


**भारतीय रिज़र्व बैंक**
**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

वेबसाइट : [www.rbi.org.in](http://www.rbi.org.in)

इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

August 12, 2011

## Results of 16<sup>th</sup> Round (Q1:2011-12) of Survey of Professional Forecasters on Macroeconomic Indicators

The Reserve Bank of India today released on its website the results of quarterly *Survey of Professional Forecasters* on major macroeconomic indicators of short to medium term economic developments. The survey round relates to the first quarter of 2011-12, that is, April-June 2011.

Done through a questionnaire responded by 30 forecasters who participated in this round, the survey covered component-wise detailed forecasts of GDP growth, inflation, savings, capital formation, consumption expenditure, export, import, interest rates, money supply, credit growth, stock market movements, corporate profit, etc.

The Reserve Bank has been conducting this survey on a quarterly basis from the second quarter ended September 2007. It disseminates the survey results through its website on a regular basis.

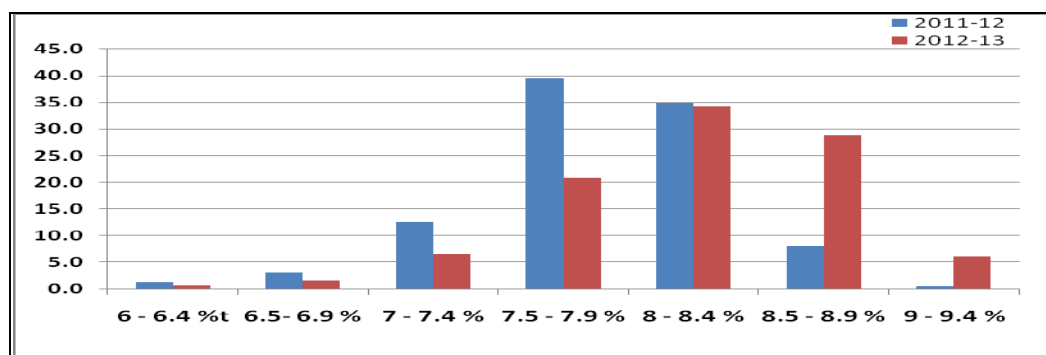
### Salient Features

#### 1. Annual Forecasts:

##### *Real GDP for 2011-12:*

- For 2011-12, forecasters have revised their real GDP growth rate projections downwards to 7.9 per cent<sup>1</sup> from 8.2 per cent in last survey. Projections for agriculture, industry and services growth are 3.5 per cent, 7.4 per cent and 9.0 per cent respectively. For agriculture, there is an upward revision and for Industry and services, there is a downward revision from the previous round. The forecasters were asked to assign probabilities to the possibility that year-on-year real GDP growth rate will fall into various ranges. For 2011-12, they have assigned maximum probability of 39.9 per cent to 7.5-7.9 per cent growth range for GDP. The chart given below shows mean probability pattern of real GDP growth projections.

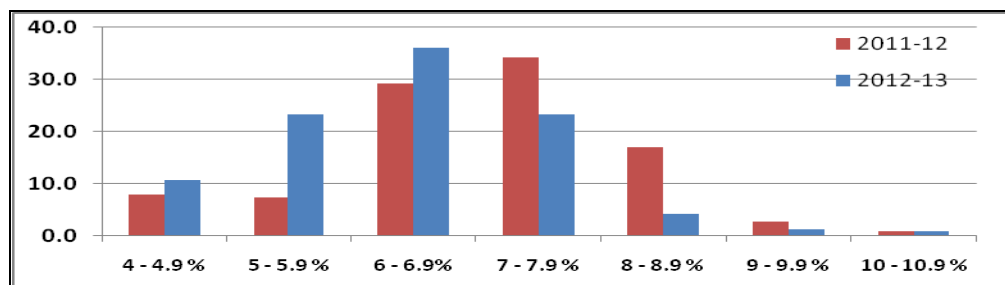
<sup>1</sup> Growth rates wherever indicated are the median forecasts.

