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## India's International Investment Position (IIP), June 2014<sup>1</sup>

[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 is an important input for understanding external sustainability and vulnerability, and is also useful in analysing the economic structure.

Major highlights of IIP for the [quarter-ended June 2014](#) are as follows:

- **Net claims of non-residents on India** (as reflected by the net IIP) increased by US\$ 12.6 billion over the previous quarter to US\$ 346.6 billion as at end-June 2014 (Table 1). This change in the net position reflected a US\$ 22.9 billion increase in the value of foreign-owned assets in India vis-à-vis a US\$ 10.4 billion increase in the value of Indian residents' financial assets abroad.
- **Indian residents' financial assets abroad stood** at US\$ 492.8 billion as at end-June 2014 exhibiting an increase of US\$ 10.4 billion over previous quarter mainly due to increase of US\$ 11.9 billion in reserve assets.
- **The foreign-owned assets in India** increased by US\$ 22.9 billion over the previous quarter to US\$ 839.3 billion mainly due to increase of US\$ 10.6 billion in portfolio investment in India and increase of US\$ 7.6 billion in direct investment in India. Among other investment liabilities, currency and deposits increased by US\$ 2.4 billion and loans (mainly external commercial borrowings) increased by US\$ 1.2 billion.
- **The ratio of India's international financial assets to international financial liabilities** stood at 58.7 per cent in June 2014 (59.1 per cent in March 2014).

### Composition of External Financial Assets and Liabilities

- Reserve assets continued to have the dominant share (64.2 per cent) in India's international financial assets in June 2014, followed by direct investment abroad (26.2 per cent) [Table 2].

<sup>1</sup> India's quarterly IIP are being disseminated with one quarter lag and the last quarterly IIP as at end-March 2014 was placed in the public domain on June 30, 2014.

- Direct investment (29.8 per cent), portfolio investment (24.3 per cent), loans (21.5 per cent), and currency and deposits (12.7 per cent) were the major constituents of the country's financial liabilities.

### Debt Liabilities vis-à-vis Non-Debt Liabilities

- The share of non-debt liabilities increased marginally to 46.0 per cent as at end- June 2014 from 45.5 percent at end-March 2014 (Table 3).

**Table 1: Overall International Investment Position (IIP) for India**

(US \$ billion)

| Period  | Jun-13(PR)    | Sep-13(PR)    | Dec-13(PR)    | Mar-14(PR)    | Jun-14(P)     |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>Net IIP</b>                                  | <b>-313.4</b> | <b>-302.7</b> | <b>-318.8</b> | <b>-334.0</b> | <b>-346.6</b> |
| <b>A. Assets</b>                                | <b>434.5</b>  | <b>436.7</b>  | <b>458.9</b>  | <b>482.4</b>  | <b>492.8</b>  |
| 1. Direct Investment                            | 119.5         | 120.1         | 119.8         | 128.7         | 128.8         |
| 2. Portfolio Investment                         | 1.4           | 1.3           | 1.3           | 1.2           | 1.2           |
| 2.1 <i>Equity Securities</i>                    | 1.2           | 1.2           | 1.2           | 1.0           | 1.0           |
| 2.2 <i>Debt Securities</i>                      | 0.2           | 0.1           | 0.2           | 0.3           | 0.3           |
| 3. Other Investment                             | 31.2          | 38.0          | 43.9          | 48.3          | 46.6          |
| 3.1 <i>Trade Credits</i>                        | 6.3           | 8.2           | 10.9          | 8.7           | 8.3           |
| 3.2 <i>Loans</i>                                | 3.7           | 5.7           | 5.6           | 6.9           | 5.1           |
| 3.3 <i>Currency &amp; Deposits</i>              | 8.0           | 10.8          | 13.9          | 17.9          | 15.7          |
| 3.4 <i>Other Assets</i>                         | 13.3          | 13.3          | 13.6          | 14.8          | 17.4          |
| 4. Reserve Assets                               | 282.5         | 277.2         | 293.9         | 304.2         | 316.1         |
| <b>B. Liabilities</b>                           | <b>747.9</b>  | <b>739.4</b>  | <b>777.7</b>  | <b>816.4</b>  | <b>839.3</b>  |
| 1. Direct Investment                            | 219.8         | 218.1         | 226.5         | 242.7         | 250.3         |
| 2. Portfolio Investment                         | 186.5         | 173.9         | 179.6         | 193.1         | 203.7         |
| 2.1 <i>Equity Securities</i>                    | 131.6         | 124.3         | 132.4         | 139.7         | 147.1         |
| 2.2 <i>Debt securities</i>                      | 54.9          | 49.6          | 47.2          | 53.5          | 56.6          |
| 3. Other Investment                             | 341.6         | 347.3         | 371.6         | 380.5         | 385.3         |
| 3.1 <i>Trade Credits</i>                        | 91.4          | 89.6          | 88.4          | 83.9          | 84.7          |
| 3.2 <i>Loans</i>                                | 166.5         | 169.5         | 171.3         | 179.6         | 180.8         |
| 3.3 <i>Currency &amp; Deposits</i>              | 71.3          | 75.2          | 98.8          | 104.0         | 106.4         |
| 3.4 <i>Other Liabilities</i>                    | 12.3          | 13.1          | 13.1          | 13.0          | 13.4          |
| <b>Memo item: Assets to Liability Ratio (%)</b> | <b>58.1</b>   | <b>59.1</b>   | <b>59.0</b>   | <b>59.1</b>   | <b>58.7</b>   |

R: Revised PR: Partially revised P: Provisional;

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

**Table 2: Composition of International Financial Assets and Liabilities of India**

(per cent)

| Period                         | Jun-13(PR)   | Sep-13(PR)   | Dec-13(PR)   | Mar-14(PR)   | Jun-14(P)    |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>A. Assets</b>               |              |              |              |              |              |
| 1. <i>Direct Investment</i>    | 27.5         | 27.5         | 26.1         | 26.7         | 26.2         |
| 2. <i>Portfolio Investment</i> | 0.3          | 0.3          | 0.3          | 0.3          | 0.2          |
| 3. <i>Other Investment</i>     | 7.2          | 8.7          | 9.6          | 10.0         | 9.5          |
| 4. <i>Reserve Assets</i>       | 65.0         | 63.5         | 64.0         | 63.1         | 64.2         |
| <b>Assets/Liabilities</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. <i>Direct Investment</i>    | 29.4         | 29.5         | 29.1         | 29.7         | 29.8         |
| 2. <i>Portfolio Investment</i> | 24.9         | 23.5         | 23.1         | 23.7         | 24.3         |
| 3. <i>Other Investment</i>     | 45.7         | 47.0         | 47.8         | 46.6         | 45.9         |

**Table 3: Share of External Debt and Non-Debt Liabilities of India**

| Period                      | (per cent)   |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
|                             | Jun-13(PR)   | Sep-13(PR)   | Dec-13(PR)   | Mar-14(PR)   | Jun-14(P)    |
| <i>Non-Debt Liabilities</i> | 45.6         | 44.9         | 44.7         | 45.5         | 46.0         |
| <i>Debt Liabilities</i>     | 54.5         | 55.1         | 55.3         | 54.5         | 54.0         |
| <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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