

**Major Highlights of Results of 18th Round (Q3:2011-12)
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 third quarter of 2011-12, i.e., October-December 2011. 25 professional forecasters have participated in this round. The detailed results of the survey are presented in the **Annex.**

Some of the salient features are:

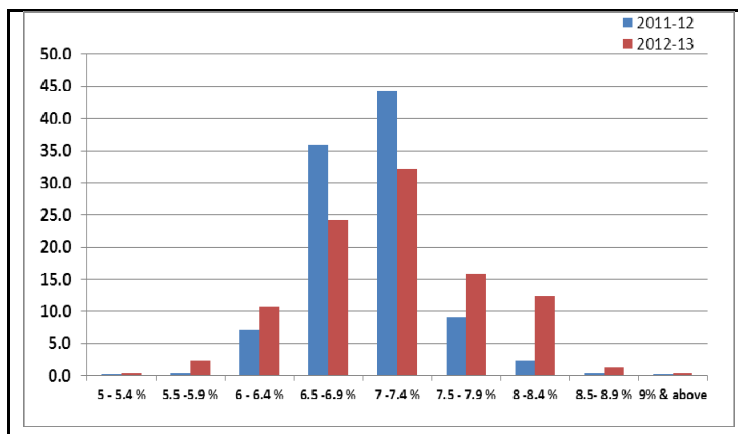
1. Annual Forecasts:

- There is a downward revision in real GDP growth rate forecasts for 2011-12 to 7.0 per cent¹ from 7.6 per cent in last survey. Forecasts for agriculture have been revised upwards to 3.4 per cent whereas industry and services growth has been revised downwards to 4.1 per cent and 9.0 per cent respectively (**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 2011-12, they have assigned maximum probability of 44.2 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 (%)	
	2011-12	2012-13
Real GDP Growth	7.0 (-0.6)	7.3 (-0.4)
Agriculture & Allied Activities	3.4 (+0.2)	3.0 (0.0)
Industry	4.1 (-2.3)	5.8 (-1.1)
Services	9.0 (-0.1)	8.8 (-0.2)

Chart 1: Mean Probability Pattern of Growth Forecast



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

- For 2011-12, the domestic saving rate is forecast to be 33.0 per cent, the rate of gross fixed capital formation is projected to be 28.7 per cent and the private final consumption expenditure at current prices is expected to grow at the rate of 15.8 per cent, all of the three have revised downwards from last round (**Table 2**).

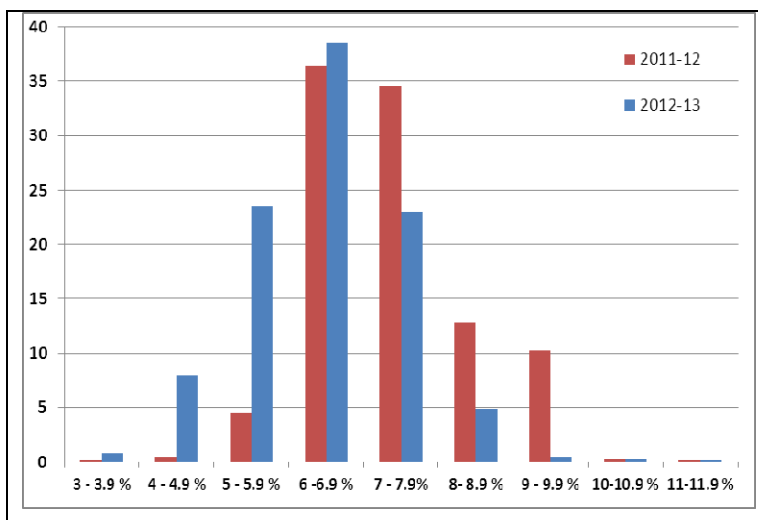
¹ Growth rates wherever indicated are the median forecasts.

