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# GOVERNOR'S STATEMENT

Governor's Statement

# *Governor's Statement**

## *Shaktikanta Das*

The Monetary Policy Committee (MPC) met on 2nd, 3rd and 4th, June 2021 and took stock of the evolving macroeconomic and financial conditions as well as the impact of the second wave of the pandemic. Based on its assessment, the MPC voted unanimously to maintain status quo, keeping the policy repo rate unchanged at 4 per cent. The MPC also decided unanimously to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. The marginal standing facility (MSF) rate and the bank rate remain unchanged at 4.25 per cent. The reverse repo rate also remains unchanged at 3.35 per cent.

Since the MPC's April meeting, the second wave of COVID-19 has surged across several states and spread into smaller towns and villages, leaving a trail of human misery and tragedy in its wake. Yet in these days of trials and travails, it is vital to remain focused on vanquishing the virus. Tough times call for tough choices and tough decisions to emerge triumphant. It is said that storms make trees take deeper roots. I am convinced that as we stretch our endurance to eradicate the virus, it will bring out the finest aspects of human character and capability. I am reminded here of a quote attributed to the Greek philosopher Epictetus: "The greater the difficulty, the more glory in surmounting it…"[1].

Let me begin by setting out the underlying rationale of the MPC's decision. Provisional estimates of national income released by the National Statistical Office (NSO) on May 31, 2021 placed India's real gross domestic product (GDP) contraction at 7.3 per cent for 2020-21, with GDP growth in Q4 at 1.6 per cent (y-o-y). The forecast of a normal south-west monsoon, the resilience of agriculture and the farm economy, the adoption of COVID compatible operational models by businesses, and the gathering momentum of global recovery are forces that can provide tailwinds to revival of domestic economic activity when the second wave abates. On the other hand, the spread of COVID-19 infections in rural areas and the dent on urban demand pose downside risks. Ramping up the vaccination drive and bridging the gaps in healthcare infrastructure and vital medical supplies can mitigate the pandemic's devastation.

The inflation print for April at 4.3 per cent has brought with it some relief and policy elbow room. A normal south-west monsoon along with comfortable buffer stocks should help to keep cereal price pressures in check. On the other hand, the rising trajectory of international crude prices within a broad-based surge in international commodity prices and logistics costs is worsening cost conditions. These developments could keep core price pressures elevated, although weak demand conditions may temper the pass-through to consumer inflation.

On balance, the MPC was of the view that at this juncture, policy support from all sides is required to regain the momentum of growth that was evident in H2:2020-21 and to nurture the recovery after it has taken root. Accordingly, the MPC decided to keep the policy rate at its current level of 4 per cent and to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

**Assessment of Growth and Inflation**

**Growth**

The second wave of COVID-19 is associated with unexpectedly higher rates of morbidity and mortality

* Governor's Statement - June 4, 2021

[1] Epictetus: Quotes and Facts, Blago Kirov (2016)

relative to the first wave. The break out of mutant strains that render the virus highly transmissible across both urban and rural areas has led to fresh restrictions on activity being imposed across a large swath of the country. Yet unlike in the first wave, when the economy came to an abrupt standstill under a nation-wide lockdown, the impact on economic activity is expected to be relatively contained in the second wave, with restrictions on mobility being regionalised and nuanced. Moreover, people and businesses are adapting to pandemic working conditions.

Urban demand, as reflected in some high frequency indicators – electricity consumption; railway freight traffic; port cargo; steel consumption; cement production; e-way bills; and toll collections – recorded sequential moderation during April-May 2021 as manufacturing and services activity weakened due to restrictions/lockdowns imposed by most states. Mobility indicators have declined during April-May, but they remain above the levels seen during the first wave last year. Domestic monetary and financial conditions remain highly accommodative and supportive of economic activity. Moreover, the vaccination process is expected to gather steam in the coming months and that should help to normalise economic activity.

With external demand strengthening, a rebound in global trade is taking hold, which should support India's export sector. Global demand conditions are expected to improve further buoyed by fiscal stimulus packages and the fast progress of vaccination in advanced economies. India's exports in March, April and May 2021 have launched into an upswing. Conducive external conditions are forming for a durable recovery beyond pre-pandemic levels. The need of the hour is for enhanced and targeted policy support for exports. It is opportune now to give further policy push by focusing on quality and scalability.

Notwithstanding the sequential decline of the indicators of rural demand in April, rural demand is expected to remain strong as forecast of a normal monsoon bodes well for sustaining its buoyancy going forward. The increased spread of COVID-19 infections in rural areas, however, poses downside risks. Taking all these factors into consideration, real GDP growth is now projected at 9.5 per cent in 2021-22 consisting of 18.5 per cent in Q1; 7.9 per cent in Q2; 7.2 per cent in Q3; and 6.6 per cent in Q4 of 2021-22.

**Inflation**

Turning to the outlook for inflation, the favourable base effects that brought about the moderation in headline inflation by 1.2 percentage points in April, may persist through the first half of the year, conditioned by the progress of the monsoon and effective supply side interventions by the Government. Upside risks to inflation emanate from persistence of the second wave and consequent restrictions on activity on a virtually pan-India basis. In such a scenario, insulating prices of essential food items from supply side disruptions will necessitate active monitoring and preparedness for coordinated, calibrated and timely measures by both Centre and states to prevent emergence of supply chain bottlenecks and increase in retail margins.

Taking into consideration all these factors, CPI inflation is projected at 5.1 per cent during 2021-22: 5.2 per cent in Q1; 5.4 per cent in Q2; 4.7 per cent in Q3; and 5.3 per cent in Q4 of 2021-22, with risks broadly balanced.

**Liquidity and Financial Market Guidance**

The foremost endeavour of the Reserve Bank throughout the pandemic has been to create conducive financial conditions so that financial markets and institutions keep functioning normally. Accordingly, adequate system level liquidity has been ensured and targeted liquidity to stressed institutions and sectors has been provided. As a result, borrowing costs and spreads have been reduced to historic lows. This has incentivised a record amount of private borrowing through corporate bonds and debentures in FY2020-

21. Reserve money rose by 12.4 per cent (y-o-y)[2] as on May 28, 2021, while money supply (M3) grew by 9.9 per cent (y-o-y) (as on May 21), and bank credit by 6.0 per cent (y-o-y) (as on May 21). G-SAP operations and some instances of cancellations, devolvement and exercise of greenshoe options in G-Sec auctions have conveyed the Reserve Bank's views to the market. With the second wave intensifying this financial year, the focus of the Reserve Bank is increasingly turning from systemic liquidity to its equitable distribution. In fact, the enduring lesson from the experience of the pandemic in the Indian context has been the deployment of unconventional monetary policy measures that distribute liquidity among all stakeholders. We shall continue with our proactive and pre-emptive approach, relying on market-based channels of transmission as we strive to mitigate the toll of the pandemic and return the economy to a path of high and durable growth.

The auctions under G-SAP 1.0 have evoked keen interest from market participants, with bid cover ratios of 4.1 and 3.5, respectively, in the two auctions undertaken so far. The timing of the second auction was aimed towards replenishing the drainage of liquidity due to the restoration of the cash reserve ratio (CRR) to its pre-pandemic level of 4 per cent of net demand and time liabilities (NDTL), effective May 22, 2021. In addition, the redemption of government securities worth around ₹52,000 crore during the last week of May fully neutralised the CRR restoration. The positive externalities associated with G-SAP 1.0 operations are reflected in other financial market segments, notably corporate bonds and debentures. Interest rates on commercial paper (CP), 91-day treasury bills, and certificates of deposit (CDs) also remained low and range bound.

In my statement of April 7, 2021, I had indicated that in addition to G-SAP, the Reserve Bank will continue to deploy regular operations under the LAF, longer-term repo/reverse repo auctions, forex operations and open market operations, including special OMOs, to ensure that liquidity conditions evolve in consonance with the stance of monetary policy and financial conditions remain supportive for all stakeholders. During the current year so far, the Reserve Bank has undertaken regular OMOs and injected additional liquidity to the tune of ₹36,545 crore (up to May 31) in addition to ₹60,000 crore under G-SAP 1.0. A purchase and sale auction under operation twist has also been conducted on May 6, 2021 to facilitate the smooth evolution of the yield curve. Going forward, the Reserve Bank will continue to conduct regular operations for liquidity management.

Taking these developments into account, it has now been decided that another operation under G-SAP 1.0 for purchase of G-Secs of ₹40,000 crore will be conducted on June 17, 2021. Of this, ₹10,000 crore would constitute purchase of state development loans (SDLs). It has also been decided to undertake G-SAP 2.0 in Q2:2021-22 and conduct secondary market purchase operations of ₹1.20 lakh crore to support the market. The specific dates and securities under G-SAP 2.0 operations will be indicated separately. We do expect the market to respond appropriately to this announcement of G-SAP 2.0.

After a risk-off period of retrenchment in April-May, the prospects for capital flows to India are improving again. While these flows ease external financing constraints, they also impart volatility to financial markets and asset prices, while producing undesirable and unintended fluctuations in liquidity that can vitiate the monetary policy stance. This has necessitated countervailing two sided interventions by the Reserve Bank in spot, forward and futures markets to stabilise financial market and liquidity conditions so that monetary policy retains its domestic orientation and the independence to pursue national objectives. Thus, the Reserve Bank actively engages

[2] Adjusted for the first-round impact of the change in the cash reserve ratio

in both purchases and sales in the foreign exchange market and its various segments. The success of these efforts is reflected in the stability and orderliness in market conditions and in the exchange rate in spite of large global spillovers. In the process, strength is imparted to the country's balance sheet by the accumulation of reserves.

Yet another issue that has generated wide-ranging interest and discussion among economists, market participants and analysts is the role and nature of our forward guidance. As you would recall, in April the MPC had decided on state-based rather than time-based forward guidance, recognising that it is difficult in the context of the pandemic to perfectly foresee how the economy evolves and when the economic recovery gets firmly entrenched. Amidst such all-pervasive uncertainty, the Reserve Bank will continue to use all instruments at its command and work to revive and sustain growth on a durable basis. Needless to add, the consistency and credibility of our communications are reinforced by our visible actions.

I would like to emphasise that in the whole process of fighting against the pandemic, the strength of the financial system is very crucial. Building adequate provisioning and capital buffers, together with sound corporate governance in financial entities, have become much more important than ever before, more so in the context of banks and NBFCs being at the forefront of our efforts to mitigate the economic impact of COVID-19. The Reserve Bank remains fully committed to creating an enabling environment in which a sound and efficient financial sector flourishes while preserving financial stability.

**Additional Measures**

Against this backdrop and based on our continuing assessment of the macroeconomic situation and financial market conditions, certain additional measures are being announced. The details of these measures are set out in the statement on developmental and regulatory policies (Part-B) of the Monetary Policy Statement. The additional measures are as follows.

**On-tap Liquidity Window for Contact-intensive Sectors**

In order to mitigate the adverse impact of the second wave of the pandemic on certain contact-intensive sectors, a separate liquidity window of ₹15,000 crores is being opened till March 31, 2022 with tenors of up to three years at the repo rate. Under the scheme, banks can provide fresh lending support to hotels and restaurants; tourism – travel agents, tour operators and adventure/heritage facilities; aviation ancillary services – ground handling and supply chain; and other services that include private bus operators, car repair services, rent-a-car service providers, event/conference organizers, spa clinics, and beauty parlours/saloons. By way of an incentive, banks will be permitted to park their surplus liquidity up to the size of the loan book created under this scheme with the Reserve Bank under the reverse repo window at a rate which is 25 bps lower than the repo rate or, termed in a different way, 40 bps higher than the reverse repo rate.

**Special Liquidity Facility to SIDBI**

To nurture the still nascent growth impulses and ensure continued flow of credit to the real economy, the Reserve Bank had extended fresh support of ₹50,000 crore on April 7, 2021 to All India Financial Institutions (AIFIs) for new lending in 2021-22. This included ₹15,000 crore to the Small Industries Development Bank of India (SIDBI). To further support the funding requirements of micro, small and medium enterprises (MSMEs), particularly smaller MSMEs and other businesses including those in credit deficient and aspirational districts, it has been decided to extend a special liquidity facility of ₹16,000 crore to SIDBI for on-lending/ refinancing through novel models and structures. This facility will be available at the prevailing policy repo rate for a period of up to one year, which may be further extended depending on its usage.

**Enhancement of the Exposure Thresholds under Resolution Framework 2.0**

The Resolution Framework 2.0 announced by the Reserve Bank on May 5, 2021 provides for resolution of COVID-19 related stress of MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes. With a view to enabling a larger set of borrowers to avail of the benefits under Resolution Framework 2.0, it has been decided to expand the coverage of borrowers under the scheme by enhancing the maximum aggregate exposure threshold from ₹25 crore to ₹50 crore for MSMEs, non-MSME small businesses and loans to individuals for business purposes.

**Placement of Margins for Government Securities Transactions on behalf of FPIs**

The Reserve Bank has been taking several measures to encourage investments by Foreign Portfolio Investors (FPIs) in the Indian debt market. With a view to easing operational constraints faced by FPIs and promoting ease of doing business, it has been decided to permit Authorized Dealer banks to place margins on behalf of their FPI clients for their transactions in Government securities (including State Development Loans and Treasury Bills), within the credit risk management framework of banks.

**Facilitating Flexibility in Liquidity Management by Issuers of Certificates of Deposit**

In December 2020, Regional Rural Banks (RRBs) were permitted to access the liquidity windows of the Reserve Bank as well as the call/notice money market in order to facilitate more efficient liquidity management by the RRBs at competitive rates. To provide greater flexibility in raising short term funds by RRBs, it has now been decided to permit RRBs to issue Certificates of Deposit (CDs). It has also been decided that all issuers of CDs will be permitted to buy back their CDs before maturity, subject to certain conditions. This will facilitate greater flexibility in liquidity management.

**Availability of National Automated Clearing House (NACH) on all days of the week**

NACH, a bulk payment system operated by the NPCI, facilitates one-to-many credit transfers such as payment of dividend, interest, salary, pension, etc., as also collection of payments pertaining to electricity, gas, telephone, water, periodic instalments towards loans, investments in mutual funds, insurance premium, etc. NACH has emerged as a popular and prominent mode of direct benefit transfer (DBT) to large number of beneficiaries. This has helped transfer of government subsidies during the present COVID-19 in a timely and transparent manner. In order to further enhance customer convenience, and to leverage the 24x7 availability of RTGS, NACH which is currently available on bank working days, is proposed to be made available on all days of the week effective from August 1, 2021.

The relevant instructions /circulars for all these measures will be issued separately.

**Concluding Remarks**

In the year gone by, the Reserve Bank has engaged in safeguarding the economy and the financial system from the ravages of the pandemic. We have been on continuous vigil – through the first wave; the lull between the waves; and now the second wave. Maintaining financial stability and congenial financing conditions for all stakeholders is a commitment that we have adhered to assiduously. The sudden rise in COVID-19 infections and fatalities has impaired the nascent recovery that was underway, but has not snuffed it out. The impulses of growth are still alive. Aggregate supply conditions have shown resilience in the face of the second wave.

We will continue to think and act out of the box, planning for the worst and hoping for the best. The measures announced today, in conjunction with other steps taken so far, are expected to reclaim the growth trajectory from which we have slid. Looking ahead, a policy package to consolidate India's position as vaccine capital of the world with leadership in production of pharma products can change the COVID narrative.

The need of the hour is not to be overwhelmed by the current situation, but to collectively overcome it. Amidst the uncertainty and the lingering gloom, there have been many instances of rare courage and indomitable spirit, entrenching a strong faith in the future of our nation. Our resilience, conviction and hope can be best summed up in the words of Mahatma Gandhi: "I have never lost my optimism. In seemingly darkest hours hope has burnt bright within me……"[3].

Thank you. Stay safe. Stay well. Namaskar.

[3] The Collected Works of Mahatma Gandhi (CWMG), Vol. 66, p. 72

# MONETARY POLICY STATEMENT FOR 2021-22

Monetary Policy Statement, 2021-22:
Resolution of the Monetary Policy Committee (MPC)
June 2-4, 2021

# *Monetary Policy Statement, 2021-22 Resolution of the Monetary Policy Committee (MPC)* *

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (June 4, 2021) decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent.

Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent.

- The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The main considerations underlying the decision are set out in the statement below.

**Assessment**

Global Economy

2. Since the MPC's meeting in April, the global economic recovery has been gaining momentum, driven mainly by major advanced economies (AEs) and powered by massive vaccination programmes and stimulus packages. Activity remains uneven in major emerging market economies (EMEs), with downside risks from renewed waves of infections due to contagious mutants of the virus and the relatively slow progress in vaccination. World merchandise trade continues to recover as external demand resumes, though elevated freight rates and container dislocations are emerging as constraints. CPI inflation is firming up in most AEs, driven by release of pent-up demand, elevated input prices and unfavourable base effects. Inflation in major EMEs has been generally close to or above official targets in recent months, pushed up by the sustained rise in global food and commodity prices. Global financial conditions remain benign.

Domestic Economy

3. Turning to the domestic economy, provisional estimates of national income released by the National Statistical Office (NSO) on May 31, 2021 placed India's real gross domestic product (GDP) contraction at 7.3 per cent for 2020-21, with GDP growth in Q4 at 1.6 per cent year-on-year (y-o-y). On June 1, the India Meteorological Department (IMD) has forecast a normal south-west monsoon, with rainfall at 101 per cent of the long period average (LPA). This augurs well for agriculture. With the rise in infections in rural areas, however, indicators of rural demand – tractor sales and two-wheeler sales – posted sequential declines during April.

4. Industrial production registered a broad-based improvement in March 2021. While mining and electricity output surpassed March 2019 (pre-pandemic) levels, manufacturing did not catch up. The output of core industries registered a double digit y-o-y growth in April 2021, propelled by a weak base. Although GST collections were at their highest during April 2021, there are indications of moderation in May as reflected in lower E-way bills generation. Other

* Released on June 04, 2021.

high-frequency indicators – electricity generation; railway freight traffic; port cargo; steel consumption; cement production; and toll collections – recorded sequential moderation during April-May 2021, reflecting the impact of restrictions and localised lockdowns imposed by states with exemptions for specific activities. The manufacturing purchasing managers' index (PMI) remained in expansion in May although it moderated to 50.8 from 55.5 in April due to a slowdown in output and new orders. The services PMI, which was 54.0 in April, entered into contraction (46.4) in May, after seven months of sustained expansion.

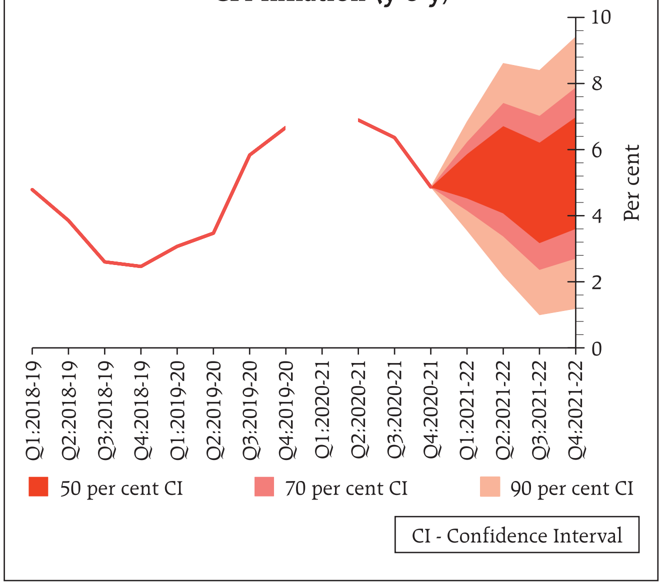
5. Headline inflation registered a moderation to 4.3 per cent in April from 5.5 per cent in March, largely on favourable base effects. Food inflation fell to 2.7 per cent in April from 5.2 per cent in March, with prices of cereals, vegetables and sugar continuing to decline on a y-o-y basis. While fuel inflation surged, core (CPI excluding food and fuel) inflation moderated in April across most sub-groups barring housing and health, mainly due to base effects. Inflation in transport and communication remained in double digits.

6. System liquidity remained in large surplus in April and May 2021, with average daily net absorption under the liquidity adjustment facility (LAF) amounting to ₹5.2 lakh crore. Reserve money (adjusted for the first-round impact of the change in the cash reserve ratio) expanded by 12.4 per cent (y-o-y) on May 28, 2021, driven by currency demand. Money supply (M3) and bank credit grew by 9.9 per cent and 6.0 per cent, respectively, as on May 21, 2021 as compared with growth of 11.7 per cent and 6.2 per cent, respectively, a year ago. India's foreign exchange reserves increased by US$ 21.2 billion in 2021-22 (up to May 28) to US$ 598.2 billion.

**Outlook**

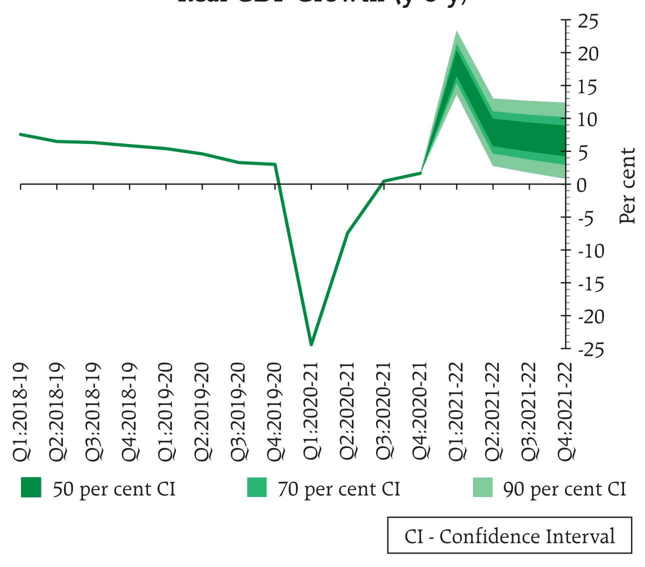
7. Going forward, the inflation trajectory is likely to be shaped by uncertainties impinging on the upside and the downside. The rising trajectory of international commodity prices, especially of crude, together with logistics costs, pose upside risks to the inflation outlook. Excise duties, cess and taxes imposed by the Centre and States need to be adjusted in a coordinated manner to contain input cost pressures emanating from petrol and diesel prices. A normal south-west monsoon along with comfortable buffer stocks should help to keep cereal price pressures in check. Recent supply side interventions are expected to ameliorate the tightness in the pulses market. Further supply side measures are needed to soften pressures on pulses and edible oil prices. With declining infections, restrictions and localised lockdowns across states could ease gradually and mitigate disruptions to supply chains, reducing cost pressures. Weak demand conditions may also temper the pass-through to core inflation. Taking into consideration all these factors, CPI inflation is projected at 5.1 per cent during 2021-22: 5.2 per cent in Q1; 5.4 per cent in Q2; 4.7 per cent in Q3; and 5.3 per cent in Q4:2021-22; with risks broadly balanced (Chart 1).

**Chart 1: Quarterly Projection of CPI Inflation (y-o-y)**



8. Turning to the growth outlook, rural demand remains strong and the expected normal monsoon bodes well for sustaining its buoyancy, going forward. The increased spread of COVID-19 infections in rural areas, however, poses downside risks. Urban demand has been dented by the second wave, but adoption of new COVID-compatible occupational models by businesses for an appropriate working environment may cushion the hit to economic activity, especially in manufacturing and services sectors that are not contact intensive. On the other hand, the strengthening global recovery should support the export sector. Domestic monetary and financial conditions remain highly accommodative and supportive of economic activity. Moreover, the vaccination process is expected to gather steam in the coming months and should help to normalise economic activity quickly. Taking these factors into consideration, real GDP growth is now projected at 9.5 per cent in 2021-22, consisting of 18.5 per cent in Q1; 7.9 per cent in Q2; 7.2 per cent in Q3; and 6.6 per cent in Q4:2021-22 (Chart 2).

**Chart 2: Quarterly Projection of Real GDP Growth (y-o-y)**




9. The MPC notes that the second wave of COVID-19 has altered the near-term outlook, necessitating urgent policy interventions, active monitoring and further timely measures to prevent emergence of supply chain bottlenecks and build-up of retail margins. A hastened pace of the vaccination drive and quick ramping up of healthcare infrastructure across both urban and rural areas are critical to preserve lives and livelihoods and prevent a resurgence in new waves of infections. At this juncture, policy support from all sides – fiscal, monetary and sectoral – is required to nurture recovery and expedite return to normalcy. Accordingly, the MPC decided to retain the prevailing repo rate at 4 per cent and continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

10. All members of the MPC – Dr. Shashanka Bhide, Dr. Ashima Goyal, Prof. Jayanth R. Varma, Dr. Mridul K. Saggar, Dr. Michael Debabrata Patra and Shri Shaktikanta Das – unanimously voted to keep the policy repo rate unchanged at 4.0 per cent. Furthermore, all members of the MPC unanimously voted to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

11. The minutes of the MPC's meeting will be published on June 18, 2021.

12. The next meeting of the MPC is scheduled during August 4 to 6, 2021.

# STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES

Statement on Developmental and Regulatory Policies

# *Statement on Developmental and Regulatory Policies*

This Statement sets out various developmental and regulatory policy measures on (i) liquidity management and support to targeted sectors; (ii) regulation and supervision; (iii) financial markets; and (iv) payment systems.

## I. Liquidity Measures

### 1. On-tap Liquidity Window for Contact-intensive sectors

On May 5, 2021, it was decided to open an on-tap liquidity window of ₹50,000 crore with tenors of up to three years at the repo rate till March 31, 2022 to boost provision of immediate liquidity for ramping up COVID-related healthcare infrastructure and services in the country. It has now been decided to open a separate liquidity window of ₹15,000 crore with tenors of up to three years at the repo rate till March 31, 2022 for certain contact-intensive sectors *i.e.*, hotels and restaurants; tourism – travel agents, tour operators and adventure/heritage facilities; aviation ancillary services – ground handling and supply chain; and other services that include private bus operators, car repair services, rent-a-car service providers, event/conference organisers, spa clinics, and beauty parlours/saloons. Banks are expected to create a separate COVID loan book under the scheme. By way of an incentive, such banks will be eligible to park their surplus liquidity up to the size of the COVID loan book, created under this scheme, with the Reserve Bank under the reverse repo window at a rate which is 25 bps lower than the repo rate or, termed in a different way, 40 bps higher than the reverse repo rate. Banks desirous of deploying their own resources without availing funds from the RBI under the scheme for lending to the specified segments mentioned above will also be eligible for this incentive.

### 2. Special Liquidity Facility to SIDBI

To nurture the embryonic growth impulses of the economy, the Reserve Bank extended fresh support of ₹50,000 crore on April 7, 2021 to All India Financial Institutions (AIFIs) for new lending in 2021-22. This included a special liquidity facility (SLF) of ₹25,000 crore to National Bank for Agriculture and Rural Development (NABARD) to support agriculture and allied activities, the rural non-farm sector and non-banking financial companies-micro finance institutions (NBFC-MFIs), an SLF of ₹10,000 crore to the National Housing Bank (NHB) to support the housing sector and ₹15,000 crore to the Small Industries Development Bank of India (SIDBI) to meet the funding requirements of micro, small and medium enterprises (MSMEs). In order to meet MSMEs' short- and medium-term credit needs to kick start the investment cycle with additional focus on smaller MSMEs and businesses including those in credit deficient and aspirational districts, it has been decided to provide a further special liquidity facility of ₹16,000 crore to SIDBI. The facility would be extended for on-lending / refinancing through novel models and structures including double intermediation, pooled bond / loan issuances, *etc.* The facility will be available at the prevailing policy repo rate for a period of up to one year. The Reserve Bank may consider further extension of the facility depending on its usage.

## II. Regulation and Supervision

### 3. Enhancement of the Exposure Thresholds under Resolution Framework 2.0

The Resolution Framework 2.0 announced by the Reserve Bank on May 5, 2021 stipulates a maximum aggregate exposure of ₹25 crore for considering resolution of COVID-19 related stress of MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes. Based on a review, it has been decided to enhance the above exposure threshold to ₹50 crore. Accordingly, the above categories of borrowers to whom the lending institutions have aggregate exposure of not more than ₹50 crore as on March 31, 2021, and which have not been restructured earlier under any of the specified restructuring frameworks, shall be eligible to be considered for resolution under Resolution Framework 2.0. All other conditions shall remain the same.

## III. Financial Markets

### 4. Placement of Margins for Government Securities Transactions on behalf of FPIs

The Reserve Bank has been taking several measures to encourage investments by Foreign Portfolio Investors (FPIs) in the Indian debt market such as introduction of new channels for investment, periodic review of the operational framework in place for investments by non-residents. With a view to easing operational constraints faced by FPIs and promoting ease of doing business, it has been decided to permit Authorised Dealer banks to place margins on behalf of their FPI clients for their transactions in Government securities (including State Development Loans and Treasury Bills), within the credit risk management framework of banks.

### 5. Facilitating Flexibility in Liquidity Management by issuers of Certificates of Deposit

In December 2020, the Regional Rural Banks (RRBs) were permitted to access the liquidity windows of the Reserve Bank as well as the call/notice money market in order to facilitate more efficient liquidity management by the RRBs at competitive rates. To provide greater flexibility in raising short term funds by RRBs, it has now been decided to permit RRBs to issue Certificates of Deposit (CDs) to eligible investors. With a view to providing issuers with greater flexibility in liquidity management, it has also been decided that all issuers of CDs will be permitted to buy back their CDs before maturity, subject to certain conditions.

## IV. Payment Systems

### 6. Availability of National Automated Clearing House (NACH) on all days of the week

NACH, a bulk payment system operated by NPCI, facilitates one-to-many credit transfers, such as payment of dividend, interest, salary, pension, as also collection of payments pertaining to electricity, gas, telephone, water, periodic instalments towards loans, investments in mutual funds, insurance premium, etc. NACH has emerged as a popular and prominent digital mode of direct benefit transfer (DBT) to large number of beneficiaries. This has helped transfer of government subsidies during the present COVID-19 in a timely and transparent manner. NACH is currently available only on the days when banks are functional. In the interest of customer convenience, and to take advantage of the availability of RTGS on all days of the year, it is proposed to make available NACH on all days of the week throughout the year, effective August 1, 2021.

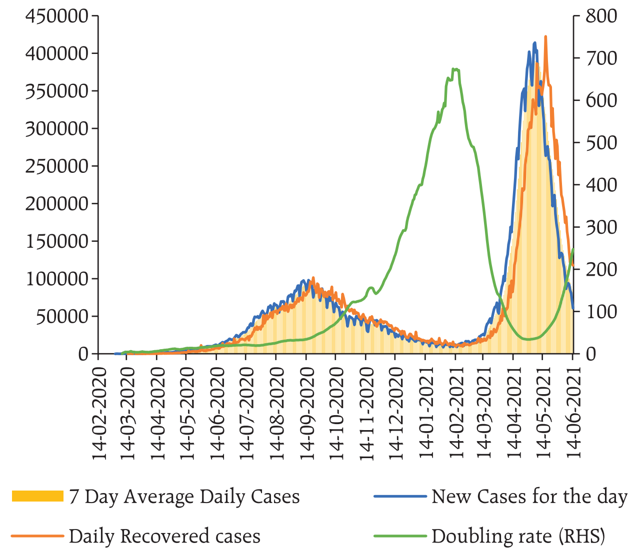
# ARTICLES

# *State of the Economy**

*The Indian economy continues to wrestle with the second wave of the pandemic, though cautious optimism is returning. By current assessment, the second wave's toll is mainly in terms of the hit to domestic demand. On the brighter side, several aspects of aggregate supply conditions - agriculture and contactless services are holding up, while industrial production and exports have surged amidst pandemic protocols. Going forward, the speed and scale of vaccination will shape the path of recovery. The economy has the resilience and the fundamentals to bounce back from the pandemic and unshackle itself from pre-existing cyclical and structural hindrances.*

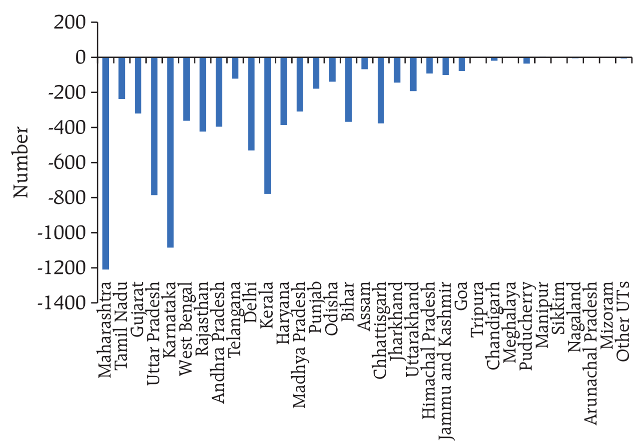
Signs of the ebbing of the second wave of the pandemic are cautiously becoming evident. In fact, the data suggest that the second wave is rolling back almost as fast as it rolled in. On June 14, 2021 India's daily cases fell to a seventh of their peak of 4,14,188 a month ago (May 6). The seven-day average, which smooths daily fluctuations, also declined by a fifth from its peak of close to 4 lakhs. This is also reflected in the doubling rate[1], which increased to 247 days from its trough of 34 days at the end of April (Chart 1). The daily positivity rate[2], which had peaked at 22.7 per cent in early May, plummeted to 3.8 per cent, remaining below 10 per cent for the 14th consecutive day, and dipping even lower than the first wave's peak of 11.7 per cent at end-August 2020. Recoveries outnumbered fresh cases for the 36th day, taking the total number of recoveries in India past 2.8 crore. This fortuitous configuration also prevails in 7 of the 12 states that had led the national infections trajectory at the outbreak[3] of the second wave (Chart 2). Fatalities are undergoing revisions as states improve their reporting, but the slow pace of their reduction relative to infections is keeping the nation on edge.

**Chart 1: COVID Situation in India**




**Source:** Ministry of Health and Family Welfare (MoHFW).

**Chart 2: Post-Peak Daily Decrease in Cases of COVID-19 across States**




**Note:** The number on the y-axis is the average per day decline since the peak (May 6, 2021) till June 13, 2021. States are arranged in the order of their share in GDP.
**Sources:** CEIC; and Authors' calculations.

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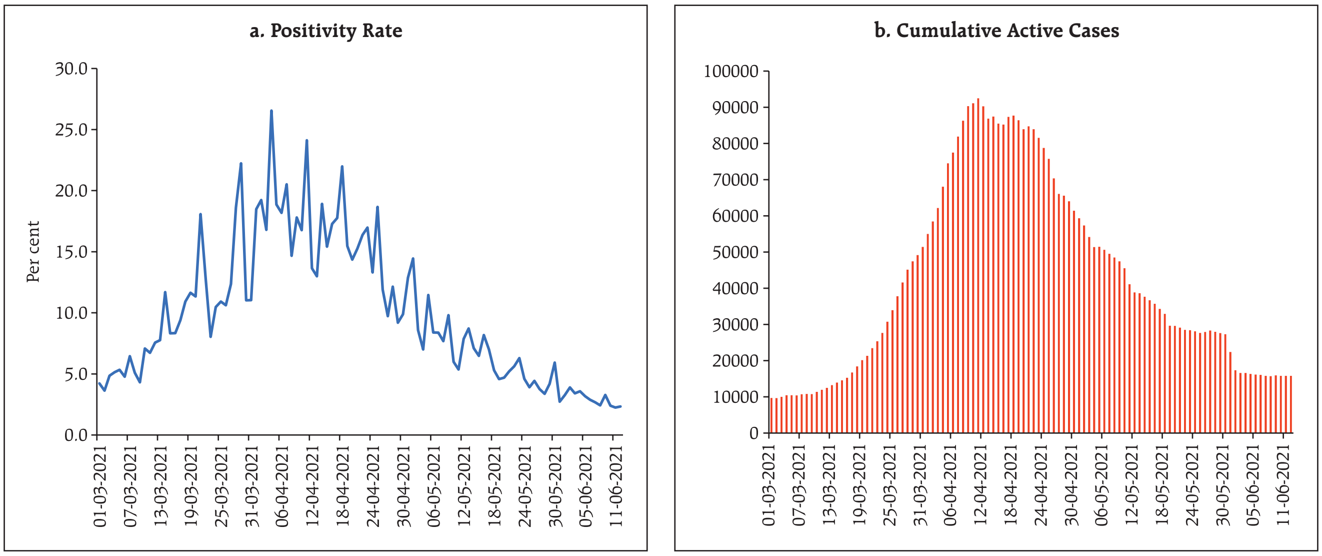
1 The doubling rate is defined as ln 2/ ln (1+r), where r is the average of last seven days of growth on cumulative cases. It indicates the number of days in which the cumulative number of cases doubles.

2 The number of cases testing positive out of the total number of tests.

3 High burden States with over one lakh active cases during the peak.

**Chart 3: Mumbai COVID Scenario**




**Source:** Brihanmumbai Municipal Corporation.

Mumbai, India's financial capital and most densely populated city, has been battered by both waves of the pandemic and has, in fact, led each surge. But this time, the city pulled one back and emerged as an example of COVID management[4] (Chart 3). It is based on five pillars: ward-level COVID command posts equipped with ambulances, doctors, telephone operators and basic infrastructure – the disaster control room, a solitary unit set up in the first wave, has been decentralised into these 24 command posts; contact tracing and medical aid sent to homes; integrated hospital bed management with maintenance of surplus medical capacity; oxygen management by building storage infrastructure, monitoring of cylinder refilling and hospital oxygen usage; and data-driven decision-making.

Yet, forewarned is forearmed. Using historical data in mathematical and epidemiological models, scientists and virologists are debating predictions of a third wave, adding a war-room urgency to contingency planning. A variant detected in India, labelled 'Delta" by the World Health Organization (WHO) and known by the scientific name B.1.617.2, is being regarded as highly transmissible and is categorised by it as a variant of concern (VOC). There is, therefore, no question of letting down the guard. India could see another wave, but it is assailable with a combination of social distancing, masking, ramping up of health infrastructure and most importantly, vaccination. In the context of the latter, prescient guidance on the way forward shines light amidst the encircling dark. The Ministry of Finance estimates that in order to achieve herd immunity and regain the momentum of the economic recovery, the target population to be vaccinated is 70 crore by September 2021 and around 113 crore more doses are needed; accordingly, around 93 lakh vaccinations are required per day to achieve the herd immunity. While the peak daily vaccination rate attained till date is 42.65 lakh, "doubling the shifts and possibly vaccinating 24x7 for a couple of months can enable the ambitious, but possible, throughput of 1 crore shots a day." (GoI, May 2021[5]).

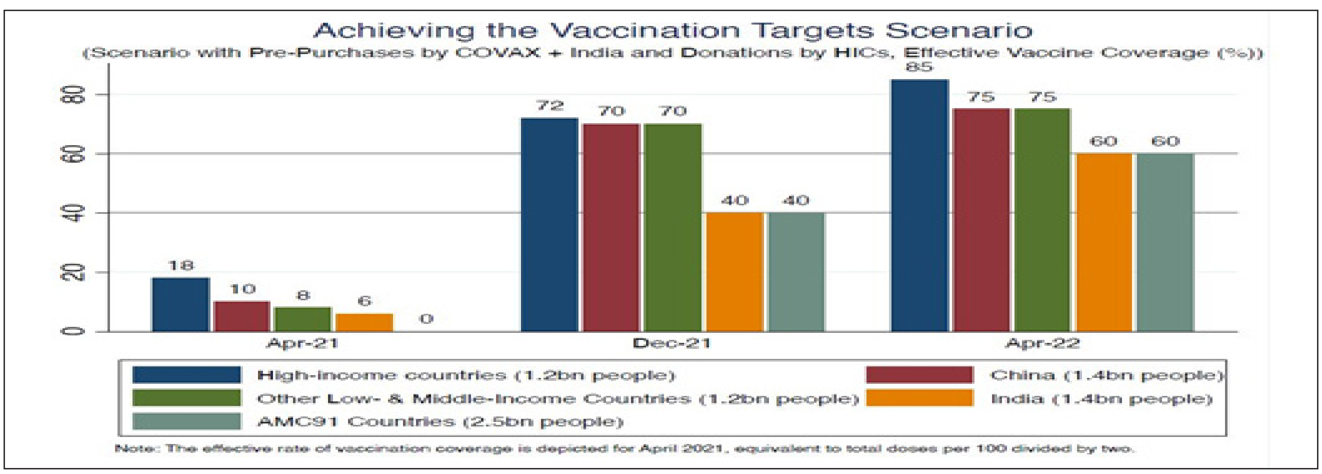
[4] On May 5, Supreme Court Justices Shri D.Y. Chandrachud and Shri M.R. Shah observed, "The BMC [Brihanmumbai Municipal Corporation] is doing some great work… [Other civic authorities] can learn from them."

[5] Monthly Economic Review (May 2020), Department of Economic Affairs, Ministry of Finance, Government of India.

At a global level, the International Monetary Fund (IMF) has made a proposal to defeat the pandemic: (1) vaccinating at least 40 percent of the population in all countries by the end of 2021 and at least 60 per cent by the first half of 2022; (2) tracking and insuring against downside risks; and (3) ensuring widespread testing and tracing, maintaining adequate stocks of therapeutics, and enforcing public health measures in places where vaccine coverage is low (Chart 4). The benefits of such measures at about US$ 9 trillion far outweigh the costs, which are estimated to be around US$ 50 billion – of which US$35 billion should be paid by grants from donors and the residual by national governments potentially with the support of concessional financing from bilateral and multilateral agencies. The strategy requires global cooperation to secure upfront financing, upfront vaccine donations, and at-risk investment to insure against downside risks for the world (IMF, 2021[6]). The G7's pledge to 'vaccinate the world' imparts traction to these calculations.

On May 31, the National Statistical Office (NSO) revised India's real GDP for 2020-21, revealing a shallower contraction (-7.3 per cent) than earlier estimated, with the brighter outcome for the fourth quarter (January-March 2021) turning out to be the decisive swing factor. Private consumption emerged out of three successive quarters of contraction as pent-up demand was released with progressive unlocking after the first wave. Government spending surged back to save the blushes – excluding it, the growth of 1.6 per cent in the fourth quarter would have been reversed into a decline of 1.1 per cent and for the year as whole, there would have been a contraction of 8.5 per cent. Some of the public spending was also reflected in fixed capital formation. For 2021-22, the Reserve Bank has projected real GDP growth of 9.5 per cent on the assumption that the impact of the second wave will be contained in the first quarter of the year in which strong base effects from last year's precipitous contraction will come into play. Real GDP may hence grow by 18.5 per cent in the first quarter, slowing to 7.9 per cent in the second quarter, 7.2 per cent in the third quarter and 6.6 per cent in the last quarter of the year as base effects slowly wane (Chart 5a). The impact of the second wave is hence

**Chart 4: A Proposal to Defeat the Pandemic**




**Notes:** AMC91 stands for the group of 91 low- and middle-income countries (excl. India) that are eligible to access the COVAX AMC facility. Other LMIC refers to the group of low- and middle-income countries excluding India, China, and AMC91 countries. HIC refers to high-income countries as per World Bank income classifications.
**Source:** Reproduced from Agarwal and Gopinath (May 2021), *IMF Staff Discussion Note.*

[6] Agarwal and Gopinath (May 2021), "A Proposal to End the COVID-19 Pandemic", *IMF Staff Discussion Note.*

estimated at about ₹2 lakh crore of lost 2021-22 output. By current assessment, the second wave's toll is mainly in terms of the hit to domestic demand on account of regional and specific containment rather than a nation-wide lockdown. Moreover, this wave has fanned into smaller cities and villages, sapping rural demand. The support from government spending may also moderate from the extraordinary expansion undertaken last year. On the brighter side, several aspects of aggregate supply conditions such as agriculture and contactless services are holding up amidst pandemic protocols. Industrial production and exports have surged on strong base effects, but there is also evidence of positive momentum. At the cost of reiteration, it is vaccination which will shape the recovery. The economy has the resilience and the fundamentals to bounce back from the pandemic and unshackle itself from pre-existing cyclical and structural hindrances that have caused its trajectory of output to deviate from potential into a negative output gap since 2019-20Q4 (Chart 5b).

Meanwhile, the Reserve Bank set about crafting and putting in place filaments of the financial safety net for the economy that was alluded to in last month's article, pursuing its commitment to keep finance flowing through a panoply of channels in order to ease financial conditions further. As Governor Shri Shaktikanta Das pointed out,

> *"With the second wave intensifying this financial year, the focus of the Reserve Bank is increasingly turning from systemic liquidity to its equitable distribution. In fact, the enduring lesson from the experience of the pandemic in the Indian context has been the deployment of unconventional monetary policy measures that distribute liquidity among all stakeholders…We shall continue with our proactive and pre-emptive approach, relying on market-based channels of transmission as we strive to mitigate the toll of the pandemic and return the economy to a path of high and durable growth….We will continue to think and act out*

**Chart 5a: RBI Quarterly Growth Projections**

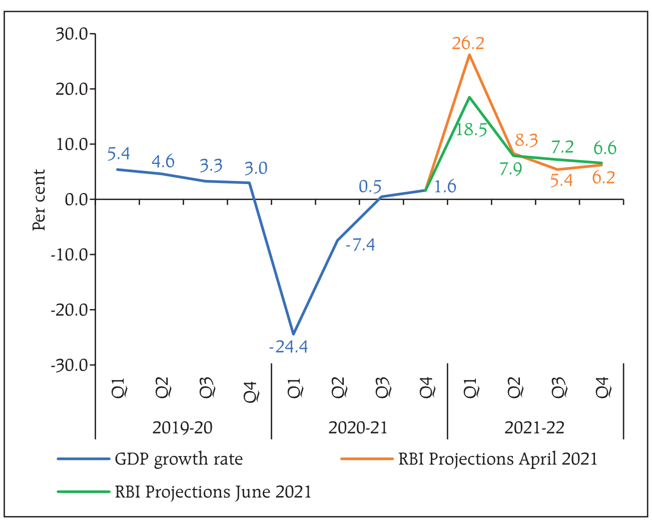
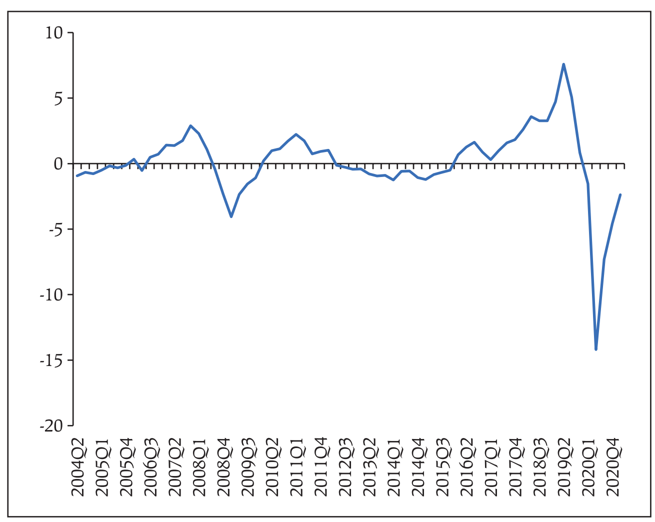



**Chart 5b: Output Gap**



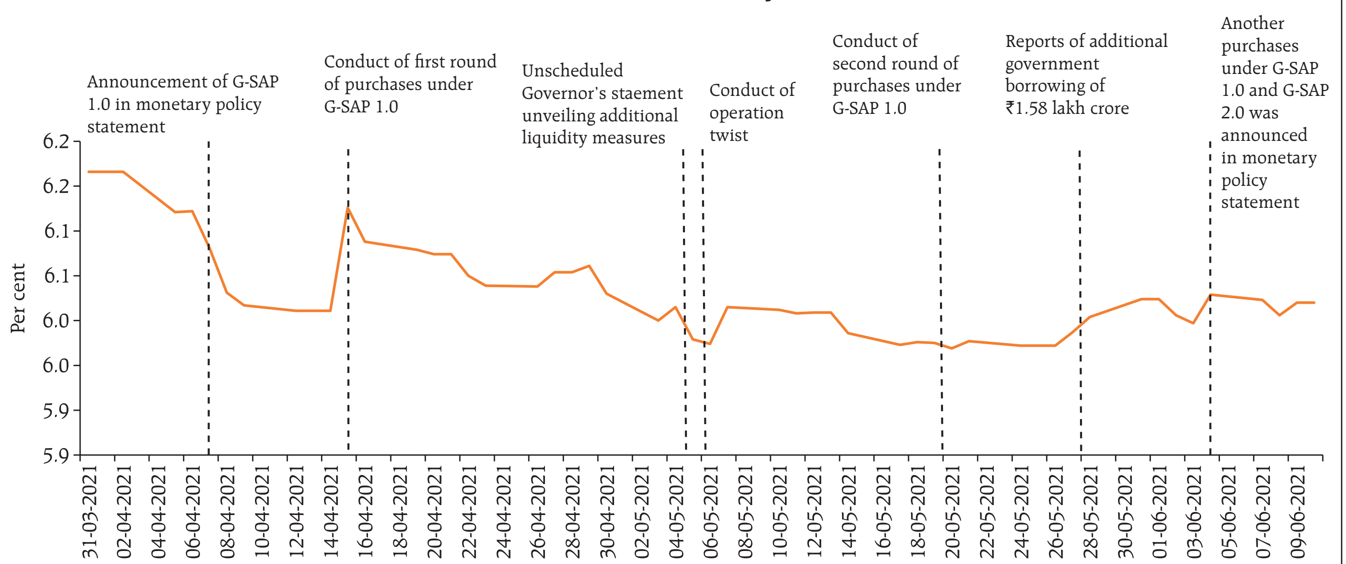

**Note:** Output gap is the percentage deviation of actual output from its long-term trend and is calculated as the average of four filters (Hodrick-Prescott, Christiano-Fitzgerald, Band-pass and Kalman). The x-axis in Chart 5b is as per calendar year.
**Sources:** NSO; and RBI staff estimates.

*of the box, planning for the worst and hoping for the best…..The need of the hour is not to be overwhelmed by the current situation, but to collectively overcome it."*

On June 4, drawing on the decision of the monetary policy committee (MPC) to continue maintaining the policy rate at its all-time low of 4 per cent (unchanged since May 2020) and also to continue with an accommodative stance as long as necessary, the Reserve Bank announced another large purchase operation in June to complete its asset purchase initiative G-SAP 1.0. Of the quantum of ₹40,000 crore that was announced, ₹10,000 crore was reserved for state development loans (SDLs) with a view to compressing their spreads over corresponding central government securities. This, in turn, would work towards improving the appetite for ultra-long central government securities *vis-à-vis* SDLs, with the yields of the former becoming relatively attractive for buy-to-hold investors. A G-SAP 2.0 of ₹1.2 lakh crore was also announced for Q2:2021-22, coinciding with the peaking of volume of issuances planned for the year. It was also stressed that open market and forex operations other than the G-SAPs would continue, having conducted such operations of ₹37,955 crore already in the current financial year up to June 4. These measures will relieve market pressures, improve investor demand and help to place the government's borrowing in the market at minimum costs and rollover risk (Chart 6).

Expanding the financial safety net further, the Reserve Bank also announced a liquidity window of ₹15,000 crore to be made available on tap for fresh bank lending of up to 3 years tenor at the repo rate for services adversely impacted by the pandemic such as hotels and restaurants, tourism, aviation ancillary services and other contact-intensive services. As an incentive, banks can park amounts equivalent to their loan book under the window as fixed rate reverse repo with the Reserve Bank and earn 3.75 per cent as against the rate of 3.35 per cent offered under the liquidity adjustment facility (LAF). A special liquidity facility of ₹16,000 crore at the policy repo rate was extended to the Small Industries Development Bank of India (SIDBI) for on-lending to micro, small and medium enterprises (MSMEs), particularly smaller MSMEs and other businesses, including those in credit deficient and aspirational districts. The coverage

**Chart 6: Movement in 10-year Yield**




**Source:** Bloomberg.

of Resolution Framework 2.0 announced on May 5, 2021 for resolution of COVID-19 related stress among micro, small and medium enterprises (MSMEs) as well as non-MSME small businesses and individuals (for business purposes) was expanded by enhancing the maximum aggregate exposure threshold from ₹25 crore to ₹50 crore. Alongside, doing business was eased further by (i) allowing authorised dealer banks to place margins on behalf of their foreign portfolio investor clients for transactions in government securities; (ii) allowing regional rural banks to issue certificates of deposit (CDs) and all issuers of CDs to buy them back before maturity; and (iii) enabling the National Automated Clearing House (NACH), a bulk payment system that facilitates one-to-many and many-to-one credit transfers and collections as well as direct benefit transfers, to be made available on all days of the week. Thus, the Reserve Bank remains engaged in safeguarding the economy and its financial system, maintaining financial stability and congenial financing conditions for all stakeholders (Tables 1a and 1b).

On May 27, the Reserve Bank released its Annual Report for the year 2020-21. Its candid and sobering messages went down as unbiased and professional[7]. In the assessment of the Reserve Bank, the pandemic produced a fusion of a broad-based aggregate demand shock and a lockdown-induced supply shock and delivered many lessons. It showed us how globalised we are, not only in our vulnerability to viral infections but also in the manner in which vaccines are produced and shared. A virtuous combination of public and private investment can ignite a shift towards investment and thereby to a trajectory of sustained growth. A collective global effort to fight the pandemic will surely bring better results than individual countries fighting on their own. The G20 goal of strong, sustainable and inclusive growth may yet be in sight and within reach.

[7] Pulapre Balakrishnan, "The Economic Toolkit revealed", The Hindu, June 2, 2021.

**Table 1a: Liquidity Measures since February 6, 2020 (Up to March 31, 2021)**

(₹ crore)

| Measures Announced | Announced amount | Availed amount |
|---|---|---|
| LTRO | 2,00,000 | 1,25,117 |
| Variable rate repo | 2,25,000 | 90,017 |
| SLF for PDs | 7,200 | 6,000* |
| CRR cut | 1,37,000 | 1,37,000 |
| MSF (dip by additional 1% in SLR) | 1,37,000 | NIL# |
| TLTRO | 1,00,000 | 1,00,050 |
| TLTRO (2.0) | 50,000 | 12,850 |
| Net OMO purchases | 1,50,000 | 3,56,265 |
| Special Liquidity Facility for Mutual Funds | 50,000 | 2,430 |
| Refinance to AIFIs (NABARD, SIDBI, NHB and EXIM Bank) | 75,000 | 48,514* |
| Special liquidity scheme for NBFCs | 30,000 | 7,126 |
| 56-day term repo | 1,00,000 | 1,000 |
| On Tap TLTRO | 1,00,000 | 5,000 |
| **Total** | **13,61,200** | **8,91,369** |
| **As per cent of nominal GDP for 2020-21** | **6.9** | **4.5** |

**Note:**
#: The MSF relaxation was announced on March 27, 2020. Banks, however, did not dip into their SLR holding below the originally permitted 2% of NDTL for borrowing under the MSF window, during the period.
*: Maximum during the period.
**Source:** RBI.

An aspect of the Annual Report that has raised considerable heat and dust in the media is the surplus transferred to the government. Mainly stemming from saving on balance sheet provisions and employees' superannuation and other funds, the surplus constitutes just 0.44 per cent of GDP (which is

**Table 1b: Liquidity Measures during 2021-22 so far (Up to June 7)**

(₹ crore)

| Measures Announced | Announced amount | Availed amount |
|---|---|---|
| G-SAP+ Regular OMOs through NDS-OM | 2,20,000 | 97,955* |
| Liquidity Facility for AIFIs | 66,000 | Nil |
| Special Long-Term Repo Operations (SLTRO) for Small Finance Banks (SFBs) | 10,000 | 400 |
| Term Liquidity Facility to Ease Access to Emergency Health Services | 50,000 | *Nil* |
| On-tap Liquidity Window for Contact-intensive sectors | 15,000 | *Nil* |
| **Total** | **3,61,000** | **98,355** |
| **As per cent of nominal GDP for 2020-21** | **1.8** | **0.5** |

**Note: *:** Up to June 4, 2021
**Source:** RBI.

taken as a measure of seigniorage[8]). In this context, it is worthwhile to note the findings of comprehensive research on central banking in developing countries (Fry, Goodhart and Almeida, 1996): "*In flow terms, we can think of the central bank as the government's golden goose. With an unimpaired balance sheet:*

- *The free-range goose conducting conservative monetary policy with a fair degree of independence produces golden eggs in the form of seigniorage worth 0.5 to 1 per cent of GDP;*
- *The battery farm goose, bred specially for intensive egg-laying, can produce golden eggs in the form of an inflation tax yielding 5 to 10 per cent of GDP;*
- *The force-fed goose can produce revenue of up to 25 per cent of GDP for a limited period before the inevitable demise of the goose and collapse of the economy.*

*All three forms of central bank geese have been sighted in recent years.*"

From the point of the surplus transfer alone, therefore, the Reserve Bank can be characterised as 'free-ranging' and conducting independent monetary policy, *i.e.*, independent of fiscal dominance (Table 2).

**Table 2: Transfer of Surplus from Central Banks to Governments***

(as a per cent of GDP)

| Country | 2020 |
|---|---|
| Singapore | 1.13 |
| Russia | 1.00 |
| Turkey | 0.78 |
| India | 0.29 |
| US | 0.26 |
| Malaysia | 0.25 |
| Japan | 0.23 |
| Indonesia | 0.22 |
| Korea | 0.19 |
| Germany | 0.18 |
| France | 0.15 |
| Australia | 0.13 |
| Sweden | 0.11 |
| Kenya | 0.07 |
| South Africa | 0.01 |
| UK | 0.00 |
| Mexico | 0.00 |
| **Country** | **2021** |
| Turkey | 0.50 |
| India | 0.44 |
| Malaysia | 0.26 |
| Sweden | 0.13 |
| Kenya | 0.04 |
| Germany | 0.00 |
| Mexico | 0.00 |
| Czech Republic | 0.00 |

*: Provisional figures of surplus transferred based on the year of publication of annual report since different central banks follow different accounting years for their financial statements, estimates are based on World Economic Outlook (WEO) GDP numbers; #: Transfer of Part of the Income Received by the Central Bank of the Russian Federation from the Sale of Ordinary Shares of Public Joint-stock Company Sberbank of Russia.

**Sources:** Central Bank Annual Reports; newspaper reports; and WEO database.

Another landmark that was quietly passed in early June was the level of foreign exchange reserves crossing US$ 600 billion. With this development, India is the 5th largest reserve holding country in the world[9], the 12th largest foreign holder of US treasury securities[10] and the 10th largest in terms of gold reserves. While foreign exchange reserves provide cushions against unforeseen external shocks, levels are often deceptive, and a better gauge of external vulnerability is an assessment of specific indicators. In terms of projected imports for 2021-22, the current level of reserves provides cover for less than 15 months, which is lower than for other major reserve holders –

8 *"The profits accruing to the issuer of legal tender, mainly as a result of the difference between the material costs of producing currency and its face value" (As per A Dictionary of Finance and Banking, Oxford Reference).* GDP at current market prices is estimated on the basis of the Monetary Policy Committee's projections of real GDP for 2021-22.

9 After China, Japan, Switzerland and Russia.

10 *https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms instructions/securities-b-portfolio-holdings-of-us-and-foreign-securities*

**Table 3: External Vulnerability Indicators for India**

| Indicator | External Debt (US$ billion) | External Debt to GDP ratio (%) | Reserves to Total Debt (%) | Short-term Debt (RM) to Total Debt (%) | Short-term Debt (RM) to Reserves (%) | Reserves to Short-term Debt (RM) (%) | Reserves Cover of Imports (in months) | Debt Service Ratio (%) | Net IIP/ GDP ratio (%) |
|---|---|---|---|---|---|---|---|---|---|
| **End-Dec. 2020*** | 563.5 | 21.4 | 104.0 (107.4) | 44.8 | 43.1 (41.7) | 232.0 (239.6) | 18.6 (19.3) | 9.0 | -12.9 |

**Note:** * Figures in brackets are based on FX reserves as on June 4, 2021.
**RM:** Residual Maturity. **IIP:** International Investment Position.
**Source:** RBI.

Switzerland (39 months); Japan (22 months); Russia (20 months); and China (16 months)[11]. Furthermore, India's reserves co-exist with a net international investment position of (-) 12.9 per cent of GDP (Table 3). These factors warrant a pragmatic assessment of reserve adequacy on FX reserves, including exposure to valuation changes and market risk in a world of heightened global uncertainty.

Rest of the article is structured into four sections. Section II succinctly outlines the current economic developments globally. The recent unfolding of the events in the domestic economy have been summarised in section III. Section IV examines the financial conditions and the last section concludes the article.

## II. Global Setting

Global economic recovery is gaining traction, though simultaneously the multi-speed characteristic of the recovery is becoming stark. The state of the global economy is mixed, we are in a much better place than we thought we would be a year ago (Carstens, 2021), but the recovery is uneven and incomplete and, in fact, three distinct recoveries are underway – the US and China with rapidly declining effects of the pandemic; European countries with growth prospects remaining favourable for 2021 despite some early hiccups; and emerging market economies (EMEs) with varied growth prospects but a relatively less positive overall outlook because of resurgence in infections and slow progress on vaccination.

[11] Comparison based on data in CEIC database.

In its latest Economic Outlook released on May 31, 2021, the Organisation for Economic Co-operation and Development (OECD) has revised up the global growth forecast for 2021 to 5.8 per cent (Table 4). It cautions that the growth would significantly rely on policy support and public health measures. It is

**Table 4: GDP Growth Projections for 2021 – Select AEs and EMEs**

(Per cent)

| Country | OECD | | World Bank | |
|---|---|---|---|---|
| | Mar 2021 | May 2021 | Jan 2021 | Jun 2021 |
| World* | 5.6 | 5.8 | 4.3 | 5.7 |
| **Advanced Economies** | | | | |
| US | 6.5 | 6.9 | 3.5 | 6.8 |
| UK | 5.1 | 7.2 | | |
| Euro area | 3.9 | 4.3 | 3.6 | 4.2 |
| Japan | 2.7 | 2.6 | 2.5 | 2.9 |
| **Emerging Market Economies** | | | | |
| Brazil | 3.7 | 3.7 | 3.0 | 4.5 |
| Russia | 2.7 | 3.5 | 2.6 | 3.2 |
| India | 12.6 | 9.9 | 5.4 | 8.3 |
| China | 7.8 | 8.5 | 7.9 | 8.5 |
| South Africa | 3.0 | 3.8 | 3.3 | 3.5 |

*: PPP weighted. **Sources:** OECD; and World Bank.

estimated that world income in real terms by end-2022 would be about US$3 trillion less than in a no pandemic scenario, with growing inequality among nations.

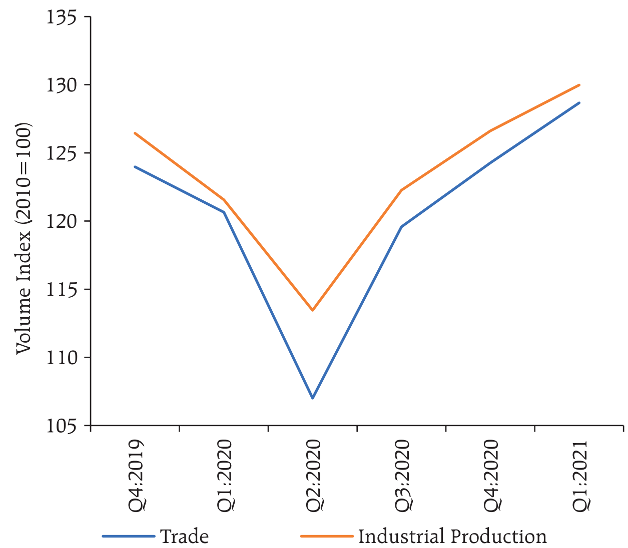
In its June 2021 Global Economic Prospects, the World Bank has also revised upwards its forecast of global growth to 5.7 per cent this year. It notes the recovery is led by a few major advanced economies (AEs), while most EMEs are far behind. By 2022, global GDP would be 1.8 per cent lower than the pre-pandemic projections.

The global composite purchasing managers' index (PMI) rose to its highest level in May 2021 in over fifteen years. The PMI for services was at a 181-month high and was higher than the manufacturing PMI for the second successive month (Chart 7).

