

Results of 19th Round (Q4:2011-12)
of Survey of Professional Forecasters on Macroeconomic Indicators

The Reserve Bank has been conducting this survey on a quarterly basis from the quarter ended September 2007. **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.** The latest survey round relates to the fourth quarter of 2011-12 and was conducted during March 2012¹. Thirty-three professional forecasters participated in this round. The detailed results of the survey are presented in the **Annex**.

Some of the salient features are:

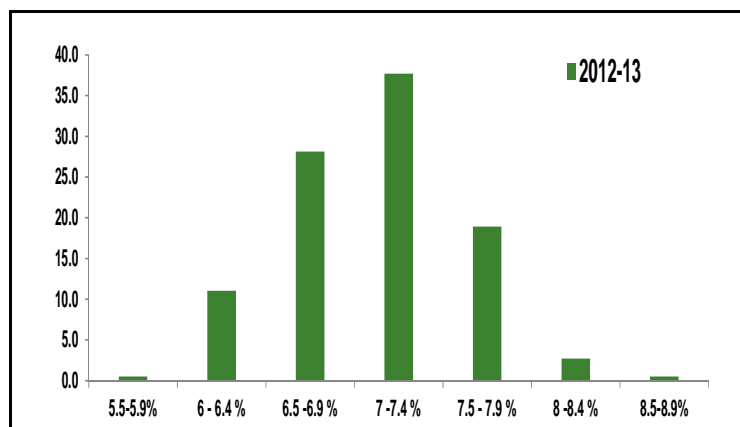
1. Annual Forecasts:

- There is a downward revision in real GDP growth rate forecasts for 2012-13 to 7.2 per cent² from 7.3 per cent in last survey. Forecasts for agriculture and services remained unchanged at 3.0 per cent and 8.8 per cent respectively, whereas, industry growth has been revised upwards to 6.0 per cent from 5.8 per cent in the last survey (**Table 1**). The forecasters were asked to assign probabilities to the possibility that year-on-year real GDP growth rate will fall into various ranges. For 2012-13, they have assigned maximum probability of 37.7 per cent to 7.0-7.4 per cent growth range for GDP with a downward bias (**Chart 1**).

Table 1: Median Forecast of Real GDP: Annual*

	Median Forecasts (%)
	2012-13
Real GDP Growth	7.2 (-0.1)
Agriculture & Allied Activities	3.0 (0.0)
Industry	6.0 (+0.2)
Services	8.8 (0.0)

Chart 1: Mean Probability Pattern of Growth Forecast



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

- For 2012-13, the domestic saving rate is forecast to be 32.8 per cent, revised downwards from 33.5 per cent in the last survey. The rate of gross fixed capital formation is projected to be 29.8 per cent, from 30.0 per cent in the last survey. The private final consumption

¹ Responses were received prior to the revision / release of IIP data for January and February 2012.

² Growth rates wherever indicated are the median forecasts.

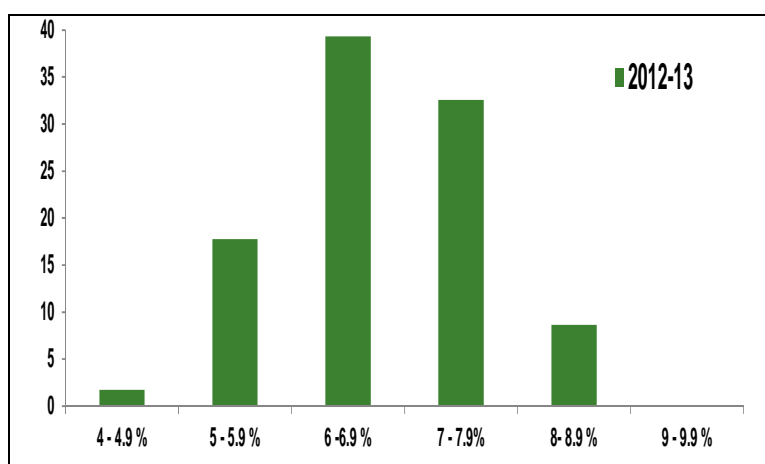
expenditure at current prices is expected to grow at the rate of 14.7 per cent, same as projected at last round survey (**Table 2**).

