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# POLICY STATEMENT FOR 2013~14

Mid-Quarter Monetary Policy Review: September 2013

Mid-Quarter Monetary Policy Review: September 2013 –  
Statement by Dr. Raghuram G. Rajan, Governor,  
Reserve Bank of India

Statement by Dr. Raghuram G. Rajan on taking office  
on September 4, 2013



## *Mid-Quarter Monetary Policy Review: September 2013*

### **Monetary and Liquidity Measures**

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

- reduce the marginal standing facility (MSF) rate by 75 basis points from 10.25 per cent to 9.5 per cent with immediate effect;
- reduce the minimum daily maintenance of the cash reserve ratio (CRR) from 99 per cent of the requirement to 95 per cent effective from the fortnight beginning September 21, 2013, while keeping the CRR unchanged at 4.0 per cent; and
- increase the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.25 per cent to 7.5 per cent with immediate effect.

Consequently, the reverse repo rate under the LAF stands adjusted to 6.5 per cent and the Bank Rate stands reduced to 9.5 per cent with immediate effect. With these changes, the MSF rate and the Bank Rate are recalibrated to 200 basis points above the repo rate.

### **Assessment**

2. Since the First Quarter Review (FQR) in July, a weak recovery has been taking hold in advanced economies, with growth picking up in Japan and the UK and the euro area exiting recession. However, activity has slowed in several emerging economies, buffeted by heightened financial market turbulence on the prospect of tapering of quantitative easing (QE) in the US. The decision by the US Federal Reserve to hold off tapering has buoyed financial markets but tapering is inevitable.

3. On the domestic front, growth has weakened with continuing sluggishness in industrial activity and services. The pace of infrastructure project completion is subdued and new project starts remain muted. Consumption, while relatively firm so far, is starting to weaken even in rural areas, with durable goods consumption hit hard. Consequently, growth is trailing below potential and the output gap is widening. Some pick-up is expected on account of the brightening prospects for agriculture due to *kharif* output and the upturn in exports. Also, as infrastructure investments are expedited, and as projects cleared by the Cabinet Committee on Investment come on stream, growth could pick up in the second half of the year.

4. WPI inflation, which had eased in Q1 of 2013-14, has started rising again as the pass-through of fuel price increases has been compounded by the sharp depreciation of the rupee and rising international commodity prices. The negative output gap will exercise downward pressure on inflation, and the process will be aided as supply side constraints, especially relating to food and infrastructure, ease. However, the current assessment is that in the absence of an appropriate policy response, WPI inflation will be higher than initially projected over the rest of the year. What is equally worrisome is that inflation at the retail level, measured by the CPI, has been high for a number of years, entrenching inflation expectations at elevated levels and eroding consumer and business confidence. Although better prospects of a robust *kharif* harvest will lead to some moderation in CPI inflation, there is no room for complacency.

5. Turning to the external sector, weakening domestic saving, subdued export demand and the rising value of oil imports - most recently due to geopolitical risks emanating from the Middle East - have led to a larger current account deficit (CAD). Concerns about funding the CAD, amplified by capital outflows precipitated by

anticipated tapering of asset purchases by the US Federal Reserve, increased volatility in the foreign exchange market. More recently, as these concerns have been mitigated after steps taken by the Government and the Reserve Bank to contain the CAD and improve the environment for external financing, the focus has turned to internal determinants of the value of the rupee, primarily the fiscal deficit and domestic inflation.

### **Policy Stance and Rationale**

6. Since mid-July, the Reserve Bank has put in place a number of exceptional measures to tighten liquidity with a view to dampening volatility in the foreign exchange market. These measures have raised the effective policy rate for monetary policy operations to 10.25 per cent, aligned to the re-calibrated MSF rate. The intent has been to maintain tight liquidity conditions at the short end of the term structure until the measures designed to alter the path of the CAD and improve prospects for its stable funding take effect. As a number of these measures are now in place and because the external environment has improved, it is now possible for the Reserve Bank to contemplate easing these exceptional measures in a calibrated manner. As a first step, therefore, the MSF rate is reduced by 75 basis points. Furthermore, the minimum daily maintenance of the CRR prescribed by the Reserve Bank is brought down from 99 per cent of the requirement to 95 per cent. The timing and direction of further actions on exceptional measures will be contingent upon exchange market stability, and can be

two-way. Further actions need not be announced only on policy dates. However, any further change in the minimum daily maintenance of the CRR is not contemplated.

7. As the measures are unwound, the objective is to normalise the conduct and operations of monetary policy so as to allow the LAF repo rate to resume its role as the operational policy interest rate. However, inflation is high and household financial saving is lower than desirable. As the inflationary consequences of exchange rate depreciation and hitherto suppressed inflation play out, they will offset some of the disinflationary effects of a better harvest and the negative output gap. The need to anchor inflation and inflation expectations has to be set against the fragile state of the industrial sector and urban demand. Keeping all this in view, bringing down inflation to more tolerable levels warrants raising the LAF repo rate by 25 basis points immediately.

8. The Reserve Bank will closely and continuously monitor the evolving growth-inflation dynamics with a readiness to act pre-emptively, as necessary. The policy stance and measures set out in this review begin the process of cautious unwinding of the exceptional measures, which will restore normalcy to financial flows. They are also intended to address inflationary pressures so as to provide a stable nominal anchor for the economy, thereby mitigating exchange market pressures and creating a conducive environment for the revitalisation of sustainable growth.



***Mid-Quarter Monetary Policy  
Review: September 2013 –  
Statement by Dr. Raghuram G.  
Rajan, Governor, Reserve Bank  
of India***

Good Afternoon. In the mid-quarter review today, we began a calibrated change in the exceptional liquidity measures we introduced in July by cutting the Marginal Standing Facility rate, which is the effective policy rate today by 75 basis points or 0.75 percentage points.

We also reduced the minimum daily CRR balance that banks have to maintain to 95 per cent of the requirement.

We believe that easing the exceptional liquidity measures was warranted given that the external environment has improved and given that the Government and the RBI have used the time since the measures were put in place to narrow the current account deficit and to ease its financing.

The calibrated withdrawal will provide a boost to growth, reduce the financing distortions that are emerging in the market, and reduce the strain on corporate and bank balance sheets. We remain vigilant about external market conditions and will do what is necessary if they deteriorate once again.

We have also announced an intention to return to normal monetary operations where the repo rate will return to being the effective policy rate and liquidity conditions need not be as tight as they currently are. Let me emphasise that the difference between the MSF and repo rate will be brought down to 100 basis points. At the same time, recognising that

inflationary pressures are mounting and determined to establish a nominal anchor which will allow us to preserve the internal value of the rupee, we have raised the repo rate by 25 basis points.

The intent here is that when the repo rate becomes the effective policy rate, it should be consistent with inflationary conditions in the economy. On net, these measures will reduce the cost of bank financing substantially while allowing us to take an appropriately precautionary stance on inflation.

Let us remember that the postponement of tapering is only that, a postponement. We must use this time to create a bullet proof national balance sheet and growth agenda, which creates confidence in citizens and investors alike.

At the Reserve Bank of India, my colleagues and I have been busy developing the measures we announced about two weeks ago. Yesterday, the RBI implemented the full liberalisation of bank branching, with some safeguards to encourage inclusion. We announced both the FCNR(B) swap facility as well as the swap facility for bank borrowings.

I am glad to say that banks have started bringing in money. Till yesterday, we had received US\$ 466 million through the FCNR(B) and US\$ 917 million through the swap facility to a total of nearly US\$ 1.4 billion. We have started the process to issue two kinds of retail inflation indexed retail certificates, one with a lump sum payment at the end and the other with indexed interest payments. We have set up the central credit registry for large bank borrowers. The various committees we announced are swinging into action.

Over the next few weeks, together with the government, we will take a close look at corporate distress and bank NPAs to see how we can accelerate the process of resolution.

Finally, we are taking a look at a variety of markets to deepen them and make them more vibrant. Measures will be announced periodically.

## *Statement by Dr. Raghuram G. Rajan on taking office on September 4, 2013\**

Good Evening. I took charge this afternoon as the 23rd Governor of the Reserve Bank of India. These are not easy times, and the economy faces challenges. At the same time, India is a fundamentally sound economy with a bright future. Our task today is to build a bridge to the future, over the stormy waves produced by global financial markets. I have every confidence we will succeed in doing that. Today I want to articulate some first steps, concrete actions we will take, as well as some intentions to take actions based on plans we will formulate.

Before I turn to specifics, let me repeat what I said on the day I was appointed. The Reserve Bank is a great institution with a tradition of integrity, independence, and professionalism. I congratulate Dr. Subbarao on his leadership in guiding the Bank through very difficult times, and I look forward to working with the many dedicated employees of the RBI to further some of the important initiatives he started. I have been touched by the warmth with which the RBI staff have welcomed me.

To the existing traditions of the RBI, which will be the bedrock of our work, we will emphasise two other traditions that become important in these times: transparency and predictability. At a time when financial market are volatile, and there is some domestic political uncertainty because of impending elections, the Reserve Bank of India should be a beacon of stability as to its objectives. That is not to say we will never surprise markets with actions. A central bank should never say "Never"! But the public should have a clear framework as to where we are

going and understand how our policy actions fit into that framework. Key to all this is communication, and I want to underscore communication with this statement on my first day in office.

### ***Monetary Policy***

We will be making the first monetary policy statement of my term on September 20. I have postponed the originally set date a bit so that between now and then, I have enough time to consider all major developments in the required detail. I will leave a detailed explanation of our policy stance till then, but let me emphasise that the RBI takes its mandate from the RBI Act of 1934, which says the Reserve Bank for India was constituted

"to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage;"

The primary role of the central bank, as the Act suggests, is monetary stability, that is, to sustain confidence in the value of the country's money. Ultimately, this means low and stable expectations of inflation, whether that inflation stems from domestic sources or from changes in the value of the currency, from supply constraints or demand pressures. I have asked Deputy Governor Urjit Patel, together with a panel he will constitute of outside experts and RBI staff, to come up with suggestions in three months on what needs to be done to revise and strengthen our monetary policy framework. A number of past committees including the Financial Sector Legislative Reforms Commission (FSLRC), have opined on this, and their views will also be considered carefully.

### ***Inclusive Development***

I talked about the primary role of the RBI as preserving the purchasing power of the rupee, but we have two other important mandates; inclusive growth and development, as well as financial stability.

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\* Statement by Governor at RBI, Mumbai.

As the central bank of a developing country, we have additional tools to generate growth – we can accelerate financial development and inclusion. Rural areas, especially our villages, as well as small and medium industries across the country, have been important engines of growth even as large company growth has slowed. But access to finance is still hard for the poor, and for rural and small and medium industries. We need faster, broad based, inclusive growth leading to a rapid fall in poverty.

The Indian public would benefit from more competition between banks, and banks would benefit from more freedom in decision making. The RBI will shortly issue the necessary circular to completely free bank branching for domestic scheduled commercial banks in every part of the country. No longer will a well-run scheduled domestic commercial bank have to approach the RBI for permission to open a branch. We will, of course, require banks to fulfil certain inclusion criteria in underserved areas in proportion to their expansion in urban areas, and we will restrain improperly managed banks from expanding until they convince supervisors of their stability. But branching will be free for all scheduled domestic commercial banks except the poorly managed.

There has been a fair amount of public attention devoted to new bank licenses. The RBI will give out new bank licenses as soon as consistent with the highest standards of transparency and diligence. We are in the process of constituting an external committee. Dr. Bimal Jalan, an illustrious former governor, has agreed to chair it, and the committee will be composed of individuals with impeccable reputation. This committee will screen licence applicants after an initial compilation of applications by the RBI staff. The external committee will make recommendations to the RBI governor and deputy governors, and we will propose the final slate to the Committee of the RBI Central Board. I hope to announce the licences

within, or soon after, the term of Deputy Governor Anand Sinha, who has been shepherding the process. His term expires in January 2014.

We will not stop with these licences. The RBI has put an excellent document on its website exploring the possibility of differentiated licences for small banks and wholesale banks, the possibility of continuous or "on-tap" licensing, and the possibility of converting large urban co-operative banks into commercial banks. We will pursue these creative ideas of the RBI staff and come up with a detailed road map of the necessary reforms and regulations for freeing entry and making the licensing process more frequent after we get comments from stakeholders.

India has a number of foreign owned banks, many of whom have been with us a long time and helped fuel our growth. They have been in the forefront of innovation, both in terms of improving productivity, as well as in terms of creating new products. We would like them to participate more in our growth, but in exchange we would like more regulatory and supervisory control over local operations so that we are not blindsided by international developments. The RBI will encourage qualifying foreign banks to move to a wholly owned subsidiary structure, where they will enjoy near national treatment. We are in the process of sorting out a few remaining issues so this move can be made.

Finally, our banks have a number of obligations that pre-empt lending, and in fact, allow what Dr. Rakesh Mohan, an illustrious former deputy-governor, called "lazy banking". One of the mandates for the RBI in the Act is to ensure the flow of credit to the productive sectors of the economy. In this context, we need to reduce the requirement for banks to invest in government securities in a calibrated way, to what is strictly needed from a prudential perspective.

This cannot be done overnight, of course. As government finances improve, the scope for

such reduction will increase. Furthermore, as the penetration of other financial institutions such as pension funds and insurance companies increases, we can reduce the need for regular commercial banks to invest in government securities.

We also subject our banks to a variety of priority sector lending requirements. I believe there is a role for such a mandate in a developing country – it is useful to nudge banks into areas they would otherwise not venture into. But that mandate should adjust to the needs of the economy, and should be executed in the most efficient way possible. Let us remember that the goal is greater financial access in all parts of the country, rather than meeting bureaucratic norms. I am asking Dr. Nachiket Mor to head a committee that will assess every aspect of our approach to financial inclusion to suggest the way forward. In these ways, we will further the development mission of the RBI.

### ***Financial Markets***

Some see financial markets as competition to banks. They are that, but they are also complementary. Too many risks in the Indian economy gravitate towards commercial banks even when they should be absorbed by arm's length financial markets. But for our financial markets to play their necessary roles of providing risk absorbing long term finance, and of generating information about investment opportunities, they have to have depth. We cannot create depth by banning position taking, or mandating trading based only on well-defined "legitimate" needs. Money is fungible so such bans get subverted, but at some level, all investment is an act of faith and of risk taking. Better that investors take positions domestically and provide depth and profits to our economy than they take our markets to foreign shores.

Together with the government and regulators such as SEBI, we will steadily but surely liberalise our markets, as well as restrictions on investment and

position taking. Given the current market turmoil, our actions will have to be at a measured pace, but as a symbolic down payment, we will do the following:

1. Presently, exporters are permitted to re-book cancelled forward exchange contracts to the extent of 25 per cent of the value of cancelled contracts. This facility is not available for importers. To enable exporters/importers greater flexibility in their risk management, we will:
  - i. Enhance the limit available to exporters to 50 per cent; and
  - ii. Allow a similar facility to importers to the extent of 25 per cent.
2. Further to develop the money and G-sec markets, we will introduce cash settled 10 year interest rate future contracts;
3. We will also examine the introduction of interest rate futures on overnight interest rates.

### ***Rupee internationalisation and Capital Inflows***

This might be a strange time to talk about rupee internationalisation, but we have to think beyond the next few months. As our trade expands, we will push for more settlement in rupees. This will also mean that we will have to open up our financial markets more for those who receive rupees to invest it back in. We intend to continue the path of steady liberalisation.

The RBI wants to help our banks bring in safe money to fund our current account deficit. The Reserve Bank of India has been receiving requests from banks to consider a special concessional window for swapping FCNR deposits that will be mobilised following the recent relaxations permitted by the Reserve Bank of India. We will offer such a window to the banks to swap the fresh FCNR (B) dollar funds, mobilised for a minimum tenor of three years and over, at a fixed rate of 3.5 per cent per annum for the tenor of the deposit.

Further, based again on requests received from banks, we have decided that the current overseas borrowing limit of 50 per cent of the unimpaired Tier I capital will be raised to 100 per cent and that the borrowings mobilised under this provision can be swapped with Reserve Bank of India at the option of the bank at a concessional rate of 100 basis points below the ongoing swap rate prevailing in the market.

The above schemes will be open up to November 30, 2013, which coincides with when the relaxations on NRI deposits expire. The Reserve Bank reserves the right to close the scheme earlier with due notice.

### ***Financial Infrastructure***

Finance thrives when financial infrastructure is strong. The RBI has been working hard to improve the financial infrastructure of the country – it has made tremendous advances, for example, in strengthening the payment and settlement systems in the country. Similarly, it has been working on improving information sharing through agencies such as credit bureaus and rating agencies. I propose to carry on such work, which will be extremely important to enhance the safety and speed of flows as well as the quality and quantity of lending in the country.

On the retail side, I particularly want to emphasise the use of the unique ID, Aadhaar, in building individual credit histories. This will be the foundation of a revolution in retail credit.

For small and medium firms, we intend to facilitate Electronic Bill Factoring Exchanges, whereby MSME bills against large companies can be accepted electronically and auctioned so that MSMEs are paid promptly. This was a proposal in the report of my Committee on Financial Sector reforms in 2008, and I intend to see it carried out.

Finance is not just about lending, it is about recovering loans also. We have to improve the

efficiency of the recovery system, especially at a time of economic uncertainty like the present. Recovery should be focused on efficiency and fairness – preserving the value of underlying valuable assets and jobs where possible, even while redeploying unviable assets to new uses and compensating employees fairly. All this should be done while ensuring that contractual priorities are met. The system has to be tolerant of genuine difficulty while coming down hard on mismanagement or fraud.

Promoters do not have a divine right to stay in charge regardless of how badly they mismanage an enterprise, nor do they have the right to use the banking system to recapitalise their failed ventures.

Most immediately, we need to accelerate the working of Debt Recovery Tribunals and Asset Reconstruction Companies. Deputy Governor Anand Sinha and I will be examining the necessary steps.

I have asked Deputy Governor Dr. Chakrabarty to take a close look at rising NPAs and the restructuring/recovery process, and we too will be taking next steps shortly. The RBI proposes to collect credit data and examine large common exposures across banks. This will enable the creation of a central repository on large credits, which we will share with the banks. This will enable banks themselves to be aware of building leverage and common exposures.

While the resumption of stalled projects and stronger growth will alleviate some of the banking system difficulties, we will encourage banks to clean up their balance sheets, and commit to a capital raising programme where necessary. The bad loan problem is not alarming yet, but it will only fester and grow if left unaddressed.

We will also follow the FSLRC suggestion of setting up an enhanced resolution structure for financial firms. The working group on resolution

regimes for financial institutions is looking at this and we will examine its recommendations and take action soon after.

### **Households**

Everyone has a right to a safe investment vehicle, to the ability to transfer remittances to loved ones, to insurance, to obtain direct benefits from the government without costly intervening intermediaries, and to raise funding for viable investment opportunities. In addition, access to credit to smooth consumption needs or to tide over emergencies is desirable, especially for households in the lower income deciles, when it does not impose unserviceable debt loads. The Reserve Bank will continue to play its part in making all this possible.

In particular, I want to announce a number of specific actions:

First, households have expressed a desire to be protected against CPI inflation. Together with the government, we will issue Inflation Indexed Savings Certificates linked to the CPI New Index to retail investors by end- November 2013.

Second, we will implement a national giro-based Indian Bill Payment System such that households will be able to use bank accounts to pay school fees utilities, medical bills, and make person to person transfers electronically. We want to make payments anywhere anytime a reality.

Third, only banks are currently allowed to deploy Point-of-Sale terminals, and these are largely set up by a few banks in urban areas. As announced in the Annual Monetary Policy Statement, we will facilitate the setting up of "white" POS devices and mini ATMs by non-bank entities to cover the country so as to improve access to financial services in rural and remote areas.

Fourth, currently holders of pre-paid instruments issued by non-bank entities are not allowed to withdraw cash from the outstanding balances in their pre-paid cards or electronic wallets. Given the vast potential of such instruments in meeting payments and remittance needs in remote areas, we intend to conduct a pilot enabling cash payments using such instruments and Aadhaar based identification.

Finally, there is substantial potential for mobile based payments. We will set up a Technical Committee to examine the feasibility of using encrypted SMS-based funds transfer using an application that can run on any type of handset. We will also work to get banks and mobile companies to cooperate in rolling out mobile payments. Mobile payments can be a game changer both in the financial sector as well as to mobile companies.

This is part of my short term time table for the Reserve Bank. It involves considerable change, and change is risky. But as India develops, not changing is even riskier. We have to keep what is good about our system, of which there is a tremendous amount, even while acting differently where warranted. The RBI has always changed when needed, not following the latest fad, but doing what is necessary. I intend to work with my excellent colleagues at the Reserve Bank, the senior management of which is represented around this table, to achieve the change we need.

Finally, a personal note: Any entrant to the central bank governorship probably starts at the height of their popularity. Some of the actions I take will not be popular. The Governorship of the Central Bank is not meant to win one votes or Facebook "likes". But I hope to do the right thing, no matter what the criticism, even while looking to learn from the criticism – Rudyard Kipling put it better when he mused about the requirements of an ideal central banker in his poem "If":

*If you can trust yourself when all men doubt  
you, But make allowance for their doubting too:*

Kipling's reference to "men" only dates these  
lines, but his words are clear.

We will fill in details of what we have announced  
shortly, and lay out a broader roadmap of reforms  
soon after. Appropriate notifications will be issued  
shortly. As this is underway, we will turn to preparing  
the mid quarter policy statement.



## SPEECHES

Financial Inclusion in India: Journey so far and way forward  
K. C. Chakrabarty

Transformation of Development Financial Institutions into  
Commercial Banks: The Case of IDBI and the  
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National Institute of Bank Management Conclave on  
Implications of New Bank Licences  
B. Mahapatra

Enabling Urban Microfinance  
Deepali Pant Joshi



## *Financial Inclusion in India: Journey so far and way forward\**

*K. C. Chakrabarty*

Mr. M Narendra, Chairman, Indian Overseas Bank; Mr. Y M Deosthalee, CMD, L&T Finance; Mr. Arun Tiwari, ED, Allahabad Bank; Ms. Shereen Bhan, Managing Editor, CNBC-TV18, delegates to the conclave; friends from the media fraternity; ladies and gentlemen! It is a pleasure for me to be present here today at the Conclave organised by CNBC TV 18 on the very topical subject of financial inclusion. I am particularly happy that a business news channel which has built up a credible reputation for its reportage and analysis of the financial markets is taking this initiative to lend its voice to the needs and expectations of the unbanked and excluded, yet silent mass of our population. Considering the power of the media and its unique ability to influence public opinion and generate awareness, there is immense potential for initiatives such as this to galvanise financial inclusion efforts in India. I heartily congratulate CNBC TV 18 for this creditable endeavor and hope that this is the first in a series of many such initiatives in the days to come.

### **Introduction**

2. Poverty and exclusion continue to dominate socio-economic and political discourse in India as they have done over the last six decades in the post-independence period. Poverty reduction has been an important goal of development policy since the inception of planning in India. Various anti-poverty, employment generation and basic services programmes have been in operation for decades in India. The ongoing reforms attach great

importance to removal of poverty and to addressing the wide variations across states and the rural-urban divide. Though the Indian economy recorded impressive growth rates until recently, its impact has sadly not fully percolated to the lowest deciles. Despite being one of the ten fastest growing economies of the world, India is still home to one-third of the world's poor. Further analysis shows that poverty is getting concentrated continuously in the poorer states.

3. In developing economies like ours, the banks, as mobilisers of savings and allocators of credit for production and investment, have a very critical role. As a financial intermediary, the banks contribute to the economic growth of the country by identifying the entrepreneurs with the best chances of successfully initiating new commercial activities and allocating credit to them. At a minimum, all retail commercial banks also provide remittance facilities and other payment related products. Thus, inherently, the banking sector possesses a tremendous potential to act as an agent of change and ensure redistribution of wealth in the society.

4. However, it is disheartening to note that the number of people with access to the products and services offered by the banking system continues to be very limited even years after introduction of inclusive banking initiatives in the country through measures such as the cooperative movement, nationalisation of banks, creation of regional rural banks, *etc.* As Nobel Laureate Prof. Amartya Sen has also noted, "the thrust of developmental policy in India has undergone a paradigm shift from an exclusive focus on efficiency to one on equity; from the rate and pattern of growth, and on inequalities, distribution of income and wealth to the extent to which people are deprived of the requirements for leading a fulfilling life and suffer 'capability deprivation'. Over the past five years, the Reserve Bank of India, as also other policy makers have resolutely pursued the agenda of financial inclusion and achieved discernible progress

\* Keynote address delivered by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Finance Inclusion Conclave organised by CNBC TV 18 at New Delhi on September 6, 2013. Assistance provided by Ms. Sushma Vij and Ms. Mruga Paranjape is gratefully acknowledged.

in improving access to financial services for the masses. However, the progress is far from satisfactory as evidenced by the World Bank Findex Survey (2012). According to the survey findings, only 35 per cent of Indian adults had access to a formal bank account and 8 per cent borrowed formally in the last 12 months. Only 2 per cent of adults used an account to receive money from a family member living in another area and 4 per cent used an account to receive payment from the Government. The miniscule numbers suggest a crying need for a further push to the financial inclusion agenda to ensure that the people at the bottom of the pyramid join the formal financial system, reap benefits and improve their financial well-being.

5. The importance of financial inclusion has been emphatically underlined in the wake of the financial crisis. As we all know, the crisis has had a significant negative impact on lives of individuals globally. Millions of people have lost their livelihoods, their homes and savings. One of the prominent reasons for the crisis was that the financial system was focused on furthering its own interests and lost its linkage to the real sector and with the society at large. The crisis also resulted in a realisation that free market forces do not always result in greater efficiency in the financial system, particularly while protecting the interests of the vulnerable sections of society. This is due to the information asymmetry working against these sections, thereby placing them at a severe disadvantage. In wake of the crisis, therefore, Financial Inclusion has emerged as a policy imperative for inclusive growth in several countries across the globe. However, though much lip service has been paid to Financial Inclusion, the actual progress has remained far from satisfactory. As I always mention, it is regrettable that the entire debate surrounding financial inclusion has generated significant heat and sound, but little light.

6. In my address today, I intend to recount some of the measures taken by the Reserve Bank of India, dwell

on progress achieved and also highlight the way forward in conquering the challenges that hinder our quest for universal financial inclusion in the country.

### **Objectives of Financial Inclusion**

7. Let me begin with what we in the RBI seek to achieve as part of our financial inclusion drive. We have defined Financial Inclusion as the *"process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players"*. We consider Financial Inclusion and Financial Literacy as twin pillars where Financial Inclusion acts on the supply side *i.e.*, for creating access and financial literacy acts from the demand side *i.e.*, creating a demand for the financial products and services.

8. Unrestrained access to public goods and services is the *sine qua non* of an open and efficient society. Banking services are essentially for welfare of the public. It is imperative, therefore, that the availability of banking and payment services to the entire populace without discrimination is the avowed objective of public policy. In our considered view, providing access to basic banking services is the first phase of the financial inclusion process. We are also convinced that only the mainstream, regulated financial players are capable of bringing about meaningful financial inclusion as they have the ability to make the necessary investment in the build up phase and also cross-subsidise the services in the initial stages till they become self-sustaining. Our focus on banks as the principal vehicle for financial inclusion also stems from the fact that only they can offer the entire suite of products that would facilitate meaningful financial inclusion.

9. Let me now turn to how Financial Inclusion can help the society and the economy. Financial Inclusion

has the ability to generate positive externalities: it leads to increase in savings, investment and thereby, spurs the processes of economic growth. It also provides a platform for inculcating the habit of saving money, especially amongst the lower income category that has been living under the constant shadow of financial duress, mainly because of absence of savings, which makes them a vulnerable lot. Presence of banking services and products aims to provide a critical tool to inculcate the savings habit. It also creates avenues of formal credit to the unbanked population who are otherwise dependent on informal channels of credit like family, friends and moneylenders. Availability of timely, adequate and transparent credit from formal banking channels will allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside. It will open the doors of formal remittance facilities to the low income and unbanked populace who, presently, are forced to use all kinds of informal and costly ways of sending money from one place to another. As we all know, Financial Inclusion has now been viewed as a remedy to plug gaps and leaks in distribution of government benefits and subsidies through direct benefit transfers to beneficiaries' bank accounts rather than through subsidising products and making cash payments. Thus, on the whole, Financial Inclusion has the potential to bring in the unbanked masses into the formal banking system, channelise their savings, stoke their entrepreneurial ambitions by making available credit and thus give a fillip to the economy.

### **Approach to Financial Inclusion**

10. Let me now turn to the RBI's approach towards Financial Inclusion. We have adopted a structured, planned and integrated approach towards financial inclusion (FI) by focusing on both the demand and supply side constraints. Some of the defining features of our approach to FI are:

- We have adopted a bank-led model for FI, but have permitted non-bank entities to partner banks in their FI initiatives.
- As a philosophy, we have always encouraged banks to pursue FI as a commercial activity and to not view it as social service or charity. The self-sustainability and commercial viability of the FI initiatives are important if banks have to scale up their operations to cover more unbanked areas.
- We have encouraged banks to leverage technology to attain greater reach and penetration while keeping the cost of providing financial services to the minimum. While we remain technology neutral, we require banks to seamlessly integrate whatever technology they choose, with their core banking solution (CBS) architecture.
- We have advised banks to adopt innovative business models and delivery channels to expand their FI efforts. There is a need for banks to develop new products and design new delivery models that are customised to the unique needs of the financially excluded population, both in the rural and urban areas.
- Considering that financial Literacy is an important adjunct for promoting financial inclusion, consumer protection and ultimately financial stability, the RBI has adopted an integrated approach wherein efforts towards Financial Inclusion and Financial Literacy would go hand in hand. Besides the various initiatives taken by the RBI individually to encourage financial literacy, a National Strategy for Financial Education (NSFE) has also been finalised under the aegis of the Financial Stability and Development Council (FSDC) to co-ordinate efforts of various stakeholders involved in this process.
- The Reserve Bank has been playing a supportive role in FI by creating a conducive regulatory environment and providing institutional support to banks in their FI efforts. Importantly, we have provided banks the freedom and the space to determine their own strategies for rolling out FI

and have encouraged them to identify their own goals and targets through their respective Financial Inclusion Plans.

### **Robust Institutional Mechanism**

11. Our strength lies in the fact that we have created a robust institutional mechanism to support the roll out of banking services across the country. This was essential considering the enormity of the task in terms of the number of excluded people and the geographical size of the country.

- India is one country where the FSDC has a specific mandate for financial inclusion and financial literacy. There is a separate Technical Group on Financial Inclusion and Financial Literacy under the aegis of FSDC with representation from all the financial sector regulators.
- In order to spearhead efforts towards greater financial inclusion, the RBI has constituted a Financial Inclusion Advisory Committee (FIAC) under the Chairmanship of a Deputy Governor from the RBI. The FIAC has few Directors from the Central Board of the RBI and experts drawn from NGO sector/other civil society representatives, *etc.* as members. The collective expertise and experience of the members is expected to be leveraged to explore issues such as developing viable and sustainable banking services delivery models focusing on accessible and affordable financial services, developing products and processes for rural as well as urban unbanked consumers.
- At the state level, we have State Level Bankers Committees (SLBC) in all the states. Going further down, we have Lead District Managers in all the 659 districts, with recent inclusion of the metropolitan areas into the Lead Banks Scheme.
- About 700 financial literacy centres have been set up by banks. There are Rural Self-Employment Training Institutes (R-SETI), working towards

capacity building for taking up self employment ventures.

### **RBI's Policy Initiatives to foster Financial Inclusion**

12. Let me now turn to some of the supporting policy initiatives that the RBI has taken to further the Financial Inclusion in the country.

#### **(a) Reach**

##### **(i) Branch expansion in rural areas**

Branch authorisation has been relaxed to the extent that banks do not require prior permission to open branches in centres with population less than 1 lakh, which is subject to reporting. To further step up the opening of branches in rural areas, banks have been mandated to open at least 25 per cent of their new branches in unbanked rural centres.

In the Annual Policy Statement for 2013-14, banks have been advised to consider frontloading (prioritising) the opening of branches in unbanked rural centres over a three year cycle co-terminus with their FIPs. This is expected to facilitate the branch expansion in unbanked rural centres.

##### **(ii) Agent Banking – Business Correspondent/ Business Facilitator Model**

In January 2006, the Reserve Bank permitted banks to utilise the services of intermediaries in providing banking services through the use of business facilitators and business correspondents. The BC model allows banks to do 'cash in – cash out' transactions at a location much closer to the rural population, thus addressing the last mile problem.

##### **(iii) Combination of Branch and BC Structure to deliver Financial Inclusion**

The idea is to have a combination of physical branch network and BCs for extending financial inclusion, especially in geographically dispersed

areas. To ensure increased banking penetration and control over operations of BCs, banks have been advised to establish low cost branches in the form of intermediate brick and mortar structures in rural centres between the present base branch and BC locations, so as to provide support to a cluster of BCs (about 8-10 BCs) at a reasonable distance of about 3-4 kilometers.

## (b) Access

### Relaxed KYC norms

- Know Your Customer (KYC) requirements have been simplified to such an extent that small accounts can be opened with self certification in the presence of bank officials.
- RBI has allowed 'Aadhaar' to be used as one of the eligible documents for meeting the KYC requirement for opening a bank account.

### Roadmap for Banking Services in unbanked Villages

- In the first phase, banks were advised to draw up a roadmap for providing banking services in every village having a population of over 2,000 by March 2010. Banks have successfully met this target and have covered 74,398 unbanked villages.
- In the second phase, Roadmap has been prepared for covering remaining unbanked villages *i.e.* with population less than 2000 in a time bound manner. About 4,90,000 unbanked villages with less than 2000 population across the country have been identified and allotted to various banks. The idea behind allocating villages to banks was to ensure availability of at least one banking outlet in each village.

## (c) Products

### Bouquet of Financial services

In order to ensure that all the financial needs of the customers are met, we have advised banks to offer a minimum of four basic products, *viz.*,

- A savings cum overdraft account
- A pure savings account, ideally a recurring or variable recurring deposit
- A remittance product to facilitate EBT and other remittances, and
- Entrepreneurial credit products like a General Purpose Credit Card (GCC) or a Kisan Credit Card (KCC)

## (d) Transactions

### Direct Benefit Transfer

The recent introduction of direct benefit transfer, leveraging the Aadhaar platform, will help facilitate delivery of social welfare benefits by direct credit to the bank accounts of beneficiaries. The government, in future, has plans to route all social security payments through the banking network, using the Aadhaar based platform as a unique identifier of beneficiaries. In order to ensure smooth roll out of the Government's Direct Benefit Transfer (DBT) initiative, banks have been advised to:

- Open accounts of all eligible individuals in camp mode with the support of local Government authorities.
- Seed the existing and new accounts with Aadhaar numbers.
- Put in place an effective mechanism to monitor and review the progress in implementation of DBT.

### Financial Inclusion Plan of banks

#### 14. Financial Inclusion Plan 2010-13

We have encouraged banks to adopt a structured and planned approach to financial inclusion with commitment at the highest levels, through preparation of Board approved Financial Inclusion Plans (FIPs). The first phase of FIPs was implemented over the period 2010-2013. The Reserve Bank has sought to use the

FIPs as the basis for FI initiatives at the bank level. RBI has put in place a structured, comprehensive monitoring mechanism for evaluating banks' performance against their FIP plans. Annual review meetings are being held with CMDs of banks to ensure top management support and commitment to the FI process.

### **What has been achieved so far?**

15. A snapshot of the progress made by banks under the FIPs (April 10 – March 13) for key parameters, during the three year period is as under:

- Nearly 2, 68, 000 banking outlets have been set up in villages as on March 2013 as against 67,694 banking outlets in villages in March 2010.
- About 7400 rural branches opened during this period.
- Nearly 109 million Basic Savings Bank Deposit Accounts (BSBDAs) have been added, taking the total no. of BSBDAs to 182 million. Share of ICT based accounts have increased substantially – Percentage of ICT accounts to total BSBDAs has increased from 25 per cent in March 10 to 45 per cent in March 2013.
- With the addition of nearly 9.48 million farm sector households during this period, 33.8 million households have been provided with small entrepreneurial credit as at the end of March 2013.
- With the addition of nearly 2.25 million non farm sector households during this period, 3.6 million households have been provided with small entrepreneurial credit as at the end of March 2013.
- About 4904 lakh transactions have been carried out in ICT based accounts through BCs during the three year period.

16. It is important to analyse this progress against the some disconcerting trends that were noticed in the

run up to the structured Financial Inclusion initiatives that the banks launched since 2010 onwards. First, the number of banked centres in the country between 1991 and 2007 had actually come down (from 35,236 to 34,471). Second, the number of rural branches during the same period had also declined significantly (from 35,206 to 30,409). Against this backdrop, the progress made during 2010-13 is certainly remarkable.

### **Financial Inclusion Plan 2013-16**

17. In order to continue with the process of ensuring access to banking services to the excluded, banks have now been advised to draw up a fresh 3 year FIP for the period 2013-16. Banks have also been advised that the FIPs prepared by them are disaggregated and percolated down up to the branch level. The disaggregation of the plans is being done with a view to ensure involvement of bank staff across the hierarchy, in the FI efforts and also to ensure uniformity in the reporting structure under the FIP. The focus is also now more on the volume of transactions in new accounts opened as a part of the financial inclusion drive.

### **Challenges and Way Forward**

18. The current policy objective of inclusive growth with financial stability cannot be achieved without ensuring universal financial inclusion. Our experience suggests that the banks alone will not be able to achieve this unless an entire support system partners them in this mission. Only the support of policymakers, regulators, governments, IT solution providers, media and the public at large can bring about a decisive metamorphosis in our journey towards universal financial inclusion.

19. Financial Inclusion of the unbanked masses is expected to unleash the hugely untapped potential of the sections of the society that constitute the bottom of the pyramid. However, in pursuing the FI mission, the normal banking model has been found wanting in terms of cost, scalability, convenience, reliability,



flexibility and continuity. To ensure that the banks give adequate attention to financial inclusion, they must view this as a viable business proposition rather than as a corporate social responsibility or a regulatory obligation. For the business to remain viable it would be important to focus on increasing usage of existing banking infrastructure which would happen only if the banks can offer an entire bouquet of products and services to the holders of the large number of basic bank accounts opened during the last three years as also to the new customers that the banks acquire.

20. Our past experience and FIP review meetings with the banks have highlighted that if the dream of universal and a meaningful financial inclusion has to be turned into reality, then going forward, we would need to focus on the following issues:

**(a) Increasing Reach**

- Ensuring coverage of all unbanked villages in next 3 years.
- Emphasis on increasing rural branches.
- Opening of bank accounts for all eligible individuals.

**(b) Increasing transactions**

- Leveraging on DBT
- Delivery of credit products through BCs
- Hassle free Emergency credit (In built OD)

**(c) HR Structure**

- Banks to review HR policy in view of FI requirements
- Examining appointing of a separate cadre of staff for cost optimisation

**(d) Fine-tuning the BC Model**

- Stabilising the BC delivery model
- Encouraging innovations in remittances model
- Review of Cash Management for BC operations

**(e) Spreading Financial Literacy**

- Implementing National Strategy for Financial Education
- Creating Dedicated Website- Inclusion in School Curriculum
- Organising Financial Literacy Camps

**Conclusion**

21. While the task before us is daunting, I am sure that a collaborative approach can definitely help in successfully overcoming this challenge. Though we expect the commercial banks to play a significant role in ensuring financial inclusion and promoting financial literacy, I want to emphasise that the banks alone would not be able to achieve this ambitious goal and that other stakeholder groups also need to contribute their mite towards this cause. For banks, the focus has to be on building a sustainable, scalable and cost-efficient business delivery model by leveraging upon technology.

22. I would like to conclude by saying that financial inclusion and inclusive growth are no longer just policy choices, but are policy imperatives, which would determine the long-term financial stability and sustainability of the economic and social order, going forward. We need to ensure that all of us are collectively willing to walk that extra mile to ensure that our fellow countrymen get easy access to the financial system and are able to leverage this access to improve their economic and social well-being. Please remember that the rich would not be able to sleep peacefully if the economic and social divide is allowed to grow any bigger. As I mentioned at the beginning, in view of their reach and coverage, electronic and print media has an important role in not only supporting our financial inclusion mission but in leading the initiative by spreading our message far and wide. Today's event is a glowing testimony to the support being extended by the media to the cause of Financial Inclusion and I

firmly believe that this support would act as a catalyst and further invigorate the efforts being made by the governmental and non-governmental agencies.

23. I once again thank CNBC TV 18 for inviting me to share my thoughts today and do hope that the conclave

succeeds in throwing up several new practical ideas and strategies which can be implemented by banks and other financial sector participants to further the objective of Financial Inclusion in the days to come.

Thank you!

## *Transformation of Development Financial Institutions into Commercial Banks: The Case of IDBI and the Role of Employee Unions\**

*K. C. Chakrabarty*

Shri Basudeb Achariya, Hon'ble MP, Lok Sabha; Comrade Rajen Nagar, President, AIBEA; Shri B. P. Kanungo, Regional Director for West Bengal and Sikkim, Reserve Bank of India; Shri Samir Ghosh, General Secretary, All India Reserve Bank Employees Association; Principal office bearers of the United Forum of IDBI Officers and Employees; officers and employees of IDBI and other delegates to the seminar; ladies and gentlemen! I am pleased to note that the United Forum of IDBI Officers and Employees has taken this initiative to organise a seminar on the subject of "IDBI's role as Development Finance Institution for the Social and Economic Development of the Country" in commemoration of the Golden Jubilee of IDBI.

2. I observe that there is lot of confusion and misconception about the role of Development Finance Institutions (DFIs) not only in India but also across the globe, especially in the post reform period. In fact, there is a feeling among the public that in the post reform period, regulators and policymakers are not encouraging the role of financial institutions as developmental agents and have oriented their policies towards a market led economy by sacrificing the developmental role, whereas, the fact is that policymakers and regulators in India continue to have a firm belief that

the role of finance is to encourage development and that the financial institutions must promote this basic role. The objective of developmental finance, thus, continues to remain the same and only the outer cover in the form of the institutional structure needs to undergo a change from time to time.

3. I am extremely happy to be here to address the delegates to this important seminar in this historic city of Kolkata which has always been the nerve centre of the all types of movements in the country – be it the freedom movement, the labour movement, the trade union movement or any other movement related to financial sector or politics. I am sure, befitting the glorious traditions of this historic city, this seminar would also throw up pertinent issues/challenges and actionable ideas in the important area of developmental role of finance, thereby justifying the organising of this seminar in the city of Kolkata.

4. Let me begin by congratulating IDBI and all its employees on completing 50 years of glorious existence. Occasions such as Golden Jubilees are not just reasons for celebration for the organisation, but also a moment of joy for the foot soldiers who have put their heart and soul into building the institution and seeing it through the initial teething phase. Hence, my warm wishes are also due to the Union and to the present and past employees of IDBI Bank.

5. Though there is little doubt that DFIs, in general and IDBI, in particular, have made immense contribution in the economic growth of the country in the post-independence era, overtime, especially in the post-reform period, they have lost their relevance due to certain structural changes that have taken place in the banking and financial system in the country. I thought it apt to use this occasion to share my perspectives on the role of DFIs in India's economy and the path they should look to traverse following their transition to full-fledged commercial banks. In my address today, I

\* Special address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at a Seminar on 'IDBI's role as Development Financial Institution' organised by United Forum of IDBI Officers & Employees at Kolkata on September 27, 2013.

would also briefly reflect on the context for setting up of DFIs, trace their history and their relevance in the modern day.

### **What are Development Finance Institutions?**

6. A DFI is defined as "an institution promoted or assisted by Government mainly to provide development finance to one or more sectors or sub-sectors of the economy." The institution distinguishes itself by a judicious balance between commercial norms of operation, as adopted by any private financial institution, and developmental obligations. DFIs adopt the "project approach" – emphasising the viability of the project to be financed – against the "collateral approach". Apart from provision of long-term loans, equity capital, guarantees and underwriting functions, a development bank normally is also expected to upgrade the managerial and the other operational pre-requisites of the assisted projects (Scharf and Shetty, 1972).

7. Thus, the basic emphasis of a DFI is on long-term finance for industrial and infrastructure projects and on assistance for activities or sectors of the economy where the risks are higher than what the other traditional financial institutions like banks may be willing to assume. In fact, in the olden days, banks were only meeting the short term working capital needs of trade and business and were generally averse to lending for the long term. The risk aversion of banks primarily stemmed from the repayment of project loans being contingent upon performance of the project and cash flows arising from it over a long period of time. The project could go wrong for a variety of reasons like technological obsolescence, market competition, change of Government policies, natural calamities, poor management skills, poor infrastructure, *etc.* Naturally, the risk premium on the long gestation projects was substantially higher which not only resulted in creating a scarcity of finance for the long term projects, but also

raised the finance cost thereby rendering the project financially unviable. It was precisely to overcome the twin problems of scarcity and high-cost of finance for the long term projects that the DFIs were established almost exclusively under Government ownership. Importantly, these institutions were also expected to develop requisite expertise on project appraisal and risk management in long term lending and complement private financial lending entities.

### **Genesis of Development Finance Institutions**

8. As I mentioned earlier, the DFIs were mostly established as special financial institutions for promoting and supporting national economic development agenda. They have, indeed, played a catalytic role in the socio-economic development across the globe. In Europe, the advent of development finance can be traced back to the mid-nineteenth century when these institutions were established primarily to meet the increased demand for medium to long-term capital by new and emerging enterprises during the industrial revolution. In France, long term finance institutions were set up in the late 1840s for giving impetus to the industrial and infrastructural development. In the developed economies, DFIs were also established because of external developments like war, *etc.* DFIs in Continental Europe, in fact, played a major role in reconstruction of the war-ravaged economies.

9. In the post colonial era, the emerging economies faced the challenge of evolving an appropriate mechanism for channelising resources into the development effort. Many of them had inherited capital starved, primitive financial systems. Such systems could not be relied upon to allocate resources among competing demands in the economy. The task of institution building was too important to be left to the mercy of the market forces, which themselves were at a nascent stage of development. Besides, the markets and traditional financial institutions were generally

averse to lending for the long-term as such lending would be characterised by uncertain outcomes. Facing such a scenario, several governments in Europe and East Asia decided to establish institutions specifically to cater to the requirements of financial resources for long term developmental efforts.

### **International Experience**

10. Having seen the context in which the DFIs were set up, let me now give you some global perspective on the DFIs. Two distinct models of development financing have been followed internationally. At one end of the spectrum is the Anglo-American model, which is purely market based with financial markets playing an important role in allocating resources for competing uses, including the industry and long term projects. At the other end is the model adopted by Continental Europe and South East Asian Economies, in which financial savings were channelised and allocated through financial intermediaries like banks and DFIs. The DFIs played a very significant role in the rapid reconstruction and industrialisation of Germany and Japan after the 2nd World War by providing long-term credit. In Japan, the Government owned Japan Development Bank was established in 1951 for reconstruction of the economy. In Korea and Singapore also DFIs were set up in 1960s with the main aim of rapid industrial development. The emergence of DFIs in the then developing economies also coincided with a period when the capital market, as a source of long term funding, was yet to stabilise. Based on the European model, the success of the DFIs in the overseas territories provided strong impetus for creation of DFIs in India after independence.

11. The initial mission for which the DFIs were set up in the developed economies were complete by the 1980s and most of them have since been wound down or their roles have been redefined. Most of the surviving DFIs now operate in niche segments of financial market

where the entry barriers are relatively very stringent. India has also witnessed several structural changes in the banking and financial system, especially in the post reform period which has undermined the objectives for which the DFIs were established. Commercial banks, which traditionally refrained from lending for the long term or infrastructure projects gradually improved their project appraisal skills, their risk management capabilities and slowly developed appetite for long term lending. The stable retail deposit base built by the banks also aided their asset-liability management function. Further, the development of the bond markets also enabled commercial banks to raise long term funds from the insurance and pension funds. These structural changes in the economy meant that the DFIs lost their competitive edge in the long term finance market and started facing challenges on solvency and liquidity fronts. The non-performing assets started to grow while the profitability subsided. In a contemporaneous development, following liberalisation in the Indian Economy during the 1990s, there was an increasing clamour for reduced Government ownership and involvement in the financial institutions mainly from efficiency, accountability and moral hazard perspectives. I would return to some of the problems faced by the DFIs in India a little later in my address. In essence, since the DFIs were no longer in a position to meet the objectives for which they were set up in an efficient and transparent manner, they were given an option of transitioning into a universal bank.

### **Establishment of IDBI**

12. The desire to promote rapid economic development and to be self-reliant in industrial output led to the establishment of several DFIs to finance industrial/infrastructure projects in the post-independence India. IFCI was the first DFI to be set up in 1948, which was followed by ICICI in 1955 and other State Finance Corporations under various Acts with the specific objective of providing long-term finance to industry.

IDBI was set up in 1964 as a subsidiary of the Reserve Bank by an Act of Parliament. I must compliment you for being a part of an institution which, for over 40 years, played a key role in nation building as an apex DFI (between July 1, 1964 and September 30, 2004). You must be proud of the fact that as a DFI, the erstwhile IDBI stretched its canvas beyond mere project financing to cover an array of services that contributed towards balanced geographical spread of industries, development of identified backward areas, emergence of a new spirit of enterprise and evolution of a deep and vibrant capital market. The role of IDBI as an institution builder is also laudable in light of the fact that EXIM Bank and SIDBI, two of the vibrant development finance institutions of the day, were carved out of IDBI.

### **Indian Experience**

13. As I mentioned earlier, in several economies, having attained their developmental goals, the DFIs were either restructured or repositioned or they just faded away from the scene. The Indian experience has also more or less traversed the same path. Although the developmental goals cited as the primary reasons for setting up of DFIs in India have not been achieved yet, the Government's fiscal imperatives and market dynamics has forced a reappraisal of the policies and strategies with regard to the role of DFIs in the system. The commercial banks have now taken over the mantle of agents of development from the erstwhile DFIs.

14. Let me now return to the problems faced by the DFIs in India. The DFI concept in the Indian context suffered from some inherent structural infirmities. As the DFIs were set up as public sector enterprises, the market perceived the borrowings made by them as having implicit Government guarantee. This induced a sense of profligacy in the behaviour of the DFIs while borrowing. Further, in the absence of a competitive environment for project lending, the entities became

quite complacent and disregarded the viability of the projects financed, while pricing. The crossholding of shares amongst the DFIs also led to a contagion effect in creating NPAs. The slower development of the capital markets also did not help matters as in several instances, the promoters failed to raise equity from the market after the DFIs had made the initial disbursements. The DFIs received low cost funds from National Industrial Credit (Long Term Operations) Fund from RBI under concessional terms and through Government guaranteed bonds in the beginning. However, these were subsequently withdrawn, leading to a spike in their borrowing cost. Post the reforms programme launched in the early 1990s, the DFIs had to contend with increased competition from banks, which were also allowed to undertake project financing. Despite a significant increase in their cost of funds, the DFIs were forced to lend at very competitive rates, which resulted in a decline in their spread and profitability. The cumulative effect of all these developments was that the operations of the DFIs became increasingly unsustainable, at the turn of the century and they gradually lost their distinct identity as a vehicle for providing long term funding for industrial and infrastructural purposes.

15. Following the recommendations of the Narasimham Committee II and publication of the RBI Discussion Paper on "Harmonising the Role and Operations of Development Financial Institutions and Banks" released in January 1999, the Reserve Bank announced its regulatory approach for the DFIs in the annual policy statement of April 2000. It was decided to allow an option to any DFI which wished to convert into a commercial bank, provided the prudential norms applicable to the banks were fully satisfied. This paved the way for conversion of the DFIs into commercial banks. The Government of India in the Mid-Year Review, 2002 also categorically announced that "financial sector reforms, involving interest rate deregulation, increased

competition from banks, and lack of concessional funds have rendered the business models of development financial institutions (DFIs) unsustainable." Specifically for IDBI bank, the percentage of Gross NPAs between 1999 and 2003 ranged from 14.07 per cent to 16.86 per cent of total advances and the Net NPAs ranged from 11.64 per cent to 14.82 per cent of net advances.

16. It was in this background that the Government repealed the IDBI Act in 2003 and converted IDBI Limited into a Banking company (as Industrial Development Bank of India Limited) for undertaking the entire gamut of banking activities. In view of the tough emerging competitive scenario in the Indian financial sector, the managements of ICICI Limited and ICICI Bank had already merged their operations in 2002 to pursue a universal banking strategy.

#### **Where does IDBI Bank go from here?**

17. Having seen the history of DFIs and the gradual progression of IDBI from a DFI into a commercial bank, let me now focus on the challenges that the bank is facing in its new avatar and what contribution can the unions make in helping the institution regain its primacy amongst the financial institutions of the country? Before I go any further let me quote former RBI Governor, Dr. Bimal Jalan who aptly captured the thought process behind the conversion of DFIs into universal banks. Dr. Jalan said "the move towards universal banking would not provide a panacea for the endemic weaknesses of a DFI or its liquidity and solvency problems and/or operational difficulties arising from under-capitalisation, non performing assets, and asset liabilities mismatches *etc.* The overriding consideration should be the objectives and strategic interests of the financial institution concerned in the context of meeting the varied needs of customers, subject to normal prudential norms applicable to banks."

18. That brings us to the question what objective has IDBI Bank set for itself and how is it geared to achieve

it? It is been around a decade since you became a commercial bank. Are you satisfied with your performance? Following conversion of the DFIs into banks, the mantle of leading the developmental agenda has fallen on the commercial banks. With years of experience in developmental banking behind it, your institution was in a perfect position to lead this agenda. How do you view your achievement *vis-à-vis* the expectations the society has of you? Here, I would like to remind that as unions, there is an onerous responsibility cast on you to help your institution fulfill this social agenda. While I would leave it upon all of you to dispassionately evaluate your performance over the years, let me, on my part, delve into some of the key areas in which I believe IDBI Bank has huge opportunities which, if properly exploited, would benefit the bank no end, going forward.

19. An immediate goal which you must focus is on spurring your financial inclusion initiatives. There are vast untapped areas in India's hinterland where banking services are yet to reach. Even after implementation of our first round of Financial Inclusion Plans by banks, close to three and a half lakh villages remain unserved by banks. The exclusion is not only limited to rural areas but also to select pockets in the urban/metropolitan centres. According to World Bank Findex Survey (2012), only 35 per cent of Indian adults had access to a formal bank account and 8 per cent borrowed formally in the last 12 months. Remember the alternate cost of funds for this segment of borrowers is extremely high. Against this backdrop, it is beyond comprehension why the commercial banks do not find enough viable business propositions for growth. I must warn you that it is this most 'creamy' layer of customers that the new banks would be looking to tap and therefore, it is in your own interest to capture this vast customer base before others do so. For a bank which has one of the lowest NIMs in the industry, I do not know why you should not pursue this agenda actively.

20. In a scenario where Government of India is implementing transfer of benefits and subsidies through direct benefit transfers to the bank accounts in order to plug the leakages in the system, you must look to open as many customer accounts as you can. Remember, whosoever acquires the customers initially will be the winner in the longer run. As you are aware, the bank can use a combination of physical branch network and Business Correspondents for providing banking services to geographically dispersed areas. Therefore, the lack of a large number of physical branches can also not be considered as a constraint for reaching out to the masses. You should look to leverage technology and build a cost-efficient business delivery model to attain maximum penetration into the unbanked areas and seek to offer innovative products and services to customers at an affordable price. As employees of the bank, all of you need to play a pivotal role in bringing about this focus on financial inclusion.

21. I also observe that IDBI Bank has been unable to achieve the Priority Sector Lending targets and worryingly, its performance on this front has been falling. This is despite the merger of a primarily rural focused bank like United Western Bank. The system of Priority Sector Lending has been introduced mainly to ensure easier access of credit to those deserving sectors and people, who otherwise, do not receive adequate credit. Moreover, the RBI has freed the pricing of products under PSL; therefore, banks should not have any inhibition in lending to this segment. Please remember that the banks who do not meet their PSL targets have to contribute funds to the RIDF, the returns from which are quite less remunerative, may be lesser than your cost of funds. The bank also needs to take up financial literacy campaigns to educate the potential customers on high interest charged by the informal credit channels and wean them away from money lenders.

