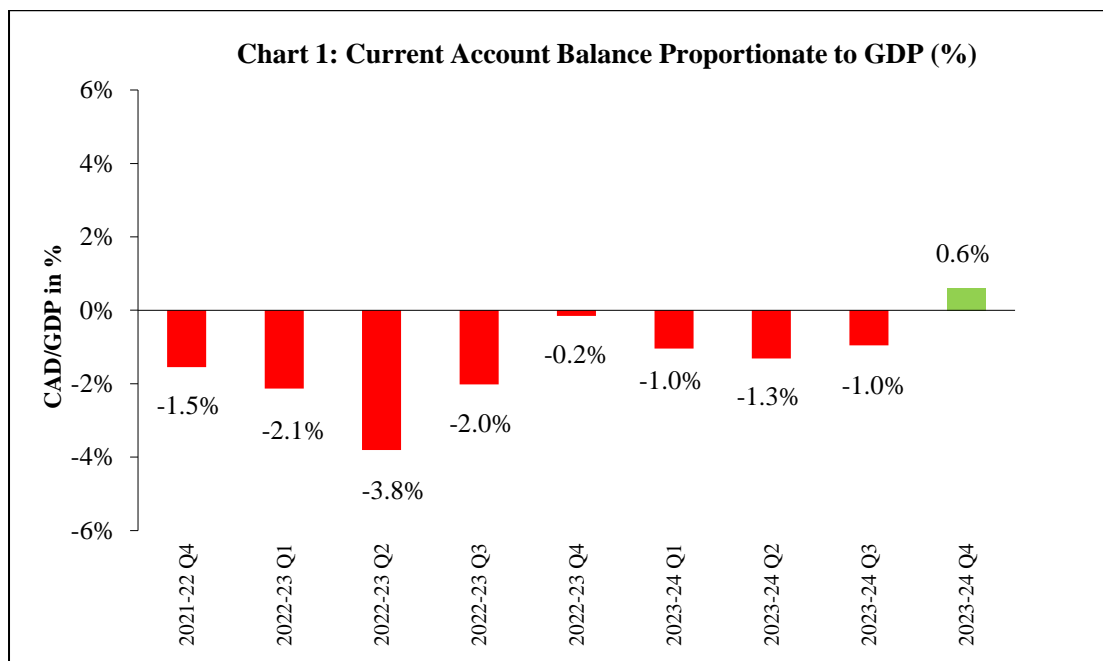


Macro-Economic Updates

Jun 24, 2024

India's Balance of Payments: Current account in surplus for the first time since Q1 FY22

- India's current account balance recorded a surplus of **US\$ 5.7 billion (0.6% of GDP)** in Q4:2023-24. This is the first surplus recorded since Q1 FY22. Current account deficit (CAD) for the previous quarter was revised to US\$8.7 billion, from US\$10.5 billion earlier.
- **Merchandise trade deficit** narrowed to US\$50.9 billion in Q4 FY24, from US\$69.9 billion in Q3. **Non-monetary gold** imports decreased to US\$9.6 billion, from US\$13.7 billion in the previous quarter.
- **Services exports** decelerated marginally on a Y-o-Y basis to US\$42.7 billion in Q4, from US\$45 billion in the previous quarter, due to reduced receipts in travel, financial and personal services.
- Net outgo on the **primary income account**, primarily reflecting payments of investment income, increased to US\$14.8 billion from US\$13.1 billion in Q3.
- **Secondary income** decelerated marginally to US\$28.8 billion, from US\$29.3 billion in the previous quarter. Net remittances by Indians employed overseas decelerated to US\$16.8 billion, from US\$18.2 billion in Q3 FY24.
- **Net foreign direct investment** also decelerated marginally to US\$7.7 billion, from US\$8.4 billion in the previous quarter.
- **Total portfolio investment** recorded net inflow of US\$11.4 billion in Q4, as compared to US\$12.0 billion in the previous quarter. This was due to higher inflows in the equity market, along with an increase in NRI deposits. External monetary assistance to the Government reduced to US\$5.2 billion, from US\$12.1 billion in Q3.
- There was an accretion of foreign exchange reserves (on a B-o-P basis) to the tune of US\$ 30.8 billion in Q4 FY24 as compared with an accretion of US\$ 6 billion in the previous quarter.



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

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

| US\$ Billion | FY23 Q4 | FY24 Q1 | FY24 Q2 | FY24 Q3 | FY24 Q4 |
|----------------------------|---------|---------|---------|---------|---------|
| Current Account | -1.3 | -8.9 | -11.3 | -8.7 | 5.7 |
| Goods | -52.6 | -56.7 | -64.5 | -69.9 | -50.9 |
| Non-Monetary Gold | -6.6 | -9.7 | -12.6 | -13.7 | -9.6 |
| Services | 39.1 | 35.1 | 39.9 | 45.0 | 42.7 |
| Primary Income | -12.6 | -10.2 | -11.6 | -13.1 | -14.8 |
| Secondary Income | 24.8 | 22.9 | 24.9 | 29.3 | 28.7 |
| Capital Account | 0.01 | 0.01 | -0.05 | -0.09 | 0.04 |
| Financial Account | 0.9 | 9.5 | 10.3 | 9.1 | -6.3 |
| Direct Investment in India | 6.4 | 7.4 | 3.0 | 8.4 | 7.7 |
| Portfolio Investment | -1.7 | 15.7 | 4.9 | 12.0 | 11.4 |
| Reserve Assets | -5.6 | -24.4 | -2.5 | -6.0 | -30.8 |
| Errors and Omissions | 0.4 | -0.5 | 1.0 | -0.3 | 0.5 |

Source: Reserve Bank of India (www.rbi.org.in)

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