

ANNEX : MONEY STOCK MEASURES : EVOLUTION OF METHODOLOGY OF COMPILATION

First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
COMPONENTS (C)			
C.I. Currency with the Public (C.I.1+C.I.2-C.I.3-C.I.4-C.I.5)	C.I. Currency with the Public (C.I.1+C.I.2-C.I.3-C.I.4)	C.I. Currency with the Public (C.I.1+C.I.2-C.I.3)	
C.I.1 Notes in circulation	C.I.1 Notes in circulation	C.I.1 Notes in circulation	
C.I.2 Circulation of Rupee coins and small coins <i>i.e.</i> , Government's currency liabilities to the Public	C.I.2 Circulation of Rupee coins and small coins <i>i.e.</i> , Government's currency liabilities to the Public	C.I.2 Circulation of Rupee coins and small coins <i>i.e.</i> , Government's currency liabilities to the Public	Comprise rupee coins and small coins. Ten-rupee coins issued since October 1969, two rupee-coins issued since November 1982 and five rupee coins issued since November 1985 are included under rupee coins. Net of return of Indian notes from Pakistan.
C.I.3 Currency returned by Pakistan	C.I.3 Currency returned by Pakistan		
C.I.4 Cash on hand with banks <i>i.e.</i> , commercial banks and state co-operative banks	C.I.4 Cash on hand with the banking system <i>i.e.</i> , commercial banks, state co-operative banks, central co-operative banks and primary co-operative banks	C.I.3 Cash on hand with the banking system	The FWG considered only commercial and state co-operative banks while the SWG extended the coverage to central co-operative banks and primary co-operative banks consisting of urban co-operative banks and salary earners' societies.
C.I.5 Balance of the Central and State Governments held at treasuries			Since August 1967, no adjustment has been made in regard to balances held at treasuries in view of their meagre amounts.
C.II. Aggregate Deposits with Banks (C.II.1+C.II.2)	C.II. Aggregate Deposits with the Banking System (C.II.1+C.II.2)	C.II. Aggregate Deposits held by Residents with the Banking System (C.II.1+C.II.2-C.II.2.2.1-C.II.2.3.1)	With the inclusion of central and urban co-operative banks, the SWG treated inter-bank deposits with the banking system as part of net non-monetary liabilities [<i>i.e.</i> , other items (net) as defined by the Working Group on Money Supply (WGMS): Analytics and Methodology Compilation (Chairman: Dr. Y. V. Reddy)]. The WGMS recommended that aggregate deposits should be on residency basis, thereby excluding repatriable foreign currency fixed deposits held by non-residents, <i>e.g.</i> , FCNR(B) deposits, from money supply.
C.II.1 Demand Deposits with banks (including inter-bank demand deposits with state co-operative banks)	C.II.1 Demand Deposits with the banking system.	C.II.1 Demand Deposits with the banking system.	
C.II.2 Time Deposits with banks (including inter-bank time deposits with state co-operative banks)	C.II.2 Time Deposits with the banking system.	C.II.2 Time Deposits held by Residents with the banking system. (C.II.2.1+C.II.2.2+ C.II.2.3) C.II.2.1 Certificates of Deposit (CDs) C.II.2.2 Short-term ¹ time deposits C.II.2.2.1 Foreign Currency Repatriable short-term ¹ 'Fixed Deposits held by Non-Residents	The WGMS recommended a break-up of time deposits into CDs and other time deposits on the basis of maturity structure partitioned at one year.

(Continued)

ANNEX : MONEY STOCK MEASURES : EVOLUTION OF METHODOLOGY OF COMPILATION (Contd.)

