

**Results of the Survey of Professional Forecasters on Macroeconomic Indicators –
25th Round (Q2:2013-14)¹**

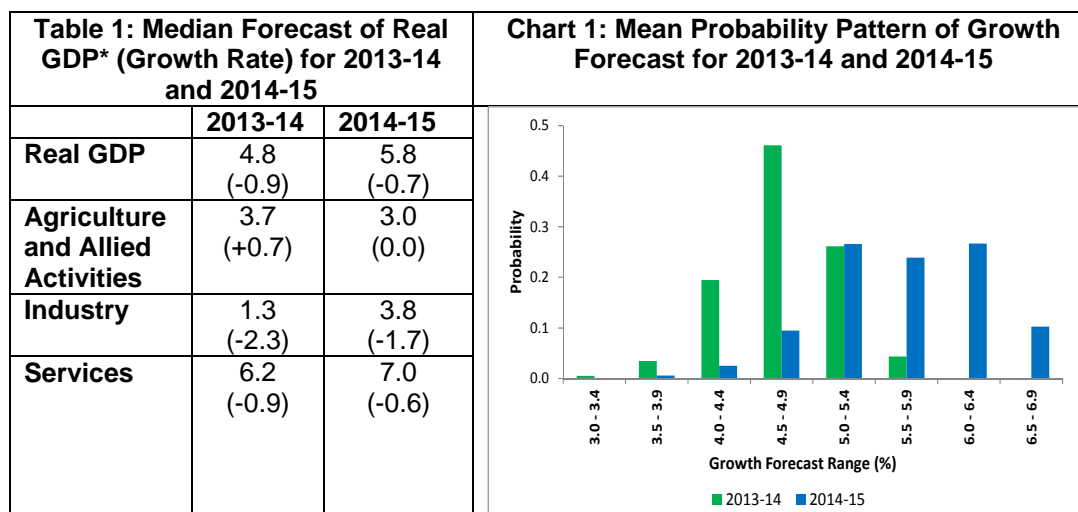
The Reserve Bank has been conducting the Survey of Professional Forecasters on a quarterly basis from the quarter ended September 2007. ***The results of the survey represent views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank of India.***

The latest survey round relates to Q2:2013-14. Thirty One professional forecasters participated in this round. The results of the survey are presented in the *Annex*.

Highlights:

1. Annual Forecasts:

- Real GDP growth rate (at factor cost) forecast for 2013-14 is revised downwards to 4.8 per cent² from 5.7 per cent in the previous round. The growth forecast for Industry has been revised downward to 1.3 per cent from 3.6 per cent and Services to 6.2 per cent from 7.1 per cent. Growth forecast for Agriculture and Allied Activities has been revised up to 3.7 per cent from 3.0 per cent **(Table 1)**.
- Real GDP growth rate forecast for 2014-15 has also been revised down to 5.8 per cent from 6.5 per cent in the previous round.
- The forecasters assigned maximum probability of 0.46 to the range of 4.5-4.9 per cent of GDP growth in 2013-14 **(Chart 1)**.



*: Figures in bracket are increase/decrease of forecasts from the previous round.

¹ The previous round of the survey data was released on July 29, 2013 with the publication “Macroeconomic and Monetary Developments: First Quarter Review 2013-14” on the RBI website.

- For 2013-14, the Gross Domestic Saving rate (GDS) and the Gross Fixed Capital Formation (GFCF) rate are predicted at 30.0 per cent and 29.5 per cent, respectively. The private final consumption expenditure at current prices is expected to grow by 10.2 per cent (**Table 2**).
- For 2014-15, GDS and GFCF rates are projected at 31.0 per cent and 30.3 per cent, respectively.

	2013-14	2014-15
PFCE Growth Rate	10.2 (-2.6)	12.5 (-0.7)
Gross Domestic Saving Rate	30.0 (-0.3)	31.0 (-0.3)
Gross Fixed Capital Formation Rate	29.5 (-0.5)	30.3 (-0.2)

*: Figures in bracket are increase/decrease of forecasts from the previous round.