22. I have also observed an increasing trend in the Gross NPA and restructuring of standard advances in

the banks which reflects deficiencies in the appraisal and risk management standards. You have to work with the Top Management in acquiring the necessary skills and upgrading the Credit Risk Management system and initiate necessary steps to arrest this disconcerting trend.

### **Role of employee unions**

23. Let me now turn specifically to the responsibility that you have, as unions, in ensuring that IDBI Bank attains its true potential in its role as a full service bank. You must appreciate the new operating environment that exists today and must realise that in this highly competitive market, no longer would the corporate chase you. For most of your members who have cut their teeth in an era when IDBI was a DFI with limited competition and a small universe of customers to deal with, the transition to commercial banking might be difficult, but remember, if you wish to survive as an institution in this new avatar, you must be willing to change. What is, in fact, needed is a change in mindset and you, as responsible union, have to oversee a smooth transition among the employees. Retail banking is a customer centric business and hence, you would need to develop the passion, compassion and grace to deal with customers. In my opinion, IDBI had a great opportunity to leverage upon the relationship it had built over the years with big corporate/public sector enterprises and could have got the salary accounts of staff of these organisations with the bank. This would have given you access to a stable and low cost fund. It is unfortunate, however, that this has not happened.

24. Employee productivity and efficiency, especially in the public sector banks, remains at abysmally low levels. I do not know how many of you have gone through the speech I recently made at a FICCI – IBA event. I have given detailed statistics on the productivity and efficiency parameters of Indian banks and more so, the PSU banks *vis-à-vis* their counterparts in rest of



the world. If you peruse them closely, you would be note that we are not only doing badly *vis-à-vis* our counterparts in the developed world but also against developing countries and emerging markets in Asia and elsewhere. I have also argued that though some productivity and efficiency gains have happened in Indian banks, they have happened at the cost of compromising on the allocational efficiency. The society at large has not benefited from the operational efficiency gains that the banking sector has seen and there is no perceptible cost reduction for the customers in general. I would say the only saving grace for us is that we are virtually at the lowest ebb and our performance can only improve from here on. As banking community, we need to change and very quickly at that, to remain relevant to the society.

25. It is in this context that the ability of the unions to influence employee behavior becomes very important. Not for a single moment, I mean to undermine the role that IDBI has played, in its initial role as a DFI. Along with the other development financial institutions, IDBI has significantly contributed to economic prosperity of the country during the initial plan periods; but in a liberalised economy and in an era of universal banking, role of DFIs as specialised financial institutions has certainly diminished. It is for the unions, through seminars/interactive sessions like these, to sensitise their members about the changed ground realities. As I said earlier, for you to be able to compete in the tough existing environment, you need to veer away from preset rigidities and be willing to change.

### **Conclusion**

26. In sum, I would like to mention that for all economies, development is necessary and finance has a central role in facilitating that. The soul of the DFI has to remain intact in a developing economy. The

structural changes in the financial system have, however, blurred the boundaries between the DFIs and the commercial banks, in terms of areas of operation. The DFIs do not hold any competitive advantage over banks and hence the compulsion to tag institutions as DFIs to enable them to pursue development finance, no longer exists. I feel that commercial banks are in a perfect position to fulfill the objectives which were originally intended for the DFIs.

27. Your institution has inherited the soul of a DFI from IDBI Limited. What is required is a transformation in the mindset of the employees to see through this period of transformation. I strongly believe that rather than seeking any reversal of status for your institutions as a DFI, the management and the unions of IDBI Bank should look ahead to the future. As responsible unions, you have a very constructive role in motivating the employees of your institution. Rather than resting on past laurels, you have to gear up to face the future. The achievements over the past 50 years should only be used for drawing inspiration and motivation for the hard work that you have to do in the next 50 years. As employees, all of you have to update yourselves with the latest skills, technology, *etc.* to be able to deliver upto the optimum level. The Management and the unions have to collectively strive to ensure that the impressive legacy that the institution has inherited is sustained even in its new avatar as a commercial bank. There is enough scope for commercial banking in the country, if the interest for new bank license despite some of the onerous requirements on capital, financial inclusion, PSL is anything to go by. The need for the bank is to identify the available opportunities and apply your collective might towards attaining it. IDBI is a well reputed brand which does not need any introduction. Going forward, you must look to leverage upon your brand and broaden your customer base before new banks poach them.

28. You may have to unlearn and relearn few new things to succeed in the even more competitive business environment that is likely to unfold shortly. It is imperative for the Top Management and for the employees to work collectively for the progress of your institution. I am sure the able leadership of the United Forum of IDBI Officers and Employees would ensure

that the staff is motivated to handle new challenges and the institution can retain its glorious tradition in perpetuity.

29. I thank you for inviting me on this occasion and giving me a patient hearing. I wish you all the very best for all your future endeavors.

## *Payment Systems in India: Reflections on some recent trends and future challenges\**

*Harun R. Khan*

On behalf of the Reserve Bank of India, it is my privilege to welcome all the distinguished participants to India, to the city of Pune and to the College of Agricultural Banking – a premier training establishment of the Reserve Bank of India focussed on rural and co-operative financial sector development besides general banking with emphasis on technology led business processes. It is also a matter of great privilege for me to be inaugurating this important International Seminar on Adoption of ISO 20022 in Real Time Gross Settlement (RTGS).

2. We are all aware of the importance of language in communication. Language is the medium or a tool that carries information from sender to receiver and the efficacy of communication depends upon the efficacy of the language. The oft quoted example '*hang him not leave him*', where a simple change in the placement of a comma could decide between life and death, emphatically points to the criticality of effective communication. As much as it is important in our social lives, the language is also very critical in financial transactions where even seemingly small lapses could lead to huge implications. There is a great need for a robust financial messaging system which could serve as a common language of communication in payment systems and I am sure ISO 20022, which is the focus of the Seminar, would help in building a safe and secure payment system through a commonly understood messaging medium in structured formats (syntax) and meanings (semantics).

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\* Inaugural address delivered by Shri Harun R Khan, Deputy Governor of the Reserve Bank of India at the International Seminar on Adoption of ISO 20022 in RTGS held at the College of Agricultural Banking, Pune on September 30, 2013. The speaker acknowledges the contributions of Ms. Nilima Ramteke, Smt. Nikhila Koduri and Shri Jayakumar Yarasi of the Reserve Bank of India.

3. As you are aware, the Reserve Bank of India is in an advanced stage of adoption and implementation of ISO 20022 in its Next Gen RTGS. We have adopted this standard as this is based on Extensible Markup Language (XML), a technical solution that constructs a document according to certain rules and makes it legible for both computers and end users. XML does not use a fixed definition, which is an important advantage because it allows for the ISO 20022 standard to be expanded or changed in the future for supporting new developments. From a system point of view, XML messages are actually easier to work with, than other formats. For most contemporary systems, XML is the default format when exporting data. It is, therefore, easier to create a file in this format. Hence for our RTGS, it was a natural choice.

4. I am sanguine that this Seminar would provide a common platform for sharing experiences across various jurisdictions and will be a learning experience for each one of us. The Reserve Bank is perhaps one of the few, if not the first, Central Banks to adopt ISO 20022 messaging standards for RTGS. This is the result of a successful collaboration and hard-work of officers of the Reserve Bank, banks and other stake holders in the country.

### **Adoption of technology in clearing operations: from manual to mainframe**

5. India has made rapid strides in adoption and leveraging of technology, especially in financial sector. A couple of decades ago, our banking and payment systems were driven by manual processes – we had clearing houses at district levels where bankers would sit across tables and conduct the cheque clearing operations. With the advent of Core Banking Solutions (CBS) and other innovative measures which leveraged technology, clearing operations have been computerised and a wide array of products, such as, MICR based clearing, Speed Clearing, *etc.* have been introduced. Another innovative clearing mechanism is our grid based Cheque Truncation Project (CTS) which is operational in three grid centres, *viz.*, New Delhi,

Mumbai and Chennai. As you would appreciate, the grid based CTS clearing operations are heavily dependent on technology and has little scope of manual intervention. Further, in order to bring homogeneity in the security features of cheques and reduce incidence of frauds in the CTS clearings, new cheque standards – CTS 2010 have been implemented. Over the years a number of electronic products have gained popularity. Similarly, there have been a number of developments in manner of processing electronic payments *viz.*, moved from ECS (local) to NECS (centralised). The other electronic payment systems which have gained popularity are the NEFT and RTGS.

### **Encouraging electronic payments**

6. The Reserve Bank remains committed towards providing a *safe, efficient, accessible, inclusive, interoperable and authorised* payment and settlement systems for the country. Today, our payment systems are driven by demands of convenience and ease of use & access. This necessitates convergence of e-payment products by leveraging on innovation, capabilities and integration of various systems through unified solution architecture and technology. Payment System Vision Document 2012-15 of the Reserve Bank of India articulates the orientation of overall regulatory policy stance towards promoting a *less cash/less paper* society, the "green" initiative which is also echoed by the Reserve Bank's IT Vision document 2011-17. This places greater emphasis on the use of electronic payment products and services that can be accessed anywhere and anytime by all at affordable prices.

7. The growing volumes of electronic payments reflect customer acknowledgement of convenience and trust. Electronic payments, whether Person to Person (P2P) or Person to Business (P2B), generally take one of the two forms – online payments carried out through internet, and, proximity payments facilitated by the use of cards (card payments). Internet and mobile banking channels are very widely used and are increasingly becoming popular. These channels are used by customers for both account information

services and payment initiation services. Data collected from a few banks indicates that substantial number of customers are registering for internet banking facility and there has been a significant growth in the usage of internet banking for funds transfer through NEFT and RTGS.

8. The RTGS system, implemented in March 2004, has become the backbone for settlement of large value payments. In 2012-13, RTGS handled 68.52 million transactions of value ₹1.026 trillion with a growth rate of 24 per cent in volume terms. The Reserve Bank is in the process of implementing the Next Generation RTGS (NG-RTGS) built on ISO 20022 standards with advanced liquidity management functions, future date functionality, scalability, *etc.* NG-RTGS has several functions for banks to manage their liquidity position.

9. The growing popularity and acceptance of the NEFT system for the interbank funds transfers is reflected in the volume and value handled by the system, which increased by 74 per cent (volume) and 62 per cent (value) in the year 2012-13 compared to the year 2011-12. NEFT handled record volume of 47.61 million transactions during August 2013. Given that NEFT has become a flagship remittance system in the country catering to the needs of individuals, corporates and governments alike, many efficiency enhancements have also been made in the system. Hence, NEFT at present processing 12 batches on weekdays and six batches on Saturdays. With the introduction of the feature of continuous release of credit messages, the participants have been given additional time window to process the transactions.

10. Similarly, there has also been a surge in the customers registered for mobile banking. The mobile payments in 2012-13 have reached 53.30 million in volume terms and ₹ 59.90 billion in value terms. The growth rate in 2012-13 has been 108 per cent in volume and 229 per cent in value terms. The overall share of mobile payments in the payment system, however, is minuscule. Given the huge potential of mobile banking to be game changer, the Reserve Bank of India has

constituted a Technical Committee on Mobile Banking, chaired by Shri B. Sambamurthy, Director, IDRBT. The Committee will examine the challenges faced by banks in increasing the usage of mobile banking including the usage of USSD (Unstructured Supplementary Service Data) channel. The Committee will examine various options including the feasibility of using encrypted SMS based applications for funds transfer that can run on any type of handset for expansion of mobile banking in the country.

11. The volume of electronic transactions has increased to 1.7 billion in 2012-13 from 1.2 billion in 2011-12, indicating a growth of 36 per cent. The total value of electronic transactions has increased to ₹ 1,212.37 trillion in 2012-13 from ₹ 967.52 trillion in 2011-12 registering a growth of 25.31 per cent. In the year 2012-13, the share of electronic payments in the overall non-cash payments, at 56.4 per cent, has surpassed the paper based payment systems. During the previous year (2011-12) the electronic payments represented 48.2 per cent of over-all non-cash payments. The trend clearly indicates rising consumer acceptance for the e-modes of payments. On the flipside, however, the growing importance and usage of electronic payments has increased the vulnerability towards risks and threat of frauds.

### **Securing electronic payments**

12. In 2011, a Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds (Chairman: G Gopalakrishna) made comprehensive recommendations for enhancing security in internet banking. The recommendations included authentication methodologies, changes in mobile phone numbers, beneficiary management aspects, *etc.* Based on these recommendations, instructions have been issued to banks offering electronic banking services to their customers. Taking cognisance of the recent developments and attendant unpredictability of cyber-attacks and vulnerability of electronic payments to misuse, the Reserve Bank instructed banks to introduce certain minimum checks

and balances to mitigate the impact of such attacks. Banks have also been instructed to put in place customer induced caps on value of transactions, limit on number of beneficiaries to be added in a day, sending alerts when beneficiary is added, velocity check on number of transactions, introduction of additional factor of authentication, *etc.* Banks have also been instructed to consider feasibility of using digital signatures for large value payments in RTGS and capture of IP address as an additional validation check. The Reserve Bank has mandated additional factor of authentication for all Card Not Present (CNP) transactions. Several measures have already been initiated to secure the Card Present (CP) transactions through implementation of recommendations of the 'Working Group on Securing Card Present transactions' (Chairperson: Gowri Mukherjee) in a time bound manner.

13. It becomes the responsibility of all the stakeholders to ensure timely completion of all tasks mandated towards fool-proofing the eco-system for electronic payments. One of the measures for securing card present transaction is implementation of UKPT (Unique Key Per Terminal) or DUKPT (Derived Unique Key Per Transaction) and TLE (Terminal Line Encryption) to secure the technology infrastructure. While most banks have implemented these measures, 100 per cent achievement is likely to materialise soon leading to a safe and secure environment for electronic payment systems in our country.

14. While it is critical that technological measures are put in place, what is equally, if not more, important is creating awareness amongst the consumers/customers using these electronic payment methods. The Reserve Bank has initiated a series of awareness programmes – e-BAAT (Electronic Banking Awareness Training) alongwith banks and other stakeholders. At the same time, serious attention needs to be paid to related issues of consumer protection, grievance redressal mechanisms, and issues of consumer liability in case of negligence or complicity in the event of unauthorised/fraudulent transactions.

### Challenges in Indian Payment Systems ecology

15. There are several issues which need to be addressed to make the electronic payment system infrastructure in India more efficient and integrated; the crucial ones being building dexterity of payment systems through standardisation, interoperability, and creation of common infrastructure.

16. In India, there are different types of messaging solutions and formats specific to each of the payment systems. Consequently, banks/system participants are required to develop application specific APIs (Application Program Interface) to integrate with these payment systems. In the current system, however, it may be a challenge to achieve portability, *i.e.*, a seamless switchover in the case of failure of one payment system into another. It is in this context that adoption of common message format and messaging solution, which is the theme of this Conference, assumes a lot of importance in developing portability and interoperability.

17. We have taken several steps to promote interoperability and development of common infrastructure. ATMs in India are national infrastructure and are connected through ATM networks. We have permitted interoperability of Business Correspondents. The micro-ATMs used by the BCs have been standardised to facilitate interoperability. There is, however, a lot of scope for further developments, such as, linking the non-bank payment systems with the inter-bank payment networks, *etc.* We are working towards putting

in place GIRO payment systems which will integrate common infrastructure for bill payments.

18. We recognise the importance of standardisation, portability and interoperability which will not only lead to harmonisation of payment processing across systems but also will bring several benefits. Convergence of various payment systems could make payments truly channel agnostic.

### Concluding thoughts

19. Before I conclude, I intend to flag a few issues for you all to discuss and deliberate:

- Will the implementation of the ISO 20022 message standards reduce the complexities and compress application development time required to manage our payment architecture?
- Will adapting to such global standard also enable us to substantially increase security and improve internal processes?
- Will upgrading the payment architecture to comply with ISO 20022, also allow other businesses to realise the efficiency gains?
- Further, how can implementation of global ISO 20022 message standards in the BFSI (Banking, Financial services and Insurance) areas drive forward standardisation, automation and dematerialisation in other sectors?

With these thoughts, I would like to wish you all the very best for productive deliberations in this important Seminar.

## *National Institute of Bank Management Conclave on Implications of New Bank Licences\**

*B. Mahapatra*

I have great pleasure and privilege in associating myself with the conclave of the Post Graduate Students of National Institute of Bank Management (NIBM), Pune. I am indeed grateful to Director Allen C A Pereira for inviting me to deliver the inaugural address. NIBM is a premier educational institution of the country in the field of banking and finance and it is but natural for them to select a subject of topical interest for this conclave.

2. I understand that the objective of this conclave is to explore the implications of new bank licences on the banking sector, and that, some of the eminent bankers and CEOs of NBFIs, who have interest on the subject are also present to express their views, besides the students of the Institute. I am sure the conclave will generate a lot of heat and throw much light during its deliberations. I congratulate Director Pereira and his team for this.

### **The Broad Picture**

3. Before I proceed with the subject, let me first present as a backdrop, a broad picture of today's Indian banking and financial system:

- Indian financial system is bank dominated – banks' share at 63 per cent of total assets of the financial system, is followed by insurance companies at 19 per cent, Non-Banking Financial Institutions at 8 per cent, Mutual Funds at 6 per

cent and Provident and Pension Funds at 4 per cent, of the total assets of the financial system.

- Even among the commercial banks, public sector banks have dominant number of branches at about 67,000, followed by private sector banks at about 13,500 and foreign banks at about 325 branches, constituting 83 per cent, 16.6 per cent and 0.4 per cent respectively of the total number of over 100,000 branches of banks.

### **Licensing of New Banks – A Historical Perspective**

4. Historically, commercial banks in India were privately held. However, post- independence, from 1951, the Government of India adopted planned economic development for the country through the Five Year Plans. The economic planning envisaged state ownership of the economic means of production to sub-serve the social welfare objectives of planning. The commercial banks lagged in attaining the social objectives. It was felt that banks controlled by business houses failed in catering to the credit needs of poorer sections of society, such as farmers, craftsmen, *etc.* and to the credit needs of small and cottage industries. Therefore, the Government of India nationalised 14 major commercial banks in 1969. All commercial banks with a deposit base over ₹ 500 million were nationalised then. These banks had 85 per cent of bank deposits in the country, at that time. The second phase of nationalisation happened in 1980 when six more banks with deposits of ₹ 2 billion or more were nationalised and the Government of India controlled around 91 per cent of the banking business in India.

5. Subsequently, the Regional Rural Banks Act, 1976 was enacted to set up Regional Rural Banks (RRBs) under the joint ownership of Central Government, State Government and a sponsor bank, with a view to developing the rural economy by providing credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and other productive activities in the rural areas. This led to setting up of 196 RRBs across the country. However, no new licence was issued for

\* Inaugural address by Shri B. Mahapatra, Executive Director, Reserve Bank of India at the PG Students' conclave on Implications of New Bank Licences at the National Institute of Bank Management, Pune on September 28, 2013. The assistance provided by Shri S. S. Barik, General Manager, RBI, is gratefully acknowledged.

setting up commercial banks in the private sector till early 1990s.

6. India faced a serious balance of payments crisis in 1991. The Government of India adopted a policy of economic liberalisation. Therefore, the economic and banking policies were to be reversed to suit the requirements of a liberalised economy. The banking sector reform became inevitable to accelerate the pace of reforms to usher in a vibrant and competitive economy. An expert Committee under the Chairmanship of Shri M. Narasimham (a former Governor of the RBI) was set up for spearheading the financial sector reform in India. The Narasimham Committee (Committee on Financial Sector Reforms 1991) *inter alia*, recommended opening up of the banking sector to the private entrepreneurs to bring in competition and efficiency, thereby paving the way for licensing of new commercial banks in the private sector. Since then, the Reserve Bank licensed 10 banks in the private sector in 1993-94, and 2 more in 2002-04 under the guidelines framed in 1993 and 2001 respectively. There were 157 commercial banks [26 public sector banks, 20 private sector banks, 43 foreign banks, 64 RRBs and 4 Local Area Banks (LABs)] as on March 31, 2013.

#### **Need for New Banks in the Private Sector**

7. The Indian financial system has made impressive strides in resource mobilisation, geographical and functional reach, financial viability, profitability and competitiveness, since nationalisation of banks in 1969 and liberalisation of economic policies since early 1990s. With the penetration of banks into the nook and corner of the country, the average population per branch office (APPBO) declined from about 64,000 in 1969 (as per 1961 census) to about a fifth of that number – 12,400 now as per 2001 census.

8. Notwithstanding the vast network of branches, a sizeable segment of population, especially the underprivileged sections of the society, have no access to formal banking services. There still exists a gap between the ever increasing demands for financial services of a growing economy and the available

banking network to cater to the needs of the vast areas, which are unbanked or under-banked even today. Despite the progress made over the years since nationalisation of banks in 1969, the problem of financial exclusion is staggering. According to the findings of World Bank Global Findex Survey (2012), only 35 per cent of Indian adults had access to formal bank account and just 8 per cent borrowed formally in the last 12 months. Only 2 per cent of adult population used bank accounts to receive money (remittances) from members of family living elsewhere and 4 per cent received payments from the Government.

9. Of the 600,000 rural habitations in the country, only about 40,000 had been covered by the presence of brick and mortar branches of banks. With regard to financial access and penetration, India ranks low compared with OECD countries. As of 2009, India had 6.33 branches per 100,000 persons whereas OECD countries provided 23-45 branches per 100,000 persons.

10. Presently, the share of public sector banks constitutes about 72 per cent of the total banking assets in India. With the implementation of Basel III capital norms, banks will need to raise more capital. As the Government's share in the capital of public sector banks is close to the minimum of 51 per cent, raising of any additional capital by the public sector banks would require the Government to infuse matching capital so as to maintain its minimum shareholding at 51 per cent. Therefore, expansion of public sector banks into new areas would depend on the ability and willingness of the Government to infuse capital.

11. The private sector banks have a share of about 18 per cent of the total banking assets in India. The existing 13 old private sector banks, which have been in existence much before the Banking Regulation Act was enacted in 1949, together with the 7 new private sector banks, have been growing at 20 per cent. However, the performance of the old private sector banks was not so impressive in the areas of branch expansion compared to their new peers in the private sector. While 13 old private sector banks together had



5,555 branches, 7 new private sector banks had 7,857 branches as on March 31, 2012.

12. The Government of India has adopted financial inclusion as a state policy. In order to achieve this objective, not only more number of branches, but also some more new banks are necessary, as stretching of the resources of the existing banks to fill the gap may not yield the desired results.

### **The Genesis of the New Bank Licensing Guidelines**

13. The Union Finance Minister, in his Budget Speech for the year 2010-11 had stated, "*we need to ensure that the banking system grows in size and sophistication to meet the needs of a modern economy. Besides, there is a need to extend the geographic coverage of banks and improve access to banking services. In this context, I am happy to inform the Honourable Members that RBI is considering giving some additional banking licences to private sector players. Non-Banking Financial Companies could also be considered, if they meet the RBI's eligibility.*" In this context, I would like to elaborate a little on the process followed by the RBI to formulate the policy for licensing of new banks in the private sector given the implications for banking sector and the national economy.

### **The Policy Formulation Process**

14. In pursuance of the announcement made by the Honorable Finance Minister, the Reserve Bank of India prepared a Discussion Paper on *Entry of New Banks in the Private Sector* marshalling the international practices in licensing of banks, Indian experience and the ownership and governance issues. The RBI put out the Discussion Paper on its website on August 11, 2010 for comments.

15. The Discussion Paper flagged various issues, primarily:

- What should be the minimum capital requirement for the new banks?
- What should be the minimum and maximum shareholding by the promoters and other shareholders?

- What should be the limit on foreign shareholding?
- Whether industrial and business houses should be allowed to promote banks?
- Should Non-Banking Financial Companies (NBFCs) be allowed to convert into banks and/or the promoters of NBFCs be allowed to promote new banks?
- What should be the business model of the new banks?

16. The discussion paper generated extensive debate in the general public, the media, by the consultants, existing banks, industrial and business houses, Non-Banking Financial Companies, Micro Finance Institutions, etc. The Reserve Bank also held discussions with important stakeholders. In order to have transparency, the gist of comments received on the Discussion Paper was placed on the RBI's website on December 23, 2010. Subsequently, the draft guidelines on 'Licensing of New Banks in the Private Sector' were framed taking into account the experience gained from the functioning of the banks licensed under the guidelines of 1993 and 2001 and the feedback and suggestions received in response to the Discussion Paper and in consultation with the Government of India. The draft guidelines were placed on the RBI's website on August 29, 2011 for comments.

17. The comments received on the draft guidelines were examined. The Reserve Bank had indicated in the draft guidelines that certain amendments to the Banking Regulation Act, 1949 were under the consideration of the Government of India and final guidelines will be issued and the process of inviting application for setting up of new banks in the private sector would be initiated only after the Banking Regulation Act, 1949 is amended. It was essential that the extant banking laws were amended to empower the Reserve Bank of India to effectively deal with new banks in the private sector.

18. After the amendments to the Banking Regulation Act, 1949 in December, 2012, the guidelines were

finalised and placed in the public domain on February 22, 2013. Following the issue of guidelines, clarifications were sought by intending applicants, consultants, *etc.*, on various aspects of the guidelines. Instead of replying to such queries on one-to-one basis, the Reserve Bank considered it appropriate to invite queries from all concerned and to place the clarifications to such queries in the public domain for the sake of equity and transparency. The replies to the queries were placed in public domain on June 3, 2013.

### **Important Features of the Current Policy**

19. I feel it would be appropriate on my part to elaborate on some of the important features of the guidelines that have generated a lot of debate, the rationale behind some such policy prescriptions and to explain how these guidelines are different from earlier guidelines. I will deal with the issues one by one.

#### ***Eligible Entities to Promote a Bank***

20. The first and foremost issue for the Reserve Bank was to decide who could be eligible to promote new banks considering the broader objective of setting up of these banks, its own experience of dealing with the promoters of the private sector banks in the past and not the least, the lessons learnt from the recent global financial crisis. The Reserve Bank had dealt extensively on this issue, including the issue of permitting industrial and business houses setting up banks, in the discussion paper, as I mentioned earlier. The pros and cons of allowing industrial and business houses had also been indicated in the discussion paper. In response, the RBI received divergent views.

21. In the context of permitting industrial and business houses to promote banks, I would also like to mention that concerns had been raised by Prof. Joseph Stiglitz, the eminent economist, Dr. Y. V. Reddy, former Governor, RBI, and also in the IMF Staff Report. These concerns emanate from the likely conflict of interest in case industrial and business houses were allowed to own banks. In the last two rounds of licensing of banks

in the private sector, as I mentioned earlier, industrial and business houses had not been allowed to promote new banks, partly out of these concerns.

22. Given the divergent views on the issue of permitting industrial and business houses to promote banks, we in the RBI discussed and debated a lot internally. The international experience in this regard was of no profound guidance, as it differed from country to country. While countries like Australia, Brazil, Canada, Germany, France, Japan, UK, *etc.*, do not specifically restrict industrial houses from setting up banks, there are restrictions in countries like USA and Korea. A few instances of banks owned by industrial houses are: Tesco Bank (UK), Virgin Money (UK), Banco Ahorro Famsa (Mexico), Banco Azteca (Mexico), Techcom Bank (Vietnam), Transcredit Bank (Russia), MDM Bank (Russia), Alfa Bank (Russia), Volkswagen Bank (Germany), Mercedes-Benz Bank (Germany), BMW Bank (Germany), Siemens Bank (Germany), C & A Bank (Germany) and Alior Bank (Poland).

23. We, at the RBI, believed that circumstances have changed a lot since nationalisation of the major private sector banks in 1969 and in 1980, and more particularly since India embarked upon the path of economic liberalisation since 1991. The banking and financial system have evolved stronger and vibrant over the years. It has been deepened and diversified. The overall economic transformation of India has also created a conducive environment for further liberalisation of banking policy.

24. In this backdrop, the final guidelines for licensing of new banks in the private sector were formulated permitting entities/groups in the private sector that are 'owned and controlled by residents' and entities in public sector to promote banks through wholly owned Non-Operative Financial Holding Company (NOFHC). The Promoters/Promoter Groups with existing non-banking financial companies (NBFCs) were also permitted to apply for a bank licence, subject to compliance with other parameters. The guidelines, by implication, permit corporates to promote new banks.

25. Having said that, I would like to explain a little why the RBI considered corporates for setting up of new banks. The main reasons for allowing corporate houses are:

- Industrial and business houses have already been permitted to operate in other financial services sectors such as insurance, mutual fund, *etc.*, and are competing with banks both on the assets and liabilities side.
- Industrial and business houses have a long history of building and nurturing new businesses in highly regulated sectors such as telecom, power, airports, highways, dams and ports, *etc.*
- Industrial and business houses can be an important source of capital and can provide management expertise and strategic direction to banks as they have done to a broad range of non-banking companies and other financial companies.
- Equities of large industrial and business houses are widely held and are listed on the stock exchanges and are subject to Companies Act, SEBI rules and regulations on transparency, disclosure and corporate governance.
- Permitting industrial and business houses to own a limited number of banks should not lead to undue concentration of control of banking activities as the Indian banking system is largely dominated by public sector banks.
- Financial inclusion being the overall objective of the present bank licensing policy, it was considered that industrial houses with their deep pockets could fill the gap, as financial inclusion is a capital and technology intensive project.
- Industrial and business houses with presence across various sectors would not like to lose their reputation compared to a pure individual promoter or financial services player.

26. I have earlier spoken about the concerns raised in various quarters on the issue of permitting industrial

and business houses to own banks. Therefore, I would like to mention how the new policy on banking licence addresses such concerns. We have built up adequate checks and balances in the new guidelines, some of which are as under:

- The guidelines have spelt out the 'fit and proper' criteria for the Promoters. The Promoters/Promoter Group should be financially sound. They should have sound credentials and integrity and also a successful track record for at least 10 years of running business. Due diligence exercise will be carried out on the Promoters and Promoter Group entities for ascertaining these aspects, and the RBI may seek feedback from other regulators and enforcement and investigative agencies, as deemed appropriate.
- The Promoters/Promoter Groups' business model and business culture should not be misaligned with the banking model and their business should not potentially put the bank and the banking system at risk on account of group activities such as those which are speculative in nature or subject to high asset price volatility.

27. Now, I would like to explain how we addressed the issues relating to conflict of interests.

- First, the guidelines provide that the Promoters/Promoter Groups, if found suitable for setting up a bank, would be required to first set up a wholly owned Non-Operative Financial Holding Company (NOFHC), which will hold the new bank and other regulated financial services entities of the Group. The objective is that the Holding Company should ring fence the regulated financial services entities of the Group, including the bank from other activities of the Group *i.e.*, commercial, industrial and financial activities not regulated by financial sector regulators and also that the bank should be ring fenced from other regulated financial activities of the Group. The NOFHC will be registered with the Reserve Bank as an NBFC and

will comply with bank-like corporate governance guidelines and prudential norms. The capital structure of the NOFHC has also been laid down. Only non-financial services companies/entities and non-operative financial holding company in the Group and individuals belonging to the Promoter Group will be eligible to hold shares in the NOFHC and at least 51 per cent of the total voting equity of the NOFHC should be held by companies in the Promoter Group in which public hold not less than 51 per cent of the voting equity.

- Secondly, in the interest of diversified ownership, the banks should be widely held. Accordingly, it has been provided in the guidelines that the shareholdings of the NOFHC in the bank would be diluted to 15 per cent over a period of 12 years. No single entity or group of related entities, other than the NOFHC shall have shareholding or control, directly or indirectly, in excess of 10 per cent of the paid-up voting equity capital of the bank. Any acquisition of shares, which takes the aggregate holding of an individual/entity/group to the equivalent of 5 per cent or more of the paid-up voting equity capital of the bank would require prior approval of the RBI. Additionally, the bank is required to list its shares within three years from the commencement of business to have diversified ownership and to ensure accountability and transparency through adequate disclosures.
- Thirdly, with a view to mitigating conflict of interest and to ensure that there is no self-dealing, the new banks will not be permitted to take any credit and investments (including investments in the equity/debt capital instruments) exposure on the Promoters/Promoter Group entities or individuals associated with the Promoter Group or their NOFHCs. Further, the banks promoted by Groups having 40 per cent or more assets/income from non-financial business will require RBI's prior approval for raising paid-up voting equity capital beyond ₹ 10 billion for every block of ₹ 5

billion. The above prudential norms coupled with adequate safeguards would ring fence the banking entity.

- Fourthly, with the recent amendments to the Banking Regulation Act, 1949, the RBI has been empowered to call for information relating to the business or affairs of any associate enterprise of the banking company and also cause an inspection of its books of account. The amended Act also provides adequate powers to the RBI to supersede the Boards of the banks to secure proper management.

#### ***Minimum Capital Required for the New Bank***

28. The minimum capital requirement for the new banks is another issue on which views were divergent. The international experience also differed across countries. The capital requirement should neither be too low to achieve the goals of financial inclusion nor too high to become an impediment for those who are committed to the goal. We thought ₹ 5 billion would be a reasonable amount and the same was prescribed in the guidelines.

#### ***Foreign Shareholding in the New Bank***

29. Currently, the foreign shareholding in the private sector banks is capped at 74 per cent as per the FDI policy of the Government of India. With foreign shareholding of more than 50 per cent, a domestic bank becomes a foreign owned bank. Therefore, allowing the new banks to be foreign owned from the very beginning may not be a good idea, as the RBI operates a separate window for foreign banks in India and pursuing the subsidiarisation of foreign banks' presence in India from the perspective of strengthening financial stability. It was, in that context, considered appropriate to stipulate a lower limit of 49 per cent for the first five years, after which the extant FDI limits would kick in.

#### ***Corporate Governance and Exposure Norms***

30. Corporate governance and prudential exposure norms are important aspects of new bank policy; more so, in the context of allowing corporates to own banks.

The guidelines for licensing of new banks deal on the subjects extensively. The guidelines mandate the NOFHC to have at least 50 per cent independent directors on its Board and they should have special knowledge or practical experience in economics, finance, accountancy, banking, insurance, law and some such fields. The NOFHC shall not have any credit and investment (including equity/debt capital) exposure to any entity belonging to the Promoter Group except those held under it and the new bank cannot take any credit and investment (including investments in equity/debt capital) exposure on Promoters/Promoter Group entities or individuals associated with the Promoter Group or the NOFHC.

### ***Financial Inclusion***

31. One of the main planks of licensing policy is to assess how the banks would serve public interest. The guidelines require the promoters to address how the bank proposes to achieve financial inclusion, comply with the priority sector lending targets and minimum 25 per cent branch presence in rural unbanked centres. The project report and the business plan of each applicant will be evaluated to make an assessment about these aspects.

### ***Fairness and Transparency of Licensing Process***

32. The fairness and transparency of the licensing process are no less important given the enthusiasm shown by the corporate houses, NBFCs and public sector entities to get banking licence. I may also add that there were suggestions from certain quarters for auctioning of new bank licences. No doubt, banks are for public good. But, banks are special. They are highly leveraged financial institutions. They are the conduits for monetary policy transmission and constitute the core of payment and settlement system. They accept uncollateralised deposits from members of public and their deposits are insured. The purpose of issuing new bank licences is to serve public interest. Auctioning of bank licences is unheard of in any jurisdiction. Nevertheless, issues relating to fairness and

transparency were to be dealt with. It was, therefore, decided to place the names of the applicants for bank licences on the RBI's website after the last date of receipt of applications. Accordingly, the RBI disclosed the names of 26 applicants. The applications are being subjected to a multi-layered scrutiny internally by the Reserve Bank followed by scrutiny by a High Level Advisory Committee that would comprise eminent persons with impeccable integrity and experience in banking, financial sector and other relevant areas. The High Level Committee will make recommendations to the RBI and the final selection will be that of the RBI.

### ***Implications of New Bank Licensing***

33. In the above context, I would like to share my personal views on the implications of new bank licensing. The new bank licensing under the current guidelines will have implications for the Promoters in particular, who get the licence, for the banking industry in general, for the economy, for the common man, and also for the Reserve Bank, as regulator and supervisor for the banks. I will discuss these implications one by one.

### ***Implications for the Promoter***

34. As I mentioned earlier, the Promoters/Promoter Group have to first set up a non-operative financial holding company (NOFHC) for holding the new bank and other regulated financial services entities, in which the Promoters/Promoter Group have significant influence or control.

- First of all, for setting up of NOFHC, the Promoters/Promoter Groups have to identify companies which will hold the voting equities of the NOFHC. As the guidelines require that at least 51 per cent of the voting equity of the NOFHC should be held by a company/companies in the Promoter Group, in which public hold not less than 51 per cent of the voting equity, the Promoters have to necessarily dilute their shareholdings in such companies to comply with the requirement, if there are no such companies for the present.

- Secondly, the Promoters/Promoter Groups have to re-organise their business structure in respect of the financial services that they undertake through the Group entities. They have to move all the regulated financial services entities, in which they have significant influence or control, into the fold of NOFHC. What this means is that, they cannot hold the voting equity of the financial services entities directly, but only through the NOFHC. This would require some amount of restructuring of their financial services business.
  - Thirdly, Promoters/Promoter Groups currently undertaking various types of lending business through non-banking financial companies (NBFCs) would have to transfer the lending business to the new bank. As per the guidelines and the clarifications issued, lending activities must be conducted from inside the bank. But, para-banking activities, such as credit cards, primary dealer, leasing, hire purchase, factoring *etc.*, can be conducted either inside the bank departmentally or outside the bank through subsidiary/joint venture/associate structure. Activities such as insurance, stock broking, asset management, asset reconstruction, venture capital funding and infrastructure financing through Infrastructure Development Fund (IDF) sponsored by the bank can be undertaken only outside the bank. This would require some amount of demerger of business for Groups that have NBFCs for lending business. They have the option of converting such NBFC into the new bank, provided all the activities that the NBFC currently undertakes could be undertaken by the new bank departmentally. Otherwise, activities that banks are not permitted to undertake departmentally have to be demerged/divested into other entities or wound down.
  - Fourthly, the Promoters/Promoter Groups converting the NBFCs into the new banks or transferring the business from NBFCs into the new banks will have to comply with the cash reserve ratio, statutory liquidity ratio and priority sector lending (PSL) targets in respect of the liabilities and loan assets taken over from the NBFCs, once the new bank commences its business.
  - Fifthly, the Promoters/Promoter Groups have to comply with the requirement of opening of 25 per cent of their total number of branches in unbanked rural centres. The rule will apply in case of conversion of existing NBFCs into new banks, and therefore, the Promoters/Promoter Groups have to plan their business accordingly.
  - Sixthly, the bank and financial entities held by NOFHC shall not have any credit and investments (including investments in the equity/debt capital instruments) exposure to the Promoters/Promoter Group entities or individuals associated with the Promoter Group or the NOFHC.
35. The implications for the Promoters/Promoter Groups discussed above would vary depending upon the number of regulated financial services entities in the Group, the size of their business and their present business structure. Considering these implications, RBI has extended the validity of 'in-principle' approval from 12 months to 18 months from the date of issue, for the Promoters/Promoter Group to comply with all such matters during this time, but before the banks commence the business.
- Implications for the Banking Industry***
36. A few new banks would enter the banking industry after a decade with the last such licence issued in 2004. However, they would be the game changer in many aspects. I would like to mention how their presence would have implications for the banking industry.
- First and foremost, with the setting-up of new banks under the NOFHC, financial holding company (FHC) structure will be introduced in the banking industry for the first time. This will be a marked departure from the present bank-subsidary model under which Indian banks operate. The Government of India is also contemplating a holding company structure for

public sector banks. The existing private sector banks are expected to follow suit, in line with the Shyamala Gopinath Committee recommendations.

- Secondly, the new banks will bring in new business model, new products, new processes, new technologies, *etc.* The level of productivity, efficiency and customer service would be expected to be higher. The existing banks may have to re-orient some of their businesses, technologies, *etc.*
- Thirdly, the existing banks would face competition, both on their assets and liabilities side of the balance sheet, from the new generation banks and have to devise ways to withstand the competition or they may lose their existing customers, who may move away to new banks. Banks that cannot compete would be vulnerable to acquisitions/take over. Possibility of voluntary amalgamation amongst some banks cannot be ruled out.
- Fourthly, the public sector banks, as a group have a dominant market share of about 72 per cent. They are likely to shed some weight over time and the share of private sector banks as a group would increase.
- Fifthly, Indian financial system is bank dominated. The financial system will be broadened and deepened with the entry of new banks in the private sector. The market share of the banks, as a segment, in the financial system's assets would increase over non-banks, if the business houses with major NBFCs come out successful in getting bank licences. In that case, they would convert NBFCs into new banks or transfer the lending activities of the Group NBFC into the new bank, as per the requirement.

### ***Implications for the Economy***

37. Finance is fuel for the economy. Banks being at the core of the financial system, provide this fuel. The progress of the real economy depends upon the growth of the banking and financial system. An efficient financial system transforms the savings into investments and channelises the investments to productive sectors

of the economy to spur growth. India is an emerging market economy and has the potential to grow faster. As the Indian economy refocuses on the expansion of manufacturing and infrastructure sectors, the credit needs of the real economy would be much higher compared to the services sector. Entry of new banks would, in a way, help in the economic development of the country.

### ***Implications for the Common Man***

38. Financial inclusion is the basic tenet of new bank licensing policy. As per the data furnished in Basic Statistical Returns (BSR) of banks, it is estimated that rural India had only 7 branches per 100,000 adults in 2011 in sharp contrast to most of the developed countries and even BRICS nations having over 40 branches. Further, certain regions, such as, north-eastern, eastern and central regions, are more excluded in terms of banking penetration. Entry of new banks, with the mandated opening of 25 per cent of brick and mortar branches in unbanked rural centres, would cover regions that were hitherto financially excluded.

39. The common man would be benefitted from the innovative products and superior banking technology of the new generation banks. They would be able to reach out to the masses more easily by use of information and communication technology (ICT) enabled devices.

### ***Implications for the Reserve Bank***

40. In the context of new bank licensing, serious concerns have been raised on the issue of allowing industrial/business houses to own banks. This would be a new experiment in India after nationalisation of commercial banks in 1969. The RBI's regulatory and supervisory effectiveness will be tested in preventing the new banks promoted by industrial and business houses from self-dealing. The new bank guidelines have adequate arrangements for ring-fencing of the financial services activities of the Promoter Groups from their non-financial (manufacturing/trading/others) activities and addressed the issues concerning conflict of interests by prohibiting lending to and investments in

Promoter Group entities. RBI has also been vested with adequate powers through amendments to the Banking Regulation Act, 1949 to supervise these banks in a consolidated manner. However, it is yet to be tested whether the ring-fence would work effectively or could be circumvented. Therefore, we in the RBI need to be extra vigilant to protect the interests of the depositors.

### **Banking Structure in India – The Way Forward**

41. This bank licensing policy is for now. How about the future? The Reserve Bank reviewed the extant Banking Structure in India keeping in view the recommendations of, *inter alia*, the Committees on Financial/Banking Sector Reforms, 1991 and 1998 (Chairman: Shri M. Narasimham), the Committee on Financial Sector Reforms, 2009 (Chairman: Dr. Raghuram G. Rajan) and a few other relevant viewpoints and placed a Discussion Paper on the RBI website on August 27, 2013 for comments.

42. The discussion paper has taken into consideration the specific requirements of the Indian economy as well as the lessons learnt from the global financial crisis particularly relating to banking structure while reviewing the Indian banking structure. Certain building blocks for the reoriented banking structure have been identified with a view to addressing various issues such as enhancing competition, financing higher growth, providing specialised services and furthering financial inclusion. At the same time, the need to address the concerns arising out of such changes with a view to managing the trade off for ensuring financial stability is also emphasised.

43. The Discussion Paper also covers the debate on having a large number of small banks for promoting financial inclusion *vis-a-vis* a few large banks having global presence; universal banking and differentiated licensing for infrastructure financing, whole sale banking and retail banking; need for consolidation in the banking sector; conversion of urban co-operative banks (UCBs) into commercial banks/LABs; policy for presence of foreign banks in India and Indian banks' presence overseas; ownership issues and the need for

having an effective resolution regime to deal with failure of banks. It also envisages a reoriented banking system with distinct tiers of banking institutions with the first tier consisting of three or four large Indian banks with domestic and international presence along with branches of foreign banks in India, the second tier comprising several mid-sized banking institutions including niche banks with economy-wide presence. The third tier and fourth tiers will encompass old private sector banks, RRBs, multi state UCBs and small local and cooperative banks, respectively. I hope NIBM will provide a platform to generate a debate on this Discussion Paper for an appropriate banking structure for India.

### **Conclusion**

44. Let me now conclude. I started with a broad picture of the Indian financial and banking system as a backdrop to today's discussions. I dealt with a historical perspective of banking developments in India and the need for new banks in the private sector. I touched upon the genesis for the new bank licensing guidelines and specifically covered some of the debatable features of the guidelines such as allowing industrial/business houses to set up banks, minimum capital requirement, foreign shareholding in these banks, corporate governance and exposure norms, thrust on financial inclusion, fairness and transparency of the licensing process, *etc.* I also shared my personal thoughts on its implications for the promoters of banks and banking industry, economy as a whole, and for common man and the RBI. The way forward for Indian banking structure as put out by the RBI in its discussion paper needs to be debated. As the objective of this conclave is to explore the various implications of the new bank licensing, I will look forward to your views. There could be different perspectives.

45. I once again thank NIBM for providing me an opportunity to share my thoughts on the subject and wish meaningful deliberations in this conclave.

Thank you.



## *Enabling Urban Microfinance\**

*Deepali Pant Joshi*

At the outset, let me congratulate Additional Secretary for the theme of this conference 'Enabling Urban Microfinance' which is truly appropriate as it chooses to bring to centre stage issues of urban poverty. The scale of urban poverty in India is staggering. Current estimates suggest that 100 million poor people live in urban settlements comprising 40 per cent of the urban poor. These numbers are expected to rise. The prediction is that the total urban population of India will increase from 26 per cent of total population to over 36 per cent – 50 per cent over the next twenty-five years. The number of urban poor would increase to 200 – 300 million. Until and unless cities are able to meet the growing needs of the expanding population, any advantages that economic opportunities might present the urban poor are likely to be outweighed by these factors for policy makers. Therefore, it means that the characteristics of urban development must be understood and included in initiatives to reduce overall poverty in India. The general consensus is that poverty can be most effectively addressed through economic development for which rapid urban development is a key driver. The National Institute of Urban Affairs estimates that urban India currently contributes more than 50 per cent of the country's GDP whilst accommodating less than a third of its population and this contribution is likely to increase to 60 per cent. The manufacturing and services sectors that are the most dynamic constituents of the Indian economy are predominantly urban. In addition, with

agriculture exempt from income tax, the fiscal base of the economy is also disproportionately reliant on the urban economy as the proportion of people thronging urban areas continues to rise. The opportunities for poorer people to tap this growing economic base are enormous. In the wake of the often unplanned and unregulated urbanisation, the urban poor face physical, environmental, social and psychological problems. These impose a heavy burden of disease and inequity on the urban poor. They are compelled to live in squalid and untenable settlements and suffer the consequence of environmental degradation, resulting in ill-health, disability and loss of earnings. As cities grow, the pressure on existing services and associated infrastructure increases with resultant increase in the number of people without access to these services. The poor and therefore the most vulnerable are excluded and end up paying higher prices for lower quality products *via* the informal sector. Ironically, it is the poor who provide the essential services which keep cities functioning. The problem of service provision for the poor is compounded by the fact that decision makers do not necessarily know their needs or recognise their civic rights. Employment opportunities are severely restricted in urban areas. The main asset of the poor is the capacity to sell their labour. They have few other assets to build on. Their home may be rented or unfit for habitation, they may not own land or capital or cattle in towns and the social networks built by households over generations in the village are less strong in a dynamic urban context where people come and go. There is always lack of employment opportunities; the poor are not necessarily equipped with the skills and training to take advantage of newer opportunities in modern industry and in the nascent services sector. The formal wage sector has been unable to absorb the expanding labour force. As a result, there has been a massive growth in the informal sector and in the casualisation of employment,

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\* Keynote Address by Dr. Deepali Pant Joshi, Executive Director, Reserve Bank of India at the Conference on The Challenges of Enabling Urban Finance organised by Minorities Development Department, Government of Maharashtra and MAVIM the State Womens' Development Corporation on September 16, 2013 at Mumbai.

wages are forced downward, working conditions are not protected and unregulated access to opportunities is mediated by the capacity of individuals. A way of strengthening the bargaining power of the poor in urban contexts is through the formation of neighbourhood groups federated as Community Development Societies (CDS) at the state level in addition to engaging in self-help schemes, as micro planning credit extension or directly operating and maintaining infrastructure. The CDS can create the infrastructure for receiving benefits of Government programs like the Swarna Jayanti Shahari Rozgar Yojana (SJSRY). Access to financial services is a critical aspect of both, social development and social protection measures for the poor. These services create an opportunity for access to low interest credit which can be used for skill enhancement or micro enterprise growth. This also creates an opportunity to use savings and loans as a buffer against crisis. The poorer the household, the greater the desire to save financial services provide a critical safety net as well as a springboard to advancement.

We need financial inclusion for the urban areas to link people to mainstream financial service providers so that they can access the entire suite of financial products and services from the mainstream financial institutions. Till this happens, I do see an important role for microfinance. Conventional wisdom has it that access to microfinance services can enable the poor to smoothen their consumption, manage their risks better, build their assets, develop their micro enterprises, enhance their income-earning capacity and enjoy an improved quality of life. The primary clientele of MFIs consists, almost by definition, of those who face severe barriers to access financial products from conventional financial institutions. These barriers comprise mainly high operational costs and risk factors. MFI clientele in urban areas may possess few negotiable assets and live in hostile environments where enforcement of property rights

and other contracts is expensive and uncertain. MFIs can help in providing handholding support and markets typically for encouraging small service enterprises and cottage and small industries. Cottage industries have traditionally played an important role in the Indian economy. The bustling urban enclave of Dharavi is a case in point. It generates large volume employment and provides subsidiary services. The cottage and small industry's need for capital is not very large and they help in ensuring equitable income distribution. There are several artisan based clusters in India, these are skill-based and use simple manufacturing processes and technology. These clusters consist of unorganised sector, tiny units, with little access to market information. If credit and the entire range of banking products and services from mainstream financial institutions is made available, it will enable the small units to scale up and grow. The problems of urban poverty can only be addressed by encouraging the small scale service/manufacturing enterprises which generate employment. Much has been written about the benefits and positive externalities of agglomeration. The cluster based approach to lending is intended to provide a full-service approach to cater to the diverse needs of the MSE sector. This can easily be achieved through extending banking services to recognised MSE clusters. A cluster based approach is beneficial (a) in dealing with well-defined and recognised groups (b) in ensuring the availability of appropriate information for risk assessment (c) in monitoring by the lending institutions and (d) achieving reduction in costs.

United Nations Industrial Development Organisation (UNIDO) has identified 388 clusters spread over 21 states across various parts of the country. The Ministry of Micro, Small and Medium Enterprises has also approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and the Micro and Small Enterprises

Cluster Development Program (MSE-CDP) located in 121 minority concentration districts. Accordingly, banks have been advised to take appropriate measures to improve the credit flow to the identified clusters of micro and small entrepreneurs from the minority communities residing in the minority concentrated districts of the country.

The RBI has advised banks to open more MSE focused branch offices at different MSE clusters which can also act as counselling centres for MSEs. Each lead bank of the district may adopt at least one cluster.

A Microfinance model which has been relatively successful is the Self Help Group (SHG) Bank linkage model which leverages the penetrative reach of the NGOs and civil society organisations and the financial strength and managerial expertise of the commercial banks. Starting from a modest scale as a pilot in the year 1992, the SHG-Bank linkage program linked 79.60 lakh savings-linked SHGs covering over 10.3 crore poor households as on 31 March 2012. As per the NABARD Annual Report, however, the concentration of the SHG Bank linkage model continues to be to the southern states and is not evenly spread over the BIMARU (Bihar, Madhya Pradesh Rajasthan and Uttar Pradesh) states. The second model is that of the registered NBFCS. These work as profit companies and extend loans to the entrepreneurial poor at the middle of the pyramid. This is an important distinction which I want to emphasise as this brings into salience the continuing need and relevance of this model. There is an important role which both models of microfinance fulfill in the critical areas of training and capacity building of the poor. This enables them to graduate to larger loans and to setting up sustainable, scalable, self-sustaining enterprises and income-generating projects which pay for themselves. The most serious limitation of microfinance is that it does not address all needs holistically. There is a problem of scaling up, and in this lies the promise of inclusive finance which

links the poor to the formal financial system. There is a clear comparative competitive advantage which commercial banks enjoy in extending microfinance. As financial inclusion and basic bank deposit accounts are in place, banks should now move to the next step of crafting products and services for the poor. The advantages of banks over MFIs stem from their being regulated institutions fulfilling the necessary preconditions of ownership, financial disclosure and capital adequacy that help ensure prudent management. They have the physical infrastructure, large networked branches on CBS from which to expand access and reach out to a substantial number of poorer clients. They have well established internal controls and administrative and accounting systems to keep track of a large number of high volume, small value transactions. As they are well capitalised, they are not dependent on scarce and volatile donor resources unlike NGOs and MFIs. Banks offer savings, remittance, loans and other financial products that are prima facie attractive to the hitherto unserved micro finance clients. On the downside, however, banks lack key ingredients, most of all, the financial methodologies to reach the low income population. There are several issues trammeling banks. The issue of commitment is fairly significant. The commitment of commercial banks (particularly the larger banks) to micro enterprise lending is often fragile and generally vests on the direction provided by one or two Board Members rather than it being rooted in their institutional mandate. Secondly, they are hampered by their organisational structures. Programs for the poor or microfinance programs need to be inserted into the larger bank structure while retaining flexibility, operational independence and autonomy. Banks need an appropriate financial methodology to work with efficiency. For gains in the penny economy, they need suitable financial methodology to service the micro enterprise sector and financial innovations

that enable cost effective analysis of credit worthiness, the monitoring of relatively poor clients and acceptance of effective collateral substitutes. Human Resources also need attention given that microfinance programs differ so radically from traditional banking. Banks need to recruit and retain specialised staff to manage these programs. Issues of recruitment, training and performance linked incentives for bank personnel need special consideration. Cost effectiveness is a critical issue. Micro finance programs are costly to administer given the overheads of banks. Despite these apparent disabilities, if banks work on this, they are ideally suited to microfinance provision. The targeted interventions of the SJSRY and the District Industries centres which are designed to impart vocational training to the target group of this program as also the Prime Minister Rozgar Yojana have enjoyed only limited success ratios attributable not so much to infirmities in policy design issues as to faulty implementation and poor targeting, lack of pre-disbursement credit assessment, coupled with poor post-disbursement credit supervision and no space for capacity building and handholding in between. The clear winner is financial inclusion. Savings credit extended to the urban poor by the banks can help grow the micro enterprises and power economic growth. Let me begin with a simple example. Micro enterprises like the ubiquitous street-corner paan wallah who runs a small self-sustaining enterprise, if extended credit by banks, can expand his business, can employ two other helpers. Such micro enterprises have tremendous potential to create employment and put in place virtuous cycles of economic growth. How do we enable micro finance in the urban areas well to be facile? It is not an easy task. First, we need to build a suitable framework. The framework will need to be localised, customised and contextualised to suit the differing needs of different localities, and addressing issues such as the development of an overarching

macro policy environment, long-term financial sustainability of microfinance institutions, increasing outreach by capacity building and effective governance, and broad-based research and monitoring/evaluation. Its linking top other developmental priorities, particularly those related to environmental issues at the local level will be an important justification in its adoption. There is need to recognise the importance of bringing people from the margins to the mainstream of economic activity as producers of goods and services. The challenge of financial exclusion is widespread in metropolitan areas, especially among the disadvantaged and low-income groups. To facilitate doorstep banking to the excluded segment of the urban poor and provide an institutional mechanism for co-ordination between the government and banks, lead bank responsibility has been assigned to 16 districts in metropolitan areas, thus bringing the entire country under the fold of the lead bank scheme and covering a total of 659 districts under the lead bank scheme. The Peruvian economist Hernando de Soto showcased the unreported unrecorded activity of a vibrant informal sector whose participants remained at the margins. It successfully created many small entrepreneurs but could not secure credit from mainstream financial institutions as they lacked legal ownership of their property, making it difficult for them not only to obtain credit, but sell the business, or expand. They cannot seek legal remedies to business conflicts in court, since they do not have legal ownership. Lack of information on income prevents governments from collecting taxes and acting for the public welfare. "The existence of such massive exclusion generates two parallel economies, legal and extra-legal. An elite minority enjoys the economic benefits of the mainstream financial institutions, law and globalisation, while the majority of entrepreneurs are stuck in poverty." He terms them extra-legal. To survive, to protect their assets, and to do as much

business as possible, the extra-legal create their own rules. But because these local arrangements are full of shortcomings and are not easily enforceable, the extra-legal also create their own social, political and economic problems that affect the society at large. It is essential that these issues are given due attention of policy makers to encourage and promote the growth of micro enterprises. The Prime Minister's task force (TKA Nair, 2010) laid emphasis on the micro enterprise sector which generates opportunities for self-employment and stipulated that 60 per cent of MSE advances should go to the micro enterprises. MSMEs make a significant contribution in the country's GDP, manufacturing output, exports and employment generation. MSMEs contribute 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of our exports. The labour and capital ratio in MSMEs and the overall growth in the MSMEs is much higher than in the larger industries. MSMEs are better dispersed. In view of these factors, MSMEs are important for achieving national objectives of growth with equity and inclusion. As per the quick estimates of 4th All-India Census of MSMEs, the number of enterprises is estimated to be about 26 million and these provide employment to an estimated 60 million persons. Of the 26 million MSMEs, only 1.5 million are in the registered segment while the remaining 24.5 million (94 per cent) are in the unregistered segment. The state-wise distribution of MSMEs shows that more than 55 per cent of these enterprises are in 6 states, namely, Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. Fewer MSMEs are owned by women, the unorganised sector, in which enterprises are typically established through own funds or funds obtained through non-institutional sources, they lack managerial bandwidth, do not have established channels for marketing and are centred around a single traditional technology. More than 94 per cent

of MSMEs are unregistered, with a large number established in the informal or unorganised sector. The National Commission for Enterprises in the Unorganised Sector (NCEUS) defines unorganised sector as enterprise employing less than 10 workers. It has estimated such enterprises at 58 million with employment generated of 104 million persons. Shortage of capital, particularly working capital, is the major problem faced by the enterprises in the unorganised sector. Further, the field studies undertaken by NCEUS indicate that seasonality of markets is another hassle. In addition to the growth potential of the sector and its critical role in the manufacturing and value chains, the heterogeneity and the unorganised nature of the Indian MSMEs are important aspects that need to be factored into policy making and program implementation. The policies and programs for the micro and small enterprises in the unorganised sector would need to address their survival strategies and should be in the direction of providing livelihood alternatives such as social security, skill formation and credit. On the other hand, policies/programs for the larger sized MSMEs need to address issues relating to growth marketing, access to raw material, credit, skill development and technology upgradation.

