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India's Quarterly International Investment Position (IIP) for September 2011

[International Investment Position \(IIP\)](#) is a statistical statement that shows, at a point in time, the value and the composition of (a) financial assets of residents of an economy that are claims on non-residents and gold bullion held as reserve assets and (b) liabilities of residents of an economy to non-residents. The difference between an economy's external financial assets and liabilities is its net IIP, which may be positive or negative. Such balance sheet analysis of international accounts helps in understanding sustainability and vulnerability and is useful for analysing economic structure, studying the relationship to domestic sources of financing and other policy considerations.

India's Net International Investment Position (IIP) showed an improvement to a net liability of US \$ 224.9 billion at end-September 2011 from US \$ 237.5 billion at [end-June 2011](#). This reduction in net liabilities was led mainly by a reduction of US \$ 16.7 billion in liabilities, which was partially offset by a smaller decline of US \$ 4.1 billion in assets. The decline, however, reflected valuation changes emanating from exchange rate movements.

Following are the highlights of IIP for the [quarter-ended September 2011](#):

I. Overall International Investment Position

(i) Quarterly Variations:

- a. International financial assets stood at US\$ 434.7 billion as at end-September 2011 with a decrease of US\$ 4.1 billion over the previous quarter (Table 1). Reserve assets, which remained the major source, decreased by US\$ 4.2 billion to US\$ 311.5 billion at end-September 2011. Among other sources, Direct Investment abroad moved up by US\$ 2.9 billion during the quarter to US\$ 109.1 billion as at end-September 2011.
- b. International financial liabilities decreased by US\$ 16.7 billion over the previous quarter to US\$ 659.6 billion as at end-September 2011. Direct and portfolio investments in India decreased by US\$ 11.6 billion and US\$ 14.5 billion, respectively. Among other investments, trade credit and loans (mainly ECBs) increased by US\$ 2.9 billion and US\$ 7.5 billion, respectively.
 - Due to rupee depreciation during the quarter, equity liabilities for June 2011 were revised downwards by US\$ 34.3 billion when valued at end-September 2011 exchange rate (US\$ 19.2 billion in Direct investment, US\$ 15.1 billion in Portfolio investment).
- c. Net claims of non-residents on India as reflected by the Net IIP (International financial assets less International financial liabilities) decreased by US\$ 12.6 billion over the previous quarter to US\$ 224.9 billion as at end-September 2011.

- d. The declining trend in the ratio of India's international financial assets to international financial liabilities improved during the latest quarter and the ratio stood at 65.9 per cent in September 2011 (64.9 per cent by June 2011).

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Sep-09 (R)	Dec-09 (PR)	Mar-10 (PR)	Jun-10 (PR)	Sep-10 (PR)	Dec-10 (PR)	Mar-11 (PR)	Jun-11 (PR)	Sep-11 (P)
Net IIP	-106.6	-129.7	-160.4	-176.6	-205.0	-221.8	-224.3	-237.5	-224.9
A. Assets	375.9	382.3	383.4	378.8	406.9	412.0	426.6	438.8	434.7
1. Direct Investment	76.5	80.9	84.3	87.6	91.5	96.4	100.8	106.2	109.1
2. Portfolio Investment	1.1	1.0	1.4	1.4	1.6	1.6	1.5	1.5	1.5
2.1 Equity Securities	1.0	0.9	1.4	1.4	1.5	1.6	1.4	1.4	1.4
2.2 Debt Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
3. Other Investment	17.1	16.9	18.7	14.1	21.0	16.6	19.5	15.4	12.7
3.1 Trade Credits	-2.4	-1.7	-2.3	-6.0	-4.5	-5.8	-6.4	-5.9	-8.8
3.2 Loans	4.4	3.7	5.9	3.6	6.3	4.0	6.3	4.2	4.1
3.3 Currency & Deposits	8.0	7.7	7.7	7.8	10.3	9.1	10.9	7.6	7.8
3.4 Other Assets	7.1	7.2	7.4	8.6	8.9	9.3	8.8	9.5	9.6
4. Reserve Assets	281.3	283.5	279.1	275.7	292.9	297.3	304.8	315.7	311.5
B. Liabilities	482.5	512.0	543.8	555.4	611.9	633.7	650.9	676.3	659.6
1. Direct Investment	159.3	171.5	182.1	183.2	197.8	204.7	211.2	224.5	212.9
2. Portfolio Investment	106.0	117.2	133.9	135.2	163.8	171.3	173.6	176.0	161.5
2.1 Equity Securities	85.1	93.4	105.3	106.6	130.5	138.2	138.9	141.4	128.0
2.2 Debt securities	20.9	23.8	28.6	28.6	33.3	33.0	34.7	34.6	33.5
3. Other Investment	217.1	223.3	227.8	237.0	250.4	257.7	266.2	275.8	285.2
3.1 Trade Credits	41.9	45.1	49.5	53.8	56.6	57.9	60.7	63.8	66.7
3.2 Loans	120.7	122.0	121.6	126.6	134.8	140.3	145.2	150.5	158.0
3.3 Currency & Deposits	46.7	48.2	48.6	48.8	50.5	51.3	51.8	53.0	52.4
3.4 Other Liabilities	7.9	8.1	8.1	7.9	8.5	8.1	8.5	8.5	8.1

R: Revised

PR: Partially revised

P: Provisional;

Note- 1. The sum of the constituent items may not add to the total due to rounding off.

2. Footnotes given in this table are also applicable to other tables.

(b) Annual Variations

- International financial assets increased by US\$ 27.8 billion on a year-on-year basis (Table 1). Among the external financial assets, direct investment abroad and reserve assets moved up by US\$ 17.6 billion and US\$ 18.6 billion respectively.
- International financial liabilities increased by US\$ 47.7 billion on a year-on-year basis to US\$ 659.6 billion as at end-September 2011. This was led mainly by Direct investment in India, loans (mainly ECBs) and currency & deposits (mainly NRI deposits). With rise in merchandise trade, the year-on-year increase in trade credit to Indian companies amounted to US\$ 10.1 billion.

As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on an annual basis with a time lag of two quarters (quarterly encouraged with one quarter's lag). India's quarterly IIP was being disseminated with a lag of less than two quarters since June 2006 and the lag reduced to one quarter since June 2009. The last quarterly IIP as at end-June 2011 was put in public domain on September 30, 2011.

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