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SPEECHES

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Human Resource Challenges in Indian Banks:
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K. C. Chakrabarty

Financial Regulation: Which Way Forward?
Deepak Mohanty

*Financial Inclusion: Technology, Institutions and Policies**

Raghuram G. Rajan

Distinguished members of NASSCOM and distinguished guests: Thank you for inviting me to speak here today. The Indian Information and Communications Technology (ICT) industry that you represent has a proud history of accomplishment. You have done India great service, not just by creating a world class industry but also by showing the rest of us what is possible. I am hopeful that financial firms can join hands with you to build a technology-enabled financial sector that can reach every nook and cranny of India, and even across borders, to foster growth. This will entail new, uniquely Indian models, much as you have developed in software or in mobile communications. The Dr. Nachiket Mor Committee Report has given the RBI much food for thought on these issues. I want to reflect on the recommendations, even while putting some additional issues on the table.

Financial inclusion is about (a) the broadening of financial services to those people who do not have access to financial services sector ; (b) the deepening of financial services for people who have minimal financial services; and (c) greater financial literacy and consumer protection so that those who are offered the products can make appropriate choices. The imperative for financial inclusion is both a moral one as well as one based on economic efficiency. Should we not give everyone that is capable the tools and resources to better themselves, and in doing so, better the country?

Last week, I met with some members of Ela Bhatt's Self-Employed Women's Association (SEWA). In a room full of poor but confident women entrepreneurs, I asked how many borrowed from moneylenders before they

came to SEWA. About half the women raised their hands. When asked how many thought of approaching a regular bank before they came to SEWA's cooperative bank, not one raised her hand. Interestingly, many of them said that the loan from SEWA freed them from the moneylender's high interest rate, which gave them enough to service SEWA's loan fully even while focusing on other productive activities. I have heard this from other micro-entrepreneurs – the highest return initial investment is often to free oneself of the clutches of the moneylender. Despite this high return from the delivery of credit to the poor, and despite much of our financial inclusion efforts being focused on credit, we still reach too few of the target population. So there is much more to be achieved.

We have tried to effect inclusion in the past through mandates – whether it be through direction on branch opening or on lending to priority sectors. That we are still far short of our goals has led some critics to suggest we should abandon mandates because the market will take care of needs; If the poor have demand for financial services, the critics say, providers will emerge to supply it. Markets do respond to need, and competition is a very healthy force for improvement, but market functioning can be impeded by poor infrastructure, uneven regulation, natural or regulatory monopolies, and even cartelisation.

While enlisting competitive forces wherever possible to compete for the bottom of the pyramid's business, as a development central bank we also need to offer a supportive hand. By putting in place the right infrastructure and enabling regulation, we have to encourage the development of the products, institutions, and networks that will foster inclusion.

Let us start with products. We have been trying for decades to expand credit. We have focused much less on easing payments and remittances or on expanding remunerative savings vehicles or on providing easy-to-understand insurance against emergencies. Perhaps we should try to expand financial inclusion by encouraging these other products, and

* Keynote address delivered by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India, at the NASSCOM India Leadership Forum in Mumbai on February 12, 2014

allow credit to follow them rather than lead. Indeed, many successful organisations working with the poorest of the poor try to get them to put aside some money as savings, no matter how little, before giving them loans. Some of our self-help groups (SHGs) work on this principle. Not only does the savings habit, once inculcated, allow the customer to handle the burden of repayment better, it may also lead to better credit allocation. With the power of information technology, perhaps the analysis of the savings and payment patterns of a client can indicate which one of them is ready to use credit well.

One roadblock to access, even to something as simple as a universal basic savings account, is Know Your Customer (KYC) requirements. Experts have emphasised the need to make it far simpler to open basic accounts, and have suggested minimising the required documentation. In an effort to do so, the Dr. Nachiket Mor Committee recommends requiring proof of only a permanent address. This is nevertheless more onerous than current RBI norms, which allow an applicant to self-certify her address and other details for accounts below ₹50,000. But despite the RBI's exhortations, few banks have reduced their demand for documentation – they fear that they will be held responsible if something goes wrong, no matter what the regulatory norms. The acceptance of third party KYC certification is particularly difficult.

Today, stringent KYC norms keep too many out of the banking system, and lead to unnecessary harassment for others. Banks may adopt these norms more because of regulatory or legal liability than to safeguard against true criminal or terrorist activity. Can't we do better? Some bankers suggest that by monitoring activity patterns in accounts carefully, even while putting some limits on basic accounts (such as holding a large value cheque for a few days before it is cashed), much of the suspicious activity can be detected and stopped. Could we allow a commercial bank some regulatory dispensation in case there is minor mischief in some low value accounts, provided the bank has a reliable

system in place to detect greater mischief? Could the gains in easing widespread access to safe accounts outweigh the costs of minor fraud? How can we get entities within the system to rely on each other's KYC, without the process having to be continuously repeated? How can technology assist in effectively addressing the above issues? These are questions we have to examine and address.

The broader issue is whether through sophisticated state-of-the-art technology, we can offer customers products that are simple, low-cost, and easy to use. We have done this with mobile phones, can we do it with banking? Payments may be another obvious product. I should note that our payments infrastructure in India is very advanced. We have three large RBI technology centers devoted to supporting payments. For large value transactions, we have a state-of-the-art Real Time Gross Settlement System (RTGS). In the National Electronic Funds Transfer (NEFT) system, our flagship retail funds transfer system, we have near-real time transaction processing — we continuously send messages to banks even though net settlement takes place at hourly intervals. We also send a positive confirmation to the remitter after the funds have been credited to the beneficiary's account.

We have introduced an additional factor of authentication for all e-commerce transactions, and are swiftly moving to Chip and PIN technology for credit card transactions. SMS alerts for bank and credit card transactions are a welcome advance relative to even the United States, where thieves find it easy to bill thousands of dollars to your credit card even before you know it is stolen. All this means that we have the infrastructure to provide cheap and safe payments and remittances. What we need are non-governmental players to utilise this infrastructure to provide the products and access that people want.

A lot is already happening. Real-time funds transfer through the Immediate Payment Service (IMPS) put in place by NPCI has contributed significantly towards growth of mobile banking. The Aadhaar

Payment Bridge System (APBS) allows government benefits to be transferred through the use of Unique Identification number given to the citizens. But we are still not where we should be either on mobile payments or on direct benefit transfers.

With over 900 million mobile phones, the potential for mobile banking as a delivery channel for financial services is a big opportunity in India. We have consciously adopted the bank led model for mobile banking, while the non-banks, including Mobile Network Operators, have been permitted to issue mobile wallets, where cash withdrawal is not permitted as of now. The key to cheap and universal payments and remittances will be if we can find a safe way to allow funds to be freely transferred between bank accounts and mobile wallets, as well as cashed out of mobile wallets, through a much larger and ubiquitous network of business correspondents. The Dr. Nachiket Mor Committee suggests the creation of Payment Banks as a step towards this goal. Other suggestions include interoperable business correspondents who will get the scale economies to serve in remote locations, and the usage of NBFCs as banking correspondents. We will examine all this.

In the meantime, interesting solutions are emerging. Cashing out is important for remittances, because we have a large recipient population in the country, most of whom do not have access to formal banking services. We have recently approved the in-principle setting up of a payment system which will facilitate the funds transfer from bank account holders to those without accounts through ATMs. Essentially, the sender can have the money withdrawn from his account through an ATM transaction. The intermediary processes the payment, and sends a code to the recipient on his mobile that allows him to withdraw the money from any nearby bank's ATM. The system will take care of necessary safeguards of customer identification, transaction validation, velocity checks *etc.* We need more such innovative products, some of which mobile companies are providing.

In India, despite the high mobile density, it is also a reality that most of the handsets are very basic ones and many of the mobile connections are prepaid subscriptions. These are important constraints. The RBI's Technical Committee on Mobile Banking has recommended, among others, the need for a standardised and simplified procedure for registration/authentication of customers for mobile banking services, a cohesive awareness programme to be put in place, the adoption of a common application platform across all banks to be delivered to the customers independent of the handset being used, along with use of SMS and USSD technology for providing necessary level of security (through encryption) for such transactions. The Telecom Regulatory Authority of India (TRAI) has prescribed optimum service parameters, as also a ceiling on charges for provision of USSD services by telecom operators to the banks and their agents. We have a great opportunity for banks and telecom service providers to come together to deliver mobile banking services of all kinds in a seamless and secure manner to their customers. In the next few months, we will accelerate the dialog between key players.

Technology can also be used to facilitate credit, a product I started the talk with. MSMEs get squeezed all the time by their large buyers, who pay after long delays. All would be better off if the MSME could sell its claim on the large buyer in the market. The MSME would get its money quickly, while the market would get a claim on the better rated large buyer instead of holding a claim on the MSME. The large buyer could get a better price for his purchases. All this requires setting up a Trade-receivables Exchange, which the RBI has been discussing with market participants. Once again, the key is to reduce transaction costs by automating almost every aspect of the transaction so that even the smallest MSMEs can benefit.

One of the difficulties the poor and small businesses have in accessing credit is the lack of information about them, both up front as they are being evaluated for credit, and after lending where the lender

has to monitor them. If savings and payments products are sold widely, and information, including payments to mobile companies, utility companies, as well as the government, collected, then the excluded can build information records that will help them access credit. If, in addition, negative information on defaults is shared in a fair and responsible way through the financial network, every individual borrower will have something at stake – their credit history – which can serve to encourage timely repayment. This, in turn, can improve the willingness of banks to lend.

Finally, let me turn to consumer literacy and protection. As we reach more and more of the population, we have to be sure that they understand the products they are being sold and have the information to make sensible decisions. Caveat emptor or let the buyer beware is typically the standard used in financial markets – that is, so long as the buyer is not actively misled, she is responsible for researching her product choices and making purchase decisions. While this puts a lot of burden on the buyer to do due diligence, it also gives her a lot of freedom to make choices, including of course the freedom to make bad choices.

But with poorly informed and unsophisticated investors, we should consider the Dr. Nachiket Mor Committee's recommendation of setting some guidelines on what products are suitable for different categories of investors. Broadly speaking, the more complicated the product the more sophisticated should be the target customer. Should we move to a norm where a suite of simple products is pre-approved for dissemination to all, but as products get more complicated, financial sector providers bear more and more responsibility to show that the buyer was sophisticated and/or appropriately counseled before she purchased?

Of course, the longer run answer is for customers to become more savvy. Can the technology sector help

educate people in financial matters? After all, finance is not something most people learn in schools, but it is something they encounter every day in the world. Low cost but high quality distance finance education is something the country very much needs and we look to entrepreneurs here to think of innovative ways to provide it.

Before I conclude, one caveat. Technology can magnify the reach of finance for bad purposes as well as good. Many of you must receive frequent emails, purportedly from me, informing you of a large sum of money that awaits you at the RBI, and urging you to send me your account details so that I can transfer the money to you. Let me assure you that the RBI does not give out money, I do not send these emails, and if you do fall for such emails, you will lose a lot of money to crooks and be reminded of the adage – if anything looks too good to be true, it probably is not true.

Of course, technology can also offer answers to check fraud. Can we enlist social media in enabling the public to identify fraud and help regulation? How can we do this in a responsible way? Again, these are questions at this point, but I am sure we will find the answers.

Let me conclude. Technology, with its capacity to reduce transaction costs, is key to enabling the large volume low ticket transaction that is at the center of financial inclusion. By collecting and processing large volumes of data easily, technology can also improve the quality of financial decision making. When products have network effects, technology can ensure not just interoperability, key to obtaining the benefits of networking, but also security, key to maintaining the confidence of people and preventing them from withdrawing from the formal financial system once again. Can the successful ICT industry partner with the finance industry to revolutionise financial inclusion in this country? I sincerely hope you will.

*Inclusive Growth and the Role Technology Can Play in It**

Raghuram G. Rajan

Thank you for inviting me to speak here today. Shri D. R. Gadgil is well known not only as an economist but also as a great educationist and a statesman, having served as a member of Rajya Sabha. We all know of the great contribution he made towards the distribution of plan transfers amongst the Indian states through the famous 'Gadgil Formula'. The Gadgil Formula attempted to ensure that there was objectivity in distribution of funds amongst the states in India. He wrote extensively on Indian agriculture and farm sector and the planning process in India. The basic principles advocated by Shri Gadgil on food self-sufficiency and employment orientation of planning, are significant even today for achieving 'inclusive growth'. I thus, feel that the topic that I am going to speak on today has great relevance to what he thought of *viz.*, Inclusive Growth and the role technology can play in it.

The Dr. Nachiket Mor Committee Report has given the RBI much food for thought on the issues of financial inclusion. I want to reflect on the recommendations, even while putting some additional issues on the table.

But before that, let me offer a quick recap of the macroeconomic situation. Growth is stabilising on the back of a good harvest, strengthening exports, and some early signs of resumption of large stalled projects. However, growth is still very weak. We have

* Tenth D. R. Gadgil Memorial Lecture delivered by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India on February 13, 2014 in Mumbai.

to work to ensure macroeconomic stability, which means strengthening growth, especially through investment, maintaining a moderate current account deficit, achieving a fiscal deficit consistent with the government's fiscal roadmap, and reducing inflation. The government has to be commended for its efforts to revive growth, narrow the current account deficit, and meet fiscal targets. I have no doubt that the fiscal deficit for the year 2013-14 will be close to, or below, the finance minister's red line.

Going forward, however, we need to continue on the path of fiscal consolidation constantly improving the sustainability and quality of fiscal adjustment. It is very important that we spend money on needed public investment, even while reducing misdirected subsidies and entitlements.

Good fiscal control will help us in our fight against inflation. So will moderation in agricultural support price inflation, which will ensure that these prices only provide a baseline level of support when the farmer is in difficulty, without displacing market prices. Accurate market prices, together with good dissemination of data on sowing patterns, can do a far better job than support prices in directing agricultural production to where it is most valuable and needed.

Somewhat paradoxically, raising energy prices to market levels will also lead to lower inflation over the medium term, the horizon over which the RBI is trying to contain inflation. The reason is that higher prices will reduce excessive consumption, reduce subsidies and fiscal deficits, and incentivize investment and competition, even while allowing prices to be determined by an increasingly stable and plentifully supplied global market for energy. The consequences of inappropriate or inadequate price adjustments will

be that the Reserve Bank will have to bear more of the burden in combating inflation.

Let me turn now to financial inclusion. Financial inclusion is about (a) the broadening of financial services to those people who do not have access to financial services sector; (b) the deepening of financial services for people who have minimal financial services; and (c) greater financial literacy and consumer protection so that those who are offered the products can make appropriate choices. The imperative for financial inclusion is both a moral one as well as one based on economic efficiency. Should we not give everyone, that is capable, the tools and resources to better themselves, and in doing so, better the country?

Last week, I met with some members of Ela Bhatt's Self-Employed Women's Association. In a room full of poor but confident women entrepreneurs, I asked how many borrowed from moneylenders before they came to SEWA. About half the women raised their hands. When asked how many thought of approaching a regular bank before they came to SEWA's cooperative bank, not one raised her hand. Interestingly, many of them said that the loan from SEWA freed them from the moneylender's high interest rate, which gave them enough to service SEWA's loan fully even while focusing on other productive activities. I have heard this from other micro-entrepreneurs – the highest return initial investment is often to free oneself of the clutches of the moneylender. Despite this high return from the delivery of credit to the poor, and despite much of our financial inclusion efforts being focused on credit, we still reach too few of the target population. So there is much more to be achieved.

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on branch opening or on lending to priority sectors. That we are still far short of our goals has led some critics to suggest we should abandon mandates because the market will take care of needs; If the poor have demand for financial services, the critics say, providers will emerge to supply it. Markets do respond to need, and competition is a very healthy force for improvement, but market functioning can be impeded by poor infrastructure, uneven regulation, natural or regulatory monopolies, and even cartelisation.

While enlisting competitive forces wherever possible to compete for the bottom of the pyramid's business, as a development central bank we also need to offer a supportive hand. By putting in place the right infrastructure and enabling regulation, we have to encourage the development of the products, institutions, and networks that will foster inclusion.

Let us start with products. We have been trying for decades to expand credit. We have focused much less on easing payments and remittances or on expanding remunerative saving vehicles or on providing easy-to-understand insurance against emergencies. Perhaps we should try to expand financial inclusion by encouraging these other products, and allow credit to follow them rather than lead. Indeed, many successful organisations working with the poorest of the poor try to get them to put aside some money as savings, no matter how little, before giving them loans. Some of our self-help groups (SHGs) work on this principle. Not only does the savings habit, once inculcated, allow the customer to handle the burden of repayment better, it may also lead to better credit allocation. With the power of information technology, perhaps the analysis of the savings and payment patterns of a client can indicate which one of them is ready to use credit well.

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Today, stringent KYC norms keep too many out of the banking system, and lead to unnecessary harassment for others. Banks may adopt these norms more because of regulatory or legal liability than to safeguard against true criminal or terrorist activity. Can't we do better? Some bankers suggest that by monitoring activity patterns in accounts carefully, even while putting some limits on basic accounts (such as holding a large value cheque for a few days before it is cashed), much of the suspicious activity can be detected and stopped. Could we allow a commercial bank some regulatory dispensation in case there is minor mischief in some low value accounts, provided the bank has a reliable system in place to detect greater mischief? Could the gains in easing widespread access to safe accounts outweigh the costs of minor fraud? How can we get entities within the system to rely on each other's KYC, without the process having to be continuously repeated? How can technology assist in effectively addressing the above issues? These are questions we have to examine and address.

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In India, despite the high mobile density, it is also a reality that most of the handsets are very basic ones and many of the mobile connections are prepaid subscriptions. These are important constraints. The RBI's Technical Committee on Mobile Banking has recommended, among others, the need for a standardised and simplified procedure for registration/authentication of customers for mobile banking services, a cohesive awareness programme to be put in place, the adoption of a common application platform across all banks to be delivered to the customers independent of the handset being used, along with use of SMS and USSD technology for providing necessary level of security (through

encryption) for such transactions. The Telecom Regulatory Authority of India (TRAI) has prescribed optimum service parameters, as also a ceiling on charges for provision of USSD services by telecom operators to the banks and their agents. We have a great opportunity for banks and telecom service providers to come together to deliver mobile banking services of all kinds in a seamless and secure manner to their customers. In the next few months, we will accelerate the dialog between key players.

Technology can also be used to facilitate credit, a product I started the talk with. MSMEs get squeezed all the time by their large buyers, who pay after long delays. All would be better off if the MSME could sell its claim on the large buyer in the market. The MSME would get its money quickly, while the market would get a claim on the better rated large buyer instead of holding a claim on the MSME. The large buyer could get a better price for his purchases. All this requires setting up a Trade-receivables Exchange, which the RBI has been discussing with market participants. Once again, the key is to reduce transaction costs by automating almost every aspect of the transaction so that even the smallest MSMEs can benefit.

One of the difficulties the poor and small businesses have in accessing credit is the lack of information about them, both up front as they are being evaluated for credit, and after lending where the lender has to monitor them. If savings and payments products are sold widely, and information, including payments to mobile companies, utility companies, as well as the government, collected, then the excluded can build information records that will help them access credit. If, in addition, negative information on defaults is shared in a fair and responsible way through the financial network, every

individual borrower will have something at stake – their credit history – which can serve to encourage timely repayment. This, in turn, can improve the willingness of banks to lend.

The Dr. Nachiket Mor Committee has also opined on how priority sector norms can be altered so that we achieve the objective of credit to priority sectors, even while doing it more efficiently. So, for example, banks that are good at rural lending should do more of it, while banks that are good at lending to micro and small enterprises should be free to specialise there. The Committee advocates attaching weights to performance on different norms and adding performance up. So one bank may achieve its priority sector target by lending predominantly to agriculture, while another may lend only to MSMEs in meeting its target. The weights will be adjusted so that overall targets are met by the system. So if agricultural lending is inadequate while we are getting over-performance on MSME loans, the weight on the former will be increased while the weight on the latter will be reduced. These are interesting ideas, and we will explore them in greater detail.

Finally, let me turn to consumer literacy and protection. As we reach more and more of the population, we have to be sure that they understand the products they are being sold and have the information to make sensible decisions. Caveat emptor or let the buyer beware is typically the standard used in financial markets – that is, so long as the buyer is not actively misled, she is responsible for researching her product choices and making purchase decisions. While this puts a lot of burden on the buyer to do due diligence, it also gives her a lot of freedom to make choices, including of course the freedom to make bad choices.

But with poorly informed and unsophisticated investors, we should consider the Dr. Nachiket Mor Committee's recommendation of setting some guidelines on what products are suitable for different categories of investors. Broadly speaking, the more complicated the product the more sophisticated should be the target customer. Should we move to a norm where a suite of simple products is pre-approved for dissemination to all, but as products get more complicated, financial sector providers bear more and more responsibility to show that the buyer was sophisticated and/or appropriately counseled before she purchased the product?

Of course, the longer run answer is for customers to become more savvy. Can the technology sector help educate people in financial matters? After all, finance is not something most people learn in schools, but it is something they encounter every day in the world. Low cost but high quality distance finance education is something the country very much needs and we look to entrepreneurs here to think of innovative ways to provide it.

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the quality of financial decision making. When products have network effects, technology can ensure not just interoperability, key to obtaining the benefits of networking, but also security, key to maintaining the confidence of people and preventing them from withdrawing from the formal financial system once again. I sincerely hope the successful ICT industry will partner with the finance industry to revolutionise financial inclusion in this country.

Fighting Inflation *

Raghuram G. Rajan

Thank you for inviting me. The Fixed Income Money Market and Derivatives Association of India (FIMMDA) has been playing an important role in the Indian bond, money and derivatives markets. It has been working with the Reserve Bank in various capacities and has helped us address emerging challenges. I thank all of you for that. The sessions in the conference are all of current interest, and therefore, I have chosen to speak on an issue, inflation, which is of paramount relevance to fixed income markets.

As you know, the Reserve Bank of 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". Implicit in these words are the core purposes of the RBI: to foster monetary and financial stability conducive to sustainable economic growth, and to ensure the development of an efficient and inclusive financial system.

Note that the RBI is committed to getting the strongest growth possible for India – there is no difference between us and North Block on this. We believe the best way we can foster sustainable growth in the current situation, other than through developing the financial sector, is through monetary stability – by bringing down inflation over a reasonable period of time. More specifically, we intend to bring CPI inflation down to 8 per cent by January 2015 and 6 per cent by January 2016.

There are a number of points here that need elaborating. First, are we choosing to tackle inflation at the expense of growth? Most people believe there is a

short run trade-off between growth and inflation. By raising interest rates, the RBI causes banks to raise rates and thus lowers demand; firms do not borrow as much to invest when rates are higher and individuals stop buying durable goods against credit and, instead, turn to save. Lower demand growth leads to a better match between demand and supply, and thus lower inflation for the goods being produced, but also lower growth.

Relatedly, if lower rates generate higher demand and higher inflation, people may produce more believing that they are getting more revenues, not realising that high inflation reduces what they can buy out of the revenues. Following the saying, "You can fool all the people some of the time", bursts of inflation can generate growth for some time. Thus in the short run, the argument goes, higher inflation leads to higher growth.

But as the public gets used to the higher level of inflation, the only way to fool the public again is to generate yet higher inflation. The result is an inflationary spiral which creates tremendous costs for the public. Therefore, economists have argued – and a number of Nobel prizes have been given for the ideas contained in the previous paragraphs – that the best way for the central bank to generate growth in the long run is for it to bring down inflation. Sooner or later, the public always understands what the central bank is doing, whether for the good or for the bad. And if the public starts expecting that inflation will stay low, the central bank can cut interest rates significantly, thus encouraging demand and growth. Indeed, the reason the Malaysian Central Bank can keep rates low today to foster growth is because it has fought the battle against inflation and convinced its citizens that, if need be, it will smote the inflationary beast again if it rears its head.

Put differently, in order to generate sustainable growth, we have to fight inflation first. Let me also add that greater public faith that inflation will be low will add stability to our currency, and prevent the kind of gyrations we saw last summer. Exchange rate stability is centrally in business interests.

* Inaugural speech by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India at FIMMDA-PDAI Annual Conference 2014, on February 26, 2014 at Mumbai.

If we have to bring down inflation, we have to start today. We cannot wait till the public's expectations of inflation get more entrenched, and the inflationary spiral gains momentum. This is why we have raised interest rates 3 times since September.

But what about industrialists who tell us to cut rates? I have yet to meet an industrialist who does not want lower rates, whatever the level of rates. But will a lower policy interest rate today give him more incentive to invest? We at the RBI think not. First, we don't believe the primary factor holding back investment today is high interest rates. Second, even if we cut rates, we don't believe banks, which are paying higher deposit rates, will cut their lending rates. The reason is that the depositor, given her high inflationary expectations, will not settle for less than the rates banks are paying her. Inflation is placing a floor on deposit rates, and thus on lending rates.

Currently, therefore, we do not believe the policy rate is at a level where it can affect demand, one way or the other. We do believe, however, that as inflation comes down because of the weak economy and strong food production, the policy rate will become a stronger influence on bank interest rate setting, and will start influencing demand.

A more important source of our influence today, therefore, is expectations. If people believe we are serious about inflation, and their expectations of inflation start coming down, inflation will also come down. Of course, many people form expectations simply by extrapolating the most recent or most salient experience they have. So we also need to take advantage of the current episode of food price disinflation to bring down expectations – yet another reason for acting now.

Let us turn from answering those who want us to go slow to those who want us to do more. If we think inflation is so important, why don't we "do a Volcker" and try and bring down inflation quickly by raising rates sky high? Of course, if we do raise policy rates substantially, banks will also have to raise rates to

match us. While this may lead to a collapse in demand and bring inflation down quickly, it will cause significant damage to the economy – remember the severe recession Volcker's Fed brought about and the Savings and Loan Crisis that followed? A developing country is not in the same resilient position as the United States. Rather than administer shock therapy to a weak economy, the RBI prefers to dis-inflate over time rather than abruptly, while being prepared to do what is necessary if the economy deviates from the projected inflation path. As of now, we believe the rate is appropriately set.

Then there are those who believe we are moving too independently. All we have done thus far is to adopt the reasonable suggestion of the Patel Committee that we focus on CPI inflation rather than WPI inflation as our primary objective. The Patel Committee has also suggested a time horizon to glide down to 6 per cent inflation that seems doable without extreme hardship. If the eventual decision of the Government, in consultation with the Reserve Bank, is to adopt the recommendations of the Mistry, CFSR, FSLRC and the Patel Committees, and focus on some form of an inflation objective, it would be good for the medium term inflation target to be set by the executive or the legislature, presumably based on advice from the Reserve Bank and other experts. The Patel Committee report is out there for public comments and debate, and once we collect and analyse comments, we will take an internal view and then start deliberations with the Government. All this said, international experience suggests that, ideally, once the central bank's objective is given, and the operational target fixed, the Government should leave the technocrats in the central bank to do their job.

Finally, does the Patel Committee intend to turn the RBI into inflation "nutters" focussed on bringing down inflation to the exclusion of all else, including financial stability? Of course not! Medium term flexible inflation targetting means that the monetary policy

committee focusses on inflation over the medium term, being concerned about too high, as well as too low, inflation. That means it may be willing to overlook temporary inflation spikes (such as, this November's inflation numbers) but also raise rates when sustained low interest rates and low inflation increase threats to financial stability – because a financial crisis could lead to deflation. In other words, the monetary policy committee will not put on blinkers and see just the inflation number. A number of emerging markets have adopted some form of targetting, while "non-targetters" like the Fed target inflation in all but name, including putting a numerical target to its goal of price stability.

In the remaining time, I want to present one more issue that has many commentators exercised – they say the real problem is food inflation, how do you expect to bring it down through the policy rate? The simple answer to such critics is that core CPI inflation, which excludes food and energy, has also been very high, reflecting the high inflation in services. Bringing that down is centrally within the RBI's ambit. But I will argue that policy is not irrelevant even in controlling food inflation, though clearly, the Government also has an important role to play.

1. Role of food prices in the high inflation experience of recent years

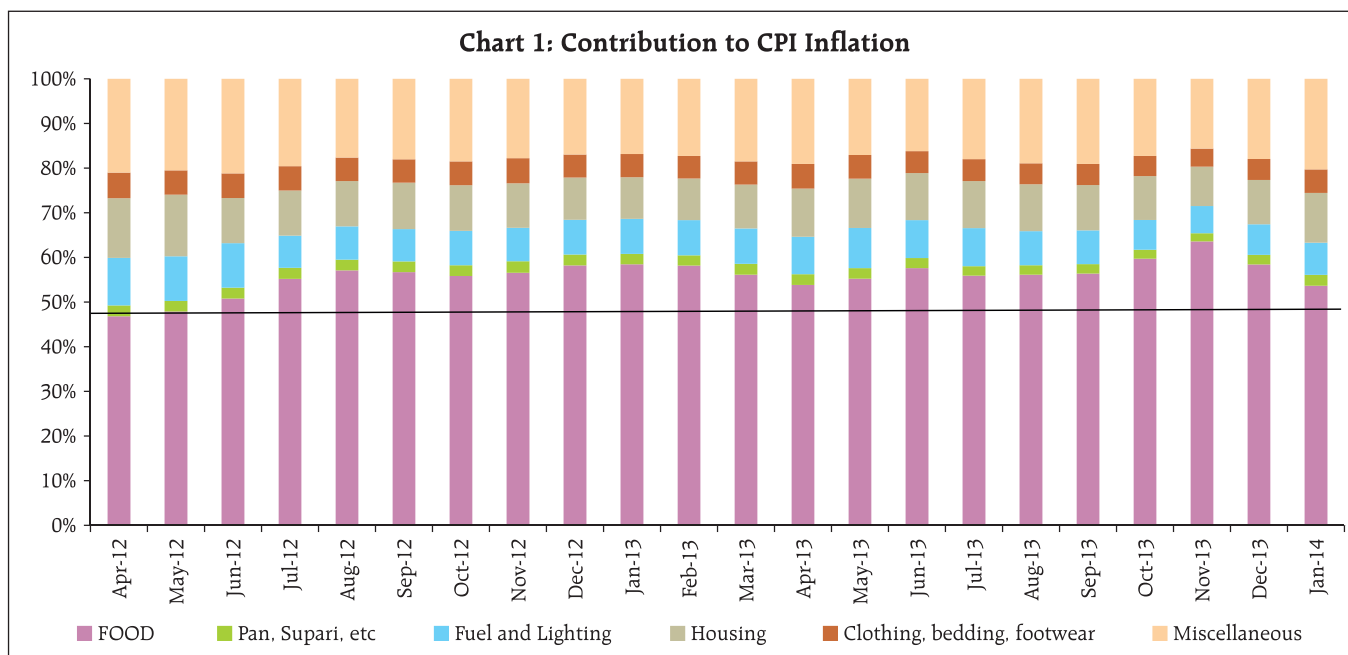
Headline inflation measured by the new CPI has remained in double digits during April 2012 to January 2014, averaging 10 per cent over this period. Food inflation, which has a weight of 47.6 per cent in the index, has contributed the largest share of headline inflation (Chart 1). Food inflation itself has stayed in double digits throughout this period, edging down to 9.9 per cent only in January 2014.

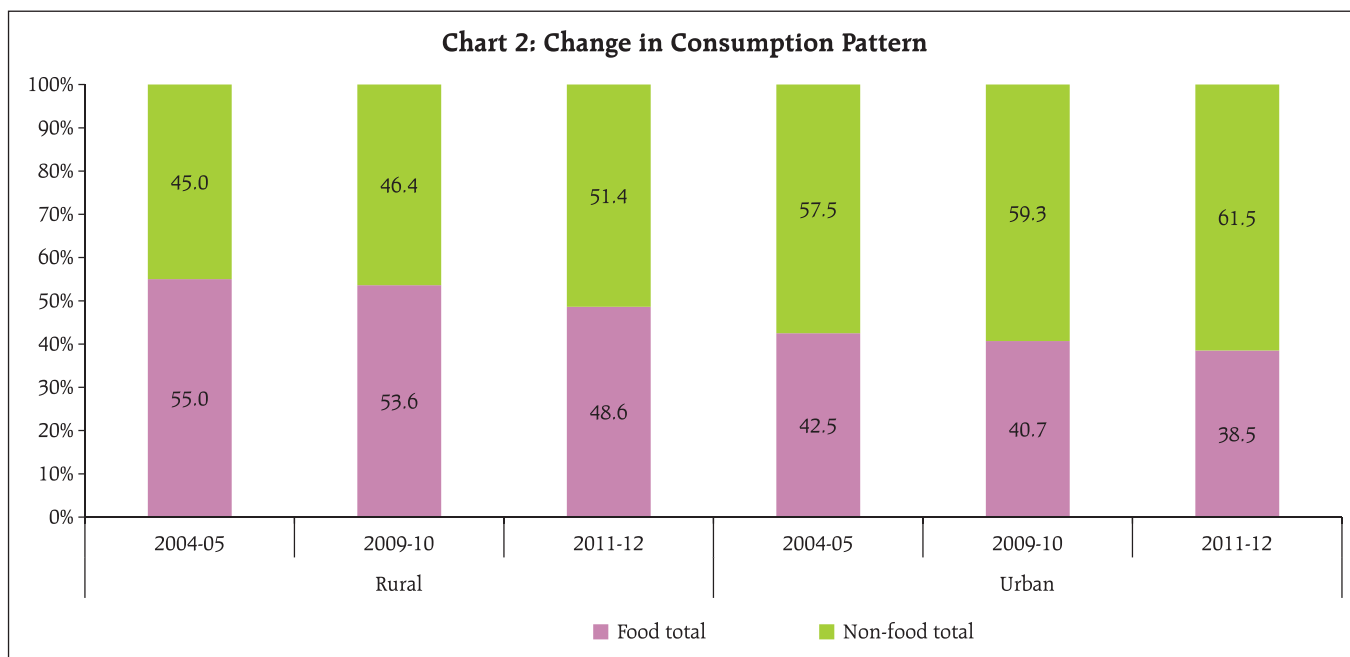
2. Why are food prices high?

Although domestic production has increased steadily, barring reversals in 2009-10 and 2012-13, this has not been reflected in a softening of food prices. Let us try and understand why.

Growing prosperity and dietary shifts

Data on household consumption expenditure show that the share of food in overall consumption has been declining during the last decade (Chart 2), but at a milder pace than the significant relative increase in food prices. This suggests that demand is relatively less elastic to price changes.





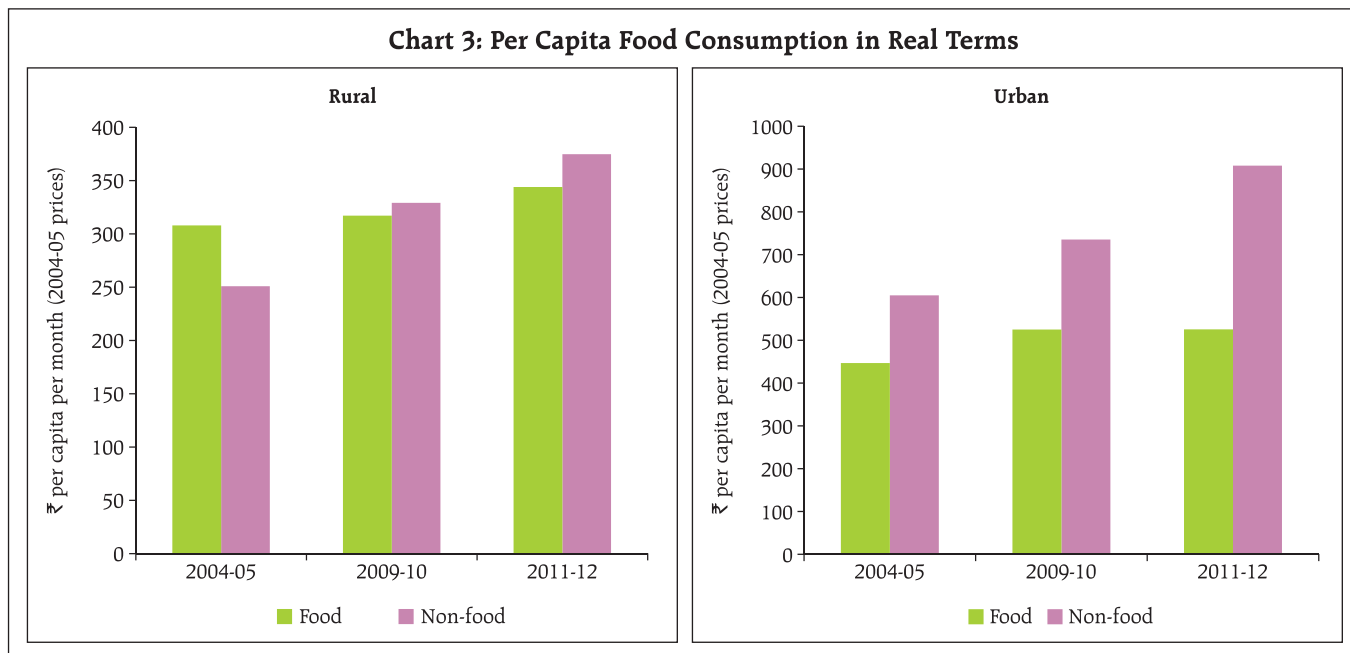
Despite the decline in overall consumption share, per capita food consumption in real terms has increased, particularly in rural areas (Chart 3).

