



**भारतीय रिज़र्व बैंक**

**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

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

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

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

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

May 26, 2014

## **Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2013-14**

Preliminary data on India's balance of payments (BoP) for the fourth quarter (Q4), *i.e.*, January-March, of the financial year 2013-14, are now available and presented in [Statements I](#) and [II](#). While Statement I presents BoP data in BPM6 format, Statement II provides the same as per the old format.

### **Developments in India's BoP during January-March 2014**

- India's current account deficit (CAD) narrowed sharply to US\$ 1.2 billion (0.2 per cent of GDP) in Q4 of 2013-14 from US\$ 18.1 billion (3.6 per cent of GDP) in Q4 of 2012-13 which was also lower than US\$ 4.2 billion (0.9 per cent of GDP) in Q3 of 2013-14. The lower CAD was primarily on account of a decline in the trade deficit as decline in imports was sharper than that in exports.
- On a BoP basis, merchandise exports declined by 1.3 per cent to US\$ 83.7 billion in Q4 of 2013-14 as against an increase of 5.9 per cent in Q4 of 2012-13.
- On the other hand, declining trend in merchandise imports (on BoP basis) continued in Q4 of 2013-14. Imports at US\$ 114.3 billion moderated by 12.3 per cent in Q4 of 2013-14 as compared with a decline of 1.0 per cent in Q4 of 2012-13. Decline in imports was primarily led by a steep decline in gold imports, which amounted to US\$ 5.3 billion, significantly lower than US\$ 15.8 billion in Q4 of 2012-13.
- As a result, the merchandise trade deficit (BoP basis) contracted by about 33 per cent to US\$ 30.7 billion in Q4 of 2013-14 from US\$ 45.6 billion in the corresponding quarter a year ago.
- Net services receipts improved during Q4 of 2013-14 on account of higher exports of services. Net services at US\$ 19.6 billion recorded a growth of 15.6 per cent in Q4 of 2013-14 as against a decline of 3.9 per cent in Q4 of 2012-13.
- Net outflow on account of primary income (profit, dividend and interest) amounting to US\$ 6.4 billion in Q4 of 2013-14 was higher than that of US\$ 5.2 billion in the corresponding quarter of 2012-13 as well as the preceding quarter (US\$ 5.4 billion). In Q4 of 2013-14, gross private transfer receipts at US\$ 17.3 billion also improved by 3.0 per cent over the corresponding quarter of 2012-13.
- In the financial account, on net basis, both foreign direct investment and portfolio investment recorded inflows in Q4 of 2013-14. While net inflow on account of portfolio investment was US\$ 9.3 billion, net FDI flow was lower at US\$ 0.9 billion.

- 'Loans'(net) availed by deposit taking corporations (commercial banks) witnessed an outflow of US\$ 5.7 billion in Q4 of 2013-14 owing to repayments of overseas borrowings and a build-up of their overseas foreign currency assets. Under 'currency & deposits', net inflows of NRI deposits amounted to US\$ 3.7 billion in Q4 of 2013-14 as compared to US\$ 2.8 billion in Q4 of 2012-13. Loans (net) availed by other sectors (*i.e.*, external commercial borrowings) at US\$ 4.9 billion also showed an increase of 19.4 per cent over Q4 of 2012-13. Net trade credits and advances, however, continued to show outflow in Q4 of 2013-14 as repayments remained higher than disbursements.
- On a BoP basis, there was a net accretion of US\$ 7.1 billion to India's foreign exchange reserves in Q4 of 2013-14 as compared with US\$ 19.1 billion in the preceding quarter ([Table 1](#)).

### Developments in India's BoP during 2013-14

- Export recovery and moderation in imports led to a sharp improvement in the trade deficit to US\$ 147.6 billion in 2013-14 from US\$ 195.7 billion in 2012-13.
- Contraction in the trade deficit, coupled with a rise in net invisibles receipts, resulted in a reduction of the CAD to US\$ 32.4 billion (1.7 per cent of GDP) from US\$ 87.8 billion (4.7 per cent of GDP) in 2012-13.
- Net inflows under the capital and financial account (excluding change in foreign exchange reserves) declined to US\$ 48.8 billion in 2013-14 from US\$ 89.0 billion in corresponding period of 2012-13 owing to lower net FDI and portfolio flows, net repayment of loans and trade credit & advances.
- On BoP basis, foreign exchange reserves increased by US\$ 15.5 billion during 2013-14 as compared with US\$ 3.8 billion in 2012-13.

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

(US\$ Billion)												
	Jan-Mar 2014 (P)			Jan-Mar 2013 (PR)			2013-14 (P)			2012-13 (PR)		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A Current Account	144.4	145.6	-1.2	142.0	160.1	-18.1	551.4	583.7	-32.4	530.2	618.1	-87.8
1. Goods	83.7	114.3	-30.7	84.8	130.4	-45.6	318.6	466.2	-147.6	306.6	502.2	-195.7
Of which:												
POL	14.8	42.7	-27.9	16.1	42.2	-26.1	62.7	165.2	-102.5	60.9	164.0	-103.2
2. Services	40.6	21.0	19.6	37.8	20.9	17.0	151.5	78.5	73.0	145.7	80.8	64.9
3. Primary Income	2.8	9.2	-6.4	2.6	7.8	-5.2	11.4	34.4	-23.0	10.3	31.7	-21.5
4. Secondary Income	17.3	1.0	16.3	16.8	1.0	15.8	69.9	4.6	65.3	67.7	3.3	64.4
B. Capital Account and Financial Account	127.1	125.1	2.0	133.9	116.1	17.8	523.2	490.0	33.3	473.5	388.4	85.2
Of which:												
Change in Reserve (increase -)/Decrease (+)	0.0	7.1	-7.1	0.0	2.7	-2.7	0.0	15.5	-15.5	0.0	3.8	-3.8
C. Errors & Omissions (-)(A+B)			-0.8			0.3			-0.9			2.7
P: Preliminary; PR: Partially Revised												
Note: Total of subcomponents may not tally with aggregate due to rounding off.												