

*India's Balance of Payments Developments during the First Quarter (April-June 2009) of 2009-10**

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. Accordingly the preliminary data on India's BoP for the first quarter (Q1) *i.e.*, April-June 2009 of the financial year 2009-10 were released by the Reserve Bank on September 30, 2009. The developments in India's BoP for April-June 2009 quarter are presented here.

Major Highlights of BoP

- (i) The decline in exports which started since October 2008 continued during the first quarter of 2009-10. Import payments, on a BoP basis, also continued its declining trend mainly due to lower oil import bill.
- (ii) Private transfer receipts remained buoyant and increased by 9.4 per cent to US\$ 13.3 billion during Q1 of 2009-10. Exports of software services, however, declined during Q1 of 2009-10.
- (iii) Despite net invisibles surplus at US\$ 20.2 billion, the large trade deficit (US\$ 26.0 billion) mainly on account of sharp decline in exports led to a current account deficit of US\$ 5.8 billion in Q1 of 2009-10 (US\$ 9.0 billion during Q1 of 2008-09).
- (iv) With the revival in capital inflows to India, particularly foreign investments, the capital account showed a turnaround from a negative balance in last two quarters of 2008-09 to a positive balance of US\$ 6.7 billion during Q1 of 2009-10.

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- (v) Portfolio investment witnessed a sharp turnaround from net outflows of US\$ 2.7 billion in Q4 of 2008-09 to net inflows of US\$ 8.3 billion during Q1 of 2009-10.
- (vi) NRI deposits also witnessed higher inflows reflecting the positive impact of the revisions in the ceiling interest rate on NRI deposits.
- (vii) There was a marginal increase in reserves on BoP basis (*i.e.*, excluding valuation) during Q1 of 2009-10. However, the foreign exchange reserves including valuation increased by US\$ 13.2 billion during Q1 of 2009-10 implying that the increase in reserves during this period was mainly due to valuation gains as the US dollar has depreciated against major currencies.

1. Balance of Payments for April-June (Q1) of 2009-10

The major items of the BoP for the first quarter (Q1) of 2009-10 are set out below in Table 1.

Merchandise Trade

Exports

- (i) The decline in exports which started since October 2008 continued during the first quarter of 2009-10. On a BoP basis, India's merchandise exports recorded a decline of 21.0 per cent in Q1 of 2009-10 as against an increase of 43.0 per cent in Q1 of 2008-09.
- (ii) As per the data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), merchandise exports declined by 26.4 per cent in Q1 of 2009-10 as against a higher growth of 37.4 per cent in Q1 of 2008-09, reflecting fall in demand worldwide due to the global economic crisis.

Imports

- (i) Import payments, on a BoP basis, also continued its declining trend. Imports declined by 19.6 per cent in Q1 of 2009-10 as against a positive growth of 42.9 per cent in Q1 of 2008-09.

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

Item	(US\$ million)			
	April-March		April-June	
	2007-08 (PR)	2008-09 (P)	2008-09 (PR)	2009-10 (P)
1	2	3	4	5
1. Exports	166,163	175,184	49,120	38,789
2. Imports	257,789	294,587	80,545	64,775
3. Trade Balance (1-2)	-91,626	-119,403	-31,425	-25,986
4. Invisibles, net	74,592	89,587	22,406	20,179
5. Current Account Balance (3+4)	-17,034	-29,817	-9,019	-5,808
6. Capital Account Balance*	109,198	9,737	11,254	5,923
7. Change in Reserves# (-Indicates increase; + indicates decrease)	-92,164	20,080	-2,235	-115

*: Including errors and omissions. #: On BoP basis (*i.e.* excluding valuation).
P: Preliminary. PR: Partially Revised.

- (ii) According to the data released by the DGCI&S, the decline in imports is mainly attributed to the sharp fall in oil import payments due to lower crude oil prices during Q1 of 2009-10 (US\$ 63.9 per barrel in Q1 of 2009-10 as against US\$ 119 per barrel in Q1 of 2008-09). POL imports recorded a sharp decline of 56.9 per cent during Q1 of 2009-10 as against a sharp increase of 74.2 per cent during Q1 of 2008-09. As per the data released by the Ministry of Petroleum & Natural Gas, Government of India, POL imports showed a decline of 45.1 per cent during Q1 of 2009-10 despite a quantity growth of 10 per cent mainly due to lower crude oil prices (Chart 1).
- (iii) According to the DGCI&S data, out of the total decline in imports of US\$ 26.7 billion in Q1 of 2009-10 over the corresponding previous quarter, oil imports declined by US\$ 16.8 billion (share of 63.1 per cent in the decline in total imports during Q1 of 2009-10 as against 59.8 per cent share in total

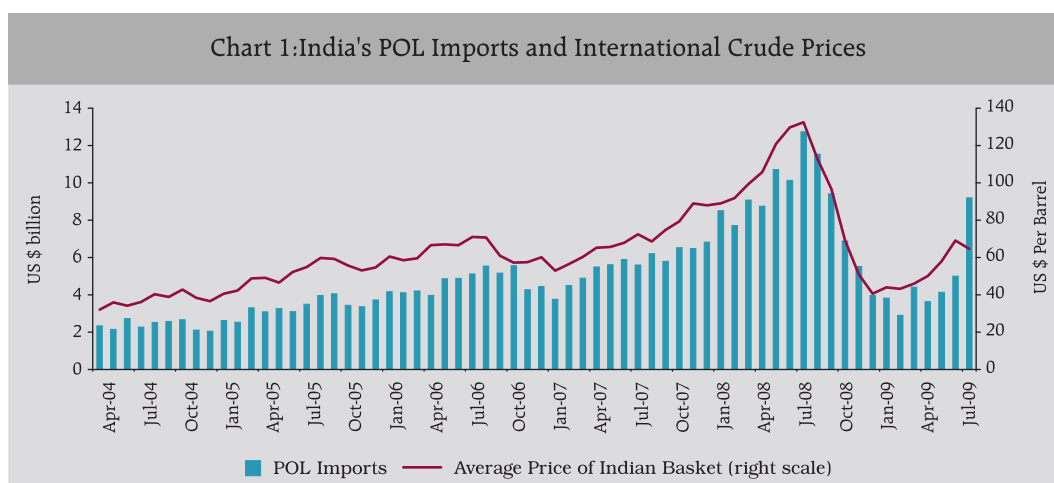
increase in imports during Q1 of 2008-09), while non-oil imports decreased by US\$ 9.8 billion (share of 36.9 per cent in the decline in total imports during Q1 of 2009-10 as against 40.2 per cent share in total increase in imports during Q1 of 2008-09).

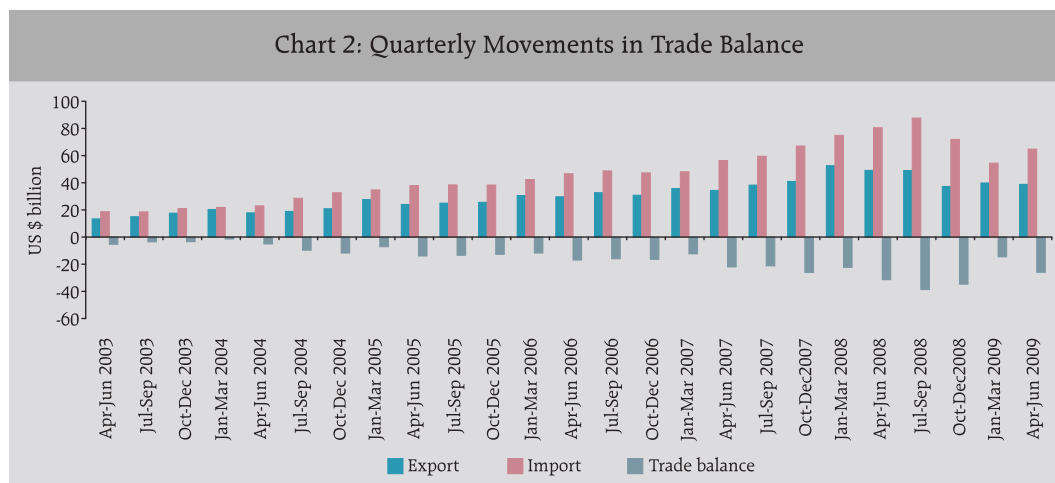
Trade Balance

- (i) On a BoP basis, the decline in the pace of exports was higher than that of imports during Q1 of 2009-10 which led to a large trade deficit (Chart 2). The trade deficit on a BoP basis in Q1 of 2009-10 (US\$ 26.0 billion) was, however, less than that in Q1 of 2008-09 (US\$ 31.4 billion).

Invisibles

- (i) During Q1 of 2009-10, invisibles receipts declined marginally, while invisibles payments recorded a positive growth (Table 2). In net terms, the invisibles balance at US\$ 20.2 billion was lower than that in the corresponding period of the previous year (US\$ 22.4 billion), though higher





than that in Q4 of 2008-09 (US\$ 19.3 billion) (Table 3).

Invisibles Receipts

- (i) Invisibles receipts registered a marginal decline of 0.7 per cent in Q1 of 2009-10

(as against a higher growth of 30.3 per cent in Q1 of 2008-09) on account of a decline in almost all categories of services, except insurance and financial services and a decline of 20.3 per cent in investment income receipts.