**Chart 1: Mean Probability Pattern of Real GDP Growth Forecast***Savings and Capital Formation for 2011-12:*

- For 2011-12, the domestic saving rate is forecast to be 34.2 per cent, and the rate of gross domestic capital formation at 35.5 per cent, both revised downwards from the previous survey. The rate of gross fixed capital formation is projected to be 30.4 per cent, revised downwards from last survey. The forecasters have predicted private final consumption expenditure at current prices to grow at the rate of 16.0 per cent, revised marginally upwards from last round.

*WPI Inflation for 2011-12:*

- Forecasters have assigned the highest probability (32.8 per cent) that inflation will fall in 7.0-7.9 per cent in end-March of 2011-12, with a strong downward bias (Chart 2).

**Chart 2: Mean Probability Pattern of WPI-Inflation Projections***Markets, 2011-12:*

- The profit growth of corporate sector (of BSE listed companies) in 2011-12 has been projected to be 12.2 per cent, revised significantly downwards from 20.0 per cent in the previous round survey.
- Broad money (M3) growth projection is revised marginally downwards to 17.0 per cent in 2011-12 from the earlier forecast of 17.2 per cent. In 2011-12, bank credit is expected to grow at the rate of 19.0 per cent, revised downwards from the last round of survey.

*Fiscal Deficit for 2011-12:*

- Central Government's fiscal deficit is forecast at 5.3 per cent of GDP in 2011-12, revised upwards from the last survey. The combined gross fiscal deficit of central and states is placed at 8.0 per cent of GDP in 2011-12, revised upwards from 7.6 per cent in the last survey.

*Policy rates, 2011-12:*

- The forecasters expect repo rate to be at 8.00 per cent in end-March 2011-12, revised upwards from 7.25 per cent projected in the last survey.

*External Sector, 2011-12:*

- Exports are expected to grow at 20.5 per cent in 2011-12, revised upwards from 17.2 per cent in the last survey. Imports are expected to grow by 23.0 per cent in 2011-12, revised upwards from 20.0 per cent in the last survey.
- Net surplus under invisibles is placed at US\$ 96.0 billion in 2011-12, which is same as in the last survey.

**2. Quarterly Forecasts:***GDP:*

- The real GDP growth in the first quarter of 2011-12 is projected at 7.7 per cent, revised downwards from 8.3 per cent in the last survey.
- Median forecasts for the first quarter of 2011-12 for real GDP originating from agriculture, industry and services sectors are projected to be 4.8 per cent, 6.2 per cent and 8.7 per cent, respectively. For agriculture sector, the forecast has been revised upwards from 3.8 per cent of the last survey. The projection for industry has been revised downwards from 7.0 per cent of the last survey. For services sector, the forecast is revised downwards from 9.8 per cent in the last survey. Index of Industrial Production growth forecast in the first quarter of 2011-12 is now placed at 6.1 per cent, revised downwards from 6.5 per cent in the last survey.
- Corporate profit in the first quarter of 2011-12 is expected to grow by 23.9 per cent, which is revised upwards from 20.0 per cent in the last round of survey.

*Inflation:*

- Forecasters' median estimate for average WPI inflation in the second quarter of 2011-12 is at 10.0 per cent, which has been revised upwards from 7.8 per cent in the last survey. For the fourth quarter of 2011-12, WPI-inflation forecast is 6.9 per cent.

**3. Long Term Forecasts:**

- Long term forecast for real GDP for the next five years (2012-2016) is 8.5 per cent, which is same as predicted in the last survey. For the next ten years (2012-2021), the GDP is expected to grow at 8.8 per cent, revised marginally upwards from the last survey (Table A.7).

