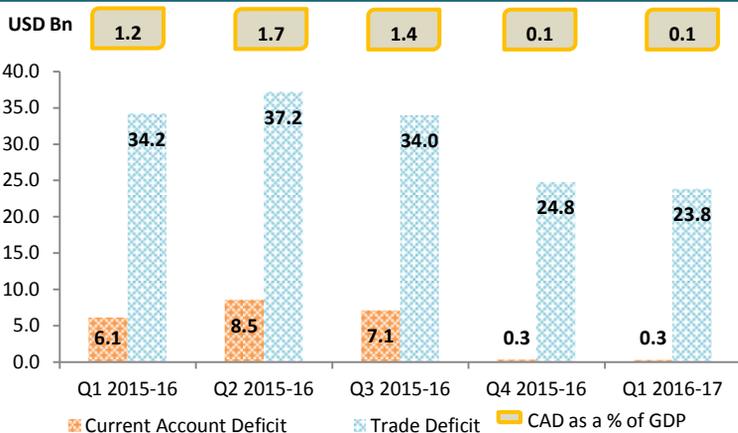


CAD narrowed to 0.1 percent of GDP in Q1 FY17

- ❖ India's Current Account Deficit (CAD) narrowed to USD 0.3 billion in Q1 2016-17 as compared to USD 6.1 billion in Q1 2015-16. As a percent of GDP, CAD stood at 0.1 percent in Q1 2016-17 as against 1.2 percent noticed in Q1 2015-16.
- ❖ Net foreign direct investment moderated to US\$ 4.1 billion in Q1 of 2016-17 from US\$ 10.0 billion in Q1 of 2015-16. Portfolio investments noted a net inflow of US\$ 2.1 billion in Q1 of 2016-17 as against a marginal outflow of 0.1 billion in Q1 2015-16.
- ❖ At the end of the first quarter of 2016-17, foreign exchange reserves stood at US\$ 360.8 billion. Reserves increased by US\$ 7.0 billion in Q1 of 2016-17 (on a BoP basis) as compared with an accretion of US\$ 11.4 billion in Q1 of 2015-16.

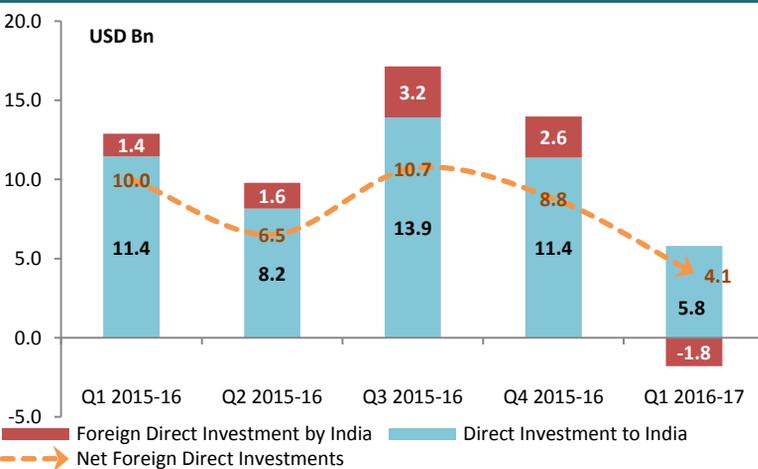
Snapshot of trends in India's Current Account Balance



Balance of Payments- A Snapshot

Indicators (USD bn)	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17
Goods (Net)	-34.2	-37.2	-34.0	-24.8	-23.8
Services (Net)	17.8	17.8	18.0	16.1	15.8
Current Account	-6.1	-8.5	-7.1	-0.3	-0.3
Portfolio investments	-0.1	-3.5	0.6	-1.5	2.1
Foreign Direct Investments	10.0	6.5	10.7	8.8	4.1
Financial Account	7.2	9.0	6.8	0.1	0.0

Trend in Foreign Direct Investments



Global Competitiveness Index- Ranking

Country	Ranking FY17	Change from FY 16
Switzerland	1	0
Singapore	2	0
United States	3	0
China	28	0
India	39	↑ 16
Russia	43	↑ 2
South Africa	47	↑ 2
Brazil	81	↓ -6

Contraction in trade deficit (from USD 34.2 billion in Q1 2015-16 to USD 23.8 billion in Q1 2016-17) has once again led to a reduction in current account deficit. Net services receipts declined on a y-o-y basis, largely due to a fall in net earnings on account of travel, financial services and other business services. Private transfer receipts also noted moderation with worker's remittances (the main component of the segment) declining by 3 percent y-o-y in Q1 2016-17.

On the positive side, India's rank improved by 16 places in the latest Global Competitiveness Index, the highest jump by any country as per the 2016-17 report. This reflects the improved competitiveness of the economy which will enhance investor confidence and accelerate foreign investments, going forward.

Source: RBI, Economic Outlook CMIE

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