- The forecasters were asked to assign probabilities to the possibility that WPI based inflation would fall into various ranges by the end of next financial year. They have assigned the highest probability (39.3 per cent) that it will fall in 6.0-6.9 per cent by end-March of 2012-13 with an upward bias (**Chart 2**).

Table 2: Median Forecast of Savings and Capital Formation*

	2012-13
PFCE Growth Rate	14.7 (0.0)
GDS Rate	32.8 (-0.7)
of which Private Corp. Sector	8.0 (-1.0)
GFCF Rate	29.8 (-0.2)

Chart 2: Mean Probability Pattern of WPI-Inflation Projections



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

- The profit growth of corporate sector (of BSE listed companies) in 2012-13 has been projected to be 13.0 per cent, revised upwards from the previous round of survey. Broad money (M3) growth projection remained unchanged at 16.0 per cent in 2012-13. In 2012-13, bank credit is expected to grow at the rate of 17.0 per cent, revised downwards from the last round of survey (**Table 3**).

Table 3: Median Projections for Markets*

Growth Rates	2012-13	End Period	2012-13
M3	16.0 (0.0)	INR/USD	48.3 (+0.3)
Bank Credit	17.0 (-1.0)	T-Bill 91 days Yield in %	7.9 (+0.4)
CPAT	13.0 (+3.0)	10 year Govt. Sec. Yield in %	8.2 (+0.2)

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

- Central Government's fiscal deficit is forecast at 5.5 per cent of GDP in 2012-13, and combined gross fiscal deficit of central and states is placed at 8.0 per cent of GDP in 2012-13, both revised upwards from the last round of survey (**Table 4**).
- The forecasters expect repo rate to be at 7.50 per cent in end-March 2012-13, which is same as expected in the last survey (**Table 5**).

Table 4: Median Forecast for Fiscal Deficit*

	2012-13
Combined Gross Fiscal Deficit	8.0 (+0.2)
Central Govt. Fiscal Deficit	5.5 (+0.3)

Table 5: Median Forecast for Policy Rates*

End Period	2012-13
Repo	7.50 (0.0)
CRR	4.25 (-1.25)

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

- For the year 2011-12, both exports and imports growth have been revised upwards from last round of survey. Exports are projected to grow at 19.0 per cent and Imports are predicted to grow by 23.7 per cent in 2011-12. For the year 2012-13, exports are expected to grow at 13.2 per cent, revised downwards from last round of survey and imports growth is projected to be 15.0 per cent, revised upwards from the last round of survey. Net surplus under invisibles is placed at US\$ 105.0 billion in 2011-12 and US\$ 120.0 billion in 2012-13, with both being revised upwards from the last survey (**Table 6**).

Table 6: Median Forecasts for External Sector

	2011-12	2012-13
Overall BoP (in US \$ bn.)	2.1	7.0
Export (in US \$ bn.)	298.0	340.0
Export (growth rate in %)	19.0	13.2
Import (in US \$ bn.)	470.0	531.6
Import (growth rate in %)	23.7	15.0
Trade Balance (% of GDP)	-9.2	-8.9
Invisible Balance (US \$ bn)	105.0	120.0
Current Account Balance (US \$ bn)	-67.5	-71.0
Capital Account Balance (US \$ bn)	69.1	77.0

2. Quarterly Forecasts:

- The real GDP growth in the fourth quarter of 2011-12 is projected at 6.9 per cent, showing a downward revision from 7.0 per cent in the last survey. Median forecasts for the fourth quarter of 2011-12 for real GDP originating from agriculture, industry and services sectors are projected to be 3.0 per cent, 4.5 per cent and 8.9 per cent, respectively. The forecast has been revised downwards from 3.5 per cent for agriculture sector. For industry and services sectors, the forecast is revised upwards from 3.8 per

cent and 8.5 per cent, respectively, in the last survey. There is a significant upward revision in Index of Industrial Production growth forecast in the fourth quarter of 2011-12 to 4.0 per cent from 2.7 per cent in the last survey. Quarterly sector-wise forecasts of real GDP for 2012-13 are presented in Table 7.

