The Reserve Bank of India today released on its website the results of quarterly Survey of Professional Forecasters on major macroeconomic indicators of medium term economic developments. The Reserve Bank has been conducting the survey on a quarterly basis from the second quarter ended September 2007. Done through a questionnaire responded by 20 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 will disseminate the survey results through its website on a regular basis.

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.

G. Raghuraj
Deputy General Manager

Press Release : 2009-2010/212

Survey of Professional Forecasters: Results of Eighth Round (Q1:2009-10)

The 'Survey of Professional Forecasters' conducted by the Bank presents short to medium term economic developments on major macroeconomic indicators like 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 forecasts given are the averages of data obtained from the survey.* The results of the eighth round relating to the first quarter of 2009-10 are presented below. The questionnaire was sent to 40 selected forecasters, of which 20 forecasters participated in this round.

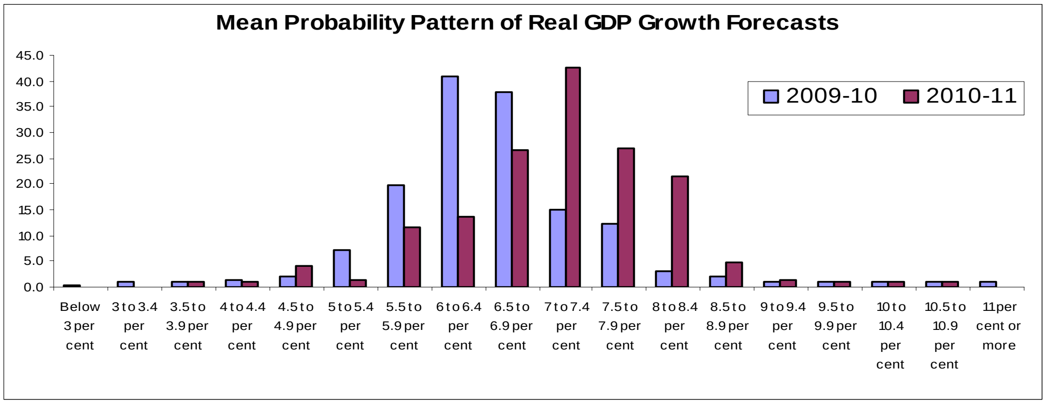
*Note that the results of the survey represent views of the **respondent forecasters** and in no way reflect the views or forecasts of the Reserve Bank of India.*

Annual Forecasts:

- Forecasters have revised their real GDP growth rate upwards to 6.5 per cent[1] in 2009-10 from 5.7 per cent in the last survey. The forecasters were asked to assign probabilities to the possibility that year over year real GDP growth will fall into various ranges. The highest probability of 41.1 per cent is assigned to growth range of 6.0-6.4 per cent for the year 2009-10. For the year 2010-11, they have assigned

[1] Growth rates wherever indicated are the median forecasts.

highest probability of 42.7 per cent to 7.0-7.4 per cent growth range for GDP. The chart given below shows mean probability pattern of real GDP growth forecasts.



- For the year 2009-10, the forecast for agriculture has been revised downwards from 3 per cent to 2.5 per cent. For industry and services sector, the forecasts have been revised upwards from 4.1 per cent to 4.8 per cent and from 7.5 per cent to 8.3 per cent, respectively, in 2009-10.

- The proportion of domestic saving to GDP is indicated to be 35.0 per cent in 2009-10, revised marginally upwards from 34.6 per cent in the last survey. Forecasters expect gross domestic capital formation to contribute 36.6 per cent of real GDP in 2009-10 (35.4 per cent in last survey), while contribution of gross fixed capital formation is expected to be 35.1 per cent (revised upwards from 32 per cent in the last survey). The forecasters have predicted private final consumption expenditure to grow at the rate of 7.0 per cent, up from earlier forecast of 6.0 per cent in the last survey.

- The profit growth of corporate sector in 2009-10 has been revised further downwards to 7.5 per cent from 9.0 per cent in the last survey. The growth in profit is expected to improve to 15 per cent in 2010-11.

- Broad money (M3) growth is revised upwards to 18.0 per cent in 2009-10 from the earlier forecast of 17.5 per cent. In 2009-10, bank credit is expected to grow at the rate of 18 per cent against its previous forecast of 16 per cent.

