*Highlights of the Report of the Working Group on Balance of Payments Manual for India**

The Working Group on Balance of Payments Manual for India (Chairman: Shri Deepak Mohanty) was constituted to examine the current practices, procedures of compilation, presentation, coverage and sources of India's balance of payments statistics in relation to international best practices and also to bring out a comprehensive Balance of Payments Manual for India. The Group has submitted its Report to Deputy Governor, Dr. Subir Gokarn.

The Report has two parts. Part I discusses various issues relating to India's Balance of Payments (BoP) statistics and makes a number of suggestions to improve compilation, coverage and presentation of India's BoP consistent with international best practices. Part II presents the revised Balance of Payments Manual for India.

Introduction

I.1 The Reserve Bank of India (RBI) has been compiling and publishing Balance of Payments (BoP) data for India since 1948. The articles on BoP published in the RBI Bulletin from time to time carried the methodological changes introduced over the years in the construction of India's balance of payments. However, a need was felt for bringing out a publication that would put together the methodological changes as well as provide general information on various aspects of BoP such as concepts, main constituents and sources of data used.

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Accordingly, India's Balance of Payments Compilation Manual was brought out for the first time by the Reserve Bank in 1987 in line with the Fourth Edition of the Balance of Payments Manual of the International Monetary Fund (IMF) (BPM4, 1977). The Manual provided a conceptual framework and procedures for compilation of India's balance of payments.

I.2 Since the publication of the First BoP Compilation Manual, several developments have taken place, both globally and domestically. Internationally, for example, the size of financial markets grew multifold with innovations in the creation and packaging of financial services; this gave birth to a new breed of financial instruments, cross-border capital flows and the volume of international trade in services expanded exponentially. To keep in step with the developments in international transactions, the IMF came out with two editions of the BoP Manual, *viz.*, the Fifth Edition of the Balance of Payments Manual (BPM5, 1993) and the Sixth Edition of the Balance of Payments Manual (BPM6, 2009), issuing guidelines to capture the developments in cross-border transactions appropriately in the BoP statistics. These Manuals, in essence, endeavoured to further improve the methodology of recording BoP transactions as well as to strengthen the theoretical foundations of BoP accounting and linkages of external transactions with other macroeconomic statistics. The Manuals also took into account multifaceted developments in globalisation, for example, the formation of currency unions, changes in cross-border production processes, evolving complex international company structures, shifts in the flow of remittances and changing dimensions of the mobility of international labour.

I.3 Domestically, during this period, the economy has moved from a restricted regime of external payments, where many international transactions were regulated, to a more liberalised regime with a rise in the volumes of both trade and financial flows across the border. A discernible compositional shift has occurred over the years in India's BoP not only in relation to magnitude but also in terms of destinations and sources of India's trade and financial flows. Furthermore, several new financial instruments have been introduced and have gained prominence in both domestic and international transactions. This has resulted in a greater integration of India's trade and financial markets with the rest of the world.

I.4 The prominence of services in international trade as well as the flow of private transfers gained ground in the wake of the increasing globalisation of the Indian economy. Significant changes took place in production processes, corporate structures, methods of financing and sourcing of funds. These developments necessitated a review and revision of compilation methods as well as the coverage and presentation of BoP statistics.

I.5 Reflective of these developments, several changes and improvements in India's BoP compilation and presentation were gradually introduced since the publication of the first BoP Compilation Manual. For example, retained earnings were estimated and included in the preliminary BoP statistics from the beginning of the current decade. Similarly, as software exports gained importance, they have been shown as a separate item under service exports in the standard presentation of India's BoP since 2000-01. Data on suppliers' credit up to 180 days maturity have been estimated and incorporated in the capital account under short-term trade credit since the first quarter of 2004-05. These improvements in the coverage and compilation in balance of payments were discussed in the articles on India's Balance of Payments published in the RBI Bulletin from time to time. Nevertheless, there is no explicit and comprehensive record of these developments in one place.

I.6 At present, though the methodology, coverage and presentation of India's BoP statistics conform, by and large, to the IMF's BPM5 guidelines, there exist certain differences with respect to definitional issues and formats of presentation. For example, at present, India's BoP statistics are presented under the 'current account' and 'capital account', whereas, as per the guidelines of the IMF, the 'capital account' needs to be redefined as 'Capital and Financial account' with a clear distinction between capital account transactions (covering only capital transfers and 'non-produced and non-financial assets') and financial account transactions (covering transactions related to foreign investments, derivatives and other investments). The BPM6 has further suggested that not only 'capital account' and 'financial account' be presented separately but also that capital account transactions be recorded on a gross basis, while financial account transactions (which also include reserve assets) be shown on a net basis.

