

Results of the Survey of Professional Forecasters on Macroeconomic Indicators –
20th Round (Q1:2012-13)

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

The latest survey round relates to Q1 of 2012-13. Twenty six professional forecasters participated in this round. The detailed results of the survey are presented in the **Annex**.

Some salient features are:

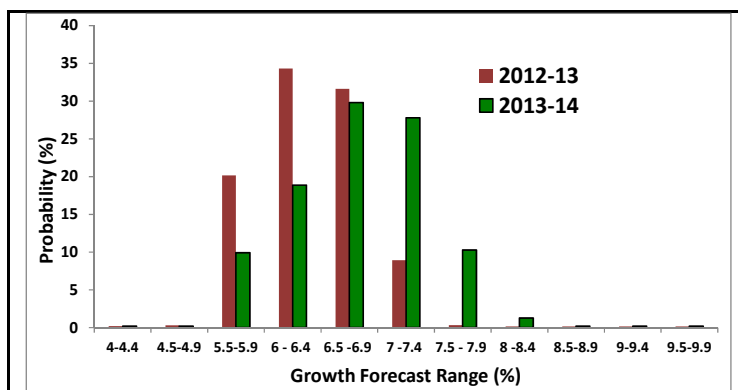
1. Annual Forecasts:

- Real GDP growth rate forecast for 2012-13 is revised downwards to 6.5 per cent¹ from 7.2 per cent in the last survey. Forecasts for agricultural GDP remained unchanged at 3.0 per cent. Growth forecast for GDP of industry is revised downwards to 4.0 per cent from 6.0 per cent and growth forecast for services GDP is revised downwards to 8.0 per cent from 8.8 per cent in the last survey (**Table 1**).
- The forecasters were asked to assign probabilities to the possibility of year-on-year real GDP growth rate falling into various ranges. For 2012-13, they assigned maximum probability of 34.3 per cent to 6.0-6.4 per cent growth range for GDP with an upward bias (**Chart 1**). For 2013-14, maximum probability (29.8 per cent) is assigned to the range of 6.5-6.9 per cent.

Table 1: Median Forecast of Real GDP* (Annual Growth Rate) Per Cent

	2012-13
Real GDP	6.5 (-0.7)
Agriculture & Allied Activities	3.0 (0.0)
Industry	4.0 (-2.0)
Services	8.0 (-0.8)

Chart 1: Mean Probability Pattern of Growth Forecast



*: Figures in bracket are increase/decrease of forecasts from last round of survey.

- For 2012-13, the forecast for domestic saving rate is 31.3 per cent, revised downwards from 32.8 per cent in the last survey. The rate of gross fixed capital formation is projected

¹ Forecasts wherever indicated are the median forecasts.

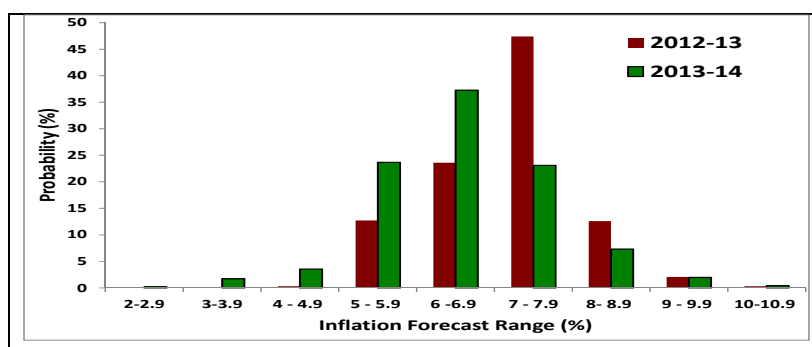
to moderate marginally to 29.7 per cent, from 29.8 per cent in the last survey. Private final consumption expenditure at current prices is expected to grow at the rate of 13.0 per cent, revised downwards from the last round of survey (**Table 2**).

- The forecasters were asked to assign probabilities to the possibility of WPI based inflation falling into various ranges by the end of 2012-13 and 2013-14. They assigned the highest probability (47.4 per cent) to it falling into 7.0-7.9 per cent by end-March 2012-13 with a downward bias (**Chart 2**). For 2013-14, the highest probability (37.3 per cent) is assigned to the range of 6.0-6.9 per cent.

