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SPEECH

Creating New Opportunities for Growth
Shaktikanta Das

*Creating New Opportunities for Growth**

Shaktikanta Das

I would begin by thanking the Bombay Chamber of Commerce and Industry for the invitation to address this eminent gathering, even if virtually – the compulsive reality of the current times. My heartiest congratulations to the Bombay Chamber of Commerce and Industry for completing 184 years of successful functioning. Besides being the oldest serving Chamber in the country, you have left a significant mark on the destiny of this city as also of the nation. I am happy to note that under the aegis of "Corporate as a Citizen", the Chamber is focusing on greater and more equitable progress by promoting ethical conduct in business, skill training and balanced industrial growth. The theme that you have chosen this year – Corporates for Change – could not have been more apposite. I wish you all success in your endeavour. I am sure the Chamber is striving hard to make the most of new opportunities thrown in by the pandemic. In fact, in my address today, I propose to focus on the theme 'creating new opportunities for growth'.

While pandemics are rare events and seldom replicate past episodes, studying their impact and policy responses provide valuable insights. Four such severe pandemic outbreaks in India *viz.*, 1896 plague, 1918 Spanish flu, 1958 Asian flu and 1974 small pox show that all were associated with a contraction/deceleration in gross domestic product (GDP), with the 1918 Spanish flu remaining the *"mother of all pandemics"* in terms of loss of life and livelihood. The recovery, however, was observed to be swift and complete within 2 years of these outbreaks, except in the case of the Spanish flu wherein GDP per capita climbed back to pre-outbreak levels only after four years in 1922. Policy responses post these pandemics had essentially focused on the provisioning for medical and public health sectors as well as offsetting the debilitating impact of the pandemic on the economy. It was seen that growth became excessively dependent on government expenditure, while timely and well calibrated exit from exceptional fiscal measures were critical for macroeconomic stability, going ahead. Policy focus on boosting private consumption expenditure and investment was the key in reviving the economy on a durable basis.

Fiscal and Monetary Policy Responses during the COVID-19 Pandemic

The past year has witnessed unimaginable misery and agony across the world entailing large destruction of human life and wealth. Governments and central banks across the globe unleashed conventional and unconventional policy support to fight its devastating adverse impact. Globally, governments unveiled large fiscal stimulus packages in 2020 amounting to nearly $14 trillion (13.5 per cent of world GDP) to contain the spread of the pandemic (IMF, 2021) and consequently, deficit and debt levels soared. In India also, the central government announced a series of economic packages, initially focussing on protecting vulnerable sections of the society followed by counter-cyclical measures to provide an impetus to consumption and investment for resurrecting growth.

Central banks, on the other hand, had proactively designed and implemented various conventional and unconventional monetary policy measures, based on their experience from past crises, notably the global financial crisis (GFC) of 2008. Most central banks have lowered policy rates, widened the range of eligible counterparties and eased collateral norms, while increasing the scale and tenor of repo operations. They also expanded their asset purchase programmes (APPs) to contain pandemic-induced elevated uncertainty and facilitate lower long-term interest rates. These

* Address by Shri Shaktikanta Das, Governor, Reserve Bank of India at the Bombay Chamber of Commerce and Industry on February 25, 2021.

measures were complemented by implicit and explicit forward guidance by communicating the 'stance' of monetary policy, going ahead.

In India, the Reserve Bank undertook several conventional and unconventional measures in the wake of COVID-19. Other than conventional measures, the RBI introduced long term repo operations (LTROs) and targeted long-term repo operations (TLTROs) to augment system as well as sector-specific liquidity to meet sectoral credit needs and alleviate stress. Special refinance facilities were provided to select all India financial institutions (AIFIs), while a special liquidity facility for mutual funds (SLF-MF) was introduced to ease redemption pressures. Unlike many central banks, the Reserve Bank's asset purchases did not dilute its balance sheet and hence, did not compromise on core principles of central banking. These purchases were confined to risk-free sovereign bonds (including state government securities) only. The focus was to foster congenial financing conditions without jeopardising financial stability. Further, forward guidance gained prominence in the Reserve Bank's communication strategy to realise cooperative outcomes. Our commitment to ensure ample liquidity conditions supportive of recovery dispelled illiquidity fears and bolstered market sentiments. We will continue to support the recovery process through the provision of ample liquidity in the system, while maintaining financial stability.

Impact on Trade and Balance of Payments

The impact of COVID-19 induced deceleration on GDP and trade if compared with the GFC of 2008, reveals contrasting trends. Global GDP is estimated to have contracted by 3.5 per cent during 2020, much higher than the contraction of 0.1 witnessed during the GFC; while global merchandise trade is estimated to have only contracted by 9.2 per cent during 2020 as against a contraction of 22.3 per cent during 2009. This differential pattern could essentially be attributed to the major role played by domestic drivers across countries – induced by lockdowns – during the recent episode.

Even though merchandise trade has shown incipient signs of revival since end-2020, recovery in services trade is yet to gain traction as subdued cross-border tourism and travel restrictions continue to weigh on the overall performance of the sector. Uneven global trade recovery led by a few Asian countries and select sectors such as medical equipment and electronic products raises concerns regarding its sustainability. A crucial impediment to revival of global trading activity is the continued disruptions in global supply chains with steep increase in shipping costs since November 2020 and lengthening of delivery times leading to rising commodity prices. These issues call for urgent attention from policy makers across the world.

The impact of demand and supply shocks is also reflected in the balance of payments. While commodity exporting countries faced lower current account surpluses due to negative shocks to their net terms of trade, net commodity importing countries such as India benefited, recording either lower deficits or even surpluses. Lower crude oil prices and weak demand due to COVID-19 related lockdown in early days of the pandemic squeezed India's oil import bill by 42.5 per cent during April-January 2020-21. In contrast to goods trade, India's net services exports remained relatively resilient despite travel receipts falling sharply due to travel restrictions. Unlike most of the other major economies, India's services exports gained traction from software exports. Domestic information technology (IT) companies benefitted from growing global demand for core transformation services as their customers focused on new models for IT operations during the pandemic. Remittance inflows fell amid widespread job losses in host countries. Nevertheless, the decline in remittances was more than offset by the lower trade deficit and robust net exports of services.

As noted by UNCTAD (2021), India's inward foreign direct investment (FDI) bucked the global trend and grew positively in 2020, boosted by investments in the digital sector. In 2020-21 (April-December), net FDI to India at US$ 40.5 billion was higher than US$ 31.1 billion a year ago. India's optimistic growth outlook and ample global liquidity also induced net foreign portfolio investment of US$ 35 billion in domestic equity market in 2020-21 (up to February 19). Non-residents also made higher accretion to deposits with banks in India. Consequently, the surplus on both current and capital account is reflected in build-up of foreign exchange reserves during the year. As on February 19, 2021, foreign exchange reserves were US$ 583.9 billion, an accretion of US$ 106.1 billion since end-March 2020. The external sector outlook would continue to be reshaped by headwinds and tailwinds associated with both domestic and global recovery.

Emerging Post-Covid Opportunities in India

I would now like to focus on certain emerging post-Covid opportunities in India, for which I have listed out seven key areas for special mention.

(i) Manufacturing and Infrastructure

The manufacturing sector is spearheading the growth recovery as many contact intensive services sub-sectors are severely affected by the crisis. The initiatives by the Government under the *AatmaNirbhar Bharat Abhiyaan* and Union Budget 2021-22 towards developing a vibrant manufacturing sector and infrastructure acknowledges the strong linkages they have with the rest of the sectors. The Production Linked Incentive (PLI) Scheme aims to make India an integral part of the global value chain. This, along with reforms in labour market, can go a long way in propelling growth to an elevated trajectory for the manufacturing sector and reap its employment potential.

(ii) Micro, Small and Medium Enterprises

I am happy to note that small and medium enterprises account for about two-thirds of the current membership of the Bombay Chamber of Commerce and Industry. The Micro, Small and Medium Enterprises (MSME) sector in India has emerged as the growth engine of the economy with a vast network of about 6.33 crore enterprises contributing 30 per cent to our nominal GDP and around 48 per cent to exports[1]. The sector employs about 11 crore people, second only to agriculture. The sector has been rendered especially vulnerable by the pandemic, necessitating concerted efforts to combat the stress and focus on revival of the sector. In this regard, two major schemes, *viz.*, the Emergency Credit Line Guarantee Scheme (ECLGS) and the Credit Guarantee Scheme for Subordinate Debt (CGSSD) were introduced by the Government. These have been duly supported by various monetary and regulatory measures by the Reserve Bank in the form of interest rate cuts, higher structural and durable liquidity, moratorium on debt servicing, asset classification standstill, loan restructuring package and cash reserve ratio (CRR) exemptions on credit disbursed to new MSME borrowers. These measures will not only help in ameliorating stress in the sector but also open new opportunities. Going forward, the Reserve Bank stands ready to support the Small Industries Development Bank of India (SIDBI) for greater credit penetration to the MSME sector.

(iii) Technology and Innovation

Digital penetration in India has scaled a new high. The time has come to leverage its applications while at the same time strengthening the digital infrastructure. With approximately 1.2 billion wireless subscribers and 750 million internet subscribers, India is the second largest and one of the fastest-growing markets for digital consumers[2].

1 Annual Reports of Ministry of MSME 2019-20.

2 As of March 31, 2020. Source: Telecom Regulatory Authority of India (TRAI).

As digital capabilities improve and connectivity becomes omnipresent, technological innovation and technology-driven revolution are poised to quickly and radically change India's economy. They have the potential to raise the productivity of agriculture, manufacturing and businesses as well as improve the delivery of public services, such as health and education. In the financial sector, this could lead to higher financial inclusion, lesser information asymmetry and reduced credit risk. Similarly, open online courses, audio-visual training programmes and remote learning can strengthen the match between skills required by the industry and skills imparted in schools, colleges and technical institutes. Healthcare delivery can be improved *via* digitisation of medical records, remote provision of diagnosis and prescription *via* smartphones and mobile internet. Technology adoption in rural areas for 'precision farming' by using geographical information systems (GIS)-based soil, water and climate data to guide farming decisions as well as using real-time market information to guide sale of agro-products can add high value to the agriculture sector. The e-commerce sector with its lower cost of transactions is already revolutionising the market structure culminating in deeper market integration.

I would like to point out that gross domestic expenditure on research and development (GERD) in India is mainly driven by the Government with a share of 56 per cent in total R&D. It is important that for India to become a global technology and innovation leader, the corporate sector should take the lead as is the case in many emerging markets and advanced economies.

(iv) Health

Post COVID-19, the health sector has undoubtedly emerged as a major fault line as well as the sector with tremendous growth opportunities. With a network of more than 3000 companies, India now ranks third globally for pharmaceutical production by volume, with the sector generating a trade surplus of over US $ 12 billion annually. India now supplies more than half of the global demand for vaccines. The sector is expected to witness strong growth in the coming years with its commitment to R&D and low cost of production. It is expected to supply a significant share of increased global demand for vaccines and medicines in the post COVID-19 scenario. Going forward, focus should be more on enhancing overall supply of health services at every level of value chain in a cost effective manner. Corporate sector needs to invest more to create scale and skill in this sector.

(v) Export Push

With the global economy gradually emerging from one of its deepest recessions, global trade activity is also likely to get a cyclical upturn going forward. In the case of India, there has also been focus on structural reforms that can set a foundation for robust growth and greater role of domestic industry in global value chain. Based on sectoral strengths and potential opportunities, the PLI scheme identifies a few champion sectors that will support domestic manufacturers in achieving economies of scale and expanding their footprint in the global market. The response from companies – particularly in electronics, pharmaceuticals and the medical device industry – to this scheme is reported to be very encouraging. This export push is also likely to come from other sectors like food products; apparel and textiles; capital goods; automobile and auto components; and electronics and semi-conductors. Since the incentive structure under PLI scheme is envisaged for the next five years, domestic industry needs to develop its strength by focusing on quality and export competitiveness in order to remain viable in the long-term.

(vi) Free Trade Agreements (FTAs)

Another policy area which needs focus for providing a durable push to India's exports and growth is free trade agreements (FTAs) with key strategically important economies. The potential FTAs need to take cognisance of not only domestic strengths and global opportunities but also the emerging geo-political landscape in the post-pandemic period. While designing future FTAs, India's experience with FTAs can be a significant guidepost. Key considerations should be to identify countries and regions that not only have the potential as a market for domestic goods and services but also have the scope to enhance domestic competitiveness, especially in sectors covered under the PLI scheme. The post-Brexit scenario offers a greater scope for having separate trade agreements with the UK and the European Union. FTAs with these economies can boost not only the bilateral trade and investment relations but may also pave the way for greater collaboration in the areas of scientific research and climate change. Due to favourable demographic dividend, Africa also offers immense potential for exports and investment from Indian firms. Large presence of Indian diaspora could help tap this potential.

(vii) Services Exports

Recovery in world services trade, which grew faster than merchandise trade in the pre-pandemic period, is expected to be slower due to cross-border travel restrictions being still in place. There has, however, been greater emphasis on carrying out business operations with efficiency. This has increased the demand for cutting-edge software services and new business opportunities brought on by the ongoing global value chain reconfiguration. This has also provided resilience to software exports of IT companies. A recent study by WTO (February 2021) estimates that by 2030, global trade growth would be 2 per cent higher annually, on average, because of the adoption of digital technologies. This should open up new opportunities for trade by reducing trade costs and strengthening ties between global value chains. Given our renewed focus on digitisation, India by being the largest software exporting country, is expected to gain with increased servicification.

Conclusion

Overall, we are on the cusp of a turnaround in fortunes. In contrast to rest of the world, the caseload of COVID-19 in India has declined and it is crucial for us to consolidate this decline and capitalise on the success that has been hard-earned. The infection caseload in some parts of the country is, however, again creeping up. We need to stay vigilant and steadfast, and on our toes. The COVID war continues. The battle of 2020 has been won, albeit with significant costs in terms of lives, livelihood and economic activity. We need to win the battle of 2021 also. Let us resolve to eventually win this war.

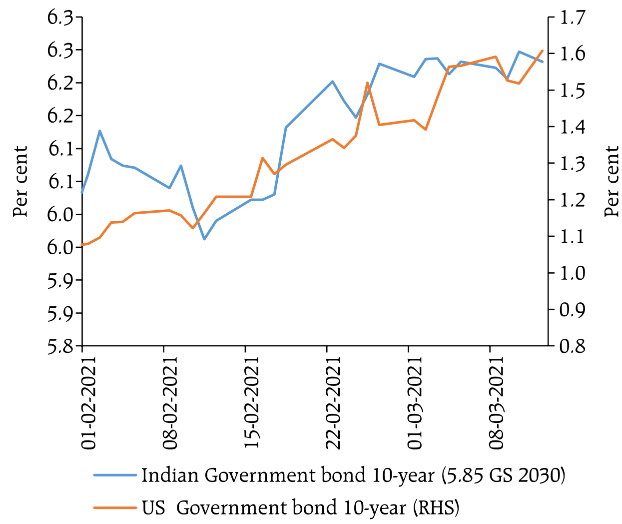
Thank you, stay safe, Namaskar.

ARTICLES

*State of the Economy**

As countries rush to inoculate their populations, the global economy should regain lost momentum in Q2. Bond vigilantes could, however, undermine the recovery, unsettle financial markets and trigger capital outflows from emerging markets. The Reserve Bank is striving to ensure an orderly evolution of the yield curve, but it takes two to tango and forestall a tandav. There is a restless urgency in the air in India to resume high growth, with signs that the capex cycle is uncoiling and turning, and earnings results of corporates having beaten market expectations. Inflation has witnessed upside pressures.

Chart 1: Government Bond Yield in India and the US



Source: Bloomberg.

Introduction

In March, wrote Charles Dickens in his book *Great Expectations*, the sun shines hot and the wind blows cold. It is summer in the light, and winter in the shade. Winter is holding back, and spring is pulling forward - winds and clouds and changing skies, and then serene in an hour.

Five developments marked the onset of March. First, calm returned after the flash bond sell-offs globally and in India that heralded the arrival of March, prompting a calling out of vigilantes who have returned to prowl markets, guns holstered and saddled up[1] (Chart 1). 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, reportedly higher than what was expected[2]. Following the announcement of a slew of measures by the Reserve Bank on February 5, however, the benchmark eased to 5.96 per cent by February 11. Thereafter, global spillovers in the form of hardening crude prices, announcements of fiscal stimulus, inflation fright as revealed in break-evens and fears of central bank stance reversals, and a lukewarm response to the US Treasury's primary auction sparked a worldwide stampede in bond markets. With the US 10-year benchmark soaring to 1.6 per cent from around 1 per cent, bond markets in India were pit-roasted by persistent selling and shorting; by March 5, the benchmark in India had touched 6.23 per cent, but the Reserve Bank's announcements of large-sized operation twists soothed frayed nerves and settled the benchmark at around 6.21 per cent on March 9. Yields, however, firmed up subsequently on spillovers from the spike in US yields.

Although the turmoil was short-lived, it gave a glimpse of the destabilising impact of expectations running too far ahead of outcomes as if with the onset of spring, summer cannot be far behind – as if the recovery has gained full traction and inflation is

* This article has been prepared by Michael Debabrata Patra, Kunal Priyadarshi, Shashidhar M. Lokare, Abhilasha, Krishna Mohan Kushawaha, Abhinandan Borad, John Vijay Guria, Manu Sharma, Shobhit Goel, Ipsita Padhi, Rachit Solanki, Avnish Kumar, Rishabh Kumar, Rigzen Yangdol, Sakshi Awasthy, Shashi Kant, Asish Thomas George, Avdhesh Kumar Shukla, Deba Prasad Rath, Praggya Das and Samir Ranjan Behera. Views expressed in this article are those of the authors and do not necessarily represent the views of the Reserve Bank of India.

[1] Financial Times, February 27, 2021.

[2] According to a survey conducted by Bloomberg, market participants expected gross borrowings of ₹10.6 lakh crore for 2021-22, as against the announcement of ₹12 lakh crore in the Union Budget.

round the corner. It is a familiar script. The pandemic stirs a heady cocktail - fiscal stimulus; monetary accommodation; release of pent-up demand; vaccine rollout - on which the bond vigilantes thrive. As growth forecasts for 2021 are ratcheted up, they see in them the spectre of long dormant inflation, the archenemy of bonds as it erodes the real value of the fixed income they provide. With these latent anxieties, bond vigilantes turn sceptical about the central bank's promise to remain accommodative and start the rout. The pretext can be country-specific idiosyncratic factors - more than anticipated government borrowing in India although it is less than last year, both gross and net; the return of break-even inflation on the far horizon in the United States (US), but as the Federal Reserve Chairman pointed out, inflation dynamics can change over time but not over a dime. Moreover, the Fed has said that it will target average inflation of 2 per cent going forward, thereby tolerating inflation above 2 per cent for periods of time. Almost as suddenly, the worst fears about inflation have receded again. There are probably limits to how far an inflation scare can run this early in the economic recovery!

Nevertheless, forewarned is forearmed: bond vigilantes are riding again, ostensibly trying to enforce law and order on lawless governments and central banks but this time around, they could undermine the economic recovery and unsettle buoyant financial markets. Fears over US interest rates have already started spilling over on to emerging market economies (EMEs). Investors have started pulling out money from EME stocks and bonds in an abrupt ending of a streak of inflows that had remained uninterrupted since October 2020. The Institute of International Finance (IIF) points out that foreign investment turned negative in emerging market equities and debt from the latter part of February, bringing back fears of the 2013 taper tantrum. While the external balances and debt profiles of many emerging economies are in better shape today than in 2013, they are not immune. Investors have, however, become more discerning in which assets to target, with corporate bonds faring particularly poorly thanks to the broader debt sell-off. The "push" factor of low yields in advanced economies (AEs) and the "pull" factor of potential currency appreciation in emerging markets could reverse. Sub-zero real yields have also induced investors to fan out into other segments of financial markets; the recent rise in yields has naturally caused equity and forex markets to seesaw nervously. Bond prices are countercyclical most of the time. This feature makes them very attractive diversifiers for equities, the prices of which are more procyclical, moving up and down in tandem with the economic cycle.

Central banks across the world have at pains stressed that they remain true to their commitment of accommodation. In this context, it is worthwhile to ponder over recent remarks made by the Governor, Reserve Bank of India, in a press interview that was also widely televised:

> "*An orderly evolution of the yield curve has to be orderly, it cannot be otherwise…..look at the RBI's actions over the last one year…. from April till now, we have done a total open market operation (OMO) of more than ₹3 lakh crore. Considering the borrowing requirement of next year, there is no reason why RBI should do less OMO in the next year that is 2021-2022 than what we did in the current year…. We have again extended this dispensation for held to maturity (HTM). That opens up space for another ₹4 lakh crore. Now let us do the arithmetic. ₹3 lakh crore of OMO of last year, it could be even more, ₹4 lakh crore space created because of the HTM dispensation, that is ₹7 lakh crore. The net borrowing is ₹9 lakh crore, so therefore, the borrowing requirement of government of India is very much manageable… liquidity will continue to be sufficient, we will make available liquidity at the appropriate times and we will see that the borrowing programme goes through in a very orderly manner.*"

This type of calming forward guidance from central banks also hides a tension - their nerves can fray if they see a painfully extracted economic revival, and financial stability built at the altar of regulatory forbearance, threatened by adventurism. Will they engage in more aggressive actions? After all, they hold the *Brahmastra* - asset purchases. If bond yields get too high, the relentless weight of bond purchases by central banks will stabilise markets, but at the cost of market activity. The recent reiteration of the resolve of the Reserve Bank of Australia is a reminder that central banks have the firepower to cap bond yields, if they are determined to do so. Investors must understand their exposures when they set about to scour the landscape to exploit signs of market dysfunction. What markets do not realise beyond the break evens, TIPS and policy stimulus is that there is no way the economy can withstand higher interest rates in its current state. It is recovering but certainly not out of the woods yet. There is much sense in what the Reserve Bank of India is doing in striving to ensure an orderly evolution of the yield curve. But it takes two to tango and forestall a *tandav.*

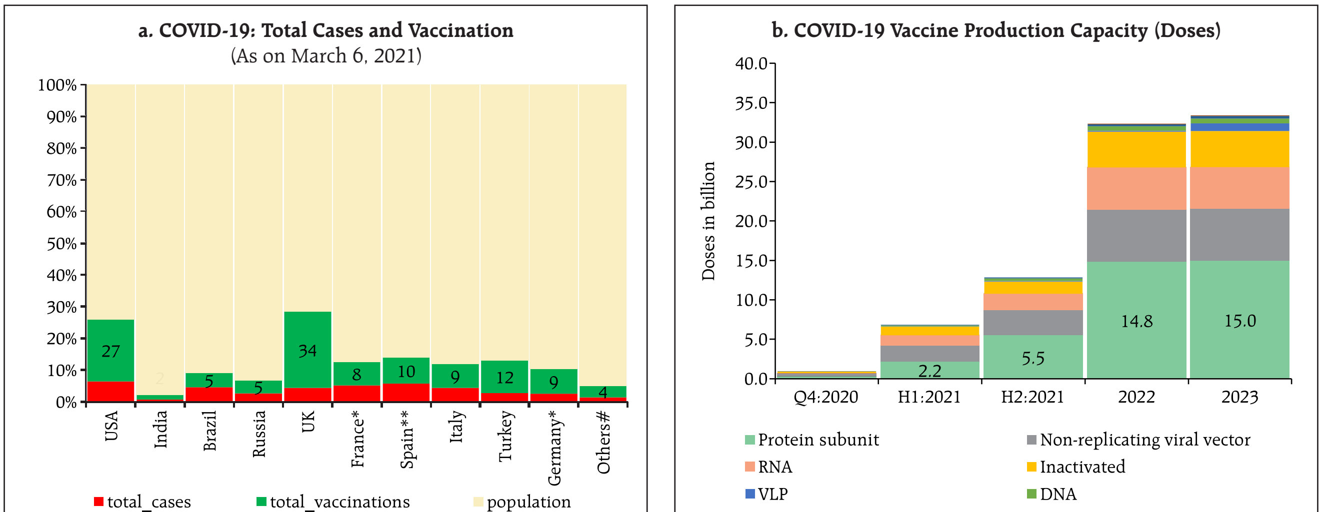
Macroeconomic policy making, as in everything else, runs on a demonstration effect. Among countries too, innovations that succeed tend to get emulated with varying degrees of success. For example, two experiments that worked for AEs also worked well for emerging economies – trade liberalisation; and inflation targeting. Two that have not enthused many of the latter much are capital account liberalisation and freely floating exchange rates. Now, in AEs, fiscal policy is on activist mode and monetary policy is accommodative. Similar policy stances characterise developing economies. It is a necessary configuration, but should it fail, it will lead to capital outflows and currency depreciation. Two factors suggest that India will decouple from other developing economies and ride out the storm. First, the rate of growth of GDP - the rate of the return on the economy - exceeds the rate of interest on the stock of public debt, the necessary condition of debt sustainability. Today's stock of public debt at around 90 per cent of GDP will go down to about 85 per cent of GDP at end-March 2026. All that India has to do is to meet the sufficient condition - generate revenue surpluses net of interest payments to pay down the debt. Second, India enjoys monetary policy credibility[3].

Second, more than 363 million doses of COVID-19 vaccines have been administered around the world since December. Rich countries have stockpiled over 1 billion doses more than they need. The 54 richest countries account for 18 per cent of adults on earth, but 40 per cent of vaccine orders – enough to give each of their adults 2.5 two-dose regimens. As rich countries have rushed to inoculate their populations, poorer ones have watched from the sidelines. Ghana became the first country to receive a vaccine through the COVAX programme, a global coalition which distributes free doses to poor countries and is backed by the World Health Organisation. Ghana's shots were provided by India (Chart 2).

India has set out to win hearts and lives – दिल जीतिए, as the former Prime Minister late Shri Atal Bihari Vajpayee had advised the Indian cricket team. As on March 16, a total of 5.9 crore vaccines have been exported to 70 countries. Of these, 81 lakh are free doses sent to 20 nations, 1.65 crore under COVAX and 3.4 crore exported on commercial terms. India has also announced a gift of 2 lakh doses for the UN peace keeping forces. According to Dr. Peter Hotez, a top US scientist, India has "rescued the world". As the COVID-19 vaccination drive encounters production glitches in Europe, hits distribution snags

[3] India's monetary credibility is intact, for now, thanks largely to the market's confidence that the country can grow fast in the future. Financial Times, March 4, 2021.

Chart 2: COVID-19 Vaccination and Production



Note: *: March 5, 2021. **: March 4, 2021. #: All other countries.
Source: Our World in Data.

Source: UNICEF.

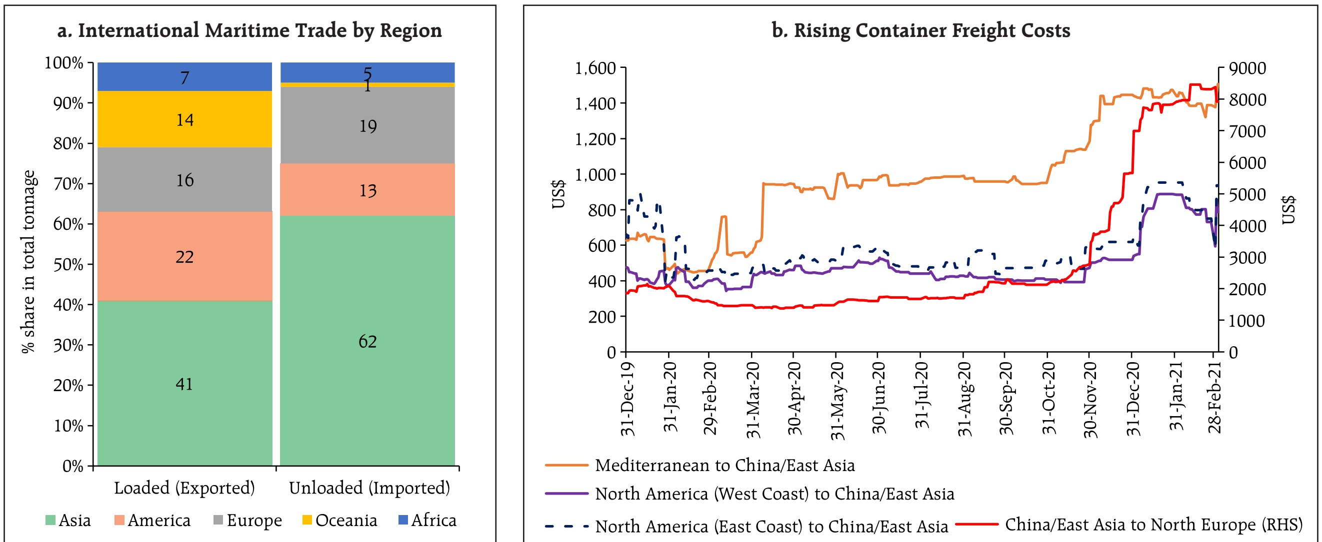
in America, and faces a geopolitical scramble for supply everywhere, an Indian biotechnology and pharmaceutical company[4] has stood like Casabianca, the boy who stood on the burning deck, whence all but he had fled[5]. By the end of the year, it will add 1.5 billion COVID-19 shots to 1.3 billion - 1.5 billion doses against diseases from measles to tuberculosis that it already produces annually. These shots are cheap and do not need to be stored at ultra-low temperatures. They will inoculate the world's poor.

Third, on March 15, the Ministry of Commerce and Industry released provisional data on India's foreign trade that showed that the recovery in merchandise exports that had spanned two successive months since December 2020 faltered and dipped. Abstracting from statistical base effects, this masks a more diabolical crisis brewing underneath. Global trade logistics disruptions pose a fresh challenge to the recovery. Around the planet, the pandemic has disrupted trade to an extraordinary degree, throwing into disarray the choreography of moving cargo from one continent to another. At the centre of the storm is the shipping container, the workhorse of globalisation. Since they were first deployed in 1956, containers have revolutionised trade by allowing goods to be packed into standard size receptacles and hoisted by cranes onto rail cars and trucks, effectively shrinking the globe. Containers that carried millions of masks to countries in Africa and South America early in the pandemic remain there, empty and uncollected, and frequently stuck for days in floating traffic jams because shipping carriers have concentrated their vessels on their most popular routes - those linking North America and Europe to Asia. Moreover, the pandemic and its restrictions have limited the availability of dock workers and truck drivers, causing delays in handling cargo from Southern California to Singapore. Empty containers are piled up at ports in Australia and New Zealand; containers are scarce at India's port of Kolkata, forcing makers of electronics parts to truck their wares more than 1,000 miles west to the port of Mumbai, where the supply is better. Rice exporters in Thailand, Vietnam and Cambodia are forgoing shipments to North America because of the impossibility of securing containers (Chart 3).

4 Serum Institute of India, Pune

5 Opening lines of the poem Casabianca by Felicia Hemans, 1826.

Chart 3: International Maritime Trade and Container Costs

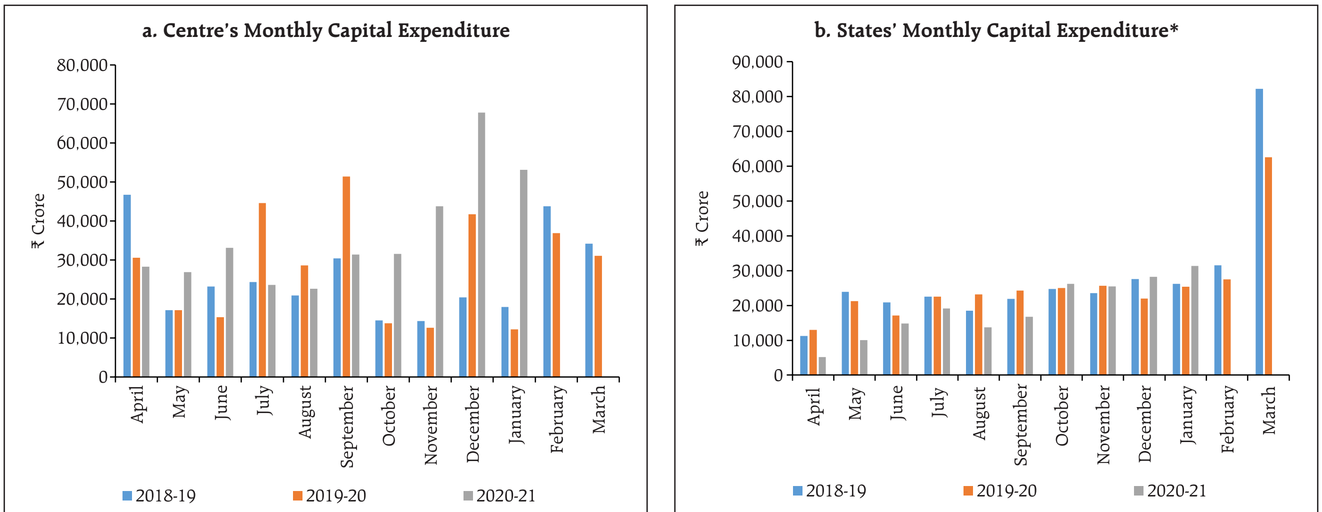


Source: Review of Maritime Transport 2020, UNCTAD.

Source: Reuters.

Fourth, the Organisation for Economic Co-operation and Development (OECD) released its interim economic outlook report on March 9, forecasting that India would be the fastest growing economy in 2021 and 2022. In its view, economic activity in India has moved above pre-pandemic levels in spite of vulnerability to risks from the spread of new mutations. The IMF's Economic Counsellor had pointed out on March 8 that with 7 per cent of world GDP on a purchasing power parity basis, what happens in India has implications for many other countries in the world. With growth projected at 11.5 per cent in 2021-22, she added, India growing ensures positives for other parts of the world by increasing demand. Although still hesitant, there are signs that the capex cycle is uncoiling and turning. First, capital expenditure of the Union government recovered from a y-o-y decline of 11.6 per cent during H1:2020-21 and made a sharp turnaround, growing by 144.7 per cent during October 2020 to January 2021 (Chart 4a). Second, provisional monthly accounts for 20 states show that capital expenditure (net of loans and advances disbursed) has gradually recovered to pre-pandemic levels during H2:2020-21, with December and January registering robust growth of 28.4 and 23.9 per cent, respectively (Chart 4b). So far, 9 states have presented their budgets for 2021-22 in which their combined capital expenditure for 2021-22 is 35.7 per cent above the revised estimates for 2020-21. Third, quarterly results for Q3:2020-21 point to signs of revival of key capital goods producing firms, with revenue growth steadily improving. Infrastructure firms have also recorded a healthy expansion in order books, with demand from transmission, distribution, green energy business, roads and highways, railways and metro services. Fourth, there has been a revival in the real estate sector. With the inventory overhang coming down, construction activity has registered a growth of 6.2 per cent in Q3:2020-21. This is mirrored in steel consumption – a proximate indicator for construction activity. Fifth, investment in machinery and equipment is clearly recovering as evident in the co-movement upwards of imports and production of capital goods after a prolonged phase of contraction. Sixth, foreign portfolio investors (FPIs) have increased allocations towards the capital goods sector to a three-year high, driven by attractive valuations,

Chart 4: Monthly Capital Expenditure of Centre and States



Source: Controller General of Accounts.

Source: Comptroller and Auditor General of India.

*: Data pertains to 20 states for which provisional monthly accounts are available till January 2021. Capital Expenditure is net of Loans and Advances disbursed by the states.

brightened prospects of revenue realisation and a bulging order book.

On February 26, the Reserve Bank revived and released the Report on Currency and Finance, reviewing India's monetary policy framework. In view of the topical relevance of the theme – the inflation target has to be reviewed by March 31, 2021 – the focus of public interest will overridingly be on the target and the tolerance band around it. But the Report, probably a once in a lifetime offering, has many flowers that blush unseen in its rich bouquet. They must not wither; they need to find a place in the sun:

- EMEs are embracing inflation targeting (IT) and bringing in innovations, including the marriage of foreign exchange interventions with IT frameworks; they are lowering targets and narrowing bands.
- India's regime shift towards flexible IT (FIT) moment arrived, not when it received legislative mandate in 2016, but back in the fateful summer of 2013 with the taper tantrum.
- Monetary policy is a contract between the people and the sovereign. Inflation is the metric by which this contract can be evaluated. In India, a societal intolerance to inflation at the double-digit threshold has manifested itself from time to time.
- Flexibility must be built into the framework, without undermining the discipline of the inflation target.
- The approach of the Monetary Policy Committee (MPC) has been gradualistic and forward-looking, reflecting sensitivity to output effects without being driven by past inflation readings while deciding the policy rate.
- Structural changes in the economy were underway even before FIT, slowing down growth – deceleration in India's trend growth; moderation in saving and investment rates; declining pace in the growth of capital stock and employment; signs of reversal in demographic dividend; less

favourable external environment on rising trade protectionism and climate change compulsions.

- The MPC has seen it all – unanimous decisions to divided views; dissent from the consensus view by both external and internal members; absence of groupthink and free-riders in monetary policy making in the FIT regime.

- Monetary transmission has been full and reasonably swift across the money market but less than complete in the bond markets; while there has been an improvement in transmission to lending and deposit rates of banks, external benchmarks across all categories of loans and deposits could improve transmission further.

- EMEs have been late movers in the adoption of FIT in view of…the 'fear of floating' and 'fear of appreciation'. In practice, most EMEs…have resorted to frequent and large interventions…to deal with…excessive capital flows and …exchange rate volatility.

The remainder of the article is organised into five sections. An overview of global conditions is presented in Section II. In Section III, we discuss recent developments in the domestic economy. Section IV summarises financial market conditions prevailing in the country while concluding remarks are laid out in Section V.

II. The Global Setting

As countries rush to inoculate their populations and others too, even as they struggle with resurgences and mutant strains, the lingering effects of the slowdown in global economic activity in Q4:2020 are beginning to fade in Q1:2021. It is looking more likely now than before that the global economy will regain lost momentum in Q2.

Table 1: GDP Growth Projections – Select AEs and EMEs

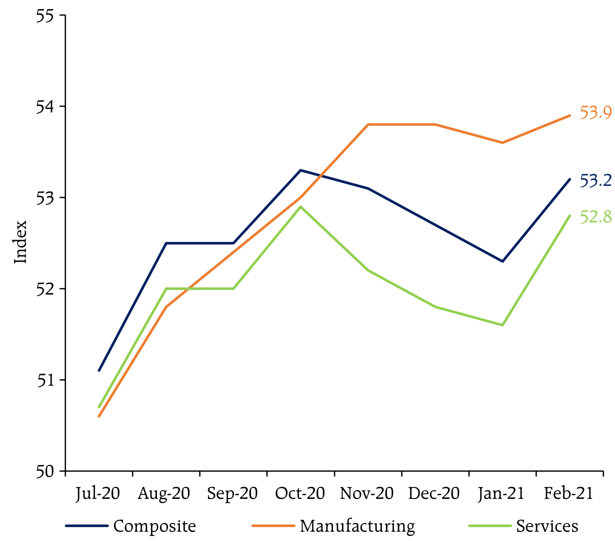
(Per cent)

Country	2021		2022	
	Dec 2020	Mar 2021	Dec 2020	Mar 2021
World	4.2	5.6	3.7	4.0
Advanced Economies				
US	3.2	6.5	3.5	4.0
UK	4.2	5.1	4.1	4.7
Euro area	3.6	3.9	3.3	3.8
Japan	2.3	2.7	1.5	1.8
Emerging Market Economies				
Brazil	2.6	3.7	2.2	2.7
Russia	2.8	2.7	2.2	2.6
India	7.9	12.6	4.8	5.4
China	8.0	7.8	4.9	4.9
South Africa	3.1	3.0	2.5	2.0

Source: OECD.

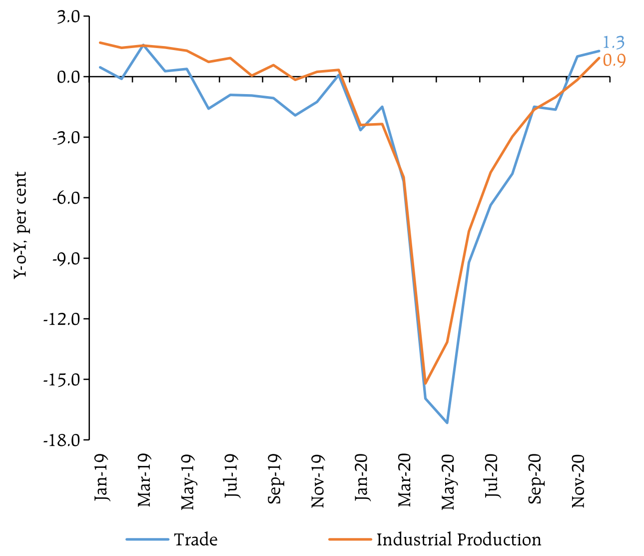
This is validated by the OECD's latest interim outlook. The global growth forecast for 2021 has been revised up by 1.4 percentage points in a span of three months (Table 1). The projection of growth for the United States (US) has more than doubled, bumped up by the US$1.9 trillion fiscal stimulus and rapid vaccination. The OECD foresees global output to exceed the pre-pandemic level by the middle of this year, though many countries would be lagging behind the level that was expected by end-2022 in the pre-COVID-19 world (OECD, 2021).

Chart 5: Global PMI Indices



Source: IHS Markit.

Chart 6: World Trade and Industrial Production



Source: CPB Netherlands.

Among early-March 2021 data arrivals, the global composite purchasing managers' index (PMI) for February 2021 scaled a four-month high, with the US ruling the roost, followed by India (Chart 5). Within this indicator, the global manufacturing touched a three-year peak, but on a sobering note, cost pressures in input and output prices have risen to decadal highs.

In the US, the labour market recovered from the pandemic-induced winter slump, which had shredded 3,06,000 jobs. In February, 3,79,000 positions were created, about 2.3 times more than in January. Even as new claims for unemployment benefits rose to 745,000 in the last week of February, the 4-week moving average was the lowest since early December. In the Euro area, unemployment in Spain soared to a five-year high in February while retail sales in Germany continued to decline in the wake of a protracted lockdown and re-calibration of sales tax[6].

World trade grew by 1.3 per cent in December 2020 over a year ago (Chart 6). By end-2020, global trade had achieved its level at the beginning of the year and had made up for the loss inflicted by COVID-19. Industrial production has also risen back to its level at the start of 2020.

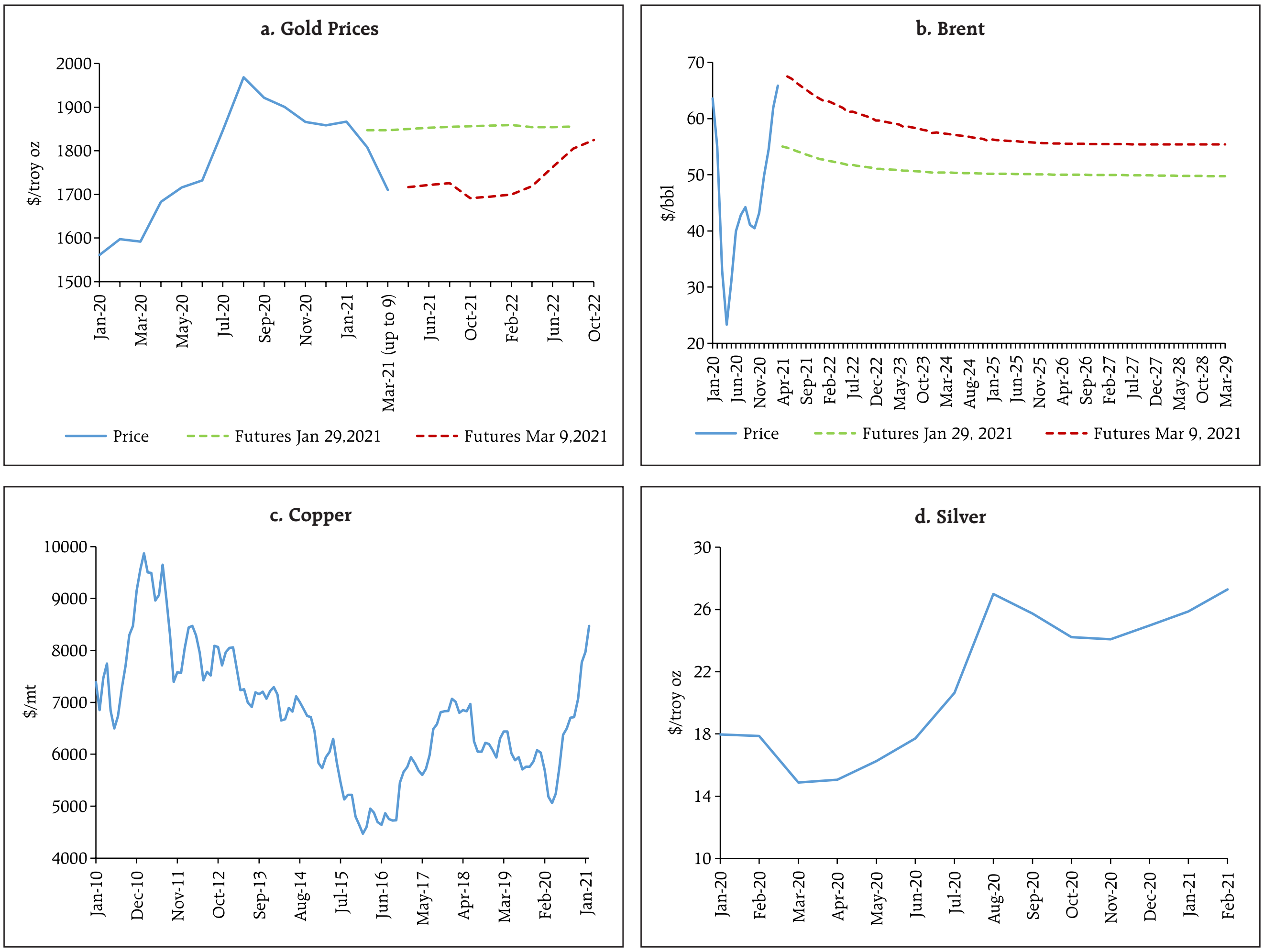
With economic uncertainty receding, gold continued to lose sheen as safe haven demand waned. Gold prices in the first half of March were the lowest since May 2020. Crude prices continue to boil as demand rises sharply, while the Organization of Petroleum Exporting Countries (OPEC) *plus* in its latest meeting decided to maintain *status quo* on output up to April 2021. Brent prices briefly crossed $70 a barrel in the second week of March for the first time since the pandemic after the world's largest supplier – Saudi Arabia – stated that its energy facilities had been attacked, targeting the security and stability of global supplies. There is a growing consensus that a commodities super-cycle is forming (Goldman Sachs, JP Morgan Chase & Co. *etc.*) [Chart 7].

Global financial market conditions are in a Goldilocks moment[7]. After the end-January correction, stock markets across the world rose again up to mid-

[6] Financial Times, March 2, 2021.

[7] A Goldilocks economy is an economy that is neither too hot nor too cold but just right. The name comes from children's story 'The Three Bears'.

Chart 7: Commodity Prices

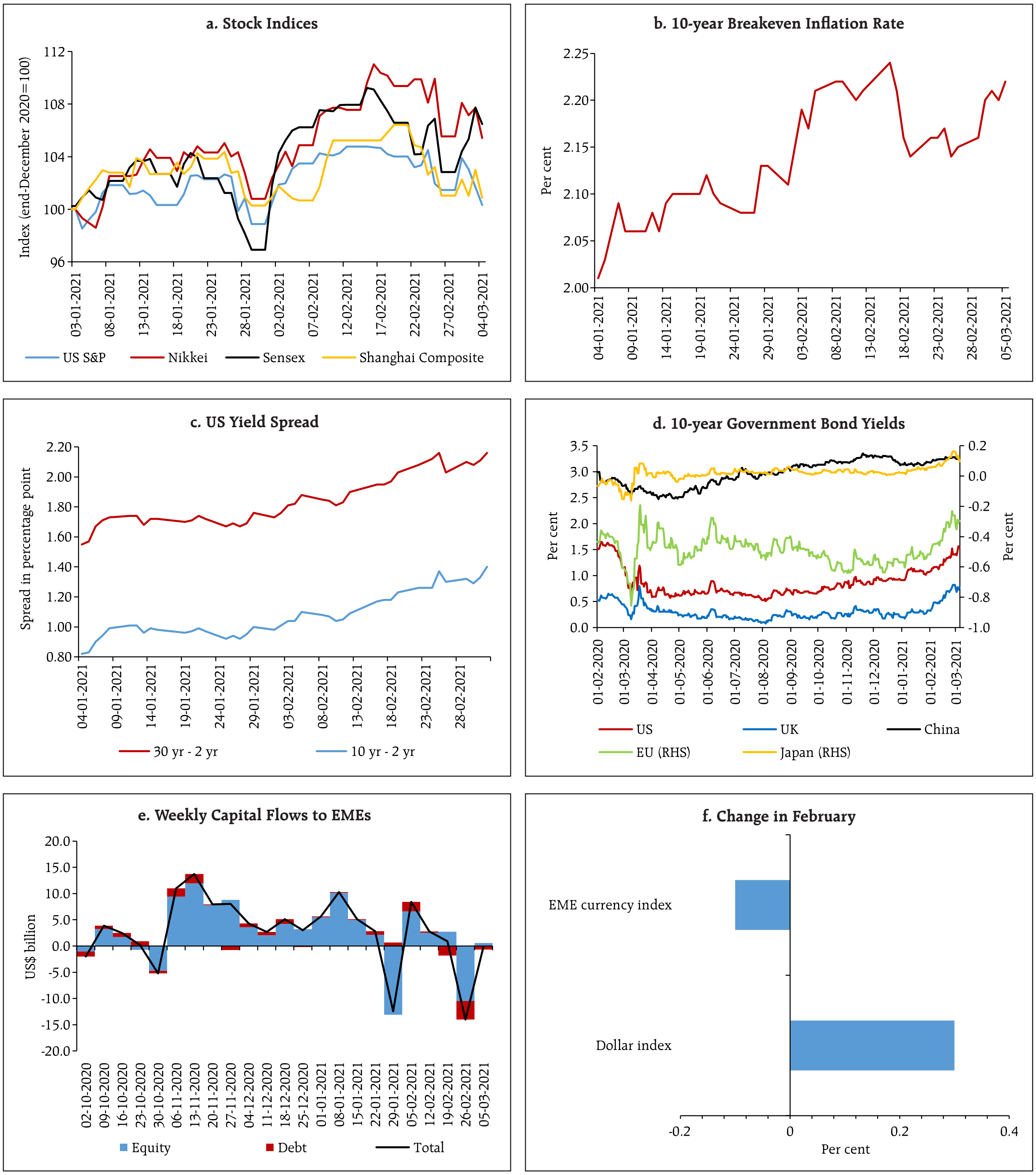


Sources: World Bank; and Bloomberg.

February with the US S&P and Indian Sensex, scaling new peaks (Chart 8a). Japan's Nikkei surpassed 30,000 for the first time since 1990 on expectations of strong growth and business earnings.

At the same time, reflation trade has been gathering strength and the 10-year break-even rate, which is a key measure of the market's inflation expectations, rose sharply (Chart 8b). Guided by expectations of a strong recovery and hence firming inflation, there was a sell-off in US bonds. Long-term bond yields shot up – the 10-year yield has inched up close to 1.6 per cent, while the 30-year yield is near 2.25 per cent. With more fiscal stimulus in the offing and vaccination gathering pace, long-term rates were pushed up while near-term rates held steady, which increased the slope of the yield curve (Chart 8c). The sell-off in bonds and steepening of the yield curve in the US spread rapidly to other jurisdictions. 10-year benchmark yields ruled at their highest levels in a year in the US, United Kingdom (UK), Euro area, Japan, Australia, China and others (Chart 8d). Rising yields triggered corrections in equity markets across the world and capital outflows from the EMEs for the first time since October 2020, leading to weakening of the EME currency index (Charts 8e and 8f). The daily tracker of cross-border flows of the IIF covering data

Chart 8: Financial Markets



Sources: Bloomberg; Federal Reserve Bank of St. Louis; and IIF.

for 30 EMEs shows that foreign investment turned into daily outflows of about US$290 million during the first week of March, compared with daily inflows of about US$325 million in February.

With prices for emerging market assets having come under pressure, the Morgan Stanley Capital International (MSCI) broad gauge of emerging market equities has dipped by 7 per cent in dollar terms from its high less than a month ago. Debt tracked by JPMorgan's global EMBI index has recorded a loss of about 4 per cent from the end of 2020[8].

After a two-month hiatus, major central banks resumed rate cutting in February with both Bank Indonesia and Banco de México reducing their policy rates by 25 basis points each to 3.5 per cent and 4.0 per cent, respectively. The European Central Bank has announced that asset purchases under the Pandemic Emergency Purchase Programme would be at a significantly higher pace over the next quarter than during the first months of the year. On the other hand, the Federal Reserve and the Reserve Bank of New Zealand (RBNZ) have announced winding down of a few temporary pandemic-support facilities with minimal usage.

It has also been the season of modification of remits of MPCs. While the basic objectives and nominal anchors of monetary policy remain the same for both the UK and New Zealand, some elements have been added to the decision-making and policy-implementation process. The RBNZ's MPC is henceforth required to outline, *inter alia*, the impact of its decisions on the government's policy of sustainable house prices. The Bank of England MPC's remit has been updated, mirroring the government's economic strategy, which seeks to achieve growth that is environmentally sustainable and consistent with the transition to a net zero carbon economy.

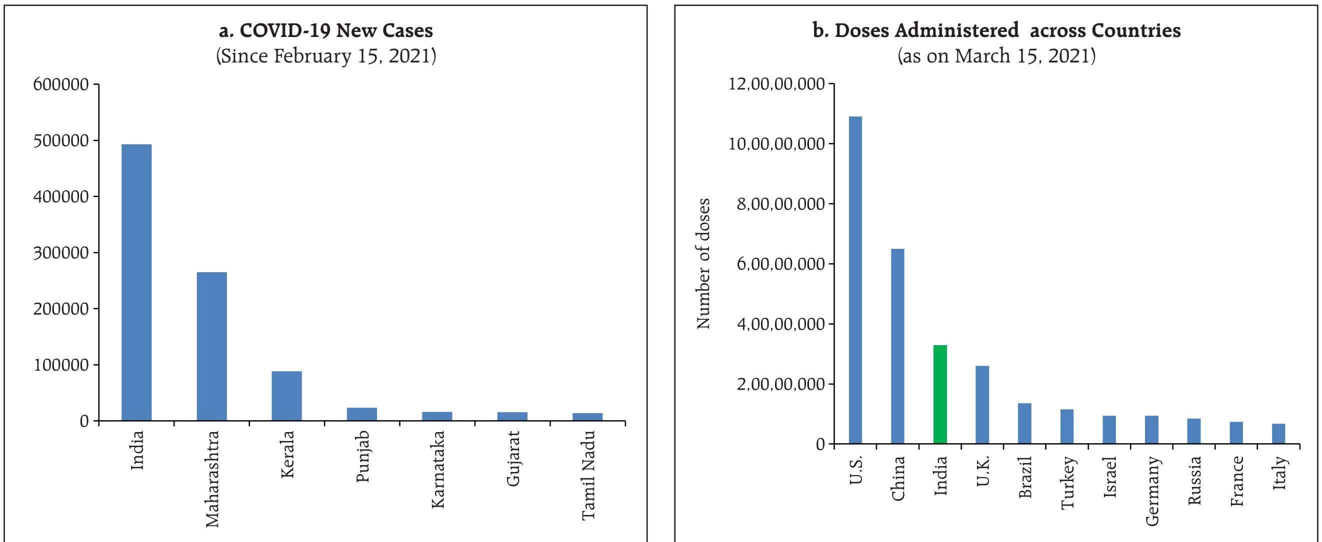
The key development on the fiscal front was the American Rescue Plan, the new stimulus of US$1.9 trillion – the second highest fiscal stimulus in the US – being signed into law, within a year of the highest ever stimulus. The OECD estimates that in its first full year of implementation, spanning from Q2:2021 to Q1:2022, the stimulus plan would expand output by about 3-4 per cent, roughly equal to the current spare capacity of the US economy. It would also increase demand in other economies, particularly Canada and Mexico, while also improving domestic employment and inflation prospects.