I.7 At the same time, although significant disaggregation in services transactions has been introduced in line with BPM5 and the Extended Balance of Payments Statistics (EBOPS) as recommended by the IMF, there are still some gaps, especially regarding further disaggregation under certain heads of services such as travel and transportation. Furthermore, the latest Manual (BPM6) has made a few additional recommendations in line with best international practices improving the coverage, classification and presentation of BoP statistics.

The Working Group

II.1 Against this backdrop, a need was felt to bring out a comprehensive Balance of Payments Manual documenting current practices, procedures of compilation, presentation, coverage and sources of data for India's balance of payments and assess them in relation to international best practices. Accordingly, a Working Group was constituted drawing members from the Ministry of Finance, Government of India, Controller of Aid Accounts and Audit (CAA&A), Directorate General of Commercial Intelligence and Statistics (DGCI&S) and concerned Departments of the Reserve Bank, such as the Department of Economic and Policy Research (DEPR), Department of Statistics and Information Management (DSIM) and Foreign Exchange Department (FED), which are associated with the BoP statistics.

The Working Group consisted of the following members:

Shri Deepak Mohanty, Executive Director, RBI: Chairman

Shri Anil Bisen, Adviser, Ministry of Finance, GoI: Member

Dr. D. Sinha, Director General, DGCI&S: Member*

Smt. Dakshita Das, CAA&A, GoI: Member

Shri Salim Gangadharan, CGM-in-Charge, FED, RBI: Member

Shri S.V.S. Dixit, Adviser, DEPR, RBI: Member*

Shri A. P. Gaur, Adviser, DSIM, RBI: Member*

Shri Rajan Goyal, Director, DITF, DEPR, RBI: Member-Secretary*

The Division of International Trade and Finance (DITF), DEPR provided secretarial assistance to the Working Group.

Terms of Reference

II.2 The Terms of Reference of the Committee are as under:

(i) To review the existing methodology for compilation of Balance of Payments Statistics in India consistent with the guidelines contained in the latest IMF Balance of Payments Manual (BPM6).

(ii) To prepare a Manual for compilation of the balance of payments statistics for India in line with international best practices.

(iii) To examine the issue of divergence between the merchandise trade data on customs basis released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce and Industry, and the banking channel data on payments basis released by the Reserve Bank of India, and suggest measures to reconcile the two.

(iv) To explore the feasibility of capturing possible international transactions at a disaggregated level that may arise in future as a result of the ongoing liberalisation of financial markets and innovations in financial instruments.

II.3 The Group met twice to deliberate on the means to improve the coverage, classification and presentation of India's BoP data, as well as to guide the work relating to revision of the BoP Manual for India. Besides, an exclusive meeting was held to deliberate on the issues relating to trade in services, which was attended by, in addition to the members, two officials from the Ministry of Commerce, a representative each from the National Association of Software and Services Companies (NASSCOM) and the Ministry of Civil Aviation. Given the above terms of reference, the issues and recommendations of the Group are set out in Part I and a detailed 'Balance of Payments Manual for India' has been presented in Part II.

Observations of the Group

III.1 In light of the current practices of India's BoP compilation discussed in the revised Manual, and to align India's BoP statistics with international best practices, the Group has made several observations and a series of specific recommendations which are set out below.

Current Account

III.2 The current account of the BoP includes all the transactions (other than

* Dr. D. Sinha, Director General, DGCI&S replaced Shri Nilachal Ray, Shri S.V.S. Dixit replaced Dr. R.K. Pattnaik and Shri A.P. Gaur replaced Dr. Balwant Singh as members of the Working Group, while Shri Rajan Goyal replaced Dr. Rajiv Ranjan as the Member-Secretary of the Group.

those in financial items) involving exchange of economic value which take place between resident and non-resident entities. The components of the current account also include offsetting entries to current economic values provided or acquired without a *quid pro quo, e.g.*, private transfers. Therefore, current account transactions are broadly classified as goods, services, income and current transfers.