Table 2: Median Forecast of Savings and Capital Formation*

	Per Cent
	2012-13
PFCE Growth Rate	13.0 (-1.7)
GDS Rate	31.3 (-1.5)
GFCF Rate	29.7 (-0.1)

Chart 2: Mean Probability Pattern of WPI-Inflation Projections



*: Figures in bracket are increase/decrease of forecasts from last round of survey.

- Money supply (M3) growth is forecast at 15.0 per cent in 2012-13, revised downwards from the last survey and bank credit growth forecast at 17.0 per cent remained unchanged from the last round of survey (**Table 3**). The end period exchange rate (INR/1USD) is projected at 53.0 compared to 48.3, projected in the last survey. Yield of 91-Day Treasury Bill is projected at 8.0 per cent and Yield of 10 Year Government Security is projected at 8.1 per cent for end 2012-13.

Table 3: Median Projections for Select Financial Market Variables*

Growth Rate	2012-13	End Period	2012-13
M3	15.0	INR/1USD	53.0
	(-1.0)		(+4.7)
Bank Credit	17.0	T-Bill 91 days Yield in %	8.0
	(0.0)		(+0.1)
Corporate PAT	12.0	10-Year Govt. Sec. Yield in %	8.1
	(-1.0)		(-0.1)

*: Figures in bracket are increase/decrease of forecasts from last round of survey.

- Central Government's fiscal deficit is forecast at 5.5 per cent of GDP in 2012-13, the same as projected in the last round and the combined gross fiscal deficit of Central and States is placed at 7.9 per cent of GDP in 2012-13, marginally down from the last survey (Table 4).
- The forecasters expect the Repo Rate to be at 7.50 per cent in end period of 2012-13, which is the same as that expected in the last survey. Projection for CRR for end 2012-13 is revised up by 25 bps to 4.50 per cent from 4.25 per cent in the last round (Table 5).

Table 4: Median Forecast for Fiscal Deficit*

	2012-13
Combined Gross Fiscal Deficit as per cent of GDP	7.9 (-0.1)
Central Govt. Fiscal Deficit as per cent of GDP	5.5 (0.0)

Table 5: Median Forecast for Policy Rates*

End Period	2012-13
Repo Rate	7.50 (0.0)
CRR	4.50 (+0.25)

*: Figures in bracket are increase/decrease of forecasts from last round of survey.

- For the year 2012-13, growth forecasts for both Exports and Imports are revised downwards from the last round. Exports are projected to grow at 12.0 per cent while Imports are predicted to grow by 8.3 per cent in 2012-13. In 2013-14, Exports are expected to grow at 17.0 per cent and Imports are projected to grow at 14.3 per cent. Net surplus under invisibles is placed at US\$ 121.8 billion in 2012-13, revised upwards from the last survey (Table 6).

Table 6: Median Forecasts for External Sector

	2012-13	2013-14
Overall BoP (in US \$ bn.)	-4.1	3.2
Export (in US \$ bn.)	337.6	380.0
Export (growth rate in %)	12.0	17.0
Import (in US \$ bn.)	530.0	589.5
Import (growth rate in %)	8.3	14.3
Trade Balance (% of GDP)	-10.0	-9.4
Invisible Balance (US \$ bn) (Net)	121.8	132.5
Current Account Balance (% of GDP)	-3.6	-2.8
Capital Account Balance (% of GDP)	3.6	3.4

2. Quarterly Forecasts:

- The real GDP growth for the first quarter of 2012-13 is projected at 5.5 per cent, showing a downward revision from 6.6 per cent in the last survey. Median forecasts for the first quarter of 2012-13 for real GDP originating from agriculture, industry and services sectors projected to be 2.7 per cent, 1.5 per cent and 7.5 per cent, respectively, are lower than the corresponding forecasts in the last round. There is a significant downward revision in Index of Industrial Production (IIP) growth forecast in the first quarter of 2012-

13 to 1.6 per cent, from 4.0 per cent in the last survey. Quarterly sector-wise forecasts of real GDP for 2012-13 and first quarter of 2013-14 are presented in Table 7.