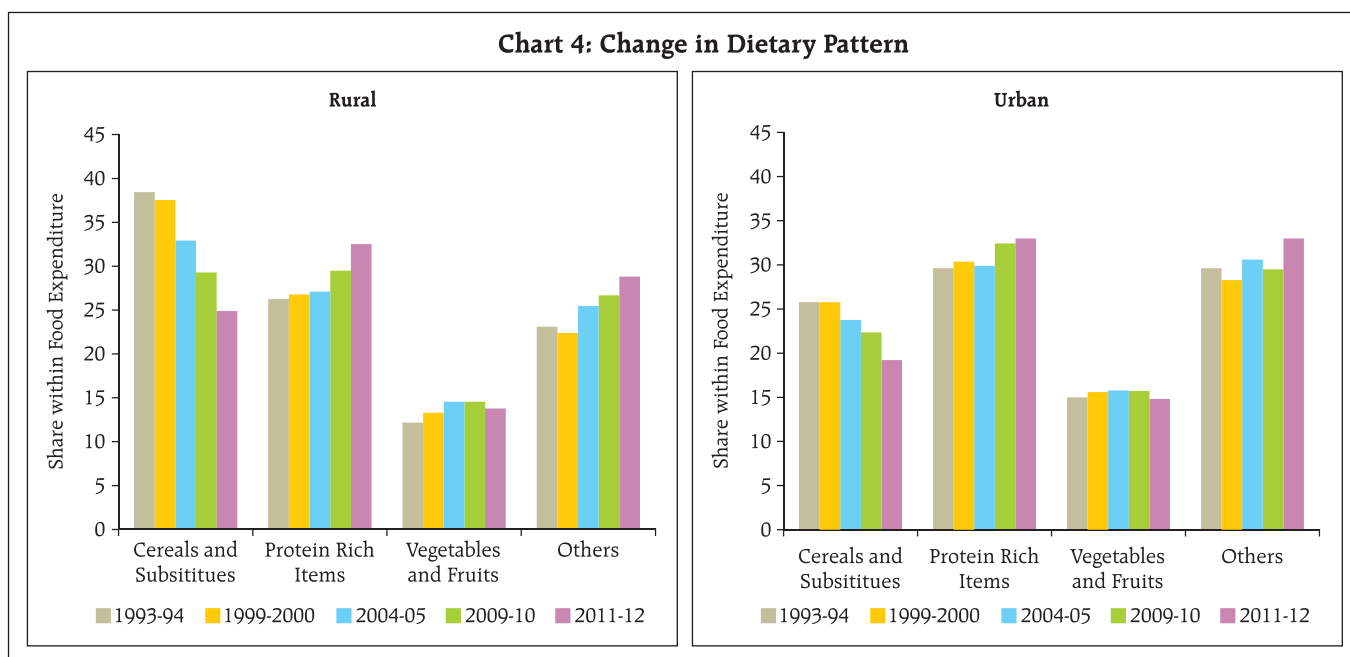
There has also been a distinct shift in dietary patterns towards protein-rich items and other high value foods (Chart 4 and Chart 5). These items, in turn, have been contributing significantly to overall food price increases in the recent period.

Other Possible Causes of High Food Price Inflation

a. Minimum Support Price

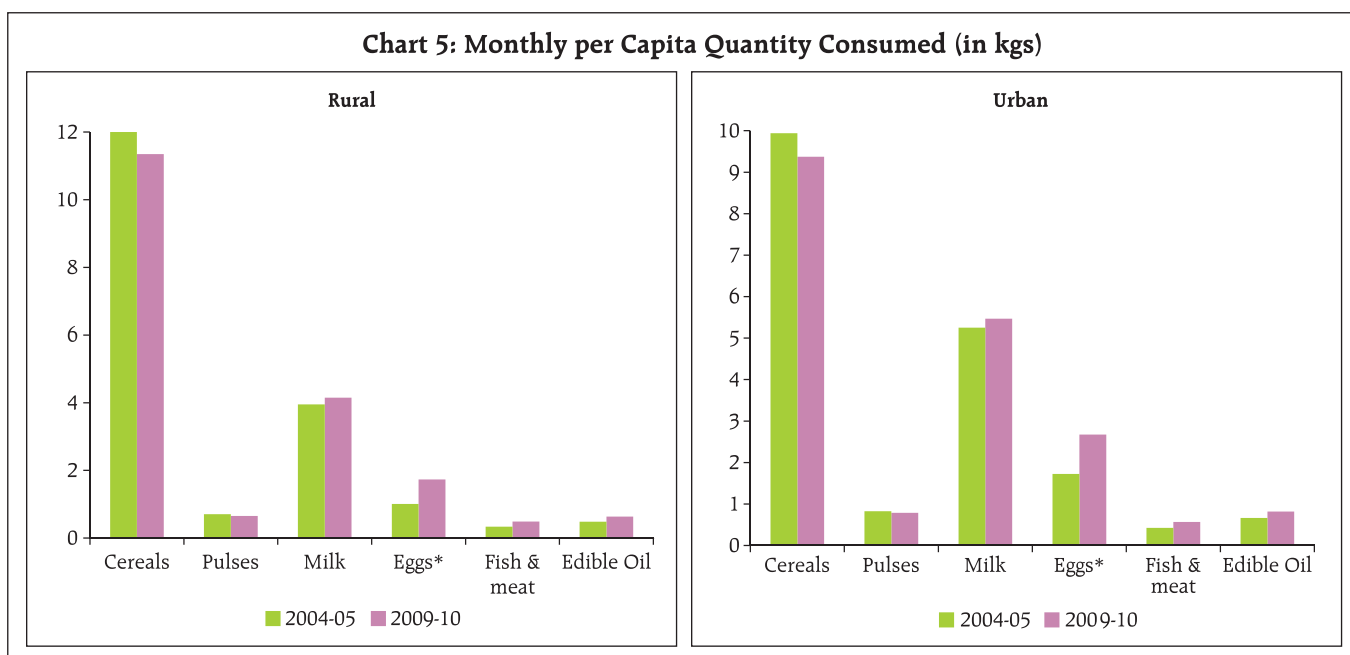
One obvious cause for higher food price inflation that analysts have pointed to is higher minimum support prices (MSP). The minimum support price is set by the Government on the recommendations of the Commission for Agriculture Cost and Prices (CACP), based on a variety of factors including primarily the cost of production and

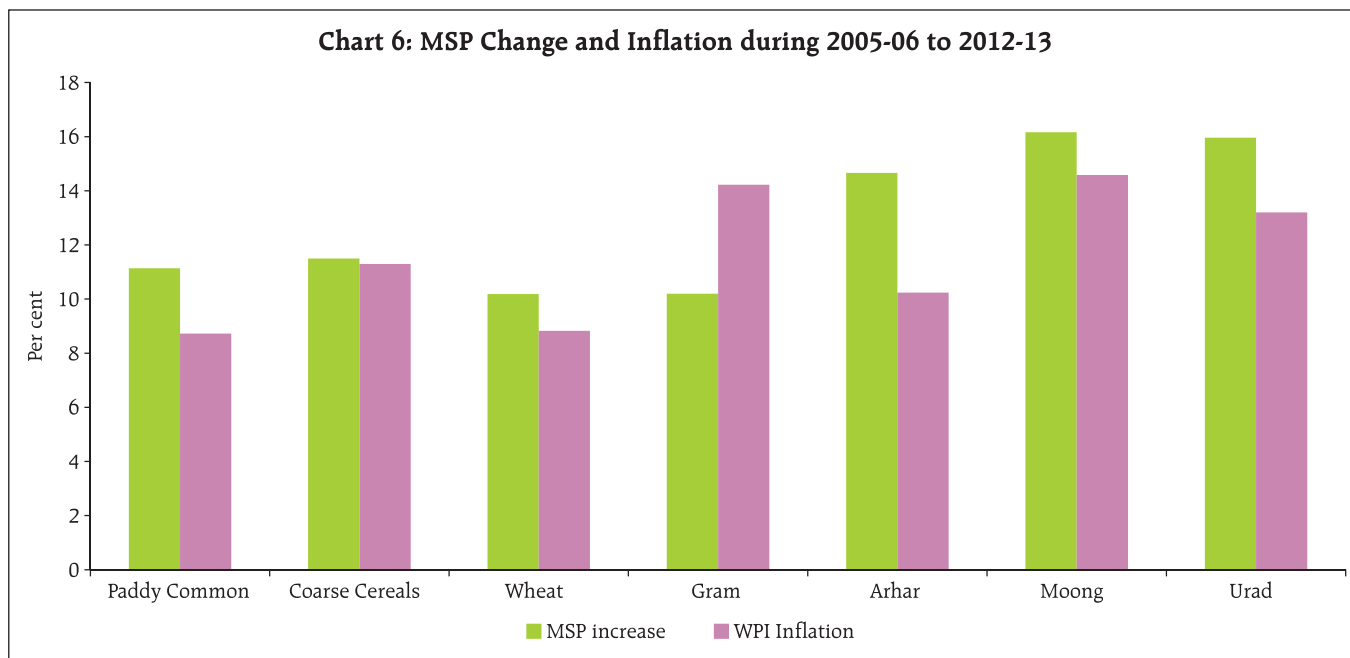




price trends in the market (domestic and international). The crops covered under MSP constitute more than a third of the category 'primary articles' in the WPI. Since minimum support prices are intended to be a floor for market prices, and have sometimes directly set the market price when increases have been substantial, for key crops the rate of price inflation seems to relate to the increase in MSP in recent years (Chart 6).

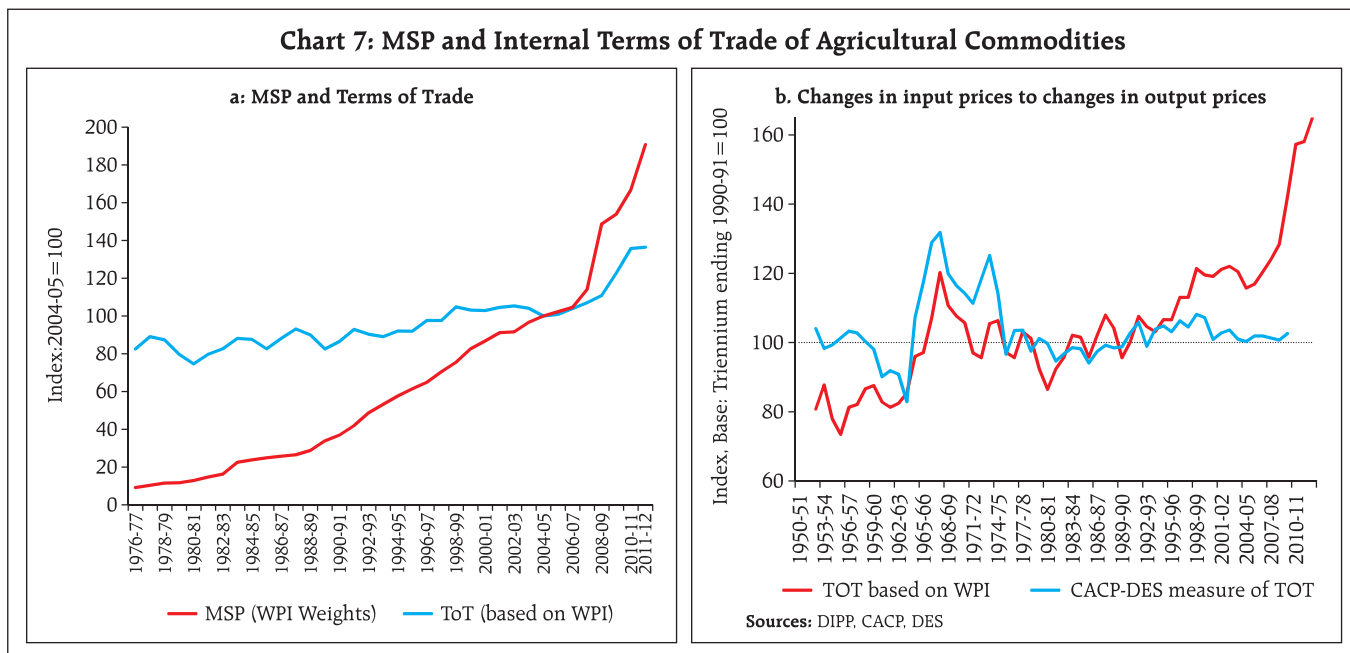
Another way of saying this is that there has been a shift in the relative price of agricultural commodities, engineered by the rise in MSPs. If the idea is to get more food production to meet the rising demand we documented, this is just what is needed. In Chart 7 (a), we plot the ratio of WPI of food to WPI of non-food items. This suggests an appreciable improvement in terms of trade for agriculture.





But when we look at the ratio of changes in input cost over the changes in the output price of agricultural commodities received on the basis of CACP data, it has remained flat, indicating that the gains from MSP increases have not accrued to the farm sector in full measure on account of rising costs of inputs. This may indicate why production growth has not been stronger. What could explain this?

One explanation could be that MSPs also drive input costs, so increasing MSPs is like a dog chasing its tail – it can never catch it. Another could be that since rice and wheat are the primary food commodities procured at the MSP, production is distorted towards rice and wheat, leading to a suboptimal production mix by farmers – too much rice and wheat, and too little of other needed commodities. Both these explanations



would suggest the need for more moderation as the Government sets the MSPs in coming months.

It is useful though, to look at the details of the cost increases. Prices of agricultural inputs, including wages, have recorded a sharp increase during 2008-09 through 2012-13 in comparison with the preceding five years (2004-05 to 2007-08) as shown below (Table 1). Perhaps the most significant increase has been in rural wages.

For example, wage increases have accounted for the largest share of increase in paddy input costs (Chart 8).

Nominal rural wages have grown at a sharp pace during the last five years. Because so many Indian

workers are at subsistence wages, higher food prices do drive rural wages higher, and there is some evidence for this before 2007. From 2007 onwards, however, econometric tests suggest causality has flowed from wages to prices, underscoring the role of rural wages as a major determinant in food price increases. So why has rural wage growth been so strong?

b. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

A sharp pickup in rural wages was seen after the rural employment guarantee program (assuring 100 days of employment to every household whose adult members volunteer to do unskilled manual work) was enacted. MGNREGA may have contributed to the bargaining power of rural workers, but careful econometric studies suggest that it accounts for only a small fraction of the rural wage increase, and indeed, any effect is waning (Chart 9). That said, the indexation of MGNREGA wages suggests its effects in pushing rural wage inflation will not disappear entirely.

c. Rural Liquidity and Credit

There has been an increase in liquidity flowing to the agricultural sector, both from land sales, as well as

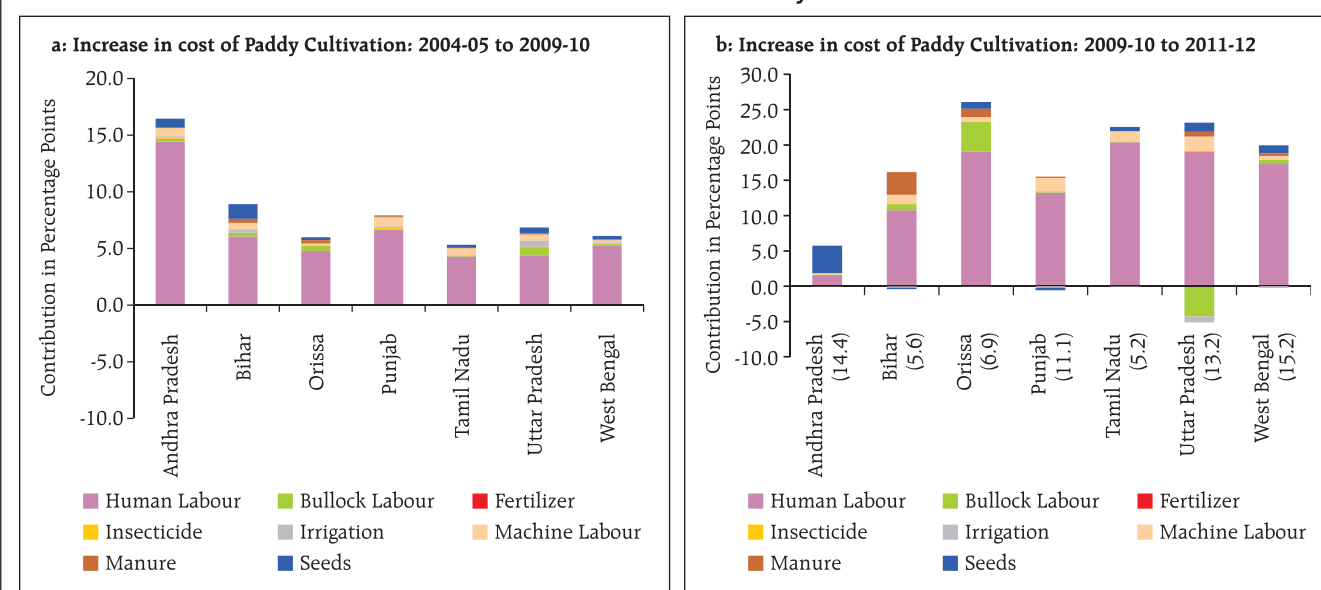
Table 1: Increases in Select Farm Input Prices

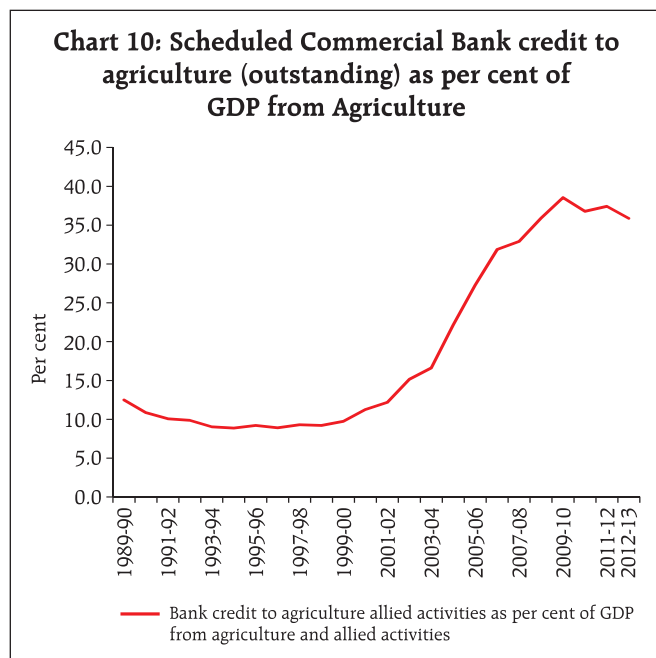
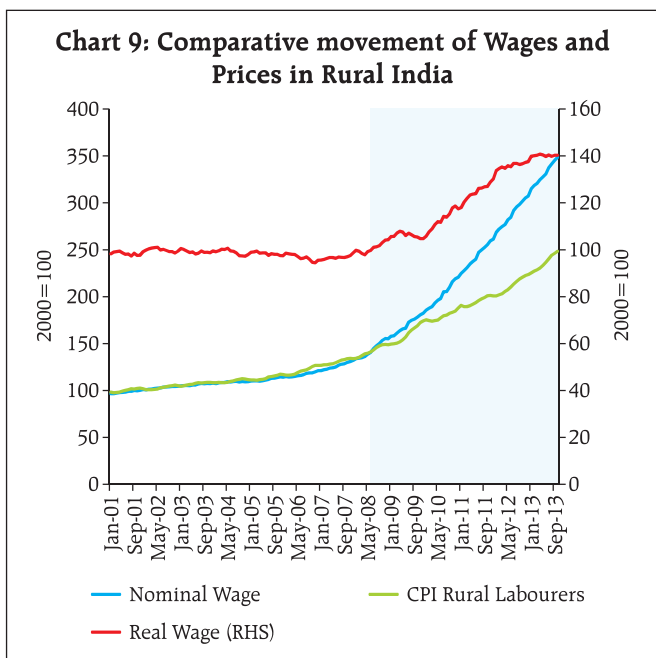
(Annual average, per cent)

	2004-05 to 2007-08	2008-09 to 2012-13
Food Articles	7.3	11.4
Fertilisers and Pesticides	1.7	7.8
Fodder	1.3	19.5
Gola (Cattle Feed)	12.2	10.2
High Speed Diesel	4.5	8.0
Electricity (Agricultural)	2.3	8.7
Tractors	3.6	5.4
Wages (Average)	6.2	17.3

Source: Ministry of Commerce, Ministry of Labour.

Chart 8: Variable Cost of Paddy Cultivation





from a rise in agricultural credit (Chart 10). More loans to agriculture have fostered substantial private investment in agriculture, but may also have pushed up rural wages.

d. Labour shifting to Construction

The labour force has been moving from agriculture to non-agriculture sectors, particularly construction.

This would have the effect of pulling up rural labourers' wages (due to scarcity), especially in the labour supplying states. Total agricultural labour declined from 259 million in 2004-05 to 231 million in 2011-12. Agriculture, which accounted for 60 per cent of total employment in 1999-2000, now accounts for less than 50 per cent (Chart 11 and Table 2).

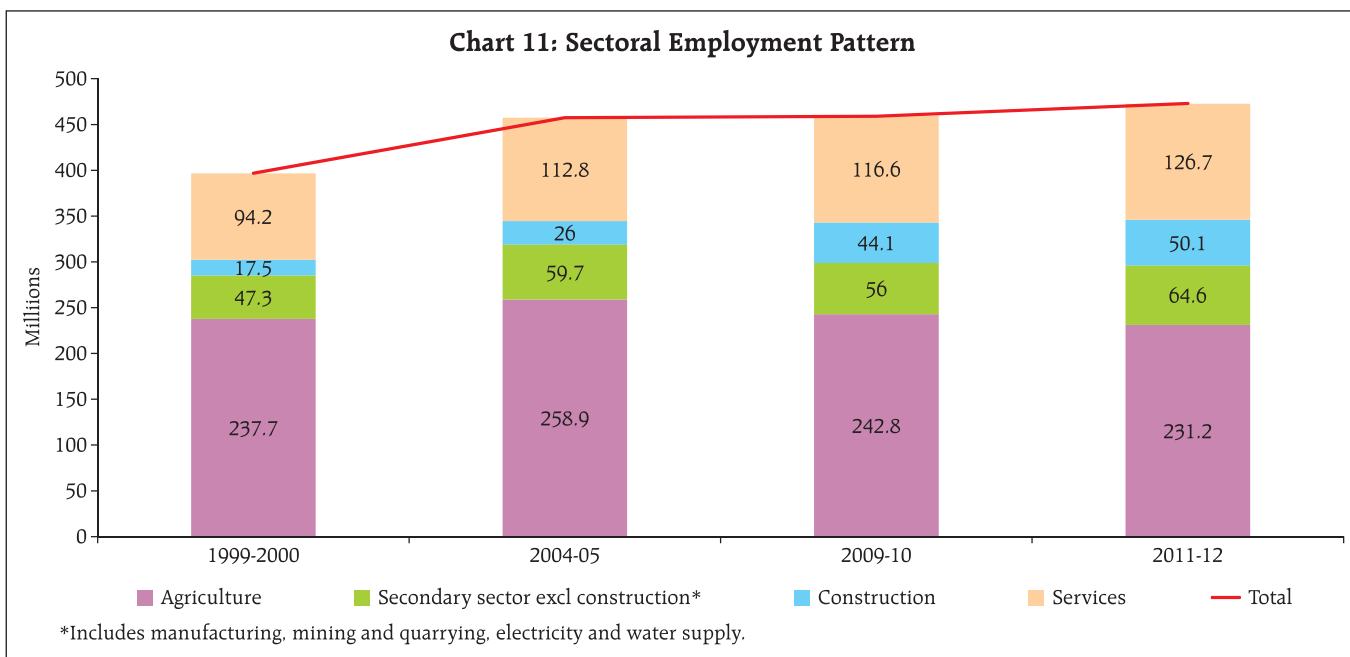


Table 2: Sector-wise Share in Employment

Sectors	(Per cent)			
	1999-2000	2004-05	2009-10	2011-12
Agriculture	60	57	53	49
Secondary sector excluding construction*	12	13	12	14
Construction	4	6	10	11
Services	24	25	25	27
Total	100	100	100	100

*Includes manufacturing, mining and quarrying, electricity and water supply.

Source: NSSO and 12th Plan Document

e. Female participation

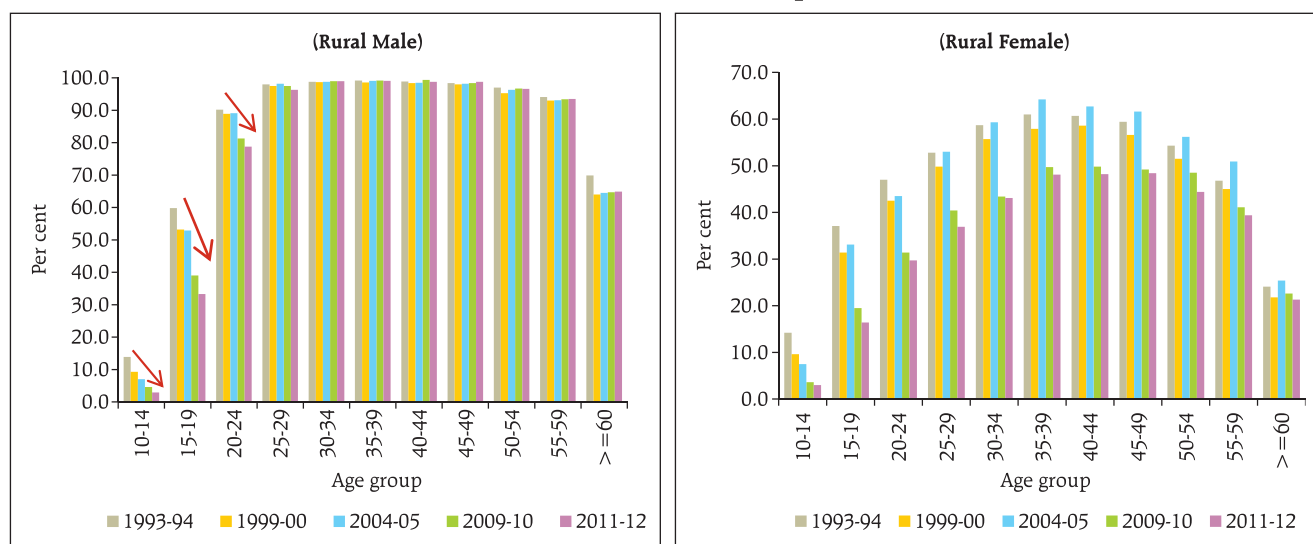
One of the more interesting possible explanations for the rise in rural wages is the changing female participation in rural markets. The female participation rate is down in all the age categories. Improved living standards could lead rural families to withdraw women from the labour force (Chart 12). Also, higher prosperity could lead to greater investment in educating girls (for the age group 10 to 24) again leading to lower participation in the workforce.

3. To summarise

In sum then, when we examine food inflation, a substantial portion stems from an increase in food production costs, primarily rural wage inflation. Some of that is an increase in real wages, needed to attract labour to agriculture, away from construction, education, household work, or MGNREGA. If, however, wages elsewhere also go up, the necessary shift in relative wages to keep agricultural work attractive will not take place, and we will continue to have a wage spiral. Also, some of the agricultural wage growth may be because of more liquidity flowing into rural areas. Somewhat paradoxically, to contain food inflation and get a strong increase in food production, we need to

- i. Contain the rise in wages elsewhere so that relative wages in agriculture can rise without too much overall increase in wages.
- ii. Contain any unwarranted rise in rural wages as well as the rise in other agricultural input costs (though not through subsidies) so that the farmer gets a higher return.
- iii. Allow food prices to be determined by the market and use minimum support prices to provide only

Chart 12: Labour Force Participation Rate



Source: NSSO Employment and Unemployment Survey 2011-12.

a lower level of support so that production decisions do not get distorted or the price wage spiral accentuated. This means limiting the pace of MSP increases going forward.

- iv. Reduce the wedge between what the farmer gets and what is paid by the household by reducing the role, number, and monopoly power of middlemen (amend APMC Acts), as well as by improving logistics.
- v. Improve farm productivity through technology extension, irrigation, etc.

Note that of these steps, monetary policy has a direct role in (i) and (ii) by slowing the demand for labour and by anchoring inflation expectations and thereby moderating wage bargaining. Indeed, with the slowdown in the urban economy, there is some evidence now that rural wage growth is slowing (Chart 13), though a recent pick up is of concern.

Finally, our food prices have largely caught up with global prices (we were the world's largest rice exporter last year). Given that global food prices have been

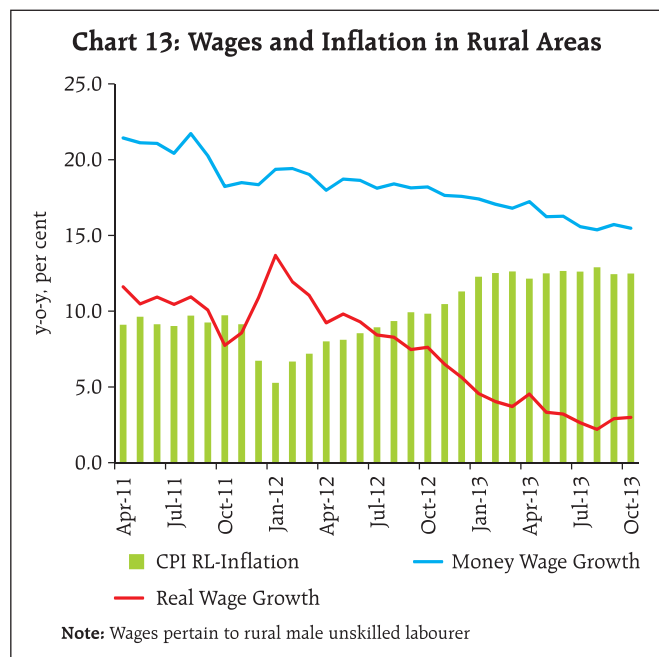
moderating, such moderation should feed through to domestic food prices – provided we do not intervene to prevent the feed-through of global prices, and do not intervene in limiting exports or imports.

Let me emphasise that the RBI welcomes rural prosperity and wants to help increase rural productivity through appropriate credit and investment. But recent inflation has not helped strengthen the hand of the farmer, so the fight against inflation is also in the farmer's interest.

To sum up,

- As prosperity has increased the demand for food, we have needed more food production (or imports).
- Higher agricultural commodity prices should have incentivised farmers to produce significantly more.
- They have, but not enough. Part of the reason may be that farmer earnings are being eaten away by higher costs, most important of which is wages.
- To limit the rise in rural wages, given that it has to rise relative to other wages to attract labour into agriculture, wages elsewhere should not rise as much.
- Monetary policy is an appropriate tool with which to limit the rise in wages, especially urban ones.
- The slowdown in rural wage growth may be partly the consequence of tighter policy limiting wage rise elsewhere.
- Of course, monetary policy's effectiveness in containing other price and wage increases (such as, services prices, which are an important part of the CPI index) is far less controversial.

To conclude, the RBI believes its fight against inflation will have traction, despite food being an important component of the CPI.



*Human Resource Challenges in Indian banks: 'Foolproof'ing the employees**

K. C. Chakrabarty

Smt. Meena Hemchandra, Principal, College of Agricultural Banking (CAB), Pune; Shri R.K.Gupta, Executive Director, Bank of Maharashtra; delegates to the Conference; ladies and gentlemen! I thank the Principal, CAB for inviting me to inaugurate this Conference of HR heads of banks and financial institutions. I feel the choice of theme for the Conference *i.e.*, "Future Proofing of Banking Personnel" is quite interesting. Given that this Conference is now in its 7th year, I wonder whether hitherto you have only been deliberating about 'present proofing' of employees. Given the enormous challenges that the banking profession has countered over the last few years, I can't fault you for doing so. The larger question is whether our banks have now reached a stage where they can feel secure about their existence in future? I will leave that debate for another day and for another forum. Irrespective of the outcome of that debate, there is little doubt that the employees of banks will have a big role to play in whatever future course banks chart for themselves. Hence, the relevance of this brainstorming session on HR function is easily appreciated.

2. So, let me now turn to the theme for the Conference. What do we want to achieve when we say that we are working towards "Future Proofing of Banking Personnel?" The Collins English Dictionary describes a future-proof system as something which is guaranteed not to be superseded by future versions, developments, *etc.* More generally, a future proof system would be expected to have the following

characteristics:

- Not easily destructible
- Flexible and adaptable
- Ability to weather extreme challenges
- Non- obsolescence

3. On an individual bank level, "Proofing" could also mean insulating their human capital from being poached by the rival banks and also planning their man power requirements for meeting the future needs of the business. Thus, the purpose of 'Future Proofing' is to prepare the employees against adverse developments in future. Undoubtedly, the rapidly changing business environment and the impending entry of new banks are posing new challenges for the banks in terms of recruiting skilled personnel and retaining the existing talent, but the larger issue is whether the existing crop of human resources are geared to perform optimally in the existing environment. With this consideration, I would like to give the theme of this Conference a wider sweep. You would agree that even in a benign economic environment with good economic growth as also with most banks having adopted technology, the productivity and efficiency in our system continues to be at extremely low levels. Also, this period has witnessed significant increase in employee compensation across all cadres in the banking sector. So, the need is to not only prepare our banking personnel to face the adverse developments of future, but also to ensure that they perform optimally and take full advantage of a perfectly favourable environment. Hence, rather than attempting to "Future-Proof" the banking personnel, I would like the banks to attempt "Foolproofing" their employees. By "Foolproofing", I mean preparing the employees to deliver what is expected of them. In that sense, the employees need to be proofed against sub-optimal performance under all circumstances, whether favourable or adverse. In my address today, I intend to highlight the key challenges that the HR function in banks in India faces and the measures that are needed for foolproofing the banking personnel not only against the adverse developments but also adequately equip

* Keynote address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Conference of HR Heads of Banks and Financial Institutions held at College of Agricultural Banking, Pune on February 6, 2014.

them to perform to their optimal potential in the 'Business as Usual' conditions.

Human Resource Management (HRM) in Indian banks

4. HRM can essentially be summarised as a function that entails "planning, organising, directing and controlling of activities relating to the development of employees in terms of enabling them to acquire competencies needed to perform their present and future jobs with ease and enthusiasm". The HR function in banks is no different from that in other organisations. It is a continuous process that seeks to ensure the development of employee competencies, dynamism, motivation and effectiveness, in a systematic and planned manner. It also deals with bringing about improvements in physical capacities, relationships, attitudes, values, knowledge and skills of the employees for achieving the objectives for which the bank stands. If you ask me how the HR function has fared against the expectations, my unqualified answer would be that they have failed miserably. Part of it, especially in the case of Public Sector Banks (PSBs), can be blamed on the quality and competence of people that manage the HR function in these institutions. Quite often, the officials in HR departments virtually have no expertise or training in HR management and they land there more as a matter of providence than by design. The failure of the HR personnel in the banks and its impact on their performance has also got partly masked due to lack of competition in the banking segment.

5. In fact, until the opening of the economy in the early 90s, the banks in India generally neglected the human resource function. As I mentioned earlier, this apathy may largely be attributed to lack of competition and abundance of available opportunities which kept the banking sector profitable without breaking much sweat. Even after opening up of the sector, the Government control initially kept the wages under control. As availability of new jobs in other sectors in the post-liberalised economy improved, the banking sector started feeling the pinch. Further, with the entry of new players in the banking sector armed with

innovative products, the system as a whole and the older banks in particular started to face a widening gap in skill sets of human resource. The new Private Sector Banks and Foreign Banks had a head start over their PSB peers as on the back of a market related compensation structure, coupled with technology-supported delivery processes; they were able to acquire younger and more talented staff with newer skills and competencies. The older banks, on the contrary, had to compete with the newer players with a huge baggage of disadvantages. The PSBs also lost trained man power to the newer banks due to attractive compensation structure and better career progression opportunities. It is against this backdrop that HR function in banking sector has not only assumed utmost significance but is also faced with myriad challenges that we would discuss.

Foolproofing Employees: HR Challenges

Defining Job Roles

6. Having set the broader context, let me now turn to specifics. What are the HR challenges in the banking sector and how can we 'foolproof' our employees? In all my interaction with HR professionals in banks, I am told that lack of people is the biggest challenge. Obviously, finding enough people in one of the most populous nations in the world cannot be a challenge. So, what they actually mean is that they are saddled with too many non-performers.

7. This brings me to the first step that I would suggest the banks to initiate towards making their employees "Foolproof" and I begin by asking a few fundamental questions: "Do you know how many people you need for carrying out all activities in your bank? Have you done a detailed analysis of roles and responsibilities of each individual in your respective banks? More crucially, do all desks have a job profile?" At least in the banks that I have worked I have not seen a detailed job role of each individual or a job profile of each desk. Unless you do that, I am not sure how you can be sure of the number of people that you need. Defining job role of each desk would also enable an assessment of

the skill sets required to man that desk. Thus, it would also help the HR in mapping each desk function to the available manpower by imparting training to the existing staff or by recruiting appropriate people with the desirable skill sets. Also, unless you have a detailed job role for each individual how can you make a fair assessment of whether your people are performing or not? I will return to the subject of employee performance measurement in a little while. So, the first task for all of you is to define the job profile for each desk. Believe me, the exercise could throw up some surprising outcomes as it might highlight the redundancies you have in certain job profiles.

