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Date
4/ Oct/ 20

Economics

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2018-19</u> (Apr-Sep) ↓	<u>2019-20</u> (April-Sep)
BOT	-1,30,019	-1,12,442	-1,60,036	-1,80,283	-95,788	-84,294
+ Invisibles (Net)	1,07,928	98,026	1,11,319	1,23,026	60,931	63,673
Current A/C	-22,151	-14,417	-48,717	-57,256	-34,857	-20,621
Capital A/C	41,128	36,447	91,390	54,403	21,391	39,935
BOP	17905	21,550	43574	3339	-13,206	19102
(in US \$ million)						

Commodity wise Composition of Imports in Percent
(April-Sep)
2019-20

Petroleum, Crude → 21.0

Gold → 6.4

Petroleum Products → 5.6

Coal, Coke etc → 4.8

Pearl, Precious, Semi-Precious stone → 4.6

Electronics Components → 3.6

Telecom Instruments → 3.2

Organic Chemicals → 2.7

Industrial Machinery for Dairy → 2.6

Iron and Steel → 2.5

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Top 10 import Origin Countries of India in 2019-20

- > China PRP → 14.5
- > USA → 7.8
- > UAE → 6.0
- > Saudi Arabia → 5.6
- > Iraq → 4.7
- > Switzerland → 4.0
- > Hong Kong → 3.6
- > Korea RP → 3.4
- > Indonesia → 3.0
- > Singapore → 3.0

Commodity-wise Composition of Exports (in Percent) (April-Sep 2019-20)

- > Petroleum Products → 13.7
- > Pearl, Precious, Semi Precious stone → 7.0
- > Drug formulations, Biological → 5.0
- > Gold and other Precious Metal Jewellery → 4.5
- > Iron & steel → 3.0
- > Electric Machinery and Equipments → 2.8
- > Organic Chemicals → 2.8
- > RMG Cotton including Accuracy → 2.6
- > Motor Vehicles/Cab → 2.5
- > Marine Products → 2.3

(3)

Top 10 Export Destinations in 2019-20 (April-Nov)

- > USA → 16.9
- > UAE → 9.3
- > China PRP → 5.5
- > Hong Kong → 3.7
- > Singapore → 3.1
- > United Kingdom → 2.7
- > Netherland → 2.7
- > Germany → 2.6
- > Bangladesh → 2.5
- > Nepal → 2.3

Top 10 Trading Partners of India in 2019-20

- 1> USA → 11.3
- 2> China PRP → 10.9
- 3> UAE → 7.3
- 4> Saudi Arabia → 4.1
- 5> Hong-Kong → 3.7
- 6> Iraq → 3.1
- 7> Singapore → 3.0
- 8> Germany → 2.6
- 9> Korea RP → 2.6
- 10> Switzerland → 2.5

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Bilateral Trade deficit / Surplus (Value in US \$ Billion)