- Over the next five years, WPI inflation is expected to be 6.3 per cent, marginally down from 6.4 per cent in last survey. CPI-IW inflation forecast over next five years remained unchanged at 7.0 per cent. Over the next ten years, WPI inflation is expected to be 5.7 per cent, revised upwards from 5.4 per cent in last survey. CPI-IW inflation is revised upwards to 6.5 per cent from 6.3 per cent over the next ten years (Table A.7).

## Annex

Table A.1 : Annual Forecasts for 2011-12

	Key Macroeconomic Indicators	Annual Forecasts for 2011-12				Actuals for 2010-11
		Mean	Median	Max	Min	
1	Real GDP growth rate at factor cost (in per cent)	8.0	7.9	8.7	7.5	8.5 <sup>#</sup>
a	Agriculture & Allied Activities	3.7	3.5	5.3	2.5	6.6 <sup>#</sup>
b	Industry	7.5	7.4	10.3	6.0	7.8 <sup>#</sup>
c	Services	9.2	9.0	10.0	8.5	9.2 <sup>#</sup>
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	15.8	16.0	18.5	12.5	19.1 <sup>#</sup>
3	Gross Domestic Saving (per cent of GDP at current market price)	34.0	34.2	36.0	31.0	
	of which Private Corporate Sector	8.8	8.5	9.5	8.5	
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	35.6	35.5	37.5	33.6	
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	30.4	30.4	34.0	28.0	29.5 <sup>#</sup>
6	Money Supply (M3) (growth rate in per cent)	17.1	17.0	20.0	15.0	15.9
7	Bank Credit (growth rate in per cent)	18.8	19.0	23.0	16.6	21.4
8	Combined Gross Fiscal Deficit (per cent of GDP)	8.0	8.0	8.6	7.4	
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.2	5.3	5.8	4.6	5.1
10	Corporate profit after tax (growth rate in per cent)	12.4	12.2	13.5	11.2	
11	Repo (end period)	8.00	8.00	8.25	7.25	6.75
12	Reverse Repo (end period)	7.00	7.00	8.00	6.25	5.75
13	CRR (end period)	6.00	6.00	6.50	5.00	6.00
14	INR/ 1USD (RBI reference rate-end period)	44.2	44.5	45.6	42.0	44.65
15	T-Bill 91 days Yield (Weighted average cut-off yield)	7.9	8.0	8.4	7.3	7.31
16	10 year Govt. Securities Yield (per cent-average)	8.3	8.3	8.6	8.0	8.02
17	Overall Balance (in US \$ bn.)	13.1	13.5	31.1	2.0	13.4
18	Export (in US \$ bn.)	299.2	299.5	340.0	273.2	245.6 <sup>@</sup>
	Export (growth rate in percent)	21.1	20.5	41.0	10.2	37.8 <sup>@</sup>
19	Import (in US \$ bn.)	444.4	439.0	478.0	414.1	350.5 <sup>@</sup>
	Import (Growth rate in percent)	21.8	23.0	39.0	11.0	21.9 <sup>@</sup>
20	Trade Balance (% of GDP)	-7.3	-7.2	-6.3	-8.4	-6.1 <sup>@</sup>
21	Invisible Balance (US \$ bn)	96.4	96.0	113.9	84.7	86.2 <sup>@</sup>
22	Current Account Balance (US \$ bn)	-52.7	-54.7	-40.0	-61.0	-44.3 <sup>@</sup>
23	Current Account Balance (% of GDP)	-2.7	-2.7	-2.0	-3.3	-2.6 <sup>@</sup>
24	Capital Account Balance (US \$ bn)	65.4	65.0	77.4	55.0	57.3 <sup>@</sup>
25	Capital Account Balance (% of GDP)	3.3	3.3	3.9	2.8	3.5 <sup>@</sup>

#: RE; @: Preliminary.