- Central Government fiscal deficit is placed at 6.8 per cent of GDP in 2009-10, which is same as expected in the last survey. The combined gross fiscal deficit is placed at 10.1 per cent of GDP, revised marginally downwards from 10.2 per cent in the last survey.

- The forecasters expect repo rate to be at 5.0 per cent in 2009-10 which is revised upwards from 4.5 per cent in the last survey. The reverse repo rate is perceived to be 3.5 per cent by the end of current financial year, higher than the last survey forecast of 3.0 per cent.

- Exports are expected to contract by 0.5 per cent in the current financial year, but to grow by 12 per cent in the next financial year. Imports are expected to contract by 3.5 per cent in 2009-10. Net surplus under invisibles is placed at US$ 80.9 billion in 2009-10 against US$ 78.5 billion in the last survey.

Quarterly Forecasts:

- The real GDP growth in the first quarter of 2009-10 is projected at 6.0 per cent, revised upwards from the earlier forecast of 5.3 per cent. During the second, third and fourth quarters of current financial year, the GDP growth is placed at 6.2, 6.9 and 7.1 per cent, respectively.

- Median forecasts for real GDP originating from agriculture, industry and services sectors in first quarter of 2009-10 are projected to be 2.8, 2.8 and 8.1 per cent, respectively. For agriculture sector, the forecasts have been revised downwards (3.0 per cent in the last survey). The projection for industry has been revised upwards from 2.1 per cent in the last survey. For services sector, the forecasts are revised upwards from 7.3 per cent in the last survey. Index of Industrial Production growth forecast in the first quarter of 2009-10 is now at 2.0 per cent, revised upwards from 1.0 per cent in the last survey.

- Contribution of gross fixed capital formation to GDP has been projected at 33.5 per cent in the first quarter of current financial year, revised upwards from 32.2 per cent in the last survey. Corporate profit in the first quarter of 2009-10 is expected to contract by 1.0 per cent, revised upwards from earlier forecast of (-) 2.5 per cent.

Forecasts on prices:

- Forecasters' median estimates for WPI inflation on a year over year basis in the second, third and fourth quarters of current financial year are at (-)1.4, 2.5 and 5.4 per cent, respectively.

- The forecasters were asked to assign the probabilities to the possibility that average WPI based inflation during the current financial year and the next financial year will fall into various ranges. Forecasters have assigned highest 41.2 per cent chance that inflation will be in the range 4.0-4.9 per cent in 2009-10 and highest 39.8 per cent chance that it will fall in 5.0-5.9 per cent in 2010-11.

Long Term Forecasts:

- Long term forecast for real GDP for the next five years is 7.5 per cent, which is revised upwards from 7.0 per cent in last survey. For the next ten years, the GDP is expected to grow at 8.0 per cent, revised upwards from 7.5 per cent in the last survey (Table A.7).

- Over the next five years, the forecasters expect WPI inflation to be 5.3 per cent, which is revised upwards from 5.0 per cent in the last survey. CPI-IW inflation has also been revised slighly upwards to 6.0 per cent in this survey from 5.9 per cent in the last survey. Over the next ten years, WPI and CPI-IW based inflation are expected to be 4.5 and 5.5 per cent, respectively (Table A.7).