Performance Measurement System

8. Let me now come to the second area which needs a thorough overhaul in most, if not all banks- the employees' performance measurement system. Incentivising talent with fairness and transparency is a key objective of HR managers and the goal of the promotion policy of every organisation. A transparent performance management process enhances the abilities and morale of the human resource. As a part of the Top Management in all banks, wherever I have worked, I have faced a typical situation at the conclusion of every promotion exercise. Invariably, I hear from my HR department, that few people are "promotable" but not "postable" and then there are certain others who are "postable" but not getting promoted. The reason for emergence of such a situation is the faulty Performance Management System (PMS) that we have in the banks. The PMS is highly subjective or impressionistic and quite often determined by factors other than actual performance at the work place. In fact, I observe that performance rating of a big majority of the employees falls in the top quartile. But the HR continues to complain about not having adequate number of good people. This dichotomy highlights the failures of the existing PMS in banks.

9. So, as I mentioned before, the way to make the PMS work, is to make it as objective an assessment as possible. We need to identify upfront the performance

benchmarks for each individual and their performance and rating should follow from there. The objectivity in the PMS system would instill more discipline in the way performance is judged across banking system today and enable the banks to devise their reward and motivations schemes accordingly. A related question is how do you deal with the non-performers? I have seen banks with list of top performers but I haven't seen any bank having a list of top non-performers. There could be major potential gains from improving the performance of the top non-performers. An objective PMS will enable you to design your training and development programme based on the individual's strength and weakness. The point I am trying to make is unless you put in place an objective performance management system, you would not be able to improve people and bring in a system of accountability.

10. In the context of promotions, I have a question. Why do you need a grade/scale concept? Why people should move up vertically in the banks? Why can't they seek employment elsewhere if they need promotion and then come back to the same bank at a higher level? It is quite common in the private sector, why can't we have the same in public sector as well.

Training and Development

11. Let me now turn to third challenge that the banks need to overcome for Fool-proofing their employees which is training & development. In fact, training and development remains one of the most maligned aspects of HR management in banks. I have observed utter disregard in the way employees are sent for training. Neither there is an earnest attempt made to assess the utility of training for the employee nor is there any exercise to map the training needs of the individuals on the basis of their core competencies or their placement. This, again is partly on account of lack of a definitive job profile for each functional area.

12. Another important area pertaining to training is behavioral *i.e.* the attitude part. Behavioral training focuses on exploring the unknown and hidden

potential of our human resource, which we call as human capital. With most banks now adopting modern technology, including new delivery channels; technology no longer remains a major differentiator among banks. You must remember that the key differentiator amongst the banks in the decade ahead will be the ability to harness the human capital and building a competitive advantage on the strength of their human resources. While with the implementation of Basel III, banks' return of equity is likely to go down, the same can be recouped by improving the return on their human capital by enabling the ordinary people to produce extraordinary results so as to prop up their sinking bottom lines.

13. I would also like to utilise this opportunity of interacting with the Heads of HR function in the banking sector to share my views on some of the other HR issues which would have a bearing on "Fool Proofing of the banking personnel" going forward.

a) Employees Compensation

14. Finding skilled, experienced, responsible employees is a challenge for human resource departments in any industry, more so in a service-oriented industry like banking. The main task of the HR policy of banks is to create a favourable atmosphere where people get the opportunity to showcase their potential and receive adequate compensation. Inadequacy of compensation is made out as an issue in the PSBs, which encourages attrition. Let me set the record straight here. I have done comparative analysis of the staff compensation in the public sector and private sector banks and my finding is that the average compensation of the public sector bank employees is more than that of the private sector bank employees in this country. Add to that, the job security in a public sector and the scale tilts decisively in favour of the public sector. I think the challenge for the HR heads of PSBs is to percolate this message down to the lower levels. It will help in tackling the challenge of staff attrition and improve employee morale.

15. A related issue that I want to raise is why do public sector banks still conclude industry level wage settlements rather at individual bank level. Some of the banks have precarious financial conditions and if forced to give a raise at par with other banks, that would severely constrain their ability to do business going forward. Therefore, in the long term interest of the banks, it is necessary that each bank revises the wages of its employees as per its ability to pay. Further, why the PSBs cannot even do employee wise negotiations on salary hike as in the private sector? This would be a motivating factor for the performers.

b) Differential Salary Structure

16. The recruitment policy of the banks should be oriented towards having a right-sized and right-skilled workforce in tune with their medium to long term business plans. For instance, in line with the national emphasis on financial inclusion and spreading banking services to unbanked remote areas, it may be necessary to bring in specialists who have knowledge of rural operations, agricultural finance, *etc.* and are willing to work in rural areas. In this context, I wish to raise a debatable issue. Should the PSB Boards not consider appointing employees who would be willing to serve in the rural areas at lower wages? I think it is high time the PSB banks created a differential wage structure for the employees serving in various areas. The spin off benefit of this would be in terms of increased viability of their rural business and increased financial inclusion.

c) Role of the Top Management

17. In a service-oriented industry like banking, the quality of human resources has to be the central plank. Unless the organisations leverage the strength of their human resource to the maximum, they would fail miserably in attaining a competitive edge in the global banking arena. This makes the role of the CMD and Board very crucial. The HR policy needs to be strategically aligned and connected with business. Given the criticality of HR issues, they need to be debated at Board level. Boards of banks need to spend

quality time on formulation and deliberation of strategies involving leadership development, succession planning for critical levels and specialised areas, performance standards, compensation and rewards management, redesign of organisation structure, *etc.* The banks need to have a policy which clearly spells out the short term and long term HR agenda. The CMDs of the banks should spearhead and champion the HR functions to reduce people's anxieties and simultaneously seek higher levels of productivity and performance. They should also frame policies which helps them manage the expectations of their staff, whether at the lower level or at the middle management level.

Road Ahead

18. The current decade is already proving to be a challenging one for the HR professionals in banks, particularly for those in the public sector banks. This is because of the significant number of employees retiring during this decade. This not only poses unique challenges but also presents opportunities for HR managers across the industry. At stake is a chance to transform HR practices and create a workforce that can provide individual banks with a strategic edge in an environment that is likely to become increasingly competitive in the days ahead. The 'retirement decade' provides an opportunity, especially for the PSBs, to transform their work force by hiring the right talent, right-sizing and right-skilling them and thereby bringing about a cultural transformation in the functioning of these banks. As the crop of the 70s bid good bye, the banks have moved on to a fast paced recruitment spree to welcome the gen next. The banks cannot afford to be complacent while recruiting new set of employees as their recruitment decisions today would determine the performance of their respective organisations over the coming decades. They must use more statistical tools to foresee their manpower needs over the medium to long term and prepare themselves by better planning. Sound MIS should form the basis of all manpower planning decisions including recruitment, placement,

performance management, *etc.* The gap in knowledge and work experience between the outgoing and incoming groups is, however, significant and the impact of this transition could be potentially disruptive. This gap needs to be filled by 'mentoring and coaching' the new incumbents by senior executives. The transfer of knowledge from mentor to mentee should be fast. Moreover, the mentor need not be physically present with the mentees; they can be together with the help of technology, sitting at two different places.

19. Although the banks in India have come a long way, they still have a lot of catching up to do to reach international standards. The gap in service delivery standards, innovations in products and services, corporate governance standards, creation of structured financial solutions, *etc.* is still quite wide. Our efficiency and productivity levels do not compare well, even with Asian standards. Our Risk Management systems also need to be strengthened to match global standards. The HR function has a very significant part to play if our banks have to improve on these measures and reach global standards.

20. We all know that banking in the future is going to be quite different from what we have seen and experienced in the past. Hence, we must be willing to shed the methods, structures, policies and technologies that succeeded in the past while retaining the useful elements. Most importantly, our employees' must get away from yesterday's mindsets and you as the HR chiefs; have a very critical role in ensuring this transition. Technology is also compelling us to reinvent ourselves, our methods and our way of doing business. As Peter Drucker, the American Management Consultant has said "we're in one of those great historical periods that occur every 200 to 300 years when people don't understand the world anymore, when the past is not sufficient to explain the future".

Conclusion

21. Going forward, the human resources function in banks would be a key differentiating factor. HR can be

a powerful asset or a debilitating liability depending upon how well it is harnessed. It is one of the most important challenges, rather a risk, which needs to be appropriately managed. For the bank employees to be "Foolproof", the HR personnel would have to review their existing policies and practices and reorient them, wherever necessary.

22. My purpose in putting forth the future challenges facing the banking sector is to enable you to ideate and deliberate on them during the course of the Conference and come out with actionable ideas for reforming the HR in your respective banks. I would like to stress that the "People" factor will be at the centre stage and play a critical role in the transformation of the Indian Banking sector. We need to improve their skill set, mould their mindsets towards providing customer service and convert our human capital into high value factors of production. As future is always difficult to predict, we need not be too disheartened even if employees are not fully "Future-Proof", but we must at least ensure that our employees develop a sense of empathy for the customers and do their best to serve

the objectives towards which their banks are committed. Importantly, the inherent unpredictability in the business environment makes it imperative for HR processes to be flexible and to imbibe this flexibility and adaptability in the organisation's ethos. As heads of HR in your respective banks, it is your duty to optimally harness the potential of your human resources both in the present and in the future. As Thomas Edison said "there is always a better way". We cannot be complacent even with our employees becoming "Foolproof" under the existing environment. We would need to remain alive to the changing business scenario and keep re-visiting our policies and procedures to ensure that the employees stay prepared to face new challenges. The transformation of the HR function has to, necessarily, be top driven and I am sure that the HR heads assembled here would don the role of change agents in their respective organisation.

I wish the Conference all success and wish you successful and purposeful deliberations.

Thank you!

*Financial Regulation: Which Way Forward?**

Deepak Mohanty

I thank Prof. Rajas Parchure for inviting me to this Economic Conclave at the Gokhale Institute. The Conclave has brought together eminent scholars and policy practitioners to brainstorm on issues of contemporary relevance to the Indian economy. Such interchange of ideas is important not only in encouraging research but also in shaping the contours of policymaking.

While the recent global financial crisis taught us several lessons, one key message has been the weaknesses in financial regulation. Greater belief on market discipline led to light touch regulation of financial entities. Even this was found onerous by many entities which shifted their activities outside the regulatory perimeter. Coupled with inadequacies in the pricing and measurement of risks, this led to the build-up of substantial risk in the global financial system.

Against this backdrop, I examine the rationale for regulation in the context of the debate and initiatives in the post-crisis period. I then discuss the approach by the Reserve Bank to regulation and its interface with the new Basel standards and conclude by highlighting some related issues.

Rationale of Banking Regulation

Let me begin by asking the question: Why do we need to regulate the financial system, particularly

banks? This is because banks have a critical role in modern market economies. First, banks channel money from the ultimate savers to the ultimate users of these funds. In this process, they determine which projects should get credit and closely monitor borrowers. These are tasks, which left to a single saver, would be difficult to execute. Second, banks are the backbone of the payments system. Hence, even if a few banks get into trouble, the resultant financial disruptions could be very high. Third, given the primarily short-term nature of banks' deposit contracts and illiquid nature of loans, banks are susceptible to "runs". Even a perceived threat of failure of a bank might induce customers to withdraw their funds from other healthy banks as well. This interconnectedness is much greater for banks than in other industries.

In view of the above risks, there is a justification for intervention by the State through regulation. However, there are opposing views. The *public interest view* which dates back to Pigou (1938) contends that, by addressing market failures, governments regulate banks to facilitate their efficient functioning.¹ Since banking crises impose significant social and economic costs, their prevention is often an explicit goal of public policy. The other view, often labelled the private interest view, accepts the presence of market failures, but conceives regulation as a product whose outcome is determined by the interplay between suppliers and demanders.² What this means is that different interest groups compete to influence policies towards banks in ways that favour their vested interests, even if those might be socially sub-optimal.

In this context, it is interesting to observe that the importance of regulation was not lost on Adam

* Speech by Shri Deepak Mohanty, Executive Director, Reserve Bank of India at the Economic Conclave on the theme "Indian Economy: Performance and Challenges", Gokhale Institute of Politics and Economics, Pune, February 15, 2014. The assistance provided by Dr. Saibal Ghosh in preparation of this paper is acknowledged.

¹ A Pigou (1938). *The Economics of Welfare*, 4th Ed (London: Macmillan)

² G. Stigler (1971). "The Theory of Economic Regulation." *Bell Journal of Economics and Management Science* 2, 3-21.

Smith, arguably the greatest proponent of *laissez faire*, when he observed that:³

Such regulations may, no doubt, be considered as in some respect a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as or the most despotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the same kind with the regulations of the banking trade which are here proposed.

While there is evidence in support of both these views, the balance of argument is in favour of regulation which has been further reinforced by the recent global financial crisis.

Crisis and Regulation

Before I delve into regulatory initiatives following the recent crisis, let me briefly touch upon the earlier initiatives following the Asian crisis in the mid-1990s. The Basel Core Principles for Effective Banking Supervision were expedited and initiatives such as the IMF-World Bank Financial Sector Assessment Program (FSAP) took shape. The Basel II regulatory framework also saw the light of day. These international efforts were complemented by national initiatives at strengthening the supervisory architecture.

The financial crisis that began in 2007 and morphed into a full-blown catastrophe with the collapse of Lehmann Brothers in 2008 served as a rude awakening as to how piecemeal those efforts towards

revamping the regulatory architecture had been.⁴ A microprudential approach to supervision coupled with information gaps and asymmetries limited the ability of supervisors to monitor risk exposures, risk transfers and threats to systemic stability. Indeed, a recent World Bank study on differences in regulatory and supervisory practices across 143 jurisdictions comprising both advanced and emerging economies highlights the fact that not only did crisis countries allow for less stringent definitions of capital but they also had less strict exposure limits.⁵

In addition, several "too-big-to-fail" institutions remained outside the regulatory perimeter. The comingling of rating and advisory services by credit rating agencies perhaps gave a false sense of comfort to the supervisors. Furthermore, misalignment in incentives between home and host supervisors impeded cross-border information sharing. Although institutions became international in scale and scope of their operations, regulation remained pre-dominantly national in character, eroding the efficacy of the supervisory apparatus.

In response to these deficiencies, the leaders of the G-20 mandated the Financial Stability Board (FSB) with enhanced role and responsibilities to promote effective regulatory and supervisory policies. As part of this agenda, the Basel Committee has prepared new capital and liquidity requirements for banks. The Basel regulatory framework rests on three pillars: Pillar I: minimum capital requirements; Pillar II: supervisory review and evaluation process, and Pillar III: market discipline. First, the quality of capital that a bank holds has been improved along with the inclusion of two buffers: a microprudential *capital conservation*

³ Adam Smith. *An Inquiry into the Nature and Causes of the Wealth of Nations* [E-book, 2009]. (Book II – Of the nature, accumulation and employment of stock; Chapter II: Of Money, considered as a particular branch of the general stock of the society, or of the expense of maintaining the national capital).

⁴ R. G. Rajan (2010). *Fault Lines: How Hidden Fractures Still Threaten the World Economy*. Princeton NJ: Princeton University Press.

⁵ World Bank (2012). *Global Financial Development Report* (Rethinking the role of the state in finance). The World Bank: Washington DC.

buffer designed to cushion banks during periods of stress overlaid with a macroprudential countercyclical buffer, to be applied by national authorities to smooth cyclical swings. This has been supplemented with a backstop leverage ratio requiring banks to hold a minimum amount of equity as proportion of their total assets. Capital surcharges have been introduced for market and counterparty risk, including incentives for banks to use central counterparties for OTC derivatives, higher capital requirements for trading and derivative activities, securitisation and off-balance sheet exposures.

Second, in order to address imprudent maturity transformation, the Basel Committee has introduced two new liquidity ratios: the Liquidity Coverage Ratio (LCR) requiring banks to have adequate funds to meet severe liquidity stress over a period of 30 days and the Net Stable Funding Ratio (NSFR) requiring banks to hold an adequate amount of stable funds over a one-year horizon.

Third, the stipulations under Pillar II have also been substantially strengthened with improved requirements on corporate governance and stress testing. The disclosure standards under Pillar III have also been upgraded which include a detailed description of capital instruments and its components.

Fourth, the FSB has come up with a broad range of proposals, including those related to compensation practices, credit rating agencies and dealing with too-big-to-fail issues.

Fifth, the IMF has also raised the profile of financial stability assessments under the FSAP of 25 jurisdictions with systemically important financial sectors which includes India.

Let me now turn to key initiatives at the national level in major jurisdictions. Countries have reoriented their institutional arrangements with an overarching focus on financial stability. Three broad models of such

arrangements are discernible. In the first case, the central bank has been assigned the role of systemic stability regulator. This approach is best exemplified by the Financial Policy Committee (FPC) of the UK. In the second case, a coordinated systemic stability regulatory council, typically headed by the chief of the Treasury and comprising of heads of national financial supervisors, has been advocated. The Financial Stability Oversight Council (FSOC) of the US is an example of such an approach. The third model is the European Systemic Risk Board (ESRB) arrangement. Its main focus is ensuring macroprudential oversight of the financial system within the European Union (EU) so as to mitigate systemic risks to financial stability in the EU.

The above jurisdictions are also contemplating regulations that impose restrictions on the scope of banking activity, or have already taken steps towards doing so. These include the Volcker rule in the US, the Vickers Commission in the UK and the European Commission's Likanen Report. Draft legislations in this regard are underway in Germany and France.⁶

The aftermath of the crisis has also pointed to a need for reforms in the shadow banking system⁷. In the US and elsewhere, policymakers are engaged in debates to ensure that the risks inherent in shadow banking are appropriately understood and managed. The FSB has recently published its *Global Shadow Banking Monitoring Report* examining the interconnectedness between banks and non-banks.

While several initiatives have been taken, it is not clear how safe they would make the financial sector. There are views that the Basel capital standards have

⁶ L. Gambacorta and A van Rixtel (2013). Structural bank regulation initiatives: Approaches and implications. BIS Working Paper 412, BIS: Basel.

⁷ The definition of shadow banking, as adopted by the Financial Stability Board (FSB, 2011) is *credit intermediation involving entities and activities outside the regular banking system*.

become too complex for their own good.⁸ To quote from Admati and Hellwig (2013):⁹

Today's banking system, even with proposed reforms, is as dangerous and fragile as the system that brought us the recent crisis. But this situation could change.

What is important to note is that the global financial crisis has triggered a healthy discussion on the best approach to regulation and supervision. This will inform the regulatory process going forward, leading to better future outcomes. Let me now turn to our experience with financial sector reforms and regulation in India.

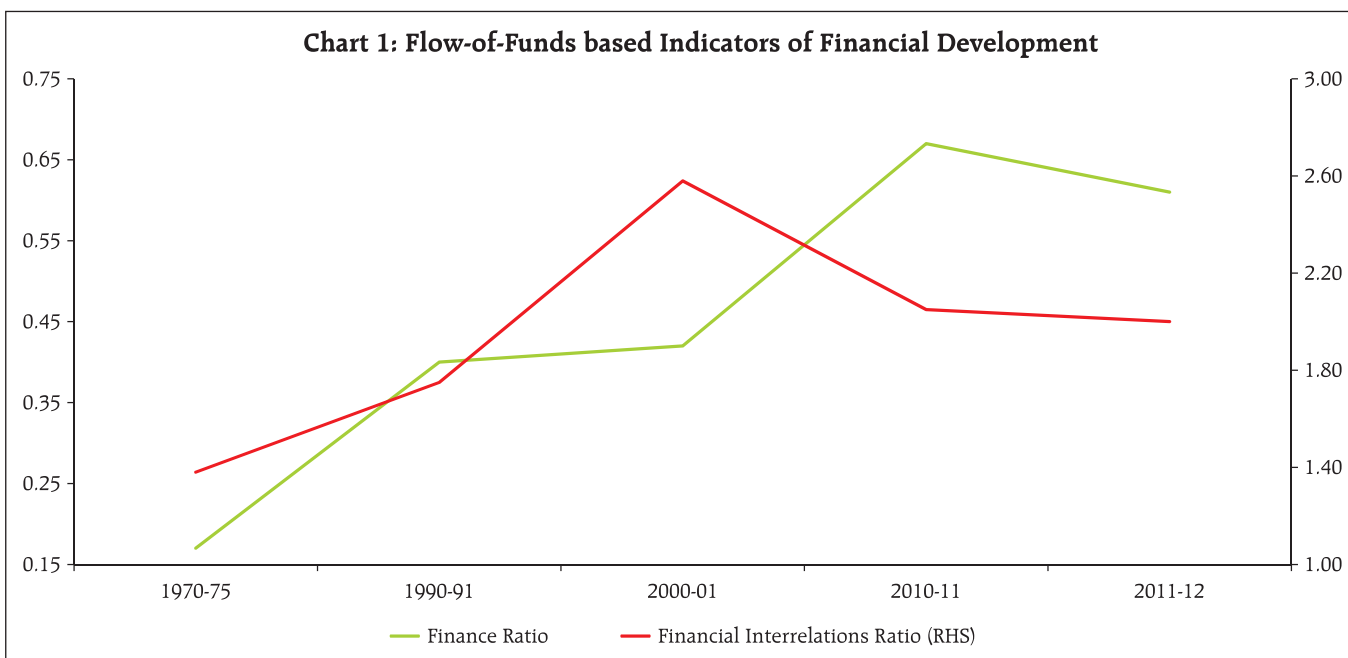
The Indian Approach

In India, the financial system till the early 1990s was essentially geared towards the needs of planned development, with an overarching role for the government. A large proportion of bank deposits was pre-empted in the form of reserves. Added to this was an administered regime of interest rates characterised by detailed prescriptions by size, purpose and activity.

The penetration of technology was limited and the quality of customer service was low. Consequently, the banking system was characterised by low competition, insufficient capital, low productivity and high intermediation costs.

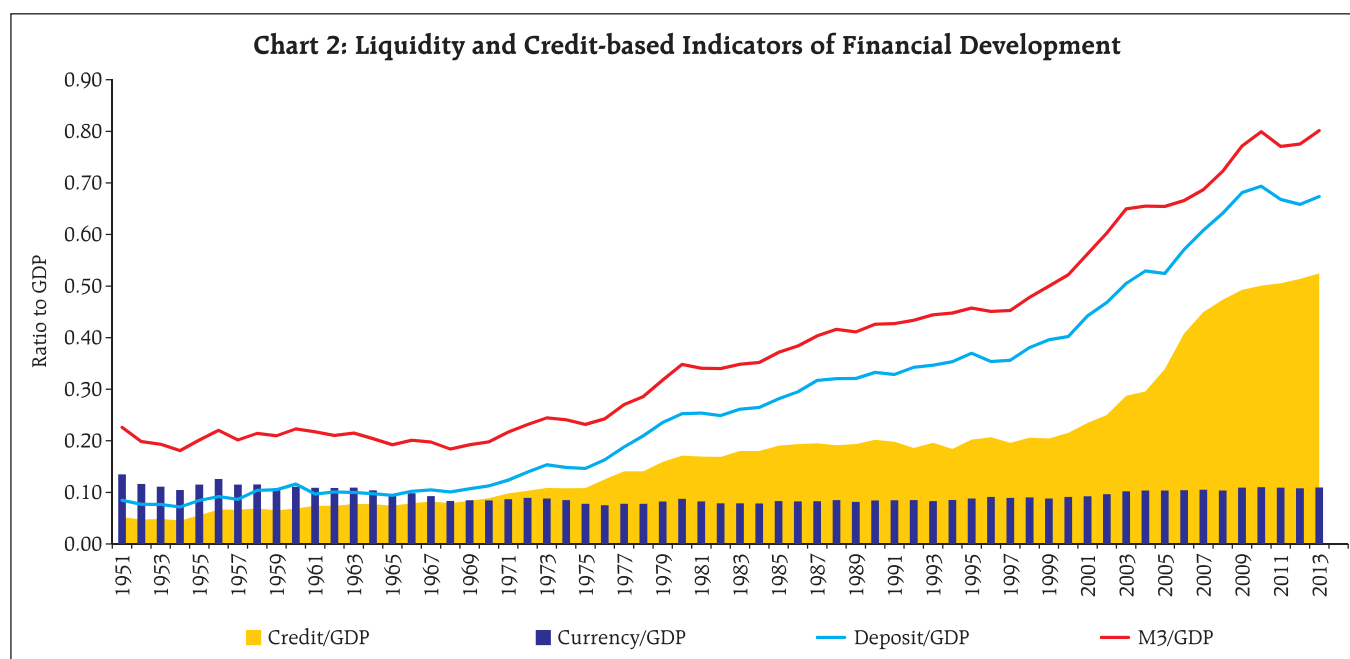
Financial sector reforms since the early 1990s was premised on the idea that the competitive efficiency in the real sector can only be fully exploited when accompanied by substantive improvements in the financial sector. Accordingly, the major focus of such reforms was to improve the allocative efficiency of resources. Concurrently, reforms have also focused on developing financial markets, removal of structural bottlenecks, introduction of new players and instruments, market-determined pricing of financial assets and improved clearing and settlement practices. In essence, the thrust has been to create depth and liquidity and promote efficient price discovery.

Indeed, the progress of financial development is evidenced from the various financial ratios at the macro level (Chart 1). Illustratively, the finance ratio – the



⁸ A Haldane and V. Madouros (2012). "The dog and the frisbee". Paper presented at the Federal Reserve Bank of Kansas City's 36th Economic Policy Symposium, The Changing Policy Landscape, Jackson Hole, WY, USA.

⁹ A. Admati and M. Hellwig (2013). *The Bankers' New Clothes*. Princeton University Press.



ratio of total financial claims in the economy to national income – has risen from 0.17 during the early 1970s to 0.61 by 2011-12, indicating financial deepening. Similarly, the financial interrelations ratio – the ratio of total financial claims to net domestic capital formation – has increased from 1.38 to 2.0 during the corresponding period.

The liquidity- and credit-based indicators also paint a similar picture. For example, the credit-to-GDP ratio and the broad money (M_3)-to-GDP ratio have both increased substantially over the years (Chart 2). Interestingly, while currency-to-GDP ratio declined somewhat, it is the sharp increase in deposits-to-GDP ratio since the mid-1970s that pushed up the money supply, reflecting a greater role of the banking sector in economic development.

In terms of regulation, reforms have evolved to gradually bring the Indian norms at par with international best practices, while taking on board the country-specific considerations. Accordingly, prudential norms relating to capital adequacy income recognition,

asset classification and provisioning (IRAC) were introduced early in the reforms process.

India was one of the earliest countries that employed macroprudential measures in 2004 by imposing higher risk weights on bank lending to selected sectors that seemed in danger of over-extension. While cross-national studies on the efficacy of macroprudential policies are not entirely conclusive¹⁰, the balance of evidence in the Indian context appears to suggest that these measures were effective in moderating credit expansion.

The robust regulatory framework, well-managed banking system and timely and proactive action by the policymakers prevented any serious contagion of the global financial crisis that unravelled in 2008. However, the long-drawn global recessionary headwinds and several domestic policy uncertainties began to

¹⁰ S. Claessens, S.R. Ghosh and R.Mihet (2013). "Macroprudential policies to mitigate financial vulnerabilities." *Journal of International Money and Finance* 39, 153-185.

gradually seep their way through into the macro-economy, compounding the policy challenges.

The crisis fast-forwarded several of the reforms that were on the anvil. The time dimension of macroprudential policies were supplemented with measures that focused on the cross-section such as limits on cross-investments in capital instruments of banks and financial institutions, limits on aggregate uncollateralised inter-bank liabilities and limits on bank investments in mutual funds. Recognising that credit quality concerns could derail the stability of the financial system, a higher Provisioning Coverage Ratio was stipulated for banks. This is proposed to be replaced by a more robust dynamic provisioning practice, which is expected to be in place with improvements in the system.

In addition, guidelines have been issued for unhedged foreign currency exposures of corporates, measures announced for restructuring of advances by banks and financial institutions, guidelines issued on liquidity risk management and banks' exposures to group entities. The oversight of banks is strengthened with the introduction of Risk Based Supervision (RBS) process, beginning April 2013. The consultative process in supervision has also been buttressed with the establishment of supervisory colleges and the signing of MoU with several overseas financial sector regulators.

Even before the crisis, the institutional arrangement in the financial sector was already in place for inter-regulatory co-ordination to monitor financial stability in the economy. A High Level Co-ordination Committee on Financial Markets (HLCCFM) was set up in 1992 with the Governor of the Reserve Bank as Chairman, and the Chiefs of the Securities and Exchange Board of India (SEBI), the Insurance

Regulatory and Development Authority (IRDA) and the Pension Fund Regulatory and Development Authority (PFRDA), and the Finance Secretary to Government of India as members. However, post-crisis, the collegial approach to financial stability has been further strengthened by constituting the Financial Stability and Development Council (FSDC).

In addition, various committees of the Reserve Bank's Central Board monitor financial stability issues: the Board for Financial Supervision reviews the Reserve Bank's supervisory and regulatory initiatives and the Board for Payment and Settlement Systems oversees the overall functioning of the payment system.

Keeping in view the manifold requirements of finance for an ever-expanding economy, the Reserve Bank undertook a review of the existing banking structure in terms of its size, capacity, ability to meet divergent credit and banking services needs, access and inclusiveness. As part of this process, a Discussion Paper on Banking Structure was released, taking on board the observations made by earlier committees in this regard. Two salient features of the Discussion Paper were advocating a multi-tiered banking structure to cater to various niches of the society supplemented by a process of continuous authorisation for new banks to enhance competition, enrich product diversity and promote newer ideas in the financial marketplace. I might also mention in this context that the recently released report of the RBI-appointed Committee tasked with the mandate of broadening access to finance chaired by Dr. Nachiket Mor has also advocated different categories of banks that can collectively meet the needs of the economy.

Going forward, as the financial sector grows in size and complexity, newer forms and dimensions of

risk will emerge that will need to be carefully monitored. A beginning has already been made with issuance of guidelines on domestically systemically important banks (D-SIBs) and the creation of a central repository on large common exposures.

Conclusion

Let me conclude by highlighting some issues of relevance to the financial sector.

First, the quality of loan portfolio of financial institutions is directly dependent on the health of the non-financial enterprise sector. However, the current weaknesses in corporate balance sheets partly due to subdued economic environment have been feeding into banks' balance sheets. This trend, if left unchecked, could ultimately impinge on financial stability. In this context, the Reserve Bank has recently outlined a corrective action plan for tackling delinquent loans, including incentivising their early identification, timely revamp and prompt steps for their recovery or sale.

Second, there is a need to further beef up the levels of transparency and disclosures standards. Several countries have begun publishing financial stability reports (FSRs) to provide an objective assessment of the risks and vulnerabilities confronting their financial systems. However, publishing a FSR is not by itself sufficient to ensure financial stability.¹¹ FSRs for many countries are less than comprehensive owing to serious data gaps, which impede a holistic assessment of their financial sector, particularly the non-banking sector. While we have expanded the depth and analytical content of our FSRs, we are also looking

into the data gaps in the financial sector that need to be addressed to improve our assessment.

Third, as we move along the path of stricter and more comprehensive regulation, it is important not to lose sight of the pricing mechanism, as determined by market forces. In India, we have, over time, moved away from an administered structure of interest rates, both on the lending and the deposit sides. These deregulations have given flexibility to banks to price their deposits and loans and have improved access to formal finance. Notwithstanding these advancements, distortions in pricing still persist which need to be addressed.

Fourth, in an underdeveloped financial system, lenders and borrowers may be two distinct categories. However, as the economy has gathered momentum and competition among banks has intensified, newer areas of lending, such as those for housing, education, automobiles – broadly categorised under the rubric of retail loans – has emerged, blurring the watertight distinction between lenders and borrowers. Hence, competitive and transparent pricing of both deposit and loan products has become important to enhance social welfare.

Fifth, the recent global crisis has highlighted the relevance of improving investor awareness, not only for ensuring orderly market conditions, but also for efficacy of regulation. However robust the regulatory framework might be, unless the small investor is adequately informed, it is possible for fly-by-night operators to exploit the regulatory arbitrage. In this context, the Reserve Bank is taking steps to improve awareness through the financial literacy campaign.

To sum up, the global financial crisis has given a greater macroprudential orientation to financial

¹¹ M. Cihak, S. Munoz, S. T. Sharifuddin and K. Tintchev (2012). Financial stability reports: What are they good for? IMF Working Paper 1. IMF: Washington DC.

regulation and emphasised on better quality capital so as to safeguard financial stability. While there are differences in views on matters of details, there is broad acceptance of the new direction in regulation. India being a participant in global initiatives, with presence in various international bodies, our effort has been to adopt international best practices with

necessary modifications to suit our local conditions. However refined the financial regulation might be, it cannot compensate for weaknesses in the real economy. Hence, macroeconomic stability characterised by fiscal prudence sustainable growth with low inflation is important to preserve the overall stability of the financial system.

Thank you.

ARTICLES

Developments in India's Balance of Payments during
Second Quarter (July-September) of 2013-14

Survey on International Trade in
Banking Services: 2012-13

Survey on Computer Software & Information
Technology Enabled Services Exports: 2012-13

*Developments in India's Balance of Payments during Second Quarter (July-September) of 2013-14**

The data on India's Balance of Payments (BoP) are published by the Reserve Bank on a quarterly basis with a lag of one quarter. This article presents the analysis of major developments in India's BoP during the second quarter (July-September) of 2013-14.

Balance of Payments during July-September (Q2) of 2013-14

India's BoP outlook improved in Q2 of 2013-14 as Current Account Deficit (CAD) recorded a steep decline owing to a significant contraction of trade deficit. The positive development was, however, offset to some extent by a net outflow of portfolio investment in Q2 of 2013-14 after an indication by US Fed on the probable tapering of its quantitative easing. Slowdown in net capital inflows and a downward pressure on the exchange rate led to a drawdown of foreign exchange reserves during the quarter. The developments in the major items of the BoP for Q2 of 2013-14 are set out below in Table 1.

Goods Trade

- On a BoP basis, merchandise exports increased by 11.9 per cent to US\$ 81.2 billion in Q2 of 2013-14 as against a decline of 8.8 per cent in Q2 of 2012-13. The surge in exports largely reflected renewed export demand from advanced economies and correction in rupee value apart the impact of various measures taken by the Government to boost exports.

* Prepared in the Division of International Trade and Finance, Department of Economic and Policy Research, Reserve Bank of India. Time series data on BoP are available on RBI website at dbie.rbi.org.in. In addition, the disaggregated quarterly data on invisibles are being released separately on RBI website.

- Broad based export growth was reflected both in terms of destination countries as well as commodities. In Q2 of 2013-14, exports to EU, US, Switzerland, Saudi Arabia, China, Hong Kong and Malaysia grew significantly. Commodity-wise analysis shows that rice, oil meal, marine products, raw cotton, iron ore, engineering goods and readymade garments witnessed a significant growth during the quarter.
- On a BoP basis, imports at US\$ 114.5 billion, recorded a decline of 4.8 per cent in Q2 of 2013-14 as compared with a decline of 3.0 per cent in Q2 of 2012-13. The decline was mainly attributed to a moderation in gold imports by about 65 per cent in Q2 of 2013-14.
- Apart from the measures taken by the Reserve Bank and the Government to curb gold imports,

Table 1 : Major items of India's Balance of Payments

(US\$ Billion)

	Jul-Sep		Apr-Sep	
	2013-14 (P)	2012-13 (PR)	2013-14 (P)	2012-13 (PR)
1. Goods Exports	81.2	72.6	155.2	147.6
2. Goods Imports	114.5	120.4	238.9	239.2
3. Trade Balance(1-2)	-33.3	-47.8	-83.8	-91.6
4. Services Exports	36.7	35.0	73.2	70.8
5. Services Imports	18.3	18.7	37.9	39.5
6. Net Services (4-5)	18.4	16.3	35.2	31.3
7. Goods & Services Balances (3+6)	-14.9	-31.5	-48.5	-60.3
8. Primary Income, Net (Compensation of employees and Investment Income)	-6.3	-5.6	-11.2	-10.5
9. Secondary Income, Net (Private Transfers)	16.1	16.1	32.8	32.9
10. Net Income (8+9)	9.8	10.5	21.6	22.4
11. Current Account Balance (7+10)	-5.2	-21.0	-26.9	-37.9
12. Capital and Financial Account Balance, Net (Excl. change in reserves)	-5.4	20.6	15.1	37.0
13. Change in Reserves (-) increase/(+)decrease	10.4	0.2	10.7	-0.4
14. Errors & Omissions (-) (11+12+13)	0.2	0.2	1.1	1.3

P: Preliminary; PR: Partially Revised.

including gradual increase in customs duty on gold imports, decline in the international price of gold by about 20 per cent at US\$ 1328 per troy ounce also reduced gold imports in Q2 of 2013-14.

Trade Deficit

- With a surge in exports coupled with a moderation in imports, the trade deficit narrowed to US\$ 33.3 billion (7.9 per cent of GDP) in Q2 of 2013-14 as compared with that at US\$ 47.8 billion (11.4 per cent of GDP) in Q2 of 2012-13 (Chart1).

Services

- Notwithstanding a decelerated growth in services, net services receipts stood at US\$ 18.4 billion, recording a rise of 12.5 per cent in Q2 of 2013-14 as compared to a growth of 16.8 per cent at US\$ 16.3 billion in Q2 of 2012-13. This was mainly due to contraction in imports of services in Q2 of 2013-14.
- In Q2 of 2013-14, services exports recorded a moderate growth of 4.7 per cent at US\$ 36.7 billion as compared to a growth of 8.4 per cent at US\$ 35.0 billion in Q2 of 2012-13. Rise in exports was mainly reflected in travel, construction,

telecommunication and computer services, financial services, professional, management and consultancy services and technical trade related services.

