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Speeches

Achieving Inclusive Growth: The Challenge of a New Era*

Duvvuri Subbarao

On behalf of the Reserve Bank of India, I have great pleasure in welcoming Hon'ble Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore, who will shortly be delivering the L.K. Jha Memorial Lecture.

2. I also have pleasure in acknowledging the presence here of members of the family of late Dr. L.K. Jha – Smt. Dipika Maharaj Singh, Smt. Sharika Glover and Kiron Glover. Your presence here means a lot to us. Thank you very much. A warm welcome, of course, to all our distinguished invitees who have made time and to be here for this lecture.

Dr. L.K. Jha

3. History will remember Dr. L.K. Jha as one of India's most distinguished civil servants. With a remarkable career as an economic administrator and several impressive accomplishments to his credit, he has been a role model for generations of civil servants. After graduating from the Banaras Hindu University, 'LK', as he was popularly known, went on to study at Trinity College, Cambridge where he was a student of legendary economists such as A.C. Pigou, J.M. Keynes and D.H. Robertson. He joined the Indian Civil Service in 1936. After an early career in Bihar, he was seconded to Government of India in 1942 where he served in several important positions, and ended up in the pivotal job of Secretary to the Prime Minister.

4. Dr. Jha was Governor of the Reserve Bank from July 1967 to May 1970, at a time when our economy was going through one of its most challenging phases. The country was shaken by food security concerns, and initiatives to redress them resulted in the much celebrated 'Green Revolution'. Through his leadership, Governor Jha made the Reserve Bank an influential force in shaping these initiatives. The distress suffered by the poor because of the overall scarcity situation resulted in poverty reduction becoming the overarching consideration of all policy. The Reserve Bank, under Dr. Jha's stewardship, contributed to designing and implementing many of these anti-poverty policies.

5. After his tenure in the Reserve Bank, Dr. Jha served as India's Ambassador to the United States and as Governor of Jammu and Kashmir. He was also a member of the widely acclaimed Brandt Commission which made a persuasive case for North-South cooperation. Global cooperation, which is now so much a part of our daily discourse, draws its intellectual origins from the Brandt Commission report of the 1970s to which Dr. Jha contributed.

6. This lecture series in his name honours Dr. Jha's outstanding service to the nation and his leadership of the Reserve Bank during a very critical period. So far, there have been 12 lectures. The last one was given by Prof. Maurice Obstfeld of the University of California last year, in December 2011. The lecture by Hon'ble Mr. Shanmugaratnam this evening will be the 13th in the series.

The Distinguished Speaker – Mr. Shanmugaratnam

7. Hon'ble Mr. Shanmugaratnam is the Deputy Prime Minister of Singapore, of course. But he is also the Chairman of the International Monetary and Financial Committee, the IMFC, a position which puts him in the top echelons of global leadership in the field of finance and economics – a leadership that is playing an important role in steering us through the biggest financial crisis of our generation.

8. Mr. Shanmugaratnam has impressive academic credentials – an MS in Economics from the London School of Economics followed by a Masters in Public Administration from Harvard. At Harvard, he also

* Welcome Remarks by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at the 13th L.K. Jha Memorial Lecture on September 27, 2012.

received the Lucius N. Littauer Fellowship for outstanding performance and leadership potential, a potential that he fully demonstrated in later career.

9. Tharman started his career with the Monetary Authority of Singapore (MAS) rising to the position of Chief Executive of that prestigious institution. He quit that job in 2001 to join politics, and has held cabinet appointments variously for education, economic administration and manpower. Currently, he is Deputy Prime Minister and Minister for Finance.

10. I have had the privilege of watching Mr. Shamugaratnam perform in various international forums including the G-20 and the IMF-World Bank meetings. He is widely respected for his intelligence and wisdom and for his uncommon ability to see the big picture even as we grapple with the pressures of immediacy. Globally, he is seen as the principal interlocutor on Asian economic values and aspirations.

Achieving Inclusive Growth: The Challenge of a New Era

11. Mr. Shanmugaratnam will be speaking to us this evening on: 'Achieving Inclusive Growth: The Challenge of a New Era', a topic he is very well qualified to address because of the combination of perspective he brings to it – Asian values and ethos combined with wide ranging international study and experience.

12. Inclusive growth is of course a topic of undoubtedly great interest to us in India – but also of interest, I believe, to every country in the world – rich and poor alike. The quest for inclusive growth draws from a powerful lesson of development experience – that growth has no meaning, or indeed even no legitimacy, if those at the bottom of the pyramid get left behind.

13. But consensus, if any, breaks down right at that point. Beyond the basic premise that inclusive growth is desirable, virtually every issue and nuance – starting from what constitutes inclusive growth to how it is to be achieved and sustained – is up for a contentious, and oftentimes acrimonious, debate.

14. This debate, like several others in development economics, is one that has frowned on moderation. At one extreme is the 'trickle down' theory which holds that the benefits of growth would automatically trickle down to the bottom; that the trickle down is a process that must be left to its natural pace and path, and forcing it down will be counterproductive. At the other extreme is the activist view that rubbishes trickle down and holds that redistributive policies must be part of the development paradigm, even if it means compromising on the quality and pace of growth. As we all realise, inclusive growth is a deeply emotive issue that has transcended economics to enter into political discourse and electoral platforms.

15. In the era of globalisation, the debate on inclusive growth has quite naturally acquired international dimensions too. Is a world order in which some countries prosper while others get left behind sustainable? If not, what are the obligations and responsibilities of rich countries, and of poor countries? And in a world dominated by nation states, how do we build a constituency for the global economy?

16. The concerns about inclusive growth are not unique to emerging and developing economies. They are resonating in the rich world as well. Last year, we saw a massive demonstration of popular discontent around the world. The 'Occupy Wall Street' movement in New York's Zuccotti Park was the most prominent, but by no means the only one. Despite its amorphous nature, and its refusal to articulate a set of demands, the protest campaigns across the world were shaped by a simple but powerful idea – that the well-off cannot go on doing obscenely well even as the rest keeps moving backwards. The message from this collective rage is that growth itself can be destabilising if it is not inclusive.

17. On that sobering thought, ladies and gentlemen, please join me in welcoming Mr. Tharman Shanmugaratnam to deliver the 13th L.K. Jha Memorial Lecture on the challenge of inclusive growth.

Basel III in International and Indian Contexts: Ten Questions We Should Know the Answers For*

Duvvuri Subbarao

For the fourth year on a trot, you have extended me the privilege of inaugurating this annual FICCI-IBA conference. Involving as it does leaders from the corporate and banking sectors, this conference has emerged as an important forum for discussing major policy issues. Naturally, I attach a lot of value to speaking from this platform. Thank you for this opportunity.

2. Later this month, we will be marking the fourth anniversary of the collapse of Lehman Brothers which, in popular perception, was the trigger for the biggest financial crisis of our generation. Four years on, the crisis is still with us – only the geography and the main actors have changed a bit. What has not changed is that virtually every country in the world remains affected, and the toll on global growth and welfare continues.

3. Banks and bankers have been at the heart of the crisis. Quite understandably, enhancing the banking sector's safety and stability has been the thrust of the post-crisis policy reforms. Even as much of this reform is still work in progress, one segment of reforms that has taken a final shape is the Basel III framework for bank capital regulation. The final package was approved by the G-20 and the roll out has begun. We in India issued the Basel III guidelines on capital regulations in May 2012 after extensive consultations with all stakeholders.

4. I recall that two years ago, in 2010, I spoke at this conference on the Basel III package from an Indian perspective. Basel III was then still in the making. Now that we are shortly going to get into the implementation mode, I thought the best way I could add value to this conference would be to revisit the issue, and speak about some of the conceptual and implementation issues underlying Basel III. In particular, I will raise ten questions and attempt to answer them.

1st Question: There is a view that it was actually the risk sensitive framework of Basel II that caused the crisis. Is that view valid?

5. This question does not admit of a binary answer. If I were to give a short answer, I would say that the view is valid, but only partly so. Let me explain.

6. What was the paradigm shift from Basel I to Basel II? The paradigm shift was that while Basel I had a 'one-size-fits-all' approach, Basel II introduced risk sensitive capital regulation. The main charge against Basel II is that it is precisely this risk sensitivity that made it blatantly procyclical. In good times, when banks are doing well, and the market is willing to invest capital in them, Basel II does not impose significant additional capital requirement on banks. On the other hand, in stressed times, when banks require additional capital and markets are wary of supplying that capital, Basel II requires banks to bring in more of it. As we saw during the crisis, it was the failure to bring in capital when under pressure that forced major international banks into a vicious cycle of deleveraging, thereby hurtling global financial markets into seizure and economies around the world into recession.

7. The second charge against Basel II was that even as it made capital regulation more risk sensitive, it did not bring in corresponding changes in the definition and composition of regulatory capital to reflect the changing market dynamics. The market risk models failed, in particular, to factor in the risk from the complex derivative products that were coming on to the market in a big way. These models demanded less capital against trading book exposures on the premise

* Inaugural Address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at the Annual FICCI – IBA Banking Conference at Mumbai on September 4, 2012.

that trading book exposures could be readily sold, and positions rapidly unwound. This gave a perverse incentive for banks to park banking book exposures in the trading book to optimise capital. And as we now know, much of the toxic assets and their securitised derivatives, which were the epicenter of the crisis were parked in the trading book.

8. So, the second charge against Basel II was that even as it was supposedly risk sensitive, it failed to promote modelling frameworks for accurate measurement of risk and to demand sufficient loss absorbing capital to mitigate that risk.

9. The third charge against Basel II concerns leverage. Note that Basel II did not have any explicit regulation governing leverage. It assumed that its risk based capital requirement would automatically mitigate the risk of excessive leverage. This assumption, as it turned out, was flawed as excessive leverage of banks was one of the prime causes of the crisis. Similarly, Basel II did not explicitly cover liquidity risk. Since liquidity risk, if left unaddressed, could cascade into a solvency risk, this proved to be the undoing of virtually every bank that came under stress in the depth of the crisis.

10. Finally, Basel II was also seen to be guilty of focusing exclusively on individual financial institutions, ignoring the systemic risk arising from the interconnectedness across institutions which, as we now know with the benefit of hindsight, was the culprit for ferociously spreading the crisis across financial markets.

11. Is all this criticism against Basel II valid? As I said before, only partly valid. Note that Basel II, which became operational in June 2006, was still largely work in progress as the crisis began unfolding in August 2007. It is possible that the failure of the market risk framework underlying Basel II may have abetted the crisis, but to claim that the risk sensitivity of Basel II caused the crisis would be extreme.

2nd Question: How is Basel III an improvement over Basel II?

12. Basel III represents an effort to fix the gaps and lacunae in Basel II that came to light during the crisis as also to reflect other lessons of the crisis. What is important though is that Basel III does not jettison Basel II; on the contrary, it builds on the essence of Basel II – the link between the risk profiles and capital requirements of individual banks. In that sense, Basel III is not a negation, but an enhancement of Basel II.

13. The enhancements of Basel III over Basel II come primarily in four areas: (i) augmentation in the level and quality of capital; (ii) introduction of liquidity standards; (iii) modifications in provisioning norms; and (iv) better and more comprehensive disclosures. Let me discuss each of these briefly.

Higher Capital Requirement

14. As can be seen from the comparative data in Table 1, Basel III requires higher and better quality capital. The minimum total capital remains unchanged at 8 per cent of risk weighted assets (RWA). However, Basel III introduces a capital conservation buffer of 2.5 per cent of RWA over and above the minimum capital requirement, raising the total capital requirement to 10.5 per cent against 8.0 per cent under Basel II. This buffer is intended to ensure that banks are able to absorb losses without breaching the minimum capital requirement, and are able to carry on business even in a downturn without deleveraging. This buffer is not part of the regulatory minimum; however, the level of the buffer will determine the dividend distributed to shareholders and the bonus paid to staff.

Table 1: Capital Requirements Under Basel II and Basel III

		As a percentage of risk weighted assets	
		Basel II	Basel III (as on January 1, 2019)
A = (B+D)	Minimum Total Capital	8.0	8.0
B	Minimum Tier 1 Capital	4.0	6.0
C	*of which:* Minimum Common Equity Tier 1 Capital	2.0[1]	4.5
D	Maximum Tier 2 Capital (within Total Capital)	4.0	2.0
E	Capital Conservation Buffer (CCB)	-	2.5
F = C+E	Minimum Common Equity Tier 1 Capital + CCB	2.0	7.0
G = A+E	Minimum Total Capital + CCB	8.0	10.5

[1] Basel II does not explicitly prescribe a minimum common equity Tier 1 capital. It is generally accepted that common equity should be the predominant part of Tier 1 capital *i.e.*, 50 per cent.

15. There are also other prescriptions regarding the quality of capital within the minimum total so that capital is able to absorb losses, and calling upon taxpayers to bear the burden of bail out becomes absolutely the last resort.

16. In addition to the capital conservation buffer, Basel III introduces another capital buffer – the countercyclical capital buffer – in the range of 0 – 2.5 per cent of RWA which could be imposed on banks during periods of excess credit growth. Also, there is a provision for a higher capital surcharge on systemically important banks.

17. To mitigate the risk of banks building up excess leverage as happened under Basel II, Basel III institutes a leverage ratio as a backstop to the risk based capital requirement. The Basel Committee is contemplating a minimum Tier 1 leverage ratio of 3 per cent (33.3 times) which will eventually become a Pillar 1 requirement as of January 1, 2018.

18. As we noted earlier, Basel II failed to demand adequate loss absorbing capital to cover market risk. To remedy this, Basel III strengthens the counterparty credit risk framework in market risk instruments. This includes the use of stressed input parameters to determine the capital requirement for counterparty credit default risk. Besides, there is a new capital requirement known as CVA (credit valuation adjustment) risk capital charge for OTC derivatives to protect banks against the risk of decline in the credit quality of the counterparty.

19. To mitigate liquidity risk, Basel III addresses both potential short-term liquidity stress and longer-term structural liquidity mismatches in banks' balance sheets (Table 2). To cover short-term liquidity stress, banks will be required to maintain sufficient high-quality unencumbered liquid assets to withstand any stressed funding scenario over a 30-day horizon as measured by the liquidity coverage ratio (LCR). To mitigate liquidity mismatches in the longer term, banks will be mandated to maintain a net stable funding ratio (NSFR). The NSFR mandates a minimum amount of stable sources of funding relative to the liquidity profile of the assets, as well as the potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In essence, the NSFR is aimed at encouraging banks to exploit stable sources of funding.

Liquidity Standards

Table 2: Liquidity Standards

Ratio	Basel II	Basel III
Liquidity Coverage Ratio (LCR) *(to be introduced as on January 1, 2015)*	–	$\frac{\text{Stock of high-quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100$ per cent
Net Stable Funding Ratio (NSFR) *(to be introduced as on January 1, 2018)*	–	$\frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} > 100$ per cent

Provisioning Norms

20. The Basel Committee is supporting the proposal for adoption of an 'expected loss' based measure of provisioning which captures actual losses more transparently and is also less procyclical than the current 'incurred loss' approach. The expected loss approach for provisioning will make financial reporting more useful for all stakeholders, including regulators and supervisors.

Disclosure Requirements

21. The disclosures made by banks are important for market participants to make informed decisions. One of the lessons of the crisis is that the disclosures made by banks on their risky exposures and on regulatory capital were neither appropriate nor sufficiently transparent to afford any comparative analysis. To remedy this, Basel III requires banks to disclose all relevant details, including any regulatory adjustments, as regards the composition of the regulatory capital of the bank.

3rd Question: What is the additional capital that Indian banks have to mobilise to conform to Basel III? What are the options for, and challenges in, raising this size of capital?

22. Admittedly, Indian banks already meet the minimum capital requirements of Basel III at an aggregate level, even though some individual banks may have to top up. But capital adequacy today does not mean capital adequacy going forward. Currently,

the bank credit – GDP ratio in India is around 55 per cent. If we want growth to accelerate, this ratio will have to go up as a necessary pre-condition. Besides, as our economy goes through a structural transformation, as it should, the share of the industry sector will increase and the credit-GDP ratio will rise even further. What this means is that Indian banks would have been required to raise additional capital even in the absence of Basel III. In estimating the net additional burden on account of Basel III, we have to take this factor into account.

23. What is the size of the additional capital required to be raised by Indian banks? It depends on the assumption made, and there are various estimates floating around. The Reserve Bank has made some quick estimates based on the following two conservative assumptions covering the period to March 31, 2018: (i) risk weighted assets of individual banks will increase by 20 per cent per annum; and (ii) internal accruals will be of the order of 1 per cent of risk weighted assets.

24. Reserve Bank's estimates project an additional capital requirement of ₹5 trillion, of which non-equity capital will be of the order of ₹3.25 trillion while equity capital will be of the order of ₹1.75 trillion (Table 3).

Table 3: Additional[2] Common Equity Requirements of Indian Banks under Basel III

(₹ billion)

	Public Sector Banks	Private Sector Banks	Total
A Additional Equity Capital Requirements under Basel III	1400-1500	200-250	1600-1750
B Additional Equity Capital Requirements under Basel II	650-700	20-25	670-725
C Net Equity Capital Requirements under Basel III (A-B)	750-800	180-225	930-1025
D Of Additional Equity Capital Requirements under Basel III for Public Sector Banks (A)			
Government Share (if present shareholding pattern is maintained)	880-910	-	-
Government Share (if shareholding is brought down to 51 per cent)	660-690	-	-
Market Share (if the Government's shareholding pattern is maintained at present level)	520-590	-	-

[2] On top of internal accruals

25. The additional equity capital requirement of the order of ₹1.75 trillion raises two questions. First, can the market provide capital of this size? Second, what will be the burden on the Government in capitalising public sector banks (PSBs) and what are its options?

26. Let us turn to the first question, whether the market will be able to provide equity capital of this size. The amount the market will have to provide will depend on how much of the recapitalisation burden of PSBs the Government will meet. Data in Table 3 indicate that the amount that the market will have to provide will be in the range of ₹700 billion – ₹1 trillion depending on how much the Government will provide. Over the last five years, banks have revised equity capital to the tune of ₹520 billion through the primary markets. Raising an additional ₹700 billion – ₹1 trillion over the next five years from the market should therefore not be an insurmountable problem. The extended period of full Basel III implementation spread over five years gives sufficient time to banks to plan the time-table of their capital rising over this period.

27. Moving on to the second question of the burden on the Government which owns 70 per cent of the banking system. If the Government opts to maintain its shareholding at the current level, the burden of recapitalisation will be of the order of ₹900 billion; on the other hand, if it decides to reduce its shareholding in every bank to a minimum of 51 per cent, the burden reduces to under ₹700 billion.

28. Clearly, providing equity capital of this size in the face of fiscal constraints poses significant challenges. A tempting option for the Government would be to issue recapitalisation bonds against common equity infusion. But this will militate against fiscal transparency. In the alternative, would the Government be open to reducing its shareholding in PSBs to below 51 per cent? If the Government decides to pursue this option, an additional consideration is whether it will amend the statute to protect its majority voting rights.

4th Question: Will Basel III hurt growth?

29. One major criticism against Basel III has been that it will hurt growth. Even though we do not have a precise quantitative estimate of the impact on growth,

the main concern is that the higher capital requirements under Basel III will kick in at a time when credit demand in the economy will be on the rise.

30. In a structurally transforming economy with rapid upward mobility, credit demand will expand faster than GDP for several reasons. First, India will shift increasingly from services to manufactures, and the credit intensity of manufacturing is higher per unit of GDP than that for services. Second, we need to at least double our investment in infrastructure which will place enormous demands on credit. Finally, financial inclusion, which both the Government and the Reserve Bank are driving, will bring millions of low income households into the formal financial system with almost all of them needing credit.

31. What all this means is that we are going to have to impose higher capital requirements on banks as per Basel III at a time when credit demand is going to expand rapidly. A crucial question is this. Will this raise the cost of credit and hence militate against growth? Put differently, how much growth are we willing to sacrifice in order to buy insurance against financial instability? At its core, this boils down to the tension between short-term compulsions and long term growth prospects. Comfortingly, empirical research by BIS economists shows that even if Basel III may impose some costs in the short-term, it will secure medium to long term growth prospects.

5th Question: How will Basel III affect the profitability of banks? Will it alter their incentive structure?

32. Let me attempt an answer. As we noted, Basel III requires higher and better quality capital. Admittedly, the cost of equity capital is high. It is also likely that the loss absorbency requirements on the non-equity regulatory capital will increase its cost.

33. The average Return on Equity (RoE) of the Indian banking system for the last three years has been approximately 15 per cent. Implementation of Basel III is expected to result in a decline in Indian banks' RoE in the short-term. However, the expected benefits arising out of a more stable and stronger banking system will largely offset the negative impact of a lower RoE in the medium to long term. It is also fair to assume that investors will perceive the benefits of having less risky and more stable banks, and will therefore be willing to trade in higher returns for lower risks.

34. A related question is whether banks will bear the increased cost of capital themselves or pass it to their depositors and borrowers. This trade off has to be assessed in the context of the relatively higher level of net interest margins (NIMs) of Indian banks, of approximately 3 per cent. This higher NIM suggests that there is scope for banks to improve their efficiency, bring down the cost of intermediation and ensure that returns are not overly compromised even as the cost of capital may increase.

35. Having dealt with capital requirements, let us now turn to the Liquidity Standards under Basel III. Will the mandate to maintain a higher quantum of liquid assets encourage banks to resort to the passive option of lending to the Government, thereby crowding out credit to the private sector? Hopefully, this question will resolve itself as the savings rate of the economy improves and the fiscal deficit comes down.

36. A related question is about the extent banks' holding of government securities that should be taken into account for assessing compliance with liquidity standards. One view is that since the Statutory Liquidity Ratio (SLR) securities are required to be held on an ongoing basis, they should not be reckoned for calculating liquidity requirements under Basel III. An alternate view is that since the Reserve Bank is expected to provide liquidity against these securities under stressed conditions as part of its lender of last resort (LoLR) obligation, at least a pre-specified portion of these securities should be taken into account for assessing compliance with Basel III's Liquidity Standards. The Reserve Bank will take a view on this in due course.

37. So, the answer to the question of whether Basel III will affect the profitability of banks and alter their incentive structure is that the competitive dimensions of our banking sector should ensure that banks are able to deliver efficient financial intermediation without compromising the interests of depositors and borrowers.

6th Question: Does India really need Basel III? Don't the costs outweigh the benefits?

38. The last three questions, if you noticed, dealt with the putative negative consequence of Basel III – the burden of raising additional capital and the costs of complying with the new liquidity standards, their impact on banks' profitability, and on the overall growth prospects of the economy.

39. One view, although not explicitly spelt out in that form, is that India need not adopt Basel III, or should adopt only a diluted version of it, so as to balance the benefits against the putative costs. To buttress this view, it is argued that Basel III is designed as a corrective for advanced economy banks which had gone astray, oftentimes taking advantage of regulatory gaps and regulatory looseness, and that Indian banks which remained sound through the crisis should not be burdened with the 'onerous' obligations of Basel III.

40. The Reserve Bank does not agree with this view. Our position is that India should transit to Basel III because of several reasons. By far the most important reason is that as India integrates with the rest of the world, as increasingly Indian banks go abroad and foreign banks come on to our shores, we cannot afford to have a regulatory deviation from global standards. Any deviation will hurt us both by way of perception and also in actual practice.

41. The 'perception' of a lower standard regulatory regime will put Indian banks at a disadvantage in global competition, especially because the implementation of Basel III is subject to a 'peer group' review whose findings will be in the public domain.

42. Deviation from Basel III will also hurt us in actual practice. We have to recognise that Basel III provides for improved risk management systems in banks. It is important that Indian banks have the cushion afforded by these risk management systems to withstand shocks from external systems, especially as they deepen their links with the global financial system going forward.

43. I must also add, as I complete my answer to this question, that some of the prescriptions of Basel III have already been in existence in India, and the net additional burden will be lower than we tend to imagine.

7th Question: The Reserve Bank has already rolled out the implementation of Basel III even as many countries are yet to do so. Why did you have to frontrun and why are some of your regulations more onerous than required under Basel III?

44. The Reserve Bank issued final guidelines on Basel III capital regulation in May 2012 to be implemented from January 1, 2013 to March 31, 2018 even as many other jurisdictions have yet to do so. We have been criticised for being unduly proactive in this regard. Let me respond to this criticism.

45. First, on the start and end dates. We have not advanced the start date. It is the same as the internationally agreed date of January 1, 2013. However, we have advanced the end date from the internationally agreed date of December 31, 2018 by nine months to March 31, 2018. We did this to align our date with the close of the Indian fiscal year, which is March 31. We could have gone up to March 31, 2019, but that would have overshot the Basel III prescription by three months and would have attracted adverse notice. Our assessment is that the cost of that adverse notice will far exceed the marginal burden of a slightly earlier close date. So, we settled for March 31, 2018.

46. Third, major global banks often engage themselves in the Basel Committee's consultative process which is not the case with Indian banks. We moved early since we had completed the consultative process, and thought that we must give our banks a head start in transiting to Basel III.

47. Let me then move to the more weighty question of why the Reserve Bank has prescribed higher capital and leverage norms for Indian banks than the Basel III minimum. Table 4 summarises the Basel III (international) prescriptions alongside the current requirements in India under Basel II, and as required under Basel III when fully implemented.

48. What is the rationale for our more 'onerous' capital standards? Note that banks in India follow the Standardised Approaches under Basel II. The higher prescription is intended to address any judgemental error in capital adequacy *viz.,* wrong application of

Table 4: Minimum Regulatory Capital Prescriptions (as percentage of risk weighted assets)

		Basel III (as on January 1, 2019)	Reserve Bank's Prescriptions	
			Current (Basel II)	Basel III (as on March 31, 2018)
A = (B+D)	Minimum Total Capital	8.0	9.0	9.0
B	Minimum Tier 1 capital	6.0	6.0	7.0
C	*of which:* Minimum Common Equity Tier 1 capital	4.5	3.6[3]	5.5
D	Maximum Tier 2 capital (within Total Capital)	2.0	3.0	2.0
E	Capital Conservation Buffer (CCB)	2.5	-	2.5
F = C+E	Minimum Common Equity Tier 1 capital + CCB	7.0	3.6	8.0
G = A+E	Minimum Total Capital + CCB	10.5	-	11.5
H	Leverage Ratio (ratio to total assets)	3.0	-	4.5[4]

standardised risk weights, misclassification of asset quality *etc.* Also, while advanced approaches under Basel II have been strengthened, the calibration of standardised risk weights is yet to be comprehensively effected. And more importantly, Indian banks have not so far been subjected to Pillar 2 capital requirement under Basel II. Thus, the higher prescription addresses any potential concerns relating to undercapitalisation of risky exposures. It should also be noted in this context that even under the Basel I and Basel II regimes, the Reserve Bank's prescriptions were a percentage point higher than the international norms. Experience shows that this prudence on our part had been helpful and was positive on the cost-benefit calculus.

49. Please note that India has not been an outlier in prescribing higher capital standards. Several other jurisdictions, particularly Asian countries, have proposed higher capital adequacy ratios under Basel III as may be seen from Table 5 below.

50. Similarly, a question has been raised about why the Reserve Bank prescribed a higher leverage ratio, 4.5 per cent, against the Basel III norm of 3 per cent. It is a matter of supervisory comfort that the Indian banking system is only moderately leveraged on an aggregate basis (22 times of Tier 1 capital approximately). We thought it prudent not to dilute this 'comfortable' position during the parallel run period of the leverage ratio. The Basel Committee is monitoring and analysing the potential impact of the leverage ratio. As indicated in our Basel III framework, we will finalise the leverage ratio requirement taking into account the final proposal of the Basel Committee.

Table 5: Sample of Countries with Higher Capital Adequacy Norms than India

Country	Minimum Common Equity Ratio (including capital conservation buffer) (percentage)	Minimum Total Capital Ratio (percentage)
Basel III	7.0	10.5
India	8.0	11.5
Philippines	8.5	12.5
Singapore	9.0	12.5
China	7.5	10.5
South Africa	9.0	12.5

[3] There is no direct prescription for minimum common equity. However, non-common equity elements in Tier 1 are restricted to a maximum 40 per cent of Tier 1 capital. Accordingly, indirectly minimum common equity is considered as 3.6 per cent of Tier 1 capital.

[4] During the period of parallel run for Tier 1 leverage ratio beginning from January 1, 2013 to January 1, 2017, banks should strive to maintain the existing level of leverage ratio but, in no case it should fall below 4.5 per cent. Banks having leverage ratio below 4.5 per cent strive to achieve the target as early as possible. Under Basel III, the minimum Tier 1 leverage should be 3 per cent during the parallel run period.

8th Question: What are the potential challenges in implementing the countercyclical capital buffer?

51. As we noted earlier, a critical component of the Basel III package is a countercyclical capital buffer which mandates banks to build up a higher level of capital in good times that could be run down in times of economic contraction, consistent with safety and soundness considerations. This is conceptually neat, but is challenging in operational terms, as indeed evidenced by Spain's recent experience. The foremost challenge is identifying the inflexion point in an economic cycle which should trigger the release of the buffer. It is quite evident that both tightening too early or too late can be costly in macroeconomic terms. The identification of the inflexion point therefore needs to be based on objective and observable criteria. It also needs long series data on economic cycles. So, what we need is both a better database and more refined statistical skills in analysing economic cycles.

52. The countercyclical capital buffer as prescribed in Basel III was initially based on the credit/GDP metric. Is this a good economic indicator from the Indian perspective? A study undertaken by the Reserve Bank shows that the credit to GDP ratio has not historically been a good indicator of build-up of systemic risk in our banking system.

53. Furthermore, some economic sectors such as real estate, housing, micro finance and consumer credit are relatively new in India, and banks have only recently begun financing them in a big way. The risk build up in such sectors cannot accurately be captured by the aggregate credit to GDP ratio. The Reserve Bank has so far calibrated countercyclical policies at the sectoral level, and I believe we need to continue to use that approach. The Basel Committee also has now recognised that no single variable can fully capture the dynamics of the economic cycle. Appropriate calibration of the buffer requires country specific judgement backed by a broad range of other simple indicators used in financial stability assessments.

9th Question: What are D-SIBs? Will any Indian bank be classified as a D-SIB?

54. The moral hazard relating to too-big-to-fail institutions which encourages risky behaviour by larger banks has been a huge issue on the post-crisis reform agenda. Basel III seeks to mitigate this externality by identifying global systemically important banks (G-SIBs) and mandating them to maintain a higher level of capital dependent on their level of systemic importance. The list of G-SIBs is to be reviewed annually. Currently, no Indian bank appears in the list of G–SIBs.

55. Separately, the Basel Committee is working on establishing a minimum set of principles for domestic systemically important banks (D-SIBs), and also on the norms for prescribing higher loss absorbency (HLA) capital standards for them. Besides, it is also necessary to evolve a sound resolution mechanism for D-SIBs.

56. The moral hazard issue of too big to fail and the regulatory endeavour to address that raise a question about the optimal size of a G-SIB, and the optimal size of a D-SIB relative to the size of the economy. Admittedly, larger banks offer certain benefits such as economies of scale in operation and capacity to finance large infrastructure projects which are typically considered more risky. In India, we also need large banks with potential capacity to become significant global players. Nevertheless, we have to balance the benefits that large banks extend with the moral hazard costs they entail.

10th Question: What sort of capacity building is required in the implementation of Basel III, especially in the area of risk management? What should banks do and what should the Reserve Bank do in this regard?

57. There are no two views about the need for building capacity within the banks, and also in the Reserve Bank which is the regulator, to efficiently implement Basel III.

58. By far the most important reform is that there should be a radical change in banks' approach to risk management. Banks in India are currently operating on the Standardised Approaches of Basel II. The larger banks need to migrate to the Advanced Approaches, especially as they expand their overseas presence. The adoption of advanced approaches to risk management will enable banks to manage their capital more efficiently and improve their profitability.

59. This graduation to Advanced Approaches requires three things. First and most importantly, a change in perception from looking upon the capital framework as a compliance function to seeing it as a necessary pre-requisite for keeping the bank sound, stable, and therefore profitable; second, deeper and more broad based capacity in risk management; and finally adequate and good quality data.

Conclusion

60. That brings me to the close of my list of ten questions and answers. Even as I have tried to be comprehensive, I am conscious that the list of questions I have raised is not exhaustive; neither are my answers complete. Under the circumstances, I believe I would have done a good job if this speech raises more questions in your minds, and sets you off on finding answers.

61. There may be many unanswered questions. What I am certain of though is that effective implementation of Basel III is going to make Indian banks more strong, stable and sound so that they can deliver value to the real sectors of the economy.

62. On that note, I wish this conference every success as it deliberates on the role of India's banks in furthering our national aspiration of double digit growth.

Revised Guidelines on Priority Sector Lending: Rationale and Logic*

K. C. Chakrabarty

Shri Alok K. Misra, Chairman, IBA and CMD, Bank of India; Shri Pratip Chaudhuri, Chairman, State Bank of India; CMDs/CEOs of other banks; other senior members of the banking fraternity, delegates to the conference, members of the print and electronic media, other distinguished guests, ladies and gentlemen. It is, indeed, a matter of great pleasure for me to deliver this special address at the annual FICCI – IBA Global Banking Conference – FIBAC 2012. FIBAC has become one of the important events in the banking calendar and has emerged as a forum for serious deliberations on issues facing the banking industry and generation of several new thoughts and ideas. The theme of this year's conference emphasises on attaining sustainable excellence through customers, employees and technology. Drawing from the theme, my talk today would focus on bank finance to vulnerable sections of the population, which have, hitherto, been largely neglected and hence, require special emphasis in order to attain the goal of sustainable banking excellence. The interplay of the three elements of customers, employees and technology would be key to this.

2. I see that the BCG has released a knowledge paper on Productivity in Indian Banking in the inaugural session of the Conference. Banks, as is widely accepted, perform the important function of financial intermediation in the economic system. High productivity in performing this function requires banks to have operational and allocational efficiency. Operational efficiency entails performing the intermediation function at the lowest cost. Allocational efficiency requires that resources are allotted to the most deserving and productive segments of the population. The entire scheme of priority sector lending in India is aimed at attaining greater allocational efficiency, thereby facilitating effective financial intermediation by banks. I feel that an effective and transparent framework for priority sector lending, which is the objective of our revised priority sector guidelines, would help attain improved productivity/efficiency and ultimately, the goal of sustainable excellence in banking. The guidelines have generated considerable debate and I thought it proper to use this forum to clarify our thought process behind the guidelines and allay some of the apprehensions expressed by banks.

The Evolution

3. Before deliberating on the mainstay of today's topic let me briefly touch upon the evolution of priority sector lending in India. Indian banking is a unique example of harmonious blend of commercial banking with social banking. Bank credit has an immense role in the development of the economy. Besides economic growth, it should also lead to removal of poverty and equitable distribution of income. Several Committees have looked into the aspect of rural credit and priority sector credit in India. The Indian Central Banking Enquiry Committee (1931) was one such committee constituted in pre independent India. During 1960s, came the concept of Social Control, which was to ensure an equitable distribution of credit keeping in view the relative priorities of our developmental needs. The description of the priority sectors was formalised in 1972 on the basis of the report submitted by the Informal Study Group on Statistics relating to advances to the Priority Sectors constituted by the Reserve Bank in May 1971. In November 1974, banks were advised to raise the share of priority sector in their aggregate advances to the level of 33 1/3 per cent by March 1979.

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* Special Address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the FIBAC 2012 organised by FICCI and the Indian Banks' Association at Mumbai on September 4, 2012. Assistance provided by Shri T.V. Rao and Shri P. Manoj in preparation of this address is gratefully acknowledged.

4. Subsequently, on the basis of the recommendations of the Working Group on the Modalities of Implementation of Priority Sector Lending and the Twenty Point Economic Programme by Banks (Chairman: Dr. K. S. Krishnaswamy), all commercial banks were advised to achieve the target of priority sector lending at 40 per cent of aggregate bank advances by 1985. Sub-targets were also specified for lending to agriculture and the weaker sections within the priority sector. The eligible activities and entities qualifying for priority sector have undergone many changes since then. The guidelines on priority sector were last revised in the year 2007 based on the recommendations of an internal group. In addition, several Committees including the Committee on Financial Sector Reforms (Narasimham Committee) has looked into the aspect of priority sector.

5. The need for improving credit flow to certain sectors, prevalent at the time of bank nationalisation, remains important today also, as large segments of the population continue to be deprived of access to credit from the formal financial system. We are well aware that this segment of the population mainly consisted of farmers; especially small and marginal farmers, artisans, weavers, and weaker sections. Over a period of time, the role played by commercial banks increased financing of priority sectors, *viz.*, agriculture and small scale industries.

6. There has been an argument that the share of agriculture in GDP is very low and also that there is not enough credit absorption capacity for agriculture credit

Table 1 : Sectoral Composition of GDP (at Factor Cost)

(per cent)

Year	Agriculture	Industries	Services	Total
1950-51	51.88	11.10	34.63	100.00
1960-61	47.65	13.68	36.60	100.00
1970-71	41.66	15.98	40.91	100.00
1980-81	35.69	18.05	45.26	100.00
1990-91	29.53	20.56	49.61	100.00
2000-01	22.31	20.69	57.00	100.00
2010-11	14.51	19.95	65.54	100.00
2011-12	14.01	19.22	66.77	100.00

Notes : Data for 2008-09 are Provisional Estimates, 2009-10 are Quick Estimates and 2010-11 are Revised Estimates.
Source: CSO ; Base Year:2004-05; Data at Constant Prices

Table 2: Outstanding Credit of Scheduled Commercial Banks According to Occupation

(per cent)

At end	Agriculture	Industries	Others	Total
Dec/1972	9.0	61.2	29.8	100.0
Jun/1981	16.7	49.1	34.1	100.0
Mar/1991	15.0	47.6	37.5	100.0
Mar-2001	9.6	43.9	46.5	100.0
Mar-2011	11.3	39.6	49.1	100.0

Source: BSR Returns, RBI; Others include transport operators, professional and other services, personal loans, trade finance and all others

and hence, the target for direct agriculture is on the higher side.

The declining share of agriculture in GDP cannot be accepted as a valid reason for prescribing lower targets, as agriculture is an important sector considering the livelihood it generates for almost two-third of India's population. It is also critical for ensuring food security and poverty alleviation. Besides, it needs to be borne in mind that this sector does not have recourse to other sources of finance such as equity, Commercial Papers, *etc.* The inherent weakness in the co-operative structure restricts its ability to cater to credit needs of the agricultural sector.

7. The All India Rural Credit Survey carried out in 1954 indicated that formal credit institutions provided less than 9 per cent of rural credit needs in India. Moneylenders, traders and rich landlords accounted for more than 75 per cent of rural credit. As per the 'Situation Assessment Survey of Farmers' conducted as a part of the 59th round of National Sample Survey (January-December 2003), at an all-India level, estimated number of rural households was 147.90 million, of whom 60.4 per cent were farmer households. Out of this, 74.97 million households were small and marginal farmer households (SFMF). Out of the 74.97 million SFMF in the country, only about 46.3 per cent, *i.e.*, 34.70 million farmer households had access to credit, either from formal or informal sources. The most important source of credit for farmers, in terms of percentage of outstanding loan amount, was banks (36 per cent), followed by moneylenders (26 per cent). This

indicates that a vast majority of farmers are still deprived of credit from formal financial institutions. Dependence on usurious moneylenders continues to afflict the rural poor.

Background for the Revised Guidelines

8. The changing economic conditions and our learnings from the operation of the priority sector lending scheme over the years led to a felt need for revisiting the priority sector guidelines and updating it in line with our current national priorities. It was also felt that more clarity needs to be given to the entire gamut of priority sector and to ensure that the target sectors get credit in time and in right quantities. The need for revising the guidelines was also raised at various fora, both within and outside RBI. In this background, an expert committee was appointed by RBI under the Chairmanship of Shri M.V. Nair (the then CMD, Union Bank of India and former Chairman, IBA) with members drawn from across banking, agriculture, MSE and other sectors. The Committee submitted its Report to the RBI in the last week of February, 2012. The same was placed on the RBI website and comments/suggestions were called for from all stakeholders and the general public. After taking into account the comments/suggestions received and after due deliberations, RBI came out with the revised guidelines on July 20, 2012.

Basic Philosophy of the New Priority Sector guidelines

9. Before going into the nuances of the new priority sector guidelines, I would like to highlight the four basic pillars/philosophy upon which these guidelines are based. These are:

- Priority sector refers to those sectors of the economy which, though viable and creditworthy, may not get timely and adequate credit in the absence of this special dispensation. Typically, these are small value loans to farmers for agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. Those sectors which are able to get timely and adequate credit would not qualify for priority sector status.
- Priority sector activities have to be carried out by banks as a part of their normal business operations. It should not be viewed as Corporate Social Responsibility. On the part of the Reserve Bank, one important facilitation in this regard has been that pricing of all credit has been made free, though with the expectation that pricing should not be exploitative.
- Banks should lend directly to beneficiaries instead of routing these loans through intermediaries. This will ensure better management of risks and also reduction in transaction costs for such loans.
- Our Priority Sector efforts would not be successful unless we create innovative structures, products and processes. Market players should be willing to take risks and innovate.

Wrong Notions about Priority Sector Classification

10. I would also like to dispel two wrong notions commonly cited regarding priority sector lending:

- Priority Sector guidelines are aimed at helping banks attain the targets: The objective of these guidelines is not to facilitate banks to achieve the priority sector targets but to ensure easier access to credit to those deserving beneficiaries who are otherwise not getting it, or finding it difficult.
- If a sector is not classified as priority sector, it will not get bank credit: Non-classification of a sector as priority sector does not imply that banks should not extend credit to the sector. It only implies that the sector would receive credit even without priority status and hence violates the principle stated above. In fact, the available data suggests that while flow of credit is more for non-Priority Sector advances, it is less costlier than Priority Sector credit.

Let me re-emphasise that unless the basic philosophy behind these guidelines are understood and the wrong notions are clarified, it would not be possible to engage in meaningful deliberations on the subject of priority sector lending.

PSL Targets and Descriptions

11. The revised guidelines aim at implementing the essence of the recommendations of the Nair Committee without dismantling the established and accepted structure of priority sector lending. The overall target under priority sector is retained at 40 per cent as suggested by the Nair Committee. The targets under both direct and indirect agriculture are retained at 13.5 per cent and 4.5 per cent, respectively. The focus of the guidelines is on direct agricultural lending to individuals, Self Help Groups (SHGs) and Joint Liability Groups (JLGs).

12. However, one significant innovation that we have introduced is that bank financing of agriculture through non-financial intermediaries such as Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi Purpose Societies (LAMPS) ceded to or managed or controlled by such banks, has also been treated as direct agriculture. This dispensation would facilitate direct agricultural finance by banks which do not have wide presence in rural areas and would, otherwise, have struggled to meet the targets.

13. We have kept the definition of agriculture sector unchanged with the exception that credit to institutions has been treated as indirect finance and credit to food and agro processing industries has been shifted from agriculture to micro and small enterprises. The existing definition of the industries sector including Micro and Small Enterprises has also been retained.

14. In the services sector, however, we have made some changes and expanded the definition of services sector to include services which were not specifically listed earlier, with the rider that credit limit is fixed at ₹1 crore. While the services sector is contributing around 67 per cent of our economy, data from major 47 banks at end Mar 2012 indicates that services sector received only 23.6 per cent (₹10.17 trillion) of bank credit, 18.4 per cent (₹7.87 trillion) was accounted for by personal loans whereas agriculture sector received 12.2 per cent (₹5.23 trillion) and industries received 45.8 per cent (₹19.67 trillion)[1]. This highlights the inadequate flow of credit to services sector. There is a need for banks to go to the interiors, to mofussil towns and cities and expand credit linkage in those areas. There is a mass of people residing in these places that are willing to provide security to obtain credit, but are, currently, not getting the credit. Providing loans to these segments, particularly for productive purposes, will also help in tackling the problem of retail inflation.

No New Targets/sub-targets

15. One important area where we have diverged from the views of the Nair Committee is that we have not imposed any new targets under the priority sector framework. The Nair Committee had recommended certain additional sub-targets for credit to micro enterprises, small and marginal farmers and realignment of certain existing targets. We have consciously decided against this as we believe that fresh targets would distort the allocation of credit.

16. Besides, though we have not prescribed fresh targets, the interests of small and marginal farmers and other individuals will be taken care by shifting the direct part of agricultural loans to corporates, partnership firms and other institutions to indirect agriculture.

Target for foreign banks

17. As all of you are aware, foreign banks operating in India had been given a special dispensation on priority sector lending. The sole argument for this preferential treatment was their limited branch network. Now, the stage has come where there is a need to have a relook into this preferential treatment; again based on the same logic of branch network.

18. Nair Committee has recommended that foreign banks may also be mandated to achieve overall priority sector target of 40 per cent of adjusted net bank credit (ANBC) and focused priority sector target of 7 per cent of ANBC for lending to micro enterprises, at par with domestic banks. We have adopted a graded approach

[1] MPD Data of major 47 banks as on Mar 23, 2012

while fixing priority sector targets for foreign banks with smaller banks with less than 20 branches having a target of 32 per cent and foreign banks with 20 or more branches being mandated to attain a target of 40 per cent. Several foreign banks have expressed their firm belief in the India growth story and have shown keen interest in contributing to and actively participating in the same. If that be so, for such banks, with a larger presence in India, we would like to eliminate the regulatory arbitrage by prescribing targets similar to Indian banks.

Is this necessary?

19. Definitely Yes. After nationalisation, the task of financial inclusion was considered, primarily, to be the responsibility of public sector banks alone. However, over the years, it has become evident that public sector banks alone cannot deliver on this mandate. This is not due to a lack of willingness on their part, but due to structural inadequacies and lack of autonomy in areas such as recruitment of staff from particular locations, compensation practices, *etc.* In fact, I have always believed that financial inclusion in India would be brought in by foreign/private sector banks and considerable progress is being made by some of them in this regard.

20. One basic question that often arises is that what is the need for foreign banks' presence in India and what is the value added by their presence? It is felt that their presence is required not just for innovations in corporate finance and derivatives business, but also in areas such as agriculture and MSE finance. They can draw upon their global experience to develop innovative solutions and delivery models that would deliver credit in a cost effective manner to agricultural and rural areas. This will spur the domestic banks also. As an analogy, an example of innovation that comes to my mind is computerisation, which was first introduced by foreign banks in India and was, subsequently, taken up by private sector and public sector banks. The impact that this innovation has had on banking in India needs no mention. Some other such areas include ATMs, technology banking, *etc.*

21. Foreign banks are encouraged to open branches in the rural areas as well and to play an equal role, along with domestic banks, in lending to the priority sector. India being a growing economy, there exist enough opportunities and avenues for foreign banks having 20 or more branches to invest in 'priority sector' areas (especially in agriculture and MSEs) and meet the target set, which is to be achieved over a period of five years. The time has come for foreign banks having large and long presence in India to play an active role in the priority sector, shoulder to shoulder with Indian banks and it is felt that there cannot be any distinction here.

Why 20 branches and above?

22. The number is not just an abstract one. We have done considerable research before the guidelines were finalised. These banks have had presence in India for nearly 100 years, *i.e.*, even before some of the public sector banks were born. These banks know the Indian economy and are well versed with the Indian culture. We welcome these banks to join and help the growth story of India.

23. We would like these banks to come back to us with detailed plans on how they would be meeting this target. We are willing to discuss any difficulty faced by foreign banks in this regard. We have an open mind on this.

Loans to Non-Bank Financial Intermediaries for on-lending

24. In terms of the pre-revised guidelines on lending to priority sector, bank loans to other NBFCs (other than MFIs including NBFC-MFIs) for on-lending were not classified under priority sector. We have retained these guidelines. Loans through MFIs (including NBFC-MFIs), which adhere to criteria prescribed by RBI, have been given PSL status as the credit is expected to be going to the most vulnerable sections of the society and low income groups of the population.

Housing

25. In the pre-revised guidelines, housing loans up to `25 lakh were categorised as PSL irrespective of the location. The revised guidelines prescribe that loans up to `25 lakh for housing in metropolitan centres with population above ten lakh and `15 lakh at other centres would be treated as PSL. This is expected to fine tune

the disbursal of need based housing loans in all centres. One of the additions in the revised guidelines aimed at augmenting credit flow in the housing sector is that loans for housing projects exclusively for economically weaker sections and low income groups, provided the cost does not exceed `5 lakh per dwelling unit, have been recognised as priority sector for the first time to boost the provision of houses to weaker sections and low income groups.

26. As a stated policy, bank loans for on-lending by NBFCs, except MFIs, are not permitted as priority sector in the pre-revised and revised Priority Sector guidelines. Since HFCs are essentially NBFCs, it is not logical to treat bank loans to HFCs for on-lending, as priority sector. Further, banks being financial intermediaries, need to lend directly instead of relying on NBFCs/HFCs for providing credit.

Investments by Banks in Securitised Assets and Outright Purchases

27. Purchases/investments in securitised assets are an important avenue for meeting priority sector requirements for banks without significant branch presence. This is also critical for banks which do not have the expertise to originate small value loans. Such banks can rely on the expertise of other intermediaries, who can originate the loans, which can then be taken over into the bank's books through securitisation. I would only like to advise that such transactions should not be done merely to tide over the regulatory requirement at year- ends.

28. Banks are allowed to continue to classify their investments in securitised assets and outright purchases, where the underlying assets qualify for PSL status, under respective categories of PSL, provided they follow the RBI guidelines on securitisation and outright purchases. Pricing for the ultimate beneficiary has been capped at Base Rate plus 8 per cent. Here we have slightly differed from the Nair Committee recommendations, which had linked it to bank's Lending Rate plus 6 per cent. We felt that linking it to Base Rate would ensure greater transparency in pricing and ease of monitoring. The ceiling on pricing, in contrast to the general freedom given to banks in pricing loans, is because free market still does not exist for the poor and hence, pricing is prone to distortions. The Nair Committee's recommendation to restrict the bank loans for on-lending, buy-outs and securitisation to a maximum of 5 per cent of ANBC is not accepted. This is to allow banks to build up PSL portfolio through the route of outright purchase/investments in securitised assets.

Investments/Purchase/Assignment transactions undertaken by banks with NBFCs, where the underlying assets are loans against gold jewellery

29. In terms of the pre-revised guidelines on priority sector, investments made by banks in securitised assets originated by NBFCs, where the underlying assets were loans against gold jewellery, and purchase/assignment of gold loan portfolio from NBFCs were not eligible for classification under **agriculture**. Such pool of loan assets against gold jewellery is generally extended by these NBFCs without proper credit appraisal and without verification of end use of funds. Some of our special scrutinies have confirmed this aspect. In the revised guidelines, such investments and outright purchases do not qualify for **PSL status**.

Other Highlights

30. A few other highlights of the revised guidelines are:

(i) Loans to individuals for educational purposes, including for vocational courses upto `10 lakh in India and `20 lakh abroad: The limits are not changed. However, the vocational courses were added recently under this.

(ii) Loans to individuals for setting up off-grid solar and other off-grid renewable energy solutions for households: This was not allowed in the pre-revised guidelines.

Management Information System (MIS)

31. Let me now turn to an area which is absolutely critical. There are several gaps in data on priority sector coverage and the existing data is not fully reliable. In the light of this, it was decided against prescribing fresh targets under priority sector. We, however, emphasise

that there is an urgent need for data cleansing so that we are able to generate fast, reliable and consistent MIS on the coverage of priority sector lending across all sections of the economy. This would prove to be a valuable input for refining our policy framework and strategies in this area. A separate circular would be issued on this subject.

32. One of the objectives of the revised guidelines is to ensure greater transparency in priority sector lending. I would urge banks to work towards this goal by having the courage and conviction to highlight any shortfall in achieving the targets instead of including ineligible loans under priority sector category. The generation of reliable MIS would be crucial to attaining this transparency.

Conclusion

33. The priority that senior management of banks accord to priority sector would determine the success of our efforts in this area. Without this commitment, it would not be possible to accomplish this task. Let me assure you that the top management at the Reserve Bank is fully committed to this goal, as is evident from the amount of time we spend on this subject at our meetings and outreach visits and the number of enabling policy initiatives that we have taken in this regard. Financial inclusion and priority sector credit are closely interconnected subjects as financial inclusion is the process and priority sector loans are the business effect/end product of the same in the books of the banks. If we are doing financial inclusion, then these targets are achievable, if not, then these are not. The new guidelines, then, is the new mantra. We need to be consistent in our approach towards financial inclusion and priority sector lending.

34. We are happy to share with all stakeholders our logic and rationale for the new guidelines and discuss further refinements, if any, and most importantly, how can we facilitate the achievement of these guidelines and ensure its effective implementation and monitoring. In fact, just last week, we have had a round of discussion with the CMDs/CEOs of banks. We would, however, emphasise that the basic conceptual framework for issuing these guidelines need to be appreciated by all players so that the goal of credit linking the deserving but deprived segments of the economy is successfully accomplished. Besides, as mentioned earlier, an efficient framework for extending bank finance to the vulnerable sections needs to be viewed as an essential prerequisite to attaining allocational efficiency in the economy, thereby contributing to productivity and efficiency of the banks in particular and the economy in general, which is the core objective of this summit.

35. I hope that this Conference devotes some time to deliberating this important subject and comes to a common appreciation of the logic and reasoning behind these guidelines and sees them as a vehicle to improve the productivity and efficiency of the Banking System. I wish the deliberations a great success.

Thank you.

Indian Economy: Imperatives for Second Generation Reforms*

K. C. Chakrabarty

Dr. Suresh Kotak, Chairman, Kotak and Co. Ltd.; Dr. J. Phadnis, Principal of the VES College of Arts, Science and Commerce; Shri B.L. Boolani, Trustee In-charge; Dr. Suniti Nagpurkar, Head of the Economics Department and Convener of the Seminar, Mrs. Dipta Dasgupta, my old friend from the Banaras Hindu University; faculty members and students participating in the Seminar, Ladies and Gentlemen. It is, indeed, a matter of great pleasure and privilege for me that I have been called upon to address today's Seminar, which indeed is topical, given the changing contours of the financial regulatory architecture amidst uncertain global financial market environment. The global banking and financial system is currently undergoing structural transformation with standard setting institutions and national authorities framing new regulatory paradigms to address the weaknesses of the global financial system that surfaced during the crisis. Against this backdrop, I am delighted that the Vivekananda Education Society is conducting this State level Seminar on this subject.

2. The Vivekananda Education Society, which started its educational activities in 1962, today imparts education to more than 18000 students ranging from primary school to advanced learning in diverse areas such as management, law, engineering, science, *etc.* With a mission of 'Pursuit of Excellence in Higher Education', the society has sought to impart quality education and help in character building in students. I am told that the society and this college in particular, were set up to cater to the needs of the socially and economically weaker sections of the population, in line with the recognition that education provides opportunities for improvement in quality of life of these deprived sections. I congratulate the Society for completion of 50 glorious years and commend its achievements over this period. I hope that it continues its good work in the times to come.

3. I must admit that interacting with a gathering of teachers and students provides us with an opportunity to get a different perspective on issues from what we normally get while interacting with fellow finance professionals. Besides, interacting with teachers provides a platform to convey our ideas, through you, to a much larger audience consisting of young minds who will define the path that the country and the financial sector will take in the years to come. It is, hence, a great pleasure for me to be here today.

Swami Vivekananda – A Great Reformer Himself

4. On the eve of the Golden Jubilee celebrations of the Vivekananda Education Society, it is apt to recall Swami Vivekananda, from whom the College derives its name and inspiration. Swami Vivekananda was a great thinker and reformer of India who envisioned a new educational model for the society. His valuable thoughts on education are relevant and viable even today. According to him, 'education is the manifestation of the perfection already in man'. He said 'mere book-learning won't do. We want that education by which character is formed, strength of mind is increased, the intellect is expanded, and by which one can stand on one's own feet'. He taught that it is only through education that the upliftment of masses is possible. However, Swami Vivekananda's scheme of education, through which he wanted to build a strong nation that will lead the world towards peace and harmony, is still a far cry. It is high time that we give serious thought to his philosophy of education and remember his call to every-body-'Arise, awake, and stop not till the goal is

* Address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Inaugural Session of the State level seminar organised by the Department of Economics of the Vivekananda Education Society's College of Arts, Science and Commerce, Mumbai on September 14, 2012. The assistance provided by Smt. Rekha Misra and Shri S.M. Lokare in preparation of this address is gratefully acknowledged.

reached'. I hope the society pursues this vision of Swami Vivekananda.

5. Swamiji's most unique contribution to the creation of new India was to open the minds of Indians to their duty to the downtrodden masses. He was the first religious leader in India to understand and openly declare that the real cause of India's deep rooted problems was the neglect of the masses. Long before the ideas of Karl Marx were known in India, Swamiji spoke about the role of the labouring classes in the production of the country's wealth.

6. Having said this, let me come back to the realm of financial sector reforms in India. As many of you are aware, the Indian financial sector has seen wide ranging reforms during the last two decades. However, these reforms were broader and focused at the macro level with internal reforms at the institutional level yet to take place. Thus, the need of the hour is to go for second generation reforms. Nonetheless, the reforms in the financial sector alone will not bring perpetual prosperity. It is the real sector which needs reforms. The financial sector has to grow and keep pace with the developments in the real sector.

Why Financial Sector Regulation?

7. On an intuitive basis, the business of finance and banking is different from other businesses. This is on account of the fact that while other businesses operate with their own funds, banks are highly leveraged institutions that operate with public money and hence, require to be closely regulated and supervised. Besides, unlike other businesses where, due to absence of entry barriers, free market competition can be expected to ensure efficiency and fair treatment of customers, in the banking business, high entry barriers imply that banking operations cannot be carried out without a license. This restricts the free play of competitive forces and hence, makes it all the more imperative to have a sound regulatory framework, particularly for protection of customers. In the business of banking and finance, there is an inherent inequity between the provider of the service and the consumer and this, again, presents the need for a framework of rules and procedures, which we call as regulation.

8. The health of the financial sector is a matter of public policy concern in view of its critical contribution to economic performance. Financial regulation and supervision assumes importance in ensuring that the financial system operates along sound lines. The primary justification for financial regulation by authorities is to prevent systemic risk, avoid financial crises, protect depositors' interest and reduce asymmetry of information between depositors and banks. As the costs of financial crises are perceived to be very high, the authorities realised that they should be avoided at all costs. As a result, banks came to be regulated everywhere. Besides, financial regulation attempts to enhance the efficiency of the financial system and to achieve a broad range of social objectives. Going by the experience in several countries, effective regulation is in the interests of all concerned, though it cannot be based on a 'one-size-fits-all' approach. However, it is important to bear in mind that while financial institutions do benefit from an appropriate regulatory regime, there is not much evidence that the existence of a regulatory jurisdiction makes institutions stronger and less prone to shocks. There is neither a unique theoretical model, nor just one practical approach to the regulation and supervision of a financial system. The existence of different types of regulatory models of the financial system makes the ideal choice a difficult exercise.

9. The regulation and supervision of the financial system in India is carried out by different regulatory authorities. The Reserve Bank regulates and supervises the major part of the financial system. In the past five decades, the Indian banking system has traversed through a difficult path endeavoring to balance several competing and conflicting demands on it from large, medium, small and tiny borrowers in both the organised and unorganised sectors. The banking system's activities were initially tightly regulated and their freedom was restricted. It also confronted several domestic stresses and external shocks. However, the regulations have changed over time to ensure that the banking system steps out of the restrictive operational environment and functions in an atmosphere that provides the freedom to innovate.

10. In recent years, innovations in instruments and processes, advances in technology and the increasing volumes of capital intermediated by the financial system have necessitated a proactive strengthening of the regulatory and supervisory framework. Emergence of several players with diversified and significant presence in the financial sector makes it imperative for supervision and regulation to be spread across various segments of the financial system. In recent years, there has been a shift in emphasis from microregulation to macro-management, supported by a tightening of prudential norms and improvements in the functioning of the financial system.

11. Since the global crisis, there has been a decisive shift in trend towards assigning increased responsibility to the central banks for both 'systemic oversight' and 'macro-prudential regulation'. This greater responsibility is driven by the capability of the central banks among regulators and public institutions to perform the intended task. Central banks have robust frameworks for macroeconomic analysis, and in India, the Reserve Bank has the responsibility for micro-prudential supervision of banks and non-banking financial companies. As a result, while macroeconomic analysis has helped in strengthening the microprudential supervision, supervisory information aggregated for the financial system as a whole has also helped in conducting more appropriate macroeconomic policies.

12. The Reserve Bank has been deeply involved in the development of markets, and it monitors and analyses the impact of market trends on the economy and financial institutions. Another important reason why central banks have to be the systemic risk regulator is because of their mandate of Lender of Last Resort (LOLR). Going forward, given the complex nature of the challenge, significant strengthening of the capacity for systemic risk assessment and macro-prudential regulation would be critical for the Reserve Bank.

Macroeconomic and Financial Sector Reforms

13. In response to the macroeconomic crisis, a programme of stabilisation and structural adjustment was initiated in July 1991, with wide ranging reform measures encompassing the areas of trade, exchange rate management, industry, public finance and the financial sector. Fiscal correction, exchange rate adjustment, monetary targets and inflation controls constituted the immediate measures for macroeconomic stability. These measures were supported by structural reforms in the form of industrial deregulation, liberalisation of foreign direct investment, trade liberalisation, overhauling of public enterprises and financial sector reforms. Apart from aiming at restoring the economic stability on both domestic and external fronts, the economic reform programme strived towards achieving a higher growth trajectory through increased levels of investment and improvements in productivity, efficiency and competitiveness. Structural reforms aimed at reorientation of the economy from a centrally directed command and control economy to a market oriented one to foster greater efficiency and growth. This was done by introducing greater competition in the economy through progressive internal deregulation accompanied by external competition promoted by foreign direct investment and trade liberalisation.

14. The reform measures had sectoral dimensions as well. Beginning with the industrial policy of 1991, reforms in the industrial sector were undertaken with a view to remove distortions in the resource allocation and improve competitiveness of Indian industry. The reform measures included removal of industrial licensing, reduction in the number of industries reserved for the public sector, abolition of restrictions on investment and expansion under the Monopolies and Restrictive Trade Practices (MRTP)Act, 1969, automatic approval of foreign investment, elimination of quantitative import restrictions on intermediate and capital goods and steady reduction in protective customs tariffs. These measures created a favourable environment for industry to upgrade its technology and build-up capacity in order to cater to growing domestic and external demand. A series of policy initiatives were undertaken in agricultural sector as well. These included, *inter alia*, replacement of quantitative controls by tariffs, partial decontrol of fertiliser prices, removal of bottlenecks in agricultural

marketing, relaxation of restrictions of the Essential Commodities Act, 1955, replacement of the Revamped Public Distribution System (RPDS) with Targeted Public Distribution System (TPDS), and establishment of Rural Infrastructure Development Fund (RIDF). Moreover, price reforms improved terms of trade for agriculture. Also, exchange rate and international trade reforms improved the incentive structure facing agriculture.

15. Several initiatives were undertaken for the development and reform of financial markets, particularly since the 1990s. The reforms in various segments of financial markets such as money, the government securities and the foreign exchange markets were introduced in a calibrated, sequenced and careful manner, in step with those in other markets in the real economy. The sequencing has also been informed by the need to develop market infrastructure, technology and capabilities of market participants and financial institutions in a consistent manner. In India, the initiation of the structural reforms in the early 1990s encompassed a process of phased and coordinated deregulation and liberalisation of financial markets. Financial markets in India, in the period before the early 1990s, were marked by administered interest rates, quantitative ceilings, statutory pre-emptions, captive market for government securities, excessive reliance on central bank financing, pegged exchange rate, and current and capital account restrictions. As a result of various reforms, the financial markets have transited to a regime characterised by market-determined interest and exchange rates, price-based instruments of monetary policy, current account convertibility, phased capital account liberalisation and an auction-based system in the government securities market. Enhancing efficiency, while at the same time avoiding instability in the system, has been the challenge for the regulators in India. This approach to development and regulation of financial markets has imparted it greater resilience. India's reform programme has had a definite positive and significant impact on the economy as compared with the past.

Who are the Stakeholders?

16. In the whole process of reforms, the key stakeholders are the customers themselves. The regulators have a critical role in ensuring fair treatment to customers and it cannot be left to the market forces alone. The key to a prompt, effective and courteous customer service emanates from having the right attitude. A radical transformation of attitude right from Top Management to ground level employees is the first step towards improving customer service. Communication is at the root of effective customer care in a service industry, especially like banking, where the documents, terms and conditions, practices and precedents are all heavily loaded against the customer. In many fields and in different countries, regulators determine the price. But, the financial sector regulator in India does not do so. Therefore, whatever charges are levied, it is expected that they are reasonable and that the pricing is fair, transparent and non-discriminatory. Globally, regulators are expected to usher in much stricter regulations in the area of fair treatment to customers. Banks need to price their products and services fairly and competitively and ensure higher transparency in their products and pricing. Lack of transparency in designing and pricing of products and services and selling them to inappropriate customers could expose banks to litigation and reputational risks, besides making them liable for supervisory action. There should be no unreasonable post sale barriers if the customers wish to change product or bank. Customer education is also critical in providing appropriate and need based products and services and the Indian Banks' Association may have a critical role to play in this regard. The banking business would, thus, have to turn customer centric in all its true dimensions.

Financial Sector Reforms – What Next?

17. The Indian approach to financial sector reforms, so far, has been driven by the predominant objective of enhancing the role of finance in promoting growth and economic development, while preserving financial stability, which is equally critical for sustained economic progress. While balancing the goals of efficiency and stability in introducing reforms, the Reserve Bank has moved towards deregulation of interest rates, promoted development of markets, and strengthened the legal infrastructure to facilitate better

enforcement of financial contracts. Going forward, three areas will continue to be important in policy debates, *i.e.,* development of long-term corporate bond markets, derivative markets to facilitate better price discovery and risk transfers, and more competition by allowing greater foreign participation.

18. The regulatory and supervisory framework of the financial system across the world is undergoing a paradigm shift following the problems experienced during the global financial crisis. In this regard, multilateral and standard setting bodies like the G-20, IMF, BIS and FSB have been in the forefront to design an advanced regulatory framework to prevent the recurrence of such crisis. Addressing the regulatory gaps based on the lessons from the global financial crisis in advanced economies will be a major challenge for regulators all around the world. Much of the challenges in the domain of financial stability regulation would arise from complexities surrounding the assessment of systemic risk, interconnectedness, common exposures, risk concentrations in complex innovative products and use of models to manage and price risks which, at times, mask information.

19. While India's financial sector remained resilient in the face of global shocks, there are a number of areas where the reforms would be needed to promote stability and generate growth impulses for the real economy. In the wake of turbulent global financial environment, banks and financial entities have to grapple with growing complexities and risks associated with their businesses. Against this backdrop, the policy initiatives such as adoption of tighter capital and liquidity standards, improved risk management practices and sound compensation practices are required to place the Indian banking system on a strong footing and enhance the banking sector's ability to absorb shocks arising from any financial and economic stress and encourage prudent risk taking.

20. Moreover, in India, while broader institutional reforms have taken place at the macro level, the internal reforms among banks and financial institutions are yet to take place. Thus, there is a need to go for second generation reforms, particularly focusing on bringing down the cost of banking services, strengthening the credit delivery mechanism, improving customer service, reforming the human resources management systems and enhancing the financial outreach to hitherto unbanked areas.

Second Generation Reforms

21. Let me talk about some of the elements of these second generation reforms.

(i) Adopting Improved Risk Management Practices

22. One fundamental principal of finance that I would like to emphasise is the direct relationship between risk and return. Any investment that offers greater returns, invariably involves more risk. Similarly, if you avoid taking risk, then the returns could even be negative. Banks, for instance, are in the business of taking risks and hence, cannot be expected to shun risk in its entirety. Four basic requirements that banks and professionals in the field need to develop is to:

- Understand Risk
- Define Risk
- Measure Risk
- Manage Risk

My advice to all students entering the finance field would be that never take a risk where you cannot meet the above four requirements.

23. Globally, there is an increasing move towards more advanced approaches to risk management. Banks in India have made progress in moving towards the advanced risk management approaches. Banks, however, need to traverse a long distance in this regard. As capital always comes at a cost, banks need to have in place a fair and differentiated risk pricing of products and services. This involves costing, quantitative assessment of revenue streams from each product and service and an efficient Transfer Pricing Mechanism, which would determine capital allocation. Each business unit in the enterprise would have to aim at being a profit centre within the overall risk-return framework. In essence, it would mean accountability for profit, tempered by the discipline of risk-return within a deeply embedded culture of good governance. Our past experience has been of poor savers subsidising

the rich borrowers. Also, there are incidences of rampant mis-pricing of risks. From a business perspective, pricing of assets should be non-discriminatory and in line with risk rating of the customer. A lower rated customer should not get a better price than a higher rated customer. Once these basic issues are addressed, other issues such as migration to advanced approaches, *etc.* would gain importance.

24. While all Indian banks have adopted the standardised approaches under the Basel II framework in 2009, the pace of migration to the advanced approaches has, naturally, been very slow. Though the Reserve Bank has set an indicative time schedule for implementation of the Advanced Approaches, banks' response has been less than encouraging so far. Migration to the Advanced Approaches is important for larger banks as it involves adoption of more sophisticated risk management systems. Moreover, there are reputational issues also in large banks continuing with standardised approaches. Apart from these fundamental issues, much of this sluggishness could be attributed to issues relating to development of human resource skills, technology upgradation, branch interconnectivity, availability and management of historical data, robustness of risk management systems,*etc.* within the banks. Even within the Reserve Bank, the supervisors would have to make rapid strides to be able to appreciate the nuances associated with the quantitative techniques and models.

25. The objective of the Basle III reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. An assessment of Indian banks' capital requirements under Basel III has revealed that, notwithstanding some issues with a few individual banks, the system as a whole, is very well capitalised and the transition to the revised capital norms of overall capital adequacy, Tier I component or equity component would be smooth. The implementation period of Basel III capital requirements, including capital conservation buffer and regulatory deductions, will begin from January 1, 2013 and will be fully implemented by March 31, 2018, before the timeline (January 1, 2019) indicated in Basel III rules.

(ii) Reforming Human Resources Management

26. There is an imperative need to improve the productivity and efficiency of human resources. An organisation can only be as good as its people. They are the force behind innovation, business process re-engineering and making the difference between success and failure. A committed and highly motivated work force can make the difference in winning and retaining customers as banking is a people oriented business. Banks have to be knowledge organisations, able to attract and retain talent. HR policies should look at right size, right fit and career growth with market related compensation. Increasingly, there is going to be intense competition for the right kind of talent as they are likely to be in short supply. The demand for efficient manpower will not only stem from domestic institutions but also from foreign institutions/countries; and not just from the banking industry but from other financial/non-financial sectors. The challenge before Indian banks is, therefore, to revitalise themselves by hiring the right talent, investing in training and bringing about a vibrant transformation in their DNA.

(iii) Technology to be More Customer Focused

27. Most banks are already on Core Banking Systems (CBS) which covers banking operations pertaining to deposits, withdrawals, credit delivery, back-office operations, *etc.* Banks need to look beyond Core Banking to harness the benefits of technology. CBS could provide inputs for developing customised products based on customer database. It would help in planning product delivery and service at selected/multiple delivery points, better Customer Relationship Management and building lasting customer relationships which will translate into higher revenues. Technology needs to be more customer focused than employee or vendor focused. In case of glitches, the rectification must be swift to instill faith and confidence in the system. It is only the more agile and innovative players who will stay ahead in the game. Along with IT solutions arise allied issues such as IT security, governance and audits. Gaps in IT security could make

banks vulnerable to data piracy, fraud and operational risk leading to reputation risk and erosion of customer confidence.

(iv) Focusing on MIS and Information Literacy

28. MIS is an inseparable part of bank's decision making process. The integrity and timeliness of data is critical in formulating the bank's capital planning, business strategies, reviewing achievements *vis-a-vis* targets, formulating course correction exercises where required, feeding data into stress tests and importantly, taking action on the outcomes. This brings us to technology support for decision making. Banks have made huge investments in technology, which should be translated into better MIS through decision support systems and yield returns on investment by providing economical, affordable and customised customer centric banking solutions. The use of technology should not be seen as an end in itself but as a means to an end.

(v) Business Strategy and Vision

29. The role of banks' Boards would become increasingly crucial in the next decade in view of the looming competition. The Board would need to have a clear vision for the bank, a strategy to achieve its objectives, both medium and long-term, and a well laid out long-term plan. Banks would need to look beyond their existing customer base and large corporates and reach out to rope in the vast number of small, retail and SME clients which are presently deprived of bank credit. Alongside extending the reach of their banking services, there would be a need to improve the products offered to customers and the quality of services. They need to have proper business model and delivery model.

(vi) Reaching to the Unbanked/Under-banked Areas

30. In India, growth with equity has been the central objective right from the inception of the planning process. The objective of financial inclusion is to provide financial services at affordable cost to those who are excluded from the formal financial system. This is vital for sustaining long term equitable development, since a large proportion of the households/areas do not have access to basic banking facilities, notwithstanding the existence of vast institutional framework in the country. An important challenge is to channelise more savings to the financial system, particularly in rural areas and from the urban informal sector. This would need further penetration of the banking system. The Reserve Bank's emphasis on financial inclusion is important in attaining this objective over time. There is also enormous potential for extending finance in semi-urban and rural areas for productive activities, which may require strengthening the banking correspondent relationship, simultaneously enhancing the risk assessment and risk management capacities in order to maintain credit quality and sustain the credit growth in these sectors. Besides benefiting the unbanked masses, this will also ensure viability and scalability of banks' financial inclusion initiatives.

(vii) Bringing Down the Cost of Banking Services

31. Further reduction in the cost of banking services may require greater competition among product lines, improved delivery mechanisms and increasing use of information technology. The costs of banking transactions need to be dramatically reduced as has happened in many other fields such as telecom, after the advent of technology. However, it is observed that, in banking, the transaction costs continue to be high, particularly in agriculture sector, which include costs incurred in appraisal of borrowers, processing, documentation and disbursement charges, loan monitoring/supervision and collection. It is essential to bring down such transaction costs to make available credit at affordable price to the farmers.

Balancing the Real and Financial Sector Reforms

32. Financial sector reforms alone will not bring continued prosperity. In the recent years, we see, growing evidence on growth deceleration in the Indian economy. For sustaining the high growth path, improving the investment climate and enhancing the absorptive capacity by bringing in the real sector

reforms would be critical. The fact that a well-developed financial sector is necessary to act as the intermediary between entrepreneurs/investors and savers can hardly be overstated. An efficient financial sector reduces the cost and risk of producing and trading goods and services and, thus, makes an important contribution to raising standards of living. The recent crisis, however, showed that the financial sector had apparently taken a quasi-autonomous existence without close connection with the financing requirements of the real economy. The financial industry, indeed, grew oversised in the preceding years, reflected in rapid credit creation, asset price bubbles and high levels of indebtedness, particularly in advanced financial systems. The disproportionate growth in the global financial sector was largely due to the aggressive search for yield, engendered by the easy liquidity in the global system that triggered a wave of financial innovation. Complex financial products were created by structuring and hedging, originating and distributing, all under the belief that real value could be created by sheer financial engineering. There were hardly any signs of growing capital formation due to the growing and increasingly complex financial sector.

33. The financial sector grew more rapidly than other goods and services. In a way, that made growth of finance an end in itself and not a means to meet human needs such as food, fuel, health and education. Given that the busting of the oversised financial sector has a devastating impact on the real sector, it becomes important to (i) examine the optimal size of the financial sector relative to growth and development needs and (ii) make financial sector innovations more meaningful to cater to the needs of the real sector.

34. For sustaining the high growth path, it is imperative that we bring in reforms in the agriculture, industry, infrastructure and services sectors. I would like touch upon some of the elements of these reforms.

Improving Agricultural Governance and Productivity

35. In order to step up agriculture growth, a judicious use of technology is required along with institutional reforms, including those relating to land, incentives for supply response and better input use. Given the dependence of a vast majority of workforce on agriculture, enhancing the agricultural output, driven by higher yield and diversification of crops, assumes importance. Higher investment, backed by sustained research and extension activities, could be critical for augmenting yield. The policy focus, so far, has been on using higher MSP to generate supply response and public investment on expanding the irrigation potential. However, there is a need for improving the market structure for agricultural commodities, ensuring competitive pricing, enhancing warehouse facilities and improving rural roads for enhancing better connectivity with urban markets. Better water management, with an emphasis on water harvesting, would be important for enhancing the farm productivity and output.

Improving the Performance of Manufacturing Sector

36. The manufacturing sector's performance in a competitive environment and in the face of risks of rising protectionism could encounter several challenges. Despite the advantages of a large domestic market, abundant availability of skilled labour force, and the proximity to the fast growing Asian markets, productivity growth needs to catch up with the Asian economies, including China. This requires greater emphasis on quality, better adoption of technology, more flexible labour laws, significantly improved infrastructure and a policy environment supportive of the SMEs sector. The industry-education linkages must be strengthened vigorously. Persistent problems like frequent disruptions in the availability of power and lack of stable demand also affect the performance of the manufacturing sector.

Harnessing the Potential of Services Sector

37. Notwithstanding the high growth and resilience of the services sector in the recent past, the sector faces multiple challenges for sustained growth over the years. A number of services, where India enjoys comparative advantage, experience lack of clear policy thrust. For instance, despite the high quality of healthcare services, it attracts a number of regulations.

Similarly, in education, multiple regulation points and lack of credible accreditation systems hamper the growth potential. Given the medium to long-term contribution of investments on education and health to growth and productivity, availability of these services at affordable cost, while enhancing their global competitiveness, must form part of the priority in India's development process. A number of services in India are either predominantly associated with the Government or not liberalised enough to ensure growth through organised private initiatives. Services like professional, legal, postal, accountancy and insurance need further liberalisation to harness their potential.

Facilitating Infrastructure Finance

38. As per the assessment of the Planning Commission, during the Twelfth Plan (2012-17) India may need infrastructure investments of over US$ 1trillion. This poses a mammoth financing task. The infrastructure gap in India, both in relation to other major countries and its own growing demand, has been a key factor affecting the overall productivity of investments. The requirement of high initial capital outlay, that too over longer terms, necessitates measures to address the financing constraint to capacity expansion in infrastructure. The financing issue relates not only to possible resource gap, but also to ensure commercially viable funding that remains so over business cycles. Infrastructure investment during the Twelfth Plan will need to be funded by both, public and private sectors. Despite increasing participation of the private sector in bridging the infrastructure gap, public investment still has to play a significant role. Fiscal consolidation and reorientation of expenditure towards capital expenditure is required to meet the target. The banking system, despite the risk of asset-liability mismatch while lending for long-term infrastructure projects, has seen high growth in credit to this sector in recent years.

To sum up

39. The first round of financial sector reforms resulted in strengthening of the financial system and making it more vibrant and resilient. However, over time, the pace of reforms and growth has slowed down and the need for second generation of reforms is strongly felt. These reforms would have to focus on individuals and corporates and work towards improvement in productivity and efficiency of the economy as a whole.

40. Financial sector reforms, in isolation, will not have a significant impact unless there is improvement in the absorption capacity of the economy. Real sector reforms should precede financial sector reforms for bringing in inclusive and sustainable development of the country. Even in the financial sector, there is an imperative need for internal institutional reforms, particularly focusing on improving the risk management practices, reducing the cost of transactions, both borrowing and lending, and improving the overall customer service. I hope all concerned stakeholders work towards implementation of these second generation reforms, which is essential for moving the economy back to the high growth trajectory.

41. I would, once again, like to congratulate the Vivekananda Education Society for completion of 50 glorious years and hope that the Society continues its efforts to produce students who are fully equipped to shoulder the responsibility of taking the nation forward in the coming years. I would also urge the management, faculty and students to rededicate themselves towards further broadening the activities and reach of the Society so that it provides an avenue for the deprived segments to attain social and economic prosperity through education. This would be in line with the message that Swami Vivekananda sought to spread, all through his life, through his work and writings.

I wish the deliberations of the Seminar all success. Thank you.

*Financial Stability: 2007 to 2012 – Five years on**

Anand Sinha

Mr. D. Sarkar, CMD, Union Bank of India, Mr. Pratip Chaudhuri, Chairman, State Bank of India, senior members of the banking fraternity, delegates to the Conference, members of the print and electronic media and other distinguished guests. It is my privilege to be here in FIBAC 2012 whose theme is '*Sustainable excellence through customer engagement, employee engagement and right use of technology*'. FIBAC is an important forum for serious deliberations on banking sector issues. This year an impressive range of topics is being covered in this Conference with an objective of achieving and sustaining excellence by the banking system. You will appreciate that for achieving these objectives, financial stability is an absolutely necessary backdrop. Therefore, I have chosen to speak on the evolution of the concept of financial stability in the post-crisis period and the regulatory framework around it. Financial stability is a shared responsibility and therefore, apart from the Reserve Bank of India and the Government, banks also carry a significant responsibility in this regard. Banks have to ensure that their business models and conduct, promote financial stability.

2. Let me step back a little and briefly touch upon the background which prompted financial stability to assume centre stage. Global financial markets froze abruptly following collapse of Lehman Brothers on September 15, 2008, and have never fully recovered since then. While there have emerged signs of hope, of 'green shoots', from time to time, they too have been quickly dashed. While it was the financial sector which triggered the instability at the outset, it is now the high debt burden in advanced economies which threatens the safety of the financial system and continues to be a drag on economies. The financial system is far from being sound as banks in several advanced economies, particularly in the Eurozone remain vulnerable. Structural imbalances, predating the crisis, persist. The room for fiscal and monetary manoeuvre has shrunk drastically due to the burden of rescue shared by these policies in the aftermath of the sub prime crisis of 2007. Central bank balance sheets across the world have grown in size and have almost doubled in the last decade and now amount to about 30 per cent of world GDP. Central banks have quickly emerged as the single largest creditors of governments, especially, in the beleaguered Eurozone. Interest rates too have been slashed in a bid to stimulate the sagging economies and the rates are either zero or nearly zero in advanced economies. The expanded balance sheets of the central banks and the near zero policy rates have raised concerns that financial imbalances may buildup all over again.

3. It is now five years since the outbreak of the global financial crisis. The developments during these years have thrown the global economy off balance and seriously challenged the intellectual framework and traditionally held beliefs about the functioning of the financial system, theory and practice of monetary policy and macro-economic modelling. In the new order of things, financial stability has come to the centre stage of policy making across the globe.

4. Against this backdrop, I will speak today about three sets of developments. First, I will present a brief synopsis of the regulatory changes which have been effected in the years since the financial crisis first broke out. Second, I will present a snapshot of the attempts being made to assess and measure systemic risk, in its many facets. Third, I will discuss the institutional arrangements made to manage financial stability in different countries. I will then present the Indian approach to financial stability and conclude with some of the challenges that confront us in the days to come

* Special address by Shri Anand Sinha, Deputy Governor, Reserve Bank of India at the FIBAC 2012 organised by FICCI and Indian Banks' Association at Mumbai on September 6, 2012. Inputs provided by Ms. Dimple Bhandia are gratefully acknowledged.

as we strive together to put in place a healthier and more resilient financial system.

II. Financial Stability – Pre and Post Crisis

5. The global financial crisis of 2007 was caused by a combination of macroeconomic and, regulatory and supervisory factors and their interaction. At the core of the crisis lay an interplay between macro imbalances which had grown rapidly in the last ten years, and the financial market developments and innovations which accelerated over the last 10 to 15 years, partly under the stimulus of the macro imbalances[1]. In the years leading up to the financial crisis, policy framework for the financial sector globally was guided by a few doctrines. *One*, monetary policy should focus only on price stability (the inflation targetting framework). *Second*, price stability ensures financial stability, the latter being pursued through micro prudential regulatory and supervisory framework. *Third*, the approach towards asset price bubbles, when they are building up, should be one of '*benign*' indifference and central banks should 'mop the dust' when bubbles burst, with aggressive easing of monetary policy – the now infamous *Greenspan orthodoxy. Fourth*, light touch regulation is the way forward in a 'free market' environment where markets self correct in the larger interest and welfare of the economy. *Fifth*, a set of individual financial institutions constitutes a healthy and robust financial system.

6. The overall policy framework, prior to the crisis, reflected these doctrines. The policy approach comprised inflation targetting to ensure price and macroeconomic stability and prudential regulatory and supervisory policies focussed on the health and stability of individual institutions. Systemic concerns, especially contagion risks, were sought to be contained through a robust financial infrastructure.

7. In this scheme of things, liquidity risk did not receive the serious consideration that it was entitled to and there was a glaring conceptual flaw inasmuch as there was no framework to address systemic risks. The experiences during the crisis drove home the fact that the risk of financial system disruptions that can destabilise the macroeconomy were not correctly understood and that the impact of interlinkages and common exposures across the financial system were not fully appreciated. The critical lesson which has emerged from the crisis is that financial stability needs to be pursued as an explicit policy objective, and the pre-crisis notion of mopping up the debris from financial bust is not a viable policy as it can have huge macroeconomic costs which we are witnessing today.

8. The crisis also brought to the fore the role of the sovereign in financial stability – first as a lender of last resort in case of bankruptcy and then as the harbinger of financial instability. The burden of past fiscal indiscretions in several advanced economies, coupled with the stimulus measures taken as part of the crisis management has returned to haunt policy makers. Global instability acquired a new 'avatar' – that of a sovereign debt crisis.

9. To address the deficiencies which led to the global crisis, the international standard setters – Basel Committee on Banking Supervision (BCBS) and Financial Stability Board (FSB) – have undertaken a massive overhaul of the regulatory framework. The comprehensive reform package known as Basel III framework is designed to address both firm specific risk and broader systemic risk. Basel III essentially enhances the regulatory framework introduced by Basel II at the level of individual banks. It also sets up a macro-prudential overlay to limit systemic risk. The measures relate to enhancing the quality and quantity of capital, liquidity risk management, valuation practices, dealing with procyclicality issues and with systemically important banks. It also encompasses resolution mechanism, compensation practices, stress testing, disclosures to enhance transparency and moving OTC derivatives to central clearing and settlement mechanisms for reducing the systemic risk in derivative markets.

III. Systemic Risk- The elephant in the room

10. Measuring and analysing systemic risk is at the core of ensuring financial stability. It is, therefore,

[1] The Turner Review (2009) – A Regulatory Response to the Global Banking Crisis.

important to understand what systemic risk is. While there is no single universally accepted definition of systemic risk, it is now commonly accepted that these are risks which affect large chunks of the financial system and which have the potential to adversely impact the real economy. A comprehensive definition of risk as defined by the IMF, FSB and BIS is '*a risk of disruption to financial services that is caused by an impairment of all or parts of the financial system and has the potential to have serious negative consequences for the real economy.*' There is also a broad agreement that there are two facets to systemic risk. In its first dimension, systemic risk evolves over time. This time dimension of systemic risk is also called *procyclicality* and it deals with the buildup of risks through financing imbalances. The imbalances *i.e.* high leverage, rapid credit growth and compressed risk premia build up during the expansionary phase of a business cycle due to the inherent procyclicality of the financial system and through the risk taking channel. These imbalances interact with macro economy amplifying the booms and busts. Larger booms lead to larger busts and larger damage to macro economy. The second dimension, *interconnectedness*, relates to systemic risks being distributed across the financial system at any given point in time. These risks relate to common exposures, entangled balance sheets, common business models or profiles and interconnectedness amongst financial institutions.

11. The set of policies which deal with managing the systemic risk is known as macro prudential policy. Macro prudential policy tools are essentially micro prudential tools *i.e.* capital provisioning, Loan-to-Value ratios, debt to income ratios, *etc.* which are applied both at the institution level as well as at the system level as an overlay to micro prudential requirements in a countercyclical way. These tools are used to limit systemic risk and thereby minimise disruptions in the provision of key financial services that can have serious consequences for the economy by (i) dampening the buildup of financial imbalances; (ii) building defenses that contain the speed and sharpness of subsequent downswings and their effects on the economies; and (iii) identifying and addressing common exposures, risk concentrations, linkages and inter-dependencies that are sources of contagion and spillover risks that may jeopardise the functioning of the system as a whole. While the third objective of macro prudential policy [(iii) above] is concerned with the cross-sectional dimension, the first two objectives [(i) and (ii) above] are concerned with the procyclicality issues. Reserve Bank of India has been using macro prudential policies, more notably the countercyclical policies, since 2004 as a toolkit for ensuring financial stability though it had used them sporadically even earlier.

12. While there is credible evidence regarding the ability of countercyclical policies to enhance the resilience of the financial system, the evidence regarding their ability to dampen the buildup of financial imbalances is not unequivocal and credible. RBI had countercyclically raised risk weights and provisioning for certain sectors during the expansionary phase of 2004-08. While these policies could dampen the rapid credit growth of the Commercial Real Estate sector, they were not as effective for other sectors. Spain's case is another example, which had pioneered dynamic provisioning, a countercyclical tool. Dynamic provisioning had significantly enhanced the resilience of the Spanish banking system but it could not dampen the credit boom in the housing sector. The inability of macro prudential policies to dampen the buildup of financial imbalances would leave the system still vulnerable despite building up the resilience. It is thus evident that macro prudential policies would need support from other policies, more notably monetary policy. The question of monetary policy having a role in containing the buildup of financial imbalances by *leaning against the wind* has thus got reopened. There is still a lack of consensus on this issue but increasingly an opinion is gaining ground that monetary policy should complement the macro prudential policies for dampening the upswing by leaning against the wind. In effect, it means that when the financial imbalances are building up in the system threatening financial stability, the policy rates could be raised above what would, otherwise, be warranted for achieving the inflation target within the defined time horizon. In this framework, the monetary policy response to financial

cycles would be more symmetric during the expansionary and recessionary phases unlike under the Greenspan doctrine which prevailed earlier. The coordination between the two policies and with other policies is important. Generally the two *i.e.* monetary policy and macro prudential policy would operate in the same direction. However, there could be situations where the two may be pulling in opposite directions and that is where the hierarchy of policy objectives will have to be determined and acted upon.

IV. Measuring Systemic Risk

13. Over the last five years, as our understanding of systemic risks has increased, so has our realisation that assessment of such risks is far from straightforward. Systemic risks *per se* are typically complex, encompass multiple facets of the financial system, and are very often opaque. It became clear during the crisis that no single measure or tool would be sufficient to cover all the different aspects of systemic risks. Assessment of systemic risks necessitated development of diagnostic tools that simultaneously trace the changes in macro-financial conditions which pose risks to financial stability, identify '*point in time*' risk conditions, while also assessing the potential future impact of all these risk factors, jointly, on systemic stability. The tools, thus, needed to take simultaneous cognisance of various facets of the financial system with their myriad correlations and intersections and also peep through the proverbial 'crystal ball[2]' into the future as to how these facets may evolve.

14. These challenges have spurred a great deal of research within central banks, in academia, and elsewhere leading to the development of a host of new quantitative measures of systemic risk. The models variously attempt to measure the systemic risk in the financial system, quantify the contagion, capture distress dependencies amongst financial institutions, measure the systemic importance and the resilience of the financial system. Other class of models relates to stress tests while yet another class aims to develop coincident indicators of systemic stress and attempt to develop early warning indicators. Let me discuss some of these emergent techniques.

(i) Measuring systemiticity and assessing resilience

15. The first set of quantitative techniques, which I am going to touch upon, deals with the systemic importance of institutions. The experience during the global financial crisis brought to the forefront, the concept of '*too big to fail*' and '*too connected to fail*' institutions and raised a whole range of questions. Why are these entities important? How do they affect the risks of the overall financial system? How does distress in any financial firm and especially in a *'too big to fail'* financial institution, affect the rest of the financial system? There are, in fact, several ways in which this can happen and understanding each of these, is the key to designing prudential policies to address such risks[3].

16. *First* is the *domino effect* – a distressed financial institution may be unable to meet its liabilities to other financial institutions, resulting, in turn, in these counterpart financial institutions failing to meet their liabilities to others. If the distressed firm is significantly large, the overall contagion impact of its failure can severely strain the financial system.

17. *Second* is the potential market impact of the fire sale of assets, by the distressed financial institutions which may affect asset prices, margin calls and mark to market losses for other financial sector entities holding similar assets. These entities may, in turn, be forced to sell their own assets to meet their liquidity requirements. As the financial crisis showed, the adverse impact of such collective sales by financial institutions could result in a significant dislocation of asset markets.

18. *Third*, the impact of a '*too big to fail*' financial institution is further aggravated if the entity is also a provider of a critical service in financial markets, such as payment and settlement systems, as would typically be the case with most large financial institutions.

[2] *'Systemic Risk Diagnostics, Coincident Indicators and Early Warning Signals'*, Bernd Schwaab, Siem Jan Koopman and André Lucas, ECB WORKING PAPER SERIES, NO 1327/APRIL 2011

[3] *'Regulating Systemic Risk'*, Remarks by Daniel K. Tarullo, at the 2011 Credit Markets Symposium, Charlotte, North Carolina on March 31, 2011

19. *Fourth*, there is also the reputational impact that the failure of a financial institution has on other financial institutions, especially those with similar business profiles. Failure of an institution may reinforce and magnify the adverse feedback loop leading to a chain of failures. This contagion impact is, however, not necessarily a function of the size of the financial institution. Indeed, the failure of even a relatively small financial entity could cause widespread systemic concerns if it highlighted a hitherto unrealised source of risk.

20. Given the potential of large or systemically important financial institutions to cause system-wide distress in the event of their failure, there have been concerted efforts to develop models/techniques for the measurement of, first, the systemic risk of the financial system and, second, methodologies through which such systemic risks could be attributed to individual financial institutions. These models attempt to quantify or assess the role that the bank's/financial institution's size, its risk profile, the degree of exposure to a risk factor, *etc.*, play in determining the institution's contribution to systemic risks.

21. Traditional attempts to measure systemic risk have focused on banks' balance sheet information, such as non-performing assets, earnings, liquidity and capital adequacy ratios. Post crisis, the focus has increasingly moved to market based measures both because of the availability of higher frequency data and the fact that such data is usually forward looking and reflects the market expectation of the future performance of the underlying institutions.

22. Different sets of models have been developed using equity prices, CDS prices, CDO indices, LIBOR spreads, *etc.*, as proxies for systemic risks, employing techniques such as econometric analysis including Principal Component Analysis to derive the systemic risk measure. Another set of techniques use the Merton model to estimate the asset portfolio of banks and to derive a systemic risk measure which is based on the probability of default of a given proportion of banks in a given financial system. Another set of measures assesses systemic risk by computing the multivariate density of a portfolio of banks. For example, these models propose a set of banking stability measures based on distress dependence, which is estimated by the Banking System Multivariate Density (BSMD). Another set of systemic risk measures are based on the traditional risk management tools such as value-at-risk (VaR) and expected shortfall (ES).

(ii) Stress testing measures

23. Stress testing has assumed great importance as a risk management tool, particularly because it helps in overcoming limitations of models and historical data. Stress tests evaluate the potential impact of an extreme event on a financial firm or financial sector. Stress testing exercises, especially macro stress testing, are increasingly becoming an important component of a macro prudential policy framework. These tests provide a thorough assessment of what could happen if the identified risks materialise.

24. A wide variety of stress tests are employed to assess the resilience of financial institutions and of the financial sector. The methodology employed varies from '*top down*' approaches (which are typically implemented by regulators/supervisors by applying uniform stress scenarios to the balance sheets of all financial institutions) to '*bottom up*' approaches (where the stress tests are conducted by individual institutions themselves, relying on a common set of assumptions and/or scenarios determined by regulators/supervisors) and also a combination of both.

25. The adverse scenarios that underpin the stress tests typically encompass both sensitivity tests and scenario analysis. In the first case, only a single key variable, *e.g.* interest rates or exchanges rates, is shocked. Such single factor sensitivity tests are typically the starting point of stress testing exercises as they are relatively simpler to implement. These tests, however, lack plausibility as, in the event of the shock materialising, it is unlikely that only a single variable will be affected.

26. In contrast, scenario analysis based stress tests examine the impact of simultaneous changes in a number of key economic variables. These tests, based on historical or hypothetical stress scenarios, lend greater plausibility to the stress testing exercise and

also yield a more accurate assessment of total losses under adverse developments. Not surprisingly, they are relatively more difficult to implement as it is difficult to anticipate the manner in which different macro variables would move together, especially under conditions of stress.

27. Of late, there is an evidence of the increased use of macroeconomic models to design stress tests. Economic models are being used to examine the linkages between the health of financial institutions and underlying driving factors (macro-financial variables or latent factors). Often, these models also incorporate the feedback effect from the banking system to the rest of the economy. Some models also use the joint vector auto regression (VAR) systems to incorporate financial market variables into a framework for stress testing the stability of the banking system. The attempt is to design an integrated micro-macro model that takes into account dynamic linkages between the health of the financial system and macro-financial conditions[4].

28. Coordinated stress tests are, thus, being used to estimate the losses that a group of financial institutions, typically the banking system, could suffer under adverse macroeconomic developments. Such stress tests offer an overall assessment of the vulnerability of the banking system over a defined time period. They are also important tools for the individual banks themselves and for their micro prudential supervisors *e.g.* from the perspective of capital planning and ensuring the resilience of individual financial institutions.

29. In the aftermath of the Global crisis, financial sector regulators initiated various types of coordinated disclosures of bank exposures, stress test results and similar metrics to rebuild trust in the financial sector. Prominent examples of such disclosures are the *2009 Supervisory Capital Assessment Program in the United States*, followed by the disclosure of the stress scenario projections of the *Comprehensive Capital Analysis and Review* in 2012. Similarly, the European Banking Authority and its predecessor, the Committee of European Banking Supervisors, conducted EU-wide stress tests from 2009, disclosing the disaggregated results. The stress testing exercises focused on assessing the resilience of both individual banks and the EU banking system as a whole to possible adverse economic developments, while the capital exercise estimated banks' recapitalisation needs to meet a target capital ratio. These initiatives marked the beginning of disclosures of firm level data on stress tests in contrast to the disclosure of sectoral or aggregate data as has been the earlier practice. The aim was to enhance market transparency at a time of prevailing uncertainty and to provide market participants with the necessary information to conduct their own risk assessments.

(iii) Developing early warning framework

30. The third set of models I will discuss today relates to the coincident stability indicators which are used to evaluate prevalent conditions of financial stability. These indicators assess the movements in a range of factors which could have a bearing on financial stability and aid in measuring how risks develop over time and in putting in place an early warning framework.

31. Several types of indicators are being developed in this context. Macroeconomic indicators are typically compiled at the country level and measure changes in macroeconomic data. These include measures such as GDP growth, growth in total credit, inflation, unemployment, measures of external sector balance such as the current account deficit and measures of fiscal imbalances. Another class of indicators uses aggregated data pertaining to financial institutions representing developments in the financial sector's assets and earnings. Banking sector indicators examine the risks emanating from the banking sector, given the typical importance of this sector for financial stability. These indicators examine the movements in financial soundness indicators of the banking system to assess how risks posed by the banking system are evolving. Another set of indicators examine conditions in financial markets.

32. Five years on, there is clearly no widely accepted single indicator or model capturing systemic risks and

[4] *'A Framework for Assessing the Systemic Risk of Major Financial Institutions'* (Apr 2009), Xin Huang, Hao Zhou and Haibin Zhu, BIS Working Papers, No 281

instabilities comprehensively. Most models/techniques that have been developed cover one or a few specific aspects of systemic risk. Each measure is an approximation and each has its own strengths and weaknesses. No single measure is complete in all aspects in a macroprudential context and policy-makers need, therefore, to rely on a wide range of measures and tools, covering various segments of financial systems and various types of shocks and transmission mechanisms. The challenge remains one of constructing a comprehensive systemic risk surveillance and assessment system which serves as an effective early warning system.

V. Institutional and Governance Arrangements

33. Institutional and governance arrangements for ensuring financial stability is another critical issue. The overlap between macro prudential and monetary policies raises questions about the role of central banks in financial stability both in peace as well as crisis time. The broad consensus which has emerged is that central banks must be involved in the formulation and execution of financial stability policy, exclusively or as part of a collegial arrangement.

34. Much work has been undertaken over the last two years on the design of financial stability policy and related governance arrangements in some of the world's major jurisdictions. Abstracting from details, the amendments to the regulatory and oversight architecture made in different jurisdictions have, *inter alia*,

- designated the central bank as the systemic regulator with accountability;
- placed central banks in charge of micro prudential regulation, where not already so responsible, in addition to macro prudential regulation, especially with respect to systemically important financial institutions;
- set up financial stability councils/commissions to provide high level focus on financial stability.

35. Let me recapitulate some of these changes. The reform of supervisory arrangements in the European Union (EU) drew largely upon the report of the de Larosière Group. In the second half of 2009, the European Commission presented two sets of legislative proposals that saw the creation of two new pan-European authorities for micro prudential and macro prudential supervision. For micro prudential supervision, the European System of Financial Supervisors (ESFS) was established which brings together the national supervisors and three new independent supranational European Supervisory Authorities (ESAs) set up replacing the former European committees for the banking, securities, and insurance and occupational pensions sectors. With respect to macro prudential oversight, a European Systemic Risk Board (ESRB) was created and tasked with detecting risks to the financial system as a whole. Though the ESRB has no formal directive power, it can issue recommendations and risk warnings to EC member states, to national supervisors and to the ESAs, all of which will be expected to comply or else explain.

36. In Mexico, a Financial Stability Council (FSC) was established. The FSC comprises the Bank of Mexico, the Finance Ministry and the country's other principal regulatory agencies and is tasked with the identification of potential risks to the country's financial stability, recommending appropriate policies and actions, and coordinating their implementation by member agencies.

37. The Bank of Korea Act was amended in August 2011. The amendment, *inter alia,* granted the Bank of Korea a financial stability mandate that calls on it to play a more proactive role in financial stability.

38. With the introduction of the Central Bank of Malaysia Act 2009, the 1958 version of the Act was repealed. The 2009 Act provides greater clarity on the Bank Negara Malaysia's mandate for financial stability and granted it specific powers for macro-prudential financial stability, including for crisis prevention, management and resolution.

39. In the United Kingdom, the Banking Act 2009 introduced a new special resolution regime and entrusted the Bank of England with a statutory objective for financial stability. The financial sector reforms

envisaged replacing the United Kingdom's current tripartite institutional framework by a new framework integrating macro- and micro prudential oversight within the Bank of England. The reforms focus on three key institutional changes: Creation of a Financial Policy Committee within the Bank of England as a formal committee of its Court of Directors and tasked with responsibility for delivering systemic financial stability through macroprudential regulation. Second, an operationally independent subsidiary of the Bank, the Prudential Regulation Authority (PRA), will be responsible for day to day supervision of financial institutions that manage significant risk on their balance sheet. Third, a new specialist regulator, the Financial Conduct Authority (FCA), which will have responsibility for conduct of business issues across the entire spectrum of financial services.

40. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was passed by US Congress with the objective of promoting financial stability by improving accountability and transparency in the financial system, ending 'too big to fail', protecting the American taxpayer by ending bailouts, and protecting consumers from abusive financial services practices. Under the Act, the extant American system of multiple supervisors continues. However, a new Financial Stability Oversight Council (FSOC) under the chairmanship of the Treasury Secretary was created to identify systemic risks and gaps in supervision, and to recommend regulatory enhancements. Though the Federal Reserve's role in the FSOC is not apparently very prominent, it has become the primary regulator for systemically important entities, thus expanding its supervisory role beyond large bank holding companies.

41. In India, the Financial Stability and Development Council has been set up but I will discuss this a little later.

42. Financial stability would require governance arrangements to ensure independence of the macro prudential regulator, clarity of objectives and mandates and accountability.

VI. Financial Stability: The Indian Context

43. In India, prior to the crisis, no agency had explicit mandate for financial stability though the Reserve Bank acted as the implicit systemic regulator for the country. The Reserve Bank of India Act, 1934 provides a broad legal mandate to the Reserve Bank to secure monetary stability and generally to operate the currency and credit system of the country to its advantage. In practice, this meant the dual objective of growth and price stability, the relative emphasis being dependent on the context. In 2004, the Reserve Bank formally added financial stability as an additional objective in view of the growing size and importance of the Indian financial sector. The broad compulsions of financial stability had, however, underlined all major policy initiatives of the Reserve Bank especially since the balance of payment crisis of the early 1990s – much ahead of the articulation of financial stability as an objective. Manifestation of the focused attention of the Reserve Bank on financial stability is evidenced in its approach towards financial sector regulation over the last couple of decades. Let me touch upon some of these.

The banking sector

44. The gradual process of introducing structural reforms in the banking sector was undertaken with the key objective of strengthening the banking sector balance sheets and governance frameworks in a non-disruptive manner. The reforms were carefully sequenced with prudential norms and supervisory strengthening introduced early in the reform cycle, followed by interest rate deregulation and gradual lowering of statutory preemptions. The more complex aspects of legal and accounting measures were ushered in subsequently. The regulatory framework has also focused on ensuring good governance through 'fit and proper' owners, directors and senior managers of the banks.

The non-banking financial sector

45. India is unique with respect to the non-banking financial sector being within the regulatory perimeter, in sharp contrast to many jurisdictions which are grappling with the very complex issue of regulating the shadow banking sector. Regulation of Non-Banking Finance Companies in India was considered necessary as far back as the sixties as a corollary to the monetary

and credit policy of the country and protection of depositors› interest. Statutory powers for the regulation of the segment were given to the Reserve Bank through the RBI (Amendment) Act in January 1997. The initial focus of the Reserve Bank was on depositor protection and stringent regulatory requirements were put in place for deposit taking entities. With the growth of the financial system, the focus shifted to non-deposit taking entities which could pose systemic risks on account of their interaction with the formal banking system and market based financing. A gradually calibrated regulatory framework was created for these entities.

Large and complex financial institutions

46. As liberalisation led to the emergence of financial conglomerates cutting across sectors and geographical boundaries, a need for a framework for monitoring of Systemically Important Financial Intermediaries (SIFIs) or Financial Conglomerates was seriously felt. Accordingly, a Financial Conglomerates (FC) Monitoring Mechanism was put in place in India since June 2004 and is being continuously upgraded.

Macroprudential Regulation: Addressing systemic risks

47. The Reserve Bank has, over the years, attempted to address both aspects of systemic risks – the time dimension (which essentially refers to procyclicality) and the cross sectional dimension (which refers to interconnectedness) within a macro prudential framework, without christening these policies as macro prudential policies. Operationally, India being a bank-dominated economy, the bank credit and credit growth have always formed important variables in the conduct of monetary and countercyclical policies.

48. In addressing systemic risks in the time dimension, Reserve Bank's countercyclical policies have aimed at increasing the resilience of the banking system. The instruments used have been time varying risk weights and provisioning norms on standard assets for certain specific sectors wherein excessive credit growth, led to apprehension about potential build-up of systemic risk. A slew of regulatory measures, including prudential exposure limits, address systemic risks arising out of inter-connectedness among banks and between banks and NBFCs and from common exposures.

Financial markets

49. The development of financial markets was pursued by the Reserve Bank in the broader context of financial stability. A calibrated approach to financial sector development was adopted based on the level of maturity of the financial system and the needs of the real economy. Delicate balance between fostering growth by encouraging financial innovation vis-à-vis the impetrative of containing excesses that could lead to instability was meticulously observed. The approach was to ensure that finance remains firmly wedded to the real sector and does not assume dynamics of its own. New products were permitted after due deliberations and wide consultations so as to take into account both the requirements of the participants as also the preparedness of the system for managing the risks.

OTC derivative markets

50. The regulatory stance is of a cautious approach to introduction of complex financial products. Structured derivative products are permitted only as long as they do not contain any derivative which is not allowed on a standalone basis. In India, a CCP existed, even prior to the crisis, for the critical interest rate and foreign exchange markets. Reporting arrangements are in place for other OTC derivative products. This approach has been appreciated globally and the Reserve Bank of India was recently awarded the 2012 Dufrenoy Prize for its precautionary approach to the regulation of derivatives market, thus facilitating financial innovation in a responsible manner.

Capital account management

51. The approach of the Reserve Bank to the management of the capital account also evolved from the broader objective of maintaining financial and macroeconomic stability. The policy framework included an explicitly stated active capital account management framework, based on the policy stance of encouraging non-debt creating and long-term capital inflows and discouraging debt flows. At the same time, there was significant liberalisation of permissible avenues for outward investments for domestic entities.

Organisational arrangements for financial stability

52. Organisational developments within the Reserve Bank, over the last couple of decades, have also reflected the Bank's commitment to maintaining financial stability. Two separate Committees of the Reserve Bank's Central Board, *viz.*, the Board for Financial Supervision (BFS) and the Board for Payment and Settlement Systems (BPSS), are responsible for focused regulation and supervision of financial institutions regulated by the Reserve Bank and the payment and settlement infrastructure, respectively. Towards ensuring a coordinated approach to the supervision of the financial system, a High Level Coordination Committee on Financial Markets (HLCCFM) was functional since 1992 with the Governor of the Reserve Bank as Chairman, the Finance Secretary, Government of India and the heads of other regulatory authorities such as the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority (IRDA) and the Pension Funds Regulatory and Development Authority (PFRDA) as members. Post crisis, a Financial Stability and Development Council (FSDC) has been set up to provide focussed attention to the pursuit of financial stability. The Council is chaired by the Finance Minister and has representation from all the financial sector regulators. However the oversight of systemic risk in normal times is with a Sub Committee of the FSDC (which replaced the HLCCFM) chaired by the Governor, Reserve Bank of India and having, as members, heads of other regulatory agencies as well as all the Deputy Governors of Reserve Bank of India and the Finance Secretary.

53. In July 2008, the Reserve Bank set up a Financial Stability Unit (FSU) with a mandate to, inter alia, conduct effective macro-prudential surveillance of the financial system on an ongoing basis to enable early detection of any incipient signs of instability. With the establishment of the FSU, the Reserve Bank started publication of half yearly Financial Stability Reports (FSRs) – which now forms a critical tool for the Reserve Bank in its attempt to communicate the potential systemic risks facing the financial system.

Financial Stability analytics

54. A number of initiatives have been taken to improve the financial stability analytics to take full account of the different sources of systemic risk. A series of indicators and indices have been developed to assess the health and resilience of the financial system on an ongoing basis.

55. A Banking Stability Indicator is being used by the Reserve Bank to monitor the dimensional riskiness of the banking system in the country. It presents an overall assessment of changes in the underlying conditions and risk factors having a bearing on the stability of the banking sector based on the five dimensions of, soundness, asset quality, liquidity, profitability and efficiency. A Financial Stress Indicator – a contemporaneous indicator of conditions in the equity, foreign exchange and interest rate markets and in the banking sector – has been developed to assess the degree of stress in the financial system and to forecast market conditions in the near term.

56. Imbibing the lesson from the global financial crisis about the importance of interconnectedness in the financial system, a model of the bilateral exposures in the banking system and the broader financial system has been developed with a view to assess the degree of interconnectedness in the system and to analyse the possible contagion impact of the idiosyncratic failure of a bank. The model uses cutting edge techniques in analysing the network of the Indian financial system and identifying, on a real time basis, buildup of excesses and risk concentrations, if any.

57. Advanced stress testing techniques are being used to assess the resilience of the financial sector. A series of Banking Stability Measures (in the form of Banking System's Portfolio Multivariate Density), including a 'Toxicity Index', a 'Vulnerability Index' and 'Cascade' effects have been developed for the purpose of assessing the systemic importance of individual banks[5]. Also, the impact of macroeconomic shocks on the

[5] *'Central banking in a balance sheet recession'*, Panel remarks by Mr Jaime Caruana, General Manager of the BIS, at the Board of Governors of the Federal Reserve System 2012 conference on 'Central banking: before, during and after the crisis', Washington, 23-24 March 2012.

stability of the banking system is being assessed based on the Vector Autoregression (VAR) approach.

58. Thus, in the case of the Reserve Bank of India, the focus on financial stability from the policy perspective attempts to put in place a prudential framework aimed at strengthening the resilience of the financial sector while also ensuring that the financial sector development is designed to correspond to the level of maturity of the financial system and the needs of the real economy. Simultaneously, advanced tools and techniques are being employed to put in place an effective system of macroprudential surveillance of the financial system.

59. In discharging its function towards maintaining financial stability, the Reserve Bank derives considerable systemic advantage from its roles as the monetary authority, lender of last resort, regulator of the banking and non banking system and of key financial markets – money market, Government securities market, forex market and credit market. From a financial stability perspective, the above framework has proved to be a sound model as evidenced by the resilience of the Indian financial system during various episodes of systemic instability in the global economy.

VII. Challenges – Going Forward

60. It would perhaps be a truism to state that the last five years have been challenging. Challenging in terms of the continuing instability which has dogged the global financial system with barely a respite. Challenging in terms of the sheer breath of regulatory changes which have taken place over a relatively short span of time – changes which are far reaching, changes which encompass a wide span, changes which are historic. I strongly believe that the next five years will be equally exciting though, I hope, less stressful for the global financial system.

61. The last few years have also been defining moments in the history of central banking. The crisis has raised questions about the functioning of central banks leading up to the crisis and has presented tough challenges in steering the global financial system out of the crisis. For central banks, just as managing the crisis was difficult, managing the recovery is going to be equally, if not more, difficult. One of the most important challenges I see in the days to come is that of exit from accommodative policies adopted during the crisis management phase and to ensure that the financial imbalances which led to crisis do not build up again. But the policies that are most suited to crisis management are not necessarily the best for crisis resolution[6]. In recent periods, the extraordinarily easy monetary policies in advanced countries have provided some relief, but, sooner or later, central bank balance sheets will have to be repaired. The main challenge for policy makers will then be to prevent such balance sheet recession/repair from spilling over to protracted economic weakness.

62. When the dust from this crisis has settled, the biggest challenge, going forward, would remain preventing the buildup of financial instability when there would be stability, as risk is highest in the system when the perceived risk is lowest. Tough decisions are difficult to sustain and to implement, when memory recedes – and human memory is notoriously fickle.

63. An impressive range of regulatory reforms have been set in motion in the five years since the crisis first unfolded. But there are formidable implementation challenges ahead which will need to be carefully managed. The progress in certain areas of reforms, notably OTC derivative market reforms and measures to put in place robust resolution regimes, has been slow. There are apprehensions about the impact of the Basel III capital measures on credit offtake as well as on investor interest in the banking system. There are also concerns about the impact of the Basel III liquidity measures on the functioning of the markets for such securities. The potential unintended consequences of the reform measures, especially for emerging markets, will need to be carefully monitored and managed, should they emerge.

64. The years ahead will also be very exciting in terms of development of financial stability analytics. While we have made progress, financial system modelling is still in its infancy and the critical lesson that the crisis

[6] *'Central banking in a balance sheet recession'*, Panel remarks by Mr Jaime Caruana, General Manager of the BIS, at the Board of Governors of the Federal Reserve System 2012 conference on 'Central banking: before, during and after the crisis', Washington, 23-24 March 2012.

has taught us is that understanding, preventing and reducing systemic risks, as we seek to preserve financial stability, deserve our full fledged attention.

65. Let me conclude. There is a downside risk to global financial stability. In India though the financial system remains robust, the downside risks to financial stability have increased due to several global and domestic factors. As I said earlier, financial stability is a shared responsibility and therefore, Indian banks have a major role to play because while strong financial institutions need not necessarily make up a strong financial system, for a strong financial system we would need strong banks. Indian banks are facing several challenges in the current scenario – implementation of Basel III and for some, implementation of Advanced Approaches of Basel II – in a situation where there is increasing pressure on asset quality. While the macro economic situation would certainly have an impact on NPAs, this can still be contained by substantially upgrading the credit management systems so as to be able to contain slippages and improve recovery. Overall, improvement in risk management systems, upgradation of technological platforms and building up of specialised skills in the banking system are the challenges which will distinguish the more successful ones from the others. It is important and this is a lesson from the recent crisis that the competitive pressures are not allowed to override basic prudence. I am sure that our banking system will rise above the formidable challenges and emerge stronger and more efficient. I wish the Conference all success.

Thank you

*Customising Mobile Banking in India: Issues & Challenges**

Harun R. Khan

Distinguished delegates to the FIBAC 2012, ladies and gentlemen. As I was reading the theme of the conference 'Sustainable Excellence through engaged customers, employees and right use of technology' three words (sustainable, engaged and right use) helped me to decide how I can use this opportunity to relate with all the stakeholders of the payment system industry to introspect the issues and challenges confronting customisation of mobile banking in India.

