

*India's Balance of Payments Developments during the Third Quarter (October-December 2008) of 2008-09 and April-December 2008**

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 third quarter (Q3) of the financial year 2008-09, i.e., October-December 2008 was compiled and released by the Reserve Bank on March 31, 2009. The developments in India's BoP for October-December 2008 quarter and April-December 2008 are presented here.

Major Highlights of BoP for October-December (Q3) of 2008-09

- (i) Export growth turned negative during Q3 of 2008-09 for the first time after 2001-02 due to global economic slowdown.
- (ii) Import growth on BoP basis decelerated to a single digit during Q3 of 2008-09 after a gap of almost 6 years mainly led by lower crude oil prices and non-oil imports.
- (iii) Private transfer receipts declined only marginally during the quarter despite slowdown in economic activities in Gulf countries and in the advanced economies like the US and European countries.
- (iv) Even with the deepening of the global economic crisis, software exports recorded a growth of around 12 per cent during Q3 of 2008-09.
- (v) The current account deficit at US\$ 14.6 billion during Q3 of 2008-09 was the highest quarterly deficit since 1990.
- (vi) For the first time since Q1 of 1998-99, the capital account balance turned negative during Q3 of 2008-09 mainly

* Prepared in the Division of International Finance, Department of Economic Analysis and Policy, Reserve Bank of India.

due to net outflows under portfolio investment, banking capital and short-term trade credit.

- (vii) There was, however, a turnaround in the net inflows under the non-resident Indian (NRI) deposits in Q3 of 2008-09 responding to the hike in ceiling interest rates on NRI deposits.
- (viii) The foreign exchange reserves on BoP basis (*i.e.*, excluding valuation) declined due to widening of current account deficit combined with net outflows under the capital account. The largest decline in reserves during any one quarter in earlier years at US\$ 4.7 billion was last observed in Q3 of 2005-06.

1. Balance of Payments for October-December (Q3) of 2008

The major items of the BoP for the third quarter (Q3) of 2008-09 are set out below in Table 1.

Merchandise Trade

- (i) On a BoP basis, India's merchandise exports recorded a decline of 10.4 per cent in Q3 of 2008-09 as against an increase of 33.0 per cent in Q3 of 2007-08.
- (ii) As per the commodity-wise data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) for the period October-November 2008, merchandise exports declined by 16.3 per cent, reflecting a fall in exports of all commodity groups except engineering goods. Amongst the commodities, exports of rice, raw cotton, sugar and molasses, iron ore, iron and steel, gems and jewellery showed maximum fall in export growth during this period.
- (iii) Import payments, on a BoP basis, registered a lower growth of 8.9 per cent in Q3 of 2008-09 as compared to a high growth of 41.9 per cent in Q3 of

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

(US\$ million)						
Item	April-June		July-September		October-December	
	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7
1. Exports	34,356	49,120	38,273	47,700	40,985	36,707
2. Imports	56,346	79,637	59,510	86,213	67,038	73,014
3. Trade Balance (1-2)	-21,990	-30,517	-21,237	-38,513	-26,053	-36,307
4. Invisibles, net	15,310	21,521	16,940	25,684	21,522	21,663
5. Current Account Balance (3+4)	-6,680	-8,996	-4,297	-12,829	-4,531	-14,644
6. Capital Account Balance*	17,880	11,231	33,533	8,095	31,269	-3,237
7. Change in Reserves# (-Indicates increase; + indicates decrease)	-11,200	-2,235	-29,236	4,734	-26,738	17,881

*: Including errors and omissions. #: On BoP basis (*i.e.*, excluding valuation).

P: Preliminary. PR: Partially Revised.

2007-08. According to the data released by the DGCIS, the slowdown in import growth is mainly attributed to decline in oil import payments due to sharp fall in oil prices during October-December 2008.

- (iv) The commodity-wise break up of imports data released by the DGCIS revealed negative growth in imports of certain commodities like capital goods, non-ferrous metals, artificial resins and plastic materials, textile yarn and medicinal and pharmaceutical products along with a decline in oil imports leading to a lower import growth of 2.3 per cent during October-November 2008 as compared with 29.3 per cent during the corresponding period of previous year.

Trade Deficit

- (i) Consequent upon a negative export growth, the trade deficit on a BoP basis was higher at US\$ 36.3 billion during Q3 of 2008-09 (US\$ 26.1 billion in Q3 of 2007-08).

Invisibles

- (i) Both invisibles receipts and payments recorded negative growth, though marginal, during Q3 of 2008-09 reflecting the impact of global economic slowdown.
- (ii) Invisibles receipts registered a marginal decline of 0.6 per cent in Q3 of 2008-09 (as against an increase of 33.2 per cent in Q3 of 2007-08) on account of a decline in travel, transportation and insurance receipts in the services

category and private transfers and investment income receipts. Overall services exports, however, witnessed a marginal increase of 0.5 per cent during the quarter (compared with a higher growth of 33.4 per cent in Q3 of 2007-08) due to increase in software exports.

- (iii) Private transfer receipts declined marginally during Q3 of 2008-09. Software services receipts, on the other hand, increased by 11.8 per cent during the quarter.
- (iv) Invisibles payments also recorded a marginal negative growth of 2.1 per cent during Q3 of 2008-09 mainly led by sharp decline in payments under travel, software and business services account. There was also a marginal decline in payments under investment income in the form of interest payments and dividends.
- (v) With the decline in invisibles payments higher than the receipts, the net invisibles (invisibles receipts minus invisibles payments) rose moderately to US\$ 21.7 billion in Q3 of 2008-09 (Table 2). At this level, net invisibles surplus financed 59.7 per cent of trade deficit in Q3 of 2008-09 (82.6 per cent in Q3 of 2007-08).

Current Account Deficit

- (i) On account of large trade deficit and with moderate increase in net invisibles, the current account deficit rose sharply to US\$ 14.6 billion in Q3 of 2008-09 (US\$ 4.5 billion in Q3 of 2007-08). This level of CAD was the highest quarterly deficit since 1990.

Table 2: Net Invisibles

(US\$ million)						
Item	April-June		July-September		October-December	
	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7
A. Services (1 to 5)	8,974	10,746	8,998	13,590	12,026	12,797
1. Travel	182	340	201	82	876	935
2. Transportation	-573	-798	-468	-844	-244	-679
3. Insurance	188	122	57	58	177	75
4. Govt. not included elsewhere	-16	20	-60	-14	15	-136
5. Miscellaneous	9,193	11,062	9,268	14,308	11,202	12,602
<i>Of which:</i>						
<i>Software</i>	8,157	10,799	8,249	11,296	8,756	10,164
<i>Non-Software</i>	1,036	263	1,019	3,012	2,446	2,438
B. Transfers	8,196	11,649	9,300	12,887	10,935	10,540
<i>Private</i>	8,208	11,612	9,254	12,936	10,861	10,356
<i>Official</i>	-12	37	46	-49	74	184
C. Income	-1,860	-874	-1,358	-793	-1,439	-1,674
<i>Investment Income</i>	-1,745	-699	-1,170	-751	-1,278	-1,535
<i>Compensation of employees</i>	-115	-175	-188	-42	-161	-139
Invisibles (A+B+C)	15,310	21,521	16,940	25,684	21,522	21,663

P. Preliminary. PR: Partially Revised.

Capital Account and Reserves

- (i) Capital account balance turned negative showing outflows of US\$ 3.7 billion during the Q3 of 2008-09 (net inflows at US\$ 31.0 billion during Q3 of 2007-08) for the first time since Q1 of 1998-99 mainly due to net outflows under portfolio investment, banking capital and short-term trade credit (Table 3).
- (ii) The gross capital inflows to India during Q3 of 2008-09 amounted to US\$ 70.0 billion (US\$ 127.3 billion in Q3 of 2007-08) as against gross outflows from India at US\$ 73.6 billion (US\$ 96.3 billion in Q3 of 2007-08). Other components of the capital account which recorded a fall during the quarter were inflows and outflows under foreign direct investment and external commercial borrowings, while inflows under short-term trade credit also declined during the quarter.
- (iii) Net FDI flows (net inward FDI minus net outward FDI) amounted to US\$ 0.8 billion in Q3 of 2008-09 (US\$ 2.0 billion in Q3 of 2007-08). Net inward FDI stood at US\$ 6.7 billion during Q3 of 2008-09 (US\$ 7.9 billion in Q3 of 2007-08). Net outward FDI remained buoyant at US\$ 5.9 billion in Q3 of 2008-09 (US\$ 5.8 billion in Q3 of 2007-08).
- (iv) Portfolio investment primarily comprising foreign institutional investors' (FIIs) investments and American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs)