- The forecast for money supply (M_3) has remained same at 13.0 per cent in 2013-14. Bank credit growth forecast for 2013-14 has been revised upward to 15.3 per cent from 15.0 per cent in the previous round (**Table 3**).
- Yield of 91-Days Treasury Bill is expected to be at 8.3 per cent and 8.0 per cent in March end 2013-14 and 2014-15, respectively (**Table 3**).

Growth Rate	2013-14	2014-15
M_3	13.0 (0.0)	14.1 (-0.7)
Bank Credit	15.3 (+0.3)	16.0 (0.0)
Treasury Bill 91-days Yield (in per cent)	8.3 (+1.0)	8.0 (+1.0)

*: Figures in bracket are increase/decrease of forecasts from the previous round.

- Central Government's gross fiscal deficit (GFD) is projected at 5.0 per cent of GDP in 2013-14. For 2014-15, it has been placed at 4.7 per cent of GDP (**Table 4**).
- The combined GFD of Central and State Governments is expected to be at 7.3 per cent of GDP in 2013-14 (**Table 4**).

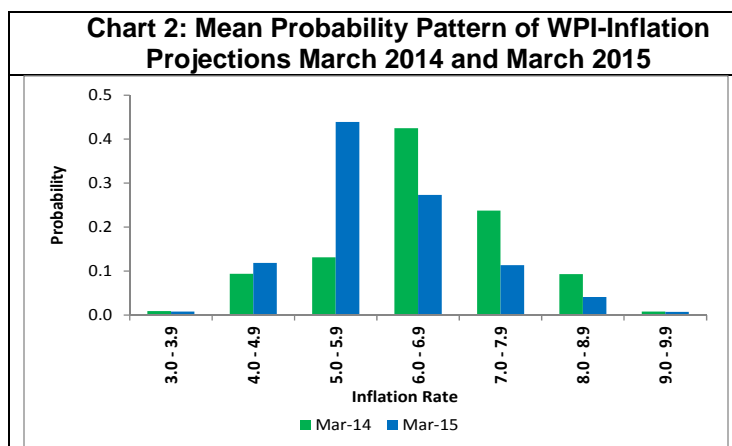
	2013-14	2014-15
Combined Gross Fiscal Deficit as per cent of GDP	7.3 (+0.1)	7.0 (-0.1)
Central Govt. Fiscal Deficit as per cent of GDP	5.0 (+0.2)	4.7 (0.0)

*: Figures in bracket are increase/decrease of forecasts from the previous round.

- Forecasts for exports growth, imports growth, current account balance and capital account balance for 2013-14 and 2014-15 are given in Annex Table A.1 and Table A.2.

2. Quarterly Forecasts:

- The growth of real GDP is predicted to improve gradually from Q2: 2013-14 to Q2:2014-15 (**Annex Table A.3**).
- Forecasters expect average WPI inflation in Q3:2013-14 at 6.5 per cent, which is revised upward from 5.4 per cent in the previous round. WPI inflation is expected to remain firm at around 6.5 per cent till Q1:2014-15. Inflation based on CPI-Industrial Workers is expected to remain above 9.0 per cent till Q2:2014-15 (**Annex Table A.4**).
- The forecasters assigned highest probability of 0.42 that inflation will fall in the range of 6.0-6.9 per cent in March, 2014 (**Chart 2**). For March, 2015, the forecasters assigned maximum probability of 0.44 that inflation will be in the range of 5.0-5.9 per cent.



3. Long Term Forecasts:

- Real GDP growth for the next five years (2013-14 to 2017-18) and the next ten years (2013-14 to 2022-23), is expected to be on an average at 6.5 per cent and 7.1 per cent, respectively. Over the next five years, inflation based on WPI and CPI-Industrial Workers is expected to be at 6.0 per cent and 8.0 per cent, respectively. Over the next ten years, inflation based on WPI and CPI-Industrial Workers is expected to be at 5.5 per cent and 6.8 per cent, respectively. (**Annex Table A.7**).

