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CONTENTS

MONETARY POLICY STATEMENT FOR 2014~15

Second Bi-Monthly Monetary Policy Statement, 2014-15
By Dr. Raghuram G. Rajan, Governor

Second Bi-Monthly Monetary Policy Statement, 2014-15 By Dr. Raghuram G. Rajan, Governor

Monetary and Liquidity Measures

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

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- reduce the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 basis points from 23.0 per cent to 22.5 per cent of their NDTL with effect from the fortnight beginning June 14, 2014;
- reduce the liquidity provided under the export credit refinance (ECR) facility from 50 per cent of eligible export credit outstanding to 32 per cent with immediate effect;
- introduce a special term repo facility of 0.25 per cent of NDTL to compensate fully for the reduction in access to liquidity under the ECR with immediate effect; and
- continue to provide liquidity under 7-day and 14-day term repos of up to 0.75 per cent of NDTL of the banking system.

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

Assessment

2. Since the first bi-monthly monetary policy statement of April 2014, global activity is evolving at different speeds. A broad-based strengthening of growth is gaining traction in the US and the UK, after a moderation in the first quarter of 2014 due to adverse weather conditions. However, in the euro area, recovery is struggling to gather momentum. The pick-up in sales in Japan in anticipation of the consumption tax hike has been followed by a sharp fall in consumer spending. Growth in coming quarters will depend on all three 'arrows' being put in play. Structural constraints continue to impede growth prospects in emerging market economies (EMEs), with concerns about the slowdown in China as its economy rebalances. Financial markets across the world still remain vulnerable to news about the impending normalisation of interest rates in some developed economies, even as some valuations appear frothy.

3. Lead indicators point to continuing sluggishness in domestic economic activity in the first quarter of 2014-15. The outlook for agriculture is clouded by the meteorological department's forecasts of a delay in the onset of the south-west monsoon with a 60 per cent chance of the occurrence of *El Nino*. The ongoing contraction in the production of consumer durables and capital goods, coupled with moderation in corporate sales and non-oil non-gold imports, is indicative of continuing weakness in both consumption and investment demand. The decisive election result, together with improved sentiment should, however, create a conducive environment for comprehensive policy actions and a revival in aggregate demand as well as a gradual recovery of growth during the course of the year.

4. Retail inflation measured by the consumer price index (CPI) increased for the second consecutive month in April, pushed up by a sharp spike in food inflation, especially in the prices of fruits, vegetables, sugar, pulses and milk. CPI inflation excluding food and fuel has moderated gradually since September 2013 although it is still elevated.

5. For the year 2013-14 as a whole, India's current account deficit (CAD) narrowed sharply to 1.7 per cent

of GDP, primarily on account of a decline in gold imports, although other non-oil imports also contracted with the weakening of domestic demand, and there was some pick-up in exports. In April 2014, the trade deficit narrowed sharply due to resumption of export growth after two consecutive months of decline, and the ongoing shrinking of import demand. Robust inflows of portfolio investment, supported by foreign direct investment and external commercial borrowings, kept external financing conditions comfortable and helped add to reserves.

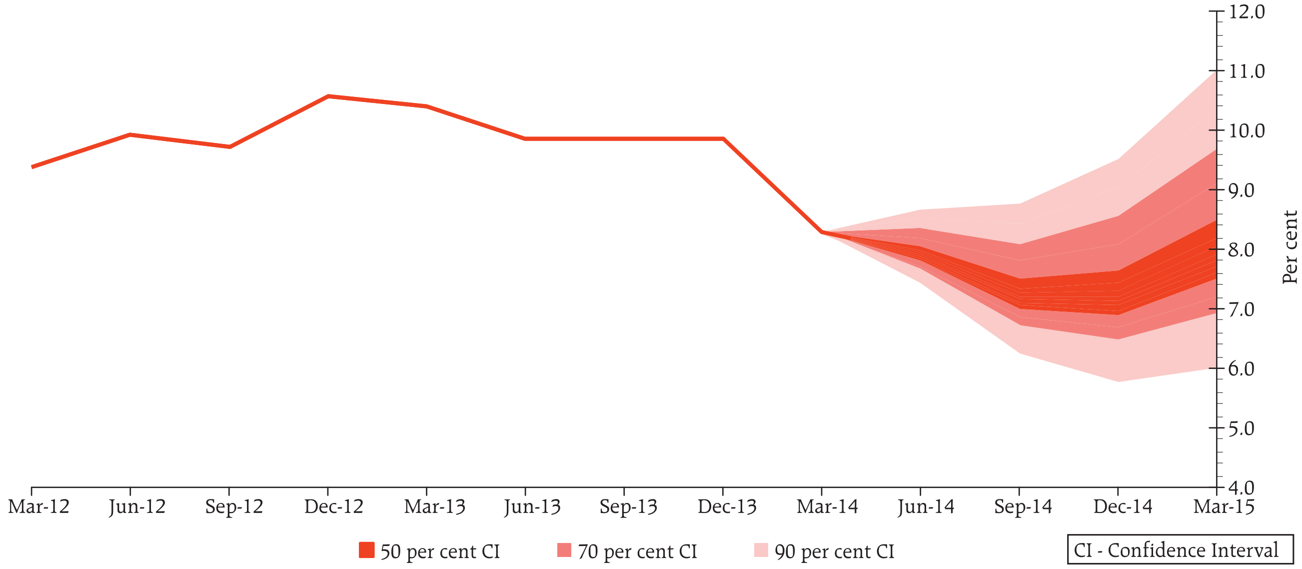
6. With the unwinding of year-end window dressing, the corresponding decline in the size of excess CRR holding of banks as well as the sharp decline in Government cash balances with the Reserve Bank as a result of Government expenditure, liquidity conditions improved significantly in April and May 2014. The average daily access to liquidity from the LAF and term repos during this period has been close to 1.0 per cent of NDTL. The Reserve Bank will continue to monitor liquidity conditions and will actively manage liquidity to ensure adequate flow of credit to the productive sectors.

Policy Stance and Rationale

7. In March and April, CPI headline inflation has risen on the back of a sharp increase in food prices. Some of this price pressure will continue into May, but it is largely seasonal. Moreover, CPI inflation excluding food and fuel has been edging down. The risks to the central forecast of 8 per cent CPI inflation by January 2015 remain broadly balanced. Upside risks in the form of a sub-normal/delayed monsoon on account of possible *El Nino* effects, geo-political tensions and their impact on fuel prices, and uncertainties surrounding the setting of administered prices appear at this stage to be balanced by the possibility of stronger Government action on food supply and better fiscal consolidation as well as the pass through of recent exchange rate appreciation. Accordingly, at this juncture, it is appropriate to leave the policy rate unchanged, and to allow the disinflationary effects of rate increases undertaken during September 2013-January 2014 to mitigate inflationary pressures in the economy.

8. The Reserve Bank remains committed to keeping the economy on a disinflationary course, taking CPI inflation to 8 per cent by January 2015 and 6 per cent

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



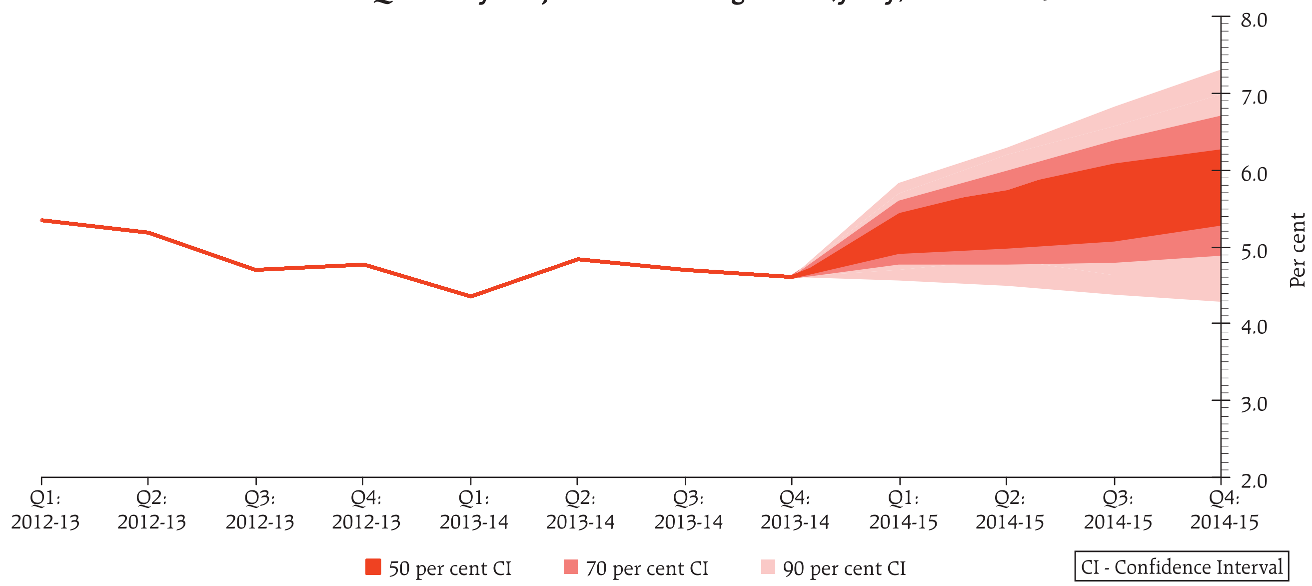
by January 2016. If the economy stays on this course, further policy tightening will not be warranted. On the other hand, if disinflation, adjusting for base effects, is faster than currently anticipated, it will provide headroom for an easing of the policy stance.

9. Contingent upon the desired inflation outcome, the April projection of real GDP growth from 4.7 per cent in 2013-14 to a range of 5 to 6 per cent in 2014-15 is retained with risks evenly balanced around the central estimate of 5.5 per cent (Chart 2). The outlook for the agricultural sector is contingent upon the timely arrival and spread of the monsoon. Easing of domestic supply bottlenecks and progress in the implementation of stalled projects should brighten the outlook for both manufacturing and services. The resumption of export growth is a positive development and as world trade gathers momentum, the prospects for exports should improve further.

10. In pursuance of the Dr. Urjit R. Patel Committee's recommendation to move away from sector-specific refinance towards a more generalised provision of system liquidity without preferential access to any particular sector or entity, the Reserve Bank has decided to limit access to export credit refinance while compensating fully with a commensurate expansion of the market's access to liquidity through a special term repo facility from the Reserve Bank (equivalent to 0.25 per cent of NDTL). This should improve access to liquidity from the Reserve Bank for the system as a whole without the procedural formalities relating to documentary evidence, authorisation and verification associated with the ECR. This should also improve the transmission of policy impulses across the interest rate spectrum and engender efficiency in cash/treasury management.

11. As the economy recovers, investment demand and the need for credit will pick up. To the extent that this contributes eventually to supply, it is important that banks have the room to finance it. A reduction in the required SLR will give banks more freedom to expand credit to the non-Government sector. However, the Reserve Bank is also cognisant of the significant on-going financing needs of the Government. Therefore, the SLR is reduced by 0.50 per cent of NDTL, with any further change dependent on the likely path of fiscal consolidation.

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



12. With a view to improving the depth and liquidity in the domestic foreign exchange market, it has been decided to allow foreign portfolio investors to participate in the domestic exchange traded currency derivatives market to the extent of their underlying exposures plus an additional US$ 10 million. Furthermore, it has also been decided to allow domestic entities similar access to the exchange traded currency derivatives market. Detailed operating guidelines will be issued separately.

13. As a prudential measure, the eligibility limit for foreign exchange remittances under the Liberalised Remittance Scheme (LRS) had been reduced to US$ 75,000 last year. In view of the recent stability in the foreign exchange market, it has been decided to enhance the eligible limit to US$ 125,000 without end use restrictions except for prohibited foreign exchange transactions such as margin trading, lottery and the like. Operating guidelines will be issued separately.

14. At present, only Indian residents are allowed to take Indian currency notes up to ₹10,000 out of the country. Non-residents visiting India are not permitted to take out any Indian currency notes while leaving the country. With a view to facilitating travel requirements of non-residents visiting India, it has been decided to allow all residents and non-residents except citizens of Pakistan and Bangladesh to take out Indian currency notes up to ₹25,000 while leaving the country. Operating guidelines in this regard are being issued separately.

15. The third bi-monthly monetary policy statement is scheduled on Tuesday, August 5, 2014.

SPEECHES

*Competition in the Banking Sector: Opportunities and Challenges**

Raghuram G. Rajan

Good evening. Shri Ashok Chawla, distinguished invitees, our friends from the press, and ladies and gentlemen:

It is a great honour to be invited to deliver the Annual Day lecture at the Competition Commission of India. Competition is the life force of a modern economy – it replaces dated and inefficient methods while preserving valuable traditions; it rewards the innovative and energetic and punishes the merely connected; it destroys the stability of the status quo while giving hope to the young and the outsider. True competition eliminates the need to plan, for as gravity guides water through the shortest path, competition naturally guides the economy to the most productive route.

Healthy competition is not just the best way to grow but also the best way to include all citizens; what better way to get needed services to a poor housewife than to encourage providers to compete for her money? What better way to uplift a member of a backward community than for private employers to compete to hire her for a good job?

Healthy growth-inducing inclusive competition does not, however, emerge on its own. Without intervention, we get the competition of the jungle, where the strong prey on the weak. Such competition only encourages a certain kind of winner, one who is adapted to the jungle rather than the world we want to live in. In contrast, healthy competition needs the helping hand of the government; to ensure the playing field is level, that entry barriers are low, that there are reasonable rules of the game and clear enforcement of contracts, and that all participants have the basic capabilities such as education and skills to compete.

Governments have historically found it difficult to ensure such healthy competition because intervention has to be just right. Governments typically are tempted to go beyond intervening to create a fair competitive environment, and instead have turned to determining winners and losers themselves. This typically has not worked out well. With this caveat, the creation of a healthier, more competitive environment in India could be the government's most important contribution to sustainable economic growth in India over the medium term. And the Competition Commission will be a central player in this endeavour. Whether in questioning existing government monopolies or the excessive market power of private players, you will be a key institution in the years to come. And for the sake of our country, I wish you the very best of success.

Today, I want to focus on the coming competitive environment in the banking sector. At the Reserve Bank of India, we have spent a few months thinking about how we see that shaping up, and I want to share that vision with you. My intent here is to further the debate rather than to announce any final decisions.

The Grand Bargains

Competition in the banking sector in India is best seen as the product of two grand bargains. The first was between successive governments and the banks, whereby banks got privileged access to low cost demand and time deposits, to the central bank's liquidity facilities, as well as some protection from competition, in return for accepting obligations such as financing the government (through the Statutory Liquidity Ratio or SLR), helping in monetary transmission (through maintaining the Cash Reserve Ratio or CRR), opening branches in unbanked areas and making loans to the priority sector.

The second grand bargain was between the public sector banks (PSBs) and the government, whereby these

* Governor Dr. Raghuram G. Rajan's talk at the Annual Day Lecture of the Competition Commission of India on May 20, 2014 at New Delhi.

banks undertook special services and risks for the government, and were compensated in part, by the government standing behind the public sector banks. As India has developed, both these bargains are coming under pressure. And it is development and competition that is breaking them down.

Today, the investment needs of the economy, especially long term investment in areas like infrastructure, have increased. The government can no longer undertake these investments. Private entrepreneurs have been asked to take them up. To create space for financing, the government has to pre-empt less of the banking system's assets. But the nature of financing required is also changing. Private investment is risky, so there has to be more risk absorbing financing such as from corporate bond markets and from equity markets. As more sources of financing emerge, not only will banks no longer be able to have a monopoly over financing corporations and households, they will also have to compete for the best clients, who can access domestic and international markets.

Similarly, deposit financing will no longer be as cheap, as banks will have to compete with financial markets and real assets for the household's savings. As households become more sophisticated, they will be unwilling to leave a lot of money in low interest bearing accounts. Of course, households will still be willing to accept low interest rates in return for liquidity. So privileged access to the central bank's liquidity windows will allow banks to offer households these liquidity services safely and get a rent, but this advantage will also become eroded as new payments institutions and technologies emerge.

The first grand bargain – cheap deposits in return for financing the government – is therefore being threatened from both sides. Deposits will not continue to be cheap, while the government cannot continue to pre-empt financing at the scale it has in the past if we are to have a modern entrepreneurial economy. This is yet another reason why fiscal discipline will be central to sustainable growth going forward.

Public sector banks are, if anything, in a worse position than private sector banks, which is why the second bargain is also under threat. As low risk enterprises migrate to financing from the markets, banks are left both with very large risky infrastructure projects and with lending to small and medium sized firms. The alternative to taking these risks is to plunge into very competitive retail lending, so public sector banks may have little option especially if the government pushes them to lend to infrastructure.

Many of the projects being financed today, however, require sophisticated project evaluation skills and careful design of the capital structure. Successful lending requires the lender to act to secure his position at the first sign of trouble, otherwise the slow banker ends up providing the loss cover for more agile bankers or for unscrupulous promoters. To survive in the changing business of lending, public sector banks need to have strong capabilities, undertake careful project monitoring, and move quickly to rectify problems when necessary.

In the past, PSBs had the best talent. But today, past hiring freezes have decimated their middle-management ranks, and private banks have also poached talented personnel from PSBs. PSBs need to be able to recruit laterally, while retaining the talent they have, but to do so they need to be able to promise employees responsibility as well as the freedom of action. Unfortunately, employee actions in public sector banks are constrained by government rules and second-guessed by vigilance authorities, even while pay is limited. It will be hard for public sector banks to compete for talent. If, in addition, these banks are asked to make sub-optimal decisions in what is deemed the public interest, their performance will suffer more than in the past. This will make it hard for them to raise funds, especially capital. With the government strapped for funds, its ability to support the capital needs of public sector banks as part of the second grand bargain is also coming into question.

We cannot go backwards to revive the two bargains – that means reversing development and bottling the genie of competition, neither of which would be desirable for the economy even if feasible. Instead, the best approach may be to develop the financial sector by increasing competition and variety, even while giving banks, especially public sector banks, a greater ability to compete. Let me be more specific.

Increasing Competition in Banking

The Reserve Bank of India is committed to freeing entry in banking. We just announced two new commercial bank licenses after a rigorous vetting process. We are examining this experience, and after making appropriate changes, will announce a more regular process of giving licenses – what has been termed licenses on tap.

Because of the public's trust in banks and the presence of universal deposit insurance, we have to be careful in giving out the normal commercial bank licenses. To be absolutely confident of the capabilities and integrity of applicants, we give licenses only to those who have a proven track record and reasonable capital. But what of those who have no track record or no large fund base but do have capabilities? And what of those who see synergies in doing only one part of the banking business such as payments?

The RBI can take more of a chance with new players if they get the license to open only a small bank or to conduct only one segment of banking business. Such differentiated licenses – licenses with restrictions on the geographical reach or the products offered by a new bank – can generate more organisational variety and efficiency. Small banks tend to be better at catering to local needs, including needs of small and medium businesses. A payments bank, which will take deposits and offer payment and remittance services but be constrained to invest all its funds in safe instruments such as government securities, could be very synergistic with other existing services. For example, the proposed Post Bank could start as a payment bank, making use of post office outlets to raise deposits and make payments.

Key in any new structure is that there should be no arbitrage possibilities hurting the current banking system. Today, a commercial bank can convert itself into a payment bank by maintaining 100 per cent SLR margins. Of course, it may not want to, because it seeks to make more money through corporate lending, but this possibility indicates regulations will not favour a payments bank unduly. Some of my colleagues believe a payments bank will be unviable, while others believe that it will skim the cream of banking business away from regular commercial banks. We can debate this issue for a long time, or we can experiment by allowing a few payments banks and monitoring their performance. The RBI proposes to discuss further steps with stakeholders in this regard.

If payments banks are successful, they will allow us to steadily reduce some of the obligations we impose on commercial banks. For instance, as payments banks hold government securities for liquidity purposes, we can reduce the quantity of government securities we ask commercial banks to hold as part of SLR.

While on the issue of bank obligations, there is an area where they do seem to be at a disadvantage vis-a-vis other financial institutions – in the raising and lending of long term money. This becomes especially important for infrastructure, where banks can be essential in early stage construction financing. Since construction lasts for 5-7 years, banks should be able to raise long tenor money for these purposes. But if they raise such money today, they immediately become subject to CRR and SLR requirements, and any lending they do attracts further priority sector obligations. To the extent that banks raise long term bonds and use it for infrastructure financing, could we relieve them of such obligations? This will immediately put them on par with other financial institutions such as insurance companies and finance companies in funding long term infrastructure.

The priority sector obligation will probably be necessary for some more time in a developing country like ours, though we need to deliberate more on what sectors should constitute priority as the economy develops. But even without entering this potentially contentious debate, can we allow banks to fulfil existing norms more efficiently? For instance, if one bank is more efficient at rural lending, can it over-achieve its obligations and then 'sell' its excess to another bank that is an underachiever? We are examining such possibilities.

Finally, we have had only limited success in achieving inclusion when it is seen as a mandate. Banks sometimes open branches in remote areas but the officers that staff them do not really reach out to the local population; banks open no-frills accounts but many lie dormant. The reality is that if the mandate is unprofitable, banks will find ways to avoid them. Not all forms of inclusion can be made profitable, but we should give banks the freedom to try new approaches, perhaps drawing in other institutions that can traverse the last mile to the underserved where necessary. The RBI will come out with new relaxations on business correspondents shortly. Also, some of the entities that become payments banks may be very well suited to support or substitute commercial banks in reaching remote areas.

In sum then, we can increase competition in the banking sector while, at the same time, strengthening banks by reducing the burden of obligations on them. In this way, they will be able to contribute to sustainable growth even after the breakdown of the first grand bargain.

Freeing Public Sector Banks to Compete

Let us turn next to the public sector banks. There are well-managed public sector banks across the world and even in India today. So privatisation is not necessary to improve the competitiveness of the public sector. But a change in governance, management, and operational and compensation flexibility are almost surely needed in India to improve the functioning of most PSBs, as the Dr. P.J. Nayak Committee has just reiterated.

A number of eminently practicable suggestions have been made to reform PSBs, such as creating a holding company to hold government PSB shares, increasing the length of PSB CEO tenures, breaking up the position of Chairman and CEO, bringing more independent professionals on bank boards and empowering boards with the task of selecting the CEO, becoming more selective in cases that are followed up for vigilance investigations.

We need to examine all these ideas carefully, many of which will help give public sector banks the flexibility to compete in the new environment. Let us remember that what is at stake is not just the tremendous amount of national value that is represented by public sector banks but future financing and investment in our economy.

If public sector banks become competitive, and especially if they do so by distancing themselves from the influence of the government without sacrificing their "public" character, they will be able to raise money much more easily from the markets. Indeed, the better performers will be able to raise more, unlike the current situation where the not so good performers have a greater call on the public purse. Competition will improve efficiency. The second grand bargain will also become irrelevant.

Conclusion

The banking sector is on the cusp of revolutionary change. In the next few years, I hope we will see a much more varied set of banking institutions using information and technology to their fullest, a healthy public sector banking system, distant from government influence but not from the public purpose, and a deep and liquid financial markets that will not only compete with, but also support, the banks. Such a vision is not just a possibility, it is a necessity if we are to finance the enormous needs of the real economy. As India resumes its path to strong and sustainable growth, it is the RBI's firm conviction that the Indian banking sector will be a supportive partner every inch of the way.

*Concerns about Competitive Monetary Easing**

Raghuram G. Rajan

Good morning. The world seems to be struggling back to its feet after the great financial crisis, and financial markets are buoyant. This is partly because central bankers are collectively engaged in extreme monetary easing through unconventional policies.

I have two worries about this environment. First, unconventional policies tend to be feasible when domestic commercial banks are willing to accumulate significant central bank reserves without question. But those are typically situations where lending is unattractive – because of debt overhang, structural problems, or simply weak demand. Of course, a hope is that when commercial banks accumulate enough reserves, their behaviour will change. But this may be a long time coming, if at all.

In the meantime, the consequences of these sustained unconventional policies pile up in the financial markets, where risk taking increases, without necessarily increasing real investment or consumption. And they spill over into foreign markets as capital flows lead to greater leverage and stronger exchange rates in recipient countries, and a shift in demand away from them.

The second worry I have is that such policies prompt a reaction by foreign central banks in both competitor industrial countries and in emerging markets. These may espouse unconventional policies once again in order to avoid exchange rate appreciation or capital inflows. Even as each central bank does, what is most appropriate for its domestic circumstances, aggregate world demand may be weaker and more distorted than it should be, and financial risks higher.

The international rules of the game need to be revisited as the world has changed. Both advanced economies and emerging economies need to adapt, else I fear we are about to embark on the next leg of a wearisome cycle.

Unconventional Policy

By unconventional monetary policies (UMP), I mean both policies that hold interest rates at near zero for long, as well as balance sheet policies such as quantitative easing or exchange intervention, that involve altering central bank balance sheets in order to affect certain market prices.

Let me first say there is a role for unconventional policies – when markets are broken or grossly dysfunctional or when deflationary expectations are strongly entrenched, as in Japan.

The key question is what happens when these policies are prolonged long beyond repairing markets – and there the benefits are much less clear. Let me list 4 concerns:

1. Is UMP the right tool once the immediate crisis is over? Does it distort behavior and activity so as to stand in the way of recovery?
2. Do such policies buy time or does the belief that the central bank is taking responsibility prevent other, more appropriate, policies from being implemented? Put differently, when central bankers say, however reluctantly, that they are the only game in town, do they become the only game in town?
3. Will exit from unconventional policies be easy?
4. What are the spillovers from such policies to other countries?

For reasons of time, let me focus on the last two.

Exit

The macroeconomic argument for prolonged unconventional policy in industrial countries is that it

* Governor Dr. Raghuram G. Rajan's remarks in the Policy Panel Discussion, at the '2014 BOJ-IMES Conference on Monetary Policy in a Post-Financial Crisis Era', organised by the Institute of Monetary and Economic Studies, Bank of Japan in Tokyo on May 28, 2014.

has low costs, provided inflation stays quiescent. Hence it is worth pursuing, even if the benefits are uncertain. Central bankers such as Governor Stein have, however, raised concerns about financial sector risks that may build with prolonged use of unconventional policy.

One reason is that leverage may increase both in the financial sector and amongst borrowers as policy stays accommodative. One channel seems to be that a boost to asset liquidity leads lenders to believe that asset sales will backstop loan recovery, leading them to increase loan to value ratios.

When liquidity tightens, though, too many lenders rely on asset sales, causing asset prices and loan recovery to plummet. Because lenders do not account for the effects of their lending on the 'fire sale' price, and subsequently on lending by others, they may have an excessive incentive to build leverage.

Leverage need not be the sole reason why exit may be volatile after prolonged unconventional policy. As Feroli *et. al.* argue, investment managers may fear underperforming relative to others. This means they will hold a risky asset only if it promises a risk premium (over safe assets) that makes them confident they will not underperform holding it.

A lower path of expected returns on the safe asset makes it easier for the risky asset to meet the required risk premium, and indeed draws more investment managers to buy it – the more credible the forward guidance on 'low for long', the more the risk taking.

However, as investment managers crowd into the risky asset, the likelihood of possible fire sales increases if the interest rate environment turns. Everyone may dump the risky asset at that point in order to avoid being the last one holding it.

Ideally, market players would exit trades gradually, and asset prices would fall gently, as probabilities of the interest rate environment turning increase. But a rise in long rates may upset an incipient recovery. The central bank's attempt, however, to hold long rates down till the last possible moment by reassuring markets that policy rate hikes are a long way away, is not without danger. If economic data turn up strongly, its reassurance may not carry credibility, and market players will exit trades en masse.

Leverage and investor crowding may therefore exacerbate the consequences of exit. The consequences of exit, however, are not just felt domestically, they could be experienced internationally.

Spillovers

Perhaps most vulnerable to the increased risk-taking in this integrated world are countries across the border. When monetary policy in large countries is extremely and unconventionally accommodative, capital flows into recipient countries tend to increase local leverage; this is not just due to the direct effect of cross-border banking flows but also the indirect effect, as the appreciating exchange rate and rising asset prices, especially of real estate, make it seem that borrowers have more equity than they really have. Exchange rate flexibility in recipient countries, in these circumstances, sometimes exacerbates booms rather than slowing inflows.

Recipient countries should adjust, of course, but credit and flows mask the magnitude and timing of needed adjustment. For instance, higher collections from property taxes on new houses and income taxes on a more prosperous financial sector may suggest a country's fiscal house is in order, even while low risk premia on sovereign debt add to the sense of calm. At the same time, an appreciating nominal exchange rate may also keep down inflation.

So, when source countries move to exit unconventional policies, some recipient countries are leveraged, imbalanced, and vulnerable to capital outflows. Recipient countries are not being irrational when they protest both the initiation of unconventional policy as well as an exit whose pace is driven solely by conditions in the source country. Having become more vulnerable because of leverage and crowding, recipient countries may call for an exit whose pace and timing is responsive, at least in part, to conditions they face.

The Case for International Monetary Policy Coordination

Hence, my call for more coordination in monetary policy. I do not mean that central bankers sit around a table and make policy collectively, nor do I mean that they call each other regularly and coordinate actions. We certainly communicate with one another enough at the BIS.

In its strong form, I propose that large country central banks, both in advanced countries and emerging markets, internalise more of the spillovers from their policies in their mandate, and are forced by new conventions on the 'rules of the game', monitored by an impartial agency, to avoid unconventional policies with large adverse spillovers and questionable domestic benefits.

