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MONETARY POLICY STATEMENT 2014-15

Statement by Dr. Raghuram G. Rajan, Governor on Monetary Policy, March 4, 2015

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

It may be recalled that in its statement on monetary policy of January 15, 2015 the Reserve Bank reduced the policy repo rate by 25 basis points and indicated that " "Key to further easing are data that confirm continuing disinflationary pressures. Also critical would be sustained high quality fiscal consolidation…".While maintaining the interest rate stance in its sixth bi-monthly monetary policy statement of February 3 in the absence of new developments on inflation or on the fiscal outlook till then, the Reserve Bank indicated that it will keenly monitor the revision in the consumer price index (CPI) with regard to the path of inflation in 2015-16 as well as the Union Budget for 2015-16.

Data Developments

The new CPI rebased to 2012 was released on February 12, 2015. Inflation in January 2015 at 5.1 per cent as measured by the new index was well within the target of 8 per cent for January 2015. Prices of vegetables declined and, hearteningly, inflation excluding food and fuel moderated in a broad-based manner to a new low. Thus, disinflation is evolving along the path set out by the Reserve Bank in January 2014 and, in fact, at a faster pace than earlier envisaged.

The uncertainties surrounding any inflation projection are, however, not insignificant. Oil prices have firmed up in recent weeks, and significant further strengthening, perhaps as a result of unanticipated geo-political events, will alter the inflation outlook. Other international commodity prices are expected to remain benign, given still-sluggish global demand conditions. Food prices will be affected by the seasonal upturn that typically occurs ahead of the south-west monsoon and, therefore, steps the government takes on food management will be critical in determining the inflation outlook. Finally, the possible spill over of volatility from international financial markets through exchange rate and asset prices channels is also still a significant risk.

Perhaps the most significant influences on near-term inflation will be the strength of aggregate demand relative to available capacity. Two recent developments pertaining to the demand-supply balance are the recently-released GDP estimates and the Union Budget for 2015-16.

The Central Statistical Organisation is to be commended on the changes it has made to the methodology of estimating GDP, bringing India up to international best practice. Yet the picture it presents of a robust economy, with growth having picked up significantly over the last three years, is at odds with still-low direct measures of growth of production, credit, imports and capacity utilisation as well as with anecdotal evidence on the state of the economic cycle. Nevertheless, the picture of a steadily recovering economy appears right.

The fiscal impulses in the Union Budget then assume importance. There are many important and valuable structural reforms embedded in this Budget, which will help improve supply over the medium term. In the short run, however, the postponement of fiscal consolidation to the 3 per cent target by one year will add to aggregate demand. At a time of accelerating economic recovery, this is, *prima facie*, a source for concern from the standpoint of aggregate demand management, especially with large borrowings intended for public sector enterprises.

Some factors mitigate the concern. The government has emphasised its desire to clean up legacy issues which gave a misleading picture of the true extent of fiscal rectitude, and has also moderated the optimism in its projections. To this extent, the true quantum of fiscal consolidation may be higher than in the headline numbers. Also, the government is transferring a significantly larger amount to the states, without entirely devolving responsibility for funding central programmes. To the extent that state budget deficits narrow, the general fiscal deficit will be lower. Furthermore, supported by lower

* Released on March 4, 2015.

international energy prices, there is a welcome intent to shift from spending on subsidies to spending on infrastructure, and to better target and further reduce subsidies through direct transfers. Finally, the central government has signed a memorandum with the Reserve Bank setting out clear inflation objectives for the latter. This makes explicit what was implicit before – that the government and the Reserve Bank have common objectives and that fiscal and monetary policy will work in a complementary way. In sum, then, the government intends to compensate for the delay in fiscal consolidation with a commitment to an improvement in the quality of adjustment.

Of course, all these mitigating factors have a fair component of intent. The realised net fiscal impulse will depend on both central and state government actions going forward.

Finally, the rupee has remained strong relative to peer countries. While an excessively strong rupee is undesirable, it too creates disinflationary impulses. It bears repeating here that the Reserve Bank does not target a level for the exchange rate, nor does it have an overall target for foreign exchange reserves. It does intervene on occasion, in both directions, to reduce avoidable volatility in the exchange rate. Any reserve build-up is a residual consequence of such actions rather than a direct objective.

Policy Stance

To summarise, softer readings on inflation are expected to come in through the first half of 2015-16 before firming up to below 6 per cent in the second half. The fiscal consolidation programme, while delayed, may compensate in quality, especially if state governments are cooperative. Given low capacity utilisation and still-weak indicators of production and credit off-take, it is appropriate for the Reserve Bank to be pre-emptive in its policy action to utilise available space for monetary accommodation.

Consequently, it has been decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.75 per cent to 7.5 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 6.5 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.5 per cent with immediate effect.

The need to act outside the policy review cycle is prompted by two factors: First, while the next bi-monthly policy statement will be issued on April 7, 2015 the still weak state of certain sectors of the economy as well as the global trend towards easing suggests that any policy action should be anticipatory once sufficient data support the policy stance. Second, with the release of the agreement on the monetary policy framework, it is appropriate for the Reserve Bank to offer guidance on how it will implement the mandate.

Going forward, the RBI will seek to bring the inflation rate to the mid-point of the band of 4 +/- 2 per cent provided for in the agreement, *i.e.*, to 4 per cent by the end of a two year period starting fiscal year 2016-17.

The guidance on policy action given in the fifth-bi-monthly monetary policy statement of December 2014 is largely unchanged. Further monetary actions will be conditioned by incoming data, especially on the easing of supply constraints, improved availability of key inputs such as power, land, minerals and infrastructure, continuing progress on high-quality fiscal consolidation, the pass through of past rate cuts into lending rates, the monsoon outturn and developments in the international environment.

SPEECHES

Democracy, Inclusion, and Prosperity
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*Democracy, Inclusion, and Prosperity**

Raghuram G. Rajan

Thank you for inviting me to this Festival of Ideas. Since this festival is about ideas, I am not going to tax you with the Reserve Bank's views on monetary policy, which are, by now, well known. Instead, I want to talk about something I have been studying for many years, the development of a liberal market democracy. In doing this, I will wear my hat as a professor in the field known as political economy, and discard my RBI hat for the time being. If you came here expecting more insights on the path of interest rates, as I expect many of you did, let me apologise for disappointing you.

My starting point is the truism that people want to live in a safe prosperous country where they enjoy freedom of thought and action, and where they can exercise their democratic rights to choose their government. But how do countries ensure political freedom and economic prosperity? Why do the two seem to go together? And what more, if anything, does India have to do to ensure it has these necessary underpinnings for prosperity and continued political freedom? These are enormously important questions, but given their nature, they will not be settled in one speech. Think of my talk today, therefore, as a contribution to the debate.

Fukuyama's three pillars of a liberal democratic state

In his magisterial two-volume analysis of the emergence of political systems around the world, political scientist Francis Fukuyama builds on the work of his mentor, Samuel Huntington, to argue that liberal democracies, which seem to be best at fostering political freedoms and economic success, tend to have three important pillars: a strong government, rule of law, and democratic accountability.[1] I propose in this talk to start by summarising my (necessarily imprecise) reading of Fukuyama's ideas to you. I would urge you to read the books to get their full richness. I will then go on to argue that he leaves out a fourth pillar, free markets, which are essential to make the liberal democracy prosperous. I will warn that these pillars are weakening in industrial countries because of rising inequality of opportunity, and end with lessons for India.

Consider Fukuyama's three pillars in greater detail. Strong government does not mean one that is only militarily powerful or uses its intelligence apparatus to sniff out enemies of the state. Instead, a strong government is also one that provides an effective and fair administration through clean, motivated, and competent administrators who can deliver good governance.

Rule of law means that government's actions are constrained by what we Indians would term *dharma* – by a historical and widely understood code of moral and righteous behaviour, enforced by religious, cultural, or judicial authority.

And democratic accountability means that government has to be popularly accepted, with the people having the right to throw unpopular, corrupt, or incompetent rulers out.

Fukuyama makes a more insightful point than simply that all three traditional aspects of the state – executive, judiciary, and legislature – are needed to balance one another. In sharp contrast to the radical libertarian view that the best government is the minimal "night watchman", which primarily protects life and property rights while enforcing contracts, or the radical Marxist view that the need for the government disappears as class conflict ends, Fukuyama,

* Speech by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India, at the D. D. Kosambi Ideas Festival held on February 20, 2015 in Goa.

[1] *The Origins of Political Order: From Pre-Human Times to the French Revolution* by Francis Fukuyama, 2011, Farrar Straus and Giroux, New York, *Political Order and Political Decay: From the Industrial Revolution to the Globalisation of Democracy* by Francis Fukuyama, 2014, Farrar Straus and Giroux, and *Political Order in Changing Societies* by Samuel Huntington, 1968, Yale University Press, New Haven.

as did Huntington, emphasises the importance of a strong government in even a developed country.

No matter how thuggish or arbitrary the government in a tin-pot dictatorship, these are weak governments, not strong ones. Their military or police can terrorise the unarmed citizenry but cannot provide decent law and order or stand up to a determined armed opposition. Their administration cannot provide sensible economic policy, good schools or clean drinking water. Strong governments need to be peopled by those who can provide needed public goods – it requires expertise, motivation, and integrity. Realising the importance of strong government, developing countries constantly request multilateral institutions for help in enhancing their governance capacity.

Strong governments may not, however, move in the right direction. Hitler provided Germany with extremely effective administration – the trains ran on time, as did the trains during our own Emergency in 1975-77. His was a strong government, but Hitler took Germany efficiently and determinedly on a path to ruin, overriding the rule of law and dispensing with elections. It is not sufficient that the trains run on time, they have to go in the right direction at the desired time. The physical rail network guiding the trains could be thought of as analogous to rule of law, while the process by which consensus is built around the train schedule could be thought of as democratic accountability.

But why do we need both rule of law and democratic accountability to keep strong government on the right path? Would democratic accountability not be enough to constrain a dictatorial government? Perhaps not! Hitler was elected to power, and until Germany started suffering shortages and reversals in World War II, enjoyed the support of the majority of the people. The rule of law is needed to prevent the tyranny of the majority that can arise in a democracy, as well as to ensure that basic "rules of the game" are preserved over time so that the environment is predictable, no matter which government comes to power. By ensuring that all citizens have inalienable rights and protections, the rule of law constrains the majority's behaviour towards the minorities. And by maintaining a predictable economic environment against populist democratic instincts, the rule of law ensures that businesses can invest securely today for the future.

What about asking the question the other way? Would rule of law not be enough? Probably not, especially in a vibrant developing society! Rule of law provides a basic slow-changing code of conduct that cannot be violated by either government or the citizenry. But that, by itself, may not be sufficient to accommodate the aspirations of new emerging groups or the consequences of new technologies or ideas. Democratic accountability ensures the government responds to the wishes of the mass of the citizenry, allowing emerging groups to gain influence through political negotiation and competition with others. Even if groups cannot see their programs translated into policy, democracy allows them to blow off steam non-violently. So both rule of law and democratic accountability check and balance strong government in complementary ways.

Where do these three pillars come from?

Much of Fukuyama's work is focused on tracing the development of each pillar in different societies. He suggests that what the nature of states we see today is largely explained by history. For instance, China had long periods of chaos, most recently before the Communists came to power; groups engaged in total war against one another. Such unbridled military competition meant groups had to organise themselves as hierarchical military units, with rulers having unlimited powers. When eventually a group was victorious over the others, it was natural for it to impose centralised autocratic rule to ensure that chaos did not remerge. To rule over the large geographic area of the country, China needed a well-developed elite bureaucracy – hence the mandarins, chosen by exam based on their learning. So China had strong unconstrained effective government whenever it was

united, and Fukuyama argues, unlike Western Europe or India, did not have strong alternative sources of power founded in religion or culture to impose rule of law.

In Western Europe, by contrast, the Christian church imposed constraints on what the ruler could do. So military competition, coupled with constraints on the ruler imposed by canon law, led to the emergence of both strong government and rule of law.

In India, he argues, the caste system led to division of labour, which ensured that entire populations could never be devoted totally to the war effort. So through much of history, war was never as harsh, or military competition between states as fierce, as in China. As a result, the historical pressure for Indian states to develop strong governments that intruded into every facet of society was muted. At the same time, however, the codes of just behaviour for rulers emanating from ancient Indian scriptures served to constrain any arbitrary exercise of power by Indian rulers. India, therefore, had weaker government, constrained further by rule of law. And, according to Fukuyama, these differing histories explain why government in China today is seen as effective but unrestrained, while government capacity in India is seen as weak, but Indian governments are rarely autocratic.

Any of these grand generalisations can, and should, be debated. Fukuyama does not claim history is destiny, but does suggest a very strong influence. Of course, the long influence of history and culture is less perceptible when it comes to democracy where some countries like India have taken to it like a duck to water. A vibrant accountable democracy does not only imply that people cast their vote freely every five years. It requires the full mix of a raucous investigative press, public debate uninhibited by political correctness, many political parties representing varied constituencies, and a variety of non-governmental organisations organising and representing interests. It will continue to be a source of academic debate why a country like India has taken to democracy, while some of its neighbours with similar historical and cultural pasts have not.

I will not dwell on this. Instead, I turn to a different question that Fukuyama does not address. Clearly, strong governments are needed for countries to have the governance to prosper. Equally, free markets underpin prosperity. But why is it that every rich country is also a liberal democracy subject to rule of law?

I will make two points in what follows: First, free enterprise and the political freedom emanating from democratic accountability and rule of law can be mutually reinforcing so a free enterprise system should be thought of as the fourth pillar underpinning liberal market democracies. Second, the bedrock on which all four pillars stand is a broadly equitable distribution of economic capabilities among the citizenry. That bedrock is fissuring in industrial countries, while it has to be strengthened in emerging markets like India.

Free Enterprise and Political Freedom

Why are political freedoms in a country, of which representative democracy is a central component, and free enterprise mutually supportive?

There is, of course, one key similarity: Both a vibrant democracy and a vibrant free enterprise system seek to create a level playing field which enhances competition. In the democratic arena, the political entrepreneur competes with other politicians for the citizen's vote, based on his past record and future policy agenda. In the economic sphere, the promoter competes with other entrepreneurs for the consumer's rupee, based on the quality of the product he sells.

But there is also at least one key difference. Democracy treats individuals equally, with every adult getting one vote. The free enterprise system, by contrast, empowers consumers based on how much income they get and property they own. What then prevents the median voter in a democracy from voting to dispossess the rich and successful? And why do the latter not erode the political rights of the ordinary voter. This fundamental tension between democracy and free

enterprise appeared to be accentuated in the recent US Presidential elections as President Barack Obama appealed to middle-class anger about its stagnant economic prospects, while former Massachusetts governor Mitt Romney appealed to business people, disgruntled about higher taxes and expanding healthcare subsidies.

One reason that the median voter rationally agrees to protect the property of the rich and to tax them moderately may be that she sees the rich as more efficient managers of that property, and therefore as creators of jobs and prosperity that everyone will benefit from. So, to the extent that the rich are self-made, and have come out winners in a competitive, fair, and transparent market, society may be better off allowing them to own and manage their wealth, settling in return for a reasonable share of their produce as taxes. The more, however, that the rich are seen as idle or crooked – as having simply inherited or, worse, gained their wealth nefariously – the more the median voter should be willing to vote for tough regulations and punitive taxes on them.

In some emerging markets today, for example, property rights of the rich do not enjoy widespread popular support because so many of a country's fabulously wealthy oligarchs are seen as having acquired their wealth through dubious means. They grew rich because they managed the system, not because they managed their businesses well. When the government goes after rich tycoons, few voices are raised in protest. And, as the rich kowtow to the authorities to protect their wealth, a strong check on official arbitrariness disappears. Government is free to become more autocratic.

Consider, in contrast, a competitive free-enterprise system with a level playing field for all. Such a system generally tends to permit the most efficient to acquire wealth. The fairness of the competition improves perceptions of legitimacy. Moreover, under conditions of fair competition, the process of creative destruction tends to pull down badly managed inherited wealth, replacing it with new and dynamic wealth. Great inequality, built up over generations, does not become a source of great popular resentment.

On the contrary, everyone can dream that they, too, will become a Bill Gates or a Nandan Nilekani. When such universal aspirations seem plausible, the system gains added democratic support. The rich, confidant of popular legitimacy, can then use the independence that accompanies wealth to limit arbitrary government, support rule of law, and protect democratic rights. Free enterprise and democracy sustain each other.

There are, therefore, deeper reasons for why democratic systems support property rights and free enterprise than the cynical argument that votes and legislators can be bought, and the capitalists have the money. The cynics can only be right for a while. Without popular support, wealth is protected only by increasingly coercive measures. Ultimately, such a system loses any vestige of either democracy or free enterprise.

The Bedrock: Equitable Distribution of Economic Capabilities

There is, however, a growing concern across the industrial world. The free enterprise system works well when participants enter the competitive arena with fundamentally equal chances of success. Given the subsequent level playing field, the winner's road to riches depends on greater effort, innovation, and occasionally luck. But success is not pre-determined because no class of participants has had a fundamentally different and superior preparation for the competition. If, however, some group's economic capabilities are sufficiently differentiated by preparation, the level playing field is no longer sufficient to equalise a priori chances of success. Instead, the free enterprise system will be seen as disproportionately favouring the better prepared. Democracy is unlikely to support it, nor are the rich and successful as likely to support democracy.

Such a scenario is no longer unthinkable in a number of Western democracies. Prosperity seems

increasingly unreachable for many, because a good education, which seems to be today's passport to riches, is unaffordable for many in the middle class. Quality higher educational institutions are dominated by the children of the rich, not because they have unfairly bought their way in, but because they simply have been taught and supported better by expensive schools and private tutors. Because middle class parents do not have the ability to give their children similar capabilities, they do not see the system as fair. Support for the free enterprise system is eroding, as witnessed by the popularity of books like Thomas Pikkety's *Capital in the 21st Century* while the influence of illiberal parties on both the Left and Right who promise to suppress competition, finance, and trade is increasing. The mutual support between free enterprise and democracy is giving way to antagonism.

Moreover, as class differences create differentiated capabilities among the public, governments can either continue choosing the most capable applicants for positions but risk becoming unrepresentative of the classes, or they can choose representativeness over ability, and risk eroding effectiveness. Neither biased nor ineffective government can administer well. So government capacity may also be threatened.

Thus, as the bedrock of equitable distribution of capabilities has started developing cracks in industrial countries, all four pillars supporting the liberal free market democracy have also started swaying. This is, to my mind, an enormously important concern that will occupy states across the world in the years to come.

Lessons for India

Let me conclude with lessons for India. India inherited a kind of democracy during British rule and has made it thoroughly and vibrantly her own. Of the three pillars that Fukuyama emphasises, the strongest in India is therefore democratic accountability. India also adheres broadly to the rule of law. Where arguably we may have a long way to go, as Fukuyama has emphasised, is in the capacity of the government (and by this I mean regulators like the RBI also) to deliver governance and public services.

This is not to say that we do not have areas of excellence strewn throughout central and state governments – whether it is the building of the New Delhi Metro, the reach of the public distribution system in Tamil Nadu, or the speed of the roll-out of the Pradhan Mantri Jan Dhan Yojana – but that such capabilities have to permeate every tehsil in every state. Moreover, in many areas of government and regulation, as the economy develops, we need more specialists, with the domain knowledge and experience. For instance, well-trained economists are at a premium throughout the government, and there are far too few Indian Economic Service officers to go around.

An important difference from the historical experience of other countries is that elsewhere typically strong government has emerged there first, and it is then restrained by rule of law and democratic accountability. In India, we have the opposite situation today, with strong institutions like the judiciary, opposition parties, the free press, and NGOs, whose aim is to check government excess. However, necessary government function is sometimes hard to distinguish from excess. We will have to strengthen government (and regulatory) capability resisting the temptation to implant layers and layers of checks and balances even before capacity has taken root. We must choose a happy medium between giving the administration unchecked power and creating complete paralysis, recognising that our task is different from the one that confronted the West when it developed, or even the task faced by other Asian economies.

For instance, a business approval process that mandates numerous government surveys in remote areas should also consider our administrative capacity to do those surveys well and on time. If it does not provide for that capacity, it ensures there will be no movement forward. Similarly, if we create a multiple appellate process against government or regulatory action that is slow and undiscriminating, we contain

government excess but also risk halting necessary government actions. If the government or regulator is less effective in preparing its case than private parties, we ensure that the appellate process largely biases justice towards those who have the resources to use it, rather than rectifying a miscarriage of justice. So in thinking through reforms, we may want to move from the theoretical ideal of how a system might work in a country with enormous administrative capacity, to how it would work in the actual Indian situation. Let me emphasise, we need "checks and balance", but we should ensure a balance of checks. We cannot have escaped from the License Permit Raj only to end up in the Appellate Raj!

Finally, a heartening recent development is that more people across the country are becoming well-educated and equipped to compete. One of the most enjoyable experiences at the RBI is meeting the children of our Class IV employees, many of whom hold jobs as business executives in private sector firms. As, across the country, education makes our youth economically mobile, public support for free enterprise has expanded. Increasingly, therefore, the political dialogue has also moved, from giving hand outs to creating jobs. So long as we modulate the pace of liberalisation to the pace at which we broaden economic capabilities, it is likely that the public will be supportive of reform. This also means that if we are to embed the four pillars supporting prosperity and political freedom firmly in our society, we have to continue to nurture the broadly equitable distribution of economic capabilities among our people. Economic inclusion, by which I mean easing access to quality education, nutrition, healthcare, finance, and markets to all our citizens, is therefore a necessity for sustainable growth. It is also, obviously, a moral imperative.

*Taking on Risk – The Sensible Way**

Harun R. Khan

Shri Suresh Senapaty, Shri Richard Rekhy, Shri Deepak Parekh, Smt. Greeta Varughese other distinguished guests & invitees on and across the dais. This invitation to give an address at this important CII event gives me a great pleasure. CII seems to have chosen a very interesting theme for this national risk summit – 'De-risking the future of India Inc.'- I am, of course, wondering why CII is thinking of de-risking the future of India Inc. though the participants here would appreciate the fact that de-risking would also mean that they have no business to be in 'business'.

Risk-Return-Retribution in a VUCAP World

All human enterprise, more so business activities essentially involve risk taking, in a bid to earn the 'reward' or 'return' according to the risk-return trade-off. This relationship is, however, far from simple as the reckless chasing of returns may result in unimaginable levels of risks not only for the individual enterprise but also for the whole system. The risks posing a threat to the financial and economic balance of the world today are far from being properly managed and controlled. I understand that the prevailing evidence of continuing, if not increasing, appetite, for fast returns is one of the major motivations behind the broad theme for this seminar.

While developing my thoughts on the much used idea of the risk-return trade-off, I was led to think of a missing 'R'- Requital – in the risk-return conundrum. The tremendously forceful human fascination for reward and the almost irresistible tendency to take or overlook risks in that pursuit has, more often than not, resulted in inevitable retribution or requital, in the long term.

In the present context, probably it is the zeitgeist that drives us crazy. Having seen the massive impact of the global financial crisis, we may want to take a pledge to de-risk the future. Peter Bernstein, the American financial historian, had an interesting perspective; according to him, 'Risk and time are opposite sides of the same coin, for if there were no tomorrow there would be no risk. Time transforms risk, and the nature of risk is shaped by the time horizon: the future is the playing field'[1]. Hence, our approach should be to ensure risk compatibility over time rather than trying to de-risk the future. In fact, a fanatic commitment to risk aversion could itself be a risk that businesses might face in any post-crisis period.

May be that we need to strategise to meet the challenges of a VUCA world. Part of the military vocabulary, it is an acronym for volatility, uncertainty, complexity and ambiguity, now widely used to explain the vagaries of global economy and the financial markets. I would like to add a P to this, which stands for perversity, making it VUCAP. That wouldn't be a misfit given the nature of the contemporary global economy, financial markets and the army interventions across the globe!!

We used to scorn high volatility in the past, but are now wary of low volatilities. We do worry about uncertainties, but certainty brings complacency and makes us vulnerable. Are we all really uncomfortable with complexity? Not sure. For some, complexity pays. And there is this ambiguity in all these. The latest financial stability report released by the Reserve Bank of India (December 2014) talked about 'an ambience wherein weak growth prospects are still considered benign for financial markets' for that would lend strength to the expectations that ultra-easy monetary policies would continue; that, in a way is perversity. But then, that's the world that we have to deal with.

* Keynote address delivered by Shri Harun R. Khan, Deputy Governor, Reserve Bank of India at the CII National Risk Summit 2015 on De-risking the Future of India Inc. at Mumbai on February 10, 2015. The speaker deeply acknowledges the contributions of Shri R. Gurumurthy of the Reserve Bank of India.

[1] Against the Gods.

I think it might be in Nature. Let's for instance take a look at the ancient Egyptian religious thought, where the themes – *viz.*, order, chaos and renewal – appear repeatedly. Every year the Nile flooded, but then it renewed the fertility of the soil and helped a highly productive farming industry that sustained the Egyptian civilisation. The global financial crisis, like every other crisis, has provided us new lessons as also opportunities.

Having added a P here and an R there to put the broad theme of this seminar in perspective, let me now turn to some specifics.

Business Risk and Regulatory Dialectics

Being a regulator, I will start with the business community's concerns over legal and regulatory risks. As I could see from your flyer, there is a slot to discuss this and a brief is given thereunder. While it talked about increasing risks faced by companies arising from complex regulatory enforcement and new legislation, it also pointed out, rightly, that, these were brought upon due to the corporate scandals and breakdowns in the past few years. This is also because organisations have been doing more business across boundaries than ever; thus, adding global regulatory concerns to their local regulatory risks. So, we all understand and appreciate the concerns here – both of the law enforcers and of those who are subjected to these laws and regulations.

Oftentimes, we get to hear how difficult it is to do business in India. But multinationals, at various points of time, have had similar concerns over doing business elsewhere too. At the DLD technology conference in Munich recently, Nicolas Brusson, the co-founder of BlaBlaCar, the French ride-sharing start-up, when questioned about the rationale in starting his venture out of France with its 28 sets of laws and regulations, replied: 'when you start from France, everything looks simple'. I am sure Indian companies that ventured overseas in the last one decade or so may now vouch for these sentiments. In the current context, it may make immense sense to seriously look at the 'Make in India' pitch with the government trying to do what it can.

We must understand that most of the times regulatory stance follows, rather than precede, the excesses committed by the regulated entities or the overreach of the so called self-regulatory mechanism. Their actions in fact emanate from the very nature of the wider mandate that the regulators carry on their shoulders. In what is called as 'regulatory dialectics', financial market regulation is an endless process with both the regulator and the regulated making alternative moves in terms of regulation, avoidance and re-regulation[2]. This must be true of other markets, too.

What guides the actions of regulators is the need to ensure smooth functioning and stability of the markets that they regulate and not populism. In other words, as John Kay, the Financial Times columnist, often says, crowd-pleasing is no substitute for wise judgement. 'That's why we prefer to entrust the navigation of a plane to a skilled pilot instead of using the average of the opinions of the passengers', were his words of wisdom.

Use and Misuse of Credit

That brings me to a widespread concern of the regulators like the Reserve Bank of India over corporate leverage and the prevailing credit culture. One challenge that some corporates might face, going ahead, is in terms of raising resources – not because of non-availability of resources, nor for lack of creditworthy business opportunities but because of how the debtors respect their commitments as also an evolving thinking on 'efficiency imperative' in credit dispensation. It is very likely that the days ahead will experience enhanced scrutiny of credit decisions of banks by depositors and tax payers, besides shareholders. Is it all because of the deteriorating credit culture? We need to examine.

[2] Edward Kane – 'Loose Ends in Capital Regulation: Facing Up to the Regulatory Dialectic', presentation at International Banking Conference Federal Reserve Bank of Chicago, November 11, 2011, Chicago.

Banks form the backbone of our financial system and carry out an important function, *viz.,* reaching financial savings to those in need of it. Thus, credit is the other end of this intermediation process and we all must understand the etymology of the word 'credit' and respect the semantics. The only way we address the situation is responsible use of credit.

As Governor Rajan has warned[3], there is an 'uneven sharing of risk and returns in enterprise, against all contractual norms established the world over – where promoters have a class of 'super' equity which retains all the upside in good times and very little of the downside in bad times, while creditors, typically public sector banks in our context, hold 'junior' debt and get none of the fat returns in good times while absorbing much of the losses in bad times'.

Let us now look at the way 'leverage' is assuming negative connotations. Leverage per se is a necessary evil for businesses to grow. Why then corporate leverage is being quoted of late as a concern for financial stability? Indian companies, no doubt, have come of age in terms of building world class infrastructure projects, withstanding tough competition from global players, and expanding their wings beyond national borders. While some have succeeded, the ambitions of others have proved to be hubris. Their actions needed enormous resources, which came from domestic and overseas financial markets though the ensued GFC, demand slump and currency volatility exposed them to unexpected risks. Could they have seen all this ex-ante? Probably going ahead non-financial companies may think of some kind of stress tests to assess their resilience to emerging risks, similar to the approach adopted by financial sector industry, subsequent to the GFC.

Risks of Unhedged Forex Exposures

Large scale unhedged foreign currency exposures are not only a threat for individual entities but also a concern to the economic and financial system stability. While regulators certainly will not like to micro manage what otherwise is a commercial decision, corporates need to take care of the potential risks embedded in their unhedged currency exposures since they might incur significant costs due to unexpected and sudden exchange rate movements. You all might be aware of the recent decision of the Swiss National Bank that claimed a few scalps while the victims cried foul.

On the other hand, as Governor Rajan had indicated some time back[4], borrowers get into a trap at times of exchange rate appreciation which gives them a false sense of complacency in terms of having higher equity due to rising asset prices. While we do have comfortable foreign exchange reserves, there is a strong view that no amount of such reserves can cushion extreme external shocks. That too here we are talking about nations. You can imagine how vulnerable corporates can become if they have too much of foreign currency exposures.

For those business entities that do not have a natural hedge, mere cost advantage in terms of pure interest rate differential (without the hedge costs) should not be the guiding factor for overseas borrowing. On the other hand, we also had this unpleasant experience, in the aftermath of the financial crisis of 2008, when many Indian exporters who had entered into complex derivative structures with banks suffering severe losses arising out of marking to market of their derivative positions. This is why I said earlier that complexity benefits some and hurts others. Hence corporates need to understand not only the risks they are assuming but also the risks arising out of faulty 'risk mitigation' processes. People in business should therefore realise that adoption of risk management strategies is not meant for generating additional earnings but is needed for protection of the projected income flows.

[3] Saving Credit – Talk by Dr. Raghuram G. Rajan at the Third Dr. Verghese Kurien Memorial Lecture at IRMA, Anand on November 25, 2004.

[4] Competitive Monetary Easing: Is it yesterday once more? – Remarks by Dr. Raghuram G. Rajan at the Brookings Institution, April 10, 2014.

Last year when the US Fed indicated its intentions of tapering of quantitative easing (QE), India, like many emerging market economies, particularly those with current account deficit (CAD) came under severe pressure due to capital outflows. Several measures were taken to address volatility in the foreign exchange market that included, among others, reduction in limit for overseas direct investment (ODI) under automatic route from 400 per cent to 100 per cent of the net-worth of an Indian entity as a macro-prudential measure though in genuine cases requirements above the revised limits were considered under the approval route besides many administrative measures aimed at curbing the opportunities for excessive financial market activities. The Reserve Bank and the Government had to take a number of measures to de-risk the national balance sheet; just to illustrate, the curbs imposed on gold imports and opening of concessional swap windows for mopping up longer term foreign currency resources through foreign currency deposits and borrowings by the banks.

With return of stability in the Rupee-Dollar exchange rate, restrictions with respect to remittances under ODIs were largely withdrawn on July 01, 2014 and the limits under automatic route for overseas investment were restored to 400 per cent of the net worth of the Indian entity. In other words, the job of de-risking the corporate world sometimes is upon macro prudential regulators like the RBI for the larger concerns that I had explained to you earlier. Yet, I must also tell you that the dividing line between prudential regulation and micro management is often thin.

Dealing with Disruptive Ideas and Technologies

Let me now turn to another theme of discussion in this summit. This relates to the threats posed by disruptive ideas and technologies and the risks in not being able to swiftly appreciate the emerging challenges posed by the digital world. There is a perceptible discomfort amongst a section of the business community with the rapidity with which the world is changing as a result of disruptive ideas and technologies.

As per a PwC survey[5], 60 per cent of the firms surveyed indicated 'the speed of technological change' as a threat to their growth prospects. On the other hand, the manufacturing industry may be particularly worried about the fact that more and more talent and resources are shifting their preferences to virtual platforms than to brick and mortar manufacturing. The valuations seem skewed towards such initiatives, but let's not for a while forget the fact that these disruptive initiatives do face their own set of risks and challenges, what is more important, however, is that they are inevitable.

