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MONETARY POLICY STATEMENT
FOR 2013-14

Mid-Quarter Monetary Policy Review: December 2013

Mid-Quarter Monetary Policy Review: December 2013

Monetary and Liquidity Measures

On the basis of an assessment of the current and evolving macroeconomic situation, it has been decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 7.75 per cent; and
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liability (NDTL).

Consequently, the reverse repo rate under the LAF will remain unchanged at 6.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 8.75 per cent.

Assessment

The outlook for global growth continues to remain moderate, with an uneven recovery across industrial countries. Activity in major emerging market economies (EMEs) barring China has decelerated on account of weak domestic demand, notwithstanding some improvement in export performance. While volatility in financial markets has receded, it could pick up again following the inevitable taper of quantitative easing in the US, given the large dependence of EMEs on external financing.

In India, the pick-up in real GDP growth in Q2 of 2013-14, albeit modest, was driven largely by robust growth of agricultural activity, supported by an improvement in net exports. However, the weakness in industrial activity persisting into Q3, still lacklustre lead indicators of services and subdued domestic consumption demand suggest continuing headwinds to growth. Tightening government spending in Q4 to meet budget projections will add to these headwinds. In this context, the revival of stalled

investment, especially in the projects cleared by the Cabinet Committee on Investment, will be critical.

Retail inflation measured by the consumer price index (CPI) has risen unrelentingly through the year so far, pushed up by the unseasonal upturn in vegetable prices, double-digit housing inflation and elevated levels of inflation in the non-food and non-fuel categories. While vegetable prices seem to be adjusting downwards sharply in certain areas, the feed-through to much-too-high headline CPI inflation remains to be seen. Wholesale inflation has also gone up sharply from Q2 onwards, with upside pressures evident across all constituent components. High inflation at both wholesale and retail levels risks entrenching inflation expectations at unacceptably elevated levels, posing a threat to growth and financial stability. There are also signs of a resumption of high rural wage growth, suggesting second round effects that cannot be ignored. High and persistent inflation also increases the risks of exchange rate instability.

With the normalisation of exceptional monetary measures, liquidity conditions have improved, as reflected in the steady decline in the access to the MSF. Capital inflows under the Reserve Bank's swap facilities for banking capital and non-resident deposits augmented domestic liquidity significantly from the end of November. Over the first two weeks of December, banks refrained from utilising the limits under the overnight LAF repo and export credit refinance, and, in fact, excess liquidity was parked with the Reserve Bank through reverse repo. Anticipating the temporary tightness in liquidity starting from mid-December 2013 on account of advance tax payments, the Reserve Bank conducted additional 14-day term repo auction of ₹100 billion on December 13, augmenting the normal access to liquidity from the Reserve Bank to the tune of 1.5 per cent of NDTL (*i.e.*, about ₹1.2 trillion) under overnight repos, term repos, and the export credit refinance facility. The Reserve Bank also opened a refinance facility of ₹50 billion for the Small Industries Development Bank of India (SIDBI) aimed at addressing

liquidity stress faced by medium, micro and small enterprises. Liquidity is being managed with a view to ensuring that there is adequate credit flow to the productive sectors of the economy.

The narrowing of the trade deficit since June through November, on positive export growth and contraction in both oil and non-oil imports, should bring the current account deficit (CAD) down to a more sustainable level for the year as a whole. Robust inflows into the swap windows opened by the Reserve Bank during August-November have contributed significantly to rebuilding foreign exchange reserves, thus, covering possible external financing requirements and providing stability to the foreign exchange market. Looking ahead, these favourable developments should help to build resilience to external shocks.

Policy Stance and Rationale

Recent readings suggest that headline inflation, both retail and wholesale, have increased, mainly on account of food prices. While CPI and wholesale price index (WPI) inflation excluding food and fuel have been stable, despite a steady and necessary increase in administered prices towards market levels, the high level of CPI inflation excluding food and fuel leaves no room for complacency. There is, however, reason to wait before determining the course of monetary policy. There are indications that vegetable prices may be turning down sharply, although trading mark-ups could impede the full pass-through into retail inflation. In addition, the disinflationary impact of recent exchange

rate stability should play out into prices. Finally, the negative output gap, including the recent observed slowdown in services growth, as well as the lagged effects of effective monetary tightening since July, should help contain inflation.

The policy decision is a close one. Current inflation is too high. However, given the wide bands of uncertainty surrounding the short term path of inflation from its high current levels, and given the weak state of the economy, the inadvisability of overly reactive policy action, as well as the long lags with which monetary policy works, there is merit in waiting for more data to reduce uncertainty.

There are obvious risks to waiting for more data, including the possibility that tapering of quantitative easing by the US Fed may disrupt external markets and that the Reserve Bank may be perceived to be soft on inflation. The Reserve Bank will be vigilant. Even though the Reserve Bank maintains status quo today, it can help guide market expectations through a clearer description of its policy reaction function: If the expected softening of food inflation does not materialise and translate into a significant reduction in headline inflation in the next round of data releases, or if inflation excluding food and fuel does not fall, the Reserve Bank will act, including on off-policy dates if warranted, so that inflation expectations stabilise and an environment conducive to sustainable growth takes hold. The Reserve Bank's policy action on those dates will be appropriately calibrated.

SPEECHES

Financial Sector Reforms

Raghuram G. Rajan

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*Financial Sector Reforms**

Raghuram G. Rajan

The economy is stabilising, but there is no room for complacency. Some part of improvement in the Current Account Deficit (CAD) has happened due to suppressing gold imports. Not all the measures to reduce fiscal deficit are of high quality. We have considerable work to do still. At the same time the country faces elections next year. A stable government post elections, while likely, cannot be taken for granted. This implies that all parties have to work together today to ensure that any government that emerges post-election has the time to come to terms with the challenges of managing the Indian economy. Otherwise, markets and rating agencies may not be willing to cut the new government any slack.

More generally, it would be overly complacent and possibly dangerous for parties to postpone necessary legislation with the idea that they will pass bills post-election. Post-election politics may become even more challenging, whoever assumes power. Similarly, any slowdown in putting large stalled projects back on track before the elections or any fiscal slippage, will only amplify the already large challenges the new government will have to face. It will benefit the nation enormously if parliament passes key bills and if the current authorities continue to take actions to improve growth and fiscal health, including raising diesel prices to market levels and eliminating other poorly targeted subsidies.

This Conclave, however, is about the medium term. Looking to the medium term, our measure of success should be the jobs that are created: Created not by giving government subsidies or protections to labour-intensive industries or sectors but by developing a facilitating, competitive, environment that will encourage efficiency and creativity.

* Talk by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India at the Delhi Economics Conclave 2013 at Delhi on December 11, 2013.

The job agenda requires a disciplined focus on 4 issues:

- 1) We need to improve the quality of our infrastructure, especially the logistical support and power that industry and services need. Grand plans are on the anvil, such as the Delhi-Mumbai Industrial Corridor. We need to complete such projects on time, and within budget. The success of the New Delhi Metro suggests that timeliness and cost control are not foreign to the Indian psyche.
- 2) Our youth need education and training for the jobs that will be created. Some of this will be higher degrees, not just computer science but also design or civil engineering. Some of it will be appropriate vocational education that teaches them to be good plumbers and electricians rather than unemployable low-skilled engineers. In fact, teaching our citizens can be a stepping stone to teaching the world. India can be at the forefront of providing mass technology-enabled education with our professors providing appropriate human inputs to achieve the best mix of automation and customisation for learning.
- 3) We need better business regulation. This does not always mean less regulation but it means regulation that is appropriate to the objective and, that is enforced. Entrepreneurs tell me about boiler inspectors showing up at software outfits, asking for the location of the boiler. The lack of change may be sheer inertia, but it may be more sinister rent-seeking. All too often, we have too much regulation on the books and too little regulation in practice, with the worst of the regulated finding unscrupulous ways around the regulation while the honest are stymied.

Even opening a business legitimately requires an enormous number of clearances and paperwork. In the same way as we have Saral form for filing income tax, could we have a Saral one page disclosure for opening a small business, with a single authority giving all necessary permissions?

- 4) And finally, we need a better financial system, which will finance the needed infrastructure and the expansion of every producer ranging from the *kirana* shop owner to the industrialist. But finance is not only about credit. Equally important is for households to be able to save safely with positive real returns, insure themselves against health emergencies or old age costs, and borrow at low cost to finance consumption. They should be able to make remittances cheaply and pay at low cost. Importantly, the financial system should not require constant subsidies to bail it out.

In the rest of this talk, I want to focus on what we, at the Reserve Bank, are doing to improve the financial system. We plan to build the Reserve Bank's developmental measures over the next few quarters on five pillars. These are:

1. Clarifying and strengthening the monetary policy framework.
2. Strengthening banking structure through new entry, branch expansion, encouraging new varieties of banks, and moving foreign banks into better regulated organisational forms.
3. Broadening and deepening financial markets and increasing their liquidity and resilience so that they can help allocate and absorb the risks entailed in financing India's growth.
4. Expanding access to finance for small and medium enterprises, the unorganised sector, the poor, and remote and underserved areas of the country through technology, new business practices, and new organisational structures; that is, we need financial inclusion.
5. Improving the system's ability to deal with corporate distress and financial institution distress by strengthening real and financial restructuring as well as debt recovery.

Let me elaborate on each of these measures a little.

First, we are among the large countries with the highest consumer price inflation in the world, even though growth is weaker than we would like it to be. Much of the inflation is concentrated in food and services. Our households are turning to gold because they find financial investments unattractive. At the same time, many industrial corporations are complaining about high interest rates because they cannot pass through their higher costs into higher prices for their products.

We can spend a long time debating the sources of this inflation. But ultimately, inflation comes from demand exceeding supply, and it can be curtailed only by bringing both in balance. We need to reduce demand somewhat without having serious adverse effects on investment and supply. This is a balancing act, which requires the Reserve Bank to act firmly so that the economy is disinflating, even while allowing the weak economy more time than one would normally allow for it to reach a comfortable level of inflation. The weak state of the economy, the recent stability of the rupee, as well as the good *Kharif* and *Rabi* harvest this year, will generate disinflationary forces that will help, and we await data to see how these forces are playing out. No single data point or number will determine our next move.

I think the market understands what we are trying to do. But we do need a more carefully spelled out monetary policy framework than we currently have. Action on the framework will follow the submission of the Dr. Urjit Patel Committee report, which is expected to submit its report by end-December 2013.

Second, we have already announced measures to free bank branching. We also want to incentivise foreign banks to incorporate domestically, which the RBI has been planning since 2005. This will allow us to regulate them better and reduce the risks of contagion, stemming from foreign shores. This is a necessary measure to ensure the stability of our banking system. It is a measure which many other countries have embarked. Going forward, we have to give our public sector banks, which are a national asset, the means to

improve their competitiveness. Many of them have made enormous strides in the last decade – for instance, the extent to which they have digitised their operations is extremely praiseworthy – but because competition in the banking sector is likely to increase in the next few years, they cannot rest on their laurels. In the coming months, we will discuss with stakeholders in public sector banks about what needs to be done to further improve their stability, efficiency and productivity.

Third, we need to enlist markets in the aid of financial institutions. Liquid markets will help banks offload risks they should not bear, such as interest rate or exchange risk. They will also allow banks to sell assets that they have no comparative advantage in holding, such as long-term loans to completed infrastructure projects, which are better held by infrastructure funds, pension funds, and insurance companies. Liquid markets will help promoters raise equity, which is sorely needed in the Indian economy to absorb the risks that banks otherwise end up absorbing. Rather than seeing markets as being inimical to the development of the banking sector, we have to see them as complimentary.

In the coming weeks, we will roll out more measures to improve the liquidity and depth of the G-Sec market. We will then turn to money markets and corporate debt markets. We have introduced new variants of interest rate futures and products like inflation indexed certificates, and we will continue to work to improve liquidity in derivative markets. As the exchange markets became unstable, we imposed restrictions on participation in these markets. We will remove these restrictions in a calibrated fashion.

Fourth, we have to reach everyone, however remote or small, with financial services. Financial inclusion does not just mean credit for productive purposes, it means credit for paying a doctor to heal your child or to pay lumpy school or college fees. It means a safe mode of remunerated savings, and an easy way to make payments and remittances. It means

insurance and pensions. It also means financial literacy and consumer protection.

We have made great strides in inclusion, but we are still some distance from our goal. We have adopted a branch based strategy for inclusion, but it is not enough. Too many poor people in so-called 'over-branched' urban areas still do not have access to banking services. We have many experiments under way to use technology, mobile phones, new products such as mobile wallets, and new entities as business correspondents to link people up to the formal financial system. Much as with cell phones where we created a frugal Indian model, we need a frugal, trustworthy, and effective Indian model for financial inclusion. The Dr. Nachiket Mor Committee is helping us think through possible models, and I am hopeful that when we outline measures based on its recommendations, our fine banks, NBFCs, IT companies and mobile players will rise to the occasion. The key will be to encourage entities to compete to serve the customers at the bottom of the pyramid. We should tolerate their making profit but not profiteering, and we will enhance our efforts in consumer protection and consumer literacy accordingly.

And last but not the least, we have to deal better with distress: We have to ensure that the system recognises financial distress early, takes steps to resolve it, and ensures fair recovery for lenders and investors. We could wish for a more effective judicial process or a better bankruptcy system, but while we await that, we have to improve the functioning of what we have. Next week, we propose to put out a paper for discussion that will focus on putting real assets back to work in their best use. The key elements to deal with distressed borrowers will include:

- (i) Early formation of a lender committee with timelines for reaching agreement on a plan for resolution.
- (ii) Stronger incentives for lenders to agree collectively and quickly to a plan – this will involve better

regulatory treatment of stressed assets if a resolution plan is formulated and agreed to, accelerated provisioning if no agreement can be reached.

- (iii) A mandated independent evaluation of large value restructurings, with a focus on plan viability and a fair sharing of losses (and future possible upside) between promoters and creditors.
- (iv) More expensive future borrowing for wilful defaulters or uncooperative defaulters who do not work with lenders to achieve an efficient and equitable resolution of distressed assets.
- (v) More liberal regulatory treatment of asset sales and more encouragement for new entities to purchase or refinance assets.

The lesson of every period of financial stress across economies has been that early recognition and

resolution of problems gives the economy its best chance of robust recovery. Through the measures that will be outlined next week, the RBI intends to help promoters and banks deal effectively with the financial stress that has built up.

Let me conclude. I will depart from the usual conservatism of a central banker to predict that the best of India is yet to come. We will be a healthier, better educated, and richer nation, not just in absolute terms, but even relative to other countries. This is not a jingoistic statement based on some intrinsic Indian superiority but a sober recognition that we are still much poorer than other countries, and catching up is always easier than drawing away from the pack. But we can achieve these outcomes only if we go about addressing the challenges we face methodically, with discipline and a sense of national purpose. In the coming years, I hope that is what we will do.

*Economic and Financial Developments in Mizoram**

Deepak Mohanty

I am happy to be in this picturesque state of Mizoram, the land of rolling hills, valleys, rivers and lakes. The State has a strategic location as it shares much of its border with Bangladesh and Myanmar. It covers 0.6 per cent of the national geographic area and accounts for 0.1 per cent of national population. With second highest literacy rate in the country, the state has great potential for economic development.

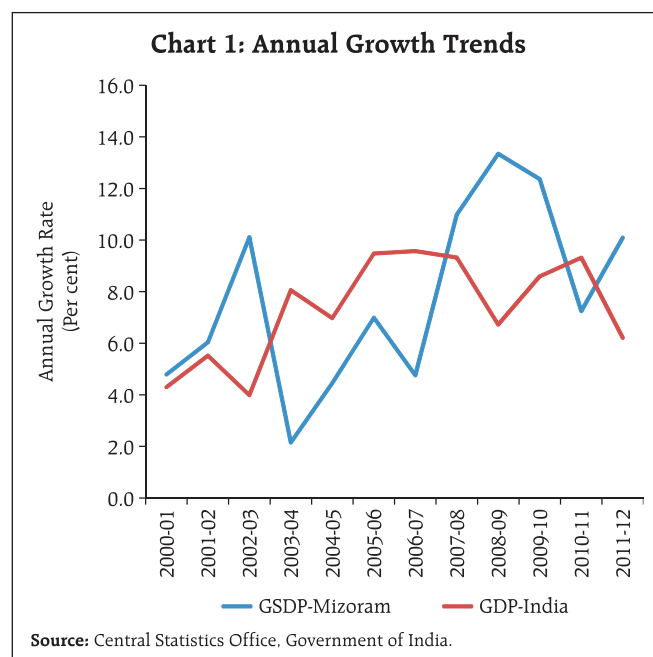
Access to finance is an important prerequisite for economic development. In the recent years, the Reserve Bank of India (RBI) has pursued the objective of financial inclusion with renewed vigour. Some progress has been achieved but there are miles to go. Governor Dr. Raghuram G. Rajan has emphasised financial inclusion as one of the five pillars of the RBI's financial development plank : "... to expand access to finance to small and medium enterprises, the unorganised sector, the poor, and remote and underserved areas of the country, though technology, new business practices and new organisational structure."¹ Financial inclusion poses additional challenges in the north-eastern states given the relatively low level of banking penetration and inadequate infrastructure. Against this background, I briefly delineate the economic and financial structure of the state, highlight our financial inclusion initiatives and conclude with some thoughts on policy challenges on the way forward.

Economic Structure

India experienced accelerated GDP growth rate in the 2000s. Obviously, this growth experience was

* Speech by Shri Deepak Mohanty, Executive Director, Reserve Bank of India at the Aizawl Club on December 19, 2013. The assistance provided by Dr. P.K. Nayak, S. Suraj and S. Nath is acknowledged.

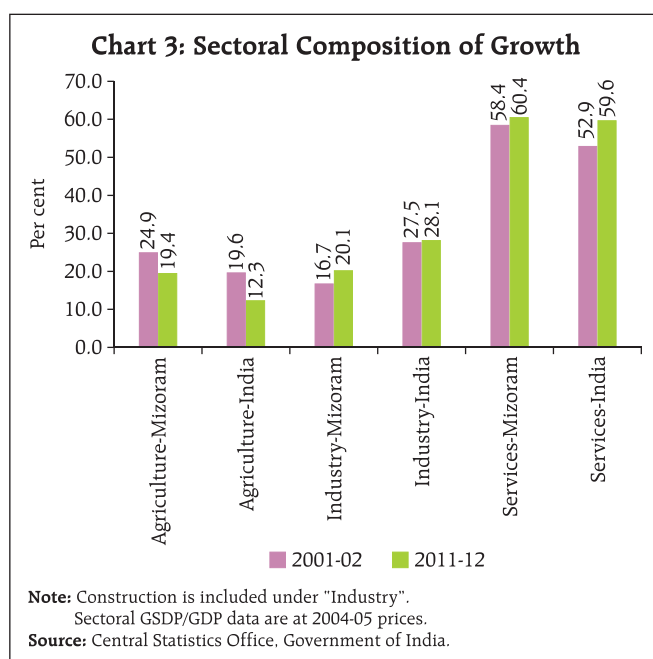
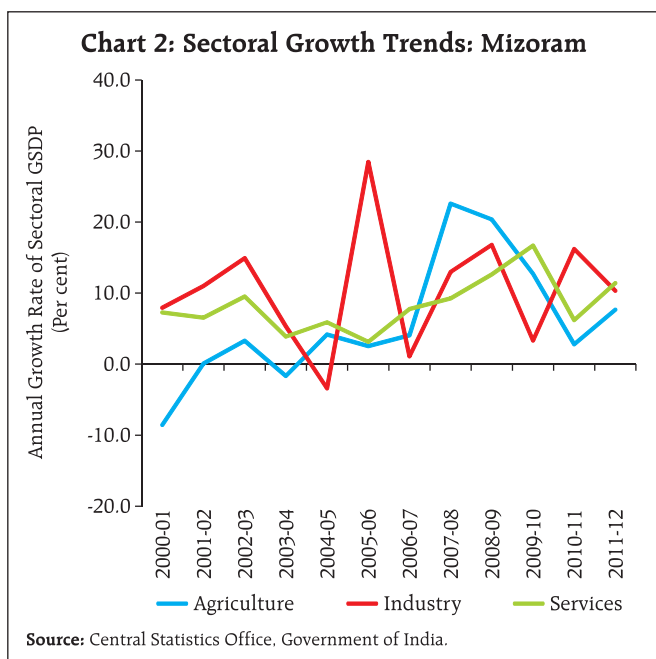
¹ "The Five Pillars of RBI's Financial Sector Policies", speech by Governor Raghuram G. Rajan at BANCON 2013 held at Mumbai on November 15, 2013. RBI Monthly Bulletin, December 2013.



shared by many states. In line with the national economy, Mizoram also experienced pick up in its growth. Even as the growth momentum at the national level was dented following the onset of global financial crisis in 2007-08, the performance of Mizoram's economy was better even in the post-crisis period. Consequently, the share of Mizoram's gross state domestic product (GSDP) in the all-India GDP rose from 0.08 per cent in 2006-07 to 0.10 per cent during 2011-12 (Chart 1).

All the three major sectors of the economy – agriculture, industry and services – contributed to the improved growth performance of the State. There was, however, significant year-to-year fluctuation in sectoral growth rates. While variation in agricultural growth is understandable being weather dependent, volatility in industrial growth needs closer attention, given the low industrial base of the State (Chart 2).

The sectoral composition of the Mizoram economy has broadly changed in line with the national economy with declining share of agriculture and increasing share of services. While the share of industry has picked up, it remains significantly below the national average



underscoring the scope for further industrialisation (Chart 3).

The most significant impact of growth has been improvement of per capita net state domestic product (NSDP) from ₹26,308 in 2006-07 to ₹39,546 in 2011-12 at 2004-05 prices, despite a larger decadal population growth rate of 22.8 per cent, which is higher than the rate of growth at 17.6 per cent at the national level.

Notably, per capita income of Mizoram was about 4.0 per cent higher than the corresponding average national per capita income during 2011-12 (Chart 4).

It is worthwhile to note that while the economy of Mizoram, in line with the national trend, is getting increasingly dominated by industry and services sectors, labour force is still concentrated in the agricultural sector (Table 1). Therefore, creating

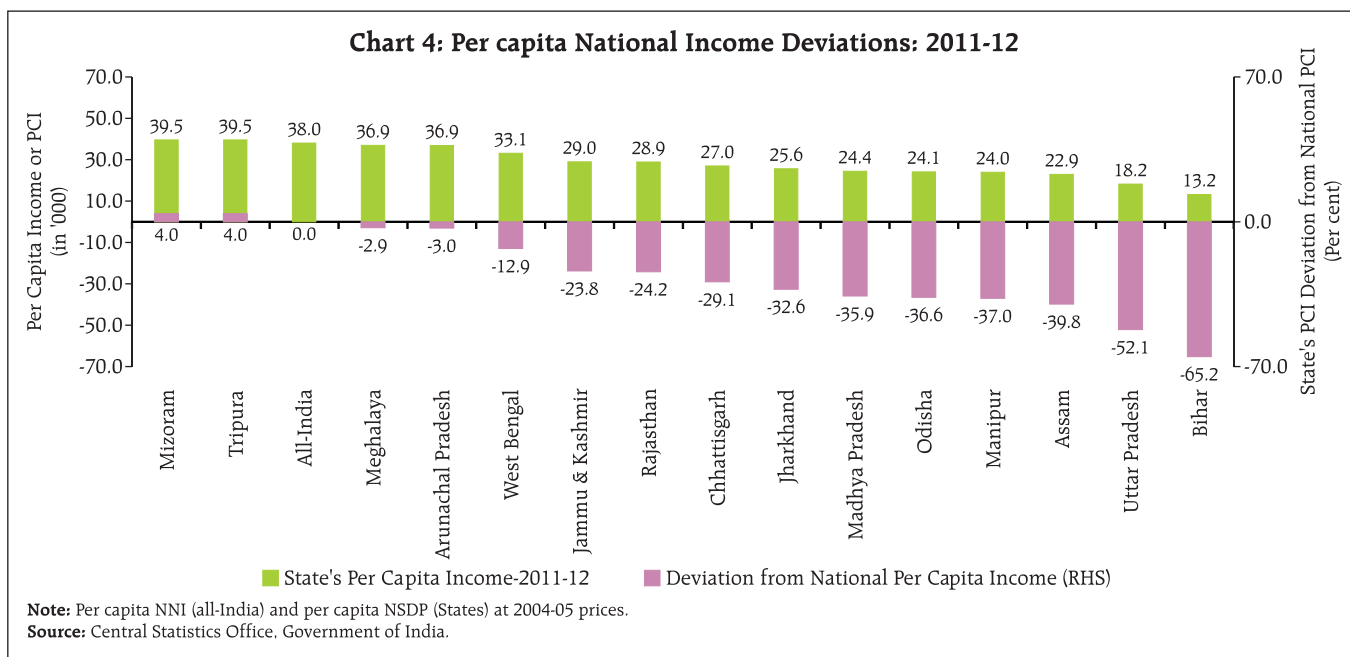


Table 1: Share of Employment by broad Industry Group (Usual Principal Status)

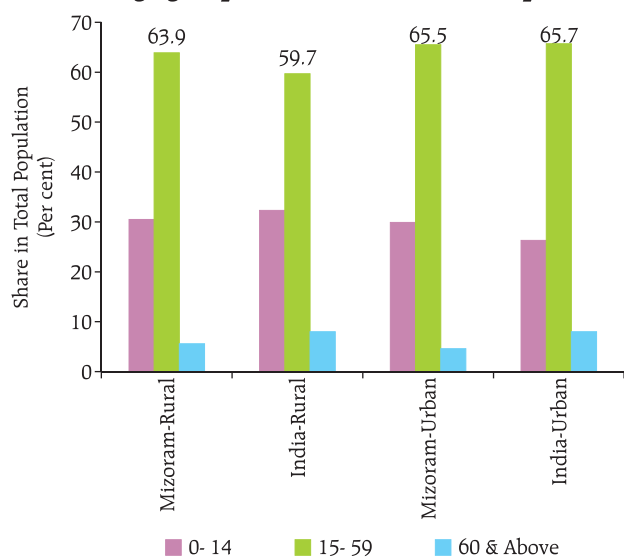
(Per Cent)

Activity	2013		
	Mizoram	North-East	All-India
Agriculture & Forestry	47.5	50.6	49.7
Mining & quarrying	0.4	0.9	0.6
Manufacturing	4.3	6.2	10.5
Electricity	0.9	0.3	0.3
Construction	10.3	9.4	9.8
Trade	9.3	9.3	9.0
Transport & storage	3.6	3.0	4.2
Finance & Insurance	0.2	0.5	1.0
Community Services	20.1	16.4	8.8
Others	3.4	3.5	6.1
All	100.0	100.0	100.0

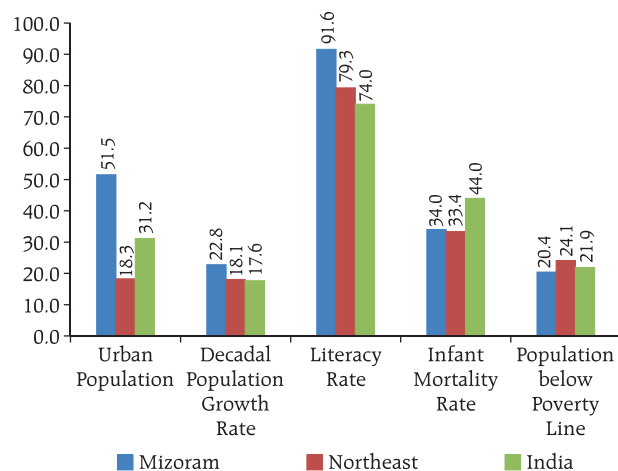
Source: Labour Bureau, Government of India.

employment opportunities in the manufacturing and services sectors has become important.

A higher proportion of working age (ages 15-59) population in rural Mizoram as compared to rural India provides a favourable condition for growth (Chart 5). But for this to happen, industry and services sectors should increasingly provide the employment opportunity.

Chart 5: Age group-wise Distribution of Population

Source: National Sample Survey Organisation.

Chart 6: Human Development Indicators

Sources: Census 2011.

Annual Report 2012-13, Ministry of Home Affairs, Government of India. Planning Commission, Government of India. India Human Development Report 2011, GoI. Human Development Report of North East States, December 2011.

Social Indicators

With greater urbanisation and higher literacy, indicators of human development in Mizoram are better than the national average (Chart 6).

Share of households having access to the basic amenities like electricity, television, computers, telephones and four wheelers are significantly higher in Mizoram than the national average (Table 2). On the other hand, proportion of population having access to banking facilities, although improved during the decade 2001-2011, was below the national level. This is a policy challenge in the context of development with increasing emphasis on financial inclusion.

State Finances

Mizoram is one of the 11 special category states which are characterised by low resource base and the cost disabilities due to their geography, sparse terrain and remoteness. In order to overcome these inadequacies, the Centre accords special consideration in devolving resources from the central pool.

The revenue account of Mizoram showed significant improvement following a rule-based fiscal policy under Mizoram FRBM Act 2006. However, the

**Table 2: Standards of Life Indicators:
Mizoram and India**

(Percentage of Households)

Category	Mizoram		India	
	2001	2011	2001	2011
Amenities				
Drinking Water in premises	19.6	31.2	39.0	46.6
Electricity	69.6	84.2	55.9	67.3
Latrine facility in premises	-	91.9	36.4	46.9
Assets				
Television	20.4	55.1	31.6	47.2
Computers	-	15.2	-	9.5
Telephones	14.1	72.7	9.1	63.2
Two Wheelers	6.2	13.8	11.7	21.0
Four Wheelers	3.4	7.3	2.5	4.7
Facilities				
Banking	31.8	54.9	35.5	58.7
Households				
Households(in millions)	0.16	0.22	192.0	246.7

Source: Census 2011, Government of India.

Note: "-" : Not Available.

correction in revenue account was largely on account of higher transfers from the Centre, since own tax revenue continued to remain around 2.3 per cent of GSDP. From the perspective of growth and employment, a key concern is the decline in capital outlay in terms of GSDP (Table 3).

Table 3: Fiscal Position of Mizoram

(as a per cent to GSDP)

Item	2004-08	2008-13*	2013-14
1. Revenue Receipts	56.2	58.6	54.8
1.1 Own Tax Revenue	1.9	2.3	2.4
1.2 Current Transfers	50.8	53.7	49.5
2. Revenue Expenditure	51.9	53.9	50.6
2.1 Development Revenue Expenditure	33.6	36.0	35.3
2.2 Interest Payment	6.3	4.2	2.7
3. Capital Outlay	14.0	10.4	4.9
4. Social Sector Expenditure	24.3	26.3	17.3
5. Revenue Deficit	-4.3	-4.7	-4.2
6. Gross Fiscal Deficit	9.5	5.7	0.8
7. Primary Deficit	3.2	1.6	-1.9
8. Liabilities	105.1	74.2	55.7

* The data for 2012-13 correspond to revised estimates.

Note: Minus sign indicates surplus.

Sources: Budget documents of the State Government.

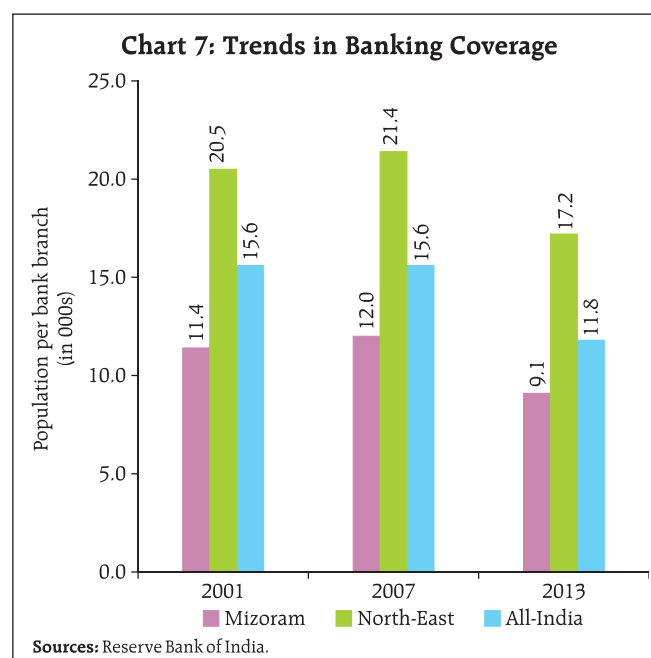
Banking Developments

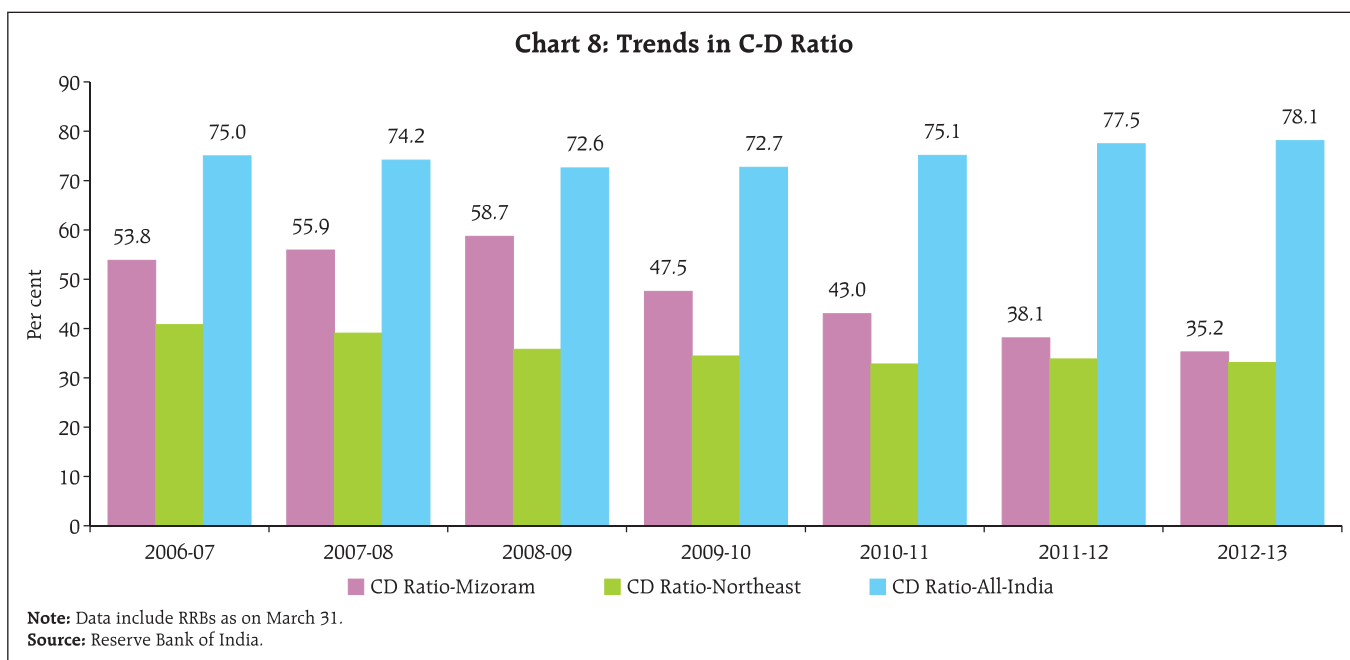
The banking sector penetration in Mizoram may be seen in the context of its special characteristics of difficult terrain and economic structure. Agriculture is characterised by hill and mountain cultivation and industry is dominated by micro and small units. The population per bank branch in Mizoram declined from 11,400 in June 2001 to 9,100 by June 2013 and, thus, was much lower than the all-India average of 11,800 (Chart 7) reflecting better coverage of banking services.

However, Credit-Deposit (C-D) ratio remained significantly lower than the all-India average (Chart 8). Moreover, C-D ratio in Mizoram has declined in the more recent years. It could partly be that deposits have grown faster.

The annual deposit growth rate of Mizoram was significantly higher than the national average. However, the credit growth rate has fallen short of the national average after 2007-08 (Chart 9). This underscores the need for a deeper analysis of credit information: Is it lack of demand or lack of supply which is constraining credit flow?

The lower credit flow is also mirrored by credit to GDP ratio which is another measure of financial



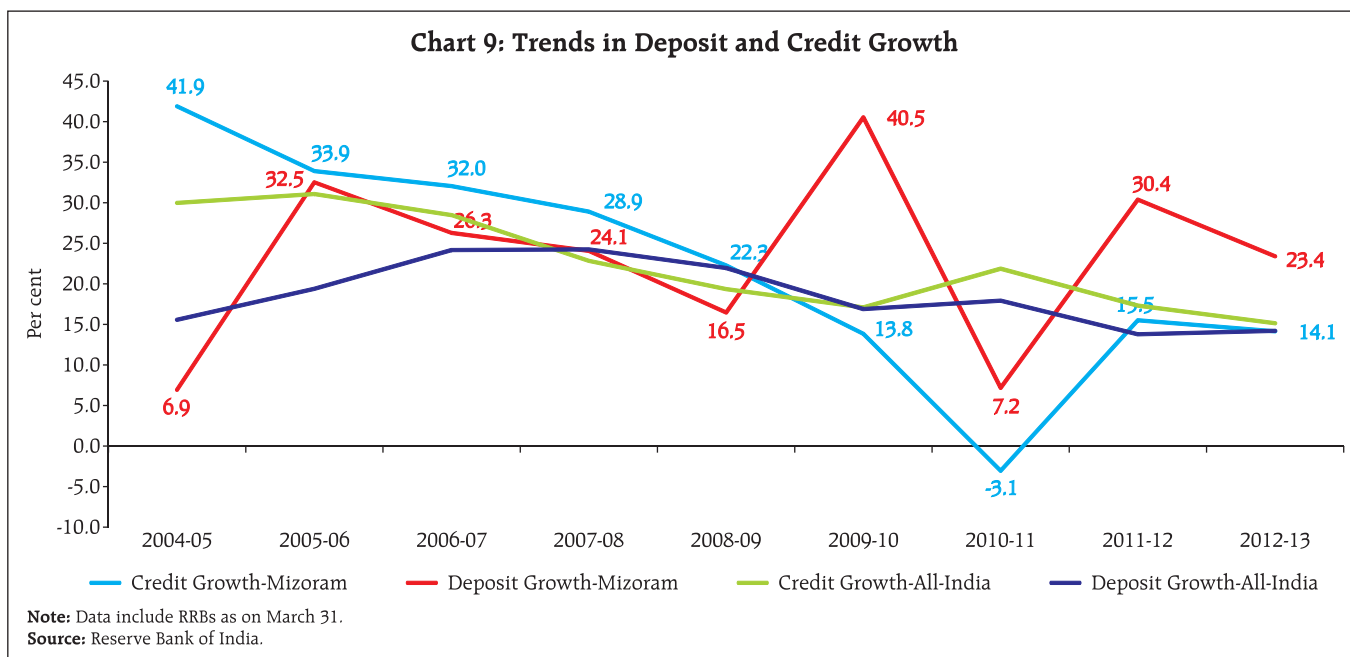


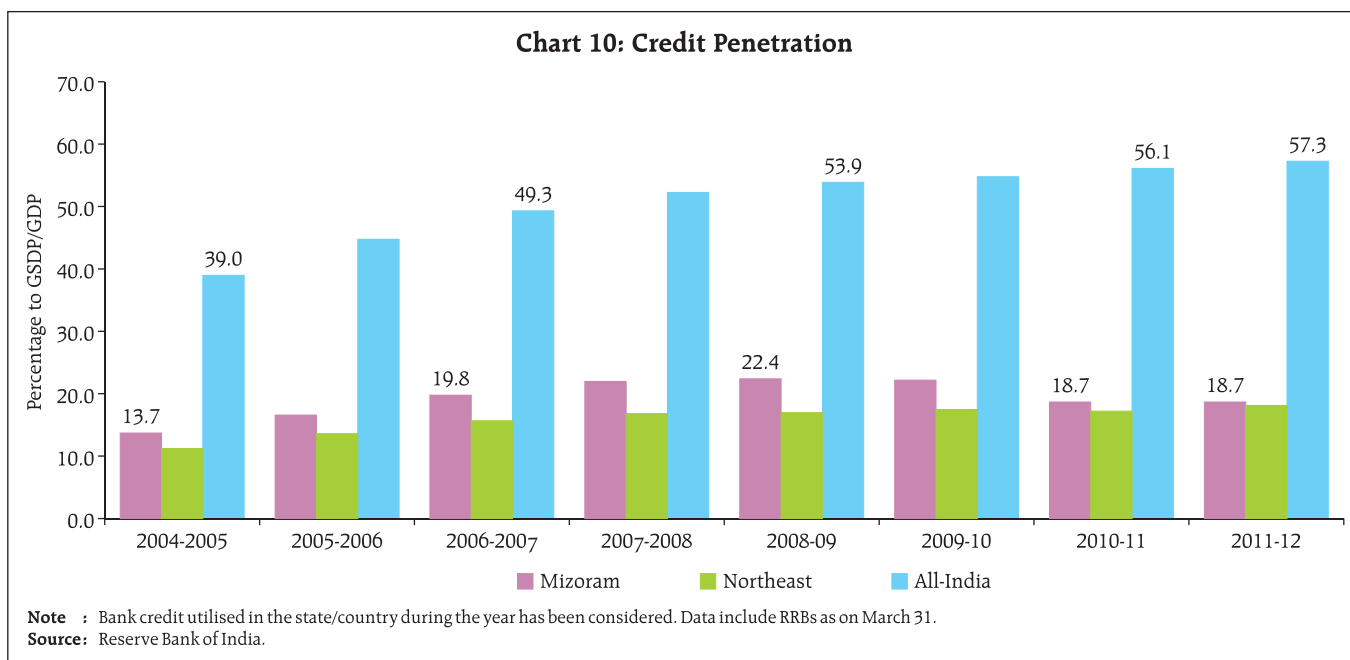
deepening. The credit-GSDP ratio in Mizoram has improved more modestly from 13.7 per cent in 2004-05 to 18.7 per cent in 2011-12, as compared to the increase from 39.0 per cent to 57.3 per cent at the national level (Chart 10).

Financial Inclusion

The Reserve Bank is committed to Financial Inclusion (FI) so that the banking services touch every

section of our society. It is imperative to bring the poor and under-privileged section of population under the banking fold for inclusive growth and development. In this regard, the Reserve Bank has adopted a structured approach towards financial inclusion predominantly through a bank-led model by leveraging appropriate technology, changing the mode of delivery and increasing financial literacy. In this context, I may highlight four key elements.





First, ensuring branch expansion in the rural areas by giving full freedom to the banks to open branches in villages. In fact, recently the branch authorisation policy has been fully liberalised subject to banks opening at least 25 per cent of their branches in the rural areas. In addition, the Reserve Bank has enabled commercial banks to operate through their Business Correspondents (BCs), thus, taking banking to the door step in the rural areas.

Second, for providing universal coverage and facilitating Direct Benefit Transfer (DBT) by leveraging *Aadhar* identification, banks have been advised to draw up their Financial Inclusion Plans (FIPs) for the period 2013-16 with greater emphasis on opening of branches in unbanked rural centres.

Third, provision of suitable financial products aimed towards the vulnerable section of population such as no-frill account, credit through General Credit Card (GCC) and Kisan Credit Card (KCC). Moreover, Know Your Customer (KYC) norm required for opening of a bank account has been relaxed especially for rural and under-privileged population.

Finally, efforts are made towards spread of financial literacy including internet based curriculum

for financial literacy in schools and organising financial literacy camps.

In this direction, banks have covered all the unbanked villages with population over 2,000. The second phase of this movement aims to achieve the target of financial inclusion in about 4,90,000 villages with population less than 2,000. The identified villages have been allotted to various banks to ensure availability of at least one banking outlet in each village. The detailed achievement in the recent financial inclusion drive is summarised in Table 4.

Progress of financial inclusion in Mizoram

Keeping in mind the topographic challenges and locational disadvantages for the development of extensive banking outreach, banks have been advised to adopt special measures for FI in the north-eastern region of India. Since December 2009, the domestic scheduled commercial banks in the country, excluding RRBs, were permitted to open branch in any location in the region without taking permission from the Reserve Bank. Let me now turn specifically to progress of financial inclusion in Mizoram.

As a part of the Financial Inclusion Plan (FIP) adopted in Mizoram, all the unbanked villages in the

Table 4: Progress Made Under Financial Inclusion Plans

Sl. No.	Particulars	March 2010	March 2013
1	Banking Outlets in Villages >2000	37,949	1,19,453
2	Banking Outlets in Villages <2000	29,745	1,49,001
3	Banking Outlets in Villages - Branches	33,378	40,837
4	Banking Outlets in Villages - BCs	34,174	2,21,341
5	Banking Outlets in Villages - Other Modes	142	6,276
6	Banking Outlets in Villages – Total	67,694	2,68,454
7	Urban Locations covered through BCs	447	27,143
8	Basic Savings Bank Deposit Account (BSBDA) through branches (No. in million)	60	101
9	Basic Savings Bank Deposit Account (BSBDA) through branches(Amt. in ₹ billion)	44	165
10	Basic Savings Bank Deposit Account (BSBDA) through BCs (No. in million)	13	81
11	Basic Savings Bank Deposit Account (BSBDA) through BCs (Amt. in ₹ billion)	11	18
12	BSBDA Total (No. in million)	73	182
13	BSBDA Total (Amt. in ₹ billion)	55	183
14	OD facility availed in Basic Savings Bank Deposit Account (No. in million)	0.2	4
15	OD facility availed in Basic Savings Bank Deposit Account (Amt. in ₹ billion)	0.1	2
16	KCCs-Total (No. in million)	24	34
17	KCCs-Total- (Amt. in ₹ billion)	1,240	2,623
18	GCC-Total (No. in million)	1	4
19	GCC-Total (Amt. in ₹ billion)	35	76
20	ICT A/Cs-BC-Total Transaction (No. in million)	27	250
21	ICT A/Cs-BC-Total Transactions (Amt. in ₹ billion)	7	234

Source: Reserve Bank of India.

state with population of 2,000 or more have been covered by banking facility by end-March 2012. Another 700 villages having population below 2,000 have already been identified. Out of these villages, 106 have been proposed to be covered through brick and mortar model, while rest would be covered through Business Correspondence (BC) model.

As at end-September 2013, there were 2,27,812 Basic Saving Bank Deposit Accounts (BSBDAs) in Mizoram, while another 10,777 such accounts with overdraft facilities are targeted to be opened during the year 2013-14. In addition, 11,642 KCC and GCC are targeted to be provided to the households during 2013-14. Out of the eight districts in the State, so far five financial literacy centres (FLCs) have been opened. As of end-September 2013, cumulatively 3,063 Self Help Groups (SHGs) were credit-linked and have been provided with total credit of ₹1,650 lakh.

