Current Account Deficit Widens to $6.2 Billion in June: RBI

India's current account deficit rose to $6.2 billion in June 2026, driven by a widening merchandise trade deficit.

The current account deficit (CAD) is the difference between the money flowing into and out of a country through trade, services, and transfers.

KEY EXAM POINTS

- India's **current account deficit (CAD)** rose to **$6.2 billion** in **June 2026**.
- This is an increase from a **$1.2 billion surplus** in the **year-ago month** (June 2025).
- The primary driver was a widening **merchandise trade deficit**.
- The **merchandise trade deficit** reached **$30.2 billion** in **June 2026**, up from **$19.2 billion** a year earlier.
- **Merchandise exports** increased to **$41.2 billion** in **June 2026** from **$35.3 billion** in the year-ago month.
- **Imports** rose at a faster pace to **$71.4 billion** in **June 2026** from **$54.5 billion** in the previous year.
- The preliminary data was released by the **Reserve Bank of India (RBI)** on **August 14, 2026**.

DID YOU KNOW..!?

The **Reserve Bank of India (RBI)** was established on **April 1, 1935**, under the **Reserve Bank of India Act, 1934**.

The **RBI** was **nationalized** on **January 1, 1949**.

The **current account** is a component of the **Balance of Payments (BoP)**, recording a nation's transactions with the rest of the world.

The **current account** comprises **trade in goods** (merchandise), **services**, **income** (interest, dividends), and **current transfers** (remittances, grants).

A **current account deficit (CAD)** indicates that a country is importing more goods and services and making more transfer payments than it is exporting and receiving.

The **Monetary Policy Committee (MPC)**, constituted in **2016**, is responsible for setting the **repo rate** to achieve the inflation target.

Fiscal policy deals with government spending and taxation, while **monetary policy** manages the supply of money and credit.

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India's current account deficit reached $6.2 billion in June 2026, as per RBI data.

Syllabus Relevance: High