Table 7: Median Forecasts for Quarterly GDP and IIP

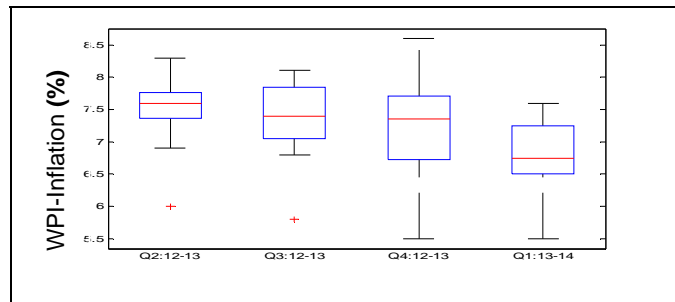
Growth Rate in %	Q1: 12-13	Q2: 12-13	Q3: 12-13	Q4: 12-13	Q1: 13-14
Overall GDP	5.5	6.3	6.6	7.0	7.1
Agri. & Allied Act.	2.7	3.0	2.7	2.9	2.8
Industry	1.5	3.7	5.0	5.5	6.0
Services	7.5	7.8	8.1	8.4	8.4
IIP	1.6	4.1	5.1	5.5	6.0

- Forecasters expect average WPI inflation in the second quarter of 2012-13 at 7.6 per cent, revised upwards from the last survey. For the third quarter of 2012-13, WPI-inflation forecast is 7.4 per cent (**Table 8**). The box plot of the WPI-inflation forecast is presented in **Chart 3**.

Table 8: Median Forecast for WPI and CPI-IW Inflation: Quarterly

	WPI	WPI-MP	CPI-IW
Q2:12-13	7.6	5.2	9.5
Q3:12-13	7.4	4.7	9.1
Q4:12-13	7.2	4.8	8.9
Q1:13-14	6.5	4.8	7.8

Chart 3: Box Plot for Quarterly WPI-Inflation



3. Long Term Forecasts:

- Long term forecast for real GDP for the next five years (2013-2017) is 7.5 per cent, revised downward from the last survey. For the next ten years (2013-2022), GDP is expected to grow at 8.0 per cent, same as the last survey. Over the next five years, WPI inflation is expected to be 6.2 per cent, revised marginally upwards from the last survey. CPI-IW inflation forecast over next five years is revised upwards to 7.3 per cent. Over the next ten years, WPI inflation is expected to be 6.0 per cent, revised marginally upwards from 5.8 per cent in the last survey. CPI-IW inflation is also revised upwards to 6.8 per cent from 6.3 per cent over the next ten years (**Table 9**).

Table 9: Long Term Median Forecasts for Growth and Inflation

Growth rate in %	Next Five Years	Next Ten Years
Real GDP	7.5	8.0
WPI	6.2	6.0
CPI-IW	7.3	6.8