2. I am sure you would all recollect how cumbersome it used to be get a draft for outstation payment, clearing used to take a lot of time, outstation cheques would take all the more time, reconciliation and maintaining books by the bank branches would require additional manpower and customers were never satisfied. During the last one decade, things have changed and changed at a rapid pace and all because of technology. The initial steps of tapping technology came in the form of adoption of the core banking systems (CBS) which led to near collapse of geographical location of parent branch. How many of us really need to visit our branches to transact business? Not many I am sure as most of us would be tapping the technology led internet banking and interconnected ATM network. Our desktop PCs became our anytime bank branches. Then came the next revolution – mobile banking which added anywhere to the truly anytime banking. Weaning the customer from physical banking and building customer awareness and confidence in these non face-to-face modes of banking has been a herculean task for the banking industry. In this exciting and challenging journey, the Reserve Bank, as a pro-active regulator, has defined enabling policies and, at times, has goaded the industry in achieving the desired results. The Governments, both at the central and the state levels, have also been taking measures in encouraging electronic payments and receipts, such as, electronic benefit transfers and e-mode of transactions for their receipts and payments.

Small steps and a giant leap

3. As I have briefly indicated above, technology adoption has changed the face of banking in India. What started as a mere automation of some routine work processes in banks in the mid-80's has moved on and resulted in business process re-engineering culminating in making banking services branchless, anytime and anywhere, facilitated new product development and enabled near real time service delivery. Technology helped banks to reach the doorsteps of the customer by overcoming the limitations on geographical/ physical reach in branch banking and easing the resource and volume constraints posed by the brick and mortar model. For the banks the question is no longer limited to whether mobile banking will be an important part of their business but how best to approach a rapidly evolving channel to deliver better customer service, expand product range, retain market-share, enhance revenue, drastically reduce operating expenses and above all remain socially relevant without sacrificing sustainability in ICT based financial inclusion plans.

4. We all now recognise that mobile banking has come to occupy an important place in banking in a very short time and is expected to provide much needed platform for taking banking to the unbanked masses. Mobile banking certainly seems to be one of the biggest innovations along with CBS and ATMs in the field of banking and this will have a long lasting effect on how banking business is conducted. CBS and ATMs provided banks the much needed technological fillip to break the shackles of branch banking architecture. CBS and

* Address delivered by Shri Harun R. Khan, Deputy Governor, Reserve Bank of India, at the FICCI-IBA (FIBAC) 2012 Conference on-'Sustainable excellence through customer engagement, employee engagement and right use of technology' on September 5, 2012 at Mumbai. The speaker acknowledges the contributions of Shri G Srinivas, Shri Subhas Chand and Shri Surajit Bose of Reserve Bank of India.

ATMs have enabled banks to provide banking services 24x7x365 but have not really helped in expanding their reach to the unbanked or reach to the customer wherever s/he is. One tends to concur with the view of many academicians and practioners that this limitation can be overcome to a large extent by leveraging the mobile phone enabled banking or mobile banking. We must see it as the *giant leap* of the banking industry – leveraging technology to promote anytime and anywhere banking and more deeper and sustainable financial inclusion.

Origin and potential of mobile banking in India

5. Recognising the potential of mobile banking, Reserve Bank of India issued the first set of guidelines in October 2008. The guidelines defined mobile banking as undertaking banking transactions using mobile phones by bank customers that would involve credit/debits to their accounts. This definition in a sense provided larger canvas to mobile payments which in a narrow sense involved only payment made for a product or service using the mobile phone either remotely or at the point of sale (PoS). These guidelines, which were very broad-based, laid down the technology and security standards pertaining to safety, confidentiality, integrity, authenticity and non-repudiability. As this was a nascent technology and, to build up customer confidence in terms of minimising frauds, the Reserve Bank mandated that all transactions should be encrypted irrespective of the value. The Reserve Bank also made inter-operability a cornerstone of its policy. After the initial set of guidelines, several policy relaxations have been made to further encourage the use of mobile banking taking into account changing economic environment and feedback of the industry and customers (Box 1).

Box 1: Regulatory initiatives of the Reserve Bank of India in mobile banking

October 8, 2008

Mobile banking transactions defined as undertaking banking transactions using mobile phones by bank customers that involve credit/debit to their account.

Some of the significant norms were as under:

- Technology & security standards were laid down.
    - All transactions to be encrypted irrespective of value limit
- Inter-operability was ensured.
- Customer complaints and grievance mechanism were laid down.
- Daily cap of `5,000 per customer for funds transfer and `10,000 per customer for transactions involving purchase of goods & services were prescribed.
- Banks to seek one-time prior approval of the Reserve Bank of India after obtaining their respective Board's approval.
- Such services could also be offered through the BCs.

December 24, 2009

- Raise in the daily cap transaction limits for funds transfer and for purchase of goods & services to ` 50,000
- Transactions upto ` 1,000 can be facilitated without end to end encryption of messages.
- Permitted to provide cash-outs to the recipients through ATMs or BCs subject to a cap of ` 5,000 per transaction and a maximum of ` 25,000 per month per customer.

May 4, 2011

- Transaction upto ` 5,000 can be facilitated without end to end encryption of messages.

December 22, 2011

- Transaction cap limits for funds transfer and for purchase of goods & services of `50,000 per customer per day removed.
- Banks may place their own limits based on their risk perception with the approval of their Board.
- Ceiling on cash-outs to the recipients through ATMs or BCs raised to `10,000 per transaction subject to the existing cap of `25,000 per month.

6. The growth in mobile banking that has taken place in the country till date, though has been rapid, is yet to reach the critical mass that will enable it to deliver on its promise of reaching banking including payment services at a cheaper, secure and seamless manner to the existing and potential customers. It has the potential to be the next wave of financial and technological innovation in banking by universalising access to banking service without jeopardising prudential and regulatory framework of the financial sector.

Leveraging the mobility of mobile phones for anywhere banking

7. Any technology that is well-accepted and widely available at affordable costs and suitable for banking and payment services provides an immense opportunity to extend these services to all areas and all sections of the society – banked and unbanked. Mobile technology scores on all these parameters and can act as a catalyst to usher in the universal goal of financial inclusion shared by all the stakeholders. In a large country like ours where a majority of population still lives in rural areas that do not have presence of formal banking providing banking facility has been a major challenge. Of the 0.6 million villages in India, the total number of villages with banking services through brick and mortar branches and alternate banking channels stands at approximately 0.14 million villages as at end March 2012. India has the highest number of households (approximately 145 million) who are excluded from banking. However, with the growing reach of the mobile in hinterland, it has now become possible to provide the banking facilities to people who were not able to enjoy this facility so far. At the end of January 2012, the total wireless subscriber base was 936 million out of which, 313 million subscribers were from rural areas. Use of mobile banking services among this huge base of subscribers is, however, very low. Even amongst the existing bank customers less than one per cent of them are covered under the mobile banking services. Notwithstanding the existing low base of customers, the growth in mobile banking transactions has shown increasing trend. For example, in the month of June 2012, 3.43 million transactions amounting to `3067.10 million were processed as compared to 1.41 million transactions amounting to `984.66 million processed in June 2011 – an increase of about 143 per cent in volume and approximately 211 per cent in value terms. It is, however, evident that the potential of mobile banking technology is yet to be fully exploited.

8. Another potential factor that has attracted all the stakeholders including policy-makers to this innovative technology is the lower cost associated with this model in providing banking services both amongst existing customers and in taking banking to the hinterland as well. According to a study, mobile banking based transaction costs about two per cent of the branch banking cost, 10 per cent of the ATM based transaction cost and 50 per cent of the internet banking cost. The main reason for non-availability of banking to a large part of our population is the limited economic viability of the brick and mortar model of branch banking. The Business Correspondent (BC) model is also facing problems on account of lack of proper ICT-based business models and, amongst other things, due to issues related to remuneration of the BCs, their training and orientation, product mix and volume of transactions handled by them, management of cash and the risks associated with outsourced models. Even ATMs and internet banking have their limitations when it comes to penetration in rural areas. I need to mention here that our recent guidelines on deployment of White Label ATMs (WLAs) has a very distinct slant towards the deployment of ATMs in the smaller tier 3 to 6 centres. Notwithstanding this, the Reserve Bank, given its constant endeavour to link every citizen of the country with the formal financial system, is keen to expand mobile banking penetration. With the availability of the mobile with almost every household, it has now become possible to make the giant leap to a reality by providing everybody with banking services including payment services. The potential of mobile banking is also underscored by the fact that the consumers are conveniently placed in terms of using the product anytime anywhere and could develop ease of using the product once they are made aware of the same.

Customised mobile banking products in India

9. The generic definition of mobile banking involving credit/debit to the account of the customer using mobile has been customised in India to provide two rather unique services. These are the Inter-bank Mobile Payment System (IMPS) and the Mobile linked Kisan Credit Card (m-KCC).

IMPS – mobile based remittance system

10. The IMPS is a mobile based remittance system which is inter-bank in nature and is owned and operated by the National Payment Corporation of India (NPCI). The IMPS facilitates access to banks accounts and transfer of funds through mobile phones. The system, launched in November 2010, provides real time transfer of funds between the customers of different banks on 24x7 basis. In other words, funds can be transferred any time to the beneficiary who receives the funds instantaneously and both the sender and receiver get the confirmation of debit and credit. 50 banks have started providing IMPS services to their customers so far[1] and as at the end of July 2012, banks have issued 36.32 million Mobile Money Identifiers (MMIDs) to their customers.

Mobile linked Kisan Credit Card (m-KCC)

11. Let me also share some details on the mobile linked Kisan Credit Card (m-KCC) launched by NABARD on a pilot basis on October 2, 2011 in Villupuram district of Tamil Nadu for the farmers having KCC accounts with the Pallavan Grama Bank (an RRB sponsored by the Indian Bank). The m-KCC using mobile technology enables farmers to carry out purchase of agricultural inputs in a cash-less manner. All transactions are carried out through mobile phones of farmers and vendors registered with the bank and the technical service provider (TSP). The transaction is performed through a combination of a secured SIM card and a PIN using an interactive voice recording/SMS system. This enables the farmers to buy agriculture inputs by putting through the transactions through a mobile phone enabled system linked to the banks CBS. NABARD is now encouraging banks, in particular the RRBs, to use this pilot for extending mobile based KCCs to the farmers.

[1] Source – NPCI

Current issues in the mobile banking landscape

Why a bank led model?

12. Mobile as a technology, which is low-cost, ubiquitous and efficient with a potential to enable achievement the goal of deeper financial inclusion, has been recognised across the world. Different countries are following different mobile banking models depending upon their requirements and availability of infrastructure. In our larger vision of financial inclusion, provision of payment services is one amongst the four services that we have clubbed under financial inclusion *viz.*, a deposit product, a credit product, a micro-insurance product and a remittance product. Given this orientation, you would all agree that only banks can provide these services while adhering to the KYC/AML requirements. Accordingly, the Reserve Bank of India has consciously adopted the bank-led mobile banking model. The bank led model has also been endorsed by the Inter-Ministerial Group of the Government of India constituted in November 2009.

13. There are, however, counter-views within the country and internationally as well suggesting that the non-bank led mobile banking model that have been found to be very successful elsewhere should be tried out here. It is often not appreciated when citing these success stories that only one service, *i.e.*, a remittance product, is being offered and not the complete bouquet of financial services envisaged by us. The other three products identified under financial inclusion can obviously not be offered by a non-bank. Moreover, particular environments in a few countries enabled the non-bank led model to be successful *viz.*, presence of a monopoly operator, very poor banking infrastructure and availability of a national identification number. Is it not surprising that the same success story has not been repeated by the same service operator in a neighbouring country?

Cross border remittance through mobile banking

14. An issue that has been often raised is that if mobile banking has the potential of reaching anywhere, why cross-border remittance through mobile banking is not permitted liberally or why it is not taking off? One of the regulatory challenges in encouraging inward remittance from abroad is to maintain a balance between regulatory-compliant flow of funds (for example, whether they are *bona-fide* current/capital account flows) and ease of transfer of funds to the beneficiary. Given the higher level of anonymity in cross-border transactions, concerns on the associated AML/CFT related risks and the fact, as has been acknowledged in a World Bank report, that with a very few exceptions, supervision of m-money has really not been implemented effectively, Reserve Bank has allowed only banks and authorised entities to undertake such cross-border transactions. To obviate any operational difficulty in remitting and receiving funds, bank account-to-bank account cross-border remittance has been permitted under the money transfer service scheme (MTSS). Realising the need for facilitating hassle-free withdrawal of funds at the beneficiary end, Reserve Bank has also permitted transfer of funds to the beneficiary's account or to a pre-paid instrument (PPI) issued by banks which could be m-wallet also. The underlying rationale is to ensure flow of cross border funds through the banking channel only irrespective of the media, (which could also be mobile sets) opted for undertaking the transactions.

Customer ownership and grievance redressal

15. The most often faced problem in mobile banking is as to who owns the customer – the mobile network operator (MNO) or the bank? Whom shall the customer contact in case of any service related grievance? Who is required to resolve the issue? Since India has accepted the bank-led mobile banking model, the customers of the banks get full protection for effecting transactions through this delivery channel as in the case of any other banking transaction. Reserve Bank lays particular emphasis on its continuing pursuit of customer satisfaction and protection and timely resolution of complaints. Accordingly, the customers using mobile banking have recourse to the Banking Ombudsman's customer complaint redressal machinery.

Role of MNOs as Technology Service Provider (TSP)

16. The Reserve Bank recognises the role of another important stakeholder – the mobile network operator (MNO) in the process of encouraging mobile banking in India. Reserve Bank has advocated a collaborative and co-operative model between the banks and the MNOs. The MNOs are expected to play the role of a technology service provider while banks are expected to provide banking services. With these clear role definitions, both the stakeholders should work together to take banking through the medium of the mobile to the masses. The customer vetting including compliance with KYC norms, customer protection, *etc.* should remain within the domain of the banking sector. It is heartening to note that this unique approach is taking roots with a couple of successful collaborations between banks and MNOs. While there may be some headwinds in taking this experiment forward, it should be recognised that these are not serious in nature and can be overcome. Issues related to customer ownership, revenue sharing and other such related matters which, I am sure, can be resolved through meaningful dialogue in the mutual interest of banks and the MNOs, particularly when both of them need to explore additional source of revenue as they face severe margin pressures.

Role of MNOs as TSP–cum-BC

17. You may all be aware that 'for-profit' companies can now be engaged as BCs by banks. This provides another avenue to the MNOs for tapping their reach in taking banking to the masses. MNOs are particularly well placed to make use of this opportunity to become the BCs of banks keeping in view the fact that mobile phones have become ubiquitous. I am glad to note that a few MNOs have indeed become BCs of some banks. I am sure that the nascent strides being taken in this regard are likely to fructify into major achievements

soon. Such collaborations between the banks and the MNOs enables each of them to exclusively perform their respective designated roles – as bankers and service providers. Reserve Bank expects that these experiments get upscaled and across the spectrum and result in a win-win partnership for both the parties, leveraging their respective capabilities and reach.

Tapping USSD to expand access to mobile banking services

18. The Unstructured Supplementary Service Data (USSD) platform offers a common gateway to customers of all banks to easily access and use mobile banking services. The major advantage of USSD is that the IMPS could become accessible even through low-end handsets. If USSD enabled mobile remittance system offers such a potential what is holding up this unique product from taking–off? This is of particular relevance for the IMPS system of NPCI. I am given to understand, that MNOs have expressed concerns on revenue sharing and are keen on negotiating the rates with individual banks rather than provide the same through NPCI. While these concerns may be justified, the payments play in India is a volume game and all stakeholders including the MNOs need to dovetail the same in their business plans. If the common USSD platform is offered by all MNOs, the same is expected to lead to an exponential growth of transactions in the IMPS. Simultaneously, the IMPS platform for person-to-business (P2B) transactions (*i.e.,* in the merchant transactions) has now been enabled. Alongwith it, person-to-person (P2P) remittances can now be made to beneficiaries based on their bank account number or *Aadhaar* number which is mapped to the mobile number of the beneficiary. The requirement of MMID at the beneficiary end, therefore, becomes optional. Further, the non-bank entities like the Pre-Paid Instruments (PPI) issuers have been permitted to join the IMPS network through a sponsor bank for facilitating domestic money transfers. All these measures should lead to an increase in transactions and should significantly contribute to the revenue streams of the MNOs also. With this enabling technology within reach of the stakeholders, they need to work together in a co-operative and collaborative manner to promote and popularise this unique product.

Permitting cash-out in mobile wallets

19. The mobile wallet is a pre-paid instrument (PPI) issued in electronic form which resides on the mobile phone. Seeing the potential of PPIs including mobile wallets, Reserve Bank of India has laid down an enabling regulatory framework for such instruments. Simply put, the mobile wallets being issued in India are e-money products and can be used for purchase of goods & services. Mobile wallets can also be used for funds transfers where the holder has been subjected to a fully compliant KYC. The only difference in mobile wallets issued by non-banks in India and other countries is that cash-out is not permitted in India as it is akin to acceptance of demand deposit. The rationale behind the decision is based on the fact that non-banks are not permitted to accept deposits for maturity less than one year. While this being so, the mobile wallet has a great potential to grow as it can be used for payments of goods & services without the customers having to carry any additional card. Ten entities have been authorised to issue mobile wallets; of them, one is a subsidiary of a leading telecom player. Several others are in the pipeline with three to four of them being leading telecom players.

Security and acceptability issues

20. Any system has to have certain minimum features to attract customers and keep them engaged in the long run; such features are: ease of use, safety and security, accessibility and affordability. Mobile banking meets all these requirements but still the usage is nowhere near its potential. In the case of mobile banking, which is a novel product, the customer needs to be assured that it would provide her with the same kind of comfort levels that any other payment mechanism currently makes available. Comfort can be derived by the customers when they are able to put through transactions with ease with a zero-fail rate and not have any concerns regarding security issues. Customers should also be made aware as to whom they should

approach in case of a failed transaction and how speedily their grievances are redressed. This is where a lot of work needs to be done to make the public aware of customer friendly as also safety features of mobile banking and engage the customers for a long term relationship. I would also like to inform you that recently, the Institute for Development & Research in Banking Technology (IDRBT), established by the Reserve Bank of India launched the Mobile Banking Security Lab (MBSL). The Lab aims at exploring and providing solutions to the much needed safety, security, reliability and inter-operability, for both on low end and high-end mobile sets. The Lab will also provide the benefit of a common technical centre for all banks and financial institutions. The testing platform of the Lab would help the banks to test their security applications in mobile banking. The Lab will also help in providing education services on security related matters in all Indian language enabling awareness creation amongst the users.

Quality of service – issue of sustainable excellence

21. TRAI has come out with the 'Mobile Banking (Quality of Service) Regulations 2012' (Box 2) specifying the standards for MNOs while facilitating mobile banking which will go a long way in further improving the mobile banking services in the country. The MNOs should strive towards meeting these service standards to the banks to enable the customers to enjoy customer friendly banking services.

Engaged employees

22. Role of employees in driving any business to reach a critical mass is the most important but the least understood issue. The role of BCs or agents, who are being deployed by banks to expand their reach is, equally important as they represent the banks to the common man and are going to lay down the foundation of bank-customer relationship. It is being assumed that technology will take care of every aspect of banking as most of the processes are being automated. While this is true to a certain extent, it is the combination of frontline human-resources and front-end of technology which acts as the catalyst for service delivery in a nation like India. Employees are expected to help customers to move from being 'assisted' initially to becoming 'self-reliant' in use of banking related technologies including mobile banking. For the employees to hand-hold the customers, they themselves should be fully conversant with the product. Thus, for mobile banking to grow, the employees would have to strive towards improving customer service, enhancing customer satisfaction and removing any apprehensions regarding the safety and security of mobile banking transactions.

Customer focused 7A framework

23. Having briefly touched upon the various issues related to mobile banking, keeping in view the focus on customers/end-users, I intend to provide

Box 2: Mobile Banking (Quality of Service) Regulations 2012

The Telecom Regulatory Authority of India (TRAI) has issued Mobile Banking (Quality of Service) Regulations 2012 prescribing quality of service standards for mobile banking to ensure faster and reliable communication for enabling banking through the mobile phones.

The salient features of the Regulations are as under:

- Access service providers shall facilitate banks to use SMS, USSD and IVR to provide banking services;
- The response time for delivery of message for mobile banking services generated by the customer or the bank shall be within the prescribed time frame;
- If the SMS sent by the bank is not delivered to the customer due to network or handset related problems, an USSD communication to the customer confirming the completion of the transaction should be sent;
- Service providers have to maintain complete and accurate record of transactions, using mobile banking services through mobile phones.

a **7A** framework for its evaluation using a framework comprising seven parameters - **A**vailability, **A**ccessibility, **A**cceptability, **A**ffordability, **A**wareness, **A**ssurance and **A**ppropriateness. Of the seven, I had spoken about the first five **A**s in my last year's address at the same forum though in a slightly different context.

- ***Availability*** implies the availability of technology solutions and wide range of products offering mobile banking services to the customers.
- ***Accessibility*** of technology is its spread across both rural and urban India irrespective of the mobile handset being used.
- ***Acceptability*** of the product is dependent on making it available in the local language with easy-to-use operational menu.
- ***Affordability*** is another benchmark which should guide the product offering as being value for money in providing cost effective and quality services.
- Creating ***Awareness*** about the availability of the product through financial literacy campaigns to increase the volumes in mobile banking business and generate necessary network effects.
- ***Assurance*** is an aspect which is related to trust in the products and processes and the security and authenticity relating to the transactions.
- ***Appropriateness*** is combined effect of all the above features. The mobile banking as a product and as a process scores well on all the above parameters and is, therefore, very appropriate for providing cost effective, easy to use product by both existing and prospective customers.

24. Accordingly, an appropriate business model taking into account all the above aspects should form part of the corporate plan of the banks as well as the MNOs. Thus, using the 7A framework, the stakeholders can provide mobile banking services which, as we have discussed, suits the needs of the customers leading to its widespread adoption and usage.

Concluding remarks

25. In conclusion, let me list out some of the issues that we need to focus and deliberate on as we move ahead. That the mobile banking is moving up on the adoption curve is evident in the number of implementations both on a pilot and real-time basis and also from the level of interest evinced in the discussions held among the various stakeholders at different fora including the one that we are participating today. It is also evident in the number of TSPs emerging in the mobile banking space. Once awareness is created among the general public on its benefits and more banks offer this service to their customers there would be a further growth in transactions with both existing and new customers using the service. We, therefore, need to ask ourselves: Whether our systems are equipped to handle additional transaction volumes? Have we done any forward planning in this regard? Whether technology used for interaction with customers is easy and friendly and not intimidating? Answers to these questions assume importance when our target is the *aam aadmi.* It maybe noted that so far only 52 banks have started mobile banking for their customers and, of them, only a few have achieved sufficient traction in mobile banking transactions. This needs to be reviewed by each individual bank at the corporate level and strategy should be worked out to operationalise mobile banking to reap all its benefits. Banks need also have to be proactive in upscaling their mobile banking products and services if they have to safeguard their traditional advantage in the payment system terrain and leverage it to expand their customer base including the tech-savvy GenNext.

26. Educating users and potential users, particularly through engaged employees, remains a challenge in the sphere of mobile banking which is true for any new technology based service offering. All the stakeholders need to put in concerted and sustained efforts in spreading awareness about the benefits of mobile banking. Reserve Bank would be happy to collaborate with banks and the Indian Banks' Association (IBA) as part of its e-BAT (electronic Banking Awareness and

Training) initiatives to spread retail e-payment awareness. The IBA has the wherewithal to do a lot in the area of awareness creation by conducting mass-media campaigns, simulation/training camps, town-hall events and reaching out to schools and colleges across the nation to 'catch them young.' It is expected that these initiatives will bring awareness of the various technology payment products including the mobile banking and the ease with which they can be used to encourage the use of non-cash payment products.

27. Let me conclude by saying that mobile banking has a great potential. We are at the initial stage of this development. It should be the earnest endeavour of all the stakeholders – banks, MNOs, technology vendors, NPCI, Reserve Bank, Government of India, IBA, industry associations like the FICCI, and, of course, the customers to make mobile banking as ubiquitous as the mobile itself. It is for us to harness this potential to achieve the objective of reaching to the customer wherever s/he is, deepening the financial inclusion supported by low cost, secured ICT based mobile banking model and moving towards a less-cash society as envisaged in our draft Payment System Vision Document for 2012-15.

Thank you very much for a patient listening.

*Food Inflation and Agricultural Supply Chain Management**

Harun R. Khan

Shri Kailash Singh, Managing Director, Tefla's, Shri Ramesh Abhishek, Chairman, Forward Market Commission, Dr. D. Bhalla, Joint Secretary, Department of Food and Public Distribution, Government of India, Shri. Sushil Goenka and Vijay Datta of the Solvent Extractors' Association of India, Shri. Sandeep Bajoria, Chairman, Globoil Organising Committee, Shri. Dinesh Shahra, Dr. B. V. Mehta and other leaders from the edible oil and agri-commodity trade industries, and distinguished delegates, both from India and abroad. It is indeed a pleasure to interact with people from the agribusiness world, especially at a time when the demand for food items are rising and is expected to continue to rise for several years from now. I am sure people here who have greater exposure and expertise can elucidate in much better way the ground level facts about the current rise in food prices, particularly that of edible oil and challenges that lie ahead in countries like India which are net importers of edible oil. I thank both Globoil India and Tefla's for inviting me. I wish to congratulate Globoil India on its 16th Anniversary – a long enough period for an organisation to grow out from infancy and reach adulthood. Around 50 per cent of India's domestic consumption of edible oil is met through imports and India has an import share of more than 15 per cent in the world market. Given this, Globoil has an important role to play and I wish them all the best in their efforts. I hope the proceedings of this event would help in improving domestic productivity, availability and marketing efficiency of edible oils.

2. Taking a broader and generalised view of your industry, I shall be looking at the role of agri-business in growth of the economy as well as inflation management. In particular, I would be discussing the importance and potential of supply chain management in the evolving scenario.

Growth and Inflation – Role of Agribusiness

3. Before discussing the role of agribusiness in growth and inflation, it would be apposite to define and understand the concept of agribusiness. Way back in 1957, Davis and Goldberg[1] had defined agribusiness very lucidly as the sum total of all operations involved in the manufacture and distribution of farm supplies; production operations on the farm; and the storage, processing and distribution of farm commodities and items made from them. Thus, agribusiness essentially encompasses today, the functions which the term agriculture denoted 150 years ago and agriculture now is a subset of the larger superset called agri-business.

4. As far as growth and inflation is concerned, you may be aware that the weights attached to objective of growth *vis-à-vis* that of price stability in choice of policy measures vary according to the extant macroeconomic environment. For example, during the Great Moderation, the policies all over the world were focussed on growth enhancing measures. Presently, in view of the continuance of low inflation and low or negative growth in the developed economies, the policy measures, mainly in the form of liquidity enhancement and low interest rates, continue to focus on augmentation of growth.

5. In India, however, the conditions are very different. Along with economic slowdown, inflation is ruling significantly above the threshold level, beyond which inflation turns inimical to growth. Under the current macroeconomic environment, Indian policy

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[1] Quoted from King, Robert P., Michael Boehlje, Michael Cook, and Steven T. Sonka (2010) 'Agribusiness Economics and Management', *American Journal of Agricultural Economics*, Special Issue Commemorating the Centennial of the AAEA, Vol.92, No.2, April

makers have to think of various measures that can simultaneously achieve the twin objectives of higher growth and lower inflation. Opinions differ on the utility of different policy measures at the current juncture and you all may be familiar with the current debate on the timing, sequencing and complementarity of various measures. There is, however, near unanimity, amongst all that agriculture and agri-business growth is a necessary prerequisite for moderation of inflation, particularly food inflation, as well as for acceleration and sustenance of inclusive growth.

6. The impact of agri-business on inflation is also both direct and indirect. The direct impact of agribusiness is visible in the form of food inflation. With demand arising from increasing population and prosperity outstripping the growth of agricultural output, food inflation is likely to persist at the global level for the next several years. OECD-FAO has predicted that a grim global food inflation outlook could continue in the next ten years. The OECD-FAO Agricultural Outlook 2011-20 indicates that food prices may be higher in real terms over the five years 2015-20. For example, prices of oil seeds are projected to be higher by 36 per cent relative to the levels prevailed during the five year period 1998-2003[2]. High prices at global level limit the use of imports as a tool for our domestic inflation management. Even when global prices are low, the import option is limited as mere news of entry of a large consumer like India entering the global market can spike up prices. Further, higher imports would only add to the pressure on our already high current account deficit.

7. The indirect impact of agri-business on inflation is reflected in the rise in cost of living arising from high food inflation leading to higher wages, which, in turn, contributes to generalised inflation through higher cost of production. This may trigger a wage-price spiral. Hence, though food inflation or at least spike in food inflation is normally a supply side phenomenon, it is monitored very closely and remains one of the most difficult challenges for the central banks. The Reserve Bank is presently grappling with this challenge of high food inflation as often monetary policy has to act as the first line of defence, even if it is a persistent supply side issue. However, managing food inflation from a medium-term perspective would include measures to increase production, improve productivity and enhance efficiency of supply chain management.

8. On the growth front, while service sector has been driving growth for the past several years, acceleration of growth of the economy and its sustenance at higher level critically hinges on the performance of agriculture sector in terms of supply of food and food products, employment of large section of population and providing a large and growing demand base for the other segments of the economy, *viz.*, industry and services. Given the strong backward and forward linkages of agri-business with both the industrial and services sector, this sector not only directly contributes to growth but also facilitates growth in the rest of the economy. Also, the growth of agri-business has the potential to generate gainful employment within the farm sector, which could help in reducing the incidence of underemployment and disguised unemployment in agriculture.

9. The role of agribusiness has become even more important in the context of the challenges that global economy faces in enhancing food production to cater to increasing demand for food, fuel and feed. OECD-FAO estimates[3] suggest that with world population touching 9 billion by 2050, agricultural production will need to increase by 60 per cent over the next 40 years to meet the rising demand for food. Additional one billion tonnes of cereals and 200 million tonnes of meat a year has to be produced by the year 2050 as compared with 2005-07 levels. The demand for bio-fuel production is also expected to double. Increased demand for meat and meat products also require additional agricultural feedstocks. Given the limited scope for expanding farmland area around the world and problems of soil degradation and water scarcity, apart from over exploitation of fish stocks, augmenting agricultural

[2] OECD-FAO Agricultural Price Outlook: http://www.oecd.org/site/oecd-faoagriculturaloutlook/

[3] OECD-FAO Food and Agricultural Outlook: 2012-2021

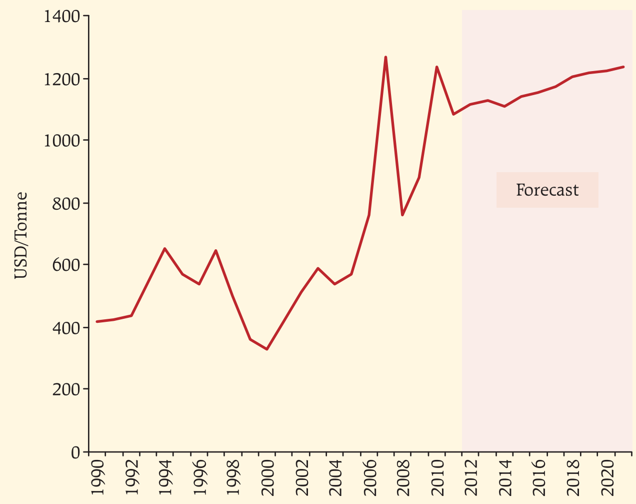
production has become a major challenge. Global warming, climate change and extreme weather conditions have added further uncertainties.

10. Increases in food prices across the globe have become a major issue in recent years. The spike in global food prices that was witnessed during the period 2004-08 had significant welfare consequences in terms of millions of people pushed into poverty and hunger. The increase in prices was witnessed in almost all the major commodities and edible oils have been no exception. Though prices have been volatile in recent period, the forecasts suggest that the prices could continue a secular upward trend, which could put pressure on inflation (Chart 1). This is a critical issue for a country like India which is a major importer of edible oils. Also, it has been observed that in India, the domestic prices are significantly impacted by the trends in global prices of edible oils.

11. Incidentally, during the current year so far, inflation at the retail level in oils and fats has been higher than at the wholesale level (Chart 2). While this phenomenon can be attributed to a number of factors, improvement in supply change management will certainly help in narrowing the gap. Also, the price trends at retail level indicate that the price paid by final consumer for the edible oil differs significantly across major cities within the country (Chart 3). While some part of this divergence could be attributed to factors like transportation cost and state specific taxes as well as quality of product, the difference of such magnitude also point towards issues related to supply chain which is critical in a country like India which has a large domestic market.

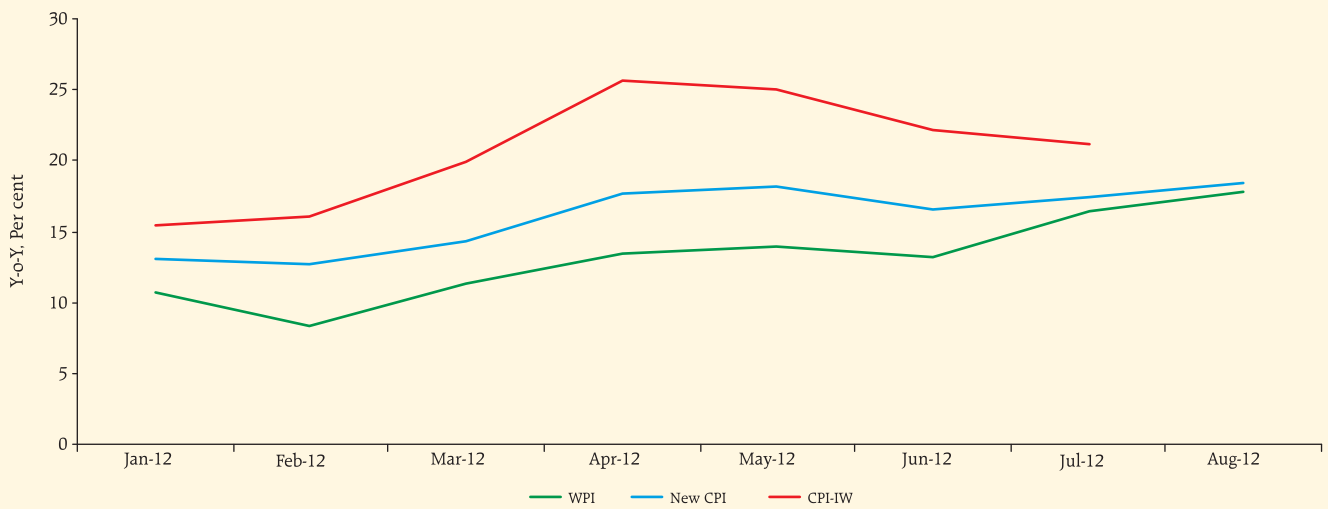
12. Hence, I shall now turn to the supply chain through which farm products move to reach the final consumers and need to be upgraded in view of the growing challenges mentioned earlier.

Chart 1: Global Vegetable Oils Prices



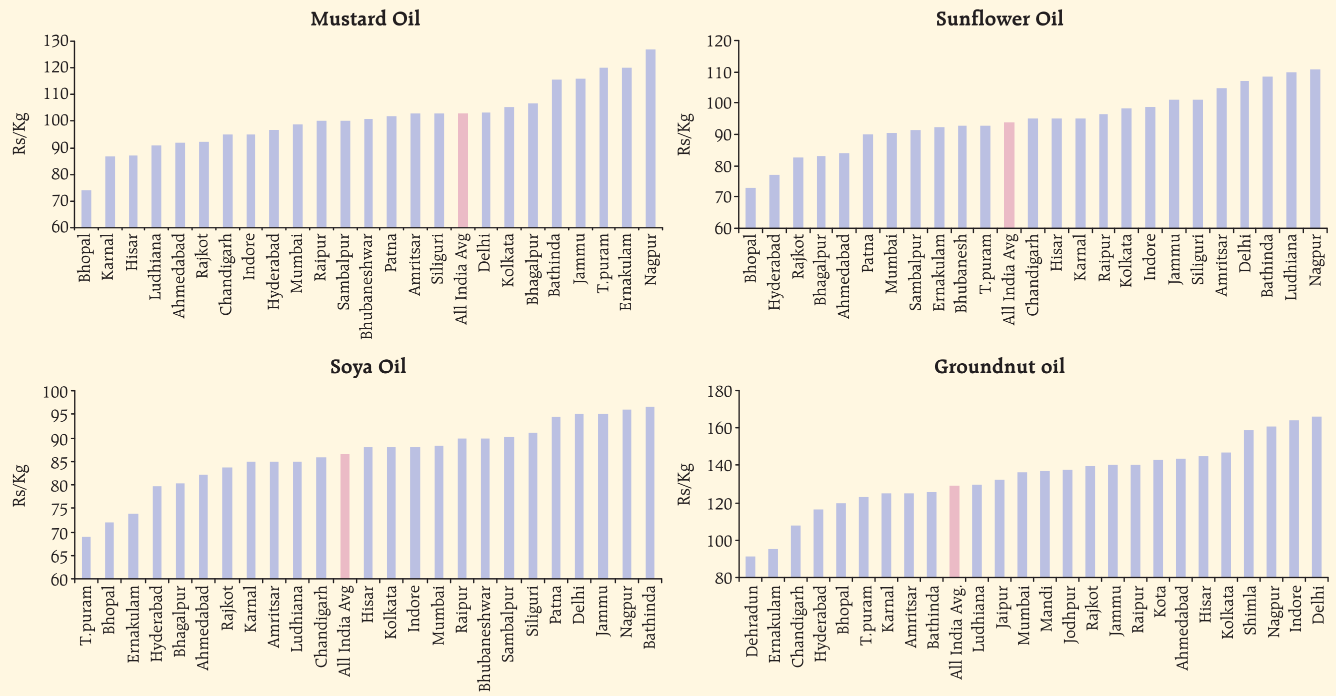
Source: OECD-FAO Database

Chart 2: Comparative inflation in Oils and fats at Wholesale and Retail Level



Source: CSO, Labour Bureau and Ministry of Commerce and Industry

Chart 3: Retail Price of Select Edible Oil (packed) in August 2012



Source: Price Monitoring Cell, Department of Consumer Affairs, Ministry of Food and Public Distribution.

Supply Chain Management and Agri-business

13. It has been observed that there is a wide divergence between the farm gate prices and retail prices of various food items. The usual reference to 1-2-3-4 in supply chain is quite well known, where what the producer sells for one rupee, by the time it reaches the final consumer fetches four rupees due to the presence of intermediaries. The recently appointed Inter-Ministerial Group[4] on Inflation has emphasised on the need to cut down the margin between farm gate prices and retail price. Improving supply chain is beneficial both for the producer and final consumer as producers would get remunerative price for his produce and consumer would be benefitted from the lower price. Therefore, increasing efficiency of supply chain could help in bringing food inflation down and increase the efficiency of our food markets and make our agriculture sector sustainable and viable.

14. A well-known feature of current structure of food inflation is the sharp rise in prices of protein food items. These comprise perishable items such as milk, eggs, meat, fish, vegetables and fruits – all of which require advanced and effective supply chain management.

15. Different aspects of agri-business and the supply chain are undergoing transformation which is likely to continue in future. Emphasis on processing, trading and marketing is going to increase over time. Demand for protein rich and other high value food like fruits, vegetables, edible oil and livestock products are increasing. Demand for high quality, safe and convenient (frozen, pre-cut, pre-cooked and ready-to-eat) foods is rising. Meeting these demands emanating from within the country and from the growing Indian diaspora through more efficient supply chain management is expected to facilitate growth and moderate inflation.

16. Supply chain management and agricultural business are integral part of agricultural marketing system. Efficient supply chain and business models are

[4] Position Paper No.1 from the IMG on Inflation http://finmin.nic.in/workingpaper/IMG per cent20on per cent20Inflation.pdf

necessary for creating efficient agricultural market which delivers agricultural produce from the farmer to the consumer in the most efficient way. While output and productivity are supply side factors, markets provide an intermediate link between producers and final demand by consumers. Efficiently functioning markets add to welfare of producers as well as consumers. Efficient agricultural markets can also be a potent tool for poverty reduction.

17. Agricultural markets in India, in particular the supply chain management and business models, are inefficient. In India, farmers' produce is generally disposed of in the village, rural/primary market or secondary agricultural market. The challenges facing supply-chain management and agri-business in India can be broadly classified into three, namely, 1) lack of accessibility to regulated markets, 2) lack of competitition under the Agricultural Produce Market Committee (APMC) Act, and 3) absence of a nationwide common agriculture market. These are challenges that run across the various channels through which the supply-chain and agri-business models operate. These channels are (i) Producer-Consumer, (ii) Producer-Retailer-Consumer, (iii) Producer-Wholesaler-Retailer-Consumer, (iv) Producer-Commission agent-Wholesaler-Retailer-Consumer and (v) Producer-Village Merchant-Wholesaler-Retailer-Consumer.

18. Agriculture markets in India are regulated through the model APMC Acts. The number of regulated (secondary) agricultural markets stood at 7,157 as of March 2010 as compared to just 286 in 1950. There are also about 22,221 rural periodical markets, about 15 per cent of which function under the ambit of APMC regulation.[5] The model APMC Act allows States to collect market fees from the buyers/traders on the sale of notified agricultural produce which are generally high. The high incidence of commission charges on agricultural/horticultural produce renders marketing cost high. There are other charges like entry tax/octroi tax that vary across states as well as across commodities. These charges prevent the emergence of a nationwide common market for agricultural produce. Moreover, restrictions on the movement of goods under the Essential Commodities Act remain in place in various states. These had inhibited free access of agriculture markets. Most of the agricultural markets are also characterised by dominance of cash based transactions where issues of cash management also become important. Also, there are issues of weights and measurements as well as the presence of brokers and commission agents.

19. There is reason to believe that regulatory barriers have constrained investments in development of storage and processing facilities, hampered the development of effective institutions, and lowered the capacity of agricultural producers to be internationally competitive. India, for example, is the world's largest producer of fruit and vegetables but it has been estimated that inadequate post-harvest storage and transportation cause losses of around 30-40 per cent, only 7 per cent value addition takes place, and only about 2 per cent of production is processed commercially. Road connectivity, development of horticulture, dairying & other animal husbandry activities and expansion of cash crops, which provide the necessary wherewithal for greater access of the farm sector to market oriented agriculture are still lacking in the country. This is particularly important for the segment of 'high value' agriculture, where demand pressures are going to be most intense in the coming years, and major investments will be needed in the development of efficient value chains to save on high wastages and intermediation costs. The inadequate facilities for storage of products also results in considerable seasonal fluctuations in the prices of products.

20. The country needs a single point market fee system for facilitating free movement of produce, bringing price stabilisation, and reducing price differences between the producer and consumer market segments. Use of Information & Communications Technology (ICT) solutions (for example, pre-paid card based payments at octroi posts) would facilitate easy movement of agricultural produce. Besides boosting productivity on a sustained basis, cleaning, grading and

[5] Average area served by a market is 115 sq. km while an average area served by a regulated market is 454 sq km. According to recommendations by National Farmers Commission, availability of Markets should be within 5 km radius (approx. 80 sq km).

packaging of agricultural produce, would have to be popularised for greater market penetration. The current fragmented marketing system and lack of infrastructure are the serious constraints to the efficient functioning and competitiveness of supply chains in India. An efficient supply chain would need to integrate the supply chain with the value chain wherein at each stage within the chain, significant value addition takes place. It is essential to link the farmers with the markets with state-of-art infrastructure. Effective linkage can help remove the constraints of logistics, quality maintenance and thus, help in efficient access, delivery, price discovery and compete with global products. Linking small primary producers with markets can help improve the livelihoods for millions of poor in India. Banking and bank finance also plays a critical role in the entire agribusiness chain.

21. As a result a broad consensus has emerged about the need for reforms in agricultural market policies and important reform measures have been implemented in recent years, as part of the ongoing policy reform process in India, such as, amendments to the APMC Act as also the recent initiative to allow Foreign Direct Investment (FDI) in the retail sector. At a more specific level, introduction of negotiable warehouse receipt system, the scheme of bank financing against such receipts, establishment of Warehouse Development & Regulatory Authority (WDRA) and guarantee support scheme up to ten years for construction of warehouses/storage facilities would provide much needed fillip to efficient marketing management and price risk reduction for the producers. Further, the disbursements under the Rural Infrastructure Development Fund (RIDF) administered by the National Bank for Agriculture and Rural Development (NABARD) with a special earmarking of `50 billion for the year 2012-13 for developing cold storage and warehousing facilities in rural areas would also provide boost to infrastructure development for marketing efficiency. External Commercial Borrowing (ECB) for infrastructure to cover cold storages has also been allowed. Considering the need to boost the supply and value chains in certain critical agricultural products that have significant implications for both the producers and the consumers, NABARD has initiated a few pilot programmes on supply chain development for potato in West Bengal and Uttar Pradesh, onion in Maharashtra and tomato in Punjab and Haryana. These projects, which would involve the banks, the State Governments and the research institutes, are comprehensive in nature and are expected to help the farmers in better sorting/packaging, warehousing and marketing apart from helping at the production stage by adopting better agricultural practices, involving quality inputs and R&D support.

Measures to improve supply chain

22. The suggestions from various policy documents to strengthen the supply chain can be classified into: 1) enhancing the capabilities of farmers, 2) strengthening infrastructure, and 3) legislative interventions. By encouraging farmers to organise themselves into groups – growers' groups, co-operatives, self-help groups, joint liability groups, and producer companies given the preponderance of small and marginal farmers in our country – supply chains can be streamlined as well as made more egalitarian. Recently, NABARD has set up Producers Organisation Development Fund (PODF), which could play a catalytic role in this regard. Also, investments across the entire agro-value chain spectrum, such as creation of cold chains, rural godowns, new agricultural marketing infrastructure, and modernisation of existing markets could be promoted by providing them fiscal incentives. As suggested by the Inter-Ministerial Group on Inflation, perishables could be taken out of the ambit of the APMC Act to encourage arbitrage activity by small traders and farmers by allowing them to freely trade perishables through buying where it is cheap and selling where it is expensive. Similarly from the long-term perspective of inflation management, it is crucial to improve *mandi* governance with focus on transparency and efficiency by holding regular elections of agricultural produce market committees as well as to bring professionalism into the functioning of the existing regulated markets through public private partnership.

23. Analysis of international market developments reveals that encouraging large scale integrated players to develop the supply chains in various commodities

with latest technology infrastructure is the right approach suitable for Indian conditions. The existing system of fragmented handling of various supply chains should be converted into integrated handling systems so as to ensure better realisation to the farmers. Contract farming and supermarket procurement arrangements are two supply chain arrangements that are gaining ground amid active debate in India. Recent experience in India indicates that contract farming and supermarket procurement approaches will have to involve small-scale farmers in the medium term, because the farm structure obliges them to do so. Initiatives like the one in Argentina by the company El Tejar where the small and marginal farmers are pooled together by taking the land on rent and providing them wage employment could be experimented. In some countries, public-private partnerships have been instrumental to the success of new supply chain arrangements, for example, in providing extension and technical assistance to improve the quality and safety of produce and accreditation of farmers. The country needs a convergence platform at national, state and district level where private players join hands with large number of farmers through various ongoing schemes and programmes of Central and State Governments in a PPP mode. Approaches to promote equitable participation by large-and small-scale farmers who constitute more than 80 per cent of the rural farming community would include:

- Facilitating entry and competition among buyers, for example, improving the rural infrastructure or establishing collection centers to reduce the transaction costs involved in sourcing from small scale farmers;
- Organising farmers into formal or informal groups to meet the volume requirements and strengthen farmers' bargaining power;
- Reforms in tenancy laws and legalising tenancy farming to facilitate establishment of production rights and credit flow;
- Enhancing farmers' capacity to adopt improved production and post-harvest techniques to meet the required higher quality standards;
- Assisting farmers to obtain the capital, in addition to short-term production loans given by banks, to make on-farm improvements and other required investments, for example, micro-irrigation, greenhouse, grading, or cooling facilities and acquire essential national and international certifications;
- Efficient dissemination of market information to the producers by leveraging ICT (for example, mobile phone based market information propagation);
- Training farmers and buyers about their rights and obligations under contract farming arrangement and in the design of contracts; and
- Developing institutions that assist farmers to settle contract disputes, such as, commodity or market associations.
- The Working Group of the 12th Five Year Plan on 'Agriculture Marketing Infrastructure, Secondary Agriculture and Policy Required for Internal and External Trade'[6] has identified the following models of agriculture marketing that should be emphasised during the Plan period *viz.,* a) greater responsibility to producer organisations; b) direct linkage with retailers/ processors/exporters; c) price discovery through virtual market platform; d) direct marketing; e) organised retailing and removing restrictions on FDI for greater competition; f) market access for small producers; g) reforms in APMC Act; h) integrated value chain system covering even areas like partnership, information and communication technologies, leveraging networks, value chain financing, smallholder policy, and contracts; i) promotion of innovative marketing models for effective market participation, and j) PPP for efficiency and effectiveness.

[6] Report of the 'Working Group On Agricultural Marketing Infrastructure, Secondary Agriculture and Policy Required For Internal And External Trade For The Xii Five Year Plan 2012-17' http://planningcommission.nic.in/aboutus/committee/wrkgrp12/agri/weg_rep_market.pdf

24. Finally, in the context of the role of public distribution system in cereals also needs to undergo a transformation. There are two opposing views on the desirable strategy of the PDS system. According to some, PDS should play a stabilising role by releasing stocks when food prices are high, particularly during periods characterised by supply chain manipulation. However, there are others who opine that the PDS dilutes competitive market forces and the government instead should focus on removal of supply chain rigidities. Given this rise in demand due to urbanisation and migration, higher per capita incomes, changing dietary habits, on one hand, and the huge costs and leakages associated with PDS, on the other, it is considered desirable and imperative for competitive market forces to play an increasingly greater role over time. The proposed alternatives to PDS like cash transfers/food coupons would also be effective only with the presence of a well integrated supply chain. Otherwise, the supply chain manipulation could lead to exploitation of cash transfer beneficiaries and could have implications for food inflation.

Concluding Remarks

25. I would like to conclude by saying that the world is destined to struggle with shortage of supply of agricultural commodities *vis-à-vis* the growing demand for several years. The pressure would be reflected, among others, in rising prices. Apart from raising agricultural productivity, improvement in management of supply chain would be critical for sustenance of overall economic growth and for prevention of runaway rise in prices. Diversification into non-traditional areas like biofuels, polymers, pharmaceutical/health products and feed for poultry and diary to meet growing demand for protein food has major implications for supply chain. Increase in complexity and decentralisation of agribusiness organisations would guide the future changes in supply chains. It would also entail the need for development of new concepts and techniques. I hope you all would deliberate on these issues and suggest the way ahead.

I thank Tefla's and Globoil once again for giving me this opportunity to share some of my thoughts with such distinguished participants.

Alternate Payment Channels – Prepaid Cards: Issues and Challenges*

G. Padmanabhan

I am happy to be in your midst today and share some thoughts with you on the future roadmap of the Indian payments system. I have had the pleasure of interacting with the industry participants in similar conferences organised by IAMAI twice in the past. Since then, several developments have taken place which I firmly believe will result in a greater role to the assembled stakeholders in the Indian payments industry.

2. The enactment of the Payment and Settlement Systems Act, 2007 was a watershed in the sense that it permitted non-bank entities a formal entry into payment systems after being duly authorised by the Reserve Bank of India. Several if not most of you assembled here are now offering payment services albeit mostly in the pre-paid payment instrument category. Nascent as your efforts are it is viewed by us in the Reserve Bank as a welcome and positive beginning in our long haul towards a less-cash society. Given this profile of the audience, I shall confine my comments to issues that are of more direct relevance to this group.

3. In our efforts to move towards a less-cash society, we have recently unveiled our draft Payment Systems Vision Document, and placed it in the public domain for comments. I am happy to share with you, that we received responses from several of you. We are in the process of finalising the Vision Document taking into your comments and observations.

4. What are the issues that we have flagged in our Vision Document and what are the challenges before the industry in fulfilling these goals? Our vision is to 'proactively encourage electronic payment systems for ushering in a less-cash society in India' and to ensure that the 'payment and settlement systems in the country are safe, efficient, interoperable, authorised, accessible, inclusive and compliant with international standards' One amongst the key additions which is relevant on this occasion is the term 'inclusive' and the emphasis on 'less-cash' – please note we are not talking about cashless but less cash which we consider more realistic. Besides, now that India is a member of Committee on Payment and Settlement Systems, we have to be compliant with international standards.

5. What are the challenges in our achieving the stated goals? Recently, I happened to read an interesting book entitled, 'Jugaad' (NaviRadjou, JaideepPrabhu and Simone Ahuja). First, what is jugaad? According to authors, jugaad is a colloquial Hindi word that means something like, an innovative fix, an improvised solution born out of ingenuity and cleverness. The authors point out that the biggest Indian jugaad to communication is the 'missed call' on the mobile phones. India perhaps leads the world in this! Negative connotation to this jugaad notwithstanding, we need to think positively and appreciate that innovation or jugaad- in a positive way- is going to be critical for India- not only for competitive advantage, but also to ensure that our future development is sustainable and inclusive. The authors flag six principles of jugaad in emerging countries which is worth recounting to an audience like this:

1. Seek opportunity in adversity
2. Do more with less
3. Think and act flexibly
4. Keep it simple
5. Include margin
6. Follow your heart

These six principles when viewed in the context of this conference can be interpreted to pose some fundamental issues.

* Address by Shri G. Padmanabhan, Executive Director, Reserve Bank of India at the 5th Financial Inclusion and Digital Payments Conference, 12th September 2012, Mumbai. Assistance provided by Shri G Srinivas, Shri Saswat Mahapatra and Smt. Radha Somakumar is gratefully acknowledged.

6. First, can the prepaid industry today proclaim that they have done all what could have been done? I am of the view that although the regulator has authorised the non banks to enter the payments sphere and the non-banks have largely chosen PPI, the results are not very heartening and encouraging. Available data indicates that the growth of the issuance of PPIs in India has and continues to be sluggish. The average issuance of PPIs during the year averaged 48.96 million, with a peak issuance of 57.46 million in July 2011. And even amongst these numbers, it has come to our notice that a particular PPI issuer has issued PPIs of Re 1/- each in large numbers! Reflecting this growth pattern, the volume of transactions (2.3 per cent) and value transacted (2.5 per cent) with PPIs as a percentage of total card transactions is also very marginal. Second, has the regulator done what could be done? Let me try and defend myself. RBI has always been in the forefront of building an enabling environment for the players of the payment industry. Since the inception of the PSS Act and issuance of guidelines in April 2009, 21 non-bank entities have been authorised for PPI issuance exclusively of which 18 are issuing PPIs, while the other 3 non-bank entities are in the process of doing so. Apart from authorisation, RBI has also proactively undertaken policy measures in consultations with stakeholders to encourage the growth of the industry. While doing so, we have always kept the management of risks and addressing AML concerns as a cornerstone of our policy. Based on this approach, we have ushered in several rationalisation measures. But as we all know, while the regulator can act as a catalyst, it is the issuers who have to hit the ground running. Third, have the industry associations done what could have been done? Are we focusing too much on so called stumbling blocks and regulations instead of channelising our energies in achieving the required scale of operations? Let me not pre-judge. But, may be it is time for more introspection.

7. Let me now flag certain important issues which I hope would be discussed over the course of next two days.

Payment system innovation and role of non-banks payment system providers

8. The increased role of non-bank entities in payment system is linked to their potential to change the payment system landscape as they can leverage on their product offerings with latest technological features to cater to wide segment of the market. Has this taken place in India? As can be seen from statistics, the share of PPIs in the overall retail segment though growing is yet to achieve a significant level. If we analyse the types of PPIs being issued, paper vouchers constitute the major share of pre-paid payment instruments with 73.40 per cent. The relative share of others is magstripe cards: 16.59 per cent (mostly issued by banks), m-wallets: 9.94 per cent and e-wallets: 0.07 per cent. What is the innovation that has taken place if paper PPIs are merely acting as a substitute for cash? Similarly, why are micro payments with PPIs not been successful even though regulations are not stringent in this segment? KYC requirements for PPIs issued up to `2000/- as well as utility payment PPIs are quite relaxed. Why then have PPIs not been successful in at least these segments? Do we have any credible answers?

Promoting access and inclusion

9. In our vision document we have laid emphasis on access and inclusion. We have been receiving a number of suggestions from the PPI industry as to how PPIs could address the present gap in access and inclusion. The questions to consider in this context are, is the current model of PPIs issuers appropriate? Most issuers are geographically restricted. We have not seen scaling up of transactions by several issuers after getting authorisation. Therefore, the larger issue is – do the PPI issuers have the wherewithal to be ready for the long haul and provide nationwide effects? What are the plans for increasing the scale and network services? Why cannot the PPI issuers try to build a relationship with banks by acting as a Business Correspondents and load the government disbursements onto the prepaid payment instruments issued by them which in turn would lead to promoting access and inclusion through electronic payments? The access and inclusion concerns though are far greater in semi urban and rural areas. What is the scale and presence of PPI issuers in semi-urban and rural areas to address the access and inclusion gaps in the existing payment systems? In this context, the related question for the regulator is whether there is a need to review the entry norms so that only serious players come in? Or is it too early to take this step?

Standardisation and interoperability

10. In our vision document we have stressed on the need for standardisation and interoperability. We have been also receiving a number of suggestions from the PPI industry for permitting interoperability among the PPIs, use at all PoS terminals, inter-operability with other payment system operators as in the case of other payment products. All these are well appreciated by us. For interoperability to happen, standardisation is a pre-requisite. It is only through standardisation that the interoperability amongst non bank issued PPIs, usage of such PPIs at channels where the bank issued PPIs and other payment modes are accepted can be achieved. Convergence of any payment instrument into the mainstream acceptance infrastructure is the need of the hour. For PPIs issued by non banks to be accepted at the PoS terminals, they need to adhere to the form factor specification and connectivity to their switch. Is the industry geared up for this? On the other hand, PPIs issued by banks have access to acceptance infrastructure as they adhere to industry wide standards. Significant changes will therefore be required in the technology and business model of non-bank PPI issuers. Another important question is, when a majority of the cards are issued in paper mode, is the industry geared up for such changes? Is there a specific plan to go paperless by these service providers?

11. Interoperability also pre-supposes a central infrastructure for clearing and settlement. We have already permitted transfer of funds from a fully KYC compliant PPI issued by a non-bank authorised entity to a bank account through the sponsor bank route riding over the banks membership with NFS, NPCI. Why is such a fund transfer not picking up?

12. In our vision document we have discussed about the need for collaboration and co-operation between payment system operators. What is level of co-operation amongst the PPIs issuers? Have there been any efforts to collaborate at least on boarding of merchants? Is there any effort to standardise the merchant code and enable all the PPI issuers once approved under the PSS Act, to have access to all the merchants? Has the industry deliberated how collaboration and co-operation could be achieved in the three party model to increase the scale and volume of transactions?

13. Arriving at a consensus on these issues will increase the acceptability amongst the customers as they will have a wider choice of PPIs and will help achieve the objective of increasing the cashless transactions.

KYC related issues

14. Several requests for liberalisation of KYC requirements have been received from the industry. Several schemes in other countries which are operating in a relaxed and liberalised KYC environment have been cited. We are also aware of the use of PPIs for disbursement of Government benefits in some countries. Before sharing with you what we are reviewing, let me sound a word of caution. How many of you have read Ravi Subramaniam? More specifically, how many of you have read his book 'The Incredible Banker'? Can we draw comfort that, what Ravi describes is mere fiction? The underlying message is clear. Competition cannot degenerate into the race to the bottom! Relaxation cannot be confused with abdication. If you are allowed to travel fast on a newly laid road, it does not mean that you have unbridled freedom to close your eyes and drive! Now let me turn to what we are trying to review.

15. In our vision document, we have committed that the PPI guidelines would be reviewed to provide further impetus to the industry. But it needs to be appreciated that closer the PPI gets to a bank account, the greater the need to apply the same set of KCY/AML regulations which are applicable to the banks. In particular, as the functionalities of PPIs form an ongoing relationship, comparable AML/CFT obligations will have to apply. That is the reason we have been following a risk based approach within the extant AML framework for PPIs. We will continue to evolve our guidelines balancing the demand of the PPI industry and extant AML framework. While doing so there are a few aspects to remember. It must be remembered that the schemes cited in other countries cannot be replicated in India in toto. The risk perception while issuing PPIs up to USD1000 without KYC in USA may not be same as the risk perception associated with PPIs up to `50,000/- in India. The permissible limits, top ups and reloadability will depend not only on the purchasing power but also on

systems in place to address the risk in terms of strong enforcement and compliance framework.

16. One of the reasons cited for replacing cash with PPIs is the trails that PPIs will provide. However, it is essential that PPI issuers are in a position to deliver the requisite trails. In some of the cases we have observed there is no proper system to track the card issuance let alone system for tracing the transaction trails. To put it more directly, in a mobile based prepaid system, this auditability is more straight forward if there has been proper adherence to rules while issuing SIM cards since minimum KYC standards are prescribed now. The national identity scheme needs to be vigorously integrated with the payment systems to create the necessary synergies. The industry may need to examine how quickly the Aadhaar scheme could be used to address the identification and authentication requirements. While this process is ongoing, caution has to be the better part of valour. So, while the demand for relaxation of KYC is well taken, the industry should work on improving the system for providing the necessary trace and transaction trails.

17. There have been demands for increasing the transaction limits. Increasing transaction limits by compromising on the KYC would be a risky proposition given its susceptibility to money laundering. As you will be aware increase in transaction limits will need proportionate increase in safety and security of transactions as applicable to other card schemes in the form of an additional factor of authentication. The industry needs to deliberate more actively on this issue and we as a regulator would be willing to act as a catalyst in the process.

Creating awareness – is the industry doing enough to increase the use of alternate payment channels?

18. I am asked why a customer will buy a PPI and block up to `50,000/- without earning interest. It points towards the need for creating awareness about the PPIs. I do appreciate that it is a tightrope walk as bringing cash transactions through the PPI route also needs identification of that segment of population that would be happy to hold cash and use it anywhere. The test lies in convincing them about the advantages of such a product but the acceptance infrastructure and backward linkages have also to be built. We have to find ways to address such issues through awareness campaigns over the mass media.

The need for orderly growth- Is the industry adhering to laid down rules and regulations?

19. As a part of our oversight responsibility, we had carried out on site inspections of certain operators. This revealed several shortcomings relating to maintenance of escrow accounts, adherence to guidelines on KYC, absence of an efficient system to monitor and report suspicious transactions and in putting in place systems and practices for ensuring customer protection.

20. The regulatory guidelines for the PPI industry are three years old in the country. Entities are still learning the eco system and the business models are still evolving. Being new, non-bank entities are obviously focusing more on business than the processes. This is not very heartening from a regulatory perspective.

21. Let me now conclude. I have tried to highlight some of the important issues that the PPI industry should address to make this alternate payment channel scale up and become more vibrant. At the same time, certain concerns relating to non-adherence to regulations and laid down procedures have come to light during the first round of on-site inspections of some of the entities. This needs to be addressed and remedied urgently. In this context, industry organisations like IAMAI can play a useful role if they increasingly assume the role of a SRO rather than a mere lobbying body for its members. I thank you for your attention as I leave you with these thoughts and concerns.

22. I wish your deliberations all success.

*Highlights and Rationale of the Recommendations of the Working Group to Review the Existing Prudential Guidelines on Restructuring of Advances**

B. Mahapatra

I am indeed grateful to the CAFRAL for inviting me here to discuss the highlights and rationale of the recommendations of the working group to review the existing prudential guidelines on restructuring of advances by banks and financial institutions, which I chaired. The working group was represented by eminent bankers, accountants, rating agency, Indian Banks' Association (IBA) and the Reserve Bank of India (RBI). The working group submitted its report to the RBI on July 18, 2012, which placed it in its website on July 20, 2012 for wider comments. Comments have poured in from various sources – banks, IBA, industry associations, individual professionals, *etc.*; the print media have also covered it extensively.

2. One group of commentors have expressed reservations on some of the recommendations of the working group; the other commentors, particularly the print media, have generally appreciated the recommendations. I, as the chairperson of the working group accept the brickbats and bouquets with all humility. I am grateful to CAFRAL for organising this round table and giving me an opportunity to explain the highlights and rationale of the recommendations of the working group.

Approach of the working group

3. Let me at the outset admit that restructuring of loans and advances is a legitimate banking practice. The need to set up the working group arose with a view to aligning our restructuring guidelines with the best international practices and accounting standards. Another motivation for setting up the working group was to clarify certain instructions which were perceived to be ambiguous.

4. The working group approached the whole issue from societal point of view that restructuring served a useful purpose as it protects the productive assets of the economy. It also helps the borrowers to recover from temporary problems and provides incentives to banks to nurture such borrowers by allowing them regulatory forbearance of keeping the account as 'standard' or unimpaired. It has been demonstrated that the relaxation given to banks in August 2008 for restructuring of loans helped them and their borrowers to tide over the impact of the global financial crisis.

5. However, the working group observed that there has been an extraordinary rise in the level of restructured 'standard' assets, even surpassing the quantum of gross NPAs of the banking sector. As seen from an updated table below, standard restructured assets continuously exceeded the gross NPAs since 2010:

(` in crore)

Item	March 2009	March 2010	March 2011	March 2012
Gross advances	27,93,572	32,71,896	40,12,079	46,55,271
Standard advances	27,25,350	31,90,080	39,17,991	45,29,236
of which restructured	60,379	97,834	1,06,859	2,18,068
Gross NPAs	68,222	81,816	94,088	1,37,102
Gross NPAs as a per cent of gross advances	2.44	2.50	2.35	2.94
Restructured standard advances as per cent of gross advances	2.16	2.99	2.66	4.68

* Keynote address of Shri B. Mahapatra, Executive Director, Reserve Bank of India, at the Round Table on the highlights and rationale of the Working Group to review the existing prudential guidelines on restructuring of advances by bank/financial institutions, organised by the Centre for Advanced Financial Research and Learning (CAFRAL) on September 13, 2012 at Mumbai. The contributions made by Shri M. P. Baliga and Shri M. K. Poddar are gratefully acknowledged.

6. On top of that a rating agency has estimated that restructured standard assets may increase sharply to reach `3,25,000 crore by March 2013. Public sector banks bear a disproportionate burden of the restructured loans.

7. Gross NPA ratio, which was hitherto the main financial ratio to gauge the level of impairment in the banking sector assets, is now being complemented with the ratio of restructured standard advances to gross advances as a measure of latent impairment of the banking sector's financial assets. This is in view of the perception by some of the market players that a significant portion of these standard advances are actually impaired or will turn non-performing with passage of time. The credibility of the Indian banking system is at stake.

8. The Economist (London), in its August 18-24, 2012 issue has also commented that India's public sector banks are sitting on something unpleasant (restructured loans). Our own Indian economic daily, the Economic Times on September 9, 2012 commented that the present practices are completely defeating restructuring.

Regulatory forbearance

9. The concept of standard restructured assets arose when the RBI allowed project loans to retain their standard asset classification on extension of their repayment schedule in May 1999. That is if in the opinion of the bank the bottleneck in achieving regular commercial production was of a temporary nature not indicative of any long-term impairment of the unit's economic viability and the unit was likely to achieve cash break-even if some time was allowed. This was extended to treatment of restructured accounts in March 2001. With the issue of comprehensive guidelines on restructuring in August 2008, this regulatory forbearance was made available to all types of loan restructuring except commercial real estate exposures, capital market exposures and personal and consumer loans.

10. As a basic premise it should be understood that the need for restructuring arises when a standard account borrower faces difficulties in repayment and such an account should be classified as impaired on restructuring. The working group studied the international best practices in this regard and observed that restructured accounts are classified as impaired if the restructuring (i) is on account of financial stress of the borrower or due to delays/non-payment as per contractual terms by the borrower; and (ii) the modification of terms is non-commercial, *i.e.*, disadvantageous to the lenders.

11. The working group also observed that as per International Accounting Standards, loan accounts are generally treated as impaired on restructuring. It also noted that 'Definition of Default' under the Internal Ratings Based (IRB) approach of Basel II for computation of capital requirement for credit risk, identified restructuring as an event of default irrespective of the asset classification. The working group also took note of the fact that the capital market and the rating agencies viewed any restructuring of an account as an event of impairment even if the regulators allowed the accounts to retain the 'standard' asset classification status. Therefore, the working group opined that for consistency, restructuring should be treated as an event of impairment or default and hence the account should be downgraded to sub-standard or NPA category.

12. The working group was conscious of the consequences of aligning our restructuring guidelines with this best practice at this juncture when the impact of global financial crisis is substantial and a new crisis in the form of European sovereign debt crisis is still unfolding. Doing so immediately might act as a disincentive to banks to restructure viable accounts which could lead to substantial distress to the borrowers and increase in the non-performing assets and provision requirements for the banks.

13. The working group, therefore, recommended that the asset classification benefit available on restructuring of advances be done away with, say, after a period of two years.

14. Banks are perhaps not happy with this recommendation, as observed from their comments. However, other stakeholders like print media, rating agencies and certain individual professionals have welcomed this recommendation. Some comments in the newspapers have even advocated forthright

implementation of this recommendation without waiting for two years.

Provisioning buffer

15. The working group also estimated that a significant portion of restructured standard assets turn into NPAs subsequently as some of these accounts were *ab-initio* weak and the due-diligence carried out for viability studies were not proper. June 2012 Financial Stability Report of the Reserve Bank estimated that 15 per cent of such loans may turn into NPAs while the working group took a more conservative view under a stressful scenario and estimated that 25-30 per cent of such loans may slip into non-performing category. This assumption was based on the fact that restructurings have taken place only in the recent past with long moratorium and repayment holidays and the repayment behaviour of such borrowers is still not known.

16. In view of the above, the working group recommended a higher general provisioning requirement on restructured standard assets *i.e.*, from the existing 2 per cent to 5 per cent. This will ensure the pre-existence of a buffer when such loans slip into non-performing category. However, the working group felt that a forthright increase in such provisioning requirement will adversely impact the balance sheets of the banks and therefore a calibrated approach was adopted to coincide with the two-year transition period given for withdrawal of regulatory forbearance on asset classification. For the present 'stock' of restructured standard assets the general provision was proposed to be increased from 2 per cent to 3.5 per cent in the first year and from 3.5 per cent to 5 per cent in the second year. However, the new restructured standard assets ('flow') will straightaway attract provision of 5 per cent.

Infrastructure sector loan restructuring

17. While the working group recommended doing away with the asset classification benefit on restructuring in a phased manner, it was sensitive to the current economic situations and the importance of the infrastructure sector in the country's development. The working group was also aware of the delays and uncertainties associated in obtaining clearances for commencing commercial operations by the infrastructure entities.

18. The working group, therefore, felt that extant asset classification benefits to infrastructure project loans due to change in date of commencement of commercial operations (DCCO) may be allowed to continue for some more time in view of the delays/uncertainties associated in obtaining clearances for such projects. However, the working group was of the view that this limited forbearance should be used judiciously and it must have disincentives to disallow misuse of the forbearance. Therefore, standard asset provision of 5 per cent for such infrastructure loans has been recommended.

19. The working group also observed that internationally regulatory forbearance was offered in times of financial and economic crisis in order to alleviate their adverse impact on real and financial sector. However, in India these have become a kind of standing instruction applicable at all times. The working group, therefore, recommended that the Government and the RBI should come out with a framework which will precisely and objectively define a severe crisis (like the 2008 financial crisis) requiring both the Government and regulatory intervention. The framework should also broadly indicate the fiscal and regulatory measures to be taken under such conditions in the phases of (i) crisis containment and (ii) debt restructuring. The rationale for this recommendation was that any regulatory forbearance should be used as a special tool only in the times of crisis. Such phases were clearly seen in India during the 2008 financial crisis, when Government and RBI both intervened in the real and financial markets with incentives and regulatory forbearance.

20. The working group also observed that the requests for special dispensations and one-time measures are frequently made to RBI for restructuring of a particular sector of economy or industry on the basis that such sectors were facing extraordinary stress or unprecedented adverse conditions. In view of such frequent requests, the one-time measures lose their meaning and these also have adverse impact on the regulatory safeguards of the banking system. In view of this the working group felt that the requests for such regulatory forbearance should not be made a regular feature and any such forbearance should be accompanied

with fiscal incentives to ensure the viability of the sector after restructuring.

Up-gradation of restructured NPA accounts

21. The issue of up-gradation of an account downgraded on restructuring arises with the first recommendation of the working group of withdrawal of regulatory forbearance in asset classification. The extant RBI guidelines prescribe that all restructured accounts which have been classified as non-performing assets upon restructuring, would be eligible for up-gradation to the 'standard' category after observation of 'satisfactory performance' during the 'specified period'. Further, 'specified period' is defined as a period of one year from the date when the first payment of interest or instalment of principal falls due under the terms of restructuring package.

22. It was observed by the working group that in some cases of restructuring of multiple credit facilities with moratorium on payment of principal as well as major portion of interest, accounts were upgraded on the basis of payment of interest on a small portion of the debt, say funded interest term loan (FITL), for the specified period. The working group further noticed that the account may still have its inherent credit weakness as payment of a small portion of interest does not show the 'satisfactory performance'. Therefore, it was felt that the specified period should be redefined by taking this aspect into consideration.

23. The working group studied the international best practices in this regard. For instance to upgrade a restructured account in Australia, a satisfactory performance is to be observed for six months or three repayment cycles, whichever is longer whereas in Thailand satisfactory performance over three consecutive months/three instalments is required. France, while allowing restructured accounts to be upgraded on account of satisfactory performance, requires that these accounts be reclassified into a specific sub-category of performing accounts until they are paid in full.

24. The working group had two options. One option was that 'specified period' may be redefined in cases of multiple credit facilities on restructuring as 'one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium'. Another option was that an objective criterion of repayment should be used for deciding the satisfactory performance. For this purpose, it was suggested that a minimum of 10 per cent of debt repayment should be made mandatory for up-gradation of an account classified as NPA to standard category.

25. The working group examined the above two options and concluded that the first option was more prudent as it will ensure that all facilities of a restructured loan performed satisfactorily before upgrading a restructured account to standard category. The working group, therefore, recommended that for the purpose of upgrading restructured NPA account with multiple credit facilities, 'specified period' should be redefined as 'one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium provided other outstanding loans/facilities in the account also perform satisfactorily.

26. It may be recalled here that RBI's first instructions on asset classification of restructured accounts, issued in April 1992, specifically prescribed that an asset, where the terms of the loan agreement regarding interest and principal have been renegotiated or rescheduled after commencement of production, should be classified as sub-standard and should remain in that category for at least two years of satisfactory performance under the renegotiated or rescheduled terms. Our present recommendation in this regard is not too harsh or very new.

Distribution of losses

27. Now, I will explain the rationale behind the recommendations which are aimed at rationalising the distribution of losses between the borrower and the lender. It was observed that an excessively debtor-oriented approach has the aspects of *moral hazard* as it may encourage the debtor to take excessive risks in the knowledge that the burden of any losses will fall disproportionately on creditors. In India, while the banks make the provision for diminution in fair value

of advances as a result of restructuring and sometimes take a burden of low-yielding preference shares, borrowers fulfil their obligation by bringing only 15 per cent of the bank's sacrifice and that too in two phases.

Promoters' sacrifice

28. It was felt that any sacrifice on the part of the lenders due to restructuring should be accompanied with increased stake of the borrower in the business. This becomes important for instilling financial discipline in the borrower as he will be more concerned about preserving the value of his stake in the business. It was observed that the regulatory prescription of promoters' sacrifice at 15 per cent of the lenders' sacrifice was not sufficient enough and in some cases even this 15 per cent was not properly accounted for. Therefore, the working group recommended that this 15 per cent was the bare minimum and banks may prescribe a higher sacrifice by the promoters.

29. Further, it was also felt that the sacrifice by the promoters should also be linked with the quantum of the restructured loan. Therefore, the recommendation in this regard is that promoters' contribution should be prescribed at a minimum of 15 per cent of the diminution in fair value or 2 per cent of the restructured debt, whichever is higher.

30. Banks and also other stakeholders have welcomed this recommendation in their comments. Some have even suggested that if there is a case of diversion of the funds, then such borrowers should be compelled to bring back the funds along with the amount of their sacrifice. I will like to state that our instructions in this regard are not new and instructions regarding promoters' contribution were first issued in November 1985 guidelines on rehabilitation of sick industrial units.

31. Another related recommendation in this regard is making it mandatory for the promoters to extend their personal guarantee in all cases of restructuring. At present, personal guarantee by the promoter is one of the conditions for getting the asset classification benefit except when the unit is affected by external factors pertaining to the economy and industry. However, the working group observed that some promoters do not agree to extend personal guarantee under any circumstances. It was also observed that the criteria, 'external factors pertaining to the economy and industry' was subjective and it made it difficult for the banks to press for promoters' personal guarantee. Considering that the restructuring of debt by lenders benefits the company and promoters and also leads to sacrifice by lenders, it was important to ensure promoters' 'skin in the game' or commitment by stipulating personal guarantee.

32. The working group discussed that in case personal guarantee is made mandatory, promoters will be ensuring that only viable packages are submitted for restructuring. In view of the foregoing, the working group recommended that RBI may prescribe that the promoters' personal guarantee as a mandatory requirement for all cases of restructuring, *i.e.*, even if the restructuring is necessitated on account of external factors pertaining to economy and industry. The working group also recommended that RBI may prescribe that corporate guarantee cannot be a substitute for the promoters' personal guarantee.

Provision for diminution in the fair value of restructured advances

33. Reduction in the rate of interest and/or reschedulement of the repayment of principal amount, as part of the restructuring, results in diminution in the fair value of the advance. Such diminution in value is an economic loss for the bank and will have impact on the bank's market value of equity. Banks are, therefore, required to measure such diminution in the fair value of the advance and make provisions for it by debit to Profit & Loss Account. Such provision should be held in addition to the provisions as per existing provisioning norms for advances. Our extant instructions are very clear in this regard.

34. The working group examined the present method of calculating erosion in the fair value of the advance as the difference between the fair value of the loan before and after restructuring, and found the same to be appropriate. However, it was felt that there are certain ambiguities and inconsistencies across the banks and the same were required to be removed.

Accordingly, the working group recommended that RBI may provide some illustrative examples on calculation of the fair value of accounts on restructuring.

35. The working group also recommended continuance of the existing instruction that if a bank finds it difficult to compute diminution in fair value of advances extended at small/rural branches, it will have the option of notionally computing the diminution amount at 5 per cent of the total exposure, in respect of restructured accounts where the total dues to the bank are less than `1 crore.

Conversion of debt into shares/preference shares

36. The next major highlight of the report is regarding arresting the trend of the banks being burdened with shares/preference shares of non-viable companies as a result of restructuring of their debt. The working group observed that banks were adversely affected in cases of conversion of a large portion of debt into equity and/or preference shares. The working group noticed that the trend of such conversion has increased recently, especially in cases of large exposures restructured under CDR mechanism. The working group observed that such conversions were akin to writing off the debt as in many cases the preference shares carried zero or low coupon, added with the fact that they had no market value as also they did not carry voting rights unlike the equity shares.

37. In view of the above, the working group felt that there should be a ceiling/restriction on conversion of debt into zero/very low interest preference shares. Another view was that RBI should prescribe a minimum coupon (say yield on 364 days TBs) on such preference shares.

38. The working group also observed that in some cases of restructuring, unreasonable losses were allocated to the lenders as a result of conversion of debt into equity shares at a very high premium over the current market price. It was also observed that the lenders suffered heavy losses due to further decline in the market prices of such shares. In view of this, the working group felt that RBI may prescribe that conversion of debt into equity shares on restructuring cannot take place at off market rates, *i.e.*, at a price which is higher than the latest available market price. The working group felt that the conversion into unlisted shares should be restricted due to the limited exit options available to banks for unlisted shares. The working group recommended that any conversion of debt into equity should be done only in the case of listed companies. There are suggestions to take up the issue with SEBI for rationalising the norms on conversion price of debt into equity in cases of restructuring by banks. The working group recommended that conversion of debt into equity/preference shares should, in any case, be restricted to a cap (say 10 per cent of the restructured debt).

39. We have received very favourable comments in this regard. Some have suggested that conversion of debt into preference shares should not be permitted at all.

Exit option

40. Another important recommendation of the report arose from the observation that banks were stuck with accounts which were restructured on being found viable, but later turned to be slow in achieving the projected viability ratios. In some cases promoters did not bring the funds as promised and the required equity could not be raised due to depressed market conditions or due to the company's deteriorating financial health. The working group observed that although the extant guidelines on restructuring provided the banks freedom to decide, especially, in cases of CDR accounts, to either proceed legally under SARFAESI or DRT or take up the account for restructuring, if found viable. However, once restructured, the unviable accounts became a real burden, as with increased stakes the banks found it difficult to abandon them and initiate recovery because the collaterals deteriorated in value with passage of time.

41. The working group discussed the need for faster exit options in light of the international resolution mechanism and recommended that exit options to banks in cases of non-viable accounts should be made more comprehensive. The working group observed that in such cases, banks should be advised to assess the

situation early and use the exit option with a view to minimise the losses. The working group also agreed that the terms and conditions of restructuring should inherently contain the principle of 'carrot and stick', *i.e.*, it should also have disincentives for non-adherence to the terms of restructuring and under-performance.

Right of recompense

42. The working group also stressed the importance that banks should recover the sacrifices made by them once the account under restructuring turns around and starts making profit. It was observed that banks generally waived the benefits accruing to them from right of recompense at a later stage or the borrower contested the amount of recompense. RBI guidelines make the 'right of recompense' clause mandatory in cases of CDR restructuring and CDR Cell has framed their own guidelines in this regard in terms of the powers delegated to them.

43. It was noticed by the working group that due to the current guidelines issued by the CDR Cell that recompense be calculated on compounding basis and that 100 per cent of recompense so calculated is payable, exit of companies from CDR system was not happening. In view of this, the working group while recommending that recompense clause be made mandatory also felt that CDR Standing Forum/Core Group may take a view as to whether this clause may be made somewhat flexible in order to facilitate the exit of the borrowers from CDR Cell. However, it also felt that in any case 75 per cent of the amount so calculated should be recovered from the borrowers and in cases of restructuring where a facility has been granted below base rate, 100 per cent of the recompense amount should be recovered.

44. The working group also recommended that the present recommendatory nature of 'recompense' clause should be made mandatory even in cases of non-CDR cases.

Assessing the viability for restructuring of accounts

45. Viability is the most important and prime criteria for an account to be taken up for restructuring. It has been observed that many unviable accounts were projected as viable on the basis of over optimistic financial projections and some kind of financial engineering. Our extant guidelines allow the banks to examine the viability of accounts for restructuring on the basis of broad parameters prescribed by RBI and benchmarks decided by the banks themselves.

46. The working group observed that while restructuring of advances on solo basis, banks, particularly at branch or controlling office level where sufficient skill is not available, generally do not establish the viability of the account as rigorously as being done under CDR. Also, the working group observed that in case of solo restructuring, while proper and intensive viability study might be done for medium and large accounts, for small accounts viability study is generally very limited.

47. Presently, the RBI has prescribed certain very broad illustrative viability criteria – the parameters may include the Return on Capital Employed, Debt Service Coverage Ratio, Gap between the Internal Rate of Return and Cost of Funds and the amount of provision required in lieu of the diminution in the fair value of the restructured advance. The working group discussed the need for prescribing certain objective criteria and indicative benchmarks by RBI, like those adopted by the CDR Cell, for restructuring of accounts by banks so as to ensure that accounts where the viability is in doubt do not get restructured. It was also felt that any benchmarks prescribed by RBI will bring uniformity and objectivity while assessing the viability for restructuring the accounts.

48. The working group recommended prescription of suitable benchmarks by RBI for the restructuring carried out by individual banks.

49. The working group also felt that the prescribed time span of seven years for non-infrastructure accounts and ten years for infrastructure accounts becoming viable on restructuring was too long and banks should take it as an outer limit. It was felt that in times when there is no general downturn in the economy, the viability time span should not be more than five years in non-infrastructure cases and not more

than eight years in infrastructure cases. We have received several comments in this regard. While some have welcomed this step, a few have advocated that RBI should leave such matters to the banks.

Disclosures

50. At present banks are required to disclose in their published Annual Balance Sheets, under 'Notes on Accounts', information relating to number and amount of advances restructured, and the amount of diminution in the fair value of the restructured advances under the following categories:

(i) Standard Advances Restructured,
(ii) Sub-Standard Advances Restructured, and
(iii) Doubtful Advances Restructured.

Under each of the category above, advances restructured under CDR Mechanism, SME Debt Restructuring Mechanism and other categories are required to be shown separately.

51. The disclosures made by the banks in their balance sheets as regards restructured accounts are used by market players and analysts for assessing the financial condition of the banks. In terms of present guidelines banks are required to disclose annually all accounts restructured in their books on a cumulative basis even though many of them would have subsequently shown satisfactory performance over a sufficiently long period. As such the present position of disclosures are quite stringent and do not take into account the fact that in many of these accounts the inherent weaknesses in the accounts have disappeared and the accounts are in fact standard in all respects.

52. However, it has been observed that some banks do not disclose the restructured accounts on a cumulative basis. This may be because of the fact that our August 2008 guidelines have not explicitly stated that such disclosures should be on a cumulative basis and our previous instruction was about disclosing 'accounts restructured during the year'. In view of such ambiguities prevailing and in order to maintain uniformity in disclosure of accounts, it was felt necessary to clearly prescribe the disclosure requirements.

53. It was decided to take into account the presence of inherent credit weakness in a restructured account as a criterion for disclosure. However, deciding the presence of inherent credit weakness itself required some kind of objective criteria. It was felt that satisfactory performance of a restructured account for a sufficient period of time should be taken as an indication that the account has overcome its inherent credit weakness.

54. Our May 2011 circular prescribed higher provisioning for restructured accounts classified as standard either *ab-initio* or on up-gradation from NPA category. Simultaneously, our instructions on capital adequacy prescribed additional risk weights for restructured accounts of certain types of loans. These higher provisioning and additional risk weight cease to be applicable after periods prescribed in this regard. The working group felt that once the higher provisioning and additional risk weights cease to be applicable for these accounts, they may be treated on par with normal standard accounts.

55. Therefore, the working group recommended that once the higher provisions and risk weights (if applicable) on restructured advances (classified as standard either *ab-initio* or on upgradation from NPA category) revert back to the normal level on account of satisfactory performance during the prescribed period, such advances should no longer be required to be disclosed by banks as restructured accounts in the 'Notes on Accounts' in their Annual Balance Sheets. Accordingly, the working group also suggested a format for the disclosures of restructured accounts.

Roll-over of short-term loans

56. Another important recommendation of the working group was that RBI should clarify that the cases of roll-over of short term loan, where proper pre-sanction assessment has been done and no concession has been provided due to weakness of the borrower, should not be considered as restructured account. The need for this recommendation arose as the banks felt such short-term loans (STLs) were like any other need based working capital facility and their roll-overs were due to genuine reasons in many cases. Such STLs were

financed generally as a result of operational needs which cannot be anticipated in advance.

57. A view was expressed that such roll-over of short term loans might be construed as restructuring in view of the RBI's current definition of a restructured account that where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/ securities, which would generally include, among others, alteration of repayment period/repayable amount/the amount of instalments/rate of interest (due to reasons other than competitive reasons).

58. The working group was of the view that roll-overs should not be treated as restructuring if the same is done on the strength of the borrower's balance sheet, *i.e.*, if the loans are not rolled over due to the weakness in the balance sheet but due to temporary needs of the borrower. However, there was also an apprehension that such a facility might not be used for the intended aim in future, especially, when the working group was making recommendation to do away with the asset classification benefit on restructuring. Therefore, it was added that such roll-overs should only be need based and there should be a cap, say two or three times, on such roll-overs.

59. There are recommendations of the working group which aim at rationalising some existing instructions and bringing level playing field to some extent between CDR and non-CDR restructurings. Both these recommendations are relevant till the asset classification benefit is available on restructuring. The first is regarding incentive for quick implementation of restructuring package.

Incentive for quick implementation of restructuring

60. As regards CDR restructuring, RBI guidelines provide incentive of asset classification benefit for quick implementation if restructuring package is implemented within 120 days from the date of approval by the CDR mechanism; whereas under non-CDR restructuring incentive under quick implementation of the restructuring package is allowed if the restructuring package is implemented within 90 days from the date of receipt of application. The working group felt that the present prescription does not provide sufficient time for viability study for restructuring of advances under non-CDR mechanism as both the viability study as well as implementation of the package was to be carried out within 90 days from the date of receipt of application. Whereas, in cases of restructuring under CDR mechanism, banks got separate times for viability study and implementation of package, which itself is 120 days from the date of approval of package.

61. Therefore, it was felt that as 90 days period after receipt of application is considered insufficient for properly ascertaining the viability of the account, the period for quick implementation under non-CDR mechanism should be increased to 120 days from the date of application.

Repeated restructuring

62. Another such recommendation is regarding a special forbearance granted to CDR mechanism whereby a second restructuring is not considered as a repeated restructuring if there is no negative NPV on discounting of pre and post-restructuring cash flows. It was observed that this special dispensation not only gave undue advantage to the restructuring of large corporate accounts but such special dispensation could result in repeated restructuring due to the dilution in the norm for CDR cases without attracting stricter asset classification and provisioning norms. Therefore, the working group recommended that the special dispensation provided to CDR Cell, that any second time restructuring under CDR restructuring need not be considered as repeated restructuring if it does not lead to negative NPV, be withdrawn.

Conclusion

63. In conclusion, I would say that the working group tried to balance its recommendations in the light of international best practices and accounting standards and the societal need to preserve the value of productive assets of the economy and distribute the losses fairly between the borrower and lenders. In view of the

present domestic as well as international macroeconomic situation, the working group has recommended a gradual and calibrated transition within a two-year period. The working group has also tried to harmonise some of the procedures applied to CDR restructuring to non-CDR restructuring. The Reserve Bank will take appropriate decision on the recommendations based on the comments received.

64. I sincerely hope that I have done a good job if I have clarified the rationale and philosophy behind the recommendations of the working group. I value your feedback and wish the round table all success.

*Underlying Concepts and Principles of Dynamic Provisioning**

B. Mahapatra

Thank you very much for inviting me to this conference to share with you my understanding of the underlying concepts and principles of dynamic provisioning. A discussion paper on the subject was brought out by the Reserve Bank of India (RBI) in March 2012. We are still in the process of examining the comments received from banks and other stakeholders and it may take us a while to finalise anything in this regard.

Why make provisions?

2. Let me start the discussion with a question: why make provisions? To my mind provision is an accounting concept. Accounting standards define provision as a liability of uncertain timing or amount which can be measured only by using a substantial degree of estimation. The term 'provision' is also used in the context of items such as depreciation, impairment of assets and doubtful debts: these are adjustments to the carrying amounts of assets.

3. It is a requirement for any entity to assess at the end of each reporting period whether there is any objective evidence that any asset has been impaired as also whether a liability needs to be recognised in settlement of an obligation involving an outflow of resources. When such is the case, the amount is required to be recognised in the profit or loss account for the reporting period. This enables presenting a 'true and fair' financial position of the entity for the period, which is the raison d'être of accounting.

4. Entities have strong incentives for under-provisioning, because:

- It is generally not fully tax deductible in many jurisdictions; and
- Many business executives take a short term view of showing enhanced profits. High provisioning reduces profits, and hence dividend distribution and share price; and more importantly, bonus payment to top management and staff.

5. The same holds good for banks also. However, banking business adds another dimension to the issue, that is, of pro-cyclicality. Banks are more prone to business cycles. In good times, there is demand for credit and banks become aggressive loosening credit standards. Debtors also do well and service the loans in time. Loan loss rates are below the long-run average, and need for loan loss provisions are less. Therefore, loan loss provisions are usually under-funded during a boom period.

6. When the business cycle turns and economic conditions deteriorate, borrowers' credit quality tends to worsen leading to a higher probability towards default in servicing interest and principal payment. These loans become non-performing assets (NPAs). Banks' profits go down but at the same time they are required to make higher loan loss provisions for the non-performing loans. This is the cyclical property of credit losses. This results in banks becoming cautious and restricts lending; as a result the risk spills over to the real sector of the economy. Procyclicality thus has the impact of amplifying business cycles.

7. In terms of the accounting standard for recognising credit losses, the *IAS 39 – Financial Instruments: Recognition and Measurement*, a financial asset is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events (*i.e.*, loss event/s) that occurred after the initial recognition of the assets, and that loss event (or events) has an impact on the future cash flows of the financial asset that can be reliably estimated.

* Keynote address by Shri B. Mahapatra, Executive Director, Reserve Bank of India, at the Conference on Introduction of Dynamic Provisioning Framework for Banks in India, organised by the Centre for Advanced Financial Research and Learning (CAFRAL) on September 21, 2012 at Mumbai. The contributions made by Mrs. Usha Janakiraman and Mrs. Tariqa Singh are gratefully acknowledged.

8. This approach to provisioning, also known as 'incurred loss' based approach waits for certain events to happen such as default, delinquency in interest or principal payments, significant financial difficulty of the borrower, *etc.*, before losses can be recognised. Provision for losses can only be made after the loss event has been identified, or loss has been incurred, and not in a proactive manner *ex ante* before the event, based on 'expected losses'.

9. The incurred loss model came under severe criticism after the recent global financial crisis for delaying loss recognition. There is a view that earlier recognition of loan losses based on 'expected losses' could have potentially reduced the cyclical impacts of the recent crisis.

10. However, accountants were not comfortable with the expected loss based provisioning on the fear that it could foster earnings management by profit smoothening and compromise the raison d'être of accounting to give a 'true and fair' or transparent picture of the financials of an entity as on the reporting date.

11. Improvements in credit risk models have supported the concept of expected losses and unexpected losses. From a conceptual point of view, loan loss provisions should cover expected losses while capital provides an adequate buffer for unexpected losses. The internal rating based (IRB) model approach under Basel II credit risk capital computation gave a fillip to the expected loss based provisioning and unexpected loss based capitalisation.

12. In the immediate aftermath of the crisis, in April 2009, the G20 leaders called upon the accounting standard setters to work urgently with banking supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high quality global accounting standards.

13. The Basel Committee on Banking Supervision (BCBS) took it forward by publishing a document in August 2009 titled *Guiding principles for replacement of IAS 39* that was also sent to the International Accounting Standards Board (IASB). These principles state that loan loss provisioning should be robust and based on sound methodologies that reflect expected credit losses in the banks' existing loan portfolio over the life of the portfolio. The accounting model for provisioning should allow early identification and recognition of losses by incorporating a broader range of available credit information than presently included in the incurred loss model. For the purpose of these principles, expected credit losses are estimated losses on a loan portfolio over the life of the loans and considering the loss experience over the complete economic cycle.

14. Post-crisis, there is convergence of views among the prudential regulators and accounting standard setters on the desirability of a forward looking expected loss approach to loan loss provisioning. In reality, financial results do objectively worsen in an economic downturn in a way similar to the rise in unemployment rates. Therefore, applying an impairment model based on expected losses is arguably a faithful representation of current conditions. The IASB, Financial Accounting Standards Board (FASB) as well as the BCBS are actively engaged in finding a solution to this complex problem. In this context, the expected loss based provisioning approach is a topic of significant interest for the global financial markets.

15. Even when banks and accountants were making incurred loss based provisioning for identified losses, called 'specific' provisions, they also voluntarily did make some sort of 'general' provisions or 'floating' provisions. These 'general' provisions are not based on any expected loss model, but as a prudent practice to strengthen the balance sheets. The Basel Committee also incentivises general provision up to 1.25 per cent of credit risk weighted assets by counting towards Tier 2 capital.

Concepts and principles

16. Dynamic provisioning is a technique that allows banks to build up loan loss provisions when their profits are growing to draw on these provisions during an economic downturn. There are several variants of dynamic provisioning. However, the underlying principle behind dynamic provisioning is that provisions should be set in line with estimates of long-

run, or through-the-cycle expected losses. This will help in breaking pro-cyclicality and creating countercyclical provision buffers. Dynamic provisioning builds on this and can be generally expressed as:

Dynamic provision = Expected loss provision – Specific provision, or

Dynamic provisions = Through-the-cycle loss ratio * Flow of new loans – Flow of specific provision, where specific provisions correspond to realised or incurred losses, or simply put:

Dynamic provisions = Expected loss provisions – Incurred loss provisions. ----- (1)

17. A close look at the formula shows that during good times dynamic provisions are positive and add to loss provisions as realised or incurred losses, that is, specific provisions are lower than their through-the-cycle estimates. During bad times, the opposite takes place and negative dynamic provisions deplete the loss provision buffer. Therefore, provisioning, instead of becoming pro-cyclical, becomes countercyclical.

The Spanish model

18. Let me now talk about the dynamic provisioning as implemented in Spain. Prior to introduction of dynamic provisioning in Spain, the Spanish banks' provisioning patterns were close to those that currently prevail in most countries. According to the standard system, banks were required to make two types of provisions for loan losses. First, a general provision was made as a fixed percentage of credit growth. This intends to account for losses incurred on an average on a homogeneous portfolio without specifically identifying the suspect loans. Second, specific provisions for delinquent assets *i.e.*, incurred losses on individual loans were made which depended on the level of risk of the loan and on the time overdue.

19. Dynamic provisioning system was put in place in Spain by its Central Bank, Bank of Spain in July 2000 to cope with a sharp increase in credit risk on Spanish banks' balance sheets following a period of significant credit growth during the late 1990s. Intense competition among banks had resulted in inadequate loan pricing. Moral suasion also proved to be inadequate in inducing banks to become more conservative. There was a significant reduction in non-performing loans in the second half of the 1990s indicating very low specific provisions. In fact, in 1999 Spain had the lowest ratio of loan loss provisions to total loans among OECD countries. It also had the highest correlation between the provisioning ratio and the GDP growth rate (-0.97) for the period 1991-1999. Thus loan loss provisions were very pro-cyclical in Spain: they were very low during periods of expansion and very high during recessions, while credit risk and under-pricing of risk spread during the boom period.

20. Under the new system (2000 regime) in addition to specific and general provision, *statistical* provision was added which was the difference between the latent risk (risk parameter dependent upon the credit growth) and the specific provision. The statistical provision was charged quarterly. This implied that statistical provisions for a given period could be positive or negative, depending on credit growth and contemporary bad loans. When statistical provisions accumulate they generate a fund called statistical provision fund. The fund had an upper and lower limit.

21. After the introduction of the statistical provision, the upswing of the economic cycle turned out to be much stronger and longer than anticipated. This, together with an initial design of the limits of the fund that was based on very rough estimates led to a rapid increase in the statistical provision fund, whereas specific provisions were kept to a minimum, in an environment of historically low non-performing loans.

22. In 2004, it became evident that the accumulation of statistical provisions was probably excessive. At the same time, the Bank of Spain was being increasingly criticised in international accounting fora for applying a mechanism that appeared to favour profit smoothing, which was considered contrary to the 'fair value' principles and International Accounting Standards. To correct this excessive accumulation and to counter the criticisms of accountants, a new accounting regulation was adopted in 2004.

23. The changes involved reverting to only two types of loan loss provisions, *viz.*, general and specific

provisions. General provision was the sum of two components based on two important parameters, alpha and beta. Alpha was the average estimate of credit losses, say expected losses based on past experience and beta was the historical average of specific provisions. The underlying principles behind dynamic provisions in Spain was to build up general provisions that account for (i) expected losses in new loans extended in a given period; and (ii) historical average losses on the outstanding stock of loans at the end of that period after netting off specific provisions incurred during the period. Formula-wise:

General provisions during a period = [alpha * incremental loans] + [(beta – delta specific provision/ outstanding loans) * (outstanding loans)] or

General provisions during a period = [alpha * incremental loans] + [(beta * outstanding loans) – (delta specific provision)] -------- (2)

24. The first component of the general provision was alpha times the incremental loans granted by a bank. This component therefore recognised the credit risk expected during expansions although the loan losses have not yet been identified in a specific loan. The second component was beta times the stock of outstanding loans reduced by specific provisions made during the period. One can observe that in the second component, beta which is historical average specific provision is compared with the current level of specific provision. This difference would be positive during periods of boom when the current levels of specific provisions are lower than the historical average and thus adds towards the balance of general provision. Similarly, in periods of downturns/recession, the current level of specific provision may be higher than the historical average of specific provision; in that case, the second component becomes negative and this component is subtracted from the first component and may cause the general provision fund to be drawn down. Thus the second component is countercyclical in nature which builds up during upturns and is drawn during downturns. The second component is also reflective of the strength and weakness of the lending cycle depending upon the addition/drawals made from the general provision.

25. Alpha and beta were calibrated by Bank of Spain for six homogeneous risk categories ranging from zero risk (cash, public sector debt, *etc.*) to high risk (credit cards and overdrafts). An option was also given to banks to use their own calibrated parameters based on their own credit histories and experiences, subject to supervisory approval.

26. Let me give an example to make things clearer. Assume outstanding stock of loans in a bank X to be `1000 and the previous year balance of loans to be `800, thus assuming the incremental growth in credit to be `200. Further assume that the alpha and beta component as given by the supervisor to be 2 per cent and 1 per cent respectively. Assume the specific provision required for the current year to be `8. For the first year, bank X would make a general provision equal to alpha times incremental loans *i.e.* 2 per cent of `200 *i.e.*, `4 plus difference between beta times outstanding loans and specific provision which in this case works out to 1 per cent of `1000 – `8 = `2. Thus, a total general provision of `6 (4+2) would be made by the bank X during the year. Total provision made during the year would be the sum of general provision and specific provision *i.e.*, `6 + `8 = `14.

27. To avoid under provisioning and excess provisioning and to satisfy the accountants, the general provisions had a floor of 33 per cent and a cap of 125 per cent of alpha times outstanding loans. These limits were placed in 2004 when most banks were already at the new upper limit at the time of the application of this regulation. In general, excess provisioning would occur in a long expansionary phase as specific provisions remain below the betas and the alphas also contribute positively. The cap is intended to avoid loan loss provisions growing for too long a period, producing coverage ratios (ratios of provisions to non-performing loans) that are unrealistic.

28. The total provisions under the dynamic provisioning model *viz.*, summation of general provisions and specific provision thus worked out to alpha times incremental loans plus beta times outstanding credit. The Spanish model is conservative as it creates general provision equal to alpha times incremental credit growth *i.e.*, the general provision

still increases due to the first component even if the current level of specific provisions are equal to historical average specific provision. However, during economic downturns the second component is solely responsible for reduction in the stock of provisions.

The FSA model

29. Having explained the basic tenets behind the Spanish dynamic provisioning model, it is also important to briefly cover the FSA, UK model of dynamic provisioning suggested in the Turner Review of March 2009. Under the FSA model, dynamic provisions are the difference between long term loan loss estimate and incremental specific provision. Thus, dynamic provisions will be created when the incremental specific provision will be lower than the long term loan loss estimate which is akin to expected losses. The total provisions required during a year under the model *viz.*, dynamic and specific works out to long term loan loss estimate. Under the FSA model, the flow of dynamic provisions is calculated using the stock of loans outstanding at the beginning of each year and is set as under:

Dynamic provisions (to be made during the year) = Long term loan loss estimate – Incremental specific provisions ---- (3)

30. I have taken the following example from the RBI's discussion paper:

31. Key assumptions in the example are:

i. Ten-year economic cycle,

ii. An average long-run loss rate of 0.8 per cent of loans, an unchanged mix of loans within the portfolio, and

iii. An average risk weight of 60 per cent for the loans. It is also assumed that, mainly through the application of a variable scalar approach to Probability of Default (PDs), this risk weight does not itself vary with the cycle.

32. The example starts with a loan book of `100 during the downturn, but before a dynamic provisioning approach has been implemented. In the early years, the dynamic provisioning reserve has no impact. Because it had not been set up in the good part of the cycle, prior to the downturn, there is no balance that may be run down in those years when actual credit losses exceed the long-run average.

33. As the economy reverts to more normal conditions, growth starts to return and credit losses fall. During years 4 to 9 the latter are less than the long run average, and this allows a dynamic provisioning reserve to be built up. This can then be automatically reduced in years 11 and 12 in order to provide substantial coverage of the above average losses of the next downturn.

34. The example shows how a dynamic approach would operate to build up a buffer in the good part of the cycle, and which could then be used up when the downturn materialises. It is based upon the existing Spanish approach; however, there is no separate alpha factor covering growth in the stock of loans.

The Peruvian model

35. Some South American countries have also introduced dynamic provisioning, the notable one is Peru. Peru has introduced cyclical provisioning in the form of general provisions, linked to the rate of growth of GDP. When GDP growth exceeds a certain threshold rate (*i.e.*, booming period), the cyclical provisioning is

Dynamic provisioning under FSA model

	Year	1	2	3	4	5	6	7	8	9	10	11	12
A	Loans (`)	100	100	105	110	120	135	150	170	190	200	200	200
B	Losses (per cent)	1.60	1.60	1.00	0.40	0.60	0.50	0.50	0.50	0.40	0.80	1.60	1.60
C	Losses (`) (A*B) Incremental Specific Provisions	1.60	1.60	1.05	0.44	0.72	0.81	0.75	0.85	0.76	1.60	3.20	3.20
D	Long term losses (`) (0.80*A)	0.80	0.80	0.84	0.88	0.96	1.08	1.20	1.36	1.52	1.60	1.60	1.60
E	▲Dynamic provision (`) (D-C)	0.00	0.00	0.00	0.44	0.24	0.27	0.45	0.51	0.76	0.00	(1.60)	(1.07)
F	Dynamic provision (`) *i.e.* Cumulative balance.	0.00	0.00	0.00	0.44	0.68	0.95	1.40	1.91	2.67	2.67	1.07	0.00
G	RWAs (`)	60	60	63	66	72	81	90	102	114	120	120	120
H	DP Reserve/RWAs (per cent)	0.00	0.00	0.00	0.70	0.90	1.20	1.60	1.90	2.30	2.20	0.90	0.00

activated; and when GDP growth rate falls below a threshold level, cyclical provisioning is deactivated. It is assumed that GDP growth precedes credit growth and GDP is a better systemic growth indicator than credit.

Proposed Indian framework

36. Let me now come to the need for introduction of a dynamic provisioning framework in India and the theoretical model suggested in the discussion paper of March 2012.

37. Although RBI has been following a policy of countercyclical variation of standard asset provisioning rates based on available data and judgement, the current provisioning framework does not have any inbuilt countercyclical or cycle smoothening element based on an analysis of credit cycles and loss history. The need for introducing a countercyclical provisioning framework was long recognised by RBI. However, the lessons from global financial crisis further strengthened the need to introduce such a framework. In December 2009, a minimum provisioning coverage ratio (PCR) was introduced by RBI to ensure build up of provisioning buffer when banks in general were making good profits. However, the same was intended to be an interim measure till the time any comprehensive scientific study based on credit history of our banks was attempted by RBI.

38. As mentioned above, the concept of dynamic provisioning generated a lot of interest from supervisors world over as most of the Spanish banks remained profitable during the global financial crisis. As we in India were already thinking about implementing a countercyclical approach, dynamic provisioning as a concept came handy in starting further work in the area. After studying various approaches of dynamic provisioning implemented by various countries *viz.*, Spain, Peru, etc., a dynamic provisioning framework was designed by RBI keeping in view the uniqueness of Indian banking system. Let me now briefly talk about the theoretical model discussed by RBI in its discussion paper of March 2012.

39. Dynamic provisioning framework in India is more or less based on the FSA model. The theoretical formula is as under:

Delta dynamic provisions = Expected losses – incremental specific provisions = alpha * outstanding loans – incremental specific provisions ----- (4)

40. The provisioning framework suggested by RBI has two components *viz.*, (i) specific provisions and (ii) dynamic provisions. While specific provisions would be as per the RBI guidelines on NPA provisioning, dynamic provisions would be the difference between the long run average expected loss of the portfolio for one year and specific provisions made during the year. Thus, this will ensure that every year the charge to profit and loss account on account of specific provisions and dynamic provisions is maintained at a level of alpha times outstanding loans *i.e.*, expected losses.

41. As is observed from above, dynamic provisions are created only when the specific provisions are lesser than the expected losses. The framework thus ensures that at any point of time, provisioning equivalent to expected losses should be made. Thus, the objective of the dynamic provisioning framework is to smoothen the impact of incurred losses on the profit and loss account through the cycle, and not to provide general provisioning cushion for expected losses. That is the essence of Indian dynamic provision framework.

42. Let me now discuss some of the important aspects relating to the proposed framework of dynamic provisioning. Although these are still being reviewed in light of the suggestions and feedback received from banks, I will briefly touch upon some of the important aspects of the framework:

43. Loss given default (LGD) used in the calculation of expected loss is based on downturn LGD (instead of normal LGD) as used in the internal ratings-based approach for credit risk (IRB) of Basel II. However, this was moderated by putting a cap on this. In India, we have not really seen a severe downturn/cycle. The parameters calibrated by us are based on a data of 5-10 years. Calibration of loss parameters based on say 10 years of data may not adequately reflect the severity of probable losses which may occur if there is a downturn in the current cycle. In order to make a sound estimation, the actual loss data of at least 2-3 cycles,

say 20-25 years is generally required. Therefore, there is risk in calibrating the dynamic provisioning rates based on average loss rate of just 10 years, and a reasonable element of conservatism is required to be added to the calibration. It was therefore felt that the downturn LGD rates based on the data for last 10 years could be a good measure of the required conservatism. However, to ensure that banks are not unnecessarily burdened, a cap is put in place.

44. When the dynamic provisioning framework is first implemented, banks will transfer the entire amount of general provisions and floating provisions to the balance of dynamic provisions. Thereafter, dynamic provisions will grow with an amount equal to the difference between expected losses and specific provisions made during the year.

45. For the purpose of determining the provisions that may be counted towards capital, in addition to calculation of dynamic provisions based on downturn LGD, banks would also be required to compute dynamic provisions based on normal LGD on notional basis. The difference between the two would be treated as general provisions counting towards Tier 2 capital, while dynamic provisions based on normal LGD would be treated as specific provisions.

46. In order to ensure that banks do not draw down from dynamic provisions to absorb higher losses due to their own credit appraisal and credit supervision weaknesses and deplete it before the slowdown occurs, its draw down is proposed to be allowed specifically by RBI based on evidence of a slowdown. A suitable framework for release of dynamic provisions will be formulated by RBI.

47. In times when dynamic provisions have not been released by RBI, banks will not be allowed to dip into dynamic provisions if their profitability is not sufficient to accommodate the specific provisions.

Methodology adopted for calibration of alpha (expected losses)

48. Expected losses over next one year was calculated using Basel II IRB formula *i.e.*, PD*LGD. Movement of NPA data over 5-10 years was used to calibrate PD and LGD. Alpha was calculated on a system wide basis for all the banks as well as for four asset classes, *viz.*, Housing, Retail, Corporates (other than Infrastructure and SME) and Others based on a sample of 9 banks comprising 32.53 per cent of gross advances of scheduled commercial banks as on March 31, 2010.

Impact of the proposed framework

49. While the impact of the proposed framework on individual banks was not assessed, on system wide basis, the provisioning charge on profit and loss account stood at 1.37 per cent of gross advances annually. From the system-wide data collected at RBI, the average annual charge on profit and loss account on account of standard asset provision and specified provisions (including write offs) over the 8 year period (from 2003 to 2010) amounted to 1.04 per cent of gross advances. The additional charge is mainly attributed to calibration of alpha based on downturn LGD.

Issues

50. Some of the issues worth debating and considering while implementing dynamic provisioning are the following:

Data challenges

51. For the calibration of alpha, apart from the 'bank as a whole' data, data was called from all the banks in respect of 8 segments *viz.* Infrastructure, Commercial Real Estate (CRE), Small and Medium Enterprises (SME), Other Corporate, Retail, Housing, Credit cards and Others. However, useful data for the purpose of this study could be submitted only by 9 banks for Retail, Housing and Other Corporate (corporate excluding infrastructure, SME and CRE). Due to this, the study was limited to Retail, Housing, Other Corporate (corporates excluding infrastructure, SME and CRE) and Others (which was a residual category).

52. Ideally, alpha (expected loss) should be calculated for different loan segments which may exhibit different levels of riskiness and thus warrant a higher provisioning. Calibration of alpha should be based on forward-looking through-the-cycle probability of default of various asset classes/rating classes and should be based on the credit history of individual banks and

reflect their own credit risk profile. However, it is not possible for all banks to have alpha calibrated based on their individual credit histories at this stage as the requisite data is not captured by them. Further, system-level alpha could not be calculated at this stage for all important segments requiring a separate alpha factor owing to the data issue. However, to ensure improved calibration, the discussion paper proposes to increase the number of segments apart from increasing the number of years of data and size of the sample in due course.

Calibration of parameters

53. Requiring banks to make provisioning based on standardised parameters calculated on system wide basis may penalise some banks which manage their credit portfolio in a better manner and has the risk of under-provisioning in case of riskier banks having poor credit portfolio. However, this may be addressed by requiring banks to gradually move over to calculation of alpha based on their own credit history.

Timing of implementation

54. It is argued that dynamic provisioning should be implemented in an upturn so that the same can ensure build up of some cushion which may be used during a downturn. With Indian economy and banking system experiencing some asset quality stress presently, a conscious call will be taken to implement dynamic provisioning at this stage of cycle.

Lending cycle effect

55. A dynamic provisioning system is usually designed using information on credit losses over the previous lending cycle. But there is no guarantee that a system designed in this way will be enough to cope with all the credit losses of the next downturn. Even in Spain, where the period used for the calibration included the worst recession in 40 years, it is not clear that the system will be enough to cover all credit losses.

Profit smoothing

56. There is widespread criticism that the dynamic provisions disguises crucial information by lumping together provisioning costs for incurred and expected losses in the income statement and is therefore counter to the objective of ensuring availability of timely and reliable information on bank performance. This can, however, be overcome by adequate disclosures about the extent of both specific and dynamic provisions. Such disclosures signal to the users of financial statements the differences between dynamic provisions representing loss expectations based on historical data and specific provisions for losses actually identified in the loan portfolio.

Interaction with the accounting standards

57. One question which will invariably arise on implementing dynamic provisions would be whether the concept is in accordance with the international accounting standards? Thus far, the answer is negative since the concept of dynamic provisions deviates from the principle of incurred losses as followed currently in accounting. However, in the wake of the crisis, the two major global standard setters the IASB and the FASB have agreed in principle that the incurred loss model has its limitations and needs to be replaced by an expected loss model. The 'trigger events' that is required for loans to be written down under the current incurred loss model of IAS 39 is proposed to be replaced by a forward looking expected loss based provisioning approach in the new IFRS 9 which is set to replace IAS 39.

58. As per the current update on IFRS 9, it is proposed that in implementing an expected loss model, entities shall take into account information about past loss events, current conditions and reasonable forecasts of economic conditions and future events. It is therefore doubtful whether the dynamic provisioning system will fully be in accordance with the principles in the forthcoming IFRS 9 since it is exclusively based on historical loss experience. We need to carefully watch the developments on the accounting front to figure out how to dovetail the dynamic provisioning concept with the accounting principles. However, the progress made by IASB and FASB in developing an expected loss based provisioning standard is very slow.

Why Spanish banks face problem now?

59. The Spanish banking system was credited as one of the most equipped among western economies to

cope up with the global financial crisis and was appreciated for its conservative and prudent banking rules – specially the dynamic provisioning which was seen in policy making circles as a model for the rest of the world. However, the crisis presently faced by the banking system in Spain mainly due to the real estate bubble that burst in 2007 has become the focal point of interest for supervisors and regulators. Apprehensions have been raised about whether Spanish banks actually faced the crisis or they merely postponed their losses, making it even worse for the banking sector.

60. It is now apparent that banks in Spain were not reporting all their losses. This thinking was given a boost when Bankia, the largest mortgage lender of Spain, revised its earnings for 2011 from €309 million profit to €4.3 billion loss. There were newspaper reports stating that by exploiting the terms such as dynamic provisioning which became a euphemism for an old accounting trick called cookie jar accounting, Spanish banks understated past profits, and shifted them to later periods to mask future losses. Spanish banks claimed to have excess reserves long after they were depleted and in effect there was profit smoothing and earnings management, which made banks look healthy when they were in fact, quite the opposite.

61. The Spanish case exemplifies the limitations of any provisioning framework in preventing exuberance in bank lending to inherently risky sectors of the economy. Economic cycles can be too powerful to negate the impact of prudential rules to some extent if there is serial underestimation of risks. While partial recognition of loan losses can buy some time in the short run, in the long run it leads to more problems due to loss of credibility. With specific reference to Spain again, the loan loss reserves proved insufficient for the housing collapse. In 2004, the Spanish Central Bank put a cap of 125 per cent on the general provisions reportedly under pressure from banks. Also, the floor of 33 per cent placed in 2004 was later removed. From that time onwards, Spanish bank lending which was already growing at 14 per cent annually went into a further boom, growing over 25 per cent in 2005 and 2006. The reserves naturally proved insufficient when crisis struck. This further strengthens the belief that economic cycles which are harsher and deeper than previous ones can wipe out the provisions based on earlier cycles.