Table 3: Net Capital Flows

Table 3: Net Capital Flows						
(US\$ million)						
Item	April-June		July-September		October-December	
	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7
1. Foreign Direct Investment	2,736	8,989	2,128	5,564	2,041	820
Inward FDI	7,457	11,891	4,709	8,782	7,873	6,684
Outward FDI	4,721	2,902	2,581	3,218	5,832	5,864
2. Portfolio Investment						
of which	7,542	-4,211	10,899	-1,310	14,851	-5,820
FIIs	7,089	-5,177	8,419	-1,438	8,964	-5,794
ADRs/GDRs	316	999	2,477	136	5,597	7
3. External Assistance	241	351	468	518	565	992
4. External Commercial Borrowings	6,953	1,480	4,210	1,751	6,247	3,883
5. NRI Deposits	-447	814	369	259	-853	1,042
6. Banking Capital excluding NRI Deposits	-472	1,882	6,274	1,872	1060	-5,998
7. Short-term Trade Credit	1,962	2,397	4,627	1,292	4,130	-3,142
8. Rupee Debt Service	-43	-30	-2	-3	0	0
9. Other Capital	-680	-549	4,182	-2,091	2,976	4,540
Total (1 to 9)	17,792	11,123	33,155	7,852	31,017	-3,683

P: Preliminary. PR: Partially Revised.

continued to witness net outflows at US\$ 5.8 billion in Q3 of 2008-09 (as against net inflows of US\$ 14.9 billion in Q3 of 2007-08). Outflows under portfolio investment were led by large sales of equities by FIIs in the Indian stock market and slowdown in net inflows under ADRs/GDRs due to drying-up of liquidity in the overseas market. Another feature observed in the context of portfolio flows was that not only net flows remained negative but both inflows as well as outflows reduced sharply during the quarter.

- (v) Net External Commercial Borrowings (ECBs) remained lower at US\$ 3.9 billion in Q3 of 2008-09 (US\$ 6.2 billion in Q3 of 2007-08) due to drying up of liquidity abroad and increased cost of borrowings.

- (vi) Short-term trade credit to India witnessed a net outflow of US\$ 3.1 billion (as against inflows of US\$ 4.1 billion in Q3 of 2007-08) mainly due to lower disbursements reflecting tightness in the overseas market and increased repayments as roll over was difficult.

- (vii) There was a turnaround in the inflows under the non-resident Indian (NRI) deposits to US\$ 1.0 billion during Q3 of 2008-09 (outflow of US\$ 0.9 billion during Q3 of 2007-08) responding to the hike in ceiling interest rates on NRI deposits.

- (viii) The foreign exchange reserves on BoP basis (*i.e.*, excluding valuation) declined sharply by US\$ 17.9 billion in Q3 of 2008-09 as against an accretion of

reserves of US\$ 26.7 billion in Q3 of 2007-08. The decline in the reserves was due to widening of current account deficit combined with outflows under the capital account. The largest decline in reserves on a BoP basis during any one quarter in earlier years at US\$ 4.7 billion was observed in the Q3 of 2005-06. Even during the balance of payments crisis of the early 1990s, a decline of US\$ 1.5 billion was seen in the third quarter (October-December 1990), while a decline of US\$ 1.1 billion was observed during April-June 1991.

2. Balance of Payments (BoP) for April-December 2008

(i) As mentioned earlier, taking into account the partially revised data for Q1 and Q2 of 2008-09 and the preliminary data for Q3 of 2008-09, the BoP data for April-December 2008 have been compiled. While the detailed data are set out in Statements I and II in the standard

format of BoP presentation, the major items are presented in Table 4.

Merchandise Trade

- (i) On a BoP basis, India's merchandise exports posted a growth of 17.5 per cent during April-December 2008 (21.9 per cent in the corresponding period of the previous year).
- (ii) According to the commodity-wise data available for April-November 2008 from the DGCI&S, the exports of engineering goods and petroleum products showed high growth, while growth in textile products, ores and minerals, and gems and jewellery registered sharp slowdown. The exports of marine products, raw cotton, iron ore and handicrafts declined during the period.
- (iii) Import payments, on a BoP basis, remained higher and recorded a growth of 30.6 per cent during April-December 2008 as compared with 28.3 per cent

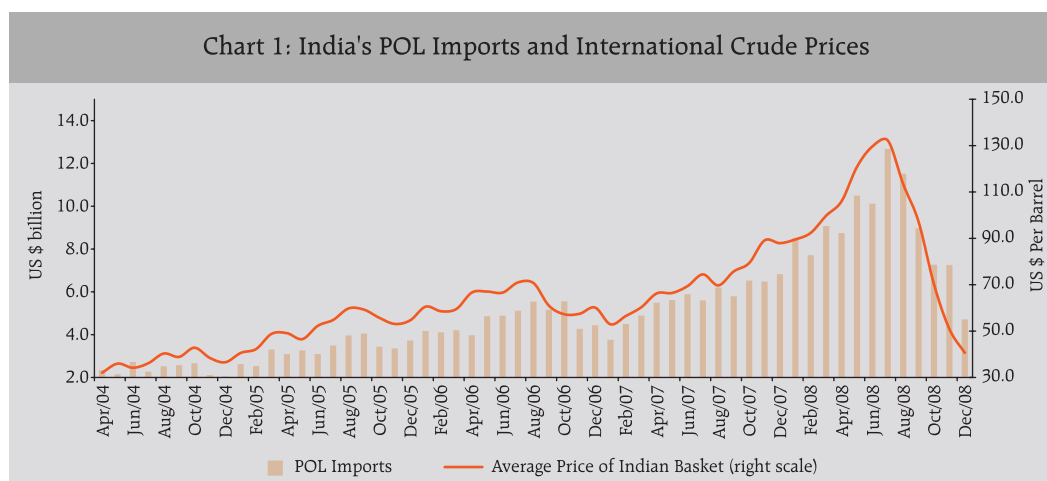
Table 4: Major Items of India's Balance of Payments

(US\$ million)				
Item	April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5
1. Exports	128,888	166,163	113,614	133,527
2. Imports	190,670	257,789	182,894	238,864
3. Trade Balance (1-2)	-61,782	-91,626	-69,280	-105,337
4. Invisibles, net	52,217	74,592	53,772	68,868
5. Current Account Balance (3+4)	-9,565	-17,034	-15,508	-36,469
6. Capital Account Balance*	46,171	109,198	82,682	16,089
7. Change in Reserves# (-Indicates increase; + indicates decrease)	-36,606	-92,164	-67,174	20,380

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

in the corresponding period of the previous year.

- (iv) According to the DGCI&S data, while oil imports recorded a significant growth of 43.3 per cent in April-December 2008 (24.0 per cent in the corresponding period of the previous year), growth in non-oil imports slowed down to 25.0 per cent from 29.3 per cent in the corresponding period of the previous year. In absolute terms, oil imports accounted for about 34.7 per cent of total imports during April-December 2008 (31.7 per cent in the corresponding period of the previous year).
- (v) According to the DGCI&S data, out of the total increase in imports of US\$ 52.8 billion in April-December 2008 over the corresponding period of the previous year, oil imports contributed an increase of US\$ 23.6 billion (44.6 per cent as against 28.4 per cent in April-December 2007), while non-oil imports contributed an increase of US\$ 29.2 billion (55.4 per cent as against 71.6 per cent in April-December 2007).
- (vi) According to the commodity-wise DGCI&S data available for April-November 2008, the items under non-oil imports which showed a high growth were fertilizers, paper and paper products, manufactures of metals, project goods, export related items like pearls, precious and semi-precious stones, chemicals, and coal, coke and briquettes, while imports of items like pulses, electronic goods, and gold and silver declined.
- (vii) The sharp increase in oil imports reflected the impact of the increase in oil price of the Indian basket of international crude (a mix of Oman, Dubai and Brent varieties), which had increased to an average of US\$ 132.5 per barrel in July 2008, but came down subsequently to an average of US\$ 40.6 per barrel in December 2008. The average oil prices were higher at US\$ 95.5 per barrel in April-December 2008 as compared with an average of US\$ 74.7 per barrel in the corresponding period of the previous year (Chart 1).



Trade Deficit

- (i) On a BoP basis, the merchandise trade deficit widened sharply to US\$ 105.3 billion during April-December 2008 from US\$ 69.3 billion in April-December 2007 on account of higher growth in imports coupled with the slowdown in exports (Chart 2).

Invisibles

Invisibles Receipts

- (i) Invisibles receipts witnessed a lower growth of 18.8 per cent during April-December 2008 (30.1 per cent in the corresponding period of the previous year) mainly due to slow pace of growth in travel, business services and investment income receipts (Table 5 and Chart 3).
- (ii) Travel receipts at US\$ 8.2 billion during April-December 2008 rose moderately by 6.2 per cent (26.2 per cent in April-December 2007) reflecting slowdown in tourist arrivals in the country.