Table 7: Median Forecasts for Quarterly GDP and IIP

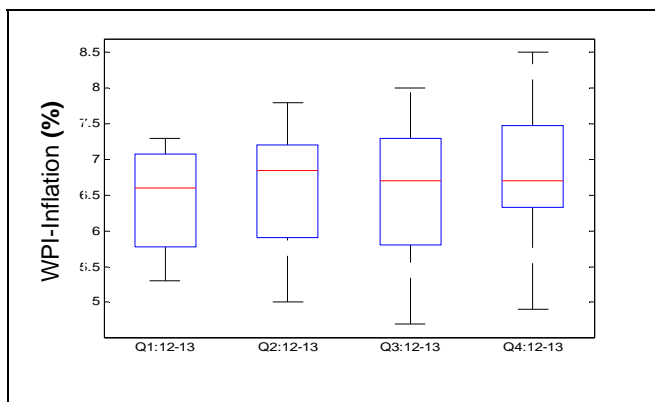
Growth Rate in %	Q4: 11-12	Q1: 12-13	Q2: 12-13	Q3: 12-13	Q4: 12-13
Overall GDP	6.9	6.6	7.1	7.4	7.5
Agri. & Allied Act.	3.0	3.0	3.2	3.1	3.0
Industry	4.5	4.6	5.5	6.3	6.2
Services	8.9	8.4	8.5	8.8	8.6
IIP	4.0	4.0	5.6	6.2	6.0

- Forecasters' median estimate for average WPI inflation in the first quarter of 2012-13 is at 6.6 per cent, revised upwards from the last survey. For the second quarter of 2012-13, WPI-inflation forecast is 6.9 per cent (**Table 8**). The box plot of the WPI-inflation forecast is also presented in **Chart 3**.

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

	WPI	WPI-MP	CPI-IW
Q1:12-13	6.6	5.8	7.2
Q2:12-13	6.9	5.7	7.1
Q3:12-13	6.7	5.3	7.1
Q4:12-13	6.7	5.6	7.5

Chart 3: Box Plot for Quarterly WPI-Inflation



3. Long Term Forecasts:

- Long term forecast for real GDP for the next five years (2012-2016) is 8.0 per cent, unchanged from the last survey. For the next ten years (2012-2021), GDP is expected to grow at 8.0 per cent, which is revised downwards by 40 bps from the last survey. Over the next five years, WPI inflation is expected to be 6.1 per cent, revised marginally upwards from the 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 5.8 per cent, revised marginally downwards from 5.9 per cent in last survey. CPI-IW inflation is revised downwards to 6.3 per cent from 6.5 per cent over the next ten years (**Table 9**).

Table 9: Long Term Median Forecasts for Growth and Inflation

Growth rate in %	Next Five Years	Next Ten Years
Real GDP	8.0	8.0
WPI	6.1	5.8
CPI-IW	7.0	6.3