62. It should be noted that dynamic provisions are no panacea for all ills plaguing the financial system. It needs to be accompanied by other macro-prudential tools aimed at mitigating pro-cyclicality and systemic risks. Further, while calibrating a dynamic provisioning system, care needs to be taken to maintain countercyclical reserves in line with expected losses so as to avoid both insufficient buffers and excessive provision coverage. There is no guarantee that dynamic provisions will be enough to cope with all the credit losses of a downturn if the cycle turns out to be deeper than anticipated.

Conclusion

63. The crisis experienced by Spain cannot dilute the efficacy of the concept of dynamic provisioning. Dynamic provisioning is a tool that certainly deserves attention from policy makers and regulators for it distributes the loan losses evenly over the credit cycle and so applies the breaks on an important source of pro-cyclicality in banking. No prudential rules/ regulations can help save a banking system if there is failure of corporate governance. To avoid the pitfalls observed in the Spanish model, RBI has preferred to take downturn LGD in calibrating expected losses or alpha. This is a prudent approach.

64. Let me now conclude. We discussed about the need for provisioning; drawbacks of an incurred loss based provisioning model; post-crisis, the need for countercyclical provisioning tools based on expected losses; the underlying concepts and principles of dynamic provisioning; the framework as implemented in Spain; and the proposed framework in India; issues in implementation and the lessons from the recent crisis in Spain.

65. Dynamic or expected loan loss provisioning can contribute to financial stability by recognising the losses early in the cycle at the time of loan origination by building up buffers in good times that can be used in bad times, thereby limiting the consequences during a downturn. While there is no guarantee that dynamic

provisions will be enough to cope with all the credit losses of a downturn and therefore may not tame credit cycles by itself, the time has come for forward looking provisions which when properly calibrated can act as a dependable macro-prudential policy instrument, to hedge against risks in banks' balance sheets thereby enhancing the resilience of both individual banks as well as banking system as a whole.

Articles

*House Price Index**

The Reserve Bank is compiling quarterly house price indices for nine major cites (Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur and Kanpur) as well as at all-India level based on the official data received from registration authorities of respective state governments on property transactions with base Q4:2008-09=100. Overall trends in the house price index (HPI) are regularly disseminated in the quarterly review of Macroeconomic and Monetary Developments. This article presents the methodology and salient features of the Reserve Bank's HPI, and its trends in recent quarters. It is a weighted average Laspeyres index based on transaction price, where transactions are stratified into three categories, viz., small, medium and large houses and in different geographical wards/zones. Further, the city-wise indices are averaged using the population proportion to total as the weight to obtain an all-India index. It is observed that the annual average house price increase is around 20 per cent in the last three years.

Introduction

House is not only an asset but also is a durable consumption good for households, providing shelter and other services. A change in the house price affects the households' perceived lifetime wealth and hence influences the spending and borrowing decisions of households. An increase in the house price raises the value of the housing relative to construction costs; hence a new construction is profitable when house price raises above the construction costs. Residential investment is, therefore, positively related with house price increase. House prices may also affect bank lending and vice versa. Further, house price gains increase housing collateral. The potential two-way link between bank lending and house prices give rise to mutually reinforcing cycles in credit and real estate markets. These indicate that house prices may affect economic activity through private consumption of households, residential investment and credit allocation of the financial systems.

The information on house price is not easily accessible; the lack of transparency in the residential property market and limited availability of price information pose significant challenges for identifying the nature of real estate price dynamics and their relationship with financial stability and monetary policy. Therefore, it is essential to have an accurate measure of aggregate house price in order to understand the behavior of housing markets and their influence on the economy. In practice, development of an aggregate house price index is difficult because of its inherent heterogeneity and infrequent nature of sales. This means houses vary in quality across sections and over time. As no two houses are the same, the observed difference in characteristic (quality) between two houses will be reflected in difference in price. Also, since transaction on any specific house occur relatively infrequently, it is hard to know the amount at which a specific house will transact on a particular day. Thus, the characteristics of heterogeneity and infrequency of sales together make it all the more difficult to find a representative sample of house prices on which an aggregate price index can be estimated. Internationally, the house price index is compiled using three methodologies. The first methodology is based on simple average of observed prices. The second looks at repeat sales of the same property. The third treats a house as a bundle of attributes, each with its own price that changes over time and makes use of the hedonic methodology[1].

2. Reserve Bank's House Price Index

Beginning with Mumbai city, the Reserve Bank initiated the work of compiling a house price index

* Prepared in the Statistical Analysis Division of the Department of Statistics and Information and Management.

[1] Hedonic methods are special techniques for quality adjustments that are incorporated in the calculations of the official price statistics for some of the segments of goods like house, used cars, IT products *etc.* The objective of such indices is to measure pure price changes, controlling the influence of quality differentials.

(HPI) in 2007 and brought out a quarterly HPI for Mumbai city (base 2002-03=100) in the fourth quarter review of Macroeconomic and Monetary Developments 2008-09. Over the quarters, the coverage has been extended by incorporating eight more cities, *viz.*, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur and Kanpur and the base is shifted to Q4:2008-09=100. Trends in all-India HPI and its constituent cities are disseminated regularly in the quarterly Macroeconomic and Monetary Developments. Latest results published by the Reserve Bank relate to Q4: 2011-12.

The price data on transacted houses while registering of a house are collected from the Registration Departments of respective state governments. This approach attempts to develop a house price index on the basis of registration price data and stratified weighted average measures, where transactions are stratified in three categories, *viz.*, small, medium and large houses and different geographical wards/zones. However, this measure captures prices relating only to those houses sold during a period and not relevant to all houses in the economy.

3. Methodology for the Compilation of HPI

Registration of property is a legal and official necessity for any property transaction in India. Therefore, in principle, the official authority of property registration has the details of all transactions during a reference period. Registration authorities of respective state governments possess the data on the registration of transactions of properties including shops, land and residential houses located in their judistriction. The data are reported on transaction basis. For most centers, basic information is available in local language. Even though the data structure is not strictly common across states, it contains the following fields: date of registration, registration number, address, survey no, area, seller's name, buyer's name, consideration amount (transacted price) and market value. From this, data related to residential occupancies is suitably extracted and analysed for the compilation of house price index. The house price index is compiled on a quarterly basis with Q4:2008-09=100 as the base. The data on prices of residential properties are scrutinised and unacceptable data points are removed using z-scores[2] calculated separately for each stratum in each quarter. All the observations above/below plus/minus 3 z-scores are removed. Since the data do not include the information on type of house, *i.e.*, under-construction or new or resale house, the date of registration is considered as date of sale of the house. The analysis of data as well as compilation of the index is done on the transacted price. While interpreting the results, the fact may be taken into account that the index is based on the price which is officially decleared by the buyer.

The house price indices are calculated using weighted average method. The sample data are stratified/segregated in different dimensions reflecting size, wards/zones for each city. First, the indices are estimated at ward/zone level, which is averaged (weighted) to obtain the city indices. An all-India level weighted average house price index is also compiled based on the nine city indices. The methodology for computing the respective indices is described in detail below.

Weighted Average Method

Compilation of weighted average price index is done using Laspeyres weighted average methodology. First, the simple average of price (per square meter) of houses (P_{ij}) in each category, classified by Floor Space Area (FSA) into small, medium and large for each ward/zone in each quarter is calculated. As a method of averaging, median is used. Second, the proportion of number of houses transacted in the three categories of FSA within a ward/zone during the period January 2009 – March 2009 is taken as the weight ($w_{i,j}$). Then, based on an average per square meter price for three FSA category houses in each ward/zone, price-relatives are calculated for each quarter. The price relative is nothing

[2] The z- score is $z=\frac{x-\mu}{\sigma}$ where: x is the variable to be standardised, μ is the mean and σ is the standard deviation. The quantity z represents the distance between the individual observations and the population mean in units of the standard deviation.

Table 1: House Price Index – City wise

Quarter	Mumbai	Delhi	Bengaluru	Ahmedabad	Lucknow	Kolkata	Chennai*	Jaipur	Kanpur
Q4: 08-09	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Q1: 09-10	116.0	101.0	103.6	101.4	103.7	100.7	96.1	99.0	113.0
Q2: 09-10	131.0	100.9	101.7	104.2	118.6	107.2	83.9	112.7	114.8
Q3: 09-10	135.1	99.7	100.8	117.3	116.7	110.9	106.8	119.1	114.1
Q4: 09-10	136.4	109.5	98.5	124.3	112.5	107.5	118.2	142.5	120.2
Q1: 10-11	143.0	122.3	104.0	117.1	116.9	116.9	138.2	144.9	119.0
Q2: 10-11	157.2	116.1	101.9	128.5	128.5	156.2	135.7	149.7	129.4
Q3: 10-11	159.3	111.4	104.7	128.8	136.9	161.2	118.4	157.3	133.5
Q4: 10-11	172.3	135.2	113.6	128.7	140.3	171.9	106.8	155.3	135.7
Q1: 11-12	191.6	152.8	116.9	152.3	149.3	157.0	106.3	161.1	135.4
Q2: 11-12	206.1	153.0	116.0	162.8	159.2	159.0	113.9	165.1	138.3
Q3: 11-12	191.7	168.6	146.1	171.8	172.3	155.0	120.3	163.5	140.0
Q4: 11-12	224.7	195.3	140.6	177.2	169.7	158.4	117.0	164.4	148.7

Note: * Chennai Index is based on both residential and commercial properties.

but a ratio of current period price to the base period price. Price relative per square meter for the i[th] FSA, j[th] ward/zone, t[th] quarter is given by

$$RP_{i,j,t} = \frac{P_{i,j,t}}{P_{i,j,0}},$$

where $P_{i,j,0}$ is the price in the base period.

The quarterly ward/zone weighted average price relatives are calculated next. These weighted relative prices are again averaged using proportion of number of houses in each ward to the total number of houses transacted in the city during the period January 2009 – March 2009 as the weight (W_j). The following formula is used for compiling the city-wise HPI for the t[th] quarter.

$$\text{City HPI}_t = \left(\sum_j \left(\sum_i RP_{i,j,t} \times w_{i,j}\right) \times W_j\right) \times 100 \text{ for all } t$$

The city-wise price indices are averaged using the population proportion (based on 2011 census) of the nine cities to its total to obtain the all-India index.

4. Trends in HPI

City-wise house price indices are presented in Table 1. These indices track variation in house prices in various cities across time.

The year-on-year variation in house prices across various cities are presented in Table 2. The house price in Mumbai increased on an annual basis at more than 15 per cent throughout the study period. In the cities like Delhi, Bengaluru, Ahmedabad and Lucknow house prices grew at a relativity lesser pace during 2010-11,

Table 2: House Price Index (y-o-y change in per cent) - City wise

Quarter	Mumbai	Delhi	Bengaluru	Ahmedabad	Lucknow	Kolkata	Chennai*	Jaipur	Kanpur
Q4: 09-10	36.4	9.5	-1.5	24.3	12.5	7.5	18.2	42.5	20.2
Q1: 10-11	23.3	21.1	0.3	15.5	12.8	16.0	43.8	46.3	5.3
Q2: 10-11	20.0	15.0	0.3	23.4	8.4	45.7	61.7	32.8	12.7
Q3: 10-11	17.9	11.7	3.9	9.8	17.2	45.3	10.9	32.1	17.0
Q4: 10-11	26.3	23.4	15.4	3.5	24.7	59.9	-9.6	8.9	12.9
Q1: 11-12	33.9	25.0	12.4	30.0	27.8	34.3	-23.1	11.2	13.7
Q2: 11-12	31.1	31.8	13.8	26.6	23.9	1.8	-16.1	10.3	6.9
Q3: 11-12	20.3	51.4	39.6	33.4	25.9	-3.9	1.6	3.9	4.9
Q4: 11-12	30.4	44.4	23.7	37.7	21.0	-7.9	9.5	5.9	9.5

Note: * Chennai Index is based on both residential and commercial properties.

which picked up in 2011-12. Kolkata, Chennai, Jaipur and Kanpur saw some moderation in house price increase in 2011-12 compared to 2010-11.

Overall house price index and point-to-point annual per cent price changes at all India level are presented in Table 3. It is observed that index of house price, during the past 3 years up to Q4:2011-12, has increased by around 77 per cent. The year-on-year price increase has been around 20 per cent throughout.

5. Limitations

The HPI based on registration prices has some limitations. There is a perception that registration price is not the actual price paid by a buyer. It is argued that registered prices of houses are in general underestimated due to various reasons like high registration fees and stamp duty, obligations for the payment of property tax, *etc.* Further, the differences in the time gaps between the actual transactions and registrations also do not always follow the similar pattern across different states. Moreover, registrations of the properties are done taking into account different criteria in different states, some of which are (a) partial consideration of un-divided share of land, (b) partial consideration of sale of terrace rights, (c) consideration of agreement to sale at the time booking for total price, and (d) sale deed only post completion of property. On the other hand, the registration procedure and records maintenance are not computerised in some states and the records in most states are maintained in the regional languages which necessitates further work with respect to bringing them into common format.

Finally, the all-India HPI is a weighted average of city-level HPIs. Ideally, the number of transactions at city level could have been used as weight. However, in the existing data collection mechanism, separate information on the type of the property (residential/ commercial) of Chennai is not available. As a result, the proportion of population of the city (to the total population of nine cities together) is used as the weight, as a proxy to the number of transactions.

Table 3: House Price Index and y-o-y change – All-India

Quarter	HPI	y-o-y change (%)
Q4: 08-09	100.0	NA
Q1: 09-10	105.0	NA
Q2: 09-10	109.5	NA
Q3: 09-10	113.8	NA
Q4: 09-10	118.5	18.5
Q1: 10-11	125.4	19.4
Q2: 10-11	132.6	21.1
Q3: 10-11	132.6	16.5
Q4: 10-11	141.7	19.6
Q1: 11-12	152.0	21.2
Q2: 11-12	157.8	19.0
Q3: 11-12	164.1	23.7
Q4: 11-12	176.9	24.8

6. Conclusion

Developing a house price index is always a challenging task. The article presents the salient features of Reserve Bank's house price index based on official data received from registration authorities of various state governments. It is compiled at city as well as at all-India level. The weighted average based Laspeyres index number, which makes use of the number of transactions, as the weight is used to compile the indices at city level. The all-India index is estimated using the population proportion as weight.

Recent trends of Reserve Bank's HPI reveal that increase in the house price index was steep in the last few years. House price on an average during the past 3 years up to Q4:2011-12 has increased by 77 per cent. The city of Mumbai has witnessed a sustained increase in prices throughout the study period. Delhi, Bengaluru, Ahmedabad and Lucknow house prices have shown acceleration in prices during the latest periods.

*Finances of Non-Government Non-Financial Private Limited Companies: 2010-11**

This article assesses the financial performance of select 1,850 non-government non-financial private limited companies during 2010-11 based on the analysis of their audited annual accounts. The data are presented at the aggregate level for all the select companies and also for select industries. The aggregate results of the select companies revealed that sales, value of production and manufacturing expenses recorded higher growth in 2010-11 as compared with those in the previous year. However, growth in earnings was lower than those in 2009-10. Higher growth in interest payments resulted in lowering of growth in earnings before tax. Profitability ratios moderated during the year. Growth in total borrowings during 2010-11 was higher than that in the previous year and borrowings from banks also grew at higher rate. External funds (i.e., other than those generated internally) continued to be major source of financing with its share rising further from the previous year.

The financial performance of non-government non-financial private limited companies during the year 2010-11 analysed in this article is based on the audited annual accounts of select 1,850 companies, which closed their accounts during the period April 2010 to March 2011[1]. The select 1,850 companies accounted for 7.1 per cent of total paid-up capital (provisional estimate supplied by Ministry of Corporate Affairs, GoI) of all non-government non-financial private limited companies as on March 31, 2011. The study also presents comparable data for the preceding two years, *viz.* 2008-09 and 2009-10[2] for the same set of companies, based on the analysis of their accounts for the respective years.

I. Income and Expenditure

The growth rates in sales, value of production, manufacturing expenses, remuneration to employees, *etc.* in 2010-11 were higher than those in 2009-10 (Statement 1). However, with expenditure growth overshooting that of income, select companies recorded lower growth in profits during 2010-11 as reflected in various measures of profit like 'operating profits' or 'earnings before interest, tax, depreciation provision and amortisation' (EBITDA), 'gross profits' or 'earnings before interest and tax (EBIT) , 'earnings before tax' (EBT) and 'net profits'. As regards the components of expenditure, manufacturing expenses and remuneration to employees recorded much higher growth. The select companies' EBITDA margin (measured as percentage of sales) in 2010-11 was nearly at the same level as in 2009-10 (Chart 1), while EBIT margin declined by 0.9 percentage points in 2010-11 (Statement 2). Retention ratio (measured by retained earnings as percentage of net profits of companies which made profit during the respective years under study) also declined by 0.7 percentage points, while dividends to net worth ratio remained unchanged.

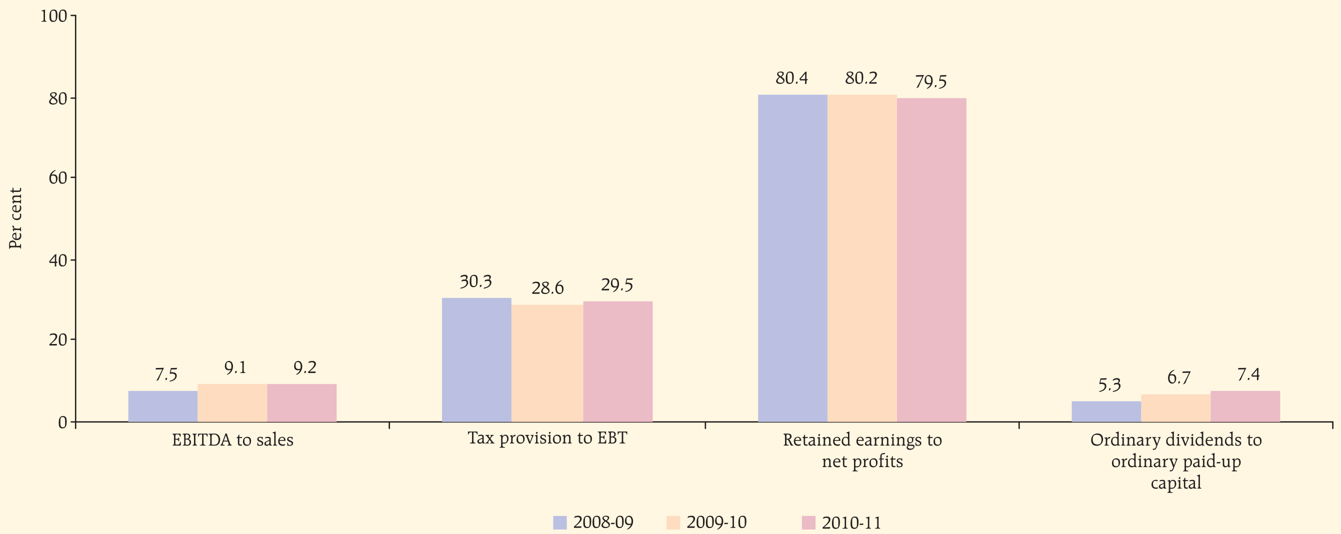
Composition of income of the select companies in 2010-11 (Table 1) showed lower contribution of other income (6.8 per cent) and slightly higher accumulation to inventory (1.9 per cent). On the expenditure side,

* Prepared in the Company Finances Division of the Department of Statistics and Information Management. Reference may be made to September 2011 issue of the RBI Bulletin for the previous study, which covered the financial performance of 1,642 non-government non-financial private limited companies during 2009-10. In the present study, 893 new companies have been included in addition to 957 companies common with the previous study.

[1] In the case of companies, which either extended or shortened their accounting year, their income, expenditure and appropriation account figures have been annualised. The balance sheet data, however, have been retained as presented in the annual accounts of the companies. The analysis of the financial performance of companies is subject to these limitations.

[2] Due to differences in the sample companies, figures for the financial years 2008-09 and 2009-10 presented in this study may not match with those presented in the earlier studies.

Chart 1: Select Profitability and Profit Allocation Ratios



the share of manufacturing expenses went up to 68.4 per cent in 2010-11 (67.7 per cent in 2009-10), while the share of 'other expenses' decreased.

II. Earnings and Expenditure in Foreign Currencies

The total earnings in foreign currencies of the select companies increased by 29.4 per cent in 2010-11, as against a decline of 3.6 per cent in 2009-10 (Statements 1 and 6). However the exports to sales ratio remained almost unchanged at 9.8 per cent (Statement 2). The total expenditure in foreign currencies increased by 39.4 per cent in 2010-11 led by growth in merchandise imports as against decline of 7.6 per cent recorded in 2009-10. However the shares of raw materials and capital goods in total merchandise imports were lower in 2010-11. Net outflow in foreign currencies for the select companies in 2010-11 increased.

III. Liabilities and Assets

Total liabilities/assets of the select companies witnessed an increase of 19.0 per cent in 2010-11 (Statement 4). The growth in net worth declined by 1.7 percentage points to 14.5 per cent in 2010-11 and total outstanding borrowings showed a higher growth. The growth in borrowings from banks also increased to 14.7 per cent in 2010-11 from 7.9 per cent in 2009-10.

The composition of capital and liabilities (Table 2 and Chart 2) in 2010-11 showed a decrease in the share of 'share capital' and 'borrowings' with corresponding increase in 'trade dues and other current liabilities' and in 'reserves and surplus'. Debt to equity ratio (in percentage) increased to 23.4 per cent in 2010-11 from 22.1 per cent in 2009-10.

In the asset side 'gross fixed assets' (adjusted for revaluation) registered a lower growth of 13.3 per cent

Table 1: Composition of Operating Income and Expenditure

(Per cent)

Income	2009-10	2010-11	Expenditure	2009-10	2010-11
Sales	91.0	91.3	Manufacturing expenses	67.7	68.4
Change in Inventory	1.4	1.9	Remuneration to employees	12.5	12.5
Other Income	7.6	6.8	Interest expenses	2.4	2.3
			Other expenses	17.1	16.7
			Provision (other than tax)	0.2	0.2
Total	**100.0**	**100.0**	**Total**	**100.0**	**100.0**

Table 2: Composition of Assets and Liabilities

(Per cent)

Liabilities	2009-10	2010-11	Assets	2009-10	2010-11
1. Share capital	19.3	17.0	1. Gross Fixed assets	45.6	43.5
2. Reserves and surplus	25.2	25.9	2. Depreciation	14.2	14.1
3. Borrowings	27.8	27.3	3. Net fixed assets	31.4	29.4
Of which, from Banks	19.2	18.5	4. Inventories	16.5	17.9
4. Trade dues and other current liabilities	25.3	27.4	5. Loans and advances and other debtor balances	28.3	30.2
Of which, from Sundry creditors	14.7	16.5	*Of which*, Sundry debtors	15.7	16.8
5. Provisions	2.4	2.4	6. Investments	7.5	7.2
6. Miscellaneous non-current liabilities	–	–	7. Cash and bank balances	11.0	10.3
			8. Other assets	5.3	5.0
Total	**100.0**	**100.0**	**Total**	**100.0**	**100.0**

– Nil or Negligible.

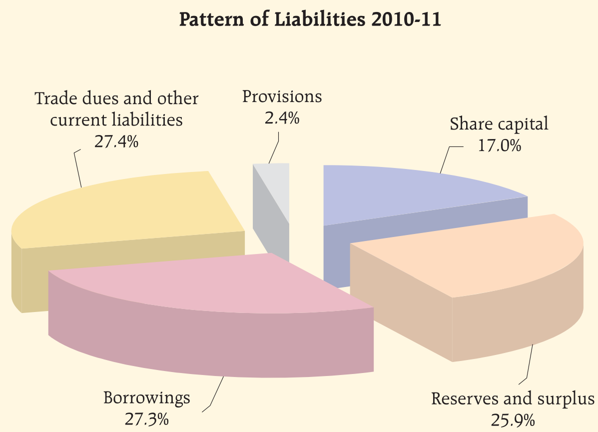
in 2010-11 as compared to a growth of 14.3 per cent in 2009-10, while level of 'inventories' (raw material and finished goods) moved up sharply. The share of 'inventories' in total assets increased to 17.9 per cent (16.5 per cent in 2009-10) and that of 'loans and advances and other debtor balances' rose to 30.2 per cent (28.3 per cent in previous year). The share of 'net fixed assets' declined to 29.4 per cent (31.4 per cent in the previous year).

IV. Sources and Uses of funds

External funds (*i.e.*, other than those generated internally) continued to play a major role in business of corporates since 2004-05, and its share in total sources of funds increased to 68.1 per cent in 2010-11 from 56.8 per cent in 2009-10 (Table 3 and Chart 3). Share of 'trade dues and other current liabilities' and share of 'borrowings' in total sources of funds rose to 34.7 per cent and 22.6 per cent, respectively. The share of internal sources of funds declined due to lower provision and lower accretion in 'reserves and surplus', resulting from lower profit.

Gross fixed assets formation accounted for a lower share (29.0 per cent) of uses of funds in 2010-11. Addition of 'cash and bank balances' and 'investments' were also of lower order. Correspondingly, the share of 'loans and advances and other debtor balances' and 'inventories' registered increase in total uses of funds. Gross savings to gross capital formation ratio declined

Chart 2: Pattern of Liabilities and Assets: 2010-11



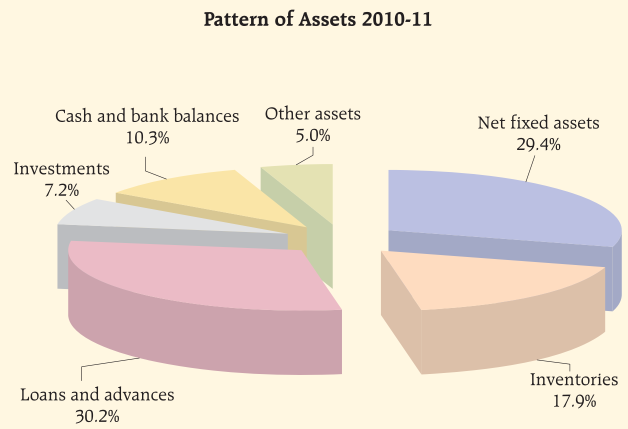


Table 3: Composition of Sources and Uses of funds

(Per cent)

Sources of funds	2009-10	2010-11	Uses of funds	2009-10	2010-11
I Internal sources (own sources)	**43.2**	**31.9**	I Gross fixed assets	37.8	29.0
(a) Paid-up capital +	0.3	–	II Inventories	12.8	23.2
(b) Reserves and surplus	24.4	20.1	III Loans and advances and other debtor balances	20.9	36.5
(c) Provisions	18.5	11.9	*Of which,* Sundry debtors	14.2	20.5
Of which, Depreciation provision	16.5	12.5	IV Investments	8.2	5.0
			V Cash and bank balances	18.2	6.3
II External sources (other than own sources)	**56.8**	**68.1**	VI Other assets	2.1	–
(a) Paid-up capital *	16.0	10.4			
(b) Borrowings	16.1	22.6			
Of which,					
(i) Debentures	0.1	1.1			
(ii) Loans and advances	15.6	21.6			
Of which from Bank	9.3	13.5			
(c) Trade dues and other current liabilities	24.3	34.7			
Of which, Sundry creditors	12.4	23.5			
(d) Others	0.4	0.5			
Total	**100.0**	**100.0**	**Total**	**100.0**	**100.0**

+ Includes capitalised reserves and forfeited shares   * Includes net issues and premium on shares   – Nil or Negligible.

to 72.3 per cent in 2010-11 from 92.3 per cent in the previous year.

V. Performance of Companies by Size of Sales

Bigger companies (according to size of sales) registered much higher growth in sales in 2010-11 (Table 4). The smaller companies, with sales volume of '`250 million each or less' recorded decline in sales for the second year though to a lesser extent than in 2009-10. Profit (*i.e.*, EBITDA) growth was the highest for the largest sales size group of '`10 billion and above', followed by sales size group of '`500 million - `1 billion'. EBITDA margin for companies in the above sales size classes also improved between 2009-10 and 2010-11. Debt to equity ratio of companies in different size groups moved in a narrow range and remained moderate.

Chart 3: Pattern of Sources and Uses of Funds: 2010-11

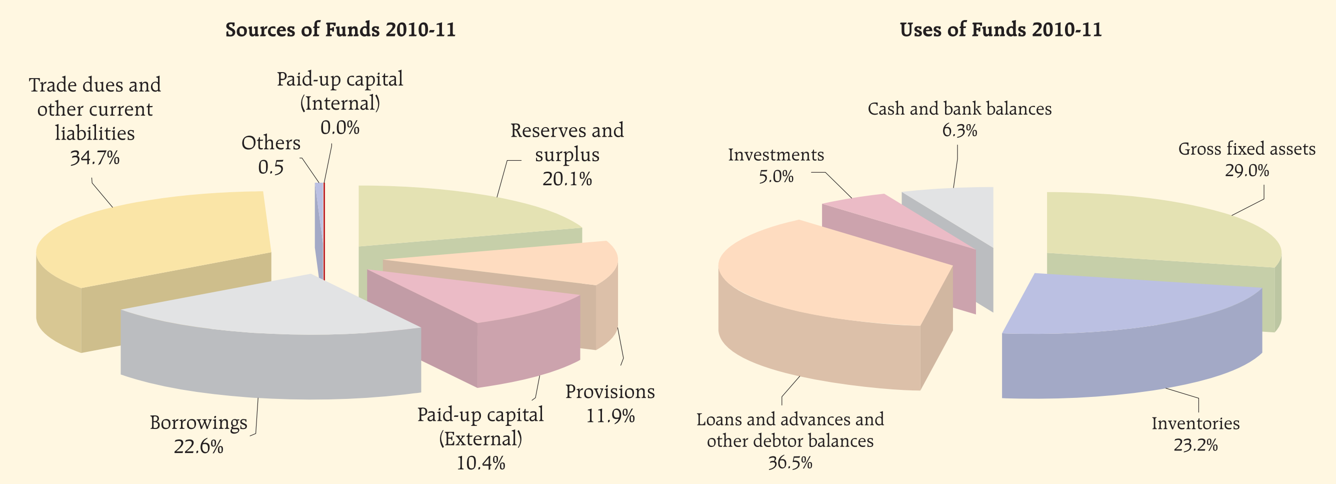


Table 4: Performance of Companies by Size of Sales

(Per cent)

A. Growth Rates of Select items

Sales Size Group	Number of Companies	Sales		EBITDA		Total Net Assets	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Less than `250 million	1005	-7.1	-1.6	136.2	24.6	7.9	17.1
`250 million - `500 million	260	10.3	12.6	45.2	-5.3	9.2	11.6
`500 million - `1 billion	241	9.6	14.7	21.7	37.5	12.7	12.1
`1 billion - `5 billion	286	12.2	29.8	22.5	20.9	12.8	16.3
`5 billion - `10 billion	36	10.2	37.7	44.8	15.8	26.3	32.1
`10 billion and above	22	7.6	24.9	45.1	52.4	24.9	27.7

B. Select Financial Ratios

Sales Size Group	EBITDA to Sales			Debt to Equity			Tax Provision to EBT*		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Less than `250 million	1.4	3.6	4.5	19.9	21.7	27.5	40.3	32.2	35.8
`250 million - `500 million	9.3	12.3	10.3	23.8	20.1	18.0	31.0	24.9	29.3
`500 million - `1 billion	9.6	10.6	12.7	26.2	23.7	22.1	32.3	27.7	29.7
`1 billion - `5 billion	10.4	11.3	10.6	34.7	28.0	32.9	30.1	29.0	27.5
`5 billion - `10 billion	8.6	11.3	9.5	17.4	12.7	6.9	25.8	23.9	28.6
`10 billion and above	3.9	5.2	6.3	14.8	15.2	14.0	29.5	31.3	31.5

* Calculated based on companies which made profit in all the three years during 2008-09 to 2010-11.

VI. Performance of Companies by Size of PUC

When grouped according to size of their paid-up capital (PUC), it was observed that for select companies growth rate in sales in 2010-11 was higher than that in the previous year for all PUC size classes (Table 5) and

Table 5: Performance of Companies by Size of Paid-up Capital

(Per cent)

A. Growth Rates of Select items

PUC Size Group	Number of Companies	Sales		EBITDA		Total Net Assets	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Less than `10 million	608	11.6	25.6	15.0	6.6	9.1	11.8
`10 million - `20 million	205	6.5	16.6	26.5	3.4	18.8	19.2
`20 million - `50 million	281	5.4	27.3	7.4	25.4	14.0	17.6
`50 million - `100million	230	13.8	24.1	31.5	9.9	16.9	18.1
`100 million - `250 million	265	8.6	24.8	21.0	29.7	14.4	17.4
`250 million - `500 million	122	14.9	22.0	29.3	46.7	14.2	15.5
`500 million - `1 billion	80	6.8	22.2	76.1	13.4	10.4	22.8
`1 billion and above	59	1.3	31.5	94.8	49.7	18.0	24.1

B. Select Financial Ratios

PUC Size Group	EBITDA to Sales			Debt to Equity			Tax Provision to EBT*		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Less than `10 million	10.7	11.0	9.3	10.9	12.4	8.9	31.3	28.1	27.3
`10 million - `20 million	6.0	7.1	6.3	20.0	26.3	18.9	33.6	30.7	33.6
`20 million - `50 million	8.2	8.3	8.2	13.8	13.7	18.0	29.5	29.2	27.9
`50 million - `100 million	9.6	11.1	9.9	31.0	27.5	29.7	25.0	23.8	29.3
`100 million - `250 million	7.8	8.7	9.0	33.3	34.5	31.9	31.8	27.6	28.4
`250 million - `500 million	7.4	8.3	10.0	18.5	18.2	21.4	25.5	29.4	34.0
`500 million - `1 billion	6.2	10.2	9.4	18.9	18.7	12.1	43.0	28.5	26.5
`1 billion and above	4.1	7.8	8.9	36.8	20.2	27.6	36.0	33.3	29.5

* Calculated based on companies which made profit in all the three years during 2008-09 to 2010-11.

companies in the highest PUC size class '`1 billion and above' recorded highest sales growth (31.5 per cent). Companies with higher PUC in general, registered high growth in EBITDA in 2010-11 with the exception of those in PUC size class '`500 million - `1 billion'. Profit margin also increased in the above PUC size class. Debt equity ratio of the PUC size class '`100 million - `250 million' was higher than those in other size classes and decreased in 2010-11.

VII. Industry-wise Performance

The manufacturing sector registered higher growth in sales (25.7 per cent) when compared with the services sector (21.0 per cent) (Table 6A). However, the EBITDA growth of services sector (34.4 per cent) was higher than that of the manufacturing sector (20.3 per cent). In terms of EBITDA margin also, the services performed better than the manufacturing sector (Table 6B). Bank credit to both manufacturing sector and services sector grew at higher rate. The debt to equity ratio declined for manufacturing sector and increased for services sector in 2010-11 as compared with the previous year.

While analysing industry-wise performance, it was observed that sales growth improved in almost all the industries with 'cotton textiles', 'machinery and machine tools' and 'construction' industries recording very high growth. 'Real estate' sector recorded poor sales growth in 2010-11. EBITDA growth of companies belonging 'food products and beverages', 'cotton textiles', 'iron and steel' and 'machinery and machine tools' industry groups was substantially higher, while 'chemical and chemical products', ' electrical machinery and apparatus', 'pharmaceuticals and medicines' and 'real estate' industries recorded lower profits in 2010-11. Industries which recorded significant growth in bank borrowings were 'cotton textiles', 'machinery and machine tools', and 'motor vehicles and other transport equipments' industries.

Table 6A: Industry-wise performance

(Per cent)

A. Growth Rates of select items

Select Industry Group	Number of companies	Sales		EBITDA		Bank borrowings	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Mining and quarrying	**32**	**-20.5**	**25.3**	**24.0**	**14.7**	**19.0**	**26.3**
Manufacturing	**1027**	**8.5**	**25.7**	**23.9**	**20.3**	**15.8**	**22.1**
Of which :							
1. Food products and beverages	103	11.5	18.1	8.0	32.7	41.7	34.1
2. Cotton Textiles	45	43.2	52.8	89.0	53.3	16.6	45.8
3. Man-made textiles	20	10.4	19.6	-3.0	20.0	-7.8	5.6
4. Chemicals and chemical products	147	10.6	17.9	14.0	-6.9	15.2	14.4
5. Pharmaceuticals and medicines	42	14.8	10.2	8.8	-9.6	-21.7	15.3
6. Plastic products	45	26.2	10.0	56.8	9.4	46.5	14.5
7. Iron and steel	59	9.6	19.6	26.3	103.5	7.1	-6.7
8. Machinery and machine tools	97	-5.0	57.5	7.5	42.2	-35.5	41.1
9. Electrical machinery and apparatus	64	2.4	19.1	28.1	-2.4	10.3	9.5
10. Motor vehicles and other transport equipments	52	28.8	25.1	46.5	20.1	6.7	73.5
Construction	**71**	**19.2**	**38.0**	**43.9**	**21.0**	**-5.7**	**4.6**
Services	**632**	**11.5**	**21.0**	**41.4**	**34.4**	**3.0**	**11.4**
Of which :							
1. Transport, storage and communications	58	12.7	24.0	147.3	20.1	20.1	-9.1
2. Real estate	64	47.7	7.3	41.8	-1.5	-5.6	15.9
3. Computer and related activities	103	11.5	16.2	12.9	13.7	-15.5	8.3
All industries	**1850**	**9.0**	**24.9**	**32.1**	**25.2**	**7.9**	**14.7**

Table 6B: Select Financial Ratios

(Per cent)

Select Industry Group	EBITDA to sales			Debt to equity			Tax provision to EBT*		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Mining and quarrying	**6.4**	**9.9**	**9.1**	**41.0**	**46.5**	**33.5**	**40.4**	**37.1**	**34.4**
Manufacturing	**6.2**	**7.0**	**6.7**	**17.4**	**18.8**	**17.6**	**34.9**	**32.1**	**30.2**
Of which :									
1. Food products and beverages	2.8	2.7	3.1	16.6	29.3	20.4	28.0	28.2	24.2
2. Cotton Textiles	7.8	10.3	10.3	87.6	71.5	93.4	-129.5	26.3	26.5
3. Man-made textiles	12.8	11.2	11.2	71.8	59.9	54.9	16.7	23.2	24.4
4. Chemicals and chemical products	10.2	10.5	8.3	9.1	9.9	9.2	30.1	27.4	28.0
5. Pharmaceuticals and medicines	7.7	7.3	6.0	19.7	13.1	12.0	37.2	26.3	24.5
6. Plastic products	6.7	8.3	8.3	16.5	16.3	17.3	34.1	22.2	22.4
7. Iron and steel	6.0	6.9	11.8	53.1	45.0	30.7	33.8	29.5	33.5
8. Machinery and machine tools	9.0	10.2	9.2	6.5	9.5	11.9	41.3	38.0	31.7
9. Electrical machinery and apparatus	8.8	11.0	9.0	18.4	12.9	11.9	32.6	21.6	34.6
10. Motor vehicles and other transport equipments	10.8	12.3	11.8	9.5	10.3	23.0	37.3	46.5	36.5
Construction	**25.3**	**30.5**	**26.8**	**61.2**	**34.6**	**54.7**	**21.3**	**20.4**	**23.5**
Services	**7.1**	**9.0**	**9.9**	**20.6**	**19.6**	**20.2**	**27.9**	**27.2**	**32.2**
Of which :									
1. Transport, storage and communications	5.1	11.2	10.9	18.2	21.8	30.8	42.2	26.0	35.5
2. Real estate	27.4	26.3	24.1	54.4	53.2	58.9	30.4	32.4	31.9
3. Computer and related activities	17.0	17.2	16.8	10.0	7.9	7.3	18.8	20.3	30.8
All industries	**7.5**	**9.1**	**9.2**	**25.8**	**22.1**	**23.4**	**30.3**	**28.6**	**29.5**

* Calculated based on companies which made profit in all the three years during 2008-09 to 2010-11.

EBITDA margin decreased across all industries with the exceptions of 'food products and beverages ' and 'iron and steel' industries. Debt-equity ratio continued to be at very high level in 'cotton textiles' (93.4 per cent), 'real estate' (58.9 per cent), 'man-made textiles' (54.9 per cent) and 'construction' (54.7 per cent) industries during 2010-11.

Concluding Observations

The aggregate results of the select 1,850 non-government non-financial private limited companies revealed that their sales growth recovered in 2010-11 from the lower level observed in 2009-10. However, higher growth in manufacturing expenses, remuneration to employees and interest payments led to lower growth in profits. Profit margin decreased marginally in 2010-11. Companies in the smallest size class (in terms of sales) recorded decline in sales for the second consecutive year. On the other hand, for companies in large size classes (in terms of sales/PUC), financial performance, in terms of growth in sales and profit, was better. Debt to equity ratio of select companies remained at a low level. With lower rate of gross fixed asset formation, gross fixed asset growth was muted but inventories (of raw material as well as finished goods) moved up sharply. There is an evidence of increasing use of trade credit in financing business of select companies.

Statement 1: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11

(Per cent)

Item	2009-10	2010-11
	1	2
1 Sales+	9.0	24.9
2 Value of production	8.9	25.6
3 Total Income	9.2	24.2
4 Manufacturing expenses	7.1	27.1
5 Remuneration to employees	10.8	24.4
6 EBITDA	32.1	25.2
7 Depreciation provision	16.0	10.7
8 EBIT	29.7	14.0
9 Interest	12.1	17.8
10 EBT before non-operating surplus/deficit	36.5	12.8
11 Non-operating surplus/deficit	35.5	52.2
12 EBT	36.4	15.9
13 Tax provision	24.6	19.7
14 Net profits	42.7	14.1
15 Dividend paid	37.8	18.7
16 Retained earnings	44.2	12.7
17 Gross saving	29.6	11.8
18 (a) Gross value added	18.7	17.5
(b) Net value added	19.1	18.7
19 Net worth @	16.2	14.5
20 Total borrowings @	9.6	17.0
Of which, from banks @	7.9	14.7
21 Trade dues and other current liabilities @	16.9	28.6
22 (a) Gross fixed assets @	14.3	13.3
(b) Net fixed assets @	11.4	10.9
23 Inventories @	13.2	29.3
24 (a) Gross physical assets @	14.0	17.5
(b) Net physical assets @	12.0	17.3
25 (a) Total gross assets @	15.5	18.8
(b) Total net assets @	14.7	18.9
26 Total earnings in foreign currencies	-3.6	29.4
Of which, Exports	-13.6	24.2
27 Total expenditure in foreign currencies	-7.6	39.4
Of which, Imports	-10.9	53.1

Note : Rates of growth of all the items are adjusted for changes due to amalgamation of companies.
+ Net of 'rebates and discounts' and 'excise duty and cess'.
@ Adjusted for revaluation *etc.*

Statement 2: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11

(Per cent)

SELECT FINANCIAL RATIOS	2008-09	2009-10	2010-11
	1	2	3
A. Capital structure ratios			
1 Net fixed assets to total net assets	32.3	31.4	29.4
2 Net worth to total net assets	43.9	44.5	42.9
3 Debt to equity	25.8	22.1	23.4
4 Debt to equity (equity adjusted for revaluation reserve)	26.4	22.6	23.8
5 Short term bank borrowings to inventories	68.8	73.4	62.7
6 Total outside liabilities to net worth	127.7	124.7	133.1
B. Liquidity ratios			
7 Current assets to current liabilities**	1.3	1.3	1.3
8 Quick assets to current liabilities	57.0	59.6	59.4
9 Current assets to total net assets	55.7	56.7	59.9
10 Sundry creditors to current assets	26.4	25.9	27.5
11 Sundry creditors to net working capital	128.6	128.0	121.8
C. Assets utilization and turnover ratios			
12 Sales to total net assets ^		95.2	101.6
13 Sales to gross fixed assets ^		208.4	228.4
14 Inventories to sales	17.8	18.5	19.2
15 Sundry debtors to sales	16.6	17.6	18.0
16 Exports to sales	12.5	9.9	9.8
17 Gross value added to gross fixed assets ^		54.2	55.9
18 Raw materials consumed to value of production	57.3	56.0	56.9
D. Sources and uses of funds ratios @			
19 Gross fixed assets formation to total uses of funds		37.8	29.0
20 Gross capital formation to total uses of funds		50.6	52.2
21 External sources of funds to total sources of funds		56.8	68.1
22 Increase in bank borrowings to total external sources		16.4	19.9
23 Gross savings to gross capital formation		92.3	72.3
E. Profitability and profit allocation ratios			
24 EBIT to total net assets	7.7	8.7	8.3
25 EBIT to sales	8.2	9.8	8.9
26 Net profits to net worth	9.0	11.0	10.9
27 EBITDA to sales	7.5	9.1	9.2
28 Tax provision to EBT*	30.3	28.6	29.5
29 Retained earnings to net profits*	80.4	80.2	79.5
30 Dividends to net worth	2.1	2.5	2.6
31 Ordinary dividends to ordinary paid-up capital	5.3	6.7	7.4

** Item B.7 is the actual ratio of current assets to current liabilities.
@ Available for two years, as these are worked based on sources and uses of funds taking difference between two successive years. These ratios are adjusted for revaluation *etc.*
* Calculated based on companies which made profits during the year.
^ Calculated based on average total net assets and gross fixed assets during the year. Ratio for the year 2008-09, therefore was not available.

Statement 3: Combined Income, Value of Production, Expenditure and Appropriation Accounts of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11

(` Million)

Item	2008-09	2009-10	2010-11
	1	2	3
Income and value of Production			
1 Sales +	12,19,404	13,28,584	16,59,062
2 Increase(+) or decrease(-) in value of stock of finished goods and work in progress	19,262	20,407	34,759
3 Value of production (1+2)	12,38,666	13,48,992	16,93,821
4 Other income	50,143	57,070	49,886
Of which, (a) Dividends	2,349	2,118	2,019
(b) Interest	8,977	8,737	14,533
(c) Rent	1,785	1,434	1,682
5 Non-operating surplus(+)/ deficit(-)	6,108	8,277	12,595
6 Total (3+4+5)	**12,94,917**	**14,14,338**	**17,56,302**
Expenditure and Appropriations			
7 Raw materials, components, *etc.*, consumed	7,09,874	7,55,382	9,63,915
8 Stores and spares consumed	27,698	29,375	46,394
9 Power and fuel	22,469	26,882	36,022
10 Other manufacturing expenses	58,743	65,332	68,590
11 Salaries, wages and bonus	1,24,408	1,38,520	1,70,818
12 Provident fund	7,036	7,726	9,617
13 Employees' welfare expenses	8,844	9,256	12,932
14 Managerial remuneration	6,381	6,987	10,017
15 Royalty	2,301	2,647	3,960
16 Repairs to buildings	2,181	2,528	2,975
17 Repairs to machinery	4,366	4,867	6,122
18 Bad debts	3,354	2,219	2,501
19 Selling commission	4,080	4,114	5,067
20 Rent	15,537	16,916	19,185
21 Rates and taxes	4,485	4,506	5,282
22 Advertisement	11,819	14,557	18,401
23 Insurance	2,461	2,384	3,105
24 Research and development	356	710	1,340
25 Other expenses	1,28,350	1,29,894	1,52,349
26 Other provisions (other than tax and depreciation)	2,078	2,876	3,340
27 EBITDA	91,844	1,21,313	1,51,888
28 Depreciation provision	41,928	48,637	53,856
29 EBIT	1,00,059	1,29,746	1,47,918
30 Less: Interest	28,085	31,493	37,094
31 EBT before Non-operating surplus(+)/ deficit(-)	71,974	98,253	1,10,824
32 Non-operating surplus(+)/ deficit(-)	6,108	8,277	12,595
33 EBT	78,082	1,06,529	1,23,420
34 Less: Tax provision	26,895	33,498	40,099
35 Net profits	51,187	73,031	83,320
36 Dividends	12,036	16,588	19,697
(a) Ordinary	11,771	16,421	19,256
(b) Preference	264	168	441
37 Retained earnings	39,151	56,442	63,624
38 **Total (7 to 26 + 28 + 29 + 32)**	**12,94,917**	**14,14,338**	**17,56,302**

+ Net of 'rebates and discounts' and 'excise duty and cess'.

Statement 4: Combined Balance Sheet of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11

(` Million)

CAPITAL AND LIABILITIES	2008-09	2009-10	2010-11
	1	2	3
A. Share capital	**2,63,150**	**2,88,342**	**3,02,512**
1 Paid-up capital	2,63,151	2,88,337	3,02,767
(a) Ordinary	2,21,701	2,44,782	2,60,930
Of which, bonus	7,474	8,621	6,537
(b) Preference	41,450	43,555	41,836
2 Forfeited shares	-1	5	-255
B. Reserves and surplus	**3,07,871**	**3,75,432**	**4,59,253**
3 Capital reserve	1,08,074	1,19,304	1,42,825
Of which, premium on shares	85,490	95,493	1,12,598
4 Investment allowance reserve	51	61	68
5 Sinking funds	7	11	55
6 Other reserves	1,99,738	2,56,057	3,16,304
C. Borrowings	**3,78,163**	**4,14,438**	**4,84,705**
7 Debentures @	7,761	8,033	11,594
8 Loans and advances	3,66,439	4,01,594	4,68,785
(a) From banks	2,65,080	2,86,080	3,28,254
Of which, short-term borrowings	1,49,692	1,80,679	1,99,637
(b) From other Indian financial institutions	12,647	20,635	25,258
(c) From foreign institutional agencies	4,965	4,213	5,488
(d) From Government and semi-Government bodies	1,260	1,739	1,238
(e) From companies	40,530	42,090	63,077
(f) From others	41,957	46,837	45,471
9 Deferred payments	1,326	886	730
10 Public deposits	2,637	3,924	3,595
Of total borrowings, debt	1,47,299	1,46,999	1,77,898
D. Trade dues and other current liabilities	**3,22,968**	**3,77,626**	**4,85,577**
11 Sundry creditors	1,91,181	2,19,008	2,92,114
12 Acceptances	2,048	2,467	4,010
13 Liabilities to companies	1,673	3,345	2,924
14 Advances/ deposits from customers, agents, *etc.*	49,868	66,457	89,429
15 Interest accrued on loans	2,515	2,719	2,322
16 Others	75,683	83,631	94,779
E. Provisions	**28,276**	**36,056**	**43,253**
17 Taxation (net of advance of income-tax)	-	-	-
18 Dividends	8,917	11,395	15,829
19 Other current provisions	12,850	17,876	15,685
20 Non-current provisions	6,509	6,784	11,740
F. 21 Miscellaneous non-current liabilities	**7**	**-160**	**2**
22 TOTAL	**13,00,435**	**14,91,735**	**17,75,301**

@ Include privately placed debentures.
- Nil or negligible.

Statement 4: Combined Balance Sheet of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Concld.)*

(` Million)

ASSETS	2008-09	2009-10	2010-11
	1	2	3
G. Gross fixed assets	**5,94,898**	**6,80,350**	**7,72,471**
23 Land	55,482	63,197	60,337
24 Buildings	1,02,956	1,20,369	1,55,963
25 Plant and machinery	2,72,442	3,13,179	3,60,343
26 Capital work-in-progress	61,653	68,578	74,800
27 Furniture, fixtures and office equipments	44,222	54,958	60,304
28 Others	58,143	60,069	60,725
H. 29 Depreciation	**1,74,749**	**2,12,120**	**2,51,032**
I. 30 Net fixed assets	**4,20,149**	**4,68,230**	**5,21,439**
J. Inventories	**2,17,526**	**2,46,223**	**3,18,469**
31 Raw materials, components, *etc.*	61,081	68,771	1,00,174
32 Finished goods	52,787	66,779	85,235
33 Work-in-progress	66,502	72,918	89,220
34 Stores and spares	13,995	15,127	19,249
35 Others	23,161	22,628	24,591
K. Loans and advances and other debtor balances	**3,74,981**	**4,22,080**	**5,35,745**
36 Sundry debtors	2,02,448	2,34,436	2,98,161
37 Loans and advances	1,22,960	1,29,457	1,58,742
(a) To subsidiaries and companies under the same management	17,327	19,184	25,260
(b) Others	1,05,633	1,10,274	1,33,482
38 Interest accrued on loans and advances	2,158	1,923	1,761
39 Deposits/ balances with Government/ others	29,029	35,200	39,201
40 Others	18,385	21,064	37,879
L. Investments	**93,897**	**1,12,316**	**1,27,955**
Of which, quoted investments	3,157	4,253	7,872
41 Foreign	223	294	1,183
42 Indian	93,674	1,12,022	1,26,771
(a) Government/ semi-Government securities	250	1,784	2,072
(b) Securities of Financial Institutions	15,893	15,971	19,854
(c) Industrial securities	31,288	36,943	42,400
(d) Shares and debentures of subsidiaries	36,413	31,546	38,327
(e) Others	9,830	25,776	24,118
M. 43 Advance of income-tax (net of tax provision)	**6,142**	**9,456**	**18,552**
N. Other assets	**65,284**	**69,996**	**70,026**
44 Immovable property	14,967	17,433	19,149
45 Intangible assets	38,401	52,441	50,772
46 Miscellaneous non-current assets	11,916	122	105
O. Cash and bank balances	**1,22,456**	**1,63,434**	**1,83,115**
47 Fixed deposits with banks	73,041	1,02,806	1,13,114
48 Other bank balances	42,497	51,160	67,021
49 Cash in hand	6,919	9,468	2,980
50 TOTAL (I to O)	**13,00,435**	**14,91,735**	**17,75,301**

Statement 5: Sources and Uses of Funds of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11

(` Million)

SOURCES OF FUNDS	2009-10	2010-11
	1	2
INTERNAL SOURCES	**97,261**	**99,417**
A. 1 Paid-up capital#	**612**	**-139**
B. Reserves and Surplus	**54,977**	**62,457**
2 Capital reserve	-1,303	2,160
3 Investment allowance reserve	10	8
4 Sinking funds	4	44
5 Other reserves	56,266	60,246
C. Provisions	**41,672**	**37,099**
6 Depreciation	37,206	38,999
7 Taxation (net of advance of income tax)	-3,314	-9,097
8 Dividends	2,478	4,434
9 Other current provisions	5,026	-2,192
10 Non-current provisions	276	4,955
EXTERNAL SOURCES	**1,27,793**	**2,12,022**
D. Paid-up capital	**35,943**	**32,269**
11 Net issues	24,579	14,309
12 Premium on shares	11,363	17,960
E. 13 Capital receipts	**1,084**	**1,374**
F. Borrowings	**36,274**	**70,267**
14 Debentures	272	3,561
15 Loans and advances	35,155	67,191
(a) From banks	21,001	42,173
(b) From other Indian financial institutions	7,988	4,623
(c) From foreign institutional agencies	**-752**	**1,275**
(d) From Government and semi-Government bodies	479	-502
(e) From companies	1,559	20,987
(f) From others	4,880	-1,366
16 Deferred payments	-440	-156
17 Public deposits	1,287	-329
G. Trade dues and other current liabilities	**54,659**	**1,07,950**
18 Sundry creditors	27,827	73,106
19 Acceptances	419	1,544
20 Liabilities to companies	1,672	-421
21 Advances/ deposits from customers, agents, *etc.*	16,590	22,971
22 Interest accrued on loans	204	-397
23 Others	7,948	11,148
H. 24 Miscellaneous non-current liabilities	**-167**	**162**
25 TOTAL	**2,25,054**	**3,11,439**

Capitalised reserves and forfeited shares; the changes consequent on amalgamation of companies and reduction in the value of paid-up capital are also included here.

Note : This statement is derived from statement 4.
Figures have been adjusted for revaluation, *etc.*, wherever necessary.

Statement 5: Sources and Uses of Funds of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Concld.)*

(` Million)

USES OF FUNDS	2009-10	2010-11
	1	2
I. Gross fixed assets	**85,149**	**90,179**
26 Land	7,689	-2,931
27 Buildings	17,400	33,723
28 Plant and machinery	40,555	47,164
29 Capital work-in-progress	6,925	6,221
30 Furniture, fixtures and office equipments	10,693	5,346
31 Others	1,886	657
J. Inventories	**28,697**	**72,246**
32 Raw materials, components, *etc.*	7,690	31,403
33 Finished goods	13,992	18,457
34 Work-in-progress	6,416	16,302
35 Stores and spares	1,132	4,122
36 Others	-533	1,963
K. Loans and advances and other debtor balances	**47,099**	**1,13,665**
37 Sundry debtors	31,988	63,724
38 Loans and advances	6,497	29,285
a) To subsidiaries and companies under the same management	1,856	6,077
b) Others	4,640	23,208
39 Interest accrued on loans and advances	-236	-161
40 Deposits/ balances with Government/ others	6,171	4,001
41 Others	2,679	16,815
L. 42 Investments	**18,419**	**15,639**
M. 43 Other assets	**4,713**	**30**
N. 44 Cash and bank balances	**40,978**	**19,680**
45 TOTAL	**2,25,054**	**3,11,439**

Statement 6: Earnings/ Expenditure in Foreign Currencies of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11

(` Million)

Item	2008-09	2009-10	2010-11
	1	2	3
I. Expenditure in foreign currencies	**2,41,850**	**2,23,365**	**3,11,442**
(a) Imports (on c.i.f. basis)	1,95,692	1,74,430	2,67,025
Of which: i) Raw materials	1,19,110	1,17,818	1,34,477
ii) Capital goods	29,550	14,579	21,534
iii) Stores and spares	14,735	17,405	21,823
(b) Other expenditure in foreign currencies	46,158	48,935	44,418
II. Earnings in foreign currencies	**2,13,844**	**2,06,067**	**2,66,667**
Of which: Exports (on f.o.b. basis)	1,51,929	1,31,207	1,62,954
III. Net inflow (+) / outflow (-) in foreign currencies	**-28,006**	**-17,299**	**-44,775**

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11

(Per cent)

Item	Manufacturing (1027)		Services (632)		Computer and Related activities (103)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6
1 Sales+	8.5	25.7	11.5	21.0	11.5	16.2
2 Value of production	9.7	25.7	10.6	23.0	11.2	16.1
3 Total Income	10.1	25.1	10.1	19.2	8.4	15.7
4 Manufacturing expenses	9.3	26.5	9.2	22.3	32.1	1.6
5 Remuneration to employees	10.2	29.2	10.5	23.2	10.5	23.1
6 EBITDA	23.9	20.3	41.4	34.4	12.9	13.7
7 Depreciation provision	15.0	9.3	13.6	7.5	14.7	0.5
8 EBIT	21.6	15.4	36.5	-0.2	3.9	23.9
9 Interest	5.8	13.0	17.4	11.8	29.9	-15.6
10 EBT before non-operating surplus/deficit	28.0	16.2	42.6	-3.4	2.4	27.0
11 Non-operating surplus/deficit	#	89.2	-39.4	42.1	-43.4	-27.7
12 EBT	35.9	20.5	27.3	0.6	-7.5	19.8
13 Tax provision	19.4	13.4	21.2	19.7	-0.6	81.9
14 Net profits	47.1	24.4	30.2	-7.5	-9.1	3.8
15 Dividend paid	45.5	-14.8	25.8	72.8	-4.9	244.2
16 Retained earnings	47.7	36.2	31.5	-30.4	-10.1	-56.9
17 Gross saving	29.6	23.0	22.9	-13.6	-0.8	-32.1
18 (a) Gross value added	16.3	20.0	17.8	15.2	9.7	19.9
(b) Net value added	16.5	22.1	18.4	16.1	9.3	21.8
19 Net worth @	16.2	15.7	15.3	11.2	17.2	4.2
20 Total borrowings @	11.7	22.7	6.4	10.7	-8.8	12.2
Of which, from banks @	15.8	22.1	3.0	11.4	-15.5	8.3
21 Trade dues and other current liabilities @	20.4	38.4	13.4	15.2	4.7	9.8
22 (a) Gross fixed assets @	12.7	14.4	13.9	10.2	11.5	10.0
(b) Net fixed assets @	9.7	13.5	9.9	5.5	0.8	-0.2
23 Inventories @	21.4	34.6	2.9	21.5	0.5	-3.1
24 (a) Gross physical assets @	15.1	20.4	11.2	12.8	11.2	9.8
(b) Net physical assets @	14.0	21.8	7.7	10.3	0.8	-0.3
25 (a) Total gross assets @	16.3	22.0	14.0	13.9	14.4	13.3
(b) Total net assets @	15.9	23.1	12.9	13.1	12.2	11.8
26 Total earnings in foreign currencies	-22.2	42.1	15.3	20.2	3.8	28.5
Of which, Exports	-21.6	37.9	-3.8	3.8	-18.6	15.9
27 Total expenditure in foreign currencies	-9.5	39.5	6.3	31.8	-47.7	27.2
Of which, Imports	-12.3	62.0	5.1	33.3	-9.1	30.4

Note : Figure in bracket represents the number of companies. Rates of growth of all the items are adjusted for changes due to amalgamation of companies.
\+ Net of 'rebates and discounts'and 'excise duty and cess'
@ Adjusted for revaluation *etc.*
\# Numerator or Denominator is negative or nil or negligible.

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Tea plantations (21)		Mining and Quarrying (32)		Food products and Beverages (103)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	7	8	9	10	11	12
1 Sales+	21.2	-6.8	-20.5	25.3	11.5	18.1
2 Value of production	23.0	-6.3	-23.7	30.2	16.9	14.4
3 Total Income	25.5	-6.8	-21.6	30.0	16.9	14.3
4 Manufacturing expenses	19.4	-2.5	-29.4	35.4	19.1	12.5
5 Remuneration to employees	14.7	-1.4	13.0	27.3	12.0	32.8
6 EBITDA	107.7	-29.6	24.0	14.7	8.0	32.7
7 Depreciation provision	15.9	5.4	5.3	19.5	7.1	6.2
8 EBIT	112.1	-28.7	24.6	13.9	-2.5	34.8
9 Interest	1.7	13.5	-25.6	18.1	7.7	31.1
10 EBT before non-operating surplus/deficit	172.8	-37.4	42.7	13.1	-7.9	37.2
11 Non-operating surplus/deficit	#	-44.9	103.7	#	252.1	-21.2
12 EBT	209.8	-38.3	83.5	18.8	20.3	28.6
13 Tax provision	156.2	-24.3	63.7	9.3	4.7	9.1
14 Net profits	227.9	-42.0	98.0	24.5	32.4	40.7
15 Dividend paid	96.8	-42.0	523.1	14.5	-76.2	83.7
16 Retained earnings	258.5	-42.0	80.9	25.8	48.8	39.7
17 Gross saving	165.4	-34.0	42.2	23.4	24.3	22.7
18 (a) Gross value added	43.6	-14.4	24.9	12.0	5.5	32.8
(b) Net value added	45.8	-15.6	29.4	10.6	5.1	39.3
19 Net worth @	29.6	12.6	25.1	22.4	19.7	20.3
20 Total borrowings @	-1.9	24.4	17.0	16.9	36.3	35.9
Of which, from banks @	-1.0	10.4	19.0	26.3	41.7	34.1
21 Trade dues and other current liabilities @	10.6	-4.6	43.1	10.2	32.6	10.2
22 (a) Gross fixed assets @	5.5	13.1	13.0	21.3	12.9	15.2
(b) Net fixed assets @	0.1	12.8	11.0	23.9	9.7	14.5
23 Inventories @	20.5	35.3	16.6	39.4	37.3	20.6
24 (a) Gross physical assets @	9.0	18.9	13.8	25.6	22.1	17.5
(b) Net physical assets @	6.4	20.6	12.7	29.0	22.8	17.7
25 (a) Total gross assets @	12.2	12.8	23.8	17.4	27.0	22.1
(b) Total net assets @	11.6	12.7	25.2	17.6	28.2	22.9
26 Total earnings in foreign currencies	15.7	-64.3	10.9	-2.5	-20.0	12.0
Of which, Exports	15.5	-64.2	9.8	-3.0	-20.6	11.1
27 Total expenditure in foreign currencies	16.7	-98.9	-59.2	100.8	25.1	-26.2
Of which, Imports	17.3	-99.5	-59.6	100.5	37.0	29.1

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Cotton textiles (45)		Man-made textiles (20)		Wearing apparel (24)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	13	14	15	16	17	18
1 Sales+	43.2	52.8	10.4	19.6	7.5	28.7
2 Value of production	46.1	54.6	11.3	20.2	7.2	28.9
3 Total Income	45.8	52.9	13.2	20.0	6.8	27.8
4 Manufacturing expenses	48.8	59.3	13.1	19.8	6.3	23.6
5 Remuneration to employees	15.8	27.0	31.1	14.6	2.6	53.2
6 EBITDA	89.0	53.3	-3.0	20.0	157.0	25.1
7 Depreciation provision	38.8	19.0	5.0	4.2	-3.4	12.1
8 EBIT	116.7	82.3	0.7	35.2	54.3	9.0
9 Interest	24.0	38.8	-1.0	-2.8	-2.3	10.8
10 EBT before non-operating surplus/deficit	#	161.6	2.3	70.5	121.2	8.1
11 Non-operating surplus/deficit	#	-145.4	405.7	-43.6	-172.0	213.2
12 EBT	#	85.3	35.5	49.6	78.6	21.0
13 Tax provision	114.9	86.5	87.3	56.7	4.8	-9.2
14 Net profits	423.9	84.9	24.9	47.4	203.5	38.7
15 Dividend paid	-62.5	2.9	#	-32.9	136.3	-44.6
16 Retained earnings	380.5	86.2	11.3	58.2	64.1	2145.1
17 Gross saving	116.7	35.2	7.4	25.3	3.4	96.5
18 (a) Gross value added	53.0	43.2	6.3	19.3	15.2	38.8
(b) Net value added	63.2	58.1	6.8	25.3	17.9	42.0
19 Net worth @	19.1	19.0	8.6	15.4	4.2	7.6
20 Total borrowings @	10.7	42.1	-7.2	7.9	1.9	18.9
Of which, from banks @	16.6	45.8	-7.8	5.6	10.2	31.2
21 Trade dues and other current liabilities @	-15.8	21.8	31.1	20.0	14.6	17.9
22 (a) Gross fixed assets @	7.3	19.9	4.7	11.9	7.8	11.4
(b) Net fixed assets @	0.6	20.2	-2.7	10.5	5.3	8.1
23 Inventories @	46.5	59.7	17.6	21.7	11.1	20.7
24 (a) Gross physical assets @	13.6	28.1	6.5	13.4	8.8	14.3
(b) Net physical assets @	10.8	31.8	1.5	13.2	7.5	13.2
25 (a) Total gross assets @	12.6	28.3	7.5	13.0	6.6	15.2
(b) Total net assets @	10.3	31.1	4.6	12.8	5.6	14.7
26 Total earnings in foreign currencies	-32.2	76.3	-5.0	7.9	31.6	-9.2
Of which, Exports	-32.5	76.3	-4.9	4.3	60.7	-9.5
27 Total expenditure in foreign currencies	30.8	399.0	-51.6	9.7	221.3	49.9
Of which, Imports	32.5	149.1	-52.2	10.2	412.1	63.7

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Chemicals and Chemical products (147)		Basic Chemicals (40)		Paper and Paper Products (30)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	19	20	21	22	23	24
1 Sales+	10.6	17.9	14.0	18.9	25.3	29.1
2 Value of production	10.7	19.5	13.0	19.3	25.6	29.7
3 Total Income	11.6	19.8	12.7	19.4	26.8	27.1
4 Manufacturing expenses	9.8	24.6	8.9	25.1	16.6	30.9
5 Remuneration to employees	14.6	20.5	15.3	32.6	63.5	22.7
6 EBITDA	14.0	-6.9	30.7	-8.9	109.0	52.4
7 Depreciation provision	6.7	1.0	-2.4	4.9	41.1	6.0
8 EBIT	13.9	1.6	26.5	-8.3	91.5	57.1
9 Interest	-9.7	1.9	6.1	4.9	-1.9	3.9
10 EBT before non-operating surplus/deficit	18.3	1.6	34.6	-12.5	421.1	92.4
11 Non-operating surplus/deficit	252.9	69.2	69.1	113.8	#	-116.1
12 EBT	30.8	5.2	49.3	-9.5	#	27.4
13 Tax provision	18.5	6.2	-12.1	8.3	39.3	79.0
14 Net profits	36.4	4.9	113.2	-17.2	#	11.9
15 Dividend paid	6.9	34.5	-18.8	208.9	-45.4	-58.5
16 Retained earnings	38.1	3.6	137.7	-31.5	421.3	22.3
17 Gross saving	26.6	2.8	51.2	-17.0	#	14.8
18 (a) Gross value added	12.6	5.8	17.2	5.1	65.4	34.1
(b) Net value added	13.6	6.6	22.0	5.1	72.0	40.4
19 Net worth @	18.8	16.5	10.0	3.8	35.8	38.7
20 Total borrowings @	5.0	13.4	40.3	-6.3	6.2	15.0
Of which, from banks @	15.2	14.4	61.2	-19.8	4.8	16.1
21 Trade dues and other current liabilities @	9.3	28.9	7.3	35.4	64.9	6.3
22 (a) Gross fixed assets @	8.3	10.3	9.3	7.5	28.9	16.0
(b) Net fixed assets @	3.1	10.1	5.4	3.6	23.1	15.1
23 Inventories @	17.0	30.6	34.5	2.5	22.2	38.3
24 (a) Gross physical assets @	10.9	16.6	16.4	5.9	27.5	20.5
(b) Net physical assets @	8.4	18.5	16.1	3.1	22.8	21.6
25 (a) Total gross assets @	14.2	17.3	16.8	8.7	32.9	18.3
(b) Total net assets @	13.4	18.4	16.7	7.7	31.2	18.4
26 Total earnings in foreign currencies	-32.0	86.4	16.2	74.3	-10.8	20.8
Of which, Exports	-34.7	77.2	9.8	86.9	-10.7	25.3
27 Total expenditure in foreign currencies	-4.9	84.0	21.4	85.2	-23.3	16.6
Of which, Imports	-7.8	91.8	22.3	87.7	-30.4	15.9

Industry groups, *viz.*, 'Basic chemicals' is subgroup of 'Chemicals and Chemical products'

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Pharmaceuticals and Medicines (42)		Rubber and Plastic Products (69)		Plastic Products (45)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	25	26	27	28	29	30
1 Sales+	14.8	10.2	22.1	26.5	26.2	10.0
2 Value of production	14.1	12.1	21.9	27.4	25.1	11.6
3 Total Income	15.5	13.0	22.7	26.1	26.3	11.7
4 Manufacturing expenses	15.5	12.5	18.6	30.7	25.0	10.8
5 Remuneration to employees	18.3	16.3	27.4	28.8	32.8	15.6
6 EBITDA	8.8	-9.6	73.4	8.6	56.8	9.4
7 Depreciation provision	8.1	1.5	13.6	22.2	13.7	16.1
8 EBIT	13.7	7.9	112.1	-4.6	82.5	-9.0
9 Interest	-21.7	-0.3	3.8	55.8	0.0	36.3
10 EBT before non-operating surplus/deficit	31.0	10.4	175.1	-17.9	214.0	-32.0
11 Non-operating surplus/deficit	255.4	58.5	#	-34.4	256.1	455.1
12 EBT	63.0	15.5	186.4	-18.5	278.3	-4.5
13 Tax provision	13.1	8.1	75.5	7.4	102.2	-5.5
14 Net profits	94.1	18.2	232.8	-24.2	445.2	-4.2
15 Dividend paid	88.4	-7.4	280.8	-58.2	130.5	-70.7
16 Retained earnings	94.7	21.2	227.3	-19.7	#	2.9
17 Gross saving	36.4	10.7	85.1	-2.6	96.4	9.3
18 (a) Gross value added	13.7	11.2	45.9	14.0	42.8	3.1
(b) Net value added	15.2	13.5	56.3	12.1	51.7	0.1
19 Net worth @	20.4	16.7	15.6	9.1	25.4	12.0
20 Total borrowings @	-13.0	7.9	48.5	38.3	37.8	19.4
Of which, from banks @	-21.7	15.3	30.1	37.2	46.5	14.5
21 Trade dues and other current liabilities @	21.8	9.8	27.1	31.0	19.2	2.9
22 (a) Gross fixed assets @	7.6	10.3	21.0	16.2	21.2	12.7
(b) Net fixed assets @	1.8	7.2	28.8	17.8	29.7	14.0
23 Inventories @	18.4	34.2	36.7	49.7	29.4	37.5
24 (a) Gross physical assets @	10.2	16.3	23.5	22.2	22.8	17.7
(b) Net physical assets @	6.6	16.0	30.8	26.0	29.6	20.9
25 (a) Total gross assets @	10.5	12.7	22.1	19.6	23.3	12.0
(b) Total net assets @	8.3	11.9	26.3	21.4	28.0	12.5
26 Total earnings in foreign currencies	27.5	42.7	-3.2	285.0	-13.1	135.8
Of which, Exports	43.3	-0.5	25.4	327.1	-2.9	126.9
27 Total expenditure in foreign currencies	-2.8	48.3	55.9	177.5	80.4	104.0
Of which, Imports	-9.0	61.8	56.0	186.1	74.9	115.1

Industry group, *viz.*, 'Plastic products' is the subgroup of 'Rubber and Plastic products'

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Fabricated metal Products except Machinery & Equp. (61)		Machinery and Machine Tools (97)		Electrical Machinery and Apparatus (64)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	31	32	33	34	35	36
1 Sales+	1.2	23.3	-5.0	57.5	2.4	19.1
2 Value of production	-5.4	24.8	-5.6	60.0	0.0	28.8
3 Total Income	-4.1	24.9	-4.3	54.5	1.1	26.3
4 Manufacturing expenses	-8.6	27.3	-12.0	73.4	-4.4	33.3
5 Remuneration to employees	20.7	28.1	9.7	45.3	4.8	28.6
6 EBITDA	32.9	-11.4	7.5	42.2	28.1	-2.4
7 Depreciation provision	22.1	18.7	23.6	18.7	11.6	9.3
8 EBIT	38.7	-29.9	5.9	9.2	33.2	-18.5
9 Interest	23.9	10.1	-0.5	27.9	12.9	11.7
10 EBT before non-operating surplus/deficit	73.7	-97.2	6.5	7.5	39.6	-26.2
11 Non-operating surplus/deficit	49.2	481.0	219.6	116.7	147.4	-48.8
12 EBT	69.8	-15.4	10.2	13.1	46.9	-26.5
13 Tax provision	-4.6	36.8	1.5	-1.7	-3.6	21.7
14 Net profits	#	-76.1	16.9	22.8	73.6	-40.6
15 Dividend paid	-30.3	292.1	9.6	-64.8	85.4	-39.5
16 Retained earnings	#	-146.4	21.1	68.9	71.7	-40.8
17 Gross saving	80.9	-24.1	22.2	47.5	42.0	-21.3
18 (a) Gross value added	25.8	7.7	9.8	21.7	18.7	3.8
(b) Net value added	26.6	5.6	7.8	22.2	20.1	2.9
19 Net worth @	15.1	11.0	22.3	17.9	13.0	9.1
20 Total borrowings @	38.9	31.4	-20.2	60.4	9.2	13.4
Of which, from banks @	47.1	19.2	-35.5	41.1	10.3	9.5
21 Trade dues and other current liabilities @	-35.2	57.7	49.4	86.1	0.2	57.8
22 (a) Gross fixed assets @	12.9	28.5	15.0	22.2	10.6	11.3
(b) Net fixed assets @	10.0	35.2	15.1	24.1	6.8	7.4
23 Inventories @	2.2	33.3	13.3	63.4	10.9	65.8
24 (a) Gross physical assets @	8.8	30.2	14.5	34.9	10.6	25.5
(b) Net physical assets @	6.2	34.3	14.4	39.9	8.1	26.9
25 (a) Total gross assets @	4.6	29.1	23.1	44.2	10.3	19.4
(b) Total net assets @	2.5	31.1	24.3	47.6	8.8	19.2
26 Total earnings in foreign currencies	-38.4	3.4	-39.7	57.5	-17.4	25.4
Of which, Exports	-37.2	-4.9	-44.9	48.5	-20.3	29.9
27 Total expenditure in foreign currencies	-42.5	166.8	-13.8	38.5	-27.2	56.1
Of which, Imports	-61.1	298.5	-13.4	35.0	-28.6	59.0

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Medical Precision and Scientific Instruments (32)		Motor Vehicles and Other Transport Equip. (52)		Iron and Steel (59)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	37	38	39	40	41	42
1 Sales+	16.8	29.1	28.8	25.1	9.6	19.6
2 Value of production	10.9	33.7	29.7	24.8	10.4	18.0
3 Total Income	11.0	31.4	28.8	24.4	11.0	17.9
4 Manufacturing expenses	10.4	35.4	30.0	25.2	9.0	9.8
5 Remuneration to employees	18.1	22.9	17.2	37.6	13.5	28.3
6 EBITDA	37.5	49.5	46.5	20.1	26.3	103.5
7 Depreciation provision	18.9	13.8	20.3	9.4	34.3	7.8
8 EBIT	34.4	30.9	44.0	21.3	16.8	118.0
9 Interest	7.6	8.0	13.9	-8.3	22.3	4.2
10 EBT before non-operating surplus/deficit	41.1	35.3	55.4	29.6	13.2	198.0
11 Non-operating surplus/deficit	-91.1	-132.7	-20.1	-58.5	100.0	#
12 EBT	35.5	34.8	52.7	28.0	34.0	190.8
13 Tax provision	19.3	5.7	77.3	-0.8	16.8	223.8
14 Net profits	49.6	54.9	34.3	56.4	44.2	175.0
15 Dividend paid	#	-95.6	104.9	-36.7	55.3	#
16 Retained earnings	-4.4	153.3	-70.1	#	43.4	67.7
17 Gross saving	5.9	84.3	-5.3	98.0	38.6	36.7
18 (a) Gross value added	28.1	26.8	32.4	25.1	18.3	66.5
(b) Net value added	29.6	28.8	35.6	28.9	15.0	80.6
19 Net worth @	10.1	13.3	7.6	28.0	26.0	22.4
20 Total borrowings @	4.4	9.3	1.9	17.6	7.1	5.3
Of which, from banks @	18.7	15.9	6.7	73.5	7.1	-6.7
21 Trade dues and other current liabilities @	17.9	38.3	31.9	35.7	20.4	10.9
22 (a) Gross fixed assets @	14.5	19.1	15.3	15.3	11.5	15.8
(b) Net fixed assets @	14.2	20.4	11.2	12.7	8.0	13.2
23 Inventories @	10.9	35.5	18.1	30.1	20.2	26.5
24 (a) Gross physical assets @	13.1	25.1	15.7	17.4	13.7	18.7
(b) Net physical assets @	12.6	27.5	12.5	16.3	11.7	17.6
25 (a) Total gross assets @	13.3	18.2	14.3	23.6	16.6	18.9
(b) Total net assets @	13.1	18.4	12.2	24.4	15.7	18.3
26 Total earnings in foreign currencies	19.6	23.2	-56.9	55.1	-62.6	39.7
Of which, Exports	8.4	4.8	-44.9	47.1	-64.0	46.3
27 Total expenditure in foreign currencies	7.4	55.5	-24.9	73.7	-63.0	92.4
Of which, Imports	15.1	35.0	-13.1	79.7	-61.8	98.5

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Contd.)*

(Per cent)

Item	Construction (71)		Wholesale and Retail trade (111)		Hotels and Restaurants (60)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	43	44	45	46	47	48
1 Sales+	19.2	38.0	7.9	25.3	-3.1	21.0
2 Value of production	10.3	37.0	7.1	35.6	-4.2	22.0
3 Total Income	12.8	33.9	10.5	19.4	-0.8	14.7
4 Manufacturing expenses	-1.1	59.2	4.3	28.9	4.9	32.9
5 Remuneration to employees	12.6	5.7	6.1	16.6	5.9	20.8
6 EBITDA	43.9	21.0	50.8	173.1	-19.9	15.2
7 Depreciation provision	24.7	19.0	10.0	3.8	10.4	-8.5
8 EBIT	43.9	20.7	126.7	-59.9	-25.1	24.4
9 Interest	40.6	33.0	11.8	16.1	16.8	14.9
10 EBT before non-operating surplus/deficit	45.3	15.5	134.9	-62.5	-50.7	38.1
11 Non-operating surplus/deficit	#	-50.1	164.3	107.7	90.1	-113.0
12 EBT	66.1	5.4	150.8	-60.2	-31.8	-18.5
13 Tax provision	54.8	24.1	100.3	-54.1	-35.8	9.1
14 Net profits	69.4	0.4	188.7	-63.3	-29.6	-32.1
15 Dividend paid	127.8	26.4	55.7	-53.0	110.2	-40.6
16 Retained earnings	62.4	-4.0	207.0	-64.1	-48.0	-27.6
17 Gross saving	47.2	3.8	156.8	-56.6	-17.3	-14.2
18 (a) Gross value added	31.0	17.3	57.1	-30.3	-8.5	19.4
(b) Net value added	32.5	17.0	60.3	-31.9	-13.5	28.8
19 Net worth @	14.9	13.7	35.9	9.9	14.4	7.2
20 Total borrowings @	6.6	14.2	15.1	18.9	23.1	25.0
Of which, from banks @	-5.7	4.6	11.6	10.3	18.9	35.7
21 Trade dues and other current liabilities @	20.3	33.9	7.7	15.3	34.1	8.8
22 (a) Gross fixed assets @	22.9	21.0	6.1	11.3	15.6	15.1
(b) Net fixed assets @	20.8	18.9	2.0	6.9	14.5	15.3
23 Inventories @	2.7	27.8	-4.7	18.8	-5.8	32.4
24 (a) Gross physical assets @	15.2	23.3	-1.1	16.1	14.9	15.6
(b) Net physical assets @	13.2	22.3	-3.1	15.8	13.6	15.9
25 (a) Total gross assets @	15.0	19.2	17.4	12.2	19.1	13.6
(b) Total net assets @	14.0	18.4	17.6	12.0	18.8	13.5
26 Total earnings in foreign currencies	-14.5	515.3	3.0	2.3	67.3	5.0
Of which, Exports	-10.0	17.5	8.1	-34.1	#	-0.9
27 Total expenditure in foreign currencies	-42.0	130.6	2.6	37.4	206.3	52.0
Of which, Imports	-45.0	107.4	1.6	38.7	99.0	59.2

Statement 7: Growth Rates of the Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2009-10 and 2010-11 *(Concld.)*

(Per cent)

Item	Transport Storage and Communications (58)		Real estate activities (64)	
	2009-10	2010-11	2009-10	2010-11
	49	50	51	52
1 Sales+	12.7	24.0	47.7	7.3
2 Value of production	12.5	25.3	40.3	-1.3
3 Total Income	11.0	24.3	29.6	4.6
4 Manufacturing expenses	15.5	27.4	58.1	-7.2
5 Remuneration to employees	14.7	38.5	-2.1	29.4
6 EBITDA	147.3	20.1	41.8	-1.5
7 Depreciation provision	22.5	11.2	26.9	28.4
8 EBIT	98.7	14.9	23.4	1.5
9 Interest	-13.7	-7.2	17.6	14.6
10 EBT before non-operating surplus/deficit	270.6	22.7	53.4	-49.8
11 Non-operating surplus/deficit	235.7	27.7	-59.9	206.1
12 EBT	266.9	23.2	-15.9	25.0
13 Tax provision	29.2	62.2	3.5	15.4
14 Net profits	#	3.6	-27.2	32.9
15 Dividend paid	108.3	9.8	-10.7	32.0
16 Retained earnings	331.1	-2.6	-32.1	33.2
17 Gross saving	129.7	7.0	-1.2	30.0
18 (a) Gross value added	37.1	24.4	33.4	10.7
(b) Net value added	41.1	27.5	34.9	7.0
19 Net worth @	16.3	7.5	6.4	20.4
20 Total borrowings @	5.3	16.4	4.2	4.9
Of which, from banks @	20.1	-9.1	-5.6	15.9
21 Trade dues and other current liabilities @	-3.0	19.5	25.8	3.5
22 (a) Gross fixed assets @	13.3	10.4	19.6	11.8
(b) Net fixed assets @	8.3	4.1	16.8	8.2
23 Inventories @	-23.3	63.7	7.3	9.1
24 (a) Gross physical assets @	10.6	13.1	12.1	10.2
(b) Net physical assets @	5.3	8.2	10.7	8.8
25 (a) Total gross assets @	9.8	15.5	11.7	9.6
(b) Total net assets @	7.4	13.7	11.1	9.0
26 Total earnings in foreign currencies	-11.3	183.8	#	-34.1
Of which, Exports	-3.9	#	#	-90.3
27 Total expenditure in foreign currencies	103.5	30.2	2.2	149.6
Of which, Imports	-2.1	-48.5	8.7	44.6

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11

(Per cent)

Item	Manufacturing (1027)			Services (632)			Computer and Related activities (103)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8	9
A. Capital structure ratios									
1 Net fixed assets to total net assets	34.2	32.4	29.9	27.6	26.9	25.3	25.2	22.6	20.2
2 Net worth to total net assets	44.4	44.5	41.9	45.1	46.0	45.4	66.1	69.0	64.3
3 Debt to equity	17.4	18.8	17.6	20.6	19.6	20.2	10.0	7.9	7.3
4 Debt to equity (equity adjusted for revaluation reserve)	17.7	19.1	17.8	21.1	20.0	20.7	10.0	7.9	7.4
5 Short term bank borrowings to inventories	69.6	62.3	61.4	73.1	75.7	67.1	207.0	184.4	229.7
6 Total outside liabilities to net worth	125.4	124.7	138.9	121.8	117.2	120.1	51.4	45.0	55.5
B. Liquidity ratios									
7 Current assets to current liabilities **	1.2	1.3	1.3	1.3	1.3	1.3	2.4	2.7	2.4
8 Quick assets to current liabilities	57.7	61.4	57.7	61.5	68.3	67.1	165.2	187.9	161.6
9 Current assets to total net assets	57.6	59.9	63.5	57.1	57.6	59.2	64.2	65.6	69.8
10 Sundry creditors to current assets	31.8	30.5	33.0	23.9	23.3	24.0	19.1	16.7	16.3
11 Sundry creditors to net working capital	177.3	138.5	159.4	114.3	101.4	94.8	32.4	26.8	28.3
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		126.4	132.7		83.1	88.9		102.0	105.8
13 Sales to gross fixed assets ^		251.1	277.9		215.8	232.3		225.3	236.2
14 Inventories to sales	16.0	17.9	19.1	15.9	14.7	14.7	0.9	0.9	0.7
15 Sundry debtors to sales	14.9	16.4	16.2	20.2	19.6	19.0	20.4	17.7	19.6
16 Exports to sales	14.0	10.2	11.1	10.8	9.3	8.0	36.0	26.3	26.2
17 Gross value added to gross fixed assets ^		42.5	44.8		85.7	87.8		166.4	179.9
18 Raw materials consumed to value of production	68.2	67.6	67.7	40.3	39.6	40.4	4.2	5.8	4.7
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		34.1	27.9		35.4	26.9		35.0	28.9
20 Gross capital formation to total uses of funds		56.6	56.3		37.8	43.7		35.1	28.8
21 External sources of funds to total sources of funds		60.5	72.1		51.3	62.6		12.1	22.4
22 Increase in bank borrowings to total external sources		26.9	23.6		6.4	18.5		-67.2	13.7
23 Gross savings to gross capital formation		73.1	58.1		146.9	99.4		322.2	225.5
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	8.4	8.8	8.3	7.2	8.7	7.7	13.5	12.5	13.9
25 EBIT to sales	6.7	7.5	6.9	9.1	11.1	9.2	13.9	13.0	13.8
26 Net profits to net worth	8.0	10.1	10.8	10.2	11.5	9.5	19.9	15.4	15.3
27 EBITDA to sales	6.2	7.0	6.7	7.1	9.0	9.9	17.0	17.2	16.8
28 Tax provision to EBT*	34.9	32.1	30.2	27.9	27.2	32.2	18.8	20.3	30.8
29 Retained earnings to net profits*	81.6	80.4	86.5	80.5	80.5	64.2	81.1	80.2	34.3
30 Dividends to net worth	1.9	2.3	1.7	2.3	2.6	4.0	3.8	3.1	10.2
31 Ordinary dividends to ordinary paid-up capital	4.5	5.9	4.7	6.9	8.2	12.9	18.7	17.2	59.8

Note : Figure in bracket represents the number of companies.

** Item B.7 is the actual ratio of current assets to current liabilities.

@ Available for two years, as these are worked based on sources and uses of funds taking difference between two successive years. These ratios are adjusted for revaluation *etc.*

* Calculated based on companies which made profits during the year.

^ Calculated based on average total net assets and gross fixed assets during the year. Ratio for the year 2008-09, therefore was not available.

\# Numerator or Denominator is negative or nil or negligible.

\- Nil or Nigligible

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Tea plantations (21)			Mining and Quarrying (32)			Food products and Beverages (103)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	10	11	12	13	14	15	16	17	18
A. Capital structure ratios									
1 Net fixed assets to total net assets	26.6	23.9	23.9	38.4	34.1	35.9	31.8	27.2	25.4
2 Net worth to total net assets	41.8	48.5	48.4	46.2	46.2	48.1	39.1	36.5	35.7
3 Debt to equity	11.1	2.3	10.2	41.0	46.5	33.5	16.6	29.3	20.4
4 Debt to equity (equity adjusted for revaluation reserve)	11.3	2.3	10.4	42.7	48.1	34.4	16.6	29.4	20.4
5 Short term bank borrowings to inventories	227.4	211.8	147.6	45.7	26.3	45.7	77.4	65.8	85.8
6 Total outside liabilities to net worth	139.5	106.3	106.6	116.6	116.7	108.1	156.0	174.2	180.2
B. Liquidity ratios									
7 Current assets to current liabilities **	1.0	1.2	1.3	1.6	1.9	1.7	1.2	1.3	1.2
8 Quick assets to current liabilities	51.1	57.3	58.2	72.6	100.5	67.8	47.1	55.6	53.5
9 Current assets to total net assets	54.2	57.9	58.5	56.7	61.9	59.9	63.4	67.7	69.3
10 Sundry creditors to current assets	23.8	21.3	18.3	17.8	18.3	22.2	31.9	30.1	26.8
11 Sundry creditors to net working capital	540.5	158.3	86.9	45.8	37.9	54.6	208.4	133.4	147.1
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		113.8	94.5		116.0	120.1		214.9	202.7
13 Sales to gross fixed assets ^		300.0	255.5		210.5	224.5		489.3	#
14 Inventories to sales	11.9	11.9	17.2	10.7	15.7	17.5	13.0	16.0	16.3
15 Sundry debtors to sales	15.4	16.9	17.4	13.0	22.8	18.3	7.2	9.5	10.3
16 Exports to sales	38.2	36.4	14.0	23.9	33.0	25.6	17.2	12.2	11.5
17 Gross value added to gross fixed assets ^		105.2	82.3		43.8	41.8		36.3	42.3
18 Raw materials consumed to value of production	41.8	41.4	39.2	74.3	66.9	70.1	76.8	78.8	76.6
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		15.7	33.4		26.5	54.3		19.4	25.1
20 Gross capital formation to total uses of funds		33.4	64.6		36.8	85.7		53.6	50.0
21 External sources of funds to total sources of funds		10.7	43.1		61.2	52.5		75.0	75.4
22 Increase in bank borrowings to total external sources		-22.0	46.6		22.8	48.4		47.1	52.4
23 Gross savings to gross capital formation		319.6	92.5		107.6	63.0		42.0	53.4
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	8.7	16.5	10.4	12.1	12.1	11.7	8.2	6.2	6.8
25 EBIT to sales	8.7	15.3	11.7	7.4	11.6	10.5	3.7	3.3	3.7
26 Net profits to net worth	10.1	25.5	13.1	8.7	13.8	14.0	6.9	7.6	8.9
27 EBITDA to sales	8.5	14.6	11.0	6.4	9.9	9.1	2.8	2.7	3.1
28 Tax provision to EBT*	25.3	20.9	25.6	40.4	37.1	34.4	28.0	28.2	24.2
29 Retained earnings to net profits*	81.1	88.6	88.6	96.4	88.1	88.9	93.2	98.5	98.0
30 Dividends to net worth	1.9	2.9	1.5	0.3	1.7	1.6	0.9	0.2	0.3
31 Ordinary dividends to ordinary paid-up capital	7.9	15.6	9.0	0.7	3.6	3.7	2.7	0.5	0.9

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Cotton textiles (45)			Man-made textiles (20)			Wearing apparel (24)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	19	20	21	22	23	24	25	26	27
A. Capital structure ratios									
1 Net fixed assets to total net assets	56.9	51.9	47.6	49.6	46.1	45.2	31.8	31.7	29.9
2 Net worth to total net assets	34.6	37.3	33.9	42.5	44.1	45.1	42.8	42.2	39.6
3 Debt to equity	87.6	71.5	93.4	71.8	59.9	54.9	13.1	23.9	27.4
4 Debt to equity (equity adjusted for revaluation reserve)	88.9	72.5	94.5	72.9	60.6	55.4	13.3	24.1	27.7
5 Short term bank borrowings to inventories	83.3	89.4	69.9	66.2	59.1	56.5	69.1	77.4	75.1
6 Total outside liabilities to net worth	189.2	167.8	195.0	135.1	126.7	121.6	133.9	137.0	152.6
B. Liquidity ratios									
7 Current assets to current liabilities **	1.1	1.2	1.4	1.7	1.7	1.6	1.3	1.3	1.3
8 Quick assets to current liabilities	37.3	40.4	48.2	75.6	81.7	79.4	59.3	58.3	59.2
9 Current assets to total net assets	38.2	44.0	49.2	44.7	48.9	49.3	65.1	63.1	66.1
10 Sundry creditors to current assets	13.6	12.1	11.6	22.2	21.6	21.9	28.9	26.7	28.1
11 Sundry creditors to net working capital	165.6	65.7	38.3	55.8	54.1	56.0	137.5	105.2	108.9
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		102.8	129.6		99.1	109.1		94.0	109.7
13 Sales to gross fixed assets ^		122.8	164.8		125.5	138.5		202.3	237.4
14 Inventories to sales	21.4	21.9	22.9	14.2	15.1	15.4	22.7	23.4	22.0
15 Sundry debtors to sales	13.4	12.5	12.0	15.7	17.4	16.1	19.6	21.4	23.0
16 Exports to sales	13.3	6.3	7.2	3.8	3.3	2.9	26.0	38.9	27.3
17 Gross value added to gross fixed assets ^		19.5	24.5		23.4	25.7		52.1	65.9
18 Raw materials consumed to value of production	61.2	60.0	69.8	62.7	63.2	64.3	52.8	48.0	56.0
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		38.4	44.4		38.7	54.2		51.5	31.8
20 Gross capital formation to total uses of funds		85.1	79.0		62.4	72.6		84.0	58.2
21 External sources of funds to total sources of funds		51.6	73.8		12.2	45.3		80.8	69.0
22 Increase in bank borrowings to total external sources		84.2	74.7		-234.7	22.4		30.7	47.4
23 Gross savings to gross capital formation		62.6	36.0		144.5	83.1		44.2	49.0
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	2.8	5.5	7.6	7.9	7.6	9.1	4.2	6.2	5.8
25 EBIT to sales	3.7	5.6	6.7	8.6	7.8	8.9	4.7	6.7	5.7
26 Net profits to net worth	-1.9	5.1	7.9	7.3	8.4	10.7	2.0	5.7	7.4
27 EBITDA to sales	7.8	10.3	10.3	12.8	11.2	11.2	1.1	2.6	2.5
28 Tax provision to EBT*	-129.5	26.3	26.5	16.7	23.2	24.4	27.0	24.8	16.6
29 Retained earnings to net profits*	114.2	98.4	99.1	98.9	88.3	94.7	70.6	41.4	78.1
30 Dividends to net worth	0.3	0.1	0.1	0.1	1.0	0.6	2.6	5.9	3.1
31 Ordinary dividends to ordinary paid-up capital	0.6	0.2	0.2	0.4	5.4	3.2	4.9	10.8	5.8

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Chemicals and Chemical products (147)			Basic Chemicals (40)			Paper and Paper products (30)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	28	29	30	31	32	33	34	35	36
A. Capital structure ratios									
1 Net fixed assets to total net assets	31.2	28.5	26.5	34.3	30.9	30.0	41.0	38.5	37.4
2 Net worth to total net assets	54.3	56.9	56.1	52.4	49.4	47.8	25.4	26.3	30.8
3 Debt to equity	9.1	9.9	9.2	7.0	18.2	12.7	62.0	39.9	26.7
4 Debt to equity (equity adjusted for revaluation reserve)	9.1	9.9	9.2	7.0	18.3	12.8	62.5	41.8	27.6
5 Short term bank borrowings to inventories	46.7	39.4	35.8	63.5	55.1	51.6	161.6	150.9	136.3
6 Total outside liabilities to net worth	84.0	75.6	78.4	90.7	102.4	109.2	293.1	279.9	224.4
B. Liquidity ratios									
7 Current assets to current liabilities **	1.5	1.7	1.8	1.3	1.6	1.4	1.0	1.0	1.0
8 Quick assets to current liabilities	76.2	82.2	78.8	67.7	76.1	72.1	56.0	60.0	59.3
9 Current assets to total net assets	61.8	64.6	69.2	58.4	64.7	65.6	57.9	60.4	61.3
10 Sundry creditors to current assets	29.6	25.2	27.5	29.1	22.6	31.3	41.3	44.7	44.0
11 Sundry creditors to net working capital	85.4	59.2	61.8	115.1	62.4	103.6	#	#	#
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		109.8	111.4		106.5	112.9		178.6	186.1
13 Sales to gross fixed assets ^		241.8	260.1		217.4	237.3		300.2	318.6
14 Inventories to sales	18.3	19.3	21.4	19.6	23.2	20.0	9.8	9.5	10.2
15 Sundry debtors to sales	19.6	20.4	18.7	20.4	22.1	21.2	18.3	21.0	19.3
16 Exports to sales	17.3	10.2	15.4	11.1	10.7	16.9	16.1	11.5	11.2
17 Gross value added to gross fixed assets ^		57.3	55.3		41.3	39.9		42.9	47.3
18 Raw materials consumed to value of production	61.8	61.4	64.6	64.0	62.3	66.4	72.9	65.8	67.2
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		23.7	24.0		24.2	36.9		44.4	42.8
20 Gross capital formation to total uses of funds		43.9	55.9		59.2	42.8		53.6	68.9
21 External sources of funds to total sources of funds		30.4	57.1		56.7	61.4		56.5	54.8
22 Increase in bank borrowings to total external sources		37.9	16.6		83.4	-69.6		8.2	40.3
23 Gross savings to gross capital formation		179.8	108.9		77.8	154.6		55.9	67.5
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	12.3	12.4	10.6	8.8	9.6	8.1	5.7	8.3	10.9
25 EBIT to sales	11.6	12.0	10.3	8.7	9.7	7.5	3.4	5.2	6.4
26 Net profits to net worth	12.5	14.3	12.9	5.2	10.0	7.9	-1.0	21.0	17.0
27 EBITDA to sales	10.2	10.5	8.3	9.2	10.6	8.1	3.8	6.3	7.5
28 Tax provision to EBT*	30.1	27.4	28.0	43.2	27.1	32.5	98.6	23.1	32.3
29 Retained earnings to net profits*	94.9	96.0	94.8	88.5	94.8	80.9	#	87.1	95.2
30 Dividends to net worth	0.7	0.6	0.7	0.8	0.6	1.8	6.8	2.7	0.8
31 Ordinary dividends to ordinary paid-up capital	2.1	2.4	3.0	1.6	1.3	5.0	13.5	7.0	2.1

Industry groups, *viz.*, 'Basic chemicals', is subgroup of 'Chemicals and Chemical products'

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Pharmaceuticals and Medicines (42)			Rubber and Plastic Products (69)			Plastic Products (45)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	37	38	39	40	41	42	43	44	45
A. Capital structure ratios									
1 Net fixed assets to total net assets	42.8	40.3	38.6	48.2	49.2	47.7	46.9	47.5	48.2
2 Net worth to total net assets	42.2	47.0	49.0	55.6	51.0	45.8	39.8	39.0	38.8
3 Debt to equity	19.7	13.1	12.0	8.5	12.5	21.9	16.5	16.3	17.3
4 Debt to equity (equity adjusted for revaluation reserve)	19.7	13.2	12.1	8.6	12.7	22.1	17.1	16.7	17.7
5 Short term bank borrowings to inventories	67.9	37.7	34.4	76.3	61.8	42.4	100.0	113.2	93.9
6 Total outside liabilities to net worth	137.0	113.0	104.2	79.8	96.2	118.4	151.3	156.4	157.6
B. Liquidity ratios									
7 Current assets to current liabilities **	1.0	1.2	1.3	1.2	1.1	1.2	1.0	0.9	0.9
8 Quick assets to current liabilities	52.8	57.8	57.2	56.4	55.8	51.7	39.5	40.2	34.2
9 Current assets to total net assets	51.7	55.3	59.1	46.4	47.8	50.4	51.1	50.1	50.2
10 Sundry creditors to current assets	31.0	27.1	28.5	31.7	33.3	33.2	38.0	38.5	33.6
11 Sundry creditors to net working capital	#	167.9	115.8	203.9	277.1	247.7	#	-447.3	-427.0
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		107.5	107.5		111.9	114.5		121.5	112.1
13 Sales to gross fixed assets ^		188.3	190.4		138.7	148.2		152.2	143.7
14 Inventories to sales	18.1	18.6	22.7	15.2	17.1	20.2	17.7	18.2	22.7
15 Sundry debtors to sales	18.8	18.6	16.7	16.5	16.2	16.1	13.0	15.9	13.4
16 Exports to sales	13.6	17.0	15.3	4.9	5.0	16.8	4.0	3.1	6.3
17 Gross value added to gross fixed assets ^		50.0	51.0		29.4	28.3		28.6	25.3
18 Raw materials consumed to value of production	56.3	57.4	57.3	66.0	64.4	65.0	65.0	66.7	63.5
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		36.6	41.0		57.5	51.2		54.3	62.7
20 Gross capital formation to total uses of funds		63.7	87.3		76.8	85.1		72.2	109.4
21 External sources of funds to total sources of funds		40.7	56.3		60.8	66.9		71.6	53.0
22 Increase in bank borrowings to total external sources		-78.5	24.1		25.5	35.4		47.9	47.1
23 Gross savings to gross capital formation		143.7	90.0		53.9	45.0		42.8	49.0
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	7.9	8.3	8.0	5.6	9.4	7.4	5.9	8.4	6.8
25 EBIT to sales	8.1	8.0	7.9	5.4	9.4	7.1	5.4	7.8	6.4
26 Net profits to net worth	7.0	11.2	11.4	4.5	12.9	9.0	2.6	11.2	9.6
27 EBITDA to sales	7.7	7.3	6.0	7.9	11.2	9.6	6.7	8.3	8.3
28 Tax provision to EBT*	37.2	26.3	24.5	26.9	17.2	22.6	34.1	22.2	22.4
29 Retained earnings to net profits*	89.7	89.7	91.9	90.9	88.9	93.9	87.5	92.3	97.6
30 Dividends to net worth	0.8	1.2	0.9	0.5	1.5	0.6	0.6	1.1	0.3
31 Ordinary dividends to ordinary paid-up capital	2.0	5.1	3.4	0.3	2.0	0.7	0.9	1.6	0.5

Industry group, *viz.*, 'Plastic products' is the subgroup of 'Rubber and Plastic products'

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Fabricated metal products except machinery & equp. (61)			Machinery and Machine tools (97)			Electrical Machinery and Apparatus (64)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	46	47	48	49	50	51	52	53	54
A. Capital structure ratios									
1 Net fixed assets to total net assets	27.5	29.5	30.5	28.3	26.2	22.0	39.1	38.4	34.6
2 Net worth to total net assets	28.7	32.2	27.3	49.1	48.4	38.6	50.7	52.6	48.2
3 Debt to equity	26.0	20.3	14.8	6.5	9.5	11.9	18.4	12.9	11.9
4 Debt to equity (equity adjusted for revaluation reserve)	28.2	21.8	15.8	6.5	9.6	11.9	20.4	14.1	12.9
5 Short term bank borrowings to inventories	68.5	106.6	98.9	35.8	18.6	15.6	48.9	56.7	37.0
6 Total outside liabilities to net worth	248.4	210.2	266.5	103.5	106.8	158.9	97.3	90.0	107.7
B. Liquidity ratios									
7 Current assets to current liabilities **	1.0	1.1	1.0	1.4	1.4	1.3	1.5	1.5	1.4
8 Quick assets to current liabilities	46.2	45.4	41.8	70.8	73.9	60.6	88.1	86.3	65.2
9 Current assets to total net assets	66.4	65.0	65.2	65.4	64.5	72.0	59.6	60.6	63.9
10 Sundry creditors to current assets	45.6	28.8	34.2	28.2	28.5	37.5	30.1	28.6	38.1
11 Sundry creditors to net working capital	#	459.7	#	101.9	102.8	173.4	86.7	84.3	133.0
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		87.5	92.2		85.0	97.5		95.7	99.8
13 Sales to gross fixed assets ^		192.8	196.1		207.8	275.3		177.2	190.2
14 Inventories to sales	30.5	30.8	33.3	19.3	23.0	23.8	19.2	20.8	29.0
15 Sundry debtors to sales	28.8	26.1	28.0	20.5	25.0	23.7	22.7	24.1	23.3
16 Exports to sales	8.7	5.4	4.2	16.3	9.5	8.9	18.4	14.3	15.6
17 Gross value added to gross fixed assets ^		40.0	35.5		54.8	56.1		43.0	40.2
18 Raw materials consumed to value of production	63.1	51.2	60.6	59.0	54.6	54.1	64.7	62.0	63.0
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		108.7	40.1		23.9	18.3		47.9	27.4
20 Gross capital formation to total uses of funds		120.3	66.4		33.5	41.5		65.2	83.2
21 External sources of funds to total sources of funds		34.3	95.9		73.3	86.5		44.4	71.2
22 Increase in bank borrowings to total external sources		593.4	18.9		-16.1	4.6		28.4	8.6
23 Gross savings to gross capital formation		65.8	13.4		91.1	48.7		124.2	36.8
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	4.5	6.1	3.3	11.6	9.9	7.3	8.2	10.1	6.9
25 EBIT to sales	5.2	7.1	4.0	11.6	12.9	9.0	8.4	11.0	7.5
26 Net profits to net worth	0.2	3.8	0.8	12.5	11.9	12.4	7.8	12.0	6.5
27 EBITDA to sales	4.6	6.1	4.4	9.0	10.2	9.2	8.8	11.0	9.0
28 Tax provision to EBT*	46.1	34.3	43.2	41.3	38.0	31.7	32.6	21.6	34.6
29 Retained earnings to net profits*	83.4	92.8	70.0	66.0	68.0	91.3	87.3	86.2	86.9
30 Dividends to net worth	1.0	0.6	2.2	4.6	4.1	1.2	1.1	1.8	1.0
31 Ordinary dividends to ordinary paid-up capital	2.1	1.3	3.8	15.0	12.1	3.9	1.4	2.6	1.6

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Medical Precision and Scientific Instruments (32)			Motor Vehicles and Other Transport Equip. (52)			Iron and Steel (59)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	55	56	57	58	59	60	61	62	63
A. Capital structure ratios									
1 Net fixed assets to total net assets	28.0	28.3	28.7	46.5	46.1	41.7	44.2	41.3	39.5
2 Net worth to total net assets	50.3	49.0	46.9	38.0	36.4	37.5	32.8	35.8	37.0
3 Debt to equity	7.1	4.2	4.4	9.5	10.3	23.0	53.1	45.0	30.7
4 Debt to equity (equity adjusted for revaluation reserve)	7.1	4.2	4.4	9.7	10.4	23.3	53.2	45.1	31.3
5 Short term bank borrowings to inventories	44.5	48.2	40.1	93.6	81.1	116.0	93.0	81.5	70.7
6 Total outside liabilities to net worth	98.7	104.1	113.3	163.1	174.4	166.7	204.4	179.5	170.2
B. Liquidity ratios									
7 Current assets to current liabilities **	1.5	1.4	1.3	0.7	0.7	0.9	1.1	1.2	1.1
8 Quick assets to current liabilities	72.1	64.9	62.3	29.3	36.9	45.7	50.9	54.7	53.5
9 Current assets to total net assets	66.7	66.5	67.1	38.1	44.2	47.8	53.8	56.5	59.1
10 Sundry creditors to current assets	33.1	33.2	38.4	43.4	41.7	43.3	26.3	28.3	27.4
11 Sundry creditors to net working capital	101.4	118.6	150.0	-83.8	-122.7	-380.6	339.3	203.9	212.5
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		95.5	106.3		150.7	158.9		124.6	127.4
13 Sales to gross fixed assets ^		222.6	245.7		217.6	236.2		225.0	236.6
14 Inventories to sales	29.3	27.8	29.2	9.1	8.4	8.7	15.9	17.4	18.4
15 Sundry debtors to sales	23.9	22.1	19.7	6.9	8.4	9.2	16.8	17.4	17.8
16 Exports to sales	12.1	11.2	9.1	3.9	1.7	2.0	6.3	2.1	2.5
17 Gross value added to gross fixed assets ^		54.9	59.6		42.8	46.4		29.1	42.6
18 Raw materials consumed to value of production	61.8	61.5	60.6	68.8	69.5	69.8	73.8	71.2	64.3
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		40.4	40.8		59.9	36.5		34.9	40.1
20 Gross capital formation to total uses of funds		58.6	84.7		71.6	48.8		56.0	65.2
21 External sources of funds to total sources of funds		51.5	66.2		54.4	64.0		59.4	43.7
22 Increase in bank borrowings to total external sources		28.9	15.2		9.4	49.4		22.1	-22.8
23 Gross savings to gross capital formation		72.5	61.7		53.6	82.7		62.2	55.0
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	8.1	9.6	10.6	11.6	14.9	14.5	7.3	7.3	13.5
25 EBIT to sales	9.3	10.7	10.8	9.3	10.4	10.1	5.9	6.3	11.5
26 Net profits to net worth	7.2	9.8	13.4	13.1	16.3	19.9	7.1	8.2	18.3
27 EBITDA to sales	7.5	8.8	10.2	10.8	12.3	11.8	6.0	6.9	11.8
28 Tax provision to EBT*	44.4	39.9	31.7	37.3	46.5	36.5	33.8	29.5	33.5
29 Retained earnings to net profits*	94.9	61.8	98.9	52.5	20.1	66.2	94.3	93.8	61.2
30 Dividends to net worth	0.4	3.9	0.2	7.8	14.9	7.4	0.5	0.6	7.9
31 Ordinary dividends to ordinary paid-up capital	0.9	8.2	0.4	12.9	25.1	13.5	1.3	1.6	24.1

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Contd.)*

(Per cent)

Item	Construction (71)			Wholesale and Retail trade (111)			Hotels and Restaurants (60)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	64	65	66	67	68	69	70	71	72
A. Capital structure ratios									
1 Net fixed assets to total net assets	28.5	30.2	30.4	9.0	7.8	7.4	68.6	66.1	67.2
2 Net worth to total net assets	38.7	39.0	37.5	33.1	38.3	37.5	58.7	56.5	53.4
3 Debt to equity	61.2	34.6	54.7	3.1	4.1	3.0	29.8	34.3	36.4
4 Debt to equity (equity adjusted for revaluation reserve)	63.6	35.7	56.3	3.1	4.1	3.0	35.8	39.6	41.5
5 Short term bank borrowings to inventories	49.2	92.2	35.4	14.7	15.0	14.8	298.0	340.1	387.3
6 Total outside liabilities to net worth	158.4	156.3	166.6	202.1	161.4	166.4	70.3	77.0	87.3
B. Liquidity ratios									
7 Current assets to current liabilities **	1.4	1.1	1.3	1.3	1.5	1.5	0.9	0.9	0.8
8 Quick assets to current liabilities	29.8	24.7	34.2	76.0	98.5	88.6	26.0	18.7	14.5
9 Current assets to total net assets	52.2	50.1	54.3	87.4	89.0	89.9	21.2	22.2	22.8
10 Sundry creditors to current assets	16.3	17.8	17.2	31.0	29.1	34.8	17.7	14.9	17.4
11 Sundry creditors to net working capital	56.3	311.8	74.2	123.2	89.0	99.6	-154.8	-196.9	-95.6
C. Assets utilization and turnover ratios									
12 Sales to total net assets ^		33.7	40.0		131.8	144.1		21.4	22.3
13 Sales to gross fixed assets ^		97.0	109.9		#	#		26.2	27.5
14 Inventories to sales	68.4	58.9	54.5	21.3	18.8	17.8	12.9	12.5	13.7
15 Sundry debtors to sales	14.6	13.3	15.6	24.4	23.4	20.6	6.7	7.4	6.7
16 Exports to sales	1.0	0.8	0.7	6.4	6.4	3.4	0.3	13.0	10.7
17 Gross value added to gross fixed assets ^		41.5	39.9		206.6	132.5		13.8	14.3
18 Raw materials consumed to value of production	30.9	29.2	37.1	82.3	80.5	75.9	13.1	13.7	14.2
D. Sources and uses of funds ratios @									
19 Gross fixed assets formation to total uses of funds		51.9	38.4		4.1	13.2		59.4	78.4
20 Gross capital formation to total uses of funds		55.7	64.8		-2.2	53.1		58.6	83.5
21 External sources of funds to total sources of funds		50.6	72.5		29.7	85.3		79.7	79.5
22 Increase in bank borrowings to total external sources		-23.9	8.5		9.1	5.2		24.2	64.2
23 Gross savings to gross capital formation		95.0	55.8		#	79.6		34.6	24.5
E. Profitability and profit allocation ratios									
24 EBIT to total net assets	6.4	8.1	8.3	8.1	15.6	5.6	6.2	3.9	4.3
25 EBIT to sales	21.2	25.6	22.4	6.1	12.8	4.1	25.6	19.8	20.3
26 Net profits to net worth	9.2	13.5	11.9	12.4	26.3	8.8	4.9	3.0	1.9
27 EBITDA to sales	25.3	30.5	26.8	-6.8	-3.1	1.8	32.4	26.7	25.5
28 Tax provision to EBT*	21.3	20.4	23.5	40.9	33.7	38.4	32.8	29.7	36.9
29 Retained earnings to net profits*	90.1	86.2	83.2	88.8	93.6	92.0	89.5	69.9	76.8
30 Dividends to net worth	1.0	2.0	2.2	1.5	1.7	0.7	0.6	1.0	0.6
31 Ordinary dividends to ordinary paid-up capital	2.7	6.2	7.3	5.2	7.4	3.3	1.5	2.7	1.5

Statement 8: Select Financial Ratios of Select Items of the Select 1,850 Non-Government Non-Financial Private Limited Companies: 2008-09 to 2010-11 *(Concld.)*

(Per cent)

Item	Transport Storage and Communications (58)			Real estate activities (64)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	73	74	75	76	77	78
A. Capital structure ratios						
1 Net fixed assets to total net assets	38.9	39.2	35.9	16.1	16.9	16.8
2 Net worth to total net assets	36.7	39.7	37.6	30.3	29.0	32.1
3 Debt to equity	18.2	21.8	30.8	54.4	53.2	58.9
4 Debt to equity (equity adjusted for revaluation reserve)	18.4	22.0	31.1	54.7	53.5	59.2
5 Short term bank borrowings to inventories	236.3	353.5	184.8	55.8	53.0	48.1
6 Total outside liabilities to net worth	172.3	151.7	166.2	229.9	244.4	211.7
B. Liquidity ratios						
7 Current assets to current liabilities **	0.9	1.0	1.1	1.0	1.0	1.1
8 Quick assets to current liabilities	50.3	67.6	68.2	13.1	15.6	21.0
9 Current assets to total net assets	50.5	51.7	54.5	54.8	53.8	55.1
10 Sundry creditors to current assets	53.0	46.6	48.9	5.0	4.8	4.8
11 Sundry creditors to net working capital	-493.5	#	#	164.8	-148.6	37.3
C. Assets utilization and turnover ratios						
12 Sales to total net assets ^		88.0	98.6		18.5	18.0
13 Sales to gross fixed assets ^		171.5	190.2		96.5	89.7
14 Inventories to sales	4.9	3.4	4.4	219.3	159.3	161.9
15 Sundry debtors to sales	25.4	28.2	26.1	22.8	21.5	20.9
16 Exports to sales	-	-	0.6	-	0.8	0.1
17 Gross value added to gross fixed assets ^		49.7	55.3		31.7	30.5
18 Raw materials consumed to value of production	34.9	28.6	28.0	19.1	38.9	32.6
D. Sources and uses of funds ratios @						
19 Gross fixed assets formation to total uses of funds		61.8	30.3		30.4	25.0
20 Gross capital formation to total uses of funds		53.2	40.4		48.1	52.1
21 External sources of funds to total sources of funds		37.4	64.4		80.0	89.0
22 Increase in bank borrowings to total external sources		78.8	-13.9		-15.8	44.2
23 Gross savings to gross capital formation		126.3	98.8		28.7	39.5
E. Profitability and profit allocation ratios						
24 EBIT to total net assets	4.0	7.5	7.6	3.9	4.3	4.0
25 EBIT to sales	5.0	8.8	8.2	29.3	24.5	23.2
26 Net profits to net worth	0.2	10.2	9.8	3.4	2.3	2.6
27 EBITDA to sales	5.1	11.2	10.9	27.4	26.3	24.1
28 Tax provision to EBT*	42.2	26.0	35.5	30.4	32.4	31.9
29 Retained earnings to net profits*	54.9	65.5	63.3	82.6	83.6	81.6
30 Dividends to net worth	2.8	5.1	5.2	0.8	0.7	0.7
31 Ordinary dividends to ordinary paid-up capital	4.2	9.1	8.3	1.4	1.5	1.1

Explanatory Notes to Statements

- Internal Sources: These are own sources comprising Capitalised reserves, Retained Profits, Depreciation Provision and other provisions.
- External Sources: These are other than own sources comprising funds raised from capital markets, borrowed funds, trade dues and other current liabilities and miscellaneous non-current liabilities.
- The growth rates of all the items and data on sources and uses of funds are adjusted for changes due to amalgamation of companies. These are also adjusted for revaluation, *etc.*, wherever necessary.
- Due to rounding off of figures, the constituent items may not add up to the totals.
- Sales are net of 'rebates and discounts' and 'excise duty and cess'.
- Manufacturing expenses comprise (a) raw materials, components, *etc.* consumed, (b) stores and spares consumed, (c) power and fuel and (d) other manufacturing expenses.
- 'Raw materials, components, *etc.*, consumed' includes purchase of traded goods in the case of trading companies and consumption of stores and provisions for hotels, restaurants and eating houses.
- 'Other manufacturing expenses' include expenses like construction expenses of construction companies, operating expenses of shipping companies, *etc.*
- Remuneration to employees comprises (a) salaries, wages and bonus, (b) provident fund and (c) employees' welfare expenses.
- Non-operating surplus/deficit comprises (a) profit/loss on account of (i) sale of fixed assets, investments, *etc.*, and (ii) revaluation/devaluation of foreign currencies, (b) provisions no longer required written back, (c) insurance claims realised and (d) income or expenditure relating to the previous years and such other items of non-current nature.
- Operating profits are earnings before interest, tax, depreciation provision and amortisation (EBITDA), however other income and non-operating surplus/deficit are excluded.
- Gross profits (*i.e.*, EBIT) are net of depreciation provision but before interest and tax; other income is also included.
- Gross saving is measured as the sum of retained profits and depreciation provision.
- Gross value added comprises (a) net value added and (b) depreciation provision.
- Net value added comprises (a) salaries, wages and bonus, (b) provident fund, (c) employees' welfare expenses, (d) managerial remuneration, (e) rent paid net of rent received, (f) interest paid net of interest received, (g) tax provision, (h) dividends paid net of dividends received and (i) retained profits net of non-operating surplus/deficit.
- Debt comprises (a) all borrowings from Govt. and semi-Govt. bodies, financial institutions other than banks, and from foreign institutional agencies, (b) borrowings from banks against mortgages and other long term securities, (c) borrowings from companies and others against mortgages and other long term securities, (d) debentures, deferred payment liabilities and public deposits.
- Equity or Net worth comprises (a) paid-up capital, (b) forfeited shares and (c) all reserves and surplus.
- Current assets comprise (a) inventories, (b) loans and advances and other debtor balances, (c) book value of quoted investments, (d) cash and bank balances and (e) advance of income-tax in excess of tax provision.
- Current liabilities comprise (a) short term borrowings from banks, (b) unsecured loans and

Explanatory Notes to Statements *(Concld.)*

other short term borrowings from companies and others, (c) trade dues and other current liabilities and (d) tax provision in excess of advance of income-tax and other current provisions.

