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RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2266 0358

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## India's International Investment Position (IIP), June 2016<sup>1</sup>

[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 June 2016](#) are as follows:

### I. Overall International Investment Position

- **Net claims of non-residents on India** (as reflected by the net IIP) decreased by US\$ 8.1 billion over the previous quarter to US\$ 353.1 billion as at end-June 2016 (Table 1). This change in the net position reflected a US\$ 6.0 billion decrease in the value of foreign-owned assets in India *vis-à-vis* a US\$ 2.1 billion increase in the value of Indian Residents' financial assets abroad.
- **Indian residents' financial assets abroad stood** at US\$ 552.2 billion as at end-June 2016 exhibiting an increase of US\$ 2.1 billion over previous quarter mainly due to increase of US\$ 3.3 billion in Reserve assets and US\$ 1.8 billion in direct investment, even as loans declined by US\$ 1.9 billion during the quarter.
- **Foreign-owned assets in India** decreased by US\$ 6.0 billion over the previous quarter to US\$ 905.3 billion as at end-June 2016 mainly due to the decrease in portfolio investments in India and currency and deposits by US\$ 4.3 billion and US\$ 0.6 billion, respectively.
- **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. Although there was a net equity inflow of US\$ 7.6 billion during the period. Equity liabilities decreased by US\$ 0.5 billion from US\$ 422.1 billion in March 2016 to US\$ 421.6 billion in June 2016, on account of exchange rate change during the quarter.
- **The ratio of India's international financial assets to international financial liabilities** stood at 61.0 per cent in June 2016 (60.4 per cent in March 2016).

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

## II. 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 June 2016, followed by direct investment abroad (26.0 per cent) (Table 2).
- Direct Investment (32.5 per cent), portfolio investment (24.4 per cent), loans (18.8 per cent), and currency and deposits (14.0 per cent) were the major constituents of the country's financial liabilities in June 2016.

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

- The share of non-debt liabilities increased marginally to 46.6 per cent as at end-June 2016 from 46.3 percent at end-March 2016 (Table 3).

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

(US \$ billion)

Period	Jun-15(PR)	Sep-15(PR)	Dec-15(PR)	Mar-16(PR)	Jun-16(P)
<b>Net IIP</b>	-361.6	-357.0	-361.7	-361.2	-353.1
<b>A. Assets</b>	534.8	529.5	532.8	550.1	552.2
1. Direct Investment	134.2	135.8	139.0	141.6	143.4
2. Portfolio Investment	1.6	1.7	1.7	2.5	1.6
2.1 Equity Securities	1.5	1.6	1.6	1.6	0.7
2.2 Debt Securities	0.1	0.1	0.1	0.9	0.9
3. Other Investment	43.0	41.7	41.7	45.8	43.7
3.1 Trade Credits	5.1	4.7	4.5	2.9	2.4
3.2 Loans	4.4	4.2	3.7	6.7	4.8
3.3 Currency & Deposits	17.1	16.7	17.3	20.9	21.3
3.4 Other Assets	16.4	16.1	16.1	15.3	15.2
4. Reserve Assets	356.0	350.3	350.4	360.2	363.5
<b>B. Liabilities</b>	896.4	886.5	894.5	911.3	905.3
1. Direct Investment	271.4	271.3	282.6	293.9	294.1
2. Portfolio Investment	236.3	225.4	225.3	224.8	220.5
2.1 Equity Securities	151.4	143.6	141.7	141.9	141.5
2.2 Debt securities	84.9	81.8	83.6	82.9	79.0
3. Other Investment	388.7	389.8	386.6	392.6	390.7
3.1 Trade Credits	81.3	81.3	79.5	82.3	82.1
3.2 Loans	174.1	171.8	170.8	170.5	170.5
3.3 Currency & Deposits	120.1	122.0	122.8	127.1	126.5
3.4 Other Liabilities	13.3	14.7	13.4	12.7	11.6
<b>Memo item: Assets to Liability Ratio (%)</b>	59.7	59.7	59.6	60.4	61.0

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	Jun-15(PR)	Sep-15(PR)	Dec-15(PR)	Mar-16(PR)	Jun-16(P)
<b>A. Assets</b>					
1. Direct Investment	25.1	25.7	26.1	25.8	26.0
2. Portfolio Investment	0.3	0.3	0.3	0.4	0.3
3. Other Investment	8.0	7.9	7.8	8.3	7.9
4. Reserve Assets	66.6	66.1	65.8	65.5	65.8
<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>					
1. Direct Investment	30.3	30.6	31.6	32.2	32.5
2. Portfolio Investment	26.4	25.4	25.2	24.7	24.4
3. Other Investment	43.3	44.0	43.2	43.1	43.1

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

(per cent)

<b>Period</b>	<b>Jun-15(PR)</b>	<b>Sep-15(PR)</b>	<b>Dec-15(PR)</b>	<b>Mar-16(PR)</b>	<b>Jun-16(P)</b>
Non-Debt Liabilities	45.8	45.3	46.0	46.3	46.6
Debt Liabilities	54.2	54.7	54.0	53.7	53.4
<b>Total</b>	100.0	100.0	100.0	100.0	100.0

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Assistant Adviser