Given the difficulties of operationalising the strong form, I suggest that, at the very least, central banks reinterpret their domestic mandate to take into account other country reactions over time (and not just the immediate feedback effects), and thus become more sensitive to spillovers. This weak 'coordination' could be supplemented with a re-examination of global safety nets.

Let me be more specific. The key rationale for coordination and international monitoring is adverse policy spill overs. Yet international agencies, with only a few notable exceptions, have overwhelmingly endorsed the recent unconventional policies. Essentially, they argue, it is OK to distort asset prices if there are other domestic constraints to reviving growth, such as the zero-lower bound. But net spillovers, rather than fancy acronyms, should determine internationally acceptable policy.

Otherwise, countries could legitimately practice what they might call quantitative external easing or QEE, whereby they intervene to keep their exchange rate down and build huge reserves. The reason we frowned on QEE in the past is because we believed the adverse spillover effects for the rest of the world were significant.

But, if domestic demand is difficult to alter because of a variety of constraints, one could argue QE works primarily through demand shifting, not unlike QEE. Therefore, if we are unwilling to evaluate all policies based on their spillover effects, there is no legitimate way multilateral institutions can declare that QEE contravenes the rules of the game.

The second danger is that a mismanaged exit will prompt fresh distortionary behaviour. Indeed, the lesson some emerging markets will take away from the recent episode of turmoil is: (i) don't expand domestic demand and run large deficits; (ii) maintain a competitive exchange rate; and (iii) build large reserves, because when trouble comes, you are on your own. In a world with deficient aggregate demand, is this the message the international community wants to send?

Two obvious remedies suggest themselves: Less extreme monetary policies on all sides with some thought given to adverse spillover effects when setting policy, and better global safety nets to mitigate the need for countries to self-insure through reserve buffers.

Operationalising Coordination: Some Suggestions

In an ideal world, UMPs such as QE or QEE should be vetted by an independent multilateral agency for their spillover effects. For instance, following a complaint by an impacted country, the independent assessor could analyse the effects of such policies and come to a judgement on whether they follow the rules of the game. Policies where the benefits are largely domestic, while the costs fall largely abroad, would be especially carefully scrutinised. And if the assessor deems the policy reduces global welfare, pressure should be applied to stop such policies.

The problems with such an idealistic process are easy to see. Where is such an impartial assessor to be found? And if a truly independent assessment came to the conclusion that certain policies were in violation, how would such a judgement be enforced?

A More Modest Proposal

Perhaps then, it would be better to settle for a more modest proposal. Central banks should not just worry about the immediate flows of capital to other countries from its policies, but the longer run reaction such as competitive easing or sustained exchange intervention that this would bring about. This would allow central banks to pay more attention to spillovers even while staying within their domestic mandate.

At the same time, we should reduce the incentive for countries to engage in a repeat of substantial reserve accumulation by building stronger international safety nets. An interesting proposal from the IMF is a liquidity line from the IMF, where countries are pre-qualified by the IMF and told (perhaps privately) how much of a line they would qualify for under current policy – with access limits revised every year after the Article IV discussions and any curtailment becoming effective 6 months later. Such a pushed line could overcome the problem that no country wants to approach the Fund because of the associated stigma.

Conclusion

The current non-system in international monetary policy is, in my view, a source of substantial risk, both to sustainable growth as well as to the financial sector. It is not an industrial country problem, nor an emerging market problem, it is a problem of collective action. The sooner we recognise that, the more sustainable world growth we will have.

*Indian Banking at Crossroads – Challenge of Risk Management from Globalisation to Financial Inclusion**

R. Gandhi

Shri Shailesh Vaidya, Chairman, Indian Merchants' Chamber (IMC), Shri Chandan Bhattacharya, Chairman, Finance and Banking Committee, IMC and delegates to this IMC National Seminar, a very warm good evening! It is an honour for me to be here today to deliver the valedictory address of this National Seminar organised by IMC. The Seminar provides an opportunity to consider the developments in the banking risk management, assess the recent experience in this space and work on the way ahead.

Why risk management assumes greater significance in banks

2. Most business activities and operations are driven by considerations of returns or profitability. However the search for returns exposes the businesses to risks. Also risks escalate and multiply with returns sought – banks are no different; only the element of riskiness in the banks' business and operations is higher as they not only carry out their operations with borrowed money and with high leverage but also attempt to provide a vast range of financial services.

3. Banks perform multifarious functions. However, financial intermediation and maturity transformation are by far the most significant activities performed by banks. Banks essentially have a liquid liability profile, as against an illiquid asset profile, which makes them vulnerable to runs and in this process alone, they generate or are exposed to different types of risks. Credit, market and operational risks are the three primary risks that have a substantial bearing on the performance of banks. There are a number of other types of risks, emanating both from within and without that the banks are exposed to in their day to day functioning.

4. Further, banks are intricately linked to the various segments in the financial sector and the economy. Problems emanating from the banking sector can cause wide spread destabilisation to the segments to which it is, directly or indirectly linked.

5. As the banks perform this role of intermediation in fiduciary capacity, ensuring a balance between the risks and returns assumes significance and the effort towards achieving this balance can be referred to as risk management. The various financial crisis of the past brought to the fore the importance of robust risk management practices in financial institutions including banks. Progressive technological developments and advanced modelling techniques have, however, rendered risk management a highly complex and sophisticated discipline lately.

What is Risk Management?

6. Risk management can be defined as a function of risk identification, measurement, monitoring and reporting to ensure that the returns are appropriate to the risk undertaken and the risks undertaken are commensurate with the risk appetite and risk tolerance. Risk management has to ensure that the bank holds adequate capital and reserves to make sure that its solvency and stability are not threatened, both in the short and the long run.

7. The capital measurement standards commonly known as the Basel Accords I and II published in 1988 and 2006 respectively, had already emphasised the importance of risk management by linking progressively the banks' capital adequacy to the risk weighted assets (RWA) on account of the Credit and RWA equivalent for Market and Operational risks. Based on the principle

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of proportionality, Basel II further entails progressive advancement to sophisticated but complex risk measurement and management approaches to credit, market and operational risks depending on the size, sophistication and complexity of the respective banks. In addition, Pillar 2 and Pillar 3 of Basel II emphasize the need for developing better risk management techniques in monitoring and managing risks not adequately covered or quantifiable under Pillar 1 and increased disclosure requirements.

Recent global initiatives for strengthening risk management practices in banks

8. As a response to the global financial crisis, a package of reforms collectively referred to as Basel III has been unleashed as part of the global regulatory effort to enhance the soundness and resilience of the banking system. These reforms focus on capital, liquidity, leverage and macro prudential aspects of banking risk management. Basel III, on one hand, attempts to improve the quality and quantity of loss absorbing capital that a bank holds and aims at increasing the risk coverage of the capital framework, in particular for trading activities, securitisations exposures to off-balance sheet vehicles and counterparty credit exposures arising out of derivatives. On the other hand, it has devised regulation for dealing with systemic risk by prescribing countercyclical capital requirement, to contain pro-cyclicality and a framework for Global Systemically Important Banks (G-SIBs) and Domestic Systemically Important Banks (D-SIBs) has also been laid down to manage risks arising from inter-connectedness.

9. The reforms require banks to raise the amount of common equity to 4.5 per cent of assets by January 2019 from the 2 per cent requirement under Basel II. The new minimum for Tier 1 capital has now been raised to 6 per cent. The innovative elements of the Basel III requirements include additional layers of capital in form of the Capital Conservation Buffer and Countercyclical Capital Buffer, minimum Liquidity requirements in the form of short term Liquidity Coverage Ratio (LCR) and long term structural Net Stable Funding Ratio (NSFR), a leverage ratio as a back-stop to the risk based capital framework and additional proposals for the G-SIBs. The Capital Conservation Buffer is prescribed as 2.5 per cent of common equity in addition to the 4.5 per cent minimum requirement bringing the total common equity requirements to 7 per cent which if breached would restrict pay-outs of earnings to help protect the minimum common equity requirement. The capital buffer can be used to absorb losses during periods of financial and economic stress. The countercyclical capital buffer entails common equity or other fully loss absorbing capital in the range of 0 per cent – 2.5 per cent to be implemented according to national circumstances and kicks in when credit to GDP ratio deviates significantly from the trend. The paradigm changing approach to risk management under Basel III is introducing macro-prudential regulations to deal with systemic risk. The crisis brought home the point that even while individual financial institutions are strong, when each of them act to preserve its own interests, these actions could lead to instability of the system.

10. An internationally harmonised Leverage Ratio has been introduced as a simple back-stop facility to complement the risk based capital framework in order to contain build-up of excessive leverage in the system and comprises of 3 per cent loss absorbing capital relative to all of a bank's assets, including off-balance sheet assets without risk weighting. Certain enhancements have also been introduced to the Basel II framework by raising standards for the supervisory review process and public disclosures under Pillar 2 and 3, together with additional guidance in the areas of sound valuation practices, stress testing, liquidity risk management, corporate governance and compensation. The liquidity requirements include a minimum liquidity coverage ratio (LCR) intended to provide enough cash to cover funding needs over a 30-day period of stress. As such under LCR, the banks will be required to hold a buffer of high-quality liquid assets sufficient to deal with cash outflows encountered in acute short-term stress scenario. At the long-term

spectrum, the NSFR is intended to address maturity mismatches over the entire balance sheet for upto one year and provides incentives for banks to use stable sources to fund their activities. The proposals for the G-SIBs are tougher, to include combinations of capital surcharges, contingent capital and bail-in debt as also strengthened arrangements for cross border supervision and resolution in view of the higher complexity, connectedness and riskiness. Keeping in view the need to safeguard against any disruption to the recovery of the real economy and allow national jurisdictions sufficient time to translate the new standards into national legislation, a transition phase of six years from January 1, 2013 to January 1, 2019 has been envisioned for full implementation.

Recent developments and emerging regulatory scenario in India for improving risk management in banks

11. The Reserve Bank too has adopted a proactive and calibrated approach towards demanding and facilitating robust risk management efforts by the banks. Reserve Bank has been adopting a considered approach of limiting the systemic risk originating from both the pro-cyclicality as well as interconnectedness dimensions. For example, countercyclical measures were adopted as early as 2004 to stall heating up of certain specific sectors by increasing the risk weights and provisioning ratios for sensitive sectors such as capital market, housing, commercial real estate during the period when the boom was building up. Several measures were taken to reduce the inter-connectedness among banks on the one hand and between banks and NBFCs on the other; and to address the cross-sectional dimension of systemic risk, regulatory limits have been placed on exposures to capital market. Such macro-prudential approach, which was not widely prevalent then, saved the domestic economy from the adverse shocks during the height of the crisis.

12. The road-map for the implementation of Basel II in India was in phases and was designed to suit the country-specific conditions.

BASEL III

13. Implementation of Basel III Capital Regulations has commenced in India from April 1, 2013; and it will also be in phases, and would be fully implemented as on March 31, 2019 close to the internationally agreed Basel III transitional arrangement.

i. As against the minimum Tier 1 **leverage ratio** of 3 per cent proposed by the Basel Committee on Banking Supervision (Basel Committee) during the parallel run period beginning from January 1, 2013 to January 1, 2017, the Reserve Bank has prescribed a minimum Tier 1 leverage ratio of 4.5 per cent during the parallel run period. The leverage ratio framework is being revised in line with the recent proposals of the Basel Committee.

ii. The Reserve Bank has issued enhanced **Pillar 3 disclosure requirements** effective from quarter ended September 30, 2013 to improve transparency of regulatory capital and to enhance market discipline.

iii. Comprehensive **liquidity risk management (LRM)** guidelines were issued on November 7, 2012. Based on the recent guidelines published by the Basel Committee on Liquidity Coverage Ratio (LCR) in January 2013, the Reserve Bank is in the process of finalising its guidelines on LCR which are expected to be issued shortly.

iv. The guidelines issued by the Reserve Bank on July 2, 2013 (effective January 1, 2014) on capital requirements for bank exposures to Central Counterparties (CCPs) provide incentives for banks to clear standardised **OTC derivatives** contracts through qualified CCPs.

v. While none of the Indian banks figure in the list of G-SIBs, **D-SIBs** have to be identified. A draft framework for dealing with the D-SIBs has been published on December 2, 2013. It requires that additional common equity capital requirement applicable to a D-SIB with highest systemic importance will be 0.8 per cent of RWAs.

vi. The Reserve Bank revised its guidelines on **securitisation** in May 2012 and introduced norms on minimum holding period, minimum retention ratio, and standards for due diligence to align the interest of the originators and investors, and induce 'Skin in the Game' concept to discourage 'Originate to Distribute' models.

vii. **Un-hedged foreign currency exposures (UFCE)** of the corporates are a cause of concern as they pose risk to the individual corporates as also to the entire financial system. Guidelines on risk management of un-hedged exposures as also the methodology to be followed by banks for computing incremental provisioning and capital requirements for exposure to corporates having un-hedged foreign currency exposures have since been introduced.

viii. As a prudential measure aimed at avoiding concentration of credit risk and large losses due to **Intra-Group Transactions and Exposures (ITEs)**, the Reserve Bank of India has prescribed regulatory guidelines on February 11, 2014, putting in place both quantitative limits for the financial Intra-Group Transactions and Exposures and prudential measures for the non-financial ITEs.

ix. As the growing volume of non - performing assets along with restructured assets was becoming a major cause for concern for the financial as well as the real sector, a **framework for revitalising distressed assets** in the economy has been implemented with effect from April 1, 2014. The Framework lays down guidelines for early recognition of financial distress, information sharing among lenders and co-ordinated steps for prompt resolution and fair recovery for lenders. It envisages *centralised reporting* and dissemination of information on large credits, early *formation of lenders' forums* and *incentives* for lenders and borrowers to agree on resolution and *disincentives* for both in the event of failure to act in a timely way. Improvements in the current restructuring process such as an *independent evaluation* of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors have been mandated. Finally, a more *liberal regulatory treatment* of distressed asset sales, particularly to asset reconstruction companies, has been provided. It proposes to bring non-bank lenders also under its ambit for enhanced effectiveness.

x. The Basel Committee issued the Principles for Sound Stress Testing Practices and Supervision in May 2009. In tune with these principles, the extant Reserve Bank guidelines on **stress testing** have been updated. Stress testing which is based on forward looking approach is expected to provide a complementary and independent risk perspective to other risk management tools such as value-at-risk (VaR) and economic capital and complement risk management approaches that are based on complex, quantitative models using backward looking data and estimated statistical relationships.

xi. With the objective of building up a buffer of capital which can be used to achieve the broader macro-prudential goal of restricting the banking sector from indiscriminate lending in the periods of excess credit growth that have often been associated with the building up of system-wide risk, the Reserve Bank has proposed to create a **Countercyclical Capital Buffer (CCCB)** framework for banks in India. The proposed draft CCCB framework in India is based upon the credit-to-GDP gap in conjunction with other indicators like Gross Non-Performing Assets (GNPA) growth. The CCCB shall increase linearly from 0 to 2.5 per cent of the risk weighted assets (RWA) of the bank based on the position of gap between 3 percentage points and 15 percentage points.

xii. The Reserve Bank is keen to introduce a **countercyclical provisioning** approach with the objective of building up provisioning buffer for the banking system when the banks in general are making profits so that this can be used to absorb losses in case of downturn. A discussion paper on Introduction of **Dynamic Loan Loss Provisioning** Framework for Banks in India has been put on the RBI website on March 30, 2012. A comprehensive forward looking provisioning framework based on data collected from select banks in respect of certain segments and system–wide data is being developed. The new approach would smoothen the impact of incurred losses on the Profit and Loss Account through the cycle and thereby facilitate continued lending by banks during downturns.

xiii. The Reserve Bank has from time to time also issued regulatory guidelines on other areas such as **Corporate Governance, Fit & Proper, Know Your Customer/Anti Money Laundering, Credit Information Sharing, Customer Services** in addition to specific guidance on credit, market and operational risk management *etc.*, to strengthen the over-all risk management culture in Indian banks.

Recent risk management in banks

14. A survey on banking risk management, conducted under the aegis of the Institute of International Finance, sees a renewed focus on risk culture. It reports that risk culture is now at centre stage and banks have made significant progress toward changing their risk governance frameworks in the wake of the financial crisis. Board risk committees are nearly universal, and members have received appropriate training in risk management. The role of the chief risk officer has broadened, while its seniority and status have been enhanced. They now report either to the chief executive officer or jointly to the CEO and risk committee. However, the survey laments that the industry continues to wrestle with the process of embedding risk culture beyond the boardroom and into business units while ensuring adequate risk transparency.

15. Many respondents cited the balance between a sales-driven front-office culture and a risk-focused culture at higher levels as their top organisational challenge; they also note lack of systems and data. They believe their organisations need to do more to instill a strong risk culture, underscoring the need for a sustained effort over a long period of time.

16. Risk appetite continues to be an essential part of risk governance, but the industry continues to be challenged to embed risk appetite into business decisions. The financial services industry recognised during the financial crisis that boards needed to change focus from share price and profitability to the risks entailed in their strategies. Also, chief risk officers needed to be empowered to create cultural change within their organisations.

17. With these shifts well underway, senior risk executives are focused on moving reputation and operational risk higher up the agenda. However, banks are still struggling to ensure that specific business decisions are consistent with risk appetite and are putting new programs in place to achieve this.

18. One of the challenges that banks face in developing comprehensive risk measurement models are the scarcity of available historical and time series loss data and the quality, completeness and reliability of the data available. Effective risk management requires specialisation and technical expertise as also independent and dedicated risk management function. While efforts are on in this direction, the HR policies and limited suitable number of the skilled human resources present myriad challenges in fully achieving this objective. Attrition and ability to retain the skilled personnel adds to the challenge.

Present experience in risk management in Indian banks

19. The regulatory initiatives as also the banks' individual efforts in this direction have certainly

improved the risk management standards in Indian banks in the last few years. Since the initiation of structural reforms in the Indian banking sector in 1991, the reach and business volumes of Indian banks have increased many fold; the operations have grown and assumed higher degree of sophistication. The Indian banks' current capital base and liquidity position are broadly comfortable, as a starting point, *vis-a-vis* the Basel III guidelines. Both the capital to risk weighted assets ratio (CRAR) and the core CRAR of Indian banks, respectively stood at 10.42 per cent and 9.24 per cent respectively as on March 31, 1997 and have consistently remained well above the regulatory requirement of 9 per cent and 6 per cent, respectively under Basel II. The CRAR and core CRAR were at 13.88 per cent and 9.7 per cent respectively as on March 31, 2013. Indian banks, thus, start from a position of strength in the process of transition to Basel III regime. Many challenges, however, still lie ahead and I shall touch upon these in a little while.

20. Asset quality is an important parameter to measure the health of the banks and concomitant with asset quality is the provisioning coverage that banks hold against stressed assets. Asset quality of the Indian banking system had improved significantly since introduction of prudential norms, SARFAESI Act, CDR Mechanism, Credit Information Companies, *etc.* The GNPAs ratio had steadily declined from 15.7 per cent in 1996-97 to 2.35 percent in 2010-11. However, as fallout of the global financial crisis and the consequent headwinds from many advanced nations in the west, the GNPAs have risen to 2.94 per cent as on March 2012 and further to 3.42 per cent as at the end of March 2013. As per the provisional data, as on December 2013, the GNPA ratio was at 4.47 per cent. The ratio of restructured standard advances to gross advances stood at 5.8 per cent at end-March 2013 adding to the total stress.

21. All Indian banks, including foreign banks in India, migrated to the standardised approaches of Basel II by March 31, 2009 in two phases. Large sized Indian banks and banks with international presence have been encouraged to adopt the Basel II advanced approaches for computation of capital for credit, market and operational risk. Out of the 14 banks that submitted applications for migration to the Internal Rating Based approach for credit risk, seven have been given approval for parallel run. Under operational risk, parallel run has been approved for two banks for The Standardised Approach (TSA) out of the 13 banks that applied. Ten banks have so far conveyed their intent for migration to the Advanced Measurement Approach (AMA) of which four large banks which made preliminary submissions in this regard are under different stages of examination. In respect of Market Risk, eight banks have conveyed their intent for migration to the Internal Model Approach.

22. There is, however, another very significant aspect of the bank operations, just as in any corporate entity, and that is the commercial aspect *viz.*, profitability management. Profitability in banks, as in the corporates, is reflective of the financial well-being, health and robustness of the entity and has a direct bearing on its capital formation ability. On the flip side, if the bank's strategies, business models, planning and operations and risk management are weak, obsolete or outdated or not in tune with the macro-economic environment, the income flowing there from may be low or may end up in losses. Profitability is impacted by the business decisions of the bank, the business model it pursues, quality and type of asset base as also by operational efficiencies and any noteworthy shift in its strategies and policies. The risk profile of a bank can also be gauged from its income and expenditure statement to a great extent. However, currently alignment of the risk management and profitability management objectives is not so much in focus.

23. Since the profitability or the income and expenditure plans and decisions of the banks are directly connected to the regulatory concerns of capital adequacy and solvency as also the stability and soundness of banks, it is incumbent on the banks and

the supervisors to carefully analyse the components of income and expenditure. A careful analysis and comparison of these streams of income and expenses would provide the bank an in-depth understanding of its business focus, structure and stability of profits and serve as the guiding principles for rebalancing and / restructuring its balance sheet. This would enable a bank to not only, derive optimum earnings, rationalise cost and expenses but also to initiate changes in and diversify its business design / model in alignment with the industry or the current and profitable market practices.

The way ahead

24. Over the years and especially in the wake of the learnings from the global financial crisis, banks have enhanced their efforts in the direction of improving risk management practices as I have enumerated earlier. However, going forward much work still remains.

i. Banks must pay greater attention to the risk governance aspects, wherein the boards must have full understanding of the risks, typical to the respective bank as also full involvement in designing appropriate policies and strategies for the risk management. For this purpose, risk appetite and risk tolerance levels must be clearly defined, keeping in past and forward looking view on likely internal and external risk environment.

ii. An independent risk management function headed by a Chief Risk Officer (CRO) with sufficient freedom and stature assumes critical importance. Banks must ensure that the board level risk committees as also the independent challenge function in the form of internal and external audit / reviews are effective in the real sense and have the requisite understanding, resources and wherewithal to perform their responsibility in a meaningful way.

iii. Senior management of the banks must play a proactive role. They should communicate the risk management policies, risk appetite and tolerance statement, risk management practices to the operational in-charges at the business units and corporate levels for proper understanding and compliance.

iv. These efforts need to be supplemented by a robust Management Information System (MIS) and information technology platforms to provide the board and the top management with timely, reliable and complete risk related information on the bank for effective decision making and decisive action taking.

v. 'Embededness' or 'Use Test' which entails use of inputs to and outputs from the quantitative models in enhancing quality risk management and decision making need better encouragement.

vi. Over-reliance on quantitative models can grossly under-estimate tail risks and it is necessary to also use expert judgement in dealing with risk estimation and management. Stress tests, as also reverse stress tests and back testing should be gainfully utilised as complements to model based risk estimation.

25. Before concluding I will like to relay what A.T. Kearney, a reputed international consultant, has got to say about risk management in banks. They believe that the framework for risk management in a bank is fundamentally no different today than it was prior to the credit crunch and recession. However, the risk function lacks certain business acumen, and continues to be considered a handbrake on growth. A.T. Kearney suggests that a return to managing risks - not ignoring them or believing they can be passed off - is the cure. I could not agree more.

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*KYC : Compliance vs Convenience**

R. Gandhi

Is KYC a recent phenomenon?

KYC was always there in banking! The focus, earlier, was more on the asset side and not on the liability side as no banker could risk parting with his funds to an unknown person. The thorough appraisal process to screen the potential borrowers is a good example of KYC process.

Then, issues such as illegal/black money and more recently, terrorism financing became matters of serious concern and then KYC on payments and remittances, and consequently on the liability side (deposit accounts, *etc.*) started assuming high importance.

Why KYC/AML Norms

Sound KYC policies and procedures are critical for protecting the safety and soundness of banks and the integrity of banking system in the country.

Due to increasing globalisation of Indian banks, their interaction with other countries' financial systems are expanding, making the task of ensuring safety of our systems more critical. International obligations and inter-regulatory consensus built via United Nations Resolutions, Basle Committee on Banking Supervision and the Financial Action Task Force also require that we put in place an elaborate KYC Framework in India.

Financial Action Task Force (FATF)

The FATF is an intergovernmental body established in 1989 (G-7 initiative). Its tasks are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. It is a policy-making body which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. It monitors the progress of its members in implementing necessary measures. There are 36 full-fledged members. India is one of them. Over 18 jurisdictions around the world have committed to the FATF Recommendations. India has also committed to implement the recommendations of FATF. Originally, in 1990, FATF had 40 recommendations focussing on drug money. It revised its recommendations in 1996 and broadened the scope. Then in 2001, it added eight (later nine) special recommendations to combat financing of terrorism which were further revised in 2003. The latest exercise in 2012 had further revised the recommendations and combined the 40+9 to 40.

Basel Committee

Findings of an internal survey of cross-border banking in 1999 by the Basel Committee identified deficiencies in KYC policies for banks in a large number of countries. It constituted a Working Group on Cross-border Banking to examine the then KYC procedures and to draw up standards applicable to banks in all countries. It issued a consultative document, called the Customer Due Diligence for banks (CDD) in January 2001. While the FATF's focus is on money-laundering and terrorist financing, the Basel Committee's approach to KYC is from a wider prudential, and risk-management perspective, not just anti-money laundering perspective.

PMLA – Salient Features

UN General Assembly resolution (1990) calls upon the Member States to adopt national money-laundering legislation and programme. Accordingly, in India the

* Speech delivered by Shri R Gandhi, Deputy Governor, Reserve Bank of India, at Federation of Andhra Pradesh Chambers of Commerce and Industry, Hyderabad on May 23, 2014. Assistance provided by Shri Thomas Mathew, General Manager is greatly acknowledged.

Prevention of Money Laundering Act (PMLA), 2002 was enacted in January 2003. The Act along with the Rules framed there under have come into force with effect from July 1, 2005.

The objectives of the PMLA are to:

- prevent and control money laundering
- confiscate and seize the property obtained from the laundered money
- prescribe fines and penalties for offence

The important feature of the Act is that the burden of proof is on the accused.

Regulatory Stance

The Reserve Bank's regulatory stance on KYC is with the aim to safeguard banks from being used by criminal elements for money laundering activities and to enable banks to understand the risk posed by customers, products and services, delivery channels and helping them assess and manage their risks prudently. At the same time, the Reserve Bank is fully conscious that the KYC framework will have to be relevant to the perceived risk and not intrusive in nature nor too strict resulting in denial of banking services to general public.

As far as Indian banking sector is concerned, some of the initial steps taken (instructions issued) in respect of KYC are as under. Actually these instructions are there for the past 50 years or so, as far back as from 1965.

- 1965 – Banks were asked to ensure that full and correct addresses of the depositors are recorded (Benami accounts & avoidance of tax).
- 1976 – For opening of accounts, in order to establish the identity of account holders/avoid benami accounts, the concept of 'Introduction' was prescribed.
- 1987 - There should be reasonable gap of say, 6 months between the time an introducer opens his account and introduces another prospective account holder to the bank. Introduction of an account should enable proper identification of the person opening an account so that the person can be traced if the account is misused.
- 1991 - No cash transaction above ₹ 50,000/- for TCs/DDs/MTs/TTs
- 1993 - Banks to keep vigil over heavy cash withdrawals by account holders which may be disproportionate to their normal trade/ business requirements and cases of unusual trends
- The banks to introduce the practice of obtaining photographs of the depositors/ account holders who are authorised to operate the said accounts at the time of opening of all new operative accounts with effect from January 1, 1994
- 1995 - Monitoring & special reporting for cash transactions of value more than ₹10 Lakh.
- 1999 - Confirmation by post from both the customer and the introducer before issue of cheque book
- 2002 – KYC circular

Paradigm shift – KYC prior to & post November 2014

After the international focus on KYC, the Reserve Bank brought on a paradigm shift in the approach to KYC by banks in India. It moved away from introduction to document based identification - hence introduction not required. It also shifted the focus from financial loss (from frauds) to the banks to the loss of reputation to the banks (by non-compliance). The other principles are that the KYC information collected is to be consistent with risk perception and other information to be collected only with consent of the customer and the KYC related information is confidential - not to be divulged for cross-selling or any other purpose.

Regulatory prescriptions

Who is a Customer – a KYC context

In the context of KYC framework, the concept of 'customer' has now been redefined. A 'customer' is no longer just the one who has an Account and/or business relationship with the bank; the ones on whose behalf the account is maintained (*i.e.* the beneficial owner), the beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors and any person/entity connected with any financial transaction which can pose risk to bank, say, through a wire transfer/issue of a high value DD, *etc.* are all 'customers'.

