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RESERVE BANK OF INDIA

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India's International Investment Position (IIP), December 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 December 2015](#) are as follows:

- **Net claims of non-residents on India** (as reflected by the net IIP) increased by US\$ 4.2 billion over the previous quarter to US\$ 362.0 billion as at end-December 2015 (Table 1). This change in the net position reflected a US\$ 7.4 billion increase in the value of foreign-owned assets in India vis-à-vis a US\$ 3.2 billion increase in the value of Indian Residents' financial assets abroad.
- **Overseas financial assets of Indian residents** stood at US\$ 532.7 billion as at end- December 2015 exhibiting an increase of US\$ 3.2 billion during the quarter, mainly due to increase in overseas direct investment.
- **Foreign-owned assets in India** increased by US\$ 7.4 billion over the previous quarter to US\$ 894.7 billion, mainly due to increase in direct investment by US\$ 11.3 billion, whereas portfolio investment and other investment declined by US\$ 0.8 billion and US\$ 3.1 billion, respectively, 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. While there was net equity inflow of US\$ 12.2 billion during the quarter, outstanding equity liabilities increased by US\$ 8.6 billion from US\$ 402.0 billion in September 2015 to US\$ 410.6 billion in December 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 59.5 per cent in December 2015 (59.7 per cent in September 2015).

¹ India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end-September 2015 was released on the RBI website on [December 31, 2015](#).

Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have the dominant share (65.8 per cent) in India's international financial assets in December 2015, followed by overseas direct investment (26.1 per cent) (Table 2).
- Direct Investment (31.6 per cent), portfolio investment (25.1 per cent), loans (19.2 per cent) and currency & deposits (13.7 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 in total external liabilities increased marginally to 45.9 per cent as at end-December 2015 from 45.3 per cent at end-September 2015 (Table 3).

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Dec-14 (PR)	Mar-15 (PR)	Jun-15 (PR)	Sep-15 (PR)	Dec-15 (P)
Net IIP	-356.6	-364.9	-362.4	-357.8	-362.0
A. Assets	491.8	522.4	534.7	529.5	532.7
1. Direct Investment	131.5	132.7	134.1	135.8	139.0
2. Portfolio Investment	1.4	1.4	1.6	1.7	1.7
2.1 Equity Securities	1.0	1.1	1.5	1.6	1.6
2.2 Debt Securities	0.4	0.4	0.1	0.1	0.1
3. Other Investment	38.2	46.6	43.0	41.7	41.7
3.1 Trade Credits	6.8	5.5	5.1	4.7	4.5
3.2 Loans	4.2	5.7	4.4	4.3	3.7
3.3 Currency & Deposits	11.9	19.4	17.1	16.7	17.3
3.4 Other Assets	15.3	16.0	16.4	16.1	16.1
4. Reserve Assets	320.6	341.6	356.0	350.3	350.4
B. Liabilities	848.4	887.3	897.1	887.3	894.7
1. Direct Investment	252.8	265.5	271.1	271.0	282.3
2. Portfolio Investment	215.1	233.4	236.3	225.6	224.8
2.1 Equity Securities	145.0	153.6	151.4	143.6	141.1
2.2 Debt securities	70.1	79.8	85.0	82.0	83.7
3. Other Investment	380.4	388.4	389.6	390.7	387.6
3.1 Trade Credits	81.1	83.7	81.3	81.3	79.5
3.2 Loans	176.2	177.2	175.0	172.7	171.8
3.3 Currency & Deposits	110.2	115.3	120.1	122.0	122.8
3.4 Other Liabilities	13.0	12.2	13.3	14.7	13.4
Memo item: Assets to Liability Ratio (%)	58.0	58.9	59.6	59.7	59.5

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	Dec-14 (PR)	Mar-15 (PR)	Jun-15 (PR)	Sep-15 (PR)	Dec-15 (P)
A. Assets					
1. Direct Investment	26.7	25.4	25.1	25.6	26.1
2. Portfolio Investment	0.3	0.3	0.3	0.3	0.3
3. Other Investment	7.8	8.9	8.0	7.9	7.8
4. Reserve Assets	65.2	65.4	66.6	66.2	65.8
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
1. Direct Investment	29.8	29.9	30.2	30.5	31.6
2. Portfolio Investment	25.4	26.3	26.3	25.4	25.1
3. Other Investment	44.8	43.8	43.5	44.1	43.3

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

(per cent)

Period	Dec-14 (PR)	Mar-15 (PR)	Jun-15 (PR)	Sep-15 (PR)	Dec-15 (P)
Non-Debt Liabilities	45.6	45.9	45.7	45.3	45.9
Debt Liabilities	54.4	54.1	54.3	54.7	54.1
Total	100.0	100.0	100.0	100.0	100.0

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