First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
		C.II.2.3 Long-term ² time deposits C.II.2.3.1 Foreign Currency Repatriable long-term ² Fixed Deposits held by Non-Residents C.II.3 Savings Accounts C.II.3.1 Time Liabilities portion of Savings Accounts	
C.III. 'Other' deposits with the RBI (C.III.1-C.III.2)	C.III. 'Other' deposits with the RBI (C.III.1-C.III.2-C.III.3-C.III.4-C.III.5)	C.III. 'Other' deposits with the RBI (C.III.1-C.III.2-C.III.3-C.III.4-C.III.5)	
C.III.1 Other Deposits with the RBI	C.III.1 Other Deposits with the RBI	C.III.1 Other Deposits with the RBI	
C.III.2 IMF Deposits with RBI in Account No. 1	C.III.2 IMF Deposits with RBI in Account No. 1	C.III.2 IMF Deposits with RBI in Account No. 1	
	C.III.3 RBI Employees' Pension/ Provident/Co-operative Guarantee Funds	C.III.3 RBI Employees' Pension/ Provident/Co-operative Guarantee Funds	Balances under Reserve Bank Employees' Pension/Provident and Co-operative Guarantee Funds have been excluded from money supply since January 1964.
	C.III.4 Compulsory Deposits with RBI	C.III.4 Compulsory Deposits with RBI	Balances under Additional Emoluments (Compulsory Deposits) Act 1974 and the Compulsory Deposit Scheme (Income Tax Payers) Act were excluded from money supply effective August 16, 1974 and December 13, 1974, respectively.
	C.III.5 Profits of the RBI held temporarily under other deposits and subscriptions to state governments' loans pending allotment	C.III.5 Profits of the RBI held temporarily under other deposits and subscriptions to state governments' loans pending allotment	
	C.IV. Post Office Total Deposits C.IV.1 Post Office Savings Deposits	C.IV. Post Office Total Deposits C.IV.1 Post Office Savings Deposits	Post Office Deposits were included in the monetary aggregates by the SWG. The WGMS recommended that these should be part of liquidity aggregates.
		C.V. Call/Term Money Borrowings by Scheduled Commercial Banks from non-bank sources (excluding PDs)	Borrowings represent money at call and short notice obtained from outside the banking system, but exclude refinance from RBI and financial institutions.
C.IV. Money Supply with the Public (=C.I+C.II.1+C.III)	C.V. Narrow Money (M ₁) (=C.I+C.II.1+C.III)	C.VI. Narrow Money (M ₁) (=C.I+C.II.1+C.III)	There is a break in the M ₁ series following the reclassification of demand and time components of savings accounts <i>vide</i> circular DBOD.No.Ref.BC.127/C-96(Ret)-77 dated October 15, 1977.
	C.VI. M ₂ (=C.V.+C.IV.1)	C.VII. M ₂ (=C.VI+C.II.2.1+C.II.2.2-C.II.2.2.1+ C.II.3.1)	
C.V. Aggregate Monetary Resources (=C.IV+C.II.2)	C.VII. Broad Money (M ₃) (=C.V+C.II.2)	C.VIII. Broad Money (M ₃) (=C.VII+C.II.2.3-C.II.2.3.1+C.V)	Data on aggregate monetary resources proposed by the FWG were first published in the Bank's Annual Report 1964-65 and in the Report on Currency and Finance 1967-68.