- The forecasters were asked to assign probabilities to the possibility that WPI based inflation would fall into various ranges by the end of current financial year. They have assigned the highest probability (36.4 per cent) that it will fall in 6.0-6.9 per cent range by end-March of 2011-12, with an upward bias (**Chart 2**).

Table 2: Median Forecast of Savings and Capital Formation*

	2011-12	2012-13
PFCE Growth Rate	15.8 (-0.2)	14.7 (-0.2)
GDS Rate	33.0 (-1.0)	33.5 (-1.1)
of which Private Corp. Sector	8.0 (-0.5)	9.0 (0.0)
GFCF Rate	28.7 (-1.4)	30.0 (-2.0)

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 2011-12 has been projected to be 10.0 per cent, same as in the previous round survey. Broad money (M3) growth projection is revised downwards to 16.0 per cent in 2011-12 from the earlier forecast of 16.5 per cent. In 2011-12, 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	2011-12	2012-13	End Period	2011-12	2012-13
M3	16.0 (-0.5)	16.0 (-1.0)	INR/USD	52.0 (+5.0)	48.0 (+3.0)
Bank Credit	17.0 (-1.0)	18.0 (0.0)	T-Bill 91 days Yield in %	8.2 (-0.1)	7.5 (-0.2)
CPAT	8.0 (-1.8)	10.0 (0.0)	10 year Govt. Sec. Yield in %	8.3 (0.0)	7.9 (-0.1)

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

- Central Government's fiscal deficit is forecast at 5.7 per cent of GDP in 2011-12, and combined gross fiscal deficit of central and states is placed at 8.2 per cent of GDP in 2011-12, both revised upwards from the last survey (**Table 4**).
- The forecasters expect repo rate to be at 8.50 per cent in end-March 2011-12, which is same as expected in the last survey (**Table 5**).

Table 4: Median Forecast for Fiscal Deficit*

	2011-12	2012-13
Combined Gross Fiscal Deficit	8.2 (+0.1)	7.8 (+0.4)
Central Govt. Fiscal Deficit	5.7 (+0.4)	5.2 (+0.3)

Table 5: Median Forecast for Policy Rates*

End Period	2011-12	2012-13
Repo	8.50 (0.0)	7.50 (0.0)
CRR	6.00 (0.0)	5.50 (-0.50)

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

- Both Exports and Imports growth have been revised downwards from last round survey. Exports are projected to grow at 17.5 per cent and Imports are predicted to grow by 20.6 per cent in 2011-12. Net surplus under invisibles is placed at US\$ 102.0 billion in 2011-12, which is revised upwards from the last survey (**Table 6**).

Table 6: Median Forecasts for External Sector

	2011-12	2012-13
Overall BoP (in US \$ bn.)	7.5	5.8
Export (in US \$ bn.)	290.6	331.2
Export (growth rate in %)	17.5	14.3
Import (in US \$ bn.)	454.8	520.0
Import (growth rate in %)	20.6	14.4
Trade Balance (% of GDP)	-8.7	-8.6
Invisible Balance (US \$ bn)	102.0	113.0
Current Account Balance (US \$ bn)	-63.9	-68.0
Capital Account Balance (US \$ bn)	63.6	74.1

2. Quarterly Forecasts:

- The real GDP growth in the third quarter of 2011-12 is projected at 6.7 per cent, showing a downward revision from 7.7 per cent in the last survey. Median forecasts for the third quarter of 2011-12 for real GDP originating from agriculture, industry and services sectors are projected to be 3.3 per cent, 2.7 per cent and 8.9 per cent, respectively. The forecast has been revised upwards from 2.7 per cent for agriculture sector. For industry and services sectors, the forecast is revised downwards from 7.1 per cent and 9.2 per cent, respectively, in the last survey. There is a significant downward revision in Index of Industrial Production growth forecast in the third quarter of 2011-12 to 1.5 per cent, from 5.8 per cent in the last survey (**Table 7**).