#### Credit to Micro and Small Enterprises by SCBs

As on last Friday of March	Outstanding Credit to MSE sector		MSE credit as percent of ANBC
	Number of accounts (in million)	Amount outstanding (₹ billion)	
1	2	3	4
2012	9.86 (6.0)	5,276.85 (10.3)	16.5
2013*	11.23 (13.9)	6,847.97 (29.8)	14.7

\*:As on March 31, 2013.

Note: 1. Data for 2013 are provisional.

2. Figures in parentheses indicate y-o-y change in per cent.

The millenium development goal is halving poverty by 2015. If this is to be attained, it is central to address the concerns around urban poverty through strategies of increasing income to make basic needs more affordable. If our cities are not to become centres of

squalor and crime, these issues will require urgent redress.

Thank you for patient listening. I wish the deliberations all success.

## ARTICLES

Performance of Private Corporate Business Sector, 2012-13

Performance of Financial and Investment Companies, 2011-12

Monthly Seasonal Factors of Select Economic Time Series

India's Foreign Trade: Q1 of 2013-14 (April-June)

House Price Index





## Performance of Private Corporate Business Sector, 2012-13\*

*The sales growth of the private (non-financial) corporate business sector has further moderated during 2012-13. Manufacturing sector recorded lower sales growth for the second consecutive year whereas the services sector (both IT and others) evidenced lower demand in 2012-13. EBITDA margin has declined continuously since 2009-10 for manufacturing and since 2007-08 for the services (other than IT) sector. Some improvement was noticed for the IT sector in 2012-13. Performance of smaller companies in some of the major industries was much worse than the larger ones.*

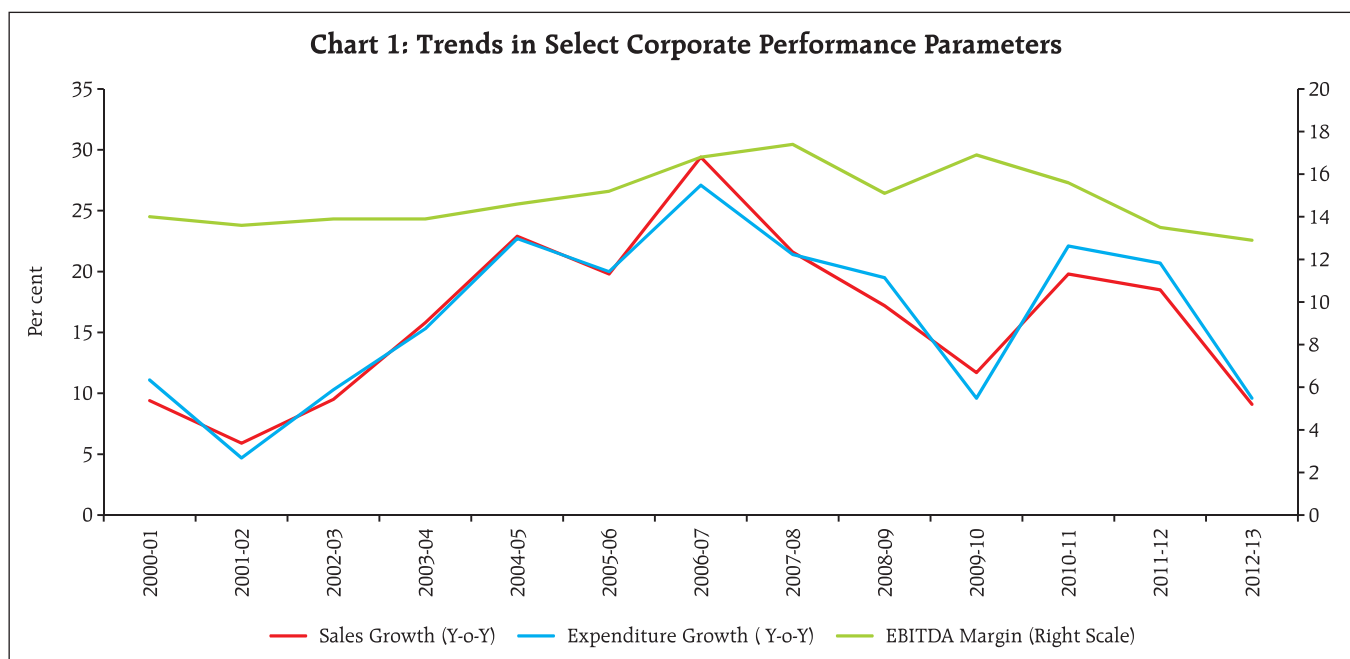
This article analyses the performance of the private corporate business sector during 2012-13 based on data relating to 2,931 listed non-government non-financial (NGNF) companies. Besides analysing the aggregate performance, it provides a brief analysis by size and major industry groups. It also captures the evolving trend in sales, expenditure and profit margins of the corporate sector over a longer horizon. Detailed

data have been made available on the website of the Reserve Bank.

### 1. Moderation in sales growth and contraction in net profit at the aggregate level

1.1 Sales growth (Y-o-Y) of 2,931 NGNF companies decelerated sharply to 9.1 per cent during 2012-13 from 18.5 per cent in 2011-12. This is the lowest annual growth in past ten years (Chart 1). However, in line with sales, the expenditure on various heads also grew at lower rates resulting in higher earnings before interest, tax, depreciation and amortisation (EBITDA) during 2012-13 (Table 1). With reduced support from 'non-core' income, earnings before interest and tax (EBIT) growth slowed down. Net profit of listed NGNF companies declined in 2012-13 for the second consecutive year. However, contraction in net profits was of lower order due to moderation in interest expenses growth.

1.2 Expenditure growth has been outpacing sales growth since 2009-10 which led to lowering of profit margins. However, all the major components of expenditure recorded lower growth in 2012-13. As a



\* Prepared in the Corporate Studies Division of the Department of Statistics and Information Management. The previous study 'Performance of Private Corporate Business Sector, during the 2011-12' was published in the September 2012 issue of the RBI Bulletin.

**Table 1 : Performance of the Listed Non-Government Non-Financial Companies**

No. of companies	2012-13		2011-12*
	2,931		2,679
Items	Amount (₹ billion)	Y-o-Y Growth <sup>@</sup> in Per cent	Y-o-Y Growth <sup>@</sup> in Per cent
	1	2	3
Sales	29,760	9.1	18.5
Value of Production	30,009	8.8	17.8
Expenditure	26,184	9.6	20.7
CRM**	14,354	9.1	22.3
Staff Cost	2,157	14.6	17.4
Power and Fuel	1,032	10.3	27.0
Operating Profits(EBITDA)	3,825	3.5	1.7
Other Income@@	704	14.9	40.7
Depreciation	1,031	9.7	10.6
Gross Profits(EBIT)	3,498	3.8	4.4
Interest	1,119	17.5	35.9
Earnings Before Tax (EBT) ^	2,374	-0.2	-12.4
Tax Provision	626	5.1	3.3
Net Profits	1,748	-2.0	-16.8
Paid-up Capital	1,204	5.5	5.0

\* : Published in September 2012 issue of the RBI Bulletin

@ : Growth rates calculated on the basis of common set of companies during any period

\*\* : CRM : Consumption of Raw Materials

@@ : Includes forex gain while forex losses are included in Expenditure

^ : Adjusted for non-operating surplus/deficit

result, contraction in EBITDA margin was of a lower order in 2012-13 (Table 2).

**Table 2: Important Performance Parameters**

Period	No. of Companies	Sales Growth (Y-o-Y)	Expenditure Growth(Y-o-Y)	EBITDA Growth(Y-o-Y)	Net Profit Growth(Y-o-Y)	EBITDA Margin(Per cent)	Net Profit Margin(Per cent)
2007-08	3,238	21.6	21.4	25.0	27.2	17.4	11.0
2008-09	2,549	17.2	19.5	-1.0	-18.4	15.1	8.1
2009-10	2,629	11.7	9.6	26.6	28.8	16.9	9.4
2010-11	2,763	19.8	22.1	12.4	15.8	15.6	9.0
2011-12	2,679	18.5	20.7	1.7	-16.8	13.5	6.4
2012-13	2,931	9.1	9.6	3.5	-2.0	12.9	5.9

## 2. Performance of small companies further deteriorated

2.1 Small companies (sales up to ₹1 billion) have witnessed a persistent contraction in sales 2008-09 onwards. Medium sized companies (sales between ₹1 billion to ₹10 billion) witnessed sharp decline in sales growth in the last two years. Sales of large companies also moderated sharply in 2012-13 and recorded a growth of 10.7 per cent which is the lowest in the last six years (Table 3).

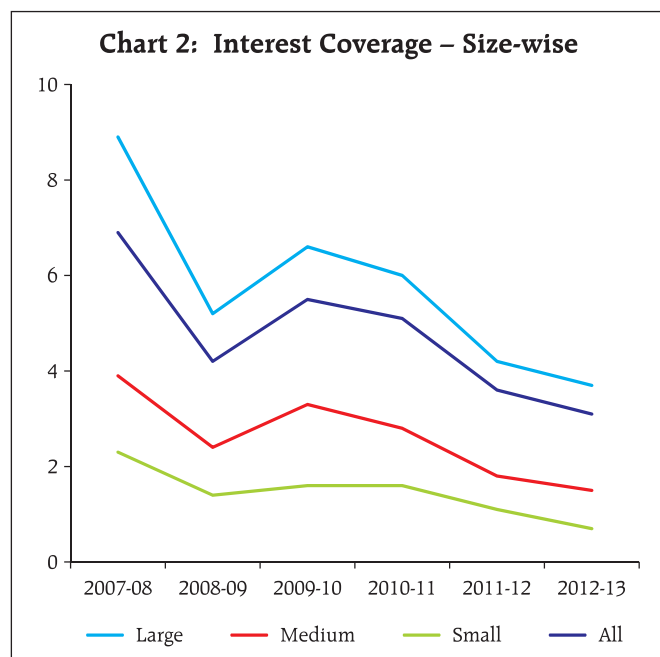
2.2 For small sized companies, EBITDA contracted in the previous two years and net profits turned negative in 2012-13. For medium sized companies, EBITDA

**Table 3: Size Class wise Performance Parameters**

Size Classes	Large					Medium					Small				
	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)
Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007-08	21.7	23.5	26.1	18.5	12.1	22.9	32.5	37.6	14.8	8.4	11.4	16.9	-6.8	10.1	5.4
2008-09	20.3	1.6	-12.5	16.2	9.3	10.2	-7.9	-40.6	11.9	4.3	-7.8	-40.2	-84.1	8.4	1.4
2009-10	13.0	27.1	26.4	17.6	10.2	9.6	25.0	45.7	14.7	6.5	-8.8	12.4	42.7	9.2	3.5
2010-11	20.6	13.3	18.1	16.2	9.8	19.1	7.5	4.1	13.2	5.6	-4.4	2.2	-70.4	8.7	1.1
2011-12	20.8	3.7	-15.0	14.0	7.0	9.5	-9.5	-34.6	11.1	3.4	-9.2	-23.6	125.7	6.3	1.2
2012-13	10.7	4.0	3.2	13.3	6.8	1.5	0.7	-62.1	10.5	1.3	-9.3	-14.4	\$	5.4	-4.7

Sales less than ₹1bn for small companies; between ₹1 bn to ₹10 bn for medium companies and more than ₹10bn for large companies.

\$: Numerator / denominator Nil/Negligible.



remained almost flat while net profits contracted. EBITDA growth of the large companies improved marginally in 2012-13 and net profit grew by 3 per cent.

2.3 EBITDA and net profit margins have been steadily declining since 2009-10 for all size groups.

2.4 Interest coverage ratio (EBIT/Interest Expenses) continued to decline across size groups. The decline slowed at the aggregate level and for medium and large sized companies. Interest coverage ratio was lowest for small companies at 0.7 in 2012-13 (Chart 2).

### 3. Performance deteriorated across all sectors

3.1 Moderation in the sales growth in 2012-13 was seen across all the three broad sectors. Manufacturing sector recorded lower sales growth for the second consecutive year whereas the services sector (both IT and others) evinced lower demand in 2012-13 (Table 4). EBITDA margin has declined continuously since 2009-10 for manufacturing sector. For the services (other than IT) sector, EBITDA margin has declined since 2007-08. Net profit margin also declined across the sectors. IT sector continued to perform better among the three sectors with improvement in EBITDA growth and EBITDA margin in 2012-13.

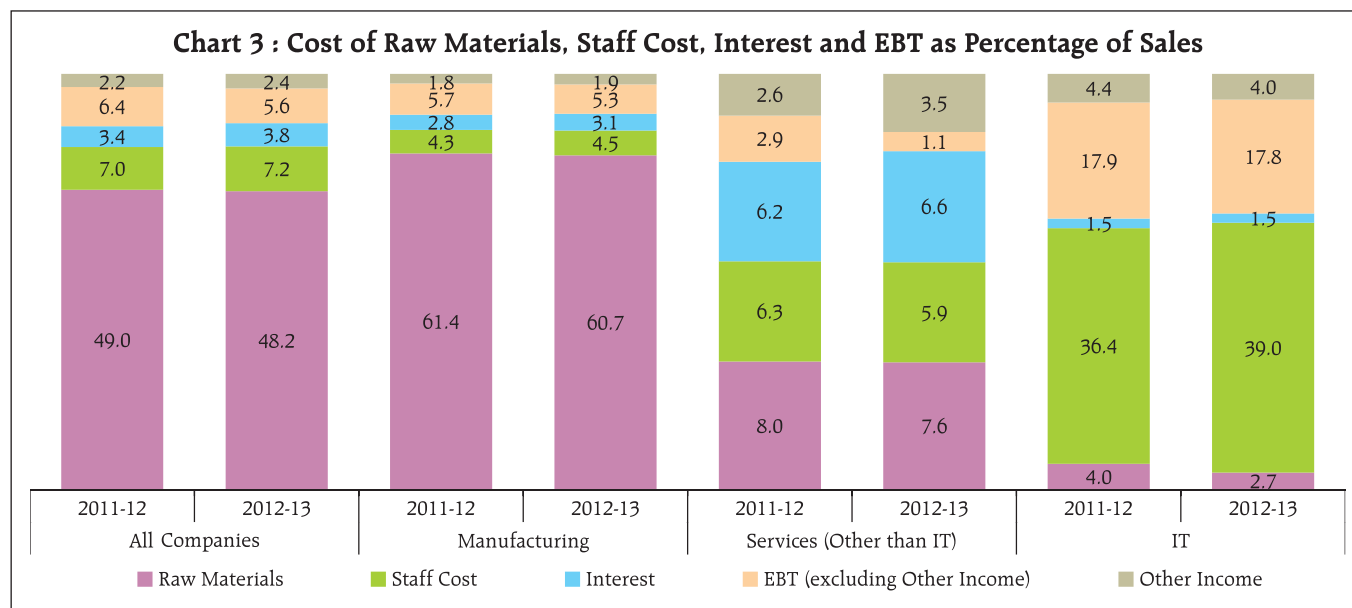
3.2 A closer look at the components of expenditure viz., CRM, staff cost and interest expenditure as a percentage of sales revealed that, at the aggregate level and also for the manufacturing sector, the reduction in CRM in 2012-13 was neutralised by the increase in the other components of expenditure, resulting in lower EBT (earnings before tax) margin (Chart 3). EBT margin declined for the services (IT and others) as well. For the services (other than IT) sector, although CRM and staff cost as percentage of sales declined, that of interest expenses increased. For the IT sector, staff cost as percentage of sales showed a significant increase.

3.3 The long term trend since beginning of the last decade reveals that CRM to sales ratio for all listed NGNF companies together has remained fairly stable and range

**Table 4: Sector wise Important Performance Parameters**

Sector	Manufacturing					Services (other than IT)					IT				
	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007-08	17.7	18.4	19.2	15.9	9.7	28.0	39.4	43.7	22.8	13.1	26.0	17.5	24.3	20.7	17.8
2008-09	16.3	-4.1	-25.6	13.5	6.6	12.2	-8.2	-22.0	20.9	10.7	18.1	17.9	2.7	20.6	15.5
2009-10	13.3	33.9	45.2	16.1	8.6	3.7	-	-19.8	18.0	8.2	5.0	19.1	19.1	23.4	17.8
2010-11	23.0	11.9	20.6	14.4	8.3	7.1	9.3	3.4	17.7	7.8	15.0	11.4	12.5	22.2	16.7
2011-12	19.5	0.1	-21.7	11.9	5.5	14.3	-0.7	-42.2	16.1	3.7	18.6	14.9	23.3	21.6	17.5
2012-13	9.4	3.1	3.6	11.3	5.4	10.7	6.0	-29.6	16.0	2.7	11.3	17.0	7.1	22.5	16.8

- : Nil/Negligible.

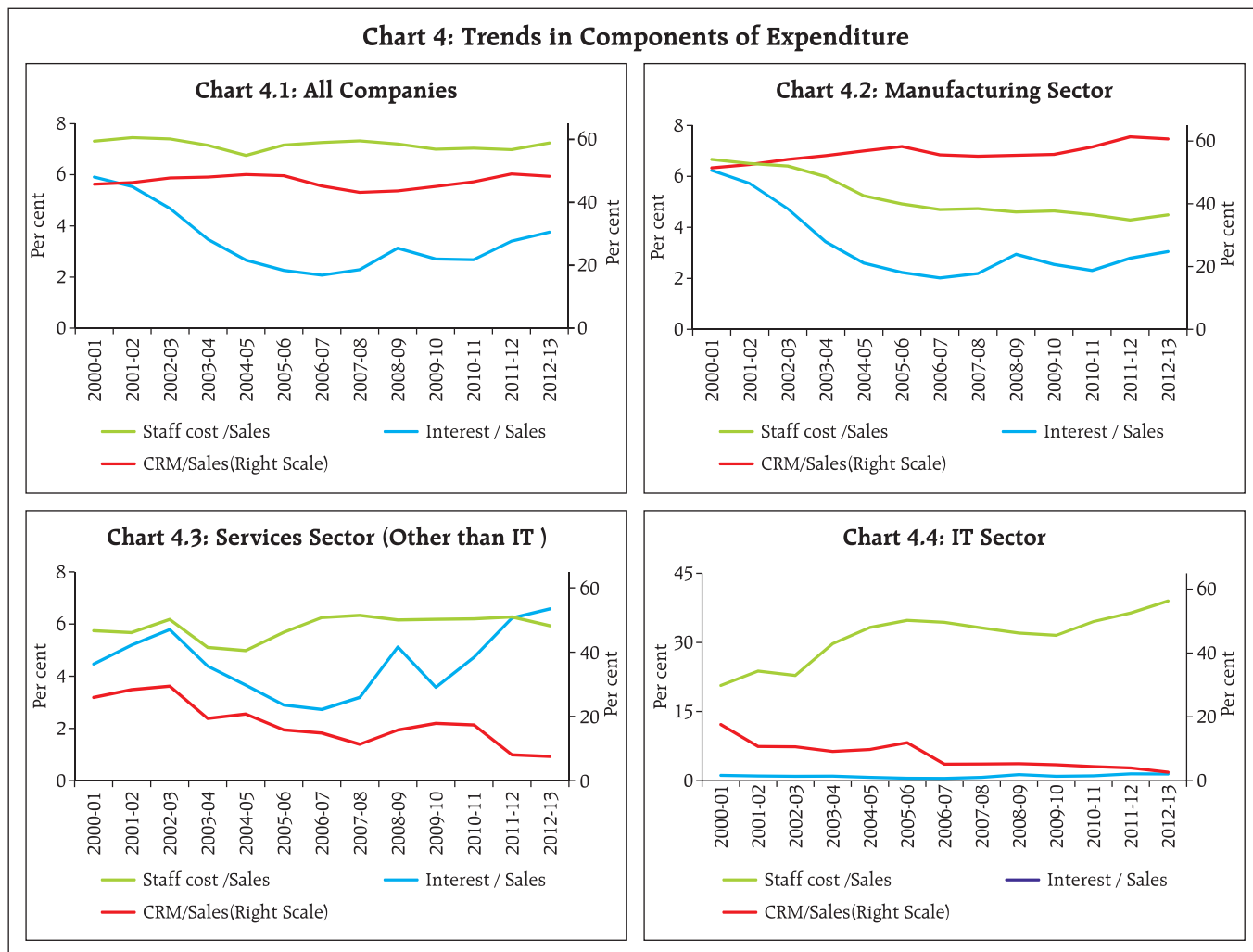


bound except for the dip during the crisis period and the staff cost also remained stable (Table 5 & Chart 4). Interest expenses have increased across all sectors and size classes in the recent years. At an aggregate level,

**Table 5: Cost of Raw Materials, Staff Cost and Interest as Percentage of Sales**

	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest
	All Companies			Large			Medium			Small		
<b>Manufacturing</b>												
2007-08	55.2	4.7	2.2	55.0	4.3	1.8	55.9	5.8	3.3	54.6	7.1	4.2
2008-09	55.5	4.6	2.9	55.4	4.1	2.6	56.3	6.0	4.0	50.5	7.8	5.3
2009-10	55.8	4.6	2.5	56.4	4.1	2.2	53.9	6.3	3.5	50.4	8.2	5.0
2010-11	58.1	4.5	2.3	58.9	4.0	2.0	55.4	6.4	3.5	49.5	8.0	3.9
2011-12	61.4	4.3	2.8	62.5	3.8	2.5	56.0	6.6	4.2	51.1	9.4	5.0
2012-13	60.7	4.5	3.1	61.5	4.0	2.8	56.4	7.0	4.3	51.7	9.4	6.4
<b>Services Other than IT</b>												
2007-08	11.3	6.3	3.2	10.3	5.9	2.8	14.3	7.2	4.2	14.4	8.5	4.2
2008-09	15.8	6.2	5.1	15.7	5.2	5.0	15.7	9.6	5.3	18.0	10.7	6.8
2009-10	17.8	6.2	3.6	18.8	5.2	3.1	14.1	9.6	5.0	14.8	11.9	7.5
2010-11	17.3	6.2	4.7	18.7	5.3	4.3	10.1	10.1	6.7	19.6	10.5	7.5
2011-12	8.0	6.3	6.2	7.8	5.3	5.1	8.2	10.0	11.2	15.1	10.3	6.6
2012-13	7.6	5.9	6.6	6.8	4.6	4.7	9.4	10.9	14.9	20.6	10.8	6.3
<b>IT</b>												
2007-08	5.2	33.1	0.7	4.7	33.9	0.5	6.5	30.8	1.9	12.8	24.8	2.1
2008-09	5.3	32.0	1.3	5.2	32.4	1.0	4.7	30.9	2.5	12.0	26.1	3.5
2009-10	5.0	31.5	1.0	4.8	31.4	0.6	4.9	34.6	2.9	12.2	21.7	3.6
2010-11	4.4	34.5	1.0	4.2	34.8	0.7	4.1	34.0	2.4	15.5	24.3	7.0
2011-12	4.0	36.4	1.5	3.3	36.6	1.0	7.9	35.5	4.2	15.2	31.6	9.1
2012-13	2.7	39.0	1.5	2.0	39.4	0.8	7.6	36.2	6.0	10.5	33.5	9.2
<b>All Companies</b>												
2007-08	43.2	7.3	2.3	42.2	7.2	1.9	46.3	7.4	3.4	43.4	8.8	4.3
2008-09	43.6	7.2	3.1	42.7	6.9	2.8	47.1	7.9	4.2	41.3	9.9	5.4
2009-10	45.0	7.0	2.7	45.0	6.7	2.4	45.8	8.1	3.9	41.7	9.9	5.2
2010-11	46.5	7.0	2.7	46.7	6.7	2.4	46.3	8.4	3.9	41.4	10.0	5.2
2011-12	49.0	7.0	3.4	49.6	6.6	3.0	46.5	8.8	5.2	41.3	11.4	6.2
2012-13	48.2	7.2	3.8	48.6	6.9	3.4	46.4	9.1	6.0	42.0	11.7	7.2

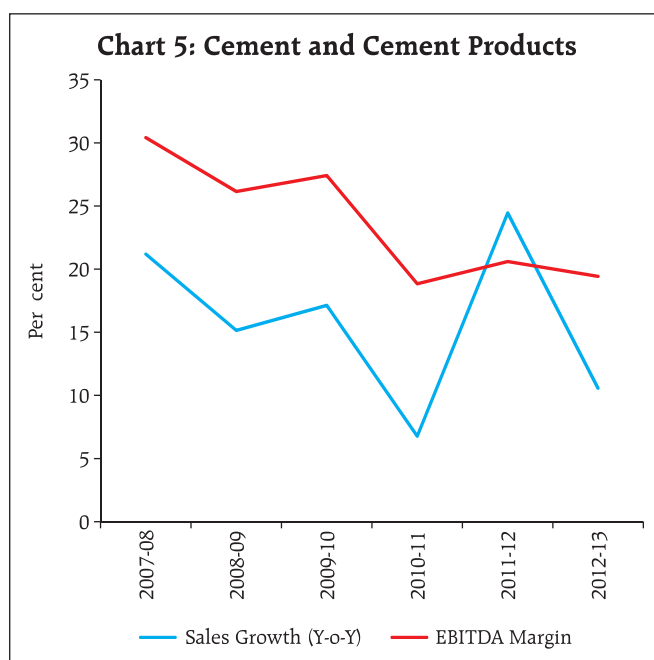
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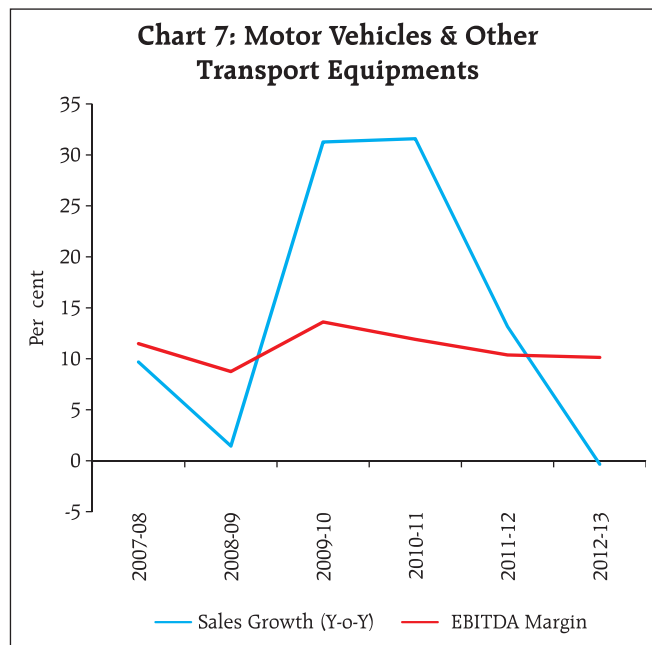
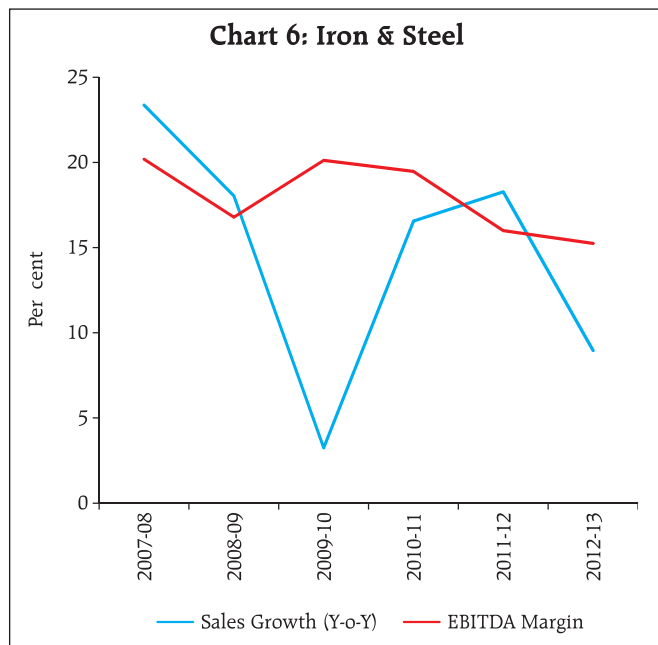


however, interest to sales ratio has remained below the levels observed in 2000-01.

**4. Sales moderated across industries but smaller companies suffered more even in comparatively better performing industries**

4.1 Most of the industries followed the general trend of lower sales growth and lower profit (EBITDA) margins in 2012-13 compared to 2011-12. In the basic goods sector, sales growth of the cement industry declined sharply to 10.6 per cent in 2012-13 after reaching a peak of 24.5 per cent in 2011-12. Profit margin moderated in 2012-13 after a slight improvement in 2011-12 (Chart 5). For the iron & steel industry also, sales growth fell sharply from 18.3 per cent in 2011-12 to 9.0 per cent in 2012-13. Profit margin continued to decline for three consecutive years (Chart 6). Also, a





size wise analysis indicates a pronounced difference in the sales growth and profit margin of the small and large size companies within the iron & steel industry (Table 6).

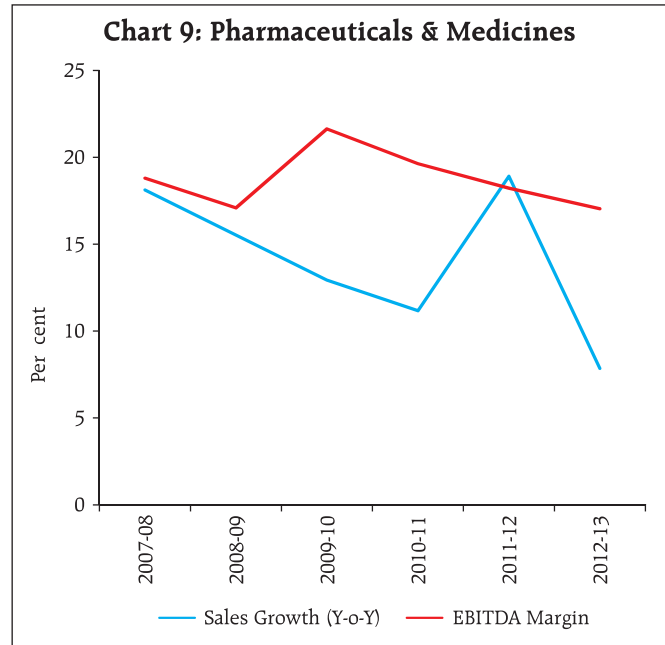
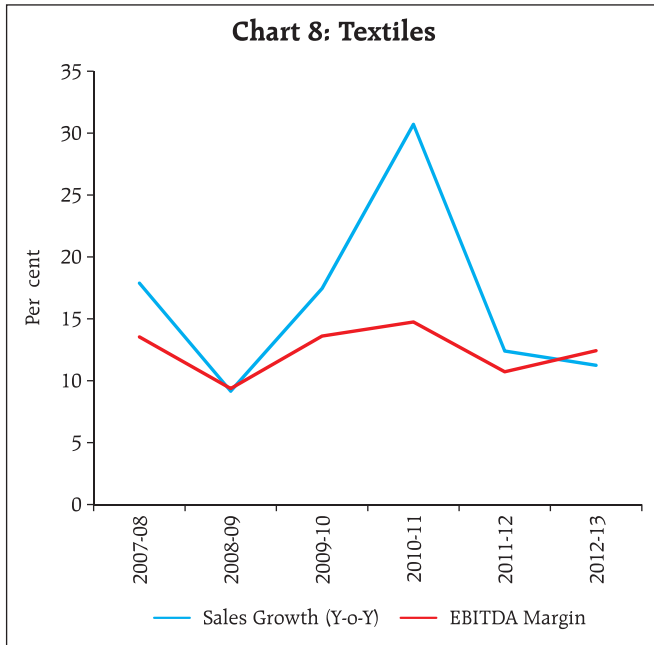
4.2 In the consumer goods sector, motor vehicles industry suffered huge decline in sales growth in 2011-12 followed by further contraction in sales in 2012-13 (Chart 7). Textile industry also witnessed decline in

**Table 6: Important Performance Parameters of Select Industries**

Industry	Period	All Companies			Large			Medium			Small		
		Sales Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Margin (Per cent)	Sales Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Margin (Per cent)
	1	2	3	4	5	6	7	8	9	10	11	12	13
Cement and cement products	2011-12	24.5	20.6	8.9	25.5	21.7	9.5	17.8	13.6	4.6	24.5	11.8	-1.2
	2012-13	10.6	19.4	10.2	10.8	20.3	10.7	9.3	11.5	5.9	-5.4	11.1	-5.3
Construction	2011-12	8.2	14.7	4.9	10.4	14.9	5.0	-3.6	12.8	3.9	-22.0	19.7	11.5
	2012-13	4.3	12.5	4.1	5.1	12.5	4.3	-3.0	12.9	2.1	-16.1	13.3	5.0
Iron and steel	2011-12	18.3	16.0	5.1	20.9	17.5	5.9	3.2	5.5	-0.8	-7.6	1.5	-2.6
	2012-13	9.0	15.2	4.3	10.9	16.7	5.1	-1.7	5.9	-0.6	-11.9	3.6	-4.1
Motor vehicles and other transport equipments	2011-12	13.2	10.4	6.1	12.9	10.4	6.3	16.4	10.6	5.3	2.2	7.1	4.2
	2012-13	-0.4	10.1	5.4	0.2	10.3	5.7	-4.9	9.2	3.1	-0.1	4.0	3.9
Pharmaceuticals and medicines	2011-12	18.9	18.2	9.0	23.2	20.0	9.4	7.8	13.4	8.4	2.6	3.2	-4.2
	2012-13	7.8	17.0	10.1	7.7	18.5	11.8	9.2	13.3	5.7	-2.7	5.9	-1.9
Textiles	2011-12	12.4	10.7	1.8	18.6	13.6	3.8	5.8	6.0	-1.1	-17.2	5.6	-5.2
	2012-13	11.2	12.4	2.1	15.7	14.5	3.7	4.6	8.8	-0.1	-8.9	2.5	-9.5
Machinery ^	2011-12	16.6	9.7	4.8	17.9	9.8	5.2	13.2	9.1	3.6	5.4	9.8	3.7
	2012-13	3.6	8.4	3.4	5.7	8.3	3.2	-3.9	9.1	5.1	-2.1	4.4	-6.8

^ : includes Machinery & Machine Tools and Electrical Machinery and Apparatus

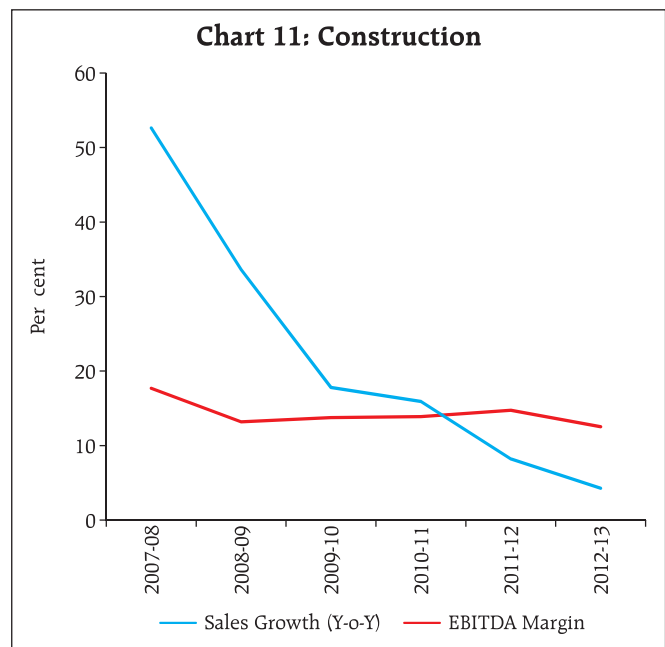
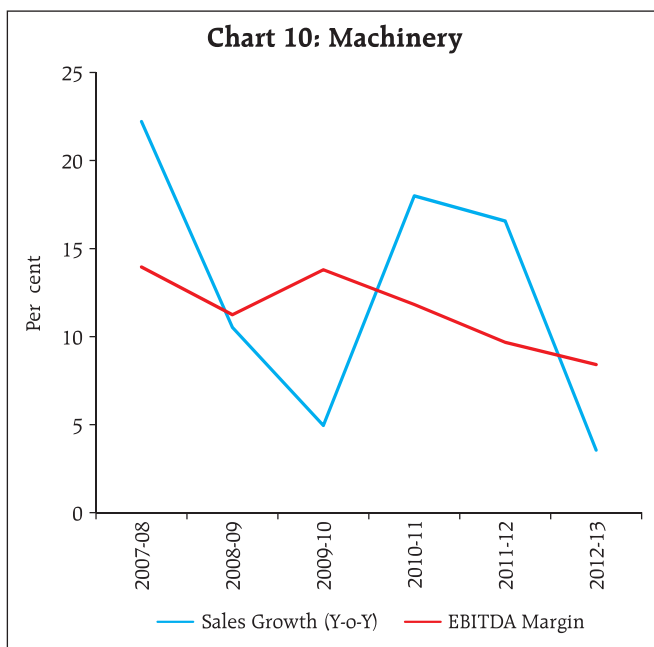
Sales less than ₹1bn for small companies; between ₹1 bn to ₹10 bn for medium companies and more than ₹10bn for large companies.



sales growth for two consecutive years (Chart 8) with noticeable differences between the large and the small size companies (Table 6). Sales growth in the pharmaceuticals industry slumped in the post-crisis period up to 2010-11 (Chart 9). It witnessed a sharp recovery in 2011-12 which could not be sustained in 2012-13. Margins continued moderating for the motor vehicles and pharmaceuticals industry but improved slightly for the textiles industry. In all the industries,

EBITDA margins were much lower for small sized companies (Table 6).

4.3 In the capital goods sector, which is considered a vehicle of growth, machinery industry recorded two years of decelerating sales growth with contraction in profit margin (Chart 10). Construction industry is yet to show any sign of recovery post crisis though profit margin remained almost steady with slight moderation in 2012-13 (Chart 11).



### 5. On a quarterly basis, decline in sales growth remained unabated, profit margin steadied

5.1 An analysis of the performance of (NGNF) listed companies over the quarters reveals that sales growth witnessed moderate decline in the first three quarters of 2012-13 and plummeted sharply in the fourth quarter (Table 7).

5.2 EBITDA contracted at the aggregate level in Q4 after positive growth in Q2 and Q3.

5.3 Growth in interest expenses declined noticeably over the quarters except an increase in Q3 of 2012-13. Support from other income also gradually declined over the quarters.

5.4 Net profits contracted in Q4 of 2012-13 after growth in Q2 and Q3. However, profit margins declined during the first two quarters and remained almost stable in the last two quarters.

**Table 7: Performance of the Select Companies over the Quarters**

Item	2011-12				2012-13			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	1	2	3	4	5	6	7	8
No. of companies	<b>2,227</b>							
<b>Year-on-year Growth rate in per cent</b>								
Sales	22.3	18.9	19.1	15.6	13.9	11.6	9.3	3.6
Expenditure	22.6	22.0	24.6	16.6	16.2	12.3	8.0	4.2
Operating Profits (EBITDA)	13.3	-0.1	-5.3	-0.4	-3.2	12.2	7.7	-0.4
Other Income	65.3	46.3	87.6	49.2	24.3	49.9	0.8	-1.2
Depreciation	11.0	11.0	11.5	10.5	9.9	9.5	9.7	7.4
Gross Profits (EBIT)	19.3	3.0	-0.5	4.3	-2.8	20.2	5.8	-2.6
Interest	35.2	61.0	55.4	38.8	36.4	9.7	16.0	9.4
Net Profits	8.4	-32.6	-29.9	-5.0	-9.1	26.0	25.8	-15.2
<b>Ratios in Per cent</b>								
EBITDA Margin	15.2	13.2	12.8	13.3	12.9	13.2	12.6	12.7
EBIT Margin	13.5	11.9	11.5	12.6	11.5	12.8	11.2	11.8
Net Profit Margin	7.8	6.4	5.1	7.2	6.2	7.2	5.9	5.9
Interest to Sales	3.1	3.4	3.4	3.3	3.7	3.4	3.6	3.5
Interest to EBIT	22.7	29.0	29.2	26.5	31.8	26.4	32.3	29.7
Interest Coverage (Times)	4.4	3.5	3.4	3.8	3.1	3.8	3.1	3.4



## *Performance of Financial and Investment Companies, 2011-12\**

*An analysis of financial performance of select 1,342 non-government financial and investment companies for the financial year 2011-12 based on their audited annual accounts revealed that as growth in financial income improved during the year 2011-12, growth in expenditure was also higher as compared to the previous year. Growth in operating profits (EBDT) as well as net profits of the companies consequently moderated during the year. Share of borrowings, a major part of liabilities, has increased over the 5-year period, whereas on the assets side, loans and advances gained in share. Companies continued to rely mainly on external sources (other than internal accruals) for expansion, predominantly for growing their loan portfolio.*

This article presents the performance of non-government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2011-12 based on the audited annual accounts of 1,342 companies, which closed their accounts during the period April 2011 to March 2012<sup>1</sup>. It also presents a comparable picture over the five year period *i.e.*, from 2007-08 to 2011-12 based on the data compiled for the relevant financial years and published earlier. The detailed data for 2011-12 along with explanatory notes have been made available on the website of the Reserve Bank. Select 1,342 companies

\* Prepared in the Company Finances Division of the Department of Statistics and Information Management. The previous study was published in the October 2012 issue of the Reserve Bank of India Bulletin, which covered 1,340 non-government financial and investment companies during 2010-11. In the present study, 412 new companies have been covered in addition to 930 companies common with the previous study.

<sup>1</sup> In the case of companies, which either extended or shortened their accounting year, income, expenditure and appropriation figures have been annualised. The balance sheet data, however, have been retained as presented in the annual accounts of companies. The analysis of the financial performance for the year, is subject to this limitation.

accounted for 43.7 per cent of population paid-up capital (PUC) (provisional estimate supplied by the Ministry of Corporate Affairs, GoI) of all non-government financial and investment companies as on March 31, 2012.

The 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) 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 2011-12 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<sup>2</sup> were classified under 'Miscellaneous' group. It is observed that 'Share Trading and Investment Holding' companies dominate the sample in terms of number followed by 'Loan Finance' companies (Table 1). However, 'Loan Finance' companies dominate in terms of financial parameters.

### **1. Higher interest rate led to higher growth in income but profit growth suffered**

Performance of financial and investment companies suffered in the post-crisis period. Growth in income dropped from 52.9 per cent in 2007-08 to 10.0 per cent in 2009-10 before some recovery in the following year (Statement 1 & Chart 1). However, lower income growth was balanced by lower growth in interest and staff expenses. As a result, profits recorded an impressive growth in 2009-10 and 2010-11. The situation reversed to some extent in 2011-12.

The financial income of the select 1,342 financial and investment companies grew by 29.5 per cent in 2011-12, the highest in the post crisis period. This was due to very high growth in interest income for these

<sup>2</sup> Companies engaged in financial advisory services, fund management services, portfolio management services, *etc.*, are also included in 'Miscellaneous' group.

**Table 1: Composition of Select Companies by Activity – 2010-11 and 2011-12**

(Per cent)

Activity	Number of Companies		Paid-up Capital		Financial Income		Total Net Assets	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
	1	2	3	4	5	6	7	8
Share Trading and Investment Holding	45.1	43.9	26.6	32.3	13.8	16.1	15.1	18.9
Loan Finance	34.0	37.9	57.5	55.9	61.2	66.9	68.9	71.8
Asset Finance	5.8	3.9	1.7	0.8	10.7	7.9	9.5	5.8
Diversified	1.1	1.1	0.5	0.2	0.3	0.2	0.2	0.2
Miscellaneous	14.0	13.3	13.7	10.8	13.9	8.9	6.2	3.4
<b>All Activities</b>	<b>100.0</b> <i>(1,340)</i>	<b>100.0</b> <i>(1,342)</i>	<b>100.0</b> <i>(367)</i>	<b>100.0</b> <i>(347)</i>	<b>100.0</b> <i>(513)</i>	<b>100</b> <i>(528)</i>	<b>100</b> <i>(4,408)</i>	<b>100</b> <i>(4,115)</i>

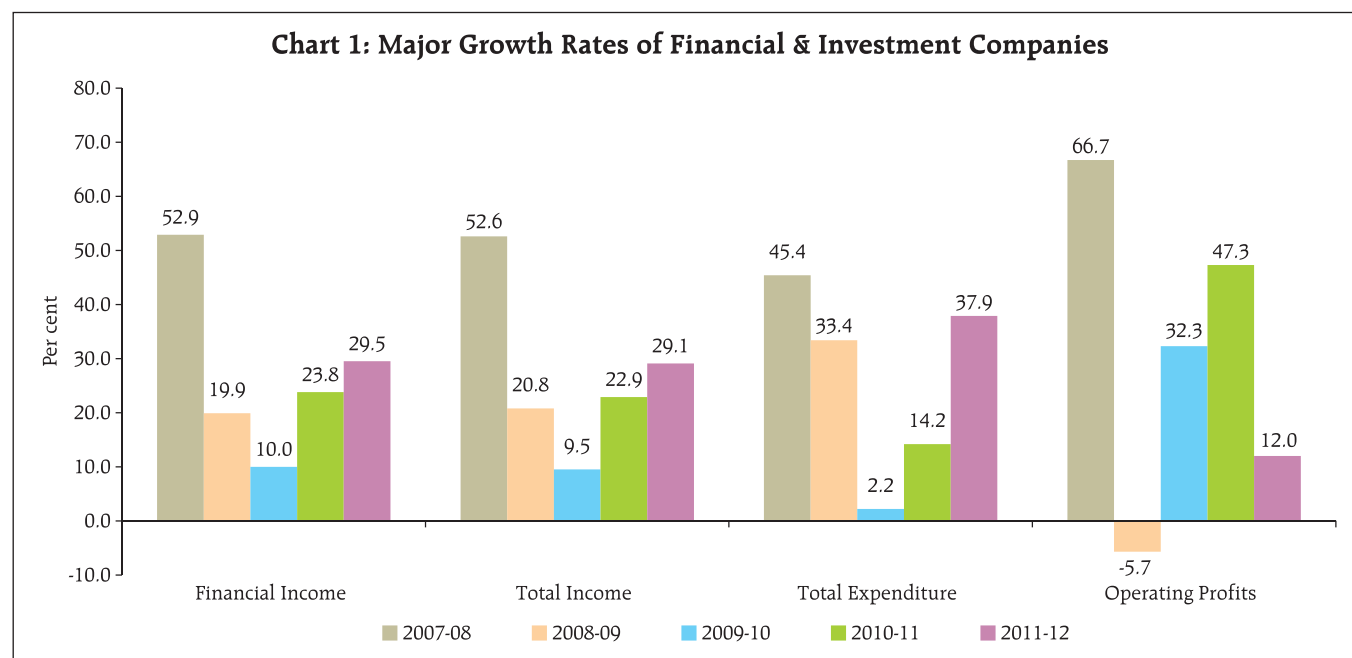
Note: Figures in parentheses represent totals under respective columns (amount in ₹ billion).

companies during the year (51.0 per cent as compared to 36.2 per cent in the previous year). Together with non-financial income, total income increased by 29.1 per cent during 2011-12. However, total expenditure grew at a higher rate of 37.9 per cent in 2011-12 as interest expenses recorded sharp increase (66.2 per cent) together with employees' remuneration (16.4 per cent). Thus, growth in operating profits of the select companies came down in 2011-12.

The share of interest income of the financial and investment companies in total income has continuously increased over the 5-year period from 2007-08 to

2011-12 whereas the shares of brokerage income and income from dealings in shares declined (Table 2). On the expenditure side, share of interest expenditure increased.

Operating profit margin, measured as a ratio of operating profits to financial income, of the select companies declined to 28.5 per cent in 2011-12 from 33.4 per cent in 2010-11 (Statement 2). The return on shareholders' equity (ratio of net profits to net worth) of the select companies also declined to 7.9 per cent in 2011-12. Similarly, the return on assets (ratio of net profits to total net assets) reached its lowest level in



**Table 2: Shares of Components of Income/ Expenditure in Total Income: 2007-08 to 2011-12**

(Per cent)

	2007-08	2008-09	2009-10	2010-11	2011-12
	1	2	3	4	5
<b>Components of Income</b>					
Interest Income	31.6	49.2	52.3	61.5	65.1
Dividend Income	4.6	3.6	3.0	3.7	3.8
Brokerage Income	12.5	2.4	7.7	7.2	4.9
Net Profit/Loss in Share Dealings	17.4	10.6	10.5	7.0	4.6
Net Earnings from Hire Purchase Financing	1.0	5.0	3.8	6.4	6.1
Lease Rentals	1.8	2.3	1.7	3.4	3.7
Others*	31.1	26.9	21.0	10.8	11.8
<b>Components of Expenditure</b>					
Total Expenditure	64.5	72.7	69.2	68.0	73.1
Interest Expenditure	27.5	41.2	36.9	36.7	40.2
Employees Remuneration	9.7	7.5	10.0	10.1	10.6
Managerial Remuneration	0.5	0.4	0.3	0.4	0.2
Bad Debts	4.2	5.3	4.8	2.0	2.0
Other Expenses	19.9	15.3	14.1	15.6	16.7
Depreciation Provision	1.7	1.4	1.5	1.5	1.9
Other Provision	1.0	1.6	1.6	1.7	1.6

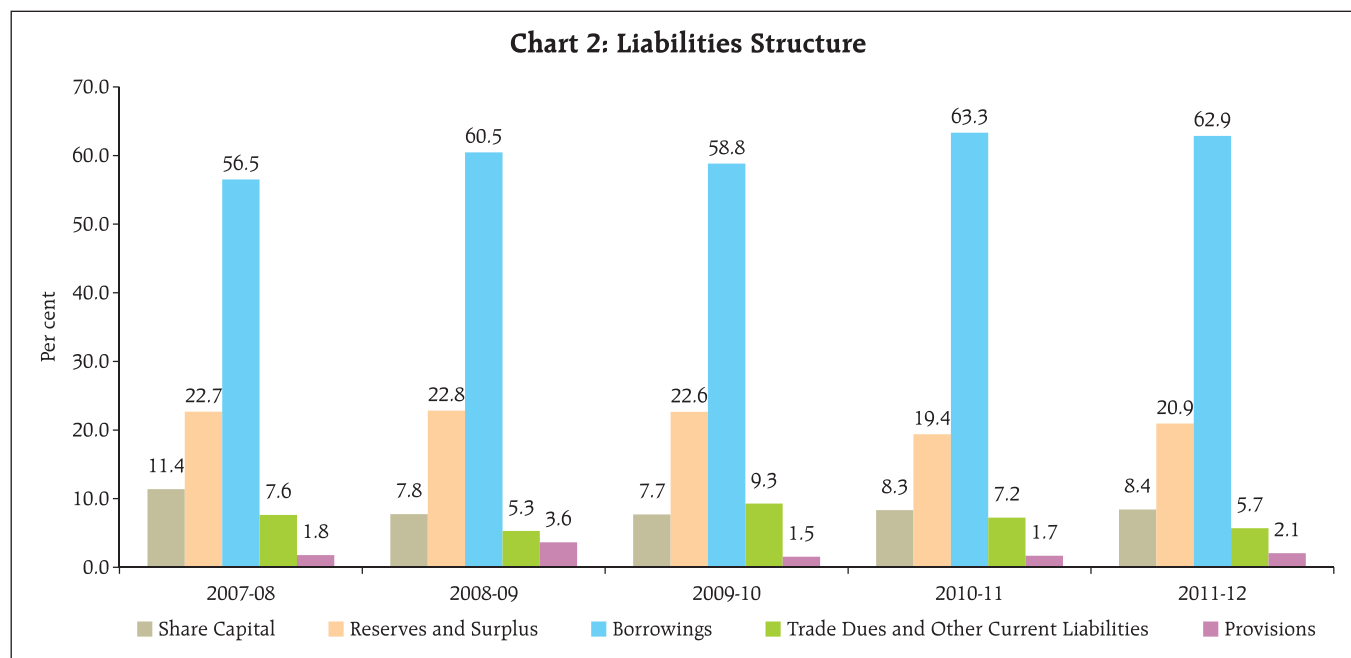
\* including income from Bill Discounting & Merchant Banking Activities, Other Financial Income, Non-financial Income & Non-operating Surplus/Deficit.

the last five years. It is observed that the dividend payout ratio (ratio of dividends paid to net profits) of the select companies has increased over the years (28.4 per cent in 2011-12), resulting in lower retained profits.

Operating profit growth of companies in most of the activity groups was lower in 2011-12. Share trading companies (as also diversified and miscellaneous companies) suffered the most in a lacklustre capital market. Only the asset finance companies maintained high profit growth. Profitability of companies in all the activity groups was lower in 2011-12 (Statement 2).

