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

Monetary and Liquidity Measures

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

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- reduce the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 basis points from 22.5 per cent to 22.0 per cent of their NDTL with effect from the fortnight beginning August 9, 2014; and
- continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL and liquidity under 7-day and 14-day term repos of up to 0.75 per cent of NDTL of the banking system.

Consequently, the reverse repo rate under the LAF will remain unchanged at 7.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 9.0 per cent.

Assessment

2. Since the second bi-monthly monetary policy statement of June 2014, global economic activity has been picking up at a modest space from a sharp slowdown in Q1. Investor risk appetite has buoyed financial markets, partly drawing strength from assurances of continuing monetary policy support in industrial countries. Portfolio flows to emerging market economies (EMEs) have risen strongly. This implies, however, that EMEs remain vulnerable to changes in investor risk appetite driven by any reassessment of the future path of US monetary policy or possible escalation of geopolitical tensions.

3. Sentiment on domestic economic activity appears to be reviving, with incoming data suggesting a firming up of industrial growth and exports. The June round of the Reserve Bank's industrial outlook survey also points to improvement in business expectations in Q2. Leading indicators of the services sector are mixed, although there are early signs of modest strengthening of corporate sales and business flows. While the initial slow progress of the monsoon and its uneven spatial distribution raised serious concerns regarding agricultural production, these have been mitigated, though not entirely dispelled, by the pick-up in the monsoon through much of the country in July. The implementation of government policy actions that have been announced should create a congenial setting for a steady improvement in domestic demand and supply conditions.

4. Retail inflation measured by the consumer price index (CPI) has eased for the second consecutive month in June, with a broad-based moderation accompanied by deceleration in momentum. Higher prices of vegetables, fruits and protein-based food items were offset by the muted increase in the prices of non-food items, particularly those of household requisites and transport and communication. CPI inflation excluding food and fuel decelerated further, extending the decline that began in September 2013. However, with some continuing uncertainty about the path of the monsoon, it would be premature to conclude that future food inflation, and its spill-over to broader inflation, can be discounted.

5. Liquidity conditions have remained broadly stable, barring episodic tightness on account of movements in the cash balances of the Government maintained with the Reserve Bank. While the system's recourse to liquidity from the LAF, and regular and additional term repos has been around 1.0 per cent of

the NDTL of banks, access to the MSF has been minimal and temporary. In order to manage transient liquidity pressures associated with tax outflows and sluggish spending by the Government, the Reserve Bank injected additional liquidity aggregating over ₹940 billion through nine special term repos of varying maturities during the months of June and July. Despite the reduction in the export credit refinance effected in early June, average utilisation of the facility has only been around 70 per cent of the available limit. The Reserve Bank will review existing liquidity arrangements and continue to monitor and manage liquidity to ensure adequate flow of credit to the productive sectors.

6. With the buoyancy in export performance sustained through Q1, the trade deficit has narrowed from its level a year ago. While oil imports rose in June partly on higher international crude prices, gold import growth picked up in response to some liberalisation of import restrictions, and non-oil non-gold import growth has turned positive since May. Turning to external financing, all categories of capital flows have been buoyant. Surges in capital inflows in excess of the current account financing requirement and the repayment of swaps by oil marketing companies have bolstered international reserves.

Policy Stance and Rationale

7. The moderation in CPI headline inflation for two consecutive months, despite the seasonal firming up of prices of fruits and vegetables since March, is due to both base effects and the steady deceleration in CPI inflation excluding food and fuel. The recent fall in international crude prices, the benign outlook on global non-oil commodity prices and still-subdued corporate pricing power should all support continued disinflation, as should measures undertaken to improve food management. There are, however, upside risks also, in the form of the pass-through of administered price increases, continuing uncertainty over monsoon conditions and their impact on food production, possibly higher oil prices stemming from geo-political concerns and exchange rate movement, and strengthening growth in the face of continuing supply constraints. Accordingly, the upside risks to the target of ensuring CPI inflation at or below 8 per cent by January 2015 remain, although overall risks are more balanced than in June (Chart 1). It is, therefore,

Chart 1: Projection of CPI Inflation (y-o-y) for 2014-15

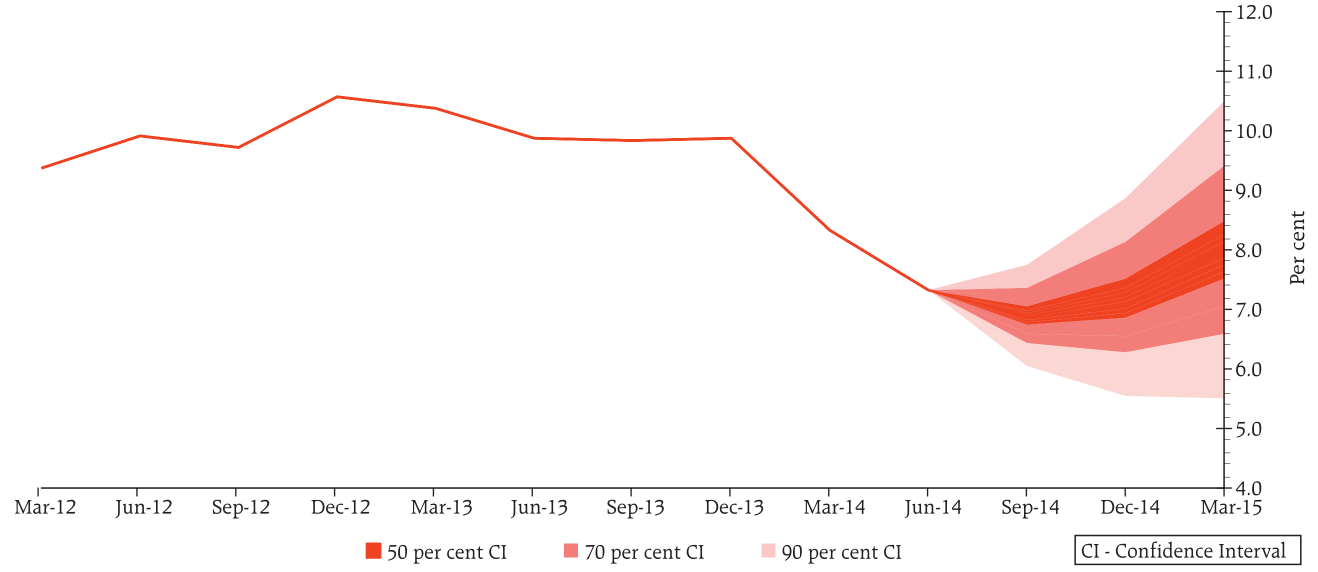
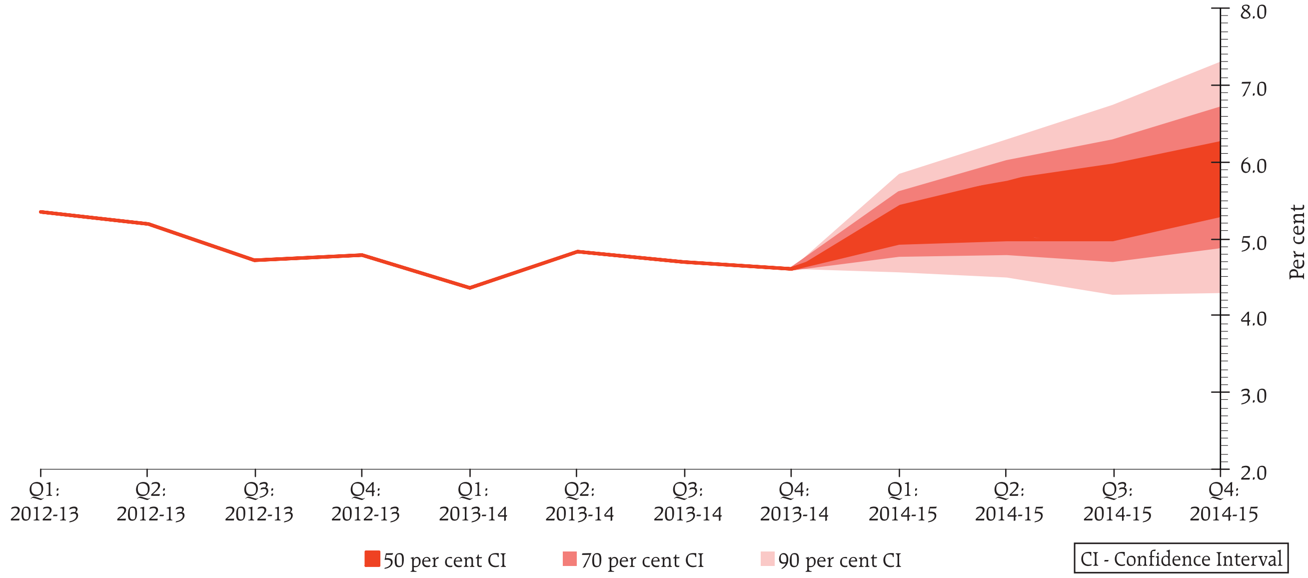


Chart 2: Quarterly Projection of GDP growth (y-o-y) for 2014-15



appropriate to continue maintaining a vigilant monetary policy stance as in June, while leaving the policy rate unchanged.

8. Prospects for reinvigoration of growth have improved modestly. The firming up of export growth should support manufacturing and service sector activity. If the recent pick-up in industrial activity is sustained in an environment conducive to the revival of investment and unlocking of stalled projects, with ongoing fiscal consolidation releasing resources for private enterprise, external demand picking up and international crude prices stabilising, the central estimate of real GDP growth of 5.5 per cent within a likely range of 5 to 6 per cent that was set out in the April projection for 2014-15 can be sustained. On the other hand, if risks relating to the global recovery, the monsoon and geo-political tensions intensify, the balance of risks could tilt to the downside (Chart 2).

9. The Reserve Bank will continue to monitor inflation developments closely, and remains committed to the disinflationary path of taking CPI inflation to 8 per cent by January 2015 and 6 per cent by January 2016. While inflation at around 8 per cent in early 2015 seems likely, it is critical that the disinflationary process is sustained over the medium-term. The balance of risks around the medium-term inflation path, and especially the target of 6 per cent by January 2016, are still to the upside, warranting a heightened state of policy preparedness to contain these risks if they materialise. In the months ahead, government actions on food management and to facilitate project completion should improve supply, but as consumer and business confidence pick up, aggregate demand will also strengthen. The Reserve Bank will act as necessary to ensure sustained disinflation.

10. In the second bi-monthly monetary policy statement of June 2014, the Reserve Bank reduced the SLR to 22.5 per cent of NDTL in anticipation of recovery in economic activity. With the Union Budget for 2014-15 renewing commitment to the medium-term fiscal consolidation roadmap and budgeting 4.1 per cent of GDP as the fiscal deficit for the year, space has opened up further for banks to expand credit to the productive sectors in response to its financing needs as growth picks up. Accordingly, the SLR is reduced by a further 0.5 per cent of NDTL.

11. In consonance with the calibrated reduction in the SLR, it is necessary to enhance liquidity in the

money and debt markets so that financial intermediation expands apace with a growing economy. Currently, banks are permitted to exceed the limit of 25 per cent of total investments under the held to maturity (HTM) category provided the excess comprises only SLR securities, and banks' total holdings of SLR securities in the HTM category is not more than 24.5 per cent of their NDTL as on the last Friday of the second preceding fortnight. In order to enable banks greater participation in financial markets, this ceiling is being brought down to 24 per cent of NDTL with effect from the fortnight beginning August 9, 2014.

12. The Reserve Bank has taken a number of steps to enhance efficiency, increase entry, speed up resolution, and improve access to financial services, such as modified regulations on long term lending and borrowing, proposals for licensing payment banks and small banks, a framework to deal with stressed assets, actions to further the use of mobile phones in banking, and efforts to simplify know your customer (KYC) norms, among others. The Reserve Bank will continue to carry forward its banking sector reforms agenda.

13. The fourth bi-monthly monetary policy statement is scheduled on Tuesday, September 30, 2014.

SPEECHES

*Rural Finance: Issues & Challenges**

Harun R Khan

At the outset, I thank National Bank for Agriculture and Rural Development (NABARD) for inviting me to this esteemed gathering of experts in the field of rural finance. I am happy that NABARD has organised this National Seminar to mark the completion of 32 years of its existence. Built upon the legacy of Agricultural Credit Department of the Reserve Bank of India and the Agriculture Refinance Development Corporation (ARDC), NABARD today has carved for itself a special place, especially in the area of rural financing and development. Many of the innovative financial products and services developed and mainstreamed over the last three decades for the rural economy can be either directly attributed to the NABARD or have been positively influenced by the NABARD. I am also happy that topical issues in the field of rural finance were deliberated upon today as part of this seminar. I am sure that the seminar has provided a lot of useful insights in the field of rural finance for all of us and these inputs will help us in informed policy making.

Challenges in developing an inclusive rural financial system

2. Providing financial services in rural areas is a challenge as agriculture and other rural economic activities have unique characteristics of dependence on natural resources, long production cycles and vulnerability to multiple risks (all of us remember the old adage "Indian agriculture is a gamble in monsoon"). Further, the sub-division of land and small ticket size of rural non-farm activities require the provision of small sized loans in large numbers often raising the operational costs for banks. Moreover, with the widening of the ambit of non-agricultural activities, the need for non-agricultural rural finance too has gone up considerably. While poorer groups might need basic savings services and micro-credit to cover production costs and emergency expenses, farmers and farmers' organisations require larger amounts of credit to finance production, inputs, processing and marketing besides risk mitigation products, for example, insurance for loss of life and assets. The new rural finance paradigm needs to be based on the premise that '*rural people are bankable*' and rural clientele is not limited only to the farmers & uneducated but also includes a generation which can use & adopt technology. It, in turn, advocates a demand-driven design and efficient provision of multiple financial products and services through an inclusive financial sector comprising sustainable institutions serving a diverse rural clientele.

3. Thus, developing an inclusive yet sustainable rural financial system is extremely challenging and involves comprehensive understanding of host of complementary issues, which I would like to subsume under a broad 7*P*s' Framework:

- **Product strategy**: For catering to the varied needs of small ticket size transactions, whether a bouquet of diversified products and services can be developed without compromising on the flexibility, continuous availability and convenience of the products? Which types of financial products have the greatest impact on reducing poverty and lifting growth rates in deprived districts and regions?
- **Processes**: What kinds of business processes can help banks to reach underserved segments and provide hassle-free near doorstep service to the customers without jeopardising financial viability? How do we design an efficient hub & spoke model to overcome the hurdles in the agent led branchless banking?

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* Based on valedictory address delivered by Shri Harun R Khan, Deputy Governor, Reserve Bank of India at the National Seminar on Rural Finance organised by NABARD on July 24, 2014 at New Delhi. The speaker acknowledges the contributions of Smt. Rekha Misra, Smt. Pallavi Chavan, Shri Radheshyam Verma & Shri Surajit Bose of the Reserve Bank of India and Shri Satyajit Dwivedi of NABARD.

- **Partnerships**: What are the constraints faced by the underserved and/or excluded segments in accessing financial services from different types of service providers? Are the bank - non-bank partnerships, such as, Business Correspondents, SHGs, MFIs, *etc.* working efficiently in easing the accessibility and availability of financial services?
- **Protection**: What measures and mechanisms are needed to protect both the providers and the receivers of rural finance from abuse and misuse of such services? Whether enough risks mitigants are there for the borrowers given the higher vulnerability in the sector? Are lenders protected against ebb & flow of uncertainty in credit culture?
- **Profitability**: Whether the business strategies and delivery models are geared to provide affordable and acceptable services to the rural clientele while ensuring that rural finance service providers function profitably on a sustained basis? How do we tap into the customer willingness to pay through an appropriate pricing model?
- **Productivity**: How do we increase the productivity of financial services provided in the rural areas? What are the strategies needed to synergize other resources with finance (say, under a "credit plus" approach) to ensure more productive and optimal use of financial services?
- **People**: Are the frontline staff of the financial service providers well-equipped to meet the needs of driving the process of financial inclusion in terms of knowledge, skill and attitude? Do these people have the capacity, comprehension and commitment to identify potential customers and offer them timely advice and comprehensive services?

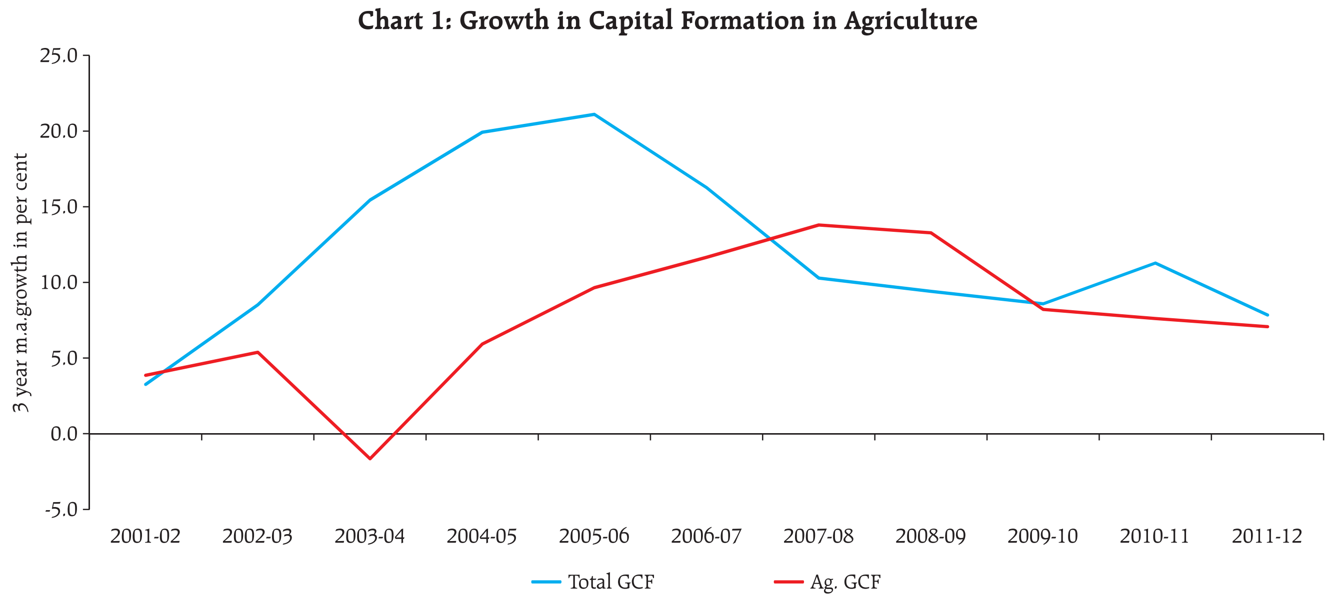
Many of these are the age-old questions which unfortunately remain pertinent even today and pose a significant challenge to the policy-makers and regulators. Having spoken about the challenges, let me outline some of the developments that have taken place in recent times in rural finance space with specific reference to the three sub-themes of this seminar and highlight some of the critical issues related to these sub-themes.

Capital formation in agriculture and rural infrastructure

Trends in capital formation in agriculture and agricultural credit

4 In any discourse on rural development, agriculture is put on the top of development agenda and for valid reasons too. Around 50 per cent of population depends on agriculture for its livelihood. A positive relationship has been found between agriculture growth and poverty reduction. Also, improved growth in agriculture tends to trigger rural non-farm activities which can bring down rural unemployment. Further, there are various forward and backward linkages of agricultural sector with other sectors of the economy. In the past couple of decades, a rapid decline in the share of agriculture in GDP, however, has been witnessed without a commensurate decline in labour force dependent on agriculture. Another sign of concern has been a deceleration in the growth of gross capital formation (GCF) in agriculture in real terms in the recent past. Moreover, GCF in agriculture has generally grown at a rate slower than the rate of growth in overall GCF over the last decade, except for a spurt between 2007-08 and 2008-09 (Chart 1).

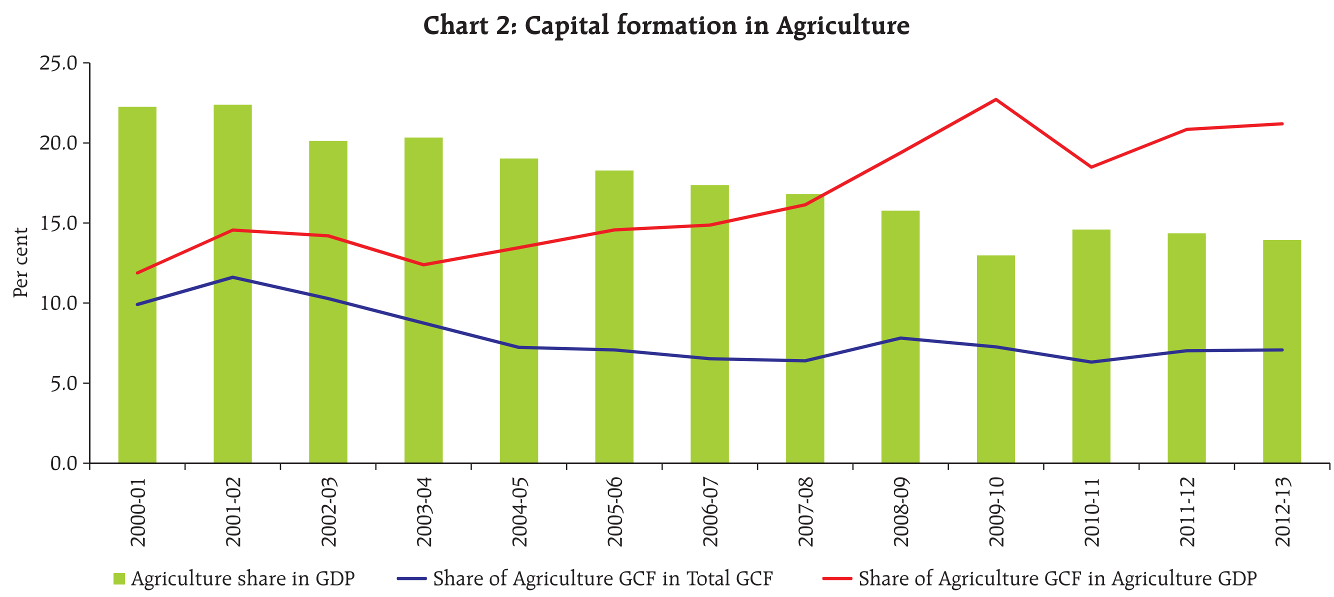
5. The elementary growth theory tells us that the growth of a sector depends upon the investments made in that sector, its capital-output ratio, and the efficiency of capital in that sector. During much of the



Source: Central Statistics Office

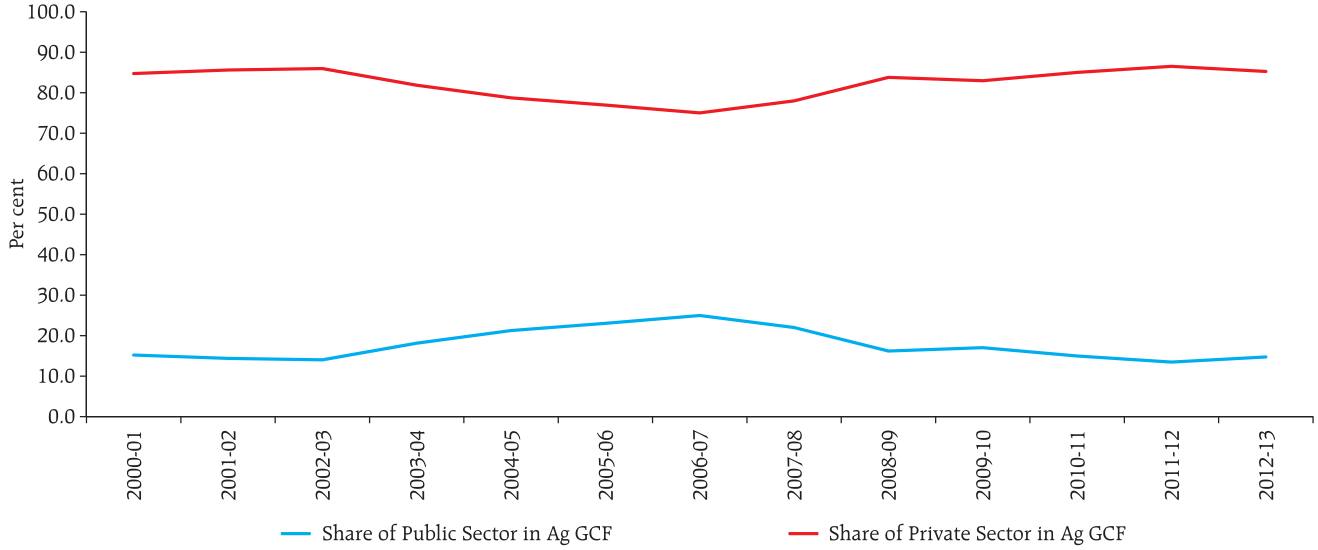
period from 1980-81 onwards till 2007-08, the investment rate in agriculture (GCF as per cent of GDP in agriculture) was always below 16 per cent. It is only in recent years that this rate has crossed the 16 per cent mark and we have seen some positive results on the agricultural growth front. In fact, the rate of investment was 22.7 per cent in 2009-10. It has, however, shown fluctuations thereafter (Chart 2).

6. It is interesting to note that in the early 1980s, the share of public and private investment in agriculture was almost equal, but subsequently the share of public investment fell drastically. There was an attempt in the early 1990s to increase the share of public investment, but the impetus did not last long. There was marginal improvement in this share during 2003-07 but it declined in the subsequent period. In



Source: Central Statistics Office

Chart 3: Institution wise capital formation in Agriculture in India

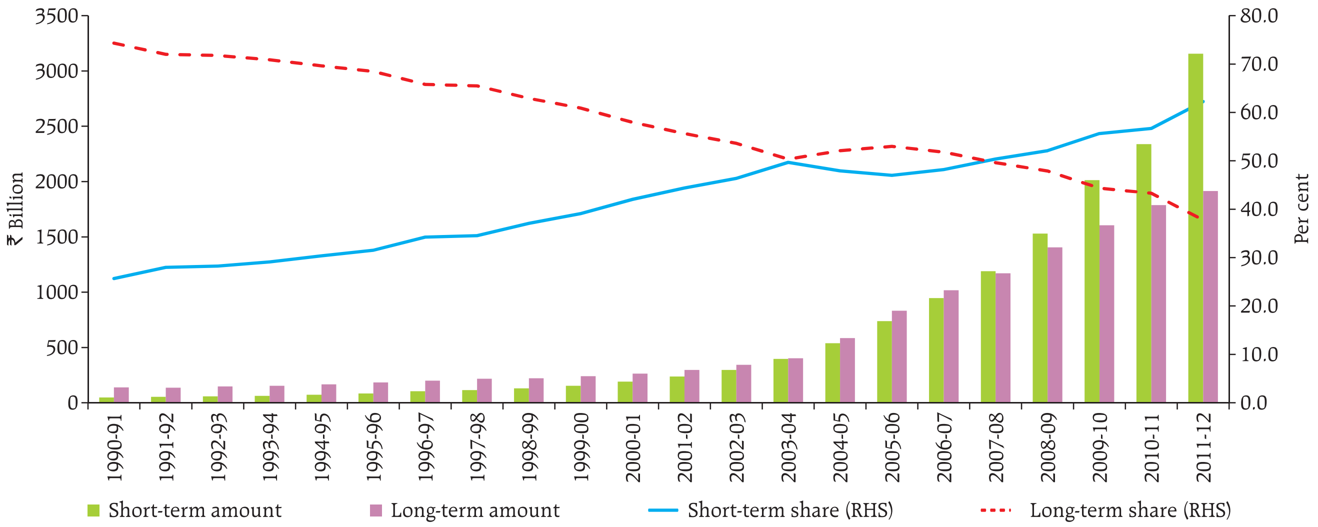


Source: Central Statistics Office

2012-13, the share of public sector in agriculture amounted to only about 15 per cent of total GCF (at 2004-05 prices) (Chart 3). So, private sector, the farming community itself, was a major driver of growth in the agricultural sector. The Union Budget 2014-15 has rightly recognised the need to revive public investment and has enhanced the sum allocated towards agriculture investment and warehousing.

7. Let us now turn to some of the trends in agricultural credit. Tenure-wise pattern of agricultural credit suggests that the share of long-term credit in total agricultural credit experienced a secular decline, reaching 37.8 per cent in 2011-12 from 74.3 per cent in 1990-91 (Chart 4). Focus on crop loans with availability of interest subvention only partially explains this phenomenon. This is a disquieting trend.

Chart 4: Shares of short-term and long-term agricultural credit*



*includes agricultural credit by SCBs and RRBs only
Source: Handbook of Statistics on Indian Economy, RBI

It suggests a possible neglect of capital formation in agriculture. Given that private sector is the major driver of the capital formation and that rate of investment in agriculture, which presently hovers around 20 per cent need to be sustained and in fact raised further, there is a need to give immediate attention to long-term agricultural credit. The issue of sharp decline in project based lendings spearheaded earlier by the NABARD also needs urgent attention for improving share of long-term credit. The key thrust areas of such schematic lendings will have to be in areas like production and marketing of protein foods, vegetables & fruits, organic farming, supply chain management and farm mechanisation.

Select trends in Rural Infrastructure

8. While capital formation in agriculture directly reflects the investment in agriculture, rural infrastructure, a much broader concept, refers to all possible physical and social infrastructure that create a conducive environment for growth in rural areas. Several studies confirm the positive link between rural infrastructure and improved livelihoods and productivity and reduced poverty. While almost all rural infrastructure sectors are under State Governments, Central Government spending has also been significant in recent years. Overall, the outlay on rural infrastructure has increased over the years with around ₹3 trillion spent under various heads for rural infrastructure by the Central Government during the year 2000-12. Out of this, largest sum went to development of rural roads followed by rural drinking water and sanitation and rural housing. Irrigation received around 16 per cent of the total rural infrastructure during this period (Table 1).

