RESERVE BANK OF INDIA

BULLETIN

FEBRUARY 2015

VOLUME LXIX NUMBER 2

The Reserve Bank of India Bulletin is issued monthly by the Department of Economic and Policy Research, Reserve Bank of India, under the direction of the Editorial Committee.

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*Sixth Bi-Monthly Monetary Policy Statement, 2014-15 by Dr. Raghuram G. Rajan, Governor**

Part A: Monetary Policy

Monetary and Liquidity Measures

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

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 7.75 per cent;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- reduce the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 basis points from 22.0 per cent to 21.5 per cent of their NDTL with effect from the fortnight beginning February 7, 2015;
- replace the export credit refinance (ECR) facility with the provision of system level liquidity with effect from February 7, 2015;
- continue to provide liquidity under overnight repos of 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 7-day and 14-day term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- continue with daily variable rate term repo and reverse repo auctions to smooth liquidity.

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

* Released on February 3, 2015.

Assessment

2. Since the fifth bi-monthly monetary policy statement of December 2014, the International Monetary Fund (IMF) has revised its forecasts for growth in 2015 and 2016 downwards. However, these forecasts are higher than the estimates for 2014. In the United States, growth moderated towards the end of 2014, with the boost to consumption demand from the fall in crude prices more than offset by the drag on net exports from a strong US dollar. In the Euro area, economic conditions have deteriorated in an environment of deflationary pressures, political tensions in Greece and still-elevated levels of unemployment. Demand in Japan is only just beginning to recover from the impact of the consumption tax increase last year, notwithstanding massive monetary and fiscal accommodation. The yen's depreciation, however, is helping support exports. In China, growth is slowing because of a weakening property market and excess capacity in several industries. This has prompted targeted measures to ease financial constraints faced by corporations and banks. In other emerging market economies (EMEs), growth has weakened sharply for oil exporters, whereas inflationary pressures, subdued investment appetite and a neutral fiscal stance continue to dampen growth in non-oil exporters.

3. The announcement of massive quantitative easing by the European Central Bank (ECB) in late January has reinvigorated financial risk taking, boosting stock markets across the world, even though many market participants have read the softness in crude prices and the ECB's announcement as signifying a weaker global economic outlook. Along with the growing belief that the US Fed will stay on hold longer than previously thought, bond yields in advanced economies (AEs) have fallen to historic lows. Financial markets remain vulnerable to uncertainty surrounding monetary policy normalisation in AEs as well as possibly weaker growth in China and oil exporting EMEs.

4. The revision in the base year for GDP and GDP calculation methods will mean some revision in GDP

growth numbers for 2014-15 as well as in GDP forecasts. Domestic activity is likely to have remained subdued in Q3 of 2014-15, mainly reflecting the shortfall in the *kharif* harvest relative to a year ago. Agricultural growth is likely to pick up in Q4 with the late improvement in the north-east monsoon and in *rabi* sowing. Nevertheless, growth expectations should be tempered as lead indicators such as tractor and motorcycle sales and slowing rural wage growth all point to subdued rural demand.

5. The improvement in industrial activity in November 2014 was broad-based, but continuing contraction in consumer goods production underscores the persisting weakness in consumption demand (even while raising questions about measurement of production). Advance indicators of industrial activity - indirect tax collections; non-oil non-gold import growth; expansion in order books; and new business reported in purchasing managers surveys - point to a modest improvement in the months ahead. Policy initiatives in land acquisition, as well as efforts underway to unlock mining activity and to widen the space for foreign direct investment in defence, insurance and railways, should create a more conducive setting for industrial revival. Faster clearances are also helping in resuscitating stalled projects. The improvement in business confidence is visible in a pick-up in new investment intentions, especially in transportation, power and manufacturing.

6. In the services sector, the purchasing managers' survey indicates slower activity, especially in new orders. However, other indicators of the services sector including foreign tourist arrivals, automobile sales, cargo handled at ports, and railway freight traffic suggest improvement. Overall, growth prospects will be contingent upon a turnaround in investment and a durable improvement in the business climate to complement the upsurge in business optimism. The sharp reduction in oil prices as well as in inflation is likely to increase personal disposable incomes and improve domestic demand conditions in the year ahead.

7. Retail inflation, measured by year-on-year changes in the consumer price index (CPI), edged up in December on the expected reversal of favourable base effects that had tempered upside pressures since June. A slight softening of cereal prices and a sharp seasonal fall in vegetables prices moderated the trajectory of headline inflation, despite persistent firmness in the prices of protein-rich items such as milk, meat and pulses. However, seasonal increases in vegetable prices, which typically set in around March, have to be monitored carefully. In the fuel category, prices of constituents such as electricity, coal and cooking gas remained stable in the absence of administered revisions. Consequently, the CPI registered a monthly decline for the first time since February 2014.

8. Inflation excluding food and fuel declined for the second consecutive month in December. This was largely on account of the declining prices of transport and communication since August, reflecting the impact of plummeting international crude oil prices; and softer commodity prices more generally. Inflation in respect of miscellaneous services and housing, however, declined more moderately. Weak domestic demand has restrained corporates' pricing power and inflationary pressures in the non-food non-fuel category. Near-term as well as longer-term inflation expectations of households dropped to single digits for the first time in 21 quarters. Benign expectations are also mirrored in surveys of professional forecasters and industry conducted periodically by the Reserve Bank.

9. Active liquidity management operations under the revised framework adopted in early September have ensured that liquidity conditions have generally remained comfortable. Money market rates have evolved in close alignment with the policy repo rate, excluding occasional pressures around days of advance tax outflows and quarter-end tightness. Overnight variable rate repo/reverse repo auctions announced

early in the day give markets advance intimation of the Reserve Bank's assessment on system-wide liquidity needs for the day, allowing fine tuning of liquidity. This also reduces the need for other sector specific windows. The average daily net borrowings under the LAF (including term repos, reverse repos and MSF) have been around ₹850 billion in December and January.

10. Easing inflationary pressures strengthened the impact of comfortable liquidity conditions on market interest rates; sovereign and corporate bond yields declined by 50 basis points and more in Q3. However, despite a generalised fall in the cost of funds, banks have yet to pass through these effects, as also the effects of the policy rate cut on January 15, into the spectrum of lending rates.

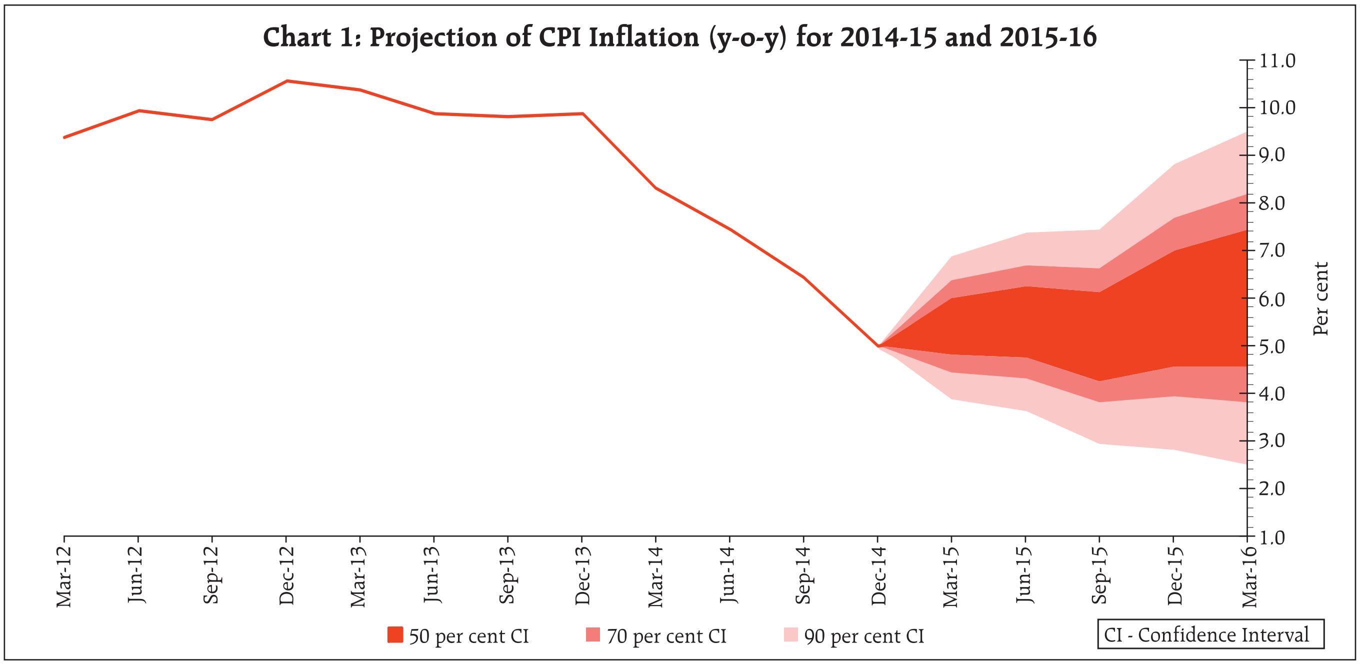
11. With the slump in international crude prices taking its toll on exports of petroleum products, and non-oil export growth also decelerating sharply, merchandise exports shrank in Q3 of 2014-15 after two consecutive quarters of growth. Export performance has been hamstrung by weak global demand conditions and the persisting fall in unit value realisations. The real appreciation of the rupee may also have had some effect. The fall in international crude prices translated into a sizable saving on account of POL imports, despite a pick-up in import volumes in Q3. Gold imports also moderated, coming off the seasonal cum pent-up demand spurt in September-November. On the other hand, non-oil non-gold import growth remained firm and in positive territory, extending a run that began in May. Although overall imports declined in December, they recorded an expansion for Q3 as a whole on the back of the earlier rise in gold and non-oil non-gold items. As a consequence, the trade deficit widened in Q3 relative to the preceding quarter. The estimate of the current account deficit (CAD) for 2014-15 is currently placed at 1.3 per cent of GDP, significantly lower than earlier projections. The CAD has been comfortably financed by net capital inflows, mainly in the form of buoyant portfolio flows but also supported by foreign direct investment inflows and external commercial borrowings. Accordingly, there was accretion to India's foreign exchange reserves to the tune of USD 6.8 billion in Q3.

Policy Stance and Rationale

12. By and large, inflation dynamics have so far been consistent with the assessment of the balance of risks by the Reserve Bank's bi-monthly monetary policy statements, although with some undershooting relative to the projected path of disinflation. While inflation declined faster than expected due to favourable base effects during June-November, the upturn in December turned out to be muted relative to projections. Augmenting these data with survey data on falling inflationary expectations as well as data on weak commodity prices and muted rural wage growth, the Reserve Bank projected that it would meet its objective of 6 per cent CPI inflation by January 2016. Having committed in public statements to initiate a change in the monetary policy stance as soon as incoming data permitted, the Reserve Bank cut the policy rate on January 15, 2015.

13. The Reserve Bank also indicated that "key to further easing are data that confirm continuing disinflationary pressures. Also critical would be sustained high quality fiscal consolidation…". Given that there have been no substantial new developments on the disinflationary process or on the fiscal outlook since January 15, it is appropriate for the Reserve Bank to await them and maintain the current interest rate stance.

14. The upside risks to inflation stem from the unlikely possibility of significant fiscal slippage, uncertainty on the spatial and temporal distribution of the monsoon during 2015 as also the low probability but highly influential risks of reversal of international crude prices due to geo-political events. Heightened volatility in global financial markets, including through the exchange rate channel, also constitute a significant risk to the inflation assessment. Looking ahead, inflation is likely to be around the target level of 6 per

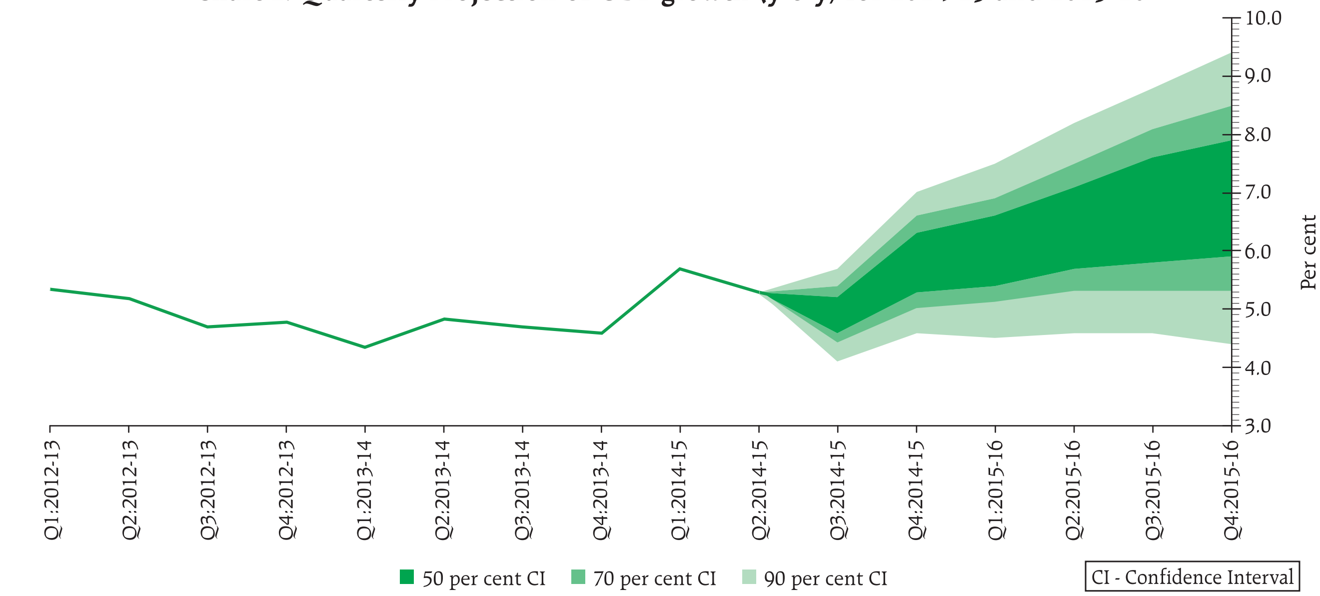


cent by January 2016 (Chart 1). As regards the path of inflation in 2015-16, the Reserve Bank will keenly monitor the revision in the CPI, which will rebase the index to 2012 and incorporate a more representative consumption basket along with methodological improvements.

15. The outlook for growth has improved modestly on the back of disinflation, real income gains from decline in oil prices, easier financing conditions and some progress on stalled projects. These conditions should augur well for a reinvigoration of private consumption demand, but the overall impact on growth could be partly offset by the weaker global growth outlook and short-run fiscal drag due to likely compression in plan expenditure in order to meet consolidation targets set for the year. Accordingly, the baseline projection for growth using the old GDP base has been retained at 5.5 per cent for 2014-15. For 2015-16, projections are inherently contingent upon the outlook for the south-west monsoon and the balance of risks around the global outlook. Domestically, conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining, and infrastructure. Accordingly, the central estimate for real GDP growth in 2015-16 is expected to rise to 6.5 per cent with risks broadly balanced at this point (Chart 2). The revised GDP statistics (base 2011-12) released on January 30 along with advance estimates for 2014-15 expected on February 9, 2015 will need to be carefully analysed and could result in revisions to the Reserve Bank's growth projections for 2015-16.

16. With liquidity conditions remaining comfortable, the recourse to export credit has been low – less than 50 per cent of the limit on monthly average basis since October 2014. In pursuance of the Dr. Urjit R. Patel Committee's recommendation to move away from sector-specific refinance, the ECR limit has been gradually lowered since June 2014. Continuing with this rationalisation, it has been decided to merge the facility with system level liquidity provision with effect from February 7, 2015. The Reserve Bank would continue to meet system wide liquidity needs as per the revised liquidity adjustment framework announced on August 22, 2014.

Chart 2: Quarterly Projection of GDP growth (y-o-y) for 2014-15 and 2015-16



17. In order to create space for banks to expand credit, the SLR is being reduced from 22.0 per cent of NDTL to 21.5 per cent. Banks should use this headroom to increase their lending to productive sectors on competitive terms so as to support investment and growth.

Part B: Developmental and Regulatory Measures

18. Developmental and regulatory measures are put in place by the Reserve Bank periodically within the organising framework of the five-pillar approach announced in October 2013 in the Second Quarter Review of Monetary Policy for 2013-14. The measures set out in this part of the statement emphasise broadening and deepening financial markets; fortifying banking structure; and dealing with stress in banking assets by putting projects back on track.

I. Financial Markets

19. The Reserve Bank reduced the eligibility limit for foreign exchange remittances under the Liberalised Remittance Scheme (LRS) to USD 75,000 in 2013 as a macro-prudential measure. With stability in the foreign exchange market, this limit was enhanced to USD 125,000 in June 2014 without end-use restrictions, except for prohibited foreign exchange transactions such as margin trading, lotteries and the like. On a review of the external sector outlook and as a further exercise in macro-prudential management, it has been decided to enhance the limit under the LRS to USD 250,000 per person per year. Furthermore, in order to ensure ease of transactions, it has also been decided in consultation with the Government that all the facilities for release of exchange/ remittances for current account transactions available to resident individuals under Schedule III to Foreign Exchange Management (Current Account Transactions) Rules 2000, as amended from time to time, shall also be subsumed under this limit.

20. With a view to meeting the emerging needs of foreign direct investment in various sectors with different financing needs and varying risk perceptions as also to offer the investor some protection against downside risks, it has been decided in consultation with the Government of India to introduce greater flexibility in the pricing of instruments/securities, including an assured return at an appropriate discount over the sovereign yield curve through an embedded optionality clause or in any other manner. Guidelines in this regard will be issued separately.

21. The investment limit in Government securities by foreign portfolio investors (FPIs), registered with the Securities and Exchange Board of India (SEBI) is currently capped at USD 30 billion of which USD 5 billion is reserved for long term investors. The limit on investment in Government securities is now fully utilised. As a measure to incentivise long term investors, it has been decided in consultation with Government to enable reinvestment of coupons in Government securities even when the existing limits are fully utilised.

22. FPIs are currently permitted to invest in Government securities with a minimum residual maturity of three years. No such condition has been stipulated for their investments in corporate bonds. To harmonise requirements, it is decided in consultation with Government that all future investment by FPIs in the debt market in India will be required to be made with a minimum residual maturity of three years. Accordingly, all future investments within the limit for investment in corporate bonds, including the limits vacated when the current investment by an FPI runs off either through sale or redemption, shall be required to be made in corporate bonds with a minimum residual maturity of three years. Furthermore, FPIs will not be allowed to invest incrementally in short maturity liquid/money market mutual fund schemes. There will, however, be no lock-in period and FPIs shall be free to sell the securities (including those that are presently held with less than three years residual maturity) to domestic investors. Detailed operational guidelines will be issued by end-February 2015.

23. In the first bi-monthly monetary policy statement for 2014-15, the Reserve Bank announced the implementation of the recommendations of the Committee on Financial Benchmarks (Chairman: Shri P. Vijaya Bhaskar). The Bank has issued guidelines on the governance framework for benchmark submitters on April 16, 2014. The Fixed Income Money Market and Derivatives Association (FIMMDA) and Foreign Exchange Dealers Association of India (FEDAI) have since issued the Code of Conduct for benchmark submitters. An independent company named "Financial Benchmarks India Pvt. Ltd", jointly floated by FIMMDA, FEDAI and Indian Banks' Association (IBA) for administration of the rupee interest rate and foreign exchange benchmarks, has been incorporated. As a further step towards strengthening the benchmark-setting methodology, it has been decided to work out the necessary infrastructural and transitional arrangements for shifting the overnight Mumbai Inter-Bank Offer Rate (MIBOR) from the existing polling based system to transaction based system of the Clearing Corporation of India Ltd. (CCIL) by April 2015.

24. In order to develop the money and Government securities markets, cash settled 10-year interest rate futures (IRF) contracts were permitted to be introduced by stock exchanges in December 2013. A cash settled IRF contract on 10-Year Government of India (GoI) Security was launched in January 2014 and has received an encouraging response. In order to provide market participants with greater flexibility to hedge their interest rate risk, it has been decided to permit stock exchanges to introduce cash settled IRF contracts on 5-7-Year and 13-15 year Government of India Securities. Detailed operational guidelines will be issued by end-March 2015.

25. In June 2014, FPIs were permitted to participate in the exchange traded currency derivatives (ETCD) market. Simultaneously, the regulatory regime for participation of domestic entities in the ETCD market was modified with the objective of bringing about parity between the ETCD and over-the-counter (OTC) markets. With a view to providing greater flexibility to both FPIs and domestic participants in the ETCD market, it has been decided that:

- domestic entities and FPIs will henceforth be allowed to take foreign currency positions in the USD-INR pair up to USD 15 million per exchange without having to establish the existence of any underlying exposure. In addition, they shall be allowed to take foreign currency positions in EUR-INR, GBP-INR and JPY-INR pairs, all put together up to USD 5 million equivalent per exchange, without having to establish the existence of any underlying exposure. Domestic entities and FPIs who want to take a position exceeding the above limits in the ETCD market will have to establish the existence of an underlying exposure.

- for domestic participants who are importers of goods and services, the limit up to which they can take appropriate hedging positions in ETCD markets will be determined as 100 per cent of the higher of the (i) average of their last three years' imports turnover or (ii) the previous year's turnover, instead of 50 per cent at present.
- documentation and other administrative requirements for hedging on the ETCD markets are also being rationalised.

Detailed operational guidelines will be issued by end-March 2015.

II. Restructuring

26. At present, implementation of large projects is complex and unforeseen events may cause delays in project implementation, leading to failure in achieving the originally envisaged date of commencement of commercial operations (DCCO). The Reserve Bank has allowed *vide* circulars dated March 31, 2010 and May 30, 2013, certain flexibility with regard to loans to projects under implementation, wherein DCCO of the projects under implementation along with repayment schedules for such loans are allowed to be shifted to a certain extent without adversely affecting the asset classification of such loans. However, in the case of projects which have been stalled primarily due to inadequacies of the current promoters/management, a change in ownership and management may be required to revive the project. In this context, the new promoters/ developers may require additional time to revive/ complete the stalled projects. In order to facilitate change in ownership and revival, it has been decided to provide further flexibility by allowing a further extension of the DCCO of such projects where a change of ownership takes place, without adversely affecting the asset classification of loans to such projects, subject to certain conditions. Operating guidelines in this regard will be issued shortly.

27. According to Section 19(2) of the Banking Regulation Act 1949, banks are allowed to hold shares in a company, whether as pledgee, mortgagee or absolute owner, up to an amount not exceeding thirty per cent of the paid-up share capital of that company or thirty per cent of their own paid-up share capital and reserves, whichever is less. Banks can also acquire shares of a borrowing company by way of conversion of debt into equity, following prudential guidelines on restructuring of advances by banks and financial institutions, subject to conditions mentioned therein. However, the acquisition of shares of listed companies by conversion of debt or by any other means is required to conform to the Issue of Capital and Disclosure Requirements (ICDR) Regulations and the Substantial Acquisition of Shares and Takeovers (SAST) Regulations. Very often, the share prices of companies whose debt is being restructured, in accordance with the stipulations of ICDR Regulations are found to be not in consonance with their intrinsic value. This results in upfront allocation of disproportionate share of loss on restructuring to banks. In view of the above, the Reserve Bank is consulting with the SEBI for waiver, under certain specific circumstances, of the requirement of compliance with the ICDR and SAST Regulations, for conversion of debt into equity. Detailed guidelines will be issued within three months.

28. Under the Framework for Revitalising Distressed Assets in the economy, banks were allowed in February 2014 to reverse the excess provision on sale of non-performing assets (NPAs) to securitisation companies/ reconstruction companies when the cash received (by

way of initial sale consideration and/or redemption of security receipts/pass-through certificates) is higher than the net book value (NBV) of the asset, with a view to incentivising banks to recover appropriate value in respect of their NPAs, subject to certain conditions. This dispensation was, however, available on a prospective basis, *i.e.*, only with regard to NPAs sold on or after February 26, 2014. On a review and based on banks' representations in this regard, it has now been decided to extend the above dispensation to NPAs sold prior to February 26, 2014 also. Detailed guidelines to this effect will be issued shortly.

III. Banking and Financial Structure

29. Currently, banks are allowed to offer differential rates of interest on deposits on the basis of tenor for deposits less than ₹ one crore and on the basis of quantum for deposits of ₹ one crore and above. Banks are, however, not permitted to differentiate on the basis of any other parameter of the deposit contract. Furthermore, all deposits accepted from individuals and Hindu undivided family (HUF) up to ₹ one crore are callable *i.e.*, have the facility of premature withdrawal. This results in asset-liability management issues, especially under the Liquidity Coverage Ratio (LCR) requirement under the Basel III framework. It is, therefore, proposed to allow non-callable deposits. Callability in a deposit will then be a distinguishing feature for offering differential rates on interest on deposits. Detailed guidelines will follow shortly.

30. The final guidelines on payments banks and small finance banks as differentiated banks were placed on the Reserve Bank's website on November 27, 2014 and clarifications on the queries were released on January 1, 2015. The last date of receipt of applications was February 2, 2015. 72 applications for Small Finance Banks and 41 applications for Payments Banks were received up to the deadline for submission yesterday. This number excludes applications that might have been received at other venues. As stated in the guidelines, two External Advisory Committees (EACs) will evaluate the applications received for setting up of small finance and payments banks and thereafter make their recommendations to the Reserve Bank. The EACs for small finance banks and payments banks will be chaired by Smt. Usha Thorat, former Deputy Governor, Reserve Bank of India and Dr. Nachiket Mor, Director, Central Board of the Reserve Bank, respectively.

31. The first bi-monthly monetary policy statement for fiscal year 2015-16 is scheduled on Tuesday, April 7, 2015.

*Statement by Dr. Raghuram G. Rajan, Governor on Monetary Policy**

Since July 2014, inflationary pressures (measured by changes in the consumer price index) have been easing. The path of inflation, while below the expected trajectory, has been consistent with the assessment of the balance of risks in the Reserve Bank's bi-monthly monetary policy statements. To some extent, lower than expected inflation has been enabled by the sharper than expected decline in prices of vegetables and fruits since September, ebbing price pressures in respect of cereals and the large fall in international commodity prices, particularly crude oil. Crude prices, barring geo-political shocks, are expected to remain low over the year. Weak demand conditions have also moderated inflation excluding food and fuel, especially in the reading for December. Finally, the government has reiterated its commitment to adhering to its fiscal deficit target.

These factors have significantly reduced the momentum of inflation, compensating for the widely anticipated ending of favourable base effects. Households' inflation expectations have adapted, and both near-term and longer-term inflation expectations have eased to single digits for the first time since September 2009. Inflation outcomes have fallen significantly below the 8 per cent targeted by January 2015. On current policy settings, inflation is likely to be below 6 per cent by January 2016.

These developments have provided headroom for a shift in the monetary policy stance. It may be recalled that the fifth bi-monthly monetary policy statement of December had stated that 'if the current inflation momentum and changes in inflation expectations continue, and fiscal developments are encouraging, a change in the monetary policy stance is likely early next year, including outside the policy review cycle'. In its public interactions, the RBI had committed to initiate the process of monetary easing as soon as data indicated that medium term inflationary targets would be met. Keeping this commitment in mind, it has been decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 8.0 per cent to 7.75 per cent with immediate effect;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 7-day and 14-day term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- continue with daily variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF stands adjusted to 6.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.75 per cent with immediate effect.

The fifth bi-monthly monetary policy statement also stated that once the monetary policy stance shifts, subsequent policy actions will be consistent with this stance. Key to further easing are data that confirm continuing disinflationary pressures. Also

* Released on January 15, 2015.

critical would be sustained high quality fiscal consolidation as well as steps to overcome supply constraints and assure availability of key inputs such as power, land, minerals and infrastructure. The latter would be needed to ensure that potential output rises above the projected pick-up in growth in coming quarters so as to contain inflation.

We take this opportunity to convey our best wishes to all for *Makar Sankranti*, *Pongal* and *Uttarayana*.

SPEECHES & INTERVIEW

*Governor's interview with New York Times**

Head of India's Central Bank criticizes post-crisis efforts

Raghuram G. Rajan, the Governor of the Reserve Bank of India, has a reputation for bluntness. A former chief economist of the International Monetary Fund, he has criticized central banks around the globe for focusing too much on their domestic issues instead of considering the international ramifications of their decisions.

Yet in India, his reluctance to cut overnight interest rates in recent months, before he finally reduced them by a modest quarter-point on Thursday to 7.75 per cent, has made him controversial. Critics say that with oil prices tumbling, he should have been less concerned about fighting inflation and more worried about allowing faster growth.

In a broad-ranging interview on Wednesday afternoon, Mr. Rajan talked about the role that central banks should play in financial markets and the challenges he faces in India. The following are edited highlights from the interview with Keith Bradsher.

• On his calls, particularly in a speech in April, for greater coordination by central banks and restraint in quantitative easing — large bond-buying programs by central banks in industrialised countries that are seeking to rekindle economic growth even as interest rates and inflation approach zero:

"My sense is that industrial countries are looking inwards so much that expecting international cooperation for anything other than the crisis of the day is probably wishful thinking. See, these are all attempts to — what's the right word — to sensitize thinking. And I think that the speech had that effect.

"In fact, many people have come around to the point of the speech that additional Q.E. is largely about exchange rates … than really energizing a lot of domestic activity. I think that is now a much more widely held view than when I started talking about it.

"But the point, I think, is that it had had the benefit of at least making people aware that when the time comes, when sort of market volatility creates the crisis somewhere, that there is a need for the international system to come together to fix it. You know, I was hoping we would put in place a system anticipating crisis, but if it is post-crisis, at least making sure we can pick up the pieces reasonably efficiently.

"Maybe that's the best we can hope for in this scenario, where there has been so much demand of different political systems that there has been no space or energy left to look outside and say, 'What else can happen?'"

• On his worry that central banks have gone too far in cushioning shocks in economies and financial markets:

"I was talking to some market participants, and they were extremely worried about the extent of volatility that can emerge in markets in a very short run, one example being oil prices. I mean, this is a very deep market. And overnight, virtually overnight, maybe in a span of a month or two, it has gone from $100 a barrel to $50.

"Now, what were the events that changed this? Was $100 too high? Is $45 too low? Or is there such a range of possibilities? And then if you think, this asset can move so much, and of course the dollar has moved — could we see enormous volatility in asset prices going forward?

"That is a concern, and it is a concern I have been expressing for some time. That is, have central banks suppressed volatility through these policies.

* Governor Dr. Raghuram G. Rajan's interview with Keith Bradsher of the New York Times. First published in the New York Times on January 16, 2015.

"Effectively, every time prices move considerably, some central bank or the other says, 'Wait a minute, wait a minute, I'm going to give you some fresh liquidity,' and we essentially offer a put option to the markets. So it's not a Bernanke put or the Greenspan put. Now it's the universal central bank put. Have we, in an attempt to banish volatility — which wasn't, I think a direct objective of any central bank, but indirectly, we've come to that — created the danger of much more volatility."

• On his insistence, as the main bank regulator in India, that the founders of large companies should be forced to take losses if their companies fail, including provision of collateral in advance for loans to their businesses:

"One of our attempts here is to make sure that the system is evenhanded, that the large guy also repays, or if he or she cannot repay, that the debtholders have strong recovery rights. Now that's work in progress. But it is extremely important to make the system legitimate.

"One of the worries about capitalism is 'heads the capitalist wins, and tails the system loses, but the capitalist is O.K. all the time.' To get a proper capitalist — or I should rather say, free enterprise — system in this country, we certainly need people to have the ability to take risk. But if they do take the risk, they should pay the costs of taking that risk, rather than benefit when that risk pays off, but shove the cost on somebody else when it doesn't.

"And that has been one of the big focuses of the last few months: How do we get the big promoter to absorb the losses and not shove it onto the banks? And how do we make sure that the system works for everybody in the same way?"

*Derivatives Dynamics: Looking Back & Looking Ahead**

Harun R Khan

Prof. Sesha R. Iyer, Prof. Suresh G Lalwani, Prof. Ranjit Pattanaik and learned panellists & invitees. I am happy to be here today on the occasion of the Finance Conclave 2015 on 'Indian Derivatives Markets – Striking a Balance between Risk Protection and Liquidity' organised by the SP Jain Institute of Management & Research and share some of my thoughts on the dynamics of derivatives in the Indian context.

2. 'Derivatives' have for quite some time been a totem of expertise for anyone connected with finance, be it a market practitioner or a financial economist or a financial sector regulator. Part of the interest no doubt stems from the usefulness of the derivatives, but a large part of interest is actually a form of pure wonder of incomprehension owing to the complexity of its valuation, design and risk implication. Be that as it may, derivatives at various times have evoked quite extreme reactions from thought leaders in the field. Warren Buffet is reported to have described derivatives as, "*financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal*". Similar sentiment has been echoed by George Soros, while advising people to avoid derivatives, "*....because we don't really understand how they work*". At the other end of the spectrum, former Federal Reserve Chairman Alan Greenspan, a steadfast defender of derivatives, said in a Senate Committee hearing "*What we have found over the years in the marketplace is that derivatives have been an extraordinarily useful vehicle to transfer risk from those who shouldn't be taking it to those who are willing to and are capable of doing so*". The Global Financial Crisis (GFC) had spurned a large volume of literature laying much of the blame for the crisis at the door of indiscriminate use of derivatives, pointing out the dangers inherent in derivatives and underscoring the need for further regulating the market. Immediate aftermath of a crisis was not a good time to take a balanced view, and now that much of the dust has, somewhat settled down, we can perhaps look at the problem dispassionately.

Financial Sector & the Derivatives

3. Before we go to the theme of derivatives, it is necessary to briefly discuss the financial sector as such so as to provide a backdrop, as it were. It has been generally accepted that a financial sector is a necessary precondition for economic growth and progress. Economists like John Hicks, Walter Bagehot and Joseph Schumpeter have held that the development of financial sector helped mobilise the resources necessary for 'the immense work' that constituted the industrial revolution. Of course, like everything else in economics, this also has a contrary view point. Economists Joan Robinson and Robert Lucas have expressed scepticism about the emphasis given to the financial sector. Extensive research in recent years goes to show that a well developed financial sector may be neither a necessary nor a sufficient condition for economic growth but the absence of an efficient financial sector can surely retard growth.

4. The financial sector essentially enables inter-temporal transfer of income and smoothens the consumption over the life time of an individual. On the other side, it also pools the surplus and allocates it to various socially productive projects which require an upfront outlay with the potential of generating a surplus at the end of the production cycle. It involves parting of money from the one who has the surplus to

* Keynote address delivered by Shri Harun R Khan, Deputy Governor, Reserve Bank of India at the Finance Conclave 2015 on 'Indian Derivatives Markets – Striking a Balance between Risk Protection and Liquidity' organised by the SP Jain Institute of Management & Research, Mumbai on January 17, 2015. The speaker acknowledges the contributions of Shri Himansu Mohanty of the Reserve Bank of India. The speaker also acknowledges the inputs from Shri Sudarsana Sahoo of the Reserve Bank of India.

the one who needs it. But it could be a dangerous proposition. It is for nothing that Polonius counsels his son Laertes in Shakespeare's Hamlet, "*Neither a borrower nor a lender be*". The legal-financial system that has evolved over the centuries has developed an elaborate architecture to ensure that the trust of the people is maintained in the financial system and they lend and borrow their requirement freely and safely. The financial sector has basically two kinds of problems. The first relates to information asymmetry inasmuch as one party to the transaction, the borrower or the investee, always knows more than the other party, the lender or the investor. This is a large topic in itself which I do not intend to deal with here, except that it also lays the ground for the second problem in financial transactions, that is, the risk of default or more generally the risk of erosion in the value of the asset. A smooth functioning of the financial system requires that this problem is adequately addressed.

5. Derivatives play an important role in addressing the risk inherent in financial transactions. A derivative has traditionally been defined as a contract whose value derives from and is dependent on the value of an underlying asset, such as, a commodity, currency, or security. The concepts of various derivatives have been known since antiquity – the oft-cited anecdote of the sixth century BC philosopher Thales buying options on olive pressing mills is too well known to recount here. Various forms of derivatives – mostly forwards and futures – have traded off and on in the seventeenth and eighteenth centuries, for example, forwards on tulips and futures in the Yodoya rice market in Japan. The major milestones in the history of derivatives are the establishment of the Chicago Board of Trade (CBOT) (1848), establishment of the Chicago Produce Exchange (1874), which was converted to Chicago Mercantile Exchange (CME) (1919) and the formation of futures clearing houses (1925). I may mention in passing that notwithstanding the increasing activity in the commodities derivatives markets, there were always apprehensions about the impact of derivatives trading on the cash market which led to frequent bans on commodity derivatives.

6. The history of derivatives on financial securities is rather short. Following the breakdown of the Bretton-Woods, which led to floating exchange rates, the CME introduced the first currency futures in 1972. In 1975 CBOT created the first interest rate futures contract to which CME responded with Treasury bill futures contract in 1975. In 1977, CBOT created the first treasury bond futures contract. In 1982, Kansas City Board of Trade launched the first Stock Index futures followed by the CGOT's futures contract on S&P 500 index in the same year. In 1983, the Chicago Board of Exchange (CBOE) introduced an option on an index of stocks.

7. During the 1990's, there was huge outcries over a series of debacles over derivative trading with market participants reporting large losses. The cases of Proctor & Gamble (swaps), Showa Shell (forwards) Metallgeselschaft (futures), Allied Irish Bank, Barrings Bank (options)& Orange Country(swaps) have become standard case studies in the academic curriculum. The discourse that followed sometimes blamed the products and often the entities trading these products. The markets continued more or less in the same vein but the trading and risk management protocols amongst the market participants were tightened.

8. The GFC brought the focus back to the derivatives and their trading. What happened is essentially as follows. Innovative design of derivative instruments facilitated flow of large quantum of funds to the housing sector through sub-prime loans, fuelling a housing sector boom and when the housing prices started correcting, the derivative instruments too started losing value. Both forces interacted with and reinforced each other, and the snowballing effect brought the markets down. It has been argued that laying the blame for the crisis entirely on the derivative

products is akin to a bad workman blaming his tools. The problem perhaps lied not so much on the instruments themselves, but on the inadequacy of the market infrastructure to deal with the opacity and complexity of these products and on the lack of appropriate risk management protocol amongst the financial institutions that traded and took position in these products. Let me quote Kenneth Arrow, who in an article in the Guardian, sums up the predicament rather succinctly when he says *'There have been two developments in the economic theory of uncertainty in the last 60 years, which have had opposite implications for the radical changes in the financial system. One has made explicit and understandable a long tradition that spreading risks among many bearers improves the functioning of the economy. The second is that there are large differences of information among market participants and that these differences are not well handled by market forces. The first point of view tends to argue for the expansion of markets, the second for recognising that they may fail to exist and, if they do come into being, may fail to work for the benefit of the general economic situation.'* And again, *'There is obviously much more to the full understanding of the current financial crisis, but the root is this conflict between the genuine social value of increased variety and spread of risk-bearing securities and the limits imposed by the growing difficulty of understanding the underlying risks imposed by growing complexity.'*

Dynamics of Derivatives Market

9. Before I deal with the Indian derivative markets, let me discuss some salient issues about the derivatives market in general. The market for financial derivatives, as indeed the market for any financial assets, is populated by three generic classes of participants: the hedgers, the arbitrageurs and the speculators. The hedgers are the final consumers, as it were. The arbitrageurs help establish the law of one price across market segments so that similar products with similar risk profiles cost the same in various markets *at any given point of time.* The speculators, a word with much negative connotations, essentially do inter-temporal arbitraging and serve a very useful economic function of price discovery, particularly in the financial markets. Inasmuch as the value of all financial assets is based on a view of the future, the act of speculation tends to correct the value of under-valued or over-valued assets. Caution, however, is invited by the fact that the future is uncertain, and leveraged speculation based on irrational exuberance is fraught with dangerous consequences as has been witnessed during many a crisis.

