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December 26, 2023

Developments in India's Balance of Payments during the Second Quarter (July-September) of 2023-24

Preliminary data on India's balance of payments (BoP) for the second quarter (Q2), *i.e.*, July-September 2023-24, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q2:2023-24

- India's current account balance recorded a deficit of US\$ 8.3 billion (1.0 per cent of GDP) in Q2:2023-24, lower than US\$ 9.2 billion (1.1 per cent of GDP) in Q1:2023-24 and US\$ 30.9 billion (3.8 per cent of GDP) a year ago [*i.e.*, Q2:2022-23] ¹.
- Underlying the lower current account deficit on a year-on-year (y-o-y) basis in Q2:2023-24 was the narrowing of merchandise trade deficit to US\$ 61.0 billion from US\$ 78.3 billion in Q2:2022-23.
- Services exports grew by 4.2 per cent on a y-o-y basis on the back of rising exports of software, business and travel services. Net services receipts increased both sequentially and on a y-o-y basis.
- Net outgo on the primary income account, primarily reflecting payments of investment income, increased to US\$ 12.2 billion from US\$ 11.8 billion a year ago.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 28.1 billion, an increase of 2.6 per cent from their level during the corresponding period a year ago.
- In the financial account, net foreign direct investment witnessed an outflow of US\$ 0.3 billion as against an inflow of US\$ 6.2 billion in Q2:2022-23.
- Foreign portfolio investment recorded net inflow of US\$ 4.9 billion, lower than US\$ 6.5 billion during Q2:2022-23.
- External commercial borrowings to India recorded net outflow of US\$ 1.8 billion in Q2:2023-24 as compared with net outflow of US\$ 0.5 billion in Q2:2022-23.
- Non-resident deposits recorded net inflow of US\$ 3.2 billion as compared with net inflow of US\$ 2.5 billion in Q2:2022-23.

¹<https://rbi.org.in/web/rbi/-/press-releases/developments-in-india-s-balance-of-payments-during-the-fourth-quarter-january-march-of-2022-23-55933>. For longer time series data, please see: [CIMS DBIE \(rbi.org.in\)](#) > Statistics > External Sector > International Trade > Quarterly/Yearly.

- There was an accretion of foreign exchange reserves (on a BoP basis) to the tune of US\$ 2.5 billion in Q2:2023-24 as against a depletion of US\$ 30.4 billion in Q2:2022-23 ([Table 1](#)).

BoP During April-September 2023 (H1:2023-24)

- India's current account deficit moderated to 1.0 per cent of GDP in H1:2023-24 from 2.9 per cent of GDP in H1:2022-23 on the back of a lower merchandise trade deficit.
- Net invisibles receipts were higher in H1:2023-24 on a y-o-y basis primarily on account of higher net services receipts.
- Net FDI inflow at US\$ 4.8 billion in H1:2023-24 was lower than US\$ 19.6 billion in H1:2022-23.
- Portfolio investment recorded a net inflow of US\$ 20.7 billion in H1:2023-24 as against an outflow of US\$ 8.1 billion a year ago.
- In H1:2023-24, there was an accretion of US\$ 27.0 billion to the foreign exchange reserves (on a BoP basis).

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

(US\$ Billion)												
	July-September 2023 P			July-September 2022			April-September 2023 P			April-September 2022		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	231.6	239.9	-8.3	225.3	256.2	-30.9	453.0	470.5	-17.5	456.4	505.2	-48.8
1. Goods	108.5	169.5	-61.0	111.9	190.2	-78.3	213.5	331.1	-117.7	234.6	376.0	-141.4
<i>Of which:</i>												
POL	22.8	40.8	-17.9	23.9	53.4	-29.5	41.8	82.6	-40.7	50.8	106.6	-55.8
2. Services	83.4	43.4	40.0	80.0	45.6	34.4	163.9	88.9	75.1	156.1	90.6	65.5
3. Primary Income	11.6	23.8	-12.2	6.0	17.8	-11.8	20.3	43.1	-22.8	12.5	33.2	-20.6
4. Secondary Income	28.1	3.2	25.0	27.5	2.7	24.8	55.3	7.4	47.9	53.1	5.4	47.7
B. Capital Account and Financial Account	202.5	195.1	7.5	180.3	148.5	31.8	384.3	367.0	17.3	373.2	323.9	49.3
<i>Of which:</i>												
Change in Reserves [Increase (-)/Decrease (+)]	0.0	2.5	-2.5	30.4	0.0	30.4	0.0	27.0	-27.0	30.4	4.6	25.8
C. Errors & Omissions (-) (A+B)	0.8	0.0	0.8	0.0	0.9	-0.9	0.8	0.6	0.2	0.5	0.9	-0.4
P: Preliminary.												
Note: Total of sub-components may not tally with aggregate due to rounding off.												

(Yogesh Dayal)
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