*Developments in India's Balance of Payments during Third Quarter (October-December) of 2012-13**

The data on India's Balance of Payments (BoP) are compiled and published by the Reserve Bank on a quarterly basis with a lag of one quarter. This article presents the analysis of major developments in India's BoP (i) during the third quarter (October-December) of 2012-13 and (ii) during April-December 2012.

1. Balance of Payments during October-December (Q3) of 2012-13

Highlights

- India's current account deficit (CAD) as a per cent of GDP widened further to all time high of 6.7 per cent in Q3 of 2012-13 on account of higher trade deficit and decline in net invisibles. Rise in CAD to GDP ratio was also partly due to slower growth in GDP and rupee depreciation.
- On a BoP basis, merchandise exports did not show any significant growth in Q3 of 2012-13 while imports grew at a rate of 9.4 per cent, spurred largely by oil and gold imports which led to a trade deficit of US$ 59.6 billion during the quarter.
- Net invisible earnings showed a decline, led by moderation in net services growth coupled with higher outflows on income account, and could finance only a small portion of trade deficit.
- However, with the surge in net capital inflows, CAD during the quarter could be fully financed and foreign exchange reserves on BoP basis increased by 0.8 billion. The surge in capital flows was mainly in the form of foreign portfolio investment and loans availed by banks and corporate sector during the period.

The stress witnessed in India's BoP during July-September 2012 intensified further in Q3 of 2012-13 and CAD widened to the highest ever level. However, with improvement in capital inflows, as foreign portfolio investments and loans availed by banks and Indian corporates picked up, CAD could be fully financed during the quarter and there was marginal net accretion to foreign exchange reserves. The developments in the major items of the BoP for Q3 of 2011-12 are set out below in Table 1.

Table 1 :Major items of India's Balance of Payments

(US$ Billion)

	Third Quarter Oct-Dec		Apr-Dec	
	2011 (PR)	2012 (P)	2011-12 (PR)	2012-13 (P)
1. Goods Exports	71.5	71.8	229.8	218.4
2. Goods Imports	120.1	131.4	367.8	368.7
3. Trade Balance(1-2)	-48.6	-59.6	-138.0	-150.3
4. Services Exports	37.3	36.5	103.3	105.8
5. Services Imports	21.1	18.9	56.9	59.0
6. Net Services (4-5)	16.1	17.6	46.4	46.9
7. Goods & Services Balances (3+6)	-32.5	-42.0	-91.6	-103.5
8. Primary Income, Net (Compensation of employees and Investment Income)	-3.8	-6.3	-11.4	-16.8
9. Secondary Income, Net (Private Transfers)	16.2	15.7	46.6	48.6
10. Net Income (8+9)	12.4	9.4	35.2	31.8
11. Current Account Balance (7+10)	-20.2	-32.6	-56.5	-71.7
12. Capital and Financial Account Balance, Net (Excl. change in reserves)	7.9	31.8	51.3	71.4
13. Change in Reserves (-)increase/ (+)decrease	12.8	-0.8	7.1	-1.1
14. Errors & Omissions (-) (11+12+13)	-0.5	1.6	-1.9	1.5
Memo Item				
Oil Imports	35.3	43.7	111.0	124.5
Gold Imports	12.8	17.8	41.7	38.0
Non-Oil Non-Gold Imports	72.2	67.8	211.1	200.8

P: Preliminary; PR: Partially Revised

* Prepared in the Division of International Trade and Finance, Department of Economic and Policy Research, Reserve Bank of India. Time series data on BoP are available on RBI site at dbie.rbi.org.in In addition, the disaggregated quarterly data on invisibles have been released separately in the press release dated May 14, 2013 on RBI site.