10. For the market participants, liquidity has talisman like significance. What is the meaning of liquidity? Trading volumes? Bid-ask spread? These are only indicators of liquidity. In an economic sense, liquidity means the ease with which a security or an asset can be converted to 'money' (bank and ultimately central bank liability) at the going price. It is a basic requirement of a market because an investor will hold an asset only if she is convinced that she will be able to sell that asset at the going price without the price tumbling by the act of her sale. Similarly one will be able to issue liabilities, assured that investors will buy it without a discount. Thus smooth functioning of the financial market requires liquidity. But at the same time, it must be understood that liquidity is not an end in itself that the market efficiency increases with increase in liquidity without any bound. Here I will like to quote Bob Solow on this. He says, "Much more significant is the fact that the bulk of incremental financial activity is trading, and trading, while it may provide a little useful public information about market opinion, is largely a way to transfer wealth from those with inferior information and calculation ability to those with more. There is no enhancement of economic efficiency to speak of". Hence it is necessary to keep the context of economic efficiency in view while talking about market efficiency.

Indian Equity Market & the Derivatives

11. Financial markets in India in the modern sense of the term have had a short history and are in a way in their nascent stage. You will recall that post-independence, in the plan-economy era, we had what has been called a regime of financial repression where the key economic variables were determined by fiat rather than through a market process. The financial markets evolved into their present form following the liberalisation that started in the early nineties. The introduction of the floating exchange rate and deregulation of interest rates facilitated development of an active foreign exchange and fixed income securities market. It is true that India had perhaps the oldest stock market in Asia, with the Bombay Stock Exchange dating back to 1855. The stock market, however, saw quantum change following the scam of 1991. Securities & Exchange Board of India (SEBI) was formed in 1992, and NSE in 1992 (it started operations in 1994). I will just mention two other landmarks: the introduction of the NIFTY futures on the National Stock Exchange (NSE) in 1998 and the SENSEX futures on the Bombay Stock Exchange (BSE) in 2000.

12. Equity markets are the quintessential representation of functioning of a market economy. They are the ultimate crucible for ideas such as corporate governance, investor protection, market discipline, *etc.*, and the existence and success of a buoyant, robust corporate sector is critically dependent on the functioning of equity market. One can say with pride that notwithstanding the low ranking of India in the World Bank's list of countries in regard to 'ease of doing business', we rank 7th in the attribute 'protecting minority investors'. The equity markets in India today are among the best in the world, with state-of-the-art technology, institutional mechanism, and products. Apart from large daily volumes, we have other products such as equity derivatives, security lending and borrowing, algorithm trading, *etc.*

13. The main focus of concern in equity market is investor protection and integrity of trading. Equity derivatives, like all derivatives, can be used either to hedge an existing position or express a view on the equity prices or indices. Derivatives being leveraged structures have the potential to amplify the loss or gain in an asset. For the same reason, it can also contribute to the volatility.

14. From a systemic financial stability perspective, the concern about the equity market stems from the source of financing equity positions. It is matter of great concern if bank lending funds an equity market boom, or for that matter, any asset price boom. This is an unforgettable lesson from the crash of 1929, further underscored by the GFC. Recognising this, the banking regulations cap banks' exposure to the equity markets.

15. When we come to foreign exchange and interest rate derivative markets, the perspective changes significantly. It is to be appreciated that interest rate and exchange rates are important macro-economic variables with economy-wide implications. The Reserve Bank of India has responsibility in regard to both the rates and is statutorily mandated to ensure sound functioning of these markets. Therefore, its approach to development the cash as well as derivative segments of these markets has been characterised by what one can call as *cautious gradualism.* I shall elaborate on the issues involved in these markets.

Foreign Exchange Derivatives

16. The backdrop for the foreign exchange market is provided by several factors following the Balance of Payment crisis we faced in 1991. Full current account convertibility since 1994, increasing openness on the capital accounts, a persistent and sometimes rapidly increasing current account deficit, the instability in autonomous capital flows, the investment needs of an expanding economy and globalisation aspirations of Indian corporates are some of them. Our stated objective is to maintain orderliness in the foreign

exchange market even as the exchange rate is market determined without any target level or band. The other factor one has to reckon with is the so-called impossible trinity where an independent monetary policy, a fixed exchange rate and an open capital account are impossible to simultaneously attain. Since no economy of India's size and complexity can sacrifice its independence in monetary policy, the inevitable consequence is an eclectic combination of some capital account openness and some flexibility in the exchange rate.

17. How does all this influence the development of the foreign exchange derivatives market? Our approach to development of the foreign exchange derivatives market has been largely biased by the use of these products as instruments of hedging for individuals and real sector firms with a pre-existing foreign exchange exposure. Take for example an exporter who has a foreign exchange receivable at a future date and any adverse movement is likely to adversely affect her expected Rupee revenue and therefore her balance sheet. A derivative product like a forward sale or a put option is designed to remove all or some uncertainty of the exporter's expected revenue and thereby impart stability to its balance sheet.

18. But a derivative product also is an instrument for expressing a view on the future path of the price of the underlying. Thus if you expect the Rupee to fall in value at a future date, you can sell it in the forward or futures market or buy a put option. This has the effect of depreciation in the spot exchange rate of the Rupee. Can this be called a justified correction in the spot exchange rate? It depends upon how justified the expectation was in the first place. Expectations are often mechanical extrapolation of the immediate past. If Rupee starts depreciating for some reason, an expectation of further depreciation is engendered, derivatives provide the means to express this expectation, and expectations are often self-fulfilling. Any sharp depreciation of Rupee could lead to further panic reactions: exporters cancelling the forward sale contracts they had already booked and importers rushing to buy forwards to protect their future commitments.

19. As I have mentioned, exchange rate is an important macro variable and given the various factors affecting our external sector, our tolerance for large volatility or sharp movements is rather limited. In this background one can understand the regulatory framework for foreign exchange derivatives in India. Firstly, it has so far been mostly dominated by the OTC segment and derivatives have been meant as instruments of hedging. That is, an entity can enter into a derivative contract only if it has a foreign currency exposure. One party to the contract has necessarily to be an Authorised Dealer who is supposed to be the market maker. So as to ease the derivative transactions, we have been making operational relaxations, such as, buying or selling forwards or options on the basis of past performance as indicator of current and future exposure rather than having to produce evidence of underlying each time. But still, underlying exposure is the basic driver.

20. In 2008, currency futures started trading on the exchanges with a view to expanding the derivatives products, improving transparency and price discovery and affording an easy access to the foreign exchange derivative market. This brought in a kind of dichotomy in the foreign exchange derivative market. A futures market does not usually work on the basis of an underlying exposure. Moreover, there is free entry and exit and is cash settled. This is a perfect setting for anyone to express a view on the currency and it is quite contrary to the regime for the OTC market. It has been a usual response to sharp movements in the exchange rate to modulate the regulatory regime in the OTC market by disincentivising free booking and cancellation of contracts aimed at making gain out of the Rupee movement. But is such a thing possible in the futures market? That is why during the volatility episode in July 2013, restrictions were imposed in the futures

market. These have been mostly undone and some extent of symmetry has been brought about between the OTC and the exchange traded segments of the foreign exchange derivative markets. An important step in this connection has been to grant access to the futures market to the foreign portfolio investors in an attempt to offer them a viable alternative to the overseas NDF market. To provide boost to the currency futures, some more relaxations like enhancing the limit upto which exposure will not require the proof of the underlying exposure & procedural simplification relating to documentation are being examined.

21. The Currency Futures volume that plunged post administrative measures taken by the Reserve Bank in July 2013 recovered after removal of the restrictions. The trading volume though remains lower than the pre-July 2013 levels (US$ 3.2 billion in January 2015 so far vs. US$ 7 billion in June 2013), the daily open interest position has improved to near pre-July 2013 level of about US$ 4 billion. The trading in the Currency Futures, however, continues to be dominated by non-bank trading members (proprietary) and the brokerage firms (as clients). There are only a few corporates holding insignificant open interest in the currency futures. Though the effectiveness of currency futures as a hedging instrument remains low for several reasons, the product enjoys complementarity with the OTC products in developed markets as counter-parties to OTC transactions aggregate their exposures and cover them though exchange traded products (hub-and-spoke approach) which are quoted at narrow bid-offer spread. It is expected that with active participation of banks in currency futures, this complementarity will provide useful linkage between the OTC and exchange traded currency derivatives.

22. We are committed to the idea that the range of derivative products should be wide enough so that market participants are free to choose them according to their risk management strategy in a cost effective manner. Though options, mostly plain vanilla, have been allowed, their use has not been widespread. The average daily trading volume of forex options is just about US$ 300 million. We are contemplating expanding the products available and considering allowing option trading strategies. In this context, it will be useful to note the use of various option structures by market participants during the period prior to the GFC. The currency market volatility and sharp movements in the aftermath of the GFC caused many of these entities to book heavy losses, which lead to a spate of complaints and litigations. For that matter, the Rupee which has been mostly on an appreciating mode during 2007-08, suddenly reversed the trend post-Lehman and many exporters suffered large MTM losses even on simple forward contracts. This brings home the point I made earlier that the blame lies with unwise use of the derivative products linked to forex or otherwise for that matter other underlyings rather than the products themselves. While the firms using derivative products must have an adequate risk management framework comprising an understanding of the risk and the derivatives used to mitigate that risk, the banks also have a responsibility to offer products that are suitable and appropriate for their client's risk profile and risk management framework. This concern is sought to be addressed through mandating banks to ensure suitability and appropriateness of the derivatives products they are selling to their clients.

23. It is pertinent to mention briefly a theme current in contemporary discourse- Bond-Currency-Derivatives (BCD) nexus. This is an ideal objective in an open economy financial system. What it means is this: any foreign investor, using any international currency, can buy an Indian Government or corporate liability denominated in Rupees or otherwise and hedge all risks, either onshore or offshore, the attendant credit, interest rate and currency risks. This is a natural prerequisite for free international capital movements, and from an Indian perspective, for mobilisation of the much needed resources. The problem, however, is

inherent in the proposition itself. This presupposes complete capital amount openness, particularly for financial institutions and transactions. The pros & cons of full capital account openness is a contentious issue and in any case, we are not ready for it at this point of time. Thus the full BCD nexus has to wait on progress in capital account liberalisation. In the meanwhile, I must point out that BCD nexus is neither absolutely necessary nor a sufficient condition for mobilising resources for investment to support economic growth. I will just have to point out the growth story of post-war Japan, that of China of last two decades and even of India before the crisis to support this point.

Interest Rate Derivatives

24. In an economy with expanding financial sector, interest rate is a key variable that affects firms and individuals across the board. In the pre-liberalisation era, the interest rate was largely 'administered' and there was little need for hedging interest rate risk. It must be appreciated that interest rate derivatives market is not a retail market. But the individuals and small firms do benefit out of an interest rate derivative market in so far as the financial institutions and market makers can hedge their interest rate risk and consequently offer better rates to their customers. Globally, the interest rate derivatives constitute the largest segment of the derivatives market.

25. Need for interest rate derivatives was recognised early and in 1999, guidelines were issued for two core products in the OTC segment: the Forward Rate Agreements (FRA) and the Interest Rate Swaps (IRS). The absence of a term money market has hampered the any meaningful growth of the interest rate derivative markets, except one product *viz.*, the Overnight Index Swaps (OIS), which has gathered large volumes. We have always been concerned about lack of a term money market and have taken some steps (*e.g.* introduction of term repos under Liquidity Adjustment Facility of the Reserve Bank of India, increasing the frequency of Bank's term repos to four times during a reporting fortnight, recent announcement for permitting re-repoing of government securities, *etc.*) to nudge the market participants in that direction. Hopefully, term money market and an active interest rate swap market will develop in tandem.

26. The need for an exchange traded interest rate derivative market was also felt pretty early. An exchange traded market, apart from transparency, price discovery, cost effectiveness, and better risk management, also provides a market where market makers can hedge their risk. The development of an active interest rate futures market has so far eluded us and the process can provide an interesting case study. The products were first introduced in 2003 which were cash settled and based on zero coupon yield curve. After some initial interest, the market liquidity completely dried up. In 2008, after the currency futures were introduced, interest in Interest Rate Futures (IRF) were revived and after wide consultations, physically settled futures contracts were introduced on 10-year Government bonds. This is a classic product and it was expected that it will attract market interest. This product too did not survive beyond its infancy. After a lull, a cash settled single bond futures contract was introduced in January 2014 and has been trading with reasonable liquidity. It is proposed to expand such contracts to other tenors. The volumes and open interest in such contracts is limited by the total outstanding of the respective bonds. In the recent times, the volumes have picked up significantly. The average daily volume rose from ₹13.97 billion post-launch of single bond futures in January 2014 to about ₹25.50 billion in January 2015 so far. More importantly, the open interest have registered steady growth in the recent period with average daily figure of ₹63.60 billion during the current month so far. It is expected that this product will develop market's familiarity with the terrain and prepare it for more generic products in future.

27. The reason for lukewarm response in interest rate product partially lies in the structure of our debt markets. The government bond holding is concentrated amongst banks, insurance companies, provident/ pension funds and the Reserve Bank of India. The same goes for corporate bonds as well. Most of these investors are hold-to-maturity types who do not face volatility in the value of their holdings and consequently have no need for a hedging product. Secondly, there is perhaps a lack of diversity of view among the market participants. The market structure does not change quickly and it may not be optimal to impose accounting hegemony on banks and financial institutions to force them towards hedging in the interest of developing the market. The strategy for development of the market, therefore, has to comprise widening the range of products, granting flexibility in product design to the exchanges, removing barriers for participation, *etc.* The Reserve Bank is now considering introduction of bond futures in other maturities in consultation with the SEBI.

Credit Derivatives

28. The Indian financial system has traditionally been bank based system where the external financial requirements of firms have been mostly met by banks. In the pre-liberalisation era, there were specialised term lending institutions which used cater to the long term capital requirement. This is no longer the case now. The need for a vibrant and liquid corporate bond market is based on several considerations. First, it will cater to the long term funds requirement of the corporate sector and help the banks manage their asset liability mismatch more effectively. Second, in a growing economy and with complex financial needs of existing and new firms, the corporate debt market provides a better, more cost effective access to funds. Among the steps taken to bring liquidity into the market is introduction of credit derivatives which help bond holders to insure themselves against risk of default. Having been introduced in the aftermath of the GFC, the product has been launched perhaps with a high dose of safety measures as some analysts suggest and this could perhaps accounts for its limited liquidity. There is a need to re-visit the issues hindering development of the CDS market, such as, non-availability of netting benefit of marked to market (MTM) leading to higher capital charges for the market players, dominance of high rated bonds not warranting any need for credit risk protection, procedural issues for some of the foreign banks being reluctant to execute Credit Support Annexes (CSA), large players like insurance companies not being able to sell protection, *etc.* The Reserve Bank is examining some of the prudential conditions that can be relaxed without compromising systemic stability.

Financial Market Infrastructure

29. As I mentioned earlier, the considered view of the GFC is that it is not so much the derivative products that are to be blamed but the infrastructure for trading and the risk management and regulations of the institutions. The corrective steps to prevent the recurrence of such a crisis have focussed a great deal on improving the transparency and risk management in the market infrastructure. Let me quote from the Pittsburgh Declaration of G-20 leaders summit. It stated, "*All standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements. We ask the FSB and its relevant members to assess regularly implementation and whether it is sufficient to improve transparency in the derivatives markets, mitigate systemic risk, and protect against market abuse*". Keeping in view the thrust of the G20 on reforms in the OTC derivatives market, the Reserve Bank has drawn up and is implementing a

roadmap focussed on standardisation (*e.g.*, OIS has been standardised) reporting to the Trade Repositories {*e.g.*, all foreign exchange and interest rate derivatives are reported to the Clearing Corporation of India Limited (CCIL)}, central clearing (*e.g.*, 90 per cent of the IRS currently are being cleared through the Central Counter Party, *i.e.*, the CCIL) & exchange or electronic platform based trading (*e.g.*, permission to CCIL to start electronic trading platform for the IRS).

30. The need for robust market infrastructure has been recognised in India quite early. Settlement of financial contracts through a central counterparty (CCP) mechanism is a key risk-mitigation measure. We had introduced CCP clearing in government debt and foreign exchange spot transactions by a specialised institution (*viz.*, CCIL) in 2001 and 2006 respectively. CCIL has also been permitted to act as CCP for interest rate swaps and the service is expected to be launched shortly. Mandated central clearing of forward foreign exchange transactions has also been put in place.

31. The important role of a trade repository for OTC derivative transactions has been recognised for dealing with opacity inherent in OTC transactions. It must be recognised that even before the GFC brought to the fore the importance of trade repositories, we had enabled CCIL to collect and store transaction level data in respect of rupee interest rate swap reported to it through a regulatory mandate. The scope of the repositories has since been expanded to include the entire spectrum of OTC derivative products which is assisting regulatory surveillance and supervision.

32. Much as the exchange traded segment may provide safety and transparency, the role of the OTC market cannot be overlooked. The main advantage comes from the bespoke nature of the market. In modern finance, the funding requirement, cash flows and risk appetite vary from company to company and from financial institution to financial institution. An exchange-traded product is necessarily standardised and disincentivises financial innovation. Completely moving away from OTC products is like throwing the baby with the bathwater. Of course, the need to improve the market infrastructure and regulatory framework for the financial institutions' trading and taking position in OTC products needs to be strengthened. This is precisely what we have been doing for the OTC derivatives in forex and interest rate and credit derivatives.

33. In parallel drawing from the lessons of the recent GFC for effective risk management of the Financial Market Infrastructure (FMI), the existing structures have been strengthened and consolidated by the Committee on Payment & Settlement System (CPSS) {now Committee on Payments & Market Infrastructure (CPMI)} and the Technical Committee of the International Organisation of Securities Commission (IOSCO) by way of 24 Principles for the FMIs (PFMIs). Some of the principles which have assumed more importance involve general business risk in terms of recovery and resolution of the FMI, settlement finality, operational risk, tiered arrangements and disclosure of market data by the TR besides the requirement of the central bank and other regulators to exercise effective oversight over the FMIs in relation to these principles. Reserve Bank of India and the security market regulator, SEBI, are committed to fulfil their responsibilities and ensure compliance with the PFMIs by the CCPs. For example, CCIL is being regularly evaluated for its level of compliance and our assessments indicate that there is a very high degree of convergence with these principles. Of course, continuous evaluation against existing and evolving standards will remain a priority for us. Currently, we are in advance stage of dialogue with European Market Infrastructure Regulators (EMIR), the ESMA & the US authorities like the Commodity Futures Trading Commission (CFTC), for recognition of our FMIs like the CCIL of following standards equivalent to those prescribed by them for

settlement of securities, forex & derivatives so that market participants from these countries/region can participate in our markets without impacting their trading activities & raising transaction costs, thereby affecting market volumes & liquidity.

Conclusion

34. Let me now conclude based on what emerged from the above discussion.

a. The importance of financial sector in lubricating a modern economy cannot be overemphasised.

b. Financial transactions are subject to information problems and hence prone to market failure. This motivates the need for regulation and the regulations have to such as to address possibility of market failure but at the same time not discourage growth of the sector nor stifle responsible innovation.

c. Derivatives contribute to efficient working of the financial system and management of risk. This is also necessary for socially useful but risky projects to be ventured. But at the same time, if their risk implication is not understood, they can cause and aggravate market failures.

d. Modern financial markets including markets for derivatives in India are a little more than two decades old. They are still evolving. It is wise to learn from other's mistakes and adopt a cautious and gradual approach, recognising at the same time that one cannot cross a chasm in two leaps.

*Speech at the Business Standard Best B-School Project Awards Function**

Urjit R. Patel

I am honoured to be part of the Business Standard Best B-School Project Awards to be presented today for recognising the bright young talent of business schools in India. I understand that this is the 7th edition of the Award, and 158 colleges have participated from across the country with a wide range of projects. This conveys the high esteem that the award is held in, its popularity among B-School graduates, and the impact it has made over the years in recognising and honouring young professional talent. The teams are evaluated on the basis of the rigour of their work, innovative approaches, structure of the content and the meaningful solutions they provide for diverse business, social and organisational challenges.

The function symbolises 'out of box' thinking and the entailed enterprising skills of the 'Young India'. It epitomises a tribe of budding professionals who are not risk-averse and have 'fire in the belly' to take a leapfrog into the future.

Frankly, I am deeply envious of the young students that I see in front of me. They have the dreams, desire and the capability to create new business models and modern enterprises, which India critically needs at this juncture. There are several notable inter-locking drivers that have been recently initiated or reinforced with vigour, which will complement our budding graduates' innate talent.

- An emphasis on entrepreneurship for solutions. To absorb a labour force that increases by about one million per month requires many more entrepreneurs, tens of thousands, if not hundreds of thousands, more.
- The national objective to make India a global manufacturing hub and a substantive part of international supply chains. The 'Make in India' vision/strategy is apposite and provides a much needed 'focal point' to inculcate durable competitiveness in key sectors of our economy.
- The stress on improving India's ranking in the 'Ease of Doing Business index'. This provides a measurable gauge to determine how we progress. The repeated commitment and associated ground-level changes already taking place towards deepening 'Policy-driven' governance (and less government) is mission critical in this context.
- Uncertainty has been lifted in key sectors like coal and spectrum.
- In today's world, terms like 'game-changer' and 'transformative' are often used loosely, and are, therefore, more ubiquitous than warranted. But the 'Jan Dhan Yojana' scheme implemented almost wholly by our public sector banks, whereby 100 million bank accounts have been opened for those who were unbanked, is unequivocally a 'game-changer'. It provides an unprecedented scaffolding and a spring board for meaningful financial inclusion and, concomitantly, substantial financial deepening of our economy.
- At the recent 'Gyan Sangam' gathering of bankers and top-level policy makers in Pune, important and far reaching changes were discussed. I am virtually quoting from the

* Delivered by Dr. Urjit R. Patel, Deputy Governor, Reserve Bank of India at the Welingkar Institute of Management Development and Research, Mumbai on January 12, 2015

official website two of these in the interest of brevity:

- o We should redefine the metric for effective lending, *viz.*, prioritise loans to enterprises which will generate more employment.
- o A call for an end to lazy banking; banks are asked to take on a proactive role in helping the common man.

In other words, bankable labour-intensive enterprises should benefit as we go forward in this direction.

There are 3 potential corollaries:

(i) First, a much larger number of small business loans will be encouraged rather than an overriding emphasis on very large loans *per se*.

(ii) Second, in the context of discussions on priority sector policy/guidelines, finance for small entrepreneurs, SMEs and employment creation may be reinforced (RBI's licensing policy for small finance banks has stipulated higher exposure to priority sectors).

(iii) Third, banks may have to revisit at an opportune time (not now) in due course (that is, in the future) the individual company/group credit exposure limits, as well as sector exposures as part of their learning for the future for better risk management practices over the business cycle.

- Lastly, the hard earned macroeconomic stability provides an important backdrop for optimal decisions by all stakeholders. We have to preserve this. The dramatic fall in oil prices is a boon for us. It saves, on an annualised basis, around US$ 50 billion, roughly, one-third of our annual gross POL imports of about US$ 160 billion. This is on a back-of-the-envelope, top-line basis. Of course, there will be leakages and other set-offs. But our external situation undoubtedly improves. The welcome development enhances our disposable income (which will increase consumer demand for other goods and services), reduce input cost of our businesses (which will increase margins and help to enthuse investment demand), and aid government finances by reducing the energy subsidy burden in the budget.

Let me conclude by quoting a participant at the inaugural session of this year's Vibrant Gujarat Global Summit: 'India will be a bright spot in an otherwise mediocre global economic outlook'.

Thank you, once again, for giving me the opportunity to speak at the 7th Business Standard Best B-School Project Awards function.

*Banks, Debt Recovery and Regulations: A Synergy**

R. Gandhi

Honourable Judges of Debt Recovery Appellate Tribunals (DRATs) and the Presiding Officers of Debt Recovery Tribunals (DRTs) and other distinguished guests. It is an honour for me to address you all here at this Workshop organised under the aegis of CAFRAL. This Workshop comes at a very opportune time when banks are facing multi-dimensional challenges to recover their debts. The rising level of non-performing assets is a major concern of the banking system. In spite of the fact that various legislations have been enacted and repeated efforts are made to emphasise importance of recovery, the non performing assets continue to increase.

What is debt recovery?

2. A bank begins a debt recovery process when it seeks money it is owed. A bank takes recovery action for a number of reasons, but the most common is when a customer fails to make loan repayments.

Debt recovery may include:

- Referring the matter to a specialist debt recovery team within the bank
- Employing an external debt collection agency to act on its behalf
- Selling property over which the bank holds security
- Seeking a judgment from the courts to enforce the debts

* Talk delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India, on December 29, 2014 at the "Workshop for Judges of DRATs and Presiding Officers of DRTs" conducted by CAFRAL at Leadership Development Academy, Larsen & Toubro Ltd., N H 4, Lonavala. Assistance provided by Ms Sadhana Varma is gratefully acknowledged.

Why timely recovery of loans is important

3. Timely recovery of a normal loan between two parties may not be of critical importance to anyone, except to those two. A bank loan is not just a contract between the bank and the borrower. Entwined with this contract is the general welfare of the public, out of whose deposits the bank loan has been granted. However, timely recovery of bank loans are important for variety of reasons and from various perspectives. From the borrower's angle, the longer the delay in settlement, the outstanding liabilities of the borrower increase; the likely penalties may also increase with time. From the bank's perspective, the longer the delay in recovery, they lose the opportunity to earn income in alternative investments, the security and collateral may lose value and hence may incur capital loss as well. More importantly, the delays in recovery proceeds can lead to liquidity crisis in the bank, run on the bank and consequent failure of the bank. From the society's angle, the productive assets are held up, not producing value, not creating employment and income. From the government's perspective, if such loan losses cascade and turn into systemic risk and endanger the financial and economic stability, the tax payers' money will have to be used up for rescuing these banks, otherwise the depositors, meaning the ordinary, general public will have to bear losses. Thus from very many perspectives, timely recovery of loans are critical for the borrower, the bank, the society and the government.

Restructuring a Bank Loan

4. Recognising the importance of contribution of productive assets for generating employment, income and value, banks world over are expected to have forbearance towards loans for those assets. In many countries, banks are, by law and/or regulations, required to show such forbearance. In India also such provisions exist in law and regulations. SICA, BIFR, CDR, JLF and several other regulations of the Reserve Bank are the

examples. Viable businesses, though not repaying the loans, are required to be supported by the banks; variety of concessions are being extended by the banks; the concessions include additional moratorium, elongated repayment schedules, lower interest rates, write offs and waiver of interest, penalties, charges and even principal *etc.* Compromised settlements are common for almost every type of loans.

5. Thus the banks do not proceed to recovery of bank loans just like that. As mentioned, they have to first establish the possibility of restructuring and restoration, before initiating recovery proceedings.

Recovery through Debt Recovery Tribunals (DRTs)

6. The Reserve Bank, along with the Government, has initiated several institutional measures to speed up recovery of bank loans. Prior to 1993, banks had to take recourse to the long legal route against defaulting borrowers, beginning with the filing of claims in the courts. Many years were therefore spent in the judicial process before banks could have any chance of recovery of their loans.

7. The Committee on the financial system headed by Shri M. Narasimham had recommended setting up of the Special Tribunals with special powers for adjudication of such matters and speedy recovery as critical to the successful implementation of the financial sector reforms. Another Committee under the Chairmanship of Shri T. Tiwari had examined the legal and other difficulties faced by banks and financial institutions and suggested remedial measures including changes in law.

8. DRTs were established consequent to the passing of Recovery of Debts Due to Banks and Financial Institutions Act, 1993 to assist the banks in the speedy adjudication of matters relating to recovery of NPAs of ₹10 lakh and above. Appeals against orders passed by DRT lie before Debts Recovery Appellate Tribunal (DRAT).

9. Presently, there are 33 DRTs and 5 DRATs functioning all over the country. The recent amendments to DRT Act vide the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012 have been carried out to improve the functioning of the DRTs, to prescribe time frame for filing of pleadings, adjournments *etc.* and to give recognition and validity to the settlements/compromises entered into between banks and borrowers.

10. Within a lesser period than a decade it was observed that DRTs could not give desired results and a need was felt that banks should be given adequate powers to recover their dues without intervention of Courts and Tribunals. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act was brought into existence in 2002. It was indeed a good piece of legislation which gives adequate strength to the Banks and Financial Institutions to expedite recovery of their dues but clever defaulters found their ways to move the Court/Debt Recovery Tribunal to delay the course of recovery and entangle the banks with endless litigation. SARFAESI Act was enacted to avoid going to DRTs but banks get dragged to DRTs on flimsy grounds.

11. The Government has formed a committee to examine the need for strong Bankruptcy law.

Asset Quality

12. The gross NPAs to gross advances of scheduled commercial banks have increased from 3.4 per cent as at end March 2013 to 4.1 per cent as at end March 2014. During the same period net NPAs to net advances increased from 1.7 per cent to 2.2 per cent. The gross NPAs were ₹2,511 billion as on March 31, 2014 as compared to ₹1,839 billion as on March 31, 2013. Banks' ratio of restructured assets to gross advances stood at 5.9 per cent as of the end of March 2014, compared with 5.8 per cent a year ago. In absolute terms, the restructured assets amounted to ₹3,579 billion as at

end of March 2014. Thus the total stressed assets, meaning the loans which are not being recovered despite having become due, amounted to ₹6,090 billion as at the end of March 2014, as against total gross advances of ₹61,018 billion as on that date.

13. These data should be seen in the light of the total capital and profits of the banks. The total capital amounted to ₹7,278 billion as at end March 2014 and the total profits in 2013-14 were ₹722 billion during 2013-14. It can be seen easily the extent of damage that can happen to the profitability, liquidity and solvency of banks, if timely recovery of such large amount of stressed assets do not materialise.

Regulatory Measures

14. Reserve Bank has been making constant efforts to enable banks to improve the quality of lending. Information sharing is very critical in financial transactions and any gap in information can transform into risk cost for the bank. This entails significant consequences for lending as it results in misallocation of credit. Keeping in view the importance of credit discipline for reduction in NPA level of banks, banks have been advised to scrupulously ensure that their branches do not open current accounts of entities which enjoy credit facilities (fund based or non-fund based) from other banks without specifically obtaining a No Objection Certificate from the lending bank(s). Banks should take a declaration to the effect, if the account holder is not enjoying any credit facility with any other bank.

15. Credit Information Companies (CICs) play a major role in information sharing. Banks and Financial Institutions are required to submit the list of suit-filed accounts and wilful defaulters of ₹25 lakh and above every quarter to CICs. CICs have also been advised to disseminate the information pertaining to suit filed accounts and Wilful Defaulters on their respective websites. After examining the recommendations of the Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies (Chairman: Shri Aditya Puri), banks/Financial Institutions have been advised to furnish the data in respect of wilful defaulters (nonsuit filed accounts) of ₹25 lakhs and above to CICs on a monthly or a more frequent basis with effect from December 31, 2014. This would enable such information to be available to the banks/Financial Institutions on a near real time basis.

16. The Central Electronic Registry under SARFAESI Act has become operational on March 31, 2011 with the objective of preventing frauds in loan cases involving multiple lending from different banks on the same immovable property. Initially transactions relating to securitisation and reconstruction of financial assets and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. The records maintained by the Central Registry will be available for search by any lender or any other person desirous of dealing with the property. Availability of such records would prevent frauds involving multiple lending against the security of same property as well as fraudulent sale of property without disclosing the security interest over such property.

17. Despite the information sharing mechanisms as detailed above, if the loans still go bad, restructuring mechanisms have been spelt out to help a borrower who has a viable project or a viable business proposition. With a view to putting in place a mechanism for timely and transparent restructuring of corporate debts of viable entities facing problems, a Scheme of Corporate Debt Restructuring (CDR) was started in 2001 for quicker recovery/restructuring of stressed assets.

18. In the backdrop of the slowdown of the Indian economy resulting into stress to a number of companies/projects and increase in Non-Performing

Assets (NPAs) and restructured accounts in the Indian banking system during the recent years, a need was felt to recognise the stress in the economy early on a real time basis and take preventive and/or corrective actions in order to preserve the economic value of banks' assets. In view of this, the Reserve Bank envisaged and released the 'Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy' on January 30, 2014. The framework outlines a corrective action plan to incentivise: (i) early identification of problematic accounts, (ii) timely restructuring of accounts that are considered to be viable, and (iii) lenders taking prompt steps for recovery or sale of unviable accounts.

19. The Framework outlines an early recognition of stress in all large value accounts and their reporting to a centralised repository at the RBI for dissemination among all the concerned lenders for taking corrective actions as per the broad guidelines given in the Framework. Accordingly, a Central Repository of Information on Large Credits (CRILC) has been set up in April 2014 to collect, store, and disseminate credit data to lenders. Banks are required to furnish credit information to CRILC on all their borrowers having aggregate fund-based and non-fund based exposure of ₹50 million and above with them. Notified systemically important non-banking financial companies (NBFC-SI) and NBFC-Factors would also be required to furnish such information. CRILC's essential objective is to enable banks to take informed credit decisions and early recognition of asset quality problems by reducing information asymmetry.

20. Banks are also required to monitor both qualitative and quantitative stress building up in their large accounts at an early stage under three categories of Special Mention Accounts (SMA), *viz.*, SMA-0, SMA-1 & SMA-2. While, SMA – 1 and 2 will be based on past due criteria, SMA – 0 will contain non-past due qualitative and quantitative stress in the account.

21. Once an account is reported to CRILC as SMA – 2, lenders will be required to form a Joint Lenders Forum (JLF) and take prompt corrective action. The Corrective Action Plan (CAP) includes (a) Rectification (b) Restructuring and (c) Recovery. Restructuring can be carried out either under the corporate debt restructuring mechanism or under JLF, but if not found to be feasible, JLF will initiate recovery measures. JLF formation will be mandatory for distressed borrowers, engaged in any type of activity, with aggregate fund based and non-fund based exposure (AE) of ₹1000 million and above. Non-adherence to regulatory guidelines has been disincentivised by way of accelerated provisioning.

22. Since in terms of Section 128 of the Indian Contract Act, 1872, the liability of the surety is coextensive with that of the principal debtor, when a default is made in making repayment by the principal debtor, the banker will be able to proceed against the guarantor/surety even without exhausting the remedies against the principal debtor. As such, where a banker has made a claim on the guarantor on account of the default made by the principal debtor, the liability of the guarantor is immediate. In case the said guarantor refuses to comply with the demand made by the creditor/banker, despite having sufficient means to make payment of the dues, such guarantor would also be treated as a wilful defaulter.

23. Last week, we have defined the norms for classifying the borrowers as non-cooperative where there is a deliberate attempt to delay and inhibit the process of recovery after the due process has been followed. A non-cooperative borrower is one who does not engage constructively with his lender, by defaulting in timely repayment of dues while having ability to pay, thwarting lenders' efforts for recovery of their dues, not providing necessary information sought, denying access to assets financed/collateral securities, obstructing sale of securities, *etc.* In effect, a non-cooperative borrower is a defaulter who deliberately

stone walls legitimate efforts of the lenders to recover their dues. Higher capital and higher provisioning would be required in further lending to these borrowers.

Role of DRTs in the Financial Sector

24. The expectation from DRTs and DRATs is very high. This is so because these institutions were set up for a specific purpose. The underlying purpose is improving credit culture. If the borrower gets the message that he cannot delay recovery and get away with it, repayment culture is expected to improve. That will provide more funds to lend. If the cycle of lending and recovery goes on smoothly, the economy will grow. In this process DRTs and DRATs have a very big role to play.

25. It is not suggested that all judicial and legal principles should be dumped for improving recovery. In majority of cases our understanding is that there is no doubt that the money has been lent and not repaid. When the bank lends money, it pays through banking channels and when recovery is made it also comes through banking channels. Thus documentary evidence is easily discernable. In such transactions processed through banking channels there is hardly any doubt about the fact of lending and recovery. There could be disputes about calculation or some technicalities. If they are not allowed to be blown out of proportion, it is believed that delays can be avoided. Even if undisputed portion of loan is required to be paid forthwith by DRTs and DRATs, that could contribute in a big way.

26. The total number of cases filed in DRTs by scheduled commercial banks as a whole up to March 2014 was 1,50,503 and the amount involved was ₹2,601 billion. The total amount recovered up to March 2014 was ₹427 billion which amounted to only 16.43 per cent of the total amount involved. Looking at the huge task on hand with as many as 66,971 cases involving ₹1,415 billion pending before them as on March 31, 2014, I would like to say that Reserve Bank has a lot of expectations from the Debt Recovery Tribunals. Banks approach DRTs as a last recourse, so cases before DRTs need to be dealt with more strictly.

27. We are very much concerned that the sanctity of debt contracts has been continuously eroded in India, especially by large borrowers. The system protected large borrowers and their right to stay in control, rendering bankers helpless *vis-a-vis* large and influential promoters. As explained earlier, we are separately dealing with this issue through the treatment towards wilful defaulters and non-cooperative borrowers.

28. Since pendency of large number of cases in DRTs is one of the prime issues that needs to be addressed, I would like to draw your attention to some of our other concerns and need for better efficiency of DRTs:

- It is understood that in a number of cases, DRT grants time to borrower/applicant to make payment and subject to payment, bank's SARFAESI action is stayed and matter lingers on for a long period.
- Though section 17 (5) provides that an application under section 17 shall be disposed of within 60 days of date of application (extendable up to 4 months) the said time frame is not being strictly followed in practice. There is long delay in passing orders by the DRTs.
- The officials of DRTs/DRATs should be given proper training so that they appreciate the very purpose and adjudicate the cases in a way to meet the purpose for which these Tribunals are established.
- As per the Recovery of Debts due to Banks and Financial Institutions (RDDBFI) Act, though the cases are to be disposed of within six months, in some cases, the next date itself is given after six months to one year.

- When an appeal is filed before DRAT against the order of DRT, though there is provision for stipulation of deposit of 75 per cent of the amount of debt due as a pre-condition for admission of appeal, most DRATs are exercising their discretion and do not insist for deposit of any amount despite the specific pleas made by the bank in this regard.
- In many DRTs, even frivolous applications filed by the parties are entertained despite the fact that the very subject matter does not fall under their jurisdiction. When an application is filed before the DRT, if they do not have jurisdiction on the subject matter, on the first day itself, the Presiding Officer is expected to dismiss the petition for want of jurisdiction so that no time is wasted on those frivolous applications being filed by the parties only to delay the bank's recovery process.

Conclusion

29. To conclude, I do hope that DRTs and DRATs would put their best foot forward in creating an environment where a healthy, vibrant and sound financial system can be built-up and sustained. We are also aware of some of the difficulties faced by DRTs and DRATs. We may not be aware of many others. A workshop like this should help us understand your difficulties also, so that appropriate solutions can be worked out.

30. Thank you all for your patient attention.

*Public Sector Banks: At Cross Road**

R. Gandhi

Ladies and Gentlemen!

It is a pleasure and privilege to be among the banking and industry participants at this Conference on 'Indian PSU Banking Industry: Road Ahead' organised by the Bengal Chamber of Commerce and Industry. The theme of the Conference is very contemporary. In recent times, the PSBs position in the banking pecking order has been seriously challenged. There are lot of churning of ideas to restore greater strength in them. I thought today I can discuss certain thoughts which I feel are very important for the PSBs to seriously consider in that respect.