III. Domestic Developments

India's vaccination drive faced off against localised surges in COVID-19 cases since mid-February. By March 16, India's active caseload stood at 2,23,432 with daily cases averaging around 20,000 during the first half of March; 6 States account for 85 per cent of the cases (Chart 9a). The pace of vaccination is picking up, with 2.5 crore doses being administered in the same period. Cumulatively, India has administered around 3.3 crore doses so far (March 16, 2021), which is the third highest among vaccination programmes globally (Chart 9b). Meanwhile, Covaxin – a drug developed by Bharat Biotech – has shown an interim vaccine efficacy of 81 per cent alongside significant immunogenicity against the rapidly emerging variants. The swift pace of vaccination raises hopes of a faster recovery, given that the recent spike in COVID-19 infections is largely restricted to a few states, and restrictions in terms of partial lockdowns/squeeze in market hours/ night curfews have been primarily local.

8 Financial Times, March 6, 2021.

Chart 9: COVID-19 Cases and Doses Administered



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

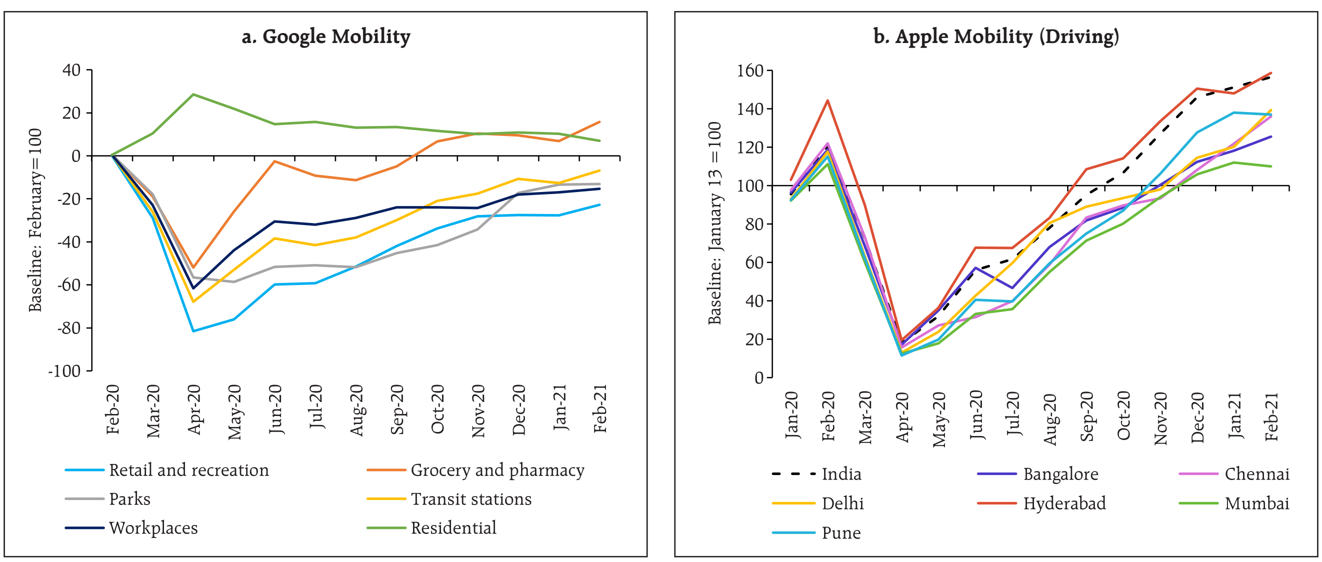
Source: Bloomberg.

Mobility indicators, such as the Apple mobility index, indicate that movement has normalised across all major cities through February and March 2021, barring a slight blip in Mumbai and Pune owing to the recent surge in COVID-19 cases (Chart 10). The Google mobility index also reflects a steady improvement, except around retail and recreation that moderated somewhat in March.

Aggregate Demand

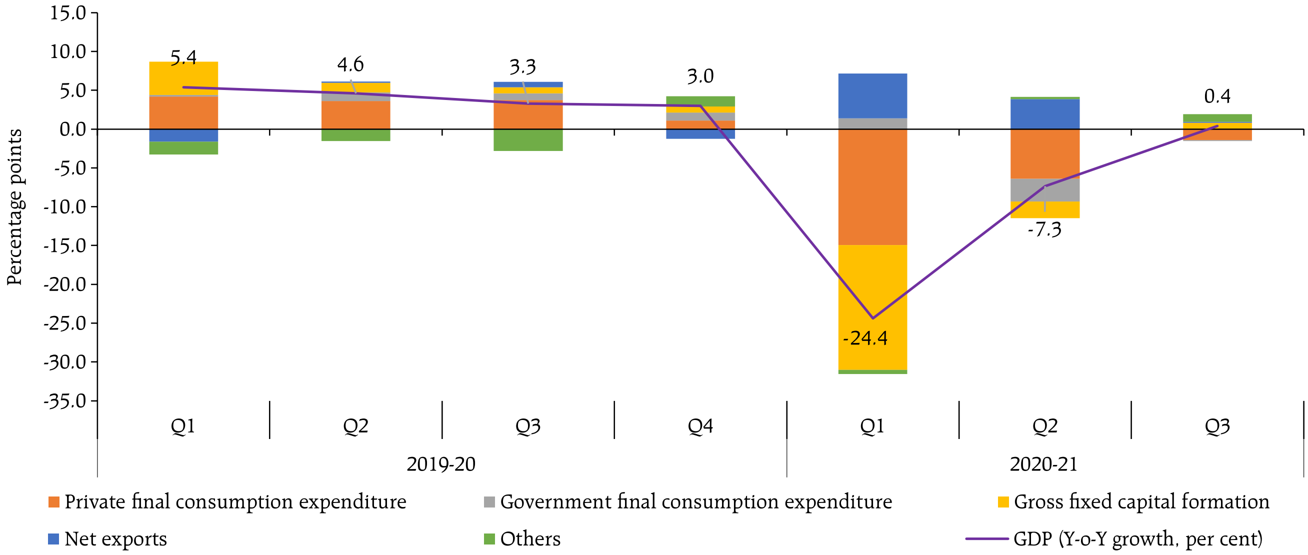
The second advance estimates (SAE) of national income of the National Statistical Office (NSO) show that the pace of contraction moderated across all components, with gross fixed capital formation (GFCF) emerging out of negative territory (Chart 11). A pick-up in private consumption, spurred by a strong release of pent-up demand, spending by Government, robust

Chart 10: Mobility Indicators



Source: CEIC.

Chart 11: Weighted Contribution to GDP Growth



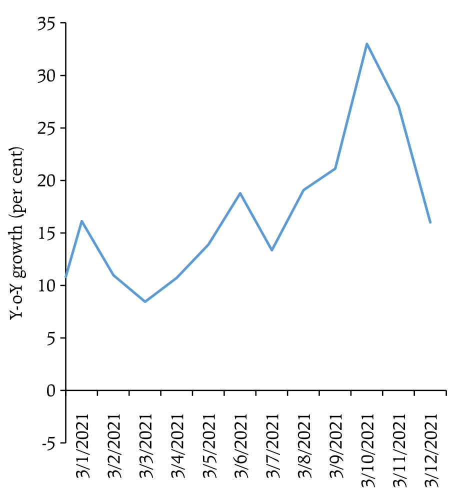
Source: NSO.

agricultural performance, and the coincident revival of manufacturing, construction, banking and real estate activity, provided the bedrock of the recovery.

Aggregate demand is expanding in a broad-based manner, and conditions continue to register steady improvement. Electricity generation was 16.5 per cent more during March so far than a year ago (Chart 12a). The average daily power demand in the country rose by 3.5 per cent in February, the sixth consecutive month to record a rise in electricity demand. Electricity usage in states like Gujarat, Punjab, Maharashtra, and West Bengal, where industrial and commercial requirements constitute 40 per cent of the overall demand, grew in the range of 0.4 to over 6.6 per cent (Chart 12b). Moody's Investor Services has upgraded the outlook for the Indian power sector from 'negative' to 'stable'.

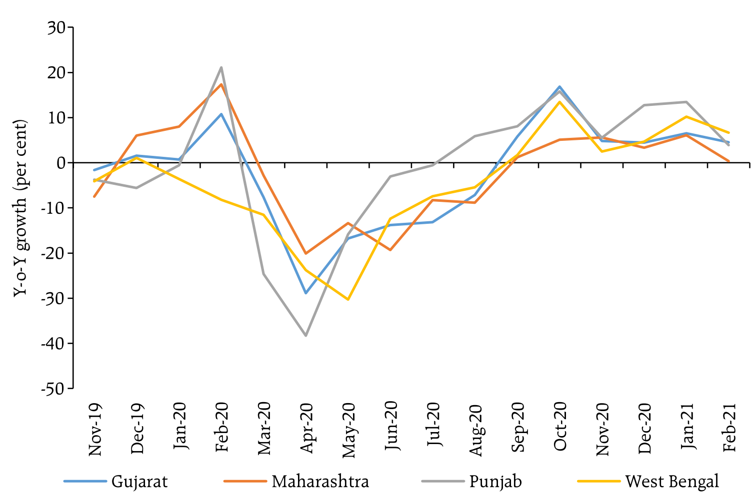
Chart 12: Electricity Generation

a. Daily Electricity Generation



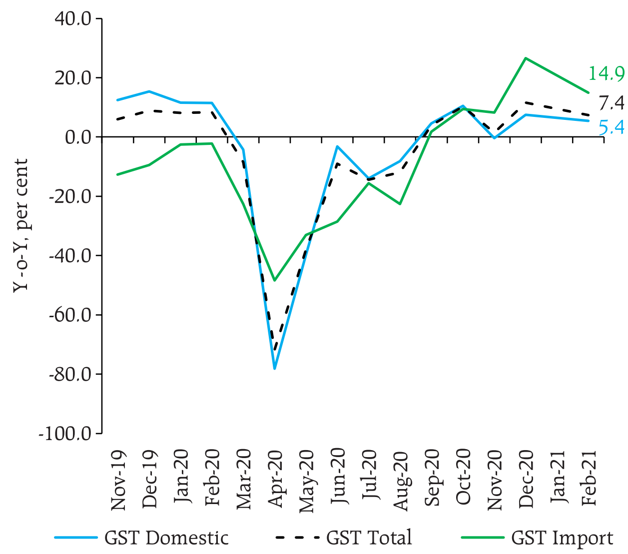
Source: Power System Operation Corporation (POSOCO).

b. Electricity Demand Growth



Source: Central Electricity Authority (CEA).

Chart 13: GST Collections

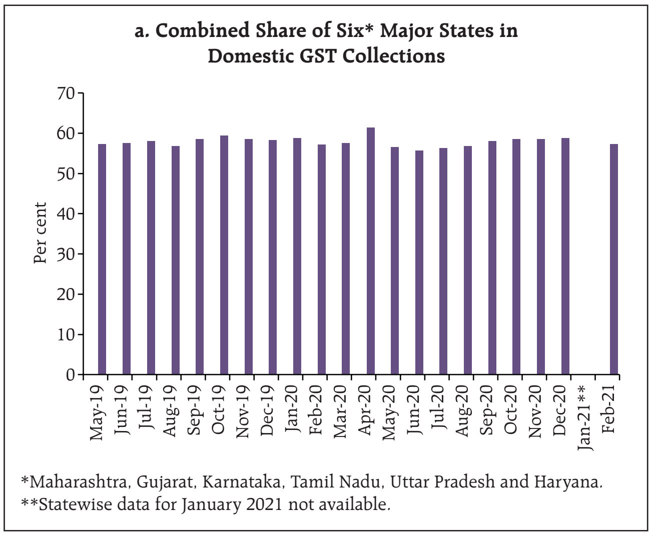


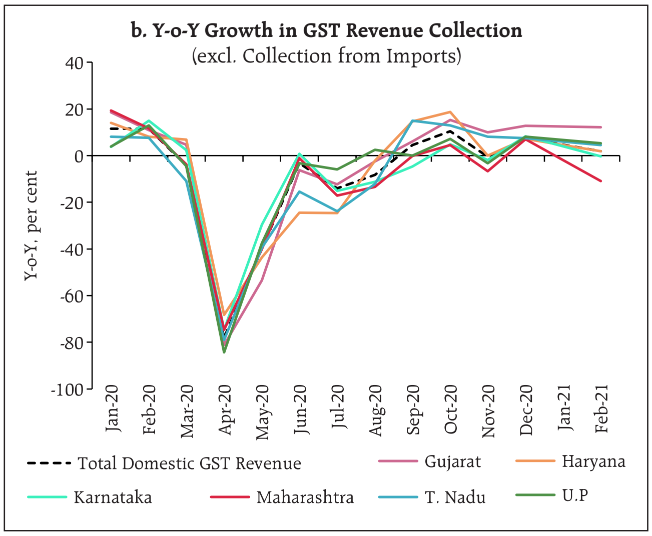
Source: CEIC.

The 13th edition of the Retail Business Survey by the Retailers Association of India indicated that retail sales were 93 per cent of pre-COVID-19 levels in February 2021, driven by consumer durables and quick service restaurants. The industry is optimistic that the recent surge in COVID-19 cases should not impair nascent revival. Collections under the goods and services tax (GST) continued to remain above the ₹1 lakh crore mark for the fifth straight month in February 2021, marking an increase of 7.4 per cent over the previous year and reflecting the sustained business activity. Collections from domestic transactions grew by 5.4 per cent and by 14.9 per cent from imports (Chart 13). The inter-state analysis of domestic GST revenue collections indicate that Maharashtra, Gujarat, Karnataka, Tamil Nadu, Uttar Pradesh and Haryana contributed close to 57 per cent of the total (Chart 14).

High frequency indicators of transport reflect some moderation in growth in February 2021, coinciding with the surge in fresh COVID-19 cases in states like Maharashtra and Kerala. Port cargo moderated to a growth of 1.9 per cent and domestic air cargo reverted to sub-normalised freight quantities. On the other hand, railway freight traffic remained resilient, growing by 5.5 per cent in February 2021 (Chart 15a). Tractor sales continued their stellar run in February, posting a growth of 31.1 per cent on the back of a resilient agricultural/rural sector (Chart 15b). The automobile sector[9] exhibited growth in February on the back of a low base effect with

Chart 14: GST State-wise Revenue Collections

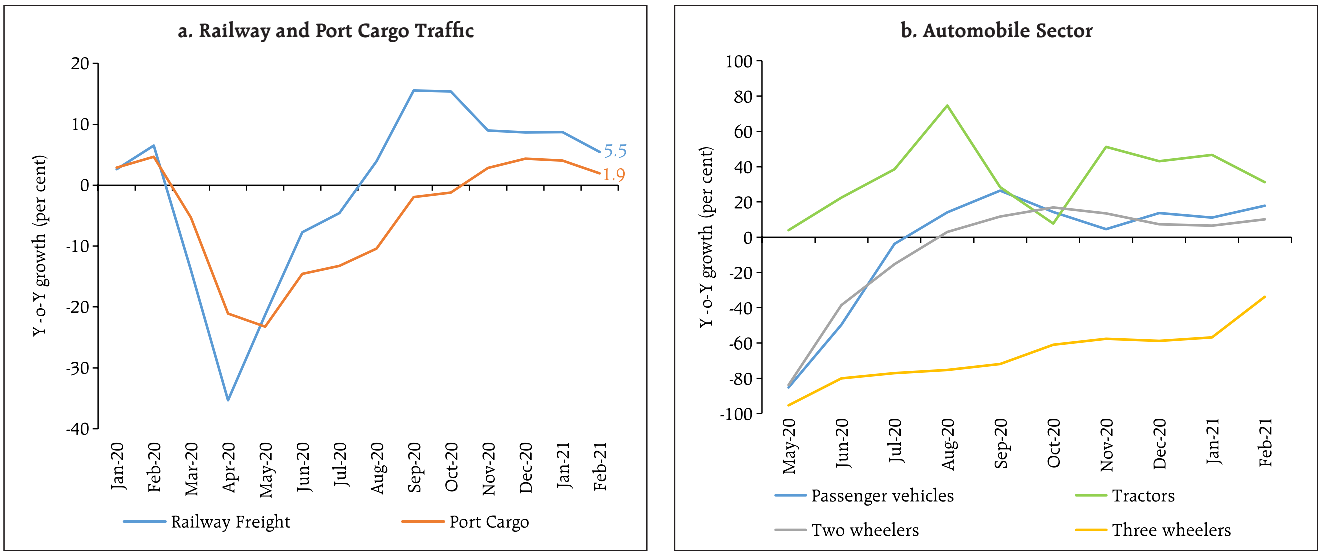




Source: CEIC.

[9] The automobile data for both wholesale and retail sales are not strictly comparable to the previous year due to implementation of BS-VI norms.

Chart 15: Transportation



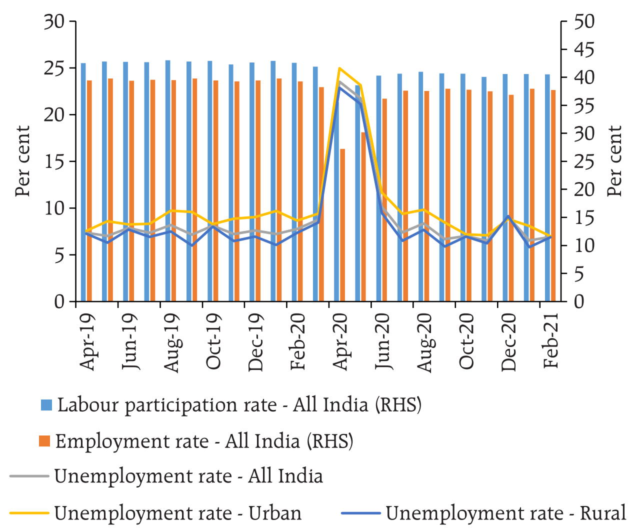
Source: CEIC.

passenger vehicles and two wheelers driving growth in the wholesale segment. Retail sales of passenger vehicles increased, despite global semiconductor outage. Registrations of two wheelers, however, contracted.

The household survey of the Centre for Monitoring Indian Economy (CMIE) on employment reveals a blip in February 2021, with the average employment rate receding marginally to 37.7 per cent from 37.9 per cent a month ago. Consequently, the average unemployment rate rose moderately to 6.9 per cent from 6.5 per cent in January 2021, but was lower than the pre-pandemic level of 7.8 per cent (February 2020) [Chart 16]. The labour force participation stood at 40.5 per cent in February, slightly down from 40.6 per cent a month ago. Urban areas outperformed their rural counterparts, with urban unemployment easing to 7.0 per cent, the lowest in the last thirty months. Rural employment suffered, on the other hand, with unemployment increasing to 6.9 per cent from 5.8 per cent a month ago. A quickened pace of labour re-absorption in urban India may be reflective of economic activity normalising.

Through the release of the periodic labour force survey (PLFS) for urban areas, an official estimate has been made for the first time on the extent of disruption faced by workers during April-June 2020 when economic activity was at its *nadir* (Box 1).

Chart 16: Employment, Unemployment and Labour Participation Rates

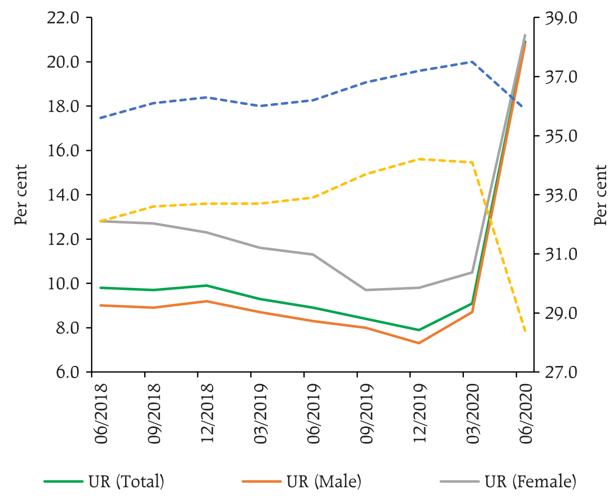


Source: CMIE.

Box I: Movements in Urban Labour Market in April-June 2020

The Ministry of Statistics and Programme Implementation (MoSPI) has now released data from its periodic labour force survey (PLFS) for April-June 2020 for urban areas. Labour markets bore the extreme brunt of the COVID-19 outbreak and economic disruptions caused by the lockdown. According to the International Labour Organization[1], India registered an annual average loss of 13.7 per cent in working hours in 2020. Officials numbers, by and large, are directionally in line with alternative data sources in terms of unemployment, which are showing a sharp increase in the unemployment rate (UR) (Chart 1). This sharp rise in unemployment in India is similar to the experience of the US where the adjustment occurred *via* the temporary laying off of workers, and opposing to the experience of the Euro Area where workers either remained on payrolls due to job retention scheme or left the job market completely (ECB 2020).

Chart 1: Key Labour Market Indicators in Urban Areas



Source: PLFS.

During April-June 2020, the unemployment rate increased sharply to 20.9 per cent from 9.1 per cent in January-March 2020 and 7.9 per cent in October-December 2019. During the same period, the labour force participation rate (LFPR) declined to 35.9 per cent from 37.5 per cent in January-March 2020. However, the worker population ratio (WPR) declined very sharply, reflecting high job losses at 28.4 per cent in April-June 2020 as compared with 34.1 per cent in January-March 2020 and 34.2 per cent in October-December 2019.

The impact of COVID-19 is more vividly visible when analysed in terms of transition from one employment category to another (Table 1). For this, activity of same

Table 1: Distribution of Persons (>15 years) by Activity between Adjacent Quarters

Activity during January-March 2020		Activity during April-June 2020							
		Own Account Worker, Employer	Helper in Household Enterprise	Self-employed (1+2)#	Regular Wage/ Salary	Casual Labour	Unemployed	Not in Labour Force	All (3+4+5+6+7)
		1	2	3	4	5	6	7	8
1.	Own account worker, employer	6.6	0.0	11.4	0.2	0.0	1.0	0.9	13.5
2.	Helper in household enterprise	0.0	1.1	1.7	0.0	0.0	0.1	0.4	2.2
3.	Self-employed (1+2)#	7.1	1.2	14.1	0.2	0.0	1.2	1.4	16.9
4.	Regular wage/ salary	0.1	0.0	0.3	18.7	0.0	2.1	1.1	22.2
5.	Casual labour	0.0	0.0	0.2	0.1	1.8	2.5	0.5	5.1
6.	Unemployed	0.0	0.0	0.1	0.1	0.2	3.7	0.3	4.3
7.	Not in labour force	0.1	0.1	0.2	0.2	0.1	0.3	50.8	51.6
8.	All	7.3	1.3	14.8	19.2	2.1	9.9	54.1	100.0

Note: # : In column and row 3, self-employed workers who had work in household enterprise but did not work due to sickness or other reasons are also included.
Source: PLFS, MoSPI.

(Contd...)

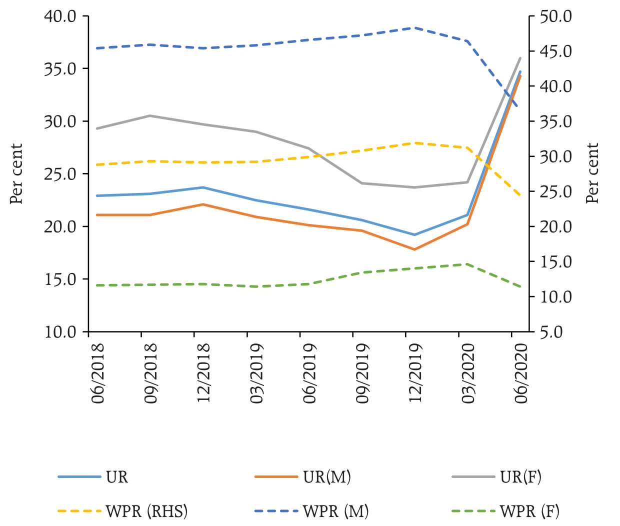
[1] International Labour Organisation (2021), ILO Monitor: COVID-19 and the world of work. Seventh edition.

persons is tracked for two adjacent quarters. It can be observed that all categories of workers were affected adversely, with share of unemployed in total working age population (> 15 years) rising to 9.9 per cent in April-June 2020 from 3.7 per cent in Jan-March 2020 and labour force participation declining to 45.9 per cent from 48.4 per cent during the same periods. While casual labourers were forced mostly to unemployment, regular wage earners and self-employed became unemployed and some moved completely out of economic activity.

Furthermore, workers in younger age groups suffered disproportionately as the unemployment rate increased to abnormally higher levels of 34.7 per cent from 21.1 per cent in January-March 2020 and much above the increase in overall unemployment. The burden was primarily born by younger male workers (Chart 2).

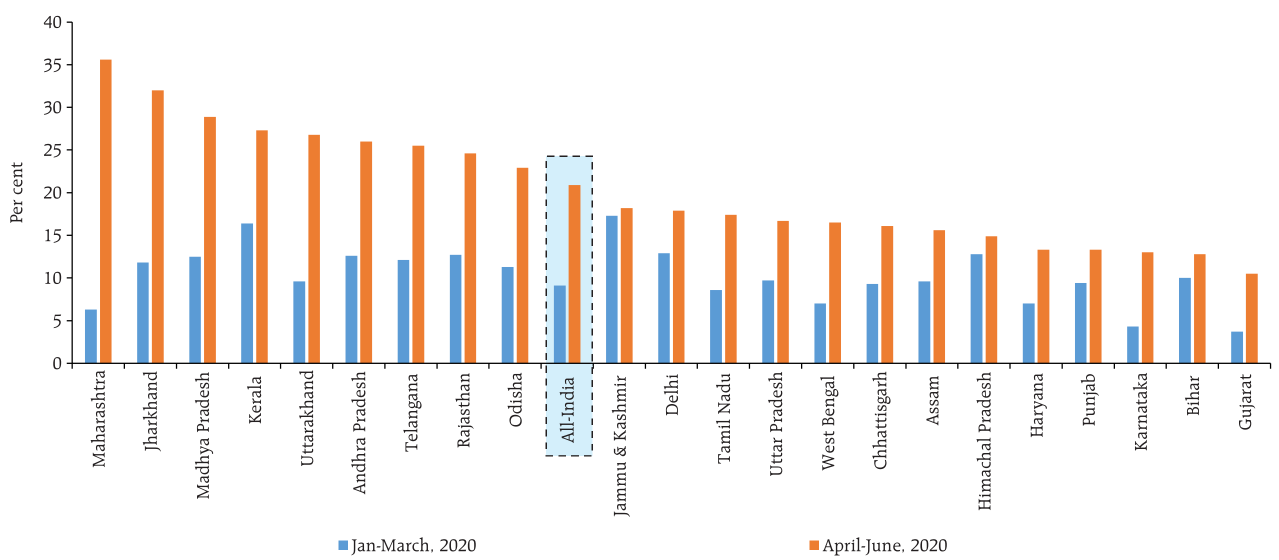
The state-level analysis of labour data reveals that urban unemployment was the highest in Maharashtra, the most urbanised and industrialised state of India (Chart 3). Incidentally, the maximum number of COVID-19 infections are recorded in Maharashtra.

Chart 2: Unemployment Rate and Worker Participation Rate of 15-29 Age Group Labourers



Source: PLFS.

Chart 3: State-wise Unemployment Rate



Source: PLFS.

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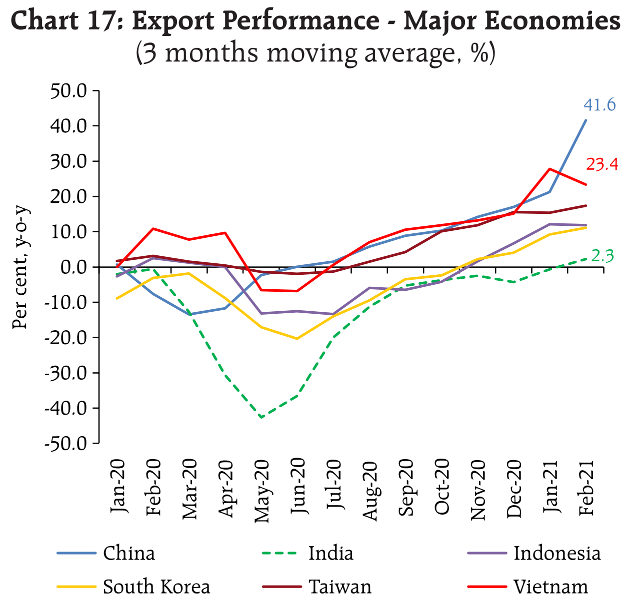
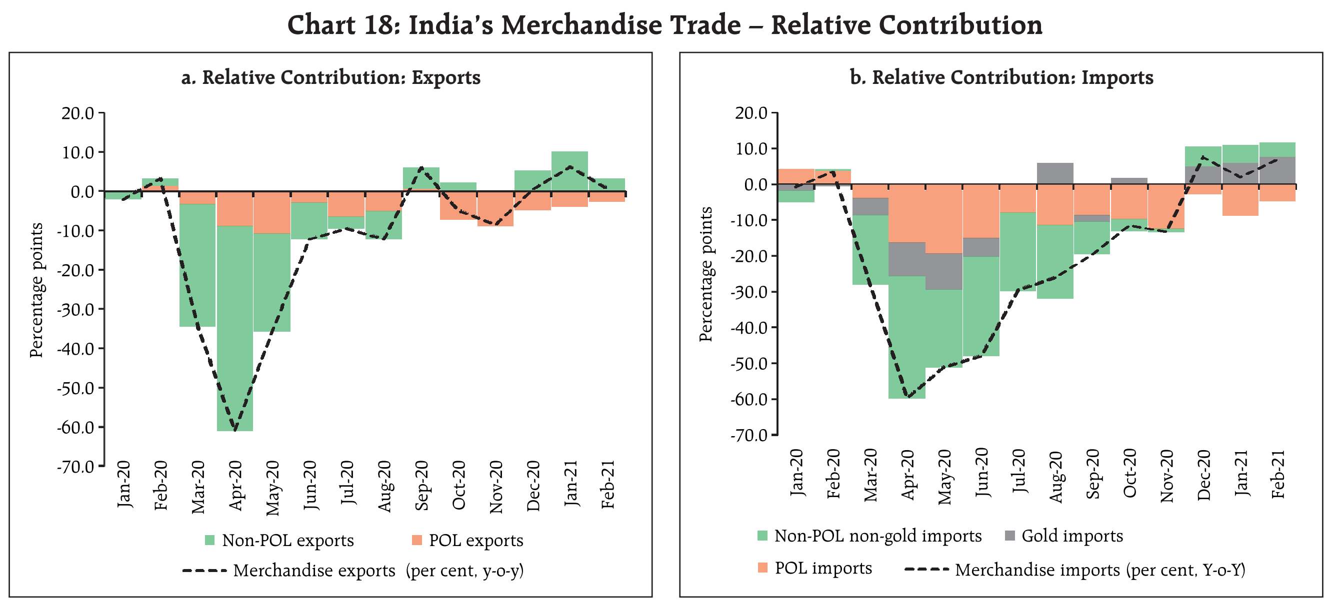


Sources: CEIC; and Authors' calculations.

India's merchandise trade has rebounded in recent months with the global trading environment improving as economies exit lockdowns on the back of faster than expected vaccine rollouts. The recovery in merchandise exports, however, falls short of major Asian peers (Chart 17).

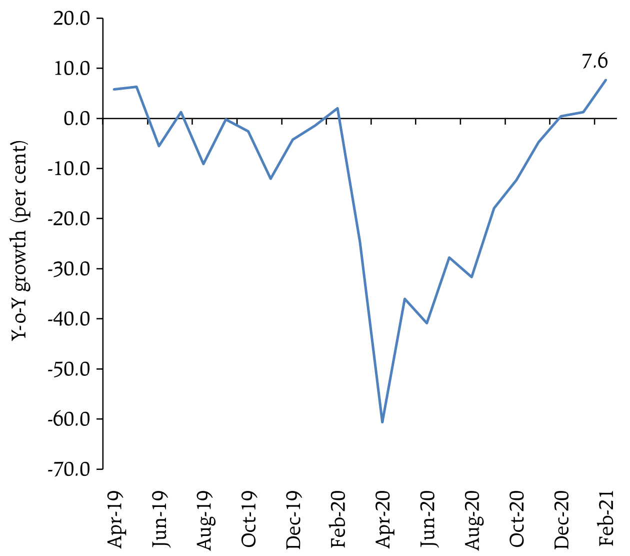
Merchandise exports and imports for February 2021 have normalised to pre-pandemic levels. Non-oil exports remained in growth terrain for the sixth consecutive month. Non-oil non-gold imports too witnessed a growth of 6.1 per cent in February 2021, indicating signs of revival in domestic economic activity (Chart 18). Export growth has been lifted by the performance of iron ore, drugs and pharmaceuticals and rice, which had also remained resilient through the pandemic. Other sectors like chemicals and plastics are also back to pre-COVID-19 levels. However, lower exports of petroleum products, gems and jewellery, electronics and engineering goods acted as a drag. Gold, electronic goods, and chemicals topped the list of commodities that spurred import growth in February 2021. In contrast, petroleum, coal and transport equipment were the commodities that pulled down import growth. The bright spot in this trade revival is import of capital goods, boding well for investment demand in the economy (Chart 19).

Revised Estimates (RE) of key deficit indicators for 2020-21 for the 9 states that have presented



Sources: DGCI&S; and Authors' calculations.

Chart 19: Import of Capital Goods



Source: DGCI&S.

their budgets reveal the extent of pandemic induced deterioration. The gross fiscal deficit rose to 5.3 per cent of gross state domestic product (GSDP) over the budgeted figure of 3.3 per cent. Revenue spending saw a contraction in the revised estimates, with expenditure rationalisation more than compensating for pandemic-related additional spending. Overall, the revenue balance saw a slippage of 2.3 percentage points, moving from a budgeted surplus to a deficit in the revised estimates, driven primarily by a fall in states' own tax revenue and devolution from the centre. For 2021-22, states' gross fiscal deficit has been budgeted at 4.0 per cent of GSDP. The consolidation is sought to be achieved through enhancing revenue receipts and cuts in revenue expenditure while hiking overall capex outlays (Table 2).

Aggregate Supply

Aggregate supply – measured in terms of real gross value added (GVA) – registered a growth of 1.0 per cent in Q3:2020-21, exhibiting a sharp sequential recovery over Q2 (Chart 20). Agriculture growth accelerated to 3.9 per cent in Q3 on account of robust growth in *kharif* production, as per the recent

Table 2: State Government Finances* - Key Indicators

(Per cent of GSDP)

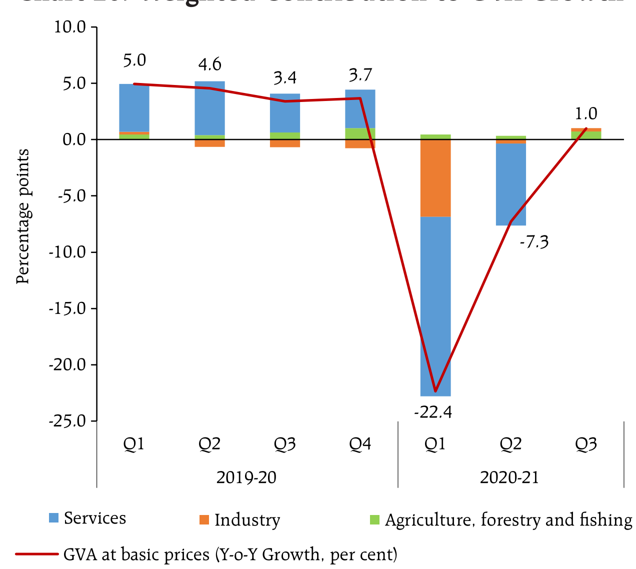
Item	2019-20	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
Revenue Receipts	18.7	20.8	18.1	19.0
Capital Receipts	0.4	0.1	0.1	0.1
Revenue Expenditure	18.3	20.2	19.8	18.9
Capital Expenditure	3.0	4.0	3.6	4.2
Revenue Deficit	-0.4	-0.6	1.7	-0.1
Gross Fiscal Deficit	2.1	3.3	5.3	4.0

*: Data pertains to 9 states that have presented their Budgets for 2021-22. Negative (-) sign indicates surplus.
Source: Budget documents of state governments.

second advance estimates (2nd AE) of crop production, 2020-21. Manufacturing regained some momentum and returned to positive zone with a growth of 1.6 per cent, after five successive quarters of contraction. With revival in construction, financial, real estate and professional services, value added in the services sector in Q3:2020-21 reached its level a year ago.

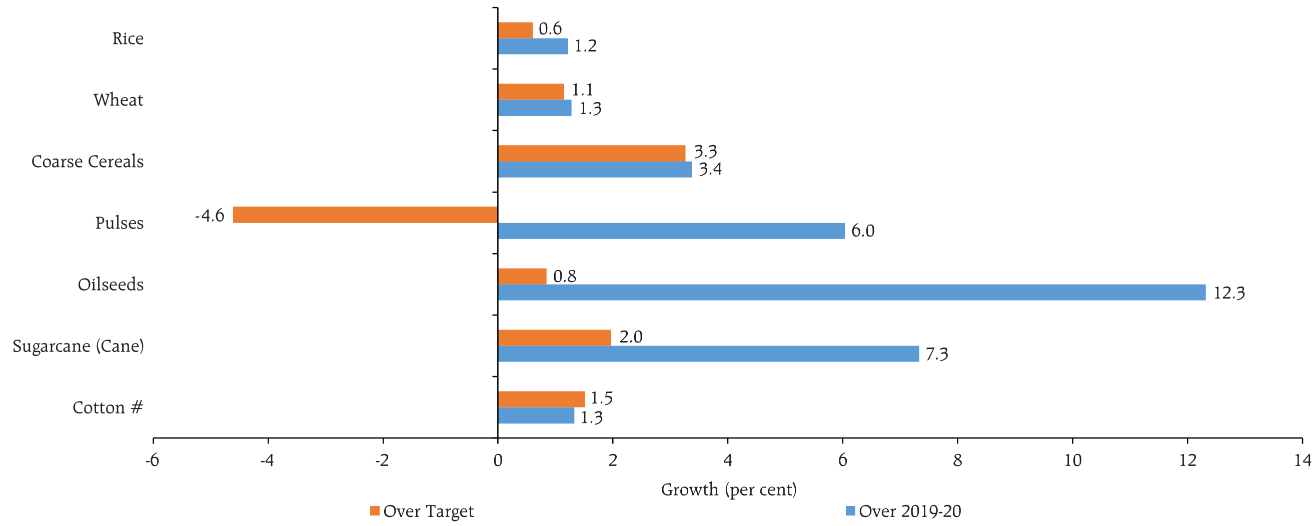
With the *rabi* season nearing to a close, the agriculture sector is set to harvest a bumper crop as per the 2nd AE for 2020-21 (Chart 21). Blessed by normal monsoon and procurement policy support,

Chart 20: Weighted Contribution to GVA Growth



Source: NSO.

Chart 21: Crop Production 2020-21 (2nd AE)



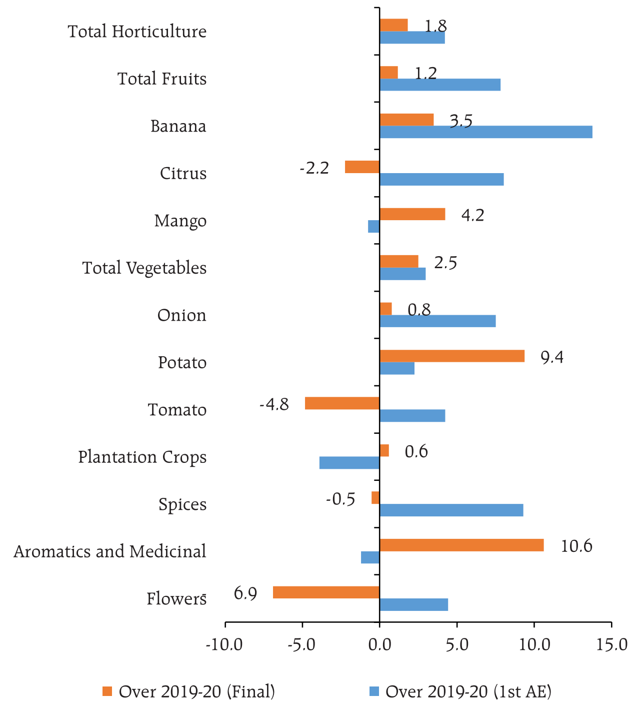
#: Lakh bales of 170 kg each
Source: Ministry of Agriculture and Farmers' Welfare.

foodgrains production has touched 303.3 million tonnes - 2 per cent higher than the final estimates of a year ago. The growth in foodgrains is spread across all the principal crops in both *rabi* and *kharif* seasons. Foodgrains have beaten record production levels for the fifth consecutive year in a row.

Horticulture has registered a sharp rebound in production and acreage, far outpacing the foodgrains production since 2012-13. In 2020-21, the production of horticultural crops has been pegged at a record 326.6 million tonnes as per the first AE - 1.8 per cent higher than the final estimates of 2019-20. This was driven mainly by the step-up in production of fruits and vegetables (Chart 22). Production estimates for aromatics, medicinal plants and plantation crops have also been pegged higher than the previous year by 10.6 per cent. Among the three key vegetables (TOP), – production of potatoes and onions has jumped by 9.4 per cent and 0.8 per cent, respectively, spurred by increased acreage. This may soothe price pressures going forward. Tomato production has fallen by 4.8 per cent, despite an increase in acreage on account of the price crash during the lockdown leading to lower realisation by farmers.

The headline manufacturing PMI stood at 57.5 in February 2021, continuing its expansive streak for the seventh successive month but easing

Chart 22: All India Horticulture Production for 2020-21 (1st AE)



Source: Ministry of Agriculture and Farmers' Welfare.

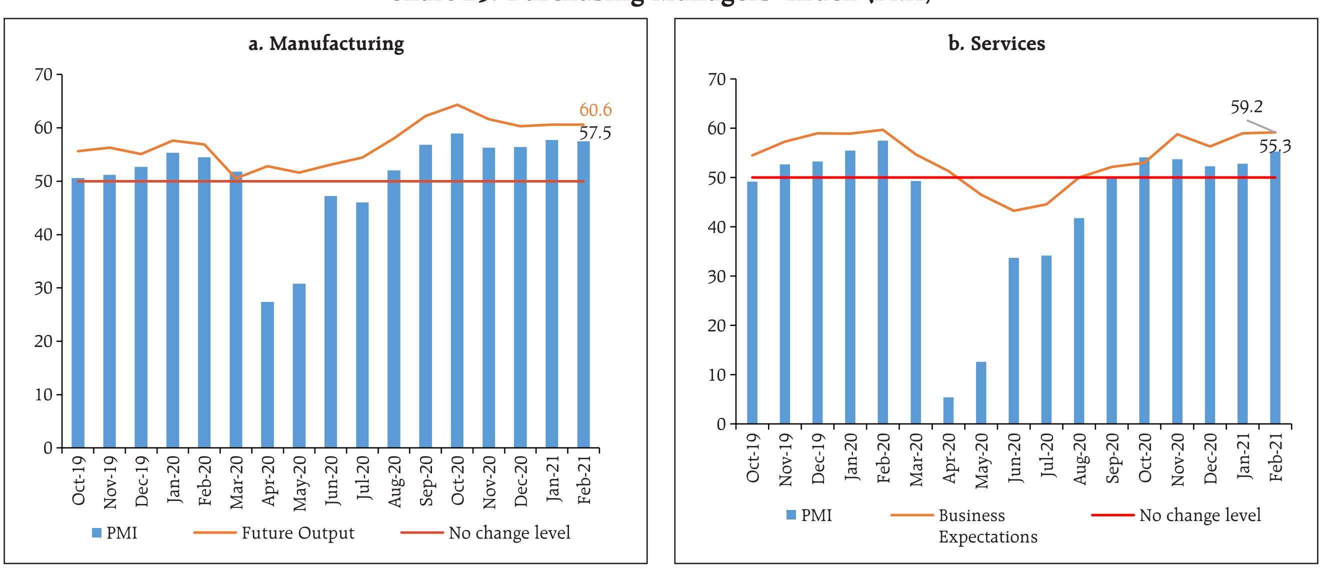
slightly from 57.7 recorded in January 2021. As the health of the manufacturing sector improved, firms responded to strong increases in new work intakes by lifting production, input buying and stocking of purchases. Better demand conditions and smart marketing strategies steered new orders. February data pointed to the fastest increase in input inventories in the survey's history. The expansion in input buying was the fastest in almost a decade. Future output remained steady at 60.6, signalling sustained strength of the sector going forward (Chart 23a).

Bouyed by a sharp increase in new orders, the services PMI recorded the fastest pace of expansion in a year, rising to 55.3 in February 2021 (Chart 23b). The pace of expansion was higher than 52.8 a month ago and was above the long run average of 53.3. Overall input costs, however, surged amidst reports of higher freight, fuel and retail prices. The roll-out of COVID-19 vaccines generated optimism over future growth prospects and business confidence improved, as mirrored in the business expectations index, which rose to a twelve-month high to 59.2 in February. The Nomura India Business Resumption Index eased to 98.5 as on February 28 from 99.3 a week ago. Activity is now just 1.5 percentage points short of pre-COVID-19 levels, even though a rise in cases in a few states impacted mobility and poses a near-term localised risk. As per the services PMI release, transport and storage were the best performing segments in the services sector. Information and communication was the only sub-sector to have posted contraction in sales and business activity.

Inflation

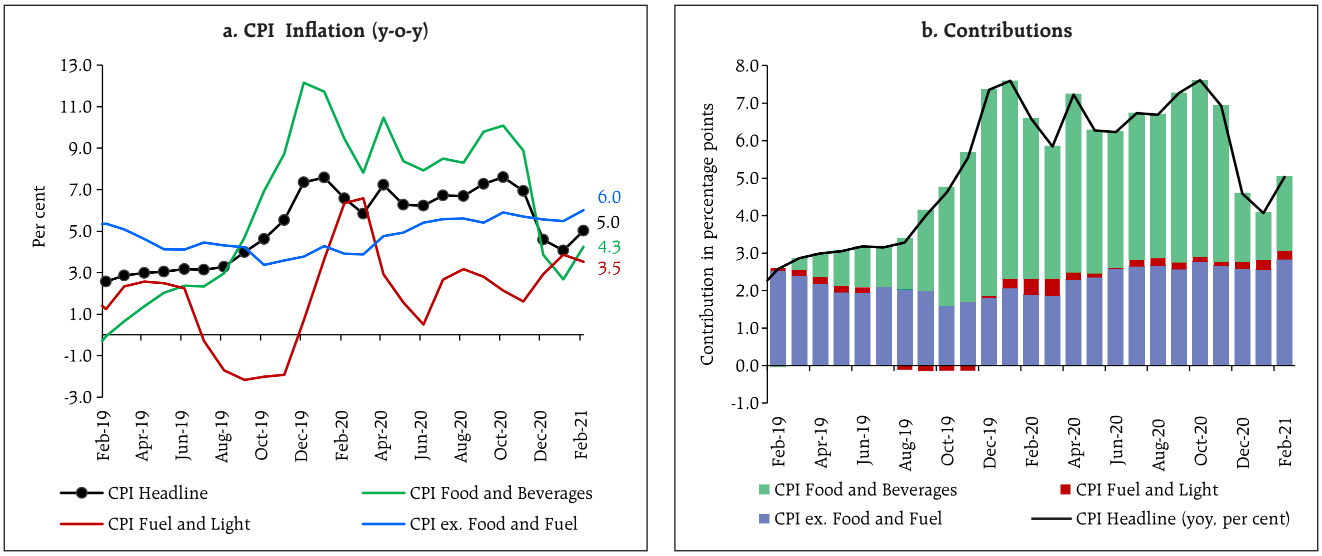
In February 2021, CPI inflation was at 5.0 per cent, registering an increase of 97 basis points (bps) from the January 2021 reading of 4.1 per cent. A sharp increase in food and core inflation (CPI excluding food and fuel inflation) were the key drivers of the surge in headline inflation in February (Chart 24a). Food inflation increased to 4.3 per cent in February from 2.7 per cent in January. This was entirely on account of an adverse base effect of around 200 bps even as food prices registered a month-over-

Chart 23: Purchasing Managers' Index (PMI)



Source: IHS Markit.

Chart 24: CPI Inflation



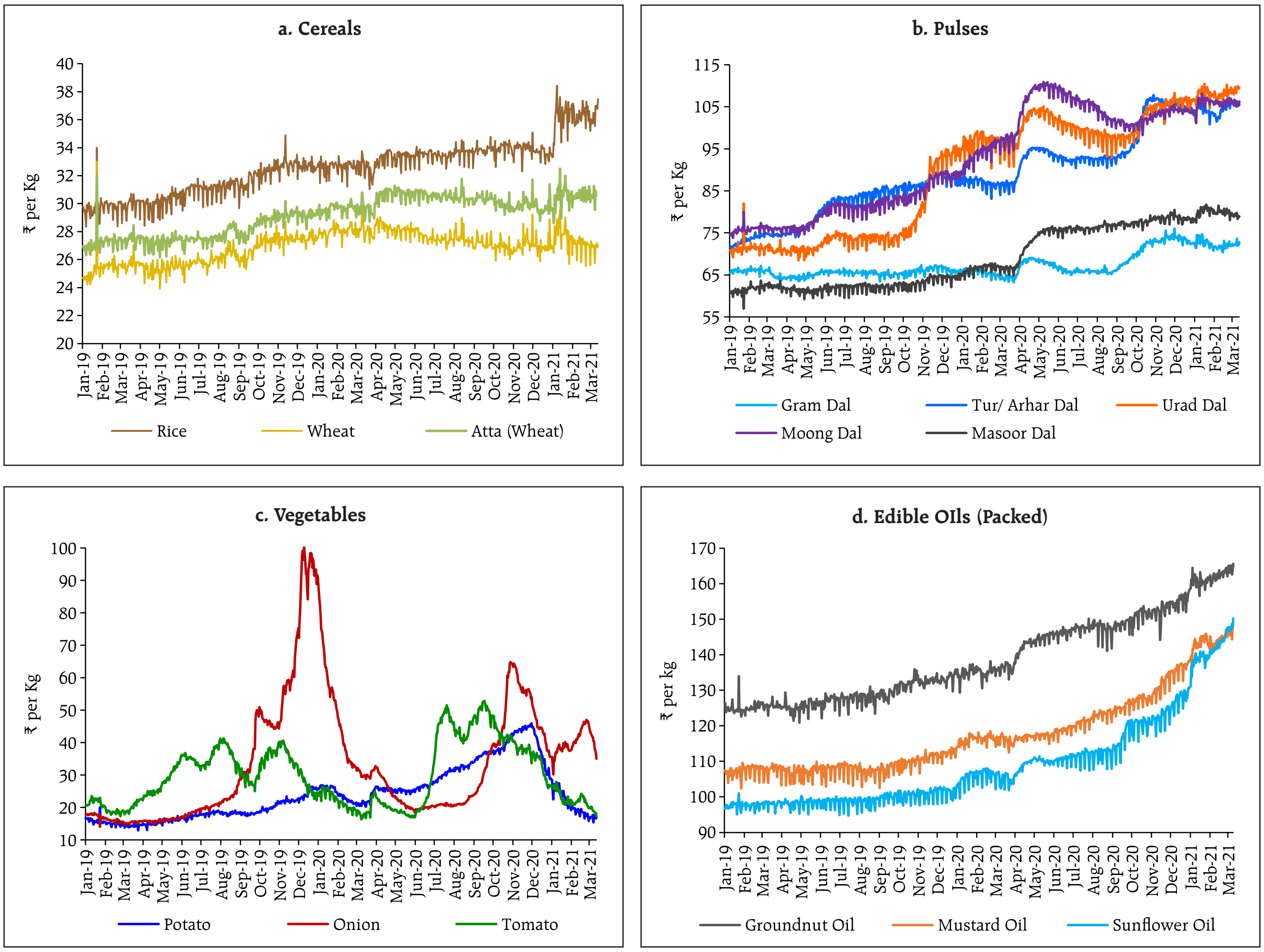
Sources: National Statistical Office (NSO); and Authors' calculations.

month decline of around 40 bps. Distinct inflation movements were observed in the food sub-groups in February. While five out of 12 food sub-groups exhibited double digit inflation, three sub-groups were in deflation. Inflationary pressures were visible in edible oils, protein-based food and non-alcoholic beverages. Cereal prices moved into deflation. Fuel price inflation softened in February due to LPG and firewood and chips. CPI excluding food and fuel inflation, which was already at an elevated level of 5.5 per cent in January, surged by an additional 50 bps to touch 6.0 per cent in February, the highest level since November 2018. This was propelled by a pick-up in inflation in transport and communication, health, clothing and footwear, recreation and amusement and household goods and services. Pan, tobacco and intoxicants and transport and communication saw double-digit inflation. Personal care and effects inflation remained elevated, despite some moderation due to fall in gold prices. Housing and education inflation remained muted. CPI excluding food and fuel (with a weight of 47.3 per cent) contributed to 56 per cent of the headline inflation in February (Chart 24b).

High frequency food price data from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) for March so far (March 1-12, 2021) points to further winter seasonal softening of prices in potatoes and tomatoes. Onion prices, after a pick-up in February, have softened in March. Cereals prices have also edged down. However, most pulses prices have remained steady or edged up further. The sharp upward price momentum for edible oils continued unabated in March (Chart 25).

Following the decision of OPEC *plus* on March 4, 2021 to retain production at current levels till April and also due to a rise in geo-political tensions, crude oil prices edged up further in March so far (March 1-12, 2021). The Indian basket crude oil, which was at US$ 62 per barrel on March 3, 2021 jumped to US$ 68 per barrel on March 8, 2021.

Chart 25: DCA Essential Commodity Prices



Sources: Department of Consumer Affairs, GoI; and Authors' calculations.

However, domestic pump prices, already at a historic high, were not revised since March 2, 2021. Domestic kerosene and LPG prices increased further in March tracking international prices (Table 3).