Goods Trade

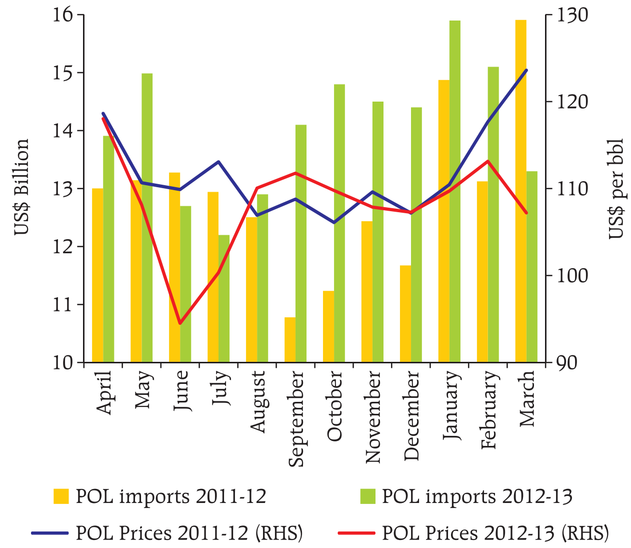
- On a BoP basis, merchandise exports recorded a rise of 0.5 per cent (year-on-year) in Q3 of 2012-13 as against 7.6 per cent in Q3 of 2011-12. Stagnation in exports largely reflected continued sluggish global demand as economic slowdown spread over to a larger number of countries including emerging and developing economies. Growth in the economies of Latin America, Africa and Asia, which have been the focus of export diversification efforts in earlier years, decelerated sharply in the current year.

- Exports to European Union declined by 1.6 per cent. Exports to developing countries, which could offset the lower demand from advanced countries in the previous year, also moderated to 2.4 per cent during Q3 of 2012-13 from 12.7 per cent recorded during Q3 of 2011-12. Exports to Asian developing countries registered a decline of 4.9 per cent and the fall was more prominent in case of China (34.2 per cent).

- Though sluggish domestic economic activity caused moderation in import demand, inelastic demand for POL imports resulted in relatively modest deceleration in growth of overall merchandise imports than that of merchandise exports during the quarter. On BoP basis, during Q3, merchandise imports at US$ 131.4 billion grew by 9.4 per cent over the corresponding quarter of the previous year. The rise in imports was mainly led by oil and gold imports which rose by around 24 per cent and 39 per cent, respectively, on a y-o-y basis. However, the 'non-oil non-gold' component of imports declined by 6.1 per cent to US$ 67.8 billion as against an increase of 28 per cent in Q3 of the previous year (Table 1).

- Unprecedented rise in gold imports in the recent period has been mainly on account of the uncertainties in the global economy which diverted investors towards gold as a safe investment avenue. The rise in gold imports occurred due to increase in both quantum of gold import and price. The average international gold price, for the quarter, at US$ 1722 per troy ounce remained marginally higher than the previous year's level.

Chart 1: India's POL Imports & International crude prices



- The sharp rise in oil imports during the quarter was largely a reflection of increase in volume, as the price of international crude oil for Indian basket during the quarter was only marginally above the price level pertaining to the corresponding quarter of previous year. (Chart 1).

Trade Deficit

- With sharper rise in imports coupled with a marginal export growth trade deficit widened to US$ 59.6 billion in Q3 of 2012-13 (12.3 per cent of GDP) as compared with US$ 48.6 billion in Q3 of 2011-12, showing an increase of around 22.5 per cent on y-on-y basis (Chart 2).

Services

During the quarter, net services receipts stood at US$ 17.6 billion, recording a rise of 9.2 per cent over

Chart 2: Quarterly Movements in Trade Balance

the corresponding quarter of 2011-12 (Table 2). Though, both exports and imports of services during the quarter were lower than that in the preceding year, rise in net terms was essentially on account of sharper contraction in imports *vis-à-vis* exports of services.

- Services exports growth moderated to 2.0 per cent (US$ 36.5 billion) in Q3 of 2012-13 as compared with 6.4 per cent rise in the same period of 2011-12 primarily on account of lower growth in receipts under transports, travel, insurance & pension, software services and decline in financial and communication services.
- Services imports witnessed a decline of 10.6 per cent during Q3 of 2012-13 as compared with a decline of 8.9 per cent in the same quarter of 2011-12 mainly led by travel, transport, financial services and other business services (Table 2).

Income

Net outflow on account of primary income continued in Q3 essentially reflecting an uptrend in interest payments on external debt. Net secondary income in Q3 of 2012-13 also stood marginally lower than the corresponding period of previous year with slowdown in personal remittances. (Table 2).

