

**TO ALL MEMBERS:**

**India's Balance of Payments during the Second Quarter (July-September) of 2015-16**

Key Features of the Preliminary data on India's balance of payments (BoP) for the second quarter (Q2) i.e., July-September 2015-16 are given below:

- India's current account deficit (CAD) at US\$ 8.2 billion (1.6 per cent of GDP) in Q2 of 2015-16 was lower than US\$ 10.9 billion (2.2 per cent of GDP) in Q2 of 2014-15 but increased from US\$ 6.1 billion (1.2 per cent of GDP) in the preceding quarter.
- The contraction in CAD was primarily on account of lower trade deficit (US\$ 37.4 billion) as compared with US\$ 39.7 billion in Q2 of last year though it was higher than the level in the preceding quarter (US\$ 34.2 billion).
- Although net services receipts moderated marginally on a y-o-y basis largely due to fall in export receipts in transport, insurance and pension services, there has been some improvement over the preceding quarter.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 16.5 billion, a marginal decline from their level in the preceding as well as the corresponding quarter.
- After a sharp pick up in Q1, net foreign direct investment moderated in Q2 of 2015-16.
- There has been net outflow of portfolio investment to the tune of US\$ 6.5 billion as against net inflow of US\$ 9.8 billion in Q2 of last year; outflow was more evident in the equity segment.
- Non-resident Indian (NRI) deposits, however, increased by 4.0 per cent in Q2 of 2015-16 over the level in Q2 of last year.
- Foreign exchange reserves (on BoP basis) decreased by US\$ 0.9 billion in Q2 of 2015-16.

BoP during April-September 2015 (H1 of 2015-16)

- On a cumulative basis, the CAD narrowed to 1.4 per cent of GDP in H1 of 2015-16 from 1.8 per cent in H1 of 2014-15 on the back of contraction in the trade deficit and a marginal improvement in net invisibles.
- India's trade deficit narrowed to US\$ 71.6 billion in H1 of 2015-16 from US\$ 74.7 billion in H1 of 2014-15.
- Net invisible receipts were marginally higher with the moderation in net services earnings and private transfer receipts being offset by a smaller net outflow of primary income (profit interest and dividends).
- Net FDI inflows during H1 of 2015-16 rose by more than 10 per cent over the level during the corresponding period of the previous year.
- Portfolio investment, however, recorded a net outflow US\$ 9.1 billion during H1 as against a net inflow of US\$ 22.2 billion last year.

In H1 of 2015-16, there was an accretion of US\$ 10.6 billion to foreign exchange reserves (on a BoP basis) as compared with US\$ 18.1 billion in H1 of 2014-15.

**This is for information of the members.**

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Secretary