



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**India's International Investment Position (IIP), March 2013**

[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 also useful in analysing the economic structure. Following are the highlights of IIP for the [quarter-ended March 2013](#):

**I. Overall International Investment Position**

**(a) Quarterly Variations:**

- Net claims of non-residents on India (as reflected by the Net IIP, i.e. International financial assets abroad less International financial liabilities) increased by US\$ 27.1 billion over the previous quarter to US\$ 307.3 billion as at end-March 2013, mainly on account of US\$ 31.0 billion increase in liabilities (Table 1). The changes in IIP also reflect the valuation changes emanating from exchange rate movements.
- The Indian residents' financial assets abroad stood at US\$ 447.8 billion as at end- March 2013 recording an increase of US\$ 3.9 billion over previous quarter. Reserve assets, which remained the major component of international financial assets, decreased by US\$ 3.5 billion to US\$ 292.1 billion at end-March 2013. Direct investment abroad moved up by US\$ 1.4 billion during the quarter to US\$ 119.5 billion as at end- March 2013 and Other Investment abroad (mainly currency and deposits) increased by US\$ 6.1 billion.
- The International financial liabilities increased by US\$ 31.0 billion over the previous quarter to US\$ 755.1 billion as at end- March 2013. Direct investments in India and and portfolio investments in India moved up by US\$ 8.6 billion and US\$ 13.9 billion respectively. Among other investments liabilities, trade credit and currency and deposits (mainly NRI deposits) increased by US\$ 4.4 billion and US\$ 3.2 billion respectively.
- Due to rupee appreciation during end-December 2012 to end-March 2013 equity liabilities in US\$ term revised upwards by US\$ 2.4 billion (US\$ 1.5 billion in direct investment and US\$ 0.9 billion in portfolio investment).

- The ratio of India's international financial assets to international financial liabilities decreased to 59.3 per cent in March 2013 (61.3 per cent in December 2012).

#### **(b) Annual Variations**

- International financial assets abroad increased by US\$ 10.6 billion on a year-on-year basis (Table 1). Among the external financial assets, direct investment abroad moved up by US\$ 7.1 billion. Reserve assets declined by US\$ 2.3 billion.
- International financial liabilities increased by US\$ 68.4 billion on a year-on-year basis. Both direct investment and portfolio investment in India increased by US\$ 11.5 billion and US\$ 17.2 billion respectively. The other investment liabilities in the form of trade credit, loan and currency and deposits increased by US\$ 39.8 billion.
- As a result of the above changes in external assets and liabilities, net claims of non-residents on India increased by US\$ 57.8 billion as at end- March 2013, on a year-on-year basis.

#### **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) slightly declined to 24.3 per cent as at end-March 2013 from 24.5 per cent a year ago. Reserve Assets to GDP ratio declined to 15.9 per cent as at end-March 2013 from 16.5 per cent as at end-March 2012.
- The ratio of total international financial liabilities to GDP rose to 41.0 per cent as at end-March 2013 from 38.5 per cent a year ago. Among the international financial liabilities, the ratio to GDP of Direct investment stood at 12.7 per cent whereas the ratio of Portfolio Investment to GDP stood at 9.9 per cent as at end-March 2013.
- The ratio of net IIP of India to GDP was -16.7 per cent as at end-March 2013 as compared with -14.0 per cent as at end-March 2012 (Table 2).

#### **III. Composition of External Financial Assets and Liabilities**

- Reserve Assets continued to have the dominant share (65.2 per cent) in India's international financial assets in March 2013, followed by direct investment abroad (26.7 per cent) (Table 3).
- Direct Investment (with share of 31.0 per cent), portfolio investment (24.2 per cent), loans (mainly ECBs) (22.0 per cent) were the major constituents of the country's financial liabilities. The other investment component of liabilities viz. trade credit and currency and deposits contributed to 11.8 and 9.4 per cent of country's financial liabilities (Table 3).

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

- Due to faster growth of direct investment and portfolio equity investment liabilities in US dollar terms, the share of non-debt liabilities increased to 48.0 per cent as at end- March 2013 from 47.5 percent at end -December 2012 (Table 4).

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 dissemination encouraged with one quarter's lag). India's quarterly IIP are being disseminated with one quarter lag and the last quarterly IIP as at end-December 2012 was put in public domain on March 28, 2013.