- (iii) Private transfers are mainly in the form of (i) Inward remittances from Indian workers abroad for family maintenance, (ii) Local withdrawal from NRI Rupee deposits, (iii) Gold and silver brought through passenger baggage, and (iv) Personal gifts/donations to charitable/religious institutions.

- (iv) Private transfer receipts, comprising mainly remittances from Indians working overseas, increased to US\$ 36.9 billion in April-December 2008 from US\$ 29.3 billion in the corresponding period of the previous year. Private transfer receipts constituted 14.4 per cent of current receipts in April-December 2008 (13.5 per cent in the corresponding period of the previous year).

- (v) 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

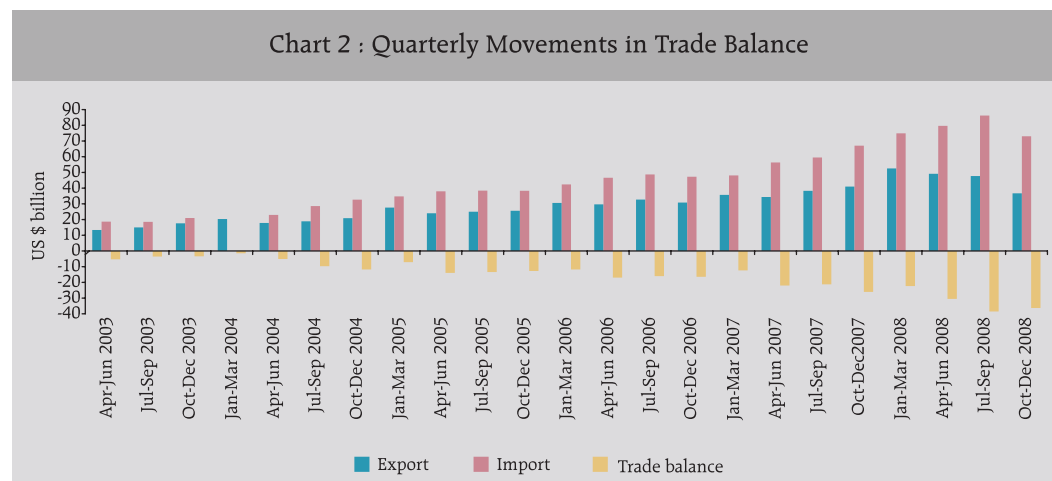


Table 5: Invisibles Gross Receipts and Payments

(US \$ million)								
Item	Invisibles Receipts				Invisibles Payments			
	April-March		April-December		April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7	8	9
A. Services (1 to 5)	73,780	90,077	64,095	74,532	44,311	52,512	34,097	37,399
1. Travel	9,123	11,349	7,731	8,214	6,684	9,254	6,472	6,857
2. Transportation	7,974	10,014	6,843	7,961	8,068	11,514	8,128	10,282
3. Insurance	1,195	1,639	1,152	1,058	642	1,044	730	803
4. Govt. not included elsewhere	253	330	252	308	403	376	313	438
5. Miscellaneous	55,235	66,745	48,117	56,991	28,514	30,324	18,454	19,019
<i>Of which:</i>								
<i>Software</i>	31,300	40,300	27,494	34,620	2,267	3,058	2,332	2,361
<i>Non-Software</i>	23,935	26,445	20,623	22,371	26,247	27,266	16,122	16,658
B. Transfers	31,470	44,259	29,764	37,413	1,391	2,315	1,333	2,337
<i>Private</i>	30,835	43,506	29,258	36,929	1,010	1,801	935	2,025
<i>Official</i>	635	753	506	484	381	514	398	312
C. Income	9,308	14,268	9,587	10,909	16,639	19,185	14,244	14,250
<i>Investment income</i>	8,926	13,808	9,288	10,273	15,688	18,089	13,481	13,258
<i>Compensation of employees</i>	382	460	299	636	951	1,096	763	992
Invisibles (A+B+C)	114,558	148,604	103,446	122,854	62,341	74,012	49,674	53,986

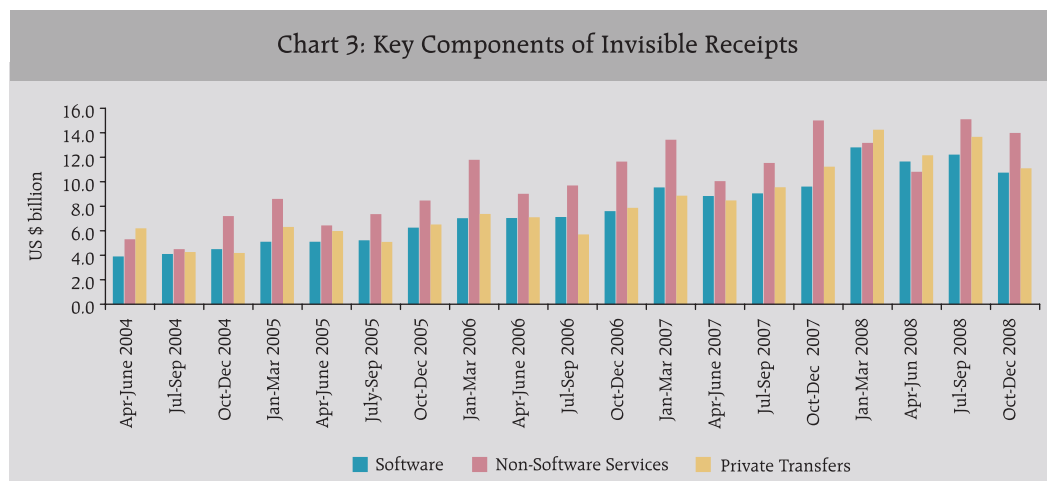
P: Preliminary. PR: Partially Revised.

Note: Details of Non-software services under Miscellaneous (Item 5) are given in Table 8.

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.

Chart 3: Key Components of Invisible Receipts



(vi) 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 April-December 2008, the share of local withdrawals in total outflows from NRI deposits declined to 63.3 per cent from 64.6 per cent in April-December 2007, reflecting higher outflows under FCNR (B) accounts (Table 6).

(vii) Under Private transfers, the inward remittances for family maintenance accounted for about 50.4 per cent of the total private transfer receipts, while local withdrawals accounted for about 44.0 per cent in April-December 2008 as against 49.7 per cent and 43.3 per cent, respectively, in April-December 2007 (Table 7).

(viii) Software receipts at US\$ 34.6 billion showed a steady growth of 26 per cent in April-December 2008. The NASSCOM has projected a growth rate of 16-17 per cent during 2008-09 with a

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
April-December 2007 (PR)	18,683	19,614	12,669
April-December 2008 (P)	27,760	25,645	16,236

P: Preliminary. PR: Partially Revised.

target of software services export revenues at around US\$ 47 billion for the financial year.

(ix) Miscellaneous receipts, excluding software exports, stood at US\$ 22.4 billion in April-December 2008 (US\$ 20.6 billion in April-December 2007). The break-up of these data is presented in Table 8.

(x) The key components of the business services receipts and payments were mainly the trade related services, business and management consultancy services, architectural, engineering and other technical services, and services relating to maintenance of offices abroad. These reflect the underlying

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
April-December 2007 (PR)	29,258	14,536	49.7	12,669	43.3
April-December 2008 (P)	36,929	18,616	50.4	16,236	44.0

P: Preliminary. PR: Partially Revised.

Table 8: Break-up of Non-Software Receipts and Payments under Miscellaneous Services

(US \$ million)

Item	Receipts				Payments			
	April-March		April-December		April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7	8	9
1. Communication Services	2,262	2,408	1,727	1,797	796	859	594	739
2. Construction	700	763	559	517	737	758	520	518
3. Financial	3,106	3,217	2,326	3,390	2,991	3,138	1,914	2,328
4. News Agency	334	503	368	617	226	326	269	275
5. Royalties, Copyrights & License Fees	97	157	111	101	1,030	1,088	771	1,261
6. Business Services	14,544	16,771	12,240	12,723	15,866	16,715	10,945	9,926
7. Personal, Cultural, and Recreational	243	562	436	581	117	199	137	235
8. Others	2,649	2,064	2,856	2,645	4,484	4,183	972	1,376
Total (1 to 8)	23,935	26,445	20,623	22,371	26,247	27,266	16,122	16,658

P: Preliminary; PR: Partially Revised.

Note: Details of Business Services (item 6) are given in Table 9.

momentum in trade of professional and technology related services. While receipts under trade related and business and management consultancy

services increased, the receipts under architectural, engineering, and other technical services declined during April-December 2008 (Table 9).