Table A.2 : Annual Forecasts for 2012-13

	Key Macroeconomic Indicators	Annual Forecasts for 2012-13			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	8.2	8.3	8.8	7.7
a	Agriculture & Allied Activities	3.6	3.6	5.0	2.6
b	Industry	8.3	8.1	9.9	6.9
c	Services	9.3	9.4	9.9	8.5
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	15.7	16.0	18.0	11.5
3	Gross Domestic Saving (per cent of GDP at current market price)	35.0	35.0	37.0	33.7
	of which Private Corporate Sector	9.0	9.0	9.0	9.0
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	36.5	36.4	38.0	35.1
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	32.0	32.0	35.0	29.0
6	Money Supply (M3) (growth rate in per cent)	17.3	17.0	22.0	15.5
7	Bank Credit (growth rate in per cent)	19.6	19.5	23.0	17.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.2	7.1	8.0	6.3
9	Central Govt. Fiscal Deficit (per cent of GDP)	4.7	4.6	5.1	4.4
10	Corporate profit after tax (growth rate in per cent)	17.5	17.5	17.5	17.4
11	Repo (end period)	7.75	7.75	8.50	6.00
12	Reverse Repo (end period)	6.75	6.75	8.00	5.00
13	CRR (end period)	6.00	6.00	7.50	5.00
14	INR/ 1USD (RBI reference rate-end period)	43.4	43.5	46.0	40.0
15	T-Bill 91 days Yield (per cent-end period)	7.4	7.6	8.0	6.5
16	10 year Govt. Securities Yield (per cent-end period)	8.0	8.0	8.4	7.8
17	Overall Balance (in US \$ bn.)	19.1	19.0	41.0	2.0
18	Export (in US \$ bn.)	346.6	335.0	405.0	292.8
	Export (growth rate in percent)	19.9	20.0	31.0	11.7
19	Import (in US \$ bn.)	521.5	518.0	585.0	470.0
	Import (Growth rate in percent)	19.6	19.7	30.0	10.6
20	Trade Balance (% of GDP)	-7.1	-7.2	-5.9	-7.9
21	Invisible Balance (US \$ bn.)	108.8	113.3	125.7	82.0
22	Current Account Balance (US \$ bn)	-57.9	-60.0	-32.8	-73.0
23	Current Account Balance (Growth in per cent)	-2.4	-2.6	-0.9	-3.0
24	Capital Account Balance (US \$ bn)	75.0	75.4	90.0	60.0
25	Capital Account Balance (Growth in per cent)	3.3	3.2	4.2	2.7

Table A.3: Quarterly Forecasts Q1: 2011-12 to Q1: 2012-13

Key Macroeconomic Indicators	Quarterly Forecasts									
	Q4:10-11	Q1:11-12				Q2:11-12				
	Actuals	Mean	Median	Max	Min	Mean	Median	Max	Min	
Real GDP growth rate at factor cost (per cent)	7.8 <sup>&amp;</sup>	7.6	7.7	8.1	7.0	7.7	7.7	8.4	6.2	
Agriculture & Allied Activities	7.5 <sup>&amp;</sup>	5.0	4.8	7.9	2.3	3.9	3.5	6.1	1.5	
Industry	5.3 <sup>&amp;</sup>	6.3	6.2	7.6	4.5	7.0	7.2	8.0	5.8	
Services	8.6 <sup>&amp;</sup>	8.7	8.7	9.4	8.0	8.8	9.0	9.6	7.3	
IIP growth rate (per cent)	7.7	6.5	6.1	8.6	5.5	7.1	7.3	9.4	4.7	
Private Final Consumption Expenditure (growth rate in per cent)	17.0	16.2	16.8	19.8	13.5	16.3	16.2	21.2	13.3	
Gross Domestic Capital Formation (per cent of GDP at current market price)		34.0	34.0	34.0	34.0	35.0	35.0	35.0	35.0	
Gross Fixed Capital Formation (per cent of GDP at current market price)	29.6	29.0	28.8	31.7	27.5	29.7	29.5	31.8	27.5	
Corporate profit after tax (growth rate in per cent)		18.8	23.9	23.9	8.5	18.3	22.0	22.0	11.0	
INR/ 1USD (RBI reference rate- end period)	44.65	44.7	44.7	45.2	44.3	44.6	44.8	46.0	43.3	
Repo Rate (end period)	6.75	7.50	7.50	7.50	7.50	7.75	7.75	8.00	7.50	
Reverse Repo Rate (end period)	5.75	6.50	6.50	6.50	6.50	6.75	6.75	7.00	6.50	
CRR (end period)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
BSE INDEX (end period)	19445	18750	18804	18846	18500	19033	19000	19700	18500	
Export (US \$ bn.)	74.1	71.6	73.8	80.0	62.2	70.2	68.9	85.0	56.4	
Import (US \$ bn.)	97.9	106.7	104.2	125.0	97.7	108.7	104.0	130.0	101.0	
Trade Balance (US \$ bn.)	-23.8	-35.6	-35.5	-23.0	-45.0	-38.8	-39.4	-24.0	-45.0	
Oil Price(in US\$ per barrel)	110.72	110.8	110.0	115.0	105.5	103.8	107.0	115.0	89.3	