9. Looking at the state of physical infrastructure in rural areas, we see that it has certainly improved but it still leaves a lot to be desired. It is estimated that rural roads have connected around 69 per cent of habitations that were planned to be covered by 2013,

Table 1: Central Government spending on rural infrastructure (2000-12)
(at 2006-07 prices)

(₹ billion)

Items	Total expenditure	Share (%)
Rural roads	905.17	29.8
Rural drinking water and sanitation	623.42	20.5
Rural housing	485.11	16.0
Irrigation	481.84	15.9
Rural electrification	241.00	7.9
Telecommunication	138.51	4.6
Watershed	105.57	3.5
Integrated Action Plan (IAP)	36.54	1.2
Storage	19.72	0.6
PURA	2.06	0.1
Actual expenditure on rural infrastructure	3038.94	100

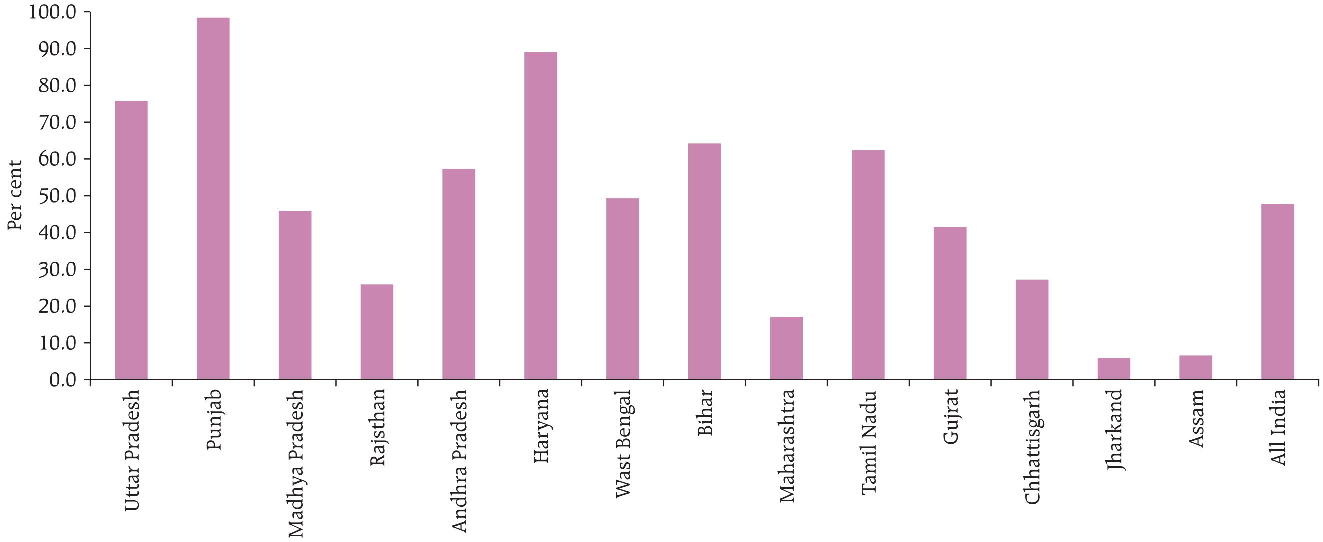
Note: All figures include both Plan and non-Plan expenditure; Storage data (for constant 2006-07 prices) consists of expenditure on construction of rural godown, investment in the Food Corporation of India and the Central Warehousing Corporation. Figures may not add up exactly to 100 due to rounding off.
(Source: India Rural Development Report, 2012-13)

but the smaller and more remote ones are yet to be connected. Further, in 2011 almost all villages were connected to the grid, but as much as 45 per cent of rural households still lacked electricity connections[1]. Electricity supply is often unreliable and water supply is unavailable or polluted.

10. Irrigation is one of the most important inputs for agriculture. Though the country has made significant strides toward development of irrigation facilities since independence, more than 50 per cent of the agricultural land is still unirrigated. Further, huge variations are found across States in terms of the proportion of irrigated agricultural land. Punjab has an irrigation index of 98 per cent while only 6 per cent of the agricultural land in Jharkhand is irrigated (Chart 5). Further, large scale delays, huge cost escalation, implementation delays, *etc.* have contributed to slow down in expansion of areas under irrigation. Dwindling public sector control support for

[1] IDFC Rural Development Network (2013), India Rural Development Report 2012-13. Delhi: Orient BlackSwan.

Chart 5: Area under Irrigation by State



Source: Agricultural Statistics at a Glance 2012, Ministry of Agriculture.

critical extension related activities and programme for land development and soil conservation are major gaps that need urgent redressal. These disparities in rural infrastructure too need to be addressed.

11. One significant component of rural finance is the value chain finance. It derives its significance from the fact that there are about 140 million farming households of which more than 80 per cent are small and marginal farmers. Linking these farmers to formal financial services is a significant challenge. If agriculture has to support investment for the small and marginal farmers, promoting agri-business through development of value chains looks very promising. Promoting agricultural value chains will bring about better market opportunities, technology adoption, private investments and reforms that would increase their access to finance besides significant positive impact on end-consumers in terms of reasonable prices of products. New generation private sector banks and foreign banks who have now priority sector obligations contribute a lot in this regard. NABARD has in the recent past, conducted some ground level studies to understand the supply chain management issues related to onion, potato & tomato and is now according priority to warehouse funding and creation of cold storage capacities in the country, besides providing negotiable warehouse receipts to the farmers which, in turn, will prevent distress sale of farm produce by the farmers.

12. It is widely recognised that commercial interests of small-scale producers are best bridged by producer organisations including co-operatives and their federations. Realising the importance of collective investments in productive assets, Government of India has set up Equity Grant Fund for providing matching assistance and credit guarantee fund (with 85 per cent default guarantee cover) for financing Farmer Producer Companies. The Reserve Bank has also included financing producer companies under the ambit of priority sectors. Further, NABARD has also constituted a Producer Organisation Development Fund with a corpus of ₹500 million for financing producer companies. Need of the hour is to scale-up the operations of the producer organisations.

Hassle-free financial services to the rural sector

13. Since independence, expanding the outreach of financial services to the poor has been at the centre of the poverty alleviation policy in India. The successive surveys of the National Sample Survey Organisation (NSSO) {All-India Debt and Investment Surveys (AIDIS)} document a steady rise in the importance of banks as a source of rural household credit since 1951-52. While there was a decline in the share of banks in debt of rural households between 1991-92 and 2002-03, we can hope for a revival in this share over the last decade going by the extensive policy efforts for financial inclusion by the Reserve Bank and the Government of India in collaboration with institutions oriented towards rural areas, such as, the NABARD.

14. Financial inclusion is a buzzword nowadays, not just in India, but globally as well. At the RBI, we view financial inclusion as a process that seeks to ensure access to appropriate financial products and services at an affordable cost in a fair, transparent & secure manner by mainstream institutional players. This availability of financial products and services is not only for society in general, but importantly, for the vulnerable groups, such as, weaker sections, small business units and low income groups as well. Such small customers do provide a big & stable market for retail deposits and other credit and third party products. Given the dominance of banks, bank-led model for financial inclusion has been emphasised, but at the same time, synergies embedded in non-bank financial players are also being tapped.

15. Several initiatives have been undertaken to expand banking services to remote areas of the country. The branch authorisation policy has recently been rationalised, with commercial banks directed to open not less than a quarter of their total branches in hitherto unbanked areas. Given the challenges involved in opening brick-and-mortar branches at a rapid pace due to resource and time constraints, banks have been encouraged to avail of Business Correspondents (BCs)/ Business Facilitators (BFs) to further their inclusion efforts. Further, the Reserve Bank has now removed some of the major restrictions on use of BC model; it has allowed for-profit NBFCs to work as BCs and the requirement of BC touch-point being within 30 km radius of the bank branch has been dispensed with. Banks have been persuaded to switch over to Core Banking Solutions (CBS) and leverage technology to the maximum extent possible. The growing focus on mobile technology to deliver banking services is a manifestation of this initiative. Similarly, importance being attached to non-banks and quasi-banks ("payment banks", which are in the offing, can also function as BC of other banks), is also to be seen in the context of efforts to expand financial inclusion through technology based payment system products. With the cloud over Aadhar based unique identity being cleared, the pilots sponsored by the Reserve Bank for remittance related cash-outs using pre-paid instruments are expected to gather momentum and could turn out to be a major initiative in financial inclusion without the necessity of having bank accounts.

16. Since 2010, commercial banks have adopted Board-approved Financial Inclusion Plans (FIPs) containing self-set targets for financial inclusion for a span of three years. The first span of three years ending 2013 has been quite encouraging. Taking the process further, banks have been advised to draw up a 3-year FIP for the next three-year period, of which one year is already behind us. A key feature this time is that banks have been advised that their FIPs should be disaggregated to the branch level. The disaggregation of the plans is being done to ensure the involvement of all stakeholders in the financial inclusion efforts.

Table 2: Select Financial Inclusion Indicators for 2011

	Brazil	Russia	India	China	South Africa	United States
Account at a formal financial institution, older adults (%, age 25+)	62.0	51.9	38.0	63.3	59.1	90.7
Loan from a financial institution in the past year, older adults (%, age 25+)	8.1	8.5	8.8	7.9	11.8	21.6

Source: World Bank(Global Findex).

17. Having said all this, the present extent of financial inclusion does not adequately match up to our peers, not to mention the advanced economies (Table 2). For example in 2011, just 38 per cent of the adults had accounts at formal financial institutions in India as compared to over 50 per cent in other BRICS economies, and even higher in the United States. Of course, the statistics would have improved in the last three years given the policy push of the Government, the Reserve Bank and the stakeholders. Clearly, there is a substantial distance that we still need to cover to achieve universal financial inclusion.

18. In the last few years, there has been notable quantitative and qualitative improvement in the process of financial inclusion. Today, we have realised the need for deeper penetration of financial services in the unbanked sectors with more and more people using various modes of banking, such as, traditional brick & mortar, BCs/BFs channel, mobile banking, *etc.*, to avail financial services. There are signs of financial inclusion graduating from a policy obligation to a business proposition. The concern, however, remains that still a large number of people remain excluded. For instance, formal credit to small and marginal farmers and small business units continue to be limited. Consequently, rural indebtedness from non-institutional sources among these farmers continues to be high. Thus questioning the efficacy of the players and their partnerships in creating a sustainable financial inclusion plan. At the same time, too much of mandated programmes for financial inclusion with focus on meeting quantitative targets and the perception that financial inclusion drives are meant to be doling out government subsidy only could degenerate the programme to the likes of some of the populist measures without sustainable business proposition for the providers and receivers of financial services. Hence, there is a need for careful planning and qualitative evaluation of these programmes. A specific case of concern is the growing fatigue in the SHG-Bank Linkage Programme, to which I turn now.

Issues in the SHG Bank Linkage Programme (SBLP)

19. India introduced the SHG-Bank Linkage Programme (SBLP) more than two decades back on a pilot basis. Today, it is a regular banking programme mainly due to active involvement of NABARD and also due to the role of the Reserve Bank in creating a conducive regulatory environment for this programme to grow. By end of March 2013, India had about 7.3 million bank-linked SHGs with a range of financial institutions including commercial banks, Regional Rural Banks, and co-operative banks, marginally down from 8 million recorded in 2012, exhibiting some signs of fatigue in this programme. Further, the number of SHGs having outstanding loans with banks has declined from 4.8 million to 4.4 million between 2011 and 2012 and stood at 4.5 million in 2013. Similarly, the number of SHGs to whom bank loans were disbursed declined from 1.6 million in 2010 to 1.2 million in 2011and has stagnated thereafter (Table 3).

20. The major issues confronting the SHGs include inadequate number of quality agencies required for capacity building and hand-holding, governance and leadership challenges, lack of management information systems, inconsistent reporting, supervision and management capacities, excessive dependence on

Table 3: Progress in Micro-Finance Programme by banks: Self Help Groups
(as at end-March)

	Number (in millions)						
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13P**
Loans disbursed	1.1	1.2	1.6	1.6	1.2	1.2	1.2
Loans outstanding	2.9	3.6	4.2	4.9	4.8	4.4	4.5
	Amount (₹ billion)						
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13P**
Loans disbursed	66	88	123	145	145	165	206
Loans outstanding	124	170	227	280	312	363	394

Source: NABARD

promoter agencies for essential services, skewed distribution of SHGs across the regions, decline of banking sector's involvement in the programme with primacy being attached to financial inclusion programmes which have almost excluded SHGs from their focus, increasing incidence of NPAs, *etc.* The new challenges for SHGs are how do they move up in the value chain to livelihood activities leading to sustained income generation supported by different backward and forward linkages. Therefore, the focus needs to shift towards consolidation of SHGs by addressing these deficiencies. In order to overcome the fatigue of the SBLP and as part of its poverty alleviation strategy, NABARD has taken various initiatives like SHG-2, Joint Liability Groups (JLG) and Producer Organisation related initiatives. It aims to cover all eligible poor rural households in the country through SBLP by March 2017 and promote 2 million new SHGs during 2013-17. There is also a strategic shift from State/district-based planning for SBLP to block-based planning to address the issue of intra-district imbalances in promotion of SHGs. There has also been a focus on convergence of SBLP with financial inclusion initiatives of the Reserve Bank and government programmes like the National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members. In respect of the latter, it is important to underscore that Government sponsored initiatives should not crowd out agencies already doing good work in the field as there is enough space for multiple stakeholders & SHGs to function. Focus on credit at the cost of savings should also not be over emphasised and distortions leading to misuse and abuse of the system through interest subvention also need to be avoided.

Concluding Thoughts

21. It has been repeatedly recognised that majority of the people in rural areas depend on agriculture as a source of living though non-farm activities are gradually gaining significance in the rural economic development. It is also recognised that agriculture is more risky economically than industry and trade and, therefore, the perception that rural populace are unbankable. Let us acknowledge that rural economy is imperfect, lacks information and communications infrastructure and coupled with geographical spread of rural population and diversity of need for small ticket size financial transactions, developing an inclusive rural financial system is a challenge. I have flagged some of the major challenges through a 7Ps framework involving issues of Product strategies, Processes, Partnerships among different players, Protection of both the providers and the receivers, Productivity of the financial services flowing to the rural sector, and capacity, competence and commitment of People involved in providing financial services. I am sanguine that none of these challenges are insurmountable and have reasons to believe that the

seminar has provided several alternative solutions for achieving a sustainable financial inclusion in India.

22. Let me conclude by saying that the Reserve Bank remains committed to create a conducive regulatory environment where financial entities can ensure hassle free financial services to the poor without jeopardising financial stability. Contextually, banks may be given the freedom to determine their own financial inclusion strategies as part of their overall business philosophy and pursue it as a commercial activity, taking on board their risk appetite and product sophistication. With a couple of financial service providers, and especially an erstwhile microfinance service provider, allowed to become banks and with the possible introduction of on-tap licensing of small banks and payment banks in addition to entry of foreign banks in the context of priority sector requirements, we hope to expand the size and scope of the rural financial system landscape and, thereby, address the persistent and emerging challenges relating to rural finance and substantially improve the level of financial inclusion in the country, both qualitatively and quantitatively.

Thank you all for your attention.

*Role of Financial Sector in the Growth of the Southern Region – A Question of Balancing**

R. Gandhi

Good Morning Ladies and Gentlemen!

2. The importance and the lead role of financial sector for economic development attracted the attention of economists, policy makers as well as executors. *According to Goldsmith (1969:400), 'mobilising liquid resource accelerates economic growth and improves economic performance to the extent that it facilitates the migration of funds to the best user, i.e., to the place in the economic system where the funds will find the highest social return'.*

3. In the analysis of financial institutions in Schumpeter's work, banking was considered as one of the primary and essential factors for economic development. In the whole process of development, Schumpeter (1933 and 1939) regarded the banking system as one of the two key agents (the other being entrepreneurship). Given this impetus, it is worth mentioning that the correlation between bank credit and economic growth is resilient.

4. It is thus the financial system that has been tasked to intermediate to usher in efficient allocation of resources. Banking system has, in fact, become special with its main functions of mobilising savings of public and its efficient allocation for various productive activities and providing access to those sections of entrepreneurs who are unable to find any formal financial service. In the Indian context, such allocation of resources for economic activity is done mainly by banks, but the Regional Rural Banks (RRBs), the Co-operative banks and the Non-Banking Financial Companies (NBFCs) also contribute in fulfilling this task. In India, the guidance/directions given to the banking system, with regard to the social banking in the 1970s and 1980s and with the introduction of comprehensive economic and financial sector reforms in the 1990s helped in addressing the gaps in financing economic activities. Further, the introduction of financial inclusion and the related policy measures initiated both by the Government of India and by the Reserve Bank of India in recent decade enabled banks to reach the extra mile and not to distinguish between micro and small enterprises, street vendors, small business entrepreneurs, *etc.*

5. India being such a large country that it's different regions are at different states of economic development and have been growing at different speeds. Public policy does recognise this and therefore, has provisions that strategies suiting the levels and speeds of economic growth in the regions be pursued.

6. Today, I will be focusing on the 'Role of Financial Sector in the Growth of the Southern Region'. Since banks are the major players in the financial system, my talk will be centred on the role of banks for economic growth and its future prospects for the region. I have organised my talk as follows:

(a) I will briefly discuss about major economic parameters of the southern region.

(b) then I will be analysing the linkage to growth based on (i) Deposits to GSDP (Gross State Domestic Product) (ii) Banks' Credit to GSDP (Gross State Domestic Product) (iii) C/D ratio and (iv) Urban Cooperative Banks (UCBs) in the allocation of resources for economic activities in the region (v) role of NBFCs and (vi) financial inclusion - general trend in the region.

(c) Thereafter, I will discuss the scope of the banking sector in the emerging developments of the region and what more can be done by the banks to further the growth in the region.

* Speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India on July 14, 2014 at FINSEC - 2014 organised by FICCI at Hyderabad. Assistance provided by Shri S. Arunachalaraman is gratefully acknowledged.

Economic Growth

7. During the pre - reform period of 1980s, the growth rates of the states in the southern region were generally less than the all India growth rate. During the 1990s, after the economic and financial sector reforms, these states performed better than the all-India growth rate. The growth rates were still higher, during the last 10 years or so when greater push had been given for financial inclusion. (Pl see Table 1).

Per capita income

8. Let us now look at another indicator of economic prosperity *viz.*, per capita income. The per capita income of the region over the last three decades compared with other regions showed that this region has performed very well. In fact, during 1980s, this region's average per capita income was below the national average. During the 1990s, while Kerala and Tamil Nadu surpassed the national average, AP and Karnataka were just below the national average. However, during the 2000s, the entire region was much more than the national average (Table 2).

Banking Indicators

Number of offices

9. Let us now turn to the role played by the commercial banks as part of the financial system for the progress of the region. Commercial banks, which are involved in providing credit facilities and making investments for productive activities as well as broadening banking practices under financial inclusion, have expanded their offices across the region. The number of offices (including RRBs) expanded in the region by moving up sharply from 17,613 end-March 1999 to 29,135 at end-March 2013 (excluding U.Ts of puducherry and Lakshadweep).

Role of banks

10. I would like to highlight the involvement of commercial banks in the development of the region. For measuring the role of banks, the following parameters have been considered by me: (a) deposits to GSDP, (b) credit to GSDP and (c) C/D ratio. The role played by banks has been analysed under these categories in terms of: (a) prior to the introduction of

Table 1: Economic Growth Rate of Southern States

(Per cent)

Particulars	Pre-reform period 1980-81 to 1990-91	Post-reform period		Financial Inclusion drive 2006-07 to 2013-14
		1991-92 to 2000-01	2001-02 to 2005-06	
Andhra Pradesh	5.0	5.4	6.8	8.0
Karnataka	5.2	6.9	6.2	6.8
Kerala	2.4	5.0	7.6	7.8*
Tamil Nadu	5.7	11.6	6.3	8.6
All India	5.6	5.7	6.8	7.4

*Data relates to the period 2006-07 to 2012-13.
Source: Central Statistics Office.

Table 2: Average Per Capita Income of the Southern Region based on Net State Domestic Product (NSDP) at current prices

(Amount in ₹)

States	Pre-reform Period	Post-reform Period		
	1980-81 to 1990-91	1991-92 to 2000-01	2001-02 to 2005-06	2006-07 to 2013-14*
Andhra Pradesh	2557	10673	22760	58798
Karnataka	2765	11497	23438	59053
Kerala	2586	12388	27777	61994
Tamil Nadu	2857	13020	26433	73302
All-India [Net National Income]	3364	11616	22253	51519

*Excluding 2013-14 figures of Kerala State as not available.
Source: Central Statistics Office.

Table 3: No. of Bank Offices: Southern Region

States	Pre-reform Period*	Post-reform Period		
	1980-81 to 1990-91	1991-92 to 2000-01	2001-02 to 2005-06	2006-07 to 2012-13
Andhra Pradesh	3709	4863	5286	6754
Karnataka	3187	4483	4850	5932
Kerala	2606	3055	3399	4205
Tamil Nadu	3691	4548	5635	5481
Southern Region	13193	16949	19170	22372
All-India	49823	63032	67065	82732

Source: Figures furnished are average number of reporting bank offices worked out based on Statistical Tables Relating to Banks in India, Various Issues, Reserve Bank of India.

* Pre-reform period data excludes the years 1988 and 1989 for Southern States.

Table 4: Important Banking Indicators of Performance: Southern Region

(Per cent)

Year	Particulars	Andhra Pradesh	Karnataka	Kerala	Tamil Nadu	All-India
2013	Deposits-GSDP Ratio	52.8	88.6	67.0	60.0	75.1
	Credit-GSDP Ratio	58.1	63.2	49.2	73.8	58.6
	C/D Ratio	109.9	71.4	73.3	123.0	78.1
2001	Deposits-GSDP Ratio	37.6	51.3	62.3	43.2	47.5
	Credit-GSDP Ratio	23.8	30.4	26.8	39.2	27.8
	C/D Ratio	63.3	59.3	43.1	90.6	58.5
1991	Deposits-GSDP Ratio	31.8	41.3	54.6	43.1	37.6
	Credit-GSDP Ratio	26.3	35.5	32.3	43.3	24.9
	C/D Ratio	82.6	85.8	59.1	100.5	66.2
1981	Deposit-GSDP Ratio	28.0	37.1	39.8	36.8	32.3
	Credit-GSDP Ratio	21.1	28.5	28.5	35.0	22.0
	C/D Ratio	75.3	77.0	71.5	95.1	68.1

Source: Reserve Bank of India.

financial sector reforms; (b) post financial sector reform period and (c) inclusive growth period. Prior to 1991, the deposit to GSDP of combined Andhra Pradesh in 1981 was hardly 28 per cent, credit to GSDP ratio was 21.1 per cent and Credit to Deposit ratio was 75.3 per cent. This moved up to an impressive level of 52.8 per cent, 58.1 per cent and 109.9 per cent, respectively, in 2013, underscoring banking penetration for the growth in the combined State of Andhra Pradesh (Table 4). In fact, banks have played deeper role, even better in the rest of the region like Karnataka, Tamil Nadu and Kerala states.

Urban Co-operative Banks

11. Another important institutional set up in the financial system allocating funds for economic activities is by Urban Cooperative Banks (UCBs). As at end- March 2014, a total of 557 UCBs under both scheduled and non-scheduled categories were operating in the region. These UCBs put-together have mobilised public deposits totaling ₹48,461.41crore as at end-March 2014 and funded various activities in the region amounting to ₹ 32,146.15 crore at end-March (Table 5).

Role of NBFCs in the Region

12. As at end-March 2014, there were 995 non-banking financial companies in the category of deposit taking, non-deposit taking and core investment companies in

Table 5: Profile of Urban Co-operative Banks (UCBs) – Southern Region

(Amt. in ₹ crore)

Sl. No.	Details	Year	Andhra Pradesh	Karnataka	Kerala	Tamil Nadu	Southern Region**	All India
1.	No. of UCBs	2011	106	266	60	129	561	1,645
		2012	103	266	60	129	558	1,618
		2013	103	266	60	129	558	1,606
		2014	102	266	60	129	557	1,589
2.	No. of scheduled UCBs	2011	3	1	Nil	Nil	4	53
		2012	2	1	Nil	Nil	3	52
		2013	2	1	Nil	Nil	3	51
		2014	2	1	Nil	Nil	3	51
3.	No. of Non-Scheduled UCBs	2011	103	265	60	129	557	1,592
		2012	101	265	60	129	555	1,566
		2013	101	265	60	129	555	1,555
		2014	100	265	60	129	554	1,538
4.	Deposits	2011	5,180.01	13,390.06	5,521.68	4,821.40	28,913.15	211,900.00
		2012	6,373.75	16,202.36	6,948.96	5,376.74	34,911.81	238,600.00
		2013	7,830.62	19,417.26	8,445.00	6,411.95	42,104.83	276,900.00
		2014	9,000.00	21,896.48	9,970.00	7,594.93	48,461.41	308,200.00*
5.	Loans and Advances	2011	3,865.79	9,402.08	3,849.72	3,781.36	20,898.95	136,500.00
		2012	4,614.97	11,475.00	4,720.00	4,394.96	25,204.93	157,800.00
		2013	5,436.02	12,936.54	5,934.00	5,047.42	29,353.98	181,000.00
		2014	5,709.00	15,034.00	6,188.00	5,215.15	32,146.15	197,700.00*

*Figures are provisional ** Excluding UTs of Pudhucherry and Lakshadweep. Source: Reserve Bank of India

Table 6: No. of NBFCs: Southern Region

Sl. No.	State	Year	Category 'A' (Deposit Taking)	Category 'B' (Non Deposit Taking)	Category 'C' (Core Investment)	New (Category 'B' from May 1998)	Total No. of NBFCs
1.	Andhra Pradesh	2011-12	2	231	Nil	33	266
		2012-13	1	199	1	40	241
		2013-14	1	186	2	39	228
2.	Karnataka	2011-12	7	102	Nil	34	143
		2012-13	7	100	3	32	142
		2013-14	7	102	3	32	144
3.	Kerala	2011-12	13	115	Nil	27	155
		2012-13	12	114	Nil	29	155
		2013-14	12	113	Nil	33	158
4.	Tamil Nadu	2011-12	37	421	Nil	39	497
		2012-13	35	395	1	37	468
		2013-14	34	391	1	39	465
5.	Southern Region	2011-12	59	869	Nil	133	1,061
		2012-13	55	808	5	138	1,006
		2013-14	54	792	6	143	995
6.	All India	2011-12	271	11,190	Nil	924	12385
		2012-13	254	10,982	12	977	12,225
		2013-14	241	10,810	15	963	12,029

Source: Reserve Bank of India.

the Southern Region as against 12,029 for all-India. Among the states in the region, deposits taking financial companies are very active in the State of Tamil Nadu (Table Nos. 6 and 7).

13. As regards funding for economic activities, for deposit taking as well as non-deposit taking companies, lending was high in Tamil Nadu, followed by Kerala and then combined Andhra Pradesh. They have lent about ₹1.90 lakh crore as at end of March 2014 (Table 8).

Financial Inclusion in the Southern Region

14. In India, even today, we have a huge slice of our populace, comprising mainly less privileged people that remains largely excluded from the formal financial system. In order to take the banking service to the so far financially excluded society, constant and special measures have been taken by the Government of India and the Reserve Bank under the 'Financial Inclusion' programme whereby a roadmap has been set to achieve 100 per cent Financial Inclusion in the entire country.

Table 7: Deposit Position: NBFCs: Southern Region

(Amount in ₹ Crore)

Sl. No.	State	Year	Category 'A' (Deposit Taking)
1.	Andhra Pradesh	2011-12	Nil
		2012-13	Nil
		2013-14	Nil
2.	Karnataka	2011-12	7.02
		2012-13	8.49
		2013-14	10.07
3.	Kerala	2011-12	79.39
		2012-13	80.19
		2013-14	185.41
4.	Tamil Nadu	2011-12	10,885.36
		2012-13	12,547.30
		2013-14	16,122.78
5.	All India	2011-12	12,656.41
		2012-13	15,310.67
		2013-14	20,556.20

Source: Reserve Bank of India.

15. Accordingly, the Reserve Bank, in January 2006, permitted banks to engage Business Correspondents (BCs) and Business Facilitators (BFs) as intermediaries for providing financial and banking services. Reserve

Table 8: Loans and Advances: NBFCs: Southern Region

(Amount in ₹ crore)

Sl. No.	State	Year	Category 'A' (Deposit Taking	NBFC – Non Deposit Taking Systemically Important (NDSI)
1.	Andhra Pradesh	2011-12	174.73	11,135.92
		2012-13	236.03	15,175.10
		2013-14	297.17	13,374.24
2.	Karnataka	2011-12	30.36	5,584.35
		2012-13	36.27	6,924.41
		2013-14	20.46	8,777.11
3.	Kerala	2011-12	527.81	40,715.84
		2012-13	758.96	50,288.16
		2013-14	978.41	43,445.94
4.	Tamil Nadu	2011-12	54,846.60	80,768.97
		2012-13	71,978.63	100,021.34
		2013-14	79,990.08	111,482.55
5.	All India	2011-12	90,593.94	639,480.36
		2012-13	101,102.27	760,039.01
		2013-14	136,404.30	844,835.69

Source: Reserve Bank of India.

Bank has also from time to time enlarged the list of eligible individuals / entities who can be engaged as BCs. The BC model allows banks to provide door step delivery of services especially cash in – cash out transactions at a location much closer to the population, thus addressing the last mile problem.

16. In our efforts to achieve sustained, planned and structured financial inclusion, we have advised all public and private sector banks to put in place a Board approved Financial Inclusion Plan (FIP) to achieve the target latest by March 2016. In addition, we have asked banks to integrate approved FIPs with their business plans and to include the criteria on financial inclusion as a parameter in the performance evaluation of their staff.

17. As a result, banks have made further stride in providing banking services to the people. I am happy that commercial banks under 'Financial Inclusion' agenda are moving in tandem with the target in the entire Southern Region. While the villages under population above 2,000 have been covered, the process for ensuring complete coverage of villages with population below 2,000 is progressing well.

18. As per CRISIL's financial inclusion index called *Inclusix*, which covers three parameters of branch penetration, deposit penetration and credit penetration, on a scale of 100, the highest financial inclusion of 66.1 points has been achieved by the Southern Region in 2012, as against 42.8 for all-India. This also indicates that more extension and expansion of the country as a whole, and even in this region.

