



**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: 022- 22660502

December 31, 2019

## **Developments in India's Balance of Payments during the Second Quarter (July-September) of 2019-20**

Preliminary data on India's Balance of Payments (BoP) for the second quarter (Q2), *i.e.*, July-September 2019-20, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### **Key Features of India's BoP in Q2 of 2019-20**

- India's Current Account Deficit (CAD) at US\$ 6.3 billion (0.9 per cent of GDP) in Q2 of 2019-20 narrowed from US\$ 19.0 billion (2.9 per cent of GDP) in Q2 of 2018-19 and US\$ 14.2 billion (2.0 per cent of GDP) in the preceding quarter.
- The contraction in the CAD was primarily on account of a lower trade deficit at US\$ 38.1 billion as compared with US\$ 50.0 billion a year ago.
- Net services receipts increased by 0.9 per cent on a y-o-y basis, on the back of a rise in net earnings from computer, travel and financial services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, rose to US\$ 21.9 billion, increasing by 5.2 per cent from their level a year ago.
- In the financial account, net foreign direct investment was US\$ 7.4 billion, almost same level as in Q2 of 2018-19.
- Foreign portfolio investment recorded net inflow of US\$ 2.5 billion – as against an outflow of US\$ 1.6 billion in Q2 of 2018-19 – on account of net purchases in the debt market.
- Net inflow on account of external commercial borrowings to India was US\$ 3.2 billion as compared with US\$ 2.0 billion in Q2 of 2018-19.
- There was an accretion of US\$ 5.1 billion to the foreign exchange reserves (on BoP basis) as against a depletion of US\$ 1.9 billion in Q2 of 2018-19 (Table 1).

### **BoP during April-September 2019-20 (H1 of 2019-20)**

- The CAD narrowed to 1.5 per cent of GDP in H1 of 2019-20 from 2.6 per cent in H1 of 2018-19 on the back of a reduction in the trade deficit which shrank to US\$ 84.3 billion in H1 of 2019-20 from US\$ 95.8 billion in H1 of 2018-19.
- Net invisible receipts were higher in H1 of 2019-20 mainly due to increase in net services earnings and private transfer receipts.
- Net FDI inflows at US\$ 21.2 billion in H1 of 2019-20 were higher than US\$ 17.0 billion in H1 of 2018-19.
- Portfolio investment recorded a net inflow of US\$ 7.3 billion in H1 of 2019-20 as against an outflow of US\$ 9.8 billion a year ago.
- In H1 of 2019-20, there was an accretion of US\$ 19.1 billion of the foreign exchange reserves (on a BoP basis).

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

| (US\$ Billion)  |                       |              |             |                     |              |              |                           |              |              |                         |              |              |
|---|-----------------------|--------------|-------------|---------------------|--------------|--------------|---------------------------|--------------|--------------|-------------------------|--------------|--------------|
|   | July-September 2019 P |              |             | July-September 2018 |              |              | April-September 2019-20 P |              |              | April-September 2018-19 |              |              |
|   | Credit                | Debit        | Net         | Credit              | Debit        | Net          | Credit                    | Debit        | Net          | Credit                  | Debit        | Net          |
| <b>A. Current Account</b>   | <b>161.2</b>          | <b>167.5</b> | <b>-6.3</b> | <b>160.0</b>        | <b>179.1</b> | <b>-19.0</b> | <b>321.9</b>              | <b>342.3</b> | <b>-20.4</b> | <b>315.8</b>            | <b>350.6</b> | <b>-34.8</b> |
| 1. Goods  | 80.0                  | 118.1        | -38.1       | 83.4                | 133.4        | -50.0        | 162.7                     | 247.0        | -84.3        | 166.8                   | 262.6        | -95.8        |
| <i>Of which:</i>  |                       |              |             |                     |              |              |                           |              |              |                         |              |              |
| POL   | 10.2                  | 29.6         | -19.3       | 11.8                | 35.3         | -23.5        | 21.3                      | 64.9         | -43.6        | 23.6                    | 70.1         | -46.5        |
| 2. Services   | 52.4                  | 31.9         | 20.4        | 50.1                | 29.8         | 20.3         | 104.6                     | 64.1         | 40.5         | 98.3                    | 59.4         | 38.9         |
| 3. Primary Income   | 6.8                   | 15.5         | -8.6        | 5.6                 | 14.2         | -8.6         | 12.6                      | 27.4         | -14.7        | 11.0                    | 25.4         | -14.4        |
| 4. Secondary Income   | 22.0                  | 2.0          | 20.0        | 20.9                | 1.5          | 19.4         | 41.9                      | 3.9          | 38.0         | 39.7                    | 3.3          | 36.4         |
| <b>B. Capital Account and Financial Account</b>                                       | <b>140.3</b>          | <b>133.4</b> | <b>6.9</b>  | <b>131.4</b>        | <b>113.0</b> | <b>18.5</b>  | <b>278.3</b>              | <b>257.5</b> | <b>20.8</b>  | <b>274.0</b>            | <b>239.4</b> | <b>34.6</b>  |
| <i>Of which:</i>  |                       |              |             |                     |              |              |                           |              |              |                         |              |              |
| Change in Reserves (Increase (-)/Decrease (+))  | 0.0                   | 5.1          | -5.1        | 1.9                 | 0.0          | 1.9          | 0.0                       | 19.1         | -19.1        | 13.2                    | 0.0          | 13.2         |
| <b>C. Errors &amp; Omissions (-) (A+B)</b>  |                       | <b>0.7</b>   | <b>-0.7</b> | <b>0.6</b>          |              | <b>0.6</b>   |                           | <b>0.3</b>   | <b>-0.3</b>  | <b>0.3</b>              |              | <b>0.3</b>   |
| P: Preliminary  |                       |              |             |                     |              |              |                           |              |              |                         |              |              |
| <b>Note:</b> Total of subcomponents may not tally with aggregate due to rounding off. |                       |              |             |                     |              |              |                           |              |              |                         |              |              |

Press Release: 2019-2020/1556

**(Yogesh Dayal)**  
Chief General Manager