World trade is strengthening further: the latest reading as of May 2021 of the Global Trade Barometer compiled by the World Trade Organization (WTO) at 109.7 is almost 10 points higher than the baseline of 100 and about 22 points higher than a year ago. After having reached the pre-pandemic levels by end-2020, world trade and industrial production grew (q-o-q) by 3.5 per cent and 2.7 per cent, respectively in Q1:2021 (Chart 8). Shipping costs continue to spiral, the Baltic Dry Index surged to its highest level in more than a decade as supply disruptions continue to co-exist with the bounce back in demand.

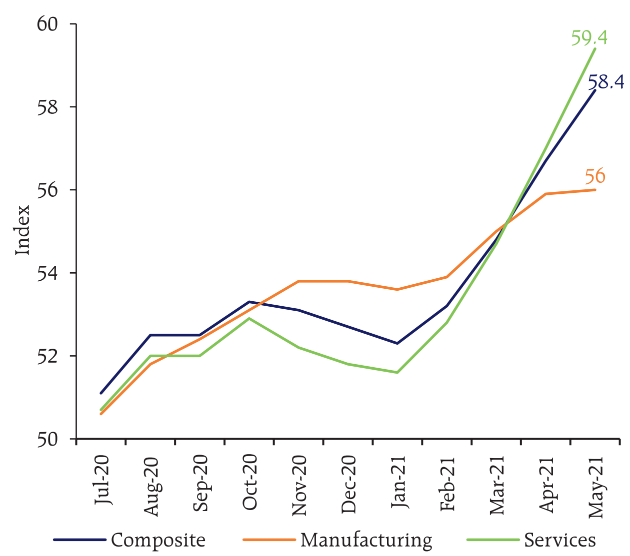
Global economic uncertainty is on the wane owing to vaccine rollouts and gradual re-opening of the economies. This augurs well for the global economic environment (Chart 9).

**Chart 8: World Trade and Industrial Production**



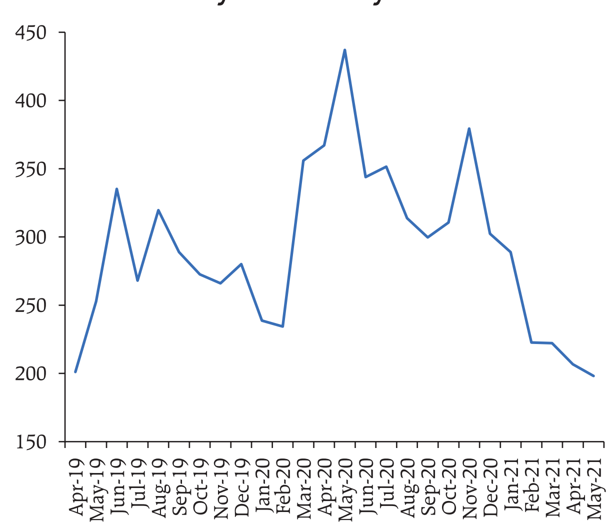

**Source:** CPB Netherlands.

**Chart 7: Global PMI Indices**



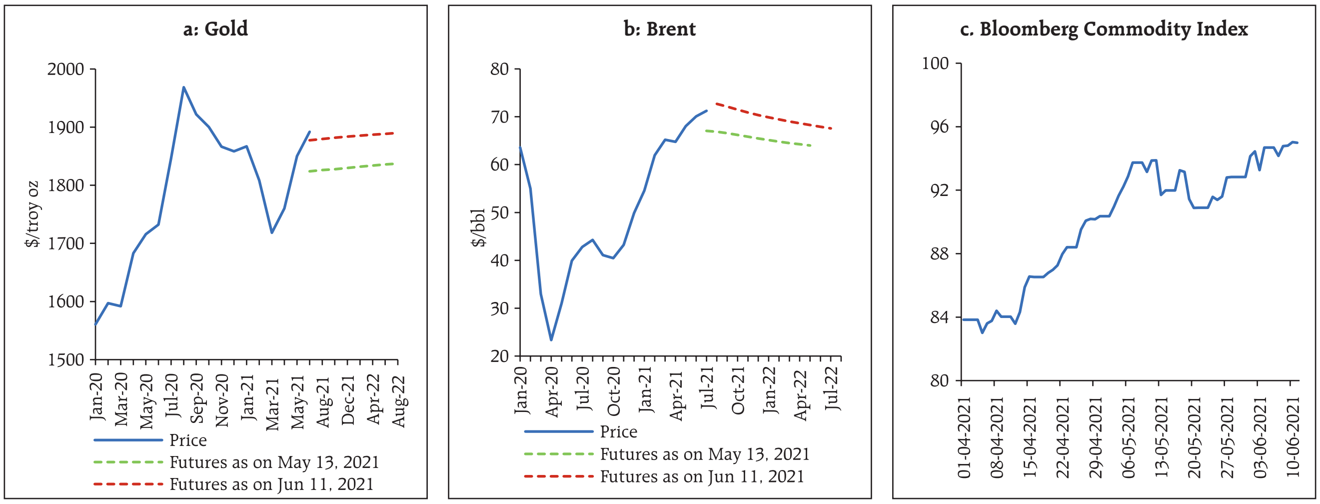

**Source:** IHS Markit.

**Chart 9: Global Economic and Policy Uncertainty Index**




**Source:** *www.policyuncertainty.com*

**Chart 10: Commodity Prices**




**Sources:** World Bank; and Bloomberg.

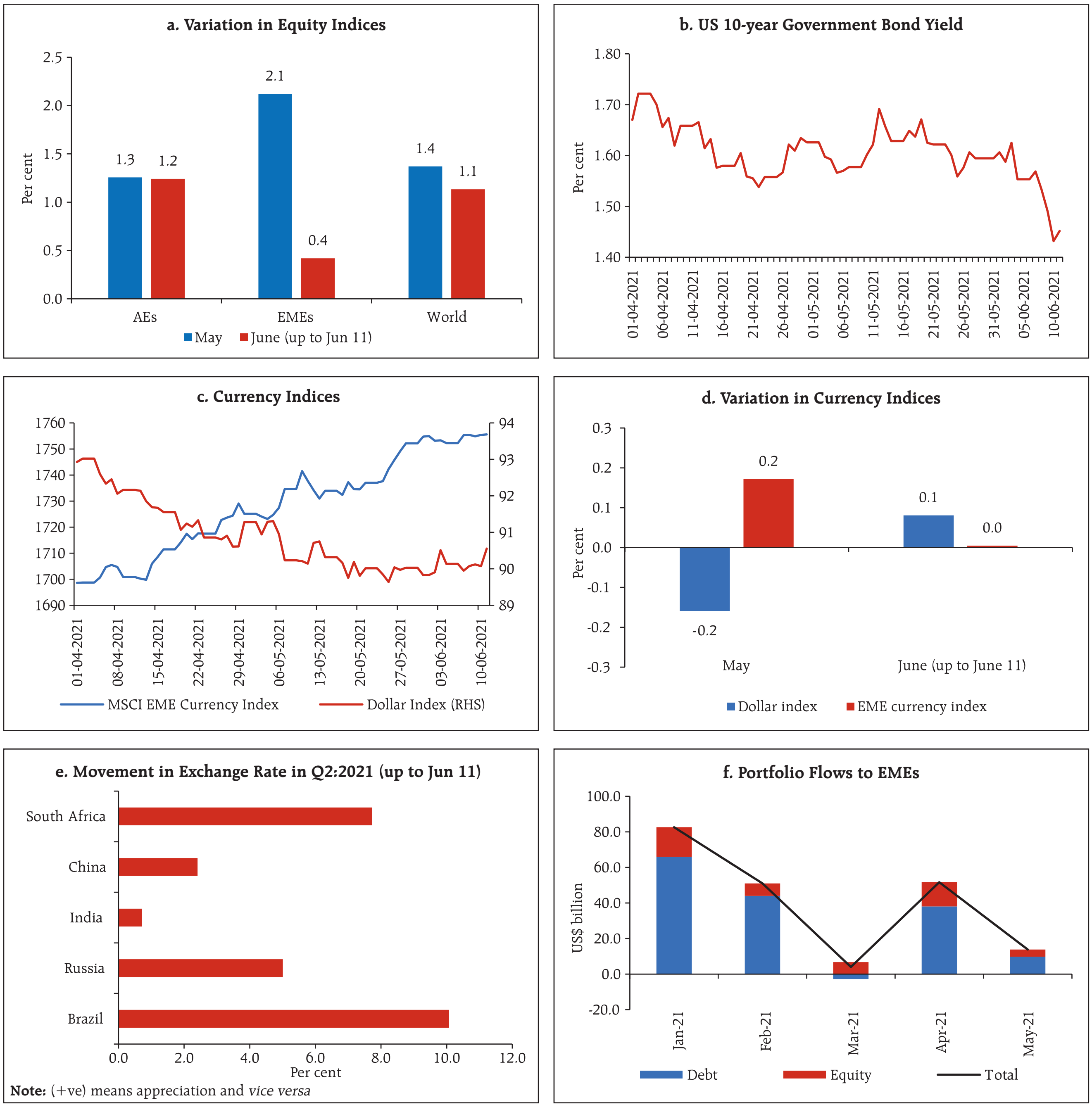
On the back of softening of US Treasury yields, gold has seen renewed demand, boosted also by its appeal as a hedge for inflation. The gains in May were the highest monthly increase since last July. With consolidation in June (up to June 11), the yellow metal is again in the red on year-to-date basis (Chart 10a). Crude oil prices have traded in a tight range in the past two months, though with a firming bias with resurgence in demand and gradual lifting of travel restrictions (Chart 10b). The Bloomberg Commodity Index, which tracks prices of 23 raw materials, has been hitting decadal highs on many occasions in the past two months, with the latest being on June 10 (Chart 10c).

In the financial markets, stock markets remained frothy. Most stock markets declined in the first half of May as infections and mortalities climbed up in large parts of Asia and other countries. Thereafter, with better economic outcomes and the gathering pace of vaccination, the markets have been rising (Chart 11a). The US S&P index scaled a fresh peak on June 11. Long-term US Treasury yields have continued to soften with occasional blips on uncertainty surrounding the stance of monetary policy and tapering of asset purchases (Chart 11b). Yields in other countries, including a few EMEs, have softened concurrently.

In the currency markets, the US dollar continued to dip as treasury yields softened. All the gains that had accrued in Q1:2021 were wiped out by end-May, with some claw back in June so far (up to June 11). The Morgan Stanley Capital International (MSCI) Emerging Markets currency index hit its all-time high in the second week of May and hit further peaks on ten trading days since May 25, 2021, closing at a high of 1755.59 on June 11, 2021 (Charts 11c and 11d). In Q2:2021 so far (up to June 11), the sharpest appreciations were observed in Brazil and South Africa, which are commodity exporters. In an environment of risk-on sentiments and high commodity prices, these EME currencies have strengthened notwithstanding recent resurgence of infections in the countries (Chart 11e).

According to the Institute of International Finance (IIF), portfolio flows to EMEs in May were only about one-fourth of that in April (Chart 11f). Total EME portfolio flows were US$ 13.8 billion in May, with debt flows accounting for the lion's share just as in April. Excluding China, there was a net outflow from equities in most other EMEs in May.

**Chart 11: Financial Markets**




**Sources:** Bloomberg; FBIL; and IIF.

While several EMEs are experiencing inflation at or above targets, there has been swift pick-up in inflation in AEs too in recent months. The US consumer price index (CPI) inflation in May was an almost 13-year high of 5.0 per cent. The Euro area notched up inflation of 2 per cent in May, the upper limit of its inflation target. Similarly, inflation is now in striking distance of the target in most other AEs barring Japan.

Iceland became the first AE central bank to raise rates since the pandemic's outbreak. The central bank of Iceland raised its policy rate by 25 basis points (bps) in May on inflation concerns. In June, Bank of Russia raised its key rate for the third consecutive time by a magnitude of 50 bps, with a total hike of 125 bps since March.

As a significant step towards reforming the global tax system, the G7 group of countries agreed on June 5, on the principle of a global minimum corporation tax on large firms of at least 15 per cent; paving the way for a broader agreement among G-20 in July. By ensuring that large multinationals pay tax in the country of actual operation, the Agreement seeks to disincentivise large multinationals shifting profits to low tax jurisdictions. The success of the deal, however, hinges on widespread acceptance.

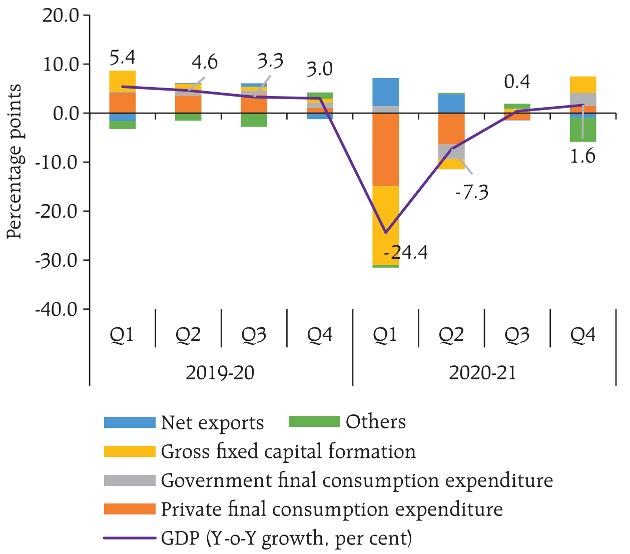
Looking ahead, even as growth seems set to revive contingent on continued policy support and speedy and widespread vaccination, inflation merits close watching. With commodity prices rising, the uncertainty surrounding the inflation outlook, poses risks to the recovery and spillover risks to financial markets, especially those of EMEs.

**III. Domestic Developments**

The Indian economy continues to wrestle with the second wave of the pandemic, though cautious optimism is returning, with greater improvement expected by early July, as predicted by statistical/mathematical models[12]. The first sign of a peak, coming as it did in mid-May, is in sync with these forecasts.

[12] The daily caseload could further decline to below 100,000 by 2 June and below 10,000 by 7 July, shows a model developed by faculty at the Indian Institutes of Technology in Kanpur and Hyderabad (SUTRA model). Another mathematical model, built by professors at the Indian Institute of Science, Bengaluru, shows the daily count could slip below 100,000 by 26 May.

**Chart 12: Weighted Contribution to GDP Growth**

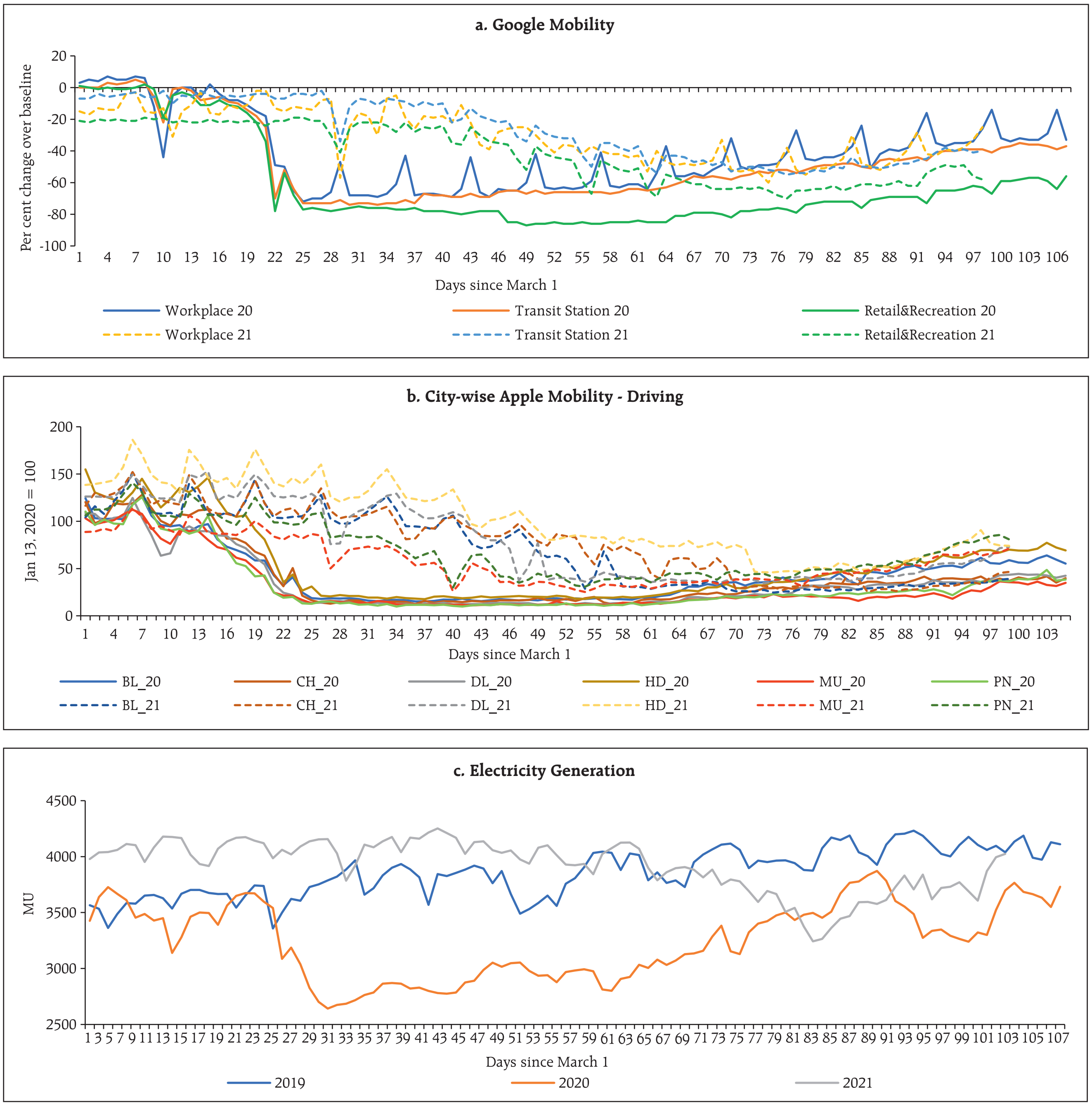



**Source:** NSO.

The provisional estimates (PE) of annual national income by the National Statistical Office (NSO) on May 31 revised upward India's real GDP growth by 0.7 percentage points from the second advance estimates to a lower contraction of 7.3 per cent in 2020-21. The most promising print was the double-digit growth recorded in gross fixed capital formation (GFCF), aided by government's push to infrastructure (Chart 12). Furthermore, the saving behaviour of households during the second wave could throw some light on normalisation of consumption going forward (Annex Box 1).

The impact of the second wave on the economy was exacerbated in May 2021 with many states opting for localised lockdowns. These restrictions impeded public mobility all around as mirrored in the Google and Apple mobility indicators, though the dip in movement showed signs of bottoming out in the last week of May (Chart 13a and 3b). Like mobility indicators, electricity generation readings too bottomed out, with supply recovering towards the last week of May (Chart 13c).

**Chart 13: Impact of Second Wave of COVID-19 on Economic Activity**

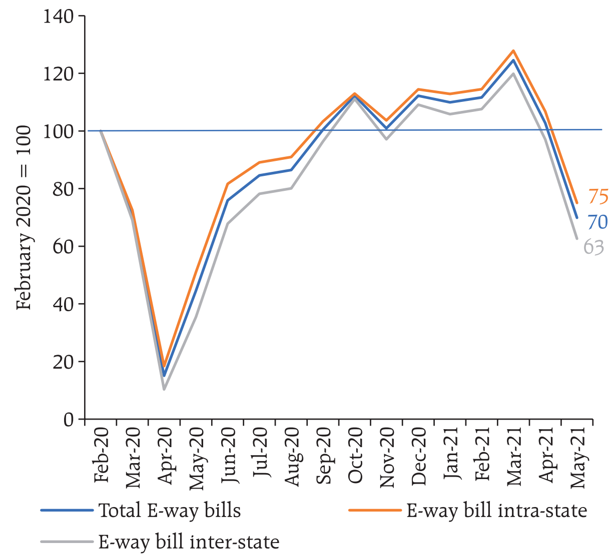



**Note:** BL-Bengaluru; CH-Chennai; DL-Delhi; HD-Hyderabad; MU-Mumbai; PN-Pune.
**Sources:** Google; CMIE; CEIC; and POSOCO.

## Aggregate Demand

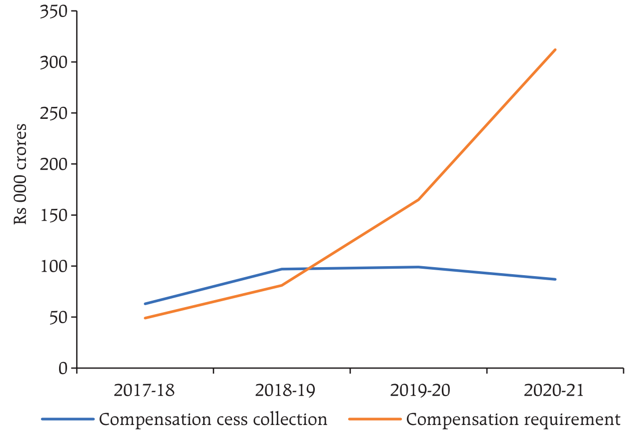
Aggregate demand conditions grappled with lockdown like restrictions in several parts of the country. GST E-way bills moderated for the second consecutive month in May 2021, reaching a one-year low. Normalised to pre-pandemic February 2020 level, E-way bills plummeted to levels last seen prior to June 2020. Intra-state E-way bills fared better than inter-state e-way bills, presumably due to inter-State restrictions (Chart 14). Sequentially, E-way bills

**Chart 14: E-way Bills**




**Source:** Goods and Service Tax Network (GSTN).

**Chart 15: Compensation Cess Collection and Requirement**




**Note:** State GST revenues include SGST, IGST share of states and compensation cess transferred to states. For 2020-21, it also includes ₹1.1 lakh crore of states' borrowing, which was facilitated by the Centre to cover the shortfall in compensation cess collections for meeting the compensation requirement.
**Sources:** PIB press releases; gst.gov.in; and RBI states finances report 2019-20.

plunged by 32.0 per cent, and compared to May 2019 they contracted by 26.3 per cent. This may indicate further moderation in GST collections going forward.

GST legislation protected the revenues of states during the transition period of five years (2017-18 to 2021-22) with an annual growth of 14 per cent per annum over the 2015-16 revenue base. Any shortfall was to be funded through additional tax (compensation cess) on sin/luxury goods. In the four years since GST implementation, compensation cess collections were sufficient for the Centre to cover the shortfall in GST collections of state governments over 2017-18 and 2018-19; however, in 2019-20 and 2020-21 there was a gap (Chart 15)[13].

Going forward, notwithstanding the second wave, GST collections in 2021-22 (so far) have fared better than in 2020-21, infusing optimism that the revenue base for states will be protected with a growth rate of 7 per cent[14], and it may result in some surplus to compensate for the shortfall in the previous year. The gross GST revenue collected in the month of May 2021 was ₹1,02,709 crore, which is 65 per cent higher than the GST revenues in the same month last year.

Provisional accounts (PA) of the Union Government for 2020-21 place the GFD at 9.2 per cent of GDP as against the revised estimate (RE) of 9.5 per cent (Table 5). This improvement emanated from higher

**Table 5: Key Fiscal Indicators (Per cent of GDP)**

| | 2019-20 | 2020-21 | | | 2021-22 |
|---|---|---|---|---|---|
| | Actuals | BE | RE | PA | BE |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. Fiscal Deficit | 4.6 | 3.5 | 9.5 | 9.2 | 6.8 |
| 2. Revenue Deficit | 3.3 | 2.7 | 7.5 | 7.4 | 5.1 |
| 3. Primary Deficit | 1.6 | 0.4 | 5.9 | 5.8 | 3.1 |
| 4. Gross Tax Revenue | 9.9 | 10.8 | 9.8 | 10.3 | 9.9 |
| 5. Non-Tax Revenue | 1.6 | 1.7 | 1.1 | 1.1 | 1.1 |
| 6. Revenue Expenditure | 11.6 | 11.7 | 15.5 | 15.6 | 13.1 |
| 7. Capital Expenditure | 1.6 | 1.8 | 2.3 | 2.2 | 2.5 |

**Sources:** Union Budget Documents; and Controller General of Accounts (CGA)

[13] The 44th meeting of the GST council was called on June 12, 2021 with the single point agenda to review the rates on COVID-19 essentials. It retained the GST rate for vaccines at 5 per cent and brought down the rates on COVID-19 essentials (masks, sanitizers, medicines, oxygen and oxygen generation kits, testing and diagnostic kits) from 12/18 per cent to 5 per cent till September 30, 2021. GST rate on ambulances was also reduced from 28 per cent to 12 per cent.

[14] The 43rd meeting of the GST council on May 28, 2021 decided by majority to estimate the base revenue for states (for calculation of shortfall to be compensated by the Centre) by assuming revenue growth at 7 per cent per annum from 2019-20 levels, with the Centre invoking *force majeure* due to the pandemic.

receipts, led by gross tax revenue at ₹20.2 lakh crore, partially offset by higher revenue expenditure, primarily on account of on-budgeting of subsidies. As a proactive move, instead of the original plan to clear out Food Corporation of India's (FCI) debt to the National Small Savings Fund (NSSF) phase-wise over a few years, all outstanding dues were cleared in one swoop in March 2021.

The total fiscal slippage during the year from Budget Estimates (BE) to PA amounts to 568 basis points (bps), of which 280 bps is from shortfall in receipts, 238 bps due to excess expenditure (including 208 bps because of higher food subsidy) and 49 bps due to the denominator effect of lower GDP *vis-à-vis* BE (Chart 16).

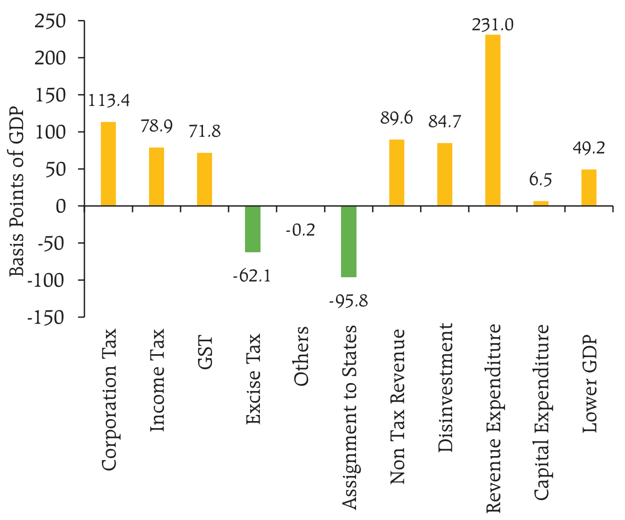
Going forward, the settlement of all FCI dues to NSSF in 2020-21 itself and the higher surplus transfer by the Reserve Bank will open up additional fiscal space of around 45-50 bps in 2021-22.

As per the recent round of the quarterly survey of the Federation of Indian Chambers of Commerce and Industry (FICCI), business confidence of Indian companies slumped during May to its lowest level in the last three quarters after hitting a decadal high in the previous round of the survey (Mint, June 1). Consumer goods companies are witnessing a slowdown in discretionary purchases such as large appliances, apparel and beauty products in the June quarter (Mint, May 18).

Retail sales of motor vehicles plunged by 55.0 per cent in May 2021 over April 2021, with transport vehicles declining by 68.1 per cent and non-transport vehicles by 54.0 per cent, as per Vahan Dashboard. Contraction in registrations was recorded across all major states (Chart 17). With the second wave making inroads into villages and small towns, rural demand has also taken a hit, as indicated by moderation in sales of tractor, two-wheeler, motorcycle and three-wheeler vehicles (Chart 18).

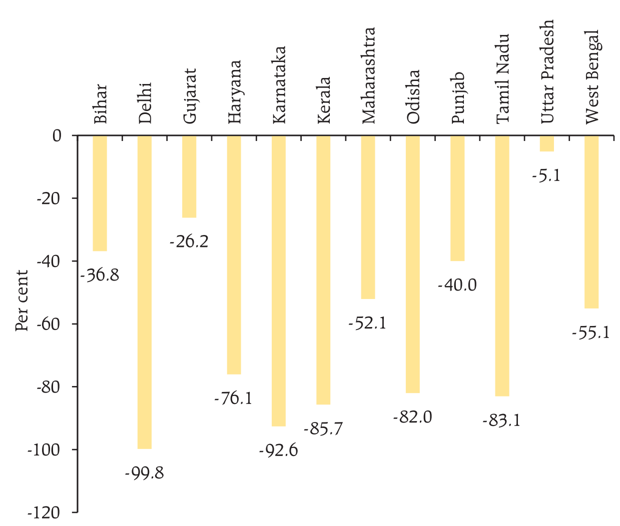
A silver lining is that the Indian Railways loaded 114 million tonnes of freight in May, the highest ever handled for this month and 2 per cent higher than a month ago[15]. Railway freight revenue remained robust, registering sequential growth by 2.9 per cent,

**Chart 16: Contribution to Fiscal Slippage 2020-21 (PA *vis-a-vis* BE)**




**Source:** Union Budget Documents; CGA; and Authors' calculations.

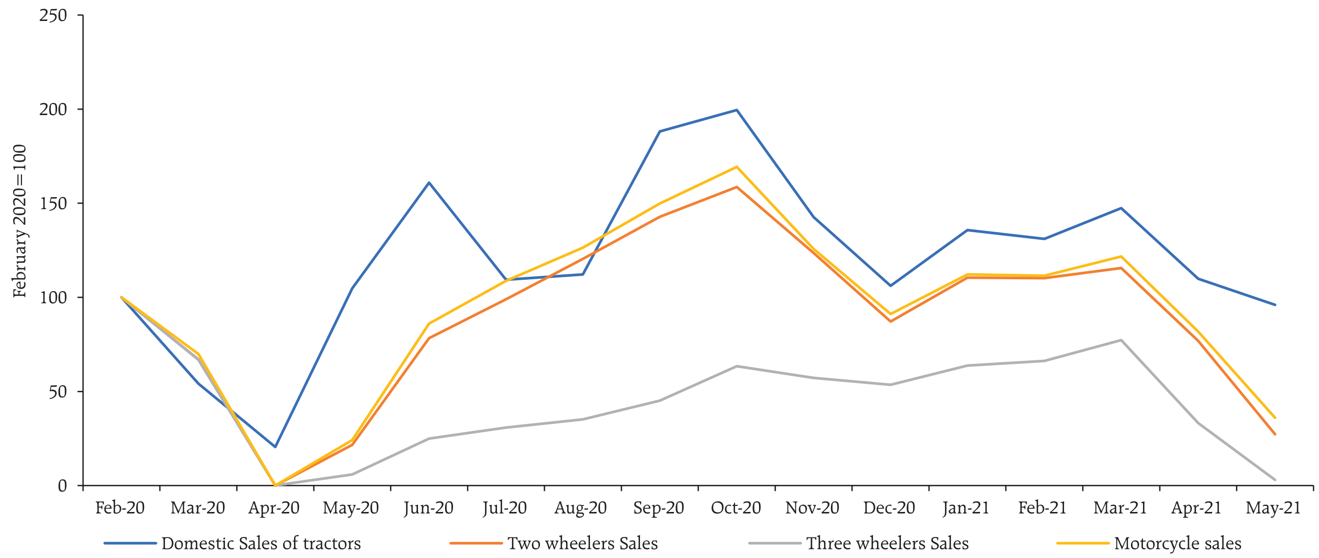
**Chart 17: Vehicle Registrations – Select States (M-o-M Growth: May 2021)**




**Source:** Vahan Dashboard.

15 Business Line, June 3, 2021.

**Chart 18: Rural Demand**

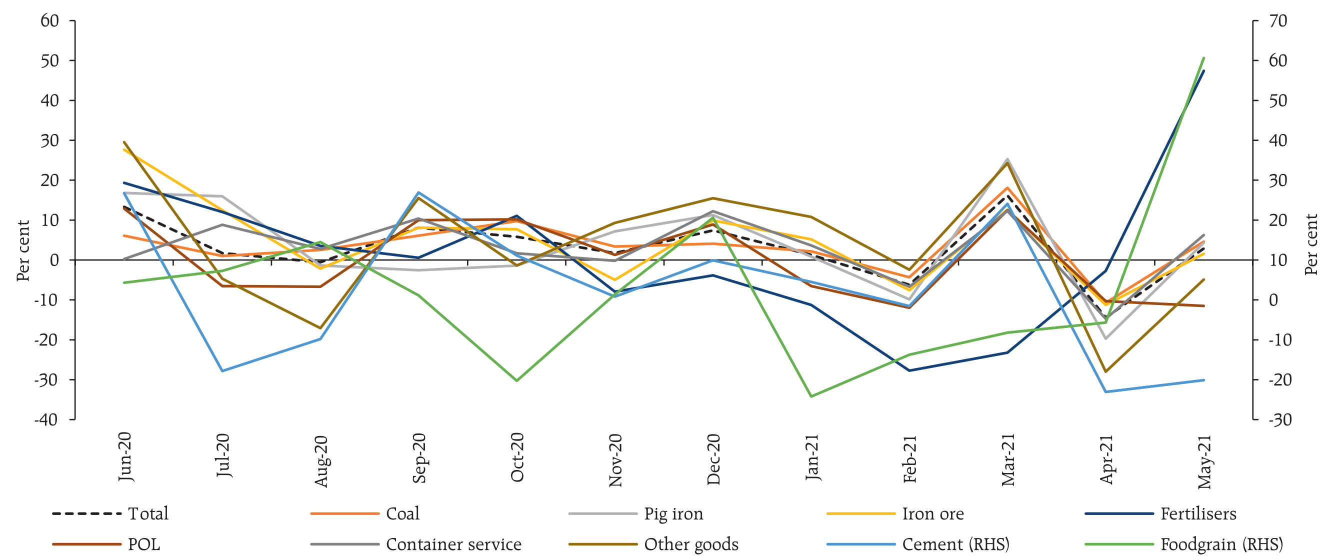



**Sources:** SIAM; and TMA.

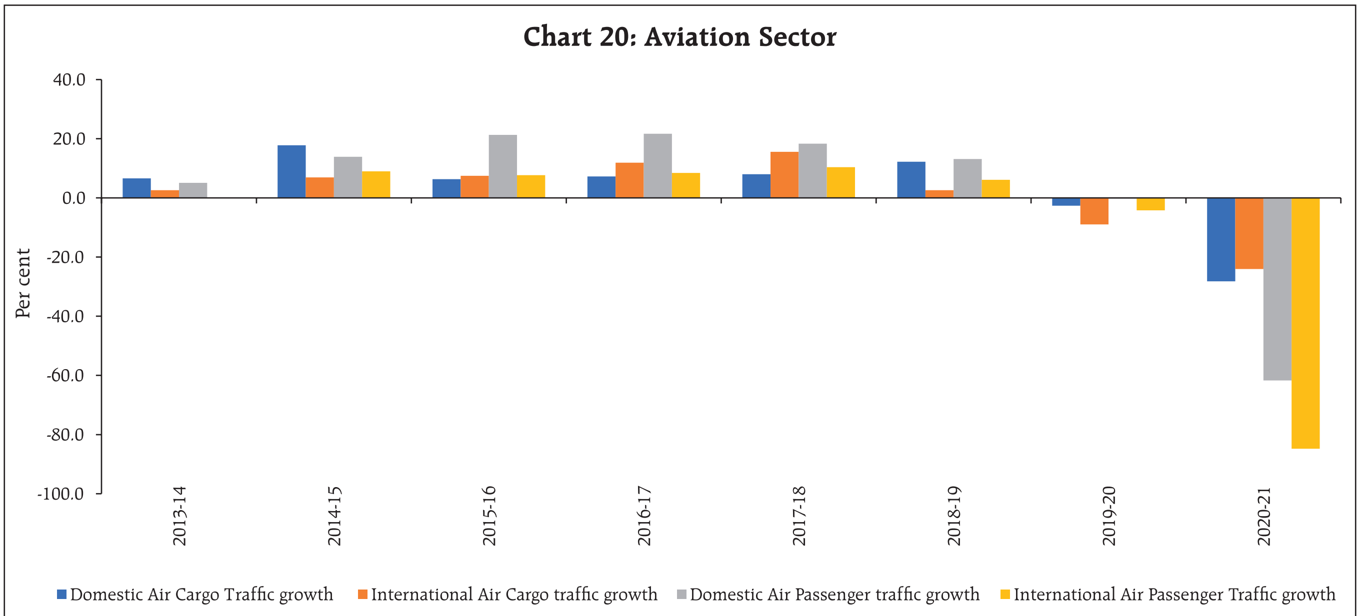
as well as over pre-pandemic May 2019, by 9.5 per cent. Sequential improvement was recorded across all categories of traffic, led by fertilisers and food-grains, which grew by 47.4 per cent and 60.6 per cent m-o-m, respectively (Chart 19).

The civil aviation sector, crippled under the weight of the second wave, suffered significant contraction in FY 2020:21, with the passenger segment plummeting by 66.2 per cent (domestic passenger segment by -61.7 per cent and international passenger segment by -84.8 per cent); however the fall in cargo segment was relatively less pronounced, *i.e.*, by 25.7 per cent (domestic cargo segment by - 28.2 per cent and international cargo segment by -24.1 per cent) (Chart 20). Considered one of the worst hit sectors

**Chart 19: Railway Freight Revenue (M-o-M Growth)**




**Source:** Directorate of Economics & Statistics, Ministry of Railways

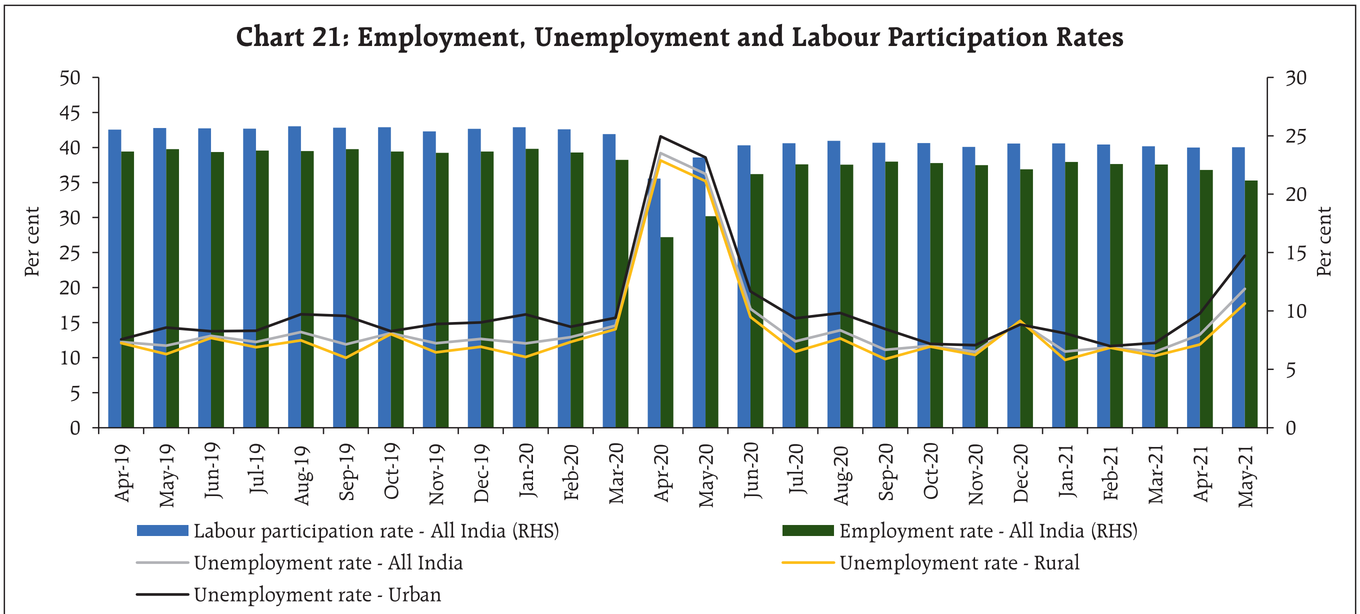



**Source:** DGCA.

by the pandemic, the government extended the Emergency Credit Line Guarantee Scheme (ECLGS) to the sector to help mitigate hardships.

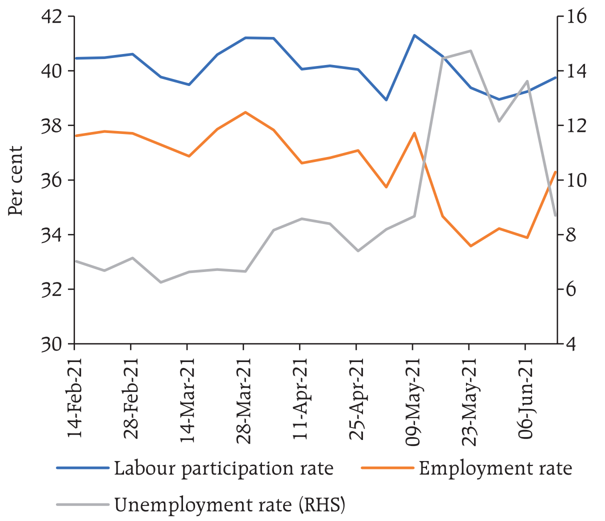
As per the household survey of the Centre for Monitoring Indian Economy (CMIE), the unemployment rate, rose to 11.9 per cent in May 2021, highest since May 2020. The labour participation rate, however, remained at 40 per cent in May 2021 equivalent to April 2021 (Chart 21).

Labour market weekly indicators that started waning since the first week of April 2021, have started recovering in the second week of June 2021. The unemployment rate in the week ended June 13, 2021 was 8.7 per cent down from 13.6 per cent




**Source:** CMIE.

**Chart 22: Employment Conditions Since the Second Wave (Weekly)**




**Source:** CMIE.

in the previous week. The employment rate (worker population ratio) that fell to 33.9 per cent in the week ended June 6, 2021 is up to 36.3 per cent in the week ended June 13, 2021 (Chart 22).

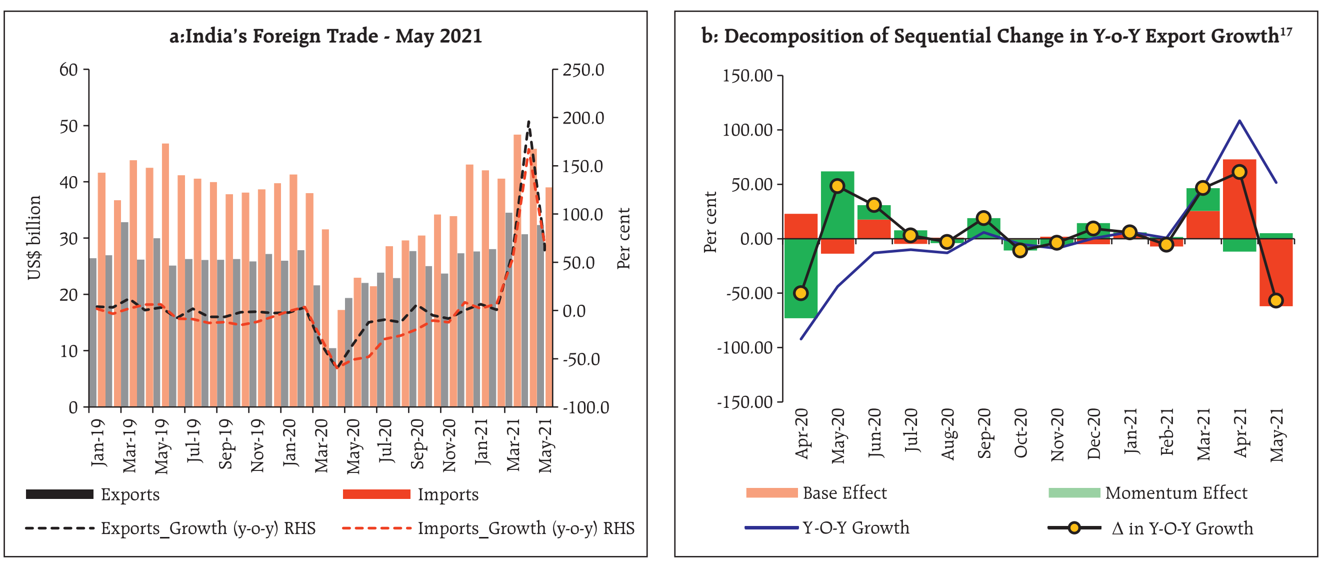
India's merchandise exports continued on the robust growth path in May 2021[16], growing by more than 50 per cent (y-o-y) partly reflecting a low base (Chart 23a and 23b). Non-oil exports exhibited positive momentum for the ninth consecutive month.

When compared to May 2019 also, exports have grown in May 2021. The major sectors that have grown as compared to May 2019 include engineering goods, petroleum products, iron ore, cotton textiles and drugs and pharmaceuticals (Chart 24).

Engineering goods, accounting for nearly one-fourth of India's total exports, were massively impacted due to demand / supply disruptions caused by the pandemic. This segment has bounced back, staging a smart recovery in recent months, surpassing pre-pandemic levels (Chart 25).

Since June 2020, agricultural exports have endured the pandemic and shown resilience by staying consistently above the US$ 2 billion mark

**Chart 23: India's Foreign Trade – May 2021**

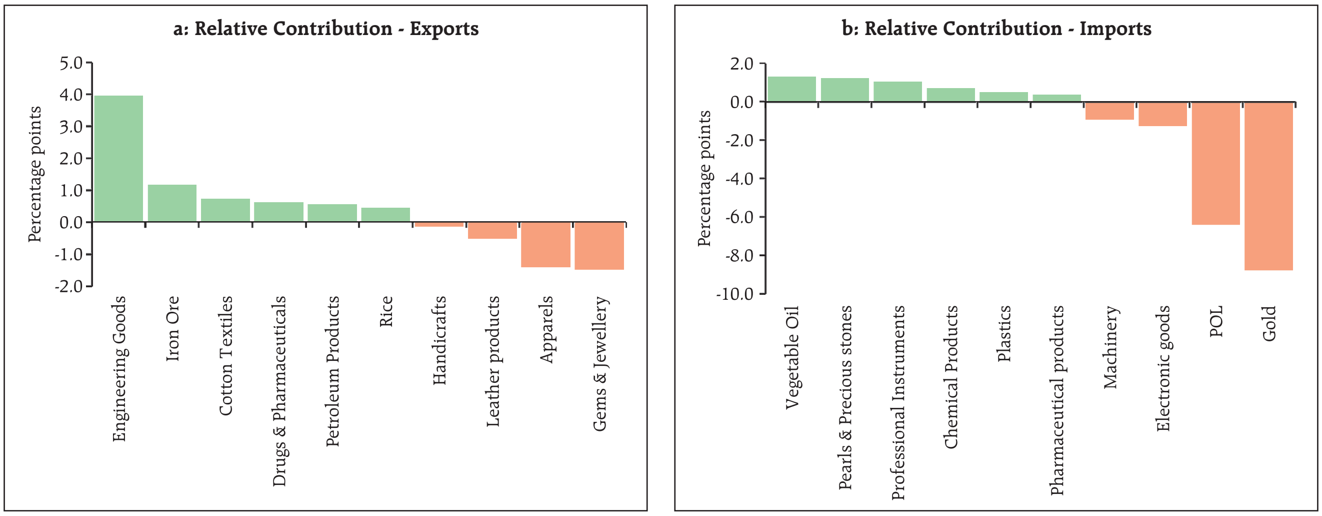



**Sources:** DGCI&S; and Authors' calculations.

[16] Based on the data released by the Ministry of Commerce & Industry on June 15, 2021.

[17] A Sequential Change in Y-o-Y Growth is approximately same as the difference between the month-on-month rate in the current month and the month-on-month rate twelve months previously (European Central Bank, 2005).

**Chart 24: Relative Contribution of Sectors**
(May 2021 *vis-à-vis* May 2019)




**Sources:** DGCI&S; and Authors' calculations.

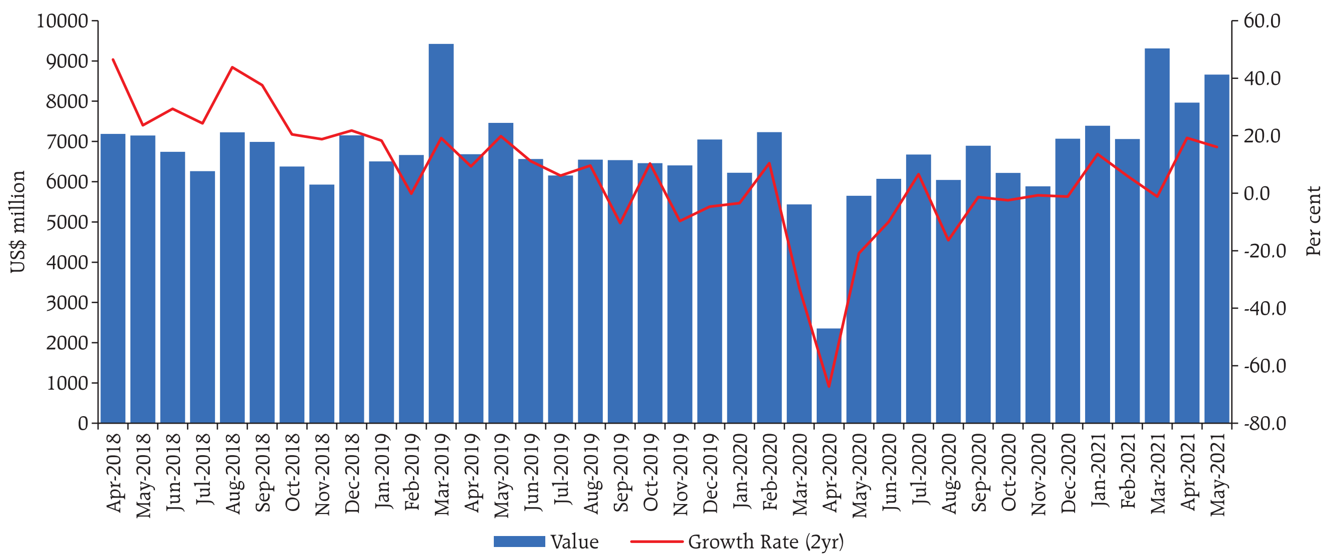
on a monthly basis (Chart 26a and 26b). High global demand, coupled with the expectation of subdued global wheat and rice output, should help sustain the demand for these Indian exports in the near future.

India's merchandise imports too posted a growth of more than 50 per cent in May 2021 due to a low base a year ago (Chart 23a). As compared to the lockdown a year ago, the recent restrictions have had a limited impact on import demand.

## Aggregate Supply

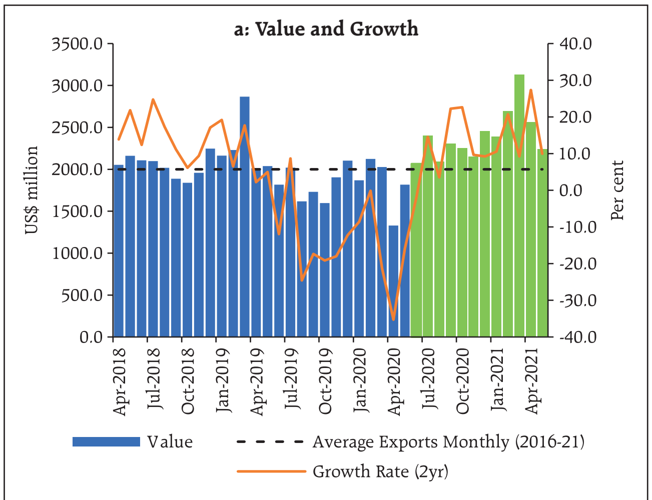
Agriculture continues to be the mainstay of aggregate supply conditions in India. The third advance estimates (AE) for 2020-21 released on May 25, 2021 placed agriculture production at 305.4

**Chart 25: Engineering Goods Exports (Monthly)**

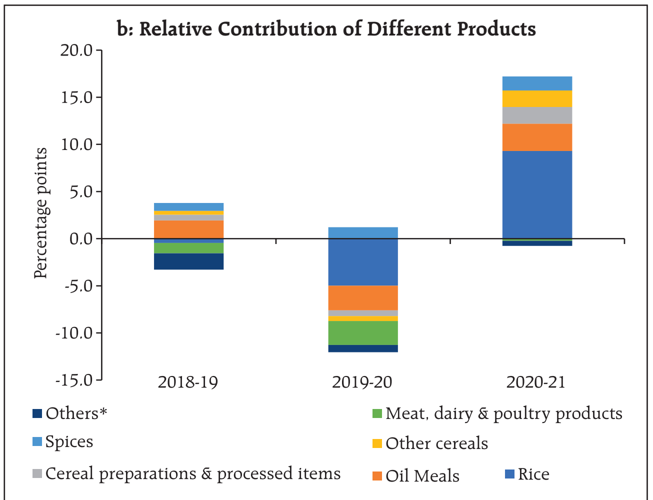



**Sources:** DGCI&S; and Authors' calculations.

**Chart 26: Agricultural Exports Performance**




**Note:** Recent months where agricultural exports have exceeded US$ 2 billion are marked in green.

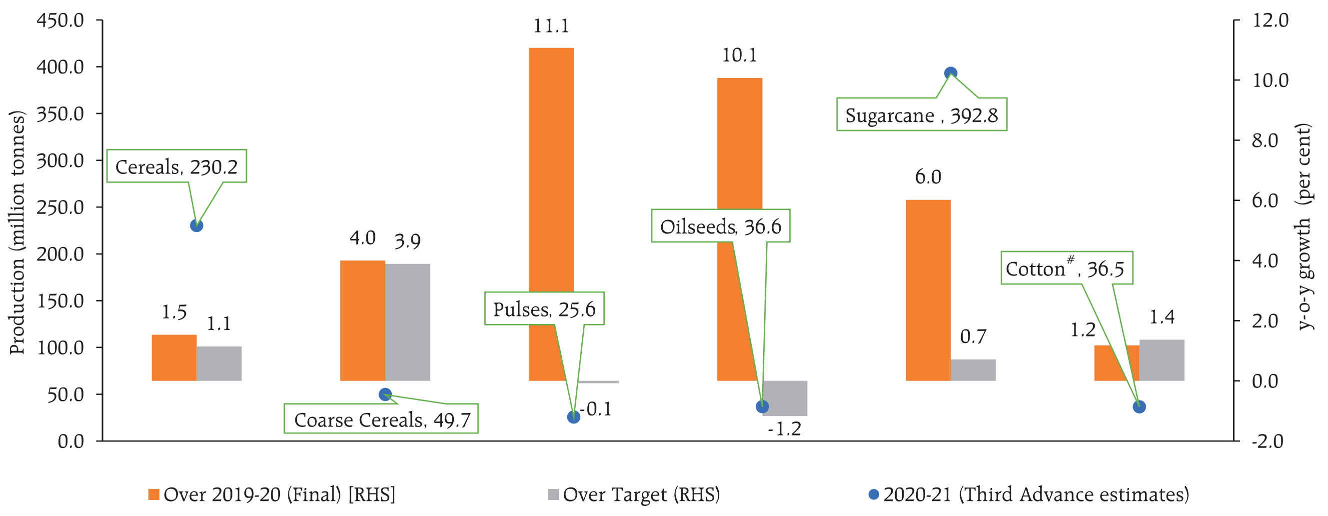



* Include Fruits & Vegetables, Coffee, Tobacco, Meat, dairy & poultry products, Tea, Oil seeds and Cashew.

**Sources:** DGCI&S; and Authors' calculations.

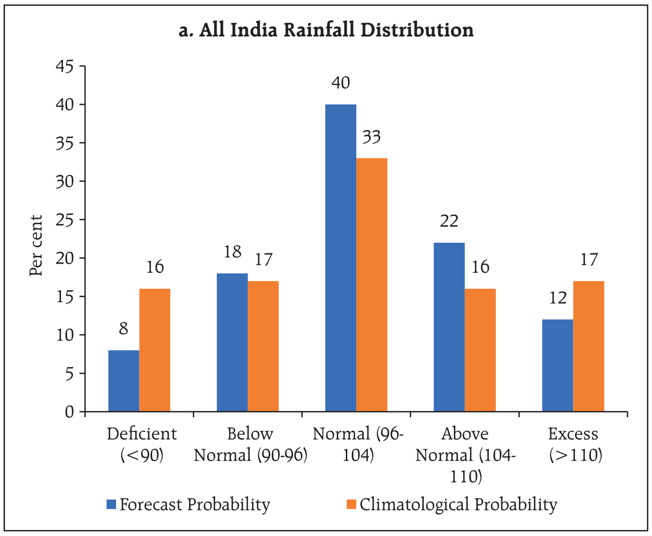
million tonnes, up by 2.7 per cent over a year ago and by 1.5 per cent above the target (Chart 27). Food grains, coarse cereals, pulses, oilseeds and cotton have posted record production. Wheat procurement has touched record levels for the second year in a row, staying 12.2 per cent higher than a year ago (June 10, 2021). Both wheat and rice procurement have already surpassed last year's levels by 4.2 per cent and 12.1 per cent, respectively.

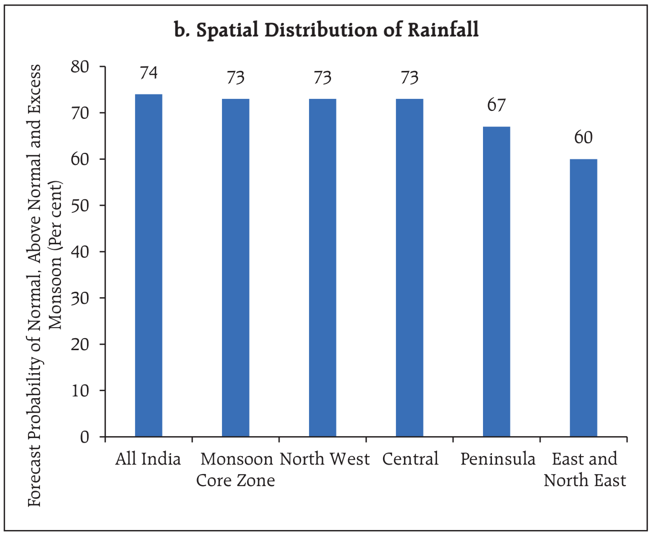
**Chart 27: Third Advance Estimates of Crop Production 2020-21**




**Note:**
(i) Cereals include rice and wheat.
(ii) Foodgrains include cereals, coarse cereals and pulses.
(iii) # Million bales of 170 kg each.
**Source:** Ministry of Agriculture and Farmers' Welfare.

Chart 28: Second Long Range Forecast for South West Monsoon (2021)



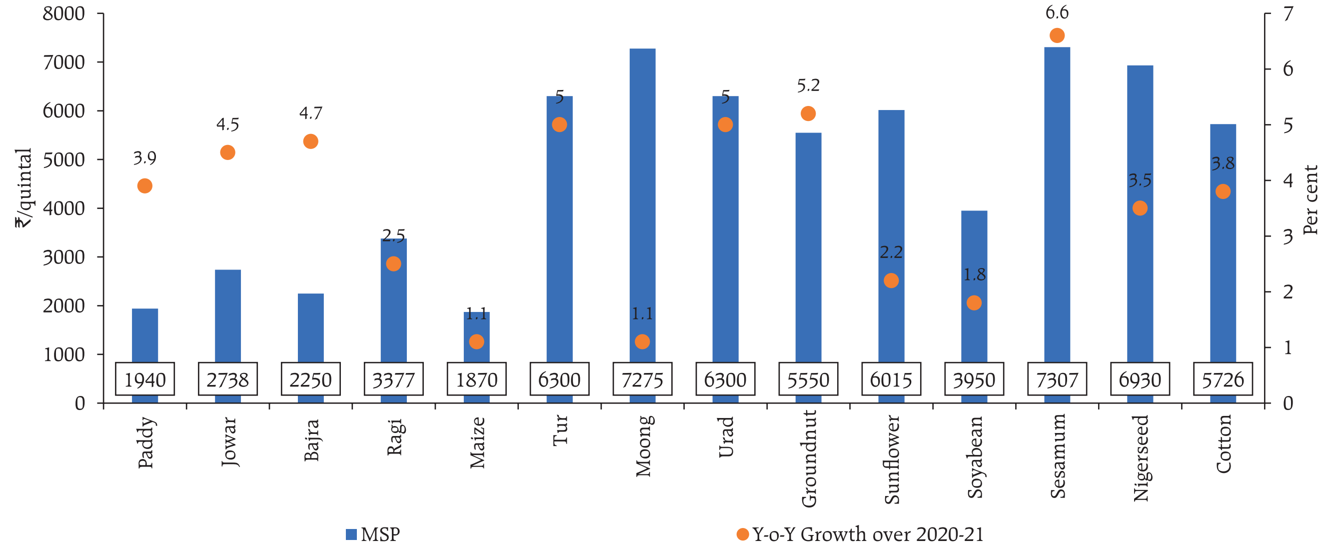




**Note:** Figures in parentheses are per cent of Long Period Average (LPA).
**Source:** India Meteorological Department.

The forecast released by the Indian Meteorological Department (IMD) on June 01, 2021 indicates that 74 per cent of the country is expected to receive normal, above normal or excess rains (Chart 28a). As of June 10, 2021, aggregate rainfall stood at 23 per cent higher than its long period average (LPA) and reservoir level at 27 per cent of full capacity as against the decadal average of 21 per cent, which augurs well for the agriculture production.

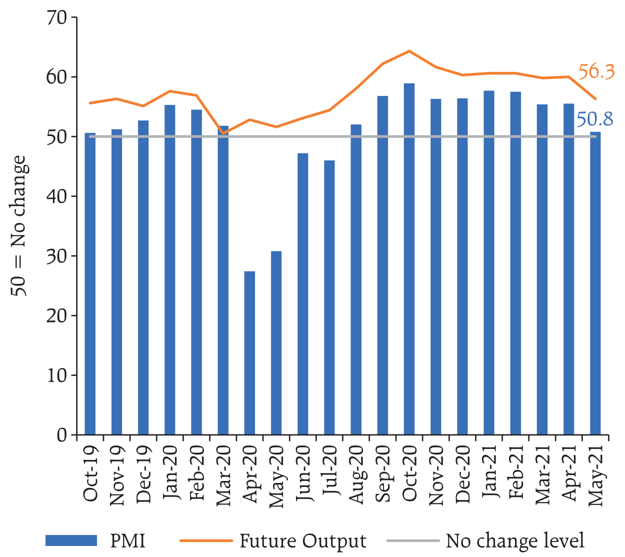
As regards policy support, increase in minimum support prices (MSP) announced for *kharif* season 2021-22 has ensured a return of at least 50 per cent over the cost of production for all the crops (Chart 29). The target for foodgrain production

Chart 29: Minimum Support Price for the *Kharif* Season Crops



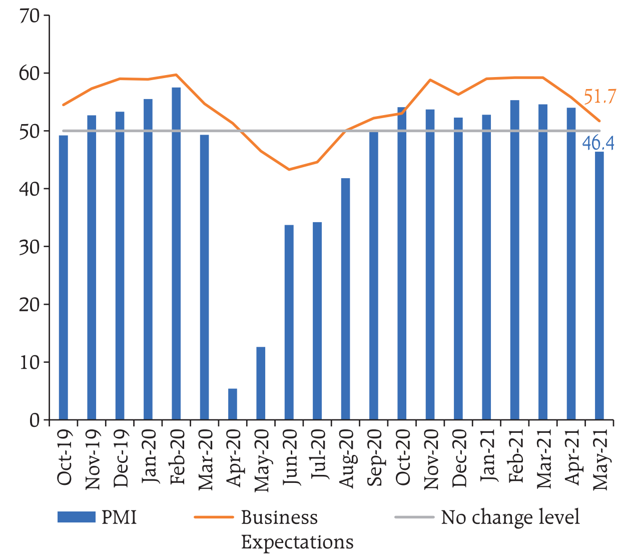

**Source:** Commission for Agricultural Costs and Prices.

Chart 30: Manufacturing PMI




**Source:** IHS Markit.

Chart 31: Services PMI



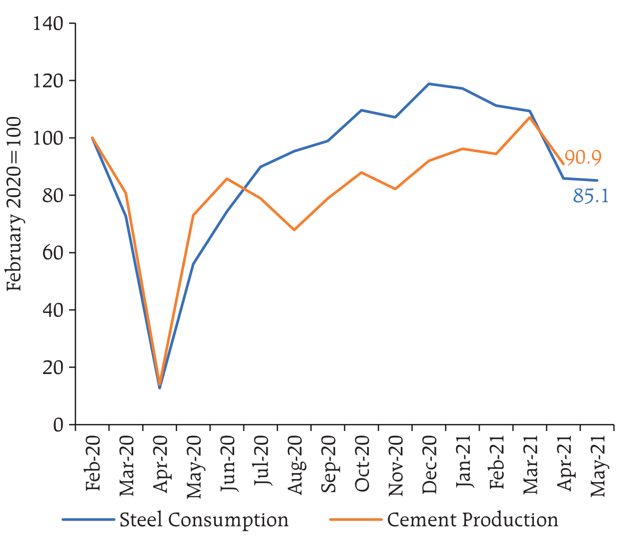

**Source:** IHS Markit.

for the year 2021-22 is set at 307 million tonnes (0.5 per cent higher than 3rd AE of the previous year). Sowing of *kharif* pulses and oilseeds is expected to increase this year followed by the announcement of higher MSP and expectation of higher procurement through government procurement Schemes (PM-AASHA).

