



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल email: helpdoc@rbi.org.in

June 30, 2010

International Investment Position (IIP) of India as at the end of March 2010

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.

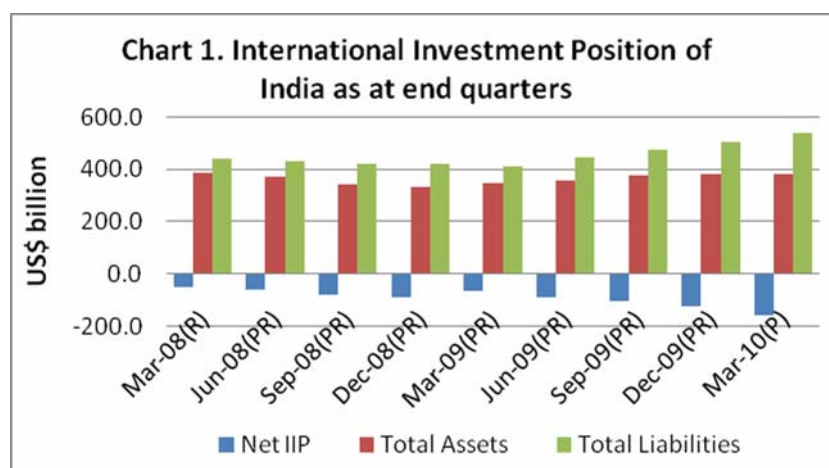
As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on annual basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006 onwards, the IIP was being disseminated on quarterly basis 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-December, 2009](#) was released on the RBI website on March 31, 2010.

The IIP as at [end-March 2010](#) 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-March 2010, increased by US\$ 34.5 billion to US\$ 157.6 billion from US\$ 123.1 billion as at end-December 2009, mainly due to increase in net inflow of Portfolio and Direct Investment in India (Table I).



- ❖ Total external financial assets decreased by US\$ 1.9 billion to US\$ 378.8 billion as at end-March 2010 over the previous quarter, due to decline in reserve assets.
- ❖ Among the components of external financial assets, Direct Investment abroad moved up by US\$ 1.9 billion, over end December 2009, to US\$ 79.2 billion as at end-March 2010. Loans, a component of Other Investment, improved by US\$ 2.0 billion to US\$ 5.6 billion during the same period.
- ❖ Reserve Assets i.e. official reserves (foreign currency assets, IMF reserve position, SDRs, Gold) declined by US\$ 4.4 billion over the previous quarter and stood at US\$ 279.1 billion at end-March 2010.
- ❖ Reserve Assets exceeded the total external debt (US\$ 261.454 billion*) by US\$ 17.6 billion as at end-March 2010.

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

Period	Mar-08 (R)	Jun-08 (PR)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (P)
Net IIP	-51.2	-58.6	-79.2	-85.7	-62.8	-86.3	-100.0	-123.1	-157.6
A. Assets	385.5	371.7	342.5	332.5	346.2	356.7	375.0	380.7	378.8
1. Direct Investment	49.8	52.7	56.6	62.5	67.3	69.9	74.1	77.3	79.2
2. Portfolio Investment	0.7	0.6	0.6	0.6	1.2	1.2	1.2	1.1	0.8
2.1 Equity Securities	0.6	0.6	0.5	0.5	1.2	1.2	1.2	1.1	0.8
2.2 Debt Securities	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Other Investment	25.3	6.3	-1.0	13.5	25.7	20.4	18.4	18.8	19.7
3.1 Trade Credits	1.2	-8.5	-14.6	-5.0	2.7	1.5	-1.0	0.3	-1.0
3.2 Loans	11.0	2.6	2.2	5.0	6.1	5.4	4.3	3.6	5.6
3.3 Currency & Deposits	7.7	5.9	5.0	6.6	10.2	6.8	8.0	7.7	7.7
3.4 Other Assets	5.3	6.3	6.5	6.9	6.7	6.8	7.1	7.2	7.4
4. Reserve Assets	309.7	312.1	286.3	256.0	252.0	265.1	281.3	283.5	279.1
B. Liabilities	436.6	430.2	421.8	418.2	409.0	443.0	475.0	503.7	536.5
1. Direct Investment	118.8	122.3	121.8	123.3	125.2	141.9	152.4	164.2	174.5
2. Portfolio Investment	118.0	106.2	100.2	91.6	83.2	95.8	106.0	116.7	133.4
2.1 Equity Securities	96.5	85.8	78.2	69.0	63.1	75.6	85.1	93.4	105.3
2.2 Debt securities	21.5	20.4	22.0	22.6	20.0	20.2	20.9	23.3	28.1
3. Other Investment	199.9	201.7	199.8	203.3	200.7	205.2	216.7	222.9	228.6
3.1 Trade Credits	43.9	48.2	48.7	44.6	41.9	40.4	41.4	44.7	49.6
3.2 Loans	106.8	106.3	106.3	114.8	113.9	116.7	120.7	121.9	122.2
3.3 Currency & Deposits	44.8	43.6	41.5	41.1	42.3	45.4	46.7	48.2	48.8
3.4 Other Liabilities	4.4	3.6	3.3	2.8	2.6	2.8	8.0	8.2	8.0