Table 2: Invisibles Gross Receipts and Payments

(US\$ million)

Item	Invisibles Receipts			Invisibles Payments		
	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)
1	2	3	4	5	6	7
A. Services (1 to 5)	101,224	23,059	22,389	51,406	11,441	13,351
1. Travel	10,894	2,504	2,286	9,432	2,164	2,004
2. Transportation	11,066	2,611	2,490	12,777	3,328	2,777
3. Insurance	1,409	350	387	1,131	228	314
4. G.N.I.E.	389	130	100	791	110	103
5. Miscellaneous	77,466	17,464	17,127	27,275	5,611	8,153
<i>of which:</i>						
Software	47,000	12,156	10,764	2,814	857	391
Non-Software	30,466	5,308	6,362	24,461	4,754	7,762
B. Transfers	47,025	12,307	13,344	2,746	654	466
Private	46,380	12,159	13,298	2,333	547	360
Official	645	148	46	413	107	107
C. Income	14,307	3,573	2,951	18,818	4,438	4,688
Investment Income	13,482	3,418	2,723	17,499	4,108	4,350
Compensation of Employees	825	155	227	1,319	330	338
Invisibles (A+B+C)	162,556	38,939	38,684	72,970	16,533	18,505

G.N.I.E.: Government not included elsewhere. P: Preliminary. PR: Partially Revised.

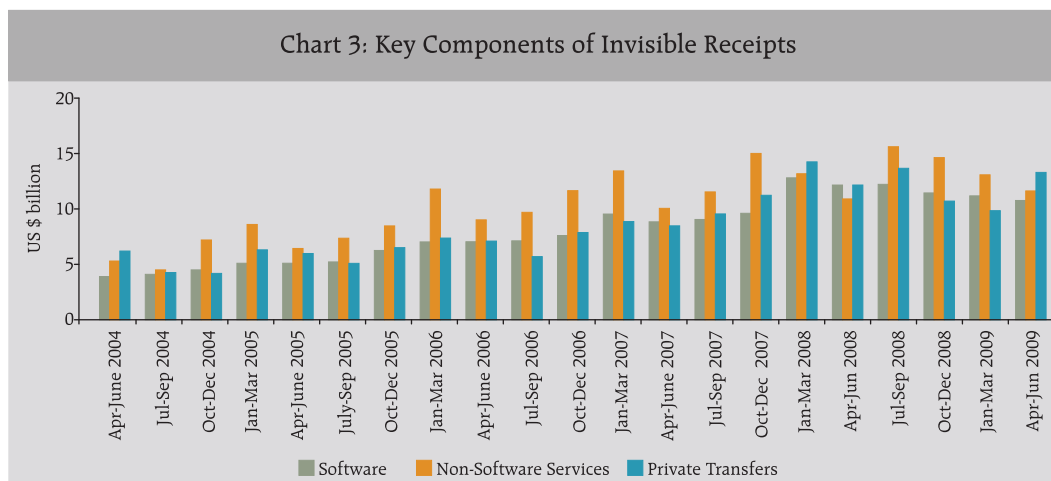
Table 3: Net Invisibles

(US\$ million)				
Item	April-March		April-June	
	2007-08 (PR)	2008-09 (P)	2008-09 (PR)	2009-10 (P)
1	2	3	4	5
A. Services (1 to 5)	37,565	49,818	11,618	9,038
1. Travel	2,095	1,462	340	282
2. Transportation	-1,500	-1,711	-717	-287
3. Insurance	595	278	122	73
4. Govt. not included elsewhere	-46	-402	20	-3
5. Miscellaneous	36,421	50,191	11,853	8,973
<i>of which:</i>				
Software	37,242	44,186	11,299	10,373
Non-Software	-821	6,005	554	-1,400
B. Transfers	41,944	44,279	11,653	12,878
Private	41,705	44,047	11,612	12,939
Official	239	232	41	-61
C. Income	-4,917	-4,511	-865	-1,737
Investment Income	-4,281	-4,017	-690	-1,627
Compensation of Employees	-636	-494	-175	-110
Invisibles (A+B+C)	74,592	89,586	22,406	20,179

G.N.I.E: Government not included elsewhere. P: Preliminary. PR: Partially Revised.

- (ii) Exports of software services declined by 11.5 per cent during Q1 of 2009-10 as against an increase of 37.6 per cent in Q1 of 2008-09 (Chart 3). According to the NASSCOM, software services exports are projected to grow by 4 to 7 per cent to US\$ 48 to 50 billion during the financial year 2009-10.
- (iii) Travel receipts at US\$ 2.3 billion during Q1 of 2009-10 declined by 8.7 per cent as against an increase of 19.9 per cent

Chart 3: Key Components of Invisible Receipts



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in Q1 of 2008-09 reflecting a slowdown in tourist arrivals in the country since November 2008. According to the data released by the Ministry of Tourism, foreign tourist arrivals declined by 1.8 per cent in Q1 of 2009-10.

- (iv) Private transfers are in the form of (i) Inward remittances from Indian workers abroad for family maintenance, (ii) Local withdrawals from NRI Rupee deposits, (iii) Gold and silver brought through passenger baggage, and (iv) Personal gifts/donations to charitable/religious institutions.
- (v) Private transfer receipts, comprising mainly remittances from Indians working overseas and local withdrawals from NRI Rupee deposits, remained buoyant and increased by 9.4 per cent to US\$ 13.3 billion during Q1 of 2009-10 from US\$ 12.2 billion in Q1 of 2008-09. Private transfer receipts constituted 17.2 per cent of current receipts in Q1 of 2009-10 (13.8 per cent in Q1 of 2008-09).
- (vi) NRI deposits when withdrawn domestically, form part of private

transfers because once withdrawn for local use these become unilateral transfers and do not have any *quid pro quo*. Such local withdrawals/redemptions from NRI deposits cease to exist as liability in the capital account of the balance of payments and assume the form of private transfers, which is included in the current account of balance of payments.

- (vii) Under the NRI deposits, both inflows as well as outflows remained large in the recent past. A major part of outflows from NRI deposits is in the form of local withdrawals. These withdrawals, however, are not actually repatriated but are utilized domestically. During Q1 of 2009-10, the share of local withdrawals in total outflows from NRI deposits declined marginally to 59.5 per cent from 62.5 per cent in Q1 of 2008-09 (Table 4).
- (viii) Under Private transfers, the inward remittances for family maintenance accounted for about 54 per cent of the total private transfer receipts, while local withdrawals accounted for about 42 per cent in Q1 of 2009-10 (Table 5).

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

(US\$ million)			
Year	Inflows	Outflows	Local Withdrawals
1	2	3	4
2006-07	19,914	15,593	13,208
2007-08(PR)	29,401	29,222	18,919
2008-09 (P)	37,089	32,799	20,617
2008-09 (Q1) (PR)	9,063	8,249	5,157
2009-10 (Q1) (P)	11,172	9,354	5,568

P: Preliminary. PR: Partially Revised.

Table 5: Details of Private Transfers to India

(US \$ million)					
Year	Total Private Transfers	Of which:			
		Inward remittances for family maintenance		Local withdrawals/ redemptions from NRI Deposits	
		Amount	Percentage Share in Total	Amount	Percentage Share in Total
1	2	3	4	5	6
2006-07	30,835	14,740	47.8	13,208	42.8
2007-08 (PR)	43,506	21,920	50.4	18,919	43.5
2008-09 (P)	46,380	23,148	49.9	20,617	44.5
2008-09 (Q1) (PR)	12,159	6,383	52.5	5,157	42.4
2009-10 (Q1) (P)	13,298	7,184	54.0	5,568	41.9

P: Preliminary. PR: Partially Revised.

(ix) Miscellaneous receipts, excluding software exports, stood at US\$ 6.4 billion in Q1 of 2009-10 (US\$ 5.3 billion in Q1 of 2008-09). The break-up of these data is presented in Table 6.

(x) The detailed receipts and payments under various components of business services, viz. trade related services, business and management consultancy services, architectural,

engineering and other technical services, and services relating to maintenance of offices abroad are set out in Table 7.

(xi) Investment income receipts amounted to US\$ 2.7 billion in Q1 of 2009-10 as compared with US\$ 3.4 billion in Q1 of 2008-09 (Table 8). The decline in receipts under investment income was due to lower interest rate abroad.

Table 6: Break-up of Non-Software Receipts and Payments under Miscellaneous Services

(US\$ million)						
Item	Receipts			Payments		
	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)
1	2	3	4	5	6	7
1. Communication Services	2,170	510	418	996	226	312
2. Construction	866	119	208	889	134	382
3. Financial Services	3,939	609	1,116	2,961	628	928
4. News Agency	799	182	127	385	64	91
5. Royalties, Copyrights & License Fees	132	30	69	1,755	495	414
6. Business Services	16,251	3,550	2,586	15,269	3,133	3,645
7. Personal, Cultural, and Recreational	729	107	158	306	64	58
8. Others	5,580	201	1,678	1,900	10	1,932
Total (1 to 8)	30,466	5,308	6,362	24,461	4,755	7,762

P: Preliminary. PR: Partially Revised.

Note: Details of Business Services (item 6) are given in Table 7.

Table 7: Details of Business Services

(US\$ million)						
Item	Receipts			Payments		
	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)
1	2	3	4	5	6	7
1. Trade Related	2,008	496	360	1,642	450	549
2. Business & Management Consultancy	4,847	1,147	954	3,512	498	794
3. Architectural, Engineering, and other Technical Services	1,759	430	367	3,106	553	698
4. Maintenance of Offices abroad	2,980	476	358	3,283	565	898
5. Others	4,657	1,001	547	3,726	1,067	706
Total (1 to 5)	16,251	3,550	2,586	15,269	3,133	3,645

P: Preliminary. PR: Partially Revised.