The headline PMI manufacturing slumped to a ten-month low in May 2021. With a reading of 50.8, however, it still remained in expansion zone even after marking a steep decline from 55.5 a month ago. The contraction stemmed mainly from sub-indices of new orders and output, as headwinds of the second wave brought demand to a virtual standstill (Chart 30). The services PMI in May 2021 contracted for the first time in eight months registering a value of 46.4. Contraction in exports and new businesses were the major reasons for the decline in services, mainly due to COVID related restrictions (Chart 31).

The construction sector also recorded a decline in April-May 2021 as localised restrictions prompted decline in construction activity. Although robust y-o-y growth rates were recorded for cement production and steel consumption in April and May 2021, respectively, on a low base, the sectors recorded a steep decline in comparison to the same months in pre-pandemic 2019 (Chart 32).

Chart 32: Construction Sector Indicators




**Sources:** Joint Plant Committee; Office of Economic Adviser; and RBI staff estimates.

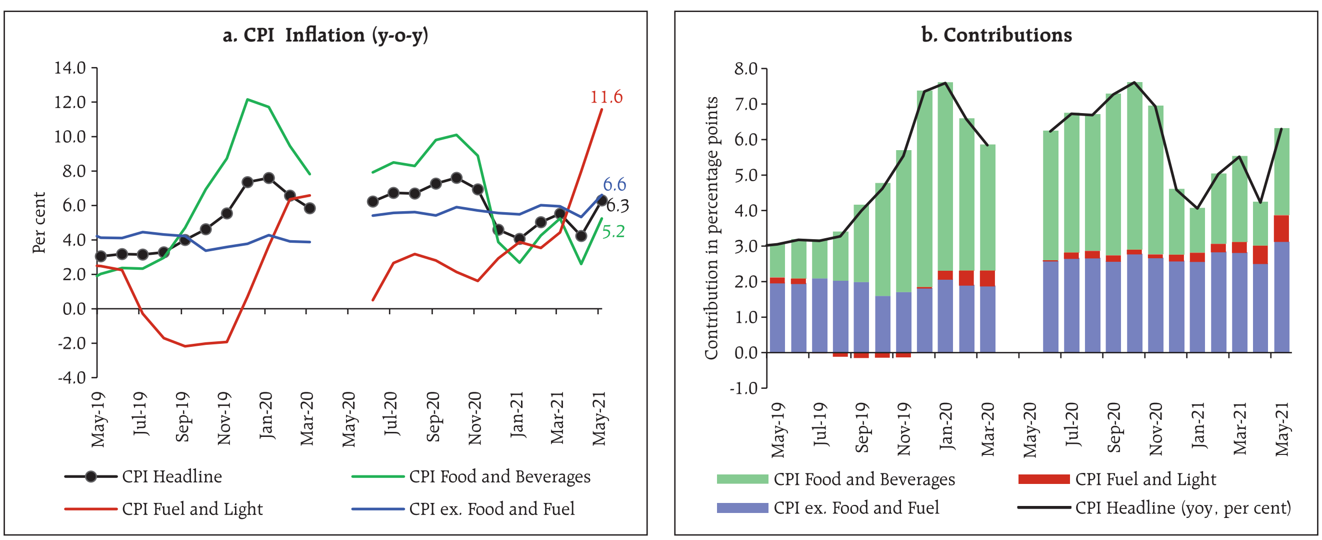
Despite the second wave of COVID-19 induced lockdowns, highway construction, which touched an all-time high of 13,298 km in 2020-21 (36.4 km/day) (Financial Express, June 10), increased y-o-y, by 73.5 per cent in April-May 2021 on a low base. Over 2019 (28.2 km/ day), the performance in 2021 (24.1 km/ day) remains creditable. As per Crisil report, national highways sector which delivered a stellar performance last fiscal, riding on higher project awards, record construction, and traffic, may have its momentum dampened by the second wave of infections, but it may not have a material bearing on growth for the current fiscal.

### *Inflation*

In May 2021[18], CPI inflation printed at 6.3 per cent, registered an increase of 2.1 percentage points over 4.2 per cent in April 2021 (Chart 33a). A large positive price momentum (month-on-month change in prices in the current month) cutting across food, fuel and core categories, along with an unfavourable base effect (month-on-month change in prices a year ago) brought about the jump in headline inflation.

Among CPI groups, CPI food and beverages inflation increased to 5.2 per cent in May, an increase by 2.6 percentage points over April. Inflation in eggs, milk, oils and fats, fruits, pulses, spices and prepared meals edged up in May while deflation in vegetables, cereals and sugar ebbed. In the food sub-groups, only meat and fish registered a softening of inflation. The contribution of food (with a weight of 45.9 per cent in the CPI) to overall inflation increased to 39 per cent in May from 29 per cent in April (Chart 33b). Fuel inflation rose sharply into double digits – by 3.6 percentage points – to 11.6 per cent in May. CPI excluding food and fuel inflation surged to 6.6 per cent in May, the highest print since May 2014. All core sub-groups registered a pick-up in inflation, with substantial increases in clothing and footwear, household goods and services, transport and communication, recreation and amusement, and personal care and effects.

**Chart 33: CPI Inflation**




**Note:** CPI inflation for April-May 2021 were computed based on imputed CPI indices for April-May 2020.
**Sources:** National Statistical Office (NSO); and RBI staff estimates.

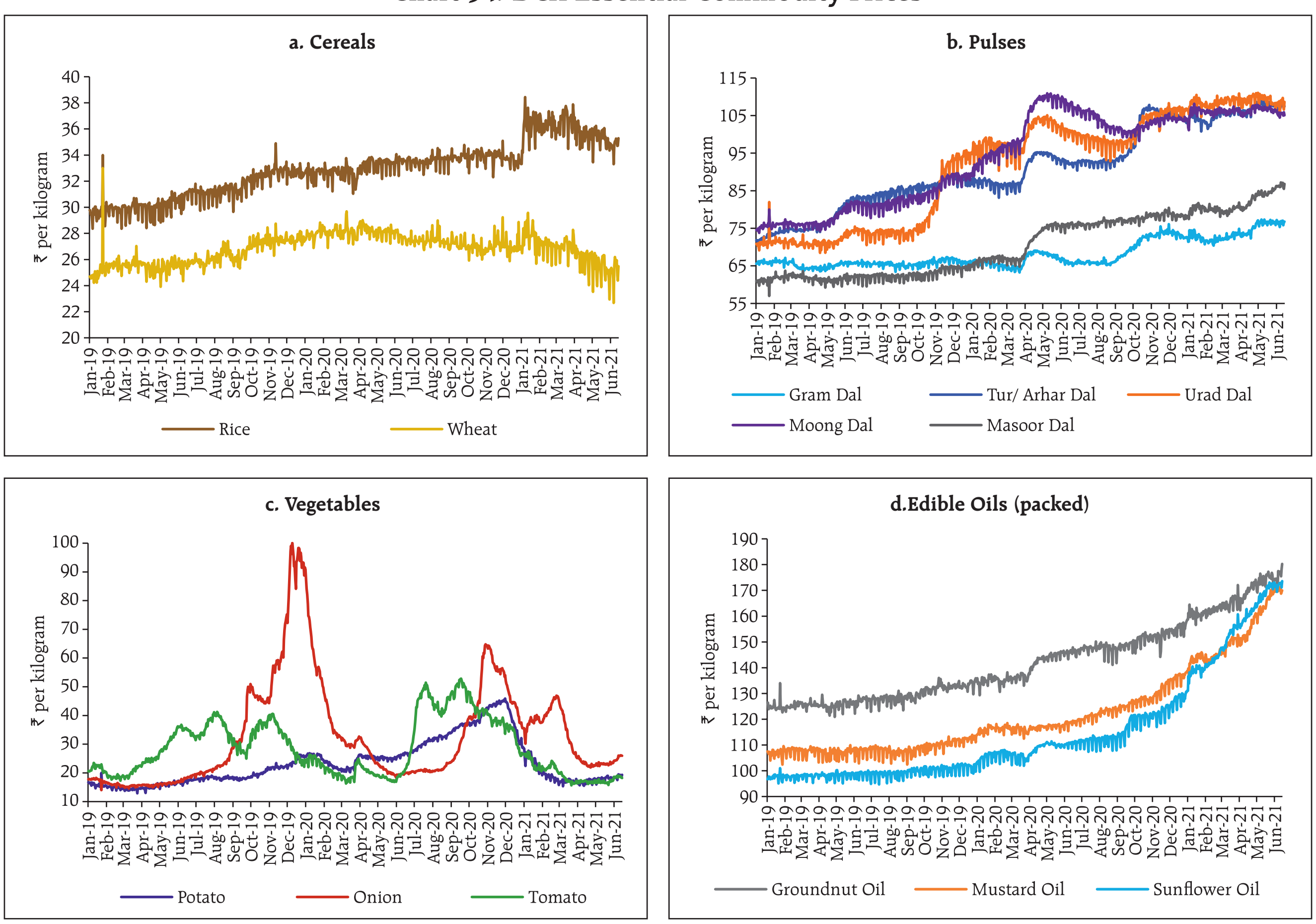
[18] The NSO had used imputed indices of May 2020 as the base for the May 2021 inflation prints. In May 2021, the market-wise price reporting fell to 68.1 per cent in rural areas (from 84.6 per cent in April 2021) and 67.5 per cent in urban areas (from 87.4 per cent in April 2021).

High frequency food price data from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) indicate a further softening of cereals prices in the first half of June. Under pulses, prices of *tur*, *urad* and *moong* have also registered some softening in June so far, though prices remain higher than a year ago. Edible oils prices have increased further in June. Among the key vegetables, prices of potatoes, onions and tomatoes have edged up, though prices of potatoes and tomatoes are still lower than at this time last year (Chart 34).

The increase in domestic pump prices of petrol and diesel since early May 2021 continued unabated in June so far (June 1-14, 2021), scaling new historic highs. Between May 31, 2021 and June 14, 2021 petrol and diesel pump prices (average of prices in four major metros) increased by ₹2.08 per litre and ₹2.13 per litre to ₹98.26 per litre and ₹91.01 per litre, respectively. In June so far, domestic kerosene prices registered a sharp increase whereas LPG prices remained steady (Table 6).

Input costs across manufacturing and services rose further in May 2021, as reflected in the PMIs, although the rate of increase was the lowest in the last four months. Selling prices for services remained largely steady in May 2021, with evidence of a relatively higher pass-through of costs in manufacturing.

**Chart 34: DCA Essential Commodity Prices**




**Sources:** Department of Consumer Affairs, GoI; and RBI staff estimates.

**Table 6: Petroleum Product Prices**

| Item | Unit | Domestic Prices | | | Month-over-month (per cent) | |
|---|---|---|---|---|---|---|
| | | Jun-20 | May-21 | Jun-21 ^ | May-21 | Jun-21 |
| Petrol | ₹/litre | 79.22 | 94.37 | 97.20 | 1.9 | 3.0 |
| Diesel | ₹/litre | 72.98 | 86.68 | 89.93 | 2.5 | 3.7 |
| Kerosene (subsidised) | ₹/litre | 15.45 | 30.38 | 32.13 | 0.2 | 5.7 |
| LPG (non-subsidised) | ₹/cylinder | 601.50 | 819.63 | 819.63 | 0.0 | 0.0 |

^ : For the period June 1 -14, 2021.
**Note:** Other than kerosene, prices represent the average Indian Oil Corporation Limited (IOCL) prices in four major metros (Delhi, Kolkata, Mumbai and Chennai). For kerosene, prices denote the average of the subsidized prices in Kolkata, Mumbai and Chennai.
**Sources:** IOCL; Petroleum Planning and Analysis Cell (PPAC); and RBI staff estimates.

*CPI-WPI Inflation Divergence in the Recent Period*

In the post-lockdown period, CPI and wholesale price index (WPI) inflation rates have been exhibiting considerable divergence. By May 2021, WPI inflation was at 12.9 per cent, exceeding CPI inflation by 6.6 percentage points. This has raised concerns about likely spill overs to retail inflation, especially to the core. Episodes of such large divergences are often exclusively caused by prices of basic and intermediate commodities and industrial products, which are not included in the CPI, but form a sizeable share of the WPI (Das and George, 2017[19]). These are largely internationally traded, with domestic prices closely linked to global commodity price cycles. During April-July 2020, a collapse in international commodity prices caused the WPI to register sustained deflation; subsequently, with a sharp pick-up in commodity prices since H2:2020-21, the WPI registered double-digit inflation by April-May 2021.

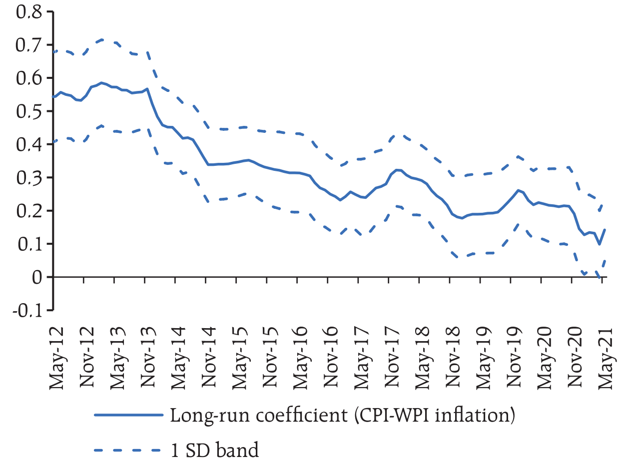
Using a time-varying parameter regression, the long-run coefficient of WPI inflation (y-o-y) on CPI inflation (y-o-y) for the period April 2012 to May 2021 is estimated to have declined from 0.57 in November 2013 to 0.14 in May 2021 (Chart 35).

[19] Das, P., & George, A. T. (2017), "Comparison of Consumer and Wholesale Prices Indices in India: An Analysis of Properties and Sources of Divergence", RBI Working Paper Series, WPS (DEPR): 05 / 2017.

Estimates of the time-varying volatility in international commodity prices when juxtaposed with the CPI-WPI coefficient show a strong inverse relationship between two, with a correlation coefficient of (-) 0.79[20] (Chart 36).

This indicates that rising volatility in international commodity prices over the last decade has resulted in the weakening of the long-run relationship between CPI and WPI inflation.

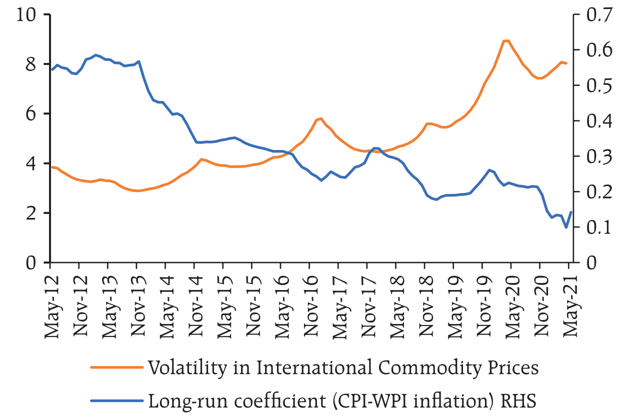
**Chart 35: Long-run Coefficient of CPI and WPI Inflation**




**Note:** $CPI\_Inflation_t = a_t + b_t * WPI\_Inflation_t + e_t$; where $e_t$ follows a normal distribution with stochastic volatility and $b_t$ is the time varying coefficient.
**Sources:** NSO; Office of Economic Adviser, GoI; and RBI staff estimates.

[20] RBI staff estimates.

**Chart 36: Long-run Coeffficient of CPI and WPI Inflation and Volatility in International Commodity Prices**




**Note:** $Int\_Comm\_Inflation_t = a_t + b_t * Int\_Comm\_Inflation\_(t\text{-}1) + u_t$; where $u_t$ follows a normal distribution with stochastic volatility. The volatility in $u_t$ is the parameter of interest.

**Sources:** NSO; Office of Economic Adviser, GoI; IMF; and RBI staff estimates.

### IV. Financial Conditions

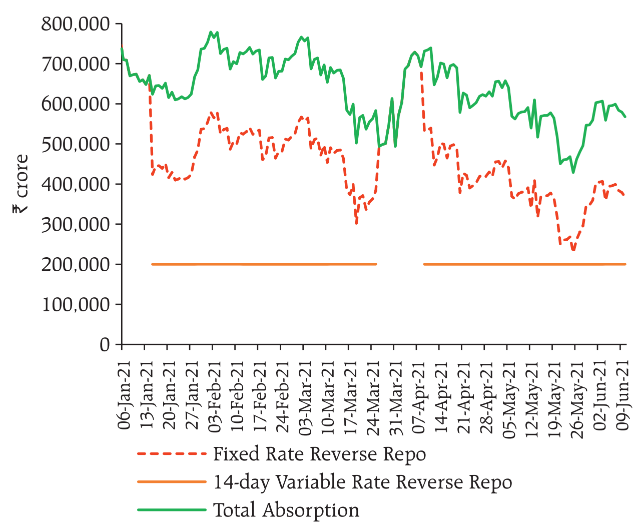
The Reserve Bank acted proactively to steer congenial financial conditions in the system by ensuring that systemic liquidity stays in abundance. A second round of purchases under the Government Securities Acquisition Programme (G-SAP) 1.0 was undertaken on May 20, 2021 amounting to ₹35,000 crore. It evoked a heartening response as mirrored in a bid-cover ratio of 3.5. Another round of purchases under G-SAP 1.0 amounting to ₹40,000 crore shall be conducted on June 17, of which ₹10,000 crore will constitute state development loans (SDLs). The Reserve Bank also announced G-SAP 2.0 on June 4, 2021 – the purchase of government securities from the secondary market worth ₹1.2 lakh crore during Q2:2021-22.

The average daily net absorption widened again to ₹5.0 lakh crore during June 2021 (up to June 14), aided by capital inflows. Amongst other autonomous drivers of liquidity, currency in circulation expanded by ₹1.2 lakh crore in 2021-22 so far (up to June 4) with heightened precautionary demand for cash amidst the second wave of the pandemic, which also drained liquidity from the banking system. Cumulatively, however, leakages through autonomous drivers were more than offset by liquidity infusing operations through OMOs and forex purchases conducted by the Reserve Bank. As a result, liquidity absorbed through reverse repo (both fixed and variable rate) operations averaged ₹5.5 lakh crore during May 2021 and ₹5.8 lakh crore in June (up to June 14) (Chart 37).

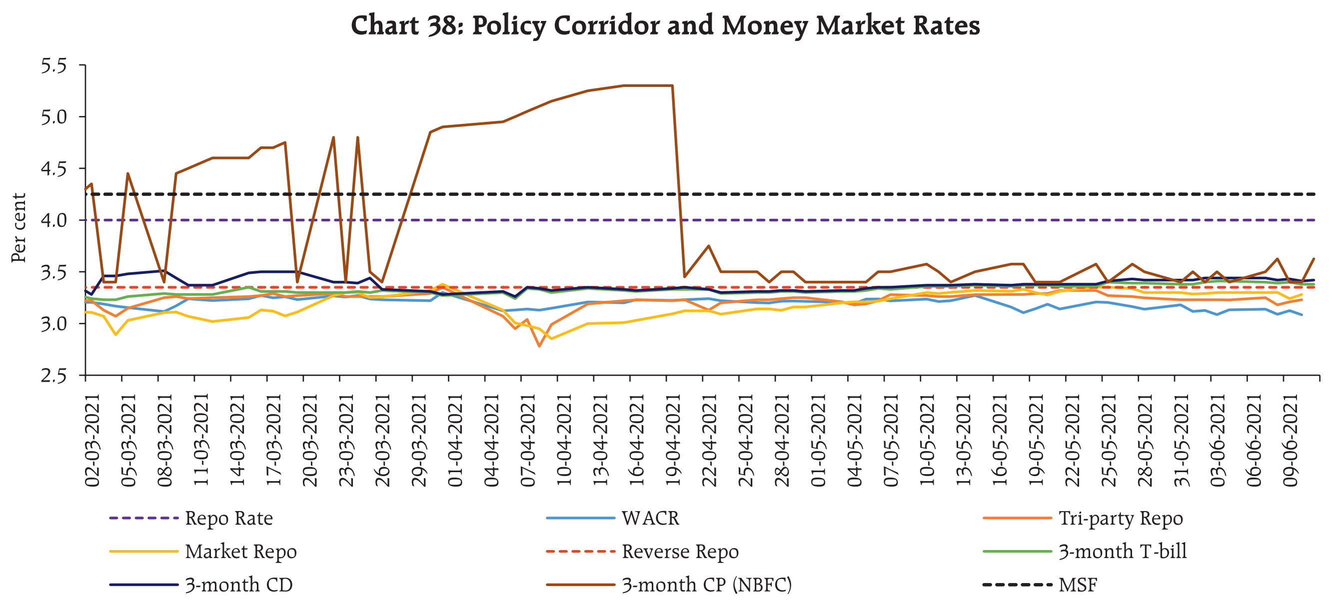
Overnight rates in the uncollateralised segment drifted towards the reverse repo rate during May 2021. The weighted average call rate (WACR), the tri-party repo and the market repo rate stayed at sub-reverse repo rate levels, trailing by 16 bps, 9 bps and 6 bps in May 2021 (Chart 38). These rates traded even lower by 24 bps, 12 bps and 6 bps, respectively, in June (up to June 14) as systemic liquidity expanded. The term money market rates, *i.e.*, the 3-month T-bill rate and 3-month certificates of deposit (CD) rates firmed up by 9 bps and 11 bps, respectively during May 2021 from end-April levels and traded around same levels in June 2021 (up to June 14).

Overall monetary/credit conditions stayed accommodative in support of the economic recovery.

**Chart 37: Surplus Liquidity - Absorption under LAF**



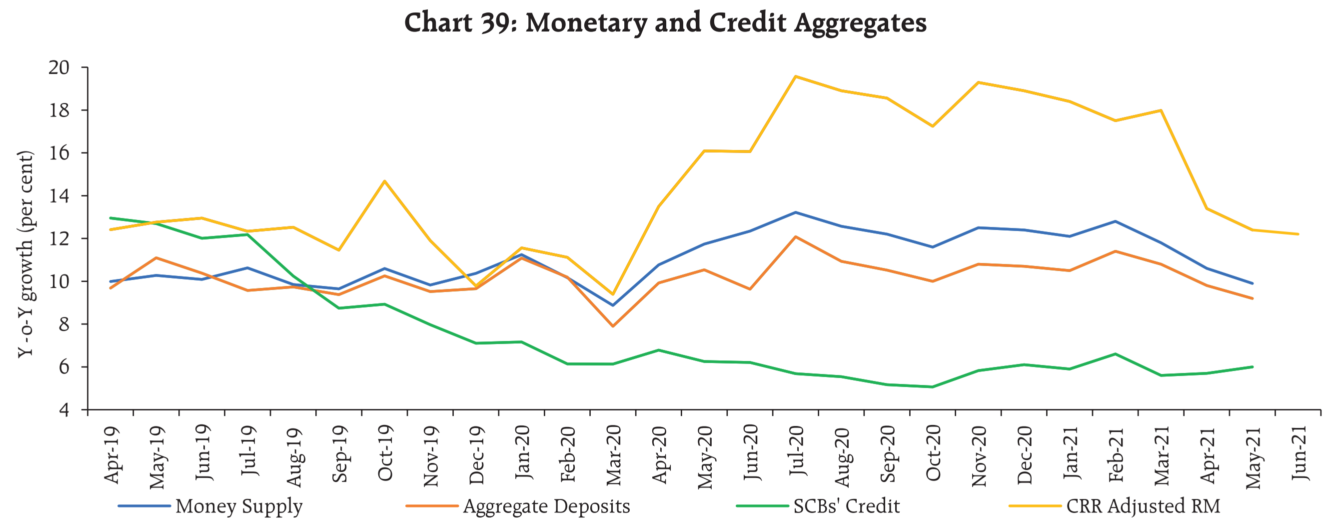

**Source:** RBI.




**Sources:** Bloomberg; and RBI.

Scheduled commercial banks' (SCBs) credit to the commercial sector recorded a growth of 6.0 per cent (6.2 per cent a year ago) (Chart 39). Furthermore, taking into account SCBs' investments in statutory liquidity ratio (SLR) securities and non-SLR securities along with credit offtake, their flow of funds in the economy expanded by 7.0 per cent (8.8 per cent a year ago).

During March 2020 to May 2021, the 1-year median marginal cost of funds based lending rate (MCLR) of SCBs softened cumulatively by 95 bps, indicating a reduction in overall cost of funds. During the same period, the median term deposit rate (MTDR) – representing average card rates on fresh deposits across all tenors – declined by 144 basis points, with a noticeable moderation stemming from shorter tenor




**Note:** 1. Data pertain to last reporting Friday of every month for money supply, aggregate deposits and SCBs' credit; and last Friday of every month for reserve money.

2. For the month of June, however, reserve money data as on June 4, 2021 are included.

**Source:** RBI.

**Table 7: Transmission from the Repo Rate to Banks' Deposit and Lending Rates**

(Basis points)

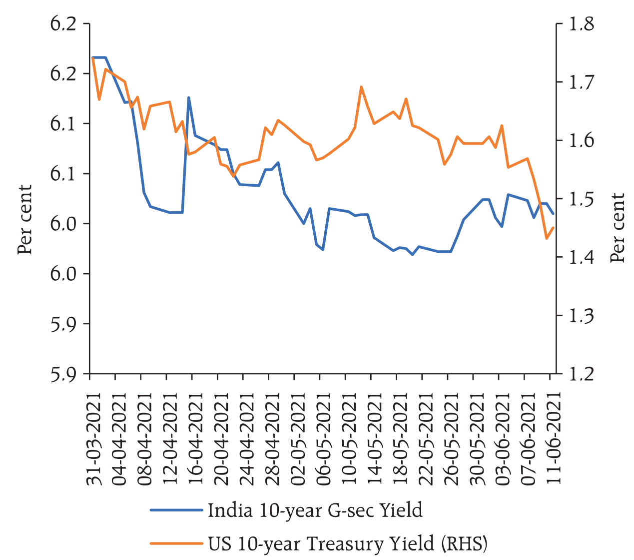
| Period | Repo Rate | Term Deposit Rates | | Lending Rates | | |
|---|---|---|---|---|---|---|
| | | Median Term Deposit Rate | WADTDR | 1 - Yr. Median MCLR | WALR - Outstanding Rupee Loans | WALR - Fresh Rupee Loans |
| Feb 2019 - Sep 2019 | -110 | -9 | -7 | -30 | 2 | -40 |
| Oct 2019 – May 2021* | -140 | -174 | -148 | -122 | -109 | -147 |
| **Mar 2020 – May 2021*** | **-115** | **-144** | **-109** | **-95** | **-91** | **-116** |
| Feb 2019 – May 2021* | -250 | -210 | -155 | -154 | -107 | -187 |

*: Latest data on WALRs and WADTDR pertain to April 2021.
WALR: Weighted Average Lending Rate. WADTDR: Weighted Average Domestic Term Deposit Rate;
MCLR: Marginal Cost of Funds based Lending Rate.
**Source:** RBI.

deposits of maturity of up to one year (156 bps). Across bank groups, the maximum cut in term deposit rates occurred in respect of foreign banks, followed by private banks. Public sector banks, which face stiff competition from alternative saving instruments like small savings, allowed more moderate transmission to term deposit rates (Table 7). The interest rates on small saving instruments (SSIs), which are higher than the requisite formula-based rates,[21] will be reviewed on June 30, 2021.

In the fixed income segment, the yield on 10-year G-sec traded close to the 6 per cent level in the second fortnight of May 2021 and early June 2021 (Chart 40). The benign CPI inflation print for April 2021, the confidence-inducing impact of G-SAP 1.0 auctions and softening US treasury yields engendered the downward bias in yields. Towards the end of May, however, concerns over excess supply following reports of additional government borrowing to the tune of ₹1.58 lakh crore soured market sentiment, pushing the 10-year G-sec yield above 6 per cent. Subsequently, market stayed in a narrow range, guided by cues from announcement of another round of purchases under G-SAP 1.0 coupled with G-SAP 2.0 for Q2:2021-22 amidst softened momentum in US treasury yields. In the primary market, four auctions were conducted in the second half of May and first fortnight of June, which took the gross borrowings by the central government to ₹2.71 lakh crore, thus completing nearly 37 per cent of ₹7.24 lakh crore scheduled for H1:2021-22.

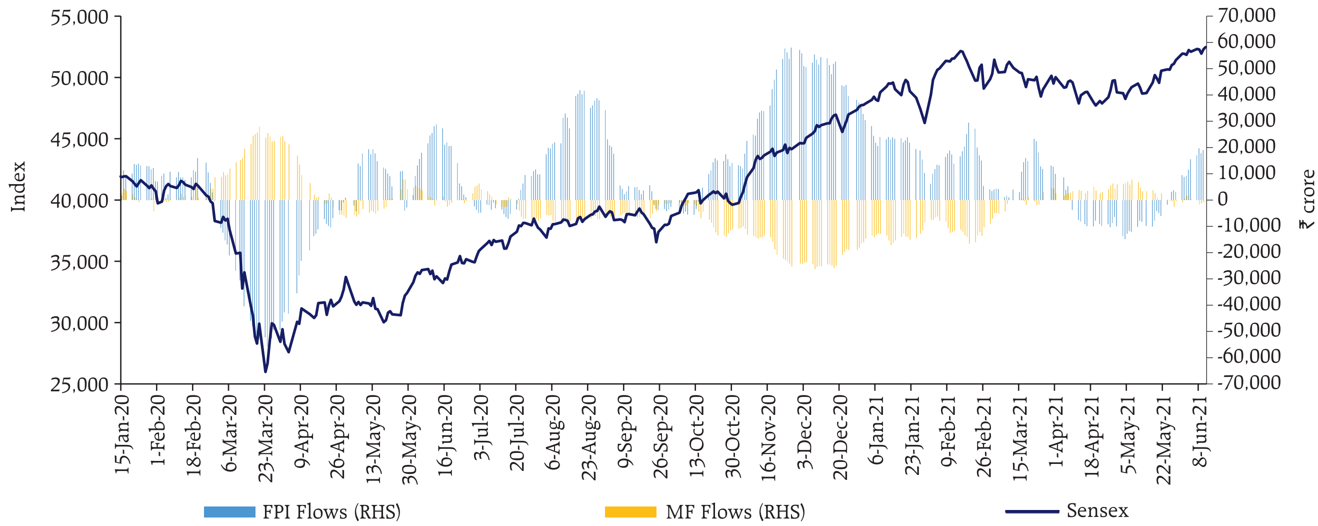
**Chart 40: Movement in 10-year Yield**




**Source:** Bloomberg.

21 The interest rates on small saving schemes are administered and set by the Government of India. These administered interest rates are linked to market yields on G-secs with a lag and are fixed on a quarterly basis at a spread ranging from 0-100 bps over and above G-sec yields of comparable maturities.

**Chart 41: BSE Sensex and Institutional Flows**




**Note:** FPI and MF investments are represented on 15 days rolling sum basis.
**Source:** Bloomberg.

Corporate bond yields eased further during May 2021 across ratings and issuers catergories, led mainly by non-banking financial companies (NBFCs) and corporates (Annex Table A1). Even though the policy repo rate has remained unchanged, a slew of conventional and unconventional policy measures fostered congenial financial conditions and lowered the risk premia on corporate bonds.

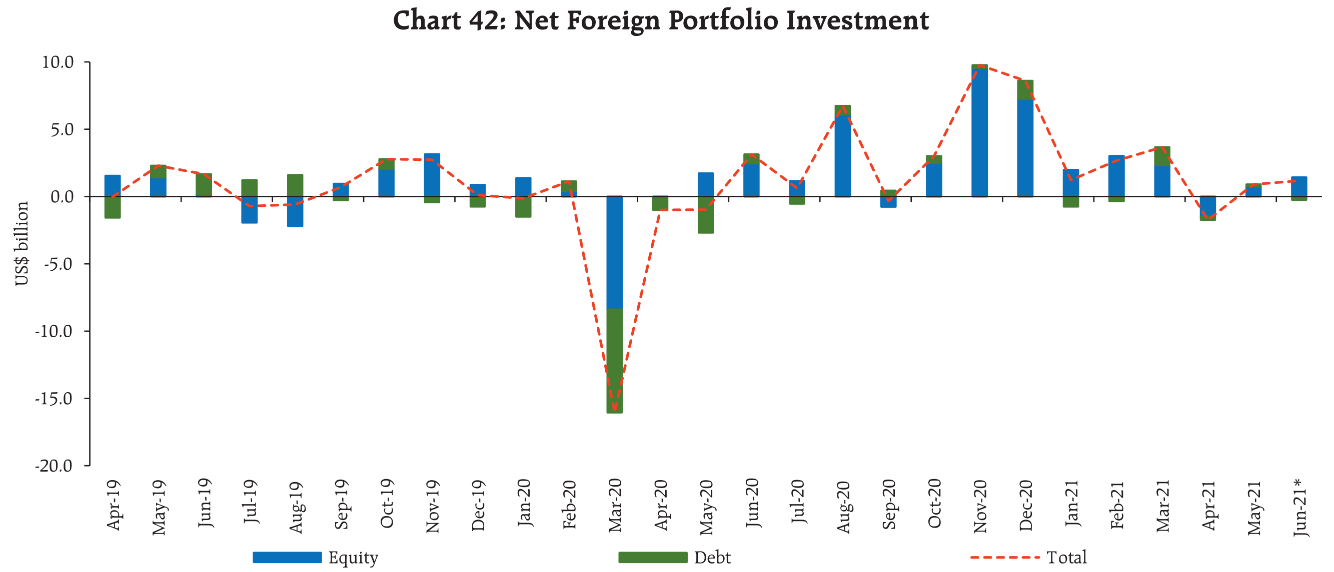
Indian equity markets commenced May 2021 on a bearish note but gained strength on the back of liquidity enhancing measures announced by the Reserve Bank and resumption of portfolio flows (Chart 41). Indian equities were further boosted by the steady decline in COVID-19 caseloads, sustained rise in recoveries and vaccinations. Reflecting these positive developments, the BSE Sensex rebounded by 6.5 per cent during May 2021 to close at 51,937.

Buoyed by prospects of relaxation of containment measures, the domestic equity markets extended its gaining streak into June 2021, with the BSE Sensex increasing further by 1.2 per cent to close at 52,552 on June 14, 2021. Amid risk-on sentiment, gains were recorded in the BSE Midcap and BSE Smallcap indices, which increased by 4.7 per cent and 6.3 per cent, respectively, in June 2021 so far.

Reflecting the increase in preferences for holding overseas securities, net resource mobilisation by fund of funds (FoFs) investing overseas – an open ended mutual fund scheme with minimum 95 per cent of total assets invested in the overseas fund – increased to ₹10,850 crore in 12 months ended May 2021 from ₹1,006 crore in 12 months ended May 2020.

In May 2021, net foreign portfolio investors (FPI) inflows were to the tune of US$ 0.9 billion. FPIs made net purchases in the equity segment to the tune of US$ 3.1 billion between May 18 and June 10, 2021, coinciding with the drop in the number of COVID-19 cases in India. Higher FPI activity in the equity market reflects their rising confidence about an impending recovery in the economy, alleviating earlier concerns of investors on corporate earnings (Chart 42).

Foreign exchange reserves reached an all-time high of US$ 605.0 billion on June 4, 2021 (Chart 43).



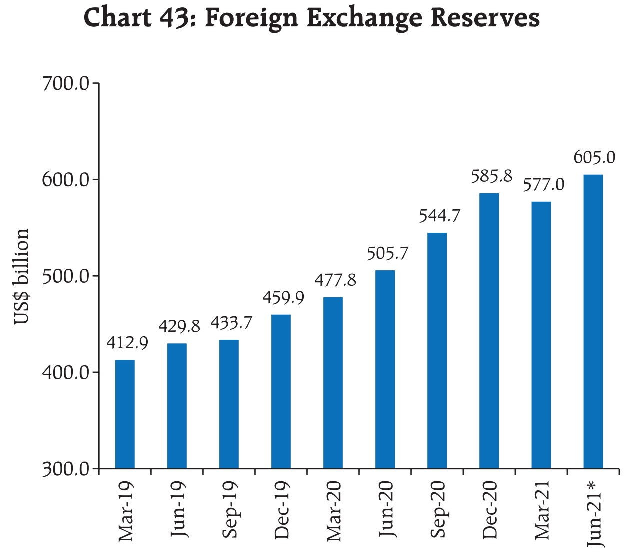

*: Up to 10th.

**Source:** National Securities Depository Limited (NSDL).

In the foreign exchange market, the Indian rupee (INR) appreciated against the US dollar in May 2021 and gained further in June (up to 11th). In terms of the 40-currency real effective exchange rate index, the INR appreciated by 2.0 per cent in May 2021 over its level a month ago (Chart 44).

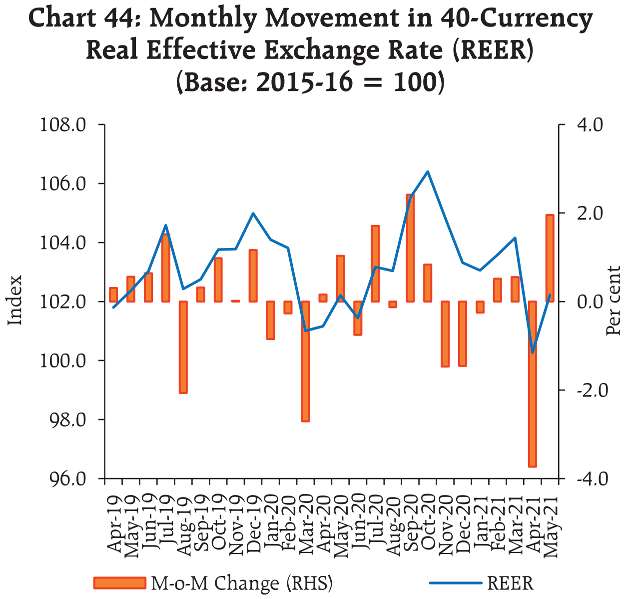
Payment System

In the digital space, payment channels across the board experienced growth (y-o-y) in May 2021 (Table 8), although it moderated compared to a month ago, partly due to abnormally high base effects. In absolute terms, there has been a pruning of both




*: As on June 4.

**Source:** RBI.




**Source:** RBI.

**Table 8: Growth Rates in Select Payment Systems**

| Payment System | Transaction Volume Growth (Y-o-Y, per cent) | | | | Transaction Value Growth (Y-o-Y, per cent) | | | |
|---|---|---|---|---|---|---|---|---|
| | Apr-2020 | Apr-2021 | May-2020 | May-2021 | Apr-2020 | Apr-2021 | May-2020 | May-2021 |
| RTGS | -52.6 | 178.8 | -27.9 | 37.0 | -42.7 | 36.6 | -43.2 | 18.8 |
| NEFT | -13.5 | 62.7 | -11.4 | 33.0 | -36.4 | 56.6 | -30.4 | 22.8 |
| UPI | 27.9 | 164.2 | 68.3 | 105.6 | 6.4 | 226.6 | 43.3 | 124.5 |
| IMPS | -33.8 | 163.7 | -9.1 | 67.9 | -28.4 | 147.3 | -6.1 | 57.2 |
| NACH | 64.4 | -48.6 | -1.2 | 53.6 | 6.3 | 14.9 | 14.2 | 1.8 |
| NETC | -60.5 | 1500.8 | 100.5 | 111.1 | -57.7 | 1021.6 | 85.3 | 86.0 |
| BBPS | 44.6 | 175.2 | 68.4 | 137.1 | 29.9 | 279.4 | 57.2 | 187.8 |

**Source:** RBI.

transaction volume and values across key payments systems like the Real Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Unified Payments Interface (UPI), Immediate Payment Service (IMPS) and National Electronic Toll Collection (NETC) in May 2021. Nevertheless, data for early June 2021 points to growth resuming across most platforms.

### V. Conclusion

Vaccines will not end the pandemic by themselves, notwithstanding their being perhaps the greatest scientific achievements in recent history. We have to learn to live with the virus, complementing vaccines with ramping up investment in healthcare, logistics and research. The pandemic is a real shock with real consequences. Hence, there is a need to ensure that the recovery is built on a solid foundation of business investment and productivity growth. Life- and work-style transformation such as increased remote work and online shopping may likely endure. When patterns of demand shift, some firms may face closure. Some industries may become permanently smaller. At the same time, existing firms in industries experiencing increased demand may expand and new ones will emerge. What matters is that resources are put to their best use and that reallocation occurs smoothly and with as few costs as possible (Carstens, 2021)[22]. An influential view identifies three sectors with the greatest growth potential in the post-recovery decade (Spence, 2021)[23]: digital technologies; biomedical science (along with its applications in health care); and technologies that address the various challenges to sustainability, especially those pertaining to climate change. As Winston Churchill remarked, a pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.[24]

Inflation talk is driving a taut tension through the evolving discourse on the global macroeconomic outlook. Markets and analysts are convinced that inflation is rising into the long-term and will force the hand of monetary authorities to abandon ultra-accommodation. Central banks see the surge in inflation as transitory and talk down speculation about dialling back their easy policy stance. Frictions flare with every incoming data. In the latest development, however, US CPI inflation rose 5 per cent in May, the highest in nearly 13 years. Paradoxically, it was met by a global rally in bond prices that took the US benchmark 10-year yield to 1.48 per cent, its lowest level since March 2021, and lifted other government bond markets around the world in its tide. Has the market's anxiety about inflation begun to subside, and is it veering to the other side of the debate? Market-based inflation expectations - 10-year break-evens - are on the decline.

Analysts argue that the rise in inflation might be both modest and temporary, but in their view, several central banks have locked themselves into responding too slowly - "outcome-based" as opposed to "forecast-based" policy will inevitably result in an over-reaction, given the lags between policy and outcomes, as was seen in the 1970s with the

[22] Speech on "The state of the Global Economy" at the BNP Paribas 2021 Global Official Institutions Conference, Basel, 9 June 2021.

[23] A Michael Spence, High Growth Sectors in Post-Recovery Decade, *Project Syndicate*, April 29, 2021.

[24] Winston Churchill Quotes. (n.d.). BrainyQuote.com. Retrieved June 4, 2021, from BrainyQuote.com Web site: *https://www.brainyquote.com/quotes/winston_churchill_103739.*

brutal Volcker disinflation that followed. A severe monetary tightening now will be devastating (Wolf, 2021[25]). Underlying this impasse, analysts see the large monetary and fiscal stimulus as out of all proportion to the gap between aggregate demand and potential supply. They also point to the fact that their inflation mandates are being weakened by diversions like climate change (King, 2021)[26]. It is pointed out that indications of market froth are multiplying and more warnings about input cost pressures on rising commodity prices are being sounded than before. While the surge in inflation may have a lot to do with pandemic base effects, it is also fuelled by years of underinvestment having made the supply response less dynamic, exacerbated by supply chain bottlenecks. In this situation, monetary policy is hostage to its own stance and loose financial conditions that it creates will cause excessive risk taking in markets even as inflation migrates upwards. Ultimately, monetary brakes will have to be slammed from behind the curve and what could have been a long, inclusive recovery will be undermined (El Erian, 2021)[27].

In contrast, central banks have reiterated time and again that the current bout of price rises is temporary, and it will not push them to an early unwind of monetary stimulus. They pledge to unwaveringly stay the course of keeping policy ultra-accommodative until the goal of a durable recovery that embraces all is achieved. The ECB believes that some of the bottlenecks which have led to higher inflation will gradually fade out because it is a matter of supply response (Lagarde, 2021)[28]. It is pointed out that there is still significant economic slack, and that will only be absorbed gradually. With monetary policy strategy catering to medium-term concerns, it means that short-term fluctuations should be looked through (Schnabel, 2021)[29]. In the US, market-implied inflation expectations have risen only to the levels that prevailed in the early 2010s, after which inflation never ran consistently above 2 percent, and most survey measures are sending similar signals (Quarles, 2021)[30]. Furthermore, the latest round of stimulus seems to be supporting spending and growth without causing an inordinate rise in interest rates or inflation expectations.

In India, the monetary policy committee of the Reserve Bank has recently weighed in on the debate. In its June 4 resolution, it saw the inflation trajectory in India being shaped by both upside and downside risks. In its view, rising international commodity prices, especially of crude, logistics costs, excise duties, cesses and taxes pose upside risks to the inflation outlook. On the other hand, expectations of a normal south-west monsoon, recent supply side interventions in the pulses market and further supply side measures to cool pulses and edible oil prices, and easing of containment measures with declining infections are seen as forces that would mitigate cost pressures and inflation going forward. Weak demand conditions may also temper the pass-through to core inflation. Accordingly, the MPC projected CPI inflation in 2021-22 in the upper reaches but within the tolerance band at a little above 5 per cent with risks broadly balanced (Chart 45).

In conclusion, the article on the *State of the Economy* continues to evoke diverse views. Some have said that it has made the Bulletin readable, that it is a statement of hope, and we thank them. Others have

25 *https://www.ft.com/content/9f1fcdb5-7cd6-4a28-bc6b-fe867622e111*

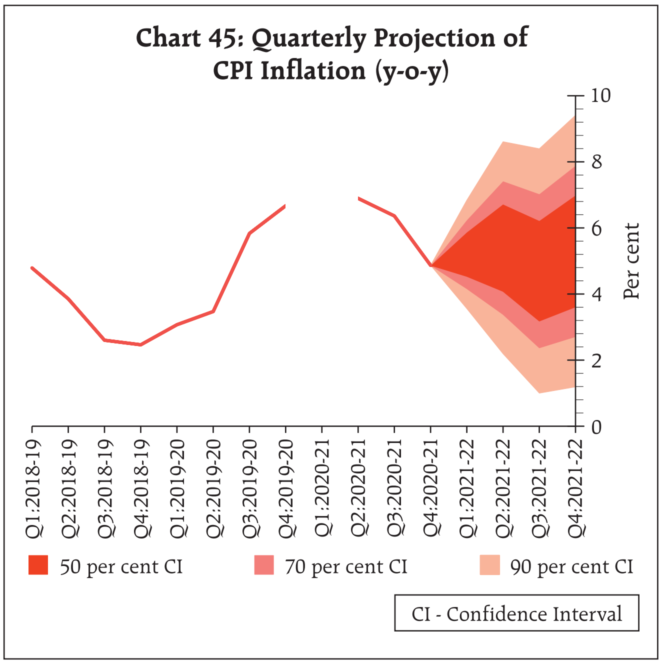
26 *https://www.ft.com/content/6f23cf87-0e66-4b6b-bf36-8c73f1bfbd9d*

27 *https://www.ft.com/content/46450be2-99dd-43ec-a9f3-9cf3c60d72e1*

28 ECB Press Conference, June 10, 2021

29 *https://www.ft.com/content/507d159a-9ae3-4f57-8427-434e950f7f8b*

30 Speech on the Economic and Monetary Policy by Randal K. Quarles at the Hutchins Center on Fiscal and Monetary Policy on May 26, 2021.




been less kind, but they have tended to lean towards issues of form than of substance. They have pleaded with us to please be boring. They see us as going over the top in offering bromides and indulging in quote fests by enlisting luminaries and borrowed philosophy. Yes, we rely on the wisdom of our forebears and our contemporaries whose words shine, like light that cannot be hid. After all, knowledge is a chain, with neither beginning nor end. No one is an island, entire of itself; everyone is a piece of the continent, a part of the main[31]. So, we can do no better than remember the words of Sir Isaac Newton in 1675[32]:

*"If I have seen further, it is by standing on the shoulders of Giants."*

[31] Excerpted from the book "No Man is an Island" by John Donne

[32] Sir Isaac Newton made this remark in a letter to Robert Hooke in 1675

**Table A1: Corporate Bond Yield and Spread (3-Year)**

| Issuer | Rating | Yield | | | | | Spread | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | May-20 | Apr-20 | May-21 | Variation (May 2021 over May 2020) | Variation (May 2021 over April 2021) | May-20 | Apr-20 | May-21 | Variation (May 2021 over May 2020) | Variation (May 2021 over April 2021) |
| | | (Per cent) | | | (bps) | | (bps) | | | (bps) | |
| PSU, Banks and FIs | AAA | 5.59 | 5.58 | 5.43 | -16 | -15 | 78 | 41 | 51 | -27 | 10 |
| | AA | 6.34 | 6.27 | 6.20 | -13 | -7 | 153 | 110 | 129 | -24 | 19 |
| | BBB- | 9.22 | 9.47 | 9.41 | 19 | -7 | 441 | 430 | 449 | 8 | 19 |
| Corporates | AAA | 6.85 | 5.38 | 5.16 | -170 | -22 | 205 | 19 | 24 | -180 | 5 |
| | AA | 7.61 | 6.08 | 5.94 | -167 | -14 | 281 | 94 | 103 | -178 | 8 |
| | BBB- | 10.79 | 10.05 | 9.91 | -88 | -14 | 598 | 486 | 499 | -99 | 13 |
| NBFCs | AAA | 6.94 | 5.52 | 5.32 | -163 | -21 | 214 | 34 | 40 | -173 | 7 |
| | AA | 7.81 | 6.78 | 6.50 | -131 | -28 | 301 | 160 | 158 | -142 | -1 |
| | BBB- | 11.26 | 11.04 | 10.76 | -51 | -29 | 645 | 586 | 584 | -61 | -2 |

**Note:** Yields and spreads are monthly averages.
**Source:** FIMMDA.

## Annex Box 1: COVID-19 and Household Financial Savings

There is a perception that the COVID-19 pandemic seems to have altered consumer/household's consumption and saving behaviour amidst heightened uncertainty on income streams. Both the permanent income hypothesis (PIH) and life cycle models (LCM) emphasise consumption smoothing of households over a period of time. While LCM shows how savings could be used to transfer purchasing power from one phase of life to another, consumption depends on both income and wealth. Households/ consumers react in two ways to income volatility. In the case of temporary income shocks, households smooth consumption through borrowing, they tend to protect their wealth in the case of permanent income shocks. Friedman's PIH also recognises the role of permanent income and shocks in the form of negative/positive transitory income.

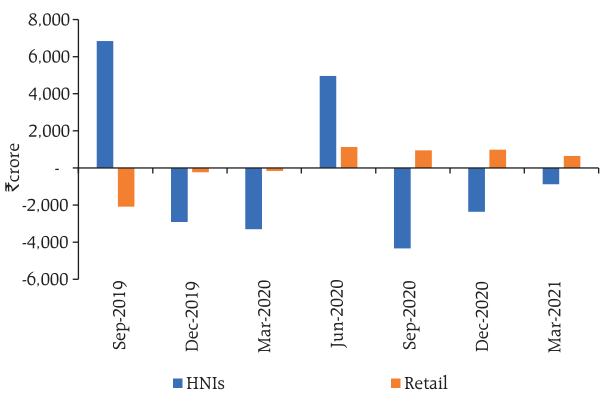
Amidst high uncertainty of income, precautionary savings tend to rise with decline in discretionary spending, as reflected in the private final consumption expenditure data on India during the pandemic period. According to preliminary estimates by the Reserve Bank, the household financial savings in Q3:2020-21 have come down to 8.2[33] per cent of GDP from 21 per cent and 10.4 per cent in the previous two quarters.

***Households' Savings in Liquid Mutual Funds and Gold ETFs***

The savings of high net-worth individuals (HNIs) and retail individuals in liquid funds[34] surged sharply in Q1:2020-21 – mirroring the impact of uncertainty amidst COVID-19 induced lockdown (Chart 1a and 1b). Households also parked their funds in gold exchange-traded funds (ETFs). Since then, HNIs' investments in liquid funds has been negative (implying a drawdown), but retail individuals continue to park their savings in liquid funds. HNIs' and retail individuals' investments in gold ETFs have been positive since June 2020. Households' savings in liquid mutual funds and gold ETFs taken together rose in Q1:2020-21, followed by drawdowns in next two quarters, before an upturn again in Q4:2020-21.

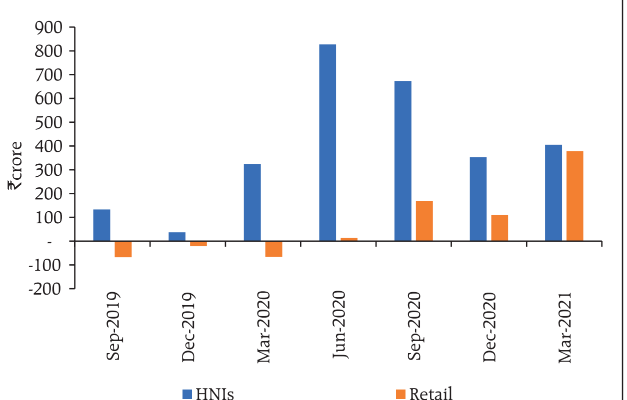
Bank deposits[35] – with a share of around 55 per cent in total assets of households - decelerated by 0.1 per cent at end-April 2021 on a m-o-m basis as against a growth of 1.1 per cent in April 2020; while bank advances – with a share of 79 per cent in total liabilities - contracted by 0.8 per cent as against (-) 0.9 per cent in the previous year. The rate of decline in bank deposits *vis-a-vis* bank credit has also been higher, indicating that this time around

**Chart 1a: Households' Deployment of Savings in Liquid Funds**




**Sources:** RBI staff estimates; and Association of Mutual Funds in India (AMFI).

**Chart 1b: Households' Deployment of Savings in Gold ETFs**




**Sources:** RBI staff estimates; and Association of Mutual Funds in India (AMFI).

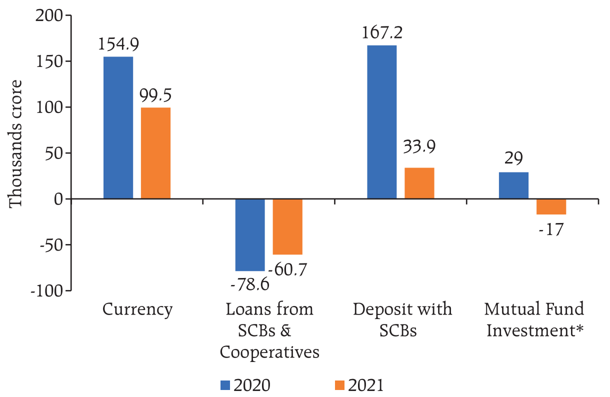
*(Contd.)*

33 Household financial savings rate for Q3:2020-21 stands revised from 8.1 per cent to 8.2 per cent owing to the Provisional Estimate of GDP released on May 31, 2021.

34 Includes liquid/ overnight/ money market funds.

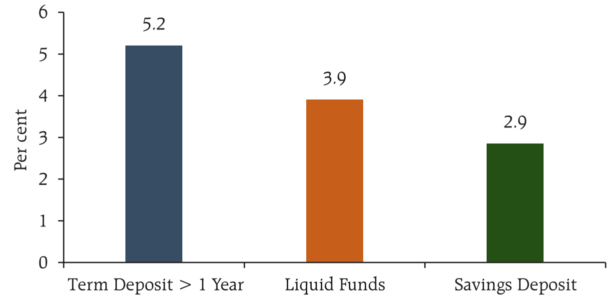
35 Scheduled commercial and cooperative banks.

**Chart 2: Acquistion of Financial Instruments by Households (April 1 to May 21)**




* Data for Mutual Funds is for April-May.

**Chart 3: 1 Year Return**




**Note:** Term Deposit Rate and Savings Deposit Rate represent the average of minimum and maximum of such rates as of June 4, 2021 based on data published in RBI's Weekly Statistical Supplement (WSS). Return on liquid funds represent the average return based on CRISIL Liquid Fund Index, CRISIL Overnight Index and CRISIL Money Market Index.

**Sources:** RBI staff calculations; RBI WSS; and CRISIL.

the banking sector component of household savings declined in sharp contrast with the spike in savings witnessed during the first wave. Additionally, currency holding with public has also decelerated significantly to 1.7 per cent during April 2021 in comparison to the growth of 3.5 per cent a year ago, implying heavy outgo towards COVID induced medical expenditure (Chart 2).

The average 1-year pre-tax return on liquid funds for period ended April 2021 is higher than the savings deposit rate as of June 04, 2021 (Chart 3). Further, tax liabilities on returns earned by long-term holders of liquid funds (beyond three years) turn out to be lower for individuals, particularly those in high income slabs, in comparison to holders of bank deposits. Therefore, in a scenario of low interest rates, varied expectations of returns on different instruments may be altering the savings preferences of some households.

# A Macroeconomic View of the Shape of India's Sovereign Yield Curve*

*The sovereign yield curve has a special significance for monetary policy in influencing a wide array of interest rates in the economy. Explicitly integrating macroeconomic variables with latent factors of the yield curve in a dynamic factor model, the results reveal that the level of the yield curve has undergone a downward shift from the second quarter of 2019, reflecting the ultra-accommodative stance of monetary policy. Abundant liquidity is depressing short-term interest rates more than proportionately and steepening the slope of the yield curve, alongside a pick-up in issuances of ultra-long dated paper. Global policy uncertainty impacts the slope and curvature of the yield curve, signifying the rising exposure of bond markets in India to global spillovers. Out of sample forecasts indicate scope for moderation of longer-term yields from current levels.*

> *"Financial market stability and the orderly evolution of the yield curve are public goods and both market participants and the RBI have a shared responsibility in this regard."*
>
> Shaktikanta Das, October 2020[1]

Towards the close of February and early March 2021, flash bond sell-offs ricocheted across major economies and spilled over to India, steepening sovereign yield curves everywhere. Although the turmoil was short-lived, it dispelled the uneasy calm that had prevailed until then. Bond markets and monetary policy authorities faced off, both disinclined to blink first. For markets, the combination of fiscal stimulus, monetary accommodation, vaccine rollout and the release of pent-up demand translated into upward revisions in growth forecasts and in their train, inflation – the nemesis of bonds – that would force the hand of monetary authorities to abandon ultra-accommodative stances and tighten sooner than later. On the other side, central banks across the world have stressed that they remain committed to accommodation. For them, the stakes are too high to let bond traders' expectations get ahead of outcomes and undermine the still fragile and painfully extracted economic recovery.

In India, the benchmark 10-year yield, which had averaged 5.93 per cent during April 2020 to January 2021 surged to 6.13 per cent on February 2 on the announcement of the market borrowing programme of the central government. Following the announcement of a slew of measures by the Reserve Bank of India (RBI) on February 5, the benchmark yield eased to 5.96 per cent by February 11. Thereafter, global spillovers referred to earlier sparked a stampede; by March 5, the benchmark yield in India had touched 6.23 per cent, but the RBI's announcements of large-sized operation twists soothed frayed nerves and settled it at around 6.21 per cent on March 9. It has eased considerably since then and was trading range bound around 6 per cent at the time of this article going to print.

The sovereign yield curve has a special significance for monetary policy. In fact, in extraordinary times characterised by unconventional monetary policy actions and stances, it is the centrepiece in policy setting. First, with policy rates at the zero bound, the usual channel of monetary policy transmission is dormant. Accordingly, policy makers have sought to leapfrog into the longer end of the interest rate structure in order to influence financial conditions more directly. Second, the sovereign yield curve is the benchmark off which other financial instruments are priced (Das, 2020a). By impacting the yield

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[1] Governor's Statement, October 9, 2020.

curve, central banks can influence a wider array of interest rates in the economy and thereby, overall cost conditions. Third, the yield curve offers valuable insights into the behaviour of risk premia, which provides clues as to how monetary policy should respond to these exogenous factors. Fourth, the yield curve embeds expectations about future growth and inflation once risk premia are separated out, and this is a useful guide for the conduct of forward-looking monetary policy. Fifth, for central banks that are also issuers of public debt by mandate, a good understanding of yield curve dynamics helps to place the debt in the market at minimum cost and rollover risk. Finally, policy makers can draw information from the term structure of yields to learn about the market's expectations of monetary policy.

The yield is a combination of the short-term interest rate typically set by the central bank, the expected future short-term interest rate typically embodied in the monetary policy stance, and the term premium. As the term premium is not directly observable, it has to be modelled under some assumptions. Early models were based on the expectations hypothesis of the term structure of interest rates, which posited the yield to be the average expected level of short-term interest rates over the maturity period of the bond (Fisher, 1896; Froot, 1989). There is, however, weak empirical support for the expectations hypothesis (Gürkaynak and Wright, 2012). Another approach is the market segmentation hypothesis which states that long and short-term interest rates are not related to each other and should be viewed separately like items in different markets (Campbell, 1980). Yield curves are determined by supply and demand forces within each market/category of debt security, and the yields for one category of maturities cannot be used to predict the yields for a different category of maturities. The market for each segment derives from specific investor preferences in terms of durations, bond characteristics, and investment habits (Ang and Piazzesi, 2003). The segmented markets hypothesis can at best be used to explain any particular shape of the yield curve, although it fits positive sloping curves the best. It cannot be used, however, to interpret the whole yield curve in whatever shape it may be, and therefore offers no information content during analysis, *i.e.*, by itself, it is not sufficient (Taylor and Masson, 1991; Gürkaynak and Wright, 2012). In the finance literature, factor models are popular and usually impose a no-arbitrage restriction – securities with the same risk characteristics have the same price. In these models, unobserved or latent factors explain the yield structure and they are typically classified as the level, the slope and the curvature. They are, however, bereft of any information on macroeconomic conditions under which yields are known to form. At the other end of the spectrum are models that rely on macroeconomic determinants of the yield curve (Diebold *et al.*, 2006).

This article joins a recent and rapidly growing strand in the literature in explicitly integrating macroeconomic determinants into a baseline latent factor model. Seminal work in this field preferred a model in which macroeconomic and financial variables are integrated in order to estimate the yield curve by considering two-way causality – components of yield curve to macroeconomic variables, and *vice versa* – so that potential bi-directional feedback from the yield curve to the economy and back are nested in the model (Diebold *et al.*, 2006). In this article, we build on this work by incorporating additional macro variables to capture open economy dynamics as well as the RBI's liquidity and market borrowing strategies. Bayesian methods are applied to estimate the model parameters as they are efficient in dealing with unobserved variables. The results indicate that our hybrid model predicts the observed yields well. They also reveal that the level of the yield curve has undergone a downward shift from the second quarter of 2019, reflecting the impact of ultra-accommodative monetary policy on longer-term yields; however, there has been a steepening of the yield curve due to abundant liquidity depressing short-term interest rates and a pick-up in issuances of ultra-long dated papers. Among other macroeconomic determinants, global policy uncertainty impacts the slope and curvature of the yield curve, signifying the rising exposure of bond markets in India to global spillovers.

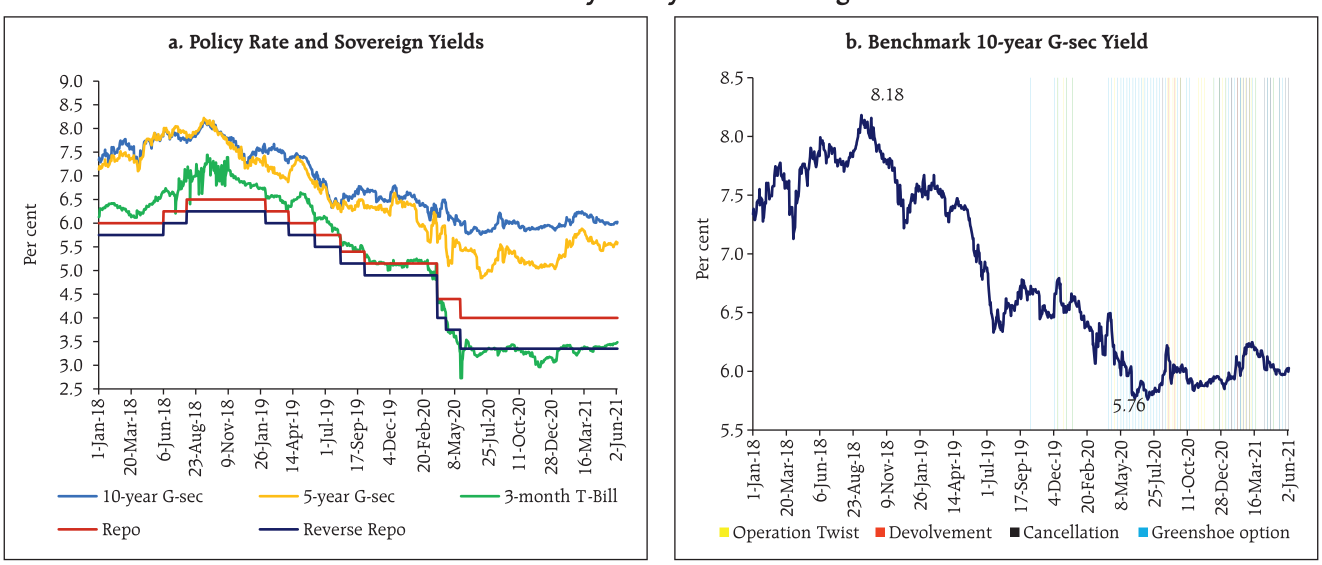
The rest of the article is organised into four sections. Section II presents some stylised facts on recent yield curve dynamics, and the factors that influence the government securities (g-sec) market in India. Section III discusses a methodological framework to find out the determinants of the yield curve, and the results therefrom are presented in Section IV. Section V concludes the article with some policy perspectives.