KYC policy of banks – the 4 key elements

The Reserve Bank has prescribed that the KYC policy of banks should have the following key elements:

i. Customer Acceptance Policy

ii. Customer Identification Procedures

iii. Monitoring of Transactions, and

iv. Risk Management

Customer Acceptance Policy

The salient features are:

- No anonymous or fictitious/benami accounts to be allowed
- Not to open/close accounts when unable to apply appropriate Customer Due Diligence (CDD - decision to close a/cs to be taken at reasonably high levels after issuing due notice to the customers).
- Define parameters of risk perception to enable categorisation of customers
- Documentation/information requirements for different risk categories (to prepare a profile of each customer)
- Circumstances where a customer is permitted to act on behalf of another person/entity, should be spelt out (*e.g.*, account is operated by a mandate holder)
- Identity of the customer does not match with those of criminal backgrounds/banned entities (terrorists, *etc.*)

Customer Identification Procedures (CIP)

- Customer identification - identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information.
- the banks must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.
- Such risk-based approach is considered necessary to avoid disproportionate cost to banks and a burdensome regime for the customers.
- nature of information/documents required would also depend on the type of customer (individual, corporate *etc.*)

CIP – When Customer ID is required

- While establishing a banking relationship
- While carrying out a financial transaction as in the case of a 'Walk in Customer'
- When the bank has a doubt about the authenticity/ veracity or the adequacy of the previously obtained customer identification data

CIP – PMLA requirements

- Banks to obtain 'Officially Valid Documents (OVD)'.
- OVDs are 'Passport, Driving License, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by the Election Commission of India; UIDAI letter containing name, address and Aadhaar number and NREGA Card duly signed' or any other document as may be notified by the Central Government.
- When there are suspicions of money laundering or financing of the activities relating to terrorism/ there are doubts about the adequacy or veracity of previously obtained customer identification data, banks should review the due diligence measures including verifying again the identity

Banks are required to verify the identity of the customer for all international money transfer operations

CIP - Natural Persons (NP) - Identification Documents

- PAN card, Passport, Voter's Identity Card, Driving license, UIDAI Letter – Aadhaar, NREGA Card duly signed by an officer of State Govt.
- Identity card issued by employer (subject to the bank's satisfaction)
- Letter from a recognised public authority or public servant verifying the id & address (subject to the bank's satisfaction)
- Salaried employees – letter of identity and/or address from corporates and enities of repute (1 officially valid document is required).

CIP - NP – Address Documents

- Telephone bill
- Bank account statement
- Letter from any recognised public authority
- Electricity bill
- Ration card
- Letter from employer (subject to satisfaction of the bank) if an officially valid document is produced for identity
- Rent agreement duly registered with state government or similar Regulatory Authority indicating the address of the customer.
- Based on self-declaration, accounts could be transferred from one branch to another without address proof (correct address proof is to be obtained by the transferee branch within 6 months).
- Any one of the documents would suffice (If address is available in ID document, single document is sufficient).
- Banks to obtain sufficient information necessary to establish, to their satisfaction, the identity of customer and the purpose of the intended nature of banking relationship.
- Banks need to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer.
- Banks have been advised to accept e-KYC service of UIDAI as a valid process for KYC verification. The information including the photographs made available from UIDAI as a result of e-KYC process to be treated as 'Officially Valid Documents'.

CIP - Close relatives

- In respect of close relatives, *e.g.* wife, son, daughter and parents, *etc.* who live with their husband, father/mother and son, *etc.*, banks can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with him/her.

- Banks can use any supplementary evidence such as a letter received through post for further verification of the address.

CIP - PEPs (Non-resident)

Politically Exposed Persons (PEPs) are individuals who are entrusted with prominent public functions in a foreign country (as of now, we are focusing on foreign PEPs). *e.g.*, Heads of states/Govts., senior politicians, senior Govt/judicial/defence officers, senior executives of state-owned corporations

- Banks to compile all information, identity details, and details of sources of funds before accepting a PEP as customer
- Decision to open account for PEPs to be taken at a senior level as spelt out in the policy.
- Family members and close relatives of PEPs are also to be subjected to same CDD

CIP- Non face-to-face Customers

Apart from applying the usual customer identification procedures, the following are to be taken care of:

- Certification of all the documents presented
- First payment to be effected through the customer's account with another bank with similar KYC standards.
- In the case of cross-border customers involving third party certification/introduction of the customer, the third party is to be a regulated and supervised entity.

CIP - Unique Customer Identification Code (UCIC)

- Need to ensure that customers do not have multiple identities within a bank, across the banking system and across the financial system
- The UCIC will help banks to identify customers, track the facilities availed, monitor financial transactions in a holistic manner and enable banks to have a better approach to risk profiling of customers.
- Central KYC registry is under consideration

CIP - Legal Persons (LP)

- Verify the legal status of the legal person/entity through proper and relevant documents
- Verify that any person purporting to act on behalf of the legal person/entity is so authorised and identify and verify the identity of that person
- As per PML Rules, beneficial person should be identified by banks/FIs
- Understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person

CIP - LP – Beneficial Owners

Beneficial owner (BO) is the natural person who ultimately owns or controls a client and/or the person on whose behalf transaction is being conducted. Includes a person who exercises effective control over a juridical person.

- Controlling ownership – Companies >25 per cent shares/capital/profit; Partnership >15 per cent of capital/profit; Unincorporated association/body of individuals > 15 per cent of property/capital/profit; Trust > = 15 per cent interest in Trust/Settler of Trust/Anyone exercising effective control over Trust.
- In case of companies, partnerships, associations, *etc.*, if no natural person could be identified as above, the senior managing official would be reckoned as BO.

- Where the client or the owner of controlling interest is a company listed on stock exchange/ majority owned subsidiary of such a company, not necessary to identify the BOs of such companies.

CIP - Legal Persons – Companies

Copies of the following documents would be required:

- Certificate of incorporation and Memorandum & Articles of Association
- Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account
- Power of Attorney granted, if any
- Copy of PAN allotment letter

CIP - LP – Partnership Firms

Copies of the following documents would be required:

- Registration certificate, if registered
- Partnership deed
- Power of Attorney (PA) granted
- Any officially valid document identifying the partners and the PA holder and their addresses

CIP- LP – Trusts & Foundations

Documents required are:

- Certificate of registration, if registered
- Trust deed
- Power of Attorney granted
- Any officially valid document to identify the trustees, settlors, beneficiaries, PA holder and their address

CIP - Proprietary Concerns

- Registration certificate (in case of a registered concern)
- Certificate/license issued by the Municipal authorities under Shop & Establishment Act
- Sales and Income Tax returns, CST/VAT certificate
- License issued by the registering authorities like ICAI, ICoAI, Institute of Company Secretaries, Indian Medical Council, Food and Drug Control Authorities, *etc.*
- Complete Income Tax return (not just the acknowledgment) in proprietors name reflecting income from proprietary concern, duly authenticated/acknowledged by IT authorities.
- Utility bills such as electricity, water and landline telephone bills

Customer profile & risk categorisation

Banks can effectively monitor, control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. Accordingly, banks are required to build the profile for each customer based on risk categorisation. The parameters of risk perception are: nature of business activity, location of customer and his clients, mode of transactions, volume of turnover and the social and financial status of the customer.

What is risk perception of customers and how it is linked to KYC?

An important feature of the current KYC regime is to obviate disproportionate cost to banks and burdensome regime for the customers. This is ensured by putting in place a risk graded CDD procedure, say: Low Risk, Medium risk and High Risk and appropriate CDD level accordingly. Is risk categorisation a one time affair? No. It will be an ongoing affair and banks should have a system of periodical review of risk categorisation of accounts once in six months. They have to apply enhanced due diligence measures in case of risk upgradation, which depends on customer transactions/ change in profile.

Banks were required to complete the process of risk categorisation and compiling/updating profiles of all of their existing customers by end-March 2013. Periodic updation of customer identification data - 2 & 10 years for high and low risk respectively has also been prescribed.

Who are the Low Risk Customers? Typical examples are the salaried employees; accounts with small balance and low turnover; Govternment Departments & Government owned companies; regulatory and statutory bodies, *etc.* Who will be the High Risk Customers? They are such as the non-resident customers; HNIs; trusts, charities, NGOs and organisations receiving donations; companies having close family shareholding or beneficial ownership, firms with 'sleeping partners'; politically exposed persons; non face-to-face customers, jewellers/dealers in gold bullion and those with dubious reputation as per public information available, *etc.*

Can a bank refuse to open an account or decide to close an existing account? Yes. When the bank is unable to apply appropriate customer due diligence measures, *i.e.*, Bank is unable to verify the identity and/or obtain documents required as per the risk categorisation due to non-cooperation of the customer or non-reliability of the data/information furnished to the bank. Decision to close an account at high level after due notice to the customer.

Monitoring of Transactions

Banks are required to closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds. Banks are also required to prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Banks have to particularly guard against the Money Mules – the innocent recruits or persons with fake documents.

Suspicious Transactions

Transactions falling outside the regular, normal and reasonable pattern of activity of the customer will be regarded as suspicious transactions. Unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose in regard to customer's proclaimed business/income activity and transactions that involve large amounts of cash, inconsistent with the normal and expected activity of the customer will qualify to be suspicious transactions. Banks are required to be vigilant about these transactions.

As per PMLA, Suspicious Transactions are that which:

- gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- appear to be made in circumstances of unusual or unjustified complexity; or
- appear to have no economic rationale or bonafide purpose or
- raise suspicions involving financing of terrorism.

Hence, the banks are required to prescribe threshold limits for a particular category of accounts, to pay special attention to the transactions which exceed these limits and to set key indicators for accounts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors.

Banks are required to report such transactions (STRs) as per definition in PMLA.

Combating Financing of Terror

Banks are to develop suitable mechanism for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to FIU-Ind on priority. STRs should include suspected cases of terrorist financing. Banks have to be particularly aware of the UNSCR enlisted individuals and entities and accounts and transactions are to be monitored *vis-à-vis* the list. Any matching found is to be advised to MHA (UAPA – Section 51A).

Unlawful Activities (Prevention) Act, 1967 (UAPA)

Govt is empowered to freeze, seize or attach funds/financial assets of persons engaged in or suspected to be engaged in terrorism. Under UAPA, RBI forwards the list of individuals/entities subject to UN sanctions to banks. Banks are required to ensure expeditious & effective implementation of the procedure of UAPA for freezing/unfreezing of financial assets.

Financial Intelligence Unit (FIU)

FIU-India has been set up pursuant to PMLA. This is a central agency to collect, collate and analyse financial information. It also disseminates information to concerned investigating authorities, if need be. It receives CTR/STR from banks/FIs and from entities regulated by SEBI/IRDA.

The following types of transactions are to be reported to FIU-IND:

- All cash transactions of the value of more than ₹10 Lakh or its equivalent in foreign currency
- All series of cash transactions integrally connected to each other amounting to ₹10 Lakh in a month
- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or forgery of valuable security or document has taken place
- All suspicious transactions whether or not made in cash
- All receipts by Non-Profit Organisations (NPOs) of ₹ 10 Lakh and above
- Cross-border Wire Transfer Report (CWTR) is required to be filed by 15th of succeeding month for all cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.

Customer Convenience

We are aware of the possibility that some of these guidelines can be irritating, burdensome to comply with. Several representations and feedback were received to that effect as well. The Reserve Bank therefore periodically reviews these instructions and modifies them, with a view to reduce the burden and bring in ease of compliance, but at the same time ensuring the safety of the financial system and the sanctity of financial transactions are not compromised.

Some of these modifications and adjustments are as follows:

- Any one of the various documents listed would suffice for the identification and address purposes, *i.e.,* one for identification and another one for address; If address is available in ID document, single document is sufficient.
- e-KYC service of UIDAI as a valid process for KYC verification. The information including the photographs made available from UIDAI

as a result of e-KYC process to be treated as 'Officially Valid Documents'.

- In respect of close relatives, *e.g.* wife, son, daughter and parents, *etc.* who live with their husband, father/mother and son, *etc.*, banks can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with him/her.
- Banks can use any supplementary evidence such as a letter received through post for further verification of the address.

Financial Inclusion

We faced challenges in promoting financial inclusion with this KYC framework. Many of the financially excluded may not have proper official document, especially that of address as in the case of migrant people.

As per Customer Acceptance Policy guidelines, the CAP and its implementation should not be too restrictive, and must not result in denial of banking service to public, especially to those who are financially or socially disadvantaged. Banks have been advised not to deny public access to banking services, taking the indicative list of documents as an exhaustive list.

What could be done if required documents are not available?

We have special provision for close family members as mentioned earlier. Small Accounts could be opened by those who do not have the prescribed documents. Small Accounts can be opened with a form filled up & signed before the bank officer with self-attested photograph – bank officer to certify. The small accounts will have the following features: they will have limitations on credit/debit/balance; will be available only at CBS-enabled branches; no foreign remittances will be permitted; will be available only for 12 months – further extension on application for Officially Valid Document; the aggregate of all credits in a financial year does not exceed ₹ One lakh; the aggregate of all withdrawals and transfers in a month does not exceed ₹ ten thousand, and the balance at any point of time does not exceed ₹ fifty thousand.

Additional documents + AEPS

- Documents such as Aadhaar letter & NREGA Card are officially valid documents for identity and address proof.
- **Aadhaar Enabled Payment System** or **AEPS** developed by National Payments Corporation of India allows a person with an Aadhaar number to carry out financial transaction on a Micro-ATM provided by the Banking Correspondent.
- With AEPS, the account holders will be able to make balance enquiry, cash withdrawal, cash deposit and Aadhaar to Aadhaar funds transfer.

To Conclude

Do we need such elaborate structure? Is it not taking the question of safety too far? Are we paranoid about terrorism and money laundering? Why we have to put ordinary customers of banks to such greater and deeper requirements?

These are legitimate questions that can arise in your mind. But, we have to remember that we are responsible citizens; we have to not only abide by the law, but also help enforcing the law. We are also a responsible nation among the international community. We have obligations to the rest of the world as well.

This KYC structure built by us is not of our own only; it is based on the consensual approach by all the committed nations. It is for the general good of the citizens of the world.

We seek the understanding and the cooperation of all bank customers in complying with the KYC requirements on an ongoing basis. No security comes free of cost or inconvenience. That said, it will be our continued endeavour to minimise such cost and inconvenience. The Reserve Bank is committed to ease of operations by bank customers, while requiring the banks to be vigilant about nefarious designs of anti-social elements and terrorists to use the banking and financial systems.

*Growing NPAs in Banks: Efficacy of Ratings Accountability & Transparency of Credit Rating Agencies**

R. Gandhi

Shri Jajodia, Shri Narang, Shri Dubey, Shri Kulkarni, Shri Dogra, Shri Khanna, Shri Pathak, other distinguished speakers, Ladies and Gentlemen, a very good morning to everyone! To start with I would like to commend ASSOCHAM for this seminar, for bringing together experts from banking and rating industry, to discuss and debate upon this very pertinent and challenging subject of NPAs and credit rating. A subject like this needs a lot of discussion and thinking, because there are evidently no easy answers; if they existed, we would not be in this state. In a way the last three years were wake-up calls for us; with the downturn in economic activity, the cracks in our credit appraisal and monitoring system have appeared and we should get our act together to repair the structures. This Conference provides an opportunity to get additional insights into credit risk assessment and mitigation in addition to getting to know the views of such a diverse and experienced panel of industry experts.

Asset Quality

As the conference is being held in the context of growing non-performing assets (NPAs) of Indian banks, let me begin with few statistics relating to NPAs to put things in perspective.

Before 2008, asset quality of SCBs was improving on a secular basis, following implementation of Prudential Guidelines since mid 1990s. The GNPA ratio had declined sharply from 12 per cent as at end March 2001 to 3.5 per cent as at end March 2006 and thereafter this ratio was flat till March 2011. However, since then, the NPA of the banks has been increasing; as at the end of Dec 2013, the Gross NPAs of the domestic banking system was 4.4 per cent of Gross Advances. The final figure for Mar 2014 is yet to be known; While some may view this ratio as reasonable given the economic conditions prevalent in the country and elsewhere, the total stressed assets in the banking system (which includes NPAs and restructured standard assets) as at Dec 2013 was 10.13 per cent of the gross advances of the banks, which is a cause of concern for the Reserve Bank.

Why are NPAs increasing?

Growing NPAs is the biggest challenge for the banking industry. A slowing economy is bound to see an increase in NPAs. Notwithstanding the economic weakness, the NPAs of banks have registered increases since FY 2012 which is a cause of concern for us. The NPA increases have been more pronounced in case of the public sector banks. There are various factors affecting the asset quality of SCBs adversely, such as the current slowdown- global and domestic, persistent policy logjams, delayed clearances of various projects, aggressive expansion by corporate during the high growth phase *etc.* However, it is the shortcomings in the credit appraisal, disbursal and recovery mechanism of the banks, besides the economic slowdown that can in large part be held responsible for their high levels of NPAs. Lack of robust verification and screening of application, absence of supervision following credit disbursal and shortfalls in the recovery mechanism have led to the deterioration of asset quality of these banks.

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* Speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India at the Conference conducted by ASSOCHAM on May 31, 2014, at Le-Meridian, New Delhi. Assistance provided by Shri D. R. Dogra and Shri Nethaji B is gratefully acknowledged.

Credit Ratings and Asset Quality

Let us now see the relationship between credit ratings and asset quality of the banks. Credit ratings are forward looking opinion expressed by a credit rating agency on the ability and willingness of a borrower to pay his dues in full and on time. More specifically, credit ratings are relative ranking of borrowers based on the credit rating agency's assessment of creditworthiness of the borrowers within a given universe. Credit ratings may also indicate the credit risk associated with a specific credit facility or a specific security.

How does a credit rating differ from credit scores assigned by credit information companies? Both credit rating and credit scores are a measure of credit risk and reflect the varying level of probability of default of a given borrower. The difference is in the methodology used by them to assess the credit risk. While credit ratings are forward looking opinion about credit risk, credit scores assigned by credit bureaus are based on credit history of a borrower. Credit ratings take into account the risk that a borrower may face during a given time horizon in the future, whereas credit scores are based on the past performance of a borrower with regard to servicing of debt. The second difference is that credit scores are assigned to a particular borrower while credit ratings can be assigned to a specific facility.

While credit rating generally denotes a rating assigned by a credit rating agency, there is also a mechanism of internal ratings by banks. A mechanism of internal credit rating of borrowers was in existence in banks much before external credit rating of bank loans were introduced under Basel II regulations. Reserve Bank's guidelines on 'Risk Management Systems in Banks' issued in October 1999, indicated that measurement of credit risk through credit rating/ scoring receive the top management's attention. Further, the 'Guidance Note on Credit Risk Management' issued in October 2002, stated that:

'A Credit-risk Rating Framework (CRF) is necessary to avoid the limitations associated with a simplistic and broad classification of loans/exposures into a "good" or a "bad" category. The CRF deploys a number/alphabet/symbol as a primary summary indicator of risks associated with a credit exposure. Such a rating framework is the basic module for developing a credit risk management system and all advanced models/approaches are based on this structure.'

The credit rating assigned by a bank could be used for the following:

a. Individual credit selection – to decide whether to lend or not to a particular borrower.

b. Pricing (credit spread) and specific features of the loan facility - While risk based pricing is an essential component of credit risk management, available evidence suggest that competitive factors influence the pricing of a bank loan more than the risk rating. However, for traded debt instruments, like commercial paper, there is still link between rating and credit spreads.

c. Portfolio-level analysis.

d. Surveillance, monitoring and internal MIS.

e. Assessing the aggregate risk profile of bank/ lender. These would be relevant for portfolio-level analysis. For instance, the spread of credit exposures across various CRF categories, the mean and the standard deviation of losses occurring in each CRF category and the overall migration of exposures would highlight the aggregated credit-risk for the entire portfolio of the bank.

In line with the Reserve Bank's guidelines, banks in India have put in place an internal credit rating framework. Internal rating frameworks available with many of the banks are based on solutions developed by external service providers. However, the effectiveness and sophistication levels of internal rating framework vary from bank to bank. While difference of opinion is essential to avoid 'herding', large variance in ratings by banks using similar models could put a question mark over the stability of the models or the ability of users to use the models appropriately.

In addition to the internal credit rating framework, which are generally used to rate corporate clients, banks also use simple credit scoring models to rate smaller borrowers and retail borrowers. Credit scoring models for retail customers generally look at the following four groups of indicators – demographic indicators, financial indicators, employment indicators and behavioural indicators.

Since credit ratings/scores are a measure of credit risk, it has a strong link with NPAs. Loans extended by banks are classified as NPAs when the bank considers that borrower has not serviced his debt or is unlikely to service his debt as per the terms and conditions of the contract. As such NPAs are manifestation of credit risk. Since credit ratings are relative measure of credit risk, the likelihood of default of a borrower with a higher credit rating should be lower than a borrower with a lower credit rating. As a corollary, a higher proportion of borrowers with good credit rating in the books of a bank should translate into lower level of NPAs. Whether that assertion is true or not requires us to evaluate the credit ratings assigned by a credit rating agency by juxtaposing them against the actual default experience.

Another important factor that needs to be kept in mind while comparing the ratings by a CRA with that by a bank is what constitutes a 'default'? Credit rating agencies recognise default even if there is a default of one rupee or a delay of one day in servicing the scheduled debt obligations. As far as banks are concerned, an asset is treated as non-performing asset only when a scheduled payment remains overdue for a period of more than 90 days. The definition of default is different as the purpose of recognition of default is different.

What should banks be doing ?

There is growing need for banks to strengthen their internal credit appraisal system *i.e.,* on their credit assessment and risk management mechanisms. At the same time, banks should also consider using external credit appraisals in conjunction with their own assessment. This would mean getting the house in order and at least on this score, banks would be on stronger ground. Banks would still be vulnerable to other factors such as economic slowdown, or policy changes or wilful defaults. But, one area of concern would be plugged. This is where credit rating agencies can play an important role given their experience as well as steady track record over the years.

Regulation of CRAs

In the Indian context, the general superintendence and regulation of credit rating agencies are carried out by the SEBI under Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999. The regulations issued by SEBI cover various aspects *viz.*, registration of rating agencies, fit and proper criteria for rating agencies, rating process and methodology and its records, transparency and disclosures, avoidance of conflict of interest, code of conduct, *etc.* While these regulations were initially applicable to rating of debt securities by credit rating agencies, they have been extended to cover all rating activities including bank loan ratings.

Additionally, the accreditation for a credit rating agency to qualify as an eligible External Credit Assessment Institution under Basel II framework is issued by the Reserve Bank of India. Such accreditation by the Reserve Bank of India is issued after evaluating a credit rating agency's ability to adhere to the standards prescribed under the Basel II framework. Reserve Bank of India has so far accredited six credit rating agencies *viz.*, Crisil, ICRA, CARE, India Ratings, Brickwork Ratings and SMERA Ratings. While accrediting credit rating agencies Reserve Bank has been mindful of the need to have an optimum level of competition in the ratings market.

In this regard, certain studies on effect of competition among credit rating agencies have indicated that increased level of competition may lead to 'rating shopping' and thus affect the quality of ratings. Anil K Kashyap and Natalia Kovrijnykh (September 2013) have shown that '…competition among CRAs causes them to reduce their fees, put in less effort, and thus leads to less accurate ratings'. However, in order to avoid predatory pricing, the Reserve Bank has mandated that credit rating agencies should disclose the nature of their compensation arrangements with the rated entities on their websites. The disclosure should include the minimum fee that a credit rating agency will charge and factors determining the fee charged.

Credit rating agencies' eligibility is assessed against various qualitative and quantitative parameters. These requirements are grouped into the following six criteria: Objectivity, Independence, International access/Transparency, Disclosure, Resources, and Credibility.

Objectivity: Basel regulations prescribe that the methodology for assigning credit ratings must be rigorous, systematic, and subject to some form of validation (back testing *etc.*) based on historical experience. Further, the ratings should be subjected to continuous surveillance.

The Reserve Bank assesses this criteria in terms of factors like credit rating agency's definition of default and action taken on default, historical default rates, ordinality of default rates (*i.e.*, lower the rating higher the default probability), stability of the ratings (*i.e.*, probability that a given rating remain unchanged during a given period), predictive ability of the ratings, improvement to the rating methodology to reflect current trends *etc.* The Reserve Bank looks into the default studies, transition matrices, Gini Coefficient *etc.* of credit rating agencies to conduct the above assessment.

To ensure standardisation of default rates, the Reserve Bank has mandated that all rating agencies shall use a uniform definition of default as far as the bank loan ratings are concerned.

Independence: Basel norms state that a credit rating agency should be independent and not subjected to political or economic pressures while rating. The rating process should also be free from conflict of interest that may arise due to shareholding pattern or composition of board of directors.

To assess whether a rating agency is independent, the Reserve Bank evaluates the ownership and organisation structure (presence of independent directors in the Board & rating committees), Independence of individuals *i.e.* conflict of interest-between rating fee and quality of ratings, conflict of interest with shareholders, conflict of interest at rating committee level, separation of business development and rating activities, separation of rating business from other business activities.

International Access/Transparency: Under this parameter, the Reserve Bank evaluates whether a credit rating agency makes necessary disclosures with regard to rating methodologies and rating rationales to both domestic as well as international users without any differentiation.

Disclosure: During the accreditation process, the Reserve Bank assesses whether a credit rating agency makes the following disclosures: rating methodologies, including the definition of default, the time horizon, and the meaning of each rating; the actual default rates experienced in each rating category; and the transitions of the rating. In addition, the Securities and Exchange Board of India (SEBI) has also mandated a detailed set of disclosures by credit rating agencies.

Resources: Access to sufficient resources is an important factor in determining a credit rating agencies ability to furnish quality ratings. The Reserve Bank makes an assessment as to whether a credit rating agency has sufficient capabilities in terms of human resources *i.e.*, number of employees, their qualifications and experience *etc.* Further, Reserve Bank also looks into the technological capabilities of the credit rating agencies before deciding upon their accreditation. In addition, the Reserve Bank requires credit rating agencies to have access to various sources of information on economy, sectors, companies, *etc.*

Credibility: Credibility of a rating agency is assessed based on the degree of acceptability of ratings of a rating agency by independent parties *viz.*, investors, insurers, trading partners *etc.* The Reserve Bank also looks into the internal procedures put in place by the credit rating agencies to prevent misuse of confidential information acquired by them during their rating exercise. Credit rating agency's adherence to code of conduct prescribed by SEBI, International Organisation of Securities Commissions (IOSCO) and Association of Credit Rating Agencies in Asia (ACRAA) are also analysed to determine the credibility of a credit rating agency.

In addition to accrediting credit rating agencies, Basel II framework requires that the ratings assigned by credit rating agencies shall be mapped to appropriate risk weights available under the standardised risk weighting framework. Basel II framework requires that national regulators should decide which rating categories correspond to which risk weights. The mapping process should be objective and should result in a risk weight assignment consistent with the level of credit risk reflected in the ratings. In India the Reserve Bank has prescribed uniform risk weights for all rating agencies. Such uniform risk weights are prescribed due to relatively low penetration of ratings and absence of sufficient historical default data.

In addition to the detailed assessment at the time of accreditation, the Reserve Bank of India also conducts an annual review of accreditation of credit rating agencies to assess their eligibility for continued accreditation under Basel II framework. During the review exercise, the Reserve Bank evaluates the processes as well as the outcomes. The cumulative default rates of rated portfolio of individual rating agency is evaluated in comparison with the benchmark cumulative default rates proposed under the Basel II framework. The cumulative default rates of the bank loan ratings in India are higher than the benchmarks provided by Basel II framework.

How to merge banks credit appraisals and CRAs' assessments?

There are essentially four issues here where banks and CRAs need to work together which will also help banks to de-risk their own portfolios as well as monitor their loans more effectively.

First, Indian banks in conformity with the Basel II norms have been extensively using the credit assessment opinion of external rating agencies for calculating risk based capital requirements. Even though banks do not require credit rating by external rating agencies for calculating their capital requirement for all loans (only loans above ₹10 crore require credit rating), some are seemed to be asking companies to get a rating.This evidently is being done to enhance their credit assessments. Quite clearly, there is recognition of the value brought to the table by CRAs for banks which is being used for purposes beyond capital adequacy. However, banks should take into account the cost to the companies and balance it against the benefits.

We talk of sharing of credit information, which is vital given the frequent occurrence of business cycles and their consequences. We have institutions called credit information companies which provide such information to banks on the individual companies. Further, a transition story of how ratings have been moving over time is also available which the bankers should monitor and pick up and regularly draw a parallel rating map of CRAs which they should compare with their own models and rating. This will be one useful check which banks can create for their entire portfolio.

Second, I do see a lot of use in the products offered by CRAs and there is need to see how we can further integrate the two models of credit risk assessment of banks and CRAs. There is a suggestion that banks should de-risk their own portfolio by asking companies looking for long term finance to partly borrow from the corporate debt market. This way the market intelligence of CRAs which is mandatory for bond market borrowing would be an additional input that would come in handy for banks when they are lending money to the entity. This is even more pertinent today because of ALM issues and the demand for funds that would arise once the economy picks up and infrastructure starts to boom. Banks may not be able to fully meet the demand for funds to the borrowers. We have to start working out in detail the implications of such a move, but in this forum it is worth germinating such a thought considering that we have experts from both banks and CRAs present here.

Thirdly, one segment which particularly becomes vulnerable to economic shocks is the SME segment. They are disadvantaged on account of their size and also are the first ones to get affected when the downturn takes place. CRAs have models in place for rating of SMEs and the NSIC scheme gives a subsidy to SMEs for the rating. It will be a good idea for banks to require a rating from these SMEs before giving a loan so that there is a check in place before the loan is disbursed. Given the large number of SMEs in our space, it may not be possible for banks to do a due diligence for one and all. This is where the systems organised by CRAs can be harnessed by banks so that there is some homework already done which is useful for banks.

Fourth, as you may be aware, recently we have given guidelines on banks offering credit enhancement on infra bonds issued subject to certain conditions. This is definitely one measure that we would like to pursue which will also work towards developing the bond market. At the same time, we see an important role for CRAs here too. This is an example of a case of the bond market, banks and CRAs all working together for an optimal solution which will finally benefit the economy.

The development of corporate bond market is very critical for leveraging the synergies between banks and CRAs which can address the issue of growing NPAs in the system.

