



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## Developments in India's Balance of Payments during the First Quarter (April-June) of 2013-14

Preliminary data on India's balance of payments (BoP) for the first quarter (Q1), *i.e.*, April-June 2013, 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 April-June 2013

- India's current account deficit (CAD) in Q1 of 2013-14 was US\$ 21.8 billion (4.9 per cent of GDP). It was US\$ 16.9 billion (4.0 per cent of GDP) in Q1 of 2012-13. The trade deficit in Q1 of 2013-14 increased owing to a rise in imports and some decline in merchandise exports.
- Excluding the increase in gold imports of US\$ 7.3 billion in Q1 of 2013-14 over the corresponding quarter of the preceding year, CAD would work out to US\$ 14.5 billion, which translates into 3.2 per cent of GDP.
- On BoP basis, merchandise exports declined by 1.5 per cent to US\$ 73.9 billion in Q1 of 2013-14 as compared with a decline of 4.8 per cent at US\$ 75.0 billion in Q1 of 2012-13.
- In contrast, merchandise imports recorded an increase of 4.7 per cent at US\$ 124.4 billion in Q1 of 2013-14 as against a decline of 3.9 per cent at US\$ 118.9 billion in Q1 of 2012-13, primarily led by a steep rise in gold imports in the first two months of the quarter.
- Merchandise trade deficit (BoP basis) widened further to US\$ 50.5 billion in Q1 of 2013-14 from US\$ 43.8 billion a year ago.
- While growth in services exports moderated to 2.1 per cent (US\$ 36.5 billion) in Q1 of 2013-14 as compared with 6.1 per cent (US\$ 35.8 billion) in Q1 of the preceding year, imports of services registered a decline of 5.5 per cent (US\$ 19.7 billion) as against a growth of 19.3 per cent at US\$ 20.8 billion in the corresponding quarter of preceding year. As a result, net receipts on account of services during the quarter were higher at US\$ 16.9 billion as compared to US\$ 15.0 billion in the corresponding period of 2012-13.
- Net outflow on account of primary income amounting to US\$ 4.8 billion in Q1 of 2013-14 was lower than that in the preceding quarter (US\$ 5.2 billion) as well as the corresponding quarter (US\$ 4.9 billion) of 2012-13.
- The trade deficit, coupled with a slow recovery in net invisibles (income & services), led to widening of CAD to US\$ 21.8 billion in Q1 of 2013-14 from US\$ 16.9 billion in Q1 of 2012-13.

- Notwithstanding a net outflow in portfolio investment led by FII debt outflows, net inflows under capital and financial account (excluding changes in foreign exchange reserves) rose by 25.2 per cent to US\$ 20.5 billion in Q1 of 2013-14 from US\$ 16.4 billion in Q1 of 2012-13. The rise was mainly on account of increase in FDI and loans availed by banks.
- While net foreign direct investment surged to US\$ 6.5 billion in Q1 of 2013-14 from US\$ 3.8 billion in Q1 of 2012-13, net portfolio investment registered a marginal outflow of US\$ 0.2 billion as compared with an outflow of US\$ 2.0 billion in Q1 of 2012-13, primarily led by the debt component of FII investment. Outflow of portfolio investment occurred essentially from the third week of May 2013 after the US Fed indicated the possible tapering of quantitative easing.
- Net overseas borrowing by banks increased by 57.5 per cent to US\$ 4.7 billion in Q1 of 2013-14 from US\$ 3.0 billion in Q1 of 2012-13. Net external commercial borrowings at US\$ 0.4 billion in Q1 of 2013-14 remained at the same level as that in Q1 of 2012-13. Higher repayments of trade credit moderated net inflows under 'trade credit & advances' to US\$ 2.5 billion in Q1 of 2013-14 from US\$ 5.4 billion in Q1 of 2012-13.
- On BoP basis, there was a slight drawdown in foreign exchange reserves of US\$ 0.3 billion in Q1 of 2013-14 as against an accretion of US\$ 0.5 billion in Q1 of 2012-13 (Table 1).

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

(US\$ Billion)

	Apr-Jun 2013 (P)			Apr-Jun 2012 (PR)			Jan-Mar 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account (1+2+3+4)	131.0	152.7	-21.8	130.4	147.3	-16.9	142.0	160.1	-18.1
1. Goods	73.9	124.4	-50.5	75.0	118.9	-43.8	84.8	130.4	-45.6
<i>Of which:</i>									
POL	13.9	42.0	-28.1	13.3	39.4	-26.1	16.1	42.2	-26.1
2. Services	36.5	19.7	16.9	35.8	20.8	15.0	37.8	20.9	17.0
3. Primary Income	2.5	7.4	-4.8	2.1	7.0	-4.9	2.6	7.8	-5.2
4. Secondary Income	18.0	1.3	16.7	17.5	0.7	16.8	16.8	1.0	15.8
B. Capital Account & Financial Account	135.0	114.2	20.8	109.5	93.7	15.9	133.9	116.1	17.8
<i>Of which:</i>									
Change in Reserve (increase (-)/Decrease (+))	0.3		0.3		0.5	-0.5		2.7	-2.7
C. Errors & Omissions (-)(A+B)	0.9		0.9	1.1		1.1	0.3		0.3

P: Preliminary; PR: Partially Revised  
**Note:** Total of subcomponents may not tally with aggregate due to rounding off.