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Developments in India's Balance of Payments during the First Quarter (April-June) of 2016-17

Preliminary data on India's balance of payments (BoP) for the first quarter (Q1) *i.e.*, April-June, 2016-17 are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features

- The current account deficit (CAD) narrowed to US\$ 0.3 billion (0.1 per cent of GDP) in Q1 of 2016-17, significantly lower than US\$ 6.1 billion (1.2 per cent of GDP) in Q1 of 2015-16 (Table 1).
- The contraction in the CAD was primarily on account of a lower trade deficit (US\$ 23.8 billion) than in Q1 of last year (US\$ 34.2 billion) and in the preceding quarter (US\$ 24.8 billion).
- On a BoP basis, merchandise imports declined sharply (by 11.5 per cent) *vis-à-vis* merchandise exports (which declined by 2.1 per cent), leading to a lower trade deficit in Q1 of 2016-17.
- Net services receipts declined on a y-o-y basis, largely due to a fall in net earnings on account of travel, financial services and other business services.
- Net payment on account of primary income (dividend, interest and profit) increased marginally in Q1 of 2016-17 from its level a year ago.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 15.2 billion, declining from their level in the preceding quarter as well as from a year ago.
- Net foreign direct investment moderated to US\$ 4.1 billion in Q1 of 2016-17 from US\$ 10.0 billion in Q1 of 2015-16 and US\$ 8.8 billion in the preceding quarter *i.e.*, Q4 of 2015-16.
- On the other hand, portfolio investment, recorded a net inflow of US\$ 2.1 billion in Q1 of 2016-17 as against a marginal outflow in the corresponding period of last year and an outflow of US\$ 1.5 billion in the preceding quarter, primarily reflecting net inflow in the equity component.
- Accretion to non-resident Indian (NRI) deposits at US\$ 1.4 billion moderated in Q1 of 2016-17 from their level in Q1 last year as well as in the preceding quarter.

- Higher repayments under external commercial borrowings led to a net outflow under loans to India in Q1 of 2016-17 as against net borrowings in the same period last year.
- Foreign exchange reserves (on a BoP basis) increased by US\$ 7.0 billion in Q1 of 2016-17 as compared with an accretion of US\$ 11.4 billion in Q1 of 2015-16 and US\$ 3.3 billion in the preceding quarter.

Table 1: Major Items of India's Balance of Payments						
(US\$ Billion)						
	Apr-Jun 2016 (P)			Apr-Jun 2015 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	125.2	125.5	-0.3	126.9	133.0	-6.1
1. Goods	66.6	90.5	-23.8	68.0	102.2	-34.2
<i>Of which:</i>						
POL	7.0	19.0	-12.0	8.3	24.7	-16.4
2. Services	39.5	23.8	15.8	38.3	20.5	17.8
3. Primary Income	3.8	10.0	-6.2	3.3	9.2	-5.9
4. Secondary Income	15.3	1.3	14.0	17.3	1.1	16.2
B. Capital Account and Financial Account	129.2	129.0	0.1	141.1	133.9	7.2
<i>Of which:</i>						
Change in Reserve (Increase (-)/Decrease (+))	0.0	7.0	-7.0	0.0	11.4	-11.4
C. Errors & Omissions (-) (A+B)	0.2	0.0	0.2	0.0	1.1	-1.1
P: Preliminary; PR: Partially Revised						
Note: Total of subcomponents may not tally with aggregate due to rounding off.						

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