Table 9: Details of Business Services

(US \$ million)

Item	Receipts				Payments			
	April-March		April-December		April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7	8	9
1. Trade Related	1,325	2,233	1,548	1,706	1,801	2,285	1,645	1,206
2. Business & Management Consultancy	4,476	4,433	3,286	3,881	3,486	3,653	2,411	1,666
3. Architectural, Engineering, and other Technical Services	3,457	3,144	2,453	1,433	3,025	3,173	2,024	2,112
4. Maintenance of offices abroad	2,638	2,861	2,086	1,981	4,032	3,496	2,125	2,169
5. Others	2,648	4,100	2,867	3,722	3,522	4,108	2,740	2,773
Total (1 to 5)	14,544	16,771	12,240	12,723	15,866	16,715	10,945	9,926

P: Preliminary. PR: Partially Revised.

- (xi) Investment income receipts amounted to US\$ 10.3 billion in April-December 2008 as compared with US\$ 9.3 billion in April-December 2007.

Invisibles Payments

- (i) Like invisibles receipts, invisibles payments also showed a lower growth of 8.7 per cent in April-December 2008 (13.2 per cent in April-December 2007) mainly on account of slowdown in payments relating to travel, software services and a number of business and professional services.
- (ii) Travel payments growth remained lower at 5.9 per cent during April-December 2008 (31.1 per cent in April-December 2007) reflecting a sharp reduction in outbound travels. According to the International Transport Association, international passenger volumes increased

marginally by 1.6 per cent in 2008 led by a 1.5 per cent decline for Asia-Pacific region.

- (iii) Investment income payments, reflecting 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 declined marginally to US\$ 13.3 billion in April-December 2008 (US\$ 13.5 billion in the corresponding period of the previous year) mainly due to decline in interest payments on NRI deposits and reinvested earnings of FDI companies in India (Table 10).

Invisibles Balance

- (i) Net invisibles (invisibles receipts minus invisibles payments) stood higher at US\$ 68.9 billion during April-

Table 10: Details of Receipts and Payments of Investment Income

(US \$ million)				
Item	April-March		April-December	
	2006-07	2007-08 PR	2007-08 PR	2008-09P
1	2	3	4	5
A. Receipts	8,926	13,808	9,288	10,273
<i>Of which:</i>				
1. Reinvested Earnings on Indian Investment Abroad	1,076	1,084	813	813
2. Interest/discount Earnings on Foreign exchange reserves	6,641	10,124	6,889	8,156
B. Payments	15,688	18,089	13,481	13,258
<i>Of which:</i>				
1. Interest Payment on NRI deposits	1,969	1,813	1,452	1,161
2. Interest Payment on ECBs	1,709	2,655	1,907	2,092
3. Interest Payment on External Assistance	982	1,143	842	811
4. Dividends and Profits	3,486	3,576	2,660	2,728
5. Reinvested Earnings of FDI companies in India	5,828	7,168	5,376	4,725
C. Net Investment Income (A-B)	-6,762	-4,281	-4,193	-2,985

P: Preliminary.

PR: Partially Revised.

December 2008 (US\$ 53.8 billion during April-December 2007) mainly led by receipts under private transfers and software services. At this level, the invisibles surplus financed about 65.4 per cent of trade deficit during April-December 2008 as against 77.6 per cent during April-December 2007.

Current Account Deficit

- (i) Despite higher net invisibles surplus, the large trade deficit mainly on account of higher growth in imports coupled with slowdown in export growth in the third quarter led to higher current account deficit at US\$ 36.5 billion in April-December 2008 (US\$ 15.5 billion during April-December 2007) (Chart 4).

Capital Account

- (i) The gross capital inflows to India during April-December 2008 decreased to US\$ 246.4 billion (US\$ 291.8 billion in April-December 2007) as against an increase in outflows to US\$ 231.1

billion (US\$ 209.8 billion in April-December 2007) (Table 11).

- (ii) Net capital flows, however, at US\$ 15.3 billion in April-December 2008 remained much lower as compared with US\$ 82.0 billion in April-December 2007. Under net capital flows, all the major components except FDI and NRI deposits, showed decline during April-December 2008 from their level in the corresponding period of the previous year (Table 12). The decline was sharp in the case of portfolio flows and short-term trade credits to India.
- (iii) Net inward FDI into India remained buoyant at US\$ 27.4 billion during April-December 2008 (US\$ 20.0 billion in April-December 2007) reflecting relatively better investment climate in India and the continuing liberalization measures to attract FDI. During April-December 2008, FDI was channeled mainly into manufacturing (21.4 per cent) followed by financial services (14.1 per cent) and communication services (12.0 per cent).

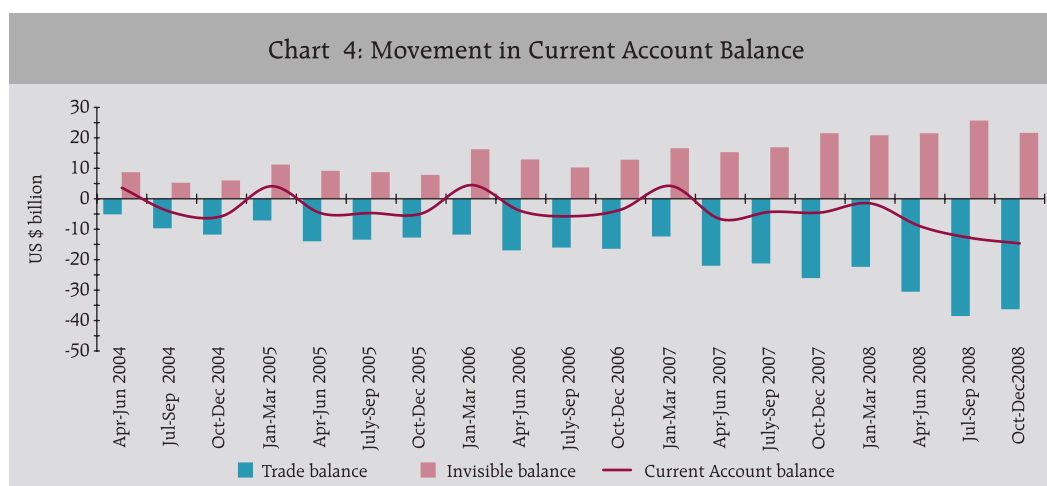


Table 11: Gross Capital Inflows and Outflows

(US\$ million)								
Item	Gross Inflows				Gross Outflows			
	April-March		April-December		April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5	6	7	8	9
1. Foreign Direct Investment	23,590	36,838	22,088	28,329	15,897	21,437	15,183	12,956
2. Portfolio Investment								
<i>Of which:</i>								
FIIs	109,620	235,924	161,682	109,993	102,560	206,368	128,390	121,334
ADRs/GDRs	105,756	226,621	152,813	108,789	102,530	206,294	128,342	121,197
ADRs/GDRs	3,776	8,769	8,390	1,142	—	—	—	—
3. External Assistance	3,767	4,241	2,824	3,659	1,992	2,127	1,550	1,798
4. External Commercial Borrowings	20,883	30,376	23,030	12,033	4,780	7,743	5,620	4,919
5. NRI Deposits	19,914	29,401	18,683	27,760	15,593	29,222	19,614	25,645
6. Banking Capital excluding Non Resident Deposits	17,295	26,412	16,179	25,218	19,703	14,834	9,317	27,462
7. Short-term Trade Credit	29,992	48,911	32,180	31,350	23,380	31,728	21,461	30,803
8. Rupee Debt Service	0	0	0	0	162	121	45	33
9. Other Capital	8,230	20,904	15,141	8,033	4,021	11,434	8,663	6,133
Total (1 to 9)	233,291	433,007	291,807	246,375	188,088	325,014	209,843	231,083

P : Preliminary

PR : Partially Revised.

- (iv) Net outward FDI from India continued to remain high at US\$ 12.0 billion during April-December 2008 even in the current economic situation. However, it was marginally lower than that of US\$ 13.1 billion invested during April-December 2007. Due to large inward FDI, the net FDI (inward FDI minus outward FDI) was higher at US\$ 15.4 billion in April-December 2008 as compared with US\$ 6.9 billion in April-December 2007.
- (v) Portfolio investment comprising mainly foreign institutional investors (FIIs) investments and American Depository Receipts (ADRs)/Global Depository Receipts (GDRs) witnessed large net outflows of US\$ 11.3 billion during April-December 2008 (net inflows of US\$ 33.3 billion in April-December 2007) due to large sales of equities by FIIs in the Indian stock market reflecting bearish market conditions and slowdown in the global economy. The inflows under ADRs/GDRs slowed down to US\$ 1.1 billion in April-December 2008 (US\$ 8.4 billion in April-December 2007).
- (vi) Net external commercial borrowings (ECBs) inflow slowed down to US\$ 7.1 billion in April-December 2008 (US\$ 17.4 billion in April-December 2007) mainly due to tight liquidity conditions in the overseas markets.
- (vii) Banking capital (net), including NRI deposits, turned marginally negative to US\$ 0.1 billion during April-December

Table 12: Net Capital Flows

(US\$ million)				
Item	April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5
1. Foreign Direct Investment (FDI)	7,693	15,401	6,905	15,373
Inward FDI	22,739	34,236	20,039	27,357
Outward FDI	15,046	18,835	13,134	11,984
2. Portfolio Investment	7,060	29,556	33,292	-11,341
of which:				
FIIs	3,225	20,327	24,471	-12,408
ADR/GDRs	3,776	8,769	8,390	1,142
3. External Assistance	1,775	2,114	1,274	1,861
4. External Commercial Borrowings	16,103	22,633	17,410	7,114
5. NRI Deposits	4,321	179	-931	2,115
6. Banking Capital excluding NRI Deposits	-2,408	11,578	6,862	-2,244
7. Short-term Trade Credit	6,612	17,183	10,719	547
8. Rupee Debt Service	-162	-121	-45	-33
9. Other Capital	4,209	9,470	6,478	1,900
Total (1 to 9)	45,203	107,993	81,964	15,292

Note: Details of Other Capital (Item 9) are given in Table 13.
P : Preliminary. PR : Partially Revised.