2. India has a real long history of banking. According to the Indian Central Banking Enquiry Committee (1931), money lending activity in India could be traced back to the Vedic period, *i.e.*, 2000 to 1400 BC. The existence of professional banking in India could be traced to the 500 BC. *Kautilya's Arthashastra*, dating back to 400 BC contained references to creditors, lenders and lending rates. After the independence of the country in 1947, keeping in tune with the then economic policy, banking sector was highly regulated. The public sector banking commenced in India with the nationalisation of the then Imperial Bank as State Bank of India in 1955. One of the defining moments of Indian banking industry is the bank nationalisation in 1969, when 14 private sector commercial banks were nationalised. In the aftermath of a balance of payment crisis situation in 1991and with the advent of economic reforms India embarked upon financial sector liberalisation in a phased manner. Banking industry was deregulated by way of allowing entry of new private sector banks; ten new private Indian banks were set up in 1993, followed by two banks in 2003. Other notable features towards deregulationof banking sector included allowing 74 per cent foreign investment in private sector banks, doing away with licensing of branches of domestic scheduled commercial banks in a phased manner, deregulation of interest rates, widening and deepening of financial markets, *etc.*.

3. Indian banking sector comprises of different types of institutions to cater to the divergent banking needs of various sectors of the economy. There are typical commercial banks which operate on all India basis. There are government owned banks, privately owned banks and foreign owned banks. There are also small banks with limited areas of operation. Credit cooperatives were created to cater to the credit, processing and marketing needs of small and marginal farmers organised on cooperative lines. Cooperatives expanded also in urban and semi-urban areas in the form of urban cooperative banks to meet the banking and credit requirements of people with smaller means. Regional Rural Banks were created to bring together the positive features of credit cooperatives and commercial banks and specifically address credit needs of backward sections in rural areas. Further, there was an experiment of establishing Local Area Banks, *albeit* on a smaller scale, to bridge the gap in credit availability and strengthen the institutional credit framework in the rural and semi-urban areas. Most recently, we have decided to experiment with new types of banks under our differential licensing policy. Accordingly, we have invited applications for Small Finance Banks and Payment Banks. These banks will operate in their own niche areas of small finance and payments services.

4. In India, the universal banking model is followed. As regards the structure of universal banks, the

* Speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India at the 'Indian PSU Banking Industry: Road Ahead' Summit organised by Bengal Chamber of Commerce and Industry on January 10, 2015 at Kolkata. Assistance provided by Ms Anupam Sonal is gratefully acknowledged.

conglomerate structure is bank-led, *i.e.*, banks themselves are holding companies which operate certain businesses through Subsidiaries, Joint Ventures and Affiliates. The general principle in this regard is that para-banking activities, such as credit cards, primary dealer, leasing, hire purchase, factoring *etc.*, can be conducted either inside the bank departmentally or outside the bank through subsidiary/joint venture/ associate. Activities such as insurance, stock broking, asset management, asset reconstruction, venture capital funding and infrastructure financing can be undertaken only outside the bank. Lending activities must be conducted from inside the bank. Investment banking services are provided by the banks as an in-house departmental activity or through subsidiary.

5. The Indian banking system has grown phenomenally over the years. What has been the actual contribution of banks for mobilising savings and engineering investments in the Indian economy? The aggregate deposits which stood at just ₹8 billion as on March 1951, grew to ₹17 billion by March 1961, ₹59 billion by March 1971, ₹380 billion by March 1981, ₹1,925 billion by March 1991, ₹9,629 billion by March 2001 and ₹52,080 billion by March 2011. As at end March 2014, it reached ₹85,331 billion. The Bank credit increased from ₹5 billion as at end March 1951, to 13 billion by March 1961, ₹47 billion by March 1971, ₹254 billion by March 1981, ₹1,164 billion by March 1991, ₹5,114 billion by March 2001, ₹39,420 billion by March 2011 and ₹67,352 billion by March 2014. The branches which stood at 8,262 in 1969 expanded to 1,16,450 by March 2014. The other types of touch-points numbered 3,37,678 as at end March 2014. The number of ATMs were 1,60,055 as on that date.

6. The major share of this growth story belongs to the public sector banks. PSBs dominated the banking system with a market share of 72.1 per cent as at end March 2014 distantly followed by NPBs (15.9 per cent), FBs (7.2 per cent) and OPBs (4.9 per cent). As at end of March 2014, the total capital of the PSBs stood at ₹5,652 billion; their share in total deposits was 77.22 per cent, share in total advances was 75.74 per cent. However, their CRAR was 11.40 per cent, against 13.01 per cent of all banks. Their gross NPA was 4.36 per cent *vs* 3.83 per cent of all banks; their total stressed assets was 10.67 per cent *vs* 9.03 per cent of all banks. If we look at the corresponding figures for the New Private Sector Banks at CRAR of 16.59 per cent, gross NPA of 1.73 per cent and total stressed assets of 3.28 per cent, we get a feeling of the tight spot that the PSBs find themselves in today. If we look at their performance ratios, a deep despondency sets in. The PSBs' ROE was very low at 9.71 as at end March 2014 *vs* 17.06 of the NPBs. ROA was at 0.50 *vs* 1.83.

	All Banks			Public Sector Banks			New Private Sector Banks		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Return on Equity	15.50	15.30	11.70	16.55	15.31	9.71	15.38	16.81	17.06
Return on Assets	1.08	1.05	0.80	0.90	0.80	0.50	1.63	1.76	1.83
Net Profit Margin	11.02	10.58	8.34	9.25	8.27	5.40	15.34	15.80	16.68
Net Interest Margin	2.98	2.87	2.75	2.84	2.64	2.48	3.22	3.46	3.56
Non Interest Income/Total Income	11.57	11.35	11.78	9.41	9.28	9.50	17.24	16.85	17.66
Staff Expenses/ Total Income	10.52	10.13	10.41	10.74	10.48	10.99	8.97	8.39	7.96

7. The PSBs need a hard relook on their structure, functioning methods and financial and risk management.

a. Firstly, Capital Planning for PSBs needs to be considered over a long term horizon. Approximately, as high a sum of ₹4.50 lakh crore in Tier 1 capital (which includes ₹2.40 lakh crore equity capital) will be needed. Recently, it has been reported that the GOI is contemplating scaling down their holdings in

PSBs to 52 per cent. This may not be sufficient to fully meet the capital needs of the PSBs under Basel III norms particularly since the projections are based on minimum requirements. We also have to remember that Pillar II assessment has not taken off effectively/fully as of now. The PSBs will have to chart out a clear capital raising plan over the next five years. The PSBs should actively consider several options including, non- voting rights share capital, differential voting rights share capital, golden voting rights share capital, *etc.*

b. Secondly, there is a need to reflect on the Holding Company Structure in respect of the PSBs. The Nayak Committee recommendations in the matter look at the bank investment company structure from the limited perspective/single angle of separating the GOI investments from the PSBs. There are deeper ramifications on this aspect and the whole issue must be looked at from multiple dimensions including that of the financial stability perspective. The suggestions made in the Shyamala Gopinath Committee Report on the Bank Holding Company structure need to be given a serious consideration. The objective must be threefold – i) help reduce capital requirement impact on the GOI ii) financial stability perspective, and iii) strengthening corporate governance by reducing government influence and interference.

c. Thirdly, the Performance Appraisal System (PAS) needs a complete revamp. Currently the PAS makes no meaningful distinction between individuals for identifying or deploying talent, skills and/or specialisation; nor does it guide determining compensation. The system needs reshaping so as to serve as the mainstay for evaluating employees' performance, assessing compensation and developing leadership.

d. Fourthly, the Public Sector Banks (PSBs) have hardly any meaningful participation in the financial markets, *i.e.,* in the BCD instruments. This restricts/curtails the financial market development. A selected set of foreign banks and the new Private Sector Banks dominate the financial markets in India. PSBs need to engage proactively, especially, in the derivative instruments for hedging their risks. Treasury function is relatively weak in PSBs. Well established and robust Treasury is a must for the purpose; they must build up specialisation and should have sufficient number of specialists. The vigilance aspect on treasury losses/losses from transactions will need to be rationalised just as in other areas of PSB operations.

e. Fifthly, the PSBs should have a relook on their portfolios. Currently, their portfolio share in advances to agriculture, industries, services, retail and other services account for 13.90 per cent, 46.32 per cent, 20.93 per cent, 15.74 per cent and 3.11 per cent. They will need to rebalance this, from the perspective of diversification.

f. Sixthly, the Retail Banking in PSBs needs a complete overhaul in terms of products, instruments and methods for deployment. As India is poised for re-entering high growth period, and as greater number of individuals will have higher income and higher financial needs, PSBs should be ready to meet these needs.

g. Seventhly, the PSBs should look at financial inclusion as a profitable business proposition and not as a matter of compliance with the RBI and government requirements. Extensive and smart use of ICT, mobile and internet banking as well as the Aadhaar linkage for customer identification and authentication can make this truly possible. Banks need to come out of the brick and mortar branch set-up mindset, and reorient the business models in accordance with changing times and requirements as well as improve profitability. We must not distrust the ability of the rural and/or poor, small and marginal businesses/operators/farmers to understand and use basic/simple technology. The mobile and internet revolution in India has proved that already.

h. Eighthly, the PSBs should grab the opportunity offered to them during the Gyan Sangam, the retreat for the PSB chiefs at Pune last week. Now that Government has clearly articulated that the PSBs will take their own commercial decisions, the PSBs will have no excuse hereafter for any poor performance.

i. Ninethly, level playing field is on the cards. Already banking regulations and priority sector norms are increasingly owner agnostic. Now government also desires that the PSBs are professionally managed and operated. This augurs well for the PSBs.

8. To conclude, we can easily agree that the PSBs are at the cross road. They are now being increasingly enabled to compete on professional basis. They are being assured of autonomy for their commercial decision making. Given these changed environment, it is time that they deliver value for the nation which provides its capital.

*Role of Audit Committees in Financial Conglomerates**

S. S. Mundra

Introduction

Ms. Chanda Kochhar, MD & CEO, ICICI Bank; members of the Audit Committee of the Boards of ICICI Bank subsidiaries & other senior officials from ICICI Bank Group! It is, indeed, a pleasure and privilege for me to be here today and to interact with the members of the Audit Committee of the bank as well as those of the subsidiary companies. I understand that this is the fifth such occasion when this kind of a meeting has been organised and I congratulate the management of ICICI Bank for conceptualising this process.

2. I understand that ICICI Bank has thirty-four subsidiaries/associates. From the perspective of the Top Management of the parent bank, it is important that the subsidiaries are run in a professional manner and the respective Audit Committees have a very significant role in ensuring that.

3. In my address today, I intend to speak on the expectations of the regulators from the Audit Committees and highlight emerging trends in the regulatory/supervisory domain that should engage the minds of the Audit Committees of the Financial Conglomerates in future. However, before doing so, I wish to spend a couple of minutes on the evolution of Audit Committees.

4. Muscovy Company was the first joint stock company dating back to the year 1555 and its Charter provided for four 'Sad, Discreet and Honest' members of the Board. 'Sad' in today's context is seen as being in an unhappy state of mind. Back in the 16th century, sad also meant 'Sated' or 'Satisfied'. Discreet and Honest, of course, don't need any further elaboration.

5. We all know that in addition to the Management, companies also need a governance framework primarily with a view to preserving the shareholder value. There are some major landmarks that defined the role of Audit Committees in augmenting the Governance aspects in companies. The Treadway Commission Report of 1987 in the USA, the Cadbury Committee Report of 1992 in the UK and the Kumarmangalam Birla Committee Report of 2000 in India emphasised on the need for a certain minimum number of independent directors on the Audit Committees, expecting them to be 'Sad, Discreet and Honest'.

6. Audit Committees, essentially, perform the role of conscience-keepers & prudential accountants and in a way, are expected to guide the management to drive the institution's operations along the desired course. The main responsibility entrusted to them is to ensure adherence to all regulatory guidelines, legal statutes and directions and most importantly, to ensure integrity of accounts so that the balance sheet of the entity presents a true and fair picture of the financial performance of the entity.

7. The importance of Corporate Governance in ensuring sound financial reporting and in deterring frauds has gained growing recognition in recent years and the presence of an efficient and independent Audit Committee is considered a central cog in this wheel. In India, the constitution of an Audit Committee has generally been prescribed as a part of Corporate Governance mechanism to be followed by the 'listed' corporations, under clause 49 of the Listing Agreement, and by certain 'public' corporations under

* Special Address delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India at ICICI Bank on January 13, 2015.

the Companies Act, 1956. For the banking companies, the requirements date back to April 1994 when the banks were first advised by the RBI to constitute an Audit Committee of their Board.

Role of Audit Committees in the banks

8. As you would appreciate, the role of the Audit Committees in banks has been expanding ever since and at the last count, the calendar of reviews required to be put up to the Audit Committee of the Board (ACB) at various periodicity had 25 items. It not only signifies the importance of the ACBs but also highlights the confidence that the banking sector regulator reposes in the committee. Some of these reviews include:

- Review of compliance with observations made in the Annual Financial Inspection conducted by the RBI
- Review of Audit Plan
- Review of information on violations by various functionaries in the exercise of discretionary powers
- Review of Know Your Customer (KYC)/Anti Money Laundering (AML) compliance
- Review of compliance to regulatory requirement of Regulators in Host Countries in respect of overseas branches
- Review of Fraud cases

9. Let me take this opportunity to emphasise a few of these areas for sharper focus by the ACBs in view of their importance- both from a bank-specific as well as from a systemic viewpoint.

(a) KYC/AML: The violations relating to KYC/AML compliance probably constitute a significant share of the regulatory penalties levied on banks in recent times. The host country regulators have been particularly harsh on overseas banks. In December 2012 alone, two London-based banks, HSBC Group and Standard Chartered Bank, agreed to pay financial penalties for violations of the US laws related to anti-money-laundering practices and suspicious activity reporting in excess of $2 bn.

Reacting to the growing instances of regulatory penalties levied on financial institutions, Anat Admati, of Stanford University quipped, 'The fines can be viewed as a 'cost of doing business', 'They don't get at the heart of the problem and aren't effective to change behaviour, because the strong incentives for individuals within the banks to keep engaging in the same practices remain in place.'

In India too, in the recent past we have had similar instances of penalties being levied on banks for KYC/AML violations. I am not sure whether as bankers, we would like to agree with what Admati had to say, but the recurrence of similar incidents tends to support her observations. I believe that the absence of an appropriate punitive mechanism in the banks for lapses has also contributed to their recurrence. Therefore, our expectations from the ACBs would be to closely focus on reasons for such regulatory penalties/sanctions and seek a root–cause analysis for preventing recurrence. Maybe some banks have such a process in place. But unfortunately, the process stops at analysis without the outcome of such analysis being used to fix accountability and for bringing about further improvements in the existing systems and processes.

For groups having sizeable overseas presence, I would like to sound a note of caution. One must not feel too excited with the pace of growth in revenue or bottom line in a particular overseas jurisdiction, rather one needs to exercise greater caution in such situations. The basic tenets of finance 'higher the risk, higher the returns' has not yet outlived its relevance and as finance professionals, we must continue to respect it.

(b) **RBI Inspections:** As you are aware, the approach of the RBI's supervisory process has undergone a change and it now follows a risk-focused approach. The risk-based supervision is based on a model which has various dimensions to it in terms of risk assessment, risk measurement and risk aggregation. The RBS process is quite data intensive and the bank managements need to realise that the supervisory evaluation of the banks' performance is a function of the quality of data/information. The point I want to make here is whether the ACB should also not have an oversight on this aspect as well rather than confining itself to reviewing the compliance given by the bank to the supervisor's findings. Even in the matters of compliance, some ACBs are found lacking in proper monitoring. Had it not been so, many observations or rather, similar kind of observations would not be appearing in successive supervisory reports. I would like the ACBs to appreciate that the RBI findings are based, in many cases, on a sample check. But the banks' compliance should not be limited to the instances highlighted. The objective should be to rectify the systems and processes across the bank so that there is no recurrence. The emphasis should be on the nature of deficiency and not on the rectification of the number of deficiencies identified by the supervisor. A crucial underpinning of the risk-based approach is a focus on systems and processes in banks. It would be important for the Top Management of banks, and more specifically, the ACB members to internalise these aspects quickly and to develop a deeper understanding of the entire RBS process.

(c) **Frauds:** This is another area which needs increased focus and greater sensitivity from the ACB members. Everyone acknowledges the importance of putting in place appropriate systems and processes as the first and foremost requirement for preventing such incidents. The systems and processes may be in place. But do they really work? We tend not to look at it until and unless something serious happens. How fast is the dissemination of information within the bank? How quickly internal communications reach the staff manning the front office in the branches? An evaluation of this may not shore up a bank's bottom-line but would definitely save it a lot of embarrassment. In our recently concluded scrutiny into fixed deposit related frauds in some banks, it emerged that even the caution advices issued by the RBI in respect of certain individuals had not percolated down to the branch officials quickly enough to enable appropriate preventive measures. Does ACB have a role here? I would say that ACBs should take upon themselves to monitor the trend of frauds, assimilate key learnings and ensure that mitigation measures are put in place by the management.

(d) **Review of quarterly/annual results:** As I mentioned earlier, one of the key expectations of all stakeholders, including the regulators, from the ACB is that they ensure the integrity of accounting system. In respect of banks, the ACBs are expected to take a close look into the asset quality, instances of restructuring of advances, provisioning held, *etc.* During RBI inspections, our inspectors sometimes report significant divergences with regard to asset classifications and provisions held, which have substantial implications for the financials of banks. The point I am trying to make is that if the RBI inspectors are able to identify these divergences in the limited time-frame that they are on-site, why the banks' auditors are not able to do so. I am not sure how many ACBs actually ask their statutory auditors and internal auditors the reasons for their inability to identify such instances? Is it a question of efficiency of the auditors or is there a much deeper issue – something to do with the transparency of the process itself? For a fair representation of accounts, it is also imperative that adequate provisions for post-retirement benefits like pension, gratuity, leave encashment, *etc.* (wherever applicable) are held. It is important that the ACB asks the right questions to the management about various underlying assumptions that go into computation of the required provisions such as life expectancy, discount rate, expected return on investments, *etc.* I urge the ACBs to ask uncomfortable questions. Going forward, under a full-fledged RBS process, the RBI's dependence on auditors is only going to increase and a very competent ACB will provide a great deal of supervisory comfort to us.

Role of Audit Committees in Group companies

10. As a financial conglomerate, ICICI Group pursues diverse business interests which subject it to the regulations of various domestic and overseas regulators. Some of the critical roles that the Audit Committee of the Boards are expected to play in terms of SEBI's Corporate Governance guidelines include:

- Reviewing the annual financial statements and Auditor's Reports before submission to the Board for approval, with particular reference to major accounting entries involving estimates based on the exercise of judgment by management (similar to what I had mentioned in the previous point)
- Reviewing the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, *etc.*)
- Scrutiny of inter-corporate loans and investments
- Reviewing the adequacy of internal audit function
- Reviewing the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO
- Review of the appointment, removal and terms of remuneration of the Chief Internal Auditor

The Corporate Governance guidelines of IRDA also envisage a similar role for the ACBs of the insurance entities.

11. All Financial Conglomerates (FCs) tend to have complex group structures with significant interconnectedness amongst the group entities. Such complexity generally masks the inherent risks and interconnectedness. The domestic financial system

regulators in India have put in place a system of monitoring designated financial conglomerates that focuses on assessment of inter-group and intra-group linkages and evaluation of the systemic risk emanating from the interconnectedness of the FCs. Certain key issues that emanated from the last such meeting with a few FCs, included issues around non-adherence to arm's length relationships amongst group entities; lack of group-wide risk management and group-wide a exposure framework; lack of group-wide compliance framework, *etc.* My own sense is that the Audit Committees must be apprised about the outcome of these meetings and they must seek necessary intervention of the management to mitigate the concerns raised by the regulators. A related thought I had on the subject was whether there should be a system of having a periodical meeting of various audit committees to deliberate specifically on interconnectedness issues.

Emerging Regulatory/Supervisory issues

12. Let me now touch upon some of the evolving global regulatory/supervisory issues which Audit Committees would do well to be aware of and seek the management to brief and keep them updated thereon.

a) TLAC

The global standard setting bodies have been conscious of the adverse impact of the failure of Global Systemically Important Banks (G-SIBs) and consequently, in order to improve the loss-absorbing capacity of such entities in resolution, the FSB has proposed a single specific minimum Pillar 1 'total loss-absorbing capacity (TLAC)' requirement to be set within the range of 16–20 per cent of RWAs. The objective of the TLAC requirements is to ensure that G-SIBs have adequate loss absorbing and recapitalisation capacity necessary to ensure that in and immediately following a resolution, critical functions can be continued without tax payers' funds or financial stability being put at risk.

While the TLAC requirements are not applicable to any Indian bank at present, there may be risk of spill over impact on emerging market and developing economies (EMDEs) due to the adverse impact of the TLAC proposal on G-SIBs. Further, the possibility of extending the total loss absorbency requirements to entities designated as D-SIBs in the respective jurisdictions cannot be ruled out and the banking groups which can potentially be designated as a D-SIB in India (based on the framework rolled out by RBI last year) need to prepare themselves for such eventuality. It is contextual to point out that similar framework for G-SIIs (Global-Systemically Important Insurers) and NBNI G-SIFIs (Non-Bank Non-Insurer Global Systemically Important Financial Institutions) are also at advanced stages of discussion at the FSB level and some other entities in India could also be identified as systemically important insurers or systemically important non-bank non-insurance institutions in the domestic context and could be subjected to more stringent solvency and liquidity requirements, going forward. Audit Committees needs to ensure that their respective institutions keep track of global/domestic developments in this sphere and plan to meet the regulatory expectations, as they evolve.

b) Advanced approaches of Basel Capital Accord

A Working Paper[1] published by the Basel Consultative Group recently has cautioned that the banks in EMDEs and small economies could move to the IRB approaches without being ready and respond to higher capital requirements by not revealing and recognising all potential risks associated with their balance sheets. The higher requirements may create an incentive for banks to use the advanced risk measurement techniques under Basel II to achieve lower implicit risk weights with the same balance sheets, and put pressure on supervisors to approve such practices even if a bank is not ready (eg. by citing reputational concerns). This could put somewhat arbitrary/artificial cushions against expected and unexpected losses and in the process, reduce consistency and comparability across institutions due to excessive variation in risk measurement without better management of the underlying risks. Hence, Audit Committees need to satisfy themselves that such migrations, when they happen, are based on sound principles.

c) D-SIBs

As I alluded to earlier, the possible designation of few banking groups as D-SIBs in India may be viewed by the market as an admission of the bank attaining a 'Too-big-to-fail' status. In this context, the regulator is likely to ask the bank to work on a comprehensive recovery and resolution plan. Audit Committees would do well to understand the implications for the banking group in attaining the D-SIB status and oversee the formulation of a robust 'recovery and resolution plan' for the group.

[1] Working paper No. 27 (Impact and implementation challenges of the Basel framework for emerging market, developing and small economies).

d) Supervisory College

Overtime, some of the Indian banks have substantially expanded their operations in overseas jurisdictions. This growing integration with international financial markets and substantial overseas presence of India incorporated banks has necessitated entering into closer co-operation with the host country supervisors. The overseas supervisors are also focused on the overall bank's financial health, risk management systems and the RBI's approach to supervision of the bank. Towards this end and with an underlying objective of improving the effectiveness of our cross-border and cross-sector supervision, the RBI has set up supervisory colleges for six banking groups. The ACBs of these banking groups would do well to remain informed on the concerns raised by various overseas supervisors and other sectoral regulators during these supervisory colleges and lead the bank's initiatives in responding to supervisory concerns.

e) Some other important regulatory and supervisory measures introduced/likely to be introduced for bank/banking groups in India include capital and provision requirements for banks' exposures to entities with unhedged foreign currency exposure, capital requirement for bank exposures to Central Counterparties, provision for countercyclical buffer, liquidity coverage ratio and leverage ratio. ACBs should make themselves more conversant with these regulatory requirements and seek to be regularly updated on steps taken by the bank to comply with these requirements. Additionally, the

Audit Committees need to oversee the evolution of the institution's audit and control functions in line with changes in the regulatory landscape.

Mutual Fund Industry

13. An analysis of portfolio holdings in equity of the top ten AMCs in India along with their top ten holdings in equity stocks shows that the portfolio holdings of AMCs comprise quite a few common stocks indicating preference towards a select group of stocks. Although there are regulations limiting the exposure of AMCs/schemes to particular scrip, a significantly high degree of concentration by the mutual fund sector may have implications for stability of the securities market as well as on the performance of the individual AMCs too. I would urge the concerned Audit Committee to make it a part of their review process.

IFRS implementation challenges

14. Another area which needs close attention from the ACB is the impending implementation of the much delayed migration to IFRS. As you may be aware, Hon'ble Finance Minister in his Budget speech of July 2014, announced the migration to IFRS converged Indian Accounting Standards (Ind AS) for corporate on a voluntarily basis from FY 2015-16 and mandatorily from FY 2016-17. Also, IASB has finalised IFRS 9 and made it mandatory from January 2018. This has paved the way for migration of banks to Ind AS from FY 2018-19 onwards.

15. There are several implementation challenges that are envisaged in this regard. While there is work required to be done for the regulators for aligning the Indian Accounting Standards that the banks follow at present with the IFRS, on their part, the banks would need to surmount several obstacles. The biggest challenge would be around the IT systems used by banks. Proposed impairment calculations under IFRS, accounting for interest income on Effective Interest Rate basis and presence of multiple systems for operations and accounting of different portfolios would mean that IT systems would have to be upgraded/realigned for IFRS migration. There would also be challenges for banks around converging policies for financial accounting and tax accounting for preparation of financial statements.

16. Shortage of skilled accounting staff with proficiency in IFRS is a pronounced deficiency which not only the banks but also the corporate would have to face. The problem is likely to be more acute for the banks as they would also need to have trained staff in various departments like credit, and treasury, *etc.* For a group like ICICI with sizeable overseas presence, it is essential that you press forward quickly and be ready in the right earnest to meet these challenges. The ACBs would have a very crucial and proactive role to play in this regard.

New Companies Act

17. Section 177 of the New Companies Act makes it mandatory for all listed companies and certain unlisted public companies to have an Audit Committee comprising of minimum three directors with majority being independent directors. I trust the Group has taken note of the requirements and is doing the needful in this regard.

Holding Company structure

18. As you are aware, there have been certain discussions around the holding company structure for the banks while considering the license for new banks. In this context, Audit Committees may also like to be sensitive towards the tax or regulatory implications for the bank in moving towards a holding company structure from the present bank-subsidiary model.

Conclusion

19. In sum, I would like to reiterate that the Audit Committees have a very crucial mandate and shoulder high levels of expectations from all stakeholders. As regulators, we repose immense faith in their professionalism and therefore expect that the Audit Committee possess a collective balance of skills and expert knowledge with relevant experience in financial reporting, accounting and auditing and discharges its duties efficiently as per its mandate and scope. The changing regulatory landscape and the emphasis on risk management and control functions makes the role of the Audit Committee all the more important today and in the coming days. I am sure the ICICI group, with its major presence in the Indian banking system, is aware of this and is working towards meeting the expectations that the various stakeholders have from the Audit Committees.

I wish you successful deliberations.

Thank you!

ARTICLES

*Annual Census on Foreign Liabilities and Assets of Indian Companies: 2013-14**

This article presents the findings of the 2013-14 round of Reserve Bank's Census on Foreign Liabilities and Assets covering 15,778 Indian resident companies, which received Foreign Direct Investment (FDI) and/or made Overseas Direct Investment (ODI). Of these, 13,686 companies reported inward investment, where 9,081 were subsidiaries of foreign companies. The results include inward and outward direct investment position at face value and market value and country/sector profile of FDI in India. Sale/Purchase (both domestic and export/import) under Foreign Affiliates Trade in Services (FATS) statistics at aggregate level for overseas subsidiaries of ODI companies and sector-wise for foreign subsidiary companies in India are also presented.

I. Introduction

Direct Investment (DI) is a core component of cross-border capital flows, where an investor resident in one economy has lasting management interest in an enterprise in the recipient economy, by making an investment that gives control (50 per cent or more equity share) or a significant degree of influence (10 per cent or more equity share) over the management of the enterprise. A direct investor can be an individual, a group of related individuals, an incorporated or unincorporated enterprise (public or private), a group of related enterprises, a government, trusts or other organisations that own enterprise(s).

From a country's balance of payments (BoP) point of view, surplus/deficit in current account are financed by other transactions including FDI, which lead to net change in asset ownership for the nation. Large changes in cross-border liabilities/assets have potential to lead to global imbalances and financial stability issues arising out of quicker transmission of localised stress conditions. Accordingly, the International Monetary Fund (IMF) has focused efforts on improving the availability and timeliness of cross-border investment data. These data collection efforts include *Coordinated Portfolio Investment Survey (CPIS)* and *Coordinated Direct Investment Survey (CDIS)*, which are designed to improve the availability and quality of comparable cross-border portfolio and direct investment data, both overall and by immediate counterpart economies.

India conducted its first census of Foreign Liabilities and Assets as on June 30, 1948, where the information was collected under the *International Monetary Fund and Bank Act, 1944* after IMF asked its member countries to provide balance of payments (BoP) and international investment position (IIP) statistics in June 1947. Such data were subsequently compiled at different intervals. Since 1997, the census is being conducted on an annual basis, where participation was not mandatory up to 2010. In 2011, the Reserve Bank prescribed the mandatory *Annual Return on Foreign Liabilities and Assets (FLA)*[1] for the Indian companies, which have received FDI and/or made direct investment overseas in the previous year(s) including the latest year. These data are used as input in compilation of BoP, IIP, CPIS and CDIS statistics. Detailed data on partner country-wise inward and outward direct investment (debt and equity), at market prices, are made available on IMF's web-site http://cdis.imf.org for the CDIS-participating countries including India.

* Prepared in the External Liabilities and Assets Statistics Division of the Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous article related to 2012-13, which was first in the series of annual articles, was published in February 2014 issue of the Reserve Bank of India Bulletin. Detailed data related to the current FLA 2013-14 is released on the RBI website (www.rbi.org.in) on January 16, 2015.

[1] These data are collected as per the Reserve Bank's A. P. (DIR Series) Circular No.45 dated March 15, 2011 under the Foreign Exchange Management Act (FEMA), 1999. The format of Annual Return on Foreign Liabilities and Assets is available on the RBI website (www.rbi.org.in → Forms category → FEMA Forms), and more details are given in the "Foreign Exchange" section under FAQs.

While FLA data contain comprehensive information on market value of foreign liabilities and assets of Indian companies arising on account of FDI, ODI and other investments, changes in outstanding position would be different from BoP flows during a year, as the former would also include valuation changes due to price and exchange rate movements. In case of a subsidiary company (*i.e.*, single foreign investor holding is more than 50 per cent of total equity), information on exports, imports, domestic sales and purchases are also collected as a part of Foreign Affiliates Trade in Services (FATS) statistics.

II. Coverage

For 2013-14 census round, 17,211 companies submitted FLA return so far, of which 15,778 companies had outstanding FDI/ODI in their balance sheet in March 2014. The previous annual article in the series covered 14,557 companies that submitted FLA return, of which 13,291 companies had reported outstanding FDI/ODI[2]. As some companies may still report, the results presented below are provisional. Of these 15,778 companies, 82.7 per cent had only inward FDI, 13.2 per cent had only ODI and 4.1 per cent had bi-directional direct investment (Table 1).

Of the 13,686 companies, which reported inward direct investment, 13,313 companies were unlisted and 9,081 companies were Indian subsidiaries of foreign companies. As such, at the aggregate level, FDI share in total equity of reporting companies was high at 72.4 per cent (63.9 per cent for financial companies and 74.5 per cent for non-financial companies).

III. FDI and ODI: Face Value and Market Value

In the FLA return, companies report information on equity capital both at face value as well as at market value. In case of listed companies, shares are valued at market price on the closing date of the reference period (*i.e.*, end-March). As nearly 97 per cent of the companies that reported inward direct investment were unlisted, they were advised to use the *Own Fund of Book Value (OFBV)* method for market valuation described in IMF's CDIS Guide 2010. OFBV of equity investment is the share of non-resident equity holding in the net worth of the company (*i.e.*, sum of paid-up equity capital, participating preference shares, reserves and surplus).

Table 1: Coverage of Companies in FLA Census, 2013-14

(Number)

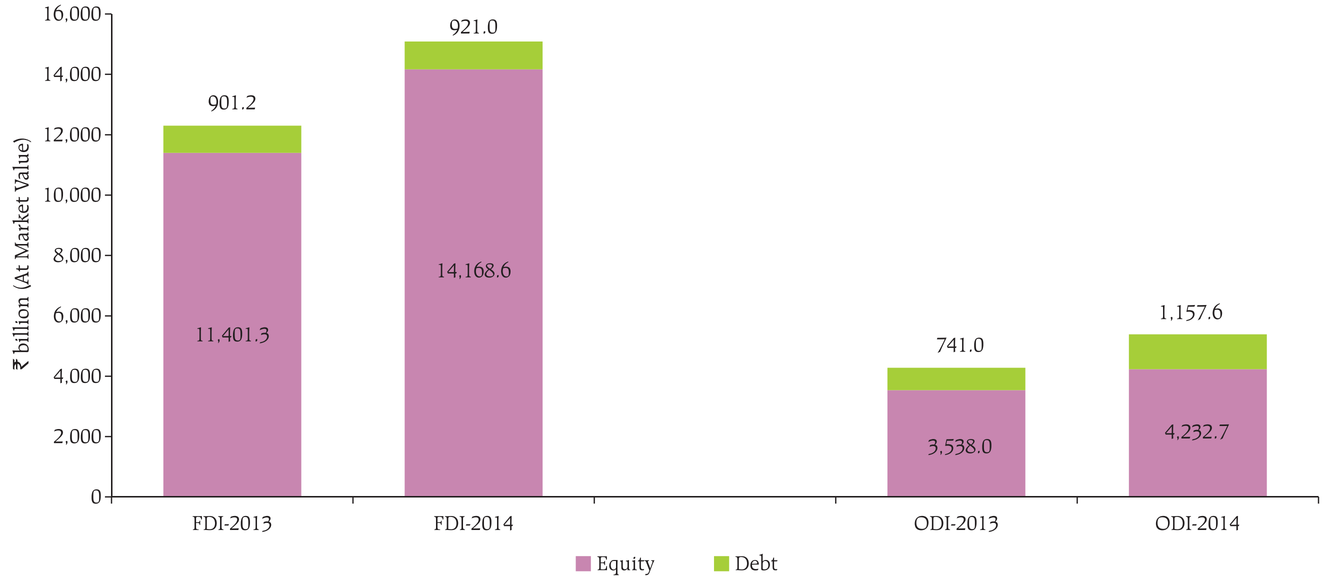
Category	Types of Company	Direct Investment		
		Both Inward & Outward	Only Inward	Only Outward
Unlisted Companies	Foreign Associate in India	332	3,860	-
	Foreign Subsidiary in India	173	8,789	-
	Others	-	159 *	1,629
	Total	**505**	**12,808**	**1,629**
Listed Companies	Foreign Associate in India	105	149	-
	Foreign Subsidiary in India	34	85	-
	Others	-	-	463
	Total	**139**	**234**	**463**
Grand Total		**644**	**13,042**	**2,092**

*: Includes Special Purpose Vehicle (SPV) and Public-Private Partnership.

During 2013-14, the market value of FDI stock of the reporting companies in India increased by ₹2,787.1 billion, including investment flows and valuation changes, and stood at ₹15,089.6 billion in March 2014, of which nearly 94 per cent was held in equity. On the other hand, the stock of ODI increased by ₹1,111.3 billion during the year to ₹5,390.3 billion. Thus, at market value, the ratio of outward to inward direct investment improved from 34.8 per cent in March 2013 to 35.7 per cent in March 2014 and the related gap increased from ₹8,023.5 billion to ₹9,699.3 billion over this period (Chart 1).

[2] Each round of FLA census collects each reporting company's data for the preceding two financial years. Any dynamic comparison of the results over census rounds also needs to take into account the coverage across the rounds. The latest round of annual census has more coverage due to (a) better reporting compliance by existing companies and (b) addition/deletion of direct investment companies during the year.

Chart 1: Inward and Outward Direct Investment



Of the reported total FDI equity stake of ₹3,184.5 billion at face value, 82.4 per cent was in non-financial companies. The market-value to face-value ratio of FDI companies' equity stood at 4.4 in March 2014 at aggregate level but it varied considerably across sectors.

IV. Sector-wise Distribution of Inward Direct Investment

At face value, the share of services sector (46.3 per cent) in total FDI equity stake of 13,686 FDI companies was higher than manufacturing sector share (43.5 per cent) (Table 2). Motor vehicles group in manufacturing sector and financial & insurance activities in services sector had high share at face value of investment.

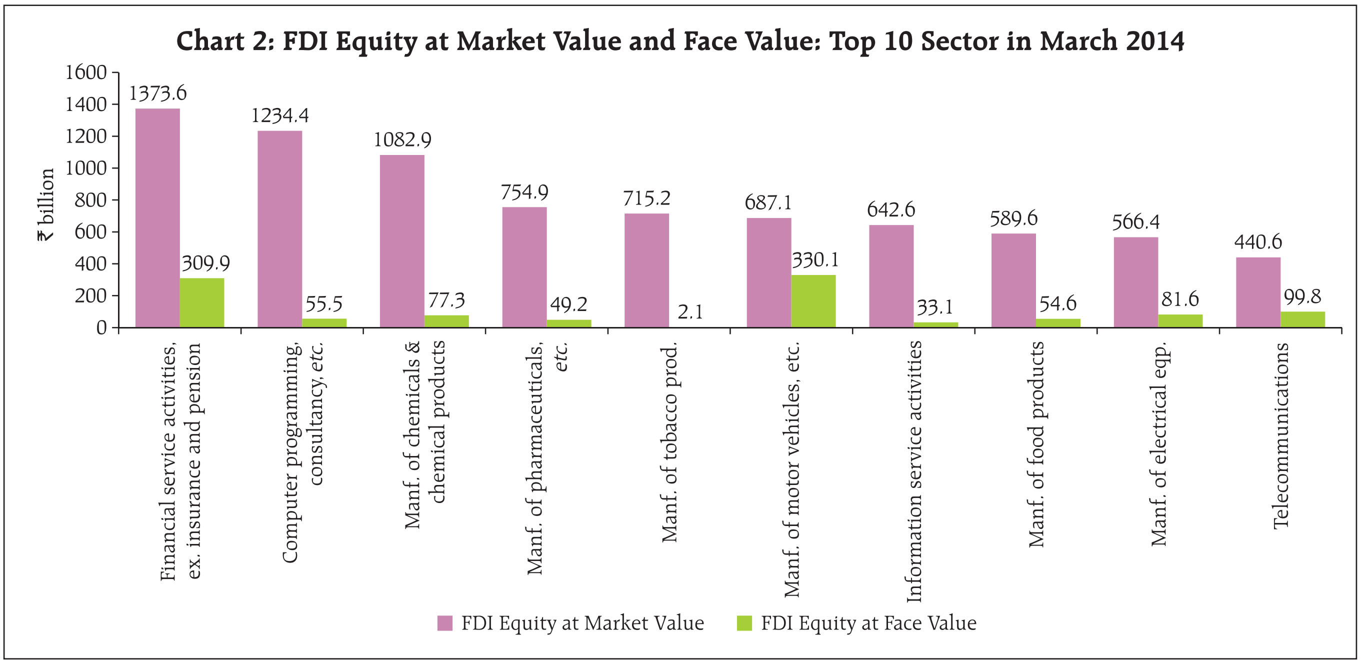
At market value, on the other hand, manufacturing sector accounted for nearly half of the FDI, which stood at ₹7,458.1 billion in March 2014 (₹6,128.2 billion a year ago) where manufacturing of chemicals, *etc.*, had highest share followed by pharmaceuticals and motor vehicles manufacturing groups. 'Information & communication services' (17.1 per cent) and 'financial & insurance activities' (12.7 per cent) were the major activities attracting FDI in services sector.