**II. Recent Bond Market Developments**

Across the world, central banks responded to the outbreak of the COVID-19 pandemic by engendering easy financial conditions through the provision of abundant liquidity *via* bond purchases and balance sheet policies. As a result, bond yields eased to all-time lows through 2020 and set the stage for record corporate issuances as well as strong rallies in equities. In India, where a similar sequence characterised the interface between markets and the monetary authority, the overriding objective was to prevent financial markets from freezing up and to ensure normal functioning of financial intermediaries; ease the stress faced by households and businesses so as to keep the life blood of finance flowing (Das, 2020b). Accordingly, the RBI carefully steered yields, emphasising an orderly evolution of the yield curve (Das, 2021a). This guidance was reinforced in both primary and secondary market operations by auction cut-offs, devolvements, cancellations and exercise of green shoe options (Chart 1).

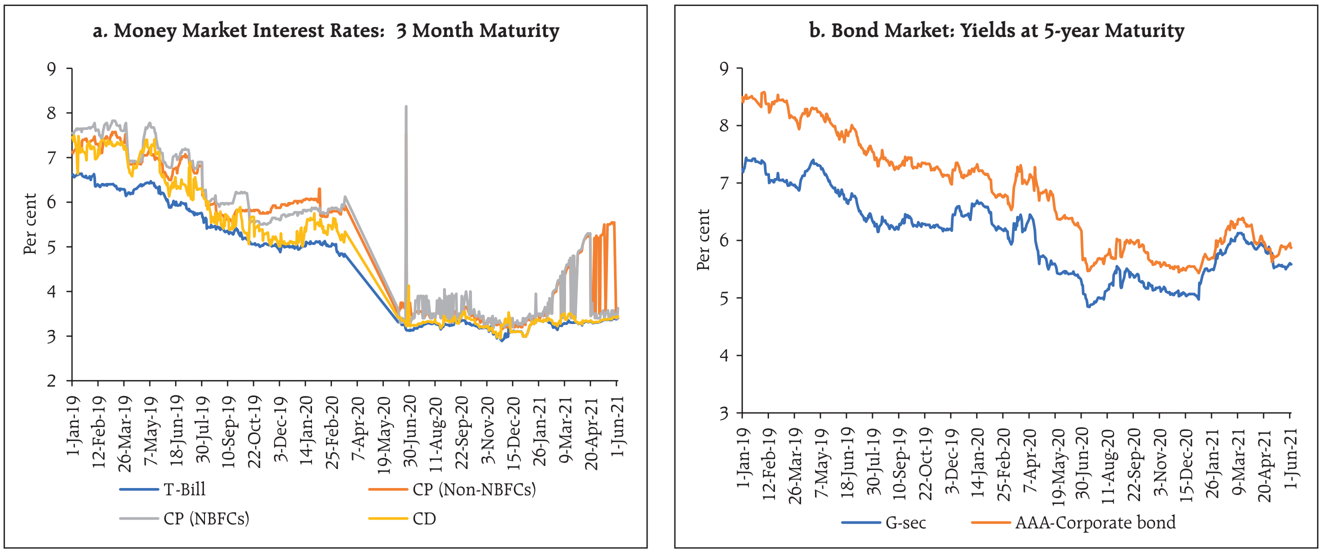
Borrowing costs in financial markets dropped to their lowest in a decade on the back of policy rate reductions and abundant liquidity. Interest rates on short-term treasury bills, commercial paper (CP) and certificates of deposit (CD) fully priced in the reduction in the policy rate and, in fact, traded below it (Chart 2a). The weighted average cost of borrowings

**Chart 1: Monetary Policy and Sovereign Yields**




**Sources:** Reserve Bank of India; Thomson Reuters' Eikon.

**Chart 2: Co-movement of Sovereign Yields and Interest Rates in Other Segments**




**Sources:** Reserve Bank of India; Thomson Reuters' Eikon; Bloomberg.

in the gilt market dropped to its lowest level in 16 years (Das, 2020c). Spreads between corporate and g-sec rates were compressed across all maturities and rating categories of corporate bonds (Chart 2b).

*II.1 The Global Context*

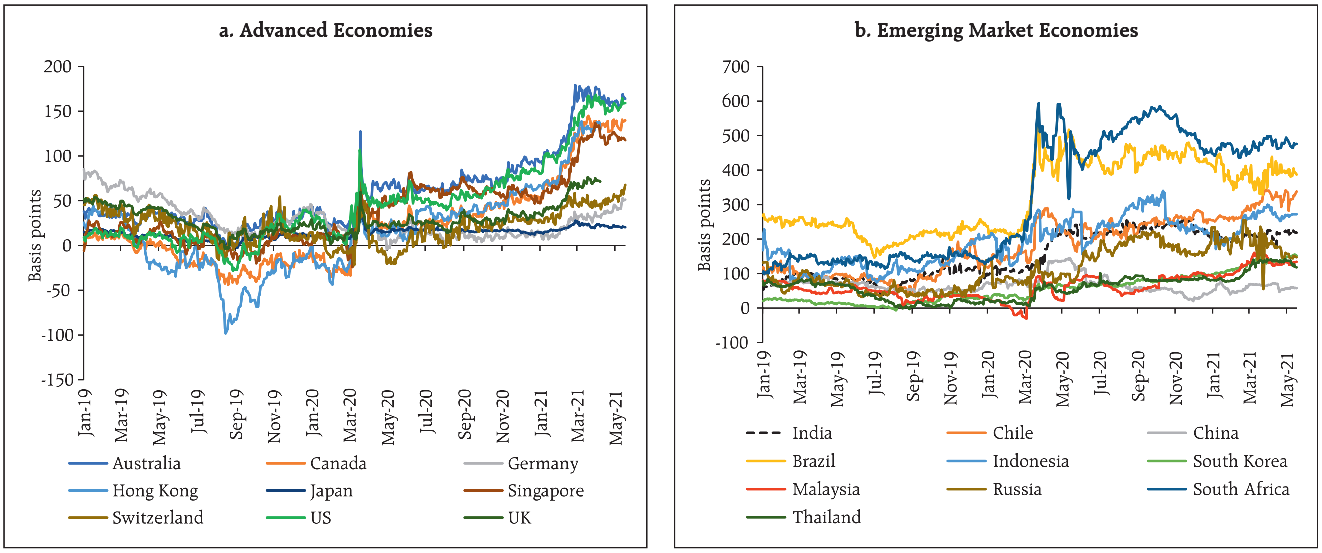
As vaccination drives gathered speed and scale in some advanced economies towards the close of 2020, financial markets across the world caught the winds of reflation trade as hopes of a quicker global recovery revived. Equity and credit markets extended gains in spite of stretched valuations, and the return of risk-on sentiments spurred a search for yield as capital flows surged into emerging markets in January 2021 on the back of a weaker US dollar. Market-based inflation expectations hardened and bond markets began to believe that central banks would be forced to normalise, with inflation looking likely to exceed targets substantially as the recovery gained traction. Globally, high uncertainty clouded the outlook for monetary policy and chatter on taper tantrums and failed normalisations of the past rent the air. Subsequently, U.S. treasury yields started rising and surged to their highest level in a year on March 31, 2021. This development spilled over and led to a rise in term premia across the advanced and emerging market economies (Chart 3)[2]. Among EMEs, the term premium rose to as high as 500 basis points (bps) in South Africa, around 400 bps in Latin America and in the range of 65-300 bps in Asia (225 bps in India). In countries like Japan and Australia where yield control is the dominant objective of monetary policy, term premia have remained low and stable or have declined.

*II.2 Bond Market Dynamics in India*

In India, the announcement of the government's borrowing programme in February was the trigger, but in hindsight, it is evident that the surge in the term premium in the beginning of 2021 was in tandem with the increasing global economic

[2] Term premium is calculated by taking the difference between the yields on 10-year and 1-year g-secs.

**Chart 3: Movements of Term-premia**



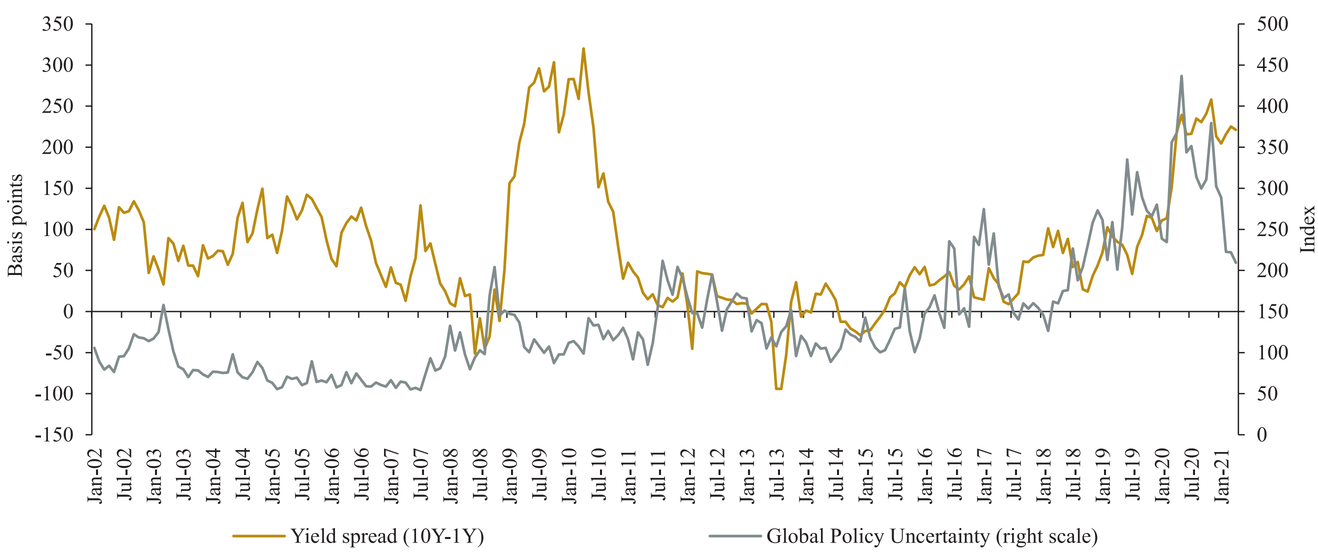

**Source:** Thomson Reuters' Eikon.

policy uncertainty (Chart 4), pointing to the rising sensitivity of the term premium to global spillovers (Patra *et al.*, 2020).

*II.3 A Cross-sectional View*

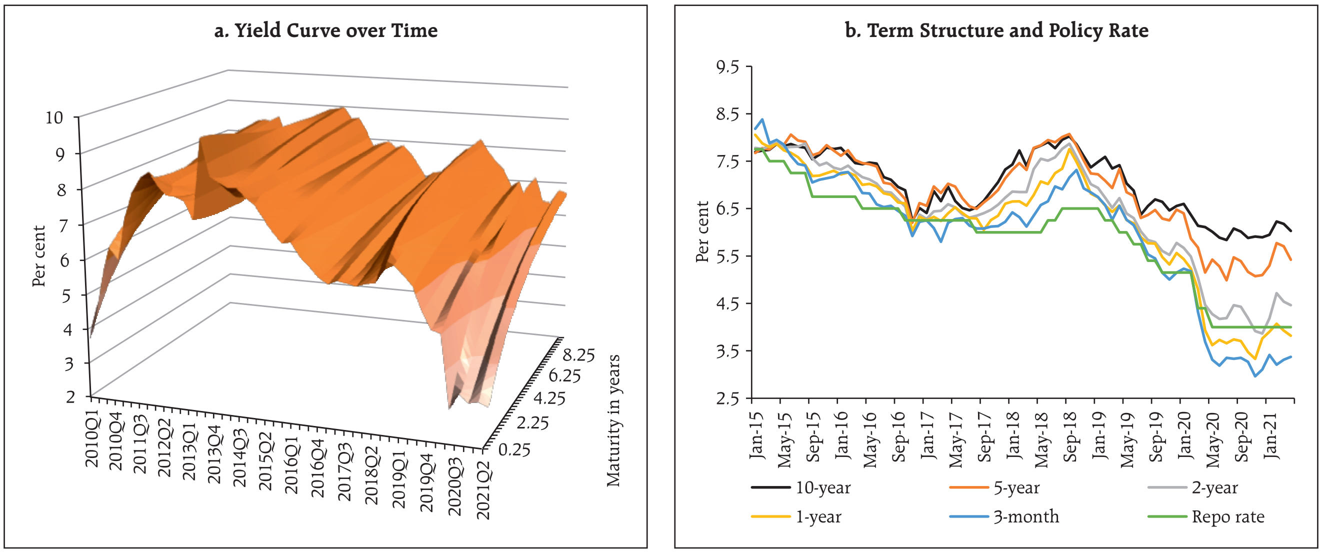
Investigating the steepening of India's yield curve cross-sectionally and over time (Chart 5a), it is observed that yields across the maturity spectrum have declined, but more at the short end than at the longer end (Chart 5b). Thus, monetary policy has been effective in pulling down and anchoring short-term interest rates which, in turn, facilitated the easing of rates right up to two years maturity even below the policy rate.

**Chart 4: Global Economic Policy Uncertainty and Term Premia**




**Sources:** Thomson Reuters' Eikon; *https://www.policyuncertainty.com.*

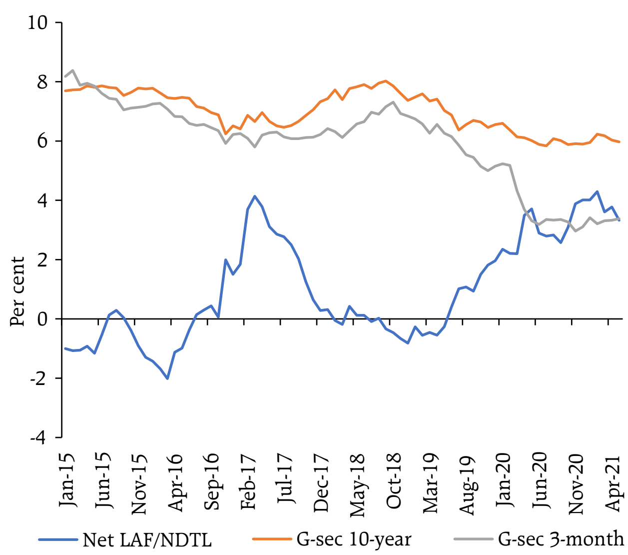
**Chart 5: Term Structure of Interest Rates on Sovereign Bonds**




**Sources:** Clearing Corporation of India Limited; Thomson Reuters' Eikon.

On the other hand, transmission to longer rates was lagged and less complete, leading to an increase in the term premium and a steepening of the yield curve. While the association between central bank liquidity and shorter-term yields shows a distinct inverse relationship, this co-movement is not so clear in the case of longer-term yields (Chart 6).

**Chart 6: Central Bank Liquidity and G-sec Yields**




**Sources:** Reserve Bank of India; Thomson Reuters' Eikon.

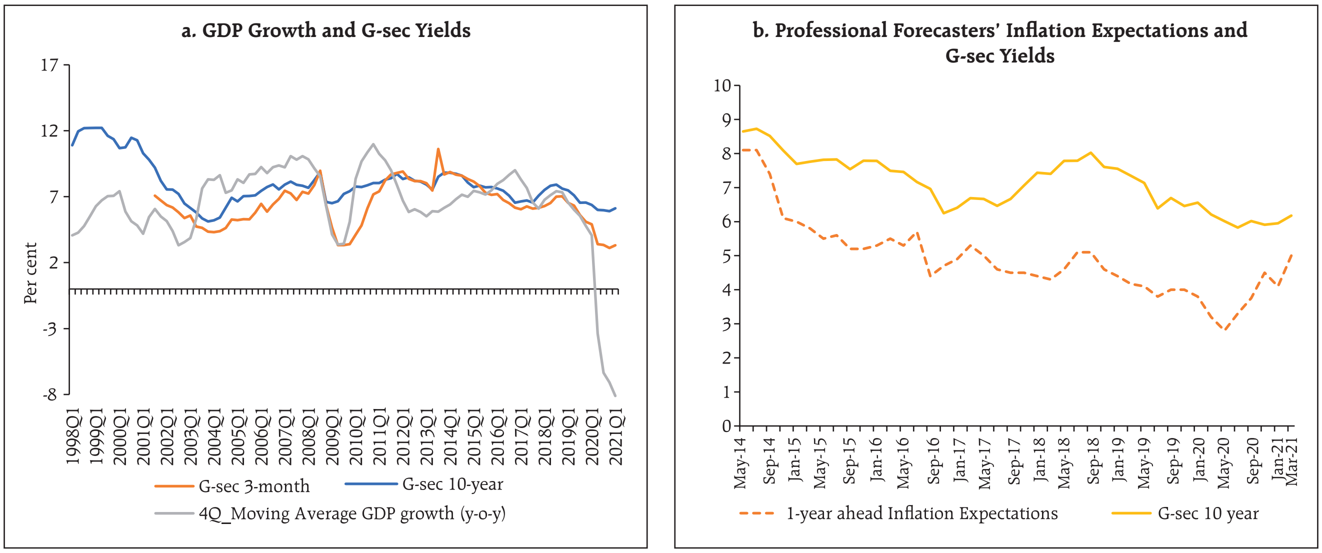
*II.4 The Role of Macroeconomic Factors*

Turning to macroeconomic influences, the yield curve reflects a reasonable degree of co-movement with both inflation and growth expectations. The ebbing of infections between September 2020 and March 2021 fuelled hopes of the resumption of strong and sustained growth, with several rounds of upward revisions to forecasts that were *ab initio* buoyed by base effects. Inflation expectations also appear to have set a floor to the evolution of yields (Chart 7).

*II.5 Policy Interventions and the Bond Market*

Confronted with interrupted transmission, the RBI engaged in large scale open market purchases of government bonds in the secondary market, effectively taking the overload of pandemic-related security issuances by the government on to its balance sheet (Chart 8). With the term premium persisting at levels unacceptable to the RBI – as reflected in frequent cancellations, devolvements, large secondary market operations and forward guidance – it is evident that forces other than monetary policy at work, echoed in a calling out of bond *vigilantes* (Patra *et al.*, 2021).

**Chart 7: Expectations and G-Sec Yields**

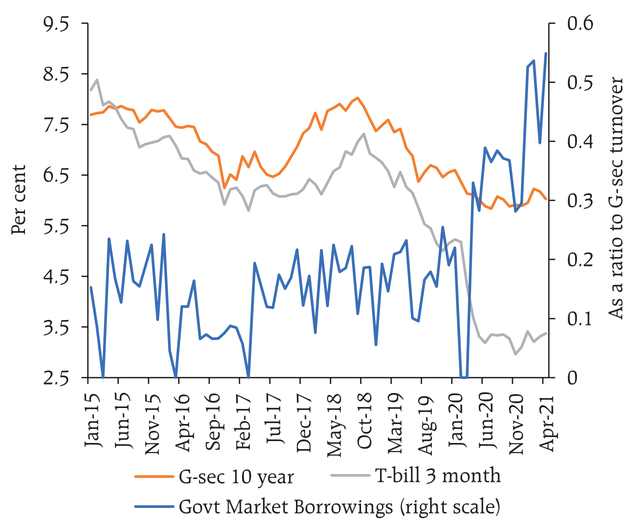



**Sources:** Reserve Bank of India; Thomson Reuters' Eikon.

*II.6 Investigating Latent Factors*

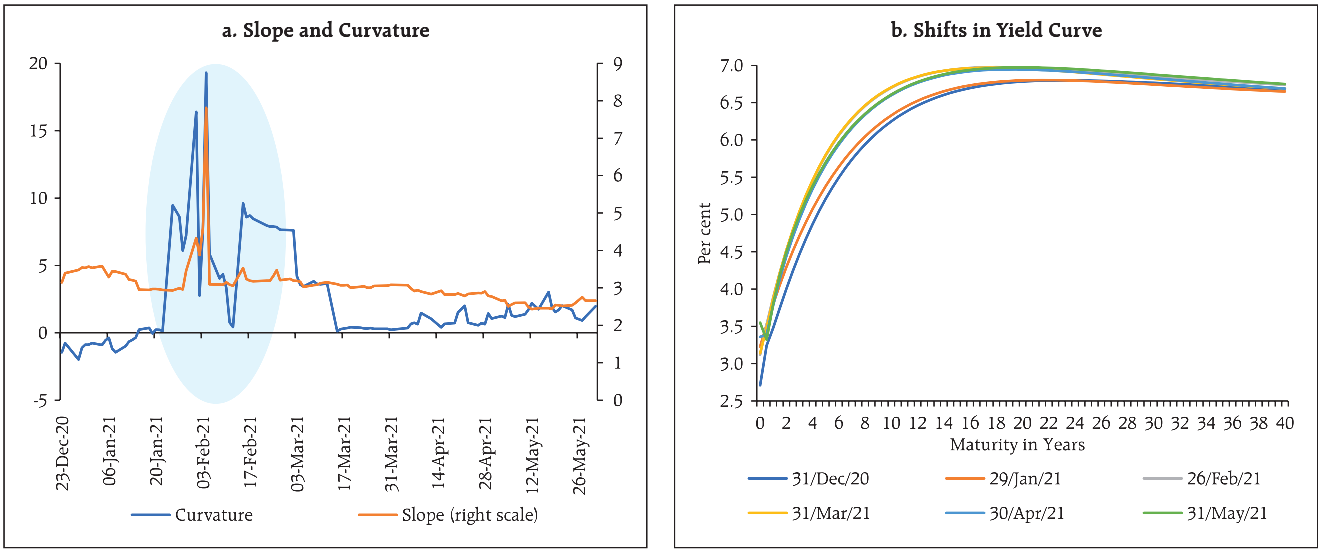
Daily data on the latent factors underlying the yield curve, *i.e.*, level, slope and curvature, are published by the Clearing Corporation of India Limited (CCIL), based on the dominant arbitrage-free class of models (Nelson and Siegel, 1987; Svensson, 1994). These data show that the level of the yield curve, which was broadly stable throughout 2020, shifted upwards during the first week of February 2021, reflecting bond traders' adverse perceptions about government market borrowings for the year ahead and consequent flush of excess supply of paper into the market. This was also reflected in a coincident steepening of the slope of the yield curve, which turned out to be episodic and could not be sustained in the ensuing period. The RBI's assurance of the availability of the ample liquidity in the system through announcement of a few additional measures in the form of providing online access to retail investors to the g-sec market directly, on-tap targeted long-term repo operations (TLTRO) liquidity for non-bank financial companies (NBFCs), raising the limit of liquidity access under the marginal standing facility (MSF) for banks, open market operations, operation twists and the large-scale secondary market government securities acquisition programme (GSAP), and reassuring guidance assuaged market sentiment and smoothed liquidity along the curve, resulting in a flattening of the slope. The data also indicate a spike in the curvature in the same episode, as medium-term yields hardened transiently. Again, there was normalisation in the ensuing months. The spikes in all the three latent elements was thus short-lived, and the RBI's measures helped in shifting the yield

**Chart 8: Central Government Market Borrowings and G-sec Yields**




**Sources:** Reserve Bank of India; Thomson Reuters' Eikon.

**Chart 9: India's Sovereign Bond Yield Curve**




**Source:** Clearing Corporation of India Limited.

curve downward as observed in a decline in level, slope and curvature by 483 bps, 472 bps and 232 bps, respectively, during February 4 and 5 (Chart 9).

### III. Model Structure

Our estimation framework essentially follows the tradition of the dynamic latent factor approach augmented with macroeconomic variables representing real activity, inflation, and the monetary policy stance (Diebold *et al.*, 2006). In addition, we include global factors, liquidity conditions and government market borrowing programme in the augmented model. We introduce a time-varying structure by allowing the latent variables - level[3], slope[4], and curvature[5] - to follow an autoregressive process, which is preferred in the literature over the random walk process as the latter is a non-stationary progression.

The yields at any maturity ($\tau$) is decomposed as follows:

$$y_t(\tau) = L_t + S_t\left(\frac{1-e^{-\lambda_t\tau}}{e^{-\lambda_t\tau}}\right) + C_t\left(\frac{1-e^{-\lambda_t\tau}}{e^{-\lambda_t\tau}} - e^{-\lambda_t\tau}\right) \quad ...(1)$$

Where $L_t$, $S_t$ and $C_t$ are the level, slope and curvature, respectively, and are unobserved and time-varying. The parameter $\lambda_t$, the exponential decay rate[6], is also time-varying.

The estimation of the structure of the yield curve and its dynamic interaction with macroeconomic and global variables is carried out by formulating a state-space representation which describes how observable variables relate to the latent variables and how they evolve over time. The measurement equation is formulated by relating the observed yields to the unobserved factors, *i.e.*, level, slope and curvature, in a matrix representation:

$$y_t = \Lambda f_t + \varepsilon_t \quad ... (2)$$

$$(f_t - \mu) = A(f_{t-1} - \mu) + \eta_t$$

$$\text{Where } f_t = [L_t, S_t, C_t] \quad ... (3)$$

3 Level is the average of yields across maturities.

4 Slope is the long-term rate *minus* the short-term rate..

5 Curvature is the relationship between yields at short, medium and longer maturities – the difference between twice the medium-term rate and the sum of the short-term rate and the long-term rate. Higher curvature indicates that the medium-term rate is higher than the short-term rate and the long-term rate, which shows up as a hump in the yield curve.

6 Exponential decay describes the process of reduction of slope and curvature by a consistent percentage rate over a period of time.

This is the yield-only model, which we use as a benchmark to evaluate the gains in accuracy when augmenting it with macroeconomic variables described earlier in a yield-macro model (Diebold *et al*., 2006). Our model allows the dynamic two-way interaction of macro variables with the structure of the yield curve with feedback.

Thus, our dynamic latent factor yield-macro model for estimating the yield curve in India is based on the following set of measurement and transition equations:

$$y_t = \Lambda f_t + \varepsilon_t$$

Where $\Lambda$ is guided by equation (1) ... (4)

$$(f_t - \mu) = C(f_{t-1} - \mu) + \eta_t$$

Where

$$f_t = [L_t, S_t, C_t, OG_t, WACR_t, INF_t, GECU_t, LIQU_t, GMB_t]$$

and

$$C = \begin{bmatrix} C6 & c(.,7) & c(.,8) & c(.,9) \\ 0 & c77 & 0 & 0 \\ 0 & 0 & c88 & 0 \\ 0 & 0 & 0 & c99 \end{bmatrix},$$

where

$$C6 = \begin{bmatrix} c11 & \dots & c16 \\ \vdots & \ddots & \vdots \\ c61 & \dots & c66 \end{bmatrix}$$

$$c(.,7) = \begin{bmatrix} c17 \\ c27 \\ c37 \\ 0 \\ 0 \\ 0 \end{bmatrix},\ c(.,8) = \begin{bmatrix} c18 \\ c28 \\ c38 \\ 0 \\ 0 \\ 0 \end{bmatrix},\ c(.,9) = \begin{bmatrix} c19 \\ c29 \\ c39 \\ 0 \\ 0 \\ 0 \end{bmatrix} \dots (5)$$

Real activity is represented by the output gap (*OG*), the inflation gap with inflation (INF) measured as seasonally adjusted quarter on quarter changes in the consumer price index (CPI) and monetary policy which is proxied by the weighted average call money rate (*WACR*) – its operating target. Liquidity conditions or *LIQU*, are captured by the outstanding absorption/injection under the RBI's liquidity adjustment facility (LAF) as a proportion to banks' net demand and time liabilities. The government market borrowing programme is proxied by the market borrowing to market turnover ratio (*GMB*) and global uncertainty is represented by the Global Economic Policy Uncertainty index (*GEPU*) [7]. *LIQU*, *GMB* and *GEPU* are treated as exogenous variables and are assumed to evolve independently of the yield curve factors and other macro developments – they are allowed to affect only the yield curve factors and not the other macro variables directly.

The model is estimated by using Bayesian methods which score over other time series approaches in dealing with a large number of parameters over relatively short time periods. The unobservables (latent variables) are filtered out by using a multivariate Kalman filter[8].

**IV. Results**

The model is estimated for the period spanning the first quarter of 2010 to the corresponding quarter of 2021 on quarterly data on Indian government security yields of maturities of 2 to 10 years. All data are sourced from the Database on Indian Economy (DBIE) of the RBI, except *GEPU*, which is obtained as discussed in footnote 7.

7 The GEPU Index is a GDP-weighted average of national EPU indices for 21 countries, each reflecting the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy (E), policy (P) and uncertainty (U). The data are available at *https://www.policyuncertainty.com/global_monthly.html*

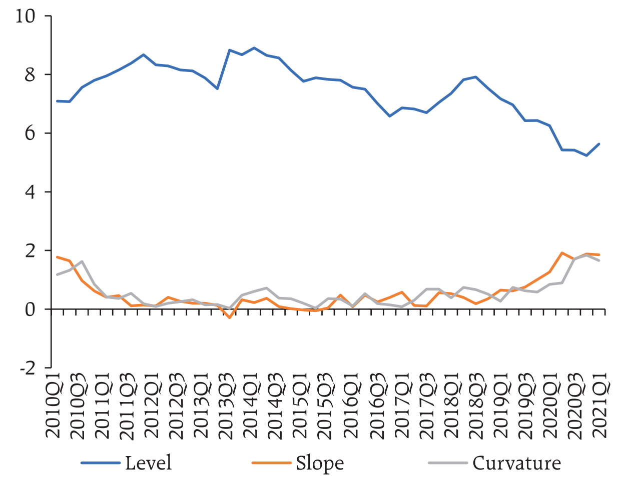
8 The Kalman filter is an algorithm to estimate unknown/unobservable variables from a set of observed variables over time. When more than one observable variable is involved, the process is called multivariate. These estimates tend to be more accurate than those based on a single observable variable alone. Additionally, the Kalman filter produces estimates with greater precision as compared to other estimation methods.

*IV.1 Benchmark Estimates*

In keeping with the finance literature, we estimate the structure of the yield curve by employing the moments of the yield curve distribution – mean; variance - to find the values of its latent factors. We rely on the commonly used empirical proxy for the level, which is the average of short (2 years maturity), medium (7 years) and long (10 years) term yields (Diebold *et al.*, 2006). The slope is closely linked to the spread and is obtained as the difference between the 10-year and 2-year yields. The curvature can be measured by the difference between twice the medium-term yield and the sum of the short- and long-term yields, *i.e.*, 2Y(7) – {Y(2) + Y(10)}[9].

These estimates point to a steady softening of the level of the yield curve since 2018:Q4, which indicates that yield curve is shifting downwards coincident with the shift in the monetary policy stance towards accommodation[10] (Chart 10). From Q1:2019-20, however, the slope of the yield curve started rising, reflecting successive reductions in the policy rate even with a neutral policy stance, which depressed short-term yields more than proportionately. From Q1:2020-21, the slope of the yield curve started to ease with the deployment of unconventional monetary policy instruments by the RBI that resembled balance sheet policies adopted by systemic central banks. Synchronously, with both short-term and long-term yields softening, the curvature has increased, reflecting the relative inflexibility of the intermediate segment of the yield curve, which is essentially populated by off-the run securities.

**Chart 10: Empirical Proxies of Yield Curve Factors**




**Note:** Level = (Y(10) +Y(7) +Y(2))/3; Slope = Y(10) – Y(2); Curvature = 2*Y(7) – Y(10) – Y(2); Y(2), Y(7) and Y(10) are yields of 2-year, 7-year and 10-year maturity, respectively.
**Sources:** Authors' calculation; Reserve Bank of India.

*IV.2 The Yield-Macro Model*

Moving away from pure 'technicals' to a more fundamental view of the yield curve that is informed by underlying macroeconomic conditions, we estimate the system of equations (4 and 5) in a Bayesian framework. It enables to incorporate the probability of an event based on previous knowledge of the conditions associated with it. We choose to work with relatively weak priors – we assume that the parameters vary in a wide range as we are less confident of the value of the parameters *a priori*. We assume that all the parameters follow normal distributions and standard deviations of the shocks follow inverse gamma distributions that are generally adopted in the literature. The long-run or steady state values of variables are obtained by solving a Newton-type algorithm[11]. The unobservables, including the level, slope, curvature and exponential decay parameter are extracted by using a multivariate

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9 See Diebold *et al.* (2006).

10 February 2019 is widely accepted as a turning point after which the stance of monetary policy in India shifted from calibrated tightening to neutral, accompanied by a reduction in the policy rate by 25 bps: "The shift in the stance of monetary policy from calibrated tightening to neutral…provides flexibility and the room to address challenges to sustained growth of the Indian economy over the coming months, as long as the inflation outlook remains benign. The decisions of the MPC in this regard will be data driven and in consonance with the primary objective of monetary policy to maintain price stability while keeping in mind the objective of growth." (Das, 2019).

11 This is an iterative method for solving general non-linear equations to obtain the optimal parameters. It starts with an initial estimate, extracts a sequence of error corrections to rewrite the basic equations in terms of remaining error, and then solve for a new correction, till the desired level of accuracy is attained.

**Table 1: Yield-Macro Model Performance**

| Maturity (Years) | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Average |
|---|---|---|---|---|---|---|---|---|---|---|
| Average Error (bps) | -1.86 | -5.54 | -3.09 | -0.36 | 1.60 | 2.00 | 1.44 | -8.42 | -9.15 | -2.60 |
| SD of Error (bps) | 9.91 | 6.39 | 5.97 | 6.99 | 10.78 | 11.79 | 13.73 | 11.98 | 12.63 | 10.02 |
| RMSE (bps) | 9.97 | 8.40 | 6.67 | 6.92 | 10.78 | 11.83 | 13.65 | 14.53 | 15.49 | 10.92 |
| PRMSE (Per cent) | 1.39 | 1.15 | 0.90 | 0.92 | 1.41 | 1.54 | 1.77 | 1.90 | 2.02 | 1.44 |

**Note:** The means and standard deviations of the measurement error and RMSEs are expressed in basis points, for yields of various maturities measured in years.

Kalman filter, which produces estimates of unknown variables that tend to be more accurate relative to univariate filters, especially when multiple latent factors and macroeconomic determinants are being used simultaneously. The estimation is carried out in the IRIS toolbox of the Matlab software.

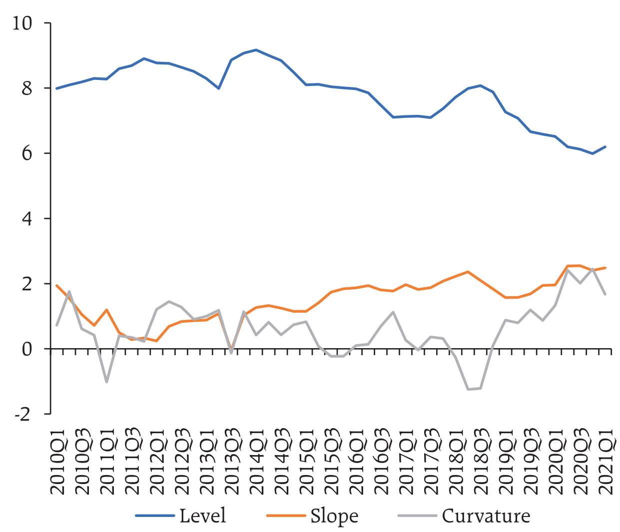
The in-sample predictive power of the estimated model is high as revealed by low average standard deviation of errors (ranging between 6 bps and 14 bps across various maturities), low average root mean square error (RMSE) of 11 bps, average percentage RMSE (PRMSE) of only 1.44 per cent and average errors in each of the maturities (2 – 10 years) varying between (-) 9 bps and 2 bps. Thus, the model is able to predict observed yields well. (Table 1).

The estimated level, slope and curvature from the yield-macro model validate the empirical proxies defined in the beginning of this section (Chart 11). The level of the yield curve has declined gradually from about 8 per cent in 2018 to about 6 per cent in 2020, reflecting the credibility bonus accruing to the RBI from maintaining the inflation target and anchoring inflation expectations, and explicit forward guidance on sustained accommodation. On the other hand, both slope and curvature have moved up, mainly on account of the fall in short-term interest rates being larger than the decline in long-term rates on account of aggressive cuts in the policy rate by the RBI, initially leaning against the wind counter-cyclically and followed by the pandemic response. Correlations between the latent factors obtained from the yield-macro model and the empirical proxies are all statistically significant at 1 per cent level - 0.98 for the level; 0.57 for the slope; and 0.41 for the curvature – lending robustness to our estimates.

The estimated model can also be used to simulate yields of different maturities (Chart 12). The increase in spreads and decadal low long-term rates in the recent past are identified by the model.

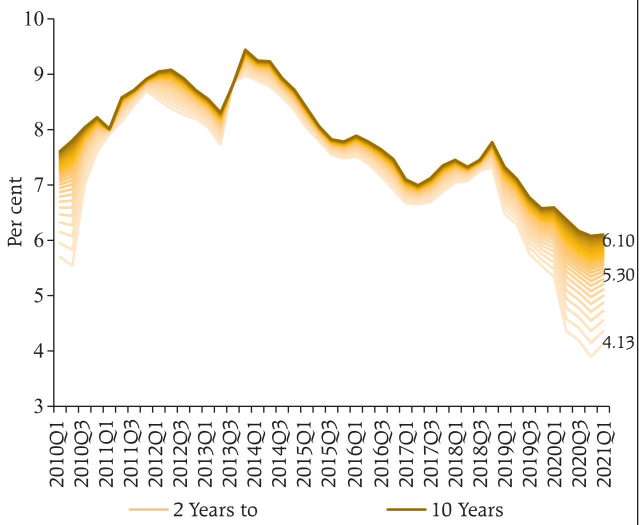
A comparison between the yield curve estimated within the sample from the yield-macro model and that obtained from the yield-only model reveals a stark and noteworthy insight – in Q1:2021, the yield curve estimated from the yield-macro model is placed lower than that of the yield-only model by as

**Chart 11: Estimates of Level, Slope and Curvature based on Yield-Macro Model**



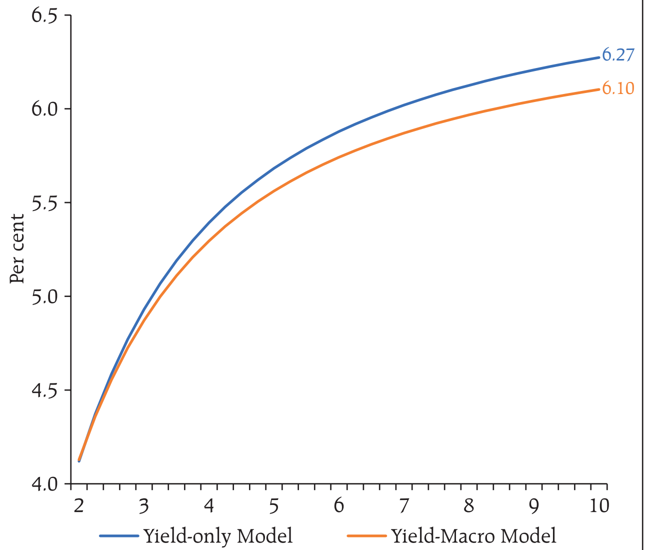

**Source:** Authors' estimates.

**Chart 12: Predicted Yields from the Yield-Macro Model**




**Source:** Authors' estimates.

**Chart 13: Estimated Yield Curve for Q1:2021**




**Source:** Authors' estimates.

much as 17 bps for the 10-year maturity (Chart 13). The out of sample forecasts of the yield curve for the second quarter of 2021 suggest a further moderation in yields in the medium to long maturity, with the benchmark 10-year yield is estimated at 5.87 per cent (Table 2). This underscores the importance of considering macroeconomic determinants in an unbiased assessment of the shape of the yield curve in India.

As Table 2 shows, estimates of the yield curve drawn from the yield-only model tend to fit the data well within-the-sample, but do not provide any insights into the underlying behavior of the latent factors. Furthermore, precision tend to decay out of sample as these estimates are bereft of macroeconomic underpinnings. In the face of the exceptional circumstances like the pandemic, idiosyncratic market behaviour tends to disproportionately influence out-of-sample estimation results from the yield-only model.

Impulse responses of the latent factors to a unit shock to the macroeconomic variables depicts their interactions, enabling an empirical evaluation of the *priors* available in the literature (Chart 14).

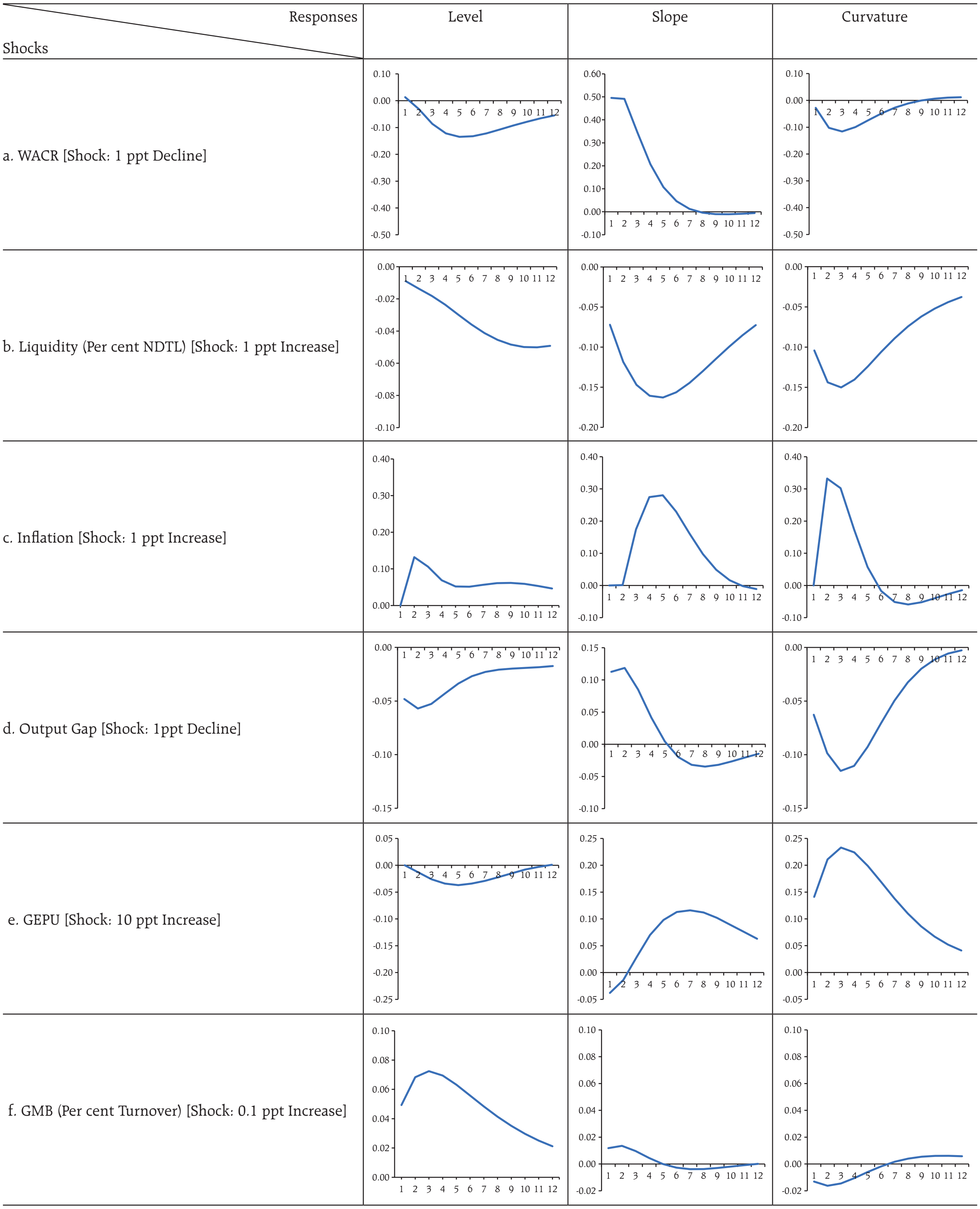
**Table 2: Model based Yield Forecasts**

(Per cent)

| Maturity (in Years) | Actual Q1:2021 | In Sample Forecasts for Q1:2021 | | Out of Sample Forecasts for Q2:2021 | | Q3:2021 |
|---|---|---|---|---|---|---|
| | | Yield Only Model | Yield-Macro Model | Yield Only Model | Yield-Macro Model# | Yield-Macro Model |
| 2 | 4.41 | 4.12 | 4.13 | 4.95 | 4.46 | 4.86 |
| 3 | 4.91 | 4.93 | 4.87 | 5.47 | 4.99 | 5.26 |
| 4 | 5.31 | 5.39 | 5.30 | 5.76 | 5.29 | 5.49 |
| 5 | 5.73 | 5.68 | 5.56 | 5.95 | 5.48 | 5.64 |
| 6 | 6.01 | 5.88 | 5.74 | 6.07 | 5.61 | 5.73 |
| 7 | 6.21 | 6.02 | 5.87 | 6.16 | 5.70 | 5.80 |
| 8 | 6.31 | 6.13 | 5.97 | 6.23 | 5.77 | 5.86 |
| 9 | 6.22 | 6.21 | 6.04 | 6.28 | 5.82 | 5.90 |
| 10 | 6.26 | 6.27 | 6.10 | 6.32 | 5.87 | 5.93 |

#: For Q2 and Q3: 2021, out-of-sample forecasts are generated by using the RBI's forecasts for GDP growth and inflation and assuming the average levels of LAF, GMB and GEPU observed up to May to prevail.

**Chart 14: Impulse Response of Macro Shocks on Yield Curve Factors**




**Source:** Authors' estimates.

A decline in the policy rate has an immediate positive impact on the slope of the yield curve as the impact of the policy rate change is swiftly and completely transmitted to short-term maturities, causing the yield curve to become steeper (Chart 14a). This is in line with the cross-country experience (Vargas, 2005; Diebold *et al.*, 2006; Fan and Johansson, 2010).

When liquidity increases by one percentage point (ppt)[12], the level of the yield curve declines by 5 bps, accompanied by a reduction in the slope by 16 bps. The increase in liquidity has a cooling effect across the yield spectrum, but with a relatively larger impact on the long-term rates: by reducing the risk premium, the injection of liquidity flattens the yield curve. The impact of liquidity on the curvature is unambiguous, producing a steepening of the yield curve in the medium to long-term segment as off-the-run securities turn increasingly illiquid (Chart 14b).

A one percentage point change in inflation relative to the target changes the level of the yield curve by 13 bps as expectations of market participants about future interest rates adapt in response. The slope also adjusted by 28 bps, indicating that long-term rates respond relatively more aggressively to inflation developments (Chart 14c).

If the output gap reduces by one percentage point and turns negative under the impact of a shock, it reduces the level and curvature and increases the slope, mimicking the response of the yield curve to a reduction in the policy rate (Chart 14d).

An increase in *GEPU* by 10 percentage points raises the slope by 12 bps - global policy uncertainty raises risk premia. The rise in the slope can be interpreted as either agents' expectation of an accommodative policy response (as in the case of the COVID-19 pandemic) or hardening of long-term interest rates in response to excessive uncertainty. The curvature also increases in response to heightened uncertainty and is reflected in a steepening of the yield curve at the short- to medium maturity segment (Chart 14e).

An increase in government market borrowing (0.1 ppt increase in turnover ratio) has a positive impact on the level, raising it by 7 bps, but it has a minimal impact on the slope and the curvature – because the expansion in the borrowing programme increases yields across the spectrum (Chart 14f).

**V. Conclusion**

In these extraordinary times, recent developments in gilt markets in India as well as in the rest of the world present a term premium conundrum. Market participants sneeze when large government borrowing programmes are announced and/or when their inflation expectations are aroused. Central banks struggle to prevent them from catching a cold by taking down policy rates to as low as they can, even to the zero bound and below. They also undertake open market operations that inject liquidity and take out bonds from market turnover. They relieve supply pressures in the market at the cost of bloating their own balance sheets, warranting additional provision for market risk. Central banks also provide calming communication that assure 'low' and 'ample' for longer as they look through inflation fears on their path of reviving economic growth.

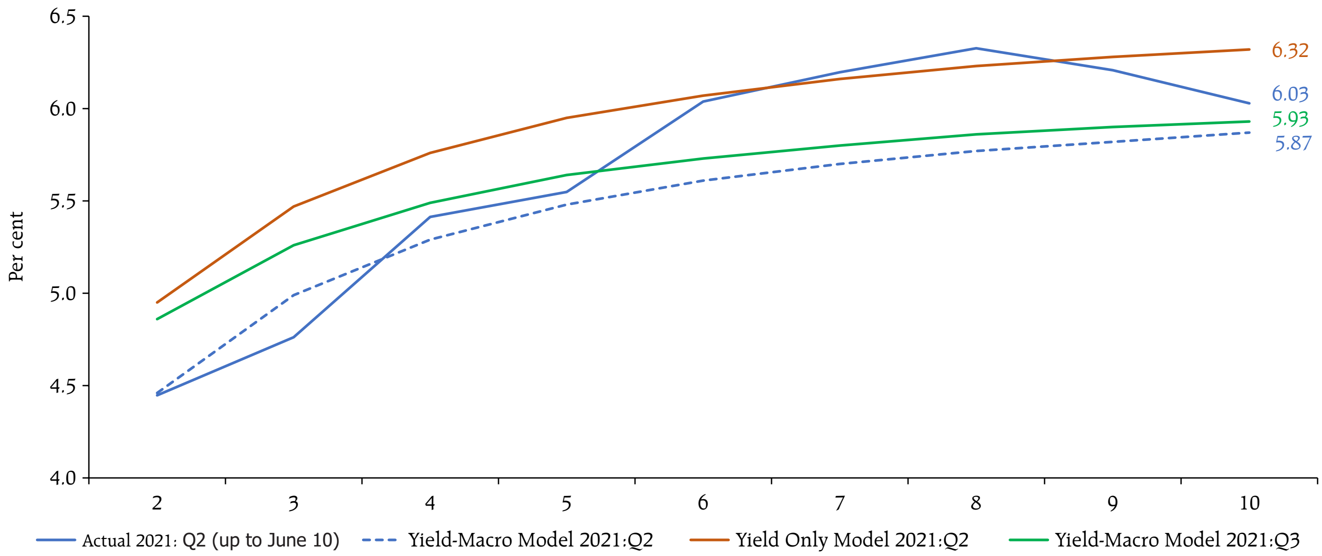
Without a doubt, it takes at least two views to make a market and derive efficient outcomes. In the recent period, however, when market processes of price discovery and efficient resource allocation have been overwhelmed by the pandemic, the search for cooperative solutions is often sacrificed at the altar of face offs. Market participants seek to outguess and front run central banks who, on their part, believe that markets are idiosyncratic and have to be intervened to produce competitive outcomes. To summarise the lessons gleaned,

[12] One percentage point increase in liquidity represents an increase in injection of liquidity through the LAF as a ratio of banks' NDTL (which is the metric for banks' access to liquidity from the RBI). This is equivalent to Rs. 1.5 lakh crore on current basis.

- When the traditional channels of transmission of monetary policy are frozen because of risk aversion and absent demand, central banks have to turn to market-based channels of transmission to ensure congenial financial conditions for the recovery. In such situations, the gilt yield, off which other financial instruments are priced, becomes a variable that it is more important for monetary policy than debt management, and hence, macroeconomic conditions should be taken into account in any assessment of the level, slope and curvature of the yield curve.
- Monetary policy is a potent instrument for influencing the term structure of interest rates - policy rate changes tend to impact the slope of the yield curve, while liquidity impacts the level as well as the slope of the yield curve, rendering it a better instrument for managing the yield curve.
- Managing inflation expectations, including through effective communication, should be part of any strategy to manage the yield curve, since changes in inflation expectations impact the level, slope and curvature of the yield curve and can counteract the monetary policy stance.
- The empirical results obtained in this paper indicate that a yield-only model tends to overpredict the level of yields across the spectrum except 6-8 years maturities segment (Table 2; Annex). Comparing actual yields for Q2:2021 (up to June 10) with the forecasts, the yield-macro model point to the scope for yields to adjust upwards by 1-23 bps in the 2-3 years maturity segment and downwards by 39-56 bps in the 6-9 years segment. It finds the 5-year yield to be fairly valued and the 10-year yield converging to fair value in Q2:2021. In Q3 (July-September 2021), the estimates show that there is further scope for the 10-year yield to ease from current levels. These evolving yield curve dynamics suggest the scope for open market operations and the points on the yield curve to which they need to be targeted.

## Annex

**Chart 1A: Yields - Actual *vs.* Out of Sample Forecasts**




**Source:** Authors' estimates; Thomson Reuters' Eikon.

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# *Fiscal Framework and Quality of Expenditure in India**

*There is a greater recognition now than ever before that growth-giving elements of public spending have to be preserved and cultivated. COVID-19 has offered a unique opportunity to redefine fiscal policy in a manner that emphasizes 'how' over 'how much' by strategic repurposing and reprioritising of public expenditures. In India, institutionalising quality considerations within fiscal management and discipline is the key. This article proposes a few quantifiable indicators, viz., ratios of revenue expenditure to capital outlay and revenue deficit to gross fiscal deficit along with threshold levels for them that can be suitably blended into the fiscal fabric for a sustainable growth trajectory.*

> *"Expenditure on physical and social infrastructure including human capital, science and technology is not only welfare-enhancing, it also paves the way for higher growth through their higher multiplier effect and enhancement of both capital and labour productivity. Going forward, it becomes imperative that fiscal road maps are defined not only in terms of quantitative parameters like fiscal balance to GDP ratio or debt to GDP ratio, but also in terms of measurable parameters relating to quality of expenditure, both for the Centre and States, that ....would ensure that welfarism carries significant productive outcomes and multiplier effects"*
>
> – Shri Shaktikanta Das, Governor, RBI, 2021

## Introduction

The Covid-19 crisis and the overwhelming fiscal response to drive a recovery from the unprecedented deep contractions in economic activity has necessitated a rethink on the fiscal framework for the future. Increasingly, attention is turning to the quality of public expenditure within the standard approach of setting debt/deficit/expenditure rules to guide fiscal consolidation on the path back to prudence and sustainability. In India, quality considerations remain central to fiscal management and discipline and hence, institutionalising them would entrench these aspects.

Typically, fiscal rules aim at correcting distorted incentives and containing pressures to overspend so as to ensure fiscal responsibility and debt sustainability. The cross-country experience reveals, however, that rules set up in terms of headline fiscal balances tend to impart pro-cyclicality to fiscal policy, lower the quality of fiscal spending, and reduce discretion in the hands of the government to respond to exogenous/ uncertain shocks to business cycles (Mandon, 2014; Guerguil *et al.*, 2017). It is in the context of the latter that second-generation fiscal rules have incorporated escape/ buoyancy clauses[1] and/or are defined in cyclically adjusted terms (rather than headline fiscal balances) in view of their superior stabilisation properties (IMF, 2014; Schaechter *et al.*, 2012). While such clauses may entail moral hazard and may face communication challenges, expenditure rules have become the preferred option as they are well understood, easy to monitor and reduce the pro-cyclicality of fiscal policy (Manescu and Bova, 2021)[2]. In this specific vein, a clear lesson for India, from cross-country experience

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1 The escape and buoyancy clauses for India are discussed in Annex I.

2 Expenditure compulsions of the government and binding fiscal rules have led to the genesis of yet another type of non-transparent fiscal risks, essentially from 'below the line' items. In view of that, along with enhanced transparency, a public-sector balance sheet approach is being emphasised by the IMF since 2018.

as well as its own historical past, is to not compromise on the quality of public expenditure.

The COVID-19 pandemic has brought to the fore the need to spend on merit goods and public goods, in particular those that improve human and social capital and physical infrastructure (IMF, 2020). Prudence too justifies the focus on quality of expenditure. With large scale financing of government expenditure through market borrowings, it is important that borrowed money, which imposes cost and debt servicing pressure, is utilised for productive means with long term returns (Subbarao, 2012; Bhanumurthy *et al.*, 2019). Public expenditure should induce high multiplier capital expenditure and minimise crowding-out risks, particularly when private investment recovery is on the anvil (Alesina and Perotti, 1995; Gupta *et al.*, 2005; RBI, 2019). Also, good quality expenditure that can help relieve critical supply constraints will be non-inflationary.

Against this backdrop, the remainder of the article is structured as follows: Section II provides an overview of the cross-country experience with regard to nature of fiscal adjustment from the specific viewpoint of its impact on quality of expenditure and hence, growth. Section III discusses in brief the stylised facts on India's fiscal experience, both at the centre and states, in terms of various quality of public expenditure parameters, individually and as a composite index, amidst quality features of extant fiscal rules. Section IV deals with the way forward by setting out analytically the critical elements of a post-pandemic fiscal framework for India that blends quantitative dimensions of debt sustainability as traditionally defined with criteria that preserve and enrich the quality of expenditure so as to secure the greatest common good. Concluding policy perspectives are laid down in Section V.

## II. Quality of Expenditure: Cross-Country Experience

Since the mid-1990s, countries across the world have undertaken fiscal consolidation as an integral element of policy frameworks to address macroeconomic and financial instability, recognising that fiscal policy has a key role in eliminating these disequilibria. At the core of the adjustment is a reduction of the fiscal footprint in the economy, guided by a variety of so-called 'fiscal rules' that seek to set a trajectory of reduction of either deficits, or debt, or expenditure, or a combination thereof. The country experience, especially against the backdrop of large and persisting imbalances, shows that the size of the adjustment tends to become a self-fulfilling end in itself, whereas the principal objective is to foster sustained economic growth on the bedrock of macroeconomic stability. For the fiscal adjustment to be growth-friendly, it is the way in which it is done that matters, not the magnitude. Some components of government expenditure are more productive than others and complement rather than compete with private expenditure, and some tax changes are more beneficial in their impact on resource allocation than others. More recently, therefore, there is a growing consensus in the literature and in the country experience that fiscal rules can contribute to supporting growth if they reduce uncertainty about debt sustainability and future tax burdens, thus stimulating investment and consumption (IMF, 2012).

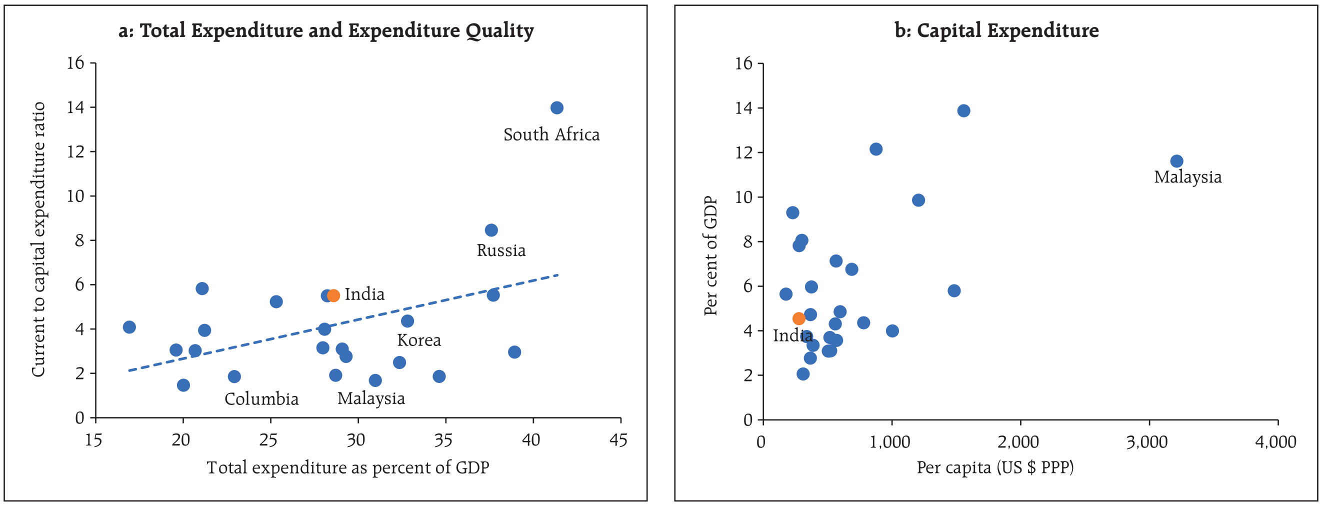
Accordingly, countries are increasingly changing their focus to prioritise the quality of fiscal adjustment with a view to deriving the maximum benefits in terms of promoting growth. From a practical point of view, the quality of fiscal adjustment is difficult to measure, unlike the quantity of adjustment. The country experience suggests that as a general rule, the prioritisation of certain expenditures within the fiscal envelope and the institution of a growth-promoting tax system that is least distortive with respect to the allocation of saving and investment and minimizes the burden of tax compliance are clearly discernible features of a growth-friendly fiscal adjustment. Virtuous categories of expenditure that need to be preserved within the fiscal adjustment process include spending on education, health and infrastructure that have a high social rate of return and are typically not supplied by the private sector; expenditure on administrative and regulatory services that promote a stable environment for entrepreneurship; social safety nets; and effective and efficient public expenditure management best exemplified by budgetary processes that are transparent, comprehensible and timely. Elements of the tax system that enhance the quality of fiscal adjustment are *inter alia* a uniform and moderate corporate and personal income tax rate with few – if not none – exemptions; a value added tax, preferably with a single rate and minimal exemptions, as a general sales tax; a customs tariff with as low an average rate as possible and limited dispersion; export taxes only as a proxy for income tax in hard-to-tax sectors; and an efficient tax administration that encourages voluntary compliance, monitoring and discourages evasion and fraud (Mackenzie and Orsmond, 1996).

In practice, expenditure reductions have been found to be more effective in achieving durable fiscal consolidation than revenue raising measures (Price, 2010; Alesina, 2010). Durable fiscal adjustments have been associated with permanent reductions in current expenditure (de Rato, 2004; McDermott and Wescott, 1996), with non-interest current expenditure - wage bills, pensions, welfare spending and unemployment benefits - bearing the brunt of the correction: Canada (1994-97); Finland (1998); Germany (2003-05); Netherlands (2004-05); Sweden (1994-98); South Africa (1993-2001); Spain (1996-97); and the United Kingdom (1995-98). The country evidence suggests, however, that sustaining or increasing the share of capital expenditure in total expenditure through the fiscal consolidation raised its chances of success, particularly in countries in Asia, Africa and the Pacific region (Gupta *et al.*, 2005; Cabezon *et al.*, 2015). This is mainly associated with the complementary role that public expenditure in social and physical infrastructure plays in crowding-in private investment, mostly in developing countries (Erden and Holcombe, 2005). Reduction in major current expenditure items such as transfers, subsidies and wages have been found to be politically more difficult than other spending items, including public investment (Hagen and Satrauch, 2001).

In other countries – the United States (1994); France (1996-97); Chile (1990-2000); Brazil (1999-2003); Russia (1999-2002); and Nigeria (1994) - fiscal consolidation was led by revenue side measures (Okwuokei, 2014). Adjustments from the revenue side have, in general, been short-lived, as in Brazil during 1999-2003 (Blanco and Herrera, 2006; Alesina and Perotti, 1995; Alesina and Ardanga, 2012). The tax-GDP ratio increased from 29 per cent of GDP in 1998 to 35 per cent in 2004. On the expenditure front, while capital expenditure was almost halved to 0.5 per cent of GDP, but current expenditure remained rigid due to ballooning social security and social assistance benefits, personnel cost, and inter-governmental transfers. The increase in tax burden and compression of public investment hampered future growth prospects. In contrast, the fiscal adjustment adopted by South Africa during 1993-2001 had an expenditure focus, which included reduction in wage bills, subsidies and transfers and an increase in capital expenditure. On the revenue front, there were structural reforms - increase in tax base; elimination of exemptions; lower income tax; and increase in Value Added Tax (VAT). Of the 6.5 percentage points reduction in the overall deficit, spending reductions amounted to 3.5 percentage points and revenue increase amounted to 3 percentage points (Okwuokei, 2014). Given the weak revenue base of Emerging Market Economies (EMEs), revenue adjustment measures have essentially focused on structural reforms to expand the tax base and lower rates, with the spending containment accounting for only one-third of the total adjustment (IMF, 2013).

