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Developments in India's Balance of Payments during the Third Quarter (October-December) of 2015-16

Preliminary data on India's balance of payments (BoP) for the third quarter (Q3) *i.e.*, October-December 2015-16 are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q3 of 2015-16

- India's current account deficit (CAD) at US\$ 7.1 billion (1.3 per cent of GDP) in Q3 of 2015-16 was lower than US\$ 7.7 billion (1.5 per cent of GDP) in Q3 of 2014-15 and US\$ 8.7 billion (1.7 per cent of GDP) in the preceding quarter (Table 1).
- The contraction in CAD was primarily on account of a lower trade deficit (US\$ 34.0 billion) than in Q3 of last year (US\$ 38.6 billion) and US\$ 37.4 billion in the preceding quarter.
- Net services receipts moderated on a y-o-y basis largely due to fall in export receipts in transport and financial services, though there has been marginal improvement over the preceding quarter.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 15.8 billion, a decline from their level in the preceding quarter as well as from a year ago.
- After moderating in Q2, net foreign direct investment again picked up and stood at US\$ 10.8 billion in Q3.
- There has been a marginal net outflow of US\$ 0.2 billion in portfolio investment in Q3 of 2015-16 as against net outflow of US\$ 3.5 billion in the preceding quarter; equity outflows in Q3 were almost offset by inflows into the debt segment.
- Non-resident Indian (NRI) deposits moderated significantly in Q3 of 2015-16 over their level in Q3 last year as well as the preceding quarter.
- Foreign exchange reserves (on a BoP basis) increased by US\$ 4.1 billion in Q3 of 2015-16.

BoP during April-December 2015

- On a cumulative basis, the CAD narrowed to 1.4 per cent of GDP in April-December 2015 from 1.7 per cent in the corresponding period of 2014-15, on the back of the contraction in the trade deficit.
- India's trade deficit narrowed to US\$ 105.6 billion in April-December 2015 from US\$ 113.4 billion during the same period of 2014-15.
- Net invisible receipts declined in April-December 2015, even though moderation in both net services earnings and private transfer receipts was partly offset by a lower net outflow of primary income (profit, interest and dividends).
- Net FDI inflows during April-December 2015 rose sharply by 24.8 per cent over the level during the corresponding period of the previous year.
- Portfolio investment, however, recorded a net outflow US\$ 3.7 billion during April-December 2015 as against a net inflow of US\$ 28.5 billion last year.
- In April-December 2015, there was an accretion of US\$ 14.6 billion to foreign exchange reserves (on a BoP basis) as compared with US\$ 31.3 billion in the corresponding period of 2014-15.

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

(US\$ Billion)												
	October -December 2015 P			October -December 2014			April-December 2015- 16 P			April-December 2014- 15		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	122.5	129.6	-7.1	140.7	148.5	-7.7	376.7	398.6	-21.9	423.3	449.5	-26.1
1. Goods	64.9	98.9	-34.0	80.1	118.7	-38.6	200.5	306.1	-105.6	244.7	358.1	-113.4
<i>Of which:</i>												
POL	7.3	20.0	-12.7	14.9	34.2	-19.2	24.1	68.2	-44.1	48.6	116.6	-68.0
2. Services	37.9	19.8	18.1	39.6	19.7	20.0	114.9	61.2	53.7	116.1	59.7	56.5
3. Primary Income	3.8	10.2	-6.4	3.5	9.0	-5.5	11.0	28.8	-17.8	9.9	28.4	-18.5
4. Secondary Income	15.9	0.7	15.3	17.5	1.1	16.4	50.3	2.6	47.7	52.6	3.3	49.3
B. Capital Account and Financial Account	115.0	108.5	6.5	123.1	113.5	9.7	384.0	361.0	23.0	401.5	373.5	28.0
<i>Of which:</i>												
Change in Reserve (Increase (-)/Decrease (+))	0.0	4.1	-4.1	0.0	13.2	-13.2	0.0	14.6	-14.6	0.0	31.3	-31.3
C. Errors & Omissions (-) (A+B)	0.6	0.0	0.6	0.0	2.0	-2.0	0.0	1.1	-1.1	0.0	1.9	-1.9
P: Preliminary												

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