Policy Challenges

Mizoram economy has performed well in the recent years. However, keeping in view the young

population and high literacy and strategic location, there is considerable scope for growth and development. Let me conclude by drawing attention to a few challenges.

First, the dominant feature of the hill and mountain farming in Mizoram is sloping marginal farmlands under rain-fed farming. Subsistence farming on these lands is pervasive. Expansion of land for cultivation in an environmentally sustainable manner may be limited. The emphasis in agriculture, therefore, may shift towards high value added horticulture for which there is tremendous potential. This will also require greater penetration of credit in agriculture.

Second, industrial development in Mizoram started late in the 1990s, mainly after attaining statehood. The industrial landscape is dominated by micro and small industries. There is a need to reinforce this process by facilitating access to markets and formal credit.

Third, weak market linkages with the rest of India coupled with lack of good quality road and absence of

railway network inhibits the effective marketing of goods. Therefore, priority should be given to the development of infrastructure, especially roads and also provision of post harvest management, cold storage and processing facilities. There is also the need to further harness the hydro-power capacity. Better accessibility will also help develop the services sector, particularly tourism, which could become a significant source of employment and revenue.

Finally, the topography of the State and infrastructure bottlenecks together work as a deterrent

for the development of physical banking and financial infrastructure. Hence, greater reliance may need to be placed on technology to make banking more accessible to the majority of the population. This will require improvement in telecommunication facility.

I thank you for inviting me to share my thoughts on financial inclusion in the State. Tomorrow, I hope to see some of you at our outreach programme at Tanhril village. With the combined effort of State administration, banks and the Reserve Bank we could together make a significant impact in financial inclusion.

*Unconventional Monetary Policy: The Indian Experience with Crisis Response and Policy Exit**

Deepak Mohanty

I thank Principal Uma Subramaniam for this opportunity to interact with you on unconventional monetary policy. The seminar is topical and timely. It is now 5 years since the collapse of the Lehman Brothers in September 2008, which evoked unprecedented monetary policy activism – both conventional and unconventional - across the advanced and emerging market economies (EMEs). It is for the first time on December 18, 2013 that the US Fed announced concrete measures to exit from unconventional monetary policy in a calibrated manner starting January 2014.

The Indian economy like other EMEs was affected both by the global financial crisis post-Lehman and the announcement of likely exit by the US Fed in May 2013. We also resorted to both conventional and unconventional policies not only in response to the crisis but also to the announcement of exit, though there were qualitative differences in these responses.

Against this backdrop, I will begin by distinguishing unconventional monetary policy from conventional policy, highlight the contours of unconventional policies in major advance economies and review the impact of such policies. I will then turn to the impact on India and our monetary policy response. I will end by drawing a few broad conclusions.

Conventional and Unconventional Monetary Policy

Conventional monetary policy is understood as central banks operating with a short-term policy interest rate in the money market to signal the stance

of monetary policy and in the process influence the term structure of market interest rates to achieve the objectives of price stability with sustainable growth. Price stability is not an end in itself. Price stability, defined as a low and stable inflation, is considered a prerequisite for sustainable growth over the medium-term. It is believed that there is no trade-off between growth and inflation over the medium-term. Even countries which have chosen inflation targeting framework try to stabilise output around its potential and inflation around its target level. Hence, normally in the event of a shock when either or both the parameters drift from their targets, the objective is to bring it back to target over the medium-term. However, conventional monetary policy has a limiting condition of 'zero lower bound'. For example, in the event of an extreme shock, as it happened during the global financial crisis, when policy rates were brought down close to zero, further monetary stimulus was not possible through conventional monetary policy.

When central banks look beyond their traditional instrument of policy interest rate, monetary policy takes an unconventional character. It essentially means using quantity instruments for expanding the balance sheet of the central bank. It can take different forms: quantitative easing (QE) through direct long-term asset purchase by the central bank, credit easing (CE) by the central bank directly intervening in a particular segment of the credit market. Both QE and CE can be accompanied by dilution of collateral standards by the central bank expanding the list of collateral beyond its traditional preference for low risk sovereign bonds. Unconventional monetary policy is invariably accompanied by forward guidance regarding the future path of monetary policy to work on the expectations channel. This is because the efficacies of asset purchases programme depend on the behaviour of market participants and financial entities. It is likely that market participants may not alter their behaviour without knowing what the central bank will do in the future with regard to these instruments.

* Speech by Shri Deepak Mohanty, Executive Director, Reserve Bank of India at the Reserve Bank Staff College (RBSC), Chennai, December 26, 2013. The assistance provided by Shri Binod B. Bhoi and Dr. Rajeev Jain in preparation of this speech is acknowledged.

In the event of a crisis, it is not unusual for central banks to expand their balance sheets. The greatest received wisdom in central banking is the lender of last resort (LOLR) function based on the Bagehot principle that, "the central bank should lend freely against good collateral at a penal rate"¹. In fact, many early central banks including the US Fed were instituted to largely discharge this function. Monetary policy as we understand today was alien then. It is a different matter that the recent global financial crisis tested the limits of Bagehot principle as never before.

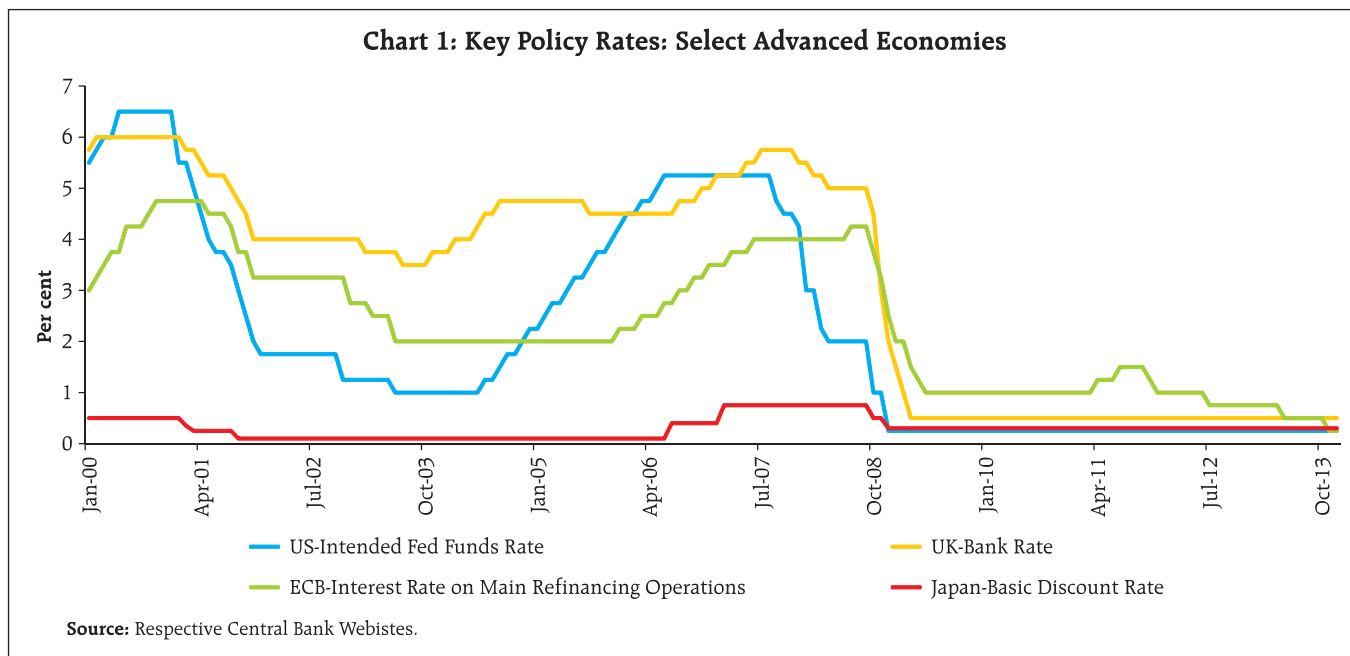
Contours of Unconventional Monetary Policy

Let me now turn to how the US Fed, the European Central Bank (ECB), the Bank of England (BoE) and the Bank of Japan (BoJ) unveiled their unconventional monetary policies. I may mention that the BoJ was using unconventional monetary policy much earlier as Japan went into prolonged deflation from the late 1990s.

The global financial crisis which erupted with collapse of major financial institutions in advanced economies was unprecedented in its scale. Not only

did it lead to a sharp decline in asset prices, freezing of credit markets, and the loss of confidence in the building blocks of the financial system, its impact was magnified through quick transmission to other economies as well. Monetary authorities in the advanced economies were the first to resort to aggressive monetary easing first by reducing policy rates. However, key channels of conventional monetary policy were severely impaired during the crisis as policy rates in most advanced economies approached zero lower bound (Chart 1).

Taking cognisance of the severity of the crisis and concerns of economic recession, central banks used their balance sheets in unconventional ways to augment liquidity (Table 1). The QE programmes initially attempted to alleviate financial market distress, but this purpose soon broadened to include achieving inflation targets, stimulating the real economy, and containing the European sovereign debt crisis (Fawley and Neely, 2013)². Now let us discuss a little about the rationale for unconventional policies undertaken across major economies.



¹ Bagehot Walter (1873), *Lombard Street: A Description of the Money Market*, King & Co., London; reprinted Wiley, New York 1999.
² Fawley, Brett W. and Christopher J. Neely (2013), "Four Stories of Quantitative Easing", *Federal Reserve Bank of St. Louis Review*, January/February, Vol. 95, No. 1.

Table 1: Unconventional Monetary Policy during the Crisis

Central Bank	Liquidity Provision			Forward Guidance*
	Instruments	Collaterals	Counterparties	
ECB	Long-term Refinancing Operations (LTROs)	Govt. Bonds	Banks	Yes, Qualitative 'open-ended' guidance
	Securities Markets Programme Outright Monetary Transactions (OMTs)	Sovereign paper Marketable debt instruments	Counterparties eligible for Eurosystem monetary policy operations	
Bank of England	Asset Purchase Program (AAP)	Long term Govt. bonds and private assets	Non-banks, with banks as intermediaries	Yes Explicit guidance linked to unemployment and inflation threshold
	Funding for Lending Scheme (FLS)	ABS, MBS, covered bonds, and sovereign and central bank debt	Banks and Building societies	
Bank of Japan	Comprehensive monetary easing programmes	Japanese govt. bonds (JGBs), corporate bonds, CPs, exchange traded funds (ETFs), Japanese real estate investment trusts (J-REITS)	Banks and financial institutions (FIs)	Yes, 'Open-ended' guidance linked to qualitative and quantitative easing
	Quantitative and Qualitative Monetary Easing (QQME)	JGBs of longer maturity, ETFs, J-REITS	Banks/FIs	
US Fed	Term Auction Facility (TAF)	ABS, MBS, treasuries, agency bonds	All depository institutions	Yes Move from 'open-ended' to 'time-contingent' to 'state-contingent' threshold based guidance
	Large Scale Asset Purchase (LSAP)	Treasuries, agency bonds, MBS longer term treasuries	Including Non-banks	
	Operation Twist			

Source: 1. IMF (2013), "Unconventional monetary policies – recent experience and prospects", April 18.

2. Bank of England (2013), "Monetary policy trade-offs and forward guidance", August.

In the US, immediately after the collapse of Lehman Brothers, when slow growth and high unemployment emerged as major concerns, the Fed announced the policy of quantitative easing (QE) in November 2008. The first two rounds of QEs reactivated financial markets, but failed to spur growth. Under 'Operation Twist' instituted in September 2011, the Fed took initiative of buying longer-term Treasuries and simultaneously selling some of the shorter-dated securities to bring down long-term interest rates which continued till December 2012. With a view to putting in place a stronger version QE, it launched QE3 in September 2012. Under QE3, the Fed started purchasing US\$ 85 billion of fixed-income securities per month. The Fed intended to keep QE3 in effect until unemployment falls to 6.5 per cent or inflation rises to 2.5 per cent. In addition to QE3, the Fed gave a forward guidance that it would keep short-term rates low

through 2015. As economic parameters showed improvement, the Fed started talking about exit, popularly known as the tapering of bond buying in May 2013. Subsequently, it announced to slow the pace of the bond buying program by US\$ 10 billion per month from January 2014.

In the UK, after reducing the policy rate (*i.e.*, Bank Rate) to 0.5 per cent in March 2009, the BoE started its asset purchase programmes which consisted almost exclusively of government bonds from the non-bank private sector. Subsequently, the Funding for Lending Scheme (FLS) was put in place in July 2012 with the aim of incentivising banks and building societies to boost their lending to the UK real economy³.

³ Bank of England (2012), "The Funding for Lending Scheme", *Quarterly Bulletin* 2012 Q4.

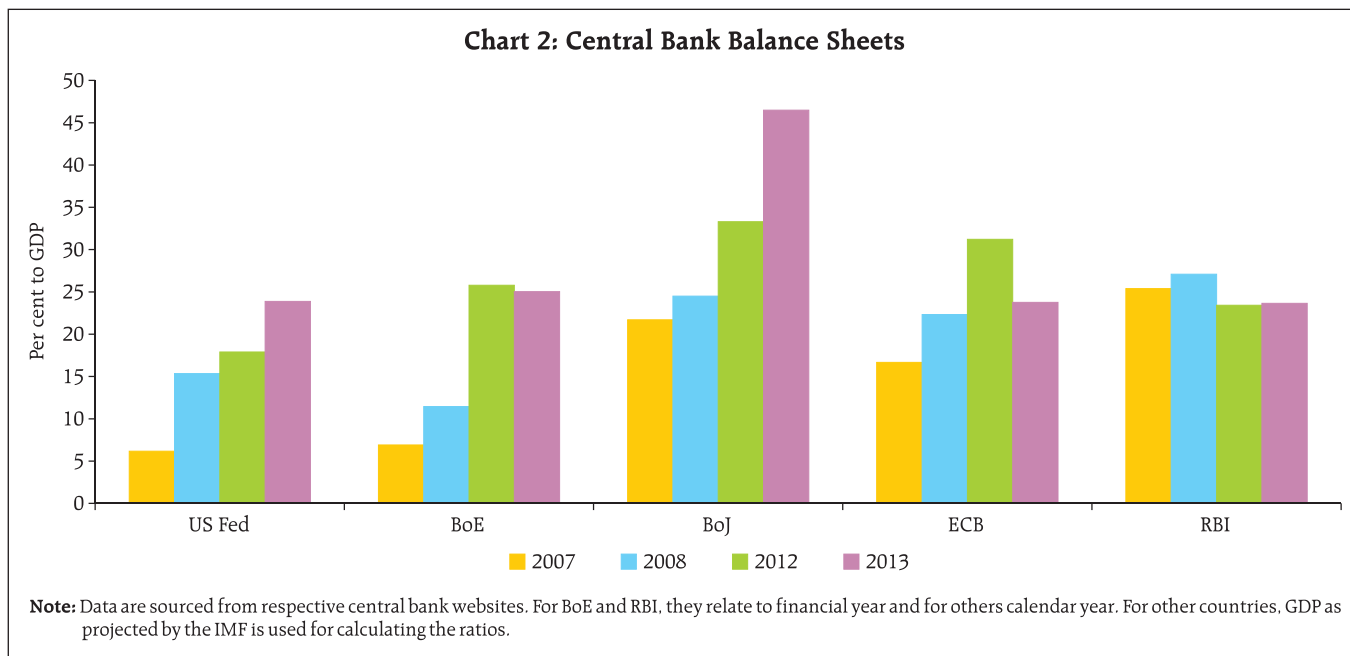
Japan's economy had deteriorated for nearly 15 years under the threat of deflation. To overcome deflation, the BoJ engaged in a wide range of monetary easing efforts – including the implementation of the zero interest rate policy, the quantitative easing policy and comprehensive monetary easing, but there have been no easily derived concrete results⁴. Following the crisis, the BoJ embarked on an ambitious asset purchase program to combat deflation. In October 2012, it announced purchase of Japanese government bonds (JGBs), commercial paper, corporate bonds, exchange traded funds (ETF), Japanese real estate investment trusts (J-REITS). In April 2013, BoJ announced Quantitative and Qualitative Monetary Easing Program under which it purchases JGBs, ETFs and J-REITS with the goal of increasing the monetary base by 60-70 trillion JPY annually, increasing the average maturity of JGBs held from three to seven years and meeting the 2 per cent inflation target in about two years.

In the euro area, concerns over counter-party risk eventually led to drying up of interbank lending by early 2009. The European Central Bank responded in May 2009, by reducing its main refinancing rate to 1

per cent and by introducing 12-month LTROs and the covered bond purchase program. The ECB substantially extended its liquidity provision by offering unlimited longer-term refinancing operations. The ECB also purchased some securities outright in distressed markets through its securities markets program (SMP), which was, however, later replaced by the pledge to intervene more decisively through Outright Monetary Transactions.

The unconventional measures undertaken have involved extraordinary central bank lending, expanding central bank balance sheets substantially (Chart 2). We learn from text books and the inflation experiences of the 1970s that a sharp increase in base money could be inflationary. On the contrary, in the current episode inflation declined below target levels in many advanced countries.

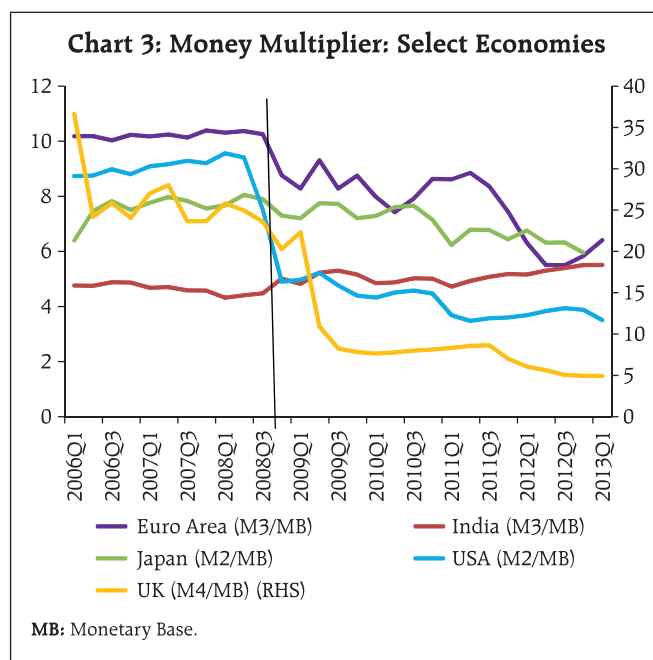
Partly the explanation lies in the fact that despite such increase in the size of balance sheets, broad money supply did not expand significantly. This was due to perceptible decline in money multiplier on account of banks building up cash reserves on being



⁴ Kuroda, Haruhiko (2013), "Quantitative and Qualitative Monetary Easing", Speech at a Meeting held by the Yomiuri International Economic Society in Tokyo, April 12.

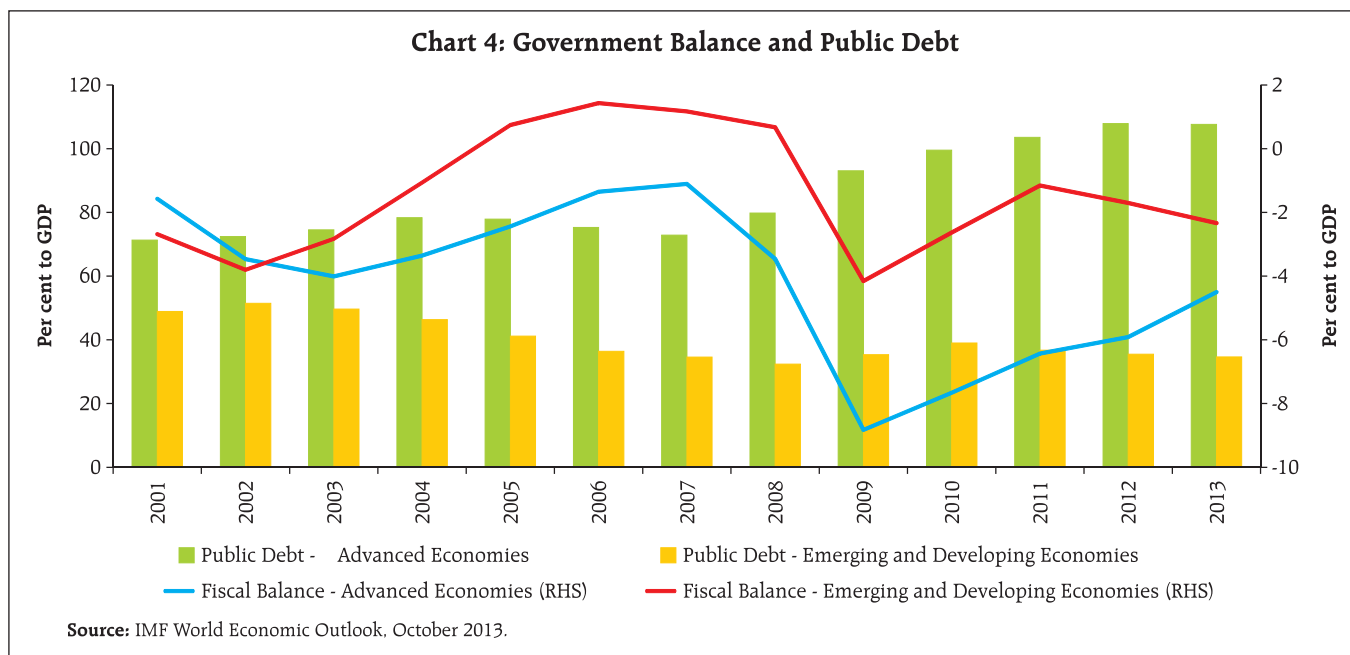
risk averse and to conserve on required capital rather than lending to the real economy (Chart 3). Moreover, with interest rates at near zero level, the opportunity costs of holding money for the money holding sector also fell. Another interesting explanation is that inflation expectations remained well anchored, meaning once economic entities believe that inflation will not go up it does not go up. Further, with the economy operating below its capacity the scope for inflation from wage increase is not there. While consumer price inflation may not rise in the short run, it cannot be presumed that asset price inflation will not go up given the excess liquidity.

The large scale economic downturn accompanying the financial crisis also led to activation of counter-cyclical fiscal policy of unprecedented magnitude. The fiscal measures focused on improving the balance sheet of the financial and corporate sectors as reflected in large scale bailouts in the US and other advanced economies. Reflecting such fiscal stimulus measures, advanced economies witnessed significant deterioration in their fiscal position as reflected in high public debt to GDP ratios (Chart 4). Let me now turn to the experience of EMEs.



Experience of EMEs

Initially, it was viewed that EMEs would remain insulated from global financial meltdown on the back of the significant buffers they have built over the years, which included substantial foreign exchange reserves, improved policy frameworks and generally robust banking sector and corporate balance sheets. However, as the crisis deepened following the failure of Lehman



Brothers and resulted in heightened risk aversion and global deleveraging, the EMEs were also affected in varying degrees.

The contagion from the global financial crisis also warranted swift monetary and fiscal policy responses in EMEs with a view to ensuring orderly functioning of markets, preserving financial stability, and moderating its adverse effects on growth. In the process, their policy responses became more synchronised with global efforts (Mohanty, 2011)⁵.

While both developed economies and EMEs resorted to conventional and unconventional monetary measures, there were certain differences in terms of their timing, types and magnitudes. First, while in the advanced economies the switchover was from conventional monetary tools to unconventional measures due to policy rates approaching zero, in many EMEs, unconventional foreign exchange easing and domestic liquidity augmenting measures preceded the conventional measures of policy rate cuts. Second, while central banks in EMEs relied mostly on direct instruments such as reserve requirements to ease domestic liquidity, central banks in advanced countries resorted to various liquidity providing operations through relaxation of counter-parties, collaterals and maturity. Third, central banks in advanced countries extensively used credit and quantitative easing measures which led to large expansion of their balance sheets unlike in EMEs. Fourth, while in advanced economies fiscal support aimed at rescuing the financial sector from the crisis situation, in EMEs they were generally meant to address the deficiency in aggregate demand. Let me now turn to some of the consequences of unconventional policy.

Impact of Unconventional Policies

As most of the unconventional monetary policy measures were undertaken keeping in view the domestic economies, the attendant increase in global liquidity appears to have impacted a range of asset

classes in both advanced and emerging economies (Chart 5). There are studies which find significant impact of QE. They suggest reduction in US treasury yields around 100 basis points, corporate bond yields by 80 basis points, and reduction in the range of 20-80 basis points in other advanced economies⁶. In case of some EMEs, the evidence suggested high capital inflow pressure, rapid domestic credit growth and domestic inflationary pressures.

Furthermore, indications about the possible withdrawal since the talk about the US taper in May 2013 has caused volatility in financial markets in EMEs and impacted currency valuations as capital retreated back to the US in anticipation of higher interest rates. EMEs, particularly with large current account and fiscal deficits, were severely impacted. Let me turn to our experience with the crisis, and now with the talk of taper.

Indian Experience with the Crisis and Policy Exit

Until the emergence of the global crisis, India had experienced a phase of high growth along with low and stable inflation. Growth was largely driven by high domestic demand - growing domestic investment financed mostly by domestic savings and sustained consumption demand. Sequential financial sector reforms, rule-based fiscal policy and forward looking monetary policy together contributed to the overall improved macroeconomic performance.

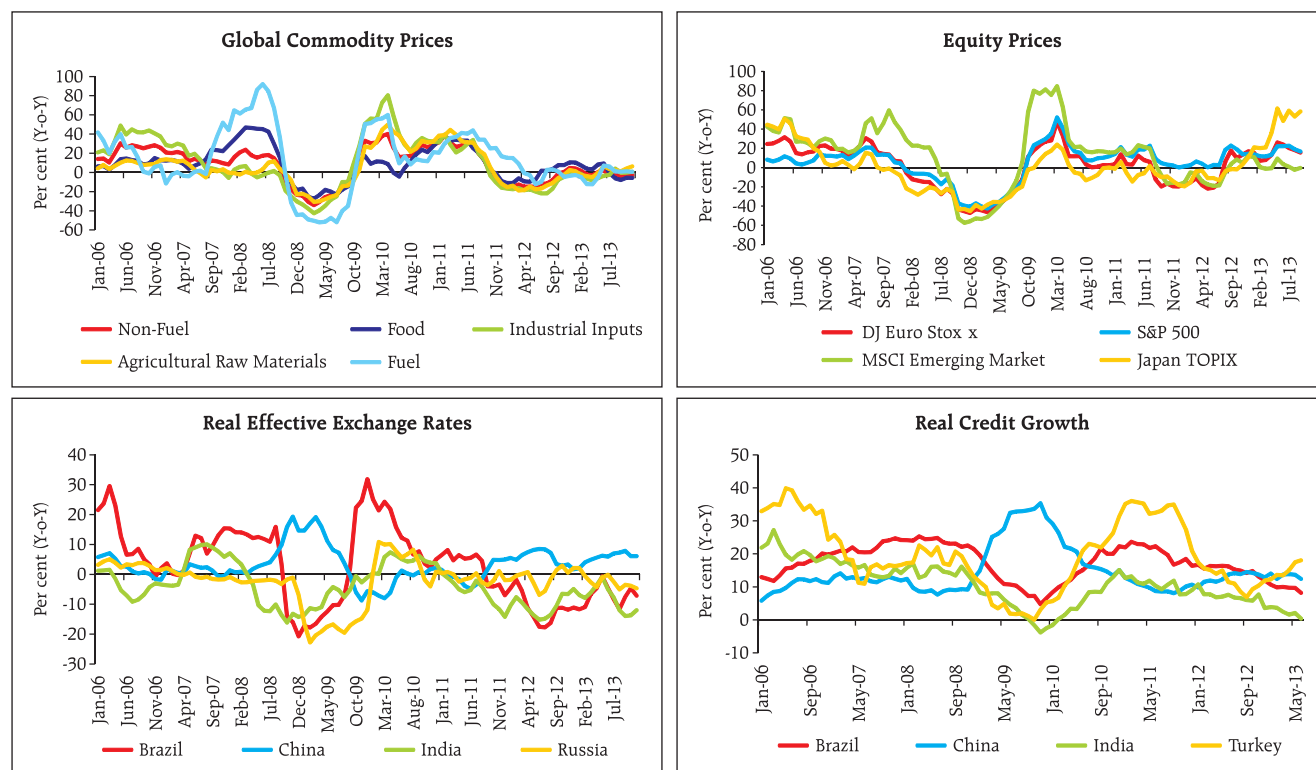
Following the emergence of the crisis, India, initially remained somewhat insulated to the global developments, but eventually was impacted significantly through all the channels – financial, real and more importantly, the confidence channel (Subbarao, 2009)⁷. This could be attributed to the global nature of the crisis on the one hand and accelerated trade and financial

⁵ Mohanty, Deepak (2011), "Lessons for Monetary Policy from the Global Financial Crisis: An Emerging Market Perspective", *RBI Bulletin*, April.

⁶ Chen, Q., A. Filardo, D. He and F. Zhu (2012), "International Spillovers of Central Bank Balance Sheet Policies", in *BIS Papers* No. 66.

⁷ Subbarao, D. (2009), "Impact of the Global Financial Crisis on India: Collateral Damage and Response", Speech delivered at the Symposium on "The Global Economic Crisis and Challenges for the Asian Economy in a Changing World" organised by the Institute for International Monetary Affairs, Tokyo, February 18.

Chart 5: Global Commodity, Asset Prices and Credit Growth



Source: IMF and BIS

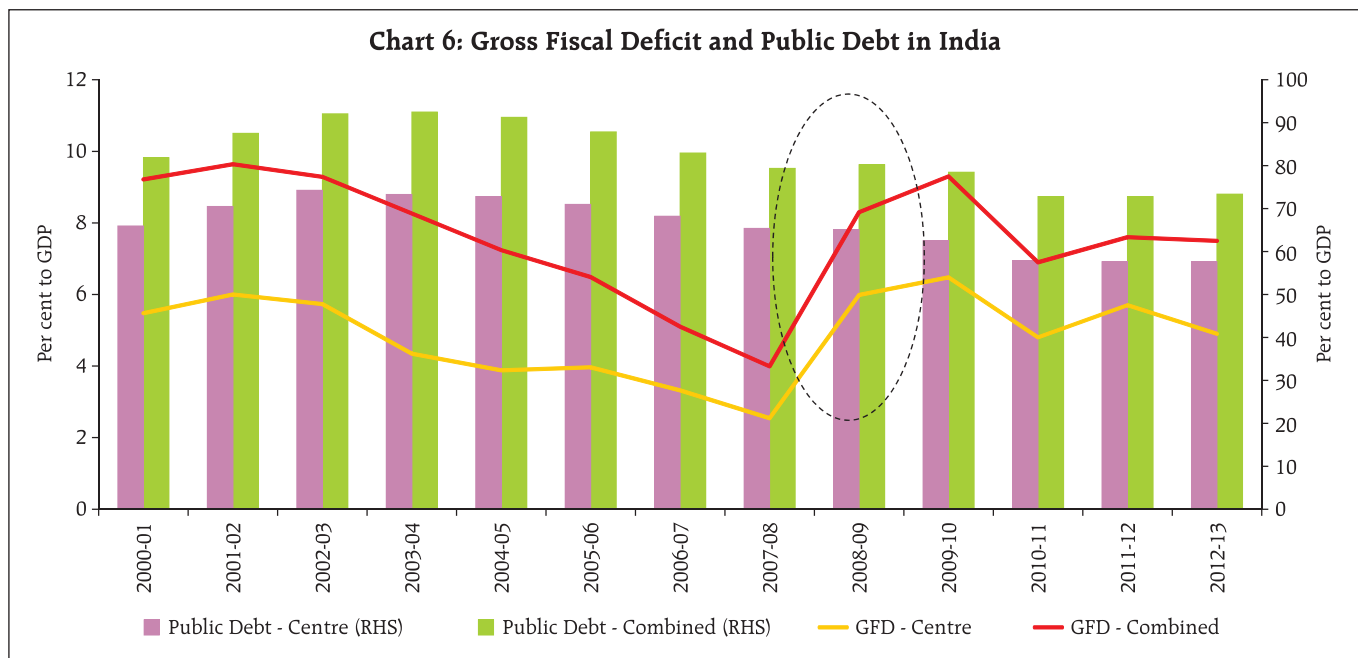
integration of the Indian economy with the world on the other.

The impact of the crisis was first visible on India's financial markets in the form of tightening of liquidity and higher volatility in all market segments along with sharp decline in stock prices. Risk aversion on the part of global investors resulted in moderation in capital

inflows and exchange rate depreciation. Credit growth decelerated reflecting weakening business confidence. Growth, which was already on a cyclical moderation in the first half of 2008-09, decelerated significantly during the second half. As a result, growth declined to 6.7 per cent in 2008-09 from the preceding 5-year average of 8.7 per cent per annum (Table 2).

Table 2: Behaviour of Select Macroeconomic Indicators in India

	2003-04 to 2007-08 (average)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (Latest)
Real GDP Growth (%)	8.7	6.7	8.6	9.3	6.2	5.0	4.8
WPI Inflation Rate (average) (%)	5.5	8.1	3.8	9.6	8.9	7.4	7.5
CPI Inflation Rate (average) (%)	5.0	9.1	12.4	10.4	8.4	10.4	11.2
Non-food Credit Growth (%)	26.7	17.8	17.1	21.3	16.8	14.0	14.7
Centre's Fiscal Deficit (% of GDP)	3.6	6.0	6.5	4.8	5.7	5.2	--
Overnight Call Rate (%)	5.6	7.1	3.2	5.8	8.2	8.1	8.6
10-year G-Sec Yield (%)	7.0	7.5	7.2	7.9	8.4	8.2	8.8
Exchange Rate (₹/\$) (end-March)	43.1	50.9	45.1	44.6	51.2	54.4	61.9
Current Account Deficit (% GDP)	-0.3	-2.3	-2.8	-2.8	-4.2	-4.8	-1.2



Restoring normalcy in financial markets, ensuring normal flow of credit to productive sectors of the economy as well as limiting the adverse impact on the real sector of the economy assumed policy priority. The Reserve Bank, like most other central banks, took a number of conventional and unconventional measures to limit the adverse impact of the contagion on the Indian financial markets and the economy. These included augmenting domestic and foreign exchange liquidity and a sharp reduction in the policy rate. The Reserve Bank used multiple instruments such as the liquidity adjustment facility (LAF), Open Market Operations (OMO), Cash Reserve Ratio (CRR) and securities under the Market Stabilisation Scheme (MSS) to augment the liquidity in the system.

These measures were supported by fiscal stimulus packages which raised the fiscal deficit of the Central Government by about 3.5 per cent of GDP to 6.0 per cent in 2008-09 (Chart 6).

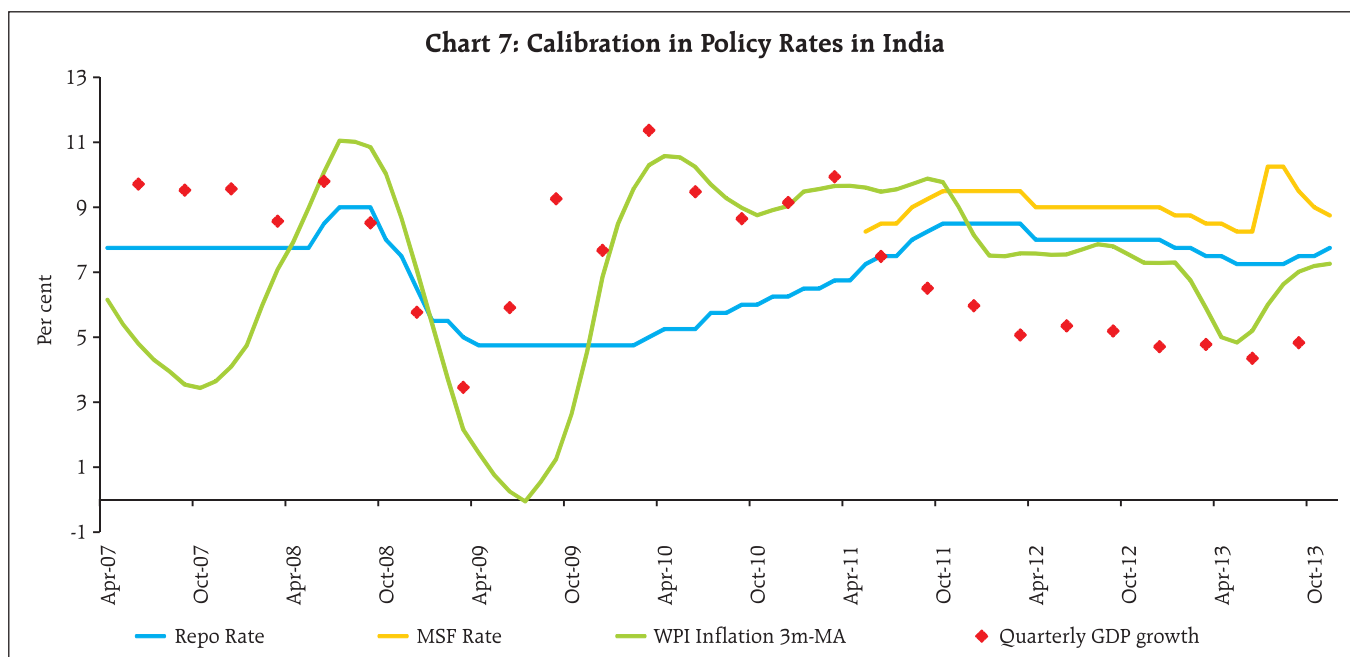
On the back of substantial monetary and fiscal stimulus, growth bounced back quickly. However, inflation also picked up. Consequently, the policy focus shifted to exit from accommodative monetary policy in a calibrated manner starting in October 2009. To

begin with all special liquidity measures were withdrawn which was followed by hikes in policy rate. As the real policy rate turned positive it started to have an impact on inflation.

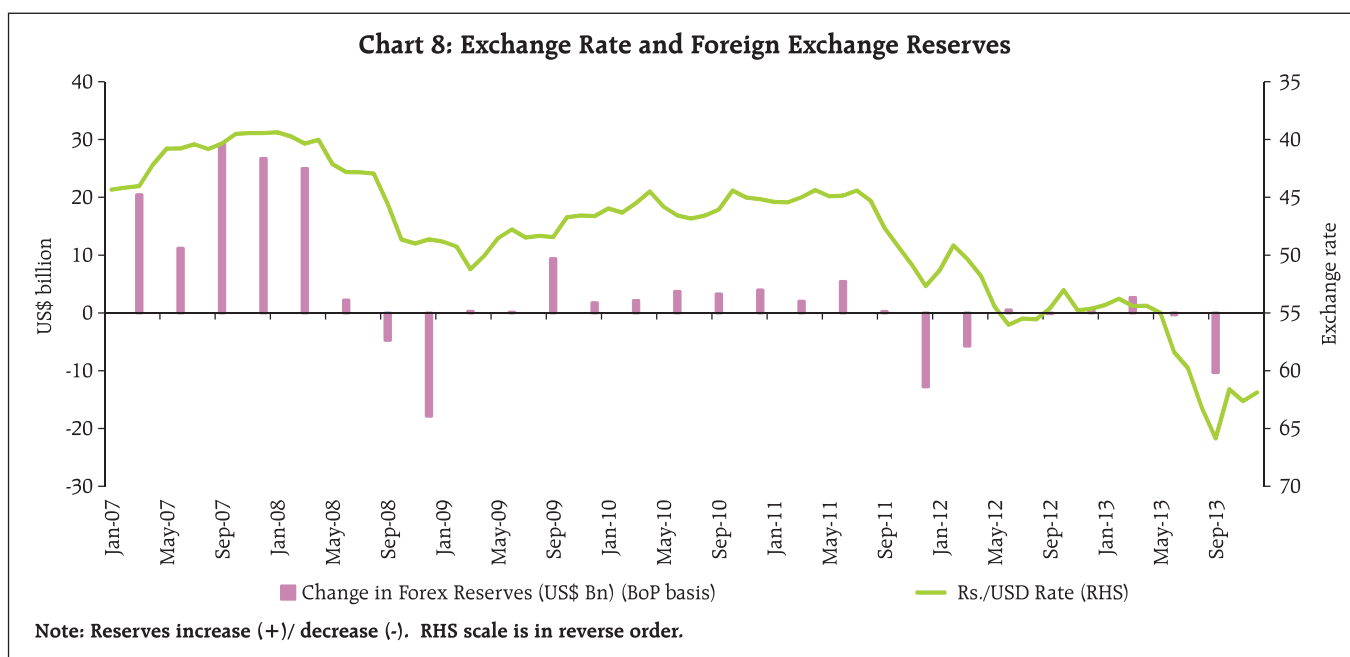
Going into the financial year 2012-13, growth declined and headline WPI inflation showed a clear sign of moderation. This prompted the Reserve Bank to reduce the policy rate (Chart 7).

As the economic conditions appeared to be stabilising, volatility in the financial market returned following the announcement in May 2013 of the Fed's intention of likely tapering of QE. This prompted the Reserve Bank to resort to somewhat unconventional monetary policy measures besides drawing down of foreign exchange reserves to meet the immediate shortfall (Chart 8). Let me give you the flavour of key measures.

- In terms of monetary policy, the upper bound of the policy rate corridor (*i.e.*, MSF rate) was raised by 200 basis points and the quantity of central bank liquidity available through the LAF window was restrained. This had the desired effect of tightening the monetary conditions and raising the effective policy rate sharply to the MSF rate.



- In order to signal that the above measure is temporary so that the interest rates at the longer end do not harden a form of operation twist was tried by conducting outright OMO purchase of government securities alongside sale of short-term government cash management bills. This inverted the yield curve, though accompanied by some increase in long-term rates.
- With a view to containing the current account deficit (CAD) on the balance of payments (BoP), gold imports were restricted.
- The non-resident deposit schemes and banks' borrowing abroad were further liberalised with incentives for swapping these inflows directly with the Reserve Bank. This substantially augmented foreign exchange reserves despite



some outflow on account of directly meeting the foreign exchange requirement of oil imports.

As portfolio capital outflows waned and BoP improved, stability returned to the foreign exchange market. This prompted the Reserve Bank to unwind the bulk of the exceptional measures and normalise monetary policy by restoring the policy interest rate corridor to its original position and the repo rate to its signalling role of policy. Though the policy repo rate was increased by 25 basis points each in September and November 2013, this was more on considerations of emerging growth and inflation balance.

Conclusion

Let me conclude.

First, the global financial crisis triggered unprecedented policy activism by advance country central banks. They resorted to unconventional monetary policy of the nature and scale unthinkable hitherto.

Second, as we complete over 5 years of unconventional monetary policy of QE and CE, the question is: did it succeed? While it is too early to say, opinion remains divided. Thus far, with unconventional policies, the central banks have been far less successful in stimulating growth⁸. While it may not have improved general monetary transmission and prompted

sustainable recovery, it did have significant impact on the financial market. The counterfactual of what would have happened without QE is not known? In any case, it seems to have prevented a deeper recession.

Third, the spillover effect of QE on commodity markets and emerging market economies (EMEs) has been significant. This has resulted in increased volatility of capital flows and elevated asset prices. The initiation of exit from QE has also created additional macroeconomic challenges for EMEs including India.

Fourth, the Indian economy and financial markets were significantly impacted by the global financial crisis and the recent signalling of exit from QE by the Fed. This prompted the Reserve Bank to resort to both conventional and unconventional monetary policy alongside other regulatory policies to stabilise markets.

Finally, while the exit from QE increases uncertainties in the financial market, it is increasingly felt that continuation of unconventional monetary policy for long could create risks in the global economy it sought to address by preventing deleveraging and appropriate pricing of risks. In addition, the current policy response has increased sovereign risk in a number of countries which circumscribes the ability of policy to cushion further unexpected shocks.

Thank you.

⁸ Rajan, Raghuram (2013), "A Step in the Dark: Unconventional Monetary Policy after the Crisis", Andrew Crockett Memorial Lecture delivered at the BIS on June 23.

*Financial Inclusion in India – An Assessment**

P. Vijaya Bhaskar

'Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom.

Sometimes it falls upon a generation to be great. You can be that great generation. Let your greatness blossom. Of course, the task will not be easy. But not to do this would be a crime against humanity, against which I ask all humanity now to rise up.'

- Nelson Mandela

'The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.'

- Franklin D. Roosevelt

'Poverty is the worst form of violence.'

- Mahatma Gandhi

'If the misery of the poor be caused not by the laws of nature, but by our institutions, great is our sin.'

- Charles Darwin

Introduction

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the major efforts made in the last five decades include – nationalisation

* Speech delivered by Shri P. Vijaya Bhaskar, Executive Director, Reserve Bank of India at the MFIN and Access-Assist Summit organised in New Delhi on December 10, 2013. The assistance provided by Shri M. Sreeramulu, AGM, DNBS, RBI, CO is heartily acknowledged.

of banks, building up of robust branch network of scheduled commercial banks, co-operatives and regional rural banks, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, permitting BCs/BFs to be appointed by banks to provide door step delivery of banking services, zero balance BSBD accounts, etc. The fundamental objective of all these initiatives is to reach the large sections of the hitherto financially excluded Indian population.

