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International Investment Position (IIP) of India as at the end of December 2008

The [International Investment Position \(IIP\)](#), compiled at the end of a specific period, 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 2008](#) was released on RBI website on March 19, 2009.

The quarterly IIP of India as at [end-December 2008](#) has been compiled now and the major highlights are summarized below:

I. Overall International Investment Position

- ❖ Net claim of non-residents on India as reflected by the net IIP (Assets – Liabilities) of India as at end-December 2008, increased by US\$ 14.6 billion to US\$ 80.1 billion from US\$ 65.5 billion as at end-September 2008 (Table I).
- ❖ The total external financial assets declined by US\$ 16.7 billion to US\$ 340.3 billion as at end-December 2008 over the previous quarter mainly due to fall in Reserve Assets to the tune of US\$ 30.4 billion.
- ❖ Among the other components of external financial assets, Other Investment increased by US\$ 7.8 billion over the end-September 2008 and stood at US\$ 21.9 billion at end-December 2008. Direct Investment abroad increased by US\$ 5.9 billion over the previous quarter to US\$ 61.8 billion as at end-December 2008.

Table I. Overall International Investment Position

(US \$ billion)

Period	Dec. 06 (R)	Mar. 07 (PR)	Jun. 07 (PR)	Sep. 07 (PR)	Dec. 07 (PR)	Mar. 08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec. 08 (P)
Net IIP	-59.0	-61.3	-81.0	-74.6	-73.6	-54.2	-52.6	-65.5	-80.1
A. Assets	231.2	247.6	263.4	303.2	338.5	384.1	377.3	357.0	340.3
1. Direct Investment	26.8	31.0	35.7	38.3	44.1	49.8	52.7	55.9	61.8
2. Portfolio Investment	1.1	0.9	0.9	0.7	0.7	0.7	0.7	0.7	0.6
2.1 Equity Securities	0.7	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2.2 Debt Securities	0.5	0.4	0.4	0.2	0.2	0.1	0.1	0.0	0.0
3. Other Investment	26.1	16.6	13.5	16.4	18.4	23.9	11.8	14.1	21.9
3.1 Trade Credits	2.2	0.7	-1.4	1.1	3.3	-0.1	-2.2	0.6	3.6
3.2 Loans	3.7	3.2	2.2	4.0	3.2	10.5	2.1	1.7	4.4
3.3 Currency & Deposits	16.4	8.5	8.6	7.0	7.3	8.2	6.4	5.5	7.1
3.4 Other Assets	3.8	4.2	4.2	4.4	4.6	5.2	5.6	6.4	6.8
4. Reserve Assets	177.3	199.2	213.4	247.8	275.3	309.7	312.1	286.3	255.9
B. Liabilities	290.2	308.9	344.4	377.7	412.1	438.3	429.9	422.5	420.3
1. Direct Investment	70.3	77.0	89.7	96.8	105.4	118.3	121.9	121.4	123.3
2. Portfolio Investment	73.7	79.4	93.9	108.6	124.8	120.1	108.2	102.1	93.4
2.1 Equity Securities	60.0	63.3	75.3	88.3	103.8	98.6	87.7	80.0	70.8
2.2 Debt securities	13.7	16.2	18.7	20.3	21.0	21.5	20.5	22.1	22.7
3. Other Investment	146.3	152.4	160.9	172.3	181.9	199.9	199.8	199.0	203.6
3.1 Trade Credits	27.0	27.7	29.7	34.3	38.5	45.2	47.5	48.8	45.8
3.2 Loans	76.1	80.8	85.6	90.9	97.3	106.9	106.4	106.7	115.2
3.3 Currency & Deposits	41.2	41.7	43.7	44.8	44.1	44.8	43.6	41.5	41.1
3.4 Other Liabilities	2.0	2.1	1.8	2.3	2.0	3.0	2.3	2.0	1.5

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 total external financial liabilities declined by US\$ 2.2 billion over the previous quarter and stood at US\$ 420.3 billion as at end-December 2008. This decline was mainly attributed to outflow by FII's from Portfolio equity investment during October-December 2008 and also on account of the effect of valuation changes.
- ❖ Loan component of 'Other Investment' in India, increased by US\$ 8.5 billion during quarter end-December 2008 over end-September 2008 and Direct Investment in India increased by US\$ 1.9 billion during the same period. Trade credit, which showed increasing trend over the previous quarters, declined by US\$ 3.0 billion over the previous quarter at US\$ 45.8 billion as at end-December 2008.
- ❖ The Reserve Assets stood at US\$ 255.9 billion exceeding the entire external debt (US\$ 230.8 billion*) by US\$ 25.1 billion as at end-December 2008.

II. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets, declined to 75.2 per cent as at end-December 2008 from 80.2 per cent as at end-September 2008. Direct Investment and Other Investment accounted for 18.2 per cent and 6.4 per cent respectively of the total external financial assets (Table II).

* As published in External Debt Statistics of India, December 2008, MOF, GOI.

Table II. Composition of External Financial Assets and Liabilities

(per cent)

Period	Dec.06 (R)	Mar.07 (PR)	Jun.07 (PR)	Sep.07 (PR)	Dec. 07 (PR)	Mar.08 (PR)	Jun. 08 (PR)	Sep.08 (PR)	Dec.08 (P)
A. Assets									
1. Direct Investment	11.6	12.5	13.5	12.6	13.0	13.0	14.0	15.7	18.2
2. Portfolio Investment	0.5	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2
3. Other Investment	11.3	6.7	5.1	5.4	5.4	6.2	3.1	4.0	6.4
4. Reserve Assets	76.7	80.4	81.0	81.7	81.3	80.6	82.7	80.2	75.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. Liabilities									
1. Direct Investment	24.2	24.9	26.0	25.6	25.6	27.0	28.4	28.7	29.3
2. Portfolio Investment	25.4	25.7	27.3	28.8	30.3	27.4	25.2	24.2	22.2
3. Other Investment	50.4	49.3	46.7	45.6	44.1	45.6	46.5	47.1	48.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

- ❖ As at end-December 2008, nearly 48.4 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. Direct Investment and Portfolio Investment accounted for 29.3 per cent and 22.2 per cent respectively of total external financial liabilities.

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

- ❖ The share of non-debt liabilities to total external financial liabilities declined to 44.9 per cent at end-December 2008 from 46.6 per cent as at end-September 2008 mainly due to equity out flow by FIIs.

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

(per cent)

Period	Dec.06 (R)	Mar.07 (PR)	Jun.07 (PR)	Sep.07 (PR)	Dec. 07 (PR)	Mar.08 (PR)	Jun. 08 (PR)	Sep.08 (PR)	Dec.08 (P)
Non-Debt Liabilities	43.7	44.2	46.8	47.9	49.7	48.5	47.7	46.6	44.9
Debt Liabilities	56.3	55.8	53.3	52.1	50.3	51.5	52.3	53.4	55.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note- R: Revised; 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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