What more for the region – A Balancing Act?

19. Let us now discuss what more the banking system can do for the region. There are several expectations by the region out of the banking system and there are several compulsions on the banking system. Further, there are certain peculiar specialities in this region. A standard response by the banking system will be to skip these. In my opinion, the banking system should, instead, find a fine balance between managing these peculiarities and adhering to set best practices.

- First of course, is that the region expects continued support from the banks for its growth lead to be maintained. That is, the region expects to maintain the more than 100 per cent CDR. While the banking system will be willing to be partnering this, it will have to do so by balancing the expectations from the rest of India. Every region competes for greater flow of credit and financial services and the banking system has the responsibility in addressing this.
- Second, this region is susceptible to vagaries of nature and natural calamities strike this region in a severe way, affecting especially the agricultural sector. Maintaining steady flow of credit to the agricultural sector is a challenge. Complicating this is the ineffectiveness of agricultural insurance. This region has the peculiar, but popular, habit of gold loans smothering the agricultural loans. In that process, the farmers do not get the benefits of agricultural insurance. The banking system has to find a solution for this vexed problem of balancing their need to secure

their interests *vis-a-vis* the protection for the farmers. I will return to discuss another variant of this gold loan related problems in a minute.

- Third, like any other region, this region also wants increased flow of credit for the Micro, Small and Medium Enterprises (MSME) sector. As is well known, despite continuous increase in the bank credit for the MSME sector, the formal credit flow for this sector is very meager compared to the enormous number of units in this sector and the banking sector should tap the great potentials of this sector. The biggest hurdles facing the banking system are its requirements of documentation, its traditional models of assessing the credit needs of the MSMEs and many a time, the gap in the attitude and sensitivity of the bank officials. It is heartening to note that the non-banking financial companies (NBFCs) in this region have found a balanced answer to skirt around these hurdles and their flow to this sector has recorded good growth in recent times. Perhaps, the banking sector can also find such a balance.

- Fourth, another speciality of this region is the preponderance of non-formal and informal, but riskier avenues for savings. This region is replete with history of the so-called blade companies, varieties of formal and informal chit funds, ponzi schemes, emu farms and other types of attractive schemes. These schemes have time and again captured the imagination of gullible, and even not-so-gullible people of this region, very often lured them into losing their hard earned savings. These ever running episodes only clearly establish the failure of the formal financial system, including the banking system, in catering to the savings, investment and risk taking needs and appetite of these masses. They very pithily indicate that there are savings to be mobilised in an orderly manner; and there are people whose risk appetite is more than ordinary or normal and the formal financial system can offer them well regulated risky financial products. The banking system should come out with innovative and customised savings and financial products. This way they can balance their business opportunities with the niche needs of these people in the region.

- Fifth, another speciality of this region is very note worthy and heartening. That relates to the number of Self Help Groups (SHGs), especially of the women which operate in this region. In fact, the southern region leads by leaps and bounds in this respect. The readiness, the enthusiasm and the dedication and discipline of these women SHGs are the backbones of their success. In the wake of their successes, certain unhealthy practices and certain overreactions to them had resulted in a slowdown, even in stoppage of credit flow to this segment. Further, quite many SHGs, before they have matured enough to handle credit and finance, have been exposed to credit. Concomitantly, the credit discipline that had been assiduously built painstakingly over the years has been ruptured. Restoring that spirit, while ensuring continued flow of credit is another balance the banking system has to find.

Conclusion

20. Now, to conclude, we have seen how the regional economy did a turnaround in the post reform and financial inclusion period as compared to the pre-reform period; the regional economy has not only posted better growth but also has surpassed certain all-India numbers. We also saw how the banking system has, by allocating the mobilised resources, contributed to the steady and sustained economic growth of the region over the last three decades. We have also seen the role played by the urban cooperative banks and the non - banking financial companies in providing access to financial products and services and helping in allocation of credit. Finally, we discussed some peculiarities and specialities of the region and their impact on the banking operations and how banks need to undertake a tightrope balancing while handling these peculiarities.

21. Thank you one and all for your kind attention.

*Unconventional Monetary Policy and the Indian Economy**

Deepak Mohanty

I thank Governor Cabraal for this opportunity to share with you our experience in handling the spillover from unconventional monetary policy being followed by many advanced economies. Conventionally, central banks operate monetary policy with an interest rate instrument. For example, they raise the policy interest rate to signal a tighter monetary policy and *vice versa*. However, this procedure has limits. In abnormal times, if central banks were to sharply loosen their monetary policy, they cannot go beyond a point as the nominal policy interest rate cannot be lowered below zero. We saw this phenomenon play out in full force following the global financial crisis in 2008. As the zero lower bound began to constrain conventional monetary policy of major central banks, they had to deploy unconventional monetary policy measures to provide further monetary accommodation. Unconventional monetary policy essentially relates to the balance sheet policy of central banks. However, entry and exit from such policies have strong externalities and spillovers as we have been experiencing for some time now.

Against this backdrop, I will begin by discussing the broad contours of unconventional monetary policy and possible channels of cross-border spillovers. I will then focus on India's experience after the first announcement on early quantitative easing (QE) tapering in May 2013 and our response. I will end by drawing a few broad conclusions.

* Paper presented by Shri Deepak Mohanty, Executive Director, Reserve Bank of India, in the SAARCFINANCE Governors' Symposium at Colombo, Sri Lanka, on July 24, 2014. The assistance provided by Dr. Rajeev Jain in preparation of this paper is acknowledged. The views expressed in this paper are personal and not necessarily those of the Reserve Bank of India.

Unconventional Monetary Policy

The limitation of transmission of conventional monetary policy through interest rate led major central banks to undertake measures which were monetary in nature but unconventional in their instruments and operational targets. For example, a crisis may impair the normal functioning of financial markets. In such a situation, central banks can resort to direct financial asset purchases and/or loosen collateral standards to expand their balance sheets. In the recent global financial crisis most advanced country central banks resorted to unconventional monetary policy. Although the design of unconventional monetary policy measures varied across central banks, they included lending to financial institutions, targeted liquidity provisions for credit markets, outright purchases of public and private assets, purchase of government bonds and forward guidance (Annex 1). These measures were aimed at lowering longer-term bond rates and ease monetary conditions, and were intended to signal a policy shift towards maintaining interest rates at lower levels for a longer period.

Spillovers to EMEs

It is widely perceived that in absence of unconventional monetary policy measures, financial sector meltdown and recession, particularly in advanced economies, would have been more severe, which in turn could have significantly impacted the global economy.[1] However, opinion remains divided on the efficacy of prolonged recourse to unconventional monetary policy. It is argued that greater risk taking behaviour as an outcome of unconventional measures could undermine financial stability. Furthermore, there is the risk of postponement of necessary fiscal reforms that were otherwise required. More importantly, there are concerns of cross-border spillovers in terms of capital flows, exchange rates and other asset prices,

[1] IMF (2013), Global Impact and Challenges of Unconventional Monetary Policies, IMF Policy Paper, October.

particularly in emerging market economies (EMEs). This was fully in evidence as the Fed communicated its intention of undertaking tapering earlier than anticipated which increased financial vulnerabilities across EMEs, though subsequent communication somewhat eased the pressure. These policy developments, however, have significantly altered the external financial environment in many EMEs, including India.

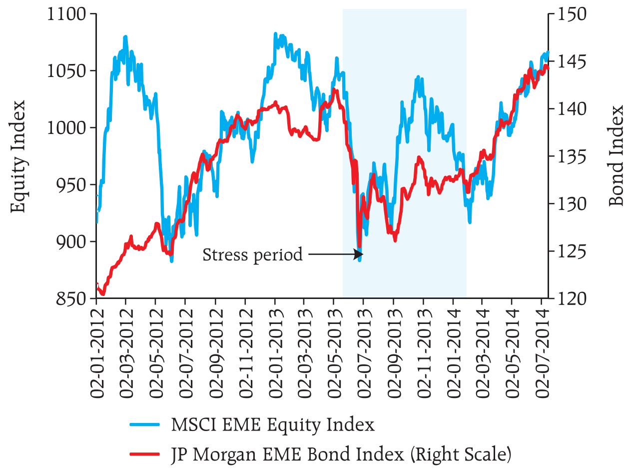
Even before the tapering talk, the impact of policy changes in systemically important advanced economies on the rest of the world through various channels was in evidence. Unconventional monetary policy measures not only supported domestic economies, but also boosted a broad range of asset prices globally, especially equity and bond markets in EMEs. In fact, recent literature suggests that besides domestic pull factors in EMEs, push factors - monetary policy in advanced economies and global risk appetite - were important determinants of capital flows to EMEs.[2]

While the presence of cross-border spillovers from policy changes/ announcements in advanced economies is well recorded in the literature, the more recent debate has been on the degree and kind of spillovers across EMEs and how these could be minimised. Governor Rajan argued that capital flows pushed into EMEs due to ultra-accommodative monetary policy in source countries tend to increase local leverage not only through cross-border banking flows but also through appreciating domestic currencies and escalation in asset prices. The exit from a prolonged use of unconventional monetary policy also poses the risk of asset prices overshooting on the downside which can cause significant collateral damage.[3]

According to the International Monetary Fund (IMF), EMEs received much larger net private financial flows of about US$ 3 trillion in the form of direct and portfolio investment during 2009-13 as compared with US$ 1.8 trillion during 2004-08.[4] With indications of likely normalisation of monetary policy in the US, concerns regarding potential outflows were expected. As long-term US interest rates rose immediately after the tapering announcement, risk aversion among foreign investors for EME markets escalated. Capital flight from the bond segment of financial markets weakened currencies in EMEs, which in turn triggered equity sell-offs. This suggests that despite the fact that equity and debt are two different classes driven largely by growth premium and yield differentials, both were affected by shifts in broad sentiment towards EMEs (Chart 1).

The multilateral institutions, such as the IMF and the Bank for International Settlements (BIS), have done significant research on the issue of spillover. Most studies found that EMEs with better domestic fundamentals and deeper financial markets were relatively more resilient to adverse shocks from the US

Chart 1: Greater stress was experienced in EME equity and bond markets in taper-talk period than with actual taper



Source: Bloomberg.

2 Fratzscher, M., LoDuca, M., & Straub, R. (2013), 'On the International Spillovers of US Quantitative Easing', *Discussion Papers 1304*, German Institute for Economic Research.

Lim, J., Mohapatra, S., & Stocker, M. (2014), 'The Effect of Quantitative Easing on Financial Flows to Developing Countries', Global Economic Prospects H1, World Bank.

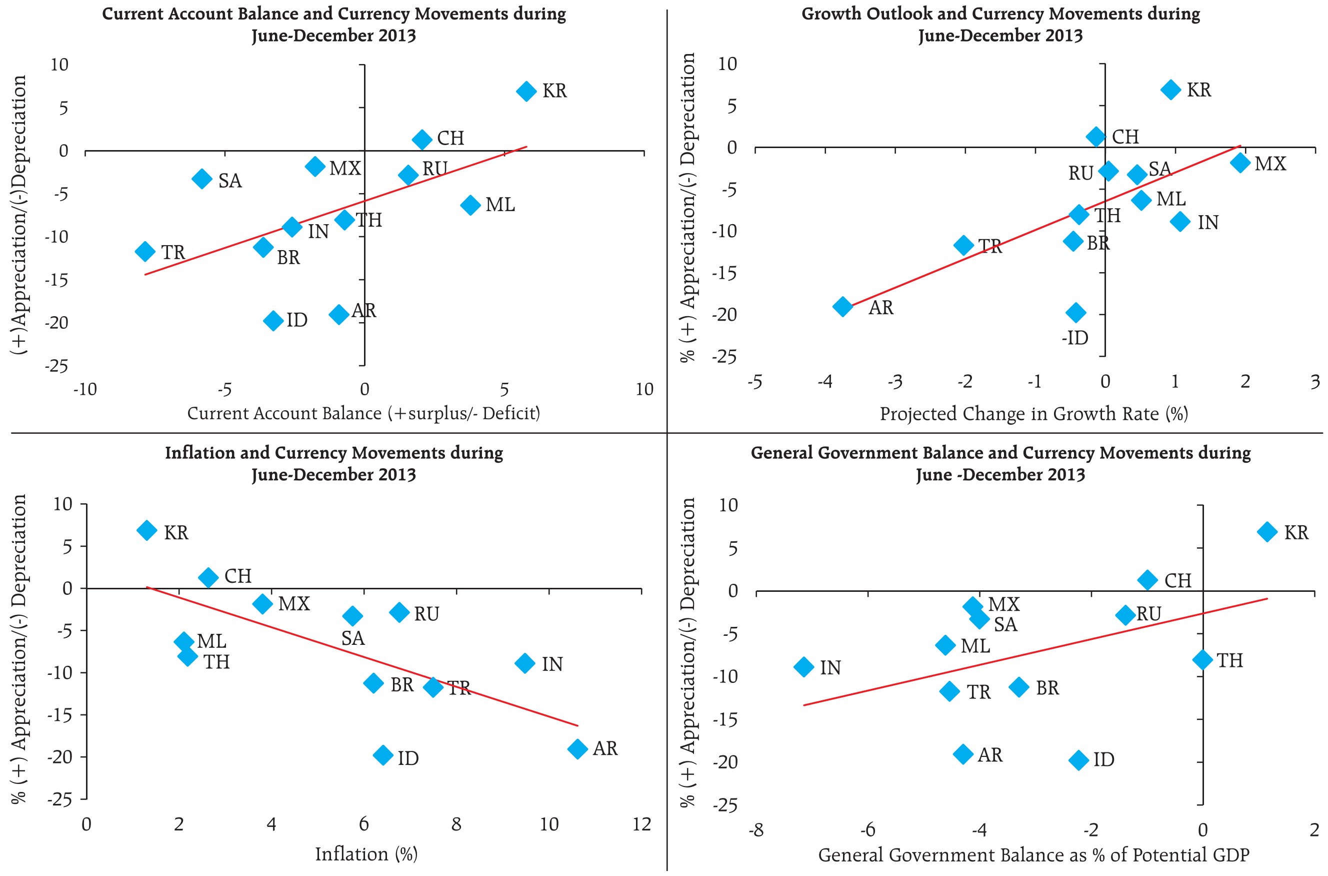
3 Rajan, Raghuram G. (2014), 'Competitive Monetary Easing: Is it yesterday once more?', Remarks at the Brookings Institution, April 10.

4 International Monetary Fund (2014), World Economic Outlook Database, April.

Fed tapering.[5] There was also a view that foreign investors did not differentiate EMEs based on macro fundamentals. Rather the EMEs with larger and deeper markets were under more pressure.[6] On balance, it would seem that most EME currencies depreciated and countries with weaker fundamentals were affected more (Chart 2).

Keeping in view the complex interaction of global spillovers and domestic vulnerabilities, EMEs deployed a variety of policy measures. These policy responses were in the form of monetary, capital flow measures and other structural policy actions. For example, while Indonesia and Turkey made greater use of their forex reserves to curb downward pressures in their currencies, others like South Africa used exchange rate as the main shock absorber. Many EMEs had to raise policy rates to curb capital reversals and contain downward pressure on exchange rates (*e.g.*, Turkey, Brazil, South Africa and India). Subsequently, greater clarity on tapering from the Fed coupled with domestic policy action helped EMEs gradually stabilise their markets. Since January 2014, market conditions in

Chart 2: Domestic fundamentals weighed on EME currencies with taper talk



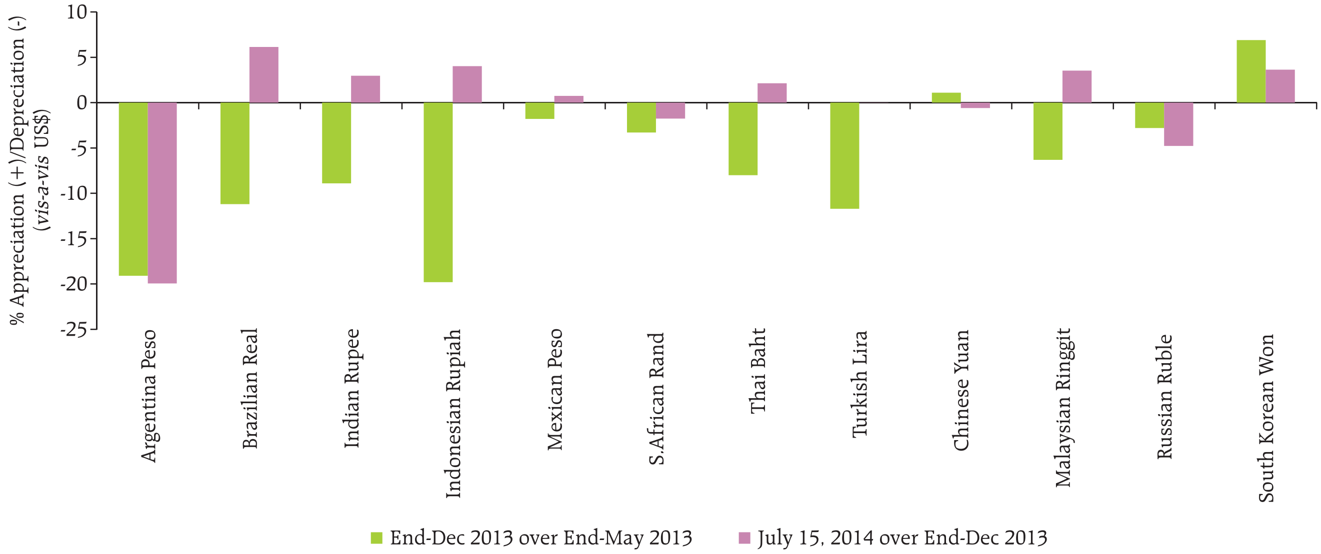
Note: KR: Korea, CH: China, MX: Mexico, RU: Russia, SA: South Africa, ML: Malaysia, TH: Thailand, IN: India, BR: Brazil, TR: Turkey, ID: Indonesia, AR: Argentina
Source: IMF WEO database.

[5] Mishra, Prachi; Kenji Moriyama ; Papa M'B. P. N'Diaye ; Lam Nguyen (2014), 'Impact of Fed Tapering Announcements on Emerging Markets', *IMF Working Paper No. 14/109.* Nechio, Fernanda (2014), 'Fed Tapering News and Emerging Markets', *FRBSF Economic Letter*, 2014-06 March 3.

[6] Eichengreen, Barry and Gupta, Poonam (2014), 'Tapering talk: the impact of expectations of reduced Federal Reserve security purchases on emerging markets,' *Policy Research Working Paper Series 6754*, World Bank.

Aizenman, Joshua; Mahir Binici and Michael M. Hutchison (2014), 'The Transmission of Federal Reserve Tapering News to Emerging Financial Markets', *NBER Working Paper No. 19980*, March.

Chart 3: External stabilisation lifted EME currencies in 2014 sans domestic factors



Source: IMF and RBI.

EMEs have improved and most of the EME currencies have appreciated *albeit* with some exceptions. This may suggest that since the actual tapering phase, pull factors were more dominant as evident from increasing investors' discrimination across countries (Chart 3).

Impact on India

Let me briefly give you a background of our domestic macroeconomic conditions before discussing the impact of the recent tapering announcement. Until the emergence of the global crisis in 2008, India had witnessed a phase of high growth along with low and stable inflation. Growth was largely supported by domestic demand emanating from growing domestic investment financed mostly by domestic savings and sustained consumption demand. Better macroeconomic performance was also attributed to sequential financial sector reforms, move towards a rule-based fiscal policy and forward-looking monetary policy.[7]

During the initial phase of the crisis, Indian financial markets remained relatively insulated from global developments due to negligible exposure to illiquid securitised assets. The impact on broader financial markets, however, was severe after the collapse of Lehman Brothers in September 2008. Consequently, India could not remain unscathed for long and was eventually impacted significantly through all the channels – financial, real and more importantly, the confidence channel.

Taking cognizance of deteriorating economic and financial conditions, the Reserve Bank, like most other central banks, took a number of conventional and unconventional policy measures to contain the adverse spillover of global developments. These included augmenting domestic and foreign exchange liquidity and a sharp reduction in the policy rate. The Government also supported the economy by fiscal stimulus packages, reversing the earlier efforts at fiscal consolidation.

Supported by substantial monetary and fiscal stimulus, the domestic economy recovered quickly. In the process though, inflation also picked up, partly aggravated by spurt in global commodity prices, particularly oil (Table 1). Consequently, the Reserve Bank shifted policy focus to exit from accommodative

[7] Mohanty, Deepak (2014), 'Unconventional Monetary Policy: The Indian Experience with Crisis Response and Policy Exit', *RBI* Bulletin, Vol. LXVIII No.1, January.

Table 1: Select Macroeconomic Indicators in India

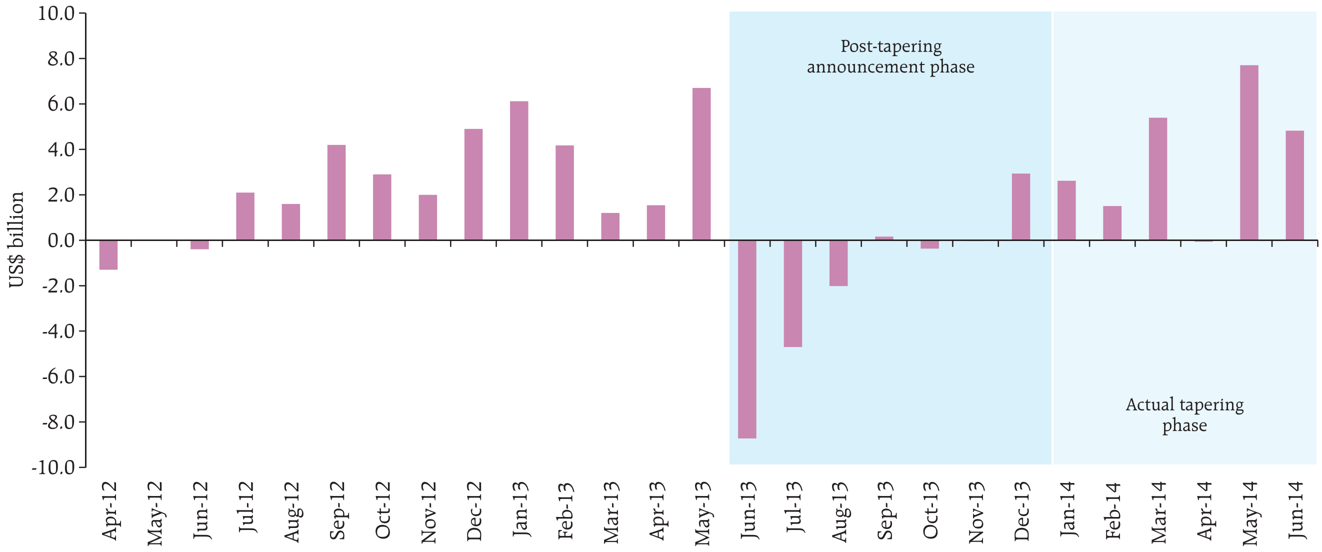
	2003-04 to 2007-08 (average)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15* (latest)
Real GDP Growth (%)	8.7	6.7	8.6	8.9	6.7	4.5	4.7	5.5
WPI Inflation Rate (average) (%)	5.5	8.1	3.8	9.6	8.9	7.4	6.0	5.7
CPI Inflation Rate (average) (%)	4.9	9.2	10.6	9.5	9.5	10.2	9.5	8.1
Non-food Credit Growth (%)	28	17.8	17.1	21.3	16.8	14.0	14.2	13.5
Centre's Fiscal Deficit (% of GDP)	3.6	6.0	6.5	4.8	5.7	4.9	4.5	4.1
Overnight Call Rate (%)	5.6	7.1	3.2	5.8	8.2	8.1	8.3	8.0
10-year G-Sec Yield (%)	6.9	7.6	7.3	7.9	8.4	8.2	8.5	8.8
Exchange Rate (₹/$)	43.1	45.9	47.4	45.6	47.9	54.4	60.5	59.8
Current Account Deficit (% GDP)	0.3	2.3	2.8	2.8	4.2	4.7	1.7	..

* Latest available, partial .. Not available
Source: RBI & Government of India.

monetary policy in a calibrated manner. Fiscal policy was also tightened. At the same time the economy was confronted with a number of supply constraints. In this process growth slowed, inflation still remained at levels not conducive to sustained high growth and current account deficit expanded which made the Indian rupee more vulnerable to external shocks.

In the financial year 2012-13, growth had slowed to its lowest level since 2003-04 at 4.5 per cent, current account deficit (CAD) had expanded to its highest level at 4.7 per cent of GDP, gross fiscal deficit of the central government was 4.9 per cent of GDP and consumer price inflation remained in double digits. Hence, macroeconomic conditions were weak. Into the financial year 2013-14, volatility in the financial markets returned following the announcement in May 2013 of the Fed's intention of likely tapering of QE. The impact of announcement of tapering was evident in the form of tightening of liquidity and higher volatility in all market segments along with sharp decline in stock prices. Portfolio capital inflows which were buoyant till the third week of May 2013 began retreating as US yield rates hardened and yield spread narrowed significantly (Chart 4).

Chart 4: Taper talk triggered FII outflows



Source: RBI

At the time when the tapering was announced, domestic concerns pertaining to high CAD, low growth, high fiscal deficit, high inflation and policy uncertainty were already major concerns for foreign investors. This apparently amplified the impact of tapering announcement on foreign flows to India which in turn caused downward pressure on the Indian rupee. The rupee which was hovering around ₹55 per US dollar in March 2013 depreciated by about 20 per cent and touched a low of ₹68.4 per US dollar as on August 28, 2013. However, with proactive measures by the Government and the Reserve Bank, the rupee recovered significantly by November 2013 and turned less volatile (Chart 5). Let me now turn to the specifics of our policy response.

Policy Response during taper talk phase

Taking into account the spillovers of global developments on Indian markets, the Reserve Bank and the Government announced various policy measures since June 2013. The policies can be broadly categorised into: (i) currency intervention, (ii) monetary policy, (iii) trade policy and (iv) capital flow management measures. A chronology of policy measures is given in Annex II.

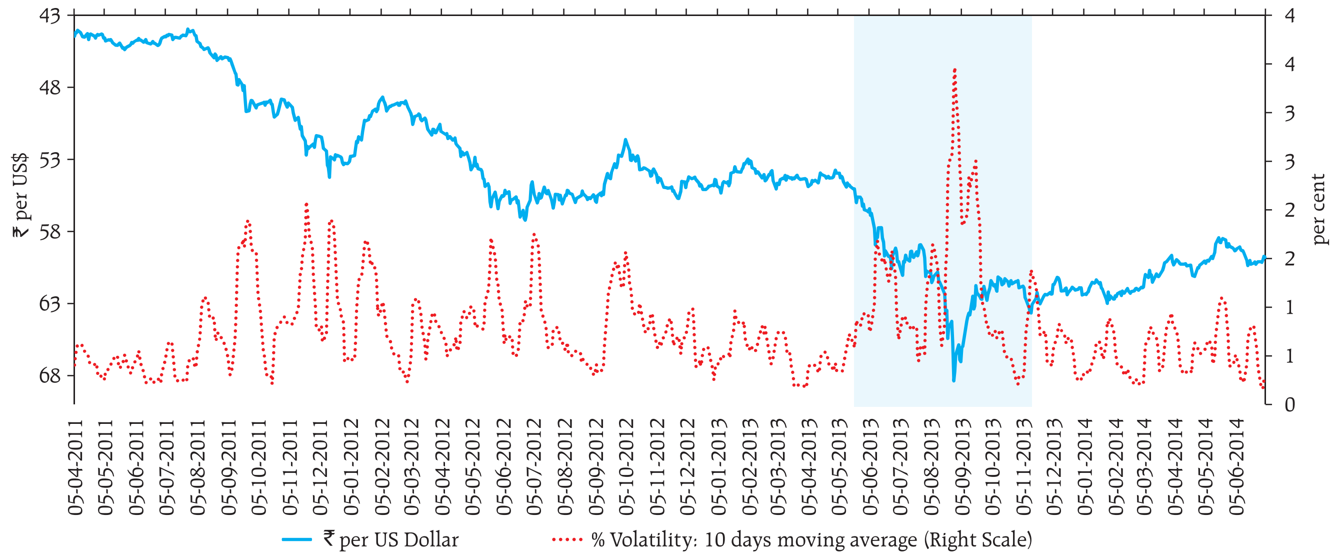
Currency intervention and monetary policy

In order to stabilise the domestic currency market, the Reserve Bank intervened in the forex market by selling dollars during June to September 2013 (Chart 6).

As the downward pressure on rupee continued despite the initial rounds of intervention in forex market, monetary tightening measures were undertaken to stem speculation by making it expensive to build up long positions in dollars. Accordingly, the upper bound of the policy rate corridor (*i.e.*, MSF rate) was raised by 200 basis points and the quantity of central bank liquidity available through the RBI's overnight liquidity adjustment facility (LAF) window was restrained. In addition, the level of daily average maintenance of required cash reserve ratio (CRR) was raised. These had the desired effect of tightening the monetary conditions and raising the effective policy rate sharply to the MSF rate (Chart 7).