The speech is organised in five sections:

Section 1 – Definitions

Section 2 – Extent of Financial Exclusion

Section 3 – RBI Policy Initiatives and Progress in Financial Inclusion

Section 4 – Stakeholder-wise Issues in Financial Inclusion

Section 5 – Conclusion and Way Forward

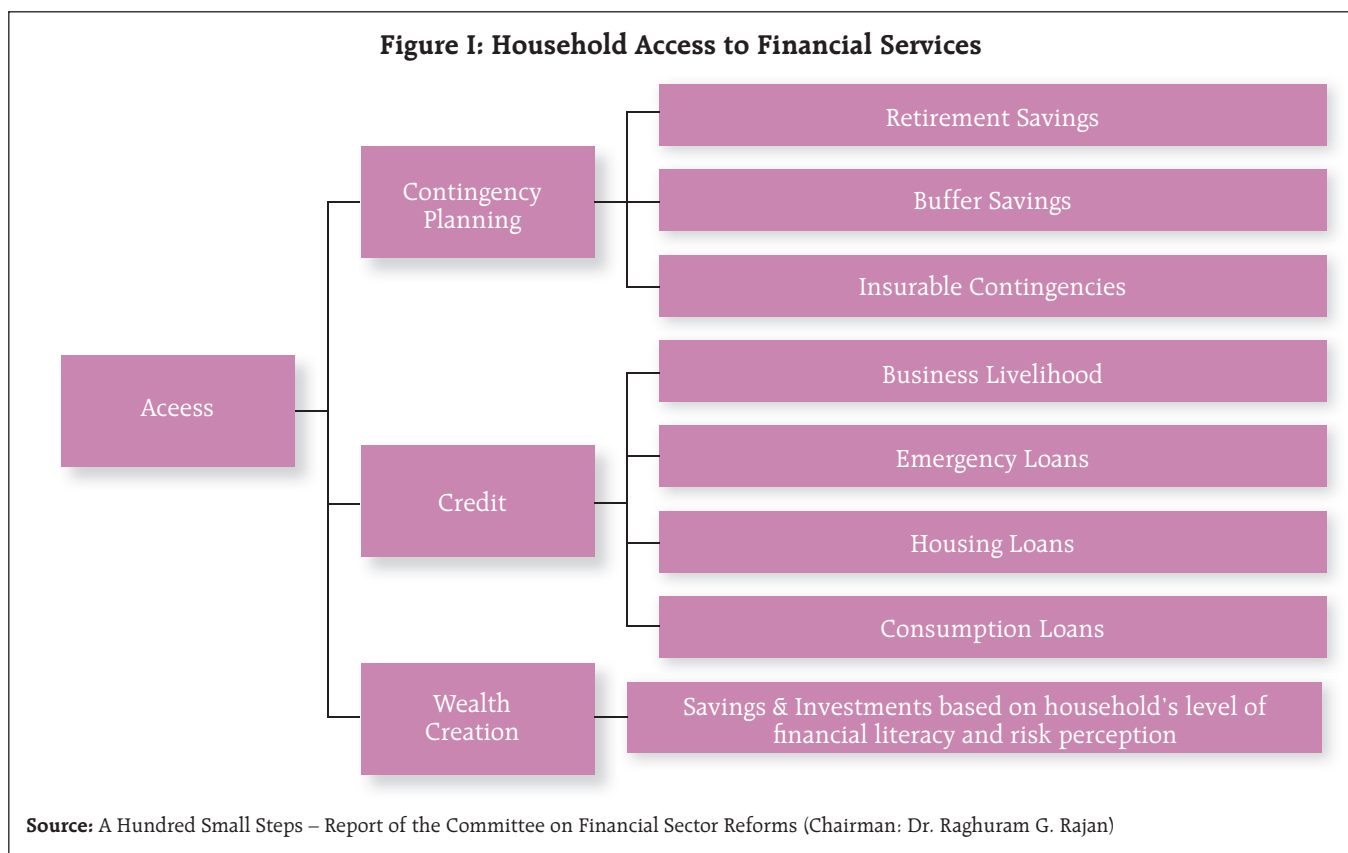
Section – 1

Definitions

1.1 Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan).

1.2 Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products (The Committee on Financial Sector Reforms, Chairman: Dr. Raghuram G. Rajan). Household access to financial services is depicted in Figure I.

1.3 The essence of financial inclusion is to ensure delivery of financial services which include – bank accounts for savings and transactional purposes, low cost credit for productive, personal and other purposes,



financial advisory services, insurance facilities (life and non-life) etc.

Why Financial Inclusion?

1.4 Financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. Financial inclusion also mitigates the exploitation of vulnerable sections by the usurious money lenders by facilitating easy access to formal credit.

1.5 In rural areas, the Gini's¹ coefficient rose to 0.28 in 2011-12 from 0.26 in 2004-05 and during the same

¹ Source: National Sample Survey on household consumption expenditure. The coefficient ranges from zero to one, with zero representing perfect equality and one showing perfect inequality.

period to an all-time high of 0.37 from 0.35 in urban areas.

Section 2

Extent of Financial Exclusion

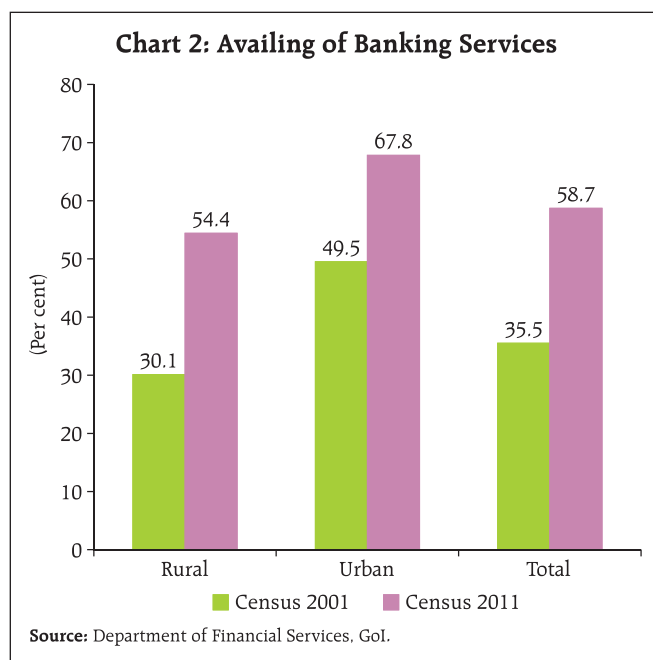
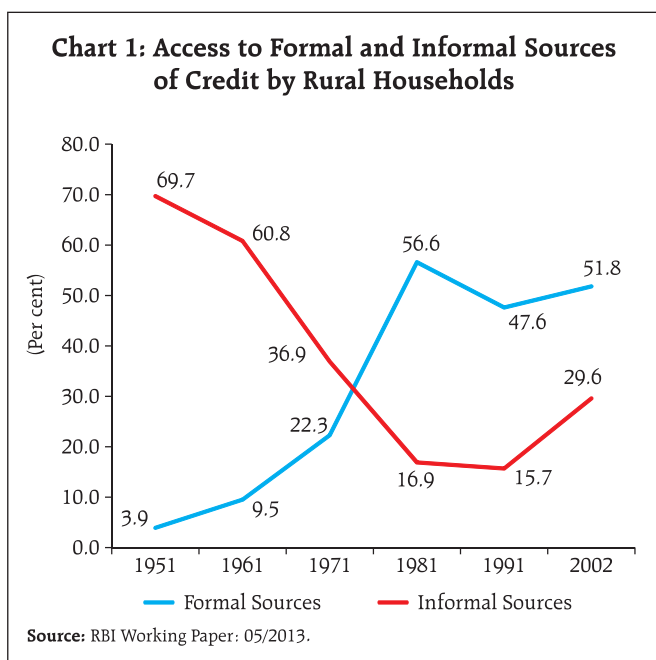
In this section, the extent of financial exclusion from different perspectives/angularities is presented based on five different data sources, viz.,:

- (a) NSSO 59th Round Survey Results,
- (b) Government of India Population Census 2011,
- (c) CRISIL-Inclusix
- (d) RBI Working Paper Series Study on 'Financial Inclusion in India: A Case-study of West Bengal' and
- (e) World Bank 'Financial Access Survey' Results.

2.1 NSSO 59th Round Survey Results²

- 51.4 per cent of farmer households are financially excluded from both formal/informal sources.

² All India Debt and Investment Survey, NSSO 59th Round.



- Of the total farmer households, only 27 per cent access formal sources of credit; one third of this group also borrowed from non-formal sources.
- Overall, 73 per cent of farmer households have no access to formal sources of credit.
- Across regions, financial exclusion is more acute in Central, Eastern and North-Eastern regions. All three regions together accounted for 64 per cent of all financially excluded farmer households in the country. Overall indebtedness to formal sources of finance of these three regions accounted for only 19.7 per cent.
- However, over the period of five decades, there has been overall improvement in access to formal sources³ of credit by the rural households (Chart 1).

2.2 Government of India Population Census 2011

- As per census 2011, only 58.7 per cent of households are availing banking services in the country. However, as compared with previous

³ Formal sources include credit from SCBs (including RRBs) and credit from co-op society/bank and informal sources include credit from agricultural and professional money lenders.

census 2001, availing of banking services increased significantly largely on account of increase in banking services in rural areas (Chart 2).

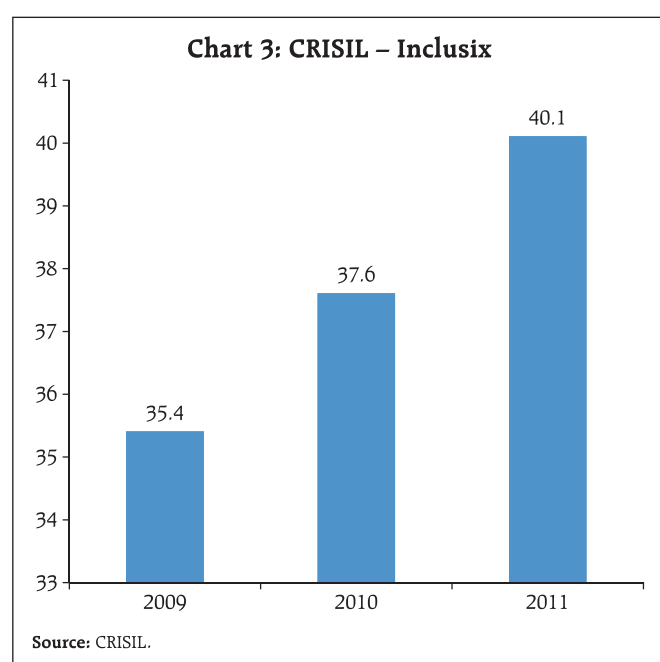
2.3 CRISIL Financial Inclusion Index (Inclusix)

- In June 2013, CRISIL first time published a comprehensive financial inclusion index (*viz.*, Inclusix). For constructing the index, CRISIL identified three critical parameters of basic banking services namely branch penetration⁴, deposit penetration⁵ and credit penetration⁶.
- The CRISIL Inclusix indicate that there is an overall improvement in the financial inclusion in India (Chart 3).
- CRISIL-Inclusix (on a scale of 100) increased from 35.4 in March 2009 to 37.6 in March 2010 and to 40.1 in March 2011.

⁴ Bank branch penetration is measured as number of bank branches per one lakh population

⁵ Measured as number of saving deposit accounts per one lakh population

⁶ Average of three measures (namely number of loan accounts per one lakh population, number of small borrower loan accounts per one lakh population and number of agriculture advances per one lakh population) used for credit penetration.



2.4 RBI Working Paper Study

- Sadhan Kumar⁷ (2011) worked out an Index on financial inclusion (IFI) based on three variables

namely penetration (number of adults having bank account), availability of banking services (number of bank branches per 1000 population) and usage (measured as outstanding credit and deposit). The results indicate that Kerala, Maharashtra and Karnataka has achieved high financial inclusion (IFI >0.5), while Tamil Nadu, Punjab, A.P, H.P, Sikkim, and Haryana identified as a group of medium financial inclusion (0.3 <IFI<0.5) and the remaining states have very low financial inclusion.

2.5 World Bank 'Financial Access Survey' Results

- From the table 1 given below, it would be observed that in our country, financial exclusion measured in terms of bank branch density, ATM density, bank credit to GDP and bank deposits to GDP is quite low as compared with most of developing countries in the world.

Table 1: Select Indicators of Financial Inclusion, 2011

S. No.	Country	Number of Bank Branches	Number of ATMs	Number of Bank Branches	Number of ATMs	Bank Deposits	Bank Credit
		Per 1000 KM		Per 0.1 Million		as % to GDP	
1	India	30.43	25.43	10.64	8.9	68.43	51.75
2	China	1428.98	2975.05	23.81	49.56	433.96	287.89
3	Brazil	7.93	20.55	46.15	119.63	53.26	40.28
4	Indonesia	8.23	15.91	8.52	16.47	43.36	34.25
5	Korea	79.07	...	18.8	...	80.82	90.65
6	Mauritius	104.93	210.84	21.29	42.78	170.7	77.82
7	Mexico	6.15	18.94	14.86	45.77	22.65	18.81
8	Philippines	16.29	35.75	8.07	17.7	41.93	21.39
9	South Africa	3.08	17.26	10.71	60.01	45.86	74.45
10	Sri Lanka	41.81	35.72	16.73	14.29	45.72	42.64
11	Thailand	12.14	83.8	11.29	77.95	78.79	95.37
12	Malaysia	6.32	33.98	10.49	56.43	130.82	104.23
13	UK	52.87	260.97	24.87	122.77	406.54	445.86
14	USA	9.58	...	35.43	...	57.78	46.83
15	Switzerland	84.53	166.48	50.97	100.39	151.82	173.26
16	France	40.22	106.22	41.58	109.8	34.77	42.85

Source: Financial Access Survey, IMF; Figures in respect of UK are as on 2010

⁷ RBI Working Paper Series (WPS (DEPR):8/2011), Sadhan Kumar Chattopadhyay

Section – 3

3.1. Financial Inclusion – RBI Policy Initiatives

- RBI has adopted a bank-led model for achieving financial inclusion and removed all regulatory bottle necks in achieving greater financial inclusion in the country. Further, for achieving the targeted goals, RBI has created conducive

regulatory environment and provided institutional support for banks in accelerating their financial inclusion efforts (Box-I).

3.2. Recent Measures

- **Licensing of New Banks:** The present round of licensing new banks is essentially aimed at giving further fillip to financial inclusion efforts in our

Box I: Financial Inclusion Initiatives

- Advised all banks to open *Basic Saving Bank Deposit (BSBD)* accounts with minimum common facilities such as no minimum balance, deposit and withdrawal of cash at bank branch and ATMs, receipt/credit of money through electronic payment channels, facility of providing ATM card.
- *Relaxed and simplified KYC norms* to facilitate easy opening of bank accounts, especially for small accounts with balances not exceeding ₹50,000 and aggregate credits in the accounts not exceeding ₹ one lakh a year. Further, banks are advised not to insist on introduction for opening bank accounts of customers. In addition, banks are allowed to use Aadhar Card as a proof of both identity and address⁸.
- *Simplified Branch Authorisation Policy*, to address the issue of uneven spread bank branches, domestic SCBs are permitted to freely open branches in Tier 2 to Tier 6 centers with population of less than one lakh under general permission, subject to reporting. In North-Eastern States and Sikkim domestic SCBs can open branches without having any permission from RBI. With the objective of further liberalising, general permission to domestic scheduled commercial banks (other than RRBs) for opening branches in Tier 1 centres, subject to certain conditions.
- *Compulsory Requirement of Opening Branches in Un-banked Villages*, banks are directed to allocate at least 25 per cent of the total number of branches to be opened during the year in un-banked (Tier 5 and Tier 6) rural centers.
- *Opening of intermediate brick and mortar structure*, for effective cash management, documentation, redressal of customer grievances and close supervision of BC operations, banks have been advised to open intermediate structures between the present base branch and BC locations. This branch could be in the form of a low cost simple brick and mortar structure consisting of minimum infrastructure such core banking solution terminal linked to a pass book printer and a safe for cash retention for operating larger customer transactions.
- Public and private sector banks had been advised to submit board approved three year Financial Inclusion Plan (FIP) starting from April 2010. These policies aim at keeping self-set targets in respect of rural brick and mortar branches opened, BCs employed, coverage of un-banked villages with population above 2000 and as well as below 2000, BSBD accounts opened, KCCs, GCCs issued and others. RBI has been monitoring these plans on a monthly basis.
- Banks have been advised that their *FIPs should be disaggregated and percolated down up to the branch level*. This would ensure the involvement of all stakeholders in the financial inclusion efforts.
- In June 2012, revised guidelines on *Financial Literacy Centres (FLCs)*. Accordingly, it was advised that FLCs and all the rural branches of scheduled commercial banks should scale up financial literacy efforts through conduct of outdoor Financial Literacy Camps at least once a month, to facilitate financial inclusion through provision of two essentials *i.e.*, 'Financial Literacy' and easy 'Financial Access'. Accordingly, 718 FLCs have been set up as at end of March 2013. A total of 2.2 million people have been educated through awareness camps/choupals, seminars and lectures during April 2012 to March 2013.

⁸ Although RBI has relaxed KYC norms by considering Aadhar Card as a proof of both identity and address, large number of people still are not having Aadhaar Cards and incidentally, Supreme Court ruled that the centre and states should not insist on Aadhaar cards for providing essential services.

country. Innovative business models aimed at furthering financial inclusion efforts would be looked into closely in processing applications for banking license. Financial inclusion plan would be an important criterion for procuring new bank licenses (Dr. D. Subbarao).

- Discussion Paper on Banking Structure in India – The Way Forward:** The RBI has put out a discussion paper in August 2013 on Banking Structure for public comments. One of the main issues relates to 'Differentiated Banking Licenses'. The subject of licensing 'small banks and financial inclusion' has been discussed therein. A view will be taken by the RBI after factoring in the comments/suggestions received from the general public.
- In this context, it needs to be mentioned that Urban Co-operative Banks (UCBs), Regional Rural Banks (RRBs) and Local Area Banks (LABs) numbering 1606, 64, and 4 respectively are, in fact, Small Finance Banks operating in this country. These apart, there is a 3-Tier rural co-operative structure with State Co-operative Central Banks (SCCBs) at the apex, District Central

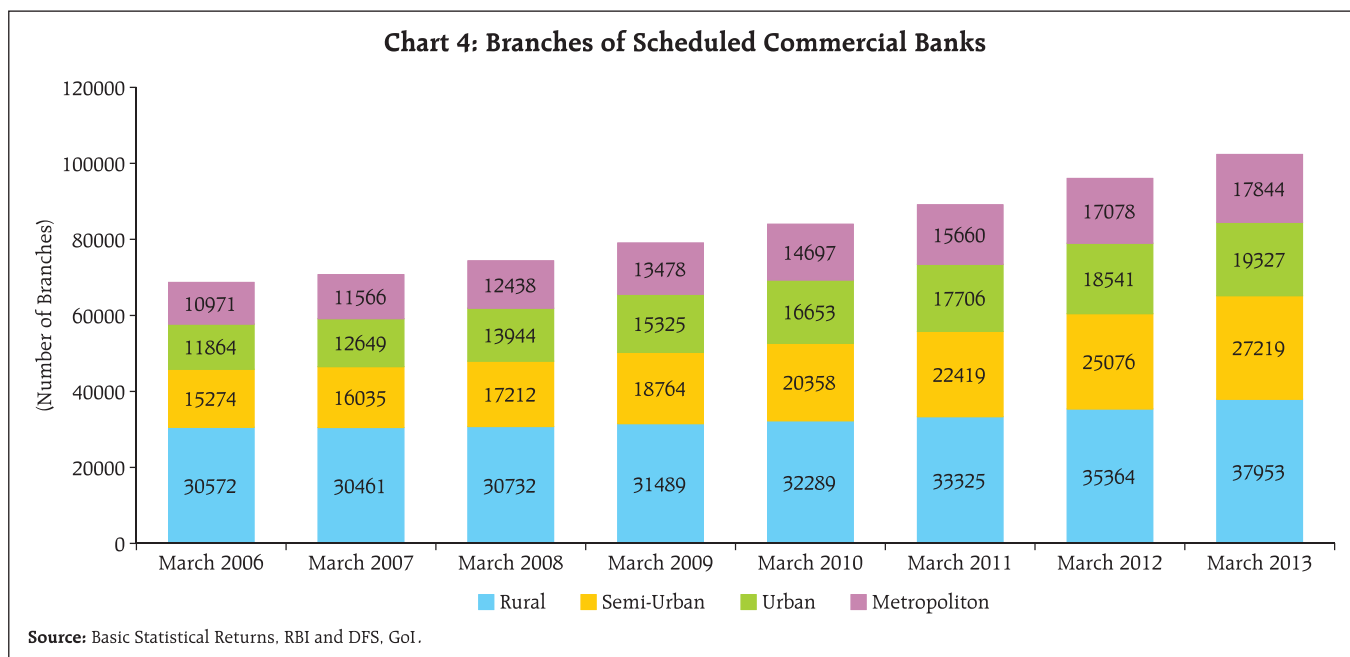
Co-operative Banks(DCCBs) at the intermediary level and Primary Agricultural Credit Societies (PACs) at the grass root level, which number 31, 371 and 92,432 respectively. Furthermore, we have around 12,225 NBFCs as on March 2013, which could be conceptually construed as semi-banks undertaking predominantly credit/investment activities.

3.3. Progress in Financial Inclusion

- Progress of financial inclusion since the launch of financial inclusion plans clearly indicates that banks are progressing in areas like opening of banking outlets, deploying BCs, opening of BSBD accounts, grant of credit through KCCs and GCCs. Detailed trends are furnished in the following charts.

3.3.1. Number of Branches Opened (including RRBs)

- Due to RBI's concerted efforts since 2005, the number of branches of Scheduled Commercial Banks increased manifold from 68,681 in March 2006 to 1,02,343 in March 2013, spread across length and breadth of the country (Chart 4).



- In rural areas, the number of branches increased from 30,572 to 37,953 during March 2006 to March 2013. As compared with rural areas, number of branches in semi-urban areas increased more rapidly.

3.3.2 Villages Covered

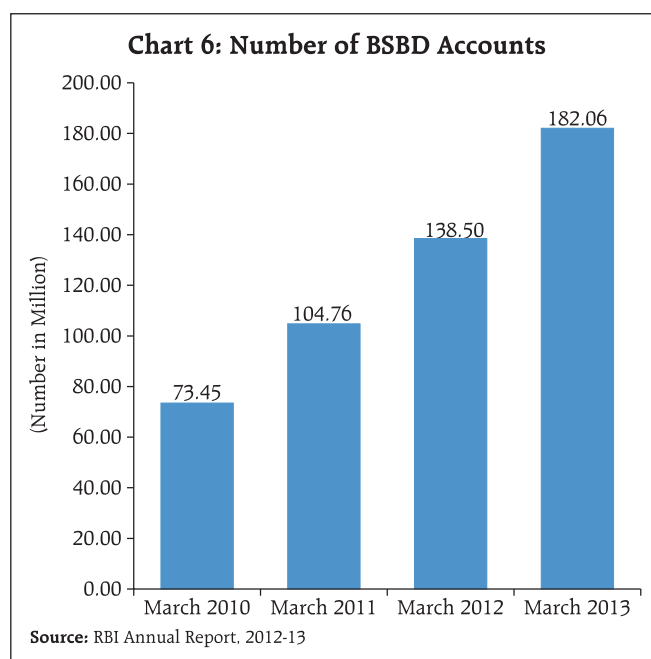
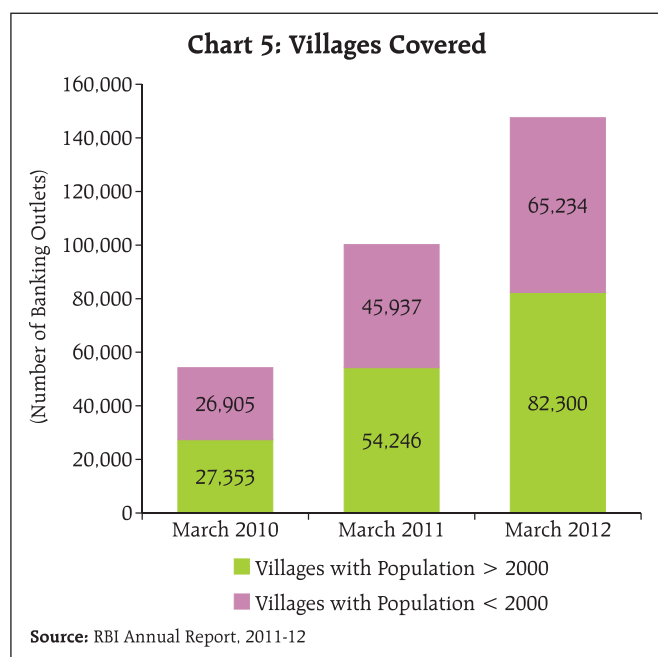
- The number of banking outlets in villages with population more than 2000 as well as less than 2000 increased consistently since March 2010 (Chart 5).

3.3.3 Total Bank Outlets (including RRBs)

- Total number of banking outlets in villages increased from 67,694 in March 2010 to 2,68,454 in March 2013 (increased around 4 times during the period of three years). Of total branches, banking outlets through BCs increased from 34,174 to 2,21,341 during the same period (increased around 6.5 times).

3.3.4 BSBD Accounts Opened

- The number of BSBD accounts opened increased from 73.45 million in March 2010 to 182.06 million in March 2013 (Chart 6).



- RBI advised banks to provide small overdrafts in BSBD accounts. Accordingly up to March 2013, 3.95 million BSBD accounts availed OD facility of ₹1.55 billion (These figures respectively, were 0.18 million and 0.10 billion in March 2010).

3.3.5 Kisan Credit Cards (KCC) Issued:

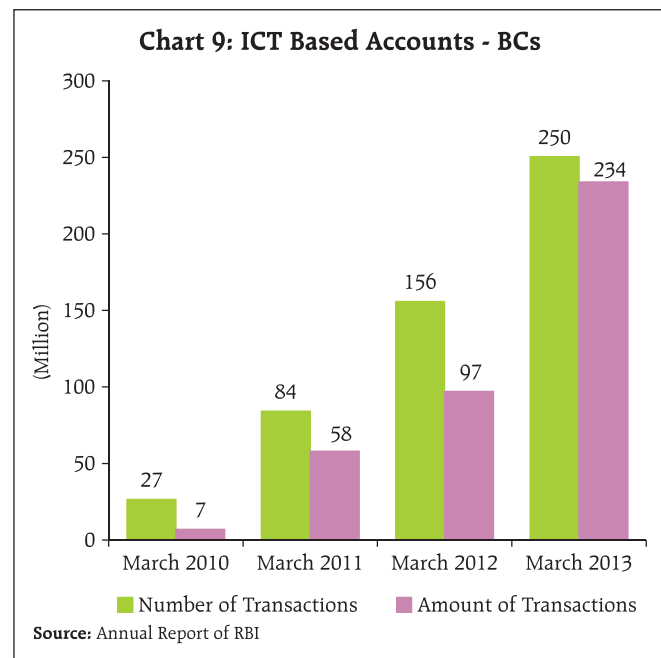
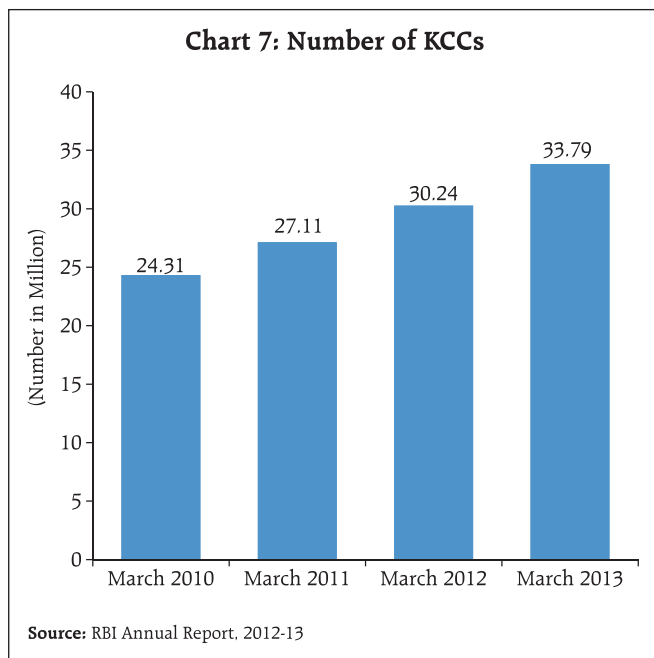
- Banks have been advised to issue KCCs to small farmers for meeting their credit requirements. Up to March 2013, the total number of KCCs issued to farmers remained at 33.79 million with a total outstanding credit of ₹2,622.98 billion (Chart 7).

3.3.6 General Credit Cards (GCC) Issued:

- Banks have been advised to introduce General Credit Card facility up to ₹25,000/- at their rural and semi-urban branches. Up to March 2013, banks had provided credit aggregating to ₹76.34 billion in 3.63 million GCC accounts (Chart 8).

3.3.7 ICT Based Accounts – through BCs

- In order to provide efficient and cost-effective banking services in the un-banked and remote corners of the country, the RBI directed commercial banks to provide ICT based banking services –



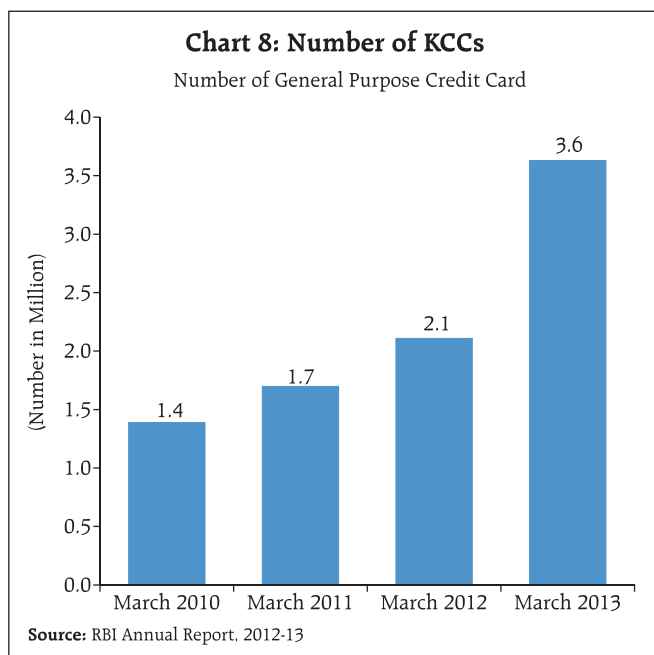
through BCs. These ICT enabled banking services have CBS connectivity to provide all banking services including deposit and withdrawal of money in the financially excluded regions.

- The number of ICT-based transactions through BCs increased from 26.52 million in March 2010 to 250.46 million in March 2013, while transactions amount increased steadily from

₹6.92 billion to ₹233.88 billion during the same period (Chart 9).

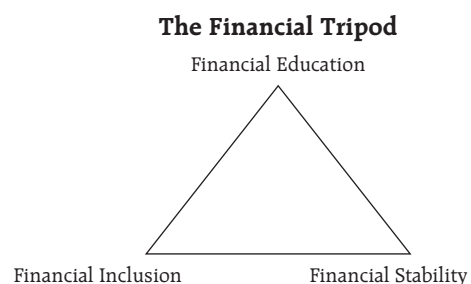
3.3.8 Expansion of ATM Network:

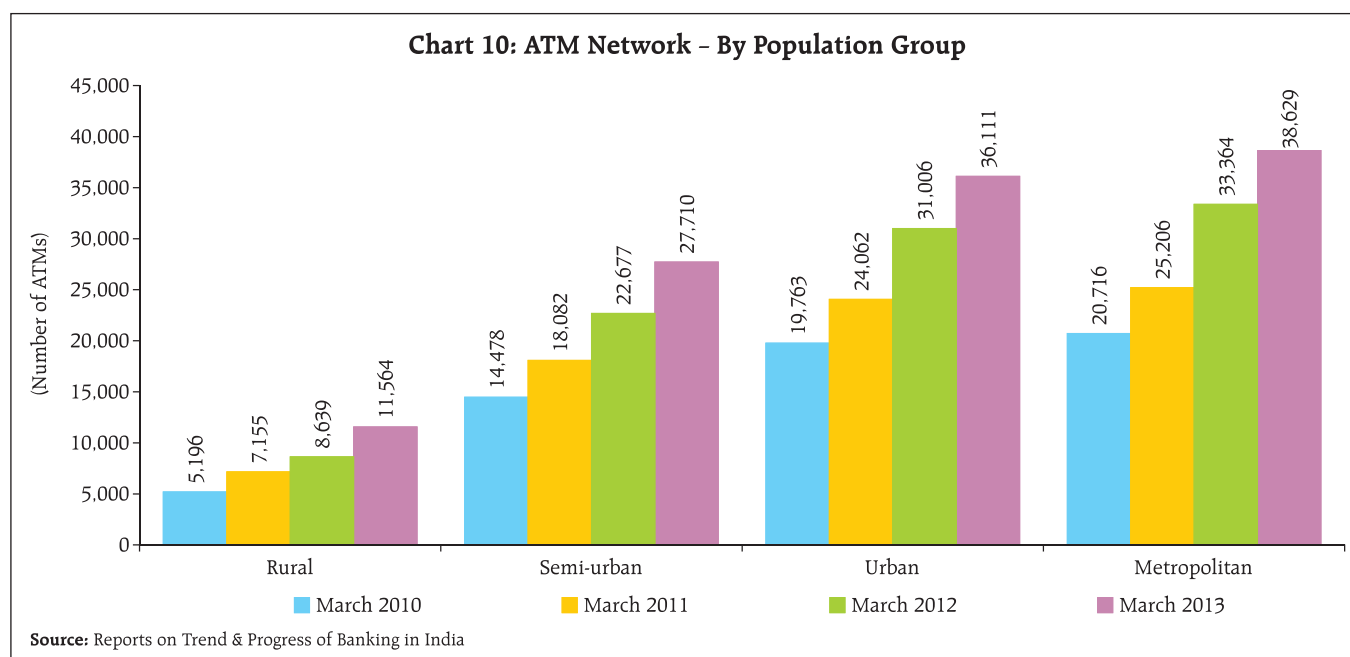
- The total number of ATMs in rural India witnessed a CAGR of 30.6 per cent during March 2010 to March 2013. The number of rural ATMs increased from 5,196 in March 2010 to 11,564 in March 2013 (Chart 10).



3.3.9 Financial Literacy Initiatives

- Financial education, financial inclusion and financial stability are three elements of an integral strategy, as shown in the diagram below. While financial inclusion works from supply side of providing access to various financial services, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered





by banks and other institutions. Going forward, these two strategies promote greater financial stability.

- Financial Stability Development Council (FSDC) has explicit mandate to focus on financial inclusion and financial literacy simultaneously.
- RBI has issued revised guidelines on the Financial literacy Centres (FLC) on June 6, 2012, for setting up FLCs, as detailed in Box 1.

3.3.10 Growth in SHG-Bank Linkage

- This model helps in bringing more people under sustainable development in a cost effective manner within a short span of time. As on March 2011, there are around 7.46 million saving linked SHGs with aggregate savings of ₹70.16 billion and 1.19 million credit linked SHGs with credit of ₹145.57 billion (NABARD, Status of Microfinance in India).

3.3.11 Growth of MFIs:

- Though RBI has adopted the bank-led model for achieving financial inclusion, certain NBFCs which were supplementing financial inclusion efforts at the ground level, specialising in micro credit have

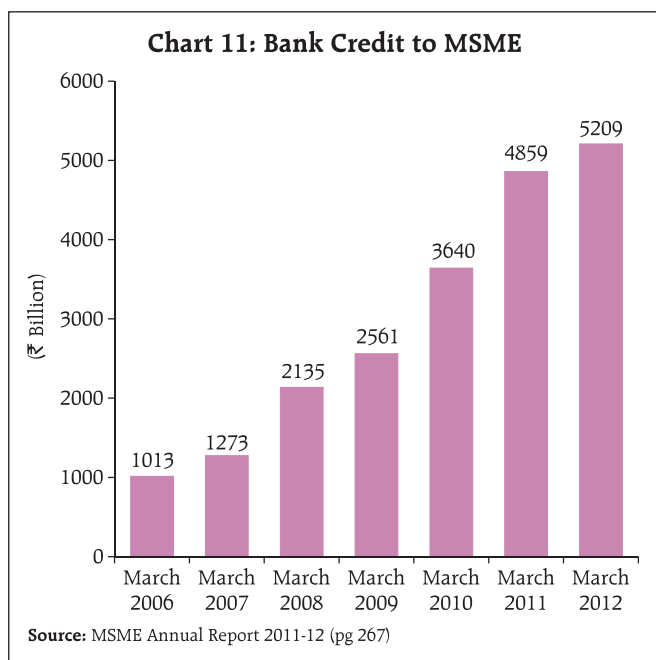
been recognised as a separate category of NBFCs as NBFC-MFIs.

- At present, around 30 MFIs have been approved by the RBI. Their asset size has progressively increased to reach ₹19,000 crore as at end Sept 2013.

3.3.12 Bank Credit to MSME⁹

- MSME sector which has large employment potential of 59.7 million persons over 26.1 million enterprises, is considered as an engine for economic growth and promoting financial inclusion in rural areas. MSMEs primarily depend on bank credit for their operations.
- Bank credit to MSME sector witnessed a CAGR of 31.4 per cent during the period March 2006 to March 2012. Of total credit to MSME, public sector banks contributed the major share of 76 per cent, while private sector banks accounted for 20.2 per

⁹ Micro small and medium enterprises have been considered as engine for economic growth and promoting equitable development of the country because of its employment and export potential and economic empowerment of a vast section of the population. MSME sector employs 59.7 million persons spread over 26.1 million enterprises. This sector accounts for around 45 per cent of the manufacturing output and around 40 per cent of total export of the country (based on the 4th census of MSME sector, Ministry of MSME, Government of India)



cent and foreign banks accounted for only 3.8 per cent as on March 31, 2012¹⁰ (Chart 11).

3.3.13. Insurance Penetration in the Country

- The total insurance (life and non-life) penetration, in terms of the ratio of insurance premium as a percentage of GDP increased from 2.32 in 2000-01 to 5.10 in 2010-11. The life insurance penetration as a percentage of GDP stood at 4.40 in 2010-11 while the non-life insurance penetration remained at 0.71 during the same period¹¹. In other words, there is vast untapped potential as regards insurance penetration.

3.3.14. Equity Penetration in the Country

- The number of investor accounts accounted for a meagre 1.71 per cent of total population of the country¹².

3.3.15. Financial Inclusion Initiatives – Private Corporates:

- A few large private corporate have undertaken projects such as E-Choupal/E- Sagar(ITC), Haryali Kisan Bazaar (DCM), Project Shakti (HUL), etc.

¹⁰ MSME Annual Report, 2012-13, pg. 267

¹¹ Insurance Regulatory and Development Authority

¹² Based on NSDL/CDSL data

Reportedly, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a pre-requisite for financial inclusion efforts to be undertaken by the banking system.

Section – 4

4.1 Stakeholder-wise Issues in Financial Inclusion

- Taking into account the achievements stated in the previous section and based on our interactions with the stakeholders during our various outreach programmes, as also the feedback received from our meetings with the frontline managers, the more important issues which need to be attended; stakeholder-wise are listed in the table below,

Table 2: Stakeholder-wise Issues

S. No	Issues	Remarks
1)	<p>Business Correspondents (BC):</p> <p>For effective functioning of BC model in reaching poor villagers, the following need to be addressed:</p> <ul style="list-style-type: none"> BCs are not making enough income due to catering of services to low-income customers with low volume transactions. For optimum usage of BCs in reaching the poor villagers, BCs have to be adequately compensated so that they are sufficiently incentivised to promote financial inclusion as a viable business opportunity. The usefulness of BC model is dependent on the kind of support provided by the bank branches. For effective supervision of BC operations and for addressing cash management issues as also to take care of customer grievances, banks should open small brick and mortar branches at a reasonable distance. Further, banks should initiate suitable training and skill development programmes for effective functioning of BCs. 	Banks
2)	<p>Tailor Made Services:</p> <ul style="list-style-type: none"> Innovative Products: Designing suitable innovative products to cater to the requirements of poor villagers at affordable rates is an absolute imperative. To wean away villagers from borrowing from money lenders, banks should develop simplified credit disbursement procedures and also flexibility in their work processes. 	Banks

Table 2: Stakeholder-wise Issues

S. No	Issues	Remarks
3)	<p>Technology Applications:</p> <ul style="list-style-type: none"> In an ICT enabled environment, technology is the main lever to achieve the eventual goal of financial inclusion at the earliest. ATM-Network: ATM Network in rural areas accounted for only 10.1 per cent of total ATMs in the country as on March 31, 2013¹³. Banks should enhance their ATM network in rural and un-banked areas to serve poor villagers. While doing so, adequate care should be taken regarding safety/security issues, which have come to the fore in recent times. RuPay Network: To reduce the overall transaction costs associated with small ticket transactions in rural areas, domestic RuPay cards may be utilised¹⁴. KCC/GCCs: To enable farmers to withdraw cash from ATMs anywhere in the country, banks need to convert KCCs/GCCs to electronic credit card. Further, banks may explore the possibility of issuing multipurpose cards which could function as debit cards, KCC and GCC as per the requirements in rural areas. Mobile Banking: In rural India, there are 323.27 million¹⁵ mobile subscribers as on March 2012 (TRAI Annual Report, 2012). To examine the options/alternatives, including the feasibility of using encrypted SMS based funds transfer using an application that can run on any type of handset for expansion of mobile banking in the country, RBI constituted a committee (Chairman: B. Sambamurthy) Technology Service Providers (TSPs): There are a number of issues involving TSPs <i>vis-a-vis</i> several banks. 	<p>Banks/ RRBs, Co-op Banks</p> <p>Banks/ RRBs, Co-op Banks</p> <p>Banks/ RRBs</p> <p>Banks</p> <p>Banks</p>
4)	<p>BSBD Accounts:</p> <p>It is understood that nearly half of the BSBD accounts are dormant. For effective use of BSBD accounts economic activity needs to be improved.</p>	<p>Governments – Central and State; Banks, Co-op Banks, RRBs</p>
5)	<p>Use of PACs and Primary Cooperatives as BCs:</p> <p>PACs penetration in rural areas is far more than that of bank branches. Banks may make use of this largest rural network of cooperatives as business correspondents. Recent NABARD circular also envisaged that PACs can be utilised as BCs for CCBs/SCBs.</p>	<p>Banks, RRBs, State Governments</p>

¹³ Source: Department of Financial Services, Government of India

¹⁴ There are some 85,000 PoS terminals existing where RuPay cards are already accepted. So far, 25 Commercial Banks, 25 RRBs and 30 Urban Co-op Banks have issued over 2 million RuPay cards.

¹⁵ Number mobile subscribers in rural India increased more than 9 times from just 33.14 million in March 2007 to 323.27 million in March 2012 (Source: TRAI Annual Report 2011-12)

Table 2: Stakeholder-wise Issues

S. No	Issues	Remarks
6)	<p>Financial Inclusion in Urban Areas:</p> <p>Generally, urban financial inclusion leaves vast scope for improvement. Migration from rural to urban centres is also accentuating the problem.</p>	<p>Banks</p>
7)	<p>Remittance Corridors:</p> <p>Remittance facility for migrant population is of paramount importance. Providing of easy and cheap remittance facilities to migrant population is an absolute imperative.</p>	<p>Banks</p>
8)	<p>Migrants are not Adequately Covered:</p> <p>Migrants are facing difficulties in opening bank accounts. Commercial banks need to take care of the needs of the migrant population in their financial inclusion plans.</p>	<p>RBI and Banks</p>
9)	<p>Human Face of Banking:</p> <p>To deal with poor villagers, banks need to initiate training programmes to frontline staff and managers as well as BCs on the human side of banking.</p>	<p>Banks</p>
10)	<p>Agriculture Advances:</p> <p>While the number of farmers accounts with SCBs' increased from just 63 lakh in March 2006 to 176 lakh in March 2010¹⁶; in terms of credit, farmers with land holdings 'above 5 acre' accounted for largest share of 44 per cent of total bank credit. To achieve meaningful financial inclusion, banks should give priority for small farmers as compared to large farmers while sanctioning credit.</p>	<p>Banks</p>
11)	<p>Scalability of CBS Platform:</p> <p>In order to handle the growing amount of work due to intensive financial inclusion efforts of country, banks/RRBs should ensure scalability of their CBS platforms.</p>	<p>Banks/RRBs</p>
12)	<p>Electronic Benefit Transfer (EBT):</p> <p>The EBT scheme being an important and integral part of the overall Financial Inclusion with its attendant benefits, banks should promote EBT systems effectively for boosting their financial inclusion plans.</p>	<p>Banks</p>
13)	<p>Ultra Small Branches¹⁷:</p> <p>Ultra Small Branches may be set up between the base branch and BCs to provide support to about 8-10 BC units at a reasonable distance</p>	<p>New Private Banks/RRBs</p>
14)	<p>Low Credit Share of Rural Areas: Although, in terms of number of branches, rural areas account for nearly 30 per cent of total branches of scheduled commercial banks, the share of rural credit account for less than 10 per cent of total credit. Govt./ Banks should initiate steps to increase the credit absorption capacity in rural areas by promoting employment and other opportunities.</p>	<p>Banks/GoI</p>

¹⁶ Source: Hand Book of Statistics on Indian Economy

¹⁷ RPCD CO.RRB.No.BL.BC/08/03.05.90/13-14

Table 2: Stakeholder-wise Issues

S. No	Issues	Remarks
15)	Private Sector banks need to open more branches in rural areas: In the case of private sector banks, rural branches accounted for just 13.3 per cent of their total branches in March 2013 (while in the case of public sector the same stood at 33.1 per cent). There is an imperative need to ramp up the number of rural branches by the private sector banks	Private Banks
16)	Penetration of RRBs in Financially excluded Regions: Though RRBs have more presence in central (30.7 per cent as on March 2012) and eastern regions (23.1 per cent), financial exclusion is more acute in these regions.	RRBs
17)	Infrastructure Development: For up-scaling financial inclusion, adequate infrastructure such as digital and physical connectivity, uninterrupted power supply <i>etc</i> are prerequisites. Reportedly, out of six lakh villages in India, around 80,000 villages have no electricity and the constraints of electricity directly impact the working of banks.	Central & State Governments
18)	Vernacular Languages Financial inclusion efforts should necessarily be done in vernacular languages. In this context, the need for vernacularisation of all forms (including legal forms) is an absolute must, at least in major languages. As per Akosha ¹⁸ there are 10,506 consumer complaints received ¹⁹ against financial sector (includes banking, finance, insurance, real estate and construction) during the period January 2013 to March 2013. As part of Financial Literacy initiatives, if banks were to undertake pro-active steps in helping the common public to get over their English phobia, it is felt that the number of complaints would increase manifold.	Banks & Other FIs
19)	Private Corporate Initiatives A few large private corporates have undertaken projects such as E-Choupal/E-Sagar (ITC), Hariyali Kisan Bazar (DCM), Project Shakti (HUL), <i>etc</i> . Reportedly, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a pre-requisite for Financial Inclusion efforts to be undertaken by the banking system.	Private Corporates

¹⁸ An online company working towards consumer complaints redressal

¹⁹ Related to problem in ATM transactions (18.02 per cent of total complaints) and mis-selling of insurance products (16.30 per cent), credit cards (13.83 per cent), loan (10.88 per cent), saving bank account (11.78 per cent), medical insurance (8.34 per cent), debit card (6.65 per cent), general insurance (4.15 per cent), motor insurance (3.55 per cent) and others (6.5 per cent).

