Economy Fact Sheet – Balance of Payments
June 2016

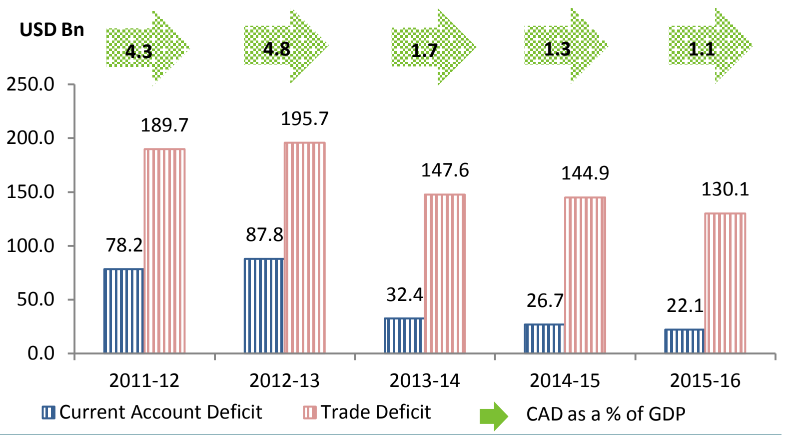
CAD narrowed to 0.1 percent of GDP in Q4 FY16

- *India's Current Account Deficit (CAD) shrunk to USD 317.8 million in Q4 2015-16 as compared to USD 624.7 million in Q4 of 2014-15. As a percent of GDP, CAD stood at 0.1 percent in Q4 2015-16. For the entire fiscal 2015-16, CAD narrowed to 1.1 percent of GDP from 1.3 percent of GDP recorded in the previous fiscal year.*

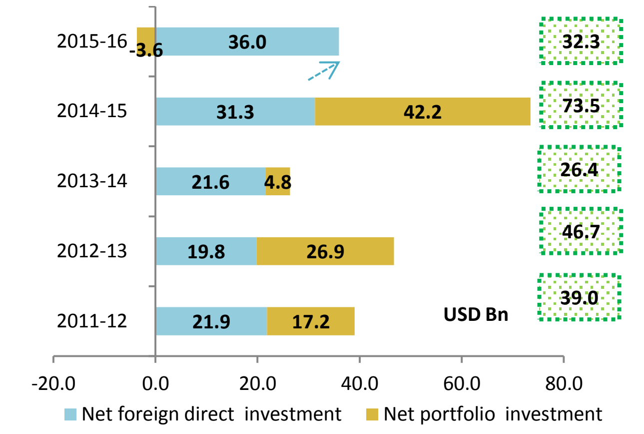
- *Portfolio investments witnessed a net outflow amounting to USD 1.5 billion in Q4 2015-16 as against net inflow of USD 12.5 billion during Q4 in 2014-15. Net foreign direct investment stood at USD 8.8 billion in Q4 2015-16.*

- *The level of foreign exchange reserves stood at US$ 360.2 billion at the end of Q4 2015-16. There was a net accretion of USD 17.9 billion to* foreign exchange reserves (on BoP basis) *during the fiscal 2015-16.*

Snapshot of trends in India's Current Account Balance



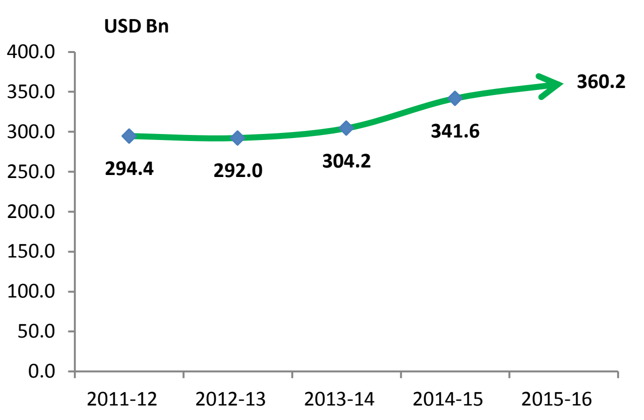
Foreign Investments



Balance of Payments- A Snapshot

Indicators (USD bn)	Q4 FY15	Q1 FY15	Q2 FY16	Q3 FY16	Q4 FY15	2014-15	2015-16
Goods (Net)	-31.6	-34.2	-37.2	-34.0	-24.8	-144.9	-130.1
Services (Net)	20.1	17.8	17.8	18.0	16.1	76.6	69.7
Current Account	-0.6	-6.1	-8.5	-7.1	-0.3	-26.7	-22.1
Portfolio investments	12.5	-0.1	-3.5	0.6	-1.5	40.9	-4.5
Foreign Direct Investments	9.3	10.0	6.5	10.7	8.8	31.3	36.0
Financial Account	-0.2	7.2	9.0	6.8	0.1	27.7	23.1

Forex Reserves



Fall in current account deficit was driven largely by lower trade deficit witnessed throughout 2015-16. India, being a net importer of commodities, has witnessed huge terms of trade benefit in light of lower global commodity prices. Net invisible receipts have declined in 2015-16 reflecting moderation in both net services earnings and private transfer receipts. Workers remittances, which forms a large part of private transfers receipts, declined by 13.2 percent and stood at USD 35.5 billion at the end of 2015-16. Net inflows from services fell by 9.0 percent and stood at USD 69.7 billion during the year.

On the capital front, net FDI inflows increased by 15.3 percent to USD 36.0 billion. This was the highest ever FDI received by the country in a single year. It is evident that the government's efforts to bring investments into the country by promoting ease of doing business and carrying out reforms in the FDI policy are now yielding results. On the back of higher FDI investments and lower commodity prices, the current account deficit looks manageable, going forward.

Source: RBI, Economic Outlook CMIE