Annex

Table A.1: Annual Forecasts for 2013-14

Key Macroeconomic Indicators		Annual Forecasts for 2013-14			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	4.8	4.8	5.6	4.2
a	Agriculture & Allied Activities	3.7	3.7	5.0	2.2
b	Industry	1.4	1.3	3.9	-1.3
c	Services	6.3	6.2	8.0	5.1
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	9.7	10.2	15.0	3.8
3	Gross Domestic Saving (per cent of GDP)	30.2	30.0	31.0	28.5
4	Gross Domestic Capital Formation (per cent of GDP)	34.4	34.5	36.8	32.0
5	Gross Fixed Capital Formation (per cent of GDP)	29.2	29.5	30.5	27.0
6	Money Supply (M3) (growth rate in per cent)	13.2	13.0	15.0	12.0
7	Bank Credit (growth rate in per cent)	15.2	15.3	17.0	14.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.3	7.3	8.0	6.9
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.0	5.0	5.6	4.8
10	Repo Rate(end period)	7.73	7.75	8.00	7.00
11	CRR (end period)	3.95	4.00	4.00	3.50
12	T-Bill 91 days Yield (per cent-end period)	8.3	8.3	9.0	7.9
13	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	8.3	8.3	8.8	7.8
14	Overall Balance (in US \$ bn.)	6.5	3.0	30.8	-16.2
15	Export (in US \$ bn.)	317.8	317.0	330.0	307.9
16	Export (growth rate in per cent)	4.2	3.8	11.6	0.4
17	Import (in US \$ bn.)	497.5	492.2	545.4	473.7
18	Import (Growth rate in percent)	-0.2	-1.9	8.6	-5.7
19	Trade Balance (as per cent of GDP)	-9.7	-9.7	-8.4	-11.9
20	Invisible Balance (US \$ bn.)	116.3	115.0	139.7	101.0
21	Current Account Balance (US \$ bn.)	-64.2	-66.1	-39.7	-84.0
22	Current Account Balance (per cent of GDP)	-3.5	-3.5	-2.2	-4.6
23	Capital Account Balance (US \$ bn.)	69.7	68.0	100.0	49.7
24	Capital Account Balance (per cent of GDP)	3.8	3.7	5.3	2.7

Table A.2: Annual Forecasts for 2014-15

Key Macroeconomic Indicators		Annual Forecasts for 2014-15			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	5.8	5.8	6.5	5.0
a	Agriculture & Allied Activities	2.8	3.0	3.5	2.0
b	Industry	3.7	3.8	5.5	-1.0
c	Services	7.0	7.0	8.2	3.8
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	11.8	12.5	17.0	4.5
3	Gross Domestic Saving (per cent of GDP)	31.1	31.0	32.1	30.0
4	Gross Domestic Capital Formation (per cent of GDP)	35.2	35.1	37.0	32.8
5	Gross Fixed Capital Formation (per cent of GDP)	30.2	30.3	32.0	28.6
6	Money Supply (M3) (growth rate in per cent)	14.4	14.1	17.0	13.0
7	Bank Credit (growth rate in per cent)	15.8	16.0	17.0	13.2
8	Combined Gross Fiscal Deficit (per cent of GDP)	6.9	7.0	8.0	6.3
9	Central Govt. Fiscal Deficit (per cent of GDP)	4.6	4.7	5.3	4.2
10	Repo Rate(end period)	7.31	7.25	8.00	6.50
11	CRR (end period)	3.85	4.00	4.00	3.00
12	T-Bill 91 days Yield (per cent-end period)	7.9	8.0	8.5	7.3
13	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	7.9	7.9	8.5	7.0
14	Overall Balance (in US \$ bn.)	13.6	8.8	52.0	3.0
15	Export (in US \$ bn.)	345.3	340.0	384.7	330.0
16	Export (growth rate in per cent)	8.8	8.9	19.3	4.0
17	Import (in US \$ bn.)	531.5	525.0	646.3	482.0
18	Import (Growth rate in percent)	6.6	6.4	18.5	1.2
19	Trade Balance (as per cent of GDP)	-9.3	-9.4	-7.7	-12.5
20	Invisible Balance (US \$ bn.)	127.7	121.5	181.7	114.9
21	Current Account Balance (US \$ bn.)	-65.3	-63.0	-38.5	-80.0
22	Current Account Balance (per cent of GDP)	-3.3	-3.3	-1.9	-4.3
23	Capital Account Balance (US \$ bn.)	80.5	75.0	110.0	63.0
24	Capital Account Balance (per cent of GDP)	4.1	3.9	5.3	3.2