**2. Share of debentures in total liabilities declined**

Select financial and investment companies retraced its growth path in 2010-11 and 2011-12 from the lows during the crisis years. Total assets grew by 28.3 per cent in 2011-12 on top of a 29.8 per cent growth in 2010-11. Expansion during 2010-11 was aided by higher growth in borrowings, particularly from banks. Share of borrowings, which constitutes major part of the total liabilities of financial companies, peaked at 63.3 per cent<sup>3</sup> and the debt-equity ratio rose to 147.2 per cent at the end of March 2011 (Chart 2 & Statements 2 and 3). Growth rate of borrowings by the select



<sup>3</sup> Refers to the position as at the end of accounting period of select companies.

companies decelerated in 2011-12 and it formed 62.9 per cent of total liabilities. Debt-equity ratio declined to 119.8 per cent at end-March 2012. Debentures which gained in importance as a source of finance in the last few years had a much lower share at end of 2011-12.

For 'share trading and investment holding' companies, 'own funds', *i.e.*, share capital and reserves and surplus, forms much higher share of liabilities. However, its share came down in the last two years with concomitant increase in the share of borrowings. For 'loan finance' and 'asset finance' companies, 'own funds' contributed around 15 to 25 per cent in total liabilities and borrowings had much larger share. Share of borrowings through debentures by these groups declined in 2011-12 with corresponding rise in the share of bank borrowings.

**3. Assets Structure tilted more towards loans and advances**

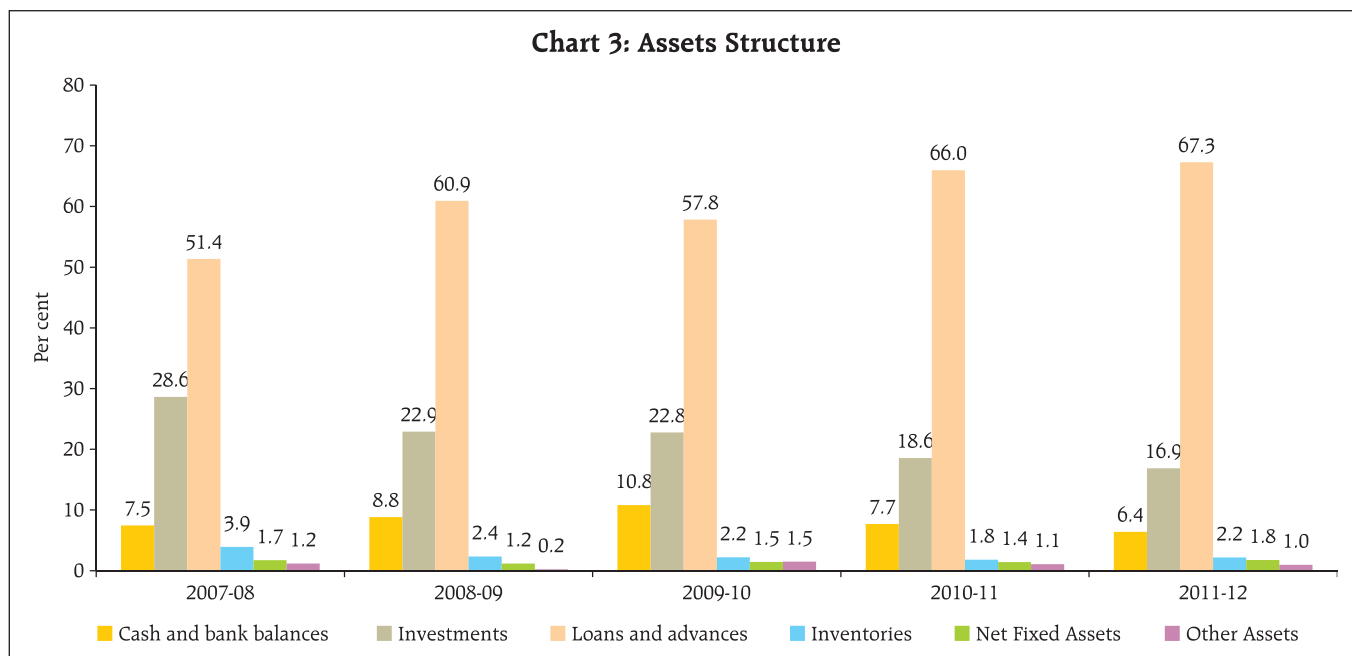
The assets pattern of select companies showed that share of investments has gradually declined over the last five years with loans and advances substituting for it (Chart 3 & Statement 4). Share of loans and advances constituted nearly two-thirds of total net assets in 2011-12.

Shift to loan financing as a business model was seen in the case of select companies in most of the activity groups. For 'share trading and investment' companies, the share of investments in total assets dropped sharply from 58.1 per cent in 2010-11 to 45.4 per cent in 2011-12 with corresponding rise in the share of loans and advances. Similarly, for loan finance companies, the share of investments in total assets declined from 21.2 per cent in 2008-09 to 10.3 per cent in 2011-12 with the share of loans and advances rising further.

**4. External sources gained further importance in business expansion**

As reflected in the liabilities structure of select companies, their reliance on external sources (*i.e.*, other than internally generated funds) for business expansion increased in the recent period (Statement 5). Lower profitability might have contributed to this.

Companies engaged in 'share trading and investment holding' which used to fund their business mostly through plough back of profits, changed their sourcing pattern in the last two years. Capital raised from market and borrowings accounted for 70-75 per cent of funding in 2010-11 and 2011-12. In the case of



'loan finance' and 'asset finance' companies, broad pattern of financing remained same, but share of borrowings from non-bank sources increased.

#### **5. Loan financing became the dominant activity**

As already observed, select financial and investment companies have been expanding their business mostly through the lending route. Thus, the share of fresh investments in total uses of funds declined over the years from 32.7 per cent in 2007-08 to 4.7 per cent in 2011-12. Correspondingly, the share of incremental loans increased from 56.6 per cent in 2007-08 to 92.7 per cent in 2011-12 (Statement 6).

The pattern of uses of funds for 'share trading and investment' companies fluctuated widely in different years. During 2011-12, investments accounted for 29.7

per cent of deployed funds whereas loans and advances had a share of 50.1 per cent.

#### **6. Concluding Observations**

It was observed from the aggregate results of the select 1,342 non-government financial and investment companies that their income grew at a higher rate during the year 2011-12, however, the growth in expenditure was even higher. Operating profits as well as net profits of the companies consequently grew at lower rate and profitability declined. Share of borrowings, a major part of liabilities increased over the 5-year period, whereas on the assets side, loans and advances gained in prominence. Companies continued to rely mainly on external sources of funds for expansion and the deployment was mainly in loans and advances.

<b>Statement 1: Growth Rates of Select Items of Financial and Investment Companies: 2007-08 to 2011-12</b>										
(Per cent)										
Item	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
	All Activities					Share Trading and Investment Holding				
1. Financial Income	52.9	19.9	10.0	23.8	29.5	26.3	-5.0	40.1	8.6	3.5
<i>Of which: Interest Received</i>	43.8	30.8	14.1	36.2	51.0	33.8	18.2	-7.3	28.0	19.1
2. Total Income	52.6	20.8	9.5	22.9	29.1	64.0	-6.3	41.5	9.6	3.5
3. Total Expenditure	45.4	33.4	2.2	14.2	37.9	35.1	-4.2	-6.6	7.3	13.5
4. Interest Payment	45.9	40.0	1.8	25.9	66.2	37.4	-7.1	-2.3	27.8	22.2
5. Employees' Remuneration	46.3	14.0	12.1	11.1	16.4	13.0	-4.4	-4.1	22.6	17.4
6. Operating Profits (EBDT)	66.7	-5.7	32.3	47.3	12.0	73.7	-5.6	81.2	9.4	-5.3
7. Net Profits	55.6	-7.9	32.2	56.0	9.4	79.5	-14.8	92.2	9.4	-6.8
8. Profits Retained	63.6	-12.5	33.3	76.1	3.6	93.2	-30.0	94.1	13.7	-9.3
9. Investments @	47.5	20.6	2.3	25.6	6.6	41.5	1.3	8.2	24.7	7.9
10. Total Net Assets @	39.8	15.8	12.4	29.8	28.3	23.5	6.2	3.2	14.1	12.6
11. Borrowings @	35.7	13.8	14.2	37.6	36.3	-17.3	-6.9	10.3	48.3	7.6
<i>Of which: from Banks @</i>	27.6	17.8	8.7	57.2	21.4	-53.5	14.5	8.2	37.9	10.3
	Loan Finance					Asset Finance				
1. Financial Income	57.1	27.8	4.6	32.4	43.1	20.8	15.0	19.8	28.8	53.3
<i>Of which: Interest Received</i>	54.5	36.0	16.8	36.3	54.0	39.5	-13.2	156.2	55.7	55.1
2. Total Income	34.9	28.4	5.1	29.9	43.9	41.4	23.4	8.5	30.2	50.3
3. Total Expenditure	40.4	43.9	1.6	16.9	51.1	35.5	31.2	10.1	17.8	51.1
4. Interest Payment	43.2	44.7	1.5	25.9	72.6	40.0	35.2	4.9	29.3	73.0
5. Employees' Remuneration	41.9	13.7	14.8	15.7	30.2	44.9	25.2	15.0	25.3	35.8
6. Operating Profits (EBDT)	46.2	-8.3	14.0	89.1	23.7	59.9	-33.8	84.0	60.8	63.7
7. Net Profits	-4.6	-8.6	10.5	100.9	24.9	53.4	-4.3	30.2	92.6	59.3
8. Profits Retained	-15.2	-7.2	8.0	143.4	13.7	78.2	1.6	21.2	102.1	62.4
9. Investments @	32.0	42.7	-7.9	29.2	6.6	41.5	5.5	4.6	66.8	-82.0
10. Total Net Assets @	45.6	18.2	11.3	35.0	35.5	18.5	5.9	25.4	31.2	24.7
11. Borrowings @	45.5	13.4	15.5	38.4	41.9	17.9	9.4	41.2	33.2	26.3
<i>Of which: from Banks @</i>	26.3	18.2	7.2	52.8	22.9	-6.8	-39.2	43.5	107.1	21.4
	Diversified					Miscellaneous				
1. Financial Income	106.3	7.8	-10.5	26.9	11.6	71.5	19.4	15.5	5.3	-6.9
<i>Of which: Interest Received</i>	-9.9	-6.7	-47.2	68.6	41.4	-19.9	-43.6	-5.2	37.8	16.1
2. Total Income	82.0	6.8	-12.2	24.5	7.9	64.3	21.1	14.3	6.4	-10.0
3. Total Expenditure	121.9	17.9	-16.4	22.9	19.4	54.8	25.3	5.0	5.9	-1.4
4. Interest Payment	27.2	10.1	-32.4	55.1	115.0	95.9	41.4	11.6	-0.8	21.4
5. Employees' Remuneration	24.2	40.8	4.1	40.9	-1.8	57.2	16.3	11.4	3.4	-2.9
6. Operating Profits (EBDT)	11.7	-28.1	32.2	30.1	-22.8	84.1	5.3	43.2	0.4	-27.8
7. Net Profits	-1.6	-48.9	106.8	26.2	-9.1	96.0	8.2	43.1	37.4	-56.8
8. Profits Retained	-21.3	-54.8	151.3	34.1	2.3	101.5	7.8	73.5	74.4	-133
9. Investments @	16.0	-11.8	-28.7	58.8	-24.5	224.6	-19.6	45.0	1.3	7.8
10. Total Net Assets @	11.0	4.9	-14.2	21.1	1.9	92.9	20.6	21.8	16.0	-0.4
11. Borrowings @	13.4	1.9	-31.0	-3.2	9.9	105.5	24.4	1.9	0.4	0.6
<i>Of which: from Banks @</i>	30.8	12.7	55.9	1.1	-30.1	155.9	30.4	2.2	74.0	-5.9

@: adjusted for revaluations, if any.

<b>Statement 2: Select Financial Ratios - Financial and Investment Companies: 2007-08 to 2011-12</b>										
(Per cent)										
Item	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
	All Activities					Share Trading and Investment Holding				
1. Dividends to Net Profits	13.8	19.7	24.5	24.5	28.4	7.5	23.0	32.6	26.2	26.7
2. Operating Profits to Financial Income	35.9	27.6	31.4	33.4	28.5	70.5	63.7	69.0	61.0	48.4
3. Net profits to Total Net Assets	4.9	2.4	2.6	2.6	2.3	22.9	5.2	6.3	5.1	4.1
4. Net profits to Net Worth	10.5	7.8	8.5	9.3	7.9	11.4	7.1	8.7	8.3	6.6
5. Debt to Equity	83.5	106.2	114.5	147.2	119.8	10.3	8.8	11.5	19.2	32.6
	Loan Finance					Asset Finance				
1. Dividends to Net Profits	32.6	18.9	21.1	24.3	27.9	17.0	22.0	27.4	14.0	8.7
2. Operating Profits to Financial Income	20.9	22.1	26.7	30.4	25.4	25.1	14.4	20.2	29.5	26.6
3. Net profits to Total Net Assets	1.2	1.7	1.9	2.0	1.9	2.9	1.6	1.5	2.6	2.6
4. Net profits to Net Worth	5.7	6.7	8.1	9.6	9.0	11.3	7.6	10.3	17.6	15.8
5. Debt to Equity	177.3	158	180.4	244.5	199.4	268	240.7	342	263	125.7
	Diversified					Miscellaneous				
1. Dividends to Net Profits	39.4	14.4	22.9	21.4	9.5	10.8	16.9	22.5	32.9	125.5
2. Operating Profits to Financial Income	19.7	16.1	18.0	51.9	14.0	36.4	27.6	33.6	21.8	17.0
3. Net profits to Total Net Assets	6.3	1.1	1.4	5.1	3.2	6.2	3.3	3.5	2.0	1.6
4. Net profits to Net Worth	8.1	3.1	4.0	8.5	5.9	17.5	16.4	10.0	6.8	3.2
5. Debt to Equity	39.1	21.5	61.4	3.0	14.8	41.9	108.6	34.5	10.6	10.3

<b>Statement 3: Liabilities Structure of Select Financial and Investment Companies: 2007-08 to 2011-12</b>										
(Per cent)										
Capital and Liabilities	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
	All Activities					Share Trading and Investment Holding				
A. Share Capital	11.4	7.8	7.7	8.3	8.4	20.3	18.4	13.8	14.7	14.4
B. Reserves and Surplus	22.7	22.8	22.6	19.4	20.9	52.1	54.6	58.8	46.7	47.0
C. Borrowings	56.5	60.5	58.8	63.3	62.9	21.5	19.6	19.4	28.2	29.9
<i>of which, (i) Debentures<sup>@</sup></i>	17.3	17.8	19.7	22.3	15.8	3.4	3.5	6.8	8.5	7.9
(ii) Bank borrowings	20.1	27.0	22.9	28.6	29.3	3.7	6.3	4.3	10.1	10.5
D. Trade Dues & Other Current Liabilities	7.6	5.3	9.3	7.2	5.7	4.6	6.3	5.5	8.2	7.0
<i>of which, Sundry Creditors</i>	3.3	1.6	3.3	2.8	2.1	1.4	1.0	2.3	2.1	2.8
E. Other Liabilities	1.8	3.6	1.5	1.7	2.1	1.5	1.2	2.6	2.2	1.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Finance					Asset Finance				
A. Share Capital	11.0	6.1	6.6	7.0	6.6	1.9	10.1	2.3	1.5	1.2
B. Reserves and Surplus	10.3	19.0	17.3	14.0	14.4	14.2	10.4	12.7	12.5	15.5
C. Borrowings	72.1	66.0	69.0	73.4	72.5	71.1	70.6	77.8	79.7	78.6
<i>of which, (i) Debentures<sup>@</sup></i>	21.4	20.0	22.5	26.1	18.4	35.7	40.5	40.3	30.3	19.2
(ii) Bank borrowings	25.0	28.1	26.4	33.5	33.8	22.4	16.2	25.2	38.3	48.8
D. Trade Dues & Other Current Liabilities	4.8	3.7	5.8	3.9	4.3	11.2	8.0	6.3	5.6	3.4
<i>of which, Sundry Creditors</i>	1.3	1.2	1.4	1.0	1.3	2.9	3.5	2.7	2.4	0.8
E. Other Liabilities	1.9	5.2	1.3	1.7	2.2	1.6	0.9	0.9	0.7	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>@</sup>:includes privately placed debentures

<b>Statement 3: Liabilities Structure of Select Financial and Investment Companies: 2007-08 to 2011-12</b>										
(Per cent)										
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Capital and Liabilities</b>	<b>Diversified</b>					<b>Miscellaneous</b>				
A. Share Capital	18.4	6.4	23.1	17.4	9.3	7.4	5.1	8.4	18.3	26.8
B. Reserves and Surplus	32.4	28.2	13.0	45.0	44.8	27.8	15.0	26.1	22.7	22.7
C. Borrowings	29.3	43.3	50.1	25.5	23.4	45.4	69.9	36.0	13.5	17.1
<i>of which, (i) Debentures<sup>@</sup></i>	0.6	5.9	20.8	0.0	0.0	8.3	15.6	9.0	1.4	0.8
(ii) Bank borrowings	21.6	25.7	21.0	21.0	12.2	25.3	42.4	20.0	5.5	7.4
D. Trade Dues & Other Current Liabilities	16.8	20.6	12.2	10.6	21.5	17.4	8.3	27.2	44.1	31.3
<i>of which, Sundry Creditors</i>	10.9	2.4	5.3	7.0	13.6	12.7	3.4	12.2	24.2	17.1
E. Other Liabilities	3.1	1.4	1.7	1.6	1.0	2.0	1.6	2.3	1.4	2.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

@:includes privately placed debentures

<b>Statement 4: Asset Structure of Select Financial and Investment Companies: 2007-08 to 2011-12</b>										
(Per cent)										
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Assets</b>	<b>All Activities</b>					<b>Share Trading and Investment Holding</b>				
A. Cash and Bank Balances	7.5	8.8	10.8	7.7	6.4	3.3	7.8	4.3	8.4	7.8
<i>of which, Deposits with Banks</i>	7.3	8.7	10.5	7.5	6.2	3.2	7.8	4.2	8.4	7.4
B. Investments	28.6	22.9	22.8	18.6	16.9	64.7	58	66.1	58.1	45.4
C. Receivables	57.1	64.5	61.3	69.4	71.8	23.4	20.5	20.0	25.6	38.0
<i>of which, (i) Loans and advances</i>	51.4	60.9	57.8	66.0	67.3	20.7	16.2	17.4	21.9	34.6
(ii) Sundry debtors	4.4	2.0	1.9	1.9	1.3	1.4	3.4	1.5	2.0	1.4
D. Inventories	3.9	2.4	2.2	1.8	2.2	6.1	11.5	4.5	4.1	5.5
<i>of which, Industrial Securities</i>	2.5	2.3	1.9	1.5	1.7	6.1	11.4	4.0	3.8	5.4
E. Net Fixed Assets	1.7	1.2	1.5	1.4	1.8	1.9	1.0	3.6	1.7	1.8
F. Other Assets	1.2	0.2	1.5	1.1	1.0	0.6	1.3	0.6	2.1	1.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>Loan Finance</b>					<b>Asset Finance</b>				
A. Cash and Bank Balances	4.6	6.3	6.7	4.7	4.7	3.6	10.1	11.1	6.6	7.4
<i>of which, Deposits with Banks</i>	4.5	6.2	6.4	4.5	4.5	3.4	9.7	10.8	6.4	7.3
B. Investments	20.4	21.2	17.4	11.9	10.3	5.3	4.6	4.1	4.6	0.4
C. Receivables	67.7	70.4	71.2	80.3	81.7	88.1	80.2	81.8	86.2	85.8
<i>of which, (i) Loans and advances</i>	65.6	68.8	68.6	78.3	79.5	87.1	74.1	79.5	85.5	85.1
(ii) Sundry debtors	0.8	0.3	1.1	0.4	0.9	0.3	0.5	0.2	0.2	0.5
D. Inventories	4.9	1.1	2.0	1.4	1.5	0.2	0.4	0.2	0.3	0.2
<i>of which, Industrial Securities</i>	2.1	1.0	1.9	1.0	1.0	0.1	0.2	0.1	0.2	0.1
E. Net Fixed Assets	0.8	0.8	1.0	0.9	1.1	2.4	3.8	2.6	2.0	6.0
F. Other Assets	1.6	0.2	0.2	0.8	0.7	0.5	0.9	0.1	0.3	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>Diversified</b>					<b>Miscellaneous</b>				
A. Cash and Bank Balances	14.3	3.3	17.5	18.6	22.6	26.7	20.4	31.3	40.5	32.0
<i>of which, Deposits with Banks</i>	13.8	3.2	17.3	18.5	22.6	26.5	20.1	31.2	40.5	31.8
B. Investments	31.7	9.6	24.6	7.6	5.8	24.9	7.8	23.5	18.3	25.8
C. Receivables	34.8	81.3	42.6	61.5	41.6	43.9	68.7	41.3	30.2	28.0
<i>of which, (i) Loans and advances</i>	25.4	73.1	32.3	47.1	12.5	16.9	58.8	34.2	6.6	11.6
(ii) Sundry debtors	6.0	1.1	7.1	12.1	24.8	24.9	8.4	5.2	19.8	10.9
D. Inventories	5.2	3.7	11.7	1.9	5.7	0.8	0.4	1.2	3.7	0.8
<i>of which, Industrial Securities</i>	5.0	3.4	2.1	1.2	4.9	0.7	0.3	1.1	3.4	0.3
E. Net Fixed Assets	12.5	2.0	1.8	10.2	10.9	2.8	2.3	1.3	4.8	8.8
F. Other Assets	1.5	0.2	0.0	0.1	13.4	0.9	0.6	0.3	2.5	4.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



<b>Statement 5: Sources of Funds: 2007-08 to 2011-12</b>										
(Per cent)										
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
	All Activities					Share Trading and Investment Holding				
<b>Sources of Funds</b>										
Internal Sources (Own sources)	21.5	32.7	-15.4	10.5	9.8	103.8	57.9	-89.6	29.4	25.0
A. Paid-up Capital	1.8	0.4	0.6	0.1	0.1	4.0	0.0	0.0	0.1	0.0
B. Reserves and Surplus	19.2	11.8	5.5	9.5	6.9	101.9	64.0	-110.8	29.2	24.0
C. Provisions	0.5	20.5	-21.6	1.0	2.8	-2.1	-6.1	21.2	0.1	0.9
<i>of which: Depreciation Provision</i>	-0.1	0.6	0.2	0.1	0.5	-0.9	0.7	-0.7	0.1	0.8
External Sources (Other than own sources)	78.5	67.3	115.4	89.5	90.2	-3.8	42.0	189.6	70.6	75.0
D. Paid-up Capital	19.4	12.7	16.4	11.2	11.7	17.4	32.2	90.6	19.1	51.1
<i>of which: Premium on Shares</i>	10.8	8.2	14.7	7.7	9.1	13.9	27.1	80.3	14.3	30.0
E. Borrowings	52.8	52.0	74.6	75.8	75.4	-24.3	-26.6	53.1	74.8	18.8
<i>of which: From Banks</i>	15.4	28.9	18.8	45.7	23.3	-23.3	14.6	9.6	22.5	8.7
F. Trade Dues and Other Current Liabilities	5.9	2.5	24.0	2.4	2.2	2.5	33.9	40.1	-23.7	-4.0
<i>of which: Sundry Creditors</i>	3.0	0.2	7.5	0.6	-3.2	1.9	-20.3	8.1	-9.4	-22
G. Others	0.3	0.1	0.4	0.1	0.9	0.6	2.5	5.8	0.4	9.1
<b>Total Sources of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Loan Finance</b>										
<b>Asset Finance</b>										
<b>Sources of Funds</b>										
Internal Sources (Own sources)	5.8	35.6	-30.5	8.6	7.6	8.6	21.0	6.4	8.0	16.8
A. Paid-up Capital	2.2	0.4	1.1	0.1	0.2	0.1	3.7	0.0	0.0	0.0
B. Reserves and Surplus	2.2	7.5	7.6	7.3	4.7	9.9	18.9	5.6	9.0	11.7
C. Provisions	1.4	27.7	-39.1	1.3	2.8	-1.4	-1.6	0.9	-1.0	5.1
<i>of which: Depreciation Provision</i>	0.1	0.4	0.2	0.1	0.2	-2.2	3.0	-0.5	-0.9	3.2
External Sources (Other than own sources)	94.2	64.4	130.5	91.4	92.4	91.4	79.0	93.6	92.0	83.2
D. Paid-up Capital	18.9	11.6	14.6	9.9	6.8	3.6	54.6	0.1	2.9	9.6
<i>of which: Premium on Shares</i>	6.0	7.9	13.7	6.7	6.6	3.1	0.0	0.0	2.3	9.2
E. Borrowings	72.7	49.0	105.8	78.7	81.5	71.5	109.1	112.7	84.5	80.2
<i>of which: From Banks</i>	21.2	27.1	20.4	44.7	23.9	-10.8	-188.7	37.9	84.4	42.1
F. Trade Dues and Other Current Liabilities	2.6	3.7	9.9	2.8	4.1	16.3	-84.7	-19.2	4.6	-6.6
<i>of which: Sundry Creditors</i>	0.2	2.5	1.3	1.6	0.7	5.1	-18.1	1.5	1.6	-8.5
G. Others	0.1	0.0	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0
<b>Total Sources of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Diversified</b>										
<b>Miscellaneous*</b>										
<b>Sources of Funds</b>										
Internal Sources (Own sources)	17.3	14.4	-10.0	20.4	143.2	12.4	16.4	16.9	15.5	151.1
A. Paid-up Capital	0.0	0.5	0.0	0.0	0.0	0.1	0.2	0.0	0.1	0.0
B. Reserves and Surplus	28.2	15.9	-6.8	24.9	159.8	11.3	14.1	14.6	14.4	-80.2
C. Provisions	-10.9	-2.0	-3.1	-4.5	-16.7	1.0	2.2	2.3	1.0	231.3
<i>of which: Depreciation Provision</i>	-8.6	8.1	0.3	-3.9	21.2	0.7	1.1	0.8	3.7	223.0
External Sources (Other than own sources)	82.7	85.6	110.0	79.6	-42.4	87.6	83.6	83.1	84.5	-51.1
D. Paid-up Capital	1.1	6.7	-0.9	116.2	0.0	26.9	8.2	15.5	38.3	1171.9
<i>of which: Premium on Shares</i>	1.0	6.4	-0.7	66.3	0.0	22.3	5.3	12.9	26.4	334.8
E. Borrowings	40.3	16.5	139.9	-5.0	114.4	48.4	80.5	3.9	0.4	37.7
<i>of which: From Banks</i>	77.3	58.2	-46.7	1.3	-283.3	32.0	58.1	2.5	17.1	-172.7
F. Trade Dues and Other Current Liabilities	41.3	62.2	-29.0	-31.7	-157.6	11.4	-5.2	63.6	45.8	-1297.3
<i>of which: Sundry Creditors</i>	43.0	-1.6	-28.9	-20.6	20.5	8.4	-1.6	19.2	-0.8	-2877.3
G. Others	0.0	0.1	-0.1	0.0	0.0	0.9	0.0	0.1	0.0	36.9
<b>Total Sources of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*: Some of the percentages are very high due to small denominator.

<b>Statement 6: Uses of Funds: 2007-08 to 2011-12</b>										
(Per cent)										
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
	All Activities					Share Trading and Investment Holding				
<b>Uses of Funds</b>										
A. Cash and Bank Balances	8.1	12.0	5.8	2.1	-0.1	-0.9	69.8	7.1	-17.5	-4.8
<i>of which:</i> Deposits with Banks	8.1	11.7	4.5	1.9	-0.6	-1.1	69.8	6.7	-17.6	-8.2
B. Investments	32.7	27.8	5.3	16.6	4.7	102.6	14.1	147.2	93.8	29.7
<i>of which:</i> (a) Government and Semi-Government Securities	0.0	2.6	-5.8	-1.0	0.3	0.2	-9.3	3.2	-8.2	-2.4
(b) Mutual Funds	12.1	11.3	-15.9	0.1	-1.2	60.4	27.8	-21.0	-14.8	-3.2
(c) Shares and Debentures of Other Indian Companies	20.6	12.9	-4.1	10.5	3.4	32.1	53.8	82.5	74.0	16.7
C. Receivables	63.1	57.6	86.1	79.0	91.9	58.6	14.9	-121.4	20.5	55.1
<i>of which:</i> (a) Loans and Advances	56.6	54.0	77.6	76.3	92.7	54.1	1.0	-130.0	22.1	50.1
(b) Sundry Debtors	4.9	-0.4	8.2	2.1	-0.3	1.8	18.2	3.2	3.5	-1.4
D. Inventories	-4.2	1.8	1.9	0.9	1.3	-52.2	8.6	55.3	-4.1	14.9
<i>of which:</i> Industrial Securities	-6.4	6.0	-0.6	0.6	0.6	-52.3	41.6	44.2	-3.9	14.4
E. Gross Fixed Assets	-0.4	0.6	1.4	1.2	1.7	-7.7	-8.1	10.7	3.5	4.0
F. Other Assets	0.6	0.2	-0.5	0.3	0.4	-0.4	0.6	1.1	3.9	1.1
<b>Total Uses of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Loan Finance</b>										
<b>Uses of Funds</b>										
A. Cash and Bank Balances	4.8	-7.3	-8.8	2.9	-0.2	-20.1	55.5	24.1	0.1	17.3
<i>of which:</i> Deposits with Banks	4.7	-7.6	-11.0	-0.4	-0.4	-19.4	55.6	24.3	0.0	17.0
B. Investments	15.9	39.7	-17.1	10.4	2.4	10.3	4.3	0.9	7.8	-9.1
<i>of which:</i> (a) Government and Semi-Government Securities	-0.1	4.1	-8.6	-0.4	0.7	0.2	2.8	0.3	0.0	-0.1
(b) Mutual Funds	1.9	15.0	-13.8	2.3	-1.0	-1.6	11.0	-2.9	1.9	0.2
(c) Shares and Debentures of Other Indian Companies	27.0	12.2	-4.9	5.4	2.6	15.1	-0.2	0.7	0.9	-0.2
C. Receivables	71.6	65.2	129.7	84.5	97.2	110.4	36.1	75.3	92.6	74.6
<i>of which:</i> (a) Loans and Advances	70.6	63.2	122.7	82.8	95.8	109.0	-52.3	78.3	94.8	113.6
(b) Sundry Debtors	-0.9	-0.2	4.0	0.1	0.2	0.3	3.5	-0.8	0.1	2.0
D. Inventories	6.0	1.2	-4.8	1.3	-0.1	0.3	2.1	-0.1	-0.3	-1.4
<i>of which:</i> Industrial Securities	1.9	4.8	-5.5	0.8	-0.8	0.1	-1.1	0.1	-0.3	-1.0
E. Gross Fixed Assets	0.4	1.1	1.9	0.8	0.4	-1.0	0.2	-0.3	-0.2	18.5
F. Other Assets	1.3	0.1	-0.9	0.0	0.2	0.0	1.7	0.0	0.0	0.1
<b>Total Uses of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Asset Finance</b>										
<b>Uses of Funds</b>										
A. Cash and Bank Balances	-33.8	-51.8	-6.1	-9.3	-348.5	30.3	70.7	27.5	31.4	-903.2
<i>of which:</i> Deposits with Banks	-35.5	-48.1	-5.6	-7.3	-346.2	30.4	70.4	27.3	31.4	-884.2
B. Investments	50.1	-25.7	61.3	16.8	-101.5	35.8	-11.1	41.3	1.7	694.1
<i>of which:</i> (a) Government and Semi-Government Securities	-0.1	-1.5	32.4	0.2	-2.3	0.0	0.3	0.1	-0.3	38.2
(b) Mutual Funds	39.9	16.0	-0.9	0.4	-36.4	10.4	-7.6	-23.3	-18.0	-31.6
(c) Shares and Debentures of Other Indian Companies	0.1	-93.0	29.7	13.1	-62.9	1.9	10.1	-11.7	3.9	-890.4
C. Receivables	31.7	147.5	102.8	106.9	358.3	32.8	37.8	27.6	54.4	-99.5
<i>of which:</i> (a) Loans and Advances	8.6	25.6	124.9	95.8	202.3	11.8	43.0	14.6	9.5	734.2
(b) Sundry Debtors	14.5	0.5	-35.5	9.8	279.5	20.6	-6.4	16.7	44.8	-1113.1
D. Inventories	18.1	27.8	-59.0	-14.9	112.1	-0.4	1.3	3.8	6.9	5.1
<i>of which:</i> Industrial Securities	-0.3	29.5	-0.1	-15.1	123.5	-0.5	1.2	3.8	8.2	-17.1
E. Gross Fixed Assets	38.2	0.9	0.9	0.7	-25.0	1.6	0.8	-0.2	7.0	126.7
F. Other Assets	-4.3	1.4	0.0	-0.2	103.8	-0.1	0.4	0.0	-1.3	276.7
<b>Total Uses of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Diversified</b>										
<b>Uses of Funds</b>										
A. Cash and Bank Balances	-33.8	-51.8	-6.1	-9.3	-348.5	30.3	70.7	27.5	31.4	-903.2
<i>of which:</i> Deposits with Banks	-35.5	-48.1	-5.6	-7.3	-346.2	30.4	70.4	27.3	31.4	-884.2
B. Investments	50.1	-25.7	61.3	16.8	-101.5	35.8	-11.1	41.3	1.7	694.1
<i>of which:</i> (a) Government and Semi-Government Securities	-0.1	-1.5	32.4	0.2	-2.3	0.0	0.3	0.1	-0.3	38.2
(b) Mutual Funds	39.9	16.0	-0.9	0.4	-36.4	10.4	-7.6	-23.3	-18.0	-31.6
(c) Shares and Debentures of Other Indian Companies	0.1	-93.0	29.7	13.1	-62.9	1.9	10.1	-11.7	3.9	-890.4
C. Receivables	31.7	147.5	102.8	106.9	358.3	32.8	37.8	27.6	54.4	-99.5
<i>of which:</i> (a) Loans and Advances	8.6	25.6	124.9	95.8	202.3	11.8	43.0	14.6	9.5	734.2
(b) Sundry Debtors	14.5	0.5	-35.5	9.8	279.5	20.6	-6.4	16.7	44.8	-1113.1
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F. Other Assets	-4.3	1.4	0.0	-0.2	103.8	-0.1	0.4	0.0	-1.3	276.7
<b>Total Uses of Funds</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Miscellaneous*</b>										

\*: Some of the percentages are very high due to small denominator.

## Monthly Seasonal Factors of Select Economic Time Series\*

*Analysis of seasonal behaviour of economic time series, which helps differentiate between the seasonal changes and long-run changes in the variables, is useful from the policy perspective in understanding the underlying economic phenomenon. In this backdrop, the Reserve Bank of India (RBI) has been publishing monthly seasonal factors for select economic and financial time series of the Indian economy on an annual basis in the RBI Bulletin from 1980 onwards. This article presents the estimated monthly seasonal factors of select 82 economic/financial time series taken from broad sectors, namely, monetary and banking, price; industrial production and services sector, covering the period 2003-04 to 2012-13. The estimated seasonal factors revealed that seasonal variations of M3, M1 and Reserve Money (RM) declined gradually. For Scheduled Commercial Banks (SCBs) an upward movement in the seasonal variation of investments was observed in recent years, while the seasonal variation of aggregate deposits showed a decrease. Seasonal variation for WPI-All commodities remained low and exhibited steady decline in recent years. The variation in seasonality for WPI-Primary Articles was much higher than that of WPI-Manufactured products. Seasonal variation of CPI-IW was observed to be stable in recent years, however, consistently higher than in WPI-All Commodities. Seasonal variation of IIP-General Index increased steadily over the time period. Among the use-based classification of IIP, 'Consumer Non-Durable Goods' and 'Intermediate Goods' showed the highest and lowest seasonal variations, respectively.*

**1. Introduction:** Economic time series, when measured at an interval of less than a year, exhibit seasonal fluctuations around its annual trend path. Such repetitive seasonal variations can result from climatic conditions, production cycle characteristics, seasonal nature of economic activity, festivals, vacation practices, etc. While the seasonal variations occur regularly, yet they may vary in magnitude from year to year. Analysis of the direction and magnitude of seasonal fluctuations is useful in interpretation of movements in economic

variables over time. Seasonal adjustment, *i.e.*, removal of seasonal effects from a time series, which helps differentiate between the seasonal changes and long-run changes in the variables, is useful from the policy perspective in understanding the underlying economic phenomenon. Moreover, understanding about the predictable recurring of seasonal fluctuations also allows the economic agents to set up policies or measurements to attenuate the impact. In this backdrop, monthly seasonal factors for select economic and financial time series of the Indian economy are being regularly published in the RBI Bulletin from 1980 onwards<sup>1</sup>.

### 2. Data Coverage and Methodology

For estimating and analysing the seasonal factors, 82 monthly economic/financial time series covering broad sectors, namely (i) Monetary and Banking Indicators (17 series); (ii) Wholesale Price Index (WPI) (26 series); (iii) Consumer Price Index (CPI) (3 series); (iv) Industrial Production (30 series) and (v) Services Sector Indicators (6 series) have been considered in this article.

The reference period was broadly considered as 'April 1994 to March 2013', *i.e.*, 19 years period. For some series, the reference period was less than 10 years depending on the available time series data (Table 2).

The seasonal factors have been estimated using X-13ARIMA-SEATS software package, developed by the US Bureau of Census<sup>2</sup>, taking care of major festivals/national holidays as well as trading day effects. The seasonality of the series is further subjected to a series of parametric and non-parametric statistical test procedures for their statistical significance.

### 3. Salient Findings

#### *Seasonal Variation during 2003-04 to 2012-13*

The average monthly seasonal factors over the ten years period (2003-04 to 2012-13) are presented in Table 1. The annual estimates of dispersion in seasonal factors, in terms of range (difference between peak and trough values), over the time, are presented in Table 2.

\* Prepared in the Modeling and Forecasting Division of the Department of Statistics and Information Management.

<sup>1</sup> Previous article in this series was published in September 2012 issue of the Reserve Bank of India Bulletin.

<sup>2</sup> <http://www.census.gov/srd/www/x13as/>

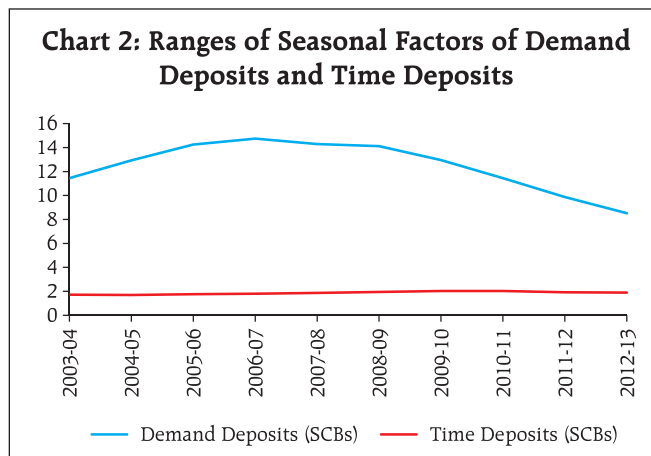
The change in seasonal variation in 2012-13 *vis-à-vis* previous five years (2007-08 to 2011-12) is presented in Table 3. The list of top-twenty and bottom-twenty series based on the averages range of monthly seasonal factors, during the last five years (*i.e.*, 2008-09 to 2012-13), and the corresponding peak and trough months are presented in Table 4. The salient features of observed seasonal variation for some select series during the last ten years are briefly discussed below.

### 3.1 Monetary and Banking Indicators

3.1.1 Over the years, the intra-year seasonal variations, measured in terms of range, *i.e.*, the difference between peak and trough values of seasonal factors, of non-food credit (SCBs) and investments (SCBs) exhibited similar movements up to 2008-09. The seasonal variation of aggregate deposits (SCBs) exhibited downward movement since 2007-08 (Table 2 & Chart 1). The seasonal variation in aggregate deposits (SCBs) was lower as compared with those in non-food credit (SCBs) and investments (SCBs) during the reference period.

3.1.2 Seasonal variation in Broad Money (M3) was observed to be lower than that for Currency in circulation, Narrow Money (M1) and Reserve Money (RM) over the years. After showing an upward movement till 2005-06, the seasonal variations of M3 declined gradually (Table 2).

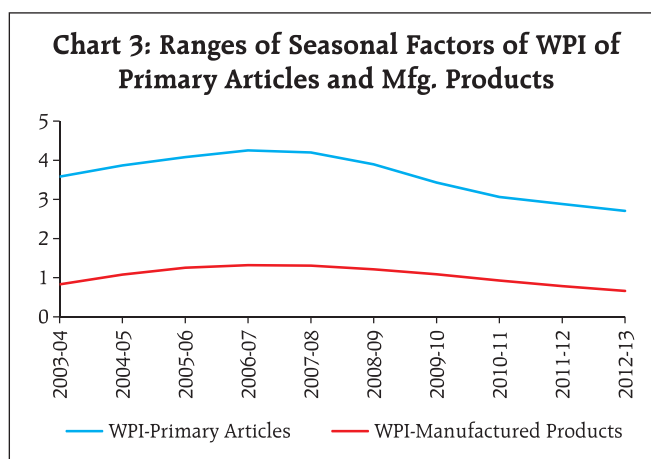
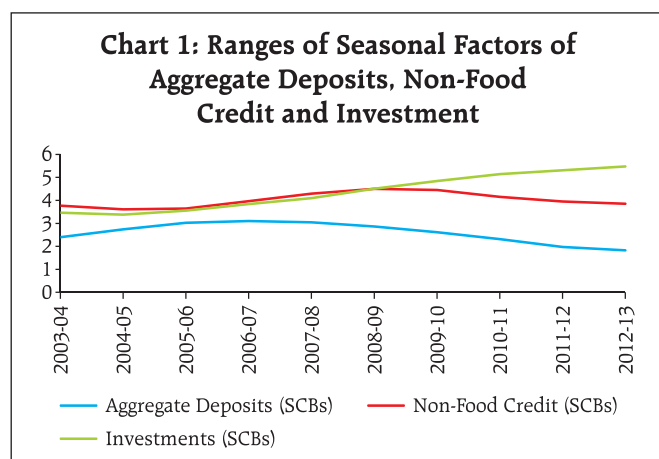
3.1.3 During 2003-04 to 2012-13, demand deposits of SCBs have shown higher seasonal fluctuations than that of time deposits, which remained stable within the narrow band of 1.7 to 2.0 (Table 2 & Chart 2). The range of seasonal factors of demand deposits rose gradually till 2006-07 and started declining steadily thereafter.

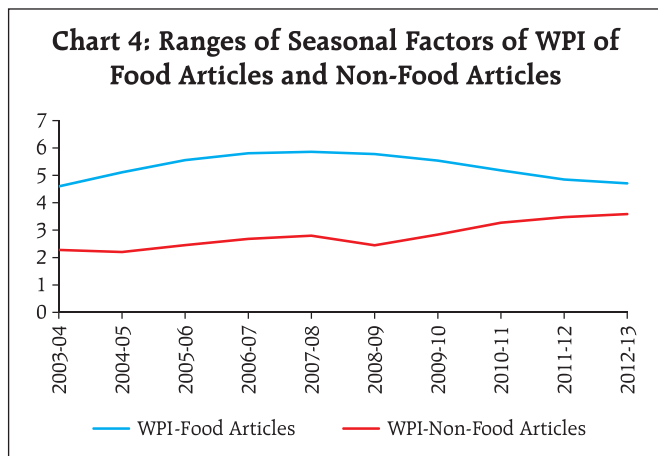


### 3.2 Wholesale Price Index

3.2.1 The range (*i.e.*, difference between peak and trough values) of seasonal factors of WPI-All Commodities increased from 1.1 in 2003-04 to 1.9 in 2007-08, and thereafter, witnessed a steady decline to 1.0 in 2012-13 (Table 2). Between the two broad groups of WPI-All Commodities, *viz.*, WPI-Primary Articles and WPI-Manufactured Products, the range of seasonal factors for Primary Articles prices was more than double the seasonal fluctuations in the WPI-Manufactured Products. However, the intra-year seasonal variation in these two price series narrowed down substantially during the last four years (Table 2 & Chart 3).

3.2.2 Within the Primary Articles group, the intra-year seasonal variation in WPI of 'Food Articles' increased from 4.6 in 2003-04 to 5.9 in 2007-08, and thereafter, witnessed a steady decline to 4.7 in 2012-13. Though the seasonal variation of WPI-Non-Food Articles was



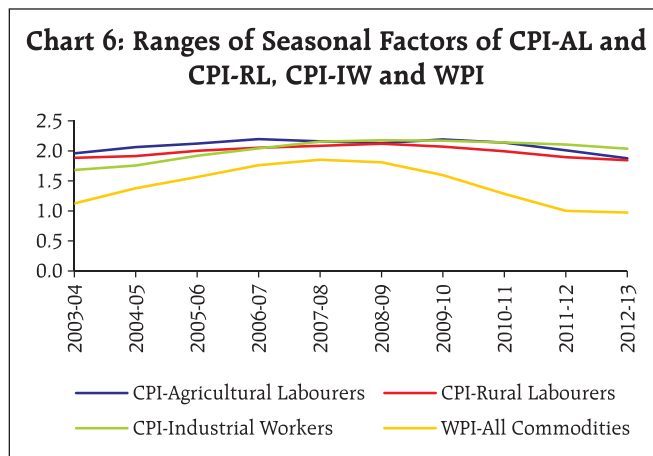
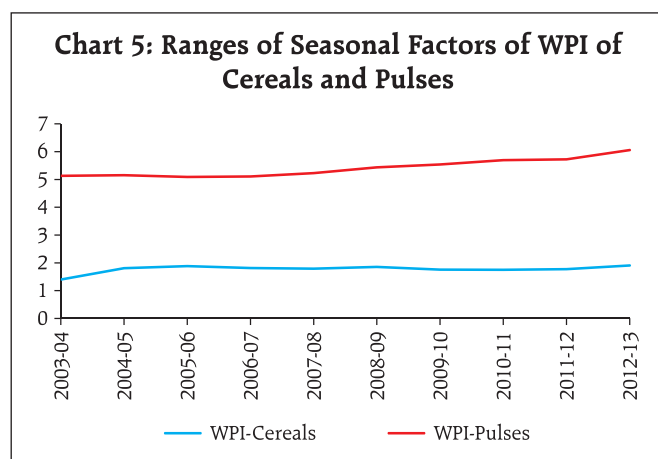


lower than that of Food Articles over the reference period, the difference narrowed down since 2009-10 (Table 2 & Chart 4).

3.2.3 Within the Food Articles, the Pulses group displayed more seasonal variation than the Cereals group. WPI-Cereals seasonal variation remained stable at around 1.9 during 2004-05 to 2012-13 (Table 2 & Chart 5).

**3.3 Consumer Price Index**

3.3.1 In the case of CPI for Agricultural and Rural Labourers, similar movement in seasonal variations was observed during the last ten years with CPI-Agricultural Labourers having slightly higher variation than the CPI-Rural Labourers. The seasonal variation of CPI-IW was consistently higher than that of WPI-All Commodities. The difference between the seasonal variations of the two series had, however, widened during the period 2009-10 to 2012-13. Among the four price series, the seasonal variation was lowest for WPI-All Commodities (Table 2 & Chart 6).

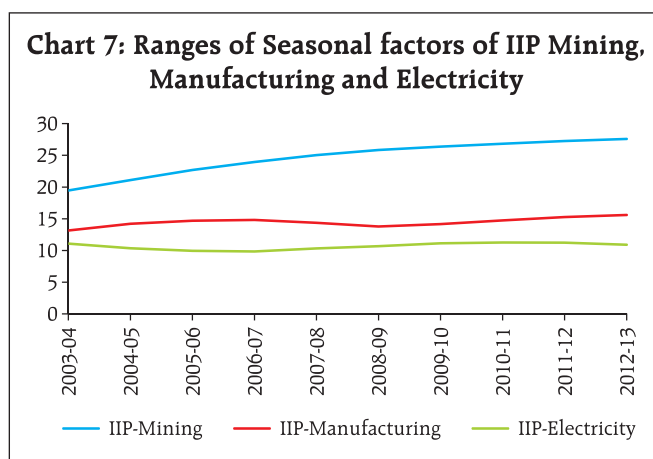


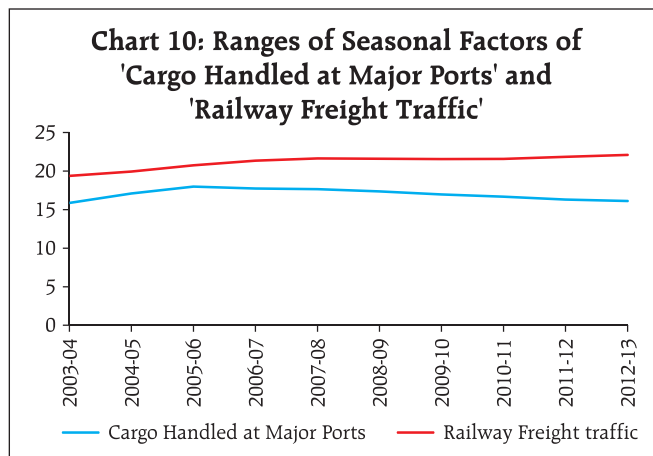
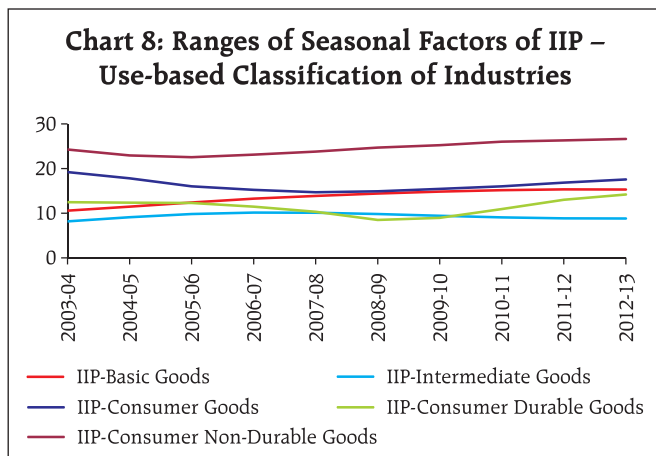
**3.4 Industrial Production**

3.4.1 Seasonal variation of IIP-General Index exhibited upward movement during the reference period. Among the three major sectors of IIP, viz., Mining, Manufacturing and Electricity, IIP-Mining exhibited the highest seasonal variation, whereas IIP-Electricity exhibited the lowest seasonal variation (Table 2 & Chart 7).

3.4.2 Among the use-based classification goods, IIP-Intermediate Goods experienced the lowest seasonal variations throughout the reference period, except for 2008-09 and 2009-10. In contrast, IIP-Consumer Non-durable goods exhibited the highest seasonal variations in all the years under reference (Chart 8). Seasonal variations in IIP for Basic goods and Consumer goods increased in recent years.

3.4.3 The seasonal variations of production of 'Cement' and 'Steel' exhibited opposite movements, during 2003-04 to 2012-13 with higher magnitude of seasonality in Cement than in Steel (Table 2 & Chart 9). The widening of gap between the seasonal variations of the two series





during the last six years is also evident. The seasonal variations in 'Production of Commercial Motor Vehicles' decreased from 44.5 in 2003-04 to 28.5 in 2007-08, and thereafter, witnessed a steady rise to 30.9 in 2012-13 (Table 2).

**3.5 Services Sector Indicators**

3.5.1 Over the reference period, the seasonal variation, in terms of range of seasonal factors, for 'Railway Freight Traffic' was higher as compared to that of 'Cargo Handled at Major Ports' (Table 2 & Chart 10).

3.5.2 The seasonal variation of 'Passenger flown Domestic' was higher than that of 'Passenger flown International' (Table 2 & Chart 11). The difference between the seasonal variations of the two series had, however, widened from 2007-08 onwards.

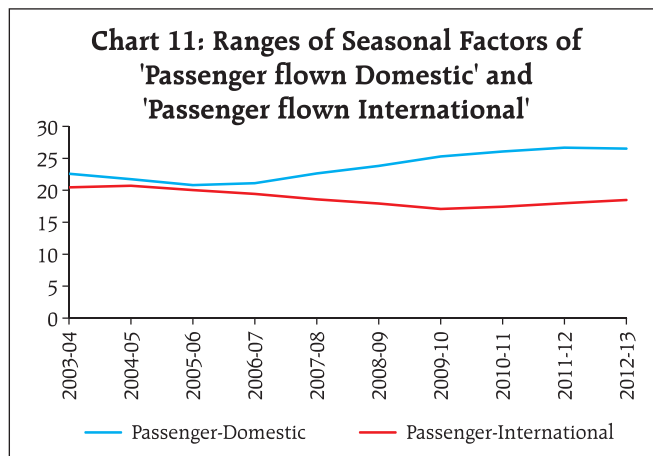
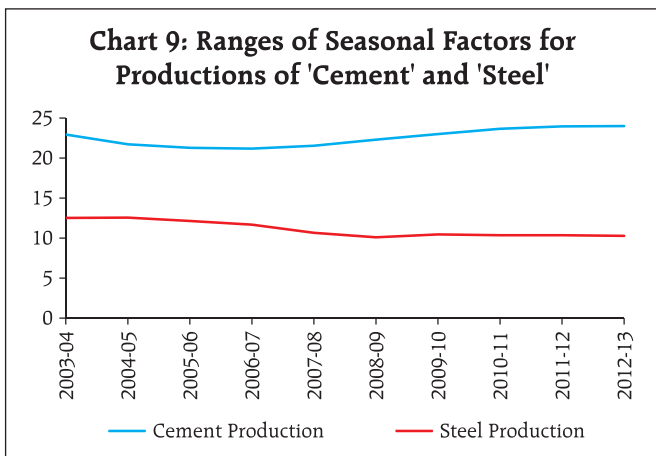
**4. High and Low Seasonal Variation**

Based on the average range of monthly seasonal factors during last five years (*i.e.*, 2008-09 to 2012-13), the top five series to register the highest seasonal

variations were 'IIP – Food products and beverages', 'IIP – Fabricated metal products, except machinery & equipment', 'Sales of Commercial Motor Vehicles', 'Coal Production', and 'Production of Commercial Motor Vehicles'; and the bottom five series were: 'WPI-All Commodities', 'WPI-Non-Food Non-Fuel', 'WPI-Manufactured Products', 'WPI-Non-Food Manufactured Products' and 'WPI-Milk' (Table 4).

**5. Post Crisis: Seasonal Variation**

It was observed that out of 82 select series the seasonal variation for 37 series increased post crisis (after 2008-09). The series with substantial increase in seasonal variation post crisis are 'Assets with Banking System (SCBs)', 'WPI-Sugar', 'IIP-Basic Goods Industries', 'IIP-Consumer Non-Durable Goods Industries', 'IIP-Mining', 'IIP-Fabricated metal products, except machinery & equipment', 'Coal Production', 'Passenger flown (Km)-Domestic' and 'Freight Tonne Km flown-Domestic' (Table 2).



