



## India's current account balance recorded a deficit of US\$ 36.4 billion (4.4 % of GDP) in Q2:2022-23

### Key Features of India's BoP in Q2:2022-23

- India's current account balance recorded a deficit of US\$ 36.4 billion (4.4 percent of GDP) in Q2:2022-23, up from US\$ 18.2 billion (2.2 percent of GDP) in Q1:2022-23 and a deficit of US\$ 9.7 billion (1.3 percent of GDP) a year ago [i.e., Q2:2021-22].
- Underlying the current account deficit in Q2:2022-23 was the widening of the merchandise trade deficit to US\$ 83.5 billion from US\$ 63.0 billion in Q1:2022-23 and an increase in net outgo under investment income.
- Services exports reported a growth of 30.2 percent on a year-on-year (y-o-y) basis on the back of rising exports of software, business and travel services. Net services receipts increased both sequentially and on a y-o-y basis.
- Net outgo from the primary income account, mainly reflecting payments of investment income, increased to US\$ 12.0 billion from US\$ 9.8 billion a year ago.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 27.4 billion, an increase of 29.7 per cent from their level a year ago.
- In the financial account, net foreign direct investment decreased to US\$ 6.4 billion from US\$ 8.7 billion a year ago.
- Net foreign portfolio investment recorded inflows of US\$ 6.5 billion, up from US\$ 3.9 billion during Q2:2021-22.
- Net external commercial borrowings to India recorded an outflow of US\$ 0.4 billion in Q2:2022-23 as against an inflow of US\$ 4.3 billion a year ago.
- Non-resident deposits recorded net inflows of US\$ 2.5 billion as against net outflows of US\$ 0.8 billion in Q2:2021-22.
- There was a depletion of foreign exchange reserves (on a BoP basis) to the tune of US\$ 30.4 billion in Q2:2022-23 as against an accretion of US\$ 31.2 billion in Q2:2021-22.

### BoP during April-September 2022 (H1:2022-23)

- India recorded a current account deficit of 3.3 percent of GDP in H1:2022-23 on the back of a sharp increase in the merchandise trade deficit, as compared with 0.2 per cent

in H1:2021-22.

- Net invisible receipts were higher in H1:2022-23 on a y-o-y basis on account of higher net receipts of services and private transfers.
- Net FDI inflows at US\$ 20.0 billion in H1:2022-23 were comparable with US\$ 20.3 billion in H1:2021-22. Portfolio investment recorded a net outflow of US\$ 8.1 billion in H1:2022-23 as against an inflow of US\$ 4.3 billion a year ago.
- In H1:2022-23, there was a depletion of US\$ 25.8 billion to the foreign exchange reserves (on a BoP basis).

Table 1: Major Items of India's Balance of Payments												
(US\$ Billion)												
	July-September 2022 P			July-September 2021			April-September 2022 P			April-September 2021		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	225.2	261.6	-36.4	194.3	204.0	-9.7	456.0	510.6	-54.5	374.4	377.5	-3.1
1. Goods	112.0	195.5	-83.5	104.8	149.3	-44.5	234.8	381.4	-146.6	202.2	277.4	-75.2
Of which:												
POL	24.0	59.2	-35.2	15.7	38.6	-22.9	51.0	112.7	-61.7	28.6	69.5	-41.0
2. Services	80.0	45.6	34.4	61.4	35.8	25.6	156.1	90.6	65.5	117.6	66.2	51.4
3. Primary Income	5.8	17.8	-12.0	6.9	16.7	-9.8	12.0	33.2	-21.1	12.5	29.8	-17.3
4. Secondary Income	27.5	2.7	24.8	21.2	2.1	19.0	53.1	5.5	47.6	42.1	4.0	38.0
B. Capital Account and Financial Account	183.6	146.4	37.3	209.8	201.4	8.4	376.3	321.6	54.8	373.9	372.0	1.9
Of which:												
Change in Reserves [Increase (-)/Decrease (+)]	30.4	0	30.4	0.0	31.2	-31.2	30.4	4.6	25.8	0.0	63.1	-63.1
C. Errors & Omissions (-) (A+B)	0.0	0.9	-0.9	1.3	0.0	1.3	0.7	0.9	-0.2	1.3	0.1	1.2
P: Preliminary												
Note: Total of subcomponents may not tally with aggregate due to rounding off.												

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Warm Regards,

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