Trade Surplus

2019-20

- 1. > USA 10.91
- 2. > UAE 0.25-

Trade Deficit

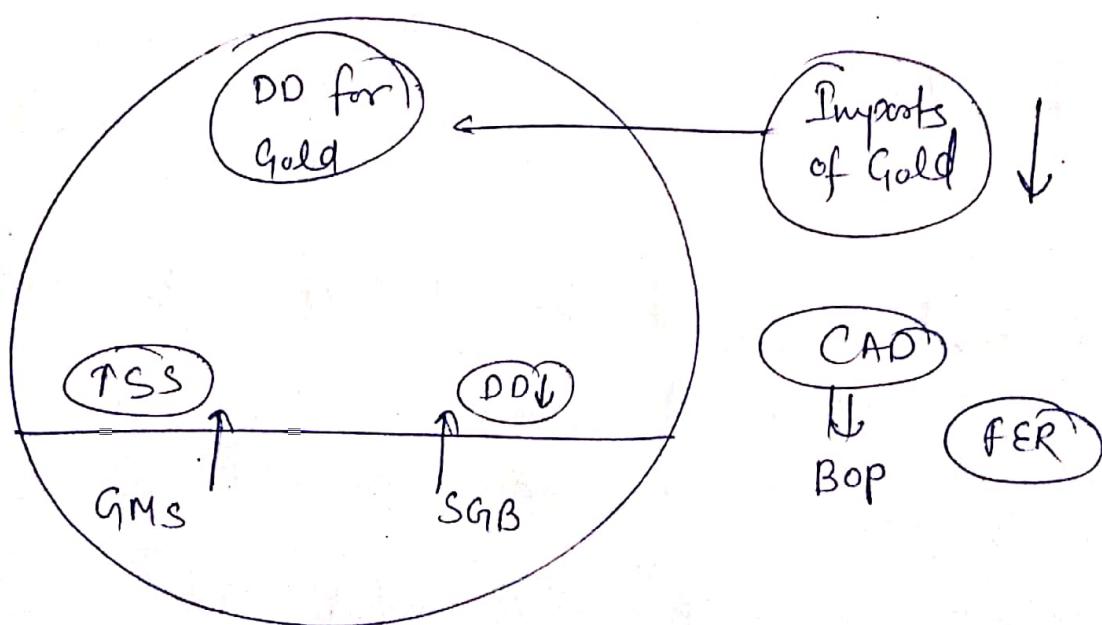
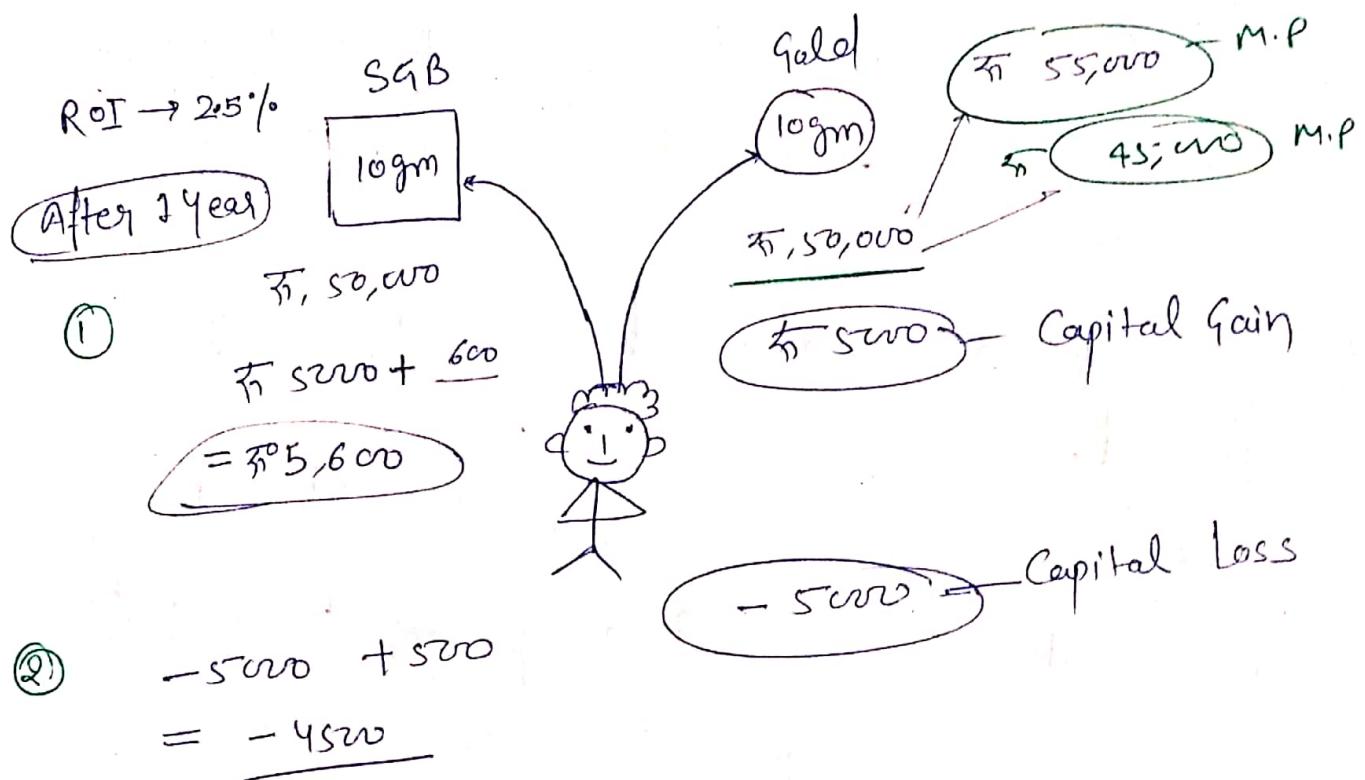
- 1. China PRP → -35.32
- 2. Saudi Arabia → -14.32
- 3. Iraq → -13.98
- 4. Germany → -3.09
- 5. Korea → -7.80
- 6. Indonesia → -6.99
- 7. Switzerland → -11.97
- 8. Hongkong → -3.88
- 9. Singapore → -3.15

Gold Monetisation Scheme

→ This is announced in Union Budget in 2015-16.

