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RESERVE BANK OF INDIA

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June 30, 2017

## India's International Investment Position (IIP), March 2017<sup>1</sup>

The Reserve Bank of India today released data relating to India's International Investment Position as at end [March 2017](#).

[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. Quarterly Variations:

- Net claims of non-residents on India increased by US\$ 30.9 billion from the previous quarter (Table 1), due to increase of US\$ 53.7 billion in foreign-owned assets in India *vis-à-vis* increase of US\$ 22.8 billion in Indian residents' overseas financial assets.
- Indian residents' overseas financial assets exhibited an increase of US\$ 22.8 billion from the previous quarter, mainly due to an increase of US\$ 11.1 billion in reserve assets, US\$ 5.5 billion in currency and deposits, and US\$ 4.1 billion in direct investment abroad.
- Foreign-owned assets in India increased by US\$ 53.7 billion over the previous quarter, mainly due to increase of US\$ 24.2 billion in portfolio investment, US\$ 17.5 billion direct investment in India and US\$ 7.1 billion in currency and deposits.
- Variation in the exchange rate of rupee *vis-a-vis* other currencies had a significant impact on the change in liabilities, when valued in US\$ terms, as the rupee appreciated during the quarter by 4.6 per cent.
- The ratio of India's international financial assets to international financial liabilities stood at 59.0 per cent in March 2017 (60.0 per cent in December 2016).

<sup>1</sup> India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end-December 2016 was placed in the public domain on [March 31, 2017](#).

## **II. Annual Variations**

- Overseas financial assets of Indian residents increased by US\$ 14.1 billion during the financial year 2016-17 (Table 1). These included increase of US\$ 6.6 billion in direct investment abroad and US\$ 9.8 billion in Reserve Assets, even as trade credit declined by US\$ 1.1 billion.
- Foreign owned Assets in India increased by US\$ 47.5 billion during 2016-17. Of these, direct investment increased by US\$ 48.8 billion whereas portfolio investment increased by US\$ 13.9 billion. Among other investments, loans and currency and deposits declined by US\$ 10.5 billion and US\$ 10.0 billion, respectively, during the year.
- As a result of the above changes in external assets and liabilities, net claims of non-residents on India increased by US\$ 33.4 billion during the financial year 2016-17.

## **III. Ratio of International Financial Assets and Liabilities to Gross Domestic Product (GDP)**

- The ratio of total international financial assets to GDP (at current prices) declined to 24.2 per cent in March 2017 from 26.7 per cent a year ago (Table 2). Reserve Assets to GDP ratio moderated to 15.8 per cent in March 2017 from 17.5 per cent a year ago.
- The ratio of total international financial liabilities to GDP dropped to 40.9 per cent in March 2017 from 44.2 per cent a year ago. The ratio of Direct and Portfolio investment liabilities to GDP stood at 14.6 per cent and 10.2 per cent, respectively, in March 2017.
- The ratio of net IIP to GDP was (-) 16.8 per cent in March 2017.

## **IV. Composition of External Financial Assets and Liabilities**

- Reserve Assets continued to have the dominant share (65.4 per cent) in India's international financial assets in March 2017, followed by overseas direct investment (26.2 per cent) (Table 3).
- Direct Investment (35.7 per cent), portfolio investment (24.9 per cent), loans (16.7 per cent), and currency and deposits (12.2 per cent) were the major constituents of the country's financial liabilities.

## **V. Debt Liabilities vis-à-vis Non-Debt Liabilities**

- The share of non-debt liabilities in International liabilities of Indian residents increased to 50.3 per cent as at end-March 2017 from 49.2 percent at end-December 2016 (Table 4).

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

(US \$ billion)