Table A.3: Quarterly Forecasts for Q2:2013-14 and Q2:2014-15

	Key Macroeconomic Indicators	Quarterly Forecasts							
		Q2: 2013-14				Q3: 2013-14			
		Mean	Median	Max	Min	Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (per cent)	4.6	4.7	5.1	4.0	4.9	5.0	5.7	4.1
a	Agriculture & Allied Activities	3.4	3.3	5.0	2.0	4.3	4.1	7.4	2.0
b	Industry	1.2	1.2	3.3	-1.8	1.4	1.4	4.0	-1.5
c	Services	6.1	6.1	6.8	4.9	6.4	6.5	7.5	5.3
2	IIP growth rate (per cent)	1.5	2.0	3.6	-1.8	1.5	1.8	4.0	-1.4
3	Private Final Consumption Expenditure (growth rate in per cent)	9.8	9.5	13.0	7.7	10.4	10.8	13.0	6.7
4	Gross Capital Formation (per cent of GDP)	35.7	35.4	36.8	35.0	35.1	35.1	36.8	33.4
5	Gross Fixed Capital Formation (per cent of GDP)	29.5	29.1	33.5	26.0	29.1	28.6	32.1	27.6
6	₹ per US\$ (RBI reference rate-end period)	-	-	-	-	61.9	62.0	65.1	57.5
7	Repo Rate (end period)	-	-	-	-	7.68	7.75	7.75	7.25
8	CRR (end period)	-	-	-	-	4.00	4.00	4.00	4.00
9	BSE INDEX (end period)	-	-	-	-	20,200	20,150	21,000	19,500
10	Merchandise Export -BoP (in US\$ bn.)	77.6	77.8	81.1	72.6	78.6	79.1	82.0	74.8
11	Merchandise Import -BoP (US\$ bn.)	118.0	117.2	130.1	109.4	125.2	125.0	144.8	115.6
12	Trade Balance- BoP (US\$ bn.)	-40.4	-39.0	-30.3	-54.9	-46.6	-45.6	-33.9	-65.7
13	Indian Crude Oil basket Price (in US\$ per barrel)	-	-	-	-	108.1	107.0	114.3	105.0

A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q4: 2013-14				Q1: 2014-15				Q2: 2014-15			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	5.1	5.0	5.9	4.2	5.5	5.6	6.5	4.3	5.7	5.8	6.6	4.8
Agriculture & Allied Activities	4.3	4.4	5.9	2.0	2.9	3.0	4.0	1.6	2.9	3.0	3.5	1.8
Industry	1.9	2.1	4.8	-1.5	3.4	3.4	5.7	1.0	3.2	3.3	5.0	1.0
Services	6.4	6.5	7.4	5.1	6.9	6.9	7.9	5.4	7.0	7.0	8.0	5.7
IIP growth rate (per cent)	2.0	2.2	4.5	-1.2	4.1	4.0	8.2	2.0	3.9	3.3	7.2	2.5
Private Final Consumption Expenditure (growth rate in per cent)	10.5	11.0	13.0	5.6	11.9	12.5	14.6	9.0	11.9	12.8	14.6	9.0
Gross Capital Formation (per cent of GDP)	35.7	36.0	36.8	33.5	35.9	35.9	36.8	35.0	36.1	36.0	36.8	35.6
Gross Fixed Capital Formation (per cent of GDP)	30.0	29.5	33.6	28.6	29.5	29.2	31.7	28.0	30.3	29.8	33.7	28.6
₹ per US\$ (RBI reference rate-end period)	61.28	60.81	65.00	57.60	61.4	60.85	65.1	59.0	61.25	61.00	65.40	58.00
Repo Rate (end period)	7.73	7.75	8.00	7.00	7.77	8.00	8.00	7.00	7.68	8.00	8.00	6.75
CRR (end period)	3.90	4.00	4.00	3.50	3.86	4.00	4.00	3.50	3.84	4.00	4.00	3.50
BSE INDEX (end period)	20,005	20,150	20,719	19,000	20,567	20,900	21,000	19,800	21,275	21,250	22,800	19,800
Merchandise Export -BoP (in US\$ bn.)	85.7	85.6	94.3	78.2	81.2	80.4	87.6	75.9	84.7	84.4	91.3	77.6
Merchandise Import -BoP (US\$ bn.)	129.9	127.0	151.9	119.0	128.3	129.1	145.4	115.0	131.3	128.5	155.8	117.0
Trade Balance- BoP (US\$ bn.)	-44.2	-42.5	-34.5	-66.6	-47.1	-46.0	-37.0	-60.1	-46.6	-47.6	-33.3	-66.5
Oil Price (in US\$ per barrel)	109.7	110.0	117.9	105.0	108.4	109.0	112.0	104.5	107.8	108.1	115.0	100.0

