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Developments in India's Balance of Payments during the Third Quarter (October-December) of 2021-22

Preliminary data on India's balance of payments (BoP) for the third quarter (Q3), *i.e.*, October-December 2021, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q3:2021-22

- India's current account deficit (CAD) increased to US\$ 23.0 billion (2.7 per cent of GDP) in Q3:2021-22 from US\$ 9.9 billion (1.3 per cent of GDP) in Q2:2021-22 and US\$ 2.2 billion (0.3 per cent of GDP) a year ago [*i.e.*, Q3:2020-21].
- The widening of CAD in Q3:2021-22 was mainly on account of higher trade deficit.
- Net services receipts increased, both sequentially and on a year-on-year (y-o-y) basis, on the back of robust performance of net exports of computer and business services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 23.4 billion, an increase of 13.1 per cent from their level a year ago.
- Net outgo from the primary income account, mainly reflecting net overseas investment income payments, increased sequentially as well as on a y-o-y basis.
- In the financial account, net foreign direct investment recorded an inflow of US\$ 5.1 billion, lower than US\$ 17.4 billion a year ago.
- Portfolio investment recorded net outflow of US\$ 5.8 billion as against an inflow of US\$ 21.2 billion in Q3:2020-21.
- Net external commercial borrowings to India recorded outflow of US\$ 0.2 billion in Q3:2021-22 as compared with US\$ 1.6 billion a year ago.
- Non-resident deposits recorded net inflow of US\$ 1.3 billion as compared with US\$ 3.0 billion in Q3:2020-21.
- There was an accretion of US\$ 0.5 billion to the foreign exchange reserves (on a BoP basis) as compared with US\$ 32.5 billion in Q3:2020-21 ([Table 1](#)).

BoP during April-December 2021

- India recorded a current account deficit of 1.2 per cent of GDP in April-December 2021 as against a surplus of 1.7 per cent in April-December 2020 on the back of a sharp increase in the trade deficit.
- Net invisible receipts were higher in April-December 2021, on account of higher net receipts of services and private transfers.
- Net FDI inflows at US\$ 26.5 billion in April-December 2021 were lower than US\$ 41.3 billion in April-December 2020.
- Portfolio investment recorded net outflow of US\$ 1.6 billion during April-December 2021 as against an inflow of US\$ 28.9 billion a year ago.
- In April-December 2021, there was an accretion of US\$ 63.5 billion to the foreign exchange reserves (on a BoP basis).

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

(US\$ Billion)												
	October-December 2021 P			October-December 2020			April-December 2021 P			April-December 2020		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	205.4	228.4	-23.0	157.0	159.2	-2.2	579.4	605.9	-26.5	430.2	398.0	32.1
1. Goods	109.0	169.4	-60.4	77.2	111.8	-34.6	311.2	446.8	-135.6	205.0	265.4	-60.4
<i>Of which:</i>												
POL	17.7	43.7	-26.0	5.5	21.9	-16.5	46.3	113.3	-67.0	17.6	53.9	-36.4
2. Services	67.0	39.2	27.8	53.3	30.1	23.2	184.7	105.5	79.2	150.1	85.0	65.1
3. Primary Income	5.9	17.6	-11.7	5.7	15.8	-10.1	18.0	47.4	-29.4	15.7	42.9	-27.2
4. Secondary Income	23.5	2.2	21.3	20.8	1.5	19.3	65.6	6.2	59.4	59.4	4.7	54.7
B. Capital Account and Financial Account	221.3	198.6	22.7	171.2	169.5	1.6	595.2	569.4	25.7	436.3	468.9	-32.5
<i>Of which:</i>												
Change in Reserves [Increase (-)/Decrease (+)]	0.0	0.5	-0.5	0.0	32.5	-32.5	0.0	63.5	-63.5	0.0	83.9	-83.9
C. Errors & Omissions	0.3		0.3	0.6		0.6	0.8		0.8	0.4		0.4
P: Preliminary												
Note: Total of subcomponents may not tally with aggregate due to rounding off.												