Period	Mar-16(R)	Jun-16(PR)	Sep-16(PR)	Dec-16(PR)	Mar-17(P)
<b>Net IIP</b>	<b>-359.5</b>	<b>-350.9</b>	<b>-366.9</b>	<b>-362.0</b>	<b>-392.9</b>
<b>A. Assets</b>	<b>551.7</b>	<b>554.2</b>	<b>566.9</b>	<b>543.0</b>	<b>565.8</b>
1. Direct Investment	141.6	143.6	140.6	144.1	148.2
2. Portfolio Investment	2.5	1.6	2.3	2.3	2.6
2.1 Equity Securities	1.6	1.6	2.0	2.3	1.6
2.2 Debt Securities	0.9	0.0	0.3	0.0	1.0
3. Other Investment	47.5	45.4	52.0	37.7	45.0
3.1 Trade Credits	4.5	4.0	3.9	3.6	3.4
3.2 Loans	6.7	4.7	6.2	4.2	7.3
3.3 Currency & Deposits	20.9	21.3	26.5	14.6	20.1
3.4 Other Assets	15.4	15.3	15.4	15.3	14.2
4. Reserve Assets	360.2	363.5	372.0	358.9	370.0
<b>B. Liabilities</b>	<b>911.2</b>	<b>905.1</b>	<b>933.8</b>	<b>905.0</b>	<b>958.7</b>
1. Direct Investment	293.9	294.1	311.7	318.5	342.7
2. Portfolio Investment	224.8	220.6	232.1	221.2	238.7
2.1 Equity Securities	141.9	141.5	148.1	140.6	154.0
2.2 Debt securities	82.9	79.1	84.0	80.6	84.7
3. Other Investment	392.5	390.4	390.0	365.3	377.3
3.1 Trade Credits	82.3	82.1	82.0	84.8	88.8
3.2 Loans	170.4	170.2	166.8	160.2	159.9
3.3 Currency & Deposits	127.1	126.5	130.2	110.0	117.1
3.4 Other Liabilities	12.7	11.6	11.0	10.3	11.5
<b>Memo item: Assets to Liability Ratio (%)</b>	<b>60.6</b>	<b>61.2</b>	<b>60.7</b>	<b>60.0</b>	<b>59.0</b>

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: Ratios of External Financial Assets and Liabilities to GDP**

(per cent)

Period	Mar-15 (R)	Mar-16 (PR)	Mar-17(P)
<b>Net IIP (Assets - Liabilities)</b>	<b>-18.3</b>	<b>-17.4</b>	<b>-16.8</b>
<b>A. Assets</b>	<b>26.3</b>	<b>26.7</b>	<b>24.2</b>
1. Direct Investment Abroad	6.7	6.9	6.3
2. Portfolio Investment	0.1	0.1	0.1
2.1 Equity Securities	0.1	0.1	0.1
2.2 Debt Securities	0.0	0.0	0.0
3. Other Investment	2.3	2.3	1.9
3.1 Trade Credits	0.3	0.2	0.1
3.2 Loans	0.3	0.3	0.3
3.3 Currency and Deposits	1.0	1.0	0.9
3.4 Other Assets	0.8	0.7	0.6
4. Reserve Assets	17.2	17.5	15.8
<b>B. Liabilities</b>	<b>44.6</b>	<b>44.2</b>	<b>40.9</b>
1. Direct Investment in India	13.4	14.2	14.6
2. Portfolio Investment	11.7	10.9	10.2
2.1 Equity Securities	7.7	6.9	6.6
2.2 Debt securities	4.0	4.0	3.6
3. Other Investment	19.5	19.0	16.1
3.1 Trade Credits	4.2	4.0	3.8
3.2 Loans	8.9	8.3	6.8
3.3 Currency and Deposits	5.8	6.2	5.0
3.4 Other Liabilities	0.6	0.6	0.5

**Table 3: Composition of International Financial Assets and Liabilities of India**

(per cent)

Period	Mar-16(PR)	Jun-16(PR)	Sep-16(PR)	Dec-16(PR)	Mar-17(P)
<b>A. Assets</b>					
<i>1. Direct Investment</i>	25.7	25.9	24.8	26.5	26.2
<i>2. Portfolio Investment</i>	0.4	0.3	0.4	0.4	0.5
<i>3. Other Investment</i>	8.6	8.2	9.2	7.0	7.9
<i>4. Reserve Assets</i>	65.3	65.6	65.6	66.1	65.4
<b>Assets/Liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Liabilities</b>					
<i>1. Direct Investment</i>	32.2	32.5	33.4	35.2	35.7
<i>2. Portfolio Investment</i>	24.7	24.4	24.9	24.4	24.9
<i>3. Other Investment</i>	43.1	43.1	41.7	40.4	39.4

**Table 4: Share of External Debt and Non-Debt Liabilities of India**

(per cent)

Period	Mar-16(PR)	Jun-16(PR)	Sep-16(PR)	Dec-16(PR)	Mar-17(P)
<i>Non-Debt Liabilities</i>	46.3	46.6	47.7	49.2	50.3
<i>Debt Liabilities</i>	53.7	53.4	52.3	50.8	49.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>