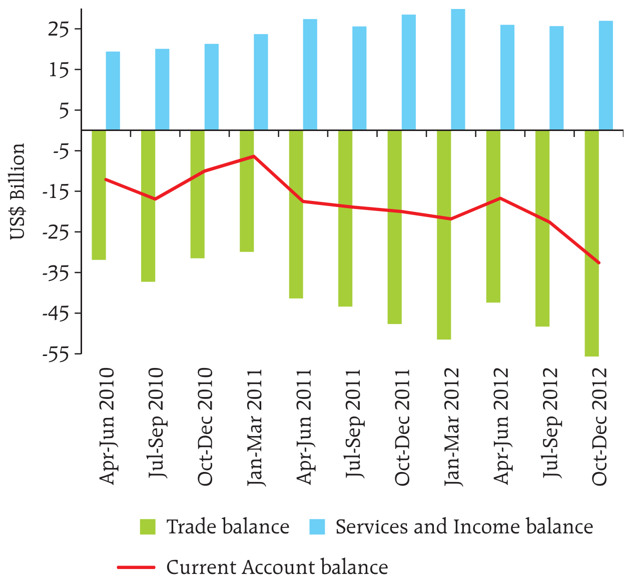
- During Q3 of 2012-13, payments on account of investment income, comprising mainly the

Table 2: Disaggregated Items of Current Account

(US$ Billion)

	Oct-Dec		Apr-Dec	
	2012 (P)	2011(PR)	2012 (P)	2011 (PR)
1. Goods	**-59.6**	**-48.6**	**-150.3**	**-138.0**
2. Services	**17.6**	**16.1**	**46.9**	**46.4**
2.a Transportations	0.6	0.3	1.5	1.4
2.b Travel	2.0	1.5	3.4	2.5
2.c Construction	-0.0	0.0	-0.0	-0.1
2.d Insurance and pension services	-0.0	0.4	0.5	0.8
2.e Financial Services	0.5	-0.6	0.6	-1.6
2.f Charges for the use of intellectual property	-1.0	-0.8	-2.8	-2.0
2.g Telecommunications, computer and information services	16.0	15.8	47.0	44.0
2.h Personal, cultural and recreational services	0.1	0.0	0.2	0.1
2.i Government goods & services *n.i.e.*	-0.0	-0.0	-0.0	-0.1
2.j Other Business services	-0.8	-0.2	-1.0	-0.7
2.k Others *n.i.e.*	0.2	-0.3	-2.3	2.1
3. Primary Income	**-6.3**	**-3.8**	**-16.8**	**-11.4**
3.a Compensation of Employees	0.2	0.0	0.7	0.5
3.b Investment Income	-6.7	-3.9	-17.8	-12.2
4. Secondary Income	**15.7**	**16.2**	**48.6**	**46.6**
4.a Personal Transfers	14.8	15.6	46.5	45.0
4.b. Other Transfers	0.6	0.6	1.8	1.6
5. Current Account (1+2+3+4)	**-32.6**	**-20.2**	**-71.7**	**-56.5**

Chart 3: Movement in Current Account Balance



interest payments on the external commercial borrowings (ECBs), NRI deposits and profits & reinvested earnings of FDI companies in India, rose by around 50 per cent. In contrast, investment income receipts, largely representing earning on foreign currency assets, recorded a decline of 2.4 per cent in Q3 of 2012-13. Thus, net outflow on account of primary income in Q3 of 2012-13 at US$ 6.3 billion was significantly higher than that recorded in Q3 of 2011-12 (US$ 3.8 billion).

- Secondary income (on net basis), reflecting mainly the remittances from overseas Indians, at US$ 15.7 billion, recorded a marginal decline of 3.4 per cent as against a growth of 20.6 per cent in Q3 of 2011-12.

Current Account

Moderation in net services receipts coupled with lower net inflows under income accounts (primary and secondary) resulted in decline in net invisibles, which along with widening trade deficit resulted in highest ever level of CAD. CAD worsened to US$ 32.6 billion in Q3 of 2012-13 as compared to US$ 22.6 billion in the preceding quarter and US$ 20.2 billion in Q3 of 2011-12. As a percentage of GDP, CAD reached to 6.7 per cent of GDP in Q3 of 2012-13 from 5.4 per cent in Q2 (4.4 per cent in Q3 of 2011-12).

Capital & Financial Account

Capital Account

The capital account, which includes, *inter alia*, 'net acquisition of non-produced non-financial assets' and 'other capital receipts including migrant transfers' showed a negligible inflows on a net basis in Q3 of 2012-13.