The food inflation trajectory would largely depend on the impact of favourable *kharif* and *rabi* seasons on cereal prices and the seasonal winter arrivals on vegetable prices on one hand, and the adverse impact of rising international prices on edible oil prices and the persisting demand-supply mismatches for protein-based food prices, on the other. For manufacturing and services, the escalation of input price pressures has come to a boil in recent months. In February, the PMI input price index hit an eight year high for services and for manufacturing it was at the highest level

Table 3: Petroleum Product Prices (Average of four major metros)

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Mar-20	Feb-21	Mar-21 ^	Feb-21	Mar-21
Petrol	₹/litre	72.9	91.3	93.3	4.2	2.2
Diesel	₹/litre	65.0	83.0	85.2	5.1	2.7
Kerosene	₹/litre	29.4	27.4	29.4	5.9	7.4
LPG	₹/cylinder	811.9	771.3*	829.6	9.5	7.6

^: For the period March 1 -12, 2021. * Average price in February 2021.
Note: Average of prices charged by Indian Oil Corporation Limited (IOCL) in four major metros (Chennai, Delhi, Mumbai and Kolkata).
Sources: IOCL; Petroleum Planning and Analysis Cell (PPAC); and Authors' calculations.

since mid-2018. As a result, core inflation pressures continue unabated, scaling a new high of 6 per cent in the post-lockdown period. With crude oil price increases showing no immediate signs of abating and post-lockdown taxes on petrol and diesel yet to be reversed, the oil marketing companies' cap on price increases is preventing pump prices from brushing with the ₹100 per litre mark. In the face of such cost escalations, firms may choose to absorb some part of the input cost increases and face lower margins or may increasingly pass it on to consumers if they regain pricing power on robust demand recovery.

IV. Financial Conditions

System liquidity remained plentiful with daily net liquidity absorption under the liquidity adjustment facility (LAF) averaging ₹6.40 lakh crore in February and March 2021 (upto March 12, 2021). The Reserve Bank continued to conduct fortnightly variable rate reverse repo auctions – its main liquidity management operation in surplus conditions – coinciding with the cash reserve ratio (CRR) maintenance cycle for an amount of ₹2 lakh crore (Table 4). All the auctions, including three auctions conducted in February-March, elicited a warm response from market participants, with bid-cover ratios of 1.3 or above. As system liquidity surged, total liquidity absorption under the fixed rate reverse repo continued to expand (Chart 26).

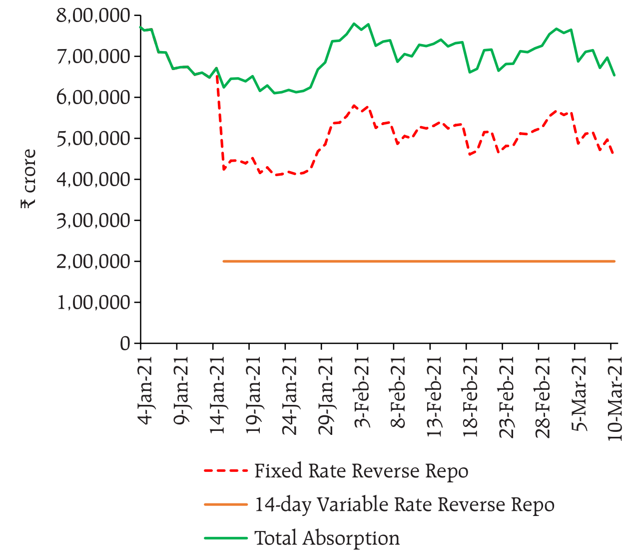
Table 4: Auctions of 14-day Variable Rate Reverse Repo (Main Operation)

(Amount in ₹ crore)

Auction date	Notified Amount	Offers Received	Accepted Amount	Bid-cover-ratio
January 15, 2021	2,00,000	3,05,816	2,00,009	1.5
January 29, 2021	2,00,000	3,05,602	2,00,007	1.5
February 12, 2021	2,00,000	2,96,932	2,00,017	1.5
February 26, 2021	2,00,000	3,33,909	2,00,010	1.7
March 12, 2021	2,00,000	2,68,860	2,00,007	1.3

Source: RBI.

Chart 26: Surplus Liquidity - Absoption under LAF

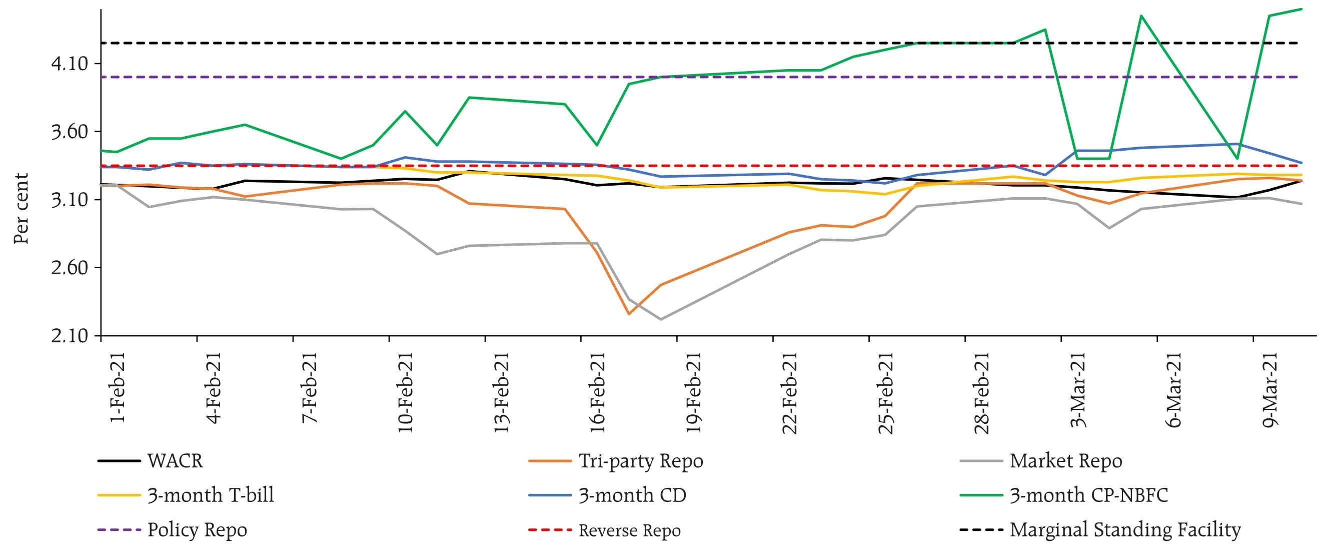


Source: RBI.

The Reserve Bank scaled up its open market operations (OMOs) and conducted one special OMO (operation twist) for an enhanced amount of ₹15,000 crore on March 4, 2021. In order to reinforce the compression of term premia as well as to inject liquidity to foster congenial financial conditions, asymmetrical special OMO involving purchase of securities worth ₹20,000 crore and sale of securities worth ₹15,000 crore was conducted on March 10, which elicited an ebullient response on the purchase leg as reflected in a bid-cover ratio of 4.0 and responsible bidding in line with evolving secondary market yield movements. On the sale side, however, only ₹10,895 crore could be auctioned. Excluding this one, the Reserve Bank has conducted twenty special OMOs (operation twists) starting from December 2019, with notified amounts for the purchase and sale legs being equal and, therefore, intended to be liquidity neutral.

Under the weight of surplus liquidity, the overnight money market rates, *i.e.*, the weighted average call rate (WACR), the tri-party repo rate and the market repo rate traded below the reverse repo

Chart 27: Policy Corridor and Money Market Rates



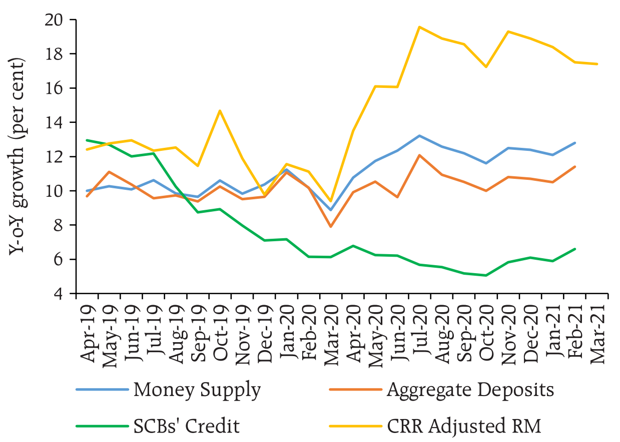
Sources: RBI; and Bloomberg.

rate. In February, the market repo rate plunged to a low of 0.01 per cent as a squeeze on account of bouts of short-selling caused a scramble to acquire specific securities by market participants to square obligations in the short sale market. In the tri-party repo market too, rates were pushed down by increased lending by mutual funds. This opened a wedge between the uncollateralised and collateralised rates, which, however, gradually closed as the collateralised rates in both the segments got re-aligned with the WACR by end-February.

Among other key money market rates, the 3-month T-bill rate continued to trade below the reverse repo rate, though the rates on 3-month commercial paper (CP) issued by non-bank financial companies (NBFC) and 3-month certificates of deposit (CDs) traded above the reverse repo rate in March 2021 (Chart 27).

Monetary and credit conditions eased further, mirroring the prevailing liquidity conditions. Reserve money (RM) adjusted for the first-round impact of changes in the CRR expanded by 17.4 per cent on a y-o-y basis as on March 5, 2021 (12.4 per cent a year ago) [Chart 28], propelled by currency in circulation (CiC) expanding by 19.8 per cent (11.4 per cent a year ago) on the components side, and by net foreign assets (NFA) on the sources side. Money supply (M3) grew by 12.8 per cent as on February 26, 2021 (9.3 per cent a year ago) with aggregate deposits increasing by 11.4 per cent. As a result, the currency to aggregate deposit ratio soared to 17.3 per cent implying precautionary hoarding of cash, the most liquid of

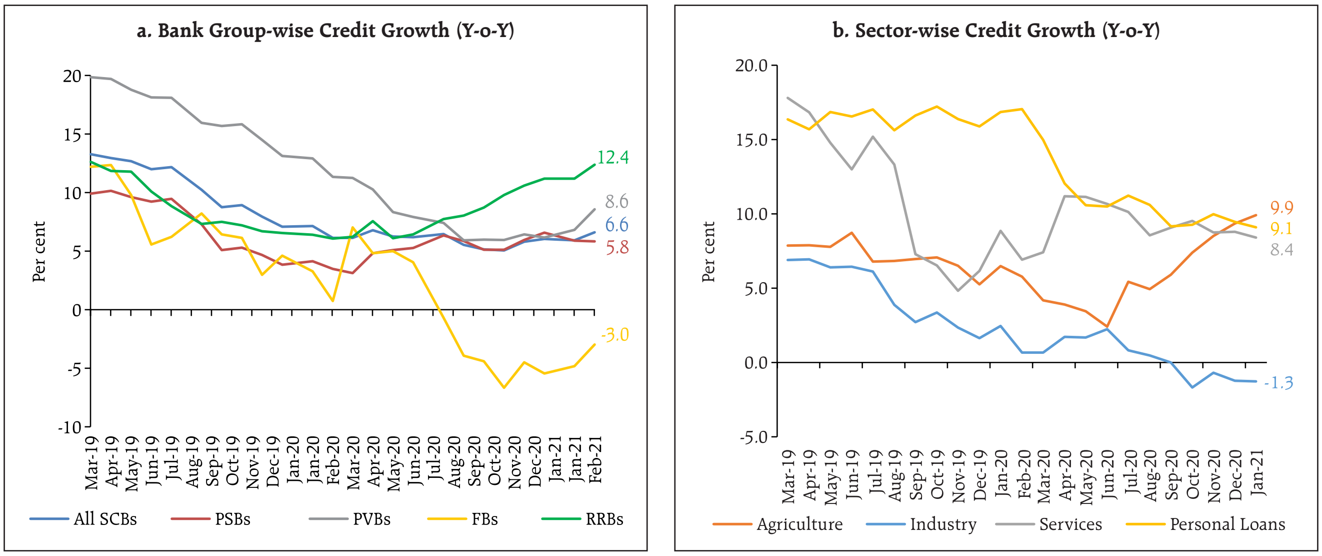
Chart 28: Monetary and Credit Aggregates



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 March, reserve money data as on March 5, 2021 are included.

Source: RBI.

Chart 29: Bank Credit Growth



Source: Section 42 data and sectoral deployment of credit.

the assets, by the public in response to pandemic-induced uncertainties.

Credit growth of scheduled commercial banks (SCBs) appears to have bottomed out as it grew at 6.6 per cent year-on-year on February 26, 2021 compared with 6.1 per cent last year. Bank group-wise, growth in credit disbursed by public sector banks (PSBs) stabilised close to 6 per cent in 2021 (January-February), that of private sector banks (PVBs) and regional rural banks (RRBs) clocked robust pick-up to 8.6 per cent and 12.4 per cent, respectively, in February 2021, and contraction in credit growth of foreign banks (FBs) tapered sequentially (Chart 29a).

The stabilisation in overall credit growth is also evident in sectoral disbursement of credit by SCBs (Chart 29b). Credit to agriculture, the brightest spot in sectoral credit offtake by the SCBs, which accounts for 13 per cent of the total credit disbursed in 2019-20, is rising steadily and grew at near double digits in January 2021. Credit growth to the services sector was at 8.4 per cent in January, propelled by strong credit disbursals to trade, tourism and transport sectors. Credit to other services[10] grew at 17.5 per cent in January. Retail lending by banks for personal consumption grew at 9.1 per cent in January 2021. Within the personal loan segment, loans for consumer durables posted a robust growth of 14.6 per cent in January and other personal loans[11] grew at 12.1 per cent. There was a steep acceleration in personal loans against gold jewellery to 132 per cent in January 2021 (20.4 per cent in January 2020). While overall lending by banks to industry remained in contraction, credit growth to medium industry was at 19.1 per cent in January 2021 (2.8 per cent a year ago) and to micro and small industries, inched close to 1 per cent (0.5 per cent in January 2020). Bank credit to large industries dragged down the overall credit to industry by banks as these firms, especially the high rated ones, took advantage of the prevailing low interest rate regime, and borrowed from the market to pay off some of their high cost bank credit.

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

[11] Other personal loan includes, *inter alia*, loans for domestic consumption, medical expenses, travel, marriage and other social ceremonies.

The transmission to lending and deposit rates of SCBs improved further in the current easing phase. In response to the cumulative reduction of the repo rate by 250 bps (*i.e.*, since February 2019), the weighted average lending rate on fresh rupee loans sanctioned by SCBs declined by 183 bps, of which 112 bps cut was effected since March 2020. The median term deposit rate (MTDR), which reflects the prevailing card rates, has registered a sizeable decline of 211 bps (up to February 2021). The adjustment in deposit rates has accelerated in the aftermath of COVID-19 on account of persistent surplus liquidity amidst weak credit demand. During March 2020 through February 2021, the MTDR moderated by 144 bps. During the same period, the 1-year median marginal cost of funds-based lending rate (MCLR) softened cumulatively by 94 bps, indicating reduction in overall cost of funds (Table 5).

Buoyed by various liquidity enhancing measures initiated by the Reserve Bank in the wake of the pandemic, the yield on government securities (G-sec) traded range bound. At the long end of the curve, yields, however, hardened with the 5-year and the 10-year Bloomberg generic G-sec yields firming up by 64 bps and 33 bps, respectively, during February-March 2021 (up to March 12) [Chart 30]. Fears over the size of the market borrowings for the ensuing year amplified by global spillovers as discussed earlier triggered sell-offs. The rise in the 10-year Indian G-sec was, however, moderate relative

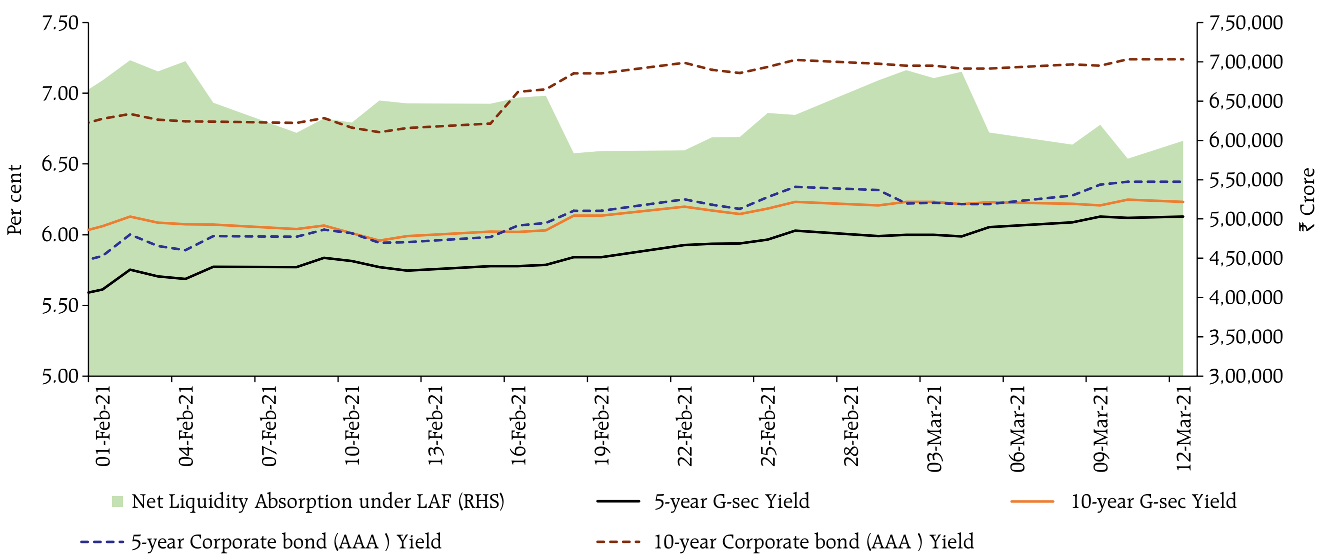
Table 5: Transmission from the Repo Rate to Banks' Deposit and Lending Rates

(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 – Feb 2021*	-140	-175	-138	-120	-95	-143
Mar 2020 - Feb 2021*	-115	-144	-99	-94	-77	-112
Feb 2019 – Feb 2021*	-250	-211	-145	-150	-93	-183

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

Chart 30: Bond Market Yields and Liquidity Conditions



Sources: RBI; and Bloomberg.

to the hardening of the US 10-year yield by 54 bps during this period.

Tracking G-sec yields, corporate bond yields firmed up across the rating spectrum and issuer categories. Spreads on corporate bonds over G-secs of corresponding maturity issued by (i) corporates, and (ii) NBFCs, however, continued to narrow across the rating spectrum. The spreads on bonds issued by PSUs, Banks and FIs widened (Table 6).

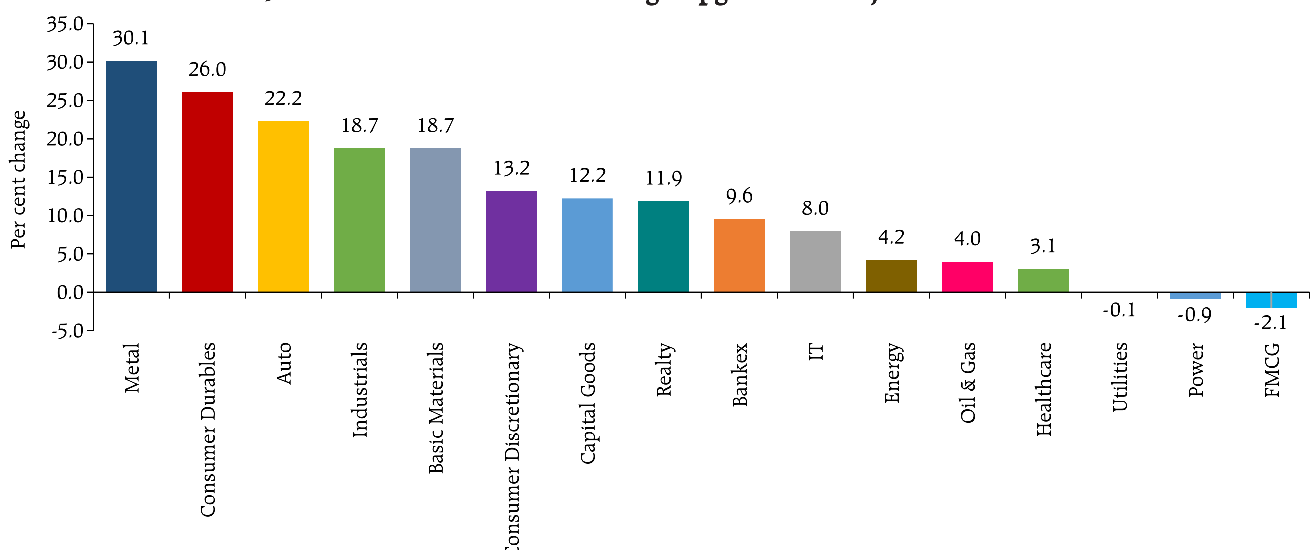
Q3:2020-21 earnings results of corporates have beaten market expectations with a stellar rise in profitability, riding on the back of a significant reduction in input costs. This led to an optimistic outlook on earnings per share, particularly in sectors such as metals, consumer durables, auto, industrials and basic materials (Chart 31). Upside was also provided by copper prices hitting a multi-year high on the London Metal Exchange, with prices of other major commodities, such as aluminium and steel, also exhibiting a significant rise in both domestic and global markets. Furthermore, consumer durables sector companies, particularly those manufacturing air conditioners, are likely to benefit from COVID-19 vaccine related commercial refrigeration requirements. The GoI's *Aatma Nirbhar Bharat* programme and the production-linked incentive (PLI) scheme are also expected to boost output across various manufacturing

Table 6: 3-year Corporate Bond Yield and Spread

Issuer	Rating	Yield			Spread		
		Jan-21	Feb-21	Variation	Jan-21	Feb-21	Variation
		(Per cent)		(bps)	(bps)		
PSU, Banks and FIs	AAA	4.96	5.57	61	26	52	26
	AA	5.62	6.16	54	92	111	19
	BBB-	8.75	9.32	57	405	427	22
Corporates	AAA	4.85	5.20	35	16	16	0
	AA	5.74	5.99	25	105	96	-9
	BBB-	9.69	9.89	20	500	486	-14
NBFCs	AAA	4.96	5.30	34	27	27	0
	AA	6.34	6.58	24	164	155	-9
	BBB-	10.62	10.86	24	592	583	-9

Note: Yields and spreads are average of the month.
Source: FIMMDA.

Chart 31: Forward 12 Months Earnings Upgrades from Jan 2021 to Mar 2021



Source: Bloomberg.

sectors. The revival in corporate earnings has largely stemmed from higher margins due to lower operating and finance costs rather than higher revenues and sales volume. Cost reductions may not be sustainable for long with the rise in input prices. The recent rally in crude oil prices may also affect corporate margins in the next few quarters, though some of those risks might have already been factored in earnings estimates.

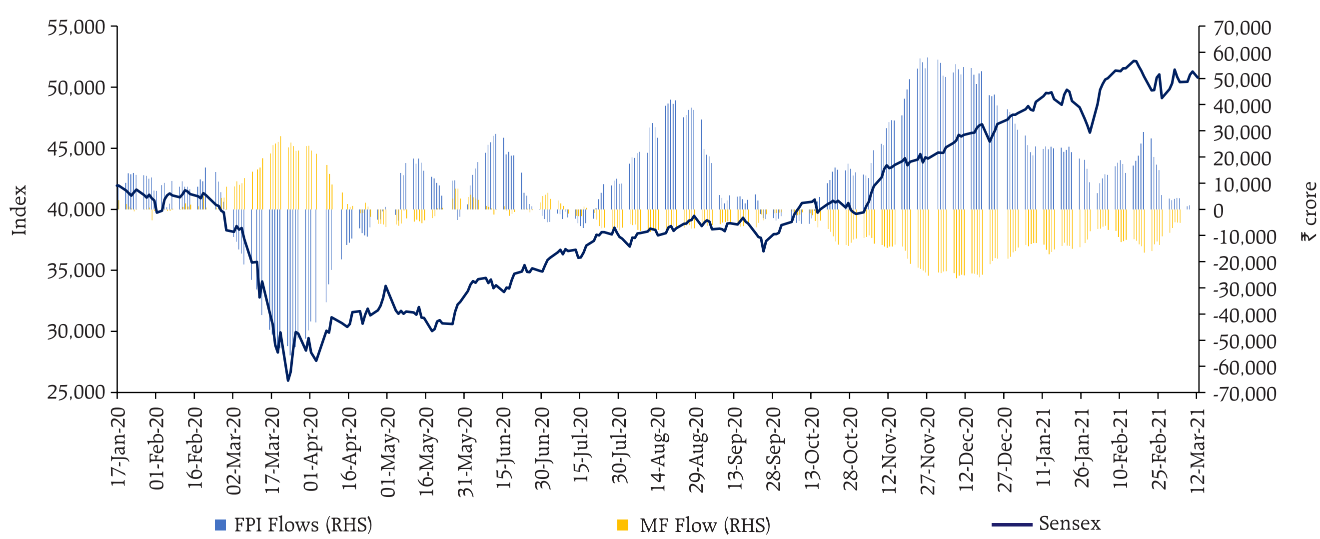
Reversing the weak momentum prevailing towards the end of January 2021, the benchmark Sensex closed above the 50,000 mark for the first time in history on February 3, 2021 and scaled to a fresh all-time high of 52,154 on February 15, 2021 buoyed by budgetary proposals, double-digit outlook on GDP growth by the Reserve Bank and positive cues from global markets (Chart 32). Towards the end of the month, however, markets declined following a surge in US treasury yields, a rise in crude oil prices, and a fresh spike in COVID-19 cases in some Indian states.

Markets commenced on an optimistic note in March 2021, buoyed by release of positive Q3:2020-21 GDP data and encouraging reports for February 2021 on auto sales, GST collections, and PMIs. Subsequently, Indian equity markets exhibited volatility, tracking the sell-off in global markets. Overall, the BSE Sensex increased by 95.5 per cent to close at 50,792 on March 12, 2021 far above the low of 25,981 on March 23, 2020.

Trading was halted at the National Stock Exchange (NSE) for nearly four hours on February 24, 2021 reportedly due to telecom links failure leading to unavailability of the online risk management system of the NSE Clearing Limited (NCL), a wholly owned subsidiary of the NSE, which is responsible for clearing and settlement of all trades executed on the NSE. The outage occurred on the penultimate day of expiry of the February futures contracts when the transaction volume load was higher than usual. The NSE is one of the largest derivatives exchanges in the world and accounts for the leading market share (by total turnover) in India - 93.2 per cent in equity cash trading and 99.9 per cent in equity derivatives trading during 2019-20.

On February 24, 2021, the turnover in the equity cash segment across the BSE and the NSE increased

Chart 32: BSE Sensex and Institutional Flows



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

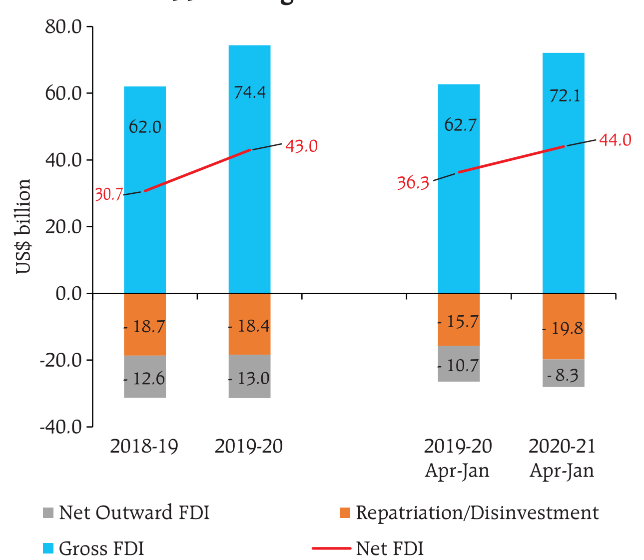
by 7.6 per cent over the preceding trading day, which was mostly supported by a block deal. However, aggregate notional turnover in stock options and futures and index options and futures declined by 45.1 and 20.1 per cent, respectively, over the preceding trading day. Besides the trading halt which led to disruption in market activity, the decline in turnover reflected absence of arbitrage opportunities following closure of one exchange and/or trading arrangements of some market participants only with NSE[12]. NSE announced extension of its trading session from 15:30 PM to 17:00 PM to enable squaring off of intra-day positions. The BSE, which functioned normally throughout, also stayed open late to facilitate this process.

The major issue in this incident was the ineffectiveness of interoperability because of shutting down of the NCL. While the NSE's trades are cleared by NCL, trades on the BSE are cleared through Indian Clearing Corporation Limited. In 2018, the Securities and Exchange Board of India (SEBI) had announced interoperability between these two clearing corporations to help brokers consolidate their clearing and settlement functions at a single clearing house, irrespective of the stock exchange on which the trade is executed. Another important failure was the inability to switch operations to the disaster recovery site. Robust risk management system encompassing disaster management and recovery are essential components for the smooth functioning of a stock exchange (In 2019, the SEBI had put in place a framework for business continuity plan (BCP) and maintaining disaster recovery sites for market infrastructure institutions, including exchanges and clearing corporations in case of such disruption). Brokers believe that timely communication and clarification could have averted the panic sell-off by online traders on the BSE and prevented huge losses to investors.

Post the incident, the SEBI has advised the NSE to carry out a detailed root cause analysis of the trading halt and the reasons for trading not migrating to the disaster recovery site. Furthermore, the SEBI's technical advisory committee has reportedly been mandated to probe the trading halt at the NSE and fix accountability. Allowing the benchmarks Nifty and Sensex to trade on all the stock exchanges, extension of interoperability to include usage of trading infrastructure of another exchange and allowing entry of more exchanges to increase competition may need to be considered, besides focusing on strengthening of risk management frameworks at the exchanges.

Net foreign direct investment (FDI) flows moderated in January 2021 due to lower equity inflows. Nevertheless, net FDI increased to US$ 44.0 billion cumulatively in 2020-21 (April-January) from US$ 36.3 billion a year ago, reflecting a surge in net FDI through August-December 2020 (Chart 33).

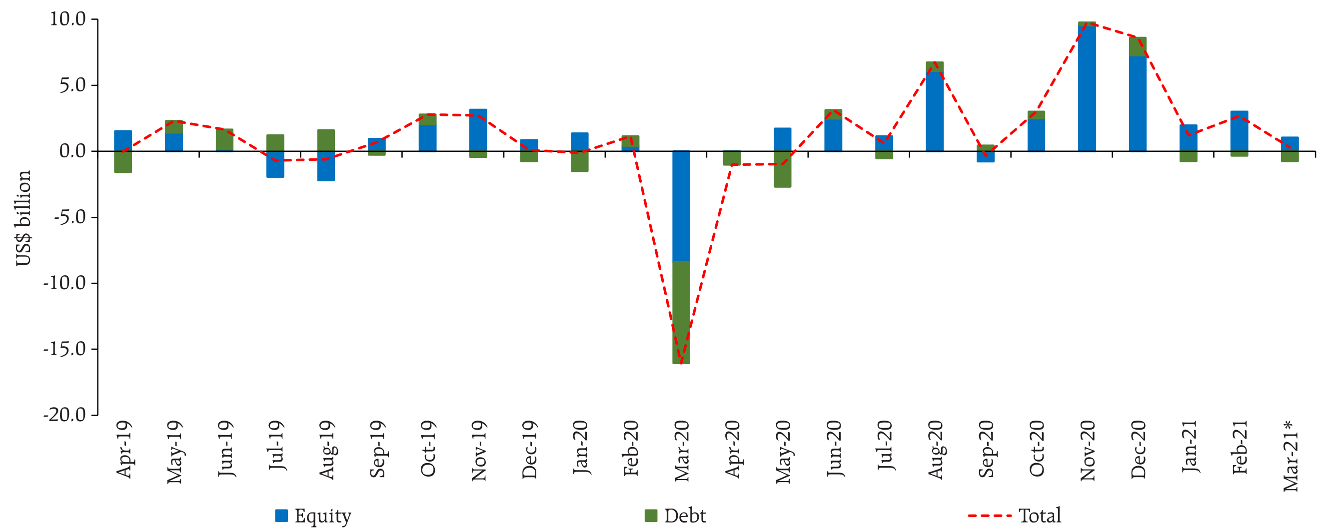
Chart 33: Foreign Direct Investment



Source: RBI.

[12] *Mint research*, February 28, 2021.

Chart 34: Net Foreign Portfolio Investment



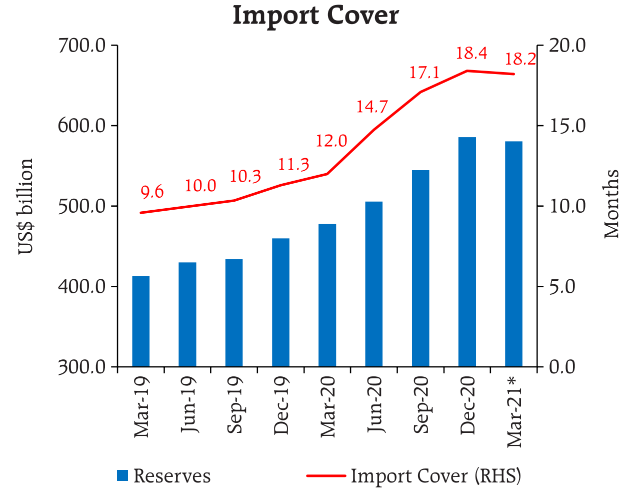
*: Up to 10th.
Source: National Securities Depository Limited (NSDL).

Foreign portfolio investors (FPIs) turned net buyers in the domestic capital market in the first week of March 2021, following a sell-off in the last week of February 2021. FPIs made net purchases in the equity segment, while remaining net sellers in the debt market during the period. Cumulatively, FPIs' net investment in equities was to the tune of US$ 36.0 billion in 2020-21 so far (up to March 10), the highest since 2012-13 (Chart 34). The quality of FPI inflows also improved during the period as category-I FPIs, comprising central banks, sovereign wealth funds, pension funds, regulated entities and multilateral organisations, increased their stake to 95 per cent of total equity assets at end-February 2021 as compared with 87 per cent at end-December 2019.

Foreign exchange reserves, after reaching its all-time high of US$ 590.2 billion on January 29, 2021, stood at US$ 580.3 billion on March 5, 2021, equivalent to 18.2 months of imports (Chart 35).

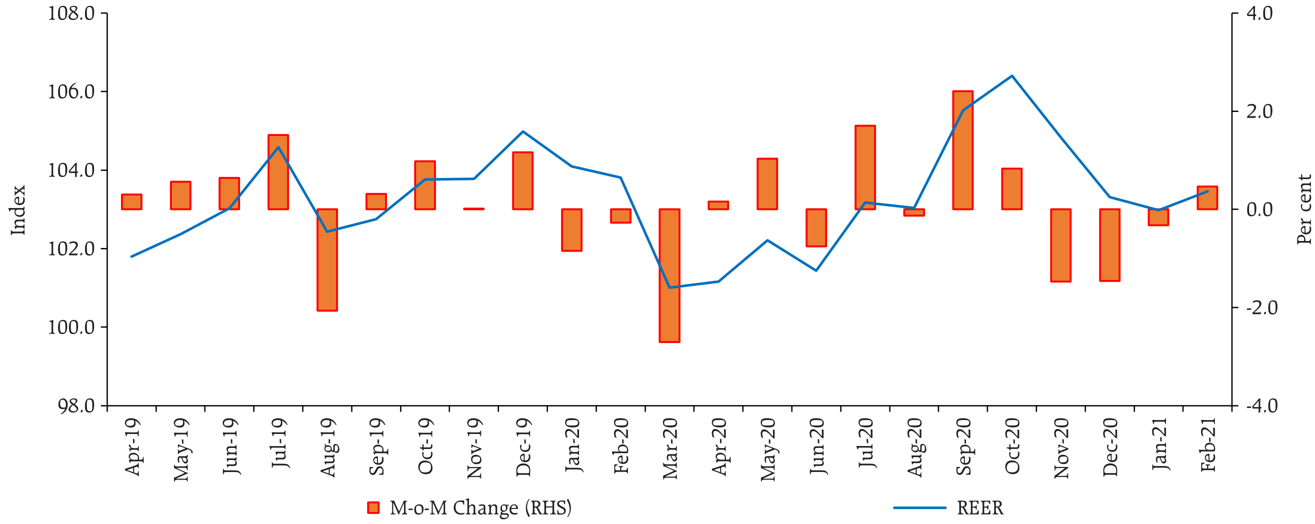
In the foreign exchange market, the Indian rupee (INR) weakened towards the end of February 2021, reflecting net FPI outflows and the rise in international crude oil prices. However, it rebounded thereafter, with FPIs resuming their investments in the equity market. As on March 12, 2021, the INR appreciated by 3.7 per cent against the US dollar over its level at end-March 2020. In terms of the 40-currency real effective exchange rate (REER) index, the INR appreciated by 2.4 per cent in February 2021 over its level in March 2020 (Chart 36).

Chart 35: Foreign Exchange Reserves and Import Cover



*: As on March 5, 2021.
Note: Figures on import cover for December 2020 and March 2021 are based on balance of payments data released for Q2:2020-21 and earlier quarters.
Source: RBI.

Chart 36: Monthly Movement in 40-Currency Real Effective Exchange Rate (REER) Index (Base: 2015-16 = 100)



Source: RBI.

Payment System

In February 2021, digital India had the pleasant experience of spring demand as wholesale and retail transactions expanded strongly. The Real Time Gross Settlement (RTGS)-led wholesale transactions volume edged up 18.4 per cent (y-o-y), 4 percentage points over the previous month (Table 7). Meanwhile, the value of RTGS transactions clocked a growth of 0.7 per cent after a transient blip in the month gone by. In the retail segment, the volume and value of National Electronic Funds Transfer (NEFT) transactions maintained a healthy momentum at 13.6 per cent and 15.1 per cent, respectively. The Unified Payment Interface (UPI) remained the mainstay of the digital ecosystem, with its volume remaining resiliently above the 2 billion mark for the fifth successive month. To achieve 100 per cent cashless tolling, the move to make FASTags mandatory from February 16, 2021 augured well for National Electronic Toll Collections (NETC), which hit 44.3 per cent and 38.8 per cent growth in volume and value terms, respectively, in the month. Consequently, as on February 25, 2021, the daily toll collection through FASTags witnessed the sharpest uptick to date at ₹104 crore[13]. Transactions volume through the Bharat Bill Payment System (BBPS) surged by 89.1 per cent and value hit a triple digit growth of 115.7 per

Table 7: Growth Rates in Select Payment Systems

Payment System	Transaction Volume Growth (Y-o-Y, per cent)				Transaction Value Growth (Y-o-Y, per cent)			
	Jan-20	Jan-21	Feb-20	Feb-21	Jan-20	Jan-21	Feb-20	Feb-21
RTGS	16.6	14.1	20.1	18.4	-20.8	-7.2	-20.3	0.7
NEFT	27.0	10.3	23.5	13.6	-1.9	12.3	-2.7	15.1
UPI	94.0	76.5	96.6	73.0	96.7	99.4	108.5	91.0
IMPS	51.3	33.5	48.9	28.7	42.4	33.1	43.7	28.3
NETC	280.5	60.4	361.8	44.3	204.2	48.1	249.1	38.8
BBPS	-63.6	84.0	-62.2	89.1	102.5	106.0	118.3	115.7

Source: RBI.

13 **Source:** National Highways Authority of India (NHAI).

cent. Overall, the daily average transactions across all major payment systems, both wholesale and retail, in February 2021 have gained traction over their values in the previous month.

Getting on the digital bandwagon, the first ever paperless Union Budget 2021 allocated ₹1500 crore to boost the adoption of digital modes of payment. Furthermore, a FinTech Hub has been proposed to be set up in the Gujarat International Finance Tec-City (GIFT City) to bolster the FinTech revolution in the country. Market research shows that amidst the pandemic, India saw a 60 per cent increase in FinTech investments and surpassed China by clocking 33 FinTech fundraising deals worth US$ 647.5 million[14]. In the month of February 2021 alone, fundraising by the Indian FinTech sector saw an increase of 46 per cent to the tune of US$ 200 million, as against approximately US$ 137 million a year ago, on account of pandemic-fuelled proliferation of digital payments. Taking advantage of the push towards contactless deliveries, many FinTech players have customised offerings of their financial products and services for both consumers and merchants, thereby targeting local kirana (grocery) shops, burgeoning e-commerce platforms and online retail channels of brick-and-mortar stores. Recent collaborations between card issuing banks and FinTech companies, combined with crackdown on unauthorised overseas-based mobile apps, is expected to provide headroom to home-grown FinTech businesses to flourish.

As opportunities for more technological innovation in the payment system increase, so do the challenges posed by cyber frauds. According to a study by the Bank for International Settlements (BIS)[15], the pandemic has triggered a spike in cyber attacks on financial services firms globally due to a shift to remote work and cloud software. The Reserve Bank has issued a Master Direction on Digital Payment Security Controls that specifies requirements for robust governance and monitoring of certain minimum standards on common security controls for channels like internet and mobile banking, card payments. Moreover, the Reserve Bank will issue a code of conduct prescribing guidelines on payments outsourcing. The 'RBI Says' campaign has recently gone the 'rap' way to ramp up outreach and enhance customer awareness regarding safety in the digital payment space. In order to bring operational efficiency in paper-based clearing, it is proposed to bring all the branches that are yet outside the ambit of Cheque Truncation System (CTS) under the clearing mechanism by September 2021. The Reserve Bank has extended the timeline for submitting applications for setting up a pan-India New Umbrella Entity (NUE) for retail payments till March 31, 2021 to ensure an enabling and competitive environment for a varied digital payment ecosystem to thrive.

Going forward, the vaccination drive and the flattening of the infections curve will help improve consumer sentiment, boost business spirits and make the digital payment industry the key driver of the post-COVID-19 revival agenda as it ushers in a transformation in how we work, learn, shop, pay and live.

V. Conclusion

India is poised on the cusp of two tipping points. First, there are ominous signs that infections are rising. A second wave? Time will tell. On the other hand, vaccinations have moved beyond health workers to senior citizens, but at 3.3 crore as on March 16, the entire process needs to be speeded up. Turning to the world, India, the pharmacy of the world[16] with 60 per cent of global manufacturing

[14] FinTech Industry in India, RBSA Advisors, February 2021.

[15] COVID-19 and cyber risk in the financial sector by Iñaki Aldasoro, Jon Frost, Leonardo Gambacorta and David Whyte, January 14, 2020. *https://www.bis.org/publ/bisbull37.html*

[16] Vladimir Norov, Secretary-General, Shanghai Cooperation Organisation has hailed India as the pharmacy of the world.

capacity, launched itself against the pandemic. Commencing on January 20, more than 70 countries have received vaccines made in India. Today, India is alone no longer in the global vaccination drive. QUAD partners – Australia, India, Japan and the US – forged a 'landmark partnership'[17] to expand safe and effective COVID-19 vaccine manufacturing in 2021 to vaccinate the Indo-Pacific, each drawing on individual innate strengths. India will expand manufacturing of vaccines at its facilities, with concessional loans from Japan. The US will finance the increase in production capacity. Australia will contribute to provision of vaccines and last mile delivery support with a focus on Southeast Asia. Together, we will inoculate the world and share a brighter future in a post-pandemic world.

Second, inflation has witnessed upside pressures. In fact, excluding vegetables, headline CPI inflation has moved in a tight range of 5.8 to 6.4 per cent from June, testing the upper tolerance band of the inflation target. Global oil markets are experiencing hardening of prices and production restraints. The ratcheting up of input prices to multi-year highs pose a dilemma – if they are passed on to consumers as pricing power returns to firms as aggregate demand picks up, there will be even higher inflation; if they are held back, profitability will be eroded as will gross valued added in the economy. India is in a strange place – rising prices amidst plenty. Surely, there is a way around it, as this article in its previous editions has pointed out.

There is a restless urgency in the air in India to resume high growth, and incoming data point to even contact-intensive services such as personal care, recreation and hospitality gathering traction and pace even as agriculture crosses production highs in various crops and in horticulture, and manufacturing finally shrugs off the vice-like grip of contraction. All around, optimism is taking hold, among households and businesses, investors and markets. It is also likely that India will decouple from other emerging economies for which rising financing costs and rising pile-ups of debt hamstring the recovery. In the case of India, debt servicing did preempt more than 25 per cent of budgetary revenues in 2020-21, but there are saving graces: the maturity of public debt is 11 years[18], reducing refinancing risk. Foreign holding of this debt is less than 2 per cent, which means low vulnerability to sudden outflows of capital because it has demonstrated capability to sell its debt in its own currency. Also, as stated earlier, India has growth credibility – the average rate of interest on public debt is less than the growth rate of the economy. Even so, another outbreak, more lockdowns and restraints, will get unbearable in spite of learning from the initial experience of living with the virus.

In 2021, inflation will likely ease after June, but it will be higher than in prints because of statistical base effects of high inflation a year ago. Globally, policies will seek to stimulate, but markets will stare at tea leaves and ghosts of tightening of the past – neither growth nor inflation hard data support market movements so far. Central banks will go beyond their conciliatory open mouth operations if their stated stances are challenged. Central banks will perhaps step out of the ambit of their traditional mandates and go where they have not been before – environmental sustainability (UK); climate change (Euro area); house prices (New Zealand); yield control (Japan; Australia); asset purchases (everywhere). We live in interesting times!

[17] The Spirit of the Quad: Joint Statement, March 12, 2021.

[18] For central government securities (7.8 years for state government securities/SDLs).

*Unconventional Monetary Policy in Times of COVID-19**

Unconventional monetary policy tools (UMPTs) significantly differ from conventional instruments in terms of the nature of policy actions, their rationale, the channels through which they work and the scale of operations. The Reserve Bank undertook several unconventional measures in the wake of COVID-19; specifically, long term repo operations (LTROs) were introduced to facilitate monetary transmission and support credit offtake while targeted long-term repo operations (TLTROs) provided liquidity to specific sectors and entities experiencing liquidity stress. Special OMOs (Operation Twists) were conducted to compress the term premium while explicit forward guidance complemented other UMPTs in restoring normalcy, easing financial conditions while maintaining financial stability. Overall, these measures have laid the foundations for economic revival, going ahead.

Introduction

Since the beginning of the 1990s and the advent of inflation targeting, central banks in advanced economies (AEs) have typically used a short-term interest rate as their principal monetary policy instrument. In response to the global financial crisis (GFC), many AE central banks lowered their policy interest rates to near-zero levels. The persistence of such low rates, however, rendered conventional policy tools impotent, which impaired the monetary transmission mechanism. In this *milieu*, some central banks introduced 'unconventional' monetary policy tools (UMPTs) to stimulate economic activity.[1] UMPTs, which provided greater leeway to central banks during the GFC, were redeployed after the outbreak of COVID-19 to mitigate its deleterious impact on financial conditions and economic activity.

The public health concern posed by the pandemic quickly transformed into a macroeconomic and financial crisis. As the lockdowns and social distancing measures were enforced across the globe, it led to a near collapse of economic and financial market activity presenting unprecedented challenges for life and livelihood. Following the declaration of COVID-19 as a pandemic[2], financial market conditions tightened while volatility across key market segments amplified across the globe. In this background, central banks worldwide deployed several conventional and unconventional measures to safeguard economic and financial stability and prevent adverse macro-financial feedback loops (BIS, 2020).

This article presents an assessment of the Indian experience on UMPTs and is organised in the following manner. Section II presents a synoptic view of various UMPTs and their rationale. The deployment of UMPTs by authorities in the light of COVID-19 is discussed in Section III while measures taken in the Indian context are presented in Section IV. An empirical assessment of specific measures and their efficacy is undertaken in Section V while Section VI concludes.

II. Unconventional Monetary Policy Tools (UMPTs) – A Primer

UMPTs significantly differ from conventional instruments in terms of the nature of policy actions, their rationale, the channels through which they work and the scale of operations. Broadly, UMPTs

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[1] At the end of the 1990s and much before the GFC, the Bank of Japan (BoJ) was the first central bank ever to deploy UMPTs, including forward guidance (Kuroda, 2016).

[2] Announced by the World Health Organisation on March 11, 2020.

include (i) negative interest rate policies; (ii) extended lending or term funding facilities; (iii) asset purchase programmes; and (iv) forward guidance. Apart from negative interest rates[3], these tools have always been in the arsenal of most central banks and have been used sparingly in the past to ensure the smooth functioning of financial markets. What has been unconventional is the use of UMPTs in recent years as the principal mechanism for achieving the goals of monetary policy (BIS, 2019).

(i) Negative Interest Rate Policies (NIRPs): Negative interest rates are truly unconventional as it is difficult to justify that depositors would be taxed for placing funds with banks. Conventional wisdom suggested that there was a 'zero lower bound' (ZLB) to policy rates, implying that interest rates could never be negative.[4] The ZLB, however, was not a constraint as some AE central banks *viz.*, in Denmark, Sweden, Switzerland and the Euro Area decided to implement NIRPs immediately after the GFC.[5] Commercial banks, however, eschewed negative rates by setting a floor of zero on retail deposit rates. Nonetheless, there is still likely to be a lower bound on deposit rates below which depositors will withdraw money and hold cash. As a result, central banks began to discuss an 'effective lower bound' (ELB) for policy interest rates. Overall, this strategy was effective as long term yields adjusted downwards and provided the desired expansionary stimulus. Although it resulted in compression of bank interest margins, it has not posed a major problem for banking stability in AEs till date (BIS, 2019). In emerging market economies (EMEs), however, NIRPs can cause large cross-border spillovers in the form of a deluge of capital inflows in search of yields, thereby posing enormous monetary policy and financial stability challenges.

(ii) Extended Lending or Term-Funding Operations (ELO/TFO): Following the GFC and again more recently after the pandemic, many central banks provided low-cost long-term funding to financial institutions at concessional rates which enables them to pass on the benefits to businesses and households. Although such facilities supported credit flows to the private sector, they also occasionally resulted in inefficient credit allocation by compromising loan quality and acted as a disincentive to reducing excessive leverage. Nevertheless, these measures eased liquidity strains in highly stressed bank funding markets and helped restore monetary transmission channels (Lowe, 2019).

(iii) Asset Purchase Programmes (APPs): APPs involve the outright purchase of assets (mainly government bonds) by central banks and have long been a feature of their liquidity management operations; however, these have been used more extensively after the GFC and especially in response to COVID-19, leading to large expansion of central bank balance sheets. Moreover, some central banks have broadened the spectrum of asset purchases beyond risk-free securities. Typically, a central bank can either set (i) a target for the quantity of assets it will purchase (at any price); or (ii) a target for the asset price (purchasing any quantity that would achieve the targeted

[3] Negative interest rates are, however, not unprecedented as the Swiss National Bank (SNB) had levied a (-) 2 per cent rate on non-residents' Swiss franc accounts in the early 1970s (RBA, 2020).

[4] Economic agents would simply choose to physically hold their savings as idle cash if they are penalised on their deposit holdings.

[5] Some of these countries were motivated by the need to avert a deflationary currency appreciation (Lowe, 2019).

price). While a quantity target is commonly referred to as quantitative easing (QE), a price target is known as yield curve control (YCC). Under QE, large-scale purchases reduce yields thereby lowering longer-term rates and easing financial conditions. In case of YCC, the target price becomes the market price once the bond markets internalise the central bank's commitment to buy any amount (BIS, 2019). While the US Federal Reserve (US Fed) undertook large-scale QE after the GFC, the BoJ introduced YCC in 2016 to peg yields on 10-year Japanese Government Bonds (JGBs) around zero per cent to combat persistent deflation risks.[6] In March 2020, the Reserve Bank of Australia (RBA) introduced YCC for 3-year bonds with a target of around 0.25 per cent which was subsequently reduced to 0.1 per cent in November.

Operation Twist (OT) is a variant of QE used by the Fed in 2012.[7] The "twist" in the operation occurs whenever the Fed uses sale proceeds of short-term Treasury bills to buy long-term Treasury notes, which lowers longer-term interest rates thereby reducing the term premium (Bernanke, 2020). Lower long-term rates, in turn, allow businesses to expand thereby stimulating economic activity.

The precise goal of asset purchases varied across countries although lowering interest rates on risk-free assets has been a common feature. APPs also reinforce the central bank's forward guidance that policy interest rates will remain low for a long period, which sustains the downward pressure on yields (Lowe, 2019). APPs were also country-specific: while the US Fed purchased government-backed agency securities to support mortgage markets, the Bank of England (BoE) purchased commercial papers (CPs) to ease stress in corporate credit markets during the GFC.

(iv) Forward Guidance (FG): FG – both implicit and explicit – pertains to central bank communication on the 'stance' of monetary policy going ahead, *i.e.*, the future path of the policy interest rate. Forward guidance can be (a) time-based; or (b) state-based. Under 'time-based guidance', the central bank commits to a stance of monetary policy until a specific point in time. In contrast, 'state-based guidance' pertains to a stance until an explicit set of economic conditions are met. In a period of heighted uncertainty about the economic outlook, FG played an indispensable role in clarifying central banks' intent while they remained committed to price stability. FG also complimented other UMPTs in achieving the policymakers' desired outcome.

During the GFC and COVID-19, central banks were active in providing FG to (i) reinforce their commitment to low interest rates; and (ii) communicate their strategy in uncertain times. From this perspective, FG was quite effective in reducing uncertainty about the economic and financial outlook.[8] A key challenge with FG in exceptional circumstances has been the balancing of trade-offs between clarity of communication, credibility of follow-up actions and flexibility of future policy response to changing financial conditions (BIS, 2019).

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6 This has been categorised as quantitative and qualitative monetary easing (QQE) – a policy by which the BoJ signals its strong commitment to price stability while purchasing massive amounts of JGBs, including bonds with longer remaining maturities with a view to actively influence private entities' expectation formation (Kuroda, 2016).

7 During the Kennedy administration, the original Operation Twist was launched in February 1961 by the Fed Chairman William McChesney Martin.

8 A notable exception was the 'taper tantrum' of 2013 where FG by the Fed on tapering of the asset purchase programme triggered global financial market volatility with significant spillover effects on some EMEs.

In addition to the above-mentioned UMPTs, many central banks made significant adjustments in their market operations to deal with financial market stress in the aftermath of the GFC and COVID-19. These adjustments included (i) injecting unprecedentedly large liquidity; (ii) expanding the range of collaterals; and (iii) widening the range of 'eligible counterparties'. These refinements sought to address market seizure and illiquidity as financial entities increasingly became unsure about their liquidity access, which can precipitate a severe 'credit crunch' and trigger economic contraction. By assuring financial institutions about uninterrupted liquidity access, central banks were able to ensure the smooth functioning of markets.

Empirical evidence on the macroeconomic and financial market impact of UMPTs provides useful insights. Based on monthly data of eight AEs[9] for the period January 2008 - June 2011, an exogenous increase in central bank balance sheets at the ZLB was found to temporarily increase economic activity and consumer prices, although the price impact was weaker and less persistent. Individual country-specific results suggested that despite the heterogeneity of the measures undertaken across countries, there were no major differences in their macroeconomic impact (Gambacorta *et al.*, 2014). An event-study (ES) analysis of 24 COVID-19 QE announcements made by 21 central banks found that the average developed market QE announcement had a statistically significant 1-day impact of -0.14 per cent on their local 10-year government bond yields, while the impact of such announcements in EMEs was significantly higher at -0.28 per cent. Cumulatively, the overall average 1-day impact was -0.23 per cent (Hartley and Rebucci, 2020).

III. UMPTs during Covid-19: Cross-country Practices

Guided by the urgent need to restore normalcy in financial markets and minimise the loss of economic activity, central banks have swiftly designed and implemented various UMP measures post COVID-19, based on their GFC experience. In EMEs constrained by the ELB, UMPTs help create monetary policy space to cushion the impact of the COVID-19 crisis and support the recovery (Hofman and Kamber, 2020).

