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India's Quarterly International Investment Position (IIP) for March 2012:

[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 IIP showed an increase in the net liabilities to US \$ 244.8 billion at end-March 2012 from US \$ 204.8 billion at [end-December 2011](#). This rise in net liabilities by US \$ 40.0 billion was mainly on account of US \$ 45.5 billion increase in liabilities, partially offset by an increase in assets of US \$ 5.5 billion. The changes in IIP also reflect the valuation changes emanating from exchange rate movements.

Following are the highlights of IIP for the [quarter-ended March 2012](#):

I. Overall International Investment Position
Quarterly Variations:

- International financial assets stood at US\$ 437.1 billion as at end-March 2012 with an increase of US\$ 5.5 billion over the previous quarter (Table 1). Reserve assets, which remained the major component, declined by US\$ 2.3 billion to US\$ 294.4 billion at end-March 2012. Among other sources, Direct Investment abroad moved up by US\$ 2.8 billion during the quarter to US\$ 111.7 billion as at end-March 2012.
- International financial liabilities widened by US\$ 45.5 billion over the previous quarter to US\$ 682.0 billion as at end-March 2012. Direct and portfolio investments in India increased by US\$ 15.7 billion and US\$ 19.2 billion, respectively. Among other investments, loans (mainly ECBs) and currency and deposits (mainly NRI deposits) increased by US\$ 2.2 billion and US\$ 6.2 billion, respectively.
- Due to rupee appreciation during end-December 2011 to end-March 2012, equity liabilities for December 2011 were revised upwards by US\$ 17.7 billion when valued at end-March 2012 exchange rate (US\$ 11.4 billion in Direct investment, US\$ 6.3 billion in Portfolio investment).
- Net claims of non-residents on India as reflected by the Net IIP (International financial assets less International financial liabilities) increased by US\$ 40.0 billion over the previous quarter to US\$ 244.8 billion as at end-March 2012.

- The declining trend in the ratio of India's international financial assets to international financial liabilities continued during the latest quarter and the ratio stood at 64.1 per cent in March 2012 (67.8 per cent in December 2011)

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Mar-10 (R)	Jun-10 (PR)	Sep-10 (PR)	Dec-10 (PR)	Mar-11 (PR)	Jun-11 (PR)	Sep-11 (PR)	Dec-11 (PR)	Mar-12 (P)
Net IIP	-159.2	-165.5	-186.8	-202.7	-203.6	-216.5	-196.6	-204.8	-244.8
A. Assets	390.7	393.5	418.5	426.2	439.8	450.0	453.9	431.6	437.1
1. Direct Investment	84.3	87.6	91.5	96.4	100.8	103.9	106.9	108.9	111.7
2. Portfolio Investment	1.6	1.7	1.8	1.8	1.6	1.5	1.5	1.5	1.5
2.1 Equity Securities	1.6	1.6	1.7	1.8	1.5	1.5	1.5	1.5	1.5
2.2 Debt Securities	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0
3. Other Investment	25.8	28.5	32.4	30.7	32.6	28.8	34.0	24.6	29.5
3.1 Trade Credits	2.3	6.0	4.5	5.8	6.4	7.3	12.3	1.6	0.0
3.2 Loans	6.5	4.3	6.9	4.6	6.5	4.5	4.4	5.0	6.1
3.3 Currency & Deposits	9.3	9.5	11.9	10.8	10.8	7.5	7.7	7.5	11.8
3.4 Other Assets	7.7	8.8	9.1	9.5	8.8	9.6	9.6	10.5	11.7
4. Reserve Assets	279.1	275.7	292.9	297.3	304.8	315.7	311.5	296.7	294.4
B. Liabilities	549.9	558.9	605.3	628.9	643.4	666.5	650.5	636.5	682.0
1. Direct Investment	182.1	183.2	197.7	204.7	211.1	223.5	214.0	203.9	219.6
2. Portfolio Investment	138.6	137.3	155.8	165.1	165.3	167.0	152.7	143.7	162.9
2.1 Equity Securities	110.0	108.8	122.6	132.1	130.6	132.4	119.3	108.0	123.5
2.2 Debt securities	28.5	28.6	33.3	33.0	34.7	34.6	33.5	35.8	39.4
3. Other Investment	229.2	238.4	251.8	259.1	267.0	276.1	283.7	288.9	299.5
3.1 Trade Credits	49.5	53.8	56.6	57.9	60.7	63.7	66.7	67.2	67.8
3.2 Loans	121.6	126.6	134.7	140.2	144.7	149.5	155.3	158.8	161.0
3.3 Currency & Deposits	48.6	48.8	50.5	51.3	51.8	53.0	52.4	52.6	58.8
3.4 Other Liabilities	9.6	9.3	10.0	9.7	9.7	9.8	9.3	10.2	12.0

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 declined by US\$ 2.7 billion on a year-on-year basis (Table 1). Among the external financial assets, direct investment abroad moved up by US\$ 10.9 billion and reserve assets declined by US\$ 10.4 billion, respectively.
- International financial liabilities increased by US\$ 38.6 billion on a year-on-year basis to US\$ 682.0 billion as at end-March 2012. This was led by increase in Direct investments in India, Loans (mainly ECBs) and Trade credit.
- As a result of the above changes in external assets and liabilities, net claims of non-residents on India increased by US\$ 41.2 billion as at end-March 2012, on a year-on-year basis (Table 1).
- The ratio of India's international financial assets to international financial liabilities declined from 71.1 per cent in March 2010 to 68.4 per cent in March 2011 and further to 64.1 per cent in March 2012 as the trend of higher growth in liabilities *vis-à-vis* assets continued during 2011-12.

