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September 30, 2013

## India's International Investment Position (IIP), Quarter ended June 2013

[International Investment Position \(IIP\)](#) is a statistical statement that shows, at a point in time, the value and the composition of (i) financial assets of residents of an economy that are claims on non-residents and gold bullion held as reserve assets; and (ii) liabilities of residents of an economy to non-residents. The difference between an economy's external financial assets and liabilities is its net IIP. Such balance sheet analysis of international accounts helps in understanding sustainability and vulnerability of economy's external sector.

Major highlights of IIP for the [quarter-ended June 2013](#) are as follows:

**Net claims of non-residents on India** (as reflected by the net IIP) decreased by US\$ 12.5 billion over the previous quarter to US\$ 296.9 billion as at end-June 2013. The US\$ 12.5 billion change in the net position reflected a US\$ 25.7 billion decrease in the value of foreign-owned assets in India vis-à-vis a US\$ 13.2 billion decrease in the value of Indian Residents' financial assets abroad (Table 1).

**Indian residents' financial assets abroad** stood at US\$ 434.6 billion as at end-June 2013 recording a decrease of US\$ 13.2 billion over previous quarter. Reserve assets, decreased by US\$ 9.6 billion to US\$ 282.5 billion at end-June 2013. Direct investment and portfolio investment abroad remained almost unchanged from the previous quarter and other investment abroad decreased by US\$ 3.6 billion due to decrease in loans and currency and deposits.

**The foreign-owned assets in India** decreased by US\$ 25.7 billion over the previous quarter to US\$ 731.5 billion as at end- June 2013. Direct investment in India and portfolio investment in India reduced by US\$ 13.8 billion and US\$ 13.7 billion respectively. Among other investment liabilities, trade credit increased by US\$ 2.4 billion.

**Effects of Rupee Depreciation:** Equity liabilities in US \$ term decreased by US\$ 21.9 billion, from US\$ 362.6 billion in March 2013 to US\$ 340.7 billion in June 2013 due to the valuation effect resulting from rupee depreciation, though there was a positive flow of US\$ 11.0 billion into the Indian economy during the period.

**Composition of External Financial Assets and Liabilities:** Reserve Assets continued to have the dominant share (65.0 per cent) in India's international financial

assets in June 2013, followed by direct investment abroad (27.5 per cent). Direct Investment (with share of 30.1 per cent), portfolio investment (23.3 per cent), loans (mainly ECBs) (22.8 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 12.5 per cent and 9.8 per cent respectively, of country's financial liabilities (Table 2).

**External Debt Liabilities vis-à-vis External Non-Debt Liabilities:** The share of non-debt liabilities decreased to 46.6 per cent as at end- June 2013 from 47.9 percent at end -March 2013 (Table 3).

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

(US \$ billion)

Period	Jun-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (PR)	Jun-13 (P)
<b>Net IIP</b>	<b>-225.6</b>	<b>-270.7</b>	<b>-281.1</b>	<b>-309.4</b>	<b>-296.9</b>
<b>A. Assets</b>	<b>432.9</b>	<b>442.6</b>	<b>443.9</b>	<b>447.8</b>	<b>434.6</b>
1. Direct Investment	114.5	115.8	118.1	119.5	119.5
2. Portfolio Investment	1.5	1.5	1.5	1.4	1.4
2.1 <i>Equity Securities</i>	1.4	1.5	1.4	1.3	1.3
2.2 <i>Debt Securities</i>	0.0	0.1	0.1	0.1	0.1
3. Other Investment	27.2	30.4	28.7	34.8	31.2
3.1 <i>Trade Credits</i>	4.5	6.9	5.7	3.9	6.3
3.2 <i>Loans</i>	3.7	3.7	3.5	4.9	3.7
3.3 <i>Currency &amp; Deposits</i>	6.9	7.8	6.9	13.1	8.0
3.4 <i>Other Assets</i>	12.1	12.0	12.6	12.9	13.3
4. Reserve Assets	289.7	294.8	295.6	292.1	282.5
<b>B. Liabilities</b>	<b>658.5</b>	<b>713.3</b>	<b>725.0</b>	<b>757.2</b>	<b>731.5</b>
1. Direct Investment	205.5	228.9	225.0	233.6	219.8
2. Portfolio Investment	148.6	165.0	169.7	183.9	170.2
2.1 <i>Equity Securities</i>	110.5	125.7	128.9	139.5	131.6
2.2 <i>Debt securities</i>	38.1	39.3	40.8	44.4	38.5
3. Other Investment	304.5	319.4	330.3	339.7	341.5
3.1 <i>Trade Credits</i>	72.7	76.9	84.6	89.0	91.4
3.2 <i>Loans</i>	160.7	164.9	165.9	167.1	166.4
3.3 <i>Currency &amp; Deposits</i>	61.1	67.2	67.8	71.0	71.3
3.4 <i>Other Liabilities</i>	9.9	10.3	12.0	12.6	12.3
<b>Memo item: Assets to Liability Ratio (%)</b>	<b>65.7</b>	<b>62.1</b>	<b>61.2</b>	<b>59.1</b>	<b>59.4</b>

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-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (PR)	Jun-13 (P)
<b>A. Assets</b>					
1. Direct Investment	26.4	26.2	26.6	26.7	27.5
2. Portfolio Investment	0.3	0.4	0.3	0.3	0.3
3. Other Investment	6.4	6.8	6.5	7.8	7.2
4. Reserve Assets	66.9	66.6	66.6	65.2	65.0
<b>Assets/Liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
1. Direct Investment	31.2	32.1	31.0	30.9	30.1
2. Portfolio Investment	22.6	23.1	23.4	24.3	23.3
3. Other Investment	46.2	44.8	45.6	44.8	46.6

PR: Partially revised

P: Provisional;

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

(per cent)

Period	Jun-12 (PR)	Sep-12 (PR)	Dec-12 (PR)	Mar-13 (PR)	Jun-13 (P)
Non-Debt Liabilities	46.6	48.3	47.4	47.9	46.6
Debt Liabilities	53.4	51.7	52.6	52.1	53.4
<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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Press Release : 2013-2014/679

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