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**Developments in India's Balance of Payments during the Fourth Quarter
(January-March) of 2021-22**

Preliminary data on India's balance of payments (BoP) for the fourth quarter (Q4), *i.e.*, January-March 2021-22, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q4:2021-22

- India's current account deficit (CAD) decreased to US\$ 13.4 billion (1.5 per cent of GDP) in Q4:2021-22 from US\$ 22.2 billion (2.6 per cent of GDP) in Q3:2021-22.
- The sequential decline in CAD in Q4:2021-22 was mainly on account of a moderation in trade deficit and lower net outgo of primary income.
- Net services receipts increased, both sequentially and on a year-on-year (y-o-y) basis, on the back of a rise in net earnings from computer and business services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, increased to US\$ 23.7 billion, up by 13.4 per cent from their level a year ago.
- Net outgo from the primary income account, largely reflecting net income payments on foreign investment, decreased sequentially as well as on a y-o-y basis.
- In the financial account, net foreign direct investment (FDI) at US\$ 13.8 billion was higher than US\$ 2.7 billion in Q4:2020-21.
- Net foreign portfolio investment (FPI) recorded an outflow of US\$ 15.2 billion – mainly from the equity market.
- Net external commercial borrowings (ECBs) to India were lower at US\$ 3.3 billion in Q4:2021-22 as compared with US\$ 6.1 billion a year ago.
- There was a drawdown of US\$ 16.0 billion in the foreign exchange reserves (on a BoP basis) as against an accretion of US\$ 3.4 billion in Q4:2020-21 ([Table 1](#)).

BoP during 2021-22

- The current account balance recorded a deficit of 1.2 per cent of GDP in 2021-22 as against a surplus of 0.9 per cent in 2020-21 as the trade deficit widened to US\$ 189.5 billion from US\$ 102.2 billion a year ago.
- Net invisible receipts were higher in 2021-22 due to increase in net exports of services and net private transfer receipts, even though net income outgo was higher than a year ago.
- Net FDI inflows at US\$ 38.6 billion in 2021-22 were lower than US\$ 44.0 billion in 2020-21.
- Net FPI recorded an outflow of US\$ 16.8 billion in 2021-22 as against an inflow of US\$ 36.1 billion a year ago.
- Net ECBs to India recorded an inflow of US\$ 7.4 billion in 2021-22 as compared with US\$ 0.2 billion in 2020-21.
- In 2021-22, there was an accretion of US\$ 47.5 billion to foreign exchange reserves (on a BoP basis).

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

(US\$ Billion)

	January-March 2022 P			January-March 2021			2021-22 P			2020-21		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	218.8	232.2	-13.4	173.4	181.5	-8.1	798.7	837.4	-38.7	603.5	579.5	24.0
1. Goods	118.0	172.5	-54.5	91.3	133.0	-41.7	429.2	618.6	-189.5	296.3	398.5	-102.2
<i>Of which:</i>												
POL	21.3	49.3	-28.0	8.2	28.7	-20.5	67.5	161.8	-94.3	25.8	82.7	-56.9
2. Services	69.9	41.6	28.3	56.0	32.5	23.5	254.5	147.0	107.5	206.1	117.5	88.6
3. Primary Income	7.2	15.6	-8.4	5.2	13.9	-8.7	25.8	63.0	-37.3	20.8	56.8	-36.0
4. Secondary Income	23.7	2.6	21.2	20.9	2.1	18.9	89.3	8.8	80.5	80.3	6.8	73.6
B. Capital Account and Financial Account	182.1	167.8	14.3	162.7	153.8	8.8	777.4	739.2	38.2	599.0	622.7	-23.7
<i>Of which:</i>												
Change in Reserves [Increase (-)/Decrease (+)]	16.0	0.0	16.0	0.0	3.4	-3.4	16.0	63.5	-47.5	0.0	87.3	-87.3
C. Errors & Omissions (-) (A+B)		0.9	-0.9		0.7	-0.7	0.5		0.5		0.3	-0.3

P: Preliminary.

Note: Total of sub-components may not tally with aggregate due to rounding off.

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