



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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

The [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 the economy's net IIP, which may be positive or negative.

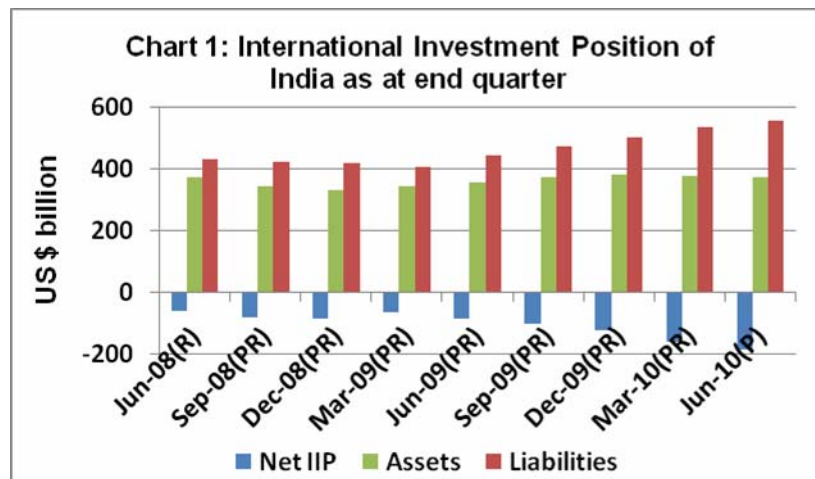
As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on annual basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006 onwards, the IIP was being disseminated on quarterly basis with a lag of less than two quarters. Further, from the quarter ended June 2009 and onwards, quarterly IIP data are being released with a lag of one quarter, as per SDDS of IMF. The latest quarterly IIP data as at [end-March, 2010](#) was released on the RBI website on June 30, 2010.

The IIP as at [end-June 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-June 2010, increased by US\$ 26.8 billion to US\$ 185.1 billion from US\$ 158.4 billion as at end-March 2010, mainly due to increase in net inflow of Direct Investment and Portfolio Investment in India in addition to inflow of trade credit and loans (Table I).



- ❖ Total external financial assets declined by US\$ 5.3 billion to US\$ 373.6 billion as at end-June 2010 over the previous quarter, due to contraction in Other

Investment by US\$ 4.8 billion besides decrease in Reserve Assets (US\$ 3.4 billion).

- ❖ Among the other components of external financial assets, Direct Investment abroad moved up by US\$ 2.8 billion, over end-March 2010, to US\$ 82.1 billion as at end-June 2010.
- ❖ Reserve Assets i.e. official reserves (foreign currency assets, IMF reserve position, SDRs, Gold) declined by US\$ 3.4 billion over the previous quarter and stood at US\$ 275.7 billion at end-June 2010.
- ❖ Reserve Assets exceeded the total external debt (US\$ 273.1 billion*) by US\$ 2.6 billion as at end-June 2010.

Table I. Overall International Investment Position

(US \$ billion)

