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International Investment Position (IIP) of India as at the end of June 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-March 2008 was last released on RBI website on August 28, 2008.

The quarterly IIP of India as at end-June 2008 has been compiled now and the major highlights are summarized below:

I. Overall International Investment Position

- (1) The net IIP (Assets – Liabilities) of India as at end-June 2008 resulting in net claim of non-residents on India, declined by US\$ 3.39 billion to US\$ 49.12 billion from a level of US\$ 52.51 billion as at end-March 2008 (Table I).
- (2) The total external financial assets declined by US\$ 3.81 billion to US\$ 377.63 billion as at end-June 2008 over the previous quarter mainly due to decrease in external loan extended through NOSTRO Accounts by the banking sector to the tune of US\$ 8.46 billion.
- (3) Among the other components of external financial assets, the Reserve Assets registered an increase of US\$ 2.37 billion over the end-March 2008 and stood at US\$ 312.09 billion at end-June 2008. Direct Investment abroad increased by US\$ 2.02 billion during the same period and was at US\$ 48.21 billion as at end-June 2008.

Table I. Overall International Investment Position

(US \$ billion)

Period	Jun. 06 (R)	Sep. 06 (PR)	Dec. 06 (PR)	Mar. 07 (PR)	Jun. 07 (PR)	Sep. 07 (PR)	Dec. 07 (PR)	Mar. 08 (PR)	Jun. 08 (P)
Net IIP	-59.46	-62.56	-58.68	-61.96	-80.73	-75.20	-77.35	-52.51	-49.12
A. Assets	192.22	200.10	230.22	245.99	261.89	300.14	331.02	381.45	377.63
1. Direct Investment	17.27	18.66	25.30	29.41	33.73	35.16	38.82	46.19	48.21
2. Portfolio Investment	1.02	1.14	1.11	0.93	0.93	0.72	0.70	0.73	0.70
2.1 <i>Equity Securities</i>	0.60	0.65	0.65	0.52	0.56	0.55	0.55	0.64	0.62
2.2 <i>Debt Securities</i>	0.43	0.49	0.46	0.41	0.38	0.17	0.16	0.09	0.07
3. Other Investment	11.02	14.99	26.56	16.47	13.87	16.51	16.18	24.80	16.64
3.1 <i>Trade Credits</i>	-1.40	0.20	2.66	0.57	-1.02	1.13	1.07	0.85	1.95
3.2 <i>Loans</i>	1.52	2.16	3.68	3.15	2.15	3.96	3.22	10.51	2.06
3.3 <i>Currency & Deposits</i>	7.47	9.05	16.44	8.51	8.55	7.00	7.34	8.23	6.39
3.4 <i>Other Assets</i>	3.44	3.57	3.79	4.23	4.20	4.41	4.55	5.21	6.24
4. Reserve Assets	162.91	165.31	177.25	199.18	213.35	247.76	275.32	309.72	312.09
B. Liabilities	251.68	262.66	288.90	307.95	342.62	375.35	408.37	433.96	426.76
1. Direct Investment	53.73	58.14	69.61	76.25	88.33	94.90	103.08	115.51	119.54
2. Portfolio Investment	64.32	67.51	73.65	79.45	93.81	108.50	124.58	119.45	107.98
2.1 <i>Equity Securities</i>	52.47	54.77	59.98	63.27	75.17	88.21	103.50	98.28	87.44
2.2 <i>Debt securities</i>	11.86	12.74	13.67	16.18	18.65	20.30	21.08	21.17	20.54
3. Other Investment	133.63	137.00	145.64	152.26	160.48	171.94	180.72	199.01	199.24
3.1 <i>Trade Credits</i>	22.41	25.08	27.01	27.73	29.49	34.43	37.86	45.22	47.28
3.2 <i>Loans</i>	70.76	71.85	76.15	80.91	85.73	90.88	97.15	106.44	106.52
3.3 <i>Currency & Deposits</i>	39.37	38.80	41.19	42.30	43.81	44.79	44.13	44.79	43.59
3.4 <i>Other Liabilities</i>	1.08	1.27	1.28	1.33	1.45	1.84	1.57	2.56	1.85

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) The total external financial liabilities declined by US\$ 7.2 billion over the previous quarter and stood at US\$ 426.76 billion as at end-June 2008. This decline was mainly attributed to outflow by FIIs from Portfolio equity investment during April-June 2008 and also effect of valuation changes.
- (5) Direct Investment in India increased by US\$ 4.03 billion at end-June 2008 over end-March 2008. Further, trade credits, component of 'Other Investment' in India, increased by US\$ 2.06 billion during end-June 2008 over end-March 2008, mainly due to increase in short term trade credit (US\$ 2.17 billion).
- (6) The Reserve Assets stood at US\$ 312.09 billion exceeding the entire external debt (US\$ 221.30 billion*) by US\$ 90.79 billion as at end-June 2008.

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

II. Composition of External Financial Assets and Liabilities

- (1) As at end-June 2008, of the total external financial assets, Reserve Assets accounted for around 82.6 per cent, followed by Direct Investment and Other Investment accounting for 12.8 per cent and 4.4 per cent respectively (Table II).

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