Table A.1

	Key Macroeconomic Indicators	Annual Forecasts for 2009-10				Actuals for 2008-09
		Mean	Median	Max	Min	
1	Real GDP growth rate at factor cost (in per cent)	6.5	6.5	7.5	5.8	6.7*
a	Agriculture & Allied Activities	2.1	2.5	3.6	-2.9	1.6*
b	Industry	4.8	4.8	6.1	4.0	2.6*
c	Services	8.3	8.3	10.0	7.2	9.4*
2	Private Final Consumption Expenditure (growth rate in per cent)	7.5	7.0	13.0	3.5	12.2*
3	Gross Domestic Saving (per cent of GDP at current market price)	35.0	35.0	38.0	32.5	
	of which Private Corporate Sector	7.1	6.6	8.2	6.5	
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	36.6	36.6	39.9	34.0	
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	35.0	35.1	38.0	32.0	34.8*
6	Money Supply (M3) (growth rate in per cent)	18.3	18.0	22.0	16.0	18.6
7	Bank Credit (growth rate in per cent)	17.8	18.0	21.6	15.0	19.3
8	Combined Gross Fiscal Deficit (per cent of GDP)	9.7	10.1	11.5	7.0	8.6*
9	Central Govt. Fiscal Deficit (per cent of GDP)	6.7	6.8	9.0	5.5	6.0*
10	Corporate profit after tax (growth rate in per cent)	7.5	7.5	10.0	5.0	-18.4
11	Repo (end period)	4.9	5.0	5.5	4.5	5.0
12	Reverse Repo (end period)	3.4	3.5	4.0	3.0	3.5
13	CRR (end period)	5.0	5.0	5.5	4.0	5.0
14	USD/INR (RBI reference rate-end period)	46.6	46.5	49.0	44.0	50.9
15	T-Bill 91 days Yield (Weighted average cut-off yield)	4.6	4.6	5.3	3.7	4.8
16	10 year Govt. Securities Yield (per cent-average)	7.0	7.0	7.5	6.1	6.6
17	Overall Balance (in US $ bn.)	25.7	22.1	38.9	13.0	
18	Export (in US $ bn.)	163.8	161.8	181.0	151.9	175.2P
	Export (growth rate in percent)	-1.6	-0.5	8.9	-13.0	5.4
19	Import (in US $ bn.)	264.2	250.0	315.1	240.0	294.6P
	Import (Growth rate in percent)	-2.5	-3.5	14.0	-18.5	14.3
20	Trade Balance (% of GDP)	-8.1	-7.9	-6.6	-10.4	-10.3
21	Invisible Balance (US $ bn)	85.3	80.9	102.9	76.0	89.6P
22	Current Account Balance (US $ bn)	-17.2	-12.6	-8.5	-31.2	-29.8
23	Current Account Balance (% of GDP)	-0.4	-1.0	4.5	-2.4	-2.6
24	Capital Account Balance (US $ bn)	40.7	41.5	50.0	30.0	9.7
25	Capital Account Balance (% of GDP)	3.4	3.5	4.5	2.6	

*: RE; P: Preliminary

Table A.2

	Key Macroeconomic Indicators	Annual Forecasts for 2010-11			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	7.4	7.5	8.0	6.9
a	Agriculture & Allied Activities	3.0	3.0	6.8	1.5
b	Industry	7.0	7.4	8.9	5.0
c	Services	8.8	9.0	9.5	7.0

2	Private Final Consumption Expenditure (growth rate in per cent)	9.5	9.3	14.0	6.0
3	Gross Domestic Saving (per cent of GDP at current market price)	35.9	36.0	38.0	33.5
	of which Private Corporate Sector	7.5	7.2	8.4	6.8
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	37.9	37.9	40.7	35.2
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	36.1	36.0	39.5	33.0
6	Money Supply (M3) (growth rate in per cent)	18.7	19.0	20.5	16.0
7	Bank Credit (growth rate in per cent)	20.6	21.0	25.7	17.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	8.4	8.5	10.5	6.5
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.6	5.8	7.0	4.5
10	Corporate profit after tax (growth rate in per cent)	13.4	15.0	15.0	9.0
11	Repo (end period)	5.9	5.6	8.0	5.0
12	Reverse Repo (end period)	4.3	4.1	6.0	3.5
13	CRR (end period)	5.8	5.5	7.0	5.0
14	USD/INR (RBI reference rate-end period)	45.2	44.5	51.0	41.0
15	T-Bill 91 days Yield (per cent-end period)	5.2	5.0	6.5	4.5
16	10 year Govt. Securities Yield (per cent-end period)	7.1	7.0	8.2	6.0
17	Overall Balance (in US $ bn.)	38.3	39.4	52.9	20.0
18	Export (in US $ bn.)	187.1	180.9	221.4	173.4
	Export (growth rate in percent)	12.5	12.0	19.1	5.0
19	Import (in US $ bn.)	301.0	285.8	388.7	254.5
	Import (Growth rate in percent)	12.9	14.0	19.1	3.4
20	Trade Balance (% of GDP)	-7.7	-7.3	-5.6	-10.9
21	Invisible Balance (US $ bn.)	98.1	91.3	128.7	80.0
22	Current Account Balance (US $ bn)	-22.1	-19.3	-13.3	-38.6
23	Current Account Balance (Growth in per cent)	-0.4	-1.1	5.0	-2.5
24	Capital Account Balance (US $ bn)	63.3	60.0	90.0	40.0
25	Capital Account Balance (Growth in per cent)	4.7	4.3	8.0	3.2

