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International Investment Position (IIP) of India as at the end of March 2009

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-December 2008](#) was released on RBI website on May 26, 2009.

The quarterly IIP of India as [at end-March 2009](#) has been compiled now and the major highlights are summarized below:

I. Overall International Investment Position

A. Quarterly comparison as at end-March 2009

- ❖ Net claim of non-residents on India as reflected by the net IIP (International Assets – International Liabilities) of India as at end-March 2009, declined by US\$ 13.2 billion to US\$ 65.3 billion from US\$ 78.5 billion as at end-December 2008 (Table I).
- ❖ The total external financial assets increased by US\$ 8.0 billion to US\$ 349.9 billion as at end-March 2009 over the previous quarter.
- ❖ Among the other components of external financial assets, Other Investment increased by US\$ 7.8 billion over the end-December 2008 and stood at US\$ 29.9 billion at end-March 2009. Direct Investment abroad increased by US\$ 4.8 billion over the previous quarter to US\$ 67.3 billion as at end-March 2009.
- ❖ The increase in Other investment component of Assets was mainly contributed by Trade credits and Currency & deposits.
- ❖ Portfolio investment abroad, however, declined by US\$ 0.6 billion to US\$ 0.8 billion as at end-March 2009 primarily due to decline in investment in equity securities abroad.
- ❖ The Reserve Assets stood at US\$ 251.9 billion exceeding the entire external debt (US\$ 229.9 billion*) by US\$ 22.0 billion as at end-March 2009.

- ❖ The total external financial liabilities declined by US\$ 5.0 billion over the previous quarter and stood at US\$ 415.3 billion as at end-March 2009. This decline was mainly attributed to outflow by FIIs from Portfolio equity investment during January - March 2009 and also on account of the effect of valuation changes.
- ❖ Trade credit liabilities increased by US\$ 2.1 billion to US\$ 47.9 billion as at end-March 2009 over the previous quarter.

B. Annual comparison as at end-March 2009

- ❖ Net claim of non-residents on India as reflected by the net IIP (International Assets – International Liabilities) of India as at end-March 2009, increased by US\$ 12.5 billion to US\$ 65.3 billion from US\$ 52.9 billion as at end-March 2008 (Table I).
- ❖ The total external financial assets decreased by US\$ 35.6 billion to US\$ 349.9 billion as at end-March 2009 over the end-March 2008.
- ❖ Reserve Assets declined by US\$ 57.7 billion to US\$ 251.9 billion as at end-March 2009 as compared with position as at end-March 2008.
- ❖ Among the other components of external financial assets, Direct Investment abroad increased by US\$ 17.5 billion over the end-March 2008 to US\$ 67.3 billion as at end-March 2009 while Other investment increased by US\$ 5.4 billion to US\$ 29.9 billion as at end-March 2009 over end-March 2008.
 - As published in External Debt Statistics of India, March 2009, Reserve Bank of India.

Table I. Overall International Investment Position

(In US \$ billion)

Period	Mar-07 (R)	Jun-07 (PR)	Sep-07 (PR)	Dec-07 (PR)	Mar-08 (PR)	Jun-08 (PR)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (P)
Net IIP	-61.43	-81.16	-74.71	-73.78	-52.86	-51.61	-65.42	-78.47	-65.34
A. Assets	247.27	263.05	302.79	338.15	385.57	378.38	357.16	341.90	349.98
1. Direct Investment Abroad	30.95	35.67	38.25	44.08	49.78	52.69	56.56	62.44	67.27
2. Portfolio Investment	0.93	0.93	0.72	0.70	1.53	1.50	1.45	1.43	0.83
2.1 Equity Securities	0.52	0.55	0.55	0.55	1.44	1.43	1.42	1.41	0.81
2.2 Debt Securities	0.41	0.38	0.17	0.16	0.08	0.07	0.03	0.02	0.02
3. Other Investment	16.21	13.10	16.06	18.05	24.54	12.11	12.80	22.06	29.90
3.1 Trade Credits	0.68	-1.43	1.05	3.30	-0.07	-2.55	-1.40	3.02	6.83
3.2 Loans	3.49	2.48	4.30	3.56	11.62	3.17	2.77	5.55	6.17
3.3 Currency and Deposits	7.84	7.87	6.33	6.67	7.78	5.94	5.04	6.69	10.34
3.4 Other Assets	4.20	4.18	4.39	4.52	5.21	5.55	6.40	6.80	6.57
4. Reserve Assets	199.18	213.35	247.76	275.32	309.72	312.09	286.34	255.97	251.99
B. Liabilities	308.70	344.22	377.50	411.93	438.43	429.99	422.57	420.37	415.32
1. Direct Investment in India	77.04	89.66	96.76	105.41	118.27	121.86	121.33	122.87	124.76
2. Portfolio Investment	79.44	93.90	108.61	124.81	120.12	108.23	102.11	93.43	84.92
2.1 Equity Securities	63.27	75.25	88.32	103.81	98.58	87.72	79.98	70.75	64.77
2.2 Debt securities	16.18	18.65	20.30	21.01	21.54	20.51	22.14	22.67	20.15
3. Other Investment	152.22	160.66	172.13	181.71	200.04	199.90	199.12	204.08	205.64
3.1 Trade Credits	27.73	29.65	34.34	38.49	45.22	47.50	48.83	45.83	47.96
3.2 Loans	80.79	85.63	90.89	97.32	106.92	106.44	106.69	115.59	114.05
3.3 Currency and Deposits	41.74	43.73	44.79	44.13	44.79	43.59	41.50	41.07	42.32
3.4 Other Liabilities	1.96	1.64	2.11	1.77	3.11	2.37	2.11	1.58	1.31