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First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
	C.VIII. M_4 (=C.IV+C.VII.)		
		C.IX. L_1 (=C.IV+C.VIII)	
		C.X. Term Deposits of Financial Institutions (FIs) C.XI. Certificates of Deposit issued by FIs C.XII. Term Borrowings by FIs C.XIII. L_2 (=C.IX + C.X + C.XI + C.XII)	Includes IDBI, ICICI, IFCI, IIBI, EXIM Bank, TFCl, NABARD, SIDBI and NHB.
		C.XIV. Public Deposits by Non-Banking Financial Companies (NBFCs)	Includes NBFCs having public deposits of Rs. 20 crore or above.
		C.XV. L_3 (=C.XIII + C.XIV)	
SOURCES (S)			
S.I Net Bank Credit to Government Sector (S.I.1+S.I.2)	S.I Net Bank Credit to Government Sector (S.I.1+S.I.2)	S.I Net Bank Credit to Government (S.I.1+S.I.2)	
S.I.1 Net RBI Credit to Government Sector (S.I.1.1+S.I.1.2+S.I.1.3+S.I.1.4+S.I.1.5-S.I.1.6+S.I.1.7-S.I.1.8)	S.I.1 Net RBI Credit to Government Sector (S.I.1.1+S.I.1.2)	S.I.1 Net RBI Credit to Government (S.I.1.1+S.I.1.2)	
	S.I.1.1 Net RBI Credit to the Central Government (S.I.1.1.1+S.I.1.1.2+S.I.1.1.3+S.I.1.1.4+S.I.1.1.5-S.I.1.1.6)	S.I.1.1 Net RBI Credit to Central Government (S.I.1.1.1+S.I.1.1.2+S.I.1.1.3+S.I.1.1.4+S.I.1.1.5-S.I.1.1.6)	
S.I.1.1 Loans and Advances to the Central Government	S.I.1.1.1 Loans and Advances to the Central Government	S.I.1.1.1 Loans and Advances to the Central Government	
S.I.1.2 Bills Purchased and Discounted	S.I.1.1.2 Bills Purchased and Discounted	S.I.1.1.2 Bills Purchased and Discounted	
S.I.1.3 Investments in Treasury Bills	S.I.1.1.3 Investments in Treasury Bills	S.I.1.1.3 Investments in short-term ¹ Central Government securities	
S.I.1.4 Investments in Government of India Securities	S.I.1.1.4 Investments in Central Government Securities	S.I.1.1.4 Investments in long-term ² Central Government Securities	
S.I.1.5 Rupee coins held by the RBI	S.I.1.1.5 Rupee coins held by the RBI	S.I.1.1.5 Rupee coins held by the RBI	
S.I.1.6 Deposits of the Central Government with the RBI	S.I.1.1.6 Deposits of the Central Government with the RBI	S.I.1.1.6 Deposits of the Central Government with the RBI	
	S.I.1.2 Net RBI credit to the State Government (S.I.1.2.1-S.I.1.2.2)	S.I.1.2 Net RBI credit to the State Government (S.I.1.2.1-S.I.1.2.2)	
S.I.1.7 Loans and Advances to State Governments	S.I.1.2.1 Loans and Advances to State Governments	S.I.1.2.1 Loans and Advances to State Governments	
S.I.1.8 Deposits of State Governments	S.I.1.2.2 Deposits of State Governments	S.I.1.2.2 Deposits of State Governments	
S.I.2 Other Banks' credit to Government (S.I.2.1+S.I.2.2)	S.I.2 Other Banks' credit to Government (=S.I.2.1)	S.I.2 Credit to Government by the Banking System (S.I.2.1+S.I.2.2)	
S.I.2.1 Other Banks' investments in Government securities	S.I.2.1 Other Banks' investments in Government securities	S.I.2.1 Investments in short-term Government securities by the Banking System	Treasury Bills are to be valued at carrying cost.

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First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
		S.I.2.2 Investments in long-term ² Government securities by the Banking System	
S.I.2.2 Government's Currency Liabilities to the Public adjusted for balances in treasuries			Government's currency liabilities to the Public were carved out as an independent source of money stock in October 1962.
S.II. Total Bank Credit to Private Sector (S.II.1+S.II.2)	S.II. Total Bank Credit to Commercial Sector (S.II.1+S.II.2)	S.II. Bank Credit to Commercial Sector (S.II.1+S.II.2)	The nomenclature "private sector" was changed into "commercial sector" in 1970, as bank credit included credit given to commercial/ manufacturing enterprises in the public sector too.
S.II.1 RBI Credit to Private Sector (S.II.1.1+S.II.1.2)	S.II.1 RBI Credit to Commercial Sector (S.II.1.1+S.II.1.2+S.II.1.3)	S.II.1 RBI Credit to Commercial Sector (S.II.1.1+S.II.1.2+S.II.1.3)	
S.II.1.1 RBI's investments in shares/bonds of financial institutions, ordinary debentures of co-operative sectors, Central Land Mortgage Bank (CLMB) debentures etc.	S.II.1.1 RBI's investments in shares/bonds of financial institutions, ordinary debentures of co-operative sectors, CLMB debentures etc.	S.II.1.1 RBI's investments in shares/bonds of financial institutions, ordinary debentures of co-operative sectors, CLMB debentures etc.	
S.II.1.2 Loans to financial institutions	S.II.1.2 Loans to financial institutions	S.II.1.2 Loans to financial institutions	On the establishment of National Bank for Agriculture and Rural Development (NABARD) on July 12, 1982, certain assets and liabilities of the RBI were transferred to NABARD, necessitating some reclassification of aggregates on the sources side of money stock since that date. The WGMS recommended the reclassification of the RBI's refinance to NABARD as credit to commercial sector rather than as claims on banks as had been the practice hitherto.
	S.II.1.3 Internal Bills (under Bills Rediscounting Scheme)	S.II.1.3 Internal Bills (under Bills Rediscounting Scheme)	With the introduction of the Bills Rediscounting Scheme, the commercial banks started discounting the internal bills with the RBI which have been included in the RBI credit to commercial sector since June 1971.
S.II.2 Other Banks' net credit to Private Sector (S.II.2.1+S.II.2.2-S.II.2.3-S.II.2.4-S.II.2.5)	S.II.2 Other Banks' credit to Commercial Sector (S.II.2.1+S.II.2.2)	S.II.2 Credit to the Commercial Sector by the Banking System (S.II.2.1+S.II.2.2+S.II.2.3+S.II.2.4)	
S.II.2.1 Bank Credit	S.II.2.1 Bank Credit	S.II.2.1 Bank Credit	Includes loans, cash credit and overdrafts and internal and foreign bills purchased and discounted.
S.II.2.2 Other Investments	S.II.2.2 Other Investments	S.II.2.2 Investments in other Approved Securities	
		S.II.2.3 Other Investments	Include investments in securities which are not approved for maintenance of statutory liquidity ratio (SLR) such as Commercial Papers, units of UTI and mutual funds and shares/debentures/

