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December 31, 2010

International Investment Position (IIP) of India as at the quarter ended September 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.

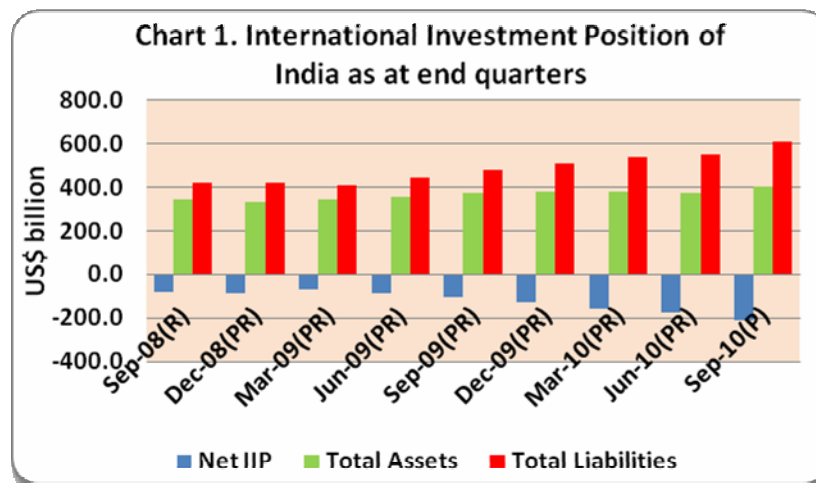
As per the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF), data on IIP are to be disseminated on annual basis (quarterly encouraged) with a time lag of two quarters. In India, since the quarter end-June 2006 onwards, the IIP was being disseminated on quarterly basis 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-June, 2010](#) was released on the RBI website on September 30, 2010.

The IIP as at [end-September 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- September 2010, increased by US\$ 33.2 billion to US\$ 211.1 billion from US\$ 177.9 billion as at end-June 2010, mainly due to increase in net inflow of Direct Investment and Portfolio Investment in India and also due to increase in trade credit and loan liabilities (Table I).



- ❖ Total external financial assets increased by US\$ 26.8 billion to US\$ 401.7 billion as at end-September 2010 over the previous quarter, mainly due to increase in Reserve Assets.
- ❖ Among the other components of external financial assets, Direct Investment abroad moved up by US\$ 4.1 billion, over end-June 2010, to US\$ 89.2 billion as at end- September 2010.
- ❖ Reserve Assets i.e. official reserves (foreign currency assets, IMF reserve position, SDRs, Gold) increased significantly by US\$ 17.2 billion over the previous quarter and stood at US\$ 292.9 billion at end- September 2010.

Table I. Overall International Investment Position

(US \$ billion)