Table 7: Median Forecasts for Quarterly GDP and IIP

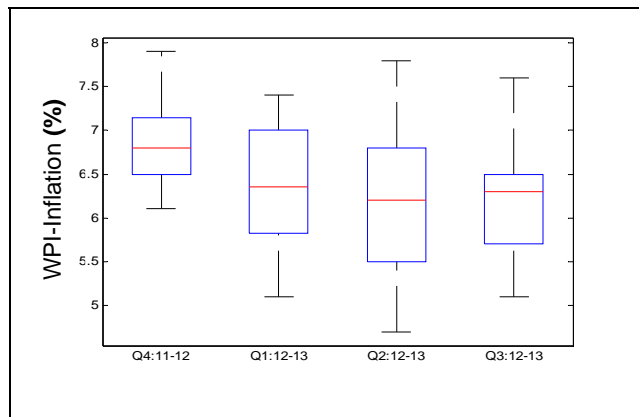
Growth Rate in %	Q3: 11-12	Q4:11-12	Q1: 12-13	Q2: 12-13	Q3: 12-13
Overall GDP	6.7	7.0	6.8	7.1	7.3
Agri. & Allied Act.	3.3	3.5	3.0	3.2	3.3
Industry	2.7	3.8	4.4	5.1	5.8
Services	8.9	8.5	8.5	8.7	8.8
IIP	1.5	2.7	4.8	5.8	6.8

- Forecasters' median estimate for average WPI inflation in the fourth quarter of 2011-12 is at 6.8 per cent, which has been revised downwards from the last survey. For the first quarter of 2012-13, WPI-inflation forecast is 6.4 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
Q4:11-12	6.8	6.4	8.2
Q1:12-13	6.4	5.9	8.4
Q2:12-13	6.2	5.8	7.8
Q3:12-13	6.3	5.6	7.4

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, which is same as the last survey. For the next ten years (2012-2021), the GDP is expected to grow at 8.4 per cent, which is revised upwards from the last survey (**Table 9**). Over the next five years, WPI inflation is expected to be 6.0 per cent, same as 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 5.9 per cent, revised marginally downwards from 6.0 per cent in last survey. CPI-IW inflation is revised upwards to 6.5 per cent from 6.2 per cent over the next ten years.

Table 9: Long Term Median Forecasts for Growth and Inflation

Growth rate in %	Next Five Years	Next Ten Years
Real GDP	8.0	8.4
WPI	6.0	5.9
CPI-IW	7.0	6.5