- Quick assets comprise (a) sundry debtors, (b) book value of quoted investments and (c) cash and bank balances.
- Capital reserves include profits on sale of investments and fixed assets.
- Other reserves include profits retained in the form of various specific reserves and profit/loss carried to balance sheet.
- Debentures include privately placed debentures with financial institutions.

Industry Clarification

- Construction: Construction activity as per the International Standard Industrial Classification (ISIC) adopted in the System of National Accounts (SNA) covers contract construction by general builders, civil engineering contractors and special trade contractors. In addition to these contractual activities, in India, own account construction is also included for the purpose of estimating domestic product, due to the problem of availability of data separately. Thus construction industry includes companies engaged in all activities connected with site preparation, alteration, addition, repair and maintenance, construction and maintenance of infrastructures (*viz.* roads, bridges, rail beds *etc.*) and infrastructure projects, industrial plants and building installations and such other activities.
- Real estate: Real estate activity means (i) developing real estate and (ii) other services in relation to real estate. This includes companies engaged in buying, selling, renting and operating of self-owned or leased real estate (*viz.* apartment building and dwellings, non-residential buildings *etc.*), developing and subdividing real estate, developing and sale of land and cemetery lots, operating of apartment hotels and residential mobile home sites *etc.*

*Performance of Financial and Investment Companies: 2010-11**

This article analyses the performance of select non-Government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2010-11, based on their audited annual accounts. The data are presented at the aggregate level for all select companies and also for various activity groups. The analysis revealed that the growth in financial income increased during the year 2010-11, whereas growth in total expenditure decelerated. Profitability ratios like profit margin, return on assets and return on shareholders' equity also improved during the year under review. With higher growth in borrowings from banks, debt-equity ratio of select companies increased further in 2010-11. Larger sized companies performed better than the smaller sized companies, but they had higher debt-equity ratio.

Non-banking financial and investment companies operate as an important adjunct to the banking sector in financial intermediation. They provide support to the capital market through investment holding, share trading and merchant banking activities, to the credit market through short and medium term loans and also help firms in acquiring long term assets through lease and hire purchase activities.

This article analyses the performance of non-Government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2010-11. Annual accounts of 1,344 companies, which closed their accounts during the period April 2010 to March 2011[1] were considered for the study. The select 1,344 companies accounted for 56.3 per cent of total paid-up capital (provisional estimate supplied by Ministry of Corporate Affairs, GoI) of all non-government financial and investment companies as on March 31, 2011 which is higher than the coverage of 53.9 per cent in the previous study.

The segment of financial and investment companies in the private corporate sector is highly skewed. The presence of a large sized company, *viz.*, Housing Development Finance Corporation (HDFC) Limited in the study would exert considerable influence on the overall performance of the companies in this group in terms of various quantitative measures. In view of such marked skewness in the size structure, the analysis presented in the article excludes results of HDFC. Further, it was observed that the results of three other companies were in large variance with the remaining companies and accordingly these companies were also kept outside the scope of the study. Thus, the present analysis is confined to 1,340 companies. However, the data on all the select 1,344 companies including HDFC and other three outlier companies are separately presented in Annex 1 to 3. The study also presents comparable data for the preceding two years 2008-09 and 2009-10[2] for the same set of companies, based on the analysis of their accounts for the respective years.

In the case of companies, which either extended or shortened their accounting year, income, expenditure and appropriation account figures have been annualised. The balance sheet data, however, have been retained as presented in the annual accounts of the companies. The analysis of the financial performance for the year, discussed below, is subject to this limitation.

I. Composition of the Select Companies

The select 1,340 financial and investment companies were classified into five groups, *viz.*, (1) Share Trading and Investment Holding, (2) Loan Finance (3) Asset Finance (4) Diversified and (5)

* Prepared in the Company Finances Division of Department of Statistics and Information Management.

[1] Reference may be made to the September 2011 issue of the Reserve Bank of India Bulletin for the study relating to 2009-10, which covered the financial performance of 1,285 non-Government financial and investment companies. In the present study, 556 new companies have been included in addition to 784 companies common with the previous study.

[2] Due to differences in the sample companies, figures for the financial years 2008-09 and 2009-10 presented in this study may not match with those presented in the earlier studies.

Miscellaneous. A company was placed in one of the first three principal activity groups if at least half of its annual income during the study year 2010-11 was derived from that principal activity consistent with the income yielding assets. In case no single principal activity was predominant, the company was classified under 'Diversified' group. Companies not engaged in any of the above three activities, but conducting financial activities[3] were classified under 'Miscellaneous' group. The distribution of the select companies among the above mentioned activities in terms of number, paid-up capital, financial income and net assets is presented in Table 1. It is observed that the 'Share Trading and Investment Holding' companies dominate the sample in terms of numbers followed by 'Loan Finance' companies. However 'Loan Finance' companies dominate in terms of financial parameters.

II. Operational Results

The financial income of the select 1,340 financial and investment companies grew at a higher rate of 23.8 per cent in 2010-11 as compared to 13.1 per cent in 2009-10 (Statement 1 and Table 2). Interest income, the main component of total income, also grew at a much higher rate of 36.2 per cent compared to 6.9 per cent growth in 2009-10. Together with non-financial income, total income increased by 22.9 per cent during 2010-11.

As against this, growth in total expenditure was 2.9 per cent in 2010-11. Interest payments registered 25.9 per cent growth in 2010-11 as against 2.0 per cent growth in 2009-10. Employees' remuneration witnessed marginally lower growth of 11.1 per cent in 2010-11. However, lower amount of bad debts and provisions restricted the total expenditure.

Profits of the select companies grew almost at the same rate as that of the previous year. However with lower growth in dividend payments, retained profits increased at much higher rate in 2010-11. The 'Loan Finance' and 'Asset Finance' companies recorded higher growth in profits in 2010-11 as compared with that in 2009-10 while for 'Share Trading and Investment Holding ' companies profit growth decelerated reflecting adverse capital market conditions.

Operating profit margin (measured as a ratio of financial income) of the select companies increased to 37.4 per cent in 2010-11 from 32.0 per cent in 2009-10 (Statement 2 and Table 3). The return on shareholders' equity (ratio of net profits to net worth) of the select companies was higher at 9.3 per cent in 2010-11 compared with 7.2 per cent registered in 2009-10. Similarly, the return on assets (ratio of net profits to total net assets) improved in 2010-11. Dividend payout ratio (ratio of dividends to net profits) declined but the

Table 1: Composition of Select 1,340 Companies by Activity – 2010-11

(Amount in ` million)

Activity	No of Companies	Paid-up Capital	Financial Income	Total Net Assets
	1	2	3	4
1. Share Trading and Investment Holding	605 (45.1)	97,601 (26.6)	70,783 (13.8)	665,655 (15.1)
2. Loan Finance	455 (34.0)	2,11,345 (57.5)	3,13,729 (61.2)	30,37,914 (68.9)
3. Asset Finance	78 (5.8)	6,274 (1.7)	54,930 (10.7)	4,19,504 (9.5)
4. Diversified	15 (1.1)	1,686 (0.5)	1,761 (0.3)	9,716 (0.2)
5. Miscellaneous	187 (14.0)	50,350 (13.7)	71,428 (13.9)	2,75,137 (6.2)
All Activities	**1,340 (100.0)**	**3,67,257 (100.0)**	**5,12,631 (100.0)**	**44,07,926 (100.0)**

Note: Figures in parentheses represent percentages to total.

[3] Companies engaged in financial advisory services, fund management services, portfolio management services, *etc.* are also included in 'Miscellaneous' group.

Table 2: Growth Rate of Select Items: 2009-10 and 2010-11

(Per cent)

Item \ Activity	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
1. Financial Income	13.1	23.8	19.4	8.6	8.7	32.4	15.0	28.8	23.4	26.9	22.5	5.3
2. Total Income	12.5	22.9	22.5	9.6	8.6	29.9	11.2	30.2	20.2	24.5	19.1	6.4
3. Total Expenditure	5.1	2.9	27.6	-2.0	-0.1	1.0	14.7	5.2	6.6	14.5	3.3	6.3
4. Operating Profits	46.1	47.3	34.0	9.4	31.3	89.1	47.3	60.8	67.9	30.1	251.0	0.4
5. Net Profits	54.8	56.0	41.5	9.4	40.5	100.9	20.8	92.6	72.8	26.2	#	37.4

Denominator is negative, nil or negligible.

dividend rate (ratio of dividend paid to total paid up capital) increased to 7.6 per cent in 2010-11 from 7.3 per cent in 2009-10. The ratio of bad debts (including provisions for the same) to total income declined to 2.0 per cent in 2010-11 from 4.8 per cent of in 2009-10.

The operating profit margin increased across all activity groups except 'Miscellaneous' group during 2010-11. Return on share holders' equity rose appreciably for 'Loan Finance' and 'Asset Finance' companies. The dividend rate at 23.1 per cent was the highest for 'Asset Finance' companies.

III. Liabilities and Assets Structure[4]

Liabilities Structure

Borrowings which constituted major part of total liabilities of financial companies increased its share further to 63.3 per cent in 2010-11 from 59.7 per cent in the previous year (Chart 1, Table 4 and Statement 4). This was mainly contributed by the increase in the share of bank borrowings. The debt-equity ratio increased to 147.2 per cent in 2010-11 from 130.8 per cent in 2009-10; it was 122.1 per cent in 2008-09. On a broader measure, the ratio of total outside liabilities to net worth increased to 261.2 per cent in 2010-11 from 236.0 per cent in 2009-10.

For the 'Loan Finance' and 'Asset Finance' companies, which depend more on borrowed funds, the debt-equity ratio moved in opposite directions. While for ' Loan Finance' companies the debt-equity ratio increased further to 244.5 per cent in 2010-11, the 'Asset Finance' companies could lower their debt- equity ratio from a high of 322.0 per cent in 2009-10 to 263.0 per cent in 2010-11.

Table 3: Select Profitability Ratios: 2009-10 and 2010-11

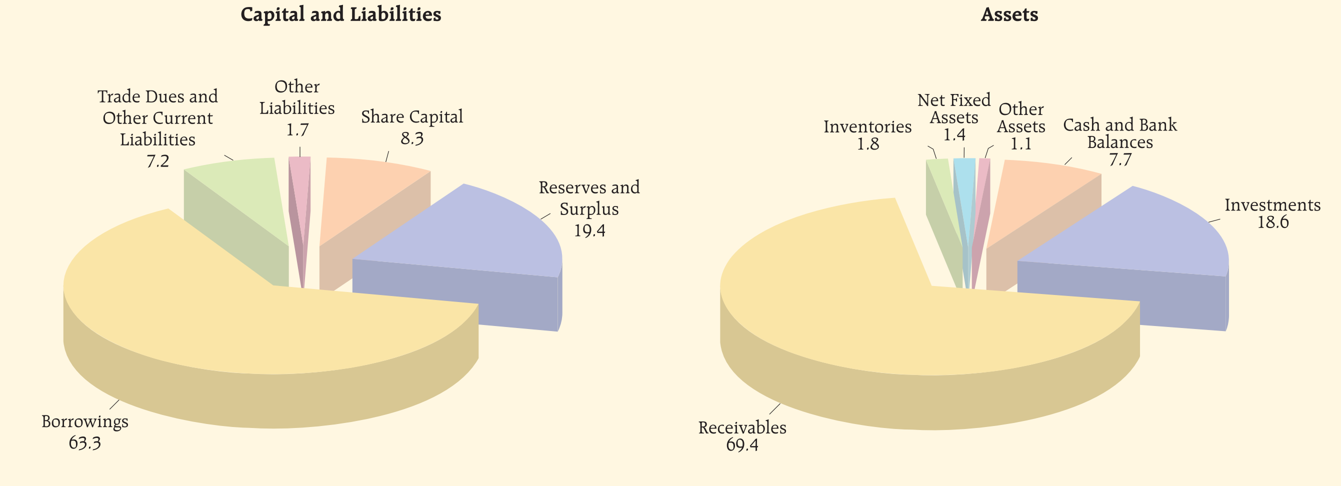
(Per cent)

Item \ Activity	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
1. Operating Profit Margin	32.0	37.4	64.9	65.8	23.1	32.6	24.4	30.4	68.8	83.2	36.6	34.1
2. Tax Provision to Earnings before Tax (EBT)*	28.3	29.2	19.0	21.7	32.0	31.3	36.2	33.2	35.8	35.7	34.1	34.0
3. Return on Share holders' equity	7.2	9.3	8.4	8.3	6.1	9.6	11.4	17.6	10.9	8.5	6.0	6.8
4. Dividend Rate	7.3	7.6	9.6	9.1	6.1	7.0	16.9	23.1	12.3	6.6	5.7	5.0
5. Return on Assets	2.1	2.6	5.3	5.1	1.4	2.0	1.7	2.5	5.1	5.3	2.4	2.8

* Calculated based on the companies which made profits during that year.

[4] Refers to the position as at the end of accounting period of select companies.

Chart 1: Pattern of Liabilities and Assets: 2010-11



Assets Structure

The assets pattern of the select companies showed that while the share of 'Loans and Advances' in total assets increased to 66.0 per cent in 2010-11 from 63.0 per cent in 2009-10, the share of 'Investments' marginally declined to 18.6 per cent from 19.2 per cent and liquid funds in the form of 'Cash and Bank Balances' declined to 7.7 per cent from 9.4 per cent in the same period (Table 5).

The assets structure of the companies in various groups was in line with the major activity undertaken by them. Investments accounted for a major share (58.1 per cent) of total assets for 'Share Holding and Investment Holding' companies, whereas, loans and

Table 4: Liabilities Structure of Select Financial and Investment Companies: 2009-10 and 2010-11

(Per cent)

Capital and Liabilities	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
A. Share Capital	9.8	8.3	16.1	14.7	8.3	7.0	1.8	1.5	10.8	17.4	19.3	18.3
B. Reserves and Surplus	20.0	19.4	47.3	46.7	14.0	14.0	12.9	12.5	36.0	45.0	19.8	22.7
C. Borrowings	59.7	63.3	21.8	28.2	71.6	73.4	78.7	79.7	31.9	25.5	15.6	13.5
of which,												
(i) Debentures@	21.2	22.3	4.6	8.5	25.1	26.1	39.4	30.3	4.4	0.0	1.6	1.4
(ii) Bank borrowings	23.6	28.6	8.4	10.1	29.6	33.5	24.3	38.3	25.1	21.0	3.7	5.5
D. Trade Dues and Other Current Liabilities	8.7	7.2	12.7	8.2	4.3	3.9	5.9	5.6	19.3	10.6	43.8	44.1
of which,												
Sundry Creditors	3.4	2.8	3.7	2.1	0.8	1.0	2.7	2.4	12.7	7.0	28.1	24.2
E. Other Liabilities	1.8	1.7	2.1	2.2	1.8	1.7	0.7	0.7	2.0	1.6	1.5	1.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

@: includes privately placed debentures.

Table 5: Assets Structure of Select Financial and Investment Companies: 2009-10 and 2010-11

(Per cent)

Assets	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
A. Cash and Bank Balances	9.4	7.7	12.1	8.4	5.3	4.7	8.6	6.6	24.4	18.6	42.0	40.5
of which, Deposits with Banks	9.2	7.5	12.1	8.4	5.1	4.5	8.4	6.4	23.9	18.5	41.9	40.5
B. Investments	19.2	18.6	53.3	58.1	12.5	11.9	3.6	4.6	5.8	7.6	20.9	18.3
C. Receivables	66.7	69.4	26.4	25.6	78.8	80.3	84.8	86.2	52.7	61.5	26.3	30.2
of which, (i) Loans and advances	63.0	66.0	22.0	21.9	76.8	78.3	83.2	85.5	37.6	47.1	6.2	6.6
(ii) Sundry debtors	1.8	1.9	1.8	2.0	0.6	0.4	0.2	0.2	12.7	12.1	15.7	19.8
D. Inventories	2.1	1.8	5.3	4.1	1.4	1.4	0.5	0.3	5.3	1.9	3.1	3.7
of which, Industrial Securities	1.8	1.5	4.9	3.8	1.0	1.0	0.4	0.2	4.5	1.2	2.7	3.4
E. Net Fixed Assets	1.5	1.4	1.4	1.7	1.0	0.9	2.4	2.0	11.5	10.2	5.0	4.8
F. Other Assets	1.1	1.1	1.4	2.1	1.0	0.8	0.2	0.3	0.2	0.1	2.6	2.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

advances extended formed a major share for companies engaged in 'Loan Finance' and 'Asset Finance' activities in 2010-11.

IV. Sources and Uses of Funds

Sources of Funds

The select companies raised funds amounting to `1006 billion during 2010-11 as against `482 billion raised during the previous year (Statement 5). Funds raised through external sources (other than own sources) increased to `900 million (89.5 per cent) from `516 million (107.2 per cent) in the previous year (Table 6A). Issue of fresh capital (including premium on shares) contributed to 11.2 per cent in the total sources of funds during 2010-11 (18.3 per cent during 2009-10). The share of borrowings was lower at 75.8 per cent (78.9 per cent during 2009-10); however, the share of borrowing from banks increased to 45.7 per cent (29.6 per cent in the previous year). Addition to reserves and surplus was another important sources of funds (9.5 per cent).

Companies engaged in 'Share Trading and Investment Holding' (74.8 per cent), 'Loan Finance' (78.7 per cent) and 'Asset Finance' (84.5 per cent) relied mainly on borrowings but to varying degree for expanding their business. For the 'Asset Finance' companies, entire increase in borrowings was financed by banks.

Uses of Funds

The pattern of uses of funds of the select companies showed that the share of 'Loans and Advances' in the total uses of funds declined to 76.3 per cent during 2010-11 from 81.4 per cent in 2009-10, whereas, the share of 'Investments' in total uses of funds increased to 16.6 per cent from 2.4 per cent during the same period (Table 6B).

In line with the major activity, companies engaged in 'Loan Finance' and 'Asset Finance' activities deployed major portion of their additional funds in loans and advances while those engaged in 'Share Trading and Investment Holding' used it for investments.

V. Performance of Companies by Size of Financial Income

On analysing the performance of companies according to size, it was observed that the financial income and operating profit of small sized companies

Table 6A: Composition of Sources of Funds: 2009-10 and 2010-11

(Per cent)

Year	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
Sources of Funds												
Internal Sources (Own sources)	**-7.2**	**10.5**	**34.3**	**29.4**	**-26.5**	**8.6**	**7.0**	**8.0**	**27.3**	**20.4**	**4.7**	**15.5**
A. Paid-up Capital	0.5	0.1	0.0	0.1	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
B. Reserves and Surplus	9.4	9.5	28.8	29.2	6.1	7.3	5.9	9.0	22.4	24.9	3.4	14.4
C. Provisions	-17.0	1.0	5.5	0.1	-33.6	1.3	1.2	-1.0	4.9	-4.5	1.2	1.0
of which: Depreciation Provision	0.7	0.1	0.0	0.1	0.6	0.1	-0.1	-0.9	3.5	-3.9	2.5	3.7
External Sources (Other than own sources)	**107.2**	**89.5**	**65.7**	**70.6**	**126.5**	**91.4**	**93.0**	**92.0**	**72.7**	**79.6**	**95.3**	**84.5**
D. Paid-up Capital	18.3	11.2	44.8	19.1	16.8	9.9	1.4	2.9	27.0	116.2	12.5	38.3
of which: Premium on Shares	9.7	7.7	17.2	14.3	11.3	6.7	1.3	2.3	3.5	66.3	5.0	26.4
E. Borrowings	78.9	75.8	23.1	74.8	102.6	78.7	102.9	84.5	14.9	-5.0	25.4	0.4
of which: From Banks	29.6	45.7	-2.6	22.5	43.6	44.7	33.4	84.4	73.9	1.3	6.8	17.1
F. Trade Dues and Other Current Liabilities	9.7	2.4	-3.3	-23.7	7.1	2.8	-11.3	4.6	30.8	-31.7	57.1	45.8
of which: Sundry Creditors	2.7	0.6	-21.4	-9.4	1.4	1.6	2.0	1.6	16.6	-20.6	35.2	-0.8
G. Others	0.3	0.1	1.1	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.3	0.0
Total Sources of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 6B: Composition of Uses of Funds: 2009-10 and 2010-11

Year	All Activities		Share Trading and Investment Holding		Loan Finance		Asset Finance		Diversified		Miscellaneous	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6	7	8	9	10	11	12
Uses of Funds												
A. Cash and Bank Balances	3.6	2.1	28.5	-17.5	-17.4	2.9	16.8	0.1	9.4	-9.3	41.7	31.4
of which: Deposits with Banks	3.5	1.9	30.3	-17.6	-18.0	2.7	16.9	0.0	11.2	-7.3	41.7	31.4
B. Investments	2.4	16.6	26.1	93.8	-7.7	10.4	1.3	7.8	2.8	16.8	16.3	1.7
of which: (a) Government and Semi-Government Securities	-0.8	-1.0	-4.5	-8.2	-0.3	-0.4	0.2	0.0	0.1	0.2	0.1	-0.3
(b) Mutual Funds	0.8	0.1	13.4	-14.8	-3.7	2.3	-1.6	1.9	0.1	0.4	6.8	-18.0
(c) Shares and Debentures of Other Indian Companies	-10.3	10.5	-11.1	74.0	-16.9	5.4	1.0	0.9	2.7	13.1	3.3	3.9
C. Receivables	87.8	79.0	24.0	20.5	122.9	84.5	80.8	92.6	71.1	106.9	32.3	54.4
of which: (a) Loans and Advances	81.4	76.3	21.6	22.1	119.3	82.8	82.5	94.8	59.5	95.8	1.3	9.5
(b) Sundry Debtors	4.7	2.1	-3.0	3.5	1.1	0.1	-0.4	0.1	11.7	9.8	33.0	44.8
D. Inventories	4.6	0.9	19.4	-4.1	0.5	1.3	1.1	-0.3	4.4	-14.9	7.8	6.9
of which: Industrial Securities	2.8	0.6	17.2	-3.9	-2.0	0.8	1.2	-0.3	5.0	-15.1	7.1	8.2
E. Gross Fixed Assets	1.6	1.2	1.6	3.5	1.7	0.8	0.0	-0.2	11.5	0.7	2.7	7.0
F. Other Assets	0.0	0.3	0.5	3.9	0.0	0.0	0.0	0.0	0.8	-0.2	-0.8	-1.3
Total Uses of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 7: Performance of Companies by size of Financial Income

(Per cent)

A. Growth Rates of Select items

Financial Income Size Group	No of Cos.	Financial Income		Operating Profits		Total Net Assets	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Less than `10 million	786	87.4	-75.8	133.4	-70.2	-13.2	-5.8
`10 million - `100 million	309	11.8	-15.0	49.8	-34.4	12.2	8.8
`100 million - `500 million	143	43.7	-0.6	#	-9.9	11.9	7.7
`500 million - `1 billion	32	-29.4	7.0	-48.4	-7.7	21.7	11.3
`1 billion and above	70	14.6	29.7	58.1	55.5	18.9	35.9

B. Select Financial Ratios

Financial Income Size Group	Operating Profit Margin			Debt to Equity Ratio			Tax Provision to EBT*		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Less than `10 million	-176.7	-220.0	-270.7	25.9	26.6	17.8	15.8	23.8	27.1
`10 million - `100 million	27.9	37.5	28.9	11.4	12.4	10.2	33.1	30.5	30.5
`100 million - `500 million	6.9	38.7	35.1	12.2	13.1	15.5	22.0	23.6	22.2
`500 million - `1 billion	53.9	39.4	34.0	14.9	23.6	34.1	15.9	18.1	18.3
`1 billion and above	20.5	28.3	33.9	211.4	220.3	234.7	10.7	16.9	17.6

Denominator is negative, nil or negligible.

* Calculated based on the companies which made profits during that year.

(with financial income up to `500 million) declined in 2010-11 (Table 7). In contrast, the companies in the largest size group (with financial income '`1 billion and above') recorded impressive growth in income and profits.

Barring the companies in smallest size class (with financial income less than `10 million each) which registered operating loss, profit margin of mid-sized companies (with financial income `10 million- `1 billion' each) was impressive but lower than that in

Table 8: Performance of Companies by size of Paid-up capital

(Per cent)

A. Growth Rates of Select items

PUC Size Group	No of Cos.	Financial Income		Operating Profits		Total Net Assets	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Less than `10 million	363	17.8	-6.8	17.4	-11.4	14.0	81.0
`10 million - `100 million	687	31.1	12.4	84.1	28.2	10.9	14.5
`100 million - `500 million	184	10.9	16.4	7.1	7.8	29.8	15.1
`500 million - `1 billion	39	9.9	36.1	27.2	48.9	12.8	37.9
`1 billion and above	67	11.9	25.6	130.5	94.8	15.9	31.0

B. Select Financial Ratios

PUC Size Group	Operating Profit Margin			Debt to Equity Ratio			Tax Provision to EBT*		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Less than `10 million	75.6	75.3	71.6	7.1	6.1	74.4	12.0	11.1	12.0
`10 million - `100 million	20.8	29.2	33.4	36.7	37.6	46.5	26.3	24.9	26.5
`100 million - `500 million	39.4	38.1	35.3	43.0	51.9	55.9	21.6	29.7	29.1
`500 million - `1 billion	25.9	29.9	32.7	258.9	273.8	341.0	30.5	31.7	30.9
`1 billion and above	9.8	20.2	31.3	146.1	153.2	153.5	34.7	29.6	30.7

* Calculated based on the companies which made profits during that year.

2009-10. Only the companies with financial income 'above `1 billion' each, improved their profit margin in 2010-11. Again, it was the largest sized companies that could attract considerable debt as debt to equity ratio was the highest at 234.7 per cent for the companies with financial income '`1 billion and above', and that in the next size class '`500 million – `1 billion' it was at 34.1 per cent.

VI. Performance of companies by size of Paid-up Capital

When grouped according to paid up capital (PUC), growth rates of financial income and operating profits generally increased with size. The operating profit margin moved in a close range except that for smallest sized companies, *i.e.*, PUC with 'Less than `10 million' each, it was the highest at 71.6 per cent. Debt to equity ratio was the highest at 341.0 per cent for the companies with PUC in the range `500 million – `1 billion, followed by 153.5 per cent for the group with PUC 'above `1 billion' each.

Concluding Observations

It was observed from the aggregate results of the select 1,340 non-Government financial and investment companies that as growth in financial income improved during the year 2010-11, operating profits maintained its impressive growth and profit margin improved further.

With higher recourse to bank borrowings, debt-equity ratio of select companies rose further. But the ability to contract sizeable debt remained restricted to large sized companies. It was also observed that performance of financial companies' generally improved with size of financial income or paid up capital.

Statement 1: Growth Rates of the Select Items of the Select Financial and Investment Companies: 2009-10 and 2010-11

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(1340)		(605)		(455)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6
1. Financial Income	13.1	23.8	19.4	8.6	8.7	32.4
Of which: Interest Received	6.9	36.2	-7.1	28.0	7.3	36.3
Dividend Received	22.8	-1.1	26.6	1.5	33.3	-18.8
2. Non-Financial Income	-9.2	17.5	2.4	17.0	6.6	41.6
3. Total Income	12.5	22.9	22.5	9.6	8.6	29.9
4. Total Expenditure	5.1	2.9	27.6	-2.0	-0.1	1.0
5. Interest Payment	2.0	25.9	-28.3	27.8	5.1	25.9
6. Employees' Remuneration	13.0	11.1	9.6	22.6	11.4	15.7
7. Operating Profits	46.1	47.3	34.0	9.4	31.3	89.1
8. Depreciation Provision	-7.4	-3.4	11.8	3.5	-29.4	3.7
9. Earnings before Tax & Non-operating Surplus/Deficit	51.0	50.5	34.0	9.6	37.6	93.3
10. Non-Operating Surplus/ deficit	-33.1	-151.6	#	127.6	-1.5	-268.2
11. Earnings before Tax	47.4	46.5	40.6	11.1	35.5	78.9
12. Tax Provision	35.4	29.1	37.5	17.0	28.5	45.3
13. Net Profits	54.8	56.0	41.5	9.4	40.5	100.9
14. Dividend Paid	62.2	15.5	57.4	-0.9	72.8	30.2
15. Profits Retained	51.4	76.1	35.8	13.7	26.3	143.4
16. Investments @	1.8	25.6	6.9	24.7	-6.7	29.2
17. Loans and Advances @	23.2	35.8	11.4	15.1	22.1	37.4
18. Total Net Assets @	16.4	29.8	14.7	14.6	13.1	35.0
19. Borrowings @	23.1	37.6	16.2	48.3	20.0	38.4
Of which, from Banks @	21.6	57.2	-3.9	37.9	20.7	52.8
20. Net Worth @	15.6	20.7	18.3	10.8	14.3	27.1

@ adjusted for revaluation, *etc.*, if any.
# Denominator is negative, nil or negligible.
Note: Figures in brackets below the activitity name represents the number of companies in the activity.

Statement 1: Growth Rates of the Select Items of the Select Financial and Investment Companies: 2009-10 and 2010-11 *(Concld.)*

(Per cent)

Item	Asset Finance		Diversified		Miscellaneous	
	(78)		(15)		(187)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	7	8	9	10	11	12
1. Financial Income	15.0	28.8	23.4	26.9	22.5	5.3
Of which: Interest Received	70.1	55.7	18.3	68.6	7.5	37.8
Dividend Received	32.1	160.6	-9.4	-31.3	-28.1	4.3
2. Non-Financial Income	-42.9	23.1	0.1	-42.3	13.9	-25.2
3. Total Income	11.2	30.2	20.2	24.5	19.1	6.4
4. Total Expenditure	14.7	5.2	6.6	14.5	3.3	6.3
5. Interest Payment	1.8	29.3	-25.7	55.1	1.6	-0.8
6. Employees' Remuneration	15.5	25.3	9.3	40.9	14.4	3.4
7. Operating Profits	47.3	60.8	67.9	30.1	251.0	0.4
8. Depreciation Provision	6.1	-10.1	2.8	18.9	13.2	-9.1
9. Earnings before Tax & Non-operating Surplus/Deficit	47.8	70.0	77.9	25.3	559.3	2.2
10. Non-Operating Surplus/ deficit	-127.9	#	-112.1	#	-105.9	#
11. Earnings before Tax	27.8	77.8	68.8	26.4	270.2	8.7
12. Tax Provision	40.4	55.1	62.1	27.0	51.8	-14.1
13. Net Profits	20.8	92.6	72.8	26.2	#	37.4
14. Dividend Paid	61.5	49.3	3.8	3.7	42.8	-4.0
15. Profits Retained	14.5	102.1	125.7	34.1	#	74.4
16. Investments @	9.4	66.8	8.8	58.8	28.6	1.3
17. Loans and Advances @	30.0	35.2	31.4	42.8	80.4	39.7
18. Total Net Assets @	30.4	31.2	19.3	21.1	39.2	16.0
19. Borrowings @	44.1	33.2	8.5	-3.2	87.1	0.4
Of which, from Banks @	47.3	107.1	98.4	1.1	110.0	74.0
20. Net Worth @	13.1	24.9	21.6	61.3	13.4	21.6

Statement 2: Select Financial Ratios of the Select Financial and Investment Companies – Activity-wise: 2009-10 and 2010-11

(Per cent)

Item	All Activities			Share Trading and Investment Holding			Loan Finance		
	(1340)			(605)			(455)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8	9
Prifit Allocation Ratios									
1. Tax Provision to EBT*	27.2	28.3	29.2	17.4	19.0	21.7	32.2	32.0	31.3
2. Dividends to EBT	19.5	21.5	16.9	20.1	22.5	20.1	17.8	22.7	16.5
3. Profits Retained to EBT	42.2	43.3	52.1	57.2	55.3	56.5	40.5	37.7	51.3
4. Dividends to Net Profits	31.6	33.1	24.5	26.0	29.0	26.2	30.5	37.6	24.3
5. Profits Retained to Net Profits	68.4	66.9	75.5	74.0	71.0	73.8	69.5	62.5	75.7
Profitability Ratios									
6. Operating Profits to Financial Income	24.5	32.0	37.4	58.0	64.9	65.8	18.9	23.1	32.6
7. Operating Profits to Total Net Assets	2.7	3.4	3.9	5.8	6.8	6.5	1.9	2.2	3.1
8. Net Profits to Total Net Assets	1.6	2.1	2.6	4.3	5.3	5.1	1.1	1.4	2.0
9. Net Profits to Net Worth	5.4	7.2	9.3	7.0	8.4	8.3	4.9	6.1	9.6
10. Dividends to Total Paid-up Capital	5.1	7.3	7.6	7.9	9.6	9.1	3.9	6.1	7.0
11. Dividends to Net Worth	1.7	2.4	2.3	1.8	2.4	2.2	1.5	2.3	2.3
Capital Structure Ratios									
12. Net Worth to Total Net Assets	30.0	29.8	27.7	61.5	63.4	61.3	22.0	22.2	20.9
13. Debt to Equity	122.1	130.8	147.2	8.7	11.6	19.2	211.4	224.0	244.5
14. Total outside Liabilities to Net Worth	233.8	236.0	261.2	62.7	57.9	63.3	355.4	350.4	378.2
15. Borrowings to Total Assets	56.4	59.7	63.3	21.5	21.8	28.2	67.5	71.6	73.4
16. Bank Borrowing to Total Borrowing	40.1	39.6	45.2	46.5	38.4	35.7	41.1	41.3	45.6

* Calculated based on the companies which made profits during that year.
Note: Figures in brackets below the activitity name represents the number of companies in the activity.

Statement 2: Select Financial Ratios of the Select Financial and Investment Companies – Activity-wise: 2009-10 and 2010-11 *(Concld.)*

(Per cent)

Item	Asset Finance			Diversified			Miscellaneous		
	(78)			(15)			(187)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	10	11	12	13	14	15	16	17	18
Prifit Allocation Ratios									
1. Tax Provision to EBT*	35.7	36.2	33.2	35.9	35.8	35.7	31.6	34.1	34.0
2. Dividends to EBT	8.7	11.0	9.2	27.2	16.7	13.7	54.0	20.8	18.4
3. Profits Retained to EBT	55.5	49.7	56.5	35.4	47.4	50.2	-90.1	23.4	37.5
4. Dividends to Net Profits	13.6	18.1	14.0	43.4	26.1	21.4	-149.7	47.1	32.9
5. Profits Retained to Net Profits	86.5	81.9	86.0	56.6	73.9	78.6	249.7	52.9	67.1
Profitability Ratios									
6. Operating Profits to Financial Income	19.6	24.4	30.4	54.4	68.8	83.2	12.6	36.6	34.1
7. Operating Profits to Total Net Assets	2.8	3.1	3.9	6.2	8.7	9.4	2.6	6.5	5.7
8. Net Profits to Total Net Assets	1.8	1.7	2.5	3.5	5.1	5.3	-0.7	2.4	2.8
9. Net Profits to Net Worth	10.7	11.4	17.6	7.7	10.9	8.5	-1.5	6.0	6.8
10. Dividends to Total Paid-up Capital	10.6	16.9	23.1	18.7	12.3	6.6	4.5	5.7	5.0
11. Dividends to Net Worth	1.5	2.1	2.5	3.3	2.8	1.8	2.3	2.8	2.2
Capital Structure Ratios									
12. Net Worth to Total Net Assets	16.8	14.6	13.9	45.7	46.6	62.0	48.0	39.1	41.0
13. Debt to Equity	254.9	322.0	263.0	41.2	13.0	3.0	12.2	10.2	10.6
14. Total outside Liabilities to Net Worth	493.8	584.4	618.9	119.0	114.8	61.3	108.5	155.8	143.9
15. Borrowings to Total Assets	70.8	78.2	79.4	34.8	31.7	25.3	11.6	15.5	13.5
16. Bank Borrowing to Total Borrowing	30.2	30.9	48.1	43.2	78.9	82.3	21.2	23.8	41.2

Statement 3: Combined Income, Expenditure and Appropriation Accounts of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11

(` Million)

Items	All Activities			Share Trading and Investment Holding			Loan Finance		
	(1340)			(605)			(455)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8	9
Income									
1. Financial Income	3,66,250	4,14,051	5,12,631	54,574	65,158	70,783	2,18,066	2,37,025	3,13,729
A. Fund-based Income	3,09,887	3,44,436	4,39,035	50,845	60,973	65,248	2,08,607	2,26,539	3,01,743
(a) Interest	2,16,602	2,31,643	3,15,511	19,219	17,860	22,868	1,88,503	2,02,211	2,75,653
(i) On Loans and Advances	1,54,270	1,70,168	2,31,195	2,823	2,939	6,397	1,48,691	1,62,329	2,15,074
(ii) Others	62,331	61,475	84,315	16,397	14,921	16,471	39,812	39,882	60,578
(b) Dividends	15,830	19,441	19,236	10,829	13,706	13,906	3,303	4,402	3,573
(c) Net Profit/ Loss in Share Dealings	28,241	40,938	36,077	18,310	26,353	18,982	5,930	9,953	11,708
(d) Net Earnings from Hire Purchase Financing	25,613	25,558	32,804	52	5	6	4,089	305	215
(e) Lease rentals	8,908	8,684	17,488	126	140	7,230	381	377	714
(f) Other Fund-based Income	14,693	18,172	17,920	2,309	2,910	2,256	6,400	9,290	9,879
B. Fee-based Income	56,363	69,615	73,596	3,729	4,185	5,534	9,459	10,486	11,987
(a) Brokerage	29,637	37,131	36,966	2,295	2,784	2,593	856	537	493
(b) Bill Discounting	669	781	878	3	14	5	420	466	702
(c) Merchant Banking	1,506	2,025	2,321	125	158	82	62	8	8
(d) Others fee-based	24,552	29,678	33,430	1,307	1,230	2,855	8,121	9,474	10,784
2. Non-financial Income	1,715	1,557	1,830	382	391	457	509	542	768
Of which: Rent	599	625	768	230	245	285	111	141	176
3. Non-operating Surplus(+)/ Deficit(–)	3,316	2,220	-1,145	-1,009	519	1,182	2,040	2,010	-3,381
4. Total (1+2+3)	**3,71,281**	**4,17,829**	**5,13,316**	**53,946**	**66,068**	**72,422**	**2,20,615**	**2,39,577**	**3,11,116**
Expenditure and Appropriations									
5. Interest	1,46,846	1,49,745	1,88,546	11,511	8,249	10,546	1,14,629	1,20,488	1,51,746
6. Salaries, Wages and Bonus	37,689	43,233	47,374	3,649	4,027	4,978	12,469	13,974	16,064
7. Provident Fund	1,908	1,695	2,163	132	161	158	659	662	836
8. Employees Welfare Expenses	1,797	1,837	2,425	163	134	164	693	759	906
9. Managerial Remuneration	1,688	1,627	1,920	282	427	247	780	622	808
10. Bad Debts #	16,727	20,212	10,457	352	3,607	500	11,006	11,652	6,937
11. Other Expenses	69,141	68,468	80,096	7,283	8,823	10,232	30,841	28,149	34,099
Of which: (a) Rent	7,415	7,443	8,702	600	601	667	2,414	2,590	3,438
(b) Insurance	547	437	477	38	41	33	350	240	294
(c) Advertisement	2,718	2,275	3,516	74	140	173	1,482	1,303	2,097
12. Other Provisions (other than tax and depreciation)	10,948	11,075	8,504	1,742	264	778	8,623	10,334	7,067
13. Operating Profits	79,506	1,16,157	1,71,147	29,459	39,466	43,180	38,366	50,386	95,267
14. Depreciation Provision	8,463	7,834	7,565	523	585	605	3,838	2,709	2,810
15. Earnings before Tax & Non-operating Surplus(+)/ Deficit(–)	72,758	1,09,881	1,65,412	29,318	39,273	43,032	35,036	48,219	93,224
16. Non-operating Surplus(+)/ Deficit(–)	3,316	2,220	-1,145	-1,009	519	1,182	2,040	2,010	-3,381
17. Earnings before Tax	76,074	1,12,101	1,64,267	28,309	39,792	44,214	37,077	50,228	89,843
18. Less: Tax Provision	29,164	39,472	50,969	6,428	8,838	10,338	15,484	19,895	28,913
19. Net Profits	46,911	72,629	1,13,297	21,881	30,954	33,876	21,593	30,333	60,931
(a) Dividends	14,834	24,064	27,793	5,696	8,969	8,884	6,593	11,390	14,826
(i) Ordinary	14,302	23,691	27,324	5,510	8,769	8,859	6,341	11,225	14,482
(ii) Preference	532	374	470	186	200	25	252	165	344
(b) Profits Retained	32,076	48,564	85,504	16,184	21,985	24,991	15,000	18,943	46,104
20. Total (5 to 12 + 14+ 15 + 16)	**3,71,281**	**4,17,829**	**5,13,316**	**53,946**	**66,068**	**72,422**	**2,20,615**	**2,39,577**	**3,11,116**

Including provisions for bad debts
– Nil or negligible
Note: Figures in brackets below the activity name represents the number of companies in the activity.

Statement 3: Combined Income, Expenditure and Appropriation Accounts of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11 *(Concld.)*

(` Million)

Items	Asset Finance			Diversified			Miscellaneous		
	(78)			(15)			(187)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	10	11	12	13	14	15	16	17	18
Income									
1. Financial Income	37,098	42,648	54,930	1,124	1,387	1,761	55,388	67,832	71,428
A. Fund-based Income	35,301	41,839	54,434	597	710	875	14,537	14,374	16,735
(a) Interest	3,198	5,439	8,467	208	246	414	5,474	5,886	8,108
(i) On Loans and Advances	1,983	4,284	7,458	193	156	148	580	461	2,118
(ii) Others	1,214	1,155	1,009	15	90	267	4,893	5,426	5,990
(b) Dividends	180	238	620	17	16	11	1,500	1,079	1,126
(c) Net Profit/ Loss in Share Dealings	1,908	2,391	2,269	72	163	126	2,020	2,078	2,991
(d) Net Earnings from Hire Purchase Financing	21,428	25,211	32,549	14	16	16	31	20	18
(e) Lease rentals	8,216	8,005	9,352	159	135	163	26	27	28
(f) Other Fund-based Income	372	555	1,178	126	134	145	5,487	5,283	4,463
B. Fee-based Income	1,797	809	495	527	677	886	40,851	53,458	54,693
(a) Brokerage	5	1	88	298	445	369	26,182	33,363	33,423
(b) Bill Discounting	20	18	13	202	178	151	24	105	7
(c) Merchant Banking	–	–	–	–	8	–	1,319	1,851	2,231
(d) Others fee-based	1,772	789	394	27	47	366	13,326	18,139	19,032
2. Non-financial Income	540	308	379	62	62	36	223	254	190
Of which: Rent	138	145	184	3	3	5	118	92	118
3. Non-operating Surplus(+)/ Deficit(–)	786	-219	323	18	-2	5	1,481	-87	726
4. Total (1+2+3)	**38,424**	**42,737**	**55,632**	**1,204**	**1,447**	**1,801**	**57,092**	**67,999**	**72,345**
Expenditure and Appropriations									
5. Interest	17,346	17,653	22,834	224	166	258	3,137	3,188	3,162
6. Salaries, Wages and Bonus	2,959	3,474	4,332	158	173	243	18,454	21,585	21,757
7. Provident Fund	167	156	197	1	1	2	948	716	970
8. Employees Welfare Expenses	122	122	173	2	2	3	817	820	1,179
9. Managerial Remuneration	186	50	118	37	41	31	403	488	716
10. Bad Debts #	3,038	3,749	2,411	9	7	11	2,322	1,197	599
11. Other Expenses	6,270	6,984	8,137	246	294	296	24,500	24,218	27,331
Of which: (a) Rent	331	312	339	1	2	6	4,069	3,938	4,252
(b) Insurance	26	27	26	1	1	1	132	128	123
(c) Advertisement	73	74	112	2	3	2	1,087	755	1,132
12. Other Provisions (other than tax and depreciation)	172	389	539	29	1	3	383	87	117
13. Operating Profits	6,838	10,071	16,189	418	703	914	4,425	15,532	15,597
14. Depreciation Provision	1,262	1,339	1,205	120	123	146	2,720	3,078	2,798
15. Earnings before Tax & Non-operating Surplus(+)/ Deficit(–)	6,115	9,040	15,364	361	642	804	1,928	12,708	12,989
16. Non-operating Surplus(+)/ Deficit(–)	786	-219	323	18	-2	5	1,481	-87	726
17. Earnings before Tax	6,901	8,821	15,686	379	639	809	3,409	12,621	13,715
18. Less: Tax Provision	2,471	3,468	5,380	142	230	292	4,639	7,041	6,047
19. Net Profits	4,430	5,353	10,307	237	410	517	-1,230	5,579	7,668
(a) Dividends	600	970	1,447	103	107	111	1,842	2,629	2,524
(i) Ordinary	540	970	1,351	103	107	110	1,808	2,621	2,521
(ii) Preference	60	–	96	–	–	–	33	9	4
(b) Profits Retained	3,830	4,383	8,859	134	303	406	-3,072	2,950	5,144
20. Total (5 to 12 + 14+ 15 + 16)	**38,424**	**42,737**	**55,632**	**1,204**	**1,447**	**1,801**	**57,092**	**67,999**	**72,345**

Statement 4: Combined Balance Sheet of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11

(` Million)

Items	All Activities (1340)			Share Trading and Investment Holding (605)			Loan Finance (455)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8	9
A. Share capital	**2,88,508**	**3,32,017**	**3,67,310**	**72,616**	**93,676**	**97,626**	**1,68,984**	**1,85,918**	**2,11,367**
1. Paid-up Capital	2,88,460	3,31,964	3,67,257	72,595	93,651	97,601	1,68,962	1,85,897	2,11,345
(a) Ordinary	2,57,183	3,01,523	3,26,513	68,539	88,498	92,299	1,50,631	1,71,815	1,87,601
Of which, Bonus	14,117	16,654	17,243	3,699	3,711	3,793	8,152	10,673	11,140
(b) Preference	31,277	30,441	40,743	4,057	5,154	5,302	18,331	14,082	23,744
2. Forfeited Shares	48	52	53	20	25	25	22	21	22
B. Reserves and Surplus	**5,86,750**	**6,79,981**	**8,54,832**	**2,38,956**	**2,74,842**	**3,11,083**	**2,68,294**	**3,14,060**	**4,24,272**
3. Capital Reserves	3,11,522	3,58,939	4,34,829	1,08,307	1,22,364	1,33,982	1,60,177	1,88,886	2,39,134
Of which, Premium on Shares	2,77,147	3,23,071	3,96,597	81,078	94,164	1,04,769	1,55,511	1,83,990	2,33,518
4. Investment Allowance Reserve	123	123	42	123	123	1	–	–	41
5. Sinking Funds	1,467	1,348	2,077	249	189	222	515	928	1,661
6. Other Reserves	2,73,639	3,19,570	4,17,884	1,30,276	1,52,165	1,76,879	1,07,602	1,24,246	1,83,435
C. Borrowings	**16,48,798**	**20,28,958**	**27,91,854**	**1,08,989**	**1,26,641**	**1,87,789**	**13,43,446**	**16,11,789**	**22,30,239**
7. Debentures @	5,82,469	7,20,608	9,81,109	21,503	26,681	56,584	4,65,225	5,63,969	7,93,367
8. Loans and Advances	10,12,350	12,35,089	17,45,621	85,541	98,177	1,30,912	8,39,530	9,91,410	13,88,588
(a) From banks	6,60,484	8,03,041	12,62,484	50,620	48,661	67,090	5,51,965	6,65,939	10,17,310
Of which, Short-Term Borrowings	3,34,317	3,73,135	6,23,080	48,545	42,832	60,509	2,31,424	2,53,893	3,99,212
(b) From other Indian Financial Institutions	89,768	83,004	88,087	1,385	7,605	13,477	84,164	71,527	70,904
(c) From Foreign Institutional Agencies	9,155	1,661	12,170	–	–	–	9,155	1,661	12,170
(d) From Government and Semi-government Bodies	6,500	14,759	10,449	–	713	1,259	6,500	14,046	9,190
(e) From Companies	58,893	66,359	60,059	19,218	19,512	18,987	35,177	30,050	33,169
(f) From Others	1,87,551	2,66,265	3,12,373	14,317	21,687	30,100	1,52,569	2,08,188	2,45,845
9. Deferred Payments	11	11	1,034	–	–	6	2	1	1,027
10. Public Deposits	53,968	73,250	64,089	1,946	1,783	286	38,689	56,409	47,257
(Of total borrowings, debt)	10,68,543	13,23,262	17,98,321	27,119	42,610	78,193	9,24,573	11,19,718	15,53,991
D. Trade Dues and Other Current Liabiliabilities	**2,48,677**	**2,95,364**	**3,19,258**	**76,163**	**73,660**	**54,323**	**78,843**	**97,405**	**1,19,171**
11. Sundry Creditors	1,03,735	1,16,625	1,22,552	37,672	21,375	13,681	15,245	18,938	31,592
12. Acceptances	1	–	–	–	–	–	1	–	–
13. Liabilities to Susidiaries & Holding Companies	217	445	1,757	29	215	1,468	88	143	140
14. Advances/ Deposits from Customers, Agents, *etc.*	39,358	57,588	26,445	12,866	35,894	5,464	14,078	12,940	12,700
15. Interest Accrued on Loans	32,367	40,486	48,730	2,617	4,036	3,909	24,102	30,430	39,425
16. Others	**72,998**	**80,220**	**1,19,775**	**22,980**	**12,140**	**29,802**	**25,329**	**34,953**	**35,314**
E. Provisions	1,15,788	59,621	74,672	9,820	12,066	14,834	1,11,970	41,581	52,865
17. Taxation (Net of Advance of Income-Tax)	65,806	–	–	–	–	–	76,769	–	–
18. Dividends	9,974	17,204	21,000	3,184	5,927	7,206	5,446	8,995	11,259
19. Other Current Provisions	34,309	31,401	36,918	5,019	4,109	4,216	26,608	24,738	29,922
20. Non-current Provisions	5,699	11,017	16,755	1,617	2,029	3,413	3,147	7,849	11,684
F. 21. Miscellaneous non-current liabilities	–	–	–	–	–	–	–	–	–
22. Total	**28,88,521**	**33,95,940**	**44,07,926**	**5,06,544**	**5,80,885**	**6,65,655**	**19,71,537**	**22,50,753**	**30,37,914**

@ Includes privately placed debentures
– Nil or negligible
Note: Figures in brackets below the activitity name represents the number of companies in the activity.

Statement 4: Combined Balance Sheet of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11 *(Contd.)*

(` Million)

Items	All Activities			Share Trading and Investment Holding			Loan Finance		
	(1340)			(605)			(455)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1	2	3	4	5	6	7	8	9
G. Cash and bank balances	**3,01,643**	**3,18,769**	**3,39,473**	**48,864**	**70,576**	**56,240**	**1,64,646**	**1,19,245**	**1,42,409**
23. Deposits with banks	2,96,306	3,13,290	3,32,142	47,151	70,261	55,835	1,61,946	1,14,863	1,36,377
24. Cash in hand	5,337	5,479	7,331	1,713	315	405	2,700	4,382	6,032
H. Investments	**6,39,768**	**6,51,548**	**8,18,480**	**2,89,880**	**3,09,810**	**3,86,470**	**3,00,444**	**2,80,245**	**3,61,946**
Of which, quoted investments	99,035	1,88,254	1,57,267	68,725	1,67,517	1,38,749	21,175	11,314	15,505
25. Foreign Securities	330	22	118	4	6	4	–	–	–
26. Indian Securities	6,39,439	6,51,526	8,18,361	2,89,877	3,09,805	3,86,467	3,00,444	2,80,245	3,61,946
(a) Government/ semi-Government securities	37,595	33,724	23,582	18,222	14,810	8,073	17,668	16,969	13,645
(b) Public sector undertakings	3,161	4,379	7,604	536	3,630	5,682	2,598	483	1,865
(c) Securities of Financial Institutions	2,436	5,811	18,080	1,601	4,455	6,376	641	1,192	11,541
(d) Mutual funds	1,08,498	1,12,498	1,13,111	32,733	42,927	30,793	62,615	52,960	70,712
(e) Shares and debentures of subsidiaries/ holding	1,38,088	1,80,070	2,04,452	33,283	48,221	72,032	86,609	1,08,998	1,02,008
(f) Shares and debentures of other Indian companies	3,23,307	2,73,797	3,79,628	1,83,249	1,74,816	2,35,316	1,26,615	82,500	1,25,269
(g) Others	26,353	41,248	71,904	20,252	20,944	28,196	3,698	17,142	36,906
I. Receivables	**18,42,518**	**22,65,387**	**30,60,075**	**1,35,246**	**1,53,576**	**1,70,339**	**14,53,220**	**17,74,654**	**24,38,951**
27. Loans and advances	17,48,439	21,40,190	29,07,665	1,11,551	1,28,037	1,46,077	14,17,226	17,29,200	23,80,073
(a) Subsidiary companies	14,870	26,073	53,193	3,721	3,322	3,287	8,778	20,003	46,505
(b) Holding companies and companies in the same group	1,690	2,423	1,760	667	1,412	659	916	792	618
(c) Against hire purchase	68,477	28,899	87,211	604	1,212	1,756	4,607	5,258	5,007
(d) Others	16,63,402	20,82,796	27,65,502	1,06,559	1,22,090	1,40,376	14,02,925	17,03,147	23,27,942
28. Book debts	94,078	1,25,197	1,52,410	23,695	25,539	24,262	35,994	45,454	58,878
(a) Sundry debtors	39,250	61,968	83,017	12,826	10,529	13,353	9,648	12,506	13,444
(b) Dividend/ Interest accrued	19,286	22,112	29,751	3,028	4,598	3,044	14,709	15,795	24,266
(c) Deposits balances with Govt/others	15,977	24,675	21,365	5,858	6,068	4,962	4,203	10,462	8,235
(d) Others	19,565	16,442	18,277	1,983	4,345	2,903	7,435	6,691	12,933
J. Inventories	**48,803**	**71,122**	**80,065**	**15,889**	**30,666**	**27,283**	**29,645**	**30,972**	**41,182**
29. Government and semi government securities	434	8,006	10,491	136	882	181	57	6,698	10,206
30. Industrial securities	46,262	59,742	65,882	15,535	28,636	25,483	28,636	23,288	29,958
31. Repossessed goods on hire purchase	444	291	264	106	–	–	30	33	35
32. Other goods, stores and others	1,663	3,083	3,428	112	1,148	1,620	922	953	983
K. 33. Advance of income-tax (net of tax provision)	**0**	**29,179**	**35,768**	**6,840**	**4,848**	**7,572**	**0**	**19,315**	**21,086**
L. 34. Gross fixed assets	**75,714**	**83,295**	**95,398**	**13,597**	**14,795**	**17,672**	**25,839**	**30,222**	**36,745**
of which: (a) Plant and machinery leased	8,614	8,770	5,033	3,263	3,694	3,183	637	677	482
(b) Equipments leased	374	322	612	158	158	157	130	110	98
(c) Vehicles leased	4,183	3,133	2,536	575	545	552	90	77	41
(d) Other assets leased	641	836	497	51	78	91	63	266	264
M. 35. Less: Depreciation Provision	**28,641**	**31,949**	**32,886**	**6,630**	**6,596**	**6,305**	**5,831**	**7,517**	**8,295**
N. 36. Net fixed assets	**47,073**	**51,346**	**62,512**	**6,967**	**8,199**	**11,368**	**20,007**	**22,704**	**28,450**
Of which: assets leased	5,089	3,390	2,304	3,131	1,960	1,551	290	272	259
O. 37 Other assets	**8,717**	**8,589**	**11,553**	**2,857**	**3,210**	**6,382**	**3,574**	**3,618**	**3,890**
38. Total	**28,88,521**	**33,95,940**	**44,07,926**	**5,06,544**	**5,80,885**	**6,65,655**	**19,71,537**	**22,50,753**	**30,37,914**

Note: Figures in brackets below the activity name represents the number of companies in the activity.

Statement 4: Combined Balance Sheet of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11 *(Contd.)*

(` Million)

Items	Asset Finance			Diversified			Miscellaneous		
	(78)			(15)			(187)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	10	11	12	13	14	15	16	17	18
A. Share capital	**5,646**	**5,752**	**6,275**	**551**	**870**	**1,686**	**40,712**	**45,800**	**50,356**
1. Paid-up Capital	5,645	5,751	6,274	551	870	1,686	40,706	45,795	50,350
(a) Ordinary	3,732	3,838	4,035	548	595	1,677	33,733	36,778	40,902
Of which, Bonus	665	665	665	–	–	–	1,602	1,606	1,645
(b) Preference	1,913	1,914	2,239	3	275	9	6,973	9,017	9,448
2. Forfeited Shares	1	1	1	–	–	–	6	6	6
B. Reserves and Surplus	**35,793**	**41,132**	**52,539**	**2,537**	**2,886**	**4,374**	**41,172**	**47,062**	**62,565**
3. Capital Reserves	14,871	15,827	18,419	850	896	1,978	27,318	30,967	41,316
Of which, Premium on Shares	14,011	14,966	17,252	850	896	1,978	25,697	29,056	39,081
4. Investment Allowance Reserve	–	–	–	–	–	–	–	–	–
5. Sinking Funds	512	34	4	–	–	–	190	198	190
6. Other Reserves	20,410	25,272	34,116	1,687	1,990	2,396	13,664	15,897	21,059
C. Borrowings	**1,74,279**	**2,51,060**	**3,34,290**	**2,354**	**2,555**	**2,474**	**19,729**	**36,914**	**37,062**
7. Debentures @	90,731	1,25,824	1,27,261	1,154	354	4	3,855	3,781	3,894
8. Loans and Advances	71,962	1,11,578	1,92,518	1,082	2,071	2,293	14,236	31,852	31,310
(a) From banks	52,706	77,654	1,60,783	1,016	2,015	2,037	4,176	8,772	15,265
Of which, Short-Term Borrowings	50,056	66,722	1,48,880	1,016	2,015	2,037	3,277	7,673	12,441
(b) From other Indian Financial Institutions	646	552	296	–	5	–	3,572	3,316	3,410
(c) From Foreign Institutional Agencies	–	–	–	–	–	–	–	–	–
(d) From Government and Semi-government Bodies	–	–	–	–	–	–	–	–	–
(e) From Companies	863	876	1,646	39	23	205	3,596	15,898	6,052
(f) From Others	17,747	32,496	29,793	27	28	51	2,891	3,866	6,584
9. Deferred Payments	–	–	–	1	1	–	8	10	–
10. Public Deposits	11,586	13,657	14,511	116	130	176	1,631	1,271	1,858
(Of total borrowings, debt)	1,05,614	1,50,967	1,53,971	1,272	489	180	9,965	9,477	11,986
D. Trade Dues and Other Current Liabiliabilities	**27,307**	**18,857**	**23,411**	**1,130**	**1,546**	**1,029**	**65,234**	**1,03,895**	**1,21,324**
11. Sundry Creditors	7,047	8,515	10,125	797	1,021	684	42,975	66,775	66,469
12. Acceptances	–	–	–	–	–	–	–	–	–
13. Liabilities to Susidiaries & Holding Companies	–	–	–	–	–	–	100	87	149
14. Advances/ Deposits from Customers, Agents, *etc.*	6,193	2,833	3,097	98	105	106	6,122	5,816	5,078
15. Interest Accrued on Loans	5,433	5,551	5,185	9	4	2	207	465	209
16. Others	8,634	1,958	5,004	226	417	237	15,830	30,752	49,419
E. Provisions	**1,549**	**2,235**	**2,989**	**145**	**164**	**154**	**3,277**	**3,604**	**3,830**
17. Taxation (Net of Advance of Income-Tax)	–	–	–	11	28	–	–	–	–
18. Dividends	409	669	1,086	103	107	111	832	1,505	1,339
19. Other Current Provisions	937	1,289	1,405	29	26	34	1,716	1,239	1,339
20. Non-current Provisions	204	277	498	2	3	9	729	859	1,152
F. 21. Miscellaneous non-current liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
22. Total	**2,44,574**	**3,19,036**	**4,19,504**	**6,717**	**8,021**	**9,716**	**1,70,124**	**2,37,274**	**2,75,137**

Statement 4: Combined Balance Sheet of the Select Financial and Investment Companies – Activity-wise: 2008-09 to 2010-11 *(Concld.)*

(` Million)

Items	Asset Finance			Diversified			Miscellaneous		
	(78)			(15)			(187)		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	10	11	12	13	14	15	16	17	18
G. Cash and bank balances	**14,892**	**27,397**	**27,504**	**1,834**	**1,961**	**1,809**	**71,407**	**99,590**	**1,11,511**
23. Deposits with banks	14,187	26,798	26,753	1,767	1,918	1,799	71,255	99,450	1,11,378
24. Cash in hand	705	599	752	67	43	9	152	140	133
H. Investments	**10,455**	**11,441**	**19,088**	**429**	**467**	**741**	**38,560**	**49,585**	**50,234**
Of which, quoted investments	2,341	118	115	17	–	–	6,777	9,304	2,899
25. Foreign Securities	–	–	–	–	–	–	326	16	114
26. Indian Securities	10,455	11,441	19,088	429	467	741	38,234	49,569	50,120
(a) Government/ semi-Government securities	1,628	1,790	1,802	25	26	30	52	129	31
(b) Public sector undertakings	5	6	33	1	–	–	21	261	24
(c) Securities of Financial Institutions	11	2	–	–	–	–	182	161	163
(d) Mutual funds	2,408	1,246	3,092	53	53	60	10,688	15,311	8,454
(e) Shares and debentures of subsidiaries/ holding	1,299	1,319	4,798	123	124	173	16,773	21,407	25,441
(f) Shares and debentures of other Indian companies	3,398	4,137	5,013	226	263	477	9,820	12,081	13,553
(g) Others	1,706	2,941	4,349	1	–	–	697	219	2,453
I. Receivables	**2,10,113**	**2,70,425**	**3,61,631**	**3,268**	**4,230**	**5,976**	**40,670**	**62,502**	**83,179**
27. Loans and advances	2,03,683	2,65,291	3,58,674	2,210	3,014	4,579	13,769	14,648	18,263
(a) Subsidiary companies	365	549	195	–	–	–	2,006	2,199	3,206
(b) Holding companies and companies in the same group	–	–	–	–	1	34	106	218	449
(c) Against hire purchase	62,791	21,999	80,374	49	69	40	426	360	35
(d) Others	1,40,527	2,42,744	2,78,106	2,161	2,944	4,505	11,231	11,870	14,573
28. Book debts	6,430	5,134	2,957	1,059	1,216	1,397	26,900	47,854	64,916
(a) Sundry debtors	861	563	666	859	1,017	1,177	15,056	37,354	54,377
(b) Dividend/ Interest accrued	271	255	253	35	43	70	1,243	1,421	2,117
(c) Deposits balances with Govt/ others	168	174	132	159	150	139	5,589	7,821	7,897
(d) Others	5,131	4,142	1,906	5	6	11	5,011	1,258	525
J. Inventories	**743**	**1,595**	**1,346**	**370**	**429**	**185**	**2,155**	**7,460**	**10,069**
29. Government and semi government securities	–	–	–	–	–	–	241	426	105
30. Industrial securities	277	1,161	894	290	358	112	1,523	6,299	9,435
31. Repossessed goods on hire purchase	271	217	176	38	41	52	–	–	–
32. Other goods, stores and others	196	217	275	42	29	21	391	736	529
K. 33. Advance of income-tax (net of tax provision)	**681**	**421**	**1,234**	**–**	**–**	**–**	**3,453**	**4,624**	**5,877**
L. 34. Gross fixed assets	**15,046**	**15,038**	**15,059**	**2,383**	**2,537**	**2,550**	**18,850**	**20,702**	**23,372**
of which: (a) Plant and machinery leased	2,228	1,906	454	1,548	1,579	–	939	914	914
(b) Equipments leased	12	1	–	75	54	–	–	–	357
(c) Vehicles leased	3,125	2,134	1,885	236	222	2	157	154	57
(d) Other assets leased	141	102	79	10	14	5	376	376	59
M. 35. Less: Depreciation Provision	**7,558**	**7,484**	**6,590**	**1,572**	**1,619**	**1,556**	**7,051**	**8,733**	**10,140**
N. 36. Net fixed assets	**7,488**	**7,554**	**8,469**	**811**	**919**	**994**	**11,799**	**11,970**	**13,232**
Of which: assets leased	1,105	613	438	513	499	–	50	46	56
O. 37 Other assets	**201**	**203**	**232**	**5**	**16**	**12**	**2,079**	**1,542**	**1,036**
38. Total (I+J+K+L+M+N+O)	**2,44,574**	**3,19,036**	**4,19,504**	**6,717**	**8,021**	**9,716**	**1,70,124**	**2,37,274**	**2,75,137**

Statement 5: Sources and Uses of Funds of the select Financial and Investmemnts Companies – Activity-wise: 2009-10 and 2010-11

(` Million)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(1340)		(605)		(455)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6
Internal Sources	**-34,482**	**1,06,016**	**26,160**	**24,064**	**-69,427**	**67,820**
A. 1. Paid-up Capital	**2,537**	**589**	**13**	**82**	**2,521**	**468**
B. Reserves and Surplus	**45,033**	**95,689**	**21,945**	**23,873**	**16,070**	**57,066**
2. Capital Reserves	-779	-3,273	116	-751	-987	-2,898
3. Investment Allowance Reserve	–	-81	–	-123	–	41
4. Sinking Funds	-118	729	-60	33	413	734
5. Other Reserves	45,931	98,314	21,889	24,714	16,644	59,189
C. Provisions	**-82,053**	**9,739**	**4,202**	**109**	**-88,018**	**10,286**
6. Depreciation	3,293	1,277	-35	64	1,685	774
7. Taxation (net of advance of Income-tax)	-94,985	-6,589	1,992	-2,724	-96,084	-1,771
8. Dividends	7,230	3,796	2,743	1,278	3,549	2,264
9. Other current provisions	-2,908	5,517	-910	107	-1,870	5,185
10. Non-current provisions	5,318	5,738	413	1,383	4,701	3,835
External Sources	**5,16,030**	**9,00,052**	**50,139**	**57,690**	**3,31,014**	**7,18,347**
D. Paid-up Capital	**87,921**	**1,12,470**	**34,157**	**15,594**	**43,890**	**77,627**
11. Net issues	40,972	34,705	21,048	3,868	14,414	24,981
12. Premium on Shares	46,949	77,765	13,109	11,726	29,477	52,645
E. 13. Capital receipts	**1,263**	**792**	**832**	**287**	**220**	**504**
F. Borrowings	**3,80,160**	**7,62,895**	**17,652**	**61,147**	**2,68,342**	**6,18,450**
14. Debentures @	1,38,140	2,60,501	5,179	29,903	98,743	2,29,398
15. Loans and Advances	2,22,738	5,10,533	12,637	32,735	1,51,881	3,97,178
(a) From Banks	1,42,557	4,59,443	-1,959	18,429	1,13,974	3,51,371
(b) From Other Indian Financial Institutions	-6,763	5,083	6,219	5,872	-12,637	-622
(c) From foreign Institutional Agencies	-7,494	10,509	–	–	-7,494	10,509
(d) From Government and Semi-government Bodies	8,259	-4,310	713	546	7,546	-4,856
(e) From Companies	7,466	-6,300	295	-526	-5,127	3,119
(f) From Others	78,714	46,108	7,370	8,413	55,619	37,658
16. Deferred Payments	–	1,022	–	6	-1	1,026
17. Public Deposits	19,282	-9,161	-163	-1,497	17,720	-9,152
G. Trade dues and other current Liabiliabilities	**46,686**	**23,894**	**-2,503**	**-19,338**	**18,562**	**21,766**
18. Sundry Creditors	12,889	5,927	-16,296	-7,695	3,693	12,654
19. Acceptances	-1	–	–	–	-1	–
20. Liabilities to Companies	227	1,312	186	1,254	55	-3
21. Advances/ Deposits from Customers, agents, *etc.*	18,231	-31,143	23,029	-30,431	-1,138	-241
22. Interest accrued on Loans	8,118	8,244	1,419	-128	6,329	8,995
23. Others	7,222	39,555	-10,840	17,662	9,624	361
H. 24. Miscellaneous Non-current Liabilities	–	–	–	–	–	–
25. Total	**4,81,547**	**10,06,068**	**76,299**	**81,755**	**2,61,587**	**7,86,167**

@ Includes privately placed debentures

-Nil or negligible

Note: (i) Figures in brackets below the activitity name represents the number of companies in the activity.

(ii) This statement is derived from Statement 4. The figure have been adjusted for revaluation, *etc.*, whereever necessary.

(iii) Item A(1) represents capitalised reserves and forfeited shares.

Statement 5: Sources and Uses of Funds of the select Financial and Investmemnts Companies – Activity-wise: 2009-10 and 2010-11 *(Contd.)*

(` Million)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(1340)		(605)		(455)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	1	2	3	4	5	6
I. Cash and Bank Balances	**17,126**	**20,704**	**21,712**	**-14,336**	**-45,401**	**23,164**
26. Deposits with Banks	16,984	18,852	23,110	-14,426	-47,083	21,514
27. Cash in Hand	142	1,852	-1,398	91	1,682	1,650
J. Investments	**11,780**	**1,66,931**	**19,930**	**76,660**	**-20,200**	**81,702**
Of which, Quoted Investments	89,219	-30,987	98,792	-28,769	-9,861	4,190
28. Foreign Securities	-308	96	2	-2	–	–
29. Indian Securities	12,088	1,66,835	19,928	76,662	-20,200	81,702
(a) Government/ Semi-Government Securities	-3,871	-10,143	-3,412	-6,738	-698	-3,324
(b) Public Sector Undertakings	1,218	3,224	3,095	2,052	-2,115	1,382
(c) Securities of Financial Institutions	3,375	12,270	2,854	1,921	550	10,349
(d) Mutual Funds	3,999	613	10,194	-12,134	-9,655	17,752
(e) Shares and Debentures of subsidiaries/ Holding	41,981	24,383	14,938	23,811	22,389	-6,990
(f) Shares and Debentures of Other Indian Companies	-49,510	1,05,831	-8,432	60,500	-44,115	42,769
(g) Others	14,895	30,656	693	7,251	13,445	19,764
K. Receivables	**4,22,869**	**7,94,688**	**18,330**	**16,763**	**3,21,434**	**6,64,296**
30. Loans and Advances	3,91,751	7,67,475	16,486	18,040	3,11,974	6,50,872
(a) Subsidiary Companies	11,203	27,120	-399	-35	11,225	26,503
(b) Holding Companies and Companies in the Same Group	733	-663	745	-754	-124	-174
(c) Against Hire Purchase	-39,578	58,312	608	543	651	-251
(d) Bills Discounted	5,350	3,655	27	1,000	5,348	1,796
(e) Others	4,14,043	6,79,051	15,505	17,285	2,94,875	6,22,999
31. Book Debts	31,119	27,213	1,844	-1,277	9,460	13,424
(a) Sundry Debtors	22,719	21,049	-2,297	2,825	2,858	939
(b) Dividend/ Interest Accrued	2,826	7,639	1,571	-1,554	1,087	8,471
(c) Others	5,574	-1,475	2,571	-2,548	5,516	4,014
L. Inventories	**22,319**	**8,944**	**14,776**	**-3,383**	**1,327**	**10,210**
32. Government and Semi Government Securities	7,572	2,485	745	-701	6,642	3,507
33. Industrial Securities	13,480	6,140	13,101	-3,154	-5,349	6,670
34. Repossessed Goods on Hire Purchase	-153	-27	-106	–	3	3
35. Other Goods, Stores and Others	1,420	345	1,036	472	31	30
M. 36. Gross Fixed Assets	**7,580**	**11,837**	**1,197**	**2,877**	**4,383**	**6,523**
of which (a) Plant and Machinery Leased	156	-3,737	431	-511	40	-196
(b) Equipments Leased	-52	290	–	–	-20	-12
(c) Vehicles Leased	-1,051	-596	-30	6	-13	-37
(d) Other Assets Leased	195	-339	27	13	203	-2
N. 37. Other Assets	**-128**	**2,963**	**353**	**3,172**	**44**	**272**
38. Total	**4,81,547**	**10,06,068**	**76,299**	**81,755**	**2,61,587**	**7,86,167**

Note: Figures in brackets below the activitity name represents the number of companies in the activity.
– Nil or negligible

Statement 5: Sources and Uses of Funds of the select Financial and Investmemnts Companies – Activity-wise: 2009-10 and 2010-11 *(Contd.)*

(` Million)

Item	Asset Finance (78)		Diversified (15)		Miscellaneous (187)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	7	8	9	10	11	12
Internal Sources	**5,257**	**7,902**	**369**	**333**	**3,160**	**5,897**
A. 1. Paid-up Capital	**–**	**–**	**–**	**–**	**4**	**39**
B. Reserves and Surplus	**4,385**	**8,855**	**303**	**406**	**2,330**	**5,489**
2. Capital Reserves	1	40	–	–	89	335
3. Investment Allowance Reserve	–	–	–	–	–	–
4. Sinking Funds	-479	-30	–	–	8	-8
5. Other Reserves	4,862	8,844	303	406	2,234	5,161
C. Provisions	**872**	**-953**	**66**	**-73**	**825**	**369**
6. Depreciation	-74	-894	47	-63	1,669	1,396
7. Taxation (net of advance of Income-tax)	260	-813	18	-28	-1,171	-1,252
8. Dividends	260	417	4	4	673	-166
9. Other current provisions	352	117	-3	8	-476	100
10. Non-current provisions	73	221	–	6	130	292
External Sources	**69,391**	**90,593**	**982**	**1,300**	**64,502**	**32,121**
D. Paid-up Capital	**1,061**	**2,809**	**365**	**1,898**	**8,447**	**14,542**
11. Net issues	106	523	319	816	5,085	4,517
12. Premium on Shares	955	2,286	47	1,082	3,362	10,025
E. 13. Capital receipts	**–**	**–**	**–**	**–**	**210**	**1**
F. Borrowings	**76,781**	**83,230**	**201**	**-81**	**17,185**	**148**
14. Debentures @	35,093	1,437	-801	-350	-74	113
15. Loans and Advances	39,616	80,939	989	223	17,616	-542
(a) From Banks	24,948	83,129	999	21	4,595	6,493
(b) From Other Indian Financial Institutions	-94	-256	5	-5	-256	94
(c) From foreign Institutional Agencies	–	–	–	–	–	–
(d) From Government and Semi-government Bodies	–	–	–	–	–	–
(e) From Companies	13	770	-16	183	12,302	-9,846
(f) From Others	14,749	-2,704	1	23	975	2,717
16. Deferred Payments	–	–	–	–	2	-10
17. Public Deposits	2,071	854	13	47	-359	587
G. Trade dues and other current Liabiliabilities	**-8,450**	**4,554**	**416**	**-517**	**38,661**	**17,430**
18. Sundry Creditors	1,468	1,610	224	-337	23,800	-305
19. Acceptances	–	–	–	–	–	–
20. Liabilities to Companies	–	–	–	–	-13	61
21. Advances/ Deposits from Customers, agents, *etc.*	-3,360	264	7	1	-307	-737
22. Interest accrued on Loans	117	-366	-5	-2	258	-256
23. Others	-6,675	3,045	191	-180	14,922	18,666
H. 24. Miscellaneous Non-current Liabilities	–	–	–	–	–	–
25. Total	**74,648**	**98,495**	**1,351**	**1,633**	**67,662**	**38,018**

Statement 5: Sources and Uses of Funds of the select Financial and Investmemnts Companies – Activity-wise: 2009-10 and 2010-11 *(Concld.)*

(` Million)

Item	Asset Finance		Diversified		Miscellaneous	
	(78)		(15)		(187)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	7	8	9	10	11	12
I. Cash and Bank Balances	**12,505**	**107**	**127**	**-152**	**28,183**	**11,921**
26. Deposits with Banks	12,611	-45	151	-119	28,195	11,928
27. Cash in Hand	-106	152	-24	-34	-12	-7
J. Investments	**986**	**7,646**	**38**	**274**	**11,026**	**649**
Of which, Quoted Investments	-2,223	-3	-17	–	2,527	-6,405
28. Foreign Securities	–	–	–	–	-310	98
29. Indian Securities	986	7,646	38	274	11,335	551
(a) Government/ Semi-Government Securities	162	13	1	4	76	-97
(b) Public Sector Undertakings	1	27	-1	–	239	-236
(c) Securities of Financial Institutions	-9	-2	–	–	-20	2
(d) Mutual Funds	-1,162	1,845	1	7	4,622	-6,857
(e) Shares and Debentures of subsidiaries/ Holding	19	3,480	1	49	4,634	4,034
(f) Shares and Debentures of Other Indian Companies	739	876	37	214	2,262	1,472
(g) Others	1,236	1,408	–	–	-477	2,234
K. Receivables	**60,312**	**91,206**	**961**	**1,746**	**21,833**	**20,677**
30. Loans and Advances	61,608	93,383	804	1,565	878	3,615
(a) Subsidiary Companies	183	-354	–	–	193	1,006
(b) Holding Companies and Companies in the Same Group	–	–	1	33	112	231
(c) Against Hire Purchase	-40,792	58,375	20	-29	-66	-325
(d) Bills Discounted	1	585	-12	249	-13	24
(e) Others	1,02,215	34,777	796	1,312	653	2,679
31. Book Debts	-1,297	-2,177	157	181	20,954	17,062
(a) Sundry Debtors	-298	102	158	160	22,298	17,023
(b) Dividend/ Interest Accrued	-16	-1	7	27	178	696
(c) Others	-983	-2,278	-8	-6	-1,521	-657
L. Inventories	**852**	**-249**	**59**	**-244**	**5,305**	**2,609**
32. Government and Semi Government Securities	–	–	–	–	185	-321
33. Industrial Securities	884	-266	68	-246	4,776	3,136
34. Repossessed Goods on Hire Purchase	-53	-41	4	11	–	–
35. Other Goods, Stores and Others	21	58	-13	-8	344	-207
M. 36. Gross Fixed Assets	**-8**	**-245**	**155**	**12**	**1,853**	**2,669**
of which (a) Plant and Machinery Leased	-322	-1,452	32	-1,579	-25	–
(b) Equipments Leased	-11	-1	-21	-54	–	357
(c) Vehicles Leased	-991	-249	-14	-220	-3	-97
(d) Other Assets Leased	-39	-23	4	-9	–	-318
N. 37. Other Assets	**2**	**29**	**11**	**-4**	**-537**	**-506**
38. Total	**74,648**	**98,495**	**1,351**	**1,633**	**67,662**	**38,018**

Annex 1: Combined Income, Expenditure and Appropriation Accounts of the Select 1,344 Financial and Investment Companies- Activity-wise: 2008-09 to 2010-11

(` Million)

Items	2008-09	2009-10	2010-11
	1	2	3
Income			
1. Financial Income	5,13,491	5,72,730	6,94,349
A. Fund-based Income	4,55,892	5,00,494	6,18,274
(a) Interest	3,22,506	3,37,553	4,35,687
(i) On Loans and Advances	2,53,647	2,70,174	3,44,607
(ii) Others	68,858	67,379	91,079
(b) Dividends	17,835	21,862	21,488
(c) Net Profit/ Loss in Share Dealings	30,124	45,106	41,103
(d) Net Earnings from Hire Purchase Financing	25,613	25,558	32,804
(e) Lease rentals	9,055	8,971	17,721
(f) Other Fund-based Income	50,758	61,444	69,472
B. Fee-based Income	57,599	72,237	76,075
(a) Brokerage	29,637	37,131	36,966
(b) Bill Discounting	669	781	878
(c) Merchant Banking	1,506	2,025	2,321
(d) Others fee-based	25,788	32,300	35,909
2. Non-financial Income	1,973	1,557	1,830
Of which: Rent	599	625	768
3. Non-operating Surplus(+)/ Deficit(–)	2,958	3,234	-789
4. Total (1+2+3)	**5,18,422**	**5,77,522**	**6,95,391**
Expenditure and Appropriations			
5. Interest	2,38,781	2,40,705	2,84,699
6. Salaries, Wages and Bonus	40,635	46,606	52,152
7. Provident Fund	2,201	1,980	2,572
8. Employees Welfare Expenses	1,904	1,944	2,590
9. Managerial Remuneration	1,810	1,646	1,948
10. Bad Debts #	18,571	25,484	12,654
11. Other Expenses	75,666	74,964	87,958
Of which: (a) Rent	7,879	8,031	9,451
(b) Insurance	562	457	508
(c) Advertisement	3,080	2,596	3,954
12. Other Provisions (other than tax and depreciation)	14,561	14,868	12,762
13. Operating Profits	1,19,363	1,64,533	2,37,014
14. Depreciation Provision	9,042	8,166	7,865
15. Earnings before Tax & Non-operating Surplus(+)/ Deficit(–)	1,12,294	1,57,925	2,30,979
16. Non-operating Surplus(+)/ Deficit(–)	2,958	3,234	-789
17. Earnings before Tax	1,15,252	1,61,159	2,30,191
18. Less: Tax Provision	43,503	57,162	73,666
19. Net Profits	71,749	1,03,997	1,56,525
(a) Dividends	24,387	35,764	42,625
(i) Ordinary	23,855	35,390	42,155
(ii) Preference	532	374	470
(b) Profits Retained	47,362	68,233	1,13,900
20. Total (5 to 12 + 14+ 15 + 16)	**5,18,422**	**5,77,522**	**6,95,391**

\# Including provisions for bad debts

Annex 2: Combined Balance Sheet of the Select 1,344 Financial and Investment Companies: 2008-09 to 2010-11

(` Million)

Items	2008-09	2009-10	2010-11
	1	2	3
A. Share capital	**2,94,011**	**3,37,788**	**3,73,489**
1. Paid-up Capital	2,93,962	3,37,736	3,73,436
(a) Ordinary	2,62,685	3,07,292	3,32,690
Of which, Bonus	15,336	17,874	18,462
(b) Preference	31,277	30,444	40,746
2. Forfeited Shares	48	53	54
B. Reserves and Surplus	**7,36,134**	**8,63,675**	**10,71,218**
3. Capital Reserves	3,80,600	4,42,669	5,25,995
Of which, Premium on Shares	3,45,651	4,03,215	4,82,556
4. Investment Allowance Reserve	123	123	42
5. Sinking Funds	1,467	2,392	5,260
6. Other Reserves	3,53,944	4,18,490	5,39,921
C. Borrowings	**26,88,412**	**31,79,393**	**41,44,475**
7. Debentures @	9,75,308	11,18,846	14,73,627
8. Loans and Advances	14,65,490	17,55,644	23,48,480
(a) From banks	10,00,740	12,08,412	17,65,020
Of which, Short-Term Borrowings	6,74,574	5,02,588	7,55,502
(b) From other Indian Financial Institutions	1,06,036	1,12,423	1,20,387
(c) From Foreign Institutional Agencies	25,551	5,946	12,170
(d) From Government and Semi-government Bodies	6,500	14,759	10,449
(e) From Companies	66,458	71,369	61,475
(f) From Others	2,60,204	3,42,734	3,78,979
9. Deferred Payments	11	11	1,034
10. Public Deposits	2,47,603	3,04,892	3,21,335
(Of total borrowings, debt)	16,87,682	22,62,765	29,50,497
D. Trade Dues and Other Current Liabiliabilities	**3,07,236**	**3,47,861**	**4,08,315**
11. Sundry Creditors	1,25,145	1,27,627	1,30,907
12. Acceptances	1	–	–
13. Liabilities to Susidiaries & Holding Companies	258	445	1,757
14. Advances/ Deposits from Customers, Agents, *etc.*	40,182	59,017	28,208
15. Interest Accrued on Loans	56,269	66,384	80,105
16. Others	85,380	94,387	1,67,338
E. Provisions	**1,33,224**	**87,536**	**1,19,442**
17. Taxation (Net of Advance of Income-Tax)	61,804	–	–
18. Dividends	19,321	28,442	35,107
19. Other Current Provisions	46,351	41,459	45,158
20. Non-current Provisions	5,747	17,635	39,177
F. 21. Miscellaneous non-current liabilities	–	–	–
22. Total	**41,59,016**	**48,16,253**	**61,16,939**

@ Includes privately placed debentures
– Nil or negligible

Annex 2: Combined Balance Sheet of the Select 1,344 Financial and Investment Companies: 2008-09 to 2010-11 *(Concld.)*

(` Million)

Items	2008-09	2009-10	2010-11
	1	2	3
G. Cash and bank balances	**3,76,699**	**4,16,407**	**4,39,821**
23. Deposits with banks	3,69,811	4,09,509	4,31,591
24. Cash in hand	6,888	6,898	8,230
H. Investments	**7,57,659**	**7,82,288**	**9,73,624**
Of which, quoted investments	1,20,947	1,88,627	1,57,267
25. Foreign Securities	330	22	118
26. Indian Securities	7,57,329	7,82,266	9,73,506
(a) Government/ semi-Government securities	44,713	46,102	38,031
(b) Public sector undertakings	6,011	4,383	7,608
(c) Securities of Financial Institutions	2,436	5,811	18,080
(d) Mutual funds	1,52,297	1,19,080	1,20,506
(e) Shares and debentures of subsidiaries/ holding	1,76,711	1,84,965	2,86,672
(f) Shares and debentures of other Indian companies	3,46,955	3,62,874	3,98,216
(g) Others	28,208	59,050	1,04,392
I. Receivables	**29,14,846**	**34,58,287**	**45,06,935**
27. Loans and advances	28,15,079	33,30,300	43,15,616
(a) Subsidiary companies	18,900	26,073	54,585
(b) Holding companies and companies in the same group	5,150	2,423	1,760
(c) Against hire purchase	2,42,674	2,06,273	2,81,852
(d) Others	25,48,355	30,95,531	39,77,419
28. Book debts	99,767	1,27,987	1,91,319
(a) Sundry debtors	39,567	61,976	83,020
(b) Dividend/ Interest accrued	20,958	23,957	31,119
(c) Deposits balances with Govt/ others	18,367	24,748	21,449
(d) Others	20,874	17,307	55,732
J. Inventories	**48,815**	**71,122**	**80,065**
29. Government and semi government securities	434	8,006	10,491
30. Industrial securities	46,274	59,742	65,882
31. Repossessed goods on hire purchase	444	291	264
32. Other goods, stores and others	1,663	3,083	3,428
K. 33. Advance of income-tax (net of tax provision)	–	**25,158**	**39,337**
L. 34. Gross fixed assets	**82,981**	**89,415**	**1,01,740**
of which (a) Plant and machinery leased	8,614	8,770	6,389
(b) Equipments leased	374	322	612
(c) Vehicles leased	4,183	3,133	2,700
(d) Other assets leased	641	865	497
M. 35. Less: Depreciation Provision	**32,538**	**35,405**	**36,530**
N. 36. Net fixed assets	**50,443**	**54,009**	**65,210**
Of which: assets leased	5,089	3,414	2,304
O. 37. Other assets	**10,554**	**8,982**	**11,947**
38. Total	**41,59,016**	**48,16,253**	**61,16,939**

@ Includes privately placed debentures

-Nil or negligible

Note: this statements is derived from Annex 2. The figure have been adjusted for revaluation, *etc.*
Item A(1) represents capitalised reserves and forfeited shares.

Annex 3: Sources and Uses of funds of the Select 1,344 Financial and Investment Companies: 2009-10 and 2010-11

(` Million)

Item	2009-10	2010-11
	1	2
Internal Sources	**-764**	**1,40,724**
A. 1. Paid-up Capital	**2,537**	**589**
B. Reserves and Surplus	**64,693**	**1,20,944**
2. Capital Reserves	-779	-3,273
3. Investment Allowance Reserve	–	-81
4. Sinking Funds	926	2,867
5. Other Reserves	64,546	1,21,431
C. Provisions	**-67,993**	**19,192**
6. Depreciation	2,853	1,464
7. Taxation (net of advance of Income-tax)	-86,963	-14,179
8. Dividends	9,121	6,665
9. Other current provisions	-4,892	3,700
10. Non-current provisions	11,888	21,542
External Sources	**6,35,710**	**11,46,642**
D. Paid-up Capital	**99,829**	**1,18,692**
11. Net issues	41,240	35,112
12. Premium on Shares	58,589	83,579
E. 13. Capital receipts	**4,275**	**2,414**
F. Borrowings	**4,90,981**	**9,65,082**
14. Debentures @	1,43,538	3,54,781
15. Loans and Advances	2,90,154	5,92,836
(a) From Banks	2,07,672	5,56,607
(b) From Other Indian Financial Institutions	6,388	7,963
(c) From foreign Institutional Agencies	-19,605	6,224
(d) From Government and Semi-government Bodies	8,259	-4,310
(e) From Companies	4,911	-9,894
(f) From Others	82,530	36,246
16. Deferred Payments	–	1,022
17. Public Deposits	57,289	16,443
G. Trade dues and other current liabiliabilities	**40,625**	**60,454**
18. Sundry Creditors	2,482	3,280
19. Acceptances	-1	–
20. Liabilities to Companies	187	1,312
21. Advances/ Deposits from Customers, agents, *etc.*	18,835	-30,809
22. Interest accrued on Loans	10,115	13,720
23. Others	9,007	72,951
H. 24. Miscellaneous Non-current	**–**	**–**
25. Total	**6,34,946**	**12,87,367**

– Nil or negligible

Annex 3: Sources and Uses of funds of the Select 1,344 Financial and Investment Companies: 2009-10 and 2010-11 *(Concld.)*

(` Million)

Item	2009-10	2010-11
	1	2
I. Cash and Bank Balances	**39,708**	**23,414**
26. Deposits with Banks	39,698	22,081
27. Cash in Hand	10	1,332
J. Investments	**24,629**	**1,91,336**
Of which, Quoted Investments	67,681	-31,360
28. Foreign Securities	-308	96
29. Indian Securities	24,937	1,91,240
(a) Government/ Semi-Government Securities	1,389	-8,071
(b) Public Sector Undertakings	-1,627	3,224
(c) Securities of Financial Institutions	3,375	12,270
(d) Mutual Funds	-33,217	1,426
(e) Shares and Debentures of subsidiaries/ Holding	8,254	1,01,707
(f) Shares and Debentures of Other Indian Companies	15,920	35,342
(g) Others	30,843	45,342
K. Receivables	**5,43,441**	**10,48,648**
30. Loans and Advances	5,15,220	9,85,316
(a) Subsidiary Companies	7,173	28,512
(b) Holding Companies and Companies in the Same Group	-2,727	-663
(c) Against Hire Purchase	-36,402	75,580
(d) Bills Discounted	5,350	3,655
(e) Others	5,41,826	8,78,233
31. Book Debts	28,221	63,332
(a) Sundry Debtors	22,408	21,044
(b) Dividend/ Interest Accrued	2,999	7,162
(c) Others	2,813	35,126
L. Inventories	**22,306**	**8,944**
32. Government and Semi Government Securities	7,572	2,485
33. Industrial Securities	13,468	6,140
34. Repossessed Goods on Hire Purchase	-153	-27
35. Other Goods, Stores and Others	1,420	345
M. 36. Gross Fixed Assets	**6,434**	**12,060**
of which (a) Plant and Machinery Leased	156	-2,381
(b) Equipments Leased	-52	290
(c) Vehicles Leased	-1,051	-433
(d) Other Assets Leased	224	-367
N. 37. Other Assets	**-1,572**	**2,965**
38. Total	**6,34,946**	**12,87,367**

– Nil or negligible

Explanatory Notes to Statements

Due to rounding off of figures, the constituent items may not add up exactly to the totals.

The growth rates of all the items and data on sources and uses of funds are adjusted for changes due to amalgamation of companies and revaluation, *etc.*, wherever necessary.

Financial Income comprises of income received by way of (a) interest, (b) dividends, (c) brokerage, (d) net profit/loss in share dealings, (e) net earnings from hire purchase financing and (f) lease rental, (g) bill discounting, (h) merchant banking/underwriting and (i) other financial income.

Non-Financial Income comprises of income received by way of (a) rent, (b) sales and (c) other non-financial income.

Income includes non-operating surplus/ deficit but excludes transfers from reserves outstanding at the end of the previous year and amount carried forward at the end of the previous year.

Non-operating surplus/ deficit comprises (a) profit/ loss on account of sale of fixed assets, *etc.* (b) provisions no longer required written back, (c) insurance claims realised and (d) income/ expenditure relating to the previous years and such other items of non-current nature.

Profit/ loss on sale of financial investments is included in net profit/ loss in share dealings.

Total expenditure comprises interest payments, remuneration to employees, managerial remuneration, bad debts (written off or provided for), other expenses, depreciation provision and other provisions.

Remuneration to employees comprises (a) salaries, wages and bonus, (b) provident fund and (c) employees' welfare expenses (including gratuity, *etc.*).

Tax provision includes provisions for current tax, wealth tax, fringe benefit tax, corporate dividend tax and other tax.

Operating profits are profit before depreciation provision and tax, however non-financial income and non-operating surplus/deficit are excluded.

Dividend payment includes deferred dividends.

Retained profits comprises transfers to reserves and profit/ loss carried to balance-sheet.

Ordinary paid-up capital includes deferred shares.

Capital reserves include profit on sale of investments and fixed assets.

Other reserves include profits retained in the form of various specific reserves and profit/ loss carried to balance sheet.

Equity or Net worth comprises (a) paid-up capital, (b) forfeited shares and (c) all reserves and surplus.

Debentures include privately placed debentures with financial institutions.

Debt comprises (a) all borrowings from Government and semi-Government bodies, financial institutions other than banks, and from foreign institutional agencies, (b) borrowings from banks against mortgages and other long term securities, (c) borrowings from companies and others against mortgages and other long term securities and (d) debentures, deferred payment liabilities and public deposits.

Trade dues and other current liabilities-others include share application money.

Internal Sources*:* These are own sources comprising capitalised reserves, retained profits, depreciation provision and other provisions.

External Sources*:* These are other than own sources comprising funds raised from capital markets, borrowed funds, trade dues and other current liabilities and miscellaneous non-current liabilities.

*Survey on Computer Software & Information Technology Services Exports: 2010-11**

The Reserve Bank conducts annual survey on Software and Information Technology Services Exports for compiling data on various aspects of computer services exports as well as exports of Information Technology Enabled Services (ITES) and Business Process Outsourcing (BPO). The survey collects details on export of software services as per the activity, type of services (on-site/off-site) and country of destination along with the four modes of supply, as per General Agreement on Trade in Services (GATS).

This article presents the results of 2010-11 round of the Software and IT Services Exports survey covering 760 companies, including most of the major companies, which together accounted for nearly 78 per cent of the estimated total software exports of India. During 2010-11, India's total export of software and IT services, as defined in IMF's BoP Manual, is estimated at around `2,170.1 billion (US$ 47.6 billion), of which, export of computer services accounted for 73.7 per cent and ITES/BPO services accounted for the remaining. Considering all modes of supply, including the services delivered by foreign affiliates established abroad, export of software services during 2010-11 stood at around `2,547.8 billion (US$ 55.9 billion) of which over two-third share was accounted for by the cross-border supply mode. USA remained the major destination for software services exports.

Highlights

- India's export of software services (computer services and ITES/BPO services) during 2010-11 was around `2,170.1 billion (US$ 47.6 billion), which was 18.1 per cent higher than in the previous year (`1,836.9 billion).
- While export of *computer services* recorded 26.2 per cent growth, growth in export of *ITES/BPO services* remained flat during 2010-11.
- Exports of computer services and ITES/BPO services, respectively, accounted for 73.7 per cent and 26.3 per cent of the total exports of software services during 2010-11.
- Public limited companies accounted for around 61.3 per cent of the total export of software services.
- Delivery of software services exports through off-site mode increased by 19.4 per cent during 2010-11 and accounted for around 79.3 per cent of the total software exports. On the other hand, on-site mode delivery continued to record relatively lower growth (13.6 per cent in 2010-11) and its share in total software exports reduced to 20.7 per cent.
- With 63.6 per cent share in India's total export of software services in 2010-11, USA remained the major destination for software exports. European countries had 23.5 per cent share, of which UK accounted for 15.0 per cent.
- US Dollar remained the major invoice currency for software exports with 75.3 per cent share. Pound Sterling and Euro had shares of 9.8 per cent and 7.0 per cent, respectively.
- Total international trade in software services by India, including the services delivered by foreign affiliates established abroad, stood at `2,547.8 billion in 2010-11. Mode-1 (cross-border supply mode) accounted for 67.4 per cent of total international trade in software services by India.

Introduction

The Reserve Bank has been conducting comprehensive annual surveys on '*Software and Information Technology Services Exports*' since 2002-03

* Prepared in the External Liabilities and Assets Statistics Division, Department of Statistics & Information Management. The previous article in the series with reference period 2009-10 was published in June 2011 issue of the Bulletin which also contains concepts, definitions and survey schedule.

as per the recommendations of the National Statistical Commission (2001) and subsequent guidance from the Technical Group on Computer Services Exports (TGCSE) (2008). The survey collects details of export of computer services, as defined in the *Balance of Payments and International Investment Position Manual – Sixth Edition (BPM6)* of the International Monetary Fund (IMF) and the *GATS Manual on Statistics of International Trade in Services (MSITS)* as well as other select information on ITES/BPO services exports. The survey also collects exports data as per the four modes of supply *viz.*, cross-border supply, consumption abroad, commercial presence and presence of natural persons as defined in MSITS. The previous annual round of the survey was conducted with reference period 2009-10.

Survey Results

For the 2010-11 survey round, the schedule was canvassed among 6,400 companies of which 760 companies, including most of the large companies, responded to the survey. Among them 506 companies were common with the previous round. The responding companies together accounted for nearly 78 per cent of the estimated total software exports during the year. Software exports of the non-responding companies were estimated using median exports (see Annex I for methodological details). The Reserve Bank also collects information on export of non-physical software (off-site) from Indian companies, in SOFTEX forms. Reconciliation of survey estimates of software exports with the estimates of *National Association of Software and Services Companies (NASSCOM)* and SOFTEX data is presented in the Box item.

Software Services Exports from India during 2010-11

Total software services exports from India during 2010-11 is estimated at `2,170.1 billion, which was 18.1 per cent higher than in the previous year (`1,836.9 billion) (Table 1). These exports are categorised under two major heads: (i) *Computer Services* and (ii) *ITES/BPO Services*, which had shares of 73.7 per cent and 26.3 per cent, respectively, in total export of software services during 2010-11. The surge in software services exports during 2010-11 was led by *computer services*, which recorded 26.2 per cent export growth to reach `1,598.4 billion in 2010-11, whereas *ITES/BPO services* export remained nearly flat at `571.7 billion. In accordance, the share of *computer services* in total software services exports increased to 73.7 per cent in 2010-11 (69.0 per cent in 2009-10), whereas the share of *ITES/BPO services* declined to 26.3 per cent in 2010-11 (31.0 per cent in 2009-10).

Within *computer services, IT services* remained the dominant component which recorded 33.7 per cent growth in exports, even as exports of the *Software Product Development* component recorded a decline. In the *ITES/BPO services* category, the decline in exports of *Engineering services* during 2010-11was squared-off by *BPO services* exports to make the category export comparable with the previous year's level (Chart 1 and Table 1).

Industry-wise Distribution of ITES/BPO Services Exports

The classification given by the Department of Information Technology (DIT-2003), Government of India, was used for compilation of data on export of *ITES/BPO services.* Export of *Engineering services* declined by 25.9 per cent in 2010-11 from the level in

Chart 1: Activity-wise Software Exports of India in 2010-11 (%)

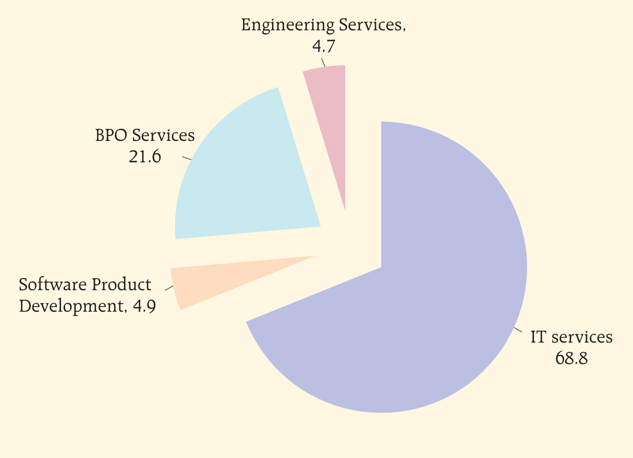


Table 1: Software Services Exports from India – 2010-11

(` billion)

Activity	2009-10	2010-11	Growth (%)
	1	2	3
A) Computer Services	**1,266.6**	**1,598.4**	**26.2**
Of which: i) IT services	1,115.8	1,492.2	33.7
ii) Software Product Development	150.8	106.2	-29.6
B) ITES/BPO Services	**570.3**	**571.7**	**0.2**
Of which: i) BPO Services	431.3	468.7	8.7
ii) Engineering Services	139.0	103.0	-25.9
Total Export of Software Services (A+B)	**1,836.9**	**2,170.1**	**18.1**

2009-10, while BPO services exports recorded a growth of 8.7 per cent (Table 2).

Among the major activities in *BPO services*, exports of *Customer interaction services* (12.2 per cent share in total ITES/BPO services exports) declined by 32.3 per cent whereas *Finance & Accounting related services* (with 13.4 per cent share) increased by 13.1 per cent during 2010-11. Among the *Engineering services*, 184.4 per cent export growth, over a low base, was recorded in *Embedded solutions* and 15.7 per cent in *Product Design Engineering*, whereas exports of *Industrial automation and Enterprise Asset Management* and *Other Engineering Service* registered a decline. *Other BPO service (including Legal services, Animation, Gaming, Pharmaceuticals & biotechnology services etc.)*, which constituted more than half of the total ITES/BPO services exports, recorded a substantial rise of 26.3 per cent during the year.

Organisation-wise Distribution of Software Services Exports

The public limited companies accounted for a higher share of 61.3 per cent of the total software services exports in 2010-11 (58.1 per cent share in 2009-10). During 2010-11, software services export by public limited companies increased by 24.7 per cent to `1,330.7 billion, whereas software exports by private limited companies recorded a lower growth of 15.8 per cent to `836.3 billion (Table 3).

Table 2: Activity-wise Distribution of ITES/BPO Services Exports

Activity	2009-10			2010-11			Annual Growth in ` (%)
	Amount (in billion)		Share (%)	Amount (in billion)		Share (%)	
	`	US$ *		`	US$ *		
	1	2	3	4	5	6	7
BPO Services	**431.33**	**9.10**	**75.6**	**468.64**	**10.28**	**82.0**	**8.7**
Customer interaction services	102.74	2.17	18.0	69.60	1.53	12.2	-32.3
Finance and Accounting, auditing, book keeping and tax consulting services	67.63	1.43	11.9	76.49	1.68	13.4	13.1
HR Administration	7.63	0.16	1.3	2.95	0.06	0.5	-61.3
Procurements and logistics	1.51	0.03	0.3	2.75	0.06	0.5	82.1
Medical transcription	2.37	0.05	0.4	3.45	0.08	0.6	45.6
Document Management	1.60	0.03	0.3	3.54	0.08	0.6	121.3
Content development, management and publishing	5.94	0.13	1.0	4.35	0.10	0.8	-26.8
Other BPO service	241.91	5.10	42.4	305.51	6.69	53.4	26.3
Engineering Services	**138.98**	**2.93**	**24.4**	**103.03**	**2.26**	**18.0**	**-25.9**
Embedded Solutions	4.79	0.10	0.8	13.62	0.30	2.4	184.4
Product Design Engineering (mechanical, electronic excluding software)	42.71	0.90	7.5	49.41	1.08	8.6	15.7
Industrial automation and enterprise asset management	14.61	0.31	2.6	3.13	0.07	0.6	-78.6
Other Engineering service	76.87	1.62	13.5	36.87	0.81	6.4	-52.9
Total	**570.33**	**12.03**	**100.0**	**571.67**	**12.54**	**100.0**	**0.2**

* Using annual average Rupee/Dollar exchange rate.

Table 3: Organisation-wise Distribution of Software Services Exports

Types of OrganisatioN	2009-10			2010-11			Annual Growth in ` (%)
	Amount (in billion)		Share (%)	Amount (in billion)		Share (%)	
	`	US$ *		`	US$ *		
	1	2	3	4	5	6	7
Private Limited Companies	722.3	15.2	39.3	836.3	18.3	38.5	15.8
Public Limited Companies	1,066.7	22.5	58.1	1,330.7	29.2	61.3	24.7
Others	47.9	1.0	2.6	3.1	0.1	0.2	-93.5
Total	**1,836.9**	**38.7**	**100.0**	**2,170.1**	**47.6**	**100.0**	**18.1**

* For footnote please refer to Table 2.

Country-wise Distribution of Software Services Exports

United States remained the major destination for software services exports from India. United States and Canada together accounted for 65.0 per cent of total software services exports in 2010-11, registering 24.0 per cent growth over the previous year. Though the share of software services exports to European countries declined to 23.5 per cent in 2010-11 from 26.5 per cent in 2009-10, it recorded 4.4 per cent rise in value terms (Table 4 and Chart 2), which was mainly led by 42.3 per cent increase in export of software services to United Kingdom. Software exports to Asian countries recorded 24.7 per cent rise in value terms and the share of the region increased marginally to 5.1 per cent from 4.9 per cent in 2009-10. There was a 15.7 per cent decline in software services exports to the South Asia. Software exports to Australia and New Zealand together registered 40.9 per cent growth in 2010-11 with their share increased to 2.7 per cent from 2.3 per cent in 2009-10.

Currency Composition of Software Services Exports

With 75.3 per cent share, the US Dollar (USD) remained the major currency of invoicing the software exports while invoicing in terms of Euro accounted for 7.0 per cent. The value of invoicing in USD and Euro increased by 16.8 per cent and 20.3 per cent, respectively, in 2010-11. The share of Pound Sterling (GBP) was 9.8 per cent and recorded 11.6 per cent rise in value terms.

Table 4: Destination of Software Services Exports

Activity	2009-10			2010-11			Annual Growth in ` (%)
	Amount (in billion)		Share (%)	Amount (in billion)		Share (%)	
	`	US$ *		`	US$ *		
	1	2	3	4	5	6	7
USA & Canada	1,137.8	24.0	61.9	1,410.4	30.9	65.0	24.0
Europe	487.1	10.3	26.5	508.4	11.1	23.5	4.4
of which: UK	228.6	4.8	12.4	325.4	7.1	15.0	42.3
Asia	89.7	1.8	4.9	111.9	2.5	5.1	24.7
of which: East Asia	70.0	1.4	3.8	87.4	1.9	4.0	24.9
West Asia	14.6	0.3	0.8	20.2	0.5	0.9	38.4
South Asia	5.1	0.1	0.3	4.3	0.1	0.2	-15.7
Australia & New Zealand	42.1	0.9	2.3	59.3	1.3	2.7	40.9
Other countries	80.2	1.7	4.4	80.1	1.8	3.7	-0.1
Total	**1,836.9**	**38.7**	**100.0**	**2,170.1**	**47.6**	**100.0**	**18.1**

* For footnote please refer to Table 2.

Chart 2: Country-wise Distribution of Software Exports 2010-11 (%)

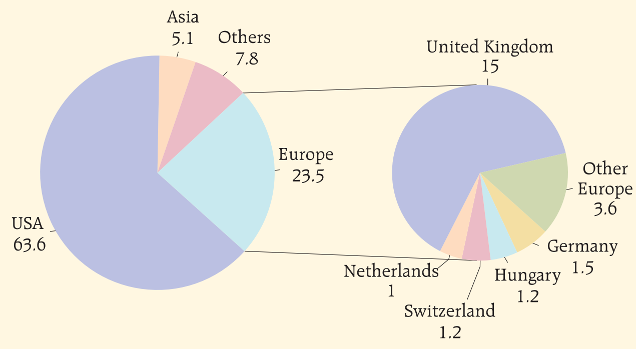


Table 5: Currency composition of Invoice – Software Services Exports

Currency	2009-10			2010-11			Annual Growth in ` (%)
	Amount (in billion)		Share (%)	Amount (in billion)		Share (%)	
	`	US$ *		`	US$ *		
	1	2	3	4	5	6	7
USD	1,398.9	29.5	76.2	1,633.4	35.8	75.3	16.8
EUR	126.4	2.7	6.9	152.0	3.3	7.0	20.3
GBP	190.8	4.0	10.4	212.9	4.7	9.8	11.6
AUD	34.7	0.7	1.9	63.6	1.4	2.9	83.3
INR	20.3	0.4	1.1	28.3	0.6	1.3	39.4
Other Currencies	65.8	1.4	3.6	79.9	1.8	3.7	21.4
Total	**1,836.9**	**38.7**	**100.0**	**2,170.1**	**47.6**	**100.0**	**18.1**

* For footnote please refer to Table 2.

The share of Australian Dollar (AUD) and Indian Rupee (INR) was low but they recorded high growth in 2010-11 (Table 5 and Chart 3).

Software Services Exports – Type of Service

Software services are exported through both on-site and off-site routes, the latter accounting for dominant share (79.3 per cent) in total software exports. During 2010-11, export growth of on-site services (13.6 per cent) was lower than the growth in off-site services (19.4 per cent) (Table 6).

Size-wise Classification of Software Services Exports

Large companies having export size of `1 billion and above accounted for the 94.6 per cent of total software services exports in 2010-11. The share of off-site services delivered by the large companies was 72.1 per cent of their total software exports, in case of

Chart 3: Currency Composition of Invoice – Software Exports 2010-11 (%)

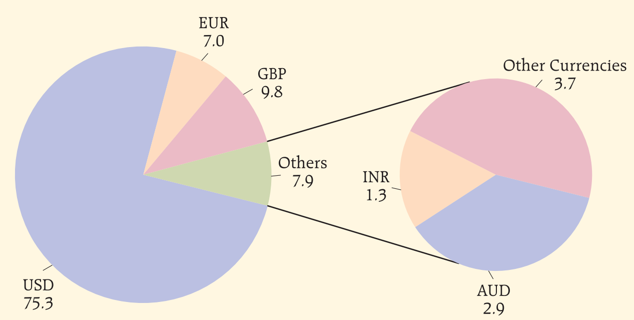


Table 6: Software Services Exports – Type of Services-wise

Type of Services	2009-10			2010-11			Annual Growth in ` (%)
	Amount (in billion)		Share (%)	Amount (in billion)		Share (%)	
	`	US$ *		`	US$ *		
	1	2	3	4	5	6	7
On-site Services ((Mode 4	396.2	8.3	21.6	450.1	9.9	20.7	13.6
Off-site Services (Mode 1 & (Mode 2	1,440.7	30.4	78.4	1,720.0	37.7	79.3	19.4
Total	**1,836.9**	**38.7**	**100.0**	**2,170.1**	**47.6**	**100.0**	**18.1**

* For footnote please refer to Table 2.

Table 7: Software Services Exports in 2010-11 – Export Size & Other Characteristics

(per cent)

Export Size (` million)	Share in Exports	Destination of Exports			Types of Exports	
		USA & Canada	European Countries	Others Countries	On-site Services	Off-site Services
	1	2	3	4	5	6
< 10	0.1	71.6	11.9	16.5	3.3	96.7
10 – 100	0.7	64.8	18.4	16.8	6.0	94.0
100 – 1000	4.6	65.7	23.1	11.2	2.7	97.3
>= 1000	94.6	65.0	23.5	11.5	27.9	72.1
All Companies	**100.0**	**65.0**	**23.4**	**11.6**	**26.6**	**73.4**

smaller companies, the said share was more than 90 per cent (Table 7).

Software Business as per Modes of Supply

As per MSITS (2002) guidelines, international trade in services can be conducted through four different modes, *viz.*,

(i) transactions between resident and non-resident covering Mode-1 (cross-border supply), Mode-2 (consumption abroad) and Mode-4 (presence of natural person), and

(ii) services provided locally by the affiliates established abroad, *i.e.*, Mode-3 (commercial presence).

However, as per the BoP Manual, foreign affiliates established abroad are treated as the domestic units in the host economy and hence the services delivered by them are not considered as the exports of the home country. To this extent, data on services exports in BoP differs from those in the Foreign Affiliates Trade Statistics (FATS).

In the present survey, the software services trade data are collected on all the four modes of supply. The total international trade in software services by India through all modes stood at `2,547.8 billion in 2010-11. Mode-1 accounted for 67.4 per cent of total international trade in software services by India whereas the shares of Mode-4 and Mode-3 were also double-digit but Mode-2 accounted for a negligible share (Table 8). Small companies delivered 82.3 to 91.0 per cent of their software services exports through Mode-1 (cross-border supply). This mode had nearly two-third share in large companies' software services exports.