Invisibles Payments

- (i) Invisibles payments recorded a positive growth of 11.9 per cent in Q1 of 2009-10 (13.5 per cent in Q1 of 2008-09) mainly due to growth in payments under services and income account. In the services account, however, payments under travel, transportation, G.N.I.E. and software services recorded a negative growth in Q1 of 2009-10.
- (ii) Investment income payments (include mainly the interest payments on commercial borrowings, external assistance and non-resident deposits, and reinvested earnings of the foreign direct investment (FDI) enterprises operating in India) increased marginally to US\$ 4.4 billion during Q1 of 2009-10 (US\$ 4.1 billion in Q1 of 2008-09) mainly due to increased reinvested earnings of FDI companies in India (Table 8).

Invisibles Balance

- (i) A combined effect of decline in invisibles receipts and increase in

invisibles payments led to marginally lower net invisibles (invisibles receipts *minus* invisibles payments) at US\$ 20.2 billion in Q1 of 2009-10 than that in the corresponding period of the previous year (US\$ 22.4 billion) (Table 3). At this level, however, the invisibles surplus financed about 77.7 per cent of trade deficit during Q1 of 2009-10 (71.3 per cent during Q1 of 2008-09).

Current Account Balance

- (i) Despite net invisibles surplus, the large trade deficit mainly on account of sharp decline in exports led to a current account deficit of US\$ 5.8 billion in Q1 of 2009-10 (US\$ 9.0 billion during Q1 of 2008-09) (Chart 4).

Capital Account

- (i) The gross capital inflows to India revived during Q1 of 2009-10 as compared to the last two quarters of 2008-09 manifesting confidence in India's long-term growth prospects. The gross inflows were, however, at US\$ 78.5 billion as compared to US\$

Table 8: Details of Receipts and Payments of Investment Income

(US \$ million)				
	2007-08 (PR)	2008-09 (P)	2008-09 (Q1)(PR)	2009-10 (Q1) (P)
1	2	3	4	5
A. Receipts	13,808	13,482	3,418	2,723
<i>Of which:</i>				
1. Reinvested Earnings on Indian Investment Abroad	1,084	1,084	271	271
2. Interest/Discount Earnings on Foreign Exchange Reserves	10,124	10,480	2,672	1,915
B. Payments	18,089	17,499	4,108	4,350
<i>Of which:</i>				
1. Interest Payment on NRI deposits	1,813	1,547	349	393
2. Interest Payment on ECBs	2,655	2,702	690	653
3. Interest Payments on External Assistance	1,143	1,010	266	242
4. Dividends and Profits	3,576	3,168	898	871
5. Reinvested Earnings of FDI companies in India	7,168	6,426	1,492	1,696
C. Net Investment Income (A-B)	-4,281	-4,017	-690	-1,627

P: Preliminary.

PR: Partially Revised.

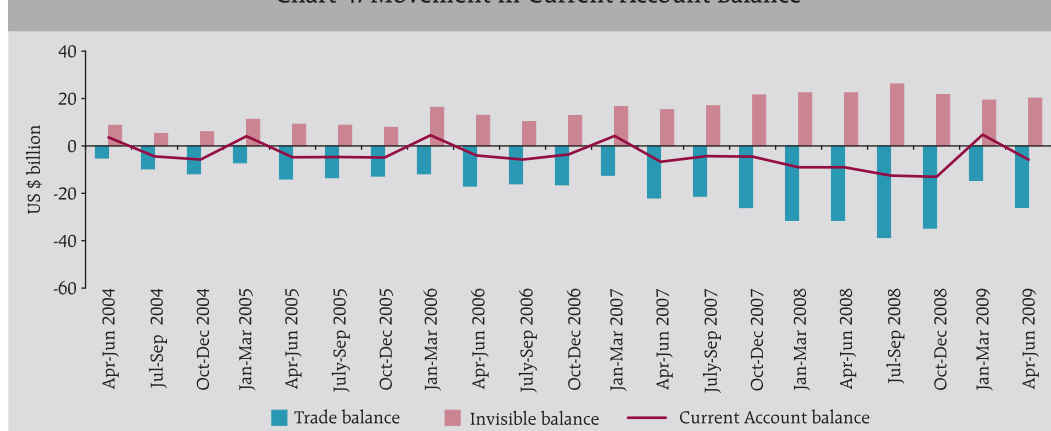
90.9 billion in Q1 of 2008-09 mainly led by inflows under FIIs, FDI and NRI deposits (Table 9). Gross capital outflows during Q1 of 2009-10 stood lower at US\$ 71.8 billion as against US\$ 79.7 billion in Q1 of 2008-09.

(ii) With the revival in capital inflows to India, particularly foreign investments, the capital account showed a

turnaround from a negative balance in the last two quarters of 2008-09 to a positive balance of US\$ 6.7 billion during Q1 of 2009-10 (US\$ 11.1 billion in Q1 of 2008-09) (Table 10).

(iii) Net capital inflows, however, was lower in Q1 of 2009-10 as compared to that in the corresponding period of last year mainly because of large net

Chart 4: Movement in Current Account Balance



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Table 9: Gross Capital Inflows and Outflows

(US\$ million)						
Item	Gross Inflows			Gross Outflows		
	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)
1	2	3	4	5	6	7
1. Foreign Direct Investment	36,258	12,137	9,612	18,762	3,170	2,779
2. Portfolio Investment	128,651	40,764	38,625	142,685	44,975	30,357
<i>Of which</i>						
FIIs	127,349	39,746	38,559	142,366	44,923	30,332
ADRs/GDRs	1,163	999	43	–	–	–
3. External Assistance	5,042	909	821	2,404	558	737
4. ECBs	15,382	2,760	2,092	7,224	1,293	2,448
5. NRI Deposits	37,089	9,063	11,172	32,799	8,249	9,354
6. Banking Capital excluding NRI Deposits	27,909	12,889	4,405	35,596	11,007	9,588
7. Short-term Trade Credits	39,734	10,176	10,126	45,529	7,779	13,211
8. Rupee Debt Service	0	0	0	101	30	23
9. Other Capital	12,391	2,176	1,636	8,210	2,678	3,256
Total (1 to 9)	302,456	90,874	78,489	293,310	79,739	71,753

P: Preliminary.

PR: Partially Revised.

outflows under short-term trade
credits and banking capital.

- (iv) Net FDI inflows (net inward FDI
minus net outward FDI) amounted to

US\$ 6.8 billion in Q1 of 2009-10 (US\$
9.0 billion in Q1 of 2008-09). Net
inward FDI stood at US\$ 9.5 billion
during Q1 of 2009-10 (US\$ 11.9 billion

Table 10: Net Capital Flows

(US \$ million)				
	April-March		April-June	
	2007-08 (PR)	2008-09 (P)	2008-09 (PR)	2009-10 (P)
1	2	3	4	5
1. Foreign Direct Investment	15,401	17,496	8,967	6,833
Inward FDI	34,236	34,982	11,876	9,459
Outward FDI	18,835	17,486	2,909	2,626
2. Portfolio Investment	29,556	-14,034	-4,211	8,268
<i>Of which</i>				
FIIs	20,327	-15,017	-5,177	8,227
ADRs/GDRs	8,769	1,162	999	43
3. External Assistance	2,114	2,638	351	84
4. External Commercial Borrowings	22,633	8,158	1,468	-356
5. NRI Deposits	179	4,290	814	1,817
6. Banking Capital excluding NRI Deposits	11,578	-7,687	1,882	-5,183
7. Short-term Trade Credits	17,183	-5,795	2,397	-3,085
8. Rupee Debt Service	-121	-101	-30	-23
9. Other Capital	9,470	4,181	-502	-1,620
Total (1 to 9)	107,993	9,146	11,135	6,736

P: Preliminary.

PR: Partially Revised.

in Q1 of 2008-09). Net outward FDI stood at US\$ 2.6 billion in Q1 of 2009-10 as compared with US\$ 2.9 billion in Q1 of 2008-09.

(v) During Q1 of 2009-10, FDI to India was channeled mainly into manufacturing sector (19.2 per cent), real estate activities (15.6 per cent), financial services (15.4 per cent), construction (12.2 per cent) and business services (11.7 per cent). Mauritius continued to be the major source of FDI during Q1 of 2009-10 with a share of 48.9 per cent followed by USA at 12.8 per cent.

(vi) Portfolio investment primarily comprising foreign institutional investors' (FIIs) investments and American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) witnessed a sharp turnaround from net outflows of US\$ 2.7 billion in Q4 of 2008-09 to net inflows of US\$ 8.3 billion during Q1 of 2009-10. During 2009-10, the sharp increase in FII inflows could be attributed to the recovery of domestic stock market in line with international stock markets, better corporate performance, political stability and comparatively better growth prospects.

(vii) The tightness in liquidity in the overseas markets continued during Q1 of 2009-10. The approvals of external commercial borrowings (ECBs) were very low in the first two months of 2009-10; however, it recovered during June 2009. In addition, repayments of ECBs were higher at US\$ 2.1 billion during Q1 of 2009-10 (US\$ 1.1 billion during Q1 of 2008-09) resulting in net

outflows of US\$ 0.4 billion under ECBs (inflows of US\$ 1.5 billion in Q1 of 2008-09).

(viii) The gross disbursements of short-term trade credit was US\$ 10.1 billion during Q1 of 2009-10 almost same in Q1 of 2008-09. The repayments of short-term trade credits, however, were very high at US\$ 13.2 billion in Q1 of 2009-10 (US\$ 7.8 billion in Q1 of 2008-09). As a result, there were net outflows of US\$ 3.1 billion under short-term trade credit during Q1 of 2009-10 (inflows of US\$ 2.4 billion in Q1 of 2008-09).

