

## **GLOSSARY**

**Direct Investment:** Direct Investment enterprise is defined as an incorporated or unincorporated enterprise in which a direct investor, who is resident in another economy, owns 10 percent or more of the ordinary shares or has a voting power (for an unincorporated enterprise). Direct investment enterprises comprise those entities that are subsidiaries (a nonresident investor owns more than 50 percent), associates (an investor owns 50 percent or less (but usually more than 20 percent) and branches (wholly or jointly owned unincorporated enterprises) either directly or indirectly owned by the direct investor. Subsidiaries in this connection also may be identified as majority owned affiliates.

**Portfolio Investment:** Securities that can be regarded as permanent debt (loan capital reflecting a permanent interest) and equity (share capital) are to be classified as direct investments. Other securities transactions of related financial intermediaries are classified as Portfolio investment.

**Concept of Residence:** It is based on the transactor's center of economic interest. An institutional unit has a center of economic interest and is a resident unit of a country when from some location, dwelling, place of production, or other premises within the economic territory of country, the unit engages and intends to engage, either indefinitely or over a finite period usually a year, in economic significant scale. The one-year period is suggested only as a guideline and not as an inflexible rule.

**Net Debtor / Creditor Position:** If the difference between Foreign Liabilities - Foreign Assets is positive then it is Net Debtor other wise Net Creditor.

**Flow of Foreign Investment:** Change in foreign equity during the year is known as flow of foreign investment. If the is positive then it is known as inflow other wise it is known as outflow of foreign Investment.

**Net Flow of Foreign Investment:** Difference between inflow and outflow is known as net flow of foreign investment.

**Long Term Debt:** Debt payable to non-resident after one year is known as long-term debt.

**Short Term Debt:** Debt payable to non-resident within a year is known as Short-term debt.