



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## **Developments in India's Balance of Payments during the Second Quarter (July-September) of 2019-20**

Preliminary data on India's Balance of Payments (BoP) for the second quarter (Q2), *i.e.*, July-September 2019-20, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### **Key Features of India's BoP in Q2 of 2019-20**

- India's Current Account Deficit (CAD) at US\$ 6.3 billion (0.9 per cent of GDP) in Q2 of 2019-20 narrowed from US\$ 19.0 billion (2.9 per cent of GDP) in Q2 of 2018-19 and US\$ 14.2 billion (2.0 per cent of GDP) in the preceding quarter.
- The contraction in the CAD was primarily on account of a lower trade deficit at US\$ 38.1 billion as compared with US\$ 50.0 billion a year ago.
- Net services receipts increased by 0.9 per cent on a y-o-y basis, on the back of a rise in net earnings from computer, travel and financial services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, rose to US\$ 21.9 billion, increasing by 5.2 per cent from their level a year ago.
- In the financial account, net foreign direct investment was US\$ 7.4 billion, almost same level as in Q2 of 2018-19.
- Foreign portfolio investment recorded net inflow of US\$ 2.5 billion – as against an outflow of US\$ 1.6 billion in Q2 of 2018-19 – on account of net purchases in the debt market.
- Net inflow on account of external commercial borrowings to India was US\$ 3.2 billion as compared with US\$ 2.0 billion in Q2 of 2018-19.
- There was an accretion of US\$ 5.1 billion to the foreign exchange reserves (on BoP basis) as against a depletion of US\$ 1.9 billion in Q2 of 2018-19 (Table 1).

### **BoP during April-September 2019-20 (H1 of 2019-20)**

- The CAD narrowed to 1.5 per cent of GDP in H1 of 2019-20 from 2.6 per cent in H1 of 2018-19 on the back of a reduction in the trade deficit which shrank to US\$ 84.3 billion in H1 of 2019-20 from US\$ 95.8 billion in H1 of 2018-19.
- Net invisible receipts were higher in H1 of 2019-20 mainly due to increase in net services earnings and private transfer receipts.
- Net FDI inflows at US\$ 21.2 billion in H1 of 2019-20 were higher than US\$ 17.0 billion in H1 of 2018-19.
- Portfolio investment recorded a net inflow of US\$ 7.3 billion in H1 of 2019-20 as against an outflow of US\$ 9.8 billion a year ago.
- In H1 of 2019-20, there was an accretion of US\$ 19.1 billion of the foreign exchange reserves (on a BoP basis).

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

(US\$ Billion)												
	July-September 2019 P			July-September 2018			April-September 2019-20 P			April-September 2018-19		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>A. Current Account</b>	<b>161.2</b>	<b>167.5</b>	<b>-6.3</b>	<b>160.0</b>	<b>179.1</b>	<b>-19.0</b>	<b>321.9</b>	<b>342.3</b>	<b>-20.4</b>	<b>315.8</b>	<b>350.6</b>	<b>-34.8</b>
1. Goods	80.0	118.1	-38.1	83.4	133.4	-50.0	162.7	247.0	-84.3	166.8	262.6	-95.8
<i>Of which:</i>												
POL	10.2	29.6	-19.3	11.8	35.3	-23.5	21.3	64.9	-43.6	23.6	70.1	-46.5
2. Services	52.4	31.9	20.4	50.1	29.8	20.3	104.6	64.1	40.5	98.3	59.4	38.9
3. Primary Income	6.8	15.5	-8.6	5.6	14.2	-8.6	12.6	27.4	-14.7	11.0	25.4	-14.4
4. Secondary Income	22.0	2.0	20.0	20.9	1.5	19.4	41.9	3.9	38.0	39.7	3.3	36.4
<b>B. Capital Account and Financial Account</b>	<b>140.3</b>	<b>133.4</b>	<b>6.9</b>	<b>131.4</b>	<b>113.0</b>	<b>18.5</b>	<b>278.3</b>	<b>257.5</b>	<b>20.8</b>	<b>274.0</b>	<b>239.4</b>	<b>34.6</b>
<i>Of which:</i>												
Change in Reserves (Increase (-)/Decrease (+))	0.0	5.1	-5.1	1.9	0.0	1.9	0.0	19.1	-19.1	13.2	0.0	13.2
<b>C. Errors &amp; Omissions (-) (A+B)</b>		<b>0.7</b>	<b>-0.7</b>	<b>0.6</b>		<b>0.6</b>		<b>0.3</b>	<b>-0.3</b>	<b>0.3</b>		<b>0.3</b>
P: Preliminary												
<b>Note:</b> Total of subcomponents may not tally with aggregate due to rounding off.												

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