(ix) Banking capital mainly consists of foreign assets and liabilities of commercial banks. NRI deposits constitute major part of the foreign liabilities. Banking capital (net), including NRI deposits, were negative at US\$ 3.4 billion during Q1 of 2009-10 as against a positive net inflow of US\$ 2.7 billion during Q1 of 2008-09. Among the components of banking capital, NRI deposits witnessed higher inflows of US\$ 1.8 billion in Q1 of 2009-10 (net inflows of US\$ 0.8 billion in Q1 of 2008-09) reflecting the positive impact of the revisions in the ceiling interest rate on NRI deposits.

(x) Other capital includes leads and lags in exports, funds held abroad, advances received pending for issue of shares under FDI and other capital not included elsewhere (n.i.e.). Other capital recorded net outflows of US\$ 1.6 billion in Q1 of 2009-10. The details of other capital are set out in Table 11.

Table 11: Details of 'Other Capital' (Net)

(US \$ million)				
Item	April-March		April-June	
	2007-08 (PR)	2008-09 (P)	2008-09 (PR)	2009-10 (P)
1	2	3	4	5
1. Lead and Lags in Exports	983	5,424	-247	1,459
2. Net Funds Held Abroad	-5,487	-2,056	-1,358	-1,592
3. Advances Received Pending for Issue of Shares under FDI	8,700	1,003	850	-1,547
4. Other capital not included elsewhere (<i>n.i.e.</i>)*	5,274	-190	254	60
Total (1 to 4)	9,470	4,181	-502	-1,620

P: Preliminary. PR: Partially Revised.
*: Includes transactions related to derivatives and hedging, migrant transfers and other capital transfers.

Variation in Reserves

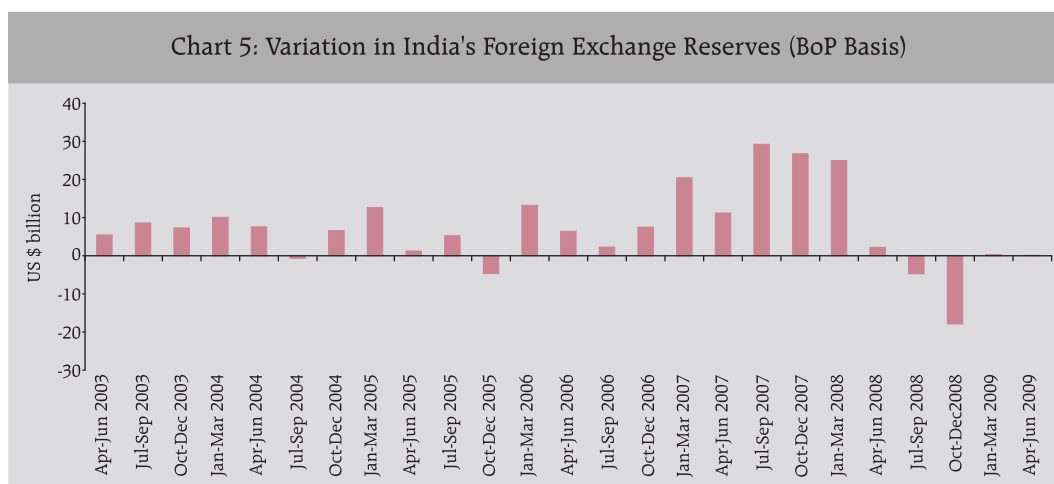
- (i) The increase in foreign exchange reserves on a BoP basis (*i.e.*, excluding valuation) was US\$ 115 million in Q1 of 2009-10 (as against an accretion to reserves of US\$ 2,235 million in Q1 of 2008-09) (Table 12 & Chart 5). However, the foreign exchange

reserves including valuation increased by US\$ 13.2 billion during Q1 of 2009-10 implying that the increase in reserves during this period was mainly due to valuation gains as the US dollar has depreciated against major currencies. Details on sources of variation in foreign exchange reserves is at Annex A.

Table 12: Sources of Variation in Reserves (BoP Basis)

(US \$ million)				
Item	2007-08 (PR)	2008-09 (P)	2008-09 (Q1) (PR)	2009-10 (Q1) (P)
1	2	3	4	5
A. Current Account Balance	(-)17,034	(-)29,817	(-)9,019	(-) 5,808
B. Capital Account*	109,198	9,737	11,253	5,923
<i>Of Which</i>				
(i) Foreign Direct Investment	15,401	17,496	8,968	6,833
(ii) Portfolio Investment	29,556	(-)14,034	(-)4,211	8,268
(iii) External Commercial Borrowings	22,633	8,158	1,468	(-)356
(iv) Banking Capital	11,757	(-)3,397	2,696	(-) 3,365
(v) Short-term Trade Credits	17,183	(-)5,795	2,397	(-) 3,085
C. Change in Reserves:				
(-) indicates increase; (+) indicates decrease#	(-)92,164	20,080	(-) 2,235	(-) 115

*: Including errors and omissions. #: On BoP basis (*i.e.*, excluding valuation).
P: Preliminary. PR: Partially Revised.



(ii) At the end of June 2009, outstanding foreign exchange reserves stood at US\$ 265.1 billion.

(iii) To sum up, the key features of India's BoP that emerged during Q1 of 2009-10 were: (i) large trade deficit led by a sharp decline in exports, (ii) net invisibles surplus led by remittances from overseas Indians and software services exports, (iii) current account deficit of US\$ 5.8 billion due to large trade deficit, (iv) improvement in net capital inflows mainly supported by large

FII and FDI inflows, and (v) a marginal increase in reserves.

2. Reconciliation of Import Data

(i) During Q1 of 2009-10, based on the records of Customs imports data released by the DGCI&S and the BoP merchandise imports (based on payments basis through Authorised Dealers), the difference between the two data sets works out to about US\$ 13.8 billion which, as per past experience, will narrow down subsequently (Table 13).

Table 13 : Imports based on Customs (DGCI&S) and BoP basis (RBI)

Item	(US \$ million)			
	April-March		April-June	
	2007-08 (PR)	2008-09 (P)	2008-09 (PR)	2009-10 (P)
1	2	3	4	5
1. BoP Imports	257,789	294,587	80,545	64,775
2. DGCI&S Imports	251,439	287,759	77,609	50,936
3. Difference (1-2)	6,350	6,828	2,936	13,839

3. External Sector Indicators

(i) The details of key external sector indicators are set out in Table 14.

Table 14: Key External Sector Indicators				
Item	2007-08 (PR)	2008-09 (P)	2008-09 (Q1)(PR)	2009-10 (Q1) (P)
1	2	3	4	5
Merchandise Trade				
1. Exports (US \$ on BoP basis) Growth Rate (%)	28.9	5.4	43.0	-21.0
2. Imports (US \$ on BoP basis) Growth Rate (%)	35.2	14.3	42.9	-19.6
3. Crude Oil Prices US \$ Per Barrel (Indian Basket)	79.2	82.4	118.8	63.9
4. Trade Balance (US \$ billion)	-91.6	-119.4	-31.4	-26.0
Invisibles				
5. Net Invisibles (US \$ billion)	74.6	89.6	22.4	20.2
6. Net Invisible Surplus / Trade Deficit (%)	81.4	75.0	71.3	77.7
7. Invisibles Receipts / Current Receipts (%)	47.2	48.1	44.2	49.9
8. Services Receipts / Current Receipts (%)	28.6	30.0	26.2	28.9
9. Private Transfers Receipts / Current Receipts (%)	13.8	13.7	13.8	17.2
Current Account				
10. Current Receipts (US \$ billion)	314.8	337.7	88.1	77.5
11. Current Payments (US \$ billion)	331.8	367.6	97.1	83.3
12. Current Account Balance (US \$ billion)	-17.0	-29.8	-9.0	-5.8
Capital Account				
13. Gross Capital Inflows (US \$ billion)	433.0	302.5	90.9	78.5
14. Gross Capital Outflows (US \$ billion)	325.0	293.3	79.7	71.8
15. Net Capital Flows (US \$ billion)	108.0	9.1	11.1	6.7
16. Net FDI / Net Capital Flows (%)	14.3	191.3	80.5	101.4
17. Net Portfolio Investment / Net Capital Flows (%)	27.4	-153.4	-37.8	122.7
18. Net ECBs / Net Capital Flows (%)	21.0	89.2	13.2	-5.3
Reserves				
19. Import Cover of Reserves (in months)	14.4	10.3	13.3	11.4
20. Outstanding Reserves as at end period (US\$ billion)	309.7	252.0	312.1	265.1

Annex A:
Sources of Variation in Foreign Exchange Reserves in India: April-June 2009-10

During April-June 2009, there was an accretion to foreign exchange reserves largely reflecting valuation changes. The sources of variation in the foreign exchange reserves are set out in Table A1.

The foreign exchange reserves (including the valuation effects) increased by US\$ 13,157 million during April-June 2009 as compared with an increase of US\$ 2,364 million during April-June 2008 (Table A2). On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 115 million during April-June 2009 as compared with an increase of US\$ 2,235 million during April-June 2008. The valuation gain, reflecting the depreciation of the US dollar against the major currencies, accounted for US\$ 13,042 million during April-June 2009 as compared with a valuation gain of US\$ 129 million during April-June 2008. Accordingly, valuation gain during April-June 2009 accounts for 99.1 per cent of the total increase in foreign exchange reserves. Inflows under FDI, portfolio investments and NRI deposits were the major sources contributing to the increase in foreign exchange reserves, which was mostly offset by current account deficit and outflows under other items of the capital account during April-June 2009.