The attitude of de-risking doesn't go well with disruptive ideas and this gets clearer by looking at the start-up culture that the US is known for and why that country stands apart and enjoys leadership position amidst fast changing economic cycles and consumer preferences. The recipe for success lies in transforming the businesses to be relevant in a post-industrial digital world. For countries like ours we need to reassure that technologies would ultimately improve job opportunities by augmenting inclusive growth – both quantitatively and qualitatively – rather than taking them away and that they enhance the standard of living rather than destroy it.

Coping with Cyber Threats

For the financial sector specifically, there is a need to look into the extant IT environment, since there is a feeling that the IT infrastructure at most financial firms is fragmented and inconsistent[6]. The financial sector industry rests on trust and credibility, and increasing cybercrime is threatening this basic premise. According to a report[7] released by the British Bankers' Association (BBA) in association with PwC, 'defending and countering cyber-attacks whilst keeping up-to-date with evolving regulations and policy is a complex challenge'.

[5] PwC 2014 Annual Global CEO Survey.

[6] Managing complexity – the state of the financial services industry 2015, Oliver Wyman.

[7] The Cyber Threat to Banking – A Global Industry Challenge.

As you know, cybercrimes are getting sophisticated and nuanced. Their perpetrators could be broadly categorised as 'organised cyber criminals' and 'enemy state agents'. Motives could be anything ranging from corporate espionage to intellectual property rights to siphoning off funds. In all these, if we look at it seriously, the primary weapon is exploiting vulnerabilities. While they cannot be easily wished away, the only way corporates can tackle this is to be 'proactive' about their 'cyber resilience'.

In the case of a data theft last year at one of the global investment bank, what was disturbing was not the security breach per se but the fact that the hackers were inside their systems for close to two months before being noticed! Corporates need to put in place a robust business continuity management (BCM) plan (which is the broad theme of the last session of this summit) and perform business impact analysis. No corporate can afford to brush these off as trivial non-operating activities since the potential risks involve not only monetary loss but also reputation and legal risk which can simply demolish established businesses.

A survey[8] indicates that 41 per cent of economic crime was committed by employees within an organisation. How do we address this? Can we seriously think of examining the incentive-compatibility structures at our companies? Since risk is inherent in every business, in the absence of appropriate incentive compatibility structures, we may encounter behavioural patterns leading to decision making processes that de-risk the individual rather than taking the optimal decisions that would benefit the organisation. Such behavioural patterns may lead to functional paralysis and at times, to explosive business disruptions within the organisation.

We can even think of gender balance in decision making, the mostly ignored aspect of the 'inclusiveness' discussions. I am reminded of the famous response of Christine Lagarde to a journalist's question. She said 'had Lehman Brothers been Lehman Sisters today's economic crisis would look quite different'. That might be a quip, but we have seen the success of Mohammed Younus who turned to women to make 'micro finance' what it is today. According to some research in behavioural finance, excessive risk taking in men has to do with their body chemistry.

Optimism with Caution

India is on the cusp of a great upsurge and business entities must ride the wave but they should be mindful of the risks that they are assuming for themselves and for the system as a whole. Macro-economic vulnerabilities facing our economy have significantly receded, thanks to improvement in growth outlook, fall in inflation, sharp reduction in oil prices, recovery in the external sector coupled with a bigger war chest of forex reserves, infact we now hold highest ever foreign exchange reserves of about US$ 330 billion, and a strong commitment from the Government to contain fiscal deficit. This implies we are much better positioned among our peer countries to cope with future uncertainties and vulnerabilities. Having said that, we cannot afford to be complacent and that is why we want to be cautious in our approach and want to be more certain than everyone else that our economy and financial system do not have to repeatedly face many of these vulnerabilities.

In other words, at this juncture, India cannot afford to lose the greatest opportunity that it possibly got over the last so many years, given its relatively strong position amongst emerging market economies. On the other hand, with a political set up so attuned to the concerns of the industry, the 'Make in India' perspective offers a paradigm shift in terms of Government-industry interaction.

Yet, a successful implementation of this paradigm requires asking some basic but fundamental questions for each industry in terms of 'What do I offer?', 'What are my key competencies?' and 'What are my weaknesses?' Is it the cost control centric rather than value addition centric approach of Indian industry that

[8] PwC 2014 Global Economic Crime Survey.

is to be addressed first? The term 'de-risking' should mean finding one's own moorings, *i.e.*, the sustainable USPs. A manufacturing industry driven by cost minimisation philosophy compromising on quality can only be fleeting source of comfort.

Conclusion

Let me conclude with a few thoughts. The sustainable solution for risk mitigation lies, to a great extent, in knowledge leadership. To progress from 'me too' business models which are all too vulnerable to disruptive onslaught from ever nimbler start-ups to 'knowledge leadership' is a significant leap. But India as a country has to make that leap in order to develop sustainable source of leadership. And such leaps will have to be enabled at our educational institutions, vocational or otherwise. More and more institutions of excellence must be encouraged to serve as incubators for legions of technology breakthroughs.

The question we require to pose is what stops us from replicating such innovation centric knowledge hubs. Knowledge leadership doesn't imply that Indian industry as a whole will be insulated from churning. After all there is only one company common between the Dow Jones index of the early twentieth century and twenty first century. It rather means that such leadership will entail that for every loser in such an enterprise, there are multiple winners.

I wish you all the very best and hope you will have fruitful discussions on a broad range of themes starting from 'risk analytics' to 'regulatory risks' to 'digital forensics' to 'risks from work place of the future' and finally to 'climate change and sustainability risks'. I am sure that at the end of the summit you will all arrive at a few workable strategies to manage your business risks more efficiently.

Thank you all.

*Emerging Trends in the Global Financial Landscape: India's Challenges and Opportunities**

Harun R. Khan

Good morning Symbiosis. Dr. Rajani Gupte, Vice Chancellor, Symbiosis International University, Dr. Bhama Venkataramani, Director, Symbiosis Centre for Management Studies, Mr. Y. M. Deosthalee, Chairman & MD, L&T Finance Holdings Ltd., Mr. Alexander K. Sattler, Financial Counsellor & Representative of the Deutsche Bundesbank, members of faculty, students, distinguished invitees and friends from media. It is a pleasure to be in your midst and inaugurate the Third International Conference on Emerging Trends in The Global Financial Landscape. Last seven years have been quite eventful and interesting for all and especially for the policy makers across economies. Crisis after crisis have tested existing policies, forced reorientation of many policies and led to adoption of unconventional policies. In short, the intensity of global financial crisis of the recent past has been such that the financial landscapes have undergone tectonic shifts. Against this background, I would begin with a brief review of the key developments that shape our global outlook at this point of time and the impact of such changes on India. I would briefly highlight the impact of major crises in the past vicennium and then touch upon the various dimensions of India's increasing linkages with the global financial landscape besides current state of external sector vulnerability. Finally, before summing up, I would briefly cover the issues related to foreign exchange reserves which act as the first line of defence when faced with external sector vulnerabilities and volatilities.

* Based on the inaugural address of Shri Harun R. Khan, Deputy Governor, Reserve Bank of India, delivered at the Third International Conference on Emerging Trends in The Global Financial Landscape organised by the Symbiosis Centre for Management Studies, Pune on February 23, 2015. The speaker acknowledges the contributions of Shri R. Subramanian and Shri Surajit Bose of the Reserve Bank of India.

A. Global Outlook

Developed Economies

2. The IMF has projected[1] global growth in 2015 and 2016 at 3.5 and 3.7 per cent. The projections are 0.3 per cent lower than what was projected in its World Economic Outlook in October 2014. The revisions reflect a reassessment of growth prospects in China, Russia, the Eurozone, Japan and some oil exporting countries. World trade volume and consumer prices in advanced economies are also projected to decline. The World Bank, in its Global Economic Prospects Report, January 2015, has reduced global growth projection for 2015 from 3.4 per cent to 3.0 per cent. Japan has come out of a technical recession but is still quite some distance away from the Bank of Japan's target of 2.0 per cent inflation. The Bank of Canada and the Reserve Bank of Australia have announced rate cuts in view of weak growth. Global growth, therefore, continues to be in a sluggish phase, which has been characterised as '*secular stagnation*' by Larry Summers[2]. The US offers the best prospects in the developed world but Eurozone continues to be a matter of concern even as the European Central Bank embarks on quantitative easing (QE) programme to fight deflation. Greece continues to trigger fears of a renewed Eurozone crisis though the European Finance Ministers appear to have reached an agreement to extend Greece's financial rescue plan for another four months. The possibility of a Grexit, however remote, may induce a chain of events which markets may not be prepared for. Ukraine and the Middle East are sources of geopolitical risks. Given the prospects in the US economy, the US dollar has strengthened against most currencies and, in particular, against the Euro, Canadian Dollar, Australian Dollar

[1] IMF World Economic Outlook Update, January 2015.

[2] U.S. Economic Prospects: Secular Stagnation, Hysteresis, and the Zero Lower Bound: Larry Summers

and the Japanese Yen. With a stronger US dollar and low oil prices, what is of interest is the policy course the US Federal Reserve is likely to pursue – when it will take the first step in a cycle of rate rise and, subsequently, at what pace will it tighten monetary conditions.

Emerging Market & Developing Economies

3. The recent update on the IMF World Economic Outlook projects that growth in Emerging Markets & Developing Economies (EMDEs) to remain broadly stable at 4.3 per cent in 2015 and to increase to 4.7 per cent in 2016 – a weaker pace than forecast in October 2014. Projection for growth of Indian economy was marginally revised downward from 6.4 per cent to 6.3 per cent. The World Bank, in its Global Economic Prospects Report (January 2015) has also cut down the growth projection of EMDEs from 5.2 per cent to 4.8 per cent for the year 2015. This is mainly attributed to lower growth in China, a much weaker outlook in Russia and downward revisions to potential growth in commodity exporting countries. Deceleration in growth in China has been well known. To an extent, slower growth is policy induced by the Chinese authorities as they aim to reduce vulnerabilities from rapid credit growth and make a transition from an investment-led economic model. What needs to be seen is whether China makes a soft landing and what are the implications for the rest of Asia. Any policy move by China to ease monetary policy will have ripple effect across the Asian region. As regards capital flows to the EMDEs, the Institute of International Finance (IIF) expects 2015 could be another stressful year for capital flows to emerging markets. Total EMDE inflows are projected to decline further, after a substantial drop last year, as the Federal Reserve starts to raise the policy rates and the EMDE growth remains lackluster. Flows during the year are again likely to be volatile, as markets are affected by shifting expectations of the Federal Reserve's policy trajectory, oil market uncertainty and political risks. Country differentiation, a subject eloquently brought out in Ruchir Sharma's book '*Breakout Nations: In Pursuit of the Next Economic Miracles*', will continue to remain a key theme for 2015. While many large EMDEs with well-known vulnerabilities have sought to strengthen their macro policy frameworks, and benefit from lower oil prices, analysis of past Federal Reserve tightening cycles suggests risks of heightened incidence of EMDE crises during the year ahead. There are fears that EMDE markets may be catapulted into currency, sovereign or banking crisis as years in which the Federal Reserve has tightened monetary policy usually have seen more market turmoil. While the EMDE capital flows could be affected, the key question is how sensitive are these to US rate rise. According to IIF's estimates a 0.5 per cent rise in rates, all other things being equal, will sap flows in EMDE by about 10 per cent or US$ 30 billion. This year could, however, be different as the European Central Bank and the Bank of Japan are both following ultra-accommodative monetary policies. This should soften the blow of a US rate rise.

4. What is of concern is the market's discounting of the Federal Reserve's own predictions for future rate rises. The disparity between what the Federal Reserve predicts about the path of rate rise and what the market expects it to do has been well known. A quicker and steeper than expected rate rise cycle in the US would have an impact on EMDE capital flows. Throughout the past year, the VIX[3] has been averaging about 14.2, its lowest since 2006. The long term average has been 19.6. Any rise in the VIX could trigger a capital outflow from the EMDE.

Outlook on Oil Prices

5. The sharp decline in global oil prices has been well documented in the financial press. While the drop in

[3] VIX is a ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of S&P 500 index options. It represents one measure of the market's expectation of stock market volatility over the next 30 day period. The idea of a volatility index, and financial instruments based on such an index, was first developed and described by Prof. Menachem Brenner and Prof. Dan Galai in 1986.

prices was over 50 per cent since mid-2014, recent weeks have seen an uptick in prices. The up move of about 20 per cent has also been somewhat unexpected at a time when many analysts were expecting oil prices to fall further. The international oil price movement has been the subject of market speculation as well as academic research. Oil prices, as you are aware, reflect not only basic economic forces of demand and supply but also geo-political developments, technological advances in renewal energy, climate change and adoption of energy efficient technology.

6. Changes in production and consumption seem to fall short of a fully satisfactory explanation of the abrupt collapse in oil prices. While oil production has been close to expectations, consumption has been only a little less than earlier forecast. Most analysts seem to agree that daily demand for oil is short of average daily production of a little over 94 million barrels per day by just about 1.5 million barrels. The Bank for International Settlement (BIS), in a recent note[4] has said that the steepness of the price decline and very large day-to-day price changes are reminiscent of a financial asset. The Organisation of the Petroleum Exporting Countries (OPEC) decision not to cut production, no doubt, has been a key factor in the fall in international crude price. But, as the BIS study shows, other factors could have exacerbated the fall in oil prices. One important factor could be the substantial increase in debt borne by the oil sector in recent years. Given high debt issued by oil producers, in expectation of high future oil prices, an unanticipated fall in oil price weakens the balance sheet of oil producers who are impelled to sell forward more of their production. Further, debt service commitments may induce producers to maintain production levels and delay production cuts, thereby keeping supply at a level higher than what demand may justify. It has also been noticed that swap dealers may have become less inclined to sell protection to oil producers during times of heightened volatility and balance sheet stress. More study is of course needed to understand the oil price dynamics and its interactions with financial markets and macro-economic factors.

7. Oil producing countries, facing an oil shock of a different kind, are also beginning to review their national budgets which depend on oil revenue. The impact across countries has been asymmetric – most Gulf nations and Norway have built sufficient reserves in their sovereign wealth funds (SWFs). But some other high cost producers could be at risk if price continues to fall. In recent weeks, the trend seems to have reversed and, ironically, market analysts seem to welcome the move as the oil price equilibrium appears to be somewhat restored.

B. India and the Global Financial Landscape

8. With that background, let me turn to the Indian context: Where is India placed in the global financial landscape? India is perhaps the only major economy where growth prospects have not been revised downwards. When its peers in the BRICS group seem to be following with China on a slowdown trajectory, Brazil staring at stagflation, Russia reeling under recession and South Africa facing declining growth, India is emerging as the leading light of the EMDEs. Political stability combined with strong commitment to fiscal and monetary discipline and economic reforms promise rapid growth. Given our advantages of demographic dividend and a large entrepreneurial class, India should be the destination for global capital if we take steps to address structural bottlenecks and enhance productivity of the economy.

The journey so far

9. Till the early 1980s, India's trade regime was autarkic with very high nominal import tariffs and also non-tariff barriers. From the late 1980s, the government began dismantling the import licensing system and simplifying the tariff structure moving towards a more open trade regime. The crisis year 1990-91 was a watershed year in Indian economic history: India faced

[4] Note available at https://www.bis.org/statistics/gli/glibox_feb15.htm

an external payment crisis. Fundamental changes were carried out in industrial, trade, banking and exchange rate policies.

Current Account

10. Being a developing and energy deficient country, India's current account position has always been in deficit barring for a brief period in the beginning of the last decade. India's export performance has progressed commendably: exports have gone up from US$18.1 billion in 1990-91 to US$ 314 billion in 2013-2014. The composition of exports has shifted from labour intensive products (*e.g.*, textiles) to capital intensive goods (*e.g.*, engineering). India's trading partners have also changed with greater share of emerging markets. Export of services has also seen phenomenal growth increasing from US$ 4.6 billion in 1990-91 to US$ 151.5 billion in 2013-14. Concomitantly, merchandise imports also rose as India's economy grew and progressively got integrated with the global economy. Imports rose to US$ 450 billion in 2013-14 from US$ 24 billion in 1990-91. While there has been rise in energy related imports, such as, oil and coal, import of precious metals, particularly, gold also increased in the recent years. Notably, apart from the rise in domestic consumption, sharp increase in oil imports was partly due to rising POL exports as well. Overall, merchandise trade persistently remained in deficit. Invisibles, on the other hand, have been a support with private transfers/ remittances being steady and consistent. India remains the largest recipient of officially recorded remittances in the world and received about US$ 70 billion in 2013, covering about 15 per cent of imports. As a result, current account deficit (CAD) generally remained range bound barring 2011-12 and 2012-13 when it shot up to 4.2 per cent and 4.8 per cent of the GDP respectively. From second quarter of 2013-14, CAD has steadily declined and has been well within the sustainable range. Looking at the recent trends, CAD increased to US$ 10.1 billion (2.1 per cent of GDP) in Q2 of 2014-15 from US$ 7.8 billion (1.7 per cent of GDP) in the preceding quarter and US$ 5.2 billion (1.2 per cent of GDP) in Q2 of 2013-14. The increase in CAD was primarily on account of higher trade deficit contributed by both a deceleration in export growth and increase in imports. With the steep fall in international oil prices, CAD during the current year as a whole, however, is expected to be less than last year's figure of 1.7 per cent of GDP.

Capital Account

11. India depends upon capital flows to bridge the CAD. Foreign Direct Inflows (FDI) and portfolio investments constitute a major share of the flows. Debt flows, External Commercial Borrowings, in particular, have gone up substantially but, as a share of total capital flows, debt flows have declined from 80 per cent in 1990-91 to about 30 per cent in 2011-12. Total capital flows reached a peak of US$ 107 billion in 2007-08 but collapsed to about US$ 7.2 billion in 2008-09 indicating volatile nature of such capital flows. In the current fiscal year so far, India has witnessed a net inflow of about US$ 25 billion in the form of FDI and about US$ 36 billion as portfolio flows as against about US$ 21 billion and (-) US$ one billion respectively in the corresponding period of the last year. During 2014-15, capital flows would be more than adequate to finance CAD.

Impact of falling oil prices

12. The oil price fall has definitely been a boon to EMDE, especially countries like India which are energy import dependent. It acts like a fiscal stimulus and world consumption is expected to get a boost as consumers spend less on energy. The oil price decline is beneficial to India, as it results in lower inflation and gives comfort in budget and fiscal management. Crude oil import in 2013-14 was US$ 165 billion, about 36 per cent of the total import bill. In April-November 2014, it was US$ 90.3 billion, about 28.3 per cent of total import. According to some estimates, a US$ 10 a barrel fall in oil prices will reduce the country's import bill and, hence, the CAD by US$ 10 billion or 0.48 per cent

of GDP. Another estimate indicates that 10 per cent reduction in crude oil prices will reduce Consumer Price Index-based inflation by around 20 basis points (bps) and bring about a 30 bps rise in GDP growth.

13. This provides an ideal setting to bring the current account back to health on a sustained basis and as also work on fiscal consolidation. This is too valuable an opportunity for us to miss. The oil price decline beyond the US$ 70-75 level has, however, given rise to unexpected consequences. Is the fall in oil prices unambiguously good for the world economy? Oil producers have been cutting back on future investments. This implies cutting back on jobs in the oil and gas industry as well as support services. Energy stocks have suffered losses. The fall in oil price seems to be the single most factor important behind falling inflation in most economies. The fear of deflation grips central banks as consumption could decline and real burden of debt will go up if inflation were to turn negative or remain low for a long period of time. For India, the negative could be in terms of lower remittances and capital flows from the affected countries.

C. Major Crises in the Past Vicennium

14. The major crisis faced by India in the past are Asian Financial Crisis in 1997, LTCM & Russian default in 1998, Dotcom Crisis in 2000, Subprime Crisis in 2007, European Sovereign Debt Crisis in 2011 and Fed Reserve announcement of tapering in 2013. Talking of the crises, Dr. D. Subbarao, former Governor, Reserve Bank of India[5] had said '*... in matters of economics and finance, history repeats itself, not because it is an inherent trait of history, but because we don't learn from history and let the repeat occur.'* Hence, it is imperative for EMDEs like India to internalise past crises and take effective steps to safeguard against future shocks.

Impact of crises on India

15. These crises impact India in various ways. Firstly, increased volatility in the exchange rate and equity markets could lead to depletion of foreign exchange reserves, weakness in the economy, increasing threat of rating downgrades, diminishing investor confidence and volatility in capital flows. Second, Balance of Payment (BoP) parameters come under stress due to moderation in growth of major trading partners and commodity price volatility impacts macro-economic parameters, such as, inflation and fiscal deficit. Third, corporates are unable to raise foreign capital which imports financial problems from off-shore to on-shore and unhedged foreign currency exposures translate into on-balance sheet concerns impacting the credit worthiness of the corporates. Fourth, financial institutions experience difficulties in accessing international financial markets. Fifth, monetary policies of developed countries tend to impact macro-economic parameters of the country, *e.g.*, recent experience of announcement of tapering of asset purchase of the Federal Reserve. On May 22, 2013, Chairman Ben Bernanke first spoke of the possibility of the tapering of Fed's purchases of securities. This and subsequent statements collectively known as '*tapering talk*', had a sharp negative impact on the emerging markets. Around the period, domestic concerns pertaining to high CAD, moderation in growth, high fiscal deficit, high inflation and policy uncertainty were some of the major concerns for foreign investors.

16. The impact of announcement of tapering and domestic concerns was evident in the form of tightening of liquidity and higher volatility in all market segments along with sharp decline in stock prices. For example, during the period May 22, 2013 & August 30, 2013, the Indian Rupee depreciated 15.5 per cent against the US Dollar, as against depreciation of 6.04 per cent of Russian Rouble, 6.88 per cent of South African Rand and 14.08 per cent of Brazilian Real. Equity markets declined with Sensex declining from closing of 20,062

[5] Remarks by Dr. Duvvuri Subbarao at the release of Reserve Bank of India's History Volume IV by the then Prime Minister Dr. Manmohan Singh in New Delhi on August 17, 2013.

on May 22, 2013 to 18,620 on August 30, 2013. Portfolio capital inflows which were buoyant till the third week of May 2013 began retreating as US yield hardened and yield spread narrowed significantly.

Policy measures taken to curb volatilities

17. The Reserve Bank had stepped in to curb excessive volatility in the foreign exchange market and responded by increasing the short term interest rates and by tightening the Rupee liquidity in the system. Special swap window was opened for public sector oil marketing companies for meeting crude oil related dollar demand. Banks mobilised about US$ 34 billion under FCNR (B) scheme and Offshore Foreign Currency Borrowings for augmenting the foreign exchange reserves of the country. To ease pressures on rising CAD and discourage import of gold, quantitative and other restrictions were placed on gold imports in consultation with the Government of India. To further encourage longer term foreign currency inflows, the external commercial borrowing mechanism was rationalised & liberalised and limits for foreign investment in G-Sec were streamlined and increased coupled with relaxation in FDI caps in some sectors.

D. The Seven Coupling Channels

18. It is relevant to note that the Indian economy is now more interlinked with the world economy than before; global developments have considerable influence on different segments of domestic economy through various channels. With growing globalisation and integration with global economies, the spillover impacts can be felt through the following seven channels (or the 7Cs) - Commerce, Capital Flows, Commodity prices, Confidence, Carry Trades, Contamination and Central Banks' action & communication channels.

Commerce Channel

19. For India, with its persistent CAD problem lower and sustainable level of CAD is very important having far reaching implications on the policy making processes and also on the way international institutions and investors view us. The earnings from export do provide cushion in the balance of payments, aids in flexibility to import goods that are critical for our development besides positive spillover effects on the domestic economy in terms of improvements in quality and productivity.

20. Export sector faces a number of challenges, notable amongst them, are uncertain global demand. The challenge is to search for new markets and new products for existing markets. Whether our newly found export destination countries would remain insulated from the global financial crisis? India's trade performance had improved significantly in 2013-14 led by a modest growth in exports and compression in imports. While exports grew on the back of stronger global demand and a more competitive Rupee in 2013-14, contraction in imports was driven by decline in gold and non-oil non-gold imports. Exports have grown by 2.44 per cent for the period April-January 2014-15 to US$ 265.03 billion from US$ 258.72 billion last year. Over the same period, imports have grown by 2.17 per cent from US$ 375.25 billion to US$ 383.41 billion. The trade deficit is marginally higher during April-January 2014-15 over the previous year.

21. 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 CAD for 2014-15 is currently placed at lower than previous year's figure. 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.

Capital Flow Channel

22. Economies in emerging markets have been integrating with the global economy at a rapid pace. Integration is driven by current and capital account flows. Investors of capital are loyal only to assets and markets that promise the highest risk adjusted return. There is always a tendency to retrace quickly when the risk-reward equation changes. Despite a high domestic savings rate, India needs to import capital from abroad to support the second highest growth rate in the world. The current account has been opened though gradually over the last two and half decades. A more calibrated approach has been adopted towards fuller capital account convertibility and for promoting capital inflows. Foreign direct investments are permitted with an exception of a few sectoral caps in most of the sectors. Portfolio investments in G-sec and corporate bonds are subjected to macro ceilings which are subjected to modulation with evolving scenario. In debt flows, certain restrictions remain including the overall quantum of external commercial borrowings, cost ceilings, end-use restriction with focus on capex except a small window for general corporate purposes. As far as financing of CAD is concerned, net capital inflows are expected to be more than adequate in 2014-15.

Commodity Price Channel

23. Many EMDEs are dependent on import of commodities critical for their economic development. The prices of these commodities are often characterised by huge volatilities. In the Indian context, the largest contributor to CAD is oil imports and price of petroleum products is an important factor to reckon with as also its inflationary impact. As our economy grows, reliance on petroleum products has increased significantly and the increased demand has to be met by higher imports. Last fiscal, India imported about US$ 150 billion worth of crude which constitutes about 75 per cent of the total annual crude consumption. Thus, spillover impact of price volatility of commodity like oil has huge impact on EMDEs like India.

Confidence Channel

24. The impact of uncertainties of global financial conditions is evident through confidence channel. The first market segment in India to be affected is the equity market. Of all markets in India, equity is most accessible to foreign capital. For example, as per one estimate, as of December 2014, foreign portfolio investors (FPIs) held 23 per cent of the market capitalisation and 47 per cent of the floating stock in the equity segment. Despite limits on investments FPIs have also shown keen interest in taking exposure in debt securities for higher returns. This could prove to be a major source of vulnerability. Global risk aversion triggered by the European debt crisis caused a large correction and rapid outflows from Indian equity, and more recently debt markets as was evident in the aftermath of taper talk in 2013. When international investors seek safe havens, the exchange rate markets are the next market to be impacted. Equity and debt market correction is compounded by capital outflows through demand for foreign currency. A downward spiral can ensue; thus, threatening overall financial stability.

25. Transmission of impact of global crisis is accentuated with domestic vulnerabilities. The impact of May 2013 announcement of the Fed Reserve was more pronounced due to domestic vulnerabilities. The CAD had increased from about one per cent of GDP in 2006 to nearly five per cent in 2013, real exchange rate had appreciated, fiscal deficit and inflation had gone

up. The economy had slowed down although the level of foreign reserves was considered comfortable.

26. The confidence channel is also influenced by the credit rating action and outlook. Any adverse move by international credit rating agencies affects the borrowing costs of the corporates. It also affects capital flows and the exchange rate. Any resultant reversal in capital flows would lead to fall in asset prices and volatility.

Carry Trade Channel

27. The 'carry trade' is the most popular trading strategy in currency markets. Traders borrow in currencies with low interest rates and invest in currencies with high interest rates profiting from the margin. Prior to the global financial crisis, carry trades in Yen and commodity currencies were common. In the recent past, with accommodative monetary policies and near zero interest environments in developed economies, currencies of EMEs have emerged as avenues of carry trade. The problem with currency carry trades is that they are inherently unstable. The initial buying of the high yielding currency has the perverse effect of pushing the currency higher, giving the impression of unidirectional bias and complicating policy for the country as the overvalued exchange rate dents the country's export competitiveness. In the event of unwinding of carry trades, which is generally sudden and vicious as, the leveraged positions head for the exit at the same time causing reversal of flows and depreciation of domestic currency. In the recent past, Reserve Bank had noticed trends of volatile FPI flows in the short-term debt market which were impacting the foreign exchange markets as well. In view of volatile FPI flows in the short term government securities market, the Reserve Bank restricted FPI investments in dated government securities earlier and corporate bonds recently to securities having residual maturity of three year or above. The objective was two-fold (a) containing the interest rate and exchange rate volatility and (b) developing the debt market by attracting long-term stable investments.

Contamination Channel

28. In 2013, the Rupee had experienced huge quantum of volatility primarily due to the external factors and fall in the risk appetite of the external investors. Following indications of QE tapering by the Federal Reserve on May 22, 2013 and growing concerns about high CAD, exchange rate depreciated sharply by about 15 per cent to Rs 63.75 in September 2013 over March 2013, touching an all-time low of Rs. 68.85 against dollar as on August 28, 2013. Subsequent policy actions undertaken both by the Reserve Bank and the Government, however, augured well for Rupee stabilisation as it gradually appreciated to Rs 60.10 by end-March 2014. For Q2 2014-15 as a whole the Rupee depreciated against the US dollar *albeit* with some appreciating bias during the second week of August to first week of September 2014. During periods of higher volatility, Indian firms get affected by such sharp currency movements by way of transaction, translation and economic exposures with serious implications for their bottom line and future business capabilities.

29. Large scale reliance on borrowings abroad in foreign currency by Indian corporates entails huge interest rate and exchange rate risks. The not-so-happy experience of redemption of foreign currency convertible bonds (FCCBs) highlights the risk for the corporates in issuing such foreign currency bonds on the uncertain premise of ever increasing equity prices. Large unhedged forex exposure of corporate is not only a potential threat to the balance sheets of the corporates but also to financial stability. The Reserve Bank has been highlighting the need for sound risk management culture of our corporates. The Reserve Bank has have been cautioning participants from taking too many bets in one direction. It is essential for the banks to rigorously evaluate unhedged exposures of the clients by adequately pricing in the risk premia. In the last few years, Indian corporates have gone for establishment/ acquisition of overseas companies, often at the cost of

their capability to meet the domestic business needs and without proper assessment of the risk-return trade-off. When global situation turned stressful, the viability of these overseas entities impact domestic balance sheets. As a result, there have been disinvestments at large losses.

Central Banks' Actions & Communication Channel

30. Central bank actions in the developed economies have an impact on emerging markets. These spillovers have been the subject of debates in academic and policy forums. Monetary policy actions pass through interest rate, exchange rate, capital flow and the asset price channels. The large scale asset purchase programme of the Federal Reserve depressed the yields on US fixed income securities and the value of the US dollar until recently. QE announcements by the Bank of Japan and the European Central Bank may also have similar consequences though the magnitude could be different. The Swedish Riksbank's announcement of a negative repo rate and its decision to purchase SEK 10 billion of government bonds and the sudden move of the Swiss National Bank to abandon the EUR-CHF floor had sent the financial markets into a tizzy. As the interest rate differential between the developed economies and the emerging markets widens, more capital flows into EMDEs in search of yield. But when easy monetary policy is sought to be reversed, emerging markets face a 'sudden stop' or even a reversal in capital flows as witnessed in the summer of 2013. EMDEs need to be prepared for a rapid rise or fall in asset prices and exchange rate volatility arising from policy action of dominant economies. True, every central bank is bound by its own mandate for domestic policy imperatives but there are unintended spillovers that impact other economies, which Governor Rajan has been highlighting in different international fora. Fortunately, the spillover effect is beginning to be recognised now. In its latest monetary policy statement, the Federal Reserve has stated that their assessment of economic conditions will take into account a wide range of information, including international developments. The President of the European Central Bank, too, acknowledged this when he said that the European Central Bank was keeping an eye on risks stemming from volatility in emerging markets.

31. Post 2008 global financial crisis, central banks have sought to enhance transparency in their policy thinking and action through communication. 'Forward Guidance' is now a part of monetary policy tools of many central banks. There has been a sea change in the way central banks view the role of communications in monetary policy (Paul Jenkins, 2001[6]). The challenge in central bank communication lies in how best they communicate in a language that provides clarity and not further confusion to the public discourse. The Federal Reserve, in its last couple of meetings of 2014, had indicated that it would be 'patient' before raising the interest rates. This was seen as a way of preparing the markets for gradual reversal of low-interest rate and accommodative cycle and prevent sudden-shocks in the markets. The markets are, however, divided in their interpretation of the term 'patient' and its qualification or elimination in the minutes of the next meeting. In other words, forward guidance is emerging as a challenge for the central banks *vis-à-vis* the markets as has been experienced by the Bank of England and now possibly, by the Federal Reserve. Thus, the communication of policy stance by the Central Banks of the advanced economies can be a cause of market volatilities and may have spillover impact on EMDEs like India.

E. India's External Sector Vulnerabilities

32. Let me now briefly touch upon India's external sector vulnerabilities now *vis-à-vis* the 1990-91 when the BoP crisis led to paradigm shift in our macro-economic policy framework. Between 1990-91 and now, trade deficit has deteriorated peaking at 4.8 at end-

[6] Communicating Canadian monetary policy: towards greater transparency: Paul Jenkins, Deputy Governor, Bank of Canada, May 2001.