(i) *Negative Interest Rate Policy*: Many AE central banks continued with negative interest rates adopted during GFC. The Swiss National Bank (SNB) maintained its policy rate at -0.75 per cent while the European Central Bank (ECB)'s standing deposit facility rate is currently at -0.50 per cent. Though the BoE and the US Fed have not introduced negative interest rates, the former pared its main rate to a record low of 0.1 per cent while the latter made an emergency move by dropping its benchmark interest rate to 0-0.25 per cent in March 2020. The Swedish Riksbank also reduced its lending rate for overnight loans in phases to 0.1 per cent.

(ii) *Liquidity support through new instruments***:** Most central banks have lowered reserve requirements, eased collateral norms and increased the scale and tenor of repo operations. The BoE (a) introduced a new Term Funding Scheme with additional incentives for lending to small and medium enterprises (SMEs); and (b) activated a Contingent Term Repo Facility to complement the existing sterling liquidity facilities. The Fed

[9] These economies *viz.*, Canada, the euro area, Japan, Norway, Sweden, Switzerland, the UK and the US had an important common factor in terms of synchronised business cycles, financial market dynamics, and their conduct of monetary policy.

expanded overnight / term repo operations and introduced several new facilities to support the flow of credit. These facilities are: (a) commercial paper funding facility (CPFF) for companies and municipal issuers; (b) primary dealer credit facility (PDCF) for financing primary dealers; (c) money market mutual fund liquidity facility (MMLF) to provide loans to depository institutions for asset purchases; (d) primary market corporate credit facility (PMCCF) to purchase new bonds and loans from companies; (e) Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds; (f) term asset-backed securities loan facility (TABSLF) for issuance of asset-backed securities; (g) paycheck protection program liquidity facility (PPPLF) for financial institutions which incentivises small businesses to keep workers on their payroll; (h) main street lending program (MSLP) to purchase new or expanded loans to small and mid-sized businesses; and (i) municipal liquidity facility (MLF) to purchase short term securities directly from state and eligible local governments.

The ECB conducted additional auctions of (a) the full-allotment, fixed rate temporary liquidity facility at the deposit facility rate and (b) existing targeted longer-term refinancing operations (TLTRO-III) with interest rates even 50 bps below the average deposit facility rate. More recently, the ECB introduced a series of non-targeted pandemic emergency longer-term refinancing operations (PELTRO). In Japan, the special funds-supplying operations have widened the range of eligible counterparties and collateral to private debt. In May 2020, the BoJ introduced a new fund-provisioning measure to support financing of SMEs.

Among EMEs, the Bank of Indonesia increased the maximum duration of repo and reverse repo operations (up to 12 months) while introducing daily auctions. The Reserve Bank of South Africa (RBSA) provided loans to financial institutions by accepting corporate bonds as collateral. Measures undertaken by the Bank of Thailand (BoT) included cheaper loans to financial institutions for on-lending to SMEs and a special facility to provide liquidity to mutual funds through banks.

(iii) *Asset Purchases*: Central banks also expanded their APPs to meet additional demand for bank reserves arising from pandemic-induced elevated uncertainty and facilitate lower long-term interest rates. The BoE expanded its holding of UK government bonds and non-financial investment grade corporate bonds by £300 billion while the US Fed committed to purchase any amount of Treasury and agency securities. In March, the ECB introduced the pandemic emergency purchase program (PEPP) which was increased in phases to €1.85 trillion and its duration was extended to end-March 2022. In March, the BoJ increased the size and frequency of JGB purchases along with targeted purchases of CPs and corporate bonds. Subsequently, the BoJ decided to purchase JGBs without any limit. Several EME central banks *viz.*, Indonesia, South Africa, Philippines and Thailand also launched bond purchase programmes, with Indonesia and Philippines monetising debt by purchasing bonds directly from the government (Annex Table 1). Mexico and Brazil conducted operation twist.

(iv) *Forward Guidance*: The Fed indicated that rates will remain low until the economy has weathered recent events and was on track to achieve its maximum employment and price stability goals. The ECB expected rates to remain at their present or lower levels until the inflation outlook converges close to, but below, 2 per cent within its projection horizon.

In addition, many central banks have resorted to regulatory and supervisory measures including (a) reduction in counter-cyclical capital buffers; (b) relaxation in liquidity coverage ratio (LCR); (c) suspension of dividend and buyback; (d) relaxation in debt restructuring and loss provisioning; (e) slackening of prudential norms and (f) regulatory forbearance in reporting and compliance. Supervisors are encouraging banks to (1) renegotiate loan terms prudently for those struggling to service their debts; (2) use existing capital and liquidity buffers; and (3) use their regulatory and accounting frameworks flexibly to absorb losses (BIS, 2020).

Reflecting the above measures, funding markets, although experiencing intermittent bouts of volatility, have remained functional while investor sentiment has improved and financial market spreads have narrowed with the improvement in liquidity conditions. Market reactions suggest that these measures have been successful in improving bond market activity, pushing down yields and shoring up confidence (BIS, 2020).

IV. UMPTs – The Indian Experience[10]

The Reserve Bank undertook several conventional and unconventional measures in the wake of COVID-19. While conventional measures included reduction in the policy repo rate by 115 bps and cash reserve ratio (CRR) by 100 bps, unconventional measures featured (i) extended lending or term-funding operations including liquidity support through refinance; (ii) asset purchase programmes including operation twists (OTs); and (iii) forward guidance, the broad contours of which are discussed below.

(i) *Liquidity Support Operations*

(a) *Extended lending/term-funding*: Akin to the ECB after the GFC, the Reserve Bank introduced long term repo operations (LTROs) in February 2020 to facilitate monetary policy transmission and support credit offtake. Under the scheme, the Reserve Bank provided long-term liquidity to banks at the erstwhile policy repo rate (5.15 per cent) – a rate lower than the prevailing market rates as well as banks' own deposit cost – to lower their cost of funds. During February-March 2020, five LTRO auctions (each amounting to ₹25,000 crore with one of 1-year and four of 3-years tenor) were conducted, which augmented system liquidity by ₹1,25,117 crore. In September 2020, however, banks repaid ₹1,23,572 crore (about 98.8 per cent of the funds availed) to reduce their cost of funds[11] by exercising an option of prepayment before maturity. An event study (ES) analysis around announcement days indicated that LTROs had a significant impact on G-sec yields of some maturities (Das *et al.*, 2020; RBI, 2020a).

The outbreak of COVID-19 ignited sell-off pressures in financial markets as large global spillovers triggered flight to safety. Consequently, financial conditions tightened as sharp spikes in risk premium on corporate bonds, CPs and debentures

[10] These measures were complemented by several regulatory/supervisory initiatives and prudential guidelines. For details of all COVID-19 related measures, see <*https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3894*>.

[11] The repo rate was reduced by 115 bps in two stages and stood at 4.0 per cent in September 2020.

dried up trading activity resulting in market illiquidity. Accordingly, targeted long-term repo operations (TLTROs) were introduced to provide liquidity to specific sectors and entities experiencing liquidity stress. Four TLTRO auctions (₹25,000 crore each of three years tenor) were conducted during March-April 2020 providing ₹1,00,050 crore to banks for deployment in investment grade corporate bonds, CPs, and non-convertible debentures. Banks were required to acquire up to fifty per cent of their incremental holdings of eligible instruments from the primary market and the remaining from the secondary market, including from mutual funds (MFs) and non-banking finance companies (NBFCs).

Since the deployment of TLTRO funds was largely confined to primary issuances of public sector entities and large corporates, TLTRO 2.0 was introduced to provide relief to the small and mid-sized corporates, including NBFCs and micro finance institutions (MFIs). Banks were required to invest in investment grade bonds, CPs, and non-convertible debentures of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized NBFCs and MFIs. The demand, however, was lukewarm at ₹12,850 crore reflecting lack of market appetite for additional liquidity. In November 2020, banks returned ₹37,348 crore of TLTRO funds (33.1 per cent of the availed amount) under a scheme similar to the prepayment of LTROs.

As liquidity measures concentrated on reviving specific sectors that have multiplier effects on growth, 'On Tap TLTRO' was introduced in October 2020 for a total amount of up to ₹1,00,000 crore with tenors of up to three years at a floating rate linked to the policy repo rate. Funds availed are to be deployed in corporate bonds, CPs, and non-convertible debentures issued by the entities in five specific sectors; additionally, it can also be used to extend bank loans and advances to these sectors. Subsequently, 26 stressed sectors identified by the Kamath Committee (2020) were brought within the ambit of this scheme in December which was further expanded to include bank lending to NBFCs in February 2021.

(b) *Liquidity support*: In view of tightening financial conditions, all India financial institutions (AIFIs) were facing difficulties in raising resources. To alleviate their liquidity stress and meet sectoral credit needs, special refinance facilities were provided at the policy repo rate for a total amount of ₹60,000 crore to National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB).[12] The *inter se* allocation comprised ₹30,000 crore to NABARD for refinancing regional rural banks (RRBs), cooperative banks and MFIs; ₹15,000 crore to SIDBI for on-lending/refinancing; and ₹15,000 crore to NHB for supporting Housing Finance Companies (HFCs). A line of credit of ₹15,000 crore was extended to the EXIM Bank for a period of 90 days (with maximum rollover up to one year) to avail a US dollar swap facility to meet its foreign exchange requirements. Thus, total refinance support to AIFIs amounted to ₹75,000 crore.

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[12] Since sector-specific refinance facilities provide access to assured liquidity at rates not determined by market forces, they tend to impede the monetary transmission process. Consequently, export credit refinance (ECR) was withdrawn in February 2015, based on the recommendations of the Expert Committee to Revise and Strengthen the Monetary Policy Framework (RBI, 2014).

In order to ease redemption pressures on Mutual Funds (MFs) emanating from closure of some debt MFs and minimise their potential contagious effects, a special liquidity facility for mutual funds (SLF-MF) of ₹50,000 crore was introduced in April 2020 although its utilisation was a meagre ₹2,430 crore. The Reserve Bank had earlier extended a similar facility to MFs in 2008 during the GFC and later in 2013 following the taper tantrum.

(ii) ***Asset Purchase Programme (APP)***: Unlike many central banks, the Reserve Bank's purchases have been confined to the secondary market and solely in government securities. An innovation has been the inclusion of state government securities in October 2020 – commonly known as state development loans (SDLs) – as a special case for 2020-21. Net OMO purchases amounted to ₹3,04,754 crore (including SDLs worth ₹30,000 crore) during 2020-21 (up to February 26).

In the backdrop of the Fed's experience on OTs, the Reserve Bank announced special OMOs (OTs) involving the simultaneous purchase of long-term and sale of short-term securities in December 2019, predating the COVID-19 outbreak in India. These operations were aimed at compressing the term premium and reducing the steepness of the yield curve. Moderation in long term risk-free (g-sec) rates, in turn, gets reflected in other financial market instruments that are priced of the g-sec rate, thereby improving monetary transmission. Up to end-February 2021, the Reserve Bank conducted 20 such operations of ₹10,000 crore each (Annex - Table 2).[13] The success of OTs combined with liquidity injection through outright OMOs moderated yields and reduced the cost of borrowing for the Government in 2020-21[14]. Going ahead, outright OMOs in combination with OTs would continue to be a potent tool in the Reserve Bank's arsenal.

(iii) ***Forward Guidance*** **(FG)**: In the aftermath of the pandemic, FG gained prominence in the Reserve Bank's communication strategy to support the accommodative stance of the monetary policy committee (MPC). The MPC's reiteration that the policy stance would remain accommodative till the revival of growth epitomises explicit time-contingent and state-contingent FG. For instance, the MPC noted in October 2020 "…. decided to continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward" (RBI, 2020b). Moreover, the Governor assured financial markets that the Reserve Bank will maintain comfortable liquidity conditions in sync with the monetary policy stance and highlighted the need for cooperative solutions by emphasising that financial market stability and the orderly evolution of the yield curve are public goods (RBI, 2020c). The commitment to ensure congenial financial conditions for sustaining the recovery dispelled illiquidity fears and bolstered market sentiment. The Reserve Bank's liquidity management operations in support of the stance convinced market participants to respond synchronously and cooperatively, which bears testimony to the effectiveness of FG in monetary policy communication. Thus, FG complimented other UMPT measures in the post-COVID environment.

[13] These operations are deemed to be liquidity neutral; nevertheless, four operations resulted in net injection of liquidity of ₹11,824 crore and one operation resulted in net absorption of ₹2,868 crore, thereby augmenting systemic liquidity (net) by ₹8,956 crore.

[14] Empirical evidence suggest that OTs had significant impact on G-sec yields of some maturities around announcement days (Das *et al.*, 2020).

In response to UMPTs as well as policy rate cuts, yields declined and corporate bond spreads narrowed considerably across the maturity spectrum and rating categories (Annex - Table 3). In fact, corporate bond spreads have reached pre-COVID levels. Induced by the lower rates, corporate bond issuance reached a record level of ₹6.4 lakh crore during 2020-21 (April-January) as compared with ₹5.3 lakh crore during the corresponding period of 2019-20 (an increase of 20.2 per cent) with issuers in the lowest investment category (BBB-) – who hitherto had no market access – being able to raise resources (Annex - Table 4).

V. Empirical Assessment

The empirical assessment on the efficacy of UMPTs is undertaken in two parts. First, the impact of LTRO and TLTRO auctions on specific segments of the money and bond markets is estimated from daily data. The second exercise involves evaluating the announcement effect of operation twist on the term premium in the g-sec market.

(i) *Auction Impact on Money and Bond Markets*

Measures undertaken by the Reserve Bank to augment system-level liquidity (LTRO) and targeted liquidity (TLTRO) produced differential responses in terms of varying intensity of appetite for funds, as reflected in their bid-cover ratio (Annex - Chart 1). While the first and third LTRO auction evoked much interest, response to the fifth LTRO and TLTRO (2.0) auctions was lukewarm.

The instantaneous impact of the LTRO and TLTRO auctions on money and bond markets is examined in an ES framework adapting from the recent literature (Hartley and Rebucci, 2020). Daily data on interest rates of 3-month CPs, yields on 10-year government securities and 10-year AAA corporate bonds spanning the period December 2019-September 2020 used for estimation are stationary in first difference (Annex - Table 5).

Specifically, daily changes in 3-month CP rates and 10-year bond yields (G-sec as well as corporate bonds separately) are regressed on LTRO and TLTRO auction dates (as dummies) with controls for other key variables that can impact daily rates/ yields, *viz.*, changes in the policy repo rate; and changes in the US economic policy uncertainty[15] (as a proxy for international oil prices and US yield movements), with the following specifications:

$$\Delta CP_t = \alpha_0 + \sum_{i=1}^{n} \beta_i * \Delta CP_{t-i} + \sum_{i=1}^{n} \Delta Policy^i + \sum_{i=1}^{n} \gamma_i * \Delta US\_Index^i + \sum_{i=1}^{5} \delta_i * LTRO^i + \sum_{i=1}^{5} \psi_i * TLTRO^i + \varepsilon_t \quad \ldots(i)$$

$$\Delta Gsec_t = \alpha_0 + \sum_{i=1}^{n} \beta_i * \Delta Gsec_{t-i} + \sum_{i=1}^{n} \Delta Policy^i + \sum_{i=1}^{n} \gamma_i * \Delta US\_Index^i + \sum_{i=1}^{5} \delta_i * LTRO^i + \sum_{i=1}^{5} \psi_i * TLTRO^i + \varepsilon_t \quad \ldots(ii)$$

$$\Delta Corpb_t = \alpha_0 + \sum_{i=1}^{n} \beta_i * \Delta Corpb_{t-i} + \sum_{i=1}^{n} \Delta Policy^i + \sum_{i=1}^{n} \gamma_i * \Delta US\_Index^i + \sum_{i=1}^{5} \delta_i * LTRO^i + \sum_{i=1}^{5} \psi_i * TLTRO^i + \varepsilon_t \quad \ldots(iii)$$

The estimates indicate that the cumulative impact of LTRO and TLTRO auctions was more on the money market than in bond markets (Annex - Table 6). Specifically, the cumulative impact eased CP rates by 259 bps while yields on 10-year G-secs and on 10-year corporate bonds softened by around 32 bps and 46 bps, respectively[16]. Individually, however, LTRO and TLTRO had a differential impact. For instance, while LTROs reduced CP rates by 307 bps, the impact of TLTROs was not significant. On the other hand, while the impact of LTROs on g-sec yields at 8 bps was muted in comparison to 22 bps on corporate bonds, TLTROs had a significant easing impact of 23-24 bps on both segments. The reduction in the policy rate (from 5.15 per cent

[15] See Baker *et al*., (2016) for methodology and US Federal Reserve Bank of St. Louis website for data source.

[16] TLTRO2 is not considered as the auction date of April 3, 2020 coincided with (i) the announcement of TLTRO3; (ii) change of market timing by RBI; and (iii) announcement of large borrowing programme for H1:2020-21.

to 4.0 per cent over the period) is estimated to have softened CPs rates by 92 bps while those on G-sec and corporate bonds moderated by 5-9 bps. Overall, the measures undertaken by the Reserve Bank had a sobering impact on yields and risk spreads, which helped in easing market stress and softening financing conditions.

(ii) *Operation Twist*

As mentioned earlier, OTs were conducted to reduce the term premia. For this purpose, the spread between 10-year and 1-year g-sec rates are calculated based on daily data for the period December 2019-January 2021,[17] which witnessed eighteen OT announcements. Since all these announcements came after the closure of business hours, the difference in yield between the closing rate on the announcement day and the opening rate next day is separately taken for 10-year and 1-year government paper. The consequent difference in spreads (between the announcement day and the next day) is taken as the dependent variable in the model and is regressed on the explanatory variables, *viz.*, lagged spread, OT announcement dates (as dummies) and changes in the US economic policy uncertainty index, with the following specification:

$$\Delta Spread_t = \alpha_0 + \beta_i * Spread_{t-1} + \sum_{t=1}^{18} \psi_t * \Delta OT_{t-1} + \sum_{i=1}^{n} \gamma_i * \Delta US\_Index^i + \varepsilon_t \qquad \text{... (iv)}$$

The estimates indicate that the cumulative announcement impact of all OTs reduced the term spread by 29 bps, thereby flattening the yield curve (Annex - Table 7). It is, however, noted that on six announcement dates (*viz.*, January 2, April 23, November 12, December 11, 24 and 31, 2020), the spread increased because of market-specific events. These were: (i) concerns of fiscal slippage on January 2, 2020; (ii) redemption pressures faced by mutual funds on April 23; (iii) anticipation of higher inflation print for October on November 12; (iv) underbidding in auctions for dated securities on December 11; (v) market discomfort at high yields on long term rates after the Reserve Bank rejected bids for 5.85% GS 2030 on December 24; and (vi) traders uncertainty about OMO announcement ahead of large weekly sale of government debt. Overall, the findings bear testimony to the efficacy of OTs in reducing the steepness of the yield curve, which helped in easing financing conditions.

[17] The data series was found to be stationary in first difference.

VI. Conclusion

Drawing lessons from the international experience, the Reserve Bank unveiled a gamut of unconventional measures supported by conventional, regulatory and prudential policies in response to the pandemic. Given the enormity of the international spillovers that overwhelmed domestic markets in March 2020, the need of the hour was for innovative and comprehensive measures targeted at not only augmenting systemic liquidity but also addressing the concerns of specific segments. From that perspective, the LTRO and TLTRO schemes complemented the regular OMOs in easing financial conditions by softening yields and moderating spreads, which instilled confidence among market participants.

In league with the size and scale of liquidity injections through OMOs, the OTs significantly moderated the G-sec term spreads and reduced the cost of borrowing for the government which was particularly important, given the large funding requirement to design and implement a comprehensive fiscal response to the pandemic. Moderation of long term rates, in turn, softened interest rates across the spectrum of instruments and issuer category, which rekindled market activity and restored normalcy while maintaining financial stability. Specific measures such as refinance facilities and liquidity support to mutual funds alleviated sector-specific liquidity stress and eased redemption pressures.

Finally, explicit time-contingent and state-contingent forward guidance became a noticeable feature of monetary policy communication during COVID-19. Its innovative use reinforced and complemented other measures in reviving markets and, given its success, would continue to be an important instrument in the Reserve Bank's policy toolkit. Overall, the proactive measures undertaken during the pandemic have laid the foundations for economic recovery to gain momentum, going ahead.

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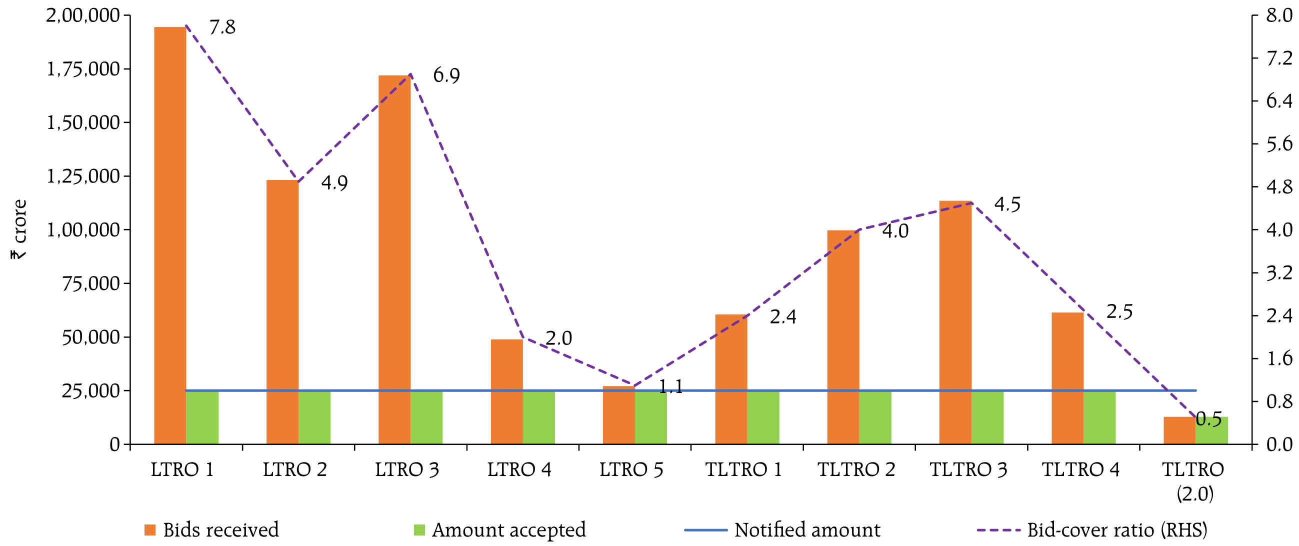
Reserve Bank of India (2020c): Governor's Statement, October 9.

ANNEX

Chart 1: LTRO and TLTRO Auctions



Source: Reserve Bank of India (RBI).

Table 1: Central Bank Measures during COVID-19

Country		Asset Purchase			Lending/Liquidity		FX Swap / Intervention		Prudential Regulations
		Govt. Bond	Commercial Paper	Corporate Bond	General Liquidity facility	Specialised Lending	USD Swap Line	FX intervention	
AEs	Australia	√			√	√	√		√
	Euro Area	√	√	√	√	√	√		√
	Japan	√	√	√	√	√	√		√
	New Zealand	√			√	√	√		
	Sweden	√		√		√	√		√
	Switzerland					√	√	√	√
	United Kingdom	√	√	√	√	√	√		√
	United States	√	√	√	√	√			√
EMEs	Argentina		√			√			
	Brazil				√	√	√	√	√
	India	√			√	√		√	√
	Indonesia	√			√				√
	Malaysia				√	√			
	Mexico				√	√	√	√	√
	Philippines	√				√			
	Russia				√	√		√	√
	Singapore				√	√	√		
	South Africa	√			√				√
	Korea				√	√	√		√
	Thailand	√				√		√	

Source: BIS Annual Economic Report, 2020: IMF and respective central bank websites.

Table 2: Special OMOs (Operation Twist)

Date			OMO Purchases (₹ crore)		OMO Sales (₹ crore)		Net OMO Purchases (+) / Sales (-) (₹ crore)
Announcement	Auction	Settlement	Amount notified	Amount accepted	Amount notified	Amount accepted	
19-12-2019	23-12-2019	24-12-2019	10,000	10,000	10,000	6,825	3,175
26-12-2019	30-12-2019	31-12-2019	10,000	10,000	10,000	8,501	1,499
02-01-2020	06-01-2020	07-01-2020	10,000	10,000	10,000	10,000	0
16-01-2020	23-01-2020	24-01-2020	10,000	10,000	10,000	2,950	7,050
23-04-2020	27-04-2020	28-04-2020	10,000	10,000	10,000	10,000	0
29-06-2020	02-07-2020	03-07-2020	10,000	10,000	10,000	10,000	0
25-08-2020	27-08-2020	28-08-2020	10,000	10,000	10,000	10,000	0
31-08-2020	03-09-2020	04-09-2020	10,000	7,132	10,000	10,000	-2,868
07-09-2020	10-09-2020	11-09-2020	10,000	10,000	10,000	9,900	100
14-09-2020	17-09-2020	18-09-2020	10,000	10,000	10,000	10,000	0
24-09-2020	01-10-2020	05-10-2020	10,000	10,000	10,000	10,000	0
05-11-2020	12-11-2020	13-11-2020	10,000	10,000	10,000	10,000	0
12-11-2020	19-11-2020	20-11-2020	10,000	10,000	10,000	10,000	0
19-11-2020	26-11-2020	27-11-2020	10,000	10,000	10,000	10,000	0
11-12-2020	17-12-2020	18-12-2020	10,000	10,000	10,000	10,000	0
24-12-2020	30-12-2020	31-12-2020	10,000	10,000	10,000	10,000	0
31-12-2020	07-01-2021	08-01-2021	10,000	10,000	10,000	10,000	0
07-01-2021	14-01-2021	15-01-2021	10,000	10,000	10,000	10,000	0
15-02-2021	25-02-2021	26-02-2021	10,000	10,000	10,000	10,000	0
24-02-2021	04-03-2021	05-03-2021	15,000	15,000	15,000	15,000	0

Source: RBI.

Table 3: Financial Markets - Rates and Spread

Instrument	Interest Rates (per cent)			Spread (bps) (over corresponding risk-free rate)		
	As on March 26, 2020	As on February 26, 2021	Variation (in bps)	As on March 26, 2020	As on February 26, 2021	Variation
1	2	3	(4 = 3-2)	5	6	(7 = 6-5)
CP (3-month)	6.74	4.25#	-249	170	105	-65
Corporate Bonds						
(i) AAA (1-yr)	7.76	4.33	-343	246	22	-224
(ii) AAA (3-yr)	8.47	5.60	-287	276	37	-239
(iii) AAA (5-yr)	7.84	6.35	-149	141	-3	-144
(iv) AA (3-yr)	9.15	6.40	-275	344	97	-247
(iv) BBB-minus (3-yr)	12.29	10.23	-206	658	412	-246
10-yr G-sec	6.22	6.23	1	-	-	-

#: CP-NBFC rate.

Sources: CCIL; F-TRAC; FIMMDA; and Bloomberg.

Table 4: Corporate Bond Issuances

Month	2019-20	2020-21	Variation (Per cent)
	(₹ crore)		
April	72,255	54,741	-24.2
May	44,626	84,871	90.2
June	50,008	70,536	41.0
July	46,082	48,122	4.4
August	43,431	58,419	34.5
September	49,124	64,538	31.4
October	48,291	65,028	34.7
November	49,192	45,688	-7.1
December	58,677	88,130	50.2
January	71,712	60,871	-15.1
April-January	**5,33,398**	**6,40,943**	**20.2**

Source: Securities and Exchange Board of India (SEBI).

Table 5: ADF Unit Root Tests

(2019:12 – 2020:9)

Variable	Level	First Difference
G-Sec	-1.484	-14.899***
Corporate Bond	-1.364	-14.855***
CP	-2.574*	-12.344***

Note: *, ** and *** implies significance at 10%, 5% and 1%, respectively.

Table 6: LTRO and TLTRO Impact on Money and Bond Markets

Variables	ΔCP rates	ΔG-sec yields	ΔCorp. bond yields
ΣLag(-1 to -2)	-0.62***	-0.23	0.00
ΔPolicy rate	0.80**	0.04***	0.08***
ΔUS policy uncertainty (-1)	0.00	0.00	0.00
ΣLTRO1(0 to -1)	0.71***	-0.90***	-0.04***
ΣLTRO2(0 to -1)	-0.09	0.00	-0.11***
ΣLTRO3(0 to -1)	0.73**	-0.03***	-0.14***
ΣLTRO4(0 to -1)	-4.78***	-0.09***	-0.04
ΣLTRO5(0 to -1)	0.36**	0.13***	0.11
ΣLTRO	**-3.07*** **	**-0.08***	**-0.22*** **
ΣTLTRO1(0 to -1)	2.34***	-0.06	0.04**
ΣTLTRO3(0 to -1)	0.18	0.08***	0.03
ΣTLTRO4(0 to -1)	-0.83***	-0.26***	-0.26***
ΣTLTRO5(0 to -1)	-1.21***	-0.06***	-0.08***
ΣTLTRO	**0.49**	**-0.24*** **	**-0.23*** **
ΣLTRO + ΣTLTRO	**-2.59** **	**-0.32*** **	**-0.46*** **
Diagnostics (*p* - value)			
ARCH LM test for conditional heteroscedasticity	0.92	0.51	0.96
Portmanteau test for white noise of residuals	0.42	0.43	0.06

*,** and *** implies significance at 10%, 5% and 1%, respectively.

Source: Authors estimates.

Table 7: Announcement Impact of OT on Term Spread

Variable	Spread
Lag (-1)	-0.06
ΔUS uncertainty (-1)	0.00
OT1(-1)	-0.12***
OT2(-1)	-0.98***
OT3(-1)	-0.01
OT4(-1)	-0.03***
OT5(-1)	0.05***
OT6(-1)	-0.04***
OT7(-1)	-0.02***
OT8(-1)	-0.12***
OT9(-1)	-0.05***
OT10(-1)	-0.08**
OT11(-1)	-0.02***
OT12(-1)	-0.01***
OT13(-1)	0.09***
OT14(-1)	-0.02**
OT15(-1)	-0.00
OT16(-1)	0.09***
OT17(-1)	0.03***
OT18(-1)	-0.01***
Σ OT	**-0.29*** **
Diagnostics (*p* - value)	
Breusch-Godfrey LM test	0.06
ARCH LM test for conditional heteroscedasticity	0.94

*,** and *** implies significance at 10%, 5% and 1%, respectively.

Source: Authors estimates.

*Union Budget 2021-22: An Assessment**

The Union Budget 2021-22 strikes the right chord by prioritising counter-cyclical investment-led fiscal support to post-COVID recovery in growth. The inbuilt reforms package which include privatisation, asset monetisation, new initiatives on long-term financing of infrastructure and clean-up of the non-performing assets in the banking system, and incentive-linked targeted promotion of activity in the manufacturing sector will further step-up the growth momentum in the medium-run. Greater fiscal transparency, use of reasonable baseline projections for revenue budgeting and stability in the tax regime are the other highlights of the budget. As the economy stabilises from the COVID-19 shock, the fiscal consolidation path will put India's public finances on a sustainable path to rebuild fiscal space.

Introduction

The Union Budget 2021-22 recognises the critical role of the public sector in sustaining post-COVID recovery in growth while emphasising the pivotal role of the private sector to step-up India's medium-term growth trajectory. Woven around the six themes of health and well-being, physical and financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and research and development (R&D), and minimum government-maximum governance, it has introduced several measures to provide an impetus to growth, particularly creation of large scale infrastructure, encouraging innovation, boosting health sector, relief for hard-hit sectors like Micro, Small and Medium Enterprises (MSMEs), as well as reforms in the governance structure. The thrust on sectors like infrastructure, health and step up in allocations for capital expenditure would have a multiplier effect, improving the investment climate and, in turn, propelling domestic demand, income and employment.

While avoiding fiscal over-commitment in view of the prevailing uncertainties, due consideration has been given to the need to resume fiscal consolidation by reducing the gross fiscal deficit (GFD) to below 4.5 per cent of gross domestic product (GDP) by 2025-26. The fiscal consolidation in 2021-22 is sought to be achieved through increased buoyancy of tax revenue by improving compliance and by increasing receipts from disinvestment and monetisation of assets.

Against this background, the rest of the article is divided into three sections. Section II discusses the key facets of the Union Budget 2021-22 *viz.*, a comparative analysis with earlier Union Budgets, key deficit indicators, analysis of the fiscal slippage during 2020-21, decomposition of GFD, tax buoyancy and lastly, focus on capital expenditure and social sector spending. Section III highlights some of the key fiscal issues emerging from this Budget that will determine the nature and success of fiscal policy in the medium term such as disinvestment and asset monetisation, bank recapitalisation, fiscal transparency, market borrowing and debt dynamics and lastly, devolution and implication for states with respect to the 15th Finance Commission's (FC-XV) recommendations. Section IV sets out the concluding observations.

II. Union Budget: Key Facets

a. Budget in a Comparative Perspective

The Union Budget 2021-22 was formulated under exceptional circumstances of a 7.8 per cent contraction in GDP in 2020-21[1]. Since the 1960s,

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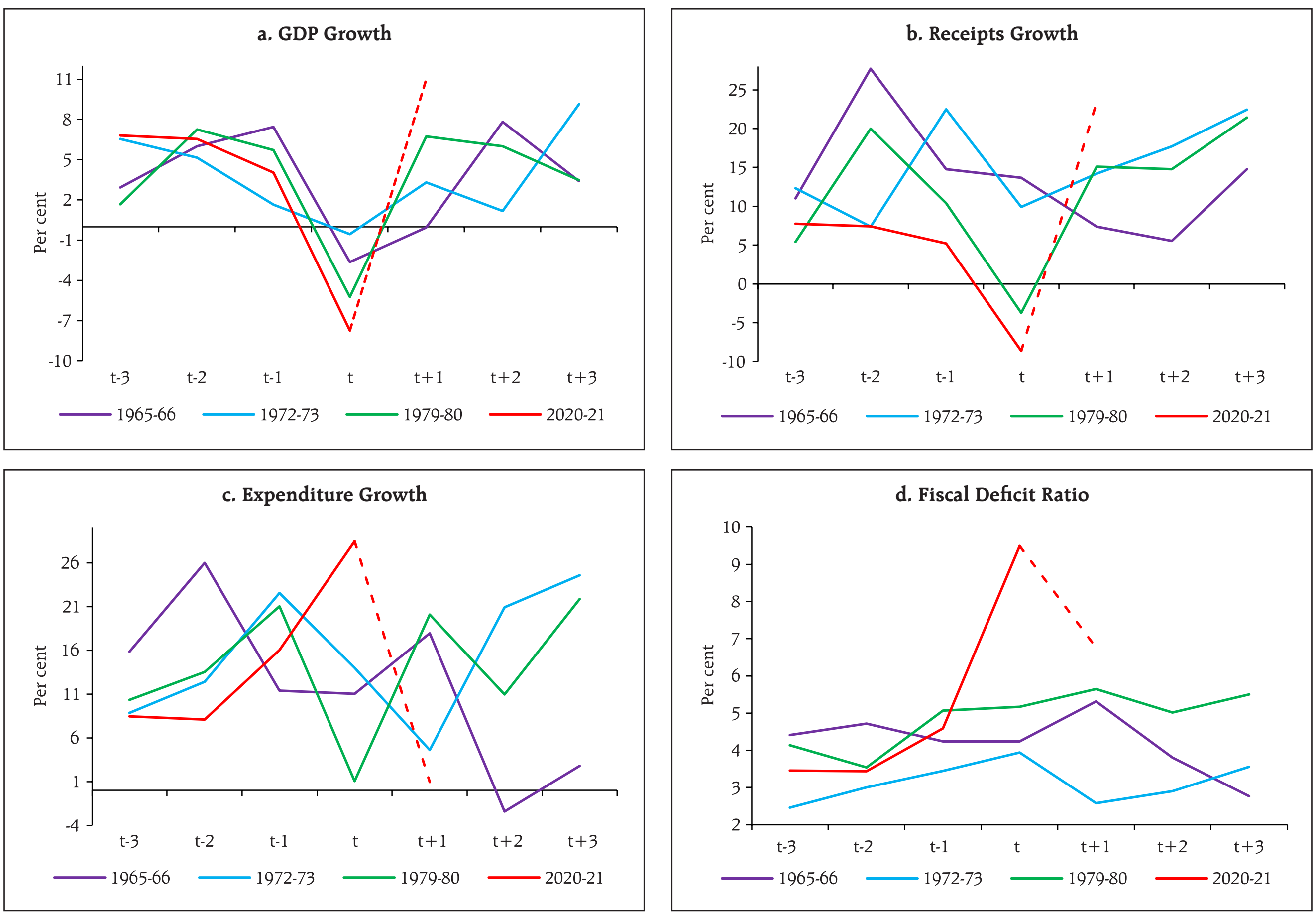
This article is based on the Budget 2021-22 speech and related documents released on February 1, 2021. The previous article on Union Budget 2020-21 was published in the Reserve Bank of India Bulletin, April 2020.

1 The 1st Advance Estimates of GDP for 2020-21 and First Revised Estimates of GDP for 2019-20, which were available at the time of the Budget presentation have been used in this article. As per the 2nd Advance Estimates of GDP for 2020-21 released subsequently on February 26, 2021, the contraction in GDP for 2020-21 has been revised to 8.0 per cent.

GDP contractions have happened only thrice: 1965-66, 1972-73, and 1979-80[2] (Chart 1a). The first two episodes of growth contraction came in the backdrop of war combined with a monsoon failure, and the GDP contraction of 1979-80 was a result of the severe drought conditions with 19 per cent rainfall deficiency in the monsoon season. An event study on the fiscal implications during these years reveals a broadly uniform pattern for government receipts (Chart 1b), with growth of receipts falling in each of the crisis years in line with the contraction in growth, followed by a recovery in the ensuing year (except 1965-66, when receipts growth recovered only in the third year following the crisis). The expenditure pattern, on the other hand, has been varied (Chart 1c). In the crisis years of 1965-66 and 1979-80, fiscal responses to the crisis were lagged, with expenditure growth registering an increase in the period t+1, the year after the crisis. Contrary to the past pattern, in 2020-21, expenditure was frontloaded, resulting in a record high expenditure growth of 28.4 per cent in the crisis year itself. Consequently, the GFD-GDP ratio is revised to a peak of 9.5 per cent in 2020-21. The fiscal deviations have been varied across the contraction years, hinging critically on the sequencing of the expenditure push (Chart 1d).

Chart 1: An Event Study of Post-Contraction Budgets in India



Note: Dotted line indicates budget estimates.
Source: Union budget documents of various years.

2 Excluding a minor contraction of 0.06 per cent in 1966-67.

b. Key Deficit Indicators

As against the budgeted GFD of 3.5 per cent of GDP for 2020-21, the revised estimates (RE) placed the GFD at 9.5 per cent of GDP, the deterioration primarily caused by a large decline in tax revenues on account of the unprecedented contraction led by the pandemic, with no cushion from disinvestments (Table 1). Higher revenue expenditure, primarily on account of on-budgeting of subsidies has also contributed to the slippage, with large-scale rationalisation of expenditure somewhat compensating for the pandemic-related stimulus. For 2021-22, the GFD-GDP[3] ratio is budgeted at 6.8 per cent on the back of a cut in revenue expenditure and higher disinvestment receipts. The focus of expenditure has shifted to capital spending while tax revenue is pegged at realistic levels, *i.e.*, those realised in RE for 2020-21.

c. Analysis of the Fiscal Slippage in 2020-21

The total fiscal slippage for 2020-21 was 595 basis points, of which, 255 basis points could be attributed to cyclical factors[4]: (i) the contraction in GDP triggered automatic stabilisers, with the reduction in tax revenues contributing about 200 basis points to the slippage; (ii) the lower GDP also pushed up the GFD-GDP ratio from the denominator side, resulting in a slippage of another 55 basis points (Chart 2). The structural fiscal slippage attributable to discretionary actions by the government stood at 340 basis points

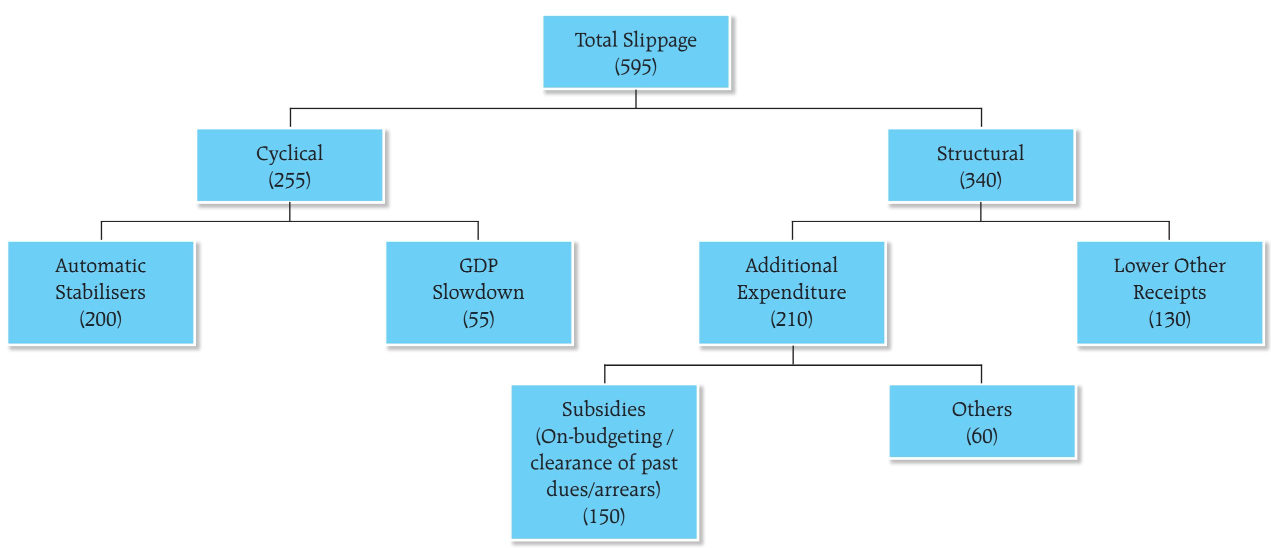
Table 1: Key Fiscal Indicators

(as per cent of GDP)

	2019-20	2020-21		2021-22
	Actual	BE	RE	BE
1	2	3	4	5
1. Fiscal Deficit	4.6	3.5	9.5	6.8
2. Revenue Deficit	3.3	2.7	7.5	5.1
3. Primary Deficit	1.6	0.4	5.9	3.1
4. Gross Tax Revenue	9.9	10.8	9.8	9.9
5. Non-Tax Revenue	1.6	1.7	1.1	1.1
6. Revenue Expenditure	11.6	11.7	15.5	13.1
7. Capital Expenditure	1.6	1.8	2.3	2.5
8. Central Government Debt	52.3	50.6	64.3	62.5

Source: Union Budget 2021-22.

Chart 2: Cyclical and Structural Slippage



Note: Figures in parentheses denote fiscal slippage in basis points of GDP.
Sources: Union Budget 2021-22; and RBI staff estimates.

[3] GDP (BE) for 2021-22 has been projected at ₹222,87,379 crore assuming 14.4 per cent growth in the Union Budget 2021-22 over the estimated GDP of ₹194,81,975 crore for 2020-21.

[4] Computed using Fedelino, A. *et al.*, (2009).

Table 2: Decomposition of GFD

(Per cent)

	2018-19		2019-20		2020-21		2021-22
	BE	Actual	BE	Actual	BE	RE	BE
1	2	3	4	5	6	7	8
1. Revenue Deficit	66.6	70.0	68.9	71.4	76.5	78.8	75.7
2. Capital Outlay	44.6	43.0	44.2	33.3	47.8	18.0	34.1
3. Net Lending	1.5	1.6	1.8	0.7	2.1	5.0	1.8
4. Disinvestment (minus)	12.8	14.6	14.9	5.4	26.4	1.7	11.6

Source: Union budget documents of various years.

as the government undertook necessary additional spending to support the economy (210 basis points), and because of lower 'other receipts' uncorrelated with cyclical fluctuations (130 basis points). A major component (about 150 bps) of this structural deficit represents a 'one-off' event, due to increase in outlay for subsidies, most of which are intended to clear past dues/arrears.

d. Decomposition of GFD

The decomposition of GFD shows that the revenue deficit, which pre-empted about 70 per cent of the GFD during 2018-19 to 2019-20, is likely to increase its share to 79 per cent in 2020-21 (RE) and 76 per cent in 2021-22 (BE). On the other hand, the contribution of growth-inducing capital outlay is expected to rise sharply in 2021-22 after a significant fall in 2020-21 (Table 2).

e. Tax Buoyancy

The Union Budget 2021-22 introduces tax reforms that aim to stimulate growth, simplify tax administration and reduce litigations. On the direct tax front, the focus is on measures to improve compliance while broadly retaining the extant tax structure. With respect to indirect taxes, rationalisation of customs duty is proposed to remove distortions and incentivise domestic production and exports. In order to improve compliance, several measures have been proposed including constitution of a faceless Dispute Resolution Committee for small tax-payers, a faceless Income Tax Appellate Tribunal, and leveraging data analytics and artificial intelligence to identify tax evaders.

The gross tax revenue is budgeted to grow by 16.7 per cent in 2021-22 over the previous year's RE on the back of the expected improvement in compliance (Annex I). Direct taxes and indirect taxes have been budgeted to grow at 22.4 per cent and 11.4 per cent, respectively. The budgeted tax buoyancies for 2021-22 are higher than trend levels (proxied by the average for 2010-11 to 2019-20) for direct taxes, especially corporation tax. In absolute terms, however, corporation tax revenues have been budgeted at lower levels to 2018-19 and 2019-20. For indirect taxes, the budgeted buoyancies are lower (except customs duty), attributable to the budgeted contraction in Union excise duties (Table 3). On the whole, the budgeted tax buoyancies appear reasonable at this stage.

Table 3: Tax Buoyancy

	Average Tax Buoyancy (2010-11 to 2019-20)	2021-22 (BE)
1	2	3
1. Gross Tax Revenue	0.96	1.16
2. Direct Taxes	0.83	1.56
(i) Corporation Tax	0.62	1.57
(ii) Income Tax	1.20	1.58
3. Indirect Taxes	1.15	0.79
(i) GST	1.68*	1.55
(ii) Customs Duty	0.19	1.49
(iii) Excise Duty	0.86	-0.50

*: Average of two years.

Note: Tax buoyancy is defined as the responsiveness of tax revenue to changes in nominal GDP.

Source: RBI staff estimates based on Union budget documents of various years.

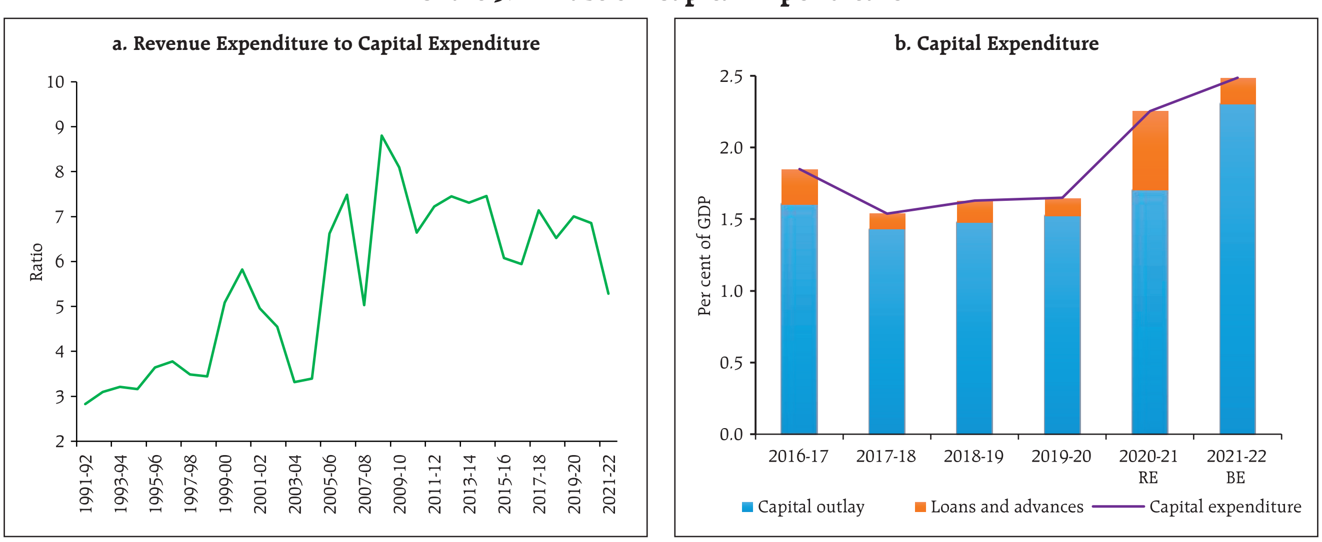
f. Focus on Capital Expenditure and Social Sector Spending

With 'physical and financial capital, and infrastructure' being one of the six key pillars of the Union Budget proposals, focus has been laid on capital expenditure to revive investment and growth. Accordingly, capital expenditure, which increased to 2.3 per cent of GDP in 2020-21 (RE), is budgeted to increase further to 2.5 per cent of GDP in 2021-22 from an average of 1.7 per cent during 2010-11 to 2019-20. In contrast, revenue expenditure is projected to contract marginally in 2021-22, indicative of the government's commitment to improve the quality of expenditure and to derive maximum 'bang for the buck' in terms of fiscal stimulus for the economy (Chart 3a). The capital expenditure growth in 2020-21 is, however, mostly on account of growth in loans and advances, with capital outlay (capital expenditure excluding loans and advances) recording only a modest growth of 6.7 per cent (Chart 3b)[5].

In 2021-22, capital outlay is budgeted to increase substantially by 54.7 per cent, with the capital outlay on major infrastructure estimated to grow by a robust 90 per cent - led by the railways, roads and bridges, and communications (Table 4). Through increase in capex allocation, the government has provided a shot in the arm for reviving momentum of economic activity and rekindle the animal spirits. Though this might lead to higher deficit and borrowing, the quality of expenditure is expected to improve with sharp increase in capex. The improvement in expenditure quality augurs well for the incipient investment revival of the Indian economy.

Social sector expenditure, which includes expenditure on education, health, social security, housing and the like increased to 3.7 per cent of GDP in 2020-21 as the government adopted a series of interventions during the pandemic in order to provide relief to vulnerable sections of the population. As the pandemic has exposed the basic problems plaguing

Chart 3: Thrust on Capital Expenditure



Source: Union budget documents of various years.

5 The increase in loans and advances in 2020-21 (RE) is primarily owing to loans given by Centre to railways (₹79,398 crore) to cover the resource gap which occurred due to COVID-related travel restrictions.

Table 4: Capital Outlay

	₹ thousand crore				Growth Rate (per cent)		
	2019-20	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)	2019-20	2020-21 (RE)	2021-22 (BE)
1	2	3	4	5	6	7	8
1. Total Capital Outlay	**311**	**380**	**332**	**514**	**11.4**	**6.7**	**54.7**
2. Defence	111	114	135	135	16.7	21.1	0.4
3. Capital Outlay (excluding Defence)	200	267	198	379	8.7	-1.2	91.6
(i) Major Infrastructure	146	175	124	236	9.4	-14.9	90.0
Irrigation	0.3	0.3	0.1	0.3	-3.0	-55.4	150.0
Energy	1	2	3	1	-61.5	147.5	-65.6
Indian Railways	68	70	29	107	28.4	-57.3	269.3
Roads & Bridges	71	77	87	101	1.4	22.8	16.1
Civil Aviation	0.02	0.03	0.04	0.04	-99.5	87.1	-11.2
Ports and Light							
Houses	0.2	0.1	0.2	0.2	35.9	-33.8	-1.3
Communications	5	26	4	26	103.1	-15.1	486.1
(ii) Industry & Minerals	6	7	5	7	55.6	-22.7	53.6
(iii) Science, Technology and Environment	9	10	6	11	26.4	-35.6	77.0
(iv) Others	39	74	63	125	-1.8	61.1	99.0

Source: Union budget documents of various years.

our health system, government expenditure on health sector is budgeted to almost double to 0.4 per cent of GDP in 2021-22 (Table 5).

III. Union Budget: Emerging Issues

a. Asset Monetisation and Disinvestment

The Union Budget 2021-22 relies heavily on receipts from asset monetisation and disinvestment to meet the dual commitments of an expenditure push while treading on the path of fiscal consolidation. An economic asset represents a benefit, or series of benefits, accruing to the economic owner. They generate value either through use in production (*e.g.*, an office building), or by being held over a period (*e.g.*, land) [System of National Accounts, 2008]. Government assets may be classified into financial and non-financial assets; non-financial assets may be further classified into produced and non-produced assets, and tangible and non-tangible assets (Chart 4). While non-financial assets vary widely across countries, on an average, their value is estimated to be 1.2 to 1.3 times the financial assets, and the combined value of financial and non-financial assets is higher than the gross debt in most countries (Bova *et al.*, 2013).

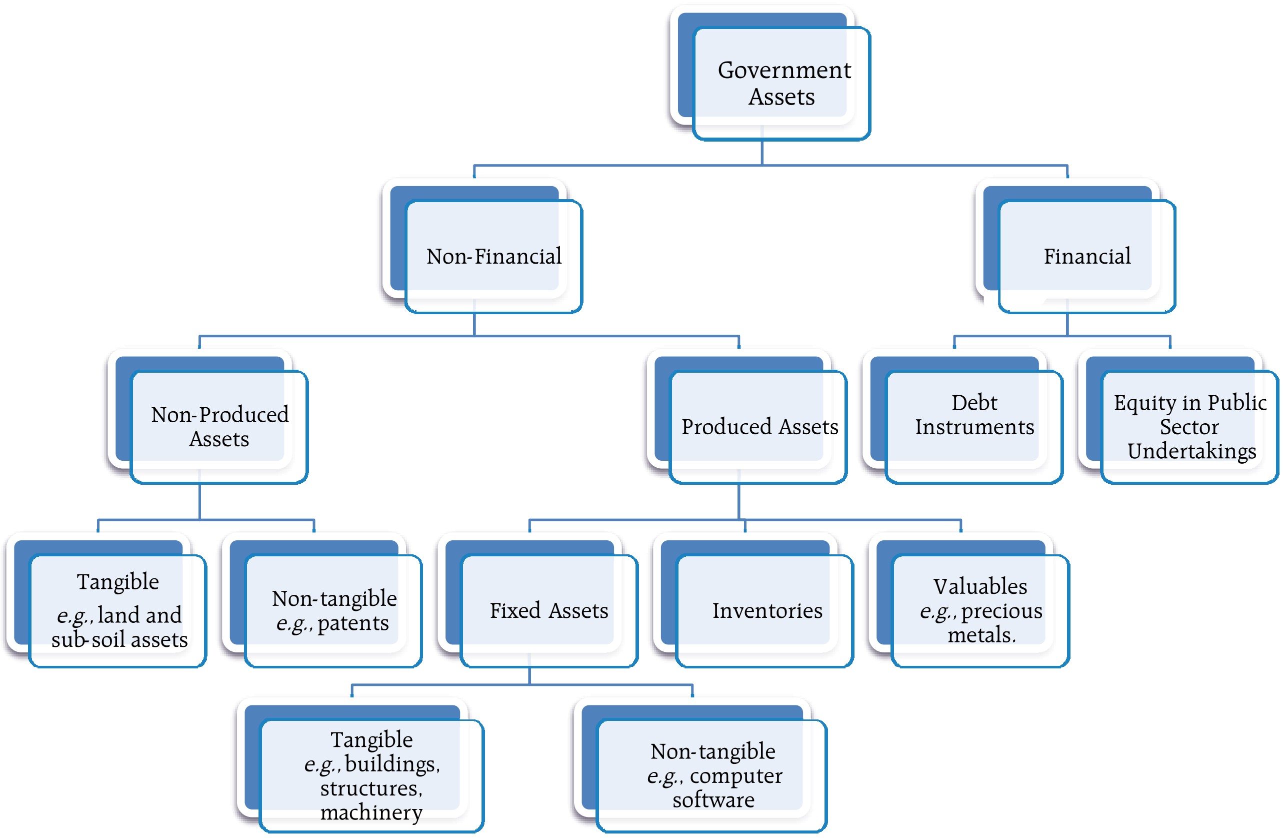
Table 5: Social Sector Expenditure of Central Government

Year	(₹ thousand crore)	(per cent of GDP)		
	Social Sector Expenditure	Social Sector Expenditure	Education	Health
1	2	3	4	5
2012-13	244	2.5	0.6	0.3
2013-14	270	2.4	0.6	0.3
2014-15	184	1.5	0.2	0.1
2015-16	239	1.7	0.2	0.1
2016-17	271	1.8	0.2	0.2
2017-18	274	1.6	0.3	0.1
2018-19	290	1.5	0.2	0.1
2019-20	339	1.7	0.2	0.2
2020-21 (RE)	721	3.7	0.2	0.2
2021-22 (BE)	543	2.4	0.2	0.4

Source: Union budget documents of various years.