- Individual can open Gold Savings Account.
- Short term → 1-3 Year
- Medium - Term → 5-7 Year
- Long - Term → 12-15 Year

SGB (Sovereign Gold Bond)

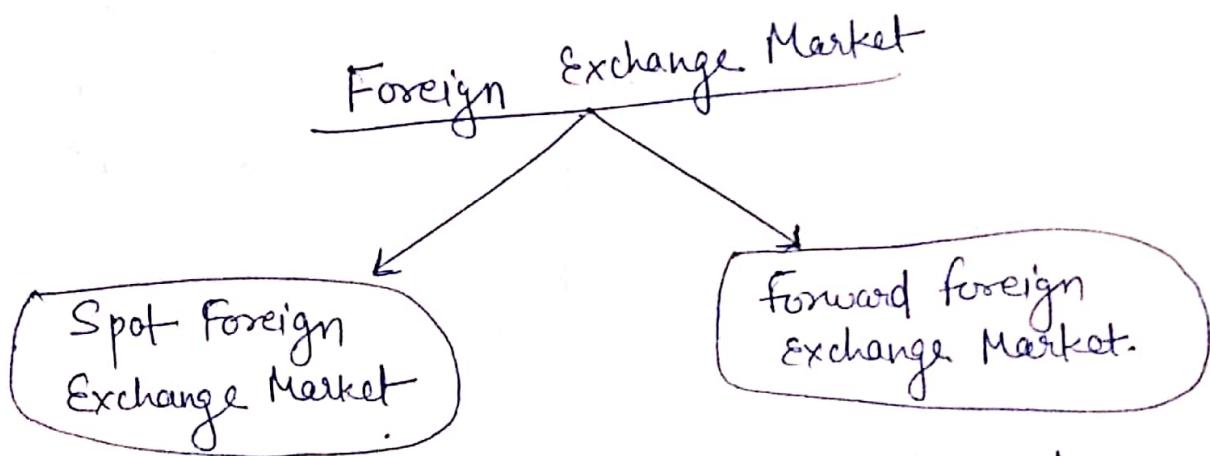


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- It is issued by the RBI on behalf of GOI.
- The bonds (SGB) restricted for sale ~~for~~ to resident entities including individual, HUFs (Hindu Undivided family), trust, universities and charitable institution.
- The bond is denominated in multiples of 1 gm of Gold.
- Minimum investment is 1 gm of Gold and maxm investment or limit is 4 kg for individual, per fiscal year (1 April - 31 March)
 - 4 kg for HUFs
 - 20 kg for trusts
 - 20 kg for Universities
 - 20 kg for Charitable Institution.
- The bond is issued for 8 Year with exit options in 5th, 6th & 7th Year.
- SGBs are tradeable on stock exchange.
- Banks can keep SGB under SLR.

Hedging of foreign exchange Risk

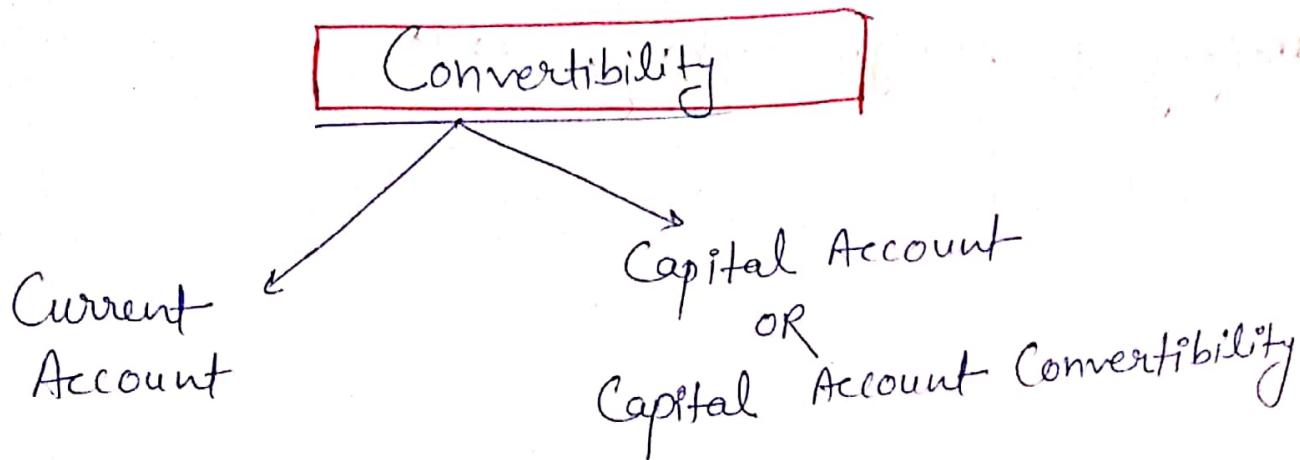
<u>April '2021'</u>	<u>20th December 2021</u>
\$ 80,000	\$1 = ₹ 700
\$1 = ₹ 50	



Hedging means the buying or selling of foreign currency in order to protect the unwanted currency fluctuations.