Period	Jun-08 (R)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (PR)	Jun-10 (P)
Net IIP	-58.6	-79.2	-85.7	-62.8	-86.3	-100.0	-123.6	-158.4	-185.1
A. Assets	371.7	342.5	332.5	346.2	356.7	375.0	380.7	378.9	373.6
1. Direct Investment	52.7	56.6	62.5	67.3	69.9	74.1	77.3	79.2	82.1
2. Portfolio Investment	0.6	0.6	0.6	1.2	1.2	1.2	1.1	0.9	0.9
2.1 Equity Securities	0.6	0.5	0.5	1.2	1.2	1.2	1.1	0.9	0.9
2.2 Debt Securities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Other Investment	6.3	-1.0	13.5	25.7	20.4	18.4	18.8	19.7	14.9
3.1 Trade Credits	-8.5	-14.6	-5.0	2.7	1.5	-1.0	0.3	-1.0	-4.9
3.2 Loans	2.6	2.2	5.0	6.1	5.4	4.3	3.6	5.6	3.4
3.3 Currency & Deposits	5.9	5.0	6.6	10.2	6.8	8.0	7.7	7.7	7.9
3.4 Other Assets	6.3	6.5	6.9	6.7	6.8	7.1	7.2	7.4	8.6
4. Reserve Assets	312.1	286.3	256.0	252.0	265.1	281.3	283.5	279.1	275.7
B. Liabilities	430.2	421.8	418.2	409.0	443.0	475.0	504.3	537.3	558.7
1. Direct Investment	122.3	121.8	123.3	125.2	141.9	152.4	164.2	174.5	180.5
2. Portfolio Investment	106.2	100.2	91.6	83.2	95.8	106.0	117.2	134.2	138.9
2.1 Equity Securities	85.8	78.2	69.0	63.1	75.6	85.1	93.4	105.3	110.1
2.2 Debt securities	20.4	22.0	22.6	20.0	20.2	20.9	23.8	28.8	28.9
3. Other Investment	201.7	199.8	203.3	200.6	205.2	216.7	222.9	228.6	239.3
3.1 Trade Credits	48.2	48.7	44.6	41.9	40.4	41.4	44.7	49.6	55.2
3.2 Loans	106.3	106.3	114.8	113.9	116.7	120.7	121.9	122.4	127.6
3.3 Currency & Deposits	43.6	41.5	41.1	42.3	45.4	46.7	48.2	48.6	48.8
3.4 Other Liabilities	3.6	3.3	2.8	2.6	2.8	8.0	8.2	8.0	7.8

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

- ❖ Total external financial liabilities increased by US\$ 21.4 billion over the previous quarter and stood at US\$ 558.7 billion as at end-June 2010. Direct Investment and Portfolio Investment in India increased by US\$ 6.0 billion and US\$ 4.7 billion to US\$ 180.5 billion and US\$ 138.9 billion respectively over the previous quarter.

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

- ❖ Among the Other Investment constituents of liabilities, trade credit and loans increased by US\$ 5.6 billion and US\$ 5.2 billion to US\$ 55.2 billion and US\$ 127.6 billion respectively, over the previous quarter.

(b) Annual Variations:

- ❖ Net claim of non-residents on India as reflected by the net IIP as at end-June 2010, increased by US\$ 98.8 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\$ 16.9 billion as at end-June 2010 over end-June 2009.
- ❖ Among the components of external financial assets, Direct Investment abroad moved up by US\$ 12.2 billion. Reserve Assets improved by US\$ 10.6 billion.
- ❖ Currency & deposits, a component of Other Investment, on the asset side, increased by US\$ 1.1 billion. In contrast, loans declined by US\$ 2.0 billion over the year.
- ❖ Total external financial liabilities went up by US\$ 115.7 billion to US\$ 558.7 billion as at end-June 2010 over the previous year.
- ❖ Among the components of external financial liabilities, Portfolio Investment and Direct Investment in India increased by US\$ 43.1 billion and US\$ 38.6 billion respectively, as at end-June 2010 over the year.
- ❖ Other Investments in India improved by US\$ 34.1 billion. Its constituents, trade credit, loans, and currency & deposits registered an increase of US\$ 14.8 billion, US\$ 10.9 billion and US\$ 3.4 billion respectively as at end-June 2010 over the year.

II. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets was 73.8 per cent as at end-June 2010, whereas, Direct Investment and Other Investment accounted for 22.0 per cent and 4.0 per cent respectively (Table II).
- ❖ On the liability side, Other Investment accounted for 42.8 per cent of country's external financial liabilities as at end-June 2010, of which the share of loans was 22.8 per cent. Direct Investment and Portfolio Investment contributed 32.3 per cent and 24.9 per cent respectively to the total external financial liabilities.

