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## Developments in India's Balance of Payments during the Third Quarter (October-December) of 2020-21

Preliminary data on India's balance of payments (BoP) for the third quarter (Q3), *i.e.*, October-December 2020-21, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### Key Features of India's BoP in Q3:2020-21

- India's current account balance recorded a deficit of US\$ 1.7 billion (0.2 per cent of GDP) in Q3:2020-21 after a surplus of US\$ 15.1 billion (2.4 per cent of GDP) in Q2:2020-21 and US\$ 19.0 billion (3.7 per cent of GDP) in Q1:2020-21; a deficit of US\$ 2.6 billion (0.4 per cent of GDP) was recorded a year ago [*i.e.* Q3:2019-20].
- Underlying the current account deficit in Q3:2020-21 was a rise in the merchandise trade deficit to US\$ 34.5 billion from US\$ 14.8 billion in the preceding quarter, and an increase in net investment income payments.
- Net services receipts increased, both sequentially and on a year-on-year basis, primarily on the back of higher net export earnings from computer services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, declined marginally on a y-o-y basis but improved sequentially by 1.5 per cent to US\$ 20.7 billion in Q3:2020-21.
- Net outgo on the primary income account, primarily reflecting payments of investment income, increased to US\$ 10.1 billion from US\$ 7.4 billion a year ago.
- In the financial account, net foreign direct investment (FDI) recorded robust inflow of US\$ 17.0 billion as compared with US\$ 9.7 billion in Q3:2019-20.
- Net foreign portfolio investment (FPI) was US\$ 21.2 billion as compared with US\$ 7.8 billion in Q3:2019-20, primarily reflecting net purchases by foreign portfolio investors in the equity market.
- With repayments exceeding fresh disbursements, external commercial borrowings to India recorded net outflow of US\$ 1.7 billion in Q3:2020-21 as against an inflow of US\$ 3.2 billion a year ago.
- Net accretions to non-resident deposits increased to US\$ 3.0 billion from US\$ 0.8 billion in Q3:2019-20.
- There was an accretion of US\$ 32.5 billion to the foreign exchange reserves (on a BoP basis) as compared with that of US\$ 21.6 billion in Q3:2019-20 ([Table 1](#)).

## BoP during April-December 2020

- India recorded a current account surplus of 1.7 per cent of GDP in April-December 2020 as against a deficit of 1.2 per cent in April-December 2019 on the back of a sharp contraction in the trade deficit.
- Net invisible receipts were lower in April-December 2020 due to a moderation in net private transfer receipts and an increase in investment income payments.
- Net FDI inflows at US\$ 40.8 billion in April-December 2020 were higher than US\$ 31.1 billion in April-December 2019.
- Net FPI inflows stood at US\$ 28.9 billion in April-December 2020, higher than US\$ 15.1 billion a year ago.
- In April-December 2020, there was an accretion of US\$ 83.9 billion to the foreign exchange reserves (on a BoP basis).

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

(US\$ billion)												
	October-December 2020 (P)			October-December 2019			April-December 2020 (P)			April-December 2019		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>A. Current Account</b>	<b>157.4</b>	<b>159.2</b>	<b>-1.7</b>	<b>162.8</b>	<b>165.4</b>	<b>-2.6</b>	<b>430.6</b>	<b>398.2</b>	<b>32.4</b>	<b>485.0</b>	<b>510.2</b>	<b>-25.1</b>
1. Goods	77.2	111.8	-34.5	81.2	117.3	-36.0	205.2	265.4	-60.2	243.9	366.4	-122.5
<i>Of which:</i>												
POL	5.5	21.9	-16.4	10.9	31.5	-20.6	17.6	53.8	-36.3	32.1	96.7	-64.6
2. Services	53.7	30.1	23.6	55.2	33.3	21.9	150.2	85.2	65.0	160.1	97.2	62.9
3. Primary Income	5.7	15.8	-10.1	5.6	12.9	-7.4	15.8	42.9	-27.1	18.2	40.7	-22.5
4. Secondary Income	20.8	1.5	19.3	20.8	1.9	18.9	59.4	4.7	54.7	62.8	5.9	56.9
<b>B. Capital Account and Financial Account</b>	<b>179.5</b>	<b>178.5</b>	<b>1.0</b>	<b>153.2</b>	<b>151.2</b>	<b>2.0</b>	<b>460.8</b>	<b>493.9</b>	<b>-33.1</b>	<b>433.7</b>	<b>408.7</b>	<b>25.0</b>
<i>Of which:</i>												
Change in Reserves (Increase (-)/Decrease (+))	0.0	32.5	-32.5	0.0	21.6	-21.6	0.0	83.9	-83.9	0.0	40.7	-40.7
<b>C. Errors &amp; Omissions (-) (A+B)</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
P: Preliminary												
<b>Note:</b> Total of subcomponents may not tally with aggregate due to rounding off.												