Invisibles

6.6   As in the previous years, invisible receipts in 1998-99 and in 1999-2000 were buoyant and continued to be a major source of support to sustaining the viability of the overall BOP. In 1998-99, net inflow of invisibles amounted to US $9.21 billion, compared with US $10.01 billion in 1997-98. The decline in total net invisibles in 1998-99 was largely because of a decrease in net private transfers from US $11.83 billion in 1997-98 to US $10.28 billion in 1998-99, reflecting a sharp fall in imports of gold and silver by returning Indians under the baggage rules from US $2500 million in 1997-98 to US $171 million in 1998-99, due to a switch in channel of these imports from the NRI baggage route to the DGCI&S reporting system following liberalisation of the gold import policy. Net inflows under non-factor services improved to US $2165 million in 1998-99 from US $1319 million in 1997-98, largely because of a 54 per cent increase over 1997-98 in software exports to US $2615 million in 1998-99. Tourism receipts, however, remained sluggish at US $2993 million in 1998-99 compared with US $2914 million in 1997-98 and US $2878 million in 1996-97 (Appendix Table 6.3(B)). Net investment income payments went up marginally in 1998-99, reflecting higher interest payments on foreign borrowings, offsetting higher earnings on deployment of foreign exchange reserves.

6.7   During April-September 1999, net inflow of invisibles amounted to US $4.07 billion compared with US $5.01 billion during April-September 1998.The decline in total net invisibles during 1999-2000 was accounted for by higher payments relating to profits and dividends, technicians and professional fees and royalties. On the other hand, gross invisible receipts in April-September 1999 were about 4 per cent higher than in April-September 1998, with private transfers remaining buoyant at US $5.78 billion compared with US $5.27 billion during April-September 1998, and continued strong growth in software exports of about 56 per cent.