

# 'Current account deficit widens as imports revive'

## 'Gold shipments surged in Jan.-March'

REUTERS

MUMBAI

India's current account deficit (CAD) widened in the January-March quarter on the back of a higher trade deficit and lower net invisible receipts, the Reserve Bank of India said in a release on Wednesday. The CAD stood at \$8.1 billion in January-March compared with a surplus of \$0.6 billion in the same quarter last year.

The deficit stood at 1% of the gross domestic product in the latest quarter, RBI data showed. "A normalisation in import demand as well as a surge in gold imports contributed to the widening of the current account deficit," said Aditi Nayar, chief economist at the ratings agency ICRA. The deficit had wi-



Portfolio

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dened to \$6.28 billion in May from \$3.15 billion in May 2020. RBI said net external commercial borrowing had fallen to \$6.1 billion in January-March compared with \$9.4 billion a year earlier, but portfolio investments, mainly in the form of equity purchases, rose by \$7.3 billion versus a decline of \$13.7 billion.

Rupa Rege Nitsure, chief economist at L&T Financial Holdings, said, "India needs to focus on improving the competitiveness of its exports to make its external balance position more sustainable".