**Table 1: Overall International Investment Position of India**

(US \$ billion)

Period	Mar-12 (PR)	Jun-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (P)
<b>Net IIP</b>	<b>-249.5</b>	<b>-225.3</b>	<b>-270.3</b>	<b>-280.2</b>	<b>-307.3</b>
<b>A. Assets</b>	<b>437.2</b>	<b>432.9</b>	<b>442.6</b>	<b>443.9</b>	<b>447.8</b>
1. Direct Investment	112.4	114.5	115.8	118.1	119.5
2. Portfolio Investment	1.5	1.5	1.5	1.5	1.4
2.1 Equity Securities	1.5	1.4	1.5	1.4	1.3
2.2 Debt Securities	0.0	0.0	0.1	0.1	0.1
3. Other Investment	29.0	27.2	30.4	28.7	34.8
3.1 Trade Credits	0.0	4.5	6.9	5.7	3.9
3.2 Loans	6.0	3.7	3.7	3.5	4.9
3.3 Currency & Deposits	11.1	6.9	7.8	6.9	13.1
3.4 Other Assets	11.9	12.1	12.0	12.6	12.9
4. Reserve Assets	294.4	289.7	294.8	295.6	292.1
<b>B. Liabilities</b>	<b>686.7</b>	<b>658.1</b>	<b>712.9</b>	<b>724.1</b>	<b>755.1</b>
1. Direct Investment	222.2	205.5	229.0	225.1	233.7
2. Portfolio Investment	165.8	148.3	164.7	169.1	183.0
2.1 Equity Securities	125.3	110.5	125.7	128.9	139.5
2.2 Debt securities	40.5	37.8	39.0	40.1	43.5
3. Other Investment	298.7	304.4	319.3	329.9	338.5
3.1 Trade Credits	67.3	72.7	76.9	84.6	89.0
3.2 Loans	160.2	160.7	164.8	165.6	165.9
3.3 Currency & Deposits	58.8	61.1	67.2	67.8	71.0
3.4 Other Liabilities	12.3	9.9	10.3	12.0	12.6

PR: Partially revised

P: Provisional;

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

**Table 2: Ratios of External financial Assets and Liabilities to GDP**

(per cent)

Period	Mar-11 (R)	Mar-12 (PR)	Mar-13 (P)
<b>Net IIP (Assets - Liabilities)</b>	<b>-11.9</b>	<b>-14.0</b>	<b>-16.7</b>
<b>A. Assets</b>	<b>25.3</b>	<b>24.5</b>	<b>24.3</b>
1. Direct Investment Abroad	5.8	6.3	6.5
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	2.0	1.6	1.9
3.1 Trade Credits	0.3	0.0	0.2
3.2 Loans	0.4	0.3	0.3
3.3 Currency and Deposits	0.7	0.6	0.7
3.4 Other Assets	0.6	0.7	0.7
4. Reserve Assets	17.5	16.5	15.9
<b>B. Liabilities</b>	<b>37.2</b>	<b>38.5</b>	<b>41.0</b>
1. Direct Investment in India	12.3	12.5	12.7
2. Portfolio Investment	9.6	9.3	9.9
2.1 Equity Securities	7.6	7.0	7.6
2.2 Debt securities	2.0	2.3	2.4
3. Other Investment	15.3	16.8	18.4
3.1 Trade Credits	3.5	3.8	4.8
3.2 Loans	8.3	9.0	9.0
3.3 Currency and Deposits	3.0	3.3	3.9
3.4 Other Liabilities	0.6	0.7	0.7

Note: Ratios are derived based on Rupee figures.

**Table 3: Composition of International Financial Assets and Liabilities of India**

(per cent)

Period	Mar-12 (PR)	Jun-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (P)
<b>A. Assets</b>					
1. Direct Investment	25.7	26.4	26.2	26.6	26.7
2. Portfolio Investment	0.3	0.3	0.4	0.3	0.3
3. Other Investment	6.6	6.4	6.9	6.5	7.8
4. Reserve Assets	67.4	66.9	66.5	66.6	65.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Liabilities</b>					
1. Direct Investment	32.4	31.2	32.1	31.1	31.0
2. Portfolio Investment	24.2	22.5	23.1	23.3	24.2
3. Other Investment	43.4	46.3	44.8	45.6	44.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

(per cent)

Period	Mar-12 (PR)	Jun-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (P)
Non-Debt Liabilities	49.3	46.6	48.3	47.5	48.0
Debt Liabilities	50.7	53.4	51.7	52.5	52.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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