



March 31, 2010

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

[The international investment position \(IIP\)](#) is a statistical statement that shows at a point in time the value and 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 the economy's net IIP, which may be positive or negative.

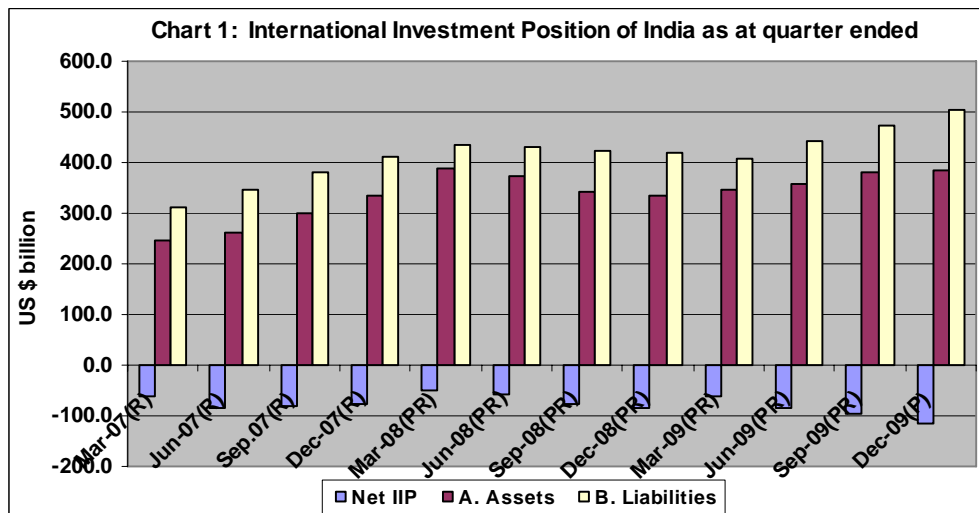
As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on annual basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006 onwards, the IIP was being disseminated on quarterly basis with a lag of less than two quarters. Further, successful efforts have been made to release the quarterly IIP data effective from quarter ended June 2009 and onwards, with a lag of one quarter, as per SDDS of IMF. The latest quarterly IIP data as at [end-September, 2009](#) was released on the RBI website on December 31, 2009.

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

I. Overall International Investment Position

(a) Quarterly Variations:

- ❖ Net claim of non-residents on India as reflected by the net IIP (International Assets – International Liabilities) as at end-December 2009, increased by US\$ 21.2 billion to US\$ 117.1 billion from US\$ 96.0 billion as at end-September 2009, mainly due to increase in net inflow of Direct Investment and Portfolio Investment in India (Table I).



- ❖ Total external financial assets increased by US\$ 7.0 billion to US\$ 385.9 billion as at end-December 2009 over the previous quarter.
- ❖ Among the components of external financial assets, Direct Investment abroad moved up by US\$ 3.2 billion, over end September 2009, to US\$ 77.3 billion as at end-December 2009. Trade Credits, a component of Other Investment, improved by US\$ 2.5 billion to US\$ 5.7 billion during the same period.
- ❖ Reserve Assets i.e. official reserves (foreign currency assets, IMF reserve position, SDRs, Gold) improved by US\$ 2.2 billion over the previous quarter and stood at US\$ 283.5 billion at end-December 2009.
- ❖ Reserve Assets exceeded the total external debt (US\$ 251.384 billion*) by US\$ 32.1 billion as at end-December 2009.