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)	7.0	7.0	7.2	6.6	8.5 [#]
a	Agriculture & Allied Activities	3.5	3.4	5.9	2.8	6.6 [#]
b	Industry	4.2	4.1	5.5	2.4	7.8 [#]
c	Services	8.9	9.0	9.4	8.0	9.2 [#]
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	15.6	15.8	18.0	13.0	19.1 [#]
3	Gross Domestic Saving (per cent of GDP at current market price)	33.1	33.0	34.0	32.1	
	of which Private Corporate Sector	8.0	8.0	8.5	7.5	
4	Gross Fixed Capital Formation (per cent of GDP at current market price)	29.9	28.7	35.5	27.9	29.5 [#]
5	Money Supply (M3) (growth rate in per cent)	15.9	16.0	17.0	14.0	16.0
6	Bank Credit (growth rate in per cent)	17.2	17.0	19.0	15.1	21.5
7	Combined Gross Fiscal Deficit (per cent of GDP)	8.4	8.2	12.0	6.8	7.7 [#]
8	Central Govt. Fiscal Deficit (per cent of GDP)	5.8	5.7	8.0	5.2	5.1 [#]
9	Corporate profit after tax (growth rate in per cent)	8.6	8.0	12.0	5.1	7.6
10	Repo (end period)	8.50	8.50	8.50	6.50	6.75
11	Reverse Repo (end period)	7.50	7.50	7.50	5.50	5.75
12	CRR (end period)	6.00	6.00	6.00	5.00	6.00
13	INR/ 1USD (RBI reference rate-end period)	51.50	52.00	55.25	48.00	44.65
14	T-Bill 91 days Yield (Weighted average cut-off yield)	8.27	8.19	8.70	8.00	8.2
15	10 year Govt. Securities Yield (per cent-average)	8.33	8.33	8.60	8.00	8.4
16	Overall Balance (in US \$ bn.)	8.0	7.5	13.6	2.1	13.1 [@]
17	Export (in US \$ bn.)	289.4	290.6	304.0	268.0	250.5 [@]
18	Export (growth rate in percent)	16.2	17.5	22.6	7.0	37.4 [@]
	Import (in US \$ bn.)	451.0	454.8	479.0	405.0	380.9 [@]
19	Import (Growth rate in percent)	19.6	20.6	27.8	6.3	26.7 [@]
	Trade Balance (% of GDP)	-8.8	-8.7	-6.4	-15.5	-7.6 [@]
20	Invisible Balance (US \$ bn)	97.4	102.0	112.0	67.0	86.2 [@]
21	Current Account Balance (US \$ bn)	-65.8	-63.9	-56.0	-91.3	-44.2 [@]
22	Current Account Balance (% of GDP)	-6.4	-3.4	-2.9	-67.4	-2.6 [@]
23	Capital Account Balance (US \$ bn)	62.9	63.6	80.0	49.2	59.7 [@]
24	Capital Account Balance (% of GDP)	6.9	3.5	64.9	2.5	3.5 [@]

#: 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)	7.1	7.3	8.0	6.1
a	Agriculture & Allied Activities	3.1	3.0	4.4	0.8
b	Industry	5.7	5.8	7.5	3.7
c	Services	8.7	8.8	9.4	7.5
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	14.6	14.7	18.5	11.6
3	Gross Domestic Saving (per cent of GDP at current market price)	33.8	33.5	35.0	32.7
	of which Private Corporate Sector	8.5	9.0	9.0	8.0
4	Gross Fixed Capital Formation (per cent of GDP at current market price)	30.6	30.0	36.0	27.8
5	Money Supply (M3) (growth rate in per cent)	16.3	16.0	18.5	15.0
6	Bank Credit (growth rate in per cent)	17.8	18.0	19.5	16.0
7	Combined Gross Fiscal Deficit (per cent of GDP)	7.9	7.8	11.0	6.5
8	Central Govt. Fiscal Deficit (per cent of GDP)	5.2	5.2	6.0	4.4
9	Corporate profit after tax (growth rate in per cent)	10.0	10.0	17.5	4.5
10	Repo (end period)	7.50	7.50	8.00	6.00
11	Reverse Repo (end period)	6.50	6.50	7.00	5.00
12	CRR (end period)	5.50	5.50	6.00	4.00
13	INR/ 1USD (RBI reference rate-end period)	48.33	48.00	50.00	46.00
14	T-Bill 91 days Yield (per cent-end period)	7.48	7.50	8.00	7.00
15	10 year Govt. Securities Yield (per cent-end period)	7.88	7.95	8.25	7.30
16	Overall Balance (in US \$ bn.)	8.8	5.8	26.9	1.0
17	Export (in US \$ bn.)	332.7	331.2	389.6	306.0
18	Export (growth rate in percent)	14.8	14.3	30.1	5.2
	Import (in US \$ bn.)	516.0	520.0	592.3	457.7
19	Import (Growth rate in percent)	14.3	14.4	27.2	4.3
	Trade Balance (% of GDP)	-8.4	-8.6	-6.5	-9.7
20	Invisible Balance (US \$ bn.)	114.0	113.0	155.0	84.0
21	Current Account Balance (US \$ bn)	-66.4	-68.0	-40.0	-82.0
22	Current Account Balance (Growth in per cent)	-3.1	-3.1	-2.5	-3.6
23	Capital Account Balance (US \$ bn)	74.5	74.1	94.0	59.0
24	Capital Account Balance (Growth in per cent)	3.4	3.5	3.8	2.8