**Table 1: Average Monthly Seasonal Factors of Selected Economic Time Series**

Series Name	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1	2	3	4	5	6	7	8	9	10	11	12	13
A.1.1 Broad Money (M3)	101.4	100.9	100.2	100.1	99.8	99.7	99.7	99.4	99.0	99.3	99.7	100.7
A.1.1.1 Net Bank Credit to Government	101.8	101.5	101.1	101.8	100.9	99.6	99.2	99.6	97.2	98.7	98.6	100.1
A.1.1.2 Bank Credit to Commercial Sector	101.2	100.1	99.9	99.0	98.8	99.9	99.2	99.3	99.9	99.7	100.2	102.6
A.1.2 Narrow Money (M1)	102.7	101.5	100.6	98.9	98.5	99.4	98.3	98.3	99.1	99.1	100.0	103.8
A.1.2.1 Currency with Public	103.2	103.5	102.1	99.4	98.3	97.1	98.2	99.1	99.1	99.5	100.3	100.2
A.1.3 Reserve Money (RM)	103.4	101.9	101.2	99.7	98.9	97.6	98.6	99.0	98.4	98.7	98.9	103.9
A.1.3.1 Currency in Circulation	103.0	103.5	102.2	99.4	98.4	97.0	98.3	99.1	99.1	99.5	100.1	100.5
A.1.3.1.1 Notes in Circulation	103.1	103.5	102.2	99.2	98.3	96.9	98.3	99.3	99.0	99.5	100.2	100.5
A.2.1 Aggregate Deposits (SCBs)	101.3	100.5	100.0	100.4	100.1	100.1	99.9	99.4	98.7	99.1	99.4	100.9
A.2.1.1 Demand Deposits (SCBs)	102.3	98.5	98.1	98.0	98.4	102.3	98.1	97.4	99.3	98.7	100.2	109.3
A.2.1.2 Time Deposits (SCBs)	100.8	100.7	100.1	100.7	100.3	99.8	100.2	99.9	99.0	99.6	99.5	99.5
A.3.1 Cash in Hand and Balances with RBI (SCBs)	105.4	98.9	100.9	101.5	101.7	101.3	99.8	100.0	97.6	97.5	98.0	98.3
A.3.2 Assets with the Banking System (SCBs)	102.3	100.4	101.6	97.7	99.5	100.5	98.6	94.3	98.0	96.0	99.5	112.0
A.3.3 Bank Credit (SCBs)	101.4	100.3	100.1	99.3	98.9	99.4	99.0	99.1	99.8	99.8	100.3	102.7
A.3.3.1 Loans, Cash, Credits and Overdrafts (SCBs)	100.7	100.0	100.0	98.9	98.6	100.6	99.3	99.3	100.4	99.8	100.0	102.4
A.3.3.2 Non-Food Credit (SCBs)	101.5	100.0	99.8	99.4	98.8	99.6	99.1	99.1	99.8	99.8	100.2	102.8
A.3.4 Investments (SCBs)	100.6	100.7	100.2	101.4	101.9	101.1	101.0	100.2	98.3	98.4	98.6	97.6
B. WPI (Base: 2004-05=100) All Commodities	100.2	100.1	100.2	100.5	100.6	100.5	100.3	100.1	99.3	99.5	99.2	99.3
B.1 WPI - Primary Articles	99.7	99.9	100.8	101.1	101.5	101.1	101.1	101.0	99.0	98.8	98.0	98.0
B.1.1 WPI - Food Articles	99.4	99.5	100.0	101.1	101.5	101.5	102.4	102.0	98.7	98.8	97.8	97.2
B.1.1.1 WPI - Food Grains (Cereals+Pulses)	99.2	99.1	99.1	99.6	100.1	100.2	101.1	101.0	100.6	100.4	100.3	99.4
B.1.1.1.1 WPI - Cereals	99.4	99.3	99.3	99.4	99.8	99.9	100.6	100.6	100.4	100.7	100.6	99.9
B.1.1.1.1.1 WPI - Wheat	98.8	98.1	98.3	98.7	99.2	99.6	99.4	101.2	101.9	102.2	102.2	100.2
B.1.1.1.1.2 WPI - Rice	99.4	99.5	99.5	99.9	100.4	100.6	101.2	100.8	100.1	99.7	99.6	99.4
B.1.1.1.2 WPI - Pulses	98.3	98.0	98.3	100.3	101.7	101.6	102.7	102.9	101.2	99.6	98.1	97.6
B.1.1.2 WPI - Fruits & Vegetables	98.9	98.6	101.0	103.2	104.4	105.1	108.0	107.0	96.3	94.9	90.8	91.3
B.1.1.3 WPI - Milk	100.0	99.9	100.1	100.4	100.1	100.1	100.1	100.0	99.8	99.9	99.9	99.8
B.1.1.4 WPI - Egg, Meat and Fish	98.7	100.8	100.9	101.8	100.8	100.4	98.6	99.6	99.7	100.2	100.0	98.6
B.1.1.4.1 WPI - Egg	95.3	95.5	98.0	98.0	97.6	99.0	100.6	104.2	104.8	105.2	102.2	99.1
B.1.1.4.2 WPI - Meat	98.5	99.6	100.5	100.5	99.8	99.1	99.0	100.0	100.4	101.3	101.0	100.1
B.1.1.4.3 WPI - Fish	99.7	102.4	101.8	102.9	102.6	100.8	98.1	98.9	98.4	98.5	98.6	98.2
B.1.1.5 WPI - Protein Items (viz., Pulses, Milk, Egg, Meat and Fish) Group	99.3	100.0	100.1	100.9	100.8	100.7	100.2	100.1	99.7	99.8	99.8	98.9
B.1.2 WPI - Non-Food Articles	100.4	100.3	100.5	100.4	101.0	100.4	99.0	99.1	99.4	99.8	99.3	100.4
B.1.2.1 WPI - Fibres	99.2	99.6	100.3	102.2	101.8	101.5	99.8	99.6	99.2	99.8	98.7	98.5
B.1.2.1.1 WPI - Raw Cotton	98.9	99.5	100.5	103.0	102.7	103.3	99.7	99.6	98.3	99.3	97.8	97.8
B.1.2.2 WPI - Oil Seeds	100.2	100.7	101.5	101.5	101.6	100.9	98.4	98.2	98.7	99.8	99.3	99.3
B.2 WPI - Manufactured Products	100.5	100.5	100.3	100.2	100.2	100.1	99.9	99.6	99.5	99.7	99.7	99.8
B.2.1 WPI - Food Products	99.9	99.7	99.8	100.3	100.4	100.7	100.2	100.0	99.7	100.1	99.9	99.4
B.2.1.1 WPI - Grain Mill Products	98.8	98.0	98.2	99.1	99.3	100.0	100.5	101.1	101.0	101.7	101.6	100.5
B.2.1.2 WPI - Sugar	99.1	98.6	98.2	99.0	100.2	101.4	101.3	101.6	101.4	100.8	99.6	99.2
B.2.1.3 WPI - Edible Oils	99.7	100.0	100.0	100.5	100.9	100.5	99.6	99.4	100.2	100.1	99.7	99.5
B.3 WPI - Non Food Manufactured Products	100.4	100.4	100.3	100.2	100.1	100.0	99.8	99.6	99.5	99.7	99.8	100.1
B.4 WPI - Non Food Non-Fuel	100.5	100.7	100.5	100.2	100.2	100.0	99.8	99.5	99.3	99.6	99.7	100.0
C.1 Consumer Price Index for Industrial Workers (Base: 2001=100)	99.2	99.3	99.7	100.7	100.7	100.5	101.0	100.8	99.9	99.7	99.4	99.0
C.2 Consumer Price Index for Agricultural Labourers (Base: 1986-87=100)	99.0	99.1	99.7	100.2	100.6	100.8	101.0	101.0	100.4	99.8	99.4	99.0
C.3 Consumer Price Index for Rural Labourers (Base: 1986-87=100)	99.0	99.2	99.6	100.3	100.6	100.7	101.0	101.0	100.3	99.8	99.5	99.1

Series Name	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1	2	3	4	5	6	7	8	9	10	11	12	13
D. IIP (Base 2004-05 = 100) General Index	96.4	98.5	97.8	98.0	96.0	97.3	98.9	98.4	104.7	104.5	99.6	110.1
D.1.1 IIP - Basic Goods Industries	98.0	100.8	98.1	98.5	97.6	95.2	100.0	98.1	103.1	104.5	97.6	108.9
D.1.2 IIP - Intermediate Goods Industries	96.4	100.3	99.5	101.7	100.4	98.7	99.3	98.0	102.8	100.7	96.7	105.7
D.1.3 IIP - Consumer Goods Industries	98.7	98.0	96.0	97.2	93.1	95.0	95.6	97.1	106.8	109.0	104.4	108.4
D.1.3.1 IIP - Consumer Durable Goods Industries	97.5	100.8	97.8	99.6	96.7	101.9	105.6	101.8	97.1	99.5	97.0	104.7
D.1.3.2 IIP - Consumer Non-Durable Goods Industries	98.7	96.1	94.6	94.7	90.8	90.3	90.3	96.7	114.4	114.2	108.8	110.0
D.2.1 IIP - Mining	97.5	100.2	95.8	94.5	92.5	90.8	98.3	100.0	106.3	107.6	101.5	115.4
D.2.2 IIP - Manufacturing	95.8	97.7	97.6	98.1	96.3	98.1	98.5	98.3	105.1	104.4	100.5	109.8
D.2.2.1 IIP - Food products and beverages	97.4	90.0	88.8	81.4	72.7	70.2	76.7	98.3	136.3	135.6	126.5	125.6
D.2.2.2 IIP - Textiles	98.4	99.7	98.2	102.6	102.3	100.3	101.6	99.8	101.5	101.4	94.2	100.1
D.2.2.3 IIP - Wood and products of wood & cork except furniture; articles of straw & plating materials	89.5	102.5	98.7	101.1	99.6	94.2	96.0	98.6	108.4	101.5	104.4	105.8
D.2.2.4 IIP - Paper and paper products	96.8	101.4	99.0	102.5	101.7	99.6	100.3	98.3	100.2	99.7	95.5	105.7
D.2.2.5 IIP - Publishing, printing & reproduction of recorded media	98.8	101.5	98.7	103.0	101.3	98.1	102.8	99.2	102.0	100.0	94.8	99.9
D.2.2.6 IIP - Coke, refined petroleum products & nuclear fuel	95.0	99.2	100.5	102.2	100.3	95.7	101.1	97.6	101.7	104.0	96.7	105.9
D.2.2.7 IIP - Chemicals and chemical products	96.3	101.0	102.0	103.8	102.2	101.9	100.6	98.6	100.4	99.0	93.9	100.3
D.2.2.8 IIP - Rubber and plastics products	99.2	103.2	102.0	99.6	95.5	97.2	99.2	98.8	101.9	101.2	96.8	105.4
D.2.2.9 IIP - Other non-metallic mineral products	101.2	101.5	97.8	98.8	95.0	93.9	100.6	95.1	102.5	103.1	99.3	111.6
D.2.2.10 IIP - Basic metals	98.3	100.2	98.5	99.1	100.4	97.8	100.4	97.7	101.1	102.3	97.5	107.3
D.2.2.11 IIP - Fabricated metal products, except machinery & equipment	84.4	91.7	97.4	94.7	95.1	102.4	95.1	98.1	104.9	100.1	101.3	136.1
D.2.2.12 IIP - Motor vehicles, trailers & semi-trailers	95.9	97.7	89.5	98.0	96.1	97.8	103.0	104.7	93.3	103.8	104.5	115.7
D.2.2.13 IIP - Other transport equipment	91.4	95.6	94.7	96.8	98.7	102.7	108.9	105.6	96.3	100.4	98.3	110.6
D.2.3 IIP - Electricity	100.2	103.8	98.5	100.0	99.9	98.0	101.9	96.2	100.1	101.8	94.2	104.9
D.3 Cement Production	104.7	104.3	100.3	96.9	90.9	91.2	98.4	93.3	101.8	105.0	100.6	113.3
D.4 Steel Production	96.6	99.6	97.8	98.7	100.2	97.8	101.4	97.3	101.2	104.1	98.2	106.7
D.5 Coal Production	91.2	93.3	89.0	87.1	85.5	83.7	97.7	103.3	112.6	115.8	109.6	132.1
D.6 Crude Oil Production	98.5	100.8	99.0	101.6	101.2	98.3	102.3	99.1	101.9	101.7	92.7	102.7
D.7 Petroleum Refinery Production	96.2	100.7	100.3	101.6	100.6	96.1	100.2	97.9	101.5	103.6	96.6	104.7
D.8 Fertiliser Production	81.2	93.0	98.4	104.6	105.2	103.3	107.8	107.7	108.9	103.0	94.3	92.5
D.9 Natural Gas Production	97.5	101.4	98.3	102.1	100.8	98.0	103.0	99.7	102.6	101.9	92.0	102.6
D.10 Production of Commercial Motor Vehicles	89.1	93.6	90.1	96.7	96.1	100.1	100.4	104.1	97.4	108.3	103.8	118.9
E.1 Cargo handled at Major Ports	99.4	102.8	94.8	97.4	95.9	92.6	100.4	100.3	103.4	105.4	97.5	109.5
E.2 Railway Freight Traffic	97.3	101.1	96.8	97.5	95.3	92.7	98.1	98.3	104.4	105.8	98.7	113.9
E.3 Sales of Commercial Motor Vehicles	80.9	88.5	95.1	90.7	94.7	106.3	100.5	96.7	102.0	106.3	106.6	130.0
E.4 Passenger flown (Km) - Domestic	100.4	111.8	103.8	95.5	93.0	88.8	98.6	100.4	109.8	104.5	96.5	96.3
E.5 Passenger flown (Km) - International	96.0	99.7	101.5	107.7	104.9	92.5	91.6	94.7	106.7	110.3	94.5	100.5
E.6 Freight Tonne Km flown - Domestic	94.4	99.8	96.4	99.9	102.2	104.0	108.8	102.0	102.8	94.8	91.9	102.8

**Note:** Average figures relate to the reference period 2003-04 to 2012-13.



**Table 2: Range (Difference Between Peak and Trough) of Seasonal Factors**

Series \ Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Average Range
1	2	3	4	5	6	7	8	9	10	11	12
A.1.1 Broad Money (M3)	2.5	2.6	2.8	2.8	2.8	2.7	2.5	2.3	2.0	1.8	2.5
A.1.1.1 Net Bank Credit to Government	4.1	4.3	4.8	5.2	5.4	5.4	5.1	4.7	4.5	4.4	4.7
A.1.1.2 Bank Credit to Commercial Sector	3.6	3.8	4.0	4.2	4.3	4.2	4.0	3.8	3.5	3.4	3.8
A.1.2 Narrow Money (M1)	5.6	5.7	5.9	6.3	6.3	6.2	5.8	5.6	5.3	5.1	5.5
A.1.2.1 Currency with Public	7.0	6.9	6.8	6.9	6.7	6.6	6.3	6.0	5.8	5.7	6.5
A.1.3 Reserve Money (RM)	7.2	7.5	7.4	7.0	6.4	6.5	6.6	6.4	6.2	5.9	6.3
A.1.3.1 Currency in Circulation	7.1	7.0	6.9	6.9	6.8	6.6	6.3	6.0	5.7	5.6	6.5
A.1.3.1.1 Notes in Circulation	7.3	7.1	7.0	7.0	6.9	6.7	6.4	6.1	5.8	5.7	6.6
A.2.1 Aggregate Deposits (SCBs)	2.4	2.7	3.0	3.1	3.0	2.9	2.6	2.3	2.0	1.8	2.6
A.2.1.1 Demand Deposits (SCBs)	11.4	12.9	14.3	14.8	14.3	14.1	13.0	11.5	9.9	8.5	11.9
A.2.1.2 Time Deposits (SCBs)	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.8
A.3.1 Cash in Hand and Balances with RBI (SCBs)	15.3	14.0	13.7	12.7	11.1	9.7	7.4	5.4	4.5	5.4	7.9
A.3.2 Assets with the Banking System (SCBs)	11.7	13.0	14.2	16.2	17.9	19.0	20.1	21.3	22.0	21.8	17.6
A.3.3 Bank Credit (SCBs)	3.4	3.5	3.7	3.9	4.2	4.3	4.3	4.1	4.0	3.9	3.9
A.3.3.1 Loans, Cash, Credits and Overdrafts (SCBs)	3.0	3.3	3.6	4.0	4.2	4.3	4.2	4.0	3.9	3.7	3.8
A.3.3.2 Non-Food Credit (SCBs)	3.8	3.6	3.6	4.0	4.3	4.5	4.5	4.2	4.0	3.9	4.0
A.3.4 Investments (SCBs)	3.5	3.4	3.6	3.8	4.1	4.5	4.8	5.1	5.3	5.5	4.3
B. WPI (Base 2004-05=100) All Commodities	1.1	1.4	1.6	1.8	1.9	1.8	1.6	1.3	1.0	1.0	1.4
B.1 WPI - Primary Articles	3.6	3.9	4.1	4.3	4.2	3.9	3.4	3.1	2.9	2.7	3.5
B.1.1 WPI - Food Articles	4.6	5.1	5.6	5.8	5.9	5.8	5.5	5.2	4.8	4.7	5.3
B.1.1.1 WPI - Food Grains (Cereals+Pulses)	1.4	1.6	1.8	2.1	2.4	2.4	2.3	2.3	2.4	2.6	2.1
B.1.1.1.1 WPI - Cereals	1.4	1.8	1.9	1.8	1.8	1.9	1.8	1.8	1.8	1.9	1.8
B.1.1.1.1.1 WPI - Wheat	5.6	5.8	5.4	4.7	4.2	3.8	3.5	3.3	3.3	3.4	4.3
B.1.1.1.1.2 WPI - Rice	2.4	2.0	1.8	1.4	1.4	1.6	1.9	2.3	2.7	3.1	2.1
B.1.1.1.2 WPI - Pulses	5.1	5.2	5.1	5.1	5.2	5.4	5.5	5.7	5.7	6.1	5.4
B.1.1.2 WPI - Fruits & Vegetables	19.3	19.4	19.5	19.0	18.3	17.4	16.4	15.4	15.7	15.8	17.6
B.1.1.3 WPI - Milk	1.3	1.2	1.0	0.7	0.5	0.4	0.6	1.0	1.3	1.6	1.0
B.1.1.4 WPI - Egg, Meat and Fish	5.1	5.2	5.1	4.6	3.8	3.0	2.6	3.5	4.0	4.3	4.1
B.1.1.4.1 WPI - Egg	15.4	13.8	12.2	10.5	8.9	7.9	7.3	7.9	8.9	9.4	10.2
B.1.1.4.2 WPI - Meat	5.3	5.2	4.7	3.8	2.9	2.0	1.6	1.6	2.0	2.6	3.2
B.1.1.4.3 WPI - Fish	7.9	7.6	8.1	7.4	5.9	4.8	3.8	3.8	4.2	4.3	5.8
B.1.1.5 WPI - Protein Items (viz., Pulses, Milk, Egg, Meat and Fish) Group	1.8	1.8	1.9	1.9	1.9	2.0	2.2	2.5	2.7	2.9	2.1
B.1.2 WPI - Non-Food Articles	2.3	2.2	2.5	2.7	2.8	2.4	2.8	3.3	3.5	3.6	2.8
B.1.2.1 WPI - Fibres	4.1	3.9	4.4	5.0	5.1	4.3	3.5	3.1	3.0	3.1	4.0
B.1.2.1.1 WPI - Raw Cotton	5.8	6.1	7.2	7.8	7.5	6.9	6.1	5.4	4.9	4.6	6.2
B.1.2.2 WPI - Oil Seeds	3.9	3.5	3.3	3.3	3.4	3.7	3.8	3.9	4.1	4.3	3.7
B.2 WPI - Manufactured Products	0.8	1.1	1.3	1.3	1.3	1.2	1.1	0.9	0.8	0.7	1.0
B.2.1 WPI - Food Products	2.0	1.8	1.6	1.2	1.0	1.1	1.3	1.5	1.7	1.8	1.5
B.2.1.1 WPI - Grain Mill Products	5.4	4.9	4.3	3.8	3.4	3.2	3.1	3.1	3.3	3.4	3.8
B.2.1.2 WPI - Sugar	2.4	2.1	1.9	2.2	2.9	4.0	5.1	5.7	5.8	5.6	3.8
B.2.1.3 WPI - Edible Oils	1.4	1.3	1.5	1.5	1.7	1.9	1.9	1.8	1.8	1.8	1.7
B.3 WPI - Non Food Manufactured Products	0.5	0.7	0.9	1.1	1.2	1.2	1.2	1.1	1.0	0.9	1.0
B.4 WPI - Non Food Non-Fuel	0.7	0.9	1.1	1.4	1.6	1.8	1.8	1.6	1.4	1.2	1.4
C.1 Consumer Price Index for Industrial Workers (2001=100)	1.7	1.8	1.9	2.0	2.2	2.2	2.2	2.1	2.1	2.0	2.0
C.2 Consumer Price Index for Agricultural Labourers (Base: 1986-87=100)	2.0	2.1	2.1	2.2	2.2	2.1	2.2	2.1	2.0	1.9	2.1
C.3 Consumer Price Index for Rural Labourers (Base: 1986-87=100)	1.9	1.9	2.0	2.1	2.1	2.1	2.1	2.0	1.9	1.8	2.0

**Table 2: Range (Difference Between Peak and Trough) of Seasonal Factors (Concl.)**

Series \ Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Average Range
1	2	3	4	5	6	7	8	9	10	11	12
D. IIP (Base 2004-05 = 100) General Index	12.7	13.5	13.9	14.1	14.0	14.4	14.9	15.4	15.8	16.0	14.5
D.1.1 IIP - Basic Goods Industries	10.6	11.5	12.4	13.3	13.9	14.4	14.9	15.2	15.3	15.3	13.7
D.1.2 IIP - Intermediate Goods Industries	8.2	9.1	9.8	10.1	10.1	9.8	9.4	9.1	8.8	8.8	9.3
D.1.3 IIP - Consumer Goods Industries	19.2	17.8	16.0	15.2	14.7	14.9	15.5	16.0	16.9	17.6	16.4
D.1.3.1 IIP - Consumer Durable Goods Industries	12.5	12.4	12.3	11.5	10.3	8.5	9.0	10.9	13.0	14.2	11.5
D.1.3.1 IIP - Consumer Non-Durable Goods Industries	24.3	23.0	22.5	23.1	23.8	24.7	25.2	26.0	26.3	26.7	24.6
D.2.1 IIP - Mining	19.5	21.1	22.7	23.9	25.0	25.8	26.4	26.8	27.3	27.6	24.6
D.2.2 IIP - Manufacturing	13.1	14.2	14.7	14.8	14.4	13.8	14.2	14.7	15.3	15.6	14.5
D.2.2.1 IIP - Food products and beverages*			68.0	67.7	66.6	65.7	65.1	65.1	65.0	65.6	66.1
D.2.2.2 IIP - Textiles*			9.2	9.2	9.0	8.6	8.1	7.9	8.2	8.4	8.6
D.2.2.3 IIP - Wood and products of wood & cork except furniture; articles of straw & plating materials*			20.9	20.6	19.9	19.3	18.6	17.9	17.2	16.6	18.9
D.2.2.4 IIP - Paper and paper products*			11.0	11.1	11.0	10.6	10.1	9.7	9.9	10.2	10.4
D.2.2.5 IIP - Publishing, printing & reproduction of recorded media*			8.8	8.7	8.6	8.3	8.1	7.9	8.0	8.0	8.3
D.2.2.6 IIP - Coke, refined petroleum products & nuclear fuel*			11.4	11.1	10.9	10.9	10.9	10.6	11.0	11.4	11.0
D.2.2.7 IIP - Chemicals and chemical products*			9.8	10.1	10.6	10.7	10.6	10.0	9.4	8.7	10.0
D.2.2.8 IIP - Rubber and plastics products*			8.5	8.9	9.2	9.6	10.0	10.6	11.0	11.4	9.9
D.2.2.9 IIP - Other non-metallic mineral products*			16.3	16.4	16.7	17.3	17.9	18.5	19.0	19.2	17.7
D.2.2.10 IIP - Basic metals*			10.6	10.7	10.6	10.3	10.1	10.4	10.5	10.2	10.4
D.2.2.11 IIP - Fabricated metal products, except machinery & equipment*			42.4	43.8	46.4	49.9	53.9	57.1	59.4	60.7	51.7
D.2.2.12 IIP - Motor vehicles, trailers & semi-trailers*			25.5	25.5	25.6	25.8	26.1	26.3	26.9	27.6	26.2
D.2.2.13 IIP - Other transport equipment*			22.8	22.0	20.5	20.3	20.3	19.4	18.3	17.5	20.1
D.2.3 IIP - Electricity	11.1	10.3	9.9	9.8	10.3	10.7	11.1	11.2	11.2	10.9	10.7
D.3 Cement Production	22.9	21.7	21.3	21.2	21.5	22.3	23.0	23.7	24.0	24.0	24.2
D.4 Steel Production	12.5	12.6	12.1	11.7	10.7	10.1	10.4	10.4	10.4	10.3	11.1
D.5 Coal Production	36.3	39.2	42.2	45.7	48.5	50.3	52.4	54.8	57.0	58.2	48.5
D.6 Crude Oil Production	10.3	10.1	10.1	10.0	10.0	9.9	10.1	10.1	10.2	10.3	10.1
D.7 Petroleum Refinery Production	9.7	9.5	9.2	8.9	8.6	8.1	9.2	10.4	11.7	12.4	9.8
D.8 Fertiliser Production*		28.5	28.5	28.4	28.0	27.6	27.1	27.0	26.9	27.0	27.7
D.9 Natural Gas Production*		11.1	11.5	12.0	12.1	11.8	11.1	10.8	10.6	10.4	11.3
D.10 Production of Commercial Motor Vehicles	44.5	37.5	32.5	28.8	28.5	28.8	29.3	29.9	30.2	30.9	32.1
E.1 Cargo handled at Major Ports	15.9	17.1	18.0	17.7	17.7	17.4	17.0	16.7	16.3	16.1	17.0
E.2 Railway Freight Traffic	19.4	19.9	20.7	21.4	21.6	21.6	21.6	21.6	21.9	22.1	21.2
E.3 Sales of Commercial Motor Vehicles	63.9	57.6	53.5	50.8	48.0	45.6	43.9	42.7	42.3	42.6	49.1
E.4 Passenger flown (Km) - Domestic	22.6	21.7	20.8	21.1	22.6	23.8	25.3	26.1	26.7	26.5	23.7
E.5 Passenger flown (Km) - International	20.5	20.7	20.0	19.4	18.6	17.9	17.1	17.4	18.0	18.5	18.8
E.6 Freight Tonne Km flown - Domestic	13.2	13.6	14.5	16.2	17.8	18.8	19.5	19.6	19.0	18.1	17.0

\*Seasonal adjustment for these series is based on 8 to 9 years data depending on availability. Guidelines of both, Office of National Statistics (ONS), UK, and US Census Bureau, however, suggest using more than ten years data for estimating stable monthly seasonal factors.

**Table 3: Change in seasonal variation in 2012-13 vis-à-vis previous 5-years (2007-08 to 2011-12)**

Name of Variable	2012-13	Average*	Change	Name of Variable	2012-13	Average*	Change
1	2	3	4	5	6	7	8
A.1.1 Broad Money (M3)	1.8	2.5	-0.7	B.3 WPI - Non Food Manufactured Products	0.9	1.1	-0.2
A.1.1.1 Net Bank Credit to Government	4.4	4.9	-0.5	B.4 WPI - Non Food Non-Fuel	1.2	1.6	-0.4
A.1.1.2 Bank Credit to Commercial Sector	3.4	3.9	-0.6	C.1 Consumer Price Index for Industrial Workers (Base: 2001=100)	2.0	2.0	0.0
A.1.2 Narrow Money (M1)	5.1	5.8	-0.7	C.2 Consumer Price Index for Agricultural Labourers (Base: 1986-87=100)	1.9	2.1	-0.2
A.1.2.1 Currency with Public	5.7	6.3	-0.6	C.3 Consumer Price Index for Rural Labourers (Base: 1986-87=100)	1.8	2.0	-0.1
A.1.3 Reserve Money (RM)	5.9	6.4	-0.5	D.IIP (Base: 2004-05=100) General Index	16.0	14.5	1.6
A.1.3.1 Currency in Circulation	5.6	6.3	-0.7	D.1.1 IIP - Basic Goods Industries	15.3	13.7	1.7
A.1.3.1.1 Notes in Circulation	5.7	6.4	-0.7	D.1.2 IIP - Intermediate Goods Industries	8.8	9.3	-0.5
A.2.1 Aggregate Deposits (SCBs)	1.8	2.6	-0.7	D.1.3 IIP - Consumer Goods Industries	17.6	16.4	1.2
A.2.1.1 Demand Deposits (SCBs)	8.5	12.5	-4.0	D.1.3.1 IIP - Consumer Durable Goods Industries	14.2	11.5	2.8
A.2.1.2 Time Deposits (SCBs)	1.9	2.0	-0.1	D.1.3.2 IIP - Consumer Non-Durable Goods Industries	26.7	24.6	2.1
A.3.1 Cash in Hand and Balances with RBI (SCBs)	5.4	7.3	-1.8	D.2.1 IIP - Mining	27.6	24.6	3.0
A.3.2 Assets with the Banking System (SCBs)	21.8	19.9	1.8	D.2.2 IIP - Manufacturing	15.6	14.5	1.1
A.3.3 Bank Credit (SCBs)	3.9	4.1	-0.3	D.2.2.1 IIP - Food products and beverages	65.6	66.1	-0.5
A.3.3.1 Loans, Cash, Credits and Overdrafts (SCBs)	3.7	4.1	-0.4	D.2.2.2 IIP - Textiles	8.4	8.6	-0.2
A.3.3.2 Non-Food Credit (SCBs)	3.9	4.2	-0.4	D.2.2.3 IIP - Wood and products of wood & cork except furniture; articles of straw & plating materials	16.6	18.9	-2.3
A.3.4 Investments (SCBs)	5.5	4.8	0.7	D.2.2.4 IIP - Paper and paper products	10.2	10.4	-0.3
B. WPI (BASE 2004-05=100) All Commodities	1.0	1.5	-0.5	D.2.2.5 IIP - Publishing, printing & reproduction of recorded media	8.0	8.3	-0.3
B.1 WPI - Primary Article	2.7	3.4	-0.7	D.2.2.6 IIP - Coke, refined petroleum products & nuclear fuel	11.4	11.0	0.4
B.1.1 WPI - Food Articles	4.7	5.4	-0.7	D.2.2.7 IIP - Chemicals and chemical products	8.7	10.0	-1.3
B.1.1.1 WPI - Food Grains (Cereals+Pulses)	2.6	2.3	0.3	D.2.2.8 IIP - Rubber and plastics products	11.4	9.9	1.5
B.1.1.1.1 WPI - Cereals	1.9	1.7	0.2	D.2.2.9 IIP - Other non-metallic mineral products	19.2	17.7	1.5
B.1.1.1.1.1 WPI - Wheat	3.4	3.6	-0.2	D.2.2.10 IIP - Basic metals	10.2	10.4	-0.2
B.1.1.1.1.2 WPI - Rice	3.1	1.9	1.2	D.2.2.11 IIP - Fabricated metal products, except machinery & equipment	60.7	51.7	9.0
B.1.1.1.2 WPI - Pulses	6.1	5.5	0.5	D.2.2.12 IIP - Motor vehicles, trailers & semi-trailers	27.6	26.2	1.4
B.1.1.2 WPI - Fruits & Vegetables	15.8	16.2	-0.4	D.2.2.13 IIP - Other transport equipment	17.5	20.1	-2.7
B.1.1.3 WPI - Milk	1.6	0.7	1.0	D.2.3 IIP - Electricity	10.9	10.7	0.2
B.1.1.4 WPI - Egg, Meat and Fish	4.3	2.8	1.5	D.3 Cement Production	24.0	23.4	0.6
B.1.1.4.1 WPI - Egg	9.4	7.9	1.5	D.4 Steel Production	10.3	10.3	0.0
B.1.1.4.2 WPI - Meat	2.6	1.7	0.8	D.5 Coal Production	58.2	54.6	3.6
B.1.1.4.3 WPI - Fish	4.3	3.9	0.4	D.6 Crude Oil Production	10.3	10.0	0.3
B.1.1.5 WPI - Protein Items (viz., Pulses, Milk, Egg, Meat and Fish) Group	2.9	2.1	0.8	D.7 Petroleum Refinery Production	12.4	10.3	2.1
B.1.2 WPI - Non-Food Articles	3.6	2.5	1.1	D.8 Fertiliser Production	27.0	27.3	-0.2
B.1.2.1 WPI - Fibres	3.1	3.5	-0.4	D.9 Natural Gas Production	10.4	10.7	-0.3
B.1.2.1.1 WPI - Raw Cotton	4.6	5.9	-1.3	D.10 Production of Commercial Motor Vehicles	30.9	29.8	1.0
B.1.2.2 WPI - Oil Seeds	4.3	3.6	0.8	E.1 Cargo handled at Major Ports	16.1	16.7	-0.6
B.2 WPI - Manufactured Products	0.7	1.1	-0.4	E.2 Railway Freight Traffic	22.1	21.7	0.4
B.2.1 WPI - Food Products	1.8	1.2	0.6	E.3 Sales of Commercial Motor Vehicles	42.6	43.4	-0.8
B.2.1.1 WPI - Grain Mill Products	3.4	3.2	0.2	E.4 Passenger flown (Km) - Domestic	26.5	25.7	0.9
B.2.1.2 WPI - Sugar	5.6	4.7	0.9	E.5 Passenger flown (Km) - International	18.5	17.5	1.0
B.2.1.3 WPI - Edible Oils	1.8	1.8	0.0	E.6 Freight Tonne Km flown - Domestic	18.1	19.0	-0.9

\*Average Range of Monthly Seasonal Factors for the last 5-years (2007-08 to 2011-12)

**Note:** Downward Change (for 41 series), Upward Change (for 38 series), and No Change (for 3 series)

**Table 4: List of Top-Twenty and Bottom-Twenty Series based on Average Range of Monthly Seasonal Factors during Last Five Years (2008-09 to 2012-13) and corresponding Peak and Trough Months**

Name of Top-Twenty Series	Average Range	Peak Month	Trough Month	Name of Bottom-Twenty Series	Average Range	Peak Month	Trough Month
1	2	3	4	5	6	7	8
D.2.2.1 IIP - Food products and beverages	66.3	Dec	Sep	B.1 WPI - Primary Articles	3.5	Aug	Mar
D.2.2.11 IIP - Fabricated metal products, except machinery & equipment	51.9	Mar	Apr	B.1.1.4.2 WPI - Meat	3.2	Jan	Apr
E.3 Sales of Commercial Motor Vehicles	49.1	Mar	Apr	B.1.2 WPI - Non-Food Articles	2.8	Aug	Oct
D.5 Coal Production	48.5	Mar	Sep	A.2.3 Aggregate Deposits (SCBs)	2.6	Apr	Dec
D.10 Production of Commercial Motor Vehicles	32.1	Mar	Apr	A.1.1 Broad Money (M3)	2.5	Apr	Dec
D.8 Fertiliser Production	27.7	Dec	Apr	B.1.1.5 WPI - Protein Items (viz., Pulses, Milk,	2.1	Jul	Mar
D.2.2.12 IIP - Motor vehicles, trailers & semi-trailers	25.5	Mar	Jun	B.1.1.1 WPI - Food Grains	2.1	Oct	May
D.2.1 IIP - Mining	24.7	Mar	Sep	C.1 Consumer Price Index for Industrial Workers (2001=100)	2.1	Oct	Mar
D.1.3.1 IIP - Consumer Non-Durable Goods Industries	24.6	Dec	Oct	B.1.1.1.1.2 WPI - Rice	2.1	Oct	Apr
D.3 Cement Production	24.2	Mar	Aug	C.2 Consumer Price Index for Agricultural Labourers (Base: 1986-87=100)	2.1	Nov	Apr
E.4 Passenger flown (Km) - Domestic	23.7	May	Sep	C.3 Consumer Price Index for Rural Labourers (Base: 1986-87=100)	2.0	Nov	Apr
E.2 Railway Freight Traffic	21.2	Mar	Sep	A.2.3.2 Time Deposits (SCBs)	1.8	Apr	Dec
D.2.2.13 IIP - Other transport equipment	20.2	Mar	Apr	B.1.1.1.1 WPI - Cereals	1.8	Jan	Jun
D.2.2.3 IIP - Wood and products of wood & cork except furniture; articles of straw & plating materials	18.9	Dec	Apr	B.2.1.3 WPI - Edible Oils	1.7	Aug	Nov
E.5 Passenger flown (Km) - International	18.8	Jan	Oct	B.2.1 WPI - Food Products	1.5	Sep	Mar
B.1.1.2 WPI - Fruits & Vegetables	17.6	Oct	Feb	B. WPI (Base 2004-05=100) All Commodities	1.4	Aug	Feb
A.3.2 Assets with the Banking System (SCBs)	17.6	Mar	Nov	B.4 WPI - Non Food Non-Fuel	1.4	May	Dec
D.2.2.9 IIP - Other non-metallic mineral products	17.5	Mar	Sep	B.2 WPI - Manufactured Products	1.0	May	Dec
E.6 Freight Tonne Km flown - Domestic	17.0	Oct	Feb	B.3 WPI - Non Food Manufactured Products	1.0	May	Dec
E.1 Cargo handled at Major Ports	17.0	Mar	Sep	B.1.1.3 WPI - Milk	1.0	Jul	Dec

## *India's Foreign Trade: Q1 of 2013-14 (April-June) \**

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

### **Highlights**

India's external sector continued to exhibit signs of stress in Q1 of 2013-14 as trade deficit grew further. Notwithstanding some recovery in merchandise exports in the previous quarter, export performance in Q1 of 2013-14 remained subdued, which, coupled with an increase in imports widened trade deficit to US\$ 50.3 billion in Q1 of 2013-14 as compared to US\$ 43.0 billion in Q1 of 2012-13. While extended global weakness continued to outweigh the domestic policy efforts to expand merchandise exports in general, the subdued performance was reflected particularly in sectors, such as, 'agricultural & allied products', 'engineering goods', 'gems & jewellery', 'handicrafts' and 'iron ore'. Further, gold imports, remaining at elevated levels in Q1, contributed to high trade deficit. Major highlights of India's trade performance in Q1 of 2013-14 are set out below:

- India's merchandise exports stood at US\$ 72.4 billion in Q1 of 2013-14, showing a decline of 1.6 per cent as compared to a decline of 3.9 per cent in Q1 of 2012-13 amounting to US\$ 73.5 billion.
- Commodity-wise data reveal that the setback in merchandise exports in Q1 of 2013-14 was led by decline in exports of manufacturing items like engineering goods, gems & jewellery and also primary products like iron ore and minerals.

- While exports to countries like the UK and Japan showed considerable improvement in Q1 of 2013-14, growth in exports to major trading partners, viz., the US, China and the UAE either moderated or turned negative during the quarter.
- Imports in Q1 of 2013-14 grew by 5.3 per cent to US\$ 122.7 billion as against a decline of 5.0 per cent in Q1 of 2012-13 (US\$ 116.5 billion).
- Gold imports increasing at a rate of 80.5 per cent in Q1 of 2013-14 as against a decline of 43.3 per cent in Q1 of 2012-13 contributed the most in the growing imports, followed by oil imports which grew by 6.5 per cent in Q1 of 2013-14 over Q1 of 2012-13. Non-oil non-gold imports, however, declined by 5.5 per cent in Q1 of 2013-14 as compared to a growth of 1.3 per cent in Q1 2012-13.

### **I. India's Merchandise Trade**

#### ***Exports (April-June 2013)***

After showing a higher growth in Q4 of 2012-13 (y-o-y basis), exports declined in Q1 of 2013-14. Subdued export performance was mainly attributed to prolonged recession in Euro area and China's slowdown. On a cumulative basis, merchandise exports stood at US\$ 72.4 billion in Q1 of 2013-14 (decline of 1.6 per cent) as compared to US\$ 73.5 billion in Q1 of 2012-13 (decline of 3.9 per cent) (Table 1 & Chart 1).

#### ***Commodity-wise and Destination-wise Exports (April-June 2013)***

Disaggregated commodity-wise data reveal that exports of major commodity groups showed mixed performance in the quarter. While exports from primary sector, comprising mainly 'agriculture & allied products' and 'ores & minerals' declined sharply, the pace of decline in manufacturing sector exports slowed on the back of a considerable increase in exports of 'textile and textile products' and 'leather &

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

**Table 1: India's Merchandise Trade**

(US\$ billion)

Items	April-June	
	2012-13 R	2013-14 P
Exports	73.5	72.4
	(-3.9)	(-1.6)
<i>Of which:</i> Oil	13.3	14.0
	(-13.7)	(5.5)
Non-oil	60.3	58.4
	(-1.4)	(-3.1)
Gold	1.6	1.5
	(-3.2)	(-9.5)
Non-Oil Non-Gold	58.6	56.9
	(-1.4)	(-2.9)
Imports	116.5	122.7
	(-5.0)	(5.3)
<i>Of which:</i> Oil	39.4	41.9
	(-0.2)	(6.5)
Non-oil	77.2	80.8
	(-7.3)	(4.7)
Gold	9.1	16.5
	(-43.3)	(80.5)
Non-Oil Non-Gold	68.0	64.3
	(1.3)	(-5.5)
Trade Deficit	-43.0	-50.3
<i>Of which:</i> Oil	-26.1	-27.9
Non-oil	-16.9	-22.4
Non-Oil Non-Gold	-9.4	-7.4

R:Revised; P: Priliminary

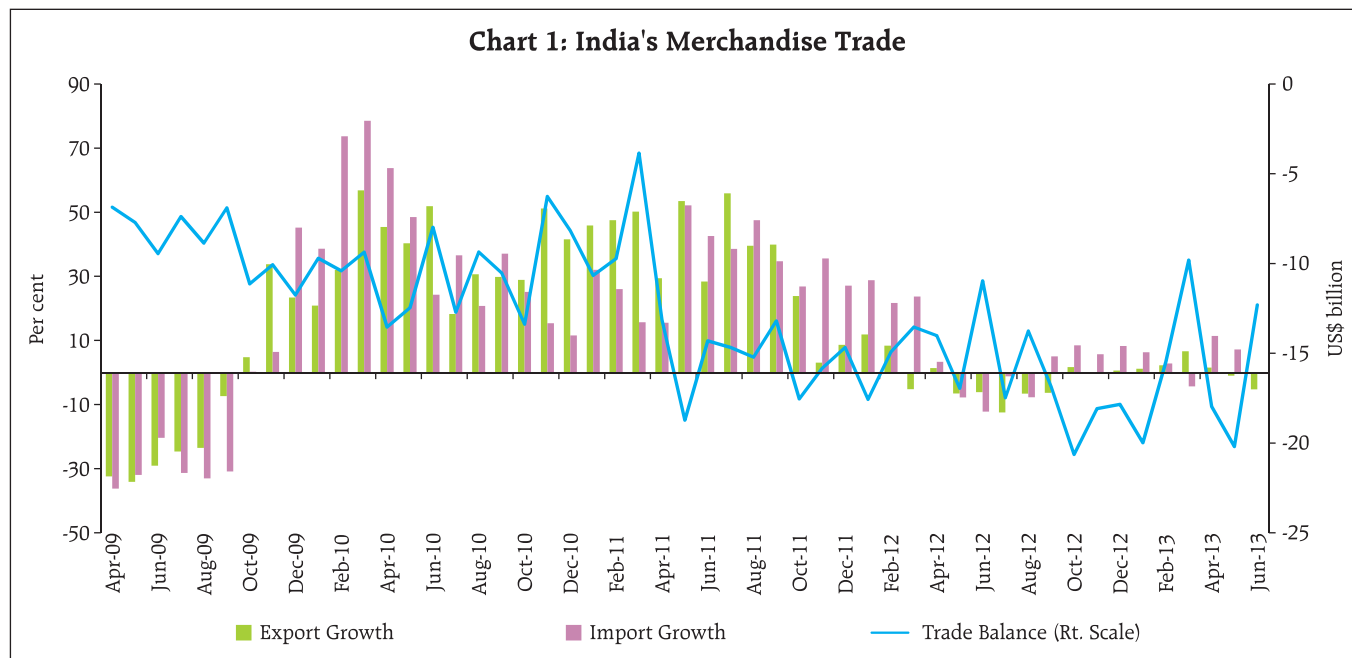
Source: DGCI&S

manufactures'. Exports of petroleum products also registered a growth in Q1 of 2013-14 as compared with a decline in Q1 of 2012-13 (Table 2).

Among the primary products, exports of iron ore continued to decline attributing to poor mining, increase in freight charges, ban on mining activity in certain states. Some minor sectors, however, recorded a positive growth during the period which mainly include 'tobacco', 'cashew', 'plastic and linoleum products', 'iron and steel' and 'cotton yarn & fabrics'.

Within manufacturing sector, exports of 'engineering goods', 'gems & jewellery' and 'handicrafts' showed a contraction while that of 'chemicals & related products' and 'leather & manufactures' increased during Q1 of 2013. Owing mainly to the subdued demand conditions in the EU countries and the US, exports of engineering goods declined by 8.3 per cent in Q1 of 2013-14 as against a decline of 6.8 per cent a year ago. There was, however, a significant increase in exports of textile and textile products exports which grew by 9.6 per cent in Q1 of 2013-14 as against a decline of 8.1 per cent in Q1 of 2012-13, mainly due to rise in exports of readymade garments. As a result, the share of textile

**Chart 1: India's Merchandise Trade**



**Table 2: India's Exports of Principal Commodities**

(Per cent)

Commodity Group	Percentage Share				Relative Weighted Variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
			April-June		April-June	
<b>I. Primary Products</b>	15.0	15.5	17.3	15.5	5.5	-2.1
Agriculture and Allied Products	12.2	13.6	14.7	13.6	5.4	-1.3
Ores and Minerals	2.8	1.9	2.6	1.9	0.1	-0.8
<b>II. Manufactured Goods</b>	60.6	60.9	61.8	61.2	-2.1	-1.6
Leather and Manufactures	1.6	1.6	1.6	1.8	0.0	0.1
Chemicals and Related Products	12.1	13.0	12.5	13.5	0.6	0.8
Engineering Goods	22.2	21.8	22.8	21.2	-1.6	-1.9
Textiles and Textile Products	9.2	9.1	9.1	10.1	-0.8	0.9
Gems and Jewellery	14.7	14.4	15.0	13.7	-0.4	-1.5
<b>III. Petroleum Products</b>	18.3	20.3	18.0	19.3	-2.8	1.0
<b>IV. Others</b>	6.1	3.3	2.8	4.0	-4.5	1.1
<b>Total Exports</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-3.9</b>	<b>-1.6</b>

Source: Compiled from DGCI&S data.

products in total exports increased from 9.1 per cent in Q1 of 2012-13 to 10.1 per cent in Q1 of 2013-14. Exports from labour intensive sectors like gems and jewellery and handicrafts have contracted by 10.1 per cent and 44.8 per cent respectively in Q1 of 2013-14

compared with a decline of 2.5 per cent and growth of 4.1 per cent in the corresponding period of previous year. In order to promote exports, various measures have been undertaken by the Government in 2013-14 so far (Box 1).

### Box 1 : Major Foreign Trade Related Measures during April-September 2013-14

Keeping in view the reduced global demand in general and advanced economies in particular, the Government of India announced several measures since June 2012 to promote India's exports. Various trade related measures undertaken by the Government and the Reserve Bank during April-August 2013-14 are set out below:

- Subsequent to the widening of interest subvention scheme on export credit in January 2013, the coverage of the scheme was further widened to the other items in textile and engineering sectors in May 2013 (for the period April 1, 2013 to March 31, 2014), on the extant terms and conditions. On July 31, 2013, Government increased the rate of interest subvention from the existing 2 per cent to 3 per cent to benefit the exporters of small and medium enterprises and also the most of the labour intensive sectors.
- On May 6, 2013, the Government announced various measures to promote the gems and jewellery sector

which included (i) Liberal financial assistance under Market Access Initiative, Market Development Assistance scheme of the Department of Commerce, (ii) Duty Drawback on Gold (₹100.70 per gm) and Silver Jewellery (₹2590.80 per kg), (iii) abolition of licensing regime for rough diamonds, (iv) abolition of import duty on rough diamonds, rough corals and rough coloured gemstones, (v) import of precious metals (gold/silver/platinum) through nominated agencies, (vi) increase in the value limit of personal carriage from US\$ 2 million to US\$ 5 million in case of participation in overseas exhibitions and increase in the limit in case of personal carriage, as samples, for export promotion tours, from US\$ 0.1 million to US\$ 1 million, (vii) reduction in customs duty on Rhodium from 10 per cent to 2 per cent, (viii) withdrawal of levy of 1 per cent Central Excise on both branded & unbranded jewellery with effect from

(Contd...)

*(Concl...)*

March 17, 2012 and (ix) Formation of Gem & Jewellery Sector Skill Council for skill development in the sector.

- On June 11, 2013, the Government announced that the units located in Special Economic Zones (SEZs) shall realise and repatriate full value of goods/software/services, to India within a period of twelve months from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis. Earlier, the time limit for realization and repatriation of export proceeds, for the exports made by units in SEZs, was done away with.
- Customs duty on gold was increased further to 8 per cent in June 2013 and again to 10 per cent in August 2013. The customs duty on silver and platinum was also raised to 10 per cent each (from 6 per cent and 8 per cent, respectively).
- In the Annual Policy Statement for 2013-14, the Reserve Bank had proposed to restrict the facility of advances against the security of gold coins per customer to gold coins weighing up to 50 gms. Later it was further clarified that the restriction on grant of loan against "gold bullion" will also be applicable to grant of advance against units of gold ETFs and units of gold Mutual Funds.
- On July 22, 2013, the Reserve Bank, in consultation with GoI, decided to rationalise the import of gold in any form/purity including import of gold coins/dore into the country. It was decided that while effecting the foreign exchange transactions put through by/for their clients, nominated banks/ nominated agencies would be required to ensure that at least one fifth of every lot of import of gold (in any form/purity including import of gold coins/dore) was exclusively made available for the purpose of export. These agencies would make available gold in any form for domestic use only to entities engaged in jewellery business/bullion dealers supplying gold to jewellers.
- On September 17, 2013, the customs duty on articles of 'Jewellery and of goldsmiths' or 'silversmiths' wares and parts thereof was increased from 10 per cent to 15 per cent. On September 16, 2013, the Reserve Bank tightened norms for loans against gold jewellery. Among other measures, it mandated that the gold received by NBFCs as collateral should be valued transparently.

Destination-wise export analysis reveals that apart from exports to EU which recorded a marginally positive export growth in Q1 of 2013-14, exports to other major destinations such as the UAE, US and China showed either a decline or lower growth during this period (Table 3). Decline in exports to China was evident mainly on account of substantial fall in exports of cotton, ores, iron and steel and petroleum products. However, exports to countries like Belgium, Italy, UK, Japan, Switzerland and some African countries, particularly, South Africa, Benin and Zambia showed considerable uptrend. Exports to Switzerland increased by 113.8 per cent mainly reflecting growing demand for 'petroleum, crude & products' and 'gems & jewellery'.

In terms of share in India's total merchandise exports, US continued to remain the topmost

**Table 3: India's Exports to Principal Regions**

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	
			April-June	
			2012-13	2013-14
<b>I. OECD Countries</b>	<b>33.8</b>	<b>34.2</b>	<b>33.9</b>	<b>35.5</b>
EU	17.2	16.8	15.8	16.1
North America	12.0	12.7	13.8	14.4
US	11.4	12.0	13.1	13.7
Asia and Oceania	3.0	2.9	2.5	3.1
Other OECD Countries	1.6	1.8	1.8	1.9
<b>II. OPEC</b>	<b>19.0</b>	<b>20.9</b>	<b>22.5</b>	<b>20.3</b>
<b>III. Eastern Europe</b>	<b>1.1</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>
<b>IV. Developing Countries</b>	<b>40.8</b>	<b>41.6</b>	<b>41.0</b>	<b>38.2</b>
Asia	29.7	28.7	28.6	27.5
SAARC	4.4	5.0	5.0	4.6
Other Asian Developing Countries	25.3	23.6	23.6	22.9
People's Republic of China	6.0	4.5	5.2	3.4
Africa	6.7	8.1	7.6	7.3
Latin America	4.4	4.9	4.8	3.4
<b>V. Others / Unspecified</b>	<b>5.4</b>	<b>1.9</b>	<b>1.5</b>	<b>4.8</b>
<b>Total Exports</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Compiled from DGCI&S data.



destination with a share of 13.7 per cent despite a deceleration in export growth. Among other major export destinations, the share of Saudi Arabia, UK, Belgium, France, Italy, Japan and Switzerland increased in Q1 of 2013-14. In contrast, the share of other important destinations, viz., UAE and China, exhibited significant decline in Q1 of 2013-14 over the corresponding period of 2012-13.

Pick-up in exports to Asian countries, viz., Korea, Malaysia and Singapore seems to have been supported by higher growth in these economies in Q1 of 2013-14 (Table 4). Nevertheless, relative contribution of major regions, including developing Asia, EU, and OPEC countries to India's export growth was negative in Q1 of 2013-14. In contrast, among other major trading regions, North America, Japan and Switzerland contributed positively to India's export growth (Table 5).

### Imports (April-June 2013)

Merchandise imports in Q1 of 2013-14 recorded a growth of 5.3 per cent amounting to US\$ 122.7 billion as against a decline of 5.0 per cent at US\$ 116.5 per

**Table 4: Growth Performance of Major Trade Partner Economies**

Period	(Per cent)					
	2011	2012	2012-Q1	2012-Q2	2013-Q1	2013-Q2
<b>Country</b>						
Japan	-0.6	2.0	3.2	4	0.1	0.9
Euro area	1.4	-0.6	-0.1	-0.5	-1.1	-0.7
United States	1.8	2.2	2.4	2.1	1.3	1.4
China	9.3	7.8	8.1	7.6	7.7	7.5
Hong Kong	4.9	1.4	0.7	0.9	2.9	3.3
Singapore	5.2	1.3	1.5	2.3	-0.6	3.8
Korea	3.6	2.0	2.9	2.3	1.5	2.3
Indonesia	6.5	6.2	6.3	6.3	6	5.8
Malaysia	5.1	5.6	5.1	5.6	4.1	4.3
Brazil	2.7	0.9	0.7	0.4	1.8	-
South Africa	3.5	2.5	2.4	2.8	1.9	-

- : Not Available.

**Note:** Growth Rates are seasonally adjusted (except for Hong Kong, Singapore and Malaysia).

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

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

	(Per cent)		
	2011-12	2012-13	2013-14
	<b>April-June</b>		
EU	8.0	-2.5	0.0
North America	4.0	2.0	0.4
Other OECD	1.1	-0.2	0.7
OPEC	5.4	3.0	-2.5
Eastern Europe	0.2	0.3	-0.1
Developing Asia	14.9	-1.1	-3.4
Africa	2.0	0.7	-0.5
Latin America	2.6	-0.4	-1.4
Others	2.8	-5.3	3.2
<b>Total Exports</b>	<b>36.4</b>	<b>-3.9</b>	<b>-1.6</b>

**Source:** Compiled from DGCIS data.

cent in Q1 of 2012-13. The surge was mainly led by a sharp rise in gold imports which increased by 80.5 per cent to US\$ 16.5 billion in Q1 of 2013-14. Notwithstanding a marginal decline in the international prices of crude oil (Indian basket), imports of POL items grew by 6.5 per cent in Q1 of 2013-14 reflecting growing domestic consumption of petroleum products (Table 6).

**Table 6: Trends in crude oil prices**

Period	(US\$/barrel)			
	Dubai	Brent	WTI*	Indian Basket**
1	2	3	4	5
2005-06	53.4	58.0	59.9	55.7
2006-07	60.9	64.4	64.7	62.5
2007-08	77.3	82.3	82.3	79.2
2008-09	82.1	84.7	85.8	83.6
2009-10	69.6	69.8	70.6	69.8
2010-11	84.2	86.7	83.2	85.1
2011-12	110.0	114.4	97.3	111.9
2012-13	106.9	110.5	92.0	108.0
2013-14 Q1	100.8	103.0	94.2	101.3

\* West Texas Intermediate

\*\* the composition of Indian Basket of Crude represents Average of Oman & Dubai for sour grades and Brent (Dated) for sweet grade in the ratio of 68.2: 31.8 for 2012-13.

