

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1342
TO BE ANSWERED ON FEBRUARY 10, 2020

CURRENT ACCOUNT DEFICIT

1342. SHRI NAMA NAGESWAR RAO:

Will the Minister of Finance be pleased to state:

- (a) whether the Government has assessed the impact of a spike in crude oil prices due to the prevailing circumstances in West Asia and if so, the details thereof ;
- (b) whether the Government has worked out a worst case scenario when the current account deficit will balloon beyond safe limits due to surge in international crude price;
- (c) if so, the details thereof including the permissible range of crude price which is within which the comfortable zone of the Government; and
- (d) if not, the reasons therefore?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a), (b), (c), (d) The price of crude oil is influenced by several factors like global demand, supply side factors, oil market disruptions, geo-political situation and policies of crude oil producing countries. The average crude oil price (Indian basket) in H1 of 2019-20 declined to US\$ 64.69 per barrel from US\$ 73.70 per barrel in the corresponding period of the previous year. In Q3 of 2019-20 (October to December), the average crude oil price declined to US\$ 62.59 per barrel from US\$ 67.75 per barrel in Q3 of 2018-19. India's Current Account Deficit (CAD) declined from 2.1 per cent of GDP in 2018-19 to 1.5 per cent of GDP in H1 of 2019-20. The narrowing of CAD along with impressive Foreign Direct Investment (FDI), rebounding of portfolio flows contributed to improvement in India's Balance of Payments (BoP) position. India's foreign reserves are comfortably placed at US\$ 471.4 billion as on 4th February, 2020.