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)	6.9	6.9	7.2	6.5	8.4 [#]
a	Agriculture & Allied Activities	3.2	3.1	6.5	2.5	7.0 [#]
b	Industry	4.0	3.9	6.5	2.7	6.8 [#]
c	Services	9.1	9.1	10.2	8.0	9.2 [#]
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.2	15.1	17.0	6.0	17.1 [#]
3	Gross Domestic Saving (per cent of GDP at current market price)	31.8	31.9	33.8	29.8	32.3 [#]
	of which Private Corporate Sector	8.1	7.8	9.5	7.3	7.9 [#]
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	34.1	34.8	35.5	29.3	35.1 [#]
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	29.4	29.1	34.1	27.0	30.4 [#]
6	Money Supply (M3) (growth rate in per cent)	15.1	15.0	18.0	12.8	16.0
7	Bank Credit (growth rate in per cent)	16.5	16.0	21.2	14.0	21.5
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.7	8.5	11.0	-8.4	7.7
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.5	5.9	7.0	-5.9	5.1
10	Corporate profit after tax (growth rate in per cent)	9.0	10.0	20.0	-6.5	15.8
11	Repo (end period)	8.50	8.50	8.50	6.75	6.75
12	CRR (end period)	4.75	4.75	6.00	4.75	6.00
13	INR/ 1USD (RBI reference rate-end period)	50.3	50.0	53.0	48.0	44.65
14	T-Bill 91 days Yield (Weighted average cut-off yield)	8.8	8.8	11.2	8.0	8.2
15	10 year Govt. Securities Yield (per cent-average)	8.4	8.4	8.5	8.0	8.4
16	Overall Balance (in US \$ bn.)	2.7	2.1	10.5	-4.3	13.1 [@]
17	Export (in US \$ bn.)	295.4	298.0	316.9	270.0	250.5 [@]
	Export (growth rate in percent)	18.6	19.0	28.2	7.0	37.3 [@]
18	Import (in US \$ bn.)	466.6	470.0	506.1	425.0	381.1 [@]
	Import (Growth rate in percent)	23.5	23.7	33.3	12.5	26.7 [@]
19	Trade Balance (% of GDP)	-9.3	-9.2	-7.7	-10.4	-7.8 [@]
20	Invisible Balance (US \$ bn)	103.7	105.0	119.0	82.0	84.6 [@]
21	Current Account Balance (US \$ bn)	-68.5	-67.5	-56.2	-94.7	-45.9 [@]
22	Current Account Balance (% of GDP)	-3.7	-3.6	-3.2	-4.6	-2.7 [@]
23	Capital Account Balance (US \$ bn)	71.7	69.1	91.0	58.0	62.0 [@]
24	Capital Account Balance (% of GDP)	3.8	3.7	4.5	2.8	3.7 [@]

#: QE; @: Provisional.

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)	7.1	7.2	7.5	6.1
a	Agriculture & Allied Activities	3.2	3.0	6.9	1.2
b	Industry	5.9	6.0	7.5	4.0
c	Services	8.7	8.8	9.6	7.5
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.5	14.7	18.0	4.9
3	Gross Domestic Saving (per cent of GDP at current market price)	32.5	32.8	34.4	30.0
	of which Private Corporate Sector	8.0	8.0	9.0	7.3
4	Gross Domestic Capital Formation (per cent of GDP at current market price)	34.3	34.8	36.2	30.0
5	Gross Fixed Capital Formation (per cent of GDP at current market price)	29.6	29.8	34.5	25.5
6	Money Supply (M3) (growth rate in per cent)	16.2	16.0	20.0	13.0
7	Bank Credit (growth rate in per cent)	17.4	17.0	23.2	15.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	8.1	8.0	10.0	6.5
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.4	5.5	6.0	5.1
10	Corporate profit after tax (growth rate in per cent)	14.2	13.0	33.8	5.3
11	Repo (end period)	7.50	7.50	7.75	6.75
12	CRR (end period)	4.50	4.25	6.00	3.50
13	INR/ 1USD (RBI reference rate-end period)	48.3	48.3	52.0	46.0
14	T-Bill 91 days Yield (per cent-end period)	7.8	7.9	8.5	7.0
15	10 year Govt. Securities Yield (per cent-end period)	8.1	8.2	8.6	7.5
16	Overall Balance (in US \$ bn.)	9.9	7.0	24.5	0.5
17	Export (in US \$ bn.)	342.8	340.5	414.2	300.0
	Export (growth rate in percent)	15.7	13.2	40.0	6.2
18	Import (in US \$ bn.)	534.9	531.6	623.6	480.0
	Import (Growth rate in percent)	14.5	15.0	27.5	7.0
19	Trade Balance (% of GDP)	-9.1	-8.9	-7.9	-10.7
20	Invisible Balance (US \$ bn.)	120.2	120.0	143.0	85.0
21	Current Account Balance (US \$ bn)	-74.8	-71.0	-62.3	-114.3
22	Current Account Balance (Growth in per cent)	-3.4	-3.3	-2.5	-4.9
23	Capital Account Balance (US \$ bn)	78.7	77.0	110.0	68.0
24	Capital Account Balance (Growth in per cent)	3.7	3.6	4.8	3.0