II. Ratios of International Financial Assets and Liabilities to Gross Domestic Product (GDP)

- The ratio of total international financial assets to GDP (at current market prices) declined to 24.8 per cent as at end-March 2012 from 25.6 per cent a year ago.

Reserve Assets to GDP ratio declined to 16.7 per cent as at end-March 2012 from 17.7 per cent as at end-March 2011.

- The ratio of total international financial liabilities to GDP rose to 38.8 per cent as at end-March 2012 from 37.4 per cent a year ago. Among the international financial liabilities, the ratio to GDP of Direct investment stood at 12.5 per cent whereas the ratio of Portfolio Investment to GDP stood at 9.3 per cent as at end-March 2012.
- The ratio of net IIP of India to GDP was (-) 13.9 per cent as at end-March 2012 as compared with (-) 11.9 per cent as at end-March 2011 (Table 2).

Table 2: Ratios of External financial Assets and Liabilities to GDP
(per cent)

Period	Mar-10 (R)	Mar-11 (PR)	Mar-12 (P)
Net IIP (Assets - Liabilities)	-11.13	-11.85	-13.91
A. Assets	27.31	25.59	24.84
1. Direct Investment Abroad	5.89	5.86	6.35
2. Portfolio Investment	0.11	0.09	0.08
2.1 Equity Securities	0.11	0.09	0.08
2.2 Debt Securities	0.00	0.00	0.00
3. Other Investment	1.80	1.90	1.68
3.1 Trade Credits	0.16	0.37	0.00
3.2 Loans	0.45	0.38	0.34
3.3 Currency and Deposits	0.65	0.63	0.67
3.4 Other Assets	0.53	0.51	0.67
4. Reserve Assets	19.51	17.73	16.73
B. Liabilities	38.44	37.43	38.75
1. Direct Investment in India	12.73	12.28	12.48
2. Portfolio Investment	9.69	9.62	9.26
2.1 Equity Securities	7.69	7.60	7.02
2.2 Debt securities	1.99	2.02	2.24
3. Other Investment	16.02	15.53	17.02
3.1 Trade Credits	3.46	3.53	3.85
3.2 Loans	8.50	8.42	9.15
3.3 Currency and Deposits	3.40	3.02	3.34
3.4 Other Liabilities	0.67	0.57	0.68

III. Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have the dominant share (67.4 per cent) in India's international financial assets in March 2012, followed by direct investment abroad (25.6 per cent) (Table 3).
- Direct Investment (32.2 per cent), Portfolio Investment (23.9 per cent), loans (mainly ECBs) (23.6 per cent), trade credit (9.9 per cent) and currency and deposits (8.6 per cent) were the major constituents of the country's financial liabilities.

Table 3: Composition of International Financial Assets and Liabilities of India
(per cent)

Period	Mar-10 (R)	Jun-10 (PR)	Sep-10 (PR)	Dec-10 (PR)	Mar-11 (PR)	Jun-11 (PR)	Sep-11 (PR)	Dec-11 (PR)	Mar-12 (P)
A. Assets									
1. Direct Investment	21.6	22.3	21.9	22.6	22.9	23.1	23.6	25.2	25.6
2. Portfolio Investment	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3
3. Other Investment	6.6	7.2	7.7	7.2	7.4	6.4	7.5	5.7	6.7
4. Reserve Assets	71.4	70.1	70.0	69.8	69.3	70.2	68.6	68.7	67.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. Liabilities									
1. Direct Investment	33.1	32.8	32.7	32.6	32.8	33.5	32.9	32.0	32.2
2. Portfolio Investment	25.2	24.6	25.7	26.3	25.7	25.1	23.5	22.6	23.9
3. Other Investment	41.7	42.6	41.6	41.1	41.5	41.4	43.6	45.4	43.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Due to faster growth in net equity inflow compared with other international financial liabilities during 2011-12, the share of non-debt liabilities stood at 48.9 per cent as at end-March 2012 from 47.6 percent at end December 2011 (Table 4).

Table 4: Share of External Debt and Non-Debt Liabilities of India

Period →	Mar-10 (R)	Jun-10 (PR)	Sep-10 (PR)	Dec-10 (PR)	Mar-11 (PR)	Jun-11 (PR)	Sep-11 (PR)	Dec-11 (PR)	Mar-12 (P)
Non-Debt Liabilities	52.0	51.2	51.9	52.5	52.1	52.2	49.9	47.6	48.9
Debt Liabilities	48.0	48.8	48.1	47.5	47.9	47.8	50.1	52.4	51.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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-December 2011 was put in public domain on March 30, 2012.