Monetisation of financial assets, in the form of disinvestment of government equity in central public sector enterprises (CPSEs), has been a regular feature of Union Budgets since the reforms of 1991. Realised revenues from disinvestment have, however, generally fallen short of the budgeted targets, with 2017-18 and 2018-19 being exception years when a

Chart 4: Classification of Government Assets



Source: Bova *et al.*, 2013.

large part of disinvestment happened through less preferred routes like cross-sale of CPSEs (Chart 5).[6] Disinvestments could not materialise in 2020-21, with the revised estimates for 2020-21 falling short of the budgeted amount of ₹2.10 lakh crore by as much as 85 percent.

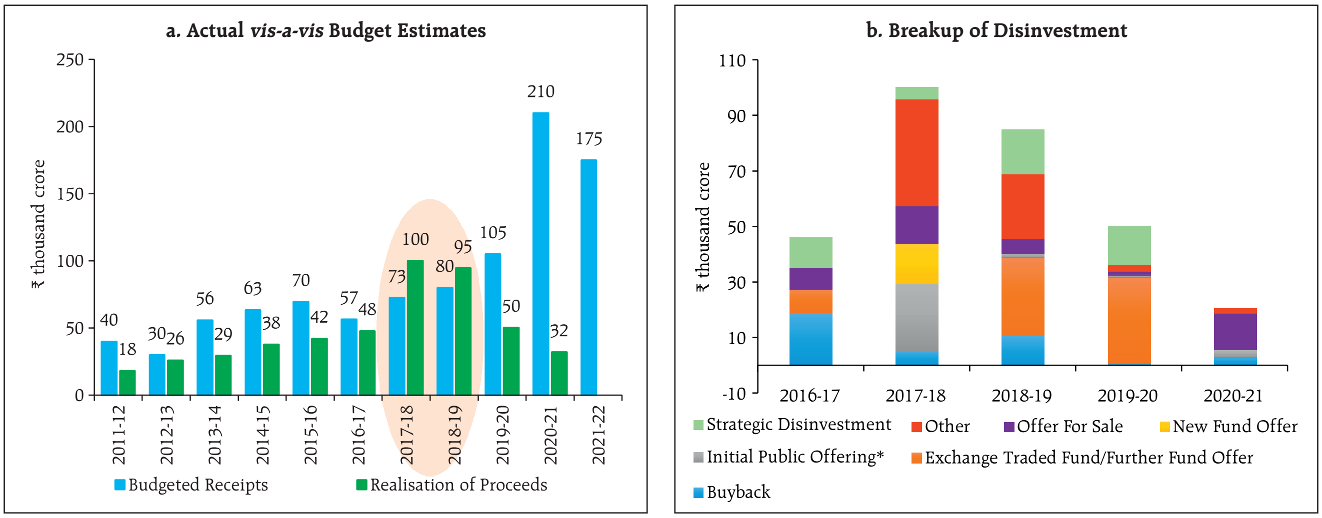
In 2021-22, the government has signalled its intent to go big on disinvestments by introducing a new public-sector enterprises policy, announced earlier under the *AtmaNirbhar Bharat* 1.0 Scheme. It provides a credible roadmap for disinvestment by clearly identifying strategic sectors which would have bare minimum presence of CPSEs, and privatisation/ closure of CPSEs in all non-strategic sectors. Similarly, an incentive package of central funds for states would be worked out to incentivise disinvestment by states. For 2021-22, the disinvestment target has been pegged at ₹1.75 lakh crore, with a number of proposals.[7] Even as the new public sector enterprises policy and buoyant market conditions spell well for disinvestment, the disinvestment plan will need to be pursued actively in order to realise the budgeted targets.

While disinvestment could be a preferred option to support government earnings and reduce deficit, particularly when incurring higher expenditure becomes unavoidable despite low revenues, disinvestment also entails future revenue losses (*e.g.*, loss of dividend income for the government

[6] For instance, the Hindustan Petroleum Corporation Limited (HPCL) - Oil and Natural Gas Corporation Limited (ONGC) deal in 2017-18 is shown in 'Other' category.

[7] The proposals, *inter alia*, include Bharat Petroleum Corporation Limited (BPCL), Air India, Shipping Corporation of India, Container Corporation of India, Industrial Development Bank of India (IDBI) and two other public-sector banks, Bharat Earth Movers Limited (BEML), Pawan Hans, Neelachal Ispat Nigam, one General Insurance company, and the initial public offer (IPO) of Life Insurance Corporation (LIC).

Chart 5: Disinvestment Receipts



Note: * includes IPO-Piggyback; Data as on March 05, 2021 has been considered.
Sources: Union budget documents of various years; and Department of Investment and Public Asset Management (DIPAM), Ministry of Finance (MoF), Government of India (GoI).

and a permanent reduction in the assets held by the government) and can face issues in terms of 'saleability' of assets. Owing to such concerns, past performance on the disinvestment front has remained rather poor. An alternative/supplement to disinvestment is non-financial asset monetisation, which involves creation of new sources of revenue by unlocking the value of public assets such as land, buildings, dams, pipelines, roads, railways, airports, power transmission lines and mobile towers, among several other public assets which are under the control of government departments or CPSEs (GoI, 2019). It aims to help solve the twin problems of management of existing assets by tapping private sector efficiencies and financing of new infrastructure by unlocking the value of investment made in public assets which have not yielded appropriate or potential returns so far (Kant, 2021). Monetisation as a mechanism to finance infrastructure has been successfully employed internationally, the front-runner among them being Australia's Asset Recycling Initiative, under which the central government provides a monetary incentive (of an additional 15 per cent of the estimated proceeds) to sub-national governments when they monetise an asset (through sale or lease) and use the proceeds to re-invest in new infrastructure.

The Union Budget 2021-22 lays down the path for non-financial asset monetisation, which involves, *inter alia*, a 'National Monetisation Pipeline' of potential brownfield infrastructure assets and an 'Asset Monetisation Dashboard' to track the progress and provide visibility to investors. Some of the assets identified for monetisation in 2021-22 include operational roads of National Highways Authority of India (NHAI), transmission assets of Power Grid, Dedicated Freight Corridor of Indian Railways and airports in tier-II and tier-III cities. While the amount received by the union government from non-financial asset monetisation will be included under disinvestment receipts, it does not necessarily mean an outright sale of assets. It may take the form of long term lease, known as concession agreement, which entail mandatory transfer of assets back to the government, and may be the preferred method of monetising core infrastructure assets. Some of the illustrative models for monetisation of assets include direct contractual approach, structured finance approach, and sale and lease of land.

There are few instances of sub-national governments in India also leveraging their assets to generate new revenue resources. It is important that the revenue generated through asset monetisation may be invested in new infrastructure without having to resort to public debt. A cycle of infrastructure creation followed by monetisation, without holding on to the assets, could prove to be a game changer for infrastructure investment in India.

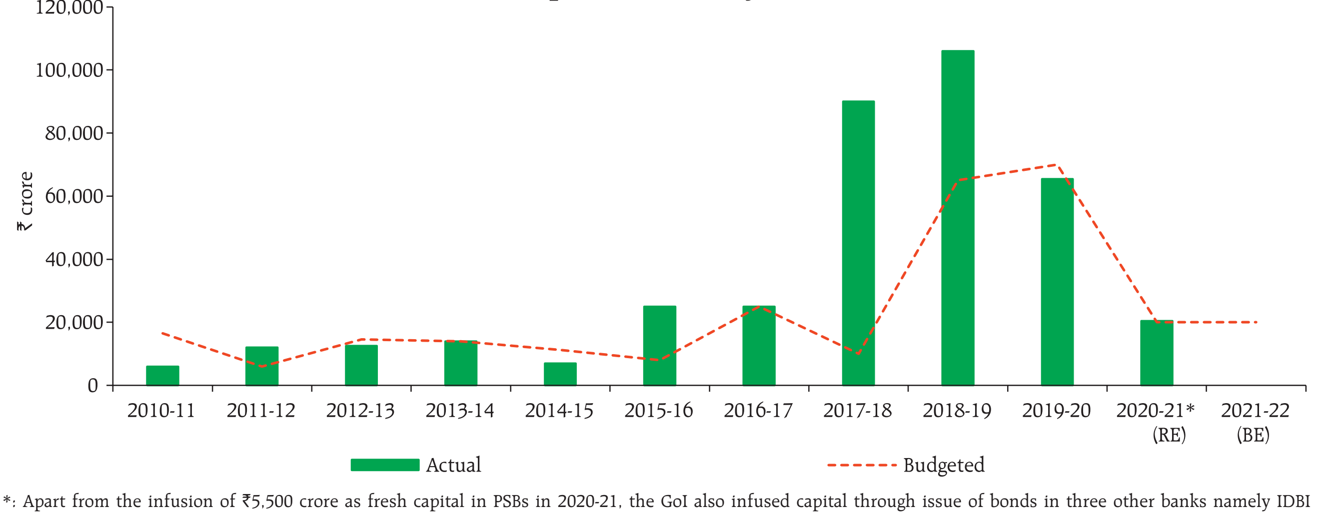
b. Recapitalisation

The Union Budget 2021-22 has proposed recapitalisation of public sector banks (PSBs) for ₹20,000 crore with the objective of consolidation of their financial capacity[8]. PSBs have been proactively building buffers during 2020-21 to improve their resilience in the face of the pandemic shock and the process will need to be continued into 2021-22 to which some contribution has come from the Budget. There exists ample literature illustrating the critical role of bank recapitalisation in fostering credit and investment. Bank recapitalisation is found to have a strong effect on bank loan supply and is also a pre-requisite for efficient supply and allocation of credit (Gambarcorta and Shin, 2016). In specific reference to India, it was found that the relationship between bank capital and credit is non-linear and any amount of recapitalisation in banks is helpful in accelerating credit growth (Verma and Herwadkar, 2019). Indian monetary policy can influence credit supply of banks depending on their capital position (Muduli and Behera, 2020).

Internationally, countries have recapitalised banks through various measures *viz.*, capital injection through bond transfer (in exchange for bad loans or unrequited), cash transfer or transfer of property assets; reduction of bank liabilities by the government or a public agency; repurchase agreement; provision of guarantees on outstanding loans; issuance of short/medium term loan; actions on enterprises to allow servicing/repayment of bank debt and subsidising delinquent borrowers to enable them to service their bank borrowings (Annex II).

In the aftermath of the 2007-08 financial crisis, various European Union (EU) member states made efforts to manage the failure of financial institutions, recapitalisation being one of the means. India has also announced and implemented bank recapitalisation packages for its PSBs from time to time (Chart 6).

Chart 6: Capital Infusion by GoI in PSBs

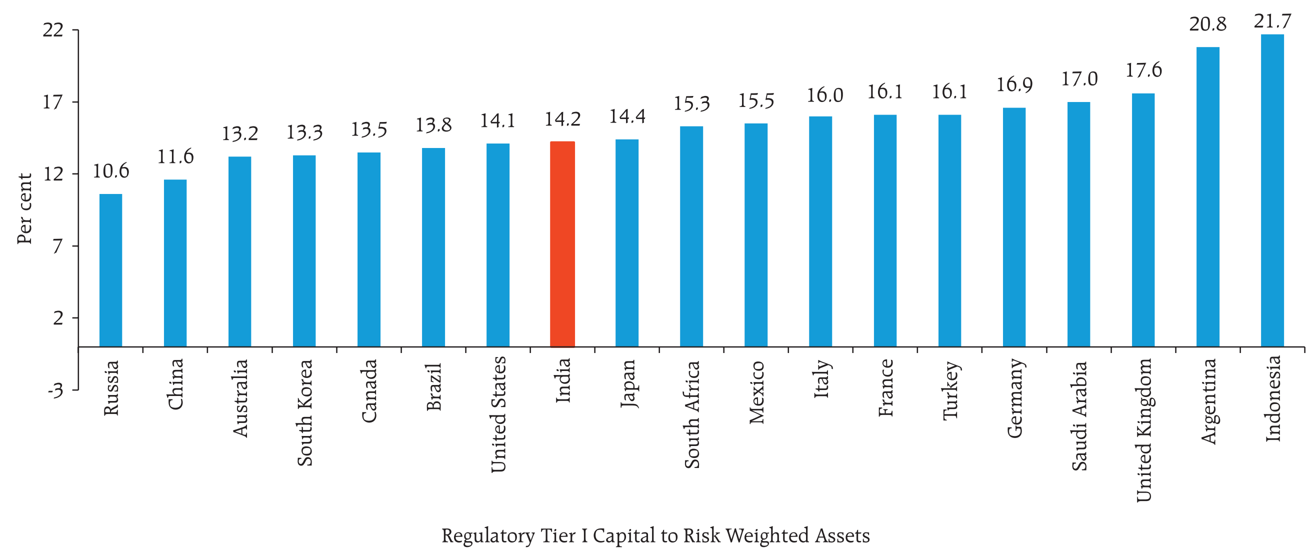


*: Apart from the infusion of ₹5,500 crore as fresh capital in PSBs in 2020-21, the GoI also infused capital through issue of bonds in three other banks namely IDBI (₹4,577 crore), EXIM Bank (₹5,050 crore) and IIFCL (₹5, 297.6 crore).

Source: Union budget documents of various years.

[8] Bank recapitalisation is synonymous with injecting bank with new capital. It is undertaken to improve the bank balance sheet and as a provision for bad and doubtful loans to shore up their capital reserve enabling them to meet the capital adequacy criteria set by the banking regulator.

Chart 7: Bank Capitalisation in a Cross Country Setup, 2020



Source: Financial Soundness Indicator, IMF, 2020.

Regarding the recording of bank recapitalisation cost in the fiscal accounts, the GoI had followed international best practice in pricing the government's bond-financed equity stakes in the PSBs. Market prices, as per the applicable formula mandated by Securities and Exchange Board of India (SEBI) regulations, were paid by the GoI and being consistent with a preferred shareholder acquiring a large allotment of equity, the recapitalisation was recorded below the line as a financial transaction (IMF, 2018). Nevertheless, despite the implementation of mammoth recapitalisation package from time to time in India, it appears that while Indian banks remain above the regulatory minimum capital requirement; many of the G-20 economies operate with relatively higher capital in their banking systems than India (Chart 7).

The recapitalisation package undertaken by India over the past several years had some unique desirable features. By devising the funding mainly through issuing recapitalisation bonds, the capital injection was front-loaded while staggering the attendant fiscal implications over a period. Moreover, the recapitalisation bonds were liquidity neutral for the government except for the interest expenses that contributed to the annual fiscal deficit (Table 6). This is apart from the increase in government expenditure (through rise in capital expenditure) in few years, attributable largely to the implementation of bank recapitalisation (CAG, 2020). Finally, the linking of the recapitalisation package with bank performance was expected to bring in market discipline.

Going ahead, with the PSBs accounting for a major share in advances made by scheduled commercial banks (SCBs), further measures on recapitalisation may be needed as infusion of capital in banks is needed not just from regulatory

Table 6: Burden of Recapitalisation on the Budget

	Interest paid to Banks on Recap Bonds (₹ crore)	Fiscal Deficit as per cent of GDP	Interest Paid on Recap Bonds as per cent of	
			GDP	Total Budget Expenditure
1	2	3	4	5
2018-19	5,800.6	3.4	0.03	0.25
2019-20	16,286.0	4.6	0.08	0.61
2020-21 (RE)	19,292.8	9.5	0.10	0.56
2021-22 (BE)	19,292.8	6.8	0.09	0.55

Source: Union budget documents of various years.

perspective but also from the angle of funding growth through improved credit offtake when credit demand picks up further. Simultaneously, recapitalisation and privatisation of PSBs need to go together. The strategic changes such as merger and amalgamation initiatives adopted by the GoI since 2017 has resulted in 7 large and 5 smaller PSBs (from a total of 27 PSBs in 2017). The merger and amalgamation measures (based on bad loans and regional factors) were intended to manage the capital more efficiently. Governance reforms and action plans to enhance operational efficiency and customer services are integral to the recapitalisation packages. Also, in the context of mergers and amalgamations, it is of critical importance that the consolidated entity is well-capitalised. Looking forward, the proposal to privatise two more PSBs, as announced in Union Budget 2021-22, alongside disinvestment of strategic sectors like banking could further contribute to promote efficiency in the banking system.

c. Transparency

Fiscal transparency refers to the comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances. It not only helps in strengthening budgetary practices and improving accountability but also improves government's credibility and market confidence. IMF's Fiscal Transparency Code, 2014 is the most widely recognised standard for disclosure of information about public finances. It comprises of a set of principles incorporated under four pillars *viz.*, fiscal reporting, fiscal forecasting and budgeting, fiscal risk analysis and management, and resource revenue management. The first principle under this code is the coverage of fiscal reports, which classifies fiscal reporting practices as basic, good and advanced (Chart 8).

In the last few years, the government has adopted measures to acknowledge/include its extra-budgetary activities in the Union Budget, which are aimed at promoting fiscal reporting and will go a long way in enhancing transparency and credibility. These include:

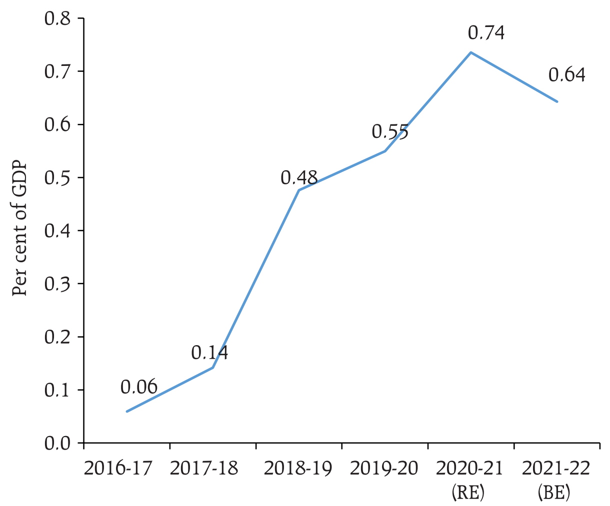
Firstly, the disclosure of Extra-Budgetary Resources (EBRs) raised by CPSEs through issuance of Government of India-Fully Serviced Bonds (GoI-FSB). Since 2016-17, certain CPSEs are permitted to issue GoI-FSB, for which repayment of entire principal and interest is to be borne by the union government. While the amount raised through GoI-FSB is utilised for financing government schemes in infrastructure and social sectors (*e.g., Swachh Bharat* Mission, *Pradhan Mantri Awas Yojana*, *Pradhan Mantri Krishi Sinchayee Yojana*, among several other schemes), these borrowings and expenditure remain off-budget. However, in the Union Budget 2019-20 liabilities on account of EBRs were first acknowledged, along with the target to reduce the accretions to the EBR stock to zero in five years' time. From 2020-21

Chart 8: Fiscal Reporting Practices

Basic	Good	Advanced
Fiscal reports consolidate all central government entities, including not only ministries and other executive agencies that are on budget, but also other extra-budgetary activities.	Fiscal reports consolidate all general government entities which include central, state and local governments.	Fiscal reports consolidate all public sector entities, which include general government and public corporations under their ownership and control.

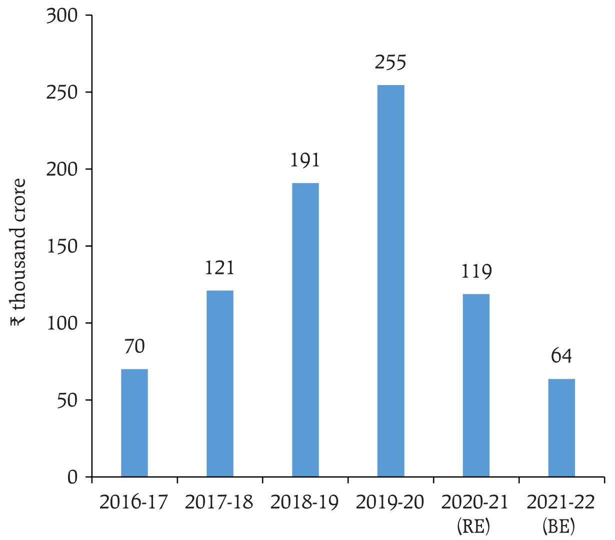
Source: Fiscal Transparency Handbook, IMF, 2018.

Chart 9: Outstanding Liabilities on Account of GoI-FSB



Source: Union budget documents of various years.

Chart 10: Outstanding Loans of FCI from NSSF



Source: Union budget documents of various years.

onwards, the government has started publishing details of scheme-wise utilisation of resources raised through GoI-FSB in the Union Budget Documents (Chart 9).

Secondly, since 2016-17, the government has resorted to the practice of providing loans to Food Corporation of India (FCI) from the National Small Savings Fund (NSSF) *in lieu* of food subsidy. This practice of off-budgeting a substantial portion of annual food subsidy has been proposed to be discontinued in the Union Budget 2021-22. However, further reforms in the food security system will be needed. Furthermore, the government has also provided an enhanced outlay for food subsidy in 2020-21(RE) and 2021-22 (BE), which is expected to bring down the outstanding dues of FCI from the peak of ₹2.55 lakh crore to ₹1.19 lakh crore by the end of this year and further to ₹64,000 crore by the end of 2021-22 (Chart 10).

With the disclosure of extra-budgetary resources and on-budgeting of FCI dues to NSSF, the Centre has taken decisive steps towards improving fiscal reporting practices. It is also necessary to work towards generating a comprehensive general government database, that would include local governments' fiscal data along with extra-budgetary data for all levels of government. The next challenge in this regard would be to consolidate data of CPSEs with the general government data in order to arrive at comprehensive public sector statistics, on the lines of Whole of Government Accounts (WGA) in the U.K.[9]

d. Market Borrowing and Debt Dynamics

Gross market borrowing through dated securities for 2021-22 is budgeted at ₹12,05,500 crore as compared with ₹12,80,000 crore in 2020-21 (RE). The central government is raising additional ₹80,000 crore during February-March, 2020-21. Apart from market borrowing, which continues to be the major financing item of Centre's GFD, NSSF has also emerged as a significant source of financing accounting for about 26 per cent of GFD (Annex III and Chart 11a). A

[9] This is one of the most comprehensive set of audited consolidated accounts published globally comprising all 5,500 public sector entities in the U.K.

notable change that this Budget has envisaged is to end the practice of public sector undertakings accessing the NSSF, as was the case post 2015-16 (Chart 11b). States had earlier progressively reduced their outstanding liabilities to NSSF, primarily on account of higher interest cost, as recommended by FC-XIV. Reflecting this, while interest outgo on account of NSSF borrowings of states is declining, that for the centre is on a rising trend (Chart 11c). Any shortfall in NSSF borrowing may need to be met by market borrowings. Amid large market borrowing for the second successive year and the global bond sell-off in recent months, through the monetary policy statement released on February 5, 2021, the Reserve Bank has assured that it will ensure the orderly completion of the market borrowing programme in a non-disruptive manner.

In the policy statement released on February 5, 2021, the Reserve Bank and the Centre came out with a

Chart 11: Sources of Financing Gross Fiscal Deficit

Source: Union budget documents of various years.

proposal to provide retail investors with online access to the government securities market – both primary and secondary – directly through the Reserve Bank ('Retail Direct'). This move is expected to broaden the investor base and provide retail investors with enhanced access to participate in the government securities market. This is a major structural reform placing India among select few countries which have similar facilities. This will also facilitate smooth completion of the Government borrowing programme in 2021-22.

Due to higher borrowing in 2020-21, the centre's debt-GDP ratio increased to 64.3 per cent (50.6 per cent in 2020-21BE), including EBR (Table 7). Adding states' debt-GDP ratio, the general government's debt is expected to cross 90 per cent. As the centre is planning to reduce net borrowing in 2021-22, the debt-GDP ratio is expected to be lower at 62.5 per cent, including 0.6 per cent for EBR. Furthermore, even as states' borrowing limit has been extended, the expected normalisation in economic activities will prompt states to bring down debt in 2021-22; this should bring down general government debt to below 90 per cent. The Fifteenth Finance Commission (FC-XV) has recommended debt paths for states, the Centre and general government in its report released on February 1, 2021. Because of COVID-19 related uncertainty, the centre has found forecast of economic growth and fiscal variables, including the specification of a return path, challenging. It has however, stated to return to the path of fiscal consolidation as soon as economic growth and receipts return to their long-run averages.

Table 7: Outstanding Debt of Central Government

(Per cent of GDP)

	Debt	of which EBR
1	2	3
2018-19	49.6	0.5
2019-20	52.3	0.6
2020-21 (RE)	64.3	0.7
2021-22 (BE)	62.5	0.6

Sources: Union budget documents of various years; and RBI staff estimates.

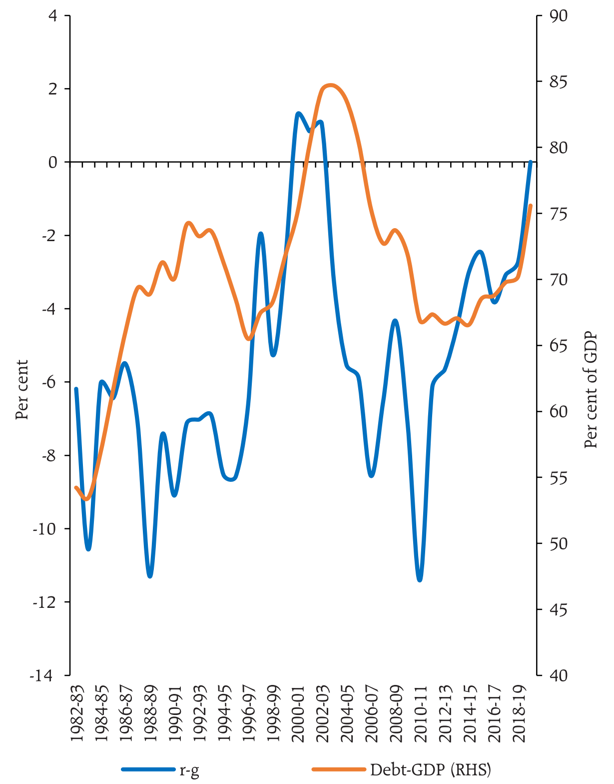
The Economic Survey 2020-21, has conveyed the message that growth leads to debt sustainability, and a negative differential between the cost of borrowing (r) and economic growth (g) is a healthy signal. A long-term analysis of interest rate-GDP growth differentials (r-g) of the general government shows that it, generally, remained negative in India over last four decades barring 2000-01 to 2002-03 (Chart 12a)[10]. This feature of 'r-g' was on account of changes in GDP growth rates rather than changes in interest rate (GoI, 2021). Moreover, the negative interest-growth differentials are common in countries at all levels of development (Chart 12b) (Mauro and Zhou, 2020). Also, it is evident that as 'r-g' gradually became less and less negative in India during the Asian financial crisis and later during the post-taper tantrum period, the debt-GDP ratio increased steadily, thus, indicating that it is not only the value of 'r-g' but also its slope that might influence debt sustainability. The difference between r and g, that was approaching zero in 2019-20 even prior to the pandemic, is likely to be positive in 2020-21 - primarily due to a sharper contraction in GDP and a low and stable interest rate. The decline in GDP growth in 2020-21 is, however, temporary and higher GDP growth (in double-digit for 2021-22), is likely to reverse the situation, going forward.

Apart from 'r-g' that essentially works on the stock of debt, the flow of primary balances also play a vital role in debt evolution. A higher primary deficit (PD) leads to a higher stock of debt and an increase in interest payments, given 'r-g'. This reduces space for spending towards productive long-term assets and constraints future revenue generation to repay past debt. Therefore, the gain from the increase (decline) in negative (positive) 'r-g' differential may be more than

[10] While Economic Survey 2020-21 (Volume I, Chapter 2 on debt sustainability) uses the annual weighted average interest rate on central government securities as the 'r' for calculating the cost of borrowing for general government, this analysis uses the interest payments for general government for period 't' divided by outstanding debt for period 't-1' as the 'r' for examining the Domar condition.

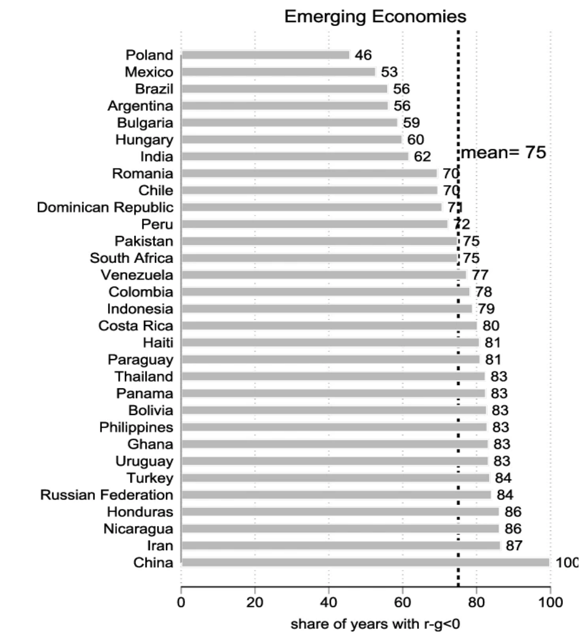
Chart 12: Interest Rate-GDP Growth Differential

a. General Government Debt



Source: Handbook of Statistics on Indian Economy, RBI.

b. Share of Years (in per cent) with Negative Interest-Growth Differentials, by Emerging Market Economies



Note: This chart plots the share of years with negative interest-growth differentials for each country. The sample period with available data depends on the country. The full sample is from 1865 to 2018 for emerging economies. The dashed vertical line indicates the mean share across countries in each group.

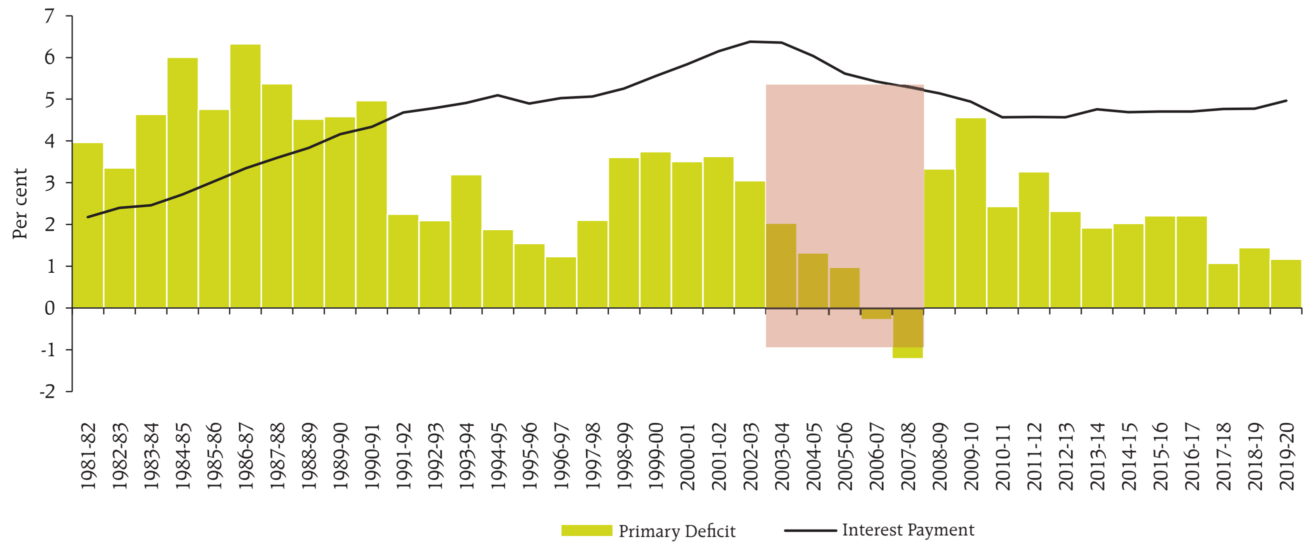
Source: Mauro and Zhou, 2020.

offset by an increase in primary deficit. Since India's primary balance was in deficit, the interest payment to GDP ratio increased steadily till 2002-03 (Chart 13). After that, as a result of fiscal consolidation, the ratio declined sharply by turning a higher primary deficit to surplus. The deficit trend again echoed in the post-global financial crisis. During 2020-21, the exogenously driven contraction in receipts and increased spending on revenue account led to a deterioration of the centre's primary balance, *albeit* a lower deficit is budgeted for 2021-22.

Notwithstanding the risk of higher debt/primary deficit, the quality of debt/primary deficit matters in the medium to long-run. As per the 'golden rule', revenue expenditure should be met out of revenue receipts, and borrowing should be channelised towards capital expenditure. In India, though the ratio of revenue expenditure to capex has been declining since the global financial crisis, revenue balance was always in deficit, and hence, part of borrowing moved towards revenue spending. While some spending is mandatory under revenue expenditure, some are also necessary for the smooth or efficient functioning of capital assets. Therefore, the right mix of revenue and capital needs to be framed by the different layers of government for promoting economic growth. Maintaining and improving the quality of expenditure would help address the objectives of fiscal sustainability while supporting growth (Das, 2021).

As stated earlier, while the adverse effect of the current pandemic necessitated diverting central government's attention towards revenue expenditure

Chart 13: Primary Deficit and Interest Payment of the General Government



Source: Handbook of Statistics on Indian Economy, RBI.

such as spending on health, food, transfers under PM *Kisan* and MGNREGA, fiscal transparency and higher spending on capex in 2020-21 were welfare-enhancing and necessary. Therefore, while the centre's current high borrowing and the resultant high debt aim at enhancing social welfare and sustaining recovery in GDP growth, structural reforms coupled with enhanced fiscal transparency and quality of expenditure can help in debt sustainability.

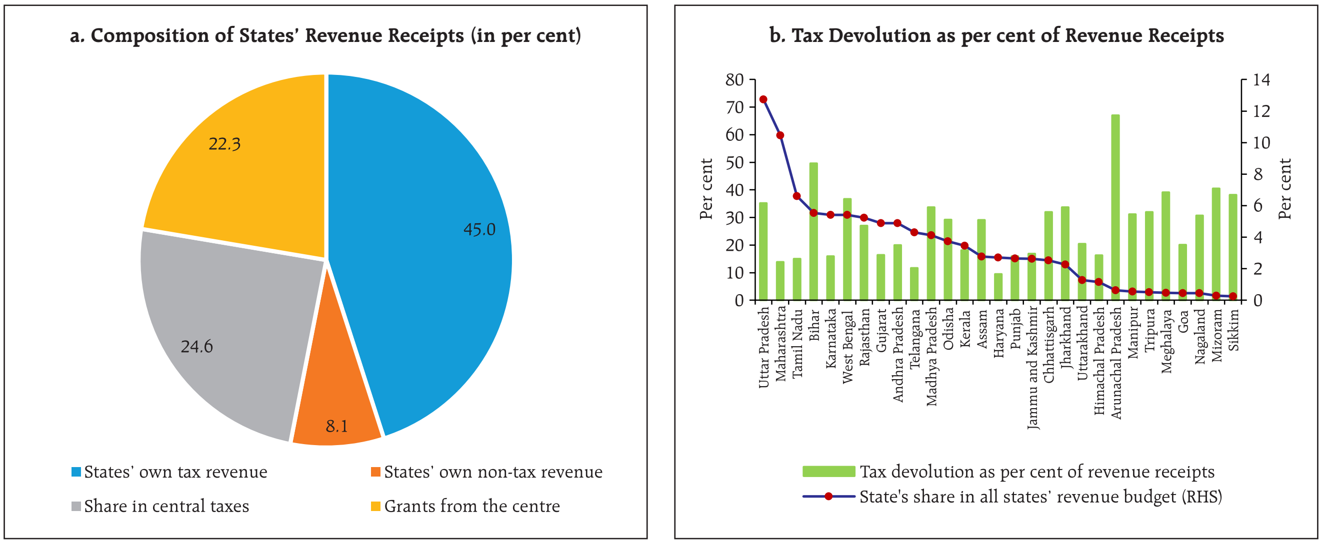
e. Devolution and Implications for States' based on Finance Commission's Recommendation

The net transfer of resources from the centre to states in 2020-21 is lower by 5.6 per cent in the revised estimates compared to the budgeted amount. Revenue account transfers are significantly lower by 15.1 per cent in the revised estimates due to the sharp reduction in taxes devolved (29.9 per cent), partially offset by higher revenue deficit grants and scheme related transfers. Given this sharp reduction in revenue account transfers, states' resources are sought to be augmented through additional loans in the form of back-to-back loans for GST compensation shortfall and special loan assistance for capital expenditure. The back-to-back loan for GST compensation shortfall is a financing arrangement by which centre borrows the amount from the market and lends it to states; thus, deficit neutral for the centre. In 2021-22, tax devolution is budgeted to recover close to the level of 2019-20 while revenue deficit grants are budgeted to increase significantly following the recommendations of the FC-XV (Annex IV).

The FC-XV has broadly tried to maintain the vertical devolution share as well as the horizontal degree of progressivity across states for the full award period. The increasing share of grants in the overall pool of transfers, which are assigned in terms of a fixed amount rather than a percentage of divisible pool, adds predictability to the quantum and timing of fund flow, thus reducing the revenue uncertainty. Additionally, while most sector-specific grants recommended by the FC-XV have not been provided for in the Budget, health sector grants have been introduced in 2021-22 in view of the urgent need to scale up public healthcare (Annex V).

Turning to state finances, the Union Budgets have a cascading effect on them given the high degree of

Chart 14: States' Revenue Dependence on Transfers in 2020-21 (BE)



Source: State Finances: A Study of Budgets of 2020-21 (RBI).

revenue dependence from centre. For all states taken together, transfers from the centre account for 46.9 per cent of revenue receipts, broadly split equally between tax devolution and grants in 2020-21 (BE) (Chart 14a). While transfers in terms of grants have broadly been maintained in 2020-21 (RE) of the Union Budget, the severe reduction in tax devolution coupled with the likely cyclical reduction in states' own taxes is expected to significantly impact the revised estimates of states budgets for 2020-21. The impact of lower tax devolution is expected to be asymmetric across states given their varied levels of reliance from this source. Among the large states (according to the size of their revenue budget), Uttar Pradesh, Bihar, West Bengal and Madhya Pradesh have a high reliance on tax devolution (Chart 14b).

IV. Conclusion

The Union Budget 2021-22, banking on the resilience exhibited by the Indian economy to the once in a century crisis, has shifted its focus to stimulating medium-term growth potential through higher capital expenditure and various reforms as against the focus of the government on keeping the economy afloat and recovering from the pandemic during the fiscal 2020-21. While doing so, the Budget does a tight rope walk, exploring ways to ease funding constraint while providing counter-cyclical support for growth revival. It strives towards funding budgeted expenditure by increasing the buoyancy of tax revenue through improved compliance, and by increasing receipts from monetisation of assets, including public sector enterprises and land as well as strategic disinvestment.

The enhanced capex investment by the government would not only crowd-in private investment but also boost employment generation. With economic activity gaining momentum and confidence improving, precautionary savings are expected to reduce. The renewed emphasis on infrastructure development and healthcare would augur well for development. The thrust on domestic manufacturing with focus on hard-hit sectors, like MSMEs, would go a long way in enhancing exports and employment. The proposed measures for the financial sector such as privatisation of public sector banks, allocation for recapitalisation and increase in FDI limit in insurance are noteworthy and progressive.

Finally, the greater leeway allowed to states in the near term, based on the FC-XV, is crucial since the state governments are bigger spenders on capex than the central government. Another positive aspect has been the greater transparency with regard to off-budget expenditure in the Budget which has been well received by the markets as well. While the fiscal math provided by the government appears to be reasonably realistic, the dominance of non-discretionary items like interest cost in central government spending is a matter of concern. Though the fiscal consolidation path has been stretched, the measures proposed in the Budget, if implemented well, could help in realising its intent and objectives, and be a game changer in achieving higher growth in the medium term.

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Annex I: Union Budget 2021-22: Key Fiscal Indicators

	in ₹ crore					Per cent of GDP		Growth Rate	
	2018-19	2019-20	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)	2020-21 (RE)	2021-22 (BE)	2020-21 (RE)	2021-22 (BE)
1	2	3	4	5	6	7	8	9	10
1. Direct Tax	**11,36,615**	**10,49,549**	**13,19,000**	**9,05,000**	**11,08,000**	**4.6**	**5.0**	**-13.8**	**22.4**
(i) Corporation	6,63,572	5,56,876	6,81,000	4,46,000	5,47,000	2.3	2.5	-19.9	22.6
(ii) Income	4,61,488	4,80,398	6,25,000	4,47,000	5,48,500	2.3	2.5	-7.0	22.7
2. Indirect Tax	**9,43,850**	**9,60,510**	**11,04,020**	**9,95,280**	**11,09,059**	**5.1**	**5.0**	**3.6**	**11.4**
(i) GST	5,81,559	5,98,749	6,90,500	5,15,100	6,30,000	2.6	2.8	-14.0	22.3
(ii) Customs	1,17,813	1,09,283	1,38,000	1,12,000	1,36,000	0.6	0.6	2.5	21.4
(iii) Excise	2,31,982	2,40,615	2,67,000	3,61,000	3,35,000	1.9	1.5	50.0	-7.2
3. Gross Tax Revenue (1+2)	**20,80,465**	**20,10,059**	**24,23,020**	**19,00,280**	**22,17,059**	**9.8**	**9.9**	**-5.5**	**16.7**
4. Assignment to States	**7,61,454**	**6,50,677**	**7,84,181**	**5,49,959**	**6,65,563**	**2.8**	**3.0**	**-15.5**	**21.0**
5. NCCD Transfers	**1,800**	**2,480**	**2,930**	**5,820**	**6,100**	**0.0**	**0.0**	**134.7**	**4.8**
6. Net Tax Revenue (3-4-5)	**13,17,211**	**13,56,902**	**16,35,909**	**13,44,501**	**15,45,397**	**6.9**	**6.9**	**-0.9**	**14.9**
7. Non-Tax Revenue	**2,35,705**	**3,27,157**	**3,85,017**	**2,10,653**	**2,43,028**	**1.1**	**1.1**	**-35.6**	**15.4**
(i) Dividends and Profits	1,13,421	1,86,133	1,55,395	96,544	1,03,538	0.5	0.5	-48.1	7.2
(ii) Interest Receipts	12,145	12,349	11,042	14,005	11,541	0.1	0.1	13.4	-17.6
8. Revenue Receipts (6+7)	**15,52,916**	**16,84,059**	**20,20,926**	**15,55,153**	**17,88,424**	**8.0**	**8.0**	**-7.7**	**15.0**
9. Non-Debt Capital Receipts	**1,12,779**	**68,620**	**2,24,967**	**46,497**	**1,88,000**	**0.2**	**0.8**	**-32.2**	**304.3**
(i) Disinvestment receipts	94,727	50,304	2,10,000	32,000	1,75,000	0.2	0.8	-36.4	446.9
(ii) Recovery of Loans	18,052	18,316	14,967	14,497	13,000	0.1	0.1	-20.9	-10.3
10. Total Receipts (excluding borrowings) (8+9)	**16,65,695**	**17,52,680**	**22,45,893**	**16,01,650**	**19,76,424**	**8.2**	**8.9**	**-8.6**	**23.4**
11. Revenue Expenditure	**20,07,399**	**23,50,604**	**26,30,145**	**30,11,142**	**29,29,000**	**15.5**	**13.1**	**28.1**	**-2.7**
(i) Interest Payments	5,82,648	6,12,070	7,08,203	6,92,900	8,09,701	3.6	3.6	13.2	16.9
(ii) Major Subsidies	1,96,769	2,28,341	2,27,794	5,95,620	3,36,439	3.1	1.5	160.8	-43.5
Food	1,01,327	1,08,688	1,15,570	4,22,618	2,42,836	2.2	1.1	288.8	-42.5
Fertilizer	70,605	81,124	71,309	1,33,947	79,530	0.7	0.4	65.1	-40.6
Petroleum	24,837	38,529	40,915	39,055	14,073	0.2	0.1	1.4	-64.0
12. Capital Expenditure (i + ii)	**3,07,714**	**3,35,726**	**4,12,085**	**4,39,163**	**5,54,236**	**2.3**	**2.5**	**30.8**	**26.2**
(i) Capital Outlay	2,79,492	3,11,312	3,80,322	3,32,247	5,13,862	1.7	2.3	6.7	54.7
(ii) Loans & Advances	28,221	24,414	31,763	1,06,916	40,374	0.5	0.2	337.9	-62.2
13. Total Expenditure (11+12)	**23,15,113**	**26,86,330**	**30,42,230**	**34,50,305**	**34,83,236**	**17.7**	**15.6**	**28.4**	**1.0**
14. Fiscal Deficit (13-10)	**6,49,417**	**9,33,651**	**7,96,337**	**18,48,655**	**15,06,812**	**9.5**	**6.8**	**98.0**	**-18.5**

Source: Union budget documents of various years.

Annex II: Bank Recapitalisation – International Experience

Country	Year	Issuer	Interest rate (per cent)	Maturity (years)
1	2	3	4	5
India	1980-90s	Government	7.75-10	12
Algeria	1996	Government	10	20
Croatia	1996	Agency for rehabilitation of banks	5	15
Ecuador	1999	Government	Below market	3-5
Hungary	1992	Government	linked to 91 days T-bill rate	20, 25 and 30 years
Tanzania	1992	Government	11	20
Uganda	1996	Government	linked to 91 days T-bill rate	1-5
Poland	1991 and 1993-94	Government	**1991-95**: 6-months LIBOR+2 per cent. From 1996: 6-months LIBOR + 0.5 per cent **1993-94**: Central bank rediscount rate	1 and 15
Indonesia	1998	Government	12 per cent	3-10
Malaysia	1998	Bank restructuring agency	Market based	NA
Mexico	1996	Bank restructuring agency	linked to 91 days T-bill rate	10
Korea	1998	KAMCO (Asset Management Company)	Variable US dollars	NA
Spain	2012	Fund for Orderly Bank Restructuring (FROB)	-	12.5 (weighted average maturity)
Thailand	1999-00	Government	Market based	10

NA: Not Available.
Sources: IMF and World Bank.

Annex III: GFD Financing

(Amount in ₹ crore)

Item	2019-20 (Actual)	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
1	2	3	4	5
Gross Fiscal Deficit	**9,33,651**	**7,96,337**	**18,48,655**	**15,06,812**
	(100.0)	**(100.0)**	**(100.0)**	**(100.0)**
Financed by				
Net Market Borrowings	4,73,968	5,44,870	10,52,788	9,24,708
	(50.8)	(68.4)	(56.9)	(61.4)
Net Treasury Bills	70,103	25,000	2,25,000	50,000
	(7.5)	(3.1)	(12.2)	(3.3)
Securities issued against Small Savings (net)	2,40,000	2,40,000	4,80,574	3,91,927
	(25.7)	(30.1)	(26.0)	(26.0)
External Assistance	8,682	4,622	54,522	1,514
	(0.9)	(0.6)	(2.9)	(0.1)
State Provident Fund	11,635	18,000	18,000	20,000
	(1.2)	(2.3)	(1.0)	(1.3)
Reserve Fund	10,411	2,978	-3,450	5,051
	(1.1)	(0.4)	-(0.2)	(0.3)
Deposits and Advances	-14,227	35,987	29,050	28,868
	-(1.5)	(4.5)	(1.6)	(1.9)
Draw Down of Cash Balances	4,971	-53,003	-17,358	71,383
	(0.5)	-(6.7)	-(0.9)	(4.7)
Others	1,28,107	-22,117	9,528	13,361
	(13.7)	-(2.8)	(0.5)	(0.9)

Notes: 1. Net market borrowings include borrowings through dated securities only.

1. Net treasury bills include borrowings through 91-day, 182-day, 364-day and all other treasury bills.
2. Others include buyback of securities, switching-off of securities, saving bonds, relief bonds *etc.*

Figures in parentheses represent per cent of GFD.

Source: Union Budget 2021-22.

Annex IV: Major Recommendations of the Fifteenth Finance Commission Relating to States

The full report of FC-XV (Chairman: Shri N. K. Singh) was submitted on November 9, 2020 and was placed before the parliament on February 1, 2021. The major recommendations of the Commission covering the period 2021-26 are set out below:

Tax Devolution

- Share of union taxes (divisible pool) to be devolved to states decrease from 42 per cent to 41 per cent, adjusting for the 1 per cent share allocated to the erstwhile state of Jammu and Kashmir.
- For *inter-se* distribution of taxes amongst states, criterion of demographic performance introduced to reward states that have successfully curbed population growth. Weightage of forest cover criterion has been increased and a new criterion of tax effort has been introduced. Criterion of income distance per capita retains the highest weightage in determining an individual state's share in taxes devolved.

Grants-in-aid

- Grants recommended for bridging of post-devolution revenue deficit of states, devolution to local bodies, augmenting disaster relief funds, sector-specific initiatives and state-specific needs. Local bodies grants have the highest share followed by post-devolution revenue deficit grants.
- Entry level conditions for local bodies to receive grants, including setting up of state finance commissions and bringing to state legislature the memorandum of action taken by it before March 2024, making available online the financial accounts of local bodies and fixing minimum floor for property taxes (for urban local bodies).
- 60 per cent of grants to local bodies to be tied to supporting and strengthening sanitation, waste management, drinking water and water harvesting.
- Post devolution revenue deficit grants recommended for 17 states in 2021-22, reducing to 6 states in 2025-26.
- Sector-specific grants in eight sectors, namely, health, school education, higher education, agriculture, rural roads, aspirational districts, judiciary and statistics.

Modernisation Fund for Defence and Internal Security (MFDIS)

- MFDIS to be a dedicated non-lapsable fund in the Public Account of India to bridge the gap between budgetary requirements and allocation for defence and internal security.

Fiscal Roadmap

- Elevated path of gross fiscal deficit (GFD) for the union government with the terminal year (2025-26) target of 4 per cent of GDP.
- Normal limit of net borrowings of state governments fixed at 4 per cent of GSDP in 2021-22, 3.5 per cent of GSDP in 2022-23 and 3 per cent of GSDP thereafter. Additional borrowing space of 0.5 per cent of GSDP during the four-year period of 2021-22 to 2024-25, conditional upon improvement in operational and financial performance of power distribution companies.
- Restructuring of FRBM acts by both union and states necessary with a high-powered inter-governmental group to be set-up to examine the issue of debt sustainability.

Annex V: Gross and Net Transfers from Centre to States

Items	Revenue/ capital/ loan	Amount (₹ '000 crores)				Difference in estimates (per cent)		Per cent of GDP			
		2018-19	2019-20	2020-21 RE	2021-22 BE	2019-20 actual *vs* RE	2020-21 RE *vs* BE	2018-19	2019-20	2020-21 RE	2021-22 BE
1. Devolution of States' share in taxes	Revenue	**761.5**	**650.7**	**550.0**	**665.6**	**-0.8**	**-29.9**	**4.0**	**3.2**	**3.3**	**3.5**
2. Finance Commission Grants		**93.7**	**123.7**	**182.4**	**220.8**	**0.0**	**21.6**	**0.5**	**0.6**	**0.6**	**0.7**
a. Grant for Rural Local Bodies	Revenue	35.1	59.4	60.8	44.9	1.3	-13.1	0.2	0.3	0.3	0.3
b. Grants for Urban Local Bodies	Revenue	14.4	25.1	25.0	22.1	-2.9	-16.7	0.1	0.1	0.1	0.1
c. Grants-in-aid for SDRF	Revenue	9.7	10.9	22.3	22.2	0.0	11.3	0.1	0.1	0.1	0.1
d. Post Devolution Revenue Deficit Grants	Revenue	34.6	28.3	74.3	118.5	0.0	147.8	0.2	0.1	0.1	0.1
e. Sector-specific Grants for Health	Revenue	0.0	0.0	0.0	13.2	N/A	N/A	0.0	0.0	0.0	0.0
3. Scheme related Transfers		**286.0**	**289.2**	**358.8**	**363.4**	**-10.3**	**6.8**	**1.5**	**1.6**	**1.5**	**1.5**
a. Under Centrally Sponsored Schemes	Revenue	271.5	275.4	315.2	318.9	-2.7	6.8	1.4	1.4	1.4	1.3
b. Under Central Sector Schemes	Revenue	13.6	12.9	42.4	43.0	-66.3	7.4	0.1	0.2	0.1	0.2
c. Other Transfers	Revenue	0.9	0.9	1.0	1.3	-20.0	-9.5	0.0	0.0	0.0	0.0
d. Capital Transfers	Capital	0.0	0.0	0.1	0.2			0.0	0.0	0.0	0.0
4. Some Important Items of Transfer		**46.2**	**53.7**	**49.7**	**80.1**	**-6.3**	**-32.2**	**0.2**	**0.3**	**0.3**	**0.3**
a. Special Assistance	Revenue	4.7	1.6	3.0	15.0	-59.4	-80.0	0.0	0.0	0.0	0.1
b. Assistance to States from NDRF	Revenue	10.0	18.9	10.0	12.4	-5.6	-60.0	0.1	0.1	0.1	0.1
c. Externally aided Projects-Loans	Loans	23.8	24.7	32.0	46.8	-1.3	28.1	0.1	0.1	0.1	0.1
d. Other Transfers	Revenue	7.8	8.5	4.6	5.9	2.2	-43.9	0.0	0.0	0.0	0.0
5. Back to Back Loans to States in lieu of GST Compensation Shortfall	Loans	**0.0**	**0.0**	**110.2**	**0.0**	**N/A**	**N/A**	0.0	0.0	0.0	0.0
6. Special Assistance as Loan to States for Capital Expenditure	Loans	**0.0**	**0.0**	**12.0**	**10.0**	**N/A**	**N/A**	0.0	0.0	0.0	0.0
7. Transfers to Delhi, Puducherry and Jammu and Kashmir	Revenue	**8.0**	**28.2**	**51.0**	**48.7**	**-0.9**	**7.5**	**0.0**	**0.1**	**0.1**	**0.2**
8. Gross Transfers to States and UTs (1 to 7)		**1,195.4**	**1,145.5**	**1,313.9**	**1,388.5**	**-3.6**	**-5.5**	**6.3**	**5.8**	**5.9**	**6.2**
of which								**0.0**	**0.0**	**0.0**	**0.0**
Revenue		1,171.6	1,120.8	1,159.6	1,331.5	-3.6	-15.1	6.2	5.7	5.8	6.1
Capital		0.0	0.0	0.1	0.2			0.0	0.0	0.0	0.0
Loans		23.8	24.7	154.2	56.8	-1.3	516.9	0.1	0.1	0.1	0.1
9. Recovery of Loans and Advances		**14.4**	**12.5**	**12.5**	**12.5**			**0.1**	**0.1**	**0.1**	**0.1**
10. Net Resources Transferred to States and UTs (6-7)		**1,181.0**	**1,133.0**	**1,301.4**	**1,376.0**	**-3.5**	**-5.6**	**6.3**	**5.8**	**5.8**	**6.2**

Source: Union budget documents of various years.

