |
| 2.2 Debt securities | 1.19 | 1.70 | 1.80 |
| 3. Other Investment | 15.89 | 16.01 | 16.92 |
| 3.1 Trade Credits | 2.64 | 2.92 | 3.88 |
| 3.2 Loans | 8.47 | 8.51 | 9.03 |
| 3.3 Currency & Deposits | 4.65 | 4.45 | 3.80 |
| 3.4 Other Liabilities | 0.13 | 0.14 | 0.22 |

Note- R: Revised; PR: Partially revised; P: Provisional;

[figures in the Table have been compiled based on IIP estimates in terms of US\$ Million]

- (4) Among the external financial liabilities, the ratio to GDP, of all the three components, i.e. Direct Investment, Portfolio Investment and Other Investment witnessed an increasing trend from end-March 2006 to end-March 2008.

III. Composition of External Financial Assets and Liabilities

- (1) As at end-March 2008, of the total external financial assets, Reserve Assets accounted for around 81.2 per cent, followed by Direct Investment and Other Investment accounting for 12.1 per cent and 6.5 per cent respectively (Table III).

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

| Period | Mar. 06 (R) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (PR) | Dec. 07 (PR) | Mar. 08 (P) |
|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| A. Assets | | | | | | | | | |
| 1. Direct Investment | 8.63 | 8.98 | 9.33 | 10.99 | 11.96 | 12.88 | 11.71 | 11.73 | 12.11 |
| 2. Portfolio Investment | 0.67 | 0.53 | 0.57 | 0.48 | 0.38 | 0.36 | 0.24 | 0.21 | 0.19 |
| 3. Other Investment | 8.36 | 5.73 | 7.49 | 11.54 | 6.69 | 5.30 | 5.50 | 4.89 | 6.50 |
| 4. Reserve Assets | 82.33 | 84.75 | 82.61 | 76.99 | 80.97 | 81.47 | 82.55 | 83.17 | 81.20 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| B. Liabilities | | | | | | | | | |
| 1. Direct Investment | 21.45 | 21.35 | 22.14 | 24.09 | 24.76 | 25.78 | 25.28 | 25.16 | 26.59 |
| 2. Portfolio Investment | 26.33 | 25.56 | 25.70 | 25.49 | 25.80 | 27.38 | 28.91 | 30.41 | 27.49 |
| 3. Other Investment | 52.23 | 53.09 | 52.16 | 50.41 | 49.44 | 46.84 | 45.81 | 44.43 | 45.92 |
| Total | 100.00 | 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-March 2008, around 45.9 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 and Direct Investment accounting for 27.5 per cent and 26.6 per cent respectively. Further, 'loan' and trade credit had 24.5 per cent and 10.5 per cent share respectively, in the total external financial liabilities of the country, whereas 'currency & deposits' accounted for 10.3 per cent.

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

The share of non-debt liabilities to total external financial liabilities which increased continuously from 40.9 per cent as at end-June 2006 to 49.4 per cent as at end-December 2007, declined to 48.2 per cent as at end-March 2008.

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

| Period | Mar. 06 (R) | Jun. 06 (PR) | Sep. 06 (PR) | Dec. 06 (PR) | Mar. 07 (PR) | Jun. 07 (PR) | Sep. 07 (PR) | Dec. 07 (PR) | Mar. 08 (P) |
|-----------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Non-Debt Liabilities | 42.52 | 40.87 | 41.72 | 43.63 | 44.07 | 46.59 | 47.70 | 49.40 | 48.20 |
| Debt Liabilities | 57.48 | 59.13 | 58.28 | 56.37 | 55.93 | 53.41 | 52.30 | 50.60 | 51.80 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

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