

Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 33¹

The Reserve Bank has been conducting the Survey of Professional Forecasters since 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.**

Twenty seven professional forecasters participated in the latest survey round (Round 33) conducted in March 2015. The results of the survey in tabular form are presented in the Annex.

Highlights

1. Annual Forecasts[^]

- Forecasters expect real Gross Value Added at basic price* (GVA) to increase by 7.5 per cent in 2014-15. 'Agriculture & Allied Activities' and 'Services' are expected to grow by 1.1 per cent and 10.6 per cent, respectively. 'Industry' growth forecast has been placed at 5.9 per cent (**Table 1**).
- In 2015-16, GVA is expected to increase by 7.9 per cent, led by growth in 'Services' by 10.1 per cent.
- In terms of subjective probabilities assigned to growth projections, forecasters ascribed maximum 57 per cent chance that GVA growth in 2014-15 will be in the range of 7.0-7.4 per cent, and another 27 per cent probability that it will be in the range of 7.5-7.9 per cent (**Chart 1**). For the year 2015-16, GVA growth in 7.5-7.9 per cent range is the most probable outcome.

Table 1: Median Forecast of Real GVA (Growth Rate) for 2014-15 and 2015-16			Chart 1: Mean Probability Pattern of GVA Growth Forecast for 2014-15 and 2015-16	
	2014-15	2015-16		
Real GVA	7.5	7.9		
Agriculture and Allied Activities	1.1	3.4		
Industry	5.9	6.3		
Services	10.6	10.1		
Note: Growth rates are in per cent.				

¹ The results for the previous survey round were released on [February 3, 2015](#) on the RBI website. 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.

[^] : Median of forecasts of the respondents.

* : Forecasts relate to the new series of GDP with base 2011-12, released by the Central Statistics Office, Government of India. Accordingly, the same has been incorporated from the current round of the survey.

- Private final consumption expenditure at current prices is expected to increase by 12.9 per cent in 2014-15 and further by 13.0 per cent in 2015-16 (**Table 2**).
- Gross Saving rate is projected at 30.0 per cent of Gross National Disposable Income (GNDI) in 2014-15 and is expected to improve to 31.0 per cent of GNDI in 2015-16 (**Table 2**).
- Forecasters expect Gross Fixed Capital Formation rate at 28.6 per cent of GDP in 2014-15 and 29.3 per cent of GDP in 2015-16 (**Table 2**).

Table 2: Median Forecast of PFCE and Capital Formation		
	2014-15	2015-16
Private final consumption expenditure	12.9	13.0
Gross Saving Rate (per cent of GNDI)	30.0	31.0
Gross Fixed Capital Formation Rate (per cent of GDP)	28.6	29.3

- Both money supply and bank credit growth expectations declined in this round. While money supply (M_3) is expected to increase by 12.3 per cent in 2014-15 and further by 13.5 per cent in 2015-16, bank credit is expected to expand by 12.0 per cent in 2014-15 and further by 14.0 per cent in 2015-16 (**Table 3**).

Table 3: Median Forecasts for Select Monetary, Banking and Financial Market Variables		
	2014-15	2015-16
Money Supply (M_3)	12.3 (-0.9)	13.5 (-0.5)
Bank Credit	12.0 (-1.9)	14.0 (-1.0)
Note: Figures in parentheses are change in forecasts from the previous survey round		

- Central Government's gross fiscal deficit (GFD) is projected at 4.1 per cent of GDP in 2014-15 and is expected to moderate to 3.9 per cent of GDP in 2015-16. The combined GFD of Central and State Governments is projected at 6.5 per cent of GDP in 2014-15 and is expected to improve to 6.3 per cent of GDP in 2015-16 (**Table 4**).

Table 4: Median Forecast of Fiscal Deficit		
	2014-15	2015-16
Central Government Gross Fiscal Deficit (per cent of GDP)	4.1 (0.0)	3.9 (+0.1)
Combined Gross Fiscal Deficit (per cent of GDP)	6.5 (-0.1)	6.3 (+0.3)

- Merchandise Exports growth is likely to be 2.0 per cent in 2014-15, a 250 bps downward revision from 4.5 per cent in the previous round. Growth of merchandise exports is expected to improve to 3.4 per cent in 2015-16 (**Table 5**).