Q2:2020-21 Estimates of Household Financial Savings and Household Debt-GDP Ratio*

The COVID-19-induced spike in household financial savings rate in Q1:2020-21 waned substantially in Q2 in a counter-seasonal manner. While households' deposits and borrowings picked up, their holdings of currency and savings in mutual funds moderated. Increased household consumption, particularly its discretionary component, could be attributed to resumption in economic activity following the easing of lockdown. The reversal in household financial savings is corroborated by the lower surplus in the current account balance. Household debt to GDP ratio rose sharply to 37.1 per cent in Q2:2020-21 from 35.4 per cent in Q1:2020-21. Preliminary indications suggest that household financial savings rate may have gone down further in Q3:2020-21 with the intensification of consumption and economic activity.

Prologue

Preliminary estimates for Q2:2020-21 indicate that the household financial savings regressed closer to the pre-pandemic levels to 10.4 per cent of gross domestic product (GDP) after touching the unprecedented high of 21.0 per cent in Q1:2020-21. This reversion is mainly driven by the increase in household borrowings from banks and NBFCs accompanied by a moderation in household financial assets in the form of mutual funds and currency. Nonetheless, households' financial savings rate for Q2: 2020-21 ruled higher than that of 9.8 per cent witnessed in Q2: 2019-20 (Table 1).

With the gradual reopening/unlocking of the economy, households switched from an 'essentials only' spending pattern to discretionary spending, which resulted in the reversal of household financial savings from the peak it attained in Q1:2020-21. Following the phased-in easing in the stringency of lockdown restrictions - also reflected in the Oxford COVID-19 Government Stringency Index at 78.5 in Q2:2020-21, down from 85.6 in Q1:2020-21 - some constituents of consumption, particularly discretionary, picked up after a quarter long dormancy, which, in turn, led to the moderation in financial savings of households. The trend reversal in household financial savings is also corroborated by the reduced contraction in private final consumption expenditure as also the lower surplus in the current account in Q2:2020-21. Furthermore, the pick-up in private consumption is reflected in various high frequency indicators for the second quarter. For example, production of consumer durables, which registered a contraction of 67.6 per cent in Q1:2020-21 moved into the positive territory towards the end of Q2 with a positive growth of 5.3 per cent in September 2020. Production of non-durables also

Table 1: Household Financial Savings

(₹ lakh crore)

	2018-19					2019-20					2020-21	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2
Net Financial Assets (A-B)	2.57	2.23	2.08	6.68	**13.56**	2.02	4.85	4.20	5.14	**16.20**	8.16	4.92
	(5.6)	*(4.8)*	*(4.3)*	*(13.9)*	***(7.2)***	*(4.0)*	*(9.8)*	*(8.1)*	*(9.8)*	***(8.0)***	*(21.0)*	*(10.4)*
A. Flow of Financial Assets	3.49	4.77	3.46	9.62	**21.34**	3.83	5.65	5.51	7.86	**22.85**	7.38	7.47
	(7.6)	*(10.3)*	*(7.1)*	*(20.0)*	***(11.3)***	*(7.7)*	*(11.4)*	*(10.6)*	*(15.1)*	***(11.2)***	*(19.0)*	*(15.8)*
B. Flow of Financial Liabilities	0.91	2.55	1.38	2.94	**7.78**	1.81	0.80	1.31	2.72	**6.64**	-0.78	2.55
	(2.0)	*(5.5)*	*(2.8)*	*(6.1)*	***(4.1)***	*(3.6)*	*(1.6)*	*(2.5)*	*(5.2)*	***(3.3)***	*(-2.0)*	*(5.4)*

Note: Data in parenthesis are as per cent to GDP.
Source: Authors' calculations.

* Prepared by Sanjay Kumar Hansda, Anupam Prakash, Anand Prakash Ekka and Ishu Thakur, National Accounts Analysis Division, Department of Economic & Policy Research, Reserve Bank of India. The authors are thankful to Dr. Mridul Kumar Saggar, for insightful discussions on the draft. The previous article pertaining to Q1: 2020-21 was published in the November issue of the RBI Bulletin, 2020. The views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

got reinforced at a positive growth of 0.4 per cent in Q2: 2020-21 *vis-à-vis* a de-growth of 16.9 per cent in Q1. Consumption of motor spirits and high-speed diesel after contracting by 35.9 per cent and 33.3 per cent, respectively, in Q1:2020-21, recovered as reflected in the reduced contraction of 5.0 per cent and 15.6 per cent, respectively, in the next quarter. Consequently, the pace of contraction in private final consumption eased to 11.3 per cent in Q2:2020-21 from the sharp contraction of 26.3 per cent in Q1:2020-21 as per the quarterly estimates of GDP. The second quarter moderation in household financial savings, however, was counter-seasonal and reflected the impact of high base sequentially and a pick up in discretionary spending of households post easing of lockdown restrictions with a jump from pent up demand.

While real GDP contraction of 24.4 per cent in Q1:2020-21 was accompanied by household financial savings rate of 21.0 per cent, a moderation in GDP contraction to 7.3 per cent in Q2 coincided with the reduction in household financial savings rate to 10.4 per cent. The inverse relation between household financial savings rate and GDP growth may sound counterintuitive, but studies have shown that households tend to save more during the economic slowdown and greater income uncertainty [Levanon and Franco, 2011[1]; Mody *et. al.*, 2012]. A similar trend was observed during the global financial crisis when household financial savings rate increased by 170 basis points as per cent to GDP during 2008-09, which moderated subsequently as the economy picked up.

The rest of the article is divided into four sections. Section II presents the cross-country trend of household savings *vis-à-vis* financial savings in India. Section III brings out the variation in the composition of household financial assets and liabilities over the preceding quarter including some reflections on household debt-GDP ratio. Section IV encapsulates major movements, sector and instrument-wise, in both the assets and liabilities of households' balance sheet at the micro-foundation level. Section V sets out the outlook on financial savings in Q3:2020-21. Instrument-wise flows of household financial assets and liabilities, including outstanding of select assets and liabilities are provided in Annex I, II and III.

II. Cross-Country Trend in Household Savings

Globally, the quantum and composition of spending witnessed visible changes as the pandemic-induced mobility restrictions resulted in forced and precautionary savings during Q1 of 2020-21 (Chart 1). With the cautious recovery of economic activity the tendency to accumulate forced/ precautionary savings reduced in Q2:2020-21 following the release of pent-up demand for goods, more than services. As many advanced economies faced hiccups in their journey to recovery, inflicted by the second wave of the virus and fear of more virulent strains, their household/ personal savings in July-September quarter remained far higher than the pre-pandemic levels. The household/personal savings rates in the US[2], the UK[3], Australia[4] and Canada[5], which moved up to more than 20 per cent mark in April-June 2020, corrected significantly in the next quarter but sustained at a much higher rate than the pre-pandemic levels. In contrast, financial savings of Indian households reverted closer to the pre-pandemic levels. It is also interesting to observe that the pre-pandemic seasonal patterns in household/personal savings in Australia and India are quite similar. In Canada, the spike in the April-June quarter was one of the sharpest considering a very low level of household/personal savings rate in the pre-pandemic phase.

[1] The authors mentioned that the U.S. household saving rate was at historic low of 1-2 per cent during 2005-07 but shot up to about six per cent within a year in the wake of the Global Financial Crisis.

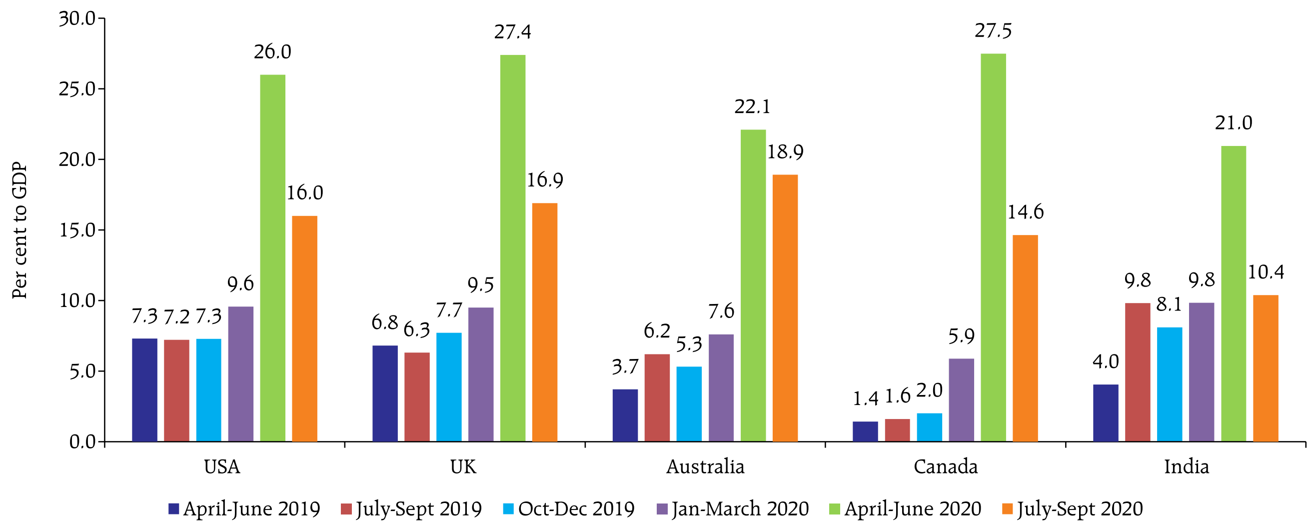
[2] Bureau of Economic Analysis, US *(https://www.bea.gov/news/2020/gross-domestic-product-third-estimate-corporate-profits-revised-and-gdp-industry-third)*

[3] Office of National Statistics, UK *(https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/dgd8/ukea)*

[4] Australian Bureau of Statistics *(https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/sep-2020)*

[5] Statistics Canada *(https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610011201)*

Chart 1: Household/Personal Saving Rates



Source: Statistical Organisations or Central Banks of the respective countries.

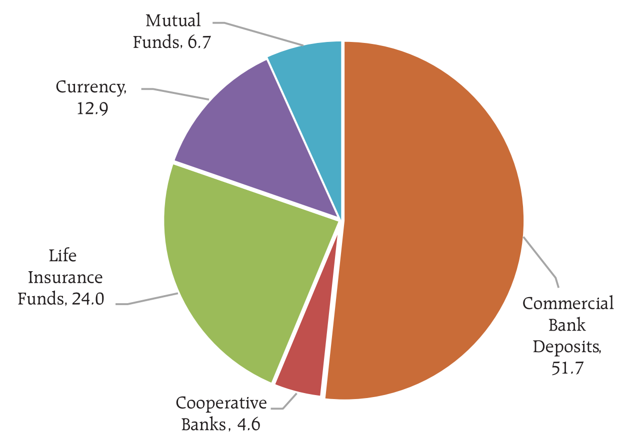
India appeared to be faster in raising spending probably on account of the approaching festive season demand along with the release of pent up demand, thereby reaching closer to the pre-pandemic levels of household financial savings in Q2:2020-21. Although the aggregate savings increased during the pandemic, it, however, might conceal the unequal impact in terms of household savings and consumption expenditures of non-essential items as several households in the unorganised sector suffered from loss of employment, income and borrowing opportunities. Moving forward, with the optimism on progress in mass vaccination, household financial savings are expected to recede further to the pre-pandemic levels in India as well as in other countries.

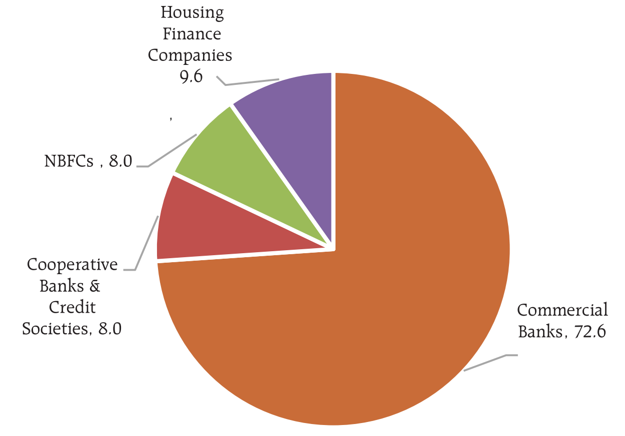
III. Composition of Household Financial Portfolio and Debt-GDP Ratio

Over the quarters, the share of different instruments in the household financial portfolio has remained stable with the banking sector dominating both on the assets and liabilities sides. Apart from the banking sector, life insurance and mutual funds are the two other major instruments held by households along with currency, whereas borrowings from non-banking financial companies (NBFCs) and housing finance companies (HFCs) constitute the other dominant portions of their liabilities. Borrowings of households from the corporate sector and general government remain negligible (Chart 2).

Although, the share of various instruments on the asset side of household portfolio has broadly remained unchanged during Q1:2018-19 to Q2:2020-21, the share of currency holding, which increased during Q1:2020-21 - reflecting flight to cash under extreme uncertainty - has reversed to its pre-pandemic levels with the resumption of economic activity in Q2. On the liabilities side, the share of household liabilities from the banking and HFCs sector have come down while that of NBFCs has increased from Q1:2020-21 onwards. The shift in favour of NBFCs in times of economic crisis and pessimism on future stream of income flow could be attributed to the increased risk aversion and tighter eligibility criteria for bank loans *vis-à-vis* NBFCs.

Chart 2: Composition of Household Financial Assets and Liabilities - Outstanding
(As on September 2020)





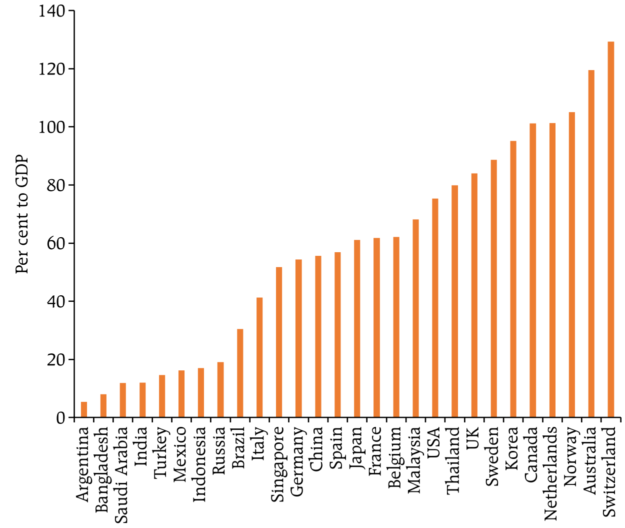
Source: Authors' calculations.

Household debt[6] to GDP ratio, which has been steadily increasing since Q1:2018-19 rose sharply to 37.1 per cent in Q2:2020-21 from 35.4 per cent in Q1:2020-21. Data for India's household debt, presented here, however, do not capture their indebtedness towards the non-institutional sector.

A Bank for International Settlements (BIS) study based on the level and trend of household debt (as a ratio to GDP) since the global financial crisis has classified countries into four categories: i) high and rising, ii) high and flat/falling, iii) low and rising, iv) low and flat/falling (Zabai, 2017). As per the study, India is in the fourth group of countries along with Euro Area, Japan, Germany, Italy and Mexico. More recently, comparable data for 2019 from the International Monetary Fund (IMF) also show that in terms of household debt to GDP ratio, comprising of loans and debt securities, India is positioned in the bottom group (Chart 3).

Aggregate bank deposits with scheduled commercial banks (SCBs) in India steadily rose and touched ₹142.6 lakh crore at end-September 2020 - an increase of ₹4.0 lakh crore since end-June 2020. In contrast, bank advances at ₹102.7 lakh crore at end-September displayed a pick up by 0.2 per cent on a q-o-q basis as against a contraction of 1.2 per cent in June 2020, reflecting some pick-up in economic

Chart 3: Household Debt- 2019



Note: Household debt includes loans and debt securities.
Source: Global Debt Database, IMF.[7]

[6] Estimated as households' outstanding liabilities towards banks, HFCs and NBFCs. Liabilities to non-institutional sector are not captured for want of data. Estimates of household debt are also available from the decennial All-India Debt and Investment Survey (AIDIS) but are only known with considerable lag.

[7] Global Debt Database, IMF, *https://www.imf.org/external/datamapper/HH_LS@GDD/SWEas.* Accessed March 17, 2021.

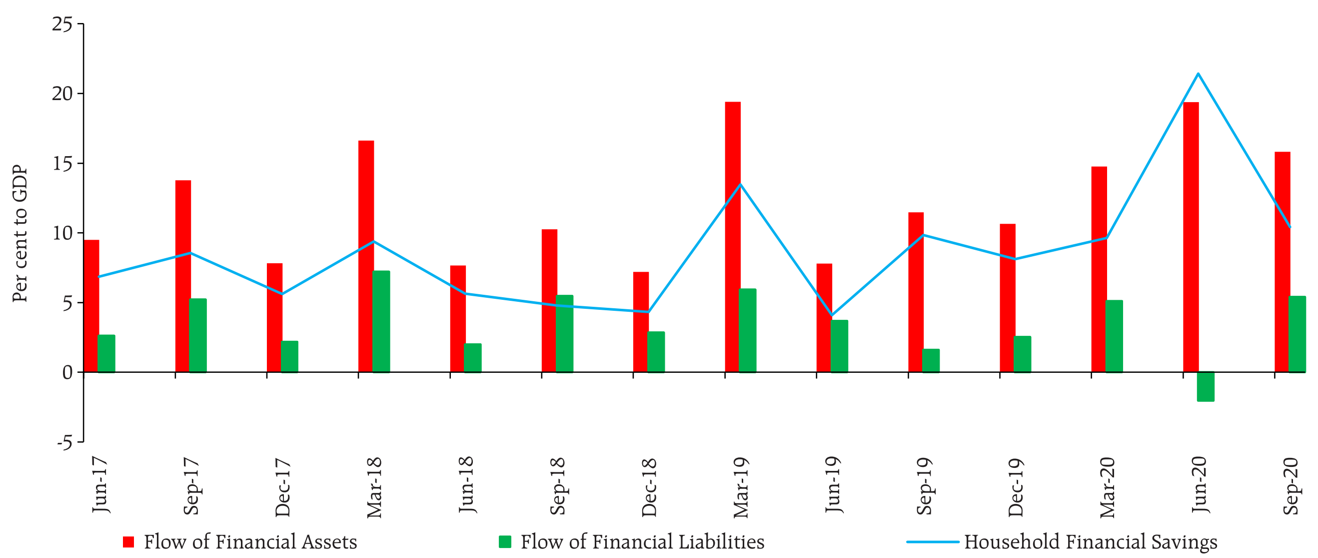
activity. The reduced gap between the credit extended to and deposits mobilised from households during the July-September quarter of 2020, contributed towards moderation in net financial savings of households.

IV. Household Financial Savings: Sectors and Instruments

In search of micro-foundation, the varied behaviour of the household asset/liability flows in Q2:2020-21 is examined in terms of sectors and instruments as under (Chart 4).

- The moderation in household financial savings has taken place despite an increase in their financial assets, as the flow of financial liabilities has returned to positive territory in Q2:2020-21. The flow of household financial assets has increased led by their deposits with banks, despite a significant drop in their holding of currency and mutual funds (Annex I).
- The flow of household financial assets as per cent to GDP has, however, moderated from 19.0 per cent in Q1:2020-21 to 15.8 per cent in Q2:2020-21. Currency holding of households has moderated to 0.4 per cent of GDP in Q2:2020-21 from 5.3 per cent in Q1:2020-21. Household investment in mutual fund products is estimated to have declined to 0.3 per cent from 1.7 per cent over the same period. Similarly, savings in the form of insurance products moderated to 3.0 per cent from 3.2 per cent in the previous quarter (Chart 5a and Annex I).
- Household financial savings in the form of deposits with banks increased during Q2:2020-21, reflecting restoration of their safe haven status as India's banking system faced the pandemic with relatively sound capital and liquidity buffers built assiduously in the aftermath of the global financial crisis and nudged by various prudential regulatory measures (RBI, 2020; RBI, 2021). Banks' performance and stability improved on the back of regulatory reliefs and concessions. However, household deposits with non-banks declined during the period.

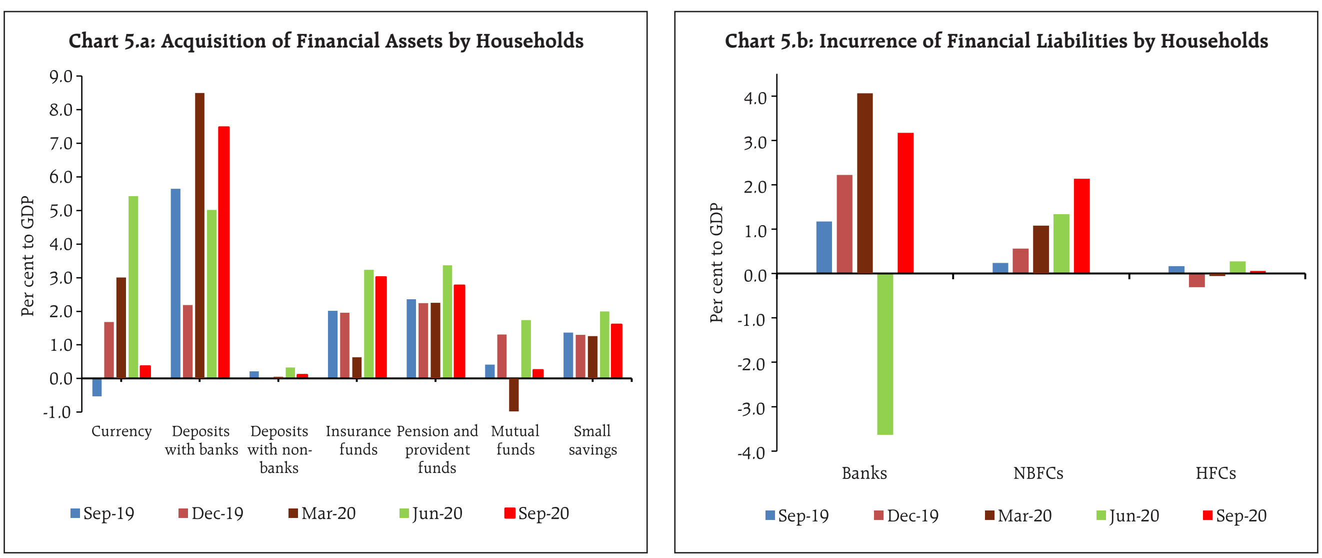
Chart 4: Flows in Financial Portfolios of Households



Source: Authors' calculations.

- The reduction in cash holding rate of households mainly reflected the lower uncertainty with the unlocking of the economy and resumption of economic activity. The process was also facilitated by greater use of digital modes for conducting transactions in the wake of the pandemic (RBI, 2021).
- Despite moderation in accretion, subscription rate to insurance funds by households remained high, reflecting the pandemic led increased awareness of life insurance amongst the households in Q2:2020-21. From being an instrument purchased for tax-saving, insurance policies have, thus, become a part of the lifestyle of households in these times of a health emergency.
- Subscription rate to pension and provident funds also remained elevated despite some moderation in Q2:2020-21, reflecting the intensification of efforts towards expanding the coverage of unorganised sector and the low-income groups under the pension net by the Government of India. Enrolment as well as assets under management (AUM) of the National Pension System (NPS) and Atal Pension Yojana (APY) increased on a y-o-y basis at end-September 2020 (RBI, 2021).
- Household savings in mutual funds, however, declined during Q2:2020-21 as the sharp recovery in stock markets led to possible direct investment by individuals in equities instead of mutual funds, as reflected in 34 lakh new dematerialised or demat accounts opened during the quarter ending September as against 23 lakh opened during April-June quarter. A recent regulatory move on mutual fund[8] also reportedly contributed to redemption pressure on the multi-cap mutual funds.
- Household investment in shares declined during Q2:2020-21 in comparison to the previous quarter as there was one mega rights issue of ₹53,125 crore in Q1:2020-21.

Chart 5: Flow of Household Financial Assets and Liabilities



Source: Authors' calculations.

8 In September 2020, multi-cap funds, portfolios of which are dominated by large-cap stocks, were directed to invest a minimum of 25% each in large, mid and small cap stocks, from January 2021.

- The flow in financial liabilities of households is estimated to have entered the positive territory on the back of loans from banks and NBFCs. The pick-up is a reflection of the rebound in economic activity in Q2:2020-21, quicker than expected, as also of the positive outlook after the nationwide lockdown was gradually lifted (Chart 5b).
- Credit flows in personal loans of scheduled commercial banks (SCBs), vehicle loans, consumer durables and credit cards turned the corner by posting positive growth in Q2:2020-21 as against a contraction in the previous quarter. The credit growth for housing strengthened further to 1.3 per cent in Q2:2020-21 from 0.4 per cent in Q1.
- The significant pick-up in household loans, juxtaposed with a tepid growth in aggregate bank credit was reflected in the increase in household share in total credit by 1.3 percentage points to 51.5 per cent in Q2:2020-21 from the previous quarter.

In alignment with the banking sector, credit flow from NBFCs to households witnessed an increase in Q2:2020-21 even though their overall credit growth took a beating in Q2 *vis-à-vis* Q1.

V. The Way Ahead

With the gradual reopening/unlocking of the economy, households have switched from an 'essentials only' approach to discretionary spending, which is also reflected in the reduced pace of contraction in private consumption to 11.3 per cent compared with 26.3 per cent contraction in Q1:2020-21, leading to the moderation of household financial savings from the peak in the previous quarter. The reversal in the Indian context has been sharper in contrast to many of the European countries faced with the second wave of the virus including that of more virulent strains. The reversal in India's household financial savings also intensified in light of the release of pent-up demand for goods and to some extent, for services.

The COVID-19 pandemic has impacted the insurance sector globally. In the wake of rising claims, the International Association of Insurance Supervisors (IAIS) in a statement highlighted the limits on the protection that the insurance sector by itself could be expected to provide. In view of the multifarious risks arising in the wake of the pandemic, the Insurance Regulatory and Development Authority of India (IRDAI) constituted a Working Group to explore the possibility of addressing these risks through the mechanism of a "Pandemic Risk Pool" (RBI, 2021). Going forward, the rising awareness about insurance funds may attract more households to these products. In the wake of lower returns on bank deposits, and growing awareness about the competing instruments, particularly insurance and mutual funds, the pre-pandemic trend of diversification of household financial assets may accentuate further.

Household financial savings have moderated despite an increase in the savings in the form of deposits as household borrowings from banks and NBFCs have picked up. On January 22, 2021, the Reserve Bank proposed a revised regulatory framework for NBFCs based on a four layered structure that would allow big NBFCs to be regulated like banks. When implemented, this may impact the distribution of household portfolio between banks and non-banks. A significant decline in household savings in the form of currency and mutual funds has also contributed to the moderation in household financial savings. Savings in the form of insurance funds have remained elevated, despite moderation in accretion in Q2:2020-21.

Going forward, optimism on account of mass vaccination is expected to further boost consumption demand and work further towards restoration of the pre-pandemic spending and saving pattern. The

Reserve Bank's consumer confidence survey of November 2020 round showed a marginal improvement over the all-time low recorded in the September 2020 round, indicating scope for further moderation in household financial saving, going forward. Additionally, SCBs advances at end-December displayed a significant pick up of 2.7 per cent on a q-o-q basis from a tepid growth of 0.2 per cent in the previous quarter while deposits moderated to 1.5 per cent as against 2.9 per cent over the same period. This could be symptomatic of a further moderation in household financial savings rate during Q3:2020-21, though buoyant stock markets may provide some offset by portfolio re-balancing by households through investments in shares and debentures, including units of mutual funds.

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Annex I

Financial Assets of Households: Gross Flows *(Contd.)*

(₹ crore)

Item	2018-19				
	Q1	Q2	Q3	Q4	Annual
Financial Assets	**3,48,568.2**	**4,77,165.0**	**3,46,489.3**	**9,61,845.5**	**21,34,068.0**
of which:					
1. Total Deposits (a)+(b)	**-55,939.4**	**3,01,417.0**	**21,884.7**	**5,42,776.4**	**8,10,138.7**
(a) Bank Deposits	-65,261.8	2,92,618.3	13,121.4	5,39,472.8	7,79,950.6
i. Commercial Bank Deposits	-62,126.9	2,89,468.1	10,634.6	4,90,680.6	7,28,656.4
ii. Cooperative Banks	-3,134.9	3,150.2	2,486.8	48,792.1	51,294.2
(b) Non-Bank Deposits	9,322.4	8,798.7	8,763.3	3,303.6	30,188.1
2. Life Insurance Funds	**63,747.6**	**95,463.2**	**47,456.3**	**1,50,854.6**	**3,57,521.6**
3. Provident and Pension Funds (including PPF)	**98,461.4**	**97,964.4**	**99,515.4**	**10,3367.4**	**3,99,308.5**
4. Currency	**1,11,589.6**	**-32,134.4**	**1,02,656.5**	**95,760.4**	**2,77,872.1**
5. Investments	**78,397.2**	**-37,856.9**	**22,664.7**	**16,774.9**	**79,979.8**
of which					
i. Mutual Funds	69,897.4	-46,008.0	21,369.6	12,342.5	57,601.4
ii. Equity	2,001.2	3,054.4	471.0	855.8	6,382.4
6. Small Savings (excluding PPF)	**51,259.6**	**51,259.6**	**51,259.6**	**51,259.6**	**2,05,038.3**
As per cent to GDP					
Financial Assets	**7.6**	**10.3**	**7.1**	**20.0**	**11.2**
of which:					
1. Total Deposits (a)+(b)	**-1.2**	**6.5**	**0.4**	**11.3**	**4.3**
(a) Bank Deposits	-1.4	6.3	0.3	11.2	4.1
i. Commercial Bank Deposits	-1.4	6.2	0.2	10.2	3.8
ii. Cooperative Banks	-0.1	0.1	0.1	1.0	0.3
(b) Non-Bank Deposits	0.2	0.2	0.2	0.1	0.2
2. Life Insurance Funds	**1.4**	**2.1**	**1.0**	**3.1**	**1.9**
3. Provident and Pension Funds (including PPF)	**2.2**	**2.1**	**2.0**	**2.2**	**2.1**
4. Currency	**2.4**	**-0.7**	**2.1**	**2.0**	**1.5**
5. Investments	**1.7**	**-0.8**	**0.5**	**0.3**	**0.4**
of which					
i. Mutual Funds	1.5	-1.0	0.4	0.3	0.3
ii. Equity	…	0.1	…	…	…
6. Small Savings (excluding PPF)	**1.1**	**1.1**	**1.1**	**1.1**	**1.1**

… : Negligible.

Source : Authors' calculations.

Annex I
Financial Assets of Households: Gross Flows *(Concld.)*

(₹ crore)

Item	2019-20					2020-21	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
Financial Assets	**3,83,124.6**	**5,64,598.2**	**5,50,679.8**	**7,86,160.4**	**22,84,563.0**	**7,38,208.1**	**7,46,821.4**
of which:							
1. Total Deposits (a)+(b)	**7,811.9**	**2,88,775.0**	**1,13,439.5**	**4,55,464.1**	**8,65,490.5**	**1,25,848.6**	**3,67,264.2**
(a) Bank Deposits	-7,074.1	2,78,084.6	1,13,314.3	4,52,959.0	8,37,283.8	1,13,327.7	3,62,343.5
i. Commercial Bank Deposits	-13293.8	2,69,475.5	63,997.5	4,48,586.5	7,68,765.7	1,17,962.1	3,51,860.2
ii. Cooperative Banks	6,219.7	8,609.1	49,316.8	4,372.4	68,518.1	-4,634.4	10,483.3
(b) Non-Bank Deposits	14,886.0	10,690.4	125.3	2,505.1	28,206.8	12,521.0	4,920.7
2. Life Insurance Funds	**1,08,873.1**	**99,209.1**	**1,01,373.7**	**33,549.3**	**3,43,005.2**	**1,23,324.5**	**1,42,422.5**
3. Provident and Pension Funds (including PPF)	**106969.6**	**1,09,961.6**	**1,10,044.6**	**1,13,602.6**	**4,40,578.3**	**1,19,308.7**	**1,21,831.7**
4. Currency	**61,637.1**	**-26,104.8**	**86,843.5**	**1,60,255.1**	**2,82,630.8**	**2,06,889.6**	**17,225.3**
5. Investments	**29,703.1**	**24,627.5**	**70,848.6**	**-44,840.5**	**80,338.6**	**85,893.1**	**21,134.2**
of which							
i. Mutual Funds	8,578.0	20,198.4	67,521.1	-51,926.1	44,371.5	66,195.3	11,909.0
ii. Equity	18,644.7	2,172.4	936.2	4,980.4	26,733.7	18,599.2	8,291.5
6. Small Savings (excluding PPF)	**67,065.7**	**67,065.7**	**67,065.7**	**67,065.7**	**2,68,262.9**	**75,879.4**	**75,879.4**
As per cent to GDP							
Financial Assets	**7.7**	**11.4**	**10.6**	**15.1**	**11.2**	**19.0**	**15.8**
of which:							
1. Total Deposits (a)+(b)	**0.2**	**5.8**	**2.2**	**8.7**	**4.3**	**3.2**	**7.8**
(a) Bank Deposits	-0.1	5.6	2.2	8.7	4.1	2.9	7.6
i. Commercial Bank Deposits	-0.3	5.5	1.2	8.6	3.8	3.0	7.4
ii. Cooperative Banks	0.1	0.2	1.0	0.1	0.3	-0.1	0.2
(b) Non-Bank Deposits	0.3	0.2	…	…	0.1	0.3	0.1
2. Life Insurance Funds	**2.2**	**2.0**	**2.0**	**0.6**	**1.7**	**3.2**	**3.0**
3. Provident and Pension Funds (including PPF)	**2.1**	**2.2**	**2.1**	**2.2**	**2.2**	**3.1**	**2.6**
4. Currency	**1.2**	**-0.5**	**1.7**	**3.1**	**1.4**	**5.3**	**0.4**
5. Investments, *of which*	**0.6**	**0.5**	**1.4**	**-0.9**	**0.4**	**2.2**	**0.4**
of which							
i. Mutual Funds	0.2	0.4	1.3	-1.0	0.2	1.7	0.3
ii. Equity	0.4	…	…	0.1	0.1	0.5	0.2
6. Small Savings (excluding PPF)	**1.3**	**1.4**	**1.3**	**1.3**	**1.3**	**1.9**	**1.6**

… : Negligible.

Source : Authors' calculations.

Annex II

Financial Liabilities of Households: Gross Flows *(Contd.)*

(₹ crore)

Item	2018-19				
	Q1	Q2	Q3	Q4	Annual
Financial Liabilities	**91,404.7**	**25,4518.4**	**1,38,159.7**	**2,94,278.0**	**7,78,360.8**
Loans (Borrowings) from					
A. Financial Corporations (i+ii)	**91,217.9**	**2,54,331.7**	**1,37,973.0**	**2,94,091.3**	**7,77,613.9**
(i) Banking Sector	**47,825.7**	**1,70,950.3**	**1,40,677.9**	**2,49,387.0**	**6,08,840.8**
of which:					
Commercial banks	39,856.4	1,69,638.4	1,41,334.6	2,23,609.8	5,74,439.2
(ii) Other Financial Institutions	**43,392.3**	**83,381.4**	**-2,704.9**	**44,704.3**	**1,68,773.0**
(a) Non-Banking Financial Companies	15,260.0	52,605.2	-3,755.8	28,952.6	93,062.0
(b) Housing Finance Companies	23,560.2	28,328.8	-786.8	14,118.7	65,220.9
(c) Insurance Companies	4,572.1	2,447.4	1,837.7	1,633.0	10,490.1
B. Non-Financial Corporations (Private Corporate Business)	**49.0**	**49.0**	**49.0**	**49.0**	**196.1**
C. General Government	**137.7**	**137.7**	**137.7**	**137.7**	**550.7**
As per cent to GDP					
Financial Liabilities	**2.0**	**5.5**	**2.8**	**6.1**	**4.1**
Loans (Borrowings) from					
A. Financial Corporations (i+ii)	**2.0**	**5.5**	**2.8**	**6.1**	**4.1**
(i) Banking Sector	**1.0**	**3.7**	**2.9**	**5.2**	**3.2**
of which:					
Commercial banks	0.9	3.6	2.9	4.7	3.0
(ii) Other Financial Institutions	**1.0**	**1.8**	**-0.1**	**0.9**	**0.9**
(a) Non-Banking Financial Companies	0.3	1.1	-0.1	0.6	0.5
(b) Housing Finance Companies	0.5	0.6	…	0.3	0.3
(c) Insurance Companies	0.1	0.1	…	…	0.1
B. Non-Financial Corporations (Private Corporate Business)	**…**	**…**	**…**	**…**	**…**
C. General Government	**…**	**…**	**…**	**…**	**…**

… : Negligible.

Source : Authors' calculations.

Annex II
Financial Liabilities of Households: Gross Flows *(Concld.)*

(₹ crore)

Item	2019-20					2020-21	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2
Financial Liabilities	**1,81,090.7**	**79,839.0**	**1,30,840.9**	**2,72,337.1**	**66,4107.7**	**-77,678.5**	**2,54,915.2**
Loans (Borrowings) from							
A. Financial Corporations (i+ii)	**1,81,011.8**	**79,760.1**	**1,30,762.0**	**2,72,258.2**	**6,63,792.1**	**-77,757.5**	**2,54,836.2**
(i) Banking Sector	**1,61,317.2**	**57,886.0**	**1,15,246.1**	**2,16,572.4**	**5,51,021.7**	**-1,38,472.5**	**1,49,880.3**
of which:							
Commercial banks	1,35,575.1	56,900.7	85,897.8	2,05,938.4	4,84,311.9	-1,30,636.5	1,35,587.1
(ii) Other Financial Institutions	**19,694.6**	**21,874.1**	**15,515.9**	**55,685.8**	**1,12,770.4**	**60,715.0**	**1,04,955.9**
(a) Non-Banking Financial Companies	-519.7	11,651.3	29,216.9	57,511.4	97,860.0	51,035.5	1,01,056.9
(b) Housing Finance Companies	17,033.0	8,093.1	-15,710.4	-3,093.1	6,322.6	10,516.6	2,875.1
(c) Insurance Companies	3,181.3	2,129.7	2,009.4	1,267.4	8,587.8	-837.1	1,023.9
B. Non-Financial Corporations (Private Corporate Business)	**49.0**	**49.0**	**49.0**	**49.0**	**196.1**	**49.2**	**49.2**
C. General Government	**29.9**	**29.9**	**29.9**	**29.9**	**119.4**	**29.9**	**29.9**
As per cent to GDP							
Financial Liabilities	**3.6**	**1.6**	**2.5**	**5.2**	**3.3**	**-2.0**	**5.4**
Loans (Borrowings) from							
A. Financial Corporations (i+ii)	**3.6**	**1.6**	**2.5**	**5.2**	**3.3**	**-2.0**	**5.4**
(i) Banking Sector	**3.2**	**1.2**	**2.2**	**4.1**	**2.7**	**-3.6**	**3.2**
of which:							
Commercial banks	2.7	1.2	1.7	3.9	2.4	-3.4	2.9
(ii) Other Financial Institutions	**0.4**	**0.4**	**0.3**	**1.1**	**0.6**	**1.6**	**2.2**
(a) Non-Banking Financial Companies	0.0	0.2	0.6	1.1	0.5	1.3	2.1
(b) Housing Finance Companies	0.3	0.2	-0.3	-0.1	…	0.3	0.1
(c) Insurance Companies	0.1	…	…	…	…	…	…
B. Non-Financial Corporations (Private Corporate Business)	**…**	**…**	**…**	**…**	**…**	**…**	**…**
C. General Government	**…**	**…**	**…**	**…**	**…**	**…**	**…**

… : Negligible.

Source : Authors' calculations.

Annex III
Assets and Liabilities of Households: Select Instruments *(Contd.)*

(₹ crore)

Item	2018-19			
	Q1	Q2	Q3	Q4
Gross Financial Assets				
of which:				
a. Bank Deposits (i+ii)	**80,16,804.2**	**83,09,422.5**	**83,22,543.8**	**88,62,016.6**
i. Commercial Bank deposits	73,54,053.7	76,43,521.8	76,54,156.4	81,44,837.0
ii. Cooperative Banks	6,62,750.5	6,65,900.7	6,68,387.4	7,17,179.6
b. Life Insurance Funds	**34,83,772.7**	**35,77,442.2**	**36,61,493.5**	**37,85,298.5**
c. Currency	**17,82,923.3**	**17,50,788.9**	**18,53,445.4**	**19,49,205.8**
d. Mutual fund	**11,93,500.8**	**11,50,708.8**	**11,93,246.1**	**12,42,184.1**
Total (a+b+c+d)	**1,44,77,001.0**	**1,47,88,362.4**	**1,50,30,728.8**	**1,58,38,705.0**
As per cent to GDP				
a. Bank Deposits (i+ii)	**45.4**	**45.8**	**44.6**	**46.9**
i. Commercial Bank deposits	41.7	42.1	41.0	43.1
ii. Cooperative Banks	3.8	3.7	3.6	3.8
b. Life Insurance Funds	**19.7**	**19.7**	**19.6**	**20.0**
c. Currency	**10.1**	**9.7**	**9.9**	**10.3**
d. Mutual fund	**6.8**	**6.3**	**6.4**	**6.6**
Total (a+b+c+d)	**82.0**	**81.5**	**80.5**	**83.9**
Financial Liabilities				
A. Financial Corporations (i+ii)	**55,38,093.5**	**57,92,425.2**	**59,30,398.2**	**62,24,489.4**
(i) Banking Sector	**44,38,575.4**	**46,09,525.8**	**47,50,203.7**	**49,99,590.6**
of which:				
Commercial Banks	39,79,179.8	41,48,818.2	42,90,152.8	45,13,762.6
Cooperative Banks & Credit Societies	4,58,988.3	4,60,294.8	4,59,632.6	4,85,404.3
(ii) Other Financial Institutions	**10,99,518.0**	**11,82,899.4**	**11,80,194.5**	**12,24,898.8**
of which:				
(a) Non-Banking Financial Companies	3,74,640.0	4,27,245.2	4,23,489.4	4,52,442.0
(b) Housing Finance Companies	6,14,618.4	6,42,947.2	6,42,160.4	6,56,279.2
As per cent to GDP				
A. Financial Corporations (i+ii)	**31.4**	**31.9**	**31.8**	**33.0**
(i) Banking Sector	**25.2**	**25.4**	**25.4**	**26.5**
of which:				
Commercial Banks	22.5	22.9	23.0	23.9
Cooperative Banks & Credit Societies	2.6	2.5	2.5	2.6
(ii) Other Financial Institutions	**6.2**	**6.5**	**6.3**	**6.5**
of which:				
(a) Non-Banking Financial Companies	2.1	2.4	2.3	2.4
(b) Housing Finance Companies	3.5	3.5	3.4	3.5

Source : Authors' calculations.

Annex III

Assets and Liabilities of Households: Select Instruments *(Concld.)*

(₹ crore)

Item	2019-20				2020-21	
	Q1	Q2	Q3	Q4	Q1	Q2
Gross Financial Assets						
of which:						
a. Bank Deposits (i+ii)	**88,54,942.5**	**91,33,027.1**	**92,46,341.4**	**96,99,300.4**	**98,12,628.0**	**1,01,74,971.5**
i. Commercial Bank deposits	81,31,543.2	84,01,018.7	84,65,016.2	89,13,602.7	90,31,564.8	93,83,425.0
ii. Cooperative Banks	7,23,399.3	7,32,008.4	7,81,325.2	7,85,697.6	7,81,063.2	7,91,546.5
b. Life Insurance Funds	**38,99,633.0**	**40,03,691.7**	**41,10,052.2**	**41,44,294.2**	**42,74,225.4**	**44,24,463.7**
c. Currency	**20,10,842.9**	**19,84,738.1**	**20,71,581.5**	**22,31,836.6**	**24,38,726.3**	**24,55,951.6**
d. Mutual fund	**12,65,870.9**	**12,79,310.8**	**13,85,427.2**	**11,62,077.9**	**13,30,498.9**	**14,02,082.6**
Total (a+b+c+d)	**1,60,31,289.3**	**1,64,00,767.8**	**1,68,13,402.3**	**1,72,37,509.1**	**1,78,56,078.6**	**1,84,57,469.3**
As per cent to GDP						
a. Bank Deposits (i+ii)	**45.8**	**46.6**	**46.4**	**47.7**	**51.0**	**53.5**
i. Commercial Bank deposits	42.1	42.8	42.5	43.8	46.9	49.3
ii. Cooperative Banks	3.7	3.7	3.9	3.9	4.1	4.2
b. Life Insurance Funds	**20.2**	**20.4**	**20.6**	**20.4**	**22.2**	**23.2**
c. Currency	**10.4**	**10.1**	**10.4**	**11.0**	**12.7**	**12.9**
d. Mutual fund	**6.6**	**6.5**	**7.0**	**5.7**	**6.9**	**7.4**
Total (a+b+c+d)	**83.0**	**83.6**	**84.4**	**84.7**	**92.8**	**97.0**
Financial Liabilities						
A. Financial Corporations (i+ii)	**64,05,501.2**	**64,85,261.3**	**66,16,023.3**	**68,88,281.5**	**68,10,523.9**	**70,65,360.1**
(i) Banking Sector	**51,60,907.8**	**52,18,793.8**	**53,34,039.9**	**55,50,612.3**	**54,12,139.7**	**55,62,020.1**
of which:						
Commercial Banks	46,49,337.7	47,06,238.4	47,92,136.2	49,98,074.6	48,67,438.1	50,03,025.3
Cooperative Banks & Credit Societies	5,10,908.4	5,11,655.8	5,40,766.1	5,51,158.9	5,42,978.8	5,56,804.4
(ii) Other Financial Institutions	**12,44,593.4**	**12,66,467.5**	**12,81,983.4**	**13,37,669.2**	**13,98,384.2**	**15,03,340.1**
of which:						
(a) Non-Banking Financial Companies	4,51,922.3	4,63,573.6	4,92,790.6	5,50,302.0	6,01,337.5	7,02,394.4
(b) Housing Finance Companies	6,73,312.1	6,81,405.2	6,65,694.8	6,62,601.7	6,73,118.3	6,75,993.4
As per cent to GDP						
A. Financial Corporations (i+ii)	**33.1**	**33.1**	**33.2**	**33.8**	**35.4**	**37.1**
(i) Banking Sector	**26.7**	**26.6**	**26.8**	**27.3**	**28.1**	**29.2**
of which:						
Commercial Banks	24.1	24.0	24.0	24.6	25.3	26.3
Cooperative Banks & Credit Societies	2.6	2.6	2.7	2.7	2.8	2.9
(ii) Other Financial Institutions	**6.4**	**6.5**	**6.4**	**6.6**	**7.3**	**7.9**
of which:						
(a) Non-Banking Financial Companies	2.3	2.4	2.5	2.7	3.1	3.7
(b) Housing Finance Companies	3.5	3.5	3.3	3.3	3.5	3.6

Source : Authors' calculations.