Financial Account

The net inflows under the financial account excluding change in reserves were significantly higher during Q3 of 2012-13 mainly on account of turnaround in banking capital and external commercial borrowings and significant surge in FII inflows and trade credits (Table 3). Surge in portfolio flows during the quarter could be attributed to easy monetary policy stance of advanced economies and improved perception about the domestic economy driven by reforms announced by the Government. Inflows under Foreign Direct Investments (FDI), however, recorded decline during the quarter over Q3 of 2011-12 as well as over the previous quarter leading to a shift away from equity flows which financed only around one-third of CAD during Q3 of 2012-13 (70 per cent in Q2 of 2012-13).

- The gross financial inflows amounted to US$ 120.8 billion during Q3 of 2012-13 (US$ 119.4 billion a year ago) and gross financial outflows during the period were lower at US$ 89.8 billion (US$ 98.9 billion a year ago).

- Net inflows under financial account rose to US$ 31.1 billion during Q3 of 2012-13 (US$ 20.6 billion during Q3 in previous year). This was mainly on account of net portfolio inflows of US$ 8.6 billion during Q3 of 2012-13 as compared with an inflow of US$ 1.8 billion in Q3 of 2011-12 (Table 3).

- Net external loans availed by banks stood at US$ 2.7 billion in Q3 of 2012-13 as against outflows of

Table 3: Disaggregated Items of Financial Account

(US$ Billion)

	Oct-Dec 2012 (P)	Oct-Dec 2011(PR)	Apr-Dec 2012 (P)	Apr-Dec 2011 (PR)
1. Direct Investment (net)	**2.5**	**5.0**	**15.3**	**20.7**
1.a Direct Investment to India	4.8	6.9	21.1	28.7
1.b Direct Investment by India	-2.3	-1.9	-5.8	-8.0
2. Portfolio Investment	**8.6**	**1.8**	**14.2**	**2.7**
2.a Portfolio Investment in India	9.8	1.9	16.0	2.7
2.b Portfolio Investment by India	-1.2	-0.0	-1.8	-0.1
3. Other investment	**21.0**	**1.0**	**43.8**	**27.8**
3.a Other equity (ADRs/GDRs)	0.2	0.1	0.3	0.6
3.b Currency and deposits	2.6	3.2	12.5	7.5
Deposit-taking corporations, except the central bank (NRI Deposits)	2.7	3.3	12.0	7.3
3.c Loans*	7.1	-7.7	14.0	16.8
3.c.i Loans to India	7.2	-8.1	14.4	15.7
Deposit-taking corporations, except the central bank	2.7	-8.7	7.6	6.7
General government (External Assistance)	1.5	1.4	2.0	2.1
Other sectors (External Commercial Borrowings)	3.1	-0.8	4.7	6.9
3.c.ii Loans by India	-0.1	0.5	-0.4	1.1
General government (External Assistance)	-0.1	-0.0	-0.2	-0.1
Other sectors (External Commercial Borrowings)	-0.1	0.5	-0.2	1.2
3.d Trade credit and advances	6.2	0.6	15.7	6.5
3.e Other accounts receivable/payable-other	5.0	4.8	1.2	-3.6
4. Financial Derivatives	**-0.4**	**-**	**-1.4**	**-**
5. Reserve assets	**-0.8**	**12.8**	**-1.1**	**7.1**
Financial Account (1+2+3+4+5)	**31.1**	**20.6**	**70.7**	**58.3**

*: includes External Assistance, ECBs and Banking Capital.
Note: Due to rounding off, totals may not tally.

US$ 8.7 billion in Q3 of 2011-12 mainly due to drawing down of *nostro* balances and higher overseas borrowings by the banks.

- 'Net external loans availed by non-Government and non-banking sectors', *i.e.*, net ECBs witnessed a turnaround and stood at US$ 3.1 billion as against outflows of 0.8 billion Q3 of 2011-12 mainly due to lower repayments.

- Net inflows under 'trade credit & advances' at US$ 6.2 billion during Q3 of 2012-13 stood significantly higher than the previous year's level of US$ 0.6 billion reflecting larger proportion of imports financed by trade credit.

- Net FDI inflows to India (inward FDI minus outward FDI), however, declined during Q3 of 2012-13 to US$ 2.5 billion from US$ 5.0 billion in Q3 of 2011-12.