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

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

- ❖ The ratio of net IIP of India to GDP was (-) 6.3 per cent as at end-March 2009 as compared with (-) 4.5 per cent as at end-March 2008 (Table II).
- ❖ The total external financial assets to GDP (at current prices) ratio increased to 33.5 per cent as at end-March 2009 from 32.6 per cent as at end-March 2008. The Reserve Assets to GDP ratio declined to 24.1 per cent as at end-March 2009 from 26.2 per cent as at end-March 2008.
- ❖ The ratio of total external financial liabilities to GDP increased to 39.8 per cent as at end-March 2009 from 37.1 per cent as at end-March 2008.
- ❖ Among the external financial liabilities, the ratio to GDP, of Direct Investment and Other Investment witnessed an increasing trend from end-March 2007 to end-March 2009 while the ratio to GDP of Portfolio investment declined to 8.1 per cent as at end-March 2009 from 10.2 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	Mar-07 (R)	Mar-08 (PR)	Mar-09 (P)
Net IIP (Assets - Liabilities)	-6.49	-4.47	-6.25
A. Assets	26.11	32.64	33.5
1. Direct Investment Abroad	3.27	4.21	6.44
2. Portfolio Investment	0.1	0.13	0.08
2.1 Equity Securities	0.06	0.12	0.08
2.2 Debt Securities	0.04	0.01	0
3. Other Investment	1.71	2.08	2.86
3.1 Trade Credits	0.07	-0.01	0.65
3.2 Loans	0.37	0.98	0.59
3.3 Currency and Deposits	0.83	0.66	0.99
3.4 Other Assets	0.44	0.44	0.63
4. Reserve Assets	21.03	26.22	24.12
B. Liabilities	32.59	37.11	39.76
1. Direct Investment in India	8.13	10.01	11.94
2. Portfolio Investment	8.39	10.17	8.13
2.1 Equity Securities	6.68	8.34	6.2
2.2 Debt securities	1.71	1.82	1.93
3. Other Investment	16.07	16.93	19.69
3.1 Trade Credits	2.93	3.83	4.59
3.2 Loans	8.53	9.05	10.92
3.3 Currency and Deposits	4.41	3.79	4.05
3.4 Other Liabilities	0.21	0.26	0.12

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

III. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets, declined to 72.0 per cent as at end-March 2009 from 74.9 per cent as at end-December 2008. Direct Investment and Other Investment accounted for 19.2 per cent and 8.5 per cent respectively while Portfolio Investment abroad constituted 0.2 per cent of the total external financial assets (Table III).

- ❖ As at end-March 2009, nearly 49.5 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 30.0 per cent and 20.5 per cent respectively of total external financial liabilities.

Table III. Composition of External Financial Assets and Liabilities

(per cent)

Period	Mar-07 (R)	Jun-07 (PR)	Sep-07 (PR)	Dec-07 (PR)	Mar-08 (PR)	Jun-08 (PR)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (P)
A. Assets									
1. Direct Investment Abroad	12.52	13.56	12.63	13.04	12.91	13.93	15.84	18.26	19.22
2. Portfolio Investment	0.38	0.35	0.24	0.21	0.40	0.40	0.41	0.42	0.24
3. Other Investment	6.56	4.98	5.30	5.34	6.37	3.20	3.58	6.45	8.54
4. Reserve Assets	80.55	81.11	81.83	81.42	80.33	82.48	80.17	74.87	72.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
B. Liabilities	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1. Direct Investment in India	24.95	26.05	25.63	25.59	26.98	28.34	28.71	29.23	30.04
2. Portfolio Investment	25.73	27.28	28.77	30.30	27.40	25.17	24.16	22.22	20.45
3. Other Investment	49.31	46.67	45.60	44.11	45.63	46.49	47.12	48.55	49.51
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]

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

- ❖ The share of non-debt liabilities to total external financial liabilities declined marginally to 44.4 per cent at end-March 2009 from 44.8 per cent as at end-December 2008 mainly due to equity outflow by FIIs (Table IV).

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

(per cent)

Period	Mar 07 (R)	Jun 07 (PR)	Sep 07 (PR)	Dec 07 (PR)	Mar 08 (PR)	Jun 08 (PR)	Sep 08 (PR)	Dec 08 (PR)	Mar 09 (P)
Non-Debt Liabilities	44.21	46.78	47.94	49.76	48.46	47.70	46.60	44.85	44.45
Debt Liabilities	55.79	53.22	52.06	50.24	51.54	52.30	53.40	55.15	55.55
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]