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First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
			bonds of the public and private non-bank sector.
S.II.2.3. Net inter-bank Liabilities			As data for central and primary co-operative banks were not included in money supply, the FWG had adjusted bank credit for net inter-bank liabilities. These were, however, treated as part of net non-monetary liabilities by the SWG on extension of full coverage to the co-operative sector.
S.II.2.4 Loans from financial institutions			The FWG had adjusted bank credit against loans from select financial institutions which received refinance from the RBI which had already been reckoned in the RBI credit to the commercial sector. The SWG did away with this adjustment as it was argued that these FIs had substantial access to sources of funds other than those from the RBI.
		S.II.2.4 Net lending to Primary Dealers	Banks' net lendings to PDs, net of their call borrowings from PDs, are part of net inter-bank assets under the present reporting format. However, as the banking sector in money supply excludes PDs, this item was included as part of credit from the banking system by the WGMS.
S.II.2.5 Time deposits held by Banks (including inter-bank time deposits held by state co-operative banks)			This adjustment was considered necessary since the FWG was concerned with M_1 . The presentation of data on bank credit to commercial sector on net basis was changed into gross basis in May 1974, as (i) time deposits are used not only for financing bank credit to commercial sector but also for lending to the Government and (ii) these are not owned by commercial enterprises who largely borrow from banks.
S.III Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)	S.III Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)	S.III Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)	
S.III.1 Net Foreign Exchange Assets of the RBI (S.III.1.1+S.III.1.2+S.III.1.3-S.III.1.4-S.III.1.5)	S.III.1 Net Foreign Exchange Assets of the RBI (S.III.1.1+S.III.1.2+S.III.1.3-S.III.1.4-S.III.1.5)	S.III.1 Net Foreign Exchange Assets of the RBI (S.III.1.1+S.III.1.2-S.III.1.3+S.III.1.4)	
S.III.1.1 Gold Coin and Bullion	S.III.1.1 Gold Coin and Bullion	S.III.1.1 Gold Coin and Bullion	Inclusive of valuation of Gold following its revaluation close to international market price effective October 17, 1990. Such revaluation has a corresponding effect on Reserve Bank's net non-monetary liabilities (capital account)