2008 as against net inflows of US\$ 5.9 billion during April-December 2007. Among the components of banking capital, NRI deposits witnessed a net inflow of US\$ 2.1 billion in April-December 2008, a turnaround from net outflow of US\$ 0.9 billion in April-December 2007.

(viii) Gross disbursement of short-term trade credit stood at US\$ 31.4 billion during April-December 2008 (US\$ 32.2 billion in April-December 2007). Repayments of short-term trade credit were high at US\$ 30.8 billion during April-December 2008 (as compared with US\$ 21.5 billion during April-December 2007) due to some problems in rollover observed during the third quarter. Net short-term trade credit stood at US\$ 0.5 billion (inclusive of suppliers' credit up to 180 days) during

April-December 2008 as compared with US\$ 10.7 billion during the same period of the previous year.

(ix) 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 inflows of US\$ 1.9 billion in April-December 2008. The details of other capital are set out in Table 13.

Variation in Reserves

(i) The decline in foreign exchange reserves on BoP basis (*i.e.*, excluding valuation) was US\$ 20.4 billion in April-December 2008 (as against accretion to reserves of US\$ 67.2 billion in April-December 2007) (Table 14 & Chart 5).

Table 13: Details of 'Other Capital' (Net)

(US\$ million)				
Item	April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5
1. Lead and Lags in Exports	217	983	3,287	3,707
2. Net Funds Held Abroad	619	-5,487	-2,716	-1,206
3. Advances Received Pending Issue of Shares under FDI	—	8,700	5,561	850
4. Other capital not included elsewhere (<i>n.i.e</i>)	3,373	5,274	346	-1,451
Total (1 to 4)	4,209	9,470	6,478	1,900

P : Preliminary. PR : Partially Revised.

Taking into account the valuation loss, foreign exchange reserves recorded a decline of US\$ 53.8 billion during April-December 2008 (as against an accretion to reserves of US\$ 76.1 billion in April-December 2007). [Details on sources of variation in foreign exchange reserves is at Annex A].

- (ii) At the end of December 2008, outstanding foreign exchange reserves stood at US\$ 256.0 billion.

- (iii) To sum up, the key features of India's BoP that emerged in April-December 2008 were: (i) widening of trade deficit led by high growth in imports and slowdown in exports, (ii) increase in invisibles surplus, led by remittances from overseas Indians and software services exports, which financed about 65 per cent of trade deficit, (iii) higher current account deficit due to large trade deficit, (iv) lower net capital flows

Table 14: Sources of Variation in Reserves (BoP Basis) in April-December 2008

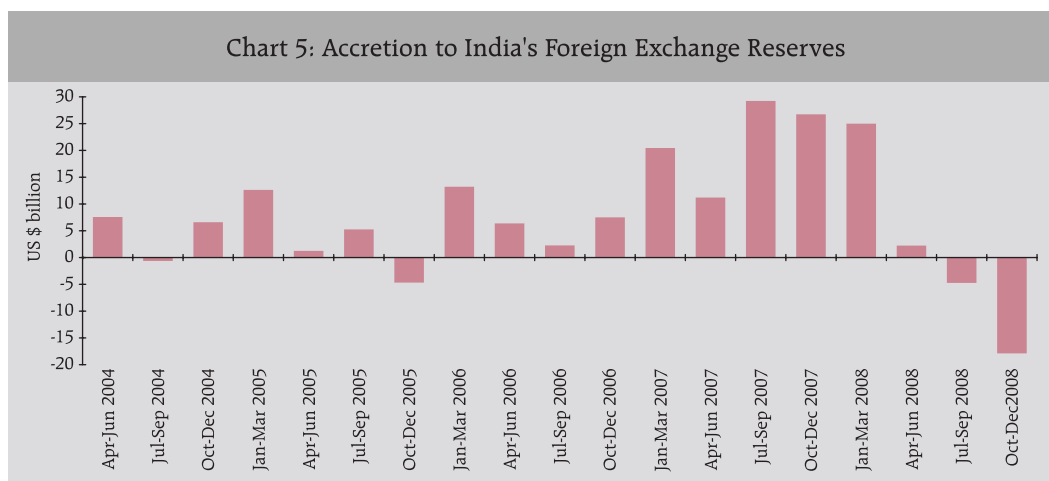
(US\$ million)				
Item	April-March		April-December	
	2006-07	2007-08 (PR)	2007-08 (PR)	2008-09 (P)
1	2	3	4	5
A. Current Account Balance	-9,565	-17,034	-15,508	-36,469
B. Capital Account*	46,171	109,198	82,682	16,089
<i>of which</i>				
(i) Foreign Direct Investment	7,693	15,401	6,905	15,373
(ii) Portfolio Investment	7,060	29,556	33,292	-11,341
(iii) External Commercial Borrowings	16,103	22,633	17,410	7,114
(iv) Banking Capital	1,913	11,757	5,931	-129
(v) Short-term Trade Credit	6,612	17,183	10,719	547
C. Change in Reserves: (-) indicates increase; (+) indicates decrease)#	-36,606	-92,164	-67,174	20,380

* : Including errors and omissions

: On BoP basis (*i.e.*, excluding valuation).

P : Preliminary.

PR : Partially Revised.



mainly led by large net outflows under portfolio investment and large repayments under short-term trade

credit, and (v) sharp decline in reserves. The details of key indicators are set out in Table 15.

Table 15: Key Indicators of India's Balance of Payments

Item	April-March		April-December	
	2006-07	2007-08	2007-08	2008-09
1	2	3	4	5
Merchandise Trade				
1. Exports (US\$ on BoP basis) Growth Rate (%)	22.6	28.9	21.9	17.5
2. Imports (US\$ on BoP basis) Growth Rate (%)	21.4	35.2	28.3	30.6
3. Crude Oil Prices, US\$ Per Barrel (Indian Basket)	62.4	79.2	74.7	95.5
4. Trade Balance (US\$ billion)	-61.8	-91.6	-69.3	-105.3
Invisibles				
5. Net Invisibles (US\$ billion)	52.2	74.6	53.8	68.9
6. Net Invisibles Surplus / Trade Deficit (%)	84.5	81.4	77.6	65.4
7. Invisibles Receipts /Current Receipts (%)	47.1	47.2	47.7	47.9
8. Services Receipts / Current Receipts (%)	30.3	28.6	29.5	29.1
9. Private Transfers /Current Receipts (%)	12.7	13.8	13.5	14.4
Current Account				
10. Current Receipts (US\$ billion)	243.4	314.8	217.1	256.4
11. Current Payments (US\$ billion)	253.0	331.8	232.6	292.9
12. Current Account Balance (US\$ billion)	-9.6	-17.0	-15.5	-36.5
Capital Account				
13. Gross Capital Inflows (US\$ billion)	233.3	433.0	291.8	246.4
14. Gross Capital Outflows (US\$ billion)	188.1	325.0	209.8	231.1
15. Net Capital Flows (US\$ billion)	45.2	108.0	82.0	15.3
16. Net FDI / Net Capital Flows (%)	17.0	14.3	8.4	100.5
17. Net Portfolio Investment / Net Capital Flows (%)	15.6	27.4	40.6	-74.2
18. Net ECBs / Net Capital Flows (%)	35.6	21.0	21.2	46.5
Reserves				
19. Import Cover of Reserves (in months)	12.5	14.4	14.3	9.8
20. Outstanding Reserves as at end period (US\$ billion)	199.2	309.7	275.3	256.0

1. *Reconciliation of Import Data*

- (i) During April-December 2008, based on the records of the DGCI&S imports data and the BoP merchandise imports, the difference between the two data sets works out to about US\$ 14.4 billion (Table 16).