March 2013 but has recovered sharply to 1.7 as at end-March 2014; expectation is that for the year ending March 2015 similar range of lower CAD. Invisibles have been very steady and have lent support to the current account. Capital flows have not only financed CAD but have also added to our reserves. India's net IIP is (-) US$ 346 billion, up from (-) US$ 313 billion last year. Commercial debt is a dominant share of external debt as Official Development Assistance (ODA) has declined in recent years. The debt service ratio (repayments and interest as a proportion to current receipts) has also gone up from 5.9 per cent in March 2013 to 7.5 per cent in September 2014. Though some vulnerability parameters show some deterioration, we are much better placed now than in 1990-91 (Table). The external sector is, thus, in much better shape, and the country better cushioned against external shocks, than what it was in 1990-91.

Table: India's external vulnerability indicators (as at end March)

Indicators	1991	2001	2011	2014	2014*
1. External Debt to GDP ratio (%)	28.7	22.5	18.2	23.5	23.2
2. Ratio of Short-term to Total Debt (original maturity) (%)	10.2	3.6	20.4	20.2	18.9
3. Ratio of Short-term to Total Debt (residual maturity) (%)	15.8	10.3	40.6	39.6	NA
4. Ratio of Concessional Debt to Total Debt (%)	45.9	35.4	14.9	10.5	9.8
5. Ratio of Reserves to Total Debt (%)	7	41.7	95.9	68.8	68.9
6. Ratio of Short-term Debt to Reserves (%)	146.5	8.6	21.3	29.3	27.5
7. Ratio of Short-term Debt (residual maturity) to Reserves (%)	227	24.6	42.3	57.4	NA
8. Reserves Cover of Imports (in months)	2.5	8.8	9.5	7.8	8.1
9. Debt Service Ratio (%)	35.3	16.6	4.4	5.9	7.5
10. External Debt (US$ billion)	83.8	101.3	317.9	442.2	455.9
11. Net International Investment Position (IIP) (US$ billion)	-	-76.2	-207.0	-332.7	-353.7
12. IIP/GDP ratio*(%)	-	-16.5	-12.1	-17.7	-17.8
13. CAD/GDP ratio	3	0.6	2.8	1.7	2.0

(* end September 2014)

F. Foreign Exchange Reserves: the First Line of Defence

33. Foreign exchange reserve forms the first line of defence to calm volatility in the forex markets and provide adequate liquidity for 'sudden stop' or reversals in the capital flows. Bilateral and multilateral safety nets are also helpful. One response to the global financial crisis was signing of bilateral swap agreements by the Federal Reserve with select central banks. Availability and adequacies of such bilateral/multilateral backstop arrangements is not an easy option during crisis times. The Asian crisis triggered a realisation that large reserves are needed to face a crisis as a self-insurance policy.

34. Since 1991, the level of foreign exchange reserves has steadily increased from US$ 5.8 billion to about US$ 333 billion, an all-time high. India's foreign exchange reserves are the end consequence of current account and capital account dynamics. Most of India's foreign exchange reserves are held by the Reserve Bank of India principally foreign currency assets and gold, SDR allocation and Reserve Tranche Position in the IMF are held by the Government.

Major aspects of reserve management

35. Reserves are held essentially to instill confidence in the markets and investors, act as an insurance during periods of crisis and provide pool of resources for meeting the intervention needs during periods of extreme volatility and manage BoP mismatches. Reserve management is essentially the art of maintaining adequate liquidity, when required, ensuring safety of capital and generating reasonable returns under what is popularly known as the Safety, Liquidity & Return (SLR) framework. It, therefore, revolves around decisions involving trade-off between risk and return. The prolonged low interest environment, post the global financial crisis, has substantially affected the return on reserves, which in 2013-14 was 1.21 per cent. This has led to suggestions on the need to enhance

returns by either diversification into non-traditional asset classes and currencies. Such strategies, however, have their own share of risks. For example, during phases of market turmoil, safe haven flows may result in losses in investments made in EMDE's currencies and assets. The higher expected returns on non-traditional assets could be wiped out during periods of market turmoil.

36. We should also remember that holding reserves has a cost. This cost has a quasi-fiscal implication as the cost of sterilisation is either borne by the Government or by the central bank itself. There are different approaches to measure the cost of maintaining reserves. The most common approach is to measure it as the opportunity cost of investment in domestic securities. It can also be looked at as cost-of-carry, being the difference between the cost of capital borrowed from outside minus the return on reserves. The cost of reserves, however, should be weighed against the benefits, such as, providing a stable exchange rate regime by smoothening extreme volatility. A stable exchange rate regime benefits market participants as it reduces uncertainty and hedging costs. But the benefits of adequate reserves are not easily quantifiable whereas the costs are more explicit. Therefore, any cost-benefit approach to reserve adequacy involves a judicious assessment of the risks of an economy that is on a path towards a more open capital account.

Adequacy of reserves

37. Traditional metrics of adequacy are import cover, ratio of short term debt/volatile capital flows to reserves and ratio of reserves to broad money. In the Indian context, import cover increased to 8.1 months as at end September 2014 from 6.6 months at end September 2013. Ratio of CAD to foreign exchange reserves has improved from 30.1 during 2012-13 to 10.6 in 2013-14. The ratio stood at 166.0 in 1990-91. Ratio of short-term debt to the foreign exchange reserves, declined from 34.2 per cent as at end September 2013 to 27.5 per cent as at end September 2014. Ratio of volatile capital flows (defined to include cumulative portfolio inflows and short-term debt) to the reserves declined from 97.2 per cent as at end September 2013 to 94.7 per cent as at end September 2014. India's net IIP has, however, been negative for a long time and has deteriorated from US$ 326 billion in March 2013 to US$ 353 billion in September 2014. Therefore, while some metrics indicate improvement in some aspects of our external sector vulnerabilities, there is no room for complacency as India is basically a current account deficit economy with large dependence on foreign capital flows which are susceptible to periodic phases of sudden stops and/ or reversals.

G. The Challenges Ahead

38. The existing benign global economic environment could see some volatility in 2015, when some reversal of global liquidity, particularly, through the action of the Federal Reserve is likely. Reversal of monetary policy stance by the Federal Reserve is likely to be cushioned by continuance of easy policy of other major central banks. China's exchange rate policy in the context of ongoing slowdown also presents an external risk to Asian currencies including the Rupee. As economic slack diminishes with recovery in the domestic economy, the upturn in the investment cycle will require higher non-oil non-gold imports. Easing of norms for gold imports could lead to a widening of CAD in 2014-15. Even though international crude oil prices are projected to stay low as price war intensifies, the re-emergence of geopolitical risks, particularly in Middle-East and Ukraine, may keep oil prices relatively firm and thus may have implications for India's oil import bill. This may pose upward risks to India's CAD. Further, notwithstanding a modest recovery in exports and adjustment of the Rupee exchange rate in 2013-14, there are downside risks to exports due to uncertainty about the global growth outlook.

39. Lower CAD, surge in foreign exchange reserves and exchange rate stability are signs of a more resilient external sector. Improvements in external sector indicators, however, do not warrant any policy complacency. Spillovers from renewed external pressures through the seven channels mentioned earlier may resurface and thus pose a challenge for India's external sector. External sector strength is a function of global developments, fiscal & monetary actions of advanced economies as well as domestic economy and policies. Given our limited role in influencing the global developments, the policy focus has to be on improving domestic macroeconomic fundamentals so as to minimise the impact of such spillovers. In particular, policy attention is required for redressal of sector-specific structural issues that affect growth, inflation, CAD, fiscal deficit and overall competitiveness of the economy, a conducive business environment to ensure a better mix of capital flows will focus on stable non-debt creating flows and improved governance. What gives confidence to India watchers within & outside the country is that significant steps are being taken in the policy and execution space of the country.

H. Summing up

40. Financial crisis, as a phenomenon, has been recurring at frequent intervals – every crisis is new but the impact is, in many ways, similar. For India, external sector vulnerabilities are relatively lower than in the past but adverse spillovers of global macro-economic and geo-political developments on the domestic sector cannot be ruled out. Hence, it is necessary to remain focused on the structural and cyclical challenges arising through the 7C channels in the context of our increasing inter-linkages with the global financial landscape. Foreign exchange reserves act as a first line of defence but acquisition and holding of reserves has its own costs and challenges. While reserves provide us cushion to meet unforeseen market developments in the short run it is sound macro-economic management that is the best insurance in the long run. One takes heart from the fact that inspite of uncertain global environment, India is much better positioned now than before to seize what The Economist in its latest issue (February 21, 2015) calls ' *a rare opportunity to become world's most dynamic big economy'.*

Thank you all for a patient hearing.

*Problem Loan Management & MSME Financing**

R. Gandhi

I am very glad to be talking to you on a subject which is very contemporary and very critical for the economy. Both the Government of India and the Reserve Bank have long been convinced of the contribution, and of the enormous potential, of the SME sector to the economic growth, employment and income generation for vast masses of the country. Recent Government pronouncements about "Make in India" are fundamentally based on these convictions. Therefore, detailed discussions and debate on the ways, procedure, precautions and follow-up on SME financing are very apt and timely. I appreciate the efforts of CRISIL and others in this regard. I understand that in this workshop you all had discussed about SME Loan Life Cycle Management, Credit Scoring as a technique for credit appraisal, strategies and tools to monitor SME loans and handle problem SME loans, including building early warning systems, *etc.* I am sure all of you have been benefited by these discussions. Let me dwell a bit more on the problem loan management, as currently it is a serious issue for the banking sector.

Asset Quality

2. Asset quality is an important parameter to measure the health of the banks. In the last twenty years or so, the Gross Non-Performing Asset Ratio as well Net Non-Performing Asset Ratio of Indian banks have been showing a declining trend due to many factors, and very significantly due to the sustained improvements in the credit risk management practices adopted by the banks. The gross non-performing assets (NPAs), in percentage terms, have declined steadily from 15.70 per cent at end March 1997 to 2.35 per cent at end March 2011. However, asset quality of the banking system has suffered significant deterioration in the recent years. NPAs expressed in terms of Gross NPA Ratio increased to 4.11 per cent at the end of March 2014. During the period, the 'restructured but standard loans' (restructured in terms of regulatory dispensation provided to banks for supporting viable accounts facing temporary difficulties and in line with public policy imperatives) as a per cent of gross advances increased considerably from 1.14 per cent in March 2008 to 5.87 per cent in March 2014. There has been further deterioration in asset quality during March to September 2014 and the GNPA ratio and restructured advances ratio increased to 4.54 per cent and 6.13 per cent respectively at the end of September 2014. As such, the overall stressed advances (NPAs + Restructured advances) remained high with considerable increase in the recent period working out to 10.67 per cent for the banking system as at the end of September 2014. In terms of value, with Gross NPAs at ₹2,798 billion and Restructured standard advances at ₹3,780 billion, the total stressed advances amounted to ₹6,578 billion at the end of September 2014.

Stressed Sectors

3. Based on the levels of stress in different sub-sectors, it was observed that (i) 'infrastructure' (ii) 'Iron and Steel' (iii) Textiles (iv) Mining (including Coal) and (v) Aviation services had significantly higher level of stress and thus these sub-sectors/segments could be taken as 'stressed' sectors in the current scenario.

Macro-Stress tests

4. Macro-stress tests are conducted by the Reserve Bank of India to ascertain the resilience of banks against macroeconomic shocks. The results of this analysis presented in the Financial Stability Report-December 2014, suggest that under the baseline scenario, the GNPA ratio is expected to be around 4.0 per cent of total advances as at the end of March 2016. However, if the macroeconomic conditions deteriorate, the GNPA ratio may increase to 6.3 per cent under severe stress scenario by March 2016.

* Valedictory Speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India on January 30, 2015 at a Workshop organised by CRISIL on "Credit Risk and Problem Loan Management" at Goa. Assistance provided by Shri A. K. Choudhary and Shri Nethaji B. is gratefully acknowledged.

Drivers for deterioration in Asset Quality

5. Theoretically speaking, there could be various factors which may cause a good loan to turn into a problem loan. Some of the external reasons could be economic recession, non-payment in other countries, inputs/power shortage, price escalation, accidents/natural calamities, and changes in government policies in excise/import duties, pollution control norms, delay in disbursal of loans by lenders, *etc.* Internal reasons for loan accounts becoming problem loans could be diversion of funds for expansion/diversification/modernisation/for taking up new projects, for helping/promoting associate concerns, time/cost overrun during the project implementation stage, business (product, marketing, *etc.*) failure, inefficient management, strained labour relations, inappropriate technology/technical problems, and product obsolescence, *etc.*

6. The current deterioration in the asset quality of Indian banks could mainly be attributed to domestic and global economic slowdown, delays in statutory and other approvals, especially for projects under implementation, relatively aggressive lending practices during upturn (2003-08), as evidenced from high corporate leverage, risk concentration, especially to large greenfield projects, and of course, lax risk management systems of banks, *etc.*

NPA Management

7. Managing NPAs has a lot to do with managing productive assets and ensuring effective corporate governance. Management of NPAs begins with the realisation of benefits that accrue in running a quality advances portfolio and warrants a better understanding of risks in lending. The Board of Directors has to decide a strategy on NPA management keeping in view the regulatory norms, the business environment, the asset profile, the available resources, *etc.* The strategy should be reflected in Board approved policies and procedures to monitor implementation.

8. The essential components of sound NPA management are:

i. Prevention of NPAs through prudent underwriting

ii. Effective early alert system

iii. Quick and effective remedial measures to prevent slippage

iv. Faster resolution of post slippage

9. A multi-pronged strategy of preventing slippage of standard assets into NPA category and reducing NPAs through cash recovery, up gradation, compromise, legal means *etc.*, is called for.

Restructuring

10. Generally, stress in borrowal accounts is more likely to be resolved in terms of recovery if the company is in operation. For this to be effective there must be a system of identifying the weakness in accounts at an early stage. Banks should put in place an 'Early Alert' system that captures early warning signals in respect of accounts showing first signs of weakness. This would help the banks to take remedial measures and prevent the account from becoming NPA. Banks may restructure/reschedule the accounts of viable entities and assist the entity to tide over the temporary difficulties faced by them.

11. Once a weak account is identified, the bank needs to consider various corrective actions. One of the corrective options is restructuring. In spite of their best efforts and intentions, sometimes borrowers find themselves in financial difficulty because of factors beyond their control and also due to certain internal reasons. For the revival of the viable entities as well as for the safety of the money lent by the banks, timely support through restructuring in genuine cases is called for. The objective of restructuring is to preserve the value of viable entities that are affected by certain internal and external factors and minimise the losses to the creditors and other stakeholders. We already have a detailed regulatory prescription, separately for Corporate Debt Restructuring mechanism for consortium advances and standalone restructuring by individual banks.

12. The objective of the Corporate Debt Restructuring (CDR) framework is to ensure timely and transparent mechanism for restructuring the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned. In particular, the framework aims at preserving viable corporates that are affected by certain internal and external factors and minimise the losses to the creditors and other stakeholders through an orderly and coordinated restructuring programme. The CDR Mechanism has been designed to facilitate restructuring of advances of borrowers enjoying credit facilities from more than one bank/Financial Institution (FI) in a coordinated manner.

Framework for Revitalising Distressed Assets

13. The Reserve Bank of India has released in early 2014 a Framework for Revitalising Distressed Assets in the economy. The framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The main features of the Framework are:

i) Central Repository of Information on Large Credits (CRILC) has been set up by the RBI to collect, store and disseminate credit information with the reporting entities in respect of borrowers enjoying aggregate exposure (funded + non funded) of ₹50 million and above.

ii) Early formation of a lenders' committee (Joint Lenders Forum) with timelines to agree to a plan for resolution; mandatory beyond the exposure of ₹1,000 million and above. The Corrective Action Plan may include any one of the following:

a. Rectification

b. Restructuring

c. Recovery

iii) Incentive and disincentive structure for lenders to take corrective actions in a timely manner

iv) Incentives for lenders to agree collectively and quickly to a plan: better regulatory treatment of stressed assets if a resolution plan is underway, accelerated provisioning if no agreement can be reached.

v) Improvement in current restructuring process: Independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors.

vi) More expensive future borrowing for borrowers who do not co-operate with lenders in resolution.

Support to viable but stressed Accounts

14. Despite the best efforts by banks, slippages do occur. Once an account slips into NPA category, then the focus should shift to upgradation. At this juncture, it is important to understand that the Reserve Bank has not barred banks from sanctioning need based additional finance to borrowers whose accounts are classified as NPAs. On the contrary, the Reserve Bank's extant guidelines envisage a situation where banks may need to sanction additional finance to borrowers under stress to revive/rehabilitate the borrower and to preserve the economic value of the asset. Mere classification of an account as NPA need not result in withdrawal of support to viable borrowal accounts. However, while considering their support to accounts under stress, banks should make proper distinction between wilful-defaulters/non-cooperative/ unscrupulous borrowers on the one hand, and, on the other hand, borrowers defaulting on their debt obligations due to circumstances beyond their control.

Sale of NPAs

15. In the event of failure of the above mentioned measures, banks could resort to filing suits with Debt Recovery Tribunals or invoke the provisions of the

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Banks may also sell their NPAs to asset reconstruction companies. The RBI has granted Certificate of Registration (CoR) to 14 ARCs so far. In addition to asset reconstruction companies, banks may also explore selling the NPAs to other banks, non-banking finance companies or other financial institutions, who have the requisite skills to resolve the NPAs efficiently. In February 2014, regulations on sale of stressed accounts have been amended to facilitate emergence of a market for distressed assets.

Recovery Channels

16. Despite various corrective measures, if upgradation is not proving to be possible due to unviable nature of the borrowers' business, the bank should take steps to recover the loans through any of the recovery options available to them. Among the various channels, the amount of NPAs recovered under the SARFAESI Act, 2002 formed almost 80 per cent of the total amount of NPAs recovered in 2013-14. The SARFAESI Act has, thus, been the most important means of recovery of NPAs.

NPAs of SCBs Recovered through Various Channels

(Amount in ₹ Billion)

Year	No.	Particulars	Recovery Channel			Total
			Lok Adalats	DRTs	SARFAESI Act	
2012 -13	1	No. of cases referred	8,40,691	13,408	1,90,537	10,44,636
	2	Amount involved	66	310	681	1,058
	3	Amount recovered*	4	44	185	232
	4	3 as per cent of 2	6.1	14.1	27.1	21.9
2013 -14	1	No. of cases referred	16,36,957	28,258	1,94,707	18,59,922
	2	Amount involved	232	553	946	1,731
	3	Amount recovered*	14	53	244	311
	4	3 as per cent of 2	6.2	9.5	25.8	18

Notes : 1. * Refers to amount recovered during the given year, which could be with reference to cases referred during the given year as well as during the earlier years.
2. DRTs: Debt Recovery Tribunals.

17. However, the present legal system is unable to cope with the mammoth task, considering the ever increasing number of suits and the limited infrastructure available at DRTs/courts. Further, there are various issues relating to DRT and SARFAESI, which needs to be strengthened to make these channels more efficient and effective. They are being examined at various levels.

18. Banks also explore entering into a compromise settlement/one time settlement with the borrower to optimise its recovery in present value term.

MSME Financing

19. As this workshop was meant to specifically discuss SME financing, let me share a few thoughts on this matter.

20. As I mentioned in the beginning, Micro, Small and Medium Enterprises (MSMEs) play a major role in economic development, particularly in emerging countries. There is heightened attention by the international community on MSME sector. This is primarily because of the critical importance of job creation in the recovery cycle following the recent financial crisis, and the MSME's potentials in that respect.

21. Yet, lack of access to finance is a major obstacle to their growth. Although the situation can differ among countries and individual businesses, the financing gap for SMEs in the developing country has a few well-accepted causes. These include Information asymmetries, higher risks, Sizeable transaction costs and a lack of adequate collateral. These factors can be exacerbated by institutional factors within a country. Finally, there are a number of "demand side" considerations that deserve more attention.

22. The following three factors play a considerable role in perpetuating the MSME financing gap – The poor quality of projects seeking funding, the inability of MSMEs to make the best possible use of available resources of funding and the negative attitude displayed by MSMEs towards equity financing.

23. Unfortunately, there is no authentic data available about the SME financing gaps. The informal segment within the SME sector is so vast and, by definition, no authentic information about them is available. However, various data sources and studies indicate that most of the small firms rely on internal financing and informal sources.

24. A study by the IFC and McKinsey and Company (McKinsey) suggests that there are close to 365-445 million micro, small, and medium enterprises in emerging markets of which 25-30 million are formal SMEs and 55-70 million are formal micro enterprises, while the rest (285-345 million) are informal enterprises. According to the same study, close to 45 to 55 per cent of the formal SMEs (11-17 million) in the emerging markets do not have access to formal institutional loans or overdrafts despite a need for one. The finance gap is far bigger when considering the micro and informal enterprises; 65-72 per cent of all MSMEs (240-315 million) in emerging markets lack access to credit. The size of the finance gap varies widely across regions and is particularly daunting in Asia and Africa. Some studies about SMEs in India have reported that as high as 93 per cent of their financing needs are met by internal and informal sources.

25. In order to scale up the best practices in SME Finance, the G-20 SME Finance Sub-Group executed a global SME Finance stocktaking exercise with various SME finance models. This exercise entailed the collection of 164 SME finance models spanning across a broad spectrum of interventions, including: (i) legal and regulatory framework; (ii) financial information infrastructure; (iii) public support schemes; and (iv) private sector initiatives. The stocktaking exercise confirms the rise in various parts of the world of specific business models aimed at providing financial services to SMEs in a cost-effective manner. From microfinance up-scaling to bank down-scaling, including community banks, these models share common characteristics: they reduce cost to serve through intensive use of technology and/or the adoption of cost-effective client-relationship models; they combine offering of savings, transactional, and credit products, with a view to increase generated income; they use advanced risk management technology to maximise the risk/reward balance; and, they achieve strong focus on the small and/or medium enterprise segment, to help implement excellent execution capabilities in the above areas.

26. Hence, the key challenge is to support banks in extending credit facilities to SMEs. It will be a greater challenge to reach informal SMEs. This is due to SME intrinsic weaknesses, flaws in delivery models and, most importantly, lingering deficiencies in the enabling environment for financial services: *i.e.,* the financial infra-structure covering accounting and auditing standards, credit reporting systems, and collateral and insolvency regimes.

Some other ideas

27. In this workshop, you all had detailed deliberations on how to assess credit needs of an SME, how to monitor the relationship and what new techniques you can adopt for this. Let me give you a flavour of ideas beyond this:

i. Reaching informal businesses will have to be built on microfinance approaches. It all has to start with account relationship. The financial inclusion programmes like PMJDY will facilitate key information inputs to banks about the existence of the MSMEs, whether in formal and in informal segments. Banks should leverage these data and information feeds to identify potential MSMEs for suitable financing opportunities.

ii. Banks will also need to develop ingenious and innovative products suitable for the MSMEs. I strongly believe that this aspect needs to be grounded more at the grass root level. Based on broad parameters given by their central/ head offices, the actual packaging of the products and services will have to happen closer to the field. Key elements of such packaging will have to include Risk-sharing facilities.

iii. Banks will also have to play a much larger role than being the financiers. MSMEs often lack management skills, tools, governance and financial planning expertise. Banks will have to help these entrepreneurs leverage the Rural Self Employment Training Institutes (RSETI) like institutions to fill the gaps.

iv. Another major weakness that inhibits the growth of this sector is the lack of good records management by the MSMEs; this often results in poor credit ratings and a perception of risky business. Some innovative solutions using cloud computing have been tried successfully in some countries like Ghana. Perhaps this can be studied and adapted for Indian environment.

28. These interventions need to be accompanied by enhancements to the enabling environment for MSME lending, such as improved credit bureaus, and collateral and insolvency regimes. For the success of effective SME financing models, it is imperative that suitable supporting environment for the financial sector is in place. In particular, financial information and the ability to enforce collateral are seen as critical necessities. Weaknesses in these areas appear to impede more aggressive financial services growth in developing markets.

29. We are very aware of these requirements and have taken several measures in that direction. Our recent guidelines, based on Aditya Puri Committee recommendations, envisage that credit information now will flow to all credit bureaus simultaneously and therefore the financial entities can have a holistic view about any prospective borrower at one go. As regards collateral registry, steps have been initiated in this direction. The Central Registry of Securitisations, Asset Reconstruction and Security Interest of India (CERSAI) has come on the scene for registering security interests over property. Other types of registry and inter-linking registries are also being debated. As regards insolvency, especially for MSMEs, as announced in the last Budget, a Committee is working out an insolvency framework.

30. Public support schemes (funded facilities, guarantee schemes, and state banks) represent the large majority of the collected models. India has also adopted these strategies. CGTSME, MSME lending as a priority sector lending for banks *etc.* measures have been in line with this thought.

31. Although MSME financing and microfinance models have started yielding desired results, equity financing remains a challenge. Given that banking and lending services represent the bulk of SME financing in the developing world, especially for small firms, equity financing presents an opportunity for the development of a complementary financial product.

Conclusion

32. To conclude, let me emphasise that increasing access to finance can only be successful if qualitative aspects are taken into account. Adhering to principles of responsible finance and the G-20 principles on innovative financial inclusion can serve this purpose. It should also be noted that although financial access is critical for MSME growth, expansion of financial access should not be achieved at the cost of financial stability. Appropriate prudential measures need to be exercised while offering finance to MSMEs, in order to avoid the potential pitfalls stemming from excessive credit.

A New Banking Landscape for New India *

S. S. Mundra

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2. At the outset, let me thank Tamal and the Mint Management for inviting me to deliver the keynote address at the Mint Annual Banking Conclave. This event has become one of the most awaited events on the calendar of bankers. I last attended this event as a panelist in January 2014 when the topic for panel discussion was "Indian Banking: A New Banking Landscape" and this time it is enlarged to "A New Banking Landscape for New India."

3. When I sat down to think about the theme of the Conclave, I wondered what is new about India. Is it the new political regime and consequential policy changes? Is it the tag of being the new growth leader in the world economy? Is it a more financially included India that is being thought about or is it a 'digital' or 'connected' India that is new. I think it is a bit of all and beyond. We all know that political stability is a necessary precursor to a sustained economic development anywhere in the world and a democratically elected government with decisive mandate is capable of launching significant pro-growth reforms.

Defining Contours of New India

4. What are the defining contours of the new India? What are the themes that would play out over the next decade or two? To my mind, there are seven key themes which would define the Indian economy and Indian banking sector in the days to come. These are:

- **demography**
- **urbanisation**
- **digitisation**
- **industrialisation**
- **education**
- **inclusion and**
- **global integration**

Let me elaborate on a few of these in greater detail and delve upon the impact they could have on the banking system going forward.

a) Demography

5. Much has been talked about the demographic dividend that India possesses. At its current pace of growth, the Indian population is predicted to exceed China by 2025. Further, while China's working-age population may peak around 2015 and shrink for a decade and a half thereafter, 68 per cent of India population would be within the working age range (15-64) until 2030. Life expectancy of the Indian population is also slated to increase to about 70 years by 2030. While on the one hand the numbers present sustained opportunity for the banks in terms of new stream of customers, it also presents challenges. These challenges are in the form of diverse behavior patterns that customers in different age groups display. The banks would need to continuously foretell the customers' preferences and focus their strategies on meeting them proactively.

b) Urbanisation

6. India is also witnessing a growing trend of urbanisation. By 2030, urban population is estimated to rise to 631 million recording an annual increase of 2.6 per cent as against an annual rise of 1.1 per cent in the overall population. This would mean that 41.8 per cent of the population would be living in urban

* Keynote address by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India at the Mint's Annual Banking Conclave, 2015 on "A New Banking Landscape for New India" on January 29, 2015.

agglomerations as against 31 per cent today. While even at that percentage, the urban population would be far lower than the global average at 50 per cent presently; this would open up huge business opportunities for the banks for creation of public infrastructure, housing, consumption, education needs of customers and so on.

c) Digitisation

7. Digitisation is another area which is being pursued relentlessly by the new Government. There is massive focus on enhancing internet penetration in the country through accelerated broadband connectivity. The internet penetration has seen a sharp growth over the last year, however, the extent of internet penetration at 20 per cent pales in comparison to other developing countries like China (46 per cent), Brazil (53 per cent) and Russia (59 per cent); let alone the developed nations like the US, the UK and Japan where the number is in excess of 85 per cent. In these low numbers lie the inherent opportunities for the banking sector. As the number of internet users in the country grows, the banks would be able to better utilise this medium as a delivery channel. On the other hand, the mobile penetration in the country is significantly high at around 930.20 mn and beckons as an opportunity to be tapped.

d) Industrialisation

8. The new Government's 'Make in India' pitch also touches the right cords and efforts are afoot to increase the presently stagnant share of manufacturing in GDP to around 25-30 per cent by 2025 from 15 per cent at present. If that materialises, it would mean addition of 90 million domestic jobs and attendant corporate and retail business opportunities.

e) Education

9. Likewise, there is tremendous scope of improving the level of education in the country by strategic focus on the four Es *i.e.,* Expansion, Equity and Inclusion, Excellence & Employability. It would entail significant changes in consumer awareness, needs, demands and expectations.

f) Financial Inclusion

10. The launch of the PMJDY scheme with a focus on linking each household with a bank account has received extremely positive response. At last count, the number of accounts opened under the scheme had reached 12.14 crore. I don't need to emphasise the avenues that this scheme has opened for the bankers. Moreover, it is just a stepping stone. Major part of the work has to commence now.

g) Global Integration

11. That brings me to the last theme of growing global integration, which I believe is already having significant repercussions on the financial sector. Be it the quantitative easing by the advanced economies and the subsequent withdrawal of it, convertibility of currency, making or breaking of regional alliance of economies and currencies *etc.* There could be other hitherto unforeseen developments too affecting the global structure of finance. Let me highlight two recent headlines reported in Financial Times: One, the potential exclusion of Russia from the SWIFT payment system and the other about withdrawal from correspondent banking relationships in 30 jurisdictions by three of the world's biggest banks. Ostensibly, the motivation for these banks to sever their ties with the lenders in developing nations has been to limit the risk of being hit by regulatory sanctions on account of breaches, money laundering and terrorist finance. Events such as these, though having their origin in specific jurisdictions, have the potential to significantly impact the business and finance elsewhere in the globe.

12. Under the circumstances, it would be important for the banks to keep track of emerging trends and be prepared not only to negotiate through the imminent challenges, but simultaneously be ready to latch on to the opportunities that present themselves.

Key actors/acts in the New Banking Landscape

13. Let us see what would be the impact of these themes/developments on the key actors/acts in the new banking landscape.

14. **Customers, employees, owners and regulators** comprise the key stakeholders in the banking system. In the emerging landscape, the banks would have to contend with a set of customers who are more educated, better informed and well-networked. The banks may probably be forced to hard sell their products and services using a variety of media across the physical and the virtual world. As the complexity of the products/services demanded by the customers increases, the banks would have to not only focus on upgradation of skillsets of their employees but also on their retention. Also the new competition would potentially pull down the ROEs that the owners currently enjoy rendering it difficult to persuade future investors to put in more capital in the banks. In case of public sector banks, the ownership structure itself may change with the Government bringing down its stake in these banks. They would, thus, also join the race to seek private capital.

15. As we have witnessed, the regulators across the globe have been particularly very severe on failings of the regulated entities on the consumer protection, money laundering and fair market conduct front. This regulatory activism is evident in the frequency and quantum of penalties levied on banks worldwide. Post crisis, the banks in the US and Europe alone have been forced to cough up approximately $230 bn in penalties and legal cost so far[1]. Next two years are likely to see another $70 bn being forked out by the banks for the same reasons. These are staggering numbers. We have also seen some enforcement actions in our jurisdiction but these are pretty benign in comparison. Believe me; Indian regulators have been relatively more tolerant thus far. Some of you who have overseas operations are well aware of the tough stance that the host regulators adopt. Banks would need to gear up to face stricter regulatory regime.

16. The new banking landscape would impact the processes currently in vogue in the sector. Let me highlight some of these in greater detail.

1 http://www.irishtimes.com/business/financial-services/us-european-banks-have-paid-230bn-in-legal-costs-since-2009-1.2064163.

Competition and Consolidation

17. Competition and consolidation in the sector is an impending development that the banks would have to contend with sooner rather than later. Two new private sector banks should start operating within this calendar year. Further, the small finance banks and payments banks might mark their presence, may be, later in the year or by early next year and so. There could be consolidation and mergers between the existing market players. No doubt, the pie is big enough to accommodate new players and there is plenty of opportunity for the well-organised and mainstream regulated players to wean away the customers from unregulated shadow banking entities. But, the existing players can afford to stay in denial at their own peril. We have seen competition giving a tough run to the monopoly players. It has happened in the aviation sector, the telecom sector and there is no reason why it would not happen in the banking sector. And believe me, this is not the end of new competition for you. The RBI has been indicating about the possibilities of the bank licensing process being put on tap or introducing more varieties of differentiated banks. Also, there is a healthy appetite from the foreign banks to enter this country.