Therefore, I do see CRAs playing a very important role in the operations of banks that go beyond just capital adequacy and Basel II. The final decision as well as the credit appraisal has to be done by the bank and what the CRA provides will only be additional information that can be used. Banks will also be looking towards the CRAs to shape up their capital requirements under Basel III as they have to raise tier II bonds for shoring it up. But that will be more as a market borrower rather than a lender.

Although the road has been set for Indian banks to migrate to an internal rating based approach for evaluating their credit risk, the ability and preparedness of these banks to migrate to the internal rating approach is expected to be contingent on banks being in a position to test data based on the models to be used for this purpose. Banks would thus necessarily have to rely on external credit ratings for their calculation of credit risk until all the systems are in place.

Accountability of CRAs

Now let us look at the issue of accountability and transparency of credit rating agencies. Why should there be accountability and transparency of credit rating agencies? This brings us to the moot point of who pays for the credit ratings. There are two conventional models. These are: 'investor-pay' model, where the investor or banker commissions the credit rating and 'issuer-pay' model, where the issuer of the security or borrower pays for the rating. Of late, a new model is being proposed: 'society-pay' model, where a neutral third party, *i.e.*, Government, Regulator *etc.*, pays for the rating of a debt.

Each model has its own advantages and disadvantages. Let us analyse the 'issuer-pay' model further as that is the most prevalent model currently in our country. As said earlier, in the issuer pay model, the issuer of the debt or the borrower commissions the credit rating either voluntarily or to comply with regulatory requirement. In India, as far as public issue of debt is concerned, regulations by the SEBI and the Reserve Bank make it mandatory for the issuers to obtain a credit rating. As far as the bank loans are concerned there is no such mandatory requirement, even though the capital requirements of banks with regard to corporate loans are dependent on credit ratings. Banks may at their discretion require borrowers to obtain credit ratings.

The advantages of issuer-pay model is that, ratings once assigned and accepted, are disclosed publicly and is available for users at free of charge. Small investors and individuals who wish to invest in debt securities need not pay for accessing the credit ratings. Another advantage of this model could be that issuers may be more forthcoming in sharing information as they are the ones who have commissioned the rating. However, there is an inherent conflict of interest in this model. Since the income and profits of credit rating agencies are dependent upon the volume of ratings they assign, there may be a tendency to assign inflated ratings to acquire and retain clients.

The Financial Crisis Inquiry Commission (2011, Page 212), which went into the causes of the financial and economic crisis in the United States, has concluded that '….the business model under which firms issuing securities paid for their ratings seriously undermined the quality and integrity of those ratings; the rating agencies placed market share and profit considerations above the quality and integrity of their ratings'. Such conclusions on the contribution of credit rating agencies to the recent financial crisis have led to calls for tougher regulatory oversight on credit rating agencies.

To conclude, we can see that among the proactive steps that a bank can take to stem the problem of increasing level of NPAs and stressed assets, use of credit ratings is an important one. Banks can use the external ratings as third party, professional assessment, either as a stand-alone basis or in combination with their own internal ratings. However, banks need to balance the use of external ratings, as the recent financial crisis has highlighted the dangers of over dependence on ratings.

I am sure today's deliberations will result in a lot of suggestions that can be used by regulators like RBI and SEBI to bring in improvements in the policy frameworks. I look forward to receive them from the organisers.

Thanking you all for your patient attention.

ARTICLES

*Inflation Expectations Survey of Households: 2013-14**

Introduction

The Reserve Bank has been conducting Inflation Expectations Survey of Households (IESH) on a quarterly basis, since September 2005. The survey elicits qualitative and quantitative responses on expected price changes and inflation for three-month ahead and one-year ahead period. Inflation expectations of households are subjective assessments and are based on their individual consumption baskets and therefore, may be different from the official inflation numbers released periodically by the government. These inflation expectations should not be treated as forecast of any official measure of inflation, though they may provide useful inputs on directional movements of future inflation.

The quarterly survey results of IESH are released along with quarterly macroeconomic and monetary development review on RBI website. The article presents analysis of survey results for longer-time, especially for last four (32nd to 35th) rounds of survey.

2. Sample Coverage and Information Sought

Till September 2012 (29th round), the survey has been conducted in 12 cities. The major metropolitan cities, *viz.*, Delhi, Kolkata, Mumbai and Chennai are represented by 500 households each, while another eight cities, *viz.*, Jaipur, Lucknow, Bhopal, Ahmedabad, Patna, Guwahati, Bengaluru and Hyderabad are represented by 250 households each. From round 30, (quarter ended December 2012) four more cities have been added *viz.*, Kolhapur, Nagpur, Thiruvananthapuram and Bhubaneswar. A sample of 250 households is selected from each of these cities so as to achieve a total sample size of 5,000 from 16 cities. The respondents having a view on perceived current inflation are well spread across the cities to provide a good geographical coverage, ensuring adequate representation of gender and occupation.

The survey schedule is organised into seven blocks covering the respondent profile (block 1), general and product-wise price expectations (block 2 and 3), feedback on RBI's action to control inflation (block 4), current and expected inflation rate (block 5), amount paid for purchase of major food items during last one month (block 6) and expectations on changes in income/wages (block 7). The survey questionnaire was rationalized for focused response and the rationalized questionnaire is introduced from 35th round (Q4: 2013-14).

In this survey, the response options for price changes are (i) price increase more than current rate, (ii) price increase similar to current rate, (iii) price increase less than current rate, (iv) no change in prices and (v) decline in prices. The quantitative response on inflation rates are collected in intervals - the lowest being 'less than 1 per cent' and the highest being '16 per cent and above' with 100 basis points size for all intermediate classes.

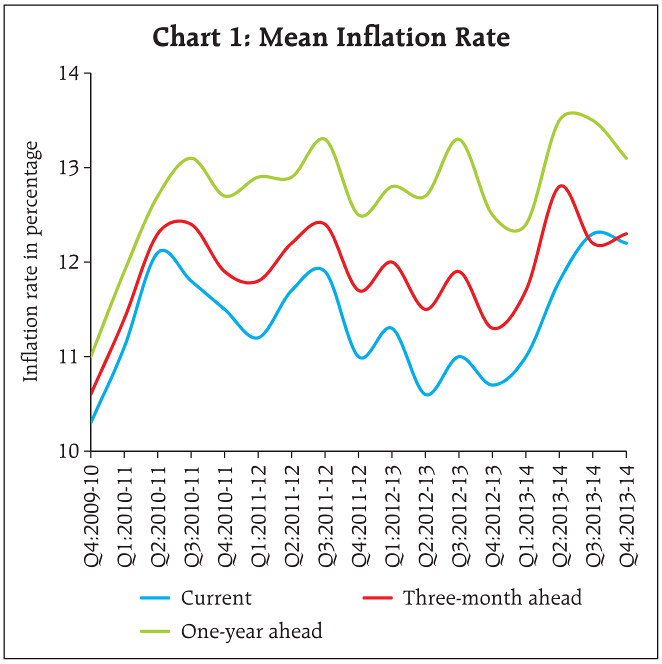
From the second quarter of the financial year 2013-14, instead of Paper and Pencil Personal Interviewing (PAPI) technique, Computer-Assisted Personal Interviewing (CAPI) process is used. Under CAPI, survey data are collected by an in-person interviewer *i.e.*, (face-to-face interviewing), who uses a Tablet /computer to administer the questionnaire to the respondent and captures the answers onto the Tablet /computer. Introducing CAPI reduces the time lag between data collection and data analysis. Also, CAPI is eco-friendly as it saves papers.

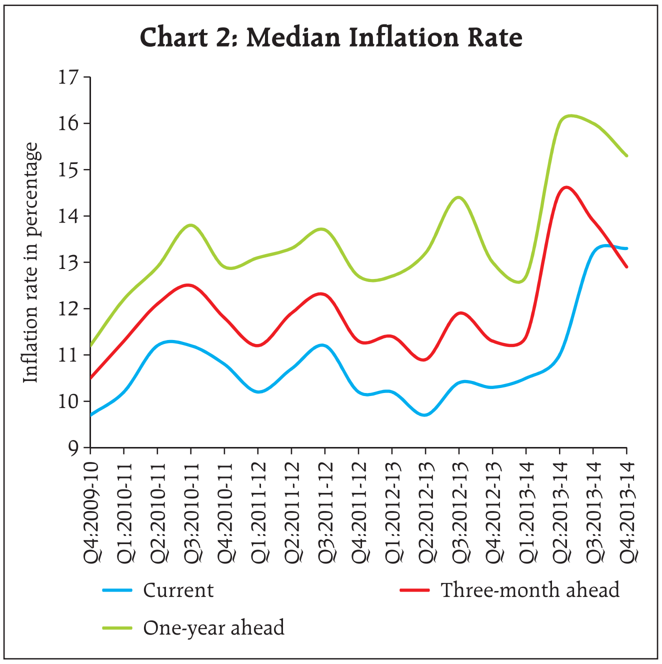
3. Survey Results

3.1. Respondents' Current Inflation Perceptions *vis-à-vis* Expectations

During the year 2013-14, the median inflation perceptions show increasing trend over quarters up to the present survey (March, 2014 round), however

* Prepared in the Division of Household Surveys, Department of Statistics and Information Management. The previous annual article was published in June, 2013 issue of the Reserve Bank of India RBI Bulletin. The survey results are those of the respondents and are not necessarily shared by the RBI.





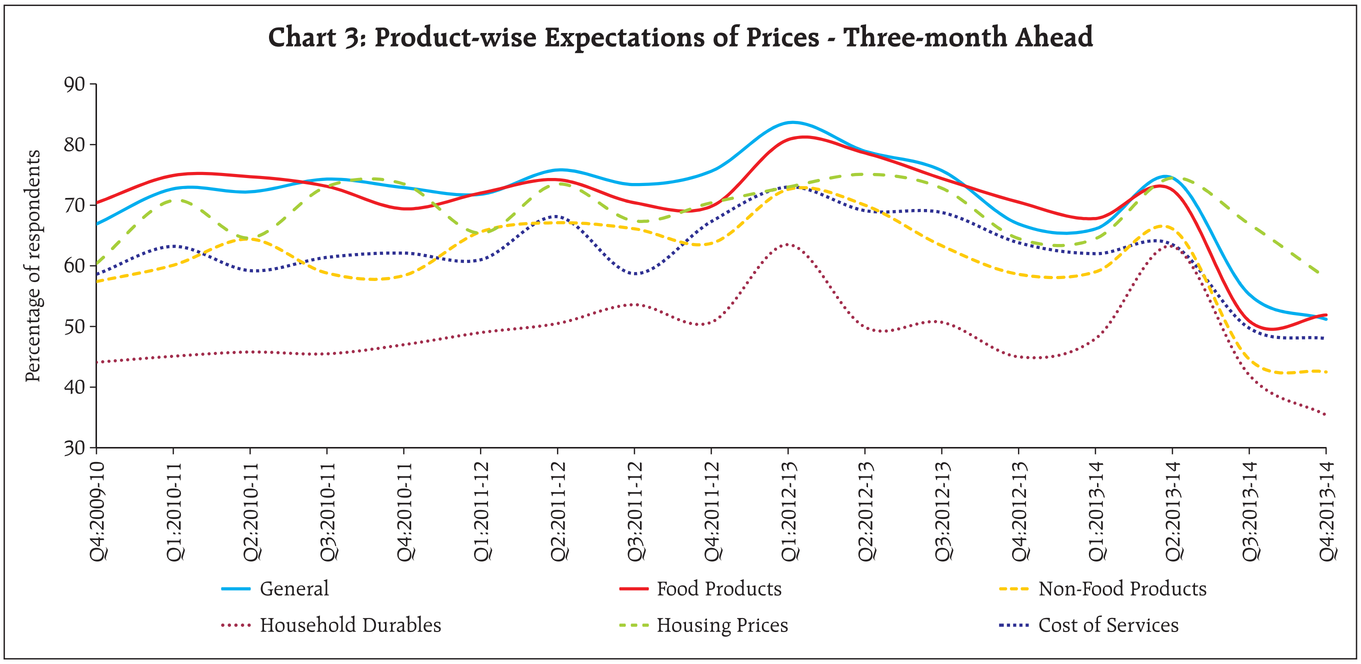
both the expectations for next three-month as well as for next one-year declined in Q4:2013-14 (Table 2). The percentages of the respondents, perceiving current inflation and expecting future inflation in double digits, increased over the quarters and reached maximum in Q3:2013-14 (December, 2013 round) before declining marginally in Q4:2013-14 (Table 1). The mean inflation rates were observed to be range-bound during recent years. Also, it can be observed that inflation expectations move closely in tandem with the current inflation perceptions (Chart 1 & 2). The time series movements of inflation expectations show that future expectations are comparatively higher than current perceptions. For the first time in the survey history, near term median inflation (*i.e.* three-month ahead) expectation is lower than the median current inflation perception in Q4:2013-14.

3.2. Movements of General Price Expectations for Three -month Ahead and One-year Ahead

The percentage of respondents expecting increase in 'general prices' for both three-month ahead and one-year ahead periods, sharply decreased in Q2:2013-14; the said percentage for three month ahead period decreased further during Q3:2013-14 and the percentage marginally increased in Q4:2013-14 for both three-month and one-year ahead periods. The percentage of respondents expecting general prices '*increase by more than current rate*' decreased from 74.5 per cent (the highest position during the year in Q2: 2013-14) to 51.2 per cent (the lowest position during the year in Q4:2013-14) for three-month ahead period and 76.6 per cent (the highest position during the year in Q2: 2013-14) to 59 per cent (the lowest position during the year in Q4:2013-14) for one-year ahead period.

The cross-tabulation of general price expectation for three-months ahead and one-year ahead for the last four rounds are given in Table 3.1 to Table 3.4. Out of the respondents expecting price increase by more than current rate for three-month ahead period, majority expected the same for one-year ahead period for last four quarters (Quarters: Q1:2013-14 to Q4:2013-14).

Product group-wise price expectations show that the general price expectations are relatively more aligned with food price expectations than with other



product groups. The trend is similar for both three-month ahead as well as one-year ahead expectations (Chart 3 & 4).

3.3. Identification of Major Source of Variation

An analysis of variance (ANOVA) over different rounds (Table 4) revealed that 'City' has always been a significant source of variation for inflation perceptions for current period and future expectations in each round. Other significant source of variation was 'Occupation category' in Q1: 2013-14 and Q4: 2013-14 for current inflation perceptions and for inflation expectations in Q3: 2013-14 and Q4: 2013-14. 'Age-group' was significant source of variation for current inflation perceptions in all quarters (except Q1: 2013-14) and for three-month ahead inflation expectations

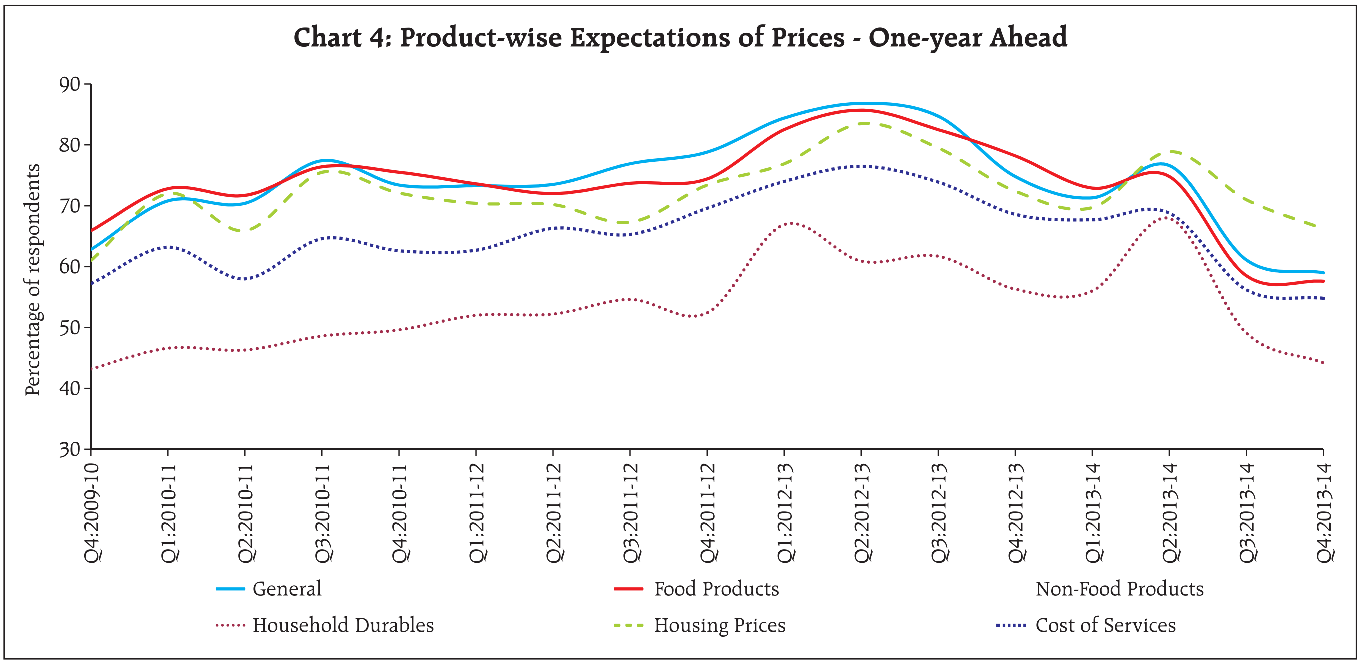
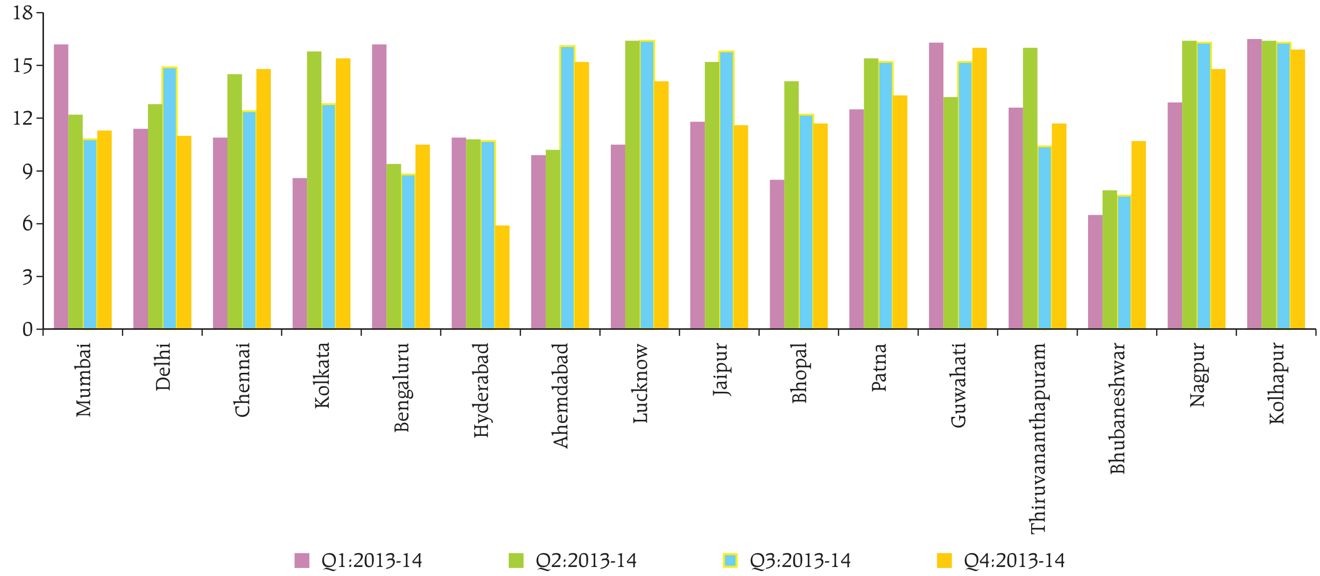


Chart 5: City-wise Three-month Ahead Median Inflation Expectations



in Q2: 2013-14. 'Gender' was also significant source of variation for current inflation perception in Q3: 2013-14 and for inflation rates in Q4: 2013-14.

3.4. City-wise Household Inflation Expectations

There are significant variations in inflation expectations across cities (Chart 5 and 6). The respondents from Bhubaneswar expect relatively lower inflation in all quarters except in Q4:2013-14. Kolhapur respondents show relatively higher inflation expectations in all four quarters (Table 5).

3.5. Occupation-wise Inflation Perceptions

Respondents of various occupation categories show similar trend over quarters (Chart 7). Generally, Retired person and Daily workers reported the higher

Chart 6: City-wise One-year Ahead Median Inflation Expectations

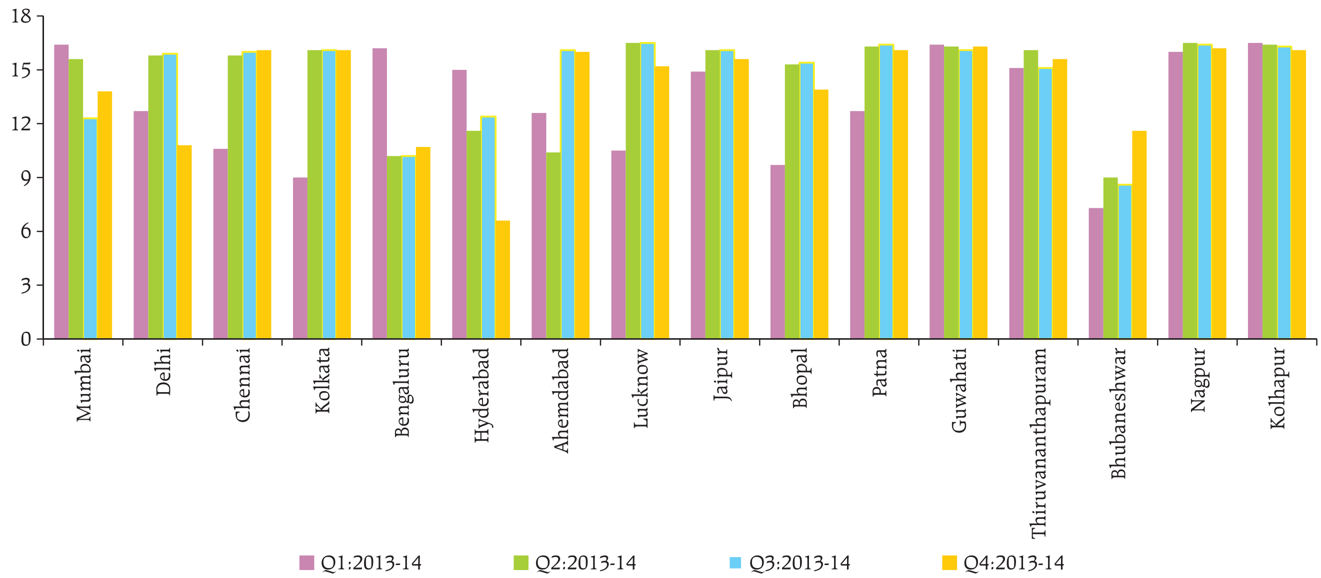
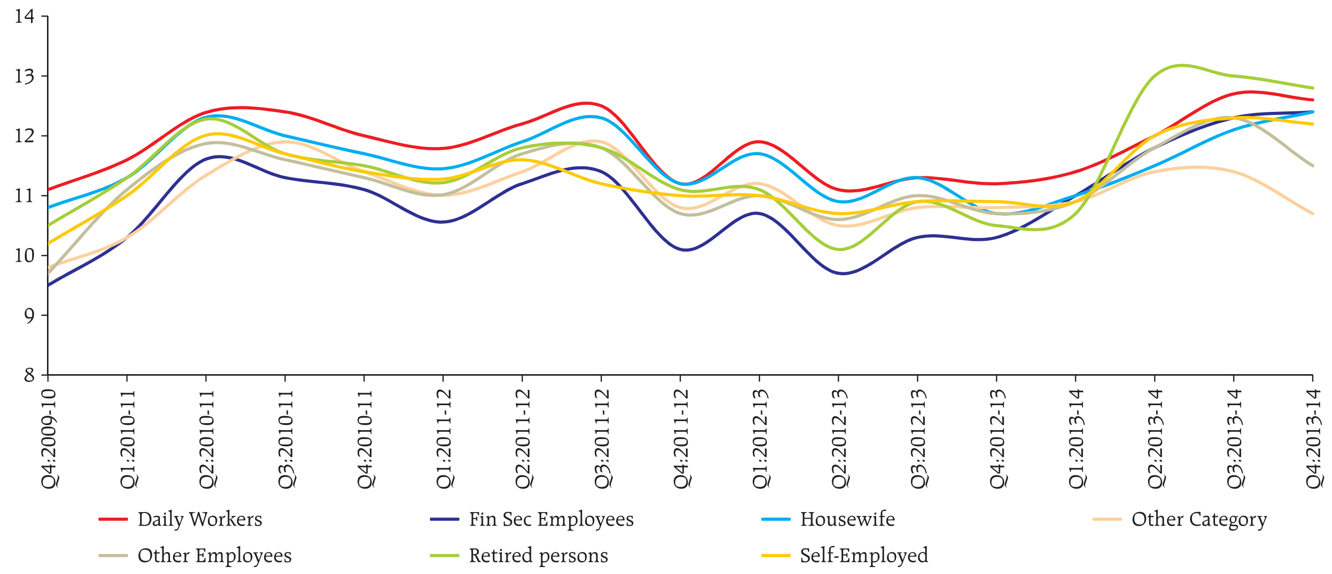


Chart 7: Category-wise Current Inflation Perceptions



inflation rates whereas other category respondents reported relatively lower inflation rates in last four quarters.

3.6. Bootstrap Confidence Interval for Estimates of Inflation Rates

Drawing 10,000 re-samples using Simple Random Sampling with Replacement (SRSWR), the 99 per cent bootstrap confidence intervals for mean inflation rates are given in Table 6. The width of confidence intervals varied between 27 to 38 basis points. It is observed that the exercise leads to a confidence interval with small width indicating that the point estimates are quite precise and stable.

3.7. Inter-consistency Between Response to Qualitative and Quantitative Questions

The survey collects both qualitative and quantitative responses on expected price changes and inflation. To check the inter consistency between qualitative and quantitative responses, a cross table of qualitative and quantitative responses has been worked out and results are presented in Table 7. It is observed that the three-month ahead mean and median inflation expectations for those respondents who expected general price '*increase more than current rate*' in next three-month, was observed to be higher than their mean current inflation perceptions. The three-month ahead mean inflation expectations for those respondents who expected general price '*increase less than current rate*' was found to be less than current inflation perceptions (except in Q2:2013-14). The difference between three-month ahead mean inflation expectations and current inflation has been very low for respondents who expected general price '*increase similar to current rate*' in next three months. Similar observations can be drawn regarding one-year ahead period also. Thus, fairly consistent responses between qualitative and quantitative questions are observed in the survey.

4. Conclusions

Double digit inflation expectations persisted throughout the year; however, it declined marginally in Q4:2013-14. The inflation perception and expectations varied across various cities covered in the survey.