Goods

III.3 The BPM6 has reclassified merchandise trade transactions into three categories, namely, general merchandise, net export of goods under merchanting and non-monetary gold. As a result, some parts of goods are now re-classified into services (such as goods for processing and repairs on goods) while some parts of services are shifted to goods (such as merchanting, by recording them as a separate item as 'net exports of goods under merchanting'). However, India's standard BoP statistics at present only provide consolidated numbers on merchandise trade for both exports and imports without the above sub-heads.

III.4 For the purpose of compilation of BoP, exports are valued on the basis of 'free on board' (f.o.b.), whereas imports are valued on a 'cost, insurance and freight' (c.i.f.) basis. While customs data are the source for exports, the banking channel [Foreign Exchange Transactions Electronic Reporting System (FETERS) reporting] data are the basis for imports, as a few items of imports, such as some parts of defence equipments, do not pass through customs.

III.5 Although the exports data as reported by the customs forms the basis for BoP, they are adjusted to take into account valuation differences. The difference between BoP merchandise exports (the adjusted customs data) and the corresponding export receipts reported by the Authorised Dealers (ADs) through the banking channel is treated as 'leads and lags in exports' and included in the capital account of BoP under the head 'other capital'.

III.6 As regards imports, though they are recorded on the basis of the figures reported by ADs through the banking channel, the reconciliation of imports between the two sets of data sources (DGCI&S and the banking channel) are published along with the standard components of BoP for data validation and to improve the serviceability and usefulness of the data. As per international best practices, merchandise imports should also be presented on f.o.b. basis.

Services

III.7 Traditionally, a distinction is made between goods and services in the current account of BoP to take into account the differences in the nature of their production and the manner in which they are traded. While in the case of goods, their production and trade are separate processes, the two are closely linked in the case of services. The production process of services itself involves a resident and non-resident with the simultaneous occurrence of production and trade.

III.8 The BPM5 (1993) had introduced considerable disaggregation in the classification of international services transactions. Subsequently, the United Nations' Manual on Statistics of International Trade in Services (MSITS), 2002 suggested the compilation of an additional set of information compatible with BPM5, known as the Extended Balance of Payments Services (EBOPS) classification of transactions in order to facilitate the evaluation of market access opportunities and measure the extent of opening-up with respect to specific 'services' and 'markets'. EBOPS was recommended by the IMF and thus became an extension of BPM5.

III.9 Subsequently, the BPM6 has further strengthened the classification between goods and services by solely following the principle of change of ownership in the case of goods and time of 'providing' in case of services for recording the respective transactions. Consequently, the BPM6 classified services under 12 heads as against 11 standard categories under BPM5.

III.10 In line with evolving international best practices, the coverage of services in India's BoP statistics has also been broadened over the years. The disaggregated data on services recommended by BPM5 along the lines of EBOPS have been disseminated in the article published annually in the RBI Bulletin titled 'Invisibles in India's Balance of Payments: An Analysis of Trade in Services, Remittances and Income' which are also supplied to the IMF for the Balance of Payments Statistics Yearbook (BOPSY). Data on trade in services for India's BoP statistics are captured through purpose-wise reporting of transactions under FETERS.

III.11 Notwithstanding significant improvement in coverage over the years, the data on India's international trade in services do not fully comply with standard classification recommended under EBOPS. *First*, transportation services are classified by route (*i.e.*, sea, air and others); however, further disaggregation of these in terms of components such as passenger and freight are not available. *Second*, in the case of travel services, FETERS does not provide a detailed purpose-wise classification for the expenditure incurred by foreign travellers in India (travel credits), though detailed purpose-wise details are available on travel debits. As the travel receipts reported by FETERS are incomplete to some extent, they are estimated (only aggregate travel receipts) based on data on tourist arrivals obtained from the Ministry of Tourism, Government of India. Furthermore, the break-up of travel receipts into business and personal is not available. *Third*, the construction receipts (credit) are not adequately captured, as they do not include the cost of construction of projects executed by the Indian companies abroad. *Fourth*, pension services are not covered separately at present in India's BoP. Also, financial services do not cover risk assumption services like hedging and other financial derivatives. *Fifth*, under personal, cultural and recreational services, disaggregated data especially on health and education are not available. *Sixth*, at present no information is available on the two new categories of services, *viz.*, 'Manufacturing services on physical inputs owned by others' and 'Maintenance and repair services n.i.e'.

