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India's International Investment Position (IIP), September 2015¹

[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.

The highlights of IIP for the [quarter-ended September 2015](#) are as follows:

- **Net claims of non-residents on India** (as reflected by the net IIP) declined by US\$ 5.6 billion over the previous quarter to US\$ 357.8 billion as at end-September 2015 (Table 1). This change in the net position reflected a US\$ 11.4 billion decrease in the value of foreign-owned assets in India *vis-à-vis* a US\$ 5.8 billion decline in the value of Indian Residents' financial assets abroad.
- **Indian residents' overseas financial assets** stood at US\$ 528.3 billion as at end-September 2015 exhibiting a decline of US\$ 5.8 billion during the quarter, as reserve assets and trade credit declined by US\$ 5.7 billion and US\$ 1.0 billion, respectively.
- **Foreign-owned assets in India** decreased by US\$ 11.4 billion over the previous quarter to US\$ 886.1 billion, mainly because portfolio investments and loans declined by US\$ 13.6 billion and US\$ 1.7 billion, respectively, whereas currency & deposits increased by US\$ 1.9 billion during the quarter.
- **Effects of Exchange Rate movement:** Variation in exchange rate of rupee *vis-a-vis* other currencies affected change in liabilities, when valued in US\$ terms. Even with net equity inflow of US\$ 1.5 billion during the quarter, outstanding equity liabilities decreased by US\$ 10.9 billion from US\$ 409.9 billion in June 2015 to US\$ 399.0 billion in September 2015, as outstanding liabilities were revalued due to rupee depreciation during the period.
- **The ratio of India's international financial assets to international financial liabilities** stood at 59.6 per cent in September 2015 (59.5 per cent in June 2015).

¹ India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end-June 2015 was released on the RBI website on [September 30, 2015](#).

Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have the dominant share (66.3 per cent) in India's international financial assets in September 2015, followed by overseas direct investment (25.7 per cent) (Table 2).
- Direct Investment (30.6 per cent), portfolio investment (25.1 per cent), loans (19.5 per cent) and currency & deposits (13.8 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 in total external liabilities declined marginally to 45.0 per cent as at end-September 2015 from 45.7 per cent at end-June 2015 (Table 3).

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Sangeeta Das
Director

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Sep-14 (PR)	Dec-14 (PR)	Mar-15 (PR)	Jun-15 (PR)	Sep-15 (P)
Net IIP	-361.1	-356.4	-364.7	-363.4	-357.8
A. Assets	488.2	491.8	522.4	534.1	528.3
1. Direct Investment	130.8	131.5	132.7	134.1	135.8
2. Portfolio Investment	1.3	1.4	1.4	1.6	1.7
2.1 <i>Equity Securities</i>	0.9	1.0	1.1	1.5	1.6
2.2 <i>Debt Securities</i>	0.3	0.4	0.4	0.1	0.1
3. Other Investment	42.4	38.2	46.6	42.4	40.5
3.1 <i>Trade Credits</i>	7.0	6.8	5.5	4.5	3.5
3.2 <i>Loans</i>	5.1	4.2	5.7	4.4	4.3
3.3 <i>Currency & Deposits</i>	15.0	11.9	19.4	17.1	16.7
3.4 <i>Other Assets</i>	15.3	15.3	16.0	16.4	16.0
4. Reserve Assets	313.8	320.6	341.6	356.0	350.3
B. Liabilities	849.3	848.2	887.1	897.5	886.1
1. Direct Investment	252.7	252.8	265.5	271.1	271.0
2. Portfolio Investment	216.3	215.1	233.4	236.1	222.6
2.1 <i>Equity Securities</i>	148.8	145.0	153.6	151.1	140.6
2.2 <i>Debt securities</i>	67.5	70.1	79.7	85.0	82.0
3. Other Investment	380.3	380.3	388.2	390.4	392.5
3.1 <i>Trade Credits</i>	82.5	81.1	83.7	82.2	82.6
3.2 <i>Loans</i>	176.1	176.0	177.0	174.9	173.2
3.3 <i>Currency & Deposits</i>	108.9	110.2	115.3	120.1	122.0
3.4 <i>Other Liabilities</i>	12.8	13.0	12.2	13.3	14.7
Memo item: Assets to Liability Ratio (%)	57.5	58.0	58.9	59.5	59.6

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	Sep-14(PR)	Dec-14(PR)	Mar-15(PR)	Jun-15(PR)	Sep-15(P)
A. Assets					
<i>1. Direct Investment</i>	26.8	26.7	25.4	25.1	25.7
<i>2. Portfolio Investment</i>	0.3	0.3	0.3	0.3	0.3
<i>3. Other Investment</i>	8.6	7.8	8.9	7.9	7.7
<i>4. Reserve Assets</i>	64.3	65.2	65.4	66.7	66.3
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
<i>1. Direct Investment</i>	29.7	29.8	29.9	30.2	30.6
<i>2. Portfolio Investment</i>	25.5	25.4	26.3	26.3	25.1
<i>3. Other Investment</i>	44.8	44.8	43.8	43.5	44.3

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

(per cent)

Period	Sep-14(PR)	Dec-14(PR)	Mar-15(PR)	Jun-15(PR)	Sep-15(P)
<i>Non-Debt Liabilities</i>	46.0	45.6	46.0	45.7	45.0
<i>Debt Liabilities</i>	54.0	54.4	54.0	54.3	55.0
Total	100.0	100.0	100.0	100.0	100.0