- Inflows under currency and deposits of commercial banks, *i.e.*, NRI deposits at US$ 2.7 billion stood lower in Q3 of 2012-13 than US$ 3.3 billion in Q3 of 2011-12.

- Despite high CAD in Q3 of 2012-13, there was an accretion to foreign exchange reserves to the tune of US$ 0.8 billion against a drawdown of US$ 12.8 billion during the same period a year ago as net capital flows under 'capital & financial account' (excluding changes in reserves) also rose sharply during the quarter.

Balance of Payments during April-December 2012

Highlights

- During April-December 2012, CAD as a proportion of GDP rose sharply to 5.4 per cent from 4.1 per cent in the corresponding period of the previous year on account deterioration in trade deficit and decline in invisibles led by steep rise under income payments.

- Net inflow**s** under financial account increased to US$ 70.7 billion during this period in 2012-13 as compared with US$ 58.3 billion during the same period in the previous year, despite a decline in FDI. The surge was mainly on account of higher inflows on account of FIIs, Non- resident deposits and short term credits to India.
- Reflecting an increase in net inflows in financial account (excluding change in reserves), there was an accretion of US $ 1.1 billion to foreign exchange reserves during April-December 2012.

India's trade performance during the current year up to December 2012 continued to be weak and trade deficit increased to US$ 150.3 billion reflecting substantial contraction in merchandise exports as compared to imports. This coupled with moderation in net services and incomes (primary and secondary) caused a rise in CAD. However, higher inflows under financial account (excluding change in reserves) enabled full financing of CAD and there has been an accretion to the foreign exchange reserves to the tune of US$ 1.1 billion during April-December 2012.

- During April-December 2012, India's merchandise exports at US$ 218.4 billion on a BoP basis, declined by 5.0 per cent as against an increase of 28.9 per cent during the corresponding period of previous year.
- Import payments during the same period at US$ 368.7 billion, on a BoP basis, registered a marginal growth of 0.2 per cent as compared with a growth of 33.3 per cent in the previous year. Moderation in imports during April-December 2012 may partly be attributed to weakening of domestic demand coupled with sluggish external demand impacting the demand for export related imports.
- At disaggregated level, external demand remained subdued across all the commodity groups, as evident from either negative or lower export growth. Exports of gems & jewellery, petroleum products, textiles & textile products, engineering goods and ores & minerals witnessed a decline in growth rate during April-December 2012 over the same period in the preceding year.
- Among imports, sectors, *viz.*, 'capital goods (including electronic goods, transport equipments and machinery)', 'bulk items (including fertilizers, non-ferrous metal, iron ore etc.)', 'export related items (including pearls & stones', 'gold & silver', 'coal coke & briquettes' and 'chemical material' showed a steep deceleration during the year.
- During the period, POL and gold together accounted for around 45 per cent of India's merchandise imports (42 per cent in the same period of 2011-12). Notwithstanding some softening in international crude oil prices, POL imports remained at elevated level though growth rate at 12.2 per cent was lower in April-December of 2012 as compared with the same period in the preceding year (47.6 per cent). Import of gold stood at US$ 38.0 billion during April-December of 2012, a contraction of 8.9 per cent as against an increase of 46.3 per cent recorded in the previous year.
- 'Non-oil non-gold imports' during the period under review recorded a decline of 4.9 per cent to US$ 200.8 billion from the level of US$ 211.1 billion recorded in the same period of the previous year (Table 1).

Trade Deficit

- Merchandise trade balance (on BoP basis) during April-December of 2012 widened to US$ 150.3 billion from US$ 138.0 billion recorded in the preceding year. As a proportion of GDP, it increased from 10 per cent in April-December 2011 to 11.2 per cent in April-December of 2012.

Services

While services exports increased marginally by 2.4 per cent during April-December 2012 as compared with a growth rate of 15.6 per cent during the previous year, imports of services increased by 3.7 per cent as against a decline of 4.7 per cent during the same period. As a result, net service receivables recorded a moderate rise of only 1.0 per cent during this period.

- Moderation in the growth of the services receipts was mainly on account of decline in earnings on account of travel, transport, 'insurance & pension services' and 'financial services', besides moderation in the growth of 'telecommunications, computer & information services'.
- Increase in services payments during April-December 2012 was mostly on account of increase in royalty payments, telecommunications, computer & information services' research & development services, 'professional & management consulting services', 'technical, trade related & other business services' and 'personal, cultural and recreational services'. On the other hand, services payments on account of travel, insurance & pension services and financial services recorded a slower rise.