| Period | Sep-08 (R) | Dec-08 (PR) | Mar-09 (PR) | Jun-09 (PR) | Sep-09 (PR) | Dec-09 (PR) | Mar-10 (PR) | Jun-10 (PR) | Sep-10 (P) |
|-------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Net IIP | -81.1 | -87.0 | -66.7 | -89.4 | -103.4 | -126.7 | -160.3 | -177.9 | -211.1 |
| A. Assets | 342.1 | 333.0 | 344.7 | 356.3 | 374.5 | 380.7 | 380.3 | 374.9 | 401.7 |
| 1. Direct Investment | 57.2 | 63.3 | 67.6 | 71.7 | 75.1 | 79.3 | 82.0 | 85.1 | 89.2 |
| 2. Portfolio Investment | 0.6 | 0.6 | 1.2 | 1.2 | 1.2 | 1.1 | 0.9 | 1.0 | 1.0 |
| 2.1 Equity Securities | 0.5 | 0.5 | 1.2 | 1.2 | 1.2 | 1.1 | 0.9 | 0.9 | 0.9 |
| 2.2 Debt Securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Other Investment | -2.0 | 13.2 | 24.0 | 18.2 | 17.0 | 16.8 | 18.4 | 13.1 | 18.6 |
| 3.1 Trade Credits | -15.6 | -5.3 | 0.9 | -0.8 | -2.4 | -1.7 | -2.3 | -6.7 | -6.6 |
| 3.2 Loans | 2.2 | 5.0 | 6.1 | 5.4 | 4.3 | 3.6 | 5.6 | 3.4 | 6.1 |
| 3.3 Currency & Deposits | 5.0 | 6.6 | 10.2 | 6.8 | 8.0 | 7.7 | 7.7 | 7.9 | 10.3 |
| 3.4 Other Assets | 6.5 | 6.9 | 6.7 | 6.8 | 7.1 | 7.2 | 7.4 | 8.6 | 8.8 |
| 4. Reserve Assets | 286.3 | 256.0 | 252.0 | 265.1 | 281.3 | 283.5 | 279.1 | 275.7 | 292.9 |
| B. Liabilities | 423.2 | 420.0 | 411.4 | 445.7 | 477.9 | 507.4 | 540.6 | 552.8 | 612.8 |
| 1. Direct Investment | 123.2 | 125.2 | 127.6 | 144.6 | 155.2 | 167.2 | 177.8 | 178.2 | 191.7 |
| 2. Portfolio Investment | 100.2 | 91.6 | 83.2 | 95.9 | 106.0 | 117.2 | 134.2 | 135.5 | 164.3 |
| 2.1 Equity Securities | 78.2 | 69.0 | 63.1 | 75.6 | 85.1 | 93.4 | 105.3 | 106.6 | 130.5 |
| 2.2 Debt securities | 22.0 | 22.6 | 20.1 | 20.3 | 20.9 | 23.8 | 28.8 | 28.8 | 33.8 |
| 3. Other Investment | 199.8 | 203.2 | 200.6 | 205.2 | 216.7 | 223.0 | 228.7 | 239.2 | 256.8 |
| 3.1 Trade Credits | 48.7 | 44.6 | 41.9 | 40.4 | 41.4 | 44.7 | 49.7 | 55.2 | 62.0 |
| 3.2 Loans | 106.3 | 114.8 | 113.8 | 116.7 | 120.7 | 122.0 | 122.5 | 127.5 | 135.8 |
| 3.3 Currency & Deposits | 41.5 | 41.1 | 42.3 | 45.4 | 46.7 | 48.2 | 48.6 | 48.8 | 50.5 |
| 3.4 Other Liabilities | 3.3 | 2.8 | 2.6 | 2.8 | 8.0 | 8.2 | 8.0 | 7.8 | 8.4 |

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\$ 60.0 billion over the previous quarter and stood at US\$ 612.8 billion as at end-September 2010. Direct Investment and Portfolio Investment in India increased by US\$ 13.5 billion and US\$ 28.8 billion to US\$ 191.7 billion and US\$ 164.3 billion respectively over the previous quarter.
- ❖ Among the Other Investment constituents of liabilities, trade credit and loans increased by US\$ 6.8 billion and US\$ 8.3 billion to US\$ 62.0 billion and US\$ 135.8 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-September 2010, increased by US\$ 107.8 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\$ 27.2 billion as at end- September 2010 over end- September 2009.
- ❖ Among the components of external financial assets, Direct Investment abroad moved up by US\$ 14.1 billion. Reserve Assets improved by US\$ 11.6 billion.
- ❖ Currency & deposits, a component of Other Investment, on the asset side, increased by US\$ 2.3 billion. In contrast, trade credit declined by US\$ 4.2 billion over the year.
- ❖ Total external financial liabilities went up by US\$ 134.9 billion to US\$ 612.8 billion as at end- September 2010 over the previous year.
- ❖ Among the components of external financial liabilities, Portfolio Investment and Direct Investment in India increased by US\$ 58.3 billion and US\$ 36.5 billion respectively, as at end- September 2010 over the previous year.
- ❖ Other Investments in India improved by US\$ 40.2 billion. Its constituents, trade credit, loans, and currency & deposits registered an increase of US\$ 20.6 billion, US\$ 15.1 billion and US\$ 3.8 billion respectively as at end- September 2010 over the year.

II. Composition of External Financial Assets and Liabilities

- ❖ The share of Reserve Assets in the total external financial assets was 72.9 per cent as at end- September 2010, whereas, Direct Investment and Other Investment accounted for 22.2 per cent and 4.6 per cent respectively (Table II).
- ❖ On the liability side, Other Investment accounted for 41.9 per cent of country's total external financial liabilities as at end- September 2010, of which the share of loans was 22.2 per cent. Direct Investment and Portfolio Investment contributed 31.3 per cent and 26.8 per cent share respectively to the total external financial liabilities.