- Current Account Deficit is projected at 1.2 per cent and 1.0 per cent (of GDP) in 2014-15 and 2015-16, respectively. Capital Account Balance is expected at 3.5 per cent of GDP for 2014-15 (**Table 5**).

Table 5: Median Forecasts for Select External Sector Variables		
	2014-15	2015-16
Merchandise Exports (growth rate in per cent)	2.0 (-2.5)	3.4 (-3.8)
Merchandise Imports (growth rate in per cent)	0.3 (-3.1)	2.0 (-4.4)
Current Account Balance (per cent of GDP)	-1.2 (+0.4)	-1.0 (+0.8)
Capital Account Balance (per cent of GDP)	3.5 (+0.1)	2.9 (-0.2)

2. Quarterly Forecasts

- Real GVA growth is expected to improve gradually from Q4: 2014-15 to Q4:2015-16 and is likely to increase at over 7.5 per cent. Services sector is expected to increase by around 10.0 per cent till Q4: 2015-16 (**Table 6**).

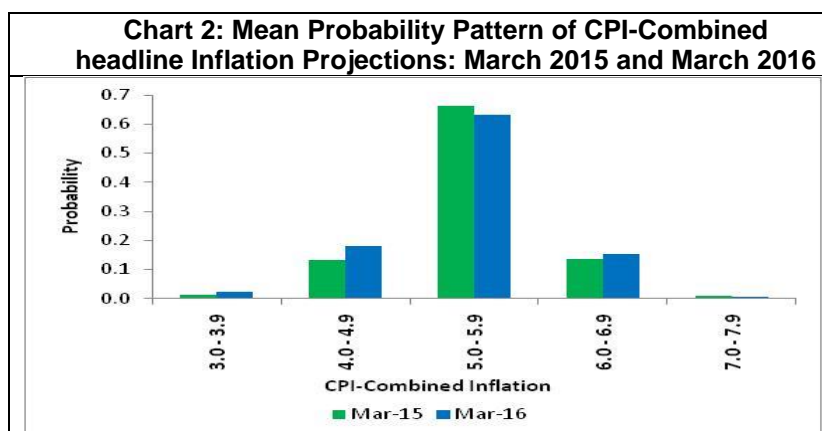
Table 6: Median Forecast of Real GVA growth from Q4:2014-15 to Q4:2015-16					
	Q4:14-15	Q1:15-16	Q2:15-16	Q3:15-16	Q4:15-16
Real GVA at basic prices	7.5	7.5	7.9	7.7	8.1
Agriculture and Allied Activities	0.4	2.2	3.1	3.5	3.4
Industry	6.0	5.5	6.0	6.7	6.7
Services	10.4	10.0	10.0	9.9	10.2

- Headline CPI (Combined) inflation[#] is expected to increase from 5.2 per cent in Q1:2015-16 to 5.8 per cent in Q4:2015-16 (**Table 7**).
- In line with the headline inflation, the forecasters expects core CPI (defined as excluding food and fuel) to increase gradually from 4.2 per cent in Q1:2015-16 to 5.2 per cent in Q4:2015-16 (**Table 7**).
- WPI inflation is expected at (-)0.3 per cent in Q1:2015-16, which is likely to increase to 3.0 per cent in Q4:2015-16 (**Table 7**).

[#] :Forecasts relate to the new CPI series with base 2012, released by the Central Statistics Office, Government of India and the same has been incorporated from the current round of the survey.

Table 7: Median Forecast of Inflation from Q4:2014-15 to Q4:2015-16					
	Q4:14-15	Q1:15-16	Q2:15-16	Q3:15-16	Q4:15-16
CPI (Combined) headline	5.3	5.2	5.1	5.6	5.8
Core CPI (Combined) (excluding food & fuel)	4.1	4.2	4.3	5.0	5.2
WPI headline	-1.1	-0.3	1.0	2.4	3.0