18. The entry of new competitors alone would not mean dramatic changes soon. Banking is a business of scale which the new players cannot build overnight. New banks would start small and scale up over a period of time. Not only would there be a competition for business but also for talent. The processes would be forced to be more efficient.

Technology

19. I have already talked about a paradigm shift being brought about by technology in the way the social interactions are taking place. Growing mobile and internet penetration has opened new avenues for the entrepreneurs. This is reflected in the way the new age customer transacts his/her business. If all traditional businesses have been impacted by technology, banking could not have remained unaffected. As a flip-side to

its well-documented advantages in terms of efficiency and effectiveness of service delivery, technology has also fast tracked the process of customer alienation- first in the form of ATMs and then in the form of internet and mobile banking. In this sense, banks have become faceless entities. This transition calls for a change in the way the banks interact with and retain their customers. I will shortly return to the expectations built around the integration of technology in the banking services and its impact on the banks.

Risk Management

20. Risk Management in banks is of the same vintage as the banks themselves. The banks are in the business of taking risks and hence they need to have a risk management framework in place. It's been more than a decade and a half since the RBI first released the risk management guidelines for banks in India. But, my own sense is that risk management has been pursued in our banking system more under compliance compulsions and has not been dovetailed in the banks' businesses processes as much as they ought to have been. As the complexity in the financial world grows, the banks would need to carefully consider and set their risk appetite after duly evaluating their capital level as also the skillsets of the officials entrusted with the management of risks.

21. As I said before, the defining elements of the new India would have far-reaching impact on each of the actors and the acts in the new banking landscape. These elements would interplay and provide shape to the new banking order. It would be interesting for you to pick up these 7 contours, 4 actors and 3 acts and interplay them to build probable business scenarios. You may be amazed to see the range of possibilities and challenges. Let me now return to the subject of technology, which is widely perceived as the 'be all and end all' of the new in banking.

Technology- A Great Enabler

22. I would begin by quoting Brett King, the author of famous book 'Bank 3.0'.

"Customers don't use channel or products in isolation of one another. Everyday customers would interact with banks in various ways. They might wire money to a third party, visit ATM to withdraw cash, go online to check salary credit, pay an utility bill , use their credit card to purchase some goods from a retailer , fill out a personal loan application online, ring up the call center to see what their credit card balance is or report a lost card. More sophisticated they are, they may also trade some stocks, transfer some cash from their Euro a/c to USD a/c put up a lump sum in a Mutual Fund or sign up a home insurance policy online".

23. The above statement denotes the diverse set of banking applications which technology can support. In fact, there is a need of **a single channel solution to multiple product offerings**. It must, however, be remembered that technology is just an enabler and not a panacea for all ills. Most, if not all, Indian banks have invested heavily in web-based and mobile-based delivery solutions. Each of these channels is supported by a different vendor and each one uses different technology which increases complexity and involves cost. Further, technology is ever evolving and adoption of new technology for staying contemporaneous is a costly proposition. Hence, unless we are able to optimally exploit all the capabilities of the technology enabled delivery solutions, we could be looking at unproductive investments.

24. While there is a lot of euphoria around the adoption of mobile banking and mobile payments, the model has been relatively less successful barring a few countries where the right environmental factors existed. I am talking here about the delivery of financial and payment services by using the mobile device rather than its use as an access channel for internet banking *etc.*. In the Indian context, an objective analysis would reveal various reasons for slow adoption. On the other hand, there are technical issues like type of handsets, variety of operating systems, encryption requirements, inter-operable platforms or the lack of it, absence of standardised communication structures, difficulty in

downloading application, time lag in activation *etc.*. These get accentuated by the operational difficulties in on-boarding merchants and customers and customer ownership issues. The interplay of these factors has stymied the deployment and adoption of mobile banking as an effective and widely accepted delivery channel. Issues of coordination and cooperation between banks and telcos, is another aspect which acts as either a driver or a barrier to the adoption of mobile banking. These issues need to be quickly resolved if the mobile has to serve as an influential delivery channel for distributing banking products and services in India.

25. Let me also highlight some opportunities that technology throws up. Take for example the results displayed on the Google search page which is personalised. Each time an individual runs a search at Google, the website collates details of the sites visited/links clicked by that individual and loads more of those websites his/her future searches. There are more ATM transactions than searches on the Google webpage at present. However, the kind of personalisation Google has achieved in its searches has not been attempted in the area of advertisement on ATMs. This could be an area for the banks and their software vendors to work on in future so as to generate further sales leads.

Few Qs seeking As

26. Let me leave you with some questions that the banking profession and the bankers would need to find answers to ensure their relevance in the emerging landscape.

(i) Can there be a possibility of **account number portability** on similar lines as mobile number portability? So, if an individual is not happy with the service received at one bank, he can possibly opt for shifting his banking relationship, lock, stock and barrel to another bank. Of course, there could be issues around loan contracts *etc.* but there is no reason to believe that such challenges cannot be surmounted and pave the way for a massive disruption in the way banking is conducted today.

(ii) How long can the banks continue increasing their **retail loan portfolio**? Unless some means to pool and distribute these loans to other investors in the market is created, the retail lending pipeline can get chocked quite quickly.

(iii) How is **crowd funding** going to impact lending business of the banks in future? The amount of funds raised by crowd funding platforms worldwide has increased progressively from $ 1.5 billion in 2011 to $ 2.7 billion in 2012 and further to $ 5.1 billion in 2013. I hear some of you say it is negligible in volume. The pace of growth however, is quite fast and combined with the **peer-to-peer lending** business this could create disruptions, at least for some of the players who operate in the same segment.

(iv) If Mobile Banking were to succeed, **would plastic money still be needed**? Basically there are two questions rolled in one. First, whether mobile banking can succeed and if that is the case what implications would it have for the future of ATMs and the debit cards that have been issued by banks. There is justifiably a growing need for reducing the reliance placed on cash by the system and hence, if more and more people moved to mobile/internet based payments, the plastic cards and the investments made thus far, would be rendered useless unless put to more imaginative uses.

(v) What **International Financial Reporting Standards (IFRS)** implementation would mean for the banking system? IFRS accounting could potentially overstate assets or overstate capital position. The question is how prudential regulation would exist alongside

IFRS? 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. Banks would also need to overcome challenges around converging policies for financial accounting and tax accounting for preparation of financial statements. The banks would need to train their staff in various departments like credit, and treasury, *etc.* for acquiring proficiency in IFRS accounting.

(vi) Would the **large corporates continue to borrow** from the banks? Of late, the global markets, particularly the emerging market economies, have been flush with funds flowing in on account of variants of QEs launched by the Central Banks in the Advanced Economies. Many large corporate houses have been able to access funds at very cheap rates without needing to reach out to banks. The sustained deflationary trends in the Euro Area and Japan portend further bouts of QEs which can adversely impact the lending business of banks in the emerging markets. Further, the large corporates in developed countries normally access financial markets directly for their funding requirements rather than commercial banks. Hence, even while this time-specific event of QEs might fade away, as Indian economy and the financial markets mature, more and more large corporates could start bypassing banks for their funding requirements.

(vii) Would the pain from the **loans restructured** earlier return to haunt the banks? My understanding is that the prolonged global economic slowdown might have thrown off the projections made earlier at the time of restructuring the advances in the immediate aftermath of the crisis. As the moratorium period comes to a close, the banks would need to take a hard look at the techno-commercial viability of these projects and take the losses wherever the viability seems in jeopardy. Timely decisions, including for recall/recovery of the loan, wherever the financial prospects are unviable, would be critical.

Conclusion

27. Before I conclude, let me also give a perspective on the global regulatory reforms and how it might impact the Indian banks. Basel III norms have been announced and set to be implemented as per the indicated timeline, with the liquidity regime already kicking in from January 1, 2015. So you are well-versed with the new regulatory phrases- **leverage, capital conservation buffers, counter-cyclical capital buffers** *etc.*. The **D-SIBs** guidelines have also been announced and the list of banks considered systemically important in the domestic context would be unveiled in August 2015. Besides, being subjected to stricter capital and liquidity buffers, these banks may also be nudged to prepare detailed**'recovery and resolution plans'**. Negotiations are also on at the Financial Stability Board level for implementation of a **TLAC** (Total Loss Absorbency Capital) framework for the banks identified as G-SIBs. The essence of all the above discussion is that the banks would need to substantially augment their capital bases to stay in the business. The question is **where do you find such capital?**

28. I have covered much broader landscape than I had originally intended to. I believe the elite panel gathered here today would deliberate on the issues raised and also reflect on them later. I once again thank the Mint for inviting me and wish you all a fruitful deliberation.

Thank you!

ARTICLES

Developments in India's Balance of Payments during the Second Quarter (July–September) of 2014-15

Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2014

Survey on Computer Software & Information Technology Enabled Services Exports: 2013-14

*Developments in India's Balance of Payments during the Second Quarter (July-September) of 2014-15**

The data on India's balance of payments (BoP) are released by the Reserve Bank on a quarterly basis with a lag of one quarter. This article highlights the major developments in India's BoP during the second quarter (July-September) of 2014-15.

Highlights

- India's current account deficit (CAD) in Q2 of 2014-15 was relatively higher than in the preceding quarter primarily on account of a higher trade deficit (Table 1).
- With global demand conditions remaining subdued, merchandise exports growth slowed, while imports recorded a significant increase.
- Net services receipts improved in Q2 of 2014-15 from their level a year ago, largely on account of pick-up in telecommunication, computer and information services (Table 2).
- Net outflow on account of primary income, comprising investment income and compensation of employees, continued in Q2 of 2014-15, mainly due to a sharp increase in payments towards dividend on portfolio investment in India and interest on NRI deposits (Table 2).
- During Q2 of 2014-15, net receipts under secondary income, comprising mainly remittances, showed an improvement in relation to their level a year ago (local withdrawals from NRI deposits constituted 37.5 per cent of total private transfers in H1 of 2014-15) (Tables 2 and 3).
- The current account deficit (CAD) increased to 2.0 per cent of GDP in Q2 of 2014-15 from 1.7 per cent of GDP in Q2 of 2013-14.
- Net capital inflows were driven by robust FDI inflows and a sharp turnaround in FII flows (Table 4).
- The increase in FDI inflows (y-o-y basis) occurred across all major sectors barring construction (Table 5) during H1 of 2014-15 and was primarily sourced from Mauritius, the USA, Singapore, the UK, Japan and Netherlands (Table 6).
- On the other hand, FDI by India witnessed moderation across all sectors during H1 of 2014-15 (Table 5) and Singapore remained the major destination of India's outward FDI (Table 6 and 7).
- Loans (net) availed by deposit taking corporations (commercial banks) recorded an outflow in Q2 of 2014-15 owing to higher repayments of overseas borrowings and a build-up of banks' overseas foreign currency assets.
- The amount of loans (net) of other sectors (*i.e.*, external commercial borrowings) at US$ 1.4 billion was a tad higher than US$ 1.3 billion in Q2 of 2013-14.
- Net inflows of NRI deposits were lower in Q2 of 2014-15 as compared with the level recorded in the corresponding period of the previous year.
- Net outflow under trade credits and advances at US$ 0.2 billion was much lower in Q2 of 2014-15 than the outflow of US$ 1.9 billion in Q2 of 2013-14.
- Other receivables/payables which include lead and lags in exports, net funds held abroad, advances received pending issue of shares under FDI and

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

other capital not included elsewhere recorded a net outflow of US$ 3.4 billion during H1 of 2014-15 as compared to an outflow of US$ 5.2 billion in the corresponding period of the previous year (Table 8).

- On a BoP basis[1], there was a net accretion of US$ 6.9 billion to India's foreign exchange reserves during Q2 of 2014-15 as against a drawdown of US$ 10.4 billion during the same period of the preceding year (Table 1).

[1] Excluding valuation changes in reserves due to cross-currency movements.

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

(US$ Billion)

	Apr.-Sep.			Jul.-Sep.
	2014-15 (P)	2013-14 (PR)	2014-15 (P)	2013-14 (PR)
1. Goods Exports	167.0	155.2	85.3	81.2
2. Goods Imports	240.2	238.9	123.8	114.5
3. Trade Balance (1-2)	**-73.2**	**-83.8**	**-38.6**	**-33.3**
4. Services Exports	75.9	73.2	38.4	36.7
5. Services Imports	39.9	37.9	19.4	18.3
6. Net Services (4-5)	**36.1**	**35.2**	**19.0**	**18.4**
7. Goods & Services Balances (3+6)	**-37.1**	**-48.6**	**-19.6**	**-14.9**
8. Primary Income, Net (Compensation of employees and Investment Income)	-13.6	-11.2	-6.9	-6.3
9. Secondary Income, Net (Private Transfers)	32.8	32.8	16.3	16.1
10. Net Income(8+9)	**19.2**	**21.6**	**9.5**	**9.8**
11. Current Account Balance (7+10)	**-17.9**	**-26.9**	**-10.1**	**-5.2**
12. Capital and Financial Account Balance, Net (Excl. change in reserves)	**38.5**	**15.8**	**18.7**	**-4.8**
13.Change in Reserves (-) increase/(+) decrease	-18.1	10.7	-6.9	10.4
14. Errors & Omissions (-)(11+12+13)	-2.5	0.5	-1.7	-0.4

P: Preliminary; PR: Partially Revised.

Table 2: Disaggregated Items of Current Account (Net)

(US$ Billion)

	Apr.-Sep.		Jul.-Sep.	
	2014-15 (P)	2013-14 (PR)	2014-15 (P)	2013-14 (PR)
1. Goods	**-73.2**	**-83.8**	**-38.6**	**-33.3**
2. Services	**36.1**	**35.2**	**19.0**	**18.4**
2.a Transportation	1.0	1.1	0.4	0.7
2.b Travel	1.3	1.7	0.9	0.9
2.c Construction	0.28	0.00	0.06	0.0
2.d Insurance and pension services	0.6	0.5	0.3	0.3
2.e Financial Services	0.7	0.2	0.5	0.7
2.f Charges for the use of intellectual property	-2.0	-1.5	-0.8	-0.5
2.g Telecommunications, computer and information services	34.2	32.9	17.0	16.6
2.h Personal, cultural and recreational services	-0.1	0.3	-0.1	0.1
2.i Government goods and services	-0.2	-0.3	-0.1	-0.2
2.j Other Business services	1.1	1.0	0.3	0.4
2.k Others *n.i.e.*	-0.6	-0.5	0.5	-0.6
3. Primary Income	**-13.6**	**-11.2**	**-6.9**	**-6.3**
3.a Compensation of Employees	0.3	0.2	0.1	0.1
3.b Investment Income	-14.2	-11.7	-7.2	-6.6
3.c Other Primary Income	0.3	0.3	0.2	0.2
4. Secondary Income	**32.8**	**32.8**	**16.3**	**16.1**
4.a Personal Transfers	33.1	33.1	16.5	15.7
4.b. Other Transfers	-0.4	-0.3	-0.2	-0.2
5. Current Account (1+2+3+4)	**-17.9**	**-26.9**	**-10.1**	**-5.2**

P: Preliminary; PR: Partially Revised

Table 3: Details of Personal Transfers to India

(US$ Billion)

Year	Total Private Transfers	*Of Which:*			
		Inward remittances for family maintenance		Local withdrawals/ redemptions from NRI Deposits	
		Amount	Percentage Share in Total	Amount	Percentage Share in Total
2013-14	69.6	37.9	54.4	29.2	41.9
2012-13	67.6	33.0	48.9	32.0	47.2
Apr.-Sep. 2014-15 (P)	34.9	20.5	58.7	13.1	37.5
Apr.-Sep. 2013-14 (PR)	35.2	18.3	52.0	15.6	44.2

P: Preliminary; PR: Partially Revised.

Table 4: Disaggregated Items of Financial Account (Net)

(US$ Billion)

	Apr.-Sep.		Jul.-Sep.	
	2014-15 (P)	2013-14 (PR)	2014-15 (P)	2013-14 (PR)
1. Direct Investment	**16.2**	**14.6**	**8.0**	**8.1**
1.a Direct Investment to India	16.8	15.2	8.5	8.7
1.b Direct Investment by India	-0.6	-0.6	-0.5	-0.6
2. Portfolio Investment	**22.2**	**-6.8**	**9.8**	**-6.6**
2.a Portfolio Investment in India	22.3	-7.0	9.9	-6.6
2.b Portfolio Investment by India	-0.14	0.20	-0.1	0.0
3. Other investment	**0.2**	**9.5**	**3.0**	**-4.7**
3.a Other equity (ADRs/GDRs)	0.0	0.0	0.0	0.0
3.b Currency and deposits	6.7	13.8	4.2	8.2
Deposit-taking corporations, except the central bank (NRI Deposits)				
3.c Loans	-3.2	0.2	-2.2	-5.6
3.c.i Loans to India	-3.6	-0.4	-2.5	-5.8
Deposit-taking corporations, except the central bank	-7.2	-2.4	-4.6	-7.0
General government (External Assistance)	0.8	0.2	0.8	-0.1
Other sectors (External Commercial Borrowings)	2.8	1.7	1.4	1.3
3.c.ii Loans by India	0.4	0.6	0.2	0.2
General government (External Assistance)	-0.2	-0.1	-0.1	0.0
Other sectors (External Commercial Borrowings)	0.6	0.7	0.3	0.2
3.d Trade credit and advances	0.1	0.6	-0.2	-1.9
3.e Other accounts receivable/payable—other	-3.4	-5.2	1.2	-5.4
4. Financial Derivatives	**0.0**	**-2.1**	**-2.0**	**-1.6**
5. Reserve assets	**-18.1**	**10.7**	**-6.9**	**10.4**
Financial Account (1+2+3+4+5)	**20.5**	**25.8**	**11.8**	**5.6**

P: Preliminary; PR: Partially Revised.

Table 5: Sector-wise FDI: Inflows and Outflows

(US$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*			
Industry	**2013-14**	**Apr.-Sep. 2014**	**Apr.-Sep. 2013**	**Industry**	**2013-14**	**Apr.-Sep. 2014**	**Apr.-Sep. 2013**
Manufacture	6.4	4.4	2.9	Manufacturing	2.7	1.1	1.3
Communication Services	1.3	0.9	0.0	Transport, Storage and Communication Services	0.7	0.7	0.5
Electricity and others	1.3	0.8	0.4	Financial, Insurance, Real Estate and Business Services	1.8	0.5	0.8
Financial Services	1.0	0.6	0.6	Wholesale, Retail Trade, Restaurants and Hotels	1.1	0.3	0.3
Construction	1.3	0.5	0.7	Construction	0.2	0.2	0.1
Restaurants and Hotels	0.4	0.4	0.1	Community, Social and Personal Services	0.4	0.2	0.1
Computer Services	0.9	0.4	0.1	Agriculture, Hunting, Forestry and Fishing	6.3	0.1	0.2
Business Services	0.5	0.2	0.2	Electricity, Gas and Water	0.0	0.0	0.0
Others	3.0	1.6	1.3	Miscellaneous	0.1	0.0	0.0
Total	**16.1**	**9.8**	**6.3**	**Total**	**13.3**	**3.1**	**3.3**

#: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.
*: Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables.

Table 6: Country-wise FDI: Inflows and Outflows

(US$ Billion)

Gross FDI inflows to India#				Gross FDI outflows from India*			
Country	**2013-14**	**Apr.-Sep. 2014**	**Apr.-Sep. 2013**	**Country**	**2013-14**	**Apr.-Sep. 2014**	**Apr.-Sep. 2013**
1. Mauritius	3.7	1.6	1.9	1. Singapore	1.5	0.6	0.6
2. USA	0.6	1.4	0.3	2. Netherlands	1.8	0.5	0.5
3. Singapore	4.4	1.3	1.3	3. USA	1.0	0.4	0.5
4. UK	0.1	1.3	0.0	4. UAE	0.3	0.3	0.1
5. Japan	1.8	1.1	0.5	5. Mauritius	1.3	0.3	0.7
6. Netherlands	1.2	0.8	0.4	6. Switzerland	0.4	0.2	0.1
7. Cyprus	0.5	0.5	0.3	7. UK	0.4	0.2	0.1
8. Spain	0.2	0.3	0.1	8. Jersey	0.0	0.2	0.0
9. Malaysia	0.1	0.2	0.1	9. Cyprus	0.1	0.1	0.1
10. Others	3.5	1.3	1.4	10. Others	6.5	0.3	0.6
Total	**16.1**	**9.8**	**6.3**	**Total**	**13.3**	**3.1**	**3.3**

#: Includes equity FDI through SIA/FIPB and RBI routes only and hence are not comparable with data in other tables.
*: Includes equity (except that of individuals and banks), loans and guarantee invoked, and hence are not comparable with data in other tables. Figures contained in this Table may not agree with the data given in Table 7 due to updation subsequent to the release of BoP Data.

Table 7: India's Outward FDI

(US$ Billion)

Period	Equity*	Loan	Guarantee Invoked	Total
Apr.-Sep. 2014-15 (P)	1.18 (43.6)	1.52 (56.1)	0.0 (0.3)	2.7
Apr.-Sep. 2013-14 (PR)	1.46 (44.0)	1.85 (55.8)	0.0 (0.3)	3.3
2013-14	9.50 (74.0)	3.28 (25.5)	0.1 (0.5)	12.8
2012-13	6.47 (58.4)	4.55 (41.1)	0.1 (0.5)	11.1

*: The equity data do not include equity of individuals and banks.
Note: Figures in brackets relate to percentage share in total outward FDI for the period.

Table 8: Details of 'Other Receivables / Payables' (Net)

(US $ Billion)

Item	Apr.-Mar.		Apr.-Sep.	
	2012-13	2013-14	2013-14 (PR)	2014-15 (P)
Lead and lags in exports	-10.8	-16.9	-8.2	-3.5
Net funds held abroad	-5.2	-6.5	-3.1	-2.4
Advances received pending issue of shares under FDI	9.2	7.5	4.6	1.6
Other capital not included elsewhere#	4.1	2.5	1.5	0.9
Total	**-2.7**	**-13.4**	**-5.2**	**-3.4**

#: Inclusive of derivatives and hedging, migrant transfers and other capital transfers.
P: Preliminary; PR: Partially Revised.

*Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2014**

This article presents an analysis of composition and ownership pattern of outstanding deposits with scheduled commercial banks (including regional rural banks) during 2007-2014. The data on ownership pattern of deposits as estimated from annual sample survey for the period from 2007-10 is used along with the annual census survey data as collected from-March 2012 to 2014[1]. The analysis brings out broad trends across type of deposit accounts, institutional sectors, population groups and bank groups over the period.

Introduction

The annual survey on 'Composition and Ownership Pattern of Bank Deposits with Scheduled Commercial Banks (SCBs)', including Regional Rural Banks (RRBs) as on March 31, 2014, was conducted by the Reserve Bank of India through Basic Statistical Returns (BSR)-4 system. The data collected under this survey were published on the Bank's website under 'data release' (http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=33283) in February 2015.

2. The data provides branch-wise outstanding deposits as on March 31, according to type of deposits (*viz.*, current, savings and term deposits), and institutional categories of depositors (*i.e.*, Household, Government, Private Corporate (Non-Financial, Financial and Foreign). These data help to analyse the trends across states, population groups and major bank groups (public sector banks, private sector banks and foreign banks).

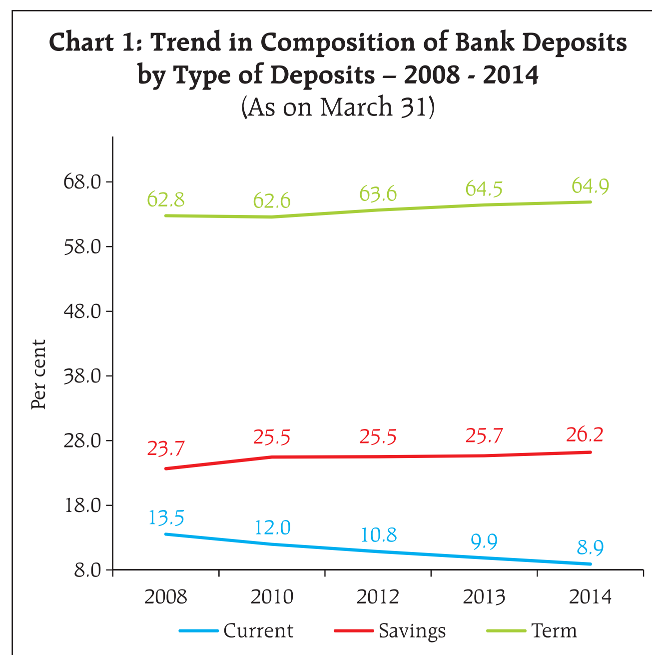
3. This article is based on 2014 survey data and presents a brief review of the trends and pattern in type of deposit accounts (current, savings and term deposits). The discussion on ownership pattern of deposits by broad institutional sectors is followed by the section on the pattern of deposits according to population groups. Subsequently, bank-group wise analysis on preference of various institutional depositors is discussed. A brief information on state-wise pattern in bank deposits as on March 31, 2014 is also presented in the last section.

Composition of Bank Deposits by Type of Deposits

4. The term deposits remained the largest constituent followed by savings deposits. As on March 31, 2014, term deposits constituted around two-thirds share and savings deposits at around one-fourth share in total deposits (Chart 1).

5. The share of term and savings deposits in total deposits showed increasing trends during 2010-2014, whereas share of current deposits showed declining trend during the same period.

Chart 1: Trend in Composition of Bank Deposits by Type of Deposits – 2008 - 2014
(As on March 31)



* Prepared in the Bank Branch Statistics Division of the Department of Statistics and Information Management, Reserve Bank of India, Mumbai.

[1] More detailed data for March 2014 is available in the Reserve Bank website 'URL:http://www.rbi.org.in/'. Previous findings from BSR-4 survey on Composition and Ownership Pattern of Deposits with scheduled commercial bank were published in various issues of Reserve Bank of India Bulletin; the latest was published in the April 2014 issue.

Table 1: Trends in Deposits According to Type of Account

(Amount outstanding in ₹ Billion; Growth in per cent)

Account Type/As on March 31	2007	2008	2009	2010	2012	2013	2014
Current deposits	3,357 (17.8)	4,492 (33.8)	4,865 (8.3)	5,788 (19.0)	6,950 (9.6)	7,060 (1.6)	7,231 (2.4)
Savings deposits	6,709 (17.5)	7,858 (17.1)	9,396 (19.6)	12,312 (31.0)	16,356 (15.3)	18,344 (12.2)	21,323 (16.2)
Term deposits	16,933 (29.8)	20,836 (23.0)	26,136 (25.4)	30,263 (15.8)	40,803 (16.1)	46,063 (12.9)	52,757 (14.5)
Total deposits(**)	26,999 (24.9)	33,186 (22.9)	40,397 (21.7)	48,364 (19.7)	64,110 (15.1)	71,466 (11.5)	81,310 (13.8)
Memo items (in %):							
Term (>1 Yr.) Deposit Rate	7.50-9.00	8.25-9.00	7.75-8.75	6.00-7.50	8.50-9.25	7.50-9.00	8.00-9.25
Growth in Nominal GDP	16.3	16.1	12.9	15.1	15.7	11.2	12.3
Growth in IIP	12.9	15.5	2.5	5.3	2.9	1.1	-0.1
Growth in BSE 100	42.5	39.2	-26.0	-26.2	-7.5	5.0	8.3
Growth in Gold Prices	33.9	8.2	29.0	22.2	33.8	17.3	-3.2

**: Deposits include inter-bank deposits.

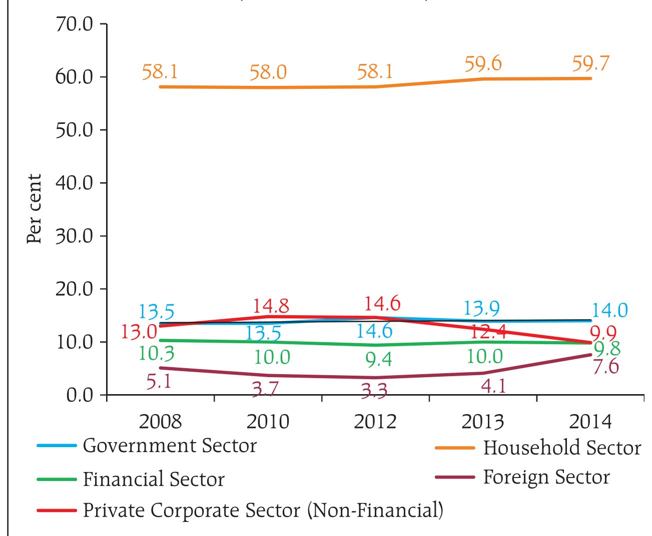
Note: 1. Figures in brackets represent the annual growth rates.
2. Prices of gold are in INR in Mumbai.
3. March 2011 estimates based on stratified sampling method were not in alignment with the previous year estimates as also the census data from March 2012 and hence, not considered in the present study. The growth rates for 2012 for all the items are therefore calculated as compounded annual growth rates over 2010.
4. The term deposit rates are as collected from major banks (Source: Weekly Statistical Supplement, RBI).
5. GDP as measured at current market prices.

6. The y-o-y growth in total deposits, which was decelerating till March 2013, exhibited some improvement in March 2014 (Table 1), mainly on account of acceleration in interest bearing deposits (*i.e.*, savings and term). Lower growth in current deposits in the last two years is consistent with the slowdown in economic environment as reflected by lower/negative growths in index of industrial production.

Ownership pattern of deposits by broad institutional sectors

7. Household sector[2] continued to lead deposits generation by SCBs over the entire period under review (Chart 2). As on March 2014, household sector contributed 59.7 per cent share in total deposits followed by the government sector (14.0 per cent). During 2013-14, the share of foreign sector's deposits had also increased, mainly on account of substantial increase in non-residents' deposits. A part of this increase might be attributed to policy changes on

Chart 2: Trend in Ownership Pattern of Bank Deposits – 2008- 2014
(As on March 31)



[2] The household sector include individuals as well as unincorporated bodies.

foreign deposit accounts, announced by the Reserve Bank during 2013-14.

8. The households' share in total deposits, which was hovering around 58.0 per cent during 2008-2012, increased to 59.6 per cent in 2013 and remained at that level in 2014 (Table 2). As noted earlier in Table 1, during 2012-14, banks term deposits rates had remained quite competitive as compared to other sources of investment (*i.e.* stock market and gold/ silver) available to households. Within households, individuals[3] comprised the largest share of around 83[4] per cent in total households' deposits. Proprietary and partnership firms (4.7-6.3 per cent) and trusts and associations (3.5-4.6 per cent) were other constituents of households' deposits during the period 2008-2014. (For detailed data, refer RBI website (http://www.rbi.org.in/).

9. Growth in deposits by various institutional sectors is given in Table 2. Non-financial private corporate sectors' deposits with banks continued to decline for the second consecutive year.

Table 2: Total Deposits by Major Institutional Sectors

(Amounts in ₹ Billion; Growth in Per cent)

Major Institutional Sectors	Mar-07	Mar-08	Mar-09	Mar-10	Mar-12	Mar-13	Mar-14
I. Government Sector	3,907 (25.2)	4,478 (14.6)	5,652 (26.2)	6,551 (15.9)	9,361 (19.5)	9,912 (5.9)	11,402 (15.0)
Of which, Central & State Governments	1,301 (26.1)	1,786 (37.3)	2,354 (31.9)	3,068 (30.3)	4,565 (22.0)	5,329 (16.7)	5,596 (5.0)
Public Sector Corporations	1,238 (19.6)	1,314 (6.2)	1,879 (43.0)	1,879 (0.0)	3,017 (26.7)	2,726 -(9.6)	3,735 (37.0)
II. Private Corporate Sector (Non-Financial)	3,035 (39.1)	4,322 (42.4)	5,867 (35.7)	7,137 (21.6)	9,384 (14.7)	8,875 -(5.4)	8,065 -(9.1)
Of which, Non-Financial Companies	2,478 (35.0)	3,293 (32.9)	4,862 (47.7)	5,191 (6.8)	6,210 (9.4)	6,237 (0.4)	5,935 -(4.8)
III. Financial Sector	2,825 (34.6)	3,429 (21.4)	3,580 (4.4)	4,820 (34.7)	6,019 (11.7)	7150 (18.8)	7,928 (10.9)
Of which, Banks	1,123 (44.7)	1,191 (6.1)	1,578 (32.5)	2,348 (48.8)	2,652 (6.3)	2,939 (10.8)	3,736 (27.1)
Other Financial Institutions	1,181 (28.1)	1,306 (10.6)	1,085 -(16.9)	1,346 (24.0)	1,548 (7.2)	1,662 (7.4)	2,136 (28.5)
Other Financial Companies	521 (30.2)	932 (79.0)	916 -(1.7)	1,127 (23.0)	1,819 (27.1)	2,549 (40.1)	2,056 -(19.3)
IV. Household Sector	15,497 (22.6)	19,280 (24.4)	23,552 (22.2)	28,049 (19.1)	37,249 (15.2)	42,568 (14.3)	48,567 (14.1)
Of which, Individuals (including Hindu undivided Families)	12,018 (18.5)	14,954 (24.4)	18,732 (25.3)	21,843 (16.6)	28,660 (14.5)	33,314 (16.2)	40,468 (21.5)
Of which, Farmers	1,724 (13.2)	1,772 (2.8)	1,758 -(0.8)	2,118 (20.5)	2,000 -(2.8)	2,977 (48.8)	3,008 (1.0)
V. Foreign Sector	1,736 (10.8)	1,677 -(3.4)	1,747 (4.2)	1,807 (3.4)	2,097 (7.7)	2,960 (41.2)	5,348 (80.7)
Of which, Non-Resident	1,494 (7.6)	1,395 -(6.7)	1,558 (11.7)	1,605 (3.0)	1,951 (10.2)	2,811 (44.1)	5,013 (78.3)
Total Deposits	**26,999 (24.9)**	**33,186 (22.9)**	**40,397 (21.7)**	**48,364 (19.7)**	**64,110 (15.1)**	**71,466 (11.5)**	**81,310 (13.8)**

Note: Figures in brackets represent the annual growth rates. The estimates for March 2011 could not be used as they were not in alignment with the census data for March 2012. The growth rates for 2012 are the compounded annual growth rates (CAGR) over 2010.

