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INDIA'S EXPORTS OF AGRICULTURAL COMMODITIES (1968-69 to 1981-82)

R. Kannan*

Introduction

During the 1950s, agricultural exports accounted for a half of the value of total exports of India. The share declined considerably in the second half of the 1960s. Not much variation is noticed in the 1970s except for two years, viz., 1974-75 and 1975-76. In the new pattern of trade which emerged in the late sixties, the share of food and raw materials began to decline and that of manufactured items increased. Agricultural export surpluses, which result from rising agricultural production, could stabilise the prices of farm output thereby protecting the incomes of farmers. However, the full potential for agricultural exports had remained untapped due to large areas of land being cultivated under conditions of low farm technology, lack of intensive efforts at export promotion, stagnation of output and rising domestic demand due to increasing population and income.

Although, over the years, agricultural commodities have figured in India's exports, the data on them on a uniform basis are readily available from 1960-61. In this paper an attempt is made to analyse the factors that have influenced the performance of exports of different agricultural commodities from 1968-69 to 1981-82. The period is chosen keeping in view the devaluation of the rupee in 1966.

* R. Kannan is a Faculty Member in the Reserve Bank Staff College, Madras. This article was prepared when he was with the Department of Economic Analysis and Policy. He is grateful to Dr.C. Rangarajan, Shri A. Hasib and Shri A. Seshan for their comments on the earlier version of the article. Statistical assistance rendered by Sarvashri A. Madhavan and R. Vaithilingam is sincerely acknowledged.

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Methodology

Since the foreign trade sector is subject to both domestic and international economic forces, exports are influenced by a variety of factors. Hence it is necessary to outline a general method of analysis which would bring out the main determinants of exports. The exports of a commodity depend on :

- (i) the level of income of the country which imports the commodity;
- (ii) the price of the commodity;
- (iii) domestic supply factors, which in turn depend on the domestic production and consumption of exportables; and
- (iv) domestic export policy towards the commodity.

Although in this exercise, an attempt has been made to analyse the impact of domestic production and consumption on export of all commodities, only those cases for which satisfactory or acceptable statistical relations were obtained are presented here. Exports are influenced not only by domestic availability and domestic and international prices, but also by the price realised by the exporter after providing for fluctuations in the exchange value of the rupee. However, in this paper, no attempt has been made to quantify the impact of fluctuations in exchange rate of Indian rupee on exports in view of data problem.

A conventional method which is frequently used in such studies is the constant-market-share-analysis of export growth. This method assumes that, other things being equal, a country's share in the world market for exports should remain constant over time. Any increase in a country's exports could be attributable to :

- (i) the general growth in world trade;
- (ii) changes in the commodity composition of exports;
- (iii) changes in market distribution of exports; and/or
- (iv) changes in competitiveness.¹

¹ Stern, R.M. and Leamer, E.E. Qualitative International Economics, (1970), Allyn and Bacon.

However, the main drawback in this analysis is that it is too aggregative and does not reckon with factors influencing each of the four components. Supply factors, which are also important, are revealed by the trends in the domestic production and consumption. The above-mentioned conventional analysis does not consider these factors. Hence, in this paper, an attempt is made to incorporate them in the form of behavioural equations. Besides reviewing the general trends observed in the exports of 11 major commodities, price and income elasticities are presented as derived from the regressions in the sections dealing with individual commodities. A supplementary econometric analysis is presented in the penultimate section.

Highlights of Trends in Exports

After the first hike in oil prices, there was a price boom in agricultural commodities too in world markets resulting in sharp increase in the value of exports during 1974-76. The relatively sharp increase in prices may also, in part, be attributed to the decline in the world production of such commodities as sugar, tea, coffee and spices. The price boom, however, tended to peter out from about the close of 1977-78.

The Indian agricultural exports just about managed to keep pace with the rate of growth of world exports in these commodities, the share in world exports of agricultural commodities, which was around 1.5 per cent in 1970 going upto 1.7 per cent in 1982. However, if tea is excluded, India's share in world exports of all other commodities taken together registered an increase from 0.6 per cent to 1.4 per cent. This improvement resulted mainly from an increase in India's exports of foodgrains, coffee and potato.

Agricultural commodity exports fared only slightly better than total exports during 1968-69 to 1981-82. While the average total exports during 1979-82 at Rs.6991 crores revealed a (compound) growth rate (based on terminal values) of 14.1 per cent per annum over the average of Rs.1435 crores during 1968-71, the average agricultural exports increased from Rs.437 crores in 1968-71 to Rs.2255 crores in 1979-82, i.e., at the rate of 14.7 per cent per annum. As a result, the share of agricultural exports

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in the total increased from 30 per cent to 32 per cent (Table 1). This marginal improvement in the share of agricultural exports was brought about by a significant rate of growth of exports of crude materials, which amounted to 24.6 per cent per annum during the period, as compared with the lower growth rates of 13.8 per cent and 13.2 per cent of food and live animals and tobacco (unmanufactured), respectively. Average exports of food and live animals increased from Rs.375 crores in 1968-71 to Rs.1771 crores in 1979-82 as compared with an increase of (unmanufactured) tobacco exports from Rs.32 crores to Rs.142 crores.

1. Food and Live Animals:

If the components of food and live animals are considered, commodities like tea, cashew nuts, spices and oil-cakes had lower annual growth rates, viz., 7.6 per cent, 8.2 per cent, 11.5 per cent and 8.6 per cent, respectively, as compared with the growth rates of others. The export growth rates of fish and fish preparations, fruits and vegetables, coffee and meat and meat preparations were at higher levels, viz., 19.5 per cent, 24.1 per cent, 19.4 per cent and 27.2 per cent, respectively. During this period, even among agricultural exports, a slight change in the composition is noticed. While the share of food and live animals declined from 85 per cent in 1968-69 to 80 per cent in 1981-82, that of other raw materials (including animal and vegetable oils) increased from 7 per cent in 1968-69 to 12 per cent in 1981-82. The average share of tobacco (unmanufactured) declined marginally from 7.6 per cent during 1968-71 to 6.0 per cent during 1979-82. While the proportion of exports accounted for by tea, oil-cakes and cashew declined considerably, that of fruits and vegetables, fish and fish preparations, coffee, meat and meat preparations increased. Hence the shift from traditional commodities like tea, cashew, oilcakes, etc., to fish and fish preparations, coffee, fruits and vegetables has helped the food and live animals group to maintain its share in total agricultural exports.

The Sixth Five Year Plan (1980-85) projected the growth rate of agricultural exports at 9.0 per cent (at constant prices) per annum. The data available indicate that during the first two years of the Plan Period, agricultural

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exports grew at 5.2 per cent only (at constant prices). In the following paragraphs, the behaviour of exports of individual commodities, which account for 93 per cent of total agricultural exports is analysed.

Table 2 presents the (compound) growth rates of exports of different agricultural commodities. Although increased unit values helped in realising higher export earnings in the case of many commodities, it is pronounced particularly in respect of oilcakes, sugar, tea and cashew kernels. During 1968-82, export earnings of rice, marine products, coffee, spices, raw cotton and tobacco (unmanufactured) increased due to a considerable increase in the quantum of exports coupled with increase in the unit values.

1.1 Rice:

Rice exports touched an unprecedented level of Rs.367.78 crores in 1981-82, forming 4.71 per cent of total exports of all commodities. Except for the two years, 1975-76, and 1976-77 export of rice has shown a rising trend since 1968-69 (Table 3). Exports fell considerably during these 3 years due to a fall in production, especially of *basmati* rice. Unit value reached a peak of Rs.4.96 per kg. in 1973-74 which followed the big spurt in oil prices and the enormous revenues accruing to oil producers. From 1977-78, considerable improvement in both quantum and value of rice exports is witnessed. In the recent years production of *basmati* rice has been greatly stepped up in the Punjab and Haryana. Important rice importers are Kuwait, UAE, Bahrain, Qatar, Muscat and Saudi Arabia. Rice is exported to UK, Ivory Coast, Italy and Canada also. There is an urgent need to boost our rice production and generate export surpluses. It is also essential to evolve suitable promotional and marketing measures so as to successfully face increasing competition from Pakistan.

In the export equation estimated rice production lagged by a year is found to be a significant variable (equation 1 in Table 34). Price and income elasticities are less than unitary. If rice production could be increased, followed by a suitable marketing strategy for exports, higher export earnings could be realised from this item. There is also an urgent need for diversifying the geographical pattern of our rice exports.

1.2 Marine Products:

India's exports of marine products are based primarily on high-valued shrimps. In the initial years, the share of these exports was about 2 per cent in our total exports. It has increased to around 4 per cent of our total exports (Table 4).

Table 5 presents data on the share of different countries in our marine exports for the years 1969-1982. During this period, the share of USA declined by 38 percentage points; the decline is more pronounced since 1978-79. Being quality conscious, USA is increasingly becoming a highly selective buyer. Exports to Australia also grew at a lower rate and its share declined from 4 per cent in 1969-70 to 1 per cent in 1981-82. As a result, India has turned to Japan whose share in India's total export of marine products increased from 29 per cent in 1969-70 to 71 per cent in 1980-81; it declined marginally to 69 per cent in 1981-82. Exports to Kuwait and Netherlands also show an increasing trend. Total fish landings were stagnant between 1974 and 1979 due mainly to the over-exploitation of inshore waters (Table 6). Shrimps are predominantly bred inshore. This inshore wealth is now reported to be drying up as a source of supply. Their share in India's total exports of marine products declined over the years but nevertheless it continues to be predominant (Table 7). The predominance of shrimps in marine exports and over-dependence on just two countries, viz., Japan and USA, could be responsible for the wide annual fluctuations in fish exports. There is an urgent need to diversify the pattern of marine products exports both in respect of its composition and geographical spread. There is also equally urgent need to encourage and promote deep sea-fishing.

The estimated export equation reveals the price elasticity to be between 0.3 and 0.6 which is low (equations 2 and 3 in Table 34). When exports to Japan and USA were regressed separately on the unit values and income of the respective countries, the price elasticity obtained was 0.8 for Japan and 1.3 for USA. The income elasticity of exports to developing countries (2.3) is considerably higher than that for developed countries (1.4).

To conclude, India should increase its fish production by

acquiring a large fleet of fishing trawlers to exploit the deep-sea resources. Presently frozen shrimps dominate our marine products. Intensive efforts should be undertaken to develop other varieties such as prawns and lobsters, so as to achieve a diversification in exports. Production increases coupled with marketing and augmentation of infrastructural, storage and transport facilities could make it possible to reach an export level of 2.5 lakh tonnes and earn foreign exchange of Rs.1000 crores by 1989-90 as estimated by the Tandon Committee.²

1.3 Fruits & Vegetables:

The average percentage share of fruits and vegetables in food exports during 1968-71 was three which increased to five during 1980-82, indicating a growth rate of 24.1 per cent per annum, which is more than that of the growth rate of exports of food and live animals as a group. This spurt followed the first oil price hike, as a result of which our fruits and vegetable exports to the Gulf countries and Iran increased considerably. However, the percentage share of this item in our total exports remained at 1 during 1968-69 to 1981-82. India's exports of this item in world exports also stood at 1 per cent. In the last four years of this period, substantial quantities of potatoes and onions were exported to Gulf countries along with a large quantity of mangoes to the Gulf and UK and oranges, bananas, lemons, onions, cabbage, beans and cauliflowers to Gulf and West European destinations. In the international market for this commodity India faces severe competition from Netherlands. Hence to estimate the behavioural equation for exports of this item, its unit value index of fruits and vegetables is considered. The price ratio is found to be significant. A less than unitary price elasticity is obtained for developing countries (0.670) while it is high for developed countries (1.382) (equations 4 and 5 in Table 34). Domestic production significantly influences exports of fruits and vegetables. Consumption demand for this item increases as a result of population and income growth. Fluctuation in production significantly influences exports. In the recent years, owing to spurt in domestic prices, the export of onions, potatoes, fresh fruits and vegetables has been banned on a number of

² Report of Committee on Export Strategy - 1980s (1980), Ministry of Commerce, Government of India.

occasions. The presence of many Indian expatriates in the Gulf countries and geographical nearness should provide an advantage to these exports. Development of farms in the corporate sector exclusively to meet demand could be an useful adjunct to the country's export efforts.

1.4 Cashew Kernels:

India enjoyed almost a monopoly position in the World Market for cashew kernels till the mid 1960s accounting for 95 per cent of the world exports. Mozambique and Brazil have emerged as important competitors since then. Table 8 gives the share of India in world exports of this commodity. India's share amounted to 68 per cent in 1970-71 which declined to 42 per cent in 1981-82. The increase in value of exports is due to considerable increase in unit values since the quantum of exports of this item has revealed a declining trend. The decline in the quantum of cashew kernel exports is more pronounced during the second half of the 1970s than in the earlier period. The share of this item in total exports was around 4 per cent during the first half of 1970s and around 2 per cent in the second half (Table 8). Thus, the decline in the quantum of exports of cashew kernels is responsible for the lower growth rate of export earnings of this item.

An important feature of cashew kernel exports is that we have to import a part of raw cashewnuts for processing to meet the external demand for cashew kernels since domestic production of nuts is not sufficient. Hence the net exchange earnings is different from gross earnings from exports. To analyse this, a table is prepared which gives the value of exports of cashew kernels, import of cashewnuts and net foreign exchange earnings (Table 9). During the 1960s the net foreign exchange earnings amounted to about 52 per cent of total cashew kernel exports. Since 1969-70, this percentage share has been increasing. In 1981-82, only 10 per cent of the cashew kernel earnings was spent on the import of raw nuts. Quantum-wise also, raw nut imports have been declining. However, we are yet to attain self-sufficiency in raw cashewnut production. Processing of nuts is a labour-intensive technique in India. Extraction of kernels from the raw nuts is an intricate operation requiring manual skills. Availability of these skills in India, especially in Kerala

where about 70 per cent of India's cashew processing firms are located, placed her in an advantageous position in the world market until quite recently when there was no substitute for the labour-intensive method of processing. The introduction of mechanised processing in other countries now puts the country in a disadvantageous position. The major source of raw cashew imports, viz., Mozambique, Tanzania and Kenya have taken recourse to large-scale mechanised processing of raw nuts. Till recently they used to collect the raw nuts and send them to India for processing since they lacked the labour force to process the nuts manually. Between 1975 and 1980, cashew production in the East African countries, in general, and Mozambique and Tanzania, in particular, was badly affected due to drought, disease and ageing of trees and the collection of nuts from the plantations was also severely affected due to change in the socio-political situation and consequent changes in marketing and price policies.³

USA was the single most important market for cashew kernels in the earlier years. In the 1950s, it accounted for 63 per cent of India's exports⁴. In the early 1960s, USSR assumed importance (Table 10). In 1969-70, the share of USA amounted to 37 per cent and that of USSR 43 per cent. The average share of USA declined to 26 per cent in the last five years (1976-81) as compared with 39 per cent during 1969-74. The share of Canada declined from 6 per cent to 4 per cent. However, the share of USSR increased from 37 per cent to 43 per cent. Cashew exports to Australia and UK have also exhibited a small increase. While Australia's share remained around three to five per cent between 1969-81, that of UK rose from 3 per cent to four per cent. However, USA and USSR together absorbed nearly 75 per cent of India's exports. There was no significant change with respect to exports to other markets. This indicates that there is a wide scope for promoting cashew exports to other new markets. India lost her share of American market due to severe competition from Brazil and Mozambique, both of which raised their share in the US market.⁵

³ Das P.K., 'Status of production and trade in cashew in India', Agricultural Situation in India, January, 1985.

⁴ Singh M.M., India's Export Trends, Oxford (1964), Clarendon Press.

⁵ Mathur A.B.L., 'India's cashew Exports', Economic and Political Weekly, March, 1970.

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The estimated equations for cashew kernel exports exhibit different income and price elasticities for different countries (Table 11). Our exports to USA is price elastic whereas that to USSR is inelastic, which could be due to the fact that the latter imports cashew kernels only from India, under bilateral trade agreements. Domestic production is a significant variable in explaining the exports of this item.

Table 12 gives the average prices paid for cashewnuts and price received for cashew kernels. Except for the periods 1965-66 to 1969-70 and 1980-81 to 1981-82 the percentage increase in price of cashew kernels was more than that of cashewnuts. To increase the profits of domestic processors, the only solution available is to increase domestic production. Taking into account other costs of processing one may argue that, even at these high prices, profits are considerable. But cashew kernel exports may be subjected to increased risk if there is dependence on imports of raw nuts.

The production of cashewnuts increased from 177 thousand tonnes (TT) in 1970-71 to 185 TT in 1980-81. But the increase was more pronounced in the 1960s than in the 1970s; the incremental production amounted to 66 TT during the 1960s as against 8 TT during 1970s. India's cashewnut production has almost reached stagnation. During the last decade the yield rate has fallen considerably from 584.2 kg. per hectare to 314.9 kg. per hectare. Hence an attempt should be made to arrest the decline in yield rates to boost production and exports. A concerted effort for augmenting the domestic production of raw nuts can alone insulate exports from the vagaries of foreign supplies.

1.5 Coffee:

The share of coffee exports in total exports increased by one percentage point thereby reaching an average percentage share of 2.5 in total exports during 1979-80 to 1981-82. India could achieve higher export earnings from this item due to the increase in unit values being more pronounced than quantum growth (Table 13). These higher exports were possible since the domestic consumption of coffee grew at a lower rate (3.3 per cent per annum) as compared

with the growth rate of production (4.6 per cent per annum). This is revealed by the percentage share of exports in production. The average percentage share for the years 1970-73 works out to 45.7 as against 54.0 for the years 1979-82 (Table 14). In 1980-81, exports of coffee accounted for 73 per cent of production although in 1981-82 it dropped to 48 per cent. During the first half of the 1970s coffee exports to free currency area accounted for nearly 75 per cent, which came down to 64 per cent during the second half. Since 1974-75, exports to USSR have formed nearly 22 per cent of total coffee exports. There has been an appreciable increase in exports to Germany, Yugoslavia and Gulf countries in the last three years.

In the regression estimates, it was observed that current year production was not a significant variable. Hence production with a lag of one year was tried which was found to influence exports (equations 8 & 9 in Table 34). With respect to both developed and developing economies, price elasticity is very low being 0.4 and 0.2, respectively.

In the last three years, world production has been growing faster than consumption. India's quota for the coffee year (October-September) 1984-85 was 28,551 tonnes. Production was expected to touch 1.42 lakh tonnes in 1985-86. However, domestic consumption is fluctuating around 50,000 tonnes. This calls for concentrated efforts on the part of exporters to tap markets in non-quota countries. In the last two years, USSR's share in our coffee exports declined. Moreover, non-quota countries like East Germany, Rumania and Zechoslovakia are negotiating with other coffee-producing countries. Major coffee-producing countries like Guatemala, Nicaragua and Mexico are reported to be offering the commodity to non-quota countries at heavy discounts up to 50 per cent. Indonesia too is offering Robusta coffee at lower prices. In these circumstances, unless vigorous promotional efforts are made by our exporters and other concerned agencies, non-quota countries in East Europe, the Middle East and other regions are unlikely to increase their absorption of Indian coffee to any significant extent.

1.6 Tea:

Upto the mid-1960s, tea was one of the two main sources

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of foreign exchange for the country and India was the most important tea producing and exporting country in the world. However, in the mid-1960s, Sri Lanka became a competitor. The share of tea exports in total exports dropped sharply from 19.1 per cent in 1960-61 to 8.6 per cent in 1969-70 and 5.0 per cent in 1980-81. In spite of substantial price increases our tea exports could not pick up well (Table 15). The value of total world tea exports in 1982 amounted to \$ 1641 million as against \$ 658.6 million in 1968 (Table 16). But India's tea exports grew from \$ 222 million in 1968 to \$ 378 million in 1982. Thus while world exports increased at the rate of 6.7 per cent per annum India's exports grew at the rate of 3.9 per cent per annum. As a result, India's relative share of the world market declined from 34 per cent in 1968 to 23 per cent in 1982 (Table 16). Although in the 1960s, Sri Lanka emerged as a principal competitor in the world market, its share declined from 30 per cent in 1968 to 19 per cent in 1982. The share of Bangladesh remained almost at the same level at 2 per cent. The markets lost by all these traditional exporting countries were captured by African countries. The share of African countries increased from 12 per cent in 1968 to 20 per cent in 1982. The shift in markets has also influenced the export performance. Table 17 outlines the market distribution of India's tea exports and highlights the changes in relative shares of different markets. The most important feature emerging from this table is the rapidly declining share of UK. UK market accounted for 38 per cent of our exports in 1969-70 but only 22 per cent in 1981-82.

The share of USA in our tea exports also declined from 5 per cent to 1 per cent. While the proportion accounted for by the Federal Republic of Germany remained almost at the same level of 3 per cent, that of Iran increased from 2 per cent to 3 per cent. The share of Afghanistan declined from 5 per cent to 2 per cent. Our tea exports to USSR have, however, exhibited considerable increase. It went up from 20 per cent in 1969-70 to 36 per cent in 1981-82. Exports to other East European countries were also showing an increasing trend. To some extent, this rapid increase in the share of relatively new markets is attributable to India's bilateral trade agreements with East European countries, in particular with the USSR. Whatever was gained by penetrating into new markets was

neutralised by the fall in exports to traditional markets. Table 18 indicates how India lost its market in U.K. while total imports into UK decreased by 17.8 per cent from 1970 to 1982, imports from India declined by 34.4 per cent.

Table 19 gives the yield rates of important producers during 1973 to 1982. The average yield rate for India increased considerably during the period 1973-82. It grew at the rate of 4.4 per cent per annum in India, whereas it was 0.4 per cent per annum in Africa. Sri Lanka exhibited a declining trend.

About half of India's tea output is constituted by low grade and common teas. In the case of Africa it is only 20 per cent.⁶ Competition from the African teas has to be seen from this angle.

The domestic market for tea in our country is expanding at a rapid rate, which might have also affected tea exports. Table 20 presents production, consumption and exports of tea for the period 1968-69 to 1981-82. In this period, while production grew at the rate of 2.9 per cent per annum, consumption grew at the rate of 4.8 per cent per annum. Thus the expansion of the domestic market could have acted as a constraint in the export performance of Indian tea industry.

In order to estimate the equation for tea exports, we have considered unit values of Sri Lanka tea in world market. It is found that the ratio of our tea unit value index to that of Ceylon is a significant variable in explaining our tea exports. But when the equation was estimated with the unit value index of African countries, the price co-efficient was not significant. Thus the changes in the unit values of African teas do not seem to affect our exports. This could be due to quality differences. Quality-wise it is the tea produced by Sri Lanka which is comparable to Indian tea.

Table 21 presents price and income elasticities for developing and developed countries. While price elasticity is considerably higher for developed countries than for developing countries, it is the other way round in respect of income elasticity.

⁶ Sarkar G.K., World Tea Economy, (1972), Oxford University press.

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1.7 Sugar ⁷:

Sugar exports constituted around 2 per cent in the total value of exports during the 1970s except for two years, viz., 1974-75 and 1975-76, when they amounted to 10.2 per cent and 11.3 per cent, respectively (Table 22). During these two years, sugar emerged as the largest foreign exchange earner. The export of sugar was quite erratic owing to fluctuations in output and rapidly rising internal demand. The average production of sugar during 1968-71 was 3852000 tonnes against 5812000 tonnes during 1979-82 exhibiting a compound growth rate of 3.81 per cent per annum (Table 23). However, sugar consumption grew at a faster rate, from 2609000 tonnes during 1968-69 to 5501000 tonnes in 1981-82, i.e., at the rate of 5.9 per cent per annum.

In 1974, the major sugar-exporting countries - Cuba and Brazil - experienced a poor sugarcane crop. Further, the beet crop in Europe also failed, leading to a dramatic increase in world sugar prices. The price of sugar in the London market shot up from less than £ 100 per ton to £ 600 per ton in 1974. The lower releases for internal consumption by the Government during the year helped in making a larger quantum available for exports. However, sugar export earnings plummeted from Rs.339.0 crores in 1974-75 and Rs.472.3 crores in 1975-76 to Rs.148.12 crores in 1976-77 owing to a steep decline in international prices and a bumper output.

During 1979-80 and 1980-81, India imported 180000 tonnes and 214000 tonnes of sugar, respectively. This was due to a substantial fall in production. India, being a member of the International Sugar Agreement (ISA) 1977, was allotted a quota of 8.32 lakh tonnes (raw) for 1980. However, the quota became inoperative from January 1980 as the international sugar prices crossed the level of US 15 cents per pound. India was also entitled for exports of 25,000 tonnes under Indo-EEC Agreement. In view of the steep fall in production, it was decided to export only 62,000 tonnes. Actual exports in 1980, however, amounted to 64,000 tonnes (including 1,500 tonnes of imported sugar re-exported to Nepal). During 1981 exports were banned in

⁷ Although it is classified as a manufactured good, it is included here in view of its importance as an agro-based commodity.

spite of the fact that India had contractual obligations to export 2.25 lakh tonnes (2 lakh tonnes against import agreement and 25,000 tonnes against Indo-EEC Agreement). For encouraging sugar-based export items such as jams, jellies, marmalades, squashes, sweet *chutneys*, etc., and for augmenting domestic availability of sugar, the Government of India permitted import replenishment up to 15 per cent of the value of exports of these items in 1981.

Iran and other Middle East markets, UK, USA and Canada have been the principal importers. In order to explain the exports of sugar, a dummy variable, taking the value 1 for 1974-75 and 1975-76-unusual years due to reasons mentioned earlier—and 0 for other years was used and found to be significant (equations 12 and 13 in Table 34). Domestic production significantly influences the exports. The unit value realisation of sugar exports of Cuba and the price ratio are significant variables explaining sugar exports. The price elasticity works out to 1.32 for developed economies and 1.36 for developing economies.

1.8 Spices:

During 1968-69 to 1981-82, exports of spices constituted around 2 per cent of the value of total exports, although the last two years, viz., 1980-82 witnessed a decline. Till 1971-72, total value fluctuated around Rs.35 crores and since 1973-74 it has increased steadily. In 1977-78, total exports rose to Rs.137.9 crores from Rs.75 crores in 1976-77 (Table 24). Both increases in quantum and unit value were responsible for this. However, during this period, India lost her position in the world market to Hong Kong and Singapore. While India accounted for 20.5 per cent of world spice exports in 1970, her share declined to 17.6 per cent in 1980, 14.88 per cent in 1981 and 15.16 per cent in 1982. Among spices, black pepper and cardamom are important in fetching foreign exchange. But in the second half of the 1970s, the yield rates of pepper and cardamom were almost stagnant. International markets also saw a declining trend in market arrivals. A considerable fall in pepper exports from Indonesia and reduced shipments from Brazil could not be offset by the excellent export performance of Malaysia. "Indian cardamom exports during 1980-82 remained below the level of

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the mid-seventies, mainly due to the higher prices which had to be paid for Indian pepper on account of export duty".⁸

Singapore being an important competitor for India's spice exports, its unit value realisations are taken as competitor's price and the ratio of Indian export unit values to that of Singapore is found to be significant in explaining the exports of spices (equations 14 and 15 in Table 34). Price elasticity is 0.9 and 0.4 for developing and developed economies, respectively. Since pepper and cardamom constitute around 80 per cent of the total spice exports, a combined index was constructed for the production of these two items. The production index is not significant in explaining exports. Exports of packed spices could be pursued seriously since these retail packs of spices offer substantial addition to value.

1.9 Oilcakes :

Oilcake exports include de-oiled groundnut extractions, de-oiled cottonseed extractions, de-oiled rice bran extractions, de-oiled soyabean extractions and rapeseed extractions. During the 1970s, the growth rate of oilseed production was less as compared with that of other crops. Most of the area under oilseed is rainfed. During 1978-79, only 10.6% of gross cropped area was irrigated. In view of the dependence on monsoon, self-sufficiency in oilseeds production has not been achieved and, in recent years, edible oils had to be imported in bulk quantities.