Table A.3

Key Macroeconomic Indicators	08-09: Q4 Actuals	Quarterly Forecasts 09-10:Q1 Mean	Median	Max	Min	09-10:Q2 Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	5.8*	5.8	6.0	6.5	4.6	6.2	6.2	6.8	5.5
Agriculture & Allied Activities	2.7*	2.6	2.8	4.7	1.0	2.1	2.4	3.3	-1.0
Industry	-0.5*	2.8	2.8	4.2	2.0	3.6	3.5	5.0	3.0
Services	8.4*	8.0	8.1	9.6	6.0	8.1	8.0	9.2	7.0
IIP growth rate (per cent)	-0.2	2.0	2.0	3.2	0.6	3.2	3.3	4.8	1.8
Private Final Consumption Expenditure (growth rate in per cent)	2.7*	3.8	3.5	5.9	2.8	4.2	4.0	5.9	3.1
Gross Domestic Capital Formation (per cent of GDP at current market price)		35.7	34.5	38.0	34.5	36.4	36.4	38.0	34.8
Gross Fixed Capital Formation (per cent of GDP at current market price)	34.8*	33.7	33.5	35.0	32.0	34.1	34.1	35.6	32.5
Corporate profit after tax (growth rate in per cent)		-0.3	-1.0	2.0	-2.0	3.2	3.0	5.0	1.5
USD/INR (RBI reference rate- end period)	50.9	48.2	48.0	49.0	47.5	47.7	47.5	49.5	45.8
Repo Rate (end period)	5.0	4.8	4.75	5.0	4.5	4.7	4.75	5.0	4.5
Reverse Repo Rate (end period)	3.5	3.3	3.25	3.5	3.0	3.2	3.25	3.5	3.0
CRR (end period)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
BSE INDEX (end period)	9708	14260	14400	14900	13507	14917	15000	15250	14500
Export (US $ bn.)	39.8[P]	37.5	34.1	44.8	34.0	42.9	38.5	52.1	35.0
Import (US $ bn.)	54.4[P]	59.8	53.1	73.3	50.0	71.9	64.3	91.3	55.0
Trade Balance (US $ bn.)	-14.6[P]	-22.3	-19.0	-16.0	-32.6	-29.0	-25.8	-20.0	-40.4
Oil Price(in US$ per barrel)	44.2	65.0	65.0	70.0	60.2	67.3	69.5	72.0	60.0

*:RE; P:Preliminary

Table A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts 09-10:Q3 Mean	Median	Max	Min	09-10:Q4 Mean	Median	Max	Min	10-11:Q1 Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	6.8	6.9	8.0	6.0	7.2	7.1	8.4	6.0	7.4	7.5	7.9	6.3
Agriculture & Allied Activities	3.0	3.5	5.0	-0.1	2.5	3.0	4.0	1.0	2.7	3.0	3.7	1.5
Industry	6.1	5.9	8.3	4.6	6.9	7.2	7.5	5.7	7.1	7.0	8.6	6.1
Services	8.8	8.5	11.8	7.0	8.8	8.5	10.3	8.0	8.7	8.8	9.5	7.5
IIP growth rate (per cent)	5.6	5.4	8.6	2.8	6.2	6.5	8.0	3.0	6.3	6.5	8.1	2.8
Private Final Consumption Expenditure (%growth)	5.2	4.3	8.6	3.5	5.0	5.0	6.8	3.5	4.9	4.5	7.4	3.1
Gross Domestic Capital Formation (% of GDP at current market price)	37.5	38.0	38.0	36.5	37.0	37.0	38.0	36.0	36.2	36.2	36.2	36.2
Gross Fixed Capital Formation (% of GDP at current market price)	34.2	35.0	36.8	30.6	34.1	35.0	36.0	32.2	34.8	35.3	36.0	32.6
Corporate profit after tax (growth rate in per cent)	11.0	8.0	20.0	5.0	9.0	9.0	10.0	8.0	15.0	15.0	15.0	15.0
USD/INR (RBI reference rate- end period)	46.9	47.0	49.0	45.0	46.0	46.0	48.5	44.0	45.3	45.4	48.0	43.0
Repo Rate (end period)	4.7	4.75	5.0	4.5	4.94	4.75	5.50	4.75	5.1	5.00	5.75	4.75
Reverse Repo Rate (end period)	3.2	3.25	3.5	3.0	3.44	3.25	4.00	3.25	3.6	3.50	4.25	3.25
CRR (end period)	5.0	5.0	5.0	4.5	5.10	5.00	5.50	4.50	5.2	5.25	5.5	4.8
BSE INDEX (end period)	15233	15500	15500	14700	15500	15500	16000	15000	16100	16100	17000	15200
Export (US $ bn.)	40.7	40.2	44.0	38.6	43.7	42.8	50.0	39.4	47.1	45.6	56.0	39.8
Import (US $ bn.)	71.0	71.9	78.8	62.0	66.1	59.7	88.0	56.9	77.8	84.3	85.3	63.7
Trade Balance (US $ bn).	-30.3	-31.0	-23.0	-37.0	-25.5	-19.9	-14.0	-38.0	-30.6	-29.3	-23.9	-38.7
Oil Price(in US$ per barrel)	71.7	72.5	77.0	65.0	77.5	77.5	83.0	72.0	78.3	75.0	85.0	75.0

