



**भारतीय रिज़र्व बैंक**

**RESERVE BANK OF INDIA**

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## **Developments in India's Balance of Payments during the Second Quarter (July-September) of 2015-16**

Preliminary data on India's balance of payments (BoP) for the second quarter (Q2) *i.e.*, July-September 2015-16 are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### **Key Features of India's BoP in Q2 of 2015-16**

- India's current account deficit (CAD) at US\$ 8.2 billion (1.6 per cent of GDP) in Q2 of 2015-16 was lower than US\$ 10.9 billion (2.2 per cent of GDP) in Q2 of 2014-15 but increased from US\$ 6.1 billion (1.2 per cent of GDP) in the preceding quarter (Table 1).
- The contraction in CAD was primarily on account of lower trade deficit (US\$ 37.4 billion) as compared with US\$ 39.7 billion in Q2 of last year though it was higher than the level in the preceding quarter (US\$ 34.2 billion).
- Although net services receipts moderated marginally on a y-o-y basis largely due to fall in export receipts in transport, insurance and pension services, there has been some improvement over the preceding quarter.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 16.5 billion, a marginal decline from their level in the preceding as well as the corresponding quarter.
- After a sharp pick up in Q1, net foreign direct investment moderated in Q2 of 2015-16.
- There has been net outflow of portfolio investment to the tune of US\$ 6.5 billion as against net inflow of US\$ 9.8 billion in Q2 of last year; outflow was more evident in the equity segment.
- Non-resident Indian (NRI) deposits, however, increased by 4.0 per cent in Q2 of 2015-16 over the level in Q2 of last year.
- Foreign exchange reserves (on BoP basis) decreased by US\$ 0.9 billion in Q2 of 2015-16.

### **BoP during April-September 2015 (H1 of 2015-16)**

- On a cumulative basis, the CAD narrowed to 1.4 per cent of GDP in H1 of 2015-16 from 1.8 per cent in H1 of 2014-15 on the back of contraction in the trade deficit and a marginal improvement in net invisibles.
- India's trade deficit narrowed to US\$ 71.6 billion in H1 of 2015-16 from US\$ 74.7 billion in H1 of 2014-15.

- Net invisible receipts were marginally higher with the moderation in net services earnings and private transfer receipts being offset by a smaller net outflow of primary income (profit interest and dividends).
- Net FDI inflows during H1 of 2015-16 rose by more than 10 per cent over the level during the corresponding period of the previous year.
- Portfolio investment, however, recorded a net outflow US\$ 9.1 billion during H1 as against a net inflow of US\$ 22.2 billion last year.

In H1 of 2015-16, there was an accretion of US\$ 10.6 billion to foreign exchange reserves (on a BoP basis) as compared with US\$ 18.1 billion in H1 of 2014-15.

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

(US\$ Billion)												
	July-Sept 2015 P			Jul-Sept 2014 PR			Apr-Sept 2015-16 P			Apr-Sept 2014-15 PR		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>A. Current Account</b>	<b>127.3</b>	<b>135.5</b>	<b>-8.2</b>	<b>142.5</b>	<b>153.4</b>	<b>-10.9</b>	<b>254.2</b>	<b>268.6</b>	<b>-14.3</b>	<b>282.6</b>	<b>301.0</b>	<b>-18.4</b>
1. Goods	67.6	105.0	-37.4	83.1	122.7	-39.7	135.6	207.2	-71.6	164.6	239.4	-74.7
<i>Of which:</i>												
POL	8.4	23.5	-15.1	16.8	42.0	-25.1	16.7	48.2	-31.5	33.6	82.4	-48.7
2. Services	38.8	20.8	18.0	38.4	19.4	18.9	77.0	41.7	35.3	76.5	40.0	36.5
3. Primary Income	3.9	8.9	-5.0	3.5	10.1	-6.6	7.2	17.8	-10.5	6.4	19.4	-13.0
4. Secondary Income	17.1	0.8	16.3	17.5	1.1	16.4	34.3	1.9	32.4	35.1	2.2	32.9
<b>B. Capital Account and Financial Account</b>	<b>128.3</b>	<b>120.3</b>	<b>8.1</b>	<b>133.6</b>	<b>122.9</b>	<b>10.7</b>	<b>269.7</b>	<b>255.0</b>	<b>14.8</b>	<b>278.3</b>	<b>260.1</b>	<b>18.3</b>
<i>Of which:</i>												
Change in Reserve (Increase (-)/Decrease (+))	0.9	0.0	0.9	0.0	6.9	-6.9	0.0	10.6	-10.6	0.0	18.1	-18.1
<b>C. Errors &amp; Omissions (-) (A+B)</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
P: Preliminary; PR: Partially Revised												
Note: Total of subcomponents may not tally with aggregate due to rounding off.												

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