Table 2: Stakeholder-wise Issues

S. No	Issues	Remarks
20)	Post-offices: Post offices (POs) are closest to the rural people compared to bank branches. As on March 31, 2011, there are 1,54,866 post offices in India, of which 1,39,040 (89.8 per cent) were in rural areas. All round efforts should be made to ensure that Post Offices play a greater and more active role due to known advantages. Progressively, more POs may be engaged to become BCs of banks due to well-known advantages.	RBI and Government
21)	White Label ATMs: RBI has already started allowing eligible private entities to establish White Label ATMs. There is case for its acceleration.	RBI, Private Corporates
22)	MSME – Financial Exclusion: The statistics based on 4th Census on MSME sector revealed that only 5.18 per cent of the units (both registered and un-registered) had availed finance through institutional sources. 2.05 per cent got finance from non-institutional sources. The majority of units <i>i.e.</i> , 92.77 per cent had no finance or depended on self-finance. SIDBI should go into the reasons for not getting access to formal sources of credit by the majority of MSME units.	SIDBI/Banks
23)	SHG-Bank Linkage – Penetration: Although SHG-Bank Linkage model is successful in rural areas, it has not spread evenly throughout India, the spread is poor especially in the financially excluded regions namely central and north-eastern.	NABARD
24)	SHG-Bank Linkage Outstanding Bank Credit: Outstanding bank loans against SHGs accounted for only 1.93 per cent of gross bank credit as on March 31, 2011. It was observed that SHGs are not getting loans from banks even after more than one year of its formation and group activities. Certain difficulties are being experienced by SHGs in obtaining bank credit which NABARD should look into and inform RBI of the same.	NABARD
25)	Insurance for Rural India: Over 70 per cent of total population resides in the rural areas of the country. However, insurance reaches less than 3 per cent of the total population. Due to high competition and relatively high market saturation in the urban areas, rural areas provide ample business opportunities for insurance firms – both life and non-life.	IRDA
26)	Scope for Further Research: In financial inclusion, there are a few potentially interesting areas for future research – <i>viz.</i> , (a) the most appropriate delivery model (which banks are still trying to figure out) for different geographical regions given their unique characteristics,	Research Agencies

Table 2: Stakeholder-wise Is (Concl.)

S. No	Issues	Remarks
26)	(b) The unbanked segments- be it in rural, urban or metropolitan areas are largely served by the un-organised sector even today. Research into the products, practices and procedures of this unorganised sectors an absolute imperative, to identify and understand the same which the bottom of the pyramid populace finds so convenient and comfortable to deal with. This could throw up valuable leads for the organised sector – banks and financial institutions to follow (c) Further, in order to measure the intensity of money lenders especially in rural areas, research agencies should, inter alia, conduct a census of money lenders in rural India.	

Section 5

Conclusion & Way Forward

Let me conclude by repeating what I have endeavoured to convey about assessment of financial inclusion efforts in our country. I began with a brief introduction of the subject and provided two major definitions of financial inclusion. Thereafter, the important policy initiatives of the RBI and progress achieved/identified trends in financial inclusion have been explained to assess where we stand at the present juncture. I tried to identify stakeholder-wise issues in financial inclusion, based on such an assessment as also on the basis of feedback received by us during our financial outreach programmes and the conferences of front line managers which we have been conducting for the past few years. It is one's earnest hope and desire that the issues raised herein would trigger an informed debate and discussion, which could provide an invaluable feedback in the run up to the Report of Nachiket Mor Committee, which at present is examining the entire gamut of issues surrounding financial inclusion. Further on, the research community may like to go into such aspects of financial inclusion, which would provide valuable leads to the regulators and all the stakeholders concerned in achieving meaningful and holistic financial inclusion at the earliest in our country.

Thank You,

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Status of Microfinance in India: 2010-11, NABARD

*Administering FEMA – Evolving Challenges**

G. Padmanabhan

DG Shri H. R. Khan, Chairman, Foreign Exchange Dealers Association of India, Officials from the Authorised Dealer Banks, and my colleagues from the RBI from all over the country.

1. A very good morning and welcome to this historic city of Agra. It is customary in these annual gatherings to take stock of the developments in the area of foreign exchange management over the preceding one year and discuss the context and content of the in-the-pipeline changes contemplated. The last one year since we met in December 2012 has been quite tumultuous and challenging but we have been able to hold our heads above water through appropriate policy responses. Now that FEMA is in its teens, let me attempt a self appraisal of how we have brought up or managed the baby (read FEMA), that was delivered at the turn of the century. Let me start with a few searching questions. Have we, during the past fourteen years, been able to charter the course we set out for ourselves when Foreign Exchange Management was enacted in 1999? Do we find ourselves where we envisaged ourselves to be? Where do we go from here? While I attempt to answer these questions, please take them as more of an introspection rather than a judgment.

2. Let us first look at the developments during the past year that would provide a setting for these questions. The dollar-rupee exchange rate acts as the barometer of the external sector. After exhibiting relative stability after the post-Lehman turbulence and range-bound two-way movement till about August 2011, US debt cap problem and subsequent downgrade sent

Rupee on a depreciating spree till almost end 2011. Rupee depreciated by about 20 per cent during this period. It recovered significantly during the first quarter of 2012 due in some measure to the action that we had taken in mid-December 2011 to curb speculation and panic reaction by market participants. The Rupee started depreciating again in the second quarter of 2012, this time due to sovereign debt problem of the European peripheral countries and by the end of the quarter, Rupee had depreciated by about 16 per cent. After relative stability of close to a year thereafter, Rupee exhibited sharp depreciation again after May 2013 on the back of fear of the US exit from the asset purchase program the so called taper, accentuated by some geo-political factors precipitating at that time. Rupee has retracted from the lows it had reached, but the exchange rate often exhibits bouts of volatility.

3. External factors have no doubt played an important role in determining the path not only of Rupee but also of the currencies of most emerging market economies. For instance between May and August 2013, the most volatile phase, when Rupee depreciated by about 21 per cent, Brazilian Lira too depreciated by about 16 per cent, Indonesian Rupiah by 14 per cent, South African rand by 13 per cent, Turkish Lira by 13 per cent and Thai Baht by 9 per cent. While such company may provide some comfort to us, it does not mitigate the pain: the impact of heightened volatility, sharp movements and disorderly market conditions on the real sector cannot be overemphasised.

4. The impact of the global factors on the Rupee is only a part of the story. On the domestic front, the economy is not exactly in the best of health. The fiscal expansion to deal with the adverse impact of the global financial crisis and the reduced tax buoyancy on the back of a relatively slowed-down economy has left the fiscal position in a less than optimal state. The inflationary pressure continues. Most importantly, the current account deficit has burgeoned to 4.6 per cent for the last fiscal. Of course, the current account balance has shown improvement since October last year with

* Inaugural address by Shri G. Padmanabhan, Executive Director at the Authorised Dealers' Conference at Agra on November 30, 2013. Assistance provided by Shri H. S. Mohanty in the preparation of this address is gratefully acknowledged.

a significant reduction in trade deficit (48 per cent), export growth (13.5 per cent) and reduction in imports (14.5 per cent). It is expected that the current account deficit will be within 3 per cent to 3.5 per cent this fiscal year and compared with the last year, much easier to finance.

5. Let me briefly recall an earlier episode when the Rupee exhibited heightened volatility, but in the other direction. After reaching a sub-47 level trough in July 2006, it steadily appreciated till February-March 2008, even after the tremors of the global crisis had started getting noticed. During this period, momentum of Rupee appreciation could be arrested only through aggressive intervention by the Reserve Bank. During 2006-07 and 2007-08, the RBI purchased US\$ 26.8 and US\$ 78.2 billion respectively. The direct (fiscal) cost of sterilisation operations to contain the expansionary impacts of the RBI's interventions was significant, at about ₹8,000 crore during 2007-08, which goes to show, even with the benefit of hindsight, that intervening in the market to buy foreign exchange in the face of surge in inflows is not necessarily an easy decision.

6. The volatility of the exchange rate, particularly episodes of large unidirectional movement either way, calls for an effective set of policy tools to deal with it. I do not intend to go into the larger questions of whether the exchange rate movements need to be dealt with at all and if so, what constitutes an optimal policy choice. For the purpose of the present discussion, suffice to say that some form and extent of capital account management is an option to deal with episodic or structural vulnerabilities, which has gained wide acceptability amongst academics and policy makers. This brings us to the core of our discussion today: the nature and implementation of the regulatory regime for foreign exchange management in India.

7. Regulation of foreign exchange transactions has a long history. For a newly independent nation trying to unshackle itself from foreign political and economic domination, the first legislation, the Foreign Exchange Regulation Act (FERA), 1947, was primarily concerned

with regulation of inflow of foreign capital into India, increase in non-resident interest and deployment of imported capital. India faced an acute foreign exchange crisis in the 1960s. It may be recalled that perhaps the most critical use of foreign exchange at that time was for import of food grains; during most of 1960s over seven per cent of food grain requirement had to be imported. In this backdrop, FERA, 1947 was replaced by Foreign Exchange Regulation Act, 1973. Given the importance of foreign exchange, it is no wonder that the purpose of the new legislation as stated in the preamble to Act was '*...for the conservation of the foreign exchange resources of the country and the proper utilisation thereof...*' and mandated that any contravention of the provision of the Act was treated as a criminal offence punishable with imprisonment. However, by the late 1970s Green Revolution had addressed our dependence on imported food grains and buoyant remittances from diaspora Indians had blunted the urgency of foreign exchange scarcity. The liberalisation of the exchange control regime was started in the mid-1980s and gathered momentum in the 1990s. The liberalisation process ultimately culminated in replacement of FERA, 1973 with the Foreign Exchange Management Act (FEMA), 1999.

8. What did FEMA involve? For an economic agent or a market participant, the Act per se did not bring any sea change in the way he was dealing with his foreign exchange requirements. Please recall that we had already attained full convertibility on the current account and compliance with Article VIII of the IMF. Significant capital account liberalisation had already taken place to enable us to contemplate full capital account convertibility in 1997. Though FEMA did several things, the most important was that it changed the way we should look at issues relating to foreign exchange transactions. It heralded the move away from conservation/restriction of foreign exchange transactions to their facilitation. The preamble to the Act read: '*An Act to consolidate and amend the law relating to foreign exchange with the objective of*

facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.' The earlier discussion relating to FERA, 1947 and FERA, 1973 had underscored the point that laws or regulations relating to foreign exchange has to respond to the evolving economic situation. The objective and content of FEMA made it explicit. While FEMA formalised the current account convertibility with the Common Law principle 'all that is not forbidden is permitted', it did the reverse with respect to capital account transactions: 'all that is not permitted is forbidden'. I shall discuss this at some length later.

9. The regulatory framework provided under FEMA has another important ingredient – it casts a great responsibility on the 'Authorised Persons' the immediate and necessary counterparty to every agent/participant for any foreign exchange transaction. In the FERA regime, their job was pretty much simple; they just had to carry out a transaction as per the RBI permit. As and when we attain full capital account convertibility, their job will perhaps be simpler. But in the regime that obtains now, they have the difficult but important task of making a judgement on permissibility of a transaction. Recognising this, FEMA empowers 'authorised persons' to satisfy themselves about any foreign exchange transaction that the customer may wish to carry out, but at the same time provides that in case an 'authorised person' forms an opinion that a transaction is not permissible, it has to do so in writing and giving reasons.

10. Let me go back to the preamble of FEMA. As we have seen an important part of the objective of FEMA is to facilitate trade and payments. With current account fully convertible, almost entire focus of the regulatory framework under FEMA is on the capital account transactions. The question then is this. Is the regulatory framework that faces an economic agent or a market participant – be it an investor or an investee, a lender or a borrower – conducive enough to facilitate various capital account transactions? Lest I am misunderstood,

let me clarify that I am not advocating a greater degree of capital account openness or being more permissive in respect of this or that class of capital account transactions. The pace of capital account liberalisation will be dictated by a host of factors including macroeconomic conditions, financial stability issues and so on. My limited point is that once the policy framework has been spelt out, the implementation has to be such that anyone – a resident or more importantly a non-resident – contemplating a capital account transaction knows clearly and unambiguously what can be done, how it can be done and within what timeframe it can be done. I do not think we have succeeded too well in this objective, at least not as much as we should have. Let me elaborate.

11. Let us start with the regulatory framework. Excluding the 26 original notifications containing regulations pertaining to mostly capital account transactions, there have been a total of 263 notifications amending the regulations originally made or subsequently amended. Another dozen or so amendments are in the pipeline. After FEMA was introduced, the number of directives issued to the 'authorised persons' was 36 in 2001-02; it had increased to 138 during 2011-12, 122 during 2012-13 and as many as 77 in less than 5 months in the current year. The two gigantic volumes of Taxman's Exchange Management Manual – in small and close prints – look as formidable as any elaborate commentary on the most complex law. Indeed, it will not surprise me if someone points out an inconsistency or contradiction between two different directions or notifications. So have we simplified or complicated? Is it time for a comprehensive review? To my mind, it is an emphatic yes.

12. An important factor in this context is that capital account management has often been used as an instrument in dealing with rupee volatility. When, during 2006-2008, we were inundated with capital inflows and market intervention was unequal to the task of stemming sharp appreciation of the Rupee, we took measures to stem inflows and spur outflows. For

instance, we reduced interest rates on non-resident deposits, discouraged ECBs, and encouraged capital outflows. Again, between December 2006 and September 2007, the annual limit for almost no-questions-asked remittance facility for individuals (under the Liberalised Remittance Scheme introduced in 2004) was raised in three stages from US\$ 25,000 to US\$ 200,000. This facility was used by several people to pool the remittance allowed to each of their family members – a term left undefined in FEMA or the regulations framed thereunder – to buy properties abroad. Indian corporates setting up subsidiaries or joint ventures abroad were permitted to remit up to four times their net worth under the automatic route. I mention these two because these were the ones that were modified in the wake of sharp depreciation of the Rupee in August 2013, a step which was seen a few commentators as harbinger of capital controls.

13. Similarly, when Rupee exhibited a strong depreciating trend creating a panic-like situation in the market, we have responded with some tweaking of the capital account restrictions. For instance, we have expanded the scope of external commercial borrowings in regard to end use and eligible borrowers. We have increased the limit for FIIs' investment in sovereign and corporate debt. We have also deregulated or increased the interest rates on non-resident deposits. Recently, we even encouraged FCNR deposits and banks borrowing from their branches, principals, correspondents and international/multilateral institutions by offering a concessional swap facility. The point that I wish to make is that since capital account measures have been actively used for dealing with turbulence in foreign exchange markets, has it perhaps contributed to a complex and if I may say so, a time-inconsistent regulatory framework? Does this approach therefore require re-calibration after a review?

14. The second issue I wish to emphasise on is the evolution in the way business is done and financial innovation. Let us remember that much of financial

innovation is indeed what is often called regulatory bypass. Market participants always explore ways to circumnavigate around the regulatory roadblocks, to which the regulators respond with a lag by erecting more roadblocks. In this game, it is inevitable that the regulatory framework ends up being complex. While too little regulation, particularly in the financial sector, runs the risk of financial instability, too much regulation throttles enterprise, makes innovation impossible and squeezes the ease of doing business. As T. S. Eliot observed, *albeit* in a different context, 'the danger of freedom is deliquescence; the danger of strict order is petrification'. So, the question is: how to achieve the right balance?

15. Let us take the area of inbound foreign investment for example. The two ways of investment in an enterprise are either through direct investment or through portfolio investment. Direct investment is defined in terms of 'lasting interest' which implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter. A classic way of foreign direct investment would be when a non-resident entity sets up a wholly owned subsidiary or forms a joint venture in the host country. The equity shares are acquired simultaneously as they are created. What about a non-resident acquiring a lasting interest in a resident company through mergers, acquisitions and take-overs? Suppose a non-resident FDI investor wishes to increase its stake by progressively buying up shares in the stock exchange within the framework provided by the security regulator; should it be treated as FDI or portfolio investment? Recently when the Anglo-Dutch multinational Unilever increased its stake in Hindustan Unilever by about 14.8 per cent at a cost of US\$ 3.6 billion through an open offer, the extent of equity shares tendered by Foreign Institutional Investors was excluded from FDI in our system, thanks to the reporting system set up in line with the regulatory provisions.

16. In the original FEMA regulations, it was provided that it was in order to issue a partially convertible debenture against foreign direct investment. In 2006-07, when external commercial borrowing was discouraged, companies responded with an obvious dodge: a partially convertible debenture with a nominal part slated to be converted to equity was used to camouflage a commercial borrowing. We responded by excluding a partially convertible debenture from the list of securities that can be issued against FDI and to be treated as a debt. I am afraid the game is not yet over because the vice of treating a partially convertible debenture as debt is that someday, when appropriate incentives are there, it can be used to camouflage an equity investment.

17. What about portfolio investment? It is true that there has not been much change in the regime as far as portfolio investment in equity is concerned even as the limit of investment in fixed-income market has been progressively increased. This is a very fertile segment. A recent study indicates that, as of 2012, global pension assets in 13 mostly developed countries total US\$ 29,754 billion. You can add the other classes of large investors: private trusts, university endowments, and so on. There is significant potential for tapping these sources. Studies seem to indicate that there is a significant extent of home bias in the investment strategy of the manager of these funds, particularly in regard to bond investment. Thus, it may not be sufficient to lubricate our markets in the hope that foreign investors would evince a great deal of interest. A time has come perhaps for us, within the broad contours of our capital account management, to take our assets to off-shore markets through appropriate institutional framework. A starting point has been made by permitting IFC to issue Rupee denominated bonds overseas. Depending on experience gained, this arrangement can be further opened. Similarly, the Sahoo Committee to review the regulations relating to issue of DRs, is expected to address the issue of 'home bias' of the overseas investors.

18. Let me now turn to another area – External Commercial Borrowings. Have regulations evolved to facilitate or hamper business? For instance, should we have a more liberal access regime for entities who are forex earners and thus have a natural hedge? Should we have a more rigid rules for others? Another related issue. The thumb rule that we have followed in our approach is not to permit the Indian banking system to guarantee the forex loans raised by resident entities. Is this the right approach? Or should this decision be left to the commercial judgment of banks and their ability to price the risk, leaving the stability related issues to be addressed through appropriate micro-prudential measures such as risk weights and capital charges and disincentives for evergreening by other means?

19. That brings me to the more esoteric world of foreign exchange derivatives. Though the market in its current shape is a little more than two decades old, it has taken great strides in terms of volumes, participants and infrastructure. Yet, times are pregnant with possibilities of developments in several directions.

20. Derivatives are essentially inter-temporal transactions contingent on a future view of the state of the world. When in the underlying cash market, the exchange rate exhibits great deal of volatility, it is natural that there will be a spurt in activities in the derivatives market for different motivations: for hedging actual exposures, for arbitraging and also for speculation. So far we have responded by restricting the freedom of market participants to enter into derivative transactions with a view to curbing speculation and panic-driven trades. Looking ahead, we shall perhaps have to build a robust market which will provide ample opportunity for all kinds of trades, even speculative ones, without upsetting the apple cart.

21. Hedging is an agent's choice, depending on his risk appetite. The market must provide adequate instruments suiting every market participant's hedging strategy. As of now the instruments available are the linear derivatives and the plain-vanilla options.

Hedging is not cost-free. There is a view that an agent must have the freedom to choose which risk to what extent he should hedge and instruments he uses to hedge. In this context, it is necessary to introduce different styles and structures of options which will enable the market participant to optimise on his hedging strategy. For this to happen, it is imperative that the risks and pay-offs of these instruments are properly understood and in this the Authorised Dealers as market makers play a very constructive role. As Robert Shiller remarked, 'Achieving radical financial innovation is never easy. Doing so requires careful attention to design, experimentation to find the right design, and extensive marketing, and it requires cooperation from more of our society than just the isolated innovating firms.....'¹

22. The other aspect of foreign exchange derivative market is the ever increasing off-shore segment. Though we do not have definitive information about the nature or impact of the NDF market, the fact that it has been growing in size is not disputed. In times of exchange rate volatility, the discussion of NDF becomes animated and a large part of the blame for the volatility is laid at its door. Be that as it may, with increasing financial integration with the global economy and ever growing body of investors with an Indian interest, it is no wonder that rupee should attract global attention. The home country bias for the bond and equity investor is to a large measure due to exchange rate risk; perhaps even the hedging market too has a home country bias. We have to make all efforts to bring that market on-shore. But the market that can entice them has to be complete and flexible with less restrictions on entry or exit. Can we lay out an action plan to achieve this objective in an efficient or largely non-disruptive way? This also throws up the challenge of synchronising the

rules of the game for OTC *vis-a-vis* exchange traded markets.

23. I have discussed about the crossroads at which we stand and the dilemmas we face in so far as the foreign exchange management framework is concerned. Please appreciate that the central theme running through all these issues is the same – the one that FSLRC has also flagged and which is not specific to FEMA regulations alone. Is it time for the country to move away from rule based regulations to principle based regulations aimed at addressing stability and market abuse/failure concerns? A principle based regulatory framework has its own challenges. The greatest challenge perhaps is to ensure that the myriads of different variations of cases that are covered by a single principle are dealt with in a uniform manner by the various agents of the regulators, in this case the authorised dealers. As I have mentioned earlier, the responsibility of the authorised dealers in the present regime is substantial; in a principle based regime it will increase manifold.

24. Let me now conclude. What I have tried to communicate that a regulatory regime for foreign exchange management, within the four corners of the broader policy framework, has to be dynamic enough to accommodate the evolving nature of doing business. In an attempt to accommodate the external factors including the external sector vulnerabilities, the regulatory framework has perhaps become complex and uninviting for enterprise and investors. Efforts are already afoot to consolidate and rationalise the regulatory framework even as to make it robust enough to tend to our ever-changing future needs. Authorised Persons, as the interface between the regulator and the various stake holders and with great responsibility on themselves in smooth administration of the regulations, have a critical role to play. There is a difficult but interesting journey ahead. Bon Voyage and safe landing for all the stake holders.

Thank you

¹ Shiller, Robert, Radical Financial Innovation in Entrepreneurship, Innovation and the Growth Mechanism of the Free Market Economies, in Honor of William Baumol, Princeton University Press (2004).

*Moving Financial Capability Forward: Innovation Scale and Impact**

Deepali Pant Joshi

Dear friends, I am honoured to be here today at the tenth anniversary of the summit on financial literacy and thank Citi and FT for having me here, and of course, my friend David Pilling for the opportunity to share the India experience. David we are out of the woods! I confirm this. As all the people in this room know, financial literacy has emerged as a focus area for policy makers all across the globe, in the wake of the global financial crisis.

Financial literacy means different things to different people. We, in India, understand financial literacy differently depending upon the underlying objective to build greater financial inclusion through financial literacy, for maximising welfare, both individually and for society generally. Although, we have progressively promoted financial literacy, many challenges remain. These include (i) the large excluded sections many of whom may be illiterates especially in the rural or remote areas with difficult physical access; (ii) the need for better supervisory capacity among financial regulators; and (iii) addressing the pervasive 'informal' markets that handle lending, insurance, and remittances for those unable to tap into the formal system.

This is a tenth anniversary of the summit. In these 10 years, India has seen significant changes. As you know, we have a large banking system which comprises besides public sector banks, private sector banks, regional rural banks and cooperatives with significant penetrative outreach. Well, these banks are now all on

* Intervention by Dr. (Smt.) Deepali Pant Joshi, Executive Director, Reserve Bank of India at the 10th Anniversary of the Citi-FT Financial Education Summit at Hongkong on December 7, 2013.

interoperable Core Banking System platforms which enables us to significantly leverage technology to leapfrog the barriers of geography and distance and tackle issues of voluntary access. We have significantly liberalised our rules on bank branching. We have enabled the use of Banking Correspondents (BCs), some of the mobile companies, such as, Airtel and Vodafone, partner with banks as BCs. We have also liberalised the dreaded KYC norms to make it easier for a poor person or a migrant to open a bank account. We have enabled E-KYC. Our unique identity card, the Aadhar, is enabling digitisation of social benefit transfers which will also lead to steady revenue streams for service providers and we have a big push on building financial capability.

Role of Financial Education in India

Greater financial access combined with financial education creates financially responsible citizens. This mix of financial access and financial education provides a foundation for appropriate market conduct and prudential regulation. Improving individuals' financial behaviour is a long-term policy priority. Financial education needs to commence early and continue through adulthood.

In order to achieve the objective of financial inclusion, our financial literacy efforts are primarily directed towards dissemination of simple messages of financial prudence, in vernacular languages, through large awareness campaigns across the country combined with vigorous roll out of financial inclusion plans by banks, insurance and pension funds, and others. It is important to note that being literate is not a necessary prerequisite for attaining financial literacy as the basic financial messages can be conveyed through various alternate means without relying on written inputs. Some of the basic messages we seek to deliver through our financial literacy drives are:

- Why save
- Why save regularly and consistently
- Why save with banks

- Why borrow within limits
- Why borrow from banks
- Why borrow for income generating purposes
- Why repay loans
- Why repay loans in time
- Why do you need insurance
- Why you will need regular stream of income post-working life – pension
- Why you should keep money aside regularly and consistently during your earning life for pension in old age
- What is interest? How moneylenders charge very high interest rates?

Since the challenge in India is to link a larger number of financially excluded people to the formal financial system, the focus of our strategy at the base level is to create awareness of basic financial products. Some of the steps that have been taken by the Reserve Bank and other stakeholders to promote financial literacy in India are:

Outreach visits by Senior Executives of the Reserve Bank to remote villages: The objective of these visits is to understand the ground level position, spread awareness about benefits of being connected to the formal financial system and disseminate information about the functioning of the RBI.

RBI website – We have created a link for financial education on the RBI website, containing material in English, Hindi and 11 vernacular languages, which includes comic books on money and banking for children, films, messages on financial planning, games on financial education and link for accessing the Banking Ombudsman Scheme for customer grievance redress. Some of the popular comic books brought out by the department of communication are Money Kumar, Raju and the Money Tree and some films which very simply impart messages on financial education to

children. The department of communication also hosts groups of school children and explains the working of the RBI to them and imparts simple financial concepts to them.

Inter-School Quiz: In line with the 'catch them young' strategy for our financial education initiatives, the Reserve Bank launched the RBIQ, an all India inter-school quiz competition in 2012. The quiz seeks to be an effective platform for disseminating financial education by creating awareness and sensitisation about the history and role of the Reserve Bank, banking and finance, economics, current affairs, *etc.*, besides seeking to build a 'connect' between the Reserve Bank and the young student community enrolled in schools across the country.

Financial Literacy Centres (FLCs) have been opened by various banks with a sharp focus on the spread of financial literacy, to create awareness about financial products and provision of counselling facilities for customers of banks. There are more than 800 FLCs in the country as on September 30, 2013. Use of mobile financial literacy vans is done by banks in the difficult terrains.

Town Hall events – These are conducted across the country, including in Tier II and smaller cities, bringing together commercial banks and other stakeholders.

Mass media campaign are launched through tie ups with educational institutes, financial awareness workshops/helplines, books, pamphlets and publications on financial literacy by NGOs, financial market players, *etc.*

Capacity Building is attempted through the conduct of financial literacy programs by Rural Self Employment Training Institutes.

Awareness campaigns – By distributing pamphlets, comic books, enacting plays and skits, arranging stalls in local fairs, exhibitions, participating in

information/literacy programs organised by Press. Similarly, in these times of financial uncertainty and risk, the importance of educating people about the advantages of life and non-life insurance products is important.

Institutional framework in India for spreading Financial Education

Now coming to the institutional framework created in India for the spread of financial literacy, I would like to mention that we are among the very few countries where an apex body namely the Financial Stability and Development Council (FSDC) chaired by the Union Finance Minister with heads of all financial sector regulators as members has been mandated, *inter alia* to focus on spread of financial inclusion and financial literacy. So we have a buy in of our strategies at the highest levels under the aegis of the FSDC, a National Strategy for Financial Education (NSFE) for India has been prepared. The strategy envisages ways of creating awareness and educating consumers on access to financial services; availability of various types of products and their features; changing attitudes to translate knowledge into responsible financial behaviour; and enabling consumers of financial services understand their rights and obligations. The strategy necessitates active involvement of individuals, financial sector regulators, educational institutions, NGOs, financial sector entities, multilateral international players and the Governments both at Centre and State levels.

National Strategy for Financial Education

Our national strategy envisages a time frame of five years for its massive financial education campaign and aims at establishing initial contact with 500 million adults, educating them on key saving, protection and investment related products so that they are empowered to take prudent financial decisions. It also seeks to create awareness about the consumer protection and grievances redress machinery available in the country. Basic financial education is aimed to be included in school curricula up to senior secondary level. This is

based upon the premise that the most effective way is to weave financial education into the normal content of curriculum. Accordingly, we are engaging with the curriculum setting bodies like the National Council of Educational Research and Training (NCERT), Education Boards like the Central Board for Secondary Education (CBSE), Central and State Governments to try and embed such concepts in the school curriculum.

One of the objectives of the NSFE is to standardise the messages that various stakeholders seek to disseminate through their financial education initiatives. The NSFE document identifies certain simple messages I mentioned earlier in my speech such as why save; why invest; why insure; why save with banks; why borrow within limits; why repay loans in time; why borrow for income generating purposes, what is interest and how moneylenders charge very high interest rates, *etc.* It is a well-recognised fact that standardisation will help in ensuring consistency in the messages which reach the target audience from various sources and making them more focused and powerful.

Integrated approach – Financial Inclusion through Financial Education

We have already done some work in this direction. We have designed a mass scale financial literacy program to integrate the financially excluded population with low level of income and low literacy level with the formal financial system. The program is run through our financial literacy centres set up by banks, nearly 800 in numbers. About 40,000 rural branches of the banks would scale up these efforts by conducting one outdoor literacy camp in a month. In addition to this, we leverage the infrastructure created at the state level, comprising of State Level Bankers Committee (SLBC) at the Apex which is ably supported by the Lead District Managers (LDMs) at the district level. Financial literacy centres organise outdoor literacy camps which are spread over a period of three months and delivered in three phases wherein along with creating awareness, accounts are also opened in the literacy camps. The

program has been received well on the ground as an integrated approach of financial inclusion through creating awareness and providing access simultaneously.

In order to ensure consistency in the messages reaching the target audience of financially excluded people during the financial literacy camps, we have issued comprehensive financial literacy material containing a financial literacy guide, financial diary and a set of 16 posters which contain very simple messages of How to Save. For instance, we are a nation of tea drinkers. So we just explain graphically that everyone can drink two cups of tea less! Walk into a bank walk into prosperity and so on and so forth.

Conclusion

While it is important to begin teaching financial skills at school level, achieving and maintaining financial know-how is a lifelong undertaking. The types of financial decisions that people have to make vary through the course of their lives, and thus we are trying to ensure that access to financial education is readily available at all stages of life with the help of other stakeholders. Moreover, relevant, accurate, and reliable financial information must be readily available to consumers at the time they are making their decisions.

Through financial education, we try to provide individuals with the knowledge and skills they need to make better choices about finances. Through consumer protection, we can safeguard individuals against harmful practices and bad information that lead to poor financial choices. Accomplishing these two goals we believe will result in economic empowerment for all concerned.

While a number of measures have been taken and are being taken in India, given the enormity of the task, a lot of ground still needs to be covered. Apart from the Government and the regulatory bodies, there is a need for involving the civil society and all other stakeholders

in spreading financial literacy. The widespread existence of financial illiteracy indicates that we need to do a lot more. There is a lot of skepticism on whether financial literacy actually leads to changes in behaviour and some recent papers which suggest that this does not and it is the classic conundrum of being able to take the horse to the water but not being able to make him drink! Bilal Zia our world Bank researcher and colleague and I discussed this thoroughly at dinner and we concluded that the trick vests in the right delivery model so targeted interventions do work.

I once again thank the organisers of this Conference for providing me the opportunity to share with you the Indian experience and some of the work we have been doing to move financial capability forward innovation scale and impact of the process. We are model neutral. We do believe that technology has an important role to play we are seriously looking at innovative models. Summits, such as, the present one, are important in generating new ideas leading clarity of thought and definition of purpose among the various stakeholders. I do believe that the Summit offers a special opportunity to learn from mutual experience and sincerely hope that with our collective efforts financial literacy would be widely disseminated. The common man would be empowered to take informed financial decisions and in the process, the global financial marketplace would become a more stable arena.

I wish the Summit great success and hope that you have extremely enriching deliberations over the course of the Summit and hope these processes of engagement continue to the building of a better world.

Thank You Jeff Wagner of FT, Stefen Bird, CEO, Asia Pacific Citi and David Pilling, Asia editor, Financial Times for having me here this beautiful afternoon and thanks for the patient hearing.

*Ethics and Corporate Governance: The Regulatory Perspective**

Deepali Pant Joshi

Introduction

At the outset, let me congratulate the organisers for this topical choice of subject, one which concerns us all. I thank Director, National Institute of Securities Markets, Dr. Sandip Ghose and the Institute of Company Secretaries for having me here and my dear friend, Prashant Saran, for that brilliant opening address, which quite sets the tone for this panel.

Que Custodiet Ipsa Custodes? Who will guard the guards ?

Over the last two decades, corporate governance has attracted a great deal of public interest, it is now widely appreciated that this is critical for the economic health of corporations and of larger society. The headlines of newspapers of the past few years in particular, portray a dismal story of lack of corporate ethics: Satyam, Enron, falling stock markets, corporate failures, dubious accounting practices, abuses of corporate power, criminal investigations reflect that the entire economic system on which investment returns depend is showing signs of infirmity and stress that have undermined investor confidence. Almost as if checks and balances that should protect our interests are pushed to one side, driven by the overwhelming need to move fast in relentless pursuit of profits. Notably, some failures were the result of fraudulent accounting and other illegal practices, others were just bad governance.

Company Boards or Old Boy's Clubs?

Company Boards often deteriorate to being a cosy club, friends of the boss, who just met to rubber stamp

* Speech delivered by Dr. (Smt.) Deepali Pant Joshi, Executive Director, Reserve Bank of India at the National Institute of Securities Markets, Kolkata on December 11, 2013.

his decisions. I read the Economist (of 7th December) on flight, and the turn of phrase (on page 67) was interesting. Critics have compared directors to 'parsley on fish', decorative but ineffectual; or honorary colonels, ornamental in parade but fairly useless in battle. Ralph Nader calls them 'cuckolds' who are always the last to know when managers have erred.

The corporate scandals of the early 2000s forced boards to take a more active role. The Sarbanes-Oxley Act of 2002 and the New York Stock Exchange's New Rules in 2003 obliged directors to take more responsibility for preventing fraud and self-dealing. This led to a big increase in the quality of boards. But it also wasted a lot of talent on form-filling and box-ticking. Many of the same companies exhibited actual corporate governance risks such as conflicts of interest, inexperienced directors, overly lucrative compensation, or unequal share voting rights. In the face of such scandals and malpractices, there has been a renewed emphasis on corporate governance.

OECD definition of Corporate Governance

'Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions in corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance'.

Thus corporate governance includes within its ambit, the relationship of a company to its shareholders and to society; the promotion of fairness, transparency and accountability; reference to mechanisms that are used to 'govern' managers and to ensure that the actions taken by them are consistent with the interests of key stakeholder groups. The salient features span issues of transparency and accountability, the legal and

regulatory environment, appropriate risk management measures, information flows, the responsibility of Senior Management and the Board of Directors.

The Banking Regulation Act

Section 10A of the Banking Regulation Act lays down stipulations for the Board of Directors. They must have special knowledge of the following

- Accountancy
- Agriculture and Rural Economy
- Banking
- Cooperation
- Economics
- Finance
- Law
- Small Scale Industry
- Or any other matter, the special knowledge of, and practical experience in which, in the opinion of the Reserve Bank, would be useful to the Banking Company. Provided that out of the aforesaid number of Directors, not less than two shall have special knowledge of, practical experience, with respect to agriculture and the rural economy, cooperation or small scale industry and shall not (i) have substantial interest in, or be connected with, whether as an employee, manager or managing agent,
- Any company, not being a company registered under section 25 of the Companies Act, 1956 (Act No.1 of 1956), or
- Any firm, which carries on any trade, commerce or industry and which, in either case, is not a small scale industrial concern, or (ii) be proprietors of any trading, commercial or industrial concern, not being a small scale industrial concern.

Voting rights will be distributed amongst the Board of Directors in a manner such that no more than three Directors are entitled to exercise voting rights in excess of 20 per cent of the total voting rights of all the shareholders to the banking entity.

The tenure of Directors except the Chairman or the whole time Director is limited to eight continuous years.

The Chairman of the Board (appointed on a whole time basis) or the Managing Director of the banking entity and any Director (appointed by the Reserve Bank under Section 10A of the Banking Regulation Act) will not be required to hold qualification shares in the banking entity.

The RBI has the power, from time to time, to appoint one or more persons to hold office as additional Directors of any banking company, if it is of the opinion that the same is in the interests of banking Policy/public interest/banking company depositors, it may also require the banking company to elect or appoint any other person as the Chairman in case it is of the opinion that the current elected Chairman is not a fit and proper person to hold such office.

Requirements of Corporate Governance as per the RBI guidelines on Corporate Governance

RBI issues guidelines on corporate governance for public sector banks which serve as a base for the corporate governance framework in banks.

Banks must perform due diligence of the Directors in regard to their suitability for appointment to the Board by way of qualifications and technical expertise. The Government should also be guided by certain 'fit and proper' norms for the appointment of Directors representing the Government on the Boards of public sector banks.

Banks need to elect shareholder nominees in proportion to the shares issued to public subject to a maximum of six nominees in respect of banks which have issued capital to public up to 40 per cent of the banks paid-up capital.

Executive Directors (EDs) are eligible for appointment as Chairman of the Board of Directors on fulfilment of the following criteria vesting in having served in the position and residual tenure.

Guidelines on the number of EDs – Small Banks with business of less than ₹1.5 lakh crore may have two EDs with the responsibilities of the second Director including human resource development and technology. Large banks with business of more than ₹3 lakh crore may have three EDs, the third with responsibility for HRD and Technology.

I have been a Director on the Board of Andhra Bank, I found that the Boards of banks are hedged with innumerable Committees – there are Management Committee, Credit Approval Committee, Audit Committee, Risk management Committee, Special Committee to monitor large Value Frauds/Anti-Fraud Committee, Asset Liability Committee, Customer Service Committee, Shareholders Investors Grievance Committee, Share Transfer Committee, Remuneration Committee and so on and so forth and yet the state of Management and Corporate Governance in public sector banks remains a cause of grave concern.

As Deputy Governor, Dr. Chakrabarty, recently pointed out (Bancon address), if restructured assets show further deterioration surely the appraisal mechanisms were weak RAROC Risk adjusted Return on Capital was not correctly computed. The mechanisms of corporate governance surely merit much greater attention.

Regulator as Supervisor

Banks constitute the largest financial intermediaries globally and possess stupendous powers of leverage. The RBI plays a direct role in bank governance through the regulation and supervision of banking institutions. This role assumes greater salience viewed in conjunction with the need to ensure systemic and financial stability. Banks enjoy the benefit of high leverage with the downside protection of deposit insurance which weakens their incentives for strong management. They also remain 'Too Big to Fail (TBTF)'.

The current Basel accord lays even greater stress on risk measurement and management. Bank

supervisors must make the Boards of banks the main locus of accountability and assess board effectiveness. Regulatory and supervisory systems that foster more accurate information disclosure and empower private investors, legal rights, substantially boost banking system and profitability. Large investors may manipulate the firm contrary to the Broad interests of banks and other shareholders.

The task of the bank supervisor is indeed onerous. Information asymmetries plague all sectors but this is even more tangential in finance; in product or other service markets, purchasers part with money in exchange for something new. In finance, money is exchanged for a promise to pay in the future. In many product or service markets, if the product sold – a car or a haircut is defective, the buyers often find out relatively soon. However, loan quality is not readily observable for quite some time and can be hidden for extensive periods. Banks can also alter the risk composition of their assets more quickly than most non-financial industries. Banks can also sweep problems under the carpet by extending further loans to clients that cannot service previous debt obligations. In most sectors where there is an inventory pileup, be it cars or computers, it is generally a negative sign about the company's performance but when inventories of money pile up in a bank, it becomes more liquid.

It is much harder to sort out whether this is a negative signal or a prudent response by management to a risky environment. Corporate governance of banks is an essential element of sound regulatory architecture. The regulatory response is an imperative of ethics.

Is the Business of Business just Business?

Milton Friedman had a view that corporate executive's responsibility generally will be to make as much money as possible while conforming to their basic rules of the society, both, those embodied in law and those embodied in ethical custom. The objective is the maximisation of consumption and production. 'The business of business is just business'. This is not an axiom one can concur with. If you consider the

business of Companies historically, it has embraced colonialism and slavery! So the element of ethics must always underlie necessity of both business personal and organisational conduct.

Formal Codes of Ethics

While many of the governance issues that organisations face are not new, the environment in which they confront them today is more challenging than ever. Many companies are adopting legal compliance mechanisms which address ethics or conduct issues in formal documents.

RBI ethics@work

The RBI, with the assistance of Professor Dipankar Gupta, who is also a Director on the RBI Central Board, has formulated a Code of Conduct for itself, which we term ethics@work. You may well ask, why an ethics manual and I quote from the ethics manual

'An Ethics Manual promotes:

- Solidarity among colleagues;
- Pride and commitment to working for the organisation;
- Personal aspirations that are aligned with organisational goals.'

The ethics manual is expected

- To define and clearly set out what will be deemed to be acceptable behaviour.
- We hope that this will promote and ensure high standards of practice.
- And also establish a benchmark for self-evaluation.
- Lay down the mainframe for professional behaviour and responsibilities.

- Enable a sense of occupational identity ideals we can clearly ascribe to.

The written code of ethics will be useful for socialisation of our new recruits in the organisation, serve as an implement of employee training. Be a benchmark transgression of the same, will invite disciplinary action. It will also help in dispute and conflict management. The moral dilemmas, the approach-approach conflicts will be more easily resolved with reference to the touchstone of the code of ethics. It clarifies the organisation's expectations from the employee and vests on enshrining complete transparency. This is a formal code of business conduct and ethics, to be ascribed to and strictly adhered to by all employees. It is morally incumbent upon them to do so.

Some organisations also have ethics officers but in the ultimate analysis, the foundations of ethical behaviour go well beyond corporate culture and policies. These are rooted in one's moral training, lessons parents and school teachers have taught from early childhood on which affect not just individual behaviour the competitive business environment and indeed society as a whole.

Conclusion

From an ethical dimension, at a fundamental level, the key issues of corporate governance involve questions concerning relationships and building trust (both within and outside the organisation). Aristotle, in the *Nichomacnean Ethics* explained that it is 'in justice' that the ordering of society is centered.

Ethics comes from the Greek ethos and embraces both work ethics and 'mores' – the conduct and culture of the organisation. It is therefore all encompassing and must be all pervasive.

ARTICLES

India's Foreign Trade: H1 of 2013-14 (April-September)

Finances of Foreign Direct Investment Companies, 2011-12

*India's Foreign Trade: H1 of 2013-14 (April-September) **

This article reviews India's merchandise trade performance during April-September 2013-14 on the basis of the data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S). It also analyses disaggregated commodity-wise and direction-wise details during this period.

Highlights

India's external sector witnessed improvement in H1 of 2013-14 essentially on account of turnaround in Q2 of 2013-14 which more than offset the initial setback in trade performance in Q1 of 2013-14. Trade deficit in H1 of 2013-14 narrowed down to US\$ 79.7 billion from US\$ 91.8 billion in H1 of 2012-13. Trade deficit narrowed on the back of a significant recovery in merchandise exports and a decline in imports. Apart from correction in rupee value and some pick-up in global demand improvement occurred amidst measures taken by the Government to encourage exports and curb import demand, particularly, gold. Major highlights of India's trade performance during April-September 2013 are set out below:

- Indian merchandise exports recorded a growth of 5 per cent at US\$ 151.8 billion in H1 of 2013-14 as against a decline of 6.2 per cent at US\$ 144.7 billion in H1 of 2012-13.
- Disaggregated commodity-wise data reveal that growth in exports was largely contributed by improved performance of sectors *viz.*, 'leather and manufactures,' 'marine products,' 'oil meal', 'petroleum products' and 'textile and textile products.'
- Improved export performance in H1 of 2013-14 was reflected in exports to major destinations, *viz.*,

EU, Japan, Switzerland, Indonesia, Iran, Hong Kong, Malaysia and Thailand.

- Imports in H1 of 2013-14, at US\$ 231.6 billion, declined by 2.1 per cent from the previous year's level of US\$ 236.5 billion.
- Moderation in imports was primarily led by a significant decline in gold imports in Q2 of 2013-14 by about 65 per cent offsetting the sharp rise of the same in the preceding quarter. On a cumulative basis, however, gold imports rose marginally by 0.2 per cent during H1 of 2013-14 compared to a decline of 30.4 per cent in H1 of 2012-13 while growth in oil imports moderated to 3.7 per cent as compared to a growth of 5.8 per cent in H1 of 2012-13.

I. India's Merchandise Trade

Exports (April-September 2013)

India's export performance exhibited considerable improvement in H1 of 2013-14 owing to a turnaround in exports in Q2 of 2013-14 after a decline in the previous quarter. The turnaround in exports primarily reflected the depreciating currency and some recovery in global demand.

On a cumulative basis, exports stood at US\$ 151.8 billion (growth of 5.0 per cent) in H1 of 2013-14 as compared with US\$ 144.7 billion (decline of 6.2 per cent) in H1 of 2012-13 (Table1) (Chart1).

Commodity-wise and Destination-wise Exports (April-September 2013)

Disaggregated commodity-wise data show that the rise in total exports in H1 of 2013-14 can be primarily attributed to the turnaround in the exports of two major commodity groups *viz.*, manufactured goods and petroleum products which registered a positive growth during April-September 2013-14 in contrast to a decline in the corresponding period of the previous year. Exports of primary products, particularly, those of agricultural and allied products,

* Prepared in the Division of International Trade and Finance, Department of Economic and Policy Research. The previous issue of the article was published in the Reserve Bank Bulletin, October 2013.