[3] Individuals including Hindu undivided families (HUF).

[4] With improvements in classification some household deposits which were not classified elsewhere, are now classified under 'salary and wage earners' and 'other individuals'.

Table 3: Institutional Ownership of Various Types of Deposits

(Per cent)

Type of Deposits Sectors/Year (as on March 31)	Current		Savings		Term		Total	
	2013	2014	2013	2014	2013	2014	2013	2014
I. Government Sector	17.0	15.2	9.8	10.4	15.0	15.3	**13.9**	**14.0**
II. Private Corporate Sector (Non-Financial)	28.8	27.6	1.0	0.6	14.4	11.3	**12.4**	**9.9**
III. Financial Sector	11.8	11.8	0.4	0.3	13.5	13.3	**10.0**	**9.8**
IV. Household Sector	40.8	42.1	84.8	83.6	52.4	52.5	**59.6**	**59.7**
V. Foreign Sector	1.6	3.3	4.0	5.1	4.6	7.6	**4.1**	**6.6**
Total Deposits	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

10. The institutional ownership of different types of deposits indicates that the households, which is the largest holder of total deposits outstanding with SCBs, also held the largest shares across all three types of deposits, *viz.*, current, savings and term deposits in 2014 (Table 3). Around 84 per cent of savings deposits, more than 50 per cent of term deposits and more than 40 per cent of current deposits are held by households. In current deposits, the non-financial private corporate sector was the second largest contributor followed by the Government sector in 2014. The share of non-financial private corporate sector in total deposits declined in 2014 mainly in favour of foreign sector.

11. Term deposits constituted major part of total deposits for all institutional sectors over the period 2008-2014 (Table 4). Savings deposits were the second major constituent in all sectors except non-financial private corporate and financial sectors, wherein current deposits were second most important with savings deposits having a negligible share.

Table 4: Composition of Deposits by Various Institutional Sectors

(Per cent)

Year (As on March 31)	Deposit Type/ Sector	Government Sector	Private Corporate Sector (Non-Financial)	Financial Sector	Household Sector	Foreign Sector	Total
2008	Current	14.8	25.8	21.4	9.5	9.2	13.5
	Savings	14.0	0.8	1.2	34.8	26.5	23.7
	Term	71.2	73.4	77.5	55.7	64.3	62.8
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2010	Current	14.1	26.8	9.6	8.5	6.5	12.0
	Savings	16.1	1.0	1.0	37.4	36.2	25.5
	Term	69.8	72.2	89.4	54.2	57.3	62.6
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2012	Current	12.1	22.0	12.3	7.8	6.1	10.8
	Savings	18.7	3.0	1.4	36.3	33.0	25.5
	Term	69.2	75.0	86.2	55.9	60.8	63.6
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2013	Current	12.1	22.9	11.7	6.8	3.8	9.9
	Savings	18.1	2.2	1.1	36.5	24.5	25.7
	Term	69.8	74.9	87.2	56.7	71.7	64.5
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
2014	Current	9.6	24.7	10.8	6.3	4.5	8.9
	Savings	19.4	1.6	0.9	36.7	20.2	26.2
	Term	70.9	73.7	88.3	57.0	75.4	64.9
	Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 5: Distribution of Deposits Across Population Groups

(Amounts in ₹ Billion; Growth Rate and Share in Per cent)

Population Group/Year (as on March 31)		2007	2008	2009	2010	2012	2013	2014
Rural	**Amount**	2,585	3,010	3,151	4,270	5,780	6,757	7,917
	(Growth Rate)	(10.8)	(16.4)	(4.7)	(35.5)	(16.3)	(16.9)	(17.2)
	{Share}	{9.6}	{9.1}	{7.8}	{8.8}	{9.0}	{9.5}	{9.7}
Semi-urban	**Amount**	3,653	4,328	5,488	6,307	8,664	10,132	11,604
	(Growth Rate)	(18.8)	(18.5)	(26.8)	(14.9)	(17.2)	(16.9)	(14.5)
	{Share}	{13.5}	{13.0}	{13.6}	{13.0}	{13.5}	{14.2}	{14.3}
Urban	**Amount**	5,526	6,829	8,926	9,833	13,248	15,388	17,640
	(Growth Rate)	(20.8)	(23.6)	(30.7)	(10.2)	(16.1)	(16.2)	(14.6)
	{Share}	{20.5}	{20.6}	{22.1}	{20.3}	{20.7}	{21.5}	{21.7}
Metropolitan	**Amount**	15,235	19,020	22,832	27,954	36,417	39,189	44,148
	(Growth Rate)	(31.0)	(24.8)	(20.0)	(22.4)	(14.1)	(7.6)	(12.7)
	{Share}	{56.4}	{57.3}	{56.5}	{57.8}	{56.8}	{54.8}	{54.3}
All India	**Amount**	26,999	33,186	40,397	48,364	64,110	71,466	81,310
	(Growth Rate)	(24.9)	(22.9)	(21.7)	(19.7)	(15.1)	(11.5)	(13.8)
	{Share}	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}

Note: The growth rates for 2012 are the compounded annual growth rates (CAGR) over 2010.

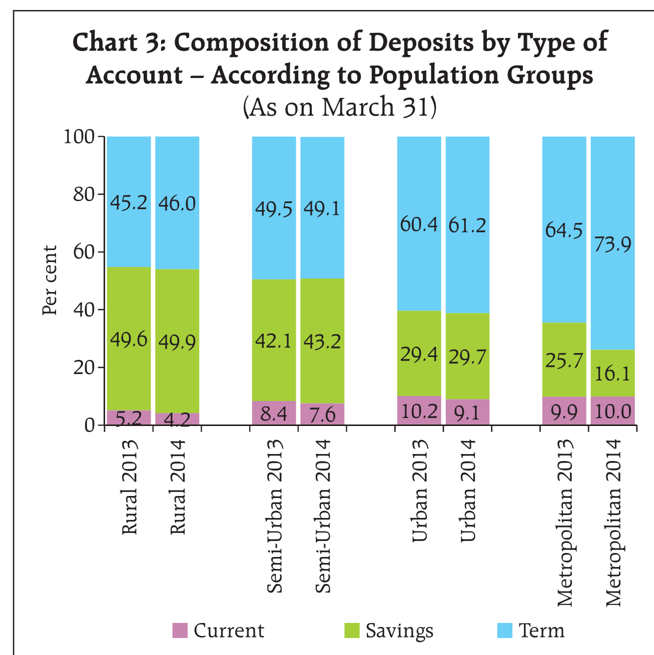
Ownership Pattern of Deposits across Population Groups[5]

12. Total deposits classified by population groups is presented in Table 5. The distribution of deposits across population groups indicated that metropolitan branches contributed the highest share in total deposits. The growth in deposits of metropolitan branches, which declined successively in 2012 and 2013, partly recovered in 2014. The share of these branches, which hovered around 56-58 per cent during 2007-2012 dipped to 54.8 per cent in 2013, and showed only a marginal decline to reach at 54.3 per cent in 2014, on account of higher deposit growth in other population groups.

13. Households sector was the major owner of bank deposits in all population groups. Household sector constituted 90 per cent of total deposits of rural branches. Households' share in total deposits was also high in semi-urban (77.4 per cent), urban (67.6 per cent) and metropolitan (46.5 per cent) areas. In metropolitan area, other notable contributors were government sector (15.8 per cent), financial sector (15.1 per cent) and non-financial private corporate sector (14.7 per cent) (For detailed data, refer RBI website (http://www.rbi.org.in/).

14. Term deposits remained dominant type of deposits across metropolitan, urban and semi-urban population groups followed by savings deposits in 2014 (Chart 3). In 2014, metropolitan branches' share in term deposits

Chart 3: Composition of Deposits by Type of Account – According to Population Groups
(As on March 31)



[5] The population group classification of banked centres is based on Census 2001.

Table 6: Bank Group wise Distribution of Total Deposits

(Amounts in ₹ Billion; Growth and Share in Per cent)

Bank Group/Year (as on March 31)		2007	2008	2009	2010	2012	2013	2014
State Bank of India and its Associates	Amount	6,071	7,513	10,020	10,531	13,598	15,562	17,417
	Growth Rate	(20.3)	(23.8)	(33.4)	(5.1)	(13.6)	(14.4)	(11.9)
	Share	{22.5}	{22.6}	{24.8}	{21.8}	{21.2}	{21.8}	{21.4}
Nationalised Banks	Amount	12,843	15,845	19,116	25,406	34,233	37,540	42,818
	Growth Rate	(24.0)	(23.4)	(20.6)	(32.9)	(16.1)	(9.7)	(14.1)
	Share	{47.6}	{47.7}	{47.3}	{52.5}	{53.4}	{52.5}	{52.7}
Regional Rural Banks	Amount	817	961	1,186	1,474	1,839	2,064	2,343
	Growth Rate	(7.0)	(17.6)	(23.5)	(24.2)	(11.7)	(12.2)	(13.5)
	Share	{3.0}	{2.9}	{2.9}	{3.0}	{2.9}	{2.9}	{2.9}
Private Sector Banks	Amount	5,725	6,960	8,167	8,550	11,650	13,465	15,252
	Growth Rate	(33.6)	(21.6)	(17.3)	(4.7)	(16.7)	(15.6)	(13.3)
	Share	{21.2}	{21.0}	{20.2}	{17.7}	{18.2}	{18.8}	{18.8}
Foreign Banks	Amount	1,543	1,908	1,907	2,403	2,780	2,836	3,480
	Growth Rate	(32.7)	(23.7)	(0.0)	(26.0)	(7.6)	(2.0)	(22.7)
	Share	{5.7}	{5.7}	{4.7}	{5.0}	{4.3}	{4.0}	{4.3}
All Scheduled Commercial Banks	Amount	26,999	33,186	40,397	48,364	64,110	71,466	81,310
	Growth Rate	(24.9)	(22.9)	(21.7)	(19.7)	(15.1)	(11.5)	(13.8)
	Share	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}	{100.0}

Note: Private sector banks include old as well as new private sector banks.The growth rates for 2012 are compounded annual growth rates (CAGR) over 2010.

increased by 9.4 percentage points and stood at 73.9 per cent as against a decline by 9.6 percentage points in saving deposits. However, in respect of deposits by rural branches, savings deposits constituted the largest share, followed by term deposits.

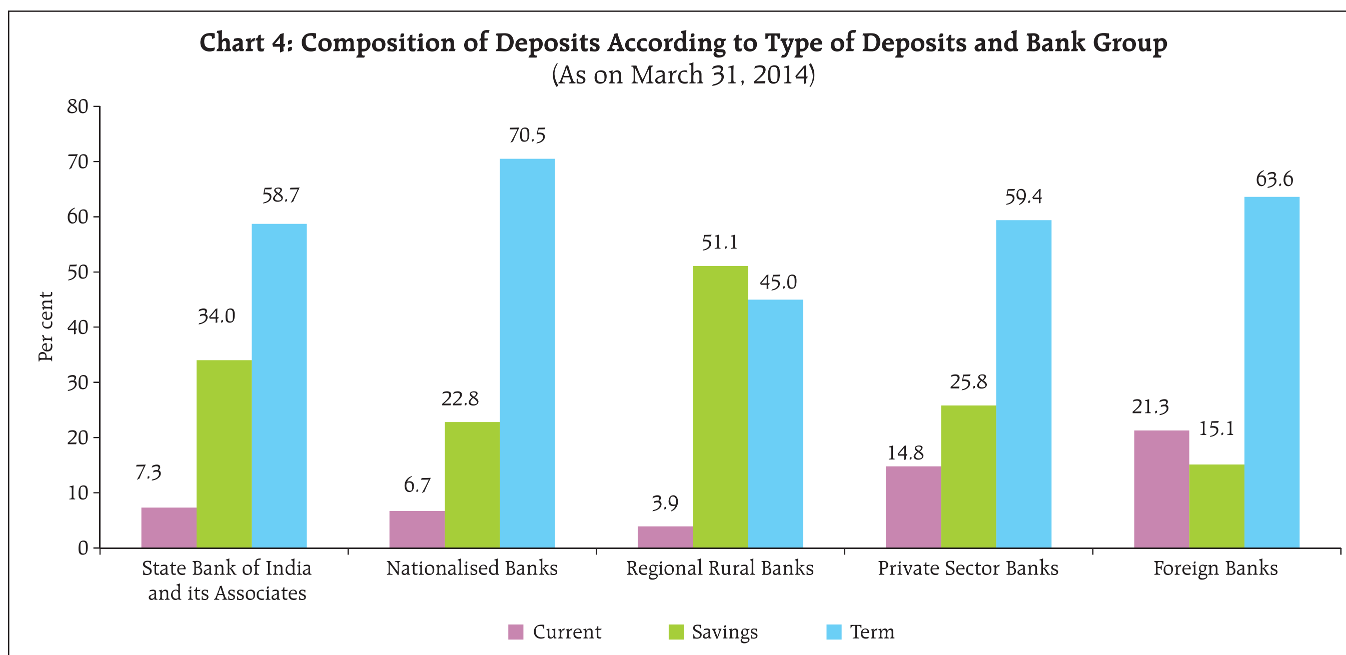
Ownership Pattern of Deposits According to Bank Groups

15. Bank group-wise analysis indicates that, public sector banks (consisting of SBI & its Associates and Nationalised Banks including IDBI Bank) comprised the largest share in total deposits, which hovered in the range of 70.1 -74.6 per cent between 2007 and 2014 (Table 6). Domestic private sector banks held 18-20 per cent of deposits and the share of foreign banks remained at 4-5 per cent in various years. The Regional Rural Banks contributed at around 3 per cent of total deposits.

16. Distribution of deposits, according to type was quite similar to earlier years among SBI and its associates, nationalised banks and private sector banks, where the term deposits had the largest share followed by savings deposits (Chart 4). In the case of foreign banks, term deposits constituted more than 60 per cent of the total deposits followed by current deposits (more than one-fifth). In the case of RRBs, savings deposits accounted for more than half of the total deposits followed by term deposits (more than two-fifth).

17. Institutional ownership of deposits as on March 31, 2014 indicated that the households accounted for the highest share in total deposits in all bank groups excluding the foreign banks group, where the foreign sector held the largest share of deposits followed by non-financial private corporate sector (Table 7).

18. Selection of bank groups by various institutional players appeared to be based on flexibilities required for their business as well as the customer oriented business strategies of banks. Around 90 per cent of the Government deposits were with public sector banks.



About 62 per cent of financial sector (including banks) deposits were with nationalised banks followed by private sector banks (28.0 per cent). More than 56 per cent deposits by non-financial private corporate sector were held by public sector banks while 43.0 per cent deposits were held by foreign and private sector banks. More than three-fourth of household deposits, especially individuals (largest constituent of household sector) were with public sector banks, might be on account of bigger branch network of these banks.

Institutional Ownership of Deposits According to States / Union Territories[6]

19. The composition of deposits as at end March 2014 across different States/Union Territories (UTs) showed higher concentration in seven states/UTs. These

Table 7: Bank Group Wise Pattern of Ownership of Deposits – March 31, 2014

(Amounts in ₹ Billion; Share in Per cent)

Sector/Bank Group	SBI & Its Associates	Nationalised Banks	RRBs	Private Sector Banks	Foreign Banks	Total
I. Government Sector	3,324 (19.1)	6,965 (16.3)	153 (6.5)	847 (5.6)	113 (3.2)	11,402 (14.0)
II. Private Corporate Sector (Non-Financial)	1,336 (7.7)	3,203 (7.5)	10 (0.4)	2,376 (15.6)	1,140 (32.7)	8,065 (9.9)
III. Financial Sector	410 (2.4)	4,910 (11.5)	21 (0.9)	2,216 (14.5)	372 (10.7)	7,928 (9.8)
IV. Household Sector	11,092 (63.7)	26,910 (62.8)	2,154 (91.9)	7,748 (50.8)	664 (19.1)	48,567 (59.7)
V. Foreign Sector	1,255 (7.2)	831 (1.9)	6 (0.2)	2,064 (13.5)	1,192 (34.3)	5,348 (6.6)
Total Deposits	**17,417 (100.0)**	**42,818 (100.0)**	**2,343 (100.0)**	**15,252 (100.0)**	**3,480 (100.0)**	**81,310 (100.0)**

Note: Figures in parentheses represents share.

[6] More detailed data for March 2013 is available in the Reserve Bank website 'URL:http://www.rbi.org.in/'.

states/UTs (Maharashtra, Delhi, Uttar Pradesh, Karnataka, Tamil Nadu, West Bengal and Gujarat) comprised around 68 per cent of total deposits. Maharashtra alone contributed more than one-fourth of total deposits.

20. According to ownership, dominance of households' savings in bank deposits was of different degrees in different regions. The overall households share in total deposits in the Central Region was the highest at 75.9 per cent (with the corresponding States/UT's share varying in the range from 66 to 81 per cent), followed by the Eastern Region at 72.2 per cent (with the constituents' share ranging between 62 to 75 per cent) and North-Eastern Region at 71.2 per cent (share varying between 65 to 77 per cent). The share of households in total deposits was lower in the Northern Region (63.4 per cent), the southern Region (60.4 per cent) and in Western Region (45.1 per cent).

21. Of the total deposits by non-financial private corporates, 68.4 per cent was concentrated in four states, namely, Maharashtra (34.8 per cent), Delhi (14.1 per cent), Tamil Nadu (10.4 per cent), and Karnataka (9.1 per cent). In the total foreign sector deposits raised by SCBs, Maharashtra contributed to 39.1 per cent followed by Kerala (17.1 per cent), Delhi (8.3 per cent), Karnataka (6.9 per cent) and Gujarat (5.9 per cent).

*Survey on Computer Software & Information Technology Enabled Services Exports: 2013-14**

The Reserve Bank's annual survey on Computer Software and Information Technology Enabled Services Exports (ITES) collects information on various dimensions of exports of computer services and ITES exports, including Business Process Outsourcing (BPO). Details on export of software services are collected as per the type of activity/ services (on-site/off-site) and country of destination along with the modes of supply. This article presents the aggregate results of 2013-14 round of the survey and examines any changes in the characteristics of software services exports. It also analyses the trend in major aggregates based on current and earlier round of survey results[1].

I. Introduction

The annual survey on Software and Information Technology Enabled Services Exports is conducted by the Reserve Bank for estimation of various aspects of Computer Services Exports as well as exports of ITES/ BPO. The Reserve Bank started to conduct the annual survey on '*Computer Software and Information Technology Enabled Services Exports*' in 2002-03 as per the recommendations of the National Statistical Commission (2001) and subsequent guidance from the Technical Group on Computer Services Exports (TGCSE) (2008). The survey collects details of exports of computer services following the *Balance of Payments and International Investment Position Manual (BPM6)* of the International Monetary Fund (IMF) and the *Manual on Statistics of International Trade in Services (MSITS)*, which is joint work of seven international agencies, as well as other select information on ITES/ BPO services exports. The survey also collects exports data as per the four modes of supply (*viz.*, cross-border supply, consumption abroad, commercial presence and presence of natural persons) as defined in MSITS. The previous round of this survey was conducted for the reference year 2012-13.

For the 2013-14 survey round, which was eighth in the series, the schedule was canvassed among 6,700 companies. Responses were received from 873 companies, of which 128 cases were for Nil-return or for closed companies. The remaining 745 companies included most of the large IT companies as well as other companies. The responding companies together accounted for 74.7 per cent of the total software services exports during the year. The detailed methodology for estimation of software exports of the non-responding companies is given in the Annex.

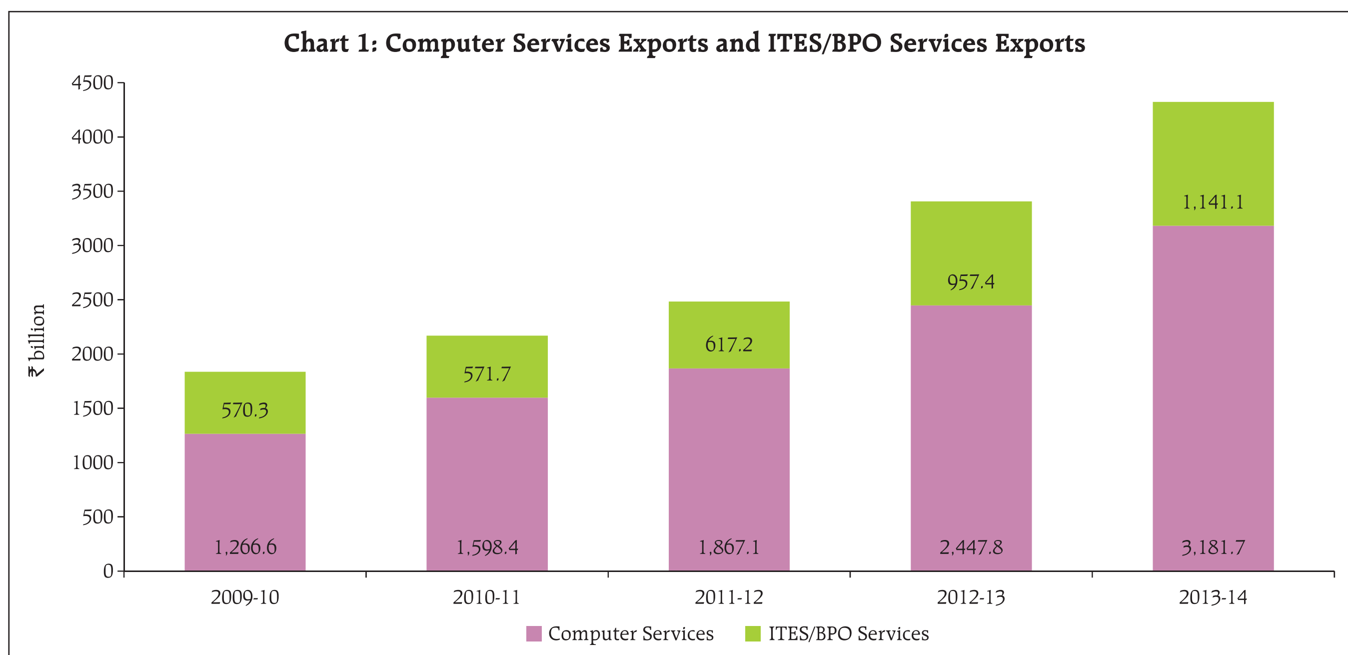
II. Software Services Exports from India – Recent Trends

Software and IT-enabled services are considered important activity in the Indian economy, including for their role as net exports from the country. As per the balance of payments (BoP) Statistics, the software services exports (other than on-site exports), stood at ₹4,206 billion in 2013-14 and constituted around 46 per cent of total services exports of India as well as 3.7 per cent of GDP. After growing at remarkable pace during the period 2001-02 to 2007-08 (30.4 per cent in US $ term), India's software service exports reflected some moderation following global financial crisis in 2008-09 but recovered in the subsequent period.

In this survey, software services exports have been divided into two major categories: (i) Computer Services exports which include IT services as well as Software Product Development and (ii) ITES/ BPO services which includes BPO services and engineering services. As per

* Prepared in the External Liabilities and Assets Statistics Division, Department of Statistics & 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 ITES 2013-14 survey are released on the RBI website (www.rbi.org.in) on February 16, 2015.



the survey results, export of computer software services and ITES/BPO services are estimated at ₹3,181.7 billion (US$ 52.6 billion) and ₹1,141.1 billion (US$ 18.9 billion), respectively, during 2013-14. India's total export of computer services and ITES/BPO services (excluding commercial presence) is estimated at ₹4,322.8 billion (US$ 71.4 billion), showing 14.1 per cent annual growth in US $ terms.

Computer services remained the dominant component (around 73.6 per cent share) in India's total software services exports during 2013-14 (Chart 1 and Table 1). 'IT services' was the major component in the 'Computer Services' category. The share of computer services exports, in the total Computer software and ITES/BPO services exports increased, whereas, the share of ITES/BPO services exports declined.

Table 1: Software Services Exports from India with Components

(₹ billion)

Activity	Software Services Exports					Share in Total (%)		
	2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2009-10**	**2012-13**	**2013-14**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A) Computer Services	**1,266.6**	**1,598.4**	**1,867.1**	**2,447.8**	**3,181.7**	**69.0**	**71.9**	**73.6**
Of which: i) IT services	1,115.8	1,492.2	1,661.8	2,256.7	2,936.7	60.8	66.3	67.9
ii) Software Product Development	150.8	106.2	205.3	191.1	245.0	8.2	5.6	5.7
B) ITES/BPO Services	**570.3**	**571.7**	**617.2**	**957.4**	**1,141.1**	**31.0**	**28.1**	**26.4**
Of which: i) BPO Services	431.3	468.7	523.0	789.6	934.1	23.5	23.2	21.6
ii) Engineering Services	139.0	103.0	94.2	167.8	206.9	7.5	4.9	4.8
Total Export of Software Services (A+B)								
in ₹ billion (A+B)	1,836.9	2,170.1	2,484.3	3,405.2	4,322.8	100.0	100.0	100.0
in US $ billion *	38.7	47.6	51.8	62.6	71.4			
Annual Growth (in US $ terms)		22.9	8.9	20.7	14.1			

* Using Average Exchange Rate for the year (applicable for all tables).

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

(per cent)

Activity	2009-10	2010-11	2011-12	2012-13	2013-14
	(1)	(2)	(3)	(4)	(5)
BPO Services	**75.6**	**82.0**	**84.7**	**82.5**	**81.9**
Customer interaction services	18.0	12.2	14.4	10.9	8.4
Finance and Accounting, auditing, book keeping and tax consulting services	11.9	13.4	23.5	9.7	11.2
HR Administration	1.3	0.5	0.2	0.9	0.7
Procurements and logistics	0.3	0.5	0.0	0.4	0.3
Medical transcription	0.4	0.6	0.2	0.7	1.3
Document Management	0.3	0.6	0.4	0.5	0.9
Content development and management and publishing	1.0	0.8	0.7	1.4	0.9
Other BPO service	42.4	53.4	45.3	58.0	58.1
Engineering Services	**24.4**	**18.0**	**15.3**	**17.5**	**18.1**
Embedded Solutions	0.8	2.4	2.1	4.1	5.3
Product Design Engineering (mechanical, electronics excluding software)	7.5	8.6	7.0	5.9	5.5
Industrial automation and enterprise asset management	2.6	0.6	0.0	2.4	0.2
Other Engineering service	13.5	6.4	6.2	5.1	7.1
Total BPO Services	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

The classification given by the Department of Information Technology (DIT-2003), Government of India, was used for compilation of data on exports of *ITES/BPO services.* Among the *BPO services* exports, '*Finance and Accounting, auditing, book keeping and tax consulting services*' and '*Customer interaction services*' were the major components.

During 2013-14, exports in BPO services and Engineering services increased by ₹144.5 billion and ₹39.1 billion, respectively, as compared with ₹266.6 billion and ₹73.6 billion increases in the previous year. In the total ITES/BPO services exports, the *Engineering services* recorded higher growth than *BPO services.* Among *BPO services*, the share of '*Finance and Accounting, auditing, book keeping and tax consulting services*' increased whereas the share of '*Customer interaction services*' declined (Table 2). *However, 'other BPO services'* (*i.e.*, Legal services, Animation, Gaming, Pharmaceuticals and biotechnology services, *etc.*) as well as combination of services constituted more than half of the ITES/BPO services, and recorded an increase of ₹107.4 billion in 2013-14.

Among *Engineering services*, the contribution of '*Embedded Solutions*' increased, whereas the share of '*Product Design Engineering' (mechanical, electronics excluding software)* and '*Industrial automation and enterprise asset management*' declined in 2013-14 (Table 2).

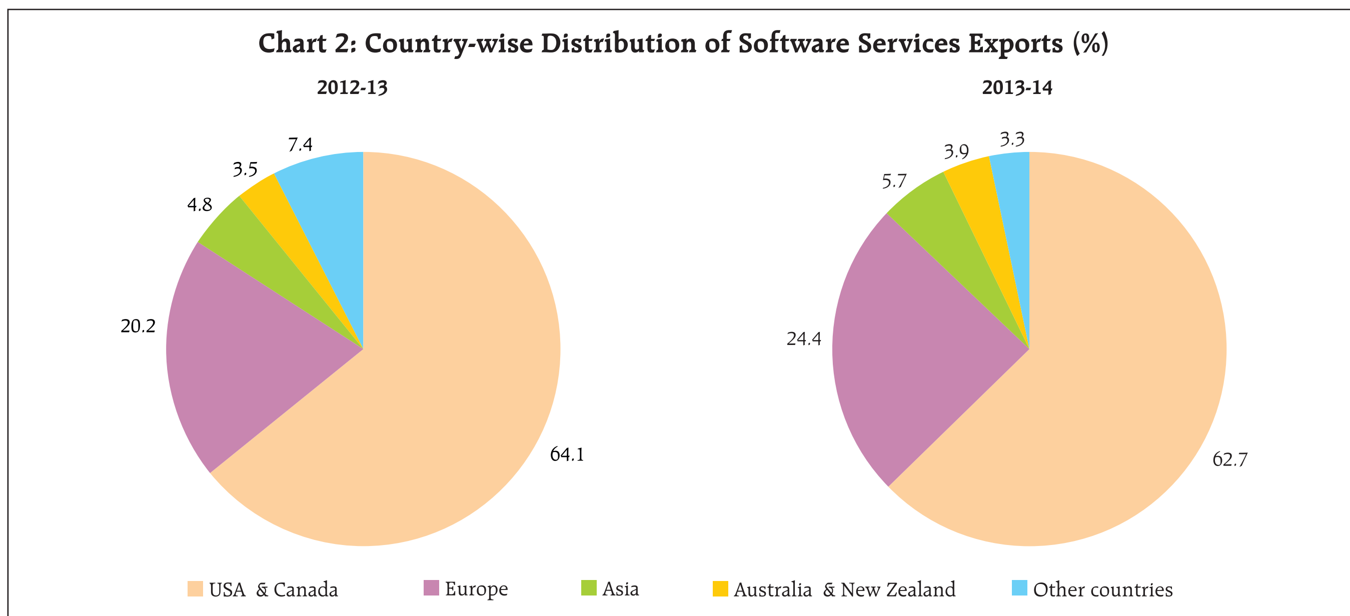
IV. Organisation-wise Distribution of Software Services Exports

Public limited companies continued to have the highest share of the total software services exports though their share declined marginally from 64.6 per cent in 2012-13 to 63.6 per cent in 2013-14 as the share of Private limited companies increased (Table 3).