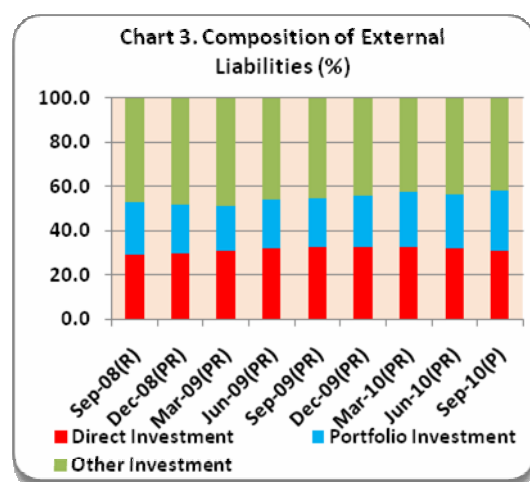
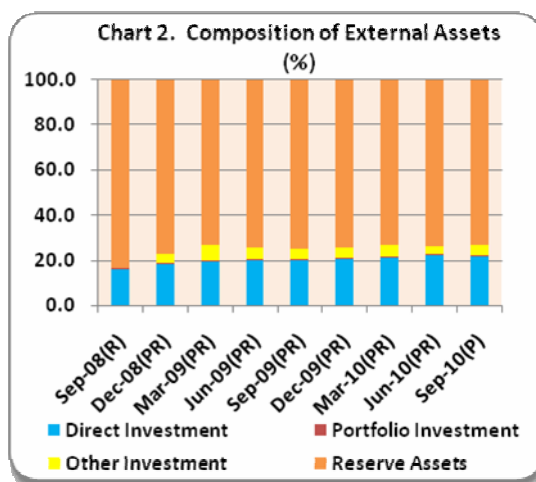


Table II. Composition of External Financial Assets and Liabilities

(per cent)

| Period | Sep-08 (R) | Dec-08 (PR) | Mar-09 (PR) | Jun-09 (PR) | Sep-09 (PR) | Dec-09 (PR) | Mar-10 (PR) | Jun-10 (PR) | Sep-10 (P) |
|-------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| A. Assets | | | | | | | | | |
| 1. Direct Investment | 16.7 | 19.0 | 19.6 | 20.1 | 20.0 | 20.8 | 21.6 | 22.7 | 22.2 |
| 2. Portfolio Investment | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.2 |
| 3. Other Investment | -0.6 | 4.0 | 7.0 | 5.1 | 4.5 | 4.4 | 4.8 | 3.5 | 4.6 |
| 4. Reserve Assets | 83.7 | 76.9 | 73.1 | 74.4 | 75.1 | 74.5 | 73.4 | 73.5 | 72.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| B. Liabilities | | | | | | | | | |
| 1. Direct Investment | 29.1 | 29.8 | 31.0 | 32.4 | 32.5 | 33.0 | 32.9 | 32.2 | 31.3 |
| 2. Portfolio Investment | 23.7 | 21.8 | 20.2 | 21.5 | 22.2 | 23.1 | 24.8 | 24.5 | 26.8 |
| 3. Other Investment | 47.2 | 48.4 | 48.8 | 46.1 | 45.3 | 43.9 | 42.3 | 43.3 | 41.9 |
| 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. Total may not add up to 100 due to rounding off.]

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

- ❖ The share of debt liabilities to total external financial liabilities declined from 49.6 per cent at end-June 2010 to 48.5 per cent as at end- September 2010 (Table III). The share of non-debt liabilities improved from 50.4 per cent as at end-June 2010 and was 51.5 per cent as at end- September 2010.

Table III. Share of External Debt and Non-Debt Liabilities

(per cent)

| Period | Sep-08 (R) | Dec-08 (PR) | Mar-09 (PR) | Jun-09 (PR) | Sep-09 (PR) | Dec-09 (PR) | Mar-10 (PR) | Jun-10 (PR) | Sep-10 (P) |
|-----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Non-Debt Liabilities | 46.5 | 45.0 | 45.2 | 48.2 | 49.0 | 50.0 | 51.3 | 50.4 | 51.5 |
| Debt Liabilities | 53.5 | 55.0 | 54.9 | 51.8 | 51.0 | 50.0 | 48.8 | 49.6 | 48.5 |
| 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. Total may not add up to 100 due to rounding off]