- In contrast, services imports recorded a decline of 2.1 per cent at US\$ 18.3 billion in Q2 of 2013-14 as against a growth of 2.0 per cent at US\$18.7 billion in Q2 of 2012-13. The decline was primarily led by lower payments on account of transport, travel, royalty and charges for intellectual property rights (Table 2).

Income

Net outflow on account of primary income (profit, dividend and interest) amounting to US\$ 6.3 billion in Q2 of 2013-14 was higher than that in Q2 of 2012-13 essentially reflecting an increase in outflows on account of investment income on equity and investment shares. In contrast, net secondary income comprising, mainly the personal transfers, remained at the level recorded in Q2 of 2012-13.

- Notwithstanding a rise in investment income receipts, largely representing earning on foreign currency assets, by 15.7 per cent in Q2 of 2013-14, net outflow under investment income increased

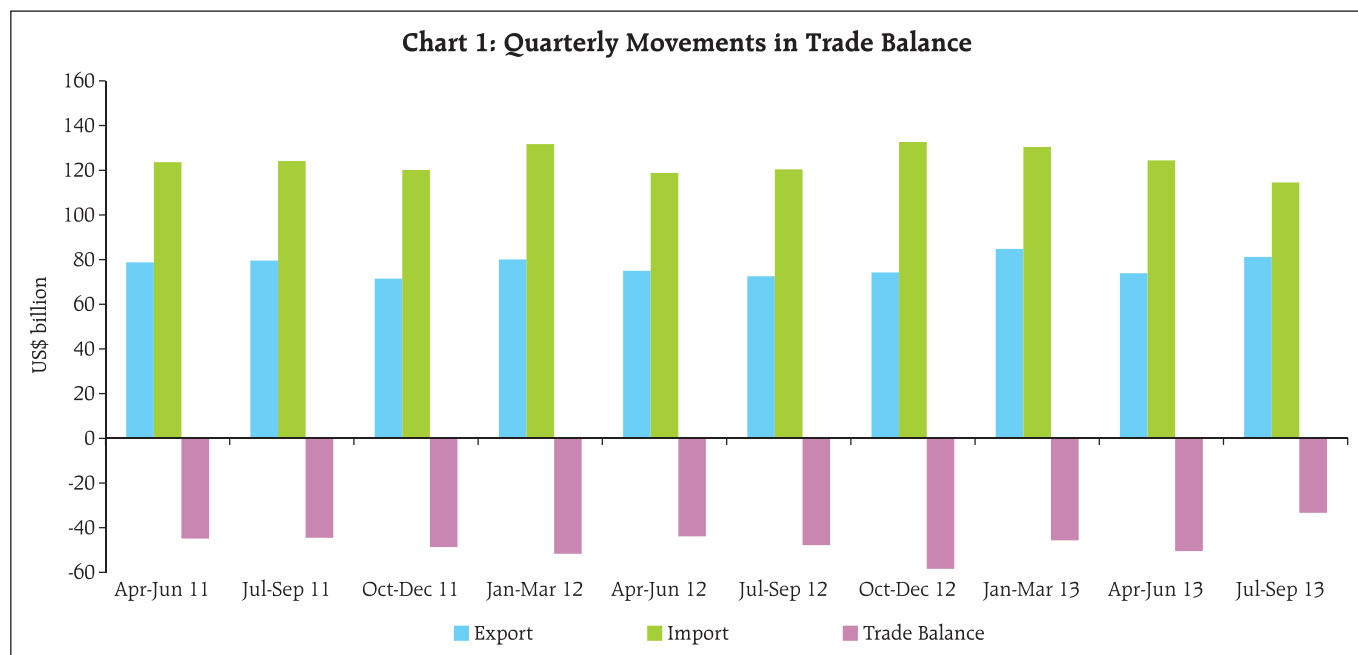


Table 2: Disaggregated Items of Current Account (Net)

(US\$ Billion)

	Jul-Sep		Apr-Sep	
	2013-14 (P)	2012-13 (PR)	2013-14 (P)	2012-13 (PR)
1. Goods	-33.3	-47.8	-83.8	-91.6
2. Services	18.4	16.3	35.2	31.3
2.a Transport	0.7	0.1	1.1	0.7
2.b Travel	0.9	1.0	1.7	1.4
2.c Construction	-0.01	-0.01	-0.001	-0.1
2.d Insurance and pension services	0.3	0.3	0.5	0.5
2.e Financial Services	0.7	0.2	0.2	0.1
2.f Charges for the use of intellectual property	-0.5	-1.0	-1.5	-1.8
2.g Telecommunications, computer and information services	16.6	15.8	32.9	31.0
2.h Personal, cultural and recreational services	0.1	0.1	0.3	0.1
2.i Government goods & services	-0.2	-0.02	-0.3	-0.03
2.j Other Business services	0.4	0.4	1.0	-0.2
2.k Others <i>n.i.e.</i>	-0.6	-0.2	-0.5	-0.3
3. Primary Income	-6.3	-5.6	-11.2	-10.5
3.a Compensation of Employees	0.1	0.3	0.2	0.5
3.b Investment Income	-6.6	-6.0	-11.7	-11.1
3.c Compensation of Employees	0.2	0.1	0.3	0.1
4. Secondary Income	16.1	16.1	32.8	32.9
4.a Personal Transfers	15.7	15.5	31.9	31.6
4.b Other Transfers	0.6	0.5	1.2	1.3
5. Current Account (1+2+3+4)	-5.2	-21.0	-26.9	-37.9

P: Preliminary; PR: Partially Revised.

on account of a rise in investment income payments by 10.8 per cent mainly attributed to higher interest payments on equity and fund share investments.

- Net secondary income, however, rose marginally as growth in gross transfer receipts in the form of remittances from overseas Indians remained lower at 2.6 per cent as compared with 4.0 per cent in Q2 of 2012-13.

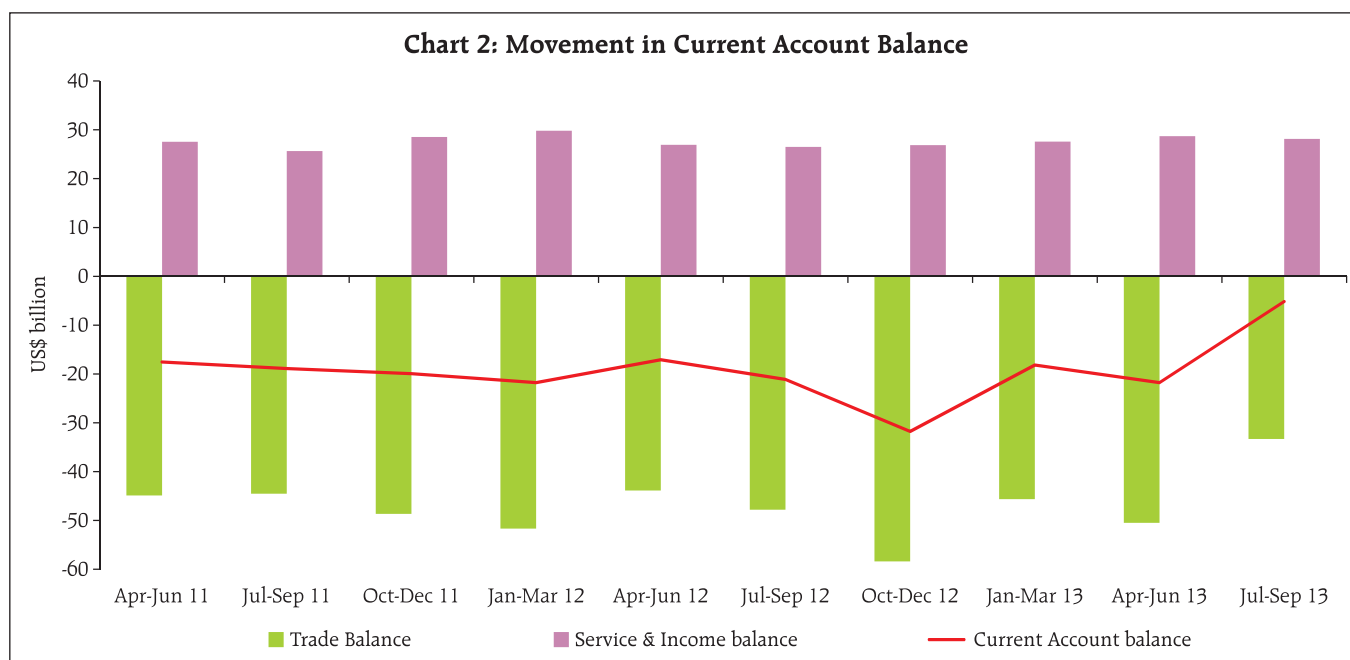
Current Account

- Narrowing trade deficit coupled with an improvement in net invisible receipts, primarily led by a rise in net services exports, resulted in a sharp contraction in CAD in Q2 of 2013-14. CAD narrowed to US\$ 5.2 billion in Q2 of 2013-14 from US\$ 21.0 billion in Q2 of 2013-14, also much lower than the CAD of US\$ 21.8 billion in Q1 of 2013-14. As a per cent of GDP, CAD declined to 1.2 per cent in Q2 of 2013-14 from 5.0 per cent in Q2 of 2012-13 (4.9 per cent in Q1 of 2012-13) (Chart 2).

Capital & Financial Account

Capital account, which includes, *inter alia*, 'net acquisition of non-produced non-financial assets' and 'other capital receipts including migrant transfers', showed a negligible outflow on a net basis. Financial account, excluding changes in reserves, witnessed a significant outflow in Q2 of 2013-14 primarily led by significant withdrawal of portfolio investment, particularly from the debt segment (Table 3). The portfolio outflows occurred after the first indication by the US Fed on May 22, 2013 about the likely tapering of its quantitative easing programme. Repayment of overseas loans and trade credit also contributed to the outflow in Q2 of 2013-14.

- There was a net outflow under financial account (excluding foreign exchange reserves) of US\$ 5.3 billion in Q2 of 2013-14 as against a net inflow of US\$ 20.8 billion in Q2 of 2012-13. The outflow was mainly attributed to net outflow of portfolio investment of US\$ 6.6 billion in Q2 of 2013-14 as



against net inflow of US\$ 7.6 billion in Q2 of 2012-13.

- There was a net repayment of external loans by Indian banks amounting to US\$ 6.7 billion in Q2 of 2013-14 as against a net overseas borrowing of US\$ 2.0 billion in Q2 of 2012-13.
- Although Indian corporate sector resorted to lower external commercial borrowings (ECBs) in Q2, lower repayments of ECBs led to a marginally higher inflows under net external loans availed by non-Government and non-banking sectors, *i.e.*, net ECBs at US\$ 1.3 billion in Q2 of 2013-14 as compared to a net inflow of US\$1.2 billion in Q2 of 2012-13.
- Under trade credit, higher repayments led to a net outflow of US\$ 1.9 billion in Q2 of 2013-14 as against a net inflow of US\$ 4.1 billion in Q2 of 2012-13.
- Net FDI inflows to India (inward FDI minus outward FDI) also declined to US\$ 6.9 billion in Q2 of 2013-14 from US\$ 8.2 billion in Q2 of 2012-13.

- Under 'currency & deposits', net inflows of NRI deposits amounted to US\$ 8.3 billion in Q2 of 2013-14 as compared to US\$ 2.8 billion in the corresponding quarter of 2012-13.
- Despite a low CAD, there was a drawdown of foreign exchange reserves to the tune of US\$ 10.4 billion in Q2 of 2013-14 as compared to that of US\$ 0.2 billion in Q2 of 2012-13 as net capital inflows moderated sharply during the quarter owing mainly to FII outflows.

Balance of Payments during April-September 2013

Improvement in India's BoP position was reflected in the contraction of CAD in H1 of 2013-14 as trade deficit narrowed, primarily led by the recovery in exports and moderation of imports in Q2 of 2013-14, and rise in net invisibles in H1 of 2013-14. There was, however, net outflow of capital in the form of portfolio investment in H1 of 2013-14 that mainly occurred in Q2 of 2013-14 triggered by the first indication of quantitative easing by the US Fed. As a result, there was a drawdown of reserve to the tune of US\$ 10.7 billion in H1 of 2013-14.

Table 3: Disaggregated Items of Financial Account (Net)

(US\$ Billion)

	Jul-Sep		Apr-Sep	
	2013-14 (P)	2012-13 (PR)	2013-14 (P)	2012-13 (PR)
1. Direct Investment (net)	6.9	8.2	13.4	12.0
1.a Direct Investment to India	7.5	9.5	14.0	15.4
1.b Direct Investment by India	-0.6	-1.4	-0.6	-3.5
2. Portfolio Investment	-6.6	7.6	-6.8	5.6
2.a Portfolio Investment in India	-6.6	7.9	-7.0	6.2
2.b Portfolio Investment by India	-0.04	-0.3	0.2	-0.6
3. Other investment	-4.0	5.6	10.0	21.0
3.a Other equity (ADRs/GDRs)	0.0	0.1	0.02	0.2
3.b Currency and deposits	8.4	3.5	14.0	9.9
Deposit-taking corporations, except the central bank (NRI Deposits)	8.3	2.8	13.8	9.4
3.c Loans*	-5.3	3.0	0.6	6.6
3.c.i Loans to India	-5.5	3.3	0.0	6.8
Deposit-taking corporations, except the central bank	-6.7	2.0	-2.0	5.0
General government (External Assistance)	-0.1	0.1	0.2	0.3
Other sectors (External Commercial Borrowings)	1.3	1.2	1.7	1.6
3.c.ii Loans by India	0.2	-0.3	0.6	-0.3
General government (External Assistance)	-0.1	-0.1	-0.1	-0.1
Other sectors (External Commercial Borrowings)	0.2	-0.3	0.7	-0.1
3.d Trade credit and advances	-1.9	4.1	0.6	9.5
3.e Other accounts receivable/payable-other	-5.3	-5.1	-5.2	-5.2
4. Financial Derivatives	-1.6	-0.5	-2.1	-1.0
5. Reserve assets	10.4	0.2	10.7	-0.4
Financial Account (1+2+3+4+5)	5.0	21.0	25.1	37.1

P: Preliminary; PR: Partially Revised.

- In H1 of 2013-14, India's merchandise exports recorded a growth of 5.1 per cent at US\$ 155.2 billion as against a decline of 6.8 per cent at US\$ 147.6 billion in H1 of 2012-13.
- A significant decline in gold imports in Q2 of 2013-14 kept the imports at almost the same level recorded in H1 of 2012-13.
- At a disaggregated level, rise in exports in H1 of 2013-14 can be primarily attributed to the turnaround in the exports of two major commodity groups, viz., manufactured goods and petroleum products. Within the manufacturing sector, exports of engineering goods, particularly transport equipments and iron and steel, showed significant improvement partly reflecting a renewed demand mostly from EU, US, Japan, Korea, Malaysia and Singapore.
- Among major commodity groups of imports, a decline was discernible in 'petroleum, petroleum products & related material' and 'capital goods' in H1 of 2013-14. While moderation in POL imports, despite a marginal rise in international oil price (Indian basket), reflected subdued domestic consumption demand, moderation in imports of capital goods indicates a slower investment activity in the domestic economy.
- Successive rise in import duty and other measures to curb gold import demand led to a sharp decline in gold imports by about 65 per cent in Q2 of 2013-14. As a result, gold imports increased only

marginally in H1 of 2013-14 despite a sharp rise in Q1 of 2013-14.

Trade Deficit

- Rise in exports and a slowdown in imports led to a considerable narrowing of trade deficit to US\$ 83.8 billion in H1 of 2013-14 from US\$ 91.6 in H1 of 2012-13. Apart from fall in imports of gold, exchange rate adjustments and recovery in global demand may have aided correction in India's trade deficit in H1 of 2013-14.

Services

- Net services receipts increased significantly by 12.6 per cent in H1 of 2013-14 as compared to a growth of 3.4 per cent in H1 of 2012-13. The rise was primarily led by a decline in service payments and a moderate growth in services exports during the period.
- While earning on services improved mainly on account of travel, construction, financial services, telecommunication, computer and information services, earnings under transport, insurance and other business services witnessed a decline in H1 of 2013-14 (y-o-y basis).
- Service payments declined primarily in transport, insurance and pension services, charges for intellectual property, professional and management consultancy services while sectors, viz., travel financial services, telecommunication, computer and information services recorded a rise in payments in H1 of 2013-14 (y-o-y basis).

Income

Primary income

Under primary income higher payments offsetting rise in receipts under primary income led to higher net outflow of US\$ 11.2 billion in H1 of 2013-14 as compared with US\$ 10.5 billion in H1 of 2012-13.

- Investment income receipts showed a rise of 18.1 per cent at US\$ 3.7 billion in H1 of 2013-14 as against a decline of 19.4 per cent in H1 of 2012-13

mainly on account of higher interest earnings on foreign exchange reserves. Receipts on account of compensation of employees also showed a rise of 2.9 per cent at US\$ 1.6 billion in H1 of 2013-14.

- In H1 of 2013-14, investment income payments, rose by 8.3 per cent at US\$ 15.3 billion from US\$ 14.2 billion in H1 of 2012-13 (growth of 16.7 per cent) resulting in a marginal increase in net outflow under primary income in H1 of 2013-14. Surge in payments primarily reflected payments on account of equity and investment fund shares.

Secondary income

Net secondary income receipts remained almost stable with a marginal decline of 0.4 per cent at US\$ 32.8 billion in H1 of 2013-14 from US\$ 32.9 billion in H1 of 2012-13.

- NRI deposits, when withdrawn domestically, form part of private transfers as they become unilateral transfers. In H1 of 2013-14 the share of local withdrawals in total outflows from NRI deposits was 63.1 per cent, similar to the share of 63.7 per cent in H1 of 2012-13 (Table 4).
- Under private transfers, the inward remittances for family maintenance accounted for 49.6 per cent of total private transfer receipts, while local withdrawals accounted for 46.4 per cent in H1 of 2013-14. (Table 5)

Table 4: Inflows and Outflows from NRI Deposits and Local Withdrawals

(US \$ Billion)

Year	Inflows	Outflows	Local Withdrawals
2012-13 (P)	65.3	50.5	32.0
2011-12 (PR)	64.3	52.4	32.5
Apr-Sep 2013-14	38.5	24.6	15.6
Apr-Sep 2012-13	34.4	25.0	15.9

P: Preliminary. PR: Partially Revised.

Table 5: Details of Private Transfers to India

(US\$ Billion)

Year	Total Private Transfers	Of Which:			
		Inward remittances for family maintenance		Local withdrawals/redemptions from NRI Deposits	
		Amount	Percentage Share in Total	Amount	Percentage Share in Total
2012-13 (PR)	67.6	33.0	48.9	32.0	47.2
2011-12 (PR)	66.1	31.3	47.3	32.5	49.1
Apr-Sep 2013-14 (PR)	35.2	18.3	52.0	15.6	44.2
Apr-Sep 2012-13 (P)	34.3	17.0	49.6	15.9	46.4

P: Preliminary. PR: Partially Revised.

Current Account Balance

CAD narrowed sharply in H1 of 2013-14 to US\$ 26.9 billion from US\$ 37.9 billion in H1 of 2012-13 owing to a substantial improvement in merchandise trade balance coupled with a rise in net service receivables. As a proportion to GDP, CAD stood at 3.1 per cent in H1 of 2013-14 declining from 4.5 per cent in H1 of the preceding year.

Capital and Financial Account

Net inflows under capital and financial account (excluding changes in reserve assets) at US\$ 15.1 billion

stood lower than that recorded in the previous year (at US\$ 37.0 billion). This was primarily on account of net outflows under portfolio investment and loans (net) availed by deposit taking corporations.

- Capital account recorded a surplus of about 0.7 billion in H1 of 2013-14 as compared with a deficit of US\$ 0.5 billion in H1 of 2012-13.
- Net flows under the financial account (excluding changes in reserve assets) during H1 of 2013-14 were significantly lower than that in H1 of 2012-13 (Table 3). Decline in inflows under financial account was mainly due to FII outflows which had begun since the last week of May 2013 after Fed's first indication on QE tapering. Further, there was significant rise in repayments of overseas borrowings and a build-up of overseas foreign currency assets by banks in India.
- Notwithstanding a lower inward FDI, the net FDI to India (Inward FDI minus outward FDI) at US\$ 14.0 billion stood higher in H1 of 2013-14 than the previous year's level. It was mainly due to lower outward FDI by India during the period. Sector-wise, moderation in FDI inflows was evident across sectors, viz., manufacturing, financial services, business services, electricity and restaurants and hotels (Table 6).

Table 6: Sector-wise FDI: Inflows and Outflows

(US\$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*				
Industry	2012-13	Apr-Sep 2013	Apr-Sep 2012	Industry	2012-13	Apr-Sep 2013	Apr-Sep 2012	
1	2	3	4	5	6	7	8	
Manufacture	6.5	2.8	3.2	Agriculture, Hunting, Forestry Fishing and Mining	1.1	0.2	0.1	
Financial Services	2.8	0.6	1.6	Financial, Insurance, Real Estate and Business Services	2.9	0.8	1.1	
Construction	2.6	0.6	0.6	Manufacturing	3.4	1.3	1.6	
Electricity and others	1.4	0.4	0.8	Transport, Storage and Communication Services	1.7	0.5	0.9	
Business Services	1.6	0.2	0.4	Wholesale, Retail Trade, Restaurants and Hotels	0.8	0.2	0.4	
Restaurants and Hotels	0.9	0.1	3	Construction	0.6	0.1	0.4	
Computer Services	0.7	0.1	0.1	Electricity, Gas and Water	0.1	0.1	0.1	
Communication Services	1.5	0	0	Community, Social and Personal Services	0.3	0.1	0.1	
Others	0.3	1.5	0.7	Miscellaneous	0	0	0.1	
Total	18.3	6.3	10.4	Total	10.9	3.3	4.8	

#: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.

*: Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables.

Table 7: Country-wise FDI: Inflows and Outflows

(US\$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*			
Country	2012-13	Apr-Sep 2013	Apr-Sep 2012	Country	2012-13	Apr-Sep 2013	Apr-Sep 2012
1	2	3	4	5	6	7	8
Mauritius	8.1	1.9	5.2	Mauritius	1.8	0.7	0.9
Singapore	1.6	1.3	0.9	Singapore	1.8	0.6	0.9
Japan	1.3	0.5	0.7	Netherlands	1	0.5	0.4
Netherlands	1.7	0.4	0.9	USA	1.4	0.5	0.6
U.S.A	0.5	0.3	0.2	British Virgin Islands	0.4	0.1	0.1
Cyprus	0.4	0.3	0.2	UK	0.6	0.1	0.2
UAE	0.2	0.2	0.1	UAE	0.7	0.1	0.3
South Korea	0.2	0.1	0.2	Cyprus	0.1	0.1	0
UK	1	0	0.6	Switzerland	0.5	0.1	0.2
Others	3.3	1.3	1.4	Others	2.6	0.5	1.2
Total	18.3	6.3	10.4	Total	10.9	3.3	4.8

#: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.

*: Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables.

- FDI by India (*i.e.*, outward FDI) in net terms moderated by around 83 per cent to US\$ 0.6 billion during H1 of 2013-14 (US\$ 3.5 billion a year ago) due to lower outflows under both equity investment and other capital (inter-company borrowings) besides higher repatriation of FDI by India. Sector-wise, moderation in outward FDI was observed in 'financial insurance, real estate & business services', 'manufacturing', 'transport, storage and communication services', 'wholesale, retail trade, restaurants and hotels' and 'construction'. Furthermore, sectors, *viz.*, 'financial, insurance, real estate & business services' and 'manufacturing' accounted for more than 60 per cent of total outward FDI during H1 of 2013-14 (Table 6).
- Direction-wise (*i.e.*, in terms of recipient countries), investment routed through Mauritius constituted the largest component of gross outward FDI during the period, followed by Singapore (Table 7).
- During H1 of 2013-14, the outward FDI in joint ventures (JVs) and wholly owned subsidiaries

(WOSs) stood at US\$ 3.3 billion, around 31 per cent lower than that during the preceding year. During H1 of 2013-14, investment financed through equity recorded a sharper decline of 42.5 per cent compared to the loan component which declined by 18.5 per cent over a year ago. Accordingly, the share of loan in total outward FDI increased to 56.1 per cent as compared with 47.3 per cent in the preceding year (Table 8).

- FII investment flows have remained volatile in H1 of 2013-14. With US Fed's announcement on May

Table 8: India's Outward FDI

(US\$ Billion)

Period	Equity*	Loan	Guarantees Invoked	Total
Apr-Sep 2013-14 (P)	1.4 (43.6)	1.8 (56.1)	0.01 (0.3)	3.3
Apr-Sep 2012-13 (PR)	2.5 (52.1)	2.3 (47.3)	0.03 (0.6)	4.8
2012-13	6.4 (58.3)	4.5 (41.1)	0.06 (0.6)	10.9
2011-12	5.5 (48.5)	5.9 (51.5)	0.0 (0.0)	11.4

*: The equity data do not include equity of individuals and banks.

Note: Figures in brackets relate to percentage share in total outward FDI for the period.

22, 2013 regarding possible tapering of quantitative easing program, most emerging market economies, including India, witnessed FII outflow. On net basis, there was an outflow of US\$ 6.8 billion during H1 of 2013-14 as compared with a significant inflow of US\$ 5.6 billion recorded in the corresponding period of 2012-13.

- Inflows under currency and deposits by banking sector (NRI deposits) increased significantly during H1 of 2013-14 and stood at US\$ 14.0 billion as compared with an inflow of US\$ 9.9 billion a year ago. Rise in NRI deposits may be attributed to weakening of rupee and also partly to swap window offered by the Reserve Bank for banks in India. Under the scheme, introduced on September 4, 2013, banks were offered to swap the fresh FCNR(B) dollar funds with the Reserve Bank. Fresh FCNR(B) deposits were mobilised for a minimum tenor of three years and swapped at a fixed rate of 3.5 per cent per annum for the tenor of the deposit.
- Net loans availed by non-Government and non-banking sectors (net ECBs) were of order of US\$ 1.7 billion in H1 of 2013-14, marginally higher than US\$ 1.6 billion in H1 of 2012-13. Net inflows under short-term trade credit declined sharply to US\$ 0.6 billion during the same period from US\$ 9.5 billion recorded a year ago largely reflecting subdued trend in imports.
- With a significant rise in repayment of loans availed by banks, net flows under loans availed by banks turned negative in H1 of 2013-14. This was despite the fact that gross loans availed by banks recorded an increase of 8.6 per cent in H1 of 2013-14. Net outflows 'Other receivables/payables' that include 'leads and lags in exports', 'SDR allocation', 'net funds held abroad', 'advances received pending issue of shares under FDI', 'rupee debt service' and 'other capital not included elsewhere' were almost at the level recorded in the corresponding period of preceding year (Table 9).

Table 9: Details of 'Other Receivables/Payables' (Net)

(US \$ Billion)

Item	2012-13 (P)	2011-12 (PR)	April-September	
			2012-13 (PR)	2013-14 (P)
Lead and Lags in Exports	-10.8	-10.4	-6.9	-8.2
Net Funds Held Abroad	-8.6	-2.8	-2.8	-3.1
Advances Received Pending Issue of Shares under FDI	9.2	2.7	3.1	4.6
Other capital not included elsewhere#	7.5	3.6	1.5	1.5
Total	-2.7	-6.9	-5.2	-5.2

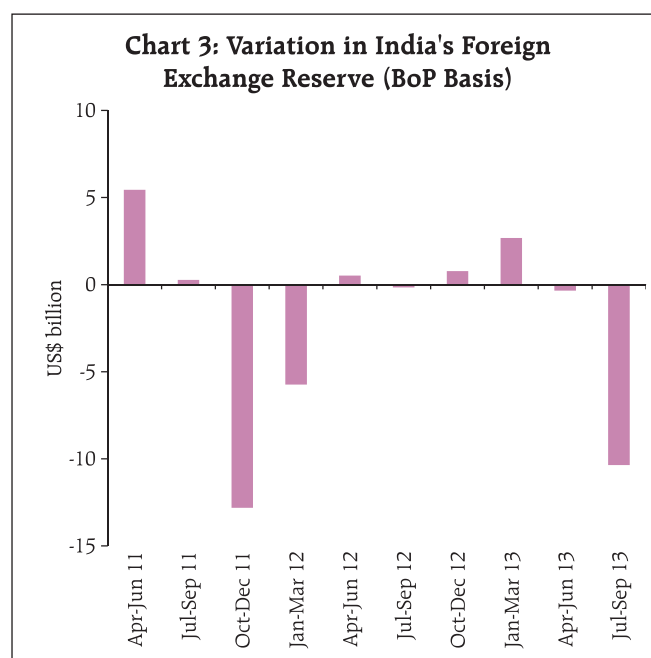
#: Inclusive of derivatives and hedging, migrant transfers SDR allocation, rupee debt service and other capital transfers.

P: Preliminary. PR: Partially Revised.

'Leads & lags' in exports' also include trade credit extended by Indian exporters to non residents.

Reserve Variation

- There was a drawdown of foreign exchange reserves to the extent of US\$ 10.7 billion in H1 of 2013-14 as against an accretion of US\$ 0.4 billion in the corresponding period of the previous year. In nominal terms (including the valuation effects) reserves declined by US\$ 14.8 billion in H1 of 2013-14 as against an increase of US\$ 0.4 billion during the same period of preceding year.



Difference between DGCI&S and Balance of Payments Imports

- The data on imports based on DGCI&S (custom statistics) and the BoP (banking channel data) are given in Table 10. The discrepancy between the two data sets is likely to get reduced when both the data sets are revised later.

Table 10: DGCI&S and the BoP Import Data

(US\$ Billion)

Item	2012-13	April-September	
		2013-14	2012-13
1. BoP Imports	502.2	238.9	239.2
2. DGCI&S Imports	490.7	232.2	236.5
3. Difference (1-2)	11.5	6.7	2.7

*Survey on International Trade in Banking Services: 2012-13**

The Reserve Bank's annual survey on 'International Trade in Banking Services' (ITBS) provides information on financial auxiliaries' services rendered by branches/subsidiaries of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India, based on explicit/implicit fee/commission charged to customers. The results of the 2012-13 round of ITBS survey are presented here. It covers the broad changes in branch/employee/country profile of their banking business as well as service activities (including fund/non-fund based). The recent trend in their income, expenditure and profitability are also discussed.

Introduction

Banking services provided to residents through local presence of (a) foreign banks and (b) foreign affiliates is known as international trade in banking services (ITBS). It takes into account services such as lending to firms, mortgage lending, retail deposit-taking, consumer finance, and a host of so-called non-asset-based services such as securities underwriting, local currency bond trading, foreign exchange services for firms, brokering, custody services and funds collection and disbursal services.

Increasing globalisation of Indian economy has moved in synchrony with more open financial market. The number of banks branches/subsidiaries across borders has risen to provide banking services in cost-effective manner. Foreign direct investments in banking in the form of branches, agencies, and subsidiaries, or by the means of cross-border mergers and acquisitions, have increased the cross-border presence of both domestic and foreign banks over the years. From the

perspective of public policy in India, it is useful to assess the efficiency of banking services by Indian banks operating abroad and foreign banks operating in India. Also, the General Agreement on Trade in Services (GATS) under the World Trade Organisation (WTO) *inter alia*, necessitated the need of consistent and comparable statistics on ITBS for assessing the financial services sector liberalisation.

The Reserve Bank's annual ITBS survey, being conducted since 2006-07, is intended to provide information for India through mode 3 of supply (*i.e.*, financial services provided locally through commercial presence) as per the Manual of Statistics of International Trade in Services (MSITS), for the banking sector. These cover overseas branches/subsidiaries of Indian banks operating abroad and foreign banks operating in India. As per IMF's Balance of Payments and International Investment Position Manual: Sixth edition (BPM6), subsidiary is a direct investment enterprise (DIE) over which direct investor is able to exercise control, which is assumed to exist if the investor has more than 50 per cent equity in the enterprise investment. An associate is a DIE over which the direct investor does not have control but is able to exercise a significant degree of influence, which is assumed to exist if the direct investor owns from 10 to 50 per cent of the equity shares in the investment enterprise.

The 2012-13 survey round covered 170 overseas branches and 184 overseas subsidiaries of Indian Banks and 316 branches of foreign banks operating in India¹. The salient features along with the trends in the international trade in banking services in the last few years are analysed here.

I. Branch Distribution

The cross-border branch network of both Indian and foreign banks have expanded in the recent years.

* Prepared in the External Liabilities and Assets Statistics Division, Department of Statistics and Information Management. The previous article in the series with reference period 2011-12 was published in July 2013 issue of the Reserve Bank of India Bulletin.

¹ The details of the banking services covered under the survey are described in the RBI press release dated February 17, 2014, related to this survey on the website www.rbi.org.in.

However, while the number of employees in overseas branches and subsidiaries of Indian banks increased consistently, contraction was witnessed in employee strength of foreign banks operating in India, following global financial crisis in 2008 (Table 1 and Chart 1).

Of the 170 overseas branches of Indian scheduled commercial banks, highest number of branches were located in the United Kingdom (30), followed by Hong Kong (19), Singapore (17), United Arab Emirates (13), Fiji (9), Sri Lanka (9) and Mauritius (9). State Bank of India (with 51 branches in 21 countries) and Bank of Baroda (51 branches in 13 countries) had the largest overseas presence, followed by Bank of India (25 branches in 13 countries).

During 2012-13, Indian banks operating abroad employed 64.5 per cent of employees from local sources, 32.5 per cent from India and remaining 3 per cent from other countries. In case of foreign banks working in India, the share of local employees in total employees was much higher (99.6 per cent) in 2012-13. The number of employees of Indian banks operating abroad increased by 7.8 per cent and the number of employees of the foreign banks operating in India decreased by 8.1 per cent during 2012-13 (Chart 1 and Table 2).

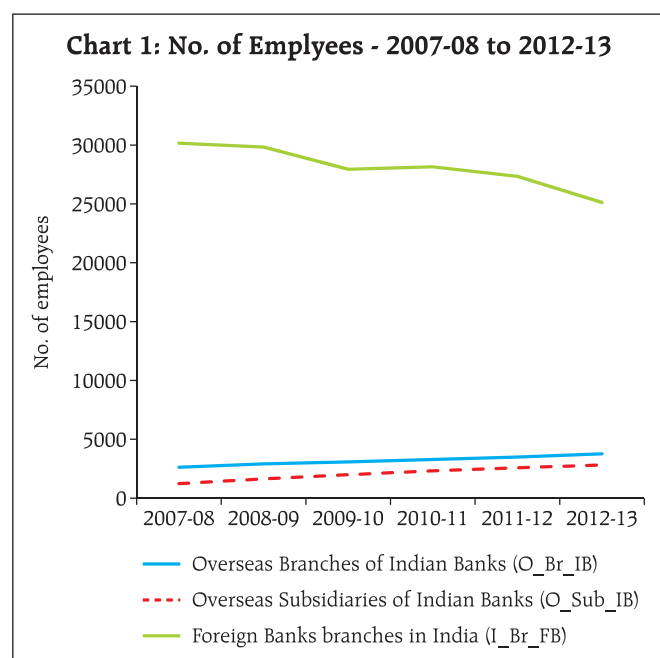


Table 1: No. of Branches and Employees – 2007-08 to 2012-13

Category	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
No. of Branches						
Overseas Branches of Indian Banks	121	134	144	153	163	170
Overseas Subsidiaries of Indian Banks	65	99	123	150	158	184
Foreign Banks branches in India	273	289	302	309	309	316
No. of Employees						
Overseas Branches of Indian Banks	2,629	2,919	3,084	3,289	3,489	3,761
Overseas Subsidiaries of Indian Banks	1,239	1,638	1,986	2,325	2,580	2,818
Foreign Banks branches in India	30,159	29,824	27,945	28,158	27,342	25,118

II. Banking Business

The subdued level of activity in the business of foreign banks operating in India was observed in 2012-13 following economic slowdown in India. Growth of the consolidated balance sheet of foreign banks operating in India moderated to 5.2 per cent in 2012-13 from 17.5 per cent in the previous year. However, the business of the Indian banks' overseas branches continued to robust at 34.3 per cent in 2012-13 on top of 29.3 per cent growth in 2011-12.