Table 3: Organisation-wise Share of Software Services Exports

(per cent)

Organisation	2009-10	2010-11	2011-12	2012-13	2013-14
	(1)	(2)	(3)	(4)	(5)
Private Limited Companies	39.3	38.5	41.2	35.3	36.0
Public Limited Companies	58.1	61.3	58.7	64.6	63.6
Others	2.6	0.2	0.1	0.1	0.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

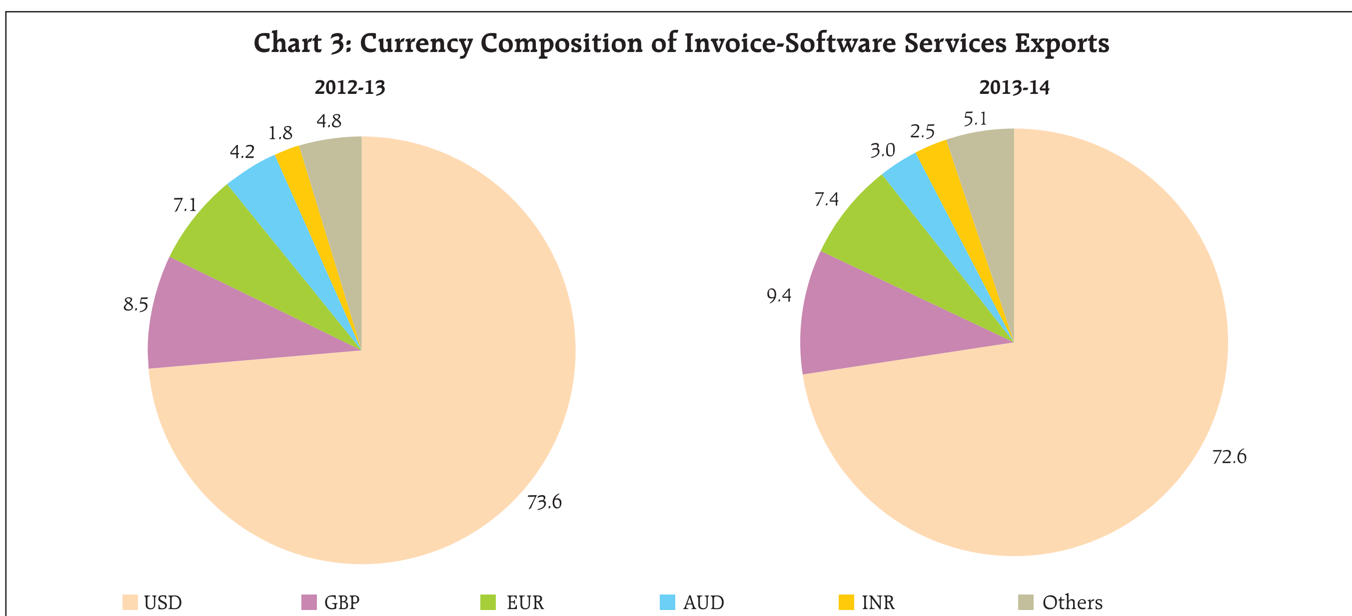


V. Country-wise Distribution of Software Services Exports

United States & Canada remained the top destination (62.7 per cent) for software services exports from India followed by Europe, which had nearly one-fourth share in 2013-14 (Chart 2). The shares of United States & Canada in total software exports decreased, whereas the share of Europe, Asia and Australia & New Zealand increased as compared to 2012-13.

VI. Currency Composition of Software Services Exports

US Dollar continued to remain the major currency of invoicing software export accounting for nearly three-fourth of total invoicing during 2013-14. The shares of GBP, Euro and Indian rupee have increased and the same of US dollar and Australian dollar have decreased since 2012-13 (Chart 3).



VII. Modes of Software Services Exports

Software services are exported through both on-site and off-site routes. The share of export of software service through on-site mode, which recorded declining trend since 2008-09, increased to 19.8 per cent in 2013-14 from 15.8 per cent in 2012-13.

As per the MSITS, international trade in services can be conducted through four different modes, *viz., (i)* transactions between resident and non-resident covering cross-border supply (Mode-1), (ii) consumption abroad (Mode-2), (iii) presence of natural person (Mode-4) and (iv) services provided locally by the affiliates established abroad, *i.e.*, commercial presence (Mode-3). However, as per the BoP manual, foreign affiliates established abroad are treated as the domestic units in the host economy and hence the services delivered by them are not considered as the exports of the home country. To this extent, data on services exports in BoP differs from those in the Foreign Affiliates Trade in Services (FATS) statistics.

The survey collected the software services trade data on all four modes of supply. The total international trade in computer services by India by all four modes of supply stood at ₹5,011.8 billion (US$ 82.8 billion) in 2013-14. The share of software services exports by India through Mode-1 and Mode-2 declined, whereas the share of software services through Mode-3 and Mode-4 increased in 2013-14, reversing the trend followed since 2009-10 (Table 5).

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

(per cent)

Type of Services	2009-10	2010-11	2011-12	2012-13	2013-14
	(1)	(2)	(3)	(4)	(5)
On-site (Mode 4)	21.6	20.7	17.8	15.8	19.8
Off-site (Mode 1 & Mode 2)	78.4	79.3	82.2	84.2	80.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 5: Software Services Exports by Different Modes

(per cent)

Type of Mode	2009-10	2010-11	2011-12	2012-13	2013-14
	(1)	(2)	(3)	(4)	(5)
Mode 1 *(cross-border supply)*	64.6	67.4	69.0	74.7	69.0
Mode 2 *(consumption abroad)*	0.0	0.1	0.5	1.6	0.1
Mode 3 *(commercial presence)*	17.6	14.8	15.4	9.4	13.7
Mode 4 *(presence of natural person)*	17.8	17.7	15.1	14.3	17.1

VIII. Software Business of Subsidiaries/Associates

The survey also collects information on the software business of foreign subsidiaries/ associates of Indian companies (foreign affiliates), under the heads of software business done in the host country, *i.e.*, locally, to India and to other countries, for the purpose of Foreign Affiliates Trade in Services (FATS). The total software business of the Indian-owned foreign affiliates (excluding the services provided to India) observed slowdown following global crisis in 2008. However, in 2013-14, it increased significantly by ₹427.3 billion (US$ 7.1 billion) as against a decline of ₹122.5 billion (US$ 2.3 billion) in the previous year (Table 6). The business of these subsidiaries to India increased by ₹87.1 billion (US$ 1.4 billion) in 2013-14 on top of increase of ₹173.2 billion (US$ 3.2 billion) in 2012-13.

Indian companies providing the combination of four broad group of services (*viz.*, IT services, Software product development, BPO services and Engineering services) were classified under 'Other services' category. Under 'Other Services' category, foreign affiliates were the major source for generating the software business outside India. Software services provided by foreign affiliates in all countries increased for '*IT services*', whereas it declined for *'BPO services'* '*Engineering services'*, and '*Software product development'*.

Table 6: Software Business by Foreign Affiliates of Indian Companies

(₹ billion)

Activity	2009-10			2010-11			2011-12			2012-13			2013-14		
	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries	Locally	To India	Other Countries
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
IT services	6.4	0.0	0.4	17.9	0.2	1.6	27.5	10.7	5.4	23.9	1.8	0.4	37.4	2.0	3.0
Software Product Development	0.2	0.0	4.9	4.7	0	0.6	1.6	0.7	8.0	5.0	2.3	11.2	0.0	0.0	14.1
BPO Services	15.1	0.4	17.2	15.2	0.6	9.1	31.0	4.4	12.3	15.9	0.4	3.6	7.1	0.1	0.2
Engineering Services	0.6	0.1	0.0	1.7	0.3	0.0	1.5	0.3	20.6	1.6	0.5	0.0	0.1	0.0	0.0
Other services	370.1	7.1	22.3	338.2	4.4	26.7	391.8	0.4	20.8	307.4	184.6	28.9	644.3	274.6	118.9
Total (₹ billion)	**392.3**	**7.7**	**44.9**	**377.7**	**5.4**	**38.1**	**453.4**	**16.4**	**67.0**	**353.8**	**189.6**	**44.1**	**689.0**	**276.7**	**136.2**
Total (US$ billion)	**8.3**	**0.2**	**0.9**	**8.3**	**0.1**	**0.8**	**9.5**	**0.3**	**1.4**	**6.5**	**3.5**	**0.8**	**11.4**	**4.6**	**2.3**

USA had the maximum share of total software business by foreign affiliates though its share declined in 2013-14. It was followed by UK which recorded a higher share. The share of Germany and Singapore in the total software business of foreign affiliates also increased during the year (Table 7).

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

(per cent)

Country	2009-10	2010-11	2011-12	2012-13	2013-14
	(1)	(2)	(3)	(4)	(5)
USA	54.7	67.5	65.0	71.3	65.4
United Kingdom	6.1	6.8	5.3	6.6	7.9
Canada	4.0	2.7	3.6	4.1	4.1
Germany	3.1	2.5	2.9	3.0	3.5
Singapore	3.0	3.4	4.4	2.7	3.3
Netherlands	3.1	3.6	4.3	2.1	3.2
Other Countries	26.0	13.5	14.5	10.2	12.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

IX. Conclusion

During 2013-14, India's export of computer software services continued to have robust growth even as the growth of ITES/BPO services moderated. Total international trade in software services by India, including the services delivered by foreign affiliates established abroad, stood at ₹5,011.8 billion (US$ 82.8 billion) in 2013-14. Software exports by foreign affiliates of Indian companies increased substantially in 2013-14.

The share of on-site exports increased in 2013-14, for the first time after 2008-09 even as Mode-1 (cross-border supply) continued to be the major mode of software services exports. The share of software services exports through Mode-1 and Mode-2 declined, whereas, the share of software services through Mode-3 and Mode-4 has increased in 2013-14. USA continued to remain the major destination for software exports and US dollar remained the major invoice currency for software exports during 2013-14.

Box: Comparison of survey results with NASSCOM and BoP data

The Reserve Bank publishes the software exports data in BoP using data reporting by Authorised Dealers (ADs), STPI and also the software exports data released by the NASSCOM. This accounts for only non-physical offsite software exports. As per the BoP data released by the RBI, non-physical (off-site) software exports stood at ₹4,206.0 billion in 2013-14 which does not include on-site software exports. Adding the on-site software exports of ₹857.3 billion(US$ 14.2 billion), as reported in the survey, the total software services exports in 2013-14 worked out to ₹5,063.3 billion (US$ 83.7 billion).

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

Based on the survey, export of software services from India in 2013-14 was estimated at ₹4,322.8 billion (US$ 71.4 billion) and the software business done by the Indian subsidiaries abroad in 2013-14 was estimated at ₹689.0 billion (US$ 11.4 billion). Thus, the global software export of India based on the survey was ₹5,011.8 billion (US$ 82.8 billion) as against ₹5,228.9 billion (US$ 86.4 billion) published by the NASSCOM. The software business done by the overseas subsidiaries of Indian companies accounted for 13.7 per cent of the global software business, estimated through the survey.

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

Reconciliation of Software Services Exports of India during 2013-14

(₹ billion)

Software exports as per NASSCOM (Global business)	Software Exports based on annual Survey			Software Exports based on Balance of Payment Statistics		
	Indian companies (Mode 1, Mode 2 & Mode 4)	Subsidiaries abroad (Mode 3 & export of Subsidiaries other than India)	Global Business	Software Exports based on BoP data	On-site software exports based on survey (Mode 4)	Total Software Exports of India
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)	(7)=(5)+(6)
5,228.9	4,322.8	689.0	5,011.8	4,206.0	857.3	5,063.3

Annex:

Methodology for estimation of Software Services Exports of Non-responding companies

Annual survey on Software and IT enabled Services Exports for the period 2013-14 was launched among nearly 6,700 Software and ITES/BPO companies. Of these, 873 companies responded to the survey which included 128 NIL and closed companies. The non-respondent companies were generally the smaller companies, as the 745 active companies that supplied data included all major companies in the sector.

Using the observed proportion, number of companies with NIL exports was estimated from 5,827 non-respondent companies and software exports have been estimated for the remaining 4,973 non-responded companies, using the following method:

I. Based on the ITES/BPO reported activity, companies have been classified in four groups, *viz.;* IT Services, ITES/BPO Services, Engineering Services and Software Product Development Services (having 100 per cent business under respective group).

II. For classifying the other companies having combination of these as their business activity, reported proportions of their exports done in IT, BPO, Engineering and Software Product Development services have been used.

III. Based on the reported data, it was observed that 'On-site' software export was primarily reported by the major companies. Therefore, only offshore software exports component was used for estimating software export of non-responded companies.

IV. As the observed distribution of exports was highly positively skewed in each of these groups, median was used for estimating software exports in each group.

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

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

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

Using the methodology given above, the software services exports of non-respondent companies was estimated to the tune of ₹1,093.4 billion (around 25.3 per cent of total software services exports).

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series

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

No. 1: Select Economic Indicators

Item	2013-14	2013-14		2014-15	
		Q2	Q3	Q2	Q3
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	6.6	7.5	6.6	7.8	7.5
1.1.1 Agriculture	3.7	3.6	3.8	2.0	-0.4
1.1.2 Industry	5.3	4.2	5.5	5.5	4.6
1.1.3 Services	8.1	9.7	8.3	9.8	11.7
1.1a Final Consumption Expenditure	6.5	5.6	5.4	8.2	7.1
1.1b Gross Fixed Capital Formation	3.0	6.3	5.3	2.8	1.6

	2013-14	2013	2014		2015
		Dec.	Jan.	Dec.	Jan.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.1	0.1	1.1	1.7	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.1	15.4	15.7	10.8	10.4
2.1.2 Credit	13.9	14.2	14.7	10.1	8.6
2.1.2.1 Non-food Credit	14.2	14.5	14.9	10.3	9.0
2.1.3 Investment in Govt. Securities	10.3	13.9	12.8	9.9	10.9
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	14.4	10.7	9.1	9.4	10.2
2.2.2 Broad Money (M3)	13.2	9.8	11.3	11.1	11.2
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	4.9	4.9	4.7
3.4 Credit-Deposit Ratio	77.8	76.8	76.7	76.3	75.9
3.5 Incremental Credit-Deposit Ratio	76.8	66.4	66.4	56.2	53.5
3.6 Investment-Deposit Ratio	28.7	29.5	29.4	29.3	29.6
3.7 Incremental Investment-Deposit Ratio	21.6	27.8	26.4	36.9	39.2
4 Interest Rates (%)					
4.1 Policy Repo Rate	8.00	7.75	8.00	8.00	7.75
4.2 Reverse Repo Rate	7.00	6.75	7.00	7.00	6.75
4.3 Marginal Standing Facility (MSF) Rate	9.00	8.75	9.00	9.00	8.75
4.4 Bank Rate	9.00	8.75	9.00	9.00	8.75
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	8.00/9.10	8.00/9.00	8.00/8.75
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.59	8.72	8.11	8.10	7.79
4.9 91-Day Treasury Bill (Primary) Yield	8.86	8.69	8.90	8.31	8.23
4.10 182-Day Treasury Bill (Primary) Yield	8.86	8.84	8.95	8.36	8.14
4.11 364-Day Treasury Bill (Primary) Yield	8.96	8.84	8.67	8.22	7.91
4.12 10-Year Government Securities Yield	8.84	8.84	8.81	7.90	7.72
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	60.10	61.90	62.48	63.33	61.76
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	82.58	85.36	84.60	98.58	70.03
5.3 Forward Premia of US$ 1-month (%)	9.78	9.28	8.07	7.92	7.09
3-month (%)	8.79	8.64	8.58	7.23	7.84
6-month (%)	8.95	8.60	8.26	7.13	7.35
6 Inflation (%)					
6.1 All India Consumer Price Index	..	-8.8	8.6	4.3	5.1
6.2 Consumer Price Index for Industrial Workers	9.7	9.1	7.2	5.9	7.2
6.3 Wholesale Price Index	6.0	6.4	5.1	0.1	-0.4
6.3.1 Primary Articles	9.8	10.8	6.8	2.2	3.3
6.3.2 Fuel and Power	10.1	10.9	9.8	-7.8	-10.7
6.3.3 Manufactured Products	3.0	3.0	3.0	1.6	1.1
7 Foreign Trade (% Change)					
7.1 Imports	-8.2	-14.8	-18.9	-5.1	-11.4
7.2 Exports	4.5	3.7	4.0	-1.4	-11.2

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2013-14	2014	2015				
		Feb.	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	12,835.11	12,712.01	13,862.22	14,024.32	14,136.50	14,140.48	14,064.12
1.1.2 Notes held in Banking Department	0.17	0.13	0.10	0.09	0.13	0.13	0.12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**12,835.28**	**12,712.15**	**13,862.32**	**14,024.41**	**14,136.63**	**14,140.61**	**14,064.24**
1.2 Assets							
1.2.1 Gold Coin and Bullion	682.33	682.33	643.07	653.15	653.15	653.15	653.15
1.2.2 Foreign Securities	12,141.07	12,018.35	13,206.93	13,359.38	13,472.06	13,474.42	13,398.53
1.2.3 Rupee Coin	1.41	1.00	1.86	1.41	0.95	2.57	2.10
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	3,653.62	4,709.62	4,633.73	4,947.34	4,737.95	5,172.45
2.1.1.1 Central Government	534.25	1.01	1.00	1.00	1.01	1.01	1.01
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.43	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,805.71	3,302.54	3,421.32	3,632.28	3,488.20	3,433.09	3,596.13
2.1.1.5 Scheduled State Co-operative Banks	39.04	33.59	36.03	33.21	33.34	33.50	33.38
2.1.1.6 Non-Scheduled State Co-operative Banks	5.50	4.04	10.86	10.50	11.00	11.03	9.96
2.1.1.7 Other Banks	174.92	159.48	179.33	180.22	179.52	179.26	181.11
2.1.1.8 Others	161.52	152.53	1,060.65	776.09	1,233.86	1,079.64	1,350.43
2.1.2 Other Liabilities	8,567.95	9,014.59	7,808.64	7,885.92	8,034.31	8,088.43	7,884.14
2.1/2.2 Total Liabilities or Assets	**13,289.32**	**12,668.21**	**12,518.26**	**12,519.64**	**12,981.65**	**12,826.38**	**13,056.58**
2.2 Assets							
2.2.1 Notes and Coins	0.17	0.13	0.10	0.09	0.13	0.13	0.12
2.2.2 Balances held Abroad	4,588.34	4,604.90	5,733.38	5,676.31	5,819.15	5,915.12	6,099.36
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	14.88	3.14	7.36	12.68	24.19	14.19	5.61
2.2.3.3 Scheduled Commercial Banks	421.78	358.74	770.65	819.68	1,127.03	882.81	925.02
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	67.51	46.67	43.43	47.58	48.00	46.94
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	6,799.14	5,267.54	5,264.71	5,257.96	5,259.99	5,259.99
2.2.6 Other Assets	799.25	834.64	692.56	702.74	705.60	706.14	719.53
2.2.6.1 Gold	619.82	619.82	584.16	593.31	593.31	593.31	593.31

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
Jan. 1, 2015	216.62	144.76	–	–	–	–31.41	–	–	40.45
Jan. 2, 2015	89.71	73.52	155.02	177.55	8.00	–30.93	–	–	–29.27
Jan. 5, 2015	39.43	19.96	–	–	58.01	38.75	–	–	116.23
Jan. 6, 2015	163.36	100.51	155.57	–	1.23	–22.16	3.60	–	193.89
Jan. 7, 2015	100.01	21.23	–	13.53	0.84	5.00	0.75	–	70.34
Jan. 8, 2015	128.55	19.52	47.85	–	3.56	21.50	5.00	–	176.94
Jan. 9, 2015	169.86	50.65	245.45	–	2.05	–25.71	2.50	–	338.50
Jan. 12, 2015	143.08	13.98	150.02	–	15.91	32.84	5.05	–	322.82
Jan. 13, 2015	206.38	29.33	248.36	–	0.45	–6.00	3.95	–	415.91
Jan. 14, 2015	207.36	21.09	187.80	–	5.80	6.00	5.30	–	380.57
Jan. 15, 2015	201.64	17.83	137.60	–	0.20	–28.05	–	–	293.56
Jan. 16, 2015	208.23	32.19	211.16	–	–	7.65	–	–	394.85
Jan. 19, 2015	208.88	13.46	150.03	–	1.33	11.64	–	–	358.42
Jan. 20, 2015	208.58	13.85	250.10	–	0.20	15.55	–	–	460.58
Jan. 21, 2015	209.26	48.94	210.00	–	0.45	–26.75	–	–	344.02
Jan. 22, 2015	168.88	21.91	72.60	–	0.70	10.30	–	–	230.57
Jan. 23, 2015	194.60	26.17	176.80	–	14.20	–3.97	0.10	–	355.36
Jan. 27, 2015	214.54	42.45	155.06	–	0.15	18.16	–	–	345.46
Jan. 28, 2015	224.91	69.93	350.03	–	–	–38.96	–	–	466.05
Jan. 29, 2015	159.00	183.92	16.80	–	0.20	–18.46	–	–	–26.38
Jan. 30, 2015	118.51	34.64	143.50	77.20	1.20	23.05	–	–	174.42

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

Item	2013-14	2014		2015
		Jan.	Dec.	Jan.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US$ Million) (1.1–1.2)	8,992.00	–1,929.00	6,739.00	12,137.00
1.1 Purchase (+)	52,394.00	375.00	17908.00	15259.00
1.2 Sale (–)	43,402.00	2,304.00	11,169.00	3,122.00
2 ₹ equivalent at contract rate (₹ Billion)	586.19	–116.76	413.95	754.14
3 Cumulative (over end-March) (US $ Million)	8,992.00	1,740.00	29,200.00	41,337.00
(₹ Billion)	586.19	113.93	1,701.13	2,455.27
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US$ Million)	–31,030.00	–31,848.00	6,853.00	5,576.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2013-14	2014						2015
		Jan. 24	Aug. 22	Sep. 19	Oct. 31	Nov. 28	Dec. 26	Jan. 23
	1	2	3	4	5	6	7	8
1 MSF	176.3	105.6	12.0	0.6	0.2	7.5	33.3	14.2
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	568.0	533.7	320.7	307.2	137.1	131.0	129.6	129.0
2.2 Outstanding	410.4	297.9	137.4	128.6	43.9	66.8	68.4	69.4
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	25.5	23.5	23.3	20.1	11.8	17.1	18.8
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	608.9	428.9	172.9	152.5	64.2	86.1	118.8	102.4

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	2014		2015	
		Jan. 24	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	12,483.4	12,275.2	13,262.9	13,417.9	13,504.1
1.1 Notes in Circulation	12,837.4	12,621.5	13,710.0	13,810.7	13,912.5
1.2 Circulation of Rupee Coin	166.0	162.8	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	516.4	634.5	580.1	595.8
2 Deposit Money of the Public	8,063.5	7,807.9	8,745.8	8,433.5	8,498.4
2.1 Demand Deposits with Banks	8,043.9	7,783.5	8,664.4	8,347.8	8,415.8
2.2 'Other' Deposits with Reserve Bank	19.7	24.3	81.4	85.6	82.6
3 M_1 (1 + 2)	20,547.0	20,083.1	22,008.7	21,851.4	22,002.4
4 Post Office Saving Bank Deposits	423.6	411.2	454.0	454.0	454.0
5 M_2 (3 + 4)	20,970.6	20,494.3	22,462.7	22,305.4	22,456.5
6 Time Deposits with Banks	74,426.3	72,875.2	80,493.1	81,616.3	81,403.7
7 M_3 (3 + 6)	94,973.3	92,958.3	102,501.8	103,467.7	103,406.1
8 Total Post Office Deposits	1,572.0	1,539.9	1,705.5	1,705.5	1,705.5
9 M_4 (7 + 8)	96,545.3	94,498.2	104,207.2	105,173.1	105,111.6

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	2014		2015	
		Jan. 24	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
1 Net Bank Credit to Government	**30,386.0**	**30,001.1**	**30,830.6**	**31,444.2**	**31,144.1**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	6,987.1	6,601.4	5,072.7	5,131.6	4,594.3
1.1.1 Claims on Government	7,855.2	6,819.9	5,301.0	5,300.2	5,296.3
1.1.1.1 Central Government	7,844.1	6,809.2	5,291.6	5,281.5	5,267.0
1.1.1.2 State Governments	11.1	10.7	9.4	18.7	29.3
1.1.2 Government deposits with RBI	868.1	218.5	228.3	168.5	702.0
1.1.2.1 Central Government	867.7	218.0	227.8	168.1	701.6
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	23,399.7	25,758.0	26,312.6	26,549.8
2 Bank Credit to Commercial Sector	**64,424.8**	**62,262.1**	**68,099.9**	**68,568.2**	**68,605.0**
2.1 RBI's credit to commercial sector	88.4	81.3	57.5	60.6	58.8
2.2 Other banks' credit to commercial sector	64,336.4	62,180.8	68,042.4	68,507.6	68,546.2
2.2.1 Bank credit by commercial banks	59,941.0	57,757.3	63,466.9	63,910.3	63,938.1
2.2.2 Bank credit by co-operative banks	4,357.8	4,373.5	4,528.7	4,550.5	4,560.1
2.2.3 Investments by commercial and co-operative banks in other securities	37.7	50.0	46.7	46.9	47.9
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**19,239.5**	**18,795.0**	**21,060.5**	**20,738.9**	**20,708.2**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	18,025.3	17,821.9	20,088.8	19,767.2	19,736.5
3.1.1 Gross foreign assets	18,025.6	17,822.3	20,089.1	19,767.5	19,736.8
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**	**170.2**	**187.4**	**187.4**	**187.4**
5 Banking Sector's Net Non-monetary Liabilities	**19,250.4**	**18,270.2**	**17,676.7**	**17,471.0**	**17,238.5**
5.1 Net non-monetary liabilities of RBI	8,433.2	8,731.9	8,613.3	8,215.0	7,757.2
5.2 Net non-monetary liabilities of other banks (residual)	10,817.2	9,538.3	9,063.4	9,256.0	9,481.3
M_3 (1+2+3+4–5)	**94,973.3**	**92,958.3**	**102,501.8**	**103,467.7**	**103,406.1**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2014		2015	
		Jan. 24	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	20,547.0	20,083.1	22,008.7	21,851.4	22,002.4
NM_2 (NM_1+ 1.2.2.1)	52,895.1	51,736.6	57,009.3	57,379.1	57,454.5
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	94,642.2	92,763.9	101,803.9	102,824.4	102,934.8
1 Components					
1.1 Currency with the Public	12,483.4	12,275.2	13,262.9	13,417.9	13,504.1
1.2 Aggregate Deposits of Residents	79,928.7	78,124.7	86,443.6	87,298.3	87,198.0
1.2.1 Demand Deposits	8,043.9	7,783.5	8,664.4	8,347.8	8,415.8
1.2.2 Time Deposits of Residents	71,884.8	70,341.1	77,779.1	78,950.4	78,782.3
1.2.2.1 Short-term Time Deposits	32,348.2	31,653.5	35,000.6	35,527.7	35,452.0
1.2.2.1.1 Certificates of Deposit (CDs)	3,741.3	4,726.1	2,682.8	2,822.6	2,725.0
1.2.2.2 Long-term Time Deposits	39,536.7	38,687.6	42,778.5	43,422.7	43,330.2
1.3 ‘Other’ Deposits with RBI	19.7	24.3	81.4	85.6	82.6
1.4 Call/Term Funding from Financial Institutions	2,210.4	2,339.7	2,016.1	2,022.6	2,150.1
2 Sources					
2.1 Domestic Credit	98,951.7	96,460.4	103,278.4	104,544.1	104,303.3
2.1.1 Net Bank Credit to the Government	30,386.0	30,001.1	30,830.6	31,444.2	31,144.1
2.1.1.1 Net RBI credit to the Government	6,987.1	6,601.4	5,072.7	5,131.6	4,594.3
2.1.1.2 Credit to the Government by the Banking System	23,398.9	23,399.7	25,758.0	26,312.6	26,549.8
2.1.2 Bank Credit to the Commercial Sector	68,565.7	66,459.2	72,447.7	73,099.9	73,159.3
2.1.2.1 RBI Credit to the Commercial Sector	88.4	81.3	57.5	60.6	58.8
2.1.2.2 Credit to the Commercial Sector by the Banking System	68,477.3	66,378.0	72,390.3	73,039.4	73,100.5
2.1.2.2.1 Other Investments (Non-SLR Securities)	4,120.9	4,159.4	4,295.6	4,501.1	4,510.7
2.2 Government’s Currency Liabilities to the Public	173.4	170.2	187.4	187.4	187.4
2.3 Net Foreign Exchange Assets of the Banking Sector	16,047.4	15,675.5	17,986.5	17,608.5	17,629.3
2.3.1 Net Foreign Exchange Assets of the RBI	18,025.3	17,821.9	20,088.8	19,767.2	19,736.5
2.3.2 Net Foreign Currency Assets of the Banking System	–1,977.9	–2,146.4	–2,102.3	–2,158.6	–2,107.2
2.4 Capital Account	15,946.0	15,983.6	16,581.9	16,588.4	16,591.3
2.5 Other items (net)	4,584.3	3,558.6	3,066.5	2,927.2	2,593.9

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2013-14	2014			2015
		Jan.	Nov.	Dec.	Jan.
	1	2	3	4	5
1 NM_3	**94,642.2**	**92,763.9**	**101,310.6**	**101,803.9**	**102,934.8**
2 Postal Deposits	1,572.0	1,539.9	1,688.9	1,705.5	1,705.5
3 L_1 (1 + 2)	**96,214.2**	**94,303.8**	**102,999.6**	**103,509.4**	**104,640.2**
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**	**94,333.2**	**103,028.9**	**103,538.7**	**104,669.5**
6 Public Deposits with Non-Banking Financial Companies	203.8	..	..	228.0	..
7 L_3 (5 + 6)	**96,447.3**	..	..	**103,766.8**	..