III.12 Apart from these, 'other business services' in India's BoP are not grouped under the recommended heads, namely, 'Research and development services', 'Professional and management consultancy services', and 'Technical, trade-related and other business services'. Besides, merchanting services are not included under goods as recommended by the BPM6. Similarly, as per the current practice of BoP compilation and presentation in India, 'telecommunications, computer and information services' are not presented as a single category as suggested by BPM6. Moreover, 'communication services' in India's BoP also include 'postal and courier services' which should be included under 'transportation services' as per BPM6.

III 13 With regard to compilation of 'computer services', two different data sources are used; NASSCOM for receipts and FETERS for payments.

III.14 While merchandise trade data are available on a monthly basis, similar statistics on trade in services are not available with the same frequency.

Income and Transfers

III.15 While the 'goods and services account' shows transactions in items that are outcomes of production activities, the income account shows income receivables and payables in return for providing temporary use of factors of production (*i.e.*, primary income such as investment income and compensation of employees) and redistribution of income through current transfers (*i.e.*, secondary income, such as personal transfers and current external assistance). The BPM6 has thus introduced two accounts, namely, 'primary income account' and 'secondary income account'.

Primary Income

III.16 The BPM6 has distinguished the following types of primary income: (1) compensation of employees, (2) dividends, (3) reinvested earnings, (4) interest, (5) investment income attributable to policyholders in insurance, standardised guarantees, and pension funds, (6) rent, and (7) taxes and subsidies on products and production. In India, transactions relating to income are in the form of interest, dividend, profit and others for servicing of capital transactions.

Secondary Income

III.17 The secondary income account in BPM6 shows current transfers between residents and non-residents. Current transfers are classified according to the sector of the compiling economy into two main categories: general government (*e.g.*, current international co-operation between different governments, payments of current taxes on income and wealth, social contributions and benefits, *etc.*) and other sectors which include personal transfers (*e.g.*, workers' remittances) and other current transfers (current taxes on income and wealth, benefits payable under social security schemes, non-life insurance premium and claims, *etc.*).

III.18 In India's BoP, at present, transfers (private and official) represent one-sided transactions, *i.e.*, transactions that do not have any *quid pro quo*, such as grants, gifts, and migrants' transfers by way of remittances for family maintenance, repatriation of savings and transfer of financial and real resources linked to change in resident status of migrants. Thus, for the purpose of BoP compilation, private transfers include (i) remittances for family maintenance, (ii) local withdrawals from Non-Resident Rupee Accounts, (iii) gold and silver brought through passenger baggage, and (iv) personal gifts/donations to charitable/religious institutions. Official transfer receipts include grants, donations and other assistance received by the government from bilateral and multilateral institutions. Currently, private transfers do not appear to distinguish between remittances made by those staying abroad for less than a year and those staying for more than one year.

Capital Account and Financial Account

III.19 As per international best practices, the capital account covers all transactions between residents and non-residents that involve receipt or payment of capital transfers and acquisition or disposal of non-produced non-financial assets. The financial account covers all transactions associated with changes of ownership in the foreign financial assets and liabilities of an economy. Some of the major components of financial accounts include direct investment, portfolio investment, financial derivatives (other than reserves) and employee stock options, other investment, reserve assets, equity and investment fund shares, debt instruments and other financial assets and liabilities. All changes that do not reflect transactions, such as valuation, reclassification and other adjustments, are excluded from the capital and financial accounts.

III.20 According to BPM6, transactions in financial accounts should be recorded on a net basis (in contrast, the current and capital accounts are recorded on a gross basis). Net recording in the financial account means aggregation, whereby all debit entries of a particular variety of asset or liability are netted against all credit entries in the same asset or liability type. However, changes in financial assets should not be netted against changes in liabilities, with the possible exception of financial derivatives.

III.21 India's standard BoP presentation has only a capital account which is the equivalent of the financial account of the IMF's standard presentation. On the other hand, the capital account of IMF's standard presentation, which includes only capital transfers, is subsumed in the current account under 'transfers' in India's BoP presentation.

III.22 As per current practice, the basic structure of the capital account of India's Balance of Payments (*i.e.*, equivalent to the IMF's financial account) consists of assets and liabilities covering direct investment, portfolio investment, loans, banking capital, Non-Resident Indian (NRI) deposits, short-term trade credit and other capital. Data on capital account are compiled on the basis of various returns filed by the entities engaged in capital account transactions mostly through ADs (in a few cases, directly) to the Reserve Bank as and when the transaction takes place.