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

	WPI				WPI-MP				CPI-IW			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2-09-10	-1.2	-1.4	2.0	-2.7	-0.2	-0.4	0.8	-1.0	8.2	8.5	9.4	6.5
Q3-09-10	2.6	2.5	4.0	1.1	2.0	2.0	5.2	-0.2	8.0	8.2	10.0	5.5
Q4-09-10	5.4	5.4	8.1	3.8	4.5	4.8	6.3	2.4	7.9	7.5	10.0	6.0
Q1-10-11	5.9	5.9	7.7	4.5	5.6	5.5	6.7	4.3	7.5	7.1	9.7	6.0

Table A.5

Mean probabilities attached to possible outcomes of GDP		
Growth Range	**Forecasts for 2009-10**	**Forecasts for 2010-11**
Below 3 per cent	0.5	
3 to 3.4 per cent	1.0	
3.5 to 3.9 per cent	1.0	1.0
4 to 4.4 per cent	1.5	1.0
4.5 to 4.9 per cent	2.2	4.0
5 to 5.4 per cent	7.0	1.5
5.5 to 5.9 per cent	19.9	11.7
6 to 6.4 per cent	41.1	13.5
6.5 to 6.9 per cent	37.8	26.4
7 to 7.4 per cent	15.1	42.7
7.5 to 7.9 per cent	12.3	26.9
8 to 8.4 per cent	3.0	21.5
8.5 to 8.9 per cent	2.0	4.7
9 to 9.4 per cent	1.0	1.5
9.5 to 9.9 per cent	1.0	1.0
10 to 10.4 per cent	1.0	1.0
10.5 to 10.9 per cent	1.0	1.0
11 per cent or more	1.0	

Table A.6

Mean probabilities attached to possible outcomes of WPI		
Growth Range	**Forecasts for 2009-10**	**Forecasts for 2010-11**
Below -5 per cent		
-5 to -4.1 per cent		
-4 to -3.1 per cent		
-3 to -2.1 per cent		
-2 to -1.1 per cent		
-1 to -0.1 per cent		
0 to 0.9 per cent		
1 to 1.9 per cent		
2 to 2.9 per cent	8.7	7.5
3 to 3.9 per cent	20.8	13.0
4 to 4.9 per cent	41.2	35.1
5 to 5.9 per cent	29.2	39.8
6 to 6.9 per cent	20.0	27.7
7 to 7.9 per cent	35.0	8.3
8 to 8.9 per cent	33.0	34.3
9 to 9.9 per cent	9.0	3.0
10 to 10.9 per cent	2.0	2.0
11 to 11.9 per cent	1.0	1.0

Table A.7

Annual average percentage change over the next five years				Annual average percentage change over the next ten years			
	Real GDP	WPI Inflation	CPI-IW Inflation		Real GDP	WPI Inflation	CPI-IW Inflation
Minimum	6.5	4.0	5.5	Minimum	6.0	4.0	4.0
Lower Quartile	7.0	5.0	5.9	Lower Quartile	7.0	4.0	5.0
Median	7.5	5.3	6.0	Median	8.0	4.5	5.5
Upper Quartile	8.0	5.5	6.8	Upper Quartile	8.5	4.6	6.5
Maximum	8.3	6.0	8.3	Maximum	9.0	6.0	9.0
S.D	0.5	0.6	0.9	S.D	0.9	0.6	1.5