Table 25 indicates a modest increase in export earnings which is mainly due to increase in unit values. Since 1977-78, the average quantum of exports has remained at 902000 tonnes. This stagnant position is due to stagnancy in oilseeds production and growing demand for oilcakes for domestic consumption. With the increase in the number of cattle, the demand for oilcakes increases. For example, according to the 1977 Livestock Census, total buffalo population increased to 61.7 million in 1977 from 53 million in 1966. In good years, tight supply conditions in the world market and higher prices helped oilcakes to assume higher unit values. Thus unit values were high during 1973-74, 1977-78, 1980-81 and 1981-82 as compared

⁸ Commodity Review and Outlook 1980-81, FAO.

with those of other years, due to the following factors, which reduced the supplies of cattle feed in the world market:

- (i) USA imposed restrictions on exports of soyabean meal;
- (ii) fish meal from Peru, Netherlands and Australia were not readily available; and
- (iii) groundnut crop was poor in countries like West Africa, which specialise in this commodity.

A price elasticity of 0.92 for developed economies and 1.77 for developing economies is revealed by the regressions (equations 16 and 17 in Table 34). Production of oilseeds, lagged by one year, influence the exports of oilcakes. A dummy variable which takes value 1 for the years 1973-74, 1977-78 and 1980-82 and 0 for other years, was used and found to be significant. Oilcakes are among the few to benefit from the commodity boom of the Western World, but the exports of this item could not be sustained at a high level since they are based on uncertain production and stagnation in the average yields of oilseeds.

2. Tobacco (Unmanufactured):

During the 1970s, India was one of the first four largest producers of tobacco in the world. From 1968-69 to 1981-82, the value of exports of this item constituted around 2 per cent of the value of total exports. Among total agricultural exports, this item accounted for about 7 per cent. The quantum of exports was almost stagnant during 1968-69 to 1971-72 at around 55 million kgs (Table 26). In 1973-74, it increased to 98 million kgs. Quantity of exports grew at 5.6 per cent per annum and value at 13.2 per cent per annum. Hence increase in unit value has helped more in getting higher export proceeds than quantum increase.

Table 27 indicates the share of different countries in our tobacco exports. In the first half of the 1970s, UK accounted for nearly 41 per cent of our exports, followed by USSR (30 per cent). Since 1979-80, UK's share has been declining. India used to enjoy commonwealth preference in respect of the export of tobacco to UK. With the entry of UK into EEC this benefit was lost. India's loss

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of market in UK was captured by USA. Till 1978-79 Japan accounted for about 8 to 9 per cent of total exports which declined to 4 per cent in 1981-82. But the share of other countries increased by 21 percentage points during the same period. This is due to India's success in penetrating into other markets, viz., Czechoslovakia and Italy. The share of USSR is fluctuating around 30 per cent in our total tobacco exports. The table brings out clearly that India could achieve satisfactory growth in tobacco exports and maintain its share in total exports due to her success in penetrating new markets like Italy, although she lost her position in UK to USA and Japan.

World exports grew at the rate of 11 per cent per annum which is the same as that of India (Table 28). India has maintained her share in the world market at 4 per cent. The share of USA in tobacco exports declined by 4 percentage points and Brazil could increase its share by the same amount as its exports grew by 14 per cent per annum. China and Bulgaria almost maintained their share at 2 per cent and 5 per cent, respectively. While the share of Turkey increased marginally by one percentage point that of Canada declined by 2 percentage points. Bulgaria, Greece and Turkey produce and export primarily oriental leaf tobacco, whereas other countries produce flue-cured virginia. Hence they do not compete with India.⁹ In spite of different support programmes pursued by the US Government, mainly in the form of government-financed exports under PL 480, barter transactions and sales by Commodity Credit Corporation, which extended short-term credit to buyers, they could not maintain their share. From 1968-69 to 1981-82, tobacco production in India increased from 361 million kgs. to 520 million kgs. indicating a growth rate of 2.8 per cent per annum. But, consumption grew at the rate of 1.0 per cent per annum. (Table 29). The average annual percentage share of exports in production amounted to 19.6 during 1977-78 to 1981-82 as against 17.2 during 1968-69 to 1973-74.

Table 30 shows the average yield of tobacco in India, USA, Canada and South Korea in 1971, 1975 and 1981. While the yield in India increased by 35 per cent, that of Canada rose by 11 per cent. The maximum increase is indicated for South Korea (52 per cent). However, USA practically had no improvement in yield. Considering the

⁹ Tobacco Exports, New Delhi, (1970), Indian Institute of Foreign Trade.

four countries, the yield is lowest in India. Traditional method of cultivation is responsible for the relatively low productivity.

The competitive position of Indian tobacco should be considered with respect to the price offered by others. During 1969 and 1974, Indian tobacco cost more than that of Brazil and South Korea, but was considerably lower than that of USA and Canada (Table 31). But in 1980, except for Brazil, India had an advantageous price position. However, it is generally held that Indian tobacco is of relatively poor quality as compared with American tobacco. Its high dust content is an unfavourable factor.¹⁰

To estimate the export equation unit values of USA's tobacco as the competitor's price was considered. The ratio of Indian tobacco export unit value to that of USA is significant (equations 18 and 19 in Table 34). A price elasticity of 0.59 for developed economies and 0.82 for developing economies is indicated by the equation. Domestic production of tobacco is not significant in explaining exports.

3. Raw Cotton:

Average raw cotton exports during 1968-71 at 32000 tonnes increased to 74000 tonnes in 1979-82, i.e., at the rate of 7.2 per cent per annum. However, the value of cotton exports accounted for about 1 per cent of total exports. But in 1977-78, they declined to 0.01 per cent. From then, they started picking up. They reached an unprecedented level of Rs.164.9 crores in 1980-81, but again declined to Rs.36 crores in 1981-82 (Table 32). Satisfactory production performance is also revealed during this period (Table 33). The country had no cotton imports during 1979-80 and 1980-81. The average cotton imports for 1976-79 works out to 422 thousand bales as against 728 thousand bales for the period 1968-71. Exports as a proportion of production exhibited an increase of 2 percentage points during 1979-82 as compared with that of 1968-71.

Cotton production during 1970-71 was adversely affected in major cotton-producing States owing to different factors

¹⁰ Bone A. and Saxena V.K, 'Exports in Fourth Plan', Economic and Political Weekly, Annual Number, 1970.

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such as floods in Gujarat, heavy and untimely rains followed by a massive outbreak of pests in Maharashtra and sand storms in Rajasthan. In 1971-72, the country witnessed a good cotton harvest. Again in 1972-73, the fall in cotton production was due to widespread drought conditions in Maharashtra and Gujarat. From 1977-78, cotton production stabilised around 7500 thousand bales. At the same time, demand for cotton for local mill consumption also increased. However, even in good years, cotton exports account for about 7 per cent of production only. Hence increased production has positively helped to reduce imports rather than to augment exports. Short-staple cotton like Bengal Deshi, is exported which is used for making surgical dressings and mattresses, beddings and pillows and for mixing purposes. Japan is the leading importer followed by UK, France and USA. Since 1977-78 India has started exporting long-staple cotton, although in small quantities.

The equation for raw cotton exports gives the price elasticity of 2.8 for developed economies and 3.0 for developing economies (equations 20 and 21 in Table 34). However production does not seem to influence raw cotton exports. As stated earlier, increased production might have reduced imports rather than added to exports.

4. Econometric Analysis

In the previous paragraphs growth rates of exports were indicated for several commodities on the basis of terminal values using the formula for compound interest. However, the limitation of this measure is that they are affected by abnormal or unusual circumstances in the terminal and base years. In this section the growth rates are analysed on the basis of the log-quadratic equation which indicates the trend, if any. Further the instability of exports is also dealt with. Export instability is defined as short-term fluctuations in export earnings corrected for trend. Trend correction is necessary to avoid interpreting a constant year-to-year increase or decrease as indicating instability. "Instability Index" is calculated by considering the deviations from the trend line. It is the average value of the absolute difference between actual and estimated values, expressed as a percentage of actual value.

Growth rates along with instability index for the agricultural exports are presented in Table 35. Rice and fruits

and vegetables had a growth rate of more than 20 per cent. Coffee, marine products, raw cotton, tobacco, spices and sugar had an export growth rate of more than 10 per cent and less than 20 per cent. At the bottom are oilcakes, tea and cashew kernels, the growth rate being less than 10 per cent. No clear trend is, however, indicated for sugar. Deceleration in growth is observed for rice, marine products, tobacco (unmanufactured), oilcakes and cashew kernels.

The Instability Index measures above 20 for raw cotton, sugar and rice. The vagaries in production responsible for erratic export performance were referred to in the earlier sections. Among the remaining only the export of cashew kernels is relatively more unstable. Although tea and oilcakes were characterised by low growth rates of exports, the level of instability was also low.

Table 34, referred to in the earlier sections, contains the regressions estimated for explaining the variations in the exports of different commodities. The size of the regression coefficient depends not only on the relation between the variables but also on the unit in which it is stated. If one were to assess the relative importance of different regressors in affecting the movements in the dependent variable there is a need to render the coefficient comparable by freeing them from the influence of units. This is facilitated by the compilation of Beta Coefficients. In this form each variable is stated in units of its own individual standard deviation¹¹.

Table 36 presents the Beta Coefficients compiled for the equations of Table 34. For all commodities except tea, oilcakes and raw cotton the price factor emerges as the most important factor affecting exports. For tea it is domestic production which is dominant while for raw cotton it is the income of the importing countries. In the case of oilcakes while domestic production emerges to be the most important variable in respect of exports to developed countries it is income of the importing country so far as the developing economies are concerned.

In the sections on various commodities, elasticities of exports with respect to price and income of the importing countries were presented. The underlying regressions are

¹¹ Ezekiel M. and Fox K.A., Methods of Correlation and Regression Analysis, (1961), John Wiley and Sons, Inc.

linear and the elasticities refer to the position at the mean value being in the nature of an average value for the period covered. To have an idea about the elastic or inelastic nature of exports in the immediate future it is appropriate to estimate elasticities in the terminal years of the period of reference. Such elasticities are given in Table 37 alongwith those pertaining to the position at the mean. Although the two sets of values differ, generally those exports which are found to be inelastic at the mean value are found to be so in the terminal year also. From Table 36 it may be inferred that exports of rice, fish and fish preparations, coffee and tobacco are price-inelastic. For the other commodities the position depends on whether the importing countries are developed or developing. Income elasticity is high for exports of all commodities except rice. While the income elasticity of exports to developing countries is higher than that for developed countries in respect of fish preparations, fruits and vegetables, coffee, tea and tobacco, it is the other way round for the other commodities.

The results analysed above should be useful in planning the export strategy in the coming years.

5. Concluding Remarks

During 1968-69 to 1981-82, exports of agricultural commodities fared slightly better than total exports resulting in an improvement in their share from 30 per cent to 32 per cent. Among food and live animals, the performance of tea, cashew kernels and oilcakes was not satisfactory while that of rice and fruits and vegetables was good. The other commodities occupied an intermediate position. Almost in the case of all the commodities considered in the study increased unit value was primarily an important factor in the achievement of higher export earnings, although it was more pronounced in the case of oilcakes, sugar, tea and cashew kernels. In respect of rice, marine products, coffee, spices, raw cotton and tobacco (unmanufactured) quantum increase was also a reinforcing factor. The exports of rice, sugar and raw cotton were subjected to considerable instability. Only for sugar, no significant trend in exports could be discerned. The high price inelasticity observed for some of the commodities surveyed should be taken into account in formulating an appropriate price policy for exports.

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Table - 1: Agricultural Exports 1968-82

Commodity	(Rs. Crores)														
	1968-69	69-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1. Food & Live Animals	365 (85)	346 (84)	413 (87)	436 (84)	522 (81)	679 (82)	1019 (86)	1253 (85)	1301 (87)	1555 (89)	1440 (84)	1690 (79)	1705 (77)	1919 (80)	
1.1 Rice	3	4	5	6	7	14	16	13	6	11	39	128	224	368	
1.2 Fish & Fish preparations	23	31	31	42	55	89	66	127	180	174	226	253	217	285	
1.3 Fruits & Vegetables	12	13	13	9	12	16	17	36	57	47	64	64	80	95	
1.4 Cashew Kernels	61	57	52	61	69	74	118	96	106	150	80	118	140	182	
1.5 Coffee	18	20	25	22	33	46	51	67	126	194	144	163	214	146	
1.6 Tea (Black)	157	122	145	155	145	142	221	234	289	546	329	363	335	327	
1.7 Sugar	10	9	28	31	13	43	339	470	148	19	131	129	36	64	
1.8 Spices	25	34	39	36	29	55	61	71	75	138	148	149	111	99	
1.9 Oil cakes	49	41	55	40	75	170	96	86	224	133	116	128	125	139	
1.10 Meat & Meat Preparations	2	4	3	5	3	6	9	10	21	25	33	41	56	80	
2. Tobacco (Unmanufactured)	32	33	31	42	61	68	80	93	97	113	111	101	119	205	
3. Crude materials (including raw materials and animal & vegetable oil)	(8)	(8)	(7)	(8)	(9)	(8)	(7)	(6)	(6)	(6)	(6)	(5)	(5)	(8)	
3.1 Cotton (raw)	29	33	29	39	62	82	87	120	97	84	160	340	391	295	
4. India's total exports	(7)	(8)	(6)	(8)	(10)	(10)	(7)	(9)	(6)	(5)	(10)	(16)	(18)	(12)	
5. Total agricultural exports	11	15	14	16	22	32	15	39	27	0.7	16	75	165	36	
6. Percentage share of agricultural exports in total exports	1358	1,413	1535	1608	1971	2523	3329	4043	5146	5404	5726	6459	6711	7803	
	426	412	473	517	645	829	1186	1466	1495	1752	1719	2131	2215	2419	
	31	29	31	32	33	32	35	36	29	32	30	33	33	31	

(Figures in brackets indicate percentages to total agricultural exports.)

Unless otherwise stated the sources

for this and the following tables are: 1) Report on Currency and Finance, Reserve Bank of India; and

2) Economic Survey, Government of India.

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**Table - 2 : Commodity-wise Exports
During 1968-82**

Commodity	Quantity		value	
	1968-71	1979-82	1968-71	1979-82
	1	2	3	4
Rice	23.3	704.8 (32.8)	4.2	240.0 (40.0)
Marine Products	30.5	78.2 (8.2)	29.7	250.9 (19.5)
Fruits & vegetables	N.A.	N.A.	12.7	251.7 (24.1)
Cashew Kernels	59.3	32.7 (-4.8)	56.8	146.7 (8.2)
Coffee	31.0	74.3 (7.5)	20.9	174.6 (19.4)
Tea	191.3	214.3 (0.88)	141.3	341.7 (7.6)
Sugar	176.4	213.9 (1.6)	15.5	76.3 (14.2)
Spices	44.8	90.8 (6.1)	32.5	119.8 (11.5)
Oil Cakes	821.0	914.3 (0.9)	48.6	130.5 (8.6)
Raw Cotton	32.0	73.9 (7.2)	13.3	92.1 (17.4)
Tobacco (unmanufactured)	53.3	103.0 (5.6)	32.0	141.7 (13.2)

Figures in brackets indicate compound growth rates (per cent per annum)

N.A. = Not Available.

Compound growth rate is calculated on the basis of terminal values using the formula $P_t = P_0 (1 + i)^n$.

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Table - 3: Rice Exports

Year	Quantity ('000 tonnes)	Value (Rs. crores)	Unit Value (Rs/kg.)
1	2	3	4
1968-69	16	3.2 (0.24)	2.00
1969-70	21	4.3 (0.30)	2.05
1970-71	33	5.2 (0.34)	1.58
1971-72	15	6.1 (0.38)	4.07
1972-73	18	7.4 (0.38)	4.10
1973-74	28	13.9 (0.55)	4.96
1974-75	38	15.8 (0.47)	4.16
1975-76	34	13.4 (0.33)	3.94
1976-77	21	5.8 (0.11)	2.76
1977-78	52	11.3 (0.21)	2.17
1978-79	110.5	38.71 (0.68)	3.50
1979-80	515.3	128.31 (1.99)	2.49
1980-81	726.7	223.88 (3.33)	3.08
1981-82	872.5	367.78 (4.71)	4.22

Figures in brackets indicate the percentage shares to total exports of all commodities.

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Table - 4: Exports of Marine Products from India

Year	Quantity (tonnes)	Value (Rs. crores)	Unit Value (Rs. per kg.)
1	2	3	4
1968-69	23252	21.14 (2)	9.09
1969-70	32295	32.86 (2)	10.17
1970-71	35883	35.07 (2)	9.77
1971-72	35523	44.55 (3)	12.54
1972-73	38903	59.71 (3)	15.35
1973-74	52279	94.12 (3.5)	18.00
1974-75	45099	68.41 (2)	15.17
1975-76	54463	132.00 (3)	24.24
1976-77	66750	189.12 (3.7)	28.33
1977-78	65967	180.95 (3)	27.43
1978-79	86894	234.62 (4)	27.00
1979-80	86401	248.82 (4)	28.80
1980-81	73685	217.00 (3.6)	29.45
1981-82	74500	287.00 (4)	38.85

Figures in brackets indicate the percentage shares to total exports.

Table - 5: Exports of Marine Products to Principal Countries (Rs. in lakhs)

Country	1969-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Australia	131 (4)	91 (3)	111 (3)	154 (3)	204 (2)	281 (4)	260 (2)	272 (2)	177 (1)	144 (1)	227 (1)	164 (1)	334 (1)
2. France	72 (2)	58 (2)	88 (2)	192 (3)	123 (1)	81 (1)	412 (3)	786 (4)	639 (4)	1392 (6)	895 (4)	583 (3)	673 (2)
3. Hong Kong	37 (1)	50 (1)	24 (0.05)	29 (-)	48 (-)	45 (1)	60 (-)	110 (0.5)	177 (1)	201 (1)	175 (1)	188 (1)	246 (1)
4. Japan	941 (29)	1196 (34)	2240 (50)	2932 (49)	5292 (56)	4053 (59)	8530 (65)	11916 (63)	10875 (60)	16507 (70)	17421 (70)	15551 (71)	19705 (69)
5. Kuwait	-	-	-	-	-	-	25 (-)	-	-	308 (1)	592 (2)	503 (2)	922 (3)
6. Netherlands	8 (-)	17 (-)	9 (-)	58 (1)	32 (-)	28 (-)	19 (-)	23 (-)	174 (1)	343 (1)	896 (4)	721 (3)	697 (2)
7. Singapore	56 (2)	69 (2)	44 (1)	46 (1)	72 (1)	85 (1)	106 (1)	128 (1)	174 (1)	265 (1)	231 (1)	235 (1)	233 (1)
8. Sri Lanka	135 (4)	157 (4)	128 (3)	40 (0.6)	82 (1)	33 (-)	56 (-)	112 (1)	263 (1)	211 (1)	129 (-)	129 (1)	31 (-)
9. U.K.	92 (3)	126 (4)	114 (3)	220 (4)	350 (4)	181 (3)	42 (-)	87 (-)	142 (1)	206 (1)	821 (3)	772 (4)	1463 (5)
10. U.S.A.	1688 (51)	1461 (42)	1402 (31)	1889 (32)	2813 (30)	1758 (25)	3336 (26)	4858 (26)	4844 (27)	3516 (15)	3308 (13)	2724 (12)	3652 (13)
11. Other countries	126 (4)	282 (8)	295 (7)	411 (7)	396 (4)	296 (4)	354 (3)	620 (3)	630 (3)	369 (2)	187 (1)	130 (1)	744 (3)
12. Total	3286	3507	4455	5971	9412	6841	13200	18912	18095	23462	24882	21700	28700

Figures in brackets indicate the percentage shares to total exports. (-) Negligible.

Table - 6 : Fish Landing in India

('000 tonnes)

Year	Fish Landing
1	2
1970	1086
1971	1161
1972	972
1973	1210
1974	1472
1975	1482
1976	1375
1977	1448
1978	1490
1979	1492
1980	1548
1981	1579

Source : UN Statistical Year Book for Asia and the Pacific.

Table - 7 : Pattern of Marine Product Exports from India

Product	1970-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80
1	2	3	4	5	6	7	8	9	10	11
1. Frozen Shrimp										
Q	22135	24952	31038	38370	35139	46489	49378	50067	51162	51068
V	2453	3710	5078	7455	5867	11058	16799	15830	19478	21125
UV	11.1	14.9	16.4	19.4	16.7	23.18	34.0	31.6	38.1	41.4
2. Frozen Lobsters										
Q	266	347	367	408	407	405	512	637	732	560
V	53	136	111	122	123	204	330	396	514	406
UV	19.9	39.2	30.2	29.9	30.2	50.4	64.5	62.2	70.2	72.5
3. Frozen Froglegs										
Q	2447	1367	2180	2886	873	2039	3020	2899	4087	2926
V	300	128	289	519	150	489	717	667	992	634
UV	12.3	9.4	13.3	18.1	17.2	24.0	23.7	23.0	24.3	21.7
4. Fresh Frozen Fish										
Q	11	28	21	142	60	325	2753	3140	16757	22629
V	1	1	1	9	6	39	294	317	975	1332
UV	9.1	3.6	4.8	6.3	10.0	12.0	10.7	10.1	5.8	5.9
5. Frozen Cuttle Fish & Fillers										
Q	-	-	-	1	161	1239	752	977	1062	1551
V	-	-	-	neg.	23	358	126	142	191	429
UV	-	-	-	-	14.0	28.9	16.8	14.5	18.0	27.7
6. Frozen Squids										
Q	-	-	-	-	-	52	566	654	2755	2244
V	-	-	-	-	-	4	68	68	360	296
UV	-	-	-	-	-	7.7	12.0	10.4	13.4	13.2
7. Canned Shrimp										
Q	2510	1581	1584	1996	1154	164	124	129	197	231
V	368	252	325	533	357	38	46	57	88	113
UV	15.5	15.9	20.5	26.7	30.9	23.2	37.1	3	44.7	48.9

Table - 7 : Pattern of Marine Product Exports from India (Concl'd.)

	1	2	3	4	5	6	7	8	9	10	11
8. Dried Fish											
Q	6557	2191	6278	2191	3598	1516	2411	5372	4230	6909	3357
V	166	55	143	55	114	61	98	215	226	366	157
UV	2.5	2.5	2.3	2.5	3.2	4.0	4.1	4.0	5.3	5.3	4.7
9. Dried Shrimp											
Q	1262	226	418	226	205	103	79	29	235	19	19
V	72	24	23	24	22	14	10	2	17	3	2
UV	5.7	10.6	5.5	10.6	10.7	13.6	12.6	6.9	7.2	15.8	10.5
10. Shark											
Q	274	319	297	319	236	256	289	292	289	416	341
V	58	67	51	67	70	90	99	181	249	332	268
UV	21.2	21.0	17.2	21.0	29.7	35.2	34.3	62.0	86.2	79.8	78.6
11. Misc. Items											
Q	121	977	255	977	4457	5427	971	3952	2710	2798	1475
V	16	22	11	22	107	150	56	134	126	154	120
UV	3.8	2.3	4.3	2.3	2.4	2.8	5.8	3.1	4.6	5.5	8.1
TOTAL											
Q	35883	38903	35523	38903	52279	45099	54463	66750	65967	86894	86401
V	3507	5972	4455	5972	8951	6841	12453	18912	18095	23462	24882
UV	9.8	15.4	12.5	15.4	17.1	15.2	22.9	28.3	27.4	27.0	28.8

Q = Quantity in tonnes
V = Value in Rs. lakhs
UV = Unit value in Rs. per kg.

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Table - 8 : Cashew Kernel Exports

Year	Volume (in million kg.)	Value (Rs. crores)	Unit Value (Rs. per kg.)
1	2	3	4
1968-69	62.7 (76)	60.8 (4)	9.70
1969-70	54.1 (69)	57.4 (4)	10.61
1970-71	60.0 (68)	52.1 (3)	8.68
1971-72	64.5 (63)	61.3 (4)	9.50
1972-73	57.1 (59)	68.8 (4)	12.05
1973-74	58.0 (62)	74.4 (3)	12.83
1974-75	59.2 (62)	118.2 (4)	19.97
1975-76	55.9 (59)	96.1 (2)	17.19
1976-77	40.1 (57)	106.1 (2)	26.46
1977-78	23.8 (38)	149.5 (3)	62.81
1978-79	37.3 (50)	80.2 (1)	21.50
1979-80	36.9 (49)	118.1 (2)	32.00
1980-81	29.4 (49)	140.2 (2)	47.69
1981-82	31.8 (42)	181.7 (2)	57.14

Unit value is derived from volume and value of cashew kernel export earnings.

While figures in brackets in col. (2) indicate the shares of this item in world exports, in col. (3) they indicate the shares of this item in total exports of our country.

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Table - 9 : Net Foreign Exchange Earnings
from Cashew Kernel Exports

(Rs. in crores)

Year	Exports of Cashew kernels	Imports of Raw Cashew- nuts	Net foreign exchange earnings
1	2	3	4
1968-69	61	31	30 (49)
1969-70	57	28	29 (51)
1970-71	52	29	23 (44)
1971-72	61	28	33 (54)
1972-73	69	32	37 (54)
1973-74	74	29	45 (61)
1974-75	118	37	81 (69)
1975-76	96	34	62 (65)
1976-77	106	18	88 (83)
1977-78	150	18	132 (88)
1978-79	80	9	71 (89)
1979-80	118	12	106 (90)
1980-81	140	9	131 (93)
1981-82	182	18	164 (90)

Figures in brackets indicate the percentage of net foreign exchange earnings to cashew kernels' export earnings.

Table - 10 : India's Export of Cashew Kernels to Principal Countries

COUNTRY	Y E A R S												
	1969-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	
	2	3	4	5	6	7	8	9	10	11	12	13	
1. Australia	155 (3)	122 (2)	135 (2)	131 (2)	178 (2)	408 (4)	414 (4)	481 (5)	680 (5)	232 (3)	467 (4)	427 (3)	
2. Canada	167 (3)	255 (5)	423 (7)	694 (10)	378 (5)	631 (5)	630 (7)	729 (7)	399 (3)	215 (3)	345 (3)	100 (1)	
3. Japan	47 (1)	102 (2)	143 (2)	224 (3)	476 (6)	331 (3)	745 (8)	1159 (11)	1196 (18)	1214 (15)	1126 (10)	791 (6)	
4. U.K.	175 (3)	107 (2)	167 (3)	197 (3)	164 (2)	165 (1)	160 (2)	337 (3)	324 (2)	482 (6)	476 (4)	520 (4)	
5. U.S.A.	2148 (37)	2458 (47)	2869 (47)	2370 (34)	2569 (35)	1901 (16)	3948 (41)	3690 (35)	2707 (18)	2465 (31)	3700 (31)	1713 (12)	
6. U.S.S.R.	2471 (43)	1468 (28)	1801 (29)	2399 (35)	2942 (40)	7276 (62)	2508 (26)	2949 (28)	8394 (56)	2444 (31)	4299 (36)	9024 (64)	
7. Other Countries	579 (10)	695 (13)	595 (10)	867 (13)	736 (10)	1102 (9)	1208 (13)	1254 (12)	1254 (8)	971 (12)	1397 (12)	1438 (10)	
8. Total	5742	5207	6133	6882	7443	11814	9613	10599	14954	8023	11810	14013	

Figures in brackets indicate the percentage shares to total exports.

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Table - 11 : Price and Income Elasticities of Cashew Exports

Country	Price Elasticity	Income Elasticity
	2	3
1		
Developing countries	-1.3062	1.0034
Developed countries	-1.2315	1.7346
USA	-1.3847	2.9314
USSR	-0.8743	0.6432
Others *	-1.1286	1.5046

* Others include all countries except USA and USSR

Table - 12 : Average Unit Values of Cashew-Nuts/Cashew Kernels (Rs./Tonne)

Period	Average unit value of	
	Imported cashew-nuts	Exported cashew kernels
1	2	3
1955-56 - 1959-60	710	4140
1960-61 - 1964-65	730 (3)	4460 (8)
1965-66 - 1969-70	1450 (99)	8420 (88)
1970-71 - 1974-75	1820 (26)	12700 (51)
1975-76 - 1979-80	2880 (58)	26200 (106)
1980-81 - 1981-82	10330 (259)	51260 (96)

Figures in brackets indicate percentage increase over price in the previous period.