Table 1: India's Merchandise Trade

(US\$ billion)

Items	April-September	
	2012-13 R	2013-14 P
Exports	144.7	151.8
	(-6.2)	(5.0)
<i>Of which:</i> Oil	27.5	32.0
	(-6.2)	(16.4)
Non-oil	117.2	119.9
	(-6.2)	(2.3)
Gold	3.3	3.1
	(-4.3)	(-6.8)
Non-Oil Non-Gold	113.9	116.8
	(-6.3)	(2.5)
Imports	236.5	231.6
	(-2.9)	(-2.1)
<i>Of which:</i> Oil	80.0	83.0
	(5.8)	(3.7)
Non-oil	156.5	148.6
	(-6.8)	(-5.0)
Gold	20.2	20.3
	(-30.4)	(0.2)
Non-Oil Non-Gold	136.3	128.3
	(-1.9)	(-5.8)
Trade Deficit	-91.8	-79.7
<i>Of which:</i> Oil	-52.5	-51.0
Non-oil	-39.3	-28.7
Non-Oil Non-Gold	-22.4	-11.6

R: Revised; P: Priliminary ; Figures in brackets represent growth

Source: DGCI&S

however, moderated sharply despite a rise in exports of principal primary commodities like oil meal and marine products (Table 2).

Among primary products, exports of iron ore continued to remain subdued in H1 of 2013-14 owing to the poor mining and ban on mining in certain states. Notably, with partial lifting of ban on iron ore mining, its export picked up sharply in the months of August and September 2013. Moderation in exports of agriculture and allied products was mainly led by either a moderation or decline in exports of major commodities, viz., rice, raw cotton, spices and sugar & molasses. There was, however, a significant growth in exports of oil meal and marine products in H1 of 2013-14 as against a decline in H1 of 2012-13.

Within the manufacturing sector, while export growth of 'leather & manufactures', 'chemical & related products', 'textile & textile products' and 'handicrafts' turned positive in H1 of 2013-14 as against a decline in H1 of 2012-13, the pace of decline in exports of 'engineering goods' moderated to 0.3 per cent in H1 of 2013-14 as compared with a decline of 8.3 per cent in H1 of 2012-13 owing to the renewed demand from

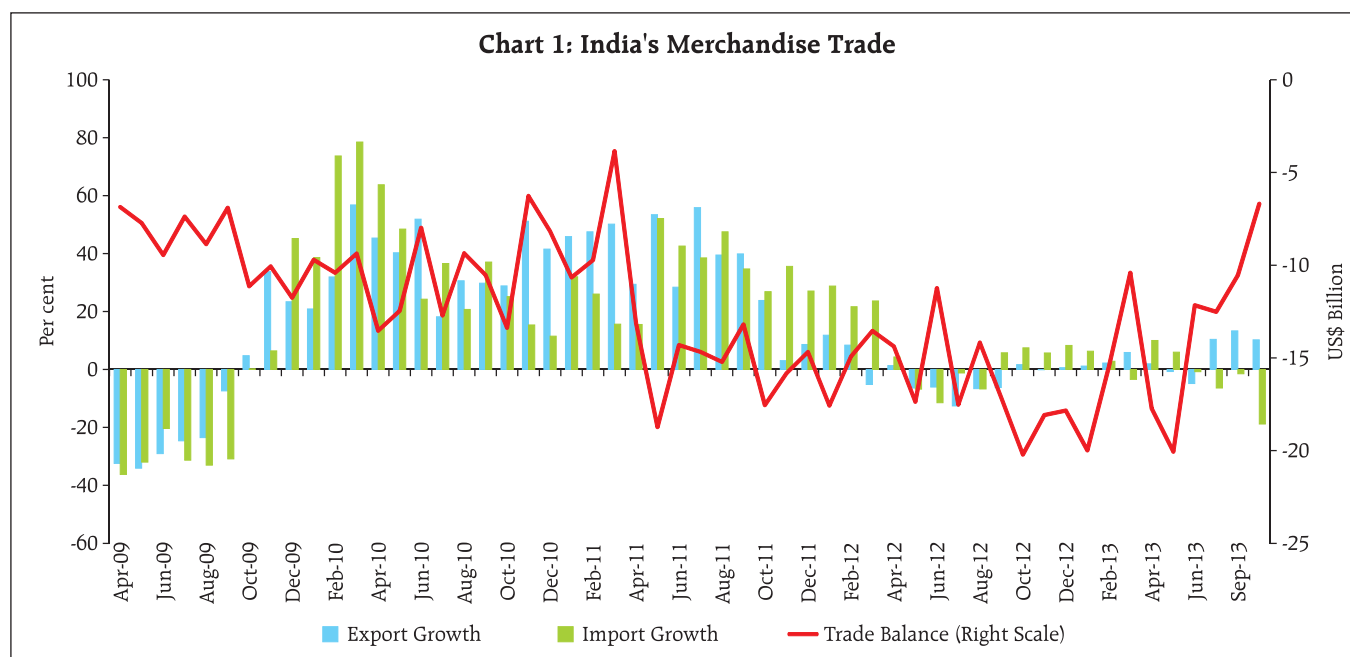


Table 2: India's Exports of Principal Commodities

(Per cent)

Commodity Group	Percentage Share				Relative Weighted Variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
			April-September		April-September	
I. Primary Products	15.0	15.5	15.4	14.5	2.3	-0.1
Agriculture and Allied Products	12.2	13.6	13.2	12.7	2.8	0.1
Ores and Minerals	2.8	1.9	2.1	1.8	-0.5	-0.2
II. Manufactured Goods	60.6	60.9	62.6	60.8	-2.8	1.2
<i>Of which:</i>						
Leather and Manufactures	1.6	1.6	1.7	1.8	0.0	0.2
Chemicals and Related Products	12.1	13.0	13.0	13.2	0.5	0.8
Engineering Goods	22.2	21.8	22.5	21.4	-1.9	-0.1
Textiles and Textile Products	9.2	9.1	9.1	9.8	-0.8	1.2
Gems and Jewellery	14.7	14.4	15.3	13.6	-0.6	-1.0
III. Petroleum Products	18.3	20.3	19.0	21.1	-1.2	3.1
IV. Others	6.1	3.3	3.0	3.6	-4.6	0.8
Total Exports	100	100	100	100	-6.2	5.0

Source: Compiled from DGCI&S data.

US and EU. The recovery was more prominent in exports of 'transport equipments' and 'iron & steel' which registered a growth of 3.7 per cent and 17.0 per cent respectively in H1 of 2013-14. Exports of 'gems & jewellery', however, continued to decline in H1 of 2013-14. Within 'gems & jewellery' exports, the fall was only in case of coins & medallion which have minimal value addition. Sharp rise in 'textile & textile products', owing mainly to the rise in 'readymade garments', by 13.3 per cent in H1 of 2013-14 in contrast to a decline of 8.2 per cent in H1 of 2012-13 increased its share in total exports to 9.8 per cent in H1 of 2013-14.

Destination-wise data reveal that among the major trade partners, while exports to USA moderated marginally, exports to countries *viz.*, Belgium, Italy, Germany, UK, Japan, Indonesia, Iran, Hong Kong, Malaysia, Singapore exhibited a considerable rise in H1 of 2013-14 as against a decline in H1 of 2012-13 (Table 3). Exports to Switzerland increased by 122 per cent primarily because of a rise in exports of petroleum crude and gems & jewellery which together accounted for 64 per cent of India's export to this country. Exports to China, South Korea, Netherlands and Latin American

Table 3: India's Exports to Principal Regions

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	2013-14
			April-September	
	I. OECD Countries	33.8	34.2	34.4
EU	17.2	16.8	16.3	16.4
North America	12.0	12.7	13.6	13.8
US	11.4	12.0	12.9	13.1
Asia and Oceania	3.0	2.9	2.8	3.0
Other OECD Countries	1.6	1.8	1.7	2.0
II. OPEC	19.0	20.9	21.8	20.0
III. Eastern Europe	1.1	1.3	1.3	1.2
IV. Developing Countries	40.8	41.6	41.0	39.7
Asia	29.7	28.7	28.2	28.3
SAARC	4.4	5.0	5.0	4.8
Other Asian Developing Countries	25.3	23.6	23.3	23.5
People's Republic of China	6.0	4.5	4.5	3.8
Africa	6.7	8.1	7.7	7.9
Latin America	4.4	4.9	5.0	3.5
V. Others / Unspecified	5.4	2.0	1.5	3.9
Total Exports	100	100	100	100

Source: Compiled from DGCI&S data.

countries, however, witnessed a decline in H1 of 2013-14.

Notwithstanding marginal fall in exports to the US, it continued to remain the topmost export

Table 4: Growth Performance of Major Trade Partner Economies

(Per cent)

Period/ Country	2011	2012	2012 Q2	2012 Q3	2013 Q2	2013 Q3
Japan	-0.6	2.0	4.0	0.4	1.2	2.7
Euro area	1.4	-0.6	-0.5	-0.7	-0.6	-0.4
United States	1.8	2.8	2.1	3.1	1.6	1.6
China	9.3	7.7	7.6	7.4	7.5	7.8
Hong kong	4.9	1.5	0.9	1.5	3.3	2.9
Singapore	5.2	1.3	2.3	-0.0	3.8	5.8
Korea	3.7	2.0	2.3	1.5	2.3	3.3
Indonesia	6.5	6.2	6.3	6.2	5.8	5.6
Malaysia	5.1	5.6	5.6	5.3	4.3	5.0
Brazil	2.7	0.9	0.4	0.9	3.3	-
South Africa	3.5	2.5	2.8	2.5	1.9	1.8

- : Not Available.

Source: OECD, IMF, Monthly Statistical Bulletin Bank Negara Malaysia, The Economist

destination for India in H1 2013-14 constituting 13.1 per cent of total exports, followed by UAE and Singapore with a share of 9.9 per cent and 5.3 per cent respectively. Japan's share in total exports has also improved in H1 of 2013-14. With the gradual fall in exports to China, its share in total exports continued to decline from 4.5 per cent in H1 of 2012-13 to 3.8 per cent in H1 of 2013-14.

Pick-up in exports to countries, viz., Japan, Korea, Malaysia and Singapore seems to have been supported by higher growth in these economies in Q2 of 2013-14 (Table 4).

Table 5: Region-wise Relative Weighted Variation in India's Export Growth

(Per cent)

Region/country	2011-12	2012-13	2013-14
	April-September		
EU	6.2	-1.9	0.9
North America	5.2	0.9	0.9
Other OECD	1.5	0.0	0.7
OPEC	5.0	2.2	-0.9
Eastern Europe	0.3	0.2	-0.1
Developing Asia	13.1	-2.2	1.5
Africa	2.1	1.0	0.6
Latin America	1.7	0.3	-1.3
Others	5.4	-6.8	2.6
Total Exports	40.5	-6.2	5.0

Source: Compiled from DGCI&S data.

In terms of region, relative contribution of developing Asia, EU, and other OECD countries to India's export growth was positive in H1 of 2013-14 (Table 5).

Imports (April-September 2013)

Merchandise imports recorded a decline of 2.1 per cent in H1 of 2013-14 at US\$ 231.6 billion as compared with a decline of 2.9 per cent at US\$ 236.5 billion in H1 of 2012-13. The decline was mainly led by a sharp decline in gold imports in Q2 of 2013-14 by about 65 per cent. Apart from various measures by the Government and the Reserve Bank to curb gold import demand (See Box) decline was also due to fall in international gold price by about 20 per cent during this period.

Box: Measures to curb gold import demand

The uptrend in gold imports has been a policy concern as it led to widening of India's current account deficit in recent years. Gold imports increased from US\$ 20.7 billion in 2008-09 to US\$ 53.7 billion in 2012-13. The rise in gold imports continued in Q1 of 2013-14. Recognising the implication of high gold imports for India's external sector, the Government and the Reserve Bank took an array of measures to curb gold imports in recent period which are set out below:

(i) The Government changed the duty structure on precious metals, including gold, from specific to ad-

valorem rate of 2 per cent on January 17, 2012, thereafter; it was raised to 4 per cent in the Budget 2012-13. The customs duty on gold was raised again from 4 per cent to 6 per cent in January 2013 and was further raised to 8 per cent in June 2013. In August 2013, the customs duty on gold and platinum was raised further from 8 to 10 per cent

(ii) In March 2012, the Reserve Bank directed NBFCs, predominantly engaged in lending against the collateral of gold jewellery and face inherent

(Contd...)

(Concl...)

- concentration risk, to limit Loan to Value (LTV) to 60 per cent and raise Tier I capital to 12 per cent by April 1, 2014. They have also been prohibited from granting loans against bullion or primary gold and gold coins.
- (iii) In May 2012, banks were advised to reduce their exposure ceiling on a single NBFC, having gold loans to the extent of 50 per cent or more of its total financial assets, from the existing 10 per cent to 7.5 per cent of banks' capital funds, with certain concessions to the infrastructure sector.
- (iv) In the Annual Policy Statement for 2013-14 (May 3, 2013), the Reserve Bank proposed to restrict the facility of advances against the security of gold coins per customer to gold coins weighing up to 50 gms. Later it was further clarified that the restriction on grant of loan against 'gold bullion' will also be applicable to grant of advance against units of gold ETFs and units of gold Mutual Funds.
- (v) Moreover, inflation linked bonds were introduced. It may wean away investors from gold to other savings instruments and help in moderating gold demand.
- (vi) On July 22, 2013, the Reserve Bank instructed all nominated banks/nominated agencies to ensure that at least one fifth of every lot of import of gold (in any form/purity including import of gold coins/dore) is exclusively made available for the purpose of export and the balance for domestic use. Further, nominated banks/ nominated agencies and other entities shall make available gold for domestic use only to the entities engaged in jewellery business/bullion dealers and to banks authorised to administer the Gold Deposit Scheme against full upfront payment. In other words, supply of gold in any form to the domestic users other than against full payment upfront shall not be permitted.

Commodity-wise and Destination-wise Imports (April-September 2013)

Disaggregated commodity-wise import data reflect that notwithstanding a moderation in imports of 'petroleum, petroleum products & related material' and 'capital goods' in H1 of 2013-14, they continued to be the top most items in India's import basket accounting for a share of 35.8 per cent and 17.9 per cent respectively in total merchandise imports. Growth in POL imports decelerated to 3.7 per cent in H1 of 2013-14 compared to a growth of 5.8 per cent in H1 of 2012-13 even with a marginal rise in international oil prices (Indian basket) reflecting a subdued domestic consumption demand (Table 6). Successive rise in import duty and other measures to curb gold import demand led to a sharp decline in gold imports by 65.2 per cent in Q2 of 2013-14 as a result of which gold imports increased by only 0.2 per cent in H1 of 2013-14 despite a sharp rise in Q1 of 2013-14. Among other components, imports of capital goods declined by 10 per cent in H1 of 2013-14 indicating slower investment activity. In contrast, imports of export related items (particularly pearl,

Table 6: Trends in crude oil prices

(US\$/barrel)

Period	Dubai	Brent	WTI*	Indian Basket**
1	2	3	4	5
2005-06	53.4	58.0	59.9	55.7
2006-07	60.9	64.4	64.7	62.5
2007-08	77.3	82.3	82.3	79.2
2008-09	82.1	84.7	85.8	83.6
2009-10	69.6	69.8	70.6	69.8
2010-11	84.2	86.7	83.2	85.1
2011-12	110.0	114.4	97.3	111.9
2012-13	106.9	110.5	92.0	108.0
2013-14 H1	103.5	106.6	100.0	104.4

* West Texas Intermediate

** the composition of Indian Basket of Crude represents Average of Oman & Dubai for sour grades and Brent (Dated) for sweet grade in the ratio of 69.9: 30.1 for 2013-14.

Sources: International Monetary Fund, International Financial Statistics.; World Gem data & commodity; Ministry of Petroleum and Natural Gas, Government of India.

precious and semi-precious stone), witnessed a growth of 11.3 per cent in H1 of 2013-14 as against a decline of 21.7 per cent in H1 of 2012-13 (Table 7).

Table 7: Imports of Principal Commodities

(Per cent)

Commodity/Group	Percentage Share				Relative Weighted variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
	April-September					
1. Petroleum, Crude and Products	31.7	33.4	33.8	35.8	1.8	1.2
2. Capital Goods	20.3	19.3	19.5	17.9	-0.8	-1.9
3. Gold and Silver	12.5	11.3	9.0	9.5	-4.2	0.3
4. Organic and Inorganic Chemicals	3.9	3.9	4.0	4.4	0.0	0.3
5. Coal, Coke and Briquettes, etc.	3.6	3.5	3.8	3.4	-0.2	-0.5
6. Fertilisers	2.4	1.9	2.1	1.8	0.2	-0.4
7. Metalliferrous Ores, Metal Scrap, etc.	2.7	3.1	2.9	2.9	0.1	-0.1
8. Iron and Steel	2.5	2.2	2.4	1.7	0.0	-0.7
9. Pearls, Precious and Semi-Precious Stones	5.7	4.6	4.2	5.1	-2.5	0.8
10. Others	14.8	16.7	18.3	17.5	2.2	-1.1
Total Imports	100	100	100	100	-2.9	-2.1

Source: Compiled from DGCIS data.

Destination-wise data reveal that moderation in India's imports were reflected in the decline in imports from some major trading countries *viz.*, US, Japan, China, UAE, Malaysia, Iran. In contrast, however, growth in imports from UK, Belgium, Switzerland, Hong Kong, South Korea turned positive in H1 of 2013-14.

In terms of share, China, despite a fall in imports, continued to be the main import source for India accounting for 11.1 per cent of total merchandise imports. Continued rise in imports from Switzerland and a subsequent fall in imports from US made Switzerland the second highest import source country for India's imports (with a share of 5.2 per cent) followed by US (with a share of 5.1 per cent). The sharp rise in imports from Switzerland in H1 of 2013-14 in contrast to a decline in H1 of the previous year was primarily in the form of gold and silver accounting for 90 per cent of India's import from Switzerland. While the respective share of EU, OPEC and Africa remained almost same, the share of Asian developing countries

Table 8: Shares of Groups/Countries in India's Imports

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	
			April-September	
I. OECD Countries	30.2	28.8	27.6	26.3
EU	11.9	10.6	10.9	10.5
France	0.9	0.9	1.0	0.7
Germany	3.3	2.9	3.0	2.7
UK	1.6	1.3	1.3	1.6
North America	5.6	5.7	6.0	5.8
US	5.0	5.1	5.4	5.1
Asia and Oceania	5.7	5.3	5.3	4.5
Other OECD Countries	7.0	7.1	5.4	5.5
II. OPEC	35.5	38.3	39.0	39.7
III. Eastern Europe	1.7	1.6	1.8	1.5
IV. Developing Countries	32.3	30.8	31.2	31.4
Asia	25.9	23.5	24.5	24.6
SAARC	0.5	0.5	0.6	0.4
Other Asian Developing Countries	25.3	23.0	23.9	24.1
<i>of which:</i>				
People's Republic of China	11.8	10.7	11.4	11.1
Africa	4.0	3.9	3.8	3.6
Latin America	2.4	3.4	2.8	3.3
V. Others / Unspecified	0.3	0.5	0.4	1.0
Total Imports	100	100	100	100

Source: Compiled from DGCIS data.

and Latin American countries witnessed a rise in H1 of 2013-14 over the corresponding period in the previous year (Table 8).

Trade Deficit

Rise in exports coupled with a moderation in imports led to a considerable narrowing of trade deficit to US\$ 79.7 billion in H1 of 2013-14 from US\$ 91.8 in H1 of 2012-13. While exchange rate adjustments and recovery in global demand seem to have aided a rise in merchandise exports, moderation in imports was primarily led by a sharp decline in imports of gold, particularly in Q2 of 2013-14 by about 65 per cent. On a cumulative basis, however, POL and gold together accounted for 44.6 per cent of total imports.

II. Global Trade

The deceleration in world trade in 2012 and 2013 so far reflected the weak momentum in global economic

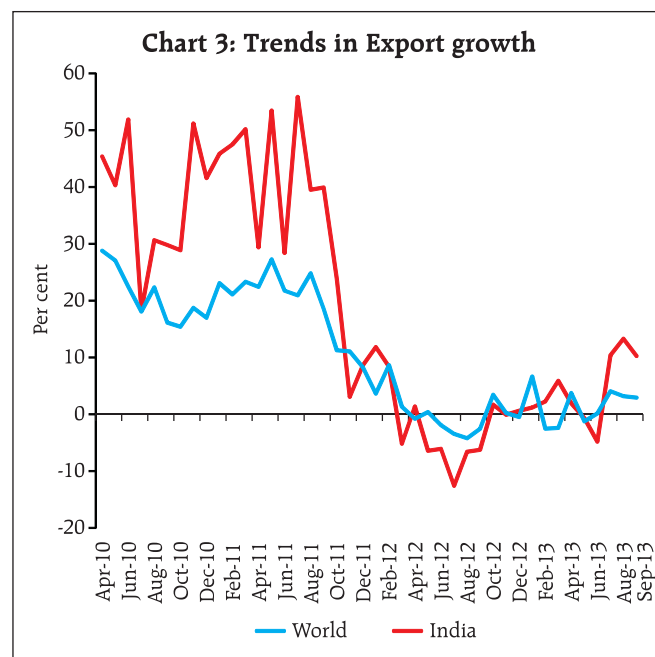
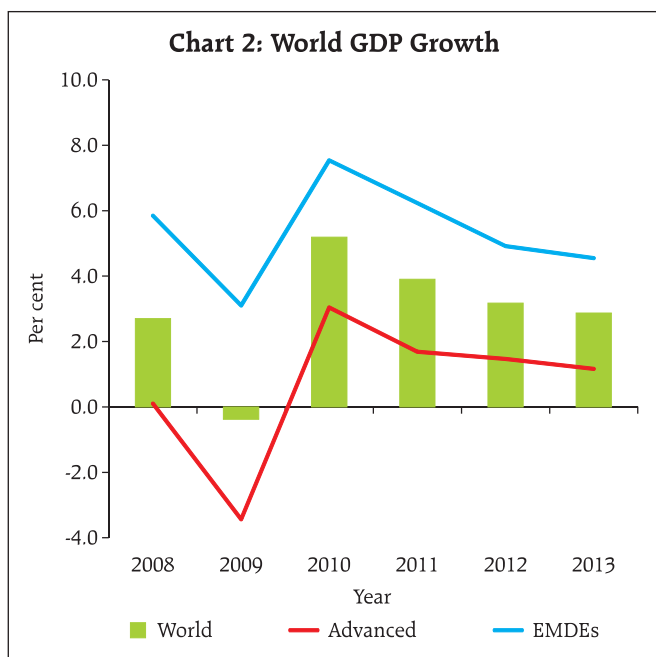
activity amidst slow recovery in advanced and emerging market and developing economies (EMDEs). Challenges of global slowdown and tightening global financial conditions weighed more on the performance of EMDEs while advanced economies exhibited a relatively improved outlook (particularly during July-September 2013) (Chart 2).

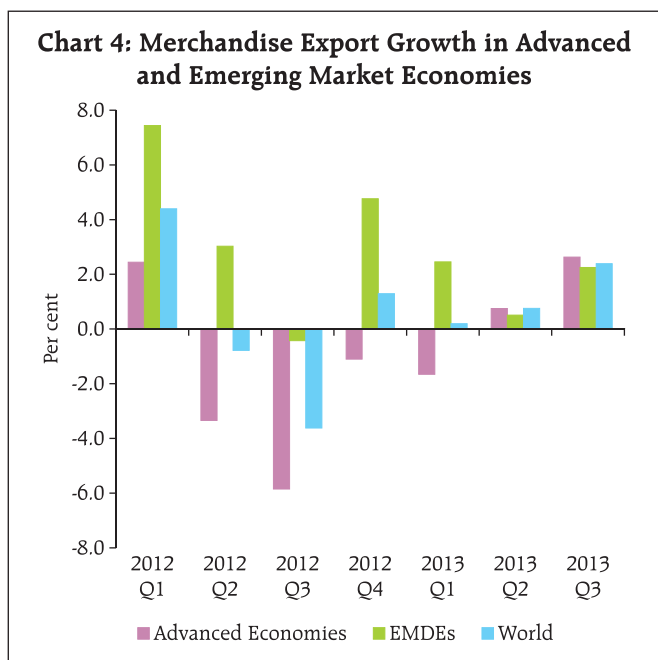
World exports (goods) also exhibited a mixed trend in 2013 so far. In the initial months, exports witnessed a decline on a y-o-y basis before recording a gradual recovery, thereafter, particularly since June 2013 (Chart 3).

Global economy seems to have entered a transitional phase as advanced economies gained strength while EMDEs witnessed a slowdown in recent times (Chart 4). Going forward, global outlook continues to exhibit considerable uncertainty with a downward risk to global economic activity. Policy uncertainties in the US and slow pace of reforms in the Euro area could adversely affect the potential trade and economic conditions in the long run. Moreover, the slowdown in major countries *viz.*, China and other EMDEs, constituting a bulk of world trade may lead to a fall in

global economic and trade activity. Nevertheless, according to the IMF (October 2013), world trade volume (goods and services) is projected to grow by 2.9 per cent in 2013 as compared with 2.7 per cent in 2012.

World commodity prices exhibited a mixed trend across commodities in recent period. While a declining trend was generally reflected in food and metal prices since July 2013, energy prices showed a rise. Decline in food prices mainly reflected the improved supply conditions in the world market. According to the World Bank Report on commodity prices (October 2013), the largest decline among the food prices is expected to be in rice, wheat, coconut oil and palm oil. Supply abundance and weakening demand from key consumer economies, mainly China, led to a drop in metal prices. Precious metal *viz.*, gold also exhibited a declining trend as gold seems to have become less attractive as "safe haven" to international investors in addition to weakening physical demand. Fluctuations in crude oil prices have been driven mainly by geopolitical concerns (Egypt and more recently Syria) and output disruptions (Iraq and Libya) on the supply side and changing growth prospects of the developing countries on the demand side (Chart 5).



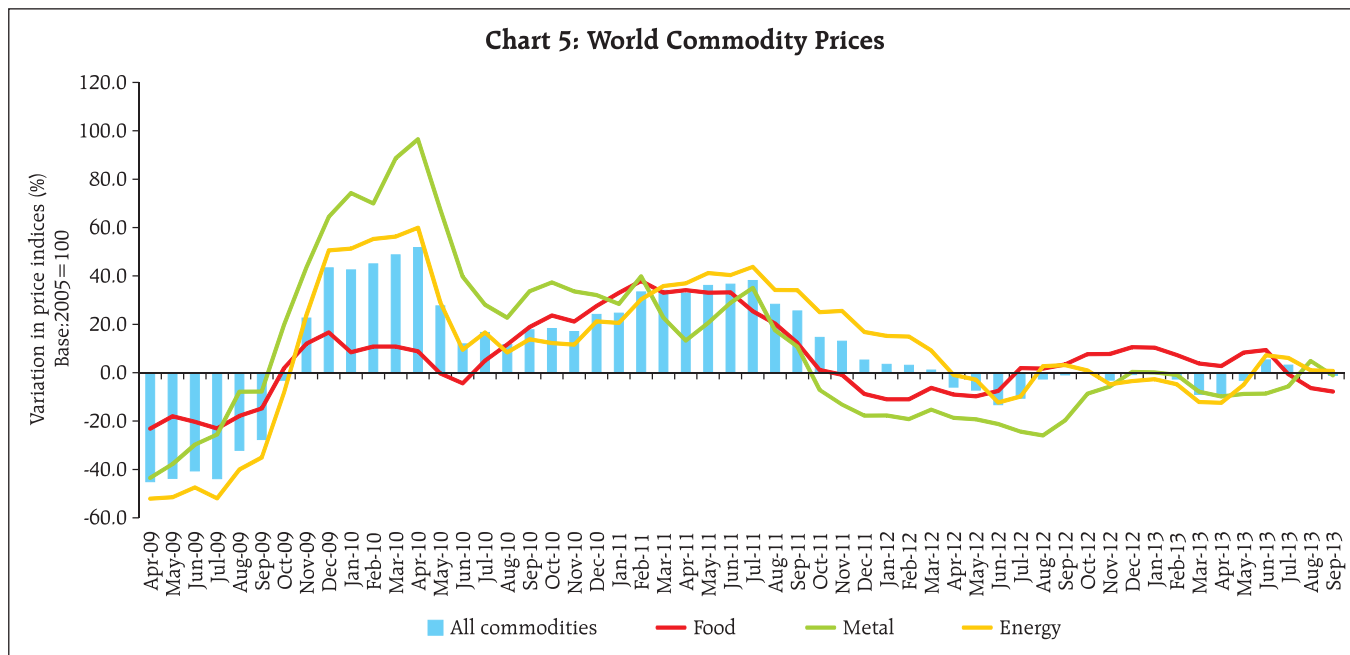


2013-14 and a moderation in imports offsetting the growing trade deficit in Q1 of 2013-14. While export growth could be reflective of lagged impact of rupee depreciation in recent period and fall in international gold prices and rise in global demand, moderation in import was primarily led by a sharp decline in gold imports resulting from an array of measures taken to curb gold import demand. Going forward, global activity is expected to recover gradually, mainly supported by growth momentum in advanced economies. Improved growth prospects in EMDEs, however, are also pertinent for sustenance of India's exports momentum. On import front, a moderation in gold imports on durable basis is expected to augur well and help containing India's trade deficit.

III. Outlook

India's trade performance improved in H1 of 2013-14 primarily led by a rise in exports in Q2 of

Detailed information on monthly commodity-wise and country-wise data on merchandise exports and imports for 2011-12, 2012-13 and April-September 2013-14 can be accessed at http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx.



*Finances of Foreign Direct Investment Companies, 2011-12**

Sales growth of select foreign direct investment (FDI) companies improved in 2011-12. However, higher growth in operating expenses relative to that in value of production led to a decline in earnings before interest, tax, depreciation and amortisation (EBITDA) and also in net profits (PAT). Profit margins were also lower. Business expansion slowed down both in manufacturing and services sectors. Total borrowing to equity ratio of select companies declined with steeper decline in interest coverage ratio. Share of fixed asset formation in total uses of funds improved.

The financial performance of 766¹ FDI companies for the year 2011-12 presented in this article is based on the audited annual accounts closed during April 2011 to March 2012. The select 766 companies consist of 406 public limited companies and 360 private limited companies. The select companies are classified into 8 major countries and 9 major industries. A company is classified into a country depending upon the country of origin of the largest FDI share holding in the company. The industry of the company is determined on the basis of the industry from which the company has reported more than 50 per cent earning of its total income. Further, the performance of these select 766 FDI companies have been compared with those of 4,067 non-FDI companies.

The article also provides comparable position for the period 2007-08 to 2010-11 based on data compiled

* Prepared in the Company Finances Division of the Department of Statistics and Information Management. Reference may be made to the December 2012 issue of the RBI Bulletin for the previous year's study. For definition of FDI companies, please refer to the explanatory notes released on December 26, 2013 along with the data on the RBI's website.

¹ The paid-up capital (PUC) of select 766 FDI (non-financial) companies in 2011-12 was ₹717 billion. As against this, PUC of 10,354 such companies covered in Reserve Bank's annual census of Foreign Liabilities and Assets stood at ₹2,623 billion.

for relevant financial years and published earlier². Reference may be made to the detailed data for 2011-12 along with explanatory notes already released in the website of the Reserve Bank on December 26, 2013.

In the select 766 FDI companies, 'chemicals and chemical products' (76), 'machinery and machine tools' (64) and 'computer and related activities' (60) were the most preferred industries for FDI. Mauritius is the origin of investment for the largest number of companies (167) followed by USA (111) and UK (70).

1. Sales growth improved but relatively higher growth in operating expenses led to decline in profit growth

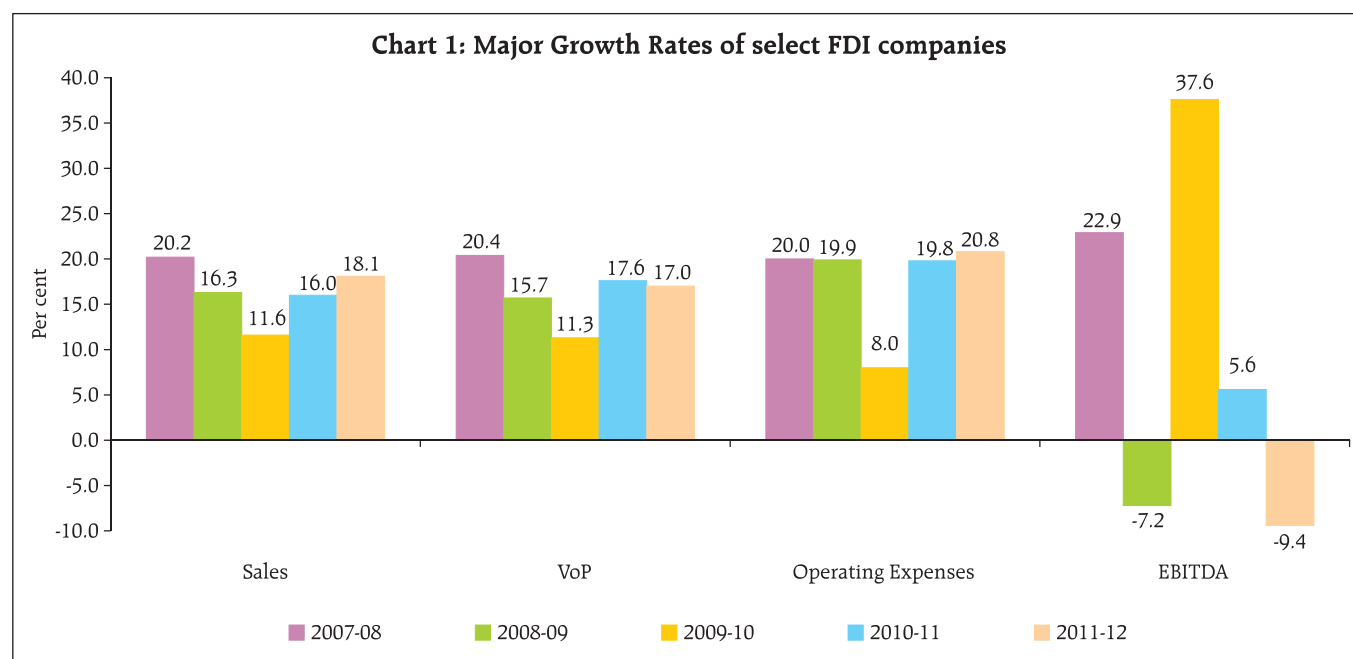
1.1 Growth in sales (18.1 per cent) of select FDI companies increased in 2011-12 maintaining the trend observed in the previous year (Statement 1 and Chart 1). However, higher growth in operating expenses (20.8 per cent) than that of value of production (VoP) led to decline in earnings before interest, tax, depreciation and amortisation (EBITDA). Further, sharp rise in interest payments in 2011-12 resulted in lower net profit (PAT).

1.2 As compared to select FDI companies, select non-FDI companies recorded similar growth in sales in 2011-12 but their operating expenses grew at a slightly lower rate. As a result, EBITDA of non-FDI companies contracted at a lower rate.

1.3 Analysis of FDI companies according to share of FDI revealed that the companies with foreign share holding between 10 per cent and 25 per cent performed better as compared with other groups. In terms of sales, EBITDA and net assets, this group recorded higher growth (Statement 1).

1.4 Sales growth in 2011-12 of FDI companies belonging to manufacturing sector remained at the same level as that of previous year, while it increased for those in services sector. Companies in the manufacturing

² Growth rates and ratios for the years 2009-10 and 2010-11 reported therein may not match with those included in the analysis due to differences in composition of sample on which they are based.



sector recorded a decline in profit in 2011-12, whereas in the services sector profit registered higher growth as compared to the previous year.

1.5 In the manufacturing sector, most of the industries except 'electrical machinery and apparatus' industry registered lower sales growth in 2011-12 when compared with the previous year. The decline was very sharp in 'rubber and plastic products', 'machinery and machine tools' and 'motor vehicles and other transport equipments' industries. EBITDA growth was also low or negative in most of the industries in the manufacturing sector barring 'food products and beverages' industry. In the services sector, 'transport storage and communication' industry and IT companies recorded significant rise in sales as well as in EBITDA.

2. Profit Margin declined after recovery in past two years

2.1 EBITDA margin (EBITDA to sales ratio) of FDI companies declined in 2011-12 after successive recovery in previous two years (Statement 2 and Chart 2) and the decline was observed across all classes of FDI shareholdings. The margin (4 per cent) for companies with FDI share of 50 per cent and above in

2011-12 was at its lowest level in past five years. The companies with FDI share between 10 per cent and 25 per cent recorded higher EBITDA margin as compared to others in 2011-12.

2.2 EBITDA margin of the select FDI companies in manufacturing sector which had registered marginal improvement in the last 2 years, declined during 2011-12. On the other hand, in services sector it improved in the current year. In manufacturing sector, 'chemical and chemical products' and 'machinery and machine tools' industries suffered substantial decline in EBITDA margin, while in services sector 'wholesale and retail trade' industry continued to record negative EBITDA margin. 'Computer and related activities' industry in services sector recorded higher profit margin (25.8 per cent) in 2011-12, which was at the highest level in five year period under study.

2.3 As per the country of origin of FDI, EBITDA growth in 2011-12 declined for FDI companies from all major countries, excepting those from France, which recorded substantially higher EBITDA growth. The profit margin of FDI companies from the USA improved marginally in 2011-12, while it declined for FDI companies from other countries.

2.4 In the manufacturing sector, the non-FDI companies recorded higher profit margin compared to FDI companies. The profit margin of FDI companies in services sector was, however, higher than that of non-FDI companies in 2011-12.

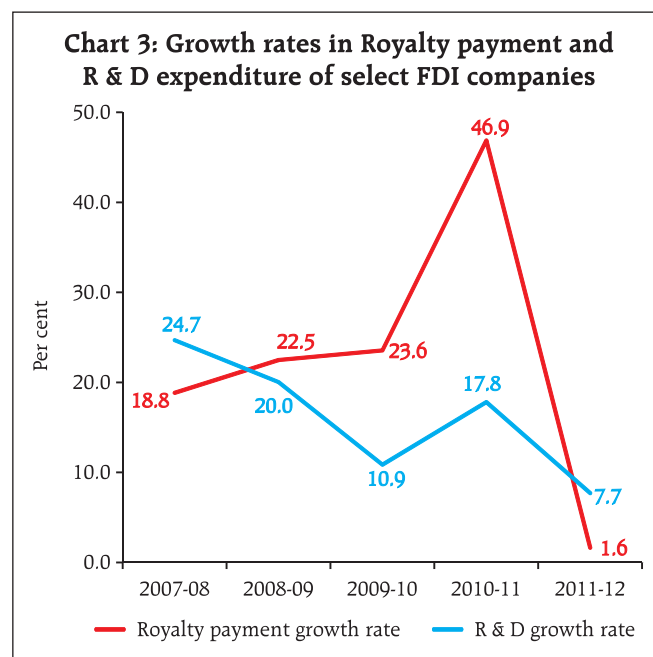
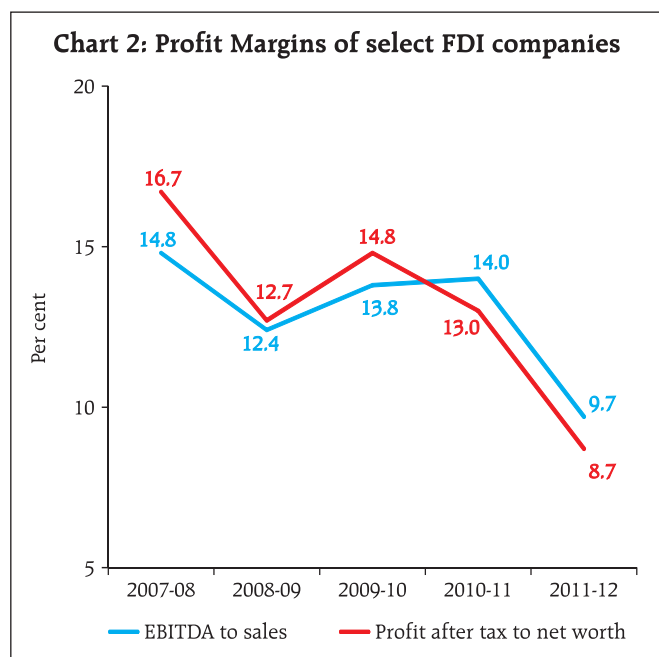
2.5 Return on equity (PAT to net worth ratio) of select FDI companies at 8.7 per cent was at its lowest level in the five year period under consideration (Statement 2 and Chart 2). However, for the companies with FDI share between 10 per cent and 25 per cent the return on equity (RoE) recorded an increase in 2011-12. The RoE declined in 2011-12 both for manufacturing and services sector, the decline was, however sharper for the manufacturing sector.

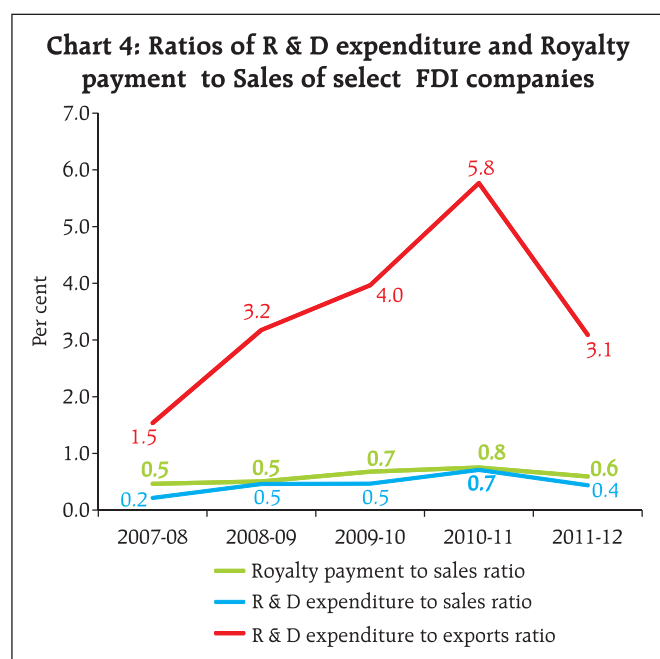
3. Growth in Research & Development Expenditure and Royalty payments slowed down

3.1 Research and Development (R & D) expenditure of select FDI companies registered a lower growth of 7.7 per cent in 2011-12 (17.8 per cent in 2010-11) and formed 0.4 per cent of sales which was lower than of 0.7 per cent in the previous year (Statement 1, Charts 3 and 4). R & D expenditure to exports ratio for the FDI companies stood at 3.1 per cent in 2011-12

compared to 5.8 per cent in 2010-11. In 2011-12, 'electrical machinery and apparatus' and 'motor vehicles and other transport equipments' industries in manufacturing sector and 'computer and related activities' industry in services sector recorded substantially high growth in R & D expenditure. Compared to select FDI companies, select non-FDI companies recorded higher growth in R & D expenditure (34.6 per cent) in 2011-12.

3.2 The royalty payments by select FDI companies grew by a substantially lower rate of 1.6 per cent in 2011-12 compared to 46.9 per cent growth in the previous year and consequently the ratio of royalty payments to sales declined from 0.75 per cent to 0.59 per cent (Charts 3 and 4). The decline was observed both in select companies in manufacturing and services sectors and was substantially steep in the services sector, which had recorded healthy growth in preceding two years. The decline was observed in most of the industries in manufacturing sector and in the services sector it was particularly steep for companies belonging to 'transport, storage and communication' industry.





4. The pace of growth in earnings and expenditure in foreign currencies was higher

4.1 Total earnings in foreign currencies of the select FDI companies increased by 24.6 per cent in 2011-12, as against 10.2 per cent in 2010-11. Although the merchandise exports registered a higher growth in 2011-12 (24.8 per cent) (Table 1), their share in foreign currency earnings declined to 62.3 per cent in 2011-12

from 66.6 per cent in 2010-11. The 'computer and related activities' industry in the services sector was the main driver of growth in exports of select FDI companies. It is observed that companies with FDI share between 10 per cent and 25 per cent and those with share of 50 per cent and above, registered acceleration in exports while for the other companies, growth in exports declined. During 2011-12, growth in exports of 'electrical machinery and apparatus' and 'motor vehicles and transport equipments' industries reversed while those of other industries in manufacturing sector remained modest.

4.2 In 2011-12, select non-FDI companies recorded higher growth in exports (27.5 per cent) than select FDI companies (Table 1). Export intensity of sales (exports to sales ratio) for FDI companies improved in 2011-12 to 14.2 per cent from 12.3 per cent in the previous year (Statement 2). The improvement was more pronounced for companies with FDI share of 50 per cent and above. The export intensity of sales for non-FDI companies continued to be higher than that of FDI companies and the difference widened over the five year period under study.

4.3 The expenditure in foreign currencies of the FDI companies grew by 20.5 per cent in 2011-12 which was

Table 1: Growth rates of Exports and Imports of select FDI and Non-FDI companies

(Per cent)

	FDI Companies									
	Growth in exports					Growth in imports				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Aggregate (All Companies)	33.7	20.6	0.0	16.3	24.8	38.3	9.4	1.6	15.9	20.3
FDI-share-wise										
10 per cent - 25 per cent	5.9	18.4	-3.2	13.7	27.3	11.1	28.2	-14.5	17.4	34.2
25 per cent - 50 per cent	1.4	18.0	5.9	35.3	6.0	19.3	17.6	30.3	2.8	8.7
50 per cent and above	81.6	23.1	-1.2	8.1	33.6	76.2	-2.9	3.4	21.1	18.7
Manufacturing	5.6	19.9	0.5	14.7	25.7	13.6	19.2	-1.0	20.8	15.4
Services	35.2	38.1	-36.2	13.6	118.9	258.2	-40.1	1.5	2.4	9.9
	Non-FDI companies									
Aggregate (All Companies)	20.2	12.9	2.3	27.6	27.5	22.1	15.7	12.2	18.7	28.1
Manufacturing	20.6	12.3	3.8	28.3	30.1	24.5	14.6	16.5	20.8	28.5
Services	43.9	10.2	-6.1	0.1	-12.4	2.4	17.2	-1.5	1.1	27.7

higher than 17.3 per cent growth in the previous year. Growth in imports during 2011-12 increased for companies with FDI share up to 50 per cent and for companies in the services sector. The manufacturing sector, whose imports had recorded a high growth in 2010-11 registered a lower growth in imports in 2011-12. The import growth of non-FDI companies continued to be higher than that of FDI companies in 2011-12.

5. Business expanded at a slower pace

5.1 Total net assets of selected companies grew at a lower rate of 12.6 per cent in 2011-12 compared to the previous years (Statement 1). Companies in all FDI share size classes recorded lower growth in total net assets as compared with 2010-11. The decline was sharpest for companies in the FDI share class '25 per cent-50 per cent', for which the growth was at its lowest level in the five year period under study.