\*: Indian Basket &amp; QE

## A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q3:11-12				Q4:11-12				Q1:12-13			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	8.1	8.1	8.6	7.4	8.2	8.2	9.5	7.5	8.2	8.1	8.9	7.7
Agriculture & Allied Activities	2.2	2.2	5.0	-1.4	2.8	3.0	5.0	-1.3	3.3	3.8	6.3	-1.1
Industry	8.2	8.1	9.7	6.7	8.3	8.3	9.8	5.9	8.2	8.0	10.0	6.9
Services	9.8	9.8	10.7	9.0	9.6	9.6	11.2	9.0	9.4	9.4	10.2	9.0
IIP growth rate (per cent)	7.1	7.5	8.8	4.1	7.3	7.7	10.0	3.2	7.2	8.0	9.5	0.0
Private Final Consumption Expenditure (%growth)	15.1	15.4	18.0	11.7	16.6	16.8	18.2	14.5	16.0	15.0	22.0	10.8
Gross Domestic Capital Formation (% of GDP at current market price)	35.0	35.0	35.0	35.0	36.0	36.0	36.0	36.0	37.0	37.0	37.0	37.0
Gross Fixed Capital Formation (% of GDP at current market price)	29.4	28.7	32.0	28.0	30.6	30.5	33.5	28.5	31.7	31.0	35.0	28.5
Corporate profit after tax (growth rate in per cent)	0.0	-7.5	15.0	-7.5	12.6	10.4	17.0	10.4	0.0	0.0	0.0	0.0
INR/ 1USD (RBI reference rate- end period)	44.6	44.6	46.5	42.0	44.4	44.4	47.0	42.0	44.0	44.0	45.5	42.0
Repo Rate (end period)	8.00	8.00	8.25	7.75	8.00	8.00	8.25	7.75	8.00	8.00	8.25	7.50
Reverse Repo Rate (end period)	7.00	7.00	7.25	6.75	7.00	7.00	7.25	6.75	7.00	7.00	7.25	6.50
CRR (end period)	6.00	6.00	6.50	5.50	6.00	6.00	6.50	5.00	6.00	6.00	6.50	5.00
BSE INDEX (end period)	20091	20500	21000	18800	20990	21450	22000	19500	20250	20500	22000	18000
Export (US \$ bn.)	74.8	74.2	92.3	65.0	77.8	78.6	84.5	70.0	81.5	80.9	94.0	73.5
Import (US \$ bn.)	108.6	108.9	126.6	95.0	113.3	114.5	119.5	105.0	121.0	119.0	129.0	115.0
Trade Balance (US \$ bn.)	-34.1	-34.3	-30.0	-39.2	-35.2	-35.0	-29.0	-43.0	-39.6	-40.0	-35.0	-42.4
Oil Price(in US\$ per barrel)	105.8	107.5	112.0	95.0	102.4	103.0	115.0	85.0	97.2	97.4	112.0	78.2