Annex

Table A.1 : Annual Forecasts for 2012-13

	Key Macroeconomic Indicators	Annual Forecasts for 2012-13				Actuals for 2011-12
		Mean	Median	Max	Min	
1	Real GDP growth rate at factor cost (in per cent)	6.4	6.5	7.3	5.8	6.5 [#]
a	Agriculture & Allied Activities	2.7	3.0	4.2	0.9	2.8 [#]
b	Industry	4.1	4.0	6.3	1.9	2.6 [#]
c	Services	8.1	8.0	9.0	7.1	8.5 [#]
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	12.8	13.0	15.0	5.8	14.4 [#]
3	Gross Domestic Saving (per cent of GDP at current market price)	31.8	31.3	34.6	30.5	
	of which Private Corporate Sector	19.1	19.1	31.0	7.2	
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	34.1	34.3	36.0	31.0	
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	29.5	29.7	32.3	27.5	29.5 [#]
6	Money Supply (M3) (growth rate in per cent)	14.6	15.0	16.0	10.3	12.9
7	Bank Credit (growth rate in per cent)	16.9	17.0	19.2	15.0	17.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.8	7.9	10.0	6.0	7.0 BE
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.5	5.5	6.1	5.1	5.9 [#]
10	Corporate profit after tax (growth rate in per cent)	13.4	12.0	21.6	10.0	-16.8
11	Repo Rate (end period)	7.50	7.50	8.00	7.00	8.50
12	CRR (end period)	4.50	4.50	4.75	3.75	4.75
13	INR/ 1USD (RBI reference rate-end period)	52.7	53.0	57.0	50.0	51.16
14	T-Bill 91 days Yield (Weighted average cut-off yield)	8.0	8.0	8.5	7.3	8.66
15	10 year Govt. Securities Yield (per cent-average)	8.0	8.1	8.5	7.5	8.56
16	Overall Balance (in US \$ bn.)	-1.2	-4.1	21.1	-23.3	-12.8 [@]
17	Export (in US \$ bn.)	334.0	337.6	360.0	255.0	309.8 [@]
	Export (growth rate in percent)	11.6	12.0	18.5	1.3	23.7 [@]
18	Import (in US \$ bn.)	526.4	530.0	576.0	411.0	499.5 [@]
	Import (Growth rate in percent)	9.4	8.3	18.0	0.1	31.1 [@]
19	Trade Balance (% of GDP)	-10.0	-10.0	-7.9	-12.6	-11.1 [@]
20	Invisible Balance (US \$ bn)	121.4	121.8	141.7	90.0	111.6 [@]
21	Current Account Balance (US \$ bn)	-68.6	-68.9	-55.0	-83.6	-78.2 [@]
22	Current Account Balance (% of GDP)	-3.6	-3.6	-2.9	-5.7	-4.6 [@]
23	Capital Account Balance (US \$ bn)	68.9	70.0	80.0	47.5	67.8 [@]
24	Capital Account Balance (% of GDP)	3.6	3.6	4.5	2.6	3.9 [@]

#: RE; @: Preliminary; BE: Budget Estimate.

Table A.2 : 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)	7.0	7.0	7.6	6.5
a	Agriculture & Allied Activities	2.8	3.0	3.9	1.9
b	Industry	5.6	5.7	7.6	3.9
c	Services	8.5	8.6	9.0	7.5
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.3	13.7	16.3	6.7
3	Gross Domestic Saving (per cent of GDP at current market price)	32.5	32.2	34.8	31.2
	of which Private Corporate Sector	18.8	30.0	30.0	7.5
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	34.9	35.0	37.0	32.0
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	30.2	30.0	32.6	27.9
6	Money Supply (M3) (growth rate in per cent)	15.7	16.0	17.0	14.0
7	Bank Credit (growth rate in per cent)	17.3	18.0	21.2	8.5
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.6	7.5	10.0	6.3
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.2	5.1	6.0	4.5
10	Corporate profit after tax (growth rate in per cent)	15.1	14.0	24.0	12.0
11	Repo Rate(end period)	7.00	7.00	7.50	6.00
12	CRR (end period)	4.25	4.25	4.75	3.50
13	INR/ 1USD (RBI reference rate-end period)	51.1	51.0	57.0	48.0
14	T-Bill 91 days Yield (per cent-end period)	7.6	7.5	8.3	7.0
15	10 year Govt. Securities Yield (per cent-end period)	7.8	7.8	8.5	7.2
16	Overall Balance (in US \$ bn.)	10.2	3.2	35.1	-8.8
17	Export (in US \$ bn.)	380.5	380.0	425.0	326.0
	Export (growth rate in percent)	17.2	17.0	28.0	12.0
18	Import (in US \$ bn.)	586.4	589.5	662.3	535.0
	Import (Growth rate in percent)	15.3	14.3	30.0	8.5
19	Trade Balance (% of GDP)	-9.5	-9.4	-8.0	-12.0
20	Invisible Balance (US \$ bn.)	138.4	132.5	191.3	117.0
21	Current Account Balance (US \$ bn)	-67.5	-65.9	-50.0	-95.0
22	Current Account Balance (Growth in per cent)	-2.4	-2.8	3.2	-4.0
23	Capital Account Balance (US \$ bn)	74.8	75.0	90.0	59.6
24	Capital Account Balance (Growth in per cent)	3.5	3.4	4.6	2.7