Table I. Overall International Investment Position**(US \$ billion)**

Period	Mar07 (R)	Jun.07 (R)	Sep.07 (R)	Dec.07 (R)	Mar.08 (PR)	Jun. 08 (PR)	Sep.08 (PR)	Dec.08 (PR)	Mar.09 (PR)	Jun.09 (PR)	Sep.09 (PR)	Dec.09 (P)
Net IIP	-62.5	-84.7	-79.5	-75.1	-49.6	-57.0	-77.7	-84.1	-62.9	-84.4	-96.0	-117.1
A. Assets	247.3	260.7	299.7	335.4	386.9	373.1	344.0	333.9	345.9	358.3	378.9	385.9
1. Direct Investment	31.0	35.7	38.3	44.1	49.8	52.7	56.6	62.5	67.3	69.9	74.1	77.3
2. Portfolio Investment	0.9	0.9	0.7	0.7	1.5	1.5	1.5	1.4	0.8	0.8	0.9	0.9
2.1 Equity Securities	0.5	0.6	0.6	0.6	1.4	1.4	1.4	1.4	0.8	0.8	0.9	0.9
2.2 Debt Securities	0.4	0.4	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
3. Other Investment	16.2	10.8	12.9	15.3	25.9	6.9	-0.4	14.1	25.8	22.4	22.6	24.3
3.1 Trade Credits	0.7	-3.8	-2.1	0.5	1.2	-8.5	-14.6	-5.0	2.7	3.4	3.2	5.7
3.2 Loans	3.5	2.5	4.3	3.6	11.6	3.2	2.8	5.6	6.2	5.4	4.3	3.7
3.3 Currency & Deposits	7.8	7.9	6.3	6.7	7.8	5.9	5.0	6.7	10.3	7.0	8.2	7.8
3.4 Other Assets	4.2	4.2	4.4	4.6	5.3	6.2	6.4	6.8	6.6	6.7	7.0	7.1
4. Reserve Assets	199.2	213.4	247.8	275.3	309.7	312.1	286.3	256.0	252.0	265.1	281.3	283.5
B. Liabilities	309.7	345.4	379.1	410.6	436.5	430.1	421.6	418.0	408.8	442.7	474.8	503.0
1. Direct Investment	77.0	89.8	97.0	105.8	118.8	122.3	121.8	123.3	125.2	141.9	152.4	164.2
2. Portfolio Investment	79.4	93.9	108.6	122.6	118.0	106.2	100.2	91.6	83.2	95.9	106.0	117.2
2.1 Equity Securities	63.3	75.3	88.3	101.7	96.5	85.8	78.2	69.0	63.1	75.6	85.1	93.4
2.2 Debt securities	16.2	18.6	20.3	20.9	21.5	20.4	22.0	22.6	20.1	20.3	20.9	23.8
3. Other Investment	153.2	161.7	173.5	182.2	199.7	201.6	199.7	203.2	200.4	205.0	216.5	221.6
3.1 Trade Credits	27.7	29.7	34.6	37.9	43.9	48.2	48.7	44.6	41.9	40.5	41.4	43.7
3.2 Loans	80.8	85.6	90.9	97.3	106.8	106.3	106.3	114.8	113.8	116.7	120.7	122.0
3.3 Currency & Deposits	41.7	43.7	44.8	44.1	44.8	43.6	41.5	41.1	42.3	45.4	46.7	48.2
3.4 Other Liabilities	3.0	2.7	3.2	2.8	4.2	3.5	3.2	2.6	2.3	2.5	7.7	7.9

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

- ❖ Total external financial liabilities increased by US\$ 28.2 billion over the previous quarter and stood at US\$ 503.0 billion as at end-December 2009. Direct Investment and Portfolio Investment in India increased by US\$ 11.8 billion and US\$ 11.2 billion to US\$ 164.2 billion and US\$ 117.2 billion respectively over the previous quarter.
- ❖ Among the Other Investment items, trade credits, currency & deposits and loans increased by US\$ 2.3 billion, US\$ 1.5 billion and US\$ 1.3 billion respectively over the previous quarter.

* As published in External Debt Statistics of India, December 2009, MOF, GOI.

(b) Annual Variations:

- ❖ Net claim of non-residents on India as reflected by the net IIP as at end-December 2009, increased by US\$ 33.0 billion over the year, primarily due to increase in net inflow of Direct Investment and Equity Portfolio Investment (Table I).
- ❖ Total external financial assets increased by US\$ 52.0 billion as at end-December 2009 over end-December 2008.
- ❖ Among the components of external financial assets, Reserve Assets improved by US\$ 27.5 billion.
- ❖ Direct Investment abroad moved up by US\$ 14.9 billion. Other Investment items, especially trade credits and currency & deposits increased by US\$ 10.7 billion and US\$ 1.1 billion respectively.
- ❖ Total external financial liabilities went up by US\$ 85.0 billion to US\$ 503.0 billion as at end-December 2009 over the year.
- ❖ Among the components of external financial liabilities, Direct Investment and Portfolio Investment in India increased by US\$ 40.9 billion and US\$ 25.6 billion respectively, as at end-December, 2009 over the year.
- ❖ Other Investment in India (trade credits, currency & deposits, loans, and other liabilities) improved by US\$ 18.5 billion, of which loans and currency & deposits registered an increase of US\$ 7.1 billion each at end-December 2009 over end-December 2008. Other liabilities moved up by US\$ 5.2 billion during the same period due to inclusion of SDR allocation under other long term liabilities as per the guidelines of BPM6.

II. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets was 73.5 per cent as at end-December 2009, whereas, Direct Investment and Other Investment accounted for 20.0 per cent and 6.3 per cent respectively (Table II).
- ❖ On the liability side, Other Investment, i.e. trade credits, loans, currency & deposits and other liabilities, accounted for 44.1 per cent of country's external financial liabilities as at end-December 2009. Direct Investment and Portfolio Investment contributed 32.6 per cent and 23.3 per cent respectively to the total external financial liabilities.