2. *External Debt for the Quarter ending December 2008*

- (i) As per the existing practice, the external debt for the quarters ending

March and June are compiled and released by the Reserve Bank of India, while the external debt for quarters ending September and December are compiled and released by the Ministry of Finance, Government of India. Accordingly, the data on external debt for the quarter ending December 2008 are being released by the Ministry of Finance, Government of India. The same could be accessed at <http://finmin.nic.in>.

Table 16 : DGCI&S and the BoP Import Data

(US\$ million)				
Item	April-March		April-December	
	2006-07	2007-08	2007-08	2008-09
1	2	3	4	5
1. BoP Imports	1,90,670	2,57,789	1,82,894	2,38,864
2. DGCI&S Imports	1,85,749	2,51,439	1,71,614	2,24,432
3. Difference (1-2)	4,921	6,350	11,280	14,432

**Annex A:
Sources of Variation in Foreign Exchange Reserves in India: April-December 2008**

During April-December 2008, there was a decline in foreign exchange reserves. The variation in the main components of foreign exchange reserves during April-December 2008 are set out in Table A1.

an increase of US\$ 67,174 million during April-December 2007. Valuation loss, reflecting the depreciation of major currencies against the US dollar accounted for US\$ 33,375 million or 62.1 per cent of the total decline in foreign exchange

Table A1: Sources of Variation in Foreign Exchange Reserves

(US \$ million)

Items	April-December 2007	April-December 2008
I. Current Account Balance	-15,508	-36,469
II. Capital Account (net) (a to f)	82,682	16,089
a. Foreign Investment (i+ii)	40,197	4,032
(i) Foreign Direct Investment	6,905	15,373
(ii) Portfolio Investment	33,292	-11,341
b. External Commercial Borrowings	17,410	7,114
c. Banking Capital	5,931	-129
of which: NRI Deposits	-931	2,115
d. Short-Term Credit	10,719	547
e. External Assistance	1,274	1,861
f. Other items in capital account*	7,151	2,664
III. Valuation Change	8,963	-33,375
Total (I+II+III)	76,137	-53,755

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 (-).

The foreign exchange reserves (including the valuation effects) declined by US\$ 53,755 million during April-December 2008 as against an increase of US\$ 76,137 million during April-December 2007 (Table A2). On a BoP basis (*i.e.*, excluding valuation effects), the foreign exchange reserves declined by US\$ 20,380 million during April-December 2008 as against

reserves of US\$ 53,755 million during April-December 2008 as against a valuation gain of US\$ 8,963 million during the corresponding period of previous year. Apart from current account deficits, outflows under FIIs were the other major sources contributing to decline in foreign exchange reserves during April-December 2008.

Table A2: Comparative Position

(US\$ million)

	April-December 2007	April-December 2008
1. Change in Foreign Exchange Reserves (Including Valuation Effects)	76,137	(-) 53,755
2. Valuation Effects [Gain (+)/Loss (-)]	8,963	(-) 33,375
3. Change in Foreign Exchange Reserves on BoP basis (Excluding Valuation Effects)	67,174	(-) 20,380
4. Percentage of increase/decline in Reserves Explained by Valuation Gain/Loss	11.8	62.1

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

ARTICLE

India's Balance of Payments
Developments during
the Third Quarter
(October-December 2008)
of 2008-09 and
April-December 2008

Statement I : India's Overall Balance of Payments						
(US \$ million)						
Item	2004-05			2005-06		
	Credit	Debit	Net	Credit	Debit	Net
I	2	3	4	5	6	7
A. Current Account						
I. Merchandise	85,206	118,908	-33,702	105,152	157,056	-51,904
II. Invisibles (a+b+c)	69,533	38,301	31,232	89,687	47,685	42,002
a) Services	43,249	27,823	15,426	57,659	34,489	23,170
i) Travel	6,666	5,249	1,417	7,853	6,638	1,215
ii) Transportation	4,683	4,539	144	6,325	8,337	-2,012
iii) Insurance	870	722	148	1,062	1,116	-54
iv) G.n.i.e.	401	411	-10	314	529	-215
v) Miscellaneous	30,629	16,902	13,727	42,105	17,869	24,236
<i>of which</i>						
Software Services	17,700	800	16,900	23,600	1,338	22,262
Business Services	5,167	7,318	-2,151	9,307	7,748	1,559
Financial Services	512	832	-320	1,209	965	244
Communication Services	1,384	738	646	1,575	289	1,286
b) Transfers	21,691	906	20,785	25,620	933	24,687
i) Official	616	356	260	669	475	194
ii) Private	21,075	550	20,525	24,951	458	24,493
c) Income	4,593	9,572	-4,979	6,408	12,263	-5,855
i) Investment Income	4,124	8,219	-4,095	6,229	11,491	-5,262
ii) Compensation of Employees	469	1,353	-884	179	772	-593
Total Current Account (I+II)	154,739	157,209	-2,470	194,839	204,741	-9,902
B. Capital Account						
1. Foreign Investment (a+b)	46,934	33,934	13,000	77,298	61,770	15,528
a) Foreign Direct Investment (i+ii)	6,087	2,374	3,713	9,178	6,144	3,034
i) In India	6,052	65	5,987	8,962	61	8,901
Equity	3,779	65	3,714	5,976	61	5,915
Reinvested Earnings	1,904	—	1,904	2,760	—	2,760
Other Capital	369	—	369	226	—	226
ii) Abroad	35	2,309	-2,274	216	6,083	-5,867
Equity	35	1,672	-1,637	216	3,982	-3,766
Reinvested Earnings	—	248	-248	—	1,092	-1,092
Other Capital	—	389	-389	—	1,009	-1,009
b) Portfolio Investment	40,847	31,560	9,287	68,120	55,626	12,494
i) In India	40,847	31,536	9,311	68,120	55,626	12,494
<i>of which</i>						
FIIs	40,415	31,729	8,686	—	—	9,926
GDRs/ADRs	613	—	613	2,552	—	2,552
ii) Abroad	—	24	-24	—	—	—
2. Loans (a+b+c)	30,287	19,378	10,909	39,479	31,570	7,909
a) External Assistance	3,809	1,886	1,923	3,631	1,929	1,702
i) By India	24	128	-104	24	88	-64
ii) To India	3,785	1,758	2,027	3,607	1,841	1,766
b) Commercial Borrowings	9,084	3,890	5,194	14,343	11,835	2,508
i) By India	—	232	-232	—	251	-251
ii) To India	9,084	3,658	5,426	14,343	11,584	2,759
c) Short Term To India	17,394	13,602	3,792	21,505	17,806	3,699
i) Suppliers' Credit > 180 days & Buyers' Credit	17,394	13,602	3,792	19,372	17,647	1,725
ii) Suppliers' Credit up to 180 days	—	—	—	2,133	159	1,974
3. Banking Capital (a+b)	14,581	10,707	3,874	21,658	20,285	1,373
a) Commercial Banks	14,304	10,325	3,979	20,586	20,144	442
i) Assets	505	552	-47	772	3,947	-3,175
ii) Liabilities	13,799	9,773	4,026	19,814	16,197	3,617
<i>of which: Non-Resident Deposits</i>	8,071	9,035	-964	17,835	15,046	2,789
b) Others	277	382	-105	1,072	141	931
4. Rupee Debt Service	—	417	-417	—	572	-572
5. Other Capital	6,737	6,081	656	5,941	4,709	1,232
Total Capital Account (1 to 5)	98,539	70,517	28,022	144,376	118,906	25,470
C. Errors & Omissions	607	—	607	—	516	-516
D. Overall Balance	253,885	227,726	26,159	339,215	324,163	15,052
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	—	26,159	-26,159	—	15,052	-15,052
i) I.M.F.	—	—	—	—	—	—
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	26,159	-26,159	—	15,052	-15,052

P: Preliminary. PR: Partially Revised.