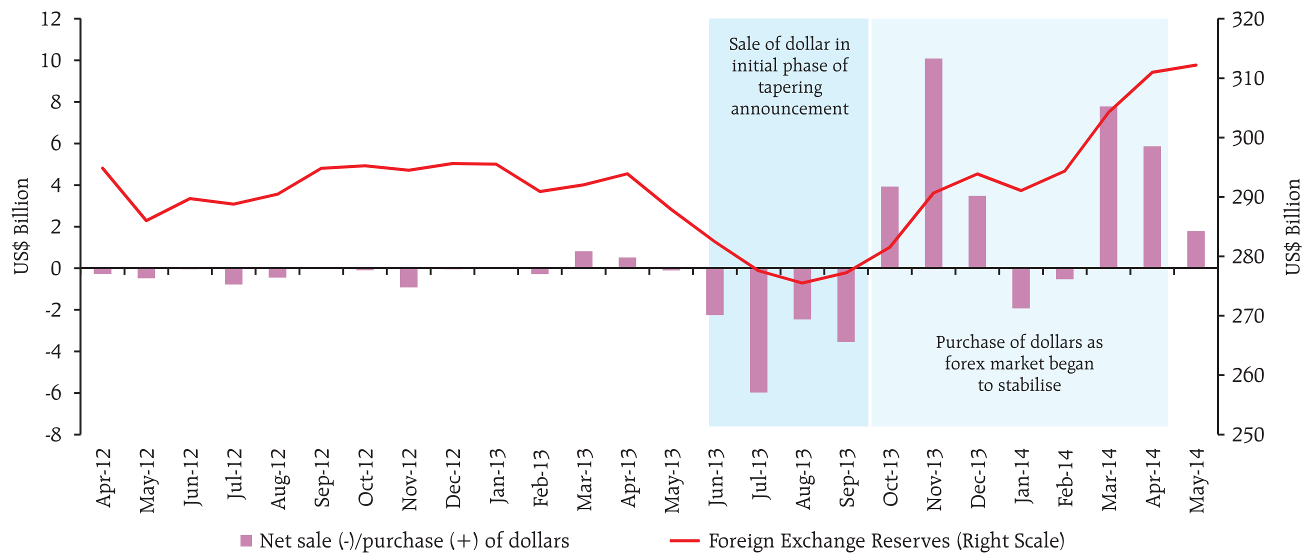
In order to signal the transitory nature of these measures and avoid hardening of interest rates at the longer end, a form of operation twist was tried by conducting outright OMO purchase of government

Chart 5: Rupee exhibited greater volatility during June to October 2013



Source: RBI

Chart 6: Sale (-)/purchase (+) of US dollar in foreign exchange market and trend in forex reserves

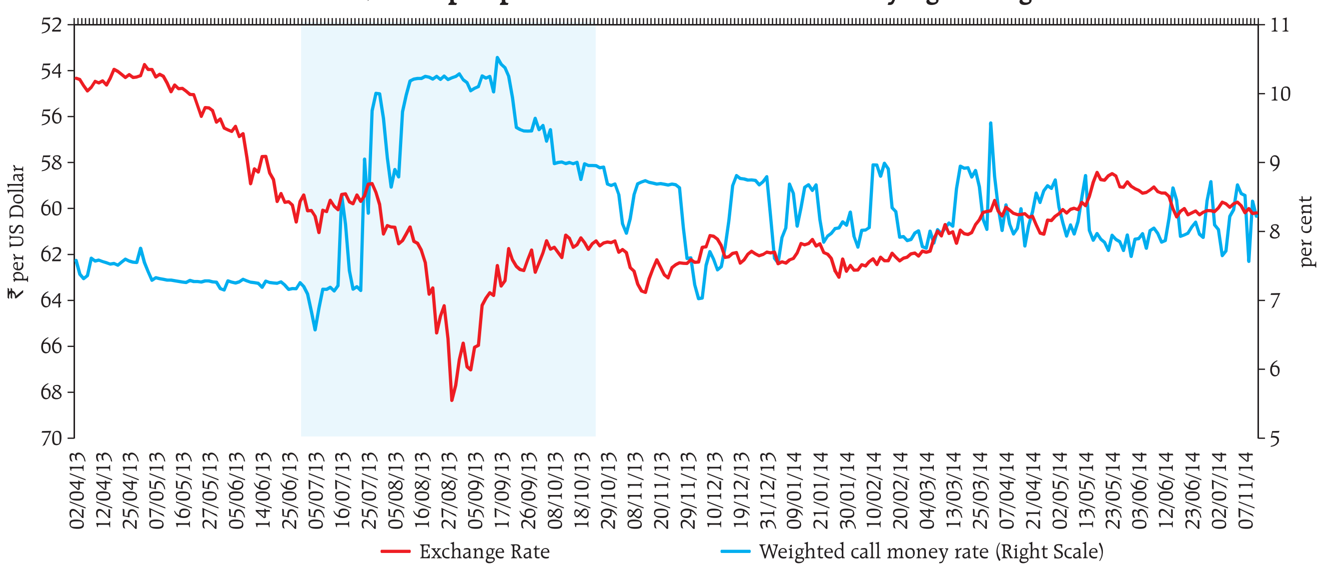


Source: RBI

securities alongside sale of short-term government cash management bills. This inverted the yield curve, though accompanied by some increase in long-term rates.

Simultaneously, steps were taken to augment foreign exchange reserves. In this regard, banks were incentivised to mobilize fresh non-resident foreign currency [FCNR(B)] deposits and swap those directly with the Reserve Bank. The overseas borrowing limit of banks was also increased from 50 to 100 per cent of their unimpaired Tier I capital with the option of swap with the Reserve Bank. Under this scheme, the banks mobilised US$ 34.3 billion and swapped with the Reserve Bank. This helped in bolstering foreign exchange reserves despite some outflow on account of directly meeting the foreign exchange requirement of oil imports.

Chart 7: Sharp depreciation necessitated monetary tightening



Source: RBI

Trade policy

The single largest component of imports is oil which accounts for nearly one-third of total imports. The Reserve Bank opened a forex swap window to meet the entire daily dollar requirements of three public sector oil marketing companies (IOC, HPCL and BPCL). Under the swap facility, the Reserve Bank undertook to sell/buy USD-INR forex swaps for fixed tenor with the oil marketing companies.

Recognising that high gold imports were a key source of stress in India's external sector, customs duty on gold imports was raised and importers were required to set aside at least 20 per cent of their gold import for exports. These measures helped in moderating gold imports from 1,014 tonnes in 2012-13 to 666 tonnes in 2013-14. As international gold prices also moderated significantly, the decline in imports from US $ 54 billion in 2012-13 to US$ 29 billion in 2013-14 was substantial which helped to bring down CAD within a sustainable range.

Capital flow management

The limit on foreign investment in government dated securities was enhanced to US$ 30 billion. Public sector financial institutions were allowed to raise quasi-sovereign bonds to finance long term infrastructure requirements. PSU oil companies were allowed to raise additional funds through ECBs and trade finance.

FDI norms were modified for a number of sectors. For instance, FDI limit was raised from 74 per cent to 100 per cent in telecom sector and asset reconstruction companies. The extant FDI limits in sectors such as petroleum and natural gas, courier services, commodity exchanges, infrastructure companies in the securities market and power exchanges were placed under automatic route.

Besides these, the Reserve Bank restricted banks to trade only on behalf of their clients in currency futures/options markets, tightened of exposure norms, and raised margins on currency derivatives to check speculative activities; reduced the limit for overseas direct investment (ODI) under automatic route; and lowered the limit on remittances by resident individuals under the Liberalised Remittance Scheme (LRS).

Unwinding of temporary measures

As portfolio capital outflows waned and the balance of payments situation improved significantly, stability returned to the foreign exchange market in the second half of 2013-14. This prompted the Reserve Bank to withdraw many exceptional measures. Swap scheme for fresh FCNR(B) deposits and overseas borrowings of banks were closed, the forex swap facility for public sector oil companies was phased out, the interest rate ceiling on foreign currency deposits were reverted to its earlier level, and the limit for overseas direct investment under automatic route was restored.

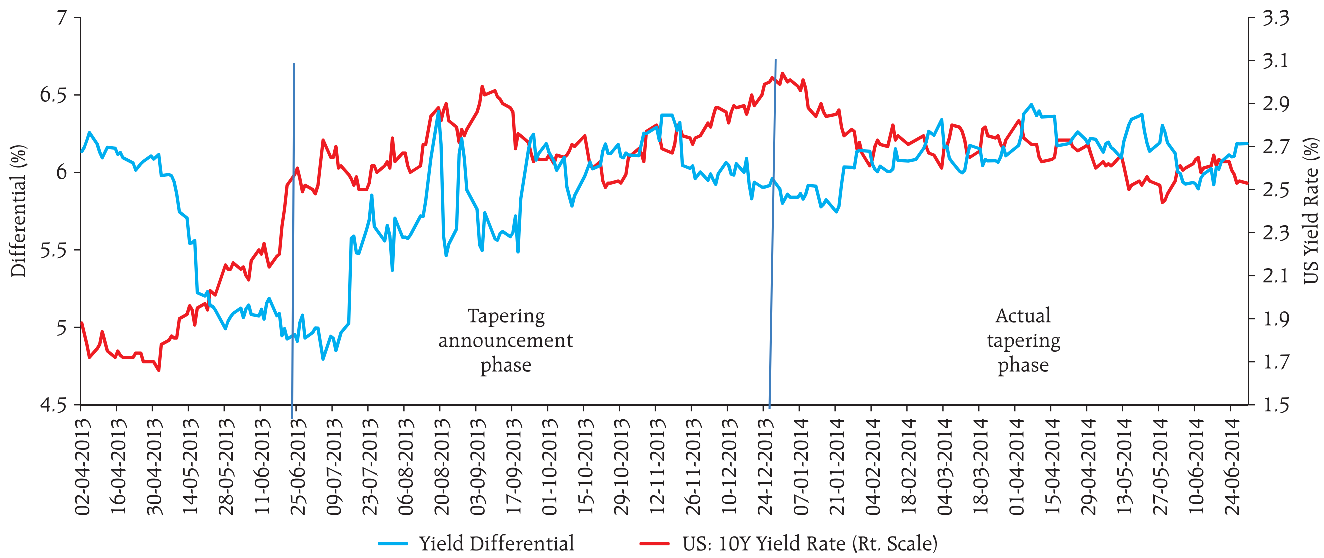
Monetary policy was also normalised by restoring the policy interest rate corridor to its original position and the repo rate to its signalling role of policy. Though the policy repo rate was increased by 25 basis points each in September 2013, October 2013 and January 2014, this was more on considerations of growth and inflation outlook.

Actual tapering

When the Fed started actual tapering in January 2014 by gradually reducing its volume of asset purchases,[8] the impact on most EMEs, including India, was relatively muted. There could be two broad explanations. First, after the initial shock global financial markets may have better internalised taper and inferred that despite QE withdrawal monetary conditions still remain and are likely to remain accommodative in the advanced countries. This is

8 Beginning in July 2014 (fifth round of tapering), the Fed will add to its holdings of agency mortgage-backed securities at a pace of US$15 billion per month rather than US$20 billion per month, and will add to its holdings of longer-term Treasury securities at a pace of US$20 billion per month rather than US$25 billion per month.

Chart 8: Yield spreads improve after actual tapering



Source: Thomson Reuters Datastream

reflected in easing of US bond yields since the actual tapering in January 2014 (Chart 8). Further, the European Central Bank's indication to keep interest rate lower to spur economic activity has also added to market comfort. Consequently, the downtrend in yield rates in US bond market have led investors again to embrace EME equity and bond markets in search of higher yields.

Second, various policy measures helped improve domestic fundamentals. For instance, with sharp reduction in CAD, external financing requirement has reduced, resulting in accretion to foreign exchange reserves thus improving various external sector vulnerability indicators (Table 2). The Reserve Bank's commitment to a monetary framework focused on inflation coupled with adoption of consumer price

Table 2: External sector vulnerability Indicators

Indicators	2013-14 (April-March)			
	Q1	Q2	Q3	Q4
1. External Debt to GDP	23.4	23.7	24.0	23.3
2. Ratio of Short-term to Total Debt (original maturity)	23.9	23.4	21.7	20.3
3. Ratio of Short-term to Total Debt (residual maturity)	42.0	41.8	40.5	39.6
4. Ratio of Concessional Debt to Total Debt	11.2	11.4	10.6	10.5
5. Ratio of Reserves to Total Debt	69.8	68.5	68.8	69.0
6. Ratio of Short-term Debt to Reserves	34.3	34.2	31.5	29.3
7. Ratio of Short-term Debt (residual maturity) to Reserves	60.2	61.0	58.9	57.4
8. Reserves Cover of Imports (in months)	6.7	6.6	7.3	7.8
9. Debt Service Ratio (debt service payments to current receipts)	6.2	5.4	5.1	5.9
10. External Debt (US$ billion)	404.8	404.8	426.9	440.6
11. International Investment Position (IIP) (US$ billion)	-313.2	-302.0	-318.8	-331.6
12. IIP/GDP ratio	-18.1	-17.7	-18.0	-17.6
13. CAD/GDP ratio	-4.8	-1.2	-0.9	-0.2
14 Reserves (US$ billion)	282.5	277.2	293.9	304.2

Source: RBI

inflation as the nominal anchor and the Government's commitment to fiscal consolidation may also have helped in mitigating macroeconomic concerns of foreign investors. Further, with a stable central government in place, political risk has also abated. Nevertheless, headwinds to growth from domestic constraints continue to pose downside risks, and vulnerabilities in India's external sector, though mitigated, have not totally disappeared.

Conclusion

Let me conclude. First, the stance of monetary policy in advanced economies has spillover effects on EMEs. This is now increasingly recognised in academic literature and acknowledged by international institutions such as the IMF and BIS. One of the key channels of transmission of vulnerability seems to be through accentuation of cyclicality in global capital flows. In an upswing while there is an upward pressure on asset prices and exchange rate, in a downswing the downward pressure on exchange rate could be quite severe. This is not to deny that relatively open capital accounts have their benefits but one has to be cognisant of risks which could arise essentially from exogenous events.

Second, while spillover is unavoidable, domestic fundamentals are important to cushion its adverse impact, particularly for countries with greater external financing requirement as reflected in their current account deficits. It will, therefore, be desirable to contain the CAD around its sustainable level. For example, our average CAD of around 4.5 per cent of GDP during the two year period 2011-13 was far in excess of our estimated sustainable level of around 2.5 per cent of GDP. Hence, we were more vulnerable to external shocks. Since then, our CAD has improved to 1.7 per cent of GDP in 2013-14 imparting greater resilience to our external sector.

Third, in the event of sudden capital outflow as happened towards end-May 2013, domestic foreign exchange reserves become the first line of defence to contain volatility without resisting depreciation pressure. It is, therefore, important to have adequate reserves. It is, however, difficult to say how much of reserves is adequate. For example, India's foreign exchange reserves stood at US$ 292 billion in mid-May 2013, even that level was perhaps considered inadequate by international investors and markets.

Fourth, capital outflows in a way reflect an imbalance in terms of surge in demand for foreign currency vis-à-vis domestic currency. Hence, the price of domestic currency needs to go up to provide some defence against capital outflows, though it may have adverse impact on growth. Accordingly, monetary tightening becomes a standard response.

Fifth, in the event of a shock, external stability takes precedence over domestic objectives. In such situations, there is no single instrument to address the challenge. Drawing from the recent Indian experience, I could say that there is a need to use multiple instruments including drawdown of foreign exchange reserves, monetary tightening, augmentation of reserves and administrative measures to dampen speculative outflows and encourage inflows to stabilise market conditions. At the end it is difficult to say what worked and what did not work and how best to sequence these policies; but surely once the pressure abates it is important to reverse extraordinary measures to reinforce market confidence.

Thank you.

Annex I:
Unconventional Monetary Policy During the Crisis

Central Bank	**Liquidity Provision**			**Forward Guidance**
	Instruments	**Collaterals**	**Counterparties**	
ECB	Long-term Refinancing Operations (LTROs) Securities Markets Programme Outright Monetary Transactions (OMTs)	govt. Bonds Sovereign paper Marketable debt instruments	Banks Counterparties eligible for Eurosystem monetary policy operations	Yes, Qualitative 'open-ended' guidance
Bank of England	Asset Purchase Program (AAP) Funding for Lending Scheme (FLS)	Long term govt. bonds and private assets ABS, MBS, covered bonds, and sovereign and central bank debt	Non-banks, with banks as intermediaries Banks and Building societies	Yes Explicit guidance linked to unemployment and inflation threshold
Bank of Japan	Comprehensive monetary easing programmes Quantitative and Qualitative Monetary Easing (QQME)	Japanese govt. bonds (JGBs), corporate bonds, CPs, exchange traded funds (ETFs), Japanese real estate investment trusts (J-REITS) JGBs of longer maturity, ETFs, J-REITS	Banks and financial institutions (FIs) Banks/FIs	Yes, 'Open-ended' guidance linked to qualitative and quantitative easing
US Fed	Term Auction Facility (TAF) Large Scale Asset Purchase (LSAP) Operation Twist	ABS, MBS, treasuries, agency bonds Treasuries, agency bonds, MBS longer term treasuries	All depository institutions Including Non-banks	Yes Move from 'open-ended' to 'time-contingent' to 'state-contingent' threshold based guidance

Source: 1. IMF (2013), 'Unconventional monetary policies – recent experience and prospects', April 18.
2. Bank of England (2013), 'Monetary policy trade-offs and forward guidance', August.

Annex II: A Chronology of Major Policy Measures during June to September 2013
June 5: Customs duty on gold imports was raised to 8 per cent from 6 per cent.
June 12: Limit on foreign investment in government dated securities raised by US$ 5 billion to US$ 30 billion.
July 8: Banks were prohibited from proprietary trading in the currency futures / exchange traded currency options markets. *[Proprietary trading in ETCD market was allowed within banks' net open position limit and any limit imposed by the exchanges on June 20, 2014.]*
July 15: Upper bound of the policy rate corridor (*i.e.*, MSF rate) raised by 200 basis points. Quantity of central bank liquidity available through the LAF window restricted to 1.0 per cent of net demand time liabilities (NDTL) of banks. *[The interest rate corridor was realigned to normal policy operations by end-October 2013.]*
July 22: Gold importers were required to make available 20 per cent of their gold imports for exports.
July 23: Liquidity adjustment facility (LAF) by way of repos at each individual bank level was restricted to 0.5 per cent of its own NDTL. Maintenance of daily cash reserve ratio (CRR) balance raised to 99 per cent of the requirement from 70 per cent earlier. *[Daily CRR requirement was reduced to 95 per cent w.e.f. September 21, 2013.]*
August 13: Customs duty on gold imports was further raised to 10 per cent.
August 14: Limit on overseas direct investment under (ODI) through automatic route reduced from 400 per cent to 100 per cent. Limit on remittances by resident individuals under the Liberalised Remittance Scheme (LRS) reduced from US$200,000 to US$75,000 per financial year. *[Limit under LRS scheme was enhanced to US$ 125,000 without end use restrictions except for prohibited transactions in June 2014 and ODI limit was restored to 400 per cent in July 2014.]*
August 22: FDI limits/routes were relaxed for select sectors.
August 28: Forex swap window with the Reserve Bank to meet the entire daily dollar requirements of three public sector oil marketing companies. *[Since December 2013, oil companies have sourced their entire dollar demand from market.]*
September 4: ECB norms were liberalised making it available for general corporate purposes.
September 6: Banks were offered a window to swap their fresh FCNR (B) dollar funds with the Reserve Bank. The overseas borrowing limit for banks was also raised from 50 to 100 per cent of unimpaired Tier I capital with option to swap with RBI. These schemes mobilised US $34.3 billion. *[Swap schemes were closed by end-November 2013.]*

ARTICLE

India's Foreign Trade: 2013-14

*India's Foreign Trade: 2013-14**

India's external sector witnessed significant improvement during 2013-14. With a pick-up in exports and moderation in imports, trade deficit contracted significantly during the year as compared to that in the preceding year. Some pick-up in growth of trade partner economies and depreciation of the rupee helped India's exports to grow in 2013-14. India's exports started improving in July 2013 though the uptrend in exports was temporarily abated in February and March 2014. Imports also moderated since June 2013, largely driven by fall in gold imports and lower non-oil non-gold imports reflecting slowdown in domestic economic activities and decline in international prices of some commodities (*e.g.* metal). This led to a narrowing of India's trade deficit by about 28 per cent in 2013-14.

I. India's Merchandise Trade

Exports

India's merchandise exports improved in 2013-14, although the pace of export growth was largely uneven. After declining in Q1, exports recovered in Q2 and continued to grow in Q3 *albeit* at slower pace finally declining in Q4 in 2013-14. On cumulative basis, India's exports grew by 4.1 per cent to US$ 312.6 billion in 2013-14 as against a decline of 1.8 per cent at US$ 300.4 billion in 2012-13 (Table 1) (Chart 1).

Commodity-wise and Destination-wise Exports (2013-14)

Disaggregated commodity-wise data show that the rise in total exports in 2013-14 can primarily be attributed to the turnaround in the exports of manufactured goods, particularly, engineering goods and textile products. Among other categories, exports of petroleum products grew at a moderate pace than in the corresponding period of 2012-13 while growth in exports of agricultural goods moderated owing to a decline in almost all the principal commodities excluding rice, tobacco and marine products (Table 2).

Table 1: India's Merchandise Trade

(US$ billion)

Item	2012-13 R	2013-14 P
Exports	**300.4**	**312.6**
	(-1.8)	**(4.1)**
Of which: Oil	60.9	62.7
	(8.6)	(3.0)
Non-oil	239.5	249.9
	(-4.2)	(4.3)
Gold	6.5	6.2
	(-3.2)	(-5.4)
Non-Oil Non-Gold	233.0	243.8
	(-4.2)	(4.6)
Imports	**490.7**	**450.1**
	(0.3)	**(-8.3)**
Of which: Oil	164.0	165.2
	(5.9)	(0.7)
Non-oil	326.7	284.9
	(-2.3)	(-12.8)
Gold	53.8	28.9
	(-4.7)	(-46.3)
Non-Oil Non-Gold	272.9	256.0
Trade Deficit	-190.3	-137.5
Of which: Oil	-103.2	-102.5
Non-oil	-87.2	-35.0
Non-Oil Non-Gold	-39.8	-12.3

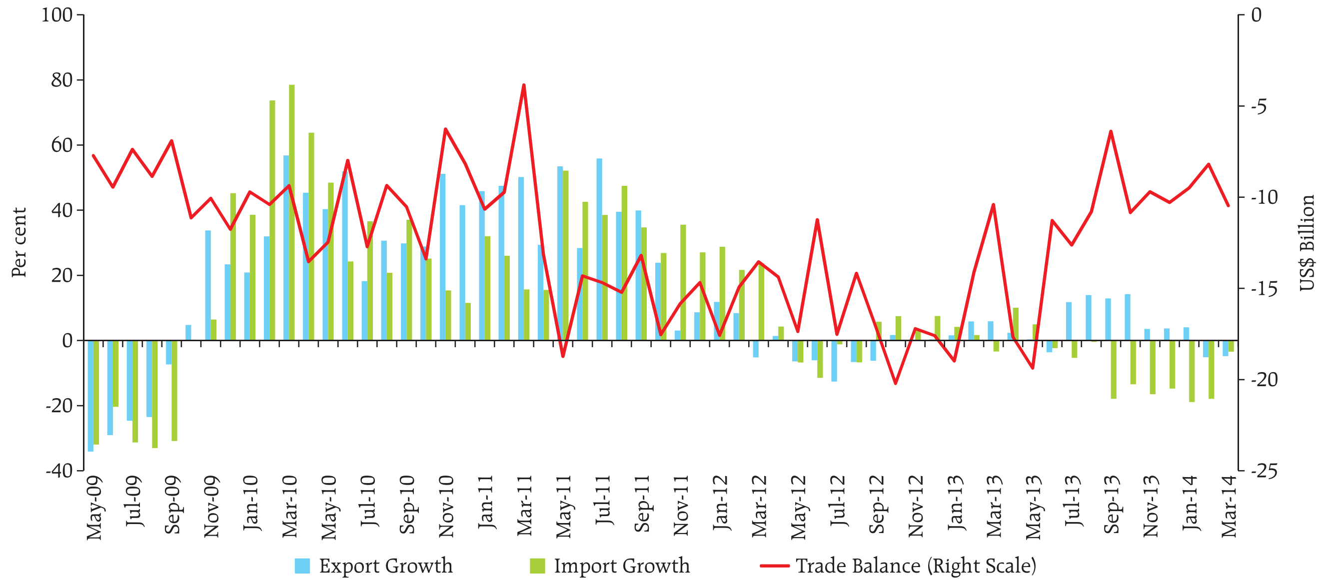
R: Revised; P: Priliminary ; Figures in brackets represent growth.
Source: DGCI&S.

Iron ore exports, which remained almost at the same level as last year, are likely to get some boost after the mining ban on Goa was lifted by the Supreme Court in April 2014. Overall, supply-side constraints may, however, stay with the ban continuing in Odisha and annual production cap of 30 million tonnes in Karnataka and 20 million tonnes in Goa.

Within the manufacturing sector, exports of major product groups, *viz.*, 'engineering goods', 'leather & manufacture', 'chemicals & related products', 'textile & textile products' and 'handicrafts' improved significantly in 2013-14. Turnaround in engineering goods sector was primarily reflected in the robust export performance of 'transport equipments' and

* This article is based on India's foreign trade statistics as released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce. It is prepared in the Division of International Trade and Finance, Department of Economic and Policy Research. The previous issue of the article was published in the Reserve Bank Bulletin, January 2014.

Chart 1: India's Merchandise Trade



'iron & steel' which registered a growth of 16.8 per cent and 20.6 per cent, respectively during 2013-14. Sharp rise in 'textile & textile products', by 15 per cent in 2013-14 as against a decline of 2.4 per cent in 2012-13, can be attributed primarily to the growth in exports of readymade garments, cotton yarn and manmade fibre. Apart from improved external demand, recovery in the garment sector can be attributed to depreciation of rupee and improved competitiveness. Decline in exports of 'gems & jewellery' by 5.4 per cent in 2013-14 could partly be on account of softening of global prices of precious metals (*e.g.* gold) which are used as basic input in gems and jewellery sector. It may be noted that gold prices declined by about 20 per cent during 2013-14.

Table 2: India's Exports of Principal Commodities

(Per cent)

Commodity Group	Percentage Shares			Percent change	
	2011-12	2012-13	2013-14	2012-13	2013-14
I. Primary Products	15.0	15.5	15.4	1.4	3.5
Agriculture and Allied Products	12.2	13.6	13.6	9.2	4.0
Ores and Minerals	2.8	1.9	1.8	-33.5	-0.4
II. Manufactured Goods	60.6	60.9	61.5	-1.3	5.0
Leather and Manufactures	1.6	1.6	1.8	2.0	16.7
Chemicals and Related Products	12.1	13.0	13.2	5.3	5.9
Engineering Goods	22.2	21.8	22.2	-3.6	6.4
Textiles and Textile Products	9.2	9.1	10.1	-2.4	15.0
Gems and Jewellery	14.7	14.4	13.1	-3.2	-5.4
III. Petroleum Products	18.3	20.3	20.1	8.6	3.0
IV. Others	6.1	3.3	3.1	-46.0	-3.9
Total Exports	**100**	**100**	**100**	**-1.8**	**4.1**

Source: Compiled from DGCI&S data.

Destination-wise, improved export performance in 2013-14 could be attributed to a renewed export demand from some of the major trade partners, particularly; Belgium, Germany, Italy, UK, USA, Japan, China and Hong Kong. The share of the US and China in India's exports increased during the year (Table 3). There was, however, considerable moderation in exports to UAE, Netherlands, Malaysia, Thailand, African and Latin American countries. Led by a rise in exports by 8.2 per cent in 2013-14 compared to a growth of 4.1 per cent in 2012-13, the US became the topmost export destination for India with an improved share of 12.5 per cent in total exports. Despite a considerable decline in exports by 16 per cent in 2013-14, exports to UAE continued to be the second largest export destination constituting 9.8 per cent of total exports followed by China (4.8 per cent) and Hong Kong (4.1 per cent). Pick-up in demand from major trade partners seems to have been supported by growth recovery in these economies in recent quarters.

Higher rise in exports to EU, North America, Developing Asia was reflected in the increase in their relative contribution in 2013-14 which, however, turned negative, in case of OPEC, Eastern Europe and Latin America (Table 4).

Table 3: India's Exports to Principal Regions

(Percentage Shares)

	Region/Country	2011-12	2012-13	2013-14
I.	**OECD Countries**	**33.8**	**34.2**	**34.8**
	EU	17.2	16.8	16.5
	North America	12.0	12.7	13.2
	US	11.4	12.0	12.5
	Asia and Oceania	3.0	2.9	3.0
	Other OECD Countries	1.6	1.8	2.1
II.	**OPEC**	**19.0**	**20.9**	**19.4**
III.	**Eastern Europe**	**1.1**	**1.3**	1.2
IV.	**Developing Countries**	**40.8**	**41.6**	**41.5**
	Asia	29.7	28.7	29.0
	SAARC	4.4	5.0	5.6
	Other Asian Developing Countries	25.3	23.6	23.4
	People's Republic of China	6.0	4.5	4.8
	Africa	6.7	8.1	8.4
	Latin America	4.4	4.9	4.1
V.	**Others / Unspecified**	**5.4**	**1.9**	**3.2**
Total Exports		**100**	**100**	**100**

Source: Compiled from DGCI&S data.

Table 4: Region-wise Relative Weighted Variation in India's Export Growth

(Per cent)

Region/country	2011-12	2012-13	2013-14
EU	2.6	-0.7	0.4
North America	4.1	0.5	1.0
Other OECD	0.5	0.1	0.4
OPEC	1.8	1.6	-0.8
Eastern Europe	0.2	0.2	-0.1
Developing Asia	8.3	-1.5	1.5
Of which:			
People's Republic of China	1.1	-1.5	0.5
Africa	1.8	1.3	0.6
Latin America	1.3	0.4	-0.6
Others	-3.0	-3.7	1.1
Total Exports	**21.8**	**-1.8**	**4.1**

Source: Compiled from DGCI&S data.

Imports

Moderation in merchandise imports which began in June 2013 intensified further in Q3 of 2013-14 but the pace of decline moderated marginally in Q4 of 2013-14. On cumulative basis, India's merchandise imports at US$ 450.1 billion recorded a decline of 8.3 per cent in 2013-14 as compared with a marginal increase of 0.3 per cent in 2012-13 (Table 1). In India, policy measures aimed at curbing gold imports, as well as weaker domestic demand for non-oil non-gold imports, caused fall in merchandise imports during the period.