The top 10 FDI sectors, in terms of market value, accounted for 57.1 per cent of FDI equity at market value and 34.3 per cent of FDI equity at face value (Chart 2). It may be seen that the ratio of market value to face value is highly diverse even across these major sectors, the highest being for manufacturing of tobacco, *etc.*, and lowest for motor vehicles manufacturing group. The major sector-wise break-up of FDI at market value is presented in Table 3.

Table 2: Sector-wise Equity Participation of FDI Companies: March 2014 (At Face Value)

(₹ billion)

Activity	Total Equity (Resident & Non-Resident)	FDI Equity
1. Agriculture-related, Plantations & Allied activities	11.6	8.7
2. Mining	72.9	32.0
3. Manufacturing	1,684.7	1,386.5
4. Electricity, gas, steam and air conditioning	263.0	143.9
5. Water supply; sewerage, waste management and remediation activities	10.9	8.2
6. Construction	194.5	131.0
7. Services	2,161.2	1,474.2
Total	**4,398.8**	**3,184.5**



V. Source/Destination of Direct Invesment

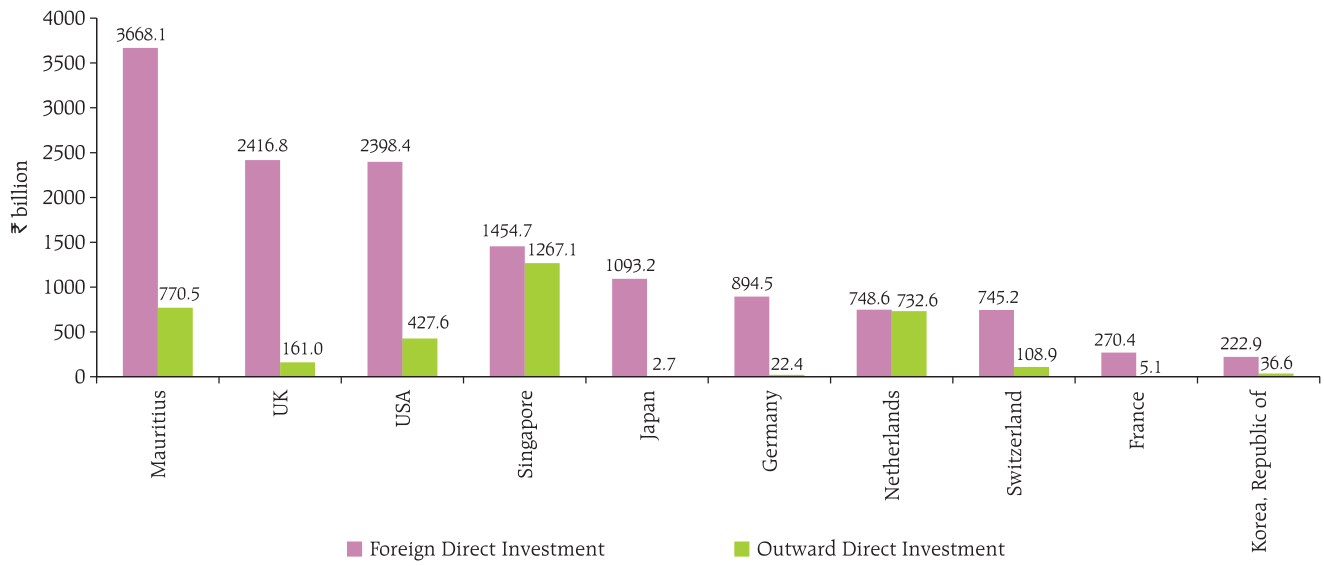
Among the sources of inward DI, investors from Mauritius had the largest share (24.3 per cent) followed by United Kingdom (16.0 per cent) and United States of America (15.9 per cent). The volume of direct investment by top ten source countries is presented in Chart 3 along with their amount of outward investment, where these were

Table 3: Sector-wise Distribution of FDI Equity & Debt: March 2014 (At Market Value)

(₹ billion)

Activity	Equity	Debt	Total FDI
A. Agriculture-related, Plantations & Allied activities	**42.5**	**0.3**	**42.8**
B. Mining	**704.3**	**5.7**	**710.0**
C. Manufacturing	**7,025.1**	**433.0**	**7,458.1**
of which:			
Chemicals and chemical products	1,082.9	33.3	1,116.2
Pharmaceuticals, medicinal chemical products	754.9	63.1	818.0
Motor vehicles, trailers and semi-trailers	687.1	117.5	804.6
Tobacco products	715.2	0.0	715.2
Food products	589.6	20.1	609.7
Electrical equipment	566.4	28.1	594.5
Machinery and equipment n.e.c.	387.4	33.8	421.2
Coke and refined petroleum products	214.9	-22.3	192.6
Computer, electronic and optical products	158.2	29.4	187.6
Basic metals	158.0	6.7	164.7
D. Electricity, gas, steam and air conditioning supply	**321.6**	**63.1**	**384.7**
E. Water supply; sewerage, waste management and remediation activities	**9.7**	**0.3**	**10.0**
F. Construction	**391.6**	**105.2**	**496.8**
G. Services	**5,673.8**	**313.4**	**5,987.2**
of which			
Information and communication	2,458.6	114.4	2,573.0
Financial and insurance activities	1,896.7	21.3	1,918.0
Total	**14,168.6**	**921.0**	**15,089.6**

Chart 3: Direct Invetment at Market Value - Major Partner Countries: March 2014



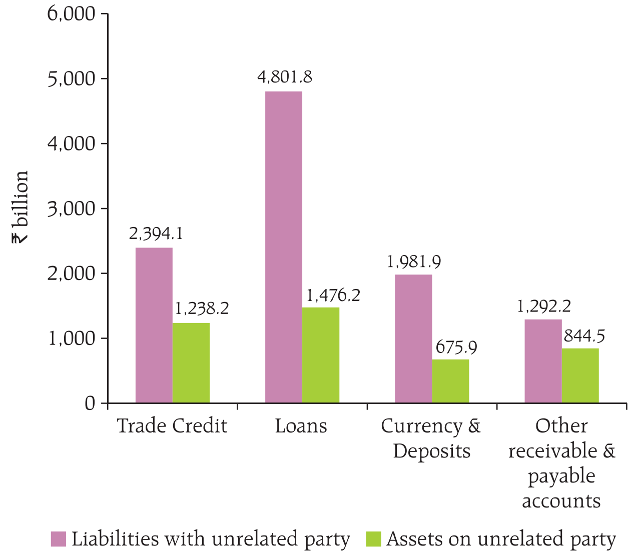
also destinations of investment by Indian direct investors. These ten countries accounted for 92.2 per cent in FDI and 65.6 per cent in ODI. Singapore was the major ODI destination (23.5 per cent share) followed by Mauritius (14.3 per cent) and Netherlands (13.6 per cent).

VI. Other Investment

Direct investment (DI) companies also report their other financial liabilities and assets separately under '*other investment*' in the FLA return. These include claims and liabilities in terms of trade credit, loans, currency and deposits and other receivable and payable accounts with unrelated (third party) non-resident entities, but exclude inter-company debt transactions (*e.g.*, borrowing and lending of funds between direct investors and subsidiaries, associates, parent companies, sister companies and branches), which are included under direct investment. Loans include external commercial borrowings, financial leases and repurchase agreements, and other loans and advances. If the reporting DI company is bank, non-resident deposits as well as any credit balance in VOSTRO accounts and overdue in NOSTRO accounts are included against currency and deposits under the head 'outstanding liabilities'. Credit balances in NOSTRO accounts and debit balances in VOSTRO accounts are treated similarly under the head 'outstanding claims'. Miscellaneous receivables and payables (*e.g.*, accounts relating to interest payments in arrears, loan payments in arrears, outstanding wages and salaries, prepaid insurance premium, outstanding taxes) are also included here.

Such 'other investment' liabilities of reporting companies stood at ₹10,470 billion in March 2014 and corresponding overseas assets amounted to 40.4 per cent of these liabilities (40.8 per cent last year). While the share of currency & deposits in other investment liabilities increased to 18.9 per cent (13.7 per cent a year ago), the share of loans declined to 45.9 per cent (53.1 per cent a year ago) and trade credits to 22.9 per cent (23.7 per cent a year ago). Among the corresponding overseas assets, the shares of loans, trade credit and currency & deposits stood at 34.9 per cent, 29.2 per cent and 16.0 per cent, respectively, in March 2014.

Chart 4: Other Foreign Investment of FDI Companies: March 2014



VII. Sale and Purchase of Subsidiary Companies

Foreign Affiliates Trade in Services (FATS) statistics measure the commercial presence abroad by selling goods and/or services through foreign affiliates in the local economy. While FDI statistics include all foreign interests amounting to 10 per cent or more voting power, FATS comprise all affiliates that are foreign-controlled subsidiaries (*i.e.*, single direct investor's holding is more than 50 per cent of equity). Thus, FDI and FATS reflect two related aspects of the role of multinationals in the global economy. While FDI involves monetary value of investment flows and stocks in companies where foreign investors have lasting interest, FATS relates to economic activity (mainly sales, expenditures, exports and imports) of companies, where foreign investors have majority stake.

Of the 2,736 Indian companies that reported outward direct investment, 1,314 companies had total 2,012 overseas subsidiaries, whose data were considered for outward FATS. Some of the subsidiary companies did not report sale/purchase/export/import, as they could be at incipient stage or other possible reasons. Exports amounted to 29.3 per cent of total sales whereas imports accounted for 44.6 per cent of total purchase of Indian subsidiaries (Table 4). Inwards FATS data collected from 9,081 Indian subsidiaries among the 13,686 companies that reported inward direct investment indicate that, at the aggregate level, exports amounted to 32.1 per cent of total sales whereas imports accounted for 45.8 per cent of total purchases of these companies.

Table 4: Sale and Purchase of 2,012 Overseas Subsidiaries of 1,314 Indian Companies

(₹ billion)

Item	2012-13	2013-14
Total Sales	2,417.6	3,140.0
of which: Exports	788.7	919.6
Total Purchase	1,809.7	2,353.3
of which: Imports	786.7	1,049.5

Total sales, including exports, of 9,081 foreign subsidiaries increased by 11.1 per cent to ₹15,260.6 billion in 2013-14 (₹13,732.7 billion in 2012-13). The share of manufacturing sector in total sales moderated to 63.9 per cent from 66 per cent in the previous year, as the share of service sector increased to 32.9 per cent from 30.7 per cent over this period. 'Information and communication services' had highest share of 17 per cent in sales, of which 77.2 per cent was exports. Total purchase, including imports, by foreign subsidiaries increased by 8.5 per cent to ₹9,595.6 billion in 2013-14 (₹8,847.4 billion in 2012-13). In tandem with sales, the share of services sector has increased at the cost of manufacturing sector's share. The purchase-to-sales ratio remained around 63 per cent (Table 5).

Aggregate exports of the foreign subsidiary companies increased by 14.3 per cent to ₹4,900.1 billion in 2013-14 (₹4,288.1 billion a year ago) (Table 6). 'Information and communication services' remained the major export-oriented sector, where exports accounted for 77.2 per cent in total sales, and this sector had 41.0 per cent share in total exports of all subsidiary companies during 2013-14. Share of

Table 5: Activity-wise Sale and Purchase of 9,081 Subsidiary Companies during 2013-14

Activity	Amount (₹ billion)		% share in total	
	Sale	Purchase	Sale	Purchase
A. Agriculture-related, Plantations & Allied activities	**51.2**	**37.9**	**0.3**	**0.4**
B. Mining	**116.9**	**77.9**	**0.8**	**0.8**
C. Manufacturing	**9,757.6**	**6,901.1**	**63.9**	**71.9**
of which:				
Food products	1,204.8	981.0	7.9	10.2
Coke and refined petroleum products	1,036.1	908.3	6.8	9.5
Chemicals and chemical products	862.6	373.5	5.7	3.9
Pharmaceuticals, medicinal and chemical products	337.8	176.0	2.2	1.8
Computer, electronic and optical products	963.3	682.7	6.3	7.1
Electrical equipment	568.2	417.6	3.7	4.4
Machinery and equipment *n.e.c.*	546.4	334.4	3.6	3.5
Motor vehicles, trailers and semi-trailers	1,935.6	1,467.7	12.7	15.3
D. Electricity, gas, steam and air conditioning supply	**38.1**	**20.8**	**0.2**	**0.2**
E. Water supply; sewerage, waste management and remediation activities	**9.4**	**4.8**	**0.1**	**0.1**
F. Construction	**273.4**	**139.1**	**1.8**	**1.4**
G. Services	**5,014.0**	**2,414.0**	**32.9**	**25.2**
of which:				
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,275.7	1,067.6	8.4	11.1
Transportation and storage	187.4	100.7	1.2	1.0
Information and communication	2,600.5	797.4	17.0	8.3
Financial and insurance activities	194.2	90.8	1.3	0.9
Total	**15,260.6**	**9,595.6**	**100.0**	**100.0**

* Of the 9,081 subsidiary companies, 7,485 reported sales.

exports in the sales of 'Coke and refined petroleum products' sector increased from 33.5 per cent in 2012-13 to 40.0 per cent in 2013-14, contributing to an increase in the export-to-sales ratio of manufacturing

Table 6: Activity wise Export and Import of 9,081 Subsidiary Companies during 2013-14

Activity	Amount (₹ billion)		Share (per cent)	
	Export	Import	Export in Sales	Import in Purchase
A. Agriculture-related, Plantations & Allied activities	**5.5**	**4.2**	**10.7**	**11.1**
B. Mining	**7.8**	**9.9**	**6.7**	**12.7**
C. Manufacturing	**2,284.1**	**3,498.2**	**23.4**	**50.7**
of which:				
Food products	371.9	668.6	30.9	68.2
Coke and refined petroleum products	414.5	740.1	40.0	81.5
Chemicals and chemical products	117.5	172.9	13.6	46.3
Pharmaceuticals, medicinal and chemical products	108.5	80.4	32.1	45.7
Computer, electronic and optical products	165.9	536.9	17.2	78.6
Electrical equipment	97.0	151.8	17.1	36.4
Machinery and equipment *n.e.c.*	156.1	119.2	28.6	35.6
Motor vehicles, trailers and semi-trailers	390.1	385.5	20.2	26.3
D. Electricity, gas, steam and air conditioning supply	**1.5**	**5.2**	**3.9**	**25.0**
E. Water supply; sewerage, waste management and remediation activities	**0.3**	**0.6**	**3.2**	**12.5**
F. Construction	**20.5**	**31.1**	**7.5**	**22.4**
G. Services	**2,580.4**	**846.7**	**51.5**	**35.1**
of which:				
Wholesale and retail trade; repair of motor vehicles and motorcycles	153.4	548.2	12.0	51.3
Transportation and storage	63.6	25.3	33.9	25.1
Information and communication	2,007.7	202.2	77.2	25.4
Financial and insurance activities	67.0	6.3	34.5	6.9
Total	**4,900.1**	**4,395.9**	**32.1**	**45.8**

* Of the 9,081 subsidiary companies, 5,554 reported export.

sector. Total imports of the subsidiary companies increased by 7.0 per cent to ₹4,395.9 billion in 2013-14 (₹4,110.2 billion a year ago). Major importing sub-sectors in manufacturing sector included 'coke & refined petroleum products', 'food products' and 'computer, electronic and optical products'. The import share in purchase of 'wearing apparel' and 'furniture' groups increased considerably. Among major groups, the share of imports in purchase by manufacturing companies was 50.7 per cent as compared with 35.1 per cent for services sector companies.

VIII. Conclusion

Direct investment by foreign companies in India as well as by Indian companies abroad continued to rise during 2013-14. FLA census results summarised here present interesting major facts relating to their various dimensions, such as, magnitude and divergence of face value and market value of investment, source/destinations countries, sector-wise distribution of investment and related FATS statistics for subsidiary companies. Since an overwhelming majority of the reporting companies are unlisted, they estimated market value of their investment using the OFBV method. At the aggregate level, the ratio of market value to face value of inward FDI equity stood at 4.4 in March 2014, where there was wide variation across sectors.

Outward direct investment amounted to more than a third of inward direct investment of the reporting companies. Foreign subsidiaries in India recorded 11.1 per cent sales growth and 8.5 per cent growth in purchases during 2013-14 in Rupee terms. Foreign trade had a substantial share in the business of both Indian and foreign subsidiary companies. Information and communication sector continued to be the largest export-oriented sector among the foreign subsidiaries in India. Import share in purchase were broadly comparable for Indian subsidiaries abroad and foreign subsidiaries in India. Similar was the case for export share in sales.

*International Trade in Banking Services: 2013-14**

The annual survey on 'International Trade in Banking Services' (ITBS) provides information on financial 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 2013-14 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 (both fund and non-fund based). The major trend in their balance sheet, income, expenditure and profitability are also discussed.

Introduction

International trade in banking services (ITBS) cover banking services provided to residents of an economy through local presence of (a) foreign banks and (b) foreign affiliates. It takes into account services such as deposit-taking, lending to firms, mortgage lending, consumer finance and a host of so-called non-asset-based services such as securities underwriting, local currency bond trading, foreign exchange trading, brokering, custody services, funds transfer and management services and financial consultancy/ advisory services.

The globalisation of Indian economy has witnessed cross-border direct investments in banking in the form of branches, agencies and subsidiaries or by the means of cross-border mergers and acquisitions. Over the years, the number of banks branches/subsidiaries have increased for both Indian and foreign banks to provide cross-border banking services. It is useful to assess the efficiency of such 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 ITBS survey, conducted annually by the Reserve Bank since 2006-07, is intended to provide information on financial services provided locally through commercial presence [*i.e.*, Mode-3 of supply 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 share in total equity of the enterprise.

The 2013-14 survey round covered 188 overseas branches and 260 overseas subsidiaries of Indian Banks and 307 branches of foreign banks operating in India. The salient features along with the trends in the international trade in banking services in the last few years are analysed here[1].

I. Branch Distribution

The cross-border branch network of Indian banks has expanded steadily in the recent years, with associated increase in the employee-strength of their overseas branches and subsidiaries alongside. Of the 188 overseas branches of Indian scheduled commercial banks, highest number of branches were located in the United Kingdom (30), followed by Hong Kong (19), Singapore (18), Mauritius (18), United Arab Emirates (11) and Sri Lanka (11). State Bank of India (with 53 branches in 21 countries) had the largest overseas presence followed by Bank of Baroda (50 branches in 14 countries) in 2013-14. As all scheduled commercial

* Prepared in the External Liabilities and Assets Statistics Division, Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous article in the series with reference period 2012-13 was published in March 2014 issue of the Reserve Bank of India Bulletin.

[1] Detailed data related to ITBS 2013-14 survey are released on RBI website (www.rbi.org.in) on January 16, 2015, which also give details of the banking services covered under the survey.

banks with cross-border presence responded to the survey, the results present near-census position.

The number of branches of foreign banks in India has shown some decline in 2013-14, after consistent increase in the preceding four years. Since 2011-12, there has also been some contraction in employee strength of foreign banks operating in India.

The total number of employees of Indian banks' branches operating abroad increased by 5.5 per cent whereas that for foreign banks operating in India declined by 1.6 per cent during 2013-14. Indian banks branches operating abroad employed 62.3 per cent of employees from local sources, 29.8 per cent from India and remaining 7.9 per cent from other countries. On the other hand, 99.4 per cent of foreign banks employees working in India were local (Chart 1).

II. Banking Business

The business of Indian banks' overseas branches remained robust and grew by 36.5 per cent in 2013-14 on top of 34.3 per cent growth in 2012-13. On the other hand, the business of foreign banks operating in India recovered from slowdown in 2012-13 and their consolidated balance sheet increased by 20.6 per cent in 2013-14 (5.2 per cent in 2012-13).

Chart 1: No. of Employees – 2009-10 to 2013-14

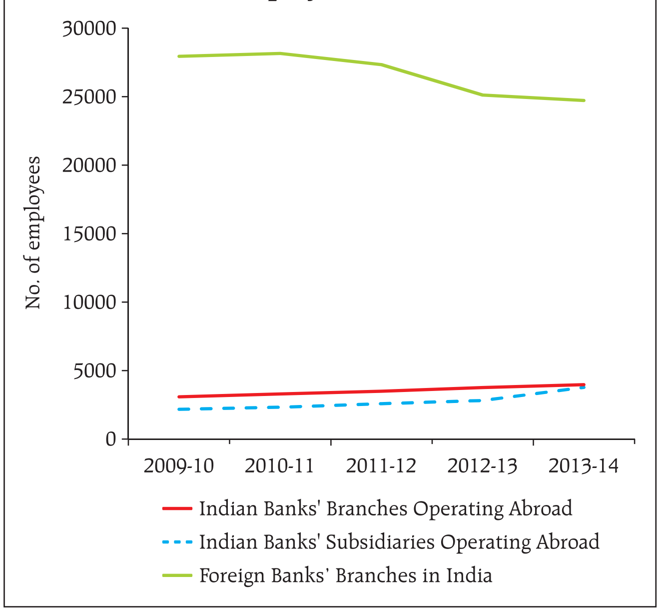


Table 1: No. of Branches and Employees – 2009-10 to 2013-14

Category	2009-10	2010-11	2011-12	2012-13	2013-14
	No. of Branches				
Indian Banks' Branches Operating Abroad	144	153	163	170	188
Indian Banks' Subsidiaries Operating Abroad	123	150	158	184	260
Foreign Banks' Branches in India	302	309	309	316	307
	No. of Employees				
Indian Banks' Branches Operating Abroad	3,084	3,289	3,489	3,761	3,969
Indian Banks' Subsidiaries Operating Abroad	1,986	2,325	2,580	2,818	3,778
Foreign Banks' Branches in India	27,945	28,158	27,342	25,118	24,725

The share of credit in total assets of overseas branches of Indian banks stood at 56.7 per cent in March 2014, which was lower than the corresponding share of 67.6 per cent in case of overseas subsidiaries of Indian banks, but significantly higher than the share (40.8 per cent) of the foreign banks operating in India. However, the share of deposits in total liabilities of Indian banks' overseas branches at 37.9 per cent was substantially lower than the corresponding share of 58.5 per cent of their subsidiaries and the share of the foreign banks operating in India (47.9 per cent) (Table 3).

Credit and deposit of Indian banks' foreign branches grew by 31.2 per cent and 30.8 per cent

Table 2: Type of Employees – 2012-13 and 2013-14

	Indian Banks' Branches Operating Abroad		Indian Banks' Subsidiaries Operating Abroad		Foreign Banks' Branches in India	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Total number of branches	170	188	184	260	316	307
Number of Employees	3,761	3,969	2,818	3,778	25,118	24,725
of which:						
Local	2,424	2,472	2,342	3,125	25,019	24,579
Indians	1,223	1,185	434	561		
Others	114	312	42	92	99	146

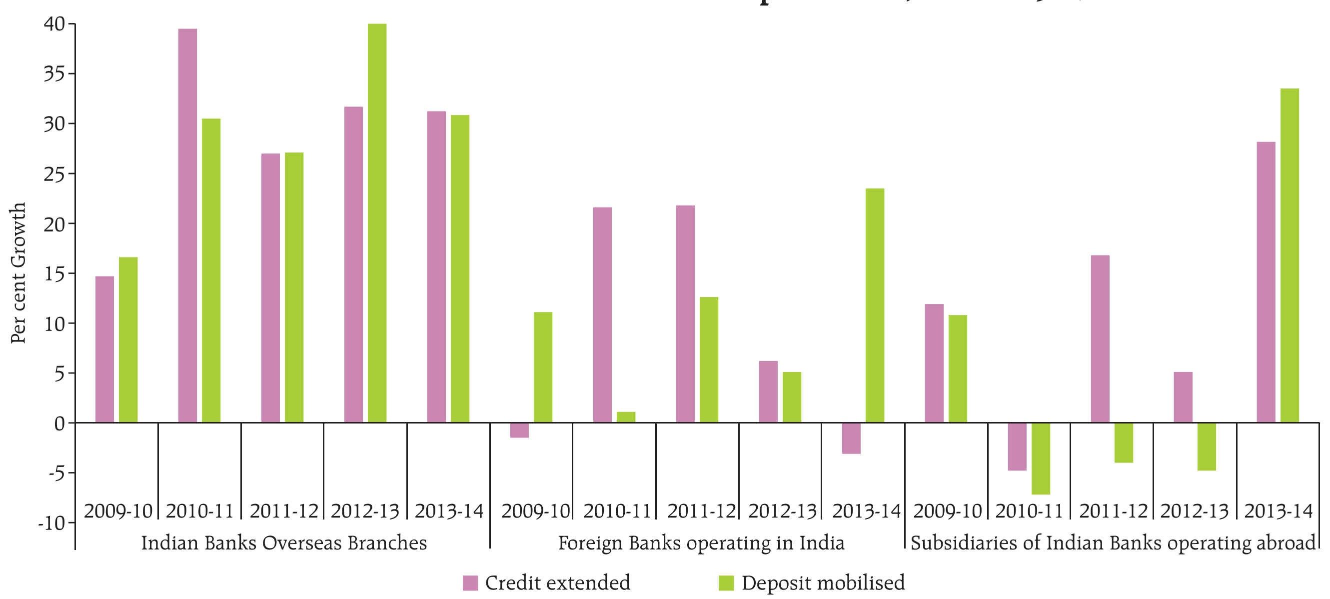
Table 3: Bank Balance Sheet – 2009 to 2014 (End-March)

Category	2009	2010	2011	2012	2013	2014
	Indian Banks' Branches Operating Abroad					
Credit to Total Assets (%)	63.1	62.6	61.2	60.2	58.9	56.7
Deposits to Total Liabilities (%)	40.3	40.6	37.2	36.5	39.5	37.9
Total Assets/Liabilities (₹ billion)	**3,470.5**	**4,009.0**	**5,720.5**	**7,399.2**	**9,939.8**	**13,564.6**
Total Assets/Liabilities (US$ billion)*	**68.1**	**88.8**	**128.1**	**144.6**	**182.8**	**225.7**
	Indian Banks' Subsidiaries Operating Abroad					
Credit to Total Assets (%)	57.7	59.8	62.3	64.9	66.5	67.6
Deposits to Total Liabilities (%)	66.7	68.4	69.5	59.5	55.2	58.5
Total Assets/Liabilities (₹ billion)	**746.9**	**806.2**	**736.5**	**826.4**	**848.3**	**1,068.8**
Total Assets/Liabilities (US$ billion)*	**14.7**	**17.9**	**16.5**	**16.2**	**15.6**	**17.8**
	Foreign Banks' Branches in India					
Credit to Total Assets (%)	37.0	37.6	40.4	41.9	50.7	40.8
Deposits to Total Liabilities (%)	47.9	54.9	49.0	46.9	46.7	47.9
Total Assets/Liabilities (₹ billion)	**4,469.5**	**4,329.4**	**4,904.8**	**5,764.5**	**6,066.5**	**7,314.9**
Total Assets/Liabilities (US$ billion)*	**87.7**	**95.9**	**109.8**	**112.7**	**111.5**	**121.7**

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

respectively, during 2013-14, on top of 31.7 per cent and 45.5 per cent growth in the previous year. In contrast, credit extended by foreign banks operating in India declined by 3.1 per cent in 2013-14 as against increase of 6.2 per cent in the previous year. The asset base of Indian banks' overseas subsidiaries remained much lower as compared to their overseas branches. Both credit as well as deposit of overseas subsidiaries of Indian banks witnessed some recovery after contraction in 2010-11. In 2013-14, credit and deposit of Indian banks' subsidiaries showed robust growth of 28.2 per cent and 33.5 per cent, respectively.

Chart 2: Growth of Credit extended and Deposits – 2009-10 to 2013-14



III. Income and Expenditure

Total income of overseas branches of Indian banks (O_Br_IB) and their subsidiaries (O_Sub_IB) operating abroad and foreign banks operating in India (I_Br_FB), which contracted in 2009-10 following global financial crisis, recovered in the subsequent years. Total income of Indian banks' branches operating abroad grew at slower pace of 7.7 per cent in 2013-14 as against 28.1 per cent in 2012-13, whereas total income of their overseas subsidiaries rose by 22.9 per cent in 2013-14 (14.2 per cent in 2012-13). Total income of foreign banks operating in India grew by 11.8 per cent in 2013-14 (13.1 per cent in the previous year). Their expenses also observed similar trend. 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 2013-14, the share of interest income in total income was 84.3 per cent for overseas branches of Indian banks and 77.2 per cent for foreign banks operating in India (Chart 3).

Income and expenditure of the overseas subsidiaries of Indian banks, which contracted in two consecutive years 2009-10 and 2010-11, have been rising since then. Growth in income of foreign banks operating in India moderated from 13.1 per cent in 2012-13 to 11.8 per cent in 2013-14 in synchrony with the lower growth in interest income (Table 4).

Chart 3: Income and Expenditure - 2013-14

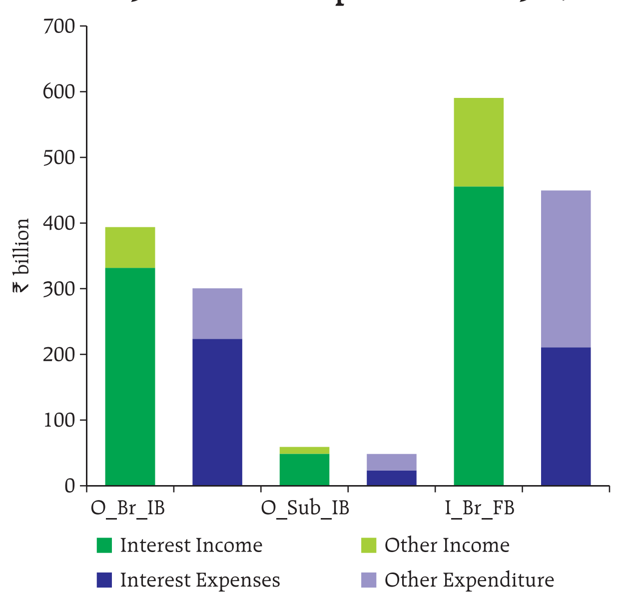


Table 4: Income and Expenditure – 2009-10 to 2013-14

(Amount in ₹ billion)

	2009-10	2010-11	2011-12	2012-13	2013-14
	Indian Banks' Branches Operating Abroad				
Income	161.8	196.6	285.3	365.6	393.7
Expenditure	121.6	134.0	206.2	273.7	300.6
	Indian Banks' Subsidiaries Operating Abroad				
Income	40.6	38.1	42.1	48.0	59.0
Expenditure	34.5	29.7	33.9	34.3	48.4
	Foreign Banks' Branches in India				
Income	363.2	394.3	467.3	528.4	590.6
Expenditure	200.1	281.3	327.9	372.6	449.5

IV. Profitability

In the recent years, profitability of foreign banks in India has been more volatile but remained substantially higher than the overseas branches/ subsidiaries of Indian banks. Profitability ratio (profit-to-assets) as well as income-to-asset ratio declined for all the three categories during 2013-14 (Charts 4A & 4B).

Country-wise return on asset (ROA) indicate that Indian bank branches operating in Mauritius recorded the highest return on assets (5.6 per cent) followed by branches in Sri Lanka (2.2 per cent) during 2013-14. In countries with larger number of branches, the ratio was lower at 1.1 per cent for UAE, 0.8 per cent for Singapore, 0.7 per cent for Hong Kong, 0.5 per cent for USA and 0.3 per cent for UK (Chart 5).

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

Chart 4A: Income to Total Assets

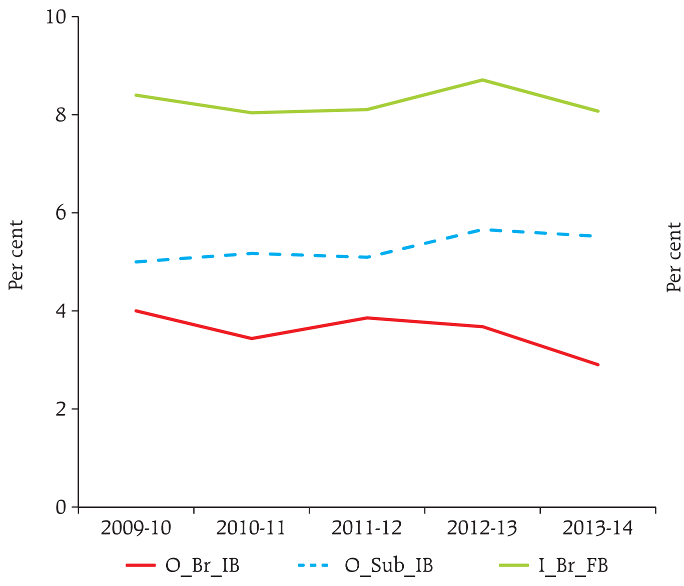


Chart 4B: Return on Assets

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

During 2013-14, overseas branches of Indian banks generated more fee income by rendering banking services, mainly due to higher focus on 'Credit related services', 'Derivative, stock, securities, foreign exchange trading services' and 'Trade finance related services'. On the other hand, the fee income generated by their overseas subsidiaries were mainly due to 'Trade finance related services', 'Deposit account management services', and 'Credit related services'. Foreign banks operating in India received major part of their fee income from 'Derivative, stock, securities, foreign exchange trading services', 'Trade finance related services', 'Financial consultancy and advisory services'

Chart 5: Return on asset-Country wise of Indian Banks' Overseas Branches

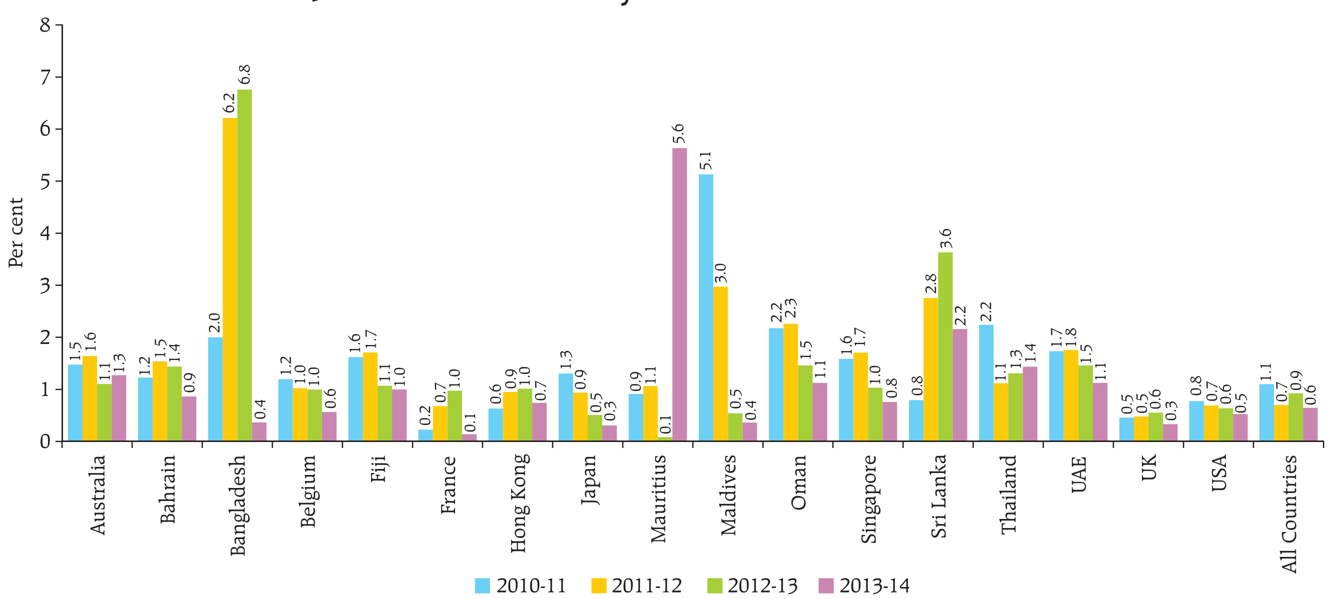


Table 5: Activity-wise Composition of Banking Services delivered by Overseas Branches of Indian Banks and Subsidiaries of Indian Bank

(Amount in ₹ billion)

Banking Service	Indian Banks' Branches Operating Abroad					Indian Banks' Subsidiaries Operating Abroad				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
Deposit Account Management Services	0.6	0.9	1.8	7.8	1.2	0.1	0.3	0.2	0.2	4.1
Credit Related Services	15.6	23.9	25.6	40.5	30.0	2.5	1.3	1.4	1.4	3.7
Financial Leasing Services	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade Finance Related Services	10.9	10.6	18.2	34.4	13.3	0.9	0.4	0.5	0.5	5.4
Payment and Money Transmission Services	3.1	2.6	10.1	5.3	2.7	1.0	0.3	0.4	0.4	0.7
Fund Management Services	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.7
Financial Consultancy and Advisory Services	0.4	0.9	0.3	0.1	0.7	0.6	0.5	0.2	0.5	0.9
Underwriting Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clearing and Settlement Services	0.0	0.0	1.9	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Derivative, Stock, Securities, Foreign Exchange trading Services	1.9	4.5	9.6	3.1	14.8	0.5	0.3	0.4	0.3	0.5
Other Financial Services	0.3	0.5	0.6	2.1	26.4	0.1	0.1	0.7	1.5	1.3
Total	**33.0**	**44.0**	**68.0**	**93.5**	**89.6**	**5.6**	**3.3**	**4.1**	**4.8**	**17.3**

Note: Sum of components may differ from total due to rounding off. This is applicable for other tables also.

and 'Payment and money transmission services' (Table 6).