Annex-Data Tables

Table1. Distribution of Responses on Inflation Rates

(in per cent)

Inflation Rate	Current Inflation Rates				Inflation Expectations Three-month Ahead				Inflation Expectations One-year Ahead			
	Q1: 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14	Q1: 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14	Q1 : 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14
<1	0.1	0.0	0.3	0.6	0.2	0.0	1.3	0.9	1.5	0.5	0.7	1.0
1-2	0.2	0.8	0.8	0.8	0.1	0.2	1.3	0.9	0.1	0.8	0.7	1.1
2-3	0.7	1.9	1.3	1.5	0.4	1.1	2.2	1.6	0.2	0.5	0.5	0.9
3-4	1.1	1.2	1.4	1.4	0.7	1.7	1.9	1.6	0.4	0.9	0.8	1.0
4-5	2.7	3.7	3.8	3.7	1.7	2.1	3.4	2.8	0.7	1.6	1.4	2.3
5-6	5.3	5.3	4.7	4.1	3.3	3.1	5.5	2.2	2.2	2.5	2.3	3.4
6-7	7.1	3.2	2.4	2.4	5.9	2.3	2.6	2.5	5.2	2.8	1.9	3.0
7-8	6.8	4.3	2.8	2.0	4.3	3.1	3.4	2.5	4.2	3.0	2.3	1.9
8-9	10.4	3.4	3.5	2.1	6.0	3.1	3.6	2.0	4.7	3.2	3.2	2.2
9-10	10.0	9.3	8.8	12.1	12.4	6.5	5.3	8.2	7.0	4.6	6.3	6.8
10-11	11.3	17.0	15.7	14.2	11.1	13.3	9.0	12.1	10.5	7.3	8.6	8.1
11-12	7.5	2.9	2.2	2.9	9.8	3.8	4.0	8.0	7.6	4.8	3.9	5.0
12-13	6.6	2.5	2.1	1.8	8.1	4.8	4.2	5.1	8.7	3.0	3.1	2.1
13-14	3.1	1.0	0.9	1.2	5.7	2.4	2.5	2.8	5.5	1.9	1.7	2.3
14-15	2.7	4.4	3.5	8.3	3.3	5.1	4.0	10.0	5.1	3.6	4.2	6.6
15-16	2.1	7.4	6.4	10.1	3.3	8.8	7.5	7.9	6.7	7.7	7.0	8.6
>=16	22.2	31.7	39.3	30.8	23.7	38.5	38.2	29.0	29.7	51.3	51.4	43.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 2: Inflation Rates

(in per cent)

Survey Round	Survey Quarter ended	Current		Expectations			
				Three-month Ahead		One-year Ahead	
		Mean	Median	Mean	Median	Mean	Median
27	Q4:2011-12	11.0	10.2	11.7	11.3	12.5	12.7
28	Q1:2012-13	11.3	10.2	12.0	11.4	12.8	12.7
29	Q2:2012-13	10.6	9.7	11.5	10.9	12.7	13.2
30	Q3:2012-13	11.0	10.4	11.9	11.9	13.3	14.4
31	Q4:2012-13	10.7	10.3	11.3	11.3	12.5	13.0
32	Q1:2013-14	11.0	10.5	11.7	11.4	12.4	12.7
33	Q2:2013-14	11.8	11.0	12.8	14.5	13.5	16.0
34	Q3:2013-14	12.3	13.2	12.2	13.9	13.5	16.0
35	Q4:2013-14	12.2	13.3	12.3	12.9	13.1	15.3

Table 3.1. Cross-tabulation of General Price Expectations for Three -month Ahead and One-year Ahead (Q1:2013-14 : Round 32)

General price expectations One-year Ahead	General price expectations Three-month Ahead: Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
Price increase more than current rate	57.4	11.3	2.1	0.4	0.0	71.3
Price increase similar to current rate	4.7	12.8	1.0	0.2	0.0	18.7
Price increase less than current rate	2.7	1.3	4.2	0.1	0.0	8.3
No change in price	1.3	0.2	0.1	0.1	0.0	1.7
Decline in price	0.0	0.0	0.0	0.0	0.0	0.1
Total	66.1	25.6	7.5	0.8	0.1	100.0

Table 3.2. Cross-tabulation of General Price Expectations for Three -month Ahead and One-year Ahead (Q2:2013-14 : Round 33)

General price expectations One-year Ahead	General price expectations Three-month Ahead: Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
Price increase more than current rate	65.3	4.6	0.6	4.3	1.8	76.6
Price increase similar to current rate	5.2	5.5	0.3	1.5	0.5	13.0
Price increase less than current rate	1.1	0.3	0.4	0.4	0.8	2.9
No change in price	2.0	0.7	0.1	1.2	0.6	4.6
Decline in price	1.0	0.2	0.1	0.4	1.2	2.9
Total	74.5	11.3	1.5	7.8	4.9	100.0

Table 3.3. Cross-tabulation of General Price Expectations for Three -month Ahead and One-year Ahead (Q3:2013-14 : Round 34)

General price expectations One-year Ahead	General price expectations Three-month Ahead: Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
Price increase more than current rate	46.0	9.5	2.0	2.3	1.3	61.1
Price increase similar to current rate	5.9	12.1	2.1	4.3	0.7	25.1
Price increase less than current rate	1.0	1.4	2.7	1.2	0.3	6.5
No change in price	1.4	0.8	0.4	1.0	0.3	4.0
Decline in price	1.0	0.3	0.2	0.6	1.2	3.3
Total	55.3	24.0	7.5	9.5	3.7	100.0

Table 3.4: Cross-tabulation of General Price Expectations for Three -month Ahead and One-year Ahead (Q4:2013-14 : Round 35)

General price expectations One-year Ahead	General price expectations Three-month Ahead: Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
Price increase more than current rate	42.9	9.6	2.4	3.1	1.0	59.0
Price increase similar to current rate	5.3	15.8	2.0	2.2	0.4	25.7
Price increase less than current rate	1.4	1.6	4.6	1.4	0.3	9.3
No change in price	1.0	0.8	0.4	1.1	0.1	3.5
Decline in price	0.6	0.5	0.3	0.5	0.7	2.4
Total	51.2	28.4	9.6	8.3	2.5	100.0

Table 4: ANOVA Results: Factors that Explain the Total Variability

Survey Round	Survey Quarter	Current	Three-month Ahead	One-year Ahead
27	Q4:2011-12	City, Gender, Category	City, Gender, Category	City, Gender, Category
28	Q1:2012-13	City, Category	City, Category	City, Gender, Category
29	Q2:2012-13	City, Gender	City, Gender, Category	City, Category
30	Q3:2012-13	City, Age, Category	City, Category	City, Category, Age
31	Q4:2012-13	City, Category	City, Category	City, Category, Age
32	Q1:2013-14	City, Category	City	City
33	Q2:2013-14	City, Age	City, Age	City
34	Q3:2013-14	City, Gender, Age	City, Category	City, Category
35	Q4:2013-14	City, Category, Gender, Age	City, Category, Gender	City, Category, Gender

Table 5: Median Inflation Perceptions and Expectations

	Current				Three-month Ahead				One-year Ahead			
	Q1: 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14	Q1: 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14	Q1 : 2013-14	Q2: 2013-14	Q3: 2013-14	Q4: 2013-14
Mumbai	16.1	11.7	11.0	11.4	16.2	12.2	10.8	11.3	16.4	15.6	12.3	13.8
Delhi	10.6	10.7	12.7	10.2	11.4	12.8	14.9	11.0	12.7	15.8	15.9	10.8
Chennai	10.0	10.4	10.5	15.3	10.9	14.5	12.4	14.8	10.6	15.8	16.0	16.1
Kolkata	7.1	10.9	16.1	15.1	8.6	15.8	12.8	15.4	9.0	16.1	16.1	16.1
Bengaluru	16.2	8.6	8.3	10.8	16.2	9.4	8.8	10.5	16.2	10.2	10.2	10.7
Hyderabad	10.4	10.5	9.9	5.4	10.9	10.8	10.7	5.9	15.0	11.6	12.4	6.6
Ahmadabad	8.7	9.4	15.1	15.3	9.9	10.2	16.1	15.2	12.6	10.4	16.1	16.0
Lucknow	10.4	16.2	16.4	14.5	10.5	16.4	16.4	14.1	10.5	16.5	16.5	15.2
Jaipur	11.5	14.9	15.9	15.4	11.8	15.2	15.8	11.6	14.9	16.1	16.1	15.6
Bhopal	7.8	10.2	10.5	9.7	8.5	14.1	12.2	11.7	9.7	15.3	15.4	13.9
Patna	12.5	15.6	12.0	12.0	12.5	15.4	15.2	13.3	12.7	16.3	16.4	16.1
Guwahati	16.3	12.9	15.4	13.6	16.3	13.2	15.2	16.0	16.4	16.3	16.1	16.3
Thiruvananthapuram	11.2	14.0	13.9	14.3	12.6	16.0	10.4	11.7	15.1	16.1	15.1	15.6
Bhubaneswar	5.7	6.7	6.4	10.2	6.5	7.9	7.6	10.7	7.3	9.0	8.6	11.6
Nagpur	10.7	16.3	16.4	15.7	12.9	16.4	16.3	14.8	16.0	16.5	16.4	16.2
Kolhapur	16.5	16.4	16.2	15.2	16.5	16.4	16.3	15.9	16.5	16.4	16.3	16.1

Table 6: 99% Bootstrap Confidence Intervals (BCI) Based on 10,000 Resamples

Survey Round	Survey Quarter	Current		Three-month Ahead		One-year Ahead	
		99% BCI for Mean	Interval width	99% BCI for Mean	Interval width	99% BCI for Mean	Interval width
32	Q1:2013-14	(10.82, 11.11)	0.29	(11.53, 11.80)	0.27	(12.23, 12.52)	0.29
33	Q2:2013-14	(11.67, 12.00)	0.33	(12.68, 12.99)	0.31	(13.36, 13.68)	0.32
34	Q3:2013-14	(12.14, 12.47)	0.33	(11.98, 12.36)	0.38	(13.39, 13.71)	0.32
35	Q4:2013-14	(12.03, 12.36)	0.33	(12.14, 12.47)	0.33	(12.89, 13.23)	0.34

Table 7: Mean Inflation Perceptions of Respondents Who Thought General Price will Increase in Next Three-month and in Next One-year

Survey Quarter	General price expectation	Three-month Ahead				One-year Ahead			
		Inflation Rates				Inflation Rates			
		Current		Three-month Ahead		Current		Three-month Ahead	
		Mean	Median	Mean	Median	Mean	Median	Mean	Median
Q1: 2013-14	Price increase more than current rate	10.9	10.2	12.1	11.7	10.9	10.3	13.2	14.1
	Price increase similar to current rate	10.6	10.7	10.7	10.7	10.7	10.8	10.8	10.9
	Price increase less than current rate	13.0	16.1	12.0	14.3	12.1	12.4	11.1	10.7
Q2: 2013-14	Price increase more than current rate	12.0	11.6	13.0	15.0	11.9	11.2	14.2	16.1
	Price increase similar to current rate	11.4	10.5	12.5	12.5	12.1	11.3	12.3	12.3
	Price increase less than current rate	11.7	10.9	12.6	13.2	14.6	16.2	14.3	16.2
Q3: 2013-14	Price increase more than current rate	12.0	11.5	12.6	14.9	12.0	11.5	14.5	16.2
	Price increase similar to current rate	13.1	15.2	12.5	14.5	12.9	14.5	12.7	14.2
	Price increase less than current rate	12.7	15.2	11.3	11.6	12.4	14.9	10.2	9.7
Q4: 2013-14	Price increase more than current rate	12.1	12.3	12.9	14.5	12.2	12.7	14.4	16.2
	Price increase similar to current rate	12.3	14.1	11.7	11.2	12.1	14.1	11.9	12.2
	Price increase less than current rate	12.7	14.8	12.3	13.7	12.7	14.7	11.4	12.0

*Finances of Non-Government Non-Financial Public Limited Companies, 2012-13**

The aggregate results of the select non-government non-financial public limited companies in 2012-13 revealed significant moderation in growth rates of major parameters as compared with those in 2011-12. Though earnings before interest, tax, depreciation and amortisation (EBITDA) increased, net profit i.e. profit after tax (PAT) continued to contract and profit margins decreased in the second consecutive year. Growth in net worth also fell while borrowings grew at the same rate as in the previous year. As a result, leverage moved up further and the debt serviceability worsened. Total funds raised during 2012-13 shrank on slower business activity. Share of funds raised through borrowings as well as share of funds used in fixed assets formation was higher.

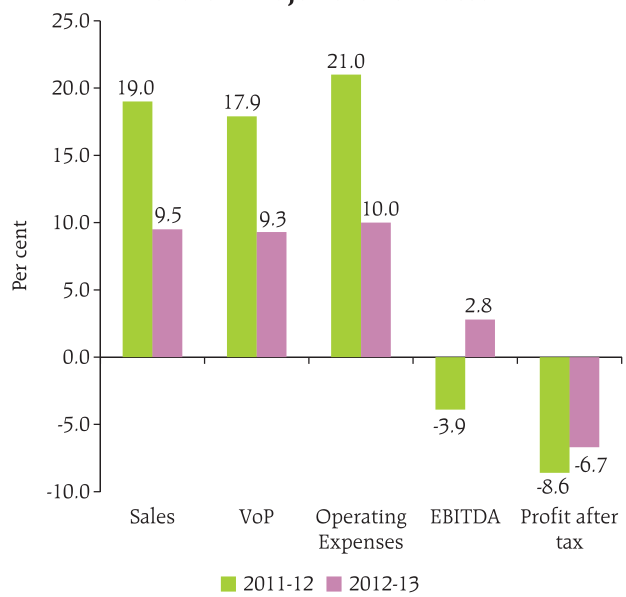
This article presents the financial performance of select 3,014 non-government non-financial (NGNF) public limited companies for the financial year 2012-13 based on their audited annual accounts closed during April 2012 to March 2013[1]. Revision in the Schedule VI of Companies' Act 1956 effective financial year 2011-12 brought about significant changes in the format of preparing financial statements, especially balance sheet, by companies. The current study analyses data in the revised format for the three year period from 2010-11 to 2012-13[2]. The detailed data have been made available in the website of the Reserve Bank. The select 3,014 companies covered in the latest data release accounted for 26 per cent of population paid-up capital (PUC) (provisional estimate supplied by Ministry of Corporate Affairs, GoI) of all NGNF public limited companies as on March 31, 2013.

1. Sales growth moderated significantly and net profits contracted

1.1 The performance of select NGNF public limited companies deteriorated in 2012-13. Growth in sales as well as in operating expenses declined sharply reflecting lower demand (*Statement 1 and Chart 1*). Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 2.8 per cent as compared with a contraction in the previous year. However, the net profit (PAT) fell by 6.7 per cent on top of 8.6 per cent decline in the previous year. Growth in interest expenses, however, moderated from 30.5 per cent in 2011-12 to 22.1 per cent in 2012-13.

1.2 The composition of major expenditure items as percentage of sales revealed that expenditure on 'raw materials', which increased in 2011-12, remained stable in 2012-13 (Table 1). On the other hand, 'staff cost' increased in 2012-13. The share of 'interest expenses' gradually increased during the three year period. Share of 'other income' in sales also increased gradually.

Chart 1: Major Growth Rates



* Prepared in the Company Finances Division of the Department of Statistics and Information Management. Reference may be made to the June 2013 issue of the RBI Bulletin for the previous year study. In the present study, 512 new companies have been covered in addition to the 2,502 companies common with the previous study. Data of some of the companies in the sample were procured from Centre for Monitoring Indian Economy (CMIE).

[1] In the case of companies, which either extended or shortened their accounting year, their income, expenditure and appropriation account figures have been annualised. The balance sheet data, however, have been retained as presented in the annual accounts of the companies. The analysis of financial performance of the select companies is subject to these limitations.

[2] Due to changes in reporting format, values of some of the ratios published earlier might have undergone some change. Details have been provided with the data release.

Table 1: Major items as share of sales

(Per cent)

Item	2010-11	2011-12	2012-13
Raw materials	56.8	58.6	58.5
Staff cost	7.3	7.2	7.6
Interest expenses	2.9	3.2	3.6
Other income	4.3	4.7	4.8

1.3 The smaller companies with sales 'Less than ₹1 billion' each were the worst performers in both the years 2011-12 and 2012-13 and recorded contraction in sales as well as in profits. Companies having sales between ₹1 billion and ₹10 billion also registered contraction in profits in both the years. Only the larger companies having sales '₹10 billion and above' stood out and were able to increase their profits.

1.4 Performance of the manufacturing sector was in line with that at aggregate level. Companies in the services sector and in 'electricity, gas, steam and air conditioning supply' improved EBITDA growth in 2012-13 but net profits continued to fall. Activity in the construction sector slowed down sharply as reflected by the fall in growth of sales from 22.7 per cent in 2011-12 to 2.9 per cent in 2012-13 and contraction in profits in both the years.

1.5 Performance of various industries in the manufacturing sector in 2012-13 was mixed. 'Textiles' industry, contrary to the general trend, recorded higher growth in sales in 2012-13 as compared with 2011-12 and substantial growth in profit. Besides, 'food products and beverages', 'chemical and chemical products' and 'pharmaceuticals and medicines' industries improved performance in terms of higher growth in profit mainly by containing operating expenses. Profit of the companies in 'cement and cement products' industry also increased in 2012-13, though at a lower rate. Profit of the companies manufacturing machinery continued to fall in 2012-13. Net profit in the 'Iron and steel' industry declined for the second successive year despite increase in EBITDA mainly on account of high interest payment. The 'motor vehicles and other transport equipments' industry performed the worst as its sales growth moderated to below 1 per cent and profit declined significantly in 2012-13.

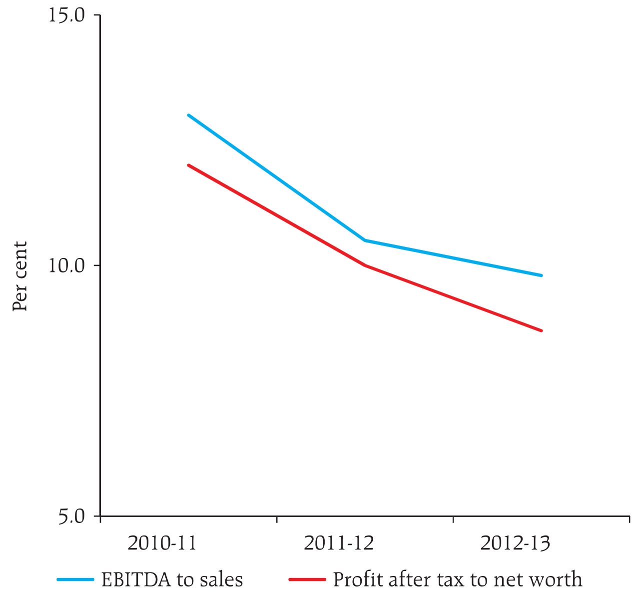
1.6 In the services sector, aggregate sales as well as profit of the companies in 'real estate' industry continued its downward trend in 2012-13. 'Telecommunications' was one of the few industries which recorded moderation in the growth of EBITDA but high net profit growth. In contrast, the 'transportation' industry improved EBITDA growth but its net profit recorded sharp fall. 'Computer and related activities' witnessed healthy growth in sales as well as net profits in 2012-13, though they were relatively lower as compared with 2011-12.

2. Profit Margin continued to decline in most segments

2.1 The operating profit margin or EBITDA margin (EBITDA as percentage of sales) of select public limited companies fell gradually during the three year period from 2010-11 (13.0 per cent) to 2012-13 (9.8 per cent) reflecting their lower pricing power (Chart 2). The return on equity (PAT as percentage of net worth) to the investors also fell in a similar way.

2.2 The fall in the profitability was observed across sales size groups. Larger sales-size groups earned higher EBITDA margin in all the years during the study period. Companies in the largest sales-size group '₹10 billion and above' recorded an average EBITDA margin of 13.7 per cent in 2010-11 which fell gradually to 10.6 per cent

Chart 2: Profit Margin and return on equity



in 2012-13. EBITDA margin of the smallest sales-size group declined to a low of 1.8 per cent in 2012-13.

2.3 EBITDA margin in the services sector improved marginally in 2012-13 as compared with 2011-12 while other sectors followed the trend at the aggregate level. 'Computer and related activities' and 'transportation' industries in the services sector improved the EBITDA margin in 2012-13 boosted by higher profits. A few industries *viz.* 'food products and beverages', 'textiles', 'chemical and chemical products' and 'pharmaceuticals and medicines' in the manufacturing sector also recorded higher EBITDA margin in 2012-13 reversing the fall in 2011-12. Companies in the machinery industry (electrical as well as other machineries) was seen to operate at a very low EBITDA margin.

2.4 Return on equity was the highest in the manufacturing sector followed by construction, services sector and 'electricity, gas, steam and air conditioning supply' which recorded the lowest across years during the study period. As 'transportation' industry recorded loss at the aggregate, mainly affected by air transport companies, its return on equity was negative in consecutive years 2011-12 and 2012-13. Besides, companies in the 'telecommunications' industry earned, on an average, quite low return on equity.

3. Business expanded at slower rate for second consecutive year

3.1 Total net assets of the select companies grew at a slightly lower rate in 2012-13 than in 2011-12 (*Statement 2*). Only in case of companies in the lowest sales-size group 'Less than ₹1 billion' each, growth in total net assets was marginally higher than that in the previous year.

3.2 'Construction' and 'electricity, gas, steam and air conditioning supply' sectors suffered steep moderation in the growth of total net assets. Manufacturing sector also grew at a marginally lower rate while the services sector was able to maintain the growth rate of the previous year.

3.3 At the industry level, expansion was muted in the 'machinery and equipments (other than electrical)' and 'transportation' industries. Growth in the 'telecommunications' industry was at very low level in two consecutive years. However, contrary to the above trend, 'textiles', 'cement and cement products' and 'pharmaceuticals and medicines' expanded total net assets at higher rates.

4. Lower profits led to gradual increase in leverage and lower interest coverage ratio

4.1 Lower net profits resulted in moderation in the net worth growth in 2012-13. Thus, companies took higher recourse to borrowings and it grew at a relatively higher rate. Growth in long term borrowings was at an even higher rate.

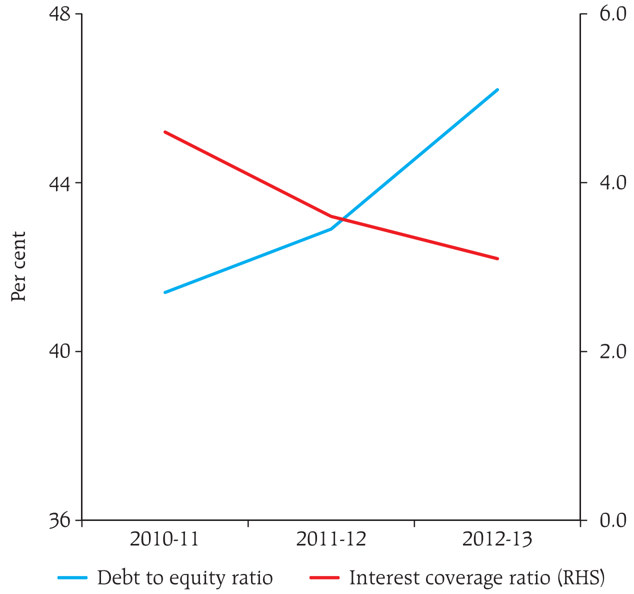
4.2 Companies in the sales-size group '₹5 billion - ₹10 billion' each registered very low growth in net worth and their total borrowings increased at a much higher rate.

4.3 Among the major industries, 'transportation' industry had sharp contraction (by 22.4 per cent) in net worth in 2012-13 on top of 6.8 per cent contraction in the previous year. This was mainly due to the losses of air transport companies. The 'machinery and equipments (other than electrical)' industry also showed marginal contraction in net worth in 2012-13, while its total borrowings recorded a marked rise. 'Iron and steel' and 'construction' industries also borrowed heavily in 2012-13.

4.4 Leverage, as measured by debt (long term borrowings) as percentage of equity (net worth), at the aggregate level had risen steadily since 2011-12 (Chart 3). A broader measure *viz.* total borrowings to equity ratio also presented similar movement by rising from 61.3 per cent in 2010-11 to 69 per cent 2012-13. Together with the rise in leverage, the interest coverage ratio (measured by EBIT to interest ratio), which reflects ability of corporates to service debt, fell successively in 2011-12 and in 2012-13.

4.5 Companies in the sales-size group '₹5 billion - ₹10 billion' each continued to be the most leveraged with their total borrowings to equity ratio exceeding 100 per cent in 2012-13 (Statement 2). Leverage of the largest

Chart 3: Leverage and debt serviceability



sales-size group '₹10 billion and above' each also recorded a continuous increase during the last two years.

4.6 At sectoral level, services sector and its major constituent industries had relatively lower leverage except the 'transportation' industry. For the 'transportation' industry, the leverage was high at 220.3 per cent in 2012-13 together with a fall in interest coverage ratio to below 1 since 2011-12. Leverage was also high and rising resulting to fall in interest coverage ratio in 'electricity, gas, steam and air conditioning supply' and construction sector. 'Textiles' industry was the most leveraged and had the lowest interest coverage ratio in the manufacturing sector but the increase in their leverage was not appreciable during the period under study. The 'iron and steel' industry showed considerable rise in total borrowings to equity ratio. Higher interest expenses impacted its profitability and brought down its interest coverage ratio from 3.8 in 2010-11 to 1.9 in 2012-13.

5. Share of net worth in total liabilities declined gradually while current liabilities rose

5.1 During the three year period between 2010-11 and 2012-13, composition of liabilities of the select companies was characterized by decline in the share of 'reserves and surplus' and increases in the shares of borrowings, both long term and short term components, and trade payables, mainly in 2011-12 (*Statement 3A and Chart 4*). On the assets side, share of 'net fixed assets' declined due to increased share of provisions. Share of 'cash and cash equivalents' also gradually declined during the study period while that of 'trade receivables' and 'other assets' increased (*Statement 3B and Chart 5*).

Chart 4: Composition of Liabilities

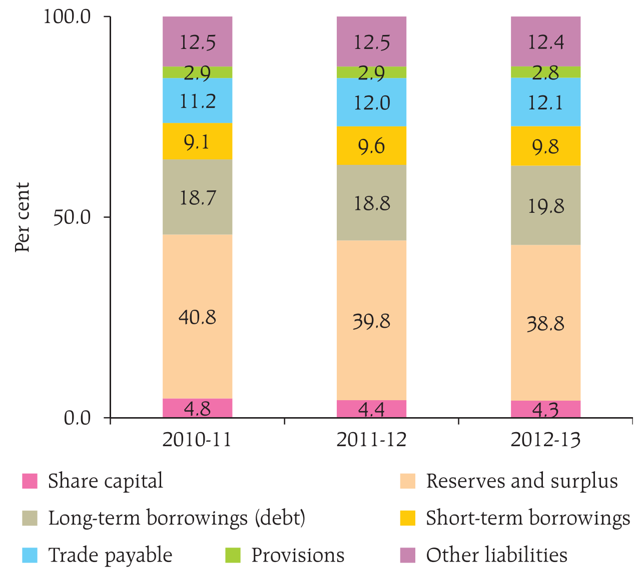
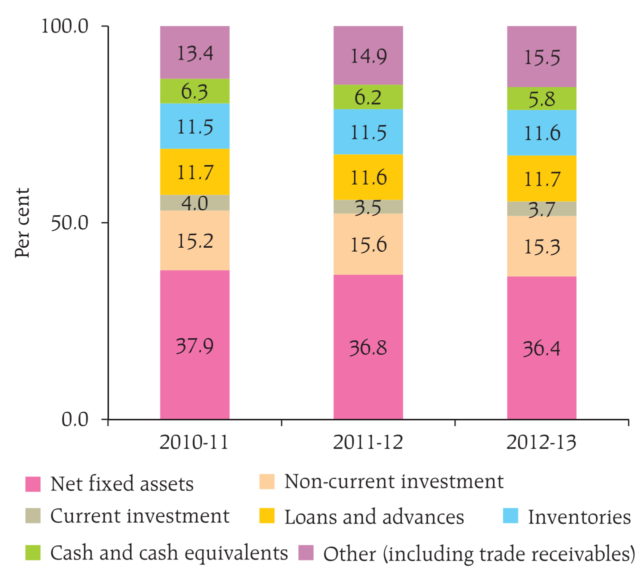
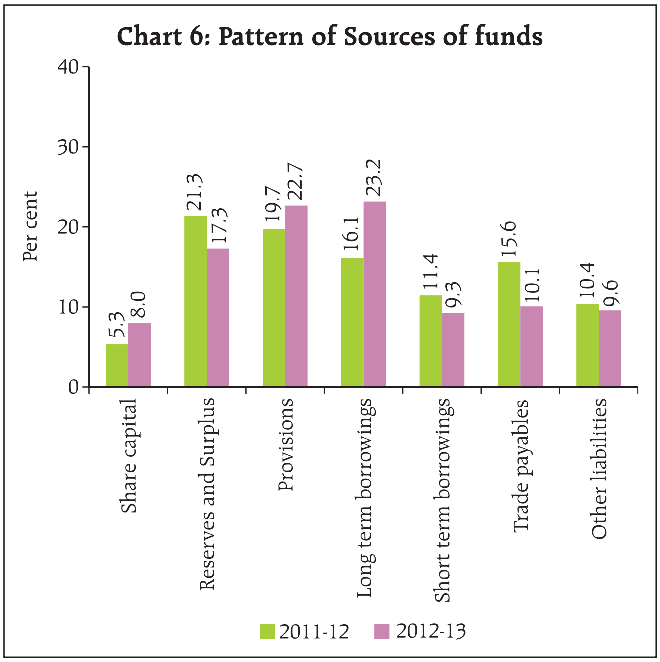
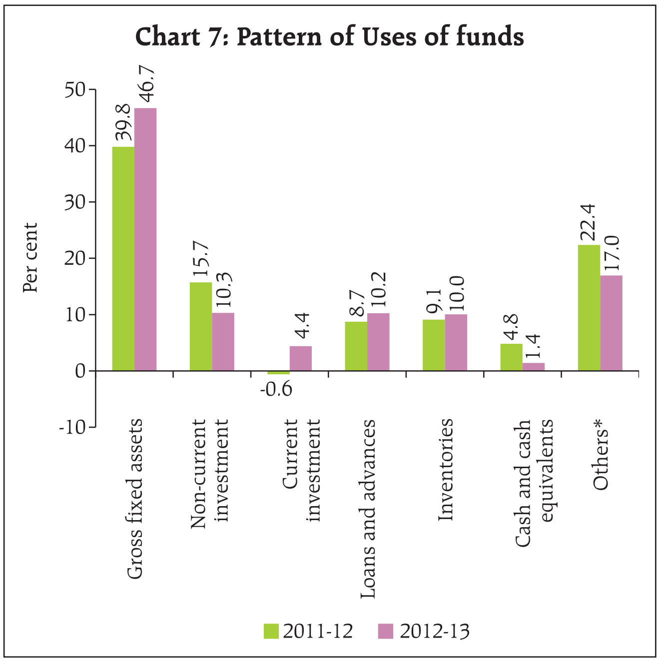


Chart 5: Composition of Assets







5.2 Liquidity ratio, measured by current assets to current liabilities, was below 1 in the 'transportation' and 'telecommunications' industries in all the three years. It also declined in a few other industries *viz.* 'iron and steel' and 'electricity, gas, steam and air conditioning supply' where leverage was also high.

5.3 Of the funds raised during 2012-13, share of long term borrowings increased significantly while that in form of 'trade payables' declined by almost a similar extent (*Statement 4A and Chart 6*). As a result, share of external (i.e. other than companies' own) sources rose, but by a small magnitude. Among internal sources, share of funds available through 'reserves and surplus' fell on lower accrual of profit.

5.4 Share of gross fixed assets formation in uses of funds rose appreciably during 2012-13 (*Statement 4B and Chart 7*). While share of funds parked in total financial investment fell marginally, there was a sharp drop in non-current investment in 2012-13. Funds kept idle as 'cash and cash equivalents' was lower at 1.4 per cent of total funds raised (4.8 per cent in 2011-12). This might be seen as an indication of an early sign of improving capital investment sentiment.