5.2 Slower pace of expansion was observed both in manufacturing and services sectors. In manufacturing sector 'rubber and plastic products' industry and 'transport storage and communication' industry in services sector recorded steep decline in growth of net assets.

5.3 As compared to select FDI companies, growth in total net assets of select non-FDI companies was marginally lower in 2011-12. In non-FDI companies all industries recorded decline in business except 'computer and related activities' industry.

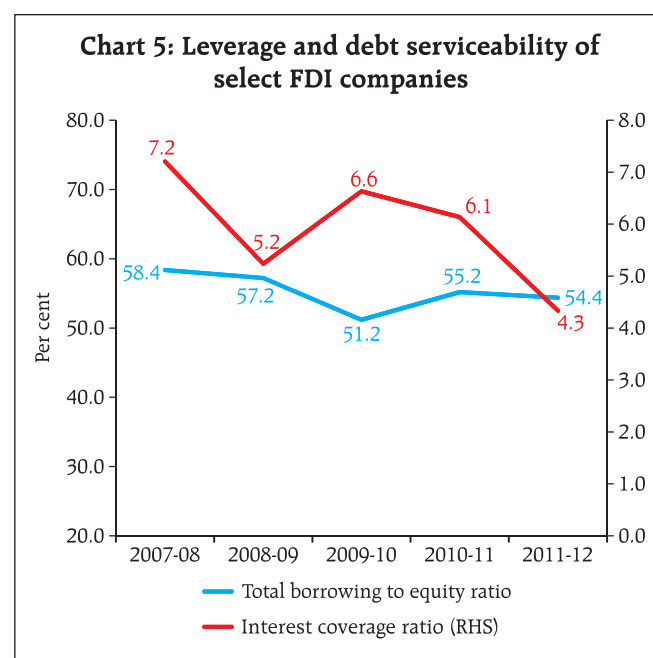
6. Leverage improved marginally while interest coverage worsened substantially

6.1 Lower or negative growth in EBITDA led to lower growth in net worth in 2011-12 across companies in all FDI-share size classes (Statement 1). Growth in net worth of FDI companies at 7.2 per cent in 2011-12 was the lowest in last five years. Both manufacturing as well as services sectors recorded decline as compared with the previous year. The decline was steep in 'chemical and chemical products' and 'rubber and plastic products' industries in manufacturing sector and in 'transport storage and communication'

industry in services sector. Net worth growth of FDI companies was lower than that of non-FDI companies (10.2 per cent).

6.2 Total borrowing of select FDI companies grew at a lower rate in 2011-12 as compared with 2010-11 (Statement 1). However, total borrowings of manufacturing sector registered higher than previous year growth in most of the industries except 'chemical and chemical products' and 'electrical machinery and apparatus industries.' 'Computer and related activities' industry led to decline in growth of total borrowings in the services sector. Total borrowing grew steeply for the companies having FDI from Switzerland and declined for those with FDI from France. The total borrowings growth of FDI companies was however, higher than that of non-FDI companies both in manufacturing and services sector companies.

6.3 Leverage of select companies, measured by borrowings to equity ratio, at aggregate level, decreased from 55.2 per cent in 2010-11 to 54.4 per cent in 2011-12, while that of non-FDI companies increased from 76.4 per cent to 77.7 per cent (Statement 2 and Chart 5). 'Transport, storage and communication' industry continued to record high level of leverage.



6.4 The interest coverage ratio (ICR), calculated as ratio of earnings before interest and tax (EBIT) to interest expenses, of FDI companies at the aggregate level, registered significant decline in 2011-12 and reached the lowest level (4.3 per cent) in last five years (Chart 5).

7. External sources continued to dominate sources of funds

7.1 The external sources (*i.e.*, other than companies' own funds) continued to play a major role in business expansion of the FDI companies and its share stood at 62.8 per cent in 2011-12 (Table 2). Among the external sources, funds raised through 'issuance of shares' declined significantly in 2011-12 while that through 'borrowings' and 'trade dues and other current liabilities' increased. Among the internal sources, accretion to 'reserves & surplus' (15 per cent) was lower during 2011-12, while the share of 'provisions' registered an increase.

7.2 The composition of capital and liabilities of FDI companies at end 2011-12 indicated a decline in the share of 'reserves and surplus' and increase in the shares of 'trade dues and other current liabilities'.

However, the share of outstanding 'borrowings' was lower and that of 'share capital' was higher at end 2011-12 contrary to their share in funds raised during 2011-12.

8. Share of fixed assets formation in uses of funds improved

8.1 The share of fixed assets formation in uses of funds, which had declined in post-crisis period, increased during 2011-12. There was a sharp increase in the share of 'loans and advances and other debtor balances' also. On the other hand, the share of 'inventories' and 'cash and bank balances' witnessed decline in uses of funds during the year. Share of funds used in 'investments' for select FDI companies during 2011-12 was marginally lower in contrast to the sharp increase in the case of non-FDI companies.

8.2 As a result, in composition of assets at end 2011-12, the share of 'loans and advances and other debtor balances' in total assets increased while that of 'inventories' declined. Though, higher share of funds raised during 2011-12 was used in fixed assets formation, share of outstanding fixed assets in total assets was lower than the previous year.

Table 2: Composition of sources and uses of funds select FDI and Non-FDI companies

(Per cent)

	A-1: Composition of Sources of funds during the year of FDI companies					A-2: Composition of Sources of funds during the year of Non-FDI companies				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Sources of funds										
Internal sources (Own sources)	34.5	28.6	55.1	37.5	37.2	37.7	32.7	46.9	35.8	37.9
<i>Of which: Reserves and Surplus</i>	21.9	16.6	31.1	20.4	15.0	24.1	22.7	26.7	23.1	23.1
External sources (Other than own sources)	65.5	71.4	44.9	62.5	62.8	62.3	67.4	53.1	64.2	62.0
<i>Of which:</i>										
i. Paid-up capital	22.8	23.0	11.0	14.4	7.5	15.2	11.7	22.5	14.6	8.1
ii. Borrowings	22.1	30.2	10.4	22.8	25.1	29.7	37.8	15.5	25.8	26.1
iii. Trade dues and other current liabilities	20.5	17.7	18.4	25.2	29.2	17.1	17.7	14.5	23.7	27.4
	B-1: Composition of Uses of funds during the year of FDI companies					B-2: Composition of Uses of funds during the year of Non-FDI companies				
Uses of funds										
i. Gross fixed assets	43.0	49.0	39.0	36.3	41.2	37.2	37.5	40.2	24.9	34.4
ii. Inventories	12.0	6.8	5.8	15.4	7.9	12.1	8.3	14.3	13.1	12.3
iii. Loans and advances and other debtor balances	21.0	21.7	19.3	21.4	37.5	32.2	11.4	15.2	33.7	35.1
iv. Cash and bank balances	1.0	11.0	4.9	3.3	0.3	-0.5	9.7	3.5	7.9	1.6

Statement 1: Growth rates of select parameters of FDI companies															
(per cent)															
	Growth in Sales					Growth in EBITDA					Growth in net worth				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	502	533	681	745	766	502	533	681	745	766	502	533	681	745	766
Aggregate (All Companies)	20.2	16.3	11.6	16.0	18.1	22.9	-7.2	37.6	5.6	-9.4	32.1	19.6	17.2	14.6	7.2
FDI-share-wise															
10 per cent - 25 per cent	18.6	17.5	6.2	10.6	20.4	20.1	-18.7	29.2	-5.0	7.1	48.8	9.9	20.4	15.2	11.7
25 per cent - 50 per cent	18.4	16.6	15.3	22.1	16.6	10.5	-2.8	22.0	26.4	-6.7	22.8	15.2	16.2	12.8	7.9
50 per cent and above	22.5	15.8	13.4	17.1	17.4	35.1	-7.8	68.0	7.1	-39.7	24.3	29.0	15.3	15.0	2.7
Countries of Origin															
UK	22.1	8.0	16.8	16.7	14.5	33.5	5.2	19.0	19.0	-0.3	24.7	15.7	22.2	16.1	12.1
USA	15.3	60.2	1.3	2.5	13.3	19.8	-2.6	21.6	-12.6	-3.2	57.6	105.8	7.8	10.7	14.1
Germany	33.0	25.0	10.1	14.9	14.8	29.7	8.4	-1.0	#	#	33.3	17.6	18.5	13.6	11.7
Switzerland	26.4	8.1	0.1	13.7	15.5	33.2	5.1	-1.0	-14.4	-12.0	24.3	19.0	17.7	11.0	8.7
Japan	13.2	11.3	26.4	25.4	16.9	13.7	-45.7	210.3	3.6	-38.2	21.2	14.2	5.3	19.6	-4.8
France	23.1	26.0	22.5	18.8	58.7	55.0	-6.6	-7.3	10.8	54.1	33.4	22.4	16.6	14.6	22.2
Netherlands	17.5	16.4	0.7	18.4	20.1	16.7	4.0	-2.4	10.5	10.5	33.5	6.5	11.5	18.8	22.8
Mauritius	23.4	8.1	6.7	12.8	19.7	12.9	-21.2	27.3	1.4	-2.0	24.1	6.2	24.7	16.6	5.3
Industry-wise															
Manufacturing	15.6	12.5	13.4	16.8	16.9	14.9	-10.5	43.2	4.2	-22.4	31.2	15.3	17.9	16.1	7.7
Food products and beverages	26.5	23.4	16.5	22.1	18.3	25.6	13.0	20.8	6.3	11.9	28.7	22.5	34.8	7.1	13.5
Chemicals and chemical products	9.9	12.8	5.6	17.5	16.2	3.4	-10.4	48.2	11.5	-65.7	14.4	13.7	18.0	14.1	2.2
Rubber and plastic products	28.1	20.9	8.3	41.6	19.1	35.6	-2.0	82.8	81.4	-22.5	43.1	2.1	7.1	15.8	-3.7
Machinery and machine tools	21.4	11.7	3.5	23.0	12.3	16.2	-3.8	21.2	10.1	#	18.2	9.7	11.5	12.6	13.1
Electrical machinery and apparatus	25.9	14.2	8.6	10.2	15.2	48.7	7.1	#	-13.0	-9.3	32.5	19.4	32.6	14.1	17.7
Motor vehicles and other transport equipment's	12.7	14.2	26.1	22.9	11.1	19.3	-16.2	76.2	11.5	-15.4	20.4	18.3	16.8	18.9	8.2
Services	34.0	28.6	5.8	16.3	18.7	33.6	6.2	25.0	5.9	11.0	27.6	33.3	12.3	8.4	6.2
Wholesale and retail trade	24.4	10.5	7.3	21.8	17.2	126.4	-21.1	-59.9	79.8	#	22.6	28.5	29.6	9.9	33.8
Transport, storage and communication	36.2	33.0	5.3	14.6	16.3	39.3	6.5	24.6	-3.3	14.2	26.3	50.3	10.8	3.9	-1.5
Computer and related activities	23.1	33.5	7.5	9.4	21.2	6.5	17.4	20.3	7.5	13.6	21.8	7.9	14.4	15.8	16.7
Statement 1: Growth rates of select parameters of Non-FDI companies															
	Growth in Sales					Growth in EBITDA					Growth in net worth				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067
Aggregate (All Companies)	18.2	13.8	12.2	22.9	18.2	13.9	-8.9	32.4	18.6	-4.7	31.1	21.0	20.6	17.9	10.2
Industry-wise															
Manufacturing	16.9	13.1	13.0	25.5	21.1	11.6	-7.6	42.8	18.5	-2.7	31.6	17.5	19.5	17.9	12.1
Food products and beverages	17.6	16.9	13.7	28.5	25.9	-18.6	37.8	87.8	-16.4	16.1	21.1	14.3	24.3	16.7	12.9
Chemicals and chemical products	9.4	23.8	2.7	18.8	17.3	3.2	-19.1	99.0	15.4	-5.8	23.0	11.7	18.6	19.3	12.8
Rubber and plastic products	15.2	13.6	13.5	23.5	20.6	21.7	-9.8	67.7	11.2	-12.3	22.8	10.0	22.9	20.5	13.0
Machinery and machine tools	24.6	6.0	6.0	15.5	9.6	37.9	4.6	14.4	-7.7	-26.9	28.8	16.1	18.5	17.6	6.9
Electrical machinery and apparatus	41.7	10.3	-0.4	17.0	18.5	31.8	-668.6	37.8	0.2	176.6	49.9	6.5	8.1	15.2	9.6
Motor vehicles and other transport equipment's	10.4	-2.5	24.5	36.1	22.4	7.0	-33.6	-38.8	32.0	12.2	20.8	27.2	22.4	27.7	13.5
Services	34.7	11.1	10.7	15.5	7.8	19.4	-14.6	7.0	18.7	-5.7	29.1	30.6	20.3	16.0	5.4
Wholesale and retail trade	26.5	12.7	20.4	10.1	-6.0	13.0	-233.0	-493.9	10.1	-181.2	29.1	11.4	11.5	60.8	4.5
Transport, storage and communication	33.5	10.2	9.2	17.4	7.1	0.3	-21.7	-47.7	20.0	-55.9	18.8	56.5	14.0	0.6	-4.5
Computer and related activities	24.6	21.9	2.0	18.5	23.4	16.1	12.6	34.3	15.4	15.9	25.9	19.7	29.5	17.1	17.0

Numerator or denominator is negative, nil or negligible.

Statement 1: Growth rates of select parameters of FDI companies															
(per cent)															
	Growth in total borrowings					Growth in total net assets					Growth in R and D expenditure				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	502	533	681	745	766	502	533	681	745	766	502	533	681	745	766
Aggregate (All Companies)	25.0	27.3	6.7	17.3	15.8	29.3	20.4	14.3	16.5	12.6	24.7	20.0	10.9	17.8	7.7
FDI-share-wise															
10 per cent - 25 per cent	23.4	32.5	2.0	20.2	17.1	34.1	19.5	9.5	16.5	14.4	37.6	24.4	5.1	31.6	11.1
25 per cent - 50 per cent	4.7	20.0	7.6	27.3	8.6	19.3	16.7	20.9	20.0	9.6	0.2	4.2	30.6	4.2	6.8
50 per cent and above	42.5	29.4	10.0	8.1	19.5	31.8	23.9	14.5	14.4	13.2	21.7	22.7	7.5	15.5	6.1
Countries of Origin															
UK	15.5	35.1	17.8	11.0	29.0	26.2	13.2	28.1	13.8	13.6	12.0	-5.4	21.5	51.2	15.5
USA	19.9	115.6	-24.2	7.8	17.5	40.8	94.1	-2.5	12.4	16.7	67.7	12.3	30.5	21.8	25.5
Germany	14.4	56.0	6.1	7.0	27.2	28.3	28.1	13.9	16.1	16.0	-12.6	54.7	-8.1	6.7	17.3
Switzerland	35.4	-5.8	-23.4	5.2	79.3	27.7	11.7	8.2	13.4	22.8	42.1	223.8	-12.4	-3.0	-4.2
Japan	19.5	13.6	-2.4	24.2	9.6	18.8	20.1	8.2	22.2	12.2	14.0	0.5	8.9	1.5	-3.9
France	20.8	55.8	12.2	21.8	-5.5	31.8	36.4	15.6	19.7	15.8	-26.6	16.2	75.9	-21.1	55.9
Netherlands	27.9	36.6	-18.7	24.6	12.4	30.7	16.1	5.0	19.0	17.2	0.3	39.3	1.5	-2.5	7.8
Mauritius	29.3	16.1	23.7	22.6	12.6	27.1	10.8	20.7	19.3	9.8	68.0	54.2	37.0	9.0	10.3
Industry-wise															
Manufacturing	14.6	24.5	5.6	14.6	16.2	24.8	17.1	14.0	16.6	13.9	24.9	19.4	8.9	19.2	3.9
Food products and beverages	14.5	46.9	46.3	-11.1	20.5	27.4	22.9	38.0	3.1	18.3	83.3	3.4	155.2	-0.7	-43.2
Chemicals and chemical products	21.0	17.9	-9.4	30.3	13.8	16.7	14.7	7.3	16.8	13.3	44.0	18.4	15.3	12.7	1.4
Rubber and plastic products	59.3	47.1	62.1	9.5	27.6	45.2	20.3	18.0	14.5	5.0	-14.3	33.3	5.0	25.4	4.3
Machinery and machine tools	35.5	4.0	-6.6	9.7	49.1	22.8	9.8	8.6	18.8	15.7	45.7	14.4	25.1	22.6	9.6
Electrical machinery and apparatus	8.3	16.8	-13.0	18.4	-6.4	26.8	16.4	14.8	15.2	15.2	36.5	128.4	-25.6	11.0	26.8
Motor vehicles and other transport equipment's	36.5	47.6	-11.6	6.9	30.6	23.3	24.0	12.3	16.4	16.4	23.9	23.6	-11.4	39.6	21.2
Services	60.6	26.3	1.3	24.2	13.0	39.4	26.7	10.5	14.1	8.3	21.2	71.3	158.7	-16.6	24.3
Wholesale and retail trade	39.7	-10.4	7.9	0.7	13.3	33.8	13.7	16.7	12.8	21.6	#	400.0	#	#	13.3
Transport, storage and communication	75.7	27.1	-5.0	26.7	14.9	57.0	31.0	6.9	14.5	5.0	#	#	#	28.6	-28.6
Computer and related activities	11.4	30.4	43.9	21.0	-8.4	18.3	17.6	19.8	12.8	15.7	21.2	66.3	115.5	-47.5	24.6
Statement 1: Growth rates of select parameters of Non-FDI companies															
	Growth in total borrowings					Growth in total net assets					Growth in R and D expenditure				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067
Aggregate (All Companies)	28.0	29.0	7.1	15.5	11.0	29.3	22.7	13.8	18.2	12.3	16.4	21.8	28.3	10.4	34.6
Industry-wise															
Manufacturing	25.5	26.0	6.1	15.4	9.5	28.1	21.2	13.2	18.5	12.4	11.2	24.1	14.6	16.5	37.6
Food products and beverages	50.7	15.4	7.2	28.0	15.2	35.8	11.9	16.2	23.2	14.9	-33.3	16.7	32.5	138.0	-30.4
Chemicals and chemical products	3.4	25.1	-0.4	10.8	13.5	12.5	20.1	7.8	15.5	14.7	11.8	#	12.5	9.2	17.1
Rubber and plastic products	10.1	16.2	2.6	22.3	21.8	16.7	10.8	13.7	23.1	17.1	46.2	49.3	7.5	28.1	4.6
Machinery and machine tools	43.4	12.5	-1.2	24.2	35.1	31.1	11.1	15.7	21.7	18.4	55.4	24.7	3.9	40.0	6.1
Electrical machinery and apparatus	42.2	46.3	1.5	1.4	27.2	44.1	22.5	7.8	11.6	11.5	21.2	37.6	74.8	34.3	23.1
Motor vehicles and other transport equipment's	27.3	59.9	19.1	0.4	-0.4	27.5	28.9	24.9	14.3	10.5	15.2	-35.1	21.9	0.3	169.3
Services	45.8	35.3	8.1	9.5	5.6	32.6	26.9	14.2	14.3	8.2	50.8	8.6	67.0	21.9	-8.7
Wholesale and retail trade	37.3	22.0	14.7	-15.5	26.4	36.2	15.8	12.1	27.6	11.4	0.0	11.3	-6.6	2.8	-13.0
Transport, storage and communication	31.9	52.6	10.4	15.5	-0.9	25.7	41.5	12.2	10.6	1.2	223.7	#	50.0	-88.0	#
Computer and related activities	184.1	31.5	3.2	5.1	17.3	43.3	22.8	20.6	13.5	18.6	12.1	15.8	74.4	21.2	-8.3

Numerator or denominator is negative, nil or negligible.

Statement 2: Ratios of select parameters of FDI companies															
(per cent)															
	EBITDA to Sales (in per cent)					Return on equity (in per cent)					Total borrowing to equity (in per cent)				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	502	533	681	745	766	502	533	681	745	766	502	533	681	745	766
Aggregate (All Companies)	14.8	12.4	13.8	14.0	9.7	16.7	12.7	14.8	13.0	8.7	58.4	57.2	51.2	55.2	54.4
FDI-share-wise															
10 per cent - 25 per cent	15.2	7.6	21.0	18.1	17.4	15.4	10.6	17.0	12.3	17.4	60.7	69.6	47.2	59.0	49.3
25 per cent - 50 per cent	15.7	17.6	15.7	14.9	10.7	15.7	15.6	13.1	12.8	9.5	50.6	53.6	53.1	57.0	60.7
50 per cent and above	13.9	11.0	8.9	10.4	4.0	18.7	11.8	14.0	13.9	4.6	61.4	53.9	53.4	50.1	55.9
Countries of Origin															
UK	21.3	17.2	18.9	19.7	18.0	20.8	23.1	22.2	22.8	20.7	55.3	17.2	21.4	24.3	28.5
USA	16.4	17.0	20.5	17.3	18.0	16.5	13.3	19.8	15.6	18.1	34.2	43.8	30.2	28.5	19.5
Germany	10.7	11.3	-27.3	2.2	-7.5	12.1	13.1	16.5	15.2	13.3	34.8	53.8	48.1	47.1	34.9
Switzerland	17.3	13.9	14.7	14.3	7.5	29.8	27.1	20.9	18.8	20.8	26.9	3.0	7.7	38.8	48.6
Japan	11.9	5.9	10.3	10.3	4.8	20.3	5.7	13.5	8.6	-8.6	32.6	46.5	66.9	79.9	105.8
France	16.3	11.8	10.4	11.1	9.5	29.4	22.1	17.6	16.2	16.5	61.3	80.7	65.3	69.6	49.1
Netherlands	12.2	9.2	10.3	11.6	10.4	14.3	15.1	14.3	19.3	11.4	36.1	24.2	14.4	9.1	69.8
Mauritius	12.1	7.6	18.8	17.5	11.4	13.6	10.3	14.3	10.8	4.7	61.0	68.0	57.6	61.4	59.4
Industry-wise															
Manufacturing	14.8	11.9	12.9	13.4	6.9	16.5	12.4	17.5	16.2	10.2	45.2	55.6	45.0	48.4	57.2
Food products and beverages	12.6	7.6	9.8	9.5	11.2	18.5	16.3	16.7	15.0	20.3	55.4	72.1	72.1	58.5	44.8
Chemicals and chemical products	14.2	10.8	15.3	14.4	3.3	14.8	12.9	20.8	21.6	5.9	53.7	47.2	29.9	32.3	65.9
Rubber and plastic products	12.4	11.0	11.8	16.4	10.6	11.8	4.5	6.3	12.5	7.9	84.2	97.2	52.4	49.6	44.6
Machinery and machine tools	14.3	12.3	13.7	12.0	-10.8	20.3	14.5	15.8	16.4	16.5	36.4	40.7	35.0	27.1	15.9
Electrical machinery and apparatus	14.6	12.4	3.5	10.5	11.7	25.0	18.3	23.6	15.8	13.5	32.1	34.8	19.7	20.4	8.8
Motor vehicles and other transport equipment's	12.3	8.6	12.0	10.8	6.2	21.7	12.9	19.2	19.6	11.5	24.9	48.5	40.2	36.1	36.9
Services	17.6	20.6	20.1	14.5	18.1	7.4	14.5	11.6	7.7	6.6	84.0	57.0	57.1	67.0	64.1
Wholesale and retail trade	11.5	4.3	-1.3	-0.6	-4.0	2.5	15.6	23.3	9.4	0.6	102.7	50.5	16.8	23.0	64.4
Transport, storage and communication	17.5	24.0	24.1	19.9	19.2	9.7	15.1	9.8	3.8	-2.6	213.9	76.1	76.1	96.5	101.5
Computer and related activities	18.5	19.8	22.2	22.5	25.8	17.6	16.1	16.9	16.6	22.1	11.5	17.1	22.6	22.2	8.5

Statement 2: Ratios of select parameters of Non-FDI companies															
	EBITDA to Sales (in per cent)					Return on equity (in per cent)					Total borrowing to equity (in per cent)				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067
Aggregate (All Companies)	14.1	11.9	13.1	12.3	8.9	17.5	11.3	11.2	11.4	9.6	80.2	85.5	78.4	76.4	77.7
Industry-wise															
Manufacturing	15.2	10.9	12.9	11.5	8.6	17.4	11.6	13.1	12.7	11.5	83.3	90.7	81.1	75.6	75.5
Food products and beverages	7.5	6.1	7.6	4.5	4.5	9.1	9.1	11.0	6.3	8.7	155.0	132.2	131.6	157.3	131.8
Chemicals and chemical products	14.8	7.8	11.8	10.5	6.9	18.3	12.3	14.9	14.7	14.5	71.7	87.3	78.0	72.2	58.5
Rubber and plastic products	11.6	9.3	14.1	12.6	8.4	16.1	10.9	17.8	16.8	9.8	101.9	116.1	95.7	103.1	116.5
Machinery and machine tools	11.7	9.6	7.8	4.6	5.6	22.2	16.9	16.9	12.0	10.0	56.2	47.5	43.3	60.4	91.7
Electrical machinery and apparatus	12.7	-5.6	6.5	7.1	5.4	18.6	7.2	3.2	3.5	11.0	54.9	77.4	70.0	73.1	37.9
Motor vehicles and other transport equipment's	8.5	5.6	10.5	10.4	10.1	17.4	7.9	17.2	16.6	17.3	78.4	104.6	99.9	75.4	61.8
Services	17.1	15.4	14.2	15.1	10.8	10.8	10.5	7.2	9.0	6.0	69.8	72.3	68.2	65.8	69.8
Wholesale and retail trade	3.5	-1.2	2.4	1.9	-0.9	12.6	5.9	5.1	4.7	0.1	118.1	80.2	109.7	37.7	111.0
Transport, storage and communication	11.8	15.6	10.5	11.8	3.1	3.8	3.8	-1.9	-3.3	-7.1	127.3	92.8	86.5	128.7	119.4
Computer and related activities	24.0	22.1	24.8	24.4	20.5	22.2	24.8	21.9	21.7	21.7	27.2	23.3	19.3	16.9	16.6

Numerator or denominator is negative, nil or negligible.

Statement 2: Ratios of select parameters of FDI companies										
(per cent)										
	Export intensity of sales (in per cent)					Royalty payment to sales ratio				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	502	533	681	745	766	502	533	681	745	766
Aggregate (All Companies)	15.4	14.5	11.7	12.3	14.2	0.46	0.51	0.68	0.75	0.59
FDI-share-wise										
10 per cent - 25 per cent	16.1	16.4	10.3	11.7	11.9	0.22	0.13	0.14	0.13	0.13
25 per cent - 50 per cent	9.7	11.7	14.7	14.4	13.7	0.48	0.36	0.65	0.69	0.50
50 per cent and above	18.2	15.5	11.3	11.6	16.0	0.80	0.76	1.00	1.24	0.96
Countries of Origin										
UK	11.2	8.7	11.1	12.6	10.2	0.43	0.41	0.63	0.87	0.73
USA	12.4	19.4	16.0	17.2	13.6	0.25	0.25	0.38	0.52	0.19
Germany	20.3	11.0	9.6	7.2	11.6	0.32	0.42	0.48	0.58	0.59
Switzerland	18.7	8.1	10.4	10.6	15.6	0.18	0.63	0.56	0.51	1.10
Japan	4.7	10.9	10.4	10.0	14.1	2.28	2.48	2.43	2.41	1.82
France	6.5	7.0	7.4	6.5	1.6	0.25	0.26	0.22	0.21	0.09
Netherlands	6.8	13.5	8.3	11.2	17.7	0.38	0.31	0.22	0.45	0.72
Mauritius	14.6	15.1	9.1	8.9	17.7	0.12	0.20	0.19	0.18	0.12
Industry-wise										
Manufacturing	13.9	18.7	15.2	15.4	19.3	0.69	0.66	0.92	0.96	0.82
Food products and beverages	4.6	10.5	6.7	8.7	8.2	0.04	0.24	0.37	0.36	0.38
Chemicals and chemical products	17.7	23.3	20.2	22.0	20.3	0.87	0.34	0.45	0.74	0.90
Rubber and plastic products	12.8	18.1	12.7	23.7	24.0	0.01	0.05	0.18	0.16	0.19
Machinery and machine tools	18.1	25.1	15.3	17.9	12.6	3.06	0.45	1.35	0.66	0.87
Electrical machinery and apparatus	12.9	12.9	14.8	11.6	6.6	0.20	0.54	0.40	0.55	0.40
Motor vehicles and other transport equipment's	5.5	15.6	14.9	11.2	14.2	1.83	1.94	2.01	2.19	2.35
Services	7.9	2.2	0.8	3.0	1.7	0.03	0.06	0.05	0.20	0.07
Wholesale and retail trade	8.9	11.6	2.2	2.2	4.2	0.26	0.00	0.03	0.03	0.22
Transport, storage and communication	0.0	0	0.0	0.2	0.0	#	0.03	0.04	0.29	0.03
Computer and related activities	12.9	4.2	1.3	8.2	2.1	0.01	#	#	#	#
Statement 2: Ratios of select parameters of Non-FDI companies										
	Export intensity of sales (in per cent)					Royalty payment to sales ratio				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<i>Number of sample cos</i>	4087	3882	4313	2804	4067	4087	3882	4313	2804	4067
Aggregate (All Companies)	20.4	19.7	17.3	19.1	21.3	0.19	0.17	0.17	0.19	0.22
Industry-wise										
Manufacturing	26.7	25.2	22.3	24.5	26.8	0.21	0.17	0.17	0.21	0.24
Food products and beverages	9.3	14.3	11.6	11.8	13.2	0.03	0.10	0.05	0.05	0.09
Chemicals and chemical products	25.5	22.6	24.8	24.0	27.4	0.04	0.04	0.05	0.04	0.05
Rubber and plastic products	16.7	16.0	14.0	15.0	14.9	0.13	0.13	0.19	0.13	0.04
Machinery and machine tools	9.0	11.3	8.4	6.5	6.8	0.07	0.36	0.22	0.33	0.50
Electrical machinery and apparatus	17.6	22.9	11.4	9.2	6.8	0.39	#	0.46	0.04	0.12
Motor vehicles and other transport equipment's	9.5	10.1	9.1	11.0	10.9	0.04	0.19	0.09	0.10	0.06
Services	3.5	5.7	5.2	5.0	5.0	0.06	0.20	0.17	0.11	0.11
Wholesale and retail trade	20.9	20.9	14.8	16.1	14.7	0.04	0.17	0.17	0.02	0.15
Transport, storage and communication	1.0	0.8	0.3	1.1	0.1	0.15	0.47	0.40	0.16	0.16
Computer and related activities	2.8	2.7	3.5	2.4	1.6	#	0.01	0.01	0.02	0.02

Numerator or denominator is negative, nil or negligible.

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

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Notes: .. = Not available.
 – = Nil/Negligible.
 P = Preliminary/Provisional. PR = Partially Revised.

No. 1: Select Economic Indicators

Item	2012-13	2012-13		2013-14	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	5.0	5.4	5.2	4.4	4.8
1.1.1 Agriculture	1.9	2.9	1.7	2.7	4.6
1.1.2 Industry	1.2	-0.2	0.5	-0.9	1.6
1.1.3 Services	6.8	7.6	7.1	6.2	5.8
1.1a Final Consumption Expenditure	3.9	4.7	4.0	3.0	1.7
1.1b Gross Fixed Capital Formation	1.7	-2.2	1.1	-1.2	2.6
	2012-13	2012		2013	
		Oct	Nov	Oct	Nov
	1	2	3	4	5
1.2 Index of Industrial Production	1.2	8.4	-1.0	-1.8	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.2	13.4	12.7	14.3	16.1
2.1.2 Credit	14.1	15.9	17.0	16.0	14.2
2.1.2.1 Non-food Credit	14.0	15.5	16.8	16.4	14.6
2.1.3 Investment in Govt. Securities	15.5	15.3	12.7	10.3	13.3
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	6.0	5.3	2.9	8.0	12.1
2.2.2 Broad Money (M3)	13.5	13.3	13.6	13.1	14.5
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.50	4.25	4.00	4.00
3.2 Statutory Liquidity Ratio	23.0	23.0	23.0	23.0	23.0
3.3 Cash-Deposit Ratio	4.8	5.6	5.1	5.0	5.0
3.4 Credit-Deposit Ratio	77.9	75.3	77.0	76.4	75.8
3.5 Incremental Credit-Deposit Ratio	77.1	42.4	65.3	58.6	55.6
3.6 Investment-Deposit Ratio	29.7	30.8	30.5	29.7	29.8
3.7 Incremental Investment-Deposit Ratio	31.9	47.3	43.2	29.3	30.4
4 Interest Rates (%)					
4.1 Policy Repo Rate	7.50	8.00	8.00	7.75	7.75
4.2 Reverse Repo Rate	6.50	7.00	7.00	6.75	6.75
4.3 Marginal Standing Facility (MSF) Rate	8.50	9.00	9.00	8.75	8.75
4.4 Bank Rate	8.50	9.00	9.00	8.75	8.75
4.5 Base Rate	9.70/10.25	9.75/10.50	9.75/10.50	9.80/10.25	10.00/10.25
4.6 Term Deposit Rate >1 Year	7.50/9.00	8.50/9.00	8.50/9.00	8.00/9.05	8.00/9.05
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.30	8.04	8.02	8.98	8.27
4.9 91-Day Treasury Bill (Primary) Yield	8.19	8.14	8.19	8.77	8.94
4.10 182-Day Treasury Bill (Primary) Yield	8.01	8.07	8.16	8.68	9.12
4.11 364-Day Treasury Bill (Primary) Yield	7.79	8.11	8.11	8.71	8.93
4.12 10-Year Government Securities Yield	7.95	8.21	8.18	8.55	8.75
5 RBI Reference Rate and Forward Premia					
5.1 INR-US\$ Spot Rate (₹ Per Foreign Currency)	54.39	54.12	54.53	61.41	62.39
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	69.54	70.15	70.89	84.12	84.98
5.3 Forward Premia of US\$ 1-month (%)	7.72	7.43	7.26	8.50	9.04
3-month (%)	7.57	6.84	6.42	8.47	8.59
6-month (%)	7.28	6.21	6.24	8.11	8.43
6 Inflation (%)					
6.1 Wholesale Price Index	7.4	7.3	7.2	7.0	7.5
6.1.1 Primary Articles	9.8	7.8	9.6	14.7	15.9
6.1.2 Fuel and Power	10.6	11.7	10.0	10.3	11.1
6.1.3 Manufactured Products	5.4	6.0	5.4	2.5	2.6
6.2 All India Consumer Price Index	10.21	9.8	9.9	10.2	11.2
6.3 Consumer Price Index for Industrial Workers	10.43	9.6	9.6	11.1	11.5
7 Foreign Trade (% Change)					
7.1 Imports	0.7	7.5	3.5	-14.5	-16.4
7.2 Exports	-2.1	1.7	-0.1	13.1	5.9

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2012-13	2012	2013				
		Dec.	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	11,772.18	11,272.62	12,450.25	12,557.25	12,615.33	12,578.06	12,516.68
1.1.2 Notes held in Banking Department	0.08	0.08	0.13	0.16	0.14	0.13	0.12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	11,772.26	11,272.70	12,450.38	12,557.41	12,615.47	12,578.19	12,516.80
1.2 Assets							
1.2.1 Gold Coin and Bullion	740.85	794.39	683.07	673.62	673.62	673.62	673.62
1.2.2 Foreign Securities	11,019.02	10,466.97	11,755.02	11,871.83	11,930.25	11,891.28	11,830.20
1.2.3 Rupee Coin	1.92	0.87	1.82	1.50	1.13	2.82	2.51
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	4,577.50	4,089.55	3,689.28	3,547.27	3,791.53	3,926.61	4,101.29
2.1.1.1 Central Government	817.59	825.60	1.01	1.01	1.00	438.75	509.31
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,424.24	2,972.61	3,278.68	3,192.04	3,437.57	3,132.97	3,236.41
2.1.1.5 Scheduled State Co-operative Banks	41.29	30.88	31.86	31.83	31.48	31.83	31.96
2.1.1.6 Non-Scheduled State Co-operative Banks	2.37	1.65	3.22	3.40	3.37	3.01	3.06
2.1.1.7 Other Banks	152.48	138.82	154.27	154.17	154.56	154.68	155.36
2.1.1.8 Others	139.10	119.56	219.81	164.39	163.12	164.95	164.76
2.1.2 Other Liabilities	6,959.83	7,230.79	8,957.03	8,763.85	8,896.13	8,964.20	8,930.77
2.1/2.2 Total Liabilities or Assets	11,537.33	11,320.35	12,646.31	12,311.12	12,687.66	12,890.81	13,032.06
2.2 Assets							
2.2.1 Notes and Coins	0.08	0.08	0.13	0.16	0.14	0.13	0.12
2.2.2 Balances held Abroad	3,161.94	3,944.59	4,757.15	4,757.36	4,810.92	4,875.10	4,897.19
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	41.72	–	–	–
2.2.3.2 State Governments	3.70	7.10	–	–	7.73	3.42	7.70
2.2.3.3 Scheduled Commercial Banks	418.66	244.25	391.01	110.48	182.45	351.55	427.46
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	19.00	25.42	27.70	17.93	43.27	50.07	62.22
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,185.00	6,327.96	6,589.06	6,494.25	6,759.67	6,739.52	6,770.04
2.2.6 Other Assets	748.93	770.94	881.26	889.23	883.49	871.02	867.32
2.2.6.1 Gold	672.98	721.61	620.50	611.91	611.91	611.91	611.91

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility			MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+4+5+7-2-6)
	Repo	Reverse Repo	Term Repo			Sale	Purchase	
	1	2	3			4	5	
Nov. 1, 2013	371.56	27.82	385.05	166.02	-57.30	-	-	837.51
Nov. 5, 2013	384.42	31.60	-	5.60	-2.06	-	-	356.36
Nov. 6, 2013	304.89	0.53	-	52.60	19.90	-	-	376.86
Nov. 7, 2013	405.00	1.50	-	71.35	41.10	-	-	515.95
Nov. 8, 2013	406.13	-	-	194.00	-30.63	-	-	569.50
Nov. 11, 2013	406.04	0.30	-	177.25	30.70	-	-	613.69
Nov. 12, 2013	406.58	0.01	-	165.30	1.30	-	-	573.17
Nov. 13, 2013	406.48	0.07	-	116.35	-0.30	-	-	522.46
Nov. 14, 2013	398.45	1.00	-	174.95	-66.18	-	-	506.22
Nov. 18, 2013	410.76	0.04	390.05	289.75	56.35	-	-	1,146.87
Nov. 19, 2013	407.70	-	-	170.73	8.00	-	61.57	648.00
Nov. 20, 2013	411.80	-	-	146.15	-4.48	-	-	553.47
Nov. 21, 2013	412.38	2.00	-	78.35	0.20	-	-	488.93
Nov. 22, 2013	412.35	-	-	65.80	-41.49	-	-	436.66
Nov. 25, 2013	411.50	0.01	-	135.50	32.13	-	-	579.12
Nov. 26, 2013	404.55	-	-	44.90	1.79	-	-	451.24
Nov. 27, 2013	412.05	3.75	-	63.70	-	-	-	472.00
Nov. 28, 2013	412.42	61.76	-	60.50	-26.00	-	-	385.16
Nov. 29, 2013	188.42	30.40	385.02	86.50	-42.64	-	-	586.90

No. 4: Sale/ Purchase of U.S. Dollar by the RBI

Item	2012-13	2012	2013	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US\$ Million) (1.1-1.2)	-2,601.00	-921.00	3,928.00	10,087.00
1.1 Purchase (+)	13,648.00	855.00	9,510.00	17,787.00
1.2 Sale (-)	16,249.00	1,776.00	5,582.00	7,700.00
2 ₹ equivalent at contract rate (₹ Billion)	-153.16	-50.52	244.82	630.75
3 Cumulative (over end-March 2013) (US \$ Million)	-2,601.00	-3,073.00	-9,901.00	186.00
(₹ Billion)	-153.16	-165.88	-621.68	9.07
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US\$ Million)	-11,006.00	-13,537.00	-14,459.00	-32,549.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2012-13	2012		2013				
		Nov. 30	Jun. 28	Jul. 26	Aug. 23	Sep. 20	Oct. 18	Nov. 29
	1	2	3	4	5	6	7	8
1 MSF	–	–	–	228.5	559.0	756.8	434.2	86.5
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	412.3	377.3	394.0	393.8	392.7	422.3	436.8	472.3
2.2 Outstanding	136.3	229.7	113.0	218.6	323.5	349.4	364.5	371.5
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	15.2	8.7	8.1	21.9	25.1	24.6	25.0	25.7
4 Others								
4.1 Limit	50.0	50.0	–	–	–	–	–	–
4.2 Outstanding	–	32.7	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	151.5	271.1	121.1	469.0	907.6	1130.8	823.7	483.7

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012		2013	
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	11,447.4	10,873.3	11,897.8	12,293.2	12,085.3
1.1 Notes in Circulation	11,756.4	11,258.4	12,259.4	12,637.1	12,450.3
1.2 Circulation of Rupee Coin	146.0	139.8	154.9	154.9	154.9
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	462.3	532.3	523.9	506.2	527.3
2 Deposit Money of the Public	7,502.0	7,068.6	7,194.5	7,390.6	7,567.7
2.1 Demand Deposits with Banks	7,469.6	7,044.9	7,158.5	7,352.1	7,488.9
2.2 'Other' Deposits with Reserve Bank	32.4	23.8	35.9	38.5	78.8
3 M ₁ (1 + 2)	18,949.4	17,942.0	19,092.2	19,683.8	19,652.9
4 Post Office Saving Bank Deposits	50.4	50.4	50.4	50.4	50.4
5 M ₂ (3 + 4)	18,999.8	17,992.4	19,142.6	19,734.2	19,703.3
6 Time Deposits with Banks	64,870.9	61,953.2	70,400.2	71,057.7	71,808.0
7 M ₃ (3 + 6)	83,820.2	79,895.1	89,492.4	90,741.4	91,460.9
8 Total Post Office Deposits	259.7	259.7	259.7	259.7	259.7
9 M ₄ (7 + 8)	84,079.9	80,154.8	89,752.1	91,001.1	91,720.6

No. 7: Sources of Money Stock (M₃)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
1 Net Bank Credit to Government	27,072.1	26,105.1	29,866.5	30,223.6	29,927.9
1.1 RBI's net credit to Government (1.1.1-1.1.2)	5,905.8	5,358.4	6,971.7	7,076.9	6,583.9
1.1.1 Claims on Government	6,581.4	5,465.7	6,973.1	7,081.9	6,585.3
1.1.1.1 Central Government	6,580.2	5,463.7	6,951.6	7,081.9	6,585.3
1.1.1.2 State Governments	1.2	2.0	21.5	0.0	0.0
1.1.2 Government deposits with RBI	675.6	107.3	1.4	5.0	1.4
1.1.2.1 Central Government	675.2	106.8	1.0	1.0	1.0
1.1.2.2 State Governments	0.4	0.4	0.4	4.0	0.4
1.2 Other Banks' Credit to Government	21,166.3	20,746.7	22,894.9	23,146.8	23,344.0
2 Bank Credit to Commercial Sector	56,646.6	53,465.7	59,952.8	60,302.4	60,450.7
2.1 RBI's credit to commercial sector	30.6	54.5	38.1	38.2	38.9
2.2 Other banks' credit to commercial sector	56,616.1	53,411.2	59,914.6	60,264.2	60,411.8
2.2.1 Bank credit by commercial banks	52,604.6	49,567.0	56,149.2	56,499.1	56,650.2
2.2.2 Bank credit by co-operative banks	3,968.7	3,790.9	3,723.7	3,724.4	3,719.8
2.2.3 Investments by commercial and co-operative banks in other securities	42.8	53.3	41.8	40.7	41.8
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	16,366.6	16,191.7	17,111.2	17,704.4	18,021.1
3.1 RBI's net foreign exchange assets (3.1.1-3.1.2)	15,580.6	15,736.4	16,908.4	17,501.6	17,818.2
3.1.1 Gross foreign assets	15,580.8	15,736.7	16,908.8	17,501.9	17,818.6
3.1.2 Foreign liabilities	0.2	0.2	0.4	0.4	0.4
3.2 Other banks' net foreign exchange assets	786.0	455.3	202.8	202.8	202.8
4 Government's Currency Liabilities to the Public	153.4	147.2	162.3	162.3	162.3
5 Banking Sector's Net Non-monetary Liabilities	16,418.5	16,014.5	17,600.4	17,651.3	17,101.0
5.1 Net non-monetary liabilities of RBI	6,925.0	7,111.8	8,706.2	9,018.8	8,836.7
5.2 Net non-monetary liabilities of other banks (residual)	9,493.4	8,902.8	8,894.2	8,632.5	8,264.3
M₃ (1+2+3+4-5)	83,820.2	79,895.1	89,492.4	90,741.4	91,460.9

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
Monetary Aggregates					
NM ₁ (1.1 + 1.2.1+1.3)	18,834.7	17,839.4	19,027.2	19,618.8	19,587.9
NM ₂ (NM ₁ + 1.2.2.1)	46,970.6	44,721.6	49,567.7	50,211.3	50,248.1
NM ₃ (NM ₂ + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	83,575.6	79,595.3	89,364.2	90,170.0	90,263.0
1 Components					
1.1 Currency with the Public	11,461.0	10,887.3	11,906.8	12,302.2	12,094.3
1.2 Aggregate Deposits of Residents	69,865.6	66,666.5	74,952.2	75,261.4	75,548.6
1.2.1 Demand Deposits	7,341.3	6,928.3	7,084.5	7,278.1	7,414.8
1.2.2 Time Deposits of Residents	62,524.3	59,738.1	67,867.7	67,983.4	68,133.8
1.2.2.1 Short-term Time Deposits	28,135.9	26,882.2	30,540.5	30,592.5	30,660.2
1.2.2.1.1 Certificates of Deposit (CDs)	3,831.4	3,101.2	3,368.6	3,258.2	3,196.1
1.2.2.2 Long-term Time Deposits	34,388.4	32,856.0	37,327.3	37,390.8	37,473.6
1.3 'Other' Deposits with RBI	32.4	23.8	35.9	38.5	78.8
1.4 Call/Term Funding from Financial Institutions	2,216.6	2,017.7	2,469.2	2,567.9	2,541.3
2 Sources					
2.1 Domestic Credit	85,823.3	81,438.2	92,270.0	93,308.2	93,172.2
2.1.1 Net Bank Credit to the Government	26,579.4	25,636.7	29,408.3	29,765.4	29,469.6
2.1.1.1 Net RBI credit to the Government	5,905.8	5,358.4	6,971.7	7,076.9	6,583.9
2.1.1.2 Credit to the Government by the Banking System	20,673.6	20,278.3	22,436.6	22,688.5	22,885.8
2.1.2 Bank Credit to the Commercial Sector	59,243.9	55,801.5	62,861.7	63,542.8	63,702.5
2.1.2.1 RBI Credit to the Commercial Sector	30.6	54.5	38.1	38.2	38.9
2.1.2.2 Credit to the Commercial Sector by the Banking System	59,213.4	55,747.0	62,823.6	63,504.6	63,663.7
2.1.2.2.1 Other Investments (Non-SLR Securities)	3,674.6	3,339.4	3,787.1	4,105.1	4,114.9
2.2 Government's Currency Liabilities to the Public	153.4	147.2	162.3	162.3	162.3
2.3 Net Foreign Exchange Assets of the Banking Sector	14,775.0	14,500.1	15,534.4	15,912.4	15,685.6
2.3.1 Net Foreign Exchange Assets of the RBI	15,580.6	15,736.4	16,908.4	17,501.6	17,818.2
2.3.2 Net Foreign Currency Assets of the Banking System	-805.6	-1,236.3	-1,374.0	-1,589.2	-2,132.6
2.4 Capital Account	12,869.4	13,140.7	15,867.4	16,145.7	15,955.1
2.5 Other items (net)	4,306.7	3,349.6	2,735.0	3,067.2	2,802.0