Table A1: Sources of Variation in Foreign Exchange Reserves

(US \$ million)

Items	April-June 2008	April-June 2009
I. Current Account Balance	(-)9,019	(-) 5,808
II. Capital Account (net) (a to f)	11,253	5,923
a. Foreign Investment (i + ii)	4,757	15,101
(i) Foreign Direct Investment	8,968	6,833
(ii) Portfolio Investment		
Of which:		
FIIIs	(-) 4,211	8,268
ADRs/GDRs	(-) 5,177	8,227
	999	43
b. External Commercial Borrowings	1,468	(-)356
c. Banking Capital	2,696	(-) 3,365
of which: NRI Deposits	814	1,817
d. Short-Term Trade Credit	2,397	(-) 3,085
e. External Assistance	351	84
f. Other items in capital account*	(-) 531	(-) 1,643
III. Valuation Change	129	13,042
Total (I+II+III)	2,364	13,157

Note: (i) *: 'Other items in capital account' apart from 'Errors and Omissions' also include leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and transactions of capital receipts not included elsewhere.

(ii) Increase in reserves(+) / Decrease in reserves (-).

Table A2: Comparative Position

(US\$ million)

	April-June 2008	April-June 2009
1. Change in Foreign Exchange Reserves (Including Valuation Effects)	2,364	13,157
2. Valuation Effects [Gain (+)/Loss (-)]	129	13,042
3. Change in Foreign Exchange Reserves on BoP basis (Excluding Valuation Effects)	2,235	115
4. Percentage of increase/decline in Reserves explained by Valuation Gain/Loss	54.6	99.1

Note: Increase in reserves (+)/Decrease in reserves (-).

ARTICLE

India's Balance of Payments
Developments during
the First Quarter
(April-June 2009)
of 2009-10

Statement I : India's Overall Balance of Payments

(US\$ million)

Item	2005-06			2006-07		
	Credit	Debit	Net	Credit	Debit	Net
I	2	3	4	5	6	7
A. Current Account						
I. Merchandise	105,152	157,056	-51,904	128,888	190,670	-61,782
II. Invisibles (a+b+c)	89,687	47,685	42,002	114,558	62,341	52,217
a) Services	57,659	34,489	23,170	73,780	44,311	29,469
i) Travel	7,853	6,638	1,215	9,123	6,684	2,439
ii) Transportation	6,325	8,337	-2,012	7,974	8,068	-94
iii) Insurance	1,062	1,116	-54	1,195	642	553
iv) G.n.i.e.	314	529	-215	253	403	-150
v) Miscellaneous	42,105	17,869	24,236	55,235	28,514	26,721
<i>of which</i>						
Software Services	23,600	1,338	22,262	31,300	2,267	29,033
Business Services	9,307	7,748	1,559	14,544	15,866	-1,322
Financial Services	1,209	965	244	3,106	2,991	115
Communication Services	1,575	289	1,286	2,262	796	1,466
b) Transfers	25,620	933	24,687	31,470	1,391	30,079
i) Official	669	475	194	635	381	254
ii) Private	24,951	458	24,493	30,835	1,010	29,825
c) Income	6,408	12,263	-5,855	9,308	16,639	-7,331
i) Investment Income	6,229	11,491	-5,262	8,926	15,688	-6,762
ii) Compensation of employees	179	772	-593	382	951	-569
Total Current Account (I+II)	194,839	204,741	-9,902	243,446	253,011	-9,565
B. Capital Account						
1. Foreign Investment (a+b)	77,298	61,770	15,528	133,210	118,457	14,753
a) Foreign Direct Investment (i+ii)	9,178	6,144	3,034	23,590	15,897	7,693
i. In India	8,962	61	8,901	22,826	87	22,739
Equity	5,976	61	5,915	16,481	87	16,394
Reinvested Earnings	2,760	-	2,760	5,828	-	5,828
Other Capital	226	-	226	517	-	517
ii. Abroad	216	6,083	-5,867	764	15,810	-15,046
Equity	216	3,982	-3,766	764	13,368	-12,604
Reinvested Earnings	-	1,092	-1,092	-	1,076	-1,076
Other Capital	-	1,009	-1,009	-	1,366	-1,366
b) Portfolio Investment	68,120	55,626	12,494	109,620	102,560	7,060
i) In India	68,120	55,626	12,494	109,534	102,530	7,004
<i>of which</i>						
FIIs	65,554	55,628	9,926	105,756	102,530	3,226
GDRs/ADRs	2,552	-	2,552	3,776	-	3,776
ii) Abroad	-	-	-	86	30	56
2. Loans (a+b+c)	39,479	31,570	7,909	54,642	30,152	24,490
a) External Assistance	3,631	1,929	1,702	3,767	1,992	1,775
i) By India	24	88	-64	20	32	-12
ii) To India	3,607	1,841	1,766	3,747	1,960	1,787
b) Commercial Borrowings	14,343	11,835	2,508	20,883	4,780	16,103
i) By India	-	251	-251	626	966	-340
ii) To India	14,343	11,584	2,759	20,257	3,814	16,443
c) Short Term to India	21,505	17,806	3,699	29,992	23,380	6,612
i) Suppliers' Credit > 180 days & Buyers' Credit	19,372	17,647	1,725	25,482	22,175	3,307
ii) Suppliers' Credit up to 180 days	2,133	159	1,974	4,510	1,205	3,305
3. Banking Capital (a+b)	21,658	20,285	1,373	37,209	35,296	1,913
a) Commercial Banks	20,586	20,144	442	36,799	35,218	1,581
i) Assets	772	3,947	-3,175	14,466	17,960	-3,494
ii) Liabilities	19,814	16,197	3,617	22,333	17,258	5,075
<i>of which :Non-Resident Deposits</i>	17,835	15,046	2,789	19,914	15,593	4,321
b) Others	1,072	141	931	410	78	332
4. Rupee Debt Service	-	572	-572	-	162	-162
5. Other Capital	5,941	4,709	1,232	8,230	4,021	4,209
Total Capital Account (1to5)	144,376	118,906	25,470	233,291	188,088	45,203
C. Errors & Omissions	-	516	-516	968	-	968
D. Overall Balance	339,215	324,163	15,052	477,705	441,099	36,606
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))	-	15,052	-15,052	-	36,606	-36,606
E. Monetary Movements (i+ii)	-	-	-	-	-	-
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase -/ Decrease +)	-	15,052	-15,052	-	36,606	-36,606

P: Preliminary. PR: Partially Revised.

Statement I : India's Overall Balance of Payments (Contd.)						
(US\$ million)						
Item	2007-08 PR			2008-09 P		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. Current Account						
I. Merchandise	166,163	257,789	-91,626	175,184	294,587	-119,403
II. Invisibles (a+b+c)	148,604	74,012	74,592	162,556	72,970	89,586
a) Services	90,077	52,512	37,565	101,224	51,406	49,818
i) Travel	11,349	9,254	2,095	10,894	9,432	1,462
ii) Transportation	10,014	11,514	-1,500	11,066	12,777	-1,711
iii) Insurance	1,639	1,044	595	1,409	1,131	278
iv) G.n.i.e.	330	376	-46	389	791	-402
v) Miscellaneous	66,745	30,324	36,421	77,466	27,275	50,191
<i>of which</i>						
<i>Software Services</i>	40,300	3,058	37,242	47,000	2,814	44,186
<i>Business Services</i>	16,771	16,715	56	16,251	15,269	982
<i>Financial Services</i>	3,217	3,138	79	3,939	2,961	978
<i>Communication Services</i>	2,408	859	1,549	2,170	996	1,174
b) Transfers	44,259	2,315	41,944	47,025	2,746	44,279
i) Official	753	514	239	645	413	232
ii) Private	43,506	1,801	41,705	46,380	2,333	44,047
c) Income	14,268	19,185	-4,917	14,307	18,818	-4,511
i) Investment Income	13,808	18,089	-4,281	13,482	17,499	-4,017
ii) Compensation of employees	460	1,096	-636	825	1,319	-494
Total Current Account (I+II)	314,767	331,801	-17,034	337,740	367,557	-29,817
B. Capital Account						
1. Foreign Investment (a+b)	272,762	227,805	44,957	164,909	161,447	3,462
a) Foreign Direct Investment (i+ii)	36,838	21,437	15,401	36,258	18,762	17,496
i. In India	34,361	125	34,236	35,148	166	34,982
<i>Equity</i>	26,866	108	26,758	27,975	166	27,809
<i>Reinvested Earnings</i>	7,168	-	7,168	6,426	-	6,426
<i>Other Capital</i>	327	17	310	747	-	747
ii. Abroad	2,477	21,312	-18,835	1,110	18,596	-17,486
<i>Equity</i>	2,477	16,898	-14,421	1,110	14,668	-13,558
<i>Reinvested Earnings</i>	-	1,084	-1,084	-	1,084	-1,084
<i>Other Capital</i>	-	3,330	-3,330	-	2,844	-2,844
b) Portfolio Investment	235,924	206,368	29,556	1,28,651	142,685	-14,034
i) In India	235,688	206,294	29,394	128,511	142,366	-13,855
<i>of which</i>						
<i>FIIIs</i>	226,621	206,294	20,327	127,349	142,366	-15,017
<i>GDRs/ADRs</i>	8,769	-	8,769	1,162	-	1,162
ii) Abroad	236	74	162	140	319	-179
2. Loans (a+b+c)	83,528	41,598	41,930	60,158	55,157	5,001
a) External Assistance	4,241	2,127	2,114	5,042	2,404	2,638
i) By India	24	28	-4	24	32	-8
ii) To India	4,217	2,099	2,118	5,018	2,372	2,646
b) Commercial Borrowings	30,376	7,743	22,633	15,382	7,224	8,158
i) By India	1,592	1,624	-32	2,005	785	1,220
ii) To India	28,784	6,119	22,665	13,377	6,439	6,938
c) Short Term to India	48,911	31,728	17,183	39,734	45,529	-5,795
i) Suppliers' Credit > 180 days & Buyers' Credit	42,641	31,728	10,913	38,814	38,352	462
ii) Suppliers' Credit up to 180 days	6,270	-	6,270	920	7,177	-6,257
3. Banking Capital (a+b)	55,813	44,056	11,757	64,998	68,395	-3,397
a) Commercial Banks	55,734	43,624	12,110	64,885	67,810	-2,925
i) Assets	19,562	12,668	6,894	25,673	28,726	-3,053
ii) Liabilities	36,172	30,956	5,216	39,212	39,084	128
<i>of which :Non-Resident Deposits</i>	29,401	29,222	179	37,089	32,799	4,290
b) Others	79	432	-353	113	585	-472
4. Rupee Debt Service	-	121	-121	-	101	-101
5. Other Capital	20,904	11,434	9,470	12,391	8,210	4,181
Total Capital Account (1to5)	433,007	325,014	107,993	302,456	293,310	9,146
C. Errors & Omissions	1,205	-	1,205	591	-	591
D. Overall Balance	748,979	656,815	92,164	640,787	660,867	-20,080
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	92,164	-92,164	20,080	-	20,080
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	92,164	-92,164	20,080	-	20,080