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

### ***Commodity-wise and Destination-wise Imports (April-June 2013)***

Disaggregated commodity-wise import data for April-June 2013 show that among the principal commodities, 'petroleum, petroleum and related material' and 'gold & silver' accounted for about 34 per cent and 14.7 per cent of India's merchandise imports, respectively. Increase in imports of POL products was mainly on account of rise in quantum of imports given a marginal decline in the international price of crude oil (Indian basket). Notwithstanding the successive rise in customs duty and other measures to curb gold demand, import of gold remained strong in Q1 of 2013-14 due to seasonal factors. Imports of gold & silver rose significantly by 89.1 per cent in Q1 of 2013-14 as against a decline of 47.6 per cent in Q1 of 2012-13. Among other components, imports of capital goods, accounting for 16.4 per cent of total merchandise imports, declined by 13.6 per cent indicating slower investment activity in domestic economy. Imports of export related items like 'pearl precious semi-precious stones', 'chemicals', 'textile yarn' and 'cashew nuts' registered a growth of

9.1 per cent in Q1 of 2013-14 as against a decline of 24.9 per cent in corresponding period of the previous year (Table 7).

Destination-wise data reveal that India's imports from US, EU, China, Japan, Thailand, Singapore and Malaysia declined in Q1 of 2013-14. In contrast, growth in imports from UK, Canada, Switzerland, Iraq and Kuwait, turned positive. Around 95 per cent of imports from Switzerland were in the form of gold & silver, pearl precious and semi-precious stones.

China continued to be the main source of imports for India even after a decline in its share in total imports owing to the sharp decline in imports by 7.9 per cent in Q1 of 2013-14. A surge in imports from Switzerland by 76.7 per cent almost doubled its share in India's total imports from 5.0 per cent in Q1 of 2012-13 to 8.3 per cent Q1 of 2013-14. Other major source countries for imports included UAE, Saudi Arabia and USA with a share of 7.5 per cent, 7.0 per cent and 4.8 per cent respectively. While the share of OPEC countries and Latin American countries remained almost stable, the share of developing countries showed a decline compared to the corresponding period a year ago (Table 8).

**Table 7: Imports of Principal Commodities**

(Per cent)

Commodity/Group	Percentage Share				Relative Weighted variation	
	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14
			April-June		April-June	
1. Petroleum, Crude and Products	31.7	33.4	33.8	34.2	-0.1	2.2
2. Capital Goods	20.3	19.3	20.0	16.4	-0.2	-2.7
3. Gold and Silver	12.5	11.3	8.2	14.7	-7.1	7.3
4. Organic and Inorganic Chemicals	3.9	3.9	4.1	4.0	0.2	0.1
5. Coal, Coke and Briquettes, etc.	3.6	3.5	4.1	3.3	0.4	-0.6
6. Fertilisers	2.4	1.9	1.2	1.1	-0.1	0.0
7. Metalliferrous Ores, Metal Scrap, etc.	2.7	3.1	3.4	3.1	0.5	-0.1
8. Iron and Steel	2.5	2.2	2.6	1.6	0.4	-1.0
9. Pearls, Precious and Semi-Precious Stones	5.7	4.6	4.5	5.0	-3.2	0.8
10. Others	14.8	16.8	18.2	16.7	3.7	-0.6
<b>Total Imports</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-5.0</b>	<b>5.3</b>

Source: Compiled from DGCIS data.

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

(Percentage Shares)

Region/Country	2011-12	2012-13	2012-13	2013-14
	April-March		April-June	
<b>I. OECD Countries</b>	30.2	28.8	27.6	28.9
EU	11.9	10.6	11.0	10.3
France	0.9	0.9	0.8	0.7
Germany	3.3	2.9	2.9	2.5
UK	1.6	1.3	1.4	1.8
North America	5.6	5.7	5.8	5.4
US	5.0	5.1	5.3	4.8
Asia and Oceania	5.7	5.3	5.4	4.7
Other OECD Countries	7.0	7.1	5.4	8.6
<b>II. OPEC</b>	35.5	38.9	38.9	38.5
<b>III. Eastern Europe</b>	1.7	1.6	1.8	1.7
<b>IV. Developing Countries</b>	32.3	30.8	31.2	30.0
Asia	25.9	23.5	24.6	22.6
SAARC	0.5	0.5	0.5	0.4
Other Asian Developing Countries	25.3	23.0	24.1	22.2
of which:				
People's Republic of China	11.8	10.7	11.3	9.9
Africa	4.0	3.9	3.5	4.3
Latin America	2.4	3.4	3.1	3.2
<b>V. Others / Unspecified</b>	0.2	0.5	0.4	0.8
<b>Total Imports</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Compiled from DGCIS data.

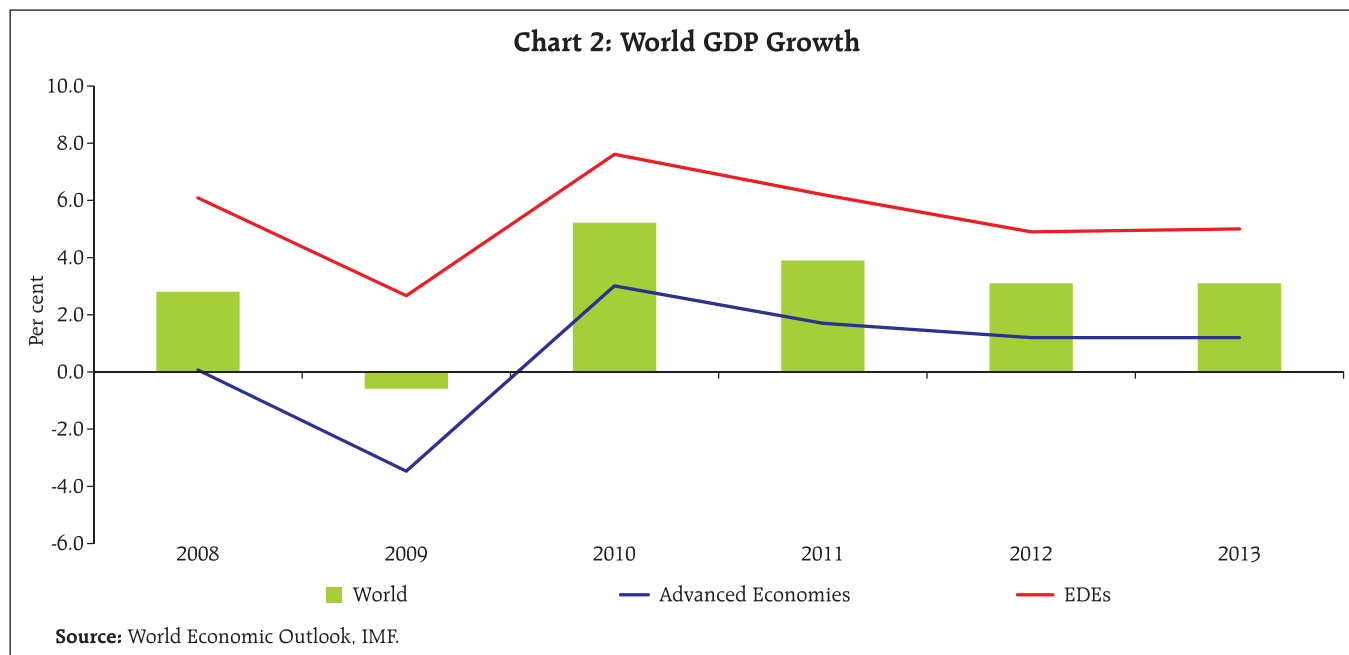
**Trade Deficit**

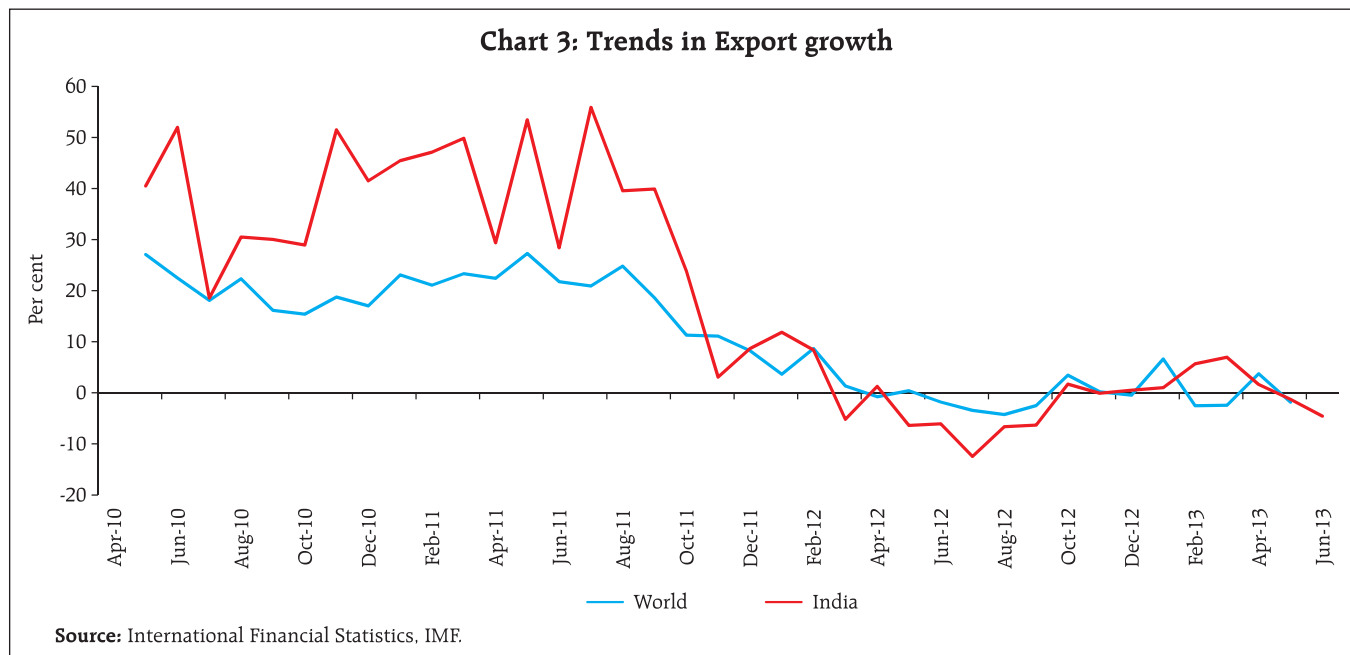
Contraction in merchandise exports coupled with a rise in imports led to a widening of trade deficit from

US\$ 43.0 billion in Q1 of 2012-13 to US\$ 50.3 billion in Q1 of 2013-14. POL and gold together accounted for 47.6 per cent of India's merchandise imports and 116.1 per cent of merchandise trade deficit during this period. Notwithstanding, an array of measures taken by the government and the Reserve Bank of India to curb gold imports, there was considerable growth in gold imports, which along with POL imports remained a cause for concern for India's high trade deficit.

**II. Trends in Global Trade**

The deceleration in world trade in 2012 was attributed to slow growth in both advanced and emerging market and developing economies (EMDEs). Global recovery continues to remain fragile in 2013 so far *albeit* there are signs of improved economic outlook for major advanced economies, *viz.*, the US and Japan. However, subdued growth prospects in some major EMDEs continue to be a concern (Chart 2). Although trend in monthly growth of world exports (goods) has been mixed in 2013 so far, on average, world exports (in value terms) increased by 0.6 per cent during January-May 2013 as compared with 2.5 per cent in the corresponding period of 2012 (Chart 3).



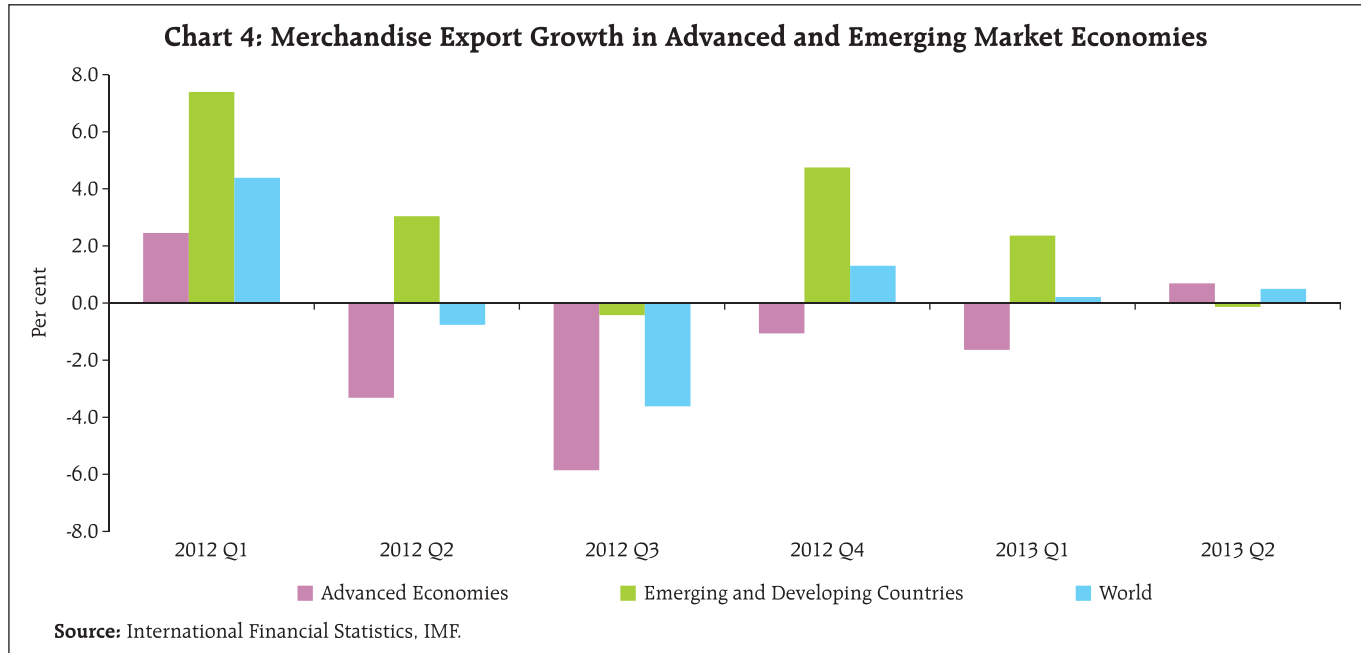


Going forward, the outlook for the global economy continues to be marred by considerable uncertainty, thereby leading to downward risks to global economic and trade activity. Disruptions in global financial markets and related uncertainties could adversely affect potential economic and trade conditions. This, in turn, may lead to weaker than expected global demand. Besides, spillovers from slow or insufficient implementation of structural reforms in the euro area may also impact the pace of global economic and trade activity. Nevertheless, according to the IMF, the global trade volume (both goods and services) is projected to grow by 3.1 per cent in 2013 as compared with 2.5 per cent in 2012. In September 2013, the WTO has projected the world trade growth at 2.5 per cent lower than its earlier projection.

The trade performance across advanced and EMDEs witnessed a reversal in Q2 of 2013. While advanced economies registered a positive export growth after successive decline in the last four quarters, global uncertainty and deceleration in demand from advanced economies weighed on export

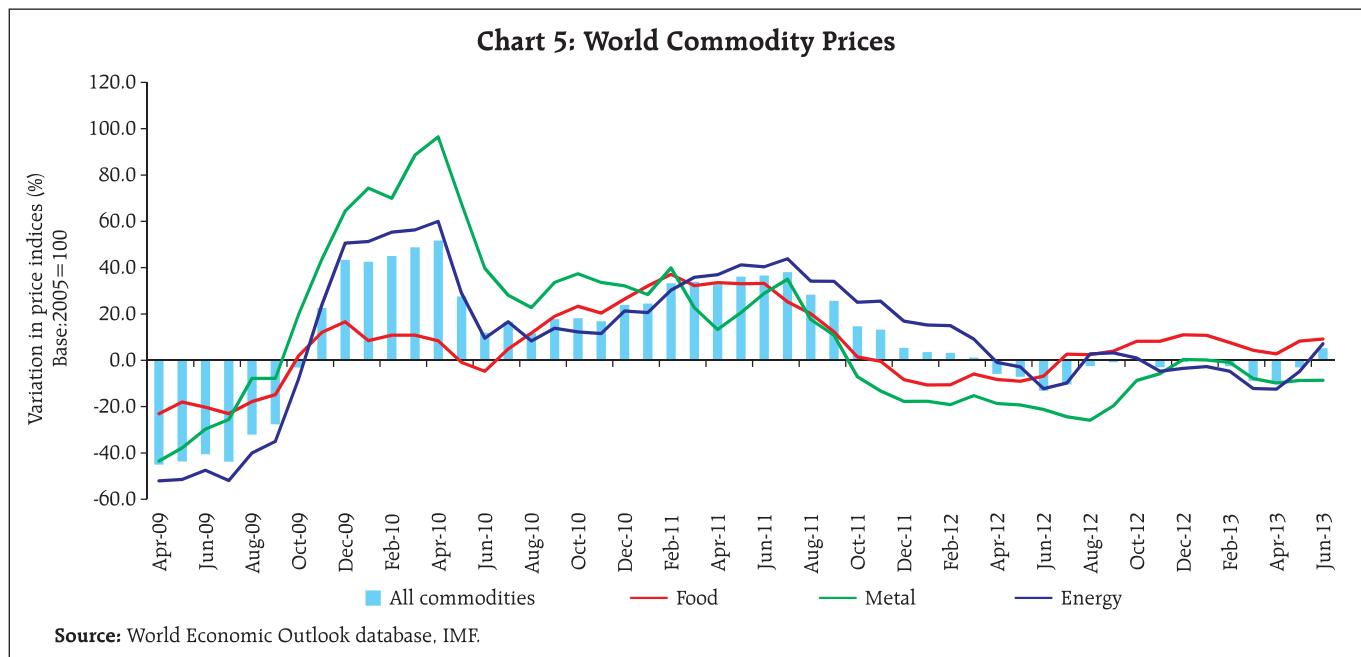
performance of EMDEs in Q2 2013. Trade within EMDEs, however, has shown uptrend in recent years. The share of EMDEs in total exports of EMDEs has increased from 36.9 per cent in 2010 to 39.1 per cent in 2012 and 39.6 per cent till April 2013.

Trend in international commodity prices varied across commodities in recent months. Growth in global prices of food has remained moderate in 2013 so far, mainly a reflection of improved supply conditions for most food commodities. For instance, global edible oil production is expected to reach a new record in 2013. Similarly, supply expectations for wheat, rice and maize have improved for 2013-14 season. According to a World Bank report on commodity markets outlook, rice production may reach to another record during the season 2013-14. Fluctuating trend in crude oil prices in 2013 so far has been driven mainly by the geopolitical concerns in the Middle East on the supply side and changing growth prospects in key oil consumer economies on the demand side. In recent months, as supply conditions improved and concerns about market conditions in the Euro area eased once



again, crude oil prices softened somewhat in February-May 2013. However, international crude oil prices began hardening in June 2013 in the face of seasonal increases in world consumption, unexpected supply disruptions, and heightened uncertainty over the

security of supply with the renewed unrest in Egypt. Easing of metal prices reflected subdued demand conditions in key consumer economies, mainly China which accounts for almost 45 per cent of global metal consumption (Chart 5).



### III. Outlook

Subdued export growth has been a concern in 2012-13 and 2013-14 so far. After recording a moderately positive growth in December 2012 to April 2013 period, exports contracted in May-June 2013 before showing a sharp increase in July and August 2013. If exports exhibit a sustained recovery, it will contribute to narrowing India's trade deficit in remaining part of 2013-14. However, the sustenance of the positive export growth momentum would continue to depend on demand and growth prospects of trading partner economies. Sharp depreciation in Indian rupee may also have raised external competitiveness in certain sectors, thereby auguring

well for exports. Imports which showed contraction in July 2013 mainly due to moderation in gold imports are likely to be determined by trends in domestic economic activity, impact of various measures undertaken to curb demand for gold and trend in crude international oil prices. As the global economic outlook continues to be surrounded by considerable uncertainty and downside risks, sustained recovery in exports may continue to be a challenge.

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

## House Price Index\*

*The Reserve Bank is compiling quarterly house price index (HPI) (base Q4:2008-09=100) for nine major cities, viz., Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur and Kanpur. Based on these city indices, an average house price index representing all-India house price movement is also compiled. These indices are based on the official data collected from registration authorities of respective State Governments on property transactions. They are regularly published in the RBI's Macroeconomic and Monetary Developments. This article presents the trends in price based on HPI in India for the period Q4:2008-09 – Q4:2012-13. Also, in order to control for the quality attributes of house on prices, a hedonic HPI is compiled and its trends are examined.*

### Introduction

A house is both an asset and an important determining factor of household's cost of living. A change in the house price affects housing equity and household debt levels that in turn may influence to the overall economic activity. Many a time consumer spending gets affected by house price changes through the wealth effects. At macroeconomic level, policymakers track house prices to enhance their understanding of real estate and credit markets<sup>1</sup>. This may help them to realize the impact of real estate prices on economic activity and financial stability<sup>2</sup>. The movement in house prices are also used as an indicator of households' borrowing capacity and debt burden and their effects on aggregate consumption<sup>3, 4</sup>.

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

<sup>1</sup> Eurostat (2013), Handbook on Residential Property Prices Indices (RPPIs).

<sup>2</sup> Case, B. and S. Wachter (2005), "Residential Real Estate Price Indices as Financial Soundness Indicators: Methodological Issues", pp. 197-211 in Real Estate Indicators and Financial Stability, BIS Papers No 21, Bank for International Settlements, Washington, DC.

<sup>3</sup> Finocchiaro, D. and V. Queijo von Heideken (2007), "Do Central Banks React to House Prices?", Working Paper Series 217, Sveriges Riksbank (Central Bank of Sweden).

<sup>4</sup> Case, K.E., J.M. Quigley, and R.J. Shiller (2001), "Comparing Wealth Effects: The Stock Market Versus the Housing Market." National Bureau of Economic Research Working Paper Series, No. 8606.

Further, the trend in house price contains forward looking information and it reflects market's expectations of the value of the future stream of services derived from the property. Thus, it could potentially play an important role in monetary policy setting for its overall objectives of price stability and sustainable growth. Also shocks to household balance sheets, primarily through the changes in house prices, amplify fluctuations in consumer spending by tightening or relaxing collateral constraints on borrowing. However, lack of transparency in the residential property market transactions pose important challenges for keeping track of real estate price dynamics. Therefore, it is crucial to have a realistic measure of aggregate house price in order to understand its behaviour and influence on the economy.

Beginning with Mumbai city, the Reserve Bank initiated the work of compiling a house price index (HPI) in 2007 and brought out a quarterly HPI for Mumbai city (base 2002-03=100) in the Macroeconomic and Monetary Developments 2009-10. Over the time, its coverage has been extended by incorporating 8 more cities, viz., Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur and Kanpur and the base is shifted to Q4:2008-09=100. This index is compiled using the official data on property transactions collected from registration authorities of the respective State Governments. It uses a weighted average Laspeyres index methodology for compilation of the index.

This article captures two broad aspects of HPI in India. First, it explains the methodological details related to HPI compilation, particularly that of quality adjustments in measuring aggregate house price. Second, the trends in HPI in India are discussed. In addition, how quality adjustment affects the trends in HPI is also examined.

### 2. Methodology

The measurement of aggregate house price is challenging mainly due to two features, viz.,

heterogeneity of houses and low frequency of sales. Since no two houses are same, the observed difference in characteristics (quality) between two houses will be reflected in difference in price. Because transaction on any specific house occur relatively infrequently, it is hard to know the amount at which a specific house will transact today<sup>5</sup>. Three different approaches are popularly used to control for the quality/attribution changes in real estate properties. They are stratification or mix adjustment, repeat sales methodology and hedonic methodology.

### 2.1 Stratification or Mix-adjustment

Mix-adjustment - controlling for changes in the composition or "quality mix"- is an essential part of the index methodology used for compiling the residential property price indices. Mix-adjustment is applied in a number of different ways. Residential property price index for many countries is derived from unit value prices. But considering unit value prices alone does not necessarily adjust for differences in the quality of a house. There can also be compositional changes such as location, physical and environmental amenities, and the general quality of housing. This could be further extended by stratifying the houses by what are generally recognised as important price determining characteristics. Mix-adjustment is thus in essence a form of stratification<sup>1</sup>.

After constructing a measure of relative change in the mean or median price for strata for a particular time period, the aggregate price index is calculated as a weighted average of indices for each stratum. For aggregation, type of weights depends on the target index that the price index is supposed to measure. If the purpose is to track the price change of the housing transactions, then transaction based weights should be used<sup>1</sup>. Weights can also be based on value or number of transactions. The value weighting provides a better estimate of the investment return, while an index

compiled by number weighting is a good estimate of the price appreciation<sup>5</sup>.

### 2.2 Repeat Sales Method

Popular Case-Shiller House Price Index for the US is based on what we call the 'repeat sales method'. Here, the price information of the properties are collected which have been sold more than once. For each sale transaction, a search is conducted to find information regarding any previous sale for the same house. If an earlier transaction is found, the two transactions are paired and are considered a "sale pair". Sale pair provides the price change for the same house, while holding the quality and size of the house constant. This HPI is designed to reflect the average change in market prices for constant-quality homes in a specified geographic market.

It does an excellent job in controlling the cross-sectional variation in quality attributes. However, application of this method in country like India has some inherent problems. Being a developing economy, a lot of new construction takes place every quarter/year and it is not very common for Indians to sell and move from one house to other due to emotional attachments. So the concept of 'repeat sales' may lead to small sample bias, where second or higher sales are infrequent. Another obvious problem with this methodology is the stable quality requirement for houses. The qualities may rundown or improve over a period of time resulting in underestimation or overestimation of aggregate house price. For these reasons, Case-Shiller type house price index will have limited use in Indian context.

### 2.3 Hedonic methodology

Hedonic methods are techniques for quality adjustments that are incorporated in the calculations of the price indices for segments like houses. Final objective of this measure is to gauge the price changes after controlling the influence of quality change. These methods utilize information on the property attributes to estimate the quality adjusted price indices. The

<sup>5</sup> Rappaport, J. (2007), "A Guide To Aggregate House Price Measures", *Economic Review* (2007:Q2): 41 –71.



difficulty for the analyst here is that the price paid by the purchaser for each of the characteristics is not available. To overcome this problem, a multivariate regression technique is used to obtain the implicit prices associated with each of the characteristics. The estimated coefficients of the regression indicate the relative importance of the variables in explaining the variation in the house prices at any time period.

There are different approaches for constructing the hedonic price indices. The time dummy variable method has been prominent in the real estate literature<sup>1</sup>. Time dummy hedonic regression model is specified with the housing characteristics and dummy variable/s corresponding to time as independent variables and the collected prices as the dependent variable. Model specification for the time dummy method look like this:

$$\ln(p_{it}) = \alpha_t + \sum_k \beta_{itk} z_{itk} + \delta_t D_t + \varepsilon_{it} \quad (1)$$

For k set of observations and time period t and not all houses appearing in all periods,  $p_{it}$  is the price of  $i^{\text{th}}$  observation in  $t^{\text{th}}$  time period expressed in natural logarithmic scale.  $\alpha$  is the constant term,  $\beta_k$  is the regression coefficient or implicit hedonic price,  $z_k$  is the value of the characteristics,  $\delta_t$  is the regression coefficient for time dummy,  $D_t$  is the time dummy variable with a value of 1 in period t and 0 otherwise and  $\varepsilon_{it}$  error term. The quality-adjusted price index can be calculated directly by taking the exponential of the time-dummy coefficients of interest after estimating the regression coefficients<sup>6</sup>.

#### 2.4 RBI's House Price Index

The house price index compiled by the Reserve Bank uses stratification as an approach to control the property characteristics. It is compiled 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 proportions of number of houses transacted during in three categories of FSA within a ward/zone during the period January 2009-March 2009 is taken as the weights ( $w_{ij}$ ). 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 a ratio of current period price to the base period price. Price relative per square meter for the  $i^{\text{th}}$  FSA,  $j^{\text{th}}$  Ward/Zone,  $t^{\text{th}}$  Quarter is given by

$$RP_{i,j,t} = \frac{P_{i,j,t}}{P_{i,j,0}}, \text{ where } P_{i,j,0} \text{ is the price in the base period.}$$

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 (value) of houses during the period January 2009-March 2009 as the weight ( $W_j$ ). Then the following formula is used for constructing the ward/zone HPI for the  $j^{\text{th}}$  ward/zone for  $t^{\text{th}}$  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 total to obtain the all-India index<sup>7</sup>.

### 3. Results

#### 3.1 House Price Index based on Weighted Average Methodology

Overall house price index and point-to-point annual inflation rates of average nine city indices are presented in Table 1. It is observed that index of house price, increased annually on an average by 21 per cent during the past four years. City-wise house price indices

<sup>6</sup> Melser, D., (2005), "The Hedonic Regression Time-Dummy Method And The Monotonicity Axioms", Journal of Business & Economic Statistics, 23(4): 485-492.

<sup>7</sup> Reserve Bank of India (2012), "House Price Index", RBI Monthly Bulletin October 2012

are presented in Table A1. 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 A2. In the cities like Delhi, Bengaluru, Ahmedabad and Lucknow, house prices grew at relatively lesser pace during 2010-11, which picked up momentum in 2011-12, and then showing some moderation in price increase in 2012-13. Kolkata, Chennai and Jaipur which showed some moderation in price increase in 2011-12 compared to 2010-11, picked up momentum in 2012-13.

### 3.2 House Price Index based on hedonic methodology

Here, the HPI at city level is based on the time dummy hedonic method as described earlier. This is computed with a semi-logarithmic functional form with dependent variable (per square meter house price) measured in logarithm and with two independent variables *viz.*, ward (attribute corresponding to location) and floor space area categories (based on percentiles). The regression diagnostics of multicollinearity of the regressors is tested for each equation and is found to be satisfactory. The problem of heteroscedasticity in errors is adjusted by taking heteroscedastic consistent

**Table 1: House Price Index and y-o-y change – Average 9 city index**

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
Q1: 12-13	188.6	24.1
Q2: 12-13	194.3	23.1
Q3: 12-13	206.8	26.0
Q4: 12-13	211.2	19.4

**Table 2: Hedonic House Price Index and y-o-y change – Average 9 city index**

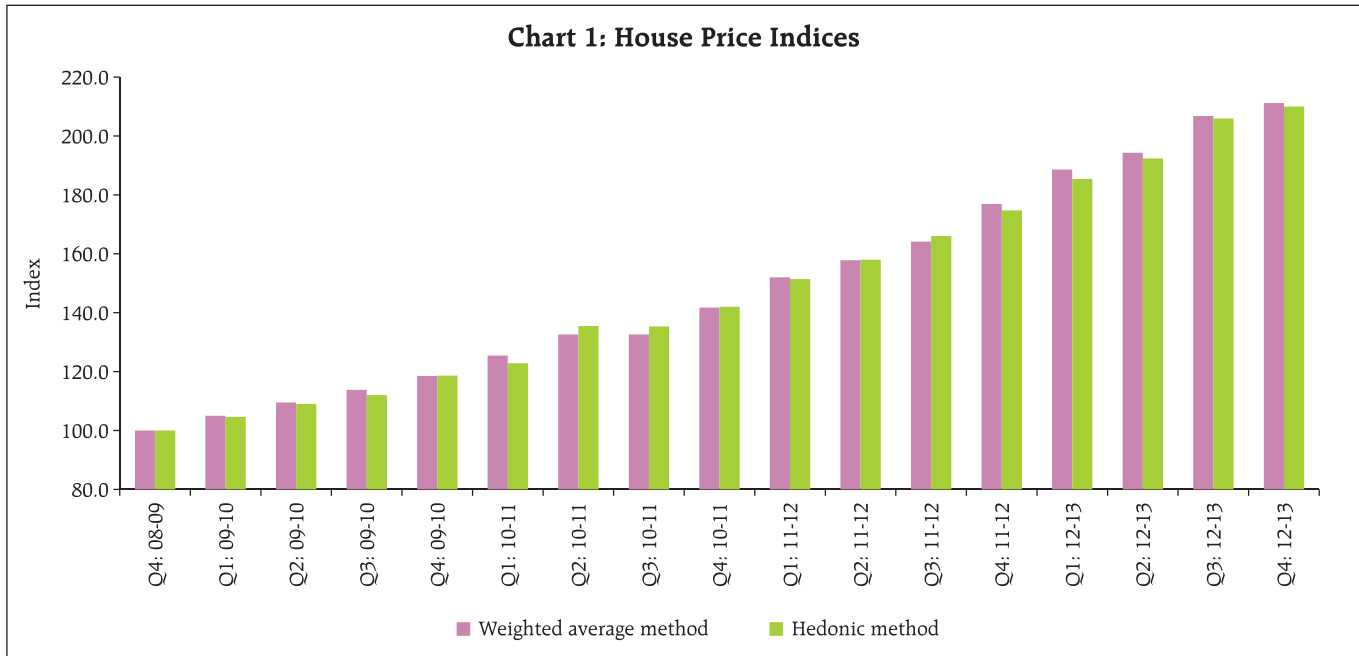
Quarter	HPI	y-o-y change (%)
Q4: 08-09	100.0	NA
Q1: 09-10	104.6	NA
Q2: 09-10	109.0	NA
Q3: 09-10	112.0	NA
Q4: 09-10	118.6	18.6
Q1: 10-11	122.8	17.4
Q2: 10-11	135.5	24.4
Q3: 10-11	135.3	20.8
Q4: 10-11	142.0	19.7
Q1: 11-12	151.4	23.3
Q2: 11-12	158.0	16.6
Q3: 11-12	166.0	22.7
Q4: 11-12	174.7	23.1
Q1:12-13	185.4	22.5
Q2:12-13	192.4	21.8
Q3:12-13	205.9	24.0
Q4:12-13	210.0	20.1

standard errors. The compiled indices are presented in Table B1. The year-on-year variation in house prices across various cities are presented in Table 2.

Further, an average nine city index is obtained with city and floor space area categories as the independent variables in the regression framework (Table B2).

A comparison of HPI and y-o-y change in the house price indices compiled by weighted average and hedonic methods are presented in Chart 1 and Chart 2 respectively. It is observed that hedonic methodology in the present formulation has not produced very different results from that of weighted average methods.

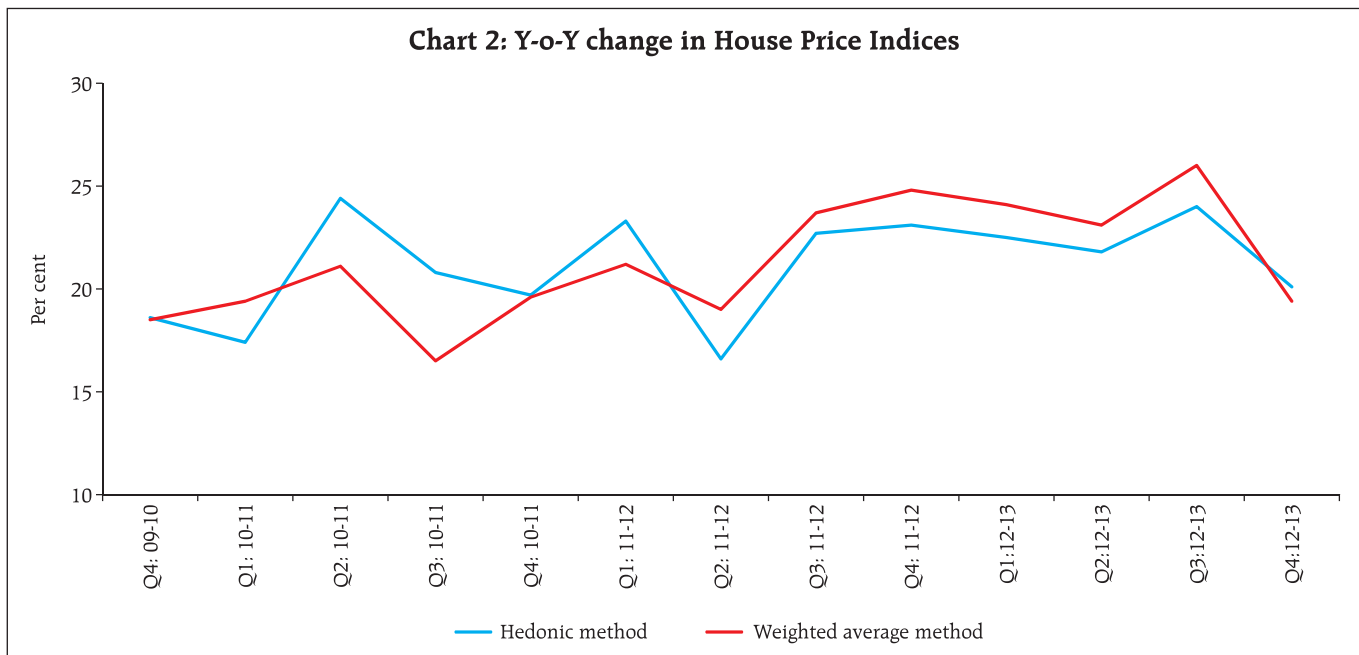
Hedonic regression methods adjust for quality changes in the housing prices and thus can in principle provide better index numbers. However, in this study only limited number of attributes are considered because of the non-availability of the detailed data on house characteristics. This may be a reason why hedonic methodology has not produced significantly different results from that of weighted average methods.



**4. Limitations**

House price index compiled by the Reserve Bank uses registration price data. It is often believed 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 criterion in different states, some of which are: (i) partial consideration of un-divided share of land, (ii) partial consideration of sale of terrace rights, (iii) consideration of agreement to sale at the time booking for total price, and (iv) sale deed only post completion of property. On the other



hand, the registration procedure and records maintenance are not computerized 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. Getting segregated transactions on land agreement, whether a land is an agricultural land, sale deed, power of attorney, *etc.*, is another challenge<sup>6</sup>.

The nine-city average HPI compiled using Laspeyres' approach is a weighted average of city-level HPis. Ideally, the number of transactions at city level could have been used as weight for the all India index. 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<sup>6</sup>.

Theoretically, hedonic methodology is superior and provides actual house price trends. The main drawback of this method is that it requires data on house attributes, which are not available easily. The

non-availability of the data on host of housing attributes influencing the price poses a serious limitation on the hedonic index. A potentially serious source of bias in hedonic price may also be associated with the functional form misspecification. Another limitation may be due to the fact that many attributes of housing are interlinked. This may lead to a problem of multicollinearity in regression analysis leading to limitations in the compilation of hedonic price indices.

## 5. Conclusion

The article presents various approaches for compiling house price index. Besides the Reserve Bank's HPI, this article presents a hedonic house price methodology in Indian context using a time dummy approach. Estimated indices, at city level as well as at all-India level, are based on official data received from registration authorities of various State Governments. Recent trends in the house price index reveal that the increase in house prices was steep in the last few years. On an average, the index of house prices increased annually by around 21 per cent during the past four years.

## Annex

Table A1: 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
Q1: 12-13	231.8	217.3	140.2	176.6	179.4	204.2	133.9	171.9	144.9
Q2: 12-13	232.4	225.2	143.0	183.4	208.9	226.9	129.5	177.7	135.8
Q3: 12-13	248.5	247.8	147.9	187.8	221.6	247.3	149.2	179.4	117.0
Q4: 12-13	248.6	259.2	148.3	193.5	218.8	258.6	148.0	194.0	116.9

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

Table A2: 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
Q1: 12-13	21.0	42.2	19.9	15.9	20.2	30.1	25.9	6.7	7.1
Q2: 12-13	12.8	47.2	23.2	12.7	31.3	42.7	13.7	7.6	-1.8
Q3: 12-13	29.7	47.0	1.2	9.3	28.6	59.6	24.0	9.7	-16.4
Q4: 12-13	10.6	32.7	5.5	9.2	28.9	63.2	26.5	18.0	-21.4

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

Table B1: Hedonic 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	114.4	102.5	105.4	100.8	105.0	102.3	97.7	99.8	117.1
Q2: 09-10	128.0	103.5	104.9	102.7	113.9	106.0	84.3	117.5	117.7
Q3: 09-10	136.4	102.3	99.2	114.4	113.9	108.4	101.5	120.7	115.6
Q4: 09-10	139.8	110.3	95.0	123.2	108.5	107.8	113.3	143.6	122.9
Q1: 10-11	137.1	125.9	105.5	123.1	115.1	116.1	133.4	143.2	123.9
Q2: 10-11	155.4	119.4	102.1	123.2	124.7	158.4	130.2	155.0	128.7
Q3: 10-11	162.7	116.8	104.9	124.5	133.5	166.5	113.7	154.6	134.0
Q4: 10-11	173.5	139.8	113.0	128.6	131.6	174.7	100.1	153.2	134.9
Q1: 11-12	183.4	157.1	116.5	152.5	146.9	152.8	100.0	163.3	142.4
Q2: 11-12	205.1	157.9	118.3	154.3	156.8	154.2	108.8	166.7	140.3
Q3: 11-12	199.7	175.6	145.0	160.8	167.6	152.9	123.4	163.3	143.5
Q4: 11-12	229.9	198.3	138.0	172.3	163.0	154.7	113.5	164.1	151.8
Q1:12-13	224.4	215.8	138.9	165.4	174.9	201.7	122.8	175.3	151.0
Q2:12-13	230.8	225.9	141.7	174.8	201.8	229.9	129.0	183.5	139.0
Q3:12-13	253.3	247.6	144.5	181.2	218.7	249.3	146.3	177.6	123.1
Q4:12-13	253.0	260.8	148.3	182.5	213.0	252.7	145.5	189.7	118.2

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

Table B2: Hedonic 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	39.8	10.3	-5.0	23.2	8.5	7.8	13.3	43.6	22.9
Q1: 10-11	19.8	22.8	0.1	22.1	9.6	13.5	36.5	43.5	5.8
Q2: 10-11	21.4	15.4	-2.7	20.0	9.5	49.4	54.4	31.9	9.3
Q3: 10-11	19.3	14.2	5.7	8.8	17.2	53.6	12.0	28.1	15.9
Q4: 10-11	24.1	26.7	18.9	4.4	21.3	62.1	-11.7	6.7	9.8
Q1: 11-12	33.8	24.8	10.4	23.9	27.6	31.6	-25.0	14.0	14.9
Q2: 11-12	32.0	32.2	15.9	25.2	25.7	-2.7	-16.4	7.5	9.0
Q3: 11-12	22.7	50.3	38.2	29.2	25.5	-8.2	8.5	5.6	7.1
Q4: 11-12	32.5	41.8	22.1	34.0	23.9	-11.4	13.4	7.1	12.5
Q1:12-13	22.4	37.4	19.2	8.5	19.1	32.0	22.8	7.3	6.0
Q2:12-13	12.5	43.1	19.8	13.3	28.7	49.1	18.6	10.1	-0.9
Q3:12-13	26.8	41.0	-0.3	12.7	30.5	63.0	18.6	8.8	-14.2
Q4:12-13	10.0	31.5	7.5	5.9	30.7	63.3	28.2	15.6	-22.1

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

# CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems





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

## No. 1: Select Economic Indicators

Item	2012-13	2011-12	2012-13		2013-14
		Q4	Q1	Q4	Q1
	1	2	3	4	5
<b>1 Real Sector (% Change)</b>					
1.1 GDP	5.0	5.1	5.4	4.8	4.4
1.1.1 Agriculture	1.9	2.0	2.9	1.4	2.7
1.1.2 Industry	1.2	1.0	-0.2	2.0	-0.9
1.1.3 Services	6.8	7.0	7.6	6.3	6.2
1.1a Final Consumption Expenditure	3.9	9.3	4.7	3.3	3.0
1.1b Gross Fixed Capital Formation	1.7	2.6	-2.2	3.4	-1.2
	2012-13	2012		2013	
		Jul	Aug	Jul	Aug
	1	2	3	4	5
1.2 Index of Industrial Production	1.2	-0.1	2.0	2.6	..
<b>2 Money and Banking (% Change)</b>					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.2	13.9	15.1	13.1	13.1
2.1.2 Credit	14.1	17.3	17.6	14.7	16.7
2.1.2.1 Non-food Credit	14.0	16.9	17.4	14.9	17.0
2.1.3 Investment in Govt. Securities	15.4	14.0	14.8	13.6	10.4
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	6.2	6.6	6.0	6.8	7.6
2.2.2 Broad Money (M3)	13.8	14.0	14.1	12.5	12.2
<b>3 Ratios (%)</b>					
3.1 Cash Reserve Ratio	4.00	4.75	4.75	4.00	4.00
3.2 Statutory Liquidity Ratio	23.0	24.0	23.0	23.0	23.0
3.3 Cash-Deposit Ratio	4.8	5.8	5.9	5.1	5.2
3.4 Credit-Deposit Ratio	77.9	75.3	75.0	76.6	77.5
3.5 Incremental Credit-Deposit Ratio	77.1	27.4	34.4	42.6	70.1
3.6 Investment-Deposit Ratio	29.7	30.7	30.8	30.8	30.1
3.7 Incremental Investment-Deposit Ratio	31.9	53.4	49.6	54.7	35.4
<b>4 Interest Rates (%)</b>					
4.1 Policy Repo Rate	7.50	8.00	8.00	7.25	7.25
4.2 Reverse Repo Rate	6.50	7.00	7.00	6.25	6.25
4.3 Marginal Standing Facility (MSF) Rate	8.50	9.00	9.00	10.25	10.25
4.4 Bank Rate	8.50	9.00	9.00	10.25	10.25
4.5 Base Rate	9.70/10.25	10.00/10.50	10.00/10.50	9.70/10.25	9.70/10.25
4.6 Term Deposit Rate >1 Year	7.50/9.00	8.00/9.25	8.50/9.25	7.50/9.00	8.00/9.00
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.30	8.03	7.96	8.33	10.23
4.9 91-Day Treasury Bill (Primary) Yield	8.19	8.14	8.23	11.00	12.02
4.10 182-Day Treasury Bill (Primary) Yield	8.01	8.12	8.25	10.73	12.01
4.11 364-Day Treasury Bill (Primary) Yield	7.79	7.98	8.12	10.46	9.94
4.12 10-Year Government Securities Yield	7.95	8.25	8.24	8.17	8.60
<b>5 RBI Reference Rate and Forward Premia</b>					
5.1 INR-US\$ Spot Rate ( ₹ Per Foreign Currency)	54.39	55.81	55.72	61.12	66.57
5.2 INR-Euro Spot Rate ( ₹ Per Foreign Currency)	69.54	68.45	69.66	80.95	88.16
5.3 Forward Premia of US\$ 1-month (%)	7.72	8.06	7.54	10.41	10.09
3-month (%)	7.57	7.17	7.32	9.69	9.16
6-month (%)	7.28	6.70	6.93	8.90	7.62
<b>6 Inflation (%)</b>					
6.1 Wholesale Price Index	7.4	7.5	8.0	5.8	6.1
6.1.1 Primary Articles	9.8	10.5	11.2	9.0	11.7
6.1.2 Fuel and Power	10.6	8.4	8.7	11.3	11.3
6.1.3 Manufactured Products	5.4	5.9	6.4	2.8	1.9
6.2 All India Consumer Price Index	10.21	9.9	10.0	9.6	9.5
6.3 Consumer Price Index for Industrial Workers	10.43	9.8	10.3	10.8	10.7
<b>7 Foreign Trade (% Change)</b>					
7.1 Imports	1.0	-1.2	-6.7	-6.6	-0.7
7.2 Exports	-2.1	-12.6	-6.6	9.5	13.0

## Reserve Bank of India

## No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2012-13	2012	2013				2013
			Sep.	Aug. 30	Sep. 6	Sep. 13	
	1	2	3	4	5	6	7
<b>1 Issue Department</b>							
<b>1.1 Liabilities</b>							
1.1.1 Notes in Circulation	11,772.18	10,814.51	11,875.16	11,964.38	12,060.60	11,992.41	11,862.69
1.1.2 Notes held in Banking Department	0.08	0.14	0.11	0.10	0.13	0.08	0.10
<b>1.1/1.2 Total Liabilities (Total Notes Issued) or Assets</b>	<b>11,772.26</b>	<b>10,814.65</b>	<b>11,875.27</b>	<b>11,964.48</b>	<b>12,060.74</b>	<b>11,992.50</b>	<b>11,862.79</b>
<b>1.2 Assets</b>							
1.2.1 Gold Coin and Bullion	740.85	776.85	664.41	757.85	757.85	757.85	757.85
1.2.2 Foreign Securities	11,019.02	10,025.73	11,199.37	11,195.54	11,290.18	11,222.30	11,093.03
1.2.3 Rupee Coin	1.92	1.61	1.02	0.62	2.25	1.89	1.45
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
<b>2 Banking Department</b>							
<b>2.1 Liabilities</b>							
2.1.1 Deposits	4,577.50	3,773.93	3,659.86	3,681.16	3,937.47	3,576.80	3,646.38
2.1.1.1 Central Government	817.59	1.00	9.96	1.01	1.01	1.01	1.00
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,424.24	3,437.09	3,266.90	3,305.11	3,563.62	3,206.48	3,273.06
2.1.1.5 Scheduled State Co-operative Banks	41.29	33.93	33.42	33.98	32.46	32.02	32.01
2.1.1.6 Non-Scheduled State Co-operative Banks	2.37	1.24	2.45	2.89	2.87	2.80	2.48
2.1.1.7 Other Banks	152.48	146.54	150.79	151.47	151.59	152.47	151.13
2.1.1.8 Others	139.10	153.71	195.93	186.28	185.50	181.60	186.28
2.1.2 Other Liabilities	6,959.83	6,439.66	9,612.09	9,737.34	9,309.12	9,017.53	8,913.02
<b>2.1/2.2 Total Liabilities or Assets</b>	<b>11,537.33</b>	<b>10,213.59</b>	<b>13,271.96</b>	<b>13,418.51</b>	<b>13,246.59</b>	<b>12,594.33</b>	<b>12,559.40</b>
<b>2.2 Assets</b>							
2.2.1 Notes and Coins	0.08	0.14	0.11	0.10	0.13	0.08	0.10
2.2.2 Balances held Abroad	3,161.94	3,712.51	5,336.89	5,144.91	4,544.54	4,351.66	4,287.34
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	3.70	5.51	0.29	–	1.80	11.60	0.80
2.2.3.3 Scheduled Commercial Banks	418.66	188.08	433.98	364.79	428.00	422.28	412.31
2.2.3.4 Scheduled State Co-op.Banks	–	0.42	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	19.00	21.03	26.91	26.41	26.41	26.39	25.50
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,185.00	5,496.57	6,660.25	6,862.89	7,245.30	6,791.64	6,872.94
2.2.6 Other Assets	748.93	789.33	813.52	1,019.42	1,000.41	990.68	960.40
2.2.6.1 Gold	672.98	705.68	603.54	688.42	688.42	688.42	688.42

**No. 3: Liquidity Operations by RBI**

(₹ Billion)

Date	Liquidity Adjustment Facility		MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+4+6-2-5)
	Repo	Reverse Repo			Sale	Purchase	
	1	2			3	4	
Aug. 1, 2013	377.16	4.03	12.00	-23.20	-	-	361.93
Aug. 2, 2013	372.64	1.10	22.00	-85.80	-	-	307.74
Aug. 5, 2013	379.90	0.60	49.71	24.90	-	-	453.91
Aug. 6, 2013	378.11	2.72	60.80	63.40	-	-	499.59
Aug. 7, 2013	371.06	3.52	239.30	-4.62	-	-	602.22
Aug. 8, 2013	371.66	3.62	404.50	-69.70	-	-	702.84
Aug. 12, 2013	384.56	0.40	412.40	74.53	-	-	871.09
Aug. 13, 2013	386.31	0.24	311.80	-0.04	-	-	697.83
Aug. 14, 2013	388.36	1.00	328.45	-	-	-	715.81
Aug. 16, 2013	387.61	0.43	458.65	-45.50	-	-	800.33
Aug. 19, 2013	386.23	0.87	473.10	45.70	-	-	904.16
Aug. 20, 2013	384.79	-	441.40	-0.50	-	-	825.69
Aug. 21, 2013	387.78	0.60	551.05	1.00	-	-	939.23
Aug. 22, 2013	385.00	0.33	582.85	-0.30	-	-	967.22
Aug. 23, 2013	377.46	0.17	559.00	-36.40	-	-	899.89
Aug. 26, 2013	397.79	0.10	538.47	47.90	-	62.32	1,046.38
Aug. 27, 2013	397.97	2.56	564.35	-1.84	-	-	957.92
Aug. 28, 2013	390.74	0.18	695.85	-0.50	-	-	1,085.91
Aug. 29, 2013	399.84	2.64	659.68	-0.28	-	-	1,056.60
Aug. 30, 2013	399.84	0.60	719.97	-27.91	-	-	1,091.30

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

Item	2012-13	2012	2013	
		Aug.	Jul.	Aug.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US\$ Million) (1.1-1.2)	-2,601.00	-452.00	-5,976.00	-2,464.00
1.1 Purchase (+)	13,648.00	100.00	50.00	724.00
1.2 Sale (-)	16,249.00	552.00	6,026.00	3,188.00
2 ₹ equivalent at contract rate (₹ Billion)	-153.16	-23.37	-354.66	-153.38
3 Cumulative (over end-March 2013) (US \$ Million)	-2,601.00	-2,047.00	-7,817.00	-10,281.00
	(₹ Billion)	-153.16	-110.71	-481.93
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US\$ Million)	-11,006.00	-14,107.00	-4,739.00	-9,051.00

## No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2012-13	2012	2013					Aug. 23
			Aug. 24	Mar. 22	Apr. 19	May 31	Jun. 28	
	1	2	3	4	5	6	7	8
1 MSF	–	–	–	–	0.1	–	228.5	559.0
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	412.3	391.8	412.3	422.7	405.4	394.0	393.8	392.7
2.2 Outstanding	136.3	69.1	136.3	139.6	57.9	113.0	218.6	323.5
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	15.2	5.9	15.2	8.0	10.9	8.1	21.9	25.1
4 Others								
4.1 Limit	50.0	50.0	50.0	–	–	–	–	–
4.2 Outstanding	–	25.4	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	151.5	100.4	151.5	147.6	68.9	121.1	469.0	907.6

## Money and Banking

## No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
			Aug. 24	Jul. 26	Aug. 9
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	11,447.4	10,657.9	11,581.8	11,715.8	11,635.8
1.1 Notes in Circulation	11,756.4	11,044.4	11,902.7	12,008.9	11,974.9
1.2 Circulation of Rupee Coin	146.0	134.8	149.8	149.8	149.8
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	462.3	528.7	478.1	450.3	496.3
2 Deposit Money of the Public	7,502.0	6,910.8	7,554.3	7,358.4	7,477.2
2.1 Demand Deposits with Banks	7,469.6	6,890.9	7,492.3	7,294.4	7,383.5
2.2 'Other' Deposits with Reserve Bank	32.4	19.9	62.0	64.0	93.7
3 M <sub>1</sub> (1 + 2)	18,949.4	17,568.7	19,136.1	19,074.2	19,113.0
4 Post Office Saving Bank Deposits	50.4	50.4	50.4	50.4	50.4
5 M <sub>2</sub> (3 + 4)	18,999.8	17,619.1	19,186.5	19,124.6	19,163.4
6 Time Deposits with Banks	64,870.9	60,609.8	68,254.1	68,622.7	68,629.2
7 M <sub>3</sub> (3 + 6)	83,820.2	78,178.4	87,390.1	87,697.0	87,742.2
8 Total Post Office Deposits	259.7	259.7	259.7	259.7	259.7
9 M <sub>4</sub> (7 + 8)	84,079.9	78,438.1	87,649.8	87,956.7	88,001.9