Software Business of Subsidiaries/ Associates Abroad

The survey also collected the information on the software business of foreign subsidiaries/associates of Indian companies (foreign affiliates), under the heads of software business done in host country, locally, to India and to other countries, for the purpose of Foreign Affiliates Trade in Services (FATS). Total software business of the Indian-owned foreign affiliates

Table 8: International Trade of Indian Software Services in 2010-11

Export Size (` million)	Amount (` billion)					Share in Total (per cent)			
	Mode 1	Mode 2	Mode 3	Mode 4	Total	Mode 1	Mode 2	Mode 3	Mode 4
	1	2	3	4	5	6	7	8	9
< 10	1.4	0.1	0.2	–	1.7	82.3	5.9	11.8	–
10 – 100	14.8	0.2	1.3	0.5	16.8	88.1	1.2	7.7	3.0
100 – 1000	104.7	1.3	7.3	1.9	115.2	91.0	1.1	6.3	1.6
>= 1000	1,597.5	0.0	368.9	447.7	2,414.1	66.2	0.0	15.3	18.5
All Companies	**1,718.4**	**1.6**	**377.7**	**450.1**	**2,547.8**	**67.4**	**0.1**	**14.8**	**17.7**

Mode 1: Cross Border Supply; Mode 2: Consumption Abroad; Mode 3: Commercial Presence; Mode 4: Presence of Natural Persons
–: negligible

Table 9: Software Business by Foreign Affiliates of Indian companies in 2010-11 (Activity-wise Distribution)

(` billion)

Activity	Software business by Foreign Affiliates		
	Locally	To India	Other Countries
	1	2	3
IT services	17.88	0.18	1.63
Software Product Development	4.70	0.01	0.64
BPO Services	15.23	0.55	9.11
Engineering Services	1.71	0.26	0.00
Other services	338.20	4.37	26.73
Total	**377.72**	**5.37**	**38.11**

(excluding the services made available to India) was valued at `415.8 billion during 2010-11 (Table 9).

Software services provided by the Indian-owned foreign affiliates were mainly in the respective host county. Indian companies were classified into four major activity categories, *viz.*, IT services, Software product development, BPO services and Engineering services. Companies providing a combination of these services were classified under 'Others'. These multi-service providing companies remained the major source for generating software business outside India.

Table 10: Software business by Foreign Affiliates of Indian Companies in 2010-11 (Country-wise Distribution)

(` billion)

Country	Share in Total Software business by foreign affiliates (%)	Software business by foreign affiliates		
		Locally	To India	Other Countries
	1	2	3	4
USA	67.6	271.93	4.40	8.17
United Kingdom	6.8	26.40	0.87	1.24
Singapore	3.4	8.87	0.03	5.22
Germany	2.5	10.17	0.00	0.50
Canada	2.7	11.44	0.00	0.10
Japan	0.6	2.68	0.00	0.05
Malaysia	0.2	0.82	0.00	0.17
Australia	1.2	4.97	0.00	0.00
Other Countries	15	40.44	0.07	22.66
Total	**100**	**377.72**	**5.37**	**38.11**

Indian-owned affiliates in USA contributed over two-third of business done by the foreign affiliates. Among the remaining, Indian software companies in United Kingdom, Singapore, Canada and Germany accounted for 6.8 per cent, 3.4 per cent, 2.7 per cent and 2.5 per cent, respectively in total software business of the Indian-owned foreign affiliates (Table 10).

Box: Comparison of survey results with NASSCOM and Softex data

The Reserve Bank of India (RBI) collects the information of software exports through SOFTEX forms filed by software companies which accounts for only non-physical offsite software exports. As per the SOFTEX forms filed by Indian companies to the RBI, non-physical (off-site) software exports stood at `1,569.6 billion in 2010-11 which does not include on-site software exports. Adding the on-site software exports of `450.1 billion, as reported in the survey, the total software services exports in 2010-11 worked out to `2,019.7 billion.

RBI publishes the software exports data in BoP using reporting by Authorised Dealers and STPI and also the software exports data released by the NASSCOM. NASSCOM publishes exports of IT-BPO industry which is based on the global software business of the Indian software companies, *i.e.*, software exports of Indian companies together with the software business of their overseas subsidiaries. Accordingly, in order to make the data generated through the RBI's survey on Software & ITES/BPO Services Exports comparable with NASSCOM data, the software business of overseas subsidiaries of Indian companies have been added to the estimated software services exports of India, based on the survey.

Box: Comparison of survey results with NASSCOM and Softex data *(Concld.)*

Reconciliation of Software Exports of India during 2010-11

(` billion)

Software exports as per NASSCOM (Global business)	Software Exports based on annual survey			Software Exports based on annual survey and Softex data		
	Indian companies (Mode 1, Mode 2 & Mode 4)	Subsidiaries abroad (Mode 3 & export of Subsidiaries other than India)	Global business	Offsite Non-physical software exports based on Softex data (Mode 1 & Mode 2)	Onsite software exports based on survey (Mode 4)	Total Software Exports of India
1	2	3	4=(2)+(3)	4	5	6=(5)+(6)
2,689.0	2,170.1	415.8	2,585.9	1,569.6	450.1	2,019.7

Based on the survey, export of software services from India in 2010-11 was estimated at `2,170.1 billion (US$ 47.6 billion) and the software business done by the Indian subsidiaries abroad in 2010-11 was estimated at `415.8 billion (US$ 9.1 billion). Thus, the global software export of India based on the survey was `2,585.9 billion (US$ 56.7 billion) as against `2,689.0 billion (US$ 59.0 billion) published by the NASSCOM. The software business done by the overseas subsidiaries of Indian companies accounted for 16.1 per cent of the global software business, estimated through the survey.

The survey results are quite comparable with the software exports data released by NASSCOM and also with the software exports data collected through Softex forms by RBI.

References:

1. International Monetary Fund (2008): *Balance of Payments and International Investment Position Manual – Sixth Edition* (BPM6), Washington, D.C.

2. Government of India (2001): *Report of the National Statistical Commission* (NSC), New Delhi, August.

3. Government of India (2003): *IT-Enabled Services*; Ministry of Information Technology.

4. Reserve Bank of India (2003): Report of the Technical Group on Re-examination of Data Reporting System on Software Exports, Mumbai

5. Reserve Bank of India (2011): Survey on Computer Software & Information Technology Services Exports: 2009-10, Reserve Bank of India Bulletin, June issue.

6. United Nations (2002): *GATS Manual on Statistics of International Trade in Services* (MSITS), Geneva.

Annex I: Methodology for estimation of Software Exports of Non-responding companies

In total, 760 companies responded to the annual comprehensive survey covering all major companies. So, the non-responded companies were the smaller companies. Further, it was observed from data received from the responded companies that onsite export was mainly reported by the major companies. So while estimating the exports done by the non-responded companies, only offsite export was considered. As no information was available about the business activity of the non-responded companies, these were classified into 4 groups *viz.*, IT services, ITES/BPO services, Engineering services and Software Product Development based on the observed proportion. Also, the distribution of export in all the four groups *i.e.*, IT services, BPO, Engineering and Software Product Development was highly positively skewed. So median exports done by each of these groups was used for estimating the exports done by respective group of business. The detailed methodology for estimation of exports is given below. Using the methodology, the software services exports of non-respondent companies was estimated to the tune of `479 billion (around 22.0 per cent of total software services exports). To estimate other distributional patterns of exports, observed proportions were used.

Annual survey on Software and IT Services Exports for the period 2010-11 was launched canvassing around 6,400 Software and ITES/BPO companies. Of these, 876 companies responded to the survey which includes 116 NIL and closed companies. All the major software and IT/BPO companies responded to the survey. Using the observed proportion, number of NIL and closed companies have been estimated from 5,524 non-responded companies and software exports have been estimated for the remaining 4,793 non-responded companies, using the following method:

I. Based on the ITES/BPO reported activity, companies have been classified in four groups, *viz.*; IT Services, ITES/BPO Services, Engineering Services and Software Product Services (having 100 per cent business under respective group).

II. For classifying the other companies having combination of these as their business activity, reported proportions of their exports done in IT, BPO, Engineering and Software Product services have been used.

III. Based on the reported data, it was observed that 'On-site' software export was primarily reported by the major companies. Therefore, only offshore software exports component was used for estimating software export of non-responded companies.

IV. As the observed distribution of exports was highly positively skewed in each of these groups, median was used for estimating software exports in each group.

Estimated software exports for i^{th} group of non-respondent companies

$$= \textit{median of } i^{th} \textit{ group} * \left[\frac{\#\ \textit{reported companies in } i^{th} \textit{ group}}{\textit{total no. of reported companies}}\right] * [\#\ \textit{non-responding companies}]$$

Then, the total software exports of India has been compiled as the sum of reported software exports and the estimated software export for non-responded companies in each of the four groups.

OTHER ITEMS

Press Releases

Regulatory and Other Measures

Foreign Exchange Developments

*Press Release**

September 2012

Shri Y. C. Deveshwar nominated on RBI Central Board

September 5, 2012

In exercise of the powers conferred by clause (c) of sub-section (1) of Section 8 of the Reserve Bank of India Act, 1934, the Central Government has nominated Shri Y. C. Deveshwar, as a director on the Central Board of Directors of the Reserve Bank of India for a period of four years with effect from September 3, 2012.

Reserve Bank Cancels the licence of Rajiv Gandhi Sahakari Bank Ltd., Latur, Maharashtra

September 12, 2012

In view of the fact that Rajiv Gandhi Sahakari Bank Ltd., Latur, Maharashtra (hereinafter referred to as 'the bank') is not in a position to pay its present and future depositors, the affairs of the bank are being conducted in a manner detrimental to the interest of the depositors and the financial position of the bank leaves no scope for its revival, the Reserve Bank of India (hereinafter referred to as 'RBI') on August 30, 2012 delivered the order to the bank cancelling its licence for conducting banking business. Registrar of Co-operative Societies, Pune has also been requested to issue an order for winding up the bank and appoint liquidator for the bank. It may be highlighted that on liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of `1,00,000/- (Rupees one lakh only) from the Deposit Insurance and Credit Guarantee Corporation (DICGC) under usual terms and conditions.

The bank was granted a licence by RBI on December 15, 1997 under Section 22 of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) (hereinafter referred to as 'the B. R. Act') to conduct banking business. As per the statutory inspection of the bank conducted under Section 35 of the Banking Regulation Act, 1949 (AACS) with reference to its financial position as on September 30, 2004, its net NPAs were assessed at 23.5 per cent, networth at (-)`16.14 lakh, CRAR at (-)7.8 per cent and accumulated losses at `21.41 lakh.

The statutory inspection of the bank conducted under Section 35 of the B. R. Act with reference to March 31, 2006 revealed that its financial position had deteriorated further. The bank was issued operational instructions under Section 36 (1) of the B. R. Act vide RBI letter dated October 6, 2006 which, inter alia, prohibited the bank from accepting fresh deposits, allowing pre-mature withdrawal of term deposits and sanctioning fresh loans and advances.

The statutory inspections of the bank conducted under Section 35 of the B. R. Act with reference to its financial position as on March 31, 2007 and March 31, 2008 did not show any significant improvement in the financials of the bank.

The statutory inspection of the bank conducted with reference to its financial position as on March 31, 2010 revealed deterioration in the financial position with assessed net worth at (-)`22.85 lakh, CRAR at (-)15.4 per cent, gross NPAs at 35.2 per cent of gross advances, assessed loss at `58.32 lakh and deposit erosion at 11.9 per cent. TAFCUB reviewed the findings of the inspection report as on March 31, 2010 in its meeting held on June 23, 2011 and recommended supersession of the Board of Directors and imposition of directions followed by issue of Show Cause Notice (SCN) for cancellation of licence. Accordingly, directions under Section 35A of the B. R. Act were imposed on the bank vide Order dated August 2, 2011 which were extended from time to time. Further, on the basis of RBI requisition dated August 2, 2011 for supersession of the Board, RCS vide his order dated August 16, 2011 superseded the board and appointed the administrative board on August 16, 2011.

* Important Press Releases during September 2012.

The latest statutory inspection of the bank with reference to its position as on March 31, 2011 revealed sharp deterioration in the financial position of the bank. The real or exchangeable value of the paid-up capital and reserves (net-worth) had deteriorated from (-)`22.85 lakh as on March 31, 2010 to (-)`98.40 lakh as on March 31, 2011 and thus the bank did not comply with Sections 11(1) and 22(3) of B. R. Act. The CRAR of the bank deteriorated from (-)15.4 per cent as on March 31, 2010 to (-)41.8 per cent as on March 31, 2011. Assessed gross and net NPAs increased from `67.12 lakh (35.2 per cent) and `54.82 lakh (30.7 per cent) as on March 31, 2010 to `148.92 lakh (99.0 per cent) and `129.13 lakh (93.5 per cent) as on March 31, 2011. The assessed losses increased from `58.32 lakh during 2009-10 to `129.27 lakh during 2010-11 whereas assessed accumulated losses of the bank increased from `68.68 lakh as on March 31, 2010 to `133.87 lakh as on March 31, 2011. The deposit erosion increased from 11.9 per cent as on March 31, 2010 to 52.8 per cent as on March 31, 2011

Keeping in view the deterioration in the financial position of the bank a Show Cause Notice (SCN) dated May 17, 2012 was issued to the bank requiring it to show cause as to why the licence granted to it under Section 22 of the B. R. Act on December 15, 1997 to carry on banking business should not be cancelled and the bank be taken into liquidation. The bank's reply dated June 20, 2012 to the SCN was examined but was not found to be satisfactory. Further, no concrete proposal for merger/revival of the bank was received.

The bank does not comply with the provisions of Sections 11(1), 18, 22 (3) (a), 22 (3) (b) and 24 of the B. R. Act and is not in a position to pay its present and future depositors. The affairs of the bank are being conducted in a manner detrimental to the interest of depositors. The financial position of the bank leaves no scope for its revival and in all likelihood public interest will be affected if the bank is allowed to carry on its business any further. Therefore RBI took the extreme measure of cancelling the licence of the bank in the interest of bank's depositors. With the cancellation of licence and commencement of liquidation proceedings, the process of paying the depositors of the Rajiv Gandhi Sahakari Bank Ltd., Latur (Maharashtra) the amount insured as per the DICGC Act, 1961 will be set in motion subject to the terms and conditions of the Deposit Insurance Scheme.

Consequent to the cancellation of its licence, Rajiv Gandhi Sahakari Bank Ltd., Latur (Maharashtra) is prohibited from carrying on business of 'banking' as defined in Section 5(b) of the Banking Regulation Act, 1949 (AACS).

For any clarifications, depositors may approach Shri S. Thyagarajan, Deputy General Manager, Urban Banks Department, Reserve Bank of India, Nagpur. His contact details are as below:

Postal Address: Urban Banks Department, Reserve Bank of India, Nagpur Regional Office, Additional Office Building, East High Court Road, Nagpur- 440001; Telephone Number: (0712) 2806829; Fax Number: (0712) 2552896; Email: nagubd@rbi.org.in

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Mid-Quarter Monetary Policy Review: September 2012

September 17, 2012

Monetary and Liquidity Measures

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

- reduce the cash reserve ratio (CRR) of scheduled banks by 25 basis points from 4.75 per cent to 4.50 per cent of their net demand and time liabilities (NDTL) effective the fortnight beginning September 22, 2012. Consequently, around ` 170 billion of primary liquidity will be injected into the banking system; and
- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent. Consequently, the reverse repo rate under the LAF will remain unchanged at 7.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 9.0 per cent.

Introduction

2. There have been several significant developments since the Reserve Bank's First Quarter Review of Monetary Policy in July. Globally, as risks have risen, both the European Central Bank (ECB) and the US Fed have responded with liquidity measures intended to calm financial markets and provide further stimulus to economic activity. While these measures have certainly mitigated short-term growth and financial risks, they will also exert pressure on global asset prices, and particularly, commodity prices. Domestically, growth continues to be weak amidst a negative investment climate; however, the recent reform measures undertaken by the Government have started to reverse sentiments. The Government undertook long anticipated measures towards fiscal consolidation by reducing fuel subsidies and selling stakes in public enterprises. Further, steps taken to increase foreign direct investment (FDI) should contribute to both greater capital inflows and, over the long run, higher productivity, particularly in the food supply chain. Importantly, however, for the moment, inflationary pressures, both at wholesale and retail levels, are still strong.

3. In April, the Reserve Bank implemented a frontloaded policy rate reduction of 50 basis points on the expectations of fiscal policy support for inflation management alongside supply-side initiatives for addressing the deceleration of investment and growth. As these expectations did not materialise and inflation remained firmly above 7.5 per cent, the Reserve Bank decided to pause in its policy easing in the Mid-Quarter Review (MQR) of June and in the First Quarter Review (FQR) of July. As inflationary tendencies have persisted, the primary focus of monetary policy remains the containment of inflation and anchoring of inflation expectations. In this context, the Government's recent actions have paved the way for a more favourable growth-inflation dynamic by initiating a shift in expenditure away from consumption (subsidies) and towards investment (including through FDI). Of course, several challenges remain, one of which is persistent inflation. But, as policy actions to stimulate growth materialise, monetary policy will reinforce the positive impact of these actions while maintaining its focus on inflation management. Only this will ensure that the economy derives the maximum benefit from the recent, and anticipated, fiscal and supply-side policy measures.

Global Economy

4. Global activity has been weakening in Q3 of 2012. Merchandise trade slowed considerably with absolute contractions in major economies. Global purchasing managers' indices (PMI) point to contraction in manufacturing and only modest growth in services. Persistent sovereign debt pressures amidst weakening economic activity in the euro area pose significant downside risks to the global economy. These concerns have prompted the announcement of the programme of outright monetary transactions (OMTs) in the form of sovereign bond purchases by the ECB. The US Fed announced the purchase of additional agency mortgage-backed securities until labour market conditions improve substantially, and extended exceptional policy accommodation till mid-2015.

5. Growth in several major emerging and developing economies (EDEs) is also moderating, with China's Q2 2012 growth slowing to its lowest rate in the past three years. Slowing global demand has adversely affected industrial activity and exports in these economies. Additionally, drought conditions in major grain-producing areas of the world and the possibility of further hardening of international crude prices in view of the fresh dose of quantitative easing impart ubiquitous risks to overall global macroeconomic prospects.

Domestic Economy

Growth

6. Economic activity picked up modestly in Q1 of 2012-13 in relation to the preceding quarter; but the sluggish momentum of value added in Q1 was evident across all sectors of the economy, and particularly in industry. Lead indicators point to slack activity in Q2 as well. Industrial production rose by just 0.1 per cent in July. In August, the manufacturing PMI fell to its lowest level during 2012 so far, as a result of output

disruptions due to power shortages and declining export orders. The services PMI, however, picked up in August on growth in new orders and employment. With the progressive reduction in the rainfall deficit, *kharif* sowing, though still below normal, has improved. Reassuringly, the late rains have augmented storage in reservoirs which should improve prospects for the *rabi* crop, mitigating to some extent the concerns about agricultural prospects.

Inflation

7. Headline WPI inflation (y-o-y) has remained sticky at around 7.5 per cent throughout the current financial year so far. At the disaggregated level, within primary food articles, the easing of vegetable prices in July-August was to a large extent offset by the surge in prices of cereals and pulses. Demand-supply imbalances in respect of protein-rich items persist. Fuel price inflation picked up in August, largely reflecting the upward revision in electricity prices. As welcome as the recent hike in diesel prices/rationalisation of LPG subsidy has been, the pass-through to administered prices remains incomplete. International crude prices are vulnerable to being driven up further by global liquidity. Core inflation pressures remained firm with non-food manufactured products inflation inching up from 5.1 per cent in April to 5.6 per cent in August and the momentum indicator remaining elevated. Even as demand pressures moderate, supply constraints and rupee depreciation are imparting pressures on prices, rendering them sticky.

8. In terms of the new CPI, inflation (y-o-y) remained broadly unchanged in July from June at close to 10 per cent, held up by rising prices of food items. Notwithstanding some easing in July, core CPI inflation (CPI excluding food and fuel sub-group) remains elevated.

9. While the recent upward revision in diesel prices and rationalisation of subsidy for LPG is a significant achievement, in the short-term, there will be pressures on headline inflation. Over the medium-term, however, it will strengthen macroeconomic fundamentals. It is important to note that these revisions were anticipated at the time of the April policy when a front-loaded repo rate reduction was undertaken. Over the longer run, holding down subsidies to under 2 per cent of GDP as indicated in the Union Budget for 2012-13 is crucial to manage demand-side pressures on inflation. Containing inflationary pressures and lowering inflation expectations warrant maintaining the momentum of recent policy actions to step up investment, alleviate supply constraints, and improve productivity.

Liquidity Conditions

10. Money supply (M_3), bank credit and deposits have moderated in relation to their indicative trajectories, reflecting the slowing down of economic activity. Against this backdrop, liquidity conditions have remained comfortable since the FQR. However, going forward, the wedge between deposit growth and credit growth could widen on the back of the seasonal pick-up in credit demand in the second half of the year. This, combined with outflows on account of advance tax payments and the onset of festival-related currency demand, could accentuate pressures on liquidity over the next few weeks. In these conditions, appropriate liquidity management assumes importance in order to ensure that drawals under the Liquidity Adjustment Facility (LAF) broadly remain within the indicative target of +/- 1 percent of NDTL, thereby facilitating monetary policy transmission and enabling adequate flow of credit to the productive sectors of the economy.

External sector

11. While the trade deficit narrowed in the first five months of 2012-13, the relatively large fall of exports in July-August is indicative of risks to the current account from the worsening global outlook. As regards external financing, the moderation in FDI inflows was partly compensated by a surge in non-resident deposits and a renewal of FIIs flows in recent months. Consequently, the rupee has been trading in a narrow range since the FQR. Looking ahead, a moderation in the trade deficit combined with increased inflows in response to domestic policy developments could ease pressures on the balance of payments. However, risks from global factors, in terms of both capital movements and oil prices will persist. Given these

external risks, holding down the CAD to sustainable levels will depend on durable fiscal consolidation and, in particular, switching public expenditure from subsidies to capital outlay that crowds in private investment, thus preparing the ground for a revival of growth.

Guidance

12. Since the FQR, while growth risks have increased, inflation risks remain. Mitigating the growth risks and taking the economy to a higher sustainable growth trajectory requires concerted policy action across a range of domains, a process to which last week's actions made a significant contribution. Monetary policy also has an important role in supporting the growth revival. However, in the current situation, persistent inflationary pressures alongside risks emerging from twin deficits – current account deficit and fiscal deficit – constrain a stronger response of monetary policy to growth risks. Accordingly, as this process evolves, the stance of monetary policy will be conditioned by careful and continuous monitoring of the evolving growth-inflation dynamic, management of liquidity conditions to ensure adequate flows of credit to productive sectors and appropriate responses to shocks emanating from external developments.

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RBI Releases Draft Supplementary Guidance on Treatment of Illiquid Positions

September 17, 2012

The Reserve Bank of India today placed on its website, Draft Supplementary Guidance on 'Treatment of Illiquid Positions' for comments and feedback.

Comments/feedback on the draft supplementary guidance may be sent latest by October 19, 2012 by mail to the Chief General Manager-in-Charge, Reserve Bank of India, Department of Banking Operations and Development, Central Office, 12th floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai-400001 or through e-mail: skpandey@rbi.org.in

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Meeting of the FSDC Sub Committee, Mumbai, September 17, 2012

September 17, 2012

A meeting of the Sub Committee of the Financial Stability and Development Council (FSDC) was held today in Mumbai. Dr. D. Subbarao, Governor, Reserve Bank of India, chaired the meeting. The meeting was attended by Dr. Arvind Mayaram, Secretary, Department of Economic Affairs (DEA); Shri D. K. Mittal, Secretary, Department of Financial Services (DFS); Shri U. K. Sinha, Chairman, Securities and Exchange Board of India (SEBI); Shri J. Harinarayan, Chairman, Insurance Regulatory and Development Authority (IRDA); Deputy Governors of RBI, Dr. K.C. Chakrabarty, Dr. Subir Gokarn, Shri Anand Sinha and Shri H. R. Khan, Shri G. Gopalakrishna, Executive Director, RBI and other officials.

The Sub-Committee reviewed the recent developments in the global economy, specifically in the Eurozone and the US. The concerns on slowing growth, persistent inflationary pressures and pressures on the external sector front were discussed. The risks to stability of the domestic financial system including the developments in the banking sector were briefly reviewed.

The Sub Committee discussed issues related to rising gold imports and its impact on the current account deficit, introduction of financial instruments to increase the productive use of gold held in the economy, implications of the US Foreign Account Tax Compliance Act, use of the Business Correspondent to sell other financial products and the risks involved, regulatory gaps in the shadow banking in the country, *etc.*

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RBI releases Time Series Data on Average Daily Wage Rates in Rural India for Men

September 18, 2012

The Reserve Bank of India today released time series data on monthly average daily wage rates for men in rural India. This data series is collated from the basic data collected by the Labour Bureau, Government of

India and published in its monthly publication entitled 'Indian Labour Journal'.

Coverage

The data on wage rates are published by the Labour Bureau on a regular monthly basis in its monthly publication **Indian Labour Journal**. Wage rate data is collected in respect of 11 agricultural and 7 non-agricultural occupations entailing manual work under the common framework of data collection of retail prices for Consumer Price Index (CPI) for Agricultural and Rural Labourers across 20 major states, namely, Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal. The selected occupations for which daily wage rates are collected every month are: **(a) Agricultural Occupations** – (i) ploughing, (ii) sowing, (iii) weeding, (iv) transplanting, (v) harvesting, (vi) winnowing, (vii) threshing, (viii) picking, (ix) herdsman, (x) well digging and (xi) cane crushing; **(b) Non-agricultural Occupations** – (xii) carpenter, (xiii) blacksmith, (xiv) cobbler, (xv) mason, (xvi) tractor driver, (xvii) sweeper, and (xviii) unskilled labour (un-specified).

Methodology

The average wage rates at all-India level are derived by dividing the sum total of wages of all the 20 States by the number of quotations collected by the Labour Bureau. State-wise averages are estimated only for those occupations where the number of quotations is five or more. However, for working out all-India averages, all state level quotations are taken into account to arrive at total number of quotations at all-India level. At the all-India level also, the number of quotations for working out occupation-wise averages are restricted to five or more. The missing values against various occupations indicate that no wage rate was reported during the reference month for various reasons, such as: (i) either the activity connected with the occupation was not undertaken in the State; or (ii) the activity was out of season in the State; or (iii) the particular category of workers were not engaged in that operation; or (iv) the number of quotations received is less than five.

Access

The Reserve Bank's time series data on wage rates can be accessed from the Database of Indian Economy (DBIE) link (http://dbie.rbi.org.in >> Statistics >> Real Sector >> Prices and Wages >> Monthly) on the RBI website and downloaded with classifications according to time, states and occupations. Detailed methodology for compilation of the wage rate is available in a publication entitled 'Wage Rates in Rural India 2008-09' brought out by the Labour Bureau in 2010 as also on the Labour Bureau's website: http://labourbureau.gov.in.

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The Rajasthan Urban Co-operative Bank Limited, Jaipur - Penalised

September 18, 2012

The Reserve Bank of India has imposed a monetary penalty of `1.00 lakh (Rupees One Lakh only) on the The Rajasthan Urban Co-operative Bank Limited, Jaipur, in exercise of the powers vested in it under the provisions of Section 47A (1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies), for violating the RBI directives/guidelines on individual and group exposure ceiling, IRAC norms and window-dressing

The Reserve Bank of India had issued a Show Cause Notice to the bank in response to which the bank submitted a written reply. After considering the facts of the case, the bank's reply and also personal submissions in the matter, RBI came to the conclusion that the violation was substantiated and warranted imposition of penalty. Accordingly, it penalised the bank.

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The Rajlaxmi Mahila Urban Co-operative Bank Limited, Jaipur - Penalised

September 18, 2012

The Reserve Bank of India has imposed a monetary penalty of `1.00 lakh (Rupees One Lakh only) on the The Rajlaxmi Mahila Urban Co-operative Bank Limited, Jaipur, in exercise of the powers vested in it under the provisions of Section 47A (1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies), for violating the RBI directives/guidelines on unsecured advances, IRAC norms and OBC charges.

The Reserve Bank of India had issued a Show Cause Notice to the bank in response to which the bank submitted a written reply. After considering the facts of the case, the bank's reply and also personal submissions in the matter, RBI came to the conclusion that the violation was substantiated and warranted imposition of penalty. Accordingly, it penalised the bank.

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The Dahod Mercantile Co-operative Bank Ltd., Dist. Dahod, Gujarat – Penalised

September 20, 2012

The Reserve Bank of India has imposed a monetary penalty of `1.00 lakh (Rupees One Lakh only) on the The Dahod Mercantile Co-operative Bank Ltd., Dist. Dahod, in exercise of the powers vested in it under the provisions of Section 47A (1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies), for violation of Reserve Bank of India directives on donation.

The Reserve Bank of India had issued a Show Cause Notice to the bank in response to which the bank submitted a written reply. After considering the facts of the case, the bank's reply and also personal submissions in the matter, RBI came to the conclusion that the violation was substantiated and warranted imposition of penalty.

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The Talod Nagarik Sahakari Bank Ltd., Talod, Dist. Sabarkantha, Gujarat - Penalised

September 24, 2012

The Reserve Bank of India has imposed a monetary penalty of `5.00 lakh (Rupees five Lakh only) on the The Talod Nagarik Sahakari Bank Ltd., Talod, Dist. Sabarkantha (Gujarat), in exercise of the powers vested in it under the provisions of Section 47A (1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies), for violation of RBI instructions relating to declaration/disbursal of dividend to the shareholders in violation of operational instructions dated March 25, 2011.

The Reserve Bank of India had issued a Show Cause Notice to the bank in response to which the bank submitted a written reply. After considering the facts of the case, the bank's reply and also personal submissions in the matter, RBI came to the conclusion that the violation was substantiated and warranted imposition of penalty.

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Investment by FIIs under PIS : GSS Infotech Limited (GSS America Infotech Limited)

September 25, 2012

The Reserve Bank of India has today notified that the aggregate net purchases of equity shares in GSS Infotech Limited (GSS America Infotech Limited) by Foreign Institutional Investors (FIIs) in primary/secondary markets under Portfolio Investment Scheme (PIS) have reached the trigger limit. Therefore, further purchases of equity shares of this company would be allowed only after obtaining prior approval of the Reserve Bank of India.

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Indicative Quantum of Market Borrowings by State Governments for the Quarter October- December 2012

September 28, 2012

Reserve Bank of India, in consultation with the State Governments, announces that the indicative quantum of total market borrowings by the State Governments and the Union Territory of Puducherry, for the quarter October-December 2012, is expected to be in the range of `55,000 crore to `60,000 crore. The amount will be raised through auction of State Development Loans (SDLs) conducted generally on alternate Tuesdays. RBI would endeavour to conduct the auctions in a calibrated manner and distribute the borrowings evenly throughout the quarter. The actual amount of borrowings would be intimated by way of press release two/three days prior to the actual auction day and would depend on the requirement of the State Governments, approval from the Government of India under Article 293(3) of the Constitution of India and the market conditions.

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The Bhuj Mercantile Co-operative Bank Ltd., Ahmedabad

September 28, 2012

In exercise of the powers vested under Sub-Section (1) of Section 35A of Banking Regulation Act, 1949 (AACS), directions were imposed by the Reserve Bank of India, in the interest of public, on The Bhuj Mercantile Co-operative Bank Ltd., Ahmedabad from the close of business as on April 02, 2012. The directions were modified on May 18, 2012.The period of directions imposed on the bank has since been extended for a further period of six months up to April 02, 2013 vide a directive dated September 21, 2012 in exercise of the powers vested under sub-Section (1) of Section 35A of Banking Regulation Act, 1949 (AACS), subject to review. The modified directive is displayed on the bank's premises for interested members of the public to peruse.

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Regulatory and Other Measures

September 2012

RBI/2012-13/191 DBOD.No. Leg.BC. 38/09.07.005/2012-13 dated September 5, 2012

All Scheduled Commercial Banks
(excluding RRBs)

Banking facilities to visually challenged/ persons with disabilities

Please refer to our Circular DBOD. No. Leg BC. 91/09.07.005/2007-08 dated June 4, 2008 on the captioned subject advising that all banking facilities such as cheque book facility including third party cheques, ATM facility, Net banking facility, locker facility, retail loans, credit cards *etc.*, are invariably offered to visually challenged persons without any discrimination as they are legally competent to contract. Further, please also refer to Circular DBOD.No.Leg. BC.123/09.07.005/2008-09 dated April 13, 2009 advising banks to take necessary steps to provide all existing ATMs/future ATMs with ramps and to make at least one third of new ATMs installed as talking ATMs with Braille keypads.

2. It has been brought to our notice by Office of the Chief Commissioner for Persons with Disabilities that visually challenged persons are facing problems in availing banking facilities like internet banking. Banks are, therefore, advised to strictly adhere to instructions contained in the above circulars and extend all banking facilities to persons with blindness, low-vision and other disabilities.

RBI/2012-13/192 UBD.BPD.Cir.No. 7/13.01.000//2012-13 dated September 6, 2012

The Chief Executive Officer
All Primary (Urban) Co-operative Banks

Interest Rate on Deposits

Please refer to our circular UBD.No.DS.PCB. CIR.53/13.01.00/97-98 dated April 29, 1998 whereby banks were permitted to offer, at their discretion, differential rates of interest on single term deposits of `15 lakh and above, subject to the condition that the schedule of interest rates payable on deposits, including deposits on which differential interest is paid, is disclosed in advance and not subject to negotiation between the depositor and the bank.

2. In this connection, attention is invited to paragraphs 84 and 85 of the Monetary Policy Statement 2012-13 announced on April 17, 2012 on variation in Interest Rates on Deposits. It has been observed that there are wide variations in the interest rates offered by banks on single term deposits of `15 lakh and above and those offered on other deposits (*i.e.* deposits less than `15 lakh) of corresponding maturities. Further, banks are offering significantly different rates on deposits with very little difference in maturities suggesting inadequate liquidity management systems and pricing methodologies. Urban Co-operative Banks are, therefore, advised to put in place a Board approved transparent policy on pricing of liabilities. The Board/ ALCO should ensure that the variation in interest rates on single term deposits of `15 lakh and above and other term deposits (*i.e.* deposits less than `15 lakh) is minimal for corresponding maturities.

RBI/2012-13/199 DBOD.BP.BC.No.40/21.04.172/2012-13 dated September 11, 2012

All Scheduled Commercial Banks
(excluding RRBs)

Bank Finance to Factoring Companies

Please refer to paragraph 2 of our circular DBOD. BP.BC.No.60/08.12.01/2007-08 dated February 12, 2008 on 'Bank Finance to Factoring Companies', in terms of which banks can extend financial assistance to support the factoring business of Factoring Companies which comply with certain criteria.

2. Subsequent to the issue of the above circular, the Factoring Regulation Act, 2011, which regulates factoring companies and, inter-alia, defines the terms 'factor, factoring business, principal business, assignment', *etc.*, has come into force. The Act has also given powers to the Reserve Bank to stipulate conditions for 'principal business' in terms of assets and gross income as also powers to give directions and collect information from factors.

3. Accordingly, the Reserve Bank has introduced a new category of NBFCs *viz.*; 'Non-Banking Financial Company – Factors' and has issued a Notification DNBS. PD.No.247/CGM(US)-2012 dated July 23, 2012 in this regard. Paragraph 6 (i) of the above Notification has prescribed 'Principal Business' of such an NBFC and it states that "An NBFC-Factor shall ensure that its financial assets in the factoring business constitute at least 75 percent of its total assets and its income derived from factoring business is not less than 75 percent of its gross income."

4. In view of the above, the criteria regarding asset and income of factoring companies eligible for bank finance have been reviewed. Accordingly, banks can henceforth extend financial assistance to support the factoring business of Factoring Companies which comply with the following criteria:

(a) The companies qualify as factoring companies and carry out their business under the provisions of the Factoring Regulation Act, 2011 and Notifications issued by the Reserve Bank in this regard from time to time.

(b) They derive at least 75 per cent of their income from factoring activity.

(c) The receivables purchased / financed, irrespective of whether on 'with recourse' or 'without recourse' basis, form at least 75 per cent of the assets of the Factoring Company.

(d) The assets / income referred to above would not include the assets / income relating to any bill discounting facility extended by the Factoring Company.

(e) The financial assistance extended by the Factoring Companies is secured by hypothecation or assignment of receivables in their favour.

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RBI/2012-13/208 DBOD.No.BP.BC/42/21.04.048/2012-13 dated September 14, 2012

The Chairman and Managing Director/
Chief Executive Officer of
All Scheduled Commercial Banks
(Excluding RRBs)

NPA Management – Requirement of an Effective Mechanism and Granular Data

Please refer to the paragraph 100 of the Monetary Policy Statement 2012-13 announced on April 17, 2012.

2. As mentioned therein, asset quality of banks is one of the most important indicators of their financial health. However, it has been observed that existing MIS on the early warning systems of asset quality, needed improvement. Banks are, therefore, advised that they should review their existing IT and MIS framework and put in place a robust MIS mechanism for early detection of signs of distress at individual account level as well as at segment level (asset class, industry, geographic, size, *etc.*). Such early warning signals should be used for putting in place an effective preventive asset quality management framework, including a transparent restructuring mechanism for viable accounts under distress within the prevailing regulatory framework, for preserving the economic value of those entities in all segments.

3. The banks' IT and MIS system should be robust and able to generate reliable and quality information with regard to their asset quality for effective decision making. There should be no inconsistencies between information furnished under regulatory/statutory reporting and the banks' own MIS reporting. Banks are also advised to have system generated segment wise information on non-performing assets and restructured assets which may include data on the opening balances,

additions, reductions (upgradations, actual recoveries, write-offs *etc.*), closing balances, provisions held, technical write-offs, *etc.*

RBI/2012-13/214 RPCD.MSME&NFS.BC.No. 30/06.11.01/2012-13 dated September 18, 2012

The Chairman/Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks
(excluding Regional Rural Banks)

The Scheme of 1 per cent Interest Subvention on Housing Loans up to ₹15.00 lakh

Please refer to our circular RPCD.SME&NFS.BC.No.29/06.11.01/2011-12 dated November 04, 2011 on the captioned subject. In this connection, it is now advised that:

a. The interest subvention scheme has been liberalised with effect from FY 2011-12 by extending it to housing loans up to ₹15 lakh where the cost of the house does not exceed ₹25 lakh. The Scheme has since been extended by Government of India and will remain in force up to March 31, 2013.

b. A Budgetary provision of ₹400.00 crore has been made under the Scheme for the year 2012-13 by Government of India.

c. The National Housing Bank is the sole Nodal Agency for implementation of the Scheme for Scheduled Commercial Banks, Regional Rural Banks and Housing Finance Companies.

d. All SCBs are advised to implement the Scheme vigorously, submit their claims to NHB expeditiously and extend the benefits of the Scheme to all eligible borrowers/beneficiaries. SCBs are further requested to give wide publicity to the Scheme.

RBI/2012-13/221 FMD.MSRG. No.71/02.02.001/2012-13 dated September 25, 2012

The Chairmen/Chief Executives of
All Scheduled Commercial Banks (excluding RRBs)

Reporting of OTC Call/Notice/Term Money transactions

The Reserve Bank of India is in the process of implementing a core banking solution. With the implementation of the core banking solution, the Negotiated Dealing System (NDS) would not be available for reporting of OTC Call/Notice/Term Money transactions.

2. In this context, it may be mentioned that all the OTC Call/Notice/Term money deals, which are presently being reported over NDS, will be reported over the reporting platform of NDS-Call by the parties who are having NDS-Call membership from November 1, 2012. Parties who are not having membership of NDS-Call are advised to report the deals to FMD either through e-mail or through fax (022-22630981) in the Reporting format given in Annex II of Call/Notice Money Master Circular dated July 2, 2012.

RBI/2012-13/224 UBD.BPD.(PCB) Cir No.12/09.16.900/2012-13 dated September 26, 2012

The Chief Executive Officers
All Primary (Urban) Co-operative Banks

Financial Restructuring of UCBs

Please refer to our circular UBD.PCB.Cir.No.39/09.16.900/08-09 dated January 23, 2009 stating that the Reserve Bank would consider financial restructuring proposals as an additional option for resolution of problem banks. The conditions under which such proposals would be considered are contained in para 3 of the above circular.

2. The matter has been reviewed and it is advised that in partial modification of para 3 (v) of the circular, the Reserve Bank would, henceforth, consider financial restructuring proposals submitted by UCBs, involving conversion of deposits into equity/IPDI, even if the

networth of the bank does not become positive after such conversion of deposits, provided the depositors agree voluntarily for such conversion.

3. All the other criteria mentioned in our circular dated January 23, 2009 remain unchanged.

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RBI/2012-13/226 UBD.BPD (PCB) Cir. No.13/14.01.062/2012-13 dated September 27, 2012

The Chief Executive Officer of
All Primary (Urban) Co-operative Banks

Uploading of Reports in 'Test Mode' on FINnet Gateway

Please refer to our circular UBD.CO.BPD. No.10/12.05.001/2011-12 dated November 9, 2011 advising Primary (Urban) Co-operative Banks regarding introduction of single XML reporting format under Project FINnet for furnishing reports to FIU-IND under the PML Rules, 2005. Primary (Urban) Co-operative Banks were also advised to develop capacity and be in readiness to implement the new format as and when advised by FIU-IND.

2. FIU-IND have now advised vide their letter F. No. 9-29/2011-FIU-IND dated August 28, 2012, that all banks should initiate submission of reports on the FINnet Gateway in 'TEST MODE' from August 31, 2012 to test their ability to upload the report electronically. Such submission in 'TEST MODE' would continue till FIU-IND informs the banks about 'go-live' of the project. The reporting entities may contact FIU Help Desk at email or phone numbers 011-24109792/93 for any clarification or assistance. Primary (Urban) Co-operative Banks are also required to continue to submit the existing reports in CD to FIU-IND as presently required till further notice.

3. Primary (Urban) Co-operative Banks are accordingly advised to take action as required by FIU-IND.

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RBI/2012-13/229 DBOD.No.Ret.BC.48/12.02.001/2012-13 dated September 28, 2012

Local Area Banks – SLR reduced

Section 24 of the Banking Regulation Act, 1949 Maintenance of Statutory Liquidity Ratio (SLR) - Local Area Banks

Please refer to our circular DBOD.No.Ret. BC.62/12.02.001/2009-10 dated November 19, 2009 on the captioned subject.

2. It has been decided that Statutory Liquidity Ratio for Local Area Banks be reduced from 25 per cent to 23 per cent of their Net Demand and Time Liabilities (NDTL) with effect from the fortnight beginning August 11, 2012.

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Foreign Exchange Developments

1. Exim Bank's Line of Credit of USD 20 million to the Government of Mongolia

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 14, 2012 with the Government of Mongolia**,** making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible machinery, equipments, goods and services including consultancy services for the purpose of India-Mongolia Joint Information Technology Education and Outsourcing Center (IMJIT) Project in Mongolia. The machinery, equipment, goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 65 per cent of the contract price shall be supplied by the seller from India and the remaining 35 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

The Credit Agreement under the LOC is effective from August 23, 2012 and the date of execution of Agreement is February 14, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (February 13, 2018) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No.24
dated September 6, 2012]

2. Overseas Investment by Indian Parties in Pakistan

In terms of Regulation 6 (2) of the Notification No. FEMA 120/RB-2004 dated July 7, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the Notification), as amended from time to time, 'Notwithstanding anything contained in these Regulations, investment in Pakistan shall not be permitted.' It has now been decided that the overseas direct investment by Indian Parties in Pakistan shall henceforth be considered under the approval route under Regulation 9 of the Notification, *ibid.*

[A. P. (DIR Series) Circular No. 25
dated September 7, 2012]

3. External Commercial Borrowings (ECB) Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme

As per A.P. (DIR Series) Circular No. 134 dated June 25, 2012, the maximum permissible ECB that can be availed of by an individual company under the scheme is limited to 50 per cent of the average annual export earnings realised during the past three financial years.

On a review, it has been decided:

(a) to enhance the maximum permissible limit of ECB that can be availed of to 75 per cent of the average foreign exchange earnings realised during the immediate past three financial years or 50 per cent of the highest foreign exchange earnings realised in any of the immediate past three financial years, whichever is higher;

(b) in case of Special Purpose Vehicles (SPVs), which have completed at least one year of existence from the date of incorporation and do not have sufficient track record/past performance for three financial years, the maximum permissible ECB that can be availed of will be limited to 50 per cent of the annual export earnings realised during the past financial year; and

(c) The maximum ECB that can be availed by an individual company or group, as a whole, under this scheme will be restricted to USD 3 billion.

[A.P. (DIR Series) Circular No. 26 dated September 11, 2012]

4. External Commercial Borrowings (ECB) Policy – Bridge Finance for Infrastructure sector

As per the A.P. (DIR Series) Circular No. 26 dated September 23, 2011, Indian companies in the infrastructure sector, where 'infrastructure' is as defined under the extant guidelines on External Commercial Borrowings, have been allowed to import capital goods by availing of short term credit (including buyers'/suppliers' credit) in the nature of 'bridge finance', under the approval route, subject to the following conditions:-

i. the bridge finance shall be replaced with a long term ECB;

ii. the long term ECB shall comply with all the extant ECB norms; and

iii. prior approval shall be sought from the Reserve Bank for replacing the bridge finance with a long term ECB.

On a review, it has been decided to allow refinancing of such bridge finance (if in the nature of buyers'/suppliers' credit) availed of, with an ECB under the **automatic route** subject to the following conditions:-

i. the buyers'/suppliers' credit is refinanced through an ECB before the maximum permissible period of trade credit;

ii. the AD evidences the import of capital goods by verifying the Bill of Entry;

iii. the buyers'/suppliers' credit availed of is compliant with the extant guidelines on trade credit and the goods imported conform to the DGFT policy on imports; and

iv. the proposed ECB is compliant with all the other extant guidelines relating to availment of ECB.

The borrowers will, therefore, approach the Reserve Bank under the approval route only at the time of availing of bridge finance which will be examined subject to conditions mentioned in para 2(i) and (ii).

[A.P. (DIR Series) Circular No. 27 dated September 11, 2012]

5. Trade Credits for Import into India

As per the extant A.P. (DIR Series) Circular No. 87 dated April 17, 2004 and A.P. (DIR Series) Circular No. 24 dated November 01, 2004., for import of capital goods as classified by DGFT, AD banks may approve trade credits up to USD 20 million per import transaction with a maturity period of more than one year and less than three years (from the date of shipment). No roll-over/extension is permitted beyond the permissible period. AD banks are also permitted to issue Letters of Credit/ guarantees/Letter of Undertaking (LoU)/Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution, up to USD 20 million per transaction for a period up to three years for import of capital goods, subject to prudential guidelines issued by the Reserve Bank from time to time. The period of such Letters of credit/guarantees/LoU/ LoC has to be co-terminus with the period of credit, reckoned from the date of shipment. AD banks shall not, however, approve trade credit exceeding USD 20 million per import transaction.

On a review, it has been decided to allow companies in the infrastructure sector, where 'infrastructure' is as defined under the extant guidelines on External Commercial Borrowings (ECB) to avail of trade credit up to a maximum period of five years for import of capital goods as classified by DGFT subject to the following conditions: -

i. the trade credit must be abinitio contracted for a period not less than fifteen months and should not be in the nature of short-term roll overs; and

ii. i) AD banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU)/Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years

The all-in-cost ceilings of trade credit will be as under: Maturity period	All-in-cost ceilings over 6 months LIBOR*
Up to one year	350 basis points
More than one year and up to three years	
More than three years and up to five years	

* for the respective currency of credit or applicable benchmark

The all-in-cost ceilings include arranger fee, upfront fee, management fee, handling/processing charges, out of pocket and legal expenses, if any.

[A.P. (DIR Series) Circular No. 28 dated September 11, 2012]

6. Overseas Direct Investments by Indian Party – Rationalisation

It has been decided to amend the guidelines relating to submission of Annual Performance Report (APR) as under:

An Indian party, which has set up/acquired a Joint Venture (JV) or Wholly Owned Subsidiary (WOS) overseas in terms of the Regulations of the Notification *ibid*, shall submit, to the designated Authorised Dealer every year, an Annual Performance Report (APR) in Form ODI Part III in respect of each JV or WOS outside India and other reports or documents as may be specified by the Reserve Bank from time to time, on or before the 30th of June each year. The APR, so required to be submitted, has to be based on the latest audited annual accounts of the JV/WOS, unless specifically exempted by the Reserve Bank.

The exemption granted for submission of APR based on the un-audited accounts of the JV/WOS subject to the terms and conditions as specified in the A.P (DIR Series) Circular No. 96 dated March 28, 2012 shall continue.

[A.P. (DIR Series) Circular No. 29 dated September 12, 2012]

7. Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives – Cost Reduction Structures

Attention of Authorised Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 [Notification No. FEMA/25/RB-2000 dated May 3, 2000] and A.P. (DIR Series) Circular No.32 dated December 28, 2010, as amended from time to time.

Under the extant instructions, use of cost reduction structures, *i.e.*, cross currency option cost reduction structures and foreign currency –INR option cost reduction structures have been permitted to hedge exchange rate risk arising out of trade transactions and the External Commercial Borrowings (ECBs).

On a review, it has been decided to permit the use of cost reduction structures for hedging the exchange rate risk arising out of foreign currency loans availed of domestically against FCNR (B) deposits.

[A.P. (DIR Series) Circular No. 30 dated September 12, 2012]

8. Establishment of Liaison Office (LO)/ Branch Office (BO)/Project Office (PO) in India by Foreign Entities – Clarification.

In terms of Notification No FEMA 95/2000-RB dated July 02, 2003 general permission is granted to a foreign company to open project office in India provided it has secured from an Indian company, a contract to execute a project in India, and subject to satisfying certain other criteria.

It is clarified that permission to establish offices, in India by foreign Non-Government Organisations/ Non-Profit Organisations/Foreign Government Bodies/Departments, by whatever name called, are under the Government Route as specified in A. P. (DIR Series) Circular No. 23 dated December 30, 2009. Accordingly, such entities are required to apply to the Reserve Bank for prior permission to establish an office in India, whether Project Office or otherwise.

[A. P. (DIR Series) Circular No. 31
dated September 17, 2012]

9. Foreign investment in Single–Brand Product Retail Trading/Multi-Brand Retail Trading/Civil Aviation Sector/ Broadcasting Sector/Power Exchanges - Amendment to the Foreign Direct Investment Scheme

The extant Foreign Direct Investment policy (Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time) has since been reviewed and it has now been decided as follows:

a) FDI up to 100 per cent is now permitted in Single–Brand Product Retail Trading by only one non-resident entity, whether owner of the brand or otherwise, under the Government route subject to the terms and conditions as stipulated in Press Note No. 4 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

b) FDI up to 51 per cent is now permitted in Multi-Brand Retail Trading under the Government route, subject to the terms and conditions as stipulated in Press Note No. 5 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

c) Foreign airlines are permitted FDI up to 49 per cent in the capital of Indian companies in Civil Aviation Sector, operating scheduled and non-scheduled air transport, under the automatic/ Government route subject to the terms and conditions as stipulated in Press Note No. 6 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

d) FDI limits in companies engaged in providing Broadcasting Carriage Services under the automatic/Government route have been reviewed and the same would be subject to the terms and conditions as stipulated in Press Note No. 7 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

e) FDI up to 49 per cent is permitted in Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010, under the Government route, subject to the terms and conditions as stipulated in Press Note No. 8 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

[A. P. (DIR Series) Circular No. 32
dated September 21, 2012]

10. Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT) Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 – Money changing activities

Attention of Authorised Persons (APs) is invited to Para 4.4 (f) of F-Part- I of the Annex to the A.P. (Dir

Series) Circular No.17 [A.P.(FL/RL Series) Circular No.04] dated November 27, 2009 on the captioned subject and condition (iv) of Para 5 (Part-E) of Annex-I to the A.P. (Dir Series) Circular No.57 [A.P.(FL/RL Series) Circular No.04] dated March 9, 2009 on Memorandum of Instructions governing money changing activities, as amended from time to time.

It is clarified that for sale of foreign exchange to a person within his/her eligibility on single drawal, APs may receive payment only by crossed cheque drawn on the bank account of the applicant's firm/company sponsoring the visit of the applicant/Banker's cheque/ Pay Order/Demand Draft/debit cards/credit cards/ prepaid cards, if the rupee payment exceeds `50,000/- . For sale of foreign exchange to a person within his/ her eligibility through more than one drawal within 30 days or for a single journey/visit abroad, APs may receive second and subsequent payments only by crossed cheque drawn on the bank account of the applicant's firm/company sponsoring the visit of the applicant/ Bank's cheque/Pay Order/Demand Draft/debit cards/ credit cards/prepaid cards, if the total rupee payment, including payments on earlier drawal/s, exceeds `50,000/- on the second or subsequent drawals.

[A. P. (DIR Series) Circular No. 33
dated September 24, 2012]

11. Foreign Exchange Management Act, 1999-Import of gold in any form including jewellery made of gold/ precious metals or/and studded with diamonds/semi precious/precious stones - clarification

In terms of A.P.(DIR Series) Circular No.59 dated May 6, 2011, AD Category – I banks have been permitted to approve Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit for import of rough, cut and polished diamonds, for a period not exceeding 90 days, from the date of shipment.

It is clarified that Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form including jewellery made of gold/precious metals or/ and studded with diamonds/semi precious/precious stones should not exceed 90 days, from the date of shipment.

[A.P. (DIR Series) Circular No. 34
dated September 24, 2012]

12. Establishment of Liaison Offices (LO)/ Branch Offices (BO)/Project Offices(PO) in India by Foreign Entities – Reporting requirement

Attention of Authorised Dealer Category – I banks is invited to A.P. (DIR Series) Circular No. 6 dated August 9, 2010 read with paragraph 5 (i) of A.P. (DIR Series) Circular No.24 dated December 30, 2009 regarding submission of Annual Activity Report. Their ttention is also drawn to reporting requirements in respect of Project Offices prescribed in A.P. (DIR Series) Circular No. 44 dated May 17, 2005 in the matter.

It has now been decided that in addition to the reporting prescribed in terms of aforesaid circulars, all the new entities setting up LO/BO/PO shall also:

i. submit a report containing information as per Annex within five working days of the LO/BO/PO becoming functional to the DGP of the state concerned in which LO/BO/PO has established its office; if there are more than one office of such a foreign entity, in such cases to each of the DGP concerned of the state where it has established office in India;

ii. a copy of the report as per Annex shall also be filed with the DGP concerned on annual basis along with a copy of the Annual Activity Certificate/Annual report required to be submitted by LO/BO/PO concerned, as the case may be.

iii. A copy of report thus filed as above shall also be filed with AD by LO/BO/PO concerned.

The existing LO/BO/PO shall henceforth report the information as per Annex along with the copy of

Annual Activity Certificate/Annual report to DGP of state concerned and also file a copy of the same with AD bank. **The instructions come into force with immediate effect.**

[A.P. (DIR Series) Circular No. 35 dated September 25, 2012]

13. Foreign Direct Investment (FDI) in India - Allotment of Shares to person resident outside India under Memorandum of Association (MoA) of an Indian company - Pricing guidelines

Attention of Authorised Dealers Category-I (AD Category - I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000 -RB dated May 3, 2000 (hereinafter referred to as Notification No. FEMA 20), as amended from time to time.

In terms of sub-regulation (1) of Regulation 5 of the Notification ibid, a person resident outside India or an entity incorporated outside India may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to compliance with the issue price specified in para 5 of Schedule 1 of the Notification *ibid.*

It has been decided that in cases, where non-residents (including NRIs) make investment in an Indian company in compliance with the provisions of the Companies Act, 1956, by way of subscription to Memorandum of Association, such investments may be made at face value subject to their eligibility to invest under the FDI scheme.

[A.P. (DIR Series) Circular No. 36 dated September 26, 2012]

14. Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

In terms of A.P. (DIR Series) Circular No. 6 dated July 13, 2012, the Rupee value of the Special Currency Basket was indicated as `75.816175 effective from July 6, 2012.

AD Category-I banks are advised that a further revision has taken place on September 13, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at `78.105433 with effect from September 17, 2012.

[A.P. (DIR Series) Circular No. 37 dated September 26, 2012]

current statistics

Contents

Notes:

(1) The coverage of data will be expanded from time to time to include new statistical information as and when it becomes available.

(2) Some of the figures included in the tables are provisional and may be revised in later issues. Each issue contains all the revisions made upto the date of publication of the Bulletin.

(3) The following symbols have been used throughout this Section:
.. = Figure is not available.
- = Figure is nil or negligible.
P = Provisional.

(4) Where necessary, each figure has been rounded off to the nearest final digit. For this reason, there may be, in some tables, a slight discrepancy between the sum of the constituent items and the total.

(5) A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different basis and are not strictly comparable. In each case, a suitable footnote is added.

(6) For definitions of important items, sources of data, coverage, scope, method of compilation, etc. a reference may be made to the Explanatory Notes, issued as a supplement to the October 1978 issue of the Bulletin.

(7) 1 Billion = 100 Crore, 10 Million = 1 Crore, 1 Million = 10 Lakh, 1 Lakh = 1,00,000.

General

No. 1: Selected Economic Indicators

Item	Unit / Base	1990-91	2009-10	2010-11	2011-12	2012		
						Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8
Output								
1. Gross Domestic Product at Factor Cost (at 2004-05 prices)	` Billion	13,478.9	45,076.4	48,859.5 (Q.E.)	52,025.1 (R.E.)			
2. Index number of Agricultural Production (All crops)	Triennium ended 1993-94=100	148.4 +	159.6	185.3	192.0			
a. Foodgrains Production	Million tonnes	176.4	218.1	244.8	257.4 #			
3. General Index of Industrial Production (1)	2004-05=100	212.6 *	152.9	165.5	170.3 (P)	168.4	167.3 (P)	
Money and Banking								
Reserve Bank of India (2)								
4. Notes in Circulation	` Billion	537.8	7,902.2	9,421.1	10,558.3	11,037.6	10,882.1	10,895.5
5. Rupee Securities (3)	"	860.4	1,767.6	3,217.6	5,899.6	5,671.0	5,464.2	5,439.9
6. Loans and Discount	"	199.0	38.2	62.9	92.5	104.2	153.1	121.4
(a) Scheduled Commercial Banks (4)	"	81.7	–	50.3	63.3	70.7	109.2	63.6
(b) Scheduled State Co-operative Banks (4)	"	0.4	–	0.3	–	0.4	–	–
(c) Bills Purchased and Discounted (internal)	"	–	–	–	–	–	–	–
Scheduled Commercial Banks								
7. Aggregate Deposits (5)	` Billion	1,925.4	44,928.3	52,079.7	59,090.8	62,328.0	62,471.4	63,404.2 (P)
8. Bank Credit (5)	"	1,163.0	32,447.9	39,420.8	46,118.5	47,630.4	47,045.0	47,626.0 (P)
9. Investment in Govt. Securities (5)	"	500.0	13,783.9	14,971.5	17,350.2	18,615.6	19,155.8	19,500.9 (P)
10. Cheque Clearances (6)	` Billion	17,030.0	45,276.6	42,352.3	39,822.1 (P)	3,239.5 (P)	3,434.0 (P)	3,368.6 (P)
11. Money Stock Measures (7)								
(a) M_1	` Billion	928.9	14,892.7	16,383.5	17,342.3	18,024.3	17,347.1	17,541.1
(b) M_3	"	2,658.3	56,027.0	65,041.2	73,592.0	77,255.6	77,338.2	77,900.4
Cash Reserve Ratio and Interest Rates								
12. Cash Reserve Ratio (2), (14)	Per cent	15.00	5.75	6.00	4.75	4.75	4.75	4.75
13. Bank Rate	Per cent Per annum	10.00	6.00	6.00	9.50	9.00	9.00	9.00
14. Inter-bank Call Money Rate (Mumbai) (8)	"	4.00-7.00	2.25-5.75	5.70-10.00	7.50-12.61	7.30-8.30	7.05-8.15	7.00-8.45
15. Deposit Rate (9)								
(a) 30 days and 1 year	"	8.00 (11)	1.50-6.50	2.50-8.00	4.00-8.25	4.00-8.25	4.00-8.25	4.00-8.25
(b) 1 year and above	"	9.00-11.00	6.00-7.50	8.25-9.50	8.50-9.25	8.75-9.25	8.75-9.00	8.75-9.00

Q.E. : Quick Estimate. R.E.: Revised Estimate.

* Base: 1980-81 = 100. + Base Triennium ending 1981-82=100 and from 2002-03 new base (Triennium ending 1993-94=100)

^ Base: 2001 = 100 from January 2006 onwards.

^ ^ CPI (UNME) are Linked All - India Index from the April 2008 onwards. As per the Press Release of Central Statistics Office, all-India linked Consumer Price Index for Urban Non-Manual Employees (UNME) has been discontinued with effect from January 2011. Therefore, these data will not be updated henceforth.

Fourth Advance Estimates of production of Foodgrains for 2011-12.

Also see 'Notes on Tables'.

No. 1: Selected Economic Indicators *(Concld.)*

Item	Unit/Base	1990-91	2009-10	2010-11	2011-12	2012		
						Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8
16. Base Rate (10)	"		11.00-12.00	8.25-9.50	10.00-10.75	10.00-10.50	10.00-10.50	10.00-10.50
17. Yield on 7.40% Loan 2012	"		6.08					
Government Securities Market (2)								
18. Govt. of India 91-day Treasury Bills (Total outstandings)	` Billion		715.0	703.5	1,246.1	1,653.9	1,638.3	1,485.8
Price Indices								
19. Wholesale Prices (11)	2004-05=100							
(a) All Commodities	"	182.7 +	130.8	143.3	156.1	164.7	164.8 (P)	166.6 (P)
(b) Primary Articles	"	184.9 +	154.9	182.4	200.3	215.0	218.8 (P)	219.5 (P)
(c) Fuel and Power	"	175.8 +	132.1	148.3	168.5	181.1	175.5 (P)	181.0 (P)
(d) Manufactured Products	"	182.8 +	123.1	130.1	139.5	145.3	145.7 (P)	146.9 (P)
(e) Foodgrains (Cereals + Pulses)	"	179.2 +	166.4	174.4	180.7	193.3	200.1 (P)	207.4 (P)
(f) Edible Oils	"	223.3 +	114.4	120.6	135.7	146.1	147.5 (P)	149.8 (P)
(g) Sugar, Khandsari & Gur	"	152.3 +	161.9	160.5	167.7	173.7	178.4 (P)	191.2 (P)
(h) Raw Cotton	"	145.5 +	138.6	199.3	225.2	198.8	216.8 (P)	222.2 (P)
20. Consumer Prices (All-India) (1)								
(a) Industrial Workers ^	2001=100	193	163	180	195	208	212	214
(b) Urban Non-Manual Employees ^ ^	1984-85=100	161	634	..				
(c) Agricultural Labourers	July 1986-June 1987=100	"	530	577	622	646	656	666
Foreign Trade								
21. Value of Imports	U.S. $ Million	24,073	288,373	369,769	489,417	35,776 (P)	37,936 (P)	37,953 (P)
22. Value of Exports	"	18,145	178,751	251,136	304,624	24,810 (P)	22,443 (P)	22,330 (P)
23. Balance of Trade	"	-5,927	-109,621	-118,633	-184,794	-10,966 (P)	-15,493 (P)	-15,622 (P)
24. Foreign Exchange Reserves (12)								
(a) Foreign Currency Assets	U.S. $ Million	2,236	254,685	274,330	260,069	256,703	256,573	257,620
(b) Gold	"	3,496	17,986	22,972	27,023	25,760	25,715	26,239
(c) SDRs	"	102	5,006	4,569	4,469	4,379	4,353	4,393
Employment Exchange Statistics (13)								
25. Number of Registrations	Thousand	6,541	5,693.7	6,186.0	..	..	..	
26. Number of Applicants								
(a) Placed in Employment	"	265	261.5	509.6	..	..	..	
(b) On live Register (12)	"	34,632	38,152.2	38,826.9	..	..	..	..

Note: Data for 2009-10 and 2010-11 Employment Exchange Statisctics are end-December 2009 and 2010 respectively.

Money and Banking

No. 2: Reserve Bank of India

(` Billion)

Last Friday / Friday	1990-91	2010-11	2011-12	2011	2012									
				Sep.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep. 7	Sep. 14	Sep. 21	Sep. 28
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Issue Department														
Liabilities														
Notes in Circulation	**537.84**	**9,421.07**	**10,558.28**	**9,630.06**	**10,558.28**	**10,927.98**	**11,086.62**	**11,037.46**	**10,882.12**	**10,895.47**	**10,963.71**	**10,985.89**	**10,954.84**	**10,814.51**
Notes held in Banking Department	0.23	0.17	0.12	0.20	0.12	0.16	0.12	0.09	0.16	0.14	0.12	0.15	0.15	0.14
Total Liabilities (Total Notes Issued) or Assets	**538.07**	**9,421.24**	**10,558.40**	**9,630.26**	**10,558.40**	**10,928.14**	**11,086.74**	**11,037.55**	**10,882.28**	**10,895.61**	**10,963.83**	**10,986.04**	**10,954.99**	**10,814.65**
Assets														
Gold Coin and Bullion	66.54	524.22	724.43	735.00	724.43	724.43	732.54	760.10	760.10	766.12	766.12	766.12	766.12	776.85
Foreign Securities	2.00	8,884.20	9,822.63	8,882.02	9,822.63	10,191.62	10,341.55	10,264.72	10,110.93	10,117.88	10,186.45	10,207.10	10,176.39	10,025.73
Rupee Coin (1)	0.29	2.36	0.88	2.78	0.88	1.62	2.18	2.27	0.80	1.15	0.79	2.36	2.02	1.61
Government of India Rupee Securities	469.24	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46	10.46
Banking Department														
Liabilities														
Deposits	**385.42**	**3,565.34**	**4,255.36**	**4,353.95**	**4,255.36**	**3,528.86**	**3,440.18**	**3,547.66**	**3,550.81**	**3,613.24**	**3,473.31**	**3,793.73**	**3,489.57**	**3,773.93**
Central Government	0.61	62.93	489.51	1.01	489.51	1.01	1.01	1.01	1.01	1.01	1.01	1.00	1.01	1.00
Market Stabilisation Scheme	–	–	–	–	–	–	–	–	–	–	–	–	–	–
State Governments	0.33	0.41	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Scheduled Commercial Banks	334.84	3,191.63	3,465.45	4,025.20	3,465.45	3,233.94	3,149.62	3,254.30	3,236.63	3,301.17	3,170.94	3,481.60	3,182.61	3,437.09
Scheduled State Co-operative Banks	2.44	34.94	34.46	37.87	34.46	33.52	34.11	33.58	33.19	38.60	31.85	34.31	32.71	33.93
Non-Scheduled State Co-operative Banks	0.13	0.86	0.87	0.77	0.87	0.80	0.77	0.93	1.04	1.26	1.33	1.28	1.42	1.24
Other Banks	0.88	151.98	147.56	169.03	147.56	148.91	145.92	145.78	146.24	149.60	148.68	155.30	149.60	146.54
Others	46.19	122.60	117.08	119.65	117.08	110.25	108.32	111.63	132.29	121.18	119.08	119.81	121.80	153.71
Other Liabilities (2)	283.42	3,613.50	5,990.18	5,127.21	5,990.18	6,419.57	6,881.28	7,266.78	7,053.64	7,068.13	7,091.08	7,015.42	6,788.11	6,439.66
Total Liabilities or Assets	**668.84**	**7,178.85**	**10,245.54**	**9,481.16**	**10,245.54**	**9,948.43**	**10,321.45**	**10,814.43**	**10,604.45**	**10,681.37**	**10,564.40**	**10,809.15**	**10,277.69**	**10,213.59**

See 'Notes on Tables.'

No. 2: Reserve Bank of India *(Concld.)*

(` Billion)

Last Friday / Friday	1990-91	2010-11	2011-12	2011	2012									
				Sep.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep. 7	Sep. 14	Sep. 21	Sep. 28
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Assets														
Notes and Coins	0.23	0.17	0.12	0.20	0.12	0.16	0.12	0.09	0.16	0.15	0.12	0.15	0.15	0.14
Balances held Abroad (3)	40.08	3,345.47	3,514.56	4,624.25	3,514.56	3,588.50	3,871.50	4,239.97	4,137.11	4,278.21	4,245.25	4,145.64	3,934.73	3,712.51
Loans and Advances														
Central Government	–	–	–	243.87	–	–	–	–	–	16.85	16.80	131.26	–	–
State Governments (4)	9.16	7.29	2.28	6.05	2.28	2.07	1.42	3.83	7.93	8.16	4.75	16.17	6.27	5.51
Scheduled Commercial Banks	81.69	50.31	63.25	39.53	63.25	78.11	69.46	70.71	109.17	63.62	36.26	61.68	164.68	188.08
Scheduled State Co-op.Banks	0.38	0.30	–	–	–	–	–	–	–	–	–	–	–	0.42
Industrial Dev. Bank of India	37.05	–	–	–	–	–	–	–	–	–	–	–	–	–
NABARD	33.28	–	–	–	–	–	–	–	–	–	–	–	–	–
EXIM Bank	7.45	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	16.15	5.04	26.93	8.67	26.93	24.49	25.28	29.27	35.96	32.72	26.84	29.47	24.43	21.03
Bills Purchased and Discounted														
Internal	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Government Treasury Bills	13.84	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	402.86	3,222.42	5,904.72	3,821.27	5,904.72	5,517.59	5,600.95	5,676.22	5,469.40	5,445.12	5,410.36	5,611.80	5,360.39	5,496.57
Other Assets (5)	26.66	547.84	733.68	737.32	733.68	737.52	752.73	793.95	844.71	836.53	824.01	812.98	787.03	789.33
	(-)	(476.19)	(658.07)	(667.66)	(658.07)	(658.07)	(665.43)	(690.46)	(690.46)	(695.94)	(695.94)	(695.94)	(695.94)	(705.68)

No. 3: All Scheduled Banks – Business in India

(` Billion)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2010-11	2011-12	2011	2012						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.(P)
	1	2	3	4	5	6	7	8	9	10	11
Number of Reporting Banks	299	232	237	233	234	237	237	237	236	236	236
Liabilities to the Banking System (1)	**66.7**	**1,134.3**	**1,256.1**	**1,084.4**	**1,210.3**	**1,256.1**	**1,320.5**	**1,177.3**	**1,222.8**	**1,138.5**	**1,104.3**
Demand and Time Deposits from Banks (2)	56.0	765.3	874.5	744.9	808.3	874.5	836.8	815.8	834.7	785.1	799.6
Borrowings from Banks (3)	10.0	297.7	320.1	239.6	275.8	320.1	418.3	296.4	319.0	278.5	235.3
Other Demand and Time Liabilities (4)	0.8	71.3	61.5	99.9	126.2	61.5	65.3	65.2	69.1	74.9	69.4
Liabilities to Others (1)	**2,131.3**	**58,363.6**	**66,655.8**	**61,975.3**	**65,179.9**	**66,655.8**	**67,855.9**	**68,578.3**	**69,988.3**	**69,896.9**	**71,617.5**
Aggregate Deposits (5)	**1,996.4**	**53,551.6**	**60,777.9**	**56,674.5**	**59,863.1**	**60,777.9**	**62,252.4**	**62,588.6**	**64,086.4**	**64,258.9**	**65,206.9**
Demand	348.2	6,565.5	6,401.7	5,760.5	6,117.8	6,401.7	6,221.6	6,042.9	6,671.9	6,092.5	6,276.7
Time (5)	1,648.2	46,986.1	54,376.3	50,914.0	53,745.3	54,376.3	56,030.8	56,545.7	57,414.6	58,166.4	58,930.2
Borrowings (6)	6.4	1,332.9	2,083.3	1,640.5	1,828.0	2,083.3	2,087.4	2,223.0	2,048.6	2,002.3	2,366.7
Other Demand and Time Liabilities (4)	128.4	3,479.1	3,794.6	3,660.2	3,488.7	3,794.6	3,516.2	3,766.8	3,853.3	3,635.6	4,043.9
Borrowings from Reserve Bank (7)	**34.8**	**51.1**	**87.9**	**17.4**	**55.2**	**87.9**	**78.5**	**69.8**	**71.5**	**110.5**	**64.9**
Against Usance Bills / Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others (8)	34.8	51.1	87.9	17.4	55.2	87.9	78.5	69.8	71.5	110.5	64.9
Cash in Hand and Balances with Reserve Bank	**259.9**	**3,589.5**	**3,687.0**	**4,080.5**	**3,585.4**	**3,687.0**	**3,723.0**	**3,634.2**	**3,761.4**	**3,713.0**	**3,835.7**
Cash in Hand	18.5	311.1	369.7	364.1	376.5	369.7	400.5	397.5	421.0	390.8	441.3
Balances with Reserve Bank (9)	241.5	3,278.4	3,317.3	3,716.4	3,208.9	3,317.3	3,322.5	3,236.7	3,340.4	3,322.2	3,394.4

See "Notes on Tables"

No. 3: All Scheduled Banks – Business in India *(Concld.)*

(` Billion)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2010-11	2011-12	2011	2012						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.(P)
	1	2	3	4	5	6	7	8	9	10	11
Assets with the Banking System	**68.5**	**1,758.8**	**2,040.1**	**1,694.9**	**2,001.7**	**2,040.1**	**2,226.9**	**2,111.2**	**2,198.3**	**2,082.3**	**1,990.1**
Balances with Other Banks	33.5	628.6	792.1	578.4	709.2	792.1	828.4	833.3	857.3	865.9	888.5
In Current Account	19.3	115.2	117.8	108.1	105.7	117.8	110.6	114.0	127.2	113.1	125.4
In Other Accounts	14.2	513.4	674.3	470.3	603.6	674.3	717.9	719.3	730.1	752.8	763.1
Money at Call and Short Notice	22.0	269.4	356.9	283.0	343.8	356.9	451.5	347.9	317.5	307.9	243.9
Advances to Banks (10)	9.0	129.2	139.6	79.0	72.7	139.6	144.7	130.1	163.1	124.6	94.7
Other Assets	4.0	731.7	751.6	754.6	876.1	751.6	802.2	800.0	860.4	784.0	763.0
Investment	**768.3**	**15,509.1**	**17,912.9**	**17,539.7**	**17,988.6**	**17,912.9**	**18,642.8**	**18,694.1**	**19,196.3**	**19,745.9**	**20,101.1**
Government Securities (11)	510.9	15,452.2	17,882.7	17,487.5	17,957.1	17,882.7	18,610.9	18,664.3	19,168.8	19,716.0	20,069.7
Other Approved Securities	257.5	56.9	30.2	52.2	31.5	30.2	31.9	29.9	27.5	29.9	31.4
Bank Credit	**1,255.8**	**40,608.4**	**47,537.8**	**41,738.0**	**45,486.7**	**47,537.8**	**47,540.8**	**48,064.4**	**49,083.1**	**48,530.3**	**49,142.1**
Loans, Cash-credits and Overdrafts	1,149.8	39,107.7	45,760.4	40,283.8	43,881.9	45,760.4	45,804.2	46,355.3	47,315.1	46,802.4	47,371.4
Inland Bills-Purchased	35.3	139.7	168.3	115.6	161.7	168.3	173.4	171.5	178.1	173.4	197.5
Inland Bills-Discounted	24.1	810.1	989.6	825.6	870.9	989.6	972.4	947.4	984.6	984.2	987.0
Foreign Bills-Purchased	27.9	186.3	212.7	174.5	181.3	212.7	200.1	200.2	211.2	188.7	195.0
Foreign Bills-Discounted	18.6	364.6	406.7	338.6	390.9	406.7	390.7	390.0	394.1	381.6	391.1
Cash-Deposit Ratio	***13.0***	***6.7***	***6.1***	***7.2***	***6.0***	***6.1***	***6.0***	***5.8***	***5.9***	***5.8***	***5.9***
Investment-Deposit Ratio	***38.5***	***29.0***	***29.5***	***30.9***	***30.0***	***29.5***	***29.9***	***29.9***	***30.0***	***30.7***	***30.8***
Credit-Deposit Ratio	***62.9***	***75.8***	***78.2***	***73.6***	***76.0***	***78.2***	***76.4***	***76.8***	***76.6***	***75.5***	***75.4***

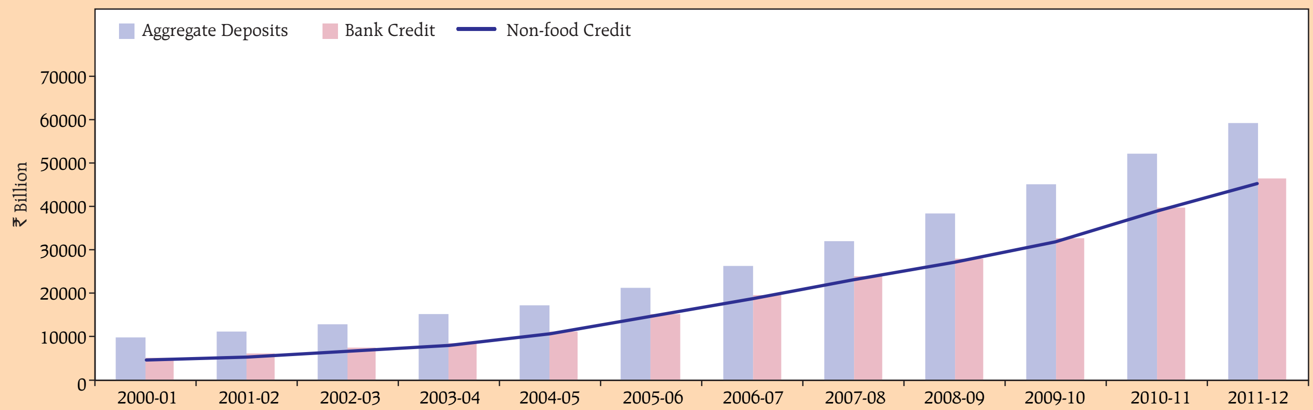
No. 4: All Scheduled Commercial Banks – Business in India

(` Billion)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2010-11	2011-12	2011	2012						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
Number of Reporting Banks	271	163	169	164	167	169	169	169	169	169	169
Liabilities to the Banking System (1)	**64.9**	**1,105.9**	**1,223.2**	**1,053.8**	**1,176.5**	**1,223.2**	**1,283.2**	**1,140.1**	**1,191.6**	**1,106.2**	**1,069.9**
Demand and Time Deposits from Banks (2), (12)	54.4	737.4	842.5	716.6	777.9	842.5	803.0	781.9	806.2	755.7	769.3
Borrowings from Banks (3)	9.7	297.2	319.2	237.3	272.4	319.2	414.9	293.1	316.3	275.9	231.3
Other Demand and Time Liabilities (4)	0.8	71.2	61.4	99.8	126.2	61.4	65.3	65.1	69.1	74.6	69.4
Liabilities to Others (1)	**2,056.0**	**56,811.1**	**64,889.2**	**60,360.0**	**63,442.6**	**64,889.2**	**66,056.0**	**66,773.0**	**68,161.4**	**68,041.8**	**69,742.2**
Aggregate Deposits (5)	**1,925.4**	**52,079.7**	**59,090.8**	**55,134.7**	**58,199.2**	**59,090.8**	**60,531.3**	**60,859.8**	**62,328.0**	**62,471.4**	**63,404.2**
Demand	331.9	6,417.1	6,253.3	5,615.3	5,970.7	6,253.3	6,075.7	5,888.5	6,512.9	5,939.2	6,116.0
Time (5)	1,593.5	45,662.6	52,837.5	49,519.3	52,228.5	52,837.5	54,455.6	54,971.3	55,815.1	56,532.2	57,288.2
Borrowings (6)	4.7	1,313.4	2,064.5	1,623.6	1,812.5	2,064.5	2,069.6	2,204.5	2,034.4	1,987.4	2,348.6
Other Demand and Time Liabilities (4), (13)	125.9	3,418.0	3,733.9	3,601.8	3,431.0	3,733.9	3,455.1	3,708.7	3,799.0	3,583.0	3,989.4
Borrowings from Reserve Bank (7)	**34.7**	**50.3**	**87.5**	**17.0**	**55.2**	**87.5**	**78.1**	**69.5**	**70.7**	**109.2**	**63.6**
Against Usance Bills/ Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others	34.7	50.3	87.5	17.0	55.2	87.5	78.1	69.5	70.7	109.2	63.6

See 'Notes on Tables'.

Select Banking Aggregates



No. 4: All Scheduled Commercial Banks – Business in India *(Concld.)*

(` Billion)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2010-11	2011-12	2011	2012						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
Cash in Hand and Balances with Reserve Bank	**256.7**	**3,495.1**	**3,594.0**	**3,979.4**	**3,484.1**	**3,594.0**	**3,625.2**	**3,537.7**	**3,665.6**	**3,617.2**	**3,732.3**
Cash in Hand	18.0	303.5	361.3	355.2	366.9	361.3	391.2	388.1	411.3	380.5	431.1
Balances with Reserve Bank (9)	238.6	3,191.6	3,232.7	3,624.1	3,117.2	3,232.7	3,233.9	3,149.6	3,254.3	3,236.6	3,301.2
Assets with the Banking System	**55.8**	**1,543.9**	**1,779.1**	**1,464.0**	**1,740.8**	**1,779.1**	**1,948.0**	**1,827.0**	**1,928.0**	**1,815.4**	**1,720.5**
Balances with Other Banks	28.5	561.4	706.5	497.3	633.3	706.5	741.6	742.5	762.2	766.7	789.4
In Current Account	17.9	101.0	103.2	92.9	89.7	103.2	95.8	98.6	111.0	96.7	105.0
In Other Accounts	10.5	460.4	603.3	404.4	543.6	603.3	645.8	643.8	651.2	670.0	684.5
Money at Call and Short Notice	14.5	166.1	232.8	164.5	210.5	232.8	330.4	225.0	210.1	208.1	146.0
Advances to Banks (10)	9.0	125.7	135.8	75.5	68.9	135.8	133.6	121.7	154.3	117.5	87.6
Other Assets	3.9	690.7	703.9	726.7	828.0	703.9	742.5	737.9	801.5	723.1	697.5
Investment	**750.7**	**15,016.2**	**17,377.9**	**17,021.6**	**17,456.9**	**17,377.9**	**18,100.6**	**18,150.0**	**18,640.8**	**19,183.4**	**19,530.0**
Government Securities (11)	500.0	14,971.5	17,350.2	16,981.3	17,427.9	17,350.2	18,071.0	18,122.5	18,615.6	19,155.8	19,500.9
Other Approved Securities	250.7	44.7	27.7	40.2	29.0	27.7	29.5	27.6	25.2	27.6	29.1
Bank credit (14)	**1,163.0 (45.1)**	**39,420.8 (642.8)**	**46,118.5 (813.0)**	**40,476.3 (735.8)**	**44,091.0 (832.1)**	**46,118.5 (813.0)**	**46,111.7 (894.5)**	**46,628.1 (1,080.4)**	**47,630.4 (1,075.2)**	**47,045.0 (977.9)**	**47,626.0 (980.7)**
Loans, Cash-Credits and Overdrafts	1,059.8	37,940.1	44,359.8	39,042.7	42,504.3	44,359.8	44,395.0	44,939.5	45,881.9	45,337.2	45,875.7
Inland Bills – Purchased	33.7	134.4	163.4	110.8	156.9	163.4	168.3	166.5	173.9	168.6	193.1
Inland Bills – Discounted	23.4	798.7	979.8	812.7	861.6	979.8	961.8	936.1	973.6	972.5	974.6
Foreign Bills – Purchased	27.6	185.8	211.7	174.2	180.0	211.7	199.0	199.2	210.5	188.3	194.7
Foreign Bills – Discounted	18.5	361.8	403.8	336.0	388.2	403.8	387.6	386.8	390.3	378.4	387.9
Cash-Deposit Ratio	***13.3***	***6.7***	***6.1***	***7.2***	***6.0***	***6.1***	***6.0***	***5.8***	***5.9***	***5.8***	***5.9***
Investment- Deposit Ratio	***39.0***	***28.8***	***29.4***	***30.9***	***30.0***	***29.4***	***29.9***	***29.8***	***29.9***	***30.7***	***30.8***
Credit-Deposit Ratio	***60.4***	***75.7***	***78.0***	***73.4***	***75.8***	***78.0***	***76.2***	***76.6***	***76.4***	***75.3***	***75.1***

No. 5: Scheduled Commercial Banks' Investments

(` Billion)

Outstanding as on		SLR Securities	Commercial Paper	Shares issued by			Bonds/Debentures issued by			Instruments issued by	
				PSUs	Private Corporate Sector	Others	PSUs	Private Corporate Sector	Others	Mutual funds	Financial institutions
		1	2	3	4	5	6	7	8	9	10
March	21, 2003	5,475.5	40.4	16.4	75.9	0.0	482.6	330.3	0.0	64.6	310.7
March	19, 2004	6,775.9	38.4	15.7	74.0	0.4	497.2	279.7	52.3	119.3	329.9
March	18, 2005	7,391.5	39.4	18.9	102.9	0.4	469.4	319.9	69.8	127.4	315.6
March	31, 2006	7,174.5	48.4	26.3	105.0	0.4	330.2	295.5	151.5	104.1	292.0
March	30, 2007	7,915.2	90.4	21.3	162.3	0.7	292.3	276.4	177.9	117.6	265.7
March	28, 2008	9,717.1	132.7	30.2	233.9	2.9	279.4	287.0	292.3	188.2	259.4
March	27, 2009	11,664.1	200.0	27.7	250.6	4.1	254.6	331.3	310.7	370.3	325.9
March	26, 2010	13,847.5	251.9	46.2	254.8	0.9	227.1	400.7	309.0	528.9	326.0
March	25, 2011	15,016.2	123.1	89.6	323.5	4.5	279.5	660.3	456.1	476.0	313.0
March	23, 2012	17,377.9	196.0	72.0	301.1	5.2	412.1	740.5	349.3	251.4	382.5
August	12, 2011	16,876.5	154.0	82.2	305.1	4.8	241.4	686.3	511.3	757.1	314.7
August	26, 2011	17,021.6	159.4	82.3	306.0	4.8	247.6	708.9	531.7	699.6	308.8
September	9, 2011	17,107.7	172.9	82.7	304.8	4.8	283.1	728.7	502.8	739.6	298.5
September	23, 2011	17,023.7	187.5	82.7	304.3	6.5	277.7	729.3	445.6	662.6	320.8
October	7, 2011	17,362.6	212.1	83.4	305.2	9.1	352.2	733.4	436.5	616.9	331.5
October	21, 2011	17,063.8	228.5	83.0	303.9	5.1	350.1	739.2	419.4	637.9	347.4
November	4, 2011	17,330.2	227.3	82.7	304.2	5.1	353.8	739.0	424.9	661.7	339.6
November	18, 2011	17,121.3	218.2	80.4	301.5	5.1	361.6	746.5	404.7	644.2	326.8
December	2, 2011	17,449.1	250.0	77.7	299.8	5.1	353.0	753.8	425.0	554.9	342.8
December	16, 2011	16,800.3	271.0	76.7	295.4	5.1	331.2	769.1	405.0	494.1	355.9
December	30, 2011	16,948.1	214.9	75.1	294.4	5.1	330.7	780.7	385.2	270.5	364.1
January	13, 2012	16,830.9	268.5	73.8	297.4	5.1	306.2	778.5	345.1	343.3	369.1
January	27, 2012	16,914.4	264.8	72.7	299.4	5.1	323.3	754.3	358.2	379.6	392.2
February	10, 2012	17,322.0	261.7	70.5	299.5	5.1	360.8	713.8	382.4	396.5	413.2
February	24, 2012	17,456.9	248.5	69.0	298.5	8.1	397.5	721.0	385.4	339.9	436.5
March	9, 2012	17,672.0	210.6	71.7	298.9	5.1	423.8	710.7	364.0	363.9	381.7
March	23, 2012	17,377.9	196.0	72.0	301.1	5.2	412.1	740.5	349.3	251.4	382.5
April	6, 2012	18,108.6	159.3	76.2	235.4	5.2	527.5	678.3	388.3	286.5	510.4
April	20, 2012	18,188.3	183.1	74.3	238.6	5.3	407.2	764.0	367.6	368.9	375.7
May	4, 2012	18,431.0	208.3	75.6	303.7	5.7	435.5	800.6	383.6	409.8	374.4
May	18, 2012	18,250.9	235.4	75.9	308.0	5.8	429.8	804.6	403.1	463.7	384.3
June	1, 2012	18,483.9	257.1	76.1	308.9	5.7	414.7	807.6	387.3	469.1	395.7
June	15, 2012	18,465.6	253.8	75.0	313.1	5.7	409.7	801.7	393.4	463.5	402.3
June	29, 2012	18,640.8	177.1	75.2	319.9	5.7	424.8	809.2	399.9	210.6	438.4
July	13, 2012	18,992.2	187.7	74.8	321.8	5.8	400.5	840.5	405.6	470.4	409.5
July	27, 2012	19,183.4	215.2	74.2	323.0	6.7	394.2	831.0	426.2	477.7	391.2
August	10, 2012	18,821.5	263.1	76.1	322.8	6.7	400.6	851.5	453.3	528.0	389.5
August	24, 2012	19,073.6	293.7	76.6	298.5	6.6	394.6	869.8	446.4	510.8	417.4

Data on Investments are based on Statutory Section 42(2) Returns.
Final upto July 27, 2012.

No. 6: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(` Billion)

Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday	1990-91	2010-11	2011-12	2011			2012						
				May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May 4	May 18	May 25
	1	2	3	4	5	6	7	8	9	10	11	12	13
Number of Reporting Banks	28	31	31	31	31	31	31	31	31	31	31	31	31
Demand and Time Liabilities													
Aggregate Deposits (1)	**21.53**	**285.59**	**315.27**	**280.17**	**294.37**	**300.65**	**304.41**	**308.25**	**315.27**	**314.48**	**316.11**	**315.39**	**311.55**
Demand Liabilities	**18.32**	**116.72**	**126.08**	**108.38**	**107.91**	**109.00**	**107.53**	**111.79**	**126.08**	**115.55**	**118.12**	**116.01**	**122.22**
Deposits													
Inter-Bank	7.18	16.56	19.58	12.38	13.27	13.95	12.97	13.79	19.58	14.33	15.91	15.06	21.32
Others	7.94	62.34	66.36	62.02	63.53	62.92	63.85	66.03	66.36	65.65	66.35	66.65	67.03
Borrowings from Banks	1.81	10.88	12.32	12.71	9.07	10.38	7.89	9.25	12.32	11.68	11.91	11.46	11.34
Others	1.39	26.94	27.83	21.27	22.05	21.74	22.82	22.72	27.83	23.90	23.96	22.84	22.53
Time Liabilities	**39.63**	**659.05**	**715.12**	**651.92**	**670.84**	**682.67**	**693.69**	**704.95**	**715.12**	**724.78**	**722.94**	**720.54**	**713.52**
Deposits													
Inter-Bank	25.45	427.24	455.40	426.21	434.02	438.50	446.82	455.84	455.40	464.89	462.08	460.77	459.05
Others	13.59	223.25	248.91	218.15	230.85	237.73	240.56	242.22	248.91	248.83	249.76	248.74	244.53
Borrowings from Banks	-	3.15	3.58	2.04	-	0.10	0.31	0.53	3.58	3.16	3.28	3.38	3.19
Others	0.59	5.41	7.23	5.52	5.97	6.34	6.00	6.36	7.23	7.90	7.82	7.65	6.75
Borrowing from Reserve Bank	**0.15**	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from the State Bank and/or a Notified bank (2) and State Government	**18.61**	**172.93**	**275.88**	**159.01**	**198.87**	**197.37**	**243.15**	**248.58**	**275.88**	**269.27**	**268.23**	**264.53**	**266.70**
Demand	1.16	81.13	106.91	72.34	100.56	95.93	99.34	103.15	106.91	105.07	104.02	102.63	102.47
Time	17.45	91.80	168.97	86.67	98.31	101.44	143.81	145.44	168.97	164.20	164.21	161.91	164.22
Assets													
Cash in Hand and Balances with Reserve Bank	**3.34**	**37.50**	**37.07**	**41.93**	**40.74**	**42.23**	**40.71**	**39.08**	**37.07**	**36.19**	**37.71**	**36.26**	**38.52**
Cash in Hand	0.24	1.72	1.91	1.76	1.87	1.89	1.78	1.89	1.91	1.92	1.97	1.89	1.95
Balance with Reserve Bank	3.10	35.78	35.16	40.17	38.88	40.34	38.93	37.19	35.16	34.27	35.74	34.37	36.57
Balances with Other Banks in Current Account	0.93	6.12	6.50	5.30	5.86	5.63	5.10	5.81	6.50	5.04	5.30	5.71	5.02
Investments in Government Securities (3)	10.58	245.08	251.81	254.80	250.03	249.39	250.21	250.84	251.81	255.03	256.16	255.41	254.69
Money at Call and Short Notice	4.98	131.05	159.14	151.34	147.00	139.93	157.62	156.11	159.14	154.41	155.48	156.89	158.18
Bank Credit (4)	**25.53**	**243.31**	**310.27**	**252.35**	**234.35**	**278.91**	**290.69**	**297.19**	**310.27**	**312.03**	**311.48**	**316.04**	**314.46**
Advances													
Loans, Cash-Credits and Overdrafts	25.28	243.18	310.13	252.18	234.19	278.71	290.52	297.04	310.13	311.88	311.32	315.97	314.38
Due from Banks (5)	55.60	401.79	461.56	398.97	471.85	438.52	441.42	543.07	461.56	459.85	456.47	447.81	447.03
Bills Purchased and Discounted	0.25	0.13	0.14	0.17	0.16	0.19	0.18	0.15	0.14	0.15	0.16	0.08	0.09
Cash – Deposit Ratio	***15.5***	***13.1***	***11.8***	***15.0***	***13.8***	***14.0***	***13.4***	***12.7***	***11.8***	***11.5***	***11.9***	***11.5***	***12.4***
Investment – Deposit Ratio	***49.1***	***85.8***	***79.9***	***90.9***	***84.9***	***82.9***	***82.2***	***81.4***	***79.9***	***81.1***	***81.0***	***81.0***	***81.7***
Credit – Deposit Ratio	***118.6***	***85.2***	***98.4***	***90.1***	***79.6***	***92.8***	***95.5***	***96.4***	***98.4***	***99.2***	***98.5***	***100.2***	***100.9***

See 'Notes on Tables'.

No. 7: Reserve Bank's Standing Facilities to Scheduled Commercial Banks

(` Billion)

As on the Last Reporting Friday of	Export Credit Refinance #						Others @						Total	
	Normal *		Back Stop **		Total ***		Normal *		Back Stop **		Total		Standing Facility	
	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing
	1	2	3	4	5 =(1+3)	6 =(2+4)	7	8	9	10	11 =(7+9)	12 =(8+10)	13 =(5+11)	14 =(6+12)
2006-07	–	–	–	–	81.10	49.85	–	–	–	–	–	–	81.10	49.85
2007-08	–	–	–	–	91.03	28.25	–	–	–	–	–	–	91.03	28.25
2008-09	–	–	–	–	349.52	31.07	–	–	–	–	–	–	349.52	31.07
2009-10	–	–	–	–	90.72	0.42	–	–	–	–	–	–	90.72	0.42
2010-11	–	–	–	–	101.61	50.76	–	–	–	–	–	–	101.61	50.76
Jul. 2010	–	–	–	–	88.76	20.42	–	–	–	–	–	–	88.76	20.42
Aug. 2010	–	–	–	–	86.75	8.95	–	–	–	–	–	–	86.75	8.95
Sep. 2010	–	–	–	–	88.03	23.16	–	–	–	–	–	–	88.03	23.16
Oct. 2010	–	–	–	–	86.37	41.24	–	–	–	–	–	–	86.37	41.24
Nov. 2010	–	–	–	–	90.08	44.82	–	–	–	–	–	–	90.08	44.82
Dec. 2010	–	–	–	–	94.98	50.17	–	–	–	–	–	–	94.98	50.17
Jan. 2011	–	–	–	–	101.27	44.18	–	–	–	–	–	–	101.27	44.18
Feb. 2011	–	–	–	–	100.42	33.96	–	–	–	–	–	–	100.42	33.96
Mar. 2011	–	–	–	–	101.61	50.76	–	–	–	–	–	–	101.61	50.76
Apr. 2011	–	–	–	–	98.46	17.99	–	–	–	–	–	–	98.46	17.99
May 2011	–	–	–	–	100.27	26.35	–	–	–	–	–	–	100.27	26.35
Jun. 2011	–	–	–	–	100.57	20.64	–	–	–	–	–	–	100.57	20.64
Jul. 2011	–	–	–	–	93.31	23.96	–	–	–	–	–	–	93.31	23.96
Aug. 2011	–	–	–	–	91.98	16.08	–	–	–	–	–	–	91.98	16.08
Sep. 2011	–	–	–	–	96.08	27.77	–	–	–	–	–	–	96.08	27.77
Oct. 2011	–	–	–	–	112.17	11.02	–	–	–	–	–	–	112.17	11.02
Nov. 2011	–	–	–	–	116.58	32.57	–	–	–	–	–	–	116.58	32.57
Dec. 2011	–	–	–	–	119.76	59.10	–	–	–	–	–	–	119.76	59.10
Jan. 2012	–	–	–	–	129.14	92.90	–	–	–	–	–	–	129.14	92.90
Feb. 2012	–	–	–	–	129.32	55.20	–	–	–	–	–	–	129.32	55.20
Mar. 2012	–	–	–	–	131.46	87.90	–	–	–	–	–	–	131.46	87.90
Apr. 2012	–	–	–	–	133.50	39.70	–	–	–	–	–	–	133.50	39.70
May 2012	–	–	–	–	128.29	75.00	–	–	–	–	–	–	128.29	75.00
Jun. 2012	–	–	–	–	126.10	71.10	–	–	–	–	–	–	126.10	71.10
Jul. 2012	–	–	–	–	424.60	110.50	–	–	–	–	–	–	424.60	110.50
Aug. 2012	–	–	–	–	381.07	68.00	–	–	–	–	–	–	381.07	68.00

@ Others include Collateralised Lending Facility (CLF) (withdrawn completely effective from October 5, 2002)/Additional CLF (withdrawn effective from June 5, 2000), *etc.*

* Normal Limit =1/2 of total limit effective from November 16, 2002 ; 1/3 rd of total limit effective from December 27, 2003.

** Back-Stop Limit = 1/2 of total limit effective from November 16, 2002 ; 2/3 rd of total limit effective from December 27, 2003.

*** Total limits under Normal facility and Back-stop facility merged into single facility effective from March 29, 2004.

\# Export Credit Refinance (ECR) Limit enhanced from 15% to 50% w.e.f. June 30, 2012.

Also see 'Notes on Tables'

No. 8: Cheque Clearing Data

(Number in Million and Amount in ` Billion)

Month/Year	Total		Total MICR* Centres		Total Non-MICR** Centres		Total of RBI Centres		RBI Centres***					
									Ahmedabad		Bangalore		Bhopal	
	1=(2+3)		2=(4+22)		3		4		5		6		7	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	1,022.80	115,959.60	624.10	91,787.51	398.70	24,172.09	624.10	91,787.51	47.30	2,806.49	54.70	3,758.85	–	–
2004-05	1,166.85	104,588.95	941.46	93,562.52	225.39	11,026.43	738.48	84,933.21	52.55	3,526.97	60.16	4,778.10	5.93	471.88
2005-06	1,286.76	113,291.34	1,031.84	94,743.71	254.92	18,547.63	794.24	81,949.77	60.37	4,065.99	65.61	4,983.44	7.19	321.81
2006-07	1,367.28	120,424.26	1,144.10	104,354.36	223.18	16,069.90	830.99	85,994.94	59.44	4,299.56	70.25	5,586.76	7.17	522.25
2007-08	1,460.56	133,960.66	1,222.96	115,286.90	237.60	18,673.76	877.59	94,517.48	64.73	5,067.59	73.45	6,323.28	7.74	626.52
2008-09	1,397.39	124,691.35	1,163.82	104,082.42	233.57	20,608.93	834.72	82,973.85	57.03	4,771.13	68.76	5,460.18	7.45	708.38
2009-10	1,380.27	104,099.42	1,149.71	85,315.17	230.57	18,784.25	812.69	65,221.35	58.83	4,521.70	66.19	4,579.73	7.11	653.26
2010-11	1,387.40	101,341.28	1,155.06	83,012.18	232.34	18,329.09	814.08	61,957.75	61.94	4,100.98	66.35	4,741.35	7.14	634.61
2011-12	1,341.87	99,012.14	1,114.91	80,196.99	226.95	18,815.15	785.05	59,328.75	58.92	3,989.83	65.13	4,909.40	6.44	591.31
2011-12														
April (P)	109.75	8,666.80	91.53	7,063.63	18.22	1,603.17	64.27	5,364.54	4.90	340.78	5.44	399.84	0.53	52.71
May (P)	112.13	8,445.55	94.48	7,030.99	17.64	1,414.56	66.82	5,279.32	4.78	328.53	5.64	390.62	0.53	48.32
June (P)	105.22	7,654.94	85.98	6,066.19	19.24	1,588.75	60.12	4,466.13	4.80	324.60	5.54	397.92	0.49	48.62
July (P)	116.24	9,029.37	95.83	6,839.83	20.41	2,189.54	66.95	4,848.17	4.93	320.12	5.58	401.86	0.55	48.02
August (P)	111.67	7,438.30	93.24	6,075.61	18.43	1,362.69	65.34	4,534.75	4.74	313.78	5.43	395.71	0.54	47.79
September (P)	111.27	7,649.98	92.75	6,292.21	18.53	1,357.77	65.16	4,775.36	4.85	307.63	5.25	393.85	0.54	46.49
October (P)	113.39	8,530.93	95.55	6,849.49	17.85	1,681.44	66.46	4,824.56	5.30	351.24	5.18	410.90	0.53	46.28
November (P)	109.04	7,885.73	90.46	6,447.07	18.58	1,438.67	62.95	4,536.92	4.47	285.55	5.40	403.47	0.53	46.28
December (P)	107.09	8,187.95	88.15	6,660.60	18.93	1,527.35	64.21	5,106.47	4.95	335.94	5.49	433.19	0.55	59.82
January (P)	111.10	7,906.40	92.88	6,403.89	18.21	1,502.51	65.68	4,974.92	4.66	320.13	5.20	390.20	0.54	48.61
February (P)	105.44	7,602.98	87.64	6,311.14	17.81	1,291.85	62.47	4,639.93	4.59	326.94	5.04	397.73	0.53	38.91
March (P)	129.53	10,013.21	106.42	8,156.35	23.11	1,856.86	74.63	5,977.65	5.94	434.59	5.95	494.11	0.59	59.44
Total (2011-12)	**1,341.87**	**99,012.14**	**1,114.91**	**80,196.99**	**226.95**	**18,815.15**	**785.05**	**59,328.75**	**58.92**	**3,989.83**	**65.13**	**4,909.40**	**6.44**	**591.31**
2012-13														
April (P)	105.00	8,392.10	88.15	6,805.83	16.85	1,586.27	61.61	4,928.62	4.53	324.52	5.11	401.86	0.49	42.83
May (P)	112.36	8,200.62	96.23	6,832.18	16.13	1,368.45	65.37	4,981.88	4.81	339.75	5.57	408.50	0.55	44.57
June (P)	106.27	9,905.95	88.04	6,556.43	18.23	3,349.52	62.02	4,772.82	4.65	323.91	4.86	373.24	0.48	44.74
July (P)	112.38	8,221.99	94.16	6,735.89	18.22	1,486.11	66.62	4,957.43	5.07	342.37	4.36	351.13	0.59	46.32
August (P)	107.28	7,813.92	89.85	6,416.16	17.43	1,397.76	64.17	4,794.44	4.83	320.53	4.06	316.01	0.52	48.84
Total (upto August 2012)	**543.29**	**42,534.58**	**456.43**	**33,346.48**	**86.86**	**9,188.10**	**319.78**	**24,435.18**	**23.89**	**1,651.09**	**23.96**	**1,850.74**	**2.62**	**227.31**

* MICR – Magnetic Ink Character Recognition – automated CPC (Cheque Processing Centers).

** Non MICR Clearing done at the clearing houses where MICR Cheque Processing Centres have not been set up. The processing is done either using Magnetic Media Based Clearing System (MMBCS), Express Cheque Clearing System (ECCS) or is done manually.

*** RBI Centres (MICR) refers to all centres where RBI is the manager of Clearing House.

1. Non MICR Data pertains to the Clearing Houses managed by 21 banks namely SBI (765), SBBJ (71), SBH (55), SBM (47), SBP (63), SBT (69), Allahabad Bank (2), Andhra Bank (2), Axis Bank (4), BoB (6), BoI (5), CBI (1), HDFC Bank (42), ICICI Bank (1), IOB (3), J & K Bank (5), PNB (23), Syndicate Bank (1), UCO Bank (2), Union Bank (10) and United Bank (11). Figures in bracket indicate Non MICR Cheque Clearing Houses managed by the bank.
2. The other MICR Centres includes 43 centres managed by 13 PSBs namely Andhra Bank, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, State Bank of Travancore, State Bank of Hyderabad and Union Bank of India. The list of other MICR centres (apart from RBI) is given in the Notes on Table 8.

No. 8: Cheque Clearing Data *(Contd.)*

(Number in Million and Amount in ` Billion)

Month/Year	RBI Centres***													
	Bhubaneswar		Chandigarh		Chennai		Guwahati		Hyderabad		Jaipur		Jammu $$	
	8		9		10		11		12		13		14	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	3.70	371.36	–	–	60.20	6,121.58	3.70	278.40	36.90	2,755.03	14.80	701.22	–	–
2004-05	4.18	472.53	11.28	1,110.92	73.51	7,598.83	4.24	327.14	39.02	3,016.79	16.80	890.87	–	–
2005-06	4.86	536.50	12.38	1,270.38	81.32	6,552.78	4.82	396.60	41.68	3,633.17	18.74	1,134.53	–	–
2006-07	5.62	648.34	14.07	1,982.05	80.35	6,922.02	5.51	491.01	43.89	3,959.11	19.78	1,377.85	–	–
2007-08	6.00	809.94	14.14	1,612.18	85.41	7,788.54	5.95	551.69	45.46	4,524.99	21.93	1,620.22	–	–
2008-09	5.79	880.62	13.18	1,454.51	83.20	8,019.64	5.97	620.86	44.78	4,347.37	19.76	1,508.90	–	–
2009-10	5.86	627.22	13.37	1,409.66	79.02	6,311.01	6.36	587.73	41.49	3,513.92	19.99	1,311.93	1.19	79.68
2010-11	5.81	636.25	13.42	1,545.50	79.04	5,498.87	6.13	557.25	40.81	3,328.63	21.00	1,385.19	2.94	192.00
2011-12	6.04	595.79	13.47	1,427.34	68.00	5,032.37	5.96	555.44	39.11	3,439.23	19.95	1,396.08	2.91	193.64
2011-12														
April (P)	0.46	44.12	1.13	146.04	6.07	485.79	0.45	45.24	3.29	318.37	1.68	126.20	0.24	18.00
May (P)	0.47	46.69	1.16	129.76	6.38	452.95	0.49	41.33	3.18	285.18	1.62	107.78	0.24	14.95
June (P)	0.47	54.97	1.17	114.28	3.27	224.49	0.49	42.90	3.34	286.90	1.61	122.72	0.23	14.45
July (P)	0.63	51.01	1.14	118.11	6.57	472.95	0.50	45.57	3.37	299.29	1.69	114.45	0.23	18.58
August (P)	0.53	44.43	1.06	96.32	6.64	464.69	0.48	40.64	3.31	289.83	1.60	106.79	0.23	13.51
September (P)	0.47	54.97	1.18	142.38	6.25	446.88	0.51	46.26	3.14	269.62	1.64	112.92	0.29	14.85
October (P)	0.47	44.34	1.11	107.25	6.02	446.83	0.46	42.89	3.05	256.44	1.65	110.77	0.24	16.29
November (P)	0.49	40.81	1.08	116.02	4.45	345.30	0.51	46.74	3.47	277.61	1.65	112.68	0.24	14.81
December (P)	0.52	57.54	1.05	119.55	3.29	270.80	0.53	48.45	3.42	289.27	1.72	120.08	0.24	20.35
January (P)	0.48	47.59	1.05	120.66	5.98	454.14	0.46	45.64	3.06	268.57	1.58	108.63	0.23	16.07
February (P)	0.45	40.89	1.00	101.58	6.01	415.22	0.47	43.57	3.00	261.16	1.58	109.10	0.23	14.03
March (P)	0.61	68.43	1.34	115.38	7.06	552.34	0.62	66.21	3.50	337.00	1.93	143.96	0.27	17.74
Total (2011-12)	**6.04**	**595.79**	**13.47**	**1,427.34**	**68.00**	**5,032.37**	**5.96**	**555.44**	**39.11**	**3,439.23**	**19.95**	**1,396.08**	**2.91**	**193.64**
2012-13														
April (P)	0.43	43.12	0.98	91.85	5.98	468.01	0.44	49.21	2.93	275.13	1.55	110.06	0.23	16.55
May (P)	0.48	38.84	1.09	148.41	6.62	490.31	0.47	44.08	3.07	271.86	1.66	114.83	0.25	15.66
June (P)	0.45	48.51	1.02	107.44	6.86	515.88	0.50	45.64	3.02	263.31	1.55	107.83	0.22	14.09
July (P)	0.50	39.33	1.06	105.11	8.15	607.49	0.48	41.43	3.10	275.16	1.68	115.23	0.22	16.48
August (P)	0.78	53.17	1.00	87.24	8.46	603.37	0.45	38.29	2.96	257.06	1.52	101.31	0.22	13.22
Total (upto August 2012)	**2.64**	**222.97**	**5.16**	**540.04**	**36.06**	**2,685.05**	**2.34**	**218.65**	**15.08**	**1,342.52**	**7.96**	**549.25**	**1.14**	**75.99**

$$ Settlement of MICR Clearing is being done in the book of Reserve Bank of India effective November 2009.

No. 8: Cheque Clearing Data

(Number in Million and Amount in ` Billion)

Month/Year	RBI Centres***													
	Kanpur		Kolkata		Mumbai		Nagpur		New Delhi $		Patna		Thiruvananthapuram	
	15		16		17		18		19		20		21	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	7.80	413.97	47.00	4,653.08	216.20	55,112.93	12.00	563.30	110.70	13,546.77	5.00	267.39	4.10	437.14
2004-05	8.71	472.26	59.99	5,606.60	230.41	37,536.70	12.44	634.95	147.93	17,736.10	6.50	308.62	4.82	443.96
2005-06	9.27	553.29	64.24	6,586.40	239.19	33,428.29	13.48	757.72	159.72	16,975.83	5.92	368.20	5.46	384.84
2006-07	9.69	643.96	68.42	6,823.58	251.83	33,190.90	14.56	925.47	169.09	17,735.48	5.68	479.69	5.62	406.93
2007-08	10.00	698.85	73.05	7,783.04	265.16	36,854.07	15.13	1,063.52	177.57	18,009.76	6.26	610.07	5.60	573.23
2008-09	9.28	726.92	69.23	7,530.68	251.27	27,997.65	14.62	1,062.46	172.69	16,647.09	6.20	679.77	5.50	557.70
2009-10	8.96	680.11	67.89	6,582.29	248.22	19,393.27	14.12	902.52	162.46	12,990.00	6.32	644.24	5.30	433.09
2010-11	8.46	564.49	67.48	5,393.11	247.20	17,069.12	14.39	883.30	160.44	14,391.16	6.15	665.82	5.38	370.12
2011-12	8.07	569.60	62.79	4,666.86	243.09	16,283.13	14.02	852.72	159.52	13,839.75	6.54	627.65	5.07	358.62
2011-12														
April (P)	0.66	48.36	4.99	433.16	19.51	1,498.65	1.13	80.19	12.93	1,232.09	0.48	63.58	0.37	31.42
May (P)	0.65	47.77	5.45	435.61	19.53	1,339.17	1.14	74.49	14.63	1,465.19	0.48	41.56	0.44	29.42
June (P)	0.63	45.68	3.81	297.08	19.50	1,281.99	1.14	73.37	12.70	1,064.88	0.51	43.26	0.43	28.02
July (P)	0.66	44.18	5.40	302.03	19.98	1,277.06	1.19	70.15	13.52	1,186.86	0.59	48.25	0.43	29.68
August (P)	0.65	43.17	5.34	276.02	20.03	1,254.97	1.13	63.75	12.60	1,015.46	0.63	41.99	0.41	25.93
September (P)	0.69	45.28	5.66	428.74	19.60	1,260.40	1.16	62.62	12.89	1,052.80	0.67	64.74	0.37	24.93
October (P)	0.69	47.82	4.69	340.40	21.73	1,370.27	1.18	68.40	13.17	1,089.88	0.54	44.45	0.44	30.12
November (P)	0.69	46.04	5.15	376.61	19.84	1,236.71	1.16	66.07	12.89	1,050.79	0.49	45.14	0.43	26.29
December (P)	0.68	48.51	5.66	450.66	20.52	1,491.62	1.22	71.66	13.42	1,201.43	0.51	58.56	0.44	29.06
January (P)	0.65	46.44	4.95	384.45	21.60	1,483.75	1.14	70.76	13.19	1,089.79	0.52	49.14	0.40	30.35
February (P)	0.61	44.77	5.24	407.98	18.89	1,233.17	1.06	65.45	12.86	1,060.20	0.52	48.11	0.41	31.11
March (P)	0.82	61.57	6.44	534.12	22.37	1,555.37	1.38	85.84	14.72	1,330.39	0.60	78.88	0.49	42.29
Total (2011-12)	**8.07**	**569.60**	**62.79**	**4,666.86**	**243.09**	**16,283.13**	**14.02**	**852.72**	**159.52**	**13,839.75**	**6.54**	**627.65**	**5.07**	**358.62**
2012-13														
April (P)	0.62	47.65	5.01	412.85	18.93	1385.18	1.08	74.55	12.45	1107.59	0.46	49.69	0.38	27.98
May (P)	0.67	50.69	5.38	404.31	19.48	1322.68	1.20	76.10	13.15	1135.90	0.48	46.49	0.43	28.92
June (P)	0.59	45.14	5.02	406.26	18.89	1262.40	1.10	70.76	11.94	1054.99	0.46	61.17	0.41	27.51
July (P)	0.67	45.33	5.34	406.13	20.12	1322.75	1.15	75.12	13.26	1097.59	0.48	43.99	0.39	26.46
August (P)	0.66	43.14	5.18	389.71	19.45	1332.17	1.07	65.24	12.24	1043.37	0.45	59.59	0.34	22.17
Total (upto August 2012)	**3.22**	**231.95**	**25.94**	**2,019.26**	**96.88**	**6,625.18**	**5.60**	**361.76**	**63.04**	**5,439.43**	**2.32**	**260.93**	**1.95**	**133.05**

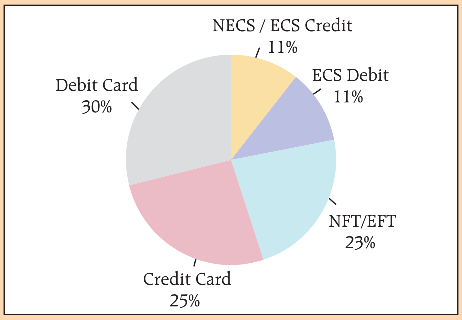
$ Cheque Truncation System (CTS) implemented in New Delhi and Chennai w.e.f February, 2008 and September, 2011 respectively. The total Cheque clearing volume in these two centers has been migrated to CTS from July, 2009 and March, 2012 respectively.

