



PHD Research Bureau
PHD Chamber of Commerce and Industry



India's current account balance recorded a deficit of US\$ 9.6 billion (1.3% of GDP) in Q2:2021-22

Key Features of India's BoP in Q2:2021-22

India's current account balance recorded a deficit of US\$ 9.6 billion (1.3 per cent of GDP) in Q2:2021-22 as against a surplus of US\$ 6.6 billion (0.9 per cent of GDP) in Q1:2021-22 and US\$ 15.3 billion (2.4 per cent of GDP) a year ago [i.e., Q2:2020-21].

The deficit in the current account in Q2:2021-22 was mainly due to widening of trade deficit to US\$ 44.4 billion from US\$ 30.7 billion in the preceding quarter and an increase in net outgo of investment income.

Net services receipts decreased marginally over the previous quarter but increased on a year-on-year (y-o-y) basis, on the back of robust performance of the exports of computer and business services.

Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 21.1 billion, an increase of 3.7 per cent from their level a year ago.

Net outgo from the primary income account, mainly reflecting net overseas investment income payments, increased sequentially as well as on a y-o-y basis.

In the financial account, net foreign direct investment recorded an inflow of US\$ 9.5 billion, lower than US\$ 24.4 billion a year ago.

Net foreign portfolio investment was US\$ 3.9 billion as compared with US\$ 7.0 billion in Q2:2020-21.

Net external commercial borrowings to India recorded inflow of US\$ 4.1 billion in Q2:2021-22 as against an outflow of US\$ 3.7 billion a year ago.

Non-resident deposits recorded net outflow of US\$ 0.8 billion as against an inflow of US\$ 1.9 billion in Q2:2020-21.

There was an accretion of US\$ 31.2 billion (on a BoP basis) in Q2:2021-22 which also included SDR allocation of US\$ 17.86 billion by the International Monetary Fund on August

23, 2021.

BoP During April-September 2021 (H1:2021-22)

India recorded a current account deficit of 0.2 per cent of GDP in H1:2021-22 as against a surplus of 3.0 per cent in H1:2020-21 on the back of a sharp increase in the trade deficit.

Net invisible receipts were higher in H1:2021-22, on account of higher net receipts of services and private transfers.

Net FDI inflows at US\$ 21.2 billion in H1:2021-22 were lower than US\$ 23.9 billion in H1:2020-21.

Portfolio investment recorded a net inflow of US\$ 4.3 billion in H1:2021-22 as compared with US\$ 7.6 billion a year ago.

In H1:2021-22, there was an accretion of US\$ 63.1 billion to the foreign exchange reserves (on a BoP basis).

Table: Major Items of India's Balance of Payments												
(US\$ Billion)												
	July-September 2021 P			July-September 2020			April-September 2021 P			April-September 2020		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	194.3	203.9	-9.6	150.8	135.5	15.3	374.3	377.3	-3.0	273.2	238.8	34.4
1. Goods	104.8	149.3	-44.4	75.6	90.4	-14.8	202.3	277.4	-75.1	127.8	153.6	-25.8
Of which:												
POL	15.7	39.2	-23.5	7.3	18.8	-11.5	28.6	70.2	-41.6	12.1	32.0	-19.9
2. Services	61.4	35.8	25.6	49.8	28.7	21.1	117.6	66.2	51.4	96.7	54.9	41.8
3. Primary Income	6.9	16.5	-9.7	5.0	14.4	-9.4	12.3	29.5	-17.2	10.0	27.1	-17.1
4. Secondary Income	21.2	2.2	18.9	20.4	2.0	18.4	42.1	4.2	37.9	38.6	3.2	35.4
B. Capital Account and Financial Account	209.6	200.7	8.8	145.0	160.7	-15.7	365.3	362.8	2.5	265.2	299.3	-34.1
Of which:												
Change in Reserves [Increase (-)/Decrease (+)]	0.0	31.2	-31.2	0.0	31.6	-31.6	0.0	63.1	-63.1	0.0	51.4	-51.4
C. Errors & Omissions (-) (A+B)	0.7		0.7	0.4		0.4	0.5		0.5		0.2	-0.2

P: Preliminary

Note: Total of subcomponents may not tally with aggregate due to rounding off.

Source: PHD Research Bureau, PHD Chamber, compiled from RBI

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Warm Regards,

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