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Table - 13 : Coffee Exports

Year	Exports (in Mk.)	Value (Rs. in crores)	Unit Value (Rs. per kg.)
1	2	3	4
1968-69	29	18 (1.3)	6.2
1969-70	32	19.6 (1.3)	6.1
1970-71	32	25.1 (1.6)	7.8
1971-72	36	22.1 (1.4)	6.9
1972-73	51	32.9 (1.7)	6.5
1973-74	53	46.0 (1.8)	8.7
1974-75	50	51.4 (1.5)	10.2
1975-76	59	66.7 (1.6)	11.3
1976-77	51	126.0 (2.4)	24.7
1977-78	58	194.4 (3.6)	33.5
1978-79	66	144.0 (2.5)	21.8
1979-80	62	163.3 (2.5)	26.3
1980-81	87	214.2 (3.2)	24.6
1981-82	74	146.3 (1.9)	19.8

Figures in brackets indicate the percentage shares to total exports of all commodities.

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Table - 14 : Production, Consumption and Exports of Indian Coffee

(in tonnes)

Year	Production	Consumption	Export
1	2	3	4
1970-71	110231	22178	32000 (29)
1971-72	68948	25137	36000 (52)
1972-73	91072	37888	51000 (56)
1973-74	86388	33722	53000 (61)
1974-75	92506	36066	50000 (54)
1975-76	83982	35455	59000 (70)
1976-77	102248	47334	51000 (50)
1977-78	125141	53553	58000 (46)
1978-79	110488	47208	66000 (60)
1979-80	149700	53749	62000 (41)
1980-81	118600	41356	87000 (73)
1981-82	155000	22452	74000 (48)

Figures in brackets indicate the percentage shares to production.

Source : Coffee Board - Annual Reports.

Table - 15 : Tea Exports

Year	Quantity (Mil. kgs.)	Values (Rs. crores)	Unit Value (Rs./kg.)
1	2	3	4
1968-69	201	157	7.81
1969-70	174	122	7.01
1970-71	199	145	7.29
1971-72	207	155	7.49
1972-73	193	145	7.51
1973-74	192	142	7.40
1974-75	230	221	9.61
1975-76	212	234	11.04
1976-77	244	289	11.84
1977-78	224	546	24.38
1978-79	172	329	19.13
1979-80	204	363	17.79
1980-81	229	335	14.63
1981-82	210	327	15.57

Table - 16 : Country-wise Tea Exports

Exports from	(In thousand \$)								
	1968	1969	1970	1971	1972	1973	1974	1975	
1	2	3	4	5	6	7	8	9	
1. India	221976 (34)	160716 (28)	196192 (28)	201794 (28)	203259 (28)	185389 (25)	232242 (27)	293222 (28)	
2. Sri Lanka	195033 (30)	178272 (31)	187963 (27)	192142 (27)	187900 (25)	196040 (27)	203962 (24)	275170 (27)	
3. Bangladesh	-	-	56500 (8)	18600 (3)	27000 (4)	8691 (-)	15513 (2)	21000 (2)	
4. African Countries	78166 (12)	79679 (14)	87492 (13)	90884 (13)	110700 (15)	110304 (15)	123004 (14)	138757 (13)	
5. China	11274 (2)	12918 (2)	44178 (6)	55574 (8)	55456 (8)	53135 (7)	62384 (7)	75525 (7)	
6. Japan	1364 (-)	1355 (-)	1064 (-)	1110 (-)	1235 (-)	1429 (-)	1396 (-)	1611 (-)	
7. Indonesia	16449 (2)	7674 (1)	18300 (3)	28881 (4)	30627 (4)	26079 (4)	46278 (5)	51543 (5)	
8. Turkey	2005 (-)	2280 (-)	1710 (-)	3873 (1)	3587 (-)	3647 (1)	4794 (1)	140 (-)	
9. Malaysia	1885 (-)	1500 (-)	1351 (-)	1134 (-)	1006 (-)	1015 (-)	1152 (-)	1200 (-)	
10. All other countries	130449 (20)	125459 (22)	101210 (15)	116966 (16)	117706 (16)	142424 (20)	168141 (20)	176248 (17)	
Total	658601	569853	695960	710958	738476	728153	858866	1034416	

Figures in brackets indicate percentages to total Exports.
Source : FAO Trade Year Book.

Table - 16 : Country-wise Tea Exports (Concl'd.)
(In thousand \$)

Exports 1	1976	1977	1978	1979	1980	1981	1982
	10	11	12	13	14	15	16
1. India	305932 (29)	608529 (31)	425695 (25)	437600 (25)	531200 (28)	560000 (30)	378000 (23)
2. Sri Lanka	247763 (23)	413297 (21)	405000 (24)	364781 (21)	372156 (20)	335089 (18)	304897 (19)
3. Bangladesh	16225 (2)	32156 (2)	42768 (3)	40319 (2)	37037 (2)	44523 (2)	34260 (2)
4. African countries	159670 (15)	310754 (16)	267143 (16)	290334 (16)	274826 (14)	271501 (15)	334525 (20)
5. China	87684 (8)	141332 (7)	133142 (8)	196466 (11)	209200 (11)	224938 (12)	164108 (10)
6. Japan	2125 (-)	3122 (-)	3019 (-)	2706 (-)	2657 (-)	3091 (-)	2762 (-)
7. Indonesia	56574 (5)	118480 (6)	94758 (6)	3388 (5)	112700 (6)	100837 (5)	89492 (5)
8. Turkey	247 (-)	7556 (-)	3321 (-)	8083 (-)	7733 (-)	7161 (-)	1215 (-)
9. Malaysia	722 (-)	1228 (-)	1200 (-)	2000 (-)	2817 (-)	954 (-)	2450 (-)
10. All other countries	182063 (17)	313050 (16)	313624 (18)	414015 (23)	354648 (19)	337420 (18)	329360 (20)
Total	1059005	1949504	1689670	1759692	1904974	1885514	1641069

Figures in brackets indicate percentages to total exports.

Source : FAO Trade Year Book

Table - 17 : Exports of Tea to Principal Countries

Countries	(Rs. in lakhs)													
	1969-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	
1 Afghanistan	622 (5)	653 (5)	646 (4)	578 (4)	514 (4)	619 (3)	1650 (7)	935 (3)	1712 (3)	1626 (5)	907 (3)	692 (2)	613 (2)	
2 Federal Republic of Germany	356 (3)	370 (3)	384 (2)	504 (4)	606 (4)	766 (3)	660 (3)	846 (3)	1700 (3)	775 (2)	1511 (4)	1413 (4)	1109 (3)	
3 Iran	268 (2)	349 (2)	416 (3)	374 (3)	460 (3)	1382 (6)	960 (4)	1327 (5)	2366 (4)	1687 (5)	2141 (6)	2357 (7)	1174 (3)	
4 Ireland	291 (2)	406 (3)	413 (3)	521 (4)	396 (3)	527 (2)	456 (2)	629 (2)	1282 (2)	777 (2)	1155 (3)	908 (3)	684 (2)	
5 Sudan	287 (2)	564 (4)	1256 (8)	856 (6)	552 (4)	701 (3)	656 (3)	864 (3)	2488 (5)	1642 (5)	1256 (3)	983 (3)	495 (2)	
6 UAE	688 (6)	767 (5)	737 (5)	856 (6)	641 (5)	1059 (5)	1096 (5)	1983 (7)	2912 (5)	1932 (6)	2379 (7)	529 (2)	515 (2)	
7 U.K.	4648 (38)	6487 (44)	5029 (32)	3942 (27)	3561 (24)	5081 (23)	4569 (20)	8661 (30)	17179 (32)	9272 (28)	9357 (26)	7724 (23)	7371 (22)	
8 U.S.A.	568 (5)	545 (4)	606 (4)	479 (3)	565 (4)	615 (3)	605 (3)	1433 (5)	1503 (3)	390 (1)	720 (2)	420 (1)	435 (1)	
9 U.S.S.R.	2388 (20)	2639 (18)	3299 (21)	3242 (22)	3264 (23)	5952 (27)	7276 (30)	5346 (19)	12629 (23)	5492 (17)	8027 (22)	9976 (30)	11999 (36)	
10 Other countries	2097 (17)	1731 (12)	2713 (18)	3176 (22)	3643 (26)	5446 (25)	5550 (23)	6878 (23)	10591 (20)	9291 (28)	9462 (24)	8478 (25)	8268 (25)	
Total	12213	14511	15499	14528	14202	22148	23428	28902	54562	32954	36315	33480	32663	

Figures in brackets indicate the percentage shares to the total exports
(-) Negligible.

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Table 18 : Tea Imports of UK

(in million kgs.)

Year	Total Imports	Of which from		
		India	Sri Lanka	African Countries
1970	252.7	82.9 (33)	70.8 (28)	54.1 (21)
1973	211.1	56.2 (27)	30.1 (14)	71.1 (34)
1977	243.0	84.7 (35)	25.0 (10)	95.2 (39)
1980	210.4	64.1 (30)	23.5 (11)	95.3 (45)
1981	160.4	39.5 (25)	18.0 (11)	76.2 (47)
1982	207.7	54.4 (26)	18.7 (9)	106.3 (51)

Figures in brackets indicate percentages to totals

Table - 19 : Tea - Yield per hectare

(in kgs.)

Countries	1973	1976	1977	1978	1979	1980	1981	1982
1	2	3	4	5	6	7	8	9
1. India	1035	1397	1507	1509	1437	1491	1481	1526
2. Sri Lanka	872	817	862	819	846	782	858	776
3. Indonesia	859	1002	927	1056	1077	1118	1192	1190
4. African countries	1095	966	1184	1172	1158	1049	1054	1136
5. Bangla-desb	643	771	878	873	821	911	928	931

Source : FAO - Production Year Book.

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Table - 20 : Tea-Production, Consumption & Exports

(Million kgs.)

Year	Production	Consumption	Exports
1	2	3	4
1968-69	383	186	201 (52)
1969-70	394	203	174 (44)
1970-71	419	213	199 (47)
1971-72	435	225	207 (48)
1972-73	465	237	193 (42)
1973-74	472	248	192 (41)
1974-75	489	260	230 (47)
1975-76	487	272	212 (44)
1976-77	512	286	244 (48)
1977-78	559	300	224 (40)
1978-79	571	318	172 (30)
1979-80	544	337	204 (38)
1980-81	570	358	229 (40)
1981-82	560	378	210 (38)

Figures in brackets indicate the percentage shares of exports to production.

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Table - 21 : Price & Income Elasticities
for Tea Exports

Country	Price Elasticity	Income Elasticity
1	2	3
Developed countries	- 1.2046	0.8314
Developing countries	- 0.6125	1.0326
U.K.	- 1.1431	0.5463
U.S.A.	- 1.3614	1.2116
U.S.S.R.	- 0.4578	1.0614

Table - 22 : Exports of Sugar

Year	Quantity ('000 tonnes)	Value (Rs. crores)	Unit Value (Rs./kg.)	Percentage Share to total exports
1	2	3	4	5
1968-69	99.2	10.3	1.04	0.7
1969-70	82.0	8.6	1.05	0.6
1970-71	348.1	27.6	0.79	1.8
1971-72	121.0	31.0	2.56	1.9
1972-73	102.0	13.3	1.30	0.7
1973-74	253.1	42.7	1.69	1.7
1974-75	695.0	339.0	4.88	10.2
1975-76	1201.0	472.3	3.93	11.3
1976-77	580.0	148.1	2.55	2.9
1977-78	69.7	19.5	2.79	0.3
1978-79	719.5	131.0	1.82	2.3
1979-80	368.2	128.9	3.50	2.0
1980-81	71.5	35.9	5.03	0.5
1981-82	202.1	64.2	3.18	0.8

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Table - 23 : Production, Consumption & Export of Sugar

(in '000 tonnes)

Y E A R (October/September)	Domestic Production	Domestic Consumption	Exports
1	2	3	4
1968-69	3558	2609	79 (2)
1969-70	4262	3270	212 (5)
1970-71	3737	4024	390 (10)
1971-72	3108	3790	133 (4)
1972-73	3873	3514	110 (3)
1973-74	3948	3552	543 (14)
1974-75	4792	3472	1021 (20)
1975-76	4262	3670	967 (23)
1976-77	4843	3753	312 (6)
1977-78	6462	4548	202 (3)
1978-79	5844	6181	863 (15)
1979-80	3859	5203	290 (8)
1980-81	5142	4989	611 (11)
1981-82	8435	5501	415 (5)

Figures in brackets indicate the percentages to domestic production.

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Table - 24 : Exports of Spices

Y e a r	Quantity ('000 tonnes)	Value (Rs. crores)	Unit Value (Rs./kg.)	Percentage share to total exports
1	2	3	4	5
1968-69	46.52	24.76	5.32	1.8
1969-70	41.27	33.91	8.22	2.4
1970-71	46.90	38.81	8.28	2.5
1971-72	63.33	36.40	5.75	2.2
1972-73	45.42	29.13	6.41	1.5
1973-74	62.01	55.07	8.89	2.2
1974-75	52.4	61.34	11.71	1.8
1975-76	57.2	70.96	12.41	1.7
1976-77	57.0	75.00	13.16	1.5
1977-78	76.0	137.90	18.14	2.5
1978-79	97.7	147.93	15.14	2.6
1979-80	110.1	149.36	13.57	2.3
1980-81	84.2	111.36	13.23	1.7
1981-82	78.1	98.76	12.65	1.3

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Table - 25 : Export of Oilcakes

Year	Quantity ('000 tonnes)	Value (Rs. crores)	Unit Value (Rs./kg.)
1	2	3	4
1968-69	879	49.0 (3.61)	0.56
1969-70	705	41.5 (2.94)	0.59
1970-71	879	55.4 (3.61)	0.63
1971-72	742	40.2 (2.50)	0.54
1972-73	1001	74.8 (3.80)	0.75
1973-74	1282	178.6 (7.08)	1.4
1974-75	835	95.7 (2.88)	1.15
1975-76	985	86.1 (2.13)	0.87
1976-77	1793	223.81 (4.35)	1.25
1977-78	855	133.3 (2.47)	1.56
1978-79	917	115.79 (2.02)	1.26
1979-80	1034	127.5 (1.97)	1.23
1980-81	885	125.1 (1.88)	1.41
1981-82	824	139 (1.78)	1.69

Figures in brackets indicate percentage share of oilcake exports to total exports of all commodities.

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Table - 26 : Tobacco Exports

Year	Quantity (in mil. kg.)	Value (Rs. in crores)	Unit Value Rs./kg.
1	2	3	4
1968-69	54	32	5.98
1969-70	56	33	5.89
1970-71	50	31	6.20
1971-72	59	42	7.12
1972-73	81	61	7.53
1973-74	98	68	6.94
1974-75	78	80	10.26
1975-76	79	93	11.77
1976-77	86	97	11.28
1977-78	93	113	12.15
1978-79	84	111	13.21
1979-80	85	101	11.88
1980-81	91	119	13.08
1981-82	133	205	15.41

Table - 27 : Tobacco (unmanufactured) - Exports to Principal Exporting Countries

Country	(In lakh Rupees)													
	1969-70	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1. Japan	261 (8)	239 (8)	386 (9)	441 (8)	450 (7)	648 (8)	952 (10)	876 (9)	1133 (10)	957 (9)	599 (6)	549 (5)	832 (4)	
2. Nepal	39 (1)	50 (1)	22 (1)	81 (1)	80 (1)	48 (1)	110 (1)	55 (1)	101 (1)	-	-	-	-	
3. South Yemen People's Republic	106 (3)	25 (1)	19 (-)	15 (-)	16 (-)	20 (-)	74 (1)	106 (1)	94 (1)	-	-	-	-	
4. U.K.	1587 (48)	1662 (54)	1579 (38)	1228 (20)	3156 (47)	3896 (49)	3031 (33)	4234 (43)	5100 (45)	4721 (43)	2808 (28)	3225 (27)	4339 (21)	
5. U.S.S.R.	643 (20)	554 (18)	1528 (36)	2940 (48)	1860 (27)	1723 (21)	2891 (31)	2399 (25)	3002 (27)	2459 (22)	2927 (29)	5048 (42)	6901 (34)	
6. Other Countries	664 (20)	570 (18)	666 (16)	1395 (23)	1238 (18)	1665 (21)	2242 (24)	2030 (21)	1870 (16)	2963 (26)	3771 (37)	3078 (26)	8428 (41)	
Total	3300	3100	4200	6100	6800	8000	9300	9700	11300	11100	10100	11900	20500	

Figures in brackets indicate the percentage shares to total exports.
(-) Negligible.

Table - 28 : World Exports of Tobacco

Country	(in thousand \$)							
	1969	1970	1971	1972	1973	1974	1975	
	2	3	4	5	6	7	8	
U.S.A.	539570 (44)	488444 (38)	462960 (35)	639447 (39)	681170 (38)	932156 (37)	853353 (33)	
India	44490 (4)	42117 (3)	53905 (4)	75869 (5)	80343 (4)	101298 (4)	119209 (5)	
Greece	102710 (8)	92470 (7)	86479 (7)	113856 (7)	77599 (4)	170309 (7)	156298 (6)	
Brazil	26720 (2)	31591 (2)	36875 (3)	47132 (3)	59000 (3)	99446 (4)	141795 (5)	
Turkey	81450 (7)	78557 (6)	85913 (7)	141784 (9)	132874 (7)	204476 (8)	183213 (7)	
Bulgaria	72600 (6)	69913 (6)	74621 (6)	81200 (5)	93000 (5)	104000 (4)	13500 (5)	
China	26700 (2)	16000 (1)	12626 (1)	16873 (1)	21165 (1)	25982 (1)	55866 (2)	
Canada	54690 (4)	52864 (4)	55756 (4)	58258 (4)	57113 (3)	72628 (3)	66686 (3)	
Total	1232430	1280720	1307359	1660270	1815413	2491705	2580031	

Table - 28 : World Exports of Tobacco (Concl'd.) (In thousand \$)

Country	1976	1977	1978	1979	1980	1981	1982
	9	10	11	12	13	14	15
U.S.A.	934736 (33)	1109644 (36)	1370611 (36)	1194110 (32)	1343795 (35)	1466584 (33)	1556349 (34)
India	104140 (4)	131936 (4)	118008 (3)	128873 (3)	150876 (4)	220748 (5)	216346 (5)
Greece	178789 (6)	152888 (5)	215557 (6)	191160 (5)	204587 (5)	176206 (4)	192173 (4)
Brazil	163213 (6)	189790 (6)	242448 (6)	291047 (8)	290936 (8)	362161 (8)	470768 (10)
Turkey	251291 (9)	174842 (6)	225226 (6)	176971 (5)	233742 (6)	395013 (9)	348319 (8)
Bulgaria	140000 (5)	153000 (5)	154000 (4)	194000 (5)	210000 (5)	181000 (4)	194000 (4)
China	67942 (2)	73800 (2)	83600 (2)	69897 (2)	62560 (2)	43200 (1)	43503 (1)
Canada	64478 (2)	60592 (2)	87653 (2)	117784 (3)	63552 (2)	108963 (2)	98004 (2)
Total	2875746	3046898	3809337	3760063	3824141	4392666	4616025

Figures in brackets indicate the percentages to total exports.

Source : FAO - Trade Year Book.

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Table - 29 : Production, Consumption & Exports of Tobacco

(Million kgs.)

Year	Production	Consumption	Exports
1	2	3	4
1968-69	361	329	54 (15)
1969-70	337	338	56 (17)
1970-71	362	328	50 (14)
1971-72	419	340	59 (14)
1972-73	372	333	81 (22)
1973-74	462	328	98 (21)
1974-75	395	301	78 (20)
1975-76	350	305	79 (23)
1976-77	419	344	86 (21)
1977-78	494	361	93 (19)
1978-79	454	360	84 (19)
1979-80	439	368	85 (19)
1980-81	481	367	91 (19)
1981-82	520	374	113 (22)

Figures in brackets indicate the percentage shares of exports in total production.

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Table - 30 : Average Yield of Tobacco

(yield per hectare in kgs.)

Year	India	USA	Canada	South Korea
1	2	3	4	5
1971	790	2350	2530	1170
1975	950	2250	2552	1810
1981	1065	2370	2808	1780

Source : FAO Production Year Book

Table - 31 : Tobacco Unit Values

(\$/kg.)

Year	World	USA	Canada	India	Brazil	South Korea
	1	2	3	4	5	6
1969	1.3	2.1	2.3	0.8	0.6	0.7
1974	1.8	3.2	2.2	1.3	1.1	1.1
1980	2.8	4.9	3.3	2.1	2.0	2.5

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Table - 32 : Exports of Raw Cotton

(Rs. crores)

Year	Quantity ('000 tonnes)	Value	Unit Value (Rs./kg.)
1	2	3	4
1968-69	28	11.1 (0.8)	3.96
1969-70	36	14.7 (1.0)	4.08
1970-71	32	14.0 (0.91)	4.38
1971-72	32	16.3 (1.01)	5.09
1972-73	38	21.6 (1.10)	5.68
1973-74	55	32.4 (1.28)	5.89
1974-75	20	15.2 (0.46)	7.60
1975-76	52	39.24 (0.97)	7.55
1976-77	31	27.0 (0.52)	8.71
1977-78	Neg.	0.7 (0.01)	Neg.
1978-79	12	16.0 (0.28)	13.33
1979-80	66	75.1 (1.16)	11.38
1980-81	132	164.9 (2.46)	12.49
1981-82	23.7	36.32 (0.47)	15.32

Figures in brackets indicate the percentage shares in total exports of all commodities.

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Table - 33: Cotton - Production, Imports, Exports and Mill Consumption

(In '000 bales of 170 kgs. each)

Year (September- August)	Production	Imports	Exports	Mill Consumption
1	2	3	4	5
1968-69 *	5144	429	190 (4)	6539
1969-70 *	5233	911	207 (4)	6711
1970-71 *	4499	845	191 (4)	6318
1971-72 *	6564	745	227 (3)	6758
1972-73 *	5417	442	170 (3)	6886
1973-74	6309	190	367 (6)	7278
1974-75	7156	89	96 (1)	7111
1975-76	5950	166	427 (7)	7545
1976-77	5839	578	39 (1)	7302
1977-78	7243	661	5 (-)	7166
1978-79	7958	26	141 (2)	7531
1979-80	7648	Nil	529 (7)	7962
1980-81	7010	Nil	6 (-)	8028
1981-82	7884	50	375 (5)	7435

Figures in brackets indicate the percentages of exports to production

* During these years, 1 bale = 180 kgs.

	1	2	3	4	5
<u>Cashew Kernels</u>					
6. E = -2.3633 - 2.6591 EU + 0.0334 Q + 0.0069 Y ₁ (2.319) (2.445) (1.935)		0.81	2.12	0.57	5.96
1.2315 0.6537 1.7346					
7. E = 1.4430 - 1.9671 EU + 0.0285 Q + 0.0419 Y ₂ (2.734) (4.285) (1.613)		0.83	1.87	0.51	5.96
1.3062 0.5573 1.0034					
<u>Coffee</u>					
8. E = -0.3032 - 0.6003 EU + 0.0005 Q ₋₁ + 0.0055 Y ₁ (2.282) (2.931) (3.174)		0.76	2.21	0.04	0.33
-0.4634 0.2312 1.6827					
9. E = -0.1993 - 0.0756 EU + 0.0003 Q ₋₁ + 0.0061 Y ₂ (3.665) (2.561) (3.642)		0.81	2.39	0.04	0.33
-0.2179 0.1364 1.9785					
<u>Tea</u>					
10. E = -0.8402 - 2.3343EDW ₂ ⁺ + 0.0353 Q + 0.0293 Y ₁ (5.769) (2.964) (2.181)		0.77	2.01	0.08	1.57
-1.2046 1.7718 0.8314					
11. E = -0.3592 - 1.4985EDW ₂ ⁺ + 0.0438 Q + 0.0299 Y ₂ (2.712) (2.518) (1.573)		0.61	2.23	0.10	1.57
-0.6125 1.5589 1.0326					

	1	2	3	4	5
<u>Sugar</u>					
12. E =	0.3524 - 1.2850EUW ₃ + 0.0075 Q + 0.1050 D ₁ + 0.0200 Y ₁ (2.690) (2.77) (6.358) (0.927)	0.85	2.12	0.10	0.57
	-1.3163 0.3961 0.4912 2.6732				
13. E =	0.6513 - 1.4340EUW ₃ + 0.0069 Q + 0.1099 D ₁ + 0.0130 Y ₂ (3.313) (2.999) (7.472) (0.592)	0.91	2.24	0.11	0.57
	-1.3570 0.4123 0.4873 1.4275				
<u>Spices</u>					
14. E =	0.1961 - 0.3312 EUW ₄ + 0.0031 Q + 0.5693 E ₋₁ + 0.0014 Y ₁ (5.856) (1.027) (2.234) (0.687)	0.92	1.86	0.02	0.37
	-0.9312 0.9664 0.5361 2.0931				
15. E =	0.1805 - 0.1616 EUW ₄ + 0.0019 Q + 0.0008 Y ₂ (4.682) (1.482) (0.625)	0.81	2.09	0.05	0.37
	-0.454 0.5843 1.0227				
<u>Oilcakes</u>					
16. E =	1.0957 - 0.0036 EU + 0.0052 Q ₋₁ + 0.6204 E ₋₁ + 0.0617 D ₂ + 0.0150Y ₋₁ (3.723) (4.323) (2.729) (4.483) (1.347)	0.79	1.93	0.09	0.66
	-0.9151 0.8811 0.5963 0.4734 2.3243				
17. E =	2.7634 - 0.0061 EU + 0.0057 Q ₋₁ + 0.6718 E ₋₁ + 0.0718 D ₂ + 0.0373Y ₂ (3.859) (4.458) (2.975) (4.921) (0.348)	0.81	1.84	0.09	0.66
	-1.7690 0.9547 0.6457 0.5506 1.7925				

	1	2	3	4	5
<u>Tobacco (unmanufactured)</u>					
18. E =	0.3233 - 0.2235 EUM ₅ + 0.0009 Q + 0.8024 E ₋₁ + 0.0007 Y ₁	0.76	1.61	0.06	0.44
	(3.054) (0.513) (2.563) (0.264)				
	-0.5913 0.2307 0.7814 0.8713				
19. E =	-0.2410 - 0.0075 EUM ₅ + 0.0021 Q + 0.0208 Y ₂	0.69	2.01	0.05	0.44
	(3.597) (1.550) (0.378)				
	-0.8187 0.5731 1.8713				
<u>Raw Cotton</u>					
20. E =	-0.5561 - 0.0025 EU + 0.0024 Q + 0.0159 Y ₁	0.72	2.29	0.01	0.21
	(4.738) (0.594) (1.933)				
	-2.7462 1.3261 2.7849				
21. E =	-1.5128 - 0.0027 EU + 0.0044 Q + 0.0277 Y ₂	0.71	2.41	0.02	0.21
	(4.313) (0.903) (2.004)				
	-3.0134 2.3961 2.0146				

Figures in brackets indicate 't' Statistics. Elasticities at means are given below them. For the explanation of variables, see the attached list.

List of variables used in Table - 34

D ₁	=	Dummy variable taking value 1 for 1974-75 and 1975-76 and 0 for other years.
D ₂	=	Dummy variable taking value 1 for the years 1973-74, 1977-78 and 1980-82 and 0 for other years.
E	=	Exports of a particular item (at constant rupees).
EU	=	Export Unit Value Index (1968-69 = 100).
EUW ₁	=	Ratio of India's export unit value index of fruits and vegetables to that of Netherlands.
EUW ₂	=	Ratio of India's export unit value index of tea to that of Ceylon.
EUW ₃	=	Ratio of India's export unit value index of sugar to that of Cuba.
EUW ₄	=	Ratio of India's export unit value index of spices to that of Singapore.
EUW ₅	=	Ratio of India's export unit value index of tobacco to that of U.S.A.
Q	=	Domestic production of that commodity (in Quantity).
Y ₁	=	Index of Net Domestic Product of developed economies (1975 = 100).
Y ₂	=	Index of Net Domestic Product of developing economies (1975 = 100).
Y ₃	=	World Net Domestic Product (1975 = 100).