ARTICLE

India's Balance of Payments
Developments during
the First Quarter
(April-June 2009)
of 2009-10

Statement I : India's Overall Balance of Payments (Contd.)						
(US\$ million)						
Item	Apr-Jun 2006			Jul-Sep 2006		
	Credit	Debit	Net	Credit	Debit	Net
I	14	15	16	17	18	19
A. Current Account						
I. Merchandise	29,663	46,613	-16,950	32,701	48,717	-16,016
II. Invisibles (a+b+c)	24,934	12,421	12,513	24,866	14,597	10,269
a) Services	16,042	8,475	7,567	16,416	9,966	6,450
i) Travel	1,708	1,488	220	1,796	1,811	-15
ii) Transportation	1,715	1,997	-282	1,973	1,978	-5
iii) Insurance	238	129	109	315	154	161
iv) G.n.i.e.	40	79	-39	61	122	-61
v) Miscellaneous	12,341	4,782	7,559	12,271	5,901	6,370
<i>of which</i>						
Software Services	7,039	415	6,624	7,121	405	6,716
Business Services	3,386	2,646	740	3,436	3,300	136
Financial Services	509	318	191	716	703	13
Communication Services	475	108	367	569	180	389
b) Transfers	7,170	289	6,881	6,218	361	5,857
i) Official	69	82	-13	119	100	19
ii) Private	7,101	207	6,894	6,099	261	5,838
c) Income	1,722	3,657	-1,935	2,232	4,270	-2,038
i) Investment Income	1,659	3,461	-1,802	2,160	4,042	-1,882
ii) Compensation of Employees	63	196	-133	72	228	-156
Total Current Account (I+II)	54,597	59,034	-4,437	57,567	63,314	-5,747
B. Capital Account						
1. Foreign Investment (a+b)	34,299	33,067	1,232	22,485	18,219	4,266
a) Foreign Direct Investment (i+ii)	3,477	1,739	1,738	4,545	2,429	2,116
i) In India	3,413	8	3,405	4,400	2	4,398
Equity	1,946	8	1,938	2,886	2	2,884
Reinvested Earnings	1,457	-	1,457	1,457	-	1,457
Other Capital	10	-	10	57	-	57
ii) Abroad	64	1,731	-1,667	145	2,427	-2,282
Equity	64	1,189	-1,125	145	1,868	-1,723
Reinvested Earnings	-	269	-269	-	269	-269
Other Capital	-	273	-273	-	290	-290
b) Portfolio Investment	30,822	31,328	-506	17,940	15,790	2,150
i) In India	30,801	31,327	-526	17,929	15,789	2,140
<i>of which</i>						
FILs	29,540	31,327	-1,787	17,469	15,789	1,680
GDRs/ADRs	1,261	-	1,261	460	-	460
ii) Abroad	21	1	20	11	1	10
2. Loans (a+b+c)	11,499	6,288	5,211	11,228	6,446	4,782
a) External Assistance	577	526	51	788	449	339
i) By India	5	8	-3	5	8	-3
ii) To India	572	518	54	783	441	342
b) Commercial Borrowings	5,051	1,073	3,978	2,680	920	1,760
i) By India	87	223	-136	114	170	-56
ii) To India	4,964	850	4,114	2,566	750	1,816
c) Short Term To India	5,871	4,689	1,182	7,760	5,077	2,683
i) Suppliers' Credit > 180 days & Buyers' Credit	5,082	4,689	393	6,579	5,077	1,502
ii) Suppliers' Credit up to 180 days	789	-	789	1,181	-	1,181
3. Banking Capital (a+b)	9,909	4,848	5,061	5,754	7,472	-1,718
a) Commercial Banks	9,837	4,848	4,989	5,754	7,428	-1,674
i) Assets	5,257	1,877	3,380	1,568	3,553	-1,985
ii) Liabilities	4,580	2,971	1,609	4,186	3,875	311
<i>of which: Non-Resident Deposits</i>	4,246	2,944	1,302	4,185	3,277	908
b) Others	72	-	72	-	44	-44
4. Rupee Debt Service	-	67	-67	-	-	-
5. Other Capital	342	1,054	-712	1,084	554	530
Total Capital Account (1 to 5)	56,049	45,324	10,725	40,551	32,691	7,860
C. Errors & Omissions	91	-	91	157	-	157
D. Overall Balance	110,737	104,358	6,379	98,275	96,005	2,270
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	6,379	-6,379	-	2,270	-2,270
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	6,379	-6,379	-	2,270	-2,270

Statement I : India's Overall Balance of Payments (Contd.)						
(US\$ million)						
Item	Oct-Dec 2006			Jan-Mar 2007		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. Current Account						
I. Merchandise	30,824	47,257	-16,433	35,700	48,083	-12,383
II. Invisibles (a+b+c)	29,704	16,875	12,829	35,054	18,448	16,606
a) Services	18,451	12,371	6,080	22,871	13,499	9,372
i) Travel	2,621	1,638	983	2,998	1,747	1,251
ii) Transportation	2,092	2,102	-10	2,194	1,991	203
iii) Insurance	288	201	87	354	158	196
iv) G.n.i.e.	87	97	-10	65	105	-40
v) Miscellaneous	13,363	8,333	5,030	17,260	9,498	7,762
<i>of which</i>						
Software Services	7,602	684	6,918	9,538	763	8,775
Business Services	3,690	4,267	-577	4,032	5,653	-1,621
Financial Services	828	647	181	1,053	1,323	-270
Communication Services	597	239	358	621	269	352
b) Transfers	8,961	333	8,628	9,121	408	8,713
i) Official	287	89	198	160	110	50
ii) Private	8,674	244	8,430	8,961	298	8,663
c) Income	2,292	4,171	-1,879	3,062	4,541	-1,479
i) Investment Income	2,193	3,936	-1,743	2,914	4,249	-1,335
ii) Compensation of Employees	99	235	-136	148	292	-144
Total Current Account (I+II)	60,528	64,132	-3,604	70,754	66,531	4,223
B. Capital Account						
1. Foreign Investment (a+b)	38,646	32,179	6,467	37,780	34,992	2,788
a) Foreign Direct Investment (i+ii)	10,008	7,110	2,898	5,560	4,619	941
i) In India	9,855	7	9,848	5,158	70	5,088
Equity	8,203	7	8,196	3,446	70	3,376
Reinvested Earnings	1,457	-	1,457	1,457	-	1,457
Other Capital	195	-	195	255	-	255
ii) Abroad	153	7,103	-6,950	402	4,549	-4,147
Equity	153	6,454	-6,301	402	3,857	-3,455
Reinvested Earnings	-	269	-269	-	269	-269
Other Capital	-	380	-380	-	423	-423
b) Portfolio Investment	28,638	25,069	3,569	32,220	30,373	1,847
i) In India	28,625	25,063	3,562	32,179	30,351	1,828
<i>of which</i>						
FIIs	28,418	25,063	3,355	30,329	30,351	-22
GDRs/ADRs	207	-	207	1,848	-	1,848
ii) Abroad	13	6	7	41	22	19
2. Loans (a+b+c)	14,731	8,250	6,481	17,184	9,168	8,016
a) External Assistance	1,113	494	619	1,289	523	766
i) By India	5	8	-3	5	8	-3
ii) To India	1,108	486	622	1,284	515	769
b) Commercial Borrowings	5,418	1,369	4,049	7,734	1,418	6,316
i) By India	425	345	80	-	228	-228
ii) To India	4,993	1,024	3,969	7,734	1,190	6,544
c) Short Term To India	8,200	6,387	1,813	8,161	7,227	934
i) Suppliers' Credit > 180 days & Buyers' Credit	5,660	6,387	-727	8,161	6,022	2,139
ii) Suppliers' Credit up to 180 days	2,540	-	2,540	-	1,205	-1,205
3. Banking Capital (a+b)	7,160	10,273	-3,113	14,386	12,703	1,683
a) Commercial Banks	6,944	10,239	-3,295	14,264	12,703	1,561
i) Assets	556	4,530	-3,974	7,085	8,000	-915
ii) Liabilities	6,388	5,709	679	7,179	4,703	2,476
<i>of which: Non-Resident Deposits</i>	6,325	4,862	1,463	5,158	4,510	648
b) Others	216	34	182	122	-	122
4. Rupee Debt Service	-	2	-2	-	93	-93
5. Other Capital	1,976	994	982	4,828	1,419	3,409
Total Capital Account (1 to 5)	62,513	51,698	10,815	74,178	58,375	15,803
C. Errors & Omissions	294	-	294	426	-	426
D. Overall Balance	123,335	115,830	7,505	145,358	124,906	20,452
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	7,505	-7,505	-	20,452	-20,452
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	7,505	-7,505	-	20,452	-20,452

ARTICLE

India's Balance of Payments
Developments during
the First Quarter
(April-June 2009)
of 2009-10

Statement I : India's Overall Balance of Payments (Contd.)