Statement 1: Growth rates of select parameters of select 3,014 NGNF public limited companies								
	Growth rates							
	Sales		Operating expenses		EBITDA		Net profit (PAT)	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Aggregate (All Co)	19.0	9.5	21.0	10.0	-3.9	2.8	-8.6	-6.7
Sales-wise								
Less than ₹ 1 billion	-5.1	-16.5	-3.6	-14.0	-45.6	-52.0	-45.6	-52.0
₹ 1 – ₹ 5 billion	7.5	1.6	11.6	1.1	-31.2	-8.2	-28.4	-42.8
₹ 5 – ₹ 10 billion	12.5	0.8	15.2	0.3	-29.9	-1.0	-52.0	-187.4
₹ 10 billion and above	21.7	11.8	23.7	12.6	1.1	4.0	-3.2	2.2
Industry-wise								
Mining and quarrying	-7.8	-38.5	12.7	-23.1	-37.2	-67.2	-40.9	-105.2
Manufacturing	20.6	9.6	22.5	10.0	-5.8	3.9	-6.9	-3.6
Food products and beverages	25.4	11.2	24.1	9.7	14.0	27.8	7.2	37.5
Textile	6.0	10.9	8.5	8.1	-39.5	60.3	-85.3	159.5
Chemicals and chemical products	19.8	12.0	22.8	8.9	-31.8	52.8	1.9	20.4
Pharmaceuticals and medicines	16.1	15.9	16.4	14.4	10.4	23.9	3.6	12.2
Cement and cement products	26.4	12.4	23.6	14.7	34.6	10.1	44.3	10.3
Iron and steel	23.5	8.4	23.0	10.4	2.1	3.7	-19.8	-39.7
Machinery and equipments n.e.c	16.3	-8.2	21.3	-5.2	-41.2	-69.1	-7.1	-83.9
Electrical machinery and apparatus	10.1	6.2	10.4	8.4	-27.1	-21.3	-42.7	-3.5
Motor vehicles and other transport equipments	15.4	0.9	16.7	0.9	3.7	-15.9	-0.9	-21.5
Electricity, gas, steam and air conditioning supply	26.2	20.6	34.3	21.8	2.3	16.0	-21.4	-35.2
Construction	22.7	2.9	24.0	3.5	-8.1	-11.3	-3.1	-10.2
Services	12.6	12.2	13.5	11.9	2.7	12.5	-11.1	-7.8
Transportation and storage	14.3	3.2	23.8	0.3	-35.2	31.0	-255.2	#
Telecommunications	9.7	9.4	6.9	9.6	21.4	9.0	-48.5	31.3
Real Estate	-7.3	-1.4	-7.1	6.6	-18.6	-12.2	-24.9	-19.9
Computer and related activities	21.9	16.5	23.9	15.1	13.9	21.9	21.1	10.0

Denominator nil, negative or negligible

Statement 1: Growth rates of select parameters of select 3,014 NGNF public limited companies *(Concld.)*

	Growth rates					
	Net worth		Total borrowings		Total net assets	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Aggregate (All Co)	8.8	7.4	14.7	14.7	12.6	10.3
Sales-wise						
Less than ₹ 1 billion	4.5	1.8	2.5	4.3	5.0	5.5
₹ 1 – ₹ 5 billion	8.1	7.0	11.1	9.8	11.4	7.5
₹ 5 – ₹ 10 billion	3.0	1.4	8.0	18.4	9.8	7.4
₹ 10 billion and above	9.8	8.4	16.9	15.4	13.5	11.1
Industry-wise						
Mining and quarrying	6.8	-0.6	40.8	3.9	13.3	-0.2
Manufacturing	10.5	8.5	12.7	16.0	12.8	11.0
Food products and beverages	8.1	13.4	18.4	10.6	17.4	11.8
Textile	2.5	4.6	3.3	6.2	4.1	7.4
Chemicals and chemical products	18.0	11.0	21.9	14.5	16.8	11.5
Pharmaceuticals and medicines	13.4	14.3	9.8	12.5	14.1	14.6
Cement and cement products	12.6	10.6	12.4	16.1	10.2	13.2
Iron and steel	11.1	5.7	17.1	22.3	17.9	14.2
Machinery and equipments n.e.c	5.3	-1.1	14.3	19.5	15.8	1.4
Electrical machinery and apparatus	8.4	2.9	17.2	11.3	10.3	7.9
Motor vehicles and other transport equipments	11.3	10.3	2.7	15.8	11.2	6.2
Electricity, gas, steam and air conditioning supply	8.2	7.8	23.5	13.2	18.5	13.3
Construction	10.2	7.1	25.7	19.9	18.6	7.9
Services	5.0	5.1	15.4	11.5	9.1	9.1
Transportation and storage	-6.8	-22.4	14.3	3.1	10.0	0.5
Telecommunications	-0.2	0.1	23.4	5.6	3.0	3.0
Real Estate	5.8	3.3	-0.5	-1.4	6.3	6.3
Computer and related activities	15.7	16.7	9.1	12.5	17.3	16.5

Denominator nil, negative or negligible

Statement 2: Ratios of select parameters of select 3,014 NGNF public limited companies

	Ratios								
	EBITDA to sales			PAT to net worth			Total borrowings to equity		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
Aggregate (All Co)	13.0	10.5	9.8	12.0	10.0	8.7	61.3	64.6	69.0
Sales-wise									
Less than ₹ 1 billion	5.6	3.2	1.8	0.9	-1.2	-2.8	48.9	47.9	49.0
₹ 1 – ₹ 5 billion	10.1	6.5	5.8	7.7	5.1	2.7	70.8	72.7	74.5
₹ 5 – ₹ 10 billion	11.6	7.2	7.1	9.3	4.3	-3.7	82.5	86.0	100.2
₹ 10 billion and above	13.7	11.4	10.6	13.5	11.9	11.2	59.1	62.9	66.9
Industry-wise									
Mining and quarrying	42.7	29.1	15.5	21.6	11.9	-0.6	36.6	48.3	50.5
Manufacturing	11.8	9.2	8.7	14.2	11.9	10.6	64.2	65.4	69.9
Food products and beverages	4.9	4.4	5.1	9.0	8.9	10.8	89.4	97.7	95.3
Textile	12.2	6.9	10.0	12.5	1.8	4.4	162.4	163.2	164.5
Chemicals and chemical products	7.5	4.3	5.8	19.8	17.1	18.5	55.1	56.9	58.7
Pharmaceuticals and medicines	17.7	16.8	18.0	17.5	15.9	15.5	37.5	36.0	35.4
Cement and cement products	16.3	17.4	17.0	9.4	12.1	12.0	63.9	63.8	67.0
Iron and steel	18.5	15.3	14.6	12.1	8.7	5.0	107.2	112.9	130.7
Machinery and equipments n.e.c	10.1	5.1	1.7	14.4	12.7	2.1	42.2	45.8	55.3
Electrical machinery and apparatus	6.2	4.1	3.1	15.2	8.0	7.5	46.7	50.5	54.6
Motor vehicles and other transport equipments	9.6	8.7	7.2	18.9	16.9	12.0	57.3	52.9	55.5
Electricity, gas, steam and air conditioning supply	25.4	20.6	19.8	7.9	5.7	3.4	91.2	104.0	109.2
Construction	8.1	6.1	5.2	10.9	9.6	8.0	61.2	69.8	78.1
Services	16.8	15.3	15.4	8.7	7.4	6.5	50.8	55.9	59.2
Transportation and storage	15.8	9.0	11.4	3.5	-5.8	-25.0	134.9	165.6	220.3
Telecommunications	19.3	21.3	21.2	4.2	2.2	2.9	45.2	55.9	59.0
Real Estate	42.0	36.9	32.8	8.7	6.2	4.8	51.2	48.2	46.0
Computer and related activities	24.3	22.7	23.7	21.3	22.3	21.1	18.4	17.4	16.7

Statement 3: Composition of liabilities and assets of select 3,014 NGNF public limited companies

(Per cent)

A: Composition of liabilities

CAPITAL AND LIABILITIES	2010-11	2011-12	2012-13
1. Shareholders' Funds	45.6	44.2	43.1
of which, (i) Share Capital	4.8	4.4	4.3
(ii) Reserves and Surplus	40.8	39.8	38.8
of which, Capital reserve	16.0	15.0	14.3
2. Long-term borrowings (debt)	18.7	18.8	19.8
of which, (i) Bonds / Debentures	2.8	2.6	2.9
(ii) Term loans from banks	9.3	9.3	9.8
3. Short-term borrowings	9.1	9.6	9.8
of which, from banks	6.6	6.7	6.8
4. Trade payables	11.2	12.0	12.1
5. Provisions	2.9	2.9	2.8
6. Other liabilities	12.5	12.5	12.4
(i) non-current	1.5	1.4	1.3
(ii) current	9.4	9.5	9.6
of which, maturities of long-term debt	3.5	3.8	3.7
7. TOTAL	**100.0**	**100.0**	**100.0**

B: Composition of assets

ASSETS	2010-11	2011-12	2012-13
1. Gross Fixed Assets	53.9	53.3	53.8
(i) Tangible assets	41.2	41.7	42.0
(ii) Capital work in progress	7.6	7.0	6.9
(iii) Intangible asset	5.1	4.6	4.8
2. Depreciation (i) Tangible	14.6	15.0	15.7
(ii) Intangible	1.3	1.6	1.7
3. Net fixed assets	37.9	36.8	36.4
4. Non-current investments	15.2	15.6	15.3
5. Current investments	4.0	3.5	3.7
6. Loans and advances	11.7	11.6	11.7
of which, to related parties	0.1	0.1	2.6
7. Inventories	11.5	11.5	11.6
8. Trade receivables	10.2	11.1	11.4
9. Cash and cash equivalents	6.3	6.2	5.8
10. Other assets	3.2	3.8	4.1
(i) non-current	1.0	1.2	1.4
(ii) current	2.2	2.5	2.7
11. TOTAL	**100.0**	**100.0**	**100.0**

Statement 4: Composition of sources and uses of funds of select 3,014 NGNF public limited companies

(Per cent)

A: Composition of sources of funds during the year

	2011-12	2012-13
Internal sources (Own sources)	**41.3**	**40.4**
1. Paid-up Capital	0.2	0.4
2. Reserves and Surplus	21.3	17.3
3. Provisions	19.7	22.7
of which, Depreciation	17.4	20.8
External sources (Other than own sources)	**58.7**	**59.6**
4. Share Capital and premium	5.1	7.6
of which, Net issues	1.8	2.1
5. Long-term borrowings	16.1	23.2
of which, (i) Bonds / Debentures	0.4	5.0
(ii) From banks	7.7	11.4
6. Short-term borrowings	11.4	9.3
of which, From banks	6.3	5.7
7. Trade payables	15.6	10.1
8. Other liabilities	10.4	9.6
(i) non-current	1.3	2.0
(ii) current	9.1	7.6
of which, maturities of long-term debt	5.4	2.5
9. TOTAL	**100.0**	**100.0**

B: Composition of uses of funds during the year

	2011-12	2012-13
1. Gross Fixed Assets	39.8	46.7
(i) Tangible assets	37.5	36.1
of which, Plant and machinery	28.5	28.0
(ii) Capital Work-in-progress	1.8	4.8
(iii) Intangible assets	0.5	5.7
2. Non-current investments	15.7	10.3
3. Current investments	-0.6	4.4
4. Loans and advances	8.7	10.2
5. Inventories	9.1	10.0
6. Trade receivables	15.0	10.5
7. Cash and cash equivalents	4.8	1.4
8. Other assets	7.4	6.5
(i) non-current	3.3	2.6
(ii) current	4.1	3.8
9. TOTAL	**100.0**	**100.0**

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2012-13	2012-13 Q2	2012-13 Q3	2013-14 Q2	2013-14 Q3
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	4.5	4.6	4.4	4.8	4.7
1.1.1 Agriculture	1.4	1.8	0.8	4.6	3.6
1.1.2 Industry	0.9	0.1	2.0	1.5	-1.2
1.1.3 Services	6.2	6.5	6.1	5.8	6.7
1.1a Final Consumption Expenditure	5.2	5.5	5.0	2.7	2.8
1.1b Gross Fixed Capital Formation	0.8	-0.6	4.4	1.8	-1.1

Item	2013-14	2013 Mar.	2013 Apr.	2014 Mar.	2014 Apr.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.1	3.5	1.5	-0.5	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	14.1	14.2	12.7	14.1	15.4
2.1.2 Credit	14.0	14.1	14.6	14.0	14.2
2.1.2.1 Non-food Credit	14.2	14.0	14.5	14.2	14.7
2.1.3 Investment in Govt. Securities	10.3	15.4	11.1	10.3	13.2
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	14.4	6.2	7.6	14.4	8.9
2.2.2 Broad Money (M3)	13.3	13.8	12.9	13.3	13.9
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	23.00	23.00	23.00	23.00	23.00
3.3 Cash-Deposit Ratio	4.7	4.8	5.2	4.7	4.8
3.4 Credit-Deposit Ratio	77.8	77.9	77.4	77.8	76.6
3.5 Incremental Credit-Deposit Ratio	76.8	77.1	32.3	76.8	25.2
3.6 Investment-Deposit Ratio	28.7	29.7	29.5	28.7	28.9
3.7 Incremental Investment-Deposit Ratio	21.6	31.9	6.7	21.6	36.9
4 Interest Rates (%)					
4.1 Policy Repo Rate	8.00	7.50	7.50	8.00	8.00
4.2 Reverse Repo Rate	7.00	6.50	6.50	7.00	7.00
4.3 Marginal Standing Facility (MSF) Rate	9.00	8.50	8.50	9.00	9.00
4.4 Bank Rate	9.00	8.50	8.50	9.00	9.00
4.5 Base Rate	10.00/10.25	9.70/10.25	9.70/10.25	10.00/10.25	10.00/10.25
4.6 Term Deposit Rate >1 Year	8.00/9.25	7.50/9.00	7.50/9.00	8.00/9.25	8.00/9.25
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	8.59	8.30	7.76	8.59	8.46
4.9 91-Day Treasury Bill (Primary) Yield	8.86	8.19	7.56	8.86	8.86
4.10 182-Day Treasury Bill (Primary) Yield	8.86	8.01	7.64	8.86	8.90
4.11 364-Day Treasury Bill (Primary) Yield	8.96	7.79	7.48	8.96	8.92
4.12 10-Year Government Securities Yield	8.84	7.95	7.73	8.84	8.89
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	60.10	54.39	54.22	60.10	60.34
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	82.58	69.54	70.98	82.58	83.31
5.3 Forward Premia of US$ 1-month (%)	9.78	7.72	7.30	9.78	8.34
3-month (%)	8.79	7.57	7.23	8.79	8.38
6-month (%)	8.95	7.28	6.79	8.95	8.21
6 Inflation (%)					
6.1 All India Consumer Price Index	9.5	10.4	9.4	8.3	8.6
6.2 Consumer Price Index for Industrial Workers	9.7	11.4	10.2	6.7	7.1
6.3 Wholesale Price Index	5.9	5.7	4.8	5.7	5.2
6.3.1 Primary Articles	9.9	7.4	5.1	7.7	7.1
6.3.2 Fuel and Power	10.1	7.8	8.3	11.2	8.9
6.3.3 Manufactured Products	2.9	4.3	3.7	3.2	3.2
7 Foreign Trade (% Change)					
7.1 Imports	-7.9	-3.4	10.1	-3.4	-15.0
7.2 Exports	4.4	5.9	2.4	-4.8	5.3

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2013-14	2013	2014				
		May	Apr. 25	May 9	May 16	May 23	May 30
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	12,835.11	12,127.27	13,246.84	13,535.86	13,615.12	13,540.31	13,480.32
1.1.2 Notes held in Banking Department	0.17	0.12	0.11	0.11	0.13	0.11	0.12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**12,835.28**	**12,127.39**	**13,246.94**	**13,535.98**	**13,615.25**	**13,540.42**	**13,480.45**
1.2 Assets							
1.2.1 Gold Coin and Bullion	682.33	675.97	679.19	662.88	662.88	662.88	662.88
1.2.2 Foreign Securities	12,141.07	11,438.81	12,555.23	12,861.42	12,939.10	12,864.73	12,805.27
1.2.3 Rupee Coin	1.41	2.14	2.06	1.21	2.81	2.35	1.84
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	4,721.36	3,224.70	3,691.33	3,600.78	3,610.11	3,617.64	3,712.07
2.1.1.1 Central Government	534.25	1.01	1.00	1.01	1.01	1.01	1.01
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.43
2.1.1.4 Scheduled Commercial Banks	3,805.71	2,896.90	3,321.13	3,232.95	3,237.77	3,231.60	3,344.67
2.1.1.5 Scheduled State Co-operative Banks	39.04	32.86	35.34	34.85	35.64	36.15	34.82
2.1.1.6 Non-Scheduled State Co-operative Banks	5.50	2.81	5.18	4.40	4.50	5.09	4.98
2.1.1.7 Other Banks	174.92	141.69	168.18	167.60	167.65	167.41	168.81
2.1.1.8 Others	161.52	149.01	160.07	159.54	163.12	175.96	157.36
2.1.2 Other Liabilities	8,567.95	7,336.18	8,866.13	8,584.35	8,234.75	8,099.59	8,278.70
2.1/2.2 Total Liabilities or Assets	**13,289.32**	**10,560.88**	**12,557.46**	**12,185.13**	**11,844.86**	**11,717.23**	**11,990.77**
2.2 Assets							
2.2.1 Notes and Coins	0.17	0.12	0.11	0.11	0.13	0.11	0.12
2.2.2 Balances held Abroad	4,588.34	3,222.44	4,801.02	4,464.61	4,117.14	3,949.97	4,151.78
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	147.04
2.2.3.2 State Governments	14.88	3.65	20.81	11.53	6.65	6.36	4.10
2.2.3.3 Scheduled Commercial Banks	421.78	162.36	472.48	341.49	391.96	311.79	312.50
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	0.35	0.35	0.35	0.35
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	77.15	12.94	79.23	65.90	68.01	73.70	71.63
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,387.75	6,457.02	6,421.57	6,518.29	6,500.27	6,616.89	6,553.39
2.2.6 Other Assets	799.25	702.35	762.25	782.85	760.35	758.05	749.86
2.2.6.1 Gold	619.82	614.04	616.97	602.14	602.14	602.14	602.14

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility			MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+4+5+7-2-6)
	Repo	Reverse Repo	Term Repo			Sale	Purchase	
	1	2	3	4	5	6	7	8
Apr. 1, 2014	–	–	–	–	60.60	–	–	60.60
Apr. 2, 2014	212.92	61.12	–	123.39	38.85	0.05	0.05	314.04
Apr. 3, 2014	170.04	210.11	–	32.50	–49.98	–	–	–57.55
Apr. 4, 2014	52.37	135.36	789.27	6.10	–102.16	0.05	0.05	610.22
Apr. 7, 2014	180.42	0.20	–	159.25	95.40	–	–	434.87
Apr. 9, 2014	172.98	47.82	–	6.05	–72.05	–	–	59.16
Apr. 10, 2014	174.53	72.00	–	0.75	78.60	–	–	181.88
Apr. 11, 2014	177.93	19.35	–	26.50	–82.11	–	–	102.97
Apr. 15, 2014	198.35	54.56	–	4.80	103.30	–	–	251.89
Apr. 16, 2014	122.07	88.27	–	–	–185.50	–	–	–151.70
Apr. 17, 2014	112.00	29.16	610.05	15.70	13.40	–	–	721.99
Apr. 21, 2014	189.68	2.89	–	42.80	91.90	–	–	321.49
Apr. 22, 2014	211.27	42.33	–	3.40	65.50	–	–	237.84
Apr. 23, 2014	212.96	38.61	–	0.15	22.49	–	–	196.99
Apr. 25, 2014	210.09	71.90	–	25.90	–24.00	–	–	140.09
Apr. 28, 2014	216.44	22.22	–	5.91	42.70	–	–	242.83
Apr. 29, 2014	216.91	76.91	–	0.95	–2.55	–	–	138.40
Apr. 30, 2014	216.90	14.75	–	52.35	3.16	–	–	257.66

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

Item	2013-14	2013	2014	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US$ Million) (1.1–1.2)	8,992.00	518.00	7,782.00	5,870.00
1.1 Purchase (+)	52,394.00	3,298	8,752	7,850
1.2 Sale (–)	43,402.00	2,780.00	970.00	1,980.00
2 ₹ equivalent at contract rate (₹ Billion)	586.19	22.14	502.94	366.41
3 Cumulative (over end-March) (US $ Million)	8,992.00	518.00	8,992.00	5,870.00
(₹ Billion)	586.19	22.14	586.19	366.41
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US$ Million)	–31,030.00	–8,233.00	–31,030.00	–32,062.00

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2013-14	2013			2014			
		Apr. 19	Nov. 29	Dec. 27	Jan. 24	Feb. 21	Mar. 21	Apr. 18
	1	2	3	4	5	6	7	8
1 MSF	176.3	–	86.5	385.4	105.6	56.0	176.3	15.7
2.1 Limit	568.0	422.7	472.3	488.1	533.7	542.8	568.0	572.4
2.2 Outstanding	410.4	139.6	371.5	418.1	297.9	400.2	410.4	312.9
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	22.2	8.0	25.7	23.6	25.5	15.7	22.2	26.7
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	608.9	147.6	483.7	827.1	428.9	471.9	608.9	355.3

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	12,482.9	11,801.6	12,549.0	12,543.8	12,913.6
1.1 Notes in Circulation	12,837.4	12,103.5	12,903.5	12,887.8	13,276.1
1.2 Circulation of Rupee Coin	164.3	147.6	164.3	164.3	164.3
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	526.1	456.9	526.1	515.6	534.2
2 Deposit Money of the Public	8,081.8	7,212.2	8,079.8	8,559.6	8,144.1
2.1 Demand Deposits with Banks	8,062.8	7,191.5	8,062.8	8,538.4	8,122.0
2.2 'Other' Deposits with Reserve Bank	19.1	20.7	17.0	21.2	22.1
3 M_1 (1 + 2)	20,564.7	19,013.8	20,628.8	21,103.5	21,057.7
4 Post Office Saving Bank Deposits	50.4	50.4	50.4	50.4	50.4
5 M_2 (3 + 4)	20,615.1	19,064.2	20,679.2	21,153.9	21,108.2
6 Time Deposits with Banks	74,501.7	66,004.0	74,501.7	75,975.3	75,775.9
7 M_3 (3 + 6)	95,066.4	85,017.8	95,130.5	97,078.8	96,833.7
8 Total Post Office Deposits	259.7	259.7	259.7	259.7	259.7
9 M_4 (7 + 8)	95,326.1	85,277.5	95,390.2	97,338.5	97,093.4

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 Net Bank Credit to Government	**30,504.6**	**27,740.5**	**29,987.0**	**30,131.7**	**30,513.9**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	7,077.5	6,440.1	6,559.9	6,201.9	6,568.8
1.1.1 Claims on Government	7,862.3	6,448.3	7,181.3	6,352.8	6,570.6
1.1.1.1 Central Government	7,844.1	6,445.1	7,171.0	6,324.4	6,551.1
1.1.1.2 State Governments	18.2	3.2	10.3	28.4	19.4
1.1.2 Government deposits with RBI	784.8	8.3	621.5	150.9	1.8
1.1.2.1 Central Government	784.4	1.7	621.0	150.5	1.0
1.1.2.2 State Governments	0.4	6.6	0.4	0.4	0.8
1.2 Other Banks' Credit to Government	23,427.1	21,300.4	23,427.1	23,929.7	23,945.1
2 Bank Credit to Commercial Sector	**64,497.0**	**56,918.1**	**64,494.0**	**65,242.9**	**64,738.2**
2.1 RBI's credit to commercial sector	88.4	21.2	85.4	85.6	89.9
2.2 Other banks' credit to commercial sector	64,408.6	56,896.9	64,408.6	65,157.3	64,648.3
2.2.1 Bank credit by commercial banks	60,130.9	52,811.7	60,130.9	60,868.7	60,360.8
2.2.2 Bank credit by co-operative banks	4,241.8	4,034.7	4,241.8	4,252.8	4,249.2
2.2.3 Investments by commercial and co-operative banks in other securities	35.9	50.5	35.9	35.8	38.2
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**18,998.4**	**16,417.9**	**18,909.2**	**19,207.3**	**19,389.2**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	18,025.3	15,631.9	17,936.1	18,234.2	18,416.1
3.1.1 Gross foreign assets	18,025.6	15,632.1	17,941.9	18,234.5	18,416.4
3.1.2 Foreign liabilities	0.3	0.2	5.8	0.3	0.3
3.2 Other banks' net foreign exchange assets	973.1	786.0	973.1	973.1	973.1
4 Government's Currency Liabilities to the Public	**171.7**	**155.0**	**171.7**	**171.7**	**171.7**
5 Banking Sector's Net Non-monetary Liabilities	**19,105.2**	**16,213.7**	**18,431.4**	**17,674.9**	**17,979.2**
5.1 Net non-monetary liabilities of RBI	8,524.2	6,888.8	8,716.4	8,516.5	8,626.5
5.2 Net non-monetary liabilities of other banks (residual)	10,581.0	9,324.9	9,715.0	9,158.4	9,352.7
M_3 (1+2+3+4–5)	**95,066.4**	**85,017.8**	**95,130.5**	**97,078.8**	**96,833.7**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	20,452.3	18,912.3	20,516.4	20,983.3	20,944.5
NM_2 (NM_1+ 1.2.2.1)	52,102.0	47,542.9	52,166.1	53,251.6	53,144.3
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	92,995.3	84,695.4	93,059.4	94,877.6	94,661.7
1 Components					
1.1 Currency with the Public	12,497.3	11,815.0	12,563.4	12,557.5	12,928.0
1.2 Aggregate Deposits of Residents	78,268.6	70,700.2	78,268.6	80,111.9	79,549.6
1.2.1 Demand Deposits	7,935.9	7,076.6	7,935.9	8,404.6	7,994.4
1.2.2 Time Deposits of Residents	70,332.7	63,623.6	70,332.7	71,707.3	71,555.2
1.2.2.1 Short-term Time Deposits	31,649.7	28,630.6	31,649.7	32,268.3	32,199.8
1.2.2.1.1 Certificates of Deposit (CDs)	3,741.3	3,792.3	3,741.3	3,957.2	3,865.2
1.2.2.2 Long-term Time Deposits	38,683.0	34,993.0	38,683.0	39,439.0	39,355.4
1.3 'Other' Deposits with RBI	19.1	20.7	17.0	21.2	22.1
1.4 Call/Term Funding from Financial Institutions	2,210.3	2,159.5	2,210.3	2,187.0	2,162.0
2 Sources					
2.1 Domestic Credit	97,269.3	86,805.7	96,748.7	97,776.3	97,700.9
2.1.1 Net Bank Credit to the Government	29,932.4	27,240.3	29,414.8	29,557.2	29,937.1
2.1.1.1 Net RBI credit to the Government	7,077.5	6,440.1	6,559.9	6,201.9	6,568.8
2.1.1.2 Credit to the Government by the Banking System	22,854.9	20,800.3	22,854.9	23,355.2	23,368.4
2.1.2 Bank Credit to the Commercial Sector	67,336.9	59,565.3	67,333.9	68,219.1	67,763.8
2.1.2.1 RBI Credit to the Commercial Sector	88.4	21.2	85.4	85.6	89.9
2.1.2.2 Credit to the Commercial Sector by the Banking System	67,248.5	59,544.1	67,248.5	68,133.5	67,673.9
2.1.2.2.1 Other Investments (Non-SLR Securities)	4,052.2	3,789.1	4,052.2	4,186.7	4,240.2
2.2 Government's Currency Liabilities to the Public	171.7	155.0	171.7	171.7	171.7
2.3 Net Foreign Exchange Assets of the Banking Sector	16,132.5	14,562.1	16,043.4	16,225.4	16,375.8
2.3.1 Net Foreign Exchange Assets of the RBI	18,025.3	15,631.9	17,936.1	18,234.2	18,416.1
2.3.2 Net Foreign Currency Assets of the Banking System	–1,892.7	–1,069.8	–1,892.7	–2,008.9	–2,040.3
2.4 Capital Account	15,821.2	13,250.3	15,821.2	15,978.8	16,025.5
2.5 Other items (net)	4,757.1	3,577.1	4,083.2	3,316.9	3,561.3

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2013-14	2013	2014		
		Apr.	Feb.	Mar.	Apr.
	1	2	3	4	5
1 NM_3	**92,995.3**	**84,695.4**	**91,529.7**	**92,995.3**	**94,661.7**
2 Postal Deposits	1,553.8	1,392.5	1,553.8	1,553.8	1,553.8
3 L_1 (1 + 2)	**94,549.1**	**86,087.9**	**93,083.5**	**94,549.1**	**96,215.4**
4 Liabilities of Financial Institutions	26.6	26.6	26.6	26.6	26.6
4.1 Term Money Borrowings	0.3	0.3	0.3	0.3	0.3
4.2 Certificates of Deposit	2.5	2.5	2.5	2.5	2.5
4.3 Term Deposits	29.3	29.3	29.3	29.3	29.3
5 L_2 (3 + 4)	**94,578.4**	**86,117.3**	**93,112.8**	**94,578.4**	**96,244.8**
6 Public Deposits with Non-Banking Financial Companies	128.3	..	..	128.3	..
7 L_3 (5 + 6)	**94,706.7**	..	..	**94,706.7**	..