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Table - 35 : Export Growth and Instability Index
of Selected Agricultural Commodities

Commodity	Growth Rate	Instability Index
1	2	3
1) Rice	29.8764 £	21.35
2) Fruits & Vegetables	24.8809	6.77
3) Coffee	17.7615	3.89
4) Marine Products	15.9795 £	3.12
5) Raw Cotton	13.5586	25.32
6) Tobacco (unmanufactured)	13.2012 £	3.73
7) Spices	11.6007	4.05
8) Sugar	10.4155 *	22.58
9) Oil-Cakes	7.7481 £	6.40
10) Tea	7.5563	2.64
11) Cashew kernels	6.8742 £	10.79

Growth rates are based on the equation

$$\log y = a + bt + ct^2.$$

£ t^2 is negative and significant.

* t is not significant.

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Table - 36 : Beta Coefficients

Equ. No.	Commodity	Price (EU) or Price Ratio (EUW)	Production (Q)	Income (Y)
1	2	3	4	5
1.	Rice	1.0978	0.6373	0.0203
2.	Fish and Fish Preparations	0.4982	0.0829	0.0031
3.	Fish and Fish Preparations	0.4825	0.0738	0.0028
4.	Fruits and Vegetables	0.0397	0.0014	0.0031
5.	Fruits and Vegetables	0.0394	0.0013	0.0013
6.	Cashew kernels	2.8415	0.3268	0.0016
7.	Cashew kernels	2.1020	0.2789	0.0098
8.	Coffee	0.9396	0.0049	0.0067
9.	Coffee	0.1183	0.0031	0.0074
10.	Tea	4.5731	6.2036	0.0206
11.	Tea	2.9357	7.6974	0.0210
12.	Sugar	1.8260	0.0604	0.0179
13.	Sugar	2.0378	0.0556	0.0116
14.	Spices	0.8968	0.4481	0.0050
15.	Spices	0.4879	0.0888	0.0029
16.	Oil-cakes	0.0126	0.0228	0.0128
17.	Oil-cakes	0.0213	0.0250	0.0319
18.	Tobacco (unmanufactured)	0.0755	0.0629	0.0057
19.	Tobacco (unmanufactured)	0.0253	0.1467	0.0170
20.	Raw Cotton	0.0043	0.0317	0.0389
21.	Raw Cotton	0.0047	0.0581	0.0679

Equation number is the same as given in Table 34.

Table - 37 : Price and Income Elasticities of Agricultural Exports

Equation	Commodity	Price Elasticity		Income Elasticity	
		At the mean	Terminal Year (1981-82)	At the mean	Terminal Year (1981-82)
1	2	3	4	5	6
	1. Rice	0.5123	0.8087	0.7127	0.6749
	2. Fish & Fish } 3. Preparations }	0.318 0.601	0.553 0.535	1.409 2.291	0.9167 1.7862
	4. Fruits and } 5. Vegetables }	1.382 0.670	1.4236 0.9321	1.934 2.876	1.6482 1.8156
	6. Cashew } 7. Kernels }	1.2315 1.3062	1.3701 1.3480	1.7346 1.0034	1.4682 1.0234
	8. Coffee 9. Coffee	0.4634 0.2179	0.6093 0.4651	1.6827 1.9785	1.5401 1.7632
	10. Tea 11. Tea	1.2046 0.6125	1.4172 0.7907	0.8314 1.0326	0.0845 1.2162
	12. Sugar 13. Sugar	1.3163 1.3570	1.2526 1.3041	2.6732 1.4275	2.4736 1.3842
	14. Spices 15. Spices	0.9312 0.4540	1.1462 0.6482	2.0931 1.0227	1.8921 1.0026
	16. Oilcakes 17. Oilcakes	0.9151 1.7690	1.0031 1.4503	2.3243 1.7925	1.8671 1.6513
	18. Tobacco (un- 19. manufactured) }	0.5913 0.8187	0.8346 0.9285	0.8713 1.8713	0.8749 1.9253
	20. Raw Cotton 21. Raw Cotton	2.7462 3.0134	1.8794 2.6281	2.7849 2.0146	2.2058 1.8964

Price elasticities are negative and income elasticities positive.

PROFITABILITY OF BANKS :

AN EMPIRICAL ATTEMPT FOR IDENTIFICATION OF VARIABLES OF INCOME AND EXPENDITURE OF SCHEDULED COMMERCIAL BANKS FOR PROFIT PLANNING

*TAPAS KUMAR CHAKRABARTY**

SECTION - 1: INTRODUCTION

Profitability of scheduled commercial banks is now a subject of public debate in India. The bankers, who are primarily concerned with profitability, refer to the pressure on profitability emanating from rising wage costs, rising statutory obligations, non-viability of rural branches, etc. An integrated picture of profitability of scheduled commercial banks, group-wise and bank-wise, on the one hand, and branch-wise in each bank, on the other hand, should be available to compare the relative performance of each bank with respect to profit planning.

The banking system in India has been transformed particularly from late sixties into an instrument of

* **Tapas Kumar Chakrabarty** is a Deputy Director in the Division of Money & Banking, Department of Economic Analysis and Policy, Reserve Bank of India, Bombay.

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development, or at least a catalyst of development, so as to benefit larger sections of the society. This transformation of the banking system in the post-nationalisation period has resulted in the bankers' having to reconcile the interests of the borrowers, lenders and depositors, an apparent dichotomy between what banks are required to do as business units and what they are required to do as a national agency for provision of finance for the betterment of the lot of larger sections of people of the country. The relative emphasis as between commercial motives and social obligations affects the financial results of banks to a major extent.

However, the financial viability of banks is to be preserved in order to continue to meet their social obligations on a long-term basis. All scheduled commercial banks have had to contend with generally low levels of profitability during the post-nationalisation period. The percentage of profit after tax to total working funds declined during the first decade after nationalisation from 0.4 in 1969 to 0.3 in 1979; however, it started rising from 1980 and stood at 0.6 in 1982. The percentage of paid-up capital and reserves to deposits declined from 2.4 in 1969 to 1.2 in 1982.

Over and above the statutory obligations, each scheduled commercial bank is expected to improve its financial viability. Each bank has to improve its relative efficiency or performance in order to improve the overall efficiency or performance of the banking system. In the present study, a modest attempt has been made to assess empirically, the relative performance of scheduled commercial banks as a group and of each nationalised scheduled commercial bank during 1980 to 1982. The relative performance of each bank has been assessed in the context of three variables, viz., profit, earnings and expenses. This introductory Section I is followed by Section II dealing with methodology and coverage of data, Section III discussing empirical findings of the study and Section IV presenting the major conclusions.

SECTION - II: METHODOLOGY

Since the banking system in India has evolved under the impetus of economic, social and institutional forces that are the same for all banks, it may be argued that each bank is operating as a unit sharing in the common activities to be performed by the system as a whole. The over-all operational efficiency of the system depends on the relative operational efficiency of each unit of the system. Information about the relative performance of each unit is necessary for the efficient planning of the system. In this study, an attempt has been made to assess the relative performance of various banks in relation to banking system with the help of Herfindahl's index of concentration. This measure of concentration indicates the relative performance of each unit of the system.

In this study, Herfindahl's index has been computed in order to measure the inequality in sharing gross profit, net profit, earnings and expenses by each group of banks and then, each bank in the group of nationalised banks. The relative performance has been assessed in three different ways, i.e., in absolute term, per bank/per bank office and per employee. The first exercise has been devoted to assess the relative performance of various group of banks, i.e., (a) State Bank of India Group (b) Nationalised Banks excluding Regional Rural Banks (c) Other scheduled commercial banks and (d) Foreign Banks. The second exercise is devoted to assessing the relative performance of each bank in the group of nationalised banks.

Herfindahl's index of concentration is defined as

$$HI = \sum_{i=1}^n \left(\frac{v_i}{\sum v_i} \right)^2$$

where HI = overall index

v_i = i th unit's share of variable

n = number of units or groups

The minimum value of the index would be $\frac{1}{n}$

when there is no concentration, i.e., all participating units obtain equal shares¹. The maximum value of the index would be 1, i.e., one participating unit obtains the entire share and the share of the remaining units is zero. The value of the overall index is the sum of all index values of each participating unit. The value of the overall index is positively associated with the degree of concentration. A low value of overall index implies almost similar degree of efficiency shown by the majority of participating units, while a high value implies a higher degree of efficiency enjoyed by some of participating units.

Data and Period

The relevant data on income, expenditure and profit of nationalised scheduled commercial banks have been taken from Table 7 of Statistical Tables Relating to Banks in India, RBI, which are based on profit and loss accounts as published by the banks in their annual reports. Data on earnings, expenses and profits of different groups of scheduled commercial banks have been taken from Table 8 of the same publication, which are based on the Special Return on Form A-2. Published data are available only upto 1982. So this study covers the period from 1980 to 1982 in order to have some comparative analysis regarding the relative performance of different banks over a short period of time.

Herfindahl's index has been calculated for the various groups of scheduled commercial banks to assess separately the relative share of each group of banks

1 For details regarding the index see D.K. Srivastava and Pawan K. Aggarwal, "Measuring Tax Revenue Centralisation in Federal Fiscal System: A Case Study of India", Public Finance No.3/1979. Deena R. Khatkhate and Klaus Walter Richel, "Multipurpose Banking : Its Nature, Scope and Relevance for less Developed Countries", IMF Staff Paper - September 1980.

Short, Brock K., "The relation between Commercial Bank profit rates and Banking concentration in Canada, Western Europe and Japan" - Journal of Banking and Finance, Vol. 3 (October 1979).

with respect to the following variables:

- I a) Gross profit, absolute amount
- b) Gross profit per bank
- c) Gross profit per employee

- II a) Net profit, absolute amount
- b) Net profit per bank
- c) Net profit per employee

- III a) Total earnings, absolute amount
- b) Total earnings per bank
- c) Total earnings per employee

- IV a) Total expenses, absolute amount
- b) Total expenses per bank
- c) Total expenses per employee

Judging by the relative performance of each group of banks, an attempt has been made to identify some of the components of total earnings and total expenses for profit planning. Earnings have been divided into three components, viz., (i) earnings from the funds business, (ii) earnings from other services and (iii) earnings from other business. Expenses have been split into (i) interest, commission and brokerage paid on deposits, borrowings, re-discounts and other business, (ii) establishment expenses covering pay, allowances, etc., of employees and (iii) other working expenses covering rent, insurance charges, stationery, fees and allowances for Directors, Auditors, transport expenses, communication expenses, etc.

For all nationalised scheduled commercial banks, concentration index has been calculated for net profits, total earnings and total expenses during 1981 and 1982. Total earnings are divided into (a) earnings from funds business, i.e., interest and discount and (b) earnings from other services and business, while expenses are grouped into (a) interest paid on deposits, borrowings etc., and (b) all other expenses covering

establishments expenses, other working expenses, taxes, etc. Concentration index, however, has been calculated for absolute amount as well as amount per bank office. Due to non-availability of data on number of employees of each nationalised bank, concentration index could not be calculated for amount per employee, unlike in the analysis on group of banks.

SECTION - III: EMPIRICAL FINDINGS

As the banks are not producing one single type of service but a whole range of interrelated services and not mainly for commercial gains, the discussion on performance has to be of a qualitative nature. The performance of banks should not only be judged in terms of technical efficiency, i.e., profit rates, but also their efforts in improving the relative financial performance of the banking system as a whole. In this section an empirical evaluation of the relative performance of scheduled commercial banks is taken up.

In the first exercise, the analysis relates to the relative financial performance of various groups of banks.

Performance Relating to Profits (Tables 1 to 6)

The SBI group improved its relative position in sharing either gross or net profit from 1980 to 1982, while other groups of banks failed to retain their relative position during 1980 to 1982.

The SBI group contributed the maximum (56.73 per cent) to the overall concentration in sharing gross profit in absolute terms, while the group of nationalised banks contributed the maximum (50.84 per cent) in sharing net profit in absolute terms in 1982. Foreign banks contributed the maximum to the overall concentration in sharing both gross and net profit per employee. Its contribution in sharing net profit per employee was 86.87% in 1982 as against 90.47% in 1980.

Performance Relating to Total Earnings and Expenses Tables 7 to 12)

The SBI group improved its relative share in total earnings measured either in absolute terms or per bank during 1980 to 1982. In respect of the total earnings per employee, the SBI group could not retain its relative performance in 1981, while the group of foreign banks improved them in 1981 and also in 1982. The foreign banks' percentage contribution to the overall concentration increased from 64.19 in 1980 to 67.89 in 1982.

Regarding sharing of total expenses, the nationalised banks showed some improvement by reducing their percentage contribution to the overall concentration during 1980-82. Its percentage contribution in relation to total expenses measured in absolute terms dropped from 76.86 in 1980 to 74.70 in 1982. The SBI group's contribution increased from 22.41 per cent in 1980 to 24.56 per cent in 1982. The group of foreign banks improved its position by reducing its contribution from 0.21 per cent in 1980 to 0.17 per cent in 1982. However, the foreign banks' percentage contribution to the overall concentration in sharing expenses per employee was the maximum and increased from 54.12 in 1980 to 54.23 in 1982. It may be pointed out that the spread between earnings per employee and expenses per employee was the maximum and it widened over the period from 1980 to 1982 in the case of foreign banks. The spread was Rs.0.82 lakh in 1982 as against Rs.0.49 lakh in 1980, while it was about Rs.0.16 lakh in 1982 as against Rs.0.08 lakh in 1980 in the case of the SBI group of banks. The spread was Rs.0.08 lakh in 1982 as against Rs.0.59 lakh in 1980 for the group of nationalised banks.

Performance Relating to Earnings from Funds Business, Other Services and Other Business (Tables 13 to 21)

The SBI group showed improvements in sharing earnings from funds business and other services, while

its performance in sharing earnings from other business did not improve during 1980-82. The SBI group experienced the highest degree of concentration in sharing both earnings from funds business and other services per bank, while the group of nationalised banks experienced the same in sharing earnings from other services in absolute amount during 1980-82. The group of foreign banks enjoyed the maximum degree of concentration in sharing earnings per employee from all activities during 1980-82. Foreign banks' percentage contribution to the overall concentration in sharing earnings from funds business per employee increased from 58.94 to 63.35 during 1980-82. Its contribution in relation to earnings from other services per employee increased from 84.27 to 85.78 during the same period of time.

Performance Relating to Different Types of Expenses (Tables 22 to 30)

The group of nationalised banks experienced the maximum contribution to the overall concentration in sharing expenses of different types in absolute terms, and the SBI group for expenses per bank and the group of foreign banks regarding expenses per employee during 1980-82. It may be observed that regarding establishment expenses per employee, the SBI group decreased its contribution to the overall concentration from 17.95 per cent (Rs.0.1743 lakh) in 1980 to 16.37 per cent (Rs.0.1995 lakh) in 1982 while, nationalised banks' contribution increased marginally from 17.95 per cent (Rs.0.1700 lakh) in 1980 to 17.97 per cent (Rs.0.2043 lakh) in 1982. However, both the groups improved their relative performance in sharing working expenses per employee by reducing their percentage contribution to the overall concentration during 1980-82.

To sum up the above discussion, it may be mentioned that the SBI group improved its relative performance in sharing both gross and net profit in all three classifications, viz., in absolute amount per bank and per employee, while the group of nationalised banks experienced the decline in relative performance

during 1980-82. Foreign banks had the maximum contribution to the overall concentration in sharing both gross and net profit per employee, but its relative performance declined during the same period.

The group of foreign banks experienced higher spread between earnings and expenses (per employee) during 1980-82. Foreign banks contributed, on an annual average, about 85.65 per cent to the overall concentration in sharing earnings from other services (non-fund business) per employee, while the SBI group and nationalised banks contributed 8.70 per cent and 4.45 per cent, respectively, during 1980-82.

The following paragraphs are devoted to an empirical assessment of the relative performance of each bank in the group of nationalised banks, during 1981 and 1982.

Performance Relating to Net Profit, Earnings and Expenses (Tables 32 to 34 and 39 to 41)

It may be observed that the overall concentration index in sharing profits by each of the nationalised banks, both, in absolute amount and in per office, increased over the year from 1981 to 1982. It implied the greater difference in relative performance of various nationalised banks. It may be highlighted that the degree of concentration is relatively high among individual banks than that of the groups as a whole.

Out of twenty banks, only four banks, namely, Bank of Baroda, Bank of India, Indian Overseas Bank and Canara Bank contributed together about 70.00 per cent to the overall concentration in sharing profits during 1981, while in 1982, four banks, namely, Bank of Baroda, Punjab National Bank, Bank of India, and Indian Overseas Bank contributed about 75.00 per cent to the overall concentration in sharing profits. It may be pointed out that only three banks, namely, Bank of Baroda, Punjab National Bank and United Commercial Bank improved their relative performance in sharing profits in 1982 over 1981.

The group of four banks, namely, Indian Overseas

Bank, Corporation Bank, Andhra Bank and Bank of Baroda contributed together about 61.00 per cent to the overall concentration in sharing profits per office in 1981, while another group of five banks, namely, Bank of Baroda, Indian Overseas Bank, Punjab National Bank, Andhra Bank and Corporation Bank contributed together about 73.00 per cent to the overall concentration in sharing profits per office in 1982. Six banks, namely, Bank of Baroda, Dena Bank, Punjab National Bank, Union Bank of India, United Commercial Bank, and Syndicate Bank improved their relative performance in sharing profits per office in 1982 over 1981.

Only four banks, namely, Bank of India, Punjab National Bank, Syndicate Bank and Union Bank of India improved their relative performance in sharing total earnings in 1982 over 1981 by increasing their individual contribution to the overall concentration in sharing earnings, while seven banks, namely, Bank of India, Canara Bank, Punjab National Bank, Syndicate Bank, Corporation Bank, Oriental Bank of Commerce and Vijaya Bank improved their relative performance in sharing earnings per office in 1982 over 1981.

Eleven banks improved their relative performance in sharing expenses by reducing individual contribution to the overall concentration in sharing expenses in 1982 over 1981, while nine banks improved their relative performance in sharing expenses per office in 1982 over 1981. It may be mentioned that Bank of Baroda, United Commercial Bank, Vijaya Bank and Central Bank of India had more improvement in relative performance of sharing expenses in absolute amount, while Bank of Baroda, Bank of Maharashtra, Central Bank of India, Indian Bank, United Commercial Bank, Andhra Bank and Punjab and Sind Bank experienced better performance in reducing individual contribution to the overall concentration in sharing expenses per office in 1982 over 1981.

Performance Relating to Earnings from Funds Business

(Tables 35 and 42)

Six banks improved their relative performance in sharing earnings from funds business both in abso-

lute amount and in per office in 1982 over 1981. Bank of India, Punjab National Bank and Syndicate Bank experienced better performance in sharing earnings from funds business in 1982 over 1981.

Performance Relating to Earnings from Other Services and Business (Tables 36 and 43)

Eleven banks improved their relative performance in sharing earnings from other services and business both, in absolute amount and per office, in 1982 over 1981. Bank of Baroda, Canara Bank, Central Bank of India, Punjab National Bank, New Bank of India and Oriental Bank of Commerce experienced better performance in sharing earnings from other services and business by improving their contribution to the overall concentration in sharing earnings in 1982 over 1981.

Performance Relating to Interest Expenses (Tables 37 and 44)

Fifteen banks improved their relative performance in sharing interest expenses by reducing their contribution to the overall concentration in sharing interest expenses in absolute amount in 1982 over 1981. Bank of Baroda, United Commercial Bank and Indian Overseas Bank experienced better performance. Ten banks improved their relative performance in sharing interest expenses per bank in 1982 over 1981. Bank of Baroda, Indian Overseas Bank, Bank of Maharashtra and United Commercial Bank performed better in reducing their contribution to the overall concentration in sharing interest expenses per office in 1982 over 1981.

Performance Relating to Other Expenses (Tables 38 and 45)

Seven Banks improved their relative performance in sharing other expenses in absolute amount, while ten banks improved their relative performance in sharing other expenses per office in 1982 over 1981. Bank of Baroda, Central Bank of India, Union Bank of India,

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United Bank of India and United Commercial Bank experienced better performance in sharing other expenses by reducing their contribution to the overall concentration in absolute amount in 1982 over 1981. Allahabad Bank, Bank of Baroda, Bank of Maharashtra, Central Bank of India and United Bank of India performed better in reducing their contribution to the overall concentration in sharing other expenses per office in 1982 over 1981.

To sum up, it may be recounted that only six banks improved their relative performance, however, Bank of Baroda, Punjab National Bank and United Commercial Bank experienced better relative performance in sharing profit per office in 1982 over 1981. As per individual bank's contribution, it is noted that Indian Overseas Bank, Corporation Bank and Andhra Bank contributed 21.68 per cent, 13.80 per cent and 13.67 per cent, respectively, to the overall concentration of sharing profits per office in 1981, while Bank of Baroda, Indian Overseas Bank and Punjab National Bank contributed 17.28 per cent, 15.91 per cent and 13.99 per cent, respectively, in 1982. Bank of Baroda increased its contribution to the overall concentration in sharing profit per office from 11.74 per cent (Rs.0.2673 lakh) in 1981 to 17.28 per cent (Rs.0.3617 lakh) in 1982. It improved its relative performance in sharing earnings from other services and business per office by increasing its contribution to the overall concentration from 11.32 per cent (Rs.1.80 lakhs) in 1981 to 11.77 per cent (Rs.1.88 lakhs) in 1982. Bank of Baroda also improved its relative performance in sharing expenses by reducing its contribution to the overall concentration from 11.89 per cent (Rs.15.33 lakhs) in 1981 to 11.49 per cent (Rs.17.07 lakhs) in 1982 in the case of interest expenses per office and from 7.54 per cent (Rs.5.64 lakhs) in 1981 to 7.31 per cent (Rs.6.14 lakhs) in 1982 in the case of other expenses per office. Punjab National Bank improved its relative performance in sharing profit per office, mainly, through its better performance in sharing earnings and partially, through reducing its contribution to the overall concentration in sharing other expenses per office. United Commercial Bank experienced improvement in sharing expenses, particularly, by reducing its

contribution to the overall concentration in sharing interest expenses per office from 5.58 per cent (Rs.10.63 lakhs) in 1981 to 5.03 per cent (Rs.11.30 lakhs) in 1982.

SECTION IV - MAJOR CONCLUSIONS

Indian banks are very much an instrument of providing the Government with part of the resources that are required for planned development. On the other hand, public sector banks, being a part of the society, are to undertake certain responsibilities and obligations, mainly, to help the people who live below the poverty line. Our banks are, therefore, doing something which goes beyond their normal function. However, in considering the overall performance, a commercial bank has to be a profit yielding institution, otherwise, it gets itself locked into stagnation in the near future. Commercial banks are, therefore, to look at their costs as well. They have to evaluate their efficiency judging by their relative performance as it is evident from our earlier discussion that some group of banks and some banks in the group of nationalised banks experienced really higher degree of concentration in sharing various financial variables at different levels, viz., at absolute level, at per bank and at per employee. For profit planning, each scheduled commercial bank needs to identify various components of income and expenses, judging by its relative performance in sharing the various financial aggregates. It may be highlighted that the SBI Group of banks and the group of nationalised banks have to improve, much more, their relative performance in sharing earnings from other services and also from other business per bank. Banks ought to lay more emphasis on these two controllable sources of revenue. Regarding expenditure control, the nationalised banks are to be more concerned about their establishment expenses and also working expenses. More emphasis should be paid to restrict working expenses per employee which are more controllable by banks. Through computerisation banks will be in a position to effectively resolve some of these issues.

Judging by the relative performance of each nationalised bank, it may be highlighted that most of

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the banks need to improve their relative performance, in sharing earnings from fund business as well as from other sources, per office, and they should be more effective in reducing other expenses per office.

These banks have to improve the quality of their lending and they are to be more innovative in their non-fund business. They are to show banking prudence in merchant banking, overseas business portfolio management through 'switch deals' and banking prudence could be utilised fruitfully in leasing business. It may be pointed that in Western countries, several banks have set up subsidiaries to undertake leasing business which are functioning quite efficiently. The RBI has already issued broad guidelines to commercial banks to engage in leasing activity, subject to certain terms and conditions.

It is suggested that each scheduled commercial bank should take up some exercise to evaluate the relative performance of each office of the bank for profit planning. Based on a criterion of relative performance by each office, the bank can issue proper guidelines to each office, for profit planning and eventually, can decide about restructuring the bank to show prudence in all banking activities.

PROFITABILITY OF BANKS

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TABLE - 1: GROSS PROFIT
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1980			1981		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	15620	.1379	37.47	31429.9	.2123	56.10
2. Nationalised Banks	19381	.2123	57.69	26585.6	.1519	40.14
3. Other Indian Scheduled Commercial Banks*	1710.9	.0016	.44	2413.4	.0012	.32
4. Foreign Banks	5351	.0162	4.40	7772.6	.0130	3.44
Total (1+2+3+4)	42062.9	.3680	100.00	68201.5	.3784	100.00

**TABLE - 1: GROSS PROFIT (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration Index		Contribution of each Group to over all concentration (Percentage)
	8	9	10	
1. S.B.I. Group	35810.0	.2154		56.73
2. Nationalised Banks	29867.4	.1498		39.45
3. Other Indian Scheduled Commercial Banks*	2539.3	.0011		.29
4. Foreign Banks	8938.2	.0134		3.53
Total (1+2+3+4)	77154.9	.3797		100.00

* Exclude Regional Rural Banks.

Data Source: Statistical Tables Relating to Banks in India 1981, 1982.

TABLE - 2: GROSS PROFIT PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1980				1981		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (percentage)	Amount (Rs. in Lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	1952.50	.3330	77.44	3928.74	.4564	88.40	
2. Nationalised Banks	969.05	.0820	19.07	1329.28	.0522	10.12	
3. Other Indian Scheduled Commercial Banks*	50.32	.0002	.05	70.98	.0001	.12	
4. Foreign Banks	411.61	.0148	3.44	485.79	.0070	1.36	
Total(1+2+3+4)	3383.48	.4300	100.00	5814.79	.5157	100.00	

**TABLE - 2: GROSS PROFIT PER BANK (Concld.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 2		Concentration of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration Index	
	8	9	10
1. S.B.I. Group	4476.25	.4595	88.72
2. Nationalised Banks	1493.37	.0512	9.89
3. Other Indian Scheduled Commercial Banks*	74.69	.0001	.02
4. Foreign Banks	558.64	.0071	1.37
Total (1+2+3+4)	6602.95	.5179	100.00

* Exclude Regional Rural Banks.

Data Source: Statistical Tables Relating to Banks in India, 1981, 1982.