Hedging is used to protect the loss from unfavourable currency fluctuation. The Hedging of foreign exchange Risk can be done through forward foreign exchange market.

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Convertibility means to freedom to convert rupee into foreign currency and foreign currency into rupee at the market determined foreign exchange without any intervention of the competent Authority. Therefore convertibility has three characteristic

- 1 → freedom to convert.
- 2 → Convert at market determined exchange Rate.
- 3 → No restriction by competent Authority.

Pre Conditions for Capital Account Convertibility

- Physical deficit should be minimum and sustainable.
- forex Reserve should be adequate and sustainable.
- Inflation should be ^{under} controlled.
- Interest rate should be moderate.
- NPA of a bank should be minimum.

Advantage

- We can get foreign capital for foreign investment.
- Create competition in domestic Economy.
- All advantages of FDI like advance technology better management , Huge capitals we will get.
- Indian corporates has a wider choice for investment and borrowing from foreign abroad.

Disadvantage

- As the Global financial crises proved that full Capital account convertibility can destabilised.
- Domestic industry may be adversely affected and can create unemployment.
- Since Indian rupees is not an international currency so it can face serious volatility problem .
- FDI is strategic sector must be controlled.

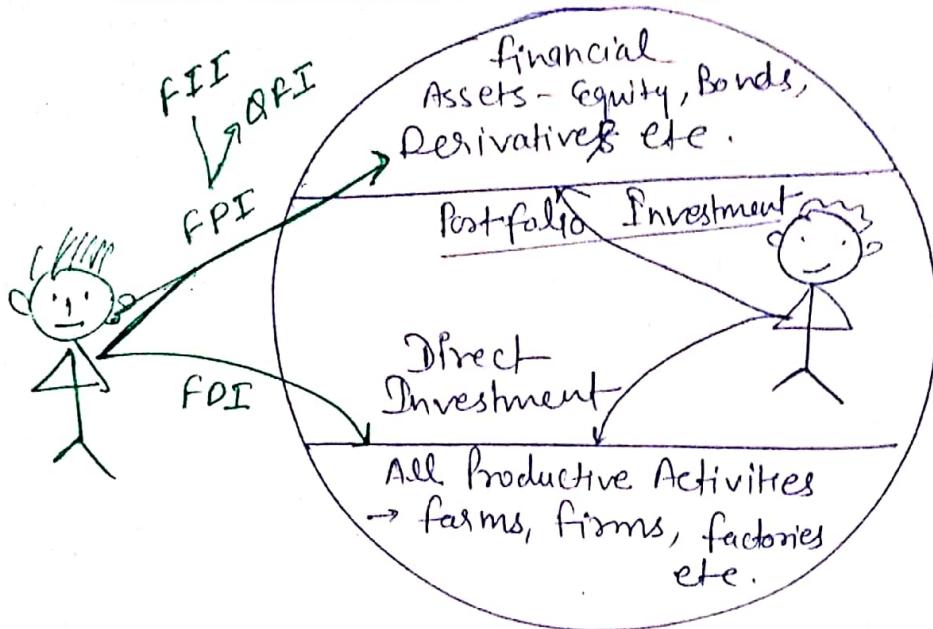
TARAPORE Committee on CAC

Constituted in 1997-98, 2006.

In the budget speech of 1997-98, the then finance Minister P. Chidambaram discussed about capital Account convertibility and accordingly RBI constituted a committee under the chairmanship ^{of} ~~in~~ TARAPORE in 1997.

In 2006, the then P.M. Mahmohan Singh discussed about CAC and accordingly the RBI constituted this committee under the chairmanship of to revisit the subject of full capital account convertibility. In the context of the progress in economic growth, the stability of the external and financial sector and liberalisations and connecting with the world under globalisation policy.

FDI, FII, QFI, FPI



FPI — foreign Portfolio Investment

FDI — foreign Direct Investment.

QFI → Qualified foreign Investors