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

- ❖ Total external financial liabilities increased by US\$ 32.8 billion over the previous quarter and stood at US\$ 536.5 billion as at end-March 2010. Portfolio Investment and Direct Investment in India increased by US\$ 16.7 billion and US\$ 10.3 billion to US\$ 133.4 billion and US\$ 174.5 billion respectively over the previous quarter.
- ❖ Among the Other Investment items, trade credits increased by US\$ 4.9 billion to US\$ 49.6 billion over the previous quarter.

* As published in External Debt Statistics of India, March 2010, Reserve Bank of India.

(b) Annual Variations:

- ❖ Net claim of non-residents on India as reflected by the net IIP as at end-March 2010, increased by US\$ 94.8 billion over the year, primarily due to increase in net inflow of Portfolio and Direct Investment in India (Table I).
- ❖ Total external financial assets increased by US\$ 32.6 billion as at end-March 2010 over end-March 2009.
- ❖ Among the components of external financial assets, Reserve Assets improved by US\$ 27.1 billion.
- ❖ Direct Investment abroad moved up by US\$ 12.0 billion. However, Other Investment, i.e. trade credits, loans, currency & deposits and other assets declined by US\$ 6.0 billion, mainly due to decline in trade credit and currency & deposits.
- ❖ Total external financial liabilities went up by US\$ 127.5 billion to US\$ 536.5 billion as at end-March 2010 over the previous year.
- ❖ Among the components of external financial liabilities, Portfolio Investment and Direct Investment in India increased by US\$ 50.2 billion and US\$ 49.3 billion respectively, as at end-March, 2010 over the year.
- ❖ Other Investment (trade credits, currency & deposits, loans, and other liabilities) in India, improved by US\$ 27.9 billion. Loans, trade credits, currency & deposits and other assets registered an increase of US\$ 8.3 billion, US\$ 7.7 billion, US\$ 6.5 billion and US\$ 5.4 billion respectively at end-March 2010 over end-March 2009.

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 (-) 11.4 per cent as at end-March 2010 as compared with (-) 5.7 per cent as at end-March 2009 (Table II).
- ❖ The ratio of total external financial assets to GDP (at current prices) decreased to 27.4 per cent as at end-March 2010 from 31.6 per cent as at end-March 2009. The Reserve Assets to GDP ratio declined to 20.2 per cent as at end-March 2010 from 23.0 per cent as at end-March 2009.
- ❖ The ratio of total external financial liabilities to GDP increased to 38.9 per cent as at end-March 2010 from 37.4 per cent as at end-March 2009.
- ❖ Among the external financial liabilities, the ratio to GDP, of Direct Investment witnessed an increasing trend from 9.6 per cent as at end-March 2008 to 11.4 per cent as at end March 2009, which further increased to 12.6 per cent as at end-March 2010. The ratio to GDP of Portfolio investment improved to 9.7 per cent as at end-March 2010 from 7.6 per cent as at end-March 2009.

Table II. Ratios of External financial Assets and Liabilities to Gross Domestic Products (GDP at current market prices)
(per cent)

Period	Mar-08 (R)	Mar-09 (PR)	Mar-10 (P)
Net IIP (Assets - Liabilities)	-4.1	-5.7	-11.4
A. Assets	31.2	31.6	27.4
1. Direct Investment Abroad	4.0	6.2	5.7
2. Portfolio Investment	0.1	0.1	0.1
2.1 Equity Securities	0.1	0.1	0.1
2.2 Debt Securities	0.0	0.0	0.0
3. Other Investment	2.1	2.4	1.4
3.1 Trade Credits	0.1	0.3	-0.1
3.2 Loans	0.9	0.6	0.4
3.3 Currency and Deposits	0.6	0.9	0.6
3.4 Other Assets	0.4	0.6	0.5
4. Reserve Assets	25.0	23.0	20.2
B. Liabilities	35.3	37.4	38.9
1. Direct Investment in India	9.6	11.4	12.6
2. Portfolio Investment	9.5	7.6	9.7
2.1 Equity Securities	7.8	5.8	7.6
2.2 Debt securities	1.7	1.8	2.0
3. Other Investment	16.2	18.3	16.6
3.1 Trade Credits	3.6	3.8	3.6
3.2 Loans	8.6	10.4	8.9
3.3 Currency and Deposits	3.6	3.9	3.5
3.4 Other Liabilities	0.4	0.2	0.6