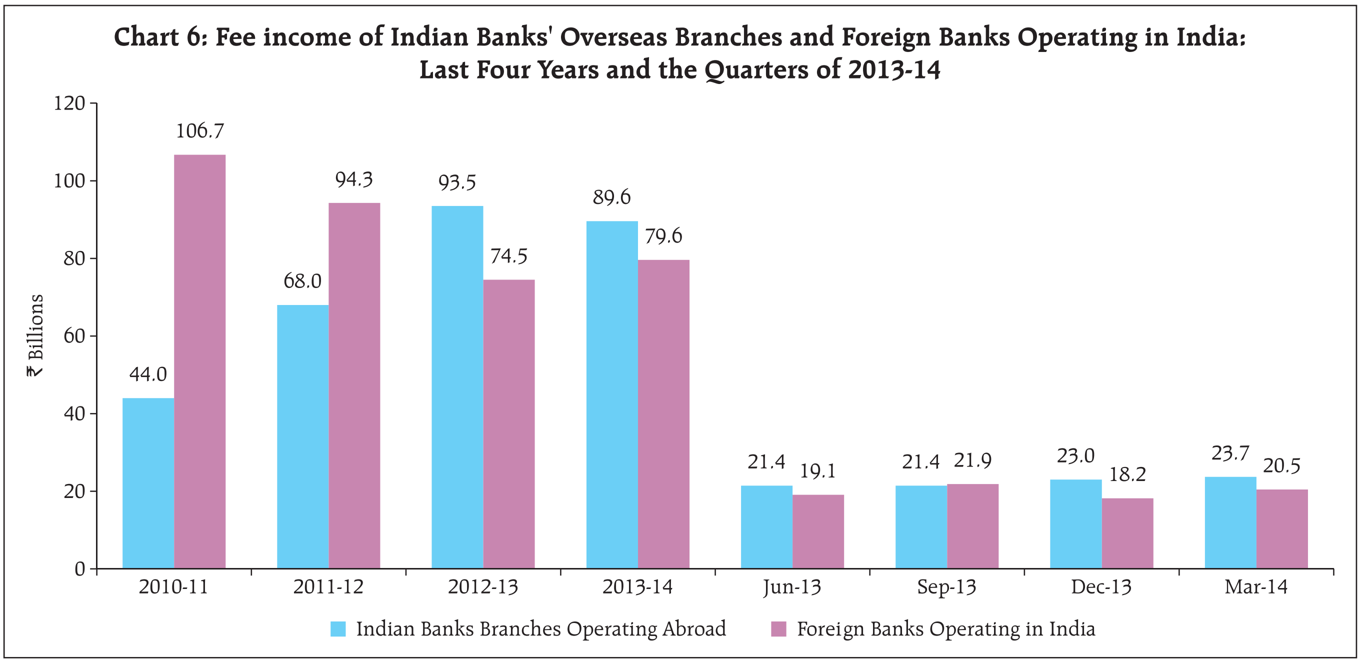
VI. Fee Income

Total fee income generated by 188 branches of Indian banks operating outside India moderated to ₹89.6 billion (US$ 1.5 billion) in 2013-14 from ₹93.5 billion (US$1.7 billion) in 2012-13 whereas fee income of 307 branches of foreign banks operating in India increased to ₹79.6 billion (US$ 1.3 billion) in 2013-14 from ₹74.5 billion (US$ 1.4 billion) in 2012-13 (Chart 6). A dominant portion of fee income of Indian

Table 6: Activity-wise Share in Trade in Banking Services

(per cent)

Activity	Indian Banks' Branches Operating Abroad					Foreign Banks' Branches in India				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
Deposit Account Management Services	1.7	2.1	2.7	8.3	1.3	4.1	3.8	5.4	5.1	4.5
Credit Related Services	47.2	54.4	37.6	43.2	33.5	7.2	9.0	10.9	12.2	11.8
Financial Leasing Services	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade Finance Related Services	33.1	24.2	26.8	36.7	14.9	14.0	11.1	19.0	22.1	17.5
Payment and Money Transmission Services	9.2	6.0	14.8	5.7	3.0	7.0	17.5	9.2	15.0	15.7
Fund Management Services	0.5	0.0	0.0	0.0	0.0	4.7	5.2	5.9	6.1	4.4
Financial Consultancy and Advisory Services	1.3	2.1	0.4	0.1	0.8	19.5	14.1	14.4	15.0	16.5
Underwriting Services	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.2	2.9
Clearing and Settlement Services	0.0	0.0	2.8	0.3	0.4	2.2	2.0	3.7	1.2	0.9
Derivative, Stock, Securities, Foreign Exchange trading Services	5.9	10.2	14.1	3.5	16.5	18.7	27.1	21.5	17.6	20.7
Other Financial Services	0.9	1.0	0.9	2.3	29.5	22.1	9.8	9.6	5.6	5.0
All activities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**



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

In terms of fee income, branches of Indian banks in UK had the largest contribution in providing banking services followed by Hong Kong and Singapore (Table 7). Overseas subsidiaries of Indian banks were mainly present in United Kingdom and Canada. The amount accrued from ITBS operations of foreign banks in India from USA, Hong Kong and Japan was higher than the amount accrued from such overseas operations by Indian banks in these countries.

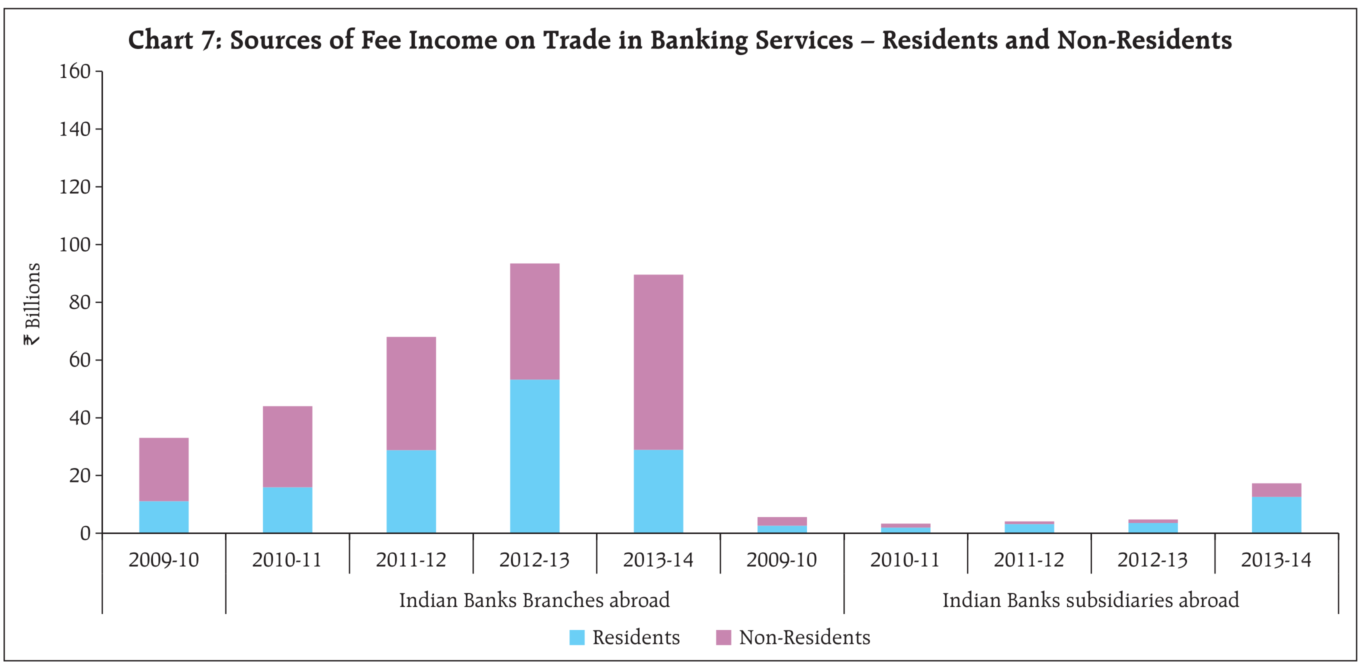


Table 7: Country-wise classification of Fee Income by Overseas branches of Indian Banks and Foreign Banks Operating in India

(Amount in ₹ billion)

	Indian Banks' Branches Operating Abroad					Foreign Banks' Branches in India				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
Bahrain	3.1	3.7	2.5	2.9	3.9	0.0	0.1	0.1	0.1	0.1
Belgium	1.1	0.8	0.9	2.1	1.1	0.2	0.1	0.2	0.3	0.2
Hong Kong	4.2	5.7	9.5	9.4	7.5	25.1	12.4	16.5	15.7	13.4
Japan	3.6	1.0	0.9	1.0	1.1	0.6	0.8	1.2	1.4	1.2
Singapore	6.0	7.6	8.9	8.2	6.9	1.8	2.0	4.6	3.6	2.3
Sri Lanka	0.1	0.2	0.1	15.4	0.3	0.2	0.0	0.0	0.0	0.0
UAE	2.2	5.2	5.9	4.1	7.1	0.1	0.1	0.2	0.2	0.4
UK	5.7	10.5	27.8	38.8	52.2	30.6	25.5	26.8	18.5	24.1
USA	3.5	4.4	5.2	4.3	3.6	20.2	34.2	24.0	20.4	26.6
Other Countries	3.5	4.9	6.3	7.3	5.9	19.0	31.4	20.7	14.4	11.3
Total	**33.0**	**44.0**	**68.0**	**93.5**	**89.6**	**97.8**	**106.7**	**94.3**	**74.5**	**79.6**

VII. Conclusion

Over the years, higher cross-border presence of Indian and foreign banks, is in response to the rising demand for international trade in banking services. 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.

Total income of foreign banks' branches in India consistently exceeded the income of overseas branches of Indian banks. Their expenditure-to-income ratios are, however, comparable. The share of non-interest income in total income of foreign banks in India was more than that for overseas branches of Indian banks, due to larger non-fund based activities. A dominant portion of fee income of the Indian banks branches operating abroad came through 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 remained higher than the overseas branches/ subsidiaries of Indian banks.

*Performance of Private Corporate Business Sector during First Half of 2014-15**

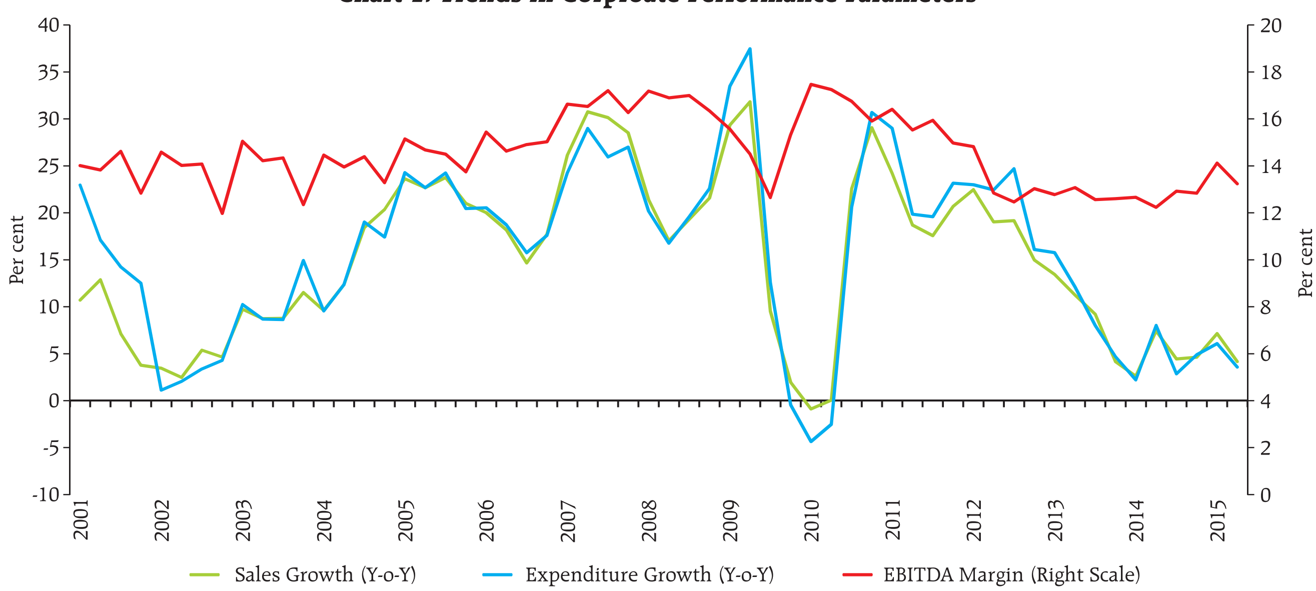
The aggregated sales growth of the private (non-financial) corporate business sector improved marginally during H1:2014-15 with a combination of improved sales growth during Q1 followed by a deceleration in Q2 of 2014-15. This is primarily due to a sluggish sales growth in the manufacturing sector and moderation for the services including IT sectors. EBITDA margins improved despite moderation in sales to a level earlier observed in H1:2011-12. Profit growth and profit margins (EBITDA and Net profit) witnessed improvement across all size groups. Sales growth increased in major industries except in textiles and construction during H2:2013-14 and H1:2014-15. Performance of the private (non-financial) corporate business sector over the quarters revealed that sales growth(Y-o-Y) decelerated in the second quarter of 2014-15 as compared to the previous quarter and an upturn noticed earlier in Q2:2013-14 and then in Q1:2014-15 could not be sustained. Net Profit margin was maintained at similar levels during the first two quarters.

The article analyses the performance of the private (non-financial) corporate business sector during the first half (April- September) of 2014-15, based on earnings results of 2,965 listed companies. Besides analysing the aggregate performance, it provides a brief analysis by size and major industry groups. It also captures the trend in sales, expenditure and profit margins of the private corporate sector over a longer horizon. Detailed quarterly data has been made available periodically in the website of the Reserve Bank of India (Q2:2014-15 data released on 24th December 2014).

1. Upsurge in Net Profit at the aggregate level

1.1. Sales growth (Y-o-Y) of 2,965 listed companies of the private corporate sector improved marginally during H1:2014-15. Aggregate sales growth decelerated for previous three half-years. Though total expenditure showed downward trend since H1:2011-12, cost of raw

Chart 1: Trends in Corproate Performance Parameters



* Prepared in the Corporate Studies Division of the Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous study 'Performance of Private Corporate Business Sector, during first half of 2013-14' was published in the February 2014 issue of the RBI Bulletin.

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

No. of companies	H1: 2014-15		H2: 2013-14	H1: 2013-14*
Items	Amount (₹ billion)	Y-o-Y Growth @ in Per cent		
	2,965		2,864	2,731
	1	2	3	4
Sales	16,038	5.8	4.7	5.4
Value of Production	16,133	6.0	4.4	4.8
Expenditure	13,940	5.0	4.8	5.6
CRM **	7,394	7.0	3.1	2.4
Staff Cost	1,271	8.2	9.5	13.1
Power & fuel	595	8.7	4.0	-0.8
Operating Profits(EBITDA)	2,193	12.6	1.6	-0.8
Other Income@@	485	14.0	18.1	14.9
Depreciation	592	6.4	7.9	10.1
Gross Profits (EBIT)	2,086	14.8	2.9	-0.8
Interest	642	1.4	9.3	15.0
Earnings before tax (EBT) ^	1,499	31.1	-2.9	-10.0
Tax provision	404	27.2	3.0	3.7
Net Profits ^	1,095	32.6	-4.9	-14.9
Paid-up Capital	1,277	2.3	4.2	5.7

* : Published in February 2014 issue of the RBI Bulletin.
@ : Growth rates calculated on the basis of common set of companies during any period.
** : CRM : Consumption of Raw Materials.
@@ : Includes forex gain while forex losses are included in Expenditure.
^ : Adjusted for non-operating surplus/deficit

Table 2:Important Performance Parameters

Period	No. of Companies	Sales Growth (Y-o-Y)	Expenditure Growth (Y-o-Y)	EBITDA Growth (Y-o-Y)	Net Profit Growth (Y-o-Y)	EBITDA Margin (Per cent)	Net Profit Margin (Per cent)
	1	2	3	4	5	6	7
H1:2011-12	2,643	20.8	22.8	5.7	-4.9	13.8	6.7
H2:2011-12	2,861	17.6	20.6	-2.1	-11.9	12.8	6.2
H1:2012-13	2,832	12.3	13.6	4.9	4.3	13.1	6.4
H2:2012-13	2,912	6.8	5.8	8.0	11.9	13.2	6.5
H1:2013-14	2,731	5.4	5.6	-0.8	-14.9	12.5	5.2
H2:2013-14	2,864	4.7	4.8	1.6	-4.9	12.3	5.1
H1:2014-15	2,965	5.8	5.0	12.6	32.6	13.7	6.8

materials witnessed higher growth in H1:2014-15 (Table 1). In contrast, staff cost declined from H1:2013-14 level and recorded lowest growth since H1:2010-11. Likewise interest expenses growth declined considerably during current half-year. But interest expenses as a proportion to sales and overall expenditure remained at the level of H1:2013-14.

1.2. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA or operating profits) and earnings before interest and tax (EBIT) have grown considerably during current half-year against a contraction in the corresponding period in 2013-14. Earnings before tax (EBT) witnessed a buoyant growth owing to lower growth in interest expenses. Growth rate in net profits before adjusting non-operating income jumped steeply from -11.4 percent in H1:2013-14 to 20.1 percent in H1:2014-15. Net profits after adjusting non-operating income increased further to 32.6 per cent indicating a significant addition to income other than the normal operations of business. EBITDA and net profit margins witnessed improvement in H1:2014-15.

2. Large Companies performance improved

2.1. Large companies (annualised sales more than ₹10 billion) witnessed modest increase in sales growth after moderation since 2012-13. Sales growth of the medium sized companies (annualised sales between ₹1 billion to ₹10 billion), after slight improvement in H1:2013-14, again decelerated during 2014-15. Sales of small companies (annualised sales up to ₹1 billion) continued to contract during H1:2014-15 (Table 3).

2.2. Companies across all size groups witnessed improvement in EBITDA growth with a remarkable recovery for the small companies for the first time after successive contractions since H2:2010-11, particularly for the pharmaceutical industry. Net profit growth sharply increased for medium and large sized companies whereas small sized companies witnessed reduction in losses.

Table 3: Size class* – wise important performance parameters

Size Classes	Large					Medium					Small				
	Annualised sales more than ₹10 billion					Annualised sales between ₹1 billion and ₹10 billion					Annualised sales less than ₹1 billion				
Period	Growth Rate (Y-o-Y) (%)			Margins (%)		Growth Rate (Y-o-Y) (%)			Margins (%)		Growth Rate (Y-o-Y) (%)			Margins (%)	
	Sales	EBITDA	Net Profit	EBITDA	Net Profit	Sales	EBITDA	Net Profit	EBITDA	Net Profit	Sales	EBITDA	Net Profit	EBITDA	Net Profit
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
H1:2011-12	22.9	8.2	-0.3	14.4	7.4	12.8	-6.6	-32.7	11.1	3.7	-7.0	-41.7	$	6.1	-0.8
H2:2011-12	20.8	0.5	-12.7	13.5	6.7	3.6	-13.8	-38.0	10.9	3.2	-18.9	-41.9	$	2.6	-3.4
H1:2012-13	14.6	5.9	7.8	13.4	7.0	3.8	0.6	-27.1	11.9	3.5	-21.5	-19.1	$	6.9	-4.0
H2:2012-13	9.2	10.9	22.9	13.9	7.8	-2.7	-10.5	-86.6	10.2	0.5	-24.3	-119.3	$	-0.3	-15.0
H1:2013-14	6.6	1.6	-11.4	13.0	5.9	1.1	-14.1	-40.8	10.2	2.1	-19.3	-56.9	$	4.2	-7.7
H2:2013-14	6.4	7.4	4.1	13.4	6.7	-1.7	-38.5	$	6.3	-2.6	-25.8	$	$	-5.9	-25.0
H1:2014-15	7.5	13.2	31.4	14.4	7.9	-0.8	5.6	52.1	9.5	1.0	-24.3	33.1	$	4.9	-12.2

*: Classification is done based on the data for the latest reporting period.

2.3. EBITDA and net profit margins have improved for medium and large sized companies. In case of small sized companies, EBITDA margin improved slightly over corresponding period of the previous year.

2.4. Interest coverage ratio (EBIT/Interest Expenses) was in range of 3.5 to 4.0 for large companies during the period of H2:2011-12 to H1:2014-15. For medium and small companies it worsened continuously since 2009-10 and recorded a minor improvement for small companies in H1:2014-15.

2.5. The increase in EBITDA growth and better interest coverage for the small sized companies did not mitigate the deteriorating liquidity and solvency of these companies. Debt repayment capacity if measured

Chart 2: Interest Coverage - Size Wise

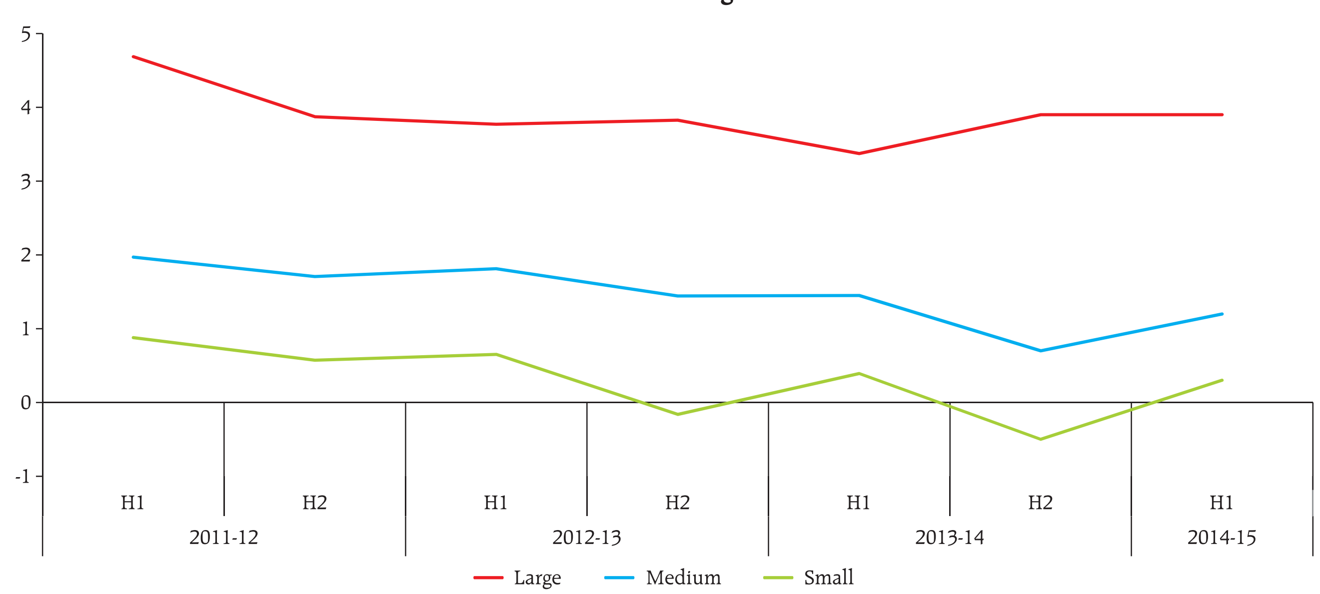


Table 4: Sector- wise important performance parameters

Sector	Manufacturing					Services (other than IT)					IT				
Period	Growth Rate (Y-o-Y) (%)			Margins (%)		Growth Rate (Y-o-Y) (%)			Margins (%)		Growth Rate (Y-o-Y) (%)			Margins (%)	
	Sales	EBITDA	Net Profit	EBITDA	Net Profit	Sales	EBITDA	Net Profit	EBITDA	Net Profit	Sales	EBITDA	Net Profit	EBITDA	Net Profit
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
H1:2011-12	22.7	5.5	-3.7	12.5	6.0	14.3	1.3	-41.5	15.8	3.9	18.1	13.4	21.8	21.1	17.1
H2:2011-12	17.6	-3.4	-20.4	11.5	5.1	12.9	-2.8	-34.1	15.7	4.1	17.8	13.8	23.9	21.6	17.7
H1:2012-13	12.2	3.0	3.0	11.5	5.7	11.4	10.1	43.4	16.2	4.7	16.9	25.6	18.6	22.7	17.1
H2:2012-13	6.5	6.5	8.4	11.4	5.2	13.3	2.9	-44.3	16.4	2.9	6.0	8.7	-6.3	22.0	15.8
H1:2013-14	4.5	-3.6	-16.3	10.6	4.5	9.2	-3.6	-31.2	16.0	3.8	15.1	20.5	14.0	24.8	17.9
H2:2013-14	5.4	1.7	-5.7	10.8	4.6	0.7	-19.9	-88.2	12.9	0.4	17.2	33.3	33.8	25.4	18.9
H1:2014-15	6.2	13.5	36.9	11.5	5.5	2.9	17.2	99.5	18.4	7.9	9.4	11.9	26.3	25.3	20.7

as a ratio of total borrowings to EBITDA for small companies declined in H1:2014-15 as compared to H1:2013-14. Quick and current ratio contracted while leverage ratio increased whereas the overall and the manufacturing sector leverage showed downward movement in H1:2014-15.

3. Sales growth for IT sector declined; Margins maintained across sectors

3.1. The manufacturing sector has shown a gradual improvement in the sales during H2:2013-14 and H1:2014-15. The sales growth of the non-IT services sector declined successively from a level of 13.3 per cent observed in the second half of 2012-13 till second half of 2013-14 and showed only a minor improvement in H1:2014-15.

3.2. A closer look at the components of expenditure as a proportion to sales for the manufacturing sector indicated a steady decline in the cost of raw materials to sales ratio for large companies and also the sector as a whole. However, the ratio increased for the small sized companies within the manufacturing sector. Staff cost to sales went up in H1:2014-15, though it remained higher for the small sized companies. Interest to sales ratio remained flat for large and medium sized companies in manufacturing and the non-IT services sectors, while that of the small companies showed an increasing trend till H2:2013-14 and thereafter declined in H1:2014-15, remaining distinctly higher than the manufacturing sector as a whole.

3.3. The trend in EBITDA margin for the manufacturing sector closely followed that of the ratio of raw-materials to sales while it remained close to an average of 11.4 per cent during the seven consecutive half-years. Both EBITDA and net profit growth rates for the non-IT services sector shot up in H1:2014-15, to pull up the sunken margins above the average for the seven half-years.

3.4. In H1:2014-15 the manufacturing sector witnessed a rise in the non-operating surplus. This additional surplus accounted for 12.6 per cent of net profits in H1:2014-15, which is maximum in the period of seven half-years considered for the study and also remained higher than the levels observed for the services (IT and non-IT) sectors.

3.5. The IT sector, after recovering from its lowest sales growth of 6 per cent in the second half of 2012-13, was the only sector to report a moderation in sales growth in H1:2014-15. The Y-o-Y growth rates for EBITDA and net profits declined significantly in H1:2014-15. However, EBITDA margin was maintained

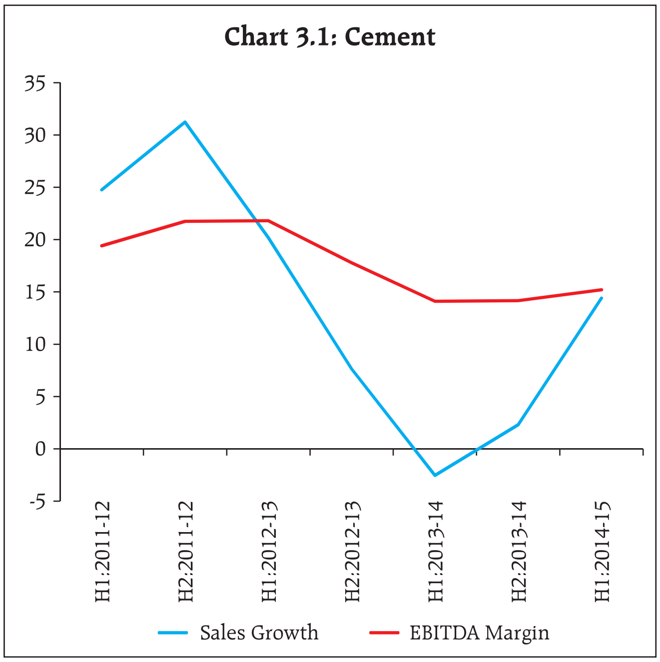
Table 5 : CRM, Staff Cost and Interest Expenditure as percentage to sales

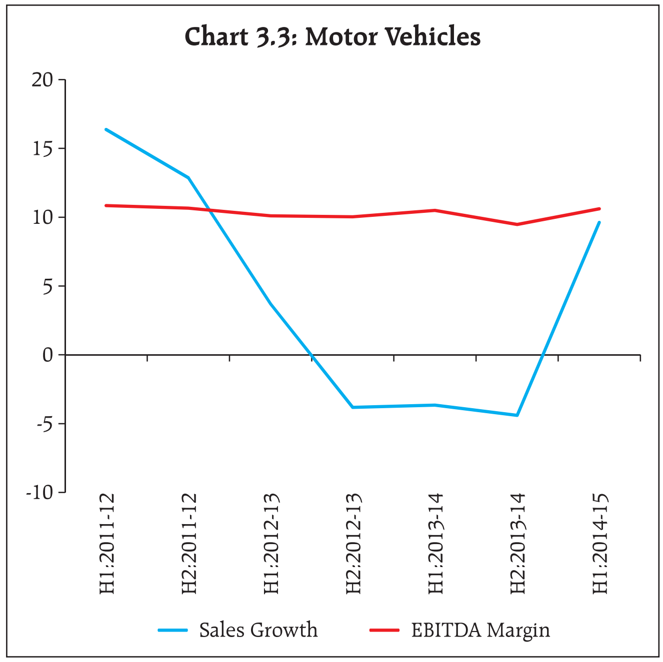
Period	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest	CRM	Staff Cost	Interest
	Large			Medium			Small			All Companies		
	1	2	3	4	5	6	7	8	9	10	11	12
Manufacturing												
H1:2011-12	59.9	3.9	2.2	54.8	6.6	4.0	51.1	9.9	4.8	59.0	4.4	2.5
H2:2011-12	63.3	3.7	2.7	57.6	6.5	4.4	52.4	9.6	7.1	62.3	4.2	3.0
H1:2012-13	62.0	4.0	2.7	54.4	6.8	4.5	52.7	9.5	8.6	60.8	4.5	3.0
H2:2012-13	61.3	4.0	2.7	56.7	7.5	4.8	52.7	10.1	8.9	60.6	4.5	3.1
H1:2013-14	60.0	4.4	2.9	55.1	7.0	4.4	49.6	9.9	9.3	59.3	4.8	3.1
H2-2013-14	59.9	4.1	2.7	58.3	7.1	4.9	51.1	9.6	11.3	59.6	4.5	3.1
H1-2014-15	58.9	4.5	2.7	53.5	7.3	5.4	51.7	10.3	9.9	58.1	4.9	3.2
Services (Other than IT)												
H1:2011-12	18.3	5.1	5.5	10.6	11.8	9.5	18.3	12.2	8.6	17.1	6.3	6.2
H2:2011-12	6.6	4.9	5.1	8.2	9.8	11.3	16.8	11.3	6.4	7.2	6.0	6.3
H1:2012-13	6.2	4.7	5.4	8.8	10.8	11.5	15.5	13.1	8.3	6.9	6.0	6.6
H2:2012-13	7.2	4.4	4.5	10.4	9.8	11.3	23.4	10.1	6.4	8.1	5.5	5.8
H1:2013-14	3.1	5.0	5.3	9.5	11.1	12.3	15.8	12.6	13.4	4.3	6.1	6.6
H2-2013-14	4.8	5.3	4.0	9.9	11.8	11.6	17.9	11.8	16.7	6.0	6.6	5.6
H1-2014-15	3.9	5.6	4.8	8.2	12.5	11.1	18.9	12.2	13.0	5.0	6.9	6.0
IT												
H1:2011-12	3.4	35.7	1.1	3.8	40.4	3.0	15.0	31.6	8.0	3.6	36.1	1.4
H2:2011-12	3.4	36.3	1.2	4.6	31.4	4.3	10.7	33.0	10.6	3.7	35.7	1.7
H1:2012-13	2.6	38.1	0.9	8.3	34.8	5.8	11.3	35.5	10.9	3.3	37.8	1.5
H2:2012-13	1.3	40.5	0.8	7.6	35.4	5.9	10.1	32.2	13.5	2.0	39.9	1.5
H1:2013-14	1.6	39.6	0.6	2.3	39.1	7.2	22.4	31.3	19.0	1.9	39.5	1.3
H2-2013-14	1.7	37.5	0.5	1.8	41.3	6.4	10.3	29.6	19.4	1.8	37.8	1.3
H1-2014-15	1.3	38.9	0.5	1.6	40.2	7.3	11.5	30.3	10.3	1.4	38.9	1.0
Aggregate												
H1:2011-12	47.5	7.2	3.1	47.9	6.8	2.7	45.8	9.0	4.7	42.7	11.9	6.2
H2:2011-12	49.0	6.7	3.6	49.4	6.3	3.2	47.2	8.3	5.5	41.4	12.2	8.0
H1:2012-13	48.3	7.3	3.7	49.0	7.0	3.3	44.5	8.9	5.8	41.5	12.4	9.2
H2:2012-13	47.7	7.2	3.7	47.9	6.8	3.3	46.9	9.2	6.0	43.2	12.0	9.1
H1:2013-14	46.5	7.8	4.0	46.7	7.5	3.6	45.7	9.1	6.0	40.5	12.3	11.4
H2-2013-14	47.5	7.3	3.7	47.6	6.9	3.2	48.2	9.3	6.3	40.0	11.9	13.3
H1-2014-15	46.1	7.9	4.0	46.4	7.7	3.5	44.8	9.2	6.9	41.0	12.5	10.9

at similar levels as H2:2013-14, while net profit margin improved.

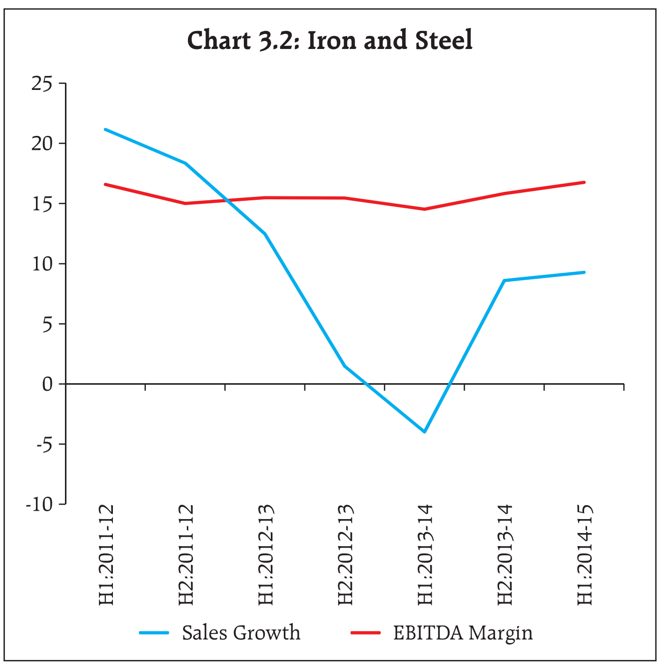
4. Sales growth showed upward turn in major industries except in textiles and construction

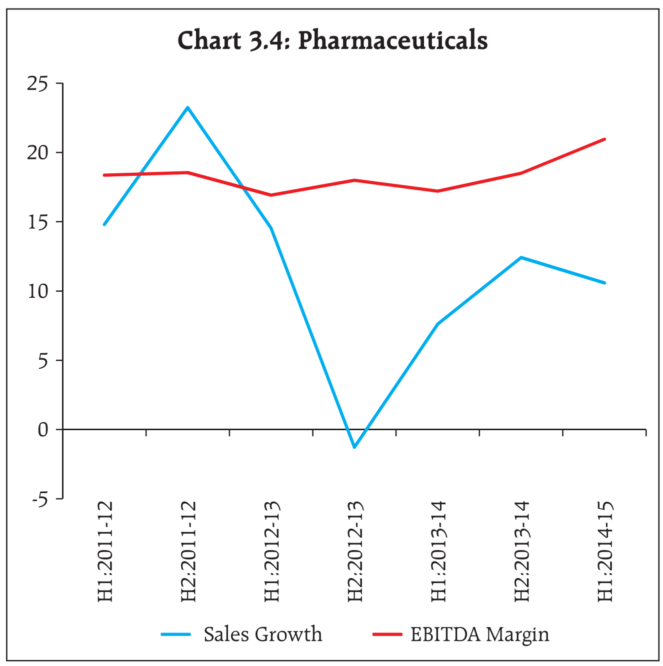
4.1. In the basic goods sector, sales growth of iron & steel and cement industries went up at noticeable rate in H2:2013-14 and H1:2014-15, which was declining from H2:2011-12 to H1:2013-14. EBITDA margin also grew successively for two half-years after H1:2013-14. Size wise analysis shows a mixed picture indicating considerable growth of large and medium companies, while no improvement is observed in small companies (Table 6).

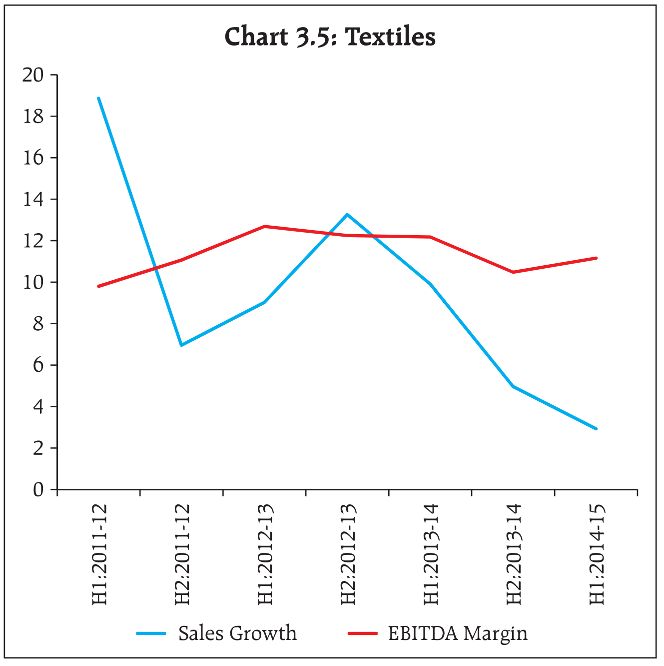


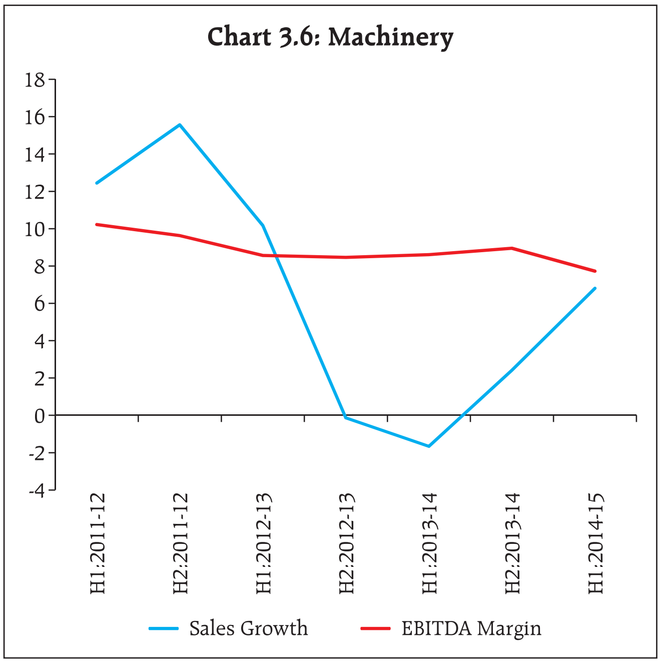


4.2. In the consumer goods sector, textile industry suffered steady decline in sales growth with moderation since H2:2012-13, while motor vehicle industry witnessed sharp rise in sales growth during the period, after a contraction in previous three half-years (Chart 3.5). In pharmaceutical industry, sales growth declined in H1:2014-15 after showing a good growth in H2:2013-14. EBITDA margin went up in all industries including textiles even with declining sales growth. Net Profit margin increased further in pharmaceutical industry only showing good results for large companies. However, the pharmaceutical industry added a









considerable amount of non-operating surplus accounting for total 37 per cent of such income for the entire manufacturing.

4.3. In capital goods sector, machinery industry maintained the momentum in sales growth in H2:2013-14 and H1:2014-15, which was falling sharply since H2:2011-12. EBIDTA margin and net profit margin declined in H1:2014-15 after showing a marginal recovery in H2:2013-14 (Chart 3.6).