(US\$ million)

Item	Apr-Jun 2007PR			Jul-Sep 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. Current Account						
I. Merchandise	34,356	56,346	-21,990	38,273	59,510	-21,237
II. Invisibles (a+b+c)	29,880	14,570	15,310	34,013	17,073	16,940
a) Services	18,890	9,916	8,974	20,587	11,589	8,998
i) Travel	2,088	1,906	182	2,248	2,047	201
ii) Transportation	1,953	2,526	-573	2,091	2,559	-468
iii) Insurance	373	185	188	341	284	57
iv) G.n.i.e.	94	110	-16	68	128	-60
v) Miscellaneous	14,382	5,189	9,193	15,839	6,571	9,268
<i>of which</i>						
Software Services	8,836	679	8,157	9,050	801	8,249
Business Services	3,758	3,163	595	3,894	3,537	357
Financial Services	528	449	79	916	702	214
Communication Services	513	231	282	613	180	433
b) Transfers	8,628	432	8,196	9,708	408	9,300
i) Official	153	165	-12	158	112	46
ii) Private	8,475	267	8,208	9,550	296	9,254
c) Income	2,362	4,222	-1,860	3,718	5,076	-1,358
i) Investment Income	2,279	4,024	-1,745	3,608	4,778	-1,170
ii) Compensation of Employees	83	198	-115	110	298	-188
Total Current Account (I+II)	64,236	70,916	-6,680	72,286	76,583	-4,297
B. Capital Account						
1. Foreign Investment (a+b)	43,034	32,756	10,278	54,205	41,178	13,027
a) Foreign Direct Investment (i+ii)	8,270	5,534	2,736	5,502	3,374	2,128
i) In India	7,477	20	7,457	4,728	19	4,709
Equity	5,574	20	5,554	2,822	19	2,803
Reinvested Earnings	1,792	-	1,792	1,792	-	1,792
Other Capital	111	-	111	114	-	114
ii) Abroad	793	5,514	-4,721	774	3,355	-2,581
Equity	793	4,758	-3,965	774	2,515	-1,741
Reinvested Earnings	-	271	-271	-	271	-271
Other Capital	-	485	-485	-	569	-569
b) Portfolio Investment	34,764	27,222	7,542	48,703	37,804	10,899
i) In India	34,706	27,216	7,490	48,698	37,781	10,917
<i>of which</i>						
FILs	34,305	27,216	7,089	46,199	37,781	8,418
GDRs/ADRs	316	-	316	2,477	-	2,477
ii) Abroad	58	6	52	5	23	-18
2. Loans (a+b+c)	16,749	7,593	9,156	10,742	10,437	9,305
a) External Assistance	732	491	241	983	515	468
i) By India	6	7	-1	6	7	-1
ii) To India	726	484	242	977	508	469
b) Commercial Borrowings	8,291	1,338	6,953	6,290	2,080	4,210
i) By India	359	345	14	443	503	-60
ii) To India	7,932	993	6,939	5,847	1,577	4,270
c) Short Term To India	7,726	5,764	1,962	12,469	7,842	4,627
i) Suppliers' Credit > 180 days & Buyers' Credit	6,883	5,764	1,119	11,012	7,842	3,170
ii) Suppliers' Credit up to 180 days	843	-	843	1,457	-	1,457
3. Banking Capital (a+b)	8,560	9,479	-919	13,714	7,071	6,643
a) Commercial Banks	8,560	9,473	-913	13,690	7,000	6,690
i) Assets	2,543	2,861	-318	4,404	358	4,046
ii) Liabilities	6,017	6,612	-595	9,286	6,642	2,644
<i>of which: Non-Resident Deposits</i>	5,252	5,699	-447	6,975	6,606	369
b) Others	-	6	-6	24	71	-47
4. Rupee Debt Service	-	43	-43	-	2	-2
5. Other Capital	1,151	1,831	-680	7,378	3,196	4,182
Total Capital Account (1 to 5)	69,494	51,702	17,792	95,039	61,884	33,155
C. Errors & Omissions	88	-	88	378	-	378
D. Overall Balance	133,818	122,618	11,200	167,703	138,467	29,236
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	11,200	-11,200	-	29,236	-29,236
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	11,200	-11,200	-	29,236	-29,236

Statement I : India's Overall Balance of Payments (Contd.)						
(US\$ million)						
Item	Oct-Dec 2007PR			Jan-Mar 2008 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. Current Account						
I. Merchandise	40,985	67,038	-26,053	52,549	74,895	-22,346
II. Invisibles (a+b+c)	39,553	18,031	21,522	45,158	24,338	20,820
a) Services	24,618	12,592	12,026	25,982	18,415	7,567
i) Travel	3,395	2,519	876	3,618	2,782	836
ii) Transportation	2,799	3,043	-244	3,171	3,386	-215
iii) Insurance	438	261	177	487	314	173
iv) G.n.i.e.	90	75	15	78	63	15
v) Miscellaneous	17,896	6,694	11,202	18,628	11,870	6,758
<i>of which</i>						
Software Services	9,608	852	8,756	12,806	726	12,080
Business Services	4,588	4,245	343	4,531	5,770	-1,239
Financial Services	882	763	119	891	1,224	-333
Communication Services	601	183	418	681	265	416
b) Transfers	11,428	493	10,935	14,495	982	13,513
i) Official	195	121	74	247	116	131
ii) Private	11,233	372	10,861	14,248	866	13,382
c) Income	3,507	4,946	-1,439	4,681	4,941	-260
i) Investment Income	3,401	4,679	-1,278	4,520	4,608	-88
ii) Compensation of Employees	106	267	-161	161	333	-172
Total Current Account (I+II)	80,538	85,069	-4,531	97,707	99,233	-1,526
B. Capital Account						
1. Foreign Investment (a+b)	86,531	69,639	16,892	88,992	84,232	4,760
a) Foreign Direct Investment (i+ii)	8,316	6,275	2,041	14,750	6,254	8,496
i) In India	7,916	43	7,873	14,240	43	14,197
Equity	6,022	43	5,979	12,448	26	12,422
Reinvested Earnings	1,792	-	1,792	1,792	-	1,792
Other Capital	102	-	102	-	17	-17
ii) Abroad	400	6,232	-5,832	510	6,211	-5,701
Equity	400	5,206	-4,806	510	4,419	-3,909
Reinvested Earnings	-	271	-271	-	271	-271
Other Capital	-	755	-755	-	1,521	-1,521
b) Portfolio Investment	78,215	63,364	14,851	74,242	77,978	-3,736
i) In India	78,096	63,345	14,751	74,188	77,952	-3,764
<i>of which</i>						
FIIs	72,309	63,345	8,964	73,808	77,952	-4,144
GDRs/ADRs	5,597	-	5,597	379	-	379
ii) Abroad	119	19	100	54	26	28
2. Loans (a+b+c)	21,543	10,601	10,942	25,494	12,967	12,527
a) External Assistance	1,109	544	565	1,417	577	840
i) By India	6	7	-1	6	7	-1
ii) To India	1,103	537	566	1,411	570	841
b) Commercial Borrowings	8,449	2,202	6,247	7,346	2,123	5,223
i) By India	363	384	-21	427	392	35
ii) To India	8,086	1,818	6,268	6,919	1,731	5,188
c) Short Term To India	11,985	7,855	4,130	16,731	10,267	6,464
i) Suppliers' Credit > 180 days & Buyers' Credit	10,231	7,855	2,376	14,515	10,267	4,248
ii) Suppliers' Credit up to 180 days	1,754	-	1,754	2,216	-	2,216
3. Banking Capital (a+b)	12,588	12,381	207	20,951	15,125	5,826
a) Commercial Banks	12,585	12,029	556	20,899	15,122	5,777
i) Assets	5,636	3,939	1,697	6,979	5,510	1,469
ii) Liabilities	6,949	8,090	-1,141	13,920	9,612	4,308
<i>of which: Non-Resident Deposits</i>	6,456	7,309	-853	10,718	9,608	1,110
b) Others	3	352	-349	52	3	49
4. Rupee Debt Service					76	-76
5. Other Capital	6,612	3,636	2,976	5,763	2,771	2,992
Total Capital Account (1 to 5)	127,274	96,257	31,017	141,200	115,171	26,029
C. Errors & Omissions	252	-	252	487	-	487
D. Overall Balance	208,064	181,326	26,738	239,394	214,404	24,990
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	26,738	-26,738	-	24,990	-24,990
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	26,738	-26,738	-	24,990	-24,990

ARTICLE

India's Balance of Payments
Developments during
the First Quarter
(April-June 2009)
of 2009-10

Statement I : India's Overall Balance of Payments (Contd.)