No. 8: Cheque Clearing Data *(Concld.)*

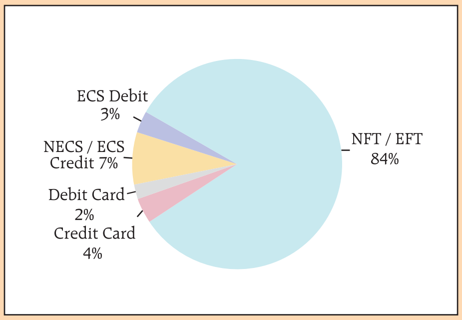
(Number in Million and Amount in ` Billion)

Month/Year	Other MICR Centres	
	22	
	Number	Amount
2003-04	–	–
2004-05	202.98	8,629.31
2005-06	237.59	12,793.94
2006-07	313.11	18,359.42
2007-08	345.37	20,769.42
2008-09	329.10	21,108.57
2009-10	337.02	20,093.82
2010-11	340.98	21,054.44
2011-12	329.87	20,868.24
2011-12		
April (P)	27.26	1,699.09
May (P)	27.67	1,751.67
June (P)	25.86	1,600.05
July (P)	28.88	1,991.66
August (P)	27.91	1,540.86
September (P)	27.59	1,516.85
October (P)	29.09	2,024.93
November (P)	27.52	1,910.15
December (P)	23.94	1,554.12
January (P)	27.20	1,428.96
February (P)	25.17	1,671.20
March (P)	31.80	2,178.70
Total (2011-12)	**329.87**	**20,868.24**
2012-13		
April (P)	26.54	1,877.21
May (P)	30.86	1,850.30
June (P)	26.02	1,783.61
July (P)	27.54	1,778.46
August (P)	25.68	1,621.72
Total (upto August 2012)	**136.65**	**8,911.30**

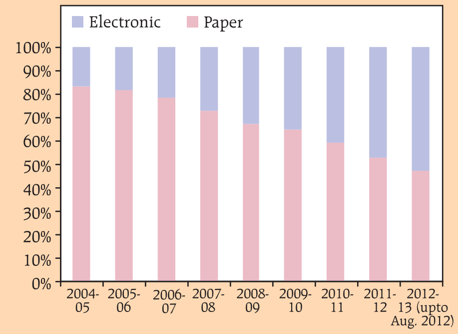
Retail Electronic Transactions - Volume in August 2012



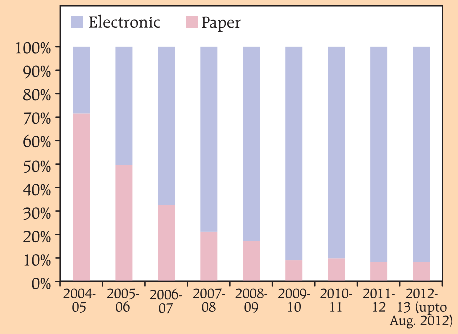
Retail Electronic Transactions - Value in August 2012



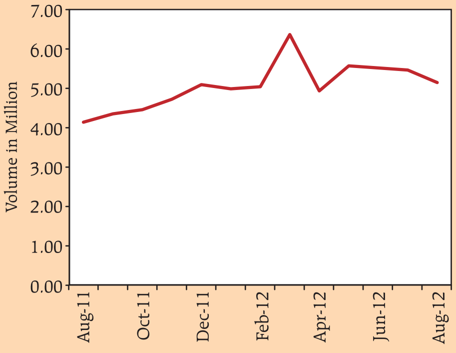
Representation of Electronic Transactions Volume in Total



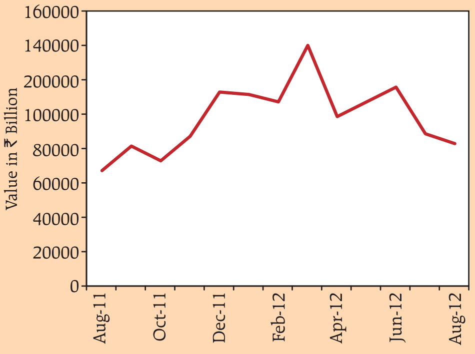
Representation of Electronic Transaction Value in Total



Growth in RTGS Volume



Growth in RTGS Value



No. 9A: Retail Electronic Payment Systems

(Number in Million and Amount in ` Billion)

Year/Period	Total Electronic Payments		Electronic Clearing Services (ECS)				National Electronic Funds Transfer NEFT/EFT		Card Payments#					
			NECS/ECS (Credit)		ECS (Debit)				Credit			Debit*		
	1=(2+3+4+5+6)		2		3		4		5			6		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number of Outstanding Cards**	Number	Amount	Number of Outstanding Cards**	Number	Amount
2003-04	166.94	521.43	20.32	102.28	7.87	22.54	0.82	171.25	–	100.18	176.63	–	37.76	48.74
2004-05	228.90	1,087.50	40.05	201.80	15.30	29.21	2.55	546.01	–	129.47	256.86	–	41.53	53.61
2005-06	285.01	1,463.83	44.22	323.24	35.96	129.86	3.07	612.88	17.33	156.09	338.86	49.76	45.69	58.97
2006-07	378.71	2,356.93	69.02	832.73	75.20	254.41	4.78	774.46	23.12	169.54	413.61	74.98	60.18	81.72
2007-08	535.31	10,419.92	78.37	7,822.22	127.12	489.37	13.32	1,403.26	27.55	228.20	579.85	102.44	88.31	125.21
2008-09	667.82	5,003.22	88.39	974.87	160.05	669.76	32.16	2,519.56	24.70	259.56	653.56	137.43	127.65	185.47
2009-10	718.16	6,848.86	98.13	1,176.13	149.28	695.24	66.34	4,095.07	18.33	234.24	618.24	181.97	170.17	264.18
2010-11	908.59	13,086.87	117.30	1,816.86	156.74	736.46	132.34	9,391.49	18.04	265.14	755.16	227.84	237.06	386.91
2011-12	1,159.84	22,075.33	121.50	1,837.84	164.74	833.55	226.11	17,903.50	17.65	319.96	966.13	278.28	327.54	534.32
2011-12														
April (P)	81.52	1,631.72	7.73	158.27	13.24	62.90	14.86	1,302.94	17.78	23.23	70.55	230.26	22.46	37.06
May (P)	85.73	1,467.85	6.69	136.55	13.54	65.15	15.77	1,145.32	17.66	25.34	78.81	234.98	24.39	42.01
June (P)	87.78	1,662.69	10.41	166.15	13.36	66.84	15.94	1,319.95	17.66	24.18	71.91	239.52	23.89	37.84
July (P)	93.01	1,626.58	11.53	160.70	12.64	65.30	16.63	1,283.54	17.65	25.61	74.72	243.34	26.60	42.33
August (P)	101.87	1,641.27	15.40	221.53	13.70	67.67	17.33	1,225.68	17.58	27.69	80.79	251.48	27.75	45.61
September (P)	95.22	1,679.71	12.71	130.10	13.31	66.15	17.56	1,365.51	17.63	25.59	76.94	251.97	26.05	41.01
October (P)	109.68	1,807.89	17.20	171.21	14.09	70.46	19.25	1,420.33	17.62	28.64	89.98	255.56	30.50	55.91
November (P)	93.48	1,657.65	7.55	102.43	13.67	70.58	18.78	1,362.15	17.64	26.41	79.20	259.83	27.06	43.29
December (P)	99.52	1,963.92	7.08	154.01	14.27	73.42	20.61	1,603.45	17.67	28.15	84.22	263.80	29.41	48.82
January (P)	101.55	2,104.04	6.25	187.15	14.18	72.49	20.63	1,705.70	17.74	29.81	88.68	268.00	30.67	50.02
February (P)	100.44	2,081.13	10.22	114.83	13.95	75.41	21.63	1,765.03	17.57	26.57	81.97	273.65	28.07	43.89
March (P)	110.05	2,750.89	8.73	134.91	14.79	77.18	27.11	2,403.89	17.65	28.74	88.37	278.28	30.67	46.53
Total (2011-12)	**1,159.84**	**22,075.33**	**121.50**	**1,837.84**	**164.74**	**833.55**	**226.11**	**17,903.50**	**17.65**	**319.96**	**966.13**	**278.28**	**327.54**	**534.32**
2012-13														
April (P)	106.28	2,341.04	7.64	151.13	14.38	81.72	23.73	1,956.30	17.77	29.48	101.19	281.90	31.04	50.72
May (P)	110.13	2,333.90	6.07	114.49	14.56	80.46	27.23	1,994.77	17.90	30.17	93.07	286.32	32.10	51.11
June (P)	114.05	2,452.16	9.87	157.28	14.41	81.76	27.20	2,072.12	18.01	29.51	90.27	290.68	33.06	50.73
July (P)	127.76	2,556.42	13.34	207.28	14.70	83.50	29.25	2,109.00	18.15	33.37	98.74	294.08	37.10	57.91
August (P)	128.44	2,531.54	13.64	179.67	14.70	83.29	29.37	2,113.83	18.24	32.52	95.84	298.57	38.21	58.89
Total (upto August 2012)	**586.66**	**12,215.06**	**50.56**	**809.85**	**72.74**	**410.72**	**136.79**	**10,246.02**	**18.24**	**155.06**	**479.11**	**298.57**	**171.51**	**269.36**

Card Payments figures pertain only to Point of Sale (POS) transactions.
* Debit Cards figures for 2003-04 and 2004-05 are estimated based on 2005-06 figures.
** Cards issued by banks (excluding those withdrawn/blocked).

No. 9B: Large Value Clearing and Settlement Systems

(Number in Million and Amount in ` Billion)

Year / Period	Real Time Gross Settlement System									
	Total		Customer remittance		Inter-Bank remittance		Inter-bank clearing settlement**		Total Inter-bank	
	1=(2+3+4)		2		3		4		5=(3+4)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	–	19.65	–	–	–	19.65	–	–	–	19.65
2004-05	0.46	40,661.84	0.07	2,496.62	0.39	38,165.22	–	–	0.39	38,165.22
2005-06	1.77	1,15,408.36	0.71	25,702.12	1.05	89,706.24	–	–	1.05	89,706.24
2006-07	3.88	2,46,191.80	2.48	71,678.08	1.39	1,13,133.47	0.00	61,380.25	1.40	1,74,513.72
2007-08	5.85	4,82,945.59	4.15	1,61,001.73	1.69	1,12,181.57	0.01	2,09,762.29	1.71	3,21,943.86
2008-09	13.38	6,11,399.12	11.23	2,00,041.08	2.13	1,22,757.73	0.02	2,88,600.31	2.15	4,11,358.05
2009-10	33.25	10,11,699.31	30.44	2,95,167.77	2.80	99,365.82	0.01	6,17,165.72	2.81	7,16,531.54
2010-11	49.27	9,41,039.34	45.73	3,61,862.93	3.53	1,23,009.41	0.01	4,56,167.00	3.54	5,79,176.41
2011-12	55.04	10,79,790.59	51.02	3,95,244.50	4.01	1,44,062.97	0.01	5,40,483.13	4.02	6,84,546.10
2011-12										
April	3.30	59,382.87	3.04	28,746.34	0.25	9,438.38	0.001	21,198.16	0.25	30,636.54
May	4.28	76,972.65	3.94	30,709.45	0.33	11,191.40	0.001	35,071.80	0.33	46,263.21
June	4.25	92,653.63	3.92	34,547.81	0.33	13,142.24	0.001	44,963.58	0.33	58,105.82
July	4.13	69,653.42	3.81	29,267.83	0.32	11,296.06	0.001	29,089.52	0.32	40,385.58
August	4.13	67,016.01	3.82	28,687.28	0.31	9,759.18	0.001	28,569.56	0.31	38,328.73
September	4.34	81,722.96	4.02	34,319.00	0.32	12,520.00	0.001	34,883.96	0.32	47,403.96
October	4.46	72,766.33	4.14	28,487.39	0.32	10,397.50	0.001	33,881.45	0.32	44,278.94
November	4.70	86,881.37	4.37	29,205.79	0.33	9,504.18	0.001	48,171.41	0.33	57,675.58
December	5.10	1,13,223.14	4.73	37,737.43	0.37	14,182.90	0.001	61,302.81	0.37	75,485.71
January	5.00	1,11,581.73	4.64	31,856.59	0.35	14,026.32	0.001	65,698.83	0.35	79,725.14
February	5.02	1,07,402.24	4.68	32,009.65	0.34	11,100.70	0.001	64,291.90	0.34	75,392.59
March	6.34	1,40,534.23	5.91	49,669.94	0.43	17,504.13	0.001	73,360.17	0.43	90,864.29
Total(2011-12)	**55.04**	**10,79,790.59**	**51.02**	**3,95,244.50**	**4.01**	**1,44,062.97**	**0.010**	**5,40,483.13**	**4.02**	**6,84,546.10**
2012-13										
April	4.93	98,722.60	4.58	33,897.60	0.34	16,047.76	0.0007	48,777.24	0.34	64,825.00
May	5.56	1,06,543.40	5.17	35,219.00	0.39	15,188.71	0.0008	56,135.69	0.39	71,324.40
June	5.50	1,16,373.57	5.12	49,922.98	0.38	14,660.58	0.0008	51,790.00	0.38	66,450.58
July	5.48	88,298.04	5.11	41,903.25	0.37	12,832.02	0.0008	33,562.77	0.37	46,394.79
August	5.13	83,360.91	4.79	40,468.32	0.34	11,898.22	0.0007	30,994.37	0.34	42,892.59
Total (upto August 2012)	**26.60**	**4,93,298.52**	**24.77**	**2,01,411.16**	**1.82**	**70,627.29**	**0.0039**	**2,21,260.07**	**1.83**	**2,91,887.36**

* Inter-bank Clearing Settlement pertains to the MNSB batches. MNSB settlement in RTGS started from August 12, 2006.
** The MNSB Settlement relates to the settlement of NECS, ECS, EFT, NEFT, REPO, Outright, FOREX, CBLO and Cheque Clearing at Mumbai.

No.9B: Large Value Clearing and Settlement Systems

(Number in Million and Amount in ` Billion)

Year / Period	CCIL Operated Systems							
	Government Securities Settlement				Forex Settlement		CBLO Settlement	
	Outright		Repo					
	6		7		8		9	
	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount
2003-04	0.24	15,751.33	0.02	9,431.89	0.33	23,185.31	–	768.51
2004-05	0.16	11,342.22	0.02	15,579.07	0.47	40,424.35	0.03	9,767.57
2005-06	0.13	8,647.51	0.03	16,945.09	0.49	52,396.74	0.07	29,531.34
2006-07	0.14	10,215.36	0.03	25,565.02	0.61	80,230.78	0.09	47,322.71
2007-08	0.19	16,538.51	0.03	39,487.51	0.76	1,27,268.32	0.11	81,108.29
2008-09	0.25	21,602.33	0.02	40,942.86	0.84	1,69,374.89	0.12	88,247.84
2009-10	0.32	29,138.90	0.03	60,728.28	0.88	1,42,114.86	0.14	155,413.78
2010-11	0.33	28,709.53	0.03	40,992.83	1.15	1,91,601.53	0.15	122,597.44
2011-12	0.41	34,882.04	0.03	37,638.75	1.28	2,21,996.11	0.14	1,11,554.28
2011-12								
April	0.01	1,312.16	0.002	2,889.57	0.08	15,133.92	0.01	11,232.03
May	0.02	1,683.86	0.003	3,974.30	0.10	17,223.99	0.01	10,231.17
June	0.04	3,012.42	0.003	4,328.93	0.10	19,032.20	0.01	10,741.34
July	0.03	2,717.02	0.002	2,937.02	0.10	15,363.66	0.01	10,661.56
August	0.04	3,374.03	0.003	3,549.85	0.11	18,780.00	0.01	9,391.34
September	0.03	2,705.00	0.002	3,334.86	0.13	19,195.91	0.01	10,828.50
October	0.02	2,040.16	0.002	3,035.43	0.11	17,336.65	0.01	9,579.34
November	0.03	2,376.19	0.002	3,181.73	0.12	19,209.07	0.01	7,897.36
December	0.06	4,655.86	0.002	2,586.26	0.12	20,045.33	0.01	6,888.28
January	0.06	5,291.94	0.002	2,228.05	0.11	20,222.95	0.01	6,989.79
February	0.04	3,419.94	0.003	2,798.98	0.10	19,221.01	0.01	7,618.01
March	0.03	2,293.46	0.003	2,793.77	0.11	21,231.42	0.01	9,495.56
Total (2011-12)	**0.41**	**34,882.04**	**0.030**	**37,638.75**	**1.28**	**2,21,996.11**	**0.14**	**1,11,554.28**
2012-13								
April	0.04	3,290.59	0.003	3,006.42	0.10	21,663.67	0.01	7,912.57
May	0.04	3,727.13	0.003	3,932.82	0.13	24,486.76	0.01	8,815.49
June	0.06	5,902.85	0.004	4,691.50	0.11	22,391.45	0.01	9,974.39
July	0.05	5,104.03	0.004	4,332.74	0.12	22,243.75	0.01	9,928.93
August	0.05	4,489.44	0.004	4,399.85	0.10	21,021.83	0.01	11,026.40
Total (upto August 2012)	**0.24**	**22,514.04**	**0.017**	**20,363.33**	**0.56**	**1,11,807.46**	**0.07**	**47,657.78**

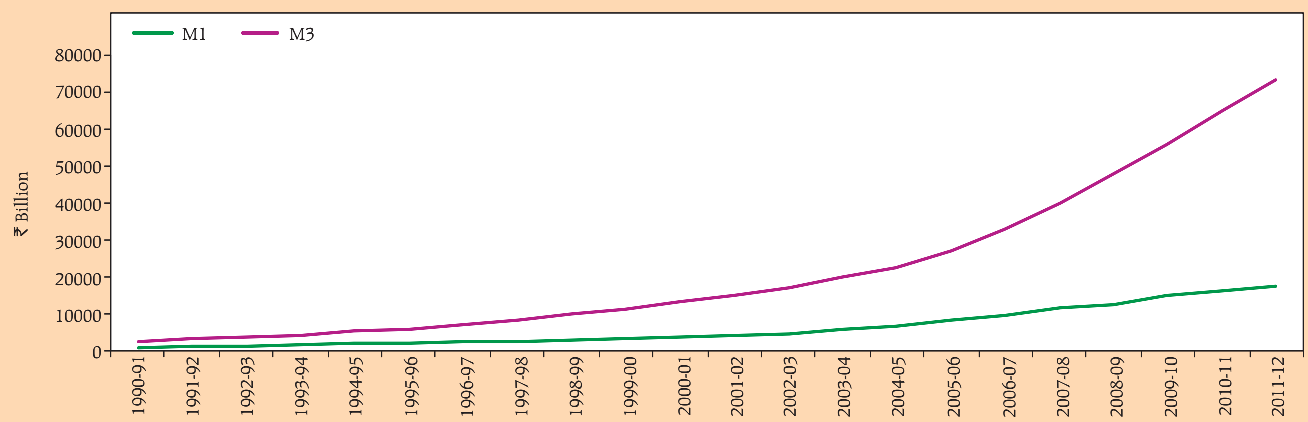
No. 10: Money Stock Measures

(` Billion)

March 31/ reporting Fridays of the month/last reporting Friday of the month	Currency with the Public					Deposit Money of the Public			M_1 (5+8)	Post Office Saving Bank Deposits	M_2 (9+10)	Time Deposits with Banks	M_3 (9+12)	Total Post Office Deposits	M_4 (13+14)
	Notes in Circulation(1)	Circulation of Rupee Coins (2)	Circulation of Small Coins (2)	Cash on Hand with Banks	Total (1+2+3-4)	Demand Deposits with Banks	'Other' Deposits with Reserve Bank (3)	Total (6+7)							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009-10	7,882.8	97.0	15.7	320.6	7,674.9	7,179.7	38.1	7,217.8	**14,892.7**	50.4	**14,943.1**	41,134.3	**56,027.0**	259.7	**56,286.7**
2010-11	9,369.4	111.6	15.7	378.2	9,118.4	7,228.6	36.5	7,265.1	**16,383.5**	50.4	**16,433.9**	48,657.7	**65,041.2**	259.7	**65,300.9**
2011-12	10,537.9	127.1	15.7	415.6	10,265.0	7,049.1	28.2	7,077.3	**17,342.3**	50.4	**17,392.7**	56,249.7	**73,592.0**	259.7	**73,851.7**
August 12, 2011	9,770.4	116.3	15.7	389.9	9,512.4	6,246.0	10.9	6,256.9	**15,769.3**	50.4	**15,819.7**	52,603.2	**68,372.5**	259.7	**68,632.2**
August 26, 2011	9,705.8	117.4	15.7	406.5	9,432.4	6,391.5	27.7	6,419.1	**15,851.6**	50.4	**15,902.0**	52,678.1	**68,529.6**	259.7	**68,789.3**
April 2012	10,946.6	128.3	15.7	428.6	10,662.0	6,787.1	15.6	6,802.6	**17,464.6**	50.4	**17,515.0**	57,789.3	**75,253.9**	259.7	**75,513.6**
May 2012	11,133.4	129.7	15.7	440.7	10,838.1	6,591.8	14.2	6,606.1	**17,444.1**	50.4	**17,494.6**	58,209.7	**75,653.8**	259.7	**75,913.5**
June 2012	11,037.5	129.7	15.7	462.7	10,720.2	7,284.8	19.3	7,304.1	**18,024.3**	50.4	**18,074.7**	59,231.3	**77,255.6**	259.7	**77,515.3**
July 2012	10,882.1	129.7	15.7	433.3	10,594.2	6,713.1	39.8	6,752.9	**17,347.1**	50.4	**17,397.5**	59,991.1	**77,338.2**	259.7	**77,597.9**
August 10, 2012	11,005.5	129.7	15.7	437.3	10,713.6	6,618.5	39.6	6,658.1	**17,371.7**	50.4	**17,422.1**	60,474.2	**77,845.9**	259.7	**78,105.6**
August 24, 2012	11,044.4	129.7	15.7	519.5	10,670.3	6,839.0	31.7	6,870.8	**17,541.1**	50.4	**17,591.5**	60,359.4	**77,900.4**	259.7	**78,160.1**

Note: Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on last reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.
Also see Notes on Tables.

Money Stock Measures



No. 11: Sources of Money Stock (M_3)

(` Billion)

Sources	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	2009-10	2010-11	2011-12	August 12, 2011	August 26, 2011	April 2012
	1	2	3	4	5	6
1. Net Bank Credit to Government (A+B)	**16,691.9**	**19,839.0**	**23,695.5**	**21,472.5**	**21,622.3**	**24,631.9**
A. RBI's net credit to Government (i-ii)	2,115.9	3,965.5	5,357.4	3,700.9	3,681.3	5,493.9
(i) Claims on Government (a+b)	2,227.2	3,970.5	5,542.0	3,702.3	3,682.8	5,495.4
(a) Central Government	2,226.7	3,941.4	5,528.3	3,700.0	3,678.4	5,479.6
(b) State Governments	0.5	29.2	13.7	2.2	4.3	15.8
(ii) Government deposits with RBI (a+b)	111.3	5.0	184.6	1.4	1.4	1.4
(a) Central Government	110.9	1.0	184.2	1.0	1.0	1.0
(b) State Governments	0.4	4.0	0.4	0.4	0.4	0.4
B. Other Banks' Credit to Government	14,576.0	15,873.4	18,338.1	17,771.7	17,941.0	19,138.0
2. Bank Credit to Commercial Sector (A+B)	**34,914.1**	**42,366.8**	**49,594.3**	**43,620.4**	**43,644.7**	**49,670.8**
A. RBI's credit to commercial sector	13.3	21.6	39.6	17.1	18.4	35.0
B. Other banks' credit to commercial sector (i+ii+iii)	34,900.8	42,345.1	49,554.7	43,603.3	43,626.4	49,635.8
(i) Bank credit by commercial banks	32,447.9	39,420.8	46,118.5	40,484.6	40,476.3	46,192.5
(ii) Bank credit by co-operative banks	2,346.3	2,841.8	3,389.4	3,042.1	3,075.3	3,387.1
(iii) Investments by commercial and co-operative banks in other securities	106.6	82.5	46.7	76.7	74.7	56.3
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**12,814.6**	**13,933.4**	**15,437.8**	**14,414.9**	**14,724.3**	**15,664.5**
A. RBI's net foreign exchange assets (i-ii)	12,319.4	13,285.7	14,722.0	14,000.7	14,310.2	14,948.7
(i) Gross foreign assets	12,319.7	13,285.7	14,722.0	14,000.7	14,310.2	14,948.8
(ii) Foreign liabilities	0.2	0.0	0.1	0.0	0.0	0.2
B. Other banks' net foreign exchange assets	495.2	647.7	715.8	414.2	414.2	715.8
4. Government's Currency Liabilities to the Public	**112.7**	**127.2**	**142.7**	**132.0**	**133.1**	**144.0**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**8,506.3**	**11,225.2**	**15,278.3**	**11,267.3**	**11,594.8**	**14,857.3**
A. Net non-monetary liabilities of RBI	3,016.4	3,683.5	6,038.4	4,171.3	4,471.6	6,192.6
B. Net non-monetary liabilities of other banks (residual)	5,489.9	7,541.7	9,239.9	7,096.1	7,123.2	8,664.7
M_3 (1+2+3+4-5)	**56,027.0**	**65,041.2**	**73,592.0**	**68,372.5**	**68,529.6**	**75,253.9**

No. 11: Sources of Money Stock (M_3) *(Concld.)*

(` Billion)

Sources	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month				
	May 2012	June 2012	July 2012	August 10, 2012	August 24, 2012
	7	8	9	10	11
1. Net Bank Credit to Government (A+B)	**24,761.9**	**25,272.7**	**25,609.4**	**25,792.7**	**25,948.2**
A. RBI's net credit to Government (i-ii)	5,548.8	5,675.6	5,471.5	5,500.1	5,399.3
(i) Claims on Government (a+b)	5,550.2	5,677.0	5,472.9	5,501.5	5,400.7
(a) Central Government	5,549.4	5,673.2	5,465.0	5,499.5	5,400.6
(b) State Governments	0.8	3.8	7.9	2.0	0.1
(ii) Government deposits with RBI (a+b)	1.4	1.4	1.4	1.4	1.4
(a) Central Government	1.0	1.0	1.0	1.0	1.0
(b) State Governments	0.4	0.4	0.4	0.4	0.4
B. Other Banks' Credit to Government	19,213.1	19,597.1	20,138.0	20,292.6	20,548.9
2. Bank Credit to Commercial Sector (A+B)	**49,958.8**	**51,103.2**	**50,530.0**	**50,743.1**	**50,715.0**
A. RBI's credit to commercial sector	37.9	41.9	47.7	50.2	44.5
B. Other banks' credit to commercial sector (i+ii+iii)	49,920.9	51,061.3	50,482.3	50,692.9	50,670.5
(i) Bank credit by commercial banks	46,480.8	47,608.4	47,029.7	47,234.5	47,217.9
(ii) Bank credit by co-operative banks	3,392.2	3,407.8	3,405.4	3,412.5	3,405.2
(iii) Investments by commercial and co-operative banks in other securities	47.9	45.0	47.3	45.9	47.4
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**16,206.3**	**16,673.5**	**16,416.7**	**16,412.4**	**16,475.5**
A. RBI's net foreign exchange assets (i-ii)	15,490.4	15,957.7	15,700.8	15,696.5	15,759.6
(i) Gross foreign assets	15,490.6	15,957.8	15,701.1	15,696.8	15,759.9
(ii) Foreign liabilities	0.2	0.1	0.3	0.3	0.3
B. Other banks' net foreign exchange assets	715.8	715.8	715.8	715.8	715.8
4. Government's Currency Liabilities to the Public	**145.4**	**145.4**	**145.4**	**145.4**	**145.4**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**15,418.6**	**15,939.2**	**15,363.3**	**15,247.7**	**15,383.6**
A. Net non-monetary liabilities of RBI	6,757.3	7,255.3	6,991.4	6,855.3	6,903.6
B. Net non-monetary liabilities of other banks (residual)	8,661.3	8,683.9	8,371.9	8,392.5	8,480.0
M_3 (1+2+3+4-5)	**75,653.8**	**77,255.6**	**77,338.2**	**77,845.9**	**77,900.4**

Note: 1. Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on last reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.
2. Net Foreign Exchange Assets of the RBI includes investment in foreign currency denominated bonds issued by IIFC(UK) since March 20,2009.
Also see 'Notes on Tables'.

No. 11A: Commercial Bank Survey

(` Billion)

Item		Outstanding as on						
		Mar. 26, 2010	Mar. 25, 2011	Aug. 12, 2011	Aug. 26, 2011	Mar. 23, 2012	Aug. 10, 2012	Aug. 24, 2012
		1	2	3	4	5	6	7
Components								
C.I	**Aggregate Deposits of Residents** (C.I.1+C.I.2)	**44,278.2**	**51,378.9**	**54,177.0**	**54,383.3**	**58,309.6**	**62,010.1**	**62,465.2**
C.I.1	Demand Deposits	6,456.1	6,417.1	5,462.8	5,615.3	6,253.3	5,830.5	6,045.7
C.I.2	Time Deposits of Residents (C.I.2.1+C.I.2.2)	37,822.1	44,961.9	48,714.2	48,767.9	52,056.3	56,179.6	56,419.4
C.I.2.1	Short-term Time Deposits	17,020.0	20,232.8	21,921.4	21,945.6	23,425.3	25,280.8	25,388.7
C.I.2.1.1	Certificates of Deposits (CDs)	3,431.0	4,320.4	4,115.4	4,126.1	4,247.0	4,116.5	4,009.5
C.I.2.2	Long-term Time Deposit	20,802.2	24,729.0	26,792.8	26,822.4	28,631.0	30,898.8	31,030.7
C.II	**Call/Term Funding from Financial Institutions**	**1,042.8**	**1,313.4**	**1,569.7**	**1,623.6**	**2,064.5**	**1,956.0**	**1,993.4**
Sources								
S.I	**Domestic Credit (S.I.1+S.I.2)**	**48,665.9**	**57,170.9**	**60,385.1**	**60,577.9**	**66,236.7**	**69,791.8**	**70,052.4**
S.I.1	Credit to the Government	13,783.9	14,971.5	16,815.3	16,981.3	17,350.2	19,279.1	19,530.2
S.I.2	Credit to the Commercial Sector (S.I.2.1+S.I.2.2+S.I.2.3+S.I.2.4)	34,882.0	42,199.4	43,569.7	43,596.5	48,886.5	50,512.7	50,522.2
S.I.2.1	Bank Credit	32,447.9	39,420.8	40,484.6	40,476.3	46,118.5	47,234.5	47,217.9
S.I.2.1.1	Non-food Credit	31,963.0	38,778.0	39,789.0	39,740.5	45,305.5	46,236.8	46,249.9
S.I.2.2	Net Credit to Primary Dealers	25.1	8.2	33.3	30.8	30.0	75.2	82.4
S.I.2.3	Investments in Other Approved Securities	63.6	44.7	42.4	40.2	27.7	27.6	29.0
S.I.2.4	Other Investments (in non-SLR Securities)	2,345.4	2,725.7	3,009.5	3,049.2	2,710.2	3,175.4	3,193.0
S.II	**Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)**	**-560.7**	**-611.2**	**-1,269.9**	**-1,296.3**	**-801.9**	**-1,129.9**	**-766.5**
S.II.1	Foreign Currency Assets	441.7	623.9	231.0	266.2	732.7	493.4	493.7
S.II.2	Non-resident Foreign Currency Repatriable Fixed Deposits	650.0	700.8	737.5	751.4	781.2	813.5	451.9
S.II.3	Overseas Foreign Currency Borrowings	352.4	534.4	763.5	811.0	753.4	809.8	808.3
S.III	**Net Bank Reserves (S.III.1+S.III.2-S.III.3)**	**3,069.3**	**3,444.8**	**3,903.0**	**3,962.4**	**3,506.5**	**3,547.4**	**3,502.3**
S.III.1	Balances with the RBI	2,813.9	3,191.6	3,576.2	3,624.1	3,232.7	3,241.5	3,105.9
S.III.2	Cash in Hand	255.8	303.5	338.0	355.2	361.3	382.7	464.3
S.III.3	Loans and Advances from the RBI	0.4	50.3	11.2	17.0	87.5	76.8	67.8
S.IV	**Capital Account**	**3,903.7**	**4,813.3**	**5,137.6**	**5,266.4**	**5,291.5**	**6,082.9**	**6,082.7**
S.V.	**Other items (net) (S.I+S.II+S.III-S.IV-C.I-C.II)**	**1,949.7**	**2,498.8**	**2,133.8**	**2,010.7**	**3,275.5**	**2,160.4**	**2,247.0**
S.V.1	Other Demand & Time Liabilities (net of S.II.3)	2,941.8	2,883.7	2,871.5	2,790.7	2,980.5	2,785.1	2,786.6
S.V.2	Net Inter-Bank Liabilities (other than to PDs)	-286.7	-429.8	-392.3	-379.4	-525.9	769.0	746.3

Note: Data are provisional.

No. 11B: Monetary Survey

(` Billion)

Item		Outstanding as on						
		Mar. 31, 2010	Mar. 31, 2011	Aug. 12, 2011	Aug. 26, 2011	Mar. 31, 2012	Aug. 10, 2012	Aug. 24, 2012
		1	2	3	4	5	6	7
Monetary Aggregates								
M_1 (C.I+C.II.1+C.III)		14,809.3	16,292.8	15,675.6	15,757.6	17,246.3	17,284.9	17,450.0
NM_2 (M_1+C.II.2.1)		32,740.1	37,493.1	38,575.2	38,681.2	41,699.5	44,132.2	44,408.4
NM_3 (NM_2+C.II.2.2+C.IV = S.I+S.II+S.III-S.IV-S.V)		**55,698.4**	**64,718.1**	**68,133.1**	**68,322.5**	**73,651.2**	**78,901.6**	**79,350.9**
Components								
C.I	**Currency with the Public**	**7,679.0**	**9,124.0**	**9,520.1**	**9,440.4**	**10,274.4**	**10,723.5**	**10,680.8**
C.II	**Aggregate Deposits of Residents** (C.II.1+C.II.2)	**46,938.6**	**54,244.2**	**57,032.5**	**57,230.8**	**61,284.1**	**66,182.6**	**66,644.9**
C.II.1	Demand Deposits	7,092.3	7,132.3	6,144.7	6,289.6	6,943.7	6,521.8	6,737.5
C.II.2	Time Deposits of Residents (C.II.2.1+C.II.2.2)	39,846.3	47,111.9	50,887.8	50,941.3	54,340.4	59,660.8	59,907.5
C.II.2.1	Short-term Time Deposits	17,930.8	21,200.4	22,899.5	22,923.6	24,453.2	26,847.3	26,958.4
C.II.2.1.1	Certificates of Deposit (CDs)	3,431.0	4,320.4	4,115.4	4,126.1	4,539.0	4,116.5	4,009.5
C.II.2.2	Long-term Time Deposits	21,915.5	25,911.5	27,988.3	28,017.7	29,887.2	32,813.4	32,949.1
C.III	**'Other' Deposits with RBI**	**38.1**	**36.5**	**10.9**	**27.7**	**28.2**	**39.6**	**31.7**
C.IV	**Call/Term Funding from Financial Institutions**	**1,042.8**	**1,313.4**	**1,569.7**	**1,623.6**	**2,064.5**	**1,956.0**	**1,993.4**
Sources								
S.I	**Domestic Credit (S.I.1+S.I.2)**	**53,419.7**	**64,079.5**	**67,156.9**	**67,353.6**	**74,768.4**	**78,582.6**	**78,722.4**
S.I.1	Net Bank Credit to the Government (S.I.1.1+S.I.1.2)	16,491.6	19,546.0	21,138.1	21,284.4	23,318.6	25,392.9	25,539.7
S.I.1.1	Net RBI credit to the Government	2,115.9	3,965.5	3,700.9	3,681.3	5,357.4	5,500.1	5,399.3
S.I.1.2	Credit to the Government by the Banking System	14,375.8	15,580.4	17,437.3	17,603.0	17,961.3	19,892.8	20,140.4
S.I.2	Bank Credit to the Commercial Sector (S.I.2.1+S.I.2.2)	36,928.0	44,533.6	46,018.8	46,069.3	51,449.7	53,189.7	53,182.7
S.I.2.1	RBI Credit to the Commercial Sector	13.3	21.6	17.1	18.4	39.6	50.2	44.5
S.I.2.2	Credit to the Commercial Sector by the Banking System	36,914.7	44,511.9	46,001.7	46,050.9	51,410.1	53,139.5	53,138.2
S.I.2.2.1	Other Investments (Non-SLR Securities)	2,435.1	2,815.3	3,099.1	3,138.8	2,719.7	3,265.0	3,282.6
S.II	**Government's Currency Liabilities to the Public**	**112.7**	**127.2**	**132.0**	**133.1**	**142.7**	**145.4**	**145.4**
S.III	**Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)**	**11,758.7**	**12,674.5**	**12,730.8**	**13,013.9**	**13,950.1**	**14,566.6**	**14,993.1**
S.III.1	Net Foreign Exchange Assets of the RBI	12,319.4	13,285.7	14,000.7	14,310.2	14,722.0	15,696.5	15,759.6
S.III.2	Net Foreign Currency Assets of the Banking System	-560.7	-611.2	-1,269.9	-1,296.3	-771.8	-1,129.9	-766.5
S.IV	**Capital Account**	**7,022.0**	**8,450.0**	**9,263.1**	**9,640.1**	**11,094.1**	**13,006.5**	**13,006.2**
S.V	**Other items (net)**	**2,570.7**	**3,713.2**	**2,623.4**	**2,538.1**	**4,116.0**	**1,386.5**	**1,503.8**

Note: 1. Data are provisional.
2. Monetary Aggregates as at end-March incorporate data on i) scheduled commercial banks as on Last Reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.

No.11C: Reserve Bank of India Survey

(` Billion)

Item		Outstanding as on						
		Mar. 31, 2010	Mar. 31, 2011	Aug. 12, 2011	Aug. 26, 2011	Mar. 31, 2012	Aug. 10, 2012	Aug. 24, 2012
		1	2	3	4	5	6	7
Components								
C.I	Currency in Circulation	7,995.5	9,496.6	9,902.3	9,839.0	10,680.6	11,150.9	11,189.8
C.II	Bankers' Deposits with the RBI	3,523.0	4,235.1	3,777.4	3,822.1	3,562.9	3,424.5	3,292.7
C.II.1	Scheduled Commercial Banks	3,339.4	4,026.6	3,576.2	3,624.1	3,373.6	3,241.5	3,105.9
C.III	'Other' Deposits with the RBI	38.1	36.5	10.9	27.7	28.2	39.6	31.7
C.IV	**Reserve Money (C.I+C.II+C.III = S.I + S.II + S.III – S.IV – S.V)**	**11,556.5**	**13,768.2**	**13,690.6**	**13,688.8**	**14,271.7**	**14,615.1**	**14,514.3**
Sources								
S.I	**RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)**	**2,140.8**	**4,038.8**	**3,729.2**	**3,717.1**	**5,445.5**	**5,628.4**	**5,512.8**
S.I.1	Net RBI credit to the Government (S.I.1.1+S.I.1.2)	2,115.9	3,965.5	3,700.9	3,681.3	5,357.4	5,500.1	5,399.3
S.I.1.1	Net RBI credit to the Central Government (S.I.1.1.1+S.I.1.1.2+S.I.1.1.3+S.I.1.1.4-S.I.1.1.5)	2,115.8	3,940.3	3,699.0	3,677.4	5,344.1	5,498.5	5,399.6
S.I.1.1.1	Loans and Advances to the Central Government	–	–	159.2	211.9	–	–	–
S.I.1.1.2	Investments in Treasury Bills	–	–	–	–	–	–	–
S.I.1.1.3	Investments in dated Government Securities	2,224.0	3,939.0	3,539.8	3,464.0	5,527.5	5,497.5	5,399.1
S.I.1.1.3.1	Central Government Securities	2,213.6	3,928.5	3,529.3	3,453.5	5,517.0	5,487.0	5,388.6
S.I.1.1.4	Rupee Coins	2.7	2.3	1.1	2.5	0.8	2.1	1.5
S.I.1.1.5	Deposits of the Central Government	110.9	1.0	1.0	1.0	184.2	1.0	1.0
S.I.1.2	Net RBI credit to State Governments	0.0	25.2	1.8	3.9	13.2	1.6	-0.3
S.I.2	RBI's Claims on Banks	11.7	51.6	11.2	17.4	48.5	78.1	69.1
S.I.2.1	Loans and Advances to Scheduled Commercial Banks	11.7	51.2	11.2	17.0	48.5	76.8	67.8
S.I.3	RBI's Credit to Commercial Sector	13.3	21.6	17.1	18.4	39.6	50.2	44.5
S.I.3.1	Loans and Advances to Primary Dealers	–	8.4	3.9	5.2	13.6	6.0	5.9
S.I.3.2	Loans and Advances to NABARD	–	–	–	–	–	–	–
S.II	**Government's Currency Liabilities to the Public**	**112.7**	**127.2**	**132.0**	**133.1**	**142.7**	**145.4**	**145.4**
S.III	**Net Foreign Exchange Assets of the RBI**	**12,319.4**	**13,285.7**	**14,000.7**	**14,310.2**	**14,722.0**	**15,696.5**	**15,759.6**
S.III.1	Gold	811.9	1,025.7	1,119.4	1,119.4	1,382.5	1,435.1	1,435.1
S.III.2	Foreign Currency Assets	11,507.7	12,260.1	12,881.5	13,190.9	13,339.6	14,261.6	14,324.6
S.IV	**Capital Account**	**2,876.6**	**3,395.0**	**3,883.8**	**4,171.9**	**5,490.0**	**6,681.9**	**6,681.9**
S.V	**Other Items (net)**	**139.9**	**288.5**	**287.4**	**299.7**	**548.4**	**173.4**	**221.7**

Note: Data are provisional.

No. 11D: Liquidity Aggregates (Outstanding Amounts)

(` Billion)

Month/Year	NM_3	Postal Deposits	L_1	Liabilities of Financial Institutions				L_2	Public Deposits with NBFCs	L_3
				Term Money Borrowings	CDs	Term Deposits	Total			
	1	2	3=(1+2)	4	5	6	7=(4+5+6)	8=(3+7)	9	10=(8+9)
2009-10										
April	48,923.8	1,138.9	**50,062.7**	26.6	0.3	2.5	29.3	**50,092.1**		
May	49,447.1	1,141.4	**50,588.5**	26.6	0.3	2.5	29.3	**50,617.9**		
June	49,375.2	1,144.3	**50,519.5**	26.6	0.3	2.5	29.3	**50,548.8**	215.7	**50,764.4**
July	50,289.2	1,143.1	**51,432.3**	26.6	0.3	2.5	29.3	**51,461.6**		
August	50,594.3	1,142.0	**51,736.3**	26.6	0.3	2.5	29.3	**51,765.6**		
September	50,889.3	1,145.4	**52,034.7**	26.6	0.3	2.5	29.3	**52,064.0**	215.7	**52,279.7**
October	51,546.1	1,144.3	**52,690.5**	26.6	0.3	2.5	29.3	**52,719.8**		
November	51,981.9	1,145.6	**53,127.5**	26.6	0.3	2.5	29.3	**53,156.8**		
December	52,266.0	1,154.3	**53,420.3**	26.6	0.3	2.5	29.3	**53,449.6**	215.7	**53,665.3**
January	53,375.3	1,149.7	**54,525.0**	26.6	0.3	2.5	29.3	**54,554.4**		
February	54,241.4	1,150.8	**55,392.2**	26.6	0.3	2.5	29.3	**55,421.5**		
March	55,698.4	1,168.9	**56,867.3**	26.6	0.3	2.5	29.3	**56,896.6**	173.5	**57,070.2**
2010-11										
April	56,308.9	1,175.1	**57,484.0**	26.6	0.3	2.5	29.3	**57,513.3**		
May	56,770.4	1,181.1	**57,951.5**	26.6	0.3	2.5	29.3	**57,980.9**		
June	56,880.9	1,188.1	**58,069.1**	26.6	0.3	2.5	29.3	**58,098.4**	173.5	**58,271.9**
July	58,227.4	1,194.8	**59,422.2**	26.6	0.3	2.5	29.3	**59,451.5**		
August	58,301.2	1,201.8	**59,503.0**	26.6	0.3	2.5	29.3	**59,532.3**		
September	58,636.1	1,204.1	**59,840.2**	26.6	0.3	2.5	29.3	**59,869.5**	173.5	**60,043.1**
October	60,403.2	1,205.8	**61,609.0**	26.6	0.3	2.5	29.3	**61,638.3**		
November	60,445.4	1,209.2	**61,654.6**	26.6	0.3	2.5	29.3	**61,683.9**		
December	61,812.1	1,210.1	**63,022.1**	26.6	0.3	2.5	29.3	**63,051.5**	173.5	**63,225.0**
January	62,168.6	1,199.1	**63,367.6**	26.6	0.3	2.5	29.3	**63,397.0**		
February	63,272.0	1,188.8	**64,460.8**	26.6	0.3	2.5	29.3	**64,490.1**		
March	64,718.1	1,198.3	**65,916.4**	26.6	0.3	2.5	29.3	**65,945.7**	119.6	**66,065.3**
2011-12										
April	66,180.9	1,195.2	**67,376.1**	26.6	0.3	2.5	29.3	**67,405.5**		
May	66,359.2	1,195.4	**67,554.5**	26.6	0.3	2.5	29.3	**67,583.8**		
June	66,657.1	1,204.0	**67,861.2**	26.6	0.3	2.5	29.3	**67,890.5**	119.6	**68,010.1**
July	67,877.5	1,199.3	**69,076.7**	26.6	0.3	2.5	29.3	**69,106.1**		
August	68,322.5	1,197.5	**69,520.0**	26.6	0.3	2.5	29.3	**69,549.3**		
September	68,617.5	1,196.2	**69,813.7**	26.6	0.3	2.5	29.3	**69,843.0**	111.6	**69,954.6**
October	69,596.4	1,199.9	**70,796.3**	26.6	0.3	2.5	29.3	**70,825.6**		
November	70,073.4	1,203.6	**71,277.0**	26.6	0.3	2.5	29.3	**71,306.3**		
December	71,807.9	1,213.4	**73,021.2**	26.6	0.3	2.5	29.3	**73,050.5**	103.4	**73,153.9**
January	71,720.0	1,215.2	**72,935.2**	26.6	0.3	2.5	29.3	**72,964.6**		
February	72,378.7	1,218.8	**73,597.5**	26.6	0.3	2.5	29.3	**73,626.8**		
March	73,651.2	1,241.5	**74,892.7**	26.6	0.3	2.5	29.3	**74,922.0**	95.5	**75,017.5**
2012-13										
April	75,201.8	1,241.5	**76,443.3**	26.6	0.3	2.5	29.3	**76,472.6**		
May	75,601.3	1,241.5	**76,842.8**	26.6	0.3	2.5	29.3	**76,872.1**		
June	77,217.6	1,241.5	**78,459.1**	26.6	0.3	2.5	29.3	**78,488.4**	95.5	**78,583.9**
July	77,230.5	1,241.5	**78,472.0**	26.6	0.3	2.5	29.3	**78,501.3**		
August	79,350.9	1,241.5	**80,592.4**	26.6	0.3	2.5	29.3	**80,621.8**		

CDs: Certificates of Deposit. L_1, L_2 and L_3: Liquidity Aggregates. NBFCs: Non-Banking Financial Compaines.

Note :
1. Postal Deposits comprise post office savings bank deposits, post office time deposits, post office recurring deposits, other deposits and post office cumulative time deposits.
2. Financial Institutions (FIs), here, comprise IFCI, EXIM Bank, IIBI, SIDBI, NABARD, NHB, TFCI and IDFC. Since October 2004, data on FI's do not include that of IDBI reflecting its conversion into a banking entity.
3. Since July 2001, the term money borrowings of the FIs comprise borrowings from corporate and others.
4. Since August 2002,Term Deposits include CP and Others.
5. Estimates of public deposits are generated on the basis of returns received from all NBFCs with public deposits of `0.20 billion and more as had been recommended by the Working Group.
6. While L_1 and L_2 are compiled on a monthly basis, L_3 is compiled on a quarterly basis.
7. Data are provisional. Wherever data are not available, the estimates for the last available month have been repeated.

No. 12: Reserve Money and its Components

(` Billion)

Outstandings as on March 31/ each Friday/ last reporting Friday of the month	Currency in Circulation		'Other' Deposits with RBI	Bankers' Deposits with RBI	Reserve Money (1+3+4)
	Total	o/w cash with banks			
	1	2	3	4	5
2009-2010	7,995.5	320.6	38.1	3,523.0	11,556.5
2010-2011	9,496.6	378.2	36.5	4,235.1	13,768.2
2011-2012	10,680.6	415.6	28.2	3,562.9	14,271.7
August 5, 2011	9,832.3	–	11.2	3,649.6	13,493.1
August 12, 2011	9,902.3	389.9	10.9	3,777.4	13,690.6
August 19, 2011	9,903.8	–	11.7	3,807.9	13,723.4
August 26, 2011	9,839.0	406.5	27.7	3,822.1	13,688.8
April 2012	11,090.6	428.6	15.6	3,362.4	14,468.6
May 2012	11,278.8	440.7	14.2	3,247.2	14,540.2
June 2012	11,182.9	462.7	19.3	3,434.6	14,636.8
July 2012	11,027.5	433.3	39.8	3,417.1	14,484.4
August 3, 2012	11,047.9	–	40.4	3,342.0	14,430.2
August 10, 2012	11,150.9	437.3	39.6	3,424.5	14,615.1
August 17, 2012	11,185.7	–	31.0	3,485.7	14,702.5
August 24, 2012	11,189.8	519.5	31.7	3,292.7	14,514.3
August 31, 2012	11,040.9	–	28.7	3,490.6	14,560.2

Also see 'Notes on Table'.

Note: 1. Data are provisional.

No. 13: Sources of Reserve Money

(` Billion)

Outstanding as on March 31/each Friday/ last reporting Friday of the month		Reserve Bank's claims on				Net foreign exchange assets of RBI (3)	Government's currency liabilities to the public	Net non–monetary liabilities of RBI (3)	Reserve Money (1+2+3+4 +5+6–7)
		Government (net)(1)	Commercial & co–operative banks	National Bank for Agriculture and Rural Development	Commercial sector (2)				
		1	2	3	4	5	6	7	8
2009-2010		2,115.9	11.7	–	13.3	12,319.4	112.7	3,016.4	11,556.5
2010-2011		3,965.5	51.6	–	21.6	13,285.7	127.2	3,683.5	13,768.2
2011-2012		5,357.4	48.5	–	39.6	14,722.0	142.7	6,038.4	14,271.7
August	5, 2011	3,620.1	24.2	–	18.0	13,868.1	132.0	4,169.2	13,493.1
August	12, 2011	3,700.9	11.2	–	17.1	14,000.7	132.0	4,171.3	13,690.6
August	19, 2011	3,717.5	23.2	–	18.4	14,141.1	132.0	4,308.7	13,723.4
August	26, 2011	3,681.3	17.4	–	18.4	14,310.2	133.1	4,471.6	13,688.8
April	2012	5,493.9	39.7	–	35.0	14,948.7	144.0	6,192.6	14,468.6
May	2012	5,548.8	75.0	–	37.9	15,490.4	145.4	6,757.3	14,540.2
June	2012	5,675.6	71.5	–	41.9	15,957.7	145.4	7,255.3	14,636.8
July	2012	5,471.5	110.5	–	47.7	15,700.8	145.4	6,991.4	14,484.4
August	3, 2012	5,445.2	80.8	–	50.3	15,889.2	145.4	7,180.7	14,430.2
August	10, 2012	5,500.1	78.1	–	50.2	15,696.5	145.4	6,855.3	14,615.1
August	17, 2012	5,593.4	70.8	–	50.2	15,774.7	145.4	6,931.9	14,702.5
August	24, 2012	5,399.3	69.1	–	44.5	15,759.6	145.4	6,903.6	14,514.3
August	31, 2012	5,464.6	64.9	–	44.5	15,860.4	145.4	7,019.6	14,560.2

Also see ' Notes on Tables'.

Note: 1. Net Foreign Exchange Assets of the RBI include investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.
2. Data are provisional.

No. 14: Daily Call Money Rates

(In per cent per annum)

As on	Range of Rates		Weighted Average Rates	
	Borrowings	Lendings	Borrowings	Lendings
	1	2	3	4
August 1, 2012	7.05 – 8.15	7.05 – 8.15	8.03	8.03
August 2, 2012	7.00 – 8.10	7.00 – 8.10	8.00	8.00
August 3, 2012	7.00 – 8.25	7.00 – 8.25	7.99	7.99
August 4, 2012	7.10 – 8.10	7.10 – 8.10	7.50	7.50
August 6, 2012	7.00 – 8.05	7.00 – 8.05	7.97	7.97
August 7, 2012	7.00 – 8.45	7.00 – 8.45	7.99	7.99
August 8, 2012	7.00 – 8.15	7.00 – 8.15	8.00	8.00
August 9, 2012	7.00 – 8.15	7.00 – 8.15	8.00	8.00
August 10, 2012	7.00 – 8.10	7.00 – 8.10	8.04	8.04
August 11, 2012	7.00 – 8.05	7.00 – 8.05	7.53	7.53
August 13, 2012	7.05 – 8.15	7.05 – 8.15	8.05	8.05
August 14, 2012	7.00 – 8.10	7.00 – 8.10	8.02	8.02
August 16, 2012	7.00 – 8.10	7.00 – 8.10	8.00	8.00
August 17, 2012	7.10 – 8.10	7.10 – 8.10	7.99	7.99
August 18, 2012	7.10 – 8.10	7.10 – 8.10	7.99	7.99
August 20, 2012	7.10 – 8.10	7.10 – 8.10	7.99	7.99
August 21, 2012	7.00 – 8.10	7.00 – 8.10	7.96	7.96
August 22, 2012	7.10 – 8.10	7.10 – 8.10	7.85	7.85
August 23, 2012	7.10 – 8.10	7.10 – 8.10	7.92	7.92
August 24, 2012	7.00 – 8.05	7.00 – 8.05	7.92	7.92
August 25, 2012	7.16 – 8.05	7.16 – 8.05	7.81	7.81
August 27, 2012	7.00 – 8.10	7.00 – 8.10	7.99	7.99
August 28, 2012	7.15 – 8.10	7.15 – 8.10	7.98	7.98
August 29, 2012	7.20 – 8.15	7.20 – 8.15	7.97	7.97
August 30, 2012	7.15 – 8.05	7.15 – 8.05	7.94	7.94
August 31, 2012	7.05 – 8.10	7.05 – 8.10	7.96	7.96
September 1, 2012	7.15 – 7.80	7.15 – 7.80	7.59	7.59
September 3, 2012	7.00 – 8.05	7.00 – 8.05	7.93	7.93
September 4, 2012	7.00 – 8.00	7.00 – 8.00	7.90	7.90
September 5, 2012	6.50 – 8.00	6.50 – 8.00	7.65	7.65
September 6, 2012	6.20 – 8.00	6.20 – 8.00	7.34	7.34
September 7, 2012	6.00 – 8.10	6.00 – 8.10	7.52	7.52
September 8, 2012	6.50 – 8.10	6.50 – 8.10	7.94	7.94
September 10, 2012	7.00 – 8.10	7.00 – 8.10	7.97	7.97
September 11, 2012	7.00 – 8.05	7.00 – 8.05	7.96	7.96
September 12, 2012	7.00 – 8.05	7.00 – 8.05	7.97	7.97
September 13, 2012	7.00 – 8.10	7.00 – 8.10	7.97	7.97
September 14, 2012	7.00 – 8.05	7.00 – 8.05	7.97	7.97
September 15, 2012	7.00 – 8.05	7.00 – 8.05	7.85	7.85

No. 15: Average Daily Turnover in Call Money Market

(` Billion)

Fortnight ended			Average Daily Call Money Turnover				Total
			Banks		Primary Dealers		
			Borrowings	Lendings	Borrowings	Lendings	
			1	2	3	4	5
April	8,	2011	112.1	115.6	3.5	–	**231.3**
April	22,	2011	153.5	162.4	9.0	–	**324.9**
May	6,	2011	103.5	109.9	6.4	–	**219.8**
May	20,	2011	107.1	114.6	7.5	–	**229.1**
June	3,	2011	92.0	100.3	8.2	–	**200.6**
June	17,	2011	97.9	107.2	9.3	–	**214.3**
July	1,	2011	116.4	122.4	6.0	–	**244.8**
July	15,	2011	114.7	125.9	11.3	–	**251.9**
July	29,	2011	108.5	118.9	10.4	–	**237.9**
August	12,	2011	79.8	92.8	13.0	0.1	**185.7**
August	26,	2011	86.1	95.0	8.8	–	**189.9**
September	9,	2011	97.2	108.1	10.9	–	**216.2**
September	23,	2011	119.9	129.6	9.7	–	**259.1**
October	7,	2011	99.4	106.1	6.7	–	**212.1**
October	21,	2011	109.4	115.6	6.2	–	**231.1**
November	4,	2011	112.9	117.3	4.5	–	**234.6**
November	18,	2011	85.8	92.9	7.1	–	**185.9**
December	2,	2011	82.5	92.3	9.9	–	**184.6**
December	16,	2011	90.7	101.3	10.5	–	**202.5**
December	30,	2011	155.8	166.9	11.3	0.3	**334.2**
January	13,	2012	130.2	141.6	11.4	–	**283.2**
January	27,	2012	172.9	182.8	10.2	0.3	**366.1**
February	10,	2012	111.3	123.3	12.1	0.1	**246.7**
February	24,	2012	134.8	147.7	12.9	–	**295.4**
March	9,	2012	163.8	177.2	13.4	–	**354.5**
March	23,	2012	176.8	185.0	8.2	–	**370.1**
April	6,	2012	167.7	178.8	11.2	0.2	**357.9**
April	20,	2012	237.6	247.9	10.3	–	**495.8**
May	4,	2012	251.9	260.5	8.7	–	**521.0**
May	18,	2012	173.6	184.9	11.3	–	**369.7**
June	1,	2012	144.4	156.5	12.1	–	**313.0**
June	15,	2012	125.6	138.3	12.7	–	**276.6**
June	29,	2012	166.6	173.9	7.3	–	**347.9**
July	13,	2012	138.3	150.3	12.1	–	**300.7**
July	27,	2012	123.1	140.9	17.8	–	**281.8**
August	10,	2012	117.0	135.1	18.1	–	**270.2**
August	24,	2012	108.4	124.3	15.9	–	**248.6**
September	7,	2012	102.6	121.4	18.8	–	**242.9**
September	21,	2012	136.9	154.8	17.9	–	**309.6**

Note: 1. Data are provisional.
2. Since August 6, 2005 eligible participants are Banks and Primary Dealers.

No. 16: Issue of Certificates of Deposit by Scheduled Commercial Banks

(Amount in ` Billion)

Fortnight ended		Total Amount Outstanding	Range of Interest Rate (per cent) @	Fortnight ended		Total Amount Outstanding	Range of Interest Rate (per cent) @	Fortnight ended		Total Amount Outstanding	Range of Interest Rate (per cent) @
		1	2			1	2			1	2
2010-11				**2011-12**				**2012-13**			
April	9	3,418.3	4.35 – 8.95	April	8	4,445.3	8.00 – 11.70	April	6	4,403.3	9.34 – 12.00
	23	3,368.1	4.15 – 6.90		22	4,473.5	7.30 – 9.93		20	4,447.5	9.00 – 10.60
May	7	3,407.6	4.22 – 7.01	May	6	4,313.7	7.85 – 10.05	May	4	4,395.0	8.89 – 10.05
	21	3,403.4	4.24 – 6.30		20	4,332.9	8.10 – 10.05		18	4,394.1	8.95 – 10.00
June	4	3,370.1	4.73 – 7.50	June	3	4,321.4	8.65 – 10.25	June	1	4,408.0	9.45 – 10.35
	18	3,215.9	5.75 – 7.50		17	4,237.7	9.02 – 10.50		15	4,215.8	8.85 – 10.10
July	2	3,423.6	5.92 – 7.05	July	1	4,210.7	8.19 – 10.21		29	4,251.7	8.83 – 9.95
	16	3,277.2	6.05 – 7.19		15	4,059.7	8.20 – 10.10	July	13	4,165.0	8.55 – 9.90
	30	3,248.1	6.25 – 7.50		29	4,121.9	8.10 – 10.01		27	4,155.3	8.40 – 10.00
August	13	3,275.8	6.25 – 7.90	August	12	4,047.4	8.70 – 9.92	August	10	4,146.3	8.44 – 9.30
	27	3,416.2	6.41 – 8.00		26	4,056.9	8.79 – 9.82		24	4,029.8	8.43 – 9.26
September	10	3,482.0	6.41 – 8.06	September	9	3,864.7	8.70 – 10.25	September	7	3,826.8	8.25 – 9.25
	24	3,373.2	6.41 – 8.25		23	3,834.7	8.75 – 10.05				
October	8	3,441.6	6.36 – 8.26	October	7	3,873.1	8.80 – 9.85				
	22	3,433.5	6.41 – 8.30		21	3,859.4	9.00 – 9.90				
November	5	3,321.3	6.41 – 8.80	November	4	3,822.0	9.20 – 9.99				
	19	3,329.8	6.41 – 8.75		18	3,784.3	9.30 – 9.81				
December	3	3,331.1	7.80 – 9.08	December	2	3,825.9	9.19 – 9.87				
	17	3,285.7	8.25 – 9.75		16	3,731.8	9.14 – 10.05				
	31	3,614.1	8.57 – 9.80		30	4,030.0	9.16 – 10.50				
January	14	3,718.8	7.18 – 9.82	January	13	3,748.9	9.25 – 10.10				
	28	3,776.4	7.35 – 9.90		27	3,909.4	9.50 – 10.07				
February	11	4,078.6	8.15 – 10.15	February	10	3,948.8	9.61 – 10.45				
	25	4,185.2	9.72 – 10.60		24	4,028.9	9.30 – 10.65				
March	11	4,309.7	7.65 – 10.72	March	9	4,034.9	9.45 – 11.50				
	25	4,247.4	9.00 – 10.60		23	4,195.3	9.30 - 11.90				

@ Range of effective Interest rate per annum.

No. 17: Issue of Commercial Paper* By Companies

(Amount in ` Billion)

Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @
		1	2			1	2			1	2
2010-11				**2011-12**				**2012 -13**			
April	15	831.7	3.85 – 8.40	April	15	1,055.2	7.15 – 12.30	April	15	1,103.5	8.51 – 14.50
	30	987.7	3.97 – 9.40		30	1,249.9	6.39 – 12.50		30	1,310.0	8.02 – 14.25
May	15	1,003.6	3.85 – 8.45	May	15	1,268.4	7.01 – 13.50	May	15	1,443.5	8.68 – 15.00
	31	1,090.4	4.50 – 9.45		31	1,212.2	7.60 – 12.75		31	1,498.0	7.90 – 15.00
June	15	1,065.8	4.75 – 8.65	June	15	1,234.0	8.25 – 13.00	June	15	1,634.8	8.85 – 14.75
	30	997.9	6.00 – 8.50		30	1,046.9	8.35 – 13.50		30	1,258.1	8.24 – 15.25
July	15	1,077.6	6.02 – 8.75	July	15	1,283.5	8.10 – 13.25	July	15	1,647.3	8.43 – 14.38
	31	1,127.0	6.10 – 9.00		31	1,336.9	7.06 – 14.50		31	1,732.3	7.43 – 14.50
August	15	1,272.7	4.65 – 9.10	August	15	1,424.5	8.50 – 13.85	August	15	1,830.2	8.35 – 14.23
	31	1,265.5	4.40 – 9.60		31	1,488.1	7.67 – 14.50		31	1,878.9	8.21 – 13.96
September	15	1,232.3	5.40 – 9.25	September	15	1,597.0	8.47 – 14.00				
	30	1,120.0	6.65 – 9.90		30	1,446.2	7.83 – 14.50				
October	15	1,320.9	6.50 – 10.00	October	15	1,664.6	8.75 – 13.50				
	31	1,496.2	7.00 – 18.00		31	1,687.7	7.75 – 14.50				
November	15	1,231.1	6.30 – 13.00	November	15	1,760.7	8.78 – 13.55				
	30	1,177.9	6.32 – 18.00		30	1,734.8	8.00 – 14.50				
December	15	1,021.6	8.00 – 16.00	December	15	1,775.2	9.10 – 14.50				
	31	825.4	8.00 – 12.10		31	1,341.5	8.38 – 14.00				
January	15	989.1	6.60 – 11.95	January	15	1,528.3	9.00 – 14.50				
	31	1,017.5	6.94 – 12.50		30	1,498.8	8.66 – 13.25				
February	15	1,037.3	6.30 – 12.30	February	15	1,613.9	7.75 – 14.65				
	28	1,012.9	6.32 – 13.05		29	1,617.6	8.47 – 14.75				
March	15	964.9	7.20 – 13.50	March	15	1,335.3	9.63 - 14.90				
	31	803.1	7.93 – 15.00		31	911.9	9.75 - 15.25				

* Face value.

@ Discount rate range per annum on issues during the fortnight.

Government Accounts

No. 18: Union Government Accounts at a Glance

(Amount in ` Billion)

Item		Financial Year	April-August			
		2012-13 (Budget Estimates)	2011-12 (Actuals)	2012-13 (Actuals)	Percentage to Budget Estimates	
					2011-12	2012-13
		1	2	3	4	5
1.	**Revenue Receipts**	**9,357**	**1,886**	**2,227**	**23.9**	**23.8**
2.	Tax Revenue (Net)	7,711	1,449	1,751	21.8	22.7
3.	Non-Tax Revenue	1,646	437	477	34.8	29.0
4.	**Capital Receipts**	**5,552**	**2,837**	**3,426**	**60.6**	**61.7**
5.	Recovery of Loans	117	90	37	59.9	32.0
6.	Other Receipts	300	11	14	2.9	4.5
7.	Borrowings and Other Liabilities	5,136	2,735	3,375	66.3	65.7
8.	**Total Receipts (1+4)**	**14,909**	**4,722**	**5654**	**37.5**	**37.9**
9.	**Non-Plan Expenditure**	**9,699**	**3,402**	**4,174**	**41.7**	**43.0**
10.	On Revenue Account	8,656	3,058	3,798	41.7	43.9
	of which :					
	(i) Interest Payments	3,198	1,002	1,138	37.4	35.6
11.	On Capital Account	1,043	344	376	41.6	36.0
12.	**Plan Expenditure**	**5,210**	**1,320**	**1479**	**29.9**	**28.4**
13.	On Revenue Account	4,205	1,127	1,203	31.0	28.6
14.	On Capital Account	1,005	193	276	24.7	27.5
15.	**Total Expenditure (9+12)**	**14,909**	**4,722**	**5,654**	**37.5**	**37.9**
16.	Revenue Expenditure (10+13)	12,861	4,186	5,002	38.1	38.9
17.	Capital Expenditure (11+14)	2,048	537	652	33.4	31.8
18.	**Revenue Deficit (16-1)**	**3,504**	**2,300**	**2,774**	**74.9**	**79.2**
19.	**Fiscal Deficit {15-(1+5+6)}**	**5,136**	**2,735**	**3,375**	**66.3**	**65.7**
20.	**Gross Primary Deficit [19-10(i)]**	**1,938**	**1,733**	**2,238**	**119.6**	**115.4**

Note: 1. Financial year runs from "April to March".
2. Actuals are unaudited figures.

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

Government Securities Market

No. 19: Government of India: 91-Day Treasury Bills (Outstanding at Face Value)

(` Billion)

March 31/Last Friday / Friday	Reserve Bank of India			Banks		State Governments		Others		Foreign Central Banks	
	Tap*		Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction
	Re-discounted	Ad hocs									
	1	2	3	4	5	6	7	8	9	10	11
Mar. 31, 2000	–	–	2.9	–	5.6	–	–	–	4.6	–	2.2
Mar. 31, 2001	–	–	0.7	–	8.7	–	–	–	1.5	–	6.3
Mar. 31, 2002	–	–	1.5	–	22.9	–	4.5	–	3.6	–	13.0
Mar. 31, 2003	–	–	–	–	64.3	–	8.0	–	7.8	–	7.0
Mar. 31, 2004	–	–	–	–	39.5	–	6.0	–	14.5	–	0.4
Mar. 31, 2005	–	–	–	–	211.8	–	17.6	–	48.3	–	0.3
Mar. 31, 2006	–	–	–	–	59.4	–	97.6	–	5.8	–	0.4
Mar. 31, 2007	–	–	–	–	126.8	–	242.5	–	67.4	–	0.1
Mar. 31, 2008	–	–	–	–	60.6	–	238.3	–	100.8	–	–
Mar. 31, 2009	–	–	–	–	499.1	–	5.4	–	250.9	–	–
Mar. 31, 2010	–	–	–	–	308.8	–	–	–	406.3	–	–
Mar. 31, 2011	–	–	–	–	235.6	–	115.9	–	344.5	–	–
Mar. 31, 2012	–	–	–	–	488.2	–	215.9	–	500.5	–	41.6
Jun. 2009	–	–	–	–	389.8	–	50.0	–	360.2	–	–
Jul. 2009	–	–	–	–	258.4	–	–	–	503.1	–	3.5
Aug. 2009	–	–	–	–	268.4	–	–	–	491.9	–	4.8
Sep. 2009	–	–	–	–	371.3	–	–	–	388.9	–	4.8
Oct. 2009	–	–	–	–	252.5	–	–	–	469.3	–	3.3
Nov. 2009	–	–	–	–	216.4	–	–	–	498.3	–	0.4
Dec. 2009	–	–	–	–	271.5	–	–	–	443.1	–	0.4
Jan. 2010	–	–	–	–	254.3	–	–	–	460.7	–	–
Feb. 2010	–	–	–	–	252.9	–	–	–	462.1	–	–
Mar. 2010	–	–	–	–	308.8	–	–	–	406.3	–	–
Apr. 2010	–	–	–	–	250.9	–	–	–	464.1	–	–
May 2010	–	–	–	–	312.2	–	–	–	462.3	–	0.5
Jun. 2010	–	–	–	–	285.6	–	10.0	–	373.9	–	0.5
Jul. 2010	–	–	–	–	209.2	–	38.5	–	250.8	–	–
Aug. 2010	–	–	–	–	153.5	–	92.8	–	306.5	–	–
Sep. 2010	–	–	–	–	176.3	–	102.8	–	283.7	–	–
Oct. 2010	–	–	–	–	221.2	–	113.3	–	318.8	–	–
Nov. 2010	–	–	–	–	174.4	–	123.6	–	245.6	–	–
Dec. 2010	–	–	–	–	156.3	–	168.6	–	303.7	–	–
Jan. 2011	–	–	–	–	153.3	–	178.1	–	306.8	–	–
Feb. 2011	–	–	–	–	172.1	–	145.9	–	327.9	–	–
Mar. 2011	–	–	–	–	235.6	–	115.9	–	344.5	–	–
Apr. 2011	–	–	–	–	269.3	–	87.6	–	380.7	–	–
May 2011	–	–	–	–	316.2	–	180.1	–	453.9	–	–
Jun. 2011	–	–	–	–	385.5	–	246.1	–	504.5	–	–
Jul. 2011	–	–	–	–	417.5	–	300.7	–	562.5	–	–
Aug. 2011	–	–	–	–	404.5	–	248.7	–	535.5	–	–
Sep. 2011	–	–	–	–	824.5	–	5.6	–	334.6	–	–
Oct., 2011	–	–	–	–	366.2	–	262.3	–	423.8	–	–
Nov. 2011	–	–	–	–	292.0	–	276.0	–	378.0	–	–
Dec. 2011	–	–	–	–	190.1	–	320.6	–	329.9	–	30.6
Jan. 2012	–	–	–	–	233.9	–	353.5	–	366.1	–	35.8
Feb. 2012	–	–	–	–	335.7	–	386.9	–	464.5	–	36.2
Mar. 2012	–	–	–	–	488.2	–	215.9	–	500.5	–	41.6
Apr. 2012	–	–	–	–	501.2	–	232.9	–	577.4	–	41.6
May 2012	–	–	–	–	534.0	–	386.9	–	564.5	–	42.1
Jun. 2012	–	–	–	–	596.4	–	421.4	–	593.1	–	42.9
Jul. 2012	–	–	–	–	618.9	–	450.6	–	566.5	–	47.8
WeekEnded											
Aug. 3, 2012	–	–	–	–	587.0	–	390.6	–	522.8	–	47.8
Aug. 10, 2012	–	–	–	–	566.2	–	475.6	–	523.2	–	48.2
Aug. 17, 2012	–	–	–	–	541.9	–	456.6	–	517.5	–	48.2
Aug. 24, 2012	–	–	–	–	518.5	–	411.6	–	520.9	–	48.7
Aug. 31, 2012	–	–	–	–	520.8	–	427.6	–	488.6	–	48.8

* The rate of discount is 4.60 per cent per annum.

No. 20: Auctions of 91-day Government of India Treasury Bills

(Amount in ` Billion)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devol-vement on PDs/ SDs*	Total Issue (7+8+9)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Compe-titive	Non-Compe-titive		Compe-titive	Non-Compe-titive					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012-13													
Apr. 4	Apr. 9	60.00	117	258.03	25.20	26	60.00	25.20	–	85.20	97.85	8.8131	1,254.20
Apr. 11	Apr. 13	90.00	128	308.83	20.13	76	90.00	20.13	–	110.13	97.86	8.7712	1,299.20
Apr. 18	Apr. 20	90.00	125	303.27	5.00	74	90.00	5.00	–	95.00	97.97	8.3110	1,324.16
Apr. 25	Apr. 27	90.00	91	240.24	55.00	68	90.00	55.00	–	145.00	97.95	8.3946	1,353.13
May. 2	May. 4	100.00	104	287.20	75.00	77	100.00	75.00	–	175.00	97.94	8.4364	1,416.11
May. 9	May. 11	90.00	115	286.99	45.00	91	90.00	45.00	–	135.00	97.94	8.4364	1,418.10
May. 16	May. 18	100.00	98	294.76	69.00	60	100.00	69.00	–	169.00	97.95	8.3946	1,473.09
May. 23	May. 25	90.00	99	251.18	85.80	62	90.00	85.80	–	175.80	97.95	8.3946	1,527.47
May. 30	Jun. 1	100.00	82	264.59	9.00	53	100.00	9.00	–	109.00	97.95	8.3946	1,564.32
Jun. 6	Jun. 8	90.00	99	309.76	8.85	53	90.00	8.85	–	98.85	97.98	8.2692	1,580.17
Jun. 13	Jun. 15	100.00	103	342.24	37.20	53	100.00	37.20	–	137.20	98.01	8.1439	1,625.32
Jun. 20	Jun. 22	90.00	84	260.62	15.25	56	90.00	15.25	–	105.25	97.97	8.3110	1,630.43
Jun. 27	Jun. 29	100.00	94	283.00	13.43	65	100.00	13.43	–	113.43	97.97	8.3110	1,653.86
Jul. 4	Jul. 6	70.00	75	285.97	10.00	37	70.00	10.00	–	80.00	97.98	8.2692	1,648.66
Jul. 11	Jul. 13	70.00	95	372.02	42.41	62	70.00	42.41	–	112.41	97.99	8.2275	1,650.94
Jul. 18	Jul. 20	70.00	81	316.22	10.11	45	70.00	10.11	–	80.11	98.00	8.1857	1,636.05
Jul. 25	Jul. 27	70.00	78	332.66	77.21	46	70.00	77.21	–	147.21	98.01	8.1439	1,638.25
Aug. 1	Aug. 3	70.00	64	193.99	15.00	41	70.00	15.00	–	85.00	97.99	8.2275	1,548.25
Aug. 8	Aug. 10	70.00	67	257.05	130.00	51	70.00	130.00	–	200.00	97.99	8.2275	1,613.25
Aug. 14	Aug. 16	70.00	60	197.92	50.00	48	70.00	50.00	–	120.00	97.98	8.2692	1,564.25
Aug. 22	Aug. 24	70.00	71	278.23	41.22	25	70.00	41.22	–	111.22	97.99	8.2275	1,499.67
Aug. 29	Aug. 31	70.00	65	233.90	25.11	46	70.00	25.11	–	95.11	97.99	8.2275	1,485.78
Sep. 5	Sep. 7	70.00	68	338.39	78.86	21	70.00	78.86	–	148.86	98.01	8.1439	1,535.79
Sep. 12	Sep. 14	70.00	70	285.81	25.37	39	70.00	25.37	–	95.37	98.01	8.1439	1,493.96
Sep. 20	Sep. 21	70.00	74	282.44	43.29	33	70.00	43.29	–	113.29	98.02	8.1022	1,502.01
Sep. 26	Sep. 28	70.00	62	198.33	7.60	43	70.00	7.60	–	77.60	98.01	8.1439	1,466.18

* Effective from auction dated May 14, 1999, devolvement amount would be on RBI only.

Note: Outstanding amount is net of redemption during the week.

No. 20A: Auctions of Government of India Cash Management Bills

(Amount in ` Billion)

Date of Auction	Date of Issue	Date of Maturity	Notified Amount	Bids Received			Bids Accepted			Total Issue (8+9)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
				Number	Total Face Value		Number	Total Face Value					
					Compe-titive	Non-Compe-titive		Compe-titive	Non-Compe-titive				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011-12													
Apr. 29	May 2	Jul. 18	60.00	74	109.45	–	50	60.00	–	60.00	98.41	7.6588	260.00
May 5	May 6	Jul. 22	60.00	92	152.26	–	31	60.00	–	60.00	98.34	8.0017	320.00
Jun. 28	Jun. 29	Aug. 3	60.00	65	176.06	–	34	60.00	–	60.00	99.23	8.0923	180.00
Jul. 4	Jul. 5	Aug. 16	80.00	64	272.16	–	42	80.00	–	80.00	99.07	8.1580	260.00
Jul. 18	Jul. 19	Sep. 13	80.00	77	294.71	–	34	80.00	–	80.00	98.78	8.0500	280.00
Jul. 21	Jul. 22	Sep. 16	40.00	52	174.00	–	30	40.00	–	40.00	98.78	8.0500	260.00
Aug. 2	Aug. 3	Sep. 21	80.00	70	235.20	–	45	80.00	–	80.00	98.89	8.3612	280.00
Aug. 8	Aug. 9	Sep. 27	60.00	50	103.80	–	35	60.00	–	60.00	98.90	8.2850	340.00
Oct. 17	Oct. 18	Dec. 5	100.00	71	219.15	–	53	100.00	–	100.00	98.87	8.6909	100.00
Nov. 8	Nov. 9	Dec. 21	60.00	57	180.14	–	28	60.00	–	60.00	99.01	8.6896	160.00
Nov. 9	Nov. 9	Dec. 21	90.00	76	232.25	–	28	50.00	–	50.00	98.99	8.8669	210.00

No. 21: Auctions of 182-day Government of India Treasury Bills

(` Billion)

Date of Auction	Date of Issue	Notified Amount	Bids Received: Number	Bids Received: Total Face Value: Competitive	Bids Received: Total Face Value: Non-Competitive	Bids Accepted: Number	Bids Accepted: Total Face Value: Competitive	Bids Accepted: Total Face Value: Non-Competitive	Devolvement on PDs	Total Issue (7+8+9)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011-12													
May 11	May 13	30.00	73	81.76	–	35	30.00	–	–	30.00	96.07	8.2040	272.51
May 25	May 27	30.00	73	73.23	5.00	34	30.00	5.00	–	35.00	96.04	8.2690	287.51
Jun. 8	Jun. 10	30.00	66	113.55	–	34	30.00	–	–	30.00	96.06	8.2260	307.51
Jun. 22	Jun. 24	30.00	67	105.17	–	3	30.00	–	–	30.00	96.09	8.1610	327.51
Jul. 6	Jul. 8	30.00	75	71.78	–	44	30.00	–	–	30.00	96.04	8.2690	342.51
Jul. 20	Jul. 22	30.00	79	123.00	–	44	30.00	–	–	30.00	96.08	8.1823	357.50
Aug. 3	Aug. 5	30.00	58	59.35	–	34	29.50	–	–	29.50	95.95	8.4651	372.00
Aug. 17	Aug. 18	30.00	67	78.25	–	48	30.00	–	–	30.00	95.98	8.3998	382.00
Aug. 30	Sep. 2	30.00	59	64.30	–	28	30.00	–	–	30.00	95.98	8.3998	392.00
Sep. 14	Sep. 16	30.00	68	88.08	4.00	35	30.00	4.00	–	34.00	95.98	8.3998	406.00
Sep. 28	Sep. 29	30.00	59	73.19	–	32	30.00	–	–	30.00	95.95	8.4651	416.00
Oct. 12	Oct. 14	40.00	56	72.93	–	41	40.00	–	–	40.00	95.88	8.6177	421.00
Oct. 25	Oct. 28	40.00	57	93.25	–	32	40.00	–	–	40.00	95.84	8.7050	418.50
Nov. 9	Nov. 11	40.00	58	67.65	–	47	40.00	–	–	40.00	95.73	8.9454	428.50
Nov. 23	Nov. 25	40.00	86	123.67	0.01	26	40.00	0.01	–	40.01	95.78	8.8361	433.51
Dec. 7	Dec. 9	40.00	82	106.65	–	29	40.00	–	–	40.00	95.93	8.5087	443.51
Dec. 21	Dec. 23	40.00	80	113.95	–	3	40.00	–	–	40.00	96.04	8.2692	453.51
Jan. 4	Jan. 6	40.00	99	111.88	–	50	40.00	–	–	40.00	95.97	8.4215	463.51
Jan. 18	Jan. 20	40.00	82	111.92	–	51	40.00	–	–	40.00	95.91	8.5523	473.51
Feb. 1	Feb. 3	40.00	80	93.87	–	42	40.00	–	–	40.00	95.86	8.6613	484.01
Feb. 15	Feb. 17	40.00	83	127.62	–	29	40.00	–	–	40.00	95.86	8.6613	494.01
Feb. 29	Mar. 2	40.00	79	102.67	–	37	40.00	–	–	40.00	95.82	8.7487	504.01
Mar. 14	Mar. 16	40.00	72	124.25	–	16	40.00	–	–	40.00	95.86	8.6613	510.01
Mar. 28	Mar. 30	40.00	57	122.52	–	19	40.00	–	–	40.00	95.86	8.6613	520.01
2012-13													
Apr. 11	Apr. 13	50.00	78	104.02	–	39	50.00	–	–	50.00	95.90	8.5741	530.01
Apr. 25	Apr. 27	50.00	65	119.79	–	27	50.00	–	–	50.00	95.99	8.3780	540.01
May. 9	May. 11	50.00	78	109.38	–	43	50.00	–	–	50.00	95.97	8.4215	550.01
May. 23	May. 25	50.00	53	126.45	–	28	50.00	–	–	50.00	95.97	8.4215	560.00
Jun. 6	Jun. 8	50.00	82	208.63	–	12	50.00	–	–	50.00	96.09	8.1606	570.00
Jun. 20	Jun. 22	50.00	59	101.16	–	38	50.00	–	–	50.00	96.02	8.3127	580.00
Jul. 4	Jul. 6	50.00	63	161.97	–	35	50.00	–	–	50.00	96.04	8.2692	590.00
Jul. 18	Jul. 20	50.00	66	157.85	–	20	50.00	–	–	50.00	96.11	8.1171	600.00
Aug. 1	Aug. 3	50.00	54	117.51	–	24	50.00	–	–	50.00	96.05	8.2475	610.00
Aug. 14	Aug. 16	50.00	58	142.16	–	31	50.00	–	–	50.00	96.04	8.2692	620.00
Aug. 29	Aug. 31	50.00	56	136.16	–	35	50.00	–	–	50.00	96.05	8.2475	630.00
Sep. 12	Sep. 14	50.00	45	175.11	–	8	50.00	–	–	50.00	96.10	8.1388	640.00
Sep. 26	Sep. 28	50.00	56	168.47	2.38	29	50.00	2.38	–	52.38	96.10	8.1388	652.38

Note : 1. Outstanding amount is net of redemption during the week.

2. The presentation of implicit yield at cut-off price has been changed from actual /364-day count convention to actual / 365-day count convention from auction dated April 6, 2005.

3. The auctions of 182-day Treasury Bills (TBs) which were discontinued effective May 14, 2001 have been reintroduced from April 6, 2005 onwards.

No. 22: Auctions of 364-day Government of India Treasury Bills

(Amount in ` Billion)

Date of Auction	Date of Issue	Notified Amount	Bids Received: Number	Bids Received: Total Face Value: Competitive	Bids Received: Total Face Value: Non-Competitive	Bids Accepted: Number	Bids Accepted: Total Face Value: Competitive	Bids Accepted: Total Face Value: Non-Competitive	Devolvement on PDs/SDs*	Total Issue (7+8+9)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 - 12													
Apr. 6	Apr. 8	20.00	80	83.50	–	31	20.00	–	–	20.00	93.00	7.5480	424.56
Apr. 20	Apr. 21	30.00	72	78.81	–	38	30.00	–	–	30.00	92.82	7.7570	434.56
May 4	May 6	30.00	74	67.51	–	42	30.00	–	–	30.00	92.44	8.2010	444.56
May 18	May 20	30.00	89	97.10	–	27	30.00	–	–	30.00	92.36	8.2950	454.56
Jun. 1	Jun. 3	30.00	101	91.15	–	43	30.00	–	–	30.00	92.34	8.3180	474.56
Jun. 15	Jun. 17	30.00	91	75.79	2.03	56	30.00	2.03	–	32.03	92.32	8.3420	495.02
Jun. 29	Jun. 30	30.00	83	79.46	–	45	30.00	–	–	30.00	92.36	8.2950	513.08
Jul. 13	Jul. 15	30.00	107	131.41	–	20	30.00	–	–	30.00	92.41	8.2360	533.08
Jul. 27	Jul. 29	30.00	108	91.33	–	40	30.00	–	–	30.00	92.19	8.4950	553.08
Aug. 10	Aug. 12	30.00	109	184.25	–	9	30.00	–	–	30.00	92.47	8.1660	572.91
Aug. 24	Aug. 26	30.00	130	140.00	–	27	30.00	–	–	30.00	92.35	8.3065	592.45
Sep. 7	Sep. 9	30.00	105	121.00	2.16	26	27.42	2.16	–	29.58	92.32	8.3417	612.03
Sep. 21	Sep. 23	30.00	73	79.15	–	29	30.00	–	–	30.00	92.22	8.4595	632.03
Oct. 5	Oct. 7	40.00	93	106.00	–	43	40.00	–	–	40.00	92.17	8.5185	651.61
Oct. 19	Oct. 21	40.00	85	107.00	0.05	31	40.00	0.05	–	40.05	92.03	8.6840	671.66
Nov. 2	Nov. 4	40.00	85	119.00	–	47	40.00	–	–	40.00	91.98	8.7432	691.66
Nov. 16	Nov. 18	40.00	134	195.00	2.03	24	40.00	2.03	–	42.03	91.89	8.8500	713.69
Nov. 30	Dec. 2	40.00	132	236.82	–	2	40.00	–	–	40.00	92.23	8.4477	743.69
Dec. 14	Dec. 16	40.00	82	129.25	–	18	40.00	–	–	40.00	92.39	8.2595	773.69
Dec. 28	Dec. 30	40.00	85	98.12	0.02	45	40.00	0.02	–	40.02	92.31	8.3535	803.71
Jan. 11	Jan. 13	40.00	94	97.88	–	50	40.00	–	–	40.00	92.44	8.2007	833.72
Jan. 25	Jan. 27	40.00	80	114.45	–	26	40.00	–	–	40.00	92.21	8.4713	863.72
Feb. 8	Feb. 10	40.00	105	157.80	–	28	40.00	–	–	40.00	92.18	8.5067	873.72
Feb. 22	Feb. 24	40.00	107	196.20	–	21	40.00	–	–	40.00	92.18	8.5067	883.72
Mar. 7	Mar. 9	40.00	122	197.15	–	5	40.00	–	–	40.00	92.23	8.4477	893.72
Mar. 21	Mar. 22	40.00	104	194.10	10.30	9	40.00	10.30	–	40.10	92.27	8.4006	903.82
2012 - 13													
Apr. 4	Apr. 9	50.00	80	184.50	–	6	50.00	–	–	50.00	92.32	8.3417	933.82
Apr. 18	Apr. 20	50.00	77	145.81	–	26	50.00	–	–	50.00	92.47	8.1656	953.82
May 2	May. 4	50.00	68	103.55	–	38	50.00	–	–	50.00	92.35	8.3065	973.82
May 16	May. 18	50.00	72	121.86	–	30	50.00	–	–	50.00	92.36	8.2947	993.82
May 30	Jun. 1	50.00	91	171.65	–	33	50.00	–	–	50.00	92.37	8.2830	1,013.82
Jun. 13	Jun. 15	50.00	78	161.32	3.76	4	50.00	3.76	–	53.76	92.76	7.8265	1,035.55
Jun. 27	Jun. 29	50.00	82	165.68	–	23	50.00	–	–	50.00	92.51	8.1187	1,055.55
Jul. 11	Jul. 13	50.00	100	169.30	0.07	35	50.00	0.07	–	50.07	92.56	8.0601	1,075.61
Jul. 25	Jul. 27	50.00	83	135.22	–	34	50.00	–	–	50.00	92.63	7.9782	1,095.61
Aug. 8	Aug. 10	50.00	75	134.66	0.07	28	50.00	0.07	–	50.07	92.56	8.0601	1,115.68
Aug. 22	Aug. 24	50.00	93	171.41	–	33	50.00	–	–	50.00	92.51	8.1187	1,135.68
Sep. 5	Sep. 7	50.00	68	175.26	0.07	34	50.00	0.07	–	50.07	92.54	8.0835	1,156.17
Sep. 20	Sep. 21	50.00	73	112.86	–	44	50.00	–	–	50.00	92.56	8.0601	1,176.17

* Effective from auction dated May 19, 1999 devolvement amount would be on RBI only.

Note : 1. Outstanding amount is net of redemption during the week.

2. The presentation of implicit yield at cut-off price has been changed from actual/364-day count convention to actual/365-day count convention from auction dated October 27, 2004.

3. Effective from auction dated June 2, 1999 the non-competitive bidders were allowed to participate.

No. 23: Turnover in Government Securities Market (Face Value) at Mumbai @

(` Billion)

Week / Month+	Govt. of India Dated Securities	State Govt. Securities	Treasury Bills			
			Cash Management Bills	91 Day	182 Day	364 Day
	1	2	3	4	5	6
2010-11						
April	4,681.6	188.4	–	938.9	134.5	172.2
May	6,972.7	85.6	61.8	382.0	80.3	93.4
June	5,924.6	93.7	52.9	298.1	89.8	121.0
July	5,112.2	74.6	–	339.2	152.4	123.3
August	4,650.3	48.2	–	289.4	56.4	55.5
September	4,548.2	80.2	–	312.0	36.9	74.2
October	5,259.7	56.5	–	284.6	33.9	88.8
November	2,787.5	56.8	–	190.6	54.0	65.1
December	3,370.4	48.3	–	175.3	49.9	70.5
January	2,630.2	75.8	–	321.1	44.7	59.0
February	2,847.7	72.8	–	259.3	34.9	43.8
March	3,068.2	85.7	–	250.6	68.4	98.3
2011-12						
April	2,772.3	82.2	107.2	351.7	62.4	86.9
May	2,560.2	50.1	144.1	257.1	45.7	92.5
June	5,087.6	62.3	55.4	377.5	61.3	83.6
July	5,009.2	88.7	232.1	719.2	91.0	139.9
August	5,823.9	53.6	136.2	220.8	51.3	68.9
September	5,399.6	56.5	25.1	445.0	67.7	101.2
October	3,516.1	65.6	59.7	199.2	67.2	94.6
November	3,812.3	61.4	58.6	122.6	84.7	96.2
December	9,310.9	178.9	18.2	310.7	274.6	392.1
January	9,225.2	120.9	–	225.9	136.1	289.1
February	6,344.3	91.4	–	222.7	36.9	171.7
March	4,495.9	158.9	–	413.1	103.3	211.5
2012-13						
April	5,335.3	166.7	–	456.5	179.0	167.2
May	5,960.6	143.1	–	358.9	123.0	163.0
June	11,846.3	153.3	–	556.5	191.0	395.1
July	8,753.6	177.5	–	384.0	214.9	308.6
WEEK ENDED						
August 3, 2012	1,305.1	9.5	–	128.2	61.0	90.5
August 10, 2012	2,113.2	68.6	–	87.6	56.5	55.5
August 17, 2012	1,213.6	45.7	–	115.4	51.7	36.7
August 24, 2012	1,269.4	47.3	–	186.7	40.8	48.0
August 31, 2012	2,084.1	52.6	–	163.8	80.9	154.2

@ Based on SGL outright transactions in government securities in secondary market at Mumbai. It excludes repo transactions.

\+ Turnover upto the last Friday of the month over the last Friday of preceding month.

* RBI's sales and purchases include tranasctions in other offices and transactions on behalf of the State Governments and others. It excludes transactions relating to the Government of India and the Welfare Commissioner, Bhopal.

No. 24: Repo/Reverse Repo Auctions under Liquidity Adjustment Facility

(Amount in ` Billion)

Date	Repo/ Reverse Repo Period (Day(s))	REPO (INJECTION) Bids Received		Bids Accepted		Cut-off Rate(%)	REVERSE REPO (ABSORPTION) Bids Received		Bids Accepted		Cut-off Rate(%)	Net Injection (+)/ Absorption(-) of liquidity [(5) – (10)]	MSF	Outstanding Amount
		Number	Amount	Number	Amount		Number	Amount	Number	Amount				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Aug. 1. 2012	1	25	473.95	25	473.95	8.00	–	–	–	–	–	473.95	–	–473.95
Aug. 2. 2012	1	18	260.15	18	260.15	8.00	–	–	–	–	–	260.15	–	–260.15
Aug. 3. 2012	3	14	177.95	14	177.95	8.00	–	–	–	–	–	177.95	–	–177.95
Aug. 6. 2012	1	13	217.15	13	217.15	8.00	1	0.05	1	0.05	7.00	217.10	–	–217.10
Aug. 7. 2012	1	17	241.40	17	241.40	8.00	–	–	–	–	–	241.40	–	–241.40
Aug. 8. 2012	1	22	475.70	22	475.70	8.00	–	–	–	–	–	475.70	–	–475.70
Aug. 9. 2012	1	30	615.35	30	615.35	8.00	–	–	–	–	–	615.35	–	–615.35
Aug. 10. 2012	3	25	374.70	25	374.70	8.00	5	5.90	5	5.90	7.00	368.80	–	
Aug. 10. 2012 $	3	21	267.80	21	267.80	8.00	–	–	–	–	–	267.80	–	–636.60
Aug. 13. 2012	1	25	647.55	25	647.55	8.00	–	–	–	–	–	647.55	–	–647.55
Aug. 14. 2012	2	32	714.70	32	714.70	8.00	–	–	–	–	–	714.70	–	–714.70
Aug. 16. 2012	1	27	586.95	27	586.95	8.00	–	–	–	–	–	586.95	–	–586.95
Aug. 17. 2012	4	27	483.75	27	483.75	8.00	2	2.05	2	2.05	7.00	481.70	–	–481.70
Aug. 21. 2012	1	15	360.70	15	360.70	8.00	1	0.05	1	0.05	7.00	360.65	–	–360.65
Aug. 22. 2012	1	16	389.65	16	389.65	8.00	2	0.90	2	0.90	7.00	388.75	0.50	–389.25
Aug. 23. 2012	1	15	342.95	15	342.95	8.00	2	7.05	2	7.05	7.00	335.90	–	–335.90
Aug. 24. 2012	3	22	356.50	22	356.50	8.00	9	20.10	9	20.10	7.00	336.40	–	
Aug. 24. 2012 $	3	18	175.05	18	175.05	8.00	–	–	–	–	–	175.05	–	–511.45
Aug. 27. 2012	1	22	648.30	22	648.30	8.00	–	–	–	–	–	648.30	–	–648.30
Aug. 28. 2012	1	22	571.20	22	571.20	8.00	–	–	–	–	–	571.20	–	–571.20
Aug. 29. 2012	1	21	460.30	21	460.30	8.00	–	–	–	–	–	460.30	–	–460.30
Aug. 30. 2012	1	16	338.65	16	338.65	8.00	–	–	–	–	–	338.65	–	–338.65
Aug. 31. 2012	3	18	370.80	18	370.80	8.00	1	0.05	1	0.05	7.00	370.75	–	–370.75

MSF: Marginal Standing Facility.
'–' No bid was received in the auction. $: Additional repo auction on Reporting Fridays.

No. 25: Open Market Operations of Reserve Bank of India

(` Billion)

Year/Month	Government of India Dated Securities – Face Value					Treasury bills				
	Purchase		Sale		Net purchase (+)/net sale (–)	Purchase		Sale		Net purchase (+)/net sale (–)
	Market	State Government and others	Market	State Government and others		Market	State Government and others	Market	State Government and others	
	1	2	3	4	5	6	7	8	9	10
2009-10										
April	211.30	–	–	7.47	203.83	–	–	–	–	–
May	153.74	–	–	2.08	151.66	–	–	–	–	–
June	67.66	–	–	3.15	64.50	–	–	–	–	–
July	77.24	–	–	24.80	52.45	–	–	–	–	–
August	134.62	–	–	9.83	124.79	–	–	–	–	–
September	141.12	–	–	2.44	138.68	–	–	–	–	–
October	24.98	–	–	14.16	10.82	–	–	–	–	–
November	7.78	–	–	6.02	1.76	–	–	–	–	–
December	9.20	–	–	2.85	6.35	–	–	–	–	–
January	11.94	–	–	12.01	-0.07	–	–	–	–	–
February	3.06	–	–	3.11	-0.04	–	–	–	–	–
March	11.36	–	–	11.41	-0.06	–	–	–	–	–
2010-11										
April	6.15	–	–	6.05	0.10	–	–	–	–	–
May	10.22	–	–	10.11	0.11	–	–	–	–	–
June	2.53	–	–	2.66	-0.13	–	–	–	–	–
July	17.77	–	–	17.94	-0.16	–	–	–	–	–
August	6.98	–	–	7.06	-0.08	–	–	–	–	–
September	4.83	–	–	4.78	0.06	–	–	–	–	–
October	4.72	–	–	4.81	-0.10	–	–	–	–	–
November	85.41	–	–	1.86	83.55	–	–	–	–	–
December	417.56	–	–	3.64	413.92	–	–	–	–	–
January	183.01	–	–	7.91	175.10	–	–	–	–	–
February	43.54	–	–	43.49	0.05	–	–	–	–	–
March	5.26	–	–	5.42	-0.16	–	–	–	–	–
2011-12										
April	4.52	–	–	4.45	0.07	–	–	–	–	–
May	2.93	–	–	2.87	0.06	–	–	–	–	–
June	14.53	–	–	4.68	9.85	–	–	–	–	–
July	9.26	–	–	19.14	-9.88	–	–	–	–	–
August	4.73	–	–	4.76	-0.03	–	–	–	–	–
September	5.41	–	–	5.39	0.02	–	–	–	–	–
October	7.21	–	–	7.18	0.02	–	–	–	–	–
November	104.00	–	–	10.02	93.98	–	–	–	–	–
December	339.00	–	–	2.17	336.83	–	–	–	–	–
January	360.94	–	–	8.92	352.02	–	–	–	–	–
February	327.84	–	–	3.70	324.15	–	–	–	–	–
March	242.35	–	–	8.58	233.77	–	–	–	–	–
2012-13										
April	135.57	–	–	5.56	130.01	–	–	–	–	–
May	434.44	–	–	6.07	428.37	–	–	–	–	–
June	236.78	1.45	1.45	1.36	235.42	–	–	–	–	–
July	26.24	–	–	10.68	15.56	–	–	–	–	–
August	18.49+	–	–	8.97	9.52	–	–	–	–	–

\+ Includes purchase of Oil Marketing Companies Government of India Special Bonds (Oil Bonds) of ` NIL (face value) under Special Market Operations (SMOs).

Note: 1. RBI's sales-purchases include transactions in other offices and transactions on behalf of the State Governments and Others.

2. Excluding transactions of RBI with the Government of India and the Welfare Commissioner Bhopal.

No. 26A: Secondary Market Outright Transactions in Government Dated Securities (Face Value)

(Amount in ` billion, YTM in per cent per annum)

Week ended	Government of India Dated Securities - Maturing in the year											State Govt. Securities
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2022	
	1	2	3	4	5	6	7	8	9	10	11	12
I. August 3, 2012												
a. Amount	0.75	1.30	–	0.05	1.19	28.92	15.95	95.00	1.50	24.63	483.25	4.73
b. YTM *												
Min.	8.4382	7.9417	–	7.8893	8.0548	7.9976	8.1025	8.1440	9.2575	8.2455	8.0746	8.0889
Max.	8.7584	7.9613	–	7.8893	8.1281	8.1853	8.2394	8.3162	9.3761	8.4240	8.6592	8.9175
II. August 10, 2012												
a. Amount	–	1.25	0.05	4.17	2.96	12.38	18.06	159.39	0.95	17.81	839.56	34.29
b. YTM *												
Min.	–	7.9593	–	7.9772	7.9508	8.0894	8.1243	8.1910	8.2550	8.2806	8.1025	8.5526
Max.	–	8.0050	–	8.0115	8.1046	8.1902	8.2405	8.3477	9.3767	8.3786	8.6582	8.9300
III. August 17, 2012												
a. Amount	0.05	0.65	–	1.10	0.06	29.89	1.48	70.41	2.05	4.01	497.12	22.85
b. YTM *												
Min.	8.4921	7.9432	–	8.0109	–	8.0993	8.1964	8.2210	9.2997	8.3370	8.1218	8.6418
Max.	8.4921	8.0180	–	8.0143	–	8.2740	8.2422	8.3379	9.3509	8.3825	8.6673	8.9300
IV. August 24, 2012												
a. Amount	0.05	0.35	0.05	4.60	–	7.42	0.01	87.61	0.85	2.62	531.12	23.63
b. YTM *												
Min.	9.1270	8.0156	7.9563	7.9647	–	8.1774	–	8.2793	9.2787	8.3682	8.2088	8.6287
Max.	9.1270	8.0593	7.9563	8.0240	–	8.2232	–	8.3606	9.3156	8.3868	8.6625	8.9600
V. August 31, 2012												
a. Amount	0.30	0.73	0.16	1.68	0.11	57.72	2.72	89.79	1.80	4.56	882.51	26.30
b. YTM *												
Min.	8.0924	7.8899	7.9521	7.9757	8.0821	8.1545	8.2024	8.2516	9.3070	8.3083	8.1575	8.6686
Max.	8.0924	7.9479	7.9521	8.0018	8.0821	8.2190	8.2559	8.3606	9.4031	8.3758	8.6392	8.9480

* Minimum and Maximum YTMs (% PA) indicative have been given excluding transactions of non-standard lot size (less than ` 0.05 billion).

No. 26 B: Secondary Market Outright Transactions in Treasury Bills

(Amount in ` billion, YTM in per cent per annum)

Week ended	Treasury Bills Residual Maturity in Days			
	Upto 14 Days	15 - 91 Days	92 - 182 Days	183 - 364 Days
	1	2	3	4
I August 3, 2012				
a. Amount	17.50	69.64	23.90	28.85
b. YTM *				
Min.	8.0000	8.0200	8.2000	7.9000
Max.	8.1500	8.2503	8.2500	8.1800
II August 10, 2012				
a. Amount	4.70	45.81	26.12	23.18
b. YTM *				
Min.	7.7976	7.8861	8.1900	8.0100
Max.	8.1200	8.2300	8.2601	8.1000
III August 17, 2012				
a. Amount	12.02	56.97	20.44	12.44
b. YTM *				
Min.	8.0000	8.0292	8.1850	8.0500
Max.	8.2059	8.2700	8.2692	8.2100
IV August 24, 2012				
a. Amount	31.10	84.65	8.60	13.38
b. YTM *				
Min.	8.0400	8.1000	8.1802	8.0500
Max.	8.1504	8.2401	8.2202	8.1500
V August 31, 2012				
a. Amount	32.35	88.11	41.71	37.30
b. YTM *				
Min.	8.0000	8.0009	8.2001	8.0500
Max.	8.1449	8.2403	8.2475	8.1701

* Minimum and Maximum YTMs (% PA) indicative have been given excluding transactions of non-standard lot size (less than ` 0.05 billion).
# Includes transactions of Cash Management Bills.

No. 26 C: Month-end Yield to Maturity of SGL Transactions in Central Government Dated Securities for Various Residual Maturities

(Per cent)

Term to Maturity (in years)	2011				2012							
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8	9	10	11	12
1	8.2081	8.7114	8.7397	8.3720	8.6259	8.5654	8.3328	8.0040	8.0093	7.9044	7.9421	7.8684
2	8.2437	8.7469	8.7059	8.3161	8.5434	8.0814	8.0916	8.1086	8.0607	7.9657	7.9937	7.9380
3	8.2793	8.7823	8.6722	8.2603	8.4610	8.1851	8.1370	8.2132	8.1121	8.0269	8.0453	8.0152
4	8.3129	8.8178	8.6781	8.3743	8.3785	8.2888	8.4972	8.3178	8.2010	8.0881	8.0969	8.1207
5	8.3622	8.8603	8.7123	8.4656	8.2961	8.3051	8.5873	8.4434	8.2914	8.0767	8.1518	8.2160
6	8.4109	8.8810	8.7341	8.4918	8.3098	8.3096	8.5472	8.6149	8.3686	8.2090	8.2291	8.2584
7	8.3962	8.8635	8.7439	8.5120	8.3223	8.2896	8.5712	8.5664	8.3337	8.2225	8.2553	8.3049
8	8.4073	8.8650	8.7485	8.5300	8.3151	8.2641	8.7093	8.5482	8.3360	8.2012	8.2879	8.3476
9	8.3942	8.8666	8.7531	8.5479	8.2945	8.2214	8.6227	8.6047	8.4013	8.1839	8.2858	8.3228
10	8.3975	8.8849	8.7594	8.5459	8.2878	8.2000	8.5607	8.6523	8.4599	8.2269	8.2631	8.3135
11	8.4295	8.9145	8.7929	8.5142	8.3283	8.2268	8.6065	8.6739	8.4733	8.3740	8.3457	8.3687
12	8.4716	8.9260	8.8298	8.6100	8.3688	8.2536	8.6236	8.6851	8.4689	8.4157	8.3705	8.4016
13	8.5138	8.9375	8.8677	8.7018	8.4133	8.2957	8.6322	8.7123	8.4953	8.4380	8.3581	8.3970
14	8.5559	8.9490	8.9279	8.7660	8.4729	8.3752	8.6265	8.7583	8.5475	8.4487	8.3377	8.3907
15	8.5980	8.9605	8.9882	8.8302	8.5326	8.4548	8.6208	8.8042	8.5998	8.4595	8.4327	8.4334
16	8.6389	8.9708	9.0386	8.8678	8.5771	8.5092	8.6382	8.8273	8.6180	8.4905	8.4718	8.4762
17	8.6252	8.9707	9.0478	8.8353	8.5947	8.5316	8.6766	8.8356	8.6211	8.5235	8.5018	8.5189
18	8.6114	8.9707	9.0570	8.8028	8.6122	8.5541	8.7150	8.8440	8.6242	8.5565	8.5317	8.5617
19	8.5976	8.9707	9.0663	8.7727	8.6241	8.5717	8.7424	8.8555	8.6386	8.5749	8.5508	8.5752
20	8.5838	8.9707	9.0755	8.7749	8.6044	8.5736	8.7462	8.8715	8.6651	8.5819	8.5641	8.5791
21	8.5726	8.9707	9.0847	8.7770	8.5975	8.5755	8.7500	8.8876	8.6915	8.5889	8.5774	8.5836
22	8.5749	8.9706	9.0939	8.7791	8.5911	8.5774	8.7538	8.9036	8.7179	8.5960	8.5908	8.5881
23	8.5771	8.9706	9.1031	8.7813	8.5848	8.5793	8.7575	8.9197	8.7443	8.6030	8.6041	8.5926
24	8.5794	8.9706	9.1123	8.7834	8.5784	8.5812	8.7613	8.9357	8.7708	8.6103	8.6159	8.5971
25	8.5816	8.9706	9.1216	8.7856	8.5721	8.5831	8.7651	8.9307	8.7709	8.6210	8.6187	8.6016
26	8.5839	8.9706	9.1308	8.7877	8.5658	8.5850	8.7689	8.9232	8.7705	8.6317	8.6216	8.6061
27	8.5861	8.9705	9.1400	8.7898	8.5594	8.5869	8.7727	8.9156	8.7702	8.6423	8.6245	8.6106
28	8.5884	8.9705	9.1492	8.7920	8.5531	8.5888	8.7765	8.9081	8.7698	8.6530	8.6274	8.6151
29	8.5907	8.9705	9.1584	8.8036	8.5467	8.5907	8.7803	8.9006	8.7695	8.6579	8.6302	8.6196
30	-	-	-	8.8249	8.5404	8.5926	8.7841	8.8931	8.7691	8.6628	8.6331	8.6242

No. 26 D: Secondary Market Repo Transactions # (Other than with RBI)

(Amount in ` Billion)

Week Ended	Govt. of India Dated Securities	State Govt. Securities	Cash Management Bills	91-day Treasury Bills	182-day Treasury Bills	364-day Treasury Bills
	1	2	3	4	5	6
I. August 3, 2012						
Amount	399.70	9.64	–	245.08	162.65	195.58
Repo Rate Min.	7.00	7.95	–	7.95	7.90	7.95
Repo Rate Max.	9.40	8.07	–	8.10	8.07	8.07
Repo Period Min.	1	1	–	1	1	1
Repo Period Max.	31	3	–	3	3	3
II. August 10, 2012						
Amount	450.56	36.27	–	258.94	233.90	171.88
Repo Rate Min.	7.00	7.70	–	7.80	7.80	7.85
Repo Rate Max.	9.50	9.40	–	8.10	8.10	8.10
Repo Period Min.	1	1	–	1	1	1
Repo Period Max.	60	20	–	3	3	3
III. August 17, 2012						
Amount	292.39	38.67	–	207.04	75.39	97.15
Repo Rate Min.	7.50	8.00	–	7.95	7.98	7.98
Repo Rate Max.	9.40	8.10	–	8.10	8.10	8.10
Repo Period Min.	1	1	–	1	1	1
Repo Period Max.	34	4	–	4	4	4
III. August 24, 2012						
Amount	456.24	23.28	–	175.27	149.95	193.68
Repo Rate Min.	7.65	7.32	–	7.50	7.70	7.70
Repo Rate Max.	9.40	8.00	–	8.05	8.00	8.00
Repo Period Min.	1	1	–	1	1	1
Repo Period Max.	20	3	–	3	3	3
IV. August 31, 2012						
Amount	482.22	16.85	–	209.74	120.54	125.94
Repo Rate Min.	7.60	7.94	–	7.90	7.90	7.95
Repo Rate Max.	9.40	8.05	–	8.10	8.05	8.10
Repo Period Min.	1	1	–	1	1	1
Repo Period Max.	20	3	–	3	3	3

Represent the First Leg of Transactions.

Note: Repo rate in per cent per annum and repo period in days.

No. 27: Month-end Secondary Market Yield on Government of India Securities

(Per cent)

Coupon	Date of Maturity			Yield (Semi-annual) as on						
				Mar 31, 2011 (Year-end)	Mar 31, 2012 (Year-end)	Apr 30, 2012	May 31, 2012	Jun 30, 2012	Jul 31, 2012	Aug 31, 2012
			1	2	3	4	5	6	7	8
9.40	Sep.	11,	2012	7.53	8.86	8.28	8.16	8.13	8.06	8.07
FRB	Nov.	10,	2012	7.26	8.61	8.46	8.41	8.28	8.26	8.33
9.00	May	24,	2013	7.54	8.17	7.99	8.05	8.07	8.11	8.00
9.81	May	30,	2013	7.54	8.17	7.99	8.04	8.07	8.11	8.00
12.40	Aug.	20,	2013	7.56	8.09	7.95	8.01	8.03	8.09	7.96
7.27	Sep.	3,	2013	7.57	8.06	7.93	7.98	8.00	8.08	7.90
FRB	Sep.	10,	2013	6.74	8.64	8.49	8.44	8.30	8.28	8.40
5.32	Feb.	16,	2014	7.74	7.97	7.89	7.98	7.99	8.06	7.91
6.72	Feb.	24,	2014	7.74	7.97	7.89	7.98	7.99	8.06	7.91
7.37	Apr.	16,	2014	7.77	7.96	7.89	7.98	7.99	8.06	7.92
6.07	May	15,	2014	7.79	7.96	7.89	7.99	7.99	8.05	7.92
FRB	May	20,	2014	5.12	8.73	8.58	8.53	8.39	8.37	8.46
10.00	May	30,	2014	7.79	7.97	7.89	7.99	7.99	8.05	7.93
7.32	Oct.	20,	2014	7.87	7.99	7.91	8.03	8.00	8.04	7.96
10.50	Oct.	29,	2014	7.87	8.00	7.92	8.03	8.00	8.04	7.96
7.56	Nov.	3,	2014	7.88	8.00	7.92	8.03	8.00	8.04	7.97
11.83	Nov.	12,	2014	7.87	8.01	7.92	8.03	8.00	8.04	7.97
10.47	Feb.	12,	2015	7.84	8.06	7.97	8.06	8.01	8.02	7.97
10.79	May	19,	2015	7.89	8.13	8.03	8.10	8.03	8.03	8.00
11.50	May	21,	2015	7.88	8.13	8.03	8.10	8.03	8.03	8.00
6.49	Jun.	8,	2015	7.91	8.15	8.05	8.11	8.03	8.03	8.01
7.17	Jun.	14,	2015	7.90	8.14	8.03	8.09	8.03	8.03	8.00
FRB	Jul.	2,	2015	5.71	8.70	8.55	8.50	8.42	8.40	8.57
11.43	Aug.	7,	2015	7.91	8.20	8.09	8.13	8.05	8.04	8.02
FRB	Aug.	10,	2015	6.26	8.71	8.56	8.51	8.43	8.41	8.56
7.38	Sep.	3,	2015	7.94	8.23	8.13	8.14	8.05	8.04	8.03
9.85	Oct.	16,	2015	7.94	8.26	8.16	8.15	8.06	8.05	8.04
7.59	Apr.	12,	2016	7.99	8.42	8.31	8.19	8.08	8.08	8.08
10.71	Apr.	19,	2016	7.98	8.42	8.35	8.20	8.09	8.08	8.08
FRB	May	7,	2016	5.15	8.78	8.63	8.58	8.46	8.44	8.55
5.59	Jun.	4,	2016	8.01	8.48	8.40	8.22	8.09	8.10	8.11
12.30	Jul.	2,	2016	7.98	8.46	8.38	8.21	8.08	8.10	8.10
7.02	Aug.	17,	2016	8.00	8.52	8.43	8.23	8.08	8.11	8.13
8.07	Jan.	15,	2017	7.97	8.57	8.45	8.23	8.07	8.13	8.22
7.49	Apr.	16,	2017	7.96	8.59	8.48	8.25	8.06	8.19	8.25
FRB	Jul.	2,	2017	7.42	8.71	8.68	8.61	8.54	8.47	8.59
8.07	Jul.	3,	2017					8.07	8.19	8.23
7.99	Jul.	9,	2017	7.95	8.59	8.48	8.26	8.18	8.21	8.26
7.46	Aug.	28,	2017	7.97	8.59	8.53	8.28	8.20	8.22	8.27
6.25	Jan.	2,	2018	7.95	8.58	8.57	8.32	8.19	8.24	8.25
7.83	Apr.	11,	2018	–	8.56	8.60	8.35	8.24	8.25	8.27
8.24	Apr.	22,	2018	7.94	8.56	8.61	8.33	8.22	8.24	8.24
10.45	Apr.	30,	2018	7.94	8.56	8.57	8.32	8.23	8.24	8.24
5.69	Sep.	25,	2018	7.95	8.60	8.64	8.35	8.26	8.26	8.27

No. 27: Month-end Secondary Market Yield on Government of India Securities *(Concld.)*

(Per cent)

Coupon	Date of Maturity			Yield (Semi-annual) as on						
				Mar 31, 2011 (Year-end)	Mar 31, 2012 (Year-end)	Apr 30, 2012	May 31, 2012	Jun 30, 2012	Jul 31, 2012	Aug 31, 2012
			1	2	3	4	5	6	7	8
12.60	Nov.	23,	2018	7.93	8.57	8.58	8.32	8.25	8.26	8.25
5.64	Jan.	2,	2019	8.02	8.62	8.65	8.33	8.26	8.28	8.28
6.05	Feb.	2,	2019	8.02	8.62	8.65	8.33	8.26	8.28	8.28
6.05	Jun.	12,	2019	8.02	8.64	8.63	8.31	8.25	8.30	8.30
6.90	Jul.	13,	2019	8.02	8.64	8.62	8.30	8.24	8.30	8.31
10.03	Aug.	9,	2019	8.02	8.63	8.60	8.29	8.23	8.29	8.30
6.35	Jan.	2,	2020	7.99	8.66	8.59	8.29	8.25	8.32	8.34
8.19	Jan.	16,	2020	–	8.63	8.58	8.28	8.23	8.32	8.34
10.70	Apr.	22,	2020	7.98	8.65	8.58	8.28	8.27	8.33	8.35
7.80	May	3,	2020	7.98	8.62	8.57	8.29	8.28	8.35	8.37
FRB	Dec.	21,	2020	8.04	9.72	9.67	9.62	9.41	9.31	9.27
11.60	Dec.	27,	2020	8.01	8.63	8.58	8.31	8.37	8.38	8.40
7.80	Apr.	11,	2021	–	8.66	8.67	8.38	8.44	8.40	8.43
7.94	May	24,	2021	8.06	8.55	8.65	8.35	8.43	8.42	8.43
10.25	May	30,	2021	8.05	8.55	8.66	8.34	8.41	8.40	8.41
8.79	Nov.	8,	2021	–	8.57	8.67	8.38	8.38	8.37	8.38
8.20	Feb.	15,	2022	8.10	8.57	8.69	8.42	8.39	8.39	8.35
8.35	May	14,	2022	8.09	8.61	8.73	8.43	8.44	8.33	8.30
8.15	Jun.	11,	2022					8.18	8.25	8.24
8.08	Aug.	2,	2022	8.08	8.66	8.76	8.44	8.39	8.41	8.33
5.87	Aug.	28,	2022	8.12	8.70	8.79	8.47	8.37	8.29	8.26
8.13	Sep.	21,	2022	8.09	8.70	8.81	8.46	8.37	8.41	8.26
6.30	Apr.	9,	2023	8.16	8.72	8.80	8.48	8.35	8.28	8.24
6.17	Jun.	12,	2023	8.17	8.78	8.84	8.48	8.37	8.29	8.26
7.35	Jun.	22,	2024	8.21	8.77	8.84	8.46	8.35	8.40	8.38
9.15	Nov.	14,	2024	–	8.68	8.72	8.42	8.43	8.41	8.42
5.97	Sep.	25,	2025	8.29	8.65	8.76	8.48	8.54	8.44	8.45
8.33	Jul.	9,	2026						8.39	8.40
10.18	Sep.	11,	2026	8.28	8.60	8.77	8.49	8.51	8.41	8.42
8.24	Feb.	15,	2027	8.33	8.60	8.76	8.54	8.53	8.45	8.45
8.26	Aug.	2,	2027	8.33	8.60	8.79	8.56	8.52	8.48	8.47
8.28	Sep.	21,	2027	8.35	8.61	8.83	8.57	8.49	8.47	8.47
6.01	Mar.	25,	2028	8.40	8.64	8.81	8.61	8.55	8.51	8.51
6.13	Jun.	4,	2028	8.40	8.69	8.85	8.61	8.55	8.51	8.52
8.97	Dec.	5,	2030	–	8.82	8.85	8.60	8.57	8.57	8.58
8.28	Feb.	15,	2032	8.39	8.71	8.88	8.65	8.57	8.59	8.58
8.32	Aug.	2,	2032	8.40	8.73	8.90	8.66	8.59	8.60	8.59
7.95	Aug.	28,	2032	8.41	8.69	8.90	8.67	8.59	8.60	8.60
8.33	Sep.	21,	2032	8.40	8.69	8.91	8.66	8.59	8.60	8.59
7.50	Aug.	10,	2034	8.41	8.68	8.91	8.71	8.62	8.63	8.60
7.40	Sep.	9,	2035	8.41	8.62	8.93	8.73	8.63	8.64	8.61
8.33	Jun.	7,	2036	8.39	8.64	8.94	8.74	8.61	8.64	8.59
6.83	Jan.	19,	2039	8.38	8.65	8.92	8.77	8.66	8.67	8.62
8.30	Jul.	2,	2040	8.36	8.74	8.85	8.72	8.66	8.66	8.62
8.83	Dec.	12,	2041	–	8.74	8.78	8.73	8.66	8.66	8.63

FRB: Floating Rate Bond.
Source: Fixed Income Money Market and Derivatives Association of India (FIMMDA).