Among the middle-income EMEs, with general government expenditure around 20-40 per cent of GDP,

**Chart 1: Quality of Expenditure: Cross-Country Comparison**




**Note:** 1. Data in charts pertains to 2017/2018.
2. In the absence of cross-country capital outlay data from a homogenous source, capital expenditure has been used.

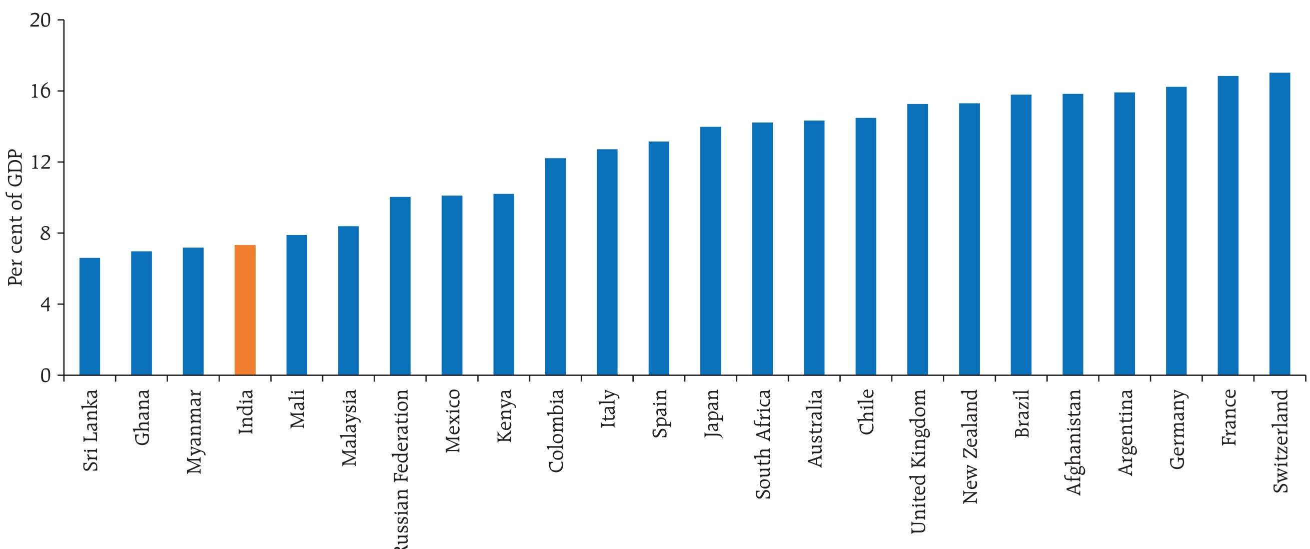
**Sources:** OECD UCLG Database.

the ratio of current to capital expenditure - an indicator of quality of expenditure – is on the higher side for India than its peers with similar level of expenditure (Chart 1a). Consequently, general government capital expenditure remains low, especially in per capita terms (Chart 1b).

Spending on human capital, mostly education and health, has emerged post COVID-19 as a preferred choice for public expenditure. On an international comparison, government expenditure on human capital in India is way behind BRICS and advanced nations (Chart 2).

Institutionalising quality of expenditure into fiscal rules is increasingly being found in the EME experience in the post-Global Financial Crisis (GFC) period in a refreshing departure from extant rules

**Chart 2: Government Expenditure on Human Capital in 2017**




**Source:** World Bank.

that generally target total spending[3]. Some EMEs have trained focus on quality of expenditure by targeting the recurrent component of spending rather than total spending - *viz.,* Mexico; Peru; Colombia - guided by dual considerations: first, a developmental perspective, which reflects the received wisdom that the composition of public outlays plays a key role in determining its impact on growth (IMF, 2014; Gupta *et al.*, 2005); and second, an effectiveness perspective with evidence supporting better compliance record of expenditure rules than budget balance and debt rules (Cordes *et al.*, 2015)[4].

**III. Stylised Facts in the Indian Experience**

A turning point in India's journey along the path of fiscal consolidation was crossed in early 2000s. As an integral element of the macroeconomic adjustment and structural reforms undertaken in the aftermath of the crisis of the early 1990s, India adopted fiscal discipline legislations under the Fiscal Responsibility and Budget Management (FRBM) Act for the centre in 2004-05, which was emulated by a majority of states over the period 2003 to 2008 (Annex I). In the ensuing years, the focus shifted predominantly to adhering to glide paths for the gross fiscal deficit and public debt as proportions to GDP. In the process, however, the quality of expenditure has suffered at both tiers of government, as discussed below.

*a. The Composition of Expenditure*

In the standard macroeconomic analysis, the composition of expenditure is employed as a necessary though not sufficient indicator of the quality of expenditure. In essence, it evaluates the resources spent on funding government final consumption expenditure on goods and services for current use *vis-à-vis* the capital expenditure on goods and services that is intended to create assets that generate future benefits, *viz.,* infrastructure investment in transport (roads, rail and airports), health and research spending[5]. Historically, dual budgeting, or budgeting separately for current and capital expenditures that originated in European countries in the late 1930s has enabled the differentiation of the productive or more growth friendly types of expenditure from more unproductive ones (IMF, 1995; Afonso *et al.*, 2005). In recent years, the use of a "golden rule" (which allows borrowing only for capital spending), has emerged as a justification for a separate treatment of capital and current expenditures (Premchand, 1989; Jacobs, 2009). In this context, the revenue expenditure to capital expenditure ratio has found appeal in the literature for assessing the optimal composition of expenditure, make cross-country comparisons and assessing the efficacy of policies for switching from revenue to capital to support growth (Devarajan *et al.*, 1996; Forte and Magazzino, 2014; OECD 2020; Bhanumurthy *et al.*, 2019). In practice, this indicator has also seeped into domestic policy analysis on public expenditure to highlight the balancing that needs to be achieved between the different types of expenditure (GoI, 2021; RBI, 2019).

The revenue expenditure to capital outlay (RECO) ratio that used to hover at high levels during the 1990s - around 11 for the centre and 9 for states –indicating poor quality of expenditure, saw a significant improvement post-FRBM, which was also associated with high growth in the economy [6].These gains were eroded in the post-GFC period (Chart 3a). Correction for large deviations from the glide path of fiscal consolidation often involved cuts in capital

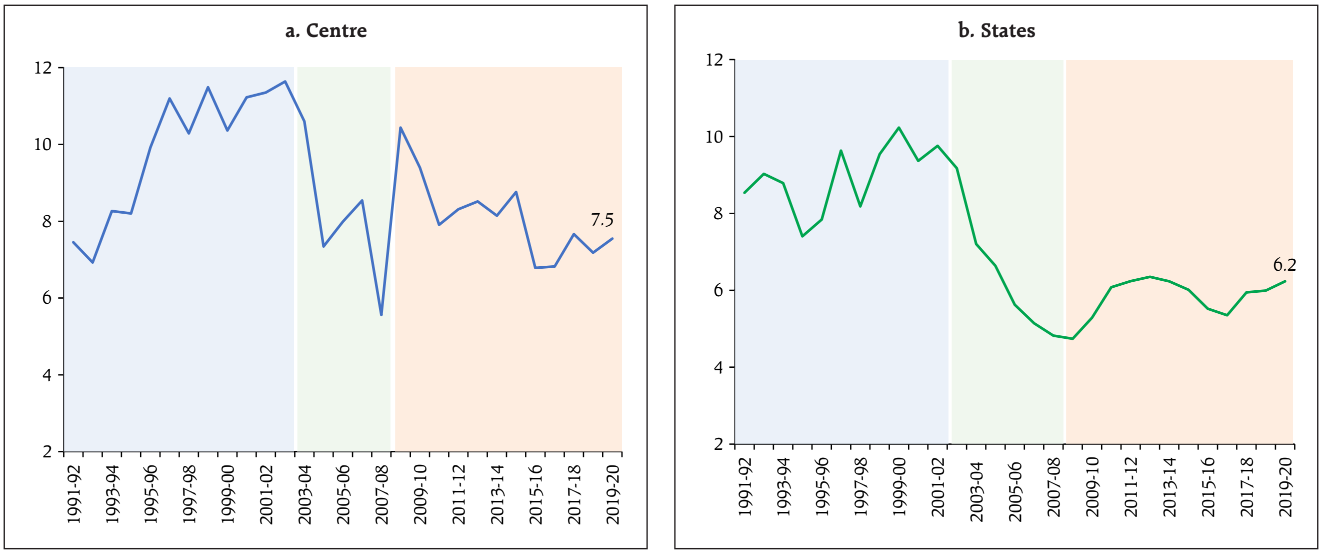
[3] As per the Fiscal Rules Database, 45 countries have had expenditure rules in place, either exclusively, or in combination with other fiscal rules. Details on Expenditure Rules (ER) are given in Annex II.

[4] Furthermore, ER defined in terms of specific ceiling have the best performance record, as against those defined in terms of relationship to other macroeconomic factors like GDP, inflation *etc.*

[5] Public Spending Code | A Guide to Evaluating, Planning and Managing Current Expenditure, 2012 *(43555_b026e01682a24a4fb4db411bc15c3df3.pdf)*

[6] Capital outlay, which represents capital expenditure net of loans and advances, is a stricter and better indicator of quality of expenditure as all loans and advances may or may not be spent on creation of productive assets.

**Chart 3: Revenue Expenditure to Capital Outlay**




**Sources:** Budget documents of Union and State governments.

outlay. Accordingly, RECO ratio has shown no distinct improvement over the last decade, placed at 7.5 for the centre and at 6.2 for the states in 2019-20 (Chart 3b).

*b. The Composition of Deficits*

The share of the revenue deficit in the gross fiscal deficit (RD-GFD) indicates the proportion of borrowed resources exhausted on revenue expenditure rather than investment and, as such, it reflects the quality of expenditure – a lower RD-GFD points to improvement in quality since fiscal multipliers tend to be higher for capital outlays than for current expenditure. Accordingly, it forms part of the forward-looking analysis presented in the Union Budget's medium-term fiscal policy statement as well as Finance Commission Reports. The FRBM Review Committee

**Chart 4: Revenue Deficit (RD) to Gross Fiscal Deficit**


**Sources:** Budget documents of union and state governments.

Report also envisaged a RD-GFD of about 32 per cent, which would ensure sufficient room for increased capital spending to maximise growth, in line with golden rule of borrowing (GoI, 2017). The RD-GFD has hovered above 70 per cent in the case of the centre, more than twice the level envisaged by the FRBM Review Committee. While the states have fared better, the RD-GFD has been inching up in recent years (Chart 4a and b).

*c. Is Expenditure Growth Friendly?*

Typically, capital outlays are associated with growth giving attributes in view of higher multipliers *vis-à-vis* other categories, strong employment generation potential and backward and forward linkages with various sectors of the economy (RBI, 2019; Bose and Bhanumurthy, 2013). Accordingly, the proportion of capital outlay in the total spending envelope is used as an indicator of quality, either individually or as one of the components of a comprehensive index with other governance and efficiency parameters (Heriwibobo *et al.*, 2016; IMF, 2014). It is empirically observed that for the European Union (EU) countries the optimal size of public investment is around 10.5 per cent of GDP, whereas the actual public investment prevailed in the range of 4-5 per cent of GDP (Forte and Magazzino, 2014)

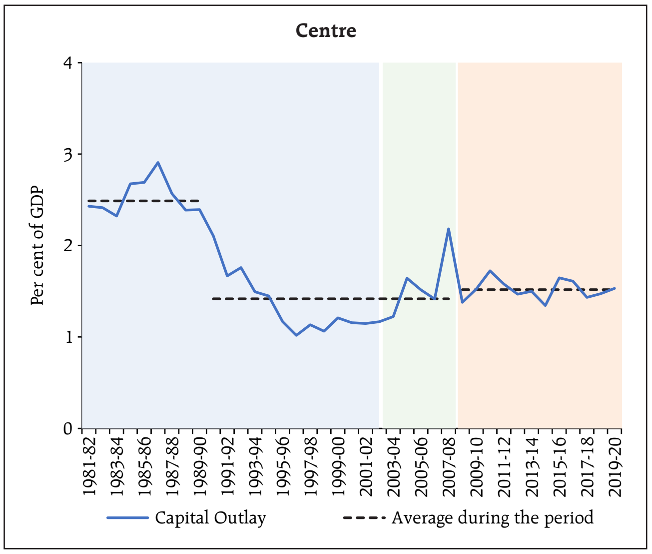
The institution of FRBM at centre and Fiscal Rule Legislations (FRLs) for states during early 2000s halted the trend decline in capital outlay's share in total expenditure since 1980-81. The high growth period of 2003-08 was associated with significant rise in share of capital outlay in total expenditure for both centre and states (Chart 5a). The share of capital outlay post-GFC saw a moderation for centre, while a decline for states. Proxying for investment rate, the ratio of capital outlay to GDP has remained stagnant for almost three decades at about 1.5 per cent for centre, while that for states has risen at a moderate pace to about 2.3 per cent, on an average for the post-GFC period, *albeit* with a decline in last few years (Chart 5b).

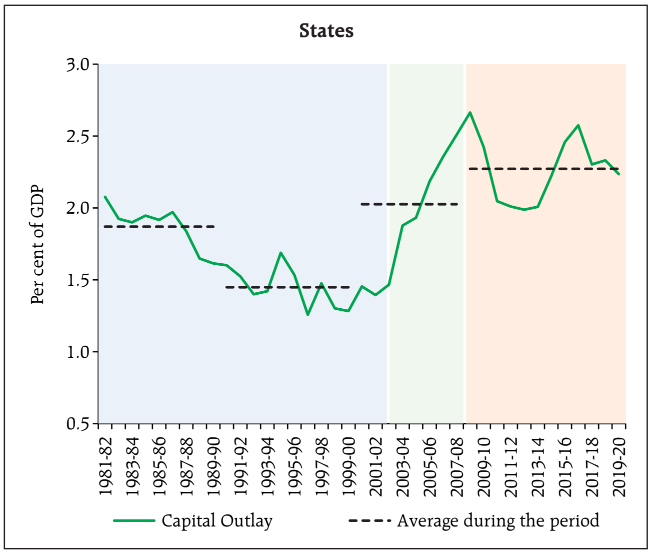
Improving the quality of fiscal expenditure is strongly associated with public infrastructure investments, education and training (together with active labour market policies), health care as

**Chart 5a. Capital Outlay to Total Expenditure**


**Sources:** Budget documents of union and state governments.

**Chart 5b. Capital Outlay to GDP**




**Sources:** Budget documents of union and state governments.

well as research and development that support growth by improving the economy's endowment of production factors (labour and capital) or their productivity (European Commission, 2012). The restructuring of public expenditure towards such productive spending generates a positive effect on growth without creating distortions in the economy that adversely affect growth (Zagler and Durnecker, 2003). The share of committed and uncommitted expenditure to total expenditure is often used as an indicator of quality (Barro, 1990; Gupta *et al.*, 2005; Grigoli, 2012). In the Indian experience, committed expenditure in the form of salaries, pensions and interest payments has first charge on governmental resources. For the centre, committed expenditure remains high and inelastic; for the states, an uptrend is evident in recent years, driven by pensions (Chart 6a and b). The consequence has been that spending on the social and physical infrastructure embodied in developmental expenditure has stagnated over the last two and a half decades, particularly for the centre (Charts 6c and d).

*d. Financing Pattern*

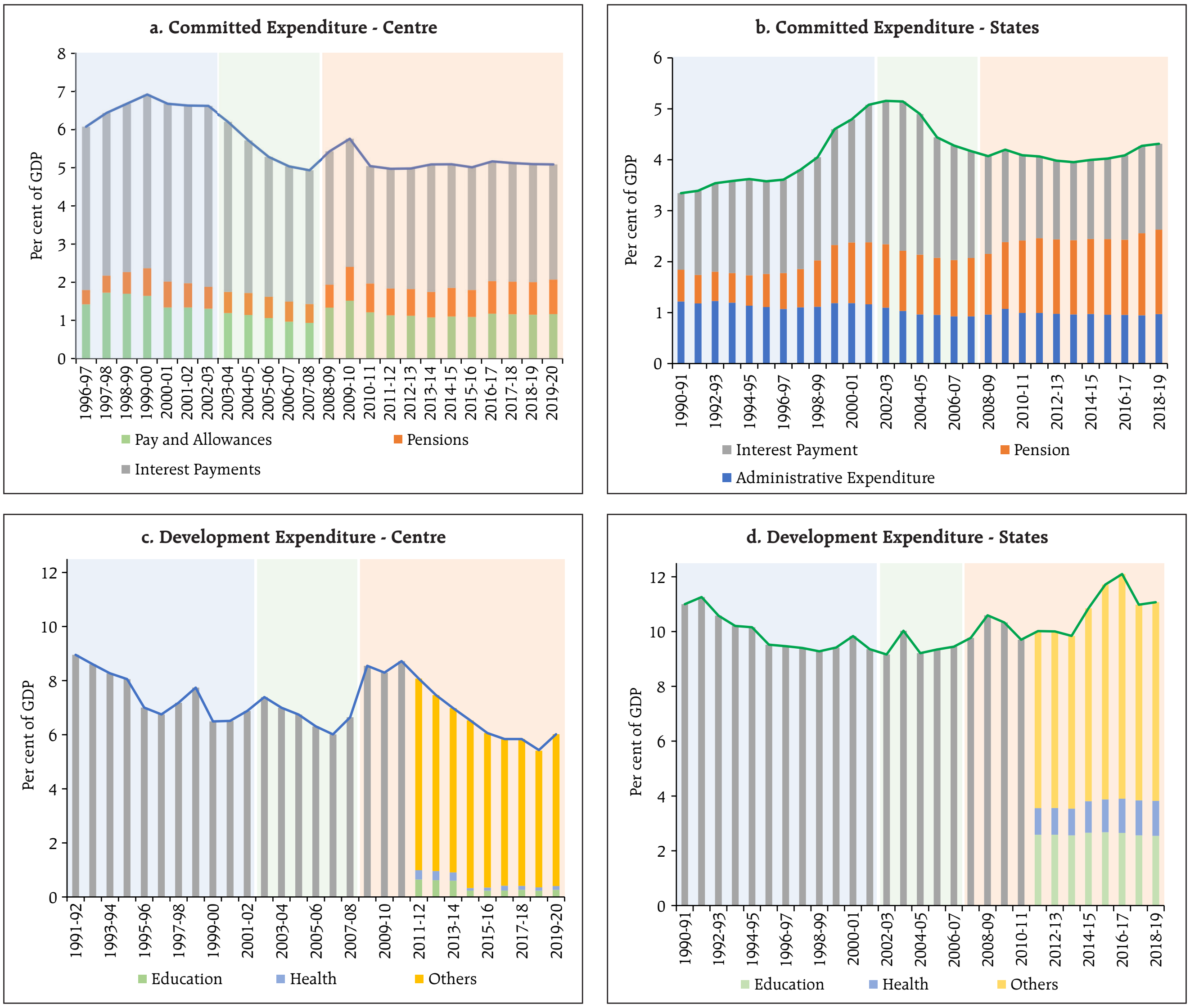
As regards financing pattern and composition of expenditure, borrowings for expenditures that are of recurrent nature, and that need to be incurred every year, may not be desirable and should be financed through revenues– the idea underlying the so called 'golden rule' in fiscal policy (Zeyneloglu, 2018). Several European nations have also formally integrated this golden rule into their fiscal framework[7]. This is also linked to the condition for sustainability of budget deficits and public debit (Domar, 1944)[8].

It may be noted that alongside the deterioration in the indicators of the quality of expenditure observed above, there has been a marked increase in the proportion of market borrowings in financing for both the centre and the states (Chart 7a and b).

[7] Golden Rule (fiscal policy) - Wikipedia ; The golden rule of public debt | LARS P. SYLL (wordpress.com); GoI, 2017 (FRBM Review Committee Report).

[8] According to Domar, debt-financed deficits are sustainable if quality of debt is good *viz.*, the GDP growth rate exceeds the rate of interest paid on debt.

**Chart 6: Committed and Development Expenditure of Centre and States**




**Sources:** Budget documents of union and state governments; and RBI staff estimates.

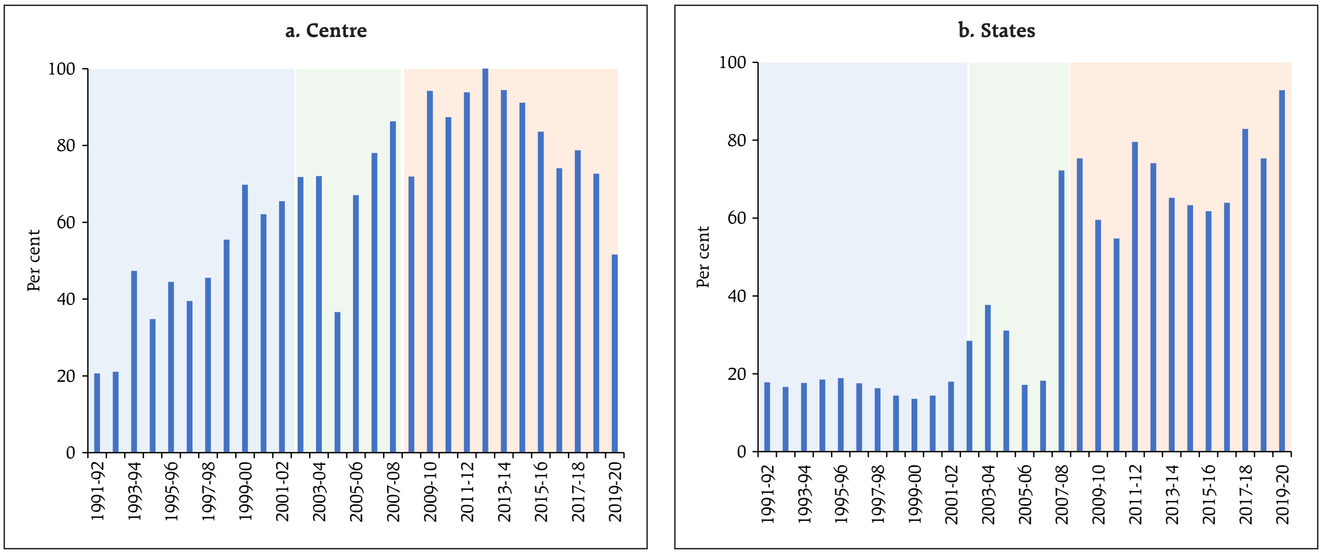
Increasingly, therefore, resources borrowed at market-based interest rates have gone towards financing revenue expenditure with zero or low returns, against the underlying principle of the golden rule.

*e. Index of Quality of Government Expenditure*

Using the six indicators examined above, *viz.*, revenue expenditure to capital outlay ratio; revenue deficit to gross fiscal deficit; capital outlay to total expenditure; capital outlay to GDP; development expenditure to GDP; and committed expenditure to GDP, a composite indicator of quality of expenditure is developed employing principal component analysis (PCA), separately for the centre and for the states[9]. The indices reveal that there has been a deterioration in the quality of the centre's expenditure, with some improvements observed during the post FRBM high growth years. In the case of states, the 1990s'

[9] A brief description of PCA and weights used to construct the index are given in Annex III.

**Chart 7: Share of Market Borrowing in Gross Fiscal Deficit**

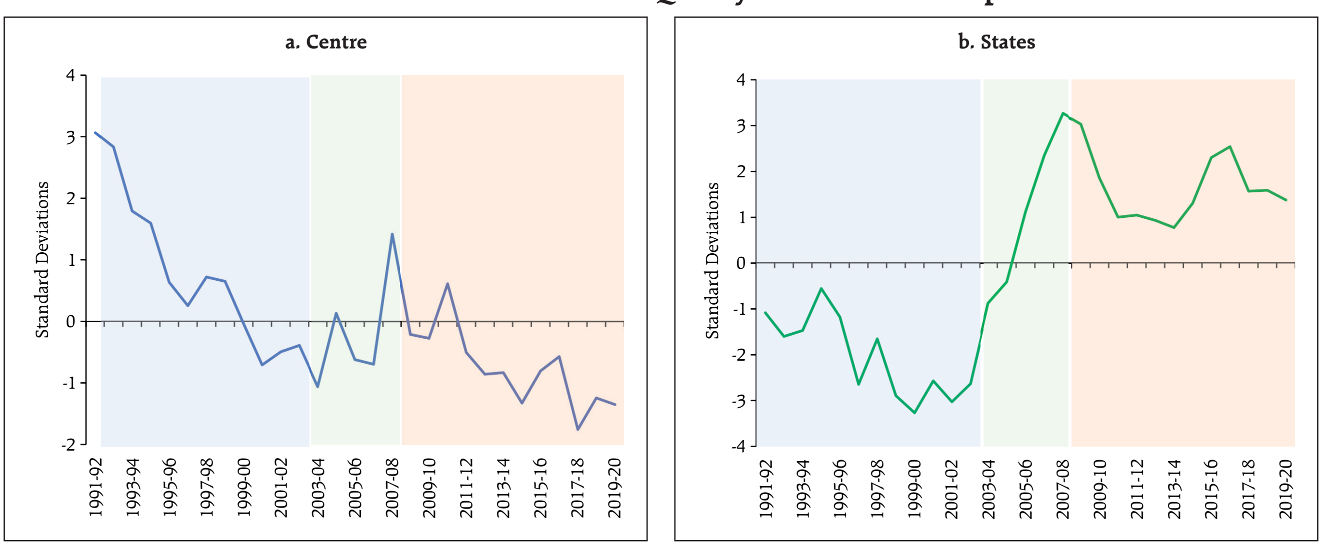



**Sources:** Budget documents of union and state governments.

deterioration in quality of spending was not only arrested but also significantly improved during pre-GFC high growth period. The improvement stalled in 2009-10 and there has been a general deterioration in the post-GFC period, although not of the order of the 1990s (Chart 8).

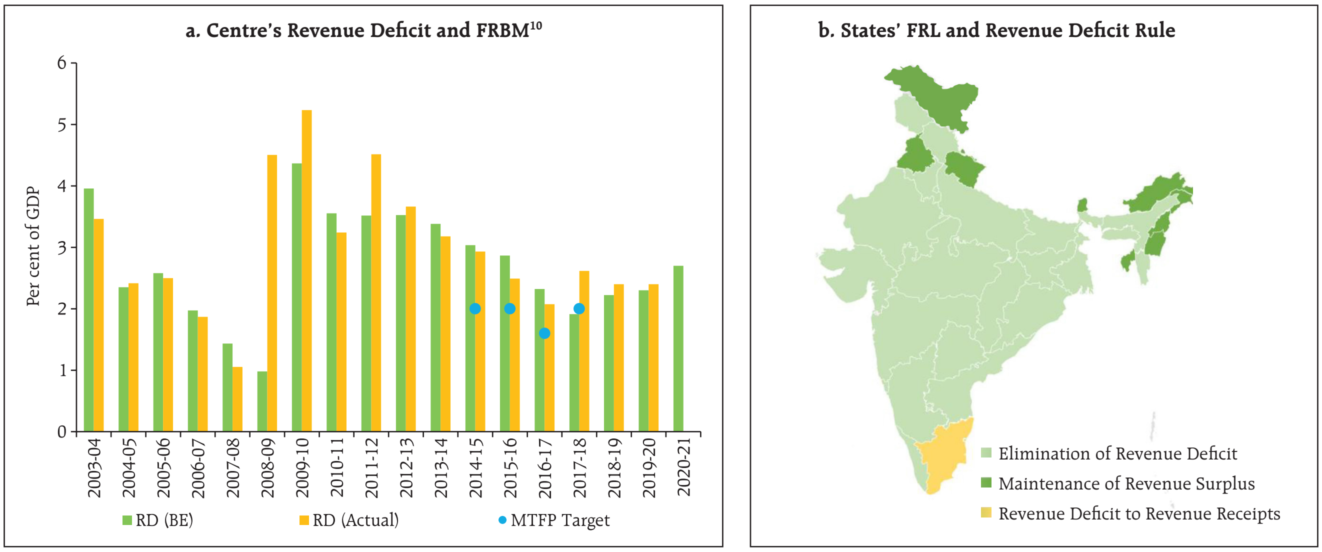
It is noteworthy that fiscal rules, when they were conceived, had embedded features focussing on the quality of expenditure – for instance, the FRBM Act, 2003 sought to build in quality in the form of the prescription of a zero revenue deficit. It has been noted, however, that the emphasis on quality was compromised in the post-GFC period in

**Chart 8: Movement of Index of the Quality of Government Expenditure**




**Note:** A higher vaue of the index implies improvement in the quality of expenditure and *vice versa*.
**Source:** RBI staff estimates.

**Chart 9: Revenue Deficit (RD) and Centre/States' Fiscal Rules**




**Source:** Budget documents of union and state governments.

the overarching pursuit of GFD-GDP targets, with the convergence to a 3 per cent numerical norm being often cited as an aspirational goal (GoI, 2017) (Chart 9)[11]. Like the centre, states' FRLs focus on quality through elimination of revenue deficits, maintenance of revenue surplus (Arunachal Pradesh, Manipur, Nagaland, Punjab, Sikkim, Tripura and Uttarakhand) or by linking the revenue deficit to revenue receipts (Tamil Nadu), were broadly achieved except in the post-GFC period.

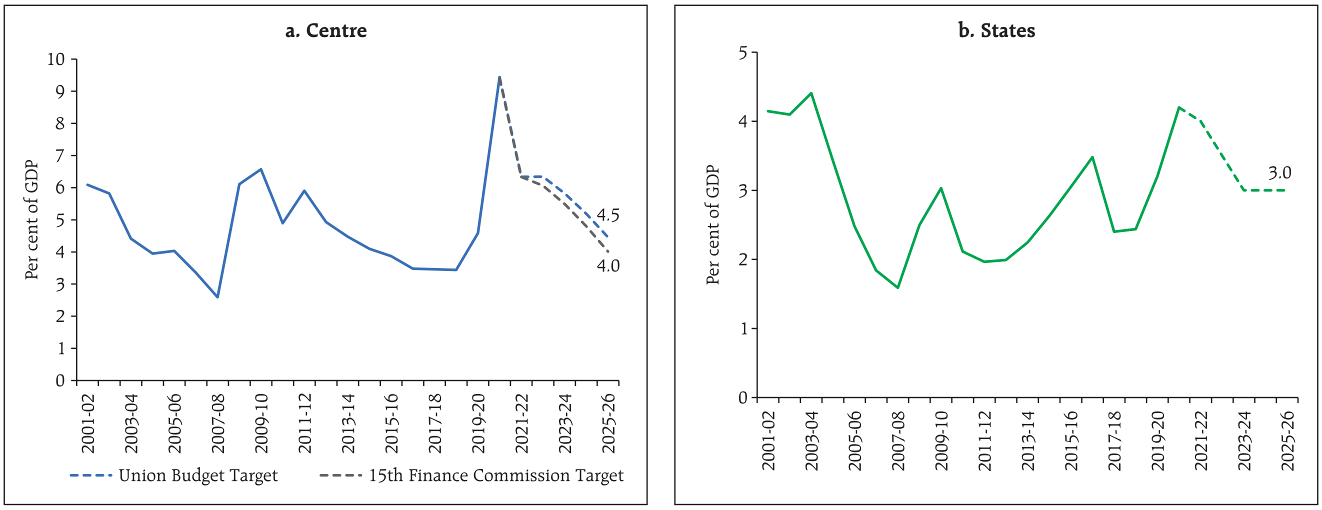
**IV. The Way Forward**

The current stance of the fiscal policy is counter-pandemic, with the general government gross fiscal deficit at around 13 per cent of GDP in 2020-21 and estimated at about 10 per cent in 2021-22. Going forward, a graduated path of withdrawal from pandemic mode is envisaged (Chart 10). A successful normalisation of the fiscal stance is conditional upon an improvement in underlying economic activity. The imperatives of large scale post-pandemic reconstruction warrant that fiscal rectitude should not be achieved at the cost of the quality of expenditure. The thrust of fiscal policy stance on capital expenditure and infrastructure creation, by both centre and states marks the definite intent of the government to improve the quality of expenditure. Accordingly, it may be important to lay down a medium-term fiscal framework with concrete measures and targets (IMF, 2021). Shoring up the quality of expenditure through a quantifiable matrix will help provide the necessary

[10] There were continuous deviations from the FRBM targets in the post-GFC period. The FRBM Act was reoperationalised in the budget speech of 2012-13 and deadlines for numerical targets were pushed to 2015 and a new fiscal indicator, *viz.*, the 'effective revenue deficit' (revenue deficit excluding grants for creation of capital assets) was introduced. The target for the revenue deficit was raised to 2 per cent and it was mandated that the effective revenue deficit would be eliminated by 2014-15. In the budget speech of February 2015, these deadlines were shifted from 2015 to 2018 to create fiscal space for public expenditure. Furthermore, the Finance Act 2018 eliminated the revenue deficit target in view of the fact that not all revenue expenditure is wasteful spending and that there is also a need to focus on the maintenance of assets.

[11] Along with quality of expenditure considerations, there are instances of recognition of the importance of expenditure management in the extant fiscal rules. A Medium-Term Expenditure Framework (MTEF), setting out on an annual basis, three-year rolling target for expenditure indicators to facilitate expenditure management, was first introduced in the Union Budget Speech 2012-13 (which sought to re-operationalise FRBM post-GFC). The first MTEF was published in August 2013 and subsequently each year in the month of August (except 2014, which was an election year and hence it was published in December) till 2018. The FRBM review committee had also endorsed the publication of MTEF along with the other three documents - Medium Term Fiscal Policy Statement; Fiscal Policy Strategy Statement; and Macroeconomic Framework Statement.

**Chart 10: GFD-GDP Ratio: Likely Path**




**Note:** Chart a is based on growth and tax buoyancy assumptions of FC-XV on 2021-22 BE.
In chart b, states' likely path is in line with FC-XV, duly accepted by Union Budget 2021-22.
**Sources:** Union Budget; FC-XV Report; and RBI staff estimates.

checks and balances and should be integrated into the fiscal framework (Das, 2021). Instead of across-the-board expenditure cuts, a well-thought-out strategic policy mix should protect programmes with high marginal social benefit, thus ensuring that the intent to improve quality fructifies into desirable outcomes.

Easier said than done! What should be the design of such a matrix? While it may be difficult to lay down strict quality norms which hold for all tiers of government at all times, an array of indicators could serve as tentative benchmarks. First, an indicative benchmark could be a reduction in the RD-GFD ratio towards levels prescribed by the FRBM Review Committee (GoI, 2017) for the centre, from the current high levels, on the grounds that a major chunk of borrowed money must go towards funding capital expenditure. Second, the endeavour could be to attain a revenue expenditure to capital outlay (RECO) ratio in the range of 4 to 5 which is most growth friendly[12]. Empirical evidence on thresholds at the general government level for these two indicators – RD-GFD and RECO – also support these ranges (Box I).

A third threshold could be through a floor to the capital outlay-GDP ratio or targeting a particular rate of growth in capital outlay so as to arrest the moderation in its share in total expenditure. A large body of theoretical and empirical literature has found a positive relationship between public capital expenditure and growth operating through the crowding-in channel of private investment. The capital expenditure multiplier is also known to be higher than 2 in India (RBI, 2019; Jain and Kumar, 2013). The floor on the capital outlay to GDP ratio should be simple, transparent and well understood[13,14].

Simulating the announced GFD-GDP target of 4.5 per cent by 2025-26 while maintaining the quality of

[12] The Indian growth story prior to the pandemic does exhibit that Government support to aggregate demand through excessive revenue expenditure over 6-7 quarters prior to COVID-19 did not generate adequate surpluses to sustain the recovery or revive the animal spirits in the medium term given the low and short term multipliers of revenue expenditure (Goswami, 2021).

[13] As per anecdotal evidence through interactions with some policy makers, the scope for creative accounting is less if rule is in terms of capex to GDP ratio as both capital expenditure and GDP have watertight definitions.

[14] A mini-step in this direction has been to link a certain proportion of the incremental borrowings by states over and above 3 per cent of GSDP in the year 2021-22 to capital expenditure, although a clear strategy over the medium term at all levels of government is what is desirable.

### Box I: Quality of Expenditure – Threshold Estimates for General Government in India

What is the appropriate mix between revenue expenditure and capital expenditure that can achieve maximum growth?[15] An attempt is made to find a link between general governments' quality of expenditure indicators and economic growth.

The ratio of revenue expenditure to capital expenditure indicates a trade-off between the short-term and the long-term. The impact of revenue expenditure on growth lasts for about a year, while that of capex is stronger and longer, with a peak effect after two-three years. An examination of the link between 5-year forward moving average growth in real per-capita gross domestic product (PCGDPG) and the ratio of revenue expenditure to capital outlay (RECO) for the general government (centre *plus* states)[16] in India in an OLS regression framework with suitable controls[17] and different threshold levels for RECO ratio (from 4.0 per cent to 5.5 per cent), shows that the positive and significant impact is particularly visible at a threshold of 4.0 to 5.0 beyond which it loses significance. Replacing RECO with another important indicator of quality, as witnessed in previous section, the ratio of revenue deficit to gross fiscal deficit (RD-GFD)[18] with all other specifications being the same, a threshold between 30 to 40 becomes significant statistically (Table 1).

To sum up, governments at all tiers need to engage in constructive expenditure switching and reprioritisation strategies that shift emphasis from current towards capital spending in order to enhance the impact of fiscal policy on the quality of growth. Borrowings need to be utilised primarily for capital expenditure.

**Table 1: Ordinary Least-Square Results**

Dependent Variable: Five-year Forward Moving Average Real Per-capita GDP Growth

| Variables | Eqn. 1 | Eqn. 2 | Eqn. 3 | Eqn.4 | Eqn. 5 | Eqn. 6 | Eqn. 7 | Eqn. 8 | Eqn. 9 | Eqn. 10 | Eqn. 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PCGDPG (-1) | 0.58*** | 0.57*** | 0.53*** | 0.56*** | 0.62*** | 0.46*** | 0.54*** | 0.57*** | 0.59*** | 0.58*** | 0.58*** |
| TRDGDP | -0.01 | -0.01 | -0.01 | -0.01 | -0.01 | -0.02 | -0.01 | -0.01 | -0.01 | -0.01 | 0.00 |
| RECO | 0.10* | | | | | | | | | | |
| RECO (>4.0) | | 0.08* | | | | | | | | | |
| RECO (>4.5) | | | 0.07** | | | | | | | | |
| RECO (>5.0) | | | | 0.05 | | | | | | | |
| RECO (>5.5) | | | | | 0.03 | | | | | | |
| RD-GFD | | | | | | | 0.01*** | | | | |
| RD-GFD (>30.0) | | | | | | | | 0.01** | | | |
| RD-GFD (>40.0) | | | | | | | | | 0.01** | | |
| RD-GFD (>50.0) | | | | | | | | | | 0.01 | |
| ALR | 0.06** | 0.06** | 0.06** | 0.05** | 0.05** | 0.06** | 0.06** | 0.05** | 0.05** | 0.06** | 0.04* |
| TEGDP | -0.01 | -0.02 | 0.04 | -0.02 | -0.01 | 0.04 | -0.05 | -0.03 | -0.01 | -0.04 | -0.04 |
| Constant | -1.33 | -081 | -0.30 | -0.40 | -0.73 | -1.19 | 0.08 | -0.27 | -0.78 | -0.07 | 0.46 |
| Adjusted R^2 | 0.82 | 0.82 | 0.84 | 0.84 | 0.81 | 0.85 | 0.84 | 0.83 | 0.83 | 0.82 | 0.80 |
| LM Test for Serial Correlation | 0.83 | 0.82 | 0.68 | 0.69 | 0.83 | 0.88 | 0.81 | 0.66 | 0.40 | 0.74 | 0.26 |
| Heteroskedasticity Test: Breusch-Pagan-Godfrey | 0.93 | 0.94 | 0.89 | 0.71 | 0.90 | 0.99 | 0.89 | 0.95 | 0.99 | 0.91 | 0.70 |

**Source**: RBI staff estimates.

PCGDPG: five-year forward moving average real per-capita GDP growth; TRDGDP: international trade size measured by export plus import as a per cent of GDP; RECO: ratio of revenue expenditure to capital outlay as a proxy of quality expenditure; ALR: adult literacy rate; and TEGDP: total expenditure to GDP ratio to control for size effect of governments' spending.

N.B: (1) Though variables are non-stationary, their residual is stationary indicating cointegrating relationship and thus, OLS can be run.

(2) To identify threshold in RECO, we have used 4 interactive dummy variables where '>' means values more than the threshold, other-wise zero.

(3) ***, ** and * indicate significance at 1,5 and 10 per cent level respectively.

[15] The optimal mix is important. Reason being while growth-friendly nature of capital expenditure is established wisdom coming from the literature, revenue expenditure also has a useful role to play in short-term demand management. Besides, very often revenue expenditure and many social services of recurring nature help augment human capital or/and maintain law and order that are pre-requisites for a healthy investment environment (Diamond, 1989).

[16] In the absence of general government capital outlay for India, the simple sum of capital outlay of centre and states is taken as a proxy assuming netting out term to be low.

[17] The control variables used are the size of India's international trade in terms of export plus import as a per cent to GDP (TRDGDP), adult literacy rate (ALR) and total expenditure to GDP ratio (TEGDP) as a proxy for the size of the expenditure.

[18] This indicator shows how much borrowed funds are going towards revenue account and capital account. Since investment in long-term assets gives a higher return which can be used to repay borrowed funds, the ratio has an important implication for debt sustainability.

expenditure through such a matrix will be contingent upon the will to improve the composition of public expenditure (Chart 11). Institutionalising these quality considerations can be the best vaccine for sustainable growth post COVID[19].

### *Debt Considerations*

The marriage of proposed quality considerations with the GFD-GDP target in this future fiscal paradigm will strengthen the foundation of fiscal consolidation and may entail quantifiable targets for public debt as well.

**Chart 11: Likely Path of the Indicators of Quality of Expenditure for Centre**


**Note:** These simulations correspond to the GFD target of 4.5 per of GDP by 2025-26, as outlined in the Union Budget 2021-22.
**Sources:** Union Budget documents and RBI staff estimates.

[19] Given the heterogenous nature of Indian states with their differential development needs and position, such simulations have not been attempted and is beyond the scope of this paper. However, the operation of such a matrix to control quality of expenditure is universal and remains viable across all tiers of government.

Today, India's general government debt is at its historical peak of over 90 per cent of GDP. While this is in line with the unprecedented post-COVID rise in debt worldwide, providing a clearly communicated glide path will help reinstate credibility to the fiscal framework. Additional debt can generate returns so as to reduce future debt by strengthening growth and weakening the stock (r-g) and flow (lower primary deficits to GDP) constraints of debt dynamics[20].

*Business Cycle and Measurability Considerations*

While 'escape' and 'buoyancy' clauses - which are integral elements of the revised FRBM - may provide the desired and proven flexibility that could make fiscal policy counter-cyclical[21], the focus on quality of expenditure along with headline GFD rule is likely to further reduce the element of pro-cyclicality in fiscal policy by making India's fiscal policy growth friendly with a quality rather than quantity centric expenditure programme[22].

Comprehensive measurement of GFD by including all off-budget liabilities, as started from this year's Union Budget, should be maintained to ensure the quality of compliance, leaving no scope for any fiscal rule to be circumvented. Setting up of independent evaluation agencies can help improve fiscal outcomes by ensuring compliance with the targets and improving the quality of adjustments while mitigating the communication challenges associated with adoption of such fiscal frameworks (Eyraud *et al.*, 2018; IMF, 2017).

**V. Concluding Observations**

Even as COVID-19 engulfs the world in its deadly grip, leaving a trail of death and destruction in its wake, a renewed interest has been generated in the role of fiscal policy in pandemic times and in life beyond. Increasingly, the narrative is shifting out of the narrow confines of stimulus and consolidation thereafter to an enduring growth-friendly fiscal policy. By strategic repurposing and reprioritising both revenues and expenditures, fiscal authorities have shown that they can extract 'bang for the buck' by (a) the public sector leading the private sector into unlocking growth opportunities; (b) the public sector co-existing with the private sector in entrepreneurial partnership; and (c) the public sector stepping back to allow private enterprise to take the lead in sunrise areas, coalescing into an across-the-board improvement in the quality of fiscal spend and eventually in the quality of growth. The Union Budget 2021-22 takes a step in this direction by attempting to reshape the composition of spending in favour of infrastructure, which is appropriate from the point of view of India's requirement of investment of US$ 1 trillion in the quest for a world class physical infrastructure. This article is an attempt to track this paradigm shift by proposing quantifiable metrics for the quality of public expenditure, which also encompasses upgradation of the social infrastructure by investing in health, education and skilling. If the slant towards emphasis on quality over quantity in the conduct of fiscal policy can be institutionalised into a way of life, the silent revolution will be complete. In essence, this article makes a case for formally incorporating a RD-GFD and a RECO ceiling. As regards the composition of expenditure, RECO ratio of not more than 5 and RD-GFD ratio of not more than 40 per cent for the general government (centre *plus* states) is empirically found to be appropriate for a sustainable growth trajectory. Apart from satisfying

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20 Debt is considered sustainable if (a) real GDP growth (g) is higher than the interest cost on the stock of debt (r) and (b) there is primary surplus or a declining/small primary deficit (due to higher revenues on account of higher growth).

21 Also, building buffers during boom years by use of buoyancy clause may be important to create space to give stimulus during downturns.

22 It may be noted that Economic Survey 2020-21 for the first time has pointed out that India's fiscal policy has signs of pro-cyclicality which needs to be reversed, if possible, even through change in fiscal rules. Chile's example has been cited in a box item that uses structural fiscal balance rule. Accordingly, internal assessments should focus on using the cycle-adjusted concepts for better understanding of the fiscal situation in terms of its impact on the other macro-parameters, even though fiscal rule may continue in terms of overall fiscal balance.

the 'simplicity' and 'easily communicable' norms of best practice expenditure rules, the formal weaving of quality targets into fiscal consolidation paths will result in setting fiscal policy with a human face, and may even counterbalance the pro-cyclicality bias of fiscal policy by assuring a steady level of provision of public goods of quality. There is a greater recognition now than ever before that in the drive to fiscal rectitude that inevitably follows a period of stimulus, growth-giving elements of the public spending have to be preserved and cultivated. While COVID-19 has tested the limits of flexibility in fiscal policy frameworks in India as in the rest of the world, it has offered a unique opportunity to redefine fiscal policy in a manner that emphasizes 'how' over 'how much'.

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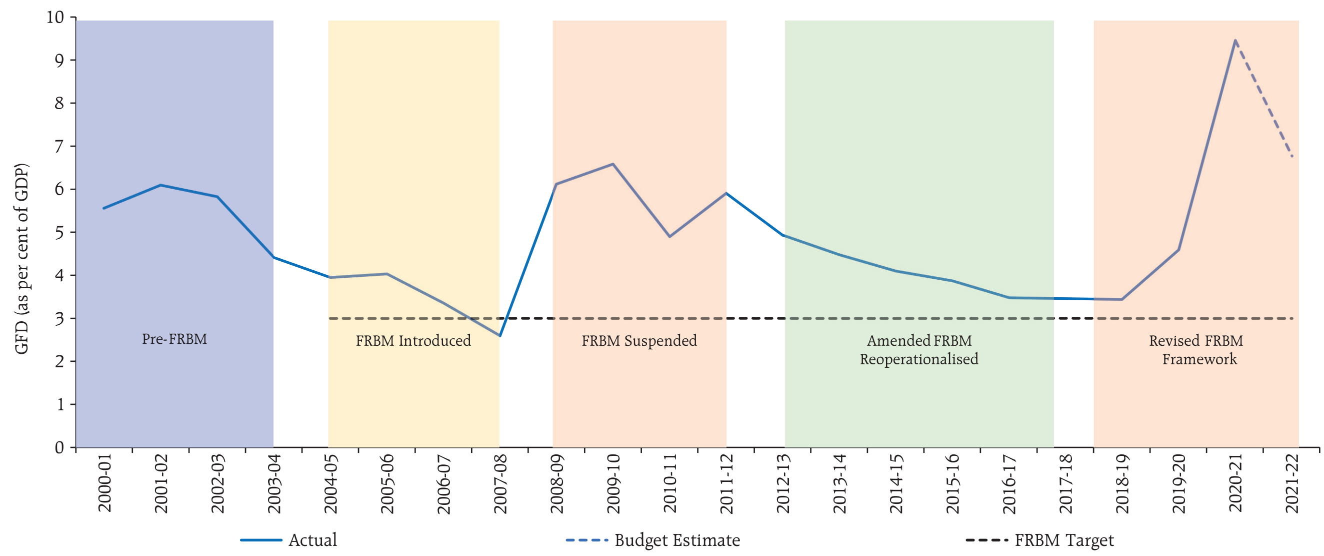
**Annex I: India's Fiscal Rules: Centre and States**

India graduated from its pre-1990 large-scale deficit financing era to the discipline of market-based financing along with fiscal rules under the Fiscal Responsibility and Budget management (FRBM) Act since 2004-05. In order to mitigate the known fiscal risks, a balanced budget rule was introduced, setting a target for gross fiscal deficit (GFD) at 3 per cent of GDP for the central government. While the fiscal discipline achieved in the immediate post-FRBM period was noteworthy, the process was stalled with the global financial crisis (GFC) requiring significant fiscal response on the part of the government. The FRBM kept getting amended repeatedly since 2013-14. A need was felt to bring in desired flexibility by looking at fiscal deficits, after suitably accounting for the business cycles (RBI, 2012; GoI, 2017).

To bring in the desired counter-cyclicality, the revised FRBM as adopted in the Union Budget 2018-19 added the 'escape' and 'buoyancy' clauses[23], keeping the adoption of cyclically adjusted budget balance rule in the agenda for the next revision. Also, in line with the evolving global fiscal thinking, threshold level of debt was added as a medium-term anchor in the 2018-19 amendment. Although these were progressive developments, their performance could not be established as envisaged over successive years because of the transition to GST that affected the revenues, the cyclical slowdown of 2019-20 and then the pandemic impact on 2020. Steps towards enhancing transparency also contributed to the deviation of the GFD ratio from the target, with the provisional accounts for 2020-21 placed at 9.2 per cent of GDP for the centre (Chart I.1).

**Chart I.1: Evolution of Fiscal Responsibility Framework in India**




**Source:** Union Budget documents.

[23] On the ground or grounds of national security, calamity, collapse of agriculture, structural reforms with unanticipated fiscal implications, decline in real output growth during a quarter by at least 3 per cent points below its average of the previous four quarters, the annual fiscal deficit target may be exceeded/deferred, with deviation from the fiscal deficit target not exceeding 0.5 per cent of GDP in a year (escape clause). The central government shall, in case of increase in real output growth of a quarter by at least 3 per cent points above its average of the previous four quarters, reduce the fiscal deficit by at least 0.25 per cent of GDP in a year (buoyancy clause). Under both these situations, the government shall lay, before both the Houses of Parliament, a statement explaining the reasons thereof and the path of return to annual prescribed targets.

As regards states, there are wide variations in terms of both timeline and target of Fiscal Responsibility Legislations (FRLs). Whereas some southern states (Kerala, Tamil Nadu and Karnataka), Uttar Pradesh and Punjab adopted FRLs before centre's FRBM Act (2003), most of the remaining states adopted their respective FRLs between 2003 and 2008. West Bengal and Sikkim are the only two states which adopted FRLs after the GFC. Majority of the states target GFD-GDP ratio of 3 per cent along with a deadline to achieve the same. While state FRLs have not seen significant amendments over the years, it may be noted that large scale variations have persisted even in the original FRLs with instances of debt rules in some of them and provisions for escape clauses in others (Chart I.2).

**Chart I.2: Varied Fiscal Rules across States in India**

| Gross Fiscal Deficit Rule | Debt Rules | Escape Clause |
|---|---|---|
| Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal | **Debt (per cent of GSDP)**<br>Andhra Pradesh, Bihar, Goa, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Punjab, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal.<br>**Debt + Guarantees (per cent of GSDP)**<br>Assam and Haryana<br>**Debt (per cent of revenue receipts)**<br>Jharkhand, Odisha, Mizoram and Rajasthan<br>**Interest Payments to Revenue Receipts**<br>Goa | Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Tripura, Tamil Nadu, Uttar Pradesh and West Bengal. |

**Source:** States' FRL documents.

### Annex II: Expenditure Rule across Nations

Expenditure rules (ER) are a new set of preferred rules that bring in the desired flexibility while being more transparent and easier to monitor, as the expenditure aggregates can be more easily understood than, for instance, cyclically adjusted fiscal balance. Public expenditure tends to move in tandem with revenues, *i.e.*, rising and falling with revenue windfalls and shortfalls, respectively. By keeping a check on spending during good times, ERs can help create some buffers, which may be used to provide a counter-cyclical fiscal push during slowdown (Manescu and Bova, 2021). The ERs set limits on spending in either absolute terms, growth rates or as a proportion of GDP. While extant expenditure rules generally target total spending, some EMEs focus on quality of expenditure by targeting the recurrent component of spending, rather than total spending. As per the Fiscal Rules Database, 45 nations have had expenditure rules in place, either exclusively, or in combination with other fiscal rules (Chart II.1).

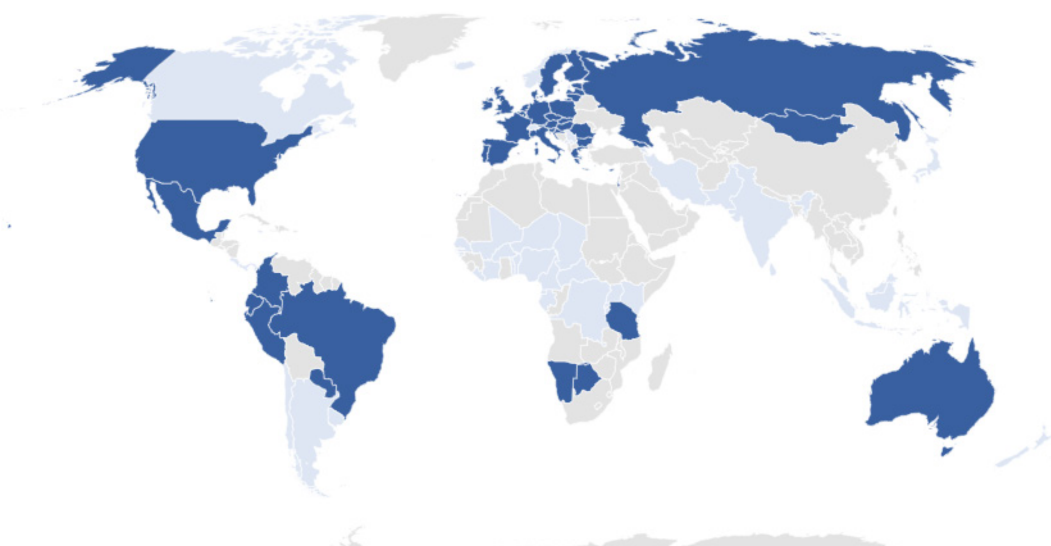
On the basis of their design, expenditure rules may be classified into the following categories (Chart II.2)

1. **Ceiling on expenditure growth**: This category of expenditure rules fix a ceiling on year on year annual expenditure growth rate. The ceiling may be a fixed numerical target (say 0, 2 or 4 per cent) or linked to GDP growth– nominal; potential; or nominal medium-term or trend GDP growth. In case of Germany, the expenditure rule requires expenditure growth to be less than or equal to revenue growth, while in case of Israel, expenditure growth is defined as a function of debt and population growth.

2. **Ceiling on expenditure level:** Some countries have fixed an overall limit on the level of government expenditure. While Namibia, Botswana and Bulgaria have fixed the expenditure-GDP ratio at 30-40 per cent of GDP, Denmark has fixed the expenditure-cyclically adjusted GDP as its fiscal rule. In case of Brazil and Russia, the expenditure level is defined in terms of revenue.

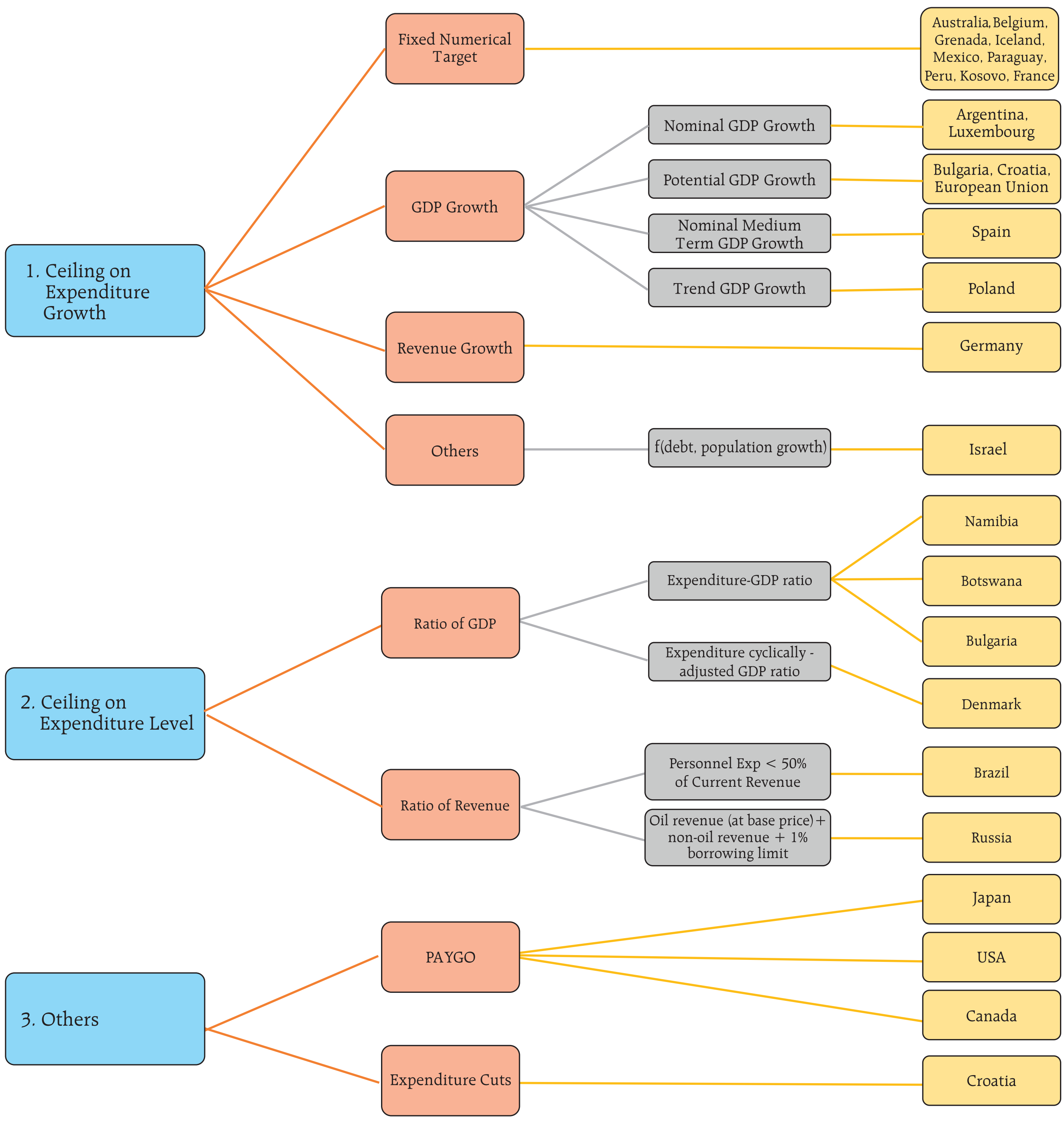
3. **Others:** This includes annual expenditure cuts until the debt target is met (followed by Croatia) and PAYGO (Pay As You Go) rule, which is in place

**Chart II.1: Nations with Expenditure Rules in Place**



**Source:** Fiscal Rules Dataset, IMF.

**Chart II.2: Design of Expenditure Rules**




**Source:** Fiscal Rules Dataset, IMF.

in United States, Japan and Canada. In general, the PAYGO rule requires that any measure that involves increases in expenditure or decreases in revenue must be compensated by permanent reduction in expenditures or permanent revenue-raising measures.

## Annex III: Principal Component Analysis

Principal Component Analysis (PCA) works on the degree of association among different correlated variables by identifying patterns of similarities and differences. It is a dimensionality-reduction method of reducing the number of variables in an analysis by describing a series of uncorrelated common components that contain most of the variance in the variables but without missing out information content.

PCA identifies linear combinations of the variables with the greatest variance in which the first principal component has maximum overall variance. Similarly, the second principal component has maximal variance next to the first principal component but is uncorrelated with it and so on. The information in the original data set is partitioned in such a way that the components are orthogonal (statistically independent).

After standardising the range of the continuous initial variables under consideration, the covariance matrix is computed to find out the correlations between all possible pairs of variables. Eigenvectors and eigenvalues are estimated from the covariance matrix in order to determine the principal components of the data.

Eigenvalues are the sum of squared component loadings across all items/variables for each component, which represent the amount of variance in each item that can be explained by the principal component. Eigenvectors represent the weight for each eigenvalue. The eigenvector times the square root of the eigenvalue gives the component loadings which can be interpreted as the correlation of each item with the principal component. The sign of the eigenvector or factor loading of the variable in a PCA tells about its relationship with that particular principal component.

In PCA, the components and factor loadings are assumed to be static. Time varying unobserved components can be obtained from a dynamic factor model and Bayesian analysis.

**Principal Component Analysis: Weights of Variables in Respective Indices**

| Variable | Centre | States |
|---|---|---|
| RECO | 19.7 | 24.5 |
| RDGFD | 12.6 | 19.8 |
| COTE | 20.4 | 24.5 |
| COGDP | 19.1 | 24.1 |
| DEGDP | 10.6 | 6.6 |
| COMGDP | 17.6 | 0.4 |

**Note:** RECO is Revenue Expenditure to Capital Outlay ratio; RD-GFD is Revenue Deficit as per cent of Gross Fiscal Deficit; COTE is Capital Outlay as per cent of Total Expenditure; COGDP is Capital Outlay as per cent of GDP; DEGDP is Developmental Expenditure as per cent of GDP; and COMGDP is Committed Expenditure as per cent of GDP.