The share of credit in total assets of overseas branches of Indian banks stood at 58.9 per cent at end-March 2013, which was comparable with the corresponding share of 66.5 per cent in case of subsidiaries of Indian banks operating abroad but

Table 2: Type of Employees – 2011-12 and 2012-13

	Overseas Branches of Indian Banks		Overseas Subsidiaries of Indian Banks		Foreign Banks' Branches in India	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Total number of branches	163	170	158	184	309	316
Number of Employees	3,489	3,761	2,580	2,818	27,342	25,118
<i>of which:</i>						
Local	2,313	2,424	2,117	2,342	27,235	25,019
Indians	1,074	1,223	436	434	-	-
Others	102	114	27	42	107	99

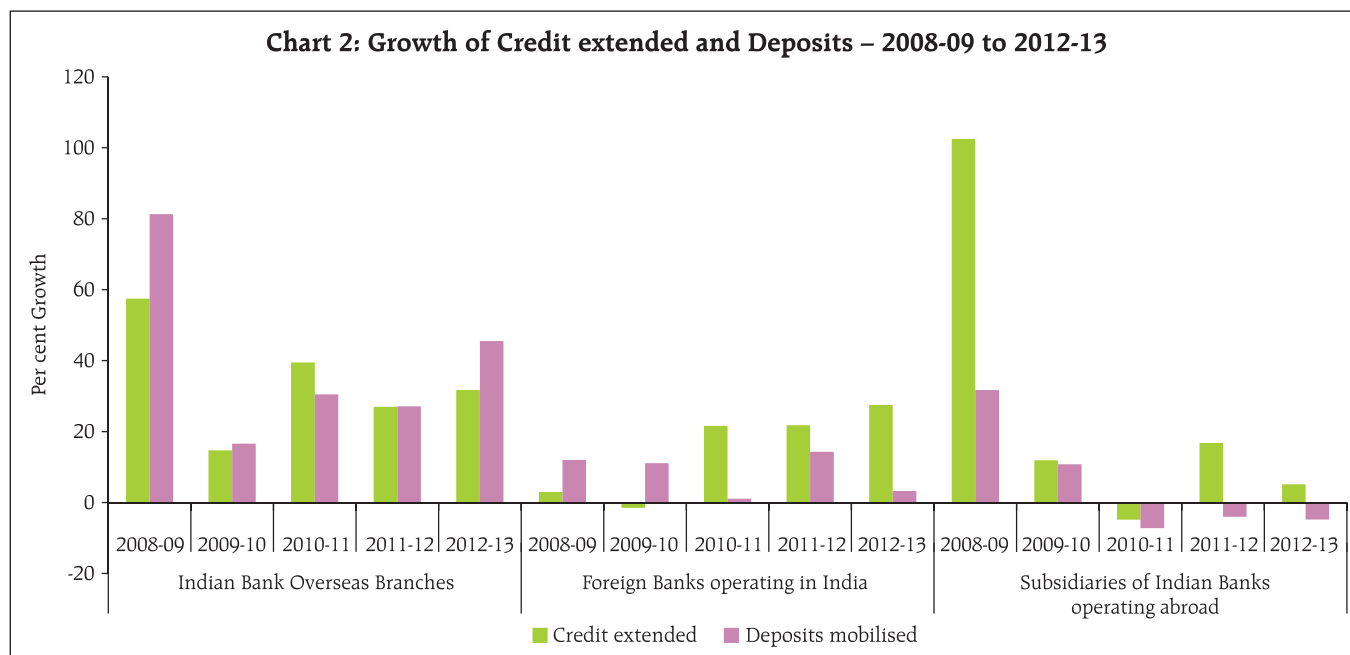
Table 3: Bank Balance Sheet – 2008 to 2013 (End-March)

	2008	2009	2010	2011	2012	2013
Overseas branches of Indian Banks						
Credit to Total Assets (%)	63.2	63.1	62.6	61.2	60.2	58.9
Deposits to Total Liabilities (%)	35.0	40.3	40.6	37.2	36.5	39.5
Total Assets/Liabilities (₹ billion)	2,199.0	3,470.5	4,009.0	5,720.5	7,399.2	9,939.8
Total Assets/Liabilities (US\$ billion)*	55.0	68.1	88.8	128.1	144.6	182.8
Overseas Subsidiaries of Indian Banks						
Credit to Total Assets (%)	35.8	57.7	59.8	62.3	64.9	66.5
Deposits to Total Liabilities (%)	63.6	66.7	68.4	69.5	59.5	55.2
Total Assets/Liabilities (₹ billion)	593.9	746.9	806.2	736.5	826.4	848.3
Total Assets/Liabilities (US\$ billion)*	14.9	14.7	17.9	16.5	16.2	15.6
Foreign Banks branches Operating in India						
Credit to Total Assets (%)	44.1	37.0	37.6	40.4	41.9	50.7
Deposits to Total Liabilities (%)	52.5	47.9	54.9	49.0	46.9	46.7
Total Assets/Liabilities (₹ billion)	3,640.0	4,469.5	4,329.4	4,904.8	5,764.5	6,066.5
Total Assets/Liabilities (US\$ billion)*	91.1	87.7	95.9	109.8	112.7	111.5

* Using end-march Rupee/Dollar RBI reference rate.

substantially higher than the share (50.7 per cent) of the foreign banks operating in India. However, the share of deposits in total liabilities of Indian banks' overseas branches at 39.5 per cent was substantially lower than the corresponding share of 55.2 per cent for their subsidiaries (Table 3).

After showing moderation in 2009-10, credit extended and deposit mobilised by Indian bank branches operating abroad witnessed recovery in the subsequent years. During 2012-13, their credit and deposits increased by 31.7 per cent and 45.5 per cent, respectively, on top of 27.1 per cent growth in both

Chart 2: Growth of Credit extended and Deposits – 2008-09 to 2012-13

credits and deposits in the previous year. In case of foreign banks operating in India, credit growth picked up after recording negative growth in 2009-10 but average deposit growth remained moderate. The asset base of overseas subsidiaries of Indian banks is relatively much lower and their deposit base has been contracting since 2010-11 and credit growth has been low after recording a 4.8 per cent contraction in 2010-11 (Chart 2).

III. Income and Expenditure

The total income of Indian branches and subsidiaries operating abroad and foreign banks operating in India contracted in 2009-10 following global financial crisis which recovered in the subsequent years. As a result, the Indian banks operating abroad and foreign banks operating in India abridged their expenses in 2009-10 by 26.3 per cent and 38.7 per cent, respectively, which was improved in subsequent years. Due to larger non-fund-based activities, foreign banks in India had higher share of non-interest income when compared to overseas branches of Indian banks. During 2012-13, the share of interest income in total income was 84.1 per cent for overseas branches of Indian banks and 79.0 per cent for foreign banks operating in India (Chart 3).

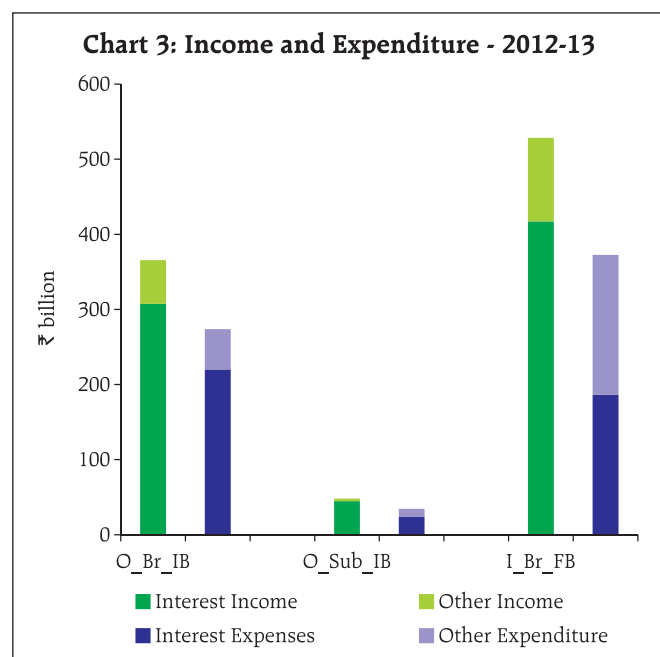


Table 4: Income and Expenditure – 2008-09 to 2012-13

(Amount in ₹ billion)

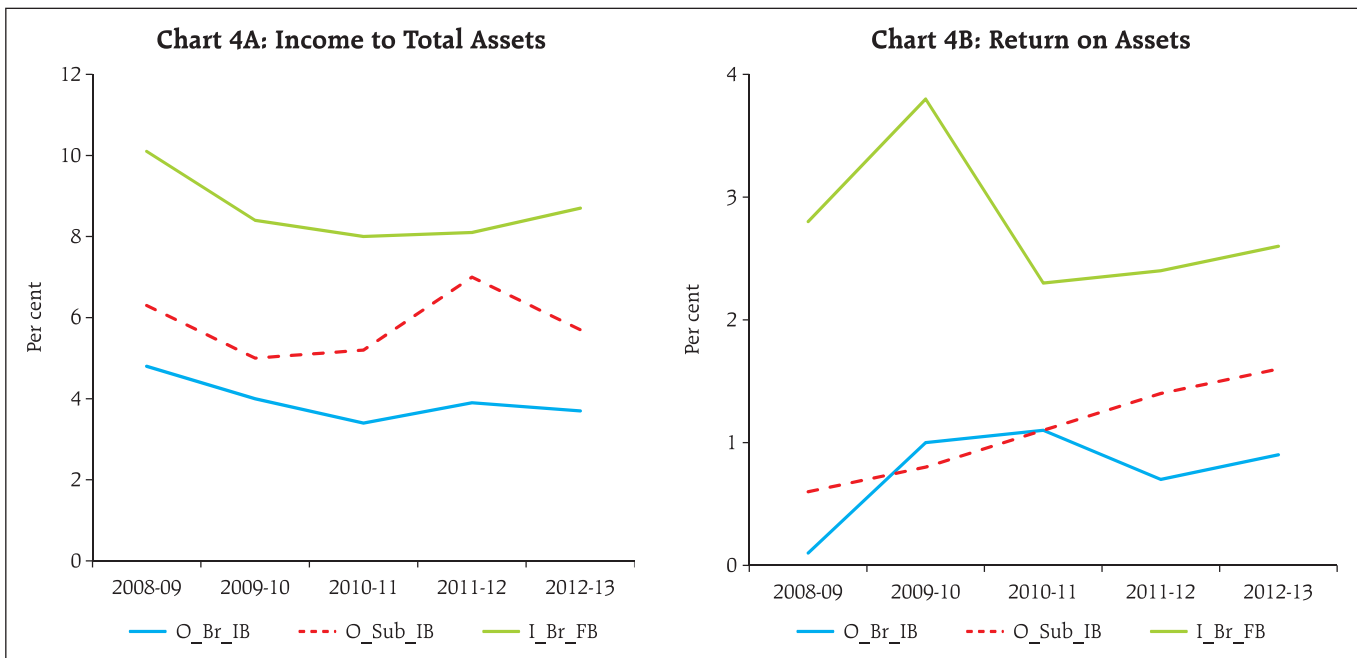
	2008-09	2009-10	2010-11	2011-12	2012-13
Overseas Branches of Indian Banks					
Income	167.4	161.8	196.6	285.3	365.6
Expenditure	165.1	121.6	134	206.2	273.7
Overseas Subsidiaries of Indian Banks					
Income	47.3	40.6	38.1	42.1	48.0
Expenditure	42.8	34.5	29.7	33.9	34.3
Foreign Banks operating in India					
Income	452.0	363.2	394.3	467.3	528.4
Expenditure	326.2	200.1	281.3	327.9	372.6

Growth in income of foreign banks operating in India moderated from 18.5 per cent in 2011-12 to 13.1 per cent in 2012-13 in synchrony with the contraction in their balance sheets and lower interest income. Income and expenditure of the overseas subsidiaries of Indian banks, which contracted in two consecutive years 2009-10 and 2010-11 has been rising since 2011-12 (Table 4).

IV. Profitability

Profitability of foreign banks in India was more volatile but substantially higher than the overseas branches/subsidiaries of Indian banks, during the last five years. Profitability ratio as measured by return on assets (ROA: profit to total assets) increased for all the three categories during 2012-13 and their income to asset ratio in 2012-13 was lower than respective 2008-09 levels (Charts 4A & 4B).

Country-wise ROA of overseas branches of Indian banks indicate that Indian bank branches operating in Bangladesh recorded highest return on assets (6.8 per cent) followed by banks in Maldives (5.1 per cent) during 2012-13 (Chart 5). In countries with larger number of branches, the ratio was lower at 1.5 per cent for UAE, 1 per cent for Singapore and Hong Kong and 0.6 for UK and USA.



V. Activity-wise Trade in Banking Services

Information on trade in banking services was collected based on explicit and implicit fees or commission charged to the customers for various services rendered by the overseas branches and subsidiaries of Indian banks. For this purpose, the financial services provided by them were classified into

eleven major groups as per the MSITS, and detailed data were collected.

Overseas branches of Indian banks generated more fee income since 2009-10 by rendering banking services, mainly due to higher focus on 'Credit Related services' and 'Trade Finance Related Services'. Their fee income rose by nearly 2.8 times during the last three years. On

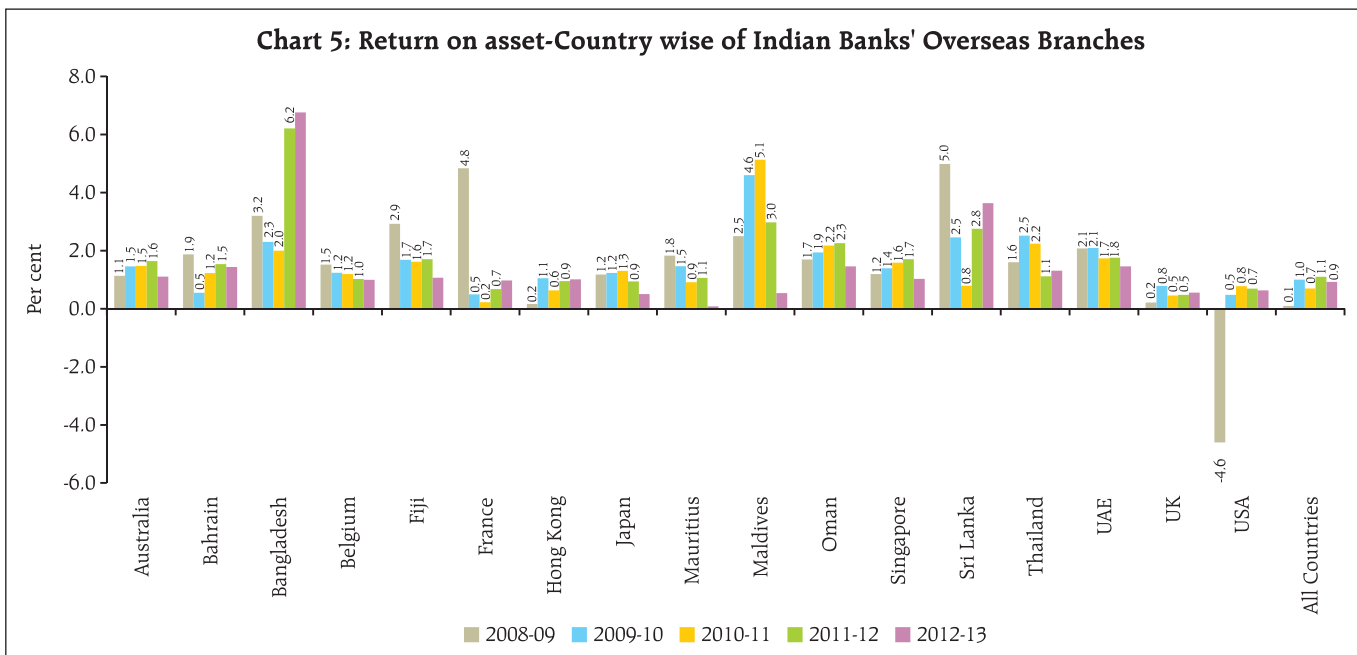


Table 5: Activity-wise Composition of Banking Services delivered by Overseas Branches of Indian Banks and Subsidiaries of Indian Bank

(Amount in ₹ billion)

Banking Service	Overseas Branches of Indian Banks					Subsidiaries of Indian banks Operating Abroad				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Deposit Account Management Services	0.8	0.6	0.9	1.8	7.8	0.1	0.1	0.3	0.2	0.2
Credit Related Services	11.8	15.6	23.9	25.6	40.5	2.1	2.5	1.3	1.4	1.4
Financial Leasing Services	0	0.1	0.0	0.0	0.0	0	0	0	0	0.0
Trade Finance Related Services	12.1	10.9	10.6	18.2	34.4	1.6	0.9	0.4	0.5	0.5
Payment and Money Transmission Services	2.7	3.1	2.6	10.1	5.3	1.1	1	0.3	0.4	0.4
Fund Management Services	0	0.2	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0
Financial Consultancy and Advisory Services	0.7	0.4	0.9	0.3	0.1	1.3	0.6	0.5	0.2	0.5
Underwriting Services	0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0
Clearing and Settlement Services	0.2	0.0	0.0	1.9	0.2	0	0.0	0.0	0.0	0.0
Derivative, Stock, Securities, Foreign Exchange trading Services	1.3	1.9	4.5	9.6	3.1	-7.4	0.5	0.3	0.4	0.3
Other Financial Services	0.4	0.3	0.5	0.6	2.1	13.7	0.1	0.1	0.7	1.5
Total	30.1	33.0	44.0	68.0	93.5	12.4	5.6	3.3	4.1	4.8

the other hand, overseas subsidiaries of Indian banks recorded contraction in such fee income during 2009-10 and 2010-11 and its level in 2012-13 remains less than half of the fee income in 2008-09 (Table 5).

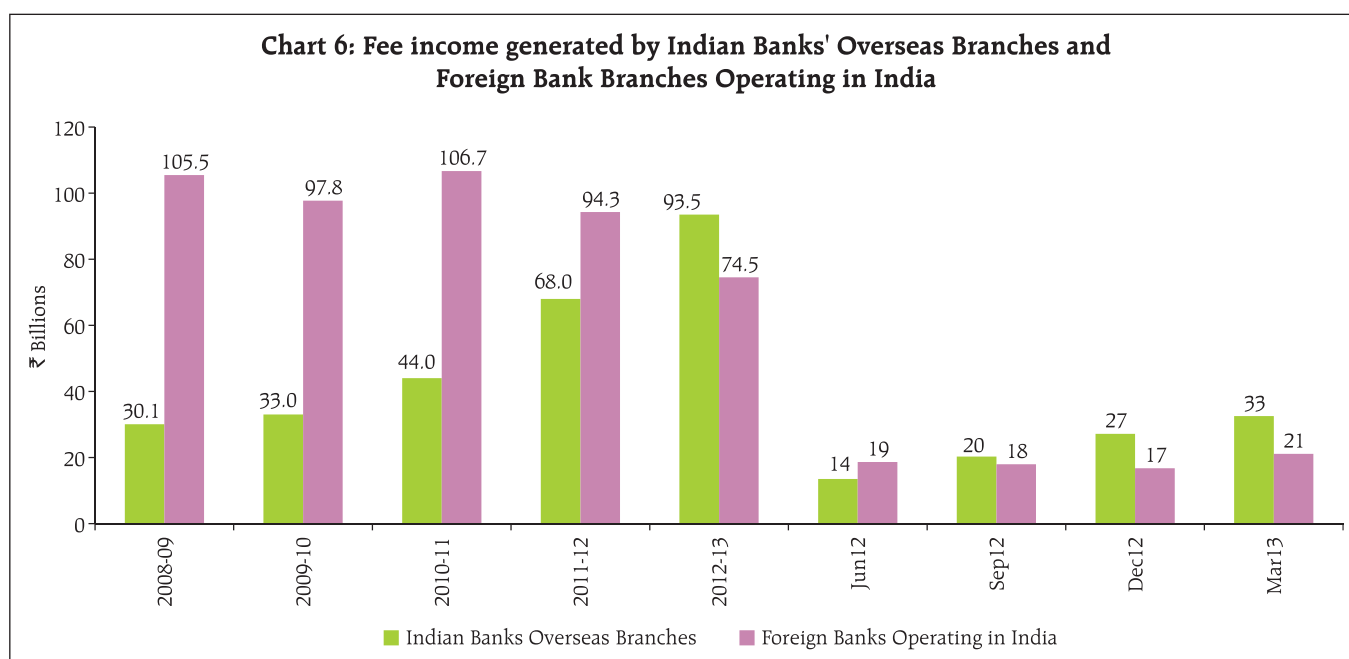
Indian banks' branches operating abroad generated major share of fee income by rendering 'credit related

services' and 'trade finance related services', whereas foreign banks operating in India received major part of their fee income from 'Derivative, stock, securities, foreign exchange trading services', 'Financial Consultancy and Advisory Services' and 'Trade Finance Related services' (Table 6).

Table 6: Activity Share in Trade in Banking Services

(per cent)

Activity	Indian Banks operating Abroad					Foreign Banks operating in India				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Deposit Account Management Services	2.7	1.7	2.1	2.7	8.3	2.8	4.1	3.8	5.4	5.1
Credit Related Services	39.2	47.2	54.4	37.6	43.2	8.4	7.2	9.0	10.9	12.2
Financial Leasing Services	0.0	0.2	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0
Trade Finance Related Services	40.3	33.1	24.2	26.8	36.7	17.7	14	11.1	19.0	22.1
Payment and Money Transmission Services	9.1	9.2	6.0	14.8	5.7	7.0	7.0	17.5	9.2	15.0
Fund Management Services	0.1	0.5	0.0	0.0	0.0	3.1	4.7	5.2	5.9	6.1
Financial Consultancy and Advisory Services	2.4	1.3	2.1	0.4	0.1	9.6	19.5	14.1	14.4	15.0
Underwriting Services	0.0	0.0	0.0	0.0	0.0	0.8	0.4	0.4	0.4	0.2
Clearing and Settlement Services	0.6	0.0	0.0	2.8	0.3	3.4	2.2	2.0	3.7	1.2
Derivative, Stock, Securities, Foreign Exchange trading Services	4.4	5.9	10.2	14.1	3.5	35.2	18.7	27.1	21.5	17.6
Other Financial Services	1.2	0.9	1	0.9	2.3	11.1	22.1	9.8	9.6	5.6
All activities	100	100	100	100	100	100	100	100	100	100



VI. Fee Income

Total fee income generated by 170 branches of Indian banks operating outside India increased from ₹ 68.0 billion (US\$ 1.4 billion) in 2011-12 to ₹ 93.5 billion (US\$ 1.7 billion) in 2012-13 whereas, in case of foreign banks operating in India, total fee income generated by 316 branches declined to of ₹74.5 billion

(US\$ 1.4 billion) in 2012-13 from ₹ 94.3 billion (US\$ 2.0 billion) in 2011-12 (Chart 6).

A dominant portion of fee income of Indian Bank's overseas branches came from non-residents. In contrast, major portion of fee income for Indian bank's subsidiaries abroad came from residents (Chart 7).

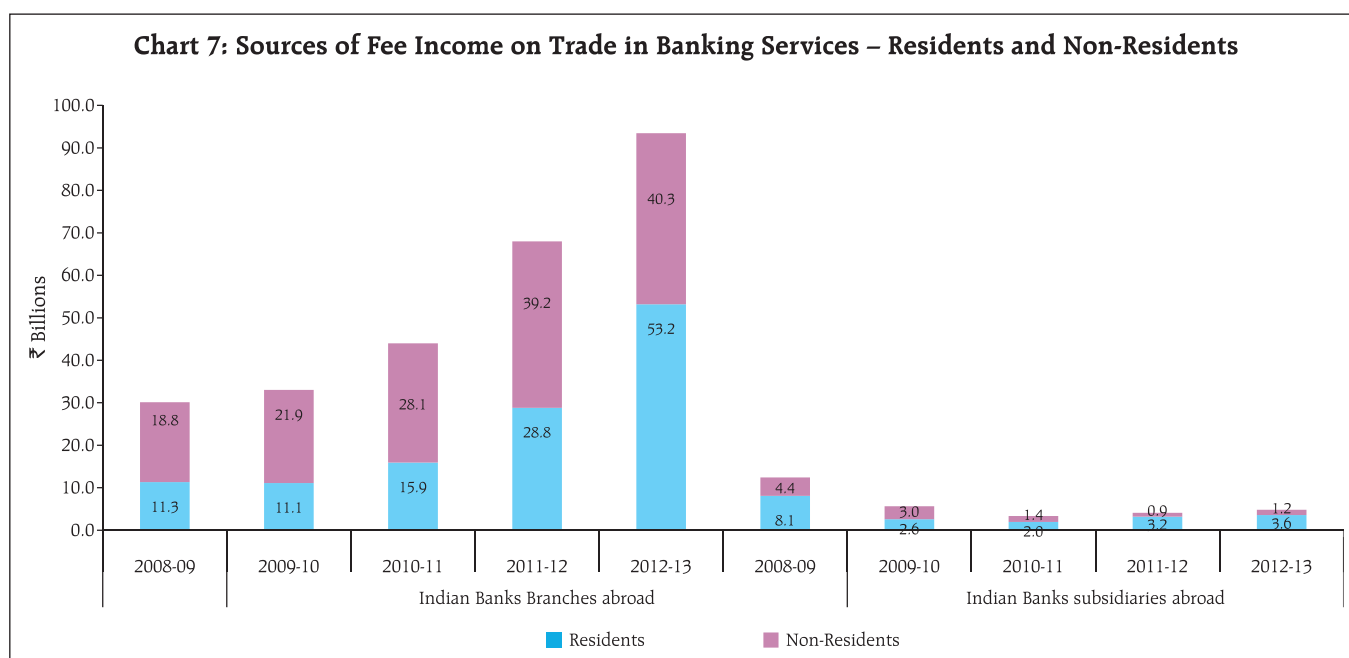


Table 7: Country-wise classification of Fee Income by Overseas branches of Indian Banks and Foreign Banks Operating in India

(Amount in ₹ billion)

	Indian Bank's Overseas Branches					Foreign Banks Operating in India				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Bahrain	5.9	3.1	3.7	2.5	2.9	0.0	0.0	0.1	0.1	0.1
Belgium	1.3	1.1	0.8	0.9	2.1	0.1	0.2	0.1	0.2	0.3
Hong Kong	3.5	4.2	5.7	9.5	9.4	25.0	25.1	12.4	16.5	15.7
Japan	1.2	3.6	1.0	0.9	1.0	0.3	0.6	0.8	1.2	1.4
Singapore	4.4	6.0	7.6	8.9	8.2	3.1	1.8	2.0	4.6	3.6
Sri Lanka	0.1	0.1	0.2	0.1	15.4	0.0	0.2	0.0	0.0	0.0
UAE	1.8	2.2	5.2	5.9	4.1	0.1	0.1	0.1	0.2	0.2
UK	4.9	5.7	10.5	27.8	38.8	21.2	30.6	25.5	26.8	18.5
USA	3.8	3.5	4.4	5.2	4.3	39.6	20.2	34.2	24.0	20.4
Other Countries	3.2	3.5	4.9	6.3	7.3	15.9	19.0	31.4	20.7	14.4
Total	30.1	33.0	44.0	68.0	93.5	105.5	97.8	106.7	94.3	74.5

Bahrain, Belgium, Hong Kong, Japan, Singapore, Sri Lanka, UAE, UK and USA were the major source countries which accounted together for nearly 92.2 per cent in total banking services provided by overseas branches of Indian banks. Overseas subsidiaries of Indian banks were mainly present in Botswana, Canada, Russia and United Kingdom (Table 7).

The amount accrued from ITBS operations of banks from UK, Hong Kong, USA was higher than the amount accrued to India from such overseas operations by Indian banks in these countries. However, the amount accrued to India from ITBS was more than the amount accrued to countries like Bahrain, Belgium, Singapore and UAE from their operations in India.

VII. Conclusion

Cross-border presence of both Indian and foreign banks have increased in the recent years. The consolidated balance sheet of overseas branches of Indian banks, which moderated after the global financial crisis, recovered in subsequent years whereas

that of foreign banks operating in India is continuing to grow at a relatively moderate pace. The share of non-interest income in total income of foreign banks in India was more than that for overseas branches of Indian banks, as the former had more non-fund-based activities whereas the latter generated major share of their fee income by rendering 'credit related services' and 'trade finance related services'.

Total fee income generated by 170 branches of Indian banks operating outside India increased from ₹ 68.0 billion in 2011-12 to ₹ 93.5 billion in 2012-13 whereas, in case of foreign banks operating in India, total fee income generated by 316 branches declined from ₹ 94.3 billion in 2011-12 to ₹ 74.5 billion in 2012-13. A dominant portion of fee income of the Indian banks branches operating abroad came from rendering services to non-residents, whereas in case of Indian Banks overseas subsidiaries, it came from the residents. Profitability ratio of foreign banks in India was more volatile but higher than the overseas branches/subsidiaries of Indian banks, during the last five years.

*Survey on Computer Software & Information Technology Enabled Services Exports: 2012-13**

The Reserve Bank's annual survey on Computer Software and Information Technology Enabled Services Exports collects information on various aspects of computer services exports as well as exports of Information Technology Enabled Services (ITES) and Business Process Outsourcing (BPO). Details on export of software services are collected as per the type of activity/services (on-site/off-site) and country of destination along with the four modes of supply, as per General Agreement on Trade in Services (GATS). This article presents the aggregate results of 2012-13 round of the survey and examines changes in the characteristics of software services exports. It also analyses the trend in major aggregates based on current and earlier round of survey results.

I. Introduction

The annual survey on Software and Information Technology Enabled Services Exports is conducted by the Reserve Bank of India (RBI) for compiling data on various aspects of Computer Services Exports as well as exports of Information Technology Enabled Services (ITES)/Business Process Outsourcing (BPO). The Reserve Bank started to conduct the annual survey on 'Software and Information Technology Enabled Services Exports' in 2002-03 as per the recommendations of the National Statistical Commission (2001) and subsequent guidance from the Technical Group on Computer Services Exports (TGCSE) (2008). The survey collects details of exports of computer services, as defined in the Balance of Payments and International Investment Position Manual (BPM6) of the International Monetary Fund (IMF) and the GATS Manual on Statistics of International Trade in Services (MSITS) as well as other select

information on ITES/BPO services exports. The survey also collects exports data as per the four modes of supply (*viz.*, cross-border supply, consumption abroad, commercial presence and presence of natural persons) as defined in MSITS. The previous annual round of the survey was conducted with reference period 2011-12.

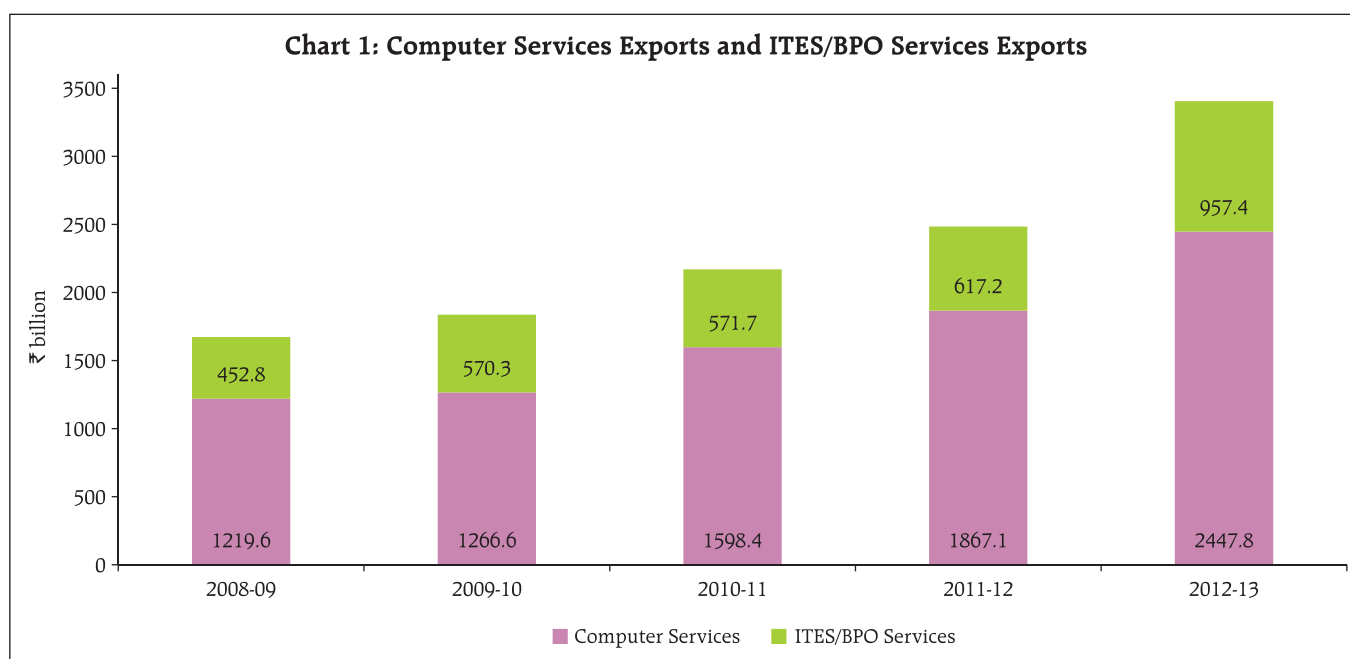
For the 2012-13 survey round, which was 7th in the series, the schedule was canvassed among 6,660 companies. Responses were received from 737 companies, including most of the large companies. The responding companies together accounted for 75.4 per cent of the total software exports during the year. The detailed methodology for estimation of software exports of the non-responding companies is given in the Annex.

II. Software Services Exports from India – Recent Trends

Software and IT-enabled services plays an important role in the Indian economy. As per the balance of payments (BoP) statistics, the software services exports (other than on-site exports), stood at ₹3,583 billion in 2012-13 and constituted around 45 per cent of total services exports of India as well as 3.5 per cent of GDP. India's Software services exports grew at remarkable pace during the period 2001-02 to 2007-08, at an average rate of 30.4 per cent in US \$ terms. Subsequently too, this sector has shown resilience in the face of marked moderation in global demand following the global financial crisis of 2008-09, though the pace of growth has moderated considerably.

In the survey, software services exports are divided into two major categories-(i) Computer Services exports which include IT services as well as Software Product Development and (ii) ITES/BPO services which includes BPO services and engineering services. As per the survey, India's total export of computer services and ITES/BPO services (excluding commercial presence) during 2012-13 is estimated at ₹3,405.2 billion (US\$ 62.6 billion), exhibiting 20.7 per cent growth in US\$ terms over the previous year.

* Prepared in the External Liabilities and Assets Statistics Division, Department of Statistics & Information Management. The previous article in the series with reference period 2011-12 was published in August 2013 issue of the Reserve Bank of India Bulletin.



Export of computer software services and ITES/BPO services are estimated at ₹2,447.8 billion (US\$ 45.0 billion) and ₹957.4 billion (US\$ 17.6 billion) respectively. Within 'computer services', there was a substantial rise in exports of IT services but software product development export was lower. While the share of ITES/BPO services exports increased at the cost of computer services exports share during 2012-13, the latter continued to be the dominant component (around 72

per cent share) in India's total software services exports (Chart 1 and Table 1). Among BPO services, the shares of exports of 'Customer interaction services' and 'Finance, Accounting and related services' declined.

III. Industry-wise Distribution of ITES/BPO Services Exports

The classification given by the Department of Information Technology (DIT-2003), Government of

Table 1: Software Services Exports from India with Components

(₹ billion)

Activity	Software Services Exports					Share in Total (%)		
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2011-12	2012-13
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A) Computer Services	1219.6	1266.6	1598.4	1867.1	2447.8	72.9	75.2	71.9
<i>Of which:</i> i) IT services	1070.5	1115.8	1492.2	1661.8	2256.7	64.0	66.9	66.3
ii) Software Product Development	149.1	150.8	106.2	205.3	191.1	8.9	8.3	5.6
B) ITES/BPO Services	452.8	570.3	571.7	617.2	957.4	27.1	24.8	28.1
<i>Of which:</i> i) BPO Services	383.4	431.3	468.7	523.0	789.6	22.9	21.0	23.2
ii) Engineering Services	69.4	139.0	103.0	94.2	167.8	4.2	3.8	4.9
Total Export of Software Services (A+B)								
in ₹ billion	1672.4	1836.9	2170.1	2484.3	3405.2	100.0	100.0	100.0
in US \$ billion *	34.9	38.7	47.6	51.8	62.6			
Annual Growth (in US \$ terms)		11.0	22.9	8.9	20.7			

* Using Average Exchange Rate.

Table 2: Industry-wise Share of ITES/BPO Services Exports

(per cent)

Activity	2008-09	2009-10	2010-11	2011-12	2012-13
	(1)	(2)	(3)	(4)	(5)
BPO Services	84.7	75.6	82.0	84.7	82.5
Customer interaction services	10.7	18.0	12.2	14.4	10.9
Finance and Accounting, auditing, book keeping and tax consulting services	8.3	11.9	13.4	23.5	9.7
HR Administration	2.4	1.3	0.5	0.2	0.9
Procurements and logistics	1.2	0.3	0.5	0.0	0.4
Medical transcription	11.8	0.4	0.6	0.2	0.7
Document Management	-	0.3	0.6	0.4	0.5
Content development and management and publishing	6.5	1.0	0.8	0.7	1.4
Other BPO service	43.8	42.4	53.4	45.3	58.0
Engineering Services	15.3	24.4	18.0	15.3	17.5
Embedded Solutions	3.0	0.8	2.4	2.1	4.1
Product Design Engineering (mechanical, electronics excluding software)	6.0	7.5	8.6	7.0	5.9
Industrial automation and enterprise asset management	-	2.6	0.6	0.0	2.4
Other Engineering service	6.3	13.5	6.4	6.2	5.1
Total ITES/BPO Services	100.0	100.0	100.0	100.0	100.0

India, was used for compilation of data on exports of *ITES/BPO services*. Among the BPO services exports, 'Medical transcription', 'Content development and management and publishing' sectors witnessed moderation in exports during 2009-10 in the wake of the global slowdown and continue to witness subdued activities in the subsequent years.

During 2012-13, exports in BPO services and engineering services recorded increase of ₹266.6 billion and ₹73.6 billion, respectively. In total ITES/BPO services exports, the share of engineering services increased at the cost of BPO services, whereas the shares of 'Customer interaction services' and 'Finance and Accounting, auditing, book keeping and tax consulting services' went down. Other BPO services (*i.e.*, Legal services, Animation, Gaming, Pharmaceuticals and biotechnology services, *etc.*) which constituted more than half of the ITES/BPO services, recorded an increase of ₹275.9 billion in 2012-13 (Table 2).

