

India's CAD moderated marginally to 2.4% of GDP in Q1 of 2018-19 from 2.5% of GDP in Q1 of 2017-18

India's CAD moderated marginally to 2.4 per cent of GDP in Q1 of 2018-19 from 2.5 per cent in Q1 2017-18. However, on the back of a widening of the trade deficit, in absolute terms, India's current account deficit (CAD) increased to US\$ 15.8 billion (2.4 per cent of GDP) in Q1 of 2018-19 from US\$ 15.0 billion (2.5 per cent of GDP) in Q1 of 2017 -18, and from US\$ 13.0 billion (1.9 per cent of GDP) in the preceding quarter.

Key Features of India's BoP in Q1 of 2018-19

- India's current account deficit (CAD) stood at US\$ 15.8 billion (2.4 per cent of GDP) in Q1 of 2018-19 as compared with US\$ 15.0 billion (2.5 per cent of GDP) in Q1 of 2017-18.
- 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\$ 45.7 billion as compared with US\$ 41.9 billion a year ago.
- Net services receipts increased by 2.1 per cent on a y-o-y basis mainly on the back of a rise in net earnings from software and financial services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 18.8 billion, increasing by 16.9 per cent from their level a year ago.
- In the financial account, net foreign direct investment at US\$ 9.7 billion in Q1 of 2018-19 was higher than US\$ 7.1 billion in Q1 of 2017-18.
- Portfolio investment recorded net outflow of US\$ 8.1 billion in Q1 of 2018-19 – as compared with an inflow of US\$ 12.5 billion in Q1 last year – on account of net sales in both the debt and equity markets.
- Net receipts on account of non-resident deposits amounted to US\$ 3.5 billion in Q1 of 2018-19 as compared with US\$ 1.2 billion a year ago.
- In Q1 of 2018-19, there was a depletion of US\$ 11.3 billion of the foreign exchange reserves (on BoP basis) as against

an accretion of US\$ 11.4 billion in Q1 of 2017-18.

Major Items of India's Balance of Payments (BoP)

USD billion

	April-June 2018 P			April-June 2017 PR		
	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	155.7	171.5	-15.8	139.9	154.9	-15.0
1. Goods	83.4	129.1	-45.7	73.1	115.1	-41.9
Of which:						
POL	11.9	34.7	-22.8	7.5	22.8	-15.4
2. Services	48.2	29.5	18.7	45.9	27.6	18.3
3. Primary Income	5.3	11.1	-5.8	4.7	10.6	-5.8
4. Secondary Income	18.8	1.7	17.1	16.1	1.6	14.5
B. Capital Account and Financial Account	142.4	125.9	16.6	155.7	140.2	15.5
Of which:						
Change in Reserve (Increase (-)/Decrease (+))	11.3	0.0	11.3	0.0	11.4	-11.4
C. Errors & Omissions (-) (A+B)		0.8	-0.8		0.6	-0.6

Source: RBI P: Preliminary. PR: Partially Revised Note: Total of subcomponents may not tally with aggregate due to rounding off.

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