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 was 73.7 per cent as at end-March 2010, whereas, Direct Investment and Other Investment accounted for 20.9 per cent and 5.2 per cent respectively (Table III).
- ❖ On the liability side, Other Investment, i.e. trade credits, loans, currency & deposits and other liabilities, accounted for 42.6 per cent of country's external financial liabilities as at end-March 2010, in which loans had a share of 22.8 per cent. Direct Investment and Portfolio Investment contributed 32.5 per cent and 24.9 per cent respectively to the total external financial liabilities.

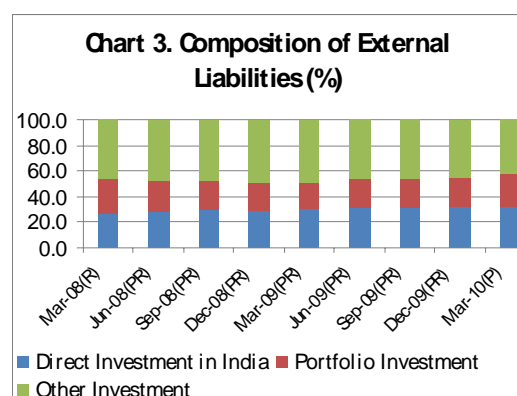
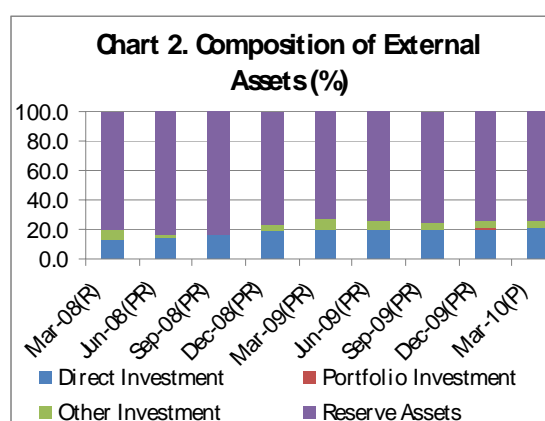


Table III. Composition of External Financial Assets and Liabilities**(per cent)**

Period	Mar-08 (R)	Jun-08 (PR)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (P)
A. Assets									
1. Direct Investment	12.9	14.2	16.5	18.8	19.4	19.6	19.8	20.3	20.9
2. Portfolio Investment	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.2
3. Other Investment	6.6	1.7	-0.3	4.1	7.4	5.7	4.9	4.9	5.2
4. Reserve Assets	80.4	84.0	83.6	77.0	72.8	74.3	75.0	74.5	73.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. Liabilities									
1. Direct Investment	27.2	28.4	28.9	29.5	30.6	32.0	32.1	32.6	32.5
2. Portfolio Investment	27.0	24.7	23.8	21.9	20.3	21.6	22.3	23.2	24.9
3. Other Investment	45.8	46.9	47.4	48.6	49.1	46.3	45.6	44.2	42.6
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]

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

- ❖ The share of non-debt liabilities to total external financial liabilities increased to 51.0 per cent at end-March 2010 compared to 49.8 per cent as at end-December 2009 and 44.8 per cent as at end-March 2009, due to increase in net inflow of Portfolio Equity Investment and Direct Investment in India (Table IV). Correspondingly, the share of debt liabilities declined to 49.0 per cent as at end-March 2010.

Table IV. Share of External Debt and Non-Debt Liabilities**(per cent)**

Period	Mar-08 (R)	Jun-08 (PR)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (P)
Non-Debt Liabilities	48.3	47.3	46.4	44.8	44.8	47.9	48.7	49.8	51.0
Debt Liabilities	51.7	52.7	53.6	55.2	55.2	52.1	51.3	50.2	49.0
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]

Press Release : 2009-2010/1796

Ajit Prasad
Manager