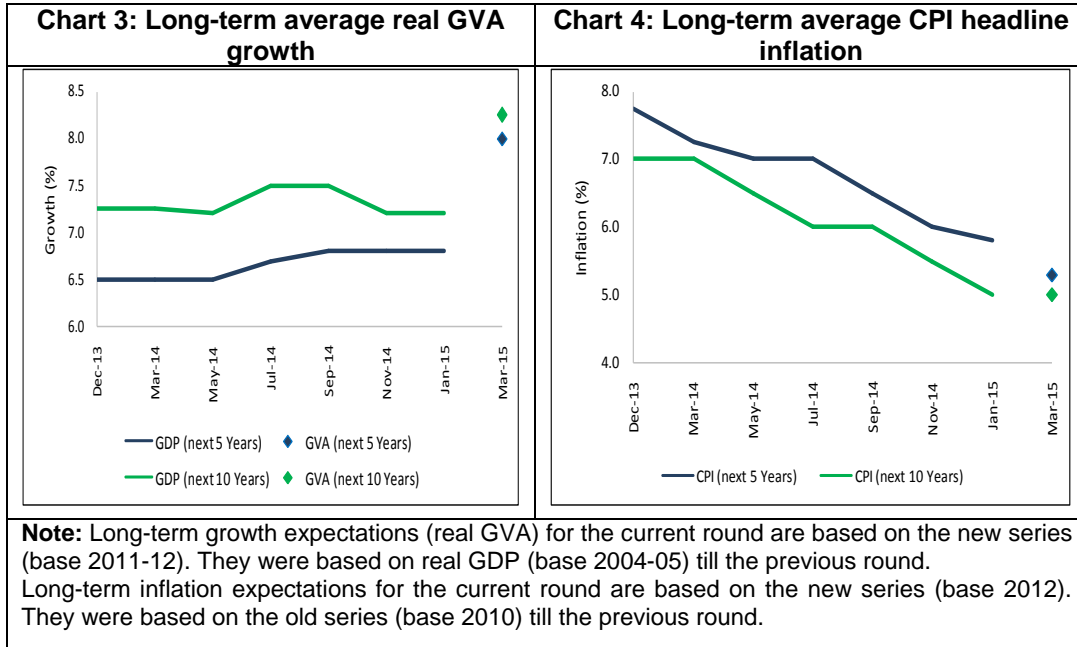
- Forecasters assigned maximum probability of 66 per cent that CPI headline inflation will be in the range 5.0-5.9 per cent in March 2015 (**Chart 2**). Similarly, for March 2016, the forecasters assigned maximum probability of 63 per cent that CPI inflation will be in the range of 5.0-5.9 per cent.



- The Indian Rupee is expected to remain stable against the US Dollar within the range of ₹ 63.00 per US\$ to ₹ 64.00 per US\$ during the year 2015-16 (**Annex Table A.3**).

3. Long Term Forecasts

- Over the next five and ten years, real GVA growth is expected at 8.0 per cent and 8.25 per cent, respectively (**Chart 3**).
- The average CPI inflation forecast for the next five and ten years are expected at 5.3 per cent and 5.0 per cent, respectively (**Chart 4**). Over the next five and ten years, WPI headline inflation is expected at 4.0 per cent and 3.75 per cent, respectively.



