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India's International Investment Position (IIP), June 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 analyzing the economic structure.

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

- **Net claims of non-residents on India** (as reflected by the net IIP) increased by US\$ 0.6 billion over the previous quarter to US\$ 362.3 billion as at end-June 2015 (Table 1). This change in the net position reflected a US\$ 12.1 billion increase in the value of foreign-owned assets in India vis-à-vis a US\$ 11.4 billion increase in the value of Indian Residents' financial assets abroad.
- **Indian residents' financial assets abroad stood** at US\$ 529.2 billion as at end-June 2015 exhibiting an increase of US\$ 11.4 billion over previous quarter mainly due to increase of US\$ 14.4 billion in reserve assets and US\$ 1.3 billion in direct investment, whereas currency & deposits declined by US\$ 2.4 billion during the quarter.
- **Foreign-owned assets in India** increased by US\$ 12.1 billion over the previous quarter to US\$ 891.5 billion mainly due to the increase in direct and portfolio investments in India by US\$ 5.6 billion and US\$ 2.6 billion, respectively. Among other investment liabilities, currency & deposits increased by US\$ 4.8 billion.
- **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 as there was equity inflow of US \$ 9.7 billion (net) during April-June 2015, outstanding equity liabilities increased by US\$ 2.3 billion from US\$ 401.5 billion in March 2015 to US\$ 403.8 billion in June 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 59.4 per cent in June 2015 (58.9 per cent in March 2015).

¹ India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end-March 2015 was placed in the public domain on [June 30, 2015](#).

Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have the dominant share (67.3 per cent) in India's international financial assets in June 2015, followed by direct investment abroad (24.9 per cent) (Table 2).
- Direct Investment (30.3 per cent), portfolio investment (25.9 per cent), loans (19.6 per cent), and currency and deposits (13.5 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 decreased marginally to 45.3 per cent as at end- June 2015 from 45.7 percent at end- March 2015 (Table 3).

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Jun-14 (PR)	Sep-14 (PR)	Dec-14 (PR)	Mar-15 (PR)	Jun-15 (P)
Net IIP	-350.5	-356.4	-353.3	-361.7	-362.3
A. Assets	491.8	488.5	490.5	517.8	529.2
1. Direct Investment	128.9	129.5	129.8	130.5	131.8
2. Portfolio Investment	1.3	1.3	1.4	1.4	1.6
2.1 Equity Securities	0.9	0.9	1.0	1.1	1.2
2.2 Debt Securities	0.3	0.3	0.4	0.4	0.4
3. Other Investment	45.5	43.9	38.6	44.2	39.8
3.1 Trade Credits	8.3	7.5	6.3	2.7	1.6
3.2 Loans	5.1	5.1	4.2	4.9	3.6
3.3 Currency & Deposits	15.7	15.0	11.9	19.8	17.4
3.4 Other Assets	16.4	16.4	16.2	16.9	17.1
4. Reserve Assets	316.1	313.8	320.6	341.6	356.0
B. Liabilities	842.3	844.9	843.7	879.4	891.5
1. Direct Investment	250.4	252.2	252.1	264.5	270.1
2. Portfolio Investment	208.9	212.4	211.3	228.2	230.8
2.1 Equity Securities	147.1	144.8	141.2	148.4	146.0
2.2 Debt securities	61.8	67.5	70.1	79.8	84.8
3. Other Investment	383.0	380.4	380.4	386.7	390.6
3.1 Trade Credits	84.2	82.5	81.1	82.9	82.0
3.2 Loans	179.0	176.3	176.2	177.1	174.7
3.3 Currency & Deposits	106.4	108.9	110.2	115.3	120.1
3.4 Other Liabilities	13.4	12.8	13.0	11.4	13.9
Memo item: Assets to Liability Ratio (%)	58.4	57.8	58.1	58.9	59.4

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	Jun-14(PR)	Sep-14(PR)	Dec-14(PR)	Mar-15(PR)	Jun-15(P)
A. Assets					
1. Direct Investment	26.2	26.5	26.5	25.2	24.9
2. Portfolio Investment	0.3	0.3	0.3	0.3	0.3
3. Other Investment	9.2	9.0	7.9	8.5	7.5
4. Reserve Assets	64.3	64.2	65.3	66.0	67.3
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
1. Direct Investment	29.7	29.8	29.9	30.1	30.3
2. Portfolio Investment	24.8	25.1	25.0	25.9	25.9
3. Other Investment	45.5	45.1	45.1	44.0	43.8

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

(per cent)

Period	Jun-14(PR)	Sep-14(PR)	Dec-14(PR)	Mar-15(PR)	Jun-15(P)
<i>Non-Debt Liabilities</i>	45.9	45.7	45.3	45.7	45.3
<i>Debt Liabilities</i>	54.1	54.3	54.7	54.3	54.7
Total	100.0	100.0	100.0	100.0	100.0

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