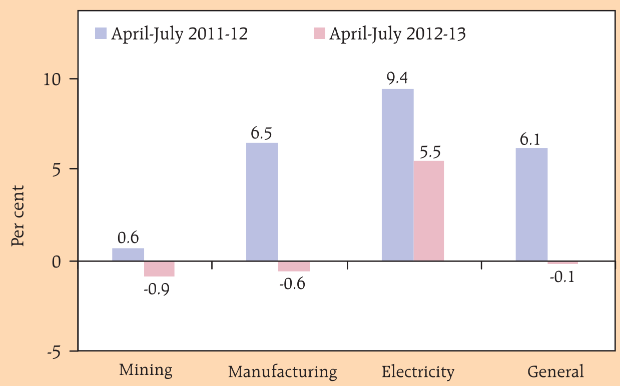
No. 28: Group-Wise Index Number of Industrial Production

(Base: 2004-05=100)

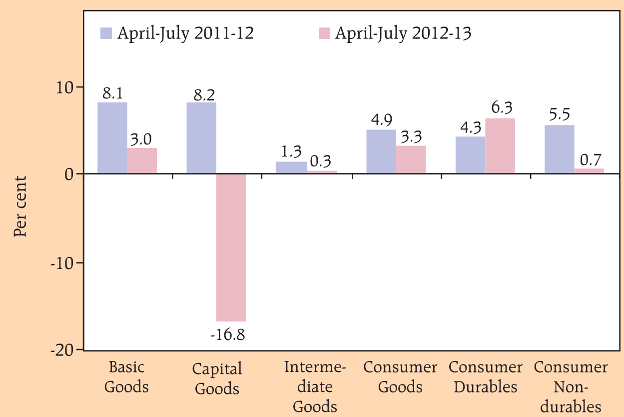
Sr. No.	Industry	Weight	Annual			Cumulative		Monthly	
			2009-10	2010-11	2011-12 P	April-July		July	
						2010-11	2011-12 P	2011	2012 P
		1	2	3	4	5	6	7	8
	General Index	**100.00**	**152.9**	**165.5**	**170.3**	**167.8**	**167.6**	**167.2**	**167.3**
I.	**Sectoral Classification**								
1.	Mining and Quarrying	**14.16**	124.5	131.0	128.5	126.7	125.5	124.1	123.2
2.	Manufacturing	**75.53**	161.3	175.7	181.0	178.0	176.9	177.4	177.1
3.	Electricity	**10.32**	130.8	138.0	149.3	148.9	157.1	152.1	156.3
II.	**Use-Based Classification**								
1.	Basic Goods	**45.68**	134.1	142.2	150.0	147.4	151.8	149.1	151.4
2.	Capital Goods	**8.83**	243.0	278.9	267.8	271.8	226.1	248.5	236.1
3.	Intermediate Goods	**15.69**	135.3	145.3	144.4	144.6	145.1	146.2	144.6
4.	Consumer Goods	**29.81**	164.3	178.3	186.1	180.3	186.2	182.0	183.3
4(a).	Consumer Durables	**8.46**	252.0	287.7	295.1	289.9	308.2	304.6	308.8
4(b).	Consumer Non-Durables	**21.35**	129.5	135.0	142.9	136.9	137.8	133.5	133.6

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

Sectoral Growth of Industrial Production



Growth in IIP: Use-based Classification



No. 29: IIP - 22 Major Industry Groups of Manufacturing Sector

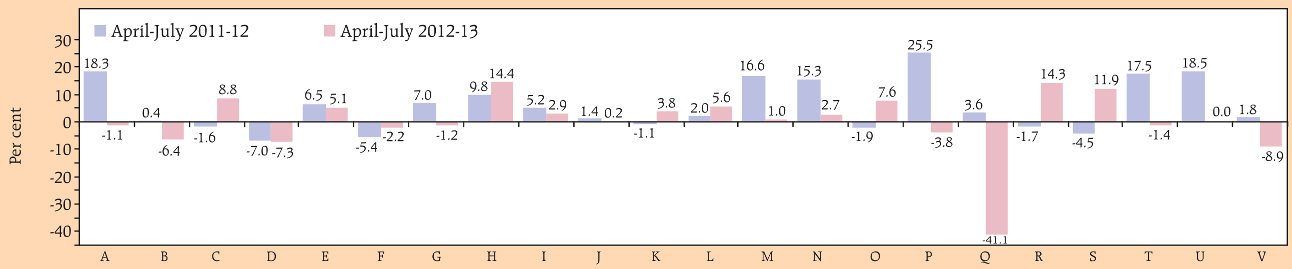
(Base: 2004-05=100)

Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
			2009-10	2010-11	2011-12 P	April-July		July	
						2011-12	2012-13 P	2011	2012 P
		1	2	3	4	5	6	7	8
	Manufacturing Index	**75.53**	**161.3**	**175.7**	**180.9**	**178.0**	**176.9**	**177.4**	**177.1**
15	Food products and beverages	7.28	133.5	142.9	164.8	151.1	149.4	140.4	134.9
16	Tobacco products	1.57	102.0	104.1	109.7	108.6	101.6	102.8	94.0
17	Textiles	6.16	127.4	135.9	134.0	130.1	141.5	136.3	147.6
18	Wearing apparel; dressing and dyeing of fur	2.78	137.1	142.2	130.1	133.7	123.9	125.2	111.9
19	Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products	0.58	105.8	114.3	118.5	118.9	125.0	124.1	121.2
20	Wood and wood products of wood & cork except furniture; articles of straw & plating materials	1.05	160.1	156.5	159.2	151.8	148.4	159.0	152.5
21	Paper and paper products	1.00	121.1	131.4	138.0	135.2	133.6	141.1	137.9
22	Publishing, printing & reproduction of recorded media	1.08	133.8	148.8	192.8	158.0	180.8	159.1	186.2
23	Coke, refined petroleum products & nuclear fuel	6.71	121.8	121.5	125.8	125.7	129.4	125.3	134.6
24	Chemicals and chemical products	10.06	120.7	123.1	122.7	123.5	123.7	121.6	128.2
25	Rubber and plastic products	2.02	167.4	185.2	184.6	185.2	192.3	191.6	181.8
26	Other non-metallic mineral products	4.31	145.4	151.4	158.6	153.2	161.8	158.6	158.8
27	Basic metals	11.33	162.4	176.7	192.1	190.8	192.7	197.2	191.6
28	Fabricated metal products, except machinery and equipment	3.08	158.6	182.8	203.3	178.5	183.3	188.2	186.4
29	Machinery and equipment n.e.c	3.76	198.0	256.3	241.3	234.0	251.7	213.3	240.0
30	Office, accounting & computing machinery	0.30	154.4	146.3	148.7	142.9	137.4	110.5	97.0
31	Electrical machinery & apparatus n.e.c	1.98	459.2	472.1	367.1	475.9	280.1	336.3	293.3
32	Radio, TV and communication equipment & apparatus	0.99	809.1	911.5	950.5	877.3	1002.9	1069.9	1123.1
33	Medical, precision & optical instruments, watches and clocks	0.57	100.9	107.8	119.5	98.1	109.8	98.1	100.5
34	Motor vehicles, trailers & semi-trailers	4.06	179.1	233.3	258.6	245.8	242.4	252.1	236.0
35	Other transport equipment	1.82	171.1	210.7	235.8	224.8	224.7	236.6	232.1
36	Furniture, manufacturing n.e.c	2.99	152.7	141.2	138.6	144.5	131.6	149.8	132.6

P: Provisional

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

Performance of Manufacturing Industries



A Food products and beverages
B Tobacco products
C Textiles
D Wearing apparel; dressing and dyeing of fur
E Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products
F Wood and wood products of wood & cork except furniture; articles of straw & plating materials
G Paper and paper products
H Publishing, printing & reproduction of recorded media
I Coke, refined petroleum products & nuclear fuel
J Chemicals and chemical products
K Rubber and plastic products
L Other non-metallic mineral products
M Basic metals
N Fabricated metal products, except machinery and equipment
O Machinery and equipment n.e.c
P Office, accounting & computing machinery
Q Electrical machinery & apparatus n.e.c
R Radio, TV and communication equipment & apparatus
S Medical, precision & optical instruments, watches and clocks
T Motor vehicles, trailers & semi-trailers
U Other transport equipment
V Furniture, manufacturing n.e.c

Capital Market

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

(Amount in ` Billion)

Security & Type of Issue	2010-11 (April-March)		2011-12 (April-March)		2011-12 (April-Jun.)		2012-13 (April-Jun.)	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8
1) Equity Shares (a+b)	70 (67)	248.3 (202.2)	49 (47)	81.5 (65.6)	21 (20)	38.7 (26.1)	10 (10)	5.3 (4.5)
a) Prospectus	51 (50)	196.8 (154.4)	33 (33)	57.8 (44.3)	16 (16)	37.5 (25.4)	7 (7)	4.6 (4.1)
b) Rights	19 (17)	51.5 (47.8)	16 (14)	23.7 (21.3)	5 (4)	1.2 (0.7)	3 (3)	0.7 (0.4)
2) Preference Shares (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
3) Debentures (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
of which:								
I) Convertible (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
II) Non-Convertible (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
4) Bonds (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
5) TOTAL (1+2+3+4)	**70**	**248.3**	**49**	**81.5**	**21**	**38.7**	**10**	**5.3**
a) Prospectus	51	196.8	33	57.8	16	37.5	7	4.6
b) Rights	19	51.5	16	23.7	5	1.2	3	0.7

Note: Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Source: Data are compiled from prospectus/circulars/advertisements issued by companies, replies given by the companies to the Reserve Bank's questionnaire, information received from SEBI, stock exchanges, press reports, *etc.*

Also see 'Notes on Tables'.

No. 31: Index Numbers of Ordinary Share Prices

Year/Month	BSE Sensitive Index (Base: 1978-79=100)			BSE - 100* (Base: 1983-84=100)			S&P CNX Nifty (Base: Nov. 3,1995=1000)		
	Average	High	Low	Average	High	Low	Average	High	Low
	1	2	3	4	5	6	7	8	9
2005-06	8280.08	11307.04	6134.86	4393.54	5904.17	3310.14	2513.44	3418.95	1902.50
2006-07	12277.33	14652.09	8929.44	6242.73	7413.22	4535.00	3572.44	4224.25	2632.80
2007-08	16568.89	20873.33	12455.37	8691.47	11509.96	6287.69	4896.60	6287.85	3633.60
2008-09	12365.55	17600.12	8160.40	6433.13	9348.64	4160.43	3731.03	5228.20	2524.20
2009-10	15585.21	17711.35	9901.99	8187.25	9419.46	5028.39	4657.77	5302.85	3060.35
2010-11	18605.18	21004.96	16022.48	9840.17	11141.18	8539.58	5583.54	6312.45	4806.75
2011-12	17422.88	19701.73	15175.08	9099.23	10261.50	7805.22	5242.74	5911.50	4544.20
August 2011	16887.53	18314.33	15848.83	8870.03	9583.98	8310.93	5076.74	5516.80	4747.80
September 2011	16694.77	17165.54	16051.10	8758.90	8995.37	8458.21	5015.58	5153.25	4835.40
October 2011	16822.84	17804.80	15792.41	8771.78	9234.93	8282.99	5060.02	5360.70	4751.30
November 2011	16664.48	17569.53	15695.43	8648.21	9156.91	8124.21	5004.28	5289.35	4706.45
December 2011	15959.97	16877.06	15175.08	8218.90	8712.59	7805.22	4782.36	5062.60	4544.20
January 2012	16357.57	17233.98	15517.92	8462.81	8982.13	7942.77	4920.02	5204.70	4636.75
February 2012	17836.33	18428.61	17300.58	9348.25	9709.03	9039.19	5409.09	5607.15	5235.70
March 2012	17415.88	17919.30	17052.78	9170.73	9462.58	8968.22	5298.48	5463.90	5178.85
April 2012	17282.96	17597.42	17094.51	9116.23	9296.48	8981.99	5254.48	5358.50	5189.00
May 2012	16396.23	17301.91	15948.10	4984.25	5258.62	4853.86	4966.51	5239.15	4835.65
June 2012	16737.14	17429.98	15965.16	5075.20	5279.22	4856.04	5074.21	5278.90	4841.60
July 2012	17210.19	17618.35	16639.82	5234.81	5354.06	5058.43	5222.01	5345.35	5043.00
August 2012	17583.89	17885.26	17197.93	5317.67	5405.21	5223.31	5329.72	5421.00	5215.70

* BSE India has re-based BSE-100 Index with effect from June 04,2012. Since May 2012 data is based on base Index value of 58.

Source: 1. Bombay Stock Exchange Ltd.
2. National Stock Exchange of India Ltd.

No. 32: Volume in Corporate Debt Traded at NSE*

(` Billion)

Week/Month/Year (April-March)			Volume
			(1)
2005-06			**106.2**
2006-07			**66.4**
2007-08			**85.8**
2008-09			**119.3**
2009-10			**544.8**
2010-11			**450.6**
2011-12			**501.5**
2011-2012			
April		2011	42.0
May		2011	28.9
June		2011	53.0
July		2011	59.3
August		2011	37.9
September		2011	25.4
October		2011	27.4
November		2011	32.3
December		2011	46.0
January		2012	38.9
February		2012	59.4
March		2012	51.1
2012-2013			
April		2012	39.3
May		2012	37.5
June		2012	47.9
July		2012	51.9
August		2012	45.0
Week ended			
July	6,	2012	9.6
July	13,	2012	14.7
July	20,	2012	16.6
July	27,	2012	9.0
August	3,	2012	6.7
August	10,	2012	15.1
August	17,	2012	5.8
August	24,	2012	9.7
August	31,	2012	9.8

* Relates to the WDM segment (Excluding trade in commercial papers)

Source: National Stock Exchange of India Ltd.

No. 33: Assistance Sanctioned and Disbursed by All - India Financial Institutions

(` Billion)

	April-September		April-March	
	2003-04	2004-05	2002-03	2003-04
	1	2	3	4
Sanctions				
All-India Development Banks	**98.3**	**128.6**	**223.2**	**234.4**
1. IDBI	28.6	63.1	59.0	56.3
2. IFCI	1.3	–	20.1	14.5
3. SIDBI	26.1	29.9	109.0	82.2
4. IIBI	13.9	0.0	12.1	24.1
5. IDFC	28.4	35.5	23.0	57.3
Investment Institutions	**130.3**	**78.1**	**56.7**	**294.8**
6. LIC	122.9	71.4	43.4	277.5
7. GIC	3.2	0.9	3.7	6.7
8. National Ins. Co. Ltd.	1.2	0.9	2.0	3.7
9. New India Ass. Co Ltd.	0.8	1.8	1.4	2.0
10. Oriental Ins. Co. Ltd.	0.9	0.3	1.2	1.3
11. United India Ins. Co. Ltd.	1.2	2.8	4.9	3.5
Total	**228.6**	**206.7**	**279.8**	**529.2**
Disbursements				
All India Development Banks	57.5	50.3	172.3	140.6
1. IDBI	6.4	20.9	66.1	44.1
2. IFCI	1.8	0.4	17.8	2.8
3. SIDBI	17.4	13.6	67.9	44.1
4. IIBI	12.2	0.1	10.9	22.5
5. IDFC	9.8	15.3	9.5	27.0
Investment Institutions	46.2	54.2	74.9	174.0
6. LIC	38.3	48.7	62.1	157.8
7. GIC	3.3	1.1	3.3	6.6
8. National Ins. Co. Ltd.	1.2	0.2	1.8	2.2
9. New India Ass. Co Ltd.	0.9	1.2	0.8	2.0
10. Oriental Ins. Co. Ltd.	1.4	0.3	2.4	1.9
11. United India Ins. Co. Ltd.	1.2	2.8	4.6	3.5
Total	**103.7**	**104.5**	**247.1**	**314.6**

Note: Data are provisional. Monthly data are not adjusted for inter-institutional flows.
Source: Industrial Development Bank of India.

Prices

No. 34: Monthly Average Price of Gold and Silver in Mumbai

Month / Year		Standard Gold (` per 10 grams)	Silver (` per kilogram)
		1	2
2000-01		4,474	7,868
2001-02		4,579	7,447
2002-03		5,332	7,991
2003-04		5,719	8,722
2004-05		6,145	10,681
2005-06		6,901	11,829
2006-07		9,240	19,057
2007-08		9,996	19,427
2008-09		12,905	21,272
2009-10		15,755	25,417
2010-11		19,238	37,315
2011-12		25,750	57,091
September	2010	19,087	32,592
October	2010	19,493	36,020
November	2010	20,174	41,293
December	2010	20,496	45,346
January	2011	20,212	44,852
February	2011	20,345	47,110
March	2011	20,842	54,330
April	2011	21,374	62,741
May	2011	22,123	57,111
June	2011	22,344	54,484
July	2011	22,662	55,305
August	2011	26,117	61,763
September	2011	27,520	61,623
October	2011	26,680	53,951
November	2011	28,545	56,658
December	2011	28,069	54,014
January	2012	27,573	53,406
February	2012	28,069	56,697
March	2012	27,918	57,343
April	2012	28,478	56,505
May	2012	28,845	54,614
June	2012	29,779	54,551
July	2012	29,468	53,094
August	2012	30,141	55,469
September	2012	31,673	62,135

Source: Bombay Bullion Association Ltd.

No. 35: Consumer Price Index Numbers for Industrial Workers – All-India and Selected Centres

(Base : 2001 = 100)

Centre	New Linking Factor(1)	1990-91 @	2010-11	2011-12	2012						
					Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8	9	10	11
All India (2)	**4.63**	**193**	**180**	**195**	**199**	**201**	**205**	**206**	**208**	**212**	**214**
Ahmedabad	4.62	196	175	190	196	201	202	205	205	208	212
Alwaye (Ernakulam)	4.52	176	171	188	191	191	194	196	199	202	202
Asansol	4.37	189	199	215	219	220	226	226	230	231	238
Bengluru	4.51	183	185	197	204	206	209	212	211	215	210
Bhavnagar	4.76	198	178	193	198	198	203	204	205	208	210
Bhopal	4.83	196	190	208	212	213	216	217	218	223	229
Chandigarh	5.26	189	180	200	202	204	208	212	212	217	218
Chennai	4.95	189	163	176	186	187	190	192	197	200	201
Coimbatore	4.49	178	168	178	184	185	188	188	189	192	196
Delhi	5.60	201	166	179	182	185	188	189	188	194	195
Faridabad	4.79	187	186	196	197	199	206	205	205	213	213
Guwahati	4.80	195	158	171	174	176	178	183	185	189	187
Howrah	5.42	212	173	185	185	190	194	197	202	201	203
Hyderabad	4.79	182	167	177	183	184	185	186	189	192	192
Jaipur	4.25	190	183	195	201	204	212	212	213	217	221
Jamshedpur	4.23	187	189	217	222	224	227	228	232	237	237
Kolkata	5.12	203	176	187	186	190	196	197	200	202	202
Ludhiana	4.12	193	177	192	195	199	202	201	199	204	212
Madurai	4.51	192	165	177	181	182	190	194	199	200	199
Monghyr-Jamalpur	4.30	189	185	203	207	211	210	209	213	215	217
Mumbai	5.18	201	178	196	200	204	208	208	212	214	216
Mundakayam	4.37	184	179	194	196	202	209	211	212	216	217
Nagpur	4.68	201	207	224	229	230	234	236	239	244	247
Puducherry	4.88	204	174	188	200	199	201	205	212	214	213
Rourkela	4.03	179	192	207	210	212	216	220	222	223	230
Kanpur	4.50	195	187	202	203	206	210	209	211	216	221
Solapur	4.73	197	182	204	211	210	214	215	214	215	218
Srinagar	5.62	184	162	176	183	184	186	189	192	194	194

@ Base 1982=100.

Note: New series of Consumer Price Index for Industrial Workers with base 2001 = 100 was released in January 2006 by Labour Bureau, Shimla. Linking Factors between old and new series as published by the Labour Bureau are reproduced in column 1.

For (1) and (2) See 'Notes on Tables'.

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

No. 36: Consumer Price Index Numbers for Urban Non-manual Employees – All-India and Selected Centres

(Base: 1984 – 85 = 100)

Centre	1990-91	2006-07	2007-08	2007				2008			
				Mar.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	1	2	3	4	5	6	7	8	9	10	11
All India (1)	**161**	**486**	**515**	**498**	**516**	**520**	**519**	**518**	**520**	**523**	**528**
Mumbai	154	478	504	490	502	506	508	510	509	510	513
Delhi	156	499	521	508	522	528	523	523	525	529	532
Kolkata	164	439	476	449	481	486	480	479	479	482	484
Chennai	168	569	605	585	606	607	609	607	610	611	618
Hyderabad	164	526	560	541	558	561	565	564	564	568	574
Bangalore	161	513	546	527	545	544	547	551	559	563	566
Lucknow	158	465	484	471	488	487	482	480	480	486	492
Ahmedabad	153	426	449	435	450	454	453	454	452	453	459
Jaipur	165	477	515	491	517	519	521	519	527	532	545
Patna	167	451	484	466	490	494	495	492	496	496	501
Srinagar	150	475	513	496	511	517	515	513	524	528	538
Thiruvananthapuram	152	507	535	512	528	530	535	542	548	552	555
Cuttack	154	479	507	492	507	511	512	510	510	509	510
Bhopal	166	458	482	461	481	488	490	488	490	493	502
Chandigarh	176	637	665	649	672	672	669	666	668	671	678
Shillong	179	499	565	528	566	571	572	571	580	582	584
Shimla	163	490	511	506	517	519	511	508	507	508	513
Jammu	161	480	511	492	512	514	512	507	515	523	533
Amritsar	152	402	423	412	431	433	425	422	423	427	431
Kozhikode (Calicut)	150	447	465	452	462	464	469	469	473	475	483
Kanpur	165	450	481	462	490	489	483	479	478	483	489
Indore	170	485	507	490	513	515	510	507	510	516	526
Pune	162	509	547	517	546	549	555	555	554	560	563
Jabalpur	164	437	467	452	473	476	473	471	467	471	478
Jodhpur	168	465	487	476	490	492	489	490	489	492	501

Linked All-India Consumer Price Index Number for Urban Non-Manual Employees (UNME)

(Base: 1984 – 85 = 100)

	2009	2010			
	Dec.	Sep.	Oct.	Nov.	Dec.
	1	2	3	4	5
General Index	657	701	705	710	719

Note: 1. The Centre-wise CPI (UNME) for base 1984-85 = 100 has been discontinued due to outdated base year with effect from April 2008 onwards. Linked all-India CPI (UNME) number are available for meeting the requirement of users.

2. As per the Press Release of Central Statistics Office, all-India linked Consumer Price Index for Urban Non-Manual Employees (UNME) has been discontinued with effect from January 2011. Therefore, this Table will not be updated henceforth.

See 'Notes on Tables'.

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

No. 37: Consumer Price Index Numbers for Agricultural / Rural Labourers

A: Consumer Price Index Numbers for Agricultural Labourers

(Base: July 1986 - June 1987 = 100)

State	1990-91(1)	Linking Factor (2)	2010-11	2011-12	2011	2012					
					Aug.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8	9	10	11
All India	**830**	**5.89**	**577**	**622**	**610**	**625**	**633**	**638**	**646**	**656**	**666**
Andhra Pradesh	657	4.84	603	668	655	673	674	682	689	693	697
Assam	854	(3)	580	622	610	623	638	648	652	665	670
Bihar	858	6.22	532	552	549	552	562	564	574	587	595
Gujarat	742	5.34	583	627	609	633	639	646	652	661	669
Haryana		(5)	642	690	676	692	705	711	721	730	743
Himachal Pradesh		(5)	484	513	497	519	523	531	530	538	546
Jammu & Kashmir	843	5.98	568	608	591	616	624	627	628	639	645
Karnataka	807	5.81	595	665	637	672	684	691	696	702	706
Kerala	939	6.56	562	601	596	603	606	609	610	618	624
Madhya Pradesh	862	6.04	569	615	604	618	624	630	636	648	662
Maharashtra	801	5.85	619	691	673	694	705	709	715	730	745
Manipur		(5)	527	594	572	603	606	613	618	625	628
Meghalaya		(5)	576	633	618	639	645	658	664	672	683
Orissa	830	6.05	538	562	554	558	567	577	590	600	610
Punjab	930	(4)	624	685	666	693	711	710	713	726	739
Rajasthan	885	6.15	608	668	647	679	681	688	692	701	717
Tamil Nadu	784	5.67	565	605	577	617	620	627	635	638	644
Tripura		(5)	514	548	539	551	559	562	565	571	572
Uttar Pradesh	960	6.60	566	595	589	597	602	609	621	638	653
West Bengal	842	5.73	561	592	594	582	596	600	612	625	636

See 'Notes on Tables'.

No. 37: Consumer Price Index Numbers for Agricultural / Rural Labourers

B: Consumer Price Index Numbers for Rural Labourers

(Base: July 1986 - June 1987 = 100)

State	1995-96 (7)	2010-11	2011-12	2011	2012						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8	9	10	11
All India	**240**	**577**	**623**	**610**	**623**	**626**	**634**	**640**	**648**	**658**	**667**
Andhra Pradesh	244	599	666	652	668	670	672	680	687	692	696
Assam	243	583	624	612	620	626	641	651	654	667	673
Bihar	223	532	554	551	551	554	565	567	577	590	598
Gujarat	241	583	626	607	629	632	639	646	652	660	668
Haryana	237	638	686	670	683	687	701	706	715	724	736
Himachal Pradesh	221	503	531	520	531	539	545	552	553	561	571
Jammu & Kashmir	225	564	603	587	601	609	618	619	620	632	638
Karnataka	250	594	665	637	669	672	685	691	695	701	704
Kerala	260	566	604	598	604	605	609	613	615	622	628
Madhya Pradesh	239	576	621	610	623	627	632	639	645	657	670
Maharashtra	247	613	685	665	683	687	698	703	708	722	738
Manipur	245	529	595	575	601	604	607	614	619	626	629
Meghalaya	250	572	629	613	627	635	641	654	659	667	678
Orissa	236	538	563	555	558	559	569	579	591	601	611
Punjab	247	622	682	662	680	691	707	707	709	722	733
Rajasthan	239	600	662	638	664	672	675	683	687	696	712
Tamil Nadu	244	559	603	574	611	615	618	625	634	637	643
Tripura	219	512	547	538	539	548	556	559	562	570	572
Uttar Pradesh	231	571	597	589	594	599	605	612	623	640	654
West Bengal	232	564	596	598	586	588	602	608	619	632	642

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

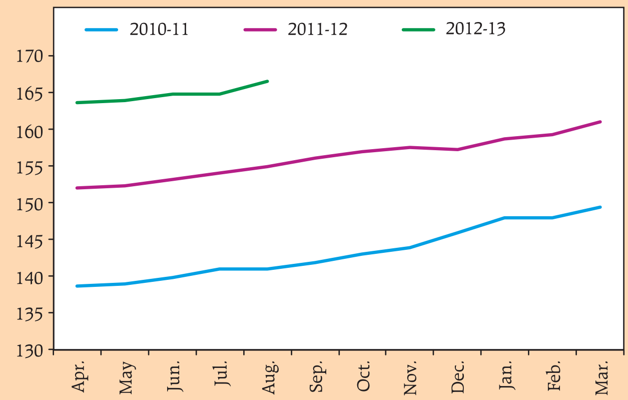
No. 38: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups

(Base: 2004-05=100)

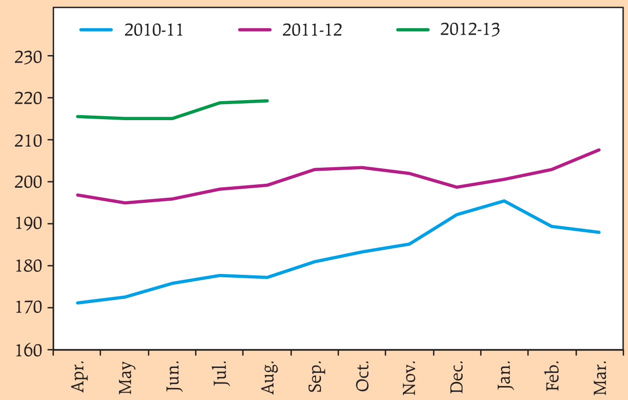
Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2010-11	2011-12	2011	2012					
		April-March			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
ALL COMMODITIES	**100.000**	**104.5**	**143.3**	**156.1**	**154.9**	**161.0**	**163.5**	**163.9**	**164.7**	**164.8**	**166.6**
I. PRIMARY ARTICLES	**20.118**	**104.3**	**182.4**	**200.3**	**199.4**	**207.8**	**215.6**	**215.0**	**215.0**	**218.8**	**219.5**
(A) Food articles	**14.337**	**105.4**	**179.6**	**192.7**	**193.7**	**197.1**	**207.2**	**206.1**	**209.4**	**212.2**	**211.4**
a. Food Grains (Cereals+Pulses)	4.090	107.3	174.4	180.7	180.2	185.6	188.9	190.4	193.3	200.1	207.4
a1. Cereals	3.373	106.0	169.7	176.2	177.4	180.3	184.3	184.3	186.3	190.7	196.4
a2. Pulses	0.717	113.3	196.9	201.8	193.1	210.3	211.0	218.6	226.1	244.2	259.5
b. Fruits & Vegetables	3.843	108.0	172.1	183.2	191.4	182.5	215.3	208.5	212.7	211.3	201.7
b1. Vegetables	1.736	113.7	182.8	179.3	199.4	190.0	237.6	224.7	245.9	230.1	219.3
b2. Fruits	2.107	103.3	163.2	186.4	184.9	176.4	197.0	195.1	185.3	195.7	187.0
c. Milk	3.238	101.0	175.9	194.0	193.1	201.3	202.9	204.1	206.0	208.9	206.0
d. Eggs, Meat & Fish	2.414	106.3	190.1	214.3	209.9	229.4	229.8	231.1	236.3	239.2	238.8
e. Condiments & Spices	0.569	94.5	244.0	237.5	235.7	214.3	207.4	198.9	196.3	202.8	210.1
f. Other Food Articles	0.183	107.8	181.9	216.5	213.9	202.3	225.4	239.2	244.0	235.3	244.4
(B) Non-Food Articles	**4.258**	**96.7**	**166.6**	**182.7**	**181.8**	**189.9**	**194.9**	**198.8**	**194.1**	**199.2**	**206.8**
a. Fibres	0.877	96.4	198.4	218.4	215.5	194.7	197.2	202.1	198.9	215.7	223.1
b. Oil Seeds	1.781	90.4	141.3	158.8	161.3	171.3	178.0	183.8	184.1	195.6	207.0
c. Other Non-Food Articles	1.386	103.9	176.7	195.3	191.5	216.6	225.2	226.6	214.1	203.9	206.6
d. Flowers	0.213	103.8	181.9	153.9	152.6	150.9	130.5	129.5	128.3	131.5	139.4
(C) Minerals	**1.524**	**115.2**	**253.3**	**320.7**	**301.9**	**358.8**	**351.9**	**344.4**	**326.6**	**335.8**	**331.3**
a. Metallic Minerals	0.489	127.9	373.8	411.5	391.7	446.9	430.1	434.3	442.2	439.2	441.7
b. Other Minerals	0.135	104.8	153.4	165.9	165.5	173.0	174.2	183.7	195.1	188.5	195.6
c. Crude Petroleum	0.900	109.8	202.8	294.5	273.6	338.7	335.9	319.6	283.6	301.6	291.7
II. FUEL & POWER	**14.910**	**113.6**	**148.3**	**169.0**	**167.1**	**177.8**	**178.8**	**178.9**	**181.1**	**175.5**	**181.0**
a. Coal	2.094	117.6	165.3	191.0	184.6	210.3	210.3	210.3	210.3	210.3	210.3
b. Mineral Oils	9.364	116.7	157.5	184.0	183.2	192.9	194.5	194.6	192.6	189.2	192.3
c. Electricity	3.452	102.6	113.2	115.0	112.5	117.0	117.0	117.0	132.4	117.0	132.4

See 'Notes on Tables'.

Monthly Movement of the Index of WPI-All Commodities



Monthly Movement in the Index of WPI-Primary Articles

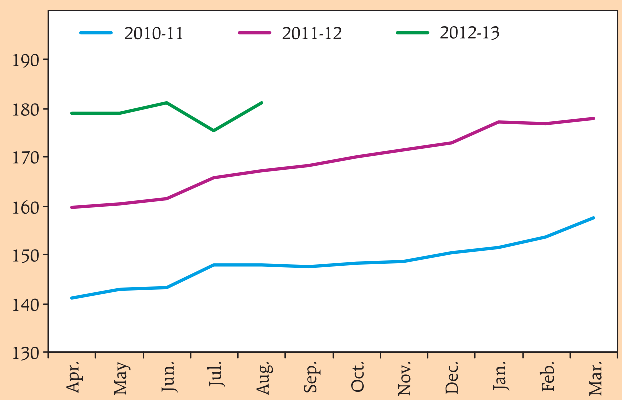


No. 38: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Contd.)*

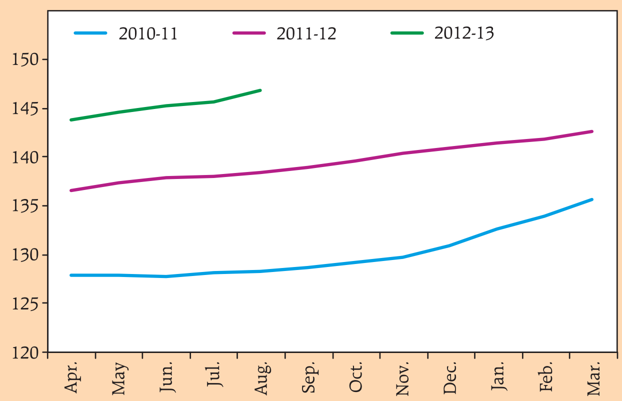
(Base: 2004-05=100)

Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2010-11	2011-12	2011	2012					
		April-March			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
III. MANUFACTURED PRODUCTS	**64.972**	**102.4**	**130.1**	**139.5**	**138.4**	**142.6**	**143.8**	**144.6**	**145.3**	**145.7**	**146.9**
(A) Food Products	**9.974**	**101.2**	**141.2**	**151.2**	**150.9**	**154.1**	**155.5**	**156.9**	**157.6**	**159.7**	**164.5**
a. Dairy Products	0.568	99.5	152.1	171.6	168.6	178.1	177.1	175.3	175.7	176.0	176.7
b. Canning, Preserving & Processing of Food	0.358	101.7	127.2	139.6	140.2	143.7	142.4	144.1	143.6	143.1	144.5
c. Grain Mill Products	1.340	104.8	145.8	146.2	146.0	146.9	146.7	145.4	145.4	145.5	150.0
d. Bakery Products	0.444	101.3	126.3	127.2	126.3	128.3	128.3	128.1	128.1	127.9	129.1
e. Sugar, Khandsari & Gur	2.089	108.8	160.5	167.7	166.1	169.1	170.5	172.8	173.7	178.4	191.2
f. Edible Oils	3.043	94.1	120.6	135.7	135.6	141.6	144.2	145.8	146.1	147.5	149.8
g. Oil Cakes	0.494	97.7	168.6	175.3	176.2	179.7	186.1	190.0	194.9	208.6	221.6
h. Tea & Coffee Proccessing	0.711	99.4	149.8	156.6	158.0	152.0	154.7	158.6	160.9	159.3	159.4
i. Manufacture of Salt	0.048	104.4	174.8	176.2	172.3	181.8	181.8	181.8	181.8	181.8	181.8
j. Other Food Products	0.879	106.5	141.2	157.4	159.0	160.1	159.2	161.7	162.1	162.3	163.3
(B) Beverages, Tobacco & Tobacco Products	**1.762**	**104.7**	**146.2**	**163.3**	**163.8**	**168.3**	**169.7**	**170.7**	**171.3**	**171.6**	**171.6**
a. Wine Industries	0.385	105.8	118.3	122.6	121.8	123.6	123.6	123.6	123.8	123.7	124.3
b. Malt Liquor	0.153	108.8	164.3	170.0	170.0	170.2	170.2	171.8	171.6	171.8	171.1
c. Soft Drinks & Carbonated Water	0.241	111.5	144.1	148.5	146.8	151.8	150.3	151.0	150.5	150.7	150.5
d. Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	101.9	154.8	181.8	183.5	189.6	192.5	193.8	194.9	195.4	195.4
(C) Textiles	**7.326**	**98.9**	**119.6**	**128.5**	**126.6**	**127.9**	**128.7**	**129.9**	**130.2**	**130.1**	**130.4**
a. Cotton Textiles	2.605	97.1	129.2	143.8	139.6	141.3	142.5	144.2	145.0	145.1	145.8
a1. Cotton Yarn	1.377	95.2	141.8	154.7	146.9	150.1	151.7	154.4	155.5	155.8	156.4
a2. Cotton Fabric	1.228	99.2	115.1	131.6	131.3	131.4	132.2	132.8	133.2	133.1	133.7
b. Man-Made Textiles	2.206	98.4	113.6	120.0	118.5	120.1	120.6	121.2	121.6	121.4	122.8
b1. Man-Made Fibre	1.672	97.7	114.4	120.1	118.1	119.8	120.3	120.8	121.3	121.0	122.7
b2. Man-Made Fabric	0.533	100.5	111.0	119.7	119.7	121.2	121.4	122.3	122.6	122.8	123.2
c. Woollen Textiles	0.294	102.2	118.3	132.6	135.4	134.7	135.3	136.7	138.2	141.4	142.0
d. Jute, Hemp & Mesta Textiles	0.261	111.6	164.9	176.3	177.3	171.3	173.9	174.5	174.7	175.3	175.0
e. Other Misc. Textiles	1.960	99.9	107.8	110.9	110.5	111.9	112.6	113.8	113.3	112.5	111.1

Monthly Movement of the Index of WPI-Fuel & Power



Monthly Movement in the Index of WPI-Manufactured Products



No. 38: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Contd.)*

(Base: 2004-05=100)

Commodities/Major Groups/Groups/ Sub-Groups	Weight	2005-06	2010-11	2011-12	2011	2012					
		April-March			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
(D) Wood & Wood Products	**0.587**	**105.7**	**149.0**	**161.0**	**160.9**	**164.8**	**166.1**	**166.5**	**167.8**	**169.1**	**169.6**
a. Timber/Wooden Planks	0.181	103.0	132.0	136.0	134.6	138.3	138.3	138.7	139.1	140.4	140.8
b. Processed Wood	0.128	105.3	153.1	170.8	170.8	174.7	175.2	175.2	176.0	177.0	179.1
c. Plywood & Fibre Board	0.241	108.4	164.2	179.3	180.2	184.1	186.3	187.0	189.7	190.4	189.9
d. Others	0.038	103.2	119.1	131.5	130.8	134.6	140.0	140.1	138.7	143.5	146.5
(E) Paper & Paper Products	**2.034**	**103.6**	**125.2**	**131.9**	**131.7**	**132.7**	**133.8**	**134.2**	**134.5**	**134.5**	**135.2**
a. Paper & Pulp	1.019	103.2	125.1	133.0	133.4	133.0	133.8	134.3	134.5	134.8	134.6
b. Manufacture of boards	0.550	101.6	122.7	124.9	125.2	124.9	126.1	126.2	126.2	125.7	127.5
c. Printing & Publishing	0.465	107.0	128.2	137.9	135.8	141.2	142.7	143.5	144.3	144.5	145.6
(F) Leather & Leather Products	**0.835**	**104.3**	**127.1**	**130.0**	**129.6**	**131.7**	**132.1**	**132.8**	**133.0**	**133.7**	**134.2**
a. Leathers	0.223	99.8	120.0	110.9	108.8	111.1	111.5	111.3	110.1	112.0	112.9
b. Leather Footwear	0.409	107.8	135.5	143.8	144.3	146.0	146.8	148.2	149.8	149.9	150.5
c. Other Leather Products	0.203	102.1	118.0	123.2	122.6	125.4	125.0	125.5	124.5	124.9	124.9
(G) Rubber & Plastic Products	**2.987**	**101.9**	**126.1**	**133.6**	**133.6**	**134.6**	**135.1**	**135.8**	**135.9**	**135.9**	**136.9**
a. Tyres & Tubes	0.541	103.2	146.5	161.2	161.3	162.4	162.6	162.9	162.8	162.8	163.0
a1. Tyres	0.488	103.1	146.0	160.9	161.0	162.2	162.4	162.7	162.6	162.6	162.8
a2. Tubes	0.053	104.3	151.6	163.0	163.8	164.3	164.8	164.9	164.9	164.9	164.9
b. Plastic Products	1.861	101.1	119.1	122.5	122.6	123.1	123.8	124.8	125.0	125.1	126.2
c. Rubber Products	0.584	103.2	129.5	143.6	142.5	145.3	145.6	145.7	146.0	145.6	146.8
(H) Chemicals & Chemical Products	**12.018**	**103.8**	**124.0**	**134.7**	**133.0**	**139.2**	**140.3**	**141.4**	**141.9**	**142.3**	**143.2**
a. Basic Inorganic Chemicals	1.187	106.4	126.3	138.2	137.9	141.0	143.0	144.2	146.0	146.0	146.9
b. Basic Organic Chemicals	1.952	103.6	124.4	135.0	134.8	139.4	139.6	140.2	139.4	138.8	139.9
c. Fertilisers & Pesticides	3.145	102.2	116.3	129.8	125.8	137.3	138.7	138.8	140.2	142.8	144.6
c1. Fertilisers	2.661	102.2	116.8	132.6	127.9	141.1	142.3	142.4	144.3	146.7	148.9
c2. Pesticides	0.483	102.2	113.6	114.9	114.6	116.2	118.9	118.7	117.9	121.2	120.7
d. Paints, Varnishes & Lacquers	0.529	104.3	122.6	128.5	125.6	137.7	139.6	141.3	143.4	143.4	144.3
e. Dyestuffs & Indigo	0.563	102.3	116.3	122.5	124.0	124.4	124.5	125.8	126.8	126.6	127.2
f. Drugs & Medicines	0.456	101.3	115.4	119.6	118.8	121.4	122.5	122.9	123.5	123.6	124.0
g. Perfumes, Cosmetics, Toiletries etc.	1.130	104.5	138.5	145.3	144.9	148.3	149.8	150.3	150.7	152.0	152.3
h. Turpentine, Plastic Chemicals	0.586	109.6	123.4	136.1	134.9	138.5	138.8	140.1	139.1	138.2	138.6
i. Polymers including Synthetic Rubber	0.970	103.0	123.4	130.4	129.1	132.6	134.7	137.9	136.1	134.4	134.2
j. Petrochemical Intermediates	0.869	105.1	137.4	156.2	153.1	159.3	161.3	163.2	163.6	161.8	162.0
k. Matches, Explosives & other Chemicals	0.629	102.7	128.7	135.5	135.0	138.0	138.4	140.9	142.0	142.4	142.8

No. 38: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Concld.)*

(Base: 2004-05=100)

Commodities/Major Groups/Groups/ Sub-Groups	Weight	2005-06	2010-11	2011-12	2011	2012					
		April-March			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
	1	2	3	4	5	6	7	8	9	10	11
(I) Non-Metallic Mineral Products	**2.556**	**103.4**	**144.6**	**152.9**	**149.6**	**158.2**	**159.7**	**159.9**	**161.3**	**162.4**	**164.2**
a. Structural Clay Products	0.658	105.0	142.2	155.3	153.9	160.6	161.8	162.1	161.9	162.1	162.3
b. Glass, Earthenware, Chinaware & their Products	0.256	104.2	120.8	127.0	126.8	128.3	129.2	129.2	129.4	130.2	130.1
c. Cement & Lime	1.386	102.3	150.8	157.0	151.9	163.1	164.9	164.9	167.5	169.4	172.2
d. Cement, Slate & Graphite Products	0.256	104.3	141.0	150.8	149.2	155.3	156.4	157.8	158.4	158.2	160.0
(J) Basic Metals, Alloys & Metal Products	**10.748**	**102.2**	**140.7**	**156.3**	**154.1**	**163.3**	**165.9**	**166.3**	**166.8**	**166.4**	**166.6**
a. Ferrous Metals	8.064	100.1	133.8	147.7	145.1	154.8	157.9	157.9	157.9	157.6	157.1
a1. Iron & Semis	1.563	97.9	127.9	152.7	150.3	165.0	168.0	167.3	167.1	165.6	163.0
a2. Steel: Long	1.630	100.9	139.5	158.5	155.9	166.6	172.7	171.9	171.9	171.3	171.0
a3. Steel: Flat	2.611	99.0	135.1	146.0	142.3	151.5	154.6	154.7	154.5	154.5	154.3
a4. Steel: Pipes & Tubes	0.314	97.8	118.3	125.2	126.1	127.2	126.0	129.8	128.9	127.6	129.2
a5. Stainless Steel & alloys	0.938	106.2	142.8	145.9	143.8	152.9	154.9	155.7	156.0	157.3	157.2
a6. Castings & Forgings	0.871	103.8	123.4	133.5	132.5	137.2	137.8	138.0	138.5	138.6	139.1
a7. Ferro alloys	0.137	79.9	148.1	146.8	144.9	148.8	151.7	152.1	153.2	151.7	153.8
b. Non-Ferrous Metals	1.004	111.9	153.5	157.1	157.4	158.2	158.7	159.6	159.9	160.1	160.6
b1. Aluminium	0.489	108.3	126.3	128.1	127.0	130.2	130.4	131.8	132.9	133.1	133.8
b2. Other Non-Ferrous Metals	0.515	115.2	179.3	184.7	186.2	184.8	185.6	186.0	185.7	185.8	186.0
c. Metal Products	1.680	106.6	166.5	197.2	195.1	207.2	208.8	210.2	214.0	212.8	216.0
(K) Machinery & Machine Tools	**8.931**	**103.6**	**121.3**	**125.1**	**124.6**	**126.4**	**126.4**	**127.0**	**127.7**	**127.9**	**128.1**
a. Agricultural Machinery & Implements	0.139	106.4	133.7	133.9	133.3	135.1	135.6	136.3	136.4	137.2	137.5
b. Industrial Machinery	1.838	108.2	139.0	142.3	142.0	144.2	144.5	144.8	145.4	145.6	145.8
c. Construction Machinery	0.045	106.4	131.7	131.7	131.8	131.9	132.5	134.4	135.9	135.4	130.9
d. Machine Tools	0.367	105.8	135.9	145.0	142.9	145.8	145.9	150.2	152.5	152.7	152.9
e. Air Conditioner & Refrigerators	0.429	96.8	110.9	109.8	110.8	110.1	110.2	110.2	111.2	111.8	112.6
f. Non-Electrical Machinery	1.026	104.6	118.4	121.6	120.7	122.8	122.1	122.6	122.6	122.9	122.5
g. Electrical Machinery, Equipment & Batteries	2.343	103.1	123.9	129.7	129.2	130.9	130.7	131.2	132.2	132.7	132.9
h. Electrical Accessories, Wires, Cables etc.	1.063	108.4	133.5	138.0	137.6	140.0	140.4	141.2	143.2	142.2	143.7
i. Electrical Apparatus & Appliances	0.337	103.0	111.2	116.3	116.3	116.8	117.1	117.1	117.1	116.4	118.2
j. Electronics Items	0.961	94.9	84.5	84.8	84.2	85.7	85.9	86.0	86.1	86.2	85.9
k. IT Hardware	0.267	93.7	87.0	88.5	89.1	89.1	89.1	89.2	89.2	89.2	89.2
l. Communication Equipments	0.118	96.3	92.0	94.2	94.2	95.1	95.1	95.1	95.1	95.1	95.1
(L) Transport, Equipment & Parts	**5.213**	**102.7**	**120.3**	**124.6**	**124.6**	**126.4**	**126.8**	**127.3**	**128.2**	**128.5**	**129.3**
a. Automotives	4.231	102.2	120.0	123.8	123.9	125.6	126.0	126.3	127.2	127.6	128.4
b. Auto Parts	0.804	103.8	120.1	125.3	124.8	127.0	127.8	128.5	129.5	129.7	130.1
c. Other Transport Equipments	0.178	109.1	129.5	140.3	140.0	142.9	143.3	144.9	145.7	146.0	147.0

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

Trade and Balance of Payments

No. 39(A): Foreign Trade (Annual and Monthly)

(` Billion)

Year/Month	Exports			Imports			Trade Balance		
	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil
	1	2	3	4	5	6	7	8	9
2003-04	2,933.7	164.0	2,769.7	3,591.1	945.2	2,645.9	-657.4	-781.2	123.8
2004-05	3,753.4	314.0	3,439.4	5,010.6	1,340.9	3,669.7	-1,257.3	-1,026.9	-230.4
2005-06	4,564.2	515.3	4,048.9	6,604.1	1,946.4	4,657.7	-2,039.9	-1,431.1	-608.8
2006-07	5,717.8	845.2	4,872.6	8,405.1	2,585.7	5,819.3	-2,687.3	-1,740.5	-946.8
2007-08	6,558.6	1,141.9	5,416.7	10,123.1	3,206.5	6,916.6	-3,564.5	-2,064.6	-1,499.9
2008-09	8,407.6	1,234.0	7,173.6	13,744.4	4,199.7	9,544.7	-5,336.8	-2,965.7	-2,371.1
2009-10	8,455.3	1,329.0	7,126.3	13,637.4	4,116.5	9,520.9	-5,182.0	-2,787.5	-2,394.5
2010-11	11,429.2	1,887.8	9,541.4	16,834.7	4,822.8	12,011.9	-5,405.5	-2,935.0	-2,470.4
2011-12	14,592.8	2,658.2	11,934.6	23,459.7	7,427.6	16,032.1	-8,866.9	-4,769.5	-4,097.5
2010-11									
April	807.2	122.3	684.9	1,409.5	420.7	988.8	-602.3	-298.4	-303.9
May	791.7	118.4	673.4	1,362.8	392.7	970.1	-571.0	-274.3	-296.7
June	962.4	155.7	806.7	1,334.1	364.6	969.4	-371.7	-208.9	-162.7
July	794.1	137.1	657.0	1,389.7	391.4	998.2	-595.6	-254.3	-341.2
August	826.6	141.2	685.4	1,262.3	334.9	927.4	-435.7	-193.8	-242.0
September	874.4	139.1	735.3	1,359.4	388.0	971.3	-484.9	-248.9	-236.0
October	847.4	154.6	692.7	1,441.6	370.7	1,071.0	-594.3	-216.0	-378.2
November	1,016.3	145.3	870.9	1,298.4	350.8	947.6	-282.1	-205.5	-76.7
December	1,054.4	177.8	876.6	1,422.9	417.4	1,005.5	-368.6	-239.6	-128.9
January	1,030.1	185.3	844.7	1,514.0	441.3	1,072.7	-484.0	-256.0	-228.0
February	1,056.1	177.9	878.2	1,498.2	412.5	1,085.7	-442.1	-234.6	-207.5
March	1,368.6	233.2	1,135.4	1,541.7	537.8	1,003.9	-173.1	-304.6	131.5
2011-12 R									
April	1,041.5	227.2	814.3	1,623.9	577.0	1,046.9	-582.3	-349.8	-232.6
May	1,191.0	238.4	952.6	2,032.9	590.2	1,442.7	-841.9	-351.8	-490.0
June	1,190.4	217.7	972.7	1,833.1	595.5	1,237.5	-642.7	-377.8	-264.8
July	1,170.0	207.2	962.8	1,823.8	574.9	1,248.9	-653.8	-367.7	-286.1
August	1,120.2	196.6	923.6	1,810.5	566.2	1,244.2	-690.3	-369.7	-320.6
September	1,266.9	227.6	1,039.4	1,894.2	513.5	1,380.7	-627.2	-285.9	-341.3
October	1,160.4	210.3	950.1	2,030.7	553.4	1,477.4	-870.3	-343.1	-527.3
November	1,180.8	215.9	964.9	1,977.2	632.5	1,344.8	-796.5	-416.6	-379.9
December	1,331.8	232.6	1,099.2	2,089.3	615.1	1,474.2	-757.5	-382.5	-375.0
January	1,294.2	230.5	1,063.6	2,206.2	763.5	1,442.8	-912.1	-532.9	-379.1
February	1,225.2	192.2	1,032.9	1,975.7	645.3	1,330.4	-750.5	-453.0	-297.5
March	1,421.7	261.9	1,159.8	2,129.9	800.6	1,329.3	-708.2	-538.7	-169.5
2012-13 P									
April	1,222.8	226.6	996.2	1,954.8	702.2	1,252.6	-732.1	-475.6	-256.4
May	1,347.7	211.1	1,136.6	2,219.0	791.7	1,427.4	-871.3	-580.6	-290.7
June	1,390.1	231.5	1,158.7	2,004.5	632.6	1,371.9	-614.4	-401.2	-213.2
July	1,245.5	..	..	2,105.3	678.7	1,426.6	-859.8	..	..
August	1,120.2	..	..	2,108.7	..	..	-988.5	..	..

Source: DGCI & S and Ministry of Commerce & Industry.
P: Provisional. R: Revised. .. : Not Available.
Notes: Monthly data may not add up to the annual data on account of revision in monthly figures.
Also see 'Notes on Tables'.

No. 39(B): Foreign Trade (Annual and Monthly)

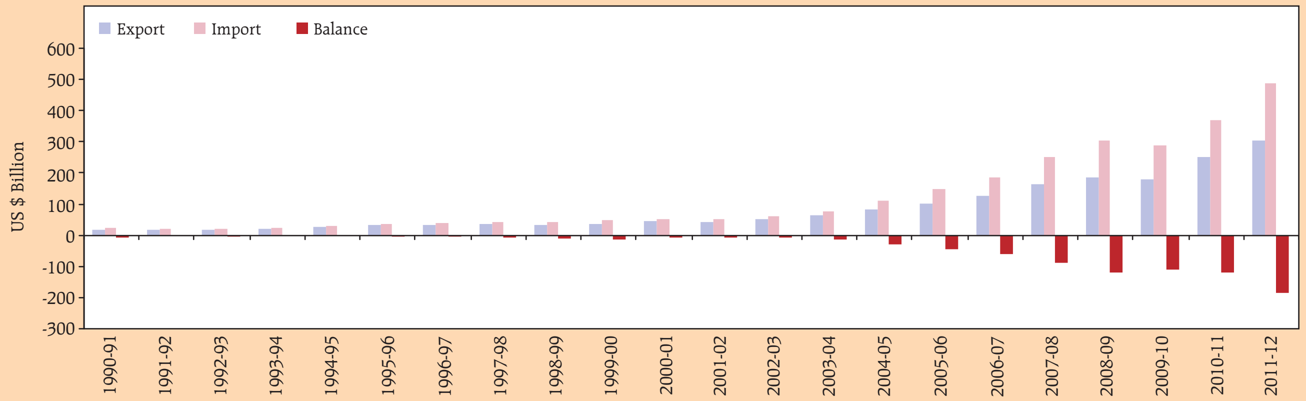
(US $ Million)

Year/Month	Exports			Imports			Trade Balance		
	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil
	1	2	3	4	5	6	7	8	9
2003-04	63,843	3,568	60,274	78,149	20,569	57,580	-14,307	-17,001	2,694
2004-05	83,536	6,989	76,547	111,517	29,844	81,673	-27,981	-22,855	-5,127
2005-06	103,091	11,640	91,451	149,166	43,963	105,203	-46,075	-32,323	-13,752
2006-07	126,414	18,635	107,779	185,735	56,945	128,790	-59,321	-38,311	-21,011
2007-08	162,904	28,363	134,541	251,439	79,645	171,795	-88,535	-51,281	-37,254
2008-09	185,295	27,547	157,748	303,696	93,672	210,025	-118,401	-66,125	-52,277
2009-10	178,751	28,192	150,559	288,373	87,136	201,237	-109,621	-58,944	-50,678
2010-11	251,136	41,480	209,656	369,769	105,964	263,805	-118,633	-64,484	-54,149
2011-12	304,624	55,604	249,020	489,417	154,906	334,511	-184,794	-99,302	-85,491
2010-11									
April	18,139	2,748	15,391	31,675	9,454	22,221	-13,536	-6,706	-6,829
May	17,282	2,583	14,698	29,747	8,571	21,176	-12,465	-5,988	-6,478
June	20,667	3,343	17,324	28,649	7,830	20,818	-7,982	-4,487	-3,495
July	16,954	2,927	14,028	29,670	8,357	21,313	-12,715	-5,430	-7,285
August	17,750	3,031	14,719	27,108	7,192	19,915	-9,357	-4,161	-5,196
September	18,984	3,021	15,964	29,512	8,425	21,087	-10,528	-5,404	-5,124
October	19,081	3,482	15,599	32,462	8,346	24,115	-13,381	-4,864	-8,517
November	22,575	3,228	19,347	28,842	7,792	21,050	-6,267	-4,564	-1,704
December	23,349	3,937	19,413	31,511	9,244	22,267	-8,162	-5,307	-2,855
January	22,692	4,083	18,609	33,354	9,722	23,632	-10,662	-5,639	-5,023
February	23,243	3,915	19,329	32,973	9,078	23,895	-9,730	-5,164	-4,566
March	30,419	5,182	25,236	34,267	11,953	22,314	-3,848	-6,770	2,922
2011-12 R									
April	23,474	5,121	18,353	36,598	13,004	23,594	-13,125	-7,883	-5,242
May	26,524	5,309	21,215	45,271	13,144	32,127	-18,748	-7,835	-10,913
June	26,539	4,853	21,686	40,867	13,277	27,590	-14,328	-8,424	-5,904
July	26,341	4,666	21,675	41,060	12,943	28,117	-14,719	-8,277	-6,442
August	24,739	4,341	20,398	39,985	12,506	27,479	-15,245	-8,165	-7,081
September	26,598	4,777	21,820	39,765	10,780	28,986	-13,168	-6,002	-7,166
October	23,558	4,270	19,288	41,227	11,234	29,992	-17,669	-6,965	-10,704
November	23,217	4,245	18,972	39,115	12,437	26,678	-15,897	-8,191	-7,706
December	25,283	4,416	20,867	39,663	11,677	27,986	-14,381	-7,261	-7,119
January	25,208	4,491	20,717	42,974	14,871	28,103	-17,766	-10,381	-7,385
February	24,919	3,910	21,009	40,183	13,124	27,059	-15,264	-9,214	-6,050
March	28,253	5,204	23,049	42,326	15,910	26,417	-14,073	-10,705	-3,368
2012-13 P									
April	23,600	4,373	19,227	37,729	13,552	24,177	-14,129	-9,180	-4,949
May	24,741	3,875	20,866	40,736	14,533	26,203	-15,995	-10,659	-5,337
June	24,810	4,131	20,679	35,776	11,291	24,485	-10,966	-7,160	-3,806
July	22,443	..	..	37,936	12,229	25,707	-15,493	..	..
August	22,330	..	..	37,953	12,876	25,077	-15,622	..	..

P: Provisional. R: Revised. .. : Not Available. **Source:** DGCI & S and Ministry of Commerce & Industry.

Note: 1. Data conversion has been done using period average exchange rates. Also see 'Notes on Tables'.
2. Monthly data may not add up to the annual data on account of revision in monthly figures. Also see 'Notes on Tables'.

Foreign Trade



No. 40: India's Overall Balance of Payments

(` Billion)

Item	Apr-Jun 2012 P			Apr-Jun 2011 PR		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
A. CURRENT ACCOUNT						
I. MERCHANDISE	**4,150**	**6,448**	**-2,298**	**3,516**	**5,528**	**-2,012**
II. INVISIBLES (a+b+c)	**2,922**	**1,520**	**1,403**	**2,329**	**1,101**	**1,228**
a) Services	1,860	1,093	767	1,523	789	734
i) Travel	190	168	22	165	155	11
ii) Transportation	230	198	32	195	179	16
iii) Insurance	29	13	15	25	13	12
iv) G.n.i.e.	9	9	0	6	9	-3
v) Miscellaneous	1,403	705	698	1,131	433	698
of which:						
Software Services	857	34	823	668	14	655
Business Services	412	419	-7	258	264	-6
Financial Services	71	78	-7	57	79	-22
Communication Services	23	6	17	16	19	-2
b) Transfers	946	45	901	695	38	657
i) Official	2	10	-8	2	6	-4
ii) Private	944	35	909	693	32	661
c) Income	116	381	-265	111	274	-162
i) Investment Income	78	355	-277	85	256	-171
ii) Compensation of Employees	38	26	11	26	18	8
Total Current Account (I+II)	**7,072**	**7,968**	**-895**	**5,845**	**6,629**	**-784**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,374**	**2,248**	**125**	**2,953**	**2,426**	**527**
a) Foreign Direct Investment (i+ii)	458	228	229	776	362	414
i) In India	411	75	336	758	204	554
Equity	265	56	209	601	189	412
Reinvested Earnings	124	0	124	92	–	92
Other Capital	22	19	3	65	15	50
ii) Abroad	47	153	-106	18	158	-140
Equity	47	71	-24	18	69	-51
Reinvested Earnings	0	16	-16	–	14	-14
Other Capital	0	66	-66	–	75	-75
b) Portfolio Investment	1,916	2,020	-104	2,177	2,064	114
i) In India	1,903	1,990	-87	2,173	2,050	123
of which:						
FIIs	1,898	1,990	-92	2,161	2,050	111
ADR/GDRs	5	0	5	12	–	12
ii) Abroad	13	30	-17	4	14	-9
2. Loans (a+b+c)	**2,004**	**1,670**	**334**	**1,439**	**1,150**	**289**
a) External Assistance	30	40	-10	55	40	16
i) By India	1	4	-3	1	3	-2
ii) To India	29	36	-7	55	37	17
b) Commercial Borrowings	340	287	53	304	167	136
i) By India	58	51	7	15	14	1
ii) To India	282	237	46	288	153	136
c) Short Term to India	1,634	1,343	291	1,080	943	137
i) Suppliers' Credit > 180 days & Buyers' Credit	1,634	1,308	327	1,014	943	71
ii) Suppliers' Credit up to 180 days	0	36	-36	66	–	66
3. Banking Capital (a+b)	**1,481**	**970**	**510**	**1,286**	**720**	**566**
a) Commercial Banks	1,480	965	515	1,285	719	566
i) Assets	432	144	288	485	205	280
ii) Liabilities	1,047	820	227	799	513	286
of which: Non-Resident Deposits	1,046	692	354	558	507	51
b) Others	1	6	-4	1	1	–
4. Rupee Debt Service	**0**	**1**	**-1**	**–**	**1**	**-1**
5. Other Capital	**172**	**222**	**-50**	**75**	**387**	**-312**
Total Capital Account (1 to 5)	**6,031**	**5,113**	**918**	**5,753**	**4,684**	**1,070**
C. Errors & Omissions	**6**	**0**	**6**	**–**	**42**	**-42**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**13,109**	**13,081**	**28**	**11,598**	**11,355**	**243**
E. Monetary Movements (i+ii)	**0**	**28**	**-28**	**–**	**243**	**-243**
i) I.M.F.	-	-	-	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	0	28	-28	–	243	-243
of which: SDR allocation	–	–	–	–	–	–

P: Preliminary; PR: Partially Revised

No. 40: India's Overall Balance of Payments *(Contd.)*

(` Billion)

Item	Jul-Sept 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
A. CURRENT ACCOUNT						
I. MERCHANDISE	**3,642**	**5,680**	**-2,038**	**3,636**	**6,117**	**-2,481**
II. INVISIBLES (a+b+c)	**2,385**	**1,212**	**1,174**	**2,896**	**1,432**	**1,464**
a) Services	1,494	854	641	1,913	1,089	823
i) Travel	194	162	32	258	180	78
ii) Transportation	206	166	40	240	226	13
iii) Insurance	29	19	9	41	22	18
iv) G.n.i.e.	7	8	-1	7	9	-2
v) Miscellaneous	1,059	499	560	1,367	651	716
of which:						
Software Services	638	14	624	821	16	805
Business Services	280	291	-11	347	354	-7
Financial Services	72	97	-25	82	111	-29
Communication Services	18	14	4	23	17	6
b) Transfers	750	35	714	867	31	836
i) Official	6	7	-1	18	8	10
ii) Private	743	28	715	849	24	825
c) Income	141	323	-181	117	312	-195
i) Investment Income	109	301	-192	87	284	-197
ii) Compensation of Employees	33	21	11	30	28	2
Total Current Account (I+II)	**6,027**	**6,892**	**-865**	**6,533**	**7,549**	**-1,016**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,527**	**2,285**	**242**	**2,536**	**2,186**	**349**
a) Foreign Direct Investment (i+ii)	548	252	297	531	279	253
i) In India	532	98	434	480	130	350
Equity	419	**92**	327	364	**128**	236
Reinvested Earnings	94	–	94	104	–	104
Other Capital	18	6	13	12	2	10
ii) Abroad	17	154	-137	51	148	-97
Equity	17	75	-58	51	71	-20
Reinvested Earnings	–	14	-14	–	15	-15
Other Capital	–	65	-65	–	62	-62
b) Portfolio Investment	1,979	2,034	-55	2,004	1,907	97
i) In India	1,958	2,021	-63	1,994	1,895	99
of which:						
FIIs	1,948	2,021	-73	1,990	1,895	95
ADR/GDRs	9	–	9	4	–	4
ii) Abroad	21	12	9	10	13	-2
2. Loans (a+b+c)	**1,706**	**1,317**	**389**	**1,792**	**1,710**	**82**
a) External Assistance	49	36	13	112	44	69
i) By India	1	3	-2	**1**	**3**	**-2**
ii) To India	49	34	15	112	41	71
b) Commercial Borrowings	448	204	244	399	415	-17
i) By India	51	21	30	72	46	26
ii) To India	397	182	215	327	369	-42
c) Short Term to India	1,209	1,077	131	1,281	1,251	29
i) Suppliers' Credit > 180 days & Buyers' Credit	1,150	1,077	73	1,281	1,217	64
ii) Suppliers' Credit up to 180 days	58	–	58	–	34	-34
3. Banking Capital (a+b)	**938**	**615**	**323**	**822**	**1,102**	**-279**
a) Commercial Banks	922	615	307	822	1,095	-273
i) Assets	102	46	56	20	141	-121
ii) Liabilities	820	569	251	802	954	-152
of which: Non-Resident Deposits	691	563	128	800	630	169
b) Others	16	–	16	–	6	-6
4. Rupee Debt Service	**–**	**–**	**–**	–	–	–
5. Other Capital	**217**	**275**	**-58**	**281**	**41**	**240**
Total Capital Account (1 to 5)	**5,388**	**4,492**	**896**	**5,430**	**5,039**	**391**
C. Errors & Omissions	**–**	**18**	**-18**	**–**	**27**	**-27**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**11,415**	**11,403**	**13**	**11,963**	**12,616**	**-653**
E. Monetary Movements (i+ii)	**–**	**13**	**-13**	**653**	**–**	**653**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	13	-13	653	–	653
of which: SDR allocation	–	–	–	–	–	–

No. 40: India's Overall Balance of Payments *(Concld.)*

(` Billion)

Item	Jan-Mar 2012 (P)			2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
A. CURRENT ACCOUNT						
I. MERCHANDISE	**4,031**	**6,621**	**-2,590**	**14,825**	**23,946**	**-9,121**
II. INVISIBLES (a+b+c)	**2,925**	**1,429**	**1,496**	**10,535**	**5,173**	**5,362**
a) Services	1,914	1,033	881	6,844	3,766	3,078
i) Travel	275	163	112	892	659	233
ii) Transportation	235	217	19	876	788	88
iii) Insurance	32	17	15	127	72	55
iv) G.n.i.e.	2	11	-8	23	37	-15
v) Miscellaneous	1,370	626	744	4,927	2,210	2,717
of which:						
Software Services	865	17	848	2,992	60	2,932
Business Services	362	381	-19	1,247	1,290	-42
Financial Services	75	96	-20	287	383	-97
Communication Services	20	25	-5	77	75	2
b) Transfers	896	51	845	3,207	155	3,052
i) Official	5	8	-3	31	29	2
ii) Private	891	43	848	3,176	126	3,050
c) Income	114	344	-230	484	1,252	-768
i) Investment Income	85	315	-231	366	1,156	-790
ii) Compensation of Employees	29	29	1	118	96	22
Total Current Account (I+II)	**6,955**	**8,050**	**-1,094**	**25,360**	**29,120**	**-3,760**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**3,196**	**2,428**	**768**	**11,212**	**9,325**	**1,887**
a) Foreign Direct Investment (i+ii)	465	396	68	2,320	1,289	1,032
i) In India	430	218	212	2,200	650	1,550
Equity	307	214	92	1,691	624	1,068
Reinvested Earnings	103	–	103	393	–	393
Other Capital	21	4	16	116	27	89
ii) Abroad	34	178	-144	120	638	-518
Equity	34	89	-54	120	303	-183
Reinvested Earnings	–	15	-15	–	58	-58
Other Capital	–	74	-74	–	277	-277
b) Portfolio Investment	2,732	2,031	700	8,892	8,036	856
i) In India	2,726	2,017	709	8,851	7,983	867
of which:						
FIIs	2,725	2,017	707	8823	7983	840
ADR/GDRs	2	–	2	28	–	28
ii) Abroad	6	14	-9	41	53	-12
2. Loans (a+b+c)	**1,827**	**1,690**	**138**	**6,765**	**5,867**	**897**
a) External Assistance	56	41	15	274	161	113
i) By India	1	3	-2	3	11	-8
ii) To India	55	38	17	270	150	121
b) Commercial Borrowings	412	297	115	1,562	1,083	479
i) By India	41	39	2	178	121	58
ii) To India	371	258	113	1,383	962	421
c) Short Term to India	1,359	1,352	8	4,929	4,624	306
i) Suppliers' Credit > 180 days & Buyers' Credit	1,322	1,352	-30	4,767	4,589	178
ii) Suppliers' Credit up to 180 days	38	–	38	162	34	128
3. Banking Capital (a+b)	**1,232**	**1,131**	**101**	**4,278**	**3,568**	**710**
a) Commercial Banks	1,229	1,127	103	4,259	3,556	703
i) Assets	8	294	-286	615	687	-72
ii) Liabilities	1,221	832	389	3,643	2,869	774
of which: Non-Resident Deposits	1,056	822	234	3,105	2,523	582
b) Others	2	5	-2	20	12	7
4. Rupee Debt Service	**–**	**2**	**-2**	**–**	**4**	**-4**
5. Other Capital	**69**	**239**	**-170**	**641**	**942**	**-301**
Total Capital Account (1 to 5)	**6,325**	**5,491**	**834**	**22,896**	**19,706**	**3,190**
C. Errors & Omissions	**–**	**28**	**-28**	**–**	**116**	**-116**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**13,280**	**13,568**	**-288**	**48,256**	**48,941**	**-685**
E. Monetary Movements (i+ii)	**288**	**–**	**288**	**685**	**–**	**685**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	288	–	288	685	–	685
of which: SDR allocation	–	–	–	–	–	–

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

(` Billion)

Item	Apr-Jun 2012 (P)			Apr-Jun 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**7,072**	**7,958**	**-886**	**5,833**	**6,613**	**-780**
1.A Goods and Services (1.A.a+1.A.b)	**6,010**	**7,542**	**-1,531**	**5,029**	**6,308**	**-1,278**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,150**	**6,448**	**-2,298**	**3,521**	**5,528**	**-2,007**
1.A.a.1 General merchandise on a BOP basis	4,119	5,890	-1,771	3,516	4,808	-1,292
1.A.a.1.1 Re-exports	–	–	–	–	–	–
1.A.a.2 Net exports of goods under merchanting	31	65	-34	5	–	5
1.A.a.2.1 Goods acquired under merchanting (negative credits)	31	–	31	15	–	15
1.A.a.2.2 Goods sold under merchanting	–	65	-65	–	9	-9
1.A.a.3 Non-monetary gold	–	493	-493	–	720	-720
1.A.b Services (1.A.b.1 to 1.A.b.13)	**1,860**	**1,093**	**767**	**1,508**	**779**	**729**
1.A.b.1 Manufacturing services on physical inputs owned by others	–	–	–	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	–	–	–	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	1	5	-4	–	–	–
1.A.b.3 Transport	***230***	***198***	***32***	***195***	***180***	***15***
1.A.b.3.1 Sea transport	157	137	20	84	115	-31
1.A.b.3.2 Air transport	71	59	11	31	53	-23
1.A.b.3.3 Other modes of transport	3	2	1	80	11	70
1.A.b.3.4 Postal and courier services	–	–	–	–	1	-1
1.A.b.4 Travel	***190***	***168***	***22***	***165***	***155***	***11***
1.A.b.4.1 Business	14	94	-80	–	83	-83
1.A.b.4.2 Personal	175	74	101	–	72	-72
1.A.b.4.2.1 Health-related	4	–	3	–	–	–
1.A.b.4.2.2 Education-related	4	15	-11	–	15	-15
1.A.b.4.2.3 Other	168	59	108	–	57	-57
1.A.b.5 Construction	***11***	***14***	***-2***	***11***	***9***	***2***
1.A.b.5.1 Construction abroad	11	9	2	11	5	6
1.A.b.5.2 Construction in the reporting economy	1	5	-4	–	4	-4
1.A.b.6 Insurance and pension services	***29***	***13***	***15***	***25***	***13***	***12***
1.A.b.6.1 Direct insurance	24	5	19	24	4	20
1.A.b.6.2 Reinsurance	4	8	-4	1	9	-7
1.A.b.6.3 Auxiliary insurance services	1	–	–	–	1	–
1.A.b.6.4 Pension and standardized guarantee services	–	–	–	–	–	–
1.A.b.7 Financial services	***71***	***78***	***-7***	***57***	***79***	***-22***
1.A.b.7.1 Explicitly charged and other financial services	67	66	1	57	79	-22
1.A.b.7.2 Financial intermediation services indirectly measured	3	12	-9	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***2***	***43***	***-42***	***2***	***27***	***-25***
1.A.b.9 Telecommunications, computer, and information services	***882***	***45***	***837***	***686***	***40***	***646***
1.A.b.9.1 Telecommunications services	23	6	17	16	18	-2
1.A.b.9.2 Computer services	857	34	823	668	14	655
1.A.b.9.3 Information services	2	5	-3	1	9	-7
1.A.b.10 Other business services	***412***	***419***	***-7***	***244***	***255***	***-11***
1.A.b.10.1 Research and development services	13	4	9	7	2	5
1.A.b.10.2 Professional and management consulting services	206	187	19	110	105	5
1.A.b.10.3 Technical, trade-related, and other business services	193	229	-36	126	148	-21
1.A.b.11 Personal, cultural, and recreational services	***10***	***9***	***1***	***4***	***4***	***–***
1.A.b.11.1 Audiovisual and related services	3	3	–	1	1	–
1.A.b.11.2 Other personal, cultural, and recreational services	7	6	1	2	2	–
1.A.b.12 Government goods and services n.i.e.	***9***	***9***	***–***	***6***	***9***	***-3***
1.A.b.13 Others n.i.e.	***14***	***92***	***-78***	***112***	***9***	***104***
1.B Primary Income (1.B.1 to 1.B.3)	**116**	**381**	**-265**	**111**	**274**	**-162**
1.B.1 Compensation of employees	38	26	11	26	18	8
1.B.2 Investment income	69	344	-275	85	256	-171
1.B.2.1 Direct investment	19	143	-124	49	253	-204
1.B.2.1.1 Income on equity and investment fund shares	19	142	-123	32	148	-116
1.B.2.1.2 Interest	–	1	-1	16	105	-89
1.B.2.2 Portfolio investment	1	55	-55	–	–	–
1.B.2.3 Other investment	4	146	-141	–	2	-2
1.B.2.4 Reserve assets	45	–	45	36	–	36
1.B.3 Other primary income	8	10	-2	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**946**	**35**	**910**	**693**	**32**	**661**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	944	35	909	693	32	661
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	901	31	870	665	26	639
of which:						
1.C.1.1.1 Workers' remittances	463	31	432	330	26	303
1.C.1.2 Other current transfers	43	4	39	28	6	22
1.C.2 General Government	1	–	1	–	–	–
2 Capital Account (2.1+2.2)	**5**	**15**	**-10**	**2**	**14**	**-12**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	–	–	–	–	8	-8
2.2 Capital transfers	5	15	-10	2	7	-4
2.2.1 General government	1	10	-9	2	7	-4
2.2.1.1 Debt forgiveness	–	–	–	–	–	-
2.2.1.2 Other capital transfers	1	10	-9	2	7	-4
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	4	5	-1	–	–	–

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

(` Billion)

Item	Apr-Jun 2012 (P)			Apr-Jun 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
3 Financial Account (3.1 to 3.5)	**6,031**	**5,140**	**890**	**5,753**	**4,919**	**834**
3.1 Direct Investment (3.1A+3.1B)	**458**	**228**	**229**	**776**	**362**	**414**
3.1.A Direct Investment in India	***411***	***75***	***336***	***758***	***204***	***554***
3.1.1 Equity and investment fund shares	*388*	*56*	*333*	*693*	*189*	*504*
3.1.1.1 Equity other than reinvestment of earnings	265	56	209	601	189	412
3.1.1.1.1 Direct investor in direct investment enterprises	265	56	209	601	189	412
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	124	-	124	92		92
3.1.2 Debt instruments	*22*	*19*	*3*	*65*	*15*	*50*
3.1.2.1 Direct investor in direct investment enterprises	22	19	3	65	15	50
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	***47***	***153***	***-106***	***18***	***158***	***-140***
3.1.1 Equity and investment fund shares	47	87	-40	18	83	-65
3.1.1.1 Equity other than reinvestment of earnings	47	71	-24	18	69	-51
3.1.1.1.1 Direct investor in direct investment enterprises	47	71	-24	18	69	-51
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	-	16	-16	–	14	-14
3.1.2 Debt instruments	-	*66*	*-66*	–	*75*	*-75*
3.1.2.1 Direct investor in direct investment enterprises	-	66	-66	–	75	-75
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	**1,911**	**2,020**	**-109**	**2,165**	**2,064**	**101**
3.2A Portfolio Investment in India	***1,898***	***1,990***	***-92***	***2,161***	***2,050***	***111***
3.2.1 Equity and investment fund shares	*1,405*	*1,489*	*-84*	*1,491*	*1,415*	*77*
3.2.2 Debt securities	*493*	*501*	*-8*	*669*	*635*	*34*
3.2.B Portfolio Investment by India	***13***	***30***	***-17***	***4***	***14***	***-9***
3.3 Financial derivatives (other than reserves) and employee stock options	**31**	**58**	**-26**	**–**	**–**	**–**
3.4 Other investment	**3,631**	**2,805**	**825**	**2,813**	**2,250**	**562**
3.4.1 Other equity (ADRs/GDRs)	**5**	**-**	**5**	**12**	**–**	**12**
3.4.2 Currency and deposits	**1,048**	**698**	**350**	**560**	**508**	**52**
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	1	6	-4	1	1	–
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	1,046	692	354	558	507	51
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	**803**	**600**	**203**	**1,085**	**419**	**667**
3.4.3A Loans to India	*744*	*545*	*200*	*1,069*	*402*	*667*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	433	273	160	726	212	515
3.4.3.3 General government (External Assistance)	29	36	-7	55	37	17
3.4.3.4 Other sectors (External Commercial Borrowings)	282	237	46	288	153	136
3.4.3B Loans by India	*59*	*55*	*4*	*16*	*17*	*-1*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	1	4	-3	1	3	-2
3.4.3.4 Other sectors	58	51	7	15	14	1
3.4.4 Insurance, pension, and standardized guarantee schemes	–	1	-1	–	–	–
3.4.5 Trade credit and advances	***1,634***	***1,343***	***291***	***1,080***	***943***	***137***
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	*1,634*	*1,343*	*291*	*1,080*	*943*	*137*
3.4.6 Other accounts receivable/payable – other	***140***	***164***	***-24***	***75***	***380***	***-306***
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	**–**	**28**	**-28**	**–**	**243**	**-243**
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)	–	28	-28	–	243	-243
3.5.4.1 Currency,deposits and securities	–	28	-28	–	243	-243
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	**6,031**	**5,140**	**890**	**5,753**	**4,919**	**834**
Of which: (by instrument):						
3.0.1 Equity and investment fund shares	1,884	1,720	164	2,207	1,700	507
3.0.2 Debt instruments	4,001	3,228	773	3,460	2,596	864
3.0.3 Other financial assets and liabilities	146	192	-47	87	624	-537
4 Net errors and omissions	6	**–**	**6**	–	**42**	**-42**

P: Preliminary; PR: Partially Revised.

Note: 1. The comparable figures in new and old formats may not entirely agree due to rounding off.
2. Total of subcomponents may not tally with aggregates due to rounding off.

No. 40A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(` Billion)

Item	Jul-Sep 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
1 Current Account (1.A+1.B+1.C)	**6,006**	**6,870**	**-864**	**6,503**	**7,529**	**-1,027**
1.A Goods and Services (1.A.a+1.A.b)	**5,121**	**6,519**	**-1,398**	**5,537**	**7,194**	**-1,657**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**3,643**	**5,680**	**-2,038**	**3,639**	**6,117**	**-2,477**
1.A.a.1 General merchandise on a BOP basis	3,642	5,091	-1,449	3,636	5,469	-1,832
1.A.a.1.1 Re-exports	–	–	–	–	–	–
1.A.a.2 Net exports of goods under merchanting	1	–	1	3	–	3
1.A.a.2.1 Goods acquired under merchanting (negative credits)	16	–	16	15	–	15
1.A.a.2.2 Goods sold under merchanting		15	-15		12	-12
1.A.a.3 Non-monetary gold	–	590	-590	–	648	-648
1.A.b Services (1.A.b.1 to 1.A.b.13)	**1,478**	**839**	**640**	**1,897**	**1,077**	**820**
1.A.b.1 Manufacturing services on physical inputs owned by others	–	–	–	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	–	–	–	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	–	–	–	–	–	–
1.A.b.3 Transport	***206***	***167***	***39***	***240***	***227***	***13***
1.A.b.3.1 Sea transport	76	104	-28	67	114	-46
1.A.b.3.2 Air transport	41	47	-6	42	43	-1
1.A.b.3.3 Other modes of transport	89	15	75	130	70	60
1.A.b.3.4 Postal and courier services	–	1	-1	–	–	–
1.A.b.4 Travel	***194***	***162***	***32***	***258***	***180***	***78***
1.A.b.4.1 Business	–	75	-75	–	87	-87
1.A.b.4.2 Personal	–	86	-86	–	93	-93
1.A.b.4.2.1 Health-related	–	1	-1	–	–	–
1.A.b.4.2.2 Education-related	–	29	-29	–	20	-20
1.A.b.4.2.3 Other	–	57	-57	–	72	-72
1.A.b.5 Construction	***6***	***14***	***-9***	***10***	***8***	***3***
1.A.b.5.1 Construction abroad	6	8	-2	10	4	7
1.A.b.5.2 Construction in the reporting economy		7	-7	–	4	-4
1.A.b.6 Insurance and pension services	***29***	***19***	***9***	***41***	***22***	***18***
1.A.b.6.1 Direct insurance	27	7	19	38	10	28
1.A.b.6.2 Reinsurance	1	10	-9	2	12	-10
1.A.b.6.3 Auxiliary insurance services	1	2	-1	1	–	–
1.A.b.6.4 Pension and standardized guarantee services	–	–	–	–	–	–
1.A.b.7 Financial services	***72***	***97***	***-25***	***82***	***111***	***-29***
1.A.b.7.1 Explicitly charged and other financial services	72	97	-25	82	111	-29
1.A.b.7.2 Financial intermediation services indirectly measured	–	–	–	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***4***	***32***	***-28***	***4***	***47***	***-43***
1.A.b.9 Telecommunications, computer, and information services	***660***	***31***	***629***	***846***	***39***	***807***
1.A.b.9.1 Telecommunications services	21	13	8	23	17	6
1.A.b.9.2 Computer services	638	14	624	821	16	805
1.A.b.9.3 Information services	1	4	-3	2	6	-4
1.A.b.10 Other business services	***264***	***276***	***-11***	***331***	***342***	***-10***
1.A.b.10.1 Research and development services	9	1	7	11	5	6
1.A.b.10.2 Professional and management consulting services	119	126	-8	139	171	-32
1.A.b.10.3 Technical, trade-related, and other business services	137	148	-11	182	167	15
1.A.b.11 Personal, cultural, and recreational services	***6***	***4***	***2***	***3***	***2***	***1***
1.A.b.11.1 Audiovisual and related services	1	1	–	2	1	1
1.A.b.11.2 Other personal, cultural, and recreational services	4	3	2	1	2	–
1.A.b.12 Government goods and services n.i.e.	***7***	***8***	***-1***	***7***	***9***	***-2***
1.A.b.13 Others n.i.e.	***32***	***28***	***3***	***74***	***89***	***-15***
1.B Primary Income (1.B.1 to 1.B.3)	**141**	**323**	**-181**	**117**	**312**	**-195**
1.B.1 Compensation of employees	33	21	11	30	28	2
1.B.2 Investment income	109	301	-192	87	284	-197
1.B.2.1 Direct investment	49	298	-250	36	279	-243
1.B.2.1.1 Income on equity and investment fund shares	34	193	-158	26	147	-121
1.B.2.1.2 Interest	15	106	-91	10	133	-122
1.B.2.2 Portfolio investment	–	–	–	–	–	–
1.B.2.3 Other investment	–	2	-2	–	4	-4
1.B.2.4 Reserve assets	60	–	60	51	–	51
1.B.3 Other primary income	–	–	–	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**743**	**28**	**715**	**849**	**24**	**825**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	743	28	715	849	24	825
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	716	24	692	816	20	796
of which:	–	–	–			
1.C.1.1.1 Workers' remittances	353	24	329	403	20	383
1.C.1.2 Other current transfers	27	4	23	33	4	30
1.C.2 General Government	–	–	–			
2 Capital Account (2.1+2.2)	**19**	**7**	**11**	**18**	**12**	**6**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	12	1	12	–	4	-4
2.2 Capital transfers	6	7	-1	18	8	10
2.2.1 General government	6	7	-1	18	8	10
2.2.1.1 Debt forgiveness	–	–	–	–	–	–
2.2.1.2 Other capital transfers	6	7	-1	18	8	10
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	–	–	–	–	–	–

No. 40A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(` Billion)

Item	Jul-Sep 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
3 Financial Account (3.1 to 3.5)	**5,376**	**4,505**	**871**	**6,083**	**5,035**	**1,048**
3.1 Direct Investment (3.1A+3.1B)	**548**	**252**	**297**	**531**	**279**	**253**
3.1.A Direct Investment in India	***532***	***98***	***434***	***480***	***130***	***350***
3.1.1 Equity and investment fund shares	*513*	*92*	*421*	*469*	*128*	*340*
3.1.1.1 Equity other than reinvestment of earnings	419	92	327	364	128	236
3.1.1.1.1 Direct investor in direct investment enterprises	419	92	327	364	128	236
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	94	–	94	104	–	104
3.1.2 Debt instruments	*18*	*6*	*13*	*12*	*2*	*10*
3.1.2.1 Direct investor in direct investment enterprises	18	6	13	12	2	10
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	***17***	***154***	***-137***	***51***	***148***	***-97***
3.1.1 Equity and investment fund shares	17	88	-72	*51*	*86*	*-35*
3.1.1.1 Equity other than reinvestment of earnings	17	75	-58	51	71	-20
3.1.1.1.1 Direct investor in direct investment enterprises	17	75	-58	51	71	-20
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	–	14	-14	–	15	-15
3.1.2 Debt instruments	–	*65*	*-65*	–	*62*	*-62*
3.1.2.1 Direct investor in direct investment enterprises	–	65	-65	–	62	-62
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	**1,969**	**2,034**	**-64**	**2,000**	**1,907**	**92**
3.2A Portfolio Investment in India	***1,948***	***2,021***	***-73***	***1,990***	***1,895***	***95***
3.2.1 Equity and investment fund shares	*1,384*	*1,481*	*-97*	*1,188*	*1,276*	*-88*
3.2.2 Debt securities	*564*	*540*	*24*	*802*	*619*	*183*
3.2.B Portfolio Investment by India	***21***	***12***	***9***	***10***	***13***	***-2***
3.3 Financial derivatives (other than reserves) and employee stock options	–	–	–	–	–	–
3.4 Other investment	**2,858**	**2,207**	**651**	**2,899**	**2,849**	**50**
3.4.1 Other equity (ADRs/GDRs)	**9**	–	**9**	***4***	–	***4***
3.4.2 Currency and deposits	**706**	**563**	**143**	***800***	***637***	***163***
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	16	–	16	–	6	-6
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	691	563	128	800	630	169
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	**729**	**292**	**437**	***534***	***924***	***-390***
3.4.3A Loans to India	*677*	*268*	*409*	*461*	*875*	*-414*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	231	52	179	23	465	-442
3.4.3.3 General government (External Assistance)	49	34	15	112	41	71
3.4.3.4 Other sectors (External Commercial Borrowings)	397	182	215	327	369	-42
3.4.3B Loans by India	*52*	*24*	*28*	*72*	*49*	*24*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	1	3	-2	1	3	-2
3.4.3.4 Other sectors	51	21	30	72	46	26
3.4.4 Insurance, pension, and standardized guarantee schemes	–	–	–	–	–	–
3.4.5 Trade credit and advances	***1,209***	***1,077***	***131***	***1,281***	***1,251***	***29***
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	*1,209*	*1,077*	*131*	1,281	1,251	29
3.4.6 Other accounts receivable/payable – other	***204***	***274***	***-70***	***281***	***37***	***244***
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	**13**	**-13**	**653**	–	**653**
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)	–	13	-13	653	–	653
3.5.4.1 Currency,deposits and securities	–	13	-13	653	–	653
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	**5,376**	**4,505**	**871**	**6,083**	**5,035**	**1,048**
Of which: (by instrument):	–	–	–	–	–	–
3.0.1 Equity and investment fund shares	1,935	1,674	261	1,718	1,503	215
3.0.2 Debt instruments	3,227	2,544	683	3,428	3,495	-68
3.0.3 Other financial assets and liabilities	214	287	-73	937	37	901
4 Net errors and omissions	–	**18**	**-18**	–	**27**	**-27**

No. 40A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(` Billion)

Item	Jan-Mar 2012 P			Apr-Mar 2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
1 Current Account (1.A+1.B+1.C)	**6,923**	**8,015**	**-1,091**	**25,265**	**29,027**	**-3,762**
1.A Goods and Services (1.A.a+1.A.b)	**5,918**	**7,627**	**-1,709**	**21,605**	**27,647**	**-6,042**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,024**	**6,621**	**-2,597**	**14,828**	**23,946**	**-9,119**
1.A.a.1 General merchandise on a BOP basis	4,031	5,809	-1,778	14,825	21,176	-6,351
1.A.a.1.1 Re-exports	–	–	–	–	–	–
1.A.a.2 Net exports of goods under merchanting	6	–	-6	3	–	3
1.A.a.2.1 Goods acquired under merchanting (negative credits)	21	–	21	67	–	67
1.A.a.2.2 Goods sold under merchanting	–	27	-27	–	64	-64
1.A.a.3 Non-monetary gold	–	812	-812	–	2,770	-2,770
1.A.b Services (1.A.b.1 to 1.A.b.13)	**1,894**	**1,006**	**887**	**6,777**	**3,701**	**3,076**
1.A.b.1 Manufacturing services on physical inputs owned by others	–	–	–	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	–	–	–	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	–	–	–	–	–	–
1.A.b.3 Transport	***236***	***218***	***18***	***876***	***791***	***85***
1.A.b.3.1 Sea transport	64	138	-74	291	471	-180
1.A.b.3.2 Air transport	54	62	-7	168	205	-37
1.A.b.3.3 Other modes of transport	117	17	100	417	112	305
1.A.b.3.4 Postal and courier services	–	1	-1	1	3	-3
1.A.b.4 Travel	***275***	***163***	***112***	***892***	***659***	***233***
1.A.b.4.1 Business	–	94	-94	–	340	-340
1.A.b.4.2 Personal	–	68	-68	–	319	-319
1.A.b.4.2.1 Health-related	–	–	–	–	2	-2
1.A.b.4.2.2 Education-related	–	22	-22	–	86	-86
1.A.b.4.2.3 Other		46	-46	–	232	-232
1.A.b.5 Construction	***11***	***17***	***-6***	***39***	***48***	***-10***
1.A.b.5.1 Construction abroad	11	11	–	39	28	11
1.A.b.5.2 Construction in the reporting economy	–	6	-6	–	20	-20
1.A.b.6 Insurance and pension services	***32***	***17***	***15***	***127***	***72***	***55***
1.A.b.6.1 Direct insurance	31	8	23	119	29	90
1.A.b.6.2 Reinsurance	1	8	-7	6	40	-34
1.A.b.6.3 Auxiliary insurance services	–	1	–	2	3	-1
1.A.b.6.4 Pension and standardized guarantee services	–	–	–	–	–	–
1.A.b.7 Financial services	***75***	***96***	***-20***	***287***	***383***	***-97***
1.A.b.7.1 Explicitly charged and other financial services	75	96	-20	287	383	-97
1.A.b.7.2 Financial intermediation services indirectly measured	–	–	–	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***4***	***50***	***-46***	***14***	***155***	***-142***
1.A.b.9 Telecommunications, computer, and information services	***886***	***46***	***839***	***3,077***	***156***	***2,921***
1.A.b.9.1 Telecommunications services	20	24	-4	79	71	8
1.A.b.9.2 Computer services	865	17	848	2,992	60	2,932
1.A.b.9.3 Information services	1	6	-5	5	25	-20
1.A.b.10 Other business services	***343***	***354***	***-10***	***1,183***	***1,226***	***-43***
1.A.b.10.1 Research and development services	12	3	9	38	11	27
1.A.b.10.2 Professional and management consulting services	169	140	29	536	542	-6
1.A.b.10.3 Technical, trade-related, and other business services	162	211	-48	608	673	-65
1.A.b.11 Personal, cultural, and recreational services	***6***	***3***	***2***	***19***	***13***	***6***
1.A.b.11.1 Audiovisual and related services	5	1	4	10	4	5
1.A.b.11.2 Other personal, cultural, and recreational services	1	2	-1	9	9	–
1.A.b.12 Government goods and services n.i.e.	***2***	***11***	***-8***	***23***	***37***	***-15***
1.A.b.13 Others n.i.e.	***24***	***33***	***-9***	***242***	***159***	***83***
1.B Primary Income (1.B.1 to 1.B.3)	**114**	**344**	**-230**	**484**	**1,252**	**-768**
1.B.1 Compensation of employees	29	28	1	118	96	22
1.B.2 Investment income	85	315	-231	366	1,156	-790
1.B.2.1 Direct investment	37	313	-276	170	1,144	-974
1.B.2.1.1 Income on equity and investment fund shares	31	155	-124	123	642	-519
1.B.2.1.2 Interest	6	158	-152	47	502	-455
1.B.2.2 Portfolio investment	–	–	–	–	–	–
1.B.2.3 Other investment	–	2	-2	–	11	-11
1.B.2.4 Reserve assets	48	–	48	196	1	195
1.B.3 Other primary income	–	–	–	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**891**	**43**	**848**	**3,176**	**127**	**3,049**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	891	43	848	3,176	127	3,049
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	864	38	826	3,062	109	2,953
of which:				–	–	–
1.C.1.1.1 Workers' remittances	415	38	377	1,501	109	1,392
1.C.1.2 Other current transfers	27	5	22	115	19	96
1.C.2 General Government	–	–	–	–	–	–
2 Capital Account (2.1+2.2)	**5**	**13**	**-8**	**44**	**46**	**-3**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	–	5	-5	13	17	-5
2.2 Capital transfers	5	8	-3	31	29	2
2.2.1 General government	5	8	-3	31	29	2
2.2.1.1 Debt forgiveness	–	–	–	–	–	–
2.2.1.2 Other capital transfers	5	8	-3	31	29	2
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	–	–	–	–	–	–

No. 40A: Standard Presentation of BoP in India as per BPM6 *(Concld.)*

(` Billion)

Item	Jan-Mar 2012 P			Apr-Mar 2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
3 Financial Account (3.1 to 3.5)	**6,613**	**5,486**	**1,127**	**23,825**	**19,945**	**3,880**
3.1 Direct Investment (3.1A+3.1B)	**465**	**396**	**68**	**2,320**	**1,289**	**1,032**
3.1.A Direct Investment in India	***430***	***218***	***212***	***2,200***	***650***	***1,550***
3.1.1 Equity and investment fund shares	*410*	*214*	*195*	*2,084*	*624*	*1,461*
3.1.1.1 Equity other than reinvestment of earnings	307	214	92	1,691	624	1,068
3.1.1.1.1 Direct investor in direct investment enterprises	307	214	92	1,691	624	1,068
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	103	–	103	393	–	393
3.1.2 Debt instruments	*21*	*4*	*16*	*116*	*27*	*89*
3.1.2.1 Direct investor in direct investment enterprises	21	4	16	116	27	89
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	***34***	***178***	***-144***	***120***	***638***	***-518***
3.1.1 Equity and investment fund shares	*34*	*104*	*-70*	*120*	*361*	*-241*
3.1.1.1 Equity other than reinvestment of earnings	34	89	-54	120	303	-183
3.1.1.1.1 Direct investor in direct investment enterprises	34	89	-54	120	303	-183
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	–	15	-15	–	58	-58
3.1.2 Debt instruments	–	*74*	*-74*	–	*277*	*-277*
3.1.2.1 Direct investor in direct investment enterprises	–	74	-74	–	277	-277
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	**2,730**	**2,031**	**699**	**8,864**	**8,036**	**828**
3.2A Portfolio Investment in India	***2,725***	***2,017***	***707***	***8,823***	***7,983***	***840***
3.2.1 Equity and investment fund shares	*1,781*	*1,319*	*462*	*5,844*	*5,491*	*353*
3.2.2 Debt securities	*944*	*698*	*246*	*2,979*	*2,493*	*486*
3.2.B Portfolio Investment by India	***6***	***14***	***-9***	***41***	***53***	***-12***
3.3 Financial derivatives (other than reserves) and employee stock options	–	–	–	–	–	–
3.4 Other investment	**3,130**	**3,058**	**72**	**11,699**	**10,364**	**1,335**
3.4.1 Other equity (ADRs/GDRs)	***2***	-	***2***	***28***	–	***28***
3.4.2 Currency and deposits	***1,059***	***827***	***232***	***3,125***	***2,535***	***590***
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	2	5	-2	20	12	7
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	1,056	822	234	3,105	2,523	582
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	***641***	***642***	***-1***	***2,989***	***2,277***	***712***
3.4.3A Loans to India	*600*	*601*	*-1*	*2,807*	*2,145*	*662*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	173	304	-131	1,154	1,033	120
3.4.3.3 General government (External Assistance)	55	38	17	270	150	121
3.4.3.4 Other sectors (External Commercial Borrowings)	371	258	113	1,383	962	421
3.4.3B Loans by India	*41*	*42*	–	*182*	*131*	*50*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	1	3	-2	3	11	-8
3.4.3.4 Other sectors	41	39	2	178	121	58
3.4.4 Insurance, pension, and standardized guarantee schemes	–	–	–	–	–	–
3.4.5 Trade credit and advances	***1,359***	***1,352***	***8***	***4,929***	***4,624***	***306***
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	1,359	1,352	8	*4,929*	*4,624*	*306*
3.4.6 Other accounts receivable/payable – other	***69***	***237***	***-168***	***629***	***929***	***-300***
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	**288**	–	**288**	**941**	**256**	**685**
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)	288	–	288	941	256	685
3.5.4.1 Currency,deposits and securities	288	–	288	941	256	685
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	**6,613**	**5,486**	**1,127**	**23,825**	**19,945**	**3,880**
Of which: (by instrument):	–	–	–	–	–	–
3.0.1 Equity and investment fund shares	2,231	1,652	579	8,090	6,528	1,562
3.0.2 Debt instruments	4,023	3,597	426	14,138	12,232	1,906
3.0.3 Other financial assets and liabilities	359	237	122	1,597	1,185	413
4 Net errors and omissions	–	**28**	**-28**	–	**116**	**-116**

No. 41: India's Overall Balance of Payments

(US$ million)

Item	Apr-Jun 2012 P			Apr-Jun 2011 PR		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
A. CURRENT ACCOUNT						
I. MERCHANDISE	**76,708**	**119,181**	**-42,473**	**78,642**	**123,651**	**-45,009**
II. INVISIBLES (a+b+c)	**54,008**	**28,086**	**25,922**	**52,085**	**24,617**	**27,468**
a) Services	34,381	20,206	14,175	34,055	17,637	16,418
i) Travel	3,506	3,108	398	3,697	3,461	237
ii) Transportation	4,250	3,656	594	4,355	4,002	353
iii) Insurance	532	249	283	569	298	271
iv) G.n.i.e.	159	163	-5	139	201	-63
v) Miscellaneous	25,934	13,029	12,905	25,295	9,675	15,620
of which:						
Software Services	15,843	632	15,211	14,950	302	14,647
Business Services	7,611	7,748	-137	5,780	5,914	-133
Financial Services	1,306	1,436	-130	1,282	1,764	-482
Communication Services	419	104	315	360	415	-55
b) Transfers	17,492	839	16,653	15,538	858	14,680
i) Official	37	192	-155	46	146	-100
ii) Private	17,455	647	16,808	15,491	712	14,779
c) Income	2,135	7,040	-4,905	2,493	6,122	-3,629
i) Investment Income	1,436	6,554	-5,118	1,904	5,722	-3,818
ii) Compensation of Employees	698	486	212	589	400	189
Total Current Account (I+II)	**130,716**	**147,267**	**-16,551**	**1,30,727**	**1,48,268**	**-17,541**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**43,871**	**41,557**	**2,314**	**66,052**	**54,255**	**11,798**
a) Foreign Direct Investment (i+ii)	8,458	4,221	4,236	17,351	8,095	9,256
i) In India	7,595	1,390	6,204	16,947	4,559	12,388
Equity	4,896	1,033	3,863	13,445	4,226	9,219
Reinvested Earnings	2,284	0	2,284	2,051	–	2,051
Other Capital	415	358	57	1,451	333	1,118
ii) Abroad	863	2,831	-1,968	404	3,536	-3,132
Equity	863	1,309	-446	404	1,549	-1,145
Reinvested Earnings	0	297	-297	–	302	-302
Other Capital	0	1,225	-1,225	–	1,685	-1,685
b) Portfolio Investment	35,413	37,335	-1,922	48,701	46,159	2,541
i) In India	35,175	36,787	-1,612	48,607	45,857	2,750
of which:						
FIIs	35,081	36,787	-1,706	48,329	45,857	2,472
ADR/GDRs	94	0	94	278	–	278
ii) Abroad	238	548	-310	94	303	-208
2. Loans (a+b+c)	**37,041**	**30,873**	**6,168**	**32,191**	**25,721**	**6,470**
a) External Assistance	551	735	-184	1,236	887	349
i) By India	14	78	-64	17	57	-39
ii) To India	537	657	-120	1,219	831	388
b) Commercial Borrowings	6,282	5,307	975	6,790	3,738	3,052
i) By India	1,068	936	132	339	319	21
ii) To India	5,214	4,371	843	6,451	3,419	3,031
c) Short Term to India	30,208	24,831	5,378	24,165	21,096	3,069
i) Suppliers' Credit > 180 days & Buyers' Credit	30,208	24,171	6,038	22,682	21,096	1,586
ii) Suppliers' Credit up to 180 days	-	660	-660	1,483	–	1,483
3. Banking Capital (a+b)	**27,371**	**17,937**	**9,434**	**28,767**	**16,103**	**12,664**
a) Commercial Banks	27,345	17,828	9,517	28,736	16,077	12,659
i) Assets	7,992	2,668	5,324	10,858	4,595	6,263
ii) Liabilities	19,352	15,160	4,193	17,878	11,482	6,396
of which: Non-Resident Deposits	19,338	12,787	6,551	12,488	11,337	1,151
b) Others	26	109	-83	31	27	5
4. Rupee Debt Service	**-**	**26**	**-26**	**–**	**31**	**-31**
5. Other Capital	**3,183**	**4,104**	**-921**	**1,672**	**8,649**	**-6,977**
Total Capital Account (1 to 5)	**111,466**	**94,497**	**16,969**	**1,28,683**	**1,04,760**	**23,923**
C. Errors & Omissions	**103**	**-**	**103**	**-**	**939**	**-939**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**242,285**	**241,763**	**521**	**2,59,410**	**2,53,968**	**5,442**
E. Monetary Movements (i+ii)	**-**	**521**	**521**	**-**	**5,442**	**-5,442**
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	521	-521	-	5,442	-5,442
of which: SDR allocation	-	-	-	-	-	-

P: Preliminary. PR: Partially Revised.