Among the major components of Engineering services, the contribution of 'Embedded Solutions' and 'Industrial automation and enterprise asset management' increased, whereas the same of 'Product Design Engineering' (mechanical, electronics excluding software) declined in 2012-13 (Table 2).

IV. Organisation-wise Distribution of Software Services Exports

Public limited companies continued to have the highest share of the total software services exports. Its share increased from 58.7 per cent in 2011-12 to 64.6 per cent in 2012-13. On the other hand, the share of Private Limited Companies in total software services exports declined to 35.3 per cent in 2012-13 (Table 3).

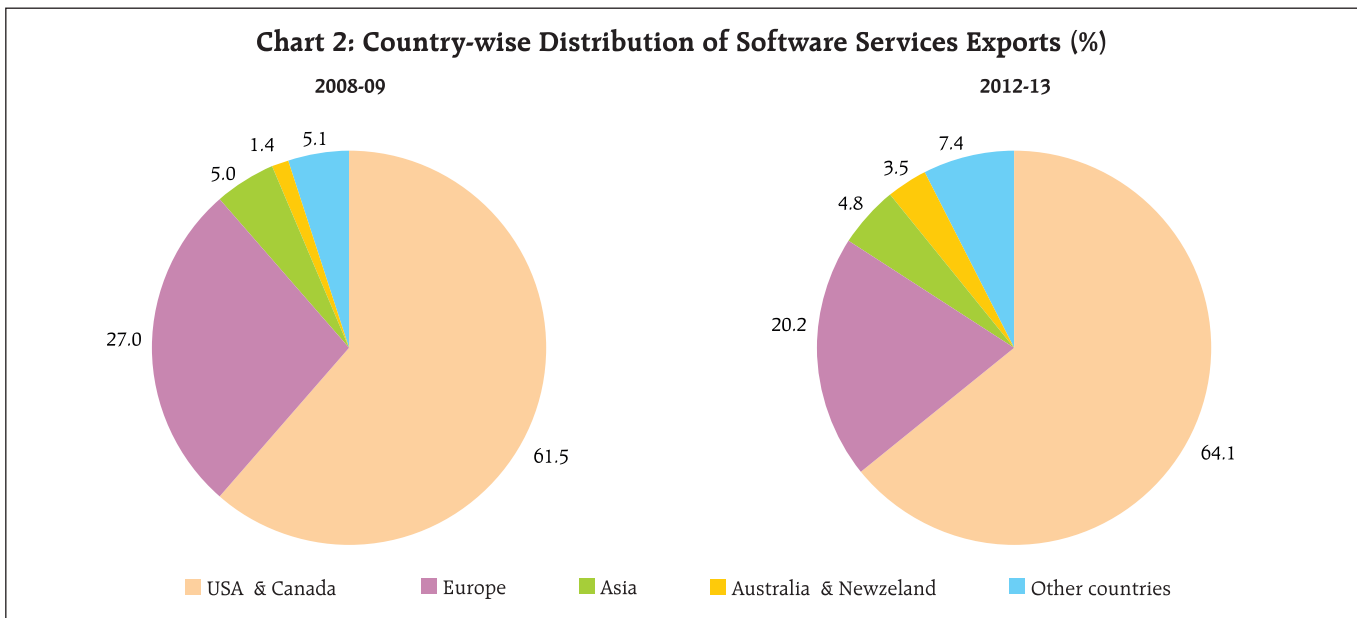
V. Country-wise Distribution of Software Services Exports

United States & Canada continued to remain the top destination (over 60 per cent) for software services exports from India followed by Europe, which accounted for nearly one-fifth. The shares of UK, East Asia and West Asia declined in 2012-13 as compared to 2011-12. The share of 'Other countries' increased from 5.1 per cent in 2008-09 to 7.4 per cent in 2012-13

Table 3: Organisation-wise Share of Software Services Exports

(per cent)

Type of Organisation	2008-09	2009-10	2010-11	2011-12	2012-13
	(1)	(2)	(3)	(4)	(5)
Private Limited Company	34.8	39.3	38.5	41.2	35.3
Public Limited Company	62.0	58.1	61.3	58.7	64.6
Others	3.2	2.6	0.2	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0



indicating more software exports to new markets (Chart 2).

VI. Currency Composition of Software Services Exports

US Dollar continued to remain the major currency of invoicing software export accounting for nearly three-fourth of total invoicing during 2012-13. The shares of Indian Rupee and Australian Dollar have increased since 2008-09 (Chart 3).

VII. Modes of Software Services Exports

Software services are exported through both on-site and off-site routes. The share of export of software services through on-site mode declined significantly from 32.2 per cent in 2008-09 to 15.8 per cent in 2012-13.

As per the MSITS, international trade in services can be conducted through four different modes, viz.

- (i) transactions between resident and non-resident covering cross-border supply

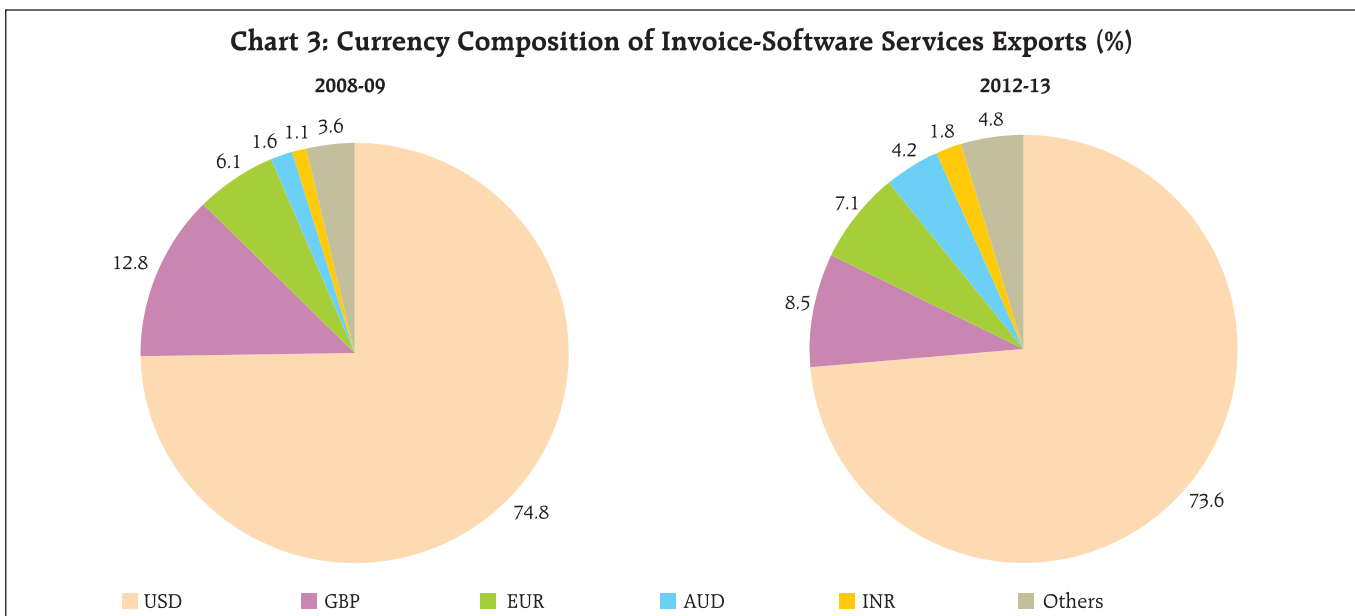


Table 4: Share of On-site and Off-site Exports

Type of Services	(per cent)				
	2008-09	2009-10	2010-11	2011-12	2012-13
	(1)	(2)	(3)	(4)	(5)
On-site (Mode 4)	32.2	21.6	20.7	17.8	15.8
Off-site (Mode 1 & Mode 2)	67.8	78.4	79.3	82.2	84.2
Total	100.0	100.0	100.0	100.0	100.0

(Mode-1), consumption abroad (Mode-2) and presence of natural person (Mode-4) and

- (ii) services provided locally by the affiliates established abroad, *i.e.*, commercial presence (Mode-3).

However, as per the BoP manual, foreign affiliates established abroad are treated as the domestic units in the host economy and hence the services delivered by them are not considered as the exports of the home country. To this extent, data on services exports in BoP differs from those in the Foreign Affiliates Trade Statistics (FATS).

The present survey collected the software services trade data on all four modes of supply. The total international trade in computer services by India by all four modes of supply stood at ₹3,759 billion (US\$ 69.1 billion) in 2012-13. The share of software services exports through Mode-1 and Mode-2 is increasing since

Table 5: Software Exports by Different Modes

Type of Mode	(per cent)				
	2008-09	2009-10	2010-11	2011-12	2012-13
	(1)	(2)	(3)	(4)	(5)
Mode 1 (cross-border supply)	56.3	64.6	67.4	69.0	74.7
Mode 2 (consumption abroad)	0.1	0.0	0.1	0.5	1.6
Mode 3 (commercial presence)	16.8	17.6	14.8	15.4	9.4
Mode 4 (presence of natural person)	26.8	17.8	17.7	15.1	14.3

2009-10 following global financial crisis, whereas the share of software services by India through Mode-3 and Mode-4 are decreasing (Table 5).

VIII. Software Business of Subsidiaries/Associates

The survey also collects information on the software business of foreign subsidiaries/associates of Indian companies (foreign affiliates), under the heads of software business done in the host country, *i.e.*, locally, to India and to other countries, for the purpose of FATS. The total software business of the Indian-owned foreign affiliates (excluding the services made available to India) observed immediate slow down following global crisis. During 2012-13, software exports of foreign subsidiaries/associates decreased by ₹122.5 billion to ₹397.9 billion (US\$ 7.3 billion) (Table 6). On the other hand, their business in India

Table 6: Software Business by Foreign Affiliates of Indian Companies

Activity	(₹ billion)														
	2008-09			2009-10			2010-11			2011-12			2012-13		
	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
IT services	12.2	0.8	0.1	6.4	0.0	0.4	17.9	0.2	1.6	27.5	10.7	5.4	23.9	1.8	0.4
Software Product Development	1.7	0.3	0.1	0.2	0.0	4.9	4.7	0.0	0.6	1.6	0.7	8.0	5.0	2.3	11.2
BPO Services	3.8	0.4	28.5	15.1	0.4	17.2	15.2	0.6	9.1	31.0	4.4	12.3	15.9	0.4	3.6
Engineering Services	0.0	0.2	0.3	0.6	0.1	0.0	1.7	0.3	0.0	1.5	0.3	20.6	1.6	0.5	0.0
Other services	319.3	9.8	37.3	370.1	7.1	22.3	338.2	4.4	26.7	391.8	0.4	20.8	307.4	184.6	28.9
Total (₹ billion)	337.0	11.5	66.4	392.3	7.7	44.9	377.7	5.4	38.1	453.4	16.4	67.0	353.8	189.6	44.1
Total (US\$ billion)	7.3	0.3	1.4	8.3	0.2	0.9	8.3	0.1	0.8	9.5	0.3	1.4	6.5	3.5	0.8

increased by ₹173.2 billion from ₹16.4 billion (US\$ 0.3 billion) in 2011-12 to ₹189.6 billion (US\$ 3.5 billion) in 2012-13.

Indian companies were classified into four major activity categories, *viz.*, IT services, Software product development, BPO services and Engineering services and those providing the combination of these services were classified under 'Other services' category. Foreign affiliates located abroad, under 'Other Services' category was the major source for generating the software business outside India. Software services provided by foreign affiliates in all countries decreased in 'IT services', 'BPO services' and 'Engineering services', whereas it increased in 'Software product development' and 'Other services'.

It is observed that USA had maximum share of total software business by foreign affiliates followed by UK. Share of USA, Canada and UK in total software business of foreign affiliates increased, while the share of Singapore and Netherlands decreased in 2012-13 (Table 7).

IX. Conclusion

India's software services exports has continued to rise, *albeit* at a slower rate, following the global financial crisis in 2008. During 2012-13, India's export of software services and IT enabled services experienced

Table 7: Software Business by Foreign Affiliates of Indian Companies- Country-wise Distribution

Country	(per cent)				
	2008-09 (1)	2009-10 (2)	2010-11 (3)	2011-12 (4)	2012-13 (5)
USA	61.0	54.7	67.5	65.0	71.3
United Kingdom	8.9	6.1	6.8	5.3	6.6
Canada	5.1	4.0	2.7	3.6	4.1
Germany	3.5	3.1	2.5	2.9	3.0
Singapore	3.7	3.0	3.4	4.4	2.7
Netherlands	2.9	3.1	3.6	4.3	2.1
Other Countries	14.9	26.0	13.5	14.5	10.2
Total	100.0	100.0	100.0	100.0	100.0

good growth. Total international trade in software services by India, including the services delivered by foreign affiliates established abroad, stood at ₹3,759 billion (US\$ 69.1 billion) in 2012-13. Software exports by foreign affiliates of Indian companies declined in 2012-13.

The share of software services exports through on-site mode has been consistently declining as most of the software services are exported through off-site mode. Mode -1 (cross-border supply) continued to be the major Mode of software services exports. USA continued to remain the major destination for software exports and US dollar remained the major invoice currency for software exports during 2012-13.

Box: Comparison of survey results with NASSCOM and BoP data

The Reserve Bank of India publishes the software exports data in BoP using data reported by Authorised Dealers, STPI and also the software exports data released by the NASSCOM. This accounts for only non-physical offsite software exports. As per the BoP data released by the RBI, non-physical (off-site) software exports stood at ₹3,583 billion in 2012-13 which does not include on-site software exports. Adding the on-site software exports of ₹539.1 billion (US\$ 9.9 billion), as reported in the survey, the total software services exports in 2012-13 worked out to ₹4,122.1 billion (US\$ 75.8 billion).

NASSCOM publishes exports of IT-BPO industry which is based on the global software business of the Indian software companies, *i.e.*, software exports of Indian companies together with the software business of their overseas subsidiaries. Accordingly, in order to make the data generated through the RBI's survey on Computer Software & ITES Exports comparable with NASSCOM data,

the software business of overseas subsidiaries of Indian companies have been added to the estimated software services exports of India, based on the survey.

Based on the survey, export of software services from India in 2012-13 was estimated at ₹3,405.2 billion (US\$ 62.6 billion) and the software business done by the Indian subsidiaries abroad in 2012-13 was estimated at ₹353.8 billion (US\$ 6.5 billion). Thus, the global software export of India based on the survey was ₹3,759.0 billion (US\$ 69.1 billion) as against ₹4,124.2 billion (US\$ 75.8 billion) published by the NASSCOM. The software business done by the overseas subsidiaries of Indian companies accounted for 9.4 per cent of the global software business, estimated through the survey.

The survey results are quite comparable with the software exports data released by NASSCOM and also with the software services exports data of BoP.

Reconciliation of Software Exports of India during 2012-13

(₹ billion)

Software exports as per NASSCOM (Global business)	Software Exports based on annual Survey			Software Exports based on Balance of Payment Statistics		
	Indian companies (Mode 1, Mode 2 & Mode 4)	Subsidiaries abroad (Mode 3 & export of Subsidiaries other than India)	Global Business	Software Exports based on BoP data	On-site software exports based on survey (Mode 4)	Total Software Exports of India
(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6)	(7) = (5) + (6)
4,124.2	3,405.2	353.8	3,759.0	3,583.0	539.1	4,122.1

Annex:**Methodology for estimation of Software Exports of Non-responding companies**

In total, 737 companies responded to the annual comprehensive survey covering all major companies. So, the non-responded companies were the smaller companies. Further, it was observed from data received from the responded companies that onsite export was mainly reported by the major companies. So while estimating the exports done by the non-responded companies, only offsite export was considered. As no information was available about the business activity of the non-responded companies, these were classified into four groups, *viz.*, IT services, BPO services, Engineering services and Software Product Development based on the observed proportion. Also, the distribution of export in all the four groups, *i.e.*, IT services, BPO, Engineering and Software Product Development was highly positively skewed. So median exports done by each of these groups was used for estimating the exports done by respective group of business. Using the methodology given below, the software services exports of non-respondent companies was estimated to the tune of ₹837.7 billion (around 24.6 per cent of total software services exports). To estimate other distributional patterns of exports, observed proportions were used.

Annual survey on Computer Software and IT Enabled Services Exports for the period 2012-13 was launched canvassing around 6,660 Software and ITES/BPO companies. Of these, 847 companies responded to the survey which includes 110 Nil and closed companies. All the major software and ITES/BPO companies responded to the survey. Using the observed proportion, number of Nil and closed companies have been estimated from 5,813 non-responded companies

and software exports have been estimated for the remaining 5,058 non-responded companies, using the following method:

- I. Based on the reported activity, companies have been classified in four groups, *viz.*: IT Services, BPO Services, Engineering Services and Software Product Services (having 100 per cent business under respective group).
- II. For classifying the 'other services companies', having combination of these as their business activity, reported proportions of their exports done in IT, BPO, Engineering and Software Product services have been used.
- III. Based on the reported data, it was observed that 'On-site' software export was primarily reported by the major companies. Therefore, only offshore software exports component was used for estimating software export of non-responded companies.
- IV. As the observed distribution of exports was highly positively skewed in each of these groups, median was used for estimating software exports in each group.

Estimated software exports for i^{th} group of non-responding companies

$$= \text{median of } i^{\text{th}} \text{ group} * \left[\frac{\# \text{ reported companies in } i^{\text{th}} \text{ group}}{\text{total no. of reported companies}} \right] * \\ [\# \text{ non-responding companies }]$$

Then, the total software exports of India has been compiled as the sum of reported software exports and the estimated software export for non-responded companies in each of the four groups.

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

Occasional Series

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

No. 1: Select Economic Indicators

Item	2012-13	2012-13		2013-14	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	5.0	5.4	5.2	4.4	4.8
1.1.1 Agriculture	1.9	2.9	1.7	2.7	4.6
1.1.2 Industry	1.2	-0.2	0.5	-0.9	1.6
1.1.3 Services	6.8	7.6	7.1	6.2	5.8
1.1a Final Consumption Expenditure	3.9	4.7	4.0	3.0	1.7
1.1b Gross Fixed Capital Formation	1.7	-2.2	1.1	-1.2	2.6
	2012-13	2012	2013	2014	
		Dec	Jan	Dec	Jan
	1	2	3	4	5
1.2 Index of Industrial Production	1.2	-0.6	2.5	-0.6	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.2	11.0	13.1	15.4	15.7
2.1.2 Credit	14.1	15.1	16.0	14.2	14.7
2.1.2.1 Non-food Credit	14.0	14.9	15.8	14.5	14.9
2.1.3 Investment in Govt. Securities	15.4	14.4	16.2	13.9	12.8
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	6.0	4.6	4.2	10.7	9.0
2.2.2 Broad Money (M3)	13.5	11.2	13.0	14.9	14.5
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.25	4.25	4.00	4.00
3.2 Statutory Liquidity Ratio	23.0	23.0	23.0	23.0	23.0
3.3 Cash-Deposit Ratio	4.8	5.3	5.5	5.0	4.9
3.4 Credit-Deposit Ratio	77.9	77.6	77.4	76.8	76.7
3.5 Incremental Credit-Deposit Ratio	77.1	73.2	70.9	66.4	66.4
3.6 Investment-Deposit Ratio	29.7	29.9	30.1	29.5	29.4
3.7 Incremental Investment-Deposit Ratio	31.9	35.5	36.8	27.8	26.4
4 Interest Rates (%)					
4.1 Policy Repo Rate	7.50	8.00	7.75	7.75	8.00
4.2 Reverse Repo Rate	6.50	7.00	6.75	6.75	7.00
4.3 Marginal Standing Facility (MSF) Rate	8.50	9.00	8.75	8.75	9.00
4.4 Bank Rate	8.50	9.00	8.75	8.75	9.00
4.5 Base Rate	9.70/10.25	9.75/10.50	9.75/10.50	10.00/10.25	10.00/10.25
4.6 Term Deposit Rate >1 Year	7.50/9.00	8.50/9.00	8.50/9.00	8.00/9.05	8.00/9.10
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.30	8.31	7.82	8.72	8.11
4.9 91-Day Treasury Bill (Primary) Yield	8.19	8.19	7.94	8.69	8.90
4.10 182-Day Treasury Bill (Primary) Yield	8.01	8.14	7.94	8.84	8.95
4.11 364-Day Treasury Bill (Primary) Yield	7.79	8.01	7.84	8.84	8.67
4.12 10-Year Government Securities Yield	7.95	8.05	7.91	8.84	8.81
5 RBI Reference Rate and Forward Premia					
5.1 INR-US\$ Spot Rate (₹ Per Foreign Currency)	54.39	54.78	53.29	61.90	62.48
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	69.54	72.26	72.23	85.36	84.60
5.3 Forward Premia of US\$ 1-month (%)	7.72	7.78	6.76	9.28	8.07
3-month (%)	7.57	6.79	7.58	8.64	8.58
6-month (%)	7.28	6.43	7.09	8.60	8.26
6 Inflation (%)					
6.1 Wholesale Price Index	7.4	7.3	7.3	6.2	5.1
6.1.1 Primary Articles	9.8	10.6	11.4	10.8	6.8
6.1.2 Fuel and Power	10.6	10.3	9.3	11.0	10.0
6.1.3 Manufactured Products	5.4	5.0	5.0	2.6	2.8
6.2 All India Consumer Price Index	10.21	10.6	10.8	9.9	8.8
6.3 Consumer Price Index for Industrial Workers	10.43	11.2	11.6	9.1	7.2
7 Foreign Trade (% Change)					
7.1 Imports	0.5	7.5	4.2	-15.3	-18.1
7.2 Exports	-2.1	0.4	1.6	1.9	3.8

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2012-13	2013	2014				
		Feb.	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	11,772.18	11,634.06	12,546.41	12,707.58	12,790.69	12,747.71	12,712.01
1.1.2 Notes held in Banking Department	0.08	0.14	0.12	0.10	0.13	0.13	0.13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	11,772.26	11,634.20	12,546.53	12,707.68	12,790.83	12,747.84	12,712.15
1.2 Assets							
1.2.1 Gold Coin and Bullion	740.85	753.23	657.24	657.24	657.24	657.24	682.33
1.2.2 Foreign Securities	11,019.02	10,868.49	11,878.34	12,038.01	12,121.36	12,078.78	12,018.35
1.2.3 Rupee Coin	1.92	2.01	0.49	1.96	1.76	1.36	1.00
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	4,577.50	4,005.76	3,857.77	3,754.42	3,894.41	3,711.06	3,653.62
2.1.1.1 Central Government	817.59	754.38	320.59	254.54	393.28	240.51	1.01
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	0.43
2.1.1.4 Scheduled Commercial Banks	3,424.24	2,963.46	3,189.56	3,151.89	3,153.14	3,120.05	3,302.54
2.1.1.5 Scheduled State Co-operative Banks	41.29	27.96	34.34	33.53	34.25	33.32	33.59
2.1.1.6 Non-Scheduled State Co-operative Banks	2.37	2.33	3.87	4.09	4.03	4.06	4.04
2.1.1.7 Other Banks	152.48	137.72	157.93	157.86	158.08	159.37	159.48
2.1.1.8 Others	139.10	119.48	151.04	152.10	151.20	153.34	152.53
2.1.2 Other Liabilities	6,959.83	6,916.00	8,913.17	8,951.41	9,031.60	8,967.06	9,014.59
2.1/2.2 Total Liabilities or Assets	11,537.33	10,921.76	12,770.94	12,705.83	12,926.01	12,678.13	12,668.21
2.2 Assets							
2.2.1 Notes and Coins	0.08	0.14	0.12	0.10	0.13	0.13	0.13
2.2.2 Balances held Abroad	3,161.94	3,226.67	4,707.61	4,583.82	4,578.29	4,566.45	4,604.90
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	3.70	6.79	2.36	6.43	3.24	4.52	3.14
2.2.3.3 Scheduled Commercial Banks	418.66	253.74	386.53	406.39	457.37	405.04	358.74
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	19.00	7.54	78.11	72.40	76.75	67.73	67.51
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,185.00	6,682.00	6,766.48	6,821.55	6,994.86	6,830.15	6,799.14
2.2.6 Other Assets	748.93	744.89	829.73	815.15	815.37	804.11	834.64
2.2.6.1 Gold	672.98	684.23	597.03	597.03	597.03	597.03	619.82

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility			MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+4+5+7-2-6)
	Repo	Reverse Repo	Term Repo			Sale	Purchase	
	1	2	3			4	5	
Jan. 1, 2014	411.94	36.18	-	2.90	-5.69	-	-	372.97
Jan. 2, 2014	379.76	130.69	-	3.85	-243.83	-	-	9.09
Jan. 3, 2014	202.12	0.03	-	11.95	-49.10	-	-	164.94
Jan. 6, 2014	251.60	0.05	-	30.45	153.70	-	-	435.70
Jan. 7, 2014	380.83	0.03	-	41.45	90.37	-	-	512.62
Jan. 8, 2014	395.66	2.03	-	106.30	24.87	-	-	524.80
Jan. 9, 2014	403.95	0.29	-	1.25	-2.52	-	-	402.39
Jan. 10, 2014	345.09	12.06	490.06	50.45	-34.70	-	-	838.84
Jan. 13, 2014	400.32	0.11	-	139.77	76.40	-	-	616.38
Jan. 15, 2014	399.63	4.94	-	17.70	1.36	-	-	413.75
Jan. 16, 2014	411.62	0.18	-	72.15	-	-	-	483.59
Jan. 17, 2014	407.58	10.61	100.04	218.10	-49.55	-	-	665.56
Jan. 20, 2014	412.42	2.03	-	63.70	54.41	-	-	528.50
Jan. 21, 2014	412.87	6.18	200.02	33.65	-132.20	-	-	508.16
Jan. 22, 2014	404.51	44.22	-	11.25	77.33	-	-	448.87
Jan. 23, 2014	249.84	24.06	-	35.05	-41.91	-	94.77	313.70
Jan. 24, 2014	353.35	25.09	390.01	105.60	-89.15	-	-	734.72
Jan. 27, 2014	377.05	2.31	-	22.97	127.55	-	-	525.26
Jan. 28, 2014	374.91	8.37	-	16.15	24.16	-	-	406.85
Jan. 29, 2014	303.15	11.55	-	0.20	44.10	-	-	335.90
Jan. 30, 2014	346.65	17.88	-	0.70	-49.58	-	-	279.89
Jan. 31, 2014	315.61	4.83	-	88.25	-55.49	-	-	343.54

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

Item	2012-13	2013		2014
		Jan.	Dec.	Jan.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US\$ Million) (1.1-1.2)	-2,601.00	-18.00	3,483.00	-1,929.00
1.1 Purchase (+)	13,648.00	2,039.00	5,057.00	375.00
1.2 Sale (-)	16,249.00	2,057.00	1,574.00	2,304.00
2 ₹ equivalent at contract rate (₹ Billion)	-153.16	-3.96	221.62	-116.76
3 Cumulative (over end-March 2013) (US \$ Million)	-2,601.00	-3,141.00	3,669.00	1,740.00
(₹ Billion)	-153.16	-173.57	230.69	113.93
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US\$ Million)	-11,006.00	-12,809.00	-32,607.00	-31,848.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2012-13	2013					2014	
		Jan. 25	Aug. 23	Sep. 20	Oct. 18	Nov. 29	Dec. 27	Jan. 24
	1	2	3	4	5	6	7	8
1 MSF	–	1.8	559.0	756.8	434.2	86.5	385.4	105.6
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	412.3	397.4	392.7	422.3	436.8	472.3	488.1	533.7
2.2 Outstanding	136.3	248.0	323.5	349.4	364.5	371.5	418.1	297.9
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	6.5	25.1	24.6	25.0	25.7	23.6	25.5
4 Others								
4.1 Limit	50.0	50.0	–	–	–	–	–	–
4.2 Outstanding	–	10.9	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	151.5	267.1	907.6	1130.8	823.7	483.7	827.1	428.9

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	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	11,447.4	11,089.4	12,135.7	12,263.8	12,271.3
1.1 Notes in Circulation	11,756.4	11,436.5	12,516.7	12,600.3	12,621.5
1.2 Circulation of Rupee Coin	146.0	142.5	158.2	158.2	158.2
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	497.1	546.6	502.0	515.7
2 Deposit Money of the Public	7,502.0	6,951.1	7,799.2	7,609.3	7,856.8
2.1 Demand Deposits with Banks	7,469.6	6,936.1	7,775.0	7,586.4	7,834.1
2.2 'Other' Deposits with Reserve Bank	32.4	15.0	24.1	22.9	22.8
3 M ₁ (1 + 2)	18,949.4	18,040.5	19,934.8	19,873.1	20,128.1
4 Post Office Saving Bank Deposits	50.4	50.4	50.4	50.4	50.4
5 M ₂ (3 + 4)	18,999.8	18,090.9	19,985.3	19,923.5	20,178.6
6 Time Deposits with Banks	64,870.9	63,117.4	72,346.7	72,974.6	72,808.1
7 M ₃ (3 + 6)	83,820.2	81,157.9	92,281.5	92,847.8	92,936.2
8 Total Post Office Deposits	259.7	259.7	259.7	259.7	259.7
9 M ₄ (7 + 8)	84,079.9	81,417.6	92,541.2	93,107.4	93,195.9

No. 7: Sources of Money Stock (M₃)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 Net Bank Credit to Government	27,072.1	26,617.2	29,604.1	29,913.6	29,967.0
1.1 RBI's net credit to Government (1.1.1-1.1.2)	5,905.8	5,851.2	6,264.9	6,400.9	6,601.4
1.1.1 Claims on Government	6,581.4	6,257.7	6,774.7	6,481.1	6,819.9
1.1.1.1 Central Government	6,580.2	6,255.7	6,767.0	6,461.4	6,809.2
1.1.1.2 State Governments	1.2	2.0	7.7	19.7	10.7
1.1.2 Government deposits with RBI	675.6	406.5	509.7	80.2	218.5
1.1.2.1 Central Government	675.2	405.4	509.3	79.8	218.0
1.1.2.2 State Governments	0.4	1.1	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	21,166.3	20,765.9	23,339.2	23,512.6	23,365.5
2 Bank Credit to Commercial Sector	56,646.6	54,497.7	61,772.8	62,111.5	62,157.1
2.1 RBI's credit to commercial sector	30.6	30.6	73.4	73.2	81.3
2.2 Other banks' credit to commercial sector	56,616.1	54,467.1	61,699.4	62,038.3	62,075.8
2.2.1 Bank credit by commercial banks	52,604.6	50,509.1	57,559.2	57,899.3	57,928.3
2.2.2 Bank credit by co-operative banks	3,968.7	3,903.4	4,103.0	4,103.0	4,110.9
2.2.3 Investments by commercial and co-operative banks in other securities	42.8	54.6	37.2	36.0	36.6
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	16,366.6	16,037.6	18,925.6	18,735.4	18,732.1
3.1 RBI's net foreign exchange assets (3.1.1-3.1.2)	15,580.6	15,626.8	18,015.4	17,825.2	17,821.9
3.1.1 Gross foreign assets	15,580.8	15,627.0	18,015.8	17,825.5	17,822.3
3.1.2 Foreign liabilities	0.2	0.2	0.4	0.4	0.4
3.2 Other banks' net foreign exchange assets	786.0	410.8	910.2	910.2	910.2
4 Government's Currency Liabilities to the Public	153.4	149.9	165.6	165.6	165.6
5 Banking Sector's Net Non-monetary Liabilities	16,418.5	16,144.5	18,186.5	18,078.2	18,085.4
5.1 Net non-monetary liabilities of RBI	6,925.0	7,012.7	8,815.4	8,693.7	8,733.5
5.2 Net non-monetary liabilities of other banks (residual)	9,493.4	9,131.8	9,371.1	9,384.5	9,351.9
M₃ (1+2+3+4-5)	83,820.2	81,157.9	92,281.5	92,847.8	92,936.2

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
Monetary Aggregates					
NM ₁ (1.1 + 1.2.1+1.3)	18,834.7	17,936.2	19,831.0	19,769.2	20,024.3
NM ₂ (NM ₁ + 1.2.2.1)	46,970.6	45,317.0	50,506.7	50,740.8	50,906.0
NM ₃ (NM ₂ + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	83,575.6	80,848.4	90,445.6	90,954.5	90,997.8
1 Components					
1.1 Currency with the Public	11,461.0	11,098.7	12,150.2	12,278.3	12,285.8
1.2 Aggregate Deposits of Residents	69,865.6	67,668.6	75,824.9	76,293.7	76,341.7
1.2.1 Demand Deposits	7,341.3	6,822.5	7,656.7	7,468.0	7,715.7
1.2.2 Time Deposits of Residents	62,524.3	60,846.1	68,168.2	68,825.7	68,626.0
1.2.2.1 Short-term Time Deposits	28,135.9	27,380.8	30,675.7	30,971.5	30,881.7
1.2.2.1.1 Certificates of Deposit (CDs)	3,831.4	3,269.3	3,289.9	3,326.5	3,325.0
1.2.2.2 Long-term Time Deposits	34,388.4	33,465.4	37,492.5	37,854.1	37,744.3
1.3 'Other' Deposits with RBI	32.4	15.0	24.1	22.9	22.8
1.4 Call/Term Funding from Financial Institutions	2,216.6	2,066.0	2,446.4	2,359.6	2,347.5
2 Sources					
2.1 Domestic Credit	85,823.3	83,072.3	93,708.4	94,439.1	94,549.5
2.1.1 Net Bank Credit to the Government	26,579.4	26,137.6	29,045.1	29,354.6	29,408.0
2.1.1.1 Net RBI credit to the Government	5,905.8	5,851.2	6,264.9	6,400.9	6,601.4
2.1.1.2 Credit to the Government by the Banking System	20,673.6	20,286.4	22,780.2	22,953.6	22,806.5
2.1.2 Bank Credit to the Commercial Sector	59,243.9	56,934.7	64,663.2	65,084.6	65,141.6
2.1.2.1 RBI Credit to the Commercial Sector	30.6	30.6	73.4	73.2	81.3
2.1.2.2 Credit to the Commercial Sector by the Banking System	59,213.4	56,904.1	64,589.8	65,011.4	65,060.3
2.1.2.2.1 Other Investments (Non-SLR Securities)	3,674.6	3,484.0	4,020.0	4,116.2	4,103.1
2.2 Government's Currency Liabilities to the Public	153.4	149.9	165.6	165.6	165.6
2.3 Net Foreign Exchange Assets of the Banking Sector	14,775.0	14,379.6	15,793.5	15,594.7	15,649.8
2.3.1 Net Foreign Exchange Assets of the RBI	15,580.6	15,626.8	18,015.4	17,825.2	17,821.9
2.3.2 Net Foreign Currency Assets of the Banking System	-805.6	-1,247.2	-2,221.9	-2,230.5	-2,172.1
2.4 Capital Account	12,869.4	13,020.7	15,898.8	15,845.0	15,855.8
2.5 Other items (net)	4,306.7	3,732.8	3,323.0	3,399.8	3,511.2

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2012-13	2013			2014
		Jan.	Nov.	Dec.	Jan.
	1	2	3	4	5
1 NM₃	83,575.6	80,848.4	90,370.8	90,445.6	90,997.8
2 Postal Deposits	1,388.4	1,372.1	1,502.0	1,502.0	1,502.0
3 L₁ (1 + 2)	84,964.0	82,220.4	91,872.8	91,947.6	92,499.8
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
5 L₂ (3 + 4)	84,993.4	82,249.7	91,902.1	91,976.9	92,529.1
6 Public Deposits with Non-Banking Financial Companies	106.0	106.0	..
7 L₃ (5 + 6)	85,099.3	92,082.9	..

