Economy Fact Sheet – Balance of Payments
March 2016

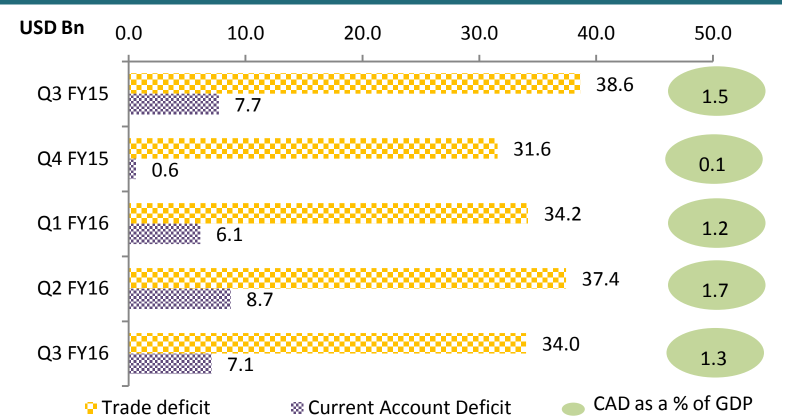
CAD narrowed to 1.3 percent of GDP in Q3 FY16

❖ *India's Current Account Deficit (CAD) declined to USD 7.1 billion in Q3 2015-16 as compared to USD 7.7 billion in Q3 of 2014-15. As a percent of GDP, CAD was pegged at 1.3 percent in Q3 2015-16 vis-à-vis 1.5 percent noted in Q3 2014-15. For the cumulative period, CAD narrowed to 1.4 percent of GDP in April-December 2015 from 1.7 percent noted in the corresponding period of 2014-15.*

❖ *Portfolio investments witnessed a marginal net outflow to the tune of USD 0.2 billion in Q3 2015-16 as against net inflow of USD 6.3 billion during Q3 in 2014-15. Net foreign direct investment stood at USD 10.8 billion in Q3 2015-16.*

❖ *The level of foreign exchange reserves stood at US$ 350.4 billion at the end of quarter three of the fiscal year 2015-16. There was a net accretion of USD 14.6 billion to* foreign exchange reserves (on BoP basis) *during April-December 2015-16.*

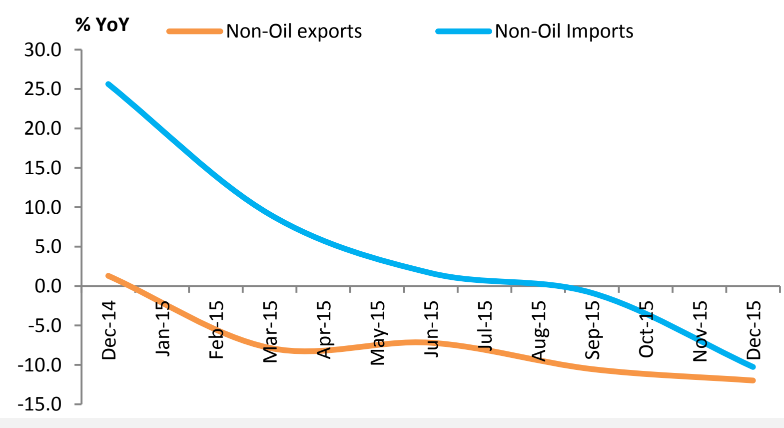
Snapshot of trends in India's Current Account Balance



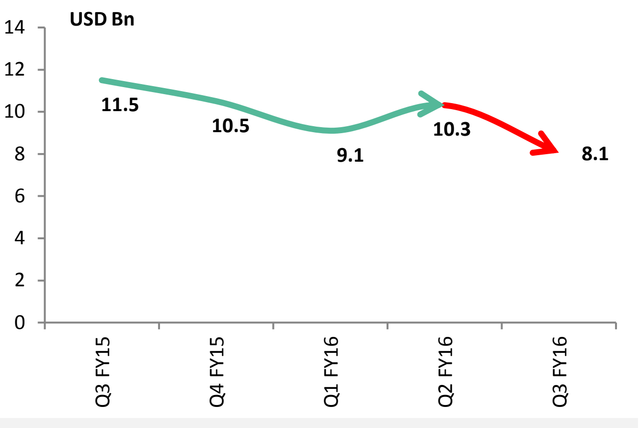
Balance of Payments– Key Components

Indicators (USD bn)	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY15
Goods (Net)	-38.6	-31.6	-34.2	-37.4	-34.0
Services (Net)	20.0	20.1	17.4	18.0	18.1
Current Account	-7.7	-0.6	-6.1	-8.7	-7.1
Financial Account	9.6	-0.2	7.1	9.4	6.5
Forex Reserves	320.6	341.6	356.0	350.3	350.4

Trends in Merchandise Trade



Worker's Remittances have fallen



The contraction in CAD was primarily on account of lower trade deficit that stood at USD 34.0 billion in Q3 2015-16 vis-à-vis USD 38.6 billion in the corresponding period of previous fiscal. Lower commodity prices have helped in narrowing the trade deficit gap over the year. Net services receipts were seen moderating on a y-o-y basis largely due to fall in export receipts in transport and financial services, though there has been marginal improvement over the preceding quarter. Private transfer receipts (which primarily comprises of worker's remittances) noted a decline both on a y-o-y as well as q-o-q basis and stood at USD 15.8 billion in Q3 2015-16. The fall was mainly on account of fears of losing employment opportunities, especially in the Middle East (the largest source of remittances) amidst collapse of oil prices.

Despite sluggish exports, CAD is expected to remain within manageable limits in the near term as commodity prices are expected to remain low. FICCI's latest economic outlook survey puts across the median CAD at 1.2 percent of GDP for the year 2015-16.

As per data released on March 21, 2016

Source: RBI, Economic Outlook CMIE

FICCI Economic Affairs and Research Division