Commodity-wise and Destination-wise Imports (2013-14)

Commodity-wise, gold and silver accounted for 58 per cent of decline in merchandise imports. Consequent on various gold import measures undertaken during the year, downward trend in gold imports began in July 2013. On cumulative basis, imports of gold and silver contracted by 42.3 per cent (only gold by 46.3 per cent) during 2013-14. Quantity of gold imported also moderated sharply by about 34 per cent in 2013-14 compared to a decline of 6 per cent

Table 5: Trends in Crude Oil Prices

(US$/barrel)

Period	Dubai	Brent	WTI*	Indian Basket**
1	2	3	4	5
2005-06	53.4	58	59.9	55.7
2006-07	60.9	64.4	64.7	62.4
2007-08	77.3	82.3	82.3	79.5
2008-09	82.1	84.7	85.8	82.7
2009-10	69.6	69.8	70.6	69.6
2010-11	84.2	86.7	83.2	85.1
2011-12	110	114.4	97.3	111.9
2012-13	106.9	110.5	92	108.0
2013-14	104.5	107.6	99.04	105.5

* West Texas Intermediate

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

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

in 2012-13. Among other major components of imports, decline in imports of capital goods pronounced further in 2013-14 indicating slower investment activity. In contrast, imports of export related items (particularly pearl, precious and semi-precious stone), witnessed a growth of 4.3 per cent in 2013-14 as against a decline of 9.6 per cent in 2012-13 (Table 6). POL import growth sharply decelerated to 0.7 per cent in 2013-14 as compared with 5.9 per cent in 2012-13. Moderation in import growth of POL products largely reflects fall in international crude oil prices by about 2 per cent and a marginal increase in quantum of POL imports during 2013-14 (y-o-y) (Table 5). Growth in consumption of POL products also moderated to 0.7 per cent in 2013-14 from 6 per cent in 2012-13.

Decline in India's imports from US, Japan, Switzerland, and the OPEC countries was more prominent. For other major trading partners, *viz.*, China, Hong Kong, Singapore, EU, the decline in imports continued *albeit* at a slower pace (Table 7). Imports from Switzerland declined by 41.8 per cent in 2013-14 compared to a marginal decline of 0.9 per cent in 2012-13 primarily on account of a sharp decline gold and silver imports. Switzerland accounted for about 52 per cent of India's total imports of gold and silver in 2013-14. Decline in imports from the US was mostly attributed to the decline gold and silver imports along with a moderation in imports of machinery in 2013-14.

Table 6: Imports of Principal Commodities

(Per cent)

Commodity/Group	Percentage Share			Relative Weighted Variation	
	2011-12	2012-13	2013-14	2012-13	2013-14
1. Petroleum, Crude and Products	31.7	33.4	36.7	1.9	0.2
2. Capital Goods	20.3	19.3	18.9	-0.9	-2.0
3. Gold and Silver	12.5	11.3	7.1	-1.2	-4.8
4. Organic and Inorganic Chemicals	3.9	3.9	4.5	0.1	0.2
5. Coal, Coke and Briquettes, *etc.*	3.6	3.5	3.6	-0.1	-0.1
6. Fertilisers	2.4	1.9	1.4	-0.5	-0.5
7. Metalliferrous Ores, Metal Scrap, *etc.*	2.7	3.1	3.0	0.3	-0.3
8. Iron and Steel	2.5	2.2	1.8	-0.2	-0.6
9. Pearls, Precious and Semi-Precious Stones	5.7	4.6	5.3	-1.1	0.3
10. Others	14.8	16.7	17.6	2.0	-0.6
Total Imports	**100**	**100**	**100**	**0.3**	**-8.3**

Source: Compiled from DGCI&S data.

Table 7: Shares of Groups/Countries in India's Imports

(Percentage Shares)

Region/Country	2011-12	2012-13	2013-14
I. OECD Countries	**30.2**	**28.8**	**25.6**
EU	11.9	10.6	11.0
France	0.9	0.9	0.8
Germany	3.3	2.9	2.8
UK	1.6	1.3	1.3
North America	5.6	5.7	5.7
US	5.0	5.1	4.9
Asia and Oceania	5.7	5.3	4.5
Other OECD Countries	7.0	7.1	4.5
II. OPEC	**35.5**	**38.3**	**39.5**
III. Eastern Europe	**1.7**	**1.6**	**1.7**
IV. Developing Countries	**32.3**	**30.8**	**32.2**
Asia	25.9	23.5	24.8
SAARC	0.5	0.5	0.5
Other Asian Developing Countries	25.3	23.0	24.2
People's Republic of China	11.8	10.7	11.3
Africa	4.0	3.9	3.3
Latin America	2.4	3.4	4.1
V. Others / Unspecified	**0.3**	**0.5**	**1.0**
Total Imports	**100**	**100**	**100**

Source: Compiled from DGCI&S data.

In terms of share, China continued to be the main source of imports for India accounting for 11.3 per cent of total merchandise imports during 2013-14. With a sharp fall in imports from the UAE, Saudi Arabia replaced it as the second largest source country for imports, followed by UAE, the US, Iraq and Switzerland.

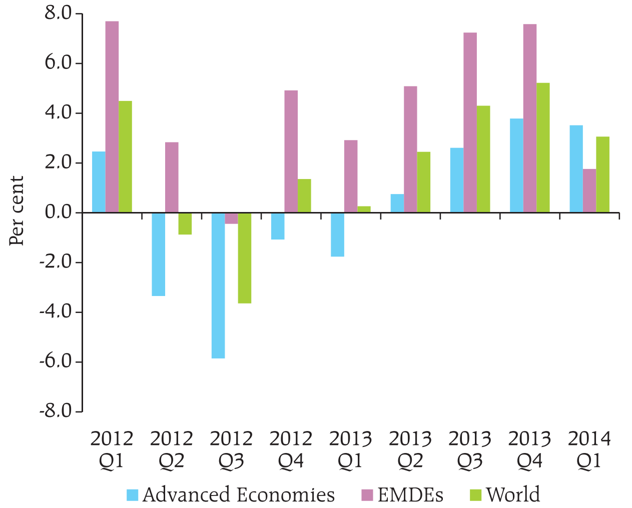
Trade Deficit

Notwithstanding a decline in exports in Q1 and Q4 of 2013-14 (y-o-y basis), recovery in exports and fall in imports especially in Q2 and Q3 of 2013-14, narrowed India's trade deficit to US$ 137.5 billion in 2013, almost 28 per cent lower than that in 2012-13. While exchange rate adjustments and recovery in global demand may have facilitated exports, moderation in imports was primarily led by a sharp decline in imports of gold, consequent upon the various policy measures and fall in international gold prices.

II. Global Trade

Global economic activity strengthened with the advanced economies regaining the growth momentum and emerging economies maintaining a modest growth in 2013. As a result, world trade volume also picked up *albeit* marginally. Global economic prospects seem better in 2014 as pick-up in growth momentum is projected for many advanced economies and emerging market economies may also recover at a modest pace (Chart 2).

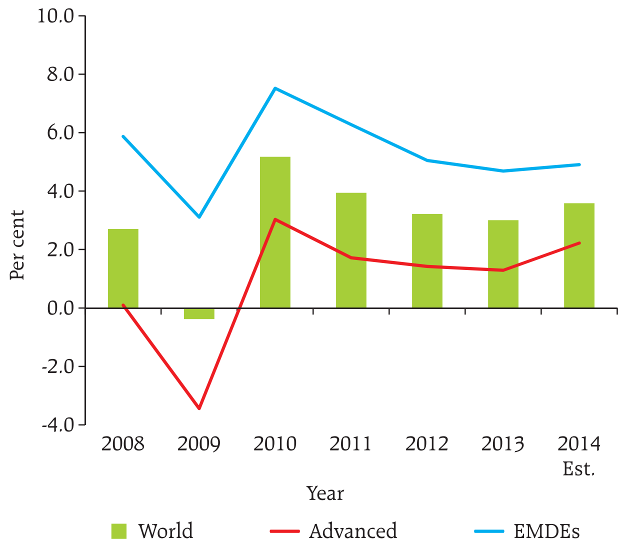
Chart 3: Merchandise Export Growth in Advanced and Emerging Market Economies



Source: IMF, IFS.

Revival in world trade activities was mainly driven by robust performance of emerging economies and gradual recovery in advanced economies in 2013. Preliminary data from IMF, however, shows a moderation in world export growth owing to a subdued export performance of both advanced and emerging economies (Chart 3). According to the IMF (April 2014), the world trade volume is projected to grow by 4.3 per cent in 2014 as compared with 3 per cent in 2013 (Chart 4).

Chart 2: World GDP Growth

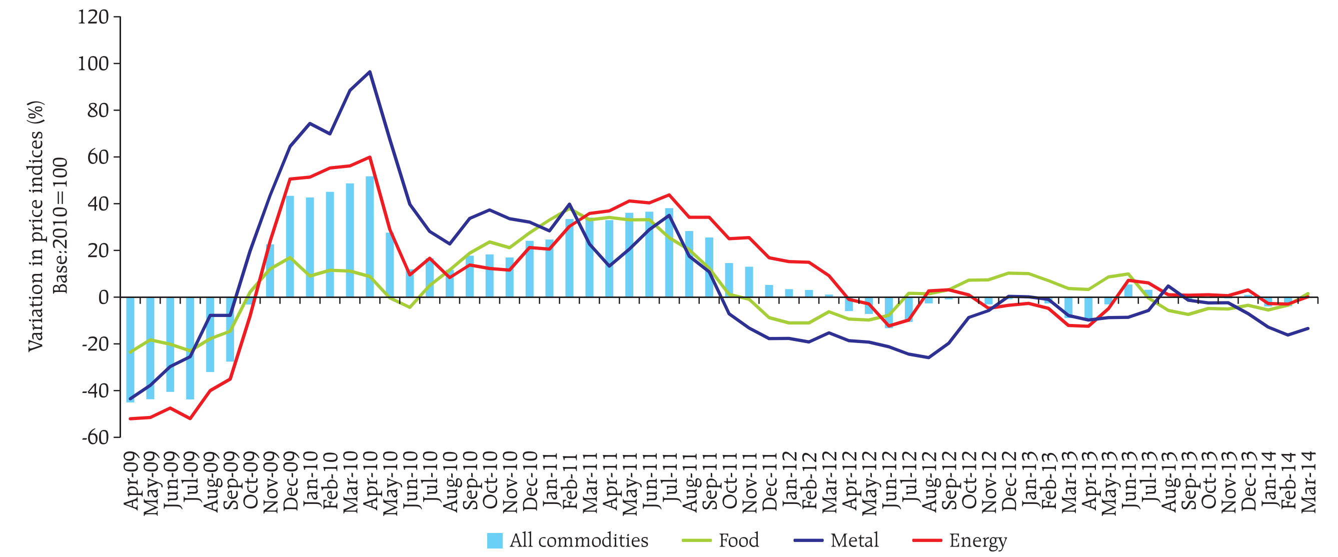


Source: IMF, WEO, April 2014.

Chart 4: Growth in World Trade Volume

Source: IMF, WEO, April 2014.

Chart 5: World Commodity Prices



Source: IMF, IFS.

With the exception of metal, all the key commodity price indices remained stable in 2013-14. International oil prices fluctuated in a narrow range in 2013 and in first two months of 2014 despite geo-political concerns in middle-east countries and output disruptions on the supply side. Nonetheless, average crude oil price have declined by about 1 per cent in 2013 and remained moderated in January-March 2014. According to the World Bank Report, April 2014 (Global Economic Prospects), nominal oil prices may come down in the long term due to growing supplies of unconventional oil production and substitution between oil and gas in the medium to long run scenario. These downside risks, however, may be offset by supply constraints due to geo-political concerns in gulf area (Chart 5).

Decline in metal prices continued in the recent quarters mainly reflecting subdued demand growth of commodities like aluminium, zinc, copper and iron-ore, from China amid a slowdown in its domestic economic activity. Fall in prices of precious metals in 2013 is likely to persist as gold seemed to be losing attractiveness as a "safe haven" with a gradual recovery in the US economy and the potential rise in the interest rates. According to the World Bank report on Global Economic Prospects, prices of metals and precious metals are projected to fall further in 2014. After a free-fall of food prices, particularly, maize and rice during March to December 2013, food grain prices remained almost stable in January-March 2014. Food prices, however, may witness upward pressure with growing concerns over short fall in supplies following adverse weather conditions in 2014.

III. Outlook

Improved global activity and pick up in world trade volume revived India's export performance in 2013-14. While exports fell in Q4 of 2013-14, the rise in exports in the first quarter of 2014-15 bodes well for India's trade balance. Although, a rise in non-oil non-gold imports could be expected with revival in domestic economic activity, pick up in imports may only be modest as international commodity prices are projected to remain subdued during the year. Going forward, the sustainability of the trade performance would largely depend on pace of economic activity of India's major trade partner economies and on how major issues constraining India's export prospects are addressed.

Detailed information on monthly commodity-wise and country-wise data on merchandise exports and imports for 2012-13 and 2013-14 can be accessed at http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2013-14	2012-13		2013-14	
		Q3	Q4	Q3	Q4
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	4.7	4.4	4.4	4.6	4.6
1.1.1 Agriculture	4.7	0.8	1.6	3.7	6.3
1.1.2 Industry	-0.1	2.0	2.0	-0.9	-0.5
1.1.3 Services	6.2	6.1	5.8	6.4	5.8
1.1a Final Consumption Expenditure	4.7	5.0	4.6	2.9	6.8
1.1b Gross Fixed Capital Formation	-0.1	4.4	3.3	0.2	-0.9
	2013-14	2013		2014	
		May	Jun.	May	Jun.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.1	-2.5	-1.9	4.7	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.1	14.2	13.5	13.4	12.4
2.1.2 Credit	13.9	15.1	13.5	12.5	13.3
2.1.2.1 Non-food Credit	14.2	15.3	13.7	12.8	13.5
2.1.3 Investment in Govt. Securities	10.3	14.7	14.5	10.1	7.5
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	14.4	6.0	7.1	11.9	9.8
2.2.2 Broad Money (M3)	13.2	13.6	12.7	13.5	12.2
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	23.00	23.00
3.3 Cash-Deposit Ratio	4.7	4.8	5.3	4.9	4.9
3.4 Credit-Deposit Ratio	77.8	77.3	76.4	76.6	77.0
3.5 Incremental Credit-Deposit Ratio	76.8	54.4	44.8	26.6	52.1
3.6 Investment-Deposit Ratio	28.7	30.0	30.2	29.1	28.9
3.7 Incremental Investment-Deposit Ratio	21.6	38.4	39.8	44.8	33.0
4 Interest Rates (%)					
4.1 Policy Repo Rate	8.00	7.25	7.25	8.00	8.00
4.2 Reverse Repo Rate	7.00	6.25	6.25	7.00	7.00
4.3 Marginal Standing Facility (MSF) Rate	9.00	8.25	8.25	9.00	9.00
4.4 Bank Rate	9.00	8.25	8.25	9.00	9.00
4.5 Base Rate	10.00/10.25	9.70/10.25	9.70/10.25	10.00/10.25	10.00/10.25
4.6 Term Deposit Rate >1 Year	8.00/9.25	7.50/9.00	7.50/9.00	8.00/9.05	8.00/9.05
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.59	7.15	7.19	7.78	8.11
4.9 91-Day Treasury Bill (Primary) Yield	8.86	7.31	7.48	8.65	8.56
4.10 182-Day Treasury Bill (Primary) Yield	8.86	7.30	7.40	8.71	8.66
4.11 364-Day Treasury Bill (Primary) Yield	8.96	7.29	7.50	8.70	8.70
4.12 10-Year Government Securities Yield	8.84	7.44	7.39	8.67	8.72
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	60.10	56.50	59.70	59.03	60.09
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	82.58	73.68	77.98	80.34	82.01
5.3 Forward Premia of US$ 1-month (%)	9.78	7.01	6.63	8.13	9.39
3-month (%)	8.79	6.58	6.23	8.54	9.25
6-month (%)	8.95	6.16	5.90	8.54	8.75
6 Inflation (%)					
6.1 All India Consumer Price Index	9.5	9.3	9.9	8.3	7.3
6.2 Consumer Price Index for Industrial Workers	9.7	10.7	11.1	7.0	6.5
6.3 Wholesale Price Index	6.0	4.6	5.2	6.0	5.4
6.3.1 Primary Articles	9.8	5.7	8.8	8.6	6.8
6.3.2 Fuel and Power	10.1	7.3	7.5	10.5	9.0
6.3.3 Manufactured Products	3.0	3.3	2.9	3.6	3.6
7 Foreign Trade (% Change)					
7.1 Imports	-8.1	4.3	-2.4	-10.8	8.3
7.2 Exports	4.5	0.4	-3.6	10.5	10.2

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2013-14	2013	2014				
		Jul.	Jun. 27	Jul. 4	Jul. 11	Jul. 18	Jul. 25
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	12,835.11	11,902.65	13,414.06	13,420.72	13,495.45	13,434.22	13,307.84
1.1.2 Notes held in Banking Department	0.17	0.12	0.13	0.12	0.13	0.12	0.12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**12,835.28**	**11,902.77**	**13,414.19**	**13,420.84**	**13,495.57**	**13,434.34**	**13,307.96**
1.2 Assets							
1.2.1 Gold Coin and Bullion	682.33	674.32	643.12	649.78	649.78	649.78	649.78
1.2.2 Foreign Securities	12,141.07	11,217.08	12,758.72	12,759.09	12,834.23	12,771.47	12,645.53
1.2.3 Rupee Coin	1.41	0.91	1.89	1.51	1.10	2.64	2.18
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	3,493.41	3,744.77	3,673.19	3,723.50	3,751.38	3,977.03
2.1.1.1 Central Government	534.25	1.00	1.01	1.01	1.00	1.00	109.99
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.42	0.42	0.43	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,805.71	3,150.97	3,384.90	3,244.16	3,282.73	3,302.74	3,371.31
2.1.1.5 Scheduled State Co-operative Banks	39.04	31.72	35.02	35.48	35.50	34.52	35.38
2.1.1.6 Non-Scheduled State Co-operative Banks	5.50	2.96	4.98	5.62	5.86	7.12	7.05
2.1.1.7 Other Banks	174.92	142.88	167.50	166.27	167.87	168.68	169.35
2.1.1.8 Others	161.52	163.45	150.95	220.21	230.12	236.89	283.53
2.1.2 Other Liabilities	8,567.95	8,053.37	8,661.19	8,803.45	8,886.84	8,911.11	8,853.52
2.1/2.2 Total Liabilities or Assets	**13,289.32**	**11,546.77**	**12,405.96**	**12,476.64**	**12,610.34**	**12,662.49**	**12,830.55**
2.2 Assets							
2.2.1 Notes and Coins	0.17	0.12	0.13	0.12	0.13	0.12	0.12
2.2.2 Balances held Abroad	4,588.34	3,690.78	4,715.18	4,755.88	4,820.46	4,973.36	5,215.64
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	186.45	–	182.50	–	–	–
2.2.3.2 State Governments	14.88	3.82	5.81	1.44	7.80	10.27	2.64
2.2.3.3 Scheduled Commercial Banks	421.78	344.34	229.49	89.55	1,099.35	1,106.35	1,254.73
2.2.3.4 Scheduled State Co-op.Banks	–	0.30	–	–	–	–	–
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	23.71	69.44	71.64	100.07	100.60	103.27
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	6,516.60	6,644.47	6,455.65	5,678.80	5,603.47	5,393.60
2.2.6 Other Assets	799.25	780.66	741.43	919.85	903.73	868.31	860.54
2.2.6.1 Gold	619.82	612.54	584.20	590.24	590.24	590.24	590.24

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	Term Reverse Repo			Sale	Purchase	
	1	2	3	4	5	6	7	8	9
Jun. 2, 2014	141.55	45.43	–	20.25	9.78	–82.81	4.85	–	–2.00
Jun. 3, 2014	71.20	23.98	–	–	13.28	–124.37	3.10	–	–66.97
Jun. 4, 2014	46.42	18.81	–	–	0.78	–4.51	4.80	–	19.08
Jun. 5, 2014	53.17	38.60	–	–	–	–0.12	4.85	–	9.60
Jun. 6, 2014	24.85	8.93	91.25	–	2.44	–2.94	4.95	–	101.72
Jun. 9, 2014	184.24	38.99	–	–	–	135.14	4.50	–	275.89
Jun. 10, 2014	199.34	42.74	–	–	0.07	–31.26	2.40	–	123.02
Jun. 11, 2014	184.22	45.65	–	–	4.60	–17.85	3.35	–	121.97
Jun. 12, 2014	161.67	83.33	–	–	0.54	0.09	4.00	–	74.97
Jun. 13, 2014	141.25	8.43	610.03	–	50.11	3.29	2.80	–	793.45
Jun. 16, 2014	218.10	41.70	–	–	2.10	112.85	–	–	291.35
Jun. 17, 2014	210.11	27.23	–	–	9.71	0.85	–	–	193.44
Jun. 18, 2014	206.09	87.56	100.02	–	0.71	–56.44	–	–	162.82
Jun. 19, 2014	117.34	35.55	–	–	2.85	–47.92	–	–	36.72
Jun. 20, 2014	116.26	20.47	100.00	–	7.80	2.15	–	–	205.74
Jun. 23, 2014	183.48	16.18	–	–	36.45	58.00	–	–	261.75
Jun. 24, 2014	171.13	15.44	–	–	6.79	–16.60	–	–	145.88
Jun. 25, 2014	181.95	31.99	–	–	1.35	54.29	–	–	205.60
Jun. 26, 2014	218.18	103.19	–	–	–	–22.07	–	–	92.92
Jun. 27, 2014	186.63	53.33	610.05	–	88.80	–38.97	4.00	–	789.18
Jun. 30, 2014	213.49	21.65	–	–	88.90	65.28	4.70	–	341.32

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

Item	2013-14	2013	2014	
		Jun.	May	Jun.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US$ Million) (1.1–1.2)	8,992.00	–2,252.00	1,786.00	597.00
1.1 Purchase (+)	52,394.00	469.00	7981.00	3332.00
1.2 Sale (–)	43,402.00	2,721.00	6,195.00	2,735.00
2 ₹ equivalent at contract rate (₹ Billion)	586.19	–133.82	112.09	16.59
3 Cumulative (over end-March) (US $ Million)	8,992.00	–1,841.00	7,656.00	10,298.00
(₹ Billion)	586.19	–127.27	478.50	617.19
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US$ Million)	–31,030.00	–4,914.00	–11,463.00	–154.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item		As on the Last Reporting Friday						
	2013-14	2013	2014					
		Jun. 28	Jan. 24	Feb. 21	Mar. 21	Apr. 18	May 30	Jun. 27
	1	2	3	4	5	6	7	8
1 MSF	176.3	–	105.6	56.0	176.3	15.7	0.4	88.8
2.1 Limit	568.0	394.0	533.7	542.8	568.0	572.4	549.5	339.6
2.2 Outstanding	410.4	113.0	297.9	400.2	410.4	312.9	308.2	230.8
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	22.2	8.1	25.5	15.7	22.2	26.7	19.7	17.9
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	608.9	121.1	428.9	471.9	608.9	355.3	328.3	337.5

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	12,483.4	11,665.1	13,092.4	13,288.5	13,017.4
1.1 Notes in Circulation	12,837.4	12,017.8	13,480.3	13,657.3	13,414.1
1.2 Circulation of Rupee Coin	166.0	151.5	169.6	169.6	169.6
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	511.5	564.9	545.7	573.6
2 Deposit Money of the Public	8,063.5	8,049.2	8,519.1	8,245.2	8,793.7
2.1 Demand Deposits with Banks	8,043.9	8,025.2	8,497.8	8,229.0	8,778.8
2.2 ‘Other’ Deposits with Reserve Bank	19.7	24.0	21.3	16.1	14.9
3 M_1 (1 + 2)	20,547.0	19,714.3	21,611.5	21,533.7	21,811.1
4 Post Office Saving Bank Deposits	423.6	378.2	423.6	423.6	423.6
5 M_2 (3 + 4)	20,970.6	20,092.6	22,035.1	21,957.4	22,234.7
6 Time Deposits with Banks	74,426.3	67,690.8	76,273.1	76,266.7	76,249.6
7 M_3 (3 + 6)	94,973.3	87,405.2	97,884.6	97,800.5	98,060.7
8 Total Post Office Deposits	1,572.0	1,421.4	1,572.0	1,572.0	1,572.0
9 M_4 (7 + 8)	96,545.3	88,826.6	99,456.6	99,372.5	99,632.7

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 Net Bank Credit to Government	**30,386.0**	**29,282.6**	**31,021.7**	**31,293.8**	**30,911.5**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	6,987.1	6,784.6	6,699.5	7,038.1	6,645.2
1.1.1 Claims on Government	7,855.2	6,786.0	6,700.9	7,039.5	6,646.7
1.1.1.1 Central Government	7,844.1	6,773.6	6,696.8	7,031.2	6,640.9
1.1.1.2 State Governments	11.1	12.4	4.1	8.3	5.8
1.1.2 Government deposits with RBI	868.1	1.4	1.4	1.4	1.4
1.1.2.1 Central Government	867.7	1.0	1.0	1.0	1.0
1.1.2.2 State Governments	0.4	0.4	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	23,398.9	22,498.0	24,322.2	24,255.7	24,266.2
2 Bank Credit to Commercial Sector	**64,424.8**	**58,262.0**	**65,151.2**	**65,376.8**	**65,703.3**
2.1 RBI's credit to commercial sector	88.4	21.2	82.9	78.1	81.1
2.2 Other banks' credit to commercial sector	64,336.4	58,240.7	65,068.3	65,298.7	65,622.2
2.2.1 Bank credit by commercial banks	59,941.0	54,045.6	60,673.7	60,900.4	61,225.3
2.2.2 Bank credit by co-operative banks	4,357.8	4,145.5	4,350.7	4,354.4	4,353.1
2.2.3 Investments by commercial and co-operative banks in other securities	37.7	49.7	44.0	44.0	43.8
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**19,239.5**	**16,794.7**	**19,438.7**	**19,605.9**	**19,917.9**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	18,025.3	16,591.8	18,224.4	18,391.7	18,703.7
3.1.1 Gross foreign assets	18,025.6	16,592.1	18,224.8	18,392.0	18,704.0
3.1.2 Foreign liabilities	0.3	0.3	0.3	0.3	0.3
3.2 Other banks' net foreign exchange assets	1,214.2	202.8	1,214.2	1,214.2	1,214.2
4 Government's Currency Liabilities to the Public	**173.4**	**158.9**	**177.0**	**177.0**	**177.0**
5 Banking Sector's Net Non-monetary Liabilities	**19,250.4**	**17,092.9**	**17,903.9**	**18,653.0**	**18,649.0**
5.1 Net non-monetary liabilities of RBI	8,433.2	8,112.9	8,266.5	8,381.6	8,639.5
5.2 Net non-monetary liabilities of other banks (residual)	10,817.2	8,980.1	9,637.4	10,271.4	10,009.5
M_3 (1+2+3+4–5)	**94,973.3**	**87,405.2**	**97,884.6**	**97,800.5**	**98,060.7**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	20,420.5	19,611.4	21,471.8	21,395.2	21,672.2
NM_2 (NM_1+ 1.2.2.1)	51,967.6	48,945.9	53,831.2	53,750.6	53,989.2
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	92,735.6	87,128.8	95,428.5	95,312.3	95,523.6
1 Components					
1.1 Currency with the Public	12,497.4	11,678.0	13,107.6	13,303.6	13,032.0
1.2 Aggregate Deposits of Residents	78,008.2	73,097.2	80,252.6	79,976.3	80,440.7
1.2.1 Demand Deposits	7,903.4	7,909.3	8,343.0	8,075.5	8,625.3
1.2.2 Time Deposits of Residents	70,104.7	65,187.9	71,909.7	71,900.9	71,815.5
1.2.2.1 Short-term Time Deposits	31,547.1	29,334.5	32,359.3	32,355.4	32,317.0
1.2.2.1.1 Certificates of Deposit (CDs)	3,741.3	3,586.0	3,586.0	3,277.8	3,386.9
1.2.2.2 Long-term Time Deposits	38,557.6	35,853.3	39,550.3	39,545.5	39,498.5
1.3 'Other' Deposits with RBI	19.7	24.0	21.3	16.1	14.9
1.4 Call/Term Funding from Financial Institutions	2,210.4	2,329.6	2,047.1	2,016.2	2,036.0
2 Sources					
2.1 Domestic Credit	97,053.0	89,400.2	98,534.0	98,970.4	98,614.0
2.1.1 Net Bank Credit to the Government	29,782.8	28,745.5	30,408.9	30,671.1	30,269.7
2.1.1.1 Net RBI credit to the Government	6,987.1	6,784.6	6,699.5	7,038.1	6,645.2
2.1.1.2 Credit to the Government by the Banking System	22,795.8	21,960.9	23,709.4	23,633.0	23,624.5
2.1.2 Bank Credit to the Commercial Sector	67,270.2	60,654.7	68,125.0	68,299.3	68,344.3
2.1.2.1 RBI Credit to the Commercial Sector	88.4	21.2	82.9	78.1	81.1
2.1.2.2 Credit to the Commercial Sector by the Banking System	67,181.8	60,633.4	68,042.1	68,221.2	68,263.2
2.1.2.2.1 Other Investments (Non-SLR Securities)	4,120.9	3,534.8	4,216.1	4,169.5	3,895.6
2.2 Government's Currency Liabilities to the Public	173.4	158.9	177.0	177.0	177.0
2.3 Net Foreign Exchange Assets of the Banking Sector	16,009.8	15,384.4	16,274.1	16,711.9	16,803.8
2.3.1 Net Foreign Exchange Assets of the RBI	18,025.3	16,591.8	18,224.4	18,391.7	18,703.7
2.3.2 Net Foreign Currency Assets of the Banking System	–2,015.5	–1,207.4	–1,950.3	–1,679.8	–1,899.9
2.4 Capital Account	15,946.0	14,853.6	15,799.0	15,800.8	15,846.8
2.5 Other items (net)	4,554.6	2,961.1	3,757.5	4,746.2	4,224.4

