

India's current account deficit reduced to US\$ 8.3 billion (1.0 percent of GDP) in Q2:2023-24

Key Features of India's BoP in Q2:2023-24

- India's current account balance recorded a deficit of US\$ 8.3 billion (1.0 percent of GDP) in Q2:2023-24, lower than US\$ 9.2 billion (1.1 percent of GDP) in Q1:2023-24 and US\$ 30.9 billion (3.8 percent of GDP) a year ago [i.e., Q2:2022-23]
- Underlying the lower current account deficit on a year-on-year (y-o-y) basis in Q2:2023-24 was the narrowing of the merchandise trade deficit to US\$ 61.0 billion from US\$ 78.3 billion in Q2:2022-23.
- Services exports grew by 4.2 percent on a 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 on the primary income account, primarily reflecting payments of investment income, increased to US\$ 12.2 billion from US\$ 11.8 billion a year ago.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US\$ 28.1 billion, an increase of 2.6 per cent from their level during the corresponding period a year ago.
- In the financial account, net foreign direct investment witnessed an outflow of US\$ 0.3 billion as against an inflow of US\$ 6.2 billion in Q2:2022-23.
- Foreign portfolio investment recorded net inflow of US\$ 4.9 billion, lower than US\$ 6.5 billion during Q2:2022-23.
- External commercial borrowings to India recorded net outflow of US\$ 1.8 billion in Q2:2023-24 as compared with net outflow of US\$ 0.5 billion in Q2:2022-23.
- Non-resident deposits recorded net inflow of US\$ 3.2 billion as compared with net inflow of US\$ 2.5 billion in Q2:2022-23.
- There was an accretion of foreign exchange reserves (on a BoP basis) to the tune of US\$ 2.5 billion in Q2:2023-24 as against a depletion of US\$ 30.4 billion in Q2:2022-23.
- India's current account deficit moderated to 1.0 per cent of GDP in H1:2023-24 from 2.9 percent of GDP in H1:2022-23 on the back of a lower merchandise trade deficit.
- Net FDI inflow at US\$ 4.8 billion in H1:2023-24 was lower than US\$ 19.6 billion in H1:2022-23.

BoP during 2022-23

- The current account balance recorded a deficit of 2.0 per cent of GDP in 2022-23 as compared with a deficit of 1.2 per cent in 2021-22 as the trade deficit widened to US\$ 265.3 billion from US\$ 189.5 billion a year ago.
- Net invisible receipts were higher in 2022-23 due to increase in net exports of services and net private transfer receipts, even though net income outgo was higher than a year ago.
- Net FDI inflows at US\$ 28.0 billion in 2022-23 were lower than US\$ 38.6 billion in 2021-22.
- Net FPI recorded an outflow of US\$ 5.2 billion in 2022-23 as compared with an outflow of US\$ 16.8 billion a year ago.
- Net ECBs to India recorded an outflow of US\$ 4.1 billion in 2022-23 as against an inflow of US\$ 7.4 billion in 2021-22.
- In 2022-23, there was a depletion of US\$ 9.1 billion of the foreign exchange reserves (on a BoP basis).

Table 1: Major Items of India's Balance of Payments												
(US\$ Billion)												
	July-September 2023 P			July-September 2022			April-September 2022-23 P			April-September 2021-22		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
A. Current Account	231.6	239.9	-8.3	225.3	256.2	-30.9	453.0	470.5	-17.5	456.4	505.2	-48.8
1. Goods	108.5	169.5	-61.0	111.9	190.2	-78.3	213.5	331.1	-117.7	234.6	376.0	-141.4
Of which:												
POL	22.8	40.8	-17.9	23.9	53.4	-29.5	41.8	82.6	-40.7	50.8	106.6	-55.8
2. Services	83.4	43.4	40.0	80.0	45.6	34.4	163.9	88.9	75.1	156.1	90.6	65.5
3. Primary Income	11.6	23.8	-12.2	6.0	17.8	-11.8	20.3	43.1	-22.8	12.5	33.2	-20.6
4. Secondary Income	28.1	3.2	25.0	27.5	2.7	24.8	55.3	7.4	47.9	53.1	5.4	47.7
B. Capital Account and Financial Account	202.5	195.1	7.5	180.3	148.5	31.8	384.3	367.0	17.3	373.2	323.9	49.3
Of which:												
Change in Reserves [Increase (-)/Decrease (+)]	0.0	2.5	-2.5	30.4	0.0	30.4	0.0	27.0	-27.0	30.4	4.6	25.8
C. Errors & Omissions (-) (A+B)	0.8	0.0	0.8	0.0	0.9	-0.9	0.8	0.6	0.2	0.5	0.9	-0.4
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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