Income

Primary income

Primary income balance, comprising compensation of employees and investment income, worsened during April-December 2012 as compared with the corresponding period of preceding year recording an increase in net outflow to US$ 16.8 billion from US$ 11.4 billion in April-December 2011.

- Investment income receipts during the year declined by 14.4 per cent over the previous year reflecting lower interest/discount earnings on foreign exchange reserves. Compensation of employees, in net terms, however, showed an inflow of US$ 0.7 billion April-December 2012 as compared to an inflow of US$ 0.5 billion during a year ago.
- Investment income payments at US$ 22.5 billion stood higher by 27.3 per cent during the period under review. Surge in investment income payments was primarily on account of interest on debt including NRI deposits, ECBs and short term trade credits. Higher interest payment during the year may partly be attributed to deregulation of interest rate on NRI rupee deposits, increase in cap on FCNR deposits and rise in ECBs.

Secondary Income

- Net secondary income receipts that primarily comprise private transfers recorded a modest growth of 4.2 per cent to US$ 48.5 billion during the year (US$ 46.6 billion a year ago).
- NRI deposits, when withdrawn domestically, form part of private transfers as they become unilateral transfers and do not have any *quid pro quo.* During April-December 2012, the share of local withdrawals in total outflows from NRI deposits was 62.4 per cent as compared to 65.1 per cent in the previous year (Table 4).
- Under private transfers, the inward remittances for family maintenance accounted for 49.0 per cent of the total private transfer receipts, while local withdrawals accounted for 46.5 per cent during April-December 2012 (Table 5).

Table 4: Inflows and Outflows from NRI Deposits and Local Withdrawals

(US $ Billion)

Year	Inflows	Outflows	Local Withdrawals
1	2	3	4
2010-11 (PR)	49.3	46.0	26.2
2011-12 (PR)	64.3	52.4	32.5
Apr-Dec 2011 (PR)	43.3	36.0	23.5
Apr-Dec 2012 (P)	49.9	37.8	23.6

P: Preliminary. PR: Partially Revised.

Table 5: Details of Personal Transfers to India

(US$ Billion)

Year	Total Private Transfers	Of which:			
		Inward remittances for family maintenance		Local withdrawals/ redemptions from NRI Deposits	
		Amount	Per centage Share in Total	Amount	Per centage Share in Total
1	2	3	4	5	6
2010-11 (PR)	55.6	27.4	49.3	26.2	47.1
2011-12 (PR)	66.1	31.3	47.4	32.5	49.2
Apr-Dec 2011 (PR)	48.4	23.0	47.5	23.5	48.6
Apr-Dec 2012 (P)	50.8	24.9	49.0	23.6	46.5

P: Preliminary. PR: Partially Revised.

Current Account Balance

- Worsening trade deficit, deteriorating income account (primary and secondary taken together) coupled with marginal growth in net services resulted in widening of CAD during April-December 2012. The CAD during this period stood at US$ 71.7 billion as compared with US$ 56.5 billion during the same period of 2011-12. As a proportion to GDP, CAD stood at 5.4 per cent during April-December of 2012 as compared to 4.1 per cent during same period of previous year.

Capital and Financial Account

Capital Account

- The capital account recorded a deficit of US$ 0.5 billion during April-December 2012 as against a marginal surplus a year ago.

Financial Account

- Notwithstanding a decline in FDI flows to India, net inflows under financial account (excluding changes in reserve assets) rose to US$ 71.9 billion as compared with US$ 51.2 billion in the previous year, primarily on account improvement in inflows under foreign portfolio investment, trade credits, NRI deposits and ECBs.
- FDI to India (excluding disinvestments/ repatriation) during April-December 2012 at US$ 21.1 billion stood lower as compared to the level attained during the corresponding period of previous year (US$ 28.7 billion). The moderation in FDI to India was recorded under both equity and debt flows.
- Sector-wise, the decline in FDI inflows during the period was mainly in case of manufacturing, financial services, business services and communication services (Table 6). Country-wise,

