

Current account swung to surplus in Q4

Back in positive territory after 10 quarters due to surge in services exports; FY24 CAD narrowed to 0.7% of GDP

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India's current account balance posted a surplus of \$ 5.7 billion or 0.6 per cent of gross domestic product (GDP) during the fourth quarter ended March 2024 (Q4FY24).

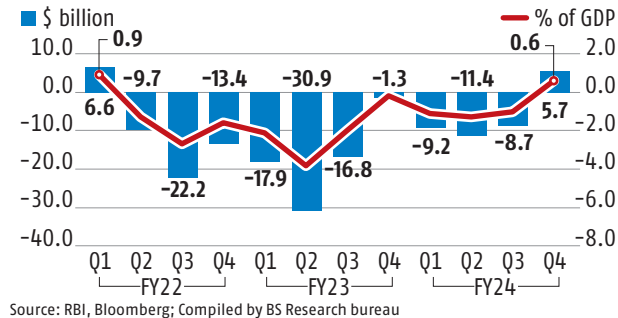
This comes after a gap of 10 quarters on the back of a surge in services exports, latest data released by the Reserve Bank of India (RBI) showed. There was a current account deficit (CAD) of \$1.3 billion (0.2 per cent of GDP) during the fourth quarter of the previous financial year.

CAD was \$8.7 billion (1 per cent GDP) during the quarter ended December 2023 (Q3FY24). For FY24, the CAD moderated to \$23.2 billion (0.7 per cent of GDP) from \$67 billion (2 per cent of GDP) in



IN GREEN ZONE

India's current account balance



FY23. This was on the back of a lower merchandise trade deficit.

Aditi Nayar, chief economist, ICRA, said India's CAD more than halved to a seven-year low of \$23.2 billion in FY24 from \$67 billion in

FY23. It was aided by a narrower merchandise trade deficit and a robust expansion in the services trade surplus. "The turnaround to a surplus in Q4 FY24 from a deficit in the year-ago period was primarily

driven by a narrowing in the merchandise trade deficit print to a 10-quarter low of \$50.9 billion in Q4 FY24 from \$69.9 billion in Q3 FY24," Nayar said.

Elaborating on the quarterly

trends, RBI said the net services receipt at \$42.7 billion was higher in Q4 FY24 than its level a year ago (\$39.1 billion). This contributed to the surplus in the current account balance during Q4.

Net outgo on the primary income account, mainly reflecting payments of investment income, increased to \$14.8 billion from \$12.6 billion a year ago. Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to \$32 billion, an increase of 11.9 per cent over the level a year ago, RBI added.

As for status of the foreign exchange kitty, RBI said the accretion to the foreign exchange reserves, excluding valuation effect, was sixfold to \$30.8 billion in Q4FY24. It was \$5.6 billion in Q4FY23.