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2013-14	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	13009.0	12258.5	13075.2	13059.4	13447.8
1.2 Bankers' Deposits with the RBI	4297.0	3275.1	3362.4	3470.0	3470.4
1.2.1 Scheduled Commercial Banks	4070.8	3101.8	3163.4	3266.0	3266.2
1.3 'Other' Deposits with the RBI	19.1	20.7	17.0	21.2	22.1
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	17325.1	15554.2	16454.6	16550.6	16940.4
2 Sources					
2.1 RBI's Domestic Credit	7652.4	6656.1	7063.2	6661.2	6979.1
2.1.1 Net RBI credit to the Government	7077.5	6440.1	6559.9	6201.9	6568.8
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)	7059.7	6443.5	6550.0	6174.0	6550.1
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	7842.9	6444.4	7169.2	6321.2	6548.6
2.1.1.1.3.1 Central Government Securities	7832.4	6433.9	7158.7	6310.8	6538.1
2.1.1.1.4 Rupee Coins	1.3	0.8	1.8	3.2	2.5
2.1.1.1.5 Deposits of the Central Government	784.4	1.7	621.0	150.5	1.0
2.1.1.2 Net RBI credit to State Governments	17.8	-3.4	9.9	28.0	18.6
2.1.2 RBI's Claims on Banks	486.5	194.8	417.9	373.6	320.4
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	484.7	193.0	416.1	371.9	318.7
2.1.3 RBI's Credit to Commercial Sector	88.4	21.2	85.4	85.6	89.9
2.1.3.1 Loans and Advances to Primary Dealers	25.2	8.0	22.2	22.4	26.7
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	171.7	155.0	171.7	171.7	171.7
2.3 Net Foreign Exchange Assets of the RBI	18025.3	15631.9	17936.1	18234.2	18416.1
2.3.1 Gold	1296.2	1397.4	1302.1	1296.2	1296.2
2.3.2 Foreign Currency Assets	16729.3	14234.8	16634.1	16938.2	17120.1
2.4 Capital Account	8315.7	6272.4	8315.7	8315.7	8315.7
2.5 Other Items (net)	208.5	616.4	400.7	200.8	310.8

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2013-14	2013	2014				
		Apr. 26	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	17,325.1	15,575.6	17,055.3	16,550.6	16,788.2	16,940.4	16,970.2
1 Components							
1.1 Currency in Circulation	13,009.0	12,261.7	13,006.8	13,059.4	13,305.6	13,447.8	13,418.5
1.2 Bankers' Deposits with RBI	4,297.0	3,293.5	4,025.2	3,470.0	3,452.2	3,470.4	3,529.8
1.3 'Other' Deposits with RBI	19.1	20.4	23.3	21.2	30.4	22.1	21.9
2 Sources							
2.1 Net Reserve Bank Credit to Government	7,077.5	6,334.2	6,863.9	6,201.9	6,355.2	6,568.8	6,437.5
2.2 Reserve Bank Credit to Banks	486.5	303.9	423.5	373.6	395.9	320.4	474.8
2.3 Reserve Bank Credit to Commercial Sector	88.4	18.0	88.4	85.6	83.2	89.9	89.9
2.4 Net Foreign Exchange Assets of RBI	18,025.3	15,789.2	18,034.0	18,234.2	18,385.0	18,416.1	18,654.9
2.5 Government's Currency Liabilities to the Public	171.7	155.0	171.7	171.7	171.7	171.7	171.7
2.6 Net Non- Monetary Liabilities of RBI	8,524.2	7,024.6	8,526.2	8,516.5	8,602.8	8,626.5	8,858.5

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2013-14	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	74,942.4	67,418.2	74,942.4	76,783.3	76,220.5
1.1.1 Demand Deposits	7,208.0	6,317.9	7,208.0	7,677.0	7,265.9
1.1.2 Time Deposits of Residents	67,734.4	61,100.3	67,734.4	69,106.4	68,954.6
1.1.2.1 Short-term Time Deposits	30,480.5	27,495.1	30,480.5	31,097.9	31,029.6
1.1.2.1.1 Certificates of Deposits (CDs)	3,741.3	3,792.3	3,741.3	3,957.2	3,865.2
1.1.2.2 Long-term Time Deposit	37,253.9	33,605.1	37,253.9	38,008.5	37,925.0
1.2 Call/Term Funding from Financial Institutions	2,210.3	2,159.5	2,210.3	2,187.0	2,162.0
2 Sources					
2.1 Domestic Credit	86,332.5	76,706.6	86,332.5	87,711.9	87,260.5
2.1.1 Credit to the Government	22,197.6	20,148.7	22,197.6	22,696.2	22,706.1
2.1.2 Credit to the Commercial Sector	64,134.9	56,557.9	64,134.9	65,015.6	64,554.4
2.1.2.1 Bank Credit	60,130.9	52,811.7	60,130.9	60,868.7	60,360.8
2.1.2.1.1 Non-food Credit	59,146.1	51,849.2	59,146.1	59,972.7	59,433.9
2.1.2.2 Net Credit to Primary Dealers	22.5	24.1	22.5	30.4	22.7
2.1.2.3 Investments in Other Approved Securities	18.9	22.6	18.9	19.4	20.3
2.1.2.4 Other Investments (in non-SLR Securities)	3,962.6	3,699.5	3,962.6	4,097.1	4,150.6
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–1,892.7	–1,069.8	–1,892.7	–2,008.9	–2,040.3
2.2.1 Foreign Currency Assets	1,495.3	635.6	1,495.3	1,441.8	1,358.7
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	2,451.4	832.6	2,451.4	2,527.7	2,479.1
2.2.3 Overseas Foreign Currency Borrowings	936.6	872.8	936.6	922.9	919.8
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	3,209.7	3,301.1	3,209.7	3,347.0	3,418.3
2.3.1 Balances with the RBI	3,163.4	3,101.8	3,163.4	3,266.0	3,266.2
2.3.2 Cash in Hand	462.4	392.2	462.4	452.9	470.7
2.3.3 Loans and Advances from the RBI	416.1	193.0	416.1	371.9	318.7
2.4 Capital Account	7,263.8	6,736.2	7,263.8	7,421.4	7,468.1
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	3,233.0	2,624.0	3,233.0	2,658.2	2,787.9
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,467.1	2,806.5	3,467.1	3,631.6	3,205.1
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–665.8	–670.8	–665.8	–798.5	–706.4

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 21, 2014	2013	2014		
		Apr. 19	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 SLR Securities	22,128.2	20,171.3	22,128.2	22,715.7	22,726.4
2 Commercial Paper	159.5	264.5	159.5	154.0	145.8
3 Shares issued by					
3.1 PSUs	82.9	89.5	82.9	82.0	81.4
3.2 Private Corporate Sector	334.2	328.3	334.2	330.9	330.5
3.3 Others	9.4	8.6	9.4	14.8	9.8
4 Bonds/Debentures issued by					
4.1 PSUs	831.5	434.0	831.5	779.9	766.0
4.2 Private Corporate Sector	1,159.1	1,009.9	1,159.1	1,201.2	1,196.3
4.3 Others	459.8	569.6	459.8	499.3	488.9
5 Instruments issued by					
5.1 Mutual funds	401.1	530.9	401.1	431.8	506.0
5.2 Financial institutions	593.8	464.0	593.8	603.2	625.7

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2013-14	2013	2014		2013-14	2013	2014	
		Apr.	Mar.	Apr.		Apr.	Mar.	Apr.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	213	218	213	213	146	151	146	146
1 Liabilities to the Banking System	1,308.7	1,248.3	1,308.7	1,281.8	1,261.9	1,209.1	1,261.9	1,231.8
1.1 Demand and Time Deposits from Banks	821.7	914.3	821.7	867.3	777.2	879.2	777.2	820.7
1.2 Borrowings from Banks	351.9	290.9	351.9	348.9	349.7	286.7	349.7	345.6
1.3 Other Demand and Time Liabilities	135.1	43.2	135.1	65.6	135.0	43.2	135.0	65.5
2 Liabilities to Others	85,878.6	76,618.9	85,878.6	87,579.8	83,649.3	74,584.1	83,649.3	85,277.2
2.1 Aggregate Deposits	79,200.8	70,215.7	79,200.8	81,009.2	77,055.6	68,271.6	77,055.6	78,796.2
2.1.1 Demand	7,312.5	6,614.1	7,312.5	7,712.2	7,139.2	6,456.8	7,139.2	7,531.5
2.1.2 Time	71,888.4	63,601.6	71,888.4	73,297.0	69,916.4	61,814.7	69,916.4	71,264.7
2.2 Borrowings	2,227.8	2,569.8	2,227.8	2,332.8	2,210.4	2,544.6	2,210.4	2,318.4
2.3 Other Demand and Time Liabilities	4,449.9	3,833.4	4,449.9	4,237.7	4,383.3	3,767.9	4,383.3	4,162.7
3 Borrowings from Reserve Bank	417.9	303.9	417.9	474.8	416.1	301.6	416.1	472.5
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	417.9	303.9	417.9	474.8	416.1	301.6	416.1	472.5
4 Cash in Hand and Balances with Reserve Bank	3,729.1	3,628.8	3,729.1	3,914.8	3,622.1	3,531.9	3,622.1	3,803.6
4.1 Cash in Hand	470.0	429.5	470.0	493.5	458.7	418.6	458.7	482.5
4.2 Balances with Reserve Bank	3,259.0	3,199.2	3,259.0	3,421.2	3,163.4	3,113.3	3,163.4	3,321.1
5 Assets with the Banking System	2,325.9	2,233.1	2,325.9	2,353.2	1,950.5	1,948.9	1,950.5	1,963.1
5.1 Balances with Other Banks	1,191.9	1,042.9	1,191.9	1,354.2	1,062.3	947.7	1,062.3	1,221.4
5.1.1 In Current Account	115.3	114.3	115.3	146.1	97.3	98.4	97.3	128.9
5.1.2 In Other Accounts	1,076.6	928.6	1,076.6	1,208.1	965.0	849.3	965.0	1,092.5
5.2 Money at Call and Short Notice	453.7	331.3	453.7	389.5	278.0	219.8	278.0	211.1
5.3 Advances to Banks	170.8	156.7	170.8	154.7	167.4	138.7	167.4	151.3
5.4 Other Assets	509.5	702.2	509.5	454.8	442.7	642.7	442.7	379.3
6 Investment	22,797.6	20,709.1	22,797.6	23,456.5	22,128.2	20,112.2	22,128.2	22,771.0
6.1 Government Securities	22,778.7	20,684.7	22,778.7	23,431.6	22,111.9	20,089.5	22,111.9	22,750.0
6.2 Other Approved Securities	18.9	24.5	18.9	24.9	16.3	22.7	16.3	21.1
7 Bank Credit	61,794.9	54,527.7	61,794.9	62,220.3	59,941.0	52,852.5	59,941.0	60,380.0
7a Food Credit	1,095.2	1,146.1	1,095.2	1,098.3	984.8	1,064.7	984.8	987.9
7.1 Loans, Cash-credits and Overdrafts	59,517.5	52,469.2	59,517.5	59,943.6	57,690.8	50,818.2	57,690.8	58,130.4
7.2 Inland Bills-Purchased	387.8	265.4	387.8	377.1	384.4	259.1	384.4	373.4
7.3 Inland Bills-Discounted	1,121.7	1,129.8	1,121.7	1,172.4	1,105.8	1,116.0	1,105.8	1,156.2
7.4 Foreign Bills-Purchased	266.9	210.7	266.9	256.2	262.9	209.7	262.9	252.8
7.5 Foreign Bills-Discounted	501.0	452.5	501.0	471.0	497.1	449.5	497.1	467.3

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Apr. 19	Mar. 21	Apr. 18	2014-15	2014
	1	2	3	4	5	6
1 Gross Bank Credit	**56,572**	**49,815**	**56,572**	**56,724**	**0.3**	**13.9**
1.1 Food Credit	**912**	**930**	**912**	**887**	**–2.7**	**–4.6**
1.2 Non-food Credit	**55,660**	**48,884**	**55,660**	**55,837**	**0.3**	**14.2**
1.2.1 Agriculture & Allied Activities	**6,694**	**6,011**	**6,694**	**6,901**	**3.1**	**14.8**
1.2.2 Industry	**25,229**	**22,390**	**25,229**	**25,140**	**–0.4**	**12.3**
1.2.2.1 Micro & Small	3,517	2,943	3,517	3,568	1.5	21.2
1.2.2.2 Medium	1,274	1,248	1,274	1,252	–1.7	0.3
1.2.2.3 Large	20,438	18,198	20,438	20,319	–0.6	11.7
1.2.3 Services	**13,370**	**11,404**	**13,370**	**13,348**	**–0.2**	**17.1**
1.2.3.1 Transport Operators	895	815	895	918	2.5	12.6
1.2.3.2 Computer Software	176	169	176	169	–3.7	0.2
1.2.3.3 Tourism, Hotels & Restaurants	392	354	392	391	–0.2	10.4
1.2.3.4 Shipping	99	83	99	95	–3.5	14.5
1.2.3.5 Professional Services	707	596	707	721	2.0	21.0
1.2.3.6 Trade	3,228	2,784	3,228	3,260	1.0	17.1
1.2.3.6.1 Wholesale Trade	1,701	1,492	1,701	1,687	–0.8	13.1
1.2.3.6.2 Retail Trade	1,527	1,292	1,527	1,572	3.0	21.7
1.2.3.7 Commercial Real Estate	1,544	1,274	1,544	1,526	–1.1	19.8
1.2.3.8 Non-Banking Financial Companies (NBFCs)	2,946	2,614	2,946	3,119	5.8	19.3
1.2.3.9 Other Services	3,375	2,714	3,375	3,149	–6.7	16.0
1.2.4 Personal Loans	**10,367**	**9,080**	**10,367**	**10,394**	**0.3**	**14.5**
1.2.4.1 Consumer Durables	128	86	128	137	6.8	60.1
1.2.4.2 Housing	5,408	4,657	5,408	5,451	0.8	17.1
1.2.4.3 Advances against Fixed Deposits	641	601	641	593	–7.5	–1.4
1.2.4.4 Advances to Individuals against share & bonds	38	30	38	34	–11.4	13.0
1.2.4.5 Credit Card Outstanding	249	252	249	254	2.3	0.8
1.2.4.6 Education	600	548	600	601	0.2	9.7
1.2.4.7 Vehicle Loans	1,304	1,142	1,304	1,340	2.7	17.4
1.2.4.8 Other Personal Loans	1,998	1,764	1,998	1,984	–0.7	12.5
1.2A Priority Sector	**18,781**	**15,892**	**18,781**	**18,611**	**–0.9**	**17.1**
1.2A.1 Agriculture & Allied Activities	6,694	6,011	6,694	6,901	3.1	14.8
1.2A.2 Micro & Small Enterprises	7,511	5,823	7,511	7,359	–2.0	26.4
1.2A.2.1 Manufacturing	3,852	2,943	3,852	3,568	–7.4	21.2
1.2A.2.2 Services	3,659	2,880	3,659	3,791	3.6	31.6
1.2A.3 Housing	3,034	2,792	3,034	3,083	1.6	10.4
1.2A.4 Micro-Credit	174	172	174	179	2.9	4.5
1.2A.5 Education Loans	579	546	579	569	–1.7	4.2
1.2A.6 State-Sponsored Orgs. for SC/ST	2	1	2	3	65.9	119.4
1.2A.7 Weaker Sections	3,862	2,890	3,862	3,681	–4.7	27.4
1.2A.8 Export Credit	483	425	483	482	–0.2	13.4

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 21, 2014	2013	2014		Financial year so far	Y-o-Y
		Apr. 19	Mar. 21	Apr. 18	2014-15	2014
	1	2	3	4	5	6
1 Industry	**25,229**	**22,390**	**25,229**	**25,140**	**–0.4**	**12.3**
1.1 Mining & Quarrying (incl. Coal)	**353**	**327**	**353**	**359**	**1.5**	**9.8**
1.2 Food Processing	**1,480**	**1,230**	**1,480**	**1,509**	**1.9**	**22.6**
1.2.1 Sugar	348	343	348	368	5.9	7.3
1.2.2 Edible Oils & Vanaspati	213	175	213	218	2.6	24.8
1.2.3 Tea	32	26	32	30	–8.5	15.5
1.2.4 Others	887	686	887	892	0.6	30.0
1.3 Beverage & Tobacco	**186**	**162**	**186**	**184**	**–1.3**	**13.4**
1.4 Textiles	**2,040**	**1,857**	**2,040**	**2,024**	**–0.8**	**9.0**
1.4.1 Cotton Textiles	1,011	935	1,011	1,004	–0.7	7.4
1.4.2 Jute Textiles	20	23	20	20	–0.2	–13.1
1.4.3 Man-Made Textiles	216	191	216	213	–1.3	11.5
1.4.4 Other Textiles	793	708	793	787	–0.7	11.2
1.5 Leather & Leather Products	**103**	**87**	**103**	**101**	**–2.1**	**16.2**
1.6 Wood & Wood Products	**94**	**79**	**94**	**92**	**–1.6**	**16.4**
1.7 Paper & Paper Products	**331**	**294**	**331**	**332**	**0.3**	**13.3**
1.8 Petroleum, Coal Products & Nuclear Fuels	**635**	**534**	**635**	**584**	**–8.1**	**9.4**
1.9 Chemicals & Chemical Products	**1,677**	**1,533**	**1,677**	**1,632**	**–2.7**	**6.5**
1.9.1 Fertiliser	306	273	306	254	–17.2	–7.1
1.9.2 Drugs & Pharmaceuticals	492	503	492	484	–1.6	–3.7
1.9.3 Petro Chemicals	435	371	435	446	2.4	20.0
1.9.4 Others	443	385	443	449	1.2	16.5
1.10 Rubber, Plastic & their Products	**368**	**317**	**368**	**364**	**–1.2**	**14.8**
1.11 Glass & Glassware	**87**	**74**	**87**	**93**	**6.8**	**26.5**
1.12 Cement & Cement Products	**541**	**457**	**541**	**550**	**1.6**	**20.3**
1.13 Basic Metal & Metal Product	**3,620**	**3,149**	**3,620**	**3,571**	**–1.3**	**13.4**
1.13.1 Iron & Steel	2,685	2,394	2,685	2,650	–1.3	10.7
1.13.2 Other Metal & Metal Product	934	755	934	921	–1.4	22.0
1.14 All Engineering	**1,456**	**1,304**	**1,456**	**1,443**	**–0.9**	**10.7**
1.14.1 Electronics	367	307	367	358	–2.6	16.5
1.14.2 Others	1,088	997	1,088	1,085	–0.3	8.8
1.15 Vehicles, Vehicle Parts & Transport Equipment	**677**	**586**	**677**	**672**	**–0.7**	**14.8**
1.16 Gems & Jewellery	**720**	**630**	**720**	**700**	**–2.8**	**11.0**
1.17 Construction	**614**	**532**	**614**	**679**	**10.5**	**27.5**
1.18 Infrastructure	**8,398**	**7,595**	**8,398**	**8,442**	**0.5**	**11.1**
1.18.1 Power	4,883	4,353	4,883	4,900	0.3	12.6
1.18.2 Telecommunications	904	910	904	899	–0.5	–1.2
1.18.3 Roads	1,574	1,343	1,574	1,591	1.1	18.4
1.18.4 Other Infrastructure	1,036	989	1,036	1,052	1.5	6.4
1.19 Other Industries	**1,850**	**1,646**	**1,850**	**1,812**	**–2.1**	**10.1**

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

(₹ Billion)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday					
	2012-13	2013			2014	
		Jan. 25	Dec. 13	Dec. 27	Jan. 10	Jan. 24
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	356.5	352.6	368.6	410.0	375.9	407.5
2 Demand and Time Liabilities						
2.1 Demand Liabilities	127.2	127.0	132.3	131.8	136.8	125.4
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.0	17.9	17.3	14.9	16.4	15.0
2.1.1.2 Others	70.1	70.4	74.3	75.1	78.7	76.1
2.1.2 Borrowings from Banks	10.2	19.0	13.4	13.6	12.4	13.1
2.1.3 Other Demand Liabilities	21.8	19.7	27.2	28.2	29.2	27.9
2.2 Time Liabilities	802.5	783.1	835.3	838.6	846.9	886.5
2.2.1 Deposits						
2.2.1.1 Inter-Bank	507.0	486.8	529.0	491.3	537.6	506.5
2.2.1.2 Others	286.4	282.2	294.3	334.8	297.2	331.4
2.2.2 Borrowings from Banks	0.5	6.7	2.0	2.9	2.0	–
2.2.3 Other Time Liabilities	8.6	7.3	10.0	9.6	10.0	10.2
3 Borrowing from Reserve Bank	–	–	–	–	–	–
4 Borrowings from a notified bank / State Government	319.3	306.6	376.7	380.0	375.3	335.0
4.1 Demand	132.1	126.7	150.2	147.5	151.9	153.7
4.2 Time	187.2	180.0	226.5	228.0	223.4	181.3
5 Cash in Hand and Balances with Reserve Bank	44.2	33.8	34.6	35.3	36.5	35.6
5.1 Cash in Hand	2.1	1.9	2.2	2.3	2.1	2.2
5.2 Balance with Reserve Bank	42.1	31.8	32.4	33.0	34.4	33.4
6 Balances with Other Banks in Current Account	7.0	5.4	6.1	7.3	7.8	7.6
7 Investments in Government Securities	269.3	269.5	280.0	281.1	283.0	282.6
8 Money at Call and Short Notice	156.2	147.6	176.0	178.6	193.6	197.0
9 Bank Credit (10.1+11)	365.0	343.7	365.9	366.9	356.5	368.3
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	364.9	343.6	365.8	366.8	356.4	368.2
10.2 Due from Banks	570.8	567.1	645.5	647.0	653.0	644.1
11 Bills Purchased and Discounted	0.1	0.1	0.1	0.1	0.1	0.1

Prices and Production

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

Group/Sub group	2013-14			Rural			Urban			Combined		
	Rural	Urban	Combined	Apr. 13	Mar. 14	Apr. 14	Apr. 13	Mar. 14	Apr. 14	Apr. 13	Mar. 14	Apr. 14
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food, beverages and tobacco	**138.8**	**138.0**	**138.6**	**129.5**	**141.7**	**143.0**	**130.2**	**138.7**	**141.0**	**129.7**	**140.7**	**142.4**
1.1 Cereals and products	132.8	131.9	132.6	125.9	138.6	139.0	126.8	136.0	136.4	126.1	137.9	138.3
1.2 Pulses and products	118.2	115.2	117.3	115.1	120.6	121.3	114.3	117.3	119.3	114.9	119.6	120.7
1.3 Oils and fats	143.9	141.9	143.2	141.8	145.4	145.7	145.3	138.9	138.6	142.9	143.3	143.4
1.4 Egg, fish and meat	143.1	146.8	144.4	135.8	148.2	149.4	139.5	150.9	151.1	137.1	149.1	150.0
1.5 Milk and products	144.2	139.0	142.3	136.9	150.6	151.9	131.6	146.6	147.6	134.9	149.1	150.3
1.6 Condiments and spices	134.3	132.9	133.9	128.4	138.4	138.9	125.8	139.3	140.9	127.6	138.7	139.5
1.7 Vegetables	161.5	157.5	160.3	125.9	148.0	151.4	121.7	127.2	135.5	124.6	141.4	146.4
1.8 Fruits	155.8	147.2	152.1	144.8	169.1	178.4	144.0	158.5	172.7	144.5	164.5	175.9
1.9 Sugar etc	109.5	105.0	108.2	110.1	107.4	108.7	107.9	101.1	105.6	109.5	105.6	107.8
1.10 Non-alcoholic beverages	135.0	136.9	135.8	129.4	139.0	139.5	132.5	140.9	141.5	130.7	139.8	140.4
1.11 Prepared meals etc	135.0	137.9	136.4	128.8	139.6	140.3	132.9	143.0	143.6	130.8	141.2	141.9
1.12 Pan, tobacco and intoxicants	143.5	147.8	144.7	137.1	147.9	149.0	141.1	153.3	154.2	138.2	149.4	150.4
2 Fuel and light	**136.9**	**133.9**	**135.7**	**131.3**	**140.0**	**140.2**	**130.1**	**136.0**	**136.0**	**130.8**	**138.5**	**138.6**
3 Housing	**--**	**133.5**	**133.5**	**--**	**--**	**--**	**127.5**	**138.9**	**139.9**	**127.5**	**138.9**	**139.9**
4 Clothing, bedding and footwear	**144.1**	**144.2**	**144.1**	**137.7**	**149.9**	**150.8**	**139.0**	**149.1**	**149.8**	**138.2**	**149.6**	**150.4**
4.1 Clothing and bedding	144.8	146.0	145.2	138.3	150.8	151.6	140.5	151.0	151.8	139.1	150.9	151.7
4.2 Footwear	140.0	133.8	137.7	134.1	144.8	146.4	129.8	137.4	137.9	132.5	142.1	143.3
5 Miscellaneous	**128.8**	**125.0**	**127.1**	**123.8**	**132.7**	**133.0**	**121.1**	**128.4**	**128.6**	**122.6**	**130.7**	**131.0**
5.1 Medical care	124.0	122.6	123.6	119.8	127.6	128.1	119.7	126.0	126.1	119.8	127.1	127.4
5.2 Education, stationery etc	125.7	126.9	126.4	120.1	129.7	130.3	121.3	129.8	130.9	120.8	129.8	130.6
5.3 Recreation and amusement	121.2	113.3	116.4	117.2	124.3	124.2	109.8	116.0	116.4	112.7	119.3	119.5
5.4 Transport and communication	131.0	125.3	127.8	126.2	134.7	134.9	121.4	128.6	128.2	123.5	131.3	131.1
5.5 Personal care and effects	126.2	121.6	124.3	121.6	129.8	130.2	118.6	124.9	125.5	120.4	127.8	128.3
5.6 Household requisites	134.1	127.5	131.4	128.4	138.3	138.2	123.5	131.4	131.7	126.4	135.5	135.6
5.7 Others	145.8	148.4	146.9	137.2	152.3	153.6	142.0	154.6	155.5	139.1	153.2	154.4
General Index (All Groups)	**136.4**	**133.3**	**135.0**	**128.7**	**139.7**	**140.6**	**127.4**	**136.0**	**137.2**	**128.1**	**138.1**	**139.1**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2013-14	2013	2014	
				Apr.	Mar.	Apr.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	236	226	239	242
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	750	711	763	771
3 Consumer Price Index for Rural Labourers	1986-87	–	751	711	765	773

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

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

Item	2013-14	2013	2014	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,190	27,743	29,832	29,329
2 Silver (₹ per kilogram)	46,637	48,845	45,978	43,607

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

No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2013	2014		
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**177.6**	**171.3**	**179.5**	**179.8**	**180.2**
1.1 PRIMARY ARTICLES	**20.118**	**241.7**	**226.5**	**238.5**	**240.2**	**242.5**
1.1.1 Food articles	**14.337**	**238.9**	**219.8**	**232.5**	**235.3**	**238.8**
1.1.1.1 Food Grains	4.090	226.0	216.5	229.7	231.1	230.7
1.1.1.1.1 Cereals	3.373	225.6	212.9	230.9	231.3	230.6
1.1.1.1.2 Pulses	0.717	228.2	233.2	224.2	230.1	231.4
1.1.1.2 Fruits & Vegetables	3.843	244.4	206.4	202.2	210.3	225.6
1.1.1.2.1 Vegetables	1.736	294.8	216.5	197.6	202.8	219.4
1.1.1.2.2 Fruits	2.107	202.9	198.1	206.1	216.5	230.7
1.1.1.3 Milk	3.238	220.6	211.1	229.1	230.1	230.5
1.1.1.4 Eggs, Meat & Fish	2.414	275.9	253.8	283.9	284.2	279.1
1.1.1.5 Condiments & Spices	0.569	245.6	230.0	265.5	264.7	266.0
1.1.1.6 Other Food Articles	0.183	227.9	250.9	212.2	210.7	223.1
1.1.2 Non-Food Articles	**4.258**	**213.2**	**209.7**	**218.1**	**217.2**	**216.3**
1.1.2.1 Fibres	0.877	239.7	218.7	248.1	238.5	234.4
1.1.2.2 Oil Seeds	1.781	202.6	210.4	203.0	207.5	211.3
1.1.2.3 Other Non-Food Articles	1.386	213.4	210.1	218.7	219.2	215.0
1.1.2.4 Flowers	0.213	190.8	164.3	214.8	196.8	192.0
1.1.3 Minerals	**1.524**	**346.9**	**336.0**	**351.6**	**350.9**	**350.8**
1.1.3.1 Metallic Minerals	0.489	387.9	430.5	386.1	387.4	383.2
1.1.3.2 Other Minerals	0.135	213.2	217.3	207.8	209.3	209.0
1.1.3.3 Crude Petroleum	0.900	344.8	302.5	354.5	352.3	354.5
1.2 FUEL & POWER	**14.910**	**205.3**	**193.7**	**212.6**	**213.1**	**211.0**
1.2.1 Coal	2.094	190.8	189.7	189.8	189.8	189.8
1.2.2 Mineral Oils	9.364	225.9	210.8	235.6	236.5	233.1
1.2.3 Electricity	3.452	158.4	149.6	163.8	163.8	163.8
1.3 MANUFACTURED PRODUCTS	**64.972**	**151.4**	**149.1**	**153.6**	**153.5**	**153.8**
1.3.1 Food Products	**9.974**	**168.8**	**166.8**	**168.5**	**168.7**	**170.1**
1.3.1.1 Dairy Products	0.568	180.4	176.3	186.1	186.1	187.1
1.3.1.2 Canning, Preserving & Processing of Food	0.358	165.0	152.3	177.6	175.2	171.8
1.3.1.3 Grain Mill Products	1.340	167.9	162.9	170.3	170.5	171.2
1.3.1.4 Bakery Products	0.444	139.0	136.6	142.4	142.3	145.9
1.3.1.5 Sugar, Khandsari & Gur	2.089	183.0	184.6	176.9	178.2	182.9
1.3.1.6 Edible Oils	3.043	147.0	147.1	146.8	146.8	146.3
1.3.1.7 Oil Cakes	0.494	223.5	228.6	215.3	216.2	219.3
1.3.1.8 Tea & Coffee Proccessing	0.711	182.1	173.4	176.1	177.6	175.1
1.3.1.9 Manufacture of Salt	0.048	186.0	185.0	185.8	185.0	185.0
1.3.1.10 Other Food Products	0.879	178.2	172.3	186.2	184.2	188.5
1.3.2 Beverages, Tobacco & Tobacco Products	**1.762**	**186.0**	**181.8**	**194.8**	**195.1**	**195.8**
1.3.2.1 Wine Industries	0.385	128.9	126.8	135.4	135.5	135.5
1.3.2.2 Malt Liquor	0.153	170.9	170.9	171.5	171.8	171.4
1.3.2.3 Soft Drinks & Carbonated Water	0.241	161.5	158.9	159.1	163.5	159.1
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	216.7	210.8	230.5	229.8	232.1
1.3.3 Textiles	**7.326**	**138.8**	**134.4**	**141.9**	**141.3**	**142.6**
1.3.3.1 Cotton Textiles	2.605	157.7	152.1	161.9	160.6	164.1
1.3.3.1.1 Cotton Yarn	1.377	174.1	166.2	180.1	178.2	184.9
1.3.3.1.2 Cotton Fabric	1.228	139.2	136.3	141.3	140.8	140.9
1.3.3.2 Man-Made Textiles	2.206	131.6	127.1	134.7	134.1	134.6
1.3.3.2.1 Man-Made Fibre	1.672	131.3	126.7	134.3	133.7	134.5
1.3.3.2.2 Man-Made Fabric	0.533	132.7	128.1	136.1	135.3	135.3
1.3.3.3 Woollen Textiles	0.294	155.0	149.7	157.4	159.4	157.7
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	183.8	182.7	187.5	185.8	189.3
1.3.3.5 Other Misc. Textiles	1.960	113.5	110.5	115.0	115.1	114.5
1.3.4 Wood & Wood Products	**0.587**	**178.7**	**173.9**	**184.0**	**183.1**	**183.8**
1.3.4.1 Timber/Wooden Planks	0.181	144.8	141.8	148.1	148.1	148.4
1.3.4.2 Processed Wood	0.128	185.3	179.9	189.0	186.5	186.5
1.3.4.3 Plywood & Fibre Board	0.241	204.6	199.1	211.3	211.3	212.4
1.3.4.4 Others	0.038	154.7	147.5	165.0	160.8	160.8

No. 21: Wholesale Price Index (Concld.)