**Source:** RBI staff estimates.

# CURRENT STATISTICS

## Contents

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

## No. 1: Select Economic Indicators

| Item | 2020-21 | 2019-20 | | 2020-21 | |
|---|---|---|---|---|---|
| | | Q3 | Q4 | Q3 | Q4 |
| | 1 | 2 | 3 | 4 | 5 |
| **1 Real Sector (% Change)** | | | | | |
| 1.1 GVA at Basic Prices | -6.2 | 3.4 | 3.7 | 1.0 | 3.7 |
| 1.1.1 Agriculture | 3.6 | 3.4 | 6.8 | 4.5 | 3.1 |
| 1.1.2 Industry | -6.4 | -3.0 | -3.2 | 1.6 | 5.5 |
| 1.1.3 Services | -8.4 | 5.8 | 5.6 | -0.2 | 3.2 |
| 1.1a Final Consumption Expenditure | -7.3 | 6.8 | 3.3 | -2.6 | 6.4 |
| 1.1b Gross Fixed Capital Formation | -10.8 | 2.4 | 2.5 | 2.6 | 10.9 |
| | **2020-21** | **2020** | | **2021** | |
| | | **Mar.** | **Apr.** | **Mar.** | **Apr.** |
| | 1 | 2 | 3 | 4 | 5 |
| 1.2 Index of Industrial Production | -8.6 | -18.7 | -57.3 | 22.4 | - |
| **2 Money and Banking (% Change)** | | | | | |
| 2.1 Scheduled Commercial Banks | | | | | |
| 2.1.1 Deposits | 11.4 | 7.9 | 9.9 | 11.4 | 11.2 |
| 2.1.2 Credit | 5.6 | 6.1 | 6.8 | 5.6 | 6.2 |
| 2.1.2.1 Non-food Credit | 5.5 | 6.1 | 6.7 | 5.5 | 6.0 |
| 2.1.3 Investment in Govt. Securities | 19.3 | 10.6 | 14.9 | 19.3 | 14.1 |
| 2.2 Money Stock Measures | | | | | |
| 2.2.1 Reserve Money (M0) | 18.8 | 9.4 | 9.1 | 18.8 | 18.7 |
| 2.2.2 Broad Money (M3) | 11.7 | 8.9 | 10.8 | 11.7 | 10.6 |
| **3 Ratios (%)** | | | | | |
| 3.1 Cash Reserve Ratio | 3.50 | 3.00 | 3.00 | 3.50 | 3.50 |
| 3.2 Statutory Liquidity Ratio | 18.00 | 18.25 | 18.00 | 18.00 | 18.00 |
| 3.3 Cash-Deposit Ratio | 4.2 | 4.6 | 3.7 | 4.2 | 4.4 |
| 3.4 Credit-Deposit Ratio | 72.4 | 76.4 | 74.9 | 72.4 | 71.5 |
| 3.5 Incremental Credit-Deposit Ratio | 37.4 | 60.3 | -62.6 | 37.4 | -24.4 |
| 3.6 Investment-Deposit Ratio | 29.5 | 27.6 | 28.9 | 29.5 | 29.7 |
| 3.7 Incremental Investment-Deposit Ratio | 46.8 | 36.2 | 147.5 | 46.8 | 44.6 |
| **4 Interest Rates (%)** | | | | | |
| 4.1 Policy Repo Rate | 4.00 | 4.40 | 4.40 | 4.00 | 4.00 |
| 4.2 Reverse Repo Rate | 3.35 | 4.00 | 3.75 | 3.35 | 3.35 |
| 4.3 Marginal Standing Facility (MSF) Rate | 4.25 | 4.65 | 4.65 | 4.25 | 4.25 |
| 4.4 Bank Rate | 4.25 | 4.65 | 4.65 | 4.25 | 4.25 |
| 4.5 Base Rate | 7.40/8.80 | 8.15/9.40 | 8.15/9.40 | 7.40/8.80 | 7.40/8.80 |
| 4.6 MCLR (Overnight) | 6.55/7.05 | 7.40/7.90 | 7.10/7.75 | 6.55/7.05 | 6.55/7.05 |
| 4.7 Term Deposit Rate >1 Year | 4.90/5.50 | 5.90/6.40 | 5.70/6.00 | 4.90/5.50 | 4.90/5.50 |
| 4.8 Savings Deposit Rate | 2.70/3.00 | 3.00/3.50 | 2.75/3.50 | 2.70/3.00 | 2.70/3.00 |
| 4.9 Call Money Rate (Weighted Average) | 3.25 | 5.05 | 4.09 | 3.25 | 3.21 |
| 4.10 91-Day Treasury Bill (Primary) Yield | 3.32 | 4.36 | 3.64 | 3.32 | 3.32 |
| 4.11 182-Day Treasury Bill (Primary) Yield | 3.47 | 4.97 | 3.66 | 3.47 | 3.45 |
| 4.12 364-Day Treasury Bill (Primary) Yield | 3.83 | 4.94 | 3.70 | 3.83 | 3.72 |
| 4.13 10-Year G-Sec Par Yield (FBIL) | 6.34 | 6.71 | 6.55 | 6.34 | 6.26 |
| **5 Reference Rate and Forward Premia** | | | | | |
| 5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency) | 72.40 | 74.84 | 76.42 | 72.40 | 74.02 |
| 5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency) | 85.31 | 82.64 | 82.21 | 85.31 | 89.69 |
| 5.3 Forward Premia of US$ 1-month (%) | 6.80 | 8.98 | 3.93 | 6.80 | 6.00 |
| 3-month (%) | 5.64 | 5.93 | 3.85 | 5.64 | 5.38 |
| 6-month (%) | 5.47 | 5.05 | 3.93 | 5.47 | 5.17 |
| **6 Inflation (%)** | | | | | |
| 6.1 All India Consumer Price Index | 6.18 | 5.8 | 7.2 | 5.5 | 4.3 |
| 6.2 Consumer Price Index for Industrial Workers | 5.03 | 5.5 | 5.4 | 5.7 | 5.1 |
| 6.3 Wholesale Price Index | 1.25 | 0.4 | -1.6 | 7.4 | 10.5 |
| 6.3.1 Primary Articles | 1.64 | 2.2 | -1.1 | 6.4 | 10.2 |
| 6.3.2 Fuel and Power | -7.95 | -2.9 | -12.6 | 10.3 | 20.9 |
| 6.3.3 Manufactured Products | 2.71 | 0.3 | 0.2 | 7.3 | 9.0 |
| **7 Foreign Trade (% Change)** | | | | | |
| 7.1 Imports | -17.09 | -28.0 | -59.6 | 53.8 | 167.1 |
| 7.2 Exports | -7.20 | -34.3 | -60.2 | 60.3 | 195.7 |

Note : Financial Benchmark India Pvt. Ltd. (FBIL) has commenced publication of the G-Sec benchmarks with effect from March 31, 2018 as per RBI circular FMRD.DIRD.7/14.03.025/2017-18 dated March 31, 2018. FBIL has started dissemination of reference rates w.e.f. July 10, 2018.

# Reserve Bank of India

## No. 2: RBI - Liabilities and Assets *

(₹ Crore)

| Item | As on the Last Friday/ Friday | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2020-21 | 2020 | 2021 | | | | |
| | | May | Apr. 30 | May 7 | May 14 | May 21 | May 28 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **1 Issue Department** | | | | | | | |
| **1.1 Liabilities** | | | | | | | |
| 1.1.1 Notes in Circulation | 2831727 | 2590153 | 2887884 | 2913024 | 2930881 | 2937217 | 2936065 |
| 1.1.2 Notes held in Banking Department | 11 | 16 | 14 | 14 | 14 | 14 | 15 |
| **1.1/1.2 Total Liabilities (Total Notes Issued) or Assets** | **2831738** | **2590169** | **2887898** | **2913039** | **2930895** | **2937231** | **2936080** |
| **1.2 Assets** | | | | | | | |
| 1.2.1 Gold | 106555 | 109837 | 110440 | 112734 | 112937 | 115721 | 115898 |
| 1.2.2 Foreign Securities | 2724437 | 2479521 | 2776759 | 2799612 | 2817269 | 2820826 | 2819499 |
| 1.2.3 Rupee Coin | 746 | 811 | 699 | 692 | 689 | 685 | 683 |
| 1.2.4 Government of India Rupee Securities | – | – | – | – | – | – | – |
| **2 Banking Department** | | | | | | | |
| **2.1 Liabilities** | | | | | | | |
| 2.1.1 Deposits | 1504697 | 1170867 | 1507507 | 1470797 | 1452851 | 1570638 | 1618155 |
| 2.1.1.1 Central Government | 100 | 101 | 100 | 101 | 100 | 101 | 101 |
| 2.1.1.2 Market Stabilisation Scheme | | | | | | | |
| 2.1.1.3 State Governments | 42 | 42 | 42 | 43 | 42 | 42 | 42 |
| 2.1.1.4 Scheduled Commercial Banks | 542693 | 435222 | 579344 | 557032 | 578084 | 603344 | 645726 |
| 2.1.1.5 Scheduled State Co-operative Banks | 6529 | 5619 | 6487 | 6309 | 6495 | 6858 | 7191 |
| 2.1.1.6 Non-Scheduled State Co-operative Banks | 3204 | 2575 | 3311 | 3342 | 3516 | 3745 | 3717 |
| 2.1.1.7 Other Banks | 31820 | 25557 | 32482 | 32565 | 31754 | 35770 | 36088 |
| 2.1.1.8 Others | 895440 | 694192 | 885731 | 871396 | 831613 | 919531 | 924064 |
| 2.1.1.9 Financial Institution Outside India | 24868 | 7559 | 8 | 8 | 1246 | 1248 | 1225 |
| 2.1.2 Other Liabilities | 1343670 | 1468659 | 1458976 | 1438064 | 1432634 | 1330062 | 1300816 |
| **2.1/2.2 Total Liabilities or Assets** | **2848367** | **2639526** | **2966482** | **2908860** | **2885485** | **2900700** | **2918971** |
| **2.2 Assets** | | | | | | | |
| 2.2.1 Notes and Coins | 11 | 16 | 14 | 14 | 14 | 14 | 15 |
| 2.2.2 Balances held Abroad | 1204135 | 990118 | 1296637 | 1245745 | 1218902 | 1202518 | 1218300 |
| 2.2.3 Loans and Advances | | | | | | | |
| 2.2.3.1 Central Government | – | – | – | – | – | – | – |
| 2.2.3.2 State Governments | 1674 | 7187 | 4506 | 7619 | 10402 | 2656 | 6473 |
| 2.2.3.3 Scheduled Commercial Banks | 90275 | 291023 | 89934 | 89592 | 89592 | 90486 | 90093 |
| 2.2.3.4 Scheduled State Co-op.Banks | – | – | – | – | – | – | – |
| 2.2.3.5 Industrial Dev. Bank of India | – | – | – | – | – | – | – |
| 2.2.3.6 NABARD | 26422 | 22000 | 17077 | 1664 | 1664 | 1679 | 1679 |
| 2.2.3.7 EXIM Bank | – | – | – | – | – | – | – |
| 2.2.3.8 Others | 6678 | 5402 | 6729 | 4013 | 4013 | – | – |
| 2.2.3.9 Financial Institution Outside India | 24858 | – | 8 | 8 | 1246 | 1244 | 1225 |
| 2.2.4 Bills Purchased and Discounted | | | | | | | |
| 2.2.4.1 Internal | – | – | – | – | – | – | – |
| 2.2.4.2 Government Treasury Bills | – | – | – | – | – | – | – |
| 2.2.5 Investments | 1331671 | 1174491 | 1397597 | 1402946 | 1402161 | 1440302 | 1438893 |
| 2.2.6 Other Assets | 162643 | 149289 | 153979 | 157258 | 157490 | 161801 | 162293 |
| 2.2.6.1 Gold | 146572 | 137294 | 152269 | 155432 | 155711 | 159919 | 160164 |

* Data are provisional

## No. 3: Liquidity Operations by RBI

(₹ Crore)

| Date | Repo | Reverse Repo | Variable Rate Repo | Variable Rate Reverse Repo | MSF | Standing Liquidity Facilities | Market Stabilisation Scheme | Sale | Purchase | Long Term Repo Operations & | Targeted Long Term Repo Operations # | Special Liquidity Facility for Mutual Funds | Special Liquidity Scheme for NBFCs/ HFCs ** | Net Injection (+)/ Absorption (-) (1+3+5+6+9+10+ 11+12+13-2-4-7-8 ) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Apr. 1, 2021 | - | 246294 | - | - | 8 | – | - | - | - | - | - | - | - | -246286 |
| Apr. 2, 2021 | - | 32480 | - | - | 920 | – | - | - | - | - | - | - | - | -31560 |
| Apr. 3, 2021 | - | 83315 | - | - | 468 | – | - | - | - | - | - | - | - | -82847 |
| Apr. 4, 2021 | - | 8611 | - | - | 137 | – | - | - | - | - | - | - | - | -8474 |
| Apr. 5, 2021 | - | 720562 | - | - | 13 | – | - | - | 1575 | - | - | - | - | -718974 |
| Apr. 6, 2021 | - | 728884 | - | - | 0 | -197 | - | - | - | - | - | - | - | -729081 |
| Apr. 7, 2021 | - | 720001 | - | - | 11 | – | - | - | - | - | - | - | - | -719990 |
| Apr. 8, 2021 | - | 692763 | - | - | 137 | – | - | - | - | - | - | - | - | -692626 |
| Apr. 9, 2021 | - | 531695 | - | 200017 | 9 | – | - | - | - | - | - | - | - | -731703 |
| Apr. 10, 2021 | - | 2633 | - | - | 465 | – | - | - | - | - | - | - | - | -2168 |
| Apr. 11, 2021 | - | 5022 | - | - | 84 | – | - | - | - | - | - | - | - | -4938 |
| Apr. 12, 2021 | - | 447338 | - | - | 180 | -2000 | - | - | - | - | - | - | - | -449158 |
| Apr. 13, 2021 | - | 18839 | - | - | 1299 | – | - | - | - | - | - | - | - | -17540 |
| Apr. 14, 2021 | - | 35651 | - | - | 1804 | – | - | - | - | - | - | - | - | -33847 |
| Apr. 15, 2021 | - | 499304 | - | - | 108 | 2000 | - | - | - | - | - | - | - | -497196 |
| Apr. 16, 2021 | - | 464632 | - | - | 210 | -4000 | - | – | 25000 | - | - | - | - | -443422 |
| Apr. 17, 2021 | - | 30080 | - | - | 759 | – | - | - | - | - | - | - | - | -29321 |
| Apr. 18, 2021 | - | 3600 | - | - | 72 | – | - | - | - | - | - | - | - | -3528 |
| Apr. 19, 2021 | - | 489904 | - | - | 0 | – | - | - | - | - | - | - | - | -489904 |
| Apr. 20, 2021 | - | 378478 | - | - | 0 | – | - | - | - | - | - | - | - | -378478 |
| Apr. 21, 2021 | - | 48336 | - | - | 5974 | – | - | - | - | - | - | - | - | -42362 |
| Apr. 22, 2021 | - | 421947 | - | - | 0 | – | - | - | 15000 | - | - | - | - | -406947 |
| Apr. 23, 2021 | - | 390042 | - | 200017 | 149 | – | - | - | - | - | - | - | - | -589910 |
| Apr. 24, 2021 | - | 5969 | - | - | 130 | – | - | - | - | - | - | - | - | -5839 |
| Apr. 25, 2021 | - | 6644 | - | - | 82 | – | - | - | - | - | - | - | - | -6562 |
| Apr. 26, 2021 | - | 418620 | - | - | 121 | 80 | - | - | - | - | - | - | - | -418419 |
| Apr. 27, 2021 | - | 422887 | - | - | 12 | – | - | - | 85 | - | - | - | - | -422790 |
| Apr. 28, 2021 | - | 419112 | - | - | 154 | -3000 | - | - | 150 | - | - | - | - | -421808 |
| Apr. 29, 2021 | - | 430126 | - | - | 4 | -1500 | - | - | 15240 | - | - | - | - | -416382 |
| Apr. 30, 2021 | - | 419013 | - | - | 342 | – | - | - | 170 | - | - | - | - | -418501 |

**Notes:** #Includes Targeted Long Term Repo Operations (TLTRO), Targeted Long Term Repo Operations 2.0 (TLTRO 2.0) and On Tap Targeted Long Term Repo Operations. Negative (-) sign indicates repayments done by Banks.
**As per RBI Notification No. 2020-21/01 dated July 01, 2020.
Negative (-) sign indicates maturity proceeds received for RBI's investment in the Special Liquidity Scheme.
& Negative (-) sign indicates repayments done by Banks.

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

**i) Operations in onshore / offshore OTC segment**

| Item | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|
| | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 |
| 1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2) | 68315 | -1142 | -5699 | 4212 |
| 1.1 Purchase (+) | 162479 | 2450 | 20250 | 8182 |
| 1.2 Sale (–) | 94164 | 3592 | 25949 | 3970 |
| 2 ₹ equivalent at contract rate (₹ Crores) | 510516 | -8589 | -41123 | 31779 |
| 3 Cumulative (over end-March) (US $ Million) | 68315 | -1142 | 68315 | 4212 |
| (₹ Crores) | 510516 | -8589 | 510516 | 31779 |
| 4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million) | 72751 | -1739 | 72751 | 64944 |

**ii) Operations in currency futures segment**

| Item | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|
| | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 |
| 1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2) | 0 | 0 | 0 | 0 |
| 1.1 Purchase (+) | 12118 | 500 | 830 | 690 |
| 1.2 Sale (–) | 12118 | 500 | 830 | 690 |
| 2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million) | 690 | 0 | 690 | 0 |

## No. 4 A : Maturity Breakdown (by Residual Maturity) of Outstanding Forwards of RBI (US $ Million)

| Item | As on April 30, 2021 | | |
|---|---|---|---|
| | Long (+) | Short (-) | Net (1-2) |
| | 1 | 2 | 3 |
| 1. Upto 1 month | 6492 | 400 | 6092 |
| 2. More than 1 month and upto 3 months | 15027 | 0 | 15027 |
| 3. More than 3 months and upto 1 year | 53845 | 10020 | 43825 |
| 4. More than 1 year | 0 | 0 | 0 |
| **Total (1+2+3+4)** | **75364** | **10420** | **64944** |

## No. 5: RBI's Standing Facilities

(₹ Crore)

| Item | | As on the Last Reporting Friday | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2020 | | 2021 | | | | |
| | | May 22 | Dec. 18 | Jan. 29 | Feb. 26 | Mar. 26 | Apr. 23 | May 21 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 MSF | 182 | 1400 | 1 | 0 | 58 | 182 | 149 | 494 |
| 2 Export Credit Refinance for Scheduled Banks | | | | | | | | |
| 2.1 Limit | – | - | - | - | - | 0 | - | - |
| 2.2 Outstanding | – | - | - | - | - | 0 | - | - |
| 3 Liquidity Facility for PDs | | | | | | | | |
| 3.1 Limit | 4900 | 4900 | 4900 | 4900 | 4900 | 4900 | 4900 | 4900 |
| 3.2 Outstanding | – | 1372 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Others | | | | | | | | |
| 4.1 Limit | 75000 | 50000 | 75000 | 75000 | 75000 | 75000 | 75000 | 60000 |
| 4.2 Outstanding | 32387 | 21369 | 34760 | 32205 | 32842 | 32387 | 27122 | 1662 |
| 5 Total Outstanding (1+2.2+3.2+4.2) | 32569 | 24141 | 34761 | 32205 | 32900 | 32569 | 27271 | 2156 |

Note :1.Special refinance facility to Others, i.e. to the EXIM Bank, is reopened since May 22, 2020
2.Refinance facility to Others, i.e. to the NABARD/SIDBI/NHB U/S 17(4H) of RBI ACT,1934, since, April 17, 2020.

# Money and Banking

## No. 6: Money Stock Measures

(₹ Crore)

| Item | Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays | | | | |
|---|---|---|---|---|---|
| | 2020-21* | 2020 | 2021 | | |
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| 1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4) | 2757847 | 2424665 | 2757847 | 2788070 | 2803941 |
| 1.1 Notes in Circulation | 2831727 | 2496611 | 2831727 | 2857645 | 2880247 |
| 1.2 Circulation of Rupee Coin | 26170 | 25616 | 26170 | 26170 | 26170 |
| 1.3 Circulation of Small Coins | 743 | 743 | 743 | 743 | 743 |
| 1.4 Cash on Hand with Banks | 100793 | 98305 | 100793 | 96488 | 103218 |
| 2 Deposit Money of the Public | 2031608 | 1621593 | 2031608 | 1913256 | 1896488 |
| 2.1 Demand Deposits with Banks | 1984261 | 1582022 | 1984261 | 1866964 | 1850979 |
| 2.2 ‘Other’ Deposits with Reserve Bank | 47347 | 39570 | 47347 | 46292 | 45509 |
| **3 $M_1$ (1 + 2)** | **4789456** | **4046258** | **4789456** | **4701326** | **4700429** |
| 4 Post Office Saving Bank Deposits | 150963 | 150963 | 150963 | 150963 | 150963 |
| **5 $M_2$ (3 + 4)** | **4940419** | **4197221** | **4940419** | **4852289** | **4851392** |
| 6 Time Deposits with Banks | 13983686 | 12987875 | 13983686 | 14202754 | 14139871 |
| **7 $M_3$ (3 + 6)** | **18773142** | **17034133** | **18773142** | **18904080** | **18840300** |
| 8 Total Post Office Deposits | 433441 | 433441 | 433441 | 433441 | 433441 |
| **9 $M_4$ (7 + 8)** | **19206583** | **17467574** | **19206583** | **19337521** | **19273741** |

## No. 7: Sources of Money Stock ($M_3$)

(₹ Crore)

| Sources | Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays | | | | |
|---|---|---|---|---|---|
| | 2020-21* | 2020 | 2021 | | |
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| **1 Net Bank Credit to Government** | **5692569** | **5415971** | **5692569** | **6045792** | **5871943** |
| 1.1 RBI's net credit to Government (1.1.1–1.1.2) | 982063 | 1214517 | 982063 | 1246043 | 1144052 |
| 1.1.1 Claims on Government | 1332127 | 1214660 | 1332127 | 1343003 | 1381547 |
| 1.1.1.1 Central Government | 1330453 | 1213597 | 1330453 | 1340648 | 1379184 |
| 1.1.1.2 State Governments | 1674 | 1063 | 1674 | 2355 | 2363 |
| 1.1.2 Government deposits with RBI | 350065 | 143 | 350065 | 96961 | 237496 |
| 1.1.2.1 Central Government | 350022 | 100 | 350022 | 96918 | 237453 |
| 1.1.2.2 State Governments | 42 | 43 | 42 | 42 | 42 |
| 1.2 Other Banks' Credit to Government | 4710506 | 4201454 | 4710506 | 4799749 | 4727891 |
| **2 Bank Credit to Commercial Sector** | **11610050** | **10923206** | **11610050** | **11551354** | **11522203** |
| 2.1 RBI's credit to commercial sector | 8524 | 6126 | 8524 | 8672 | 8672 |
| 2.2 Other banks' credit to commercial sector | 11601526 | 10917080 | 11601526 | 11542682 | 11513531 |
| 2.2.1 Bank credit by commercial banks | 10949512 | 10273416 | 10949512 | 10888464 | 10860396 |
| 2.2.2 Bank credit by co-operative banks | 643045 | 633810 | 643045 | 645062 | 643950 |
| 2.2.3 Investments by commercial and co-operative banks in other securities | 8969 | 9854 | 8969 | 9157 | 9184 |
| **3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)** | **4511386** | **3872236** | **4511386** | **4648873** | **4691323** |
| 3.1 RBI's net foreign exchange assets (3.1.1–3.1.2) | 4181453 | 3661602 | 4181453 | 4318939 | 4361389 |
| 3.1.1 Gross foreign assets | 4181689 | 3661836 | 4181689 | 4319175 | 4361626 |
| 3.1.2 Foreign liabilities | 237 | 234 | 237 | 237 | 237 |
| 3.2 Other banks' net foreign exchange assets | 329934 | 210634 | 329934 | 329934 | 329934 |
| **4 Government's Currency Liabilities to the Public** | **26913** | **26359** | **26913** | **26913** | **26913** |
| **5 Banking Sector's Net Non-monetary Liabilities** | **3067777** | **3203639** | **3067777** | **3368851** | **3272081** |
| 5.1 Net non-monetary liabilities of RBI | 1331957 | 1456364 | 1331957 | 1475837 | 1514082 |
| 5.2 Net non-monetary liabilities of other banks (residual) | 1735819 | 1747275 | 1735819 | 1893014 | 1757999 |
| **$M_3$ (1+2+3+4–5)** | **18773142** | **17034133** | **18773142** | **18904080** | **18840300** |

* : Data pertain to March 26, 2021.

## No. 8: Monetary Survey

(₹ Crore)

| Item | Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays | | | | |
|---|---|---|---|---|---|
| | 2020-21* | 2020 | 2021 | | |
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| **Monetary Aggregates** | | | | | |
| $NM_1$ (1.1 + 1.2.1+1.3) | 4789456 | 4046258 | 4789456 | 4701326 | 4700429 |
| $NM_2$ ($NM_1$+ 1.2.2.1) | 11013466 | 9809730 | 11013466 | 11023399 | 10994116 |
| $NM_3$ ($NM_2$ + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5) | 18864615 | 17155433 | 18864615 | 18993375 | 18922870 |
| **1 Components** | | | | | |
| 1.1 Currency with the Public | 2757847 | 2424665 | 2757847 | 2788070 | 2803941 |
| 1.2 Aggregate Deposits of Residents | 15815395 | 14389739 | 15815395 | 15916016 | 15836950 |
| 1.2.1 Demand Deposits | 1984261 | 1582022 | 1984261 | 1866964 | 1850979 |
| 1.2.2 Time Deposits of Residents | 13831134 | 12807716 | 13831134 | 14049052 | 13985970 |
| 1.2.2.1 Short-term Time Deposits | 6224010 | 5763472 | 6224010 | 6322073 | 6293687 |
| 1.2.2.1.1 Certificates of Deposit (CDs) | 78702 | 163845 | 78702 | 89606 | 86436 |
| 1.2.2.2 Long-term Time Deposits | 7607124 | 7044244 | 7607124 | 7726979 | 7692284 |
| 1.3 'Other' Deposits with RBI | 47347 | 39570 | 47347 | 46292 | 45509 |
| 1.4 Call/Term Funding from Financial Institutions | 244025 | 301459 | 244025 | 242997 | 236470 |
| **2 Sources** | | | | | |
| 2.1 Domestic Credit | 18294061 | 17253140 | 18294061 | 18608145 | 18385461 |
| 2.1.1 Net Bank Credit to the Government | 5692569 | 5415971 | 5692569 | 6045792 | 5871943 |
| 2.1.1.1 Net RBI credit to the Government | 982063 | 1214517 | 982063 | 1246043 | 1144052 |
| 2.1.1.2 Credit to the Government by the Banking System | 4710506 | 4201454 | 4710506 | 4799749 | 4727891 |
| 2.1.2 Bank Credit to the Commercial Sector | 12601492 | 11837169 | 12601492 | 12562353 | 12513519 |
| 2.1.2.1 RBI Credit to the Commercial Sector | 34946 | 6126 | 34946 | 34097 | 30097 |
| 2.1.2.2 Credit to the Commercial Sector by the Banking System | 12566546 | 11831043 | 12566546 | 12528256 | 12483422 |
| 2.1.2.2.1 Other Investments (Non-SLR Securities) | 951313 | 902293 | 951313 | 974490 | 956266 |
| 2.2 Government's Currency Liabilities to the Public | 26913 | 26359 | 26913 | 26913 | 26913 |
| 2.3 Net Foreign Exchange Assets of the Banking Sector | 4420255 | 3668867 | 4420255 | 4602126 | 4690547 |
| 2.3.1 Net Foreign Exchange Assets of the RBI | 4181453 | 3661602 | 4181453 | 4318939 | 4361389 |
| 2.3.2 Net Foreign Currency Assets of the Banking System | 238802 | 7264 | 238802 | 283187 | 329158 |
| 2.4 Capital Account | 2790207 | 2789555 | 2790207 | 2867898 | 2937753 |
| 2.5 Other items (net) | 1086406 | 1003377 | 1086406 | 1375910 | 1242297 |

## No. 9: Liquidity Aggregates

(₹ Crore)

| Aggregates | 2020-21* | 2020 | 2021 | | |
|---|---|---|---|---|---|
| | | Apr. | Feb. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 |
| **1 $NM_3$** | **18864615** | **17155433** | **18643535** | **18864615** | **18922870** |
| 2 Postal Deposits | 433441 | 433441 | 433441 | 433441 | 433441 |
| **3 $L_1$ ( 1 + 2)** | **19298056** | **17588874** | **19076976** | **19298056** | **19356311** |
| 4 Liabilities of Financial Institutions | 34673 | 56424 | 34795 | 34673 | 31426 |
| 4.1 Term Money Borrowings | 2645 | 9928 | 2645 | 2645 | 3563 |
| 4.2 Certificates of Deposit | 27050 | 43199 | 28865 | 27050 | 22775 |
| 4.3 Term Deposits | 4978 | 3297 | 3285 | 4978 | 5088 |
| **5 $L_2$ (3 + 4)** | **19332729** | **17645298** | **19111771** | **19332729** | **19387737** |
| 6 Public Deposits with Non-Banking Financial Companies | 31905 | .. | .. | 31905 | .. |
| **7 $L_3$ (5 + 6)** | **19364634** | .. | .. | **19364634** | .. |

**Note :** 1. Figures in the columns might not add up to the total due to rounding off of numbers.

* : Data pertain to March 26, 2021.

## No. 10: Reserve Bank of India Survey

(₹ Crore)

| Item | Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays | | | | |
|---|---|---|---|---|---|
| | 2020-21* | 2020 | 2021 | | |
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| **1 Components** | | | | | |
| 1.1 Currency in Circulation | 2858640 | 2522970 | 2858640 | 2884558 | 2907160 |
| 1.2 Bankers' Deposits with the RBI | 584246 | 457178 | 584246 | 577242 | 595372 |
| 1.2.1 Scheduled Commercial Banks | 542693 | 423731 | 542693 | 535652 | 552893 |
| 1.3 'Other' Deposits with the RBI | 47347 | 39570 | 47347 | 46292 | 45509 |
| Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5) | 3490233 | 3019718 | 3490233 | 3508092 | 3548040 |
| **2 Sources** | | | | | |
| 2.1 RBI's Domestic Credit | 613825 | 788121 | 613825 | 638078 | 673821 |
| 2.1.1 Net RBI credit to the Government | 982063 | 1214517 | 982063 | 1246043 | 1144052 |
| 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) | 980431 | 1213497 | 980431 | 1243730 | 1141731 |
| 2.1.1.1.1 Loans and Advances to the Central Government | – | 111985 | – | – | – |
| 2.1.1.1.2 Investments in Treasury Bills | – | – | – | – | – |
| 2.1.1.1.3 Investments in dated Government Securities | 1329707 | 1100775 | 1329707 | 1339923 | 1378479 |
| 2.1.1.1.3.1 Central Government Securities | 1329707 | 1100775 | 1329707 | 1339923 | 1378479 |
| 2.1.1.1.4 Rupee Coins | 746 | 837 | 746 | 725 | 705 |
| 2.1.1.1.5 Deposits of the Central Government | 350022 | 100 | 350022 | 96918 | 237453 |
| 2.1.1.2 Net RBI credit to State Governments | 1632 | 1020 | 1632 | 2313 | 2321 |
| 2.1.2 RBI's Claims on Banks | -403183 | -432522 | -403183 | -642062 | -500328 |
| 2.1.2.1 Loans and Advances to Scheduled Commercial Banks | -376761 | -432522 | -376761 | -616636 | -478902 |
| 2.1.3 RBI's Credit to Commercial Sector | 34946 | 6126 | 34946 | 34097 | 30097 |
| 2.1.3.1 Loans and Advances to Primary Dealers | 1 | 4162 | 1 | 1 | 1 |
| 2.1.3.2 Loans and Advances to NABARD | 26422 | – | 26422 | 25426 | 21426 |
| 2.2 Government's Currency Liabilities to the Public | 26913 | 26359 | 26913 | 26913 | 26913 |
| 2.3 Net Foreign Exchange Assets of the RBI | 4181453 | 3661602 | 4181453 | 4318939 | 4361389 |
| 2.3.1 Gold | 253128 | 251551 | 253128 | 263965 | 269822 |
| 2.3.2 Foreign Currency Assets | 3928343 | 3410069 | 3928343 | 4054991 | 4091584 |
| 2.4 Capital Account | 1187995 | 1239451 | 1187995 | 1270080 | 1307634 |
| 2.5 Other Items (net) | 143962 | 216913 | 143962 | 205757 | 206448 |

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

(₹ Crore)

| Item | 2020-21 | Outstanding as on March 31/ last Fridays of the month/ Fridays | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2020 | 2021 | | | | | |
| | | May 1 | Mar. 26 | Apr. 2 | Apr. 9 | Apr. 16 | Apr. 23 | Apr. 30 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6) | 3599981 | 3066239 | 3490233 | 3514970 | 3508092 | 3547430 | 3548040 | 3585500 |
| **1 Components** | | | | | | | | |
| 1.1 Currency in Circulation | 2853763 | 2535178 | 2858640 | 2854904 | 2884558 | 2899808 | 2907160 | 2914857 |
| 1.2 Bankers' Deposits with RBI | 698867 | 486339 | 584246 | 611065 | 577242 | 601865 | 595372 | 621624 |
| 1.3 'Other' Deposits with RBI | 47351 | 44722 | 47347 | 49002 | 46292 | 45757 | 45509 | 49019 |
| **2 Sources** | | | | | | | | |
| 2.1 Net Reserve Bank Credit to Government | 1099686 | 1314023 | 982063 | 1123015 | 1246043 | 1214865 | 1144052 | 1187599 |
| 2.2 Reserve Bank Credit to Banks | -378066 | -471497 | -376761 | -486564 | -616636 | -553372 | -478902 | -512012 |
| 2.3 Reserve Bank Credit to Commercial Sector | 8709 | 6474 | 8524 | 8709 | 8672 | 8672 | 8672 | 8686 |
| 2.4 Net Foreign Exchange Assets of RBI | 4199400 | 3605611 | 4181453 | 4198577 | 4318939 | 4309948 | 4361389 | 4335869 |
| 2.5 Government's Currency Liabilities to the Public | 26913 | 26359 | 26913 | 26913 | 26913 | 26913 | 26913 | 26973 |
| 2.6 Net Non- Monetary Liabilities of RBI | 1356660 | 1414731 | 1331957 | 1355679 | 1475837 | 1459595 | 1514082 | 1461615 |

## No. 12: Commercial Bank Survey

(₹ Crore)

| Item | Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month | | | | |
|---|---|---|---|---|---|
| | 2020-21 | 2020 | 2021 | | |
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| **1 Components** | | | | | |
| 1.1 Aggregate Deposits of Residents | 14960977 | 13543024 | 14960977 | 15057751 | 14980407 |
| 1.1.1 Demand Deposits | 1861209 | 1461382 | 1861209 | 1742864 | 1727332 |
| 1.1.2 Time Deposits of Residents | 13099768 | 12081642 | 13099768 | 13314887 | 13253075 |
| 1.1.2.1 Short-term Time Deposits | 5894896 | 5436739 | 5894896 | 5991699 | 5963884 |
| 1.1.2.1.1 Certificates of Deposits (CDs) | 78702 | 163845 | 78702 | 89606 | 86436 |
| 1.1.2.2 Long-term Time Deposits | 7204873 | 6644903 | 7204873 | 7323188 | 7289191 |
| 1.2 Call/Term Funding from Financial Institutions | 244025 | 301459 | 244025 | 242997 | 236470 |
| **2 Sources** | | | | | |
| 2.1 Domestic Credit | 16368358 | 15148325 | 16368358 | 16414649 | 16300562 |
| 2.1.1 Credit to the Government | 4461632 | 3968353 | 4461632 | 4548174 | 4477794 |
| 2.1.2 Credit to the Commercial Sector | 11906727 | 11179973 | 11906727 | 11866475 | 11822767 |
| 2.1.2.1 Bank Credit | 10949512 | 10273416 | 10949512 | 10888464 | 10860396 |
| 2.1.2.1.1 Non-food Credit | 10888258 | 10220772 | 10888258 | 10838765 | 10802061 |
| 2.1.2.2 Net Credit to Primary Dealers | 13970 | 11933 | 13970 | 11347 | 13887 |
| 2.1.2.3 Investments in Other Approved Securities | 894 | 1293 | 894 | 1136 | 1180 |
| 2.1.2.4 Other Investments (in non-SLR Securities) | 942351 | 893331 | 942351 | 965528 | 947304 |
| 2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3) | 238802 | 7264 | 238802 | 283187 | 329158 |
| 2.2.1 Foreign Currency Assets | 454866 | 294196 | 454866 | 493050 | 534987 |
| 2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits | 152552 | 180159 | 152552 | 153702 | 153900 |
| 2.2.3 Overseas Foreign Currency Borrowings | 63512 | 106773 | 63512 | 56161 | 51930 |
| 2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3) | 1010202 | 944027 | 1010202 | 1238831 | 1124923 |
| 2.3.1 Balances with the RBI | 542693 | 423731 | 542693 | 535652 | 552893 |
| 2.3.2 Cash in Hand | 90748 | 87774 | 90748 | 86543 | 93128 |
| 2.3.3 Loans and Advances from the RBI | -376761 | -432522 | -376761 | -616636 | -478902 |
| 2.4 Capital Account | 1578041 | 1525934 | 1578041 | 1573648 | 1605948 |
| 2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2) | 834319 | 729201 | 834319 | 1062271 | 931817 |
| 2.5.1 Other Demand and Time Liabilities (net of 2.2.3) | 593102 | 414847 | 593102 | 511317 | 505242 |
| 2.5.2 Net Inter-Bank Liabilities (other than to PDs) | 70853 | 68082 | 70853 | 67346 | 66934 |

## No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

| Item | As on March 26, 2021 | 2020 | 2021 | | |
|---|---|---|---|---|---|
| | | Apr. 24 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| 1 SLR Securities | 4462526 | 3969646 | 4462526 | 4549310 | 4478975 |
| 2 Commercial Paper | 82584 | 110876 | 82584 | 80593 | 78327 |
| 3 Shares issued by | | | | | |
| 3.1 PSUs | 9840 | 13561 | 9840 | 9789 | 9753 |
| 3.2 Private Corporate Sector | 64035 | 70543 | 64035 | 65019 | 64979 |
| 3.3 Others | 5210 | 5250 | 5210 | 5155 | 5145 |
| 4 Bonds/Debentures issued by | | | | | |
| 4.1 PSUs | 121008 | 128735 | 121008 | 120533 | 121112 |
| 4.2 Private Corporate Sector | 308904 | 254767 | 308904 | 321922 | 313810 |
| 4.3 Others | 149325 | 154872 | 149325 | 158579 | 155243 |
| 5 Instruments issued by | | | | | |
| 5.1 Mutual funds | 31142 | 45325 | 31142 | 37745 | 33616 |
| 5.2 Financial institutions | 167130 | 109411 | 167130 | 166192 | 165317 |

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

(₹ Crore)

| Item | As on the Last Reporting Friday (in case of March)/ Last Friday | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | All Scheduled Banks | | | | All Scheduled Commercial Banks | | | |
| | 2020-21 | 2020 | 2021 | | 2020-21 | 2020 | 2021 | |
| | | Apr. | Mar. | Apr. | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Number of Reporting Banks | 209 | 210 | 209 | 209 | 133 | 134 | 133 | 133 |
| **1 Liabilities to the Banking System** | **259530** | **329371** | **259530** | **267694** | **254589** | **323746** | **254589** | **262751** |
| 1.1 Demand and Time Deposits from Banks | 200585 | 248986 | 200585 | 186226 | 195866 | 243507 | 195866 | 181561 |
| 1.2 Borrowings from Banks | 40886 | 64521 | 40886 | 61927 | 40880 | 64521 | 40880 | 61920 |
| 1.3 Other Demand and Time Liabilities | 18059 | 15863 | 18059 | 19541 | 17843 | 15717 | 17843 | 19270 |
| **2 Liabilities to Others** | **16457782** | **14977356** | **16457782** | **16523279** | **16014145** | **14546260** | **16014145** | **16076879** |
| 2.1 Aggregate Deposits | 15540152 | 14138077 | 15540152 | 15688937 | 15113512 | 13723182 | 15113512 | 15260104 |
| 2.1.1 Demand | 1899343 | 1491632 | 1899343 | 1797356 | 1861193 | 1455445 | 1861193 | 1758653 |
| 2.1.2 Time | 13640809 | 12646445 | 13640809 | 13891581 | 13252320 | 12267737 | 13252320 | 13501450 |
| 2.2 Borrowings | 248271 | 305582 | 248271 | 243137 | 244025 | 301459 | 244025 | 238212 |
| 2.3 Other Demand and Time Liabilities | 669359 | 533697 | 669359 | 591205 | 656607 | 521620 | 656607 | 578564 |
| **3 Borrowings from Reserve Bank** | **90275** | **288194** | **90275** | **89934** | **90275** | **288194** | **90275** | **89934** |
| 3.1 Against Usance Bills /Promissory Notes | – | – | – | – | – | – | – | – |
| 3.2 Others | 90275 | 288194 | 90275 | 89934 | 90275 | 288194 | 90275 | 89934 |
| 4 Cash in Hand and Balances with Reserve Bank | 650745 | 526661 | 650745 | 690113 | 633440 | 511505 | 633440 | 672600 |
| 4.1 Cash in Hand | 92793 | 90292 | 92793 | 95307 | 90748 | 87774 | 90748 | 93256 |
| 4.2 Balances with Reserve Bank | 557951 | 436369 | 557951 | 594806 | 542693 | 423731 | 542693 | 579344 |
| **5 Assets with the Banking System** | **265729** | **334246** | **265729** | **271479** | **197541** | **267597** | **197541** | **211287** |
| 5.1 Balances with Other Banks | 179430 | 195372 | 179430 | 196800 | 143294 | 161923 | 143294 | 163203 |
| 5.1.1 In Current Account | 16796 | 20294 | 16796 | 38182 | 14226 | 17946 | 14226 | 36075 |
| 5.1.2 In Other Accounts | 162634 | 175077 | 162634 | 158618 | 129068 | 143977 | 129068 | 127128 |
| 5.2 Money at Call and Short Notice | 36716 | 44751 | 36716 | 29388 | 10654 | 19699 | 10654 | 8100 |
| 5.3 Advances to Banks | 19908 | 26669 | 19908 | 17378 | 16764 | 25331 | 16764 | 14912 |
| 5.4 Other Assets | 29675 | 67453 | 29675 | 27914 | 26829 | 60643 | 26829 | 25072 |
| **6 Investment** | **4598924** | **4090423** | **4598924** | **4664059** | **4462526** | **3969646** | **4462526** | **4528292** |
| 6.1 Government Securities | 4591896 | 4082461 | 4591896 | 4656742 | 4461632 | 3968352 | 4461632 | 4527038 |
| 6.2 Other Approved Securities | 7029 | 7962 | 7029 | 7317 | 894 | 1293 | 894 | 1253 |
| **7 Bank Credit** | **11297014** | **10604139** | **11297014** | **11260599** | **10949509** | **10273416** | **10949509** | **10913799** |
| 7a Food Credit | 91653 | 83051 | 91653 | 115321 | 61254 | 52643 | 61254 | 79502 |
| 7.1 Loans, Cash-credits and Overdrafts | 11081668 | 10404439 | 11081668 | 11052336 | 10736491 | 10076434 | 10736491 | 10707813 |
| 7.2 Inland Bills-Purchased | 30896 | 22932 | 30896 | 29877 | 30531 | 22511 | 30531 | 29860 |
| 7.3 Inland Bills-Discounted | 128831 | 135788 | 128831 | 125919 | 127883 | 134450 | 127883 | 124517 |
| 7.4 Foreign Bills-Purchased | 20762 | 15344 | 20762 | 19416 | 20394 | 14956 | 20394 | 19133 |
| 7.5 Foreign Bills-Discounted | 34857 | 25637 | 34857 | 33051 | 34210 | 25065 | 34210 | 32476 |

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

(₹ Crore)

| Sector | Outstanding as on | | | | Growth (%) | |
|---|---|---|---|---|---|---|
| | Mar.26, 2021 | 2020 | 2021 | | Financial year so far | Y-o-Y |
| | | Apr.24 | Mar.26 | Apr.23 | 2021-22 | 2021 |
| | 1 | 2 | 3 | 4 | % | % |
| **I. Gross Bank Credit (II+III)** | **10951561** | **10273416** | **10951561** | **10860425** | **–0.8** | **5.7** |
| **II. Food Credit** | **61254** | **52643** | **61254** | **58335** | **-4.8** | **10.8** |
| **III. Non-food Credit** | **10890307** | **10220772** | **10890307** | **10802090** | **-0.8** | **5.7** |
| **1. Agriculture & Allied Activities** | **1299914** | **1159999** | **1299914** | **1291299** | **-0.7** | **11.3** |
| **2. Industry (Micro and Small, Medium and Large )** | **2918028** | **2884372** | **2918028** | **2895875** | **-0.8** | **0.4** |
| 2.1 Micro and Small [1] | 383854 | 358340 | 383854 | 372063 | -3.1 | 3.8 |
| 2.2 Medium | 136054 | 99457 | 136054 | 143052 | 5.1 | 43.8 |
| 2.3 Large | 2398121 | 2426575 | 2398121 | 2380760 | -0.7 | -1.9 |
| **3. Services** | **2630566** | **2560489** | **2630566** | **2592346** | **-1.5** | **1.2** |
| 3.1 Transport Operators | 145195 | 144464 | 145195 | 143969 | -0.8 | -0.3 |
| 3.2 Computer Software | 21043 | 20157 | 21043 | 20957 | -0.4 | 4.0 |
| 3.3 Tourism, Hotels & Restaurants | 49590 | 47101 | 49590 | 50395 | 1.6 | 7.0 |
| 3.4 Shipping | 7172 | 5411 | 7172 | 5409 | -24.6 | 0.0 |
| 3.5 Aviation | 25624 | 24315 | 25624 | 26309 | 2.7 | 8.2 |
| 3.6 Professional Services | 119488 | 117921 | 119488 | 114327 | -4.3 | -3.0 |
| 3.7 Trade | 617627 | 551419 | 617627 | 609247 | -1.4 | 10.5 |
| 3.7.1 Wholesale Trade | 319197 | 260027 | 319197 | 316896 | -0.7 | 21.9 |
| 3.7.2 Retail Trade | 298430 | 291392 | 298430 | 292350 | -2.0 | 0.3 |
| 3.8 Commercial Real Estate | 235547 | 229926 | 235547 | 234890 | -0.3 | 2.2 |
| 3.9 Non-Banking Financial Companies (NBFCs)[2] *of which,* | 945061 | 893733 | 945061 | 923756 | -2.3 | 3.4 |
| 3.9.1 Housing Finance Companies (HFCs) | 187324 | 163513 | 187324 | 183748 | -1.9 | 12.4 |
| 3.9.2 Public Financial Institutions (PFIs) | 78441 | 36399 | 78441 | 75200 | -4.1 | 106.6 |
| 3.10 Other Services [3] | 464219 | 526042 | 464219 | 463088 | -0.2 | -12.0 |
| **4. Personal Loans** | **2813713** | **2495788** | **2813713** | **2810419** | **-0.1** | **12.6** |
| 4.1 Consumer Durables | 7307 | 8908 | 7307 | 7273 | -0.5 | -18.4 |
| 4.2 Housing | 1459066 | 1334647 | 1459066 | 1461491 | 0.2 | 9.5 |
| 4.3 Advances against Fixed Deposits | 71544 | 67905 | 71544 | 70693 | -1.2 | 4.1 |
| 4.4 Advances to Individuals against share & bonds | 4570 | 4818 | 4570 | 4474 | -2.1 | -7.1 |
| 4.5 Credit Card Outstanding | 116537 | 96978 | 116537 | 113566 | -2.5 | 17.1 |
| 4.6 Education | 63805 | 65246 | 63805 | 62909 | -1.4 | -3.6 |
| 4.7 Vehicle Loans | 241657 | 216968 | 241657 | 242443 | 0.3 | 11.7 |
| 4.8 Loan against gold jewellery | 60726 | 33476 | 60726 | 62238 | 2.5 | 85.9 |
| 4.9 Other Personal Loans | 788503 | 666843 | 788503 | 785334 | -0.4 | 17.8 |
| **5. Priority Sector** *(Memo)* | | | | | | |
| 5.1 Agriculture & Allied Activities [4] | 1264151 | 1144415 | 1264151 | 1266715 | 0.2 | 10.7 |
| 5.2 Micro & Small Enterprises [5] | 1107236 | 1084062 | 1107236 | 1060534 | -4.2 | -2.2 |
| 5.3 Medium Enterprises [6] | 206122 | 110691 | 206122 | 189012 | -8.3 | 70.8 |
| 5.4 Housing | 469863 | 459699 | 469863 | 473957 | 0.9 | 3.1 |
| 5.5 Education Loans | 48201 | 52003 | 48201 | 47510 | -1.4 | -8.6 |
| 5.6 Renewable Energy | 1171 | 679 | 1171 | 1157 | -1.2 | 70.3 |
| 5.7 Social Infrastructure | 2352 | 818 | 2352 | 2327 | -1.0 | 184.5 |
| 5.8 Export Credit [7] | 19028 | 16723 | 19028 | 19058 | 0.2 | 14.0 |
| 5.9 Others | 18818 | 13290 | 18818 | 20638 | 9.7 | 55.3 |
| 5.10 Weaker Sections including net PSLC- SF/MF | 813263 | 772260 | 813263 | 809618 | -0.4 | 4.8 |

**Note 1: Data are provisional. Gross bank credit and non-food credit data are based on Section - 42 return, which covers all scheduled commercial banks (SCBs), while sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 90 per cent of total non-food credit extended by all SCBs.**

**Note 2: With effect from January 2021, sectoral credit data are based on revised format due to which values and growth rates of some of the existing components published earlier have undergone some changes**

1 Micro & Small includes credit to micro & small industries in the manufacturing sector.

2 NBFCs include HFCs, PFIs, Microfinance Institutions (MFIs), NBFCs engaged in gold loan and others.

3 Other Services include Mutual Fund (MFs), Banking and Finance other than NBFCs and MFs and other services which are not indicated elsewhere under services.

4 Agriculture and Allied Activities also include priority sector lending certificates (PSLCs).

5 Micro and Small Enterprises include credit to micro and small enterprises in manufacturing and services sector and also include PSLCs.

6 Medium Enterprises include credit to medium enterprises in the manufacturing and services sector.

7 Export credit under the priority sector relates to foreign banks only.

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

(₹ Crore)

| Industry | Outstanding as on | | | | Growth (%) | |
|---|---|---|---|---|---|---|
| | Mar. 26, 2021 | 2020 | 2021 | | Financial year so far | Y-o-Y |
| | | Apr. 24 | Mar.26 | Apr. 23 | 2021-22 | 2021 |
| | 1 | 2 | 3 | 4 | % | % |
| **1 Industries (1.1 to 1.19)** | **2918028** | **2884372** | **2918028** | **2895875** | **–0.8** | **0.4** |
| **1.1 Mining & Quarrying (incl. Coal)** | **46094** | **43509** | **46094** | **44408** | **–3.7** | **2.1** |
| **1.2 Food Processing** | **165669** | **152325** | **165669** | **166085** | **0.3** | **9.0** |
| 1.2.1 Sugar | 25552 | 27362 | 25552 | 25233 | –1.2 | –7.8 |
| 1.2.2 Edible Oils & Vanaspati | 20547 | 18044 | 20547 | 20206 | –1.7 | 12.0 |
| 1.2.3 Tea | 5512 | 5192 | 5512 | 5451 | –1.1 | 5.0 |
| 1.2.4 Others | 114058 | 101728 | 114058 | 115195 | 1.0 | 13.2 |
| **1.3 Beverage & Tobacco** | **15663** | **16457** | **15663** | **15567** | **–0.6** | **–5.4** |
| **1.4 Textiles** | **201250** | **190040** | **201250** | **204700** | **1.7** | **7.7** |
| 1.4.1 Cotton Textiles | 91567 | 87254 | 91567 | 90769 | –0.9 | 4.0 |
| 1.4.2 Jute Textiles | 2713 | 1994 | 2713 | 2806 | 3.4 | 40.7 |
| 1.4.3 Man-Made Textiles | 30674 | 26094 | 30674 | 31252 | 1.9 | 19.8 |
| 1.4.4 Other Textiles | 76295 | 74698 | 76295 | 79873 | 4.7 | 6.9 |
| **1.5 Leather & Leather Products** | **11299** | **10831** | **11299** | **11420** | **1.1** | **5.4** |
| **1.6 Wood & Wood Products** | **13296** | **12343** | **13296** | **13382** | **0.6** | **8.4** |
| **1.7 Paper & Paper Products** | **35540** | **31275** | **35540** | **35542** | **0.0** | **13.6** |
| **1.8 Petroleum, Coal Products & Nuclear Fuels** | **72323** | **81636** | **72323** | **66085** | **–8.6** | **–19.0** |
| **1.9 Chemicals & Chemical Products** | **186911** | **193202** | **186911** | **188929** | **1.1** | **–2.2** |
| 1.9.1 Fertiliser | 32212 | 35981 | 32212 | 33244 | 3.2 | –7.6 |
| 1.9.2 Drugs & Pharmaceuticals | 51138 | 53199 | 51138 | 51905 | 1.5 | –2.4 |
| 1.9.3 Petro Chemicals | 45767 | 47383 | 45767 | 46104 | 0.7 | –2.7 |
| 1.9.4 Others | 57794 | 56639 | 57794 | 57676 | –0.2 | 1.8 |
| **1.10 Rubber, Plastic & their Products** | **53494** | **49763** | **53494** | **54312** | **1.5** | **9.1** |
| **1.11 Glass & Glassware** | **9124** | **8412** | **9124** | **8741** | **–4.2** | **3.9** |
| **1.12 Cement & Cement Products** | **52196** | **58916** | **52196** | **50275** | **–3.7** | **–14.7** |
| **1.13 Basic Metal & Metal Product** | **328663** | **354085** | **328663** | **311702** | **–5.2** | **–12.0** |
| 1.13.1 Iron & Steel | 232849 | 268125 | 232849 | 216918 | –6.8 | –19.1 |
| 1.13.2 Other Metal & Metal Product | 95814 | 85961 | 95814 | 94785 | –1.1 | 10.3 |
| **1.14 All Engineering** | **147312** | **154251** | **147312** | **147546** | **0.2** | **–4.3** |
| 1.14.1 Electronics | 32433 | 29968 | 32433 | 33066 | 2.0 | 10.3 |
| 1.14.2 Others | 114879 | 124283 | 114879 | 114480 | –0.3 | –7.9 |
| **1.15 Vehicles, Vehicle Parts & Transport Equipment** | **83559** | **82565** | **83559** | **83512** | **–0.1** | **1.1** |
| **1.16 Gems & Jewellery** | **62714** | **58879** | **62714** | **59311** | **–5.4** | **0.7** |
| **1.17 Construction** | **95511** | **98980** | **95511** | **97414** | **2.0** | **–1.6** |
| **1.18 Infrastructure** | **1091624** | **1055203** | **1091624** | **1091207** | **0.0** | **3.4** |
| 1.18.1 Power | 566455 | 566556 | 566455 | 566660 | 0.0 | 0.0 |
| 1.18.2 Telecommunications | 113080 | 139040 | 113080 | 114553 | 1.3 | –17.6 |
| 1.18.3 Roads | 236947 | 176536 | 236947 | 239136 | 0.9 | 35.5 |
| 1.18.4 Airports | 7327 | 4507 | 7327 | 7392 | 0.9 | 64.0 |
| 1.18.5 Ports | 7363 | 11083 | 7363 | 7293 | –0.9 | –34.2 |
| 1.18.6 Railways | 11021 | 10956 | 11021 | 11075 | 0.5 | 1.1 |
| 1.18.7 Other Infrastructure | 149432 | 146526 | 149432 | 145098 | –2.9 | –1.0 |
| **1.19 Other Industries** | **245786** | **231699** | **245786** | **245736** | **0.0** | **6.1** |

**Note :** With effect from January 2021, sectoral credit data are based on revised format due to which values and growth rates of some of the existing components published earlier have undergone some changes.

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

(₹ Crore)

| Item | Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019-20 | 2020 | 2021 | | | | | | |
| | | Mar, 27 | Jan, 01 | Jan, 15 | Jan, 29 | Feb, 12 | Feb, 26 | Mar, 12 | Mar, 26 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Number of Reporting Banks | 32 | 32 | 32 | 32 | 32 | 31 | 32 | 32 | 32 |
| **1 Aggregate Deposits (2.1.1.2+2.2.1.2)** | **124101.8** | **124101.8** | **129799.1** | **127765.4** | **126732.3** | **123854.2** | **124513.6** | **124623.9** | **125859.6** |
| 2 Demand and Time Liabilities | | | | | | | | | |
| **2.1 Demand Liabilities** | **26213.8** | **26213.8** | **23521.4** | **22039.6** | **21955.8** | **22090.4** | **21473.4** | **23476.0** | **23736.9** |
| 2.1.1 Deposits | | | | | | | | | |
| 2.1.1.1 Inter-Bank | 5295.0 | 5295.0 | 4029.7 | 4267.1 | 3939.0 | 3845.8 | 3526.9 | 4149.0 | 4896.9 |
| 2.1.1.2 Others | 14,523.6 | 14523.6 | 14236.5 | 13447.2 | 13869.6 | 12868.6 | 13379.6 | 13534.2 | 13899.4 |
| 2.1.2 Borrowings from Banks | 100.0 | 100.0 | 0.0 | 0.0 | 342.5 | 199.9 | 353.0 | 305.0 | 0.0 |
| 2.1.3 Other Demand Liabilities | 6295.2 | 6295.2 | 5255.2 | 4325.3 | 3804.7 | 5176.0 | 4214.0 | 5487.8 | 4940.6 |
| **2.2 Time Liabilities** | **167684.5** | **167684.5** | **176086.7** | **176871.2** | **175205.9** | **172658.6** | **173903.3** | **173607.0** | **179957.5** |
| 2.2.1 Deposits | | | | | | | | | |
| 2.2.1.1 Inter-Bank | 56564.0 | 56564.0 | 58778.8 | 59552.0 | 59535.3 | 59971.1 | 59862.2 | 60817.7 | 65333.7 |
| 2.2.1.2 Others | 109578.2 | 109578.2 | 115562.6 | 114318.2 | 112862.8 | 110985.6 | 111134.0 | 111089.7 | 111960.2 |
| 2.2.2 Borrowings from Banks | 630.2 | 630.2 | 629.9 | 629.9 | 629.9 | 629.9 | 629.9 | 630.0 | 630.0 |
| 2.2.3 Other Time Liabilities | 912.1 | 912.1 | 1115.4 | 2371.1 | 2177.8 | 1072.0 | 2277.1 | 1069.7 | 2033.7 |
| 3 Borrowing from Reserve Bank | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 36.0 | 35.0 | 0.0 | 0.0 |
| 4 Borrowings from a notified bank / Government | 52772.2 | 52772.2 | 59754.7 | 59935.9 | 57881.3 | 61288.4 | 60792.5 | 61034.1 | 63559.8 |
| 4.1 Demand | 13764.4 | 13764.4 | 13117.3 | 13543.8 | 13137.7 | 14160.3 | 14579.3 | 14357.8 | 15691.8 |
| 4.2 Time | 39007.8 | 39007.8 | 46637.4 | 46392.1 | 44743.5 | 47128.1 | 46213.1 | 46676.3 | 47868.0 |
| **5 Cash in Hand and Balances with Reserve Bank** | **9428.2** | **9428.2** | **7579.7** | **7371.9** | **8310.8** | **6961.7** | **6871.4** | **6860.3** | **8151.1** |
| 5.1 Cash in Hand | 750.5 | 750.5 | 619.1 | 615.5 | 591.6 | 620.0 | 572.5 | 576.7 | 570.3 |
| 5.2 Balance with Reserve Bank | 8677.8 | 8677.8 | 6960.6 | 6756.4 | 7719.2 | 6341.7 | 6298.9 | 6283.6 | 7580.8 |
| **6 Balances with Other Banks in Current Account** | **1521.7** | **1521.7** | **933.4** | **881.9** | **871.6** | **795.0** | **834.6** | **958.3** | **1148.1** |
| **7 Investments in Government Securities** | **50626.9** | **50626.9** | **61168.7** | **61387.5** | **60775.8** | **60358.3** | **61913.1** | **61655.6** | **64455.2** |
| **8 Money at Call and Short Notice** | **25283.9** | **25283.9** | **27501.0** | **27428.4** | **25277.1** | **25868.3** | **26344.9** | **25950.4** | **28835.7** |
| **9 Bank Credit (10.1+11)** | **110905.5** | **110905.5** | **110706.8** | **112016.2** | **112134.6** | **113201.7** | **114409.0** | **113732.4** | **114631.6** |
| 10 Advances | | | | | | | | | |
| **10.1 Loans, Cash-Credits and Overdrafts** | **110901.5** | **110901.5** | **110687.5** | **111996.9** | **112115.1** | **113182.1** | **114389.5** | **113712.9** | **114612.1** |
| 10.2 Due from Banks | 81300.1 | 81300.1 | 88502.4 | 88603.4 | 88670.2 | 90417.9 | 91887.8 | 86925.5 | 89429.1 |
| 11 Bills Purchased and Discounted | 4.0 | 4.0 | 19.3 | 19.4 | 19.5 | 19.5 | 19.5 | 19.5 | 19.5 |

# Prices and Production

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

| Group/Sub group | 2020-21 | | | Rural | | | Urban | | | Combined | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rural | Urban | Combined | Apr. 20 | Mar. 21 | Apr 21(P) | Apr. 20 | Mar. 21 | Apr 21(P) | Apr. 20 | Mar. 21 | Apr 21(P) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| **1 Food and beverages** | **156.7** | **161.1** | **158.3** | **152.8*** | **154.5** | **155.8** | **156.1*** | **160.4** | **162.0** | **154.0*** | **156.7** | **158.1** |
| 1.1 Cereals and products | 145.4 | 149.9 | 146.8 | 147.2 | 142.5 | 142.8 | 151.8 | 147.5 | 147.6 | 148.7 | 144.1 | 144.3 |
| 1.2 Meat and fish | 185.2 | 192.4 | 187.7 | 168.9* | 189.4 | 195.5 | 171.3* | 197.5 | 202.5 | 169.7* | 192.2 | 198.0 |
| 1.3 Egg | 160.3 | 164.8 | 162.0 | 146.9 | 163.2 | 163.3 | 151.9 | 164.7 | 166.5 | 148.8 | 163.8 | 164.5 |
| 1.4 Milk and products | 154.1 | 154.4 | 154.2 | 155.6 | 154.5 | 155.0 | 155.5 | 155.6 | 156.0 | 155.6 | 154.9 | 155.4 |
| 1.5 Oils and fats | 148.2 | 139.9 | 145.2 | 137.1 | 168.2 | 175.2 | 131.6 | 156.4 | 161.4 | 135.1 | 163.9 | 170.1 |
| 1.6 Fruits | 146.9 | 153.4 | 149.9 | 147.3 | 150.5 | 160.9 | 152.9 | 157.3 | 168.8 | 149.9 | 153.7 | 164.6 |
| 1.7 Vegetables | 174.2 | 196.2 | 181.7 | 162.7 | 141.0 | 135.9 | 180.0 | 166.1 | 161.8 | 168.6 | 149.5 | 144.7 |
| 1.8 Pulses and products | 154.4 | 156.0 | 154.9 | 150.2 | 159.2 | 161.1 | 150.8 | 161.1 | 162.9 | 150.4 | 159.8 | 161.7 |
| 1.9 Sugar and confectionery | 114.4 | 117.0 | 115.3 | 119.8 | 111.7 | 112.3 | 121.2 | 114.3 | 114.8 | 120.3 | 112.6 | 113.1 |
| 1.10 Spices | 161.9 | 160.4 | 161.4 | 158.7 | 164.0 | 164.4 | 154.0 | 162.6 | 162.8 | 157.1 | 163.5 | 163.9 |
| 1.11 Non-alcoholic beverages | 149.8 | 141.3 | 146.3 | 139.2 | 160.6 | 161.9 | 133.5 | 150.7 | 151.5 | 136.8 | 156.5 | 157.6 |
| 1.12 Prepared meals, snacks, sweets | 163.2 | 165.5 | 164.3 | 162.1* | 166.4 | 166.8 | 162.7* | 170.3 | 171.4 | 162.4* | 168.2 | 168.9 |
| **2 Pan, tobacco and intoxicants** | **181.8** | **188.7** | **183.6** | **171.1*** | **186.1** | **186.9** | **179.1*** | **193.5** | **194.0** | **173.2*** | **188.1** | **188.8** |
| **3 Clothing and footwear** | **155.6** | **149.7** | **153.3** | **153.1*** | **158.9** | **159.9** | **150.4*** | **152.6** | **153.4** | **152.0*** | **156.4** | **157.3** |
| 3.1 Clothing | 156.4 | 152.0 | 154.7 | 153.9* | 159.6 | 160.7 | 152.6* | 155.1 | 155.9 | 153.4* | 157.8 | 158.8 |
| 3.2 Footwear | 151.1 | 137.2 | 145.3 | 148.1* | 154.4 | 155.1 | 138.3* | 138.7 | 139.4 | 144.0* | 147.9 | 148.6 |
| **4 Housing** | -- | **157.2** | **157.2** | -- | -- | -- | **155.6** | **159.9** | **161.4** | **155.6** | **159.9** | **161.4** |
| **5 Fuel and light** | **149.1** | **140.9** | **146.0** | **148.4** | **156.0** | **156.0** | **137.1** | **154.8** | **154.7** | **144.1** | **155.5** | **155.5** |
| **6 Miscellaneous** | **153.9** | **146.1** | **150.2** | **148.4*** | **157.3** | **158.1** | **142.5*** | **150.0** | **150.7** | **145.5*** | **153.8** | **154.5** |
| 6.1 Household goods and services | 152.9 | 145.2 | 149.3 | 152.0* | 154.8 | 155.6 | 145.5* | 147.2 | 147.8 | 148.9* | 151.2 | 151.9 |
| 6.2 Health | 160.3 | 151.3 | 156.9 | 154.3 | 164.6 | 165.4 | 144.8 | 156.9 | 157.6 | 150.7 | 161.7 | 162.4 |
| 6.3 Transport and communication | 144.9 | 135.0 | 139.7 | 136.3* | 151.3 | 151.8 | 128.7* | 141.7 | 142.4 | 132.3* | 146.2 | 146.9 |
| 6.4 Recreation and amusement | 154.0 | 144.3 | 148.5 | 151.7* | 157.8 | 158.5 | 142.5* | 148.6 | 149.2 | 146.5* | 152.6 | 153.3 |
| 6.5 Education | 162.5 | 156.2 | 158.9 | 161.7* | 163.8 | 164.1 | 157.6* | 157.6 | 158.3 | 159.3* | 160.2 | 160.7 |
| 6.6 Personal care and effects | 153.7 | 155.8 | 154.5 | 145.6* | 153.1 | 154.6 | 150.1* | 154.9 | 156.6 | 147.5* | 153.8 | 155.4 |
| **General Index (All Groups)** | **156.1** | **154.4** | **155.3** | **151.9*** | **156.7** | **157.7** | **150.9*** | **156.9** | **158.1** | **151.4*** | **156.8** | **157.9** |