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2014		2015	
		Jan. 24	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	13,010.7	12,791.6	13,897.4	13,998.0	14,099.8
1.2 Bankers' Deposits with the RBI	4,297.0	3,427.0	3,679.6	3,639.2	3,709.6
1.2.1 Scheduled Commercial Banks	4,070.8	3,233.3	3,458.5	3,417.7	3,486.7
1.3 'Other' Deposits with the RBI	19.7	24.3	81.4	85.6	82.6
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	17,327.4	16,243.0	17,658.4	17,722.9	17,892.0
2 Sources					
2.1 RBI's Domestic Credit	7,562.0	6,982.8	5,995.5	5,983.3	5,725.3
2.1.1 Net RBI credit to the Government	6,987.1	6,601.4	5,072.7	5,131.6	4,594.3
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	6,591.2	5,063.8	5,113.4	4,565.4
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	7,842.9	6,808.3	5,289.8	5,278.4	5,264.8
2.1.1.1.3.1 Central Government Securities	7,832.4	6,797.8	5,279.3	5,268.0	5,254.3
2.1.1.1.4 Rupee Coins	1.3	0.9	1.8	3.1	2.2
2.1.1.1.5 Deposits of the Central Government	867.7	218.0	227.8	168.1	701.6
2.1.1.2 Net RBI credit to State Governments	10.6	10.3	8.9	18.3	28.9
2.1.2 RBI's Claims on Banks	486.5	300.1	865.3	791.1	1,072.2
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	484.7	298.0	865.2	790.6	1,071.7
2.1.3 RBI's Credit to Commercial Sector	88.4	81.3	57.5	60.6	58.8
2.1.3.1 Loans and Advances to Primary Dealers	25.2	25.5	17.1	20.2	18.8
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	173.4	170.2	187.4	187.4	187.4
2.3 Net Foreign Exchange Assets of the RBI	18,025.3	17,821.9	20,088.8	19,767.2	19,736.5
2.3.1 Gold	1,296.2	1,220.9	1,176.6	1,227.2	1,227.2
2.3.2 Foreign Currency Assets	16,729.3	16,601.2	18,912.4	18,540.1	18,509.4
2.4 Capital Account	8,315.7	8,444.8	8,166.4	8,166.4	8,166.4
2.5 Other Items (net)	117.5	287.1	446.9	48.6	-409.2

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2013-14	2014		2015			
		Jan. 31	Dec. 26	Jan. 9	Jan. 16	Jan. 23	Jan. 30
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	17,327.4	16,114.3	17,658.4	17,722.9	17,865.1	17,892.0	17,781.1
1 Components							
1.1 Currency in Circulation	13,010.7	12,716.6	13,897.4	13,998.0	14,122.4	14,099.8	14,049.6
1.2 Bankers' Deposits with RBI	4,297.0	3,385.7	3,679.6	3,639.2	3,660.6	3,709.6	3,647.5
1.3 'Other' Deposits with RBI	19.7	12.0	81.4	85.6	82.1	82.6	84.0
2 Sources							
2.1 Net Reserve Bank Credit to Government	6,987.1	6,442.7	5,072.7	5,131.6	4,958.2	4,594.3	4,567.5
2.2 Reserve Bank Credit to Banks	486.5	388.7	865.3	791.1	857.5	1,072.2	658.9
2.3 Reserve Bank Credit to Commercial Sector	88.4	89.0	57.5	60.6	58.4	58.8	59.6
2.4 Net Foreign Exchange Assets of RBI	18,025.3	17,842.7	20,088.8	19,767.2	19,847.5	19,736.5	20,167.2
2.5 Government's Currency Liabilities to the Public	173.4	170.2	187.4	187.4	187.4	187.4	187.4
2.6 Net Non- Monetary Liabilities of RBI	8,433.2	8,819.0	8,613.3	8,215.0	8,043.9	7,757.2	7,859.4

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2013-14	2014		2015	
		Jan. 24	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	74,514.1	72,711.0	80,647.8	81,491.5	81,385.4
1.1.1 Demand Deposits	7,139.2	6,892.0	7,711.4	7,393.3	7,463.4
1.1.2 Time Deposits of Residents	67,374.9	65,819.0	72,936.4	74,098.2	73,922.0
1.1.2.1 Short-term Time Deposits	30,318.7	29,618.6	32,821.4	33,344.2	33,264.9
1.1.2.1.1 Certificates of Deposits (CDs)	3,741.3	4,726.1	2,682.8	2,822.6	2,725.0
1.1.2.2 Long-term Time Deposits	37,056.2	36,200.5	40,115.0	40,754.0	40,657.1
1.2 Call/Term Funding from Financial Institutions	2,210.4	2,339.7	2,016.1	2,022.6	2,150.1
2 Sources					
2.1 Domestic Credit	86,123.0	83,975.4	92,125.5	93,311.7	93,610.2
2.1.1 Credit to the Government	22,111.9	22,090.5	24,377.6	24,936.6	25,183.5
2.1.2 Credit to the Commercial Sector	64,011.1	61,884.9	67,747.9	68,375.1	68,426.7
2.1.2.1 Bank Credit	59,941.0	57,757.3	63,466.9	63,910.3	63,938.1
2.1.2.1.1 Non-food Credit	58,956.2	56,639.6	62,383.7	62,818.0	62,908.2
2.1.2.2 Net Credit to Primary Dealers	22.5	40.3	54.9	33.2	46.2
2.1.2.3 Investments in Other Approved Securities	16.3	17.4	20.1	20.0	21.3
2.1.2.4 Other Investments (in non-SLR Securities)	4,031.3	4,069.8	4,205.9	4,411.5	4,421.1
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–1,977.9	–2,146.4	–2,102.3	–2,158.6	–2,107.2
2.2.1 Foreign Currency Assets	1,495.3	1,335.1	1,281.3	1,213.8	1,271.1
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	2,541.5	2,534.1	2,713.9	2,665.9	2,621.4
2.2.3 Overseas Foreign Currency Borrowings	931.7	947.4	669.7	706.6	756.8
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,206.0	3,383.5	3,153.9	3,134.9	2,938.9
2.3.1 Balances with the RBI	3,163.4	3,233.3	3,458.5	3,417.7	3,486.7
2.3.2 Cash in Hand	458.7	448.2	560.6	507.8	523.9
2.3.3 Loans and Advances from the RBI	416.1	298.0	865.2	790.6	1,071.7
2.4 Capital Account	7,388.6	7,297.0	8,173.7	8,180.3	8,183.2
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,238.1	2,864.7	2,339.4	2,593.6	2,723.3
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,451.6	3,108.1	3,706.4	3,512.6	3,555.3
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–666.1	–561.3	–441.9	–484.0	–461.7

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 21, 2014	2014		2015	
		Jan. 24	Dec. 26	Jan. 09	Jan. 23
	1	2	3	4	5
1 SLR Securities	22,128.2	22,107.9	24,257.5	24,956.7	25,204.8
2 Commercial Paper	159.5	158.0	393.4	397.6	384.3
3 Shares issued by					
3.1 PSUs	82.9	84.2	69.9	70.4	69.2
3.2 Private Corporate Sector	334.2	331.2	351.5	352.4	347.3
3.3 Others	9.4	8.6	32.6	34.1	30.1
4 Bonds/Debentures issued by					
4.1 PSUs	831.5	737.7	798.0	716.6	778.9
4.2 Private Corporate Sector	1,159.1	1,166.4	1,143.5	1,155.6	1,152.1
4.3 Others	459.8	468.6	466.1	494.3	492.2
5 Instruments issued by					
5.1 Mutual funds	401.1	537.6	391.5	534.8	561.3
5.2 Financial institutions	593.8	577.6	631.5	655.7	605.7

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2013-14	2014	2015		2013-14	2014	2015	
		Jan.	Dec.	Jan.		Jan.	Dec.	Jan.
	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	1,076.8	1,558.7	1,611.5	1,261.9	1,033.9	1,507.9	1,558.6
1.1 Demand and Time Deposits from Banks	821.7	748.9	1,117.3	1,130.5	777.2	708.5	1,068.6	1,081.0
1.2 Borrowings from Banks	351.9	260.6	381.1	418.8	349.7	258.2	379.2	415.5
1.3 Other Demand and Time Liabilities	135.1	67.3	60.2	62.2	135.0	67.2	60.2	62.1
2 Liabilities to Others	85,878.6	85,033.1	91,577.0	92,965.8	83,649.3	82,837.4	89,192.8	90,555.9
2.1 Aggregate Deposits	79,200.8	77,934.2	85,122.4	86,003.3	77,055.6	75,843.9	82,833.4	83,697.0
2.1.1 Demand	7,312.5	7,193.1	7,802.6	7,771.0	7,139.2	7,027.7	7,617.9	7,587.2
2.1.2 Time	71,888.4	70,741.1	77,319.8	78,232.2	69,916.4	68,816.2	75,215.5	76,109.7
2.2 Borrowings	2,227.8	2,586.9	2,031.5	2,408.7	2,210.4	2,562.0	2,013.8	2,381.2
2.3 Other Demand and Time Liabilities	4,449.9	4,512.0	4,423.2	4,553.8	4,383.3	4,431.5	4,345.6	4,477.7
3 Borrowings from Reserve Bank	417.9	388.7	920.8	770.7	416.1	386.5	920.7	770.7
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	417.9	388.7	920.8	770.7	416.1	386.5	920.7	770.7
4 Cash in Hand and Balances with Reserve Bank	3,729.1	3,758.0	4,129.1	4,078.0	3,622.1	3,652.3	4,015.7	3,963.6
4.1 Cash in Hand	470.0	473.6	570.1	553.8	458.7	462.7	557.2	542.2
4.2 Balances with Reserve Bank	3,259.0	3,284.4	3,559.0	3,524.2	3,163.4	3,189.6	3,458.5	3,421.3
5 Assets with the Banking System	2,325.9	2,051.8	2,233.7	2,507.2	1,950.5	1,711.7	1,840.3	2,123.4
5.1 Balances with Other Banks	1,191.9	1,068.3	1,346.5	1,592.4	1,062.3	956.7	1,194.3	1,433.6
5.1.1 In Current Account	115.3	124.6	108.5	170.6	97.3	105.0	90.6	155.8
5.1.2 In Other Accounts	1,076.6	943.7	1,238.0	1,421.8	965.0	851.6	1,103.7	1,277.8
5.2 Money at Call and Short Notice	453.7	361.7	369.5	409.8	278.0	215.3	204.5	251.8
5.3 Advances to Banks	170.8	137.3	163.7	143.9	167.4	131.8	160.3	140.6
5.4 Other Assets	509.5	484.6	354.0	361.1	442.7	408.0	281.3	297.4
6 Investment	22,797.6	22,956.6	24,961.3	25,415.8	22,128.2	22,297.2	24,257.5	24,731.7
6.1 Government Securities	22,778.7	22,937.0	24,940.7	25,392.6	22,111.9	22,280.5	24,240.0	24,712.1
6.2 Other Approved Securities	18.9	19.6	20.6	23.2	16.3	16.7	17.5	19.6
7 Bank Credit	61,794.9	60,270.8	65,163.0	65,502.8	59,941.0	58,454.6	63,185.2	63,493.4
7a Food Credit	1,095.2	1,237.6	1,193.6	1,166.0	984.8	1,127.2	1,083.2	1,032.2
7.1 Loans, Cash-credits and Overdrafts	59,517.5	58,096.7	62,962.3	63,323.3	57,690.8	56,306.8	61,012.1	61,343.9
7.2 Inland Bills-Purchased	387.8	392.1	329.4	351.9	384.4	389.4	325.9	347.0
7.3 Inland Bills-Discounted	1,121.7	1,056.7	1,175.8	1,158.3	1,105.8	1,040.2	1,157.4	1,139.1
7.4 Foreign Bills-Purchased	266.9	253.0	236.9	244.7	262.9	249.3	235.6	243.3
7.5 Foreign Bills-Discounted	501.0	472.3	458.7	424.6	497.1	468.8	454.2	420.2

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2014		2015	Financial year so far	Y-o-Y
		Jan. 24	Dec. 26	Jan. 23	2014-15	2015
	1	2	3	4	5	6
1 Gross Bank Credit	**56,572**	**54,471**	**59,330**	**59,712**	**5.6**	**9.6**
1.1 Food Credit	**912**	**1,032**	**1,065**	**1,070**	**17.3**	**3.7**
1.2 Non-food Credit	**55,660**	**53,439**	**58,265**	**58,643**	**5.4**	**9.7**
1.2.1 Agriculture & Allied Activities	**6,694**	**6,475**	**7,512**	**7,549**	**12.8**	**16.6**
1.2.2 Industry	**25,229**	**24,285**	**25,752**	**25,877**	**2.6**	**6.6**
1.2.2.1 Micro & Small	3,517	3,302	3,684	3,721	5.8	12.7
1.2.2.2 Medium	1,274	1,263	1,268	1,285	0.8	1.7
1.2.2.3 Large	20,438	19,719	20,800	20,872	2.1	5.8
1.2.3 Services	**13,351**	**12,570**	**13,502**	**13,511**	**1.2**	**7.5**
1.2.3.1 Transport Operators	894	870	883	872	–2.5	0.2
1.2.3.2 Computer Software	176	177	171	169	–4.1	–4.9
1.2.3.3 Tourism, Hotels & Restaurants	392	391	360	357	–8.8	–8.7
1.2.3.4 Shipping	99	91	96	92	–6.7	1.0
1.2.3.5 Professional Services	705	685	717	723	2.5	5.5
1.2.3.6 Trade	3,237	3,054	3,313	3,390	4.7	11.0
1.2.3.6.1 Wholesale Trade	1,709	1,593	1,649	1,705	–0.3	7.0
1.2.3.6.2 Retail Trade	1,528	1,460	1,664	1,686	10.3	15.4
1.2.3.7 Commercial Real Estate	1,544	1,466	1,643	1,665	7.9	13.6
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,946	2,812	3,000	2,962	0.5	5.3
1.2.3.9 Other Services	3,358	3,024	3,320	3,280	–2.3	8.5
1.2.4 Personal Loans	**10,386**	**10,109**	**11,499**	**11,705**	**12.7**	**15.8**
1.2.4.1 Consumer Durables	128	110	147	149	16.0	35.4
1.2.4.2 Housing	5,423	5,258	6,015	6,137	13.2	16.7
1.2.4.3 Advances against Fixed Deposits	639	584	600	629	–1.5	7.8
1.2.4.4 Advances to Individuals against share & bonds	39	35	41	45	13.9	26.7
1.2.4.5 Credit Card Outstanding	249	253	303	311	25.1	22.8
1.2.4.6 Education	600	599	630	636	6.0	6.1
1.2.4.7 Vehicle Loans	1,301	1,271	1,457	1,479	13.7	16.4
1.2.4.8 Other Personal Loans	2,006	1,998	2,307	2,319	15.6	16.1
1.2A Priority Sector	**18,412**	**17,666**	**19,552**	**19,759**	**7.3**	**11.8**
1.2A.1 Agriculture & Allied Activities	6,694	6,475	7,512	7,549	12.8	16.6
1.2A.2 Micro & Small Enterprises	7,142	6,719	7,657	7,800	9.2	16.1
1.2A.2.1 Manufacturing	3,517	3,302	3,684	3,721	5.8	12.7
1.2A.2.2 Services	3,625	3,416	3,972	4,079	12.5	19.4
1.2A.3 Housing	3,034	2,975	3,201	3,226	6.3	8.4
1.2A.4 Micro-Credit	174	175	173	172	–1.1	–1.5
1.2A.5 Education Loans	579	570	591	596	2.9	4.5
1.2A.6 State-Sponsored Orgs. for SC/ST	3	1	3	4	6.4	148.0
1.2A.7 Weaker Sections	3,862	3,530	3,956	3,965	2.7	12.3
1.2A.8 Export Credit	483	419	406	391	–19.0	–6.7

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2014		2015	Financial year so far	Y-o-Y
		Jan. 24	Dec. 26	Jan. 23	2014-15	2015
	1	2	3	4	5	6
1 Industry	**25,229**	**24,285**	**25,752**	**25,877**	**2.6**	**6.6**
1.1 Mining & Quarrying (incl. Coal)	**353**	**359**	**367**	**362**	**2.6**	**0.9**
1.2 Food Processing	**1,480**	**1,398**	**1,536**	**1,576**	**6.5**	**12.8**
1.2.1 Sugar	348	316	339	351	1.0	11.1
1.2.2 Edible Oils & Vanaspati	213	207	205	206	–3.2	–0.7
1.2.3 Tea	32	30	32	32	–0.9	5.6
1.2.4 Others	887	844	959	987	11.2	16.9
1.3 Beverage & Tobacco	**186**	**168**	**192**	**191**	**2.9**	**13.7**
1.4 Textiles	**2,040**	**1,964**	**2,007**	**1,994**	**–2.2**	**1.5**
1.4.1 Cotton Textiles	1,011	963	981	976	–3.5	1.4
1.4.2 Jute Textiles	20	20	24	23	12.6	14.1
1.4.3 Man-Made Textiles	216	210	199	200	–7.1	–4.5
1.4.4 Other Textiles	793	771	802	795	0.3	3.1
1.5 Leather & Leather Products	**103**	**99**	**105**	**104**	**1.1**	**4.4**
1.6 Wood & Wood Products	**94**	**92**	**96**	**95**	**2.0**	**3.9**
1.7 Paper & Paper Products	**331**	**326**	**348**	**346**	**4.4**	**6.2**
1.8 Petroleum, Coal Products & Nuclear Fuels	**635**	**580**	**533**	**554**	**–12.8**	**–4.5**
1.9 Chemicals & Chemical Products	**1,677**	**1,542**	**1,509**	**1,526**	**–9.0**	**–1.0**
1.9.1 Fertiliser	306	265	243	251	–18.1	–5.6
1.9.2 Drugs & Pharmaceuticals	492	487	487	486	–1.1	–0.1
1.9.3 Petro Chemicals	435	352	344	353	–19.0	0.3
1.9.4 Others	443	438	435	437	–1.5	–0.3
1.10 Rubber, Plastic & their Products	**368**	**364**	**375**	**371**	**0.9**	**2.1**
1.11 Glass & Glassware	**87**	**87**	**88**	**88**	**1.2**	**1.5**
1.12 Cement & Cement Products	**541**	**522**	**557**	**561**	**3.6**	**7.4**
1.13 Basic Metal & Metal Product	**3,620**	**3,479**	**3,700**	**3,725**	**2.9**	**7.1**
1.13.1 Iron & Steel	2,685	2,598	2,742	2,729	1.6	5.0
1.13.2 Other Metal & Metal Product	934	881	959	996	6.6	13.1
1.14 All Engineering	**1,456**	**1,397**	**1,478**	**1,477**	**1.5**	**5.7**
1.14.1 Electronics	367	343	380	373	1.5	8.6
1.14.2 Others	1,088	1,053	1,098	1,104	1.4	4.8
1.15 Vehicles, Vehicle Parts & Transport Equipment	**677**	**667**	**692**	**680**	**0.4**	**2.1**
1.16 Gems & Jewellery	**720**	**693**	**726**	**697**	**–3.2**	**0.6**
1.17 Construction	**614**	**611**	**729**	**731**	**19.0**	**19.7**
1.18 Infrastructure	**8,398**	**8,162**	**8,969**	**9,013**	**7.3**	**10.4**
1.18.1 Power	4,883	4,758	5,381	5,458	11.8	14.7
1.18.2 Telecommunications	904	876	875	865	–4.3	–1.2
1.18.3 Roads	1,574	1,531	1,662	1,653	5.0	7.9
1.18.4 Other Infrastructure	1,036	996	1,051	1,037	0.0	4.0
1.19 Other Industries	**1,850**	**1,777**	**1,747**	**1,785**	**–3.5**	**0.5**

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			
		Oct. 25	Sep. 26	Oct. 3	Oct. 17	Oct. 31
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	417.9	362.1	421.3	428.8	426.9	422.2
2 Demand and Time Liabilities						
2.1 Demand Liabilities	139.7	129.3	147.2	152.5	143.7	140.5
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.4	17.3	25.7	27.5	25.6	23.9
2.1.1.2 Others	76.2	73.6	75.3	77.9	76.2	76.1
2.1.2 Borrowings from Banks	7.2	13.5	14.6	15.7	14.9	14.0
2.1.3 Other Demand Liabilities	30.9	25.0	31.6	31.5	27.1	26.6
2.2 Time Liabilities	899.5	826.0	851.1	856.3	859.7	834.4
2.2.1 Deposits						
2.2.1.1 Inter-Bank	541.4	528.5	494.6	493.5	486.9	476.8
2.2.1.2 Others	341.7	288.5	346.0	350.9	350.7	346.1
2.2.2 Borrowings from Banks	5.9	0.2	–	1.2	0.1	0.1
2.2.3 Other Time Liabilities	10.2	8.7	10.4	10.6	22.0	11.3
3 Borrowing from Reserve Bank	–	–	0.4	0.4	–	–
4 Borrowings from a notified bank / State Government	337.9	378.5	411.7	408.4	424.1	424.2
4.1 Demand	162.6	148.9	164.1	160.7	167.7	169.5
4.2 Time	175.3	229.6	247.6	247.7	256.4	254.7
5 Cash in Hand and Balances with Reserve Bank	43.0	35.5	37.6	37.4	37.7	44.0
5.1 Cash in Hand	2.2	2.3	2.2	2.0	2.3	9.1
5.2 Balance with Reserve Bank	40.8	33.2	35.4	35.4	35.4	34.9
6 Balances with Other Banks in Current Account	8.3	7.3	8.5	7.8	7.6	7.9
7 Investments in Government Securities	289.4	285.1	293.1	296.0	291.7	286.6
8 Money at Call and Short Notice	213.9	159.7	190.4	180.3	184.7	178.1
9 Bank Credit (10.1+11)	388.2	368.3	380.4	383.6	380.1	410.5
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	388.2	368.2	380.4	383.6	380.1	410.5
10.2 Due from Banks	650.1	655.5	680.9	686.5	692.7	688.5
11 Bills Purchased and Discounted	–	0.1	–	–	–	–

Prices and Production

No. 18: Consumer Price Index (Base: 2012=100)

Group/Sub group	2013-14			Rural			Urban			Combined		
	Rural	Urban	Combined	Jan. 14	Dec. 14	Jan. 15	Jan. 14	Dec. 14	Jan. 15	Jan. 14	Dec. 14	Jan. 15
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**115.0**	**116.6**	**115.6**	**116.0**	**123.3**	**122.6**	**115.5**	**124.0**	**123.5**	**115.8**	**123.6**	**122.9**
1.1 Cereals and products	115.6	118.8	116.6	118.9	122.4	122.5	121.2	124.0	123.9	119.6	122.9	122.9
1.2 Meat and fish	114.7	118.7	116.1	117.1	122.4	123.0	122.0	124.7	125.4	118.8	123.2	123.8
1.3 Egg	113.8	116.9	115.0	120.5	121.8	122.1	129.9	126.3	126.6	124.1	123.5	123.8
1.4 Milk and products	111.4	110.4	111.0	114.4	124.2	124.6	113.6	124.9	125.2	114.1	124.5	124.8
1.5 Oils and fats	107.5	102.2	105.6	109.0	110.2	111.1	102.9	103.0	104.3	106.8	107.6	108.6
1.6 Fruits	112.9	110.7	111.9	115.5	128.6	130.1	112.1	122.3	121.3	113.9	125.7	126.0
1.7 Vegetables	133.1	146.2	137.5	123.9	140.3	132.6	118.9	141.0	134.3	122.2	140.5	133.2
1.8 Pulses and products	108.1	106.1	107.5	109.6	116.3	117.2	107.5	120.1	122.9	108.9	117.6	119.1
1.9 Sugar and confectionery	103.3	99.6	102.1	101.8	102.0	100.6	96.9	97.8	96.1	100.2	100.6	99.1
1.10 Spices	107.7	109.3	108.2	110.2	116.0	117.2	112.7	125.4	126.6	111.0	119.1	120.3
1.11 Non-alcoholic beverages	110.4	111.0	110.6	112.4	117.3	117.8	112.1	116.1	116.5	112.3	116.8	117.3
1.12 Prepared meals, snacks, sweets	114.1	115.6	114.8	117.3	124.8	125.5	119.0	127.6	128.0	118.1	126.1	126.7
2 Pan, tobacco and intoxicants	**111.5**	**113.1**	**111.9**	**114.0**	**121.7**	**122.6**	**115.7**	**126.4**	**127.4**	**114.5**	**123.0**	**123.9**
3 Clothing and footwear	**112.8**	**111.6**	**112.3**	**116.2**	**123.3**	**124.0**	**114.3**	**120.0**	**120.3**	**115.4**	**122.0**	**122.5**
3.1 Clothing	113.0	112.0	112.6	116.5	123.8	124.4	114.8	120.7	121.0	115.8	122.6	123.1
3.2 Footwear	111.5	109.3	110.6	114.5	120.6	121.5	111.3	115.8	116.1	113.2	118.6	119.3
4 Housing	-	**108.6**	**108.6**	-	-	-	**111.6**	**116.5**	**117.3**	**111.6**	**116.5**	**117.3**
5 Fuel and light	**110.8**	**109.3**	**110.3**	**113.0**	**117.4**	**118.3**	**111.0**	**113.0**	**113.4**	**112.2**	**115.7**	**116.4**
6 Miscellaneous	**108.3**	**108.6**	**108.4**	**110.6**	**114.2**	**114.4**	**110.5**	**113.4**	**113.4**	**110.6**	**113.8**	**113.9**
6.1 Household goods and services	110.0	109.8	109.9	112.6	118.2	118.9	111.9	116.8	117.2	112.3	117.5	118.1
6.2 Health	108.5	108.1	108.3	110.6	116.2	116.6	109.7	113.2	113.7	110.3	115.1	115.5
6.3 Transport and communication	108.2	108.5	108.4	110.5	111.5	111.0	110.8	108.8	107.9	110.7	110.1	109.4
6.4 Recreation and amusement	107.7	107.5	107.6	109.6	113.3	113.8	109.8	114.3	114.6	109.7	113.9	114.3
6.5 Education	109.3	110.0	109.7	111.8	117.7	118.1	111.5	120.7	120.8	111.6	119.5	119.7
6.6 Personal care and effects	105.9	106.2	106.0	108.3	109.4	110.2	108.0	110.4	111.4	108.2	109.8	110.7
General Index (All Groups)	**112.6**	**111.8**	**112.2**	**114.2**	**120.3**	**120.2**	**112.9**	**118.4**	**118.5**	**113.6**	**119.4**	**119.4**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2013-14	2014		2015
				Jan.	Dec.	Jan.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	236	237	253	254
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	750	757	807	804
3 Consumer Price Index for Rural Labourers	1986-87	–	751	759	810	808

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	2014		2015
		Jan.	Dec.	Jan.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,190	29,582	26,678	27,403
2 Silver (₹ per kilogram)	46,637	45,121	37,455	38,526

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	2014			2015
			Jan.	Nov.	Dec. (P)	Jan. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**177.6**	**179.0**	**181.2**	**179.8**	**178.3**
1.1 PRIMARY ARTICLES	**20.118**	**241.6**	**238.8**	**250.8**	**249.0**	**246.6**
1.1.1 Food articles	**14.337**	**238.9**	**233.7**	**257.6**	**252.7**	**252.4**
1.1.1.1 Food Grains	4.090	226.0	229.4	236.0	234.8	237.4
1.1.1.1.1 Cereals	3.373	225.5	229.9	235.0	233.1	233.7
1.1.1.1.2 Pulses	0.717	228.0	226.9	240.5	242.9	254.9
1.1.1.2 Fruits & Vegetables	3.843	244.3	209.0	265.0	250.5	247.3
1.1.1.2.1 Vegetables	1.736	294.5	216.8	292.0	268.7	259.6
1.1.1.2.2 Fruits	2.107	202.9	202.4	242.9	235.5	237.2
1.1.1.3 Milk	3.238	220.6	225.7	246.9	247.2	246.3
1.1.1.4 Eggs, Meat & Fish	2.414	275.7	284.9	285.7	281.1	280.6
1.1.1.5 Condiments & Spices	0.569	245.6	265.7	305.5	307.8	310.1
1.1.1.6 Other Food Articles	0.183	229.1	214.8	250.3	250.4	250.6
1.1.2 Non-Food Articles	**4.258**	**213.2**	**216.4**	**208.5**	**209.1**	**207.6**
1.1.2.1 Fibres	0.877	239.7	245.0	202.6	203.5	197.4
1.1.2.2 Oil Seeds	1.781	202.6	202.2	203.7	202.5	204.0
1.1.2.3 Other Non-Food Articles	1.386	213.5	217.3	216.9	216.2	217.2
1.1.2.4 Flowers	0.213	190.8	213.0	217.7	239.9	217.5
1.1.3 Minerals	**1.524**	**346.5**	**349.1**	**305.9**	**325.7**	**301.1**
1.1.3.1 Metallic Minerals	0.489	387.3	387.6	413.7	426.6	408.1
1.1.3.2 Other Minerals	0.135	213.2	209.8	216.2	217.2	214.8
1.1.3.3 Crude Petroleum	0.900	344.3	349.1	260.9	287.2	255.9
1.2 FUEL & POWER	**14.910**	**205.4**	**212.4**	**200.1**	**194.6**	**189.7**
1.2.1 Coal	2.094	190.8	189.8	189.8	189.8	189.8
1.2.2 Mineral Oils	9.364	226.0	235.4	214.4	205.6	197.8
1.2.3 Electricity	3.452	158.7	163.8	167.6	167.6	167.6
1.3 MANUFACTURED PRODUCTS	**64.972**	**151.5**	**152.9**	**155.2**	**154.9**	**154.5**
1.3.1 Food Products	**9.974**	**168.8**	**168.5**	**173.3**	**172.7**	**171.6**
1.3.1.1 Dairy Products	0.568	180.4	185.5	205.1	207.4	207.1
1.3.1.2 Canning, Preserving & Processing of Food	0.358	164.9	175.5	168.7	166.3	163.0
1.3.1.3 Grain Mill Products	1.340	167.9	170.3	175.7	174.6	175.5
1.3.1.4 Bakery Products	0.444	139.2	142.5	147.8	147.5	146.9
1.3.1.5 Sugar, Khandsari & Gur	2.089	183.0	179.3	183.6	180.0	177.6
1.3.1.6 Edible Oils	3.043	147.0	147.1	143.9	144.1	145.8
1.3.1.7 Oil Cakes	0.494	223.5	215.8	223.9	227.2	217.7
1.3.1.8 Tea & Coffee Proccessing	0.711	182.1	175.5	193.5	193.2	183.8
1.3.1.9 Manufacture of Salt	0.048	186.0	190.3	196.8	196.8	196.8
1.3.1.10 Other Food Products	0.879	178.5	180.1	194.9	196.3	196.1
1.3.2 Beverages, Tobacco & Tobacco Products	**1.762**	**186.0**	**194.2**	**201.9**	**201.8**	**202.0**
1.3.2.1 Wine Industries	0.385	128.9	132.4	137.5	137.2	137.7
1.3.2.2 Malt Liquor	0.153	170.8	171.8	179.7	179.7	179.3
1.3.2.3 Soft Drinks & Carbonated Water	0.241	161.4	162.8	163.9	162.8	164.3
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	216.8	229.6	239.9	240.0	240.0
1.3.3 Textiles	**7.326**	**139.0**	**140.8**	**142.0**	**142.2**	**140.5**
1.3.3.1 Cotton Textiles	2.605	158.0	159.7	160.3	160.8	157.7
1.3.3.1.1 Cotton Yarn	1.377	174.7	176.3	174.2	175.2	170.4
1.3.3.1.2 Cotton Fabric	1.228	139.3	140.9	144.7	144.7	143.5
1.3.3.2 Man-Made Textiles	2.206	131.7	134.5	136.1	135.9	133.1
1.3.3.2.1 Man-Made Fibre	1.672	131.3	134.3	134.8	134.3	131.5
1.3.3.2.2 Man-Made Fabric	0.533	132.9	135.1	140.3	141.2	138.2
1.3.3.3 Woollen Textiles	0.294	154.8	157.9	161.1	160.8	160.6
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	183.9	185.8	190.1	191.4	196.3
1.3.3.5 Other Misc. Textiles	1.960	113.5	114.3	114.9	114.9	115.3
1.3.4 Wood & Wood Products	**0.587**	**179.1**	**181.6**	**187.4**	**189.1**	**189.3**
1.3.4.1 Timber/Wooden Planks	0.181	144.9	146.0	157.2	157.3	157.5
1.3.4.2 Processed Wood	0.128	185.6	186.5	191.4	191.4	191.7
1.3.4.3 Plywood & Fibre Board	0.241	205.2	210.1	213.4	217.5	217.7
1.3.4.4 Others	0.038	154.7	154.9	153.0	153.5	152.6

No. 21: Wholesale Price Index (Concld.)