III.23 The BPM6 recommends adherence to the 10 per cent threshold limit in equity stake for defining Foreign Direct Investment (FDI). The present definition being used to classify FDI in India is at variance with this definition (to the extent that the threshold limit of 10 per cent is not strictly adhered to).

Foreign Exchange Reserves

III.24 Reserve assets constitute an important component of financial account in the BoP statistics and are an essential element in the analysis of the economy's external position. Reserve assets are defined as those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in foreign exchange markets to affect the exchange rate of the currency, and for other related purposes. Reserve assets comprise monetary gold, Special Drawing Rights (SDRs) holdings, reserve position in the IMF, foreign exchange assets (currency, deposits, securities, financial derivatives) and other claims (loans and other financial instruments).

III.25 In India, foreign exchange reserves are defined as external assets which are readily available to and controlled by the Reserve Bank for meeting balance of payments financing needs, for intervention in foreign exchange markets to contain the volatility of exchange rate of the Rupee and for other related purposes. Accordingly, at present, reserves include foreign currency assets of the RBI, gold, SDRs and the reserve tranche position in the IMF, which conforms to international best practices as suggested in the IMF Manual. Movement in reserves is recorded in the BoP statistics 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 other major currencies (such as the Euro, Sterling, Yen, *etc.*) held in reserves *vis-à-vis* the US dollar.

III.26 The BPM6 has suggested that gold transactions only with non-resident entities should be captured under the BoP (no transactions should be recorded under BoP if the counterparty is a resident).

Specific Recommendations

IV.1 In light of the above, the Group makes the following recommendations to improve the present compilation procedure as well as presentation of BoP statistics to conform to international best practices:

Goods

First, buying and selling of goods that do not cross national boundaries and do not undergo significant transformation, have to be recorded as goods under merchanting. Therefore, the Group recommends that henceforth merchanting transactions be included in merchandise trade in India's BoP. The FETERS purpose code may be suitably revised to capture such transactions.

Second, repairs on goods, which have *hitherto* been recorded under goods, need to be included in services and renamed 'maintenance and repair services *n.i.e.*'. As India's BoP, at present, does not cover this item, the Group suggests that a new purpose code be introduced under FETERS on both the receipts and payments sides and reclassified as services in the presentation of the BoP.

Third, at present, India's merchandise trade data do not give separate treatment to goods for processing. Therefore, it is recommended that a new purpose code for manufacturing services on physical inputs owned by others may be introduced under FETERS and included as a new category of services.

Fourth, to present data on imports on an f.o.b. basis (instead of the present practice of reporting imports on a c.i.f. basis), freight and insurance on imports should be segregated. Accordingly, the Group recommends that DGCI&S should estimate freight and insurance by collecting the necessary information either from the Daily Trade Returns (DTRs) or through survey on a regular basis.

Fifth, in order to present the information on re-exports as a supplementary item under exports, the Group recommends that an additional code for re-exports may be introduced at the customs end. The DGCI&S should pursue the issue with the customs authorities.

Sixth, in view of the persistence of differences in the import figures between the Reserve Bank and the DGCI&S, the Group recommends that a reconciliation exercise, on a quarterly basis, between the Reserve Bank and the DGCI&S may be initiated.

Services

First, transportation services should be classified by route (sea, air and others) and by component (passenger, freight and others). Two separate purpose codes each for passengers and freight under FETERS for all the routes, *viz.*, sea, air and others should be introduced.

Second, the Group recommends that the present practice of using estimates for travel receipts should be strengthened further through periodic surveys. Accordingly, the International Passenger Survey that provides information on the expenditure pattern of foreign tourists in India, which was periodically conducted by the Ministry of Tourism in the past, should be revived. Moreover, the immigration slips filled in by non-residents at the time of leaving the country could provide useful information. The Department of Commerce, Government of India should co-ordinate with the Bureau of Immigration and Ministry of Tourism to explore the possibilities as noted in the meeting held on 'Trade in Services'.

Third, regarding disaggregated information on health and education-related services, new purpose codes should be introduced under FETERS. Recognising the limitations under FETERS, it is recommended that the Department of Commerce, Government of India should follow up with the respective ministries to collect the relevant information.