4.4. Construction industry showed continuous contraction in sales growth in H2:2013-14 and H1:2014-15. It had started declining from H1:2013-14. While net profit margin improved initially in H2:2013-14 but declined in H1:2014-15, EBITDA margin declined in H2:2013-14 and improved in H1:2014-15 (Table 6). In electricity generation & supply industry, sales growth showed steep contraction in H2:2013-14 but improvement was seen in H1:2014-15. EBITDA margin maintained its level in both the half-years, while net profit margin increased in H2:2013-14 noticeably and then declined in H1:2014-15. Large companies of this industry witnessed improvement in the three parameters- sales, EBITDA margin and profit margin (Table 6).

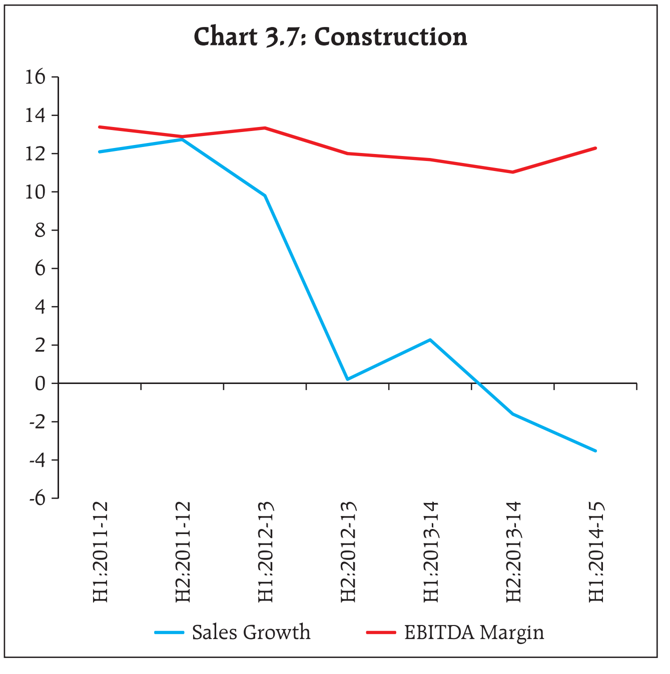


Table 6: Important Performance Parameters of Select Industries

Industry	Period	Large			Medium			Small			All Companies		
		Sales	EBITDA	Net Profit	Sales	EBITDA	Net Profit	Sales	EBITDA	Net Profit	Sales	EBITDA	Net Profit
		Growth (Y-o-Y)	Margin (Per cent)	Margin (Per cent)	Growth (Y-o-Y)	Margin (Per cent)	Margin (Per cent)	Growth (Y-o-Y)	Margin (Per cent)	Margin (Per cent)	Growth (Y-o-Y)	Margin (Per cent)	Margin (Per cent)
		1	2	3	4	5	6	7	8	9	10	11	12
Cement	H1:2013-14	-1.4	15.2	6.8	-9.9	6.7	-0.7	-15.0	5.2	-8.0	-2.5	14.1	5.9
	H2:2013-14	2.5	15.2	8.6	0.5	5.9	-0.3	1.2	13.6	2.6	2.3	14.2	7.6
	H1:2014-15	14.3	15.8	7.4	16.4	9.8	8.1	0.5	7.3	-5.6	14.4	15.2	7.4
Iron & Steel	H1:2013-14	-2.3	16.4	3.2	-9.3	4.8	-3.2	-43.3	-3.2	-47.7	-4.0	14.5	1.8
	H2:2013-14	11.8	17.9	4.8	-10.3	0.1	-5.2	-13.1	2.4	-34.7	8.6	15.8	3.5
	H1:2014-15	11.0	18.3	5.4	1.2	6.0	-2.7	-41.0	-8.1	-37.4	9.3	16.8	4.2
Motor Vehicles	H1:2013-14	-3.4	10.9	5.7	-5.0	7.6	2.0	-24.6	5.2	3.9	-3.7	10.5	5.3
	H2:2013-14	-4.3	9.8	6.8	-4.8	7.8	3.0	-12.7	-18.2	-54.5	-4.4	9.5	6.2
	H1:2014-15	10.7	10.8	4.8	4.5	9.3	0.6	-43.9	-4.2	-2.3	9.6	10.6	4.4
Pharmaceuticals	H1:2013-14	8.1	17.9	9.7	8.3	15.9	7.7	-16.7	2.8	-22.9	7.6	17.2	8.8
	H2:2013-14	14.8	21.7	15.8	5.5	11.7	2.6	-12.2	-57.5	-34.1	12.4	18.5	12.5
	H1:2014-15	14.1	23.2	21.9	-1.2	12.5	9.2	-6.1	7.5	-17.8	10.6	21.0	18.9
Textiles	H1:2013-14	10.6	13.9	2.9	10.8	9.1	0.3	-12.8	2.5	-15.1	9.9	12.2	1.7
	H2:2013-14	3.5	13.0	3.4	8.5	6.2	-2.9	-0.9	1.3	-14.1	5.0	10.5	0.9
	H1:2014-15	5.8	13.5	3.5	-1.4	6.9	-1.5	-10.8	4.2	-9.8	2.9	11.2	1.5
Machinery*	H1:2013-14	-1.2	8.8	3.6	-0.2	7.8	2.7	-29.2	6.1	4.8	-1.7	8.6	3.5
	H2:2013-14	4.6	9.0	5.3	-5.4	8.2	0.8	-13.2	6.5	-4.1	2.4	8.9	4.4
	H1:2014-15	8.2	9.1	4.7	1.1	7.9	-0.2	-2.5	7.1	-6.6	6.8	7.7	3.8
Construction	H1:2013-14	4.0	11.5	2.5	-12.3	14.0	0.5	-10.7	12.3	2.3	2.3	11.7	2.3
	H2:2013-14	-0.3	11.4	2.8	-12.5	6.2	0.3	-25.8	12.2	5.7	-1.6	11.0	2.7
	H1:2014-15	-1.9	12.6	1.8	-11.7	9.7	-5.7	-24.3	15.9	6.1	-3.5	12.3	0.9
Electricity Generation & Supply	H1:2013-14	2.4	23.8	1.6	20.5	7.7	1.3	8.6	3.7	49.8	2.7	23.4	1.7
	H2:2013-14	-12.4	25.7	9.0	0.9	14.1	5.2	-15.0	11.6	-162.1	-12.0	25.3	8.3
	H1:2014-15	6.3	26.0	6.9	32.2	14.5	-9.2	-17.0	38.6	-66.2	7.0	25.6	6.2

*: Includes Machinery & Machine Tools and Electrical Machinery and Apparatus.

5. On a quarterly basis, sales growth decelerated, profit margin improved.

5.1. An analysis of the performance of listed non-financial private corporates over the quarters reveal that the upturn in the aggregate sales growth (Y-o-Y) observed during Q2:2013-14 and Q1:2014-15 could not be sustained and a considerable decline was observed during Q2:2014-15 as compared to Q1:2014-15 (Table 7). Y-o-Y growth in interest expenses contracted in Q2:2014-15 against a sharp increase of 19.9 per cent observed in Q2:2013-14. Interest coverage ratio (EBIT/interest expenses) was higher than the levels observed in Q2:2013-14, however this was only a marginal improvement. EBITDA growth was also distinctly higher in Q2:2014-15 than the levels observed in Q2:2013-14, though it was at about half, when compared with

Table 7: Performance of Select Companies over the Quarters

Indicator	2013-14		2014-15	
	Q1	Q2	Q1	Q2
	1	2	3	4
No. of Companies	2,768	2,708	2,755	2,863
Sales	2.6	7.4	7.1	4.2
Expenditure	2.2	8.0	6.1	3.6
Operating Profits (EBITDA)	1.1	-1.3	16.5	8.3
Other Income	28.0	-0.2	-2.8	26.1
Depreciation	9.4	11.6	8.0	3.5
Gross Profits (EBIT)	3.9	-4.6	14.7	14.1
Interest	12.1	19.9	1.4	-0.6
Net Profits	-10.9	-20.5	27.3	25.6
EBITDA to Sales	12.7	12.2	14.1	13.2
EBIT to Sales	11.8	11.3	12.9	13.0
Net Profit to Sales	5.2	5.1	6.7	6.6
Interest to Sales	4.2	3.9	3.8	4.0
Interest Burden	35.3	34.8	29.2	31.0
Interest Coverage(times)	2.8	2.9	3.4	3.2

Q1:2014-15. Without being affected by decelerating sales growth, net profit growth improved on a Y-o-Y basis and net profit margins also improved from the levels observed in Q2:2013-14.

Annex

Explanatory Notes

1. To compute the growth rates in any period, a common set of companies for the current and previous period is considered.
2. The classification of industries and sectors broadly follows the National Industrial Classification (NIC).
3. The manufacturing sector consists of industries like Iron & Steel, Cement & Cement products, Machinery & Machine Tools, Motor Vehicles, Rubber, Paper, Food products *etc.* This does not include 'Tea Plantations' and 'Mining & Quarrying' industries. The services (other than IT) sector includes Real Estate, Wholesale & Retail Trade, Hotel & Restaurants, Transport, Storage and Communication industries. This does not include Construction and Electricity Generation and Supply Industries.
4. FOREX gain and loss are reported on net basis by companies and included in the net profit calculation. While net FOREX loss is considered as a part of the expenditure and thus included in EBITDA, net FOREX gain is considered as a part of other income and included in EBIT.
5. Other income includes various regular incomes like rents, dividends, royalties *etc.* and does not include extra-ordinary income/expenses.
6. Extra-ordinary income/expenses are included in EBT and net profit. As the name suggests, these income/expenses can be very large for some of the companies in a particular quarter.
7. Some companies report interest on net basis. However, some companies include the interest expenses on gross basis, where, interest received is reported in other income.
8. The ratio/growth rate for which denominator is negative or negligible is not calculated, and is indicated as '$'.

Glossary of Terms

EBITDA	-	Operating Profits/Earnings before Interest, Tax, Depreciation & Amortisation	-	Sales + Change in Stock – Expenditure
EBIT	-	Gross Profits/Earnings before Interest & Tax	-	EBITDA+ Other Income – Depreciation & Amortisation
EBT	-	Earnings before Tax	-	EBIT – Interest Payment + Extra-ordinary income/expenses
Net Profit	-		-	EBT – Tax
Interest Burden	-		-	Interest Payment/EBIT*100
Interest Coverage	-		-	EBIT/Interest Payment

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2013-14	2013-14		2014-15	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	4.7	4.7	5.2	5.7	5.3
1.1.1 Agriculture	4.7	4.0	5.0	3.8	3.2
1.1.2 Industry	-0.1	-0.9	1.8	4.0	1.2
1.1.3 Services	6.2	6.5	6.1	6.6	6.8
1.1a Final Consumption Expenditure	4.7	6.8	2.4	6.2	6.4
1.1b Gross Fixed Capital Formation	-0.1	-2.8	3.1	7.0	0.0

	2013-14	2013		2014	
		Nov.	Dec.	Nov.	Dec.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.1	-1.3	0.1	3.8	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.1	15.6	15.4	11.0	11.5
2.1.2 Credit	13.9	13.9	14.2	10.8	10.5
2.1.2.1 Non-food Credit	14.2	14.3	14.5	10.9	10.8
2.1.3 Investment in Govt. Securities	10.3	12.7	13.9	9.0	10.5
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	14.4	12.1	10.7	8.2	9.4
2.2.2 Broad Money (M3)	13.2	9.4	9.8	11.2	11.1
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	23.00	23.00	23.00	22.00	22.00
3.3 Cash-Deposit Ratio	4.7	5.0	5.0	4.9	4.8
3.4 Credit-Deposit Ratio	77.8	75.9	76.8	75.7	76.1
3.5 Incremental Credit-Deposit Ratio	76.8	55.6	66.4	46.8	55.9
3.6 Investment-Deposit Ratio	28.7	29.8	29.5	29.2	29.3
3.7 Incremental Investment-Deposit Ratio	21.6	30.4	27.8	36.5	36.0
4 Interest Rates (%)					
4.1 Policy Repo Rate	8.00	7.75	7.75	8.00	8.00
4.2 Reverse Repo Rate	7.00	6.75	6.75	7.00	7.00
4.3 Marginal Standing Facility (MSF) Rate	9.00	8.75	8.75	9.00	9.00
4.4 Bank Rate	9.00	8.75	8.75	9.00	9.00
4.5 Base Rate	10.00/10.25	10.00/10.25	10.00/10.25	10.00/10.25	10.00/10.25
4.6 Term Deposit Rate >1 Year	8.00/9.25	8.00/9.05	8.00/9.05	8.00/9.00	8.00/9.00
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.59	8.27	8.72	7.90	8.10
4.9 91-Day Treasury Bill (Primary) Yield	8.86	8.94	8.69	8.27	8.31
4.10 182-Day Treasury Bill (Primary) Yield	8.86	9.12	8.84	8.40	8.36
4.11 364-Day Treasury Bill (Primary) Yield	8.96	8.93	8.84	8.29	8.22
4.12 10-Year Government Securities Yield	8.84	8.75	8.84	8.10	7.90
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	60.10	62.39	61.90	61.97	63.33
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	82.58	84.98	85.36	77.16	98.58
5.3 Forward Premia of US$ 1-month (%)	9.78	9.04	9.28	7.84	7.92
3-month (%)	8.79	8.59	8.64	7.49	7.23
6-month (%)	8.95	8.43	8.60	7.42	7.13
6 Inflation (%)					
6.1 All India Consumer Price Index	9.5	11.2	9.9	4.4	5.0
6.2 Consumer Price Index for Industrial Workers	9.7	11.5	9.1	4.1	5.9
6.3 Wholesale Price Index	6.0	7.5	6.4	0.0	0.1
6.3.1 Primary Articles	9.8	15.3	10.8	-1.0	2.2
6.3.2 Fuel and Power	10.1	11.1	10.9	-4.9	-7.8
6.3.3 Manufactured Products	3.0	2.9	3.0	2.0	1.6
7 Foreign Trade (% Change)					
7.1 Imports	-8.3	-16.5	-14.8	25.6	-4.8
7.2 Exports	4.8	4.1	3.7	9.2	-3.8

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2013-14	2014		2015			
		Jan.	Dec. 26	Jan. 2	Jan. 9	Jan. 16	Jan. 23
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	12,835.11	12,621.45	13,710.02	13,591.63	13,810.67	13,935.06	13,912.45
1.1.2 Notes held in Banking Department	0.17	0.15	0.13	0.10	0.12	0.12	0.13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**12,835.28**	**12,621.60**	**13,710.14**	**13,591.74**	**13,810.79**	**13,935.19**	**13,912.58**
1.2 Assets							
1.2.1 Gold Coin and Bullion	682.33	639.75	616.53	643.07	643.07	643.07	643.07
1.2.2 Foreign Securities	12,141.07	11,970.47	13,081.31	12,936.73	13,154.20	13,279.03	13,256.85
1.2.3 Rupee Coin	1.41	0.92	1.84	1.47	3.05	2.62	2.19
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	4,721.36	3,808.87	4,204.47	4,172.30	4,103.70	4,270.63	4,680.02
2.1.1.1 Central Government	534.25	218.04	1.01	1.01	1.00	1.01	1.00
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,805.71	3,233.33	3,458.48	3,398.29	3,417.73	3,438.95	3,486.67
2.1.1.5 Scheduled State Co-operative Banks	39.04	32.23	33.52	33.74	33.83	33.28	33.23
2.1.1.6 Non-Scheduled State Co-operative Banks	5.50	3.67	10.51	10.19	10.73	10.35	10.58
2.1.1.7 Other Banks	174.92	157.80	177.06	178.11	176.91	178.01	179.09
2.1.1.8 Others	161.52	163.39	523.46	550.55	463.08	608.60	969.03
2.1.2 Other Liabilities	8,567.95	8,815.00	8,556.03	8,428.45	8,161.18	7,990.55	7,704.59
2.1/2.2 Total Liabilities or Assets	**13,289.32**	**12,623.87**	**12,760.50**	**12,600.76**	**12,264.89**	**12,261.18**	**12,384.62**
2.2 Assets							
2.2.1 Notes and Coins	0.17	0.15	0.13	0.10	0.12	0.12	0.13
2.2.2 Balances held Abroad	4,588.34	4,628.06	5,831.25	5,826.72	5,386.07	5,341.57	5,252.72
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	14.88	10.70	9.35	–	18.70	26.72	29.30
2.2.3.3 Scheduled Commercial Banks	421.78	298.04	920.71	746.98	841.24	889.15	1,097.87
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	77.15	70.36	44.60	47.65	48.11	45.96	46.35
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,387.75	6,813.86	5,292.51	5,292.52	5,281.16	5,267.64	5,267.54
2.2.6 Other Assets	799.25	802.70	661.94	686.79	689.49	690.02	690.71
2.2.6.1 Gold	619.82	581.14	560.05	584.16	584.16	584.16	584.16

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+8-2-4-7)
	Repo	Reverse Repo	Term Repo/ Overnight Variable Rate Repo	Term Reverse Repo/ Overnight Variable Rate Reverse Repo			Sale	Purchase	
	1	2	3	4	5	6	7	8	9
Dec. 1, 2014	135.68	32.15	–	184.32	7.25	–43.77	7.05	–	–124.36
Dec. 2, 2014	41.93	57.26	133.55	80.19	5.65	–1.85	127.86	–	–86.03
Dec. 3, 2014	38.46	26.39	–	140.61	8.33	2.33	7.00	–	–124.88
Dec. 4, 2014	48.74	44.60	–	192.53	4.20	–5.34	3.40	–	–192.93
Dec. 5, 2014	22.01	21.66	95.95	105.15	38.00	–	5.00	–	24.15
Dec. 8, 2014	111.57	24.07	–	18.55	1.91	20.82	–	–	91.68
Dec. 9, 2014	128.28	15.39	150.07	52.42	10.81	–11.70	–	–	209.65
Dec. 10, 2014	117.50	71.80	–	10.02	–	27.53	4.90	–	58.31
Dec. 11, 2014	126.81	21.21	–	100.04	4.30	–30.20	5.00	–	–25.34
Dec. 12, 2014	142.05	27.16	185.00	78.61	35.45	2.27	5.95	–	253.05
Dec. 15, 2014	186.47	45.14	66.40	–	2.07	34.00	–	–	243.80
Dec. 16, 2014	206.82	8.94	405.04	–	60.79	36.40	–	–	700.11
Dec. 17, 2014	229.77	17.58	343.50	–	2.70	16.10	–	–	574.49
Dec. 18, 2014	224.18	51.77	319.65	–	–	6.50	–	–	498.56
Dec. 19, 2014	212.97	25.22	471.87	–	0.09	–51.80	–	–	607.91
Dec. 22, 2014	219.72	21.18	382.65	–	4.79	47.35	–	–	633.33
Dec. 23, 2014	200.56	27.01	391.59	–	0.40	–3.10	–	–	562.44
Dec. 24, 2014	182.51	55.99	300.07	–	0.72	–5.62	–	–	421.69
Dec. 26, 2014	201.28	55.54	585.10	–	33.25	–33.02	–	–	731.07
Dec. 29, 2014	218.74	33.76	300.02	–	70.05	21.02	–	–	576.07
Dec. 30, 2014	215.29	91.46	505.04	–	1.00	3.30	–	–	633.17
Dec. 31, 2014	180.37	144.07	230.05	–	52.75	4.15	–	–	323.25

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

Item	2013-14	2013	2014	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US$ Million) (1.1–1.2)	8,992.00	3,483.00	3,081.00	6,739.00
1.1 Purchase (+)	52,394.00	5057.00	13027.00	17908.00
1.2 Sale (–)	43,402.00	1,574.00	9,946.00	11,169.00
2 ₹ equivalent at contract rate (₹ Billion)	586.19	221.62	176.75	413.95
3 Cumulative (over end-March) (US $ Million)	8,992.00	3,669.00	22,461.00	29,200.00
(₹ Billion)	586.19	230.69	1,287.18	1,701.13
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US$ Million)	–31,030.00	–32,607.00	13,236.00	6,853.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2013-14	2013	2014					
		Dec. 27	Jul. 25	Aug. 22	Sep. 19	Oct. 31	Nov. 28	Dec. 26
	1	2	3	4	5	6	7	8
1 MSF	176.3	385.4	23.5	12.0	0.6	0.2	7.5	33.3
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	568.0	488.1	326.9	320.7	307.2	137.1	131.0	129.6
2.2 Outstanding	410.4	418.1	276.3	137.4	128.6	43.9	66.8	68.4
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	22.2	23.6	20.7	23.5	23.3	20.1	11.8	17.1
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	608.9	827.1	320.5	172.9	152.5	64.2	86.1	118.8

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	12,483.4	12,136.6	13,085.1	13,358.2	13,262.9
1.1 Notes in Circulation	12,837.4	12,516.7	13,507.4	13,756.5	13,710.0
1.2 Circulation of Rupee Coin	166.0	161.1	180.0	180.0	180.0
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	527.3	548.6	609.7	585.7	634.5
2 Deposit Money of the Public	8,063.5	7,760.2	8,776.4	8,433.0	8,745.8
2.1 Demand Deposits with Banks	8,043.9	7,735.4	8,689.1	8,350.6	8,664.4
2.2 'Other' Deposits with Reserve Bank	19.7	24.9	87.3	82.4	81.4
3 M_1 (1 + 2)	20,547.0	19,896.9	21,861.5	21,791.2	22,008.7
4 Post Office Saving Bank Deposits	423.6	400.1	450.7	450.7	450.7
5 M_2 (3 + 4)	20,970.6	20,296.9	22,312.2	22,241.9	22,459.4
6 Time Deposits with Banks	74,426.3	72,333.1	80,269.3	80,371.0	80,493.1
7 M_3 (3 + 6)	94,973.3	92,229.9	102,130.7	102,162.2	102,501.8
8 Total Post Office Deposits	1,572.0	1,526.9	1,680.0	1,680.0	1,680.0
9 M_4 (7 + 8)	96,545.3	93,756.8	103,810.8	103,842.2	104,181.8

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 Net Bank Credit to Government	**30,386.0**	**29,616.1**	**31,221.6**	**31,610.6**	**30,830.6**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	6,987.1	6,264.9	5,568.2	5,658.5	5,072.7
1.1.1 Claims on Government	7,855.2	6,774.7	5,569.6	5,660.0	5,301.0
1.1.1.1 Central Government	7,844.1	6,767.0	5,558.6	5,640.6	5,291.6
1.1.1.2 State Governments	11.1	7.7	11.0	19.3	9.4
1.1.2 Government deposits with RBI	868.1	509.7	1.4	1.4	228.3
1.1.2.1 Central Government	867.7	509.3	1.0	1.0	227.8
1.1.2.2 State Governments	0.4	0.4	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	23,398.9	23,351.2	25,653.4	25,952.1	25,758.0
2 Bank Credit to Commercial Sector	**64,424.8**	**61,858.8**	**67,441.7**	**67,647.0**	**68,099.9**
2.1 RBI's credit to commercial sector	88.4	73.4	42.1	47.7	57.5
2.2 Other banks' credit to commercial sector	64,336.4	61,785.4	67,399.6	67,599.3	68,042.4
2.2.1 Bank credit by commercial banks	59,941.0	57,413.2	62,843.9	63,034.8	63,466.9
2.2.2 Bank credit by co-operative banks	4,357.8	4,321.4	4,510.1	4,518.1	4,528.7
2.2.3 Investments by commercial and co-operative banks in other securities	37.7	50.8	45.5	46.4	46.7
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**19,239.5**	**18,988.5**	**20,361.7**	**20,547.0**	**21,060.5**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	18,025.3	18,015.4	19,389.9	19,575.3	20,088.8
3.1.1 Gross foreign assets	18,025.6	18,015.8	19,390.2	19,575.6	20,089.1
3.1.2 Foreign liabilities	0.3	0.4	0.3	0.3	0.3
3.2 Other banks' net foreign exchange assets	1,214.2	973.1	971.7	971.7	971.7
4 Government's Currency Liabilities to the Public	**173.4**	**168.5**	**187.4**	**187.4**	**187.4**
5 Banking Sector's Net Non-monetary Liabilities	**19,250.4**	**18,402.0**	**17,081.6**	**17,829.9**	**17,676.7**
5.1 Net non-monetary liabilities of RBI	8,433.2	8,814.7	8,316.1	8,391.5	8,613.3
5.2 Net non-monetary liabilities of other banks (residual)	10,817.2	9,587.3	8,765.5	9,438.4	9,063.4
M_3 (1+2+3+4–5)	**94,973.3**	**92,229.9**	**102,130.7**	**102,162.2**	**102,501.8**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	20,547.0	19,896.9	21,861.5	21,791.2	22,008.7
NM_2 (NM_1+ 1.2.2.1)	52,895.1	51,315.7	56,801.3	56,769.2	57,009.3
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	94,642.2	92,157.5	101,310.6	101,433.7	101,803.9
1 Components					
1.1 Currency with the Public	12,483.4	12,136.6	13,085.1	13,358.2	13,262.9
1.2 Aggregate Deposits of Residents	79,928.7	77,555.0	86,333.1	86,079.4	86,443.6
1.2.1 Demand Deposits	8,043.9	7,735.4	8,689.1	8,350.6	8,664.4
1.2.2 Time Deposits of Residents	71,884.8	69,819.7	77,644.0	77,728.8	77,779.1
1.2.2.1 Short-term Time Deposits	32,348.2	31,418.8	34,939.8	34,978.0	35,000.6
1.2.2.1.1 Certificates of Deposit (CDs)	3,741.3	3,290.4	2,641.4	2,467.6	2,682.8
1.2.2.2 Long-term Time Deposits	39,536.7	38,400.8	42,704.2	42,750.9	42,778.5
1.3 'Other' Deposits with RBI	19.7	24.9	87.3	82.4	81.4
1.4 Call/Term Funding from Financial Institutions	2,210.4	2,441.0	1,805.2	1,913.7	2,016.1
2 Sources					
2.1 Domestic Credit	98,951.7	95,582.9	103,032.9	103,750.9	103,278.4
2.1.1 Net Bank Credit to the Government	30,386.0	29,616.1	31,221.6	31,610.6	30,830.6
2.1.1.1 Net RBI credit to the Government	6,987.1	6,264.9	5,568.2	5,658.5	5,072.7
2.1.1.2 Credit to the Government by the Banking System	23,398.9	23,351.2	25,653.4	25,952.1	25,758.0
2.1.2 Bank Credit to the Commercial Sector	68,565.7	65,966.8	71,811.3	72,140.3	72,447.7
2.1.2.1 RBI Credit to the Commercial Sector	88.4	73.4	42.1	47.7	57.5
2.1.2.2 Credit to the Commercial Sector by the Banking System	68,477.3	65,893.4	71,769.1	72,092.5	72,390.3
2.1.2.2.1 Other Investments (Non-SLR Securities)	4,120.9	4,081.3	4,321.5	4,447.6	4,295.6
2.2 Government's Currency Liabilities to the Public	173.4	168.5	187.4	187.4	187.4
2.3 Net Foreign Exchange Assets of the Banking Sector	16,047.4	15,829.4	17,436.7	17,668.5	17,986.5
2.3.1 Net Foreign Exchange Assets of the RBI	18,025.3	18,015.4	19,389.9	19,575.3	20,088.8
2.3.2 Net Foreign Currency Assets of the Banking System	–1,977.9	–2,186.0	–1,953.2	–1,906.8	–2,102.3
2.4 Capital Account	15,946.0	16,038.8	16,557.8	16,574.2	16,581.9
2.5 Other items (net)	4,584.3	3,384.6	2,788.6	3,598.8	3,066.5

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2013-14	2013	2014		
		Dec.	Oct.	Nov.	Dec.
	1	2	3	4	5
1 NM_3	**94,642.2**	**92,157.5**	**100,378.6**	**101,310.6**	**101,803.9**
2 Postal Deposits	1,572.0	1,526.9	1,680.0	1,680.0	1,680.0
3 L_1 (1 + 2)	**96,214.2**	**93,684.4**	**102,058.6**	**102,990.7**	**103,484.0**
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 L_2 (3 + 4)	**96,243.5**	**93,713.7**	**102,087.9**	**103,020.0**	**103,513.3**
6 Public Deposits with Non-Banking Financial Companies	203.8	128.3	..	..	228.0
7 L_3 (5 + 6)	**96,447.3**	**93,842.0**	..	..	**103,741.3**

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	13,010.7	12,685.2	13,694.8	13,943.8	13,897.4
1.2 Bankers' Deposits with the RBI	4,297.0	3,426.8	3,714.9	3,691.6	3,679.6
1.2.1 Scheduled Commercial Banks	4,070.8	3,236.4	3,498.3	3,473.7	3,458.5
1.3 'Other' Deposits with the RBI	19.7	24.9	87.3	82.4	81.4
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	17,327.4	16,136.9	17,497.0	17,717.9	17,658.4
2 Sources					
2.1 RBI's Domestic Credit	7,562.0	6,767.6	6,235.8	6,346.7	5,995.5
2.1.1 Net RBI credit to the Government	6,987.1	6,264.9	5,568.2	5,658.5	5,072.7
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)	6,976.4	6,257.7	5,557.6	5,639.6	5,063.8
2.1.1.1.1 Loans and Advances to the Central Government	–	–	105.6	342.6	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	7,842.9	6,764.5	5,451.7	5,295.4	5,289.8
2.1.1.1.3.1 Central Government Securities	7,832.4	6,754.0	5,441.3	5,285.0	5,279.3
2.1.1.1.4 Rupee Coins	1.3	2.5	1.3	2.6	1.8
2.1.1.1.5 Deposits of the Central Government	867.7	509.3	1.0	1.0	227.8
2.1.1.2 Net RBI credit to State Governments	10.6	7.3	10.6	18.9	8.9
2.1.2 RBI's Claims on Banks	486.5	429.3	625.5	640.4	865.3
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	484.7	427.5	625.5	640.0	865.2
2.1.3 RBI's Credit to Commercial Sector	88.4	73.4	42.1	47.7	57.5
2.1.3.1 Loans and Advances to Primary Dealers	25.2	23.6	11.8	16.7	17.1
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	173.4	168.5	187.4	187.4	187.4
2.3 Net Foreign Exchange Assets of the RBI	18,025.3	18,015.4	19,389.9	19,575.3	20,088.8
2.3.1 Gold	1,296.2	1,285.5	1,212.1	1,176.6	1,176.6
2.3.2 Foreign Currency Assets	16,729.3	16,730.1	18,178.0	18,398.9	18,912.4
2.4 Capital Account	8,315.7	8,545.9	8,166.4	8,166.4	8,166.4
2.5 Other Items (net)	117.5	268.8	149.7	225.0	446.9

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2013-14	2013	2014				
		Dec. 27	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
	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)	17,327.4	16,136.9	17,497.0	17,641.3	17,717.9	17,669.7	17,658.4
1 Components							
1.1 Currency in Circulation	13,010.7	12,685.2	13,694.8	13,841.2	13,943.8	13,920.3	13,897.4
1.2 Bankers' Deposits with RBI	4,297.0	3,426.8	3,714.9	3,718.6	3,691.6	3,662.6	3,679.6
1.3 'Other' Deposits with RBI	19.7	24.9	87.3	81.5	82.4	86.8	81.4
2 Sources							
2.1 Net Reserve Bank Credit to Government	6,987.1	6,264.9	5,568.2	5,842.8	5,658.5	5,069.8	5,072.7
2.2 Reserve Bank Credit to Banks	486.5	429.3	625.5	496.7	640.4	899.3	865.3
2.3 Reserve Bank Credit to Commercial Sector	88.4	73.4	42.1	39.2	47.7	48.1	57.5
2.4 Net Foreign Exchange Assets of RBI	18,025.3	18,015.4	19,389.9	19,268.2	19,575.3	19,951.5	20,088.8
2.5 Government's Currency Liabilities to the Public	173.4	168.5	187.4	187.4	187.4	187.4	187.4
2.6 Net Non- Monetary Liabilities of RBI	8,433.2	8,814.7	8,316.1	8,192.9	8,391.5	8,486.4	8,613.3

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2013-14	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	74,514.1	72,234.9	80,545.3	80,287.6	80,647.8
1.1.1 Demand Deposits	7,139.2	6,858.3	7,733.3	7,396.2	7,711.4
1.1.2 Time Deposits of Residents	67,374.9	65,376.6	72,812.0	72,891.4	72,936.4
1.1.2.1 Short-term Time Deposits	30,318.7	29,419.5	32,765.4	32,801.1	32,821.4
1.1.2.1.1 Certificates of Deposits (CDs)	3,741.3	3,290.4	2,641.4	2,467.6	2,682.8
1.1.2.2 Long-term Time Deposits	37,056.2	35,957.1	40,046.6	40,090.3	40,115.0
1.2 Call/Term Funding from Financial Institutions	2,210.4	2,441.0	1,805.2	1,913.7	2,016.1
2 Sources					
2.1 Domestic Credit	86,123.0	83,511.0	91,425.2	92,042.4	92,125.5
2.1.1 Credit to the Government	22,111.9	22,058.6	24,280.3	24,581.9	24,377.6
2.1.2 Credit to the Commercial Sector	64,011.1	61,452.5	67,144.8	67,460.5	67,747.9
2.1.2.1 Bank Credit	59,941.0	57,413.2	62,843.9	63,034.8	63,466.9
2.1.2.1.1 Non-food Credit	58,956.2	56,294.8	61,768.8	61,982.4	62,383.7
2.1.2.2 Net Credit to Primary Dealers	22.5	29.4	50.7	48.3	54.9
2.1.2.3 Investments in Other Approved Securities	16.3	18.2	18.3	19.5	20.1
2.1.2.4 Other Investments (in non-SLR Securities)	4,031.3	3,991.7	4,231.9	4,357.9	4,205.9
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–1,977.9	–2,186.0	–1,953.2	–1,906.8	–2,102.3
2.2.1 Foreign Currency Assets	1,495.3	1,335.5	1,274.3	1,330.1	1,281.3
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	2,541.5	2,513.4	2,625.2	2,642.1	2,713.9
2.2.3 Overseas Foreign Currency Borrowings	931.7	1,008.1	602.3	594.8	669.7
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,206.0	3,287.7	3,409.0	3,346.3	3,153.9
2.3.1 Balances with the RBI	3,163.4	3,236.4	3,498.3	3,473.7	3,458.5
2.3.2 Cash in Hand	458.7	478.7	536.3	512.6	560.6
2.3.3 Loans and Advances from the RBI	416.1	427.5	625.5	640.0	865.2
2.4 Capital Account	7,388.6	7,251.2	8,149.6	8,166.1	8,173.7
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,238.1	2,685.6	2,380.9	3,114.4	2,339.4
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,451.6	3,219.7	3,781.0	3,815.9	3,706.4
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–666.1	–555.2	–451.5	–430.6	–441.9

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 21, 2014	2013	2014		
		Dec. 27	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 SLR Securities	22,128.2	22,076.8	24,164.9	24,601.3	24,397.7
2 Commercial Paper	159.5	190.9	315.6	348.7	393.4
3 Shares issued by					
3.1 PSUs	82.9	86.4	69.5	70.3	69.9
3.2 Private Corporate Sector	334.2	334.3	346.2	349.7	351.4
3.3 Others	9.4	8.6	32.5	30.0	32.6
4 Bonds/Debentures issued by					
4.1 PSUs	831.5	783.2	791.7	766.3	770.3
4.2 Private Corporate Sector	1,159.1	1,117.5	1,171.0	1,133.2	1,140.5
4.3 Others	459.8	451.6	485.9	469.5	466.0
5 Instruments issued by					
5.1 Mutual funds	401.1	446.3	472.6	580.0	375.5
5.2 Financial institutions	593.8	572.8	617.2	610.2	606.3

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			
	2013-14	2013	2014		2013-14	2013	2014	
		Dec.	Nov.	Dec.		Dec.	Nov.	Dec.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	213	213	213	213	146	146	146	146
1 Liabilities to the Banking System	1,308.7	1,157.3	1,563.3	1,562.8	1,261.9	1,114.7	1,513.0	1,512.0
1.1 Demand and Time Deposits from Banks	821.7	764.9	1,111.5	1,117.7	777.2	726.5	1,063.3	1,068.9
1.2 Borrowings from Banks	351.9	322.0	378.5	384.8	349.7	317.8	376.6	382.9
1.3 Other Demand and Time Liabilities	135.1	70.4	73.3	60.2	135.0	70.4	73.2	60.2
2 Liabilities to Others	85,878.6	83,570.4	91,181.8	92,135.0	83,649.3	81,417.3	88,821.5	89,754.0
2.1 Aggregate Deposits	79,200.8	76,812.8	84,909.0	85,648.7	77,055.6	74,748.6	82,635.9	83,361.8
2.1.1 Demand	7,312.5	7,025.2	7,793.8	7,896.6	7,139.2	6,858.3	7,609.8	7,711.4
2.1.2 Time	71,888.4	69,787.5	77,115.2	77,752.0	69,916.4	67,890.2	75,026.1	75,650.3
2.2 Borrowings	2,227.8	2,457.1	1,830.0	2,033.8	2,210.4	2,441.0	1,813.4	2,016.1
2.3 Other Demand and Time Liabilities	4,449.9	4,300.5	4,442.8	4,452.6	4,383.3	4,227.8	4,372.2	4,376.1
3 Borrowings from Reserve Bank	417.9	429.3	756.4	920.9	416.1	427.5	756.4	920.7
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	417.9	429.3	756.4	920.9	416.1	427.5	756.4	920.7
4 Cash in Hand and Balances with Reserve Bank	3,729.1	3,818.5	4,142.9	4,132.5	3,622.1	3,715.1	4,030.0	4,019.1
4.1 Cash in Hand	470.0	490.5	544.1	573.5	458.7	478.7	531.7	560.6
4.2 Balances with Reserve Bank	3,259.0	3,328.0	3,598.9	3,559.0	3,163.4	3,236.4	3,498.3	3,458.5
5 Assets with the Banking System	2,325.9	2,030.6	2,229.7	2,401.1	1,950.5	1,699.2	1,847.0	2,008.8
5.1 Balances with Other Banks	1,191.9	1,041.0	1,293.0	1,498.0	1,062.3	932.2	1,146.9	1,346.8
5.1.1 In Current Account	115.3	133.1	93.3	111.2	97.3	113.1	77.2	95.3
5.1.2 In Other Accounts	1,076.6	907.9	1,199.7	1,386.8	965.0	819.1	1,069.7	1,251.4
5.2 Money at Call and Short Notice	453.7	360.3	408.3	380.9	278.0	223.5	257.4	216.4
5.3 Advances to Banks	170.8	136.4	167.3	161.9	167.4	130.9	164.0	158.5
5.4 Other Assets	509.5	492.9	361.0	360.3	442.7	412.7	278.6	287.1
6 Investment	22,797.6	22,736.4	24,859.7	25,100.4	22,128.2	22,076.8	24,164.9	24,397.7
6.1 Government Securities	22,778.7	22,715.7	24,840.7	25,077.3	22,111.9	22,058.6	24,149.3	24,377.6
6.2 Other Approved Securities	18.9	20.7	19.0	23.2	16.3	18.2	15.6	20.1
7 Bank Credit	61,794.9	59,216.2	64,499.7	65,443.3	59,941.0	57,413.4	62,553.5	63,466.9
7a Food Credit	1,095.2	1,228.8	1,185.5	1,193.6	984.8	1,118.4	1,075.1	1,083.2
7.1 Loans, Cash-credits and Overdrafts	59,517.5	57,057.5	62,352.8	63,241.8	57,690.8	55,281.0	60,432.6	61,293.0
7.2 Inland Bills-Purchased	387.8	390.5	323.0	330.3	384.4	387.4	317.1	326.8
7.3 Inland Bills-Discounted	1,121.7	1,017.0	1,143.5	1,175.9	1,105.8	1,000.2	1,128.8	1,157.4
7.4 Foreign Bills-Purchased	266.9	260.7	254.0	236.7	262.9	257.7	252.8	235.4
7.5 Foreign Bills-Discounted	501.0	490.5	426.4	458.7	497.1	487.2	422.2	454.3