No. 41: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Jul-Sept 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
A. CURRENT ACCOUNT						
I. MERCHANDISE	**79,560**	**124,088**	**-44,528**	**71,400**	**120,104**	**-48,704**
II. INVISIBLES (a+b+c)	**52,107**	**26,471**	**25,636**	**56,866**	**28,116**	**28,750**
a) Services	32,643	18,651	13,992	37,552	21,385	16,167
i) Travel	4,235	3,534	701	5,068	3,530	1,538
ii) Transportation	4,499	3,624	875	4,705	4,444	260
iii) Insurance	629	423	206	799	440	359
iv) G.n.i.e.	147	179	-32	145	186	-40
v) Miscellaneous	23,134	10,891	12,242	26,835	12,785	14,050
of which:						
Software Services	13,940	307	13,633	16,123	317	15,806
Business Services	6,120	6,352	-232	6,806	6,950	-143
Financial Services	1,577	2,130	-553	1,613	2,189	-577
Communication Services	390	309	80	456	341	115
b) Transfers	16,376	775	15,601	17,024	614	16,410
i) Official	136	152	-16	351	149	202
ii) Private	16,240	622	15,618	16,673	465	16,208
c) Income	3,088	7,045	-3,958	2,290	6,118	-3,827
i) Investment Income	2,377	6,578	-4,201	1,707	5,566	-3,859
ii) Compensation of Employees	711	467	244	583	551	32
Total Current Account (I+II)	**1,31,667**	**1,50,558**	**-18,892**	**1,28,266**	**1,48,220**	**-19,954**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**55,208**	**49,918**	**5,289**	**49,784**	**42,922**	**6,861**
a) Foreign Direct Investment (i+ii)	11,981	5,496	6,485	10,434	5,470	4,963
i) In India	11,615	2,137	9,478	9,432	2,559	6,873
Equity	9,161	2,015	7,145	7,149	2,515	4,634
Reinvested Earnings	2,051	–	2,051	2,051	–	2,051
Other Capital	403	122	282	232	44	188
ii) Abroad	366	3,359	-2,993	1,001	2,911	-1,910
Equity	366	1,631	-1,265	1,001	1,385	-384
Reinvested Earnings	–	302	-302	–	302	-302
Other Capital	–	1,426	-1,426	–	1,223	-1,223
b) Portfolio Investment	43,227	44,422	-1,196	39,350	37,452	1,898
i) In India	42,769	44,152	-1,384	39,149	37,204	1,945
of which:						
FIIs	42,564	44,152	-1,589	39,065	37,204	1,861
ADR/GDRs	205	–	205	84	–	84
ii) Abroad	458	270	188	201	248	-47
2. Loans (a+b+c)	**37,270**	**28,772**	**8,498**	**35,183**	**33,581**	**1,602**
a) External Assistance	1,081	790	291	2,209	856	1,353
i) By India	17	57	-39	17	57	-39
ii) To India	1,063	734	330	2,191	800	1,392
b) Commercial Borrowings	9,785	4,449	5,336	7,827	8,153	-327
i) By India	1,118	469	649	1,405	901	504
ii) To India	8,667	3,980	4,687	6,422	7,252	-830
c) Short Term to India	26,405	23,534	2,871	25,148	24,572	576
i) Suppliers' Credit > 180 days & Buyers' Credit	25,130	23,534	1,596	25,148	23,897	1,251
ii) Suppliers' Credit up to 180 days	1,275	–	1,275	–	675	-675
3. Banking Capital (a+b)	**20,488**	**13,439**	**7,049**	**16,146**	**21,632**	**-5,487**
a) Commercial Banks	20,144	13,439	6,705	16,143	21,505	-5,362
i) Assets	2,223	1,006	1,217	393	2,770	-2,377
ii) Liabilities	17,921	12,433	5,488	15,750	18,735	-2,985
of which: Non-Resident Deposits	15,088	12,302	2,786	15,698	12,375	3,323
b) Others	344	–	344	3	127	-124
4. Rupee Debt Service	**–**	**1**	**-1**	**–**	**–**	**–**
5. Other Capital	**4,737**	**6,006**	**-1,269**	**5,511**	**808**	**4,703**
Total Capital Account (1 to 5)	**1,17,704**	**98,137**	**19,567**	**1,06,624**	**98,944**	**7,680**
C. Errors & Omissions	**–**	**399**	**-399**	**–**	**538**	**-538**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**2,49,370**	**2,49,094**	**276**	**2,34,890**	**2,47,703**	**-12,812**
E. Monetary Movements (i+ii)	**–**	**276**	**-276**	**12,812**	**–**	**12,812**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	276	-276	12,812	–	12,812
of which: SDR allocation	–	–	–	-	–	–

No. 41: India's Overall Balance of Payments *(Concld.)*

(US$ million)

Item	Jan-Mar 2012 (P)			2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
A. CURRENT ACCOUNT						
I. MERCHANDISE	**80,172**	**131,690**	**-51,518**	**3,09,774**	**4,99,533**	**-1,89,759**
II. INVISIBLES (a+b+c)	**58,172**	**28,421**	**29,751**	**2,19,229**	**1,07,625**	**1,11,604**
a) Services	38,075	20,554	17,521	1,42,325	78,227	64,098
i) Travel	5,462	3,238	2,224	18,462	13,762	4,699
ii) Transportation	4,681	4,311	370	18,241	16,382	1,859
iii) Insurance	635	337	298	2,632	1,497	1,134
iv) G.n.i.e.	47	214	-166	478	780	-302
v) Miscellaneous	27,250	12,455	14,795	1,02,513	45,806	56,707
of which:						
Software Services	17,199	329	16,870	62,212	1,256	60,957
Business Services	7,204	7,574	-370	25,910	26,788	-878
Financial Services	1,495	1,902	-406	5,967	7,984	-2,018
Communication Services	395	491	-97	1,600	1,557	43
b) Transfers	17,824	1,021	16,803	66,761	3,267	63,494
i) Official	99	160	-62	632	607	25
ii) Private	17,725	861	16,864	66,129	2,660	63,469
c) Income	2,273	6,846	-4,573	10,144	26,131	-15,988
i) Investment Income	1,688	6,274	-4,586	7,676	24,141	-16,465
ii) Compensation of Employees	585	572	13	2,468	1,991	477
Total Current Account (I+II)	**1,38,344**	**1,60,112**	**-21,768**	**5,29,003**	**6,07,158**	**-78,155**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**63,574**	**48,291**	**15,282**	**2,34,618**	**1,95,387**	**39,231**
a) Foreign Direct Investment (i+ii)	9,241	7,885	1,356	49,007	26,947	22,061
i) In India	8,557	4,343	4,214	46,552	13,599	32,952
Equity	6,098	4,262	1,836	35,852	13,019	22,833
Reinvested Earnings	2,051	–	2,051	8,205	–	8,205
Other Capital	408	81	327	2,494	580	1,914
ii) Abroad	684	3,541	-2,857	2,456	13,348	-10,892
Equity	684	1,765	-1,081	2,456	6,330	-3,874
Reinvested Earnings	–	302	-302	–	1,208	-1,208
Other Capital	–	1,474	-1,474	–	5,809	-5,809
b) Portfolio Investment	54,333	40,407	13,926	1,85,610	1,68,440	17,170
i) In India	54,223	40,125	14,098	1,84,747	1,67,338	17,409
of which:						
FIIs	54,193	40,125	14,068	1,84,150	1,67,338	16,812
ADR/GDRs	30	–	30	597	–	597
ii) Abroad	110	282	-172	863	1,102	-239
2. Loans (a+b+c)	**36,346**	**33,609**	**2,737**	**1,40,990**	**1,21,683**	**19,307**
a) External Assistance	1,120	817	303	5,646	3,350	2,296
i) By India	17	57	-39	70	226	-157
ii) To India	1,103	760	342	5,576	3,124	2,452
b) Commercial Borrowings	8,189	5,907	2,282	32,590	22,247	10,344
i) By India	807	776	31	3,669	2,465	1,204
ii) To India	7,382	5,131	2,251	28,922	19,782	9,140
c) Short Term to India	27,037	26,885	152	1,02,754	96,087	6,668
i) Suppliers' Credit > 180 days & Buyers' Credit	26,288	26,885	-597	99,247	95,412	3,836
ii) Suppliers' Credit up to 180 days	749	–	749	3,507	675	2,832
3. Banking Capital (a+b)	**24,503**	**22,504**	**1,999**	**89,904**	**73,678**	**16,226**
a) Commercial Banks	24,454	22,408	2,046	89,478	73,429	16,049
i) Assets	162	5,857	-5,696	13,635	14,228	-592
ii) Liabilities	24,293	16,551	7,742	75,842	59,201	16,641
of which: Non-Resident Deposits	21,013	16,355	4,658	64,287	52,370	11,918
b) Others	48	95	-47	426	249	177
4. Rupee Debt Service	**–**	**47**	**-47**	**–**	**79**	**-79**
5. Other Capital	**1,375**	**4,761**	**-3,386**	**13,296**	**20,224**	**-6,929**
Total Capital Account (1 to 5)	**1,25,797**	**1,09,212**	**16,586**	**4,78,808**	**4,11,052**	**67,755**
C. Errors & Omissions	**–**	**555**	**-555**	**–**	**2,432**	**-2,432**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**2,64,141**	**2,69,878**	**-5,738**	**10,07,811**	**10,20,643**	**-12,831**
E. Monetary Movements (i+ii)	**5,738**	**–**	**5,738**	**12,831**	**–**	**12,831**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	5,738	–	5,738	12,831	–	12,831
of which: SDR allocation	–	–	–	–	–	–

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

(US$ million)

Item	Apr-Jun 2012 (P)			Apr-Jun 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**130,701**	**147,081**	**-16,380**	**130,470**	**147,912**	**-17,442**
1.A Goods and Services (1.A.a+1.A.b)	**111,089**	**139,388**	**-28,299**	**112,486**	**141,078**	**-28,591**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**76,708**	**119,181**	**-42,473**	**78,764**	**123,651**	**-44,887**
1.A.a.1 General merchandise on a BOP basis	76,130	108,868	-32,738	78,642	107,546	-28,904
1.A.a.1.1 Re-exports				–	–	–
1.A.a.2 Net exports of goods under merchanting	578	1,207	-629	122	–	122
1.A.a.2.1 Goods acquired under merchanting (negative credits)	578	–	578	332	–	332
1.A.a.2.2 Goods sold under merchanting	–	1,207	-1,207	–	211	-211
1.A.a.3 Non-monetary gold	–	9,106	-9,106	–	16,105	-16,105
1.A.b Services (1.A.b.1 to 1.A.b.13)	**34,381**	**20,206**	**14,174**	**33,723**	**17,427**	**16,296**
1.A.b.1 Manufacturing services on physical inputs owned by others	9	5	4	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	9	5	4	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	23	92	-70	–	–	–
1.A.b.3 Transport	***4,250***	***3,656***	***594***	***4,359***	***4,019***	***340***
1.A.b.3.1 Sea transport	2,893	2,527	366	1,873	2,570	-697
1.A.b.3.2 Air transport	1,303	1,093	211	689	1,194	-505
1.A.b.3.3 Other modes of transport	49	30	19	1,793	238	1,555
1.A.b.3.4 Postal and courier services	4	6	-2	4	16	-13
1.A.b.4 Travel	***3,506***	***3,108***	***398***	***3,697***	***3,461***	***237***
1.A.b.4.1 Business	264	1,735	-1,471	–	1,847	-1,847
1.A.b.4.2 Personal	3,242	1,374	1,868	–	1,613	-1,613
1.A.b.4.2.1 Health-related	68	7	61	–	10	-10
1.A.b.4.2.2 Education-related	72	268	-196	–	330	-330
1.A.b.4.2.3 Other	3,102	1,098	2,003	–	1,273	-1,273
1.A.b.5 Construction	***211***	***251***	***-40***	***253***	***207***	***46***
1.A.b.5.1 Construction abroad	194	165	29	253	120	133
1.A.b.5.2 Construction in the reporting economy	17	86	-69	–	87	-87
1.A.b.6 Insurance and pension services	***532***	***249***	***283***	***569***	***298***	***271***
1.A.b.6.1 Direct insurance	452	94	357	533	84	449
1.A.b.6.2 Reinsurance	69	150	-81	28	196	-168
1.A.b.6.3 Auxiliary insurance services	9	4	5	7	18	-11
1.A.b.6.4 Pension and standardized guarantee services	2	1	-	–	–	–
1.A.b.7 Financial services	***1,306***	***1,436***	***-130***	***1,282***	***1,764***	***-482***
1.A.b.7.1 Explicitly charged and other financial services	1,243	1,217	26	1,282	1,764	-482
1.A.b.7.2 Financial intermediation services indirectly measured	63	220	-	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***29***	***800***	***-771***	***40***	***606***	***-566***
1.A.b.9 Telecommunications, computer, and information services	***16,294***	***826***	***15,469***	***15,336***	***895***	***14,442***
1.A.b.9.1 Telecommunications services	419	104	316	356	399	-42
1.A.b.9.2 Computer services	15,843	632	15,210	14,950	302	14,647
1.A.b.9.3 Information services	32	90	-57	30	194	-164
1.A.b.10 Other business services	***7,611***	***7,748***	***-137***	***5,448***	***5,703***	***-255***
1.A.b.10.1 Research and development services	243	71	172	161	48	113
1.A.b.10.2 Professional and management consulting services	3,798	3,448	350	2,463	2,356	108
1.A.b.10.3 Technical, trade-related, and other business services	3,569	4,229	-659	2,823	3,299	-476
1.A.b.11 Personal, cultural, and recreational services	***189***	***172***	***17***	***87***	***80***	***7***
1.A.b.11.1 Audiovisual and related services	55	54	1	33	27	7
1.A.b.11.2 Other personal, cultural, and recreational services	134	118	16	53	53	1
1.A.b.12 Government goods and services n.i.e.	***159***	***163***	***-4***	***139***	***201***	***-62***
1.A.b.13 Others n.i.e.	***262***	***1,699***	***-1,437***	***2,513***	***194***	***2,319***
1.B Primary Income (1.B.1 to 1.B.3)	**2,135**	**7,040**	**-4,905**	**2,493**	**6,122**	**-3,629**
1.B.1 Compensation of employees	698	486	212	589	400	189
1.B.2 Investment income	1,283	6,359	-5,076	1,904	5,722	-3,818
1.B.2.1 Direct investment	352	2,643	-2,290	1,089	5,659	-4,570
1.B.2.1.1 Income on equity and investment fund shares	351	2,629	-2,278	726	3,311	-2,585
1.B.2.1.2 Interest	1	14	-12	364	2,348	-1,984
1.B.2.2 Portfolio investment	12	1,024	-1,012	–	–	–
1.B.2.3 Other investment	82	2,691	-2,609	–	56	-56
1.B.2.4 Reserve assets	838	2	835	815	7	807
1.B.3 Other primary income	153	194	-41	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**17,478**	**653**	**16,825**	**15,491**	**712**	**14,779**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,455	647	16,808	15,491	712	14,779
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,654	567	16,087	14,875	588	14,287
of which:						
1.C.1.1.1 Workers' remittances	8,549	567	7,983	7,372	588	6,784
1.C.1.2 Other current transfers	801	80	721	616	124	492
1.C.2 General Government	23	6	17	–	–	–
2 Capital Account (2.1+2.2)	**94**	**274**	**-180**	**49**	**320**	**-271**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	6	2	4	2	174	-172
2.2 Capital transfers	88	272	-184	46	146	-99
2.2.1 General government	14	186	-172	46	146	-99
2.2.1.1 Debt forgiveness	–	–	–	–	–	–
2.2.1.2 Other capital transfers	14	186	-172	46	146	-99
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	74	86	-12	–	–	–

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

(US$ million)

Item	Apr-Jun 2012 (P)			Apr-Jun 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
3 Financial Account (3.1 to 3.5)	**111,466**	**95,009**	**16,457**	**128,681**	**110,028**	**18,653**
3.1 Direct Investment (3.1A+3.1B)	**8,458**	**4,221**	**4,236**	**17,351**	**8,095**	**9,256**
3.1.A Direct Investment in India	***7,595***	***1,390***	***6,204***	***16,947***	***4,559***	***12,388***
3.1.1 Equity and investment fund shares	*7,180*	*1,033*	*6,147*	*15,496*	*4,226*	*11,270*
3.1.1.1 Equity other than reinvestment of earnings	4,896	1,033	3,863	13,445	4,226	9,219
3.1.1.1.1 Direct investor in direct investment enterprises	4,896	1,033	3,863	13,445	4,226	9,219
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	2,284	–	2,284	2,051	–	2,051
3.1.2 Debt instruments	*415*	*358*	*57*	*1,451*	*333*	*1,118*
3.1.2.1 Direct investor in direct investment enterprises	415	358	57	1,451	333	1,118
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	***863***	***2,831***	***-1,968***	***404***	***3,536***	***-3,132***
3.1.1 Equity and investment fund shares	*863*	*1,606*	*-743*	*404*	*1,851*	*-1,447*
3.1.1.1 Equity other than reinvestment of earnings	863	1,309	-446	404	1,549	-1,145
3.1.1.1.1 Direct investor in direct investment enterprises	863	1,309	-446	404	1,549	-1,145
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	–	297	-297	–	302	-302
3.1.2 Debt instruments	–	*1,225*	*-1,225*	–	*1,685*	*-1,685*
3.1.2.1 Direct investor in direct investment enterprises	–	1,225	-1,225	–	1,685	-1,685
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	**35,319**	**37,335**	**-2,016**	**48,423**	**46,159**	**2,263**
3.2A Portfolio Investment in India	***35,081***	***36,787***	***-1,706***	***48,329***	***45,857***	***2,472***
3.2.1 Equity and investment fund shares	*25,961*	*27,522*	*-1,561*	*33,358*	*31,644*	*1,714*
3.2.2 Debt securities	*9,120*	*9,265*	*-145*	*14,970*	*14,213*	*757*
3.2.B Portfolio Investment by India	***238***	***548***	***-310***	***94***	***303***	***-208***
3.3 Financial derivatives (other than reserves) and employee stock options	**582**	**1,065**	**-484**	**–**	**–**	**–**
3.4 Other investment	**67,101**	**51,846**	**15,256**	**62,907**	**50,331**	**12,576**
3.4.1 Other equity (ADRs/GDRs)	***94***	***–***	***94***	***278***	***–***	***278***
3.4.2 Currency and deposits	***19,364***	***12,896***	***6,468***	***12,520***	***11,364***	***1,155***
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	26	109	-83	31	27	5
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	19,338	12,787	6,551	12,488	11,337	1,151
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	***14,839***	***11,083***	***3,756***	***24,274***	***9,364***	***14,910***
3.4.3A Loans to India	*13,757*	*10,069*	*3,688*	*23,918*	*8,989*	*14,929*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	8,007	5,041	2,966	16,248	4,739	11,509
3.4.3.3 General government (External Assistance)	537	657	-120	1,219	831	388
3.4.3.4 Other sectors (External Commercial Borrowings)	5,214	4,371	843	6,451	3,419	3,031
3.4.3B Loans by India	*1,082*	*1,014*	*68*	*357*	*375*	*-19*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	14	78	-64	17	57	-39
3.4.3.4 Other sectors	1,068	936	132	339	319	21
3.4.4 Insurance, pension, and standardized guarantee schemes	***6***	***20***	***-14***	***–***	***–***	***–***
3.4.5 Trade credit and advances	***30,208***	***24,831***	***5,378***	***24,165***	***21,096***	***3,069***
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	*30,208*	*24,831*	*5,378*	*24,165*	*21,096*	*3,069*
3.4.6 Other accounts receivable/payable – other	***2,595***	***3,036***	***-441***	***1,670***	***8,506***	***-6,836***
3.4.7 Special drawing rights	***–***	***–***	***–***	***–***	***–***	***–***
3.5 Reserve assets	**–**	**521**	**-521**	**–**	**5,442**	**-5,442**
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)	–	521	-521	–	5,442	-5,442
3.5.4.1 Currency,deposits and securities	–	521	-521	–	5,442	-5,442
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	**111,466**	**95,009**	**16,457**	**128,681**	**110,028**	**18,653**
Of which: (by instrument):						
3.0.1 Equity and investment fund shares	34,830	31,794	3,035	49,353	38,023	11,329
3.0.2 Debt instruments	73,947	59,657	14,290	77,380	58,056	19,324
3.0.3 Other financial assets and liabilities	2,690	3,557	-868	1,948	13,949	-12,001
4 Net errors and omissions	**102**	**–**	**102**	**–**	**939**	**-939**

P: Preliminary; PR: Partially Revised.

Note: 1. The comparable figures in new and old formats may not entirely agree due to rounding off.
2. Total of subcomponents may not tally with aggregates due to rounding off.

No. 41A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(US$ million)

Item	Jul-Sep 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
1 Current Account (1.A+1.B+1.C)	**131,199**	**150,075**	**-18,876**	**127,674**	**147,830**	**-20,156**
1.A Goods and Services (1.A.a+1.A.b)	**111,871**	**142,407**	**-30,536**	**108,711**	**141,248**	**-32,536**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**79,577**	**124,088**	**-44,511**	**71,459**	**120,104**	**-48,645**
1.A.a.1 General merchandise on a BOP basis	79,560	111,206	-31,646	71,400	107,373	-35,973
1.A.a.1.1 Re-exports	–	–	–	–	–	–
1.A.a.2 Net exports of goods under merchanting	17	–	17	59	–	59
1.A.a.2.1 Goods acquired under merchanting (negative credits)	348	–	348	300	–	300
1.A.a.2.2 Goods sold under merchanting	–	331	-331	–	241	-241
1.A.a.3 Non-monetary gold	–	12,882	-12,882	–	12,731	-12,731
1.A.b Services (1.A.b.1 to 1.A.b.13)	**32,295**	**18,320**	**13,975**	**37,252**	**21,144**	**16,108**
1.A.b.1 Manufacturing services on physical inputs owned by others	–	–	–	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	–	–	–	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	–	–	–	–	–	–
1.A.b.3 Transport	***4,503***	***3,651***	***852***	***4,709***	***4,451***	***257***
1.A.b.3.1 Sea transport	1,656	2,277	-620	1,324	2,229	-905
1.A.b.3.2 Air transport	888	1,029	-142	823	841	-18
1.A.b.3.3 Other modes of transport	1,955	318	1,637	2,558	1,374	1,184
1.A.b.3.4 Postal and courier services	4	27	-24	4	7	-3
1.A.b.4 Travel	***4,235***	***3,534***	***701***	***5,068***	***3,530***	***1,538***
1.A.b.4.1 Business	–	1,649	-1,649	–	1,714	-1,714
1.A.b.4.2 Personal	–	1,885	-1,885	–	1,816	-1,816
1.A.b.4.2.1 Health-related	–	11	-11	–	6	-6
1.A.b.4.2.2 Education-related	–	631	-631	–	396	-396
1.A.b.4.2.3 Other	–	1,242	-1,242	–	1,415	-1,415
1.A.b.5 Construction	***128***	***315***	***-187***	***204***	***155***	***49***
1.A.b.5.1 Construction abroad	128	173	-45	204	72	132
1.A.b.5.2 Construction in the reporting economy	–	142	-142	–	83	-83
1.A.b.6 Insurance and pension services	***629***	***423***	***206***	***799***	***440***	***359***
1.A.b.6.1 Direct insurance	581	162	419	743	190	552
1.A.b.6.2 Reinsurance	30	226	-196	45	243	-198
1.A.b.6.3 Auxiliary insurance services	18	34	-17	11	6	5
1.A.b.6.4 Pension and standardized guarantee services	–	–	–	–	–	–
1.A.b.7 Financial services	***1,577***	***2,130***	***-553***	***1,613***	***2,189***	***-577***
1.A.b.7.1 Explicitly charged and other financial services	1,577	2,130	-553	1,613	2,189	-577
1.A.b.7.2 Financial intermediation services indirectly measured	–	–	–	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***78***	***693***	***-615***	***78***	***919***	***-841***
1.A.b.9 Telecommunications, computer, and information services	***14,417***	***676***	***13,741***	***16,605***	***764***	***15,842***
1.A.b.9.1 Telecommunications services	455	282	173	452	334	118
1.A.b.9.2 Computer services	13,940	307	13,633	16,123	317	15,806
1.A.b.9.3 Information services	21	87	-65	31	112	-82
1.A.b.10 Other business services	***5,772***	***6,020***	***-248***	***6,506***	***6,708***	***-203***
1.A.b.10.1 Research and development services	187	26	161	207	91	116
1.A.b.10.2 Professional and management consulting services	2,589	2,758	-170	2,725	3,348	-623
1.A.b.10.3 Technical, trade-related, and other business services	2,997	3,236	-239	3,574	3,270	304
1.A.b.11 Personal, cultural, and recreational services	***121***	***79***	***42***	***67***	***48***	***20***
1.A.b.11.1 Audiovisual and related services	27	22	5	41	17	24
1.A.b.11.2 Other personal, cultural, and recreational services	93	56	37	26	31	-5
1.A.b.12 Government goods and services n.i.e.	***147***	***179***	***-32***	***145***	***186***	***-40***
1.A.b.13 Others n.i.e.	**689**	**619**	**70**	**1,458**	**1,754**	**-296**
1.B Primary Income (1.B.1 to 1.B.3)	**3,088**	**7,045**	**-3,958**	**2,290**	**6,118**	**-3,827**
1.B.1 Compensation of employees	711	467	244	583	551	32
1.B.2 Investment income	2,377	6,578	-4,201	1,707	5,566	-3,859
1.B.2.1 Direct investment	1,062	6,520	-5,459	707	5,481	-4,774
1.B.2.1.1 Income on equity and investment fund shares	745	4,207	-3,462	506	2,877	-2,372
1.B.2.1.2 Interest	317	2,313	-1,996	201	2,604	-2,402
1.B.2.2 Portfolio investment	–	–	–	–	–	–
1.B.2.3 Other investment	–	54	-54	–	80	-80
1.B.2.4 Reserve assets	1,315	4	1,311	1,000	5	995
1.B.3 Other primary income	–	–	–	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**16,240**	**622**	**15,618**	**16,673**	**465**	**16,208**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	16,240	622	15,618	16,673	465	16,208
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	15,648	530	15,119	16,018	396	15,622
of which:						
1.C.1.1.1 Workers' remittances	7,718	530	7,188	7,912	396	7,516
1.C.1.2 Other current transfers	592	93	499	655	69	586
1.C.2 General Government	–	–	–	–	–	–
2 Capital Account (2.1+2.2)	**407**	**163**	**244**	**352**	**232**	**120**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	271	11	260	–	83	-83
2.2 Capital transfers	136	152	-16	351	149	202
2.2.1 General government	136	152	-16	351	149	202
2.2.1.1 Debt forgiveness	–	–	–	–	–	–
2.2.1.2 Other capital transfers	136	152	-16	351	149	202
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	–	–	–	–	–	–

No. 41A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(US$ million)

Item	Jul-Sep 2011 (PR)			Oct-Dec 2011 (PR)		
	Credit	Debit	Net	Credit	Debit	Net
	7	8	9	10	11	12
3 Financial Account (3.1 to 3.5)	117,432	98,402	19,030	119,436	98,860	20,575
3.1 Direct Investment (3.1A+3.1B)	11,981	5,496	6,485	10,434	5,470	4,963
3.1.A Direct Investment in India	11,615	2,137	9,478	9,432	2,559	6,873
3.1.1 Equity and investment fund shares	11,212	2,015	9,197	9,200	2,515	6,685
3.1.1.1 Equity other than reinvestment of earnings	9,161	2,015	7,145	7,149	2,515	4,634
3.1.1.1.1 Direct investor in direct investment enterprises	9,161	2,015	7,145	7,149	2,515	4,634
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	2,051	–	2,051	2,051	–	2,051
3.1.2 Debt instruments	403	122	282	232	44	188
3.1.2.1 Direct investor in direct investment enterprises	403	122	282	232	44	188
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	366	3,359	-2,993	1,001	2,911	-1,910
3.1.1 Equity and investment fund shares	366	1,933	-1,567	1,001	1,687	-686
3.1.1.1 Equity other than reinvestment of earnings	366	1,631	-1,265	1,001	1,385	-384
3.1.1.1.1 Direct investor in direct investment enterprises	366	1,631	-1,265	1,001	1,385	-384
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	–	302	-302	–	302	-302
3.1.2 Debt instruments	–	1,426	-1,426	–	1,223	-1,223
3.1.2.1 Direct investor in direct investment enterprises	–	1,426	-1,426	–	1,223	-1,223
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	43,022	44,422	-1,401	39,266	37,452	1,814
3.2A Portfolio Investment in India	42,564	44,152	-1,589	39,065	37,204	1,861
3.2.1 Equity and investment fund shares	30,233	32,345	-2,112	23,325	25,055	-1,731
3.2.2 Debt securities	12,331	11,807	524	15,740	12,148	3,592
3.2.B Portfolio Investment by India	458	270	188	201	248	-47
3.3 Financial derivatives (other than reserves) and employee stock options	–	–	–	–	–	–
3.4 Other investment	62,429	48,207	14,222	56,924	55,938	985
3.4.1 Other equity (ADRs/GDRs)	205	–	205	84	–	84
3.4.2 Currency and deposits	15,433	12,302	3,130	15,701	12,502	3,199
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	344	–	344	3	127	-124
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	15,088	12,302	2,786	15,698	12,375	3,323
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	15,922	6,376	9,546	10,480	18,139	-7,659
3.4.3A Loans to India	14,786	5,850	8,936	9,058	17,181	-8,124
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	5,056	1,137	3,919	445	9,130	-8,685
3.4.3.3 General government (External Assistance)	1,063	734	330	2,191	800	1,392
3.4.3.4 Other sectors (External Commercial Borrowings)	8,667	3,980	4,687	6,422	7,252	-830
3.4.3B Loans by India	1,136	526	610	1,422	958	464
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	17	57	-39	17	57	-39
3.4.3.4 Other sectors	1,118	469	649	1,405	901	504
3.4.4 Insurance, pension, and standardized guarantee schemes	–	–	–	–	–	–
3.4.5 Trade credit and advances	26,405	23,534	2,871	25,148	24,572	576
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	26,405	23,534	2,871	25,148	24,572	576
3.4.6 Other accounts receivable/payable – other	4,466	5,996	-1,530	5,511	725	4,786
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	276	-276	12,812	–	12,812
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)	–	276	-276	12,812	–	12,812
3.5.4.1 Currency,deposits and securities	–	276	-276	12,812	–	12,812
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	117,432	98,402	19,030	119,436	98,860	20,575
Of which: (by instrument):						
3.0.1 Equity and investment fund shares	42,269	36,564	5,705	33,727	29,506	4,221
3.0.2 Debt instruments	70,492	55,566	14,926	67,301	68,630	-1,328
3.0.3 Other financial assets and liabilities	4,671	6,272	-1,601	18,407	725	17,682
4 Net errors and omissions	–	399	-399	–	538	-538

No. 41A: Standard Presentation of BoP in India as per BPM6 *(Contd.)*

(US$ million)

Item	Jan-Mar 2012 P			Apr-Mar 2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
1 Current Account (1.A+1.B+1.C)	**137,706**	**159,412**	**-21,706**	**527,050**	**605,230**	**-78,180**
1.A Goods and Services (1.A.a+1.A.b)	**117,708**	**151,706**	**-33,998**	**450,777**	**576,439**	**-125,662**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**80,043**	**131,690**	**-51,647**	**309,843**	**499,533**	**-189,690**
1.A.a.1 General merchandise on a BOP basis	80,172	115,536	-35,364	309,774	441,660	-131,886
1.A.a.1.1 Re-exports	–	–	–	–	–	–
1.A.a.2 Net exports of goods under merchanting	-129	–	-129	69	–	69
1.A.a.2.1 Goods acquired under merchanting (negative credits)	410	–	410	1,390	–	1,390
1.A.a.2.2 Goods sold under merchanting	–	538	-538	–	1,321	-1,321
1.A.a.3 Non-monetary gold	–	16,155	-16,155	–	57,872	-57,872
1.A.b Services (1.A.b.1 to 1.A.b.13)	**37,665**	**20,016**	**17,650**	**140,935**	**76,906**	**64,029**
1.A.b.1 Manufacturing services on physical inputs owned by others	–	–	–	–	–	–
1.A.b.1.1 Goods for processing in reporting economy	–	–	–	–	–	–
1.A.b.1.2 Goods for processing abroad	–	–	–	–	–	–
1.A.b.2 Maintenance and repair services n.i.e.	–	–	–	–	–	–
1.A.b.3 Transport	***4,686***	***4,333***	***353***	***18,257***	***16,454***	***1,802***
1.A.b.3.1 Sea transport	1,267	2,746	-1,479	6,120	9,822	-3,702
1.A.b.3.2 Air transport	1,082	1,230	-148	3,481	4,295	-813
1.A.b.3.3 Other modes of transport	2,333	335	1,998	8,639	2,265	6,374
1.A.b.3.4 Postal and courier services	5	22	-17	16	73	-56
1.A.b.4 Travel	***5,462***	***3,238***	***2,224***	***18,462***	***13,762***	***4,699***
1.A.b.4.1 Business	–	1,879	-1,879	–	7,090	-7,090
1.A.b.4.2 Personal	–	1,358	-1,358	–	6,673	-6,673
1.A.b.4.2.1 Health-related	–	7	-7	–	34	-34
1.A.b.4.2.2 Education-related	–	436	-436	–	1,793	-1,793
1.A.b.4.2.3 Other	–	916	-916	–	4,846	-4,846
1.A.b.5 Construction	***219***	***329***	***-110***	***804***	***1,006***	***-202***
1.A.b.5.1 Construction abroad	219	216	3	804	581	223
1.A.b.5.2 Construction in the reporting economy	–	113	-113	–	425	-425
1.A.b.6 Insurance and pension services	***635***	***337***	***298***	***2,632***	***1,497***	***1,134***
1.A.b.6.1 Direct insurance	608	158	450	2,464	594	1,870
1.A.b.6.2 Reinsurance	20	163	-144	124	829	-705
1.A.b.6.3 Auxiliary insurance services	8	16	-8	43	74	-30
1.A.b.6.4 Pension and standardized guarantee services	–	–	–	–	–	–
1.A.b.7 Financial services	***1,495***	***1,902***	***-406***	***5,967***	***7,984***	***-2,018***
1.A.b.7.1 Explicitly charged and other financial services	1,495	1,902	-406	5,967	7,984	-2,018
1.A.b.7.2 Financial intermediation services indirectly measured	–	–	–	–	–	–
1.A.b.8 Charges for the use of intellectual property n.i.e.	***85***	***990***	***-905***	***281***	***3,207***	***-2,927***
1.A.b.9 Telecommunications, computer, and information services	***17,614***	***923***	***16,691***	***63,972***	***3,258***	***60,714***
1.A.b.9.1 Telecommunications services	390	469	-79	1,654	1,485	169
1.A.b.9.2 Computer services	17,199	329	16,870	62,212	1,256	60,957
1.A.b.9.3 Information services	24	124	-101	106	517	-411
1.A.b.10 Other business services	***6,832***	***7,035***	***-203***	***24,557***	***25,467***	***-910***
1.A.b.10.1 Research and development services	238	58	180	793	222	571
1.A.b.10.2 Professional and management consulting services	3,362	2,783	579	11,139	11,245	-106
1.A.b.10.3 Technical, trade-related, and other business services	3,231	4,194	-963	12,625	13,999	-1,374
1.A.b.11 Personal, cultural, and recreational services	***118***	***69***	***49***	***393***	***275***	***118***
1.A.b.11.1 Audiovisual and related services	96	25	71	198	91	107
1.A.b.11.2 Other personal, cultural, and recreational services	22	44	-22	195	184	11
1.A.b.12 Government goods and services n.i.e.	***47***	***214***	***-166***	***478***	***779***	***-301***
1.A.b.13 Others n.i.e.	***473***	***647***	***-174***	***5,133***	***3,214***	***1,919***
1.B Primary Income (1.B.1 to 1.B.3)	**2,273**	**6,845**	**-4,572**	**10,144**	**26,131**	**-15,987**
1.B.1 Compensation of employees	585	572	13	2,468	1,991	477
1.B.2 Investment income	1,688	6,273	-4,585	7,676	24,140	-16,464
1.B.2.1 Direct investment	727	6,224	-5,496	3,586	23,884	-20,298
1.B.2.1.1 Income on equity and investment fund shares	607	3,073	-2,466	2,583	13,469	-10,886
1.B.2.1.2 Interest	121	3,150	-3,030	1,003	10,416	-9,413
1.B.2.2 Portfolio investment	–	–	–	–	–	–
1.B.2.3 Other investment	–	44	-44	–	233	-233
1.B.2.4 Reserve assets	960	6	955	4,090	22	4,068
1.B.3 Other primary income	–	–	–	–	–	–
1.C Secondary Income (1.C.1+1.C.2)	**17,725**	**861**	**16,864**	**66,129**	**2,660**	**63,469**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,725	861	16,864	66,129	2,660	63,469
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	17,192	756	16,437	63,734	2,270	61,464
of which:						
1.C.1.1.1 Workers' remittances	8,260	756	7,505	31,263	2,270	28,993
1.C.1.2 Other current transfers	533	105	428	2,395	390	2,005
1.C.2 General Government	–	–	–	–	–	–
2 Capital Account (2.1+2.2)	**99**	**252**	**-153**	**907**	**968**	**-61**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	1	92	-91	275	361	-86
2.2 Capital transfers	99	160	-62	632	607	25
2.2.1 General government	99	160	-62	632	607	25
2.2.1.1 Debt forgiveness	–	–	–	–	–	–
2.2.1.2 Other capital transfers	99	160	-62	632	607	25
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	–	–	–	–	–	–

No. 41A: Standard Presentation of BoP in India as per BPM6 *(Concld.)*

(US$ million)

Item	Jan-Mar 2012 P			Apr-Mar 2011-12 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	13	14	15	16	17	18
3 Financial Account (3.1 to 3.5)	**131,534**	**109,120**	**22,415**	**497,083**	**416,410**	**80,673**
3.1 Direct Investment (3.1A+3.1B)	**9,241**	**7,885**	**1,356**	**49,007**	**26,947**	**22,061**
3.1.A Direct Investment in India	***8,557***	***4,343***	***4,214***	***46,552***	***13,599***	***32,952***
3.1.1 Equity and investment fund shares	*8,149*	*4,262*	*3,887*	*44,057*	*13,019*	*31,038*
3.1.1.1 Equity other than reinvestment of earnings	6,098	4,262	1,836	35,852	13,019	22,833
3.1.1.1.1 Direct investor in direct investment enterprises	6,098	4,262	1,836	35,852	13,019	22,833
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	2,051	–	2,051	8,205	–	8,205
3.1.2 Debt instruments	*408*	*81*	*327*	*2,494*	*580*	*1,914*
3.1.2.1 Direct investor in direct investment enterprises	408	81	327	2,494	580	1,914
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.1.B Direct Investment by India	***684***	***3,541***	***-2,857***	***2,456***	***13,348***	***-10,892***
3.1.1 Equity and investment fund shares	*684*	*2,067*	*-1,383*	*2,456*	*7,538*	*-5,082*
3.1.1.1 Equity other than reinvestment of earnings	684	1,765	-1,081	2,456	6,330	-3,874
3.1.1.1.1 Direct investor in direct investment enterprises	684	1,765	-1,081	2,456	6,330	-3,874
3.1.1.1.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.1.1.3 Between fellow enterprises	–	–	–	–	–	–
3.1.1.2 Reinvestment of earnings	–	302	-302	–	1,208	-1,208
3.1.2 Debt instruments	–	*1,474*	*-1,474*	–	*5,809*	*-5,809*
3.1.2.1 Direct investor in direct investment enterprises	–	1,474	-1,474	–	5,809	-5,809
3.1.2.2 Direct investment enterprises in direct investor (reverse investment)	–	–	–	–	–	–
3.1.2.3 Between fellow enterprises	–	–	–	–	–	–
3.2 Portfolio Investment	**54,303**	**40,407**	**13,896**	**185,013**	**168,440**	**16,573**
3.2A Portfolio Investment in India	***54,193***	***40,125***	***14,068***	***184,150***	***167,338***	***16,812***
3.2.1 Equity and investment fund shares	*35,425*	*26,244*	*9,181*	*122,341*	*115,288*	*7,052*
3.2.2 Debt securities	*18,768*	*13,881*	*4,887*	*61,809*	*52,049*	*9,760*
3.2.B Portfolio Investment by India	***110***	***282***	***-172***	***863***	***1,102***	***-239***
3.3 Financial derivatives (other than reserves) and employee stock options	–	–	–	–	–	–
3.4 Other investment	**62,253**	**60,828**	**1,425**	**244,512**	**215,304**	**29,208**
3.4.1 Other equity (ADRs/GDRs)	***30***	–	***30***	***597***	–	***597***
3.4.2 Currency and deposits	***21,061***	***16,450***	***4,611***	***64,714***	***52,619***	***12,095***
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	48	95	-47	426	249	177
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	21,013	16,355	4,658	64,287	52,370	11,918
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	***12,750***	***12,777***	***-26***	***63,427***	***46,656***	***16,770***
3.4.3A Loans to India	*11,927*	*11,945*	*-18*	*59,688*	*43,965*	*15,723*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	3,442	6,053	-2,612	25,190	21,059	4,131
3.4.3.3 General government (External Assistance)	1,103	760	342	5,576	3,124	2,452
3.4.3.4 Other sectors (External Commercial Borrowings)	7,382	5,131	2,251	28,922	19,782	9,140
3.4.3B Loans by India	*824*	*832*	*-8*	*3,739*	*2,691*	*1,048*
3.4.3.1 Central bank	–	–	–	–	–	–
3.4.3.2 Deposit-taking corporations, except the central bank	–	–	–	–	–	–
3.4.3.3 General government	17	57	-39	70	226	-157
3.4.3.4 Other sectors	807	776	31	3,669	2,465	1,204
3.4.4 Insurance, pension, and standardized guarantee schemes	–	–	–	–	–	–
3.4.5 Trade credit and advances	***27,037***	***26,885***	***152***	***102,754***	***96,087***	***6,668***
3.4.5.1 Central bank	–	–	–	–	–	–
3.4.5.2 General government	–	–	–	–	–	–
3.4.5.3 Deposit-taking corporations	–	–	–	–	–	–
3.4.5.4 Other sectors	*27,037*	*26,885*	*152*	*102,754*	*96,087*	*6,668*
3.4.6 Other accounts receivable/payable – other	***1,374***	***4,716***	***-3,342***	***13,021***	***19,943***	***-6,922***
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	**5,738**	–	**5,738**	**18,550**	**5,719**	**12,831**
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)	5,738	–	5,738	18,550	5,719	12,831
3.5.4.1 Currency,deposits and securities	5.738	–	5,738	18,550	5,719	12,831
3.5.4.2 Financial derivatives	–	–	–	–	–	–
3.5.4.3 Other claims	–	–	–	–	–	–
3 Total assets/liabilities	**131,534**	**109,120**	**22,415**	**497,083**	**416,410**	**80,673**
Of which: (by instrument):				–	–	–
3.0.1 Equity and investment fund shares	44,368	32,855	11,513	169,717	136,948	32,769
3.0.2 Debt instruments	80,024	71,549	8,476	295,199	253,801	41,398
3.0.3 Other financial assets and liabilities	7,142	4,716	2,426	32,168	25,662	6,506
4 Net errors and omissions	–	**555**	**-555**	–	**2,432**	**-2,432**

No. 42: Foreign Exchange Reserves

End of	Foreign Currency Assets*		Gold #		SDRs ##			Reserve Tranche Position in IMF		Total	
	₹ billion	In millions of US $	₹ billion	In millions of US $	In millions of SDRs	₹ billion	In millions of US $	₹ billion	In millions of US $	₹ billion	In millions of US $
	1	2	3	4	5	6	7	8	9	10=(1+3+6+8)	11=(2+4+7+9)
2007-08	11,960	299,230	401	10,039	11	1	18	17	436	12,380	309,723
2008-09	12,301	241,426	488	9,577	1	–	1	50	981	12,839	251,985
2009-10	11,497	254,685	812	17,986	3,297	226	5,006	62	1,380	12,597	279,057
2010-11	12,249	274,330	1,026	22,972	2,882	204	4,569	132	2,947	13,610	304,818
2011-12	13,305	2,60,069	1,383	27,023	2,885	229	4,469	145	2,836	15,061	294,398
2010-11											
April	11,322	254,773	824	18,537	3,297	221	4,982	60	1,341	12,427	279,633
May	11,517	247,951	902	19,423	3,297	226	4,861	61	1,309	12,706	273,544
June	11,633	249,628	927	19,894	3,297	227	4,875	61	1,313	12,848	275,710
July	12,012	258,551	896	19,278	3,297	233	5,006	63	1,348	13,203	284,183
August	12,063	256,227	942	20,008	3,297	234	4,974	91	1,932	13,330	283,142
September	11,914	265,231	922	20,516	3,297	230	5,130	90	1,993	13,156	292,870
October	11,985	269,093	965	21,668	3,297	231	5,182	90	2,013	13,271	297,956
November	12,121	263,281	1,019	22,124	3,297	232	5,031	90	1,954	13,462	292,389
December	12,001	267,814	1,007	22,470	3,297	228	5,078	88	1,972	13,324	297,334
January	12,402	269,893	1,007	21,924	3,297	237	5,150	104	2,259	13,749	299,224
February	12,288	271,988	1,000	22,143	3,298	234	5,187	103	2,275	13,626	301,592
March	12,249	274,330	1,026	22,972	2,882	204	4,569	132	2,947	13,610	304,818
2011-12											
April	12,517	282,037	1,056	23,790	2,882	207	4,671	134	3,013	13,914	313,511
May	12,588	279,537	1,098	24,391	2,882	208	4,613	134	2,975	14,028	311,516
June	12,676	283,458	1,103	24,668	2,883	206	4,614	133	2,975	14,119	315,715
July	12,637	286,160	1,119	25,349	2,883	204	4,609	131	2,972	14,091	319,090
August	13,163	286,034	1,303	28,319	2,884	213	4,638	138	2,991	14,818	321,982
September	13,490	275,699	1,403	28,667	2,884	220	4,504	128	2,612	15,241	311,482
October	13,786	282,087	1,314	26,896	2,884	224	4,574	130	2,653	15,453	316,210
November	14,230	272,771	1,463	28,041	2,885	234	4,476	135	2,596	16,062	307,884
December	14,006	262,933	1,418	26,620	2,885	236	4,429	144	2,706	15,804	296,688
January	12,859	258,830	1,328	26,728	2,885	222	4,475	136	2,734	14,545	292,766
February	12,743	260,374	1,377	28,128	2,885	220	4,490	138	2,828	14,477	295,819
March	13,305	260,069	1,383	27,023	2,885	229	4,469	145	2,836	15,061	294,398
2012-13											
April	13,699	260,839	1,398	26,618	2,885	235	4,474	153	2,915	15,485	294,846
May	14,288	253,237	1,444	25,585	2,886	246	4,358	160	2,839	16,137	286,019
June	14,455	256,703	1,451	25,760	2,886	247	4,379	163	2,895	16,315	289,736
July	14,319	256,573	1,435	25,715	2,886	243	4,353	119	2,135	16,117	288,775
August	14,355	257,620	1,462	26,239	2,886	245	4,393	123	2,209	16,185	290,462
August 3, 2012	14,410	256,954	1,435	25,715	2,886	244	4,350	120	2,134	16,209	289,152
August 10, 2012	14,218	256,920	1,435	25,715	2,886	241	4,348	121	2,187	16,015	289,170
August 17, 2012	14,296	256,657	1,435	25,715	2,886	243	4,357	122	2,191	16,096	288,919
August 24, 2012	14,281	257,873	1,435	25,715	2,886	243	4,386	122	2,206	16,081	290,179
August 31, 2012	14,355	257,620	1,462	26,239	2,886	245	4,393	123	2,209	16,185	290,462
September 7, 2012	14,390	259,178	1,462	26,239	2,886	245	4,406	123	2,216	16,220	292,040
September 14, 2012	14,312	261,517	1,462	26,239	2,886	245	4,472	123	2,249	16,142	294,477

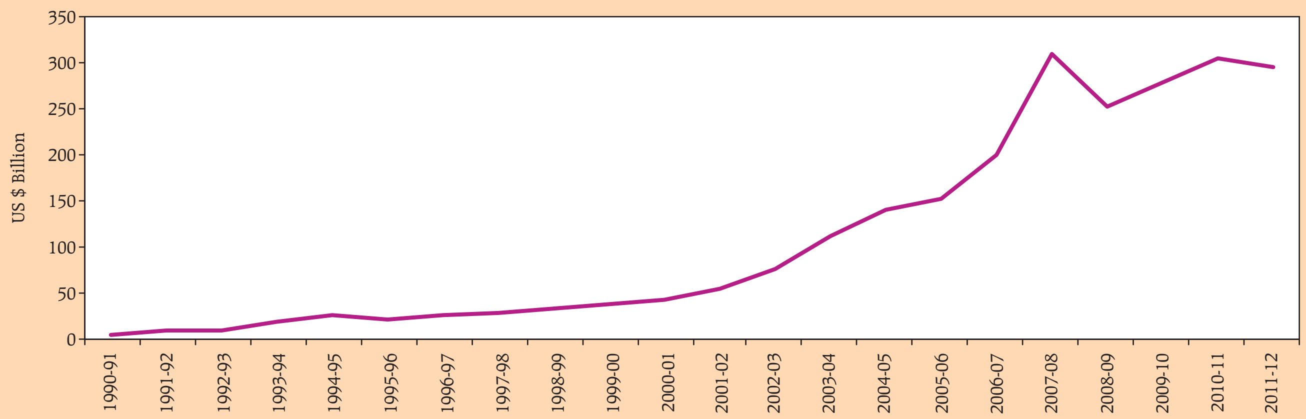
– Negligible. See 'Notes on Tables'

* FCA excludes US $ 250.00 millon invested in foreign currency denominated bonds issued by IFFC (UK) since March 20, 2009, excludes US $ 380.00 million since September 16, 2011, excludes US $ 550 million since February 27, 2012, excludes US $ 673 million since 30th March 2012 and US$ 790 million since July 5, 2012 (as also its equivalent value in Indian Rupee).

\# Includes ₹ 314.63 billion (US$ 6,699 million) reflecting the purchase of 200 metric tonnes of gold from IMF on November 3, 2009.

\#\# Includes SDRs 3,082.5 million allocated under general allocation and SDRs 214.6 million allocated under special allocation by the IMF done on August 28, 2009 and September 9, 2009, respectively.

Foreign Exchange Reserves



No. 43: NRI Deposits – Outstanding and Inflows (+) /Outflows (-) @

(US$ Million)

SCHEME	(As at end - March)																	
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. FCNR(A) *	7,051	4,255	2,306	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. FCNR(B) **	3,063	5,720	7,496	8,467	7,835	8,172	9,076	9,673	10,199	10,961	11,452	13,064	15,129	14,168	13,211	14,258	15,597	14,968
3. NR(E)RA	4,556	3,916	4,983	5,637	6,045	6,758	7,147	8,449	14,923	20,559	21,291	22,070	24,495	26,716	23,570	26,251	26,378	31,408
4. NR(NR)RD +	2,486	3,542	5,604	6,262	6,618	6,754	6,849	7,052	3,407	1,746	232	–	–	–	–	–	–	–
5. NRO	–	–	–	–	–	–	–	–	–	–	–	1,148	1,616	2,788	4,773	7,381	9,707	12,232
Total	**17,156**	**17,433**	**20,389**	**20,367**	**20,498**	**21,684**	**23,072**	**25,174**	**28,529**	**33,266**	**32,975**	**36,282**	**41,240**	**43,672**	**41,554**	**47,890**	**51,682**	**58,608**

(US$ Million)

SCHEME	2011-12 End - Month											
	Apr.	May	Jun.	Jul.	Aug.	Sep	Oct	Nov	Dec.	Jan.	Feb.	Mar.
	1	2	3	4	5	6	7	8	9	10	11	12
1. FCNR(B) **	15,931	15,843	16,142	16,450	16,250	15,824	15,952	15,574	15,376	15,541	15,550	14,968
2. NR(E)RA	26,267	25,927	26,190	26,029	25,797	25,344	26,022	25,621	25,430	28,978	29,997	31,408
3. NRO	10,118	10,133	10,565	10,860	10,949	11,136	11,334	11,759	11,691	12,535	12,666	12,232
Total	**52,316**	**51,903**	**52,897**	**53,339**	**52,996**	**52,304**	**53,308**	**52,954**	**52,497**	**57,054**	**58,213**	**58,608**

(US$ Million)

SCHEME	2012-13(P) End - Month				
	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5
1. FCNR(B) **	14,739	14,174	14,272	14,343	14,518
2. NR(E)RA	32,591	34,058	35,681	37,271	37,350
3. NRO	11,979	11,228	10,921	10,868	10,279
Total	**59,309**	**59,459**	**60,874**	**62,483**	**62,147**

Inflow (+) /Outflow (-) During the Month

(US$ Million)

SCHEME	2011-12												
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb	Mar	Apr.-Mar.
	1	2	3	4	5	6	7	8	9	10	11	12	13
1. FCNR(B)	334	-89	300	308	-200	-426	128	-378	-199	165	9	-582	-630
	(207)	-(307)	(210)	(329)	-(33)	(347)	(316)	-(256)	(29)	(156)	(139)	(202)	(1,339)
2. NR(E)RA	-277	144	-100	-408	742	1,187	631	898	718	1,637	682	2,683	8,537
	-(85)	(558)	(39)	(468)	-(234)	-(300)	-(381)	(41)	-(120)	-(105)	-(162)	(1)	-(280)
3. NRO	350	202	289	193	498	893	178	997	350	-9	-15	87	4,013
	(197)	(272)	(29)	(139)	(138)	(189)	(322)	(41)	(194)	(223)	(188)	(248)	(2,180)
Total	**407**	**257**	**489**	**93**	**1,040**	**1,654**	**937**	**1,517**	**869**	**1,794**	**676**	**2,188**	**11,921**
	(319)	**(523)**	**(278)**	**(936)**	**-(129)**	**(236)**	**(257)**	**-(174)**	**(103)**	**(274)**	**(165)**	**(451)**	**(3,239)**

Inflow (+) /Outflow (-) During the Month

(US$ Million)

SCHEME	2012-13(P)					
	Apr.	May	Jun.	Jul.	Aug.	Apr.-Aug.
	1	2	3	4	5	6
1. FCNR(B)	-229	-565	99	71	175	-450
	(334)	-(89)	(300)	(308)	-(200)	(653)
2. NR(E)RA	2,125	3,443	1,868	1,012	58	8,506
	-(277)	(144)	-(100)	-(408)	(742)	(101)
3. NRO	102	-60	-230	-229	-593	-1,010
	(350)	(202)	(289)	(193)	(498)	(1532)
Total	**1,997**	**2,818**	**1,737**	**854**	**-361**	**7,046**
	(407)	**(257)**	**(489)**	**(93)**	**(1,040)**	**(2,286)**

Note:
1. FCNR(A) : Foreign Currency Non-Resident (Accounts).
2. FCNR(B) : Foreign Currency Non-Resident (Banks).
3. NR(E) RA : Non-Resident (External) Rupee Accounts.
4. NR(NR)RD : Non-Resident (Non-Repatriable) Rupee Deposits.
5. NRO : Non-Resident Ordinary Rupee Account.
6. Figures in the brackets represent inflows(+) outflows (-) during the corresponding month/period of the previous year.
7. Flows derived from the month-end balances may not be consistent with the data provided under monthly total 'outflows/inflows' as exchange rates used in two sets of data are different.

P: Provisional. –: Not Available.
@ All figures are inclusive of accrued interest.
* Withdrawn effective August 1994.
** Introduced in May 1993.
\+ Introduced in June 1992 and discontinued w.e.f. April 2002.

No. 44: Foreign Investment Inflows

(US$ Million)

Item	2000-01	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10(P)	2010-11(P)	2011-12(P)	2011-12(P) Apr.-Aug.	2012-13(P) Apr.-Aug.
	1	2	3	4	5	6	7	8	9	10	11
A. Net Foreign Direct Investment (I-II)	**3,270**	**3,712**	**3,033**	**7,693**	**15,891**	**22,343**	**17,965**	**11,305**	**22,006**	**14,395**	**8,178**
I. Direct Investment to India (I.a - I.b)	**4,029**	**5,986**	**8,900**	**22,739**	**34,727**	**41,707**	**33,108**	**27,829**	**32,955**	**19,584**	**10,735**
I.a. Gross Inflows/Gross Investments (i+ii+iii)	**4,029**	**6,051**	**8,961**	**22,826**	**34,843**	**41,873**	**37,745**	**34,847**	**46,553**	**25,567**	**13,146**
i. Equity (a+b+c+d+e)	2,400	3,778	5,975	16,481	26,864	32,066	27,146	22,250	35,854	20,718	8,526
a. Government (SIA/FIPB)	1,456	1,062	1,126	2,156	2,298	5,400	3,471	1,945	3046	2,068	1,306
b. RBI	454	1,258	2,233	7,151	17,127	21,332	18,987	12,994	20427	12,039	5,247
c. NRI	67	–	–	–	–	–	–	–	–	–	–
d. Acquisition of shares *	362	930	2,181	6,278	5,148	4,632	3,148	6,437	11360	6,223	1,614
e. Equity capital of unincorporated bodies #	61	528	435	896	2,291	702	1,540	874	1,021	388	359
ii. Reinvested earnings +	1,350	1,904	2,760	5,828	7,679	9,030	8,668	11,939	8205	3,129	3,845
iii. Other capital ++	279	369	226	517	300	777	1,931	658	2494	1720	775
I.b. Repatriation/Disinvestment (i+ii)	**–**	**65**	**61**	**87**	**116**	**166**	**4,637**	**7,018**	**13,598**	**5,983**	**2,411**
i. Equity	–	65	61	87	108	166	4241	6514	13,018	5569	2,052
ii. Other capital	–	–	–	–	8	–	396	504	580	414	359
II. Foreign Direct Investment by India (a+b+c-d)	**759**	**2,274**	**5,867**	**15,046**	**18,836**	**19,364**	**15,143**	**16,524**	**10,950**	**5,189**	**2,556**
a. Equity capital	414	1672	3982	13368	16899	13283	10609	10537	6,387	2727	2,281
b. Reinvested Earnings	340	248	1092	1076	1084	1084	1084	1084	1,208	503	495
c. Other Capital	75	389	1009	1366	3330	6100	4188	7465	5,810	2607	1,890
d. Repatriation/Disinvestment	70	35	216	764	2477	1103	738	2562	2,455	648	2,110
B. Net Portfolio Investment (a+b+c-d)	**2,590**	**9,291**	**12,492**	**6,947**	**27,434**	**-14,032**	**32,396**	**30,292**	**17,171**	**2,430**	**1,101**
a. GDRs/ADRs ##	831	613	2,552	3,776	6,645	1,162	3,328	2,049	597	322	154
b. FIIs **	1,847	8,686	9,926	3,225	20,328	-15,017	29,048	29,422	16,813	2,191	2,008
c. Offshore funds and others	82	16	14	2	298	–	–	–	–	–	–
d. Portfolio investment by India	170	24	–	56	-163	177	-20	1,179	239	83	1,061
Total (A+B)	**5,860**	**13,003**	**15,525**	**14,640**	**43,325**	**8,311**	**50,361**	**41,597**	**39,177**	**16,825**	**9,279**

(US$ Million)

Item	2011-12 (P)									2012-13 (P)				
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Net Foreign Direct Investment (I-II)	**149**	**5,206**	**967**	**2,619**	**1,647**	**780**	**871**	**484**	**244**	**1,624**	**1,137**	**1,222**	**1,679**	**2,517**
I. Direct Investment to India (I.a - I.b)	**1,235**	**6,177**	**1,902**	**3,035**	**2,570**	**1,385**	**1,550**	**1,757**	**1,174**	**2,364**	**1,834**	**1,751**	**1,980**	**2,805**
I.a. Gross Inflows/Gross Investments (i+ii+iii)	**1,947**	**6,889**	**2,614**	**3,888**	**3,423**	**2,238**	**2,997**	**3,204**	**2,621**	**2,827**	**2,297**	**2,214**	**2,491**	**3,316**
i. Equity (a+b+c+d)	1,178	6,120	1,845	3,093	2,628	1,443	2,099	2,306	1,723	1,928	1,398	1,315	1,547	2,337
a. Government (SIA/FIPB)	212	105	109	130	282	121	86	205	45	356	24	139	505	282
b. RBI	841	2,384	1,429	854	1,028	1,142	1415	1,270	1,250	1,161	1,105	697	757	1,527
c. Acquisition of shares * @	46	3552	228	2019	1,228	90	503	736	333	340	198	408	212	455
d. Equity capital of unincorporated bodies #	79	79	79	90	90	90	95	95	95	71	71	71	73	73
ii. Reinvested earnings +	635	635	635	718	718	718	762	762	762	761	761	761	781	781
iii. Other capital ++	134	134	134	77	77	77	136	136	136	138	138	138	163	198
I.b. Repatriation/Disinvestment (i+ii)	**712**	**712**	**712**	**853**	**853**	**853**	**1448**	**1448**	**1448**	**463**	**463**	**463**	**511**	**511**
i. Equity	672	672	672	838	838	838	1421	1421	1421	344	344	344	510	510
ii. Other capital	41	41	41	15	15	15	27	27	27	119	119	119	1	1
II. Foreign Direct Investment by India (a+b+c-d)	**1086**	**971**	**935**	**416**	**923**	**605**	**679**	**1273**	**930**	**740**	**697**	**529**	**301**	**288**
a. Equity capital	481	697	453	452	494	474	417	558	813	352	424	533	452	520
b. Reinvested Earnings	101	101	101	101	101	101	101	101	101	99	99	99	99	99
c. Other Capital	627	295	503	197	662	364	389	842	244	578	462	185	373	292
d. Repatriation/Disinvestment	122	122	122	334	334	334	228	228	228	288	288	288	623	623
B. Net Portfolio Investment (a+b+c-d)	**1,623**	**-1,734**	**-1,084**	**-448**	**60**	**2,286**	**5,365**	**9,171**	**-609**	**-1,342**	**-189**	**-396**	**1,835**	**1,193**
a. GDRs/ADRs ##	20	24	161	84	–	–	30	–	–	–	–	94	60	–
b. FIIs **	1,540	-1,821	-1308	-516	76	2,302	5392	9228	-552	-1,306	12	-412	2,148	1,566
c. Offshore funds and others	–	–	–	–	–	–	–	–	–	–	–	–	–	–
d. Portfolio investment by India	-63	-63	-63	16	16	16	57	57	57	36	201	78	373	373
Total (A+B)	**1,771**	**3,471**	**-117**	**2,172**	**1,707**	**3,066**	**6,236**	**9,655**	**-365**	**282**	**948**	**826**	**3,514**	**3,710**

P: Provisional.

* Relates to acquisition of shares of Indian companies by non-residents under Section 6 of FEMA, 1999. Data on such acquisitions have been included as part of FDI since January 1996.

** Represents inflow of funds (net) by Foreign Institutional Investors (FIIs).

\# Figures for equity capital of unincorporated bodies for 2011-12 are estimated based on the average of previous two years.

\## Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

\+ Data for 2011-12 and 2012-13 are estimated on the basis of average of previous two years and factoring in the recent trend in Indian Corporate Profitability.

++ Data pertain to inter company debt transactions of FDI entities. Monthly data on other capital are estimated as average of corresponding months of previous two years.

@ Inflows under the acquisitions of shares in March, August & October 2011 include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).

Note:
1. Data for equity capital of unincorporated bodies and reinvested earnings in the column of the monthly tables are estimated for each quarter and equally distributed to three months.
2. Data on FDI have been revised since 2000-01 with expanded coverage to approach international best practices. These data, therefore, are not comparable with FDI data for previous years. Also see 'Notes on Tables' of Table No.40 & 41.
3. Data on repatriation/disinvestment of FDI are available on quarterly basis with a lag of three months along with balance of payments statistics. Therefore, data for these items for latest months are estimates.
4. Foreign investment data in this table may not tally with the same data appearing in the BoP table for the recent period due to late reporting of some data. However, such data would be incorporated in the BoP statistics as per the BoP revision policy.

Table 44 A: Outward Remittances under the Liberalised Remittance Scheme for Resident Individuals

(US$ Million)

Purpose		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
		1	2	3	4	5	6	7	8
1.	Deposit	9.1	23.2	19.7	24.0	30.4	37.4	29.6	26.6
2.	Purchase of immovable property	0.5	1.9	8.5	39.5	55.9	47.6	66.3	62.2
3.	Investment in equity/debt	-	-	20.7	144.7	151.4	206.5	265.9	239.5
4.	Gift	-	-	7.4	70.3	133.0	159.9	242.5	244.6
5.	Donations	-	-	0.1	1.6	1.4	5.3	3.6	3.5
6	Travel	-	-	-	-	-	17.4	16.2	34.9
7.	Maintenance of close relatives	-	-	-	-	-	170.9	255.2	165.2
8.	Medical Treatment	-	-	-	-	-	18.3	5.7	3.6
9.	Studies Abroad	-	-	-	-	-	217.8	150.1	114.3
10.	Others**	-	-	16.4	160.4	436.0	101.8	128.6	107.2
	Total (1 to 10)	**9.6**	**25.0**	**72.8**	**440.5**	**808.1**	**983.0**	**1,163.5**	**1,001.6**

(US$ Million)

Purpose		2011-12											
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
		1	2	3	4	5	6	7	8	9	10	11	12
1.	Deposit	3.3	2.6	2.3	0.9	1.1	1.4	0.6	1.2	1.3	1.3	1.8	8.8
2.	Purchase of immovable property	6.8	6.0	6.2	7.2	5.2	3.8	4.2	5.1	4.2	2.0	3.4	8.1
3.	Investment in equity/debt	26.2	21.4	16.3	19.0	20.1	18.2	13.8	12.6	11.2	14.8	19.1	46.8
4.	Gift	38.3	23.4	22.9	21.4	17.3	17.1	13.2	12.9	14.2	12.1	20.8	31.0
5.	Donations	-	0.2	0.9	0.3	0.1	0.3	0.4	0.1	0.3	0.2	0.4	0.3
6.	Travel	2.2	2.0	1.8	2.5	1.7	3.9	3.4	3.4	3.1	4.1	3.3	3.5
7.	Maintenance of close relatives	12.9	11.2	10.5	11.1	9.3	13.0	12.3	14.3	13.5	14.4	18.4	24.3
8.	Medical Treatment	0.2	0.4	0.2	0.02	0.3	0.6	0.3	0.2	0.3	0.6	0.2	0.3
9.	Studies Abroad	6.5	7.9	6.8	9.1	15.5	12.5	7.5	8.8	8.1	11.8	8.7	11.1
10.	Others **	7.0	8.5	6.3	6.7	8.3	8.4	9.4	6.8	6.0	8.3	15.2	16.3
	Total (1 to 10)	**103.4**	**83.7**	**74.2**	**78.2**	**78.9**	**79.2**	**64.9**	**65.5**	**62.1**	**69.6**	**91.3**	**150.6**

(US$ Million)

Purpose		2012-13			
		Apr.	May	June	July
		1	2	3	4
1.	Deposit	2.6	1.9	1.5	0.7
2.	Purchase of immovable property	6.1	5.9	3.2	3.5
3.	Investment in equity/debt	19.1	17.3	19.1	15.9
4.	Gift	22.3	19.8	24.8	18.0
5.	Donations	0.1	0.4	0.5	0.2
6.	Travel	0.5	3.3	3.8	4.7
7.	Maintenance of close relatives	14.5	31.8	15.1	12.9
8.	Medical Treatment	0.3	0.3	0.4	0.6
9.	Studies Abroad	4.6	7.7	10.3	10.1
10.	Others **	7.6	16.6	58.7	8.7
	Total (1 to 10)	**77.8**	**105.0**	**137.3**	**75.4**

– Not available

** Include items such as subscription to journals, maintenance of investment abroad, student loan repayments, credit card payments etc. (till 2008-09 also includes education, travel, maintenance of close relatives and medical treatment).

Note: 1. The data from 2004 to 2007 are on calendar basis.

2. Under Liberalised Remittance Scheme (LRS), currently, the residents are permitted to remit up to an amount of US $ 2,00,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both with effect from September 26, 2007. The LRS Scheme was introduced in February 2004 to facilitate resident individuals to freely remit up to US $ 25,000 per calendar year, which was enhanced to US $ 50,000 per financial year in December 2006; to US $ 1, 00,000 per financial year in May 2007; and to US $ 2, 00,000 per financial year in September 2007.

No. 45: Daily Foreign Exchange Spot Rates

(` per Unit of Foreign Currency)

Date			RBI's Reference Rate ` Per Foreign Currency	
			US Dollar	Euro
			1	2
August	1,	2012	55.4825	68.3080
August	2,	2012	55.7765	68.3157
August	3,	2012	56.0845	68.3605
August	6,	2012	55.4730	68.6615
August	7,	2012	55.4995	68.6990
August	8,	2012	55.1450	68.3135
August	9,	2012	55.1715	68.2690
August	10,	2012	55.3440	68.0425
August	13,	2012	55.4180	68.0311
August	14,	2012	55.6435	68.8135
August	15,	2012 +		
August	16,	2012	55.9890	68.6855
August	17,	2012	55.7023	68.8510
August	20,	2012 +		
August	21,	2012	55.5405	68.7185
August	22,	2012	55.5105	69.1465
August	23,	2012	55.1855	69.1584
August	24,	2012	55.3820	69.4760
August	27,	2012	55.5930	69.4960
August	28,	2012	55.7795	69.6210
August	29,	2012	55.6653	69.9158
August	30,	2012	55.6485	69.8360
August	31,	2012	55.7215	69.6555

FEDAI: Foreign Exchange Dealers' Association of India. +: Market closed.
FEDAI has discontinued the practice of providing daily indicative rates w.e.f.May 2,2012.
Note : Euro reference rate was announced by RBI w.e.f. January 1,2002.

No. 46: Sale/Purchase of U.S. Dollar by the Reserve Bank of India

Month		Foreign Currency (US $ million)			` equivalent at contract rate (` billion)	Cumulative (over end-March 2011)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ million)
		Purchase (+)	Sale (–)	Net (+/–)		(US $ million)	(` billion)	
		1	2	3	4	5	6	7
2011-12								
April	2011	–	–	–	–	–	–	0.00
May	2011	–	–	–	–	–	–	0.00
June	2011	–	–	–	–	–	–	0.00
July	2011	–	–	–	–	–	–	0.00
August	2011	–	–	–	–	–	–	0.00
September	2011	–	845.00	-845.00	-41.40	-845.00	-41.40	0.00
October	2011	–	943.00	-943.00	-47.14	-1,788.00	-88.54	0.00
November	2011	–	2,918.00	-2,918.00	-148.35	-4,706.00	-236.89	-1,620.00
December	2011	–	7,809.00	-7,809.00	-413.29	-12,515.00	-650.18	-1,370.00
January	2012	–	7,303.00	-7,303.00	-376.75	-19,818.00	-1,026.93	-1,323.00
February	2012	1,115.00	1,435.00	-320.00	-18.86	-20,138.00	-1,045.79	-1,453.00
March	2012	550.00	550.00	-	0.81	-20,138.00	-1,044.98	-3,233.00

Month		Foreign Currency (US $ million)			` equivalent at contract rate (` billion)	Cumulative (over end-March 2012)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ million)
		Purchase (+)	Sale (–)	Net (+/–)		(US $ million)	(` billion)	
		1	2	3	4	5	6	7
2012-13								
April	2012	–	275.00	-275.00	-14.31	-275.00	-14.31	-3,453.00
May	2012	778.00	1,263.00	-485.00	-26.26	-760.00	-40.57	-10,309.00
June	2012	650.00	700.00	-50.00	-4.28	-810.00	-44.84	-14,084.00
July	2012	–	785.00	-785.00	-42.50	-1,595.00	-87.34	-14,459.00
August	2012	100.00	552.00	-452.00	-23.37	-2,047.00	-110.71	-14,107.00

(+) Implies Purchase including purchase leg under swaps and outright forwards.
(–) Implies Sales including sale leg under swaps and outright forwards.
Note: This table is based on value dates.

No. 47: Turnover in Foreign Exchange Market

(US$ Million)

Position Date,	Merchant						Inter-bank					
	FCY / INR			FCY / FCY			FCY/INR			FCY/FCY		
	Spot	Forward	Forward Cancellation	Spot	Forward	Forward Cancellation	Spot	Swap	Forward	Spot	Swap	Forward
	1	2	3	4	5	6	7	8	9	10	11	12
Purchases												
Aug. 1, 2012	2,133	988	313	315	216	241	5,873	9,746	308	3,788	1,282	57
Aug. 2, 2012	1,625	789	298	243	231	225	5,250	6,476	200	4,056	721	199
Aug. 3, 2012	2,118	1,233	519	236	868	837	6,048	6,264	386	3,180	1,210	104
Aug. 6, 2012	2,336	1,133	418	282	840	820	6,138	6,286	531	3,501	909	43
Aug. 7, 2012	1,679	1,152	479	239	402	353	5,832	8,778	743	3,556	861	119
Aug. 8, 2012	1,903	1,343	677	391	325	313	7,025	6,802	392	4,430	1,174	66
Aug. 9, 2012	2,008	785	883	373	521	519	6,622	6,657	478	4,384	1,247	181
Aug. 10, 2012	1,914	310	433	198	333	356	5,832	7,099	376	3,401	988	47
Aug. 13, 2012	1,925	675	364	317	310	322	5,307	6,675	596	2,866	894	104
Aug. 14, 2012	2,375	1,323	604	135	75	86	5,699	6,703	1,173	2,863	1,227	87
Aug. 15, 2012+												
Aug. 16, 2012	2,472	1,226	537	653	444	292	5,656	7,283	540	3,738	1,702	50
Aug. 17, 2012	2,089	1,153	364	242	547	482	4,784	6,630	639	3,660	2,099	157
Aug. 20, 2012 +												
Aug. 21, 2012	2,201	1,492	474	102	1,070	1,036	5,463	7,438	296	3,577	1,608	48
Aug. 22, 2012	1,120	824	252	331	532	354	3,882	4,327	350	2,902	981	180
Aug. 23, 2012	1,353	881	522	233	433	496	4,515	5,145	333	3,979	921	371
Aug. 24, 2012	2,483	1,369	450	215	134	146	6,843	6,396	906	3,617	1,739	292
Aug. 27, 2012	2,029	1,224	538	543	486	437	5,536	5,240	490	2,335	940	256
Aug. 28, 2012	2,189	1,606	1,272	247	705	649	5,811	5,649	621	3,878	1,860	182
Aug. 29, 2012	2,743	2,228	871	158	293	310	7,075	6,209	519	3,335	1,772	324
Aug. 30, 2012	2,546	1,424	482	149	291	328	5,052	6,732	649	3,193	1,543	292
Aug. 31, 2012	2,636	1,654	903	119	301	350	7,435	6,466	361	4,214	1,069	118
Sales												
Aug. 1, 2012	2,190	1,029	328	314	287	204	5,774	9,930	581	3,793	1,263	60
Aug. 2, 2012	1,935	782	180	241	298	217	4,841	6,819	451	4,119	727	212
Aug. 3, 2012	2,126	1,305	559	246	921	829	5,789	6,571	681	3,234	1,198	99
Aug. 6, 2012	2,167	1,274	505	287	821	821	6,254	6,173	590	3,487	879	55
Aug. 7, 2012	1,608	1,280	642	239	523	342	5,987	8,701	911	3,480	974	119
Aug. 8, 2012	2,097	1,448	749	388	412	306	6,563	7,340	315	4,349	1,256	71
Aug. 9, 2012	1,763	1,183	539	372	528	517	6,177	7,797	668	4,354	1,394	184
Aug. 10, 2012	1,316	959	514	193	402	354	5,629	7,806	618	3,493	1,274	51
Aug. 13, 2012	1,758	1,041	377	325	309	324	5,185	6,714	727	2,861	991	100
Aug. 14, 2012	2,671	1,223	411	135	77	84	5,343	6,529	1,475	3,037	1,192	89
Aug. 15, 2012 +												
Aug. 16, 2012	2,200	1,280	833	656	433	513	5,350	7,583	778	3,581	1,775	76
Aug. 17, 2012	2,133	1,231	425	243	462	473	4,494	6,564	921	3,637	1,991	166
Aug. 20, 2012 +												
Aug. 21, 2012	2,454	1,453	434	104	1,059	1,027	5,385	8,663	357	3,670	1,605	42
Aug. 22, 2012	1,534	588	220	332	534	351	3,637	4,649	505	2,900	899	180
Aug. 23, 2012	1,556	1,007	249	223	526	487	4,275	5,267	429	4,104	837	390
Aug. 24, 2012	2,494	1,825	641	220	175	168	6,675	6,544	985	3,644	1,954	309
Aug. 27, 2012	2,054	1,179	654	539	513	436	5,349	5,193	496	2,376	1,033	269
Aug. 28, 2012	2,291	2,158	773	248	689	632	5,749	5,845	671	3,888	1,924	172
Aug. 29, 2012	2,092	1,770	1,413	158	306	302	7,308	6,345	668	3,374	1,728	351
Aug. 30, 2012	1,813	1,397	1,155	152	284	332	5,155	6,698	485	3,208	1,642	329
Aug. 31, 2012	2,511	1,519	1,090	116	293	357	7,293	6,857	615	4,213	1,147	128

INR : Indian Rupee FCY : Foreign Currency +: Market closed.

Note: Data relate to sales and purchases of foreign exchange on account of merchant and inter-bank transactions. Data are provisional.

No. 48: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

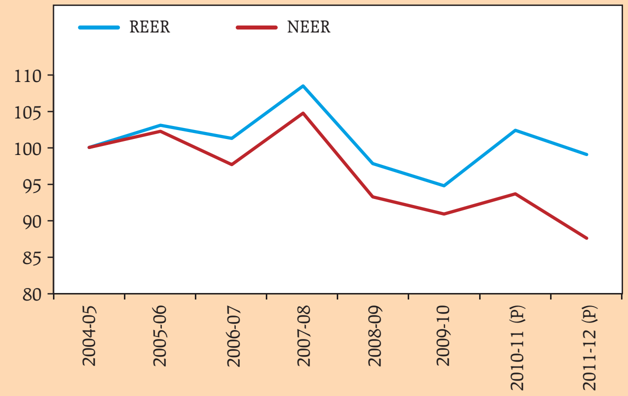
(36-Currency Export and Trade Based Weights)
(Base: 2004-05=100)

Year	Trade-Based Weights		Export-Based Weights	
	REER	NEER	REER	NEER
	1	2	3	4
2004-05	100.00	100.00	100.00	100.00
2005-06	103.10	102.24	102.74	102.20
2006-07	101.29	97.63	101.05	98.00
2007-08	108.52	104.75	108.57	105.61
2008-09	97.80	93.34	97.77	93.99
2009-10	94.73	90.93	95.26	91.41
2010-11 (P)	102.34	93.66	103.52	94.74
2011-12 (P)	99.15	87.61	100.68	89.06

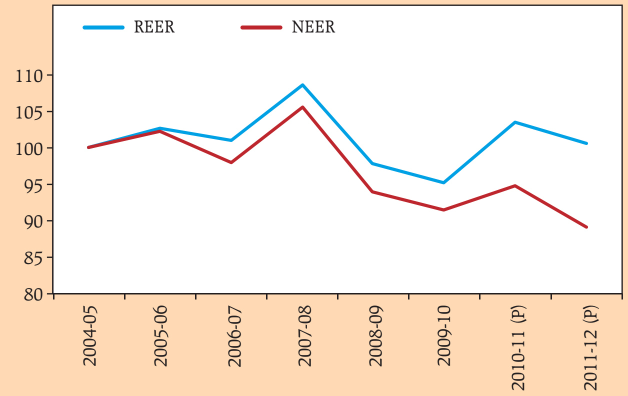
Year		Trade-Based Weights		Export-Based Weights	
		REER	NEER	REER	NEER
		1	2	3	4
2009-10	April	90.60	89.64	90.92	89.89
	May	91.87	90.58	92.34	90.95
	June	92.69	91.04	93.09	91.36
	July	92.01	89.58	92.37	89.85
	August	92.48	89.32	92.84	89.59
	September	91.70	88.35	92.14	88.72
	October	94.32	90.66	94.85	91.19
	November	95.65	90.67	96.15	91.19
	December	96.18	91.10	96.77	91.65
	January	99.10	92.63	99.80	93.29
	February	99.09	93.08	99.88	93.80
	March	101.06	94.56	102.01	95.46
2010-11 (P)	April	103.85	96.42	104.75	97.29
	May	103.03	95.63	103.86	96.41
	June	102.40	94.75	103.23	95.52
	July	100.07	92.12	101.61	93.48
	August	99.69	92.13	100.64	92.98
	September	100.86	92.98	101.91	93.97
	October	102.76	94.61	103.84	95.69
	November	101.77	93.43	102.85	94.52
	December	103.62	93.91	104.91	95.19
	January	103.87	92.81	105.28	94.11
	February	102.81	92.41	104.34	93.70
	March	103.37	92.67	105.05	94.04
2011-12 (P)	April	104.44	93.06	105.68	94.31
	May	102.97	92.00	104.25	93.29
	June	103.26	92.00	104.72	93.39
	July	104.39	92.62	106.15	94.22
	August	102.37	90.64	104.34	92.41
	September	99.40	87.89	101.04	89.40
	October	96.80	85.50	98.37	86.95
	November	94.48	83.00	95.84	84.41
	December	91.58	80.83	93.04	82.22
	January	94.73	83.24	96.21	84.65
	February	98.49	86.34	99.92	87.67
	March	96.94	84.22	98.60	85.81
2012-13 (P)	April	94.93	81.92	96.58	83.44
	May	91.53	78.68	93.09	80.08
	June	89.94	77.32	91.49	78.71
	July	91.03	78.26	92.65	79.70
	August	90.30	77.63	91.93	79.08
	September	91.72	78.85	93.33	80.29

P : Provisional
Note: 1. For 'Note on Methodology' please see December 2005 issue of this Bulletin.
2. The Base year is changed from 1993-94 to 2004-05.

Indices of REER and NEER of the Indian Rupee (Trade-Based Weights)



Indices of REER and NEER of the Indian Rupee (Export-Based Weights)



No. 49: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(6-Currency Trade Based Weights)

Year/Month/Day			Base: 2004-05 (April-March) =100		Base: 2010-11 (April-March) =100	
			NEER	REER	NEER	REER
			1	2	3	4
2004-05			100.00	100.00	108.92	87.05
2005-06			103.04	105.17	112.20	91.52
2006-07			98.09	104.30	106.81	90.76
2007-08			104.62	112.76	113.92	98.13
2008-09			90.42	102.32	98.46	89.05
2009-10			87.07	101.97	94.81	88.74
2010-11			91.83	114.91	100.00	100.00
2009-10	April		85.28	96.12	92.86	83.65
	May		86.48	98.51	94.17	85.73
	June		86.71	98.71	94.42	85.90
	July		85.22	97.84	92.79	85.15
	August		85.04	98.90	92.60	86.07
	September		84.18	98.48	91.67	85.70
	October		86.67	101.53	94.38	88.36
	November		86.56	102.86	94.25	89.51
	December		87.21	103.99	94.97	90.50
	January		89.30	107.33	97.24	93.40
	February		90.03	107.98	98.04	93.96
	March		92.19	111.43	100.39	96.97
2010-11	April		94.43	115.49	102.83	100.50
	May		93.97	115.72	102.33	100.70
	June		93.26	114.72	101.55	99.84
	July		90.76	112.16	98.83	97.60
	August		90.75	112.30	98.82	97.73
	September		91.22	113.57	99.33	98.84
	October		92.18	114.80	100.38	99.90
	November		91.37	114.64	99.49	99.77
	December		92.29	117.48	100.50	102.24
	January		91.28	116.91	99.39	101.74
	February		90.21	115.17	98.24	100.22
	March		90.29	115.97	98.32	100.92
2011-12	April		90.43	117.43	98.47	102.19
	May		89.33	116.46	97.27	101.34
	June		89.32	116.13	97.27	101.06
	July		90.34	117.72	98.37	102.44
	August		88.13	115.66	95.97	100.65
	September		85.08	112.46	92.64	97.87
	October		82.35	108.92	89.67	94.78
	November		80.00	106.25	87.11	92.46
	December		78.06	103.75	85.01	90.29
	January		80.49	106.93	87.64	93.05
	February		83.24	111.03	90.64	96.62
	March	(P)	81.60	109.59	88.86	95.37
2012-13	April	(P)	79.24	107.57	86.28	93.61
	May	(P)	76.10	104.12	82.86	90.61
	June	(P)	74.67	102.10	81.31	88.85
	July	(P)	75.95	103.85	82.71	90.37
	August	(P)	75.53	103.27	82.24	89.86
	September	(P)	75.67	103.45	82.39	90.03

P: Provisional.

Note: 1. Rise in indices indicate's appreciation of rupee and vice versa.
2. For "Note on Methodology" on the indices presented here, please see December 2005 issue of this Bulletin.
3. Base year 2010-11 is a moving one, which gets updated every year.

Notes on Tables

Table No. 1

(1) Annual data are averages of the months.

(2) Figures relate to last Friday of the month/year.

(3) Total of Rupee Securities held in Issue and Banking Departments.

(4) Relates to loans and advances only.

(5) Figures relate to the last Friday/last reporting Friday (in case of March).

(6) Total for Mumbai, Chennai, Kolkata and New Delhi only.

(7) Figures relate to last reporting Friday/March 31.

(8) Rates presented as low/high for the period indicated. The source of data prior to April 2000 issue of the Bulletin has been DFHI. The data from April 2000 issue of the Bulletin are not strictly comparable with that pertaining to earlier periods due to wider coverage of Call Market business.

(9) Relating to major banks.

(10) Base Rate relates to five major banks since July 1, 2010. Earlier figures relate to Benchmark Prime Lending Rate (BPLR).

(11) Annual data are averages of the months.

(12) Figures relate to the end of the month/year.

(13) Data relate to January – December.

(14) Cash Reserve Ratio of Scheduled Commercial Banks (excluding Regional Rural Banks).

Table No. 2

The gold reserves of Issue Department were valued at `84.39 per 10 grams up to October 16, 1990 and from October 17, 1990 they are valued close to international market prices.

(1) Includes Government of India one rupee notes issued from July 1940.

(2) Includes (i) Paid-up Capital of `0.05 billion (ii) Reserve Fund of `65 billion (iii) National Industrial Credit (Long-Term Operations): Fund of `0.16 billion and (iv) National Housing Credit (Long-Term Operations) Fund of `1.90 billion from the week ended November 30, 2007.

(3) Includes cash, short-term securities and fixed deposits. This also includes investment in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.

(4) Includes temporary overdrafts to State Governments.

(5) Figures in bracket indicate the value of gold held under other assets.

Table Nos. 3 & 4

The expression 'Banking System' or 'Banks' means (a) State Bank of India and its associates (b) Nationalised Banks (c) Banking companies as defined in clause 'C' of Section 5 of the Banking Regulation Act, 1949 (d) Co-operative banks (as far as scheduled co-operative banks are concerned) (e) Regional Rural Banks and (f) any other financial institution notified by the Central Government in this regard.

(1) Excludes borrowings of any scheduled state co-operative bank from the State Government and any Reserve Fund deposit required to be maintained with such bank by any co-operative society within the area of operation of such bank.

(2) Deposits of co-operative banks with scheduled state co-operative banks are excluded from this item but are included under 'Aggregate deposits'.

(3) Excludes borrowings of regional rural banks from their sponsor banks.

(4) Wherever it has not been possible to provide the data against the item 'Other demand and time liabilities' under 'Liabilities to the Banking System' separately, the same has been included in the item 'Other demand and time liabilities' under 'Liabilities to others'.

(5) Data reflect redemption of India Millennium Deposits (IMDs) on December 29, 2005.

(6) Other than from the Reserve Bank of India, NABARD and Export-Import Bank of India.

(7) Figures relating to scheduled banks' borrowings in India are those shown in the statement of affairs of the Reserve Bank of India. Borrowings against usance bills and/or promissory notes are under section 17(4) of the Reserve Bank of India Act, 1934.

(8) Includes borrowings by scheduled state co-operative banks under Section 17(4AA) of the Reserve Bank of India Act, 1934.

(9) As per the Statement of Affairs of the Reserve Bank of India.

(10) Advances granted by scheduled state co-operative banks to co-operative banks are excluded from this item but included under 'Loans, cash-credits and overdrafts'.

(11) At book value; it includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(12) Includes participation certificates (PCs) issued by scheduled commercial banks to other banks and financial institutions.

(13) Includes participation certificates (PCs) issued by scheduled commercial banks to others.

(14) Figures in brackets relate to advances of scheduled commercial banks for financing food procurement operations.

Table No. 6

(1) Total of demand and time deposits from 'Others'.

(2) Includes borrowings from the Industrial Development Bank of India and National Bank for Agriculture and Rural Development.

(3) At book value; includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(4) Total of 'Loans, cash credits and overdrafts' and 'Bills purchased and discounted'.

(5) Includes advances of scheduled state co-operative banks to central co-operative banks and primary co-operative banks.

Table No. 7

With a view to enable the banks to meet any unanticipated additional demand for liquidity in the context of the century date change, a 'Special Liquidity Support' (SLS) facility was made available to all scheduled commercial banks (excluding RRBs) for a temporary period from December 1, 1999 to January 31, 2000.

(1) With effect from April 13,1996, banks are provided export credit refinance against their rupee export credit and post-shipment export credit denominated in U.S. Dollars taken together.

(2) General Refinance Facility was replaced by Collateralised Lending Facility (CLF)/Additional Collateralised Facility (ACLF) effective April 21, 1999. ACLF was withdrawn with the introduction of Liquidity Adjustment Facility (LAF), effective June 5, 2000. CLF was withdrawn completely effective October 5, 2002.

(3) Special Liquidity Support Facility which was introduced effective September 17, 1998 was available upto March 31, 1999.

(4) Post-shipment credit denominated in US dollars (PSCFC) scheme was withdrawn effective February 8, 1996 and the refinance facility thereagainst was withdrawn effective April 13, 1996. The scheme of government securities refinance was terminated effective July 6, 1996.

Table No. 8

(a) The data includes cheque clearing for both i.e. clearing houses managed by Reserve Bank of India and clearing houses managed by other banks. Paper based inter-bank clearing has been discontinued at all the centres since June, 2005.

The other MICR Centres are Agra, Allahabad, Amritsar, Aurangabad, Baroda, Belgaum, Bhavnagar, Bhilwara, Calicut, Coimbatore, Cuttak, Dehradun, Ernakulum, Erode, Gorakhpur, Gwalior, Hubli, Indore ,Jabalpur, Jalandhar, Jamshedpur, Jamnagar, Jodhpur, Kolhapur, Kozhikode, Kota, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panaji, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Sholapur, Surat, Thiruchirapalli, Tirupur, Thrissur, Tirunelveli, Udaipur, Varanasi, Vijayawada and Vishakhapatnam.

(b) Graphs: The graphs 3 and 4 on Paper and Electronic payments - the Electronic Payment System data include Retail Electronic Payment Systems, RTGS (customer and inter-bank) and CCIL operated systems.

(c) Non MICR Data pertains to the Clearing Houses managed by 10 banks namely SBI, SBBJ, SB Indore, PNB, SBT, SBP, SBH, SBM, Jammu and Kashmir Bank and United Bank of India.

(d) The other MICR Centres includes 50 centres managed by 12 PSBs namely Andhra Bank, Bank of Baroda, Bank of India, Canara Bank, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, State Bank of Indore, State Bank of Travancore, State Bank of Hyderabad and Union Bank of India.

Table No. 9A

The data pertains to retail electronic payments.

Table No. 9B

The data pertains to Large Value Payment Systems. The figures for CCIL, insofar as the operations pertain to selected services, are taken from the CCIL published data.

Table No. 10

(a) For details of money stock measures according to the revised series, reference may be made to January 1977 issue of this Bulletin (pages 70-134).

(b) Banks include commercial and co-operative banks.

(c) Financial year data relate to March 31, except scheduled commercial banks' data which relate to the last reporting Friday of March. For details, see the note on page S 963 of October 1991 issue of this Bulletin.

(d) Data are provisional.

(1) Net of return of about `0.43 billion of Indian notes from Pakistan upto April 1985.

(2) Exclude balances held in IMF Account No.1, Reserve Bank of India Employees' Provident Fund, Pension Fund, Gratuity and Superannuation Fund and Co-operative Guarantee Fund, the amount collected under the Additional Emoluments (Compulsory Deposit) Act, 1974 and the Compulsory Deposit Scheme (Income-Tax Payers') Act.

(e) Revised in line with the new accounting standards and consistent with the Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

Table Nos. 11 & 13

(a) On the establishment of National Bank for Agriculture and Rural Development (NABARD), on July 12, 1982, certain assets and liabilities of the Reserve Bank were transferred to NABARD, necessitating some reclassification of aggregates in the sources of money stock from that date.

(b) Please see item (c) of notes to Table 10.

(c) Data are provisional.

(1) Represents investments in bonds/shares of financial institutions, loans to them and holdings of internal bills purchased and discounted. Excludes since the establishment of NABARD, its refinance to banks.

(2) Inclusive of appreciation in the value of gold following its revaluation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on Reserve Bank's net non-monetary liabilities.

Table No. 11A

The conceptual basis of the compilation of the Commercial Bank Survey are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998, which recommended changes in the reporting system of commercial banks and the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) Time Deposits of Residents : These do not reckon non-residents' foreign currency repatriable fixed deposits (such as FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs)) based on the residency criterion and exclude banks' pension and provident funds because they are in the nature of other liabilities and are included under 'other demand and time liabilities'.

(2) Short-term Time Deposits : Refers to contractual maturity of time deposits of up to and including one year. This is presently estimated at 45.0 per cent of total domestic time deposits.

(3) Domestic Credit : It includes investments of banks in non-SLR securities, comprising commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market, apart from investment in government and other approved securities and conventional bank credit (by way of loans, cash credit, overdrafts and bills purchased and discounted).

(4) Net Foreign Currency Assets of Commercial Banks : Represent their gross foreign currency assets netted for foreign currency liabilities to non-residents.

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) : It is the residual balancing the components and sources of the Commercial Banking Survey and includes scheduled commercial banks' other demand and time liabilities, net branch adjustments, net inter-bank liabilities etc.

Table No. 11B

The conceptual basis of the compilation of new monetary aggregates are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998. A link series between the old and present monetary series has been published in the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) NM_2 and NM_3: Based on the residency concept and hence does not directly reckon non-resident foreign currency repatriable fixed deposits in the form of FCNR(B) deposits.

(2) NM_2 This includes M_1 and residents' short-term time deposits (including and up to the contractual maturity of one year) with commercial banks.

(3) Domestic Credit : Consistent with the new definition of bank credit which includes investments of banks in non-SLR securities, comprising of commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market. The RBI's loans and advances to NABARD would be included in the RBI credit to commercial sector. Other components such as credit to Government, investments in other approved securities and conventional bank credit remain unchanged.

(4) Net Foreign Assets of The Banking Sector : It comprises the RBI's net foreign assets and scheduled commercial banks' net foreign currency assets (refer to note 4 of Table 11A).

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) of the Banking System : It is the residual balancing the components and sources of money stock, representing other demand and time liabilities etc. of the banking system.

Table No. 11C

The conceptual basis of the compilation of the Reserve Bank Survey is given in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998 and the article "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999. The components of reserve money (to be referred as M_0) remain unchanged. On the sources side, the RBI's refinance to the National Bank for Agriculture and Rural Development (NABARD), which was hitherto part of RBI's claims on banks has been classified as part of RBI credit to commercial sector. The Reserve Bank's net non-monetary liabilities are classified into capital account (comprising capital and reserves) and other items (net).

Table No. 12

Please see item (c) of notes to Table 10.

Table No. 26C

(a) Month-end yields for different integer valued residual maturities are estimated using interpolation technique on weighted average yields of select indicative securities derived from SGL transactions data on government securities observed during a select month-end day. Yield corresponding to each transaction in a security is calculated from the following Yield to Maturity (YTM) and price relationship.

$$P + bpi = \sum_{i=1}^{n} \frac{c/v}{(1+y/v)^{vt_i}} + \frac{F}{(1+y/v)^{vt_n}}$$

Where,

P = price of the bond

bpi = broken period interest

c = annual coupon payment

y = yield to maturity

v = number of coupon payments in a year

n = number of coupon payments till maturity

F = Redemption payment of the bond

t_i = time period in year till i^{th} coupon payment

(b) The weighted average yield corresponding to each traded security on that particular day is calculated from the yields of all transactions on that security using amount (Face Value) traded as the weights.

(c) Broken period (number of days) is based on day count convention of 30 days a month and 360 days a year.

Table Nos. 28 & 29

Table 28 presents Index Numbers of Industrial Production (Sectoral and Use-based Classification). Due to revision of the indices of the mining sector and also the deletion of four items, viz., radio receivers, photosensitised paper, chassis (assembly) for HCVs (bus, truck) and engines from the item–basket of the manufacturing sector, the IIP data have been revised from 1994-95 onwards. This has also resulted in the change in redistribution of weights in use-based classification of IIP. Table 29 contains data on manufacturing sector at two digit level of 17 groups along with general index and sectoral indices, viz., Mining and Quarrying, Manufacturing and Electricity.

Table No. 30

(a) Figures exclude data on private placement and offer for sale but include amounts raised by private financial institutions.

(b) Equity shares exclude bonus shares.

(c) Preference shares include cumulative convertible preference shares and equi-preference shares.

(d) Debentures include bonds.

(e) Convertible debentures include partly convertible debentures.

(f) Non-convertible debentures include secured premium notes and secured deep discount bonds.

(g) Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Table No. 34

The ban on forward trading in gold and silver, effective November 14, 1962 and January 10, 1963, has been lifted with effect from April 1, 2003.

(1) In case Friday is a holiday, prices relate to the preceding working day.

Table No. 35

Annual data relate to average of the months April to March.

(1) The new series of index numbers with base 2001=100 was introduced from January 2006 and with that the compilation of the index numbers with the base year 1982 was discontinued. The linking factor can be used to work out the index numbers with the base year 2001 for data from January 2006 onwards.

(2) Based on indices relating to 78 centres.

Table No. 36

Annual data relate to average of the months April to March. The new series of index numbers with base 1984-85=100 was introduced from November 1987.

(1) Based on indices relating to 59 centres.

As per the Press Release of Central Statistics Office, all-India linked Consumer Price Index for Urban Non-Manual Employees (UNME) has been discontinued with effect from January 2011. Therefore, this Table will not be updated henceforth.

Table No. 37

Annual data relate to the average of the months July to June.

(1) With respect to base: July 1960-June 1961=100.

(2) The new series of index numbers with base : July 1986 to June 1987 = 100 was introduced from November 1995 and with that the compilation of index numbers with base : July 1960 to June 1961

was discontinued. The linking factor given in this column can be used to work out the index numbers with old base (i.e., 1960-61 = 100) for November 1995 and subsequent months.

(3) In the case of Assam, the old series (i.e., with base 1960-61 = 100) was being compiled for the composite region viz. Assam, Manipur, Meghalaya and Tripura while the index of the new series (i.e., with base 1986-87 = 100) has been compiled for each of the constituent States separately. The index for Assam region on old base can be estimated from the corresponding indices of the new series as under :

$I^{A}_{O} = 5.89 \, [\, (0.8126 \text{ X } I^{A}_{N}) + (0.0491 \text{ X } I^{Ma}_{N}) + (0.0645 \text{ X } I^{Me}_{N}) + (0.0738 \text{ X } I^{T}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts A, Ma, Me and T indicate Assam, Manipur, Meghalaya and Tripura, respectively.

(4) Similarly, in the case of Punjab, where the old series (i.e., with base 1960-61 = 100) was being compiled for the composite region, viz., Punjab, Haryana and Himachal Pradesh, the index for the Punjab region on old base can be estimated as under :

$I^{P}_{O} = 6.36 \, [(0.6123 \text{ X } I^{P}_{N}) + (0.3677 \text{ X } I^{Ha}_{N}) + (0.0200 \text{ X } I^{Hi}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts P, Ha and Hi indicate Punjab, Haryana and Himachal Pradesh, respectively.

(5) Indices for the State compiled for the first time from November, 1995.

(6) Consumer Price Index for Rural Labourers (including agricultural labourers) are compiled from November 1995 only.

(7) Average of 8 months (November 1995 - June 1996).

Table Nos. 38

The new series of index numbers with base 2004-05=100 was introduced in September 2010 and was first published in the October 2010 issue of the Bulletin. An article giving the details regarding the scope and coverage of new series is published in October 2010 issue of the Bulletin. As per the press release dated October 19, 2009 of the Cabinet Committee of Economic Affairs (CCEA), Government of India, the weekly release of WPI will cover only the 'Primary Articles' and the 'Fuel, Power, Light & Lubricants' groups. Now on, the WPI for 'All commodities' and 'Manufactured Products' will be released only on a monthly basis.

Table No. 39

(a) The foreign trade data relate to total sea, air and land trade, on private and government accounts. Exports are on f.o.b. basis and imports are on c.i.f. basis. Exports include re-exports of foreign merchandise previously imported to India and imports relate to foreign merchandise whether intended for home consumption, bonding or re-exportation. Direct transit trade, transshipment trade, passengers baggage, ship's stores, defence goods and transactions in treasure i.e. gold and current coins and notes, diplomatic goods, "proscribed substances" under Atomic Energy Act, 1962, are excluded from the trade data, while indirect transit trade, transactions in silver (other than current coins) and in notes and coins not yet in circulation or withdrawn from circulation are included.

Table Nos. 40 & 41

(1) Data up to 1980-81 are final, subsequent data are preliminary actuals.

(2) Interest accrued during the year and credited to NRI deposits has been treated as notional outflow under invisible payments and added as reinvestment in NRI deposits under Banking Capital – NRD.

(3) The item "Non-monetary Gold Movement" has been deleted from Invisibles in conformity with the IMF Manual on BOP (5 th edition) from May 1993 onwards; these entries have been included under merchandise.

(4) Since 1990-91 the value of defence related imports are recorded under imports (merchandise debit) with credits financing such imports shown under "Loans (External commercial Borrowings to India)" in the capital account. Interest payments on defence debt owed to the General Currency Area (GCA) are recorded under Investment Income debit and principal repayments under debit to "Loans (External commercial Borrowings to India)". In the case of the Rupee Payment Area (RPA), interest payment on and principal repayment of debt is clubbed together and shown separately under the item "Rupee Debt Service" in the capital account. This is in line with the recommendations of the High Level Committee on Balance of Payments (Chairman : Dr. C. Rangarajan).

(5) In accordance with the provisions of IMF's Balance of Payments Manual (5th Edition), gold purchased from the Government of India by the RBI has been excluded from the BOP statistics. Data from the earlier years have, therefore, been amended by making suitable adjustments in "Other Capital Receipts" and "Foreign Exchange Reserves". Similarly, item "SDR Allocation" has been deleted from the table.

(6) In accordance with the recommendations of the Report of the Technical Group on Reconciling of Balance of Payments and DGCI & S Data on Merchandise Trade, data on gold and silver brought in by the Indians returning from abroad have been included under import payments with contra entry under Private Transfer Receipts since 1992-93.

(7) In accordance with the IMF's Balance of Payments Manual (5th edition), 'compensation of employees' has been shown under head, "income" with effect from 1997-98; earlier, 'compensation of employees' was recorded under the head "Services – miscellaneous".

(8) Since April 1998, the sales and purchases of foreign currency by the Full Fledged Money Changers (FFMC) are included under "travel" in services.

(9) Exchange Rates : Foreign currency transactions have been converted into rupees at the par/central rates up to June 1972 and on the basis of average of the Bank's spot buying and selling rates for sterling and the monthly averages of cross rates of non-sterling currencies based on London market thereafter. Effective March 1993, conversion is made by crossing average spot buying and selling rate for US dollar in the forex market and the monthly averages of cross rates of non-dollar currencies based on the London market.

Explanatory Notes

Balance of payments is a statistical statement that systematically summarises, for a specific time period, the economic transactions of an economy with the rest of the world.

Merchandise credit relate to export of goods while ***merchandise debit*** represent import of goods.

Travel covers expenditure incurred by non-resident travellers during their stay in the country and expenditure incurred by resident travellers abroad.

Transportation covers receipts and payments on account of international transportation services. **Insurance** comprises receipts and payments relating to all types of insurance services as well as reinsurance.

Government not included elsewhere (G.n.i.e.) relates to receipts and payments on government account not included elsewhere as well as receipts and payments on account of maintenance of embassies and diplomatic missions and offices of international institutions.

Miscellaneous covers receipts and payments in respect of all other services such as communication services, construction services, software services, technical know-how, royalties etc.

Transfers (official, private) represent receipts and payments without a quid pro quo.

Investment Income transactions are in the form of interest, dividend, profit and others for servicing of capital transactions. Investment income receipts comprise interest received on loans to non-residents, dividend/profit received by Indians on foreign investment, reinvested earnings of Indian FDI companies abroad, interest received on debentures, floating rate notes (FRNs), Commercial Papers (CPs), fixed deposits and funds held abroad by ADs out of foreign currency loans/export proceeds, payment of taxes by nonresidents/ refunds of taxes by foreign governments, interest/discount earnings on RBI investment etc. Investment income payments comprise payment of interest on non-resident deposits, payment of interest on loans from non-residents, payment of dividend/profit to non-resident share holders, reinvested earnings of the FDI companies, payment of interest on debentures, FRNs, CPs, fixed deposits, Government securities, charges on Special Drawing Rights (SDRs) etc.

Foreign investment has two components, namely, foreign direct investment and portfolio investment.

Foreign direct investment (FDI) to and by India up to 1999-2000 comprise mainly equity capital. In line with international best practices, the coverage of FDI has been expanded since 2000-01 to include, besides equity capital reinvested earnings (retained earnings of FDI companies) and 'other direct capital' (intercorporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies. Data on reinvested earnings for the latest year are estimated as average of the previous two years as these data are available with a time lag of one year. In view of the above revision, FDI data are not comparable with similar data for the previous years. In terms of standard practice of BoP compilation, the above revision of FDI data would not affect India's overall BoP position as the accretion to the foreign exchange reserves would not undergo any change. The composition of BoP, however, would undergo changes. These changes relate to investment income, external commercial borrowings and errors and omissions. In case of reinvested earnings, there would be a contra entry (debit) of equal magnitude under investment income in the current account. 'Other Capital' reported as part of FDI inflow has been carved out from the figure reported under external commercial borrowings by the same amount. 'Other Capital' by Indian companies abroad and equity capital of unincorporated entities have been adjusted against the errors and omissions for 2000-01 and 2001-02.

Portfolio investment mainly includes FIIs' investment, funds raised through ADRs/GDRs by Indian companies and through offshore funds. Data on investment abroad, hitherto reported, have been split into equity capital and portfolio investment since 2000-01.

External assistance by India denotes aid extended by India to other foreign Governments under various agreements and repayment of such loans. External Assistance to India denotes multilateral and bilateral loans received under the agreements between Government of India and other Governments/International institutions and repayments of such loans by India, except loan repayment to erstwhile "Rupee area" countries that are covered under the Rupee Debt Service.

Commercial borrowings covers all medium/long term loans. Commercial Borrowings by India denote loans extended by the Export Import Bank of India (EXIM bank) to various countries and repayment of such loans. Commercial Borrowings to India denote drawals/repayment of loans including buyers' credit, suppliers' credit, floating rate notes (FRNs), commercial paper (CP), bonds, foreign currency convertible bonds (FCCBs) issued abroad by the Indian corporate etc. It also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs).

Short term loans denotes drawals in respect of loans, utilized and repayments with a maturity of less than one year.

Banking capital comprises of three components : a) foreign assets of commercial banks (ADs), b) foreign liabilities of commercial banks (ADs), and c) others. 'Foreign assets' of commercial banks consist of (i) foreign currency holdings, and (ii) rupee overdrafts to non-resident banks. 'Foreign liabilities' of commercial banks consists of (i) Non-resident deposits, which comprises receipt and redemption of various nonresident deposit schemes, and (ii) liabilities other than non-resident deposits which comprises rupee and foreign currency liabilities to non-resident banks and official and semi-official institutions. 'Others' under banking capital include movement in balances of foreign central banks and international institutions like IBRD, IDA, ADB, IFC, IFAD etc. maintained with RBI as well as movement in balances held abroad by the embassies of India in London and Tokyo.

Rupee debt service includes principal repayments on account of civilian and non-civilian debt in respect of Rupee Payment Area (RPA) and interest payment thereof.

Other capital comprises mainly the leads and lags in export receipts (difference between the custom data and the banking channel data). Besides this, other items included are funds held abroad, India's subscription to international institutions, quota payments to IMF, remittances towards recouping the losses of branches/subsidiaries and residual item of other capital transactions not included elsewhere.

Movement in reserves comprises changes in the foreign currency assets held by the RBI and SDR balances held by the Government of India. These are recorded after excluding changes on account of valuation. Valuation changes arise because foreign currency assets are expressed in US dollar terms and they include the effect of appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen) held in reserves.

As recommended by the Working Group on balance of Payments Manual for India (Chairman: Shri Deepak Mohanty), BoP data for India is being compiled in the new format of standard presentation of BoP as suggested by the IMF's balance of payments Manual (Sixth Edition), i.e., BPM6 since April-June 2009. A correspondence between earlier format and new format of Balance of payments is published in the RBI Monthly bulletin August 2011 page 1311.

Table No. 42

1. Gold is valued at average London market price during the month.
2. Conversion of SDRs into US dollars is done at exchange rates released by the International Monetary Fund (IMF).
3. Conversion of foreign currency assets into US dollars is done at week-end (for week-end figures) and month-end (for month-end figures) New York closing exchange rates.
4. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI Holding rates.
5. Reserve Tranche Position (RTP) in IMF has been included in foreign exchange reserves from April 2, 2004 to match the international best practices. Foreign exchange reserves figures have accordingly been revised for 2002-03 and 2003-04 to include RTP position in the IMF.

Table No. 49

The 5-country indices of REER/NEER were replaced with new 6-currency indices in December 2005. The RBI Bulletin December 2005 carried a detailed article on the rationale and methodology for the replacement. A revision has now been undertaken in the construction of the 6-currency REER indices. This revision was necessitated by a sudden spurt in Chinese inflation indices during April-May, 2006. It may be mentioned that Chinese inflation indices are not readily available in the public domain. The National Bureau of Statistics provides only point-to-point inflation rates on a monthly basis in the public domain. In view of this, inflation indices were constructed taking into account the inflation rates with 1993-94 as the base year. It may be further mentioned that the period from January 1993 to December 1995 was marked by continuous double digit inflation rates in China. This lent an upward bias to the Chinese inflation indices (base: 1993-94=100) leading to a sharp fall in the value of 6-currency REER in April 2006. In order to remove the distortion in REER on account of sudden spurt in Chinese inflation numbers, a new series of Chinese inflation indices has been constructed taking 1990 as the base year (a year with much less volatility in inflation rates). Subsequently, the base year of the new series of Chinese inflation indices has been changed from 1990 to 1993-94 through splicing to facilitate the construction of the 6-currency REER (base 1993-94=100).

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2) The Reserve Bank of India History 1935-1981 (3 Volumes) is available at leading book stores in India.

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	ii) June 79 to Dec. 79 Vol. 9	as DESACS)	1984	150 * £		
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	iv) March 1990 - Vol. 19		1992	210	65	
	v) March 1994 - Vol. 23		1997	220 *	70	
	vi) March 1995 - Vol. 24		1997	220 *	70	
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	viii) March 1997 - Vol. 26		1999	220 *	70	
	ix) March 1998 - Vol. 27		1999	220 *	70	
	x) March 1998 - Vol. 27 (Hindi Edition)		1999	220 *		
	xi) March 1999 - Vol. 28		2000	220 *	70	
	xii) March 2000 - Vo. 29 (English Hindi)		2000	220 *	70	
	xiii) March 2001 - Vol. 30 (Hindi English)		2002	220 *	70	
	xiv) March 2002 - Vol. 31 (Print Version)		2003	225 *	70	
	(a) CD-ROM		2003	225 *	70	
	xv) March 2003 - Vol. 32 (Print Version)		2004	210	55 □	
				250 *	20 *	
	(a) CD-ROM			210	55 □	
				250 *	20 *	
	xvi) March 2004 - Vol. 33 (Print Version)		2005	180	55 □	
				220 *	20 *	
	(a) CD-ROM		180	55 □		
				220 *	20 *	
	xvii) March 2005 - Vol. 34 (Print Version)		2006	180	55 □	
				220 *	20 *	
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			180 *		
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viii) 1998-99		1999	130	50	
			180 *		
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x) 2000-01 (a) Print version		2001	150	50	
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ii) 2005-06		2006	90 120 *	55 □ 20 *	
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iv) 2007-08		2008	40 70 *	5 * 45 □	
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50	Report of the Advisory group on Accounting & Auditing	do	2001	40 *	20		
51.	Report of the Technical Group on Market Integrity	do	2002	65 * 50 **	20		
52	Standing Committee on International Financial Standards and Codes on CD-ROM	do	2002	200 * 150 **	60		
53.	Report of the Standing Committee on International Financial Standards and Codes	do	2002	65 * 50 **	20		
54.	The Standing Advisory Committee for Urban Co-operative Banks	UBD					
	i) First meeting		1983	5		200	19
	ii) Second meeting		1984	6 £		200	19
	iii) Third meeting		1985	6		200	19
	iv) Fourth meeting		1985	9		300	20
	v) Fifth meeting		1986	9 £		200	19
	vi) Sixth meeting		1988	12 £		200	19
	vii) Seventh meeting		1989	12		200	19
	viii) Eighth meeting		1990	21		300	20
	ix) Ninth meeting (Bilingual edition)		1992	24		200	19
	x) Tenth meeting		1994	95		300	20
	xi) Eleventh meeting		1995	90		300	20
	xii) Twelfth meeting		1996	52		100	18
E.	**Manuals**						
1.	Manual for urban co-operative banks	UBD	1984	15 £		400	21
2.	Manual on costing exercise in commercial banks	MSD	1987	5 £		200	19
3.	Manual on costing exercises in private sector and urban banks (Reprint)	do	1989	27 £		200	19
4.	RBI-Exchange Control Manual- (Reprint of 1993 edition) (Vol.I & II) (updated upto July, 1998)	FED	1998	400 £		2200	39
	i)RBI - Exchange Control Manual on floppy Disc - size 3.5 (Upadated upto June, 1999)		1999	400 £			
	ii) RBI - Exchange Control Manual - on C.D. Rom (updated upto 31st May, 2000)		1999	400 £			
F.	**Compendium of Circulars**						
1.	i) Compendium of A.D. (M.A. Series) circulars No. 1	FED	1997	75 £			
	ii) Compendium of A.D. (M.A. Series) circulars No. 2		1998	120 £			
	iii) Compendium of A.D. (M.A. Series) circulars No. 3		1999	200			
2.	A. D. (M.A. Series) Circular No. 11 Foreign Exchange Management Act 1999	do	2000	185		900	26
3.	MPD Circulars						
	i) August 1970 to December 1981 - Vol. I	MPD	1989	75 *			
	ii) January 1982 to March 1989 - Vol.II		1989	75 *			
	iii) April 1989 to April 1995 Vol.III		1996	200		1530	33
4.	i) Circulars on Monetary and Credit Policy Vol. 4 (From May 1995 to April 1997)		2002	165 * 130 **	50		
	ii) Circular on Monetary and Credit Policy Vol. No. 5 (From May 1997 to March 1999)		2002	235 422 * 372 ** 185 ***	70		
	iii) Circulars on Monetary and Credit Policy Vol. No. 6. Part I & II (from April 1999 to March 2003) (English & Hindi)						
	a) Print Version (A set of four books)		2003	900 1300 * 1100 ** 700 ***	170		
	b) CD-ROM			400 * 300 **	80		

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	iv) Circulars on Monetary and Credit Policy Vol. No. 7 (from April 2003 to March 2004) (English & Hindi)	MPD					
	a) Print Version		2004	250	25 □		
				275 *	20 *		
				200 **			
	b) CD-ROM			180	5 □		
				200 *	12 *		
				140 **			
	v) Circulars on Monetary and Credit Policy Vol. No. 8		2005				
	(from April 2004 to March 2005)			375	30 *		
	(a) Print Version (Billingual)			400 *			
				280 **			
	(b) CD-ROM			180	15 *		
				200 *			
				140 **			
	vi) Compendium of MPD Circulars - Vol. No. 9		2006	480	35 *		
	(April 2005 - March 2006) (Billingual)			500 *			
				375 **			
	vii) Circulars on Monetary Policy Vol. No. 10		2007	600	40		
	(April 2006 to March 2007) Billingual			620 *			
				450 **			
	viii) Circulars on Monetary Policy Vol. No. 11 (CD-ROM)		2008	210	8 *		
	(April 2007 to March 2008)			230 *			
				160 ***			
				180 **			
	ix) Circulars on Monetary and Credit Policy Vol. No. 12 (CD-ROM)		2009	335	9 *		
	(from April 2008 to March 2009)			355 *	43 □		
				275 ***			
				255 **			
5.	IECD circulars	IECD (Old)					
	i) July 1978 to June 1986 bilingual (Vol.I & II)		1993	250	10	2114	39
	ii) 1986-89		1990	70		1325	31
	iii) 1989-94 (Vol. I&II)		1995	250 £		2295	40
	iv) 1994-95		1995	80		700	24
	v) 1995-96		1996	55		380	21
	vi) 1996-97		1997	65		445	22
6.	Rural Planning and Credit Department (RPCD) Circulars (Bilingual edition)	RPCD					
	i) July 1994 to June 1995 (Vol. X)		1998	180			
				200 *			
	ii) July 1995 to June 1996 (Vol. XI)			180 £			
				200 *			
	iii) July 1996 to June 1997 (Vol. XII)		1999	180			
				200 *			
	iv) July 1997 to June 1998 (Vol. XIII)		1999	180			
				200 *			
	v) July 1998 to June 1999 (Vol. XIV)		2000	180			
				200 *			
	vii) July 1999 to June 2000 (Vo. XV)		2001	210			
				240 *			
7.	Compendium of Circulars on Small Scale Industries	do	2000	120	25		
				150 *			
8.	RPCD Circular (on CD-ROM) (1st July 1982 to 31 March 2004)	do	2004	120			
				150 *			
9.	RPCD Circulars on Small Scale Industries (upto 30-09-2004) on CD-ROM	do	2004	120			
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	ii) 1985-1992 (Vol.I & II)		1995	250		3195	49
	iii) 1992-1994		1995	165		1792	35
	iv) 1995-96		1997	55		735	25
12.	i) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (July 1996-December 1997)	UBD	2000	85 £		742	25
	ii) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (January 1998-December 1999)		2003	100 £		1032	68
	iii) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (January 2000-December 2001)		2003	120 £		1300	68
G.	**Memorandum**						
1.	Memorandum of Exchange Control Manual, 1993 containing detailed procedural instructions	FED					
	a) Relating to general insurance in India (GIM)		1994	20		70	19
	b) Relating to channeling transactions through Asian Clearing Union (ACM)		1996	20		70	19
	c) Relating to co-operative/commercial banks (other than authorised dealers) authorised to maintain non-resident rupee accounts (ABM)		1994	20 £			
	d) Memorandum of Instructions to full-fledged money changers (FLM)		1999	30 £		110	19
	e) Memorandum of Instructions to restricted money changers (RLM)		1999	30 £		90	18
	f) Memorandum of Instruction on project & service exports (PEM)		1997	40 £		280	20
2.	Memorandum of Exchange Control Regulations Relating to general insurance in India (GIM)	do	2002	30			26
3.	Memorandum of instructions to Authorised Money Changers (AMC)	do	2002	30			
4.	Memorandum of Procedure for channelling transaction through Asian Clearing Union (ACU) Memorandum ACM	do	2003	30			21
5.	Memorandum of Instructions on Project and Service Exports (PEM)	do	2003	40			
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	xix) 2010 Vol. 31 (Yearly Three Issues)			120 * @	17 * @		
I.	**Others Important Publications**						
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3.	Question/Answer New NBFC Policy	do	1998	10 £		50	18
4.	Payment Systems in India	DIT	1998	60 * 150 *	10		
5.	Mechanised Cheque Processing Using MICR Technology Procedural Guidelines	do	1999	50 *£			
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8.	Indian Financial Network (INFINET) Banking Applications Messages Formats Vol. II	do	2002	100 *			
9.	Balance of Payments compilation	DEPR	1987	45 *	30		
10.	New Series on Wholesale Price Index Numbers	DEPR	1990	11 * £			
11.	India's Balance of Payments monograph – 1948-49 to 1988-89	do	1993	90 £	40		
12.	Centenary Commemorative Volume (C.D. Deshmukh Memorial Lecture series)	do	1996	100	25	400	21
13.	50 years of Central Banking : Governors Speak	do	1997	400		800	25
14.	Indian Economy – Basic Statistics – 1997	do	1997	4 £			
15.	External Debt-Management : Issues, Lessons and Preventive Measures	do	1999	250 *	20		
16.	Foreign Collaboration in Indian Industry - Sixth Survey Report	do	1999	60 *	20		
17.	Foreign Collabration in Indian Industry Seventh Survey Report 2007 (1994-95 to 2000-01)	do	2007	75 90 * 70 **	15 □	–	
18.	Flow of Funds Accounts of the Indian Economy 1951-52 to 1995-96	do	2000	75 *	20		
19.	Exchange facilities for foreign travel	FED	1996	8 £		35	18
20.	Exchange facilities for resident Indians	do	1997	15 £		32	18
21.	A Handbook on foreign Collaboration	do	1997	50 £ 65 *	15 *		
22.	Indian Overseas Investment Handbook of Policies and Procedures	do	1998	100 £ 125 *			
23.	Facilities for Non-resident Indians	do	1999	35 £ 50 *	8		
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25.	Karyalayeen Shabdavli (English-Hindi)	DAPM	1994	15		166	19
26.	Directory of Bank Offices 1993 (English)	DBOD	1996	485 568 *	 36		
27.	Computer Paribhasha Kosh (Hindi)	do	1999	100		528	23
28.	Your Guide to Money Matters	DCM	1999	5 £		44	
29.	The Paper & The Promise: A Brief History of Currency & Bank notes in India (Revised Edition)	do	2009	200	30	370	36
30.	Functions and Working of RBI (Hindi)	CO	1984	30 £		719	25
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Editor

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- FII List: www.fiilist.rbi.org.in
- Facilities for Non-Resident Indians: www.nri.rbi.org.in
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- Exchange Control Manual: www.ecm.rbi.org.in
- Y2K: www.y2k.rbi.org.in
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– Editor

RBI provides Web based Access to its Database on Indian Economy

The Reserve Bank of India has released a number of long time series data on several aspects of Indian economy covering key macro economic aggregates to the public in user-friendly manner through dynamic web based application.

Objective : The Database on Indian Economy is built for the convenience of researchers, analysts and other users. It is created to provide the public with an access to the published data series, with additional details on some series as available in the Reserve Bank of India's enterprise wide data warehouse.

Coverage : Data available on published time series, can be accessed through a completely browser based software include data on:

- financial sector,
- real sector,
- financial market,
- external sector,
- public finance and
- corporate finance

Features :

- All the data series are accompanied with data definitions, i.e. metadata, which allow the user to view the definitions/concepts of the underlying variables;
- The data definitions provides search feature;
- Extract data through standard reports which allows the users to select and view the preformatted reports or
- Dynamic 'data query', which enables user to define list of data series and allows the user to choose the time period for data extraction.
- Data files can be downloaded in the form of CSV / pdf format.

Access : The data can be accessed from the home page of the RBI website (www.rbi.org.in) through the static headline 'Database on Indian Economy' List of data series available on the site is available on the homepage of the site, i.e. Database on Indian Economy.

This list will be proggressively enlarged on the basis of feedback received and availability of relevant data series in the RBI data warehouse. Feedback may please be sent to dbiehelpdesk@rbi.org.in or through the feedback option on the home page of the website.

– Editor

India's Financial Sector – An Assessment

A comprehensive assessment of India's financial sector by the **Committee on Financial Sector Assessment (CFSA)**, constituted by the Government of India and the Reserve Bank of India, evaluating financial sector stability and development, identifying gaps in compliance with various international financial standards and codes, and suggesting corrective policy measures. The Report contains six volumes. Volume III – VI contain independent reports by the four Advisory Panels assisting the CFSA as follows:

- **Financial Stability Assessment and Stress Testing**, covering macro-prudential analysis, stability assessment and stress-testing of the financial sector **(Volume III).**
- **Financial Regulation and Supervision**, covering assessment of standards pertaining to banking regulation and supervision, securities market regulation and insurance regulation **(Volume IV).**
- **Institutions and Market Structure**, covering assessment of financial infrastructure including legal, regulatory and liquidity management aspects and standards regarding accounting and auditing, corporate governance, payment and settlement systems and effective insolvency and creditor rights systems **(Volume V).**
- **Transparency Standards**, covering assessments of standards regarding transparency in monetary and financial policies, fiscal transparency and data dissemination **(Volume VI).**

The Overview Report **(Volume II)** of the CFSA draws on the assessments and recommendations of the Advisory Panel reports. **Volume I** is an Executive Summary of the assessments and recommendations.

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Perspectives on Central Banking: Governors Speak

2009-10 marks the Platinum Jubilee of the Reserve Bank of India. On this occasion, the Reserve Bank has brought out a book entitled **Perspectives on Central Banking: Governors Speak**, which is a compendium of landmark speeches by its Governors.

The compendium provides a glimpse into the ideas, issues and concerns that shaped the institution over the years. The array of themes covered in the speeches - monetary policy, external sector management, issues in the financial sector and the real economy, regulation and supervision of banks, poverty and financial inclusion and the policy challenges in a globalised environment - is a reflection of the broad mandate of the Reserve Bank and its enduring concern for the larger public good.