TABLE - 3: GROSS PROFIT PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group over all concentration (Percentage)	Contribution of each Group over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I Group	.0782	.0136	2.40	.1470	.0222	4.01
2. Nationalised Banks	.0590	.0077	1.36	.0749	.0058	1.05
3. Other Indian Scheduled Commercial Banks	.0402	.0036	.64	.0517	.0027	.49
4. Foreign Banks	.4930	.5408	95.60	.7129	.5222	94.45
Total (1+2+3+4)	.6704	.5657	100.00	.9865	.5529	100.00

TABLE - 3: GROSS PROFIT PER EMPLOYEE (Concl'd.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	.1567	.0201	3.49
2. Nationalised Banks	.0795	.0052	.90
3. Other Indian Scheduled Commercial Banks	.0509	.0021	.36
4. Foreign Banks	.8177	.5477	95.25
Total (1+2+3+4)	1.1048	.5751	100.00

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TABLE - 4: NET PROFIT**
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	1568	.0198	3.56	14312.9	.2101	50.75	
2. Nationalised Banks	8084.4	.5269	94.72	13922.9	.1988	48.02	
3. Other Indian Scheduled Commercial Banks	527.3	.0022	.39	954.2	.0009	.22	
4. Foreign Banks	957.1	.0074	1.33	2035.7	.0042	1.01	
Total (1+2+3+4)	11136.8	.5563	100.00	31225.7	.4140	100.00	

TABLE - 4: NET PROFIT (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	15774.5	.2002	47.95
2. Nationalised Banks	16242.0	.2122	50.84
3. Other Indian Scheduled Commercial Banks	897.9	.0006	.14
4. Foreign Banks	2343.9	.0044	1.06
Total (1+2+3+4)	35258.3	.4174	100.00

** Net of Taxes on profits, provision for bonus/ex-gratia to staff, provision for gratuity.

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TABLE - 5: NET PROFIT PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	196.00	.0808	18.51	1789.00	.4590	86.46
2. Nationalised Banks	404.22	.3439	78.77	696.14	.0695	13.09
3. Other Indian Scheduled Commercial Banks	15.50	.0005	.11	28.06	.0001	.02
4. Foreign Banks	73.62	.0114	2.61	127.23	.0023	.43
Total (1+2+3+4)	689.34	.4366	100.00	2640.43	.5309	100.00

TABLE - 5: NET PROFIT PER BANK (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Contribution of each Group of Banks to over all concentration (Percentage) .
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	1971.80	.4474	85.17
2. Nationalised Banks	812.10	.0754	14.35
3. Other Indian Scheduled Commercial Banks	26.41	.0001	.02
4. Foreign Banks	146.49	.0024	.46
Total (1+2+3+4)	2956.80	.5253	100.00

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TABLE - 6: NET PROFIT PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	.0078	.0034	.70	.0669	.0456	10.84
2. Nationalised Banks	.0246	.0342	7.04	.0392	.0156	3.71
3. Other Indian Scheduled Commercial Banks	.0124	.0087	1.79	.0205	.0043	1.02
4. Foreign Banks	.0602	.4397	90.47	.1867	.3551	84.43
Total (1+2+3+4)	.1330	.4860	100.00	.3133	.4206	100.00

TABLE - 6: NET PROFIT PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		8		2	
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)	
1			8	9	10	
1. S.B.I. Group	.0690	.0401			9.00	
2. Nationalised Banks	.0432	.0157			3.52	
3. Other Indian Scheduled Commercial Banks	.0180	.0027			.61	
4. Foreign Banks	.2144	.3871			86.87	
(Total 1+2+3+4)	.3446	.4456			100.00	

TABLE - 7: TOTAL EARNINGS
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	153940.8	.1067	25.94	214131.9	.1181	26.35
2. Nationalised Banks	275605.6	.3007	73.11	355879.2	.3264	72.84
3. Other Indian Scheduled Commercial Banks	22798.9	.0023	.56	29376.2	.0022	.49
4. Foreign Banks	18893.4	.0016	.39	23572.4	.0014	.32
Total (1+2+3+4)	471238.7	.4113	100.00	622959.7	.4481	100.00

TABLE - 7: TOTAL EARNINGS (Concld.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)	
	8	9	10	
1. S.B.I. Group	256188.1	.1219	27.42	
2. Nationalised Banks	414221.4	.3188	71.72	
3. Other Indian Scheduled Commercial Banks	35804.4	.0024	.54	
4. Foreign Banks	27424.7	.0014	.32	
Total (1+2+3+4)	733638.6	.4445	100.00	

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TABLE - 8: TOTAL EARNINGS PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	19242.6	.2997	65.80	26766.50	.3257	69.17	
2. Nationalised Banks	13780.28	.1537	33.74	17793.96	.1439	30.56	
3. Other Indian Scheduled Commercial Banks	670.55	.0004	.09	864.00	.0003	.06	
4. Foreign Banks	1453.34	.0017	.37	1473.28	.0010	.21	
Total (1+2+3+4)	35146.77	.4555	100.00	46897.74	.4709	100.00	

TABLE - 8: TOTAL EARNINGS PER BANK (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
1	8	9	10
1. S.B.I. Group	32023.50	.3329	70.30
2. Nationalised Banks	20711.07	.1393	39.41
3. Other Indian Scheduled Commercial Banks	1053.07	.0004	.08
4. Foreign Banks	1714.04	.0010	.21
Total (1+2+3+4)	55501.68	.4736	100.00

**TABLE - 9: TOTAL EARNINGS PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0		1 9 8 1		Concentration index	Concentration over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index			
1	2	3	4	5	6	7	7
1. S.B.I. Group	.7707	.0400	13.26	1.0017	.0436	14.17	14.17
2. Nationalised Banks	.8391	.0484	16.05	1.0021	.0436	14.17	14.17
3. Other Indian Scheduled Commercial Banks	.5357	.0196	6.50	.6299	.0172	5.59	5.59
4. Foreign Banks	1.74	.1936	64.19	2.1622	.2032	66.07	66.07
Total (1+2+3+4)	3.8855	.3016	100.00	4.7959	.3076	100.00	100.00

TABLE - 9: TOTAL EARNINGS PER EMPLOYEE (ConcId.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		2		Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	8	9	
1. S.B.I. Group	1.12	.0422	8	9	10
2. Nationalised Banks	1.10	.0407			
3. Other Indian Scheduled Commercial Banks	.72	.0174			
4. Foreign Banks	2.51	.2121			
Total (1+2+3+4)	5.45	.3124			100.00

TABLE - 10: TOTAL EXPENSES
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	138320.8	.1039	22.41	182702	.1084	23.36
2. Nationalised Banks	256224.6	.3564	76.86	329293.6	.3524	75.95
3. Other Indian Scheduled Commercial Banks	21088.0	.0024	.52	26962.8	.0024	.52
4. Foreign Banks	13542.4	.0010	.21	15799.8	.0008	.17
Total (1+2+3+4)	429175.8	.4737	100.00	554758.2	.4640	100.00

TABLE - 10: TOTAL EXPENSES (Concl'd.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration index	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)
	8	9	10	
1. S.B.I. Group	220378.1	.1127		24.56
2. Nationalised Banks	384354.0	.3428		74.70
3. Other Indian Scheduled Commercial Banks	33265.1	.0026		.57
4. Foreign Banks	18486.5	.0008		.17
Total (1+2+3+4)	656483.7	.4589		100.00

TABLE - 11: TOTAL EXPENSES PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	17290.10	.2963	64.36	22837.75	.3090	65.66	
2. Nationalised Banks	12811.23	.1626	35.32	16464.68	.1606	34.13	
3. Other Indian Scheduled Commercial Banks	620.23	.0004	.09	793.02	.0004	.08	
4. Foreign Banks	1041.72	.0011	.23	987.49	.0006	.13	
Total (1+2+3+4)	31763.28	.4637	100.00	41082.94	.4706	100.00	

TABLE - 11: TOTAL EXPENSES PER BANK (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	27547.26	.3173	67.14
2. Nationalised Banks	19217.70	.1544	32.67
3. Other Indian Scheduled Commercial Banks	978.38	.0004	.08
4. Foreign Banks	1155.41	.0005	.11
Total (1+2+3+4)	48898.75	.4726	100.00

TABLE - 12: TOTAL EXPENSES PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	.69	.0462	16.50	.85	.0500	18.06
2. Nationalised Banks	.78	.0590	21.06	.93	.0599	21.64
3. Other Indian Scheduled Commercial Banks	.49	.0233	8.32	.58	.0233	8.42
4. Foreign Banks	1.25	.1516	54.12	1.44	.1436	51.88
Total (1+2+3+4)	3.21	.2801	100.00	3.80	.2768	100.00

TABLE - 12: TOTAL EXPENSES PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	.96	.0489	17.50
2. Nationalised Banks	1.02	.0552	19.75
3. Other Indian Scheduled Commercial Banks	.67	.0238	8.52
4. Foreign Banks	1.69	.1516	54.23
Total (1+2+3+4)	4.34	.2795	100.00

TABLE - 13: EARNINGS FROM FUNDS BUSINESS**
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration index	Concentration over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index			
1	2	3	4	5	6	7	
1. S.B.I. Group	129432	.1024	21.95	184981.6	.1142	25.14	
2. Nationalised Banks	243051	.3600	77.30	317624.7	.3365	74.09	
3. Other Indian Scheduled Commercial Banks*	20582.8	.0025	.55	26758.4	.0024	.53	
4. Foreign Banks	14229.2	.0009	.20	18114.2	.0011	.24	
Total (1+2+3+4)	407295	.4658	100.00	547478.9	.4542	100.00	

TABLE - 13: EARNINGS FROM FUNDS BUSINESS (Conc.Id.)**
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		9		8		2	
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)	
								10
1. S.B.I. Group	223329.6	.1181					26.21	
2. Nationalised Banks	372949.6	.3292					73.02	
3. Other Indian Scheduled Commercial Banks	31691.5	.0024					.53	
4. Foreign Banks	21996.5	.0011					.24	
Total (1+2+3+4)	649967.2	.4508					100.00	

** Include interest, discount, dividend, etc., from funds business.

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TABLE - 14: EARNINGS FROM FUNDS BUSINESS PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	16179	.2902	63.68	23122.7	.3192	67.79	
2. Nationalised Banks	12152.55	.1638	35.94	15881.2	.1505	31.96	
3. Other Indian Scheduled Commercial Banks	605.36	.0004	.09	787.01	.0004	.08	
4. Foreign Banks	1094.55	.0013	.29	1132.14	.0008	.17	
Total (1+2+3+4)	30031.48	.4557	100.00	40923.05	.4709	100.00	

TABLE - 14: EARNINGS FROM FUNDS BUSINESS PER BANK (Concld.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	27916.20	.3263	68.97
2. Nationalised Banks	18647.48	.1456	30.77
3. Other Indian Scheduled Commercial Banks	932.10	.0004	.08
4. Foreign Banks	1374.78	.0008	.17
Total (1+2+3+4)	48870.56	.4731	100.00

TABLE - 15: EARNINGS FROM FUNDS BUSINESS PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	1	2	3	4	5	6	7
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1. S.B.I. Group	.6480	.0668	14.62	.8665	.0453	15.58	
2. National Banks	.7400	.0848	18.56	.8944	.0491	16.88	
3. Other Indian Scheduled Commercial Banks	.4836	.0360	7.88	.5738	.0200	6.88	
4. Foreign Banks	1.3111	.2692	58.94	1.6615	.1764	60.68	
Total (1+2+3+4)	3.1827	.4568	100.00	3.9962	.2908	100.00	

TABLE - 15: EARNINGS FROM FUNDS BUSINESS PER EMPLOYEE (Conc.Id.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)			
1	8	9	10	
1. S.B.I. Group	.9773	.0447	14.92	
2. Nationalised Banks	.9932	.0462	15.42	
3. Other Indian Scheduled Commercial Banks	.6357	.0189	6.31	
4. Foreign Banks	2.0123	.1898	63.35	
Total (1+2+3+4)	4.6185	.2996	100.00	

TABLE - 16: EARNINGS FROM OTHER SERVICES
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	23352.9	.1663	39.85	28076.8	.1726	41.76	
2. Nationalised Banks	26381.4	.2456	58.85	32758.2	.2348	56.81	
3. Other Indian Scheduled Commercial Banks	1661.8	.0008	.19	1985.4	.0009	.22	
4. Foreign Banks	3874.5	.0046	1.11	4767.5	.0050	1.21	
Total (1+2+3+4)	57270.6	.4173	100.00	67587.9	.4133	100.00	

TABLE - 16: EARNINGS FROM OTHER SERVICES** (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)
	1	2		
	Amount (Rs. in lakhs)			
	8	9		10
1. S.B.I. Group	31671.9	.1805		43.41
2. Nationalised Banks	35771.6	.2303		55.39
3. Other Indian Scheduled Commercial Banks	2405.0	.0010		.24
4. Foreign Banks	4693.5	.0040		.96
Total (1+2+3+4)	74542.0	.4158		100.00

** Include commission, exchanges etc. earned on other services.

TABLE - 17: EXPENSES FROM OTHER SERVICES PER BANK
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	2919.11	.4052	80.20	3509.6	.4067	81.62	
2. Nationalised Banks	1419.07	.0957	18.94	1637.91	.0886	17.78	
3. Other Indian Scheduled Commercial Banks	48.88	.0001	.02	58.39	.0001	.02	
4. Foreign Banks	298.04	.0042	.84	297.97	.0029	.58	
Total (1+2+3+4)	4685.10	.5052	100.00	5503.87	.4983	100.00	

TABLE - 17: EARNINGS FROM OTHER SERVICES PER BANK (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
1	8	9	10
1. S.B.I. Group	3958.99	.4194	82.66
2. Nationalised Banks	1788.58	.0856	16.87
3. Other Indian Scheduled Commercial Banks	72.5	.0001	.02
4. Foreign Banks	293.34	.0023	.45
Total (1+2+3+4)	6163.41	.5074	100.00

TABLE - 18: EARNINGS FROM OTHER SERVICES PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration index	Contribution of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index			
1	2	3	4	5	6	7	7
1. S.B.I. Group	.1169	.0400	9.36	.1313	.0340	7.82	7.82
2. Nationalised Banks	.0864	.0225	5.27	.0922	.0172	3.86	3.86
3. Other Indian Scheduled Commercial Banks	.0190	.0047	1.10	.0426	.0067	1.50	1.50
4. Foreign Banks	.3570	.3600	84.27	.4373	.3863	86.82	86.82
Total (1+2+3+4)	.5993	.4272	100.00	.7034	.4452	100.00	100.00

TABLE - 18: EARNINGS FROM OTHER SERVICES PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)	
	8	9	10	
1. S.B.I. Group	.1386	.0379	8.93	
2. Nationalised Banks	.0953	.0179	4.21	
3. Other Indian Scheduled Commercial Banks	.0482	.0046	1.08	
4. Foreign Banks	.4294	.3642	85.78	
Total (1+2+3+4)	.7115	.4246	100.00	

TABLE - 19: EARNINGS FROM OTHER BUSINESS**
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	1155.9	.0300	6.79	1073.5	.0185	3.57
2. Nationalised Banks	4173.2	.3911	88.48	5496.3	.4850	93.70
3. Other Indian Scheduled Commercial Banks	554.2	.0069	1.56	632.4	.0064	1.24
4. Foreign Banks	789.7	.0140	3.17	690.7	.0077	1.49
Total (1+2+3+4)	6673.0	.4420	100.00	7892.9	.5176	100.00

TABLE - 19: EARNINGS FROM OTHER BUSINESS ** (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		2		Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Concentration index	Concentration index	
	8	9	10		
1. S.B.I Group	1186.6	.0169	4.02		
2. Nationalised Banks	5500.2	.3630	86.14		
3. Other Indian Scheduled Commercial Banks	1707.9	.0350	8.30		
4. Foreign Banks	734.7	.0065	1.54		
Total (1+2+3+4)	9129.4	.4214	100.00		

** Include income from various business, net profit on sale and purchases of investment, property etc., revaluation of investments, property etc.

**TABLE - 20: EARNINGS FROM OTHER BUSINESS PER BANK
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
	2	3	4	5	6	7
1. S.B.I. Group	144.49	.1128	30.54	134.19	.0812	18.80
2. Nationalised Banks	208.66	.2352	63.69	274.81	.3407	78.88
3. Other Indian Scheduled Commercial Bank	16.30	.0014	.38	18.60	.0016	.37
4. Foreign Banks	60.75	.0199	5.39	43.17	.0084	1.95
Total (1+2+3+4)	430.20	.3693	100.00	470.77	.4319	100.00

TABLE - 20: EARNINGS FROM OTHER SERVICES PER BANK (Contd.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1	9	8	2	Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index			
	8	9			10
1. S.B.I. Group	148.32	.0815			21.51
2. Nationalised Banks	275.01	.2803			73.98
3. Other Indian Scheduled Commercial Banks	50.23	.0093			2.45
4. Foreign Banks	45.92	.0078			2.06
Total (1+2+3+4)	519.48	.3789			100.00

TABLE - 21: EARNINGS FROM OTHER BUSINESS PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0			1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)
1	2	3	4	5	6	7
1. S.B.I. Group	.0058	.0031	.67	.0069	.0050	1.07
2. Nationalised Banks	.0127	.0148	3.20	.0146	.0225	4.83
3. Other Indian Scheduled Commercial Banks	.0130	.0155	3.30	.0127	.0170	3.65
4. Foreign Banks	.0728	.4244	92.83	.0632	.4210	90.45
Total (1+2+3+4)	.1043	.4571	100.00	.0974	.4655	100.00

TABLE - 21: EARNINGS FROM OTHER BUSINESS PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount. (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	.0052	.0018	.45
2. Nationalised Banks	.0146	.0145	3.60
3. Other Indian Scheduled Commercial Banks	.0343	.0799	19.82
4. Foreign Banks	.0672	.3069	76.13
Total (1+2+3+4)	.1213	.4031	100.00

TABLE - 22: EXPENSES FOR INTEREST, COMMISSION AND BROKERAGE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to all concentration (Percentage)	Contribution of each Group to all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	85244.5	.0947	19.73	114105.0	.1020	21.30
2. Nationalised Banks	171346.2	.3824	79.68	218583.3	.3744	78.18
3. Other Indian Scheduled Commercial Banks	12432.7	.0020	.42	15531.7	.0019	.40
4. Foreign Banks	8051.3	.0008	.17	8967.9	.0006	.12
Total (1+2+3+4)	277074.7	.4799	100.00	357187.9	.4789	100.00

TABLE - 22: EXPENSES FOR INTEREST, COMMISSION & BROKERAGE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)			
	8	9	10	
1. S.B.I. Group of Banks	138408.8	.1068	22.50	
2. Nationalised Banks	255967.7	.3653	76.97	
3. Other Indian Scheduled Commercial Banks	18524.9	.0019	.40	
4. Foreign Banks	10584.5	.0006	.13	
Total (1+2+3+4)	423485.9	.4746	100.00	

TABLE -23: EXPENSES FOR INTEREST, COMMISSION & BROKERAGE PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration index	Concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index			
1	2	3	4	5	6	7	
1. S.B.I. Group	10655.56	.2812	60.62	14263.12	.2961	62.91	
2. Nationalised Banks	8567.31	.1818	39.19	10929.16	.1739	36.94	
3. Other Indian Scheduled Commercial Banks	365.67	.0003	.06	456.81	.0003	.06	
4. Foreign Banks	503.21	.0006	.13	560.49	.0004	.09	
Total (1+2+3+4)	20091.75	.4639	100.00	26209.58	.4707	100.00	

**TABLE - 23: EXPENSES FOR INTEREST, COMMISSION & BROKERAGE PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration index	Concentration of each Group of Banks to over all concentration (Percentage)	
	8	9	10	
1. S.B.I. Group	17301.10	.2283	60.70	
2. Nationalised Banks	12798.38	.1249	33.21	
3. Other Indian Scheduled Commercial Banks	5448.50	.0226	6.01	
4. Foreign Banks	661.53	.0003	.08	
Total (1+2+3+4)	36209.51	.3761	100.00	

TABLE - 24: EXPENSES FOR INTEREST, COMMISSION & BROKERAGE PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	.4268	.0463	16.03	.5338	.0536	19.62
2. Nationalised Banks	.5217	.0692	23.97	.6155	.0713	26.10
3. Other Indian Scheduled Commercial Banks	.2921	.0332	11.51	.3331	.0209	7.65
4. Foreign Banks	.7419	.1400	48.49	.8226	.1274	46.63
Total (1+2+3+4)	1.9825	.2887	100.00	2.3050	.2732	100.00

TABLE - 24: EXPENSES FOR INTEREST, COMMISSION & BROKERAGE PER EMPLOYEE (Concl'd)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 2		Concentration of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	
	8	9	10
1. S.B.I. Group	.6057	.0531	19.23
2. Nationalised Banks	.6817	.0673	24.38
3. Other Indian Scheduled Commercial Banks	.3716	.0199	7.21
4. Foreign Banks	.9683	.1358	49.18
Total (1+2+3+4)	2.6273	.2761	100.00

**TABLE - 25: ESTABLISHMENT EXPENSES
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	34811.1	.1223	27.71	40464.6	.1183	26.65
2. Nationalised Banks	55845.8	.3147	71.31	66681.4	.3212	72.36
3. Other Indian Scheduled Commercial Banks	5623.9	.0032	.73	6987.6	.0035	.79
4. Foreign Banks	3266.2	.0011	.25	3522.2	.0009	.20
Total (1+2+3+4)	99547	.4413	100.00	117655.8	.4439	100.00

TABLE - 25: ESTABLISHMENT EXPENSES (ConId.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1	9	8	2	Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index			
	8	9			10
1. S.B.I. Group	45579.7	.1150			25.81
2. Nationalised Banks	76737.6	.3260			73.18
3. Other Indian Scheduled Commercial Banks	8190.5	.0037			.83
4. Foreign Banks	3894.7	.0008			.18
Total (1+2+3+4)	134402.5	.4455			100.00

**TABLE - 26: ESTABLISHMENT EXPENSES PER BANK
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	4351.39	.3354	70.68	5058.07	.3290	69.56	
2. Nationalised Banks	2792.29	.1380	29.08	3334.07	.1430	30.21	
3. Other Indian Scheduled Commercial Banks	165.41	.0004	.08	205.52	.0005	.10	
4. Foreign Banks	204.14	.0007	.16	220.14	.0006	.13	
Total (1+2+3+4)	7513.23	.4745	100.00	8817.8	.4731	100.00	

TABLE - 26: ESTABLISHMENT EXPENSES PER BANK (Concld)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		2		Contribution of each Group of Banks to over all concentration (Percentage)
	8	9	8	9	
	Amount (Rs. in lakhs)	Concentration index			
1. S.B.I. Group	5697.46	.3235			68.62
2. Nationalised Banks	3836.88	.1467			31.12
3. Other Indian Scheduled Commercial Banks	240.90	.0006			.13
4. Foreign Banks	243.42	.0006			.13
Total (1+2+3+4)	10018.66	.4714			100.00

TABLE - 27: ESTABLISHMENT EXPENSES PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	.1743	.0493	17.95	.1893	.0484	17.69	
2. Nationalised Banks	.1700	.0493	17.95	.1878	.0484	17.69	
3. Other Indian Scheduled Commercial Banks	.1321	.0289	10.53	.1498	.0324	11.84	
4. Foreign Banks	.3009	.1471	53.57	.3231	.1444	52.78	
Total (1+2+3+4)	.7773	.2746	100.00	.8500	.2736	100.00	

**TABLE - 27: ESTABLISHMENT EXPENSES PER EMPLOYEE (Concl.d.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1	9	8	2
	Amount (Rs. in lakhs)	Concentration index	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)
	8	9	10	
1. S.B.I. Group	.1995	.0441		16.37
2. Nationalised Banks	.2043	.0484		17.97
3. Other Indian Scheduled Commercial Banks	.1643	.0324		12.03
4. Foreign Banks	.3563	.1444		53.63
Total (1+2+3+4)	.9244	.2693		100.00

TABLE - 28: WORKING EXPENSES**
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0		1 9 8 1		Concentration of each Group to over all concentration (Percentage)	Contribution of each Group to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index		
1	2	3	4	5	6	7
1. S.B.I. Group	9959.8	.0905	20.80	12584.2	.0976	22.83
2. Nationalised Banks	19233.9	.3375	77.59	22885.0	.3227	75.48
3. Other Indian Scheduled Commercial Banks	2209.7	.0044	1.01	2676.9	.0044	.94
4. Foreign Banks	1703.8	.0026	.60	2139.1	.0028	.75
Total (1+2+3+4)	33107.2	.4350	100.00	40285.2	.4275	100.00

TABLE - 28: WORKING EXPENSES** (ConcId.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		2		Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	8	9	
1. S.B.I. Group	14896.6	.0988			22.85
2. Nationalised Banks	27999.9	.3268			75.59
3. Other Indian Scheduled Commercial Banks	3132.2	.0044			1.02
4. Foreign Banks	2272.6	.0023			.54
Total (1+2+3+4)	47401.3	.4323			100.00

** : Includes fees and allowances and other working expenses.
Data Source : As indicated in Table - 1.

**TABLE - 29: WORKING EXPENSES PER BANK
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	1244.97	.2740	62.24	1573.02	.2882	64.97	
2. Nationalised Banks	961.69	.1635	37.14	1144.25	.1526	34.40	
3. Other Indian Scheduled Commercial Banks	64.99	.0007	.16	78.73	.0007	.16	
4. Foreign Banks	106.49	.0020	.46	133.69	.0021	.47	
Total (1+2+3+4)	2378.14	.4402	100.00	2929.69	.4436	100.00	

TABLE - 29: WORKING EXPENSES PER BANK (ConcId.)
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1		8		2	
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index	Contribution of each Group of Banks to over all concentration (Percentage)	
	8	9			10	
1. S.B.I. Group	1862.07	.2911			65.03	
2. Nationalised Banks	1354.99	.1541			34.43	
3. Other Indian Scheduled Commercial Banks	92.12	.0007			.16	
4. Foreign Banks	142.04	.0017			.38	
Total (1+2+3+4)	3451.22	.4476			100.00	

TABLE - 30: WORKING EXPENSES PER EMPLOYEE
(SCHEDULED COMMERCIAL BANKS)

Group of Banks	1 9 8 0				1 9 8 1		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each Group to over all concent- ration (Percentage)	
1	2	3	4	5	6	7	
1. S.B.I. Group	.0499	.0256	7.91	.5089	.0256	7.37	
2. Nationalised Banks	.0586	.0324	10.01	.0644	.0289	8.32	
3. Other Indian Scheduled Commercial Banks	.0519	.0256	7.91	.0574	.0225	6.48	
4. Foreign Banks	.1570	.2401	74.17	.1962	.2704	77.83	
Total (1+2+3+4)	.3174	.3237	100.00	.8269	.3474	100.00	

**TABLE - 30: WORKING EXPENSES PER EMPLOYEE (Concl'd.)
(SCHEDULED COMMERCIAL BANKS)**

Group of Banks	1	9	8	2	Contribution of each Group of Banks to over all concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index			
	8	9			10
1. S.B.I. Group	.0652	.0256			7.52
2. Nationalised Banks	.0722	.0318			9.34
3. Other Indian Scheduled Commercial Banks	.0628	.0231			6.78
4. Foreign Banks	.2079	.2601			76.36
Total (1+2+3+4)	.4081	.3406			100.00

TABLE - 31: NUMBER OF EMPLOYEES & NUMBER OF BANKS
OF SCHEDULED COMMERCIAL BANKS

Group of Banks	1 9 8 0		1 9 8 1		1 9 8 2	
	No. of Banks	No. of employees	No. of Banks	No. of Employees	No. of Banks	No. of employees
1	2	3	4	5	6	7
1. S.B.I. Group	8	199734	8	213775	8	228501
2. Nationalised Banks	20	328445	20	355136	20	375503
3. Other Indian Scheduled Commercial Banks	34	42558	34	46632	34	49850
4. Foreign Banks	13	10853	16	10902	16	10931
Total (1+2+3+4)	75	581590	78	626445	78	664785

Source : Statistical Tables Relating to Banks in India, RBI, 1980, 1982.

TABLE - 32: PROFITS*
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concentration index	Amount (Rs. in lakhs)	Concentration index			
1	2	3	4	5	6	7	
1. Allahabad Bank	87	.0009	1.10	89	.0006	.64	
2. Bank of Baroda	445	.0227	27.72	625	.0281	29.99	
3. Bank of India	325	.0121	14.78	316	.0072	7.69	
4. Bank of Maharashtra	124	.0018	2.20	130	.0012	1.29	
5. Canara Bank	277	.0088	10.74	277	.0055	5.88	
6. Central Bank of India	188	.0040	4.89	200	.0029	3.09	
7. Dena Bank	16	.0005	.04	26	.0005	.05	

TABLE - 32: PROFITS* (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
8. Indian Bank	33	.0001	.12	28	.00006	.06
9. Indian Overseas Bank	325	.0121	14.78	326	.0076	8.11
10. Punjab National Bank	241	.0066	8.06	619	.0275	29.35
11. Syndicate Bank	180	.0037	4.52	228	.0037	3.95
12. Union Bank of India	111	.0014	1.71	150	.0016	1.71
13. United Bank of India	37	.0001	.12	35	.00009	.10
14. United Commercial Bank	85	.0008	.98	182	.0024	2.56
15. Andhra Bank	196	.0044	5.37	230	.0038	4.05
16. Corporation Bank	99	.0011	1.34	105	.0008	.85
17. New Bank of India	88	.0009	1.10	61	.0003	.32
18. Oriental Bank of Commerce	27	.00008	.10	33	.00008	.08
19. Punjab & Sind Bank	45	.0002	.24	51	.0002	.21
20. Vijaya Bank	25	.00007	.09	19	.00002	.02
Total	2954	.0819	100.00	3730	.0937	100.00

* Net of taxes and bonus/contingency provision but before allocation to published reserves.
Data Source : Statistical Tables Relating to Banks in India, 1980, 1982.