**Source:** National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.

**P: Provisional.**

## No. 19: Other Consumer Price Indices

| Item | Base Year | Linking Factor | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|---|---|
| | | | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 Consumer Price Index for Industrial Workers | 2016 | 2.88 | -- | – | 119.6 | 120.1 |
| 2 Consumer Price Index for Agricultural Labourers | 1986-87 | 5.89 | 1034 | 1014 | 1035 | 1041 |
| 3 Consumer Price Index for Rural Labourers | 1986-87 | – | 1040 | 1019 | 1043 | 1049 |

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

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

| Item | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|
| | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 |
| 1 Standard Gold (₹ per 10 grams) | 48723 | 45504 | 44648 | 46517 |
| 2 Silver (₹ per kilogram) | 59283 | 42058 | 65981 | 67528 |

**Source:** India Bullion & Jewellers Association Ltd., Mumbai for Gold and Silver prices in Mumbai.

## No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

| Commodities | Weight | 2020-21 | 2020 | 2021 | | |
|---|---|---|---|---|---|---|
| | | | Apr. | Feb. | Mar. (P) | Apr. (P) |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 ALL COMMODITIES** | **100.000** | **123.3** | **119.2** | **128.1** | **129.3** | **131.7** |
| **1.1 PRIMARY ARTICLES** | **22.618** | **145.6** | **137.8** | **147.1** | **146.2** | **151.8** |
| **1.1.1 FOOD ARTICLES** | **15.256** | **160.7** | **154.5** | **157.5** | **156.1** | **162.1** |
| 1.1.1.1 Food Grains (Cereals+Pulses) | 3.462 | 159.3 | 161.8 | 157.4 | 158.1 | 160.6 |
| 1.1.1.2 Fruits & Vegetables | 3.475 | 179.2 | 161.4 | 160.5 | 154.7 | 172.8 |
| 1.1.1.3 Milk | 4.440 | 153.4 | 151.6 | 154.9 | 155.2 | 154.7 |
| 1.1.1.4 Eggs,Meat & Fish | 2.402 | 151.1 | 146.2 | 154.7 | 154.7 | 162.1 |
| 1.1.1.5 Condiments & Spices | 0.529 | 149.5 | 147.1 | 151.5 | 151.9 | 150.7 |
| 1.1.1.6 Other Food Articles | 0.948 | 161.7 | 141.8 | 169.3 | 164.2 | 169.7 |
| **1.1.2 NON-FOOD ARTICLES** | **4.119** | **130.4** | **123.9** | **137.0** | **139.5** | **143.2** |
| 1.1.2.1 Fibres | 0.839 | 119.8 | 121.4 | 130.6 | 132.5 | 133.2 |
| 1.1.2.2 Oil Seeds | 1.115 | 161.7 | 150.6 | 175.3 | 185.0 | 195.7 |
| 1.1.2.3 Other non-food Articles | 1.960 | 109.0 | 105.0 | 113.9 | 115.2 | 115.5 |
| 1.1.2.4 Floriculture | 0.204 | 210.0 | 169.9 | 176.7 | 154.2 | 163.0 |
| **1.1.3 MINERALS** | **0.833** | **163.6** | **154.1** | **184.3** | **172.8** | **184.3** |
| 1.1.3.1 Metallic Minerals | 0.648 | 158.1 | 145.1 | 183.7 | 168.3 | 183.8 |
| 1.1.3.2 Other Minerals | 0.185 | 183.0 | 185.7 | 186.2 | 188.5 | 186.2 |
| **1.1.4 CRUDE PETROLEUM & NATURAL GAS** | **2.410** | **70.1** | **49.9** | **85.6** | **85.5** | **89.6** |
| **1.2 FUEL & POWER** | **13.152** | **94.0** | **89.8** | **105.7** | **109.7** | **108.6** |
| **1.2.1 COAL** | **2.138** | **126.6** | **126.5** | **126.9** | **126.9** | **127.3** |
| 1.2.1.1 Coking Coal | 0.647 | 141.8 | 141.9 | 141.9 | 141.9 | 141.9 |
| 1.2.1.2 Non-Coking Coal | 1.401 | 119.3 | 119.0 | 119.8 | 119.8 | 119.8 |
| 1.2.1.3 Lignite | 0.090 | 130.9 | 131.1 | 129.9 | 129.9 | 138.1 |
| **1.2.2 MINERAL OILS** | **7.950** | **79.1** | **70.6** | **95.3** | **102.3** | **102.6** |
| **1.2.3 ELECTRICITY** | **3.064** | **110.1** | **113.9** | **117.6** | **116.9** | **111.1** |
| **1.3 MANUFACTURED PRODUCTS** | **64.231** | **121.5** | **118.7** | **126.0** | **127.3** | **129.4** |
| **1.3.1 MANUFACTURE OF FOOD PRODUCTS** | **9.122** | **141.3** | **136.3** | **146.6** | **148.8** | **153.5** |
| 1.3.1.1 Processing and Preserving of meat | 0.134 | 137.0 | 136.2 | 137.8 | 138.8 | 141.6 |
| 1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof | 0.204 | 139.0 | 132.0 | 144.5 | 145.2 | 143.5 |
| 1.3.1.3 Processing and Preserving of fruit and Vegetables | 0.138 | 120.2 | 116.2 | 121.7 | 121.6 | 121.5 |
| 1.3.1.4 Vegetable and Animal oils and Fats | 2.643 | 143.3 | 126.4 | 164.4 | 170.8 | 181.1 |
| 1.3.1.5 Dairy products | 1.165 | 146.8 | 151.1 | 146.4 | 147.0 | 149.5 |
| 1.3.1.6 Grain mill products | 2.010 | 143.5 | 146.4 | 141.8 | 141.6 | 142.1 |
| 1.3.1.7 Starches and Starch products | 0.110 | 115.8 | 127.0 | 118.0 | 119.4 | 120.7 |
| 1.3.1.8 Bakery products | 0.215 | 138.1 | 136.6 | 139.3 | 139.4 | 140.2 |
| 1.3.1.9 Sugar, Molasses & honey | 1.163 | 118.4 | 118.4 | 116.7 | 117.0 | 118.5 |
| 1.3.1.10 Cocoa, Chocolate and Sugar confectionery | 0.175 | 127.8 | 127.8 | 127.6 | 126.3 | 126.4 |
| 1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products | 0.026 | 132.3 | 126.3 | 132.2 | 135.6 | 131.5 |
| 1.3.1.12 Tea & Coffee products | 0.371 | 165.9 | 138.1 | 152.1 | 156.2 | 170.9 |
| 1.3.1.13 Processed condiments & salt | 0.163 | 147.1 | 144.0 | 150.5 | 150.3 | 153.1 |
| 1.3.1.14 Processed ready to eat food | 0.024 | 132.0 | 133.1 | 134.8 | 134.8 | 136.5 |
| 1.3.1.15 Health supplements | 0.225 | 142.8 | 151.3 | 139.3 | 137.5 | 141.7 |
| 1.3.1.16 Prepared animal feeds | 0.356 | 170.4 | 166.1 | 175.4 | 178.4 | 186.3 |
| **1.3.2 MANUFACTURE OF BEVERAGES** | **0.909** | **124.5** | **125.0** | **124.6** | **125.3** | **125.5** |
| 1.3.2.1 Wines & spirits | 0.408 | 120.2 | 119.8 | 120.1 | 121.2 | 121.2 |
| 1.3.2.2 Malt liquors and Malt | 0.225 | 126.4 | 127.6 | 125.8 | 127.1 | 128.9 |
| 1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters | 0.275 | 129.4 | 130.7 | 130.4 | 129.8 | 129.0 |
| **1.3.3 MANUFACTURE OF TOBACCO PRODUCTS** | **0.514** | **157.2** | **156.4** | **159.0** | **157.8** | **160.3** |
| 1.3.3.1 Tobacco products | 0.514 | 157.2 | 156.4 | 159.0 | 157.8 | 160.3 |

## No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

| Commodities | Weight | 2020-21 | 2020 | 2021 | | |
|---|---|---|---|---|---|---|
| | | | Apr. | Feb. | Mar. (P) | Apr. (P) |
| **1.3.4 MANUFACTURE OF TEXTILES** | **4.881** | **117.6** | **117.0** | **124.9** | **127.1** | **128.4** |
| 1.3.4.1 Preparation and Spinning of textile fibres | 2.582 | 106.5 | 105.7 | 117.0 | 119.6 | 120.8 |
| 1.3.4.2 Weaving & Finishing of textiles | 1.509 | 131.7 | 131.5 | 136.2 | 138.7 | 140.0 |
| 1.3.4.3 Knitted and Crocheted fabrics | 0.193 | 115.0 | 113.1 | 116.4 | 117.6 | 121.5 |
| 1.3.4.4 Made-up textile articles, Except apparel | 0.299 | 132.3 | 133.0 | 132.9 | 133.5 | 134.2 |
| 1.3.4.5 Cordage, Rope, Twine and Netting | 0.098 | 155.6 | 147.3 | 165.1 | 167.1 | 169.2 |
| 1.3.4.6 Other textiles | 0.201 | 116.3 | 117.3 | 117.6 | 116.8 | 118.0 |
| **1.3.5 MANUFACTURE OF WEARING APPAREL** | **0.814** | **138.5** | **138.9** | **139.6** | **139.4** | **139.7** |
| 1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel | 0.593 | 138.1 | 139.0 | 138.5 | 138.3 | 138.3 |
| 1.3.5.2 Knitted and Crocheted apparel | 0.221 | 139.8 | 138.6 | 142.8 | 142.4 | 143.5 |
| **1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS** | **0.535** | **117.9** | **117.7** | **116.7** | **116.7** | **118.3** |
| 1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur | 0.142 | 100.9 | 104.1 | 94.6 | 94.7 | 97.7 |
| 1.3.6.2 Luggage, HandbAgs, Saddlery and Harness | 0.075 | 138.6 | 138.3 | 139.3 | 139.8 | 140.2 |
| 1.3.6.3 Footwear | 0.318 | 120.5 | 119.0 | 121.2 | 121.0 | 122.3 |
| **1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK** | **0.772** | **134.6** | **132.6** | **136.2** | **137.4** | **138.2** |
| 1.3.7.1 Saw milling and Planing of wood | 0.124 | 120.7 | 119.8 | 121.3 | 123.4 | 123.0 |
| 1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards | 0.493 | 136.6 | 134.8 | 138.1 | 139.4 | 140.3 |
| 1.3.7.3 Builder's carpentry and Joinery | 0.036 | 185.8 | 177.3 | 190.4 | 191.3 | 191.3 |
| 1.3.7.4 Wooden containers | 0.119 | 125.5 | 123.4 | 127.8 | 127.6 | 129.3 |
| **1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS** | **1.113** | **121.5** | **120.6** | **125.7** | **128.2** | **133.5** |
| 1.3.8.1 Pulp, Paper and Paperboard | 0.493 | 124.0 | 123.5 | 128.8 | 133.9 | 138.1 |
| 1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard | 0.314 | 121.8 | 116.6 | 128.9 | 126.3 | 134.1 |
| 1.3.8.3 Other articles of paper and Paperboard | 0.306 | 117.3 | 120.0 | 117.5 | 121.1 | 125.5 |
| **1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA** | **0.676** | **153.8** | **150.8** | **155.1** | **153.2** | **153.0** |
| 1.3.9.1 Printing | 0.676 | 153.8 | 150.8 | 155.1 | 153.2 | 153.0 |
| **1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS** | **6.465** | **118.2** | **115.2** | **123.1** | **125.0** | **127.0** |
| 1.3.10.1 Basic chemicals | 1.433 | 118.5 | 115.4 | 127.2 | 128.3 | 131.5 |
| 1.3.10.2 Fertilizers and Nitrogen compounds | 1.485 | 123.5 | 123.4 | 124.0 | 124.4 | 125.3 |
| 1.3.10.3 Plastic and Synthetic rubber in primary form | 1.001 | 116.6 | 106.2 | 128.7 | 135.0 | 138.9 |
| 1.3.10.4 Pesticides and Other agrochemical products | 0.454 | 124.4 | 120.3 | 125.2 | 125.6 | 128.3 |
| 1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics | 0.491 | 115.0 | 113.2 | 118.0 | 120.0 | 120.4 |
| 1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations | 0.612 | 120.6 | 118.0 | 122.4 | 122.3 | 123.3 |
| 1.3.10.7 Other chemical products | 0.692 | 115.1 | 114.6 | 118.1 | 120.0 | 121.7 |
| 1.3.10.8 Man-made fibres | 0.296 | 93.6 | 95.4 | 99.1 | 102.7 | 102.2 |
| **1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS** | **1.993** | **130.9** | **130.3** | **132.8** | **132.9** | **134.3** |
| 1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products | 1.993 | 130.9 | 130.3 | 132.8 | 132.9 | 134.3 |
| **1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS** | **2.299** | **111.2** | **107.3** | **116.3** | **119.0** | **121.4** |
| 1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres | 0.609 | 98.3 | 98.1 | 98.9 | 100.0 | 102.3 |
| 1.3.12.2 Other Rubber Products | 0.272 | 93.3 | 92.8 | 95.4 | 97.0 | 98.2 |
| 1.3.12.3 Plastics products | 1.418 | 120.2 | 114.1 | 127.8 | 131.3 | 134.0 |
| **1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS** | **3.202** | **117.6** | **117.8** | **117.9** | **119.5** | **120.8** |
| 1.3.13.1 Glass and Glass products | 0.295 | 127.2 | 122.4 | 129.6 | 130.4 | 132.1 |
| 1.3.13.2 Refractory products | 0.223 | 109.3 | 107.3 | 111.1 | 111.8 | 113.8 |
| 1.3.13.3 Clay Building Materials | 0.121 | 109.3 | 107.7 | 111.2 | 112.2 | 114.1 |
| 1.3.13.4 Other Porcelain and Ceramic Products | 0.222 | 109.5 | 111.8 | 111.3 | 112.0 | 114.4 |
| 1.3.13.5 Cement, Lime and Plaster | 1.645 | 120.8 | 122.6 | 119.8 | 122.5 | 123.9 |

## No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

| Commodities | Weight | 2020-21 | 2020 | 2021 | | |
|---|---|---|---|---|---|---|
| | | | Apr. | Feb. | Mar. (P) | Apr. (P) |
| 1.3.13.6 Articles of Concrete, Cement and Plaster | 0.292 | 125.3 | 123.0 | 126.7 | 126.4 | 127.1 |
| 1.3.13.7 Cutting, Shaping and Finishing of Stone | 0.234 | 121.1 | 121.5 | 123.2 | 123.5 | 123.0 |
| 1.3.13.8 Other Non-Metallic Mineral Products | 0.169 | 78.9 | 77.6 | 79.9 | 79.6 | 79.6 |
| **1.3.14 MANUFACTURE OF BASIC METALS** | **9.646** | **111.4** | **107.0** | **121.1** | **123.6** | **127.6** |
| 1.3.14.1 Inputs into steel making | 1.411 | 109.1 | 113.1 | 121.2 | 124.7 | 133.1 |
| 1.3.14.2 Metallic Iron | 0.653 | 113.3 | 111.1 | 124.6 | 129.1 | 135.5 |
| 1.3.14.3 Mild Steel - Semi Finished Steel | 1.274 | 99.7 | 96.3 | 105.6 | 109.7 | 112.4 |
| 1.3.14.4 Mild Steel -Long Products | 1.081 | 112.0 | 106.2 | 124.7 | 124.6 | 127.1 |
| 1.3.14.5 Mild Steel - Flat products | 1.144 | 117.2 | 105.1 | 134.4 | 133.2 | 143.6 |
| 1.3.14.6 Alloy steel other than Stainless Steel- Shapes | 0.067 | 108.2 | 101.6 | 119.1 | 121.6 | 125.0 |
| 1.3.14.7 Stainless Steel - Semi Finished | 0.924 | 108.6 | 102.0 | 118.0 | 124.8 | 125.1 |
| 1.3.14.8 Pipes & tubes | 0.205 | 127.9 | 125.3 | 137.5 | 141.6 | 139.6 |
| 1.3.14.9 Non-ferrous metals incl. precious metals | 1.693 | 112.3 | 104.9 | 120.8 | 123.6 | 125.2 |
| 1.3.14.10 Castings | 0.925 | 109.0 | 106.9 | 111.8 | 112.2 | 112.9 |
| 1.3.14.11 Forgings of steel | 0.271 | 145.7 | 145.2 | 146.1 | 148.3 | 150.1 |
| **1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT** | **3.155** | **115.9** | **114.8** | **120.7** | **120.9** | **122.3** |
| 1.3.15.1 Structural Metal Products | 1.031 | 114.0 | 112.9 | 118.6 | 118.5 | 119.9 |
| 1.3.15.2 Tanks, Reservoirs and Containers of Metal | 0.660 | 127.7 | 124.5 | 138.8 | 138.6 | 139.1 |
| 1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers | 0.145 | 98.9 | 107.7 | 97.2 | 97.2 | 96.8 |
| 1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy | 0.383 | 96.6 | 98.9 | 97.5 | 97.8 | 102.0 |
| 1.3.15.5 Cutlery, Hand Tools and General Hardware | 0.208 | 102.9 | 100.8 | 104.2 | 106.5 | 106.7 |
| 1.3.15.6 Other Fabricated Metal Products | 0.728 | 124.9 | 122.6 | 128.8 | 129.3 | 130.6 |
| **1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS** | **2.009** | **109.8** | **109.9** | **111.1** | **111.4** | **111.9** |
| 1.3.16.1 Electronic Components | 0.402 | 99.1 | 98.2 | 100.5 | 101.0 | 102.6 |
| 1.3.16.2 Computers and Peripheral Equipment | 0.336 | 134.8 | 135.0 | 134.4 | 134.5 | 134.5 |
| 1.3.16.3 Communication Equipment | 0.310 | 114.9 | 115.1 | 115.0 | 116.4 | 116.3 |
| 1.3.16.4 Consumer Electronics | 0.641 | 98.6 | 98.0 | 102.4 | 102.4 | 102.4 |
| 1.3.16.5 Measuring, Testing, Navigating and Control equipment | 0.181 | 107.7 | 111.0 | 106.1 | 106.1 | 107.2 |
| 1.3.16.6 Watches and Clocks | 0.076 | 141.8 | 141.1 | 141.6 | 141.9 | 141.8 |
| 1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment | 0.055 | 102.7 | 104.3 | 102.7 | 101.5 | 102.2 |
| 1.3.16.8 Optical instruments and Photographic equipment | 0.008 | 102.6 | 112.2 | 94.9 | 95.5 | 95.9 |
| **1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT** | **2.930** | **113.4** | **110.3** | **116.9** | **116.7** | **118.2** |
| 1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus | 1.298 | 112.8 | 108.7 | 116.6 | 114.9 | 116.4 |
| 1.3.17.2 Batteries and Accumulators | 0.236 | 117.1 | 117.0 | 117.3 | 116.3 | 117.5 |
| 1.3.17.3 Fibre optic cables for data transmission or live transmission of images | 0.133 | 98.1 | 99.4 | 99.9 | 100.1 | 102.2 |
| 1.3.17.4 Other electronic and Electric wires and Cables | 0.428 | 115.8 | 108.3 | 124.4 | 127.9 | 130.1 |
| 1.3.17.5 Wiring devices, Electric lighting & display equipment | 0.263 | 111.1 | 111.1 | 111.8 | 111.8 | 112.4 |
| 1.3.17.6 Domestic appliances | 0.366 | 119.7 | 118.1 | 122.9 | 123.5 | 125.5 |
| 1.3.17.7 Other electrical equipment | 0.206 | 109.4 | 109.4 | 109.5 | 110.4 | 110.2 |
| **1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT** | **4.789** | **114.0** | **113.0** | **115.4** | **116.3** | **116.6** |
| 1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines | 0.638 | 106.3 | 104.7 | 110.2 | 110.7 | 112.3 |
| 1.3.18.2 Fluid power equipment | 0.162 | 119.3 | 119.9 | 119.5 | 119.8 | 120.3 |
| 1.3.18.3 Other pumps, Compressors, Taps and Valves | 0.552 | 111.6 | 111.9 | 112.2 | 113.6 | 114.4 |
| 1.3.18.4 Bearings, Gears, Gearing and Driving elements | 0.340 | 111.8 | 113.6 | 112.9 | 112.5 | 114.0 |
| 1.3.18.5 Ovens, Furnaces and Furnace burners | 0.008 | 81.1 | 81.0 | 71.4 | 81.9 | 72.1 |
| 1.3.18.6 Lifting and Handling equipment | 0.285 | 113.4 | 111.2 | 115.2 | 115.6 | 116.4 |

## No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

| Commodities | Weight | 2020-21 | 2020 | 2021 | | |
|---|---|---|---|---|---|---|
| | | | Apr. | Feb. | Mar. (P) | Apr. (P) |
| 1.3.18.7 Office machinery and Equipment | 0.006 | 130.2 | 130.2 | 130.2 | 130.2 | 130.2 |
| 1.3.18.8 Other general-purpose machinery | 0.437 | 128.7 | 128.4 | 128.1 | 130.8 | 131.1 |
| 1.3.18.9 Agricultural and Forestry machinery | 0.833 | 121.6 | 121.6 | 122.4 | 122.7 | 122.7 |
| 1.3.18.10 Metal-forming machinery and Machine tools | 0.224 | 108.4 | 109.6 | 107.3 | 108.7 | 109.5 |
| 1.3.18.11 Machinery for mining, Quarrying and Construction | 0.371 | 75.8 | 75.0 | 76.6 | 76.8 | 76.8 |
| 1.3.18.12 Machinery for food, Beverage and Tobacco processing | 0.228 | 127.9 | 119.3 | 128.2 | 130.2 | 128.1 |
| 1.3.18.13 Machinery for textile, Apparel and Leather production | 0.192 | 122.3 | 119.2 | 125.9 | 124.9 | 125.4 |
| 1.3.18.14 Other special-purpose machinery | 0.468 | 128.8 | 125.7 | 131.5 | 133.9 | 132.9 |
| 1.3.18.15 Renewable electricity generating equipment | 0.046 | 65.2 | 64.3 | 66.2 | 66.3 | 66.4 |
| **1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS** | **4.969** | **117.8** | **115.0** | **119.6** | **120.0** | **120.1** |
| 1.3.19.1 Motor vehicles | 2.600 | 119.4 | 115.4 | 121.5 | 121.6 | 121.4 |
| 1.3.19.2 Parts and Accessories for motor vehicles | 2.368 | 116.1 | 114.5 | 117.4 | 118.2 | 118.5 |
| **1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT** | **1.648** | **126.2** | **120.5** | **128.8** | **128.7** | **128.9** |
| 1.3.20.1 Building of ships and Floating structures | 0.117 | 158.8 | 158.8 | 158.9 | 158.9 | 158.8 |
| 1.3.20.2 Railway locomotives and Rolling stock | 0.110 | 105.0 | 105.2 | 104.6 | 104.0 | 104.0 |
| 1.3.20.3 Motor cycles | 1.302 | 124.7 | 117.6 | 127.7 | 127.5 | 127.7 |
| 1.3.20.4 Bicycles and Invalid carriages | 0.117 | 130.3 | 128.2 | 134.5 | 134.5 | 135.2 |
| 1.3.20.5 Other transport equipment | 0.002 | 128.5 | 127.4 | 131.2 | 132.6 | 132.7 |
| **1.3.21 MANUFACTURE OF FURNITURE** | **0.727** | **133.0** | **132.3** | **138.1** | **139.7** | **141.9** |
| 1.3.21.1 Furniture | 0.727 | 133.0 | 132.3 | 138.1 | 139.7 | 141.9 |
| **1.3.22 OTHER MANUFACTURING** | **1.064** | **132.4** | **120.0** | **137.4** | **134.5** | **133.7** |
| 1.3.22.1 Jewellery and Related articles | 0.996 | 130.6 | 117.6 | 135.8 | 132.7 | 131.8 |
| 1.3.22.2 Musical instruments | 0.001 | 173.7 | 174.5 | 189.7 | 192.3 | 192.3 |
| 1.3.22.3 Sports goods | 0.012 | 132.0 | 130.8 | 134.2 | 134.2 | 135.9 |
| 1.3.22.4 Games and Toys | 0.005 | 142.2 | 137.0 | 144.1 | 144.2 | 146.9 |
| 1.3.22.5 Medical and Dental instruments and Supplies | 0.049 | 167.4 | 163.2 | 168.8 | 168.8 | 169.8 |
| **2 FOOD INDEX** | **24.378** | **153.4** | **147.7** | **153.4** | **153.4** | **158.9** |

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

### No. 22: Index of Industrial Production (Base:2011-12=100)

| Industry | Weight | 2019-20 | 2020-21 | April-March | | March | |
|---|---|---|---|---|---|---|---|
| | | | | 2019-20 | 2020-21 | 2020 | 2021 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **General Index** | 100.00 | 129.0 | 117.9 | 129.0 | 117.9 | 117.2 | 143.4 |
| **1 Sectoral Classification** | | | | | | | |
| 1.1 Mining | 14.37 | 109.6 | 101.0 | 109.6 | 101.0 | 131.0 | 139.0 |
| 1.2 Manufacturing | 77.63 | 129.6 | 116.9 | 129.6 | 116.9 | 111.6 | 140.4 |
| 1.3 Electricity | 7.99 | 158.4 | 157.6 | 158.4 | 157.6 | 146.9 | 180.0 |
| **2 Use-Based Classification** | | | | | | | |
| 2.1 Primary Goods | 34.05 | 127.0 | 118.1 | 127.0 | 118.1 | 134.4 | 144.8 |
| 2.2 Capital Goods | 8.22 | 93.3 | 75.4 | 93.3 | 75.4 | 72.6 | 103.0 |
| 2.3 Intermediate Goods | 17.22 | 137.7 | 124.4 | 137.7 | 124.4 | 125.7 | 152.3 |
| 2.4 Infrastructure/ Construction Goods | 12.34 | 136.6 | 124.2 | 136.6 | 124.2 | 117.6 | 154.3 |
| 2.5 Consumer Durables | 12.84 | 119.0 | 100.9 | 119.0 | 100.9 | 83.2 | 128.9 |
| 2.6 Consumer Non-Durables | 15.33 | 145.3 | 141.9 | 145.3 | 141.9 | 121.7 | 155.2 |

**Source :** National Statistical 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 ₹ Crore)

| Item | 2021-22 | | | 2020-21 | | |
|---|---|---|---|---|---|---|
| | Budget Estimates | April 2021 | | Provisional Accounts | Revised Estimates | Provisional Accounts as per cent to Revised Estimates |
| | | Actuals | Percent to Budget Estimates | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 Revenue Receipts** | **1788424** | **147619** | **8.3** | **1632094** | **1555153** | **104.9** |
| 1.1 Tax Revenue (Net) | 1545396 | 130811 | 8.5 | 1424035 | 1344501 | 105.9 |
| 1.2 Non-Tax Revenue | 243028 | 16808 | 6.9 | 208059 | 210652 | 98.8 |
| **2 Non Debt Capital Receipts** | **188000** | **372** | **0.2** | **57626** | **46497** | **123.9** |
| 2.1 Recovery of Loans | 13000 | 372 | 2.9 | 19729 | 14497 | 136.1 |
| 2.2 Other Receipts | 175000 | 0 | 0.0 | 37897 | 32000 | 118.4 |
| **3 Total Receipts (1+2)** | **1976424** | **147991** | **7.5** | **1689720** | **1601650** | **105.5** |
| 4 Revenue Expenditure | 2929000 | 179564 | 6.1 | 3086360 | 3011142 | 102.5 |
| of which : | | | | | | |
| 4.1 Interest Payments | 809701 | 29671 | 3.7 | 682079 | 692900 | 98.4 |
| 5 Capital Expenditure | 554236 | 47126 | 8.5 | 424821 | 439163 | 96.7 |
| **6 Total Expenditure (4+5)** | **3483236** | **226690** | **6.5** | **3511181** | **3450305** | **101.8** |
| **7 Revenue Deficit (4-1)** | **1140576** | **31945** | **2.8** | **1454266** | **1455989** | **99.9** |
| **8 Fiscal Deficit (6-3)** | **1506812** | **78699** | **5.2** | **1821461** | **1848655** | **98.5** |
| **9 Gross Primary Deficit (8-4.1)** | **697111** | **49028** | **7.0** | **1139382** | **1155755** | **98.6** |

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

## No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

| Item | 2020-21 | 2020 | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | May 1 | Mar. 26 | Apr. 2 | Apr. 9 | Apr. 16 | Apr. 23 | Apr. 30 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **1 91-day** | | | | | | | | |
| 1.1 Banks | 5676 | 24299 | 5676 | 3732 | 5468 | 4968 | 4435 | 4289 |
| 1.2 Primary Dealers | 16740 | 25088 | 16740 | 15958 | 13155 | 15239 | 15659 | 16736 |
| 1.3 State Governments | 13347 | 8177 | 13347 | 13043 | 19838 | 19875 | 23875 | 22875 |
| 1.4 Others | 52802 | 57937 | 52802 | 51304 | 64895 | 74282 | 85715 | 95761 |
| **2 182-day** | | | | | | | | |
| 2.1 Banks | 67473 | 67800 | 67473 | 74562 | 82491 | 89113 | 86910 | 87003 |
| 2.2 Primary Dealers | 30966 | 43375 | 30966 | 32131 | 36403 | 36314 | 32470 | 30415 |
| 2.3 State Governments | 9436 | 13884 | 9436 | 9436 | 9440 | 9843 | 9843 | 9843 |
| 2.4 Others | 31800 | 68631 | 31800 | 32251 | 33560 | 38616 | 53440 | 67050 |
| **3 364-day** | | | | | | | | |
| 3.1 Banks | 119024 | 60996 | 119024 | 117218 | 110113 | 113904 | 116805 | 121312 |
| 3.2 Primary Dealers | 154197 | 68460 | 154197 | 164746 | 156343 | 156173 | 156321 | 159149 |
| 3.3 State Governments | 18510 | 12779 | 18510 | 18505 | 16990 | 18090 | 18090 | 18090 |
| 3.4 Others | 174501 | 102375 | 174501 | 164872 | 180020 | 175394 | 164571 | 151602 |
| **4 14-day Intermediate** | | | | | | | | |
| 4.1 Banks | | | | | | | | |
| 4.2 Primary Dealers | | | | | | | | |
| 4.3 State Governments | 220351 | 135529 | 220351 | 192716 | 151862 | 140648 | 175292 | 163969 |
| 4.4 Others | 747 | 465 | 747 | 346 | 650 | 907 | 298 | 205 |
| **Total Treasury Bills (Excluding 14 day Intermediate T Bills) #** | 694471 | 553801 | 694471 | 697756 | 728717 | 751812 | 768134 | 784125 |

# 14D intermediate T-Bills are non-marketable unlike 91D, 182D and 364D T-Bills. These bills are ‘intermediate’ by nature as these are liquidated to replenish shortfall in the daily minimum cash balances of State Governments

## No. 25: Auctions of Treasury Bills

(Amount in ₹ Crore)

| 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** | | | | | | | | | | |
| **2020-21** | | | | | | | | | | |
| Mar. 30 | 4000 | 68 | 22440 | 16 | 13 | 3984 | 16 | 4000 | 99.18 | 3.3162 |
| **2021-22** | | | | | | | | | | |
| Apr. 7 | 15000 | 128 | 58843 | 7704 | 41 | 14996 | 7704 | 22700 | 99.17 | 3.3505 |
| Apr. 12 | 15000 | 98 | 53870 | 2000 | 35 | 15000 | 2000 | 17000 | 99.17 | 3.3496 |
| Apr. 20 | 15000 | 91 | 59916 | 6805 | 20 | 14995 | 6805 | 21800 | 99.17 | 3.3382 |
| Apr. 28 | 15000 | 104 | 56595 | 4035 | 29 | 14996 | 4035 | 19030 | 99.18 | 3.3199 |
| **182-day Treasury Bills** | | | | | | | | | | |
| **2020-21** | | | | | | | | | | |
| Mar. 30 | 7000 | 75 | 21388 | | 17 | 7000 | | 7000 | 98.30 | 3.4683 |
| **2021-22** | | | | | | | | | | |
| Apr. 7 | 15000 | 111 | 36565 | 12 | 69 | 14988 | 12 | 15000 | 98.24 | 3.5906 |
| Apr. 12 | 15000 | 138 | 44570 | 425 | 65 | 15000 | 425 | 15425 | 98.23 | 3.6085 |
| Apr. 20 | 15000 | 190 | 95960 | 0 | 14 | 15000 | 0 | 15000 | 98.27 | 3.5281 |
| Apr. 28 | 15000 | 166 | 83278 | 5 | 13 | 14995 | 5 | 15000 | 98.31 | 3.4507 |
| **364-day Treasury Bills** | | | | | | | | | | |
| **2020-21** | | | | | | | | | | |
| Mar. 30 | 8000 | 102 | 24475 | | 57 | 8000 | | 8000 | 96.32 | 3.8264 |
| **2021-22** | | | | | | | | | | |
| Apr. 7 | 6000 | 117 | 30450 | 405 | 9 | 6000 | 405 | 6405 | 96.41 | 3.7393 |
| Apr. 12 | 6000 | 93 | 24065 | 1115 | 24 | 6000 | 1115 | 7115 | 96.39 | 3.7600 |
| Apr. 20 | 6000 | 112 | 25295 | 0 | 28 | 6000 | 0 | 6000 | 96.40 | 3.7500 |
| Apr. 28 | 6000 | 129 | 26257 | 0 | 27 | 6000 | 0 | 6000 | 96.42 | 3.7200 |

# 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 |
| April | 3, 2021 | 2.60-3.35 | 3.15 |
| April | 5, 2021 | 1.90-3.50 | 3.12 |
| April | 6, 2021 | 2.10-3.50 | 3.13 |
| April | 7, 2021 | 1.90-3.50 | 3.14 |
| April | 8, 2021 | 1.90-3.50 | 3.13 |
| April | 9, 2021 | 1.90-3.57 | 3.15 |
| April | 12, 2021 | 1.90-3.50 | 3.21 |
| April | 15, 2021 | 1.90-3.50 | 3.20 |
| April | 16, 2021 | 1.90-3.50 | 3.23 |
| April | 17, 2021 | 2.40-3.00 | 2.78 |
| April | 19, 2021 | 1.90-3.50 | 3.22 |
| April | 20, 2021 | 1.90-3.50 | 3.23 |
| April | 22, 2021 | 1.90-3.50 | 3.24 |
| April | 23, 2021 | 1.90-3.50 | 3.22 |
| April | 26, 2021 | 1.90-3.50 | 3.20 |
| April | 27, 2021 | 1.90-3.50 | 3.20 |
| April | 28, 2021 | 1.90-3.50 | 3.21 |
| April | 29, 2021 | 1.90-3.50 | 3.22 |
| April | 30, 2021 | 1.90-3.50 | 3.22 |
| May | 3, 2021 | 1.90-3.50 | 3.21 |
| May | 4, 2021 | 1.90-3.50 | 3.19 |
| May | 5, 2021 | 1.90-3.50 | 3.24 |
| May | 6, 2021 | 1.90-3.50 | 3.24 |
| May | 7, 2021 | 1.90-3.50 | 3.22 |
| May | 10, 2021 | 1.90-3.50 | 3.24 |
| May | 11, 2021 | 1.90-3.50 | 3.21 |
| May | 12, 2021 | 1.90-3.50 | 3.22 |
| May | 14, 2021 | 1.90-3.50 | 3.27 |
| May | 15, 2021 | 2.60-3.50 | 3.06 |

**Note:** Includes Notice Money.

## No. 27: Certificates of Deposit

| Item | 2020 | 2021 | | | |
|---|---|---|---|---|---|
| | Apr. 24 | Mar. 12 | Mar. 26 | Apr. 9 | Apr. 23 |
| | 1 | 2 | 3 | 4 | 5 |
| 1 Amount Outstanding (₹ Crore) | 180891.00 | 58304.34 | 80621.98 | 88675.73 | 85792.41 |
| 1.1 Issued during the fortnight (₹ Crore) | 4539.49 | 11372.63 | 25590.02 | 8053.75 | 764.84 |
| 2 Rate of Interest (per cent) | 4.70-7.84 | 3.26-5.00 | 3.28-5.12 | 3.28-4.99 | 3.91-4.56 |

## No. 28: Commercial Paper

| Item | 2020 | 2021 | | | |
|---|---|---|---|---|---|
| | Apr. 30 | Mar. 15 | Mar. 31 | Apr. 15 | Apr. 30 |
| | 1 | 2 | 3 | 4 | 5 |
| 1 Amount Outstanding (₹ Crore) | 417227.05 | 403442.70 | 364374.30 | 382838.15 | 374846.75 |
| 1.1 Reported during the fortnight (₹ Crore) | 77889.20 | 127121.00 | 96417.25 | 35737.15 | 53838.60 |
| 2 Rate of Interest (per cent) | 3.78-10.45 | 3.16-12.52 | 3.32-13.37 | 3.17-13.09 | 3.21-13.02 |

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

(₹ Crore)

| Item | 2020-21 | 2020 | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | May 1 | Mar. 26 | Apr. 2 | Apr. 9 | Apr. 16 | Apr. 23 | Apr. 30 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 Call Money | 17461 | 17270 | 25647 | 11866 | 17996 | 13048 | 18580 | 22573 |
| 2 Notice Money | 2604 | 7628 | 575 | 10041 | 969 | 8195 | 813 | 735 |
| 3 Term Money | 757 | 1569 | 504 | 359 | 389 | 380 | 1105 | 506 |
| 4 Triparty Repo | 421118 | 384319 | 462956 | 563143 | 524160 | 680085 | 510435 | 610198 |
| 5 Market Repo | 337341 | 307946 | 358990 | 379903 | 385947 | 432278 | 388758 | 420038 |
| 6 Repo in Corporate Bond | 2990 | 2725 | 9399 | 160 | 2606 | 11537 | 2883 | 7742 |
| 7 Forex (US $ million) | 67793 | 49987 | 90158 | 102809 | 75647 | 84678 | 72943 | 73580 |
| 8 Govt. of India Dated Securities | 62490 | 75189 | 55985 | 40682 | 63756 | 53920 | 57594 | 52896 |
| 9 State Govt. Securities | 5080 | 4767 | 7252 | 7046 | 8492 | 9267 | 7780 | 7340 |
| 10 Treasury Bills | | | | | | | | |
| 10.1 91-Day | 4970 | 4895 | 5756 | 3946 | 8122 | 6853 | 5687 | 2484 |
| 10.2 182-Day | 4870 | 9433 | 2971 | 1383 | 3756 | 8482 | 10895 | 8363 |
| 10.3 364-Day | 4010 | 9440 | 11791 | 16492 | 10371 | 7182 | 6099 | 2653 |
| 10.4 Cash Management Bills | 1490 | 1225 | | | | | | |
| 11 Total Govt. Securities (8+9+10) | 82910 | 104950 | 83755 | 69548 | 94497 | 85704 | 88055 | 73736 |
| 11.1 RBI | – | 12485 | 4872 | 653 | 680 | 8363 | 3847 | 3143 |

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

(Amount in ₹ Crore)

| Security & Type of Issue | 2020-21 | | 2020-21 (Apr.-Apr.) | | 2021-22 (Apr.-Apr.) * | | Apr. 2020 | | Apr. 2021 * | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **74** | **102062** | **3** | **14** | **10** | **3288** | **3** | **14** | **10** | **3288** |
| 1A Premium | 73 | 97648 | 3 | 7 | 9 | 3202 | 3 | 7 | 9 | 3202 |
| 1.1 Public | 53 | 38004 | 3 | 14 | 7 | 3009 | 3 | 14 | 7 | 3009 |
| 1.1.1 Premium | 53 | 34848 | 3 | 7 | 7 | 2939 | 3 | 7 | 7 | 2939 |
| 1.2 Rights | 21 | 64059 | – | – | 3 | 280 | – | – | 3 | 280 |
| 1.2.1 Premium | 20 | 62800 | – | – | 2 | 263 | – | – | 2 | 263 |
| **2 Preference Shares** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 2.1 Public | – | – | – | – | – | – | – | – | – | – |
| 2.2 Rights | – | – | – | – | – | – | – | – | – | – |
| **3 Bonds & Debentures** | **16** | **5806** | **1** | **102** | **4** | **2316** | **1** | **102** | **4** | **2316** |
| 3.1 Convertible | – | – | – | – | – | – | – | – | – | – |
| 3.1.1 Public | – | – | – | – | – | – | – | – | – | – |
| 3.1.2 Rights | – | – | – | – | – | – | – | – | – | – |
| 3.2 Non-Convertible | 16 | 5806 | 1 | 102 | 4 | 2316 | 1 | 102 | 4 | 2316 |
| 3.2.1 Public | 16 | 5806 | 1 | 102 | 4 | 2316 | 1 | 102 | 4 | 2316 |
| 3.2.2 Rights | – | – | – | – | – | – | – | – | – | – |
| **4 Total(1+2+3)** | **90** | **107868** | **4** | **116** | **14** | **5604** | **4** | **116** | **14** | **5604** |
| 4.1 Public | 69 | 43809 | 4 | 116 | 11 | 5325 | 4 | 116 | 11 | 5325 |
| 4.2 Rights | 21 | 64059 | – | – | 3 | 280 | – | – | 3 | 280 |

**Note :** 1.Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.
2.Figures in the columns might not add up to the total due to rounding of numbers.

**Source :** Securities and Exchange Board of India.

* : Data is Provisional

# External Sector

## No. 31: Foreign Trade

| Item | Unit | 2020-21 | 2020 | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Apr. | Dec. | Jan. | Feb. | Mar. | Apr. |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 Exports | ₹ Crore | 2151771 | 78951 | 200284 | 201148 | 200288 | 250766 | 228072 |
| | US $ Million | 290811 | 10356 | 27215 | 27513 | 27528 | 34449 | 30625 |
| 1.1 Oil | ₹ Crore | 189192 | 9473 | 17185 | 15579 | 17763 | 24837 | 26976 |
| | US $ Million | 25570 | 1243 | 2335 | 2131 | 2441 | 3412 | 3622 |
| 1.2 Non-oil | ₹ Crore | 1962579 | 69479 | 183099 | 185569 | 182524 | 225929 | 201095 |
| | US $ Million | 265240 | 9114 | 24880 | 25382 | 25087 | 31037 | 27003 |
| 2 Imports | ₹ Crore | 2909827 | 130525 | 315962 | 306726 | 295007 | 352260 | 340505 |
| | US $ Million | 393596 | 17121 | 42933 | 41954 | 40547 | 48392 | 45722 |
| 2.1 Oil | ₹ Crore | 611353 | 35537 | 70863 | 68900 | 65710 | 74768 | 80969 |
| | US $ Million | 82684 | 4661 | 9629 | 9424 | 9031 | 10271 | 10872 |
| 2.2 Non-oil | ₹ Crore | 2298474 | 94988 | 245099 | 237826 | 229297 | 277492 | 259536 |
| | US $ Million | 310912 | 12460 | 33304 | 32530 | 31516 | 38121 | 34850 |
| 3 Trade Balance | ₹ Crore | -758057 | -51574 | -115678 | -105578 | -94719 | -101494 | -112433 |
| | US $ Million | -102785 | -6765 | -15718 | -14441 | -13019 | -13943 | -15097 |
| 3.1 Oil | ₹ Crore | -422162 | -26065 | -53678 | -53321 | -47946 | -49931 | -53992 |
| | US $ Million | -57114 | -3419 | -7294 | -7293 | -6590 | -6859 | -7250 |
| 3.2 Non-oil | ₹ Crore | -335895 | -25509 | -62000 | -52257 | -46773 | -51563 | -58441 |
| | US $ Million | -45671 | -3346 | -8425 | -7148 | -6429 | -7083 | -7847 |

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

## No. 32: Foreign Exchange Reserves

| Item | Unit | 2020 | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | May 29 | Apr. 23 | Apr. 30 | May 7 | May 14 | May 21 | May 28 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **1 Total Reserves** | **₹ Crore** | **3731592** | **4381700** | **4355951** | **4333343** | **4324574** | **4318817** | **4333464** |
| | **US $ Million** | **493480** | **584107** | **588020** | **589465** | **590028** | **592894** | **598165** |
| 1.1 Foreign Currency Assets | ₹ Crore | 3442185 | 4063227 | 4045137 | 4017335 | 4008211 | 3995492 | 4010076 |
| | US $ Million | 455208 | 541647 | 546059 | 546493 | 546870 | 548519 | 553529 |
| 1.2 Gold | ₹ Crore | 247132 | 269822 | 262709 | 268166 | 268648 | 275640 | 276061 |
| | US $ Million | 32682 | 35969 | 35464 | 36480 | 36654 | 37841 | 38106 |
| | Volume (Metric Tonnes) | 657.68 | 695.31 | 695.31 | 695.31 | 695.31 | 696.25 | 696.25 |
| 1.3 SDRs | SDRs Million | 1048 | 1049 | 1049 | 1049 | 1049 | 1049 | 1049 |
| | ₹ Crore | 10826 | 11288 | 11168 | 11052 | 11036 | 11020 | 10975 |
| | US $ Million | 1432 | 1505 | 1508 | 1503 | 1506 | 1513 | 1515 |
| 1.4 Reserve Tranche Position in IMF | ₹ Crore | 31449 | 37363 | 36936 | 36791 | 36680 | 36665 | 36352 |
| | US $ Million | 4158 | 4987 | 4990 | 4989 | 4999 | 5021 | 5016 |

* Difference,if any, is due to rounding off.

## No. 33: NRI Deposits

(US$ Million)

| Scheme | Outstanding | | | | Flows | |
|---|---|---|---|---|---|---|
| | 2020-21 | 2020 | 2021 | | 2020-21 | 2021-22 |
| | | Apr. | Mar. | Apr. | Apr. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 NRI Deposits** | **141895** | **129339** | **141895** | **142043** | **953** | **2784** |
| 1.1 FCNR(B) | 20473 | 23112 | 20473 | 20049 | -1132 | -424 |
| 1.2 NR(E)RA | 102579 | 90482 | 102579 | 103190 | 1980 | 2837 |
| 1.3 NRO | 18842 | 15745 | 18842 | 18804 | 104 | 372 |

## No. 34: Foreign Investment Inflows

(US$ Million)

| Item | 2020-21 | 2020-21 | 2021-22 | 2020 | 2021 | |
|---|---|---|---|---|---|---|
| | | Apr. | Apr. | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1.1 Net Foreign Direct Investment (1.1.1–1.1.2)** | **43187** | **206** | **2837** | **206** | **1805** | **2837** |
| **1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)** | **54665** | **1287** | **4683** | **1287** | **2731** | **4683** |
| **1.1.1.1 Gross Inflows/Gross Investments** | **81722** | **4532** | **6235** | **4532** | **4592** | **6235** |
| 1.1.1.1.1 Equity | 61423 | 2885 | 4552 | 2885 | 3110 | 4552 |
| 1.1.1.1.1.1 Government (SIA/FIPB) | 948 | 80 | 3 | 80 | 6 | 3 |
| 1.1.1.1.1.2 RBI | 51597 | 2169 | 4204 | 2169 | 2252 | 4204 |
| 1.1.1.1.1.3 Acquisition of shares | 7091 | 524 | 233 | 524 | 613 | 233 |
| 1.1.1.1.1.4 Equity capital of unincorporated bodies | 1787 | 113 | 113 | 113 | 238 | 113 |
| 1.1.1.1.2 Reinvested earnings | 16216 | 1305 | 1305 | 1305 | 1257 | 1305 |
| 1.1.1.1.3 Other capital | 4082 | 342 | 377 | 342 | 225 | 377 |
| **1.1.1.2 Repatriation/Disinvestment** | **27056** | **3245** | **1552** | **3245** | **1861** | **1552** |
| 1.1.1.2.1 Equity | 26993 | 3242 | 1536 | 3242 | 1834 | 1536 |
| 1.1.1.2.2 Other capital | 63 | 3 | 16 | 3 | 28 | 16 |
| **1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)** | **11478** | **1082** | **1846** | **1082** | **926** | **1846** |
| 1.1.2.1 Equity capital | 5721 | 311 | 607 | 311 | 609 | 607 |
| 1.1.2.2 Reinvested Earnings | 3232 | 272 | 272 | 272 | 263 | 272 |
| 1.1.2.3 Other Capital | 6838 | 548 | 1142 | 548 | 1096 | 1142 |
| 1.1.2.4 Repatriation/Disinvestment | 4313 | 48 | 175 | 48 | 1041 | 175 |
| **1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)** | **36843** | **-1972** | **-1978** | **-1972** | **3634** | **-1978** |
| 1.2.1 GDRs/ADRs | – | – | – | – | – | – |
| 1.2.2 FIIs | 38097 | -1820 | -1741 | -1820 | 3663 | -1741 |
| 1.2.3 Offshore funds and others | – | – | – | – | – | – |
| 1.2.4 Portfolio investment by India | 1254 | 152 | 238 | 152 | 30 | 238 |
| **1 Foreign Investment Inflows** | **80030** | **-1766** | **858** | **-1766** | **5439** | **858** |

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

(US$ Million)

| Item | 2020-21 | 2020 | 2021 | | |
|---|---|---|---|---|---|
| | | Apr. | Feb. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 |
| **1 Outward Remittances under the LRS** | **12684.40** | **499.14** | **1155.61** | **1547.80** | **1188.18** |
| 1.1 Deposit | 680.37 | 60.17 | 39.73 | 151.49 | 75.78 |
| 1.2 Purchase of immovable property | 62.75 | 3.21 | 4.56 | 11.07 | 9.19 |
| 1.3 Investment in equity/debt | 471.80 | 24.80 | 41.19 | 89.54 | 51.78 |
| 1.4 Gift | 1586.24 | 55.15 | 143.25 | 224.75 | 161.56 |
| 1.5 Donations | 12.59 | 2.68 | 2.06 | 0.65 | 0.72 |
| 1.6 Travel | 3239.67 | 121.13 | 316.81 | 335.95 | 284.76 |
| 1.7 Maintenance of close relatives | 2680.10 | 148.25 | 215.18 | 330.04 | 240.74 |
| 1.8 Medical Treatment | 29.75 | 1.35 | 2.40 | 2.98 | 2.16 |
| 1.9 Studies Abroad | 3836.12 | 78.76 | 383.27 | 390.55 | 353.49 |
| 1.10 Others | 85.03 | 3.66 | 7.18 | 10.77 | 8.00 |

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

| Item | 2019-20 | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|---|
| | | | May | April | May |
| | 1 | 2 | 3 | 4 | 5 |
| **40-Currency Basket (Base: 2015-16=100)** | | | | | |
| 1 Trade-weighted | | | | | |
| 1.1 NEER | 98.00 | 93.92 | 94.40 | 92.82 | 93.96 |
| 1.2 REER | 103.20 | 103.49 | 102.21 | 100.27 | 102.23 |
| 2 Export-weighted | | | | | |
| 2.1 NEER | 97.38 | 93.59 | 93.99 | 92.36 | 93.71 |
| 2.2 REER | 102.88 | 102.97 | 101.49 | 100.36 | 101.51 |
| **6-Currency Basket (Trade-weighted)** | | | | | |
| 1 Base: 2015-16 = 100 | | | | | |
| 1.1 NEER | 94.92 | 88.47 | 89.91 | 86.52 | 87.22 |
| 1.2 REER | 103.60 | 101.78 | 101.14 | 99.68 | 100.41 |
| 2 Base: 2018-19 = 100 | | | | | |
| 2.1 NEER | 100.78 | 93.93 | 95.45 | 91.86 | 92.60 |
| 2.2 REER | 103.30 | 101.49 | 100.86 | 99.40 | 100.12 |

## No. 37: External Commercial Borrowings (ECBs) – Registrations

(Amount in US$ Million)

| Item | 2020-21 | 2020 | 2021 | |
|---|---|---|---|---|
| | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 |
| 1 Automatic Route | | | | |
| 1.1 Number | 1063 | 50 | 106 | 111 |
| 1.2 Amount | 26799 | 696 | 3883 | 2723 |
| 2 Approval Route | | | | |
| 2.1 Number | 13 | 1 | 5 | - |
| 2.2 Amount | 8456 | 300 | 5350 | - |
| 3 Total (1+2) | | | | |
| 3.1 Number | 1076 | 51 | 111 | 111 |
| 3.2 Amount | 35255 | 996 | 9233 | 2723 |
| 4 Weighted Average Maturity (in years) | 6.03 | 7.00 | 7.35 | 6.25 |
| 5 Interest Rate (per cent) | | | | |
| 5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans | 1.93 | 1.70 | 2.19 | 2.10 |
| 5.2 Interest rate range for Fixed Rate Loans | 0.00-13.00 | 0.00-10.86 | 0.00-10.69 | 0.00-9.90 |

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

(US $ Million)

| Item | Oct-Dec 2019 | | | Oct-Dec 2020(P) | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Net | Credit | Debit | Net |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **Overall Balance of Payments(1+2+3)** | **316590** | **294989** | **21601** | **337696** | **305213** | **32483** |
| **1 CURRENT ACCOUNT (1.1+ 1.2)** | **162793** | **165423** | **-2630** | **157442** | **159188** | **-1746** |
| **1.1 MERCHANDISE** | **81245** | **117285** | **-36040** | **77231** | **111774** | **-34542** |
| **1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)** | **81548** | **48138** | **33410** | **80211** | **47414** | **32796** |
| 1.2.1 Services | 55158 | 33280 | 21879 | 53741 | 30131 | 23610 |
| 1.2.1.1 Travel | 8545 | 5569 | 2977 | 2170 | 2833 | -664 |
| 1.2.1.2 Transportation | 5448 | 6411 | -963 | 5602 | 5147 | 455 |
| 1.2.1.3 Insurance | 617 | 549 | 68 | 575 | 577 | -2 |
| 1.2.1.4 G.n.i.e. | 157 | 218 | -62 | 179 | 260 | -82 |
| 1.2.1.5 Miscellaneous | 40391 | 20533 | 19859 | 45216 | 21314 | 23901 |
| 1.2.1.5.1 Software Services | 23760 | 2305 | 21455 | 25687 | 2312 | 23375 |
| 1.2.1.5.2 Business Services | 11889 | 12027 | -138 | 12534 | 12799 | -265 |
| 1.2.1.5.3 Financial Services | 1183 | 550 | 633 | 1068 | 1192 | -124 |
| 1.2.1.5.4 Communication Services | 757 | 308 | 449 | 738 | 381 | 357 |
| 1.2.2 Transfers | 20827 | 1935 | 18893 | 20757 | 1498 | 19258 |
| 1.2.2.1 Official | 50 | 290 | -240 | 62 | 298 | -236 |
| 1.2.2.2 Private | 20777 | 1645 | 19132 | 20695 | 1200 | 19494 |
| 1.2.3 Income | 5562 | 12923 | -7361 | 5713 | 15785 | -10072 |
| 1.2.3.1 Investment Income | 4122 | 12229 | -8107 | 4179 | 15070 | -10891 |
| 1.2.3.2 Compensation of Employees | 1440 | 694 | 746 | 1534 | 715 | 819 |
| **2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)** | **153192** | **129566** | **23626** | **179536** | **146025** | **33511** |
| **2.1 Foreign Investment (2.1.1+2.1.2)** | **94412** | **76840** | **17572** | **119992** | **81803** | **38190** |
| 2.1.1 Foreign Direct Investment | 19717 | 9974 | 9743 | 28387 | 11414 | 16973 |
| 2.1.1.1 In India | 19089 | 5856 | 13233 | 26907 | 6932 | 19974 |
| 2.1.1.1.1 Equity | 11033 | 5747 | 5286 | 21846 | 6919 | 14926 |
| 2.1.1.1.2 Reinvested Earnings | 3590 | | 3590 | 4398 | | 4398 |
| 2.1.1.1.3 Other Capital | 4467 | 109 | 4358 | 663 | 13 | 650 |
| 2.1.1.2 Abroad | 628 | 4118 | -3490 | 1480 | 4482 | -3002 |
| 2.1.1.2.1 Equity | 628 | 2169 | -1541 | 1480 | 1963 | -483 |
| 2.1.1.2.2 Reinvested Earnings | 0 | 788 | -788 | 0 | 815 | -815 |
| 2.1.1.2.3 Other Capital | 0 | 1162 | -1162 | 0 | 1704 | -1704 |
| 2.1.2 Portfolio Investment | 74695 | 66866 | 7829 | 91605 | 70388 | 21217 |
| 2.1.2.1 In India | 71761 | 63627 | 8133 | 91216 | 69514 | 21703 |
| 2.1.2.1.1 FIIs | 71761 | 63627 | 8133 | 91216 | 69514 | 21703 |
| 2.1.2.1.1.1 Equity | 56356 | 50342 | 6014 | 80566 | 60741 | 19825 |
| 2.1.2.1.1.2 Debt | 15405 | 13285 | 2119 | 10650 | 8772 | 1877 |
| 2.1.2.1.2 ADR/GDRs | 0 | | 0 | 0 | 0 | 0 |
| 2.1.2.2 Abroad | 2934 | 3239 | -304 | 389 | 875 | -485 |
| **2.2 Loans (2.2.1+2.2.2+2.2.3)** | **23041** | **19907** | **3135** | **19517** | **19354** | **164** |
| 2.2.1 External Assistance | 2511 | 1243 | 1268 | 2567 | 1383 | 1184 |
| 2.2.1.1 By India | 2 | 28 | -26 | 10 | 21 | -11 |
| 2.2.1.2 To India | 2509 | 1215 | 1294 | 2557 | 1362 | 1195 |
| 2.2.2 Commercial Borrowings | 11007 | 7771 | 3237 | 6497 | 7747 | -1249 |
| 2.2.2.1 By India | 2692 | 2687 | 5 | 970 | 484 | 486 |
| 2.2.2.2 To India | 8315 | 5084 | 3231 | 5528 | 7263 | -1735 |
| 2.2.3 Short Term to India | 9523 | 10893 | -1370 | 10453 | 10224 | 229 |
| 2.2.3.1 Buyers' credit & Suppliers' Credit >180 days | 9523 | 10129 | -606 | 9538 | 10224 | -686 |
| 2.2.3.2 Suppliers' Credit up to 180 days | 0 | 764 | -764 | 915 | 0 | 915 |
| **2.3 Banking Capital (2.3.1+2.3.2)** | **21012** | **23336** | **-2324** | **21093** | **28707** | **-7614** |
| 2.3.1 Commercial Banks | 21012 | 23279 | -2266 | 20700 | 28707 | -8007 |
| 2.3.1.1 Assets | 5753 | 7260 | -1507 | 5384 | 15872 | -10489 |
| 2.3.1.2 Liabilities | 15259 | 16019 | -760 | 15316 | 12834 | 2481 |
| 2.3.1.2.1 Non-Resident Deposits | 14407 | 13579 | 828 | 14151 | 11183 | 2969 |
| 2.3.2 Others | 0 | 58 | -58 | 393 | 0 | 393 |
| **2.4 Rupee Debt Service** | | 0 | 0 | 0 | 0 | 0 |
| **2.5 Other Capital** | 14726 | 9483 | 5243 | 18934 | 16162 | 2772 |
| **3 Errors & Omissions** | **605** | | **605** | **718** | | **718** |
| **4 Monetary Movements (4.1+ 4.2)** | 0 | **21601** | **-21601** | 0 | **32483** | **-32483** |
| 4.1 I.M.F. | | | | | | |
| 4.2 Foreign Exchange Reserves (Increase - / Decrease +) | | 21601 | -21601 | | 32483 | -32483 |