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2013-14	2013	2014		
		Jun.	Apr.	May	Jun.
	1	2	3	4	5
1 NM_3	**92,735.6**	**87,128.8**	**94,333.0**	**95,428.5**	**95,523.6**
2 Postal Deposits	1,572.0	1,421.4	1,572.0	1,572.0	1,572.0
3 L_1 (1 + 2)	**94,307.6**	**88,550.2**	**95,905.1**	**97,000.5**	**97,095.6**
4 Liabilities of Financial Institutions	26.6	26.6	26.6	26.6	26.6
4.1 Term Money Borrowings	0.3	0.3	0.3	0.3	0.3
4.2 Certificates of Deposit	2.5	2.5	2.5	2.5	2.5
4.3 Term Deposits	29.3	29.3	29.3	29.3	29.3
5 L_2 (3 + 4)	**94,336.9**	**88,579.5**	**95,934.4**	**97,029.9**	**97,125.0**
6 Public Deposits with Non-Banking Financial Companies	140.8	106.0	..	..	140.8
7 L_3 (5 + 6)	**94,477.8**	**88,685.5**	..	..	**97,265.8**

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	13,010.7	12,176.6	13,657.3	13,834.2	13,591.0
1.2 Bankers' Deposits with the RBI	4,297.0	3,465.9	3,553.3	3,644.4	3,592.4
1.2.1 Scheduled Commercial Banks	4,070.8	3,287.7	3,344.7	3,433.9	3,384.9
1.3 'Other' Deposits with the RBI	19.7	24.0	21.3	16.1	14.9
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	17,327.4	15,666.5	17,231.8	17,494.7	17,198.3
2 Sources					
2.1 RBI's Domestic Credit	7,562.0	7,028.7	7,097.0	7,307.7	6,957.2
2.1.1 Net RBI credit to the Government	6,987.1	6,784.6	6,699.5	7,038.1	6,645.2
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	6,772.6	6,695.8	7,030.2	6,639.9
2.1.1.1.1 Loans and Advances to the Central Government	–	15.7	147.0	248.3	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	7,842.9	6,755.4	6,547.9	6,780.0	6,639.0
2.1.1.1.3.1 Central Government Securities	7,832.4	6,744.9	6,537.5	6,769.5	6,628.5
2.1.1.1.4 Rupee Coins	1.3	2.5	1.8	2.9	1.9
2.1.1.1.5 Deposits of the Central Government	867.7	1.0	1.0	1.0	1.0
2.1.1.2 Net RBI credit to State Governments	10.6	12.0	3.7	7.9	5.4
2.1.2 RBI's Claims on Banks	486.5	222.9	314.6	191.5	230.8
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	484.7	221.2	312.5	190.4	229.5
2.1.3 RBI's Credit to Commercial Sector	88.4	21.2	82.9	78.1	81.1
2.1.3.1 Loans and Advances to Primary Dealers	0.3	8.1	0.2	0.1	0.2
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	173.4	158.9	177.0	177.0	177.0
2.3 Net Foreign Exchange Assets of the RBI	18,025.3	16,591.8	18,224.4	18,391.7	18,703.7
2.3.1 Gold	1,296.2	1,290.0	1,265.0	1,227.3	1,227.3
2.3.2 Foreign Currency Assets	16,729.3	15,302.0	16,959.6	17,164.6	17,476.5
2.4 Capital Account	8,315.7	7,407.7	7,778.3	7,778.3	7,778.3
2.5 Other Items (net)	117.5	705.2	488.3	603.4	861.2

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2013-14	2013	2014				
		Jun. 21	May 30	Jun. 6	Jun. 13	Jun. 20	Jun. 27
	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	15,512.2	17,231.8	17,316.0	17,494.7	17,233.7	17,198.3
1 Components							
1.1 Currency in Circulation	13,010.7	12,327.8	13,657.3	13,784.2	13,834.2	13,746.6	13,591.0
1.2 Bankers' Deposits with RBI	4,297.0	3,164.1	3,553.3	3,517.3	3,644.4	3,473.4	3,592.4
1.3 'Other' Deposits with RBI	19.7	20.3	21.3	14.5	16.1	13.7	14.9
2 Sources							
2.1 Net Reserve Bank Credit to Government	6,987.1	6,551.9	6,699.5	6,975.0	7,038.1	6,724.2	6,645.2
2.2 Reserve Bank Credit to Banks	486.5	185.4	314.6	123.4	191.5	199.6	230.8
2.3 Reserve Bank Credit to Commercial Sector	88.4	21.3	82.9	56.7	78.1	77.7	81.1
2.4 Net Foreign Exchange Assets of RBI	18,025.3	16,689.6	18,224.4	18,253.8	18,391.7	18,705.5	18,703.7
2.5 Government's Currency Liabilities to the Public	173.4	157.2	177.0	177.0	177.0	177.0	177.0
2.6 Net Non- Monetary Liabilities of RBI	8,433.2	8,093.1	8,266.5	8,269.9	8,381.6	8,650.2	8,639.5

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2013-14	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	74,514.1	69,816.9	76,772.0	76,488.9	76,958.2
1.1.1 Demand Deposits	7,139.2	7,162.4	7,576.2	7,309.4	7,857.8
1.1.2 Time Deposits of Residents	67,374.9	62,654.5	69,195.7	69,179.5	69,100.4
1.1.2.1 Short-term Time Deposits	30,318.7	28,194.5	31,138.1	31,130.8	31,095.2
1.1.2.1.1 Certificates of Deposits (CDs)	3,741.3	3,586.0	3,586.0	3,277.8	3,386.9
1.1.2.2 Long-term Time Deposit	37,056.2	34,460.0	38,057.6	38,048.7	38,005.2
1.2 Call/Term Funding from Financial Institutions	2,210.4	2,329.6	2,047.1	2,016.2	2,036.0
2 Sources					
2.1 Domestic Credit	86,123.0	78,877.6	87,877.9	87,968.4	88,005.1
2.1.1 Credit to the Government	22,111.9	21,317.6	23,016.4	22,931.2	22,922.5
2.1.2 Credit to the Commercial Sector	64,011.1	57,560.0	64,861.5	65,037.2	65,082.6
2.1.2.1 Bank Credit	59,941.0	54,045.6	60,673.7	60,900.4	61,225.3
2.1.2.1.1 Non-food Credit	58,956.2	52,922.1	59,507.9	59,803.0	60,081.2
2.1.2.2 Net Credit to Primary Dealers	22.5	46.6	41.7	37.8	32.4
2.1.2.3 Investments in Other Approved Securities	16.3	22.6	20.7	20.3	20.0
2.1.2.4 Other Investments (in non-SLR Securities)	4,031.3	3,445.2	4,125.5	4,078.8	3,804.9
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–1,977.9	–1,207.4	–1,950.3	–1,679.8	–1,899.9
2.2.1 Foreign Currency Assets	1,495.3	668.4	1,448.2	1,676.6	1,511.6
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	2,541.5	904.5	2,516.7	2,520.1	2,563.4
2.2.3 Overseas Foreign Currency Borrowings	931.7	971.3	881.9	836.3	848.1
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,206.0	3,509.1	3,527.6	3,719.7	3,660.0
2.3.1 Balances with the RBI	3,163.4	3,287.7	3,344.7	3,433.9	3,384.9
2.3.2 Cash in Hand	458.7	442.6	495.4	476.3	504.6
2.3.3 Loans and Advances from the RBI	416.1	221.2	312.5	190.4	229.5
2.4 Capital Account	7,388.6	7,204.2	7,779.1	7,780.8	7,826.9
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,238.1	1,828.7	2,857.1	3,722.5	2,944.2
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,451.6	3,103.1	3,585.6	3,571.7	3,507.5
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–666.1	–852.6	–596.5	–590.6	–619.6

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 21, 2014	2013	2014		
		Jun. 28	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 SLR Securities	22,128.2	21,340.2	22,924.9	22,951.4	22,942.4
2 Commercial Paper	159.5	241.8	164.8	172.2	178.9
3 Shares issued by					
3.1 PSUs	82.9	84.5	76.1	75.8	76.7
3.2 Private Corporate Sector	334.2	336.4	330.3	333.0	333.9
3.3 Others	9.4	8.4	29.1	31.0	25.3
4 Bonds/Debentures issued by					
4.1 PSUs	831.5	464.1	772.7	734.8	744.9
4.2 Private Corporate Sector	1,159.1	1,076.2	1,165.4	1,159.9	1,195.5
4.3 Others	459.8	500.5	474.9	438.4	429.8
5 Instruments issued by					
5.1 Mutual funds	401.1	340.6	598.3	578.8	269.5
5.2 Financial institutions	593.8	477.1	588.0	554.8	550.5

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2013-14	2013	2014		2013-14	2013	2014	
		Jun.	May	Jun.		Jun.	May	Jun.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	213	218	213	212	146	151	146	145
1 Liabilities to the Banking System	1,308.7	1,121.6	1,297.2	1,298.5	1,261.9	1,085.8	1,248.0	1,247.5
1.1 Demand and Time Deposits from Banks	821.7	766.8	873.2	910.6	777.2	732.9	826.9	864.0
1.2 Borrowings from Banks	351.9	306.3	330.7	322.2	349.7	304.4	327.9	317.9
1.3 Other Demand and Time Liabilities	135.1	48.5	93.3	65.7	135.0	48.5	93.2	65.6
2 Liabilities to Others	85,878.6	79,181.4	87,648.2	88,254.4	83,649.3	77,125.3	85,336.4	85,913.2
2.1 Aggregate Deposits	79,200.8	72,697.1	81,059.7	81,775.5	77,055.6	70,721.4	78,835.9	79,521.6
2.1.1 Demand	7,312.5	7,329.8	7,685.1	8,041.7	7,139.2	7,162.4	7,500.5	7,857.8
2.1.2 Time	71,888.4	65,367.2	73,374.6	73,733.9	69,916.4	63,559.0	71,335.4	71,663.8
2.2 Borrowings	2,227.8	2,343.1	2,063.2	2,053.6	2,210.4	2,329.6	2,046.3	2,036.0
2.3 Other Demand and Time Liabilities	4,449.9	4,141.2	4,525.3	4,425.4	4,383.3	4,074.4	4,454.2	4,355.6
3 Borrowings from Reserve Bank	417.9	222.9	314.6	230.8	416.1	221.2	312.5	229.5
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	417.9	222.9	314.6	230.8	416.1	221.2	312.5	229.5
4 Cash in Hand and Balances with Reserve Bank	3,729.1	3,826.3	3,949.5	4,000.2	3,622.1	3,730.4	3,837.3	3,889.5
4.1 Cash in Hand	470.0	452.9	503.9	515.4	458.7	442.6	492.6	504.6
4.2 Balances with Reserve Bank	3,259.0	3,373.4	3,445.6	3,484.8	3,163.4	3,287.7	3,344.7	3,384.9
5 Assets with the Banking System	2,325.9	2,284.2	2,176.2	2,328.3	1,950.5	1,985.0	1,764.0	1,899.5
5.1 Balances with Other Banks	1,191.9	1,127.8	1,189.8	1,347.3	1,062.3	1,022.5	1,060.2	1,210.5
5.1.1 In Current Account	115.3	132.0	109.1	113.2	97.3	111.9	91.5	93.9
5.1.2 In Other Accounts	1,076.6	995.8	1,080.7	1,234.1	965.0	910.6	968.7	1,116.7
5.2 Money at Call and Short Notice	453.7	347.7	440.1	412.0	278.0	223.1	249.8	221.1
5.3 Advances to Banks	170.8	144.6	195.0	209.7	167.4	136.3	191.6	206.3
5.4 Other Assets	509.5	664.1	351.4	359.3	442.7	603.1	262.3	261.6
6 Investment	22,797.6	21,957.0	23,621.1	23,662.7	22,128.2	21,340.2	22,924.9	22,942.4
6.1 Government Securities	22,778.7	21,932.7	23,596.0	23,639.9	22,111.9	21,317.6	22,902.5	22,922.5
6.2 Other Approved Securities	18.9	24.3	25.1	22.8	16.3	22.6	22.4	20.0
7 Bank Credit	61,794.9	55,756.4	62,240.7	63,083.2	59,941.0	54,045.6	60,415.2	61,225.3
7a Food Credit	1,095.2	1,204.9	1,276.1	1,254.5	984.8	1,123.6	1,165.7	1,144.1
7.1 Loans, Cash-credits and Overdrafts	59,517.5	53,707.9	59,968.1	60,826.2	57,690.8	52,020.2	58,171.9	58,996.3
7.2 Inland Bills-Purchased	387.8	248.6	368.0	367.2	384.4	244.8	364.6	363.7
7.3 Inland Bills-Discounted	1,121.7	1,102.7	1,205.4	1,179.6	1,105.8	1,087.6	1,185.6	1,160.4
7.4 Foreign Bills-Purchased	266.9	222.7	244.6	244.3	262.9	221.7	242.3	242.5
7.5 Foreign Bills-Discounted	501.0	474.6	454.5	465.9	497.1	471.4	450.8	462.4

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Jun. 28	May 30	Jun. 27	2014-15	2014
	1	2	3	4	5	6
1 Gross Bank Credit	**56,572**	**51,019**	**57,061**	**57,548**	**1.7**	**12.8**
1.1 Food Credit	**912**	**1,101**	**1,166**	**1,158**	**26.9**	**5.1**
1.2 Non-food Credit	**55,660**	**49,918**	**55,895**	**56,390**	**1.3**	**13.0**
1.2.1 Agriculture & Allied Activities	**6,694**	**6,051**	**7,045**	**7,186**	**7.3**	**18.8**
1.2.2 Industry	**25,229**	**22,820**	**25,159**	**25,174**	**–0.2**	**10.3**
1.2.2.1 Micro & Small	3,517	2,928	3,549	3,565	1.4	21.8
1.2.2.2 Medium	1,274	1,321	1,233	1,253	–1.7	–5.2
1.2.2.3 Large	20,438	18,572	20,376	20,357	–0.4	9.6
1.2.3 Services	**13,370**	**11,740**	**13,164**	**13,365**	**–0.0**	**13.8**
1.2.3.1 Transport Operators	904	829	900	891	–1.5	7.5
1.2.3.2 Computer Software	176	178	169	172	–2.1	–3.4
1.2.3.3 Tourism, Hotels & Restaurants	392	362	389	388	–1.0	7.2
1.2.3.4 Shipping	99	86	95	93	–5.7	8.8
1.2.3.5 Professional Services	707	607	708	717	1.4	18.2
1.2.3.6 Trade	3,228	2,818	3,216	3,252	0.7	15.4
1.2.3.6.1 Wholesale Trade	1,701	1,489	1,647	1,674	–1.6	12.4
1.2.3.6.2 Retail Trade	1,527	1,330	1,569	1,578	3.3	18.7
1.2.3.7 Commercial Real Estate	1,544	1,339	1,538	1,549	0.4	15.7
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,946	2,630	3,037	3,058	3.8	16.3
1.2.3.9 Other Services	3,375	2,892	3,111	3,246	–3.8	12.2
1.2.4 Personal Loans	**10,367**	**9,307**	**10,527**	**10,665**	**2.9**	**14.6**
1.2.4.1 Consumer Durables	128	90	139	140	9.5	55.2
1.2.4.2 Housing	5,408	4,808	5,558	5,631	4.1	17.1
1.2.4.3 Advances against Fixed Deposits	641	631	550	560	–12.6	–11.2
1.2.4.4 Advances to Individuals against share & bonds	38	30	33	35	–9.0	16.6
1.2.4.5 Credit Card Outstanding	249	230	263	268	7.8	16.7
1.2.4.6 Education	600	555	601	605	0.8	8.9
1.2.4.7 Vehicle Loans	1,304	1,167	1,363	1,377	5.6	18.0
1.2.4.8 Other Personal Loans	1,998	1,795	2,020	2,047	2.5	14.0
1.2A Priority Sector	**18,781**	**16,105**	**18,644**	**18,711**	**–0.4**	**16.2**
1.2A.1 Agriculture & Allied Activities	6,694	6,051	7,045	7,186	7.3	18.8
1.2A.2 Micro & Small Enterprises	7,511	6,103	7,291	7,300	–2.8	19.6
1.2A.2.1 Manufacturing	3,852	2,928	3,549	3,565	–7.5	21.8
1.2A.2.2 Services	3,659	3,175	3,742	3,735	2.1	17.6
1.2A.3 Housing	3,034	2,866	3,082	3,092	1.9	7.9
1.2A.4 Micro-Credit	174	173	177	174	–0.1	0.7
1.2A.5 Education Loans	579	534	567	571	–1.3	7.0
1.2A.6 State-Sponsored Orgs. for SC/ST	2	1	3	3	66.3	114.5
1.2A.7 Weaker Sections	3,862	2,951	3,666	3,697	–4.3	25.3
1.2A.8 Export Credit	483	454	469	463	–4.2	1.9

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Jun. 28	May 30	Jun. 27	2014-15	2014
	1	2	3	4	5	6
1 Industry	**25,229**	**22,820**	**25,159**	**25,174**	**–0.2**	**10.3**
1.1 Mining & Quarrying (incl. Coal)	**353**	**312**	**372**	**368**	**4.3**	**18.1**
1.2 Food Processing	**1,480**	**1,246**	**1,515**	**1,505**	**1.7**	**20.8**
1.2.1 Sugar	348	339	369	360	3.5	6.1
1.2.2 Edible Oils & Vanaspati	213	182	210	207	–2.7	13.7
1.2.3 Tea	32	27	29	29	–10.3	7.0
1.2.4 Others	887	697	908	909	2.5	30.4
1.3 Beverage & Tobacco	**186**	**159**	**184**	**187**	**0.8**	**17.7**
1.4 Textiles	**2,040**	**1,852**	**2,009**	**1,997**	**–2.1**	**7.9**
1.4.1 Cotton Textiles	1,011	922	994	983	–2.8	6.6
1.4.2 Jute Textiles	20	22	21	21	4.3	–5.6
1.4.3 Man-Made Textiles	216	192	204	202	–6.6	5.0
1.4.4 Other Textiles	793	715	790	792	–0.1	10.7
1.5 Leather & Leather Products	**103**	**90**	**98**	**100**	**–2.6**	**10.6**
1.6 Wood & Wood Products	**94**	**81**	**94**	**95**	**1.2**	**17.4**
1.7 Paper & Paper Products	**331**	**296**	**330**	**336**	**1.4**	**13.6**
1.8 Petroleum, Coal Products & Nuclear Fuels	**635**	**566**	**569**	**550**	**–13.3**	**–2.8**
1.9 Chemicals & Chemical Products	**1,677**	**1,480**	**1,540**	**1,619**	**–3.4**	**9.4**
1.9.1 Fertiliser	306	225	277	317	3.6	41.2
1.9.2 Drugs & Pharmaceuticals	492	529	478	494	0.3	–6.6
1.9.3 Petro Chemicals	435	337	347	367	–15.6	8.9
1.9.4 Others	443	390	438	441	–0.5	13.2
1.10 Rubber, Plastic & their Products	**368**	**317**	**356**	**358**	**–2.7**	**13.0**
1.11 Glass & Glassware	**87**	**71**	**89**	**89**	**1.6**	**24.4**
1.12 Cement & Cement Products	**541**	**468**	**557**	**534**	**–1.3**	**14.2**
1.13 Basic Metal & Metal Product	**3,620**	**3,219**	**3,555**	**3,566**	**–1.5**	**10.8**
1.13.1 Iron & Steel	2,685	2,459	2,656	2,657	–1.1	8.0
1.13.2 Other Metal & Metal Product	934	760	899	909	–2.7	19.6
1.14 All Engineering	**1,456**	**1,335**	**1,460**	**1,461**	**0.4**	**9.4**
1.14.1 Electronics	367	306	356	369	0.4	20.4
1.14.2 Others	1,088	1,029	1,105	1,093	0.4	6.1
1.15 Vehicles, Vehicle Parts & Transport Equipment	**677**	**608**	**663**	**661**	**–2.5**	**8.6**
1.16 Gems & Jewellery	**720**	**686**	**685**	**702**	**–2.5**	**2.3**
1.17 Construction	**614**	**538**	**682**	**692**	**12.6**	**28.5**
1.18 Infrastructure	**8,398**	**7,727**	**8,573**	**8,580**	**2.2**	**11.0**
1.18.1 Power	4,883	4,439	5,012	5,080	4.0	14.4
1.18.2 Telecommunications	904	910	929	842	–6.9	–7.5
1.18.3 Roads	1,574	1,408	1,599	1,614	2.5	14.6
1.18.4 Other Infrastructure	1,036	970	1,033	1,044	0.8	7.7
1.19 Other Industries	**1,850**	**1,768**	**1,831**	**1,773**	**–4.1**	**0.3**

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			
		Mar. 29	Feb. 28	Mar. 7	Mar. 21	Mar. 28
	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	356.5	405.8	406.0	411.5	417.9
2 Demand and Time Liabilities						
2.1 Demand Liabilities	139.7	127.2	125.8	131.8	131.7	139.7
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.4	25.0	16.4	17.9	21.0	25.4
2.1.1.2 Others	76.2	70.1	71.5	72.7	74.0	76.2
2.1.2 Borrowings from Banks	7.2	10.2	7.4	7.6	6.8	7.2
2.1.3 Other Demand Liabilities	30.9	21.8	30.5	33.6	29.9	30.9
2.2 Time Liabilities	899.5	802.5	855.5	857.6	870.0	899.5
2.2.1 Deposits						
2.2.1.1 Inter-Bank	541.4	507.0	510.6	513.8	521.7	541.4
2.2.1.2 Others	341.7	286.4	334.3	333.2	337.4	341.7
2.2.2 Borrowings from Banks	5.9	0.5	–	–	0.1	5.9
2.2.3 Other Time Liabilities	10.2	8.6	10.6	10.5	10.2	10.2
3 Borrowing from Reserve Bank	–	–	–	–	–	–
4 Borrowings from a notified bank / State Government	337.9	319.3	382.2	378.3	384.6	337.9
4.1 Demand	162.6	132.1	153.7	153.8	157.6	162.6
4.2 Time	175.3	187.2	228.5	224.7	227.0	175.3
5 Cash in Hand and Balances with Reserve Bank	43.0	44.2	37.5	37.3	37.4	43.0
5.1 Cash in Hand	2.2	2.1	2.3	2.1	2.1	2.2
5.2 Balance with Reserve Bank	40.8	42.1	35.2	35.2	35.3	40.8
6 Balances with Other Banks in Current Account	8.3	7.0	8.6	7.9	8.2	8.3
7 Investments in Government Securities	289.4	269.3	286.3	286.9	287.9	289.4
8 Money at Call and Short Notice	213.9	156.2	203.0	209.7	216.0	213.9
9 Bank Credit (10.1+11)	388.2	365.0	372.8	378.6	383.3	388.2
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	388.2	364.9	372.8	378.6	383.3	388.2
10.2 Due from Banks	650.1	570.8	637.9	634.4	641.0	650.1
11 Bills Purchased and Discounted	–	0.1	–	–	–	–

Prices and Production

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

Group/Sub group	2013-14			Rural			Urban			Combined		
	Rural	Urban	Combined	Jun. 13	May 14	Jun. 14	Jun. 13	May 14	Jun. 14	Jun. 13	May 14	Jun. 14
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food, beverages and tobacco	**138.8**	**138.0**	**138.6**	**133.8**	**143.8**	**145.1**	**135.7**	**142.7**	**144.7**	**134.4**	**143.4**	**145.0**
1.1 Cereals and products	132.8	131.9	132.6	128.6	138.8	139.2	129.7	136.7	137.1	128.9	138.3	138.7
1.2 Pulses and products	118.2	115.2	117.3	116.7	122.0	122.8	114.8	120.6	120.6	116.1	121.6	122.1
1.3 Oils and fats	143.9	141.9	143.2	142.4	145.9	145.8	143.5	138.8	138.1	142.8	143.6	143.3
1.4 Egg, fish and meat	143.1	146.8	144.4	139.0	150.4	152.1	146.0	153.2	155.1	141.4	151.3	153.1
1.5 Milk and products	144.2	139.0	142.3	140.4	152.9	154.6	134.8	150.2	151.8	138.3	151.9	153.6
1.6 Condiments and spices	134.3	132.9	133.9	131.7	138.9	139.9	129.2	143.7	145.5	131.0	140.3	141.5
1.7 Vegetables	161.5	157.5	160.3	144.0	156.4	162.4	152.1	141.3	152.9	146.6	151.6	159.4
1.8 Fruits	155.8	147.2	152.1	147.9	179.9	179.0	147.7	174.9	177.4	147.8	177.7	178.3
1.9 Sugar etc	109.5	105.0	108.2	110.1	109.7	109.8	107.1	106.7	106.7	109.2	108.8	108.9
1.10 Non-alcoholic beverages	135.0	136.9	135.8	131.9	140.0	140.6	134.6	141.9	142.7	133.1	140.8	141.5
1.11 Prepared meals etc	135.0	137.9	136.4	131.4	140.8	141.5	134.4	144.5	145.1	132.9	142.6	143.2
1.12 Pan, tobacco and intoxicants	143.5	147.8	144.7	140.3	149.8	150.8	144.9	155.2	156.3	141.6	151.3	152.3
2 Fuel and light	**136.9**	**133.9**	**135.7**	**134.0**	**140.2**	**141.1**	**132.0**	**136.3**	**136.5**	**133.2**	**138.7**	**139.3**
3 Housing	**--**	**133.5**	**133.5**	**--**	**--**	**--**	**130.1**	**140.4**	**142.0**	**130.1**	**140.4**	**142.0**
4 Clothing, bedding and footwear	**144.1**	**144.2**	**144.1**	**139.5**	**151.4**	**152.6**	**140.7**	**150.4**	**151.0**	**139.9**	**151.0**	**152.0**
4.1 Clothing and bedding	144.8	146.0	145.2	140.1	152.2	153.4	142.3	152.5	153.0	140.9	152.3	153.3
4.2 Footwear	140.0	133.8	137.7	136.0	147.0	147.9	131.1	138.5	138.9	134.2	143.9	144.6
5 Miscellaneous	**128.8**	**125.0**	**127.1**	**125.5**	**133.3**	**133.8**	**122.0**	**128.9**	**129.6**	**123.9**	**131.3**	**131.9**
5.1 Medical care	124.0	122.6	123.6	121.5	128.6	129.1	120.7	126.4	126.8	121.2	127.9	128.3
5.2 Education, stationery etc	125.7	126.9	126.4	122.4	130.6	131.9	124.0	131.3	133.2	123.3	131.0	132.6
5.3 Recreation and amusement	121.2	113.3	116.4	118.8	124.5	125.2	111.2	116.6	116.9	114.2	119.7	120.2
5.4 Transport and communication	131.0	125.3	127.8	127.4	135.1	136.0	121.5	128.1	128.7	124.1	131.2	131.9
5.5 Personal care and effects	126.2	121.6	124.3	123.6	130.7	131.6	119.8	126.2	126.9	122.1	128.9	129.7
5.6 Household requisites	134.1	127.5	131.4	130.0	138.2	137.5	124.2	132.1	132.0	127.7	135.7	135.3
5.7 Others	145.8	148.4	146.9	141.0	154.3	155.5	144.3	156.4	157.6	142.3	155.1	156.3
General Index (All Groups)	**136.4**	**133.3**	**135.0**	**132.1**	**141.3**	**142.3**	**130.5**	**138.1**	**139.4**	**131.4**	**139.9**	**141.0**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2013-14	2013	2014	
				Jun.	May	Jun.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	236	231	244	246
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	750	729	777	785
3 Consumer Price Index for Rural Labourers	1986-87	–	751	730	780	787

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

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

Item	2013-14	2013	2014	
		Jun.	May	Jun.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,190	27,178	28,738	27,427
2 Silver (₹ per kilogram)	46,637	43,664	42,116	42,970

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

No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2013	2014		
			Jun.	Apr.	May (P)	Jun. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**177.6**	**173.2**	**180.8**	**181.7**	**182.6**
1.1 PRIMARY ARTICLES	**20.118**	**241.6**	**233.9**	**242.4**	**246.8**	**249.9**
1.1.1 Food articles	**14.337**	**238.9**	**230.9**	**239.0**	**244.3**	**249.7**
1.1.1.1 Food Grains	4.090	226.0	221.4	230.2	230.7	231.8
1.1.1.1.1 Cereals	3.373	225.5	219.6	230.5	230.1	231.3
1.1.1.1.2 Pulses	0.717	228.0	229.7	228.9	233.4	233.8
1.1.1.2 Fruits & Vegetables	3.843	244.3	232.8	225.4	234.3	247.1
1.1.1.2.1 Vegetables	1.736	294.5	288.6	220.0	234.1	271.6
1.1.1.2.2 Fruits	2.107	202.9	186.9	229.9	234.5	226.9
1.1.1.3 Milk	3.238	220.6	214.4	230.5	233.6	237.6
1.1.1.4 Eggs, Meat & Fish	2.414	275.7	265.8	279.6	289.5	293.1
1.1.1.5 Condiments & Spices	0.569	245.6	229.7	266.0	275.0	279.3
1.1.1.6 Other Food Articles	0.183	229.1	238.0	252.5	252.0	255.0
1.1.2 Non-Food Articles	**4.258**	**213.2**	**209.1**	**216.9**	**218.8**	**216.4**
1.1.2.1 Fibres	0.877	239.7	228.4	235.3	237.3	234.7
1.1.2.2 Oil Seeds	1.781	202.6	202.4	210.8	217.3	212.2
1.1.2.3 Other Non-Food Articles	1.386	213.5	211.3	216.7	215.3	217.4
1.1.2.4 Flowers	0.213	190.8	171.1	192.0	177.3	171.1
1.1.3 Minerals	**1.524**	**346.5**	**330.9**	**345.6**	**348.5**	**345.6**
1.1.3.1 Metallic Minerals	0.489	387.3	378.9	378.1	380.0	378.3
1.1.3.2 Other Minerals	0.135	213.2	216.6	206.3	209.0	205.0
1.1.3.3 Crude Petroleum	0.900	344.3	322.0	348.8	352.2	348.8
1.2 FUEL & POWER	**14.910**	**205.4**	**194.7**	**211.8**	**212.1**	**212.3**
1.2.1 Coal	2.094	190.8	191.5	189.8	189.8	189.8
1.2.2 Mineral Oils	9.364	226.0	212.1	233.1	233.5	233.8
1.2.3 Electricity	3.452	158.7	149.6	167.6	167.6	167.6
1.3 MANUFACTURED PRODUCTS	**64.972**	**151.5**	**149.5**	**154.6**	**154.6**	**154.9**
1.3.1 Food Products	**9.974**	**168.8**	**167.7**	**171.6**	**170.9**	**171.6**
1.3.1.1 Dairy Products	0.568	180.4	177.0	187.0	188.2	188.6
1.3.1.2 Canning, Preserving & Processing of Food	0.358	164.9	153.7	172.8	170.5	170.5
1.3.1.3 Grain Mill Products	1.340	167.9	164.4	172.8	171.5	175.4
1.3.1.4 Bakery Products	0.444	139.2	137.0	148.2	151.3	151.4
1.3.1.5 Sugar, Khandsari & Gur	2.089	183.0	185.3	183.8	182.6	182.7
1.3.1.6 Edible Oils	3.043	147.0	146.2	146.1	145.8	145.1
1.3.1.7 Oil Cakes	0.494	223.5	228.8	220.8	220.5	225.5
1.3.1.8 Tea & Coffee Proccessing	0.711	182.1	181.5	187.6	184.4	183.9
1.3.1.9 Manufacture of Salt	0.048	186.0	185.0	185.0	185.0	191.9
1.3.1.10 Other Food Products	0.879	178.5	173.7	188.8	188.8	188.8
1.3.2 Beverages, Tobacco & Tobacco Products	**1.762**	**186.0**	**181.7**	**197.4**	**197.6**	**197.4**
1.3.2.1 Wine Industries	0.385	128.9	125.2	136.1	135.0	136.0
1.3.2.2 Malt Liquor	0.153	170.8	170.9	171.7	173.6	174.9
1.3.2.3 Soft Drinks & Carbonated Water	0.241	161.4	160.7	159.1	159.1	159.4
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	216.8	210.7	234.8	235.4	234.2
1.3.3 Textiles	**7.326**	**139.0**	**136.1**	**143.1**	**142.7**	**143.9**
1.3.3.1 Cotton Textiles	2.605	158.0	154.0	165.5	164.1	166.8
1.3.3.1.1 Cotton Yarn	1.377	174.7	168.6	185.8	184.2	187.4
1.3.3.1.2 Cotton Fabric	1.228	139.3	137.6	142.7	141.6	143.6
1.3.3.2 Man-Made Textiles	2.206	131.7	128.2	134.7	134.9	135.3
1.3.3.2.1 Man-Made Fibre	1.672	131.3	127.4	134.0	134.2	134.3
1.3.3.2.2 Man-Made Fabric	0.533	132.9	130.6	137.0	137.2	138.3
1.3.3.3 Woollen Textiles	0.294	154.8	152.1	157.5	157.6	158.4
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	183.9	182.8	188.8	189.1	188.9
1.3.3.5 Other Misc. Textiles	1.960	113.5	112.6	114.5	114.7	114.8
1.3.4 Wood & Wood Products	**0.587**	**179.1**	**175.5**	**189.0**	**188.3**	**187.0**
1.3.4.1 Timber/Wooden Planks	0.181	144.9	141.9	155.5	156.3	156.3
1.3.4.2 Processed Wood	0.128	185.6	183.4	190.8	186.5	190.8
1.3.4.3 Plywood & Fibre Board	0.241	205.2	200.3	218.7	218.7	213.4
1.3.4.4 Others	0.038	154.7	152.1	153.8	153.8	153.3

No. 21: Wholesale Price Index (Concld.)