Table 6: Sector-wise FDI: Inflows and Outflows

(US$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*			
Industry	2011-12	2011	2012	Industry	2011-12	2011	2012
		Apr-Dec				Apr-Dec	
1	2	3	4	5	6	7	8
Manufacture	9.3	8.0	4.8	Agriculture , Hunting, Forestry and Fishing	0.5	0.4	0.2
Financial Services	2.6	2.4	2.2	Financial, Insurance, Real Estate and Business Services	3.3	2.4	2.5
Communication Services	1.5	1.5	0.1	Manufacturing	3.2	2.6	2.5
Business Services	1.6	1.3	0.5	Transport, Storage and Communication Services	1.9	1.2	1.3
Electricity and others	1.4	1.0	1.0	Wholesale, Retail Trade, Restaurants and Hotels	1.2	0.9	0.6
Construction	2.6	1.7	1.0	Construction	0.5	0.4	0.5
Restaurants and Hotels	0.9	0.7	3.1	Electricity, Gas and Water	0.05	0.03	0.1
Computer Services	0.7	0.5	0.2	Community, Social and Personal Services	0.4	0.2	0.2
Others	2.9	2.1	1.0	Miscellaneous	0.1	0.1	0.04
Total	**23.5**	**19.2**	**13.9**	**Total**	**11.1**	**8.2**	**7.9**

#: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.
*: Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables.

investment routed through Mauritius remained, as in the past, the largest component, followed by Singapore and the Netherlands (Table 7).

- FDI by India (*i.e.*, outward FDI) in net terms moderated by around 27.9 per cent to US$ 5.8 billion during April-December 2012 (US$ 8.0 billion a year ago) due to lower outflows under both equity investment and other capital (inter-company borrowings) besides higher repatriation of FDI by India. Sector-wise, moderation in outward FDI was observed in 'agriculture, hunting, forestry & fishing' and 'transport, storage and communication services' (Table 6).
- Direction-wise (*i.e.* in terms of recipient countries), investment routed through Mauritius and Singapore constituted the largest component of gross outward FDI during the period, followed by the USA (Table 7).
- During April-December 2012, the outward FDI financed through equity rose by 8.7 per cent. In contrast, the loan component of outward FDI declined by 15.8 per cent on a year-on-year basis. Accordingly, the share of equity in total outward FDI increased to 53.4 per cent as compared with 47.1 per cent in the preceding year (Table 8).
- On net basis, FII inflows in India increased sharply to US$ 16.0 billion during April-December 2012 as compared with a marginal inflow of US$ 2.7 billion recorded during preceding year.
- Inflows under currency and deposits by banking sector (NRI deposits) increased sharply to US$ 12.0 billion as compared with an inflow of US$ 7.3 billion a year ago. Rise in NRI deposits may be attributed to weakening of rupee and deregulation of interest rate on NRI deposits.
- Net loans availed by non-Government and non-banking sectors (net ECBs) were lower at US$ 4.7 billion as compared with US$ 6.9 billion in April-December 2011 on account of lower fresh disbursal as well as large repayment of ECBs during Q1 and Q2 of 2012-13. Net inflows under short-term trade credit increased to US$ 15.7 billion during the period from US$ 6.5 billion recorded a year ago.
- Net loans availed by banks increased to US$ 7.6 during April-December 2012 from US$ 6.7 billion in the preceding year. 'Other receivables/ payables' that include 'leads and lags in exports', 'SDR allocation', 'net funds held abroad', 'advances

Table 7: Country-wise FDI: Inflows and Outflows

(US$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*			
Country	2011-12	Apr-Dec		Country	2011-12	Apr-Dec	
		2011	2012			2011	2012
1	2	3	4	5	6	7	8
Mauritius	8.1	6.9	6.3	Netherlands	1.3	0.7	0.8
Singapore	3.3	2.7	1.2	Mauritius	2.6	2.1	1.4
Cyprus	1.6	1.0	0.3	Singapore	2.2	1.8	1.4
Netherlands	1.3	1.0	1.3	USA	1.0	0.8	1.1
UK	2.8	2.6	0.6	UK	0.4	0.3	0.5
Japan	2.1	1.9	0.8	Australia	0.3	0.1	0.2
U.S.A	1.0	0.8	0.3	British Virgin Islands	0.6	0.5	0.5
UAE	0.3	0.2	0.1	UAE	0.4	0.4	0.6
South Korea	0.2	0.1	0.2	Others	2.3	1.5	1.4
Others	2.8	2.0	2.8				
Total	**23.5**	**19.2**	**13.9**	**Total**	**11.1**	**8.2**	**7.9**

: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.

* : Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables.

Table 8: India's Outward FDI

(US$ Billion)

Period	Equity*	Loan	Guarantees Invoked	Total
Apr-Dec 2012	4.2 (53.4)	3.7 (46.2)	0.03 (0.3)	**7.9**
Apr-Dec 2011	3.9 (47.1)	4.4 (52.9)	0.0 (0.0)	**8.3**
2011-12	5.4 (48.8)	5.7 (51.2)	0.0 (0.0)	**11.1**
2010-11	9.3 (55.1)	7.6 (44.6)	0.1 (0.3)	**17.0**

*: The equity data do not include equity of individuals and banks

Note: Figures in brackets relate to per centage share in total outward FDI for the period.

Table 9: Details of 'Other Receivables / Payables' (Net)

(US $ Billion)

Item	April-March (PR)		Apr-Dec	
	2010-11	2011-12	2011-12 (PR)	2012-13 (P)
1	2	3	4	5
Lead and Lags in Exports	-8.8	-10.4	-6.9	-4.4
Net Funds Held Abroad	-5.5	-2.8	-1.9	-3.1
Advances Received Pending Issue of Shares under FDI	6.9	2.7	3.6	6.4
SDR Allocation	0	0	0	0
Other capital not included elsewhere#	-5.3	3.6	1.6	2.3
Total	**-12.7**	**-6.9**	**-3.6**	**1.2**

#: Inclusive of derivatives and hedging, migrant transfers and other capital transfers

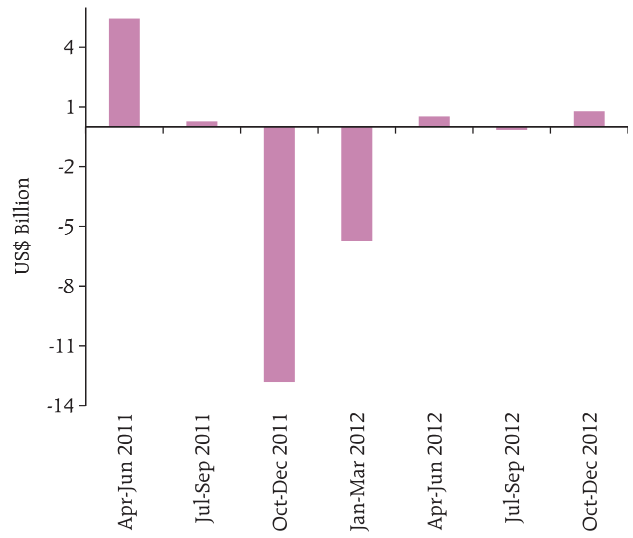
P: Preliminary. PR: Partially Revised. R: Revised. -: Nil/NA.

received pending issue of shares under FDI', 'rupee debt service' and 'other capital not included elsewhere' recorded a net inflow of US$ 1.2 billion during April-December 2012 as against a net outflow of US$ 3.6 billion in the corresponding period of preceding year (Table 9). 'Leads & lags' in exports' also include trade credit extended by Indian exporters to non-residents.

Reserve Variation

- There was small accretion to foreign exchange reserves to the extent of US$ 1.1 billion during April-December 2012 (Chart 4). In nominal terms (*i.e.*, including valuation changes), foreign exchange reserves increased by US$ 1.2 billion during the period reflecting depreciation of US dollar against the major international currencies.

Chart 4: Variation in India's Foreign Exchange Reserve (BOP Basis)



At the end of December 2012, the level of foreign exchange reserves stood at US$ 295.6 billion.

Difference between DGCI&S and Balance of Payments Imports

- The data on imports based on DGCI&S (customs statistics) and the BoP (banking channel data) are given in Table 10. The difference between two sets of data are likely to get reduced when both the data sets are revised later.

Table 10: DGCI&S and the BoP Import Data

(US$ Billion)

	April-March		Apr-Dec 2011-12	Apr-Dec 2012-13
	2010-11	2011-12		
1. BoP Imports	383.5	499.5	367.8	368.7
2. DGCI&S Imports	369.8	489.3	363.9	363.3
3. Difference (1-2)	13.7	10.2	3.9	5.4