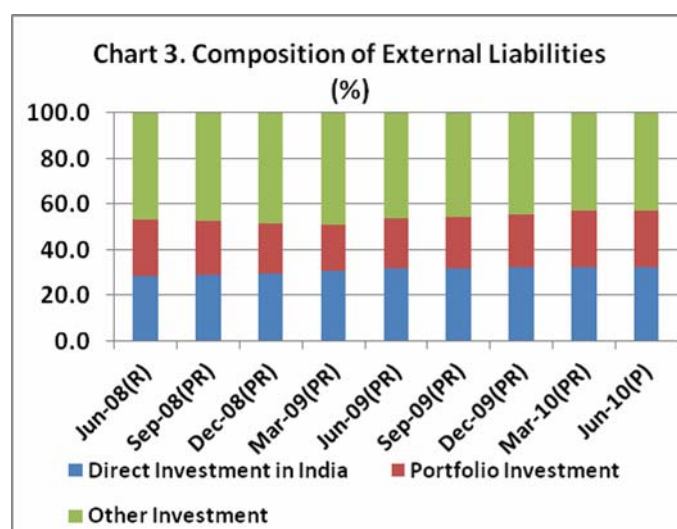
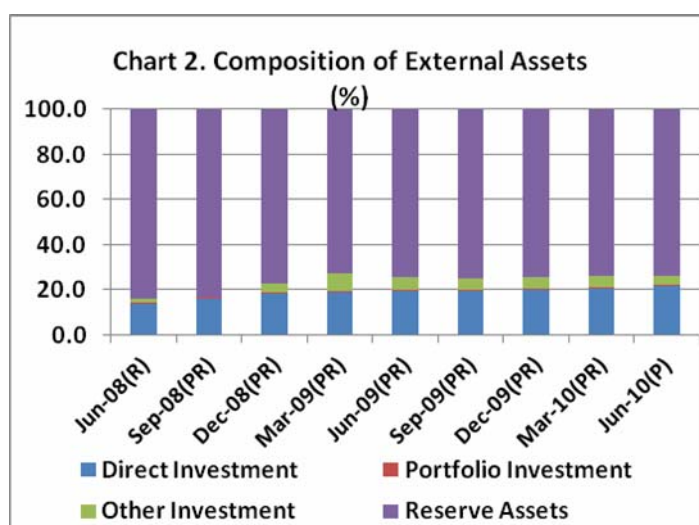


Table II. Composition of External Financial Assets and Liabilities**(per cent)**

Period	Jun-08 (R)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (PR)	Jun-10 (R)
A. Assets									
1. Direct Investment	14.2	16.5	18.8	19.4	19.6	19.8	20.3	20.9	22.0
2. Portfolio Investment	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2
3. Other Investment	1.7	-0.3	4.1	7.4	5.7	4.9	4.9	5.2	4.0
4. Reserve Assets	84.0	83.6	77.0	72.8	74.3	75.0	74.5	73.7	73.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. Liabilities									
1. Direct Investment	28.4	28.9	29.5	30.6	32.0	32.1	32.6	32.5	32.3
2. Portfolio Investment	24.7	23.8	21.9	20.3	21.6	22.3	23.2	25.0	24.9
3. Other Investment	46.9	47.4	48.6	49.1	46.3	45.6	44.2	42.6	42.8
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 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 debt liabilities to total external financial liabilities witnessed a decreasing trend from 55.2 per cent as at end-March 2009 to 49.0 per cent as at end-March 2010 which marginally increased to 49.1 per cent at end-June 2010 (Table III). The share of non-debt liabilities which improved to 51.0 per cent as at end-March 2010 was at 50.9 per cent as at end-June 2010.

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

Period	Jun-08 (R)	Sep-08 (PR)	Dec-08 (PR)	Mar-09 (PR)	Jun-09 (PR)	Sep-09 (PR)	Dec-09 (PR)	Mar-10 (PR)	Jun-10 (P)
Non-Debt Liabilities	47.3	46.4	44.8	44.8	47.9	48.7	49.7	51.0	50.9
Debt Liabilities	52.7	53.6	55.2	55.2	52.1	51.3	50.3	49.0	49.1
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 have been compiled based on IIP estimates in terms of US\$ Million]