Table A.3: Quarterly Forecasts Q3: 2011-12 to Q3: 2012-13

Key Macroeconomic Indicators	Quarterly Forecasts									
	Q2:11-12	Q3:11-12				Q4:11-12				
	Actuals	Mean	Median	Max	Min	Mean	Median	Max	Min	
Real GDP growth rate at factor cost (per cent)	6.9	6.6	6.7	7.5	5.4	6.9	7.0	7.4	6.2	
Agriculture & Allied Activities	3.2	3.7	3.3	7.3	2.0	3.9	3.5	8.3	2.0	
Industry	2.8	2.5	2.7	4.2	0.3	3.2	3.8	5.2	0.0	
Services	8.7	8.9	8.9	9.5	8.0	8.7	8.5	9.8	8.0	
IIP growth rate (per cent)	3.1	1.7	1.5	7.7	-1.5	2.9	2.7	6.7	0.0	
Private Final Consumption Expenditure (growth rate in per cent)	16.1	14.5	15.6	16.1	10.0	15.2	15.6	16.7	12.3	
Gross Fixed Capital Formation (per cent of GDP at current market price)	28.0	27.6	27.8	28.5	25.0	28.7	28.6	31.0	27.0	
Corporate profit after tax (growth rate in per cent)	-14.8	-3.1	-8.2	9.0	-10.0	3.4	7.0	11.2	-8.0	
INR/ 1USD (RBI reference rate- end period)	48.9	52.7	53.0	53.3	51.0	51.7	52.0	55.3	48.0	
Repo Rate (end period)	8.25	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.00	
Reverse Repo Rate (end period)	7.25	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00	
CRR (end period)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	
BSE INDEX (end period)	16454	16652	15478	20200	15455	15617	15500	16850	14500	
Export (US \$ bn.)		66.4	66.4	73.3	60.0	70.4	73.0	75.3	62.0	
Import (US \$ bn.)		107.5	109.4	117.3	90.0	103.6	108.0	114.0	80.0	
Trade Balance (US \$ bn.)		-41.1	-42.4	-30.0	-46.9	-33.2	-34.0	-18.0	-40.4	
Oil Price(in US\$ per barrel)	108.79	105.5	107.4	108.0	100.0	108.7	108.3	120.0	100.0	

*: Indian Basket; @: Preliminary.