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Dec. 27	Nov. 28	Dec. 26	2014-15	2014
	1	2	3	4	5	6
1 Gross Bank Credit	**56,572**	**54,157**	**59,020**	**59,330**	**4.9**	**9.6**
1.1 Food Credit	**912**	**1,071**	**1,058**	**1,065**	**16.8**	**–0.5**
1.2 Non-food Credit	**55,660**	**53,086**	**57,962**	**58,265**	**4.7**	**9.8**
1.2.1 Agriculture & Allied Activities	**6,694**	**6,351**	**7,460**	**7,512**	**12.2**	**18.3**
1.2.2 Industry	**25,229**	**24,117**	**25,452**	**25,752**	**2.1**	**6.8**
1.2.2.1 Micro & Small	3,517	3,252	3,589	3,684	4.8	13.3
1.2.2.2 Medium	1,274	1,259	1,258	1,268	–0.5	0.7
1.2.2.3 Large	20,438	19,607	20,605	20,800	1.8	6.1
1.2.3 Services	**13,370**	**12,628**	**13,693**	**13,502**	**1.0**	**6.9**
1.2.3.1 Transport Operators	904	860	893	883	–2.3	2.6
1.2.3.2 Computer Software	176	177	168	171	–2.7	–3.4
1.2.3.3 Tourism, Hotels & Restaurants	392	387	360	360	–8.2	–7.0
1.2.3.4 Shipping	99	91	96	96	–3.1	4.9
1.2.3.5 Professional Services	707	681	716	717	1.4	5.3
1.2.3.6 Trade	3,228	3,042	3,269	3,313	2.6	8.9
1.2.3.6.1 Wholesale Trade	1,701	1,576	1,620	1,649	–3.1	4.6
1.2.3.6.2 Retail Trade	1,527	1,466	1,649	1,664	9.0	13.5
1.2.3.7 Commercial Real Estate	1,544	1,428	1,651	1,643	6.4	15.1
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,946	2,904	3,048	3,000	1.8	3.3
1.2.3.9 Other Services	3,375	3,060	3,493	3,320	–1.6	8.5
1.2.4 Personal Loans	**10,367**	**9,990**	**11,357**	**11,499**	**10.9**	**15.1**
1.2.4.1 Consumer Durables	128	103	147	147	14.9	43.6
1.2.4.2 Housing	5,408	5,185	5,960	6,015	11.2	16.0
1.2.4.3 Advances against Fixed Deposits	641	586	557	600	–6.4	2.4
1.2.4.4 Advances to Individuals against share & bonds	38	34	40	41	7.3	23.0
1.2.4.5 Credit Card Outstanding	249	244	295	303	21.8	24.1
1.2.4.6 Education	600	592	628	630	4.9	6.3
1.2.4.7 Vehicle Loans	1,304	1,261	1,459	1,457	11.7	15.5
1.2.4.8 Other Personal Loans	1,998	1,985	2,271	2,307	15.5	16.2
1.2A Priority Sector	**18,781**	**17,367**	**18,927**	**19,552**	**4.1**	**12.6**
1.2A.1 Agriculture & Allied Activities	6,694	6,351	7,460	7,512	12.2	18.3
1.2A.2 Micro & Small Enterprises	7,511	6,584	7,565	7,657	1.9	16.3
1.2A.2.1 Manufacturing	3,852	3,252	3,589	3,684	–4.4	13.3
1.2A.2.2 Services	3,659	3,332	3,977	3,972	8.6	19.2
1.2A.3 Housing	3,034	2,952	3,211	3,201	5.5	8.4
1.2A.4 Micro-Credit	174	178	172	173	–0.7	–2.9
1.2A.5 Education Loans	579	568	592	591	2.1	4.1
1.2A.6 State-Sponsored Orgs. for SC/ST	2	1	4	3	118.1	156.6
1.2A.7 Weaker Sections	3,862	3,444	3,901	3,956	2.4	14.9
1.2A.8 Export Credit	483	413	416	406	–15.9	–1.7

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Dec. 27	Nov. 28	Dec. 26	2014-15	2014
	1	2	3	4	5	6
1 Industry	**25,229**	**24,117**	**25,452**	**25,752**	**2.1**	**6.8**
1.1 Mining & Quarrying (incl. Coal)	**353**	**354**	**369**	**367**	**3.8**	**3.5**
1.2 Food Processing	**1,480**	**1,370**	**1,491**	**1,536**	**3.8**	**12.1**
1.2.1 Sugar	348	300	328	339	–2.5	13.1
1.2.2 Edible Oils & Vanaspati	213	220	198	205	–3.6	–6.7
1.2.3 Tea	32	33	32	32	–0.5	–1.0
1.2.4 Others	887	818	933	959	8.2	17.3
1.3 Beverage & Tobacco	**186**	**168**	**187**	**192**	**3.1**	**14.4**
1.4 Textiles	**2,040**	**1,946**	**1,966**	**2,007**	**–1.6**	**3.1**
1.4.1 Cotton Textiles	1,011	956	954	981	–2.9	2.7
1.4.2 Jute Textiles	20	20	24	24	20.3	20.7
1.4.3 Man-Made Textiles	216	209	196	199	–7.8	–4.7
1.4.4 Other Textiles	793	762	792	802	1.2	5.3
1.5 Leather & Leather Products	**103**	**100**	**102**	**105**	**1.9**	**4.8**
1.6 Wood & Wood Products	**94**	**90**	**95**	**96**	**2.4**	**6.3**
1.7 Paper & Paper Products	**331**	**320**	**343**	**348**	**4.9**	**8.6**
1.8 Petroleum, Coal Products & Nuclear Fuels	**635**	**575**	**552**	**533**	**–16.1**	**–7.4**
1.9 Chemicals & Chemical Products	**1,677**	**1,656**	**1,527**	**1,509**	**–10.0**	**–8.9**
1.9.1 Fertiliser	306	275	222	243	–20.8	–11.7
1.9.2 Drugs & Pharmaceuticals	492	512	475	487	–1.0	–4.9
1.9.3 Petro Chemicals	435	388	401	344	–20.9	–11.1
1.9.4 Others	443	482	429	435	–1.9	–9.6
1.10 Rubber, Plastic & their Products	**368**	**354**	**366**	**375**	**1.8**	**5.7**
1.11 Glass & Glassware	**87**	**86**	**89**	**88**	**1.2**	**2.1**
1.12 Cement & Cement Products	**541**	**527**	**551**	**557**	**2.9**	**5.6**
1.13 Basic Metal & Metal Product	**3,620**	**3,449**	**3,667**	**3,700**	**2.2**	**7.3**
1.13.1 Iron & Steel	2,685	2,593	2,709	2,742	2.1	5.7
1.13.2 Other Metal & Metal Product	934	855	959	959	2.6	12.1
1.14 All Engineering	**1,456**	**1,388**	**1,473**	**1,478**	**1.5**	**6.5**
1.14.1 Electronics	367	336	377	380	3.3	13.0
1.14.2 Others	1,088	1,052	1,096	1,098	0.9	4.4
1.15 Vehicles, Vehicle Parts & Transport Equipment	**677**	**659**	**677**	**692**	**2.2**	**5.0**
1.16 Gems & Jewellery	**720**	**637**	**717**	**726**	**0.8**	**14.0**
1.17 Construction	**614**	**588**	**721**	**729**	**18.7**	**24.1**
1.18 Infrastructure	**8,398**	**8,047**	**8,873**	**8,969**	**6.8**	**11.5**
1.18.1 Power	4,883	4,685	5,296	5,381	10.2	14.9
1.18.2 Telecommunications	904	859	870	875	–3.2	1.8
1.18.3 Roads	1,574	1,511	1,648	1,662	5.6	10.0
1.18.4 Other Infrastructure	1,036	991	1,059	1,051	1.4	6.1
1.19 Other Industries	**1,850**	**1,803**	**1,686**	**1,747**	**–5.5**	**–3.1**

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					
	2013-14	2013	2014			
		Sep. 27	Aug. 29	Sep. 5	Sep. 19	Sep. 26
	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)	417.9	357.8	416.0	417.1	421.9	421.3
2 Demand and Time Liabilities						
2.1 Demand Liabilities	139.7	137.9	135.9	135.7	139.8	147.2
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.4	17.5	22.8	23.4	23.9	25.7
2.1.1.2 Others	76.2	72.6	75.4	73.6	74.4	75.3
2.1.2 Borrowings from Banks	7.2	20.6	10.3	10.3	11.6	14.6
2.1.3 Other Demand Liabilities	30.9	27.1	27.5	28.4	29.9	31.6
2.2 Time Liabilities	899.5	817.9	860.0	861.3	855.6	851.1
2.2.1 Deposits						
2.2.1.1 Inter-Bank	541.4	524.1	509.3	507.6	497.9	494.6
2.2.1.2 Others	341.7	285.2	340.6	343.4	347.5	346.0
2.2.2 Borrowings from Banks	5.9	–	0.1	0.1	1.8	–
2.2.3 Other Time Liabilities	10.2	8.6	9.9	10.1	8.3	10.4
3 Borrowing from Reserve Bank	–	–	0.4	0.4	0.4	0.4
4 Borrowings from a notified bank / State Government	337.9	381.3	416.0	416.4	416.5	411.7
4.1 Demand	162.6	149.7	164.7	165.5	164.5	164.1
4.2 Time	175.3	231.6	251.4	250.9	251.9	247.6
5 Cash in Hand and Balances with Reserve Bank	43.0	35.1	38.4	37.5	36.8	37.6
5.1 Cash in Hand	2.2	2.1	2.2	2.2	2.3	2.2
5.2 Balance with Reserve Bank	40.8	33.0	36.1	35.3	34.6	35.4
6 Balances with Other Banks in Current Account	8.3	7.6	8.1	8.9	8.4	8.5
7 Investments in Government Securities	289.4	286.1	299.8	299.4	295.5	293.1
8 Money at Call and Short Notice	213.9	156.4	190.7	183.9	193.9	190.4
9 Bank Credit (10.1+11)	388.2	370.3	382.2	313.4	376.0	380.4
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	388.2	370.2	382.2	313.4	376.0	380.4
10.2 Due from Banks	650.1	645.3	674.7	755.9	675.8	680.9
11 Bills Purchased and Discounted	–	0.1	0.0	0.1	0.0	–

Prices and Production

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

Group/Sub group	2013-14			Rural			Urban			Combined		
	Rural	Urban	Combined	Dec. 13	Nov. 14	Dec. 14	Dec. 13	Nov. 14	Dec. 14	Dec. 13	Nov. 14	Dec. 14
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food, beverages and tobacco	**138.8**	**138.0**	**138.6**	**143.2**	**151.8**	**150.2**	**140.0**	**149.2**	**147.6**	**142.2**	**151.0**	**149.4**
1.1 Cereals and products	132.8	131.9	132.6	136.4	142.4	142.3	133.9	138.8	138.0	135.8	141.5	141.2
1.2 Pulses and products	118.2	115.2	117.3	119.9	127.0	127.2	116.2	127.0	127.8	118.8	127.0	127.4
1.3 Oils and fats	143.9	141.9	143.2	146.1	145.8	145.5	141.7	137.4	137.3	144.7	143.1	142.9
1.4 Egg, fish and meat	143.1	146.8	144.4	146.0	153.5	153.9	148.9	156.0	156.3	147.0	154.3	154.7
1.5 Milk and products	144.2	139.0	142.3	147.5	160.6	161.1	142.5	156.8	157.0	145.6	159.2	159.6
1.6 Condiments and spices	134.3	132.9	133.9	137.1	144.3	144.5	136.2	153.9	155.1	136.8	147.1	147.6
1.7 Vegetables	161.5	157.5	160.3	177.2	193.9	179.4	160.3	174.5	158.7	171.9	187.8	172.9
1.8 Fruits	155.8	147.2	152.1	160.7	186.2	185.9	147.5	167.4	167.6	155.0	178.1	178.0
1.9 Sugar etc	109.5	105.0	108.2	109.3	109.7	108.5	103.8	104.7	102.4	107.7	108.3	106.8
1.10 Non-alcoholic beverages	135.0	136.9	135.8	137.4	143.9	144.6	138.6	147.1	148.2	137.9	145.3	146.1
1.11 Prepared meals etc	135.0	137.9	136.4	138.0	145.9	146.3	140.4	149.9	150.6	139.2	147.8	148.4
1.12 Pan, tobacco and intoxicants	143.5	147.8	144.7	146.7	155.5	156.7	149.7	164.7	165.7	147.5	158.0	159.2
2 Fuel and light	**136.9**	**133.9**	**135.7**	**139.5**	**144.4**	**144.8**	**135.4**	**138.5**	**139.1**	**137.9**	**142.2**	**142.6**
3 Housing	**--**	**133.5**	**133.5**	**--**	**--**	**--**	**136.5**	**145.7**	**147.2**	**136.5**	**145.7**	**147.2**
4 Clothing, bedding and footwear	**144.1**	**144.2**	**144.1**	**147.8**	**157.4**	**158.1**	**147.1**	**154.6**	**155.2**	**147.5**	**156.4**	**157.1**
4.1 Clothing and bedding	144.8	146.0	145.2	148.5	158.4	159.1	149.0	156.8	157.4	148.7	157.8	158.5
4.2 Footwear	140.0	133.8	137.7	143.4	151.7	152.0	136.0	141.8	142.2	140.7	148.1	148.5
5 Miscellaneous	**128.8**	**125.0**	**127.1**	**131.3**	**136.4**	**136.7**	**126.6**	**131.3**	**131.3**	**129.1**	**134.0**	**134.2**
5.1 Medical care	124.0	122.6	123.6	126.0	132.8	133.4	123.7	129.2	129.5	125.2	131.6	132.1
5.2 Education, stationery etc	125.7	126.9	126.4	128.4	135.5	136.1	128.8	138.5	138.7	128.6	137.1	137.5
5.3 Recreation and amusement	121.2	113.3	116.4	123.2	127.2	127.4	114.8	119.9	120.1	118.1	122.8	123.0
5.4 Transport and communication	131.0	125.3	127.8	133.2	136.7	136.1	126.6	127.5	126.5	129.5	131.5	130.7
5.5 Personal care and effects	126.2	121.6	124.3	128.4	135.1	135.6	123.1	130.9	131.5	126.2	133.4	133.9
5.6 Household requisites	134.1	127.5	131.4	137.1	138.8	139.3	129.5	133.9	134.3	134.0	136.8	137.3
5.7 Others	145.8	148.4	146.9	150.6	161.2	162.3	151.2	163.6	164.7	150.8	162.2	163.3
General Index (All Groups)	**136.4**	**133.3**	**135.0**	**140.1**	**147.5**	**146.7**	**135.3**	**142.8**	**142.5**	**138.0**	**145.5**	**144.9**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2013-14	2013	2014	
				Dec.	Nov.	Dec.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	236	239	253	253
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	750	765	813	807
3 Consumer Price Index for Rural Labourers	1986-87	–	751	766	816	810

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

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

Item	2013-14	2013	2014	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,190	29,904	26,115	26,678
2 Silver (₹ per kilogram)	46,637	44,534	36,593	37,455

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	2013-14	2013	2014		
			Dec.	Oct.	Nov. (P)	Dec. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**177.6**	**179.6**	**183.7**	**181.5**	**179.8**
1.1 PRIMARY ARTICLES	**20.118**	**241.6**	**243.7**	**253.3**	**252.4**	**249.0**
1.1.1 Food articles	**14.337**	**238.9**	**240.2**	**258.6**	**257.5**	**252.7**
1.1.1.1 Food Grains	4.090	226.0	230.1	235.9	235.8	234.8
1.1.1.1.1 Cereals	3.373	225.5	230.2	235.4	234.8	233.1
1.1.1.1.2 Pulses	0.717	228.0	229.4	238.2	240.5	242.9
1.1.1.2 Fruits & Vegetables	3.843	244.3	237.0	272.8	264.8	250.5
1.1.1.2.1 Vegetables	1.736	294.5	282.2	296.4	291.2	268.7
1.1.1.2.2 Fruits	2.107	202.9	199.8	253.3	243.1	235.5
1.1.1.3 Milk	3.238	220.6	225.3	246.4	246.4	247.2
1.1.1.4 Eggs, Meat & Fish	2.414	275.7	279.2	281.1	287.0	281.1
1.1.1.5 Condiments & Spices	0.569	245.6	263.3	302.8	305.5	307.8
1.1.1.6 Other Food Articles	0.183	229.1	213.7	256.4	249.5	250.4
1.1.2 Non-Food Articles	**4.258**	**213.2**	**215.7**	**210.0**	**208.5**	**209.1**
1.1.2.1 Fibres	0.877	239.7	235.9	205.0	202.9	203.5
1.1.2.2 Oil Seeds	1.781	202.6	203.5	205.6	203.7	202.5
1.1.2.3 Other Non-Food Articles	1.386	213.5	214.9	217.5	216.8	216.2
1.1.2.4 Flowers	0.213	190.8	238.2	219.2	217.7	239.9
1.1.3 Minerals	**1.524**	**346.5**	**354.6**	**324.3**	**327.4**	**325.7**
1.1.3.1 Metallic Minerals	0.489	387.3	387.3	422.8	410.8	426.6
1.1.3.2 Other Minerals	0.135	213.2	211.9	214.1	208.4	217.2
1.1.3.3 Crude Petroleum	0.900	344.3	358.2	287.2	299.9	287.2
1.2 FUEL & POWER	**14.910**	**205.4**	**211.1**	**210.8**	**199.3**	**194.6**
1.2.1 Coal	2.094	190.8	191.5	189.8	189.8	189.8
1.2.2 Mineral Oils	9.364	226.0	232.8	231.4	213.2	205.6
1.2.3 Electricity	3.452	158.7	163.8	167.6	167.6	167.6
1.3 MANUFACTURED PRODUCTS	**64.972**	**151.5**	**152.5**	**155.9**	**155.4**	**154.9**
1.3.1 Food Products	**9.974**	**168.8**	**169.8**	**173.9**	**172.6**	**172.7**
1.3.1.1 Dairy Products	0.568	180.4	183.2	203.5	204.6	207.4
1.3.1.2 Canning, Preserving & Processing of Food	0.358	164.9	168.3	169.8	164.9	166.3
1.3.1.3 Grain Mill Products	1.340	167.9	171.7	174.6	175.3	174.6
1.3.1.4 Bakery Products	0.444	139.2	141.9	147.7	141.7	147.5
1.3.1.5 Sugar, Khandsari & Gur	2.089	183.0	182.2	187.6	185.1	180.0
1.3.1.6 Edible Oils	3.043	147.0	148.3	143.5	143.9	144.1
1.3.1.7 Oil Cakes	0.494	223.5	219.5	229.1	224.7	227.2
1.3.1.8 Tea & Coffee Proccessing	0.711	182.1	180.5	191.5	188.2	193.2
1.3.1.9 Manufacture of Salt	0.048	186.0	191.1	196.8	196.8	196.8
1.3.1.10 Other Food Products	0.879	178.5	180.2	195.1	192.6	196.3
1.3.2 Beverages, Tobacco & Tobacco Products	**1.762**	**186.0**	**186.4**	**201.3**	**201.8**	**201.8**
1.3.2.1 Wine Industries	0.385	128.9	129.6	137.4	138.0	137.2
1.3.2.2 Malt Liquor	0.153	170.8	170.5	179.7	179.7	179.7
1.3.2.3 Soft Drinks & Carbonated Water	0.241	161.4	162.7	163.7	163.3	162.8
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	216.8	216.9	238.9	239.6	240.0
1.3.3 Textiles	**7.326**	**139.0**	**140.3**	**143.2**	**142.8**	**142.2**
1.3.3.1 Cotton Textiles	2.605	158.0	159.1	162.3	162.2	160.8
1.3.3.1.1 Cotton Yarn	1.377	174.7	175.3	178.0	177.9	175.2
1.3.3.1.2 Cotton Fabric	1.228	139.3	140.9	144.6	144.6	144.7
1.3.3.2 Man-Made Textiles	2.206	131.7	133.6	137.6	136.8	135.9
1.3.3.2.1 Man-Made Fibre	1.672	131.3	133.4	136.8	135.3	134.3
1.3.3.2.2 Man-Made Fabric	0.533	132.9	134.4	139.8	141.3	141.2
1.3.3.3 Woollen Textiles	0.294	154.8	157.4	161.7	161.9	160.8
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	183.9	185.1	190.7	190.1	191.4
1.3.3.5 Other Misc. Textiles	1.960	113.5	114.3	115.0	114.9	114.9
1.3.4 Wood & Wood Products	**0.587**	**179.1**	**179.6**	**187.1**	**186.5**	**189.1**
1.3.4.1 Timber/Wooden Planks	0.181	144.9	145.9	157.1	157.2	157.3
1.3.4.2 Processed Wood	0.128	185.6	186.5	191.5	191.4	191.4
1.3.4.3 Plywood & Fibre Board	0.241	205.2	205.1	212.7	211.2	217.5
1.3.4.4 Others	0.038	154.7	155.8	153.5	153.0	153.5

No. 21: Wholesale Price Index (Concld.)

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2013	2014		
			Dec.	Oct.	Nov. (P)	Dec. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	**2.034**	**143.0**	**145.1**	**151.2**	**151.3**	**151.2**
1.3.5.1 Paper & Pulp	1.019	141.6	143.9	150.7	150.6	150.9
1.3.5.2 Manufacture of boards	0.550	131.2	131.8	134.8	135.2	133.2
1.3.5.3 Printing & Publishing	0.465	159.8	163.6	171.8	171.8	173.0
1.3.6 Leather & Leather Products	**0.835**	**143.1**	**145.1**	**146.2**	**147.4**	**146.4**
1.3.6.1 Leathers	0.223	114.3	116.7	118.5	119.8	119.6
1.3.6.2 Leather Footwear	0.409	159.8	160.9	162.8	164.3	162.0
1.3.6.3 Other Leather Products	0.203	141.3	144.3	143.2	143.7	144.5
1.3.7 Rubber & Plastic Products	**2.987**	**146.0**	**148.1**	**151.0**	**150.9**	**149.7**
1.3.7.1 Tyres & Tubes	0.541	174.1	176.7	177.7	178.0	177.8
1.3.7.1.1 Tyres	0.488	174.4	176.7	177.8	177.9	177.9
1.3.7.1.2 Tubes	0.053	171.4	176.3	177.0	179.2	177.1
1.3.7.2 Plastic Products	1.861	136.3	138.3	142.1	141.9	139.8
1.3.7.3 Rubber Products	0.584	151.1	153.1	154.8	154.5	155.1
1.3.8 Chemicals & Chemical Products	**12.018**	**148.9**	**149.9**	**153.4**	**153.2**	**152.7**
1.3.8.1 Basic Inorganic Chemicals	1.187	150.6	150.5	156.8	156.1	156.1
1.3.8.2 Basic Organic Chemicals	1.952	147.5	151.4	151.6	151.0	148.9
1.3.8.3 Fertilisers & Pesticides	3.145	148.2	148.7	152.1	152.5	152.5
1.3.8.3.1 Fertilisers	2.661	152.3	152.6	154.9	155.4	155.2
1.3.8.3.2 Pesticides	0.483	125.9	127.5	136.6	136.7	137.6
1.3.8.4 Paints, Varnishes & Lacquers	0.529	147.6	148.4	150.6	150.3	150.4
1.3.8.5 Dyestuffs & Indigo	0.563	132.6	133.9	145.0	144.8	144.6
1.3.8.6 Drugs & Medicines	0.456	126.8	127.4	129.4	129.4	129.9
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	157.3	158.3	160.5	160.1	160.1
1.3.8.8 Turpentine, Plastic Chemicals	0.586	147.6	147.3	158.3	158.2	158.0
1.3.8.9 Polymers including Synthetic Rubber	0.970	142.8	141.4	152.5	152.8	153.3
1.3.8.10 Petrochemical Intermediates	0.869	170.4	172.6	165.0	164.0	159.9
1.3.8.11 Matches, Explosives & other Chemicals	0.629	149.8	150.5	154.8	154.6	153.9
1.3.9 Non-Metallic Mineral Products	**2.556**	**166.2**	**166.5**	**176.2**	**174.9**	**171.9**
1.3.9.1 Structural Clay Products	0.658	176.1	180.5	197.5	197.7	193.2
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	131.7	132.6	135.6	136.2	137.0
1.3.9.3 Cement & Lime	1.386	167.0	164.7	173.3	170.7	167.3
1.3.9.4 Cement, Slate & Graphite Products	0.256	171.3	174.5	178.1	177.6	177.1
1.3.10 Basic Metals, Alloys & Metal Products	**10.748**	**164.5**	**165.1**	**166.6**	**165.5**	**164.8**
1.3.10.1 Ferrous Metals	8.064	154.9	154.9	157.0	155.9	154.8
1.3.10.1.1 Iron & Semis	1.563	154.1	153.1	158.9	156.9	155.2
1.3.10.1.2 Steel: Long	1.630	165.6	165.1	167.3	164.5	163.3
1.3.10.1.3 Steel: Flat	2.611	153.9	154.3	152.2	150.2	150.2
1.3.10.1.4 Steel: Pipes & Tubes	0.314	129.8	132.0	133.9	134.3	134.4
1.3.10.1.5 Stainless Steel & alloys	0.938	159.8	161.4	167.3	167.3	166.9
1.3.10.1.6 Castings & Forgings	0.871	142.6	142.1	145.5	150.0	145.0
1.3.10.1.7 Ferro alloys	0.137	155.6	156.3	160.0	160.0	159.6
1.3.10.2 Non-Ferrous Metals	1.004	164.0	164.6	169.8	169.8	169.7
1.3.10.2.1 Aluminium	0.489	137.9	138.9	147.1	147.9	147.5
1.3.10.2.2 Other Non-Ferrous Metals	0.515	188.9	189.0	191.3	190.7	190.8
1.3.10.3 Metal Products	1.680	211.2	214.3	210.6	209.0	209.6
1.3.11 Machinery & Machine Tools	**8.931**	**131.6**	**132.6**	**134.9**	**134.9**	**134.9**
1.3.11.1 Agricultural Machinery & Implements	0.139	141.6	144.5	149.9	149.7	149.7
1.3.11.2 Industrial Machinery	1.838	150.1	150.9	152.6	152.8	152.8
1.3.11.3 Construction Machinery	0.045	137.0	136.9	141.4	141.4	141.4
1.3.11.4 Machine Tools	0.367	160.4	163.2	165.5	165.5	165.4
1.3.11.5 Air Conditioner & Refrigerators	0.429	115.6	115.6	120.8	120.8	120.8
1.3.11.6 Non-Electrical Machinery	1.026	123.8	124.3	127.3	127.3	127.4
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	136.6	137.8	138.7	138.6	138.5
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	150.3	151.6	156.6	156.9	157.1
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.6	117.0	120.8	119.6	120.9
1.3.11.10 Electronics Items	0.961	87.9	88.7	89.7	89.7	89.2
1.3.11.11 IT Hardware	0.267	88.4	88.5	91.7	91.7	91.7
1.3.11.12 Communication Equipments	0.118	95.9	95.9	98.2	99.1	99.1
1.3.12 Transport, Equipment & Parts	**5.213**	**134.5**	**135.9**	**136.0**	**135.9**	**135.9**
1.3.12.1 Automotives	4.231	134.0	135.6	135.0	134.8	134.9
1.3.12.2 Auto Parts	0.804	133.6	134.2	137.9	138.3	138.5
1.3.12.3 Other Transport Equipments	0.178	150.1	151.8	149.7	149.8	149.7

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	2012-13	2013-14	April-November		November	
				2013-14	2014-15	2013	2014
	1	2	3	4	5	6	7
General Index	**100.00**	**172.2**	**172.0**	**166.9**	**170.5**	**163.6**	**169.8**
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	125.5	124.7	118.3	121.2	123.7	127.9
1.2 Manufacturing	75.53	183.3	181.9	176.4	178.3	171.8	177.0
1.3 Electricity	10.32	155.2	164.7	163.3	180.7	158.5	174.3
2 Use-Based Classification							
2.1 Basic Goods	45.68	153.6	156.9	152.1	163.5	153.6	164.3
2.2 Capital Goods	8.83	251.6	242.6	234.7	246.1	235.6	250.9
2.3 Intermediate Goods	15.69	146.7	151.3	148.7	151.4	144.6	150.8
2.4 Consumer Goods	29.81	190.6	185.3	179.0	168.8	167.8	164.1
2.4.1 Consumer Durables	8.46	301.1	264.2	268.1	225.6	235.8	201.7
2.4.2 Consumer Non-Durables	21.35	146.9	154.0	143.6	146.3	140.8	149.2

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–December			
	2014-15 (Budget Estimates)	2013-14 (Actuals)	2014-15 (Actuals)	Percentage to Budget Estimates	
				2013-14	2014-15
	1	2	3	4	5
1 Revenue Receipts	11,897.6	6,339.3	6,937.7	60.0	58.3
1.1 Tax Revenue (Net)	9,772.6	5,176.6	5,457.1	58.6	55.8
1.2 Non-Tax Revenue	2,125.1	1,162.7	1,480.6	67.5	69.7
2 Capital Receipts	6,051.3	5,298.6	5,426.2	87.0	89.7
2.1 Recovery of Loans	105.3	80.4	82.8	75.4	78.7
2.2 Other Receipts	634.3	54.3	19.5	9.7	3.1
2.3 Borrowings and Other Liabilities	5,311.8	5,163.9	5,323.8	95.2	100.2
3 Total Receipts (1+2)	17,948.9	11,637.9	12,363.9	69.9	68.9
4 Non-Plan Expenditure	12,198.9	8,125.3	8,837.6	73.2	72.4
4.1 On Revenue Account	11,146.1	7,311.6	8,132.7	73.6	73.0
4.1.1 Interest Payments	4,270.1	2,484.6	2,752.2	67.0	64.5
4.2 On Capital Account	1,052.8	813.7	704.9	69.5	67.0
5 Plan Expenditure	5,750.0	3,512.6	3,526.3	63.3	61.3
5.1 On Revenue Account	4,535.0	2,740.2	2,822.8	61.8	62.2
5.2 On Capital Account	1,215.0	772.5	703.5	68.9	57.9
6 Total Expenditure (4+5)	17,948.9	11,637.9	12,363.9	69.9	68.9
7 Revenue Expenditure (4.1+5.1)	15,681.1	10,051.8	10,955.5	70.0	69.9
8 Capital Expenditure (4.2+5.2)	2,267.8	1,586.2	1,408.4	69.2	62.1
9 Revenue Deficit (7-1)	3,783.5	3,712.4	4,017.8	97.7	106.2
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,311.8	5,163.9	5,323.8	95.2	100.2
11 Gross Primary Deficit [10-4.1.1]	1,041.7	2,679.3	2,571.6	155.9	246.9

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2013-14	2013	2014					
		Dec. 27	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,101.8	749.1	618.1	635.0	556.8	427.8	507.2	688.0
1.4 Others	6.6	6.8	5.1	10.4	9.9	7.2	11.4	7.2
2 91-day								
2.1 Banks	286.0	260.4	312.2	299.7	294.3	290.8	299.3	330.8
2.2 Primary Dealers	286.9	213.8	327.7	343.7	352.8	341.5	345.5	330.9
2.3 State Governments	381.9	698.7	610.6	671.1	711.6	682.6	642.1	670.1
2.4 Others	300.3	373.2	507.7	501.9	498.3	519.7	520.9	511.0
3 182-day								
3.1 Banks	270.0	217.1	297.1	294.1	302.5	298.2	320.0	289.2
3.2 Primary Dealers	255.3	252.7	256.7	248.5	258.3	234.5	248.1	237.4
3.3 State Governments	74.1	9.8	12.1	12.6	12.6	12.6	12.6	12.6
3.4 Others	164.6	190.5	139.2	147.1	132.5	159.2	116.1	157.4
4 364-day								
4.1 Banks	356.1	273.0	438.6	437.0	465.1	427.6	432.9	395.4
4.2 Primary Dealers	480.7	607.0	560.0	569.8	541.8	496.1	591.3	622.8
4.3 State Governments	6.9	8.7	12.0	12.0	12.0	12.0	12.0	12.0
4.4 Others	523.6	479.5	424.1	416.7	415.1	488.7	387.8	384.5
5 Total	4,494.7	4,340.1	4,521.2	4,599.6	4,563.8	4,398.5	4,447.3	4,649.3

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										
2014-15										
Dec. 3	80	62	342.64	90.00	40	80.00	90.00	170.00	97.99	8.2275
Dec. 10	80	66	355.25	13.00	35	80.00	13.00	93.00	97.99	8.2275
Dec. 17	80	61	214.42	18.75	37	80.00	18.75	98.75	97.96	8.3528
Dec. 24	80	67	177.81	129.35	44	80.00	129.35	209.35	97.96	8.3528
Dec. 31	80	62	298.69	2.02	27	80.00	2.02	82.02	97.97	8.3110
182-day Treasury Bills										
2014-15										
Dec. 3	60	55	150.42	0.02	35	60.00	0.02	60.02	96.02	8.3127
Dec. 17	50	70	161.42	0.34	33	50.00	0.34	50.34	95.99	8.3780
Dec. 31	50	57	134.16	0.02	31	50.00	0.02	50.02	96.00	8.3562
364-day Treasury Bills										
2014-15										
Nov. 12	60	107	259.13	0.06	48	60.00	0.06	60.06	92.31	8.3535
Nov. 26	60	91	284.80	0.03	20	60.00	0.03	60.03	92.36	8.2947
Dec. 10	50	87	197.20	0.07	7	50.00	0.07	50.07	92.42	8.2242
Dec. 24	50	75	205.28	–	19	50.00	–	50.00	92.42	8.2242
Cash Management Bills										
2014-15										
Nov. 10	100	74	537.64	–	48	100.00	–	100.00	99.06	8.2466

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
December	1, 2014	6.30-8.25	7.90
December	2, 2014	4.00-8.20	7.91
December	3, 2014	6.30-8.30	7.91
December	4, 2014	6.30-8.20	7.84
December	5, 2014	4.00-8.15	7.85
December	6, 2014	2.00-8.25	6.64
December	8, 2014	6.30-8.20	7.93
December	9, 2014	6.30-8.25	7.91
December	10, 2014	6.30-8.30	8.01
December	11, 2014	6.30-8.25	7.78
December	12, 2014	3.50-8.25	7.83
December	13, 2014	4.00-8.10	7.08
December	15, 2014	6.00-8.45	8.04
December	16, 2014	6.75-9.05	8.35
December	17, 2014	7.00-9.15	8.62
December	18, 2014	6.90-9.00	8.44
December	19, 2014	4.00-9.15	8.27
December	20, 2014	5.00-8.00	6.44
December	22, 2014	6.50-8.50	8.21
December	23, 2014	6.75-8.50	8.13
December	24, 2014	6.50-8.40	8.02
December	26, 2014	4.00-8.50	8.08
December	27, 2014	3.00-7.75	6.94
December	29, 2014	6.65-8.50	8.20
December	30, 2014	6.50-8.80	8.34
December	31, 2014	6.00-9.25	8.88
January	1, 2015	6.50-8.40	7.90
January	2, 2015	4.00-8.20	7.80
January	3, 2015	1.00-7.21	4.93
January	5, 2015	6.50-9.10	8.29
January	6, 2015	6.00-8.50	7.99
January	7, 2015	6.50-8.30	7.95
January	8, 2015	6.50-8.35	8.02
January	9, 2015	4.50-8.40	7.95
January	10, 2015	2.50-8.40	6.39
January	12, 2015	6.40-8.40	8.01
January	13, 2015	6.40-8.65	8.07
January	14, 2015	6.00-8.65	8.08
January	15, 2015	6.25-8.25	7.87

No. 27: Certificates of Deposit

Item	2013	2014			
	Dec. 27	Nov. 14	Nov. 28	Dec. 12	Dec. 26
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,276.9	2,588.0	2,581.2	2,402.8	2,618.8
1.1 Issued during the fortnight (₹ Billion)	306.9	206.4	318.9	253.9	323.8
2 Rate of Interest (per cent)	8.35-9.37	8.33-9.12	8.30-8.84	8.21-8.82	8.24-8.74

No. 28: Commercial Paper

Item	2013	2014			
	Dec. 31	Nov. 15	Nov. 30	Dec. 15	Dec. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,403.6	2,287.5	2,253.8	2,342.3	2,082.5
1.1 Reported during the fortnight (₹ Billion)	299.9	363.4	477.0	562.1	436.4
2 Rate of Interest (per cent)	8.38-12.63	8.13-11.76	8.05-12.48	8.02-11.58	7.98-12.61

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2013-14	2013	2014					
		Dec. 27	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
	1	2	3	4	5	6	7	8
1 Call Money	230.7	260.2	164.0	176.3	182.2	193.5	179.2	210.7
2 Notice Money	71.6	100.1	37.9	75.7	45.7	64.9	53.1	92.1
3 Term Money	5.4	4.0	3.1	5.0	3.7	4.2	4.8	5.3
4 CBLO	1,196.3	916.4	1,237.4	1,127.7	1,271.1	1,194.3	1,313.1	1,125.2
5 Market Repo	986.8	1,046.3	967.4	1,224.1	1,126.7	1,183.4	809.8	949.4
6 Repo in Corporate Bond	0.3	–	–	–	2.0	–	–	–
7 Forex (US $ million)	50,568	41,867	54,826	54,555	48,466	56,428	61,076	44,460
8 Govt. of India Dated Securities	662.5	307.2	942.3	782.3	1,251.7	1,052.2	1,197.2	738.1
9 State Govt. Securities	12.8	5.7	9.9	15.3	12.9	19.3	24.8	24.0
10 Treasury Bills								
10.1 91-Day	26.7	29.6	37.6	16.6	30.8	44.4	13.3	31.0
10.2 182-Day	12.9	8.2	8.9	8.2	12.8	8.7	12.3	7.7
10.3 364-Day	25.4	17.5	9.9	11.2	27.2	19.7	11.3	9.5
10.4 Cash Management Bills	7.3	–	2.0	0.3	0.5	5.6	3.4	–
11 Total Govt. Securities (8+9+10)	747.6	368.2	1,010.7	834.0	1,335.9	1,149.9	1,262.2	810.2
11.1 RBI	4.0	0.2	4.4	7.1	30.7	4.1	3.6	3.3

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

(Amount in ₹ Billion)

Security & Type of Issue	2013-14		2013-14 (Apr.-Dec.)		2014-15 (Apr.-Dec.) *		Dec. 2013		Dec. 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	53	58.1	34	33.3	44	42.3	3	0.2	3	3.6
1A Premium	43	53.2	29	30.2	37	28.2	3	0.1	1	3.4
1.1 Prospectus	38	12.4	25	11.7	32	14.2	3	0.2	2	3.5
1.1.1 Premium	30	10.7	22	10.4	29	12.5	3	0.1	1	3.4
1.2 Rights	15	45.8	9	21.7	12	28.1	–	–	1	0.1
1.2.1 Premium	13	42.5	7	19.7	8	15.6	–	–	–	–
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	17	58.7	12	45.8	18	61.0	4	13.0	–	–
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	17	58.7	12	45.8	18	61.0	4	13.0	–	–
3.2.1 Prospectus	17	58.7	12	45.8	18	61.0	4	13.0	–	–
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	70	116.8	46	79.1	62	103.4	7	13.2	3	3.6
5.1 Prospectus	55	71.0	37	57.4	50	75.2	7	13.2	2	3.5
5.2 Rights	15	45.8	9	21.7	12	28.1	–	–	1	0.1