Statement I : India's Overall Balance of Payments (Contd.)						
(US \$ million)						
Item	2006-07			2007-08 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. Current Account						
I. Merchandise	128,888	190,670	-61,782	166,163	257,789	-91,626
II. Invisibles (a+b+c)	114,558	62,341	52,217	148,604	74,012	74,592
a) Services	73,780	44,311	29,469	90,077	52,512	37,565
i) Travel	9,123	6,684	2,439	11,349	9,254	2,095
ii) Transportation	7,974	8,068	-94	10,014	11,514	-1,500
iii) Insurance	1,195	642	553	1,639	1,044	595
iv) G.n.i.e.	253	403	-150	330	376	-46
v) Miscellaneous	55,235	28,514	26,721	66,745	30,324	36,421
<i>of which</i>						
Software Services	31,300	2,267	29,033	40,300	3,058	37,242
Business Services	14,544	15,866	-1,322	16,771	16,715	56
Financial Services	3,106	2,991	115	3,217	3,138	79
Communication Services	2,262	796	1,466	2,408	859	1,549
b) Transfers	31,470	1,391	30,079	44,259	2,315	41,944
i) Official	635	381	254	753	514	239
ii) Private	30,835	1,010	29,825	43,506	1,801	41,705
c) Income	9,308	16,639	-7,331	14,268	19,185	-4,917
i) Investment Income	8,926	15,688	-6,762	13,808	18,089	-4,281
ii) Compensation of Employees	382	951	-569	460	1,096	-636
Total Current Account (I+II)	243,446	253,011	-9,565	314,767	331,801	-17,034
B. Capital Account						
1. Foreign Investment (a+b)	133,210	118,457	14,753	272,762	227,805	44,957
a) Foreign Direct Investment (i+ii)	23,590	15,897	7,693	36,838	21,437	15,401
i) In India	22,826	87	22,739	34,361	125	34,236
Equity	16,481	87	16,394	26,866	108	26,758
Reinvested Earnings	5,828	—	5,828	7,168	—	7,168
Other Capital	517	—	517	327	17	310
ii) Abroad	764	15,810	-15,046	2,477	21,312	-18,835
Equity	764	13,368	-12,604	2,477	16,898	-14,421
Reinvested Earnings	—	1,076	-1,076	—	1,084	-1,084
Other Capital	—	1,366	-1,366	—	3,330	-3,330
b) Portfolio Investment	109,620	102,560	7,060	235,924	206,368	29,556
i) In India	109,534	102,530	7,004	235,688	206,294	29,394
<i>of which</i>						
FII's	105,756	102,530	3,226	226,621	206,294	20,327
GDRs/ADRs	3,776	—	3,776	8,769	—	8,769
ii) Abroad	86	30	56	236	74	162
2. Loans (a+b+c)	54,642	30,152	24,490	83,528	41,598	41,930
a) External Assistance	3,767	1,992	1,775	4,241	2,127	2,114
i) By India	20	32	-12	24	28	-4
ii) To India	3,747	1,960	1,787	4,217	2,099	2,118
b) Commercial Borrowings	20,883	4,780	16,103	30,376	7,743	22,633
i) By India	626	966	-340	1,592	1,624	-32
ii) To India	20,257	3,814	16,443	28,784	6,119	22,665
c) Short Term To India	29,992	23,380	6,612	48,911	31,728	17,183
i) Suppliers' Credit >180 days & Buyers' Credit	25,482	22,175	3,307	42,641	31,728	10,913
ii) Suppliers' Credit up to 180 days	4,510	1,205	3,305	6,270	—	6,270
3. Banking Capital (a+b)	37,209	35,296	1,913	55,813	44,056	11,757
a) Commercial Banks	36,799	35,218	1,581	55,734	43,624	12,110
i) Assets	14,466	17,960	-3,494	19,562	12,668	6,894
ii) Liabilities	22,333	17,258	5,075	36,172	30,956	5,216
<i>of which: Non-Resident Deposits</i>	19,914	15,593	4,321	29,401	29,222	179
b) Others	410	78	332	79	432	-353
4. Rupee Debt Service	—	162	-162	—	121	-121
5. Other Capital	8,230	4,021	4,209	20,904	11,434	9,470
Total Capital Account (1 to 5)	233,291	188,088	45,203	433,007	325,014	107,993
C. Errors & Omissions	968	—	968	1,205	—	1,205
D. Overall Balance	477,705	441,099	36,606	748,979	656,815	92,164
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	—	36,606	-36,606	—	92,164	-92,164
i) I.M.F.	—	—	—	—	—	—
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	36,606	-36,606	—	92,164	-92,164

ARTICLE

India's Balance of Payments
Developments during
the Third Quarter
(October-December 2008)
of 2008-09 and
April-December 2008

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>						
FIIs	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>						
FII's	28,418	25,063	3,355	30,329	30,351	-22
GDRs/ADRs	207	-	207	1848	-	1848
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 Third Quarter
(October-December 2008)
of 2008-09 and
April-December 2008

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

(US \$ million)

Item	Apr-Jun 2007 PR			Jul-Sep 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
I	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>						
FIIs	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	19,742	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>						
FlIs	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 Third Quarter
(October-December 2008)
of 2008-09 and
April-December 2008

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

(US \$ million)

Item	Apr-Jun 2008 PR			Jul-Sep 2008 PR		
	Credit	Debit	Net	Credit	Debit	Net
I	38	39	40	41	42	43
A. Current Account						
I. Merchandise	49,120	79,637	-30,517	47,700	86,213	-38,513
II. Invisibles (a+b+c)	38,354	16,833	21,521	45,192	19,508	25,684
a) Services	22,474	11,728	10,746	27,328	13,738	13,590
i) Travel	2,504	2,164	340	2,786	2,704	82
ii) Transportation	2,530	3,328	-798	2,900	3,744	-844
iii) Insurance	350	228	122	364	306	58
iv) G.n.i.e.	130	110	20	81	95	-14
v) Miscellaneous	16,960	5,898	11,062	21,197	6,889	14,308
<i>of which</i>						
Software Services	11,656	857	10,799	12,220	924	11,296
Business Services	3,550	3,127	423	4,840	3,531	1,309
Financial Services	609	628	-19	1,670	965	705
Communication Services	510	226	284	740	296	444
b) Transfers	12,307	658	11,649	13,719	832	12,887
i) Official	148	111	37	51	100	-49
ii) Private	12,159	547	11,612	13,668	732	12,936
c) Income	3,573	4,447	-874	4,145	4,938	-793
i) Investment Income	3,418	4,117	-699	3,855	4,606	-751
ii) Compensation of Employees	155	330	-175	290	332	-42
Total Current Account (I+II)	87,474	96,470	-8,996	92,892	105,721	-12,829
B. Capital Account						
1. Foreign Investment (a+b)	52,916	48,138	4,778	51,883	47,629	4,254
a) Foreign Direct Investment (i+ii)	12,152	3,163	8,989	9,252	3,688	5,564
i) In India	11,913	22	11,891	8,834	52	8,782
Equity	10,240	22	10,218	7,304	52	7,252
Reinvested Earnings	1,502	—	1,502	1,502	—	1,502
Other Capital	171	—	171	28	—	28
ii) Abroad	239	3,141	-2,902	418	3,636	-3,218
Equity	239	2,339	-2,100	418	2,854	-2,436
Reinvested Earnings	—	271	-271	—	271	-271
Other Capital	—	531	-531	—	511	-511
b) Portfolio Investment	40,764	44,975	-4,211	42,631	43,941	-1,310
i) In India	40,745	44,923	-4,178	42,618	43,919	-1,301
<i>of which</i>						
FILs	39,746	44,923	-5,177	42,482	43,919	-1,438
GDRs/ADRs	999	—	999	136	—	136
ii) Abroad	19	52	-33	13	22	-9
2. Loans (a+b+c)	13,853	9,625	4,228	16,341	12,780	3,561
a) External Assistance	909	558	351	1,095	577	518
i) By India	6	8	-2	6	8	-2
ii) To India	903	550	353	1,089	569	520
b) Commercial Borrowings	2,768	1,288	1,480	3,637	1,886	1,751
i) By India	404	193	211	532	138	394
ii) To India	2,364	1,095	1,269	3,105	1,748	1,357
c) Short Term To India	10,176	7,779	2,397	11,609	10,317	1,292
i) Suppliers' Credit >180 days & Buyers' Credit	9,256	7,779	1,477	11,609	9,766	1,843
ii) Suppliers' Credit up to 180 days	920	—	920	—	551	-551
3. Banking Capital (a+b)	21,952	19,256	2,696	16,215	14,084	2,131
a) Commercial Banks	21,952	19,105	2,847	16,215	14,081	2,134
i) Assets	11,457	10,533	924	6,446	5,154	1,292
ii) Liabilities	10,495	8,572	1,923	9,769	8,927	842
<i>of which: Non-Resident Deposits</i>	9,063	8,249	814	9,174	8,915	259
b) Others	—	151	-151	—	3	-3
4. Rupee Debt Service	—	30	-30	—	3	-3
5. Other Capital	2,374	2,923	-549	882	2,973	-2,091
Total Capital Account (1 to 5)	91,095	79,972	11,123	85,321	77,469	7,852
C. Errors & Omissions	108	—	108	243	—	243
D. Overall Balance	178,677	176,442	2,235	178,456	183,190	-4,734
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	—	2235	-2,235	4,734	—	4,734
i) I.M.F.	—	—	—	—	—	—
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	2235	-2,235	4,734	—	4,734

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

(US \$ million)