Item	(US\$ million)								
	Apr-Jun 2008 PR			Jul-Sep 2008 PR			Oct-Dec 2008 PR		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
I	38	39	40	41	42	43	44	45	46
A. Current Account									
I. Merchandise	49,120	80,545	-31,425	48,987	87,663	-38,676	37,257	71,961	-34,704
II. Invisibles (a+b+c)	38,939	16,533	22,406	45,696	19,532	26,164	40,260	18,589	21,671
a) Services	23,059	11,441	11,618	27,832	13,775	14,057	26,075	12,923	13,152
i) Travel	2,504	2,164	340	2,786	2,704	82	2,924	1,953	971
ii) Transportation	2,611	3,328	-717	2,964	3,744	-780	2,572	3,210	-638
iii) Insurance	350	228	122	367	306	61	344	269	75
iv) G.n.i.e.	130	110	20	81	95	-14	97	233	-136
v) Miscellaneous	17,464	5,611	11,853	21,634	6,926	14,708	20,138	7,258	12,880
<i>of which</i>									
Software Services	12,156	857	11,299	12,220	924	11,296	11,444	580	10,864
Business Services	3,550	3,133	417	4,840	3,984	856	4,012	3,540	472
Financial Services	609	628	-19	1,670	965	705	889	735	154
Communication Services	510	226	284	740	296	444	492	217	275
b) Transfers	12,307	654	11,653	13,719	829	12,890	10,994	844	10,150
i) Official	148	107	41	51	97	-46	285	98	187
ii) Private	12,159	547	11,612	13,668	732	12,936	10,709	746	9,963
c) Income	3,573	4,438	-865	4,145	4,928	-783	3,191	4,822	-1,631
i) Investment Income	3,418	4,108	-690	3,855	4,596	-741	3,000	4,481	-1,481
ii) Compensation of employees	155	330	-175	290	332	-42	191	341	-150
Total Current Account (I+II)	88,059	97,078	-9,019	94,683	107,195	-12,512	77,517	90,550	-13,033
B. Capital Account									
1. Foreign Investment (a+b)	52,901	48,145	4,756	51,774	48,184	3,590	33,162	38,538	-5,376
a) Foreign Direct Investment (i+ii)	12,137	3,170	8,967	9,143	4,243	4,900	6,564	6,120	444
i. In India	11,898	22	11,876	8,825	52	8,773	6,352	29	6,323
Equity	10,240	22	10,218	7,304	52	7,252	4,109	29	4,080
Reinvested Earnings	1,492	-	1,492	1,492	-	1,492	1,721	-	1,721
Other Capital	166	-	166	29	-	29	522	-522	-
ii. Abroad	239	3,148	-2,909	318	4,191	-3,873	212	6,091	-5,879
Equity	239	2,346	-2,107	318	3,426	-3,108	212	4,489	-4,277
Reinvested Earnings	-	271	-271	-	271	-271	-	-	-271
Other Capital	-	531	-531	-	494	-494	-	1,331	-1,331
b) Portfolio Investment	40,764	44,975	-4,211	42,631	43,941	-1,310	26,598	32,418	-5,820
i) In India	40,745	44,923	-4,178	42,618	43,919	-1,301	26,568	32,355	-5,787
<i>of which</i>									
FlIs	39,746	44,923	-5,177	42,482	43,919	-1,437	26,561	32,355	-5,794
GDRs/ADRs	999	-	999	136	-	136	7	-	7
ii) Abroad	19	52	-33	13	22	-9	30	63	-33
2. Loans (a+b+c)	13,845	9,630	4,215	16,282	12,782	3,500	15,818	14,934	884
a) External Assistance	909	558	351	1,095	577	518	1,655	663	992
i) By India	6	8	-2	6	8	-2	6	8	-2
ii) To India	903	550	353	1,089	569	520	1,649	655	994
b) Commercial Borrowings	2,760	1,293	1,467	3,578	1,888	1,690	5,448	1,564	3,884
i) By India	404	193	211	532	138	394	669	149	520
ii) To India	2,356	1,100	1,256	3,046	1,750	1,296	4,779	1,415	3,364
c) Short Term to India	10,176	7,779	2,397	11,609	10,317	1,292	8,715	12,707	-3,992
i) Suppliers' Credit > 180 days & Buyers' Credit	9,256	7,779	1,477	11,609	9,766	1,843	8,715	10,357	-1,642
ii) Suppliers' Credit up to 180 days	920	-	920	-	551	-551	-	2,350	-2,350
3. Banking Capital (a+b)	21,952	19,256	2,696	16,208	14,084	2,124	14,810	19,766	-4,956
a) Commercial Banks	21,952	19,105	2,847	16,208	14,081	2,127	14,808	19,335	-4,527
i) Assets	11,457	10,533	924	6,446	5,154	1,292	5,192	7,541	-2,349
ii) Liabilities	10,495	8,572	1,923	9,762	8,927	835	9,616	11,794	-2,178
<i>of which :Non-Resident Deposits</i>	9,063	8,249	814	9,174	8,915	259	9,523	8,481	1,042
b) Others	-	151	-151	-	3	-3	2	431	-429
4. Rupee Debt Service	-	30	-30	-	3	-3	-	-	-
5. Other Capital	2,176	2,678	-502	764	2,410	-1,646	5,670	488	5,182
Total Capital Account (Ito5)	90,874	79,739	11,135	85,028	77,463	7,565	69,460	73,726	-4,266
C. Errors & Omissions	119	-	119	213	-	213	-	582	-582
D. Overall Balance	179,052	176,817	2,235	179,924	184,658	-4,734	146,977	164,858	-17,881
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))									
E. Monetary Movements (i+ii)	-	2,235	-2,235	4,734	-	4,734	17,881	-	17,881
i) I.M.F.	-	-	-	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	2,235	-2,235	4,734	-	4,734	17,881	-	17,881

P: Preliminary. PR: Partially Revised.

Statement I : India's Overall Balance of Payments (Concl'd.)

(US\$ million)

Item	Jan-Mar 2009 P			Apr-Jun 2009 P		
	Credit	Debit	Net	Credit	Debit	Net
1	47	48	49	50	51	52
A. Current Account						
I. Merchandise	39,820	54,418	-14,598	38,789	64,775	-25,986
II. Invisibles (a+b+c)	37,661	18,316	19,345	38,684	18,505	20,179
a) Services	24,258	13,267	10,991	22,389	13,351	9,038
i) Travel	2,680	2,611	69	2,286	2,004	282
ii) Transportation	2,919	2,495	424	2,490	2,777	-287
iii) Insurance	348	328	20	387	314	73
iv) G.n.i.e.	81	353	-272	100	103	-3
v) Miscellaneous	18,230	7,480	10,750	17,127	8,153	8,973
<i>of which</i>						
Software Services	11,180	453	10,727	10,764	391	10,373
Business Services	3,849	4,612	-763	2,586	3,645	-1,059
Financial Services	771	633	138	1,116	928	189
Communication Services	428	257	171	418	312	106
b) Transfers	10,005	419	9,586	13,344	466	12,878
i) Official	161	111	50	46	107	-61
ii) Private	9,844	308	9,536	13,298	360	12,939
c) Income	3,398	4,630	-1,232	2,951	4,688	-1,737
i) Investment Income	3,209	4,314	-1,105	2,723	4,350	-1,627
ii) Compensation of employees	189	316	-127	227	338	-110
Total Current Account (I+II)	77,481	72,734	4,747	77,473	83,280	-5,808
B. Capital Account						
1. Foreign Investment (a+b)	27,072	26,580	492	48,238	33,136	15,101
a) Foreign Direct Investment (i+ii)	8,414	5,229	3,185	9,612	2,779	6,833
i. In India	8,073	63	8,010	9,488	29	9,459
Equity	6,322	63	6,259	7,401	29	7,372
Reinvested Earnings	1,721	-	1,721	1,696	-	1,696
Other Capital	30	-	30	391	-	391
ii. Abroad	341	5,166	-4,825	125	2,750	-2,626
Equity	341	4,407	-4,066	125	2,053	-1,928
Reinvested Earnings	-	271	-271	0	271	-271
Other Capital	-	488	-488	0	426	-426
b) Portfolio Investment	18,658	21,351	-2,693	38,625	30,357	8,268
i) In India	18,580	21,169	-2,589	38,602	30,332	8,270
<i>of which</i>						
FIIs	18,560	21,169	-2,609	38,559	30,332	8,227
GDRs/ADRs	20	-	20	43	0	43
ii) Abroad	78	182	-104	23	25	-2
2. Loans (a+b+c)	14,213	17,811	-3,598	13,038	16,395	-3,357
a) External Assistance	1,383	606	777	821	737	84
i) By India	6	8	-2	13	116	-103
ii) To India	1,377	598	779	808	620	188
b) Commercial Borrowings	3,596	2,479	1,117	2,092	2,448	-356
i) By India	400	305	95	244	333	-89
ii) To India	3,196	2,174	1,022	1,848	2,115	-267
c) Short Term to India	9,234	14,726	-5,492	10,126	13,211	-3,085
i) Suppliers' Credit > 180 days & Buyers' Credit	9,234	10,450	-1,216	10,126	9,590	536
ii) Suppliers' Credit up to 180 days	-	4,276	-4,276	0	3,621	-3,621
3. Banking Capital (a+b)	12,028	15,289	-3,261	15,577	18,942	-3,365
a) Commercial Banks	11,917	15,289	-3,372	15,577	18,704	-3,127
i) Assets	2,578	5,498	-2,920	4,368	6,946	-2,578
ii) Liabilities	9,339	9,791	-452	11,209	11,758	-549
<i>of which :Non-Resident Deposits</i>	9,329	7,154	2,175	11,172	9,354	1,817
b) Others	111	-	111	-	239	-238
4. Rupee Debt Service	-	68	-68	-	23	-23
5. Other Capital	3,781	2,634	1,147	1,636	3,256	-1,620
Total Capital Account (1to5)	57,094	62,382	-5,288	78,489	71,753	6,736
C. Errors & Omissions	841	-	841	-	813	-813
D. Overall Balance	135,416	135,116	300	155,961	155,846	115
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	300	-300	-	115	-115
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	300	-300	-	115	-115