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2019-20	2019-20 Q2	2019-20 Q3	2020-21 Q2	2020-21 Q3
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	4.1	4.6	3.4	-7.3	1.0
1.1.1 Agriculture	4.3	3.5	3.4	3.0	3.9
1.1.2 Industry	-2.0	-2.7	-3.0	-1.6	1.4
1.1.3 Services	6.4	7.3	5.8	-10.9	-0.04
1.1a Final Consumption Expenditure	5.9	7.0	6.8	-13.6	-2.2
1.1b Gross Fixed Capital Formation	5.4	3.9	2.4	-6.8	2.6

	2019-20	2019 Dec.	2020 Jan.	2020 Dec.	2021 Jan.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.8	0.4	2.2	1.0	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	7.9	9.7	9.9	10.8	11.1
2.1.2 Credit	6.1	7.0	7.2	6.2	5.9
2.1.2.1 Non-food Credit	6.1	6.9	7.1	6.2	5.9
2.1.3 Investment in Govt. Securities	10.6	12.9	11.2	17.3	18.8
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	9.4	10.2	12.3	14.9	14.5
2.2.2 Broad Money (M3)	8.9	10.4	11.2	12.4	12.1
3 Ratios (%)					
3.1 Cash Reserve Ratio	3.00	4.00	4.00	3.00	3.00
3.2 Statutory Liquidity Ratio	18.25	18.50	18.25	18.00	18.00
3.3 Cash-Deposit Ratio	4.6	4.8	4.7	3.7	3.8
3.4 Credit-Deposit Ratio	76.4	76.2	75.8	73.1	72.3
3.5 Incremental Credit-Deposit Ratio	60.3	39.0	44.4	23.5	27.1
3.6 Investment-Deposit Ratio	27.6	28.7	28.0	30.4	30.0
3.7 Incremental Investment-Deposit Ratio	36.2	74.1	46.9	72.0	56.4
4 Interest Rates (%)					
4.1 Policy Repo Rate	4.40	5.15	5.15	4.00	4.00
4.2 Reverse Repo Rate	4.00	4.90	4.90	3.35	3.35
4.3 Marginal Standing Facility (MSF) Rate	4.65	5.40	5.40	4.25	4.25
4.4 Bank Rate	4.65	5.40	5.40	4.25	4.25
4.5 Base Rate	8.15/9.40	8.45/9.40	8.45/9.40	7.30/8.80	7.30/8.80
4.6 MCLR (Overnight)	7.40/7.90	7.65/8.00	7.50/7.95	6.55/7.10	6.55/7.05
4.7 Term Deposit Rate >1 Year	5.90/6.40	6.20/6.40	6.10/6.40	4.90/5.50	4.90/5.50
4.8 Savings Deposit Rate	3.00/3.50	3.25/3.50	3.25/3.50	2.70/3.00	2.70/3.00
4.9 Call Money Rate (Weighted Average)	5.05	5.11	4.94	3.24	3.23
4.10 91-Day Treasury Bill (Primary) Yield	4.36	5.03	5.13	3.08	3.35
4.11 182-Day Treasury Bill (Primary) Yield	4.97	5.22	5.24	3.34	3.56
4.12 364-Day Treasury Bill (Primary) Yield	4.94	5.30	5.29	3.46	3.68
4.13 10-Year G-Sec Par Yield (FBIL)	6.71	6.78	6.86	5.89	5.96
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	74.84	71.22	71.51	73.58	72.95
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	82.64	79.19	78.82	89.81	88.30
5.3 Forward Premia of US$ 1-month (%)	8.98	3.96	3.52	3.84	4.19
3-month (%)	5.93	3.90	4.25	3.75	5.48
6-month (%)	5.05	4.38	4.21	4.35	5.13
6 Inflation (%)					
6.1 All India Consumer Price Index	4.76	7.4	7.6	4.6	4.1
6.2 Consumer Price Index for Industrial Workers	7.54	9.6	7.5	3.7	3.2
6.3 Wholesale Price Index	1.69	2.8	3.5	1.2	2.0
6.3.1 Primary Articles	6.77	11.5	10.0	-1.6	-2.2
6.3.2 Fuel and Power	-1.63	0.4	5.4	-8.7	-4.8
6.3.3 Manufactured Products	0.29	-0.3	0.6	4.2	5.1
7 Foreign Trade (% Change)					
7.1 Imports	-7.66	-6.5	-0.7	7.6	2.0
7.2 Exports	-5.06	-2.7	-2.1	0.2	6.2

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						
	2019-20	2020	2021				
		Feb.	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	2412993	2321924	2780045	2796268	2814203	2809908	2809858
1.1.2 Notes held in Banking Department	10	13	13	12	17	14	21
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**2413003**	**2321937**	**2780058**	**2796281**	**2814220**	**2809923**	**2809879**
1.2 Assets							
1.2.1 Gold	103439	100833	114391	110163	113240	109433	110589
1.2.2 Foreign Securities	2308718	2220225	2664788	2685256	2700136	2699657	2698474
1.2.3 Rupee Coin	846	879	879	862	844	833	816
1.2.4 Government of India Rupee Securities	–	–	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1187409	990618	1512883	1472060	1503322	1520251	1532207
2.1.1.1 Central Government	100	100	101	100	101	100	101
2.1.1.2 Market Stabilisation Scheme							
2.1.1.3 State Governments	43	42	42	42	42	42	42
2.1.1.4 Scheduled Commercial Banks	536186	550033	476349	483345	464804	499898	462156
2.1.1.5 Scheduled State Co-operative Banks	7603	6739	6536	5801	5224	5550	5257
2.1.1.6 Non-Scheduled State Co-operative Banks	3445	3132	2619	2546	2533	2572	2430
2.1.1.7 Other Banks	32641	31600	26397	26083	27273	27078	27383
2.1.1.8 Others	605100	398150	987112	943318	990850	972581	1018787
2.1.1.9 Financial Institution Outside India	2291	822	13726	10825	12493	12429	16050
2.1.2 Other Liabilities	1350333	1219283	1440272	1412879	1421401	1409070	1415428
2.1/2.2 Total Liabilities or Assets	**2537742**	**2209901**	**2953154**	**2884939**	**2924722**	**2929320**	**2947634**
2.2 Assets							
2.2.1 Notes and Coins	10	13	13	13	17	14	21
2.2.2 Balances held Abroad	1006357	1022250	1357052	1296393	1262183	1265537	1314777
2.2.3 Loans and Advances							
2.2.3.1 Central Government	50477	5081	–	–	–	–	–
2.2.3.2 State Governments	1967	2882	4769	9230	10918	6441	3938
2.2.3.3 Scheduled Commercial Banks	285623	54186	84597	84614	84620	90521	84651
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	36	35	35
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	26181	23776	23996	26628	26848
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	10064	1815	6643	6662	6662	6662	6662
2.2.3.9 Financial Institution Outside India	2300	10336	6521	12016	28960	28857	29509
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	1042951	983803	1308808	1299243	1348740	1349265	1322118
2.2.6 Other Assets	137993	129535	158570	152992	158590	155361	159077
2.2.6.1 Gold	127644	120566	150412	144851	150344	146687	149649

* 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
Jan. 1, 2021	-	733305	-	-	43	-399	-	-	-	-	-	-	-	-733661
Jan. 2, 2021	-	42849	-	-	31	–	-	-	-	-	-	-	-	-42818
Jan. 3, 2021	-	1294	-	-	504	–	-	-	-	-	-	-	-	-790
Jan. 4, 2021	-	762852	-	-	102	-1201	-	-	-	-	-	-	-	-763951
Jan. 5, 2021	-	765155	-	-	37	–	-	-	-	-	-	-	-	-765118
Jan. 6, 2021	-	710047	-	-	55	–	-	-	-	-	-	-	-	-709992
Jan. 7, 2021	-	709041	-	-	0	–	-	-	-	-	-	-	-	-709041
Jan. 8, 2021	-	669422	-	-	0	–	-	10000	10000	-	-	-	-	-669422
Jan. 9, 2021	-	3483	-	-	250	–	-	-	-	-	-	-	-	-3233
Jan. 10, 2021	-	949	-	-	90	–	-	-	-	-	-	-	-	-859
Jan. 11, 2021	-	655478	-	-	0	–	-	-	-	-	-	-	-	-655478
Jan. 12, 2021	-	659817	-	-	3	–	-	-	-	-	-	-	-	-659814
Jan. 13, 2021	-	648243	-	-	53	–	-	-	-	-	-	-	-	-648190
Jan. 14, 2021	-	670642	-	-	1	–	-	-	-	-	-	-	-	-670641
Jan. 15, 2021	-	423872	-	200009	96	-553	-	10000	10000	-	-	-	-	-624338
Jan. 16, 2021	-	20857	-	-	163	–	-	-	-	-	-	-	-	-20694
Jan. 17, 2021	-	869	-	-	20	–	-	-	-	-	-	-	-	-849
Jan. 18, 2021	-	438666	-	-	121	–	-	-	-	-	-	-	-	-438545
Jan. 19, 2021	-	451593	-	-	31	–	-	-	2895	-	-	-	-	-448667
Jan. 20, 2021	-	415601	-	-	22	–	-	-	-	-	-	-	-	-415579
Jan. 21, 2021	-	428965	-	-	0	-834	-	-	-	-	-	-	-	-429799
Jan. 22, 2021	-	409837	-	-	10	–	-	–	10000	-	-	-	-	-399827
Jan. 23, 2021	-	2286	-	-	35	–	-	-	-	-	-	-	-	-2251
Jan. 24, 2021	-	5795	-	-	79	–	-	-	-	-	-	-	-	-5716
Jan. 25, 2021	-	412343	-	-	125	–	-	-	-	-	-	-	-	-412218
Jan. 26, 2021	-	3390	-	-	275	–	-	-	-	-	-	-	-	-3115
Jan. 27, 2021	-	424147	-	-	0	–	-	-	-	-	-	-	-	-424147
Jan. 28, 2021	-	467451	-	-	54	–	-	-	-	-	-	-	-	-467397
Jan. 29, 2021	-	485019	-	200007	0	–	-	-	-	-	-	-	-	-685026
Jan. 30, 2021	-	51422	-	-	0	-2500	-	-	-	-	-	-	-	-53922
Jan. 31, 2021	-	1826	-	-	1	–	-	-	-	-	-	-	-	-1825

Notes: # Includes Targeted Long Term Repo Operations (TLTRO) and Targeted Long Term Repo Operations 2.0(TLTRO 2.0). 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	2019-20	2020		2021
		Jan.	Dec.	Jan.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	45097	10266	3991	2854
1.1 Purchase (+)	72205	11486	10014	18225
1.2 Sale (–)	27108	1220	6023	15371
2 ₹ equivalent at contract rate (₹ Crores)	312005	72793	29439	21486
3 Cumulative (over end-March) (US $ Million)	45097	40007	72379	75233
(₹ Crores)	312005	278096	538628	560113
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	-4939	-1215	39792	47383

ii) Operations in currency futures segment

Item	2019-20	2020		2021
		Jan.	Dec.	Jan.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0	0	0	0
1.1 Purchase (+)	7713	400	3985	1962
1.2 Sale (–)	7713	400	3985	1962
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	-500	0	1962	2196

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

Item	As on January 31, 2021		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	7047	1095	5952
2. More than 1 month and upto 3 months	5537	200	5337
3. More than 3 months and upto 1 year	44049	0	44049
4. More than 1 year	2065	10020	-7955
Total (1+2+3+4)	**58698**	**11315**	**47383**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item		As on the Last Reporting Friday						
	2019-20	2020					2021	
		Feb. 28	Sep. 25	Oct. 23	Nov. 20	Dec. 18	Jan. 29	Feb. 26
	1	2	3	4	5	6	7	8
1 MSF	1262	4130	50	6	266	1	0	58
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	-	-	-	-	-	-	-	-
2.2 Outstanding	-	-	-	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	10000	2800	4900	4900	4900	4900	4900	4900
3.2 Outstanding	4782	1815	0	-	0	0	0	0
4 Others								
4.1 Limit	-	-	65000	65000	75000	82500	75000	75000
4.2 Outstanding	-	-	37691	36488	33234	34760	32205	32842
5 Total Outstanding (1+2.2+3.2+4.2)	6044	5945	37741	36494	33500	34761	32205	32900

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				
	2019-20	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	2349748	2218776	2681512	2717023	2707213
1.1 Notes in Circulation	2420964	2284695	2749859	2783749	2780045
1.2 Circulation of Rupee Coin	25605	25537	25875	25938	26004
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	97563	92198	94965	93407	99579
2 Deposit Money of the Public	1776200	1583039	1728417	1738318	1857474
2.1 Demand Deposits with Banks	1737692	1549183	1686628	1695727	1814252
2.2 'Other' Deposits with Reserve Bank	38507	33856	41788	42591	43222
3 M_1 (1 + 2)	**4125948**	**3801815**	**4409929**	**4455341**	**4564687**
4 Post Office Saving Bank Deposits	150963	143624	150963	150963	150963
5 M_2 (3 + 4)	**4276911**	**3945439**	**4560892**	**4606304**	**4715650**
6 Time Deposits with Banks	12674016	12616809	13645443	13783957	13836979
7 M_3 (3 + 6)	**16799963**	**16418625**	**18055372**	**18239299**	**18401666**
8 Total Post Office Deposits	433441	415251	433441	433441	433441
9 M_4 (7 + 8)	**17233404**	**16833876**	**18488813**	**18672740**	**18835107**

No. 7: Sources of Money Stock (M_3)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
1 Net Bank Credit to Government	**4960362**	**5014594**	**5637236**	**5718167**	**5735483**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	992192	1057037	980473	1051665	1058048
1.1.1 Claims on Government	1047808	1057180	1290946	1304662	1312493
1.1.1.1 Central Government	1045314	1055970	1284643	1294706	1307724
1.1.1.2 State Governments	2494	1210	6303	9955	4769
1.1.2 Government deposits with RBI	55616	143	310473	252996	254445
1.1.2.1 Central Government	55573	101	310431	252954	254403
1.1.2.2 State Governments	43	42	42	43	42
1.2 Other Banks' Credit to Government	3968170	3957557	4656763	4666502	4677435
2 Bank Credit to Commercial Sector	**11038644**	**10756624**	**11204826**	**11298773**	**11362375**
2.1 RBI's credit to commercial sector	13166	6380	11205	9341	8601
2.2 Other banks' credit to commercial sector	11025478	10750244	11193621	11289433	11353774
2.2.1 Bank credit by commercial banks	10370861	10105176	10547037	10640563	10704637
2.2.2 Bank credit by co-operative banks	637776	632356	636368	638529	639026
2.2.3 Investments by commercial and co-operative banks in other securities	16842	12711	10216	10341	10111
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**3801036**	**3559574**	**4565412**	**4548358**	**4576923**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	3590402	3351074	4267681	4250627	4279192
3.1.1 Gross foreign assets	3590636	3351293	4267926	4250872	4279437
3.1.2 Foreign liabilities	234	219	245	245	245
3.2 Other banks' net foreign exchange assets	210634	208500	297731	297731	297731
4 Government's Currency Liabilities to the Public	**26348**	**26280**	**26618**	**26681**	**26747**
5 Banking Sector's Net Non-monetary Liabilities	**3026427**	**2938447**	**3378721**	**3352681**	**3299860**
5.1 Net non-monetary liabilities of RBI	1378342	1158386	1478577	1446551	1436430
5.2 Net non-monetary liabilities of other banks (residual)	1648085	1780061	1900144	1906130	1863430
M_3 (1+2+3+4–5)	**16799963**	**16418625**	**18055372**	**18239299**	**18401666**

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	4125948	3801815	4409929	4455341	4564687
NM_2 (NM_1+ 1.2.2.1)	9745776	9399400	10476478	10584092	10716907
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	16923893	16552196	18142693	18319205	18479351
1 Components					
1.1 Currency with the Public	2349748	2218776	2681512	2717023	2707213
1.2 Aggregate Deposits of Residents	14226198	13988261	15167848	15315172	15485853
1.2.1 Demand Deposits	1737692	1549183	1686628	1695727	1814252
1.2.2 Time Deposits of Residents	12488506	12439078	13481220	13619445	13671601
1.2.2.1 Short-term Time Deposits	5619828	5597585	6066549	6128750	6152220
1.2.2.1.1 Certificates of Deposit (CDs)	169419	176959	67260	68287	63159
1.2.2.2 Long-term Time Deposits	6868678	6841493	7414671	7490695	7519380
1.3 'Other' Deposits with RBI	38507	33856	41788	42591	43222
1.4 Call/Term Funding from Financial Institutions	309439	311303	251545	244418	243063
2 Sources					
2.1 Domestic Credit	16857025	16647002	17794756	17966992	18048596
2.1.1 Net Bank Credit to the Government	4960362	5014594	5637236	5718167	5735483
2.1.1.1 Net RBI credit to the Government	992192	1057037	980473	1051665	1058048
2.1.1.2 Credit to the Government by the Banking System	3968170	3957557	4656763	4666502	4677435
2.1.2 Bank Credit to the Commercial Sector	11896663	11632408	12157520	12248825	12313113
2.1.2.1 RBI Credit to the Commercial Sector	13166	6380	37338	35522	34782
2.1.2.2 Credit to the Commercial Sector by the Banking System	11883497	11626028	12120182	12213303	12278331
2.1.2.2.1 Other Investments (Non-SLR Securities)	846284	865080	917177	914395	914781
2.2 Government's Currency Liabilities to the Public	26348	26280	26618	26681	26747
2.3 Net Foreign Exchange Assets of the Banking Sector	3612303	3307262	4461072	4480078	4486180
2.3.1 Net Foreign Exchange Assets of the RBI	3590402	3351074	4267681	4250627	4279192
2.3.2 Net Foreign Currency Assets of the Banking System	21900	-43812	193391	229451	206988
2.4 Capital Account	2670439	2497037	2872234	2845759	2839875
2.5 Other items (net)	901344	931311	1267520	1308788	1242296

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2019-20	2020			2021
		Jan.	Nov.	Dec.	Jan.
	1	2	3	4	5
1 NM_3	**16923893**	**16552196**	**18036372**	**18142693**	**18479351**
2 Postal Deposits	433441	415251	433441	433441	433441
3 L_1 (1 + 2)	**17357334**	**16967447**	**18469813**	**18576134**	**18912792**
4 Liabilities of Financial Institutions	57479	56400	34778	34794	31930
4.1 Term Money Borrowings	7928	2976	2645	2645	2645
4.2 Certificates of Deposit	46249	49631	28600	28865	25065
4.3 Term Deposits	3302	3793	3533	3284	4220
5 L_2 (3 + 4)	**17414812**	**17023847**	**18504591**	**18610928**	**18944722**
6 Public Deposits with Non-Banking Financial Companies	31905	..	..	31905	..
7 L_3 (5 + 6)	**17446717**	..	..	**18642833**	..

Note : 1. Since November 2019, updated data on liabilities of financial institutions have been incorporated in this table , and hence, are not comparable with past data.

2. Figures in the columns might not add up to the total due to rounding off of numbers.

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	2447312	2310975	2776477	2810430	2806792
1.2 Bankers' Deposits with the RBI	543888	592254	522176	518348	511901
1.2.1 Scheduled Commercial Banks	505131	550704	488262	483618	476349
1.3 'Other' Deposits with the RBI	38507	33856	41788	42591	43222
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	3029707	2937085	3340442	3371369	3361915
2 Sources					
2.1 RBI's Domestic Credit	791299	718117	524719	540613	492406
2.1.1 Net RBI credit to the Government	992192	1057037	980473	1051665	1058048
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)	989741	1055869	974212	1041752	1053321
2.1.1.1.1 Loans and Advances to the Central Government	–	73545	–	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	1044468	981706	1283889	1293804	1306845
2.1.1.1.3.1 Central Government Securities	1044468	981706	1283889	1293804	1306845
2.1.1.1.4 Rupee Coins	846	719	754	902	879
2.1.1.1.5 Deposits of the Central Government	55573	101	310431	252954	254403
2.1.1.2 Net RBI credit to State Governments	2451	1168	6261	9913	4727
2.1.2 RBI's Claims on Banks	-214059	-345300	-493092	-546574	-600423
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-214059	-345300	-466959	-520393	-574242
2.1.3 RBI's Credit to Commercial Sector	13166	6380	37338	35522	34782
2.1.3.1 Loans and Advances to Primary Dealers	5920	1872	1	1	1
2.1.3.2 Loans and Advances to NABARD	–	–	26133	26181	26181
2.2 Government's Currency Liabilities to the Public	26348	26280	26618	26681	26747
2.3 Net Foreign Exchange Assets of the RBI	3590402	3351074	4267681	4250627	4279192
2.3.1 Gold	230527	206919	272328	263499	264803
2.3.2 Foreign Currency Assets	3359893	3144172	3995371	3987145	4014406
2.4 Capital Account	1165066	1010660	1292910	1259803	1250074
2.5 Other Items (net)	213276	147726	185667	186748	186356

No. 11: Reserve Bank - Components and Sources

(₹ Crore)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays							
	2019-20	2020		2021				
		Jan. 31	Dec. 25	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29
	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)	3029707	2937085	3314167	3322152	3327913	3371369	3351957	3361915
1 Components								
1.1 Currency in Circulation	2447312	2310975	2778139	2770377	2797923	2810430	2811202	2806792
1.2 Bankers' Deposits with RBI	543888	592254	493293	509365	487500	518348	498025	511901
1.3 'Other' Deposits with RBI	38507	33856	42736	42410	42490	42591	42730	43222
2 Sources								
2.1 Net Reserve Bank Credit to Government	992192	1057037	1011641	1102053	1047688	1051665	1014168	1058048
2.2 Reserve Bank Credit to Banks	-214059	-345300	-524695	-630217	-567224	-520393	-498966	-574242
2.3 Reserve Bank Credit to Commercial Sector	13166	6380	11205	11496	11122	9341	8515	8601
2.4 Net Foreign Exchange Assets of RBI	3590402	3351074	4263000	4269569	4279363	4250627	4245756	4279192
2.5 Government's Currency Liabilities to the Public	26348	26280	26681	26681	26681	26681	26681	26747
2.6 Net Non- Monetary Liabilities of RBI	1378342	1158386	1473664	1457429	1469718	1446551	1444196	1436430

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2019-20	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	13381983	13146270	14314737	14460445	14632387
1.1.1 Demand Deposits	1617003	1431011	1564598	1573361	1691542
1.1.2 Time Deposits of Residents	11764979	11715259	12750139	12887084	12940845
1.1.2.1 Short-term Time Deposits	5294241	5271866	5737562	5799188	5823380
1.1.2.1.1 Certificates of Deposits (CDs)	169419	176959	67260	68287	63159
1.1.2.2 Long-term Time Deposits	6470739	6443392	7012576	7087896	7117465
1.2 Call/Term Funding from Financial Institutions	309439	311303	251545	244418	243063
2 Sources					
2.1 Domestic Credit	14967529	14707775	15878503	15977889	16055128
2.1.1 Credit to the Government	3738696	3730741	4411845	4420359	4432987
2.1.2 Credit to the Commercial Sector	11228833	10977034	11466658	11557530	11622141
2.1.2.1 Bank Credit	10370861	10105176	10547037	10640563	10704637
2.1.2.1.1 Non-food Credit	10319097	10026276	10453884	10553613	10617527
2.1.2.2 Net Credit to Primary Dealers	11997	10967	9647	9739	10040
2.1.2.3 Investments in Other Approved Securities	8653	4773	1759	1796	1646
2.1.2.4 Other Investments (in non-SLR Securities)	837321	856117	908214	905432	905819
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	21900	-43812	193391	229451	206988
2.2.1 Foreign Currency Assets	315641	242206	418715	449581	428781
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	185510	177731	164224	164512	165378
2.2.3 Overseas Foreign Currency Borrowings	108231	108287	61101	55617	56415
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	899410	977849	1040155	1087439	1140062
2.3.1 Balances with the RBI	536186	550704	488262	483618	476349
2.3.2 Cash in Hand	87260	81845	84934	83428	89471
2.3.3 Loans and Advances from the RBI	-275964	-345300	-466959	-520393	-574242
2.4 Capital Account	1481202	1462206	1555153	1561785	1565630
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	716216	722033	990614	1028130	961097
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	495445	435443	553551	514540	558300
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	66273	54114	69404	82356	73170

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 27, 2020	2020		2021	
		Jan. 31	Dec. 18	Jan. 15	Jan. 29
	1	2	3	4	5
1 SLR Securities	3747349	3735514	4413605	4422032	4434633
2 Commercial Paper	104526	94533	75341	72243	74534
3 Shares issued by					
3.1 PSUs	14106	12172	11241	11671	12011
3.2 Private Corporate Sector	75415	67153	70834	70218	69795
3.3 Others	5734	5558	5409	5463	5450
4 Bonds/Debentures issued by					
4.1 PSUs	125710	128910	127646	126269	127296
4.2 Private Corporate Sector	226559	230608	313097	313456	311745
4.3 Others	191690	191035	142431	140726	141012
5 Instruments issued by					
5.1 Mutual funds	35610	42463	29618	33711	30468
5.2 Financial institutions	97665	79815	132419	131674	133507

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			
	2019-20	2020		2021	2019-20	2020		2021
		Jan.	Dec.	Jan.		Jan.	Dec.	Jan.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	219	219	208	208	142	142	132	132
1 Liabilities to the Banking System	**320240**	**279961**	**269495**	**261071**	**314513**	**274771**	**264487**	**256186**
1.1 Demand and Time Deposits from Banks	239943	199889	208104	202625	234348	194935	203319	197957
1.2 Borrowings from Banks	64001	66900	44060	41913	64001	66868	44058	41913
1.3 Other Demand and Time Liabilities	16295	13172	17331	16533	16163	12968	17110	16316
2 Liabilities to Others	**14905949**	**14598202**	**15805240**	**16090003**	**14480607**	**14179034**	**15372567**	**15655544**
2.1 Aggregate Deposits	13975551	13726481	14904791	15216594	13567492	13324001	14488370	14797766
2.1.1 Demand	1653242	1463589	1601779	1728346	1617003	1431011	1565783	1691542
2.1.2 Time	12322309	12262891	13303012	13488248	11950489	11892990	12922587	13106224
2.2 Borrowings	313908	315590	257321	247395	309439	311303	252891	243063
2.3 Other Demand and Time Liabilities	616491	556132	643127	626015	603676	543730	631306	614715
3 Borrowings from Reserve Bank	**285623**	**16915**	**77318**	**84597**	**285623**	**16915**	**77318**	**84597**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	285623	16915	77318	84597	285623	16915	77318	84597
4 Cash in Hand and Balances with Reserve Bank	**643038**	**650927**	**557529**	**581938**	**623446**	**632549**	**542590**	**565820**
4.1 Cash in Hand	89671	84191	86836	91572	87260	81845	84872	89471
4.2 Balances with Reserve Bank	553367	566736	470693	490366	536186	550704	457719	476349
5 Assets with the Banking System	**323680**	**290256**	**264863**	**254454**	**260238**	**231623**	**204254**	**193056**
5.1 Balances with Other Banks	181460	178084	180945	173964	155401	151373	147352	140128
5.1.1 In Current Account	17204	24273	17423	15853	14457	21376	15174	13638
5.1.2 In Other Accounts	164256	153811	163522	158111	140945	129997	132178	126491
5.2 Money at Call and Short Notice	43335	37079	31389	32442	20273	20180	8512	10113
5.3 Advances to Banks	38266	32315	21271	19319	30531	24959	20573	17286
5.4 Other Assets	60619	42777	31259	28730	54032	35111	27817	25529
6 Investment	**3865544**	**3849568**	**4537040**	**4566911**	**3747349**	**3735514**	**4403341**	**4434633**
6.1 Government Securities	3850819	3838797	4528809	4558741	3738696	3730741	4401696	4432987
6.2 Other Approved Securities	14724	10771	8231	8170	8653	4773	1645	1646
7 Bank Credit	**10705336**	**10431745**	**10926301**	**11046806**	**10370861**	**10105176**	**10587475**	**10704637**
7a Food Credit	82172	108222	126156	117510	51763	78899	95755	87110
7.1 Loans, Cash-credits and Overdrafts	10480934	10214455	10752941	10865977	10149509	9891378	10416107	10525849
7.2 Inland Bills-Purchased	26214	25518	22894	23812	25658	24595	22629	23549
7.3 Inland Bills-Discounted	147209	136629	101639	108219	145683	135171	100728	107357
7.4 Foreign Bills-Purchased	20866	23000	18020	18217	20458	22422	17727	17852
7.5 Foreign Bills-Discounted	30114	32142	30808	30581	29554	31611	30285	30031

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

(₹ Crore)

Sector	Outstanding as on			Growth (%)	
	Mar.27, 2020	2020	2021	Financial year so far	Y-o-Y
		Jan.31	Jan.29	2020-21	2021
	1	2	3	%	%
1 Gross Bank Credit	**9263132**	**8978800**	**9497150**	**2.5**	**5.8**
1.1 Food Credit	**51590**	**78664**	**86817**	**68.3**	**10.4**
1.2 Non-food Credit	**9211542**	**8900136**	**9410333**	**2.2**	**5.7**
1.2.1 Agriculture & Allied Activities	**1157795**	**1153386**	**1267714**	**9.5**	**9.9**
1.2.2 Industry	**2905151**	**2817524**	**2781575**	**-4.3**	**-1.3**
1.2.2.1 Micro and Small[1]	385834	373050	376297	-2.5	0.9
1.2.2.2 Medium	101588	106813	127227	25.2	19.1
1.2.2.3 Large	2417729	2337661	2278051	-5.8	-2.5
1.2.3 Services	**2594947**	**2431976**	**2636628**	**1.6**	**8.4**
1.2.3.1 Transport Operators	140142	139160	151553	8.1	8.9
1.2.3.2 Computer Software	20050	18775	18731	-6.6	-0.2
1.2.3.3 Tourism, Hotels & Restaurants	45978	45395	49413	7.5	8.9
1.2.3.4 Shipping	6557	6682	7183	9.5	7.5
1.2.3.5 Aviation	6429	5581	12280	91.0	120.0
1.2.3.6 Professional Services	176997	172206	129080	-27.1	-25.0
1.2.3.7 Trade	552391	519547	600957	8.8	15.7
1.2.3.7.1 Wholesale Trade	263396	237341	298232	13.2	25.7
1.2.3.7.2 Retail Trade	288995	282207	302725	4.8	7.3
1.2.3.8 Commercial Real Estate	229770	227266	233671	1.7	2.8
1.2.3.9 Non-Banking Financial Companies[2] (NBFCs) *of which,*	904785	831186	885852	-2.1	6.6
1.2.3.9.1 Housing Finance Companies (HFCs)	216532	149684	150390	-30.5	0.5
1.2.3.9.2 Public Financial Institutions (PFIs)	39789	28325	71109	78.7	151.0
1.2.3.10 Other Services[3]	511847	466179	547910	7.0	17.5
1.2.4 Personal Loans	**2553649**	**2497250**	**2724415**	**6.7**	**9.1**
1.2.4.1 Consumer Durables	9299	6453	7397	-20.4	14.6
1.2.4.2 Housing	1338961	1316473	1417538	5.9	7.7
1.2.4.3 Advances against Fixed Deposits	79494	67240	67176	-15.5	-0.1
1.2.4.4 Advances to Individuals against share & bonds	5334	5185	4163	-22.0	-19.7
1.2.4.5 Credit Card Outstanding	108097	110864	116361	7.6	5.0
1.2.4.6 Education	65744	67038	64364	-2.1	-4.0
1.2.4.7 Vehicle Loans	220610	220240	235882	6.9	7.1
1.2.4.8 Loan against gold jewellery	26192	18596	43141	64.7	132.0
1.2.4.9 Other Personal Loans	699919	685162	768392	9.8	12.1
1.2A Priority Sector *(Memo)*					
1.2A.1 Agriculture & Allied Activities[4]	1133726	1125885	1246880	10.0	10.7
1.2A.2 Micro & Small Enterprises[5]	1078702	1079522	1148502	6.5	6.4
1.2A.3 Medium Enterprises[6]	132360	127608	163182	23.3	27.9
1.2A.4 Housing	459573	463249	470361	2.3	1.5
1.2A.5 Education Loans	50335	53335	50014	-0.6	-6.2
1.2A.6 Renewable Energy	1037	875	1282	23.6	46.4
1.2A.7 Social Infrastructure	997	997	1971	97.6	97.7
1.2A.8 Export Credit[7]	16575	13508	17151	3.5	27.0
1.2A.9 Others	12852	14055	14765	14.9	5.0
1.2A.10 Weaker Sections including net PSLC- SF/MF	725267	735960	766466	5.7	4.1

Note 1: Data are provisional and relate to select banks which cover about 90 per cent of total non-food credit extended by all scheduled commercial banks.
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. 27, 2020	2020	2021	Financial year so far	Y-o-Y
		Jan. 31	Jan. 29	2020-21	2021
	1	2	3	%	%
1 Industries (2.1 to 2.19)	**2905151**	**2817524**	**2781575**	**–4.3**	**–1.3**
1.1 Mining & Quarrying (incl. Coal)	**43926**	**41886**	**45477**	**3.5**	**8.6**
1.2 Food Processing	**154145**	**150279**	**155367**	**0.8**	**3.4**
1.2.1 Sugar	27382	26288	21261	–22.4	–19.1
1.2.2 Edible Oils & Vanaspati	19239	20745	19678	2.3	–5.1
1.2.3 Tea	5374	5438	5728	6.6	5.3
1.2.4 Others	102149	97809	108700	6.4	11.1
1.3 Beverage & Tobacco	**16523**	**14991**	**15084**	**–8.7**	**0.6**
1.4 Textiles	**192423**	**190108**	**209457**	**8.9**	**10.2**
1.4.1 Cotton Textiles	89283	87850	94115	5.4	7.1
1.4.2 Jute Textiles	2116	2198	2606	23.2	18.5
1.4.3 Man-Made Textiles	26074	26017	29779	14.2	14.5
1.4.4 Other Textiles	74951	74044	82957	10.7	12.0
1.5 Leather & Leather Products	**11098**	**10882**	**11203**	**0.9**	**3.0**
1.6 Wood & Wood Products	**12234**	**12205**	**13285**	**8.6**	**8.8**
1.7 Paper & Paper Products	**30965**	**31085**	**34933**	**12.8**	**12.4**
1.8 Petroleum, Coal Products & Nuclear Fuels	**75834**	**55621**	**56586**	**–25.4**	**1.7**
1.9 Chemicals & Chemical Products	**202949**	**183049**	**181423**	**–10.6**	**–0.9**
1.9.1 Fertiliser	49066	34535	40642	–17.2	17.7
1.9.2 Drugs & Pharmaceuticals	53427	52073	49688	–7.0	–4.6
1.9.3 Petro Chemicals	42233	40697	37497	–11.2	–7.9
1.9.4 Others	58223	55744	53596	–7.9	–3.9
1.10 Rubber, Plastic & their Products	**50415**	**49254**	**50630**	**0.4**	**2.8**
1.11 Glass & Glassware	**8777**	**8678**	**9147**	**4.2**	**5.4**
1.12 Cement & Cement Products	**58689**	**57715**	**57536**	**–2.0**	**–0.3**
1.13 Basic Metal & Metal Product	**350325**	**335104**	**328174**	**–6.3**	**–2.1**
1.13.1 Iron & Steel	262396	252173	240332	–8.4	–4.7
1.13.2 Other Metal & Metal Product	87930	82931	87841	–0.1	5.9
1.14 All Engineering	**157258**	**157586**	**142592**	**–9.3**	**–9.5**
1.14.1 Electronics	30158	33594	30866	2.3	–8.1
1.14.2 Others	127100	123992	111726	–12.1	–9.9
1.15 Vehicles, Vehicle Parts & Transport Equipment	**82606**	**79794**	**83784**	**1.4**	**5.0**
1.16 Gems & Jewellery	**59515**	**59841**	**61347**	**3.1**	**2.5**
1.17 Construction	**104288**	**105113**	**99542**	**–4.6**	**–5.3**
1.18 Infrastructure	**1053913**	**1036852**	**996326**	**–5.5**	**–3.9**
1.18.1 Power	559774	559305	557395	–0.4	–0.3
1.18.2 Telecommunications	143760	136080	85984	–40.2	–36.8
1.18.3 Roads	176549	182064	194843	10.4	7.0
1.18.4 Airports	4824	3871	5840	21.1	50.9
1.18.5 Ports	10880	7227	7481	–31.2	3.5
1.18.6 Railways	10607	9905	10723	1.1	8.3
1.18.7 Other Infrastructure	147518	138400	134059	–9.1	–3.1
1.19 Other Industries	**239269**	**237480**	**229682**	**–4.0**	**–3.3**

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	2019	2020						
		Dec, 27	Oct, 30	Nov, 06	Nov, 20	Nov, 27	Dec, 04	Dec, 18	Dec, 25
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	32	32	31	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**124101.8**	**124123.0**	**127348.2**	**126623.2**	**126400.7**	**124182.3**	**124679.0**	**127836.9**	**127688.1**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**26213.8**	**23898.4**	**22714.0**	**22228.4**	**21539.4**	**22657.4**	**22959.7**	**22479.4**	**22420.6**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	5295.0	4319.4	4028.2	4299.3	4178.6	3926.9	4406.7	4330.2	4320.8
2.1.1.2 Others	14523.6	13592.6	13517.3	12827.8	13208.0	13223.4	13330.3	14031.1	13619.4
2.1.2 Borrowings from Banks	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.3 Other Demand Liabilities	6295.2	5986.4	5168.5	5101.3	4152.8	5507.1	5222.7	4118.0	4480.4
2.2 Time Liabilities	**167684.5**	**163309.8**	**172354.2**	**171935.1**	**171251.9**	**170392.8**	**170213.1**	**172959.7**	**173948.2**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	56564.0	51119.9	56969.6	56563.3	55366.5	57870.7	57309.3	56572.7	57412.6
2.2.1.2 Others	109578.2	110530.4	113830.9	113795.4	113192.7	110958.9	111348.7	113805.9	114068.7
2.2.2 Borrowings from Banks	630.2	743.7	629.9	629.9	635.6	629.9	629.9	630.0	630.0
2.2.3 Other Time Liabilities	912.1	915.9	923.8	946.4	2057.1	933.2	925.2	1951.2	1836.9
3 Borrowing from Reserve Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	52772.2	48678.0	55909.0	56918.9	57068.0	58359.7	57545.6	57588.8	58628.3
4.1 Demand	13764.4	14382.0	13041.1	13813.2	14207.1	14440.6	13705.2	13030.4	13515.1
4.2 Time	39007.8	34296.0	42867.9	43105.7	42860.9	43919.1	43840.4	44558.4	45113.2
5 Cash in Hand and Balances with Reserve Bank	**9428.2**	**8953.3**	**7238.4**	**7031.6**	**6877.4**	**7131.8**	**7135.7**	**7052.5**	**7115.9**
5.1 Cash in Hand	750.5	723.4	558.9	552.9	576.0	546.8	540.3	585.2	559.5
5.2 Balance with Reserve Bank	8677.8	8229.9	6679.5	6478.6	6301.4	6585.0	6595.4	6467.4	6556.4
6 Balances with Other Banks in Current Account	**1521.7**	**745.6**	**935.7**	**837.1**	**822.1**	**897.3**	**967.2**	**768.5**	**925.6**
7 Investments in Government Securities	**50626.9**	**50055.0**	**58774.4**	**60209.9**	**59731.1**	**60795.8**	**61404.9**	**60836.1**	**61776.2**
8 Money at Call and Short Notice	**25283.9**	**25039.3**	**24871.2**	**24593.9**	**23939.7**	**24676.4**	**24138.4**	**25466.5**	**25977.3**
9 Bank Credit (10.1+11)	**110905.5**	**101056.2**	**111109.5**	**110024.6**	**110526.4**	**110246.6**	**108885.6**	**110148.8**	**111467.9**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**110901.5**	**101051.9**	**111093.5**	**110008.6**	**110510.4**	**110230.7**	**108869.6**	**110132.9**	**111451.9**
10.2 Due from Banks	81300.1	77214.1	82258.8	83798.2	84174.2	84270.3	84699.4	86694.6	86450.6
11 Bills Purchased and Discounted	4.0	4.3	16.0	16.0	16.0	16.0	15.9	15.9	16.0

Prices and Production

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

Group/Sub group	2019-20			Rural			Urban			Combined		
	Rural	Urban	Combined	Jan. 20	Dec. 20	Jan 21(P)	Jan. 20	Dec. 20	Jan 21(P)	Jan. 20	Dec. 20	Jan 21(P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**146.3**	**149.6**	**147.5**	**153.0**	**159.6**	**155.7**	**154.4**	**163.4**	**160.8**	**153.5**	**161.0**	**157.6**
1.1 Cereals and products	140.7	143.2	141.4	143.7	143.4	142.9	145.6	148.0	147.7	144.3	144.9	144.4
1.2 Meat and fish	163.3	161.4	162.6	167.3	187.5	186.1	167.6	194.8	192.5	167.4	190.1	188.4
1.3 Egg	142.1	145.7	143.5	153.5	173.4	174.3	157.0	178.4	175.7	154.9	175.3	174.8
1.4 Milk and products	146.5	146.0	146.3	150.5	154.0	154.1	149.3	154.4	154.4	150.1	154.1	154.2
1.5 Oils and fats	127.1	121.8	125.1	132.0	154.8	159.7	126.3	144.1	148.4	129.9	150.9	155.5
1.6 Fruits	144.0	148.8	146.2	142.2	147.0	147.9	144.4	152.6	153.1	143.2	149.6	150.3
1.7 Vegetables	163.5	187.8	171.7	191.5	187.8	157.1	207.8	206.8	182.8	197.0	194.2	165.8
1.8 Pulses and products	133.7	132.0	133.1	141.1	159.5	158.7	139.1	162.1	160.2	140.4	160.4	159.2
1.9 Sugar and confectionery	112.0	113.4	112.5	113.8	113.8	112.9	114.8	116.3	115.5	114.1	114.6	113.8
1.10 Spices	145.6	145.1	145.5	151.6	164.5	165.2	149.5	163.0	163.0	150.9	164.0	164.5
1.11 Non-alcoholic beverages	138.8	130.2	135.2	139.7	156.1	158.6	131.1	145.9	147.7	136.1	151.8	154.0
1.12 Prepared meals, snacks, sweets	157.6	156.7	157.2	158.7	164.3	165.1	158.5	167.2	168.5	158.6	165.6	166.7
2 Pan, tobacco and intoxicants	**166.3**	**169.0**	**167.0**	**168.6**	**184.6**	**185.8**	**170.8**	**191.8**	**192.7**	**169.2**	**186.5**	**187.6**
3 Clothing and footwear	**151.3**	**143.7**	**148.3**	**152.1**	**156.8**	**157.5**	**144.9**	**150.2**	**151.0**	**149.2**	**154.2**	**154.9**
3.1 Clothing	152.0	145.7	149.5	152.8	157.5	158.2	147.0	152.5	153.3	150.5	155.5	156.3
3.2 Footwear	146.9	132.4	140.9	147.4	152.4	153.1	133.2	137.3	137.8	141.5	146.1	146.7
4 Housing	--	**152.2**	**152.2**	--	--	--	**153.9**	**157.7**	**158.9**	**153.9**	**157.7**	**158.9**
5 Fuel and light	**148.6**	**131.5**	**142.2**	**150.4**	**150.9**	**152.9**	**135.1**	**142.9**	**145.7**	**144.6**	**147.9**	**150.2**
6 Miscellaneous	**145.6**	**135.9**	**140.9**	**148.1**	**155.9**	**156.7**	**138.4**	**147.6**	**148.4**	**143.4**	**151.9**	**152.7**
6.1 Household goods and services	150.6	138.7	145.0	151.7	153.9	154.2	140.1	145.7	146.0	146.2	150.0	150.3
6.2 Health	153.6	142.1	149.3	155.7	162.5	163.5	143.8	154.1	155.1	151.2	159.3	160.3
6.3 Transport and communication	132.6	122.2	127.1	136.3	147.5	148.7	126.1	136.9	138.1	130.9	141.9	143.1
6.4 Recreation and amusement	148.3	135.9	141.3	150.1	155.1	156.1	137.2	145.4	146.5	142.8	149.6	150.7
6.5 Education	159.8	150.9	154.5	161.7	163.5	163.3	152.1	156.1	156.8	156.1	159.2	159.5
6.6 Personal care and effects	139.2	138.4	138.9	142.5	156.2	156.9	142.1	157.7	158.2	142.3	156.8	157.4
General Index (All Groups)	**147.3**	**145.1**	**146.3**	**151.9**	**158.5**	**156.8**	**148.2**	**156.0**	**155.7**	**150.2**	**157.3**	**156.3**

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	2019-20	2020		2021
				Jan.	Dec.	Jan.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	--	–	118.8	118.2
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	980	1016	1047	1038
3 Consumer Price Index for Rural Labourers	1986-87	–	986	1021	1053	1045

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

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

Item	2019-20	2020		2021
		Jan.	Dec.	Jan.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	37018	39984	49444	49612
2 Silver (₹ per kilogram)	42514	46498	64757	66785

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	2019-20	2020			2021
			Jan.	Nov.	Dec. (P)	Jan. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**121.8**	**123.4**	**125.1**	**124.5**	**125.9**
1.1 PRIMARY ARTICLES	**22.618**	**143.3**	**147.2**	**152.8**	**146.5**	**143.9**
1.1.1 FOOD ARTICLES	**15.256**	**155.8**	**160.5**	**170.1**	**160.8**	**156.0**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	159.6	165.0	158.8	157.5	157.2
1.1.1.2 Fruits & Vegetables	3.475	174.7	180.9	218.8	179.2	158.6
1.1.1.3 Milk	4.440	146.7	149.0	154.7	154.3	154.3
1.1.1.4 Eggs,Meat & Fish	2.402	147.0	153.1	149.0	151.3	150.4
1.1.1.5 Condiments & Spices	0.529	143.9	156.9	156.5	153.4	151.4
1.1.1.6 Other Food Articles	0.948	144.0	143.5	165.7	164.4	166.2
1.1.2 NON-FOOD ARTICLES	**4.119**	**128.7**	**132.1**	**138.0**	**138.2**	**137.6**
1.1.2.1 Fibres	0.839	128.2	124.1	120.3	123.5	125.9
1.1.2.2 Oil Seeds	1.115	151.4	157.1	162.0	164.4	171.0
1.1.2.3 Other non-food Articles	1.960	104.8	105.8	114.0	114.3	114.2
1.1.2.4 Floriculture	0.204	238.0	280.7	310.4	285.0	228.7
1.1.3 MINERALS	**0.833**	**154.5**	**153.8**	**157.4**	**153.3**	**157.4**
1.1.3.1 Metallic Minerals	0.648	147.4	144.4	150.1	146.8	150.1
1.1.3.2 Other Minerals	0.185	179.0	186.6	183.0	176.1	183.0
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**85.3**	**86.9**	**67.5**	**67.5**	**73.9**
1.2 FUEL & POWER	**13.152**	**102.2**	**104.7**	**94.2**	**94.2**	**99.7**
1.2.1 COAL	**2.138**	**125.3**	**126.5**	**126.5**	**127.0**	**127.0**
1.2.1.1 Coking Coal	0.647	138.1	141.9	141.9	141.9	141.9
1.2.1.2 Non-Coking Coal	1.401	119.0	119.0	119.0	119.8	119.8
1.2.1.3 Lignite	0.090	129.1	131.1	131.1	131.1	131.1
1.2.2 MINERAL OILS	**7.950**	**92.3**	**93.8**	**76.6**	**81.1**	**85.6**
1.2.3 ELECTRICITY	**3.064**	**111.8**	**117.9**	**117.4**	**105.3**	**117.4**
1.3 MANUFACTURED PRODUCTS	**64.231**	**118.3**	**118.8**	**121.6**	**123.0**	**124.9**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**133.9**	**138.3**	**142.4**	**143.7**	**144.9**
1.3.1.1 Processing and Preserving of meat	0.134	137.5	135.8	137.2	137.7	139.0
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	136.1	134.3	135.8	135.4	139.1
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	114.3	114.6	122.4	121.8	121.5
1.3.1.4 Vegetable and Animal oils and Fats	2.643	119.3	131.6	148.1	153.9	158.3
1.3.1.5 Dairy products	1.165	145.0	151.4	144.9	146.1	147.4
1.3.1.6 Grain mill products	2.010	146.3	147.1	142.3	141.5	141.9
1.3.1.7 Starches and Starch products	0.110	135.5	136.1	111.4	117.2	119.7
1.3.1.8 Bakery products	0.215	133.5	135.7	138.5	139.2	139.1
1.3.1.9 Sugar, Molasses & honey	1.163	118.3	120.2	118.4	118.6	116.9
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	127.2	125.7	128.5	126.0	126.0
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	132.7	131.7	133.5	128.8	130.2
1.3.1.12 Tea & Coffee products	0.371	139.7	130.1	172.2	163.7	159.1
1.3.1.13 Processed condiments & salt	0.163	132.4	135.8	147.5	149.1	150.5
1.3.1.14 Processed ready to eat food	0.024	128.7	129.9	131.8	133.7	133.1
1.3.1.15 Health supplements	0.225	159.9	157.2	140.4	137.9	138.8
1.3.1.16 Prepared animal feeds	0.356	173.6	174.9	171.6	171.5	170.7
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**123.6**	**124.1**	**123.6**	**123.2**	**124.4**
1.3.2.1 Wines & spirits	0.408	117.8	118.3	119.6	119.4	121.4
1.3.2.2 Malt liquors and Malt	0.225	125.7	126.3	125.9	124.3	124.6
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	130.5	130.8	127.8	128.1	128.5
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**153.4**	**152.0**	**156.1**	**156.9**	**157.7**
1.3.3.1 Tobacco products	0.514	153.4	152.0	156.1	156.9	157.7

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2019-20	2020			2021
			Jan.	Nov.	Dec. (P)	Jan. (P)
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**117.7**	**116.4**	**116.8**	**118.3**	**122.4**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	107.9	105.5	105.5	107.7	113.2
1.3.4.2 Weaving & Finishing of textiles	1.509	130.1	129.8	130.9	132.1	135.3
1.3.4.3 Knitted and Crocheted fabrics	0.193	114.5	114.9	115.0	114.2	114.9
1.3.4.4 Made-up textile articles, Except apparel	0.299	134.5	133.4	132.5	132.8	133.5
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	143.1	147.2	157.6	159.5	160.7
1.3.4.6 Other textiles	0.201	116.8	116.1	114.8	114.7	115.5
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**138.3**	**137.8**	**139.5**	**139.0**	**139.5**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	139.2	138.6	138.3	137.9	138.6
1.3.5.2 Knitted and Crocheted apparel	0.221	135.9	135.7	142.8	142.0	142.0
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**118.6**	**117.4**	**117.9**	**118.5**	**117.6**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	105.5	102.4	100.6	100.4	100.6
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	136.3	136.1	137.9	139.0	139.6
1.3.6.3 Footwear	0.318	120.3	119.8	120.9	121.7	120.0
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	**0.772**	**133.7**	**132.8**	**134.7**	**134.7**	**136.3**
1.3.7.1 Saw milling and Planing of wood	0.124	122.2	121.1	120.1	121.1	122.1
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	135.5	135.1	136.1	136.3	138.2
1.3.7.3 Builder's carpentry and Joinery	0.036	176.2	178.0	189.5	188.5	190.2
1.3.7.4 Wooden containers	0.119	125.7	122.3	127.5	126.2	127.1
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**121.1**	**120.3**	**120.0**	**120.7**	**123.2**
1.3.8.1 Pulp, Paper and Paperboard	0.493	125.0	122.6	121.3	122.5	125.3
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	115.0	116.9	123.3	123.0	125.5
1.3.8.3 Other articles of paper and Paperboard	0.306	121.2	119.9	114.8	115.5	117.3
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**150.6**	**152.0**	**157.3**	**158.4**	**155.1**
1.3.9.1 Printing	0.676	150.6	152.0	157.3	158.4	155.1
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**117.5**	**116.2**	**118.2**	**119.3**	**120.4**
1.3.10.1 Basic chemicals	1.433	119.9	116.8	117.8	118.7	122.0
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	123.1	122.7	123.0	123.6	123.6
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	112.4	110.8	118.1	121.6	122.3
1.3.10.4 Pesticides and Other agrochemical products	0.454	122.6	121.5	125.8	125.8	125.3
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	114.7	114.3	114.4	115.9	116.9
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	118.6	119.0	121.3	121.4	121.5
1.3.10.7 Other chemical products	0.692	114.2	113.4	115.0	114.6	116.0
1.3.10.8 Man-made fibres	0.296	97.9	95.6	91.5	95.7	96.7
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**127.3**	**130.6**	**132.0**	**131.1**	**131.2**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	127.3	130.6	132.0	131.1	131.2
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**108.5**	**108.1**	**112.0**	**113.2**	**116.0**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	98.9	99.3	97.5	98.0	99.4
1.3.12.2 Other Rubber Products	0.272	93.5	93.2	92.6	93.4	94.1
1.3.12.3 Plastics products	1.418	115.4	114.7	121.9	123.6	127.4
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**116.7**	**115.7**	**116.9**	**117.3**	**115.9**
1.3.13.1 Glass and Glass products	0.295	124.5	126.2	126.4	127.6	129.4
1.3.13.2 Refractory products	0.223	108.7	108.6	110.2	109.7	110.1
1.3.13.3 Clay Building Materials	0.121	102.8	104.5	113.3	110.8	108.4
1.3.13.4 Other Porcelain and Ceramic Products	0.222	113.9	114.8	108.0	109.7	111.1
1.3.13.5 Cement, Lime and Plaster	1.645	119.5	117.9	119.1	120.1	118.9

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2019-20	2020			2021
			Jan.	Nov.	Dec. (P)	Jan. (P)
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	121.6	122.5	126.0	127.2	125.9
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	120.2	118.9	120.9	121.1	122.9
1.3.13.8 Other Non-Metallic Mineral Products	0.169	86.6	78.1	81.3	75.2	55.3
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**106.2**	**106.5**	**111.5**	**115.5**	**121.9**
1.3.14.1 Inputs into steel making	1.411	100.6	102.3	108.4	116.0	122.8
1.3.14.2 Metallic Iron	0.653	107.7	107.8	113.6	120.8	128.0
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	95.1	96.3	100.0	103.0	106.6
1.3.14.4 Mild Steel -Long Products	1.081	105.5	104.9	112.8	117.3	124.5
1.3.14.5 Mild Steel - Flat products	1.144	108.7	106.9	118.2	123.9	135.2
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	102.8	101.6	107.7	114.4	119.8
1.3.14.7 Stainless Steel - Semi Finished	0.924	102.9	105.3	106.3	107.7	125.2
1.3.14.8 Pipes & tubes	0.205	126.2	126.9	126.7	130.7	132.4
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	107.0	106.9	113.5	116.9	118.8
1.3.14.10 Castings	0.925	112.8	111.7	109.5	108.9	110.1
1.3.14.11 Forgings of steel	0.271	146.5	147.1	145.4	146.5	147.6
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**115.5**	**115.2**	**115.9**	**118.0**	**119.6**
1.3.15.1 Structural Metal Products	1.031	113.9	113.0	113.3	114.9	117.7
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	124.4	124.2	127.4	132.7	136.4
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	104.7	106.3	96.9	97.2	97.2
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	100.5	98.2	98.0	100.6	96.5
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	100.5	101.8	104.1	104.7	103.9
1.3.15.6 Other Fabricated Metal Products	0.728	124.0	124.4	125.7	125.9	128.0
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**110.4**	**109.6**	**108.6**	**109.2**	**110.1**
1.3.16.1 Electronic Components	0.402	98.1	97.4	100.6	100.3	99.3
1.3.16.2 Computers and Peripheral Equipment	0.336	135.0	135.0	134.0	134.4	134.4
1.3.16.3 Communication Equipment	0.310	117.0	116.8	114.4	114.6	115.1
1.3.16.4 Consumer Electronics	0.641	98.8	96.9	94.7	95.8	99.2
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	111.5	110.6	106.4	109.6	108.8
1.3.16.6 Watches and Clocks	0.076	139.1	140.5	141.7	141.7	141.8
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	103.6	104.9	103.1	102.5	101.5
1.3.16.8 Optical instruments and Photographic equipment	0.008	110.2	112.2	95.6	95.2	95.2
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**111.3**	**110.8**	**113.2**	**115.0**	**116.0**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	109.0	108.4	112.0	115.0	115.2
1.3.17.2 Batteries and Accumulators	0.236	117.0	116.6	117.8	117.9	118.4
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	109.9	108.0	99.5	99.4	102.7
1.3.17.4 Other electronic and Electric wires and Cables	0.428	109.7	110.5	116.1	119.3	122.0
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	111.1	111.3	111.2	109.5	111.4
1.3.17.6 Domestic appliances	0.366	119.9	118.3	119.2	119.8	120.6
1.3.17.7 Other electrical equipment	0.206	108.6	108.3	109.9	111.6	111.8
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**113.1**	**113.2**	**113.8**	**114.5**	**115.2**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	104.8	104.8	104.4	107.0	106.9
1.3.18.2 Fluid power equipment	0.162	119.9	120.1	120.2	120.6	120.9
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	111.2	112.3	111.5	111.7	111.8
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	110.1	111.2	110.4	113.5	112.8
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	80.0	80.9	83.7	83.6	84.3
1.3.18.6 Lifting and Handling equipment	0.285	111.5	111.7	113.5	113.8	115.9

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2019-20	2020			2021
			Jan.	Nov.	Dec. (P)	Jan. (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	130.9	127.8	127.7	127.2	130.6
1.3.18.9 Agricultural and Forestry machinery	0.833	120.6	121.1	121.6	121.9	123.0
1.3.18.10 Metal-forming machinery and Machine tools	0.224	108.1	108.2	108.2	107.7	108.2
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	75.1	75.7	75.6	75.9	76.4
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	125.2	126.3	131.7	131.9	131.1
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	119.7	119.3	123.3	123.4	124.1
1.3.18.14 Other special-purpose machinery	0.468	126.3	125.9	128.4	129.1	129.3
1.3.18.15 Renewable electricity generating equipment	0.046	66.0	65.4	65.5	65.9	66.0
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**114.5**	**116.0**	**117.9**	**118.4**	**118.5**
1.3.19.1 Motor vehicles	2.600	115.2	116.4	120.1	120.5	120.8
1.3.19.2 Parts and Accessories for motor vehicles	2.368	113.7	115.5	115.5	116.1	116.0
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**118.0**	**118.7**	**127.5**	**127.6**	**127.9**
1.3.20.1 Building of ships and Floating structures	0.117	158.8	158.8	158.8	158.8	158.8
1.3.20.2 Railway locomotives and Rolling stock	0.110	106.4	107.0	104.8	104.6	104.6
1.3.20.3 Motor cycles	1.302	114.3	115.2	126.5	126.5	126.8
1.3.20.4 Bicycles and Invalid carriages	0.117	128.9	128.2	128.7	129.5	130.9
1.3.20.5 Other transport equipment	0.002	126.1	127.4	127.7	128.1	129.3
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**130.9**	**132.9**	**133.6**	**134.0**	**135.7**
1.3.21.1 Furniture	0.727	130.9	132.9	133.6	134.0	135.7
1.3.22 OTHER MANUFACTURING	**1.064**	**112.7**	**113.9**	**135.0**	**135.9**	**133.1**
1.3.22.1 Jewellery and Related articles	0.996	109.9	111.1	133.3	134.3	131.2
1.3.22.2 Musical instruments	0.001	174.0	177.2	170.2	164.3	175.1
1.3.22.3 Sports goods	0.012	129.7	131.7	131.8	131.9	131.3
1.3.22.4 Games and Toys	0.005	136.9	134.6	141.5	143.0	143.0
1.3.22.5 Medical and Dental instruments and Supplies	0.049	162.1	162.9	168.5	168.1	168.9
2 FOOD INDEX	**24.378**	**147.6**	**152.2**	**159.7**	**154.4**	**151.8**

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	2018-19	2019-20	April-December		December	
				2019-20	2020-21	2019	2020
	1	2	3	4	5	6	7
General Index	100.00	130.1	129.0	128.8	111.4	134.5	135.9
1 Sectoral Classification							
1.1 Mining	14.37	107.9	109.6	104.0	92.2	120.9	115.1
1.2 Manufacturing	77.63	131.5	129.6	130.2	110.5	135.4	137.5
1.3 Electricity	7.99	156.9	158.4	160.5	154.8	150.3	158.0
2 Use-Based Classification							
2.1 Primary Goods	34.05	126.1	127.0	125.0	112.4	129.6	129.2
2.2 Capital Goods	8.22	108.4	93.3	94.1	68.2	93.7	94.3
2.3 Intermediate Goods	17.22	126.2	137.7	137.1	116.5	146.9	147.5
2.4 Infrastructure/ Construction Goods	12.34	141.7	136.6	136.6	115.9	146.4	147.7
2.5 Consumer Durables	12.84	130.4	119.0	122.6	92.3	117.3	123.0
2.6 Consumer Non-Durables	15.33	145.5	145.3	145.5	138.9	158.1	161.2

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

(₹ Crore)

Item	Financial Year	April - January			
	2020-21 (Revised Estimates)	2020-21 (Actuals)	2019-20 (Actuals)	Percentage to Revised Estimates	
				2020-21	2019-20
	1	2	3	4	5
1 Revenue Receipts	**1555153**	**1242959**	**1250120**	**79.9**	**67.6**
1.1 Tax Revenue (Net)	1344501	1101855	998037	82.0	66.3
1.2 Non-Tax Revenue	210652	141104	252083	67.0	73.0
2 Non-Debt Capital Receipt	**46497**	**40355**	**32737**	**86.8**	**40.1**
2.1 Recovery of Loans	14497	15804	14386	109.0	86.6
2.2 Other Receipts	32000	24551	18351	76.7	28.2
3 Total Receipts (excluding borrowings) (1+2)	**1601650**	**1283314**	**1282857**	**80.1**	**66.4**
4 Revenue Expenditure	3011142	2155210	2000595	71.6	85.1
4.1 Interest Payments	692900	519597	471916	75.0	75.5
5 Capital Expenditure	439163	362108	267734	82.5	76.7
6 Total Expenditure (4+5)	**3450305**	**2517318**	**2268329**	**73.0**	**84.1**
7 Revenue Deficit (4-1)	**1455989**	**912251**	**750475**	**62.7**	**150.2**
8 Fiscal Deficit (6-3)	**1848655**	**1234004**	**985472**	**66.8**	**128.5**
9 Gross Primary Deficit (8-4.1)	**1155755**	**714407**	**513556**	**61.8**	**362.3**

Source: Controller General of Accounts, Ministry of Finance, Government of India and Union Budget 2021-22.