* : Data is Provisional

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	2013-14	2013	2014				
			Dec.	Aug.	Sep.	Oct.	Nov.	Dec.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	19,050.1	1,634.0	1,612.9	1,720.2	1,563.4	1,630.0	1,593.8
	US $ Million	314,415.7	26,393.1	26,487.2	28,261.9	25,487.2	26,416.5	25,397.7
1.1 Oil	₹ Billion	3,832.5	301.9	304.0	343.3	330.8	285.7	241.2
	US $ Million	63,179.4	4,876.0	4,991.5	5,640.5	5,393.5	4,630.0	3,843.5
1.2 Non-oil	₹ Billion	15,217.6	1,332.1	1,309.0	1,376.9	1,232.6	1,344.3	1,352.6
	US $ Million	251,236.3	21,517.0	21,495.8	22,621.5	20,093.7	21,786.4	21,554.2
2 Imports	₹ Billion	27,154.3	2,264.7	2,284.0	2,617.6	2,414.3	2,617.0	2,185.8
	US $ Million	450,213.6	36,580.1	37,507.4	43,006.4	39,358.7	42,412.7	34,832.6
2.1 Oil	₹ Billion	9,978.9	862.0	780.4	886.9	768.9	721.9	623.9
	US $ Million	164,770.3	13,923.5	12,814.9	14,571.5	12,535.2	11,699.3	9,941.5
2.2 Non-oil	₹ Billion	17,175.5	1,402.7	1,503.7	1,730.7	1,645.4	1,895.1	1,562.0
	US $ Million	285,443.3	22,656.6	24,692.5	28,434.9	26,823.5	30,713.4	24,891.0
3 Trade Balance	₹ Billion	–8,104.2	–630.7	–671.1	–897.4	–850.9	–987.0	–592.1
	US $ Million	–135,797.9	–10,187.0	–11,020.2	–14,744.5	–13,871.5	–15,996.3	–9,434.8
3.1 Oil	₹ Billion	–6,146.4	–560.1	–476.4	–543.6	–438.1	–436.2	–382.7
	US $ Million	–101,591.0	–9,047.5	–7,823.4	–8,931.1	–7,141.7	–7,069.3	–6,098.0
3.2 Non-oil	₹ Billion	–1,957.9	–70.6	–194.7	–353.8	–412.8	–550.8	–209.4
	US $ Million	–34,206.9	–1,139.6	–3,196.7	–5,813.4	–6,729.8	–8,927.0	–3,336.8

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

No. 32: Foreign Exchange Reserves

Item	Unit	2014		2015				
		Jan. 31	Dec. 26	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30
		1	2	3	4	5	6	7
1 Total Reseves	**₹ Billion**	**18,185**	**20,286**	**20,180**	**19,950**	**19,977**	**19,862**	**20,294**
	US $ Million	**291,070**	**319,710**	**319,239**	**319,475**	**322,136**	**322,038**	**327,884**
1.1 Foreign Currency Assets	₹ Billion	16,529	18,770	18,616	18,395	18,426	18,318	18,747
	US $ Million	264,569	295,400	294,537	294,845	297,530	297,511	303,325
1.2 Gold	₹ Billion	1,254	1,177	1,227	1,227	1,227	1,227	1,227
	US $ Million	20,076	18,985	19,378	19,378	19,378	19,378	19,378
1.3 SDRs	SDRs Million	2,887	2,889	2,889	2,889	2,889	2,889	2,889
	₹ Billion	277	266	265	258	254	249	252
	US $ Million	4,430	4,186	4,185	4,129	4,109	4,048	4,073
1.4 Reserve Tranche Position in IMF	₹ Billion	125	73	72	70	69	68	68
	US $ Million	1,995	1,139	1,139	1,123	1,118	1,101	1,108

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2013-14	2013	2014		2013-14	2014-15
		Dec.	Nov.	Dec.	Apr.-Dec.	Apr.-Dec.
	1	2	3	4	5	6
1 NRI Deposits	**103,844**	**98,639**	**109,977**	**110,012**	**35,147**	**9,998**
1.1 FCNR(B)	41,823	40,419	42,262	42,422	25,231	599
1.2 NR(E)RA	52,908	49,653	58,386	58,311	9,875	8,705
1.3 NRO	9,114	8,567	9,328	9,280	41	694

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2013-14	2013-14	2014-15	2013	2014	
		Apr.-Dec.	Apr.-Dec.	Dec.	Nov.	Dec.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**21,564**	**20,655**	**24,192**	**1,861**	**1,767**	**3,459**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**30,762**	**20,983**	**25,206**	**1,705**	**1,722**	**3,566**
1.1.1.1 Gross Inflows/Gross Investments	**36,046**	**25,103**	**31,633**	**2,175**	**2,622**	**4,466**
1.1.1.1.1 Equity	25,274	17,268	21,533	1,187	1,623	2,247
1.1.1.1.1.1 Government (SIA/FIPB)	1,185	1,055	1,563	43	124	239
1.1.1.1.1.2 RBI	14,869	8,729	13,846	919	1,391	1,626
1.1.1.1.1.3 Acquisition of shares	8,245	6,775	5,416	140	22	296
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	708	708	86	86	86
1.1.1.1.2 Reinvested earnings	8,978	6,521	6,521	791	791	791
1.1.1.1.3 Other capital	1,794	1,314	3,579	197	208	1,428
1.1.1.2 Repatriation/Disinvestment	**5,284**	**4,120**	**6,427**	**470**	**901**	**901**
1.1.1.2.1 Equity	4,786	3,702	6,307	441	901	901
1.1.1.2.2 Other capital	498	418	119	29	0	0
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**9,199**	**327**	**1,015**	**–156**	**–45**	**107**
1.1.2.1 Equity capital	12,420	3,108	2,625	400	271	358
1.1.2.2 Reinvested Earnings	1,167	870	870	99	99	99
1.1.2.3 Other Capital	3,148	2,445	2,163	179	154	219
1.1.2.4 Repatriation/Disinvestment	7,535	6,096	4,643	834	569	569
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**4,822**	**–4,436**	**28,485**	**2,887**	**4,866**	**–370**
1.2.1 GDRs/ADRs	20	20	–	–	–	–
1.2.2 FIIs	5,009	–4,512	28,487	2,934	4,832	–404
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	207	–56	2	48	–34	–34
1 Foreign Investment Inflows	**26,385**	**16,219**	**52,677**	**4,747**	**6,633**	**3,089**

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

(US$ Million)

Item	2013-14	2013	2014		
		Nov.	Sep.	Oct.	Nov.
	1	2	3	4	5
1 Outward Remittances under the LRS	**1,093.9**	**59.4**	**110.2**	**90.5**	**119.2**
1.1 Deposit	31.6	1.2	4.0	2.0	1.9
1.2 Purchase of immovable property	58.7	0.3	3.3	3.7	4.2
1.3 Investment in equity/debt	165.5	2.9	16.1	13.9	11.3
1.4 Gift	267.1	9.8	32.0	30.5	32.1
1.5 Donations	2.0	–	0.1	0.6	0.2
1.6 Travel	15.9	0.2	0.8	0.7	0.7
1.7 Maintenance of close relatives	173.9	34.5	14.0	12.7	13.0
1.8 Medical Treatment	4.7	0.2	0.5	0.9	0.3
1.9 Studies Abroad	159.3	5.1	29.0	15.6	33.0
1.10 Others	215.3	5.2	10.4	9.9	22.5

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

Item	2012-13	2013-14	2014		2015
			January	December	January
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	78.32	72.32	71.08	73.64	75.44
1.2 REER	105.57	103.27	102.75	108.81	111.46
2 Export-Based Weights					
2.1 NEER	80.05	73.56	72.12	74.62	76.59
2.2 REER	108.71	105.49	104.72	111.02	113.95
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	75.59	67.75	65.36	67.88	69.76
1.2 REER	117.15	112.77	110.17	120.21	124.11
2 Base: 2013-14 (April-March) =100					
2.1 NEER	111.57	100.00	96.47	100.19	102.96
2.2 REER	103.88	100.00	97.69	106.60	110.05

No. 37: External Commercial Borrowings (ECBs)

(Amount in US$ Million)

Item	2013-14	2013	2014	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Automatic Route				
1.1 Number	573	55	64	59
1.2 Amount	12,340	561	1,968	491
2 Approval Route				
2.1 Number	140	15	3	4
2.2 Amount	20,892	4,002	1,525	146
3 Total (1+2)				
3.1 Number	713	70	67	63
3.2 Amount	33,232	4,563	3,493	637
4 Weighted Average Maturity (in years)	4.88	2.69	6.35	5.06
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.98	1.28	1.69	2.82
5.2 Interest rate range for Fixed Rate Loans	0.00-12.79	0.00-7.65	0.00-13.50	0.00-10.50

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jul-Sep 2013 (PR)			Jul-Sep 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**259,729**	**270,084**	**–10,355**	**276,182**	**269,285**	**6,897**
1 CURRENT ACCOUNT (1.1+ 1.2)	**138,351**	**143,521**	**–5,170**	**144,099**	**154,180**	**–10,081**
1.1 MERCHANDISE	**81,243**	**114,548**	**–33,305**	**85,262**	**123,828**	**–38,566**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**57,108**	**28,973**	**28,135**	**58,837**	**30,353**	**28,484**
1.2.1 Services	36,665	18,293	18,371	38,358	19,357	19,001
1.2.1.1 Travel	3,991	3,104	887	4,992	4,123	869
1.2.1.2 Transportation	4,155	3,461	693	4,540	4,109	430
1.2.1.3 Insurance	549	285	265	601	261	340
1.2.1.4 G.n.i.e.	100	274	–174	138	252	–115
1.2.1.5 Miscellaneous	27,870	11,169	16,700	28,087	10,612	17,476
1.2.1.5.1 Software Services	16,988	691	16,297	17,645	728	16,917
1.2.1.5.2 Business Services	7,461	7,052	408	7,077	6,780	297
1.2.1.5.3 Financial Services	1,776	1,035	741	1,363	852	512
1.2.1.5.4 Communication Services	575	204	371	492	355	138
1.2.2 Transfers	17,346	1,259	16,086	17,505	1,161	16,344
1.2.2.1 Official	34	230	–196	98	267	–169
1.2.2.2 Private	17,311	1,029	16,283	17,407	894	16,513
1.2.3 Income	3,097	9,420	–6,323	2,974	9,834	–6,860
1.2.3.1 Investment Income	2,296	8,684	–6,388	2,105	9,096	–6,992
1.2.3.2 Compensation of Employees	801	736	65	869	738	131
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**121,378**	**126,128**	**–4,750**	**132,084**	**113,374**	**18,709**
2.1 Foreign Investment (2.1.1+2.1.2)	**60,500**	**59,001**	**1,499**	**75,561**	**57,784**	**17,777**
2.1.1 Foreign Direct Investment	11,022	2,922	8,101	12,152	4,137	8,015
2.1.1.1 In India	9,785	1,058	8,728	10,582	2,110	8,472
2.1.1.1.1 Equity	7,424	852	6,572	7,463	2,050	5,413
2.1.1.1.2 Reinvested Earnings	2,088	–	2,088	2,088	–	2,088
2.1.1.1.3 Other Capital	273	205	68	1,031	60	971
2.1.1.2 Abroad	1,237	1,864	–627	1,570	2,028	–457
2.1.1.2.1 Equity	1,237	725	512	1,570	930	640
2.1.1.2.2 Reinvested Earnings	–	297	–297	–	297	–297
2.1.1.2.3 Other Capital	–	843	–843	–	801	–801
2.1.2 Portfolio Investment	49,478	56,079	–6,602	63,409	53,647	9,762
2.1.2.1 In India	49,348	55,912	–6,564	63,293	53,421	9,872
2.1.2.1.1 FIIs	49,348	55,912	–6,564	63,293	53,421	9,872
2.1.2.1.1.1 Equity	40,806	41,656	–850	40,806	41,656	–850
2.1.2.1.1.2 Debt	8,542	14,256	–5,714	22,487	11,765	10,722
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	130	168	–38	116	226	–110
2.2 Loans (2.2.1+2.2.2+2.2.3)	**33,337**	**33,809**	**–472**	**32,681**	**30,440**	**2,241**
2.2.1 External Assistance	791	953	–162	1,376	720	656
2.2.1.1 By India	11	61	–50	16	131	–115
2.2.1.2 To India	780	893	–112	1,360	589	771
2.2.2 Commercial Borrowings	5,522	3,970	1,552	8,866	7,128	1,738
2.2.2.1 By India	345	112	233	366	20	346
2.2.2.2 To India	5,177	3,858	1,319	8,500	7,108	1,392
2.2.3 Short Term to India	27,024	28,886	–1,862	22,439	22,592	–153
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	27,024	28,683	–1,659	21,773	22,592	–819
2.2.3.2 Suppliers' Credit up to 180 days	–	203	–203	666	–	666
2.3 Banking Capital (2.3.1+2.3.2)	**23,925**	**22,763**	**1,162**	**19,478**	**19,906**	**–428**
2.3.1 Commercial Banks	23,898	22,763	1,135	19,344	19,906	–562
2.3.1.1 Assets	2,033	7,705	–5,672	2,080	3,114	–1,034
2.3.1.2 Liabilities	21,865	15,058	6,807	17,263	16,791	472
2.3.1.2.1 Non-Resident Deposits	19,960	11,803	8,158	16,883	12,819	4,064
2.3.2 Others	28	–	28	134	–	134
2.4 Rupee Debt Service	–	2	–2	–	2	–2
2.5 Other Capital	3,615	10,553	–6,938	4,363	5,242	–879
3 Errors & Omissions	–	**434**	**–434**	–	**1,731**	**–1,731**
4 Monetary Movements (4.1+ 4.2)	**10,355**	–	**10,355**	–	**6,897**	**–6,897**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	10,355	–	10,355	–	6,897	–6,897

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Jul-Sep 2013 (PR)			Jul-Sep 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**16,167**	**16,811**	**–645**	**16,738**	**16,320**	**418**
1 CURRENT ACCOUNT (1.1+ 1.2)	**8,612**	**8,934**	**–322**	**8,733**	**9,344**	**–611**
1.1 MERCHANDISE	**5,057**	**7,130**	**–2,073**	**5,167**	**7,505**	**–2,337**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**3,555**	**1,803**	**1,751**	**3,566**	**1,840**	**1,726**
1.2.1 Services	2,282	1,139	1,144	2,325	1,173	1,152
1.2.1.1 Travel	248	193	55	303	250	53
1.2.1.2 Transportation	259	215	43	275	249	26
1.2.1.3 Insurance	34	18	16	36	16	21
1.2.1.4 G.n.i.e.	6	17	–11	8	15	–7
1.2.1.5 Miscellaneous	1,735	695	1,040	1,702	643	1,059
1.2.1.5.1 Software Services	1,057	43	1,014	1,069	44	1,025
1.2.1.5.2 Business Services	464	439	25	429	411	18
1.2.1.5.3 Financial Services	111	64	46	83	52	31
1.2.1.5.4 Communication Services	36	13	23	30	21	8
1.2.2 Transfers	1,080	78	1,001	1,061	70	991
1.2.2.1 Official	2	14	–12	6	16	–10
1.2.2.2 Private	1,078	64	1,014	1,055	54	1,001
1.2.3 Income	193	586	–394	180	596	–416
1.2.3.1 Investment Income	143	541	–398	128	551	–424
1.2.3.2 Compensation of Employees	50	46	4	53	45	8
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**7,555**	**7,851**	**–296**	**8,005**	**6,871**	**1,134**
2.1 Foreign Investment (2.1.1+2.1.2)	3,766	3,673	93	4,579	3,502	1,077
2.1.1 Foreign Direct Investment	686	182	504	737	251	486
2.1.1.1 In India	609	66	543	641	128	513
2.1.1.1.1 Equity	462	53	409	452	124	328
2.1.1.1.2 Reinvested Earnings	130	–	130	127	–	127
2.1.1.1.3 Other Capital	17	13	4	62	4	59
2.1.1.2 Abroad	77	116	–39	95	123	–28
2.1.1.2.1 Equity	77	45	32	95	56	39
2.1.1.2.2 Reinvested Earnings	–	18	–18	–	18	–18
2.1.1.2.3 Other Capital	–	52	–52	–	49	–49
2.1.2 Portfolio Investment	3,080	3,491	–411	3,843	3,251	592
2.1.2.1 In India	3,072	3,480	–409	3,836	3,238	598
2.1.2.1.1 FIIs	3,072	3,480	–409	3,836	3,238	598
2.1.2.1.1.1 Equity	2,540	2,593	–53	2,473	2,525	–52
2.1.2.1.1.2 Debt	532	887	–356	1,363	713	650
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	8	10	–2	7	14	–7
2.2 Loans (2.2.1+2.2.2+2.2.3)	**2,075**	**2,104**	**–29**	**1,981**	**1,845**	**136**
2.2.1 External Assistance	49	59	–10	83	44	40
2.2.1.1 By India	1	4	–3	1	8	–7
2.2.1.2 To India	49	56	–7	82	36	47
2.2.2 Commercial Borrowings	344	247	97	537	432	105
2.2.2.1 By India	21	7	15	22	1	21
2.2.2.2 To India	322	240	82	515	431	84
2.2.3 Short Term to India	1,682	1,798	–116	1,360	1,369	–9
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,682	1,785	–103	1,320	1,369	–50
2.2.3.2 Suppliers' Credit up to 180 days	–	13	–13	40	–	40
2.3 Banking Capital (2.3.1+2.3.2)	**1,489**	**1,417**	**72**	**1,180**	**1,206**	**–26**
2.3.1 Commercial Banks	1,488	1,417	71	1,172	1,206	–34
2.3.1.1 Assets	127	480	–353	126	189	–63
2.3.1.2 Liabilities	1,361	937	424	1,046	1,018	29
2.3.1.2.1 Non-Resident Deposits	1,242	735	508	1,023	777	246
2.3.2 Others	2	–	2	8	–	8
2.4 Rupee Debt Service	–	–	–	–	–	–
2.5 Other Capital	225	657	–432	264	318	–53
3 Errors & Omissions	–	**27**	**–27**	–	**105**	**–105**
4 Monetary Movements (4.1+ 4.2)	**645**	–	**645**	–	**418**	**–418**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	645	–	645	–	418	–418

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

(US $ Million)

Item	Jul-Sep 2013 (PR)			Jul-Sep 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**138,345**	**143,499**	**–5,153**	**144,051**	**154,154**	**–10,103**
1.A Goods and Services (1.A.a+1.A.b)	**117,908**	**132,842**	**–14,934**	**123,619**	**143,185**	**–19,565**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**81,243**	**114,548**	**–33,305**	**85,262**	**123,828**	**–38,566**
1.A.a.1 General merchandise on a BOP basis	80,511	110,685	–30,175	85,262	116,223	–30,961
1.A.a.2 Net exports of goods under merchanting	732	–	732	–	–	–
1.A.a.3 Nonmonetary gold	–	3,863	–3,863	–	7,605	–7,605
1.A.b Services (1.A.b.1 to 1.A.b.13)	**36,665**	**18,293**	**18,372**	**38,358**	**19,357**	**19,001**
1.A.b.1 Manufacturing services on physical inputs owned by others	14	7	7	24	7	17
1.A.b.2 Maintenance and repair services n.i.e.	71	67	5	40	46	–6
1.A.b.3 Transport	4,155	3,461	693	4,540	4,109	430
1.A.b.4 Travel	3,991	3,104	887	4,992	4,123	869
1.A.b.5 Construction	278	286	–8	338	276	62
1.A.b.6 Insurance and pension services	549	285	265	601	261	340
1.A.b.7 Financial services	1,776	1,035	741	1,363	852	512
1.A.b.8 Charges for the use of intellectual property n.i.e.	107	650	–543	76	922	–845
1.A.b.9 Telecommunications, computer, and information services	17,603	962	16,641	18,184	1,145	17,039
1.A.b.10 Other business services	7,461	7,052	408	7,077	6,780	297
1.A.b.11 Personal, cultural, and recreational services	307	248	59	322	421	–99
1.A.b.12 Government goods and services n.i.e.	100	274	–174	138	252	–115
1.A.b.13 Others n.i.e.	253	863	–610	662	163	498
1.B Primary Income (1.B.1 to 1.B.3)	**3,097**	**9,420**	**–6,323**	**2,974**	**9,834**	**–6,860**
1.B.1 Compensation of employees	801	736	65	869	738	131
1.B.2 Investment income	2,089	8,645	–6,556	1,811	9,025	–7,214
1.B.2.1 Direct investment	797	3,237	–2,440	649	3,138	–2,489
1.B.2.2 Portfolio investment	85	2,732	–2,647	49	2,476	–2,427
1.B.2.3 Other investment	43	2,675	–2,632	108	3,411	–3,303
1.B.2.4 Reserve assets	1,164	2	1,162	1,005	–	1,005
1.B.3 Other primary income	207	39	168	294	71	222
1.C Secondary Income (1.C.1+1.C.2)	**17,340**	**1,237**	**16,103**	**17,457**	**1,135**	**16,322**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,311	1,029	16,283	17,407	894	16,513
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,656	976	15,680	16,753	813	15,940
1.C.1.2 Other current transfers	655	53	602	654	81	573
1.C.2 General government	28	208	–180	50	241	–191
2 Capital Account (2.1+2.2)	**94**	**159**	**–65**	**85**	**99**	**–14**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	10	22	–12	9	19	–10
2.2 Capital transfers	84	137	–53	76	80	–5
3 Financial Account (3.1 to 3.5)	**131,666**	**126,014**	**5,652**	**132,066**	**120,217**	**11,849**
3.1 Direct Investment (3.1A+3.1B)	**11,022**	**2,922**	**8,101**	**12,152**	**4,137**	**8,015**
3.1.A Direct Investment in India	9,785	1,058	8,728	10,582	2,110	8,472
3.1.A.1 Equity and investment fund shares	9,512	852	8,660	9,551	2,050	7,501
3.1.A.1.1 Equity other than reinvestment of earnings	7,424	852	6,572	7,463	2,050	5,413
3.1.A.1.2 Reinvestment of earnings	2,088	–	2,088	2,088	–	2,088
3.1.A.2 Debt instruments	273	205	68	1,031	60	971
3.1.A.2.1 Direct investor in direct investment enterprises	273	205	68	1,031	60	971
3.1.B Direct Investment by India	1,237	1,864	–627	1,570	2,028	–457
3.1.B.1 Equity and investment fund shares	1,237	1,022	215	1,570	1,227	343
3.1.B.1.1 Equity other than reinvestment of earnings	1,237	725	512	1,570	930	640
3.1.B.1.2 Reinvestment of earnings	–	297	–297	–	297	–297
3.1.B.2 Debt instruments	–	843	–843	–	801	–801
3.1.B.2.1 Direct investor in direct investment enterprises	–	843	–843	–	801	–801
3.2 Portfolio Investment	**49,478**	**56,079**	**–6,602**	**63,409**	**53,647**	**9,762**
3.2.A Portfolio Investment in India	49,348	55,912	–6,564	63,293	53,421	9,872
3.2.1 Equity and investment fund shares	40,806	41,656	–850	40,806	41,656	–850
3.2.2 Debt securities	8,542	14,256	–5,714	22,487	11,765	10,722
3.2.B Portfolio Investment by India	130	168	–38	116	226	–110
3.3 Financial derivatives (other than reserves) and employee stock options	**775**	**2,363**	**–1,588**	**1,862**	**3,900**	**–2,038**
3.4 Other investment	**60,037**	**64,650**	**–4,613**	**54,643**	**51,636**	**3,006**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	19,988	11,803	8,185	17,017	12,819	4,198
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	28	–	28	134	–0	134
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	19,960	11,803	8,158	16,883	12,819	4,064
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	10,251	15,884	–5,633	12,703	14,934	–2,231
3.4.3.A Loans to India	9,895	15,711	–5,816	12,321	14,784	–2,463
3.4.3.B Loans by India	356	173	184	382	150	231
3.4.4 Insurance, pension, and standardized guarantee schemes	382	322	61	71	67	3
3.4.5 Trade credit and advances	27,024	28,886	–1,862	22,439	22,592	–153
3.4.6 Other accounts receivable/payable - other	2,392	7,756	–5,365	2,413	1,223	1,190
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	**10,355**	–	**10,355**	–	**6,897**	**–6,897**
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)	10,355	–	10,355	–	6,897	–6,897
4 Total assets/liabilities	**131,666**	**126,014**	**5,652**	**132,066**	**120,217**	**11,849**
4.1 Equity and investment fund shares	52,841	46,382	6,460	53,975	49,126	4,849
4.2 Debt instruments	66,078	71,876	–5,798	75,677	62,971	12,706
4.3 Other financial assets and liabilities	12,747	7,756	4,990	2,413	8,120	–5,707
5 Net errors and omissions	–	**434**	**–434**	–	**1,731**	**–1,731**

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

(₹ Billion)

Item	Jul-Sep 2013 (PR)			Jul-Sep 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**8,611**	**8,932**	**–321**	**8,730**	**9,343**	**–612**
1.A Goods and Services (1.A.a+1.A.b)	**7,339**	**8,269**	**–930**	**7,492**	**8,678**	**–1,186**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**5,057**	**7,130**	**–2,073**	**5,167**	**7,505**	**–2,337**
1.A.a.1 General merchandise on a BOP basis	5,011	6,890	–1,878	5,167	7,044	–1,876
1.A.a.2 Net exports of goods under merchanting	46	–	46	–	–	–
1.A.a.3 Nonmonetary gold	–	240	–240	–	461	–461
1.A.b Services (1.A.b.1 to 1.A.b.13)	**2,282**	**1,139**	**1,144**	**2,325**	**1,173**	**1,152**
1.A.b.1 Manufacturing services on physical inputs owned by others	1	–	–	1	0	1
1.A.b.2 Maintenance and repair services n.i.e.	4	4	–	2	3	–0
1.A.b.3 Transport	259	215	43	275	249	26
1.A.b.4 Travel	248	193	55	303	250	53
1.A.b.5 Construction	17	18	–1	20	17	4
1.A.b.6 Insurance and pension services	34	18	16	36	16	21
1.A.b.7 Financial services	111	64	46	83	52	31
1.A.b.8 Charges for the use of intellectual property n.i.e.	7	40	–34	5	56	–51
1.A.b.9 Telecommunications, computer, and information services	1,096	60	1,036	1,102	69	1,033
1.A.b.10 Other business services	464	439	25	429	411	18
1.A.b.11 Personal, cultural, and recreational services	19	15	4	20	26	–6
1.A.b.12 Government goods and services n.i.e.	6	17	–11	8	15	–7
1.A.b.13 Others n.i.e.	16	54	–38	40	10	30
1.B Primary Income (1.B.1 to 1.B.3)	**193**	**586**	**–394**	**180**	**596**	**–416**
1.B.1 Compensation of employees	50	46	4	53	45	8
1.B.2 Investment income	130	538	–408	110	547	–437
1.B.2.1 Direct investment	50	201	–152	39	190	–151
1.B.2.2 Portfolio investment	5	170	–165	3	150	–147
1.B.2.3 Other investment	3	166	–164	7	207	–200
1.B.2.4 Reserve assets	72	–	72	61	–	61
1.B.3 Other primary income	13	2	10	18	4	13
1.C Secondary Income (1.C.1+1.C.2)	**1,079**	**77**	**1,002**	**1,058**	**69**	**989**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	1,078	64	1,014	1,055	54	1,001
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	1,037	61	976	1,015	49	966
1.C.1.2 Other current transfers	41	3	37	40	5	35
1.C.2 General government	2	13	–11	3	15	–12
2 Capital Account (2.1+2.2)	**6**	**10**	**–4**	**5**	**6**	**–1**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	1	1	–1	1	1	–1
2.2 Capital transfers	5	9	–3	5	5	–0
3 Financial Account (3.1 to 3.5)	**8,196**	**7,844**	**352**	**8,004**	**7,286**	**718**
3.1 Direct Investment (3.1A+3.1B)	**686**	**182**	**504**	**737**	**251**	**486**
3.1.A Direct Investment in India	609	66	543	641	128	513
3.1.A.1 Equity and investment fund shares	592	53	539	579	124	455
3.1.A.1.1 Equity other than reinvestment of earnings	462	53	409	452	124	328
3.1.A.1.2 Reinvestment of earnings	130	–	130	127	–	127
3.1.A.2 Debt instruments	17	13	4	62	4	59
3.1.A.2.1 Direct investor in direct investment enterprises	17	13	4	62	4	59
3.1.B Direct Investment by India	77	116	–39	95	123	–28
3.1.B.1 Equity and investment fund shares	77	64	13	95	74	21
3.1.B.1.1 Equity other than reinvestment of earnings	77	45	32	95	56	39
3.1.B.1.2 Reinvestment of earnings	–	18	–18	–	18	–18
3.1.B.2 Debt instruments	–	52	–52	–	49	–49
3.1.B.2.1 Direct investor in direct investment enterprises	–	52	–52	–	49	–49
3.2 Portfolio Investment	**3,080**	**3,491**	**–411**	**3,843**	**3,251**	**592**
3.2.A Portfolio Investment in India	3,072	3,480	–409	3,836	3,238	598
3.2.1 Equity and investment fund shares	2,540	2,593	–53	2,473	2,525	–52
3.2.2 Debt securities	532	887	–356	1,363	713	650
3.2.B Portfolio Investment by India	8	10	–2	7	14	–7
3.3 Financial derivatives (other than reserves) and employee stock options	**48**	**147**	**–99**	**113**	**236**	**–124**
3.4 Other investment	**3,737**	**4,024**	**–287**	**3,312**	**3,129**	**182**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	1,244	735	509	1,031	777	254
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	2	–	2	8	–0	8
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	1,242	735	508	1,023	777	246
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	638	989	–351	770	905	–135
3.4.3.A Loans to India	616	978	–362	747	896	–149
3.4.3.B Loans by India	22	11	11	23	9	14
3.4.4 Insurance, pension, and standardized guarantee schemes	24	20	4	4	4	0
3.4.5 Trade credit and advances	1,682	1,798	–116	1,360	1,369	–9
3.4.6 Other accounts receivable/payable - other	149	483	–334	146	74	72
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	**645**	–	**645**	–	**418**	**–418**
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)	645	–	645	–	418	–418
4 Total assets/liabilities	**8,196**	**7,844**	**352**	**8,004**	**7,286**	**718**
4.1 Equity and investment fund shares	3,289	2,887	402	3,271	2,977	294
4.2 Debt instruments	4,113	4,474	–361	4,587	3,816	770
4.3 Other financial assets and liabilities	793	483	311	146	492	–346
5 Net errors and omissions	**–**	**27**	**–27**	–	**105**	**–105**

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2013-14		2013		2014			
			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	128,709	242,733	120,126	218,140	128,832	250,421	129,290	252,250
1.1 Equity Capital and Reinvested Earnings	90,902	231,724	83,645	207,396	90,311	239,301	89,967	240,799
1.2 Other Capital	37,807	11,009	36,481	10,744	38,522	11,120	39,322	11,452
2 Portfolio Investment	1,206	193,128	1,315	173,929	1,261	204,651	1,261	205,626
2.1 Equity	946	139,661	1,179	124,343	944	147,115	944	142,664
2.2 Debt	261	53,467	136	49,586	317	57,536	317	62,962
3 Other Investment	49,554	380,579	38,021	347,176	45,549	383,566	44,055	384,241
3.1 Trade Credit	8,742	83,938	8,192	89,564	8,335	84,200	7,474	83,965
3.2 Loan	6,863	179,618	5,716	169,335	5,078	179,541	5,142	178,643
3.3 Currency and Deposits	17,862	103,993	10,775	75,216	15,722	106,419	14,972	108,870
3.4 Other Assets/Liabilities	16,087	13,030	13,338	13,061	16,415	13,406	16,468	12,763
4 Reserves	304,223	–	277,233	–	316,138	–	313,841	–
5 Total Assets/ Liabilities	483,693	816,440	436,695	739,244	491,781	838,639	488,447	842,117
6 IIP (Assets - Liabilities)		–332,747		–302,550		–346,858		–353,670

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2013-14	2014			2013-14	2014		
		Oct.	Nov.	Dec.		Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8
1 RTGS	**81.11**	**7.21**	**7.36**	**8.19**	**904,968.04**	**69,825.27**	**67,141.64**	**84,449.60**
1.1 Customer Transactions	76.35	6.87	7.02	7.81	573,614.03	47,700.97	46,662.00	57,669.28
1.2 Interbank Transactions	4.75	0.33	0.33	0.38	160,638.37	9,127.92	8,101.47	11,074.73
1.3 Interbank Clearing	0.011	0.001	0.001	0.001	170,715.64	12,996.38	12,378.17	15,705.79
2 CCIL Operated Systems	**2.56**	**0.22**	**0.24**	**0.30**	**621,569.63**	**53,304.41**	**57,250.38**	**70,943.42**
2.1 CBLO	0.18	0.01	0.02	0.02	175,261.92	10,892.57	12,712.01	16,171.39
2.2 Govt. Securities Clearing	0.87	0.08	0.10	0.13	161,848.24	18,930.37	20,961.81	26,061.00
2.2.1 Outright	0.82	0.08	0.09	0.12	89,566.99	7,673.79	9,407.38	12,301.47
2.2.2 Repo	0.046	0.008	0.008	0.010	72,281.26	11,256.58	11,554.43	13,759.53
2.3 Forex Clearing	1.51	0.13	0.12	0.15	284,459.46	23,481.47	23,576.56	28,711.03
3 Paper Clearing	**1,257.31**	**95.95**	**94.65**	**109.57**	**93,316.04**	**6,843.65**	**6,696.45**	**7,488.29**
3.1 Cheque Truncation System (CTS)	591.38	79.63	77.96	84.40	44,691.39	5,626.36	5,374.52	5,997.74
3.2 MICR Clearing	440.07	0.001	-	-	30,942.81	0.06	–	–
3.2.1 RBI Centres	215.50	-	-	-	15,246.84	–	–	–
3.2.2 Other Centres	224.57	0.001	-	-	15,695.97	0.06	–	–
3.3 Non-MICR Clearing	225.86	16.32	16.69	25.17	17,681.84	1,217.23	1,321.93	1,490.55
4 Retail Electronic Clearing	**1,108.32**	**117.20**	**103.38**	**135.67**	**47,856.29**	**5,243.93**	**4,964.85**	**6,044.41**
4.1 ECS DR	192.91	19.38	18.62	19.35	1,267.96	141.54	140.99	147.44
4.2 ECS CR (includes NECS)	152.54	10.00	8.54	10.10	2,492.19	151.60	154.53	183.51
4.3 EFT/NEFT	661.01	73.29	69.12	83.49	43,785.52	4,781.50	4,616.75	5,573.36
4.4 Immediate Payment Service (IMPS)	15.36	6.51	7.09	8.38	95.81	48.99	52.59	60.36
4.5 National Automated Clearing House (NACH)	86.50	8.01	7.82	14.35	214.81	120.30	141.87	79.74
5 Cards	**7,219.13**	**731.32**	**684.38**	**721.21**	**22,159.58**	**2,215.71**	**2,086.79**	**2,285.17**
5.1 Credit Cards	512.03	54.93	48.66	56.53	1,556.72	173.14	151.82	174.38
5.1.1 Usage at ATMs	2.96	0.35	0.39	0.44	16.87	1.93	2.32	2.51
5.1.2 Usage at POS	509.08	54.58	48.27	56.09	1,539.85	171.20	149.50	171.87
5.2 Debit Cards	6,707.10	676.40	635.72	664.68	20,602.86	2,042.57	1,934.97	2,110.79
5.2.1 Usage at ATMs	6,088.02	602.70	565.62	591.06	19,648.35	1,923.01	1,831.38	1,999.78
5.2.2 Usage at POS	619.08	73.69	70.10	73.62	954.51	119.56	103.59	111.01
6 Prepaid Payment Instruments (PPIs)	**133.63**	**31.08**	**26.38**	**28.98**	**81.05**	**18.17**	**18.98**	**22.67**
6.1 m-Wallet	107.51	21.39	21.38	23.19	29.05	7.01	6.97	8.28
6.2 PPI Cards	25.60	9.65	4.95	5.74	28.36	9.21	9.68	12.01
6.3 Paper Vouchers	0.53	0.04	0.05	0.05	23.63	1.95	2.33	2.38
7 Mobile Banking	**94.71**	**14.86**	**15.28**	**16.78**	**224.18**	**90.35**	**97.71**	**113.23**
8 Cards Outstanding	**413.60**	**463.98**	**486.12**	**520.44**	–	–	–	–
8.1 Credit Card	19.18	19.95	20.14	20.36	–	–	–	–
8.2 Debit Card	394.42	444.03	465.98	500.08	–	–	–	–
9 Number of ATMs (in actuals)	**160055**	**173697**	**174853**	**176408**	–	–	–	–
10 Number of POS (in actuals)	**1065984**	**1111576**	**1124222**	**1058642**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**9,802.05**	**982.99**	**916.38**	**1,003.92**	**1,519,234.98**	**124,454.76**	**125,790.11**	**155,527.97**

Explanatory Notes to the Current Statistics

Table No. 1
1.2 & 6: Annual data are averages of months.
3.5 & 3.7: Relate to ratios of increments over financial year so far.
4.1 to 4.4, 4.8, 4.12 & 5: Relate to the last day of the month/financial year.
4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.
4.9 to 4.11: Relate to the last auction day of the month/financial year.

Table No. 2
2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.
2.2.2: Include cash, fixed deposits and short-term securities/bonds, *e.g.*, issued by IIFC (UK).

Table No. 4
Maturity-wise position of outstanding forward contracts is available at http://nsdp.rbi.org.in under ''Reserves Template''.

Table No. 5
Special refinance facility to Others, i.e. to the EXIM Bank, is closed since March 31, 2013.

Table No. 6
For scheduled banks, March-end data pertain to the last reporting Friday.
2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

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

Table No. 8
NM_2 and NM_3 do not include FCNR (B) deposits.
2.4: Consist of paid-up capital and reserves.
2.5: includes other demand and time liabilities of the banking system.

Table No. 9
Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.
L_1 and L_2 are compiled monthly and L_3 quarterly.
Wherever data are not available, the last available data have been repeated.

Table No. 15
Data are provisional and relate to select banks which cover 95 per cent of total non-food credit extended by all scheduled commercial banks.
1.2A.2.1 : Manufacturing include ₹335 billion and item 1.2A.2.2 : Services includes ₹34 billion credit to medium enterprises for the month of March 2014 only.

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), SDRs transferred by Government of India to RBI 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, Yen and Australian Dollar) 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 & 1.1.1.1.1.4: 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 2012-13 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). Methodological details are available in December 2005 and April 2014 issues of the Bulletin.

Table No. 37
Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41
Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43
1.3: Pertain to multilateral net settlement batches.
3.1: Pertain to two centres - New Delhi and Chennai.
3.3: Pertain to clearing houses managed by 21 banks.
6: Available from December 2010.
7: Include IMPS transactions.

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

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Name of Publication	Price	
	India	Abroad
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17. Basic Statistical Returns of Scheduled Commercial Banks in India Vol. 41 March 2012	₹270 per copy (over the counter) ₹310 per copy (inclusive of postal charges)	US$ 10 per copy (inclusive of courier charges)
18. Private Corporate Business Sector in India - Selected Financial Statistics from 1950-51 to 1997-98	₹500 per CD (over the counter)	US$ 100 per CD ROM (inclusive of registered air mail charges)
19. Banking Glossary (2012)	₹80 (normal) (postage extra)	

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 1935-1997 (4 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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