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Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2015-16

Preliminary data on India's balance of payments (BoP) for the fourth quarter (Q4) *i.e.*, January-March 2015-16 are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q4 of 2015-16

- India's current account deficit (CAD) narrowed sharply to US\$ 0.3 billion (0.1 per cent of GDP) in Q4 of 2015-16, significantly lower than US\$ 7.1 billion (1.3 per cent of GDP) in Q3 of 2015-16 and marginally lower than US\$ 0.7 billion (0.1 per cent of GDP) in Q4 of 2014-15 (Table 1).
- The contraction in CAD was primarily on account of a lower trade deficit (US\$ 24.8 billion) than in Q4 of last year (US\$ 31.6 billion) and US\$ 34.0 billion in the preceding quarter.
- Net services receipts declined on a y-o-y basis largely due to fall in exports of transport, financial services and telecommunication, computer and information services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 15.7 billion, a decline from their level in the preceding quarter as well as from a year ago.
- Net foreign direct investment moderated to US\$ 8.8 billion in Q4 of 2015-16 from US\$ 9.3 billion in Q4 of 2014-15.
- Portfolio investment recorded a net outflow of US\$ 1.5 billion in Q4 of 2015-16 as against a net inflow of US\$ 12.5 billion in the corresponding period of last year; primarily reflecting net outflow in the debt segment.
- Non-resident Indian (NRI) deposits, however, increased in Q4 of 2015-16 over their level in Q4 last year as well as the preceding quarter.
- Foreign exchange reserves (on a BoP basis) increased by US\$ 3.3 billion in Q4 of 2015-16.

BoP during April-March 2015-16

- The CAD narrowed to 1.1 per cent of GDP in 2015-16 from 1.3 per cent in 2014-15, on the back of contraction in the trade deficit.
- India's trade deficit narrowed to US\$ 130.1 billion in 2015-16 from US\$ 144.9 billion in 2014-15.
- Net invisible receipts declined in 2015-16, primarily reflecting moderation in both net services earnings and private transfer receipts.
- Net FDI inflows during 2015-16 (US\$ 36.0 billion) rose sharply by 15.3 per cent over the level in 2014-15.
- Portfolio investment, however, recorded a net outflow US\$ 4.5 billion in 2015-16 as against a net inflow of US\$ 40.9 billion last year.
- In 2015-16, there was an accretion of US\$ 17.9 billion to foreign exchange reserves (on a BoP basis) as compared with US\$ 61.4 billion in 2014-15.

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

(US\$ Billion)												
	January-March 2016 P			January-March 2015 PR			April-March 2015-16 P			April-March 2014-15 PR		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	124.7	125.0	-0.3	134.2	134.9	-0.7	501.4	523.5	-22.1	558.2	585.0	-26.8
1. Goods	65.8	90.6	-24.8	71.8	103.4	-31.6	266.4	396.4	-130.1	316.5	461.5	-144.9
<i>Of which:</i>												
POL	6.1	14.6	-8.5	8.2	21.8	-13.5	30.4	82.9	-52.4	56.8	138.3	-81.5
2. Services	39.4	23.3	16.1	41.4	21.3	20.0	154.3	84.6	69.7	158.1	81.6	76.5
3. Primary Income	3.7	10.3	-6.6	3.5	9.1	-5.6	14.7	39.1	-24.4	13.4	37.5	-24.1
4. Secondary Income	15.7	0.7	15.0	17.5	1.1	16.4	66.0	3.3	62.7	70.1	4.4	65.8
B. Capital Account and Financial Account	127.3	127.2	0.2	149.4	149.5	-0.1	510.9	487.8	23.2	550.9	523.1	27.8
<i>Of which:</i>												
Change in Reserve (Increase (-)/Decrease (+))	0.0	3.3	-3.3	0.0	30.1	-30.1	0.9	18.8	-17.9	0.0	61.4	-61.4
C. Errors & Omissions (-) (A+B)	0.2	0.0	0.2	0.8	0.0	0.8	0.4	1.5	-1.1	1.1	2.1	-1.0
P: Preliminary PR: Partially Revised												
Note: Total of sub-components may not tally with aggregate due to rounding off.												

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