



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

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संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

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## **Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2017-18**

Preliminary data on India's balance of payments (BoP) for the fourth quarter (Q4), *i.e.*, January-March 2017-18 are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### **Key Features of India's BoP in Q4 of 2017-18**

- India's current account deficit (CAD) at US\$ 13.0 billion (1.9 per cent of GDP) in Q4 of 2017-18 increased from US\$ 2.6 billion (0.4 per cent of GDP) in Q4 of 2016 -17, but moderated marginally from US\$ 13.7 billion (2.1 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 (US\$ 41.6 billion) brought about by a larger increase in merchandise imports relative to exports.
- Net services receipts increased by 8.8 per cent on a y-o-y basis mainly on the back of a rise in net earnings from software services and other business services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 18.1 billion, increasing by 15.1 per cent from their level a year ago.
- In the financial account, net foreign direct investment at US\$ 6.4 billion in Q4 of 2017-18 was higher than US\$ 5.0 billion in Q4 of 2016-17.
- Portfolio investment recorded net inflow of US\$ 2.3 billion in Q4 of 2017-18 – as compared with an inflow of US\$ 10.8 billion in Q4 last year – on account of moderation in net purchases in both the debt and equity markets.
- Net receipts on account of non-resident deposits amounted to US\$ 4.6 billion in Q4 of 2017-18 as compared with US\$ 2.7 billion a year ago.
- In Q4 of 2017-18, there was an accretion of US\$ 13.2 billion to the foreign exchange reserves (on BoP basis) as compared with an accretion of US\$ 7.3 billion in Q4 of 2016-17 (Table 1).

## BoP during 2017-18

- For the full year, the CAD increased to 1.9 per cent of GDP in 2017-18 from 0.6 per cent in 2016-17 on the back of a widening of the trade deficit.
- India's trade deficit increased to US\$ 160.0 billion in 2017-18 from US\$ 112.4 billion in 2016-17.
- Net invisible receipts were higher in 2017-18 mainly due to increase in net services earnings and private transfer receipts.
- Gross FDI inflows to India increased to US\$ 61.0 billion in 2017-18 from US\$ 60.2 billion in 2016-17.
- Net FDI inflows in 2017-18 moderated to US\$ 30.3 billion from US\$ 35.6 billion in 2016-17.
- Portfolio investment recorded a net inflow of US\$ 22.1 billion in 2017-18 as compared with US\$ 7.6 billion a year ago.
- In 2017-18, there was an accretion of US\$ 43.6 billion to the foreign exchange reserves (on a BoP basis).

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

(US\$ Billion)												
	January-March 2018 P			January-March 2017 PR			2017-18 P			2016-17 PR		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	156.7	169.7	-13.0	139.4	141.9	-2.6	592.4	641.0	-48.7	522.2	536.5	-14.4
1. Goods	82.2	123.8	-41.6	77.4	107.1	-29.7	309.0	469.0	-160.0	280.1	392.6	-112.4
<i>Of which:</i>												
POL	10.6	33.0	-22.4	9.0	25.6	-16.6	37.5	108.6	-71.1	31.5	87.0	-55.4
2. Services	51.6	31.4	20.2	41.8	23.3	18.5	195.1	117.5	77.6	164.2	95.9	68.3
3. Primary Income	4.8	12.6	-7.8	4.5	10.0	-5.6	18.9	47.5	-28.7	16.3	42.6	-26.3
4. Secondary Income	18.1	1.9	16.2	15.7	1.5	14.2	69.4	6.9	62.5	61.5	5.5	56.0
B. Capital Account and Financial Account	171.5	159.7	11.8	145.1	142.1	3.0	643.6	595.9	47.8	551.9	537.1	14.8
<i>Of which:</i>												
Change in Reserve (Increase (-)/Decrease (+))	0.0	13.2	-13.2	0.0	7.3	-7.3	0.0	43.6	-43.6	0.0	21.6	-21.6
C. Errors & Omissions (-) (A+B)	1.3		1.3		0.5	-0.5	0.9		0.9		0.5	-0.5
P: Preliminary; PR: Partially Revised												
<b>Note:</b> Total of subcomponents may not tally with the aggregate due to rounding off.												