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Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2019-20

Preliminary data on India's balance of payments (BoP) for the fourth quarter (Q4), *i.e.*, January-March 2019-20, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

Key Features of India's BoP in Q4 of 2019-20

- India's current account balance (CAB) recorded a marginal surplus of US\$ 0.6 billion (0.1 per cent of GDP) in Q4 of 2019-20 as against a deficit of US\$ 4.6 billion (0.7 per cent of GDP) in Q4 of 2018-19 and US\$ 2.6 billion (0.4 per cent of GDP) in the preceding quarter, *i.e.*, Q3 of 2019-20.
- The surplus in the current account in Q4 of 2019-20 was primarily on account of a lower trade deficit at US\$ 35.0 billion and a sharp rise in net invisible receipts at US\$ 35.6 billion as compared with the corresponding period of last year.
- Net services receipts increased on the back of a rise in net earnings from computer and travel services on a year-on-year basis.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, increased to US\$ 20.6 billion, up by 14.8 per cent from their level a year ago.
- Net outgo from the primary income account, primarily reflecting net overseas investment income payments, decreased to US\$ 4.8 billion from US\$ 6.9 billion a year ago.
- In the financial account, net foreign direct investment at US\$ 12.0 billion was higher than US\$ 6.4 billion in Q4 of 2018-19.
- Foreign portfolio investment (FPI) declined by US\$ 13.7 billion as against an increase of US\$ 9.4 billion in Q4 of 2018-19 – on account of net sales in both the debt and equity markets.
- Net inflow on account of external commercial borrowings to India was US\$ 9.4 billion in Q4 of 2019-20 as compared with US\$ 7.2 billion a year ago.
- Owing to COVID-19 related uncertainty, net inflows under 'other capital' surged during the quarter, reflecting *inter alia* the FPIs' outstanding balances with custodian banks and pending issuance of shares by FDI companies.
- There was an accretion of US\$ 18.8 billion to the foreign exchange reserves (on a BoP basis) as compared with an accretion of US\$ 14.2 billion in Q4 of 2018-19 (Table 1).

BoP during 2019-20

- The CAD narrowed to 0.9 per cent of GDP in 2019-20 from 2.1 per cent in 2018-19 on the back of the trade deficit which shrank to US\$ 157.5 billion in 2019-20 from US\$ 180.3 billion in 2018-19.
- Net invisible receipts were higher in 2019-20 mainly due to increase in net services earnings and private transfer receipts.
- Net FDI inflows at US\$ 43.0 billion in 2019-20 were higher than US\$ 30.7 billion in 2018-19.
- Portfolio investment increased by US\$ 1.4 billion in 2019-20 as against an outflow of US\$ 2.4 billion a year ago.
- In 2019-20, there was an accretion of US\$ 59.5 billion to foreign exchange reserves (on a BoP basis).

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

(US\$ billion)												
	January-March 2020 P			January-March 2019			2019-20 P			2018-19		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	157.1	156.5	0.6	165.2	169.8	-4.6	642.1	666.7	-24.6	643.7	700.9	-57.2
1. Goods	76.5	111.6	-35.0	87.4	122.6	-35.2	320.4	477.9	-157.5	337.2	517.5	-180.3
<i>Of which:</i>												
POL	9.2	33.7	-24.6	9.9	32.4	-22.5	42.8	129.4	-86.6	46.5	140.9	-94.4
2. Services	53.1	31.0	22.0	54.6	33.3	21.3	213.2	128.3	84.9	208.0	126.1	81.9
3. Primary Income	7.0	11.8	-4.8	5.2	12.1	-6.9	25.2	52.4	-27.3	21.8	50.7	-28.9
4. Secondary Income	20.6	2.2	18.4	18.0	1.8	16.2	83.4	8.0	75.3	76.6	6.6	70.0
B. Capital Account and Financial Account	176.3	177.8	-1.5	159.0	153.9	5.1	610.0	586.5	23.6	560.0	502.3	57.7
<i>Of which:</i>												
Change in Reserves (Increase (-)/Decrease (+))	0.0	18.8	-18.8	0.0	14.2	-14.2	0.0	59.5	-59.5	17.5	14.2	3.3
C. Errors & Omissions (-) (A+B)	0.9		0.9		0.4	-0.4	1.0		1.0		0.5	-0.5
P: Preliminary												
Note: Total of subcomponents may not tally with aggregate due to rounding off.												

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