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2012-13	2012	2013		
	1	Nov.	Sep.	Oct.	Nov.
		2	3	4	5
1 NM₃	83,575.6	79,595.3	88,156.2	89,364.2	90,263.0
2 Postal Deposits	1,388.4	1,349.9	1,468.9	1,484.8	1,484.8
3 L₁ (1 + 2)	84,964.0	80,945.2	89,625.1	90,848.9	91,747.7
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
5 L₂ (3 + 4)	84,993.4	80,974.5	89,654.4	90,878.3	91,777.1
6 Public Deposits with Non-Banking Financial Companies	106.0	..	106.0
7 L₃ (5 + 6)	85,099.3	..	89,760.4

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	11,909.8	11,405.6	12,421.7	12,799.4	12,612.5
1.2 Bankers' Deposits with the RBI	3,206.7	2,985.2	3,335.7	3,331.9	3,468.0
1.2.1 Scheduled Commercial Banks	3,018.9	2,812.8	3,148.3	3,142.2	3,278.7
1.3 'Other' Deposits with the RBI	32.4	23.8	35.9	38.5	78.8
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5)	15,148.9	14,414.6	15,793.3	16,169.8	16,159.4
2 Sources					
2.1 RBI's Domestic Credit	6,339.9	5,642.7	7,428.8	7,524.7	7,015.6
2.1.1 Net RBI credit to the Government	5,905.8	5,358.4	6,971.7	7,076.9	6,583.9
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 - 2.1.1.1.5)	5,905.0	5,356.9	6,950.6	7,080.9	6,584.3
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	147.3	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	6,578.3	5,461.6	6,949.3	6,932.1	6,583.5
2.1.1.1.3.1 Central Government Securities	6,567.8	5,451.2	6,938.9	6,921.7	6,573.0
2.1.1.1.4 Rupee Coins	1.9	2.1	2.3	2.5	1.8
2.1.1.1.5 Deposits of the Central Government	675.2	106.8	1.0	1.0	1.0
2.1.1.2 Net RBI credit to State Governments	0.8	1.5	21.1	-4.0	-0.4
2.1.2 RBI's Claims on Banks	403.5	229.7	419.0	409.6	392.8
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	403.4	228.5	417.1	407.8	391.0
2.1.3 RBI's Credit to Commercial Sector	30.6	54.5	38.1	38.2	38.9
2.1.3.1 Loans and Advances to Primary Dealers	17.4	8.7	25.0	25.0	25.7
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	153.4	147.2	162.3	162.3	162.3
2.3 Net Foreign Exchange Assets of the RBI	15,580.6	15,736.4	16,908.4	17,501.6	17,818.2
2.3.1 Gold	1,397.4	1,516.0	1,366.4	1,303.6	1,303.6
2.3.2 Foreign Currency Assets	14,183.4	14,220.6	15,542.2	16,198.2	16,514.8
2.4 Capital Account	6,364.9	6,686.7	8,570.1	8,852.3	8,661.6
2.5 Other Items (net)	560.1	425.0	136.1	166.6	175.1

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2012-13	2012	2013				
		Nov. 30	Oct. 25	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 - 2.6)	15,148.9	14,414.6	15,740.7	16,175.4	16,169.8	16,074.5	16,159.4
1 Components							
1.1 Currency in Circulation	11,909.8	11,405.6	12,331.3	12,765.4	12,799.4	12,705.9	12,612.5
1.2 Bankers' Deposits with RBI	3,206.7	2,985.2	3,368.7	3,365.5	3,331.9	3,328.4	3,468.0
1.3 'Other' Deposits with RBI	32.4	23.8	40.7	44.6	38.5	40.2	78.8
2 Sources							
2.1 Net Reserve Bank Credit to Government	5,905.8	5,358.4	6,804.2	7,075.1	7,076.9	6,776.7	6,583.9
2.2 Reserve Bank Credit to Banks	403.5	229.7	446.7	444.5	409.6	429.3	392.8
2.3 Reserve Bank Credit to Commercial Sector	30.6	54.5	38.2	37.7	38.2	37.1	38.9
2.4 Net Foreign Exchange Assets of RBI	15,580.6	15,736.4	17,108.3	17,324.1	17,501.6	17,665.1	17,818.2
2.5 Government's Currency Liabilities to the Public	153.4	147.2	162.3	162.3	162.3	162.3	162.3
2.6 Net Non- Monetary Liabilities of RBI	6,925.0	7,111.8	8,818.9	8,868.3	9,018.8	8,995.9	8,836.7

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2012-13	2012	2013		
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	66,677.8	63,549.2	71,772.2	72,069.5	72,351.5
1.1.1 Demand Deposits	6,623.0	6,219.5	6,361.8	6,555.6	6,692.3
1.1.2 Time Deposits of Residents	60,054.8	57,329.8	65,410.4	65,514.0	65,659.2
1.1.2.1 Short-term Time Deposits	27,024.7	25,798.4	29,434.7	29,481.3	29,546.6
1.1.2.1.1 Certificates of Deposits (CDs)	3,835.3	3,101.2	3,368.6	3,258.2	3,196.1
1.1.2.2 Long-term Time Deposit	33,030.1	31,531.4	35,975.7	36,032.7	36,112.6
1.2 Call/Term Funding from Financial Institutions	2,216.6	2,017.7	2,469.2	2,567.9	2,541.3
2 Sources					
2.1 Domestic Credit	76,376.1	72,512.5	81,702.8	82,641.4	82,998.2
2.1.1 Credit to the Government	20,036.5	19,634.4	21,798.9	22,057.5	22,251.8
2.1.2 Credit to the Commercial Sector	56,339.6	52,878.1	59,903.9	60,583.9	60,746.4
2.1.2.1 Bank Credit	52,604.6	49,567.0	56,149.2	56,499.1	56,650.2
2.1.2.1.1 Non-food Credit	51,640.4	48,489.1	55,223.8	55,481.3	55,608.3
2.1.2.2 Net Credit to Primary Dealers	59.0	39.3	32.3	45.6	47.3
2.1.2.3 Investments in Other Approved Securities	24.5	22.1	25.0	23.7	23.6
2.1.2.4 Other Investments (in non-SLR Securities)	3,651.5	3,249.7	3,697.4	4,015.5	4,025.3
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	-782.2	-1,236.3	-1,374.0	-1,589.2	-2,132.6
2.2.1 Foreign Currency Assets	919.6	382.3	971.4	1,368.8	1,413.9
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	826.8	814.4	1,286.1	1,827.9	2,427.8
2.2.3 Overseas Foreign Currency Borrowings	875.0	804.3	1,059.4	1,130.1	1,118.8
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,011.7	3,054.5	3,201.3	3,187.5	3,361.7
2.3.1 Balances with the RBI	2,822.7	2,812.8	3,148.3	3,142.2	3,278.7
2.3.2 Cash in Hand	404.9	470.3	470.1	453.2	474.0
2.3.3 Loans and Advances from the RBI	215.9	228.5	417.1	407.8	391.0
2.4 Capital Account	6,374.2	6,212.2	7,055.6	7,051.7	7,051.8
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,337.0	2,551.5	2,233.0	2,550.5	2,282.7
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,241.3	3,041.5	2,777.0	2,924.0	3,007.8
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	-809.8	-507.6	-561.7	-745.6	-701.6

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 22, 2013	2012	2013		
		Nov. 30	Oct. 18	Nov. 15	Nov. 29
	1	2	3	4	5
1 SLR Securities	20,061.0	19,669.7	21,752.1	22,081.2	22,275.4
2 Commercial Paper	324.3	322.1	159.0	179.7	182.9
3 Shares issued by					
3.1 PSUs	86.8	78.2	84.4	83.6	85.3
3.2 Private Corporate Sector	338.0	318.5	337.8	335.6	326.8
3.3 Others	8.7	5.9	8.5	8.6	8.6
4 Bonds/Debentures issued by					
4.1 PSUs	460.5	340.2	580.2	712.4	735.9
4.2 Private Corporate Sector	1,026.2	942.1	1,077.5	1,053.5	1,076.6
4.3 Others	480.8	414.3	487.7	512.7	478.9
5 Instruments issued by					
5.1 Mutual funds	436.7	455.9	509.9	608.8	570.7
5.2 Financial institutions	489.5	373.0	505.3	520.5	559.8

No. 14: Business in India - All Scheduled Banks and All Scheduled Commercial Banks

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday									
	All Scheduled Banks				All Scheduled Commercial Banks					
	2012-13	2012		2013		2012-13	2012		2013	
		Nov.	Oct.	Nov.	Nov.		Nov.	Oct.	Nov.	
1	2	3	4	5	6	7	8			
Number of Reporting Banks	218	225	214	214	151	158	147	147		
1 Liabilities to the Banking System	1,368.2	1,210.6	1,002.8	1,157.2	1,331.0	1,177.9	961.0	1,114.9		
1.1 Demand and Time Deposits from Banks	879.3	817.2	747.0	763.1	846.5	787.4	710.5	725.9		
1.2 Borrowings from Banks	398.0	309.7	192.9	283.7	393.6	306.8	187.7	278.6		
1.3 Other Demand and Time Liabilities	90.9	83.8	62.8	110.5	90.9	83.7	62.7	110.4		
2 Liabilities to Others	75,818.5	72,175.2	81,946.8	83,569.0	73,837.5	70,264.6	79,835.3	81,447.1		
2.1 Aggregate Deposits	69,420.0	66,242.3	75,172.8	76,826.8	67,504.5	64,400.3	73,139.0	74,779.3		
2.1.1 Demand	6,783.3	6,387.4	6,762.1	6,858.2	6,623.0	6,225.7	6,597.9	6,692.3		
2.1.2 Time	62,636.7	59,854.9	68,410.7	69,968.6	60,881.5	58,174.6	66,541.2	68,087.0		
2.2 Borrowings	2,227.2	2,031.5	2,863.5	2,556.0	2,216.6	2,017.7	2,844.5	2,541.3		
2.3 Other Demand and Time Liabilities	4,171.3	3,901.4	3,910.5	4,186.3	4,116.3	3,846.6	3,851.8	4,126.5		
3 Borrowings from Reserve Bank	217.2	229.7	446.7	392.8	215.9	228.5	444.9	391.0		
3.1 Against Usance Bills /Promissory Notes	—	—	—	—	—	—	—	—		
3.2 Others	217.2	229.7	446.7	392.8	215.9	228.5	444.9	391.0		
4 Cash in Hand and Balances with Reserve Bank	3,320.9	3,376.3	3,745.2	3,855.8	3,227.6	3,283.4	3,640.7	3,752.7		
4.1 Cash in Hand	414.8	481.7	474.6	486.0	404.9	470.6	461.4	474.0		
4.2 Balances with Reserve Bank	2,906.1	2,894.6	3,270.6	3,369.9	2,822.7	2,812.8	3,179.3	3,278.7		
5 Assets with the Banking System	2,448.3	1,986.7	1,989.2	2,181.2	2,199.5	1,732.8	1,702.7	1,863.9		
5.1 Balances with Other Banks	1,051.5	848.8	1,069.0	1,169.3	960.8	749.5	967.9	1,067.4		
5.1.1 In Current Account	127.6	113.6	123.3	139.0	111.9	97.1	108.1	123.7		
5.1.2 In Other Accounts	923.9	735.2	945.7	1,030.2	848.9	652.5	859.8	943.7		
5.2 Money at Call and Short Notice	397.6	324.4	244.9	355.6	296.0	235.0	131.7	223.3		
5.3 Advances to Banks	136.1	91.2	126.2	119.0	126.9	74.7	120.7	113.5		
5.4 Other Assets	863.0	722.3	549.1	537.3	815.8	673.6	482.3	459.6		
6 Investment	20,660.3	20,257.0	22,364.9	22,929.1	20,061.0	19,669.7	21,714.4	22,275.4		
6.1 Government Securities	20,633.5	20,232.1	22,340.1	22,902.1	20,036.5	19,647.0	21,692.7	22,251.8		
6.2 Other Approved Securities	26.7	24.9	24.8	27.0	24.5	22.7	21.7	23.6		
7 Bank Credit	54,281.4	51,152.5	57,701.4	58,434.2	52,604.6	49,587.9	55,908.4	56,650.2		
7a Food Credit	1,045.6	1,159.2	1,081.0	1,152.3	964.2	1,077.9	970.6	1,041.9		
7.1 Loans, Cash-credits and Overdrafts	52,244.1	49,374.4	55,661.6	56,351.6	50,591.7	47,829.5	53,894.4	54,595.6		
7.2 Inland Bills-Purchased	253.1	232.2	357.4	376.1	248.6	226.7	353.9	372.5		
7.3 Inland Bills-Discounted	1,109.9	951.2	987.9	999.4	1,094.5	940.3	969.7	980.6		
7.4 Foreign Bills-Purchased	216.6	176.7	231.8	248.6	214.9	176.3	230.6	246.0		
7.5 Foreign Bills-Discounted	457.7	417.9	462.9	458.6	454.7	415.1	459.8	455.5		

No. 15: Deployment of Gross Bank Credit by Major Sectors

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2012	2013		Financial year so far 2013-14	Y-o-Y 2013
		Nov. 30	Oct. 18	Nov. 29		
	1	2	3	4	5	6
1 Gross Bank Credit	49,642	46,610	52,796	53,236	7.2	14.2
1.1 Food Credit	946	1,058	866	1,007	6.4	-4.8
1.2 Non-food Credit	48,696	45,552	51,931	52,230	7.3	14.7
1.2.1 Agriculture & Allied Activities	5,899	5,592	6,192	6,206	5.2	11.0
1.2.2 Industry	22,302	20,869	23,565	23,723	6.4	13.7
1.2.2.1 Micro & Small	2,843	2,569	3,055	3,145	10.6	22.4
1.2.2.2 Medium	1,247	1,302	1,281	1,236	-0.9	-5.1
1.2.2.3 Large	18,211	16,998	19,228	19,342	6.2	13.8
1.2.3 Services	11,519	10,546	12,472	12,456	8.1	18.1
1.2.3.1 Transport Operators	796	785	848	840	5.5	7.1
1.2.3.2 Computer Software	169	164	178	179	6.1	9.2
1.2.3.3 Tourism, Hotels & Restaurants	354	342	384	386	9.0	13.0
1.2.3.4 Shipping	82	81	93	93	13.1	14.3
1.2.3.5 Professional Services	564	516	671	662	17.4	28.2
1.2.3.6 Trade	2,760	2,517	2,978	3,005	8.9	19.4
1.2.3.6.1 Wholesale Trade	1,501	1,379	1,543	1,574	4.9	14.1
1.2.3.6.2 Retail Trade	1,259	1,137	1,435	1,432	13.7	25.9
1.2.3.7 Commercial Real Estate	1,261	1,201	1,437	1,431	13.5	19.1
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,603	2,475	2,909	2,869	10.3	15.9
1.2.3.9 Other Services	2,930	2,464	2,975	2,989	2.0	21.3
1.2.4 Personal Loans	8,976	8,545	9,702	9,844	9.7	15.2
1.2.4.1 Consumer Durables	84	75	95	100	19.2	32.8
1.2.4.2 Housing	4,567	4,337	5,108	5,121	12.1	18.1
1.2.4.3 Advances against Fixed Deposits	611	557	566	565	-7.5	1.5
1.2.4.4 Advances to Individuals against share & bonds	31	28	32	33	5.1	17.5
1.2.4.5 Credit Card Outstanding	249	247	234	241	-3.1	-2.0
1.2.4.6 Education	550	544	585	589	7.1	8.3
1.2.4.7 Vehicle Loans	1,111	1,033	1,202	1,240	11.7	20.1
1.2.4.8 Other Personal Loans	1,774	1,725	1,880	1,955	10.2	13.3
1.2A Priority Sector	15,398	13,790	16,685	17,143	11.3	24.3
1.2A.1 Agriculture & Allied Activities	5,899	5,592	6,192	6,206	5.2	11.0
1.2A.2 Micro & Small Enterprises	5,623	5,128	6,282	6,423	14.2	25.2
1.2A.2.1 Manufacturing	2,843	2,569	3,055	3,145	10.6	22.4
1.2A.2.2 Services	2,779	2,560	3,226	3,278	17.9	28.1
1.2A.3 Housing	2,672	2,584	2,923	2,946	10.2	14.0
1.2A.4 Micro-Credit	165	153	171	182	10.0	18.7
1.2A.5 Education Loans	526	523	564	565	7.3	8.0
1.2A.6 State-Sponsored Orgs. for SC/ST	1	1	1	1	4.0	8.4
1.2A.7 Weaker Sections	2,734	2,526	3,155	3,224	17.9	27.6
1.2A.8 Export Credit	422	401	452	456	7.9	13.5

No. 16: Industry-wise Deployment of Gross Bank Credit

₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2012	2013		Financial year so far	Y-o-Y
		Nov. 30	Oct. 18	Nov. 29	2013-14	2013
	1	2	3	4	5	6
1 Industry	22,302	20,869	23,565	23,723	6.4	13.7
1.1 Mining & Quarrying (incl. Coal)	346	338	333	336	-3.0	-0.8
1.2 Food Processing	1,174	1,016	1,221	1,292	10.0	27.2
1.2.1 Sugar	330	265	313	298	-9.7	12.4
1.2.2 Edible Oils & Vanaspati	171	153	176	203	19.3	32.8
1.2.3 Tea	26	30	34	32	25.4	9.1
1.2.4 Others	648	568	698	758	17.1	33.5
1.3 Beverage & Tobacco	165	158	163	162	-2.1	2.2
1.4 Textiles	1,835	1,673	1,869	1,893	3.1	13.1
1.4.1 Cotton Textiles	925	834	908	926	0.1	11.0
1.4.2 Jute Textiles	22	21	20	20	-11.0	-6.0
1.4.3 Man-Made Textiles	189	177	196	204	7.9	15.3
1.4.4 Other Textiles	699	641	744	743	6.2	15.9
1.5 Leather & Leather Products	87	83	95	96	10.7	15.3
1.6 Wood & Wood Products	77	70	86	89	15.6	26.0
1.7 Paper & Paper Products	283	273	313	319	12.9	17.0
1.8 Petroleum, Coal Products & Nuclear Fuels	643	555	602	556	-13.5	0.2
1.9 Chemicals & Chemical Products	1,592	1,368	1,607	1,571	-1.3	14.8
1.9.1 Fertiliser	269	180	274	259	-3.8	43.9
1.9.2 Drugs & Pharmaceuticals	495	484	526	513	3.6	6.1
1.9.3 Petro Chemicals	441	358	400	385	-12.8	7.6
1.9.4 Others	387	347	407	415	7.2	19.3
1.10 Rubber, Plastic & their Products	312	306	342	349	11.7	13.8
1.11 Glass & Glassware	74	69	80	84	12.3	21.0
1.12 Cement & Cement Products	459	437	495	511	11.4	16.9
1.13 Basic Metal & Metal Product	3,141	3,002	3,377	3,381	7.6	12.6
1.13.1 Iron & Steel	2,366	2,249	2,556	2,547	7.7	13.2
1.13.2 Other Metal & Metal Product	775	753	821	834	7.6	10.9
1.14 All Engineering	1,284	1,188	1,373	1,381	7.5	16.2
1.14.1 Electronics	334	292	330	325	-2.7	11.6
1.14.2 Others	950	897	1,043	1,056	11.1	17.7
1.15 Vehicles, Vehicle Parts & Transport Equipment	589	567	644	650	10.4	14.5
1.16 Gems & Jewellery	611	556	696	680	11.1	22.3
1.17 Construction	522	495	569	588	12.7	18.9
1.18 Infrastructure	7,297	6,943	7,887	7,946	8.9	14.5
1.18.1 Power	4,158	3,776	4,532	4,611	10.9	22.1
1.18.2 Telecommunications	878	930	881	868	-1.1	-6.6
1.18.3 Roads	1,313	1,270	1,460	1,485	13.1	17.0
1.18.4 Other Infrastructure	948	967	1,014	981	3.5	1.5
1.19 Other Industries	1,810	1,771	1,812	1,841	1.7	3.9

No. 17: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(₹ Billion)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday					
	2012-13	2012	2013			
		Aug. 31	Jul. 26	Aug. 9	Aug. 23	Aug. 30
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	356.5	339.6	374.7	372.7	371.9	373.9
2 Demand and Time Liabilities						
2.1 Demand Liabilities	127.2	118.6	127.1	130.1	131.4	129.9
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.0	17.1	17.4	18.4	18.8	16.3
2.1.1.2 Others	70.1	71.3	74.5	74.9	74.1	74.8
2.1.2 Borrowings from Banks	10.2	8.9	12.3	12.8	15.6	9.4
2.1.3 Other Demand Liabilities	21.8	21.3	22.9	23.9	22.9	29.4
2.2 Time Liabilities	802.5	748.1	828.6	825.9	823.5	824.3
2.2.1 Deposits						
2.2.1.1 Inter-Bank	507.0	469.7	520.8	520.0	515.3	516.4
2.2.1.2 Others	286.4	268.3	300.2	297.8	297.8	299.1
2.2.2 Borrowings from Banks	0.5	3.0	–	–	1.7	–
2.2.3 Other Time Liabilities	8.6	7.1	7.7	8.1	8.7	8.8
3 Borrowing from Reserve Bank	–	–	0.3	–	–	–
4 Borrowings from a notified bank / State Government	319.3	296.9	341.8	359.1	360.4	358.6
4.1 Demand	132.1	128.0	129.2	143.7	145.4	143.4
4.2 Time	187.2	169.0	212.6	215.4	215.0	215.3
5 Cash in Hand and Balances with Reserve Bank	44.2	41.5	35.0	36.3	35.9	36.6
5.1 Cash in Hand	2.1	2.2	2.3	2.0	2.2	2.2
5.2 Balance with Reserve Bank	42.1	39.3	32.8	34.2	33.7	34.4
6 Balances with Other Banks in Current Account	7.0	5.2	6.3	6.2	7.0	6.3
7 Investments in Government Securities	269.3	257.0	272.0	281.0	286.0	287.3
8 Money at Call and Short Notice	156.2	137.0	154.4	144.4	142.4	142.0
9 Bank Credit (10.1+11)	365.0	335.0	388.3	386.1	391.1	390.7
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	364.9	334.8	388.1	385.9	391.0	390.6
10.2 Due from Banks	570.8	518.1	617.3	625.2	631.5	633.2
11 Bills Purchased and Discounted	0.1	0.1	0.1	0.2	0.1	0.1

Prices and Production

No. 18: Consumer Price Index (Base: 2010=100)

Group/Sub group	2012-13			Rural			Urban			Combined		
	Rural	Urban	Combined	Nov. 12	Oct. 13	Nov. 13	Nov. 12	Oct. 13	Nov. 13	Nov. 12	Oct. 13	Nov. 13
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food, beverages and tobacco	125.0	124.3	124.8	127.8	143.3	146.4	126.2	141.6	144.3	127.3	142.7	145.7
1.1 Cereals and products	117.8	115.2	117.1	120.7	133.9	135.2	118.3	132.0	133.0	120.1	133.4	134.6
1.2 Pulses and products	112.1	113.6	112.6	115.3	118.5	119.2	119.5	114.4	115.3	116.6	117.2	118.0
1.3 Oils and fats	138.5	145.6	140.8	141.5	144.1	145.4	146.6	141.9	142.1	143.1	143.4	144.3
1.4 Egg, fish and meat	128.8	128.8	128.8	130.2	144.2	144.3	128.4	146.9	146.6	129.6	145.1	145.1
1.5 Milk and products	132.6	128.0	130.9	134.3	144.9	146.4	129.5	139.0	141.3	132.5	142.7	144.5
1.6 Condiments and spices	126.1	121.9	124.9	128.2	135.1	135.8	123.0	132.9	133.9	126.7	134.5	135.2
1.7 Vegetables	129.8	121.7	127.2	135.4	194.2	213.6	121.4	192.5	207.6	131.0	193.7	211.7
1.8 Fruits	137.4	135.9	136.7	138.2	158.3	163.6	133.0	142.4	147.0	136.0	151.5	156.4
1.9 Sugar etc	108.9	109.3	109.0	114.6	110.2	109.9	116.4	105.7	104.8	115.1	108.9	108.4
1.10 Non-alcoholic beverages	124.5	124.2	124.4	126.6	136.0	137.1	126.2	137.2	137.9	126.4	136.5	137.4
1.11 Prepared meals etc	124.1	125.2	124.6	126.1	135.9	137.0	127.4	138.3	139.5	126.7	137.1	138.2
1.12 Pan, tobacco and intoxicants	132.2	133.4	132.6	134.2	144.6	145.4	135.1	148.2	148.9	134.4	145.6	146.4
2 Fuel and light	127.4	124.8	126.4	129.2	138.0	139.2	127.3	134.4	134.8	128.5	136.6	137.5
3 Housing	--	121.0	121.0	--	--	--	122.4	134.3	135.0	122.4	134.3	135.0
4 Clothing, bedding and footwear	131.6	132.5	131.9	134.1	145.0	146.4	134.6	145.0	146.2	134.3	145.0	146.3
4.1 Clothing and bedding	132.1	133.8	132.7	134.7	145.7	147.2	136.0	146.9	148.1	135.2	146.1	147.5
4.2 Footwear	128.5	125.0	127.2	130.6	141.1	142.2	126.8	134.4	135.1	129.2	138.7	139.6
5 Miscellaneous	120.7	116.8	118.9	122.3	129.8	130.7	118.0	125.9	126.2	120.3	128.0	128.6
5.1 Medical care	116.6	115.2	116.2	118.0	124.6	125.5	116.4	122.6	123.2	117.5	123.9	124.7
5.2 Education, stationery etc	117.2	116.5	116.8	118.6	126.8	127.8	117.9	128.2	128.6	118.2	127.6	128.2
5.3 Recreation and amusement	114.4	106.6	109.7	115.4	121.7	122.4	107.8	114.0	114.5	110.8	117.1	117.6
5.4 Transport and communication	122.0	117.4	119.4	123.5	132.1	132.6	118.2	126.6	126.4	120.5	129.0	129.1
5.5 Personal care and effects	117.9	115.0	116.7	119.4	126.7	127.6	116.1	121.8	122.3	118.1	124.7	125.4
5.6 Household requisites	127.9	119.8	124.6	130.2	136.0	137.2	121.8	128.4	129.3	126.8	132.9	134.0
5.7 Others	131.5	132.6	131.9	133.3	147.3	148.9	134.6	149.0	150.2	133.8	148.0	149.4
General Index (All Groups)	124.5	121.8	123.3	126.9	139.5	141.8	123.4	135.1	136.4	125.4	137.6	139.5

Source: Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2012-13	2012		2013	
				Nov.	Oct.	Nov.	Nov.
	1	2	3	4	5	6	6
1 Consumer Price Index for Industrial Workers	2001	4.63	215	218	241	243	243
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	672	685	766	777	777
3 Consumer Price Index for Rural Labourers	1986-87	-	673	686	766	777	777

Source: Labour Bureau, Ministry of Labour and Employment, Government of India.

No. 20: Monthly Average Price of Gold and Silver in Mumbai

Item	2012-13	2012		2013	
		Nov.	Oct.	Nov.	Nov.
	1	2	3	4	
1 Standard Gold (₹ per 10 grams)	30,164	31,548	30,710	30,740	
2 Silver (₹ per kilogram)	57,602	61,848	49,513	47,877	

Source: Business Standard/Business Line/The Economic Times, Mumbai for Gold and Silver prices in Mumbai.

No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2012-13	2012	2013		
			Nov.	Sep.	Oct. (P)	Nov. (P)
			1	2	3	4
1 ALL COMMODITIES	100.000	167.6	168.8	180.7	180.3	181.5
1.1 PRIMARY ARTICLES	20.118	220.0	221.1	252.7	251.6	256.3
1.1.1 Food articles	14.337	211.8	213.8	252.9	251.4	256.4
1.1.1.1 Food Grains	4.090	207.1	215.3	228.2	229.2	229.8
1.1.1.1.1 Cereals	3.373	199.9	206.7	228.7	229.6	230.1
1.1.1.1.2 Pulses	0.717	241.3	255.6	225.8	227.8	228.6
1.1.1.2 Fruits & Vegetables	3.843	198.4	195.4	292.3	281.2	298.1
1.1.1.2.1 Vegetables	1.736	210.1	206.2	386.5	363.9	402.6
1.1.1.2.2 Fruits	2.107	188.8	186.5	214.8	213.1	212.1
1.1.1.3 Milk	3.238	208.1	209.5	219.9	220.5	222.6
1.1.1.4 Eggs, Meat & Fish	2.414	244.5	245.5	281.6	287.1	282.8
1.1.1.5 Condiments & Spices	0.569	209.5	207.9	235.8	240.3	256.2
1.1.1.6 Other Food Articles	0.183	242.2	242.1	238.1	232.6	226.7
1.1.2 Non-Food Articles	4.258	201.9	201.4	213.2	212.3	216.7
1.1.2.1 Fibres	0.877	208.3	205.8	255.5	253.0	244.9
1.1.2.2 Oil Seeds	1.781	198.0	201.9	196.4	199.5	205.5
1.1.2.3 Other Non-Food Articles	1.386	211.1	203.8	212.4	204.8	216.8
1.1.2.4 Flowers	0.213	148.5	164.6	183.4	199.2	195.0
1.1.3 Minerals	1.524	346.9	344.7	360.4	363.7	365.7
1.1.3.1 Metallic Minerals	0.489	439.0	430.7	380.5	386.3	380.7
1.1.3.2 Other Minerals	0.135	204.7	213.8	213.6	215.5	213.4
1.1.3.3 Crude Petroleum	0.900	318.2	317.6	371.4	373.6	380.4
1.2 FUEL & POWER	14.910	186.5	188.7	210.6	209.4	209.6
1.2.1 Coal	2.094	208.6	210.3	191.5	191.5	191.5
1.2.2 Mineral Oils	9.364	202.5	204.6	232.9	230.5	230.9
1.2.3 Electricity	3.452	129.8	132.4	161.7	162.8	162.8
1.3 MANUFACTURED PRODUCTS	64.972	147.1	148.0	151.5	151.6	151.9
1.3.1 Food Products	9.974	163.5	166.6	170.0	169.8	170.8
1.3.1.1 Dairy Products	0.568	176.1	175.7	178.3	179.3	180.7
1.3.1.2 Canning, Preserving & Processing of Food	0.358	144.0	144.1	164.4	165.3	168.8
1.3.1.3 Grain Mill Products	1.340	156.0	159.6	168.3	168.3	171.5
1.3.1.4 Bakery Products	0.444	130.0	132.2	137.2	137.0	137.5
1.3.1.5 Sugar, Khandsari & Gur	2.089	185.7	195.3	185.5	183.7	182.6
1.3.1.6 Edible Oils	3.043	148.1	148.5	146.8	147.0	148.4
1.3.1.7 Oil Cakes	0.494	210.8	217.5	225.6	224.9	228.8
1.3.1.8 Tea & Coffee Processing	0.711	163.3	164.2	193.0	194.3	192.6
1.3.1.9 Manufacture of Salt	0.048	182.2	181.8	185.0	185.0	185.0
1.3.1.10 Other Food Products	0.879	164.6	164.9	178.3	178.7	179.1
1.3.2 Beverages, Tobacco & Tobacco Products	1.762	175.3	176.9	182.3	182.9	182.9
1.3.2.1 Wine Industries	0.385	124.8	124.9	127.6	127.6	126.5
1.3.2.2 Malt Liquor	0.153	171.5	171.6	170.6	170.6	170.1
1.3.2.3 Soft Drinks & Carbonated Water	0.241	152.8	151.6	161.4	162.9	162.9
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	201.3	204.4	210.7	211.4	211.9
1.3.3 Textiles	7.326	131.4	132.2	140.0	139.7	140.4
1.3.3.1 Cotton Textiles	2.605	146.2	146.9	159.3	158.5	159.0
1.3.3.1.1 Cotton Yarn	1.377	157.2	157.8	177.3	176.4	176.6
1.3.3.1.2 Cotton Fabric	1.228	133.9	134.7	139.0	138.6	139.3
1.3.3.2 Man-Made Textiles	2.206	124.1	124.5	132.4	132.3	133.8
1.3.3.2.1 Man-Made Fibre	1.672	124.0	124.5	132.5	132.2	133.9
1.3.3.2.2 Man-Made Fabric	0.533	124.3	124.6	131.9	132.7	133.6
1.3.3.3 Woollen Textiles	0.294	142.6	146.8	156.9	157.7	157.6
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	177.8	179.3	180.8	181.4	182.2
1.3.3.5 Other Misc. Textiles	1.960	111.9	112.9	114.8	114.6	115.0
1.3.4 Wood & Wood Products	0.587	171.0	171.9	179.1	178.4	178.9
1.3.4.1 Timber/Wooden Planks	0.181	140.5	140.9	146.0	146.2	145.9
1.3.4.2 Processed Wood	0.128	178.9	180.8	186.3	186.3	186.3
1.3.4.3 Plywood & Fibre Board	0.241	193.6	194.1	203.9	203.0	204.0
1.3.4.4 Others	0.038	146.1	149.2	154.9	150.5	151.8

No. 21: Wholesale Price Index (Concl.)

(Base: 2004-05 = 100)

Commodities	Weight	2012-13	2012		2013	
			Nov.	Sep.	Oct. (P)	Nov. (P)
			1	2	3	4
1.3.5 Paper & Paper Products	2.034	136.6	137.0	141.9	142.3	142.9
1.3.5.1 Paper & Pulp	1.019	135.8	135.8	140.3	141.1	142.3
1.3.5.2 Manufacture of boards	0.550	128.2	128.9	131.7	132.0	131.8
1.3.5.3 Printing & Publishing	0.465	148.2	149.0	157.3	157.5	157.4
1.3.6 Leather & Leather Products	0.835	134.2	135.1	145.8	143.8	145.6
1.3.6.1 Leathers	0.223	112.2	111.9	113.2	112.3	112.9
1.3.6.2 Leather Footwear	0.409	149.8	151.7	166.2	162.7	166.0
1.3.6.3 Other Leather Products	0.203	126.9	127.1	140.6	140.3	140.6
1.3.7 Rubber & Plastic Products	2.987	137.5	137.8	146.4	146.6	146.7
1.3.7.1 Tyres & Tubes	0.541	163.1	163.6	174.7	175.2	175.3
1.3.7.1.1 Tyres	0.488	162.9	163.4	175.1	175.6	175.7
1.3.7.1.2 Tubes	0.053	165.1	165.2	171.6	171.7	171.7
1.3.7.2 Plastic Products	1.861	127.0	127.1	136.9	136.9	137.2
1.3.7.3 Rubber Products	0.584	147.4	148.1	150.4	151.4	150.9
1.3.8 Chemicals & Chemical Products	12.018	143.6	144.1	149.0	148.9	148.7
1.3.8.1 Basic Inorganic Chemicals	1.187	147.8	149.6	150.5	150.8	150.6
1.3.8.2 Basic Organic Chemicals	1.952	140.3	139.2	144.4	145.3	145.4
1.3.8.3 Fertilisers & Pesticides	3.145	144.7	146.6	148.3	148.4	148.9
1.3.8.3.1 Fertilisers	2.661	149.0	151.0	152.4	152.2	152.7
1.3.8.3.2 Pesticides	0.483	121.2	122.1	125.7	127.3	128.1
1.3.8.4 Paints, Varnishes & Lacquers	0.529	143.6	144.2	148.3	148.1	148.3
1.3.8.5 Dyestuffs & Indigo	0.563	126.9	127.2	130.1	130.3	130.1
1.3.8.6 Drugs & Medicines	0.456	124.2	124.4	126.9	126.9	127.0
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	151.9	152.6	158.3	158.1	157.6
1.3.8.8 Turpentine, Plastic Chemicals	0.586	140.0	139.8	148.4	147.8	145.9
1.3.8.9 Polymers including Synthetic Rubber	0.970	135.3	133.8	144.8	142.4	141.2
1.3.8.10 Petrochemical Intermediates	0.869	164.2	164.4	175.4	175.3	174.1
1.3.8.11 Matches, Explosives & other Chemicals	0.629	142.6	142.1	151.1	151.2	149.7
1.3.9 Non-Metallic Mineral Products	2.556	163.3	163.1	164.4	164.7	164.7
1.3.9.1 Structural Clay Products	0.658	164.7	164.8	174.8	175.3	178.6
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	130.8	132.2	131.3	131.6	132.3
1.3.9.3 Cement & Lime	1.386	168.6	168.2	164.5	164.8	162.8
1.3.9.4 Cement, Slate & Graphite Products	0.256	163.2	161.7	170.5	170.2	172.0
1.3.10 Basic Metals, Alloys & Metal Products	10.748	166.1	166.5	163.7	164.1	164.0
1.3.10.1 Ferrous Metals	8.064	156.3	155.9	153.5	154.0	153.9
1.3.10.1.1 Iron & Semis	1.563	161.6	161.7	150.8	150.4	150.7
1.3.10.1.2 Steel: Long	1.630	169.7	168.5	164.4	164.2	164.2
1.3.10.1.3 Steel: Flat	2.611	154.2	153.6	153.0	153.7	153.3
1.3.10.1.4 Steel: Pipes & Tubes	0.314	128.0	127.9	128.4	129.4	132.1
1.3.10.1.5 Stainless Steel & alloys	0.938	156.8	156.4	159.4	159.9	161.2
1.3.10.1.6 Castings & Forgings	0.871	138.9	138.9	142.4	144.6	141.4
1.3.10.1.7 Ferro alloys	0.137	151.7	151.3	155.8	156.6	156.7
1.3.10.2 Non-Ferrous Metals	1.004	160.9	161.0	165.1	164.0	164.4
1.3.10.2.1 Aluminium	0.489	134.1	134.3	139.5	138.6	138.4
1.3.10.2.2 Other Non-Ferrous Metals	0.515	186.4	186.3	189.4	188.3	189.1
1.3.10.3 Metal Products	1.680	216.0	221.0	211.5	212.2	212.6
1.3.11 Machinery & Machine Tools	8.931	128.4	128.8	131.3	131.6	132.2
1.3.11.1 Agricultural Machinery & Implements	0.139	137.0	137.3	143.1	143.9	144.5
1.3.11.2 Industrial Machinery	1.838	146.2	146.4	149.5	149.7	150.5
1.3.11.3 Construction Machinery	0.045	135.7	136.3	136.3	136.2	136.1
1.3.11.4 Machine Tools	0.367	154.4	156.8	159.3	159.8	162.1
1.3.11.5 Air Conditioner & Refrigerators	0.429	112.5	113.1	115.4	116.9	116.9
1.3.11.6 Non-Electrical Machinery	1.026	122.9	123.1	123.9	123.9	124.1
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	133.0	133.6	136.3	136.7	137.0
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	143.4	143.8	149.9	149.9	150.7
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.4	118.0	118.3	118.3	118.3
1.3.11.10 Electronics Items	0.961	86.7	87.1	87.3	87.3	88.0
1.3.11.11 IT Hardware	0.267	89.2	89.2	88.5	88.5	88.5
1.3.11.12 Communication Equipments	0.118	94.1	93.7	96.3	96.3	96.3
1.3.12 Transport, Equipment & Parts	5.213	129.8	130.8	134.9	135.7	135.5
1.3.12.1 Automotives	4.231	129.0	130.1	134.6	135.5	135.3
1.3.12.2 Auto Parts	0.804	130.2	131.0	133.4	133.3	133.0
1.3.12.3 Other Transport Equipments	0.178	147.3	148.0	149.3	150.3	151.2

Source: Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India.

No. 22: Index of Industrial Production (Base:2004-05=100)

Industry	Weight	2011-12	2012-13	April-October		October	
				2012-13	2013-14	2012	2013
	1	2	3	4	5	6	7
General Index	100.00	170.3	172.2	167.0	167.0	171.6	168.5
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	128.5	125.5	120.7	117.4	122.4	118.1
1.2 Manufacturing	75.53	181.0	183.3	177.2	176.7	182.4	178.8
1.3 Electricity	10.32	149.3	155.2	155.8	164.0	160.5	162.6
2 Use-Based Classification							
2.1 Basic Goods	45.68	150.0	153.6	150.3	151.4	153.7	151.3
2.2 Capital Goods	8.83	267.8	251.6	234.9	234.4	241.1	246.7
2.3 Intermediate Goods	15.69	144.4	146.7	145.3	149.0	146.7	149.3
2.4 Consumer Goods	29.81	186.1	190.6	183.8	180.5	191.7	182.0
2.4.1 Consumer Durables	8.46	295.1	301.1	307.3	272.9	336.2	295.9
2.4.2 Consumer Non-Durables	21.35	142.9	146.9	134.8	143.8	134.5	136.9

Source : Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

Government Accounts and Treasury Bills**No. 23: Union Government Accounts at a Glance**

(Amount in ₹ Billion)

Item	Financial Year	April–November			
	2013-14 (Budget Estimates)	2012-13 (Actuals)	2013-14 (Actuals)	Percentage to Budget Estimates	
				2012-13	2013-14
	1	2	3	4	5
1 Revenue Receipts	10,563.3	4,458.2	5,026.9	47.6	47.6
1.1 Tax Revenue (Net)	8,840.8	3,696.0	3,961.7	47.9	44.8
1.2 Non-Tax Revenue	1,722.5	762.2	1,065.3	46.3	61.8
2 Capital Receipts	6,089.7	4,218.3	5,185.0	76.0	85.1
2.1 Recovery of Loans	106.5	67.1	73.6	57.6	69.1
2.2 Other Receipts	558.1	21.9	15.9	7.3	2.8
2.3 Borrowings and Other Liabilities	5,425.0	4,129.3	5,095.6	80.4	93.9
3 Total Receipts (1+2)	16,653.0	8,676.5	10,212.0	58.2	61.3
4 Non-Plan Expenditure	11,099.8	6,242.6	7,302.0	64.4	65.8
4.1 On Revenue Account	9,929.1	5,662.9	6,615.2	65.4	66.6
4.1.1 Interest Payments	3,706.8	1,828.6	2,144.3	57.2	57.8
4.2 On Capital Account	1,170.7	579.8	686.9	55.6	58.7
5 Plan Expenditure	5,553.2	2,433.9	2,909.9	46.7	52.4
5.1 On Revenue Account	4,432.6	1,990.3	2,342.0	47.3	52.8
5.2 On Capital Account	1,120.6	443.5	568.0	44.1	50.7
6 Total Expenditure (4+5)	16,653.0	8,676.5	10,212.0	58.2	61.3
7 Revenue Expenditure (4.1+5.1)	14,361.7	7,653.2	8,957.1	59.5	62.4
8 Capital Expenditure (4.2+5.2)	2,291.3	1,023.3	1,254.9	50.0	54.8
9 Revenue Deficit (7-1)	3,798.4	3,195.0	3,930.2	91.2	103.5
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,425.0	4,129.3	5,095.6	80.4	93.9
11 Gross Primary Deficit [10-4.1.1]	1,718.1	2,300.7	2,951.2	118.7	171.8

Source: Controller General of Accounts, Ministry of Finance, Government of India.