TABLE - 33: TOTAL EARNINGS
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)
	2	3	4	5		
1. Allahabad Bank	10229	.0011	1.57	11317	.0009	1.27
2. Bank of Baroda	35371	.0128	18.31	40729	.0122	17.26
3. Bank of India	33331	.0114	16.31	39816	.0117	16.55
4. Bank of Maharashtra	8996	.0008	1.14	10324	.0008	1.13
5. Canara Bank	22421	.0051	7.30	26887	.0053	7.50
6. Central Bank of India	29597	.0090	12.87	34047	.0086	12.16
7. Dena Bank	9616	.0009	1.29	10916	.0009	1.27
8. Indian Bank	13990	.0020	2.86	15564	.0018	2.55

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TABLE - 33: TOTAL EARNINGS (Concl'd.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	19254	.0038	5.44	22609	.0038	5.37
10. Punjab National Bank	28261	.0082	11.73	37065	.0102	14.43
11. Syndicate Bank	20194	.0042	6.01	24563	.0045	6.36
12. Union Bank of India	15239	.0024	3.43	18271	.0025	3.54
13. United Bank of India	13616	.0019	2.72	15780	.0018	2.55
14. United Commercial Bank	21053	.0045	6.44	23435	.0040	5.66
15. Andhra Bank	6669	.0005	.73	7991	.0005	.71
16. Corporation Bank	3097	.0001	.14	3667	.0001	.14
17. New Bank of India	5411	.0003	.43	6429	.0003	.42
18. Oriental Bank of Commerce	3387	.0001	.14	4308	.0001	.14
19. Punjab & Sind Bank	7638	.0006	.86	8300	.0005	.71
20. Vijaya Bank	5001	.0002	.28	5642	.0002	.28
Total	312371	.0699	100.00	367660	.0707	100.00

TABLE - 34: TOTAL EXPENSES
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index		
1	2	3	4	5	6	7
1. Allahabad Bank	10142	.0011	1.59	11228	.0009	1.27
2. Bank of Baroda	34926	.0127	18.18	40104	.0121	17.14
3. Bank of India	33006	.0114	16.31	39500	.0118	16.71
4. Bank of Maharashtra	8872	.0008	1.14	10194	.0008	1.13
5. Canara Bank	22244	.0051	7.30	26610	.0053	7.52
6. Central Bank of India	29409	.0090	12.87	33847	.0086	12.18
7. Dena Bank	9600	.0010	1.43	10890	.0009	1.27
8. Indian Bank	13957	.0020	2.86	15536	.0018	2.55

TABLE - 34: TOTAL EXPENSES (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	18929	.0037	5.29	22283	.0037	5.24
10. Punjab National Bank	28020	.0082	11.73	36446	.0100	14.16
11. Syndicate Bank	20014	.0042	6.01	24335	.0045	6.37
12. Union Bank of India	15128	.0024	3.43	18121	.0025	3.54
13. United Bank of India	13579	.0019	2.72	15745	.0019	2.69
14. United Commercial Bank	20968	.0046	6.58	23253	.0041	5.82
15. Andhra Bank	6473	.0004	.57	7761	.0005	.71
16. Corporation Bank	2998	.0001	.14	3562	.0001	.14
17. New Bank of India	5323	.0003	.42	6368	.0003	.42
18. Oriental Bank of Commerce	3360	.0001	.14	4275	.0001	.14
19. Punjab & Sind Bank	7593	.0006	.86	8249	.0005	.72
20. Vijaya Bank	4976	.0003	.43	5623	.0002	.28
Total	309417	.0699	100.00	363930	.0706	100.00

TABLE - 34: TOTAL EXPENSES
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Concentration (Percentage)
	2	3	4	5			
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each bank to over all Concentration	Amount (Rs. in lakhs)	Concent- ration index	Concentration (Percentage)	Contribution of each bank to over all Concentration
1. Allahabad Bank	10142	.0011	1.59	11228	.0009	1.27	1.27
2. Bank of Baroda	34926	.0127	18.18	40104	.0121	17.14	17.14
3. Bank of India	33006	.0114	16.31	39500	.0118	16.71	16.71
4. Bank of Maharashtra	8872	.0008	1.14	10194	.0008	1.13	1.13
5. Canara Bank	22244	.0051	7.30	26610	.0053	7.52	7.52
6. Central Bank of India	29409	.0090	12.87	33847	.0086	12.18	12.18
7. Dena Bank	9600	.0010	1.43	10890	.0009	1.27	1.27
8. Indian Bank	13957	.0020	2.86	15536	.0018	2.55	2.55

TABLE - 34: TOTAL EXPENSES (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	18929	.0037	5.29	22283	.0037	5.24
10. Punjab National Bank	28020	.0082	11.73	36446	.0100	14.16
11. Syndicate Bank	20014	.0042	6.01	24335	.0045	6.37
12. Union Bank of India	15128	.0024	3.43	18121	.0025	3.54
13. United Bank of India	13579	.0019	2.72	15745	.0019	2.69
14. United Commercial Bank	20968	.0046	6.58	23253	.0041	5.82
15. Andhra Bank	6473	.0004	.57	7761	.0005	.71
16. Corporation Bank	2998	.0001	.14	3562	.0001	.14
17. New Bank of India	5323	.0003	.42	6368	.0003	.42
18. Oriental Bank of Commerce	3360	.0001	.14	4275	.0001	.14
19. Punjab & Sind Bank	7593	.0006	.86	8249	.0005	.72
20. Vijaya Bank	4976	.0003	.43	5623	.0002	.28
Total	309417	.0699	100.00	363930	.0706	100.00

TABLE - 35: EARNINGS FROM FUNDS BUSINESS
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1	2	3	4	5	6	7	
1. Allahabad Bank	9418	.0011	1.58	10549	.0009	1.28	
2. Bank of Baroda	32382	.0127	18.22	37519	.0120	17.02	
3. Bank of India	29905	.0108	15.49	36855	.0116	16.45	
4. Bank of Maharashtra	8461	.0009	1.29	9762	.0008	1.13	
5. Canara Bank	20754	.0052	7.46	25005	.0053	7.52	
6. Central Bank of India	27280	.0090	12.91	31387	.0084	11.91	
7. Dena Bank	8936	.0009	1.29	10126	.0009	1.28	
8. Indian Bank	12979	.0020	2.87	14259	.0017	2.41	

TABLE - 35: EARNINGS FROM FUNDS BUSINESS (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	17512	.0037	5.31	20788	.0037	5.25
10. Punjab National Bank	26464	.0085	12.19	34862	.0104	14.75
11. Syndicate Bank	18589	.0042	6.02	23062	.0046	6.52
12. Union Bank of India	13816	.0023	3.30	16638	.0024	3.40
13. United Bank of India	12914	.0020	2.87	15053	.0019	2.70
14. United Commercial Bank	19750	.0047	6.74	22206	.0042	5.96
15. Andhra Bank	6262	.0005	.72	7497	.0005	.72
16. Corporation Bank	2672	.0001	.14	3273	.0001	.14
17. New Bank of India	4895	.0003	.43	5854	.0003	.42
18. Oriental Commerce Bank	3291	.0001	.14	3943	.0001	.14
19. Punjab & Sind Bank	6848	.0005	.73	7576	.0005	.71
20. Vijaya Bank	4641	.0002	.30	5266	.0002	.29
Total	287769	.0697	100.00	341500	.0705	100.00

**TABLE - 36: EARNINGS FROM OTHER SERVICES AND BUSINESS
(NATIONALISED BANKS)**

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	2	3	4	5			
1. Allahabad Bank	811	.0011	1.45	768	.0009	1.25	
2. Bank of Baroda	2989	.0150	19.80	3210	.0149	20.65	
3. Bank of India	3426	.0193	25.49	2961	.0131	18.14	
4. Bank of Maharashtra	535	.0004	.53	562	.0004	.55	
5. Canara Bank	1667	.0048	6.34	1882	.0052	7.20	
6. Central Bank of India	2317	.0088	11.62	2660	.0106	14.68	
7. Lena Bank	680	.0008	1.06	790	.0009	1.25	
8. Indian Bank	1011	.0017	2.24	1305	.0025	3.46	

TABLE - 36: EARNINGS FROM OTHER SERVICES & BUSINESS (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	1742	.0048	6.34	1821	.0047	6.51
10. Punjab National Bank	1797	.0054	7.13	2203	.0070	9.69
11. Syndicate Bank	1605	.0043	5.68	1501	.0033	4.57
12. Union Bank of India	1423	.0033	4.36	1633	.0037	5.12
13. United Bank of India	702	.0008	1.06	727	.0007	.97
14. United Commercial Bank	1303	.0028	3.70	1229	.0021	2.91
15. Andhra Bank	407	.0003	.40	494	.0004	.55
16. Corporation Bank	425	.0003	.40	394	.0002	.28
17. New Bank of India	516	.0004	.53	575	.0005	.69
18. Oriental Commerce Bank	96	.0002	.03	365	.0002	.28
19. Punjab & Sind Bank	790	.0011	1.44	704	.0007	.97
20. Vijaya Bank	360	.0003	.40	376	.0002	.28
Total	24602	.0757	100.00	26160	.0722	100.00

TABLE - 37: INTEREST PAID ON DEPOSITS, BORROWINGS, ETC.
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1	2	3	4	5	6	7	
1. Allahabad Bank	6718	.0010	1.46	7391	.0008	1.09	
2. Bank of Baroda	25528	.0144	21.02	29491	.0137	18.64	
3. Bank of India	24093	.0129	18.83	29154	.0134	18.23	
4. Bank of Maharashtra	6201	.0008	1.17	7055	.0008	1.09	
5. Canara Bank	14205	.0045	6.60	17230	.0046	6.26	
6. Central Bank of India	19514	.0048	7.01	22838	.0082	11.16	
7. Dena Bank	6194	.0008	1.17	7097	.0008	1.09	
8. Indian Bank	9896	.0022	3.21	10681	.0018	2.45	

TABLE - 37: INTEREST PAID ON DEPOSITS, BORROWINGS, ETC. (Concl'd.)
(NATIONALISED BANKS)

	1	2	3	4	5	6	7
9. Indian Overseas Bank		14116	.0044	6.42	16515	.0043	5.85
10. Punjab National Bank		19737	.0086	12.55	26801	.0113	15.37
11. Syndicate Bank		13171	.0039	5.69	16476	.0043	5.85
12. Union Bank of India		9201	.0019	2.77	11568	.0021	2.86
13. United Bank of India		9160	.0019	2.77	10991	.0019	2.58
14. United Commercial Bank		14699	.0048	7.00	16017	.0040	5.44
15. Andhra Bank		4557	.0004	.58	5466	.0005	.68
16. Corporation Bank		1882	.0001	.15	2185	.0001	.14
17. New Bank of India		3388	.0003	.43	3929	.0002	.27
18. Oriental Commerce Bank		2075	.0001	.15	2625	.0001	.14
19. Punjab & Sind Bank		4965	.0005	.73	5278	.0004	.55
20. Vijaya Bank		2812	.0002	.29	3214	.0002	.26
Total		212102	.0685	100.00	252002	.0735	100.00

TABLE - 38: OTHER EXPENSES
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1	2	3	4	5	6	7	
1. Allahabad Bank	3424	.0012	1.80	3837	.0011	1.68	
2. Bank of Baroda	9398	.0093	13.96	10613	.0090	13.68	
3. Bank of India	8913	.0084	12.62	10346	.0085	12.92	
4. Bank of Maharashtra	2671	.0008	1.20	3139	.0008	1.21	
5. Canara Bank	8039	.0068	10.21	9380	.0070	10.64	
6. Central Bank of India	9895	.0103	15.46	11009	.0097	14.74	
7. Dena Bank	3406	.0012	1.80	3793	.0011	1.67	
8. Indian Bank	4061	.0018	2.70	4855	.0019	2.89	

TABLE - 38: OTHER EXPENSES (Concl.d.)
(NATIONALISED BANKS)

	1	2	3	4	5	6	7
9. Indian Overseas Bank		4813	.0024	3.60	5768	.0027	4.10
10. Punjab National Bank		8283	.0073	10.96	9645	.0074	11.25
11. Syndicate Bank		6843	.0049	7.36	7859	.0050	7.60
12. Union Bank of India		5927	.0037	5.55	6553	.0035	5.32
13. United Bank of India		4419	.0020	9.02	4754	.0018	2.73
14. United Commercial Bank		6269	.0042	6.31	7236	.0041	6.23
15. Andhra Bank		1916	.0004	.60	2295	.0004	.61
16. Corporation Bank		1116	.0001	.15	1377	.0001	.15
17. New Bank of India		1935	.0004	.60	2439	.0004	.61
18. Oriental Commerce Bank		1285	.0002	.30	1650	.0002	.30
19. Punjab & Sind Bank		2628	.0007	1.05	2971	.0007	1.06
20. Vijaya Bank		2164	.0005	.75	2409	.0004	.61
Total		97405	.0666	100.00	111928	.0658	100.00

TABLE - 39: PROFITS PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1.	2	3	4	5	6	7	
1. Allahabad Bank	.0872	.0009	1.24	.0856	.0007	.96	
2. Bank of Baroda	.2673	.0085	11.74	.3617	.0126	17.28	
3. Bank of India	.0265	.0051	7.04	.1928	.0036	4.94	
4. Bank of Maharashtra	.1725	.0036	4.97	.1461	.0020	2.74	
5. Canara Bank	.2055	.0051	7.04	.1985	.0038	5.21	
6. Central Bank of India	.0918	.0010	1.38	.0945	.0008	1.10	
7. Dena Bank	.0187	.0004	.05	.0297	.0001	.14	
8. Indian Bank	.0376	.0002	.28	.0309	.0001	.14	

TABLE - 39: PROFITS PER OFFICE (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	.3615	.0157	21.68	.3475	.0116	15.91
10. Punjab National Bank	.1323	.0021	2.90	.3254	.0102	13.99
11. Syndicate Bank	.1490	.0027	3.73	.1861	.0033	4.53
12. Union Bank of India	.0847	.0008	1.10	.1119	.0012	1.65
13. United Bank of India	.0427	.0002	.28	.0391	.0001	.14
14. United Commercial Bank	.0615	.0004	.55	.1284	.0016	2.19
15. Andhra Bank	.2886	.0099	13.67	.3142	.0095	13.03
16. Corporation Bank	.2895	.0100	13.80	.3000	.0086	11.80
17. New Bank of India	.1930	.0045	6.20	.1265	.0015	2.06
18. Oriental Commerce Bank	.0746	.0007	.97	.0857	.0007	.96
19. Punjab & Sind Bank	.0805	.0008	1.10	.0884	.0008	1.10
20. Vijaya Bank	.0415	.0002	.28	.0313	.0001	.14
Total	2.7065	.0724	100.00	3.2243	.0729	100.00

TABLE - 40: TOTAL EARNINGS PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1	2	3	4	5	6	7	
1. Allahabad Bank	10.25	.0013	2.42	10.88	.0012	2.22	
2. Bank of Baroda	21.24	.0057	10.59	23.57	.0055	10.17	
3. Bank of India	21.17	.0056	10.41	24.29	.0059	10.90	
4. Bank of Maharashtra	12.51	.0020	3.72	11.60	.0013	2.40	
5. Canara Bank	16.63	.0035	6.50	19.40	.0038	7.02	
6. Central Bank of India	14.44	.0026	4.83	16.08	.0026	4.80	
7. Dena Bank	11.22	.0016	2.97	12.06	.0014	2.59	
8. Indian Bank	15.95	.0032	5.95	17.20	.0029	5.36	

TABLE - 40: TOTAL EARNINGS PER OFFICE (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	21.42	.0058	10.78	24.10	.0058	10.72
10. Punjab National Bank	15.51	.0030	5.58	19.49	.0038	7.02
11. Syndicate Bank	16.72	.0035	6.50	20.05	.0040	7.39
12. Union Bank of India	11.63	.0017	3.16	13.63	.0018	3.33
13. United Bank of India	15.72	.0031	5.76	17.65	.0031	5.73
14. United Commercial Bank	15.22	.0029	5.38	16.54	.0027	4.99
15. Andhra Bank	9.82	.0012	2.30	10.92	.0012	2.22
16. Corporation Bank	9.05	.0010	1.85	10.48	.0011	2.03
17. New Bank of India	11.87	.0018	3.34	13.34	.0018	3.33
18. Oriental Commerce Bank	9.36	.0011	2.04	11.19	.0012	2.22
19. Punjab & Sind Bank	13.66	.0023	4.26	14.38	.0021	3.88
20. Vijaya Bank	8.31	.0009	1.66	9.29	.0009	1.68
Total	281.70	.0538	100.00	316.14	.0541	100.00

TABLE - 41: TOTAL EXPENSES PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index				
1	2	3	4	5	6	7		
1. Allahabad Bank	10.16	.0012	2.23	10.80	.0012	2.23		
2. Bank of Baroda	20.98	.0057	10.59	24.10	.0055	10.20		
3. Bank of India	19.82	.0031	9.48	24.10	.0059	10.95		
4. Bank of Maharashtra	12.34	.0020	3.71	11.45	.0013	2.41		
5. Canara Bank	16.50	.0035	6.50	19.20	.0037	6.86		
6. Central Bank of India	14.35	.0027	5.11	15.99	.0026	4.82		
7. Dena Bank	11.20	.0016	2.97	12.43	.0016	2.97		
8. Indian Bank	15.91	.0033	6.13	17.17	.0030	5.56		

TABLE - 41: TOTAL EXPENSES PER OFFICE (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	21.05	.0057	10.59	23.75	.0057	10.57
10. Punjab National Bank	15.38	.0031	5.76	19.16	.0037	6.86
11. Syndicate Bank	16.37	.0038	6.69	19.86	.0040	7.42
12. Union Bank of India	11.55	.0017	3.16	13.32	.0018	3.34
13. United Bank of India	15.68	.0032	5.95	17.61	.0031	5.75
14. United Commercial Bank	15.16	.0030	5.58	16.41	.0027	5.01
15. Andhra Bank	9.53	.0012	2.25	10.60	.0011	2.04
16. Corporation Bank	8.77	.0010	1.85	10.18	.0010	1.85
17. New Bank of India	11.67	.0018	3.33	13.21	.0018	3.34
18. Oriental Commerce Bank	9.28	.0011	2.03	11.10	.0012	2.24
19. Punjab & Sind Bank	13.58	.0024	4.45	14.30	.0021	3.90
20. Vijaya Bank	8.26	.0009	1.66	9.26	.0009	1.68
Total	277.74	.0538	100.00	313.31	.0539	100.00

TABLE - 42: EARNINGS FROM FUNDS BUSINESS PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)
	2	3	4	5		
	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each bank to over all Concentration	Amount (Rs. in lakhs)	Concent- ration index	Contribution of each bank to over all Concentration
1. Allahabad Bank	9.44	.0013	2.43	10.14	.0012	2.21
2. Bank of Baroda	19.46	.0056	10.49	21.71	.0055	10.13
3. Bank of India	19.00	.0053	9.92	22.49	.0059	10.86
4. Bank of Maharashtra	11.77	.0020	3.74	10.97	.0014	2.58
5. Canara Bank	15.40	.0035	6.55	18.04	.0038	7.00
6. Central Bank of India	13.31	.0028	4.87	14.83	.0025	4.60
7. Dena Bank	10.43	.0018	3.00	11.56	.0015	2.76
8. Indian Bank	14.80	.0032	5.99	15.75	.0029	5.34

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TABLE - 42: EARNINGS FROM FUNDS BUSINESS PER OFFICE (Concl.d.)
(NATIONALISED BANKS)

	1	2	3	4	5	6	7
9. Indian Overseas Bank		19.48	.0058	10.49	22.16	.0057	10.49
10. Punjab National Bank		14.52	.0031	5.80	18.33	.0039	7.18
11. Syndicate Bank		15.39	.0035	6.55	18.33	.0041	7.55
12. Union Bank of India		10.55	.0016	3.00	12.42	.0018	3.31
13. United Bank of India		14.91	.0033	6.18	16.84	.0033	6.08
14. United Commercial Bank		14.28	.0030	5.62	15.67	.0028	5.16
15. Andhra Bank		9.22	.0013	2.43	10.24	.0012	2.22
16. Corporation Bank		7.81	.0009	1.69	9.35	.0010	1.84
17. New Bank of India		10.73	.0017	3.19	12.14	.0017	3.13
18. Oriental Commerce Bank		9.09	.0012	2.25	10.24	.0012	2.22
19. Punjab & Sind Bank		12.25	.0022	4.12	13.16	.0020	3.68
20. Vijaya Bank		7.71	.0009	1.69	8.67	.0009	1.66
Total		259.55	.0534	100.00	293.54	.0543	100.00

TABLE - 43: EARNINGS FROM OTHER SERVICES & BUSINESS PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index		
1	2	3	4	5	6	7
1. Allahabad Bank	.81	.0013	2.23	.74	.0010	1.81
2. Bank of Baroda	1.80	.0066	11.32	1.86	.0065	11.77
3. Bank of India	2.18	.0097	16.64	1.81	.0062	11.23
4. Bank of Maharashtra	.74	.0011	1.89	.63	.0007	1.27
5. Canara Bank	1.24	.0031	5.32	1.36	.0035	6.34
6. Central Bank of India	1.13	.0026	4.46	1.26	.0030	5.43
7. Dena Bank	.79	.0013	2.23	.90	.0013	2.72
8. Indian Bank	1.15	.0027	4.63	1.44	.0039	7.06

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TABLE - 43: EARNINGS FROM OTHER SERVICES & BUSINESS PER OFFICE (Concl.d.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	1.94	.0076	13.04	1.94	.0071	12.86
10. Punjab National Bank	.99	.0020	3.43	1.16	.0025	4.53
11. Syndicate Bank	1.33	.0036	6.17	1.22	.0028	5.07
12. Union Bank of India	1.09	.0024	4.12	1.22	.0028	5.07
13. United Bank of India	.81	.0013	2.23	.81	.0012	2.17
14. United Commercial Bank	.94	.0018	3.09	.87	.0014	2.54
15. Andhra Bank	.60	.0007	1.20	.67	.0008	1.45
16. Corporation Bank	1.24	.0031	5.32	1.12	.0024	4.35
17. New Bank of India	1.13	.0026	4.46	1.19	.0027	4.89
18. Oriental Commerce Bank	.26	.0001	.17	.95	.0017	3.08
19. Punjab & Sind Bank	1.41	.0040	6.85	1.22	.0028	5.08
20. Vijaya Bank	.60	.0007	1.20	.62	.0007	1.28
Total	22.18	.0583	100.00	22.99	.0552	100.00

**TABLE - 44: INTEREST PAID ON DEPOSITS, BORROWINGS ETC. PER OFFICE
(NATIONALISED BANKS)**

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1. Allahabad Bank	6.73	.0013	7.11	.0011	2.34	7.11	1.97
2. Bank of Baroda	15.33	.0066	17.07	.0064	11.89	17.07	11.49
3. Bank of India	15.31	.0064	17.79	.0069	11.55	17.79	12.39
4. Bank of Maharashtra	8.62	.0021	7.93	.0014	3.80	7.93	2.51
5. Canara Bank	10.54	.0031	12.43	.0034	5.58	12.43	6.10
6. Central Bank of India	9.52	.0027	10.79	.0025	4.86	10.79	4.49
7. Dena Bank	7.23	.0015	8.10	.0014	2.70	8.10	2.51
8. Indian Bank	11.28	.0035	11.80	.0030	6.31	11.80	5.38

TABLE - 44: INTEREST PAID ON DEPOSITS, BORROWINGS, ETC. PER OFFICE (Concid.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	15.70	.0069	12.45	17.67	.0068	12.21
10. Punjab National Bank	10.83	.0033	5.94	14.06	.0043	7.72
11. Syndicate Bank	10.90	.0033	5.94	13.45	.0040	7.18
12. Union Bank of India	7.02	.0014	2.52	8.63	.0016	2.87
13. United Bank of India	10.58	.0031	5.58	12.29	.0033	5.92
14. United Commercial Bank	10.63	.0031	5.58	11.30	.0028	5.03
15. Andhra Bank	6.71	.0012	2.16	7.47	.0012	2.15
16. Corporation Bank	5.50	.0008	1.44	6.24	.0008	1.44
17. New Bank of India	7.43	.0015	2.70	8.15	.0014	2.52
18. Oriental Commerce Bank	5.73	.0009	1.62	6.82	.0010	1.79
19. Punjab & Sind Bank	8.88	.0022	3.96	9.15	.0018	3.24
20. Vijaya Bank	4.67	.0006	1.08	5.29	.0006	1.09
Total	189.14	.0555	100.00	213.54	.0557	100.00

TABLE - 45: OTHER EXPENSES PER OFFICE
(NATIONALISED BANKS)

Banks	1 9 8 1		1 9 8 2		Concentration (Percentage)	Concentration (Percentage)	Contribution of each bank to over all Concentration (Percentage)
	Amount (Rs. in lakhs)	Concent- ration index	Amount (Rs. in lakhs)	Concent- ration index			
1. Allahabad Bank	3.43	.0015	3.69	.0014	2.90	2.69	2.69
2. Bank of Baroda	5.64	.0039	6.14	.0038	7.54	7.31	7.31
3. Bank of India	5.66	.0040	6.31	.0040	7.74	7.69	7.69
4. Bank of Maharashtra	3.71	.0017	3.53	.0012	3.29	2.31	2.31
5. Canara Bank	5.96	.0044	6.77	.0046	8.51	8.85	8.85
6. Central Bank of India	4.83	.0028	5.20	.0027	5.61	5.19	5.19
7. Dena Bank	3.97	.0019	4.33	.0019	3.67	3.65	3.65
8. Indian Bank	4.63	.0027	5.36	.0029	5.22	5.58	5.58

TABLE - 45: OTHER EXPENSES PER OFFICE (Concl'd.)
(NATIONALISED BANKS)

1	2	3	4	5	6	7
9. Indian Overseas Bank	5.35	.0035	6.77	6.15	.0038	7.31
10. Punjab National Bank	4.55	.0026	5.03	5.07	.0026	5.00
11. Syndicate Bank	5.66	.0040	7.74	6.41	.0041	7.88
12. Union Bank of India	4.52	.0025	4.83	4.89	.0024	4.61
13. United Bank of India	5.10	.0032	6.19	5.31	.0028	5.38
14. United Commercial Bank	4.53	.0025	4.83	5.11	.0026	5.00
15. Andhra Bank	2.82	.0010	1.93	3.13	.0010	1.94
16. Corporation Bank	3.26	.0013	2.50	3.93	.0015	2.88
17. New Bank of India	4.24	.0022	4.34	5.06	.0026	5.00
18. Oriental Commerce Bank	3.55	.0016	3.08	4.28	.0018	3.46
19. Punjab & Sind Bank	4.70	.0027	5.20	5.15	.0027	5.19
20. Vijaya Bank	3.59	.0016	3.08	3.97	.0016	3.08
Total	89.70	.0517	100.00	99.80	.0520	100.00

CALL MONEY MARKET - RECENT DEVELOPMENTS

M. S. Nalini *

Introduction

Call money market is an important segment of the Indian money market. It functions as an immediate source of short-term funds thereby ensuring the liquidity of the banking system. The participants in the call money market are banks and selected financial institutions viz. Life Insurance Corporation of India (LIC) and Unit Trust of India (UTI). Other financial institutions have not been allowed to participate in the call money market. The major suppliers of call money are SBI, LIC and UTI. The major groups of borrowers are 20 nationalised banks, foreign banks and co-operative banks. Call money transactions usually extend for a day or two but there is another category namely money on notice which is in the nature of inter-bank deposits withdrawable on notice extending from 14 days to 60 days or more.

