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Developments in India's Balance of Payments during the Third Quarter (October-December) of 2018-19

Preliminary data on India's balance of payments (BoP) for the third quarter (Q3), *i.e.*, October-December 2018-19, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q3 of 2018-19

- India's current account deficit (CAD) at US\$ 16.9 billion (2.5 per cent of GDP) in Q3 of 2018-19 increased from US\$ 13.7 billion (2.1 per cent of GDP) in Q3 of 2017-18, but moderated from US\$ 19.1 billion (2.9 per cent of GDP) in the preceding quarter.
- The widening of the CAD on a year-on-year (y-o-y) basis was primarily on account of a higher trade deficit at US\$ 49.5 billion as compared with US\$ 44.0 billion a year ago.
- Net services receipts increased by 2.8 per cent on a y-o-y basis mainly on the back of a rise in net earnings from telecommunications, computer and information services and financial services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 18.7 billion, increasing by 6.3 per cent from their level a year ago.
- In the financial account, net foreign direct investment at US\$ 7.5 billion in Q3 of 2018-19 increased from US\$ 4.3 billion in Q3 of 2017-18.
- Portfolio investment recorded net outflow of US\$ 2.1 billion in Q3 of 2018-19 – as compared with an inflow of US\$ 5.3 billion in Q3 last year – on account of net sale in the equity market.
- Net inflow on account of external commercial borrowings increased to US\$ 2.0 billion in Q3 of 2018-19 from US\$ 0.3 billion a year ago.
- In Q3 of 2018-19, there was a depletion of US\$ 4.3 billion of the foreign exchange reserves (on BoP basis) as against an accretion of US\$ 9.4 billion in Q3 of 2017-18 (Table 1).

BoP during April-December 2018

- The CAD increased to 2.6 per cent of GDP during April-December 2018 from 1.8 per cent April-December 2017 on the back of widening of the trade deficit.

- India's trade deficit increased to US\$ 145.3 billion in April-December 2018 from US\$ 118.4 billion in April-December 2017.
- Net invisible receipts were higher in April-December 2018 mainly due to increase in net services earnings and private transfer receipts.
- Net FDI inflows in April-December 2018 increased to US\$ 24.8 billion from US\$ 23.9 billion in April-December 2017.
- Portfolio investment recorded a net outflow of US\$ 11.9 billion in April-December 2018 as against an inflow of US\$ 19.8 billion a year ago.
- In April-December 2018, there was a depletion of US\$ 17.5 billion of the foreign exchange reserves (on a BoP basis).

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Jose J. Kattoor
Chief General Manager

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

(US\$ Billion)

	October-December 2018 P			October-December 2017			April-December 2018-19 P			April-December 2017-18		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	164.4	181.3	-16.9	150.2	164.0	13.7	480.2	532.0	-51.8	435.7	471.3	-35.6
1. Goods	83.1	132.6	-49.5	77.5	121.6	44.0	249.9	395.1	-145.3	226.8	345.2	118.4
<i>Of which:</i>												
POL	14.0	38.5	-24.5	10.4	29.2	18.8	37.9	108.5	-70.5	26.9	75.7	-48.8
2. Services	55.2	34.0	21.3	50.2	29.5	20.7	153.5	93.3	60.3	143.5	86.1	57.4
3. Primary Income	7.3	13.3	-6.0	4.8	11.3	-6.5	18.3	38.7	-20.5	14.1	34.9	-20.9
4. Secondary Income	18.8	1.5	17.3	17.7	1.6	16.1	58.5	4.8	53.7	51.3	5.1	46.3
B. Capital Account and Financial Account	126.8	108.9	17.9	169.3	156.3	13.1	400.9	348.2	52.7	472.1	436.1	36.0
<i>Of which:</i>												
Change in Reserves [(Increase (-)/Decrease (+)]	4.3	0.0	4.3	0.0	9.4	-9.4	17.5	0.0	17.5	0.0	30.3	-30.3
C. Errors & Omissions (-) (A+B)		1.0	-1.0	0.6		0.6		0.9	-0.9		0.4	-0.4

P: Preliminary

Note: Total of subcomponents may not tally with aggregate due to rounding off.