Table A.4: Forecasts for WPI and CPI-IW

	WPI				WPI-Manufactured Products				CPI-Industrial Workers			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Q3:2013-14	6.4	6.5	7.2	4.5	2.6	2.5	3.8	1.7	9.8	9.6	11.0	8.5
Q4:2013-14	6.5	6.5	7.9	5.4	3.1	3.2	3.9	1.9	9.2	9.1	10.8	7.7
Q1:2014-15	6.6	6.5	8.8	5.2	3.6	3.5	4.8	2.1	9.2	9.3	10.4	7.7
Q2:2014-15	6.0	5.8	8.2	5.0	3.9	3.7	5.3	2.2	8.7	9.0	10.3	5.8

Table A.5: Mean probabilities attached to possible outcomes of GDP

Growth Range	Forecasts for 2013-14	Forecasts for 2014-15
Below 2.0 per cent	0	0
2.0 to 2.4 per cent	0	0
2.5 to 2.9 per cent	0	0
3.0 to 3.4 per cent	0.01	0
3.5 to 3.9 per cent	0.03	0.01
4.0 to 4.4 per cent	0.19	0.03
4.5 to 4.9 per cent	0.46	0.09
5.0 to 5.4 per cent	0.26	0.27
5.5 to 5.9 per cent	0.04	0.24
6.0 to 6.4 per cent	0	0.27
6.5 to 6.9 per cent	0	0.10
7.0 to 7.4 per cent	0	0
7.5 to 7.9 per cent	0	0
8.0 to 8.4 per cent	0	0
8.5 to 8.9 per cent	0	0
9.0 to 9.4 per cent	0	0
9.5 to 9.9 per cent	0	0
10.0 per cent or more	0	0

Table A.6: Mean probabilities attached to possible outcomes of WPI

Inflation Range	Forecasts for March 2014	Forecasts for March 2015
Below 0 per cent	0	0
0 to 0.9 per cent	0	0
1.0 to 1.9 per cent	0	0
2.0 to 2.9 per cent	0	0
3.0 to 3.9 per cent	0.01	0.01
4.0 to 4.9 per cent	0.09	0.12
5.0 to 5.9 per cent	0.13	0.44
6.0 to 6.9 per cent	0.42	0.27
7.0 to 7.9 per cent	0.24	0.11
8.0 to 8.9 per cent	0.09	0.04
9.0 to 9.9 per cent	0.01	0.01
10.0 to 10.9 per cent	0	0
11.0 to 11.9 per cent	0	0
12.0 to 12.9 per cent	0	0
13.0 to 13.9 per cent	0	0
14.0 per cent or above	0	0

Table A.7: Annual Average Percentage Change

	Annual average percentage change over the next five years				Annual average percentage change over the next ten years			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP	6.5	6.5	7.0	5.3	7.3	7.1	8.3	6.0
WPI Inflation	5.9	6.0	8.0	3.5	5.6	5.5	7.0	4.5
CPI-IW Inflation	7.9	8.0	10.0	7.0	6.9	6.8	9.0	6.0