Table A.3: Quarterly Forecasts Q1: 2012-13 to Q1: 2013-14

Key Macroeconomic Indicators	Quarterly Forecasts								
	Q4:11-12	Q1:12-13				Q2:12-13			
	Actuals	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	5.3	5.7	5.5	6.5	5.1	6.3	6.3	6.9	5.5
Agriculture & Allied Activities	1.7	2.9	2.7	6.5	1.0	2.8	3.0	5.3	1.0
Industry	0.7	2.0	1.5	5.0	0.3	3.8	3.7	6.5	-0.1
Services	7.5	7.5	7.5	8.6	6.7	7.8	7.8	8.9	7.2
IIP growth rate (per cent)	0.5	1.9	1.6	5.0	-0.4	3.8	4.1	5.7	-0.1
Private Final Consumption Expenditure (growth rate in per cent)	13.9	13.5	13.9	14.8	12.0	13.5	13.5	14.5	12.4
Gross Capital Formation (per cent of GDP at current market price)	33.7	33.8	33.8	33.8	33.7	33.9	33.9	34.0	33.7
Gross Fixed Capital Formation (per cent of GDP at current market price)	28.6	30.2	29.8	33.5	27.8	30.3	30.0	33.7	27.5
Corporate profit after tax (growth rate in per cent)	-7.2	13.2	15.9	41.2	-20.0	20.7	17.8	42.4	5.0
INR/ 1USD (RBI reference rate- end period)	51.16	55.7	55.6	57.0	54.0	55.0	55.0	57.5	53.0
Repo Rate (end period)	8.50	8.00	8.00	8.25	8.00	8.00	8.00	8.00	7.50
CRR (end period)	4.75	4.75	4.75	4.75	4.25	4.75	4.75	4.75	4.00
BSE INDEX (end period)	17404	17143	17000	17429	17000	17250	17250	17300	17200
Export (US \$ bn.)	80.2 [@]	78.2	77.3	85.7	68.7	82.2	82.6	87.0	76.5
Import (US \$ bn.)	131.7 [@]	123.2	125.2	138.2	100.0	125.9	124.6	142.4	103.0
Trade Balance (US \$ bn.)	-51.5 [@]	-44.7	-46.0	-15.0	-58.1	-32.8	-45.5	48.1	-59.8
Oil Price(in US\$ per barrel)	117.25	103.1	108.0	110.2	91.0	103.1	103.8	121.0	85.0

*: Indian Basket; @: Preliminary

A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q3:12-13				Q4:12-13				Q1:13-14			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	6.5	6.6	7.6	5.8	6.9	7.0	7.8	5.4	7.0	7.1	7.8	6.4
Agriculture & Allied Activities	2.4	2.7	3.9	-1.0	2.7	2.9	3.6	1.0	2.7	2.8	3.8	1.0
Industry	4.9	5.0	6.5	2.9	5.5	5.5	7.0	3.4	5.5	6.0	7.5	0.9
Services	8.1	8.1	9.2	7.2	8.4	8.4	9.3	7.1	8.4	8.4	9.3	7.5
IIP growth rate (per cent)	4.9	5.1	7.3	2.8	5.4	5.5	7.0	3.2	6.0	6.0	7.5	4.1
Private Final Consumption Expenditure (growth rate in per cent)	13.1	13.5	15.3	11.0	13.9	14.2	15.9	11.4	14.6	15.0	15.8	13.0
Gross Capital Formation(per cent of GDP at current market price)	33.7	33.7	33.9	33.5	34.2	34.2	33.9	33.9	34.5	34.5	35.0	34.0
Gross Fixed Capital Formation (per cent of GDP at current market price)	29.1	29.1	31.5	27.0	29.3	29.3	31.1	27.5	30.7	30.6	33.6	28.0
Corporate profit after tax (growth rate in per cent)	15.7	15.1	22.7	10.0	13.1	13.0	22.9	3.3	16.2	15.0	21.5	12.0
INR/ 1USD (RBI reference rate- end period)	54.6	54.5	58.5	51.0	53.4	53.0	57.0	50.0	52.6	52.5	57.0	50.0
Repo Rate (end period)	7.50	7.50	8.00	7.00	7.50	7.50	8.00	7.00	7.25	7.50	7.50	6.75
CRR (end period)	4.25	4.25	4.75	4.00	4.50	4.50	4.75	3.75	4.50	4.50	4.75	4.00
BSE INDEX (end period)	17916	17650	18700	17400	18400	18000	18700	17500	17975	17975	18250	17700
Export (US \$ bn.)	84.3	86.5	93.0	76.2	90.7	90.8	101.4	76.7	90.6	88.5	105.0	82.9
Import (US \$ bn.)	128.4	131.6	140.9	107.0	137.3	138.2	155.1	115.0	138.8	136.9	153.0	132.0
Trade Balance (US \$ bn.)	-33.8	-46.2	49.2	-55.0	-35.5	-47.3	50.4	-58.9	-47.6	-45.6	-35.0	-70.1
Oil Price(in US\$ per barrel)	99.8	99.5	118.7	85.0	98.8	100.0	112.0	85.0	93.8	92.5	105.0	85.0