Table A.3: Quarterly Forecasts Q4: 2011-12 to Q4: 2012-13

Key Macroeconomic Indicators	Quarterly Forecasts								
	Q3:11-12	Q4:11-12				Q1:12-13			
	Actuals	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	6.1	6.8	6.9	7.7	6.1	6.6	6.6	7.6	6.0
Agriculture & Allied Activities	2.7	3.1	3.0	5.2	0.8	3.2	3.0	6.0	1.6
Industry	0.8	4.3	4.5	6.3	0.5	4.5	4.6	6.4	2.2
Services	8.7	8.9	8.9	9.8	8.0	8.4	8.4	9.8	7.7
IIP growth rate (per cent)	0.9	3.8	4.0	6.3	0.5	4.1	4.0	6.5	2.2
Private Final Consumption Expenditure (growth rate in per cent)	15.1	13.7	14.9	16.0	7.0	14.0	15.2	17.5	6.0
Gross Domestic Capital Formation (per cent of GDP at current market price)	33.5	33.4	34.2	34.8	30.0	34.1	34.0	34.9	33.5
Gross Fixed Capital Formation (per cent of GDP at current market price)	27.6	26.7	29.0	32.0	7.2	25.8	28.5	29.8	6.5
Corporate profit after tax (growth rate in per cent)	-31.3	1.6	4.8	5.0	-5.0	18.1	7.0	42.3	5.0
INR/ 1USD (RBI reference rate- end period)	53.4	50.3	50.4	53.0	48.0	49.6	49.5	52.0	47.8
Repo Rate (end period)	8.50	8.50	8.50	8.50	8.50	8.00	8.00	8.25	8.00
CRR (end period)	6.00	4.75	4.75	5.50	4.75	4.75	4.75	5.50	4.25
BSE INDEX (end period)	15455	16575	17100	17600	14500	16750	16750	17000	16500
Export (US \$ bn.)	70.0	81.1	80.1	92.6	74.0	83.3	82.7	92.8	77.0
Import (US \$ bn.)	117.8	120.8	119.9	135.3	110.0	132.1	133.5	146.3	112.0
Trade Balance (US \$ bn.)	-47.9	-39.7	-41.2	-29.1	-46.0	-48.8	-50.2	-35.0	-54.6
Oil Price(in US\$ per barrel)	107.2	118.6	120.0	125.8	105.0	117.5	120.0	125.0	106.0

*: Indian Basket;

A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q2:12-13				Q3:12-13				Q4:12-13			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	7.0	7.1	7.5	6.2	7.4	7.4	8.5	6.2	7.5	7.5	8.9	6.1
Agriculture & Allied Activities	3.3	3.2	5.4	1.9	3.1	3.1	5.6	0.5	3.1	3.0	5.1	1.7
Industry	5.6	5.5	7.0	5.0	6.5	6.3	8.3	5.1	6.5	6.2	8.8	4.0
Services	8.4	8.5	9.0	7.9	8.8	8.8	9.8	8.0	8.7	8.6	10.2	7.8
IIP growth rate (per cent)	5.6	5.6	7.0	3.8	6.2	6.2	8.3	4.0	6.4	6.0	8.8	5.0
Private Final Consumption Expenditure (growth rate in per cent)	15.0	15.3	18.7	11.0	16.3	16.0	19.1	11.6	15.0	14.7	18.3	11.8
Gross Domestic Capital Formation (per cent of GDP at current market price)	34.6	34.4	36.1	33.5	34.3	34.4	34.5	33.1	35.0	34.5	36.6	34.4
Gross Fixed Capital Formation (per cent of GDP at current market price)	26.2	28.4	30.5	6.8	26.2	28.5	31.7	6.6	26.8	29.5	32.0	7.0
Corporate profit after tax (growth rate in per cent)	25.7	8.0	63.9	5.2	10.4	8.0	17.7	5.4	8.8	8.8	12.0	5.5
INR/ 1USD (RBI reference rate- end period)	48.9	48.8	51.0	47.4	48.2	48.0	50.0	47.2	48.1	47.8	50.8	46.5
Repo Rate (end period)	7.75	7.75	8.25	7.50	7.50	7.50	8.00	7.25	7.50	7.50	7.75	7.00
CRR (end period)	4.50	4.50	5.50	4.00	4.50	4.25	5.50	4.00	4.25	4.25	5.50	3.50
BSE INDEX (end period)	17000	17000	17000	17000	17000	17000	17500	16500	16900	16800	20000	14000
Export (US \$ bn.)	85.3	84.0	97.2	78.7	88.9	89.9	101.7	76.0	97.0	92.1	122.3	87.6
Import (US \$ bn.)	133.0	131.3	153.0	121.0	133.6	133.9	149.6	118.6	141.6	139.3	174.6	124.0
Trade Balance (US \$ bn.)	-47.6	-47.7	-38.0	-55.8	-44.7	-44.8	-41.1	-50.2	-44.7	-48.0	-22.0	-55.8
Oil Price(in US\$ per barrel)	116.7	120.0	127.5	104.0	113.6	113.8	120.0	106.0	111.8	112.3	120.0	105.0

