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## Developments in India's Balance of Payments during the First Quarter (April-June) of 2020-21

Preliminary data on India's balance of payments (BoP) for the first quarter (Q1), *i.e.*, April-June 2020-21, are presented in [Statements I \(BPM6 format\)](#) and [II \(old format\)](#).

### Key Features of India's BoP in Q1 of 2020-21

- India's current account balance (CAB) recorded a surplus of US\$ 19.8 billion (3.9 per cent of GDP) in Q1 of 2020-21 on top of a surplus of US\$ 0.6 billion (0.1 per cent of GDP) in the preceding quarter, *i.e.*, Q4 of 2019-20; a deficit of US\$ 15.0 billion (2.1 per cent of GDP) was recorded a year ago [*i.e.* Q1 of 2019-20].
- The surplus in the current account in Q1 of 2020-21 was on account of a sharp contraction in the trade deficit to US\$ 10.0 billion due to steeper decline in merchandise imports relative to exports on a year-on-year basis.
- Net services receipts remained stable, primarily on the back of net earnings from computer services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 18.2 billion, a decline of 8.7 per cent from their level a year ago.
- Net outgo from the primary income account, primarily reflecting net overseas investment income payments, increased to US\$ 7.7 billion from US\$ 6.3 billion a year ago.
- In the financial account, net foreign direct investment recorded outflow of US\$ 0.4 billion as against inflows of US\$ 14.0 billion in Q1 of 2019-20.
- Net foreign portfolio investment was US\$ 0.6 billion as compared with US\$ 4.8 billion in Q1 of 2019-20 as net purchases in the equity market were offset by net sales in the debt segment.
- With repayments exceeding fresh disbursements, external commercial borrowings to India recorded net outflow of US\$ 1.1 billion in Q1 of 2020-21 as against an inflow of US\$ 6.0 billion a year ago.
- Net inflow on account of non-resident deposits increased to US\$ 3.0 billion from US\$ 2.8 billion in Q1 of 2019-20.
- There was an accretion of US\$ 19.8 billion to the foreign exchange reserves (on a BoP basis) as compared with that of US\$ 14.0 billion in Q1 of 2019-20 (Table 1).

<b>Table 1: Major Items of India's Balance of Payments</b>						
(US\$ billion)						
	<b>April-June 2020 P</b>			<b>April-June 2019</b>		
	Credit	Debit	Net	Credit	Debit	Net
<b>A. Current Account</b>	<b>122.4</b>	<b>102.6</b>	<b>19.8</b>	<b>160.7</b>	<b>175.7</b>	<b>-15.0</b>
1. Goods	52.3	62.3	-10.0	82.7	129.5	-46.8
<i>Of which:</i>						
POL	4.9	13.1	-8.3	11.1	35.4	-24.2
2. Services	46.8	26.3	20.5	52.2	32.1	20.1
3. Primary Income	5.1	12.8	-7.7	5.8	12.1	-6.3
4. Secondary Income	18.2	1.2	17.0	20.0	2.0	18.0
<b>B. Capital Account and Financial Account</b>	<b>126.8</b>	<b>146.1</b>	<b>-19.3</b>	<b>138.3</b>	<b>123.7</b>	<b>14.6</b>
<i>Of which:</i>						
Change in Reserves [Increase (-)/Decrease (+)]	0.0	19.8	-19.8	0.0	14.0	-14.0
<b>C. Errors &amp; Omissions (-) (A+B)</b>		<b>0.5</b>	<b>-0.5</b>	<b>0.4</b>		<b>0.4</b>
P: Preliminary						
Note: Total of subcomponents may not tally with aggregate due to rounding off.						

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