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2012-13	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	11,909.8	11,586.5	12,682.2	12,765.8	12,787.0
1.2 Bankers' Deposits with the RBI	3,206.7	3,292.3	3,426.8	3,398.9	3,427.0
1.2.1 Scheduled Commercial Banks	3,018.9	3,118.1	3,236.4	3,205.1	3,233.3
1.3 'Other' Deposits with the RBI	32.4	15.0	24.1	22.9	22.8
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5)	15,148.9	14,893.8	16,133.2	16,187.6	16,236.8
2 Sources					
2.1 RBI's Domestic Credit	6,339.9	6,129.8	6,767.6	6,890.5	6,982.8
2.1.1 Net RBI credit to the Government	5,905.8	5,851.2	6,264.9	6,400.9	6,601.4
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	5,850.3	6,257.7	6,381.6	6,591.2
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	-	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	6,578.3	6,254.3	6,764.5	6,459.7	6,808.3
2.1.1.1.3.1 Central Government Securities	6,567.8	6,243.8	6,754.0	6,449.2	6,797.8
2.1.1.1.4 Rupee Coins	1.9	1.4	2.5	1.7	0.9
2.1.1.1.5 Deposits of the Central Government	675.2	405.4	509.3	79.8	218.0
2.1.1.2 Net RBI credit to State Governments	0.8	1.0	7.3	19.3	10.3
2.1.2 RBI's Claims on Banks	403.5	248.0	429.3	416.4	300.1
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	403.4	246.8	427.5	414.3	298.0
2.1.3 RBI's Credit to Commercial Sector	30.6	30.6	73.4	73.2	81.3
2.1.3.1 Loans and Advances to Primary Dealers	17.4	6.5	23.6	23.4	25.5
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	153.4	149.9	165.6	165.6	165.6
2.3 Net Foreign Exchange Assets of the RBI	15,580.6	15,626.8	18,015.4	17,825.2	17,821.9
2.3.1 Gold	1,397.4	1,491.0	1,285.5	1,220.9	1,220.9
2.3.2 Foreign Currency Assets	14,183.4	14,135.9	16,730.1	16,604.5	16,601.2
2.4 Capital Account	6,364.9	6,522.1	8,545.9	8,446.7	8,444.8
2.5 Other Items (net)	560.1	490.7	269.5	247.0	288.7

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2012-13	2013		2014			
		Jan. 25	Dec. 27	Jan. 10	Jan. 17	Jan. 24	Jan. 31
	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	14,893.8	16,133.2	16,187.6	16,277.0	16,236.8	16,108.1
1 Components							
1.1 Currency in Circulation	11,909.8	11,586.5	12,682.2	12,765.8	12,875.4	12,787.0	12,712.0
1.2 Bankers' Deposits with RBI	3,206.7	3,292.3	3,426.8	3,398.9	3,381.0	3,427.0	3,385.7
1.3 'Other' Deposits with RBI	32.4	15.0	24.1	22.9	20.6	22.8	10.4
2 Sources							
2.1 Net Reserve Bank Credit to Government	5,905.8	5,851.2	6,264.9	6,400.9	6,487.8	6,601.4	6,442.7
2.2 Reserve Bank Credit to Banks	403.5	248.0	429.3	416.4	436.0	300.1	388.7
2.3 Reserve Bank Credit to Commercial Sector	30.6	30.6	73.4	73.2	81.7	81.3	89.0
2.4 Net Foreign Exchange Assets of RBI	15,580.6	15,626.8	18,015.4	17,825.2	17,594.4	17,821.9	17,842.7
2.5 Government's Currency Liabilities to the Public	153.4	149.9	165.6	165.6	165.6	165.6	165.6
2.6 Net Non- Monetary Liabilities of RBI	6,925.0	7,012.7	8,815.4	8,693.7	8,488.5	8,733.5	8,820.5

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2012-13	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	66,677.8	64,484.0	72,462.5	72,963.7	72,966.0
1.1.1 Demand Deposits	6,623.0	6,103.6	6,897.9	6,705.1	6,958.0
1.1.2 Time Deposits of Residents	60,054.8	58,380.3	65,564.6	66,258.6	66,008.0
1.1.2.1 Short-term Time Deposits	27,024.7	26,271.2	29,504.1	29,816.4	29,703.6
1.1.2.1.1 Certificates of Deposits (CDs)	3,835.3	3,269.3	3,289.9	3,326.5	3,325.0
1.1.2.2 Long-term Time Deposit	33,030.1	32,109.2	36,060.5	36,442.2	36,304.4
1.2 Call/Term Funding from Financial Institutions	2,216.6	2,066.0	2,446.4	2,359.6	2,347.5
2 Sources					
2.1 Domestic Credit	76,376.1	73,613.4	83,667.8	84,264.1	84,161.1
2.1.1 Credit to the Government	20,036.5	19,638.2	22,128.5	22,303.3	22,159.5
2.1.2 Credit to the Commercial Sector	56,339.6	53,975.2	61,539.3	61,960.9	62,001.6
2.1.2.1 Bank Credit	52,604.6	50,509.1	57,559.2	57,899.3	57,928.3
2.1.2.1.1 Non-food Credit	51,640.4	49,452.1	56,440.8	56,762.2	56,810.5
2.1.2.2 Net Credit to Primary Dealers	59.0	48.8	29.4	15.9	40.3
2.1.2.3 Investments in Other Approved Securities	24.5	22.9	20.3	19.1	19.5
2.1.2.4 Other Investments (in non-SLR Securities)	3,651.5	3,394.4	3,930.4	4,026.5	4,013.5
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	-782.2	-1,247.2	-2,221.9	-2,230.5	-2,172.1
2.2.1 Foreign Currency Assets	919.6	441.5	1,335.9	1,238.3	1,335.1
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	826.8	804.0	2,556.2	2,526.7	2,559.8
2.2.3 Overseas Foreign Currency Borrowings	875.0	884.7	1,001.6	942.1	947.4
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,011.7	3,315.2	3,288.7	3,226.1	3,385.7
2.3.1 Balances with the RBI	2,822.7	3,118.1	3,236.4	3,205.1	3,233.3
2.3.2 Cash in Hand	404.9	444.0	479.7	435.3	450.4
2.3.3 Loans and Advances from the RBI	215.9	246.8	427.5	414.3	298.0
2.4 Capital Account	6,374.2	6,256.9	7,111.2	7,156.6	7,169.3
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,337.0	2,874.5	2,714.6	2,779.8	2,891.9
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,241.3	3,024.6	3,228.4	3,133.0	3,110.2
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	-809.8	-520.1	-634.4	-643.5	-643.9

No. 13: Scheduled Commercial Banks' Investments

Item	As on March 22, 2013	2013		2014	
		Jan. 25	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 SLR Securities	20,061.0	19,661.1	22,076.8	22,255.2	22,179.0
2 Commercial Paper	324.3	318.4	190.9	168.0	156.2
3 Shares issued by					
3.1 PSUs	86.8	77.6	86.4	82.6	84.2
3.2 Private Corporate Sector	338.0	331.6	334.3	334.6	331.2
3.3 Others	8.7	8.7	8.6	8.6	8.6
4 Bonds/Debentures issued by					
4.1 PSUs	460.5	368.6	783.2	783.6	713.4
4.2 Private Corporate Sector	1,026.2	950.7	1,117.5	1,142.0	1,153.5
4.3 Others	480.8	412.5	451.6	451.7	466.3
5 Instruments issued by					
5.1 Mutual funds	436.7	517.6	446.3	539.4	528.3
5.2 Financial institutions	489.5	408.5	572.8	581.0	571.7

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	2013		2014	2012-13	2013		2014
		Jan.	Dec.	Jan.		Jan.	Dec.	Jan.
1	2	3	4	5	6	7	8	
Number of Reporting Banks	218	221	213	214	151	154	146	147
1 Liabilities to the Banking System	1,368.2	1,236.8	1,157.3	1,079.4	1,331.0	1,195.9	1,114.7	1,038.0
1.1 Demand and Time Deposits from Banks	879.3	816.1	764.9	749.0	846.5	785.5	726.5	708.9
1.2 Borrowings from Banks	398.0	337.2	322.0	263.0	393.6	326.9	317.8	261.7
1.3 Other Demand and Time Liabilities	90.9	83.6	70.4	67.5	90.9	83.6	70.4	67.4
2 Liabilities to Others	75,818.5	73,211.3	83,570.4	85,319.9	73,837.5	71,263.3	81,417.3	83,146.7
2.1 Aggregate Deposits	69,420.0	67,172.3	76,812.8	78,211.1	67,504.5	65,288.0	74,748.6	76,128.0
2.1.1 Demand	6,783.3	6,260.8	7,025.2	7,253.9	6,623.0	6,103.6	6,858.3	7,090.6
2.1.2 Time	62,636.7	60,911.4	69,787.5	70,957.1	60,881.5	59,184.4	67,890.2	69,037.4
2.2 Borrowings	2,227.2	2,077.9	2,457.1	2,586.2	2,216.6	2,066.0	2,441.0	2,561.9
2.3 Other Demand and Time Liabilities	4,171.3	3,961.1	4,300.5	4,522.6	4,116.3	3,909.2	4,227.8	4,456.8
3 Borrowings from Reserve Bank	217.2	248.0	429.3	388.7	215.9	246.8	427.5	386.5
3.1 Against Usance Bills /Promissory Notes	—	—	—	—	—	—	—	—
3.2 Others	217.2	248.0	429.3	388.7	215.9	246.8	427.5	386.5
4 Cash in Hand and Balances with Reserve Bank	3,320.9	3,653.2	3,818.5	3,760.9	3,227.6	3,562.0	3,715.1	3,655.1
4.1 Cash in Hand	414.8	453.4	490.5	476.5	404.9	444.0	478.7	465.5
4.2 Balances with Reserve Bank	2,906.1	3,199.9	3,328.0	3,284.4	2,822.7	3,118.1	3,236.4	3,189.6
5 Assets with the Banking System	2,448.3	2,018.2	2,030.6	2,133.5	2,199.5	1,764.7	1,699.2	1,796.2
5.1 Balances with Other Banks	1,051.5	885.6	1,041.0	1,135.1	960.8	795.7	932.2	1,027.0
5.1.1 In Current Account	127.6	112.4	133.1	125.4	111.9	97.6	113.1	107.6
5.1.2 In Other Accounts	923.9	773.3	907.9	1,009.7	848.9	698.1	819.1	919.5
5.2 Money at Call and Short Notice	397.6	327.4	360.3	375.5	296.0	219.7	223.5	228.0
5.3 Advances to Banks	136.1	83.4	136.4	137.2	126.9	76.4	130.9	131.8
5.4 Other Assets	863.0	721.8	492.9	485.7	815.8	673.0	412.7	409.5
6 Investment	20,660.3	20,262.7	22,736.4	23,024.2	20,061.0	19,661.1	22,076.8	22,368.6
6.1 Government Securities	20,633.5	20,236.2	22,715.7	22,996.1	20,036.5	19,638.2	22,058.6	22,343.2
6.2 Other Approved Securities	26.7	26.5	20.7	28.1	24.5	22.9	18.2	25.4
7 Bank Credit	54,281.4	52,134.9	59,216.2	60,431.0	52,604.6	50,509.1	57,413.4	58,619.4
7a Food Credit	1,045.6	1,138.4	1,228.8	1,237.6	964.2	1,057.1	1,118.4	1,127.2
7.1 Loans, Cash-credits and Overdrafts	52,244.1	50,243.2	57,057.5	58,256.2	50,591.7	48,640.1	55,281.0	56,471.1
7.2 Inland Bills-Purchased	253.1	230.9	390.5	392.5	248.6	226.0	387.4	389.6
7.3 Inland Bills-Discounted	1,109.9	1,005.6	1,017.0	1,057.0	1,094.5	991.8	1,000.2	1,040.5
7.4 Foreign Bills-Purchased	216.6	208.7	260.7	252.7	214.9	207.4	257.7	249.0
7.5 Foreign Bills-Discounted	457.7	446.5	490.5	472.7	454.7	443.9	487.2	469.1

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2013		2014	Financial year so far	Y-o-Y
		Jan. 25	Dec. 27	Jan. 24		
	1	2	3	4	5	6
1 Gross Bank Credit	49,642	47,497	54,157	54,471	9.7	14.7
1.1 Food Credit	946	1,016	1,071	1,032	9.0	1.5
1.2 Non-food Credit	48,696	46,481	53,086	53,439	9.7	15.0
1.2.1 Agriculture & Allied Activities	5,899	5,720	6,351	6,475	9.8	13.2
1.2.2 Industry	22,302	21,371	24,117	24,285	8.9	13.6
1.2.2.1 Micro & Small	2,843	2,636	3,252	3,302	16.1	25.3
1.2.2.2 Medium	1,247	1,279	1,259	1,263	1.3	-1.3
1.2.2.3 Large	18,211	17,457	19,607	19,719	8.3	13.0
1.2.3 Services	11,519	10,730	12,628	12,589	9.3	17.3
1.2.3.1 Transport Operators	796	774	860	875	9.9	13.0
1.2.3.2 Computer Software	169	160	177	177	4.7	10.5
1.2.3.3 Tourism, Hotels & Restaurants	354	359	387	391	10.4	9.1
1.2.3.4 Shipping	82	80	91	91	11.0	14.0
1.2.3.5 Professional Services	564	546	681	689	22.2	26.3
1.2.3.6 Trade	2,760	2,569	3,042	3,049	10.5	18.6
1.2.3.6.1 Wholesale Trade	1,501	1,398	1,576	1,589	5.9	13.7
1.2.3.6.2 Retail Trade	1,259	1,172	1,466	1,459	16.0	24.6
1.2.3.7 Commercial Real Estate	1,261	1,258	1,428	1,466	16.3	16.6
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,603	2,480	2,904	2,812	8.0	13.4
1.2.3.9 Other Services	2,930	2,504	3,060	3,038	3.7	21.3
1.2.4 Personal Loans	8,976	8,659	9,990	10,091	12.4	16.5
1.2.4.1 Consumer Durables	84	80	103	110	31.1	37.7
1.2.4.2 Housing	4,567	4,435	5,185	5,243	14.8	18.2
1.2.4.3 Advances against Fixed Deposits	611	548	586	587	-4.0	7.1
1.2.4.4 Advances to Individuals against share & bonds	31	31	34	35	11.6	11.4
1.2.4.5 Credit Card Outstanding	249	252	244	253	1.6	0.2
1.2.4.6 Education	550	548	592	599	9.1	9.4
1.2.4.7 Vehicle Loans	1,111	1,063	1,261	1,274	14.7	19.9
1.2.4.8 Other Personal Loans	1,774	1,702	1,985	1,990	12.2	16.9
1.2A Priority Sector	15,398	14,893	17,367	17,666	14.7	18.6
1.2A.1 Agriculture & Allied Activities	5,899	5,720	6,351	6,475	9.8	13.2
1.2A.2 Micro & Small Enterprises	5,623	5,384	6,584	6,718	19.5	24.8
1.2A.2.1 Manufacturing	2,843	2,636	3,252	3,302	16.1	25.3
1.2A.2.2 Services	2,779	2,748	3,332	3,416	22.9	24.3
1.2A.3 Housing	2,672	2,623	2,952	2,975	11.3	13.4
1.2A.4 Micro-Credit	165	151	178	175	5.9	15.7
1.2A.5 Education Loans	526	523	568	570	8.4	9.0
1.2A.6 State-Sponsored Orgs. for SC/ST	1	1	1	1	14.5	17.4
1.2A.7 Weaker Sections	2,734	2,615	3,444	3,530	29.1	35.0
1.2A.8 Export Credit	422	409	413	419	-0.7	2.4

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

₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 22, 2013	2013		2014	Financial year so far	Y-o-Y
		Jan. 25	Dec. 27	Jan. 24	2013-14	2014
	1	2	3	4	5	6
1 Industry	22,302	21,371	24,117	24,285	8.9	13.6
1.1 Mining & Quarrying (incl. Coal)	346	341	354	359	3.7	5.2
1.2 Food Processing	1,174	1,086	1,370	1,398	19.1	28.7
1.2.1 Sugar	330	286	300	316	-4.1	10.7
1.2.2 Edible Oils & Vanaspati	171	160	220	207	21.6	29.6
1.2.3 Tea	26	26	33	30	17.9	16.0
1.2.4 Others	648	614	818	844	30.3	37.3
1.3 Beverage & Tobacco	165	161	168	168	2.0	4.3
1.4 Textiles	1,835	1,740	1,946	1,964	7.0	12.8
1.4.1 Cotton Textiles	925	877	956	963	4.1	9.8
1.4.2 Jute Textiles	22	21	20	20	-9.7	-7.6
1.4.3 Man-Made Textiles	189	183	209	210	10.9	14.5
1.4.4 Other Textiles	699	658	762	771	10.3	17.1
1.5 Leather & Leather Products	87	84	100	99	14.6	18.9
1.6 Wood & Wood Products	77	73	90	92	19.7	25.2
1.7 Paper & Paper Products	283	271	320	326	15.3	20.2
1.8 Petroleum, Coal Products & Nuclear Fuels	643	537	575	580	-9.9	7.9
1.9 Chemicals & Chemical Products	1,592	1,394	1,656	1,542	-3.2	10.6
1.9.1 Fertiliser	269	212	275	265	-1.3	25.2
1.9.2 Drugs & Pharmaceuticals	495	484	512	487	-1.7	0.7
1.9.3 Petro Chemicals	441	344	388	352	-20.3	2.2
1.9.4 Others	387	354	482	438	13.2	23.6
1.10 Rubber, Plastic & their Products	312	302	354	364	16.6	20.6
1.11 Glass & Glassware	74	70	86	87	16.6	23.8
1.12 Cement & Cement Products	459	445	527	522	13.8	17.4
1.13 Basic Metal & Metal Product	3,141	3,026	3,449	3,479	10.7	15.0
1.13.1 Iron & Steel	2,366	2,283	2,593	2,598	9.8	13.8
1.13.2 Other Metal & Metal Product	775	743	855	881	13.6	18.5
1.14 All Engineering	1,284	1,230	1,388	1,397	8.8	13.6
1.14.1 Electronics	334	329	336	343	2.7	4.3
1.14.2 Others	950	901	1,052	1,053	10.9	17.0
1.15 Vehicles, Vehicle Parts & Transport Equipment	589	576	659	667	13.2	15.7
1.16 Gems & Jewellery	611	583	637	693	13.3	18.7
1.17 Construction	522	518	588	611	17.1	17.9
1.18 Infrastructure	7,297	7,220	8,047	8,162	11.8	13.1
1.18.1 Power	4,158	4,061	4,685	4,758	14.4	17.2
1.18.2 Telecommunications	878	925	859	876	-0.2	-5.3
1.18.3 Roads	1,313	1,301	1,511	1,531	16.6	17.7
1.18.4 Other Infrastructure	948	932	991	996	5.1	6.9
1.19 Other Industries	1,810	1,714	1,803	1,777	-1.8	3.7

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			
			Oct. 26	Sep. 27	Oct. 4	Oct. 18
	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	331.3	357.8	361.6	358.1	362.1
2 Demand and Time Liabilities						
2.1 Demand Liabilities	127.2	113.6	137.9	136.2	134.1	129.3
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.0	16.9	17.5	17.4	18.9	17.3
2.1.1.2 Others	70.1	69.7	72.6	74.5	74.5	73.6
2.1.2 Borrowings from Banks	10.2	8.9	20.6	15.7	15.2	13.5
2.1.3 Other Demand Liabilities	21.8	18.2	27.1	28.5	25.6	25.0
2.2 Time Liabilities	802.5	745.3	817.9	821.1	815.2	826.0
2.2.1 Deposits						
2.2.1.1 Inter-Bank	507.0	476.2	524.1	524.8	522.6	528.5
2.2.1.2 Others	286.4	261.7	285.2	287.1	283.6	288.5
2.2.2 Borrowings from Banks	0.5	–	–	–	–	0.2
2.2.3 Other Time Liabilities	8.6	7.4	8.6	9.2	9.1	8.7
3 Borrowing from Reserve Bank	–	–	–	–	0.3	–
4 Borrowings from a notified bank / State Government	319.3	294.1	381.3	385.4	380.8	378.5
4.1 Demand	132.1	121.3	149.7	152.5	150.0	148.9
4.2 Time	187.2	172.8	231.6	232.9	230.8	229.6
5 Cash in Hand and Balances with Reserve Bank	44.2	36.4	35.1	35.4	35.4	35.5
5.1 Cash in Hand	2.1	2.0	2.1	2.0	2.3	2.3
5.2 Balance with Reserve Bank	42.1	34.4	33.0	33.4	33.2	33.2
6 Balances with Other Banks in Current Account	7.0	5.9	7.6	7.7	6.9	7.3
7 Investments in Government Securities	269.3	257.5	286.1	284.9	285.5	285.1
8 Money at Call and Short Notice	156.2	138.5	156.4	154.9	137.0	159.7
9 Bank Credit (10.1+11)	365.0	328.8	370.3	371.5	371.3	368.3
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	364.9	328.7	370.2	371.4	371.2	368.2
10.2 Due from Banks	570.8	551.2	645.3	651.1	652.0	655.5
11 Bills Purchased and Discounted	0.1	0.1	0.1	0.1	0.1	0.1

Prices and Production

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

Group/Sub group	2012-13			Rural			Urban			Combined		
	Rural	Urban	Combined	Jan. 13	Dec. 13	Jan. 14	Jan. 13	Dec. 13	Jan. 14	Jan. 13	Dec. 13	Jan. 14
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food, beverages and tobacco	125.0	124.3	124.8	127.8	143.2	141.4	127.2	140.0	137.8	127.6	142.2	140.2
1.1 Cereals and products	117.8	115.2	117.1	122.8	136.4	137.2	122.2	133.9	134.7	122.6	135.8	136.6
1.2 Pulses and products	112.1	113.6	112.6	115.4	119.9	119.9	116.6	116.2	116.3	115.8	118.8	118.8
1.3 Oils and fats	138.5	145.6	140.8	142.5	146.1	145.4	147.8	141.7	140.1	144.2	144.7	143.7
1.4 Egg, fish and meat	128.8	128.8	128.8	132.5	146.0	147.5	135.1	148.9	151.8	133.4	147.0	149.0
1.5 Milk and products	132.6	128.0	130.9	135.2	147.5	148.3	130.3	142.5	143.5	133.4	145.6	146.5
1.6 Condiments and spices	126.1	121.9	124.9	128.6	137.1	137.8	124.0	136.2	137.4	127.3	136.8	137.7
1.7 Vegetables	129.8	121.7	127.2	125.3	177.2	156.2	115.8	160.3	133.6	122.3	171.9	149.1
1.8 Fruits	137.4	135.9	136.7	138.1	160.7	163.1	133.3	147.5	149.7	136.0	155.0	157.3
1.9 Sugar etc	108.9	109.3	109.0	112.9	109.3	108.1	111.5	103.8	101.8	112.5	107.7	106.3
1.10 Non-alcoholic beverages	124.5	124.2	124.4	128.2	137.4	137.8	128.7	138.6	139.3	128.4	137.9	138.4
1.11 Prepared meals etc	124.1	125.2	124.6	127.3	138.0	138.7	129.8	140.4	141.3	128.5	139.2	140.0
1.12 Pan, tobacco and intoxicants	132.2	133.4	132.6	135.1	146.7	147.2	136.8	149.7	151.5	135.6	147.5	148.4
2 Fuel and light	127.4	124.8	126.4	130.6	139.5	139.8	128.8	135.4	136.0	129.9	137.9	138.4
3 Housing	--	121.0	121.0	--	--	--	124.5	136.5	137.2	124.5	136.5	137.2
4 Clothing, bedding and footwear	131.6	132.5	131.9	135.9	147.8	149.0	136.5	147.1	147.8	136.1	147.5	148.6
4.1 Clothing and bedding	132.1	133.8	132.7	136.5	148.5	149.8	138.0	149.0	149.7	137.0	148.7	149.8
4.2 Footwear	128.5	125.0	127.2	132.0	143.4	144.4	128.1	136.0	136.5	130.6	140.7	141.5
5 Miscellaneous	120.7	116.8	118.9	123.0	131.3	132.0	119.1	126.6	127.3	121.2	129.1	129.8
5.1 Medical care	116.6	115.2	116.2	118.7	126.0	127.0	117.8	123.7	124.6	118.4	125.2	126.2
5.2 Education, stationery etc	117.2	116.5	116.8	119.2	128.4	128.9	118.8	128.8	129.1	119.0	128.6	129.0
5.3 Recreation and amusement	114.4	106.6	109.7	116.0	123.2	123.8	108.5	114.8	115.2	111.5	118.1	118.6
5.4 Transport and communication	122.0	117.4	119.4	124.4	133.2	134.1	119.2	126.6	127.7	121.5	129.5	130.5
5.5 Personal care and effects	117.9	115.0	116.7	120.3	128.4	129.3	117.3	123.1	123.5	119.1	126.2	126.9
5.6 Household requisites	127.9	119.8	124.6	130.5	137.1	137.3	122.8	129.5	129.9	127.4	134.0	134.3
5.7 Others	131.5	132.6	131.9	134.9	150.6	151.1	137.8	151.2	152.7	136.1	150.8	151.7
General Index (All Groups)	124.5	121.8	123.3	127.3	140.1	139.3	124.9	135.3	135.0	126.3	138.0	137.4

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	2013		2014
				Jan.	Dec.	Jan.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	215	221	239	237
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	672	694	765	757
3 Consumer Price Index for Rural Labourers	1986-87	-	673	695	766	759

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	2013		2014
		Jan.	Dec.	Jan.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	30,164	30,520	29,904	29,582
2 Silver (₹ per kilogram)	57,602	58,732	44,534	45,121

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	2013			2014
			Jan.	Nov.	Dec. (P)	Jan. (P)
			1	2	3	4
1 ALL COMMODITIES	100.000	167.6	170.3	181.5	179.2	178.9
1.1 PRIMARY ARTICLES	20.118	220.0	223.6	254.9	243.6	238.9
1.1.1 Food articles	14.337	211.8	214.7	255.9	240.1	233.6
1.1.1.1 Food Grains	4.090	207.1	216.3	230.1	230.3	229.9
1.1.1.1.1 Cereals	3.373	199.9	210.4	230.0	230.4	229.9
1.1.1.1.2 Pulses	0.717	241.3	244.3	230.3	229.7	229.4
1.1.1.2 Fruits & Vegetables	3.843	198.4	190.4	300.3	236.7	210.2
1.1.1.2.1 Vegetables	1.736	210.1	191.0	407.7	283.2	222.7
1.1.1.2.2 Fruits	2.107	188.8	189.9	211.8	198.4	200.0
1.1.1.3 Milk	3.238	208.1	210.5	224.0	225.2	225.7
1.1.1.4 Eggs, Meat & Fish	2.414	244.5	254.1	275.0	278.5	281.9
1.1.1.5 Condiments & Spices	0.569	209.5	217.8	256.2	263.2	265.8
1.1.1.6 Other Food Articles	0.183	242.2	234.4	216.8	215.6	213.5
1.1.2 Non-Food Articles	4.258	201.9	206.9	216.4	215.8	216.0
1.1.2.1 Fibres	0.877	208.3	205.4	244.9	236.3	244.8
1.1.2.2 Oil Seeds	1.781	198.0	207.6	205.1	203.9	203.1
1.1.2.3 Other Non-Food Articles	1.386	211.1	211.8	216.2	214.7	214.8
1.1.2.4 Flowers	0.213	148.5	174.8	195.0	238.2	213.0
1.1.3 Minerals	1.524	346.9	353.6	352.5	354.2	352.9
1.1.3.1 Metallic Minerals	0.489	439.0	446.0	378.3	374.0	379.5
1.1.3.2 Other Minerals	0.135	204.7	216.9	211.4	211.7	211.3
1.1.3.3 Crude Petroleum	0.900	318.2	323.9	359.6	364.8	359.6
1.2 FUEL & POWER	14.910	186.5	193.4	209.6	211.3	212.8
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	212.1	230.9	232.8	235.3
1.2.3 Electricity	3.452	129.8	132.4	162.8	164.7	164.7
1.3 MANUFACTURED PRODUCTS	64.972	147.1	148.5	152.3	151.9	152.6
1.3.1 Food Products	9.974	163.5	166.6	170.6	169.7	169.1
1.3.1.1 Dairy Products	0.568	176.1	176.0	181.1	182.8	183.9
1.3.1.2 Canning, Preserving & Processing of Food	0.358	144.0	143.7	170.7	168.7	174.0
1.3.1.3 Grain Mill Products	1.340	156.0	166.0	171.5	171.1	170.6
1.3.1.4 Bakery Products	0.444	130.0	130.0	138.2	138.8	138.8
1.3.1.5 Sugar, Khandsari & Gur	2.089	185.7	187.3	184.0	181.4	179.8
1.3.1.6 Edible Oils	3.043	148.1	149.7	148.8	147.8	146.7
1.3.1.7 Oil Cakes	0.494	210.8	213.3	226.6	221.5	219.4
1.3.1.8 Tea & Coffee Processing	0.711	163.3	171.5	185.6	187.2	187.3
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	167.3	178.4	179.2	179.0
1.3.2 Beverages, Tobacco & Tobacco Products	1.762	175.3	178.4	185.1	185.9	188.1
1.3.2.1 Wine Industries	0.385	124.8	125.8	128.5	128.9	130.1
1.3.2.2 Malt Liquor	0.153	171.5	170.1	170.5	170.5	170.5
1.3.2.3 Soft Drinks & Carbonated Water	0.241	152.8	155.7	162.9	162.9	163.7
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	201.3	205.9	215.0	216.2	219.5
1.3.3 Textiles	7.326	131.4	132.2	140.1	140.2	140.9
1.3.3.1 Cotton Textiles	2.605	146.2	146.3	159.3	159.1	157.9
1.3.3.1.1 Cotton Yarn	1.377	157.2	157.0	176.0	175.8	173.9
1.3.3.1.2 Cotton Fabric	1.228	133.9	134.4	140.6	140.5	139.9
1.3.3.2 Man-Made Textiles	2.206	124.1	127.3	133.9	133.3	133.1
1.3.3.2.1 Man-Made Fibre	1.672	124.0	127.5	133.5	133.1	132.8
1.3.3.2.2 Man-Made Fabric	0.533	124.3	126.5	134.9	133.9	134.2
1.3.3.3 Woollen Textiles	0.294	142.6	146.4	157.8	157.4	157.9
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	177.8	180.2	183.6	183.4	185.4
1.3.3.5 Other Misc. Textiles	1.960	111.9	110.6	113.0	114.5	118.5
1.3.4 Wood & Wood Products	0.587	171.0	173.9	179.2	175.8	179.0
1.3.4.1 Timber/Wooden Planks	0.181	140.5	141.8	145.9	145.9	146.0
1.3.4.2 Processed Wood	0.128	178.9	180.5	186.3	172.2	186.5
1.3.4.3 Plywood & Fibre Board	0.241	193.6	198.1	204.4	203.9	204.4
1.3.4.4 Others	0.038	146.1	151.5	154.6	151.1	150.8

No. 21: Wholesale Price Index (Concl.)

(Base: 2004-05 = 100)

Commodities	Weight	2012-13	2013			2014
			Jan.	Nov.	Dec. (P)	Jan. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	2.034	136.6	139.4	143.4	144.3	144.7
1.3.5.1 Paper & Pulp	1.019	135.8	137.5	142.3	142.7	142.9
1.3.5.2 Manufacture of boards	0.550	128.2	130.6	132.2	132.8	131.7
1.3.5.3 Printing & Publishing	0.465	148.2	153.8	159.1	161.3	163.9
1.3.6 Leather & Leather Products	0.835	134.2	134.5	145.6	144.0	144.3
1.3.6.1 Leathers	0.223	112.2	113.2	115.7	114.5	114.6
1.3.6.2 Leather Footwear	0.409	149.8	149.3	163.7	161.7	161.9
1.3.6.3 Other Leather Products	0.203	126.9	128.0	142.2	140.9	141.8
1.3.7 Rubber & Plastic Products	2.987	137.5	139.2	147.9	147.8	148.3
1.3.7.1 Tyres & Tubes	0.541	163.1	163.3	176.3	176.2	176.6
1.3.7.1.1 Tyres	0.488	162.9	163.1	176.7	176.7	176.6
1.3.7.1.2 Tubes	0.053	165.1	165.2	172.6	171.8	176.4
1.3.7.2 Plastic Products	1.861	127.0	129.1	137.9	137.8	138.6
1.3.7.3 Rubber Products	0.584	147.4	149.0	153.2	153.1	153.0
1.3.8 Chemicals & Chemical Products	12.018	143.6	145.6	149.2	149.2	150.0
1.3.8.1 Basic Inorganic Chemicals	1.187	147.8	150.0	150.1	150.3	150.7
1.3.8.2 Basic Organic Chemicals	1.952	140.3	142.1	149.1	145.8	152.7
1.3.8.3 Fertilisers & Pesticides	3.145	144.7	148.0	149.0	148.9	148.7
1.3.8.3.1 Fertilisers	2.661	149.0	152.6	152.8	152.8	152.6
1.3.8.3.2 Pesticides	0.483	121.2	123.0	127.9	127.2	127.2
1.3.8.4 Paints, Varnishes & Lacquers	0.529	143.6	144.4	148.3	148.4	148.3
1.3.8.5 Dyestuffs & Indigo	0.563	126.9	127.2	131.0	130.9	130.9
1.3.8.6 Drugs & Medicines	0.456	124.2	125.4	127.1	127.2	127.0
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	151.9	152.5	157.1	157.4	158.4
1.3.8.8 Turpentine, Plastic Chemicals	0.586	140.0	141.7	146.3	147.0	147.7
1.3.8.9 Polymers including Synthetic Rubber	0.970	135.3	136.5	141.3	144.0	142.4
1.3.8.10 Petrochemical Intermediates	0.869	164.2	166.4	173.4	175.6	172.6
1.3.8.11 Matches, Explosives & other Chemicals	0.629	142.6	144.2	150.2	150.4	149.9
1.3.9 Non-Metallic Mineral Products	2.556	163.3	164.8	165.5	165.6	165.6
1.3.9.1 Structural Clay Products	0.658	164.7	167.6	179.3	180.1	178.0
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	130.8	131.4	132.4	132.7	133.2
1.3.9.3 Cement & Lime	1.386	168.6	168.4	164.0	163.5	164.0
1.3.9.4 Cement, Slate & Graphite Products	0.256	163.2	171.2	170.7	171.7	174.1
1.3.10 Basic Metals, Alloys & Metal Products	10.748	166.1	165.3	165.0	163.6	165.9
1.3.10.1 Ferrous Metals	8.064	156.3	154.8	154.4	153.5	155.8
1.3.10.1.1 Iron & Semis	1.563	161.6	155.1	152.3	152.6	153.9
1.3.10.1.2 Steel: Long	1.630	169.7	167.3	164.8	165.1	165.8
1.3.10.1.3 Steel: Flat	2.611	154.2	154.1	153.7	153.9	155.6
1.3.10.1.4 Steel: Pipes & Tubes	0.314	128.0	127.5	132.1	132.3	131.9
1.3.10.1.5 Stainless Steel & alloys	0.938	156.8	157.8	160.6	151.0	160.8
1.3.10.1.6 Castings & Forgings	0.871	138.9	140.9	141.3	141.4	144.3
1.3.10.1.7 Ferro alloys	0.137	151.7	149.3	157.5	158.0	157.8
1.3.10.2 Non-Ferrous Metals	1.004	160.9	162.4	164.7	163.5	164.7
1.3.10.2.1 Aluminium	0.489	134.1	136.0	139.2	136.7	138.8
1.3.10.2.2 Other Non-Ferrous Metals	0.515	186.4	187.4	188.9	188.9	189.4
1.3.10.3 Metal Products	1.680	216.0	217.4	216.3	212.3	215.2
1.3.11 Machinery & Machine Tools	8.931	128.4	129.3	132.4	132.1	132.5
1.3.11.1 Agricultural Machinery & Implements	0.139	137.0	137.3	145.3	144.8	144.1
1.3.11.2 Industrial Machinery	1.838	146.2	147.4	150.8	150.6	151.0
1.3.11.3 Construction Machinery	0.045	135.7	136.5	136.7	136.1	136.9
1.3.11.4 Machine Tools	0.367	154.4	157.8	163.4	163.2	162.5
1.3.11.5 Air Conditioner & Refrigerators	0.429	112.5	113.8	116.4	116.9	115.6
1.3.11.6 Non-Electrical Machinery	1.026	122.9	123.0	124.1	124.3	124.3
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	133.0	133.9	137.5	136.8	137.8
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	143.4	144.6	150.9	149.5	151.5
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.4	118.7	117.9	117.6	117.0
1.3.11.10 Electronics Items	0.961	86.7	87.4	88.4	88.7	88.7
1.3.11.11 IT Hardware	0.267	89.2	89.2	88.5	88.5	88.5
1.3.11.12 Communication Equipments	0.118	94.1	93.7	95.9	98.6	95.9
1.3.12 Transport, Equipment & Parts	5.213	129.8	131.4	135.8	135.6	135.8
1.3.12.1 Automotives	4.231	129.0	130.7	135.5	135.5	135.5
1.3.12.2 Auto Parts	0.804	130.2	131.2	133.4	133.6	134.3
1.3.12.3 Other Transport Equipments	0.178	147.3	149.8	151.4	151.3	151.3

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-December		December	
				2012-13	2013-14	2012	2013
	1	2	3	4	5	6	7
General Index	100.00	170.3	172.2	168.2	168.1	179.3	178.3
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	128.5	125.5	122.1	119.9	132.5	133.0
1.2 Manufacturing	75.53	181.0	183.3	178.6	177.6	191.1	188.0
1.3 Electricity	10.32	149.3	155.2	155.3	164.0	157.6	169.4
2 Use-Based Classification							
2.1 Basic Goods	45.68	150.0	153.6	151.3	153.3	160.1	163.9
2.2 Capital Goods	8.83	267.8	251.6	237.8	236.6	260.7	252.8
2.3 Intermediate Goods	15.69	144.4	146.7	145.1	149.4	149.4	156.1
2.4 Consumer Goods	29.81	186.1	190.6	185.7	180.2	200.6	189.9
2.4.1 Consumer Durables	8.46	295.1	301.1	302.9	263.8	273.9	229.4
2.4.2 Consumer Non-Durables	21.35	142.9	146.9	139.2	147.1	171.5	174.3