Item	Oct-Dec 2008 P			Oct-Dec 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	44	45	46	47	48	49
A. Current Account						
I. Merchandise	36,707	73,014	-36,307	40,985	67,038	-26,053
II. Invisibles (a+b+c)	39,308	17,645	21,663	39,553	18,031	21,522
a) Services	24,730	11,933	12,797	24,618	12,592	12,026
i) Travel	2,924	1,989	935	3,395	2,519	876
ii) Transportation	2,531	3,210	-679	2,799	3,043	-244
iii) Insurance	344	269	75	438	261	177
iv) G.n.i.e.	97	233	-136	90	75	15
v) Miscellaneous	18,834	6,232	12,602	17,896	6,694	11,202
<i>of which</i>						
Software Services	10,744	580	10,164	9,608	852	8,756
Business Services	4,333	3,268	1,065	4,588	4,245	343
Financial Services	1,111	735	376	882	763	119
Communication Services	547	217	330	601	183	418
b) Transfers	11,387	847	10,540	11,428	493	10,935
i) Official	285	101	184	195	121	74
ii) Private	11,102	746	10,356	11,233	372	10,861
c) Income	3,191	4,865	-1,674	3,507	4,946	-1,439
i) Investment Income	3,000	4,535	-1,535	3,401	4,679	-1,278
ii) Compensation of Employees	191	330	-139	106	267	-161
Total Current Account (I+II)	76,015	90,659	-14,644	80,538	85,069	-4,531
B. Capital Account						
1. Foreign Investment (a+b)	33,523	38,523	-5,000	86,531	69,639	16,892
a) Foreign Direct Investment (i+ii)	6,925	6,105	820	8,316	6,275	2,041
i) In India	6,713	29	6,684	7,916	43	7,873
Equity	4,109	29	4,080	6,022	43	5,979
Reinvested Earnings	1,721	—	1,721	1,792	—	1,792
Other Capital	883	—	883	102	—	102
ii) Abroad	212	6,076	-5,864	400	6,232	-5,832
Equity	212	4,491	-4,279	400	5,206	-4,806
Reinvested Earnings	—	271	-271	—	271	-271
Other Capital	—	1,314	-1,314	—	755	-755
b) Portfolio Investment	26,598	32,418	-5,820	78,215	63,364	14,851
i) In India	26,568	32,355	-5,787	78,096	63,345	14,751
<i>of which</i>						
FlIs	26,561	32,355	-5,794	72,309	63,345	8,964
GDRs/ADRs	7	—	7	5,597	—	5,597
ii) Abroad	30	63	-33	119	19	100
2. Loans (a+b+c)	16,848	15,115	1,733	21,543	10,601	10,942
a) External Assistance	1,655	663	992	1,109	544	565
i) By India	6	8	-2	6	7	-1
ii) To India	1,649	655	994	1,103	537	566
b) Commercial Borrowings	5,628	1,745	3,883	8,449	2,202	6,247
i) By India	669	149	520	363	384	-21
ii) To India	4,959	1,596	3,363	8,086	1,818	6,268
c) Short Term To India	9,565	12,707	-3,142	11,985	7,855	4,130
i) Suppliers' Credit >180 days & Buyers' Credit	9,565	10,357	-792	10,231	7,855	2,376
ii) Suppliers' Credit up to 180 days	—	2,350	-2,350	1,754	—	1,754
3. Banking Capital (a+b)	14,811	19,767	-4,956	12,588	12,381	207
a) Commercial Banks	14,808	19,336	-4,528	12,585	12,029	556
i) Assets	5,192	7,542	-2,350	5,636	3,939	1,697
ii) Liabilities	9,616	11,794	-2,178	6,949	8,090	-1,141
<i>of which: Non-Resident Deposits</i>	9,523	8,481	1,042	6,456	7,309	-853
b) Others	3	431	-428	3	352	-349
4. Rupee Debt Service	—	—	—	—	—	—
5. Other Capital	4,777	237	4,540	6,612	3,636	2,976
Total Capital Account (1 to 5)	69,959	73,642	-3,683	127,274	96,257	31,017
C. Errors & Omissions	446	—	446	252	—	252
D. Overall Balance	146,420	164,301	-17,881	208,064	181,326	26,738
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	17,881	—	17,881	—	26,738	-26,738
i) I.M.F.	—	—	—	—	—	—
ii) Foreign Exchange Reserves (Increase - / Decrease +)	17,881	—	17,881	—	26,738	-26,738

ARTICLE

India's Balance of Payments
Developments during
the Third Quarter
(October-December 2008)
of 2008-09 and
April-December 2008

Statement I : India's Overall Balance of Payments (Concl'd.)						
(US \$ million)						
Item	Apr-Dec 2007PR			Apr-Dec 2008 P		
	Credit	Debit	Net	Credit	Debit	Net
I	50	51	52	53	54	55
A. Current Account						
I. Merchandise	113,614	182,894	-69,280	133,527	238,864	-105,337
II. Invisibles (a+b+c)	103,446	49,674	53,772	122,854	53,986	68,868
a) Services	64,095	34,097	29,998	74,532	37,399	37,133
i) Travel	7,731	6,472	1,259	8,214	6,857	1,357
ii) Transportation	6,843	8,128	-1,285	7,961	10,282	-2,321
iii) Insurance	1,152	730	422	1,058	803	255
iv) G.n.i.e.	252	313	-61	308	438	-130
v) Miscellaneous	48,117	18,454	29,663	56,991	19,019	37,972
<i>of which</i>						
Software Services	27,494	2,332	25,162	34,620	2,361	32,259
Business Services	12,240	10,945	1,295	12,723	9,926	2,797
Financial Services	2,326	1,914	412	3,390	2,328	1,062
Communication Services	1,727	594	1,133	1,797	739	1,058
b) Transfers	29,764	1,333	28,431	37,413	2,337	35,076
i) Official	506	398	108	484	312	172
ii) Private	29,258	935	28,323	36,929	2,025	34,904
c) Income	9,587	14,244	-4,657	10,909	14,250	-3,341
i) Investment Income	9,288	13,481	-4,193	10,273	13,258	-2,985
ii) Compensation of Employees	299	763	-464	636	992	-356
Total Current Account (I+II)	217,060	232,568	-15,508	256,381	292,850	-36,469
B. Capital Account						
1. Foreign Investment (a+b)	183,770	143,573	40,197	138,322	134,290	4,032
a) Foreign Direct Investment (i+ii)	22,088	15,183	6,905	28,329	12,956	15,373
i) In India	20,121	82	20,039	27,460	103	27,357
Equity	14,418	82	14,336	21,653	103	21,550
Reinvested Earnings	5,376	-	5,376	4,725	-	4,725
Other Capital	327	-	327	1,082	-	1,082
ii) Abroad	1,967	15,101	-13,134	869	12,853	-11,984
Equity	1,967	12,479	-10,512	869	9,684	-8,815
Reinvested Earnings	-	813	-813	-	813	-813
Other Capital	-	1,809	-1,809	-	2,356	-2,356
b) Portfolio Investment	161,682	128,390	33,292	109,993	121,334	-11,341
i) In India	161,500	128,342	33,158	109,931	121,197	-11,266
<i>of which</i>						
FILs	152,813	128,342	24,471	108,789	121,197	-12,408
GDRs/ADRs	8,390	-	8,390	1,142	-	1,142
ii) Abroad	182	48	134	62	137	-75
2. Loans (a+b+c)	58,034	28,631	29,403	47,042	37,520	9,522
a) External Assistance	2,824	1,550	1,274	3,659	1,798	1,861
i) By India	18	21	-3	18	24	-6
ii) To India	2,806	1,529	1,277	3,641	1,774	1,867
b) Commercial Borrowings	23,030	5,620	17,410	12,033	4,919	7,114
i) By India	1,165	1,232	-67	1,605	480	1,125
ii) To India	21,865	4,388	17,477	10,428	4,439	5,989
c) Short Term To India	32,180	21,461	10,719	31,350	30,803	547
i) Suppliers' Credit >180 days & Buyers' Credit	28,126	21,461	6,665	30,430	27,902	2,528
ii) Suppliers' Credit up to 180 days	4,054	-	4,054	920	2,901	-1,981
3. Banking Capital (a+b)	34,862	28,931	5,931	52,978	53,107	-129
a) Commercial Banks	34,835	28,502	6,333	52,975	52,522	453
i) Assets	12,583	7,158	5,425	23,095	23,229	-134
ii) Liabilities	22,252	21,344	908	29,880	29,293	587
<i>of which: Non-Resident Deposits</i>	18,683	19,614	-931	27,760	25,645	2,115
b) Others	27	429	-402	3	585	-582
4. Rupee Debt Service	-	45	-45	-	33	-33
5. Other Capital	15,141	8,663	6,478	8,033	6,133	1,900
Total Capital Account (1 to 5)	291,807	209,843	81,964	246,375	231,083	15,292
C. Errors & Omissions	718	-	718	797	-	797
D. Overall Balance	509,585	442,411	67,174	503,553	523,933	-20,380
(Total Current Account, Capital Account and Errors & Omissions (A+B+C))						
E. Monetary Movements (i+ii)	-	67,174	-67,174	20,380	-	20,380
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	67,174	-67,174	20,380	-	20,380