



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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India's International Investment Position (IIP), December 2016¹

The Reserve Bank of India today released data relating to India's International Investment Position as at end [December 2016](#).

[India's International Investment Position \(IIP\)](#) depicts the value and the composition of (a) financial assets of residents that are claims on non-residents (including gold bullion held as reserve assets); and (b) liabilities of residents to non-residents. The difference between the economy's external financial assets and liabilities is its net IIP, which is an important input for understanding external sustainability.

Highlights

I. India's International Investment Position

- Net claims of non-residents on India declined by US\$ 3.8 billion from the previous quarter (Table 1), due to a decline of US\$ 27.7 billion in foreign-owned assets in India *vis-à-vis* a reduction of US\$ 24.0 billion in Indian residents' overseas financial assets.
- Indian residents' financial assets abroad exhibited a decline of US\$ 24.0 billion from the previous quarter, mainly due to a decrease of US\$ 13.1 billion in reserve assets and US\$ 11.9 billion in currency and deposits [mainly the decline in nostro balances corresponding to the large Foreign Currency Non-Resident (FCNR(B) deposit redemption during October-November 2016], even as direct investment by India rose by US\$ 3.4 billion during the quarter.
- Foreign-owned assets in India decreased by US\$ 27.7 billion over the previous quarter, mainly due to the decline in currency and deposits [especially the large FCNR(B) redemption during the period] as well as in portfolio investments in India, whereas inward direct investment increased during the quarter.

¹ India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end-September 2016 was placed in the public domain on [December 30, 2016](#).

- Variation in the exchange rate of rupee *vis-a-vis* other currencies affected the change in liabilities, when valued in US\$ terms, as the rupee depreciated during the quarter by 1.9 per cent.
- The ratio of India's international financial assets to international financial liabilities stood at 59.8 per cent in December 2016 (60.5 per cent in September 2016).

II. Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have a dominant share (66.3 per cent) in India's international financial assets in December 2016, followed by direct investment abroad (26.6 per cent) (Table 2).
- Direct Investment (35.2 per cent), portfolio investment (24.4 per cent), loans (17.7 per cent), and currency and deposits (12.1 per cent) were the major constituents of the country's international financial liabilities in December 2016.

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

- The share of non-debt liabilities increased to 49.1 per cent as at end-December 2016 from 47.7 percent a quarter ago (Table 3).

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(PR)	Dec-16(P)
Net IIP	-361.6	-361.1	-352.5	-368.5	-364.7
A. Assets	532.8	550.1	552.6	565.4	541.4
1. Direct Investment	139.0	141.6	143.7	140.7	144.1
2. Portfolio Investment	1.7	2.5	1.6	2.3	2.3
2.1 <i>Equity Securities</i>	1.6	1.6	1.6	2.0	2.3
2.2 <i>Debt Securities</i>	0.1	0.9	0.0	0.3	0.0
3. Other Investment	41.7	45.8	43.8	50.4	36.1
3.1 <i>Trade Credits</i>	4.5	2.9	2.4	2.2	2.0
3.2 <i>Loans</i>	3.7	6.7	4.8	6.3	4.2
3.3 <i>Currency & Deposits</i>	17.3	20.9	21.3	26.5	14.6
3.4 <i>Other Assets</i>	16.1	15.4	15.3	15.4	15.3
4. Reserve Assets	350.4	360.2	363.5	372.0	358.9
B. Liabilities	894.4	911.2	905.1	933.8	906.1
1. Direct Investment	282.6	293.9	294.1	311.7	318.5
2. Portfolio Investment	225.3	224.8	220.6	232.1	221.2
2.1 <i>Equity Securities</i>	141.7	141.9	141.5	148.1	140.6
2.2 <i>Debt securities</i>	83.6	82.9	79.1	84.0	80.6
3. Other Investment	386.5	392.6	390.5	390.0	366.4
3.1 <i>Trade Credits</i>	79.6	82.3	82.1	81.9	84.8
3.2 <i>Loans</i>	170.7	170.5	170.3	166.9	160.3
3.3 <i>Currency & Deposits</i>	122.8	127.1	126.5	130.2	110.0
3.4 <i>Other Liabilities</i>	13.4	12.7	11.6	11.0	11.3
Memo item: Assets to Liability Ratio (%)	59.6	60.4	61.1	60.5	59.8

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	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(PR)	Dec-16(P)
A. Assets					
<i>1. Direct Investment</i>	26.1	25.8	26.0	24.9	26.6
<i>2. Portfolio Investment</i>	0.3	0.4	0.3	0.4	0.4
<i>3. Other Investment</i>	7.8	8.3	7.9	8.9	6.7
<i>4. Reserve Assets</i>	65.8	65.5	65.8	65.8	66.3
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
<i>1. Direct Investment</i>	31.6	32.2	32.5	33.4	35.2
<i>2. Portfolio Investment</i>	25.2	24.7	24.4	24.9	24.4
<i>3. Other Investment</i>	43.2	43.1	43.1	41.7	40.4

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

(per cent)

Period	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(PR)	Dec-16(P)
<i>Non-Debt Liabilities</i>	46.0	46.3	46.6	47.7	49.1
<i>Debt Liabilities</i>	54.0	53.7	53.4	52.3	50.9
Total	100.0	100.0	100.0	100.0	100.0