Annex

Table A.1: Annual Forecasts for 2014-15

Key Macroeconomic Indicators		Annual Forecasts for 2014-15			
		Mean	Median	Max	Min
1	Real GVA at basic prices (growth rate in per cent)	7.4	7.5	8.1	6.5
a	Agriculture & Allied Activities (growth rate in per cent)	1.4	1.1	3.5	1.0
b	Industry (growth rate in per cent)	5.8	5.9	8.4	3.5
c	Services (growth rate in per cent)	10.1	10.6	10.8	7.9
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.2	12.9	16.7	10.3
3	Gross Saving (per cent of Gross National Disposable Income)	30.2	30.0	31.1	27.9
4	Gross Fixed Capital Formation (per cent of GDP)	29.3	28.6	31.5	28.0
5	Money Supply (M3) (growth rate in per cent)	12.8	12.3	16.0	10.6
6	Bank Credit of Scheduled Commercial banks (growth rate in per cent)	12.2	12.0	15.0	10.5
7	Combined Gross Fiscal Deficit (per cent of GDP)	6.5	6.5	7.0	6.1
8	Central Government Gross Fiscal Deficit (per cent of GDP)	4.1	4.1	4.3	3.9
9	Repo Rate(end period)	7.5	7.5	7.5	7.0
10	CRR (end period)	4.0	4.0	4.0	3.5
11	Yield of 91-Days Treasury Bills (end period)	8.0	8.2	8.5	7.0
12	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	7.8	7.8	8.7	7.3
13	Overall Balance of Payments (in US \$ bn.)	45.9	49.6	68.1	4.5
14	Merchandise Exports (in US \$ bn.)	323.1	323.5	334.0	305.0
15	Merchandise Exports (growth rate in per cent)	1.9	2.0	8.0	-4.3
16	Merchandise Imports (in US \$ bn.)	463.7	466.7	480.4	440.0
17	Merchandise Imports (growth rate in percent)	0.3	0.3	10.0	-5.6
18	Merchandise Trade Balance (per cent of GDP)	-6.9	-6.9	-6.3	-8.4
19	Net Invisible Balance (in US \$ bn.)	115.6	115.8	122.1	110.0
20	Current Account Balance (in US \$ bn.)	-25.3	-25.0	-17.9	-32.5
21	Current Account Balance (per cent of GDP)	-1.3	-1.2	-0.9	-2.0
22	Capital Account Balance (in US \$ bn.)	71.3	76.3	98.7	36.6
23	Capital Account Balance (per cent of GDP)	3.3	3.5	4.6	2.0

Table A.2: Annual Forecasts for 2015-16

Key Macroeconomic Indicators		Annual Forecasts for 2015-16			
		Mean	Median	Max	Min
1	Real GVA at basic prices (growth rate in per cent)	7.9	7.9	8.4	7.1
a	Agriculture & Allied Activities (growth rate in per cent)	3.0	3.4	4.0	0.8
b	Industry (growth rate in per cent)	6.5	6.3	9.1	5.4
c	Services (growth rate in per cent)	10.0	10.1	11.2	8.7
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.3	13.0	18.0	11.0
3	Gross Saving (per cent of Gross National Disposable Income)	30.9	31.0	32.5	28.1
4	Gross Fixed Capital Formation (per cent of GDP)	29.7	29.3	32.0	27.3
5	Money Supply (M3) (growth rate in per cent)	13.9	13.5	17.0	11.5
6	Bank Credit of Scheduled Commercial banks (growth rate in per cent)	14.1	14.0	16.0	11.6
7	Combined Gross Fiscal Deficit (per cent of GDP)	6.2	6.3	6.8	5.7
8	Central Government Gross Fiscal Deficit (per cent of GDP)	3.8	3.9	4.0	3.5
9	Repo Rate(end period)	7.0	7.0	7.5	6.5
10	CRR (end period)	3.9	4.0	4.0	3.3
11	Yield of 91-Days Treasury Bills (end period)	7.6	7.5	8.0	7.0
12	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	7.3	7.3	8.3	6.8
13	Overall Balance of Payments (in US \$ bn.)	48.2	49.4	78.9	5.0
14	Merchandise Exports (in US \$ bn.)	344.9	339.9	478.2	313.0
15	Merchandise Exports (growth rate in per cent)	4.8	3.4	27.0	-1.2
16	Merchandise Imports (in US \$ bn.)	477.6	478.2	568.0	443.1
17	Merchandise Imports (growth rate in per cent)	2.8	2.0	21.0	-3.0
18	Merchandise Trade Balance (per cent of GDP)	-6.2	-6.3	-4.2	-7.3
19	Net Invisible Balance (in US \$ bn.)	119.2	119.2	130.0	110.0
20	Current Account Balance (in US \$ bn.)	-22.1	-20.0	-1.1	-54.0
21	Current Account Balance (per cent of GDP)	-1.1	-1.0	-0.1	-2.2
22	Capital Account Balance (in US \$ bn.)	67.3	66.5	83.1	40.0
23	Capital Account Balance (per cent of GDP)	2.9	2.9	4.0	1.9