A.3 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts												
	Q1:12-13				Q2:12-13				Q3:12-13				
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min	
Real GDP growth rate at factor cost (per cent)	6.9	6.8	7.8	6.2	7.1	7.1	7.9	6.6	7.3	7.3	8.1	6.0	
Agriculture & Allied Activities	3.2	3.0	5.4	1.6	3.2	3.2	5.2	1.5	3.3	3.3	5.2	0.0	
Industry	4.6	4.4	7.0	3.0	5.5	5.1	7.2	3.4	6.0	5.8	8.5	3.6	
Services	8.6	8.5	9.4	7.8	8.5	8.7	9.1	7.8	8.8	8.8	9.6	7.8	
IIP growth rate (per cent)	4.7	4.8	6.5	3.0	5.7	5.8	7.2	3.8	6.2	6.8	7.9	4.0	
Private Final Consumption Expenditure (growth rate in per cent)	15.0	15.1	17.5	12.1	14.9	15.8	18.0	11.0	14.5	14.5	18.2	11.6	
Gross Fixed Capital Formation (per cent of GDP at current market price)	28.9	28.2	30.5	27.8	29.1	28.8	31.5	27.0	29.1	29.2	32.0	27.0	
Corporate profit after tax (growth rate in per cent)	0.0	0.0	8.0	-8.0	2.0	2.0	9.0	-5.0	5.0	5.0	12.0	-2.0	
INR/ 1USD (RBI reference rate- end period)	50.7	50.8	53.0	47.8	49.9	49.3	52.7	47.4	49.2	49.0	52.7	46.0	
Repo Rate (end period)	8.00	8.00	8.50	7.50	8.00	8.00	8.50	7.00	7.50	7.50	8.25	7.00	
Reverse Repo Rate (end period)	7.00	7.00	7.50	6.50	7.00	7.00	7.50	6.00	6.50	6.50	7.50	6.00	
CRR (end period)	6.00	6.00	6.00	5.00	5.50	5.50	6.00	4.50	5.50	5.50	6.00	4.50	
BSE INDEX (end period)	15667	16000	16500	14500	15667	15500	17000	14500	15833	15000	17500	15000	
Export (US \$ bn.)	76.9	76.0	85.7	70.0	80.1	75.9	91.7	74.6	79.9	76.7	101.7	70.2	
Import (US \$ bn.)	115.0	110.0	129.6	105.0	124.1	119.0	147.7	115.0	128.4	119.0	161.4	117.9	
Trade Balance (US \$ bn.)	-40.0	-43.8	-31.4	-45.8	-43.9	-40.2	-35.5	-56.0	-48.4	-47.0	-41.8	-59.7	
Oil Price(in US\$ per barrel)	106.9	110.0	112.0	100.0	106.9	105.0	115.0	100.0	105.0	100.0	115.0	95.0	

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
Q4:11-12	6.8	6.8	7.9	6.1	6.4	6.4	7.4	5.2	8.1	8.2	8.5	7.2
Q1:12-13	6.3	6.4	7.4	5.1	5.7	5.9	7.1	4.3	8.2	8.4	9.3	7.0
Q2:12-13	6.2	6.2	7.8	4.7	5.6	5.8	7.2	4.3	7.9	7.8	10.0	6.5
Q3:12-13	6.2	6.3	7.6	5.1	5.6	5.6	7.5	4.3	7.2	7.4	8.0	6.5

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	0.1
4.5 to 4.9 per cent	0.0	0.2
5 to 5.4 per cent	0.3	0.3
5.5 to 5.9 per cent	0.4	2.3
6 to 6.4 per cent	7.1	10.7
6.5 to 6.9 per cent	35.8	24.3
7 to 7.4 per cent	44.2	32.2
7.5 to 7.9 per cent	9.1	15.7
8 to 8.4 per cent	2.4	12.4
8.5 to 8.9 per cent	0.4	1.2
9 to 9.4 per cent	0.3	0.3
9.5 to 9.9 per cent	0.1	0.2
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	0.1
2 to 2.9 per cent	0.0	0.1
3 to 3.9 per cent	0.2	0.8
4 to 4.9 per cent	0.4	8.0
5 to 5.9 per cent	4.5	23.5
6 to 6.9 per cent	36.4	38.5
7 to 7.9 per cent	34.6	22.9
8 to 8.9 per cent	12.9	4.9
9 to 9.9 per cent	10.3	0.5
10 to 10.9 per cent	0.3	0.3
11 to 11.9 per cent	0.2	0.2
12 to 12.9 per cent	0.1	0.1
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	7.0	4.5	6.0	Minimum	7.3	4.5	5.0
Lower Quartile	7.8	6.0	6.7	Lower Quartile	8.0	5.2	6.0
Median	8.0	6.0	7.0	Median	8.4	5.9	6.5
Upper Quartile	8.3	6.5	7.5	Upper Quartile	8.6	6.0	6.9
Maximum	9.5	7.0	8.0	Maximum	10.5	6.5	7.0
Mean	8.1	6.1	7.1	Mean	8.4	5.7	6.3
S.D	0.6	0.7	0.6	S.D	0.8	0.6	0.7