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
Q1:12-13	6.5	6.6	7.3	5.3	5.8	5.8	8.0	4.5	7.3	7.2	8.5	6.0
Q2:12-13	6.6	6.9	7.8	5.0	5.7	5.7	7.3	4.1	7.2	7.1	7.9	6.5
Q3:12-13	6.5	6.7	8.0	4.7	5.5	5.3	7.0	3.8	7.3	7.1	8.7	6.5
Q4:12-13	6.8	6.7	8.5	4.9	5.6	5.6	7.5	4.4	7.6	7.5	9.9	6.3

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	0.0	0.5
6 to 6.4 per cent	9.2	11.0
6.5 to 6.9 per cent	54.1	28.1
7 to 7.4 per cent	34.7	37.7
7.5 to 7.9 per cent	2.0	18.9
8 to 8.4 per cent	0.0	2.7
8.5 to 8.9 per cent	0.0	0.5
9 to 9.4 per cent	0.0	0.5
9.5 to 9.9 per cent	0.0	0.0
10 to 10.4 per cent	0.0	0.0
10.5 to 10.9 per cent	0.0	0.0
11 percent or more	0.0	0.0

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

Growth Range	Forecasts for End-March 2011-12	Forecasts for End-March 2012-13
Below -2 per cent	0.0	0.0
-2 to -1.1 per cent	0.0	0.0
-1 to -0.1 per cent	0.0	0.0
0 to 0.9 per cent	0.0	0.0
1 to 1.9 per cent	0.0	0.0
2 to 2.9 per cent	0.0	0.0
3 to 3.9 per cent	0.0	0.0
4 to 4.9 per cent	0.0	1.7
5 to 5.9 per cent	8.5	17.8
6 to 6.9 per cent	59.8	39.3
7 to 7.9 per cent	21.4	32.6
8 to 8.9 per cent	9.8	8.7
9 to 9.9 per cent	0.5	0.0
10 to 10.9 per cent	0.0	0.0
11 to 11.9 per cent	0.0	0.0
12 to 12.9 per cent	0.0	0.0
13 to 13.9 per cent	0.0	0.0
14 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	7.0	4.5	5.5	Minimum	7.0	4.5	5.0
Lower Quartile	7.5	6.0	6.5	Lower Quartile	8.0	5.5	6.0
Median	8.0	6.1	7.0	Median	8.0	5.8	6.3
Upper Quartile	8.1	6.6	7.4	Upper Quartile	8.5	6.2	7.0
Maximum	9.0	7.0	8.0	Maximum	9.5	6.5	7.0
Mean	7.9	6.2	7.0	Mean	8.2	5.8	6.3
S.D	0.5	0.6	0.7	S.D	0.6	0.6	0.6