

Press Release

India's BoP to Record a Surplus in FY27: CareEdge Ratings

- Lowers current account deficit projection for FY27 to 0.8-1.2% of GDP from previous projection of 2.1%
- Expects the capital account surplus to increase from an estimated USD 2 billion in FY26 to approximately USD 73 billion in FY27
- Expects USD/INR to average between 93 and 94 in FY27

Mumbai, 14th July 2026: CareEdge Ratings has lowered the current account deficit projection for FY27 to 0.8-1.2% of GDP from previous projection of 2.1%. The lowering of the CAD projection is mainly because of moderation in crude oil prices and resilience in services exports and remittances, coupled with an improvement in merchandise exports.

Within the capital account, **CareEdge Ratings** expect net FDI to improve from USD 6.9 billion in FY26 to USD 15 billion in FY27, driven by healthy growth in gross FDI inflows and some tapering of growth in repatriation. The recent measures introduced by the government and the RBI to attract foreign capital are expected to aid in FPI and other capital inflows. The concessional swap windows for FCNR(B) deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs) are collectively likely to generate USD 45-60 billion inflows in FY27.

Hence, **CareEdge Ratings** notes that it also expects Balance of Payments (BoP) to move to a surplus in FY27 after two consecutive years of deficit. **CareEdge Ratings** expects the capital account surplus to increase from an estimated USD 2 billion in FY26 to approximately USD 73 billion in FY27. It notes that combined with the current account projections, this would result in India recording a Balance of Payments (BoP) surplus of around USD 25-30 billion in FY27, compared with a deficit of USD 23.6 billion in FY26 and a deficit of 5 billion in FY25.

Speaking on CAD, **Rajani Sinha, Chief Economist, CareEdge** Ratings said, "We are lowering our current account deficit projection for FY27 to 0.8-1.2% of GDP from our previous projection of 2.1%. The lowering of the CAD projection is mainly because of moderation in crude oil prices and resilience in services exports and remittances, coupled with an improvement in merchandise exports. Our revised CAD projection is based on the assumption that crude oil price will average around USD 80-85/bbl in FY27. On the capital flows front, the measures by the government and RBI are likely to result in strong capital flows. Supported by an improvement in foreign investment, ECBs, and FCNR deposits, we expected capital flows of around USD 73 billion in FY27 from USD 2 billion in FY26. This should help move India's BoP to surplus in FY27 alleviating some pressure on the Indian rupee. We expect USD/INR to average between 93 and 94 in FY27."

In FY27 so far, India's merchandise exports have shown an improving performance. Furthermore, the resilience in services exports and remittances has continued despite the global economic landscape being characterised by uncertainty stemming from the evolving geopolitical dynamics.

Services Exports & Remittances Remain the Bright Spot for India

In the post-pandemic period, India's services exports have performed notably better than merchandise exports. Additionally, inflows from transfers (mainly representing remittances) have also shown a healthy trend. More importantly, the resilience of these components has persisted even in recent periods despite an increasingly challenging global economic environment. Services exports increased by 6.1% during Q1 FY27. This is on the back of a healthy services growth of 8.7% to USD 421 billion in FY26.

Inflows from transfers grew strongly by 14.5% to USD 155 billion in FY26. Data for April points to a continuation of this encouraging trend into FY27 as well, which will be supportive of India's current account position.

Rupee Outlook

The significant improvements projected in India's BoP are expected to support the rupee. During the conflict, depreciation pressure on the rupee and the RBI's consequent intervention led to a sharp rise in the RBI's forward FX book, which increased to around USD 107 billion by May-end from USD 68 billion at January-end. With the rupee now somewhat stable, the RBI may look to unwind part of its forward book. This could limit any sharp appreciation in the rupee even as the broader BoP position improves. Moreover, uncertainty stemming from West Asia flare-ups may add volatility to the rupee. Overall, **CareEdge Ratings** maintained the stance on the rupee strengthening but marginally revised the projection, now expecting USD/INR to average between 93 and 94 in FY27.

About CareEdge Ratings:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd., (II) CARE ESG Ratings Ltd., and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd. in Mauritius, CARE Ratings South Africa (Pty) Ltd., and CARE Ratings Nepal Ltd.

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