Fourth, the Group recommends a complete switch over to banking channel data reported through FETERS to compile details on software services and use the industry sources (*i.e.*, NASSCOM data) for validation purposes only.

Fifth, the Group recommends the introduction of a new purpose code under FETERS to capture receipts for the cost of construction of projects executed by Indian companies abroad.

Sixth, the Group recommends that separate purpose codes for pension and standardised guarantee services should be introduced under FETERS.

Seventh, to capture details on financial services related to derivatives in India's BoP, the Group recommends that a separate Committee be set up.

Eighth, the Group recommends that 'business services' be segregated into the standard categories recommended under BPM6. Moreover, the Group recommends appropriate revision in the FETERS purpose code for merchanting services and its inclusion within the goods account as 'net exports under merchanting'.

Ninth, the Group recommends that two new purpose codes on both receipts and payments sides should be introduced under FETERS to obtain information on 'Manufacturing services on physical inputs owned by others' and 'Maintenance and repair services n.i.e'.

Tenth, at present, disaggregated information on services as per EBOPS are published annually in the Invisibles article. The Group recommends that it should be published on a quarterly basis.

Eleventh, the Group recommends that the possibility of releasing monthly aggregate data on trade in services should be explored.

Income and Transfers

First, keeping in view international best practices, the Group recommends that income and transfers should be appropriately classified under the heads of primary income (covering investment income and compensation of employees) and secondary income (which deals with redistribution of income through current transfers, such as personal transfers and current external assistance).

Second, in order to capture disaggregated details on remittances made by those staying abroad for less than one year and those staying for more than a year, it is recommended that such information be collected through the existing periodic survey on 'Remittances from Overseas Indians'.

Capital Account

First, the Group recommends that the capital account in India's current standard presentation of BoP should be bifurcated and presented separately as 'capital account' and 'financial account'.

Second, the Group recommends identifying and excluding 'capital transfers' and 'non-produced and non-financial assets', as defined in the Manual, from the current account of India's balance of payments, and including them explicitly in the rechristened 'capital account'.

Third, regarding the definition of FDI, the Group recommends that an internal Group be set up that draws members from DEPR, FED and DSIM to address the issue of definition and coverage of foreign direct investment.

Fourth, the acquisition (monetisation) of gold from residents (including the government) by the Reserve Bank, if any, need not be shown, henceforth, in the BoP. Instead, these transactions may be shown in the statement that reconciles flow (*i.e.*, Balance of Payments) and stock (*i.e.*, International Investment Position).

Other Recommendations

V.1 A Standing Committee, drawing officers from relevant departments of the RBI, Department of Commerce, DGCI&S, NASSCOM, Software Technology Parks of

India (STPI) and other relevant ministries/ departments, may be constituted to look into various medium and long-term issues relating to collection of data on trade in services and to examine data requirements for bilateral and multilateral trade negotiations. The Committee may explore the possibility of capturing details of 'Foreign Affiliates Statistics' (FATS) and Mode 3 transactions (commercial presence which represent domestic operations of foreign affiliates including the subsidiaries of subsidiaries).

Scheme of Implementation

VI.1 The IMF has just released the latest version of the BoP Manual (BPM6) and the accompanying Compilation Guide is expected shortly. The IMF expects its member countries to implement the BPM6 standards by 2012. Against this background, it is recommended that the hand-posts for implementation of the recommendations contained in this Report should be as follows:

First, the revised format should be adopted as recommended in the Report by recasting the available information in the new format to begin with.

Second, to capture the additional information as recommended in the Report, the work relating to the revision of the code box (FETERS) should be taken up with immediate effect by the Internal Group comprising officers of DEPR, DSIM and FED. It is recognised in this context that the preparation of a new code box, modification of the software package and training of the ADs would take a relatively long time if past experience is any indication. Nevertheless, the Group is hopeful that the timeline prescribed by the IMF for adopting BPM6 standards would be met.

BoP Manual

The Manual, presented in Part II of the Report, besides documenting the concepts and compilation methods pertaining to various accounts of the BoP, has made a detailed assessment of the current practices of compilation, data sources and presentation of BoP in India against the backdrop of the significant changes introduced by the BPM6. The Manual also incorporates a revised format for standard presentation of BoP in India, which is broadly in conformity with international best practices. The Report can be accessed at www.rbi.org.in.