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2013	2014		
			Jun.	Apr.	May (P)	Jun. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	**2.034**	**143.0**	**140.5**	**149.4**	**149.7**	**149.2**
1.3.5.1 Paper & Pulp	1.019	141.6	139.1	149.1	149.3	148.6
1.3.5.2 Manufacture of boards	0.550	131.2	130.2	132.0	132.1	131.5
1.3.5.3 Printing & Publishing	0.465	159.8	156.0	170.7	171.6	171.6
1.3.6 Leather & Leather Products	**0.835**	**143.1**	**140.2**	**144.9**	**144.7**	**145.6**
1.3.6.1 Leathers	0.223	114.3	112.3	115.6	115.4	116.2
1.3.6.2 Leather Footwear	0.409	159.8	155.8	160.4	160.0	161.4
1.3.6.3 Other Leather Products	0.203	141.3	139.6	146.2	146.1	146.0
1.3.7 Rubber & Plastic Products	**2.987**	**146.0**	**143.3**	**150.1**	**150.1**	**150.2**
1.3.7.1 Tyres & Tubes	0.541	174.1	172.4	176.3	176.2	176.2
1.3.7.1.1 Tyres	0.488	174.4	173.2	176.3	176.2	176.2
1.3.7.1.2 Tubes	0.053	171.4	165.1	176.4	176.1	176.5
1.3.7.2 Plastic Products	1.861	136.3	133.2	140.8	141.1	141.2
1.3.7.3 Rubber Products	0.584	151.1	148.5	155.3	154.7	155.0
1.3.8 Chemicals & Chemical Products	**12.018**	**148.9**	**146.2**	**153.2**	**152.9**	**153.3**
1.3.8.1 Basic Inorganic Chemicals	1.187	150.6	149.6	156.6	154.2	156.2
1.3.8.2 Basic Organic Chemicals	1.952	147.5	142.1	153.3	156.1	153.7
1.3.8.3 Fertilisers & Pesticides	3.145	148.2	146.4	150.8	150.4	151.1
1.3.8.3.1 Fertilisers	2.661	152.3	150.5	154.4	154.0	154.5
1.3.8.3.2 Pesticides	0.483	125.9	123.5	130.6	130.8	132.5
1.3.8.4 Paints, Varnishes & Lacquers	0.529	147.6	145.9	149.5	149.8	149.4
1.3.8.5 Dyestuffs & Indigo	0.563	132.6	128.7	146.5	146.5	144.9
1.3.8.6 Drugs & Medicines	0.456	126.8	126.2	128.5	127.8	129.1
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	157.3	155.0	160.7	160.7	160.6
1.3.8.8 Turpentine, Plastic Chemicals	0.586	147.6	145.8	157.0	152.9	155.6
1.3.8.9 Polymers including Synthetic Rubber	0.970	142.8	140.3	152.9	153.1	152.8
1.3.8.10 Petrochemical Intermediates	0.869	170.4	165.7	165.5	164.2	167.4
1.3.8.11 Matches, Explosives & other Chemicals	0.629	149.8	149.1	150.9	150.9	152.4
1.3.9 Non-Metallic Mineral Products	**2.556**	**166.2**	**166.5**	**166.7**	**168.1**	**167.3**
1.3.9.1 Structural Clay Products	0.658	176.1	171.3	184.5	185.8	185.4
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	131.7	130.1	133.5	133.4	132.8
1.3.9.3 Cement & Lime	1.386	167.0	170.7	162.7	164.7	163.1
1.3.9.4 Cement, Slate & Graphite Products	0.256	171.3	167.7	176.3	176.0	177.8
1.3.10 Basic Metals, Alloys & Metal Products	**10.748**	**164.5**	**162.5**	**166.5**	**166.9**	**167.1**
1.3.10.1 Ferrous Metals	8.064	154.9	153.7	156.5	157.1	157.4
1.3.10.1.1 Iron & Semis	1.563	154.1	152.6	159.0	160.9	161.1
1.3.10.1.2 Steel: Long	1.630	165.6	166.0	165.1	165.8	166.2
1.3.10.1.3 Steel: Flat	2.611	153.9	152.6	153.5	153.2	153.3
1.3.10.1.4 Steel: Pipes & Tubes	0.314	129.8	127.3	132.9	132.5	132.8
1.3.10.1.5 Stainless Steel & alloys	0.938	159.8	156.7	164.8	166.0	166.8
1.3.10.1.6 Castings & Forgings	0.871	142.6	142.4	144.6	144.3	144.8
1.3.10.1.7 Ferro alloys	0.137	155.6	152.2	159.0	158.2	160.4
1.3.10.2 Non-Ferrous Metals	1.004	164.0	162.2	166.7	166.7	167.3
1.3.10.2.1 Aluminium	0.489	137.9	135.0	141.0	140.6	141.6
1.3.10.2.2 Other Non-Ferrous Metals	0.515	188.9	188.2	191.1	191.5	191.6
1.3.10.3 Metal Products	1.680	211.2	204.8	214.0	214.3	213.6
1.3.11 Machinery & Machine Tools	**8.931**	**131.6**	**130.7**	**133.4**	**133.3**	**133.8**
1.3.11.1 Agricultural Machinery & Implements	0.139	141.6	137.7	145.1	144.3	145.9
1.3.11.2 Industrial Machinery	1.838	150.1	149.3	151.9	151.7	152.5
1.3.11.3 Construction Machinery	0.045	137.0	137.1	138.4	141.2	141.2
1.3.11.4 Machine Tools	0.367	160.4	158.4	164.3	164.3	164.4
1.3.11.5 Air Conditioner & Refrigerators	0.429	115.6	114.0	120.3	120.0	120.3
1.3.11.6 Non-Electrical Machinery	1.026	123.8	122.9	124.5	124.5	124.5
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	136.6	135.6	138.4	138.5	138.2
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	150.3	150.1	151.6	150.8	152.6
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.6	117.6	117.4	116.7	118.2
1.3.11.10 Electronics Items	0.961	87.9	86.4	89.6	90.0	89.8
1.3.11.11 IT Hardware	0.267	88.4	88.0	90.0	88.4	91.5
1.3.11.12 Communication Equipments	0.118	95.9	96.3	96.8	99.5	99.5
1.3.12 Transport, Equipment & Parts	**5.213**	**134.5**	**132.8**	**135.7**	**135.8**	**135.8**
1.3.12.1 Automotives	4.231	134.0	132.2	135.0	135.1	135.1
1.3.12.2 Auto Parts	0.804	133.6	132.7	136.3	136.0	136.2
1.3.12.3 Other Transport Equipments	0.178	150.1	148.7	150.6	150.6	150.9

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-May		May	
				2013-14	2014-15	2013	2014
	1	2	3	4	5	6	7
General Index	**100.00**	**172.2**	**172.0**	**166.3**	**173.0**	**166.0**	**173.8**
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	125.5	124.7	121.4	124.6	122.3	125.6
1.2 Manufacturing	75.53	183.3	181.9	174.7	181.1	173.3	181.6
1.3 Electricity	10.32	155.2	164.7	165.8	180.7	172.4	183.2
2 Use-Based Classification							
2.1 Basic Goods	45.68	153.6	156.8	152.8	163.2	155.5	165.3
2.2 Capital Goods	8.83	251.6	242.6	213.1	232.9	218.8	228.7
2.3 Intermediate Goods	15.69	146.7	151.3	147.8	152.2	150.2	154.2
2.4 Consumer Goods	29.81	190.6	185.3	182.7	181.4	174.7	181.1
2.4.1 Consumer Durables	8.46	301.1	264.3	265.2	258.5	253.5	261.7
2.4.2 Consumer Non-Durables	21.35	146.9	154.0	150.0	150.8	143.5	149.1

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–June			
	2014-15 (Budget Estimates)	2013-14 (Actuals)	2014-15 (Actuals)	Percentage to Budget Estimates	
				2013-14	2014-15
	1	2	3	4	5
1 Revenue Receipts	11,897.6	1,172.3	1,144.3	11.1	9.6
1.1 Tax Revenue (Net)	9,772.6	1,019.1	990.9	11.5	10.1
1.2 Non-Tax Revenue	2,125.1	153.2	153.4	8.9	7.2
2 Capital Receipts	6,051.3	2,650.0	2,991.8	43.5	49.4
2.1 Recovery of Loans	105.3	15.7	12.1	14.7	11.5
2.2 Other Receipts	634.3	6.1	1.1	1.1	0.2
2.3 Borrowings and Other Liabilities	5,311.8	2,628.2	2,978.6	48.4	56.1
3 Total Receipts (1+2)	17,948.9	3,822.3	4,136.0	23.0	23.0
4 Non-Plan Expenditure	12,198.9	2,674.0	3,018.0	24.1	24.7
4.1 On Revenue Account	11,146.1	2,335.6	2,745.3	23.5	24.6
4.1.1 Interest Payments	4,270.1	614.8	906.9	16.6	21.2
4.2 On Capital Account	1,052.8	338.4	272.7	28.9	25.9
5 Plan Expenditure	5,750.0	1,148.3	1,118.1	20.7	19.4
5.1 On Revenue Account	4,535.0	941.5	892.6	21.2	19.7
5.2 On Capital Account	1,215.0	206.8	225.5	18.5	18.6
6 Total Expenditure (4+5)	17,948.9	3,822.3	4,136.0	23.0	23.0
7 Revenue Expenditure (4.1+5.1)	15,681.1	3,277.1	3,637.9	22.8	23.2
8 Capital Expenditure (4.2+5.2)	2,267.8	545.2	498.2	23.8	22.0
9 Revenue Deficit (7-1)	3,783.5	2,104.8	2,493.6	55.4	65.9
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,311.8	2,628.2	2,978.6	48.4	56.1
11 Gross Primary Deficit [10-4.1.1]	1,041.7	2,013.4	2,071.7	117.2	198.9

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2013-14	2013	2014					
		Jun. 28	May 23	May 30	Jun. 6	Jun. 13	Jun. 20	Jun. 27
	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	663.6	749.8	798.6	825.8	787.3	796.1	870.7
1.4 Others	6.6	9.8	6.5	28.9	6.0	5.9	7.0	4.5
2 91-day								
2.1 Banks	286.0	413.2	415.5	424.1	412.8	403.2	407.2	389.9
2.2 Primary Dealers	286.9	231.1	359.3	344.4	361.2	358.3	356.8	350.3
2.3 State Governments	381.9	623.1	440.8	369.8	384.8	424.8	429.8	499.8
2.4 Others	300.3	161.1	402.5	406.2	422.6	435.2	434.4	454.8
3 182-day								
3.1 Banks	270.0	243.8	221.0	221.5	233.5	205.3	194.1	191.9
3.2 Primary Dealers	255.3	227.3	282.7	279.7	286.2	291.2	297.0	280.9
3.3 State Governments	74.1	–	74.1	74.1	74.1	74.1	74.1	74.1
3.4 Others	164.6	170.9	186.2	188.6	170.1	193.3	198.1	216.0
4 364-day								
4.1 Banks	356.1	338.6	415.2	369.5	400.9	375.7	385.6	395.8
4.2 Primary Dealers	480.7	525.2	575.0	582.1	609.4	550.7	569.1	562.5
4.3 State Governments	6.9	9.7	7.5	7.5	7.5	7.5	7.5	12.7
4.4 Others	523.6	434.5	410.5	459.0	400.3	493.6	465.1	430.1
5 Total	4,494.7	4,051.9	4,546.6	4,554.1	4,595.2	4,606.2	4,621.9	4,734.0

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										
May 28	90	93	270.10	14.00	71	90.00	14.00	104.00	97.89	8.6456
Jun. 4	80	83	307.25	110.00	36	80.00	110.00	190.00	97.92	8.5201
Jun. 11	80	83	239.83	43.00	52	80.00	43.00	123.00	97.91	8.5619
Jun. 18	80	93	351.19	7.00	54	80.00	7.00	87.00	97.91	8.5619
Jun. 25	80	86	360.43	81.05	44	80.00	81.05	161.05	97.91	8.5619
182-day Treasury Bills										
2014-15										
May 21	60	83	276.71	–	18	60.00	–	60.00	95.84	8.7050
Jun. 4	60	64	166.10	–	31	60.00	–	60.00	95.89	8.5959
Jun. 18	60	83	137.79	–	42	60.00	–	60.00	95.86	8.6613
364-day Treasury Bills										
2014-15										
May 13	60	87	191.95	–	29	60.00	–	60.00	91.86	8.8857
May 28	60	74	215.14	–	20	60.00	–	60.00	92.02	8.6959
Jun. 11	60	93	215.28	–	18	60.00	–	60.00	92.10	8.6012
Jun. 25	60	97	166.26	12.04	30	18.75	12.04	30.79	92.02	8.6959

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
June 2, 2014	6.00-8.25	7.89
June 3, 2014	6.10-8.25	7.89
June 4, 2014	6.00-8.40	7.97
June 5, 2014	6.00-8.05	7.76
June 6, 2014	6.00-9.00	8.01
June 7, 2014	6.00-8.75	7.81
June 9, 2014	6.35-8.75	8.05
June 10, 2014	6.10-8.50	7.97
June 11, 2014	6.10-8.40	7.84
June 12, 2014	6.00-8.40	7.87
June 13, 2014	6.00-8.90	8.20
June 14, 2014	5.00-9.50	7.74
June 16, 2014	6.50-9.50	8.63
June 17, 2014	6.25-8.90	8.45
June 18, 2014	6.20-8.35	7.93
June 19, 2014	6.00-8.40	7.95
June 20, 2014	6.00-8.70	7.97
June 21, 2014	5.50-8.80	7.32
June 23, 2014	6.00-8.25	8.06
June 24, 2014	6.10-9.00	8.13
June 25, 2014	6.00-9.50	7.96
June 26, 2014	6.00-8.40	7.91
June 27, 2014	6.20-9.00	8.44
June 28, 2014	5.50-8.00	7.13
June 30, 2014	6.50-9.25	8.72
July 1, 2014	6.50-9.00	8.10
July 2, 2014	6.50-8.60	8.03
July 3, 2014	6.00-8.15	7.65
July 4, 2014	6.00-9.00	7.72
July 5, 2014	6.00-7.80	6.68
July 7, 2014	6.10-9.00	8.22
July 8, 2014	6.50-9.00	8.32
July 9, 2014	6.50-9.00	8.68
July 10, 2014	6.50-9.20	8.55
July 11, 2014	6.00-9.00	8.52
July 12, 2014	5.50-9.00	7.57
July 14, 2014	6.50-8.95	8.44
July 15, 2014	6.50-8.85	8.22

No. 27: Certificates of Deposit

Item	2013	2014			
	Jun. 28	May 16	May 30	Jun. 13	Jun. 27
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,644.9	3,535.6	3,585.9	3,227.3	3,375.9
1.1 Issued during the fortnight (₹ Billion)	614.1	147.5	317.2	512.3	448.8
2 Rate of Interest (per cent)	7.95-8.71	8.98-9.56	8.60-9.33	8.08-9.11	8.48-9.29

No. 28: Commercial Paper

Item	2013	2014			
	Jun. 30	May 15	May 31	Jun. 15	Jun. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,355.9	1,825.9	1,824.2	1,969.2	1,705.7
1.1 Reported during the fortnight (₹ Billion)	263.6	462.7	387.0	485.2	504.6
2 Rate of Interest (per cent)	7.58-12.71	8.48-12.65	8.35-12.87	8.14-12.54	8.29-14.02

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2013-14	2013	2014					
		Jun. 28	May 23	May 30	Jun. 6	Jun. 13	Jun. 20	Jun. 27
	1	2	3	4	5	6	7	8
1 Call Money	230.7	301.3	179.6	214.3	220.0	231.0	228.4	243.0
2 Notice Money	71.6	60.8	55.7	79.5	54.4	78.3	57.3	62.7
3 Term Money	5.4	9.6	4.9	3.7	3.2	0.9	4.5	2.0
4 CBLO	1,196.3	1,292.5	953.5	853.1	991.0	996.6	1,152.5	1,157.6
5 Market Repo	986.8	1,148.4	893.1	1,124.0	1,048.4	1,297.0	1,010.6	1,087.7
6 Repo in Corporate Bond	0.3	–	–	–	–	2.2	–	0.1
7 Forex (US $ million)	50,568	60,632	61,279	63,510	60,029	54,865	57,119	51,973
8 Govt. of India Dated Securities	662.5	582.9	1,043.6	1,056.8	1,239.5	1,149.5	734.7	663.7
9 State Govt. Securities	12.8	11.8	18.1	28.0	19.9	17.8	7.1	9.0
10 Treasury Bills								
10.1 91-Day	26.7	10.5	45.4	33.3	43.9	30.3	20.8	36.3
10.2 182-Day	12.9	8.5	21.3	16.0	14.2	6.5	19.3	11.9
10.3 364-Day	25.4	30.3	29.8	32.1	28.1	20.9	13.2	24.5
10.4 Cash Management Bills	7.3	–	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	740.3	644.1	1,158.2	1,166.2	1,345.7	1,225.1	795.1	745.5
11.1 RBI	–	0.8	2.5	1.5	4.5	4.1	0.2	0.8

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

(Amount in ₹ Billion)

Security & Type of Issue	2013-14		2013-14 (Apr.-Jun.)		2014-15 (Apr.-Jun.)		Jun. 2013		Jun. 2014	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	53	58.1	5	13.6	12	9.7	2	4.3	3	0.2
1A Premium	43	53.2	4	12.6	10	8.6	2	3.6	3	0.2
1.1 Prospectus	38	12.4	4	9.4	7	2.4	1	0.2	3	0.2
1.1.1 Premium	30	10.7	3	9.1	6	2.1	1	0.1	3	0.2
1.2 Rights	15	45.8	1	4.2	5	7.3	1	4.2	–	–
1.2.1 Premium	13	42.5	1	3.5	4	6.5	1	3.5	–	–
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	12	50.2	1	1.3	6	13.4	–	–	1	4.0
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	58.3	1	1.3	6	13.4	–	–	1	4.0
3.2.1 Prospectus	15	56.4	1	1.3	6	13.4	–	–	1	4.0
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	69	116.4	6	14.9	18	23.1	2	4.3	4	4.2
5.1 Prospectus	54	70.7	5	10.8	13	15.9	1	0.2	4	4.2
5.2 Rights	15	45.8	1	4.2	5	7.3	1	4.2	–	–

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

External Sector

No. 31: Foreign Trade

Item	Unit	2013-14	2013	2014				
			Jun.	Feb.	Mar.	Apr.	May	Jun.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	18,941.8	1,402.9	1,574.1	1,774.0	1,503.7	1,631.7	1,581.7
	US $ Million	312,620.7	24,023.4	25,296.0	29,075.8	24,913.4	27,513.9	26,479.7
1.1 Oil	₹ Billion	3,802.5	258.9	286.0	336.5	261.7	340.5	..
	US $ Million	62,687.2	4,433.0	4,595.8	5,515.4	4,336.3	5,742.0	..
1.2 Non-oil	₹ Billion	15,139.3	1,144.0	1,288.1	1,437.5	1,242.0	1,291.2	..
	US $ Million	249,933.5	19,590.4	20,700.2	23,560.3	20,577.1	21,771.9	..
2 Imports	₹ Billion	27,141.8	2,061.6	2,083.8	2,412.7	2,159.5	2,325.8	2,284.3
	US $ Million	450,082.2	35,303.5	33,487.0	39,543.8	35,779.8	39,217.2	38,243.0
2.1 Oil	₹ Billion	10,000.6	703.4	853.0	962.7	782.2	857.6	797.0
	US $ Million	165,153.7	12,031.1	13,706.9	15,779.0	12,959.0	14,461.5	13,342.8
2.2 Non-oil	₹ Billion	17,141.2	1,358.3	1,230.9	1,450.0	1,377.4	1,468.1	1,487.3
	US $ Million	284,928.5	23,272.4	19,780.1	23,764.8	22,820.8	24,755.7	24,900.2
3 Trade Balance	₹ Billion	–8,200.0	–658.7	–509.7	–638.7	–655.9	–694.1	–702.6
	US $ Million	–137,461.5	–11,280.2	–8,191.0	–10,468.0	–10,866.4	–11,703.3	–11,763.2
3.1 Oil	₹ Billion	–6,198.1	–444.5	–567.0	–626.2	–520.4	–517.1	..
	US $ Million	–102,466.6	–7,598.1	–9,111.1	–10,263.5	–8,622.8	–8,719.5	..
3.2 Non-oil	₹ Billion	–2,001.8	–214.3	57.3	–12.5	–135.4	–177.0	..
	US $ Million	–34,994.9	–3,682.0	920.1	–204.5	–2,243.7	–2,983.8	..

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

No. 32: Foreign Exchange Reserves

Item	Unit	2013	2014					
		Jul. 26	Jun. 20	Jun. 27	Jul. 4	Jul. 11	Jul. 18	Jul. 25
		1	2	3	4	5	6	7
1 Total Reseves	**₹ Billion**	**16,522**	**18,957**	**18,955**	**18,935**	**19,076**	**19,239**	**19,353**
	US $ Million	**280,163**	**314,922**	**315,779**	**316,393**	**317,037**	**317,850**	**320,564**
1.1 Foreign Currency Assets	₹ Billion	14,849	17,358	17,356	17,325	17,464	17,627	17,744
	US $ Million	252,051	287,962	288,813	289,573	290,222	291,051	293,784
1.2 Gold	₹ Billion	1,287	1,227	1,227	1,240	1,240	1,240	1,240
	US $ Million	21,556	20,790	20,790	20,635	20,635	20,635	20,635
1.3 SDRs	SDRs Million	2,887	2,888	2,888	2,888	2,888	2,888	2,888
	₹ Billion	258	269	268	267	269	269	267
	US $ Million	4,374	4,456	4,460	4,467	4,463	4,451	4,438
1.4 Reserve Tranche Position in IMF	₹ Billion	129	103	103	103	103	103	103
	US $ Million	2,183	1,714	1,716	1,719	1,717	1,713	1,707

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2013-14	2013	2014		2013-14	2014-15
		Jun.	May	Jun.	Apr.-Jun.	Apr.-Jun.
	1	2	3	4	5	6
1 NRI Deposits	**103,844**	**71,123**	**107,496**	**106,251**	**5,542**	**2,409**
1.1 FCNR(B)	41,823	15,087	42,578	42,590	–101	767
1.2 NR(E)RA	52,908	47,183	55,681	54,676	5,644	1,771
1.3 NRO	9,114	8,853	9,236	8,985	–1	–129

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2013-14	2013-14	2014-15	2013	2014	
		Apr.-Jun.	Apr.-Jun.	Jun.	May	Jun.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**21,564**	**6,488**	**9,149**	**1,835**	**4,753**	**2,390**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**30,762**	**6,477**	**9,106**	**1,804**	**4,754**	**2,345**
1.1.1.1 Gross Inflows/Gross Investments	**36,046**	**8,130**	**11,107**	**2,355**	**5,461**	**3,051**
1.1.1.1.1 Equity	25,274	5,620	7,457	1,518	3,678	2,001
1.1.1.1.1.1 Government (SIA/FIPB)	1,185	429	591	132	33	459
1.1.1.1.1.2 RBI	14,869	2,906	3,942	880	1,599	1,202
1.1.1.1.1.3 Acquisition of shares	8,245	2,061	2,703	432	1,972	266
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	223	222	74	74	74
1.1.1.1.2 Reinvested earnings	8,978	2,059	2,058	686	686	686
1.1.1.1.3 Other capital	1,794	451	1,592	150	1,097	365
1.1.1.2 Repatriation/Disinvestment	**5,284**	**1,653**	**2,001**	**551**	**707**	**707**
1.1.1.2.1 Equity	4,786	1,526	1,967	509	699	699
1.1.1.2.2 Other capital	498	127	34	42	8	8
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**	**–11**	**–43**	**–31**	**1**	**–45**
1.1.2.1 Equity capital	12,420	1,091	625	287	201	205
1.1.2.2 Reinvested Earnings	1,167	276	276	92	92	92
1.1.2.3 Other Capital	3,148	978	712	376	284	233
1.1.2.4 Repatriation/Disinvestment	7,535	2,357	1,656	786	576	576
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**4,822**	**–225**	**12,391**	**–8,628**	**7,687**	**4,802**
1.2.1 GDRs/ADRs	20	20	–	20	–	–
1.2.2 FIIs	5,009	–482	12,465	–8,727	7,709	4,824
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	207	–237	74	–79	22	22
1 Foreign Investment Inflows	**26,385**	**6,264**	**21,540**	**–6,793**	**12,440**	**7,192**

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

(US$ Million)

Item	2013-14	2013	2014		
		May	Mar.	Apr.	May
	1	2	3	4	5
1 Outward Remittances under the LRS	**1,093.9**	**115.3**	**104.1**	**94.2**	**114.0**
1.1 Deposit	31.6	2.2	7.4	4.5	2.5
1.2 Purchase of immovable property	58.7	7.2	1.2	1.6	0.6
1.3 Investment in equity/debt	165.5	13.3	23.2	17.2	16.5
1.4 Gift	267.1	28.8	32.7	32.4	35.8
1.5 Donations	2.0	0.2	0.1	0.4	0.3
1.6 Travel	15.9	4.3	0.8	1.1	1.6
1.7 Maintenance of close relatives	173.9	23.3	14.9	11.3	25.6
1.8 Medical Treatment	4.7	0.6	1.0	0.5	0.8
1.9 Studies Abroad	159.3	16.9	12.1	11.9	20.4
1.10 Others	215.3	18.5	10.8	13.2	9.8

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

Item	2012-13	2013-14	2013	2014	
			July	June	July
	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	73.53	73.77	73.31
1.2 REER	105.57	103.27	104.02	106.53	105.87
2 Export-Based Weights					
2.1 NEER	80.05	73.56	74.66	74.87	74.38
2.2 REER	108.71	105.48	106.14	108.61	107.90
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	75.54	67.72	69.03	68.26	67.81
1.2 REER	117.08	112.71	113.20	117.01	116.22
2 Base: 2013-14 (April-March) =100					
2.1 NEER	111.56	100.00	101.93	100.80	100.12
2.2 REER	103.88	100.00	100.43	103.81	103.11

Note: Real Effective Exchange Rate are based on CPI.