Table A.3: Quarterly Forecasts from Q4:2014-15 to Q4:2015-16

	Key Macroeconomic Indicators	Quarterly Forecasts							
		Q4: 2014-15				Q1: 2015-16			
		Mean	Median	Max	Min	Mean	Median	Max	Min
1	Real GVA at basic prices (growth rate in per cent)	7.4	7.5	7.8	6.8	7.6	7.5	8.2	7.1
a	Agriculture & Allied Activities (growth rate in per cent)	0.3	0.4	2.5	-1.5	2.1	2.2	4.0	-0.1
b	Industry (growth rate in per cent)	6.5	6.0	8.9	4.5	5.8	5.5	9.1	4.5
c	Services (growth rate in per cent)	10.3	10.4	12.8	8.9	10.1	10.0	13.0	8.7
2	Index of Industrial Production(growth rate in per cent)	2.5	2.5	4.5	0.8	2.9	2.9	5.3	1.0
3	Private Final Consumption Expenditure (growth rate in per cent)	12.4	11.7	17.8	7.6	11.3	11.3	12.6	10.2
4	Gross Fixed Capital Formation (per cent of GDP)	28.7	28.7	29.9	28.0	29.1	29.1	30.0	28.0
5	₹ per U.S. Dollar (RBI reference rate-end period)	62.59	62.50	63.30	61.60	63.24	63.00	65.00	62.00
6	Repo Rate (end period)	7.50	7.50	7.50	7.50	7.33	7.25	7.50	7.25
7	CRR (end period)	4.00	4.00	4.00	4.00	3.96	4.00	4.00	3.50
8	Merchandise Export (in US\$ bn.)	75.2	74.4	86.0	64.0	77.6	78.0	83.0	68.0
9	Merchandise Import (in US\$ bn.)	104.6	104.4	122.0	89.1	107.3	108.7	118.1	92.0
10	Indian Crude Oil basket Price (in US\$ per barrel)	53.2	53.0	58.0	46.0	56.0	56.0	60.0	53.0

	Key Macroeconomic Indicators	Quarterly Forecasts											
		Q2: 2015-16				Q3: 2015-16				Q4: 2015-16			
		Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
1	Real GVA at basic prices (growth rate in per cent)	8.0	7.9	8.7	7.2	7.8	7.7	8.6	6.9	8.0	8.1	8.7	7.0
a	Agriculture & Allied Activities (growth rate in per cent)	3.0	3.1	4.4	1.1	3.5	3.5	5.0	0.6	3.3	3.4	4.5	1.4
b	Industry (growth rate in per cent)	6.2	6.0	9.2	5.3	6.8	6.7	9.0	5.6	6.6	6.7	9.0	5.3
c	Services (growth rate in per cent)	10.2	10.0	13.2	9.3	10.0	9.9	13.2	7.6	10.1	10.2	11.7	7.5
2	Index of Industrial Production(growth rate in per cent)	3.9	3.4	6.1	1.5	4.8	4.3	7.8	2.2	4.5	4.5	7.9	2.5
3	Private Final Consumption Expenditure (growth rate in per cent)	12.1	12.2	12.5	11.6	13.3	13.2	13.8	13.0	13.7	13.8	14.1	13.0
4	Gross Fixed Capital Formation (per cent of GDP)	29.4	28.9	31.5	28.5	29.0	28.5	31.2	27.9	29.7	29.5	31.5	28.5
5	₹ per U.S. Dollar (RBI reference rate-end period)	63.48	63.50	66.50	61.00	63.45	63.50	65.50	60.00	63.28	64.00	66.00	59.00
6	Repo Rate (end period)	7.19	7.25	7.50	7.00	7.12	7.00	7.50	6.75	7.09	7.00	7.50	6.50
7	CRR (end period)	3.93	4.00	4.00	3.00	3.93	4.00	4.00	3.00	3.96	4.00	4.00	3.50
8	Merchandise Export (in US\$ bn.)	83.0	82.7	93.5	76.0	82.5	81.2	90.6	77.5	85.1	85.0	92.0	75.6
9	Merchandise Import (in US\$ bn.)	116.9	116.4	135.6	100.0	121.6	121.0	136.5	111.0	121.5	120.5	138.0	101.4
10	Indian Crude Oil basket Price (in US\$ per barrel)	56.6	58.0	60.0	53.0	59.2	60.0	62.0	55.0	61.9	62.0	65.0	60.0