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2014			2015
			Jan.	Nov.	Dec. (P)	Jan. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	**2.034**	**143.0**	**145.9**	**151.1**	**151.2**	**151.4**
1.3.5.1 Paper & Pulp	1.019	141.6	144.8	150.4	150.9	150.3
1.3.5.2 Manufacture of boards	0.550	131.2	132.2	135.0	133.2	133.7
1.3.5.3 Printing & Publishing	0.465	159.8	164.8	171.7	173.0	174.7
1.3.6 Leather & Leather Products	**0.835**	**143.1**	**144.4**	**146.1**	**146.4**	**143.8**
1.3.6.1 Leathers	0.223	114.3	115.9	117.9	119.6	113.5
1.3.6.2 Leather Footwear	0.409	159.8	160.3	162.6	162.0	160.3
1.3.6.3 Other Leather Products	0.203	141.3	143.7	143.8	144.5	143.7
1.3.7 Rubber & Plastic Products	**2.987**	**146.0**	**148.3**	**150.2**	**149.7**	**149.4**
1.3.7.1 Tyres & Tubes	0.541	174.1	176.7	177.8	177.8	177.9
1.3.7.1.1 Tyres	0.488	174.4	176.7	177.9	177.9	177.9
1.3.7.1.2 Tubes	0.053	171.4	176.5	176.9	177.1	177.4
1.3.7.2 Plastic Products	1.861	136.3	138.5	140.7	139.8	139.2
1.3.7.3 Rubber Products	0.584	151.1	153.4	155.1	155.1	155.4
1.3.8 Chemicals & Chemical Products	**12.018**	**148.9**	**150.8**	**153.2**	**152.7**	**151.9**
1.3.8.1 Basic Inorganic Chemicals	1.187	150.6	151.1	156.6	156.1	155.2
1.3.8.2 Basic Organic Chemicals	1.952	147.5	154.3	151.0	148.9	144.9
1.3.8.3 Fertilisers & Pesticides	3.145	148.2	149.0	152.5	152.5	153.8
1.3.8.3.1 Fertilisers	2.661	152.3	153.0	155.4	155.2	156.5
1.3.8.3.2 Pesticides	0.483	125.9	127.2	136.3	137.6	138.9
1.3.8.4 Paints, Varnishes & Lacquers	0.529	147.6	148.7	150.5	150.4	150.1
1.3.8.5 Dyestuffs & Indigo	0.563	132.6	135.6	145.1	144.6	144.7
1.3.8.6 Drugs & Medicines	0.456	126.8	127.3	129.6	129.9	129.8
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	157.3	159.1	160.2	160.1	161.1
1.3.8.8 Turpentine, Plastic Chemicals	0.586	147.6	148.4	158.3	158.0	157.9
1.3.8.9 Polymers including Synthetic Rubber	0.970	142.8	142.1	152.6	153.3	151.1
1.3.8.10 Petrochemical Intermediates	0.869	170.4	172.6	162.3	159.9	156.5
1.3.8.11 Matches, Explosives & other Chemicals	0.629	149.8	150.2	154.5	153.9	154.2
1.3.9 Non-Metallic Mineral Products	**2.556**	**166.2**	**166.2**	**175.2**	**171.9**	**172.9**
1.3.9.1 Structural Clay Products	0.658	176.1	180.2	198.2	193.2	190.7
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	131.7	132.6	137.4	137.0	137.7
1.3.9.3 Cement & Lime	1.386	167.0	164.4	170.9	167.3	170.0
1.3.9.4 Cement, Slate & Graphite Products	0.256	171.3	173.8	176.9	177.1	177.7
1.3.10 Basic Metals, Alloys & Metal Products	**10.748**	**164.5**	**166.2**	**165.1**	**164.8**	**164.7**
1.3.10.1 Ferrous Metals	8.064	154.9	156.3	155.3	154.8	154.4
1.3.10.1.1 Iron & Semis	1.563	154.1	156.9	156.5	155.2	153.6
1.3.10.1.2 Steel: Long	1.630	165.6	166.0	164.6	163.3	162.7
1.3.10.1.3 Steel: Flat	2.611	153.9	154.9	150.3	150.2	149.6
1.3.10.1.4 Steel: Pipes & Tubes	0.314	129.8	132.1	134.6	134.4	134.0
1.3.10.1.5 Stainless Steel & alloys	0.938	159.8	162.2	167.4	166.9	167.5
1.3.10.1.6 Castings & Forgings	0.871	142.6	142.9	144.8	145.0	146.8
1.3.10.1.7 Ferro alloys	0.137	155.6	159.1	160.0	159.6	159.5
1.3.10.2 Non-Ferrous Metals	1.004	164.0	165.3	170.7	169.7	169.3
1.3.10.2.1 Aluminium	0.489	137.9	139.5	148.9	147.5	147.3
1.3.10.2.2 Other Non-Ferrous Metals	0.515	188.9	189.8	191.4	190.8	190.2
1.3.10.3 Metal Products	1.680	211.2	214.1	208.4	209.6	211.4
1.3.11 Machinery & Machine Tools	**8.931**	**131.6**	**132.4**	**134.7**	**134.9**	**135.2**
1.3.11.1 Agricultural Machinery & Implements	0.139	141.6	144.4	149.7	149.7	149.8
1.3.11.2 Industrial Machinery	1.838	150.1	150.9	151.0	152.8	153.1
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	159.9	165.5	165.4	165.5
1.3.11.5 Air Conditioner & Refrigerators	0.429	115.6	115.7	120.8	120.8	120.7
1.3.11.6 Non-Electrical Machinery	1.026	123.8	124.3	127.3	127.4	127.6
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	136.6	137.4	138.7	138.5	139.0
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	150.3	151.6	157.2	157.1	157.3
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.6	117.7	120.8	120.9	121.2
1.3.11.10 Electronics Items	0.961	87.9	89.2	89.8	89.2	89.3
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	95.5	99.1	99.1	98.7
1.3.12 Transport, Equipment & Parts	**5.213**	**134.5**	**135.8**	**135.9**	**135.9**	**136.7**
1.3.12.1 Automotives	4.231	134.0	135.4	134.9	134.9	135.7
1.3.12.2 Auto Parts	0.804	133.6	134.6	138.5	138.5	139.1
1.3.12.3 Other Transport Equipments	0.178	150.1	151.7	149.7	149.7	149.9

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-December		December	
				2013-14	2014-15	2013	2014
	1	2	3	4	5	6	7
General Index	**100.00**	**172.2**	**172.0**	**168.3**	**171.8**	**179.5**	**182.6**
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	125.5	124.7	120.3	122.4	135.9	131.6
1.2 Manufacturing	75.53	183.3	181.9	177.8	179.9	189.0	192.9
1.3 Electricity	10.32	155.2	164.7	164.0	180.4	169.4	177.6
2 Use-Based Classification							
2.1 Basic Goods	45.68	153.6	156.9	153.5	164.1	164.9	168.9
2.2 Capital Goods	8.83	251.6	242.6	236.8	248.2	254.3	264.8
2.3 Intermediate Goods	15.69	146.7	151.3	149.6	152.1	157.2	157.3
2.4 Consumer Goods	29.81	190.6	185.3	180.3	171.4	191.3	192.7
2.4.1 Consumer Durables	8.46	301.1	264.2	263.7	223.7	229.1	208.5
2.4.2 Consumer Non-Durables	21.35	146.9	154.0	147.3	150.6	176.3	186.4

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

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(Amount in ₹ Billion)

Item	Financial Year	April–January			
	2014-15 (Revised Estimates)	2013-14 (Actuals)	2014-15 (Actuals)	Percentage to Revised Estimates	
				2013-14	2014-15
	1	2	3	4	5
1 Revenue Receipts	11,262.9	7,219.1	7,531.1	70.1	66.9
1.1 Tax Revenue (Net)	9,084.6	5,759.5	5,948.0	68.9	65.5
1.2 Non-Tax Revenue	2,178.3	1,459.6	1,583.1	75.5	72.7
2 Capital Receipts	5,548.6	5,480.4	5,851.6	97.7	105.5
2.1 Recovery of Loans	108.9	96.9	99.5	89.7	91.4
2.2 Other Receipts	313.5	55.1	70.7	21.3	22.5
2.3 Borrowings and Other Liabilities	5,126.3	5,328.4	5,681.4	101.6	110.8
3 Total Receipts (1+2)	16,811.6	12,699.4	13,382.7	79.8	79.6
4 Non-Plan Expenditure	12,132.2	9,008.4	9,683.1	80.8	79.8
4.1 On Revenue Account	11,219.0	8,144.3	9,008.6	79.2	80.3
4.1.1 Interest Payments	4,113.5	2,853.8	3,122.6	75.1	75.9
4.2 On Capital Account	913.3	864.1	674.5	99.1	73.9
5 Plan Expenditure	4,679.3	3,691.0	3,699.6	77.6	79.1
5.1 On Revenue Account	3,668.8	2,863.3	2,937.6	77.0	80.1
5.2 On Capital Account	1,010.5	827.8	762.0	79.8	75.4
6 Total Expenditure (4+5)	16,811.6	12,699.4	13,382.7	79.8	79.6
7 Revenue Expenditure (4.1+5.1)	14,887.8	11,007.6	11,946.1	78.7	80.2
8 Capital Expenditure (4.2+5.2)	1,923.8	1,691.9	1,436.6	88.6	74.7
9 Revenue Deficit (7-1)	3,624.9	3,788.5	4,415.1	102.3	121.8
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,126.3	5,328.4	5,681.4	101.6	110.8
11 Gross Primary Deficit [10-4.1.1]	1,012.7	2,474.6	2,558.8	171.3	252.7

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2013-14	2014		2015				
		Jan. 31	Dec. 26	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30
	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	809.6	688.0	771.8	546.3	550.8	595.7	857.1
1.4 Others	6.6	7.5	7.2	3.8	4.3	6.5	8.1	8.6
2 91-day								
2.1 Banks	286.0	242.9	330.8	374.0	342.2	352.0	348.8	352.9
2.2 Primary Dealers	286.9	225.7	330.9	365.3	299.1	297.8	318.6	294.8
2.3 State Governments	381.9	693.9	670.1	670.1	650.6	660.8	665.8	558.8
2.4 Others	300.3	276.1	511.0	512.9	513.8	498.3	514.0	431.4
3 182-day								
3.1 Banks	270.0	264.9	289.2	269.4	296.2	275.8	280.9	259.5
3.2 Primary Dealers	255.3	257.1	237.4	282.7	255.7	324.8	281.6	317.8
3.3 State Governments	74.1	10.8	12.6	12.6	12.6	15.4	15.4	15.4
3.4 Others	164.6	126.9	157.4	122.8	122.9	103.5	141.6	126.3
4 364-day								
4.1 Banks	356.1	278.2	395.4	428.0	436.8	419.0	431.8	433.1
4.2 Primary Dealers	480.7	603.5	622.8	616.7	600.8	618.9	570.7	609.5
4.3 State Governments	6.9	7.0	12.0	12.0	12.0	12.0	12.0	12.0
4.4 Others	523.6	439.1	384.5	357.7	405.4	403.7	469.1	430.0
5 Total	4,494.7	4,243.4	4,649.3	4,799.7	4,498.7	4,539.4	4,654.2	4,707.3

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. 31	80	62	298.69	2.02	27	80.00	2.02	82.02	97.97	8.3110
Jan. 7	80	76	166.26	51.10	66	80.00	51.10	131.10	97.95	8.3946
Jan. 14	80	83	213.63	30.03	69	80.00	30.03	110.03	97.95	8.3946
Jan. 21	80	86	202.14	7.69	33	30.63	7.69	38.32	98.00	8.1857
Jan. 28	80	87	182.10	53.03	64	80.00	53.03	133.03	97.99	8.2275
182-day Treasury Bills										
2014-15										
Dec. 31	50	57	134.16	0.02	31	50.00	0.02	50.02	96.00	8.3562
Jan. 14	60	75	194.91	–	24	60.00	–	60.00	96.05	8.2475
Jan. 28	60	54	128.42	0.02	37	60.00	0.02	60.02	96.10	8.1388
364-day Treasury Bills										
2014-15										
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
Jan. 7	70	77	215.46	–	29	70.00	–	70.00	92.46	8.1773
Jan. 21	60	85	199.53	0.02	31	60.00	0.02	60.02	92.69	7.9082
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
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
January 16, 2015	4.00-8.25	7.80
January 17, 2015	1.00-7.60	6.23
January 19, 2015	6.40-8.20	7.87
January 20, 2015	6.40-8.25	7.88
January 21, 2015	5.00-8.25	7.87
January 22, 2015	6.40-8.20	7.85
January 23, 2015	4.00-8.05	7.85
January 24, 2015	2.00-7.50	5.32
January 27, 2015	6.00-8.25	7.93
January 28, 2015	6.00-8.15	7.71
January 29, 2015	6.40-8.00	7.72
January 30, 2015	3.50-8.05	7.81
January 31, 2015	3.00-7.07	5.58
February 2, 2015	6.25-8.10	7.57
February 3, 2015	6.00-8.20	7.80
February 4, 2015	6.00-8.05	7.59
February 5, 2015	6.25-8.75	7.85
February 6, 2015	4.00-8.05	7.62
February 7, 2015	5.00-25.00	11.10
February 9, 2015	6.00-8.35	7.75
February 10, 2015	6.25-8.05	7.60
February 11, 2015	6.40-8.75	7.91
February 12, 2015	6.50-8.05	7.75
February 13, 2015	4.00-7.95	7.51
February 14, 2015	2.00-7.30	5.49

No. 27: Certificates of Deposit

Item	2014			2015	
	Jan. 24	Dec. 12	Dec. 26	Jan. 9	Jan. 23
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,328.9	2,402.8	2,618.8	2,787.8	2,633.8
1.1 Issued during the fortnight (₹ Billion)	338.8	253.9	323.8	263.1	116.3
2 Rate of Interest (per cent)	8.40-9.72	8.21-8.82	8.24-8.74	8.30-8.67	8.06-8.65

No. 28: Commercial Paper

Item	2014			2015	
	Jan. 31	Dec. 15	Dec. 31	Jan. 15	Jan. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,641.7	2,342.3	2,082.5	2,528.7	2,376.1
1.1 Reported during the fortnight (₹ Billion)	290.7	562.1	436.4	565.3	373.4
2 Rate of Interest (per cent)	7.99-12.50	8.02-11.58	7.98-12.61	8.06-11.73	7.95-13.21

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2013-14	2014		2015				
		Jan. 31	Dec. 26	Jan. 2	Jan. 9	Jan. 16	Jan. 23	Jan. 30
	1	2	3	4	5	6	7	8
1 Call Money	230.7	218.8	210.7	258.6	176.1	167.6	209.7	224.8
2 Notice Money	71.6	64.9	92.1	59.5	83.5	64.9	79.1	111.8
3 Term Money	5.4	4.7	5.3	2.5	3.3	2.2	4.7	7.3
4 CBLO	1,196.3	1,117.9	1,125.2	1,272.9	1,236.7	1,270.5	1,134.6	1,242.7
5 Market Repo	986.8	745.8	949.4	944.7	1,200.7	1,178.5	1,372.7	1,109.5
6 Repo in Corporate Bond	0.3	–	–	–	–	–	–	–
7 Forex (US $ million)	50,568	56,252	44,460	44,805	56,452	59,616	55,311	68,155
8 Govt. of India Dated Securities	662.5	526.9	738.1	776.5	1,005.4	1,109.0	1,013.4	764.1
9 State Govt. Securities	12.8	12.6	24.0	18.7	13.0	20.3	23.0	21.4
10 Treasury Bills								
10.1 91-Day	26.7	35.5	31.0	47.0	32.2	36.9	18.7	25.6
10.2 182-Day	12.9	18.8	7.7	10.5	5.8	10.2	2.8	13.5
10.3 364-Day	25.4	17.3	9.5	15.2	30.2	26.3	32.4	53.5
10.4 Cash Management Bills	7.3	–	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	747.6	611.1	810.2	867.9	1,086.6	1,202.7	1,090.3	878.2
11.1 RBI	4.0	–	3.3	5.2	3.5	9.6	0.8	2.9

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

(Amount in ₹ Billion)

Security & Type of Issue	2013-14		2013-14 (Apr.-Jan.)		2014-15 (Apr.-Jan.) *		Jan. 2014		Jan. 2015 *	
	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	38	34.1	48	58.3	4	0.8	4	16.0
1A Premium	43	53.2	33	30.5	40	43.8	4	0.4	3	15.6
1.1 Prospectus	38	12.4	27	11.8	34	14.3	2	0.1	2	0.1
1.1.1 Premium	30	10.7	24	10.5	30	12.5	2	–	1	–
1.2 Rights	15	45.8	11	22.3	14	44.0	2	0.6	2	15.9
1.2.1 Premium	13	42.5	9	20.1	10	31.2	2	0.3	2	15.6
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	17	58.7	13	50.8	18	61.0	1	5.0	–	–
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	17	58.7	13	50.8	18	61.0	1	5.0	–	–
3.2.1 Prospectus	17	58.7	13	50.8	18	61.0	1	5.0	–	–
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	70	116.8	51	84.8	66	119.3	5	5.8	4	16.0
5.1 Prospectus	55	71.0	40	62.5	52	75.3	3	5.1	2	0.1
5.2 Rights	15	45.8	11	22.3	14	44.0	2	0.6	2	15.9

* : 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	2014					2015
			Jan.	Sep.	Oct.	Nov.	Dec.	Jan.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	19,050.1	1,669.3	1,716.9	1,566.1	1,580.2	1,632.8	1,486.2
	US $ Million	314,415.7	26,891.6	28,207.7	25,531.4	25,609.8	26,019.2	23,883.6
1.1 Oil	₹ Billion	3,832.5	288.8	343.3	331.2	257.1	280.7	148.5
	US $ Million	63,179.4	4,652.9	5,640.5	5,399.8	4,166.7	4,473.8	2,387.2
1.2 Non-oil	₹ Billion	15,217.6	1,380.5	1,373.6	1,234.9	1,323.1	1,352.0	1,337.6
	US $ Million	251,236.3	22,238.7	22,567.2	20,131.7	21,443.1	21,545.4	21,496.4
2 Imports	₹ Billion	27,154.3	2,256.2	2,617.6	2,413.6	2,617.8	2,179.1	2,004.0
	US $ Million	450,213.6	36,346.3	43,007.2	39,347.4	42,425.0	34,724.8	32,205.6
2.1 Oil	₹ Billion	9,978.9	818.6	886.9	767.8	721.9	625.1	513.2
	US $ Million	164,770.3	13,187.8	14,571.5	12,517.1	11,699.8	9,961.8	8,247.7
2.2 Non-oil	₹ Billion	17,175.5	1,437.6	1,730.7	1,645.8	1,895.9	1,554.0	1,490.8
	US $ Million	285,443.3	23,158.6	28,435.7	26,830.3	30,725.2	24,763.1	23,958.0
3 Trade Balance	₹ Billion	–8,104.2	–586.9	–900.8	–847.5	–1,037.6	–546.3	–517.8
	US $ Million	–135,797.9	–9,454.7	–14,799.5	–13,816.0	–16,815.2	–8,705.6	–8,322.0
3.1 Oil	₹ Billion	–6,146.4	–529.8	–543.6	–436.6	–464.8	–344.4	–364.7
	US $ Million	–101,591.0	–8,534.9	–8,931.1	–7,117.3	–7,533.1	–5,487.9	–5,860.5
3.2 Non-oil	₹ Billion	–1,957.9	–57.1	–357.2	–410.9	–572.7	–201.9	–153.2
	US $ Million	–34,206.9	–919.9	–5,868.5	–6,698.7	–9,282.1	–3,217.7	–2,461.6

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

No. 32: Foreign Exchange Reserves

Item	Unit	2014	2015					
		Feb. 28	Jan. 23	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27
		1	2	3	4	5	6	7
1 Total Reseves	**₹ Billion**	**18,272**	**19,862**	**20,294**	**20,402**	**20,699**	**20,797**	**20,903**
	US $ Million	**294,360**	**322,038**	**327,884**	**330,213**	**333,170**	**334,193**	**338,079**
1.1 Foreign Currency Assets	₹ Billion	16,567	18,318	18,747	18,842	19,097	19,195	19,305
	US $ Million	266,902	297,511	303,325	304,958	307,258	308,298	312,200
1.2 Gold	₹ Billion	1,302	1,227	1,227	1,247	1,247	1,247	1,247
	US $ Million	20,978	19,378	19,378	20,183	20,183	20,183	20,183
1.3 SDRs	SDRs Million	2,887	2,889	2,889	2,889	2,889	2,889	2,889
	₹ Billion	277	249	252	253	254	254	251
	US $ Million	4,469	4,048	4,073	4,094	4,089	4,077	4,066
1.4 Reserve Tranche Position in IMF	₹ Billion	125	68	68	60	102	102	101
	US $ Million	2,012	1,101	1,108	978	1,640	1,635	1,630

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**	**110,070**	**35,147**	**10,056**
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	58,367	9,875	8,762
1.3 NRO	9,114	8,567	9,328	9,281	41	695

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2013-14	2013-14	2014-15	2014		2015
		Apr.-Jan.	Apr.-Jan.	Jan.	Dec.	Jan.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**21,564**	**20,096**	**30,373**	**–559**	**3,968**	**5,502**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**30,762**	**23,852**	**30,905**	**2,869**	**3,821**	**5,272**
1.1.1.1 Gross Inflows/Gross Investments	**36,046**	**28,360**	**37,758**	**3,257**	**4,485**	**5,935**
1.1.1.1.1 Equity	25,274	19,546	26,325	2,278	2,247	4,570
1.1.1.1.1.1 Government (SIA/FIPB)	1,185	1,121	1,912	66	239	209
1.1.1.1.1.2 RBI	14,869	10,245	17,969	1,516	1,626	4,016
1.1.1.1.1.3 Acquisition of shares	8,245	7,383	5,647	607	296	255
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	797	797	89	86	89
1.1.1.1.2 Reinvested earnings	8,978	7,340	7,340	819	791	819
1.1.1.1.3 Other capital	1,794	1,474	4,093	160	1,446	546
1.1.1.2 Repatriation/Disinvestment	**5,284**	**4,508**	**6,853**	**388**	**663**	**663**
1.1.1.2.1 Equity	4,786	4,063	6,609	361	601	601
1.1.1.2.2 Other capital	498	445	244	27	63	63
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**	**3,755**	**532**	**3,428**	**–147**	**–230**
1.1.2.1 Equity capital	12,420	6,785	2,909	3,677	358	285
1.1.2.2 Reinvested Earnings	1,167	969	957	99	99	87
1.1.2.3 Other Capital	3,148	2,577	2,386	132	220	221
1.1.2.4 Repatriation/Disinvestment	7,535	6,575	5,720	480	823	823
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**4,822**	**–1,908**	**35,143**	**2,528**	**–375**	**6,663**
1.2.1 GDRs/ADRs	20	20	–	–	–	–
1.2.2 FIIs	5,009	–1,897	35,121	2,616	–404	6,634
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	207	31	–22	88	–29	–29
1 Foreign Investment Inflows	**26,385**	**18,188**	**65,516**	**1,969**	**3,593**	**12,165**

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

(US$ Million)

Item	2013-14	2013	2014		
		Dec.	Oct.	Nov.	Dec.
	1	2	3	4	5
1 Outward Remittances under the LRS	**1,093.9**	**75.2**	**90.5**	**119.2**	**95.1**
1.1 Deposit	31.6	1.9	2.0	1.9	3.4
1.2 Purchase of immovable property	58.7	0.5	3.7	4.2	3.2
1.3 Investment in equity/debt	165.5	11.2	13.9	11.3	15.8
1.4 Gift	267.1	19.7	30.5	32.1	30.1
1.5 Donations	2.0	0.2	0.6	0.2	0.2
1.6 Travel	15.9	0.8	0.7	0.7	0.8
1.7 Maintenance of close relatives	173.9	9.4	12.7	13.0	11.1
1.8 Medical Treatment	4.7	0.3	0.9	0.3	0.8
1.9 Studies Abroad	159.3	18.1	15.6	33.0	20.2
1.10 Others	215.3	13.0	9.9	22.5	9.4

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	
			February	January	February
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	78.32	72.32	70.82	74.54	76.34
1.2 REER	105.57	103.27	101.97	110.05	112.70
2 Export-Based Weights					
2.1 NEER	80.05	73.56	71.89	75.64	77.47
2.2 REER	108.71	105.49	103.99	112.40	115.12
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	75.59	67.75	65.12	69.76	70.63
1.2 REER	117.15	112.77	109.58	123.03	124.34
2 Base: 2013-14 (April-March) =100					
2.1 NEER	111.57	100.00	96.11	102.96	104.25
2.2 REER	103.88	100.00	97.17	109.10	110.26

No. 37: External Commercial Borrowings (ECBs)

(Amount in US$ Million)

Item	2013-14	2014		2015
		Jan.	Dec.	Jan.
	1	2	3	4
1 Automatic Route				
1.1 Number	573	44	59	71
1.2 Amount	12,340	1,276	491	1,496
2 Approval Route				
2.1 Number	140	11	4	3
2.2 Amount	20,892	517	146	1,095
3 Total (1+2)				
3.1 Number	713	55	63	74
3.2 Amount	33,232	1,793	637	2,591
4 Weighted Average Maturity (in years)	4.88	6.35	5.06	7.32
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.98	2.23	2.82	3.09
5.2 Interest rate range for Fixed Rate Loans	0.00-12.79	0.00-9.50	0.00-10.50	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		2015	2013-14	2014		2015
		Nov.	Dec.	Jan.		Nov.	Dec.	Jan.
	1	2	3	4	5	6	7	8
1 RTGS	**81.11**	**7.36**	**8.19**	**7.89**	**904,968.04**	**67,141.64**	**84,449.60**	**76,635.09**
1.1 Customer Transactions	76.35	7.02	7.81	7.52	573,614.03	46,662.00	57,669.28	51,356.36
1.2 Interbank Transactions	4.75	0.33	0.38	0.37	160,638.37	8,101.47	11,074.73	10,291.66
1.3 Interbank Clearing	0.011	0.001	0.001	0.001	170,715.64	12,378.17	15,705.79	14,987.07
2 CCIL Operated Systems	**2.56**	**0.24**	**0.30**	**0.24**	**621,569.63**	**57,250.38**	**70,943.42**	**53,080.79**
2.1 CBLO	0.18	0.02	0.02	0.02	175,261.92	12,712.01	16,171.39	15,850.21
2.2 Govt. Securities Clearing	0.87	0.10	0.13	0.12	161,848.24	20,961.81	26,061.00	26,151.48
2.2.1 Outright	0.82	0.09	0.12	0.11	89,566.99	9,407.38	12,301.47	11,079.10
2.2.2 Repo	0.046	0.008	0.010	0.010	72,281.26	11,554.43	13,759.53	15,072.38
2.3 Forex Clearing	1.51	0.12	0.15	0.17	284,459.46	23,576.56	28,711.03	28,066.06
3 Paper Clearing	**1,257.31**	**94.65**	**109.57**	**97.41**	**93,316.04**	**6,696.45**	**7,488.29**	**7,135.01**
3.1 Cheque Truncation System (CTS)	591.38	77.96	84.40	80.51	44,691.39	5,374.52	5,997.74	5,741.14
3.2 MICR Clearing	440.07	-	-	-	30,942.81	–	–	–
3.2.1 RBI Centres	215.50	-	-	-	15,246.84	–	–	–
3.2.2 Other Centres	224.57	-	-	-	15,695.97	–	–	–
3.3 Non-MICR Clearing	225.86	16.69	25.17	16.90	17,681.84	1,321.93	1,490.55	1,393.87
4 Retail Electronic Clearing	**1,108.32**	**103.38**	**135.67**	**118.68**	**47,856.29**	**4,964.85**	**6,044.41**	**5,468.79**
4.1 ECS DR	192.91	18.62	19.35	19.49	1,267.96	140.99	147.44	148.83
4.2 ECS CR (includes NECS)	152.54	8.54	10.10	9.65	2,492.19	154.53	183.51	165.50
4.3 EFT/NEFT	661.01	69.12	83.49	80.22	43,785.52	4,616.75	5,573.36	5,084.73
4.4 Immediate Payment Service (IMPS)	15.36	7.09	8.38	9.33	95.81	52.59	60.36	69.73
4.5 National Automated Clearing House (NACH)	86.50	7.82	14.35	73.87	214.81	141.87	79.74	63.84
5 Cards	**7,219.13**	**684.38**	**721.21**	**733.20**	**22,159.58**	**2,086.79**	**2,285.17**	**2,212.72**
5.1 Credit Cards	512.03	48.66	56.53	56.58	1,556.72	151.82	174.38	175.67
5.1.1 Usage at ATMs	2.96	0.39	0.44	0.41	16.87	2.32	2.51	2.14
5.1.2 Usage at POS	509.08	48.27	56.09	56.17	1,539.85	149.50	171.87	173.52
5.2 Debit Cards	6,707.10	635.72	664.68	676.62	20,602.86	1,934.97	2,110.79	2,037.05
5.2.1 Usage at ATMs	6,088.02	565.62	591.06	602.18	19,648.35	1,831.38	1,999.78	1,924.17
5.2.2 Usage at POS	619.08	70.10	73.62	74.44	954.51	103.59	111.01	112.89
6 Prepaid Payment Instruments (PPIs)	**133.63**	**26.38**	**28.98**	**33.49**	**81.05**	**18.98**	**22.67**	**23.65**
6.1 m-Wallet	107.51	21.38	23.19	27.62	29.05	6.97	8.28	8.92
6.2 PPI Cards	25.60	4.95	5.74	5.82	28.36	9.68	12.01	12.59
6.3 Paper Vouchers	0.53	0.05	0.05	0.05	23.63	2.33	2.38	2.13
7 Mobile Banking	**94.71**	**15.28**	**16.78**	**18.07**	**224.18**	**97.71**	**113.23**	**129.17**
8 Cards Outstanding	**413.60**	**486.12**	**520.44**	**544.84**	–	–	–	–
8.1 Credit Card	19.18	20.14	20.36	20.61	–	–	–	–
8.2 Debit Card	394.42	465.98	500.08	524.23	–	–	–	–
9 Number of ATMs (in actuals)	**160055**	**174853**	**176408**	**177382**	–	–	–	–
10 Number of POS (in actuals)	**1065984**	**1124222**	**1058642**	**1085588**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**9,802.05**	**916.38**	**1,003.92**	**990.92**	**1,519,234.98**	**125,790.11**	**155,527.97**	**129,568.97**

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2013-14	2013	2014		
			Aug.	Jun.	Jul.	Aug.
		1	2	3	4	5
1 Small Savings	**Receipts**	**2,020.60**	**154.32**	**188.72**	**207.63**	**193.28**
	Outstanding	**6,214.97**	**6,088.49**	**6,219.60**	**6,224.78**	**6,230.58**
1.1 Total Deposits	**Receipts**	**1,780.40**	**139.03**	**170.31**	**188.54**	**174.51**
	Outstanding	**3,866.31**	**3,749.23**	**3,900.33**	**3,912.77**	**3,923.71**
1.1.1 Post Office Saving Bank Deposits	Receipts	946.50	70.84	90.50	102.34	90.99
	Outstanding	430.17	383.10	437.94	444.59	446.10
1.1.2 MGNREG	Receipts	–	–	–	–	–
	Outstanding	–	–	–	–	–
1.1.3 National Saving Scheme, 1987	Receipts	0.80	0.01	0.02	0.01	0.05
	Outstanding	38.69	38.96	37.84	37.57	37.26
1.1.4 National Saving Scheme, 1992	Receipts	0.05	–	0.02	–0.01	0.02
	Outstanding	2.77	2.94	2.62	2.43	2.51
1.1.5 Monthly Income Scheme	Receipts	179.91	14.57	18.59	19.51	18.71
	Outstanding	2,020.85	2,022.80	2,015.94	2,015.72	2,016.36
1.1.6 Senior Citizen Scheme	Receipts	19.94	1.80	1.90	2.25	2.17
	Outstanding	224.92	232.29	218.80	213.75	211.26
1.1.7 Post Office Time Deposits	Receipts	246.74	20.04	26.88	29.28	28.28
	Outstanding	407.14	356.40	436.08	446.69	456.93
1.1.7.1 1 year Time Deposits	Outstanding	273.43	234.78	296.77	305.37	313.66
1.1.7.2 2 year Time Deposits	Outstanding	17.67	15.83	18.47	18.71	18.93
1.1.7.3 3 year Time Deposits	Outstanding	39.15	38.32	39.51	39.71	39.88
1.1.7.4 5 year Time Deposits	Outstanding	76.89	67.47	81.33	82.90	84.46
1.1.8 Post Office Recurring Deposits	Receipts	386.46	31.77	32.40	35.16	34.29
	Outstanding	741.49	712.52	750.83	751.74	753.01
1.1.9 Post Office Cumulative Time Deposits	Outstanding	0.06	–	0.06	0.06	0.06
1.1.10 Other Deposits	Outstanding	0.22	0.22	0.22	0.22	0.22
1.2 Saving Certificates	**Receipts**	**169.46**	**12.13**	**13.99**	**14.87**	**14.26**
	Outstanding	**1,882.58**	**1,923.62**	**1,855.76**	**1,846.96**	**1,839.66**
1.2.1 National Savings Certificate VIII issue	Receipts	169.24	12.12	13.96	14.80	14.28
	Outstanding	750.86	679.14	777.05	787.68	798.09
1.2.2 Indira Vikas Patras	Receipts	0.04	–	–	0.02	–
	Outstanding	8.96	9.03	8.94	8.94	8.91
1.2.3 Kisan Vikas Patras	Receipts	0.18	0.01	0.03	0.05	–0.02
	Outstanding	1,067.54	1,203.71	1,003.12	979.69	958.06
1.2.4 National Saving Certificate VI issue	Outstanding	–0.77	–0.78	–0.79	–0.81	–0.81
1.2.5 National Saving Certificate VII issue	Outstanding	–0.50	–0.66	–0.51	–0.51	–0.53
1.2.6 Other Certificates	Outstanding	56.49	33.18	67.95	71.97	75.94
1.3 Public Provident Fund	**Receipts**	**70.74**	**3.16**	**4.42**	**4.22**	**4.51**
	Outstanding	**466.08**	**415.64**	**463.51**	**465.05**	**467.21**

Source: Accountant General, Post and Telegraphs.

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

(Per cent)

Category	2013	2014			
	Dec.	Mar.	Jun.	Sep.	Dec.
	1	2	3	4	5
1 Commercial Banks	44.73	44.46	43.43	42.95	42.77
2 Non-Bank PDs	0.15	0.11	0.28	0.20	0.34
3 Insurance Companies	19.27	19.54	20.21	20.55	21.02
4 Mutual Funds	1.56	0.78	1.29	1.26	1.68
5 Co-operative Banks	2.69	2.76	2.76	2.71	2.57
6 Financial Institutions	0.67	0.72	1.51	1.44	0.73
7 Corporates	1.27	0.79	0.89	1.06	1.12
8 FIIs	1.38	1.68	2.45	3.37	3.62
9 Provident Funds	7.37	7.18	7.21	7.13	7.47
10 RBI	16.01	16.05	15.03	14.33	13.23
11 Others	4.89	5.92	4.94	4.99	5.45

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.

Table No. 44

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

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

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

1.3: Data relate to Post Office transactions.

Table 45

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

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

Recent Publications of the Reserve Bank of India

Name of Publication	Price	
	India	Abroad
1. Reserve Bank of India Bulletin 2015	₹200 per copy (over the counter) ₹240 per copy (inclusive of postage) ₹2,800 (one year subscription - inclusive of postage)	US$ 11 per copy (inclusive of postage) US$ 130 (one-year subscription)
2. Report on Trend and Progress of Banking in India 2012-13	₹270 per copy (over the counter) ₹310 per copy (including postal charges) ₹240 per copy (concessional including postage) ₹200 per copy (concessional price over the counter)	US$ 11 per copy (inclusive of air mail courier charges)
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6. State Finances - A Study of Budgets of 2013-14	₹480 per copy (over the counter) ₹520 per copy (including postal charges)	US$ 15 per copy (including air mail courier charges)
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9. Mint Road Milestones RBI at 75	₹1,650 per copy (over the counter)	US$ 50 per copy
10. India's Financial Sector, An Assessment Vol. I to VI 2009	₹2,000 per copy (over the counter) ₹2,300 per copy (inclusive postal charges) ₹1,500 per copy (concessional price) ₹1,800 per copy (concessional inclusive of postage)	US$ 40 per set and US$ 120 per set (inclusive of air mail courier charges)

Name of Publication	Price	
	India	Abroad
11. The Paper and the Promise: A Brief History of Currency & Banknotes in India, 2009	₹200 per copy (over the counter)	US$ 30 per copy (inclusive of registered air mail)
12. Report of the committee on Fuller Capital account Convertibility (Tarapore Committee Report II)	₹140 per copy (normal) ₹170 (per copy by post)	US$ 25 per copy (inclusive of air mail charges)
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15. Statistical Tables Relating to Banks in India 2012-13	₹240 per copy (over the counter) ₹300 (inclusive of postage)	US$ 13 per copy (inclusive of courier charges)
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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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