Economy Fact Sheet – Balance of Payments
December 2016

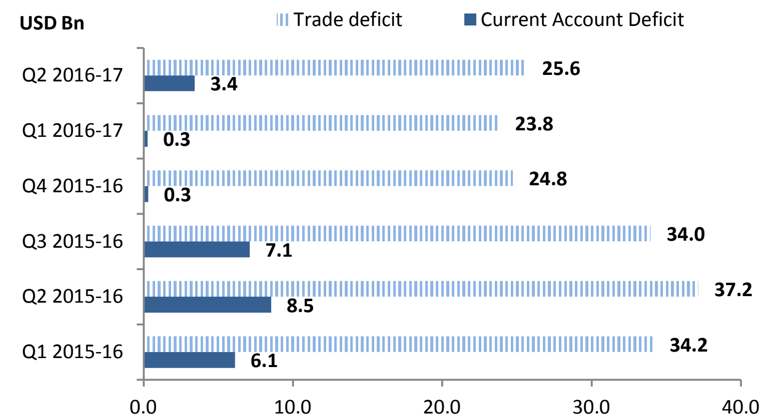
CAD stood at 0.6 percent of GDP in Q2 FY17

- *India's Current Account Deficit (CAD) narrowed to USD 3.4 billion in Q2 2016-17 as compared to USD 8.5 billion in Q2 2015-16. As a percent of GDP, CAD stood at 0.6 percent in Q2 2016-17 as against 1.7 percent noticed in Q2 2015-16.*

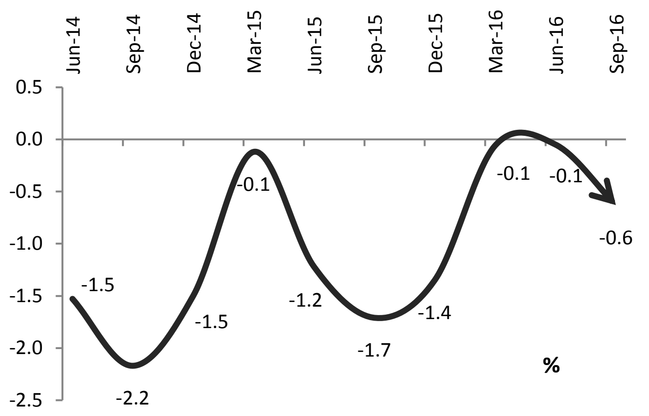
- *Net foreign direct investment gathered pace and stood at USD 17.2 billion in Q2 of 2016-17. This was significantly higher than USD 6.5 billion reported in Q2 of 2015-16. Portfolio investments also noted an improvement during the quarter. Inflows were reported at USD 6.1 billion at the end of Q2 2016-17 as compared to an outflow equivalent to USD 3.5 billion noted in the corresponding quarter of previous fiscal year.*

- *At the end of the second quarter of 2016-17, foreign exchange reserves stood at an all time high of USD 372.0 billion. Reserves increased by USD 8.5 billion in Q2 of 2016-17 (on a BoP basis) as compared with a decline of USD 0.9 billion in Q2 of 2015-16. However, as of November 2016, foreign exchange reserves stood at USD 361.1 billion.*

Snapshot of trends in India's Current Account Balance



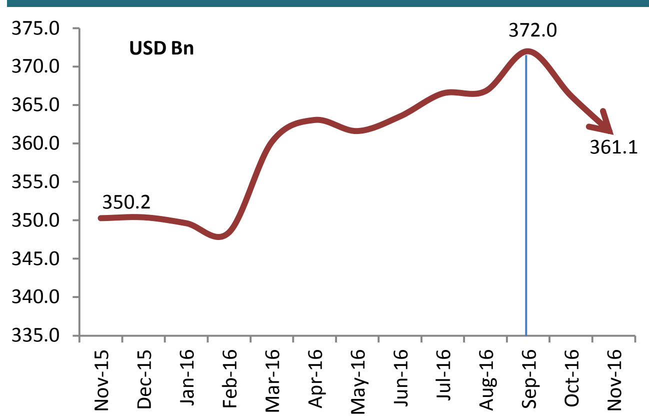
Current account as % to GDP (base year 2011-12)



Balance of Payments- Key Indicators

USD Billion	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17
Current account	-6.1	-8.5	-7.1	-0.3	-0.3	-3.4
Goods	-34.2	-37.2	-34.0	-24.8	-23.8	-25.6
Services	17.8	17.8	18.0	16.1	15.8	16.3
Foreign Direct Investments	10.0	6.5	10.7	8.8	4.1	17.2
Foreign Portfolio Investments	-0.1	-3.5	0.6	-1.5	2.1	6.1

Forex Reserves



Trade deficit declined to USD 25.6 billion in Q2 2016-17 as compared to USD 37.2 billion reported in the corresponding period previous year, which has led to a decline in current account deficit. However, fall in the earnings from software, financial services and charges for intellectual property rights caused moderation in net services receipt. Private transfer receipts also declined by 10.7 percent in Q2 2016-17 vis-à-vis the corresponding period the previous year. Workers remittances, which form the major part of private transfers, fell to USD 9.1 billion in Q2 2016-17 vis-à-vis USD 10.3 billion in Q2 last year.

While oil prices are expected to rise in the near future, owing to cut in production by OPEC countries, current account deficit is expected to remain at manageable levels due to expected pick up in exports, going forward. Additionally, higher FDI inflows and there adequate forex reserves provide the cushion against any contingency.

Source: RBI, Economic Outlook CMIE

FICCI Economic Affairs and Research Division