	CPI Combined Headline				Core CPI Combined (excluding food & fuel)			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q4:2014-15	5.2	5.3	5.5	4.9	4.2	4.1	5.1	3.8
Q1:2015-16	5.3	5.2	5.8	4.8	4.2	4.2	5.5	3.5
Q2:2015-16	5.0	5.1	6.3	3.8	4.4	4.3	5.5	3.9
Q3:2015-16	5.5	5.6	6.2	4.8	4.9	5.0	5.5	4.1
Q4:2015-16	5.7	5.8	6.0	5.0	5.2	5.2	6.0	4.1

	WPI Headline				WPI-Manufactured Products			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q4:2014-15	-0.6	-1.1	1.5	-1.8	0.6	0.6	0.8	0.5
Q1:2015-16	-0.5	-0.3	1.6	-3.0	0.7	0.7	1.3	-0.1
Q2:2015-16	0.3	1.0	2.9	-2.5	1.1	1.0	2.4	-0.2
Q3:2015-16	1.9	2.4	5.4	-1.1	2.2	1.8	4.3	0.7
Q4:2015-16	3.1	3.0	6.7	-1.9	2.9	2.5	5.8	1.8

Table A.6: Mean probabilities attached to possible outcomes of real GVA growth

Growth Range	Forecasts for 2014-15	Forecasts for 2015-16
Below 2.0 per cent	0	0
2.0 to 2.4 per cent	0	0
2.5 to 2.9 per cent	0	0
3.0 to 3.4 per cent	0	0
3.5 to 3.9 per cent	0	0
4.0 to 4.4 per cent	0	0
4.5 to 4.9 per cent	0	0
5.0 to 5.4 per cent	0.03	0
5.5 to 5.9 per cent	0.01	0
6.0 to 6.4 per cent	0.01	0
6.5 to 6.9 per cent	0.09	0.02
7.0 to 7.4 per cent	0.57	0.13
7.5 to 7.9 per cent	0.27	0.44
8.0 to 8.4 per cent	0.02	0.36
8.5 to 8.9 per cent	0	0.04
9.0 to 9.4 per cent	0	0
9.5 to 9.9 per cent	0	0
10.0 per cent or more	0	0

Table A.7: Mean probabilities attached to possible outcomes of CPI Combined inflation

Inflation Range	Forecasts for March 2015	Forecasts for March 2016
Below 0 per cent	0	0
0 to 0.9 per cent	0	0
1.0 to 1.9 per cent	0	0
2.0 to 2.9 per cent	0	0
3.0 to 3.9 per cent	0.01	0.02
4.0 to 4.9 per cent	0.13	0.18
5.0 to 5.9 per cent	0.66	0.63
6.0 to 6.9 per cent	0.14	0.15
7.0 to 7.9 per cent	0.01	0.01
8.0 to 8.9 per cent	0.00	0
9.0 to 9.9 per cent	0.03	0
10.0 to 10.9 per cent	0.01	0
11.0 to 11.9 per cent	0	0
12.0 to 12.9 per cent	0	0
13.0 to 13.9 per cent	0	0
14.0 per cent or above	0	0

Table A.8: Mean probabilities attached to possible outcomes of WPI inflation

Inflation Range	Forecasts for March 2015	Forecasts for March 2016
Below 0 per cent	0.51	0.03
0 to 0.9 per cent	0.16	0.08
1.0 to 1.9 per cent	0.13	0.11
2.0 to 2.9 per cent	0.18	0.27
3.0 to 3.9 per cent	0.01	0.33
4.0 to 4.9 per cent	0	0.15
5.0 to 5.9 per cent	0	0.03
6.0 to 6.9 per cent	0	0
7.0 to 7.9 per cent	0	0
8.0 to 8.9 per cent	0	0
9.0 to 9.9 per cent	0	0
10.0 to 10.9 per cent	0	0
11.0 to 11.9 per cent	0	0
12.0 to 12.9 per cent	0	0
13.0 to 13.9 per cent	0	0
14.0 per cent or above	0	0

Table A.9: Annual Average Percentage Change

	Annual average percentage change over the next five years				Annual average percentage change over the next ten years			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GVA	8.1	8.0	10.0	7.0	8.2	8.25	10.0	7.0
CPI Combined	5.2	5.3	6.2	4.0	4.9	5.0	6.4	3.5
WPI	3.7	4.0	5.5	1.0	3.7	3.75	5.5	1.0