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-January		
	2013-14 (Revised Estimates)	2012-13 (Actuals)	2013-14 (Actuals)	Percentage to Revised Estimates	
				2012-13	2013-14
	1	2	3	4	5
1 Revenue Receipts	10,292.5	6,285.8	7,219.1	72.1	70.1
1.1 Tax Revenue (Net)	8,360.3	5,278.2	5,759.5	71.1	68.9
1.2 Non-Tax Revenue	1,932.3	1,007.6	1,459.6	77.7	75.5
2 Capital Receipts	5,611.8	4,827.7	5,480.4	86.4	97.7
2.1 Recovery of Loans	108.0	89.1	96.9	63.3	89.7
2.2 Other Receipts	258.4	81.8	55.1	34.1	21.3
2.3 Borrowings and Other Liabilities	5,245.4	4,656.8	5,328.4	89.4	101.6
3 Total Receipts (1+2)	15,904.3	11,113.5	12,699.4	77.7	79.8
4 Non-Plan Expenditure	11,149.0	7,953.2	9,008.4	79.4	80.8
4.1 On Revenue Account	10,276.9	7,249.3	8,144.3	78.8	79.2
4.1.1 Interest Payments	3,800.7	2,338.0	2,853.8	73.8	75.1
4.2 On Capital Account	872.1	704.0	864.1	85.9	99.1
5 Plan Expenditure	4,755.3	3,160.3	3,691.0	73.6	77.6
5.1 On Revenue Account	3,718.5	2,558.6	2,863.3	74.5	77.0
5.2 On Capital Account	1,036.8	601.7	827.8	70.1	79.8
6 Total Expenditure (4+5)	15,904.4	11,113.5	12,699.4	77.7	79.8
7 Revenue Expenditure (4.1+5.1)	13,995.4	9,807.9	11,007.6	77.7	78.7
8 Capital Expenditure (4.2+5.2)	1,909.0	1,305.6	1,691.9	77.8	88.6
9 Revenue Deficit (7-1)	3,702.9	3,522.1	3,788.5	90.0	102.3
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,245.4	4,656.8	5,328.4	89.4	101.6
11 Gross Primary Deficit [10-4.1.1]	1,444.7	2,318.9	2,474.6	113.5	171.3

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2012-13	2013		2014				
		Feb. 1	Dec. 27	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan. 31
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,422.2	1,184.8	749.1	676.7	573.2	619.1	685.9	809.6
1.4 Others	3.7	3.5	6.8	6.9	7.3	6.6	4.0	7.5
2 91-day								
2.1 Banks	345.6	373.3	260.4	282.8	245.2	262.0	214.4	242.9
2.2 Primary Dealers	248.9	205.6	213.8	207.8	222.8	239.2	248.3	225.7
2.3 State Governments	282.0	519.2	698.7	729.2	690.9	730.9	725.9	693.9
2.4 Others	174.4	121.1	373.2	337.7	338.0	283.9	302.4	276.1
3 182-day								
3.1 Banks	234.9	264.8	217.1	242.6	228.5	250.0	244.9	264.9
3.2 Primary Dealers	207.9	275.2	252.7	213.9	220.4	262.8	270.1	257.1
3.3 State Governments	–	2.4	9.8	10.8	10.8	10.8	10.8	10.8
3.4 Others	199.2	110.0	190.5	183.0	190.6	156.7	154.5	126.9
4 364-day								
4.1 Banks	335.7	267.4	273.0	314.6	262.4	277.8	284.2	278.2
4.2 Primary Dealers	447.9	612.6	607.0	628.1	612.4	624.3	588.7	603.5
4.3 State Governments	3.8	3.8	8.7	8.7	7.0	7.0	7.0	7.0
4.4 Others	517.4	381.0	479.5	416.7	466.2	438.9	448.2	439.1
5 Total	4,423.5	4,324.6	4,340.1	4,259.4	4,075.7	4,169.9	4,189.3	4,243.4

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				
1	2	3	4	5	6	7	8	9	10		
91-day Treasury Bills											
2013-14											
Jan. 1	40	75	112.54	94.67	42	40.00	94.67	134.67	97.87	8.7293	
Jan. 8	40	82	117.57	10.83	42	40.00	10.83	50.83	97.87	8.7293	
Jan. 15	40	58	92.09	40.04	43	40.00	40.04	80.04	97.87	8.7293	
Jan. 22	40	75	102.75	24.11	47	40.00	24.11	64.11	97.88	8.6875	
Jan. 29	40	85	97.81	33.56	57	40.00	33.56	73.56	97.83	8.8969	
182-day Treasury Bills											
2013-14											
Jan. 1	30	67	138.34	–	10	30.00	–	30.00	95.81	8.7705	
Jan. 15	30	67	108.68	–	18	30.00	–	30.00	95.84	8.7050	
Jan. 29	30	80	126.37	–	31	30.00	–	30.00	95.73	8.9454	
364-day Treasury Bills											
2013-14											
Dec. 11	60	112	169.22	0.58	39	60.00	0.58	60.58	91.89	8.8500	
Dec. 24	60	97	172.72	–	28	60.00	–	60.00	91.90	8.8381	
Jan. 8	30	89	135.90	–	29	30.00	–	30.00	91.98	8.7432	
Jan. 22	30	107	166.22	0.02	28	30.00	0.02	30.02	92.04	8.6722	
Cash Management Bills											
2013-14											
Aug. 27	110	198	418.60	–	78	110.00	–	110.00	98.46	11.8936	
Sep. 2	110	193	416.31	–	57	110.00	–	110.00	98.48	11.7367	
Sep. 3	110	207	557.15	–	48	110.00	–	110.00	98.51	11.5016	
Sep. 5	80	139	403.42	–	31	80.00	–	80.00	98.90	10.6833	

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates		Weighted Average Rates	
	Borrowings/ Lendings		Borrowings/ Lendings	
	1		2	
January	1, 2014	6.75-8.65	8.21	
January	2, 2014	6.50-8.20	7.61	
January	3, 2014	6.25-8.00	7.54	
January	4, 2014	5.00-7.80	6.32	
January	6, 2014	6.25-8.75	7.91	
January	7, 2014	6.25-8.80	8.05	
January	8, 2014	6.80-8.80	8.69	
January	9, 2014	6.80-8.80	8.55	
January	10, 2014	6.50-8.25	8.08	
January	11, 2014	5.00-8.12	6.15	
January	13, 2014	6.50-9.00	8.35	
January	15, 2014	6.80-8.80	8.64	
January	16, 2014	6.80-8.85	8.68	
January	17, 2014	7.00-8.85	8.60	
January	18, 2014	6.75-8.90	7.91	
January	20, 2014	7.00-8.80	8.68	
January	21, 2014	6.50-8.40	8.17	
January	22, 2014	6.50-8.15	7.84	
January	23, 2014	6.00-8.30	7.93	
January	24, 2014	6.00-8.75	7.97	
January	25, 2014	5.50-7.75	6.58	
January	27, 2014	6.50-8.35	8.04	
January	28, 2014	6.50-8.45	8.05	
January	29, 2014	6.50-8.35	8.14	
January	30, 2014	6.50-8.35	8.09	
January	31, 2014	6.50-8.95	8.28	
February	1, 2014	5.00-8.00	6.69	
February	3, 2014	6.50-8.25	7.93	
February	4, 2014	6.25-8.15	7.77	
February	5, 2014	6.00-8.50	8.02	
February	6, 2014	6.25-8.50	8.02	
February	7, 2014	6.25-8.75	8.05	
February	8, 2014	5.50-8.75	7.51	
February	10, 2014	6.60-9.25	8.97	
February	11, 2014	6.60-9.20	8.96	
February	12, 2014	6.60-9.25	8.80	
February	13, 2014	6.60-9.20	8.99	
February	14, 2014	6.60-9.10	8.91	
February	15, 2014	5.50-8.90	7.40	

No. 27: Certificates of Deposit

Item	2013			2014	
	Jan. 25	Dec. 13	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,251.0	3,214.7	3,276.9	3,326.8	3,328.8
1.1 Issued during the fortnight (₹ Billion)	174.8	356.2	306.9	216.9	338.8
2 Rate of Interest (per cent)	8.11-9.25	8.54-9.40	8.35-9.37	8.38-9.35	8.40-9.72

No. 28: Commercial Paper

Item	2013			2014	
	Jan. 31	Dec. 15	Dec. 31	Jan. 15	Jan. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,998.4	1,875.4	1,403.6	1,721.0	1,641.7
1.1 Reported during the fortnight (₹ Billion)	275.6	433.0	299.9	392.1	290.7
2 Rate of Interest (per cent)	7.97-13.37	8.05-12.70	8.38-12.63	8.33-12.52	7.99-12.50

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2012-13	2013		2014				
		Feb. 1	Dec. 27	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan. 31
	1	2	3	4	5	6	7	8
1 Call Money	250.1	314.1	260.2	213.6	232.5	212.4	286.4	218.8
2 Notice Money	73.2	93.2	100.1	50.9	83.6	81.9	90.0	64.9
3 Term Money	9.4	16.9	4.0	3.1	4.3	4.1	3.9	4.7
4 CBLO	832.7	1,150.5	916.4	1,287.4	1,082.0	1,040.7	930.2	1,117.9
5 Market Repo	747.8	824.9	1,046.3	746.7	1,088.0	850.8	1,065.6	745.8
6 Repo in Corporate Bond	0.1	0.8	–	–	–	–	–	–
7 Forex (US \$ million)	51,021	58,744	41,867	43,586	46,288	51,240	44,837	56,252
8 Govt. of India Dated Securities	491.3	584.8	307.2	395.1	672.0	886.1	853.5	526.9
9 State Govt. Securities	10.0	8.6	5.7	8.6	12.4	24.5	14.5	12.6
10 Treasury Bills								
10.1 91-Day	20.7	19.6	29.6	40.2	30.9	35.5	23.5	35.5
10.2 182-Day	9.3	5.7	8.2	28.0	9.4	32.6	9.8	18.8
10.3 364-Day	17.2	16.1	17.5	44.6	30.4	35.9	19.2	17.3
10.4 Cash Management Bills	–	–	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	548.5	634.8	368.2	516.6	755.0	1,014.5	920.5	611.1
11.1 RBI	7.3	0.4	0.2	5.4	2.6	1.2	19.0	–

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

(Amount in ₹ Billion)

Security & Type of Issue	2012-13		2012-13 (Apr.-Jan.)		2013-14 (Apr.-Jan.)		Jan. 2013		Jan. 2014	
	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	32	119.8	38	34.1	2	4.9	4	0.8
1A Premium	44	120.9	29	108.9	33	30.5	2	4.8	4	0.4
1.1 Prospectus	32	49.4	20	45.0	27	11.8	1	0.1	2	0.1
1.1.1 Premium	30	46.0	18	42.2	24	10.5	1	0.1	2	–
1.2 Rights	16	89.4	12	74.8	11	22.3	1	4.7	2	0.6
1.2.1 Premium	14	74.9	11	66.8	9	20.1	1	4.7	2	0.3
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	6	22.2	6	22.2	12	51.0	–	–	1	5.7
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	6	22.2	6	22.2	12	51.0	–	–	1	5.7
3.2.1 Prospectus	6	22.2	6	22.2	12	51.0	–	–	1	5.7
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	54	161.0	38	142.0	50	85.1	2	4.9	5	6.4
5.1 Prospectus	38	71.6	26	67.2	39	62.8	1	0.1	3	5.8
5.2 Rights	16	89.4	12	74.8	11	22.3	1	4.7	2	0.6

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	2013					2014
			Jan.	Sep.	Oct.	Nov.	Dec.	Jan.
			1	2	3	4	5	6
1 Exports	₹ Billion	16,343.2	1,400.0	1,776.4	1,679.8	1,490.7	1,606.3	1,660.7
	US \$ Million	300,400.7	25,775.2	27,864.2	27,262.5	23,801.1	25,945.1	26,752.4
1.1 Oil	₹ Billion	3,307.9	277.8	441.0	337.8	296.7	287.3	..
	US \$ Million	60,859.8	5,114.1	6,917.6	5,482.5	4,737.4	4,640.9	..
1.2 Non-oil	₹ Billion	13,035.3	1,122.2	1,335.4	1,342.0	1,194.0	1,318.9	..
	US \$ Million	239,540.9	20,661.1	20,946.6	21,780.0	19,063.7	21,304.2	..
2 Imports	₹ Billion	26,691.6	2,430.9	2,181.9	2,334.5	2,108.5	2,257.2	2,276.1
	US \$ Million	490,736.7	44,754.7	34,224.4	37,887.4	33,663.7	36,459.1	36,665.9
2.1 Oil	₹ Billion	8,918.7	874.2	841.7	942.0	812.9	861.3	818.5
	US \$ Million	164,040.6	14,666.2	13,202.8	15,289.0	12,979.0	13,911.7	13,185.9
2.2 Non-oil	₹ Billion	17,772.9	1,556.7	1,340.2	1,392.4	1,295.5	1,395.9	1,457.5
	US \$ Million	326,696.1	30,088.5	21,021.7	22,598.4	20,684.7	22,547.4	23,480.0
3 Trade Balance	₹ Billion	-10,348.4	-1,030.9	-405.5	-654.7	-617.7	-650.9	-615.4
	US \$ Million	-190,336.0	-18,979.5	-6,360.2	-10,624.9	-9,862.6	-10,514.0	-9,913.6
3.1 Oil	₹ Billion	-5,610.8	-596.4	-400.7	-604.2	-516.2	-574.0	..
	US \$ Million	-103,180.8	-9,552.1	-6,285.1	-9,806.5	-8,241.6	-9,270.8	..
3.2 Non-oil	₹ Billion	-4,737.6	-434.5	-4.8	-50.4	-101.5	-77.0	..
	US \$ Million	-87,155.2	-9,427.4	-75.1	-818.4	-1,621.0	-1,243.2	..

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

No. 32: Foreign Exchange Reserves

Item	Unit	2013	2014					
		Feb. 22	Jan. 17	Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21
		1	2	3	4	5	6	7
1 Total Reserves	₹ Billion	15,857	17,931	18,165	18,185	18,220	18,300	18,245
	US \$ Million	291,916	292,082	292,239	291,070	292,330	293,789	293,406
1.1 Foreign Currency Assets	₹ Billion	14,055	16,316	16,542	16,529	16,566	16,643	16,589
	US \$ Million	258,229	265,935	266,052	264,569	265,832	267,247	266,868
1.2 Gold	₹ Billion	1,438	1,221	1,221	1,254	1,254	1,254	1,254
	US \$ Million	26,975	19,725	19,725	20,076	20,076	20,076	20,076
1.3 SDRs	SDRs Million	2,887	2,887	2,887	2,887	2,887	2,887	2,887
	₹ Billion	238	272	277	277	276	278	277
1.4 Reserve Tranche Position in IMF	US \$ Million	4,376	4,428	4,456	4,430	4,429	4,459	4,456
	₹ Billion	127	122	125	125	124	125	125
	US \$ Million	2,336	1,994	2,007	1,995	1,994	2,007	2,006

No. 33: NRI Deposits

(US\$ Million)

Scheme	Outstanding				Flows	
	2012-13	2013		2014	2012-13	2013-14
		Jan.	Dec.	Jan.	Apr.-Jan.	Apr.-Jan.
	1	2	3	4	5	6
1 NRI Deposits	70,822	69,065	98,639	99,149	12,541	35,768
1.1 FCNR(B)	15,188	14,840	40,419	40,706	-128	25,518
1.2 NR(E)RA	45,924	44,346	49,653	49,798	14,373	10,115
1.3 NRO	9,710	9,879	8,567	8,645	-1,704	136

No. 34: Foreign Investment Inflows

(US\$ Million)

Item	2012-13	2012-13	2013-14	2013		2014
		Apr.-Jan.	Apr.-Jan.	Jan.	Dec.	Jan.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	19,819	16,787	21,502	2,701	1,861	848
1.1.1 Direct Investment to India (1.1.1.1–1.1.2)	26,953	22,504	24,192	2,722	1,705	3,209
1.1.1.1 Gross Inflows/Gross Investments	34,298	28,587	28,807	3,353	2,175	3,704
1.1.1.1.1 Equity	22,884	19,382	19,549	2,248	1,187	2,281
1.1.1.1.1.1 Government (SIA/FIPB)	2,319	2,221	1,121	192	43	66
1.1.1.1.1.2 RBI	15,967	13,577	10,245	1,687	919	1,516
1.1.1.1.1.3 Acquisition of shares	3,539	2,707	7,383	279	140	607
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,059	877	800	91	86	92
1.1.1.1.2 Reinvested earnings	9,880	8,058	7,363	911	791	842
1.1.1.1.3 Other capital	1,534	1,147	1,895	194	197	581
1.1.1.2 Repatriation/Disinvestment	7,345	6,083	4,615	631	470	495
1.1.1.2.1 Equity	6,853	5,615	4,159	619	441	457
1.1.1.2.2 Other capital	493	468	456	12	29	38
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	7,134	5,717	2,690	21	–155	2,361
1.1.2.1 Equity capital	7,101	5,312	6,093	276	400	2,983
1.1.2.2 Reinvested Earnings	1,189	991	969	99	99	99
1.1.2.3 Other Capital	4,331	3,839	2,555	177	179	110
1.1.2.4 Repatriation/Disinvestment	5,488	4,425	6,927	531	834	832
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	26,891	21,619	–1,866	6,042	2,886	2,570
1.2.1 GDRs/ADRs	187	187	20	–	–	–
1.2.2 FIIs	27,582	22,160	–1,895	6,117	2,934	2,616
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	878	728	–9	75	48	46
1 Foreign Investment Inflows	46,710	38,406	19,636	8,743	4,747	3,418

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

(US\$ Million)

Item	2012-13	2012	2013		
		Dec.	Oct.	Nov.	Dec.
	1	2	3	4	5
1 Outward Remittances under the LRS	1,206.4	79.5	67.6	59.4	75.2
1.1 Deposit	20.1	0.6	1.3	1.2	1.9
1.2 Purchase of immovable property	77.7	4.6	1.3	0.3	0.5
1.3 Investment in equity/debt	236.9	11.5	10.2	2.9	11.2
1.4 Gift	261.6	20.0	17.8	9.8	19.7
1.5 Donations	4.5	0.4	0.3	–	0.2
1.6 Travel	44.8	3.3	1.0	0.2	0.8
1.7 Maintenance of close relatives	226.6	16.4	9.5	34.5	9.4
1.8 Medical Treatment	4.9	0.4	0.2	0.2	0.3
1.9 Studies Abroad	124.7	10.7	11.9	5.1	18.1
1.10 Others	204.1	11.7	13.9	5.2	13.0

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

Item	2011-12	2012-13	2013		2014	
			February	January	January	February
	1	2	3	4	5	
36-Currency Export and Trade Based Weights (Base: 2004-05=100)						
1 Trade-Based Weights						
1.1 NEER	87.38	78.32	78.97	71.13	70.84	
1.2 REER	101.38	94.61	96.04	88.48	88.12	
2 Export-Based Weights						
2.1 NEER	89.13	80.05	80.66	72.18	71.87	
2.2 REER	104.05	97.42	98.97	90.24	89.85	
6-Currency Trade Based Weights						
1 Base: 2004-05 (April-March) =100						
1.1 NEER	84.44	75.54	76.03	65.14	64.90	
1.2 REER	111.51	104.95	106.54	96.22	95.87	
2 Base: 2012-13 (April-March) =100						
2.1 NEER	111.77	100.00	100.64	86.22	85.91	
2.2 REER	106.25	100.00	101.51	91.68	91.35	

No. 37: External Commercial Borrowings (ECBs)

(Amount in US\$ Million)

Item	2012-13	2013		2014
		Jan.	Dec.	Jan.
	1	2	3	4
1 Automatic Route				
1.1 Number	825	57	55	44
1.2 Amount	18,395	638	561	1,276
2 Approval Route				
2.1 Number	92	12	15	11
2.2 Amount	13,651	2,876	4,002	517
3 Total (1+2)				
3.1 Number	917	69	70	55
3.2 Amount	32,046	3,514	4,563	1,793
4 Weighted Average Maturity (in years)	6.27	5.72	2.69	6.35
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	2.73	2.38	1.28	2.23
5.2 Interest rate range for Fixed Rate Loans	0.00-12.44	0.00-9.00	0.00-7.65	0.00-9.50

No. 38: India's Overall Balance of Payments

(US \$ Million)

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

No. 39: India's Overall Balance of Payments

(₹ Billion)

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

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

(US \$ Million)

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

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

(₹ Billion)

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

No. 42: International Investment Position

(US\$ Million)

Item	As on Financial Year /Quarter End							
	2012-13		2012		2013			
			Sep.		Jun.		Sep.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	119,510	233,655	115,834	228,927	119,492	219,814	120,112	216,898
1.1 Equity Capital and Reinvested Earnings	84,850	223,143	83,256	219,039	83,854	209,058	83,631	206,188
1.2 Other Capital	34,660	10,512	32,578	9,888	35,638	10,756	36,481	10,710
2 Portfolio Investment	1,375	192,223	1,536	180,887	1,346	182,458	1,346	169,204
2.1 Equity	1,261	139,460	1,448	125,672	1,197	131,639	1,197	124,343
2.2 Debt	114	52,763	87	55,215	150	50,819	150	44,861
3 Other Investment	34,822	339,425	30,433	318,897	31,234	341,270	38,021	346,794
3.1 Trade Credit	3,921	88,981	6,921	76,941	6,249	91,420	8,192	89,531
3.2 Loan	4,917	166,844	3,676	164,435	3,743	166,209	5,716	168,986
3.3 Currency and Deposits	13,058	71,003	7,798	67,207	7,987	71,314	10,775	75,216
3.4 Other Assets/Liabilities	12,926	12,597	12,038	10,314	13,255	12,327	13,338	13,061
4 Reserves	292,046	–	294,812	–	282,454	–	277,233	–
5 Total Assets/ Liabilities	447,753	765,302	442,615	728,711	434,527	743,542	436,713	732,896
6 IIP (Assets - Liabilities)		–317,549		–286,096		–309,015		–296,183

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2012-13	2013		2014	2012-13	2013		2014
		Nov.	Dec.	Jan.		Nov.	Dec.	Jan.
	1	2	3	4	5	6	7	8
1 RTGS	68.52	6.38	7.02	7.13	1,026,350.05	65,001.51	78,175.06	76,978.21
1.1 Customer Transactions	63.99	6.03	6.65	6.74	512,997.84	41,460.07	50,502.73	48,899.46
1.2 Interbank Transactions	4.52	0.35	0.37	0.38	163,843.20	11,045.19	13,347.65	13,022.37
1.3 Interbank Clearing	0.009	0.001	0.001	0.001	349,509.02	12,496.25	14,324.68	15,056.38
2 CCIL Operated Systems	2.26	0.18	0.17	0.23	501,598.49	43,116.68	47,819.00	33,022.54
2.1 CBLO	0.16	0.01	0.02	0.02	120,480.39	12,491.80	13,935.55	14,459.91
2.2 Govt. Securities Clearing	0.70	0.05	0.04	0.09	119,947.98	10,395.04	9,443.67	14,539.69
2.2.1 Outright	0.66	0.05	0.04	0.09	65,920.33	4,995.69	4,287.45	8,435.78
2.2.2 Repo	0.041	0.004	0.003	0.004	54,027.65	5,399.35	5,156.22	6,103.91
2.3 Forex Clearing	1.40	0.11	0.12	0.13	261,170.12	20,229.84	24,439.78	4,022.94
3 Paper Clearing	1,313.48	86.87	100.25	104.14	99,982.25	6,488.55	8,196.93	7,670.84
3.1 Cheque Truncation System (CTS)	275.04	49.82	58.81	66.76	21,779.52	3,596.62	4,398.91	4,991.89
3.2 MICR Clearing	823.31	21.85	23.82	20.58	57,503.97	1,725.00	2,402.09	1,371.23
3.2.1 RBI Centres	496.81	8.83	9.95	5.62	36,045.97	846.60	720.55	386.83
3.2.2 Other Centres	326.50	13.02	13.86	14.96	21,458.00	878.40	1,681.54	984.40
3.3 Non-MICR Clearing	215.31	15.21	17.63	16.80	20,898.28	1,166.93	1,395.93	1,307.73
4 Retail Electronic Clearing	694.07	81.75	88.65	95.41	31,881.14	3,617.12	4,292.49	4,168.44
4.1 ECS DR	176.53	17.41	16.15	16.55	1,083.10	105.04	108.56	113.41
4.2 ECS CR (includes NECS)	122.18	10.32	10.21	10.91	1,771.28	170.62	242.95	170.30
4.3 EFT/NEFT	394.13	52.65	60.36	65.91	29,022.42	3,332.64	3,929.28	3,871.54
4.4 Immediate Payment Service (IMPS)	1.23	1.38	1.93	2.03	4.33	8.82	11.70	13.20
5 Cards	6,398.35	627.36	626.12	638.07	18,637.36	1,867.04	1,910.98	1,950.42
5.1 Credit Cards	399.13	42.07	45.91	45.85	1,243.93	127.89	136.57	143.13
5.1.1 Usage at ATMs	2.52	0.24	0.27	0.27	14.42	1.34	1.51	1.51
5.1.2 Usage at POS	396.61	41.84	45.64	45.58	1,229.51	126.55	135.07	141.62
5.2 Debit Cards	5,999.21	585.29	580.21	592.22	17,393.44	1,739.15	1,774.40	1,807.30
5.2.1 Usage at ATMs	5,530.16	533.39	527.92	538.39	16,650.08	1,655.03	1,692.47	1,722.32
5.2.2 Usage at POS	469.05	51.90	52.29	53.83	743.36	84.12	81.94	84.98
6 Prepaid Payment Instruments (PPIs)	66.94	9.65	10.78	13.02	79.22	6.21	7.17	6.83
6.1 m-Wallet	32.70	7.46	8.58	10.83	10.01	1.93	2.48	2.31
6.2 PPI Cards	33.76	2.15	2.16	2.15	49.62	2.57	2.54	2.57
6.3 Paper Vouchers	0.48	0.04	0.05	0.04	19.60	1.71	2.15	1.95
7 Mobile Banking	53.30	8.13	8.89	9.52	59.90	19.57	22.61	26.25
8 Cards Outstanding	350.75	400.23	391.22	399.33	–	–	–	–
8.1 Credit Card	19.55	18.77	18.71	19.00	–	–	–	–
8.2 Debit Card	331.20	381.46	372.51	380.33	–	–	–	–
9 Number of ATMs (in actuals)	114014	137080	141515	145858	–	–	–	–
10 Number of POS (in actuals)	854290	975749	1025710	1034161	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	8,543.60	812.19	833.00	858.00	1,329,019.50	107,600.85	126,076.95	108,740.91

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2012-13	2012	2013		
			Aug.	Jun.	Jul.	Aug.
		1	2	3	4	5
1 Small Savings	Receipts	1,947.58	159.62	154.54	167.10	154.32
	Outstanding	6,049.47	6,028.88	6,060.16	6,071.31	6,088.49
1.1 Total Deposits	Receipts	1,684.08	141.88	138.82	148.86	139.03
	Outstanding	3,679.39	3,633.19	3,716.29	3,729.12	3,749.23
1.1.1 Post Office Saving Bank Deposits	Receipts	839.00	69.77	73.89	77.10	70.84
	Outstanding	378.50	359.12	378.24	380.10	383.10
1.1.2 MGNREG	Receipts	82.89	7.98	–	–	–
	Outstanding	–10.73	–5.16	–	–	–
1.1.3 National Saving Scheme, 1987	Receipts	1.41	–	0.16	0.16	0.01
	Outstanding	39.63	39.76	38.62	38.52	38.96
1.1.4 National Saving Scheme, 1992	Receipts	–0.01	–0.01	–	–	–
	Outstanding	3.26	3.66	3.07	3.02	2.94
1.1.5 Monthly Income Scheme	Receipts	190.49	16.65	13.66	15.19	14.57
	Outstanding	2,017.87	2,030.32	2,017.75	2,019.98	2,022.80
1.1.6 Senior Citizen Scheme	Receipts	19.78	1.51	1.80	2.12	1.80
	Outstanding	240.93	255.47	235.45	232.05	232.29
1.1.7 Post Office Time Deposits	Receipts	191.53	16.01	19.23	21.46	20.04
	Outstanding	330.09	295.62	344.22	350.44	356.40
1.1.7.1 1 year Time Deposits	Outstanding	213.36	186.21	225.07	230.16	234.78
1.1.7.2 2 year Time Deposits	Outstanding	14.75	13.53	15.32	15.53	15.83
1.1.7.3 3 year Time Deposits	Outstanding	39.89	41.43	38.86	38.53	38.32
1.1.7.4 5 year Time Deposits	Outstanding	62.09	54.45	64.97	66.22	67.47
1.1.8 Post Office Recurring Deposits	Receipts	358.99	29.97	30.08	32.83	31.77
	Outstanding	679.62	654.12	698.72	704.79	712.52
1.1.9 Post Office Cumulative Time Deposits	Outstanding	–	0.06	–	–	–
1.1.10 Other Deposits	Outstanding	0.22	0.22	0.22	0.22	0.22
1.2 Saving Certificates	Receipts	191.29	15.02	11.42	12.56	12.13
	Outstanding	1,958.87	2,033.93	1,933.32	1,928.13	1,923.62
1.2.1 National Savings Certificate VIII issue	Receipts	191.02	14.99	11.38	12.48	12.12
	Outstanding	647.19	584.28	663.95	671.60	679.14
1.2.2 Indira Vikas Patras	Receipts	–	–	–	0.02	–
	Outstanding	9.07	8.86	9.03	9.02	9.03
1.2.3 Kisan Vikas Patras	Receipts	0.27	0.03	0.04	0.06	0.01
	Outstanding	1,283.75	1,436.82	1,234.16	1,218.51	1,203.71
1.2.4 National Saving Certificate VI issue	Outstanding	–0.75	–0.72	–0.70	–0.78	–0.78
1.2.5 National Saving Certificate VII issue	Outstanding	–0.64	–0.53	–0.67	–0.65	–0.66
1.2.6 Other Certificates	Outstanding	20.25	5.22	27.55	30.43	33.18
1.3 Public Provident Fund	Receipts	72.21	2.72	4.30	5.68	3.16
	Outstanding	411.21	361.76	410.55	414.06	415.64

Source: Accountant General, Post and Telegraphs.

No. 45: Ownership Pattern of Government of India Dated Securities

(Per cent)

Category	2012	2013			
	Dec.	Mar.	Jun.	Sep.	Dec.
	1	2	3	4	5
1 Commercial Banks	33.98	34.50	34.47	36.34	35.55
2 Bank-Primary Dealers	9.98	9.36	9.38	8.36	9.18
3 Non-Bank PDs	0.15	0.11	0.08	0.04	0.15
4 Insurance Companies	19.54	18.56	19.20	19.27	19.27
5 Mutual Funds	1.20	0.68	1.24	1.61	1.56
6 Co-operative Banks	2.89	2.81	2.78	2.73	2.69
7 Financial Institutions	0.64	0.75	0.63	0.71	0.67
8 Corporates	1.62	1.14	1.20	1.19	1.27
9 FIIs	1.24	1.61	1.59	1.40	1.38
10 Provident Funds	7.12	7.37	7.19	7.20	7.37
11 RBI	15.95	16.99	18.22	16.83	16.01
12 Others	5.68	6.12	4.02	4.32	4.89

No. 46: Combined Receipts and Disbursements of the Central and State Governments

(₹ Billion)

Item	2008-09	2009-10	2010-11	2011-12	2012-13 RE	2013-14 BE
	1	2	3	4	5	6
1 Total Disbursements	15,996.77	18,521.19	21,451.45	24,217.68	28,399.27	32,197.83
1.1 Developmental	9,437.08	10,628.08	12,676.97	14,209.38	17,073.44	18,741.81
1.1.1 Revenue	7,521.03	8,513.03	10,260.24	11,394.64	13,683.21	14,980.55
1.1.2 Capital	1,699.72	1,868.38	1,935.80	2,163.39	2,767.23	3,302.42
1.1.3 Loans	216.33	246.67	480.93	651.35	623.00	458.84
1.2 Non-Developmental	6,374.53	7,687.34	8,520.46	9,695.88	10,931.15	12,981.15
1.2.1 Revenue	5,873.44	7,086.94	7,765.94	8,923.61	10,106.80	11,564.15
1.2.1.1 Interest Payments	2,834.54	3,145.70	3,485.61	4,000.03	4,619.05	5,355.94
1.2.2 Capital	487.07	594.08	747.48	754.79	800.13	1,396.33
1.2.3 Loans	14.02	6.32	7.04	17.48	24.21	20.67
1.3 Others	185.16	205.77	254.02	312.42	394.68	474.87
2 Total Receipts	15,648.03	18,458.08	21,535.61	24,540.62	28,159.72	32,206.79
2.1 Revenue Receipts	11,170.98	12,105.59	15,788.20	16,926.79	20,468.60	23,698.48
2.1.1 Tax Receipts	9,263.02	9,846.11	12,500.67	14,427.52	16,997.28	19,919.94
2.1.1.1 Taxes on commodities and services	5,468.55	5,580.66	7,393.66	8,745.55	10,442.54	12,222.90
2.1.1.2 Taxes on Income and Property	3,779.59	4,249.31	5,087.19	5,654.12	6,528.18	7,669.46
2.1.1.3 Taxes of Union Territories (Without Legislature)	14.88	16.14	19.82	27.85	26.56	27.58
2.1.2 Non-Tax Receipts	1,907.96	2,259.48	3,287.53	2,499.27	3,471.32	3,778.54
2.1.2.1 Interest Receipts	253.68	257.48	250.78	288.70	268.60	289.60
2.2 Non-debt Capital Receipts	154.44	368.92	322.93	441.23	414.65	649.90
2.2.1 Recovery of Loans & Advances	146.11	114.99	82.06	253.70	173.24	89.34
2.2.2 Disinvestment proceeds	8.33	253.93	240.87	187.53	241.41	560.57
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	4,671.35	6,046.68	5,340.32	6,849.66	7,516.02	7,849.44
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	4,561.20	5,936.30	5,104.76	6,725.18	7,493.88	7,743.84
3A.1.1 Net Bank Credit to Government	3,778.15	3,918.53	3,147.10	3,877.98	3,355.13	..
3A.1.1.1 Net RBI Credit to Government	1,747.89	1,500.10	1,849.70	1,391.80	548.40	..
3A.1.2 Non-Bank Credit to Government	783.05	2,017.77	1,957.66	2,847.20	4,138.75	7,743.84
3A.2 External Financing	110.15	110.38	235.56	124.48	22.14	105.60
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	4,561.20	5,936.30	5,104.76	6,725.18	7,493.88	7,743.84
3B.1.1 Market Borrowings (net)	3,510.16	5,070.19	4,151.75	6,195.07	6,758.65	7,001.78
3B.1.2 Small Savings (net)	-1.38	374.62	545.34	-190.88	83.84	-35.32
3B.1.3 State Provident Funds (net)	208.51	355.35	362.36	334.33	310.39	322.94
3B.1.4 Reserve Funds	-130.56	-155.71	35.62	178.51	63.32	114.62
3B.1.5 Deposits and Advances	117.37	175.68	342.92	122.10	203.78	100.35
3B.1.6 Cash Balances	348.74	63.12	-84.16	-322.94	239.55	-8.96
3B.1.7 Others	508.36	53.06	-249.06	409.00	-165.65	248.43
3B.2 External Financing	110.15	110.38	235.56	124.48	22.14	105.60
4 Total Disbursements as per cent of GDP	28.4	28.6	27.5	26.9	28.1	28.4
5 Total Receipts as per cent of GDP	27.8	28.5	27.6	27.2	27.8	28.5
6 Revenue Receipts as per cent of GDP	19.8	18.7	20.3	18.8	20.2	20.9
7 Tax Receipts as per cent of GDP	16.5	15.2	16.0	16.0	16.8	17.6
8 Gross Fiscal Deficit as per cent of GDP	8.3	9.3	6.9	7.6	7.4	6.9

Source : Budget Documents of Central and State Governments.

Explanatory Notes to the Current Statistics

Table No. 1

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

Table No. 2

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

Table No. 4

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

Table No. 5

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

Table No. 6

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

Table Nos. 7 & 11

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

Table No. 8

- NM₂ and NM₃ do not include FCNR (B) deposits.
 2.4: Consist of paid-up capital and reserves.
 2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.
 L₁ and L₂ are compiled monthly and L₃ quarterly.
 Wherever data are not available, the last available data have been repeated.

Table No. 17

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

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

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

Table No. 32

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

Table No. 34

1.1.1.1.2 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises. Data may not tally with the BoP data due to lag in reporting.

Table No. 35

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

Table No. 36

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

Table No. 37

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

Table Nos. 38, 39, 40 & 41

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

Table No. 43

1.3: Pertain to multilateral net settlement batches.

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

3.3: Pertain to clearing houses managed by 21 banks.

6: Available from December 2010.

7: Include IMPS transactions.

Table No. 44

1.1.1: Receipts include interest credited to depositors' account from time to time.

1.1.9: Relate to 5-year, 10-year and 15-year cumulative time deposits. Exclude Public Provident Fund.

1.2.4 to 1.2.6: Negative figures are due to rectification of misclassification.

1.3: Data relate to Post Office transactions.

Table 45

Includes securities issued under the Market Stabilisation Scheme and the special securities, *e.g.*, issued to the oil marketing companies.

Table 46

(-): Indicates surplus/net outflow.

Data from 2011-12 onwards pertains to budgets of 27 state governments.

Total receipts and total expenditure exclude National Calamity Contingency Fund expenditure.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Includes borrowings through dated securities and 364-day Treasury Bills.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills (excluding 364-day Treasury Bills), loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

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

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Notes

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (<http://dbie.rbi.org.in>).
3. The Reserve Bank of India History 1935-1981 (3 Volumes), Challenges to Central Banking in the Context of Financial Crisis and the Regional Economy of India: Growth and Finance are available at leading book stores in India.

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