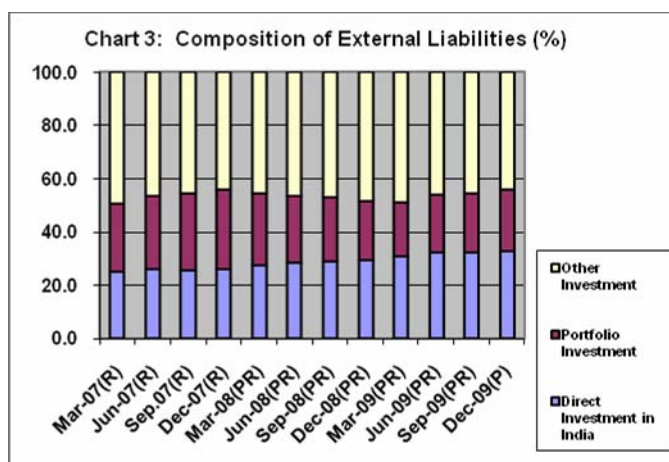
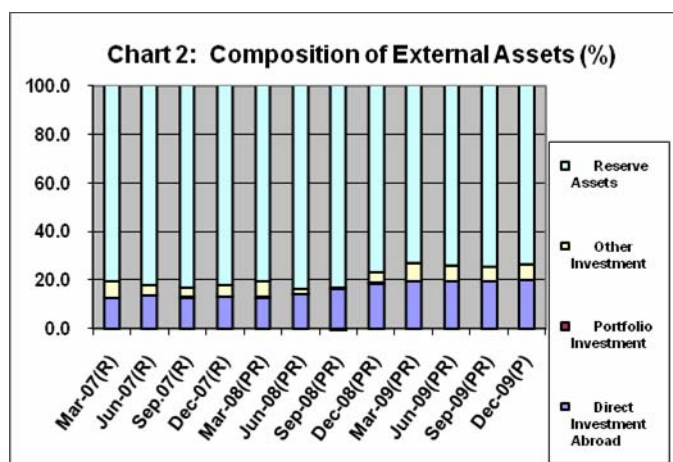


Table II. Composition of External Financial Assets and Liabilities

(per cent)

Period	Mar.07 (R)	Jun.07 (R)	Sep.07 (R)	Dec. 07 (R)	Mar.08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec.08 (PR)	Mar. 09 (PR)	Jun. 09 (PR)	Sep. 09 (PR)	Dec. 09 (P)
A. Assets												
1. Direct Investment	12.5	13.7	12.8	13.1	12.9	14.1	16.5	18.7	19.5	19.5	19.6	20.0
2. Portfolio Investment	0.4	0.4	0.2	0.2	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2
3. Other Investment	6.6	4.1	4.3	4.6	6.7	1.8	-0.1	4.2	7.5	6.3	6.0	6.3
4. Reserve Assets	80.6	81.8	82.7	82.1	80.1	83.6	83.2	76.7	72.9	74.0	74.2	73.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. Liabilities												
1. Direct Investment	24.9	26.0	25.6	25.8	27.2	28.5	28.9	29.5	30.6	32.0	32.1	32.6
2. Portfolio Investment	25.7	27.2	28.7	29.9	27.0	24.7	23.8	21.9	20.4	21.7	22.3	23.3
3. Other Investment	49.5	46.8	45.8	44.4	45.8	46.9	47.4	48.6	49.0	46.3	45.6	44.1
Total	100.0	100.0	100.0	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]

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

- ❖ The share of non-debt liabilities to total external financial liabilities increased and was at 49.8 per cent at end-December 2009 compared to 48.7 per cent as at end-September 2009 and 44.8 per cent as at end-December 2008, due to increase in net inflow of Direct Investment and Portfolio Investment in India (Table III). Correspondingly, the share of debt liabilities declined to 50.2 per cent as at end-December 2009.

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

(per cent)

Period	Mar.07 (R)	Jun.07 (R)	Sep.07 (R)	Dec. 07 (R)	Mar.08 (PR)	Jun. 08 (PR)	Sep. 08 (PR)	Dec.08 (PR)	Mar. 09 (PR)	Jun. 09 (PR)	Sep. 09 PR)	Dec. 09 (P)
Non-Debt Liabilities	44.1	46.7	47.8	49.5	48.3	47.4	46.4	44.8	44.9	47.9	48.7	49.8
Debt Liabilities	55.9	53.4	52.2	50.5	51.7	52.7	53.6	55.2	55.2	52.1	51.3	50.2
Total	100.0	100.0	100.0	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]