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2012-13	2012		2013				
		Nov. 30	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,422.2	860.3	725.1	816.2	633.7	721.9	890.0	750.4
1.4 Others	3.7	5.3	5.7	5.2	9.9	6.3	8.5	3.8
2 91-day								
2.1 Banks	345.6	440.7	352.4	317.9	347.7	317.7	364.2	281.7
2.2 Primary Dealers	248.9	204.2	253.0	211.4	216.6	224.6	202.6	196.2
2.3 State Governments	282.0	490.8	572.5	609.5	598.7	526.1	551.1	596.1
2.4 Others	174.4	134.1	334.9	401.9	356.8	368.7	332.4	411.1
3 182-day								
3.1 Banks	234.9	262.3	241.4	210.5	199.5	184.1	187.7	173.1
3.2 Primary Dealers	207.9	220.2	231.1	229.5	253.5	241.8	254.3	254.7
3.3 State Governments	–	2.4	9.8	9.8	9.8	9.8	9.8	9.8
3.4 Others	199.2	167.6	148.7	181.2	178.3	205.3	198.4	212.6
4 364-day								
4.1 Banks	335.7	208.9	256.6	247.4	280.5	235.4	264.8	251.6
4.2 Primary Dealers	447.9	630.0	653.0	615.0	622.3	589.1	651.9	592.5
4.3 State Governments	3.8	3.8	6.9	7.9	8.6	8.6	8.6	8.6
4.4 Others	517.4	382.0	413.7	469.8	428.8	506.0	412.6	495.9
5 Total	4,423.5	4,012.4	4,204.7	4,333.2	4,144.6	4,145.5	4,336.9	4,238.2

No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received				Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value					
			Competitive	Non-Competitive		Competitive	Non-Competitive				
1	2	3	4	5	6	7	8	9	10		
91-day Treasury Bills											
2013-14											
Oct. 30	60	99	262.39	65.54	51	60.00	65.54	125.54	97.90	8.6038	
Nov. 6	60	82	192.48	35.10	42	60.00	35.10	95.10	97.91	8.5619	
Nov. 13	60	102	147.52	28.06	51	60.00	28.06	88.06	97.81	8.9807	
Nov. 20	60	91	161.67	68.06	42	60.00	68.06	128.06	97.82	8.9388	
Nov. 27	60	80	158.45	112.60	48	60.00	112.60	172.60	97.82	8.9388	
182-day Treasury Bills											
2013-14											
Oct. 23	60	66	192.37	–	20	60.00	–	60.00	95.85	8.6832	
Nov. 6	60	64	105.58	–	52	60.00	–	60.00	95.81	8.7705	
Nov. 20	60	77	109.79	–	56	60.00	–	60.00	95.65	9.1206	
364-day Treasury Bills											
2013-14											
Oct. 15	60	120	167.56	–	34	60.00	–	60.00	92.01	8.7077	
Oct. 30	60	76	132.54	–	50	60.00	–	60.00	92.12	8.5776	
Nov. 13	60	91	110.16	–	42	49.01	–	49.01	91.77	8.9927	
Nov. 27	60	151	214.44	–	46	60.00	–	60.00	91.82	8.9332	
Cash Management Bills											
2013-14											
Aug. 27	110	198	418.60	–	78	110.00	–	110.00	98.46	11.8936	
Sep. 2	110	193	416.31	–	57	110.00	–	110.00	98.48	11.7367	
Sep. 3	110	207	557.15	–	48	110.00	–	110.00	98.51	11.5016	
Sep. 5	80	139	403.42	–	31	80.00	–	80.00	98.90	10.6833	

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates		Weighted Average Rates	
	Borrowings/ Lendings		Borrowings/ Lendings	
	1	2	1	2
November	1, 2013	7.00-8.75		8.53
November	2, 2013	6.00-8.00		7.66
November	5, 2013	6.25-8.70		8.11
November	6, 2013	6.00-8.80		7.97
November	7, 2013	6.50-8.75		8.19
November	8, 2013	6.50-8.90		8.53
November	9, 2013	4.30-7.50		6.77
November	11, 2013	7.00-9.00		8.69
November	12, 2013	7.00-8.80		8.72
November	13, 2013	7.00-8.85		8.74
November	14, 2013	7.00-8.80		8.71
November	16, 2013	6.00-9.00		7.99
November	18, 2013	7.00-8.80		8.70
November	19, 2013	7.00-8.80		8.69
November	20, 2013	7.00-8.80		8.69
November	21, 2013	7.00-8.80		8.69
November	22, 2013	7.00-8.80		8.67
November	23, 2013	5.00-8.75		7.50
November	25, 2013	7.00-8.80		8.69
November	26, 2013	7.00-8.80		8.68
November	27, 2013	7.00-8.80		8.63
November	28, 2013	6.75-8.72		8.05
November	29, 2013	6.00-8.70		7.61
November	30, 2013	3.00-7.75		5.47
December	2, 2013	6.45-8.75		7.62
December	3, 2013	5.50-7.75		7.23
December	4, 2013	5.50-7.35		7.02
December	5, 2013	5.50-7.80		7.03
December	6, 2013	5.50-8.05		7.51
December	7, 2013	4.50-8.45		7.64
December	9, 2013	6.00-8.25		7.71
December	10, 2013	6.00-7.80		7.60
December	11, 2013	6.00-7.80		7.44
December	12, 2013	6.00-8.00		7.49
December	13, 2013	4.00-8.40		7.77
December	14, 2013	5.00-8.80		7.90

No. 27: Certificates of Deposit

Item	2012		2013		
	Nov. 30	Oct. 18	Nov. 1	Nov. 15	Nov. 29
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,066.1	3,377.7	3,361.8	3,179.7	3,197.9
1.1 Issued during the fortnight (₹ Billion)	429.6	32.5	140.7	96.0	418.0
2 Rate of Interest (per cent)	8.29-8.90	8.90-9.85	8.74-9.11	8.67-9.50	8.72-9.60

No. 28: Commercial Paper

Item	2012		2013		
	Nov. 30	Oct. 15	Oct. 31	Nov. 15	Nov. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,994.3	1,363.1	1,574.5	1,752.2	1,756.4
1.1 Reported during the fortnight (₹ Billion)	423.6	452.7	337.2	319.1	323.0
2 Rate of Interest (per cent)	7.92-14.00	8.03-12.53	8.63-12.39	8.44-12.75	8.74-12.46

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2012-13	2012	2013					
		Nov. 30	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	1	2	3	4	5	6	7	8
1 Call Money	250.1	207.1	183.1	192.1	210.7	226.7	209.1	250.9
2 Notice Money	73.2	94.4	42.5	69.6	59.5	99.6	71.4	85.2
3 Term Money	9.4	8.8	1.7	2.6	2.0	4.2	3.9	2.1
4 CBLO	832.7	709.6	1,140.0	1,053.9	1,045.3	855.1	1,257.6	1,187.0
5 Market Repo	747.8	909.4	912.5	1,066.2	883.5	963.8	786.2	953.7
6 Repo in Corporate Bond	0.1	–	–	–	–	–	0.5	–
7 Forex (US \$ million)	51,021	62,393	43,030	47,099	40,988	62,415	45,733	49,607
8 Govt. of India Dated Securities	491.3	325.0	460.8	458.0	397.7	479.8	417.7	551.3
9 State Govt. Securities	10.0	5.7	11.9	6.1	11.2	10.2	17.4	5.8
10 Treasury Bills								
10.1 91-Day	20.7	11.2	25.3	41.3	43.7	17.5	17.5	40.0
10.2 182-Day	9.3	19.2	12.9	15.2	20.8	9.6	9.6	11.3
10.3 364-Day	17.2	22.4	17.5	28.2	10.4	16.6	15.7	30.8
10.4 Cash Management Bills	–	–	0.1	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	548.5	383.5	528.3	548.7	483.7	533.7	477.9	639.1
11.1 RBI	7.3	0.3	2.7	1.4	2.2	0.9	12.6	0.2

No. 30: New Capital Issues By Non-Government Public Limited Companies

(Amount in ₹ Billion)

Security & Type of Issue	2012-13		2012-13 (Apr.-Nov.)		2013-14 (Apr.-Nov.)		Nov. 2012		Nov. 2013	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	48	138.8	25	73.8	31	33.1	1	1.1	1	0.1
1A Premium	44	120.9	22	65.1	26	30.0	1	1.0	1	–
1.1 Prospectus	32	49.4	15	6.3	22	11.5	1	1.1	1	0.1
1.1.1 Premium	30	46.0	13	5.5	19	10.3	1	1.0	1	–
1.2 Rights	16	89.4	10	67.5	9	21.7	–	–	–	–
1.2.1 Premium	14	74.9	9	59.6	7	19.7	–	–	–	–
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	6	22.2	6	22.2	7	31.4	–	–	1	3.2
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	6	22.2	6	22.2	7	31.4	–	–	1	3.2
3.2.1 Prospectus	6	22.2	6	22.2	7	31.4	–	–	1	3.2
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	54	161.0	31	95.9	38	64.6	1	1.1	2	3.3
5.1 Prospectus	38	71.6	21	28.4	29	42.9	1	1.1	2	3.3
5.2 Rights	16	89.4	10	67.5	9	21.7	–	–	–	–

Source: Based on prospectus/advertisements issued by companies, replies to Reserve Bank's questionnaire and information received from SEBI, stock exchanges, press reports, etc.

External Sector

No. 31: Foreign Trade

Item	Unit	2012-13	2012		2013			
			Nov.	Jul.	Aug.	Sep.	Oct.	Nov.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	16,343.2	1,273.6	1,526.7	1,656.9	1,750.5	1,674.7	1,541.6
	US \$ Million	300,400.7	23,250.9	25,540.0	26,213.1	27,458.4	27,179.8	24,613.3
1.1 Oil	₹ Billion	3,307.9	291.6	329.8	365.9	422.5	341.1	..
	US \$ Million	60,859.8	5,324.1	5,517.7	5,789.0	6,627.5	5,536.5	..
1.2 Non-oil	₹ Billion	13,035.3	982.0	1,196.8	1,291.0	1,328.0	1,333.6	..
	US \$ Million	239,540.9	17,926.8	20,022.4	20,424.1	20,830.8	21,643.3	..
2 Imports	₹ Billion	26,691.6	2,215.9	2,272.6	2,324.4	2,181.1	2,331.1	2,119.1
	US \$ Million	490,736.7	40,454.0	38,018.2	36,773.9	34,212.1	37,833.6	33,833.2
2.1 Oil	₹ Billion	8,918.7	776.1	761.0	954.1	841.7	941.5	812.0
	US \$ Million	164,040.6	13,107.0	12,731.7	15,094.8	13,202.8	15,280.6	12,964.8
2.2 Non-oil	₹ Billion	17,772.9	1,439.8	1,511.5	1,370.3	1,339.4	1,389.6	1,307.1
	US \$ Million	326,696.1	27,347.0	25,286.5	21,679.1	21,009.4	22,553.0	20,868.4
3 Trade Balance	₹ Billion	-10,348.4	-942.3	-745.9	-667.5	-430.6	-656.4	-577.5
	US \$ Million	-190,336.0	-17,203.1	-12,478.2	-10,560.7	-6,753.8	-10,653.9	-9,219.9
3.1 Oil	₹ Billion	-5,610.8	-484.5	-431.2	-588.2	-419.2	-600.4	..
	US \$ Million	-103,180.8	-7,782.9	-7,214.0	-9,305.8	-6,575.2	-9,744.1	..
3.2 Non-oil	₹ Billion	-4,737.6	-457.8	-314.7	-79.3	-11.4	-56.1	..
	US \$ Million	-87,155.2	-9,420.2	-5,264.2	-1,254.9	-178.5	-909.7	..

Source: DGCI & S and Ministry of Commerce & Industry.

No. 32: Foreign Exchange Reserves

Item	Unit	2012	2013					
		Dec. 21	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20
		1	2	3	4	5	6	7
1 Total Reserves	₹ Billion	16,320	17,848	18,007	18,155	18,251	18,365	18,396
	US \$ Million	296,539	283,572	286,264	291,301	295,709	295,516	295,504
1.1 Foreign Currency Assets	₹ Billion	14,430	16,138	16,302	16,456	16,573	16,685	16,710
	US \$ Million	261,950	255,904	258,665	263,736	268,756	268,564	268,470
1.2 Gold	₹ Billion	1,516	1,304	1,304	1,304	1,286	1,286	1,286
	US \$ Million	27,803	21,227	21,227	21,227	20,603	20,603	20,603
1.3 SDRs	SDRs Million	2,886	2,887	2,887	2,887	2,887	2,887	2,887
	₹ Billion	245	278	279	277	274	276	276
1.4 Reserve Tranche Position in IMF	US \$ Million	4,452	4,412	4,421	4,433	4,442	4,441	4,432
	₹ Billion	129	128	123	119	118	119	125
	US \$ Million	2,334	2,029	1,951	1,905	1,909	1,908	1,999

No. 33: NRI Deposits

(US\$ Million)

Scheme	Outstanding				Flows	
	2012-13	2012	2013		2012-13	2013-14
		Nov.	Oct.	Nov.	Apr.-Nov.	Apr.-Nov.
	1	2	3	4	5	6
1 NRI Deposits	70,823	67,180	82,543	96,257	11,328	33,076
1.1 FCNR(B)	15,188	14,855	24,706	38,624	-113	23,436
1.2 NR(E)RA	45,924	42,303	49,215	49,064	12,879	9,550
1.3 NRO	9,710	10,022	8,621	8,570	-1,439	90

No. 34: Foreign Investment Inflows

(US\$ Million)

Item	2012-13	2012-13	2013-14	2012	2013	
		Apr.-Nov.	Apr.-Nov.	Nov.	Oct.	Nov.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	19,819	13,633	16,855	439	1,755	1,821
1.1.1 Direct Investment to India (1.1.1.1–1.1.1.2)	26,953	18,600	17,190	1,140	1,450	1,760
1.1.1.1 Gross Inflows/Gross Investments	34,298	23,146	21,320	2,046	2,160	2,470
1.1.1.1.1 Equity	22,884	15,942	14,856	1,149	1,312	1,724
1.1.1.1.1.1 Government (SIA/FIPB)	2,319	1,781	1,012	39	89	259
1.1.1.1.1.2 RBI	15,967	11,200	7,810	892	815	1,312
1.1.1.1.1.3 Acquisition of shares	3,539	2,266	5,417	128	323	66
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,059	695	616	91	86	86
1.1.1.1.2 Reinvested earnings	9,880	6,284	5,538	863	696	696
1.1.1.1.3 Other capital	1,534	919	926	34	152	50
1.1.1.2 Repatriation/Disinvestment	7,345	4,546	4,130	907	710	710
1.1.1.2.1 Equity	6,853	4,122	3,780	875	701	701
1.1.1.2.2 Other capital	493	424	350	32	9	9
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	7,134	4,968	335	700	–305	–62
1.1.2.1 Equity capital	7,101	4,346	2,740	632	342	532
1.1.2.2 Reinvested Earnings	1,189	793	790	99	99	99
1.1.2.3 Other Capital	4,331	3,191	2,243	501	176	230
1.1.2.4 Repatriation/Disinvestment	5,488	3,362	5,438	532	922	922
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	26,891	10,719	–7,396	2,002	–451	–120
1.2.1 GDRs/ADRs	187	187	20	–	–	–
1.2.2 FIIs	27,582	11,161	–7,445	2,026	–366	–35
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	878	629	–29	24	85	85
1 Foreign Investment Inflows	46,710	24,351	9,459	2,442	1,304	1,702

No. 35: Outward Remittances under the Liberalised Remittance Scheme (LRS) for Resident Individuals

(US\$ Million)

Item	2012-13	2012	2013		
		Oct.	Aug.	Sep.	Oct.
	1	2	3	4	5
1 Outward Remittances under the LRS	1,206.4	87.7	75.8	72.2	67.6
1.1 Deposit	20.1	0.5	3.2	1.3	1.3
1.2 Purchase of immovable property	77.7	5.0	3.0	3.8	1.3
1.3 Investment in equity/debt	236.9	17.8	14.9	9.8	10.2
1.4 Gift	261.6	20.1	17.3	15.9	17.8
1.5 Donations	4.5	0.5	0.2	0.1	0.3
1.6 Travel	44.8	4.0	0.7	1.0	1.0
1.7 Maintenance of close relatives	226.6	15.6	8.8	9.4	9.5
1.8 Medical Treatment	4.9	0.6	0.1	0.4	0.2
1.9 Studies Abroad	124.7	8.5	16.5	14.5	11.9
1.10 Others	204.1	15.2	11.1	16.2	13.9

No. 36: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

Item	2011-12	2012-13	2012	2013	
			December	November	December
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	87.38	78.32	77.52	68.81	69.63
1.2 REER	101.38	94.61	93.77	86.31	87.34
2 Export-Based Weights					
2.1 NEER	89.13	80.05	79.27	70.42	71.26
2.2 REER	104.05	97.42	96.67	88.82	89.87
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	84.44	75.55	74.52	64.78	65.27
1.2 REER	111.51	104.95	104.31	94.86	95.58
2 Base: 2012-13 (April-March) =100					
2.1 NEER	111.77	100.00	98.64	85.75	86.40
2.2 REER	106.25	100.00	99.38	90.38	91.07

No. 37: External Commercial Borrowings (ECBs)

(Amount in US\$ Million)

Item	2012-13	2012	2013	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Automatic Route				
1.1 Number	825	57	41	34
1.2 Amount	18,395	1,106	720	948
2 Approval Route				
2.1 Number	92	8	12	7
2.2 Amount	13,651	241	1,207	1,232
3 Total (1+2)				
3.1 Number	917	65	53	41
3.2 Amount	32,046	1,347	1,927	2,180
4 Weighted Average Maturity (in years)	6.27	4.98	5.26	4.80
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	2.73	3.68	2.16	1.70
5.2 Interest rate range for Fixed Rate Loans	0.00-12.44	0.00-4.15	0.00-10.50	0.00-10.00

No. 38: India's Overall Balance of Payments

(US \$ Million)

Item	Jul-Sep 2012 (PR)			Jul-Sep 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	236,878	237,035	-158	258,884	269,239	-10,355
1 CURRENT ACCOUNT (1.1+ 1.2)	127,354	148,483	-21,129	138,351	143,521	-5,170
1.1 MERCHANDISE	72,573	120,366	-47,793	81,243	114,548	-33,305
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	54,781	28,117	26,664	57,108	28,973	28,135
1.2.1 Services	35,023	18,695	16,328	36,665	18,293	18,371
1.2.1.1 Travel	3,954	2,993	961	3,991	3,104	887
1.2.1.2 Transportation	4,220	4,147	74	4,155	3,461	693
1.2.1.3 Insurance	560	304	257	549	285	265
1.2.1.4 G.n.i.e.	149	174	-25	100	274	-174
1.2.1.5 Miscellaneous	26,139	11,078	15,061	27,870	11,169	16,700
1.2.1.5.1 Software Services	16,078	580	15,499	16,988	691	16,297
1.2.1.5.2 Business Services	7,132	6,755	377	7,461	7,052	408
1.2.1.5.3 Financial Services	1,355	1,107	248	1,776	1,035	741
1.2.1.5.4 Communication Services	455	141	314	575	204	371
1.2.2 Transfers	16,921	1,003	15,918	17,346	1,259	16,086
1.2.2.1 Official	37	196	-159	34	230	-196
1.2.2.2 Private	16,884	808	16,076	17,311	1,029	16,283
1.2.3 Income	2,838	8,419	-5,581	3,098	9,420	-6,322
1.2.3.1 Investment Income	2,028	7,885	-5,857	2,296	8,684	-6,388
1.2.3.2 Compensation of Employees	809	534	276	801	736	65
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	109,297	88,552	20,745	120,343	125,718	-5,375
2.1 Foreign Investment (2.1.1+2.1.2)	51,870	35,993	15,877	59,282	58,994	288
2.1.1 Foreign Direct Investment	12,301	4,142	8,159	9,804	2,915	6,889
2.1.1.1 In India	10,865	1,342	9,523	8,567	1,058	7,510
2.1.1.1.1 Equity	8,078	1,340	6,738	6,206	852	5,354
2.1.1.1.2 Reinvested Earnings	2,298	-	2,298	2,088	-	2,088
2.1.1.1.3 Other Capital	489	2	487	273	205	68
2.1.1.2 Abroad	1,436	2,800	-1,364	1,237	1,857	-620
2.1.1.2.1 Equity	1,436	1,531	-95	1,237	718	519
2.1.1.2.2 Reinvested Earnings	-	297	-297	-	297	-297
2.1.1.2.3 Other Capital	-	972	-972	-	843	-843
2.1.2 Portfolio Investment	39,569	31,851	7,718	49,478	56,079	-6,602
2.1.2.1 In India	38,946	30,957	7,989	49,348	55,912	-6,564
2.1.2.1.1 FIIs	38,861	30,957	7,904	49,348	55,912	-6,564
2.1.2.1.1.1 Equity	30,426	23,264	7,162	40,806	41,656	-850
2.1.2.1.1.2 Debt	8,435	7,693	741	8,542	14,256	-5,714
2.1.2.1.2 ADR/GDRs	85	-	85	-	-	-
2.1.2.2 Abroad	623	894	-271	130	168	-38
2.2 Loans (2.2.1+2.2.2+2.2.3)	34,289	29,138	5,152	33,337	33,813	-476
2.2.1 External Assistance	1,035	978	57	791	957	-166
2.2.1.1 By India	13	84	-72	11	65	-54
2.2.1.2 To India	1,022	894	128	780	893	-112
2.2.2 Commercial Borrowings	5,864	4,902	962	5,522	3,970	1,552
2.2.2.1 By India	379	629	-250	345	112	233
2.2.2.2 To India	5,485	4,273	1,212	5,177	3,858	1,319
2.2.3 Short Term to India	27,390	23,258	4,133	27,024	28,886	-1,862
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	27,390	22,238	5,153	27,024	28,683	-1,659
2.2.3.2 Suppliers' Credit up to 180 days	-	1,020	-1,020	-	203	-203
2.3 Banking Capital (2.3.1+2.3.2)	19,770	14,279	5,491	24,108	22,402	1,706
2.3.1 Commercial Banks	19,128	14,279	4,849	24,081	22,402	1,679
2.3.1.1 Assets	2,705	1,214	1,491	2,033	7,339	-5,306
2.3.1.2 Liabilities	16,423	13,065	3,358	22,048	15,063	6,985
2.3.1.2.1 Non-Resident Deposits	15,043	12,197	2,846	20,143	11,803	8,340
2.3.2 Others	641	-	641	28	-	28
2.4 Rupee Debt Service	-	1	-1	-	1	-1
2.5 Other Capital	3,369	9,142	-5,774	3,615	10,508	-6,892
3 Errors & Omissions	226	-	226	190	-	190
4 Monetary Movements (4.1+ 4.2)	158	-	158	10,355	-	10,355
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	158	-	158	10,355	-	10,355

No. 39: India's Overall Balance of Payments

₹ Billion)

Item	Jul-Sep 2012 (PR)			Jul-Sep 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	13,080	13,089	-9	16,114	16,759	-645
1 CURRENT ACCOUNT (1.1+ 1.2)	7,033	8,199	-1,167	8,612	8,934	-322
1.1 MERCHANDISE	4,007	6,647	-2,639	5,057	7,130	-2,073
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	3,025	1,553	1,472	3,555	1,803	1,751
1.2.1 Services	1,934	1,032	902	2,282	1,139	1,144
1.2.1.1 Travel	218	165	53	248	193	55
1.2.1.2 Transportation	233	229	4	259	215	43
1.2.1.3 Insurance	31	17	14	34	18	16
1.2.1.4 G.n.i.e.	8	10	-1	6	17	-11
1.2.1.5 Miscellaneous	1,443	612	832	1,735	695	1,040
1.2.1.5.1 Software Services	888	32	856	1,057	43	1,014
1.2.1.5.2 Business Services	394	373	21	464	439	25
1.2.1.5.3 Financial Services	75	61	14	111	64	46
1.2.1.5.4 Communication Services	25	8	17	36	13	23
1.2.2 Transfers	934	55	879	1,080	78	1,001
1.2.2.1 Official	2	11	-9	2	14	-12
1.2.2.2 Private	932	45	888	1,078	64	1,014
1.2.3 Income	157	465	-308	193	586	-394
1.2.3.1 Investment Income	112	435	-323	143	541	-398
1.2.3.2 Compensation of Employees	45	29	15	50	46	4
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	6,035	4,890	1,146	7,491	7,825	-335
2.1 Foreign Investment (2.1.1+2.1.2)	2,864	1,988	877	3,690	3,672	18
2.1.1 Foreign Direct Investment	679	229	451	610	181	429
2.1.1.1 In India	600	74	526	533	66	467
2.1.1.1.1 Equity	446	74	372	386	53	333
2.1.1.1.2 Reinvested Earnings	127	-	127	130	-	130
2.1.1.1.3 Other Capital	27	-	27	17	13	4
2.1.1.2 Abroad	79	155	-75	77	116	-39
2.1.1.2.1 Equity	79	85	-5	77	45	32
2.1.1.2.2 Reinvested Earnings	-	16	-16	-	19	-19
2.1.1.2.3 Other Capital	-	54	-54	-	52	-52
2.1.2 Portfolio Investment	2,185	1,759	426	3,080	3,491	-411
2.1.2.1 In India	2,151	1,709	441	3,072	3,480	-409
2.1.2.1.1 FII's	2,146	1,709	436	3,072	3,480	-409
2.1.2.1.1.1 Equity	1,680	1,285	396	2,540	2,593	-53
2.1.2.1.1.2 Debt	466	425	41	532	887	-356
2.1.2.1.2 ADR/GDRs	5	-	5	-	-	-
2.1.2.2 Abroad	34	49	-15	8	10	-2
2.2 Loans (2.2.1+2.2.2+2.2.3)	1,893	1,609	284	2,075	2,105	-30
2.2.1 External Assistance	57	54	3	49	60	-10
2.2.1.1 By India	1	5	-4	1	4	-3
2.2.1.2 To India	56	49	7	49	56	-7
2.2.2 Commercial Borrowings	324	271	53	344	247	97
2.2.2.1 By India	21	35	-14	21	7	15
2.2.2.2 To India	303	236	67	322	240	82
2.2.3 Short Term to India	1,513	1,284	228	1,682	1,798	-116
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,513	1,228	285	1,682	1,785	-103
2.2.3.2 Suppliers' Credit up to 180 days	-	56	-56	-	13	-13
2.3 Banking Capital (2.3.1+2.3.2)	1,092	788	303	1,501	1,394	106
2.3.1 Commercial Banks	1,056	788	268	1,499	1,394	104
2.3.1.1 Assets	149	67	82	127	457	-330
2.3.1.2 Liabilities	907	721	185	1,372	938	435
2.3.1.2.1 Non-Resident Deposits	831	674	157	1,254	735	519
2.3.2 Others	35	-	35	2	-	2
2.4 Rupee Debt Service	-	-	-	-	-	-
2.5 Other Capital	186	505	-319	225	654	-429
3 Errors & Omissions	12	-	12	12	-	12
4 Monetary Movements (4.1+ 4.2)	9	-	9	645	-	645
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	9	-	9	645	-	645

No. 40: Standard Presentation of BoP in India as per BPM6

(US \$ Million)

Item	Jul-Sep 2012 (PR)			Jul-Sep 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	127,328	148,304	-20,976	138,345	143,499	-5,153
1.A Goods and Services (1.A.a+1.A.b)	107,596	139,061	-31,465	117,908	132,842	-14,934
1.A.a Goods (1.A.a.1 to 1.A.a.3)	72,573	120,366	-47,793	81,243	114,548	-33,305
1.A.a.1 General merchandise on a BOP basis	70,723	108,105	-37,381	80,511	110,685	-30,175
1.A.a.2 Net exports of goods under merchanting	1,850	1,172	678	732	-	732
1.A.a.3 Nonmonetary gold	-	11,090	-11,090	-	3,863	-3,863
1.A.b Services (1.A.b.1 to 1.A.b.13)	35,023	18,695	16,328	36,665	18,293	18,372
1.A.b.1 Manufacturing services on physical inputs owned by others	20	14	6	14	7	7
1.A.b.2 Maintenance and repair services n.i.e.	21	121	-100	71	67	5
1.A.b.3 Transport	4,220	4,147	74	4,155	3,461	693
1.A.b.4 Travel	3,954	2,993	961	3,991	3,104	887
1.A.b.5 Construction	240	250	-10	278	286	-8
1.A.b.6 Insurance and pension services	560	304	257	549	285	265
1.A.b.7 Financial services	1,355	1,107	248	1,776	1,035	741
1.A.b.8 Charges for the use of intellectual property n.i.e.	67	1,116	-1,050	107	650	-543
1.A.b.9 Telecommunications, computer, and information services	16,557	803	15,754	17,603	962	16,641
1.A.b.10 Other business services	7,132	6,755	377	7,461	7,052	408
1.A.b.11 Personal, cultural, and recreational services	222	160	63	307	248	59
1.A.b.12 Government goods and services n.i.e.	149	174	-25	100	274	-174
1.A.b.13 Others n.i.e.	525	752	-227	253	863	-610
1.B Primary Income (1.B.1 to 1.B.3)	2,838	8,419	-5,581	3,098	9,420	-6,322
1.B.1 Compensation of employees	809	534	276	801	736	65
1.B.2 Investment income	1,807	7,800	-5,993	2,090	8,645	-6,556
1.B.2.1 Direct investment	604	3,670	-3,066	797	3,237	-2,440
1.B.2.2 Portfolio investment	17	1,391	-1,373	85	2,732	-2,647
1.B.2.3 Other investment	79	2,738	-2,659	43	2,675	-2,632
1.B.2.4 Reserve assets	1,107	2	1,105	1,164	2	1,162
1.B.3 Other primary income	222	86	136	207	39	168
1.C Secondary Income (1.C.1+1.C.2)	16,895	825	16,070	17,340	1,237	16,103
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	16,884	808	16,076	17,311	1,029	16,283
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,288	743	15,545	16,656	976	15,680
1.C.1.2 Other current transfers	596	65	531	655	53	602
1.C.2 General government	11	17	-6	28	208	-180
2 Capital Account (2.1+2.2)	214	462	-248	94	159	-65
2.1 Gross acquisitions (DR.) / disposals (CR.) of non-produced nonfinancial assets	51	27	24	10	22	-12
2.2 Capital transfers	163	435	-272	84	137	-53
3 Financial Account (3.1 to 3.5)	109,642	88,643	20,999	130,631	125,603	5,028
3.1 Direct Investment (3.1A+3.1B)	12,301	4,142	8,159	9,804	2,915	6,889
3.1.A Direct Investment in India	10,865	1,342	9,523	8,567	1,058	7,510
3.1.A.1 Equity and investment fund shares	10,376	1,340	9,037	8,294	852	7,442
3.1.A.1.1 Equity other than reinvestment of earnings	8,078	1,340	6,738	6,206	852	5,354
3.1.A.1.2 Reinvestment of earnings	2,298	-	2,298	2,088	-	2,088
3.1.A.2 Debt instruments	489	2	487	273	205	68
3.1.A.2.1 Direct investor in direct investment enterprises	489	2	487	273	205	68
3.1.B Direct Investment by India	1,436	2,800	-1,364	1,237	1,857	-620
3.1.B.1 Equity and investment fund shares	1,436	1,828	-393	1,237	1,015	222
3.1.B.1.1 Equity other than reinvestment of earnings	1,436	1,531	-95	1,237	718	519
3.1.B.1.2 Reinvestment of earnings	-	297	-297	-	297	-297
3.1.B.2 Debt instruments	-	972	-972	-	843	-843
3.1.B.2.1 Direct investor in direct investment enterprises	-	972	-972	-	843	-843
3.2 Portfolio Investment	39,484	31,851	7,633	49,478	56,079	-6,602
3.2.A Portfolio Investment in India	38,861	30,957	7,904	49,348	55,912	-6,564
3.2.1 Equity and investment fund shares	30,426	23,264	7,162	40,806	41,656	-850
3.2.2 Debt securities	8,435	7,693	741	8,542	14,256	-5,714
3.2.B Portfolio Investment by India	623	894	-271	130	168	-38
3.3 Financial derivatives (other than reserves) and employee stock options	804	1,256	-451	775	2,363	-1,588
3.4 Other investment	56,887	51,304	5,583	60,220	64,246	-4,026
3.4.1 Other equity (ADRs/GDRs)	85	-	85	-	-	-
3.4.2 Currency and deposits	15,685	12,197	3,488	20,171	11,803	8,368
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	641	-	641	28	-	28
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	15,043	12,197	2,846	20,143	11,803	8,340
3.4.2.3 General government	-	-	-	-	-	-
3.4.2.4 Other sectors	-	-	-	-	-	-
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	10,984	7,962	3,022	10,251	15,527	-5,276
3.4.3.A Loans to India	10,592	7,249	3,343	9,895	15,350	-5,455
3.4.3.B Loans by India	392	713	-321	356	177	180
3.4.4 Insurance, pension, and standardized guarantee schemes	8	91	-82	382	322	61
3.4.5 Trade credit and advances	27,390	23,258	4,133	27,024	28,886	-1,862
3.4.6 Other accounts receivable/payable - other	2,742	7,887	-5,145	2,392	7,709	-5,318
3.4.7 Special drawing rights	-	-	-	-	-	-
3.5 Reserve assets	158	-	158	10,355	-	10,355
3.5.1 Monetary gold	-	-	-	-	-	-
3.5.2 Special drawing rights n.a.	-	-	-	-	-	-
3.5.3 Reserve position in the IMF n.a.	-	-	-	-	-	-
3.5.4 Other reserve assets (Foreign Currency Assets)	158	-	158	10,355	-	10,355
4 Total assets/liabilities	109,642	88,643	20,999	130,631	125,603	5,028
3.0.1 Equity and investment fund shares	43,674	28,672	15,002	51,623	46,375	5,249
3.0.2 Debt instruments	62,983	52,084	10,899	66,261	71,519	-5,258
3.0.3 Other financial assets and liabilities	2,985	7,887	-4,902	12,747	7,709	5,037
5 Net errors and omissions	226	-	226	190	-	190

No. 41: Standard Presentation of BoP in India as per BPM6

(₹ Billion)

Item	Jul-Sep 2012 (PR)			Jul-Sep 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	7,031	8,189	-1,158	8,611	8,932	-321
1.A Goods and Services (1.A.a+1.A.b)	5,941	7,679	-1,738	7,339	8,269	-930
1.A.a Goods (1.A.a.1 to 1.A.a.3)	4,007	6,647	-2,639	5,057	7,130	-2,073
1.A.a.1 General merchandise on a BOP basis	3,905	5,970	-2,064	5,011	6,890	-1,878
1.A.a.2 Net exports of goods under merchandising	102	65	37	46	-	46
1.A.a.3 Nonmonetary gold	-	612	-612	-	240	-240
1.A.b Services (1.A.b.1 to 1.A.b.13)	1,934	1,032	902	2,282	1,139	1,144
1.A.b.1 Manufacturing services on physical inputs owned by others	1	1	-	1	-	-
1.A.b.2 Maintenance and repair services n.i.e.	1	7	-6	4	4	-
1.A.b.3 Transport	233	229	4	259	215	43
1.A.b.4 Travel	218	165	53	248	193	55
1.A.b.5 Construction	13	14	-1	17	18	-1
1.A.b.6 Insurance and pension services	31	17	14	34	18	16
1.A.b.7 Financial services	75	61	14	111	64	46
1.A.b.8 Charges for the use of intellectual property n.i.e.	4	62	-58	7	40	-34
1.A.b.9 Telecommunications, computer, and information services	914	44	870	1,096	60	1,036
1.A.b.10 Other business services	394	373	21	464	439	25
1.A.b.11 Personal, cultural, and recreational services	12	9	3	19	15	4
1.A.b.12 Government goods and services n.i.e.	8	10	-1	6	17	-11
1.A.b.13 Others n.i.e.	29	42	-13	16	54	-38
1.B Primary Income (1.B.1 to 1.B.3)	157	465	-308	193	586	-394
1.B.1 Compensation of employees	45	29	15	50	46	4
1.B.2 Investment income	100	431	-331	130	538	-408
1.B.2.1 Direct investment	33	203	-169	50	201	-152
1.B.2.2 Portfolio investment	1	77	-76	5	170	-165
1.B.2.3 Other investment	4	151	-147	3	166	-164
1.B.2.4 Reserve assets	61	-	61	72	-	72
1.B.3 Other primary income	12	5	8	13	2	10
1.C Secondary Income (1.C.1+1.C.2)	933	46	887	1,079	77	1,002
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	932	45	888	1,078	64	1,014
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	899	41	858	1,037	61	976
1.C.1.2 Other current transfers	33	4	29	41	3	37
1.C.2 General government	1	1	-	2	13	-11
2 Capital Account (2.1+2.2)	12	26	-14	6	10	-4
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	3	2	1	1	1	-1
2.2 Capital transfers	9	24	-15	5	9	-3
3 Financial Account (3.1 to 3.5)	6,054	4,895	1,160	8,131	7,818	313
3.1 Direct Investment (3.1A+3.1B)	679	229	451	610	181	429
3.1.A Direct Investment in India	600	74	526	533	66	467
3.1.A.1 Equity and investment fund shares	573	74	499	516	53	463
3.1.A.1.1 Equity other than reinvestment of earnings	446	74	372	386	53	333
3.1.A.1.2 Reinvestment of earnings	127	-	127	130	-	130
3.1.A.2 Debt instruments	27	-	27	17	13	4
3.1.A.2.1 Direct investor in direct investment enterprises	27	-	27	17	13	4
3.1.B Direct Investment by India	79	155	-75	77	116	-39
3.1.B.1 Equity and investment fund shares	79	101	-22	77	63	14
3.1.B.1.1 Equity other than reinvestment of earnings	79	85	-5	77	45	32
3.1.B.1.2 Reinvestment of earnings	-	16	-16	-	19	-19
3.1.B.2 Debt instruments	-	54	-54	-	52	-52
3.1.B.2.1 Direct investor in direct investment enterprises	-	54	-54	-	52	-52
3.2 Portfolio Investment	2,180	1,759	421	3,080	3,491	-411
3.2.A Portfolio Investment in India	2,146	1,709	436	3,072	3,480	-409
3.2.1 Equity and investment fund shares	1,680	1,285	396	2,540	2,593	-53
3.2.2 Debt securities	466	425	41	532	887	-356
3.2.B Portfolio Investment by India	34	49	-15	8	10	-2
3.3 Financial derivatives (other than reserves) and employee stock options	44	69	-25	48	147	-99
3.4 Other investment	3,141	2,833	308	3,748	3,999	-251
3.4.1 Other equity (ADRs/GDRs)	5	-	5	-	-	-
3.4.2 Currency and deposits	866	674	193	1,256	735	521
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	35	-	35	2	-	2
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	831	674	157	1,254	735	519
3.4.2.3 General government	-	-	-	-	-	-
3.4.2.4 Other sectors	-	-	-	-	-	-
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	607	440	167	638	966	-328
3.4.3.A Loans to India	585	400	185	616	955	-340
3.4.3.B Loans by India	22	39	-18	22	11	11
3.4.4 Insurance, pension, and standardized guarantee schemes	-	5	-5	24	20	4
3.4.5 Trade credit and advances	1,513	1,284	228	1,682	1,798	-116
3.4.6 Other accounts receivable/payable - other	151	436	-284	149	480	-331
3.4.7 Special drawing rights	-	-	-	-	-	-
3.5 Reserve assets	9	-	9	645	-	645
3.5.1 Monetary gold	-	-	-	-	-	-
3.5.2 Special drawing rights n.a.	-	-	-	-	-	-
3.5.3 Reserve position in the IMF n.a.	-	-	-	-	-	-
3.5.4 Other reserve assets (Foreign Currency Assets)	9	-	9	645	-	645
4 Total assets/liabilities	6,054	4,895	1,160	8,131	7,818	313
3.0.1 Equity and investment fund shares	2,412	1,583	828	3,213	2,887	327
3.0.2 Debt instruments	3,478	2,876	602	4,124	4,452	-327
3.0.3 Other financial assets and liabilities	165	436	-271	793	480	314
5 Net errors and omissions	12	-	12	12	-	12

No. 42: International Investment Position

(US\$ Million)

Item	As on Financial Year /Quarter End							
	2012-13		2012		2013			
			Jun.		Mar.		Jun.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
1	2	3	4	5	6	7	8	
1 Direct Investment Abroad/in India	119,510	233,635	114,470	205,461	119,510	233,635	119,492	219,799
1.1 Equity Capital and Reinvested Earnings	84,850	223,143	82,864	196,126	84,850	223,143	83,854	209,058
1.2 Other Capital	34,660	10,492	31,606	9,335	34,660	10,492	35,638	10,741
2 Portfolio Investment	1,375	183,846	1,447	148,580	1,375	183,846	1,375	170,183
2.1 Equity	1,261	139,460	1,430	110,504	1,261	139,460	1,261	131,639
2.2 Debt	114	44,386	17	38,076	114	44,386	114	38,544
3 Other Investment	34,822	339,694	27,232	304,461	34,822	339,694	31,234	341,476
3.1 Trade Credit	3,921	88,974	4,535	72,734	3,921	88,974	6,249	91,419
3.2 Loan	4,917	167,118	3,697	160,738	4,917	167,118	3,743	166,416
3.3 Currency and Deposits	13,058	71,004	6,870	61,048	13,058	71,004	7,987	71,314
3.4 Other Assets/Liabilities	12,926	12,597	12,131	9,941	12,926	12,597	13,255	12,327
4 Reserves	292,046	–	289,737	–	292,046	–	282,454	–
5 Total Assets/ Liabilities	447,753	757,174	432,886	658,502	447,753	757,174	434,555	731,458
6 IIP (Assets - Liabilities)		–309,421		–225,617		–309,421		–296,903

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2012-13	2013			2012-13	2013		
		Sep.	Oct.	Nov.		Sep.	Oct.	Nov.
	1	2	3	4	5	6	7	8
1 RTGS	68.52	6.26	6.95	6.38	1,026,350.05	77,271.32	71,945.40	65,001.51
1.1 Customer Transactions	63.99	5.86	6.55	6.03	512,997.84	49,130.14	47,057.88	41,460.07
1.2 Interbank Transactions	4.52	0.40	0.40	0.35	163,843.20	13,705.08	11,766.19	11,045.19
1.3 Interbank Clearing	0.009	0.001	0.001	0.001	349,509.02	14,436.09	13,121.33	12,496.25
2 CCIL Operated Systems	2.26	0.20	0.21	0.18	501,598.49	51,039.70	49,084.34	26,142.79
2.1 CBLO	0.16	0.02	0.01	0.01	120,480.39	16,683.33	13,821.01	12,491.80
2.2 Govt. Securities Clearing	0.70	0.06	0.07	0.05	119,947.98	11,963.83	12,792.81	10,395.04
2.2.1 Outright	0.66	0.06	0.06	0.05	65,920.33	5,792.58	6,277.06	4,995.69
2.2.2 Repo	0.041	0.004	0.004	0.004	54,027.65	6,171.25	6,515.75	5,399.35
2.3 Forex Clearing	1.40	0.13	0.13	0.11	261,170.12	22,392.54	22,470.52	3,255.95
3 Paper Clearing	1,313.48	98.08	112.08	86.84	99,982.25	7,276.11	7,794.27	6,485.53
3.1 Cheque Truncation System (CTS)	275.04	40.98	51.26	49.82	21,779.52	3,036.51	3,754.69	3,596.62
3.2 MICR Clearing	823.31	41.18	42.23	21.85	57,503.97	3,020.58	2,505.66	1,725.00
3.2.1 RBI Centres	496.81	22.45	24.00	8.83	36,045.97	1,484.37	1,313.57	846.60
3.2.2 Other Centres	326.50	18.73	18.23	13.02	21,458.00	1,536.21	1,192.09	878.40
3.3 Non-MICR Clearing	215.31	15.92	18.59	15.17	20,898.28	1,219.02	1,533.93	1,163.92
4 Retail Electronic Clearing	694.07	83.74	92.25	81.75	31,881.14	3,757.17	4,209.08	3,617.12
4.1 ECS DR	176.53	16.13	15.85	17.41	1,083.10	107.13	100.57	105.04
4.2 ECS CR (includes NECS)	122.18	15.35	18.26	10.32	1,771.28	210.16	241.04	170.62
4.3 EFT/NEFT	394.13	51.25	56.91	52.65	29,022.42	3,434.36	3,860.15	3,332.64
4.4 Immediate Payment Service (IMPS)	1.23	1.02	1.22	1.38	4.33	5.53	7.32	8.82
5 Cards	6,398.35	614.45	650.13	627.36	18,637.36	1,737.61	1,920.20	1,867.04
5.1 Credit Cards	399.13	40.26	43.53	42.07	1,243.93	120.56	120.26	127.89
5.1.1 Usage at ATMs	2.52	0.23	0.25	0.24	14.42	1.33	1.44	1.34
5.1.2 Usage at POS	396.61	40.04	43.28	41.84	1,229.51	119.23	118.81	126.55
5.2 Debit Cards	5,999.21	574.19	606.60	585.29	17,393.44	1,617.05	1,799.95	1,739.15
5.2.1 Usage at ATMs	5,530.16	520.70	551.66	533.39	16,650.08	1,543.18	1,713.08	1,655.03
5.2.2 Usage at POS	469.05	53.49	54.94	51.90	743.36	73.87	86.86	84.12
6 Prepaid Payment Instruments (PPIs)	66.94	13.67	10.36	9.65	79.22	6.23	6.89	6.21
6.1 m-Wallet	32.70	8.74	8.14	7.46	10.01	2.33	2.12	1.93
6.2 PPI Cards	33.76	4.90	2.17	2.15	49.62	2.06	2.43	2.57
6.3 Paper Vouchers	0.48	0.04	0.05	0.04	19.60	1.84	2.35	1.71
7 Mobile Banking	53.30	7.15	7.84	7.16	59.90	15.62	19.75	19.57
8 Cards Outstanding	350.75	386.39	392.79	400.23	—	—	—	—
8.1 Credit Card	19.55	18.60	18.60	18.77	—	—	—	—
8.2 Debit Card	331.20	367.79	374.19	381.46	—	—	—	—
9 Number of ATMs (in actuals)	114014	130290	133313	137080	—	—	—	—
10 Number of POS (in actuals)	854290	995941	963491	975749	—	—	—	—
11 Grand Total (1.1+1.2+2+3+4+5+6)	8,543.60	816.40	871.97	812.15	1,329,019.50	126,652.05	121,838.86	90,623.95

Explanatory Notes to the Current Statistics

Table No. 1

1.2 & 6: Annual data are averages of months.

3.5 & 3.7: Relate to ratios of increments over financial year so far.

4.1 to 4.4, 4.8, 4.12 & 5: Relate to the last day of the month/financial year.

4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.

4.9 to 4.11: Relate to the last auction day of the month/financial year.

Table No. 2

2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.

2.2.2: Include cash, fixed deposits and short-term securities/bonds, *e.g.*, issued by IIFC (UK).

Table No. 4

Maturity-wise position of outstanding forward contracts is available at <http://nsdp.rbi.org.in> under "Reserves Template".

Table No. 5

Special refinance facility to Others, i.e. to the EXIM Bank, is closed since March 31, 2013.

Table No. 6

For scheduled banks, March-end data pertain to the last reporting Friday.

2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11

3.1 in Table 7 and 2.4 in Table 11: Include foreign currency denominated bonds issued by IIFC (UK).

Table No. 8

NM₂ and NM₃ do not include FCNR (B) deposits.

2.4: Consist of paid-up capital and reserves.

2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.

L₁ and L₂ are compiled monthly and L₃ quarterly.

Wherever data are not available, the last available data have been repeated.

Table No. 17

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32

Exclude investment in foreign currency denominated bonds issued by IIFC (UK) and foreign currency received under SAARC SWAP arrangement. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling and Yen) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34

1.1.1.1.2 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

Table No. 35

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36

Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2010-11 is a moving one, which gets updated every year. Methodological details are available in December 2005 issue of the Bulletin.

Table No. 37

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43

1.3: Pertain to multilateral net settlement batches.

3.1: Pertain to two centres - New Delhi and Chennai.

3.3: Pertain to clearing houses managed by 21 banks.

6: Available from December 2010.

7: Include IMPS transactions.

Detailed explanatory notes are available in the relevant press releases issued by RBI and other publications/releases of the Bank such as **Handbook of Statistics on the Indian Economy**.

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Notes

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (<http://dbie.rbi.org.in>).
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