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RESERVE BANK OF INDIA

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India's International Investment Position (IIP), March 2021¹

Today, the Reserve Bank released data relating to [India's International Investment Position](#) as at [end-March 2021](#).

Key Features of India's IIP in March 2021

I. Quarterly Variations:

- Net claims of non-residents on India increased by US\$ 11.2 billion during Q4:2020-21 to US\$ 352.7 billion in March 2021 ([Table 1](#)).
- The increase in net claims was due to larger increase in foreign-owned assets in India (US\$ 17.9 billion) *vis-à-vis* the overseas financial assets of Indian residents (US\$ 6.7 billion) during the quarter.
- Indian residents' overseas financial assets abroad increased largely on the back the increase in overseas direct investment as well as currency and deposits.
- Inward portfolio investment and loans were major contributors to the rise in India's foreign liabilities.
- Depreciation of the Indian rupee against the US dollar during the quarter contributed to changes in India's liabilities, when valued in the US dollar terms.
- Reserve assets accounted for over two-thirds of India's international financial assets ([Table 3](#)).
- Non-debt liabilities had 52.4 per cent share in India's external liabilities ([Table 4](#)).

II. Annual Variations:

- During 2020-21, non-residents' net claims on India reduced by US \$ 22.7 billion: increase in overseas assets of Indian residents (US\$ 141.2 billion) exceeded the rise in foreign owned assets in India (US\$ 118.5 billion) ([Table 1](#)).
- The increase in international financial assets of Indian residents was led by a large accretion of US\$ 99.2 billion in reserve assets; overseas direct investment and currency and deposits were the other major components.
- Inward direct investment and portfolio equity investment together accounted for nearly 90 per cent of the increase in international financial liabilities during 2020-21.
- The ratio of India's international financial assets to international financial liabilities increased to 70.9 per cent in March 2021 from 65.6 per cent a year ago.

¹India's quarterly IIP is disseminated with a one- quarter lag. The IIP for end-December 2020 was released on [March 31, 2021](#).

III. Ratio of International Financial Assets and Liabilities to GDP (at current prices):

- The ratios of reserve assets, Indian residents' overseas financial assets and claims of non-residents on India to GDP at current market prices surged during 2020-21, largely due to the decline in GDP during the year, caused by the COVID-19 pandemic ([Table 2](#)).
- The ratio of net IIP of India to GDP also improved to (-) 13.1 per cent in March 2021 from (-) 13.9 per cent a year ago.

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(Yogesh Dayal)
Chief General Manager

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Mar-20(R)	Jun-20(PR)	Sep-20(PR)	Dec-20(PR)	Mar-21(P)
Net IIP	-375.4	-344.6	-337.9	-341.5	-352.7
A. Assets	717.0	749.2	802.8	851.5	858.2
1. Direct Investment	183.0	185.6	188.2	190.9	193.9
2. Portfolio Investment	3.8	4.3	5.0	5.5	6.4
2.1 Equity Securities	0.6	0.8	1.9	1.7	0.8
2.2 Debt Securities	3.2	3.5	3.1	3.8	5.6
3. Other Investment	52.4	53.6	64.8	69.3	80.9
3.1 Trade Credits	1.5	1.1	2.8	3.2	5.6
3.2 Loans	6.7	7.5	9.0	10.6	13.3
3.3 Currency and Deposits	26.0	27.8	34.9	37.3	42.4
3.4 Other Assets	18.2	17.2	18.1	18.2	19.6
4. Reserve Assets	477.8	505.7	544.7	585.8	577.0
B. Liabilities	1,092.4	1,093.8	1,140.7	1,193.0	1,210.9
1. Direct Investment	418.2	419.4	456.0	480.2	482.2
2. Portfolio Investment	246.7	241.6	253.3	274.0	281.8
2.1 Equity Securities	134.8	139.0	149.1	170.6	177.3
2.2 Debt securities	111.9	102.6	104.2	103.4	104.5
3. Other Investment	427.5	432.8	431.4	438.8	446.9
3.1 Trade Credits	104.3	104.0	102.2	102.6	100.3
3.2 Loans	179.8	184.9	180.9	184.0	190.4
3.3 Currency and Deposits	130.8	132.9	137.5	140.7	142.1
3.4 Other Liabilities	12.6	11.0	10.8	11.5	14.1
Memo item: Assets to Liability Ratio (%)	65.6	68.5	70.4	71.4	70.9

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-19 (R)	Mar-20 (PR)	Mar-21 (P)
Net IIP (Assets - Liabilities)	-16.0	-13.9	-13.1
A. Assets	23.5	26.5	31.8
1. Direct Investment Abroad	6.2	6.8	7.2
2. Portfolio Investment	0.2	0.1	0.2
2.1 Equity Securities	0.0	-	-
2.2 Debt Securities	0.2	0.1	0.2
3. Other Investment	2.0	1.9	3.0
3.1 Trade Credits	0.0	0.0	0.2
3.2 Loans	0.4	0.2	0.5
3.3 Currency and Deposits	0.9	1.0	1.6
3.4 Other Assets	0.7	0.7	0.7
4. Reserve Assets	15.1	17.7	21.4
B. Liabilities	39.5	40.4	45.0
1. Direct Investment in India	14.6	15.5	18.0
2. Portfolio Investment	9.5	9.1	10.5
2.1 Equity Securities	5.4	5.0	6.6
2.2 Debt securities	4.1	4.1	3.9
3. Other Investment	15.3	15.8	16.5
3.1 Trade Credits	3.9	3.9	3.7
3.2 Loans	6.1	6.6	7.0
3.3 Currency and Deposits	4.8	4.8	5.2
3.4 Other Liabilities	0.6	0.5	0.5

Note: - Negligible.

Table 3: Composition of International Financial Assets and Liabilities of India
(per cent)

Period	Mar-20(R)	Jun-20(PR)	Sep-20(PR)	Dec-20(PR)	Mar-21(P)
A. Assets					
1. <i>Direct Investment</i>	25.5	24.8	23.4	22.4	22.6
2. <i>Portfolio Investment</i>	0.5	0.6	0.6	0.6	0.7
3. <i>Other Investment</i>	7.3	7.1	8.1	8.2	9.5
4. <i>Reserve Assets</i>	66.7	67.5	67.9	68.8	67.2
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
1. <i>Direct Investment</i>	38.3	38.3	40.0	40.2	39.8
2. <i>Portfolio Investment</i>	22.6	22.1	22.2	23.0	23.3
3. <i>Other Investment</i>	39.1	39.6	37.8	36.8	36.9

Table 4: Share of External Debt and Non-Debt Liabilities of India
(per cent)

Period	Mar-20(R)	Jun-20(PR)	Sep-20(PR)	Dec-20(PR)	Mar-21(P)
<i>Non-Debt Liabilities</i>	48.5	48.9	50.8	52.4	52.4
<i>Debt Liabilities</i>	51.5	51.1	49.2	47.6	47.6
Total	100.0	100.0	100.0	100.0	100.0