Balance of Payments is a systematic record of all economic transaction during a given period of time between residence of a country and rest of world.

Balance of payment has two accounts such as current account and and capital account .

Also Balance to Payments 1) Credits ,2) Debits. The summation of total credits is known as Total Receipts. The summation of total debits is known as Total Payments . Current Account in credits sences existing Visible exports(exports of goods), Invisible exports(exports of services). Current Account in debits sences Visible important (imports of goods), Invisible imports (imports of services)

.Now difference between value of visible exports and value of visible important is called Balance of Trade.If value of exports is greater than value of imports therefore Balance of Trade is surplus. If value of expoils is less than value of imports therefore Balance of Trade may be deficit. Capital account in Credits sences existing Unrequited receipts(Gift etc., received from foreigners) and Capital receipts (loans from foreigners). Capital account in debits sences Unrequited payments (Gifts etc.,made to foreigners), Capital payments(loans to, capital requirements).

Now if BOT(Balance of Trade) is deficit therefore we try to increase Capital account such that capital account may be surplus increasing Unrequited receipts and Capital receipts and vice versa.