Trends in Call Money Borrowings

Tables I and II give the ratios of call money borrowings to aggregate deposits and bank credit, respectively. The first ratio, i.e., call money to aggregate deposits, gives an idea of the magnitude of dependence of banks on call money to supplement the deposits which are the main source of funds of commercial banks. The second ratio i.e., call money to total bank credit, indicates the extent of use of these funds by banks to meet credit requirements. From the tables it can be seen that the annual average ratio of call money borrowings to aggregate deposits which was 0.8 per cent in 1980 rose to 1.1 per cent each in 1982 and 1983 and to 1.3 per cent in 1984. It was 1.5 per cent in 1985. The incremental ratio of call money borrowings to aggregate deposits also depicted a

* **M.S. Nalini** is a Research Officer in the Division of Money & Banking of the Department of Economic Analysis & Policy, Reserve Bank of India. The author is grateful to Dr. S.R.K. Rao for his encouragement and guidance. The valuable comments of Dr. C. Rangarajan and Shri A. Hasib are gratefully acknowledged. Kum. Ulka Bole ably rendered computational assistance.

similar trend except for 1983 when the ratio decreased to 1.3 per cent from 3.8 per cent in 1982. This shows that banks have increasingly resorted to borrowings from call money market over the years. This trend could partly be attributed to the hikes in Cash Reserve Ratio (C.R.R.) over the past five years from 6 per cent to 9 per cent besides the reintroduction of the 10 per cent incremental CRR and the increases in Statutory Liquidity Ratio (S.L.R.) from 34 per cent to 37 per cent.

TABLE I: RATIO OF CALL MONEY TO AGGREGATE DEPOSITS

(in per cent)

Last Friday	1980	1981	1982	1983	1984	1985	1986
	1	2	3	4	5	6	7
January	1.2	0.9	0.8	1.0	1.0	1.4	1.3
February	1.4	1.0	0.7	1.1	1.5	1.2	1.3
March	0.9	1.9	1.6	1.9	1.8	1.4	2.6
April	0.7	0.8	1.1	1.2	1.4	0.9	0.7
May	0.7	0.8	0.9	1.1	1.2	1.5	2.2
June	0.7	1.1	1.2	0.9	1.1	1.7	1.9
July	0.6	1.2	1.1	0.9	1.2	1.8	2.2
August	0.8	1.4	1.2	1.3	1.2	1.1	
September	0.8	1.6	1.4	0.9	1.4	1.7	
October	0.8	1.7	1.3	1.0	1.5	1.0	
November	0.9	1.7	1.2	1.0	1.1	2.2	
December	0.8	0.6	0.8	1.3	1.4	1.8	
Average	0.8	0.7	1.1	1.1	1.3	1.5	1.7*

* Average up to July 1986

Another noticeable feature is that this ratio reached its peak in March in all the years under review except for 1980 and 1985 when it was in February and November respectively. This would suggest that the need for call money borrowings is the highest around March. This could perhaps be attributed to the withdrawals of deposits in March to meet year-end tax payments and withdrawal of funds by financial institutions to meet their statutory obligations.

The ratio of call money to bank credit ranged between 0.9 per cent and 3.5 per cent during 1980-85. The annual average ratio showed an increase in all the years under review except for 1982 when it declined to 1.7 per cent from 1.9 per cent in 1981. In 1985 the ratio was 2.3 per cent. The peak values of this ratio were reached in March in all the years under review, except for 1980 and 1985 when it was in February and November respectively, confirming the earlier observation that the use of call money funds is highest in March.

TABLE II: RATIO OF CALL MONEY TO BANK CREDIT

(In per cent)

Last Friday	1980	1981	1982	1983	1984	1985	1986
	1	2	3	4	5	6	7
January	1.8	1.3	1.1	1.5	1.6	2.1	2.0
February	2.1	1.5	1.1	1.6	2.2	1.8	2.0
March	1.4	2.9	2.4	2.9	2.6	2.0	3.9
April	1.0	1.3	1.6	1.8	2.0	1.4	1.0
May	1.0	1.2	1.4	1.7	1.8	2.3	3.4
June	1.0	1.6	1.8	1.4	1.6	2.6	3.1
July	0.9	1.8	1.7	1.4	1.8	2.8	3.4
August	1.2	2.2	1.9	2.0	1.9	1.7	
September	1.2	2.4	2.2	1.4	2.1	2.7	
October	1.3	2.6	2.0	1.5	2.2	1.6	
November	1.4	2.6	1.8	1.5	1.6	3.5	
December	1.1	0.9	1.2	2.0	2.1	2.9	
Average	1.3	1.9	1.7	1.7	2.0	2.3	2.7*

* Average upto July 1986.

Statement I gives the data pertaining to call money borrowings of scheduled commercial banks

during 1980-86. Statutorily banks have to maintain an average daily balance of the net demand and time liabilities for CRR purposes. However, in practice banks tend to maintain CRR based on the reporting Friday figures and so they are generally averse to borrowing in the call money market on the reporting Fridays. These data collected in relation to the last Friday of the month, therefore, are not a true index of the magnitude of transactions in call money market. However, the available data indicate that the average call money borrowings increased during the period 1980-85. It moved up from Rs.284 crores in 1980 to Rs.840 crores in 1984 and to Rs.1,150 crores during 1985.

Seasonal Trends

The call money borrowings showed fluctuations in the period under review. It was generally high in the busy season (Table III). In 1980-81, while the average monthly busy season borrowings in the call money market amounted to Rs.378 crores it was Rs.241 crores in the slack season. In 1981-82, on the other hand, there was only a small difference between the busy season average of Rs.513 crores and the slack season average of Rs.501 crores. This has to be seen in the context of the series of upward revisions in CRR effected during that year from 6 per cent to 7.75 per cent and changes in SLR from 34 per cent to 35 per cent. In both 1982-83 and 1983-84, the call money borrowings in the busy season were perceptibly higher than those in the slack season. In 1984-85, however, the gap narrowed with the average monthly busy season borrowings at Rs.893 crores and the slack season borrowings at Rs.825 crores.

TABLE III: SEASONAL TRENDS IN CALL MONEY BORROWINGS OF SCHEDULED COMMERCIAL BANKS

Rs. Crores

Year	Average Call Money Borrowings	
	Busy Season	Slack Season
1980-81	378	241
1981-82	513	501
1982-83	613	546
1983-84	766	577
1984-85	893	825
1985-86	1304	1083

In 1985-86 both busy and slack season borrowings were high at Rs.1,304 crores and Rs.1,083 crores, respectively.

Apart from seasonality, call money borrowings have been influenced by changes in CRR and SLR. Statement II gives the changes in CRR and SLR from 1980-81 to 1984-85. Increases in cash reserve requirements and statutory liquidity requirements were followed by increases in call money borrowings. For instance, when CRR was increased from 6 per cent to 6.5 per cent from July 31, 1981, the call money borrowings shot up to Rs.590 crores in August 1981 as compared with Rs.472 crores in July 1981. More recently, when CRR was increased from 8.5 per cent to 9 per cent from February 4, 1984, call money borrowings rose sharply to Rs.888 crores and Rs.1,067 crores in February and March 1984, respectively, from Rs.618 crores in January. In general there were increases in call money borrowings following increases in CRR and SLR. From Statement II on CRR/SLR changes and Statement III, on Investment-Deposit Ratio it is observed that, by and large, there were increases in call money borrowings with increases in CRR/SLR and declines in investment-deposit ratio.

Sources of Call Money Funds

The sources of call money funds of scheduled commercial banks are banks and two other financial institutions, viz., LIC and UTI, which have been allowed to participate in the call money market. Over the years, the latter have emerged as an important source of funds in this market.

In 1980, the share of commercial banks in total call money funds was 76.1 per cent while financial institutions accounted for 23.9 per cent (Statement IV). In 1981, the former's share went up to 78 per cent and the latter's share was 22 per cent. In 1982, commercial banks' share came down to 62.4 per cent while that of financial institutions went up to 37.6 per cent and further to 44 per cent in 1983; it was 40.9 per cent in 1984. However in 1985, it was lower at 21.3 per cent. This brings out the changing role of these institutions in the call money market.

There are no published data on the deployment of short-term resources of LIC and UTI. However, it is understood that a sizeable amount of funds are deployed by these institutions in the call money market.

Trends in Call Money Rates

The data on the call money rates in Bombay, Madras and Calcutta are published in the RBI bulletin. Taking Bombay as the major call money market in India the recent movements in call money rates are presented in Statement VI. During the financial year 1980-81, easy conditions prevailed in the Bombay call money market for a major part of the year and the rates were quoted below the ceiling rate of 10 per cent. In 1981-82, the market ruled easy upto August but thereafter turned stringent with rates touching 10 per cent. In 1982-83 after an initial stringency during April-May 1982, the market turned easy with the rates quoted at 4-7 per cent except in January-March 1983 when it touched 8-10 per cent. During 1983-84, there was stringency in April 1983 after which the rates eased to 6-8 per cent but the market turned tight in January-March 1984. In 1984-85 and 1985-86 the call money market was stringent with the rates quoted at around the ceiling level of 10 per cent throughout the year. The movement of rates was by and large, in similar direction in all the three markets viz., Bombay, Madras and Calcutta, suggesting that with better communication facilities banks are able to borrow in markets where the rates are low resulting in a better alignment of the rates. (Statements V, VI and VII).

Seasonal Trends in Call Money Rates

As seen from Table IV which shows movements in call money rates during busy and slack seasons, the call money rates ruled high in busy season as compared with slack season. In 1980-81 and 1984-85, the difference between the rates was nominal but in the other years the difference was significant. Further, the

average call money rates moved up from one year to the next both during busy season and during slack season except in 1982-83. The average rate for the busy season moved up from 6.8 per cent in 1980-81 to 10.0 per cent in 1985-86. The slack season rates moved up from 6.7 per cent in 1980 to 10.0 per cent in 1985. There was a relaxation with regard to the maintenance of incremental CRR in October 1980. This, combined with a comfortable liquidity position of banks, contributed to the rates easing in both seasons. But in 1984-85 and 1985-86, the SLR changes coupled with financial stringency led to the slack season rates moving close to the busy season rates.

**TABLE IV: SEASONAL TRENDS IN
CALL MONEY RATES (BOMBAY)**
(Average Call Money Rates)

(per cent per annum)

Year	Busy Season	Slack Season
1980-81	6.8	6.7
1981-82	9.9	8.2
1982-83	7.4	6.8
1983-84	9.2	8.0
1984-85	10.0	9.9
1985-86	10.0	10.0

Effective Cost of Funds

From a banker's point of view, the effective cost of call money funds is higher than indicated by the call money rates. To illustrate, if a bank borrows Rs.100 in the call money market, its liabilities increase and it has to meet the statutory requirements of 9 per cent CRR, 10 per cent incremental CRR and 37 per cent SLR. The return which the bank gets on the

maintenance of CRR of Rs.19 is Rs.1.60.¹ On investment of Rs.37 it is Rs.2.59 (assuming a weighted average interest of around 7 per cent on securities). So the total interest earned on Rs.56 is Rs.4.19.

When the call money rate is, say, 10 per cent, the effective cost for the bank on the remaining Rs.44 is Rs.5.81. When the bank's cost for Rs.44 is Rs.5.81, for Rs.100 of lendable resources, the bank's cost works out to around 13 per cent. However, this argument holds true only if the bank has outstanding borrowings on the Friday with reference to which reserve requirements are calculated.

SBI Group's Operations in the Call Money Market

The State Bank of India Group is the major lender in the Call Money Market. Table V indicates the annual average call money borrowings and lending of SBI and its associate banks during 1980-86. It may be seen that the call money borrowings of the SBI Group have been marginal, ranging between 1-3 per cent of the total call money borrowings of scheduled commercial banks except for 1981-82 when it was 5.0 per cent and 1985-86 when it was 8.0 per cent. The call money lent by SBI group was substantial and showed a secular rise during the period under review except for 1982-83 when it declined by Rs.28 crores. The share of the SBI Group in total call money lent by scheduled commercial banks ranged between 50-70 per cent during 1980-85; in 1985-86 it was 78.0 per cent.

¹ On the first 3 per cent the Reserve Bank pays no interest. On the balance of 16 per cent, interest is paid at 10 per cent per annum. For Rs.16 out of Rs.100, interest received from RBI is Rs.1.60. The interest rate has been raised to 10.5 per cent effective October 26, 1985. Even with this increase the cost to the bank would work out to about 13 per cent.

**TABLE V: SBI GROUP'S OPERATIONS IN THE
CALL MONEY MARKET**

(Rs. Crores)

Year (April-March)	Call money borrowings	Call money lending
1980-81	6.4 (3.0)	86.1 (54.0)
1981-82	18.0 (5.0)	186.3 (63.0)
1982-83	8.7 (3.0)	158.2 (50.0)
1983-84	2.2 (1.0)	194.3 (59.0)
1984-85	4.4 (1.0)	283.2 (67.0)
1985-86	63.3 (8.0)	698.7 (78.0)

1. Data relate to the average of figures for the last Friday of each month in the financial year (April-March).
2. Figures in brackets indicate percentage of call money borrowings/lending of SBI group to total call money borrowings/lending respectively of scheduled commercial banks.

Source : RBI.

Unlike other commercial banks which are net borrowers, the SBI Group is a net lender and its busy season lending is higher than the slack season lending. This has been possible as it gets temporary funds from Government agencies which can be placed in the market.

Policy Implications

Two issues which need to be examined in the context of the prevalent stringency in the call money market are:

- (1) Should there be a ceiling on call money rate? and
- (2) Should there be restrictions on participation in the market as at present?

Ceiling Rate

A ceiling on call money rate was introduced by the Indian Banks' Association (IBA) in December 1973 following the unprecedented spurt in rates to such high levels as 25-30 per cent in Bombay and Calcutta. The purpose of a ceiling was, on the one hand, to prevent a runaway increase in call money rates under conditions of acute stringency in a borrowers' market and, on the other, to ensure reasonable alignment with the cost of funds for banks. A ceiling on the rate would prevent wide swings in call money rates and the recurrence of 1973 experience when runaway increases in rates led to a few institutions like SBI, LIC and UTI benefitting at the cost of the banking system. Such unprecedented hikes also had an impact on the profitability of banks. Hence a ceiling on the call money rate would seem essential under the stringent conditions prevalent in the market.

It would be pertinent here to refer to the views expressed on this question by the Committee to Review the Working of the Monetary System (1985). The Committee has recommended that the ceiling should be removed as an upward revision in the yield on treasury bills, as recommended by the Committee, would provide banks with an acceptable short-term financial instrument and reduce their dependence on the call money market. However, under the prevalent stringent conditions, the removal of ceiling may lead to a recurrence of the 1973 experience. Hence it is desirable that the ceiling on call money rate be continued till alternative short-term funds are made available to banks.

The present ceiling rate of 10 per cent is commensurate with the effective rate of cost of funds for scheduled commercial banks which is 8-10 per cent based on different estimates². It is also below the average refinance rate of 11.75 per cent. Hence the ceiling, which is only the maximum rate chargeable on call money, could continue at 10 per cent and the market rate would fluctuate below it depending on the forces of demand and supply.

Historical experience shows that there was a restriction of participants as their large scale entry would enable banks to obtain resources through the call money market and expand credit beyond what had been planned by RBI. On the other hand, a limited access to the market would force banks to approach the RBI for refinance to tide over temporary shortage of resources and thereby enable the RBI to impose financial discipline.

A selective entry of financial institutions, viz LIC and UTI, was allowed as they were institutions which mobilised savings and used surpluses in short-term investments in the money market. Other institutions like the Industrial Development Bank of India (IDBI) and the Industrial Reconstruction Corporation of India (IRCI) have not been allowed to participate in the past as they operate on funds from the RBI, Central Government and banks. It is on these grounds that participation has been restricted in the market.

The Committee on the Working of the Monetary System has recommended that additional participants may be allowed in the market as they do not constitute an additional source of funds to the banking system as a whole as, in any case, the funds supplied by non-bank institutions would be available as deposits to the banks. With the interest rates as high as 8 per cent on even 15-day deposits, the Committee thought that these surplus funds would be kept with banks in

2 Verghese S.K. - Profits & Profitability of Indian Commercial Banks in the Seventies - (1983) - NIBM

Varsha Varde, Sampat Singh - Profitability of Commercial Banks - (1983) - NIBM

fixed deposits of 15 days' maturity. After submission of the Committee's report, however, the short-lived experiment of granting freedom to banks to fix the rate of interest on deposits with a maturity of more than 15 days and less than one year was withdrawn. Following this, the rate of interest on deposits of 15 days' maturity was restored to the old 3 per cent. Even assuming that the existing gap between the rate on 15-day deposits and the current ceiling on call money rates is wide enough to offer attraction to these institutions to enter the call market, we have to consider whether the supply of funds in the call market is likely to be augmented sizeably.

The data obtained from balance sheets of four major non-bank institutions, viz., IDBI, IFCI, GIC and ICICI are presented in Table VI.

TABLE VI: BALANCES WITH BANKS IN CURRENT/FIXED DEPOSIT ACCOUNT HELD BY SELECTED FINANCIAL INSTITUTIONS

	(Rs. crores)			
	1981	1982	1983	1984
	1	2	3	4
IDBI	3.85 (0.78)	1.52 (0.29)	6.59 (1.06)	1.49 (0.18)
IFCI	17.31 (3.45)	42.93 (8.32)	30.59 (4.92)	44.79 (5.33)
ICICI	90.91 (18.33)	85.76 (16.60)	35.57 (5.72)	36.61 (4.36)
GIC	129.6 (26.0)	155.0 (30.0)	170.7 (27.0)	213.5 (25.0)

1 Data as at the end of June for IDBI/IFCI/ICICI and as at the end of December for GIC.

2 Figures in brackets represent balances with banks as a percentage of average call money borrowings of banks.

Source: Annual Reports of IDBI/IFCI/ICICI/GIC

The data indicate that the quantum of funds available as current account balances and fixed deposit balances with banks is nominal. The percentage of current and fixed deposit balances with banks of IDBI/IFCI/ICICI together to average call money borrowings, which gives some idea of the magnitude of funds forthcoming in the call money market, was nominal at around 10.0 per cent in 1984 as compared with 22.0 per cent in 1981. However, the General Insurance Corporation of India (GIC) maintains substantial balances in current account and deposit accounts of banks, as there is a gap between receipt of premium amounts and investment of these funds. Their current and deposit account balances with banks increased steadily from Rs.129.6 crores in 1981 to Rs.213.5 crores in 1984. This is substantial, constituting 25 per cent of call money borrowings of banks, in 1984. The entry of the GIC in the call market may hence induce an element of competition and ease the stringency in the market.

To sum up, the importance of call money market is growing as an immediate source of short-term funds judged by the trends in call money borrowings by banks. Although the ratio of call money to aggregate deposits and bank credit fluctuated between 1-3 per cent, the ratio tended to move up. The need for call money borrowings appears to be high around March every year because of the withdrawals of deposits in March to meet year-end tax payments. During the period under review, with certain exceptions, by and large, changes in CRR and SLR seem to have influenced call money borrowings. Seasonal credit requirements have had an important bearing on call money borrowings. In recent years, especially since 1984, the interest rates on call money borrowings have hardened and the difference between busy season and slack season has tended to get blurred mainly on account of the changes in CRR and SLR. Among the sources of call money funds, SBI is the main source but the importance of financial institutions, viz. LIC and UTI, has increased in recent times. This is because accretion of funds to the two institutions takes place continuously throughout the year, while the opportunities for immediate deployment of funds in medium/long term investments are limited, which necessarily induces

them to seek short-term deployment of funds at best possible returns. Call money rates have become stringent in the past two years due to increased demand for funds. Both busy and slack season rates have remained at around 10 per cent thus depicting stringency in the market.

A ceiling seems necessary on the one hand to prevent runaway hikes in call money rates during times of stringent market conditions and to ensure reasonable alignment with the cost of funds to banks, on the other. The present ceiling of 10 per cent is in alignment with the cost of funds and refinance rate. As regards participation, the entry of more institutions unless it ensures sizeable flow of funds in the market, as in the case of the GIC may not be of much help to the needy banks. The entry of GIC may perhaps induce an element of competition and ease the stringency in the market.

It may be added that the Committee to review the Working of the Monetary System had recommended that steps should be taken to widen and deepen the money market. Accordingly, a Working Group has been set up in September 1986, to examine the possibility of enlarging the scope of the money market and to recommend specific measures for evolving money market instruments.

**STATEMENT I: CALL MONEY BORROWINGS* OF SCHEDULED
COMMERCIAL BANKS**

(Rs. crores)

Last Friday	Call Money Borrowings	Variations	
		Absolute	Percentage
	1	2	3
January 1980	577		
February "	448	+71	+18.8
March "	296	-152	-33.9
April "	220	-76	-25.7
May "	228	+8	+3.6
June "	219	-9	-3.9
July "	200	-19	-8.7
August "	256	+56	+28.0
September "	274	+18	+7.0
October "	293	+19	+6.9
November "	319	+26	+8.9
December "	277	-42	-13.2
Average	(284)		
January 1981	332	+55	+19.9
February "	375	+43	+13.0
March "	729	+354	+94.4
April "	323	-406	-55.7
May "	307	-16	-5.0
June "	427	+120	+39.1
July "	472	+45	+10.5
August "	590	+118	+25.0
September "	662	+72	+12.2
October "	726	+64	+9.7
November "	735	+9	+1.2
December "	276	-459	-62.4
Average	(496)		

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		1	2	3
January	1982	336	+60	+21.7
February	"	326	-10	-3.0
March	"	711	+385	+118.1
April	"	482	-229	-32.2
May	"	410	-72	-14.9
June	"	541	+131	+32.0
July	"	516	-25	-4.6
August	"	582	+66	+12.8
September	"	671	+89	+15.3
October	"	622	-49	-7.3
November	"	567	-55	-8.8
December	"	430	-137	-24.2
Average		(516)		
January	1983	511	+81	+18.8
February	"	547	+36	+7.0
March	"	992	+445	+81.4
April	"	620	-372	-37.5
May	"	588	-32	-5.2
June	"	510	-78	-13.3
July	"	511	+1	+0.2
August	"	726	+215	+42.1
September	"	521	-205	-28.2
October	"	566	+45	+8.6
November	"	575	+9	+1.6
December	"	802	+227	+39.5
Average		(622)		

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		1	2	3
January	1984	618	-184	-22.9
February	"	888	+270	+43.7
March	"	1067	+179	+20.2
April	"	844	-223	-20.9
May	"	771	-73	-8.6
June	"	710	-61	-7.9
July	"	756	+46	+6.5
August	"	810	+54	+7.1
September	"	915	+105	+13.0
October	"	969	+54	+5.9
November	"	733	-236	-24.3
December	"	999	+266	+36.3
Average		(840)		
January	1985	1028	+29	+2.9
February	"	845	-183	-17.8
March	"	991	+146	+17.3
April	"	687	-304	-30.7
May	"	1127	+440	+64.0
June	"	1336	+209	+18.5
July	"	1423	+87	+6.5
August	"	861	-562	-39.5
September	"	1343	+482	+56.0
October	"	802	-541	-40.3
November	"	1803	+1001	+124.8
December	"	1554	-249	-13.8
Average		(1150)		

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		1	2	3
January	1986	1105	-449	-28.9
February	"	1075	-30	-2.7
March	"	2208	+1133	+105.4
April	"	584	-1624	-73.6
May	"	1888	+1304	+223.3
June	"	1764	-124	-6.6
July	"	2093	+329	+18.7
Average upto July		(1531)		

* Represents borrowings from banks plus other borrowings as given in weekly returns of banks under Sec.42(2) of RBI Act.

**STATEMENT II: CHANGES IN CASH RESERVE RATIO &
STATUTORY LIQUIDITY RATIO
1981-82 TO 1985-86**

(in per cent)

Effective Date	Cash Reserve Ratio Changes
July 31, 1981	6.5
August 21, "	7.0
November 27, "	7.25
December 25, "	7.5
January 29, 1982	7.75
April 9, "	7.25
June 11, "	7.0
May 28, 1983	7.5
July 30, "	8.0
August 27, "	8.5
February 4, 1984	9.0

Effective Date	Statutory Liquidity Ratio Changes
September 25, 1981	34.5
October 30, "	35.0
July 28, 1984	35.5
September 1, "	36.0
June 8, 1985	36.5
July 6, "	37.0

Source : Report on Currency and Finance.

STATEMENT III: INVESTMENT DEPOSIT RATIO OF SCHEDULED COMMERCIAL BANKS

	1980	1981	1982	1983	1984	1985	1986
	1	2	3	4	5	6	7
January	34.4	36.4	34.1	37.2	38.3	36.3	37.9
February	34.4	35.5	34.2	36.7	38.0	38.6	39.5
March	33.4	34.7	34.6	33.9	35.1	38.9	35.8
April	34.8	37.1	36.4	38.7	37.9	41.2	40.2
May	34.4	36.1	36.6	38.0	38.5	36.5	36.3
June	35.4	35.1	36.7	37.0	36.0	35.4	36.2
July	35.7	36.6	38.2	39.1	38.8	36.5	36.4
August	38.8	36.4	39.5	38.6	39.0	40.4	
September	37.9	35.7	37.9	38.0	39.2	37.5	
October	36.5	35.0	37.7	38.1	38.6	40.3	
November	37.0	36.0	38.0	37.7	38.5	36.6	
December	35.0	33.8	33.1	35.9	38.3	35.4	

Source : RBI

**STATEMENT IV: SOURCES OF CALL MONEY OF SCHEDULED
COMMERCIAL BANKS**

(Rs. crores)

		Borrowings from		Total (1+2)	Percentage of	
		Banks	Non- banking financial institutions*		1 to 3	2 to 3
		1	2	3	4	5
January	1980	256	121	377	67.9	32.1
February	"	354	94	448	79.0	21.0
March	"	239	57	296	80.7	19.3
April	"	167	53	220	75.9	24.1
May	"	205	23	228	89.9	10.1
June	"	180	39	219	82.2	17.8
July	"	148	52	200	74.0	26.0
August	"	181	75	256	70.7	29.3
September	"	198	76	274	72.3	27.7
October	"	217	76	293	74.1	25.9
November	"	233	86	319	73.0	27.0
December	"	205	72	277	74.0	26.0
Average					(76.1)	(23.9)
January	1981	247	85	332	74.4	25.6
February	"	282	93	375	75.2	24.8
March	"	633	96	729	86.8	13.2
April	"	280	43	323	86.7	13.3
May	"	264	43	307	86.0	14.0
June	"	388	39	427	90.9	9.1
July	"	310	162	472	65.7	34.3
August	"	404	186	590	68.5	31.5

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		1	2	3	4	5
September	1981	534	128	662	80.7	19.3
October	"	596	130	726	82.1	17.9
November	"	562	173	735	76.5	23.5
December	"	172	104	276	62.3	37.7
Average					(78.0)	(22.0)
January	1982	258	78	336	76.8	23.2
February	"	229	97	326	70.2	29.8
March	"	547	164	711	76.9	23.1
April	"	342	140	482	71.0	29.0
May	"	237	173	410	57.8	42.2
June	"	312	229	541	57.7	42.3
July	"	235	281	516	45.5	54.5
August	"	289	293	582	49.7	50.3
September	"	375	296	671	55.9	44.1
October	"	365	257	622	58.7	41.3
November	"	349	218	567	61.6	38.4
December	"	288	142	430	67.0	33.0
Average					(62.4)	(37.6)
January	1983	275	236	511	53.8	46.2
February	"	314	233	547	57.4	42.6
March	"	780	212	992	78.6	21.4
April	"	408	212	620	65.8	34.2
May	"	244	344	588	41.5	58.5
June	"	245	265	510	48.0	52.0
July	"	247	264	511	48.3	51.7
August	"	353	373	726	48.6	51.4
September	"	237	284	521	48.5	54.5

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		1	2	3	4	5
October	1983	314	252	566	55.5	44.5
November	"	283	292	575	49.2	50.8
December	"	607	195	802	75.7	24.3
Average					(56.0)	(44.0)
January	1984	310	308	618	50.2	49.8
February	"	558	330	888	62.8	37.2
March	"	792	275	1067	74.2	25.8
April	"	568	276	844	67.5	32.7
May	"	315	456	771	40.9	59.1
June	"	375	335	710	52.8	47.2
July	"	392	364	756	51.9	48.1
August	"	383	427	810	47.3	52.7
September	"	564	351	915	61.6	38.4
October	"	626	343	969	64.6	35.4
November	"	415	318	733	56.6	43.4
December	"	784	215	999	78.5	21.5
Average					(59.1)	(40.9)
January	1985	716	312	1028	69.6	30.4
February	"	652	193	845	77.2	22.8
March	"	793	198	991	80.0	20.0
April	"	409	278	687	59.5	40.5
May	"	869	258	1127	77.1	22.9
June	"	1136	200	1336	85.0	15.0
July	"	1217	206	1423	85.5	14.5
August	"	538	323	861	62.5	37.5
September	"	1108	235	1343	82.5	17.5

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		1	2	3	4	5
October	1985	657	145	802	81.9	18.1
November	"	1669	134	1803	92.6	7.4
December	"	1422	132	1554	91.5	8.5
Average					(78.7)	(21.3)
January	1986	970	135	1105	87.8	12.2
February	"	970	105	1075	90.2	9.8
March	"	2039	169	2208	92.3	7.7
April	"	455	129	584	77.9	22.1
May	"	1746	142	1888	92.5	7.5
June	"	1656	105	1761	94.0	6.0
July	"	1893	200	2093	90.4	9.6
(Average upto July 1986)					(89.3)	(10.7)

Data from September 1985 onwards are partially revised.