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

	WPI				WPI-MP				CPI-IW			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:11-12	9.9	10.0	10.8	8.9	7.9	8.0	9.1	5.8	8.7	8.4	10.3	7.5
Q3:11-12	8.8	8.8	9.8	7.5	7.5	7.5	9.8	5.2	8.0	7.9	9.5	6.5
Q4:11-12	7.0	6.9	8.1	5.8	6.0	5.9	8.4	4.1	7.5	7.3	9.5	6.7
Q1:12-13	6.7	6.8	7.5	6.0	5.6	5.4	7.4	4.0	7.2	7.3	7.9	6.4

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

Growth Range	Forecasts for 2011-12	Forecasts for 2012-13
Below 3 per cent	0.0	0.0
3 to 3.4 per cent	0.0	0.0
3.5 to 3.9 per cent	0.0	0.0
4 to 4.4 per cent	0.0	0.0
4.5 to 4.9 per cent	0.0	0.0
5 to 5.4 per cent	0.0	0.0
5.5 to 5.9 per cent	0.1	0.1
6 to 6.4 per cent	1.0	0.7
6.5 to 6.9 per cent	2.4	1.4
7 to 7.4 per cent	12.3	6.0
7.5 to 7.9 per cent	39.9	22.4
8 to 8.4 per cent	35.7	36.4
8.5 to 8.9 per cent	8.0	26.5
9 to 9.4 per cent	0.5	5.7
9.5 to 9.9 per cent	0.0	0.6
10 to 10.4 per cent	0.0	0.0
10.5 to 10.9 per cent	0.0	0.0
11 to 11.4 per cent	0.0	0.0
11.5 to 11.9 per cent	0.0	0.0
12 percent or more	0.0	0.0

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

Growth Range	Forecasts for End-March 2011-12	Forecasts for End-March 2012-13
Below -3 per cent	0.0	0.0
-3 to -2.1 per cent	0.0	0.0
-2 to -1.1 per cent	0.0	0.0
-1 to -0.1 per cent	0.0	0.0
0 to 0.9 per cent	0.0	0.0
1 to 1.9 per cent	0.0	0.0
2 to 2.9 per cent	0.0	0.0
3 to 3.9 per cent	0.0	0.1
4 to 4.9 per cent	7.0	10.5
5 to 5.9 per cent	6.7	24.9
6 to 6.9 per cent	27.5	34.9
7 to 7.9 per cent	32.8	23.5
8 to 8.9 per cent	16.3	4.2
9 to 9.9 per cent	8.3	1.0
10 to 10.9 per cent	0.7	0.7
11 to 11.9 per cent	0.5	0.0
12 to 12.9 per cent	0.0	0.0
13 to 13.9 per cent	0.0	0.0
14 to 14.9 per cent	0.0	0.0
15 per cent and above	0.0	0.0

**Table A.7: Annual Average Percentage Change**

Annual average percentage change over the next five years				Annual average percentage change over the next ten years			
	Real GDP	WPI Inflation	CPI-IW Inflation		Real GDP	WPI Inflation	CPI-IW Inflation
Minimum	7.8	4.5	5.5	Minimum	7.0	4.0	4.5
Lower Quartile	8.3	6.0	7.0	Lower Quartile	8.0	5.0	6.1
Median	8.5	6.3	7.0	Median	8.8	5.7	6.5
Upper Quartile	8.5	7.0	7.5	Upper Quartile	9.0	6.5	7.0
Maximum	9.5	8.0	8.0	Maximum	10.7	8.0	7.5
Mean	8.5	6.3	7.2	Mean	8.7	5.7	6.4
S.D	0.5	0.8	0.6	S.D	0.9	0.9	0.8

**Note :** *The results of the survey represent views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank of India.*

**Press Release : 2011-2012/241**

**Alpana Killawala**  
Chief General Manager