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2020-21	2020		2021				
		Jan. 31	Dec. 25	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	2622	7116	2158	2499	2423	2016	2857	2964
1.2 Primary Dealers	17236	12593	13914	15783	16649	17917	19497	20930
1.3 State Governments	43066	40201	90891	90891	79558	70857	65857	62912
1.4 Others	71027	90368	109744	116333	111524	105363	98525	92430
2 182-day								
2.1 Banks	52588	73542	107133	101471	92599	83595	75620	68922
2.2 Primary Dealers	31277	27297	34064	27744	28410	27732	28750	31222
2.3 State Governments	803	7155	4273	4271	4171	3871	3871	3816
2.4 Others	56745	19654	65892	67852	68563	71510	70654	68945
3 364-day								
3.1 Banks	121328	55279	148927	150120	149497	153025	154885	154467
3.2 Primary Dealers	154980	55714	120863	122449	125001	133238	131993	136064
3.3 State Governments	18515	22369	16217	16302	15855	15855	15855	15855
3.4 Others	170998	65783	128915	127373	130932	129154	133796	135156
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	153238	141449	144840	131696	118456	119597	175452	193438
4.4 Others	149	382	478	183	109	459	117	198
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	741185	477071	842989	843088	825180	814134	802159	793683

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										
Dec. 30	9000	76	35481	5	29	8995	5	9000	99.24	3.0790
Jan. 6	4000	73	25912	1200	24	4000	1200	5200	99.25	3.0379
Jan. 13	4000	82	22715	2001	31	3999	2001	6000	99.19	3.2799
Jan. 20	4000	101	25719	2401	36	3999	2401	6400	99.18	3.3240
Jan. 27	4000	76	23362	5044	19	3986	5044	9030	99.17	3.3468
182-day Treasury Bills										
2020-21										
Dec. 30	3000	64	17482	794	17	2988	794	3781	98.36	3.3439
Jan. 6	7000	124	34329	0	45	7000	0	7000	98.36	3.3501
Jan. 13	7000	97	21201	3	44	6997	3	7000	98.31	3.4507
Jan. 20	7000	113	19820	0	78	7000	0	7000	98.27	3.5410
Jan. 27	7000	98	16805	10	46	6990	10	7000	98.26	3.5607
364-day Treasury Bills										
2020-21										
Dec. 30	4000	70	11325	0	31	4000	0	4000	96.67	3.4571
Jan. 6	8000	112	34025	0	52	8000	0	8000	96.66	3.4681
Jan. 13	8000	110	23821	0	65	8000	0	8000	96.55	3.5790
Jan. 20	8000	100	24105	0	50	8000	0	8000	96.51	3.6261
Jan. 27	8000	73	19151	0	36	8000	0	8000	96.46	3.6757

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on			Range of Rates	Weighted Average Rates
			Borrowings/ Lendings	Borrowings/ Lendings
			1	2
January	1,	2021	1.90-3.55	3.18
January	2,	2021	2.50-3.25	2.76
January	4,	2021	1.90-3.75	3.18
January	5,	2021	1.90-3.50	3.15
January	6,	2021	1.90-3.50	3.16
January	7,	2021	1.90-3.50	3.19
January	8,	2021	1.90-3.50	3.18
January	11,	2021	1.90-3.50	3.19
January	12,	2021	1.90-3.50	3.19
January	13,	2021	1.90-3.50	3.19
January	14,	2021	1.90-3.50	3.24
January	15,	2021	1.90-3.50	3.19
January	16,	2021	2.45-3.40	2.80
January	18,	2021	1.90-3.50	3.16
January	19,	2021	1.90-3.50	3.16
January	20,	2021	1.90-3.50	3.19
January	21,	2021	1.90-3.50	3.17
January	22,	2021	1.90-3.50	3.20
January	25,	2021	1.90-3.50	3.25
January	27,	2021	1.90-3.50	3.23
January	28,	2021	1.90-3.50	3.20
January	29,	2021	1.90-3.70	3.23
January	30,	2021	2.50-3.48	2.87
February	1,	2021	1.90-3.55	3.20
February	2,	2021	1.90-3.55	3.20
February	3,	2021	1.90-3.55	3.19
February	4,	2021	1.90-3.55	3.18
February	5,	2021	1.90-3.55	3.24
February	6,	2021	2.50-3.55	3.15
February	8,	2021	1.90-3.50	3.22
February	9,	2021	1.90-3.50	3.24
February	10,	2021	1.90-3.50	3.25
February	11,	2021	1.90-3.50	3.24
February	12,	2021	1.90-3.50	3.31
February	15,	2021	1.90-3.50	3.25

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2020		2021		
	Jan. 31	Dec. 18	Jan. 1	Jan. 15	Jan. 29
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	181309.00	68770.00	74955.00	67980.00	64080.00
1.1 Issued during the fortnight (₹ Crore)	16507.91	8003.34	12582.96	396.13	530.14
2 Rate of Interest (per cent)	5.20-7.50	3.08-4.44	3.08-4.86	3.14-3.85	3.82-4.72

No. 28: Commercial Paper

Item	2020			2021	
	Jan. 31	Dec. 15	Dec. 31	Jan. 15	Jan. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	421988.85	390613.25	365185.05	386216.30	410651.90
1.1 Reported during the fortnight (₹ Crore)	72673.75	102307.55	87488.25	49901.80	89040.60
2 Rate of Interest (per cent)	5.12-13.05	2.65-12.61	3.06-12.73	2.94-8.53	3.18-11.32

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2019-20	2020		2021				
		Jan. 31	Dec. 25	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29
	1	2	3	4	5	6	7	8
1 Call Money	26815	14691	16769	18634	17720	13805	16992	17057
2 Notice Money	3660	8821	354	4281	642	5149	672	4876
3 Term Money	790	964	618	370	627	563	549	576
4 CBLO/TRIPARTY REPO	300691	362137	426080	648949	542622	634408	546341	589855
5 Market Repo	221719	249932	295246	376407	314803	379416	336136	363896
6 Repo in Corporate Bond	2468	3235	1055	1090	3540	2471	2550	2957
7 Forex (US $ million)	67793	72057	58809	62266	63898	62250	62051	86840
8 Govt. of India Dated Securities	93960	60694	43125	38420	59575	52863	46474	36158
9 State Govt. Securities	5800	4535	4522	7724	4985	3988	4353	5991
10 Treasury Bills								
10.1 91-Day	3720	2049	3635	5734	3864	2476	2055	2970
10.2 182-Day	2380	1705	4478	5985	3966	4169	3217	5074
10.3 364-Day	2900	597	1894	4851	4630	2384	3467	4138
10.4 Cash Management Bills	2310	2179						
11 Total Govt. Securities (8+9+10)	111070	71760	57652	62714	77020	65880	59566	54330
11.1 RBI	–	37	2578	4053	4676	4333	3061	242

Note : Collateralised Borrowing and Lending Obligation (CBLO) segment of the money market has been discontinued and replaced with Triparty Repo with effect from November 05, 2018.

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

(Amount in ₹ Crore)

Security & Type of Issue	2019-20		2019-20 (Apr.-Jan.)		2020-21 (Apr.-Jan.) *		Jan. 2020		Jan. 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	**72**	**64926**	**63**	**64522**	**49**	**89823**	**7**	**3486**	**2**	**381**
1A Premium	70	43259	61	42878	49	86081	6	3467	2	374
1.1 Public	57	9867	51	9836	32	28827	6	56	1	300
1.1.1 Premium	55	9434	49	9414	32	25871	5	42	1	295
1.2 Rights	15	55059	12	54685	17	60995	1	3430	1	81
1.2.1 Premium	15	33825	12	33463	17	60210	1	3425	1	79
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Bonds & Debentures	**34**	**14984**	**30**	**14161**	**13**	**4690**	**3**	**2416**	**3**	**819**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	34	14984	30	14161	13	4690	3	2416	3	819
3.2.1 Public	34	14984	30	14161	13	4690	3	2416	3	819
3.2.2 Rights	–	–	–	–	–	–	–	–	..	–
4 Total(1+2+3)	**106**	**79910**	**93**	**78683**	**62**	**94512**	**10**	**5902**	**5**	**1200**
4.1 Public	91	24851	81	23998	45	33517	9	2472	4	1119
4.2 Rights	15	55059	12	54685	17	60995	1	3430	1	81

Note : Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.

Source : Securities and Exchange Board of India.

* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2019-20	2020					2021
			Jan.	Sep.	Oct.	Nov.	Dec.	Jan.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	2219854	184370	202583	183171	174938	199755	200661
	US $ Million	313361	25853	27569	24935	23570	27143	27447
1.1 Oil	₹ Crore	292340	22720	26511	11653	11436	17265	15824
	US $ Million	41289	3186	3608	1586	1541	2346	2164
1.2 Non-oil	₹ Crore	1927514	161650	176072	171518	163502	182490	184837
	US $ Million	272072	22667	23961	23349	22029	24797	25282
2 Imports	₹ Crore	3360954	293453	224168	247051	247857	313403	306952
	US $ Million	474709	41150	30307	33631	33396	42586	41985
2.1 Oil	₹ Crore	925168	92773	42808	44081	46525	70512	68744
	US $ Million	130550	13009	5826	6001	6269	9581	9403
2.2 Non-oil	₹ Crore	2435787	200679	181361	202970	201332	242891	238208
	US $ Million	344159	28140	24481	27630	27127	33004	32582
3 Trade Balance	₹ Crore	-1141100	-109083	-21585	-63880	-72919	-113648	-106290
	US $ Million	-161348	-15296	-2738	-8695	-9826	-15443	-14539
3.1 Oil	₹ Crore	-632828	-70053	-16297	-32429	-35089	-53247	-52920
	US $ Million	-89262	-9823	-2218	-4415	-4728	-7235	-7239
3.2 Non-oil	₹ Crore	-508273	-39030	-5288	-31452	-37830	-60401	-53370
	US $ Million	-72087	-5473	-520	-4281	-5098	-8207	-7300

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

No. 32: Foreign Exchange Reserves

Item	Unit	2020	2021					
		Feb. 21	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**3410238**	**4269145**	**4271528**	**4306005**	**4258725**	**4246990**	**4242355**
	US $ Million	**476122**	**584242**	**585334**	**590185**	**583945**	**583697**	**583865**
1.1 Foreign Currency Assets	₹ Crore	3161973	3956894	3956665	3992516	3955297	3935956	3938898
	US $ Million	441458	541507	542192	547218	542338	540951	542106
1.2 Gold	₹ Crore	212456	263499	266058	264803	255014	263585	256120
	US $ Million	29662	36060	36459	36294	34967	36227	35250
	Volume (Metric Tonnes)	639.01	676.65	676.65	676.65	676.65	680.38	684.12
1.3 SDRs	SDRs Million	1045	1049	1049	1049	1049	1049	1049
	₹ Crore	10216	11046	11038	11006	10960	11005	10958
	US $ Million	1426	1512	1513	1508	1503	1513	1508
1.4 Reserve Tranche Position in IMF	₹ Crore	25593	37706	37767	37679	37454	36444	36378
	US $ Million	3575	5163	5171	5165	5138	5006	5002

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

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2019-20	2020		2021	2019-20	2020-21
		Jan.	Dec.	Jan.	Apr.-Jan.	Apr.-Jan.
	1	2	3	4	5	6
1 NRI Deposits	**130581**	**133565**	**140496**	**142236**	**6730**	**8616**
1.1 FCNR(B)	24244	24408	22128	22118	1238	-2126
1.2 NR(E)RA	90367	92838	100849	101981	3886	9017
1.3 NRO	15969	16319	17520	18136	1606	1724

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2019-20	2019-20	2020-21	2020		2021
		Apr.-Jan.	Apr.-Jan.	Jan.	Dec.	Jan.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**43013**	**36302**	**44010**	**5252**	**6509**	**3520**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**56006**	**47050**	**52345**	**6229**	**7334**	**3900**
1.1.1.1 Gross Inflows/Gross Investments	**74390**	**62721**	**72116**	**7585**	**9218**	**4574**
1.1.1.1.1 Equity	51734	43619	55839	5808	7741	2945
1.1.1.1.1.1 Government (SIA/FIPB)	3265	3051	906	24	55	585
1.1.1.1.1.2 RBI	39364	33212	47427	4751	7039	1789
1.1.1.1.1.3 Acquisition of shares	7348	6076	5844	795	527	332
1.1.1.1.1.4 Equity capital of unincorporated bodies	1757	1280	1662	238	120	238
1.1.1.1.2 Reinvested earnings	14175	11660	12660	1257	1197	1257
1.1.1.1.3 Other capital	8482	7442	3617	520	281	372
1.1.1.2 Repatriation/Disinvestment	**18384**	**15671**	**19771**	**1357**	**1884**	**674**
1.1.1.2.1 Equity	18212	15504	19742	1354	1882	674
1.1.1.2.2 Other capital	173	167	29	3	3	1
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**12993**	**10748**	**8335**	**977**	**825**	**380**
1.1.2.1 Equity capital	7572	6342	4675	878	600	232
1.1.2.2 Reinvested Earnings	3151	2626	2666	263	263	263
1.1.2.3 Other Capital	5674	4106	4145	375	476	463
1.1.2.4 Repatriation/Disinvestment	3403	2326	3152	539	514	578
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**1403**	**17187**	**29921**	**2039**	**8403**	**1508**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	552	17001	31419	1706	8598	1228
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	-851	-186	1498	-333	195	-281
1 Foreign Investment Inflows	**44417**	**53489**	**73931**	**7290**	**14912**	**5028**

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

(US$ Million)

Item	2019-20	2020			2021
		Jan.	Nov.	Dec.	Jan.
	1	2	3	4	5
1 Outward Remittances under the LRS	**18760.69**	**1804.50**	**942.44**	**1149.17**	**1253.63**
1.1 Deposit	623.37	55.94	23.32	35.33	40.85
1.2 Purchase of immovable property	86.43	6.67	3.53	5.05	5.64
1.3 Investment in equity/debt	431.41	26.20	25.39	38.76	34.89
1.4 Gift	1907.71	158.44	110.55	145.15	134.16
1.5 Donations	22.33	1.10	0.65	0.67	0.67
1.6 Travel	6955.98	712.56	253.26	322.25	356.92
1.7 Maintenance of close relatives	3439.74	310.83	160.81	217.30	216.64
1.8 Medical Treatment	33.90	2.59	2.92	2.82	2.56
1.9 Studies Abroad	4991.07	510.26	355.77	373.32	455.51
1.10 Others	268.75	19.90	6.24	8.54	5.79

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

Item	2018-19	2019-20	2020	2021	
			February	January	February
	1	2	3	4	5
40-Currency Basket (Base: 2015-16=100)					
1 Trade-weighted					
1.1 NEER	97.45	98.00	97.57	93.71	94.15
1.2 REER	100.63	103.20	103.81	102.98	103.46
2 Export-weighted					
2.1 NEER	97.13	97.38	96.91	93.30	93.68
2.2 REER	100.29	102.88	103.69	102.57	102.99
6-Currency Basket (Trade-weighted)					
1 Base: 2015-16 = 100					
1.1 NEER	94.19	94.92	94.59	87.34	87.88
1.2 REER	100.29	103.60	104.21	100.91	101.46
2 Base: 2018-19 = 100					
2.1 NEER	100.00	100.78	100.43	92.73	93.30
2.2 REER	100.00	103.30	103.91	100.62	101.18

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

(Amount in US$ Million)

Item	2019-20	2020		2021
		Jan.	Dec.	Jan.
	1	2	3	4
1 Automatic Route				
1.1 Number	1292	110	95	95
1.2 Amount	38011	5869	2994	3744
2 Approval Route				
2.1 Number	41	4	-	-
2.2 Amount	14921	2532	-	-
3 Total (1+2)				
3.1 Number	1333	114	95	95
3.2 Amount	52932	8401	2994	3744
4 Weighted Average Maturity (in years)	6.00	7.10	4.59	7.50
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.34	1.24	1.65	2.74
5.2 Interest rate range for Fixed Rate Loans	0.00-25.00	0.00-11.10	0.00-13.00	0.00-10.25

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**303790**	**298671**	**5118**	**304250**	**272682**	**31568**
1 CURRENT ACCOUNT (1.1+ 1.2)	**161553**	**169132**	**-7579**	**150955**	**135448**	**15507**
1.1 MERCHANDISE	**79952**	**119602**	**-39650**	**75591**	**90375**	**-14784**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**81601**	**49530**	**32070**	**75364**	**45072**	**30292**
1.2.1 Services	52777	31836	20941	49902	28733	21169
1.2.1.1 Travel	7643	6031	1611	2020	2737	-717
1.2.1.2 Transportation	5181	6009	-828	5410	4759	651
1.2.1.3 Insurance	602	354	248	590	537	53
1.2.1.4 G.n.i.e.	169	298	-128	144	190	-46
1.2.1.5 Miscellaneous	39182	19144	20038	41738	20510	21228
1.2.1.5.1 Software Services	23247	2182	21064	25069	2769	22299
1.2.1.5.2 Business Services	10878	11211	-333	11624	12379	-755
1.2.1.5.3 Financial Services	1239	594	645	1003	1107	-104
1.2.1.5.4 Communication Services	635	354	281	661	355	306
1.2.2 Transfers	21986	2034	19952	20421	2023	18398
1.2.2.1 Official	50	286	-236	36	258	-221
1.2.2.2 Private	21936	1748	20188	20385	1766	18619
1.2.3 Income	6838	15660	-8822	5041	14316	-9275
1.2.3.1 Investment Income	5434	14997	-9563	3596	13615	-10020
1.2.3.2 Compensation of Employees	1404	663	741	1445	700	745
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**142237**	**128657**	**13580**	**152658**	**137234**	**15424**
2.1 Foreign Investment (2.1.1+2.1.2)	**85751**	**75960**	**9791**	**97269**	**65689**	**31581**
2.1.1 Foreign Direct Investment	15650	8336	7314	30475	5892	24583
2.1.1.1 In India	14875	4482	10393	29501	2450	27051
2.1.1.1.1 Equity	10113	4446	5668	23989	2445	21544
2.1.1.1.2 Reinvested Earnings	3464		3464	4024	0	4024
2.1.1.1.3 Other Capital	1298	37	1262	1488	5	1483
2.1.1.2 Abroad	775	3854	-3079	974	3442	-2468
2.1.1.2.1 Equity	775	1703	-928	974	1391	-417
2.1.1.2.2 Reinvested Earnings	0	788	-788	0	808	-808
2.1.1.2.3 Other Capital	0	1363	-1363	0	1243	-1243
2.1.2 Portfolio Investment	70101	67625	2476	66794	59796	6998
2.1.2.1 In India	68312	66307	2005	66420	58684	7736
2.1.2.1.1 FIIs	68312	66307	2005	66420	58684	7736
2.1.2.1.1.1 Equity	48252	51608	-3355	55007	48183	6824
2.1.2.1.1.2 Debt	20059	14699	5361	11413	10501	912
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	1789	1318	471	375	1113	-738
2.2 Loans (2.2.1+2.2.2+2.2.3)	**21544**	**18472**	**3072**	**20225**	**24468**	**-4243**
2.2.1 External Assistance	1802	1366	435	3201	1330	1870
2.2.1.1 By India	2	29	-27	2	28	-26
2.2.1.2 To India	1800	1338	462	3199	1302	1897
2.2.2 Commercial Borrowings	9011	5728	3283	8362	12659	-4297
2.2.2.1 By India	1287	1082	205	769	1005	-235
2.2.2.2 To India	7724	4646	3078	7593	11654	-4061
2.2.3 Short Term to India	10731	11378	-646	8662	10479	-1817
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	10731	10940	-209	8662	9770	-1108
2.2.3.2 Suppliers' Credit up to 180 days	0	437	-437	0	709	-709
2.3 Banking Capital (2.3.1+2.3.2)	**23881**	**25699**	**-1818**	**18850**	**30025**	**-11175**
2.3.1 Commercial Banks	23881	25364	-1483	18837	30025	-11188
2.3.1.1 Assets	9914	10148	-235	7295	16747	-9451
2.3.1.2 Liabilities	13967	15216	-1249	11541	13279	-1737
2.3.1.2.1 Non-Resident Deposits	13458	11178	2280	10311	8377	1934
2.3.2 Others	0	335	-335	13	0	13
2.4 Rupee Debt Service	0	2	-2	0	2	-2
2.5 Other Capital	11061	8523	2538	16314	17050	-737
3 Errors & Omissions		**882**	**-882**	**637**	0	**637**
4 Monetary Movements (4.1+ 4.2)	0	**5118**	**-5118**	0	**31568**	**-31568**
4.1 I.M.F.				0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)		5118	-5118	0	31568	-31568

Note : P : Preliminary

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**2139568**	**2103519**	**36049**	**2263084**	**2028270**	**234814**
1 CURRENT ACCOUNT (1.1+ 1.2)	**1137803**	**1191185**	**-53382**	**1122840**	**1007492**	**115348**
1.1 MERCHANDISE	**563094**	**842346**	**-279252**	**562264**	**672233**	**-109969**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**574709**	**348839**	**225870**	**560576**	**335259**	**225317**
1.2.1 Services	371704	224219	147485	371185	213726	157459
1.2.1.1 Travel	53826	42478	11348	15024	20359	-5335
1.2.1.2 Transportation	36488	42320	-5833	40241	35397	4843
1.2.1.3 Insurance	4243	2494	1749	4385	3994	391
1.2.1.4 G.n.i.e.	1193	2096	-904	1074	1414	-339
1.2.1.5 Miscellaneous	275955	134831	141124	310461	152561	157899
1.2.1.5.1 Software Services	163725	15370	148355	186466	20598	165868
1.2.1.5.2 Business Services	76611	78960	-2348	86464	92076	-5612
1.2.1.5.3 Financial Services	8729	4187	4543	7462	8233	-771
1.2.1.5.4 Communication Services	4475	2494	1981	4914	2638	2275
1.2.2 Transfers	154844	14327	140517	151896	15051	136845
1.2.2.1 Official	349	2014	-1665	269	1916	-1647
1.2.2.2 Private	154495	12313	142182	151627	13134	138492
1.2.3 Income	48161	110294	-62133	37495	106483	-68988
1.2.3.1 Investment Income	38270	105623	-67353	26745	101274	-74529
1.2.3.2 Compensation of Employees	9891	4671	5220	10750	5209	5541
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**1001765**	**906125**	**95640**	**1135504**	**1020778**	**114725**
2.1 Foreign Investment (2.1.1+2.1.2)	**603940**	**534984**	**68957**	**723512**	**488607**	**234905**
2.1.1 Foreign Direct Investment	110224	58709	51515	226681	43826	182855
2.1.1.1 In India	104766	31568	73198	219436	18223	201213
2.1.1.1.1 Equity	71226	31310	39916	178436	18184	160252
2.1.1.1.2 Reinvested Earnings	24395	0	24395	29930		29930
2.1.1.1.3 Other Capital	9145	258	8886	11070	39	11032
2.1.1.2 Abroad	5458	27141	-21682	7245	25603	-18358
2.1.1.2.1 Equity	5458	11997	-6538	7245	10348	-3103
2.1.1.2.2 Reinvested Earnings	0	5548	-5548	0	6009	-6009
2.1.1.2.3 Other Capital	0	9596	-9596	0	9247	-9247
2.1.2 Portfolio Investment	493716	476275	17441	496831	444780	52050
2.1.2.1 In India	481114	466993	14122	494044	436504	57540
2.1.2.1.1 FIIs	481114	466993	14122	494044	436504	57540
2.1.2.1.1.1 Equity	339837	363469	-23632	409153	358396	50757
2.1.2.1.1.2 Debt	141277	103523	37754	84891	78108	6783
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	12602	9283	3320	2786	8276	-5490
2.2 Loans (2.2.1+2.2.2+2.2.3)	**151732**	**130099**	**21633**	**150435**	**181998**	**-31563**
2.2.1 External Assistance	12689	9624	3065	23807	9895	13911
2.2.1.1 By India	14	201	-187	12	208	-197
2.2.1.2 To India	12675	9423	3252	23795	9687	14108
2.2.2 Commercial Borrowings	63463	40344	23119	62198	94158	-31960
2.2.2.1 By India	9066	7623	1444	5722	7473	-1751
2.2.2.2 To India	54397	32721	21675	56476	86685	-30209
2.2.3 Short Term to India	75580	80132	-4551	64430	77945	-13515
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	75580	77050	-1470	64430	72671	-8241
2.2.3.2 Suppliers' Credit up to 180 days	0	3081	-3081	0	5273	-5273
2.3 Banking Capital (2.3.1+2.3.2)	**168191**	**180998**	**-12807**	**140212**	**223336**	**-83124**
2.3.1 Commercial Banks	168191	178639	-10448	140113	223336	-83222
2.3.1.1 Assets	69820	71474	-1654	54265	124564	-70299
2.3.1.2 Liabilities	98370	107165	-8794	85848	98771	-12923
2.3.1.2.1 Non-Resident Deposits	94785	78728	16056	76699	62311	14387
2.3.2 Others	0	2359	-2359	99	0	99
2.4 Rupee Debt Service	0	15	-15	0	15	-15
2.5 Other Capital	77902	60029	17873	121345	126824	-5479
3 Errors & Omissions	0	**6210**	**-6210**	**4740**		**4740**
4 Monetary Movements (4.1+ 4.2)	0	**36049**	**-36049**	0	**234814**	**-234814**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	36049	-36049		234814	-234814

Note : P: Preliminary

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

(US $ Million)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**161551**	**169104**	**-7553**	**150953**	**135423**	**15531**
1.A Goods and Services (1.A.a+1.A.b)	**132729**	**151438**	**-18709**	**125493**	**119109**	**6385**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**79952**	**119602**	**-39650**	**75591**	**90375**	**-14784**
1.A.a.1 General merchandise on a BOP basis	79293	115248	-35955	75243	84287	-9044
1.A.a.2 Net exports of goods under merchanting	658	0	658	348	0	348
1.A.a.3 Nonmonetary gold		4354	-4354	0	6088	-6088
1.A.b Services (1.A.b.1 to 1.A.b.13)	**52777**	**31836**	**20941**	**49902**	**28733**	**21169**
1.A.b.1 Manufacturing services on physical inputs owned by others	58	33	25	68	11	56
1.A.b.2 Maintenance and repair services n.i.e.	44	253	-208	35	204	-169
1.A.b.3 Transport	5181	6009	-828	5410	4759	651
1.A.b.4 Travel	7643	6031	1611	2020	2737	-717
1.A.b.5 Construction	677	714	-37	589	563	26
1.A.b.6 Insurance and pension services	602	354	248	590	537	53
1.A.b.7 Financial services	1239	594	645	1003	1107	-104
1.A.b.8 Charges for the use of intellectual property n.i.e.	248	1776	-1528	313	1456	-1143
1.A.b.9 Telecommunications, computer, and information services	23947	2654	21293	25793	3290	22503
1.A.b.10 Other business services	10878	11211	-333	11624	12379	-755
1.A.b.11 Personal, cultural, and recreational services	551	923	-372	530	817	-287
1.A.b.12 Government goods and services n.i.e.	169	298	-128	144	190	-46
1.A.b.13 Others n.i.e.	1539	984	555	1782	683	1099
1.B Primary Income (1.B.1 to 1.B.3)	**6838**	**15660**	**-8822**	**5041**	**14316**	**-9275**
1.B.1 Compensation of employees	1404	663	741	1445	700	745
1.B.2 Investment income	4379	14782	-10403	2808	13314	-10507
1.B.2.1 Direct investment	1763	7056	-5293	1327	8038	-6711
1.B.2.2 Portfolio investment	54	3760	-3706	49	2126	-2076
1.B.2.3 Other investment	602	3951	-3349	78	3150	-3072
1.B.2.4 Reserve assets	1960	15	1945	1354	1	1353
1.B.3 Other primary income	1055	215	840	788	301	487
1.C Secondary Income (1.C.1+1.C.2)	**21984**	**2006**	**19978**	**20419**	**1998**	**18421**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	21936	1748	20188	20385	1766	18619
1.C.1.1 Personal transfers (Current transfers between resident and/	21291	1336	19955	19711	1287	18424
1.C.1.2 Other current transfers	645	412	233	674	479	195
1.C.2 General government	48	258	-210	35	232	-198
2 Capital Account (2.1+2.2)	**90**	**190**	**-100**	**109**	**197**	**-87**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	9	93	-84	8	100	-92
2.2 Capital transfers	81	97	-16	101	96	5
3 Financial Account (3.1 to 3.5)	**142149**	**133614**	**8535**	**152550**	**168631**	**-16081**
3.1 Direct Investment (3.1A+3.1B)	**15650**	**8336**	**7314**	**30475**	**5892**	**24583**
3.1.A Direct Investment in India	14875	4482	10393	29501	2450	27051
3.1.A.1 Equity and investment fund shares	13577	4446	9131	28013	2445	25568
3.1.A.1.1 Equity other than reinvestment of earnings	10113	4446	5668	23989	2445	21544
3.1.A.1.2 Reinvestment of earnings	3464		3464	4024	0	4024
3.1.A.2 Debt instruments	1298	37	1262	1488	5	1483
3.1.A.2.1 Direct investor in direct investment enterprises	1298	37	1262	1488	5	1483
3.1.B Direct Investment by India	775	3854	-3079	974	3442	-2468
3.1.B.1 Equity and investment fund shares	775	2491	-1716	974	2199	-1225
3.1.B.1.1 Equity other than reinvestment of earnings	775	1703	-928	974	1391	-417
3.1.B.1.2 Reinvestment of earnings		788	-788	0	808	-808
3.1.B.2 Debt instruments	0	1363	-1363	0	1243	-1243
3.1.B.2.1 Direct investor in direct investment enterprises		1363	-1363	0	1243	-1243
3.2 Portfolio Investment	**70101**	**67625**	**2476**	**66794**	**59796**	**6998**
3.2.A Portfolio Investment in India	68312	66307	2005	66420	58684	7736
3.2.1 Equity and investment fund shares	48252	51608	-3355	55007	48183	6824
3.2.2 Debt securities	20059	14699	5361	11413	10501	912
3.2.B Portfolio Investment by India	1789	1318	471	375	1113	-738
3.3 Financial derivatives (other than reserves) and employee stock options	**7395**	**7138**	**257**	**9664**	**12339**	**-2675**
3.4 Other investment	**49003**	**45398**	**3605**	**45617**	**59035**	**-13418**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	13458	11513	1945	10325	8377	1948
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	335	-335	13	0	13
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	13458	11178	2280	10311	8377	1934
3.4.2.3 General government				0	0	0
3.4.2.4 Other sectors				0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	21235	21281	-45	20088	35637	-15549
3.4.3.A Loans to India	19946	20170	-224	19317	34605	-15287
3.4.3.B Loans by India	1289	1111	178	771	1033	-262
3.4.4 Insurance, pension, and standardized guarantee schemes	54	71	-17	78	62	16
3.4.5 Trade credit and advances	10731	11378	-646	8662	10479	-1817
3.4.6 Other accounts receivable/payable - other	3524	1155	2369	6464	4480	1984
3.4.7 Special drawing rights			0	0	0	0
3.5 Reserve assets	0	**5118**	**-5118**	0	**31568**	**-31568**
3.5.1 Monetary gold				0	0	0
3.5.2 Special drawing rights n.a.				0	0	0
3.5.3 Reserve position in the IMF n.a.				0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	5118	-5118	0	31568	-31568
4 Total assets/liabilities	**142149**	**133614**	**8535**	**152550**	**168631**	**-16081**
4.1 Equity and investment fund shares	71843	67071	4772	94110	66340	27770
4.2 Debt instruments	66783	60270	6513	51976	66242	-14267
4.3 Other financial assets and liabilities	3524	6273	-2750	6464	36048	-29584
5 Net errors and omissions		**882**	**-882**	**637**	0	**637**

Note : P : Preliminary

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

(₹ Crore)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**1137790**	**1190988**	**-53198**	**1122827**	**1007305**	**115522**
1.A Goods and Services (1.A.a+1.A.b)	**934798**	**1066564**	**-131766**	**933449**	**885959**	**47490**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**563094**	**842346**	**-279252**	**562264**	**672233**	**-109969**
1.A.a.1 General merchandise on a BOP basis	558456	811684	-253228	559675	626945	-67270
1.A.a.2 Net exports of goods under merchanting	4638	0	4638	2588	0	2588
1.A.a.3 Nonmonetary gold	0	30661	-30661		45287	-45287
1.A.b Services (1.A.b.1 to 1.A.b.13)	**371704**	**224219**	**147485**	**371185**	**213726**	**157459**
1.A.b.1 Manufacturing services on physical inputs owned by others	408	235	173	505	85	420
1.A.b.2 Maintenance and repair services n.i.e.	310	1779	-1468	263	1519	-1256
1.A.b.3 Transport	36488	42320	-5833	40241	35397	4843
1.A.b.4 Travel	53826	42478	11348	15024	20359	-5335
1.A.b.5 Construction	4770	5031	-261	4383	4186	197
1.A.b.6 Insurance and pension services	4243	2494	1749	4385	3994	391
1.A.b.7 Financial services	8729	4187	4543	7462	8233	-771
1.A.b.8 Charges for the use of intellectual property n.i.e.	1749	12511	-10762	2330	10833	-8503
1.A.b.9 Telecommunications, computer, and information services	168656	18693	149963	191855	24472	167382
1.A.b.10 Other business services	76611	78960	-2348	86464	92076	-5612
1.A.b.11 Personal, cultural, and recreational services	3882	6503	-2621	3944	6078	-2135
1.A.b.12 Government goods and services n.i.e.	1193	2096	-904	1074	1414	-339
1.A.b.13 Others n.i.e.	10839	6933	3906	13255	5078	8178
1.B Primary Income (1.B.1 to 1.B.3)	**48161**	**110294**	**-62133**	**37495**	**106483**	**-68988**
1.B.1 Compensation of employees	9891	4671	5220	10750	5209	5541
1.B.2 Investment income	30842	104107	-73266	20884	99036	-78152
1.B.2.1 Direct investment	12418	49694	-37276	9869	59790	-49921
1.B.2.2 Portfolio investment	380	26481	-26100	366	15810	-15445
1.B.2.3 Other investment	4241	27830	-23589	579	23428	-22848
1.B.2.4 Reserve assets	13803	103	13700	10070	7	10063
1.B.3 Other primary income	7428	1515	5913	5861	2238	3623
1.C Secondary Income (1.C.1+1.C.2)	**154831**	**14130**	**140701**	**151883**	**14863**	**137020**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	154495	12313	142182	151627	13134	138492
1.C.1.1 Personal transfers (Current transfers between resident and/	149953	9410	140544	146616	9573	137043
1.C.1.2 Other current transfers	4542	2903	1639	5011	3561	1450
1.C.2 General government	336	1817	-1481	257	1729	-1472
2 Capital Account (2.1+2.2)	**632**	**1337**	**-705**	**813**	**1463**	**-649**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	63	656	-593	62	747	-685
2.2 Capital transfers	569	680	-112	751	716	36
3 Financial Account (3.1 to 3.5)	**1001146**	**941034**	**60112**	**1134703**	**1254317**	**-119614**
3.1 Direct Investment (3.1A+3.1B)	**110224**	**58709**	**51515**	**226681**	**43826**	**182855**
3.1.A Direct Investment in India	104766	31568	73198	219436	18223	201213
3.1.A.1 Equity and investment fund shares	95621	31310	64312	208366	18184	190182
3.1.A.1.1 Equity other than reinvestment of earnings	71226	31310	39916	178436	18184	160252
3.1.A.1.2 Reinvestment of earnings	24395	0	24395	29930		29930
3.1.A.2 Debt instruments	9145	258	8886	11070	39	11032
3.1.A.2.1 Direct investor in direct investment enterprises	9145	258	8886	11070	39	11032
3.1.B Direct Investment by India	5458	27141	-21682	7245	25603	-18358
3.1.B.1 Equity and investment fund shares	5458	17544	-12086	7245	16356	-9111
3.1.B.1.1 Equity other than reinvestment of earnings	5458	11997	-6538	7245	10348	-3103
3.1.B.1.2 Reinvestment of earnings	0	5548	-5548		6009	-6009
3.1.B.2 Debt instruments	0	9596	-9596	0	9247	-9247
3.1.B.2.1 Direct investor in direct investment enterprises	0	9596	-9596		9247	-9247
3.2 Portfolio Investment	**493716**	**476275**	**17441**	**496831**	**444780**	**52050**
3.2.A Portfolio Investment in India	481114	466993	14122	494044	436504	57540
3.2.1 Equity and investment fund shares	339837	363469	-23632	409153	358396	50757
3.2.2 Debt securities	141277	103523	37754	84891	78108	6783
3.2.B Portfolio Investment by India	12602	9283	3320	2786	8276	-5490
3.3 Financial derivatives (other than reserves) and employee stock options	**52083**	**50270**	**1813**	**71882**	**91780**	**-19898**
3.4 Other investment	**345123**	**319731**	**25392**	**339309**	**439117**	**-99808**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	94785	81087	13697	76798	62311	14486
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	2359	-2359	99	0	99
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	94785	78728	16056	76699	62311	14387
3.4.2.3 General government	0	0	0			
3.4.2.4 Other sectors	0	0	0			
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	149558	149878	-320	149419	265077	-115658
3.4.3.A Loans to India	140478	142055	-1577	143686	257396	-113711
3.4.3.B Loans by India	9080	7823	1257	5734	7681	-1947
3.4.4 Insurance, pension, and standardized guarantee schemes	383	501	-117	580	462	117
3.4.5 Trade credit and advances	75580	80132	-4551	64430	77945	-13515
3.4.6 Other accounts receivable/payable - other	24817	8134	16683	48082	33321	14761
3.4.7 Special drawing rights	0	0	0			0
3.5 Reserve assets	**0**	**36049**	**-36049**	**0**	**234814**	**-234814**
3.5.1 Monetary gold	0	0	0			
3.5.2 Special drawing rights n.a.	0	0	0			
3.5.3 Reserve position in the IMF n.a.	0	0	0			
3.5.4 Other reserve assets (Foreign Currency Assets)	0	36049	-36049	0	234814	-234814
4 Total assets/liabilities	**1001146**	**941034**	**60112**	**1134703**	**1254317**	**-119614**
4.1 Equity and investment fund shares	505985	472376	33609	700013	493455	206557
4.2 Debt instruments	470345	424475	45870	386609	492727	-106118
4.3 Other financial assets and liabilities	24817	44183	-19366	48082	268134	-220052
5 Net errors and omissions	**0**	**6210**	**-6210**	**4740**	**0**	**4740**

Note : P: Preliminary

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2019-20		2019		2020			
			Sep.		Jun.		Sep.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	182957	418243	176244	417145	185898	419426	188366	455989
1.1 Equity Capital and Reinvested Earnings	118442	395426	114834	398819	120322	395835	121546	430881
1.2 Other Capital	64515	22817	61410	18327	65577	23591	66820	25108
2 Portfolio Investment	3847	246701	4541	260195	4303	241581	5041	253289
2.1 Equity	602	134778	2344	144039	830	138961	1906	149095
2.2 Debt	3246	111923	2197	116155	3474	102621	3136	104195
3 Other Investment	52422	427272	54980	428886	53694	432321	64921	432817
3.1 Trade Credit	1460	104276	1633	106581	1271	104001	2917	102193
3.2 Loan	6741	179601	7892	174823	7435	184391	9048	180264
3.3 Currency and Deposits	26011	130761	27563	133105	27741	132942	34864	137519
3.4 Other Assets/Liabilities	18210	12634	17892	14378	17247	10987	18092	12841
4 Reserves	477807		433707		505702		544687	
5 Total Assets/ Liabilities	717033	1092216	669472	1106226	749597	1093328	803016	1142095
6 IIP (Assets - Liabilities)		-375183		-436754		-343730		-339079

Payment and Settlement Systems

No.43: Payment System Indicators

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

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2019-20	2020		2021	FY 2019-20	2020		2021
		Jan.	Dec.	Jan.		Jan.	Dec.	Jan.
	1	2	3	4	5	6	7	8
A. Settlement Systems								
Financial Market Infrastructures (FMIs)								
1 CCIL Operated Systems (1.1 to 1.3)	–	3.01	2.62	2.32	–	12826782	15757032	15723500
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	–	1.09	1.00	0.93	–	8442926	10816866	10875915
1.1.1 Outright	–	0.66	0.51	0.48	–	957188	772886	657843
1.1.2 Repo	–	0.21	0.25	0.22	–	2999019	4089804	3848935
1.1.3 Tri-party Repo	–	0.22	0.24	0.24	–	4486719	5954176	6369137
1.2 Forex Clearing	–	1.88	1.58	1.35	–	4083916	4651382	4576570
1.3 Rupee Derivatives @	–	0.05	0.04	0.04	–	299940	288785	271015
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	–	–	–	–	–	–	–	–
1 Credit Transfers - RTGS (1.1 to 1.2)	–	137.29	163.48	156.68	–	9880821	10659120	9170162
1.1 Customer Transactions	–	135.09	161.72	155.07	–	8558049	9058136	7854553
1.2 Interbank Transactions	–	2.20	1.75	1.61	–	1322772	1600984	1315609
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	–	21194.18	31735.80	31708.13	–	2454378	3393355	2991919
2.1 AePS (Fund Transfers) @	–	0.76	1.03	1.09	–	37	61	65
2.2 APBS $	–	1511.41	1018.90	1224.28	–	9427	8180	9642
2.3 IMPS	–	2595.26	3556.93	3465.52	–	216811	292325	288538
2.4 NACH Cr $	–	1431.01	1741.20	1115.03	–	82398	118309	96624
2.5 NEFT	–	2605.55	3076.15	2874.93	–	1929464	2558304	2165869
2.6 UPI @	–	13050.19	22341.58	23027.28	–	216243	416176	431182
2.6.1 of which USSD @	–	0.78	0.88	0.92	–	14	14	15
3 Debit Transfers and Direct Debits (3.1 to 3.3)	–	812.33	922.53	928.08	–	73506	81871	78230
3.1 BHIM Aadhaar Pay @	–	9.36	8.90	10.29	–	141	187	214
3.2 NACH Dr $	–	777.36	840.43	839.08	–	73316	81576	77903
3.3 NETC (linked to bank account) @	–	25.61	73.21	78.71	–	49	108	113
4 Card Payments (4.1 to 4.2)	–	6518.12	5502.88	5459.45	–	129444	128665	128915
4.1 Credit Cards (4.1.1 to 4.1.2)	–	2017.27	1737.79	1744.20	–	66573	63487	64737
4.1.1 PoS based $	–	1160.35	914.20	926.09	–	35124	28961	29409
4.1.2 Others $	–	856.92	823.59	818.11	–	31449	34526	35328
4.2 Debit Cards (4.2.1 to 4.2.2)	–	4500.85	3765.09	3715.25	–	62871	65178	64178
4.2.1 PoS based $	–	2587.38	2165.50	2148.07	–	38907	39437	39551
4.2.2 Others $	–	1913.47	1599.59	1567.18	–	23964	25741	24626
5 Prepaid Payment Instruments (5.1 to 5.2)	–	5237.05	4335.04	4386.68	–	18286	18153	19419
5.1 Wallets	–	3876.23	3521.48	3499.66	–	15408	13392	13577
5.2 Cards (5.2.1 to 5.2.2)	–	1360.82	813.55	887.02	–	2878	4761	5842
5.2.1 PoS based $	–	128.35	42.74	39.51	–	997	1214	1585
5.2.2 Others $	–	1232.47	770.81	847.51	–	1880	3547	4257
6 Paper-based Instruments (6.1 to 6.2)	–	887.17	719.40	657.01	–	662399	618015	551207
6.1 CTS (NPCI Managed)	–	886.39	719.40	657.01	–	661741	618015	551207
6.2 Others	–	0.78	0.00	0.00	–	658	–	–
Total - Retail Payments (2+3+4+5+6)	–	34648.84	43215.65	43139.35	–	3338013	4240059	3769690
Total Payments (1+2+3+4+5+6)	–	34786.12	43379.13	43296.03	–	13218835	14899180	12939853
Total Digital Payments (1+2+3+4+5)	–	33898.96	42659.73	42639.02	–	12556435	14281164	12388646

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2019-20	2020		2021	FY 2019-20	2020		2021
		Jan.	Dec.	Jan.		Jan.	Dec.	Jan.
	1	2	3	4	5	6	7	8
A. Other Payment Channels								
1 Mobile Payments (mobile app based) (1.1 to 1.2)	–	14402.70	25199.49	23199.84	–	521368	899401	938456
1.1 Intra-bank $	–	1304.45	2183.03	2536.27	–	107648	174603	207982
1.2 Inter-bank $	–	13098.24	23016.46	20663.57	–	413720	724798	730474
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	–	2749.95	3137.64	3084.97	–	3162106	4032311	4158231
2.1 Intra-bank @	–	612.52	637.64	617.29	–	1641898	1934396	2184556
2.2 Inter-bank @	–	2137.43	2500.00	2467.68	–	1520208	2097916	1973675
B. ATMs								
3 Cash Withdrawal at ATMs $ (3.1 to 3.3)	–	6537.04	5680.37	5734.25	–	295572	266709	267500
3.1 Using Credit Cards $	–	8.53	5.01	5.04	–	399	246	251
3.2 Using Debit Cards $	–	6500.08	5650.86	5704.78	–	294174	265569	266315
3.3 Using Pre-paid Cards $	–	28.43	24.51	24.43	–	999	893	934
4 Cash Withdrawal at PoS $ (4.1 to 4.2)	–	102.47	39.89	32.29	–	177	149	136
4.1 Using Debit Cards $	–	92.41	34.53	30.45	–	163	142	134
4.2 Using Pre-paid Cards $	–	10.06	5.37	1.84	–	14	6	2
5 Cash Withrawal at Micro ATMs @	–	400.77	715.03	777.16	–	11109	19671	21700
5.1 AePS @	–	400.77	715.03	777.16	–	11109	19671	21700

PART III - Payment Infrastructures (Lakh)

System	FY 2019-20	2020		2021
		Jan.	Dec.	Jan.
	1	2	3	4
Payment System Infrastructures				
1 Number of Cards (1.1 to 1.2)	–	8725.30	9460.57	9491.63
1.1 Credit Cards	–	561.20	603.97	610.98
1.2 Debit Cards	–	8164.10	8856.60	8880.65
2 Number of PPIs @ (2.1 to 2.2)	–	17574.74	20819.05	21212.16
2.1 Wallets @	–	16575.31	19156.35	19461.26
2.2 Cards @	–	999.43	1662.70	1750.90
3 Number of ATMs (3.1 to 3.2)	–	2.33	2.33	2.34
3.1 Bank owned ATMs $	–	2.10	2.08	2.09
3.2 White Label ATMs $	–	0.23	0.25	0.25
4 Number of Micro ATMs @	–	2.56	3.56	3.73
5 Number of PoS Terminals	–	49.47	57.85	60.27
6 Bharat QR @	–	17.79	32.00	33.60
7 UPI QR *	–	–	752.31	805.89

@: 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	2019	2020			
	Dec.	Mar.	Jun.	Sep.	Dec.
	1	2	3	4	5
(A) Total (in ₹. Crore)	**6512659**	**6486585**	**6704983**	**7137069**	**7357111**
1 Commercial Banks	39.05	40.41	38.98	38.55	37.81
2 Non-Bank PDs	0.39	0.39	0.36	0.34	0.25
3 Insurance Companies	24.90	25.09	26.24	25.33	25.64
4 Mutual Funds	1.53	1.43	2.02	2.42	2.62
5 Co-operative Banks	1.97	1.90	1.86	1.86	1.83
6 Financial Institutions	1.14	0.53	1.19	1.42	1.00
7 Corporates	0.84	0.81	0.78	0.94	1.05
8 Foreign Portfolio Investors	3.33	2.44	1.79	2.05	2.10
9 Provident Funds	4.93	4.72	4.96	4.77	4.61
10 RBI	14.72	15.13	14.70	15.00	15.71
11. Others	7.23	7.17	7.11	7.32	5.61
11.1 State Governments	1.97	2.05	1.99	1.86	1.76

State Governments Securities					
Category	2019	2020			
	Dec.	Mar.	Jun.	Sep.	Dec.
	1	2	3	4	5
(B) Total (in ₹. Crore)	**3047353**	**3265990**	**3393099**	**3564979**	**3721573**
1 Commercial Banks	32.46	34.99	33.54	34.60	34.19
2 Non-Bank PDs	0.64	0.76	0.74	0.54	0.36
3 Insurance Companies	32.50	31.63	30.85	30.26	30.25
4 Mutual Funds	1.20	1.14	1.74	1.96	1.92
5 Co-operative Banks	4.16	4.12	4.38	4.19	4.11
6 Financial Institutions	0.31	0.11	1.96	1.92	1.88
7 Corporates	0.31	0.30	0.31	0.39	0.45
8 Foreign Portfolio Investors	0.04	0.02	0.02	0.02	0.02
9 Provident Funds	23.66	22.22	21.70	21.31	21.20
10 RBI	0.00	0.00	0.00	0.00	0.81
11. Others	4.73	4.71	4.78	4.80	4.64
11.1 State Governments	0.17	0.18	0.18	0.18	0.18

Treasury Bills					
Category	2019	2020			
	Dec.	Mar.	Jun.	Sep.	Dec.
	1	2	3	4	5
(C) Total (in ₹. Crore)	**514588**	**538409**	**881362**	**982286**	**839729**
1 Commercial Banks	45.19	61.06	46.11	53.50	54.75
2 Non-Bank PDs	2.07	2.26	1.48	2.16	1.65
3 Insurance Companies	5.76	7.45	4.64	4.06	4.50
4 Mutual Funds	20.42	13.24	23.45	19.90	18.98
5 Co-operative Banks	2.07	2.55	1.95	1.63	1.61
6 Financial Institutions	2.12	0.58	1.67	1.34	1.11
7 Corporates	1.66	1.89	1.43	1.63	2.01
8 Foreign Portfolio Investors	0.00	0.00	0.00	0.00	0.00
9 Provident Funds	0.01	0.02	0.05	0.00	0.09
10 RBI	0.00	0.00	11.27	4.80	0.68
11. Others	20.70	10.95	7.95	10.99	1.36
11.1 State Governments	16.36	6.22	4.35	7.76	13.27

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 January-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	1116	31	1473	30	466	2
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	-	-	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	-	-	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	-	-	-	-
9	Himachal Pradesh	-	-	-	-	-	-
10	Jammu & Kashmir UT	-	-	908	26	1046	6
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	214	6	208	4	-	-
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	171	1	-	-	-	-
16	Manipur	58	5	235	31	172	6
17	Meghalaya	-	-	-	-	-	-
18	Mizoram	-	-	20	3	-	-
19	Nagaland	193	31	180	25	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	247	17	444	2	-	-
23	Rajasthan	-	-	-	-	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	1043	30	1320	30	1410	13
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 January 2021			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	8499	838	--	-
2	Arunachal Pradesh	1604	2	--	-
3	Assam	4637	56	--	-
4	Bihar	6292	0	--	-
5	Chhattisgarh	4680	0	1	4550
6	Goa	611	308	--	-
7	Gujarat	7013	495	--	-
8	Haryana	906	1237	--	-
9	Himachal Pradesh	--	--	--	2300
10	Jammu & Kashmir UT	--	--	--	-
11	Jharkhand	185	0	--	-
12	Karnataka	4999	0	--	24000
13	Kerala	2203	0	--	-
14	Madhya Pradesh	0	941	--	-
15	Maharashtra	42316	438	--	12000
16	Manipur	258	103	--	-
17	Meghalaya	684	37	9	-
18	Mizoram	474	47	--	-
19	Nagaland	1683	34	--	-
20	Odisha	12860	1500	87	17165
21	Puducherry	300	0	--	807
22	Punjab	951	0	8	-
23	Rajasthan	0	0	129	2000
24	Tamil Nadu	6813	0	40	19762
25	Telangana	5814	1266	--	-
26	Tripura	384	9	--	-
27	Uttar Pradesh	3245	82	180	-
28	Uttarakhand	859	0	--	-
29	West Bengal	9039	547	214	-
	Total	**127310**	**7939**	**667**	**82584**

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	2018-19		2019-20		2020-21						Total amount raised, so far in 2020-21	
						November		December		January			
		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	30200	23824	42415	33444	2000	1417	5000	4708	3000	2417	47250	41126
2	Arunachal Pradesh	719	693	1366	1287	53	53	-	-	-	-	481	481
3	Assam	10595	8089	12906	10996	2500	2500	1100	1100	500	500	9400	9400
4	Bihar	14300	10903	25601	22601	4000	4000	-	-	4000	3000	24000	22000
5	Chhattisgarh	12900	12900	11680	10980	2000	2000	2000	2000	2000	500	10000	7500
6	Goa	2350	1850	2600	2000	300	300	354	354	200	200	2554	2254
7	Gujarat	36971	27437	38900	28600	5500	3500	1500	1500	1500	500	31280	22323
8	Haryana	21265	17970	24677	20677	2000	2000	-	-	2000	2000	24500	21900
9	Himachal Pradesh	4210	2108	6580	4460	1000	1000	1000	1000	1000	700	5000	3900
10	Jammu & Kashmir UT	6684	4927	7869	6760	1605	1605	500	500	500	21	7810	5831
11	Jharkhand	5509	4023	7500	5656	-	-	1000	1000	1400	1400	5000	4500
12	Karnataka	39600	32183	48500	42500	8000	5400	10000	7500	2000	2000	57000	49900
13	Kerala	19500	13984	18073	12617	636	-364	3000	1500	-	-	19566	17066
14	Madhya Pradesh	20496	15001	22371	16550	4000	4000	4000	2000	2000	1000	24000	21000
15	Maharashtra	20869	3107	48498	32998	5500	350	-	-	-	-1875	65000	50925
16	Manipur	970	667	1757	1254	-	-	180	180	150	-	1030	880
17	Meghalaya	1122	863	1344	1070	-	-100	365	325	106	106	1521	1331
18	Mizoram	0	-123	900	745	232	232	100	100	90	50	864	724
19	Nagaland	822	355	1000	423	314	314	220	220	-	-	1284	1084
20	Odisha	5500	4500	7500	6500	-	-1000	-	-	-	-	3000	2000
21	Puducherry	825	475	970	470	200	-	100	100	250	250	900	700
22	Punjab	22115	17053	27355	18470	3321	1871	3307	1507	2200	1400	23723	14723
23	Rajasthan	33178	20186	39092	24686	3761	3261	5000	5000	3700	3700	42911	35829
24	Sikkim	1088	795	809	481	312	312	-	-	204	204	1131	1131
25	Tamil Nadu	43125	32278	62425	49826	4000	3375	5000	3175	6500	5875	69500	58619
26	Telangana	26740	22183	37109	30697	3573	3156	7000	6792	3000	2583	39534	35158
27	Tripura	1543	1387	2928	2578	413	413	600	600	-	-	1713	1613
28	Uttar Pradesh	46000	33307	69703	52744	4000	4000	8000	6922	12000	11500	45500	31213
29	Uttarakhand	6300	5289	5100	4500	-	-	-	-	500	208	4200	3208
30	West Bengal	42828	30431	56992	40882	4000	3500	5500	5500	7000	7000	42000	32500
	Grand Total	478323	348643	634521	487454	63219	47094	64826	53583	55800	45239	611652	500818

- : 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**.

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