No. 7: Sources of Money Stock (M<sub>3</sub>)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Aug. 24	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
<b>1 Net Bank Credit to Government</b>	<b>27,072.1</b>	<b>26,022.8</b>	<b>29,671.4</b>	<b>29,187.3</b>	<b>29,293.9</b>
1.1 RBI's net credit to Government (1.1.1-1.1.2)	5,905.8	5,399.3	6,701.0	6,549.1	6,577.1
1.1.1 Claims on Government	6,581.4	5,400.7	6,702.4	6,549.6	6,578.5
1.1.1.1 Central Government	6,580.2	5,400.6	6,698.6	6,538.6	6,571.4
1.1.1.2 State Governments	1.2	0.1	3.8	11.0	7.1
1.1.2 Government deposits with RBI	675.6	1.4	1.4	0.5	1.4
1.1.2.1 Central Government	675.2	1.0	1.0	0.1	1.0
1.1.2.2 State Governments	0.4	0.4	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	21,166.3	20,623.5	22,970.5	22,638.2	22,716.8
<b>2 Bank Credit to Commercial Sector</b>	<b>56,646.6</b>	<b>51,025.3</b>	<b>58,098.0</b>	<b>59,137.3</b>	<b>59,360.2</b>
2.1 RBI's credit to commercial sector	30.6	44.5	35.1	36.0	38.3
2.2 Other banks' credit to commercial sector	56,616.1	50,980.9	58,062.9	59,101.3	59,321.9
2.2.1 Bank credit by commercial banks	52,604.6	47,232.6	54,052.5	55,090.6	55,294.8
2.2.2 Bank credit by co-operative banks	3,968.7	3,692.0	3,966.6	3,966.9	3,983.9
2.2.3 Investments by commercial and co-operative banks in other securities	42.8	56.3	43.8	43.7	43.2
<b>3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)</b>	<b>16,366.6</b>	<b>16,268.9</b>	<b>16,983.1</b>	<b>17,478.3</b>	<b>18,323.7</b>
3.1 RBI's net foreign exchange assets (3.1.1-3.1.2)	15,580.6	15,759.7	16,197.1	16,692.3	17,537.7
3.1.1 Gross foreign assets	15,580.8	15,759.9	16,197.4	16,692.6	17,538.0
3.1.2 Foreign liabilities	0.2	0.2	0.3	0.3	0.3
3.2 Other banks' net foreign exchange assets	786.0	509.2	786.0	786.0	786.0
<b>4 Government's Currency Liabilities to the Public</b>	<b>153.4</b>	<b>142.2</b>	<b>157.2</b>	<b>157.2</b>	<b>157.2</b>
<b>5 Banking Sector's Net Non-monetary Liabilities</b>	<b>16,418.5</b>	<b>15,280.7</b>	<b>17,519.5</b>	<b>18,263.2</b>	<b>19,392.8</b>
5.1 Net non-monetary liabilities of RBI	6,925.0	6,915.5	7,986.2	8,179.7	9,122.8
5.2 Net non-monetary liabilities of other banks (residual)	9,493.4	8,365.2	9,533.3	10,083.5	10,269.9
<b>M<sub>3</sub> (1+2+3+4-5)</b>	<b>83,820.2</b>	<b>78,178.4</b>	<b>87,390.1</b>	<b>87,697.0</b>	<b>87,742.2</b>

## No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Aug. 24	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
<b>Monetary Aggregates</b>					
NM <sub>1</sub> (1.1 + 1.2.1+1.3)	18,834.7	17,465.3	19,023.1	18,961.8	19,000.7
NM <sub>2</sub> (NM <sub>1</sub> + 1.2.2.1)	46,970.6	43,773.4	48,622.2	48,709.7	48,724.5
NM <sub>3</sub> (NM <sub>2</sub> + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	83,575.6	77,921.5	87,310.2	87,570.1	87,750.4
<b>1 Components</b>					
1.1 Currency with the Public	11,461.0	10,669.9	11,594.3	11,728.3	11,648.6
1.2 Aggregate Deposits of Residents	69,865.6	65,238.0	73,142.6	73,275.9	73,311.2
1.2.1 Demand Deposits	7,341.3	6,775.5	7,366.8	7,169.4	7,258.4
1.2.2 Time Deposits of Residents	62,524.3	58,462.5	65,775.8	66,106.5	66,052.8
1.2.2.1 Short-term Time Deposits	28,135.9	26,308.1	29,599.1	29,747.9	29,723.8
1.2.2.1.1 Certificates of Deposit (CDs)	3,831.4	4,014.4	3,446.3	3,180.9	3,069.6
1.2.2.2 Long-term Time Deposits	34,388.4	32,154.4	36,176.7	36,358.5	36,329.0
1.3 'Other' Deposits with RBI	32.4	19.9	62.0	64.0	93.7
1.4 Call/Term Funding from Financial Institutions	2,216.6	1,993.7	2,511.3	2,501.8	2,696.9
<b>2 Sources</b>					
2.1 Domestic Credit	85,823.3	79,088.0	89,884.6	90,280.0	90,575.0
2.1.1 Net Bank Credit to the Government	26,579.4	25,577.7	29,149.9	28,658.7	28,762.1
2.1.1.1 Net RBI credit to the Government	5,905.8	5,399.3	6,701.0	6,549.1	6,577.1
2.1.1.2 Credit to the Government by the Banking System	20,673.6	20,178.5	22,448.9	22,109.6	22,185.0
2.1.2 Bank Credit to the Commercial Sector	59,243.9	53,510.3	60,734.7	61,621.4	61,812.9
2.1.2.1 RBI Credit to the Commercial Sector	30.6	44.5	35.1	36.0	38.3
2.1.2.2 Credit to the Commercial Sector by the Banking System	59,213.4	53,465.8	60,699.6	61,585.3	61,774.6
2.1.2.2.1 Other Investments (Non-SLR Securities)	3,674.6	3,400.5	3,747.9	3,603.9	3,541.3
2.2 Government's Currency Liabilities to the Public	153.4	142.2	157.2	157.2	157.2
2.3 Net Foreign Exchange Assets of the Banking Sector	14,775.0	14,585.1	14,896.5	15,380.9	15,984.9
2.3.1 Net Foreign Exchange Assets of the RBI	15,580.6	15,759.7	16,197.1	16,692.3	17,537.7
2.3.2 Net Foreign Currency Assets of the Banking System	-805.6	-1,174.6	-1,300.6	-1,311.4	-1,552.9
2.4 Capital Account	12,869.4	13,135.2	14,862.5	15,433.5	16,299.4
2.5 Other items (net)	4,306.7	2,758.7	2,765.7	2,814.6	2,667.2

## No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2012-13	2012	2013		
	1	Aug.	Jun.	Jul.	Aug.
		2	3	4	5
<b>1 NM<sub>3</sub></b>	<b>83,575.6</b>	<b>77,921.5</b>	<b>87,228.1</b>	<b>87,310.2</b>	<b>87,750.4</b>
2 Postal Deposits	1,398.8	1,309.1	1,398.8	1,398.8	1,398.8
<b>3 L<sub>1</sub> (1 + 2)</b>	<b>84,974.4</b>	<b>79,230.6</b>	<b>88,626.9</b>	<b>88,709.0</b>	<b>89,149.2</b>
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
<b>5 L<sub>2</sub> (3 + 4)</b>	<b>85,003.7</b>	<b>79,259.9</b>	<b>88,656.2</b>	<b>88,738.3</b>	<b>89,178.6</b>
6 Public Deposits with Non-Banking Financial Companies	99.4		99.4		
<b>7 L<sub>3</sub> (5 + 6)</b>	<b>85,103.1</b>		<b>88,755.6</b>		



## No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2012	2013		
		Aug. 24	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
<b>1 Components</b>					
1.1 Currency in Circulation	11,909.8	11,186.5	12,059.8	12,166.1	12,132.1
1.2 Bankers' Deposits with the RBI	3,206.7	3,292.7	3,328.5	3,406.7	3,379.8
1.2.1 Scheduled Commercial Banks	3,018.9	3,105.9	3,151.0	3,220.3	3,193.8
1.3 'Other' Deposits with the RBI	32.4	19.9	62.0	64.0	93.7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	15,148.9	14,499.1	15,450.3	15,636.8	15,605.7
<b>2 Sources</b>					
2.1 RBI's Domestic Credit	6,339.9	5,512.8	7,082.3	6,967.0	7,033.6
2.1.1 Net RBI credit to the Government	5,905.8	5,399.3	6,701.0	6,549.1	6,577.1
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 – 2.1.1.1.5)	5,905.0	5,399.6	6,697.6	6,538.5	6,570.4
2.1.1.1.1 Loans and Advances to the Central Government	–	–	186.5	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	6,578.3	5,399.1	6,511.2	6,536.5	6,570.0
2.1.1.1.3.1 Central Government Securities	6,567.8	5,388.6	6,500.7	6,526.0	6,559.5
2.1.1.1.4 Rupee Coins	1.9	1.5	0.9	2.1	1.4
2.1.1.1.5 Deposits of the Central Government	675.2	1.0	1.0	0.1	1.0
2.1.1.2 Net RBI credit to State Governments	0.8	–0.3	3.4	10.6	6.7
2.1.2 RBI's Claims on Banks	403.5	69.1	346.3	381.9	418.3
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	403.4	67.8	344.3	380.3	416.7
2.1.3 RBI's Credit to Commercial Sector	30.6	44.5	35.1	36.0	38.3
2.1.3.1 Loans and Advances to Primary Dealers	17.4	5.9	21.9	22.9	25.1
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	153.4	142.2	157.2	157.2	157.2
2.3 Net Foreign Exchange Assets of the RBI	15,580.6	15,759.7	16,197.1	16,692.3	17,537.7
2.3.1 Gold	1,397.4	1,435.1	1,286.9	1,268.0	1,268.0
2.3.2 Foreign Currency Assets	14,183.4	14,324.7	14,910.4	15,424.5	16,269.9
2.4 Capital Account	6,364.9	6,703.1	7,612.6	8,169.6	9,032.8
2.5 Other Items (net)	560.1	212.4	373.7	10.1	90.1

## No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2012-13	2012	2013				
		Aug. 31	Jul. 26	Aug. 9	Aug. 16	Aug. 23	Aug. 30
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	15,148.9	14,545.1	15,450.3	15,636.8	15,724.6	15,605.7	15,580.2
<b>1 Components</b>							
1.1 Currency in Circulation	11,909.8	11,037.6	12,059.8	12,166.1	12,229.1	12,132.1	12,032.3
1.2 Bankers' Deposits with RBI	3,206.7	3,490.6	3,328.5	3,406.7	3,432.8	3,379.8	3,453.6
1.3 'Other' Deposits with RBI	32.4	16.8	62.0	64.0	62.7	93.7	94.3
<b>2 Sources</b>							
2.1 Net Reserve Bank Credit to Government	5,905.8	5,464.6	6,701.0	6,549.1	6,624.5	6,577.1	6,645.4
2.2 Reserve Bank Credit to Banks	403.5	64.9	346.3	381.9	409.2	418.3	435.6
2.3 Reserve Bank Credit to Commercial Sector	30.6	44.5	35.1	36.0	37.8	38.3	38.3
2.4 Net Foreign Exchange Assets of RBI	15,580.6	15,860.5	16,197.1	16,692.3	16,883.2	17,537.7	17,806.8
2.5 Government's Currency Liabilities to the Public	153.4	142.2	157.2	157.2	157.2	157.2	157.2
2.6 Net Non- Monetary Liabilities of RBI	6,925.0	7,031.5	7,986.2	8,179.7	8,387.3	9,122.8	9,503.1

## No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2012-13	2012	2013		
		Aug. 24	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
<b>1 Components</b>					
1.1 Aggregate Deposits of Residents	66,677.8	62,141.2	69,957.3	70,091.8	70,129.1
1.1.1 Demand Deposits	6,623.0	6,062.5	6,650.5	6,452.1	6,541.2
1.1.2 Time Deposits of Residents	60,054.8	56,078.7	63,306.8	63,639.8	63,587.8
1.1.2.1 Short-term Time Deposits	27,024.7	25,235.4	28,488.0	28,637.9	28,614.5
1.1.2.1.1 Certificates of Deposits (CDs)	3,835.3	4,014.4	3,446.3	3,180.9	3,069.6
1.1.2.2 Long-term Time Deposit	33,030.1	30,843.3	34,818.7	35,001.9	34,973.3
1.2 Call/Term Funding from Financial Institutions	2,216.6	1,993.7	2,511.3	2,501.8	2,696.9
<b>2 Sources</b>					
2.1 Domestic Credit	76,376.1	70,183.4	79,575.5	80,115.7	80,364.1
2.1.1 Credit to the Government	20,036.5	19,542.6	21,813.5	21,467.1	21,539.7
2.1.2 Credit to the Commercial Sector	56,339.6	50,640.8	57,761.9	58,648.6	58,824.3
2.1.2.1 Bank Credit	52,604.6	47,232.6	54,052.5	55,090.6	55,294.8
2.1.2.1.1 Non-food Credit	51,664.1	46,264.7	53,041.0	54,006.4	54,271.7
2.1.2.2 Net Credit to Primary Dealers	59.0	70.9	26.7	19.5	53.9
2.1.2.3 Investments in Other Approved Securities	24.5	26.4	24.4	24.2	23.9
2.1.2.4 Other Investments (in non-SLR Securities)	3,651.5	3,310.9	3,658.3	3,514.2	3,451.7
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	-782.2	-1,174.6	-1,300.6	-1,311.4	-1,552.9
2.2.1 Foreign Currency Assets	919.6	444.1	635.1	681.6	588.7
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	826.8	810.4	911.1	945.1	1,001.2
2.2.3 Overseas Foreign Currency Borrowings	875.0	808.3	1,024.5	1,048.0	1,140.3
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,011.7	3,507.7	3,228.4	3,234.2	3,216.9
2.3.1 Balances with the RBI	2,822.7	3,105.9	3,151.0	3,220.3	3,193.8
2.3.2 Cash in Hand	404.9	469.7	421.7	394.2	439.8
2.3.3 Loans and Advances from the RBI	215.9	67.8	344.3	380.3	416.7
2.4 Capital Account	6,374.2	6,190.4	7,008.2	7,022.2	7,025.0
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,337.0	2,191.2	2,026.5	2,422.7	2,177.1
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,241.3	2,972.3	2,819.7	2,911.1	2,822.2
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	-809.8	-607.8	-860.9	-811.6	-837.2

## No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 22, 2013	2012	2013		
		Aug. 24	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
	1 SLR Securities	20,061.0	19,569.0	21,795.6	21,491.4
2 Commercial Paper	324.3	291.8	285.5	258.6	243.6
3 Shares issued by					
3.1 PSUs	86.8	77.2	84.8	83.8	82.5
3.2 Private Corporate Sector	338.0	298.2	335.3	336.3	335.8
3.3 Others	8.7	6.4	8.5	13.7	8.5
4 Bonds/Debentures issued by					
4.1 PSUs	460.5	388.4	504.5	469.2	467.1
4.2 Private Corporate Sector	1,026.2	873.0	1,029.9	1,026.2	1,020.1
4.3 Others	480.8	446.4	581.4	532.0	516.6
5 Instruments issued by					
5.1 Mutual funds	436.7	514.7	396.4	337.3	311.4
5.2 Financial institutions	489.5	414.8	474.2	457.2	466.1

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2012-13	2012	2013		2012-13	2012	2013	
		Aug.	Jul.	Aug.		Aug.	Jul.	Aug.
1	2	3	4	5	6	7	8	
Number of Reporting Banks	218	236	217	217	151	169	150	150
1 Liabilities to the Banking System	1,368.2	1,108.3	1,064.3	1,069.3	1,331.0	1,074.5	1,026.3	1,031.5
1.1 Demand and Time Deposits from Banks	879.3	799.7	710.1	722.2	846.5	769.2	673.4	686.5
1.2 Borrowings from Banks	398.0	239.4	302.5	273.3	393.6	236.1	301.5	271.2
1.3 Other Demand and Time Liabilities	90.9	69.3	51.7	73.8	90.9	69.2	51.5	73.8
2 Liabilities to Others	75,818.5	71,606.7	79,097.8	81,159.4	73,837.5	69,728.0	77,024.1	79,067.2
2.1 Aggregate Deposits	69,420.0	65,253.4	72,676.5	73,769.1	67,504.5	63,449.6	70,678.3	71,762.6
2.1.1 Demand	6,783.3	6,291.2	6,768.4	7,058.1	6,623.0	6,132.6	6,605.8	6,893.9
2.1.2 Time	62,636.7	58,962.1	65,908.2	66,711.0	60,881.5	57,317.0	64,072.5	64,868.7
2.2 Borrowings	2,227.2	2,368.4	2,571.6	3,116.6	2,216.6	2,348.5	2,558.7	3,098.2
2.3 Other Demand and Time Liabilities	4,171.3	3,984.9	3,849.7	4,273.7	4,116.3	3,929.9	3,787.1	4,206.5
3 Borrowings from Reserve Bank	217.2	64.9	346.3	435.6	215.9	63.6	344.3	434.0
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	217.2	64.9	346.3	435.6	215.9	63.6	344.3	434.0
4 Cash in Hand and Balances with Reserve Bank	3,320.9	3,836.4	3,666.0	3,818.4	3,227.6	3,733.4	3,570.8	3,715.9
4.1 Cash in Hand	414.8	442.0	430.7	460.2	404.9	432.2	419.8	449.0
4.2 Balances with Reserve Bank	2,906.1	3,394.4	3,235.2	3,358.2	2,822.7	3,301.2	3,151.0	3,266.9
5 Assets with the Banking System	2,448.3	2,006.0	2,166.7	2,141.7	2,199.5	1,734.1	1,877.4	1,873.0
5.1 Balances with Other Banks	1,051.5	888.3	1,068.6	1,130.8	960.8	786.3	966.1	1,030.8
5.1.1 In Current Account	127.6	130.7	113.5	110.7	111.9	109.8	97.8	94.7
5.1.2 In Other Accounts	923.9	757.6	955.1	1,020.1	848.9	676.5	868.3	936.1
5.2 Money at Call and Short Notice	397.6	284.0	279.5	263.5	296.0	186.0	173.2	165.1
5.3 Advances to Banks	136.1	95.2	132.3	140.6	126.9	88.1	120.3	136.2
5.4 Other Assets	863.0	738.6	686.2	606.9	815.8	673.6	617.8	540.9
6 Investment	20,660.3	20,110.7	22,430.0	22,227.8	20,061.0	19,541.1	21,795.6	21,568.2
6.1 Government Securities	20,633.5	20,081.9	22,406.1	22,202.0	20,036.5	19,514.6	21,773.8	21,544.2
6.2 Other Approved Securities	26.7	28.8	23.9	25.8	24.5	26.5	21.8	24.0
7 Bank Credit	54,281.4	49,141.3	55,695.8	57,349.3	52,604.6	47,616.8	53,956.3	55,587.9
7a Food Credit	1,045.6	1,062.0	1,121.9	1,145.6	964.2	980.7	1,011.5	1,035.2
7.1 Loans, Cash-credits and Overdrafts	52,244.1	47,369.8	53,715.3	55,279.2	50,591.7	45,865.5	52,000.7	53,543.1
7.2 Inland Bills-Purchased	253.1	197.6	252.5	284.7	248.6	193.0	248.7	281.2
7.3 Inland Bills-Discounted	1,109.9	986.8	1,064.9	1,051.2	1,094.5	974.5	1,047.9	1,033.9
7.4 Foreign Bills-Purchased	216.6	195.0	215.3	248.5	214.9	194.7	214.2	247.4
7.5 Foreign Bills-Discounted	457.7	392.2	447.9	485.8	454.7	389.0	444.8	482.4

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2012	2013		Financial year so far	Y-o-Y
		Aug. 24	Jul. 26	Aug. 23	2013-14	2013
	1	2	3	4	5	6
<b>1 Gross Bank Credit</b>	<b>49,642</b>	<b>44,523</b>	<b>50,883</b>	<b>51,991</b>	<b>4.7</b>	<b>16.8</b>
<b>1.1 Food Credit</b>	<b>946</b>	<b>930</b>	<b>988</b>	<b>979</b>	<b>3.4</b>	<b>5.2</b>
<b>1.2 Non-food Credit</b>	<b>48,696</b>	<b>43,593</b>	<b>49,894</b>	<b>51,012</b>	<b>4.8</b>	<b>17.0</b>
<b>1.2.1 Agriculture &amp; Allied Activities</b>	<b>5,899</b>	<b>5,439</b>	<b>6,027</b>	<b>6,097</b>	<b>3.4</b>	<b>12.1</b>
<b>1.2.2 Industry</b>	<b>22,302</b>	<b>19,856</b>	<b>22,774</b>	<b>23,301</b>	<b>4.5</b>	<b>17.3</b>
1.2.2.1 Micro & Small	2,843	2,438	2,910	2,924	2.8	20.0
1.2.2.2 Medium	1,247	1,317	1,318	1,347	8.0	2.3
1.2.2.3 Large	18,211	16,102	18,546	19,030	4.5	18.2
<b>1.2.3 Services</b>	<b>11,486</b>	<b>10,179</b>	<b>11,671</b>	<b>12,050</b>	<b>4.9</b>	<b>18.4</b>
1.2.3.1 Transport Operators	796	788	816	823	3.3	4.5
1.2.3.2 Computer Software	169	148	175	177	4.7	20.0
1.2.3.3 Tourism, Hotels & Restaurants	354	342	368	374	5.7	9.5
1.2.3.4 Shipping	82	76	88	90	9.2	17.8
1.2.3.5 Professional Services	564	497	612	633	12.2	27.3
1.2.3.6 Trade	2,760	2,305	2,803	2,846	3.1	23.5
1.2.3.6.1 Wholesale Trade	1,501	1,284	1,478	1,493	-0.5	16.2
1.2.3.6.2 Retail Trade	1,259	1,021	1,325	1,353	7.5	32.6
1.2.3.7 Commercial Real Estate	1,261	1,158	1,338	1,360	7.9	17.4
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,570	2,402	2,565	2,834	10.3	18.0
1.2.3.9 Other Services	2,930	2,463	2,906	2,912	-0.6	18.2
<b>1.2.4 Personal Loans</b>	<b>9,009</b>	<b>8,119</b>	<b>9,423</b>	<b>9,564</b>	<b>6.2</b>	<b>17.8</b>
1.2.4.1 Consumer Durables	84	70	92	94	12.3	34.6
1.2.4.2 Housing	4,600	4,183	4,910	4,979	8.2	19.0
1.2.4.3 Advances against Fixed Deposits	611	500	581	600	-1.9	19.8
1.2.4.4 Advances to Individuals against share & bonds	31	27	31	29	-6.6	8.8
1.2.4.5 Credit Card Outstanding	249	229	231	236	-5.2	3.2
1.2.4.6 Education	550	528	566	573	4.3	8.5
1.2.4.7 Vehicle Loans	1,111	955	1,168	1,174	5.7	23.0
1.2.4.8 Other Personal Loans	1,774	1,628	1,844	1,879	6.0	15.4
<b>1.2A Priority Sector</b>	<b>15,398</b>	<b>13,997</b>	<b>16,283</b>	<b>16,326</b>	<b>6.0</b>	<b>16.6</b>
1.2A.1 Agriculture & Allied Activities	5,899	5,439	6,027	6,097	3.4	12.1
1.2A.2 Micro & Small Enterprises	5,623	4,900	6,078	6,105	8.6	24.6
1.2A.2.1 Manufacturing	2,843	2,438	2,910	2,924	2.8	20.0
1.2A.2.2 Services	2,779	2,462	3,168	3,181	14.4	29.2
1.2A.3 Housing	2,672	2,533	2,874	2,888	8.1	14.0
1.2A.4 Micro-Credit	165	154	168	176	6.5	14.5
1.2A.5 Education Loans	526	507	545	551	4.7	8.7
1.2A.6 State-Sponsored Orgs. for SC/ST	1	1	1	1	-6.5	-6.5
1.2A.7 Weaker Sections	2,734	2,423	3,037	3,009	10.1	24.2
1.2A.8 Export Credit	422	390	440	473	12.0	21.2

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2012	2013		Financial year so far	Y-o-Y
		Aug. 24	Jul. 26	Aug. 23	2013-14	2013
	1	2	3	4	5	6
<b>1 Industry</b>	<b>22,302</b>	<b>19,856</b>	<b>22,774</b>	<b>23,301</b>	<b>4.5</b>	<b>17.3</b>
<b>1.1 Mining &amp; Quarrying (incl. Coal)</b>	<b>346</b>	<b>331</b>	<b>320</b>	<b>323</b>	<b>-6.7</b>	<b>-2.4</b>
<b>1.2 Food Processing</b>	<b>1,174</b>	<b>920</b>	<b>1,232</b>	<b>1,214</b>	<b>3.5</b>	<b>31.9</b>
1.2.1 Sugar	330	282	322	322	-2.3	14.3
1.2.2 Edible Oils & Vanaspati	171	121	190	176	3.4	45.2
1.2.3 Tea	26	24	29	31	20.4	32.2
1.2.4 Others	648	494	690	685	5.7	38.7
<b>1.3 Beverage &amp; Tobacco</b>	<b>165</b>	<b>148</b>	<b>156</b>	<b>161</b>	<b>-2.3</b>	<b>9.2</b>
<b>1.4 Textiles</b>	<b>1,835</b>	<b>1,612</b>	<b>1,834</b>	<b>1,849</b>	<b>0.8</b>	<b>14.7</b>
1.4.1 Cotton Textiles	925	825	912	917	-0.8	11.2
1.4.2 Jute Textiles	22	19	21	21	-4.8	12.8
1.4.3 Man-Made Textiles	189	162	192	193	2.2	18.9
1.4.4 Other Textiles	699	606	709	718	2.7	18.5
<b>1.5 Leather &amp; Leather Products</b>	<b>87</b>	<b>82</b>	<b>90</b>	<b>90</b>	<b>3.9</b>	<b>10.2</b>
<b>1.6 Wood &amp; Wood Products</b>	<b>77</b>	<b>67</b>	<b>81</b>	<b>82</b>	<b>7.0</b>	<b>22.8</b>
<b>1.7 Paper &amp; Paper Products</b>	<b>283</b>	<b>262</b>	<b>300</b>	<b>307</b>	<b>8.7</b>	<b>17.3</b>
<b>1.8 Petroleum, Coal Products &amp; Nuclear Fuels</b>	<b>643</b>	<b>518</b>	<b>535</b>	<b>568</b>	<b>-11.7</b>	<b>9.6</b>
<b>1.9 Chemicals &amp; Chemical Products</b>	<b>1,592</b>	<b>1,237</b>	<b>1,445</b>	<b>1,581</b>	<b>-0.7</b>	<b>27.9</b>
1.9.1 Fertiliser	269	163	215	233	-13.5	42.8
1.9.2 Drugs & Pharmaceuticals	495	461	519	537	8.4	16.4
1.9.3 Petro Chemicals	441	283	319	425	-3.8	50.2
1.9.4 Others	387	330	393	387	0.1	17.4
<b>1.10 Rubber, Plastic &amp; their Products</b>	<b>312</b>	<b>302</b>	<b>313</b>	<b>321</b>	<b>2.8</b>	<b>6.3</b>
<b>1.11 Glass &amp; Glassware</b>	<b>74</b>	<b>68</b>	<b>71</b>	<b>72</b>	<b>-3.3</b>	<b>5.3</b>
<b>1.12 Cement &amp; Cement Products</b>	<b>459</b>	<b>389</b>	<b>481</b>	<b>494</b>	<b>7.8</b>	<b>27.0</b>
<b>1.13 Basic Metal &amp; Metal Product</b>	<b>3,141</b>	<b>2,721</b>	<b>3,191</b>	<b>3,292</b>	<b>4.8</b>	<b>21.0</b>
1.13.1 Iron & Steel	2,366	2,074	2,443	2,507	6.0	20.9
1.13.2 Other Metal & Metal Product	775	647	747	785	1.3	21.3
<b>1.14 All Engineering</b>	<b>1,284</b>	<b>1,185</b>	<b>1,319</b>	<b>1,362</b>	<b>6.1</b>	<b>15.0</b>
1.14.1 Electronics	334	283	308	322	-3.8	13.7
1.14.2 Others	950	902	1,011	1,041	9.5	15.4
<b>1.15 Vehicles, Vehicle Parts &amp; Transport Equipment</b>	<b>589</b>	<b>583</b>	<b>603</b>	<b>637</b>	<b>8.1</b>	<b>9.2</b>
<b>1.16 Gems &amp; Jewellery</b>	<b>611</b>	<b>533</b>	<b>692</b>	<b>700</b>	<b>14.4</b>	<b>31.2</b>
<b>1.17 Construction</b>	<b>522</b>	<b>510</b>	<b>536</b>	<b>538</b>	<b>3.2</b>	<b>5.5</b>
<b>1.18 Infrastructure</b>	<b>7,297</b>	<b>6,538</b>	<b>7,840</b>	<b>7,847</b>	<b>7.5</b>	<b>20.0</b>
1.18.1 Power	4,158	3,589	4,552	4,531	8.9	26.2
1.18.2 Telecommunications	878	885	897	906	3.2	2.4
1.18.3 Roads	1,313	1,207	1,445	1,446	10.1	19.8
1.18.4 Other Infrastructure	948	857	945	965	1.8	12.6
<b>1.19 Other Industries</b>	<b>1,810</b>	<b>1,851</b>	<b>1,736</b>	<b>1,860</b>	<b>2.8</b>	<b>0.5</b>

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

(₹ Billion)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday					
	2012-13	2012	2013			
		May 25	Apr. 26	May 3	May 17	May 31
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	356.5	311.6	364.0	361.2	362.7	361.7
2 Demand and Time Liabilities						
2.1 Demand Liabilities	127.2	122.2	125.7	126.9	128.2	131.9
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.0	21.3	17.2	17.1	19.2	23.7
2.1.1.2 Others	70.1	67.0	73.0	72.4	74.8	74.6
2.1.2 Borrowings from Banks	10.2	11.3	9.9	10.4	9.9	9.9
2.1.3 Other Demand Liabilities	21.8	22.5	25.6	27.0	24.2	23.7
2.2 Time Liabilities	802.5	713.5	810.4	803.9	803.4	804.6
2.2.1 Deposits						
2.2.1.1 Inter-Bank	507.0	459.0	511.3	506.4	507.3	509.0
2.2.1.2 Others	286.4	244.5	291.0	288.9	287.9	287.1
2.2.2 Borrowings from Banks	0.5	3.2	–	0.5	0.1	–
2.2.3 Other Time Liabilities	8.6	6.8	8.1	8.2	8.1	8.5
3 Borrowing from Reserve Bank	–	–	0.4	–	–	–
4 Borrowings from a notified bank / State Government	319.3	266.7	321.9	315.2	312.9	314.0
4.1 Demand	132.1	102.5	133.9	130.9	130.9	130.3
4.2 Time	187.2	164.2	187.9	184.3	182.0	183.7
5 Cash in Hand and Balances with Reserve Bank	44.2	38.5	34.9	34.0	34.9	35.8
5.1 Cash in Hand	2.1	1.9	2.0	2.0	2.1	2.0
5.2 Balance with Reserve Bank	42.1	36.6	32.9	32.0	32.8	33.8
6 Balances with Other Banks in Current Account	7.0	5.0	6.5	6.7	6.7	6.4
7 Investments in Government Securities	269.3	254.7	271.5	270.3	266.5	264.3
8 Money at Call and Short Notice	156.2	158.2	153.1	149.9	152.6	158.6
9 Bank Credit (10.1+11)	365.0	314.5	363.4	369.2	369.0	368.7
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	364.9	314.4	363.4	369.1	369.0	368.6
10.2 Due from Banks	570.8	447.0	563.5	560.0	560.3	570.3
11 Bills Purchased and Discounted	0.1	0.1	0.1	0.1	0.1	0.1

# Price and Production

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

Group/Sub group	2012-13			Rural			Urban			Combined		
	Rural	Urban	Combined	Aug. 12	Jul. 13	Aug. 13	Aug. 12	Jul. 13	Aug. 13	Aug. 12	Jul. 13	Aug. 13
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1 Food, beverages and tobacco</b>	<b>125.0</b>	<b>124.3</b>	<b>124.8</b>	<b>125.3</b>	<b>136.0</b>	<b>138.1</b>	<b>124.8</b>	<b>138.2</b>	<b>140.2</b>	<b>125.1</b>	<b>136.7</b>	<b>138.8</b>
1.1 Cereals and products	117.8	115.2	117.1	115.9	130.0	131.2	112.5	130.7	131.3	115.0	130.2	131.2
1.2 Pulses and products	112.1	113.6	112.6	112.5	117.0	117.3	118.3	114.4	113.8	114.3	116.2	116.2
1.3 Oils and fats	138.5	145.6	140.8	138.9	142.5	143.0	147.1	142.6	141.6	141.5	142.5	142.6
1.4 Egg, fish and meat	128.8	128.8	128.8	127.6	141.7	142.5	125.0	146.2	147.0	126.7	143.2	144.0
1.5 Milk and products	132.6	128.0	130.9	131.5	141.4	142.1	126.9	136.1	136.8	129.8	139.4	140.1
1.6 Condiments and spices	126.1	121.9	124.9	126.4	132.1	132.9	121.0	130.4	131.5	124.8	131.6	132.5
1.7 Vegetables	129.8	121.7	127.2	139.8	155.2	167.4	131.4	170.4	186.5	137.1	160.0	173.4
1.8 Fruits	137.4	135.9	136.7	140.3	148.9	150.3	141.1	149.1	144.8	140.6	149.0	147.9
1.9 Sugar etc	108.9	109.3	109.0	110.9	110.4	110.4	115.0	106.9	106.6	112.1	109.4	109.3
1.10 Non-alcoholic beverages	124.5	124.2	124.4	122.9	133.0	133.9	121.8	135.1	135.9	122.4	133.9	134.8
1.11 Prepared meals etc	124.1	125.2	124.6	122.7	132.6	133.3	123.1	135.3	136.6	122.9	133.9	134.9
1.12 Pan, tobacco and intoxicants	132.2	133.4	132.6	131.8	141.0	142.0	132.3	146.1	147.2	131.9	142.4	143.4
<b>2 Fuel and light</b>	<b>127.4</b>	<b>124.8</b>	<b>126.4</b>	<b>127.0</b>	<b>135.2</b>	<b>135.6</b>	<b>122.9</b>	<b>132.8</b>	<b>133.8</b>	<b>125.4</b>	<b>134.3</b>	<b>134.9</b>
<b>3 Housing</b>	--	<b>121.0</b>	<b>121.0</b>	--	--	--	<b>119.5</b>	<b>130.9</b>	<b>132.1</b>	<b>119.5</b>	<b>130.9</b>	<b>132.1</b>
<b>4 Clothing, bedding and footwear</b>	<b>131.6</b>	<b>132.5</b>	<b>131.9</b>	<b>129.9</b>	<b>140.6</b>	<b>141.6</b>	<b>130.7</b>	<b>141.5</b>	<b>142.4</b>	<b>130.2</b>	<b>140.9</b>	<b>141.9</b>
4.1 Clothing and bedding	132.1	133.8	132.7	130.4	141.1	142.2	131.9	143.2	144.1	130.9	141.9	142.9
4.2 Footwear	128.5	125.0	127.2	127.4	137.1	138.0	124.0	131.8	132.6	126.2	135.2	136.0
<b>5 Miscellaneous</b>	<b>120.7</b>	<b>116.8</b>	<b>118.9</b>	<b>119.6</b>	<b>126.4</b>	<b>127.5</b>	<b>115.8</b>	<b>123.4</b>	<b>124.6</b>	<b>117.8</b>	<b>125.0</b>	<b>126.2</b>
5.1 Medical care	116.6	115.2	116.2	115.7	122.1	122.8	114.1	121.4	121.9	115.2	121.9	122.5
5.2 Education, stationery etc	117.2	116.5	116.8	116.6	123.3	124.4	116.6	126.2	127.4	116.6	124.9	126.0
5.3 Recreation and amusement	114.4	106.6	109.7	113.5	119.9	120.2	105.8	111.9	112.5	108.9	115.1	115.6
5.4 Transport and communication	122.0	117.4	119.4	120.4	129.3	130.3	116.2	123.8	125.1	118.0	126.2	127.4
5.5 Personal care and effects	117.9	115.0	116.7	116.7	124.3	124.8	114.2	120.0	120.6	115.7	122.5	123.1
5.6 Household requisites	127.9	119.8	124.6	126.7	130.1	132.7	118.6	124.5	126.6	123.4	127.9	130.2
5.7 Others	131.5	132.6	131.9	131.0	142.1	143.1	130.1	145.4	146.9	130.6	143.4	144.6
<b>General Index (All Groups)</b>	<b>124.5</b>	<b>121.8</b>	<b>123.3</b>	<b>124.3</b>	<b>133.8</b>	<b>135.4</b>	<b>121.1</b>	<b>132.1</b>	<b>133.6</b>	<b>122.9</b>	<b>133.1</b>	<b>134.6</b>

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

## No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2012-13	2012	2013	
				Aug.	Jul.	Aug.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	215	214	235	237
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	672	666	740	754
3 Consumer Price Index for Rural Labourers	1986-87	-	673	667	741	753

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

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

Item	2012-13	2012	2013	
		Aug.	Jul.	Aug.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	30,164	30,180	26,928	30,216
2 Silver (₹ per kilogram)	57,602	55,628	41,634	48,807

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

## No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2012-13	2012	2013		
			Aug.	Jun.	Jul. (P)	Aug. (P)
		1	2	3	4	5
<b>I ALL COMMODITIES</b>	<b>100.000</b>	<b>167.6</b>	<b>167.3</b>	<b>173.2</b>	<b>175.4</b>	<b>177.5</b>
<b>I.1 PRIMARY ARTICLES</b>	<b>20.118</b>	<b>220.0</b>	<b>221.8</b>	<b>233.9</b>	<b>238.8</b>	<b>247.8</b>
<b>I.1.1 Food articles</b>	<b>14.337</b>	<b>211.8</b>	<b>211.8</b>	<b>230.9</b>	<b>237.7</b>	<b>250.3</b>
1.1.1.1 Food Grains	4.090	207.1	207.6	221.4	224.4	224.3
1.1.1.1.1 Cereals	3.373	199.9	196.5	219.6	223.9	224.7
1.1.1.1.2 Pulses	0.717	241.3	259.8	229.7	226.7	222.4
1.1.1.2 Fruits & Vegetables	3.843	198.4	201.8	232.8	254.6	287.4
1.1.1.2.1 Vegetables	1.736	210.1	219.5	288.6	337.3	390.3
1.1.1.2.2 Fruits	2.107	188.8	187.3	186.9	186.4	202.6
1.1.1.3 Milk	3.238	208.1	206.0	214.4	213.8	217.6
1.1.1.4 Eggs, Meat & Fish	2.414	244.5	239.7	265.8	266.7	284.9
1.1.1.5 Condiments & Spices	0.569	209.5	210.4	229.7	231.5	232.3
1.1.1.6 Other Food Articles	0.183	242.2	255.0	238.0	237.5	233.5
<b>I.1.2 Non-Food Articles</b>	<b>4.258</b>	<b>201.9</b>	<b>207.4</b>	<b>209.1</b>	<b>210.7</b>	<b>209.6</b>
1.1.2.1 Fibres	0.877	208.3	223.1	228.4	240.3	246.6
1.1.2.2 Oil Seeds	1.781	198.0	207.8	202.4	200.2	192.8
1.1.2.3 Other Non-Food Articles	1.386	211.1	207.2	211.3	213.0	211.6
1.1.2.4 Flowers	0.213	148.5	139.4	171.1	160.8	185.2
<b>I.1.3 Minerals</b>	<b>1.524</b>	<b>346.9</b>	<b>356.6</b>	<b>330.9</b>	<b>328.5</b>	<b>330.9</b>
1.1.3.1 Metallic Minerals	0.489	439.0	447.6	378.9	379.1	378.8
1.1.3.2 Other Minerals	0.135	204.7	202.7	216.6	216.9	216.5
1.1.3.3 Crude Petroleum	0.900	318.2	330.1	322.0	317.7	322.0
<b>I.2 FUEL &amp; POWER</b>	<b>14.910</b>	<b>186.5</b>	<b>181.7</b>	<b>194.7</b>	<b>199.8</b>	<b>202.3</b>
1.2.1 Coal	2.094	208.6	210.3	191.5	191.5	191.5
1.2.2 Mineral Oils	9.364	202.5	193.5	212.1	220.3	224.1
1.2.3 Electricity	3.452	129.8	132.4	149.6	149.6	149.6
<b>I.3 MANUFACTURED PRODUCTS</b>	<b>64.972</b>	<b>147.1</b>	<b>147.2</b>	<b>149.5</b>	<b>150.2</b>	<b>150.0</b>
<b>I.3.1 Food Products</b>	<b>9.974</b>	<b>163.5</b>	<b>164.9</b>	<b>167.7</b>	<b>168.9</b>	<b>167.7</b>
1.3.1.1 Dairy Products	0.568	176.1	176.6	177.0	177.6	177.4
1.3.1.2 Canning, Preserving & Processing of Food	0.358	144.0	143.2	153.7	155.2	156.2
1.3.1.3 Grain Mill Products	1.340	156.0	151.1	164.4	166.4	166.8
1.3.1.4 Bakery Products	0.444	130.0	129.5	137.0	139.5	137.5
1.3.1.5 Sugar, Khandsari & Gur	2.089	185.7	192.6	185.3	184.8	185.9
1.3.1.6 Edible Oils	3.043	148.1	150.4	146.2	144.9	144.6
1.3.1.7 Oil Cakes	0.494	210.8	222.2	228.8	231.2	222.0
1.3.1.8 Tea & Coffee Processing	0.711	163.3	158.2	181.5	196.0	181.1
1.3.1.9 Manufacture of Salt	0.048	182.2	181.8	185.0	185.0	185.0
1.3.1.10 Other Food Products	0.879	164.6	161.8	173.7	175.5	176.7
<b>I.3.2 Beverages, Tobacco &amp; Tobacco Products</b>	<b>1.762</b>	<b>175.3</b>	<b>174.9</b>	<b>181.7</b>	<b>181.8</b>	<b>181.6</b>
1.3.2.1 Wine Industries	0.385	124.8	124.2	125.2	125.1	125.5
1.3.2.2 Malt Liquor	0.153	171.5	172.3	170.9	170.9	170.3
1.3.2.3 Soft Drinks & Carbonated Water	0.241	152.8	151.5	160.7	159.9	159.8
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	201.3	200.9	210.7	211.1	210.6
<b>I.3.3 Textiles</b>	<b>7.326</b>	<b>131.4</b>	<b>130.7</b>	<b>136.1</b>	<b>136.4</b>	<b>137.3</b>
1.3.3.1 Cotton Textiles	2.605	146.2	146.5	154.0	153.6	155.5
1.3.3.1.1 Cotton Yarn	1.377	157.2	157.2	168.6	167.9	171.3
1.3.3.1.2 Cotton Fabric	1.228	133.9	134.5	137.6	137.5	137.8
1.3.3.2 Man-Made Textiles	2.206	124.1	123.2	128.2	128.9	130.4
1.3.3.2.1 Man-Made Fibre	1.672	124.0	123.2	127.4	128.3	130.3
1.3.3.2.2 Man-Made Fabric	0.533	124.3	123.2	130.6	130.8	130.9
1.3.3.3 Woollen Textiles	0.294	142.6	140.1	152.1	150.4	152.2
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	177.8	175.9	182.8	183.3	182.1
1.3.3.5 Other Misc. Textiles	1.960	111.9	110.6	112.6	113.7	112.7
<b>I.3.4 Wood &amp; Wood Products</b>	<b>0.587</b>	<b>171.0</b>	<b>171.2</b>	<b>175.5</b>	<b>175.8</b>	<b>177.2</b>
1.3.4.1 Timber/Wooden Planks	0.181	140.5	140.8	141.9	142.0	143.8
1.3.4.2 Processed Wood	0.128	178.9	179.2	183.4	183.7	185.1
1.3.4.3 Plywood & Fibre Board	0.241	193.6	193.6	200.3	200.6	202.6
1.3.4.4 Others	0.038	146.1	146.3	152.1	152.3	149.8



**No. 21: Wholesale Price Index (Concl'd.)**

(Base: 2004-05 = 100)

Commodities	Weight	2012-13	2012	2013		
			Aug.	Jun.	Jul. (P)	Aug. (P)
		1	2	3	4	5
<b>1.3.5 Paper &amp; Paper Products</b>	<b>2.034</b>	<b>136.6</b>	<b>135.6</b>	<b>140.5</b>	<b>140.5</b>	<b>140.3</b>
1.3.5.1 Paper & Pulp	1.019	135.8	135.0	139.1	139.0	139.1
1.3.5.2 Manufacture of boards	0.550	128.2	127.9	130.2	130.1	130.1
1.3.5.3 Printing & Publishing	0.465	148.2	146.0	156.0	156.0	155.3
<b>1.3.6 Leather &amp; Leather Products</b>	<b>0.835</b>	<b>134.2</b>	<b>135.1</b>	<b>140.2</b>	<b>142.5</b>	<b>142.3</b>
1.3.6.1 Leathers	0.223	112.2	113.0	112.3	112.5	112.8
1.3.6.2 Leather Footwear	0.409	149.8	151.4	155.8	159.5	158.6
1.3.6.3 Other Leather Products	0.203	126.9	126.4	139.6	141.3	141.9
<b>1.3.7 Rubber &amp; Plastic Products</b>	<b>2.987</b>	<b>137.5</b>	<b>137.2</b>	<b>143.3</b>	<b>144.4</b>	<b>144.4</b>
1.3.7.1 Tyres & Tubes	0.541	163.1	163.1	172.4	173.3	174.3
1.3.7.1.1 Tyres	0.488	162.9	162.9	173.2	173.8	174.8
1.3.7.1.2 Tubes	0.053	165.1	165.2	165.1	168.7	169.5
1.3.7.2 Plastic Products	1.861	127.0	126.6	133.2	134.7	134.3
1.3.7.3 Rubber Products	0.584	147.4	147.1	148.5	148.6	148.8
<b>1.3.8 Chemicals &amp; Chemical Products</b>	<b>12.018</b>	<b>143.6</b>	<b>143.4</b>	<b>146.2</b>	<b>147.6</b>	<b>147.6</b>
1.3.8.1 Basic Inorganic Chemicals	1.187	147.8	148.4	149.6	149.5	149.4
1.3.8.2 Basic Organic Chemicals	1.952	140.3	139.8	142.1	142.8	143.3
1.3.8.3 Fertilisers & Pesticides	3.145	144.7	144.8	146.4	148.1	147.5
1.3.8.3.1 Fertilisers	2.661	149.0	149.1	150.5	152.5	152.0
1.3.8.3.2 Pesticides	0.483	121.2	121.0	123.5	123.5	123.1
1.3.8.4 Paints, Varnishes & Lacquers	0.529	143.6	144.3	145.9	147.1	147.3
1.3.8.5 Dyestuffs & Indigo	0.563	126.9	127.3	128.7	129.2	129.2
1.3.8.6 Drugs & Medicines	0.456	124.2	124.1	126.2	126.2	126.2
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	151.9	152.1	155.0	157.1	157.7
1.3.8.8 Turpentine, Plastic Chemicals	0.586	140.0	138.8	145.8	145.5	147.0
1.3.8.9 Polymers including Synthetic Rubber	0.970	135.3	134.4	140.3	147.9	141.6
1.3.8.10 Petrochemical Intermediates	0.869	164.2	162.1	165.7	165.8	169.8
1.3.8.11 Matches, Explosives & other Chemicals	0.629	142.6	142.8	149.1	149.4	150.0
<b>1.3.9 Non-Metallic Mineral Products</b>	<b>2.556</b>	<b>163.3</b>	<b>164.5</b>	<b>166.5</b>	<b>166.4</b>	<b>164.3</b>
1.3.9.1 Structural Clay Products	0.658	164.7	164.5	171.3	171.8	172.6
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	130.8	130.6	130.1	130.0	130.3
1.3.9.3 Cement & Lime	1.386	168.6	171.6	170.7	169.9	166.0
1.3.9.4 Cement, Slate & Graphite Products	0.256	163.2	160.0	167.7	170.1	168.5
<b>1.3.10 Basic Metals, Alloys &amp; Metal Products</b>	<b>10.748</b>	<b>166.1</b>	<b>166.5</b>	<b>162.5</b>	<b>162.3</b>	<b>162.7</b>
1.3.10.1 Ferrous Metals	8.064	156.3	156.9	153.7	153.4	152.9
1.3.10.1.1 Iron & Semis	1.563	161.6	163.2	152.6	151.9	150.1
1.3.10.1.2 Steel: Long	1.630	169.7	170.7	166.0	165.4	164.8
1.3.10.1.3 Steel: Flat	2.611	154.2	154.9	152.6	152.5	152.3
1.3.10.1.4 Steel: Pipes & Tubes	0.314	128.0	128.1	127.3	127.5	127.8
1.3.10.1.5 Stainless Steel & alloys	0.938	156.8	156.8	156.7	156.1	156.4
1.3.10.1.6 Castings & Forgings	0.871	138.9	137.5	142.4	143.2	143.2
1.3.10.1.7 Ferro alloys	0.137	151.7	151.7	152.2	151.9	152.7
1.3.10.2 Non-Ferrous Metals	1.004	160.9	160.6	162.2	162.3	163.8
1.3.10.2.1 Aluminium	0.489	134.1	133.9	135.0	134.8	137.3
1.3.10.2.2 Other Non-Ferrous Metals	0.515	186.4	186.0	188.2	188.5	189.0
1.3.10.3 Metal Products	1.680	216.0	216.2	204.8	204.9	209.0
<b>1.3.11 Machinery &amp; Machine Tools</b>	<b>8.931</b>	<b>128.4</b>	<b>128.3</b>	<b>130.7</b>	<b>131.5</b>	<b>130.8</b>
1.3.11.1 Agricultural Machinery & Implements	0.139	137.0	137.4	137.7	139.3	138.2
1.3.11.2 Industrial Machinery	1.838	146.2	146.0	149.3	148.6	149.4
1.3.11.3 Construction Machinery	0.045	135.7	135.6	137.1	137.1	137.1
1.3.11.4 Machine Tools	0.367	154.4	153.0	158.4	158.7	158.4
1.3.11.5 Air Conditioner & Refrigerators	0.429	112.5	112.8	114.0	113.9	114.2
1.3.11.6 Non-Electrical Machinery	1.026	122.9	122.9	122.9	123.1	123.2
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	133.0	133.2	135.6	138.9	135.6
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	143.4	143.7	150.1	149.1	150.0
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.4	117.1	117.6	117.7	117.7
1.3.11.10 Electronics Items	0.961	86.7	86.0	86.4	87.3	86.6
1.3.11.11 IT Hardware	0.267	89.2	89.2	88.0	88.0	88.0
1.3.11.12 Communication Equipments	0.118	94.1	93.7	96.3	96.7	96.3
<b>1.3.12 Transport, Equipment &amp; Parts</b>	<b>5.213</b>	<b>129.8</b>	<b>129.1</b>	<b>132.8</b>	<b>133.2</b>	<b>133.7</b>
1.3.12.1 Automotives	4.231	129.0	128.2	132.2	132.7	133.1
1.3.12.2 Auto Parts	0.804	130.2	130.1	132.7	132.4	133.7
1.3.12.3 Other Transport Equipments	0.178	147.3	147.0	148.7	148.7	148.5

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

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

Industry	Weight	2011-12	2012-13	April-July		July	
				2012-13	2013-14	2012	2013
				1	2	3	4
<b>General Index</b>	<b>100.00</b>	<b>170.3</b>	<b>172.2</b>	<b>167.4</b>	<b>167.1</b>	<b>167.1</b>	<b>171.5</b>
<b>1 Sectoral Classification</b>							
1.1 Mining and Quarrying	14.16	128.5	125.5	124.2	119.2	119.7	117.0
1.2 Manufacturing	75.53	181.0	183.3	176.9	176.6	177.4	182.7
1.3 Electricity	10.32	149.3	155.2	157.1	163.3	156.3	164.5
<b>2 Use-Based Classification</b>							
2.1 Basic Goods	45.68	150.0	153.6	151.4	151.7	150.6	153.1
2.2 Capital Goods	8.83	267.8	251.6	226.1	230.2	234.0	270.6
2.3 Intermediate Goods	15.69	144.4	146.7	145.5	148.1	146.3	149.8
2.4 Consumer Goods	29.81	186.1	190.6	185.9	182.1	183.3	181.7
2.4.1 Consumer Durables	8.46	295.1	301.1	307.6	270.8	307.0	278.4
2.4.2 Consumer Non-Durables	21.35	142.9	146.9	137.7	147.0	134.3	143.4

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

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

(Amount in ₹ Billion)

Item	Financial Year		April-August			
	2013-14 (Budget Estimates)	2012-13 (Actuals)	2013-14 (Actuals)	Percentage to Budget Estimates		
				2012-13	2013-14	
				1	2	3
1 Revenue Receipts	10,563.3	2,227.3	2,524.7	23.8	23.9	
1.1 Tax Revenue (Net)	8,840.8	1,750.6	1,836.9	22.7	20.8	
1.2 Non-Tax Revenue	1,722.5	476.7	687.9	29.0	39.9	
2 Capital Receipts	6,089.7	3,426.2	4,104.6	61.7	67.4	
2.1 Recovery of Loans	106.5	37.3	43.8	32.0	41.1	
2.2 Other Receipts	558.1	13.5	14.3	4.5	2.6	
2.3 Borrowings and Other Liabilities	5,425.0	3,375.4	4,046.5	65.7	74.6	
3 Total Receipts (1+2)	16,653.0	5,653.5	6,629.4	37.9	39.8	
4 Non-Plan Expenditure	11,099.8	4,174.0	4,798.5	43.0	43.2	
4.1 On Revenue Account	9,929.1	3,798.5	4,351.1	43.9	43.8	
4.1.1 Interest Payments	3,706.8	1,137.7	1,281.8	35.6	34.6	
4.2 On Capital Account	1,170.7	375.6	447.3	36.0	38.2	
5 Plan Expenditure	5,553.2	1,479.5	1,830.9	28.4	33.0	
5.1 On Revenue Account	4,432.6	1,203.2	1,491.9	28.6	33.7	
5.2 On Capital Account	1,120.6	276.3	339.0	27.5	30.3	
6 Total Expenditure (4+5)	16,653.0	5,653.5	6,629.4	37.9	39.8	
7 Revenue Expenditure (4.1+5.1)	14,361.7	5,001.7	5,843.0	38.9	40.7	
8 Capital Expenditure (4.2+5.2)	2,291.3	651.9	786.4	31.8	34.3	
9 Revenue Deficit (7-1)	3,798.4	2,774.4	3,318.3	79.2	87.4	
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,425.0	3,375.4	4,046.5	65.7	74.6	
11 Gross Primary Deficit [10-4.1.1]	1,718.1	2,237.7	2,764.8	115.4	160.9	

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

## No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2012-13	2012	2013					
		Aug. 31	Jul. 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
	1	2	3	4	5	6	7	8
<b>1 14-day</b>								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,422.2	734.7	622.3	658.2	632.4	497.5	518.7	514.8
1.4 Others	3.7	10.6	5.1	9.4	5.7	4.8	5.9	6.7
<b>2 91-day</b>								
2.1 Banks	345.6	520.8	358.3	368.2	341.4	383.8	345.4	371.3
2.2 Primary Dealers	248.9	376.8	258.7	307.7	258.8	286.8	251.5	291.6
2.3 State Governments	282.0	427.6	702.9	712.1	597.1	692.4	732.4	690.4
2.4 Others	174.4	160.5	197.9	158.9	260.3	210.1	307.2	241.3
<b>3 182-day</b>								
3.1 Banks	234.9	177.8	236.7	236.3	208.9	249.5	226.3	253.9
3.2 Primary Dealers	207.9	316.0	251.5	277.9	245.6	236.2	235.9	243.7
3.3 State Governments	–	–	–	–	–	–	–	4.0
3.4 Others	199.2	136.2	103.8	79.0	138.6	107.5	130.9	103.7
<b>4 364-day</b>								
4.1 Banks	335.7	221.0	282.9	325.9	258.9	296.7	257.9	326.2
4.2 Primary Dealers	447.9	545.5	528.9	567.5	583.3	619.9	579.3	570.1
4.3 State Governments	3.8	5.9	9.7	9.7	6.9	6.9	6.9	6.9
4.4 Others	517.4	363.3	486.5	405.0	460.4	386.0	465.9	406.8
<b>5 Total</b>	4,423.5	3,996.7	4,045.3	4,115.7	3,998.4	3,978.0	4,064.2	4,031.4