* Includes borrowings from LIC and UTI.

STATEMENT V: MONTHLY CALL MONEY RATES - BOMBAY (Per cent per annum)

	1980			1981			1982			1983			1984		
	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage
January	8.50	8.50	8.50	4.96	10.00	6.67	10.00	10.00	10.00	4.96	9.96	8.07	9.91	10.00	9.98
February	8.50	8.50	8.50	5.60	8.25	7.16	10.00	10.00	10.00	5.61	9.98	8.67	9.82	10.00	9.96
March	8.50	8.50	8.50	8.92	10.00	9.61	10.00	10.00	10.00	9.91	10.00	9.96	10.00	10.00	10.00
April	5.16	8.50	7.14	5.68	10.00	7.30	9.91	10.00	9.97	9.20	10.00	9.78	10.00	10.00	10.00
May	4.93	10.00	7.82	6.87	8.46	7.66	8.15	10.00	9.44	6.00	9.39	7.77	8.64	10.00	9.63
June	9.41	10.00	9.85	4.74	8.83	7.07	6.59	7.94	7.16	7.94	9.44	8.92	9.62	10.00	9.92
July	5.93	10.00	8.23	5.66	9.47	7.38	5.00	8.57	6.09	6.60	9.32	7.90	9.55	10.00	9.87
August	4.30	5.31	4.83	7.92	9.52	8.89	4.50	9.77	5.97	6.22	7.17	6.78	9.67	9.98	9.85
September	4.18	4.70	4.46	8.76	9.97	9.54	4.16	4.33	4.25	6.31	7.61	7.04	9.96	10.00	9.98
October	4.26	4.96	4.58	8.65	10.00	9.73	4.41	4.48	4.44	6.70	8.63	7.84	10.00	10.00	10.00
November	4.77	7.78	6.25	10.00	10.00	10.00	4.45	5.49	4.73	6.45	9.85	8.31	10.00	10.00	10.00
December	4.42	9.96	6.21	10.00	10.00	10.00	4.23	9.97	5.84	5.30	10.00	8.22	10.00	10.00	10.00

Source : RBI Bulletin
 Note : The rates are weighted averages of the quotations, the weight being proportional to the amounts accepted during the period.

Ceiling on call money rates were as follows:-

December 1973 -	15.0 per cent
May 1976 -	12.5 per cent
May 1977 -	10.0 per cent
March 1978 -	8.5 per cent
April 1980 -	10.0 per cent

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**STATEMENT V : MONTHLY CALL MONEY RATES -
BOMBAY (CONTD.)**

(Per cent per annum)

	1985			1986		
	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage
	16	17	18	19	20	21
January	10.00	10.00	10.00	10.00	10.00	10.00
February	10.00	10.00	10.00	10.00	10.00	10.00
March	10.00	10.00	10.00	10.00	10.00	10.00
April	9.93	10.00	9.98	10.00	10.00	10.00
May	10.00	10.00	10.00	10.00	10.00	10.00
June	9.99	10.00	10.00	10.00	10.00	10.00
July	10.00	10.00	10.00	9.98	10.00	10.00
August	9.93	10.00	9.98			
September	10.00	10.00	10.00			
October	9.95	10.00	9.99			
November	10.00	10.00	10.00			
December	10.00	10.00	10.00			

STATEMENT VI : MONTHLY CALL MONEY RATES - MADRAS (per cent per annum)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Mini- max	Mini- max	Ave- rage	Mini- max	Mini- max	Mini- max	Ave- rage	Mini- max	Mini- max	Ave- rage	Mini- max	Mini- max	Ave- rage	Mini- max	Mini- max	Ave- rage
January	-	-	-	-	-	10.00	10.00	10.00	10.00	-	-	-	10.00	10.00	10.00
February	-	-	-	-	-	-	-	-	-	9.00	10.00	9.50	10.00	10.00	10.00
March	8.50	8.50	8.50	-	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
April	8.50	8.50	8.50	-	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
May	-	-	-	-	-	-	8.93	10.00	9.50	6.25	9.00	7.80	10.00	10.00	10.00
June	-	-	-	-	-	-	5.94	8.45	7.18	8.00	9.00	8.50	10.00	10.00	10.00
July	-	-	-	4.65	4.65	4.65	4.94	5.94	5.52	-	-	6.77	10.00	10.00	10.00
August	-	-	-	7.54	9.59	8.86	4.07	4.65	4.39	5.18	6.84	6.09	9.85	10.00	9.95
September	-	-	-	9.90	10.00	9.98	4.33	4.50	4.43	5.97	7.70	6.93	9.75	10.00	9.93
October	-	-	-	10.00	10.00	10.00	4.50	4.50	4.50	5.83	8.50	7.17	10.00	10.00	10.00
November	-	-	-	10.00	10.00	10.00	4.50	4.50	4.50	6.00	9.00	7.18	9.92	10.00	9.96
December	-	-	-	10.00	10.00	10.00	4.50	4.50	4.50	5.31	10.00	7.41	9.97	10.00	9.98

Source : RBI Bulletin

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**STATEMENT VI : MONTHLY CALL MONEY RATES -
MADRAS (CONTD.)**

(per cent per annum)

	1 9 8 5			1 9 8 6		
	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage
	16	17	18	19	20	21
January	10.00	10.00	10.00	10.00	10.00	10.00
February	10.00	10.00	10.00	10.00	10.00	10.00
March	10.00	10.00	10.00	10.00	10.00	10.00
April	9.50	10.00	9.80	10.00	10.00	10.00
May	9.50	10.00	9.80	10.00	10.00	10.00
June	10.00	10.00	10.00	10.00	10.00	10.00
July	10.00	10.00	10.00	10.00	10.00	10.00
August	10.00	10.00	10.00			
September	10.00	10.00	10.00			
October	10.00	10.00	10.00			
November	10.00	10.00	10.00			
December	10.00	10.00	10.00			

CALL MONEY MARKET

STATEMENT VII : MONTHLY CALL MONEY RATES - CALCUTTA (per cent per annum)

	1980			1981			1982			1983			1984		
	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
January	-	-	-	-	-	-	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
February	-	-	-	-	-	-	10.00	10.00	10.00	-	-	-	-	-	-
March	-	-	-	10.00	10.00	10.00	10.00	10.00	10.00	-	-	-	-	-	-
April	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
May	10.00	10.00	10.00	-	-	-	-	-	-	8.00	8.00	8.00	-	-	-
June	-	-	-	-	-	-	8.00	8.00	8.00	-	-	-	-	-	-
July	-	-	-	5.00	5.00	5.00	-	-	-	-	-	-	-	-	-
August	8.00	8.00	8.00	8.00	8.67	8.34	-	-	-	-	-	-	10.00	10.00	10.00
September	-	-	-	10.00	10.00	10.00	-	-	-	7.50	7.50	7.50	-	-	-
October	6.50	8.00	7.25	10.00	10.00	10.00	-	-	-	8.12	8.12	8.12	-	-	-
November	-	-	-	10.00	10.00	10.00	-	-	-	6.50	6.50	6.50	10.00	10.00	10.00
December	-	-	-	10.00	10.00	10.00	5.00	7.40	6.20	8.00	10.00	9.00	10.00	10.00	10.00

Source : RBI Bulletin.

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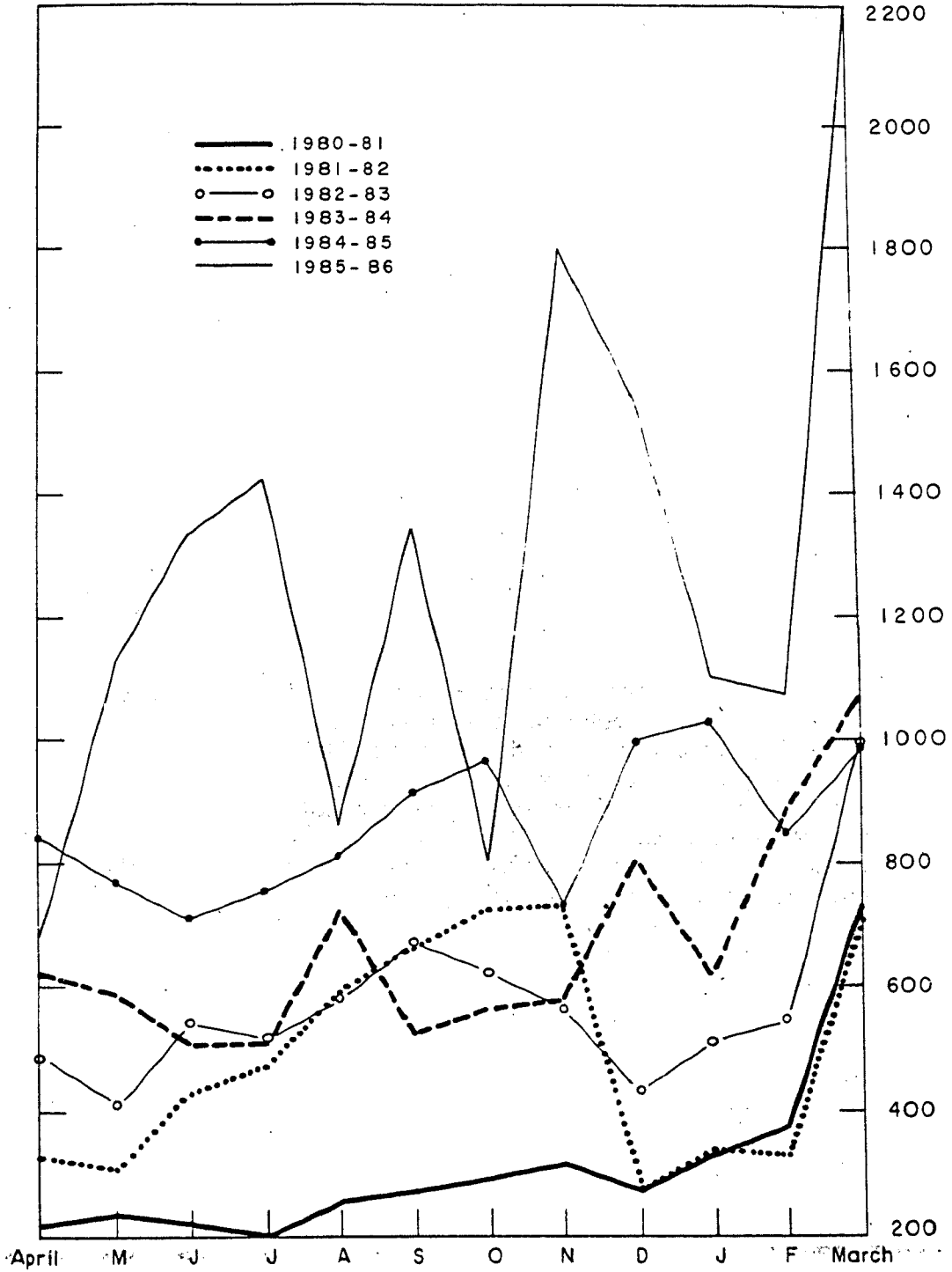
**STATEMENT VII : MONTHLY CALL MONEY RATES -
CALCUTTA (CONTD.)**

(per cent per annum)

	1 9 8 5			1 9 8 6		
	Mini- mum	Maxi- mum	Ave- rage	Mini- mum	Maxi- mum	Ave- rage
	16	17	18	19	20	21
January	10.00	10.00	10.00	10.00	10.00	10.00
February	10.00	10.00	10.00	-	-	-
March	10.00	10.00	10.00	10.00	10.00	10.00
April	10.00	10.00	10.00	10.00	10.00	10.00
May	10.00	10.00	10.00	-	-	-
June	10.00	10.00	10.00	-	-	-
July	10.00	10.00	10.00	-	-	-
August	-	-	-			
September	10.00	10.00	10.00			
October	-	-	-			
November	10.00	10.00	10.00			
December	10.00	10.00	10.00			

CALL MONEY BORROWINGS OF SCHEDULED COMMERCIAL BANKS

Rs. CRORES



Review Article

The World Economy in the Mid-Eighties: Research and Information System for the Non-Aligned and Other Developing Countries, New Delhi, 1986; pages xii + 222; Rs.125 (\$25).

The Report on '**The World Economy in the Mid-Eighties**' was prepared as a background document for the eighth summit of the Heads of Non-Aligned States, held at Harare in September 1986. The Report has been brought out by the Research and Information System for the Non-Aligned and Other Developing Countries (RIS). Prepared by a team led by Dr. V.R. Panchamukhi, Director, RIS, the Report aims at presenting a critical, unbiased and objective study of the trends in the world economy and, in particular, the impact of the policies of the developed countries and the international bodies on the development prospects of the third world. It thus provides "analytical support to the policy makers of the developing world in the choice of their strategies and policy options".

Coming as it does at a time when neither the developed nor the developing world is in a healthy state, and when there is a need for mutual trust and coordinated approach for growth, the Report is candid in its analysis of the root causes of the present state and the policy choices that need to be made to rejuvenate the world economy to ensure sustained and equitable growth. Though the Report is critical of the policies of the developed countries, it realises the fact that mere changes in policies of the developed world cannot guarantee growth in the developing countries. As Prof. S. Chakravarty, Vice-Chairman, RIS, mentions in his introduction to the Report, progress today depends not merely on a change in policy attitudes adopted by the economically and militarily more powerful nations, but also on building up inner sources of strength within the South itself.

The Report is divided into three parts. While the first

part presents 'An Overview of the World Economy', part three gives 'The Statistical Profile of Developing Countries' consisting of regional tables on macro-economic indicators for sample panel of developing countries and on world economic environment and the like. The most important part of the Report is Part Two, containing five chapters. Three of them deal with the wider issues of international monetary and financial systems, reforms and policies while the remaining two cover specific topics, viz., 'trade in services' and 'the African economic crisis'.

The expectation of a sustained economic recovery generated by a significant expansion in both world output and international trade in 1984, after a severe recession, was belied with the expansion of world output having slowed down in 1985 and the growth in international trading slipping to barely 3 per cent. The Report describes the mid-decade state of world economy as "fragile" and attributes it to "weaknesses and lack of commitment in the implementation of appropriate macro-economic policies by the industrial countries" (p.15).

Chapter one starts with a review of the current situation and trends in output, employment, inflation, interest rates and exchange market development. Then it analyses the impact on the world economy of the widening fiscal and payments imbalances of the US, emergence of Japan as a creditor nation and decline in oil prices. The effects of weakening commodity prices on Less Developed Countries (LDCs) are also dealt with. Further, the trade policies of industrial countries which have in the last few years turned protectionist are examined. Analysing the causes and implications for LCDs of the rising protectionist stance of industrial countries, the Report emphasises the need for an open and improved trading environment and for new initiatives on the part of multilateral financial institutions and the international community in relation to debt, growth and development so as to speed up the growth of LDCs which has been adversely affected by the slow pace of world recovery. The efforts of LDCs to step up the pace of their growth have been severely constrained by adverse external environment. The

Report makes a reference, in particular, to the deterioration of economic outlook for sub-Saharan Africa and suggests South-South co-operation in areas such as trade, industrialisation, technology and agriculture where inherent complementarities exist.

The next three chapters examine in detail, the international monetary and financial issues. After the switch over in 1973 from the fixed to floating exchange rate regime, the role of multilateral financial institutions, particularly the IMF, has undergone a considerable change. The Fund was conceived as a provider of short-term finance to enable the members overcome temporary balance of payments difficulties under the par value system when exchange rates were fixed and maintained at that level by official intervention. But with the switch-over to a system of generalised floating in a world full of disparities and inequities in trade, finance and technology, the LDCs are at a great disadvantage since the impact of domestic policies of developed countries gets transmitted to them through exchange rates. The severity of such impact gets intensified when reserve currency countries disregard the consequences for LDCs while formulating policies.

The subjects of exchange rate system, Fund surveillance, the role of IMF and international liquidity have been intensely debated upon in international forums, especially since the emergence of debt crisis of developing countries. The contention of developing countries has been that the Fund should enlarge the access of members to its resources with no or reduced conditionality, allocate SDRs at regular intervals and enhance its surveillance of the policies of developed countries which have repercussions for developing countries. However, as the leading industrial countries do not share the views of developing countries, the issues remain unresolved. With regard to exchange rates, while developed countries share the concern of developing countries about their variability, the two differ on the course of corrective measures. The developing countries have suggested a system of 'target zones' for the major currencies to provide the leverage needed to generate better policy coordination among major countries, whereas developed countries feel that improvement

should be sought within the framework of the present system.

The Report attributes the misalignments in key currencies to "the policy mixes chosen by the industrial countries, with little or no concern for their exchange rate consequences" (p.82). Regarding surveillance, the Report observes that this crucial function of the IMF for a proper functioning of the monetary system has remained largely ineffective so far as the major industrial countries are involved. While these countries have pursued policies often unmindful of their adverse repercussions on the rest of the world, the Fund has been preoccupied in enforcing strict discipline on its borrowing members allowing the strong and surplus countries to merely shift their adjustment problems to other countries. "It is this asymmetry in the international monetary surveillance practices that is the cause of the unprecedented monetary turbulence that has characterised the world economy over the past decade" (p.84).

The Report, therefore, argues for reform of the present system under which adjustment is compulsory for the debtors and voluntary for the creditors. It suggests that one of the objectives of the reformed system should be the devising of modalities to bring about equitable distribution of the burden of adjustment as between countries.

On the issue of the reserve system and international liquidity, the Report points out that the promotion of the SDR suffered a major set back by an explosion of international reserves arising from massive US deficits which weakened the motivation for creating new SDRs. "Despite a clearly perceived need for international liquidity, the political will to create fresh SDRs has been wanting. Instead of the global economy moving in a determined fashion to establish an SDR-based system as envisaged under the Articles, it has unwittingly moved in the direction of a multi-currency reserve system which is the opposite end of the spectrum from an SDR-based system" (p.86-7). The Report clearly brings out the deficiencies of a single national currency or a multiple of them for the provision of international liquidity, and states that the SDR has to be kept alive

through allocations and by improving its usability.

Discussing the financial system and medium-term prospects for access of the developing countries to financial markets, the Report observes that new characteristics of monetary network have had a perverse effect of aggravating instability and distorting the economic allocation of resources and their efficiency. "The scenario for growth and equitable distribution of international liquidity particularly for developing countries remains bleak" (p.94). According to the Report, the medium-term outlook for the access to financial markets remains problematic as the global environment has become less favourable and more uncertain. Spontaneous bank lending to countries which had previously experienced debt servicing difficulties has almost ceased. The fact that despite improvements in the balance of payments position in 1985 of a number of heavily indebted developing countries as resulting from strenuous efforts at adjustment the decline in commercial bank lending to them did not get reversed, highlights the unreliability of this source of finance. Several industrial countries have recently deregulated capital markets for improving the operation of the financial markets, but as the Report points out this market-oriented philosophy is not shared by the developing countries and "the support of commercial banks to the adjustment efforts of the developing countries remains vital to the success of their endeavours" (p.99).

Coming to the strategies and policies of multilateral institutions (Chapter 3), the Report is highly critical of IMF conditionality. The Report observes that in the present situation of LDCs the typical ingredients of most stabilisation programmes, viz., exchange rate change, liberalisation of trade and payments, market-oriented price adjustments and financial programming involving ceilings on net domestic assets of the central bank, net credit to government and foreign borrowing are doubtful to be effective. In the aftermath of the 1980-82 recession in industrial countries, the Report points out, the concept of free and open trading system has become a mockery. "In the present circumstances where non-tariff trade barriers are daily erected against the products of the developing countries, to expect

weak economies to dismantle controls and remove restrictions remains questionable" (p.103-4). The Report therefore suggests that the Fund should reexamine the validity of such prescriptions in the light of the prevailing circumstances.

The Report considers the Baker initiative as "a refreshing twist to the earlier deflationary demand management approach" but rightly finds the proposed relief insufficient and also questions the ideological overtone of the adjustment strategy. "The structural and conceptual weakness of the Baker Plan lies not only in the inadequacy of the capital flows envisaged but also in its ideological predilections" (p.111). Elaborating on the negative and positive features of the Baker Plan, the Report observes that for the plan to succeed there has to be a major collaborative effort and political adjustment by governments in debtor and creditor countries alike, underpinned by generous financial support from the international financial community.

The Report very strongly argues for an augmentation of resources of the IMF and the World Bank. The contribution of the Fund to balance of payments financing of deficit countries has declined sharply, both in relation to needs and in relation to other sources. If promoting adjustment in these countries is to be accomplished without exacting a high cost, the Report observes, an increased flow of resources from multilateral institutions will be required and the Fund will have to fill the resource void created by the withdrawal of commercial bank lending. The Report further notes that if the World Bank's global commitment to development, growth and poverty alleviation is not to be compromised, there is an urgent need to settle quickly the question of a substantial increase in the capital base of the World Bank and replenishment of the IDA.

Reiterating the demand of developing countries for reforming the monetary and financial system, the Report (in Chapter 4) states that new objectives of a reformed system should include (a) a new consensus on development, which is justified not only on moral and political grounds but also by the global economic imperative of

the well-being of the world economy and (b) a major change in the area of decision making. Thus (i) no country would have the veto on the whole system, (ii) every member will have the opportunity to express its view and (iii) equality would exist between the net users and net contributors to the system. The G-24 in its report on the functioning of international monetary system has also asked for raising the voting rights of developing countries to 50 per cent. The RIS Report suggests that the areas of common international concern - monetary policies, fiscal policies, exchange rates, trade policies, growth and employment policies of major economies - should be subject to review and coordination through consultation and follow-up procedures. The Report reaffirms the G-24's view that the SDR should be made the principal reserve asset through a regular annual allocation based on objective criteria instead of the present elusive concept of liquidity shortage and long-term global need. It also agrees with the G-24 on a greater role for official market intervention within a system of target zones for exchange rates and the reorientation of conditionality criteria from demand deflation to growth-oriented structural adjustment through longer programme periods and increased level of financing. The present partial equilibrium approach of focusing only on deficit countries, the Report observes, has thrown the entire burden of adjustment on deficit countries in need of official assistance. The Report says that the reformed system should devise modalities for correcting embarrassingly large surpluses.

The Report devotes a full chapter to the subject of trade in services (Chapter 5) and discusses the issues and policy options for developing countries in the context of the US proposal for the inclusion of services in GATT. As the Report observes, the question of bringing services under the GATT, is in a rare and enviable position of having become the focus of attention in international forums, academic discussions and professional journals. After stating briefly the US proposals on the subject, the Report closely scrutinises them and observes : "The motives are clear. The developed countries want to make a concerted effort to reshape the existing international trading system that would

promote maximum freedom for TNCs to operate in the developing countries; and through that they would like to impound the autonomy of developing countries to pursue independent economic policies" (p.138).

Reflecting on the issue relating to the services, the Report poses five questions and goes on to explain their implications for developing countries. The questions are: (i) Is there a genuine need for such an international regime of discipline?; (ii) What does lie behind the sudden surge of interest in services?; (iii) What is the role of services in the domestic and international transactions of developing countries? Is a strong domestic service sector essential for maintaining domestic and international competitiveness?; (iv) Will liberalisation help the developing countries?; and (v) What are the alternatives?

The Report comes out strongly against the inclusion of services in GATT and advises, in no uncertain terms, the developing countries to resist the US move. "The GATT scenario is unlikely to be any different for all the sweet talk of consensus and accommodation of safeguards. When it comes to sharing of benefits, the United States and its allies will walk away with the advantages of services trade, thereby further worsening the global trade share of the South" (p.152). The Report further states, "available evidence suggests that it will introduce a built-in destabiliser into the economies of developing countries by increasing their dependence on the North. The greatest social cost to developing countries from an immediate liberalisation is the displacement of labour from their labour-intensive services sectors. Transborder data flows can lead to situation of dependency, that can undermine even national sovereignty. The potentially destructive forces to which this may give rise to are immense, but so few people seem to have grasped their significance" (p.153-4).

The chapter on African economic crisis is a synthesis of the contributions of the members of an expert study group of Indian and African scholars which was set up by the RIS to examine the dimensions of the African economic crisis and the possibilities of South-South

co-operation to assist African nations¹. After outlining the dimensions of the economic crisis in terms of macro-economic indicators and discussing the structural constraints on development and the alternative approaches to deal with the long-term crisis, the Report stresses the need for greater concessionary inflows to speed up recovery and makes specific proposals for South-South co-operation to assist African countries both in the short-and long-run.

The Report attributes the decline in important macro-economic indicators through the seventies and the eighties to the high growth rate of population and excessive external dependence of African States. It goes on to argue that the failure of post-independence policies to reduce external dependence is at the root of the African economic crisis and unless a major effort is made to restructure the economies of sub-Saharan Africa with the objective of making them less externally dependent, the crisis such as the present one will not be the last. The Report observes that the rhetoric of the North to aid Africa has not been matched by concrete measures and even the objective of the World Bank while calculating external resource requirements is to merely halt the trend of decline. Under three alternative scenarios, the RIS has estimated the amount of resources gap in sub-Saharan countries between \$14.4 billion and \$50.3 billion a year at 1983 prices. On the proposals of South-South co-operation in Africa, the Report argues for accelerating the process of industrialisation by means of South-South trade besides provision of food as a short-term measure. The Report proposes a package of policies to assist the frontline States to cushion the impact of South African retaliation against them if economic sanctions are imposed against the apartheid regime.

The Report recommends economic co-operation among developing countries in the area of African industrialisation through human resource and entrepreneurial development, village and small industries, transfer of technology and joint ventures.

1. The contributions are being separately published in a volume under the title "The African Economic Crisis : An Agenda for the Future".

The RIS should be commended for bringing out the Report and for assuming the responsibility for preparing such a report every year. It will provide an opportunity to developing countries to put forth their viewpoints on the state of the world economy which they feel have remained unreflected in the annual and other periodic reports of multilateral institutions. Being the first issue, the Report has had not only to assess the current situation but also reflect on the developments in the recent past which have led to the hardships suffered by developing countries now. While, as quoted earlier, the Report admits that the inner sources of strength within the South itself need to be built up for a sustained growth, the idea has been elaborated only in the context of sub-Saharan Africa. The Third World comprises developing countries which are at varying levels of development and resource endowment. The analysis in the Report is generally confined to developing countries as a group though at places they have been classified according to the availability of oil reserves, level of development achieved and acuteness of the problem of external debt. Perhaps a more elaborate classification of these countries need to be made in the context of analysing their development needs and problems. Such an analysis is all the more important now when the repeated and well-argued-out demand for a new economic order has failed to evoke positive response from the industrialised world and a search for complementarities between the developing countries need to be made to reduce their reliance on the developed world for growth. It is hoped that the future volumes of the report would go deeper into these issues.

G.S. Bhati*

*G. S. Bhati is a Deputy Director in the Special Studies Unit of the Department of Economic Analysis and Policy.