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1	2	3	4
		S.III.1.2 Foreign Currency Assets of the RBI (S.III.1.2.1+S.III.1.2.2)	Since July 1996, foreign currency assets are being valued at the exchange rate prevailing at the end of every week. Such revaluation has a corresponding effect on Reserve Bank's net non-monetary liabilities (capital account).
S.III.1.2 Foreign Securities	S.III.1.2 Foreign Securities	S.III.1.2 Foreign Securities	Certain foreign securities e.g., IBRD shares, Commonwealth bonds etc. which were part of RBI's claims on Government were reclassified as part of its foreign assets by the SWG.
S.III.1.3 Balances held abroad	S.III.1.3 Balances held abroad	S.III.1.2.2 Balances held abroad	
S.III.1.4 IMF A/c No.1	S.III.1.4 IMF A/c No.1	S.III.1.3 IMF A/c No.1	
S.III.1.5 Special Currency withdrawn from Gulf States held under Other deposits of the RBI if any.	S.III.1.5 Quota subscription in rupees.	S.III.1.4 Quota subscription in rupees.	
S.III.2 Net Foreign Exchange Assets of Banking System	S.III.2 Net Foreign Exchange Assets of Banking System (Authorised Dealers' Balances)	S.III.2 Net Foreign Currency Assets of Banking System (S.III.2.1-S.III.2.2-S.III.2.3)	
		S.III.2.1 Foreign Currency Assets of the Banking System	Includes balances held abroad (i.e., the cash component of <i>nostro</i> accounts, etc.) and investments in eligible foreign securities and bonds.
		S.III.2.2. Overseas Borrowings of the Banking System	
		S.III.2.3 Non-Resident Repatriable Foreign Currency Fixed Deposits with the Banking System (C.II.2.2.1+C.II.2.3.1)	
	S.IV. Government's Currency Liabilities to the Public	S.IV. Government's Currency Liabilities to the Public	Net of Indian currency returned by Pakistan awaiting adjustment.
S.IV. Net non-monetary Liabilities of the Banking Sector (S.IV.1+S.IV.2)	S.V. Net non-monetary Liabilities of the Banking Sector (S.V.1+S.V.2)	S.V. Capital Account of the Banking Sector (S.V.1+S.VI.2)	The WGMS has bifurcated the non-monetary liabilities of the banking sector into the capital account and other items (net).
S.IV.1 Net non-monetary Liabilities of the RBI (S.IV.1.1+S.IV.1.2+S.IV.1.3+S.IV.1.4+S.IV.1.5-S.IV.1.6+S.IV.1.7)	S.V.1 Net non-monetary Liabilities of the RBI (S.V.1.1+S.V.1.2+ S.V.1.3+S.V.1.4+S.V.1.5+S.V.1.6+S.V.1.7+S.V.1.8- S.V.1.9)	S.V.1 Capital Account of the RBI (S.V.1.1+S.V.1.2+ S.V.1.3+S.V.1.4+ S.V.1.5+S.V.1.6)	
S.IV.1.1 Paid-up Capital	S.V.1.1 Paid-up Capital	S.V.1.1 Paid-up Capital	
S.IV.1.2 Reserves	S.V.1.2 Reserves	S.V.1.2 Reserves	
S.IV.1.3 Contributions to National Funds	S.V.1.3 Contributions to National Funds	S.V.1.3 Contingency Reserves	
S.IV.1.4 Bills Payable	S.V.1.4 RBI Employees' Pensions/ Provident/Guarantee Funds	S.V.1.4 Exchange Fluctuation Reserve / Currency and Gold Revaluation Account	

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First Working Group (FWG) (1961)	Second Working Group (SWG) (1977)	Working Group on Money Supply (WGMS) (1998)	REMARKS
1	2	3	4
S.IV.1.5 Other Liabilities	S.V.1.5 Compulsory Deposits with the RBI	S.V.1.5 Exchange Equalisation Account	
S.IV.1.6 Other Assets net of Gold in Banking Department	S.V.1.6 Bills Payable	S.V.1.6 Contributions to National Funds	
S.IV.1.7 Indian currency returned by Pakistan awaiting adjustment	S.V.1.7 Other Liabilities S.V.1.8 IMF Quota Subscription and other payments in rupees included in IMF A/c No. 1 S.V.1.9 Other Assets net of Gold in Banking department		
		S.V.2 Capital Account of the Banking System (S.V.2.1+S.V.2.2) S.V.2.1 Paid-up Capital S.V.2.2 Reserves	
S.IV.2 Non-identifiable net non-monetary liabilities of other Banks (residual)	S.V.2 Net non-monetary liabilities of the Banking System (residual)	S.VI. Other items (net) of the Banking Sector (S.VI.1+S.VI.2) S.VI.1 Other items (net) of the RBI (S.VI.1.1+S.VI.1.2+ S.VI.1.3+ S.VI.1.4-S.VI.1.5-S.VI.1.6-S.VI.1.7+ S.VI.1.8- S.VI.1.9) S.VI.1.1 RBI Employees' Pensions/ Provident/Guarantee Funds S.VI.1.2 Compulsory Deposits with the RBI S.VI.1.3 Bills Payable S.VI.1.4 Other Liabilities S.VI.1.5 Contingency Reserves S.VI.1.6 Exchange Fluctuation Reserve / Currency and Gold Revaluation Account S.VI. 1.7 Exchange Equalisation Account S.VI.1.8 IMF Quota Subscription and other payments in rupees included in IMF A/c No. 1 S.VI.1.9 Other Assets net of Gold in Banking department S.VI.2 Other items (net) of the Banking System (residual)	Excludes contingency reserve, exchange fluctuation reserve and exchange equalization account which now form part of capital account and are, therefore, adjusted.

¹ Of contractual maturity of one year or less.

² Of contractual maturity of above one year.

Source : Report of the Working Group on Money Supply : Analytics and Methodology of Compilation (Chairman : Dr. Y.V. Reddy) (1998), Reserve Bank of India.