No. 37: External Commercial Borrowings (ECBs)

(Amount in US$ Million)

Item	2013-14	2013	2014	
		Jun.	May	Jun.
	1	2	3	4
1 Automatic Route				
1.1 Number	573	71	47	55
1.2 Amount	12,340	1,006	536	1,303
2 Approval Route				
2.1 Number	140	10	20	14
2.2 Amount	20,892	947	924	584
3 Total (1+2)				
3.1 Number	713	81	67	69
3.2 Amount	33,232	1,953	1,460	1,887
4 Weighted Average Maturity (in years)	4.88	5.34	6.37	4.86
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.98	3.04	2.73	2.19
5.2 Interest rate range for Fixed Rate Loans	0.00-12.79	0.00-10.00	0.00-8.00	0.00-10.50

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jan-Mar 2013 (P)			Jan-Mar 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**275,986**	**273,305**	**2,681**	**271,294**	**264,188**	**7,106**
1 CURRENT ACCOUNT (1.1+ 1.2)	**142,127**	**160,297**	**–18,170**	**144,473**	**145,813**	**–1,340**
1.1 MERCHANDISE	**84,772**	**130,408**	**–45,635**	**83,660**	**114,328**	**–30,668**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**57,355**	**29,890**	**27,465**	**60,812**	**31,485**	**29,328**
1.2.1 Services	37,819	20,860	16,960	40,645	21,040	19,605
1.2.1.1 Travel	5,489	2,719	2,770	5,014	2,959	2,056
1.2.1.2 Transportation	4,513	3,433	1,080	4,977	4,215	763
1.2.1.3 Insurance	604	305	300	582	278	304
1.2.1.4 G.n.i.e.	126	323	–197	154	234	–81
1.2.1.5 Miscellaneous	27,086	14,079	13,006	29,918	13,354	16,564
1.2.1.5.1 Software Services	17,691	586	17,106	18,492	787	17,706
1.2.1.5.2 Business Services	6,569	7,484	–915	6,853	6,721	132
1.2.1.5.3 Financial Services	1,093	1,192	–99	1,367	1,113	254
1.2.1.5.4 Communication Services	454	247	207	684	215	469
1.2.2 Transfers	16,896	1,205	15,690	17,410	1,258	16,152
1.2.2.1 Official	98	195	–97	200	247	–47
1.2.2.2 Private	16,798	1,010	15,788	17,209	1,010	16,199
1.2.3 Income	2,640	7,825	–5,185	2,757	9,187	–6,430
1.2.3.1 Investment Income	1,840	7,250	–5,411	1,839	8,353	–6,514
1.2.3.2 Compensation of Employees	800	574	226	918	835	84
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**133,557**	**113,008**	**20,549**	**126,821**	**117,626**	**9,195**
2.1 Foreign Investment (2.1.1+2.1.2)	**67,176**	**50,129**	**17,048**	**66,501**	**56,333**	**10,168**
2.1.1 Foreign Direct Investment	10,658	4,924	5,733	12,384	11,475	910
2.1.1.1 In India	9,064	1,893	7,171	10,945	1,164	9,781
2.1.1.1.1 Equity	5,751	1,856	3,895	8,008	1,083	6,925
2.1.1.1.2 Reinvested Earnings	2,732	–	2,732	2,457	–	2,457
2.1.1.1.3 Other Capital	581	37	544	480	80	400
2.1.1.2 Abroad	1,594	3,032	–1,438	1,440	10,311	–8,872
2.1.1.2.1 Equity	1,594	2,066	–472	1,440	9,312	–7,872
2.1.1.2.2 Reinvested Earnings	–	297	–297	–	297	–297
2.1.1.2.3 Other Capital	–	669	–669	–	703	–703
2.1.2 Portfolio Investment	56,518	45,204	11,314	54,116	44,858	9,258
2.1.2.1 In India	56,343	44,804	11,540	54,005	44,484	9,521
2.1.2.1.1 FIIs	56,343	44,804	11,540	54,005	44,484	9,521
2.1.2.1.1.1 Equity	43,819	34,171	9,648	37,244	33,980	3,264
2.1.2.1.1.2 Debt	12,525	10,633	1,892	16,761	10,504	6,257
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	175	400	–225	111	374	–263
2.2 Loans (2.2.1+2.2.2+2.2.3)	**42,802**	**33,584**	**9,218**	**32,481**	**30,902**	**1,579**
2.2.1 External Assistance	1,415	887	529	1,781	839	942
2.2.1.1 By India	13	84	–72	11	61	–50
2.2.1.2 To India	1,402	802	600	1,770	778	992
2.2.2 Commercial Borrowings	8,792	4,571	4,221	11,153	6,043	5,111
2.2.2.1 By India	263	154	109	526	323	203
2.2.2.2 To India	8,529	4,417	4,112	10,627	5,719	4,908
2.2.3 Short Term to India	32,594	28,126	4,468	19,547	24,021	–4,474
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	30,765	28,126	2,639	19,547	23,674	–4,127
2.2.3.2 Suppliers' Credit up to 180 days	1,829	–	1,829	–	347	–347
2.3 Banking Capital (2.3.1+2.3.2)	**17,926**	**21,497**	**–3,572**	**19,846**	**21,643**	**–1,796**
2.3.1 Commercial Banks	17,926	21,472	–3,546	19,681	21,643	–1,962
2.3.1.1 Assets	206	9,518	–9,312	2,838	5,246	–2,409
2.3.1.2 Liabilities	17,720	11,954	5,766	16,843	16,396	447
2.3.1.2.1 Non-Resident Deposits	15,423	12,629	2,794	16,386	12,641	3,745
2.3.2 Others	–	26	–26	165	–	165
2.4 Rupee Debt Service	–	31	–31	–	24	–24
2.5 Other Capital	5,654	7,767	–2,113	7,993	8,723	–730
3 Errors & Omissions	**302**	**–**	**302**	–	**749**	**–749**
4 Monetary Movements (4.1+ 4.2)	–	**2,681**	**–2,681**	–	**7,106**	**–7,106**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	–	2,681	–2,681	–	7,106	–7,106

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Jan-Mar 2013 (P)			Jan-Mar 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**14,949**	**14,804**	**145**	**16,761**	**16,322**	**439**
1 CURRENT ACCOUNT (1.1+ 1.2)	**7,698**	**8,683**	**–984**	**8,926**	**9,009**	**–83**
1.1 MERCHANDISE	**4,592**	**7,064**	**–2,472**	**5,169**	**7,063**	**–1,895**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**3,107**	**1,619**	**1,488**	**3,757**	**1,945**	**1,812**
1.2.1 Services	2,048	1,130	919	2,511	1,300	1,211
1.2.1.1 Travel	297	147	150	310	183	127
1.2.1.2 Transportation	244	186	58	308	260	47
1.2.1.3 Insurance	33	17	16	36	17	19
1.2.1.4 G.n.i.e.	7	18	–11	10	14	–5
1.2.1.5 Miscellaneous	1,467	763	704	1,848	825	1,023
1.2.1.5.1 Software Services	958	32	927	1,142	49	1,094
1.2.1.5.2 Business Services	356	405	–50	423	415	8
1.2.1.5.3 Financial Services	59	65	–5	84	69	16
1.2.1.5.4 Communication Services	25	13	11	42	13	29
1.2.2 Transfers	915	65	850	1,076	78	998
1.2.2.1 Official	5	11	–5	12	15	–3
1.2.2.2 Private	910	55	855	1,063	62	1,001
1.2.3 Income	143	424	–281	170	568	–397
1.2.3.1 Investment Income	100	393	–293	114	516	–402
1.2.3.2 Compensation of Employees	43	31	12	57	52	5
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**7,234**	**6,121**	**1,113**	**7,835**	**7,267**	**568**
2.1 Foreign Investment (2.1.1+2.1.2)	3,639	2,715	923	4,109	3,480	628
2.1.1 Foreign Direct Investment	577	267	311	765	709	56
2.1.1.1 In India	491	103	388	676	72	604
2.1.1.1.1 Equity	312	101	211	495	67	428
2.1.1.1.2 Reinvested Earnings	148	–	148	152	–	152
2.1.1.1.3 Other Capital	31	2	29	30	5	25
2.1.1.2 Abroad	86	164	–78	89	637	–548
2.1.1.2.1 Equity	86	112	–26	89	575	–486
2.1.1.2.2 Reinvested Earnings	–	16	–16	–	18	–18
2.1.1.2.3 Other Capital	–	36	–36	–	43	–43
2.1.2 Portfolio Investment	3,061	2,448	613	3,343	2,771	572
2.1.2.1 In India	3,052	2,427	625	3,336	2,748	588
2.1.2.1.1 FIIs	3,052	2,427	625	3,336	2,748	588
2.1.2.1.1.1 Equity	2,373	1,851	523	2,301	2,099	202
2.1.2.1.1.2 Debt	678	576	102	1,036	649	387
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	9	22	–12	7	23	–16
2.2 Loans (2.2.1+2.2.2+2.2.3)	**2,318**	**1,819**	**499**	**2,007**	**1,909**	**98**
2.2.1 External Assistance	77	48	29	110	52	58
2.2.1.1 By India	1	5	–4	1	4	–3
2.2.1.2 To India	76	43	33	109	48	61
2.2.2 Commercial Borrowings	476	248	229	689	373	316
2.2.2.1 By India	14	8	6	33	20	13
2.2.2.2 To India	462	239	223	657	353	303
2.2.3 Short Term to India	1,765	1,523	242	1,208	1,484	–276
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,666	1,523	143	1,208	1,463	–255
2.2.3.2 Suppliers' Credit up to 180 days	99	–	99	–	21	–21
2.3 Banking Capital (2.3.1+2.3.2)	**971**	**1,164**	**–193**	**1,226**	**1,337**	**–111**
2.3.1 Commercial Banks	971	1,163	–192	1,216	1,337	–121
2.3.1.1 Assets	11	516	–504	175	324	–149
2.3.1.2 Liabilities	960	647	312	1,041	1,013	28
2.3.1.2.1 Non-Resident Deposits	835	684	151	1,012	781	231
2.3.2 Others	–	1	–1	10	–	10
2.4 Rupee Debt Service	–	2	–2	–	2	–2
2.5 Other Capital	306	421	–114	494	539	–45
3 Errors & Omissions	**16**	–	**16**	–	**46**	**–46**
4 Monetary Movements (4.1+ 4.2)	–	**145**	**–145**	–	**439**	**–439**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	–	145	–145	–	439	–439

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

(US $ Million)

Item	Jan-Mar 2013 (P)			Jan-Mar 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**142,041**	**160,118**	**–18,078**	**144,379**	**145,589**	**–1,210**
1.A Goods and Services (1.A.a+1.A.b)	**122,591**	**151,267**	**–28,676**	**124,306**	**135,368**	**–11,063**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**84,772**	**130,408**	**–45,635**	**83,660**	**114,328**	**–30,668**
1.A.a.1 General merchandise on a BOP basis	82,893	113,985	–31,092	81,626	109,004	–27,378
1.A.a.2 Net exports of goods under merchanting	1,880	609	1,270	2,035	–	2,035
1.A.a.3 Nonmonetary gold	–	15,813	–15,813	–	5,324	–5,324
1.A.b Services (1.A.b.1 to 1.A.b.13)	**37,819**	**20,859**	**16,960**	**40,645**	**21,040**	**19,605**
1.A.b.1 Manufacturing services on physical inputs owned by others	12	12	–	112	7	105
1.A.b.2 Maintenance and repair services n.i.e.	36	80	–43	49	59	–10
1.A.b.3 Transport	4,513	3,433	1,080	4,977	4,215	763
1.A.b.4 Travel	5,489	2,719	2,770	5,014	2,959	2,056
1.A.b.5 Construction	301	455	–154	420	296	124
1.A.b.6 Insurance and pension services	604	305	300	582	278	304
1.A.b.7 Financial services	1,093	1,192	–99	1,367	1,113	254
1.A.b.8 Charges for the use of intellectual property n.i.e.	65	1,159	–1,094	204	1,235	–1,030
1.A.b.9 Telecommunications, computer, and information services	18,217	952	17,265	19,232	1,138	18,095
1.A.b.10 Other business services	6,569	7,484	–915	6,853	6,721	132
1.A.b.11 Personal, cultural, and recreational services	262	144	119	353	249	104
1.A.b.12 Government goods and services n.i.e.	126	323	–197	154	234	–81
1.A.b.13 Others n.i.e.	529	2,602	–2,073	1,328	2,536	–1,208
1.B Primary Income (1.B.1 to 1.B.3)	**2,640**	**7,825**	**–5,185**	**2,757**	**9,187**	**–6,430**
1.B.1 Compensation of employees	800	574	226	918	835	84
1.B.2 Investment income	1,547	6,819	–5,272	1,522	8,187	–6,665
1.B.2.1 Direct investment	479	3,009	–2,530	474	3,551	–3,077
1.B.2.2 Portfolio investment	31	943	–912	95	1,520	–1,425
1.B.2.3 Other investment	77	2,866	–2,790	129	3,115	–2,986
1.B.2.4 Reserve assets	960	1	959	824	2	823
1.B.3 Other primary income	293	432	–139	317	166	151
1.C Secondary Income (1.C.1+1.C.2)	**16,810**	**1,027**	**15,783**	**17,316**	**1,033**	**16,283**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	16,798	1,010	15,788	17,209	1,010	16,199
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,220	918	15,302	16,464	930	15,534
1.C.1.2 Other current transfers	578	92	486	746	80	666
1.C.2 General government	12	17	–5	107	23	84
2 Capital Account (2.1+2.2)	**581**	**430**	**150**	**175**	**328**	**–153**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	6	10	–4	40	26	14
2.2 Capital transfers	574	420	154	135	301	–167
3 Financial Account (3.1 to 3.5)	**133,334**	**115,708**	**17,626**	**126,891**	**124,779**	**2,111**
3.1 Direct Investment (3.1A+3.1B)	**10,658**	**4,924**	**5,733**	**12,384**	**11,475**	**910**
3.1.A Direct Investment in India	9,064	1,893	7,171	10,945	1,164	9,781
3.1.A.1 Equity and investment fund shares	8,483	1,856	6,627	10,465	1,083	9,382
3.1.A.1.1 Equity other than reinvestment of earnings	5,751	1,856	3,895	8,008	1,083	6,925
3.1.A.1.2 Reinvestment of earnings	2,732	–	2,732	2,457	–	2,457
3.1.A.2 Debt instruments	581	37	544	480	80	400
3.1.A.2.1 Direct investor in direct investment enterprises	581	37	544	480	80	400
3.1.B Direct Investment by India	1,594	3,032	–1,438	1,440	10,311	–8,872
3.1.B.1 Equity and investment fund shares	1,594	2,363	–769	1,440	9,609	–8,169
3.1.B.1.1 Equity other than reinvestment of earnings	1,594	2,066	–472	1,440	9,312	–7,872
3.1.B.1.2 Reinvestment of earnings	–	297	–297	–	297	–297
3.1.B.2 Debt instruments	–	669	–669	–	703	–703
3.1.B.2.1 Direct investor in direct investment enterprises	–	669	–669	–	703	–703
3.2 Portfolio Investment	**56,518**	**45,204**	**11,314**	**54,116**	**44,858**	**9,258**
3.2.A Portfolio Investment in India	56,343	44,804	11,540	54,005	44,484	9,521
3.2.1 Equity and investment fund shares	43,819	34,171	9,648	37,244	33,980	3,264
3.2.2 Debt securities	12,525	10,633	1,892	16,761	10,504	6,257
3.2.B Portfolio Investment by India	175	400	–225	111	374	–263
3.3 Financial derivatives (other than reserves) and employee stock options	**1,031**	**1,942**	**–911**	**4,811**	**1,460**	**3,351**
3.4 Other investment	**65,119**	**60,937**	**4,181**	**55,578**	**59,879**	**–4,301**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	15,423	12,654	2,768	16,551	12,641	3,910
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	–	26	–26	165	–	165
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	15,423	12,629	2,794	16,386	12,641	3,745
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	12,710	14,301	–1,591	16,230	15,883	346
3.4.3.A Loans to India	12,434	14,063	–1,629	15,692	15,499	193
3.4.3.B Loans by India	276	238	38	537	384	153
3.4.4 Insurance, pension, and standardized guarantee schemes	7	19	–12	165	47	118
3.4.5 Trade credit and advances	32,594	28,126	4,468	19,547	24,021	–4,474
3.4.6 Other accounts receivable/payable - other	4,392	5,856	–1,464	3,086	7,287	–4,201
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	**2,681**	**–2,681**	–	**7,106**	**–7,106**
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)	–	2,681	–2,681	–	7,106	–7,106
4 Total assets/liabilities	**133,334**	**115,708**	**17,626**	**126,891**	**124,779**	**2,111**
4.1 Equity and investment fund shares	55,109	40,752	14,357	54,236	46,553	7,683
4.2 Debt instruments	73,833	66,420	7,413	69,568	63,832	5,736
4.3 Other financial assets and liabilities	4,392	8,537	–4,145	3,086	14,394	–11,308
5 Net errors and omissions	**302**	–	**302**	–	**749**	**–749**

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

(₹ Billion)

Item	Jan-Mar 2013 (P)			Jan-Mar 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**7,694**	**8,673**	**–979**	**8,920**	**8,995**	**–75**
1.A Goods and Services (1.A.a+1.A.b)	**6,640**	**8,193**	**–1,553**	**7,680**	**8,363**	**–683**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,592**	**7,064**	**–2,472**	**5,169**	**7,063**	**–1,895**
1.A.a.1 General merchandise on a BOP basis	4,490	6,174	–1,684	5,043	6,734	–1,691
1.A.a.2 Net exports of goods under merchanting	102	33	69	126	–	126
1.A.a.3 Nonmonetary gold	–	857	–857	–	329	–329
1.A.b Services (1.A.b.1 to 1.A.b.13)	**2,048**	**1,130**	**919**	**2,511**	**1,300**	**1,211**
1.A.b.1 Manufacturing services on physical inputs owned by others	1	1	–	7	–	6
1.A.b.2 Maintenance and repair services n.i.e.	2	4	–2	3	4	–1
1.A.b.3 Transport	244	186	58	308	260	47
1.A.b.4 Travel	297	147	150	310	183	127
1.A.b.5 Construction	16	25	–8	26	18	8
1.A.b.6 Insurance and pension services	33	17	16	36	17	19
1.A.b.7 Financial services	59	65	–5	84	69	16
1.A.b.8 Charges for the use of intellectual property n.i.e.	4	63	–59	13	76	–64
1.A.b.9 Telecommunications, computer, and information services	987	52	935	1,188	70	1,118
1.A.b.10 Other business services	356	405	–50	423	415	8
1.A.b.11 Personal, cultural, and recreational services	14	8	6	22	15	6
1.A.b.12 Government goods and services n.i.e.	7	18	–11	10	14	–5
1.A.b.13 Others n.i.e.	29	141	–112	82	157	–75
1.B Primary Income (1.B.1 to 1.B.3)	**143**	**424**	**–281**	**170**	**568**	**–397**
1.B.1 Compensation of employees	43	31	12	57	52	5
1.B.2 Investment income	84	369	–286	94	506	–412
1.B.2.1 Direct investment	26	163	–137	29	219	–190
1.B.2.2 Portfolio investment	2	51	–49	6	94	–88
1.B.2.3 Other investment	4	155	–151	8	192	–184
1.B.2.4 Reserve assets	52	–	52	51	–	51
1.B.3 Other primary income	16	23	–8	20	10	9
1.C Secondary Income (1.C.1+1.C.2)	**910**	**56**	**855**	**1,070**	**64**	**1,006**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	910	55	855	1,063	62	1,001
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	879	50	829	1,017	57	960
1.C.1.2 Other current transfers	31	5	26	46	5	41
1.C.2 General government	1	1	–	7	1	5
2 Capital Account (2.1+2.2)	**31**	**23**	**8**	**11**	**20**	**–9**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	–	1	–	2	2	1
2.2 Capital transfers	31	23	8	8	19	–10
3 Financial Account (3.1 to 3.5)	**7,222**	**6,267**	**955**	**7,839**	**7,709**	**130**
3.1 Direct Investment (3.1A+3.1B)	**577**	**267**	**311**	**765**	**709**	**56**
3.1.A Direct Investment in India	491	103	388	676	72	604
3.1.A.1 Equity and investment fund shares	459	101	359	647	67	580
3.1.A.1.1 Equity other than reinvestment of earnings	312	101	211	495	67	428
3.1.A.1.2 Reinvestment of earnings	148	–	148	152	–	152
3.1.A.2 Debt instruments	31	2	29	30	5	25
3.1.A.2.1 Direct investor in direct investment enterprises	31	2	29	30	5	25
3.1.B Direct Investment by India	86	164	–78	89	637	–548
3.1.B.1 Equity and investment fund shares	86	128	–42	89	594	–505
3.1.B.1.1 Equity other than reinvestment of earnings	86	112	–26	89	575	–486
3.1.B.1.2 Reinvestment of earnings	–	16	–16	–	18	–18
3.1.B.2 Debt instruments	–	36	–36	–	43	–43
3.1.B.2.1 Direct investor in direct investment enterprises	–	36	–36	–	43	–43
3.2 Portfolio Investment	**3,061**	**2,448**	**613**	**3,343**	**2,771**	**572**
3.2.A Portfolio Investment in India	3,052	2,427	625	3,336	2,748	588
3.2.1 Equity and investment fund shares	2,373	1,851	523	2,301	2,099	202
3.2.2 Debt securities	678	576	102	1,036	649	387
3.2.B Portfolio Investment by India	9	22	–12	7	23	–16
3.3 Financial derivatives (other than reserves) and employee stock options	**56**	**105**	**–49**	**297**	**90**	**207**
3.4 Other investment	**3,527**	**3,301**	**226**	**3,434**	**3,699**	**–266**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	835	685	150	1,023	781	242
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	–	1	–1	10	–	10
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	835	684	151	1,012	781	231
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	688	775	–86	1,003	981	21
3.4.3.A Loans to India	673	762	–88	969	958	12
3.4.3.B Loans by India	15	13	2	33	24	9
3.4.4 Insurance, pension, and standardized guarantee schemes	–	1	–1	10	3	7
3.4.5 Trade credit and advances	1,765	1,523	242	1,208	1,484	–276
3.4.6 Other accounts receivable/payable - other	238	317	–79	191	450	–260
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	**145**	**–145**	–	**439**	**–439**
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)	–	145	–145	–	439	–439
4 Total assets/liabilities	**7,222**	**6,267**	**955**	**7,839**	**7,709**	**130**
4.1 Equity and investment fund shares	2,985	2,207	778	3,351	2,876	475
4.2 Debt instruments	3,999	3,598	402	4,298	3,944	354
4.3 Other financial assets and liabilities	238	462	–225	191	889	–699
5 Net errors and omissions	**16**	–	**16**	–	**46**	**–46**

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2013-14		2013				2014	
			Mar.		Dec.		Mar.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	128,709	242,706	119,510	233,671	119,838	226,552	128,709	242,706
1.1 Equity Capital and Reinvested Earnings	90,902	231,724	84,850	223,143	82,733	215,631	90,902	231,724
1.2 Other Capital	37,807	10,983	34,660	10,528	37,105	10,921	37,807	10,983
2 Portfolio Investment	1,068	193,033	1,375	201,268	1,340	179,595	1,068	193,033
2.1 Equity	931	139,661	1,261	139,460	1,184	132,348	931	139,661
2.2 Debt	137	53,372	114	61,808	156	47,248	137	53,372
3 Other Investment	49,191	379,053	34,822	339,526	43,205	370,891	49,191	379,053
3.1 Trade Credit	8,742	83,930	3,921	88,981	10,859	88,363	8,742	83,930
3.2 Loan	6,863	178,093	4,917	166,945	5,553	170,623	6,863	178,093
3.3 Currency and Deposits	17,862	103,992	13,058	71,003	13,867	98,772	17,862	103,992
3.4 Other Assets/Liabilities	15,724	13,037	12,926	12,597	12,926	13,134	15,724	13,037
4 Reserves	304,223	–	292,046	–	293,878	–	304,223	–
5 Total Assets/ Liabilities	483,192	814,793	447,753	774,465	458,261	777,038	483,192	814,793
6 IIP (Assets - Liabilities)		–331,600		–326,712		–318,778		–331,600

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2013-14	2014			2013-14	2014		
		Apr.	May	Jun.		Apr.	May	Jun.
	1	2	3	4	5	6	7	8
1 RTGS	**81.11**	**7.27**	**7.80**	**7.47**	**904,968.04**	**71,295.24**	**72,092.04**	**80,264.24**
1.1 Customer Transactions	76.35	6.92	7.41	7.10	573,614.03	46,528.98	47,312.39	54,092.02
1.2 Interbank Transactions	4.75	0.35	0.39	0.37	160,638.37	11,580.43	11,069.24	12,150.96
1.3 Interbank Clearing	0.011	0.001	0.001	0.001	170,715.64	13,185.83	13,710.41	14,021.27
2 CCIL Operated Systems	**2.56**	**0.20**	**0.27**	**0.27**	**621,569.63**	**52,430.62**	**61,740.06**	**68,567.05**
2.1 CBLO	0.18	0.01	0.02	0.02	175,261.92	10,367.53	11,495.40	13,657.55
2.2 Govt. Securities Clearing	0.87	0.07	0.10	0.11	161,848.24	17,920.69	23,275.02	24,523.19
2.2.1 Outright	0.82	0.06	0.09	0.10	89,566.99	6,020.75	9,957.37	10,479.58
2.2.2 Repo	0.046	0.008	0.008	0.010	72,281.26	11,899.94	13,317.65	14,043.61
2.3 Forex Clearing	1.51	0.12	0.15	0.14	284,459.46	24,142.40	26,969.64	30,386.31
3 Paper Clearing	**1,257.31**	**99.92**	**99.92**	**95.84**	**93,438.17**	**8,065.63**	**5,110.25**	**7,266.08**
3.1 Cheque Truncation System (CTS)	591.38	73.54	78.26	75.64	44,691.39	5,690.11	3,174.57	5,487.67
3.2 MICR Clearing	440.07	9.11	6.24	3.97	31,064.94	752.30	476.76	352.65
3.2.1 RBI Centres	215.50	2.93	2.30	1.46	15,246.84	226.85	177.50	128.58
3.2.2 Other Centres	224.57	6.19	3.94	2.51	15,818.10	525.44	299.26	224.07
3.3 Non-MICR Clearing	225.86	17.26	15.42	16.23	17,681.84	1,623.23	1,458.91	1,425.76
4 Retail Electronic Clearing	**1,108.32**	**107.22**	**107.04**	**105.25**	**47,856.29**	**4,645.76**	**4,751.99**	**4,889.01**
4.1 ECS DR	192.91	17.86	17.88	17.21	1,267.96	123.01	130.77	130.83
4.2 ECS CR (includes NECS)	152.54	10.88	11.52	10.10	2,492.19	186.26	170.33	155.77
4.3 EFT/NEFT	661.01	70.62	69.11	67.86	43,785.52	4,219.56	4,307.38	4,509.52
4.4 Immediate Payment Service (IMPS)	15.36	3.11	3.30	3.71	95.81	21.56	24.16	26.10
4.5 National Automated Clearing House (NACH)	86.50	4.75	5.24	6.38	214.81	95.37	119.34	66.79
5 Cards	**7,219.13**	**657.04**	**674.90**	**663.94**	**22,159.58**	**1,977.71**	**2,121.70**	**2,035.86**
5.1 Credit Cards	512.03	46.74	47.55	48.57	1,556.72	147.40	152.13	150.27
5.1.1 Usage at ATMs	2.96	0.30	0.31	0.31	16.87	1.63	1.67	1.67
5.1.2 Usage at POS	509.08	46.44	47.24	48.26	1,539.85	145.77	150.46	148.61
5.2 Debit Cards	6,707.10	610.30	627.35	615.37	20,602.86	1,830.31	1,969.57	1,885.59
5.2.1 Usage at ATMs	6,088.02	554.03	568.13	555.81	19,648.35	1,743.46	1,873.75	1,792.85
5.2.2 Usage at POS	619.08	56.27	59.22	59.56	954.51	86.85	95.82	92.73
6 Prepaid Payment Instruments (PPIs)	**133.63**	**15.73**	**16.25**	**16.58**	**80.87**	**9.90**	**10.19**	**11.04**
6.1 m-Wallet	107.51	13.07	13.57	13.71	29.05	4.03	4.37	4.66
6.2 PPI Cards	25.60	2.61	2.64	2.82	28.18	3.75	4.11	4.01
6.3 Paper Vouchers	0.53	0.05	0.04	0.05	23.63	2.12	1.71	2.36
7 Mobile Banking	**94.71**	**10.17**	**10.89**	**10.73**	**224.18**	**32.96**	**38.82**	**39.85**
8 Cards Outstanding	**413.60**	**418.88**	**421.11**	**428.51**	–	–	–	–
8.1 Credit Card	19.18	19.23	19.39	19.48	–	–	–	–
8.2 Debit Card	394.42	399.65	401.72	409.03	–	–	–	–
9 Number of ATMs (in actuals)	**160055**	**162543**	**164491**	**166894**	–	–	–	–
10 Number of POS (in actuals)	**1065984**	**1076289**	**1081466**	**1088708**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**9,802.05**	**887.37**	**906.17**	**889.36**	**1,519,356.93**	**125,239.04**	**132,115.82**	**149,012.00**

Explanatory Notes to the Current Statistics

Table No. 1

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

Table No. 2

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

Table No. 4

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

Table No. 5

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

Table No. 6

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

Table Nos. 7 & 11

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

Table No. 8

NM_2 and NM_3 do not include FCNR (B) deposits.
2.4: Consist of paid-up capital and reserves.
2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.
L_1 and L_2 are compiled monthly and L_3 quarterly.
Wherever data are not available, the last available data have been repeated.

Table No. 15

Data are provisional and relate to select banks which cover 95 per cent of total non-food credit extended by all scheduled commercial banks.
1.2A.2.1 : Manufacturing include ₹335 billion and item 1.2A.2.2 : Services includes ₹34 billion credit to medium enterprises for the month of March 2014 only.

Table No. 17

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

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30
Exclude private placement and offer for sale.
1: Exclude bonus shares.
2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32
Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC SWAP arrangement. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34
1.1.1.1.2 & 1.1.1.1.1.4: Estimates.
1.1.1.2: Estimates for latest months.
'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.
Data may not tally with the BoP data due to lag in reporting.

Table No. 35
1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36
Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2012-13 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). Methodological details are available in December 2005 and April 2014 issues of the Bulletin.

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

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

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

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

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23. Banking Paribhashik Kosh (English-Hindi) 2010	₹75 per copy (over the counter) ₹97 per copy (including postal charges)	–
24. 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 1935-1981 (3 Volumes), Challenges to Central Banking in the Context of Financial Crisis and the Regional Economy of India: Growth and Finance are available at leading book stores in India.

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