## No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received				Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value					
			Competitive	Non-Competitive		Competitive	Non-Competitive				
								3			
1	2	3	4	5	6	7	8	9	10		
<b>91-day Treasury Bills</b>											
2013-14											
Jul. 31	70	127	121.25	27.81	98	70.00	27.81	97.81	97.27	11.2573	
Aug. 7	70	216	241.58	45.92	103	70.00	45.92	115.92	97.35	10.9185	
Aug. 14	70	159	172.48	100.91	110	70.00	100.91	170.91	97.23	11.4270	
Aug. 21	70	155	172.69	43.55	104	70.00	43.55	113.55	97.32	11.0455	
Aug. 28	70	127	149.25	67.84	97	70.00	67.84	137.84	97.09	12.0218	
<b>182-day Treasury Bills</b>											
2013-14											
Jul. 31	50	144	191.12	1.14	42	50.00	1.14	51.14	94.92	10.7332	
Aug. 14	50	117	134.17	–	54	50.00	–	50.00	94.80	11.0006	
Aug. 28	50	93	105.60	4.01	70	50.00	4.01	54.01	94.35	12.0096	
<b>364-day Treasury Bills</b>											
2013-14											
Jul. 10	50	60	124.31	0.13	17	50.00	0.13	50.13	93.00	7.5476	
Jul. 24	50	96	106.78	0.07	63	50.00	0.07	50.07	90.55	10.4649	
Aug. 7	50	198	245.49	1.45	41	50.00	1.45	51.45	91.03	9.8810	
Aug. 21	50	133	199.51	0.51	36	50.00	0.51	50.51	90.98	9.9415	
<b>Cash Management Bills</b>											

## Financial Markets

## No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates		Weighted Average Rates	
	Borrowings/ Lendings		Borrowings/ Lendings	
	1		2	
August	1, 2013	6.50-10.25	9.07	
August	2, 2013	5.75-10.00	8.64	
August	3, 2013	4.00-8.67	6.69	
August	5, 2013	6.50-9.75	8.90	
August	6, 2013	6.50-10.35	8.79	
August	7, 2013	7.00-10.30	9.74	
August	8, 2013	6.25-10.25	9.98	
August	10, 2013	5.50-10.25	8.77	
August	12, 2013	7.00-10.50	10.18	
August	13, 2013	7.00-10.35	10.21	
August	14, 2013	6.50-10.50	10.22	
August	16, 2013	7.00-10.50	10.22	
August	17, 2013	6.00-9.27	7.29	
August	19, 2013	7.00-10.50	10.25	
August	20, 2013	6.50-10.50	10.24	
August	21, 2013	7.00-10.40	10.21	
August	22, 2013	7.00-10.60	10.25	
August	23, 2013	7.25-10.50	10.21	
August	24, 2013	5.00-10.25	9.16	
August	26, 2013	7.25-10.45	10.26	
August	27, 2013	7.25-10.50	10.20	
August	28, 2013	7.25-10.40	10.23	
August	29, 2013	7.25-10.50	10.25	
August	30, 2013	7.25-10.45	10.29	
August	31, 2013	2.00-7.25	5.43	
September	2, 2013	7.25-10.40	10.20	
September	3, 2013	7.25-10.35	10.16	
September	4, 2013	7.00-10.28	10.04	
September	5, 2013	7.00-10.35	10.08	
September	6, 2013	6.00-10.50	10.10	
September	7, 2013	5.00-35.00	13.46	
September	10, 2013	7.00-15.00	10.26	
September	11, 2013	7.25-10.64	10.22	
September	12, 2013	7.20-10.45	10.25	
September	13, 2013	3.00-10.45	10.03	
September	14, 2013	7.25-15.00	11.19	

**No. 27: Certificates of Deposit**

Item	2012	2013			
	Aug. 24	Jul. 12	Jul. 26	Aug. 9	Aug. 23
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	4,029.8	3,571.5	3,361.8	3,224.5	3,110.6
1.1 Issued during the fortnight (₹ Billion)	112.7	45.7	32.4	44.3	87.8
2 Rate of Interest (per cent)	8.43-9.26	7.50-8.40	7.90-9.85	9.41-11.20	9.64-11.70

**No. 28: Commercial Paper**

Item	2012	2013			
	Aug. 31	Jul. 15	Jul. 31	Aug. 15	Aug. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,878.9	1,694.3	1,495.8	1,363.4	1,182.9
1.1 Reported during the fortnight (₹ Billion)	307.7	428.1	66.0	83.9	97.6
2 Rate of Interest (per cent)	8.21-13.96	7.36-12.62	7.43-12.36	7.82-12.84	9.50-14.31

**No. 29: Average Daily Turnover in Select Financial Markets**

(₹ Billion)

Item	2012-13	2012	2013					
		Aug. 31	Jul. 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
	1	2	3	4	5	6	7	8
1 Call Money	250.1	186.0	180.9	207.8	181.4	239.7	188.0	209.5
2 Notice Money	73.2	48.6	50.8	51.4	70.9	69.3	68.0	57.8
3 Term Money	9.4	5.0	2.2	2.9	5.0	2.2	3.0	1.3
4 CBLO	832.7	977.6	1,475.2	1,554.3	1,346.7	1,356.8	1,350.8	1,481.4
5 Market Repo	747.8	636.9	1,073.3	737.0	1,044.7	736.1	1,159.0	846.3
6 Repo in Corporate Bond	0.1	–	–	–	–	–	–	–
7 Forex (US \$ million)	51,021	47,856	43,229	51,587	42,543	46,564	48,513	55,889
8 Govt. of India Dated Securities	491.3	416.8	363.3	323.6	310.4	308.7	315.7	334.9
9 State Govt. Securities	10.0	10.5	5.0	8.6	10.0	15.9	18.9	10.3
10 Treasury Bills								
10.1 91-Day	20.7	32.8	27.4	36.2	39.3	24.4	16.9	33.9
10.2 182-Day	9.3	16.2	4.9	7.4	8.8	11.8	10.0	20.9
10.3 364-Day	17.2	30.8	26.8	19.2	31.4	20.8	21.9	47.5
10.4 Cash Management Bills	–	–	2.2	2.4	2.3	45.1	56.7	63.0
11 Total Govt. Securities (8+9+10)	548.5	507.1	429.6	394.9	399.9	381.6	383.3	447.7
11.1 RBI	7.3	1.32	2.03	1.63	0.58	1.96	1.75	12.80

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

(Amount in ₹ Billion)

Security & Type of Issue	2012-13		2012-13 (Apr.-Aug.)		2013-14 (Apr.-Aug.)		Aug. 2012		Aug. 2013	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	48	138.8	12	5.4	16	31.0	2	0.1	9	17.3
1A Premium	44	120.9	12	4.6	15	28.6	2	0.1	9	15.9
1.1 Prospectus	32	49.4	9	4.7	11	10.2	2	0.1	5	0.7
1.1.1 Premium	30	46.0	9	4.2	10	9.5	2	0.1	5	0.4
1.2 Rights	16	89.4	3	0.7	5	20.8	–	–	4	16.6
1.2.1 Premium	14	74.9	3	0.4	5	19.0	–	–	4	15.5
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	6	22.2	1	6.0	3	9.8	–	–	1	1.1
3.1 Prospectus	6	22.2	1	6.0	3	9.8	–	–	1	1.1
3.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.2.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.2.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2.2 Non-Convertible	6	22.2	1	6.0	3	9.8	–	–	1	1.1
3.2.2.1 Prospectus	6	22.2	1	6.0	3	9.8	–	–	1	1.1
3.2.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	54	161.0	13	11.4	19	40.7	2	0.1	10	18.3
5.1 Prospectus	38	71.6	10	10.7	14	20.0	2	0.1	6	1.7
5.2 Rights	16	89.4	3	0.7	5	20.8	–	–	4	16.6

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

## External Sector

No. 31: Foreign Trade

Item	Unit	2012-13	2012		2013			
			Aug.	Apr.	May	Jun.	Jul.	Aug.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	16,343.2	1,285.3	1,315.4	1,352.6	1,375.3	1,511.6	1,652.0
	US \$ Million	300,400.7	23,134.5	24,191.8	24,587.9	23,551.3	25,288.4	26,135.9
1.1 Oil	₹ Billion	3,307.9	255.4	280.0	250.4	250.4	319.7	..
	US \$ Million	60,859.8	4,596.1	5,149.3	4,551.2	4,288.2	5,349.0	..
1.2 Non-oil	₹ Billion	13,035.3	1,030.0	1,035.4	1,102.2	1,124.9	1,191.9	..
	US \$ Million	239,540.9	18,538.4	19,042.5	20,036.7	19,263.1	19,939.4	..
2 Imports	₹ Billion	26,691.6	2,072.8	2,289.1	2,460.2	2,093.6	2,266.9	2,342.1
	US \$ Million	490,736.7	37,307.3	42,098.5	44,722.8	35,851.7	37,922.9	37,053.9
2.1 Oil	₹ Billion	8,918.7	709.9	769.5	828.1	743.4	760.9	954.2
	US \$ Million	164,040.6	12,805.7	14,151.0	15,054.2	12,730.1	12,728.9	15,095.3
2.2 Non-oil	₹ Billion	17,772.9	1,362.9	1,519.7	1,632.1	1,350.2	1,506.0	1,388.0
	US \$ Million	326,696.1	24,501.6	27,947.5	29,668.6	23,121.6	25,194.0	21,958.6
3 Trade Balance	₹ Billion	-10,348.4	-787.4	-973.7	-1,107.6	-718.3	-755.2	-690.1
	US \$ Million	-190,336.0	-14,172.8	-17,906.8	-20,134.9	-12,300.4	-12,634.5	-10,917.9
3.1 Oil	₹ Billion	-5,610.8	-454.5	-489.5	-577.8	-493.0	-441.1	..
	US \$ Million	-103,180.8	-8,209.6	-9,001.8	-10,503.0	-8,441.9	-7,379.9	..
3.2 Non-oil	₹ Billion	-4,737.6	-332.9	-484.2	-529.9	-225.3	-314.1	..
	US \$ Million	-87,155.2	-5,963.2	-8,905.0	-9,631.9	-3,858.5	-5,254.6	..

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

No. 32: Foreign Exchange Reserves

Item	Unit	2012	2013					
		Sep. 28	Aug. 23	Aug. 30	Sep. 6	Sep. 13	Sep. 20	Sep. 27
		1	2	3	4	5	6	7
<b>1 Total Reseves</b>	₹ Billion	<b>15,536</b>	<b>17,891</b>	<b>18,341</b>	<b>18,140</b>	<b>17,625</b>	<b>17,359</b>	<b>17,180</b>
	US \$ Million	<b>294,812</b>	<b>277,722</b>	<b>275,492</b>	<b>274,807</b>	<b>275,351</b>	<b>277,382</b>	<b>276,264</b>
1.1 Foreign Currency Assets	₹ Billion	13,699	16,203	16,471	16,275	15,772	15,512	15,324
	US \$ Million	259,958	250,483	247,402	246,746	247,246	249,221	247,925
1.2 Gold	₹ Billion	1,483	1,268	1,446	1,446	1,446	1,446	1,446
	US \$ Million	28,133	20,747	21,724	21,724	21,724	21,724	21,724
1.3 SDRs	SDRs Million	2,887	2,887	2,887	2,887	2,887	2,887	2,887
	₹ Billion	235	284	291	287	280	275	274
	US \$ Million	4,451	4,390	4,375	4,355	4,386	4,424	4,425
1.4 Reserve Tranche Position in IMF	₹ Billion	120	136	133	131	127	125	135
	US \$ Million	2,270	2,103	1,990	1,981	1,995	2,013	2,190

No. 33: NRI Deposits

(US\$ Million)

Scheme	Outstanding				Flows	
	2012-13	2012	2013		2012-13	2013-14
		Aug.	Jul.	Aug.	Apr.-Aug.	Apr.-Aug.
	1	2	3	4	5	6
<b>1 NRI Deposits</b>	<b>70,823</b>	<b>63,115</b>	<b>73,057</b>	<b>69,123</b>	<b>8,308</b>	<b>7,956</b>
1.1 FCNR(B)	15,188	14,511	15,408	15,431	-457	242
1.2 NR(E)RA	45,924	38,180	48,692	45,528	9,567	7,722
1.3 NRO	9,710	10,424	8,957	8,164	-802	-8

## No. 34: Foreign Investment Inflows

(US\$ Million)

Item	2012-13	2012-13	2013-14	2012	2013	
		Apr.-Aug.	Apr.-Aug.	Aug.	Jul.	Aug.
	1	2	3	4	5	6
<b>1.1 Net Foreign Direct Investment (1.1.1-1.1.2)</b>	<b>19,819</b>	<b>7,833</b>	<b>9,784</b>	<b>2,399</b>	<b>1,696</b>	<b>1,616</b>
<b>1.1.1 Direct Investment to India (1.1.1.1-1.1.2)</b>	<b>26,953</b>	<b>10,789</b>	<b>10,476</b>	<b>2,832</b>	<b>2,048</b>	<b>1,953</b>
<b>1.1.1.1 Gross Inflows/Gross Investments</b>	<b>34,298</b>	<b>13,074</b>	<b>12,988</b>	<b>3,279</b>	<b>2,478</b>	<b>2,383</b>
1.1.1.1.1 Equity	22,884	8,594	8,831	2,350	1,731	1,482
1.1.1.1.1.1 Government (SIA/FIPB)	2,319	1,306	655	282	69	156
1.1.1.1.1.2 RBI	15,967	5,247	4,909	1,527	1,213	790
1.1.1.1.1.3 Acquisition of shares	3,539	1,614	2,897	455	374	462
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,059	427	370	86	74	74
1.1.1.1.2 Reinvested earnings	9,880	3,792	3,450	766	696	696
1.1.1.1.3 Other capital	1,534	689	707	163	51	205
<b>1.1.1.2 Repatriation/Disinvestment</b>	<b>7,345</b>	<b>2,285</b>	<b>2,513</b>	<b>447</b>	<b>430</b>	<b>430</b>
1.1.1.2.1 Equity	6,853	1,926	2,373	447	424	424
1.1.1.2.2 Other capital	493	359	139	1	6	6
<b>1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3-1.1.2.4)</b>	<b>7,134</b>	<b>2,956</b>	<b>691</b>	<b>433</b>	<b>352</b>	<b>337</b>
1.1.2.1 Equity capital	7,101	2,324	1,487	511	231	177
1.1.2.2 Reinvested Earnings	1,189	496	495	99	99	99
1.1.2.3 Other Capital	4,331	1,957	1,638	302	308	346
1.1.2.4 Repatriation/Disinvestment	5,488	1,820	2,929	479	286	286
<b>1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3-1.2.4)</b>	<b>26,891</b>	<b>1,671</b>	<b>-6,958</b>	<b>1,475</b>	<b>-4,709</b>	<b>-2,025</b>
1.2.1 GDRs/ADRs	187	154	20	-	-	-
1.2.2 FIIs	27,582	2,008	-7,202	1,566	-4,703	-2,018
1.2.3 Offshore funds and others	-	-	-	-	-	-
1.2.4 Portfolio investment by India	878	491	-224	90	6	6
<b>1 Foreign Investment Inflows</b>	<b>46,710</b>	<b>9,504</b>	<b>2,827</b>	<b>3,874</b>	<b>-3,014</b>	<b>-409</b>

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

(US\$ Million)

Item	2012-13	2012	2013		
		Jul.	May	Jun.	Jul.
	1	2	3	4	5
<b>I Outward Remittances under the LRS</b>	<b>1,206.4</b>	<b>75.4</b>	<b>115.3</b>	<b>92.1</b>	<b>109.9</b>
1.1 Deposit	20.1	0.7	2.2	1.3	2.9
1.2 Purchase of immovable property	77.7	3.5	7.2	8.6	20.6
1.3 Investment in equity/debt	236.9	15.9	13.3	12.5	16.2
1.4 Gift	261.6	18.0	28.8	22.5	24.8
1.5 Donations	4.5	0.2	0.2	0.1	0.3
1.6 Travel	44.8	4.7	4.3	1.1	1.0
1.7 Maintenance of close relatives	226.6	12.9	23.3	9.3	13.8
1.8 Medical Treatment	4.9	0.6	0.6	0.2	0.4
1.9 Studies Abroad	124.7	10.1	16.9	7.1	15.5
1.10 Others	204.1	8.7	18.5	29.4	14.5



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

Item	2011-12	2012-13	2012	2013	
			September	August	September
	1	2	3	4	5
<b>36-Currency Export and Trade Based Weights (Base: 2004-05=100)</b>					
1 Trade-Based Weights					
1.1 NEER	87.38	78.32	77.88	68.82	68.18
1.2 REER	101.38	94.61	94.77	84.55	83.76
2 Export-Based Weights					
2.1 NEER	89.13	80.05	79.60	70.41	69.76
2.2 REER	104.06	97.42	97.56	86.98	86.18
<b>6-Currency Trade Based Weights</b>					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	84.44	75.55	75.02	64.61	63.95
1.2 REER	111.51	104.95	105.17	90.83	89.92
2 Base: 2012-13 (April-March) =100					
2.1 NEER	111.77	100.00	99.30	85.52	84.65
2.2 REER	106.25	100.00	100.21	86.54	85.68

**No. 37: External Commercial Borrowings (ECBs)**

(Amount in US\$ Million)

Item	2012-13	2012	2013	
		Aug.	Jul.	Aug.
	1	2	3	4
1 Automatic Route				
1.1 Number	825	65	72	46
1.2 Amount	18,395	1,211	2,320	1,096
2 Approval Route				
2.1 Number	92	10	11	7
2.2 Amount	13,651	1,167	1,386	1,209
3 Total (1+2)				
3.1 Number	917	75	83	53
3.2 Amount	32,046	2,378	3,706	2,305
4 Weighted Average Maturity (in years)	6.27	5.00	6.65	4.10
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	2.73	2.67	1.51	1.13
5.2 Interest rate range for Fixed Rate Loans	0.00-12.44	0.00-10.00	0.00-11.00	0.00-8.61

## No. 38: India's Overall Balance of Payments

(US \$ Million)

Item	Apr-Jun 2012 (PR)			Apr-Jun 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>Overall Balance of Payments(1+2+3)</b>	<b>240,838</b>	<b>240,316</b>	<b>522</b>	<b>266,535</b>	<b>266,881</b>	<b>-346</b>
<b>1 CURRENT ACCOUNT (1.1+ 1.2)</b>	<b>130,403</b>	<b>147,497</b>	<b>-17,093</b>	<b>130,958</b>	<b>152,747</b>	<b>-21,789</b>
<b>1.1 MERCHANDISE</b>	<b>75,001</b>	<b>118,850</b>	<b>-43,849</b>	<b>73,909</b>	<b>124,393</b>	<b>-50,484</b>
<b>1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)</b>	<b>55,403</b>	<b>28,647</b>	<b>26,756</b>	<b>57,049</b>	<b>28,354</b>	<b>28,695</b>
1.2.1 Services	35,773	20,792	14,981	36,522	19,655	16,868
1.2.1.1 Travel	3,506	3,101	405	3,825	2,999	826
1.2.1.2 Transportation	4,250	3,656	594	4,134	3,696	438
1.2.1.3 Insurance	532	249	283	503	263	240
1.2.1.4 G.n.i.e.	159	163	-5	130	300	-169
1.2.1.5 Miscellaneous	27,326	13,622	13,704	27,930	12,397	15,533
1.2.1.5.1 Software Services	15,631	632	14,999	16,484	350	16,134
1.2.1.5.2 Business Services	7,611	8,204	-593	7,263	6,696	567
1.2.1.5.3 Financial Services	1,306	1,436	-130	1,799	2,390	-591
1.2.1.5.4 Communication Services	419	104	316	635	426	209
1.2.2 Transfers	17,495	831	16,664	18,001	1,343	16,658
1.2.2.1 Official	40	185	-144	131	265	-134
1.2.2.2 Private	17,455	647	16,808	17,870	1,078	16,792
1.2.3 Income	2,135	7,024	-4,889	2,526	7,357	-4,830
1.2.3.1 Investment Income	1,436	6,540	-5,104	1,777	6,784	-5,007
1.2.3.2 Compensation of Employees	698	483	215	750	573	177
<b>2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)</b>	<b>109,355</b>	<b>92,819</b>	<b>16,535</b>	<b>134,648</b>	<b>114,134</b>	<b>20,514</b>
<b>2.1 Foreign Investment (2.1.1+2.1.2)</b>	<b>43,581</b>	<b>41,683</b>	<b>1,899</b>	<b>65,201</b>	<b>58,931</b>	<b>6,270</b>
2.1.1 Foreign Direct Investment	8,168	4,347	3,821	10,486	3,991	6,495
2.1.1.1 In India	7,305	1,390	5,915	8,129	1,653	6,476
2.1.1.1.1 Equity	4,683	1,033	3,650	5,619	1,526	4,093
2.1.1.1.2 Reinvested Earnings	2,259	-	2,259	2,059	-	2,059
2.1.1.1.3 Other Capital	363	358	5	451	127	324
2.1.1.2 Abroad	863	2,957	-2,094	2,357	2,339	18
2.1.1.2.1 Equity	863	1,382	-519	2,357	1,084	1,273
2.1.1.2.2 Reinvested Earnings	-	297	-297	-	276	-276
2.1.1.2.3 Other Capital	-	1,278	-1,278	-	978	-978
2.1.2 Portfolio Investment	35,413	37,335	-1,922	54,715	54,939	-225
2.1.2.1 In India	35,175	36,787	-1,612	54,203	54,665	-462
2.1.2.1.1 FIIs	35,081	36,787	-1,706	54,183	54,665	-482
2.1.2.1.1.1 Equity	25,958	27,610	-1,652	40,759	35,887	4,872
2.1.2.1.1.2 Debt	9,123	9,177	-54	13,424	18,778	-5,354
2.1.2.1.2 ADR/GDRs	94	-	94	20	-	20
2.1.2.2 Abroad	238	548	-310	512	274	237
<b>2.2 Loans (2.2.1+2.2.2+2.2.3)</b>	<b>36,777</b>	<b>30,817</b>	<b>5,960</b>	<b>37,578</b>	<b>33,935</b>	<b>3,643</b>
2.2.1 External Assistance	945	891	54	1,044	756	288
2.2.1.1 By India	13	84	-72	12	66	-54
2.2.1.2 To India	932	807	125	1,031	689	342
2.2.2 Commercial Borrowings	5,624	5,095	528	5,834	4,931	903
2.2.2.1 By India	1,068	936	132	537	56	481
2.2.2.2 To India	4,556	4,159	397	5,297	4,875	422
2.2.3 Short Term to India	30,208	24,831	5,378	30,700	28,249	2,451
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	30,208	24,171	6,038	30,415	28,249	2,166
2.2.3.2 Suppliers' Credit up to 180 days	-	660	-660	285	-	285
<b>2.3 Banking Capital (2.3.1+2.3.2)</b>	<b>25,787</b>	<b>16,379</b>	<b>9,408</b>	<b>25,945</b>	<b>15,664</b>	<b>10,280</b>
2.3.1 Commercial Banks	25,787	16,270	9,517	25,832	15,664	10,168
2.3.1.1 Assets	6,434	1,110	5,324	6,522	461	6,061
2.3.1.2 Liabilities	19,352	15,160	4,193	19,310	15,204	4,107
2.3.1.2.1 Non-Resident Deposits	19,338	12,787	6,551	18,334	12,837	5,497
2.3.2 Others	-	109	-109	113	-	113
<b>2.4 Rupee Debt Service</b>	<b>-</b>	<b>26</b>	<b>-26</b>	<b>-</b>	<b>25</b>	<b>-25</b>
<b>2.5 Other Capital</b>	<b>3,209</b>	<b>3,914</b>	<b>-705</b>	<b>5,924</b>	<b>5,578</b>	<b>346</b>
<b>3 Errors &amp; Omissions</b>	<b>1,080</b>	<b>-</b>	<b>1,080</b>	<b>929</b>	<b>-</b>	<b>929</b>
<b>4 Monetary Movements (4.1+ 4.2)</b>	<b>-</b>	<b>522</b>	<b>-522</b>	<b>346</b>	<b>-</b>	<b>346</b>
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	-	522	-522	346	-	346

## No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Apr-Jun 2012 (PR)			Apr-Jun 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>Overall Balance of Payments(1+2+3)</b>	<b>13,031</b>	<b>13,002</b>	<b>28</b>	<b>14,907</b>	<b>14,926</b>	<b>-19</b>
<b>1 CURRENT ACCOUNT (1.1+ 1.2)</b>	<b>7,056</b>	<b>7,980</b>	<b>-925</b>	<b>7,324</b>	<b>8,543</b>	<b>-1,219</b>
<b>1.1 MERCHANDISE</b>	<b>4,058</b>	<b>6,430</b>	<b>-2,372</b>	<b>4,134</b>	<b>6,957</b>	<b>-2,823</b>
<b>1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)</b>	<b>2,998</b>	<b>1,550</b>	<b>1,448</b>	<b>3,191</b>	<b>1,586</b>	<b>1,605</b>
1.2.1 Services	1,935	1,125	811	2,043	1,099	943
1.2.1.1 Travel	190	168	22	214	168	46
1.2.1.2 Transportation	230	198	32	231	207	24
1.2.1.3 Insurance	29	13	15	28	15	13
1.2.1.4 G.n.i.e.	9	9	-	7	17	-9
1.2.1.5 Miscellaneous	1,478	737	741	1,562	693	869
1.2.1.5.1 Software Services	846	34	812	922	20	902
1.2.1.5.2 Business Services	412	444	-32	406	375	32
1.2.1.5.3 Financial Services	71	78	-7	101	134	-33
1.2.1.5.4 Communication Services	23	6	17	36	24	12
1.2.2 Transfers	947	45	902	1,007	75	932
1.2.2.1 Official	2	10	-8	7	15	-7
1.2.2.2 Private	944	35	909	999	60	939
1.2.3 Income	115	380	-265	141	411	-270
1.2.3.1 Investment Income	78	354	-276	99	379	-280
1.2.3.2 Compensation of Employees	38	26	12	42	32	10
<b>2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)</b>	<b>5,917</b>	<b>5,022</b>	<b>895</b>	<b>7,531</b>	<b>6,383</b>	<b>1,147</b>
2.1 Foreign Investment (2.1.1+2.1.2)	2,358	2,255	103	3,647	3,296	351
2.1.1 Foreign Direct Investment	442	235	207	586	223	363
2.1.1.1 In India	395	75	320	455	92	362
2.1.1.1.1 Equity	253	56	197	314	85	229
2.1.1.1.2 Reinvested Earnings	122	-	122	115	-	115
2.1.1.1.3 Other Capital	20	19	-	25	7	18
2.1.1.2 Abroad	47	160	-113	132	131	1
2.1.1.2.1 Equity	47	75	-28	132	61	71
2.1.1.2.2 Reinvested Earnings	-	16	-16	-	15	-15
2.1.1.2.3 Other Capital	-	69	-69	-	55	-55
2.1.2 Portfolio Investment	1,916	2,020	-104	3,060	3,073	-13
2.1.2.1 In India	1,903	1,990	-87	3,031	3,057	-26
2.1.2.1.1 FIIs	1,898	1,990	-92	3,030	3,057	-27
2.1.2.1.1.1 Equity	1,404	1,494	-89	2,280	2,007	273
2.1.2.1.1.2 Debt	494	497	-3	751	1,050	-299
2.1.2.1.2 ADR/GDRs	5	-	5	1	-	1
2.1.2.2 Abroad	13	30	-17	29	15	13
<b>2.2 Loans (2.2.1+2.2.2+2.2.3)</b>	<b>1,990</b>	<b>1,667</b>	<b>322</b>	<b>2,102</b>	<b>1,898</b>	<b>204</b>
2.2.1 External Assistance	51	48	3	58	42	16
2.2.1.1 By India	1	5	-4	1	4	-3
2.2.1.2 To India	50	44	7	58	39	19
2.2.2 Commercial Borrowings	304	276	29	326	276	51
2.2.2.1 By India	58	51	7	30	3	27
2.2.2.2 To India	247	225	21	296	273	24
2.2.3 Short Term to India	1,634	1,343	291	1,717	1,580	137
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,634	1,308	327	1,701	1,580	121
2.2.3.2 Suppliers' Credit up to 180 days	-	36	-36	16	-	16
<b>2.3 Banking Capital (2.3.1+2.3.2)</b>	<b>1,395</b>	<b>886</b>	<b>509</b>	<b>1,451</b>	<b>876</b>	<b>575</b>
2.3.1 Commercial Banks	1,395	880	515	1,445	876	569
2.3.1.1 Assets	348	60	288	365	26	339
2.3.1.2 Liabilities	1,047	820	227	1,080	850	230
2.3.1.2.1 Non-Resident Deposits	1,046	692	354	1,025	718	307
2.3.2 Others	-	6	-6	6	-	6
<b>2.4 Rupee Debt Service</b>	<b>-</b>	<b>1</b>	<b>-1</b>	<b>-</b>	<b>1</b>	<b>-1</b>
<b>2.5 Other Capital</b>	<b>174</b>	<b>212</b>	<b>-38</b>	<b>331</b>	<b>312</b>	<b>19</b>
<b>3 Errors &amp; Omissions</b>	<b>58</b>	<b>-</b>	<b>58</b>	<b>52</b>	<b>-</b>	<b>52</b>
<b>4 Monetary Movements (4.1+ 4.2)</b>	<b>-</b>	<b>28</b>	<b>-28</b>	<b>19</b>	<b>-</b>	<b>19</b>
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	-	28	-28	19	-	19

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

(US \$ Million)

Item	Apr-Jun 2012 (PR)			Apr-Jun 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>1 Current Account (1.A+1.B+1.C)</b>	<b>130,386</b>	<b>147,318</b>	<b>-16,932</b>	<b>130,950</b>	<b>152,722</b>	<b>-21,772</b>
<b>1.A Goods and Services (1.A.a+1.A.b)</b>	<b>110,774</b>	<b>139,641</b>	<b>-28,868</b>	<b>110,431</b>	<b>144,047</b>	<b>-33,616</b>
<b>1.A.a Goods (1.A.a.1 to 1.A.a.3)</b>	<b>75,001</b>	<b>118,850</b>	<b>-43,849</b>	<b>73,909</b>	<b>124,393</b>	<b>-50,484</b>
1.A.a.1 General merchandise on a BOP basis	75,630	109,717	-34,087	71,801	107,907	-36,106
1.A.a.2 Net exports of goods under merchanting	-629	-	-629	2,108	-	2,108
1.A.a.3 Nonmonetary gold	-	9,133	-9,133	-	16,486	-16,486
<b>1.A.b Services (1.A.b.1 to 1.A.b.13)</b>	<b>35,773</b>	<b>20,791</b>	<b>14,982</b>	<b>36,522</b>	<b>19,654</b>	<b>16,868</b>
1.A.b.1 Manufacturing services on physical inputs owned by others	9	5	4	10	9	1
1.A.b.2 Maintenance and repair services n.i.e.	23	92	-70	63	94	-30
1.A.b.3 Transport	4,250	3,656	594	4,134	3,696	438
1.A.b.4 Travel	3,506	3,101	405	3,825	2,999	826
1.A.b.5 Construction	211	251	-40	341	334	7
1.A.b.6 Insurance and pension services	532	249	283	503	263	240
1.A.b.7 Financial services	1,306	1,436	-130	1,799	2,390	-591
1.A.b.8 Charges for the use of intellectual property n.i.e.	99	800	-701	94	1,071	-977
1.A.b.9 Telecommunications, computer, and information services	16,083	826	15,257	17,140	896	16,244
1.A.b.10 Other business services	7,611	8,204	-593	7,263	6,696	567
1.A.b.11 Personal, cultural, and recreational services	189	172	17	362	141	221
1.A.b.12 Government goods and services n.i.e.	159	163	-5	130	300	-169
1.A.b.13 Others n.i.e.	1,796	1,835	-39	857	766	91
<b>1.B Primary Income (1.B.1 to 1.B.3)</b>	<b>2,135</b>	<b>7,024</b>	<b>-4,889</b>	<b>2,526</b>	<b>7,357</b>	<b>-4,830</b>
1.B.1 Compensation of employees	698	483	215	750	573	177
1.B.2 Investment income	1,284	6,353	-5,070	1,559	6,678	-5,119
1.B.2.1 Direct investment	352	2,618	-2,265	463	2,840	-2,377
1.B.2.2 Portfolio investment	12	1,024	-1,012	309	1,314	-1,005
1.B.2.3 Other investment	82	2,709	-2,628	58	2,523	-2,465
1.B.2.4 Reserve assets	838	2	835	729	1	728
1.B.3 Other primary income	153	187	-35	217	105	112
<b>1.C Secondary Income (1.C.1+1.C.2)</b>	<b>17,478</b>	<b>653</b>	<b>16,825</b>	<b>17,992</b>	<b>1,318</b>	<b>16,675</b>
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,455	647	16,808	17,870	1,078	16,792
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,654	567	16,087	17,210	997	16,213
1.C.1.2 Other current transfers	801	80	721	660	81	579
1.C.2 General government	23	6	17	123	239	-117
<b>2 Capital Account (2.1+2.2)</b>	<b>97</b>	<b>315</b>	<b>-218</b>	<b>1,043</b>	<b>276</b>	<b>767</b>
2.1 Gross acquisitions (DR.) / disposals (CR.) of non-produced nonfinancial assets	6	51	-45	8	9	-2
2.2 Capital transfers	91	264	-173	1,036	267	769
<b>3 Financial Account (3.1 to 3.5)</b>	<b>109,431</b>	<b>93,361</b>	<b>16,070</b>	<b>133,968</b>	<b>113,892</b>	<b>20,076</b>
<b>3.1 Direct Investment (3.1.A+3.1.B)</b>	<b>8,168</b>	<b>4,347</b>	<b>3,821</b>	<b>10,486</b>	<b>3,991</b>	<b>6,495</b>
3.1.A Direct Investment in India	7,305	1,390	5,915	8,129	1,653	6,476
3.1.A.1 Equity and investment fund shares	6,942	1,033	5,910	7,678	1,526	6,152
3.1.A.1.1 Equity other than reinvestment of earnings	4,683	1,033	3,650	5,619	1,526	4,093
3.1.A.1.2 Reinvestment of earnings	2,259	-	2,259	2,059	-	2,059
3.1.A.2 Debt instruments	363	358	5	451	127	324
3.1.A.2.1 Direct investor in direct investment enterprises	363	358	5	451	127	324
3.1.B Direct Investment by India	863	2,957	-2,094	2,357	2,339	18
3.1.B.1 Equity and investment fund shares	863	1,679	-816	2,357	1,360	997
3.1.B.1.1 Equity other than reinvestment of earnings	863	1,382	-519	2,357	1,084	1,273
3.1.B.1.2 Reinvestment of earnings	-	297	-297	-	276	-276
3.1.B.2 Debt instruments	-	1,278	-1,278	-	978	-978
3.1.B.2.1 Direct investor in direct investment enterprises	-	1,278	-1,278	-	978	-978
<b>3.2 Portfolio Investment</b>	<b>35,319</b>	<b>37,335</b>	<b>-2,016</b>	<b>54,695</b>	<b>54,939</b>	<b>-245</b>
3.2.A Portfolio Investment in India	35,081	36,787	-1,706	54,183	54,665	-482
3.2.1 Equity and investment fund shares	25,958	27,610	-1,652	40,759	35,887	4,872
3.2.2 Debt securities	9,123	9,177	-54	13,424	18,778	-5,354
3.2.B Portfolio Investment by India	238	548	-310	512	274	238
<b>3.3 Financial derivatives (other than reserves) and employee stock options</b>	<b>582</b>	<b>1,174</b>	<b>-592</b>	<b>1,735</b>	<b>2,280</b>	<b>-545</b>
<b>3.4 Other investment</b>	<b>65,356</b>	<b>49,963</b>	<b>15,393</b>	<b>66,706</b>	<b>52,681</b>	<b>14,025</b>
3.4.1 Other equity (ADRs/GDRs)	94	-	94	20	-	20
3.4.2 Currency and deposits	19,338	12,896	6,442	18,447	12,837	5,610
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	-	109	-109	113	-	113
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	19,338	12,787	6,551	18,334	12,837	5,497
3.4.2.3 General government	-	-	-	-	-	-
3.4.2.4 Other sectors	-	-	-	-	-	-
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	13,017	9,469	3,548	14,375	8,513	5,862
3.4.3.A Loans to India	11,937	8,449	3,488	13,826	8,391	5,435
3.4.3.B Loans by India	1,081	1,020	60	549	122	427
3.4.4 Insurance, pension, and standardized guarantee schemes	6	20	-14	15	99	-84
3.4.5 Trade credit and advances	30,208	24,831	5,378	30,700	28,249	2,451
3.4.6 Other accounts receivable/payable - other	2,698	2,767	-69	3,149	2,983	166
3.4.7 Special drawing rights	-	-	-	-	-	-
<b>3.5 Reserve assets</b>	<b>-</b>	<b>522</b>	<b>-522</b>	<b>346</b>	<b>-</b>	<b>346</b>
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)	-	522	-522	346	-	346
<b>4 Total assets/liabilities</b>	<b>109,431</b>	<b>93,361</b>	<b>16,070</b>	<b>133,968</b>	<b>113,892</b>	<b>20,076</b>
3.0.1 Equity and investment fund shares	34,589	32,063	2,526	53,056	41,426	11,630
3.0.2 Debt instruments	72,050	58,009	14,041	77,397	69,483	7,914
3.0.3 Other financial assets and liabilities	2,792	3,289	-497	3,515	2,983	532
<b>5 Net errors and omissions</b>	<b>1,080</b>	<b>-</b>	<b>1,080</b>	<b>929</b>	<b>-</b>	<b>929</b>

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

(₹ Billion)

Item	Apr-Jun 2012 (PR)			Apr-Jun 2013 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>1 Current Account (1.A+1.B+1.C)</b>	<b>7,055</b>	<b>7,971</b>	<b>-916</b>	<b>7,324</b>	<b>8,541</b>	<b>-1,218</b>
<b>1.A Goods and Services (1.A.a+1.A.b)</b>	<b>5,993</b>	<b>7,555</b>	<b>-1,562</b>	<b>6,176</b>	<b>8,056</b>	<b>-1,880</b>
<b>1.A.a Goods (1.A.a.1 to 1.A.a.3)</b>	<b>4,058</b>	<b>6,430</b>	<b>-2,372</b>	<b>4,134</b>	<b>6,957</b>	<b>-2,823</b>
1.A.a.1 General merchandise on a BOP basis	4,092	5,936	-1,844	4,016	6,035	-2,019
1.A.a.2 Net exports of goods under merchanting	-34	-	-34	118	-	118
1.A.a.3 Nonmonetary gold	-	494	-494	-	922	-922
<b>1.A.b Services (1.A.b.1 to 1.A.b.13)</b>	<b>1,936</b>	<b>1,125</b>	<b>811</b>	<b>2,043</b>	<b>1,099</b>	<b>943</b>
1.A.b.1 Manufacturing services on physical inputs owned by others	-	-	-	1	1	-
1.A.b.2 Maintenance and repair services n.i.e.	1	5	-4	4	5	-2
1.A.b.3 Transport	230	198	32	231	207	24
1.A.b.4 Travel	190	168	22	214	168	46
1.A.b.5 Construction	11	14	-2	19	19	-
1.A.b.6 Insurance and pension services	29	13	15	28	15	13
1.A.b.7 Financial services	71	78	-7	101	134	-33
1.A.b.8 Charges for the use of intellectual property n.i.e.	5	43	-38	5	60	-55
1.A.b.9 Telecommunications, computer, and information services	870	45	826	959	50	908
1.A.b.10 Other business services	412	444	-32	406	375	32
1.A.b.11 Personal, cultural, and recreational services	10	9	1	20	8	12
1.A.b.12 Government goods and services n.i.e.	9	9	-	7	17	-9
1.A.b.13 Others n.i.e.	97	99	-2	48	43	5
<b>1.B Primary Income (1.B.1 to 1.B.3)</b>	<b>115</b>	<b>380</b>	<b>-265</b>	<b>141</b>	<b>411</b>	<b>-270</b>
1.B.1 Compensation of employees	38	26	12	42	32	10
1.B.2 Investment income	69	344	-274	87	374	-286
1.B.2.1 Direct investment	19	142	-123	26	159	-133
1.B.2.2 Portfolio investment	1	55	-55	17	73	-56
1.B.2.3 Other investment	4	147	-142	3	141	-138
1.B.2.4 Reserve assets	45	-	45	41	-	41
1.B.3 Other primary income	8	10	-2	12	6	6
<b>1.C Secondary Income (1.C.1+1.C.2)</b>	<b>946</b>	<b>35</b>	<b>910</b>	<b>1,006</b>	<b>74</b>	<b>933</b>
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	944	35	909	999	60	939
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	901	31	870	962	56	907
1.C.1.2 Other current transfers	43	4	39	37	5	32
1.C.2 General government	1	-	1	7	13	-7
<b>2 Capital Account (2.1+2.2)</b>	<b>5</b>	<b>17</b>	<b>-12</b>	<b>58</b>	<b>15</b>	<b>43</b>
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	-	3	-2	-	1	-
2.2 Capital transfers	5	14	-9	58	15	43
<b>3 Financial Account (3.1 to 3.5)</b>	<b>5,921</b>	<b>5,051</b>	<b>869</b>	<b>7,493</b>	<b>6,370</b>	<b>1,123</b>
<b>3.1 Direct Investment (3.1A+3.1B)</b>	<b>442</b>	<b>235</b>	<b>207</b>	<b>586</b>	<b>223</b>	<b>363</b>
3.1.A Direct Investment in India	395	75	320	455	92	362
3.1.A.1 Equity and investment fund shares	376	56	320	429	85	344
3.1.A.1.1 Equity other than reinvestment of earnings	253	56	197	314	85	229
3.1.A.1.2 Reinvestment of earnings	122	-	122	115	-	115
3.1.A.2 Debt instruments	20	19	-	25	7	18
3.1.A.2.1 Direct investor in direct investment enterprises	20	19	-	25	7	18
3.1.B Direct Investment by India	47	160	-113	132	131	1
3.1.B.1 Equity and investment fund shares	47	91	-44	132	76	56
3.1.B.1.1 Equity other than reinvestment of earnings	47	75	-28	132	61	71
3.1.B.1.2 Reinvestment of earnings	-	16	-16	-	15	-15
3.1.B.2 Debt instruments	-	69	-69	-	55	-55
3.1.B.2.1 Direct investor in direct investment enterprises	-	69	-69	-	55	-55
<b>3.2 Portfolio Investment</b>	<b>1,911</b>	<b>2,020</b>	<b>-109</b>	<b>3,059</b>	<b>3,073</b>	<b>-14</b>
3.2.A Portfolio Investment in India	1,898	1,990	-92	3,030	3,057	-27
3.2.1 Equity and investment fund shares	1,404	1,494	-89	2,280	2,007	273
3.2.2 Debt securities	494	497	-3	751	1,050	-299
3.2.B Portfolio Investment by India	13	30	-17	29	15	13
<b>3.3 Financial derivatives (other than reserves) and employee stock options</b>	<b>31</b>	<b>64</b>	<b>-32</b>	<b>97</b>	<b>128</b>	<b>-30</b>
<b>3.4 Other investment</b>	<b>3,536</b>	<b>2,703</b>	<b>833</b>	<b>3,731</b>	<b>2,946</b>	<b>784</b>
3.4.1 Other equity (ADRs/GDRs)	5	-	5	1	-	1
3.4.2 Currency and deposits	1,046	698	349	1,032	718	314
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	-	6	-6	6	-	6
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	1,046	692	354	1,025	718	307
3.4.2.3 General government	-	-	-	-	-	-
3.4.2.4 Other sectors	-	-	-	-	-	-
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	704	512	192	804	476	328
3.4.3.A Loans to India	646	457	189	773	469	304
3.4.3.B Loans by India	58	55	3	31	7	24
3.4.4 Insurance, pension, and standardized guarantee schemes	-	1	-1	1	6	-5
3.4.5 Trade credit and advances	1,634	1,343	291	1,717	1,580	137
3.4.6 Other accounts receivable/payable - other	146	150	-4	176	167	9
3.4.7 Special drawing rights	-	-	-	-	-	-
<b>3.5 Reserve assets</b>	<b>-</b>	<b>28</b>	<b>-28</b>	<b>19</b>	<b>-</b>	<b>19</b>
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	19	-	19
<b>4 Total assets/liabilities</b>	<b>5,921</b>	<b>5,051</b>	<b>869</b>	<b>7,493</b>	<b>6,370</b>	<b>1,123</b>
3.0.1 Equity and investment fund shares	1,871	1,735	137	2,967	2,317	650
3.0.2 Debt instruments	3,898	3,139	760	4,329	3,886	443
3.0.3 Other financial assets and liabilities	151	178	-27	197	167	30
<b>5 Net errors and omissions</b>	<b>58</b>	<b>-</b>	<b>58</b>	<b>52</b>	<b>-</b>	<b>52</b>

**No. 42: International Investment Position**

(US\$ Million)

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

# Payment and Settlement Systems

## No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2012-13	2013			2012-13	2013		
		Jun.	Jul.	Aug.		Jun.	Jul.	Aug.
	1	2	3	4	5	6	7	8
<b>1 RTGS</b>	<b>68.52</b>	<b>6.14</b>	<b>6.58</b>	<b>6.21</b>	<b>1,026,350.05</b>	<b>76,755.54</b>	<b>80,774.86</b>	<b>67,557.35</b>
1.1 Customer Transactions	63.99	5.74	6.15	5.81	512,997.84	47,929.52	48,216.21	42,652.24
1.2 Interbank Transactions	4.52	0.41	0.42	0.39	163,843.20	14,453.90	14,206.66	12,431.12
1.3 Interbank Clearing	0.009	0.001	0.001	0.001	349,509.02	14,372.11	18,352.00	12,473.99
<b>2 CCIL Operated Systems</b>	<b>2.26</b>	<b>0.24</b>	<b>0.23</b>	<b>0.19</b>	<b>501,598.49</b>	<b>53,820.77</b>	<b>58,250.71</b>	<b>49,260.43</b>
2.1 CBLO	0.16	0.01	0.02	0.02	120,480.39	15,389.59	19,764.77	17,340.95
2.2 Govt. Securities Clearing	0.70	0.08	0.07	0.04	119,947.98	15,166.88	13,885.62	9,896.36
2.2.1 Outright	0.66	0.08	0.07	0.04	65,920.33	9,032.88	7,182.59	4,247.80
2.2.2 Repo	0.041	0.004	0.004	0.004	54,027.65	6,134.00	6,703.03	5,648.56
2.3 Forex Clearing	1.40	0.14	0.14	0.13	261,170.12	23,264.30	24,600.32	22,023.12
<b>3 Paper Clearing</b>	<b>1,313.48</b>	<b>104.41</b>	<b>110.61</b>	<b>107.22</b>	<b>99,982.25</b>	<b>7,310.28</b>	<b>7,946.28</b>	<b>7,754.26</b>
3.1 Cheque Truncation System (CTS)	275.04	32.26	39.91	38.59	21,779.52	2,461.31	2,952.53	2,855.52
3.2 MICR Clearing	823.31	50.63	51.26	47.26	57,503.97	3,439.13	3,350.37	3,243.97
3.2.1 RBI Centres	496.81	29.15	29.07	25.77	36,045.97	2,071.26	1,908.31	1,636.27
3.2.2 Other Centres	326.50	21.47	22.19	21.49	21,458.00	1,367.87	1,442.06	1,607.69
3.3 Non-MICR Clearing	215.31	21.52	19.45	21.37	20,898.28	1,409.84	1,643.38	1,654.77
<b>4 Retail Electronic Clearing</b>	<b>694.07</b>	<b>71.54</b>	<b>81.99</b>	<b>82.73</b>	<b>31,881.14</b>	<b>3,565.72</b>	<b>3,824.88</b>	<b>3,493.03</b>
4.1 ECS DR	176.53	15.36	15.88	15.42	1,083.10	102.72	101.89	99.21
4.2 ECS CR (includes NECS)	122.18	12.52	15.05	18.91	1,771.28	207.63	274.80	238.78
4.3 EFT/NEFT	394.13	43.19	50.42	47.62	29,022.42	3,253.07	3,444.39	3,150.34
4.4 Immediate Payment Service (IMPS)	1.23	0.47	0.65	0.79	4.33	2.30	3.80	4.71
<b>5 Cards</b>	<b>6,398.35</b>	<b>578.86</b>	<b>609.40</b>	<b>620.92</b>	<b>18,637.36</b>	<b>1,760.09</b>	<b>1,766.31</b>	<b>1,757.85</b>
5.1 Credit Cards	399.13	37.02	42.59	41.65	1,243.93	115.03	111.75	108.88
5.1.1 Usage at ATMs	2.52	0.22	0.23	0.24	14.42	1.27	1.36	1.39
5.1.2 Usage at POS	396.61	36.80	42.36	41.41	1,229.51	113.76	110.39	107.48
5.2 Debit Cards	5,999.21	541.84	566.81	579.27	17,393.44	1,645.06	1,654.56	1,648.97
5.2.1 Usage at ATMs	5,530.16	493.93	514.36	523.78	16,650.08	1,574.17	1,577.34	1,568.79
5.2.2 Usage at POS	469.05	47.91	52.45	55.49	743.36	70.89	77.22	80.18
<b>6 Prepaid Payment Instruments (PPIs)</b>	<b>66.94</b>	<b>10.60</b>	<b>12.40</b>	<b>14.12</b>	<b>79.22</b>	<b>5.57</b>	<b>6.18</b>	<b>6.01</b>
6.1 m-Wallet	32.70	7.01	7.94	8.68	10.01	1.86	2.20	2.36
6.2 PPI Cards	33.76	3.56	4.41	5.41	49.62	2.05	1.96	2.02
6.3 Paper Vouchers	0.48	0.04	0.05	0.04	19.60	1.66	2.02	1.63
<b>7 Mobile Banking</b>	<b>53.30</b>	<b>6.63</b>	<b>7.03</b>	<b>6.76</b>	<b>59.90</b>	<b>11.48</b>	<b>12.84</b>	<b>14.13</b>
<b>8 Cards Outstanding</b>	<b>350.75</b>	<b>368.32</b>	<b>374.22</b>	<b>380.80</b>	—	—	—	—
8.1 Credit Card	19.55	19.15	18.80	18.46	—	—	—	—
8.2 Debit Card	331.20	349.17	355.42	362.34	—	—	—	—
<b>9 Number of ATMs (in actuals)</b>	<b>114014</b>	<b>121617</b>	<b>124072</b>	<b>126950</b>	—	—	—	—
<b>10 Number of POS (in actuals)</b>	<b>854290</b>	<b>947731</b>	<b>952634</b>	<b>981193</b>	—	—	—	—
<b>11 Grand Total (1.1+1.2+2+3+4+5+6)</b>	<b>8,543.60</b>	<b>771.78</b>	<b>821.22</b>	<b>831.37</b>	<b>1,329,019.50</b>	<b>128,845.87</b>	<b>134,217.22</b>	<b>117,354.94</b>

### **Explanatory Notes to the Current Statistics**

#### **Table No. 1**

- 1.2 & 6: Annual data are averages of months.
- 3.5 & 3.7: Relate to ratios of increments over financial year so far.
- 4.1 to 4.4, 4.8, 4.12 & 5: Relate to the last day of the month/financial year.
- 4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.
- 4.9 to 4.11: Relate to the last auction day of the month/financial year.

#### **Table No. 2**

- 2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.
- 2.2.2: Include cash, fixed deposits and short-term securities/bonds, *e.g.*, issued by IIFC (UK).

#### **Table No. 4**

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

#### **Table No. 5**

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

#### **Table No. 6**

- For scheduled banks, March-end data pertain to the last reporting Friday.
- 2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

#### **Table Nos. 7 & 11**

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

#### **Table No. 8**

- NM<sub>2</sub> and NM<sub>3</sub> do not include FCNR (B) deposits.
- 2.4: Consist of paid-up capital and reserves.
- 2.5: includes other demand and time liabilities of the banking system.

#### **Table No. 9**

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.  
L<sub>1</sub> and L<sub>2</sub> are compiled monthly and L<sub>3</sub> quarterly.  
Wherever data are not available, the last available data have been repeated.

#### **Table No. 17**

- 2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks
- 2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.
- 4: Include borrowings from IDBI and NABARD.

#### **Table No. 24**

Primary Dealers (PDs) include banks undertaking PD business.

#### **Table No. 30**

- Exclude private placement and offer for sale.
- 1: Exclude bonus shares.
- 2: Include cumulative convertible preference shares and equi-preference shares.



**Table No. 32**

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

**Table No. 34**

1.1.1.1.2 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

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

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

**Table No. 35**

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

**Table No. 36**

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

**Table No. 37**

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

**Table Nos. 38, 39, 40 & 41**

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

**Table No. 43**

1.3: Pertain to multilateral net settlement batches.

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

3.3: Pertain to clearing houses managed by 21 banks.

6: Available from December 2010.

7: Include IMPS transactions.

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

## Recent Publications of the Reserve Bank of India

Name of Publication	Price	
	India	Abroad
1. Reserve Bank of India Bulletin 2013	₹ 230 per copy (over the counter) ₹ 270 per copy (inclusive of postage) ₹ 3000 (one year subscription - inclusive of postage)	US\$ 17 per copy (inclusive of postage) US\$ 200 (one-year subscription)
2. Weekly Statistical Supplement to RBI Monthly Bulletin 2013	₹ 18 per copy (over the counter) ₹ 950 (one-year subscription)	US\$ 45 one-year subscription (inclusive of air mail charges)
3. Report on Trend and Progress of Banking in India 2011-12	₹ 150 per copy (over the counter) ₹ 190 per copy (including postal charges) ₹ 150 per copy (concessional including postage) ₹ 110 per copy (concessional price over the counter)	US\$ 12 per copy (inclusive of air mail courier charges)
4. Handbook of Statistics on the Indian Economy 2011-12	Print version along with CD-ROM ₹ 200 (over the counter) ₹ 270 (inclusive of postage) ₹ 150 (concessional) ₹ 210 (concessional with postage)	US\$ 30 for Print version along with CD-ROM (inclusive of air mail courier charges)
5. Report on Currency and Finance 2009-12 Fiscal-Monetary Co-ordination	₹ 515 (normal) ₹ 555 (inclusive of postage)	US\$ 16 per copy (including air mail courier charges)
6. Report on Currency and Finance 2003-08 Vol. I to V (Special Issue)	₹ 1,100 (normal) ₹ 1,170 (inclusive of postage) ₹ 830 (concessional) ₹ 900 (concessional inclusive of postage)	US\$ 55 per copy (including air mail courier charges)
7. State Finances - A Study of Budgets of 2012-13	₹ 220 per copy (over the counter) ₹ 260 per copy (including postal charges) ₹ 165 per copy (concessional at counter) ₹ 205 per copy (concessional inclusive of postage)	US\$ 17 per copy (including air mail courier charges)
8. Handbook of Statistics on State Government Finances 2010	Print version along with CD ₹ 380 ₹ 430 (inclusive of postage) ₹ 285 (concessional) ₹ 335 (concessional inclusive postage) CD-ROM ₹ 80 (normal) ₹ 105 (inclusive of postage) ₹ 60 (concessional) ₹ 85 (concessional inclusive of postage)	US\$ 31 for print version along with CD Rom by air mail courier charges) US\$ 16 per CD (inclusive of air mail courier charges) US\$ 4 per CD (inclusive of registered air mail charges)
9. CD Compendium of Articles on State Finances (1950-51 to 2010-11)	₹ 280 (over the counter) ₹ 305 (inclusive of postal charges) ₹ 210 (concessional) ₹ 235 (concessional inclusive of postage)	US\$ 8 (air mail book post charges)

Name of Publication	Price	
	India	Abroad
10. Perspectives on Central Banking Governors Speak (1935-2010) Platinum Jubilee	₹ 1400 per copy (over the counter)	US\$ 50 per copy (inclusive of air mail charges)
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