**Note : P : Preliminary**

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

(₹ Crore)

| | Oct-Dec 2019 | | | Oct-Dec 2020(P) | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Net | Credit | Debit | Net |
| **Item** | 1 | 2 | 3 | 4 | 5 | 6 |
| **Overall Balance of Payments(1+2+3)** | **2255004** | **2101143** | **153861** | **2490751** | **2251168** | **239583** |
| **1 CURRENT ACCOUNT (1.1+ 1.2)** | **1159541** | **1178274** | **-18733** | **1161249** | **1174126** | **-12877** |
| **1.1 MERCHANDISE** | **578694** | **835399** | **-256706** | **569637** | **824411** | **-254774** |
| **1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)** | **580847** | **342875** | **237973** | **591612** | **349715** | **241897** |
| 1.2.1 Services | 392882 | 237044 | 155838 | 396378 | 222240 | 174138 |
| 1.2.1.1 Travel | 60866 | 39664 | 21202 | 16002 | 20896 | -4894 |
| 1.2.1.2 Transportation | 38806 | 45662 | -6856 | 41322 | 37963 | 3359 |
| 1.2.1.3 Insurance | 4395 | 3914 | 481 | 4238 | 4254 | -16 |
| 1.2.1.4 G.n.i.e. | 1116 | 1555 | -438 | 1317 | 1918 | -601 |
| 1.2.1.5 Miscellaneous | 287699 | 146249 | 141450 | 333498 | 157208 | 176290 |
| 1.2.1.5.1 Software Services | 169238 | 16420 | 152819 | 189459 | 17051 | 172408 |
| 1.2.1.5.2 Business Services | 84680 | 85666 | -986 | 92447 | 94400 | -1953 |
| 1.2.1.5.3 Financial Services | 8427 | 3917 | 4510 | 7879 | 8793 | -914 |
| 1.2.1.5.4 Communication Services | 5390 | 2194 | 3196 | 5440 | 2809 | 2632 |
| 1.2.2 Transfers | 148348 | 13780 | 134568 | 153095 | 11051 | 142044 |
| 1.2.2.1 Official | 358 | 2066 | -1708 | 457 | 2199 | -1742 |
| 1.2.2.2 Private | 147990 | 11714 | 136276 | 152638 | 8852 | 143786 |
| 1.2.3 Income | 39617 | 92050 | -52433 | 42139 | 116425 | -74285 |
| 1.2.3.1 Investment Income | 29362 | 87107 | -57745 | 30824 | 111150 | -80326 |
| 1.2.3.2 Compensation of Employees | 10255 | 4943 | 5312 | 11315 | 5274 | 6041 |
| **2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)** | **1091155** | **922869** | **168286** | **1324209** | **1077042** | **247167** |
| **2.1 Foreign Investment (2.1.1+2.1.2)** | **672478** | **547315** | **125163** | **885030** | **603352** | **281678** |
| 2.1.1 Foreign Direct Investment | 140440 | 71043 | 69398 | 209376 | 84190 | 125186 |
| 2.1.1.1 In India | 135969 | 41710 | 94259 | 198458 | 51132 | 147326 |
| 2.1.1.1.1 Equity | 78585 | 40936 | 37649 | 161128 | 51035 | 110092 |
| 2.1.1.1.2 Reinvested Earnings | 25569 | 0 | 25569 | 32436 | 0 | 32436 |
| 2.1.1.1.3 Other Capital | 31815 | 774 | 31041 | 4894 | 96 | 4797 |
| 2.1.1.2 Abroad | 4472 | 29333 | -24861 | 10918 | 33058 | -22140 |
| 2.1.1.2.1 Equity | 4472 | 15446 | -10975 | 10918 | 14479 | -3561 |
| 2.1.1.2.2 Reinvested Earnings | 0 | 5611 | -5611 | 0 | 6010 | -6010 |
| 2.1.1.2.3 Other Capital | 0 | 8276 | -8276 | 0 | 12570 | -12570 |
| 2.1.2 Portfolio Investment | 532037 | 476272 | 55765 | 675655 | 519162 | 156492 |
| 2.1.2.1 In India | 511136 | 453204 | 57933 | 672784 | 512712 | 160072 |
| 2.1.2.1.1 FIIs | 511136 | 453204 | 57933 | 672784 | 512712 | 160072 |
| 2.1.2.1.1.1 Equity | 401412 | 358574 | 42838 | 594234 | 448009 | 146225 |
| 2.1.2.1.1.2 Debt | 109725 | 94630 | 15095 | 78550 | 64703 | 13847 |
| 2.1.2.1.2 ADR/GDRs | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.1.2.2 Abroad | 20901 | 23068 | -2168 | 2871 | 6450 | -3580 |
| **2.2 Loans (2.2.1+2.2.2+2.2.3)** | **164119** | **141790** | **22329** | **143955** | **142748** | **1207** |
| 2.2.1 External Assistance | 17887 | 8856 | 9031 | 18933 | 10202 | 8731 |
| 2.2.1.1 By India | 14 | 201 | -187 | 71 | 153 | -82 |
| 2.2.1.2 To India | 17873 | 8655 | 9218 | 18862 | 10049 | 8813 |
| 2.2.2 Commercial Borrowings | 78404 | 55349 | 23055 | 47922 | 57137 | -9214 |
| 2.2.2.1 By India | 19175 | 19136 | 39 | 7153 | 3567 | 3586 |
| 2.2.2.2 To India | 59229 | 36212 | 23016 | 40770 | 53570 | -12800 |
| 2.2.3 Short Term to India | 67829 | 77586 | -9757 | 77100 | 75409 | 1690 |
| 2.2.3.1 Buyers' credit & Suppliers' Credit >180 days | 67829 | 72147 | -4318 | 70350 | 75409 | -5059 |
| 2.2.3.2 Suppliers' Credit up to 180 days | 0 | 5439 | -5439 | 6749 | 0 | 6749 |
| **2.3 Banking Capital (2.3.1+2.3.2)** | **149666** | **166220** | **-16553** | **155574** | **211734** | **-56160** |
| 2.3.1 Commercial Banks | 149666 | 165808 | -16142 | 152674 | 211734 | -59060 |
| 2.3.1.1 Assets | 40978 | 51709 | -10731 | 39708 | 117071 | -77362 |
| 2.3.1.2 Liabilities | 108688 | 114099 | -5411 | 112966 | 94663 | 18303 |
| 2.3.1.2.1 Non-Resident Deposits | 102621 | 96723 | 5898 | 104375 | 82480 | 21896 |
| 2.3.2 Others | 0 | 411 | -411 | 2900 | 0 | 2900 |
| **2.4 Rupee Debt Service** | 0 | 0 | 0 | 0 | 0 | 0 |
| **2.5 Other Capital** | 104892 | 67545 | 37347 | 139650 | 119208 | 20442 |
| **3 Errors & Omissions** | **4308** | 0 | **4308** | **5293** | 0 | **5293** |
| **4 Monetary Movements (4.1+ 4.2)** | 0 | **153861** | **-153861** | 0 | **239583** | **-239583** |
| 4.1 I.M.F. | 0 | 0 | 0 | | | |
| 4.2 Foreign Exchange Reserves (Increase - / Decrease +) | 0 | 153861 | -153861 | 0 | 239583 | -239583 |

Note : P: Preliminary

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

(US $ Million)

| Item | Oct-Dec 2019 | | | Oct-Dec 2020(P) | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Net | Credit | Debit | Net |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 Current Account (1.A+1.B+1.C)** | **162791** | **165395** | **-2605** | **157438** | **159161** | **-1724** |
| **1.A Goods and Services (1.A.a+1.A.b)** | **136404** | **150565** | **-14161** | **130972** | **141905** | **-10933** |
| **1.A.a Goods (1.A.a.1 to 1.A.a.3)** | **81245** | **117285** | **-36040** | **77231** | **111774** | **-34542** |
| 1.A.a.1 General merchandise on a BOP basis | 80308 | 110034 | -29726 | 76317 | 101765 | -25448 |
| 1.A.a.2 Net exports of goods under merchanting | 938 | 0 | 938 | 914 | 0 | 914 |
| 1.A.a.3 Nonmonetary gold | | 7252 | -7252 | | 10008 | -10008 |
| **1.A.b Services (1.A.b.1 to 1.A.b.13)** | **55158** | **33280** | **21879** | **53741** | **30131** | **23610** |
| 1.A.b.1 Manufacturing services on physical inputs owned by others | 76 | 9 | 67 | 49 | 5 | 45 |
| 1.A.b.2 Maintenance and repair services n.i.e. | 64 | 207 | -143 | 38 | 291 | -253 |
| 1.A.b.3 Transport | 5448 | 6411 | -963 | 5602 | 5147 | 455 |
| 1.A.b.4 Travel | 8545 | 5569 | 2977 | 2170 | 2833 | -664 |
| 1.A.b.5 Construction | 734 | 570 | 164 | 619 | 705 | -86 |
| 1.A.b.6 Insurance and pension services | 617 | 549 | 68 | 575 | 577 | -2 |
| 1.A.b.7 Financial services | 1183 | 550 | 633 | 1068 | 1192 | -124 |
| 1.A.b.8 Charges for the use of intellectual property n.i.e. | 184 | 2197 | -2013 | 359 | 2297 | -1937 |
| 1.A.b.9 Telecommunications, computer, and information services | 24592 | 2712 | 21880 | 26498 | 2810 | 23688 |
| 1.A.b.10 Other business services | 11889 | 12027 | -138 | 12534 | 12799 | -265 |
| 1.A.b.11 Personal, cultural, and recreational services | 535 | 757 | -222 | 579 | 768 | -190 |
| 1.A.b.12 Government goods and services n.i.e. | 157 | 218 | -62 | 179 | 260 | -82 |
| 1.A.b.13 Others n.i.e. | 1134 | 1503 | -369 | 3471 | 448 | 3023 |
| **1.B Primary Income (1.B.1 to 1.B.3)** | **5562** | **12923** | **-7361** | **5713** | **15785** | **-10072** |
| 1.B.1 Compensation of employees | 1440 | 694 | 746 | 1534 | 715 | 819 |
| 1.B.2 Investment income | 3312 | 12075 | -8764 | 3188 | 14720 | -11533 |
| 1.B.2.1 Direct investment | 1369 | 5760 | -4391 | 1693 | 9699 | -8007 |
| 1.B.2.2 Portfolio investment | 28 | 2435 | -2408 | 67 | 1974 | -1906 |
| 1.B.2.3 Other investment | 138 | 3868 | -3730 | 130 | 3046 | -2917 |
| 1.B.2.4 Reserve assets | 1777 | 12 | 1764 | 1298 | 1 | 1297 |
| 1.B.3 Other primary income | 811 | 154 | 657 | 992 | 349 | 642 |
| **1.C Secondary Income (1.C.1+1.C.2)** | **20825** | **1907** | **18918** | **20752** | **1472** | **19281** |
| 1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs | 20777 | 1645 | 19132 | 20695 | 1200 | 19494 |
| 1.C.1.1 Personal transfers (Current transfers between resident and/ | 20062 | 1189 | 18873 | 19969 | 847 | 19122 |
| 1.C.1.2 Other current transfers | 715 | 455 | 260 | 725 | 353 | 373 |
| 1.C.2 General government | 48 | 262 | -214 | 58 | 272 | -214 |
| **2 Capital Account (2.1+2.2)** | **108** | **258** | **-150** | **98** | **265** | **-167** |
| 2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets | 19 | 108 | -89 | 4 | 109 | -105 |
| 2.2 Capital transfers | 89 | 150 | -61 | 94 | 156 | -62 |
| **3 Financial Account (3.1 to 3.5)** | **153086** | **150937** | **2150** | **179442** | **178270** | **1173** |
| **3.1 Direct Investment (3.1A+3.1B)** | **19717** | **9974** | **9743** | **28387** | **11414** | **16973** |
| 3.1.A Direct Investment in India | 19089 | 5856 | 13233 | 26907 | 6932 | 19974 |
| 3.1.A.1 Equity and investment fund shares | 14623 | 5747 | 8875 | 26243 | 6919 | 19324 |
| 3.1.A.1.1 Equity other than reinvestment of earnings | 11033 | 5747 | 5286 | 21846 | 6919 | 14926 |
| 3.1.A.1.2 Reinvestment of earnings | 3590 | | 3590 | 4398 | | 4398 |
| 3.1.A.2 Debt instruments | 4467 | 109 | 4358 | 663 | 13 | 650 |
| 3.1.A.2.1 Direct investor in direct investment enterprises | 4467 | 109 | 4358 | 663 | 13 | 650 |
| 3.1.B Direct Investment by India | 628 | 4118 | -3490 | 1480 | 4482 | -3002 |
| 3.1.B.1 Equity and investment fund shares | 628 | 2956 | -2328 | 1480 | 2778 | -1298 |
| 3.1.B.1.1 Equity other than reinvestment of earnings | 628 | 2169 | -1541 | 1480 | 1963 | -483 |
| 3.1.B.1.2 Reinvestment of earnings | | 788 | -788 | | 815 | -815 |
| 3.1.B.2 Debt instruments | 0 | 1162 | -1162 | 0 | 1704 | -1704 |
| 3.1.B.2.1 Direct investor in direct investment enterprises | | 1162 | -1162 | | 1704 | -1704 |
| **3.2 Portfolio Investment** | **74695** | **66866** | **7829** | **91605** | **70388** | **21217** |
| 3.2.A Portfolio Investment in India | 71761 | 63627 | 8133 | 91216 | 69514 | 21703 |
| 3.2.1 Equity and investment fund shares | 56356 | 50342 | 6014 | 80566 | 60741 | 19825 |
| 3.2.2 Debt securities | 15405 | 13285 | 2119 | 10650 | 8772 | 1877 |
| 3.2.B Portfolio Investment by India | 2934 | 3239 | -304 | 389 | 875 | -485 |
| **3.3 Financial derivatives (other than reserves) and employee stock options** | **7328** | **7194** | **134** | **9304** | **12458** | **-3154** |
| **3.4 Other investment** | **51346** | **45302** | **6044** | **50146** | **51526** | **-1381** |
| 3.4.1 Other equity (ADRs/GDRs) | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4.2 Currency and deposits | 14407 | 13637 | 770 | 14544 | 11183 | 3362 |
| 3.4.2.1 Central bank (Rupee Debt Movements; NRG) | 0 | 58 | -58 | 393 | 0 | 393 |
| 3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits) | 14407 | 13579 | 828 | 14151 | 11183 | 2969 |
| 3.4.2.3 General government | | | | | | |
| 3.4.2.4 Other sectors | | | | | | |
| 3.4.3 Loans (External Assistance, ECBs and Banking Capital) | 20124 | 18713 | 1411 | 15613 | 26654 | -11041 |
| 3.4.3.A Loans to India | 17430 | 15998 | 1431 | 14633 | 26150 | -11517 |
| 3.4.3.B Loans by India | 2694 | 2715 | -21 | 979 | 504 | 475 |
| 3.4.4 Insurance, pension, and standardized guarantee schemes | 190 | 660 | -469 | 55 | 44 | 11 |
| 3.4.5 Trade credit and advances | 9523 | 10893 | -1370 | 10453 | 10224 | 229 |
| 3.4.6 Other accounts receivable/payable - other | 7102 | 1399 | 5703 | 9481 | 3422 | 6059 |
| 3.4.7 Special drawing rights | | | 0 | | | 0 |
| **3.5 Reserve assets** | 0 | **21601** | **-21601** | 0 | **32483** | **-32483** |
| 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) | 0 | 21601 | -21601 | 0 | 32483 | -32483 |
| **4 Total assets/liabilities** | **153086** | **150937** | **2150** | **179442** | **178270** | **1173** |
| 4.1 Equity and investment fund shares | 82059 | 70137 | 11922 | 118038 | 83815 | 34223 |
| 4.2 Debt instruments | 63925 | 57799 | 6126 | 51923 | 58550 | -6627 |
| 4.3 Other financial assets and liabilities | 7102 | 23001 | -15898 | 9481 | 35904 | -26424 |
| **5 Net errors and omissions** | **605** | | **605** | **718** | | **718** |

**Note : P : Preliminary**

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

(₹ Crore)

| Item | Oct-Dec 2019 | | | Oct-Dec 2020(P) | | |
|---|---|---|---|---|---|---|
| | Credit | Debit | Net | Credit | Debit | Net |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 Current Account (1.A+1.B+1.C)** | **1159525** | **1178077** | **-18552** | **1161217** | **1173930** | **-12713** |
| **1.A Goods and Services (1.A.a+1.A.b)** | **971576** | **1072443** | **-100867** | **966014** | **1046650** | **-80636** |
| **1.A.a Goods (1.A.a.1 to 1.A.a.3)** | **578694** | **835399** | **-256706** | **569637** | **824411** | **-254774** |
| 1.A.a.1 General merchandise on a BOP basis | 572015 | 783748 | -211733 | 562893 | 750592 | -187699 |
| 1.A.a.2 Net exports of goods under merchanting | 6679 | 0 | 6679 | 6744 | 0 | 6744 |
| 1.A.a.3 Nonmonetary gold | 0 | 51652 | -51652 | 0 | 73819 | -73819 |
| **1.A.b Services (1.A.b.1 to 1.A.b.13)** | **392882** | **237044** | **155838** | **396378** | **222240** | **174138** |
| 1.A.b.1 Manufacturing services on physical inputs owned by others | 543 | 63 | 480 | 364 | 34 | 330 |
| 1.A.b.2 Maintenance and repair services n.i.e. | 456 | 1477 | -1021 | 281 | 2143 | -1863 |
| 1.A.b.3 Transport | 38806 | 45662 | -6856 | 41322 | 37963 | 3359 |
| 1.A.b.4 Travel | 60866 | 39664 | 21202 | 16002 | 20896 | -4894 |
| 1.A.b.5 Construction | 5227 | 4057 | 1170 | 4565 | 5197 | -633 |
| 1.A.b.6 Insurance and pension services | 4395 | 3914 | 481 | 4238 | 4254 | -16 |
| 1.A.b.7 Financial services | 8427 | 3917 | 4510 | 7879 | 8793 | -914 |
| 1.A.b.8 Charges for the use of intellectual property n.i.e. | 1312 | 15650 | -14338 | 2651 | 16941 | -14290 |
| 1.A.b.9 Telecommunications, computer, and information services | 175162 | 19318 | 155844 | 195443 | 20727 | 174716 |
| 1.A.b.10 Other business services | 84680 | 85666 | -986 | 92447 | 94400 | -1953 |
| 1.A.b.11 Personal, cultural, and recreational services | 3813 | 5395 | -1582 | 4269 | 5668 | -1398 |
| 1.A.b.12 Government goods and services n.i.e. | 1116 | 1555 | -438 | 1317 | 1918 | -601 |
| 1.A.b.13 Others n.i.e. | 8079 | 10707 | -2628 | 25599 | 3305 | 22294 |
| **1.B Primary Income (1.B.1 to 1.B.3)** | **39617** | **92050** | **-52433** | **42139** | **116425** | **-74285** |
| 1.B.1 Compensation of employees | 10255 | 4943 | 5312 | 11315 | 5274 | 6041 |
| 1.B.2 Investment income | 23588 | 86010 | -62422 | 23511 | 108573 | -85062 |
| 1.B.2.1 Direct investment | 9753 | 41027 | -31274 | 12484 | 71538 | -59054 |
| 1.B.2.2 Portfolio investment | 199 | 17347 | -17148 | 497 | 14556 | -14059 |
| 1.B.2.3 Other investment | 982 | 27548 | -26566 | 957 | 22470 | -21513 |
| 1.B.2.4 Reserve assets | 12655 | 88 | 12567 | 9573 | 9 | 9564 |
| 1.B.3 Other primary income | 5774 | 1097 | 4677 | 7313 | 2577 | 4736 |
| **1.C Secondary Income (1.C.1+1.C.2)** | **148332** | **13584** | **134749** | **153064** | **10855** | **142209** |
| 1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs | 147990 | 11714 | 136276 | 152638 | 8852 | 143786 |
| 1.C.1.1 Personal transfers (Current transfers between resident and/ | 142897 | 8471 | 134426 | 147287 | 6249 | 141038 |
| 1.C.1.2 Other current transfers | 5093 | 3243 | 1850 | 5351 | 2603 | 2748 |
| 1.C.2 General government | 342 | 1869 | -1527 | 426 | 2003 | -1577 |
| **2 Capital Account (2.1+2.2)** | **770** | **1837** | **-1068** | **724** | **1955** | **-1232** |
| 2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets | 132 | 768 | -636 | 32 | 803 | -772 |
| 2.2 Capital transfers | 637 | 1069 | -432 | 692 | 1152 | -460 |
| **3 Financial Account (3.1 to 3.5)** | **1090402** | **1075090** | **15312** | **1323517** | **1314866** | **8651** |
| **3.1 Direct Investment (3.1A+3.1B)** | **140440** | **71043** | **69398** | **209376** | **84190** | **125186** |
| 3.1.A Direct Investment in India | 135969 | 41710 | 94259 | 198458 | 51132 | 147326 |
| 3.1.A.1 Equity and investment fund shares | 104154 | 40936 | 63218 | 193564 | 51035 | 142529 |
| 3.1.A.1.1 Equity other than reinvestment of earnings | 78585 | 40936 | 37649 | 161128 | 51035 | 110092 |
| 3.1.A.1.2 Reinvestment of earnings | 25569 | 0 | 25569 | 32436 | 0 | 32436 |
| 3.1.A.2 Debt instruments | 31815 | 774 | 31041 | 4894 | 96 | 4797 |
| 3.1.A.2.1 Direct investor in direct investment enterprises | 31815 | 774 | 31041 | 4894 | 96 | 4797 |
| 3.1.B Direct Investment by India | 4472 | 29333 | -24861 | 10918 | 33058 | -22140 |
| 3.1.B.1 Equity and investment fund shares | 4472 | 21057 | -16585 | 10918 | 20489 | -9571 |
| 3.1.B.1.1 Equity other than reinvestment of earnings | 4472 | 15446 | -10975 | 10918 | 14479 | -3561 |
| 3.1.B.1.2 Reinvestment of earnings | 0 | 5611 | -5611 | 0 | 6010 | -6010 |
| 3.1.B.2 Debt instruments | 0 | 8276 | -8276 | 0 | 12570 | -12570 |
| 3.1.B.2.1 Direct investor in direct investment enterprises | 0 | 8276 | -8276 | 0 | 12570 | -12570 |
| **3.2 Portfolio Investment** | **532037** | **476272** | **55765** | **675655** | **519162** | **156492** |
| 3.2.A Portfolio Investment in India | 511136 | 453204 | 57933 | 672784 | 512712 | 160072 |
| 3.2.1 Equity and investment fund shares | 401412 | 358574 | 42838 | 594234 | 448009 | 146225 |
| 3.2.2 Debt securities | 109725 | 94630 | 15095 | 78550 | 64703 | 13847 |
| 3.2.B Portfolio Investment by India | 20901 | 23068 | -2168 | 2871 | 6450 | -3580 |
| **3.3 Financial derivatives (other than reserves) and employee stock options** | **52196** | **51239** | **957** | **68626** | **91886** | **-23260** |
| **3.4 Other investment** | **365729** | **322675** | **43053** | **369860** | **380044** | **-10183** |
| 3.4.1 Other equity (ADRs/GDRs) | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4.2 Currency and deposits | 102621 | 97135 | 5486 | 107275 | 82480 | 24796 |
| 3.4.2.1 Central bank (Rupee Debt Movements; NRG) | 0 | 411 | -411 | 2900 | 0 | 2900 |
| 3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits) | 102621 | 96723 | 5898 | 104375 | 82480 | 21896 |
| 3.4.2.3 General government | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4.2.4 Other sectors | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4.3 Loans (External Assistance, ECBs and Banking Capital) | 143336 | 133289 | 10047 | 115154 | 196593 | -81439 |
| 3.4.3.A Loans to India | 124147 | 113952 | 10195 | 107930 | 192873 | -84943 |
| 3.4.3.B Loans by India | 19189 | 19337 | -148 | 7224 | 3720 | 3504 |
| 3.4.4 Insurance, pension, and standardized guarantee schemes | 1355 | 4699 | -3344 | 404 | 326 | 78 |
| 3.4.5 Trade credit and advances | 67829 | 77586 | -9757 | 77100 | 75409 | 1690 |
| 3.4.6 Other accounts receivable/payable - other | 50588 | 9967 | 40621 | 69928 | 25237 | 44691 |
| 3.4.7 Special drawing rights | 0 | 0 | 0 | 0 | 0 | 0 |
| **3.5 Reserve assets** | **0** | **153861** | **-153861** | **0** | **239583** | **-239583** |
| 3.5.1 Monetary gold | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.5.2 Special drawing rights n.a. | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.5.3 Reserve position in the IMF n.a. | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.5.4 Other reserve assets (Foreign Currency Assets) | 0 | 153861 | -153861 | 0 | 239583 | -239583 |
| **4 Total assets/liabilities** | **1090402** | **1075090** | **15312** | **1323517** | **1314866** | **8651** |
| 4.1 Equity and investment fund shares | 584489 | 499573 | 84916 | 870616 | 618195 | 252421 |
| 4.2 Debt instruments | 455325 | 411689 | 43636 | 382973 | 431851 | -48878 |
| 4.3 Other financial assets and liabilities | 50588 | 163828 | -113240 | 69928 | 264820 | -194892 |
| **5 Net errors and omissions** | **4308** | **0** | **4308** | **5293** | **0** | **5293** |

Note : P: Preliminary

## No. 42: International Investment Position

(US$ Million)

| Item | As on Financial Year /Quarter End | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019-20 | | 2019 | | 2020 | | | |
| | | | Dec. | | Sep. | | Dec. | |
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 Direct Investment Abroad/in India | 182957 | 418239 | 179734 | 426944 | 188302 | 455972 | 191304 | 480298 |
| 1.1 Equity Capital and Reinvested Earnings | 118442 | 395426 | 117163 | 404393 | 121516 | 430742 | 122814 | 454640 |
| 1.2 Other Capital | 64515 | 22813 | 62572 | 22552 | 66786 | 25231 | 68490 | 25658 |
| 2 Portfolio Investment | 3847 | 246699 | 4845 | 266705 | 5041 | 253289 | 5527 | 274053 |
| 2.1 Equity | 602 | 134778 | 2619 | 148859 | 1906 | 149095 | 1732 | 170630 |
| 2.2 Debt | 3246 | 111921 | 2226 | 117846 | 3136 | 104194 | 3795 | 103423 |
| 3 Other Investment | 52422 | 427242 | 53415 | 429326 | 64921 | 431149 | 69530 | 438322 |
| 3.1 Trade Credit | 1460 | 104271 | 2224 | 105210 | 2917 | 102190 | 3333 | 102597 |
| 3.2 Loan | 6741 | 179577 | 6180 | 177315 | 9048 | 180599 | 10620 | 183526 |
| 3.3 Currency and Deposits | 26011 | 130761 | 27099 | 133331 | 34864 | 137519 | 37343 | 140683 |
| 3.4 Other Assets/Liabilities | 18210 | 12634 | 17912 | 13469 | 18092 | 10841 | 18234 | 11516 |
| 4 Reserves | 477807 | | 459863 | | 544687 | | 585771 | |
| 5 Total Assets/ Liabilities | 717033 | 1092180 | 697858 | 1122975 | 802952 | 1140410 | 852131 | 1192673 |
| **6 IIP (Assets - Liabilities)** | | -375147 | | -425117 | | -337458 | | -340542 |

# Payment and Settlement Systems

## No.43: Payment System Indicators

### PART I - Payment System Indicators - Payment & Settlement System Statistics

| System | Volume (Lakh ) | | | | Value (₹ Crore) | | | |
|---|---|---|---|---|---|---|---|---|
| | FY 2020-21 | 2020 | 2021 | | FY 2020-21 | 2020 | 2021 | |
| | | Apr. | Mar. | Apr. | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **A. Settlement Systems** | | | | | | | | |
| **Financial Market Infrastructures (FMIs)** | | | | | | | | |
| **1 CCIL Operated Systems (1.1 to 1.3)** | 27.97 | 1.34 | 2.92 | 2.36 | 161943141 | 9808581 | 17383479 | 15138384 |
| 1.1 Govt. Securities Clearing (1.1.1 to 1.1.3) | 11.55 | 0.70 | 0.91 | 0.83 | 110634315 | 6644724 | 11182301 | 9963717 |
| 1.1.1 Outright | 6.28 | 0.38 | 0.42 | 0.41 | 10032187 | 779511 | 678873 | 739674 |
| 1.1.2 Repo | 2.84 | 0.17 | 0.26 | 0.21 | 43751173 | 2517435 | 4362390 | 3829853 |
| 1.1.3 Tri-party Repo | 2.43 | 0.16 | 0.23 | 0.20 | 56850956 | 3347778 | 6141037 | 5394189 |
| 1.2 Forex Clearing | 16.04 | 0.63 | 1.95 | 1.49 | 48903961 | 3030887 | 5828078 | 4913256 |
| 1.3 Rupee Derivatives @ | 0.38 | 0.01 | 0.06 | 0.05 | 2404865 | 132970 | 373100 | 261411 |
| **B. Payment Systems** | | | | | | | | |
| **I Financial Market Infrastructures (FMIs)** | – | – | – | – | – | – | – | – |
| **1 Credit Transfers - RTGS (1.1 to 1.2)** | 1591.92 | 54.35 | 202.35 | 151.52 | 105599849 | 6443653 | 12982215 | 8802868 |
| 1.1 Customer Transactions | 1573.47 | 53.35 | 200.70 | 150.19 | 91008367 | 5612493 | 11427958 | 7555042 |
| 1.2 Interbank Transactions | 18.45 | 1.00 | 1.65 | 1.33 | 14591482 | 831161 | 1554257 | 1247825 |
| **II Retail** | | | | | | | | |
| **2 Credit Transfers - Retail (2.1 to 2.6)** | 317851.82 | 17950.56 | 37208.47 | 34506.22 | 33522150 | 1687713 | 4053692 | 2946342 |
| 2.1 AePS (Fund Transfers) @ | 11.32 | 0.69 | 1.16 | 0.94 | 623 | 29 | 72 | 61 |
| 2.2 APBS $ | 14372.99 | 2312.36 | 1128.83 | 972.73 | 112747 | 18996 | 11086 | 5383 |
| 2.3 IMPS | 32783.47 | 1224.75 | 3631.44 | 3229.68 | 2941500 | 121141 | 327236 | 299542 |
| 2.4 NACH Cr $ | 16449.51 | 2657.23 | 1648.80 | 1029.55 | 1232714 | 89999 | 164083 | 101457 |
| 2.5 NEFT | 30927.89 | 1759.79 | 3481.39 | 2862.71 | 25130910 | 1306406 | 3046329 | 2046235 |
| 2.6 UPI @ | 223306.64 | 9995.74 | 27316.85 | 26410.61 | 4103658 | 151141 | 504886 | 493664 |
| 2.6.1 of which USSD @ | 10.45 | 0.70 | 0.94 | 0.96 | 172 | 11 | 15 | 15 |
| **3 Debit Transfers and Direct Debits (3.1 to 3.3)** | 10440.40 | 691.42 | 1023.06 | 1001.32 | 872399 | 56029 | 86351 | 82983 |
| 3.1 BHIM Aadhaar Pay @ | 160.84 | 20.66 | 12.92 | 13.88 | 2580 | 217 | 346 | 377 |
| 3.2 NACH Dr $ | 9629.61 | 667.06 | 904.64 | 894.08 | 868906 | 55805 | 85851 | 82467 |
| 3.3 NETC (linked to bank account) @ | 649.96 | 3.70 | 105.50 | 93.36 | 913 | 7 | 154 | 139 |
| **4 Card Payments (4.1 to 4.2)** | 57841.30 | 2822.19 | 5681.24 | 4833.00 | 1293080 | 44015 | 139715 | 115572 |
| 4.1 Credit Cards (4.1.1 to 4.1.2) | 17641.06 | 768.53 | 1887.27 | 1575.32 | 630414 | 20765 | 72319 | 59049 |
| 4.1.1 PoS based $ | 8688.81 | 283.26 | 1012.86 | 782.31 | 280769 | 8052 | 33286 | 26314 |
| 4.1.2 Others $ | 8952.25 | 485.27 | 874.41 | 793.00 | 349645 | 12713 | 39033 | 32735 |
| 4.2 Debit Cards (4.2.1 to 4.2.1 ) | 40200.24 | 2053.66 | 3793.97 | 3257.68 | 662667 | 23250 | 67396 | 56523 |
| 4.2.1 PoS based $ | 20805.24 | 676.32 | 2240.07 | 1822.82 | 378044 | 9005 | 42816 | 35861 |
| 4.2.2 Others $ | 19395.00 | 1377.34 | 1553.89 | 1434.86 | 284623 | 14245 | 24580 | 20662 |
| **5 Prepaid Payment Instruments (5.1 to 5.2)** | 49392.26 | 2086.01 | 5154.57 | 4762.03 | 197696 | 9648 | 21372 | 22148 |
| 5.1 Wallets | 39987.01 | 1841.26 | 4182.92 | 3963.08 | 152065 | 8693 | 14856 | 14421 |
| **5.2 Cards (5.2.1 to 5.2.2)** | 9405.25 | 244.75 | 971.65 | 798.95 | 45631 | 956 | 6516 | 7727 |
| 5.2.1 PoS based $ | 437.31 | 38.21 | 42.20 | 36.85 | 11639 | 313 | 1579 | 1642 |
| 5.2.2 Others $ | 8967.94 | 206.54 | 929.45 | 762.11 | 33992 | 642 | 4937 | 6085 |
| **6 Paper-based Instruments (6.1 to 6.2)** | 6703.70 | 176.82 | 806.59 | 557.79 | 5627189 | 163685 | 722031 | 553322 |
| 6.1 CTS (NPCI Managed) | 6702.53 | 176.57 | 806.59 | 557.79 | 5625941 | 163487 | 722031 | 553322 |
| 6.2 Others | 1.17 | 0.25 | 0.00 | 0.00 | 1249 | 197 | – | – |
| **Total - Retail Payments (2+3+4+5+6)** | 442229.48 | 23727.00 | 49873.93 | 45660.36 | 41512514 | 1961090 | 5023161 | 3720367 |
| **Total Payments (1+2+3+4+5+6)** | 443821.40 | 23781.35 | 50076.28 | 45811.88 | 147112363 | 8404743 | 18005376 | 12523235 |
| **Total Digital Payments (1+2+3+4+5)** | 437117.70 | 23604.53 | 49269.69 | 45254.09 | 141485173 | 8241058 | 17283345 | 11969913 |

## PART II - Payment Modes and Channels

| System | Volume (Lakh ) | | | | Value (₹ Crore) | | | |
|---|---|---|---|---|---|---|---|---|
| | FY 2020-21 | 2020 | 2021 | | FY 2020-21 | 2020 | 2021 | |
| | | Apr. | Mar. | Apr. | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **A. Other Payment Channels** | | | | | | | | |
| **1 Mobile Payments (mobile app based) (1.1 to 1.2)** | 252364.97 | 11276.04 | 32971.49 | 31282.44 | 9089832 | 364031 | 1246220 | 982360 |
| 1.1 Intra-bank $ | 25130.99 | 1064.77 | 4852.88 | 2563.43 | 1865484 | 73418 | 270764 | 190500 |
| 1.2 Inter-bank $ | 227233.98 | 10211.27 | 28118.60 | 28719.01 | 7224348 | 290613 | 975456 | 791860 |
| **2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)** | 32483.42 | 1597.63 | 3390.80 | 2682.48 | 41534334 | 2246209 | 4976087 | 3180133 |
| 2.1 Intra-bank @ | 6886.15 | 390.07 | 707.26 | 567.04 | 20601554 | 1204254 | 2355028 | 1352169 |
| 2.2 Inter-bank @ | 25597.27 | 1207.57 | 2683.55 | 2115.44 | 20932780 | 1041955 | 2621059 | 1827964 |
| **B. ATMs** | | | | | | | | |
| **3 Cash Withdrawal at ATMs $ (3.1 to 3.3)** | 60905.81 | 2953.18 | 6040.02 | 5256.36 | 2889826 | 129098 | 285268 | 255527 |
| 3.1 Using Credit Cards $ | 51.41 | 3.68 | 5.92 | 5.09 | 2560 | 159 | 307 | 258 |
| 3.2 Using Debit Cards $ | 60602.23 | 2938.54 | 6007.92 | 5226.23 | 2878025 | 128560 | 283955 | 254397 |
| 3.3 Using Pre-paid Cards $ | 252.17 | 10.97 | 26.18 | 25.03 | 9240 | 379 | 1007 | 871 |
| **4 Cash Withdrawal at PoS $ (4.1 to 4.2)** | 394.60 | 40.87 | 22.38 | 22.06 | 1532 | 111 | 119 | 133 |
| 4.1 Using Debit Cards $ | 353.33 | 35.67 | 19.49 | 18.85 | 1483 | 105 | 114 | 111 |
| 4.2 Using Pre-paid Cards $ | 41.27 | 5.21 | 2.90 | 3.20 | 49 | 5 | 5 | 22 |
| **5 Cash Withrawal at Micro ATMs @** | 9460.43 | 875.54 | 763.86 | 725.35 | 225420 | 14462 | 22276 | 21701 |
| 5.1 AePS @ | 9460.43 | 875.54 | 763.86 | 725.35 | 225420 | 14462 | 22276 | 21701 |

## PART III - Payment Infrastructures (Lakh)

| System | As on March 2021 | 2020 | 2021 | |
|---|---|---|---|---|
| | | Apr. | Mar. | Apr. |
| | 1 | 2 | 3 | 4 |
| **Payment System Infrastructures** | | | | |
| **1 Number of Cards (1.1 to 1.2)** | 9602.51 | 8868.07 | 9602.51 | 9630.55 |
| 1.1 Credit Cards | 620.49 | 573.60 | 620.49 | 622.60 |
| 1.2 Debit Cards | 8982.02 | 8294.47 | 8982.02 | 9007.95 |
| **2 Number of PPIs @ (2.1 to 2.2)** | 21951.37 | 18342.76 | 21951.37 | 22216.97 |
| 2.1 Wallets @ | 20052.10 | 17150.44 | 20052.10 | 20249.78 |
| 2.2 Cards @ | 1899.27 | 1192.32 | 1899.27 | 1967.19 |
| **3 Number of ATMs (3.1 to 3.2)** | 2.39 | 2.34 | 2.39 | 2.40 |
| 3.1 Bank owned ATMs $ | 2.14 | 2.10 | 2.14 | 2.14 |
| 3.2 White Label ATMs $ | 0.25 | 0.24 | 0.25 | 0.25 |
| **4 Number of Micro ATMs @** | 4.04 | 2.76 | 4.04 | 4.14 |
| **5 Number of PoS Terminals** | 47.20 | 43.91 | 47.20 | 45.25 |
| **6 Bharat QR @** | 35.70 | 20.19 | 35.70 | 35.95 |
| **7 UPI QR *** | 925.22 | – | 925.22 | 978.19 |

@: New inclusion w.e.f. November 2019
$ : Inclusion separately initiated from November 2019 - would have been part of other items hitherto.
*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

**Note :** 1. Data is provisional.
2. ECS (Debit and Credit) has been merged with NACH with effect from January 31, 2020.
3. The data from November 2019 onwards for card payments (Debit/Credit cards) and Prepaid Payment Instruments (PPIs) may not be comparable with earlier months/ periods, as more granular data is being published along with revision in data definitions.
4. Only domestic financial transactions are considered. The new format captures e-commerce transactions; transactions using FASTags, digital bill payments and card-to-card transfer through ATMs, etc.. Also, failed transactions, chargebacks, reversals, expired cards/ wallets, are excluded.

# Occasional Series

## No. 44: Small Savings

(₹ Crore)

| Scheme | | 2018-19 | 2019 | | 2020 | |
|---|---|---|---|---|---|---|
| | | | Feb. | Dec. | Jan. | Feb. |
| | | 1 | 2 | 3 | 4 | 5 |
| **1 Small Savings** | **Receipts** | **115714** | **9839** | **15814** | **15184** | **16911** |
| | **Outstanding** | **918459** | **899191** | **1015010** | **1030037** | **1046766** |
| **1.1 Total Deposits** | **Receipts** | **91108** | **7130** | **12117** | **11091** | **11460** |
| | **Outstanding** | **618418** | **606920** | **693812** | **704903** | **716363** |
| 1.1.1 Post Office Saving Bank Deposits | Receipts | 31037 | 2360 | 3455 | 3106 | 2690 |
| | Outstanding | 140247 | 134863 | 150462 | 153568 | 156258 |
| 1.1.2 MGNREG | Receipts | | | | | |
| | Outstanding | | | | | |
| 1.1.3 National Saving Scheme, 1987 | Receipts | -31 | -19 | -31 | -25 | -20 |
| | Outstanding | 3107 | 2877 | 2984 | 2959 | 2939 |
| 1.1.4 National Saving Scheme, 1992 | Receipts | 53 | 0 | -827 | -2 | -3 |
| | Outstanding | 10 | -8 | -18 | -20 | -23 |
| 1.1.5 Monthly Income Scheme | Receipts | 10967 | 928 | 1753 | 1712 | 1887 |
| | Outstanding | 192658 | 191653 | 203460 | 205172 | 207059 |
| 1.1.6 Senior Citizen Scheme 2004 | Receipts | 13990 | 1184 | 2070 | 2133 | 2131 |
| | Outstanding | 55708 | 54446 | 69464 | 71597 | 73728 |
| 1.1.7 Post Office Time Deposits | Receipts | 25000 | 2451 | 4296 | 3999 | 4494 |
| | Outstanding | 124292 | 121687 | 152622 | 156621 | 161115 |
| 1.1.7.1 1 year Time Deposits | Outstanding | 71534 | 70179 | 86344 | 88247 | 90327 |
| 1.1.7.2 2 year Time Deposits | Outstanding | 5910 | 5824 | 6749 | 6854 | 6970 |
| 1.1.7.3 3 year Time Deposits | Outstanding | 6901 | 6910 | 7328 | 7397 | 7464 |
| 1.1.7.4 5 year Time Deposits | Outstanding | 39947 | 38774 | 52201 | 54123 | 56354 |
| 1.1.8 Post Office Recurring Deposits | Receipts | 10081 | 215 | 1401 | 168 | 281 |
| | Outstanding | 102401 | 101407 | 114842 | 115010 | 115291 |
| 1.1.9 Post Office Cumulative Time Deposits | Receipts | 11 | 11 | 0 | 0 | 0 |
| | Outstanding | -26 | -26 | -25 | -25 | -25 |
| 1.1.10 Other Deposits | Receipts | 0 | 0 | 0 | 0 | 0 |
| | Outstanding | 21 | 21 | 21 | 21 | 21 |
| **1.2 Saving Certificates** | **Receipts** | **16067** | **1732** | **3326** | **3524** | **3937** |
| | **Outstanding** | **221517** | **219257** | **240900** | **244267** | **248022** |
| 1.2.1 National Savings Certificate VIII issue | Receipts | 11318 | 1262 | 2272 | 2458 | 2619 |
| | Outstanding | 98492 | 94795 | 110050 | 112508 | 115127 |
| 1.2.2 Indira Vikas Patras | Receipts | 334 | 3 | 0 | 0 | 1 |
| | Outstanding | 263 | 300 | -289 | -289 | -288 |
| 1.2.3 Kisan Vikas Patras | Receipts | -18678 | -1609 | -971 | -1713 | -1120 |
| | Outstanding | 19303 | 21232 | 6782 | 5069 | 3949 |
| 1.2.4 Kisan Vikas Patras - 2014 | Receipts | 23018 | 2065 | 2025 | 2782 | 2452 |
| | Outstanding | 93630 | 91314 | 113273 | 116055 | 118507 |
| 1.2.5 National Saving Certificate VI issue | Receipts | 93 | 12 | 0 | -1 | 0 |
| | Outstanding | 2 | -47 | -179 | -180 | -180 |
| 1.2.6 National Saving Certificate VII issue | Receipts | -18 | -1 | 0 | -2 | -15 |
| | Outstanding | -80 | -82 | -82 | -84 | -99 |
| 1.2.7 Other Certificates | Outstanding | 9907 | 11745 | 11345 | 11188 | 11006 |
| **1.3 Public Provident Fund** | **Receipts** | **8539** | **977** | **371** | **569** | **1514** |
| | **Outstanding** | **78524** | **73014** | **80298** | **80867** | **82381** |

**Source:** Accountant General, Post and Telegraphs.

**Note :** Data on receipts from April 2017 are net receipts, *i.e.*, gross receipt minus gross payment.

## No. 45 : Ownership Pattern of Central and State Governments Securities

(Per cent)

**Central Government Dated Securities**

| Category | 2020 | | | | 2021 |
|---|---|---|---|---|---|
| | Mar. | Jun. | Sep. | Dec. | Mar. |
| | 1 | 2 | 3 | 4 | 5 |
| **(A) Total** (in ₹. Crore) | **6486585** | **6704983** | **7137069** | **7357111** | **7635902** |
| 1 Commercial Banks | 40.41 | 38.98 | 38.55 | 37.81 | 37.77 |
| 2 Non-Bank PDs | 0.39 | 0.36 | 0.34 | 0.25 | 0.27 |
| 3 Insurance Companies | 25.09 | 26.24 | 25.33 | 25.64 | 25.30 |
| 4 Mutual Funds | 1.43 | 2.02 | 2.42 | 2.62 | 2.94 |
| 5 Co-operative Banks | 1.90 | 1.86 | 1.86 | 1.83 | 1.82 |
| 6 Financial Institutions | 0.53 | 1.19 | 1.42 | 1.00 | 1.00 |
| 7 Corporates | 0.81 | 0.78 | 0.94 | 1.05 | 1.06 |
| 8 Foreign Portfolio Investors | 2.44 | 1.79 | 2.05 | 2.10 | 1.87 |
| 9 Provident Funds | 4.72 | 4.96 | 4.77 | 4.61 | 4.44 |
| 10 RBI | 15.13 | 14.70 | 15.00 | 15.71 | 16.20 |
| 11. Others | 7.17 | 7.11 | 7.32 | 7.37 | 7.33 |
| 11.1 State Governments | 2.05 | 1.99 | 1.86 | 1.76 | 1.69 |

**State Governments Securities**

| Category | 2020 | | | | 2021 |
|---|---|---|---|---|---|
| | Mar. | Jun. | Sep. | Dec. | Mar. |
| | 1 | 2 | 3 | 4 | 5 |
| **(B) Total** (in ₹. Crore) | **3265990** | **3393099** | **3564979** | **3721573** | **3879982** |
| 1 Commercial Banks | 34.99 | 33.54 | 34.60 | 34.19 | 33.69 |
| 2 Non-Bank PDs | 0.76 | 0.74 | 0.54 | 0.36 | 0.48 |
| 3 Insurance Companies | 31.63 | 30.85 | 30.26 | 30.25 | 30.04 |
| 4 Mutual Funds | 1.14 | 1.74 | 1.96 | 1.92 | 1.82 |
| 5 Co-operative Banks | 4.12 | 4.38 | 4.19 | 4.11 | 4.05 |
| 6 Financial Institutions | 0.11 | 1.96 | 1.92 | 1.88 | 1.86 |
| 7 Corporates | 0.30 | 0.31 | 0.39 | 0.45 | 0.49 |
| 8 Foreign Portfolio Investors | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| 9 Provident Funds | 22.22 | 21.70 | 21.31 | 21.20 | 22.00 |
| 10 RBI | 0.00 | 0.00 | 0.00 | 0.81 | 0.77 |
| 11. Others | 4.71 | 4.78 | 4.80 | 4.82 | 4.77 |
| 11.1 State Governments | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 |

**Treasury Bills**

| Category | 2020 | | | | 2021 |
|---|---|---|---|---|---|
| | Mar. | Jun. | Sep. | Dec. | Mar. |
| | 1 | 2 | 3 | 4 | 5 |
| **(C) Total** (in ₹. Crore) | **538409** | **881362** | **982286** | **839729** | **690646** |
| 1 Commercial Banks | 61.06 | 46.11 | 53.50 | 54.75 | 55.54 |
| 2 Non-Bank PDs | 2.26 | 1.48 | 2.16 | 1.65 | 2.82 |
| 3 Insurance Companies | 7.45 | 4.64 | 4.06 | 4.50 | 5.61 |
| 4 Mutual Funds | 13.24 | 23.45 | 19.90 | 18.98 | 17.80 |
| 5 Co-operative Banks | 2.55 | 1.95 | 1.63 | 1.61 | 2.43 |
| 6 Financial Institutions | 0.58 | 1.67 | 1.34 | 1.11 | 1.24 |
| 7 Corporates | 1.89 | 1.43 | 1.63 | 2.01 | 3.16 |
| 8 Foreign Portfolio Investors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9 Provident Funds | 0.02 | 0.05 | 0.00 | 0.09 | 0.22 |
| 10 RBI | 0.00 | 11.27 | 4.80 | 0.68 | 0.49 |
| 11. Others | 10.95 | 7.95 | 10.99 | 14.63 | 10.70 |
| 11.1 State Governments | 6.22 | 4.35 | 7.76 | 13.27 | 5.98 |

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

(₹ Crore)

| Item | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 RE | 2020-21 BE |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| **1 Total Disbursements** | **3760611** | **4265969** | **4515946** | **5040747** | **5875914** | **6470254** |
| 1.1 Developmental | 2201287 | 2537905 | 2635110 | 2882758 | 3486519 | 3818358 |
| 1.1.1 Revenue | 1668250 | 1878417 | 2029044 | 2224367 | 2708218 | 2920507 |
| 1.1.2 Capital | 412069 | 501213 | 519356 | 596774 | 694262 | 794599 |
| 1.1.3 Loans | 120968 | 158275 | 86710 | 61617 | 84038 | 103252 |
| 1.2 Non-Developmental | 1510810 | 1672646 | 1812455 | 2078276 | 2295105 | 2556504 |
| 1.2.1 Revenue | 1379727 | 1555239 | 1741432 | 1965907 | 2171963 | 2421566 |
| 1.2.1.1 Interest Payments | 648091 | 724448 | 814757 | 894520 | 969344 | 1091617 |
| 1.2.2 Capital | 127306 | 115775 | 69370 | 111029 | 121159 | 132961 |
| 1.2.3 Loans | 3777 | 1632 | 1654 | 1340 | 1984 | 1977 |
| 1.3 Others | 48514 | 55417 | 68381 | 79713 | 94290 | 95393 |
| **2 Total Receipts** | **3778049** | **4288432** | **4528422** | **5023352** | **5779396** | **6524526** |
| 2.1 Revenue Receipts | 2748374 | 3132201 | 3376416 | 3797731 | 4338225 | 4828088 |
| 2.1.1 Tax Receipts | 2297101 | 2622145 | 2978134 | 3278947 | 3547958 | 3951657 |
| 2.1.1.1 Taxes on commodities and services | 1440952 | 1652377 | 1853859 | 2030050 | 2157126 | 2436871 |
| 2.1.1.2 Taxes on Income and Property | 852271 | 965622 | 1121189 | 1246083 | 1386652 | 1510287 |
| 2.1.1.3 Taxes of Union Territories (Without Legislature) | 3878 | 4146 | 3086 | 2814 | 4180 | 4500 |
| 2.1.2 Non-Tax Receipts | 451272 | 510056 | 398282 | 518783 | 790267 | 876430 |
| 2.1.2.1 Interest Receipts | 35779 | 33220 | 34224 | 36273 | 33272 | 30911 |
| 2.2 Non-debt Capital Receipts | 59827 | 69063 | 142433 | 140287 | 129507 | 232172 |
| 2.2.1 Recovery of Loans & Advances | 16561 | 20942 | 42213 | 44667 | 62499 | 18302 |
| 2.2.2 Disinvestment proceeds | 43266 | 48122 | 100219 | 95621 | 67008 | 213870 |
| **3 Gross Fiscal Deficit [ 1 - ( 2.1 + 2.2 ) ]** | **952410** | **1064704** | **997097** | **1102729** | **1408183** | **1409995** |
| **3A Sources of Financing: Institution-wise** | | | | | | |
| 3A.1 Domestic Financing | 939662 | 1046708 | 989167 | 1097210 | 1403250 | 1405373 |
| 3A.1.1 Net Bank Credit to Government | 231090 | 617123 | 144792 | 387091 | 518093 | ----- |
| 3A.1.1.1 Net RBI Credit to Government | 60472 | 195816 | -144847 | 325987 | 190241 | ----- |
| 3A.1.2 Non-Bank Credit to Government | 708572 | 429585 | 844375 | 710119 | 885156 | ----- |
| 3A.2 External Financing | 12748 | 17997 | 7931 | 5519 | 4933 | 4622 |
| **3B Sources of Financing: Instrument-wise** | | | | | | |
| 3B.1 Domestic Financing | 939662 | 1046708 | 989167 | 1097210 | 1403250 | 1405373 |
| 3B.1.1 Market Borrowings (net) | 673298 | 689821 | 794856 | 795845 | 962386 | 1105573 |
| 3B.1.2 Small Savings (net) | 80015 | 35038 | 71222 | 88961 | 213430 | 213430 |
| 3B.1.3 State Provident Funds (net) | 35261 | 45688 | 42351 | 51004 | 42900 | 42529 |
| 3B.1.4 Reserve Funds | -3322 | -6436 | 18423 | -18298 | -241 | 2978 |
| 3B.1.5 Deposits and Advances | 13470 | 17792 | 25138 | 66289 | 32949 | 35987 |
| 3B.1.6 Cash Balances | -17438 | -22463 | -12476 | 17395 | 96518 | -54272 |
| 3B.1.7 Others | 158378 | 287268 | 49653 | 96014 | 55309 | 59147 |
| 3B.2 External Financing | 12748 | 17997 | 7931 | 5519 | 4933 | 4622 |
| *4 Total Disbursements as per cent of GDP* | *27.3* | *27.7* | *26.4* | *26.6* | *28.9* | *28.8* |
| *5 Total Receipts as per cent of GDP* | *27.4* | *27.9* | *26.5* | *26.5* | *28.4* | *29.0* |
| *6 Revenue Receipts as per cent of GDP* | *20.0* | *20.3* | *19.7* | *20.0* | *21.3* | *21.5* |
| *7 Tax Receipts as per cent of GDP* | *16.7* | *17.0* | *17.4* | *17.3* | *17.4* | *17.6* |
| *8 Gross Fiscal Deficit as per cent of GDP* | *6.9* | *6.9* | *5.8* | *5.8* | *6.9* | *6.3* |

…: Not available.  RE: Revised Estimates; BE: Budget Estimates

**Source :** Budget Documents of Central and State Governments.

## No. 47: Financial Accommodation Availed by State Governments under various Facilities

(₹ Crore)

| Sr. No | State/Union Territory | During April-2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Special Drawing Facility (SDF) | | Ways and Means Advances (WMA) | | Overdraft (OD) | |
| | | Average amount availed | Number of days availed | Average amount availed | Number of days availed | Average amount availed | Number of days availed |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | Andhra Pradesh | 657 | 25 | 1327 | 17 | 1230 | 2 |
| 2 | Arunachal Pradesh | - | - | - | - | - | - |
| 3 | Assam | - | - | - | - | - | - |
| 4 | Bihar | - | - | - | - | - | - |
| 5 | Chhattisgarh | - | - | - | - | - | - |
| 6 | Goa | - | - | - | - | - | - |
| 7 | Gujarat | - | - | - | - | - | - |
| 8 | Haryana | - | - | - | - | - | - |
| 9 | Himachal Pradesh | - | - | - | - | - | - |
| 10 | Jammu & Kashmir UT | - | - | 1116 | 30 | 1068 | 10 |
| 11 | Jharkhand | - | - | - | - | - | - |
| 12 | Karnataka | - | - | - | - | - | - |
| 13 | Kerala | 155 | 2 | 267 | 2 | - | - |
| 14 | Madhya Pradesh | - | - | - | - | - | - |
| 15 | Maharashtra | - | - | - | - | - | - |
| 16 | Manipur | - | - | 239 | 29 | 150 | 8 |
| 17 | Meghalaya | 29 | 3 | - | - | - | - |
| 18 | Mizoram | - | - | 102 | 4 | - | - |
| 19 | Nagaland | 111 | 30 | 252 | 19 | 146 | 10 |
| 20 | Odisha | - | - | - | - | - | - |
| 21 | Puducherry | - | - | - | - | - | - |
| 22 | Punjab | - | - | - | - | - | - |
| 23 | Rajasthan | - | - | - | - | - | - |
| 24 | Tamil Nadu | - | - | - | - | - | - |
| 25 | Telangana | 652 | 12 | 726 | 8 | - | - |
| 26 | Tripura | - | - | - | - | - | - |
| 27 | Uttar Pradesh | - | - | - | - | - | - |
| 28 | Uttarakhand | - | - | - | - | - | - |
| 29 | West Bengal | - | - | - | - | - | - |

**Note:** The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.
**Source:** Reserve Bank of India.

## No. 48: Investments by State Governments

(₹ Crore)

| Sr. No | State/Union Territory | As on end of April 2021 | | | |
|---|---|---|---|---|---|
| | | Consolidated Sinking Fund (CSF) | Guarantee Redemption Fund (GRF) | Government Securities | Auction Treasury Bills (ATBs) |
| | 1 | 2 | 3 | 4 | 5 |
| 1 | Andhra Pradesh | 8667 | 853 | -- | - |
| 2 | Arunachal Pradesh | 1706 | 3 | -- | - |
| 3 | Assam | 3983 | 57 | -- | - |
| 4 | Bihar | 5834 | -- | -- | - |
| 5 | Chhattisgarh | 4892 | -- | 1 | 4608 |
| 6 | Goa | 622 | 314 | -- | - |
| 7 | Gujarat | 5090 | 501 | -- | - |
| 8 | Haryana | 806 | 1262 | -- | - |
| 9 | Himachal Pradesh | -- | -- | -- | 800 |
| 10 | Jammu & Kashmir UT | -- | -- | -- | - |
| 11 | Jharkhand | 288 | -- | -- | - |
| 12 | Karnataka | 6046 | -- | -- | 13000 |
| 13 | Kerala | 2245 | -- | -- | - |
| 14 | Madhya Pradesh | -- | 959 | -- | - |
| 15 | Maharashtra | 43977 | 661 | -- | 4000 |
| 16 | Manipur | 162 | 105 | -- | - |
| 17 | Meghalaya | 755 | 43 | 9 | - |
| 18 | Mizoram | 367 | 47 | -- | - |
| 19 | Nagaland | 1720 | 35 | -- | - |
| 20 | Odisha | 11688 | 1522 | 88 | 13180 |
| 21 | Puducherry | 321 | -- | -- | 807 |
| 22 | Punjab | 1152 | -- | 8 | - |
| 23 | Rajasthan | -- | -- | 129 | 2000 |
| 24 | Tamil Nadu | 6937 | -- | 40 | 12414 |
| 25 | Telangana | 5919 | 1293 | -- | - |
| 26 | Tripura | 389 | 9 | -- | - |
| 27 | Uttar Pradesh | 973 | -- | 180 | - |
| 28 | Uttarakhand | 3406 | 134 | -- | - |
| 29 | West Bengal | 9297 | 608 | 214 | - |
| | **Total** | **127244** | **8405** | **668** | **50808** |

**Note:** The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

## No. 49: Market Borrowings of State Governments

(₹ Crore)

| Sr. No. | State | 2019-20 | | 2020-21 | | 2021-22 | | | | | | Total amount raised, so far in 2021-22 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | February | | March | | April | | | |
| | | Gross Amount Raised | Net Amount Raised | Gross Amount Raised | Net Amount Raised | Gross Amount Raised | Net Amount Raised | Gross Amount Raised | Net Amount Raised | Gross Amount Raised | Net Amount Raised | Gross | Net |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1 | Andhra Pradesh | 42415 | 33444 | 50896 | 41915 | 3646 | 1926 | - | -1137 | 2000 | 1300 | 2000 | 1300 |
| 2 | Arunachal Pradesh | 1366 | 1287 | 767 | 767 | - | - | 286 | 286 | 400 | 400 | 400 | 400 |
| 3 | Assam | 12906 | 10996 | 15030 | 14230 | 3500 | 3500 | 2130 | 1330 | - | - | - | - |
| 4 | Bihar | 25601 | 22601 | 27285 | 24685 | 1993 | 1993 | 1292 | 692 | - | - | - | - |
| 5 | Chhattisgarh | 11680 | 10980 | 13000 | 10500 | 1000 | 1000 | 2000 | 2000 | - | - | - | - |
| 6 | Goa | 2600 | 2000 | 3354 | 3054 | 300 | 300 | 500 | 500 | - | - | - | - |
| 7 | Gujarat | 38900 | 28600 | 44780 | 33280 | 1500 | 500 | 12000 | 10458 | - | - | - | - |
| 8 | Haryana | 24677 | 20677 | 30000 | 25550 | 3500 | 2300 | 2000 | 1350 | - | -1800 | - | -1800 |
| 9 | Himachal Pradesh | 6580 | 4460 | 6000 | 3755 | 1000 | 820 | - | -965 | - | - | - | - |
| 10 | Jammu & Kashmir UT | 7869 | 6760 | 9328 | 6020 | 700 | -50 | 818 | 239 | 500 | 500 | 500 | 500 |
| 11 | Jharkhand | 7500 | 5656 | 9400 | 8900 | 1400 | 1400 | 3000 | 3000 | - | - | - | - |
| 12 | Karnataka | 48500 | 42500 | 69000 | 61900 | 3000 | 3000 | 9000 | 9000 | - | - | - | - |
| 13 | Kerala | 18073 | 12617 | 28566 | 23066 | 2000 | - | 7000 | 6000 | - | - | - | - |
| 14 | Madhya Pradesh | 22371 | 16550 | 45573 | 38773 | 11000 | 11000 | 10573 | 6773 | - | - | - | - |
| 15 | Maharashtra | 48498 | 32998 | 69000 | 50022 | 1000 | -1471 | 3000 | 567 | - | - | - | - |
| 16 | Manipur | 1757 | 1254 | 1302 | 1044 | 152 | 152 | 120 | 12 | 200 | 200 | 200 | 200 |
| 17 | Meghalaya | 1344 | 1070 | 1777 | 1587 | - | - | 256 | 256 | 200 | 200 | 200 | 200 |
| 18 | Mizoram | 900 | 745 | 944 | 677 | 50 | 50 | 30 | -97 | - | -150 | - | -150 |
| 19 | Nagaland | 1000 | 423 | 1721 | 1366 | 437 | 437 | - | -155 | 350 | 350 | 350 | 350 |
| 20 | Odisha | 7500 | 6500 | 3000 | 500 | - | -1000 | - | -500 | - | -500 | - | -500 |
| 21 | Puducherry | 970 | 470 | 1390 | 790 | 150 | -100 | 340 | 190 | - | - | - | - |
| 22 | Punjab | 27355 | 18470 | 32995 | 23467 | 1500 | 972 | 7772 | 7772 | - | -1600 | - | -1600 |
| 23 | Rajasthan | 39092 | 24686 | 57359 | 44273 | 8500 | 6646 | 5948 | 1798 | 4000 | 4000 | 4000 | 4000 |
| 24 | Sikkim | 809 | 481 | 1292 | 1292 | 100 | 100 | 61 | 61 | - | - | - | - |
| 25 | Tamil Nadu | 62425 | 49826 | 87977 | 76796 | 10000 | 9700 | 8477 | 8477 | - | - | - | - |
| 26 | Telangana | 37109 | 30697 | 43784 | 37365 | 2000 | 770 | 2250 | 1437 | 1500 | 1000 | 1500 | 1000 |
| 27 | Tripura | 2928 | 2578 | 1916 | 1631 | 142 | 142 | 61 | -124 | - | - | - | - |
| 28 | Uttar Pradesh | 69703 | 52744 | 75500 | 59185 | 14000 | 14000 | 16000 | 13972 | - | - | - | - |
| 29 | Uttarakhand | 5100 | 4500 | 6200 | 5208 | - | - | 2000 | 2000 | - | -500 | - | -500 |
| 30 | West Bengal | 56992 | 40882 | 59680 | 50180 | 7000 | 7000 | 10680 | 10680 | - | -3173 | - | -3173 |
| | Grand Total | 634521 | 487454 | 798816 | 651777 | 79570 | 65087 | 107594 | 85872 | 9150 | 227 | 9150 | 227 |

- : Nil.

**Note:** The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

**Source:** Reserve Bank of India.

**Explanatory Notes to the Current Statistics**

**Table No. 1**

1.2& 6: Annual data are average of months.
3.5 & 3.7: Relate to ratios of increments over financial year so far.
4.1 to 4.4, 4.8,4.9 &5: Relate to the last friday 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.
4.10 to 4.12: Relate to the last auction day of the month/financial year.
4.13: Relate to last day of the month/ financial year
7.1&7.2: Relate to Foreign trade in US Dollar.

**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. 13**

Data against column Nos. (1), (2) & (3) are Final (including RRBs) and for column Nos. (4) & (5) data are Provisional (excluding RRBs).

**Table No. 14**

Data in column Nos. (4) & (8) are Provisional.

**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 2018-19 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). The details on methodology used for compilation of NEER/REER indices are available in December 2005, April 2014 and January 2021 issues of the RBI 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**

Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –
- o Include transactions done through mobile apps of banks and UPI apps.
- o The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

**Table No. 45**

(-): represents nil or negligible

The revised table format since June 2016, incorporates the ownership pattern of State Governments Securities and Treasury Bills along with the Central Government Securities.

State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY) scheme.

Bank PDs are clubbed under Commercial Banks. However, they form very small fraction of total outstanding securities.

The category 'Others' comprises State Governments, Pension Funds, PSUs, Trusts, HUF/Individuals *etc.*

**Table No. 46**

GDP data is based on 2011-12 base. GDP data from 2019-20 pertains to the Provisional Estimates of National Income released by National Statistics Office on 29th May 2020. GDP for 2020-21 is from Union Budget 2020-21.

Data pertains to all States and Union Territories.

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

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

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

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

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

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

This data may vary from previous publications due to adjustments across components with availability of new data.

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

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

**Table No. 47**

SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.

OD is advanced to State Governments beyond their WMA limits.

Average amount Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

- : Nil.

**Table No. 48**

CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

--: Not Applicable (not a member of the scheme).

The concepts and methodologies for Current Statistics are available in Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin **(https://rbi.org.in/Scripts/PublicationsView.aspx?id=17618)**

Time series data of 'Current Statistics' is available at https://dbie.rbi.org.in.

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

## Recent Publications of the Reserve Bank of India

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|---|---|---|
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| 2. Handbook of Statistics on the Indian States 2019-20 | ₹550 (Normal)<br>₹600 (inclusive of postage) | US$ 24<br>(inclusive of air mail courier charges) |
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| 9. Reserve Bank of India Occasional Papers Vol. 40, No. 1, 2019 | ₹200 per copy (over the counter)<br>₹250 per copy (inclusive of postal charges) | US$ 18 per copy<br>(inclusive of air mail courier charges) |
| 10. Reserve Bank of India Occasional Papers Vol. 40, No. 2, 2019 | ₹200 per copy (over the counter)<br>₹250 per copy (inclusive of postal charges) | US$ 18 per copy<br>(inclusive of air mail courier charges) |
| 11. Reserve Bank of India Occasional Papers Vol. 41, No. 1, 2020 | ₹200 per copy (over the counter)<br>₹250 per copy (inclusive of postal charges) | US$ 18 per copy<br>(inclusive of air mail courier charges) |
| 12. Perspectives on Central Banking Governors Speak (1935-2010) Platinum Jubilee | ₹1400 per copy (over the counter) | US$ 50 per copy<br>(inclusive of air mail courier charges) |

**Notes**

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (http://dbie.rbi.org.in).
3. The Reserve Bank of India History 1935-1997 (4 Volumes), Challenges to Central Banking in the Context of Financial Crisis and the Regional Economy of India: Growth and Finance are available at leading book stores in India.

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