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

	WPI				WPI-MP				CPI-IW			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:12-13	7.6	7.6	8.3	6.9	5.1	5.2	5.6	4.5	9.1	9.5	10.5	7.2
Q3:12-13	7.5	7.4	8.1	6.8	4.7	4.7	6.0	3.9	9.0	9.1	11.0	6.5
Q4:12-13	7.2	7.2	8.6	5.5	4.9	4.8	6.0	4.0	8.9	8.9	11.0	6.3
Q1:13-14	6.6	6.5	7.6	5.5	5.0	4.8	6.5	3.2	8.1	7.8	10.2	6.1

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

Growth Range	Forecasts for 2012-13	Forecasts for 2013-14
Below 3 per cent	0.0	0.0
3 to 3.4 per cent	0.0	0.0
3.5 to 3.9 per cent	0.2	0.0
4 to 4.4 per cent	0.2	0.2
4.5 to 4.9 per cent	0.3	0.2
5 to 5.4 per cent	3.4	1.0
5.5 to 5.9 per cent	20.2	9.9
6 to 6.4 per cent	34.3	18.9
6.5 to 6.9 per cent	31.6	29.8
7 to 7.4 per cent	8.9	27.8
7.5 to 7.9 per cent	0.3	10.3
8 to 8.4 per cent	0.2	1.3
8.5 to 8.9 per cent	0.2	0.2
9 to 9.4 per cent	0.2	0.2
9.5 to 9.9 per cent	0.2	0.2
10 to 10.4 per cent	0.0	0.2
10.5 to 10.9 per cent	0.0	0.0
11 percent or more	0.0	0.0

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

Growth Range	Forecasts for End-March 2012-13	Forecasts for End-March 2013-14
Below -2 per cent	0.0	0.0
-2 to -1.1 per cent	0.0	0.0
-1 to -0.1 per cent	0.0	0.0
0 to 0.9 per cent	0.0	0.0
1 to 1.9 per cent	0.0	0.0
2 to 2.9 per cent	0.2	0.2
3 to 3.9 per cent	0.2	1.7
4 to 4.9 per cent	0.3	3.6
5 to 5.9 per cent	12.7	23.7
6 to 6.9 per cent	23.6	37.3
7 to 7.9 per cent	47.4	23.1
8 to 8.9 per cent	12.6	7.3
9 to 9.9 per cent	2.0	2.0
10 to 10.9 per cent	0.3	0.4
11 to 11.9 per cent	0.2	0.2
12 to 12.9 per cent	0.2	0.2
13 to 13.9 per cent	0.2	0.2
14 per cent and above	0.2	0.2

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			
	Real GDP	WPI Inflation	CPI-IW Inflation		Real GDP	WPI Inflation	CPI-IW Inflation
Minimum	6.6	5.5	6.5	Minimum	7.0	4.5	5.0
Lower Quartile	7.0	6.0	6.8	Lower Quartile	7.4	5.4	5.5
Median	7.5	6.2	7.3	Median	8.0	6.0	6.8
Upper Quartile	7.5	6.6	8.0	Upper Quartile	8.4	6.1	7.0
Maximum	8.3	8.0	10.0	Maximum	8.9	7.5	7.5
Mean	7.3	6.4	7.5	Mean	7.9	5.8	6.4
S.D	0.4	0.7	1.0	S.D	0.6	0.8	0.9