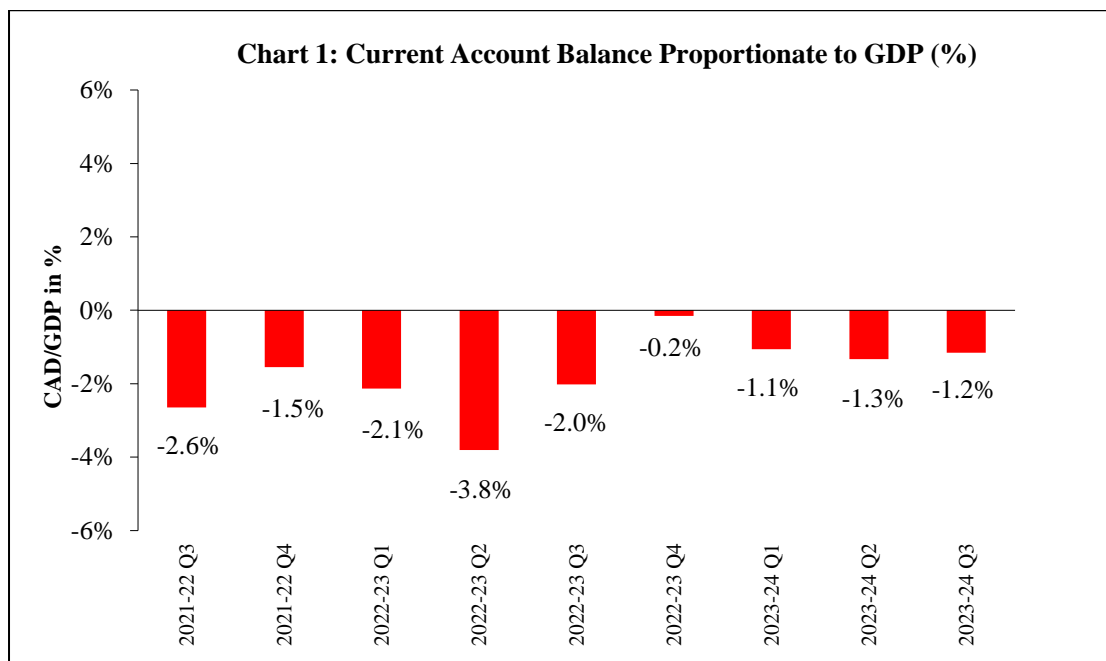


## Macro-Economic Updates

Mar 26, 2024

### India's Balance of Payments: Current account deficit narrows to 1.2% of GDP

- India's current account balance recorded a deficit of **US\$ 10.5 billion (1.2% of GDP)** in Q3:2023-24, lower than US\$ 11.4 billion (1.3% of GDP) in Q2:2023-24 and US\$ 16.8 billion (2% of GDP) a year ago.
- **Merchandise trade deficit** widened to US\$71.6 billion in Q3 FY24, from US\$64.5 billion in Q2. **Non-monetary gold** imports increased marginally to US\$13.7 billion, from US\$12.6 billion in the previous quarter.
- **Services exports** grew by 16.3% on a Y-o-Y basis to US\$45 billion in Q3 FY24, from US\$39.9 billion in Q2, on the back of higher freight transport, business and personal travel related 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\$13.2 billion from US\$11.7 billion a year ago.
- **Secondary income** grew marginally to US\$29.3 billion from US\$25 billion in the previous quarter. Net remittances by Indians employed overseas increased by 24% Y-o-Y to US\$18 billion, from US\$14 billion in Q2 FY24.
- In the financial account, **net foreign direct investment** witnessed an increase in inflow amounting to US\$8.3 billion, growing by 173% Y-o-Y, as against an inflow of US\$3.1 billion in the previous quarter.
- **Total portfolio investment** recorded net inflow of US\$12 billion, from US\$5 billion in the previous quarter. This was due to higher inflows in the equity market, along with an increase in NRI deposits and external monetary assistance to the Government.
- There was an accretion of foreign exchange reserves (on a BoP basis) to the tune of US\$ 6.0 billion in Q3 FY24 as compared with an accretion of US\$ 11.1 billion a year ago.



Note: GDP data as per new series (current prices)

**Table 1: Trends in Balance of Payments (USD Billion)**

US\$ Billion	FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2	FY24 Q3
Current Account	-16.8	-1.3	-9.1	-11.4	-10.5
Goods	-71.3	-52.6	-56.7	-64.5	-71.6
Non-Monetary Gold	-8.1	-6.6	-9.7	-12.6	-13.7
Services	38.7	39.1	35.1	39.9	45.0
Primary Income	-12.7	-12.6	-10.4	-11.8	-13.2
Secondary Income	28.5	24.8	22.9	24.9	29.3
Capital Account	-0.06	0.01	0.01	-0.05	-0.09
Financial Account	17.9	0.9	9.9	10.6	11.4
Direct Investment in India	2.0	6.4	7.4	3.1	8.4
Portfolio Investment	4.6	-1.7	15.7	4.9	12.0
Reserve Assets	-11.1	-5.6	-24.4	-2.5	-6.0
Errors and Omissions	-1.0	0.4	-0.8	0.9	-0.8

Source: Reserve Bank of India ([www.rbi.org.in](http://www.rbi.org.in))

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