(Base: 2004-05 = 100)

Commodities	Weight	2013-14	2013	2014		
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	**2.034**	**142.8**	**140.3**	**146.2**	**146.3**	**146.5**
1.3.5.1 Paper & Pulp	1.019	141.5	138.8	144.7	144.9	144.7
1.3.5.2 Manufacture of boards	0.550	131.2	130.6	131.7	131.7	131.7
1.3.5.3 Printing & Publishing	0.465	159.6	155.2	166.7	166.5	167.8
1.3.6 Leather & Leather Products	**0.835**	**143.1**	**135.6**	**145.4**	**146.0**	**145.2**
1.3.6.1 Leathers	0.223	114.3	113.3	115.9	115.9	115.3
1.3.6.2 Leather Footwear	0.409	159.8	150.0	160.7	160.5	160.3
1.3.6.3 Other Leather Products	0.203	141.4	131.0	146.9	149.8	147.6
1.3.7 Rubber & Plastic Products	**2.987**	**146.0**	**140.7**	**149.0**	**149.2**	**149.4**
1.3.7.1 Tyres & Tubes	0.541	174.2	165.8	176.4	176.7	176.3
1.3.7.1.1 Tyres	0.488	174.5	165.9	176.3	176.7	176.3
1.3.7.1.2 Tubes	0.053	171.4	165.1	176.8	176.5	176.4
1.3.7.2 Plastic Products	1.861	136.2	131.1	139.7	140.0	140.4
1.3.7.3 Rubber Products	0.584	151.0	148.3	153.6	153.2	153.5
1.3.8 Chemicals & Chemical Products	**12.018**	**148.7**	**146.2**	**151.8**	**151.1**	**152.3**
1.3.8.1 Basic Inorganic Chemicals	1.187	150.5	149.6	152.9	151.5	153.2
1.3.8.2 Basic Organic Chemicals	1.952	147.1	142.8	154.8	152.4	154.9
1.3.8.3 Fertilisers & Pesticides	3.145	148.2	147.8	149.1	149.1	149.7
1.3.8.3.1 Fertilisers	2.661	152.3	152.4	152.9	152.9	153.2
1.3.8.3.2 Pesticides	0.483	125.8	122.0	128.2	128.3	130.2
1.3.8.4 Paints, Varnishes & Lacquers	0.529	147.6	145.1	149.6	148.7	149.4
1.3.8.5 Dyestuffs & Indigo	0.563	132.0	128.2	140.1	137.7	145.0
1.3.8.6 Drugs & Medicines	0.456	126.8	126.1	127.1	127.2	127.2
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	157.2	153.9	159.4	159.7	159.9
1.3.8.8 Turpentine, Plastic Chemicals	0.586	147.2	145.8	149.9	148.6	151.9
1.3.8.9 Polymers including Synthetic Rubber	0.970	142.2	138.2	148.3	144.7	152.9
1.3.8.10 Petrochemical Intermediates	0.869	171.1	165.7	171.0	173.7	165.4
1.3.8.11 Matches, Explosives & other Chemicals	0.629	150.0	146.1	151.5	152.5	151.0
1.3.9 Non-Metallic Mineral Products	**2.556**	**166.2**	**166.2**	**167.4**	**167.6**	**168.2**
1.3.9.1 Structural Clay Products	0.658	176.0	168.1	182.1	183.2	183.8
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	131.7	131.4	133.0	133.0	133.3
1.3.9.3 Cement & Lime	1.386	167.1	171.3	165.4	165.4	165.7
1.3.9.4 Cement, Slate & Graphite Products	0.256	171.1	168.2	175.5	173.6	176.7
1.3.10 Basic Metals, Alloys & Metal Products	**10.748**	**164.5**	**164.3**	**167.3**	**167.6**	**165.4**
1.3.10.1 Ferrous Metals	8.064	154.8	154.7	157.5	157.5	155.4
1.3.10.1.1 Iron & Semis	1.563	154.1	155.3	159.3	158.7	158.9
1.3.10.1.2 Steel: Long	1.630	165.6	166.5	167.1	167.0	164.3
1.3.10.1.3 Steel: Flat	2.611	153.8	153.7	155.5	155.8	152.1
1.3.10.1.4 Steel: Pipes & Tubes	0.314	129.8	128.1	131.8	131.8	133.0
1.3.10.1.5 Stainless Steel & alloys	0.938	159.8	158.0	163.8	163.6	163.8
1.3.10.1.6 Castings & Forgings	0.871	142.6	141.1	144.5	144.7	141.4
1.3.10.1.7 Ferro alloys	0.137	155.7	153.4	158.4	159.4	158.7
1.3.10.2 Non-Ferrous Metals	1.004	164.1	161.3	165.9	166.5	166.1
1.3.10.2.1 Aluminium	0.489	137.8	134.7	139.8	140.0	140.3
1.3.10.2.2 Other Non-Ferrous Metals	0.515	189.0	186.7	190.8	191.6	190.6
1.3.10.3 Metal Products	1.680	211.3	211.9	215.4	216.6	213.2
1.3.11 Machinery & Machine Tools	**8.931**	**131.6**	**130.0**	**132.8**	**132.7**	**133.0**
1.3.11.1 Agricultural Machinery & Implements	0.139	141.6	137.7	144.1	144.3	144.1
1.3.11.2 Industrial Machinery	1.838	150.1	148.5	151.3	151.2	151.9
1.3.11.3 Construction Machinery	0.045	136.9	137.0	137.5	136.9	140.9
1.3.11.4 Machine Tools	0.367	160.1	158.1	160.6	160.4	163.2
1.3.11.5 Air Conditioner & Refrigerators	0.429	115.6	114.2	117.5	119.4	120.3
1.3.11.6 Non-Electrical Machinery	1.026	123.8	123.0	124.4	124.2	124.5
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	136.5	134.5	137.8	137.6	137.5
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	150.3	147.3	151.5	151.2	151.0
1.3.11.9 Electrical Apparatus & Appliances	0.337	117.7	117.4	116.9	117.7	116.9
1.3.11.10 Electronics Items	0.961	87.9	87.2	90.1	89.5	89.5
1.3.11.11 IT Hardware	0.267	88.4	89.0	88.5	88.5	88.4
1.3.11.12 Communication Equipments	0.118	95.9	94.4	95.4	95.7	96.8
1.3.12 Transport, Equipment & Parts	**5.213**	**134.5**	**132.1**	**135.8**	**135.8**	**135.7**
1.3.12.1 Automotives	4.231	134.1	131.5	135.3	135.2	135.0
1.3.12.2 Auto Parts	0.804	133.6	131.3	135.2	135.5	135.6
1.3.12.3 Other Transport Equipments	0.178	150.1	149.4	151.6	151.7	151.4

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

No. 22: Index of Industrial Production (Base:2004-05=100)

Industry	Weight	2012-13	2013-14	April-March		March	
				2012-13	2013-14	2013	2014
	1	2	3	4	5	6	7
General Index	**100.00**	**172.2**	**172.0**	**172.2**	**172.0**	**194.2**	**193.2**
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	125.5	124.5	125.5	124.5	146.4	145.8
1.2 Manufacturing	75.53	183.3	181.9	183.3	181.9	207.3	204.8
1.3 Electricity	10.32	155.2	164.7	155.2	164.7	164.2	173.0
2 Use-Based Classification							
2.1 Basic Goods	45.68	153.6	156.7	153.6	156.7	168.6	175.3
2.2 Capital Goods	8.83	251.6	242.3	251.6	242.3	343.2	300.4
2.3 Intermediate Goods	15.69	146.7	151.1	146.7	151.1	158.3	159.3
2.4 Consumer Goods	29.81	190.6	185.7	190.6	185.7	208.4	206.5
2.4.1 Consumer Durables	8.46	301.1	264.4	301.1	264.4	311.2	274.4
2.4.2 Consumer Non-Durables	21.35	146.9	154.5	146.9	154.5	167.6	179.6

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

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(Amount in ₹ Billion)

Item	Financial Year			April 2014	Percentage to Revised Estimates	Percentage to Budget Estimates
	2013-14 (Revised Estimates)	2013-14 (Provisional Accounts)	2014-15 (Budget Estimates)			
	1	2	3	4	5	6
1 Revenue Receipts	10,292.5	10,152.8	11,671.3	69.3	98.6	0.6
1.1 Tax Revenue (Net)	8,360.3	8,160.5	9,864.2	9.8	97.6	0.1
1.2 Non-Tax Revenue	1,932.3	1,992.3	1,807.1	59.5	103.1	3.3
2 Capital Receipts	5,611.8	5,482.1	5,960.8	1,136.0	97.7	19.1
2.1 Recovery of Loans	108.0	125.0	105.3	1.4	115.7	1.4
2.2 Other Receipts	258.4	275.6	569.3	0.0	106.6	0.0
2.3 Borrowings and Other Liabilities	5,245.4	5,081.5	5,286.3	1,134.5	96.9	21.5
3 Total Receipts (1+2)	15,904.3	15,634.9	17,632.1	1,205.3	98.3	6.8
4 Non-Plan Expenditure	11,149.0	11,104.0	12,078.9	975.0	99.6	8.1
4.1 On Revenue Account	10,276.9	10,230.5	11,077.8	917.7	99.5	8.3
4.1.1 Interest Payments	3,800.7	3,775.0	4,270.1	232.8	99.3	5.5
4.2 On Capital Account	872.1	873.5	1,001.1	57.3	100.2	5.7
5 Plan Expenditure	4,755.3	4,530.9	5,553.2	230.3	95.3	4.1
5.1 On Revenue Account	3,718.5	3,525.4	4,422.7	163.2	94.8	3.7
5.2 On Capital Account	1,036.8	1,005.4	1,130.5	67.1	97.0	5.9
6 Total Expenditure (4+5)	15,904.4	15,634.9	17,632.1	1,205.3	98.3	6.8
7 Revenue Expenditure (4.1+5.1)	13,995.4	13,755.9	15,500.5	1,080.8	98.3	7.0
8 Capital Expenditure (4.2+5.2)	1,909.0	1,879.0	2,131.6	124.4	98.4	5.8
9 Revenue Deficit (7-1)	3,702.9	3,603.1	3,829.2	1,011.6	97.3	26.4
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,245.4	5,081.5	5,286.3	1,134.5	96.9	21.5
11 Gross Primary Deficit [10-4.1.1]	1,444.7	1,306.5	1,016.2	901.7	90.4	88.7

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2013-14	2013	2014					
		Apr. 26	Mar. 21	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,101.8	1,004.4	1,231.5	1,101.8	991.9	782.5	759.6	738.4
1.4 Others	6.6	13.0	8.7	6.6	7.6	7.3	7.0	8.5
2 91-day								
2.1 Banks	286.0	400.2	269.4	286.0	290.0	302.7	321.4	346.4
2.2 Primary Dealers	286.9	234.7	315.5	286.9	292.6	302.8	342.7	368.3
2.3 State Governments	381.9	337.0	481.2	381.9	324.4	364.4	324.4	416.9
2.4 Others	300.3	128.6	267.3	300.3	340.2	367.4	359.1	358.4
3 182-day								
3.1 Banks	270.0	217.5	226.3	270.0	263.2	285.7	250.8	259.8
3.2 Primary Dealers	255.3	283.4	276.4	255.3	270.5	251.8	279.2	258.1
3.3 State Governments	74.1	–	6.8	74.1	74.1	74.1	74.1	74.1
3.4 Others	164.6	138.8	176.3	164.6	156.3	152.4	159.8	172.2
4 364-day								
4.1 Banks	356.1	367.6	298.9	356.1	376.3	408.0	374.1	409.7
4.2 Primary Dealers	480.7	511.0	522.6	480.7	544.1	533.4	571.4	538.9
4.3 State Governments	6.9	3.8	6.9	6.9	6.9	6.9	6.9	6.9
4.4 Others	523.6	419.6	538.8	523.6	451.4	430.5	436.0	432.5
5 Total	4,494.7	4,059.6	4,626.6	4,494.7	4,389.3	4,269.8	4,266.3	4,389.0

No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2014-15										
Apr. 2	90	103	224.18	38.39	58	90.00	38.39	128.39	97.82	8.9388
Apr. 9	90	86	269.94	51.00	50	90.00	51.00	141.00	97.83	8.8969
Apr. 16	90	97	281.58	–	59	90.00	–	90.00	97.84	8.8550
Apr. 23	90	94	245.86	116.50	59	90.00	116.50	206.50	97.84	8.8550
Apr. 30	90	87	232.43	38.05	62	90.00	38.05	128.05	97.84	8.8550
182-day Treasury Bills										
2013-14										
Mar. 26	60	83	192.66	74.08	34	60.00	74.08	134.08	95.77	8.8579
2014-15										
Apr. 9	60	91	152.92	–	37	60.00	–	60.00	95.72	8.9673
Apr. 23	60	74	203.03	–	27	60.00	–	60.00	95.75	8.9017
364-day Treasury Bills										
2013-14										
Mar. 19	60	135	260.66	0.52	15	60.00	0.52	60.52	91.86	8.8857
2014-15										
Apr. 2	60	85	125.50	0.49	50	60.00	0.49	60.49	91.75	9.0165
Apr. 16	60	110	203.27	0.02	34	60.00	0.02	60.02	91.80	8.9570
Apr. 30	60	97	217.39	–	33	60.00	–	60.00	91.83	8.9213

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on		Range of Rates	Weighted Average Rates
		Borrowings/ Lendings	Borrowings/ Lendings
		1	2
April	1, 2014	8.80-15.00	9.89
April	2, 2014	7.00-9.20	8.80
April	3, 2014	6.50-9.00	8.34
April	4, 2014	5.00-9.00	8.01
April	5, 2014	5.00-8.10	6.79
April	7, 2014	6.00-9.10	8.39
April	9, 2014	6.50-8.50	8.11
April	10, 2014	6.50-8.25	7.96
April	11, 2014	6.00-8.35	8.04
April	12, 2014	5.00-8.00	6.34
April	15, 2014	6.15-8.95	8.33
April	16, 2014	6.40-8.35	7.79
April	17, 2014	5.75-8.45	8.09
April	19, 2014	5.00-8.20	6.40
April	21, 2014	6.50-9.20	8.29
April	22, 2014	6.50-8.80	8.56
April	23, 2014	6.50-8.90	8.42
April	25, 2014	5.50-9.10	8.59
April	26, 2014	5.00-7.78	6.38
April	28, 2014	6.50-8.95	8.66
April	29, 2014	6.50-9.00	8.63
April	30, 2014	6.00-9.00	8.75
May	2, 2014	5.00-8.70	8.35
May	3, 2014	5.00-7.75	6.51
May	5, 2014	6.50-8.70	8.13
May	6, 2014	6.25-8.70	7.93
May	7, 2014	6.10-9.15	8.10
May	8, 2014	6.25-8.25	7.96
May	9, 2014	5.00-9.00	8.15
May	10, 2014	5.00-12.50	9.12
May	12, 2014	6.30-9.10	8.49
May	13, 2014	6.50-9.20	8.81
May	15, 2014	6.30-8.60	8.01

No. 27: Certificates of Deposit

Item	2013	2014			
	Apr. 19	Mar. 7	Mar. 21	Apr. 4	Apr. 18
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,860.4	3,349.0	3,758.0	3,981.0	3,877.3
1.1 Issued during the fortnight (₹ Billion)	86.6	751.3	908.5	761.3	117.7
2 Rate of Interest (per cent)	7.95-9.26	8.75-10.27	8.94-10.35	8.49-10.25	8.45-9.88

No. 28: Commercial Paper

Item	2013	2014			
	Apr. 30	Mar. 15	Mar. 31	Apr. 15	Apr. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,574.9	1,653.4	1,066.1	1,421.3	1,538.1
1.1 Reported during the fortnight (₹ Billion)	277.2	414.2	250.4	436.9	349.1
2 Rate of Interest (per cent)	7.85-13.30	7.96-14.18	8.64-12.61	8.44-12.00	8.58-13.30

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2013-14	2013	2014				
		Apr. 26	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25
	1	2	3	4	5	6	7
1 Call Money	230.7	225.7	314.4	292.9	227.7	185.6	215.1
2 Notice Money	71.6	76.5	29.1	128.2	79.3	120.1	88.5
3 Term Money	5.4	14.9	6.4	10.3	7.0	4.7	4.4
4 CBLO	1,196.3	1,136.5	1,293.6	888.6	1,045.6	884.1	989.1
5 Market Repo	986.8	1,060.6	617.6	1,091.2	1,128.5	1,360.0	1,000.5
6 Repo in Corporate Bond	0.3	–	0.9	–	–	–	–
7 Forex (US $ million)	50,568	60,755	69,023	65,687	55,770	47,760	48,124
8 Govt. of India Dated Securities	662.5	1,304.4	286.5	298.6	443.9	702.7	809.3
9 State Govt. Securities	12.8	16.7	21.1	24.9	18.0	14.8	25.1
10 Treasury Bills							
10.1 91-Day	26.7	15.7	33.0	96.2	35.7	37.7	32.3
10.2 182-Day	12.9	9.3	15.0	21.8	17.9	10.2	17.7
10.3 364-Day	25.4	35.7	25.8	45.4	32.2	30.5	32.8
10.4 Cash Management Bills	7.3	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	740.3	1,381.8	381.5	486.9	547.7	795.9	917.1
11.1 RBI	–	1.2	1.9	0.1	0.6	21.5	1.4

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

(Amount in ₹ Billion)

Security & Type of Issue	2013-14		2013-14 (Apr.-Apr.)		2014-15 (Apr.-Apr.)		Apr. 2013		Apr. 2014	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	53	58.1	–	–	4	7.8	–	–	4	7.8
1A Premium	43	53.2	–	–	3	7.0	–	–	3	7.0
1.1 Prospectus	38	12.4	–	–	1	1.8	–	–	1	1.8
1.1.1 Premium	30	10.7	–	–	1	1.7	–	–	1	1.7
1.2 Rights	15	45.8	–	–	3	6.0	–	–	3	6.0
1.2.1 Premium	13	42.5	–	–	2	5.3	–	–	2	5.3
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	12	50.2	1	1.3	2	3.8	1	1.3	2	3.8
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	58.3	1	1.3	2	3.8	1	1.3	2	3.8
3.2.1 Prospectus	15	56.4	1	1.3	2	3.8	1	1.3	2	3.8
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	69	116.4	1	1.3	6	11.6	1	1.3	6	11.6
5.1 Prospectus	54	70.7	1	1.3	3	5.6	1	1.3	3	5.6
5.2 Rights	15	45.8	–	–	3	6.0	–	–	3	6.0

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

External Sector

No. 31: Foreign Trade

Item	Unit	2013-14	2013		2014			
			Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	18,941.8	1,324.3	1,634.4	1,664.5	1,574.1	1,774.0	1,547.2
	US $ Million	312,620.7	24,353.8	26,399.5	26,813.2	25,296.0	29,075.8	25,634.1
1.1 Oil	₹ Billion	3,802.5	278.2	301.9	288.5	286.0	336.5	..
	US $ Million	62,687.2	5,116.0	4,876.0	4,648.0	4,595.8	5,515.4	..
1.2 Non-oil	₹ Billion	15,139.3	1,046.1	1,332.5	1,375.9	1,288.1	1,437.5	..
	US $ Million	249,933.5	19,237.7	21,523.5	22,165.2	20,700.2	23,560.3	..
2 Imports	₹ Billion	27,141.8	2,285.2	2,271.2	2,253.8	2,083.8	2,412.7	2,155.9
	US $ Million	450,082.2	42,025.9	36,684.7	36,306.6	33,487.0	39,543.8	35,720.0
2.1 Oil	₹ Billion	10,000.6	709.8	862.0	818.6	853.0	962.7	783.3
	US $ Million	165,153.7	13,053.5	13,922.9	13,186.6	13,706.9	15,779.0	12,977.8
2.2 Non-oil	₹ Billion	17,141.2	1,575.4	1,409.2	1,435.2	1,230.9	1,450.0	1,372.6
	US $ Million	284,928.5	28,972.4	22,761.8	23,120.0	19,780.1	23,764.8	22,742.2
3 Trade Balance	₹ Billion	–8,200.0	–960.9	–636.8	–589.3	–509.7	–638.7	–608.8
	US $ Million	–137,461.5	–17,672.1	–10,285.2	–9,493.4	–8,191.0	–10,468.0	–10,086.0
3.1 Oil	₹ Billion	–6,198.1	–431.6	–560.1	–530.0	–567.0	–626.2	..
	US $ Million	–102,466.6	–7,937.4	–9,046.9	–8,538.6	–9,111.1	–10,263.5	..
3.2 Non-oil	₹ Billion	–2,001.8	–529.3	–76.7	–59.3	57.3	–12.5	..
	US $ Million	–34,994.9	–9,734.7	–1,238.3	–954.9	920.1	–204.5	..

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

No. 32: Foreign Exchange Reserves

Item	Unit	2013	2014					
		May 24	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23
		1	2	3	4	5	6	7
1 Total Reseves	**₹ Billion**	**16,208**	**18,677**	**18,919**	**18,784**	**18,853**	**18,568**	**18,324**
	US $ Million	**292,076**	**309,413**	**309,913**	**311,858**	**313,831**	**314,925**	**312,656**
1.1 Foreign Currency Assets	₹ Billion	14,545	16,999	17,237	17,138	17,209	16,941	16,701
	US $ Million	261,566	281,536	282,029	284,571	286,550	287,816	285,561
1.2 Gold	₹ Billion	1,300	1,296	1,296	1,265	1,265	1,265	1,265
	US $ Million	23,974	21,567	21,567	20,966	20,966	20,966	20,966
1.3 SDRs	SDRs Million	2,887	2,888	2,888	2,888	2,888	2,888	2,888
	₹ Billion	240	270	274	270	269	263	260
	US $ Million	4,317	4,473	4,478	4,481	4,477	4,462	4,453
1.4 Reserve Tranche Position in IMF	₹ Billion	123	111	112	111	110	99	98
	US $ Million	2,220	1,837	1,839	1,841	1,839	1,681	1,677

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2013-14	2013	2014		2013-14	2014-15
		Apr.	Mar.	Apr.	Apr.	Apr.
	1	2	3	4	5	6
1 NRI Deposits	**103,844**	**72,672**	**103,844**	**105,073**	**1,389**	**1,356**
1.1 FCNR(B)	41,823	15,598	41,823	42,295	410	473
1.2 NR(E)RA	52,908	47,382	52,908	53,743	1,076	943
1.3 NRO	9,114	9,692	9,114	9,035	–96	–59

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2013-14	2013-14	2014-15	2013	2014	
		Apr.	Apr.	Apr.	Mar.	Apr.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**21,564**	**2,788**	**2,203**	**2,788**	**2,133**	**2,203**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**30,762**	**2,682**	**2,037**	**2,682**	**4,213**	**2,037**
1.1.1.1 Gross Inflows/Gross Investments	**36,046**	**3,232**	**2,597**	**3,232**	**4,601**	**2,597**
1.1.1.1.1 Equity	25,274	2,396	1,779	2,396	3,622	1,779
1.1.1.1.1.1 Government (SIA/FIPB)	1,185	108	99	108	13	99
1.1.1.1.1.2 RBI	14,869	836	1,141	836	3,259	1,141
1.1.1.1.1.3 Acquisition of shares	8,245	1,377	465	1,377	262	465
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	74	74	74	89	74
1.1.1.1.2 Reinvested earnings	8,978	686	686	686	819	686
1.1.1.1.3 Other capital	1,794	150	132	150	160	132
1.1.1.2 Repatriation/Disinvestment	**5,284**	**551**	**560**	**551**	**388**	**560**
1.1.1.2.1 Equity	4,786	509	543	509	361	543
1.1.1.2.2 Other capital	498	42	17	42	27	17
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**9,199**	**–107**	**–166**	**–107**	**2,081**	**–166**
1.1.2.1 Equity capital	12,420	401	203	401	2,025	203
1.1.2.2 Reinvested Earnings	1,167	92	92	92	99	92
1.1.2.3 Other Capital	3,148	186	190	186	437	190
1.1.2.4 Repatriation/Disinvestment	7,535	786	651	786	480	651
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**4,822**	**1,621**	**–121**	**1,621**	**5,309**	**–121**
1.2.1 GDRs/ADRs	20	–	–	–	–	–
1.2.2 FIIs	5,009	1,542	–69	1,542	5,397	–69
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	207	–79	52	–79	88	52
1 Foreign Investment Inflows	**26,385**	**4,409**	**2,082**	**4,409**	**7,442**	**2,082**

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

(US$ Million)

Item	2013-14	2013	2014		
		Mar.	Jan.	Feb.	Mar.
	1	2	3	4	5
1 Outward Remittances under the LRS	**1,093.9**	**180.2**	**105.9**	**74.8**	**104.1**
1.1 Deposit	31.6	4.2	1.4	2.5	7.4
1.2 Purchase of immovable property	58.7	16.6	1.3	1.4	1.2
1.3 Investment in equity/debt	165.5	52.4	7.3	10.6	23.2
1.4 Gift	267.1	35.7	22.6	16.6	32.7
1.5 Donations	2.0	–	0.1	–	0.1
1.6 Travel	15.9	3.7	1.0	0.7	0.8
1.7 Maintenance of close relatives	173.9	31.1	9.8	8.6	14.9
1.8 Medical Treatment	4.7	0.7	0.7	0.3	1.0
1.9 Studies Abroad	159.3	10.7	22.0	9.6	12.1
1.10 Others	215.3	25.0	39.8	24.4	10.8

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

Item	2012-13	2013-14	2013	2014	
			May	April	May
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	78.32	72.32	78.05	72.67	74.16
1.2 REER	105.57	103.27	107.99	104.30	106.44
2 Export-Based Weights					
2.1 NEER	80.05	73.56	79.81	73.77	75.26
2.2 REER	108.71	105.48	110.78	106.33	108.47
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	75.54	67.72	75.29	67.29	68.56
1.2 REER	117.08	112.70	121.39	114.53	116.69
2 Base: 2013-14 (April-March) =100					
2.1 NEER	111.56	100.00	111.17	99.36	101.23
2.2 REER	103.87	100.00	107.71	101.62	103.54

Note: Real Effective Exchange Rate are based on CPI.

No. 37: External Commercial Borrowings (ECBs)

(Amount in US$ Million)

Item	2013-14	2013	2014	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Automatic Route				
1.1 Number	573	45	42	34
1.2 Amount	12,340	601	2,175	1,677
2 Approval Route				
2.1 Number	140	8	16	11
2.2 Amount	20,892	524	1,375	1,526
3 Total (1+2)				
3.1 Number	713	53	58	45
3.2 Amount	33,232	1,125	3,550	3,203
4 Weighted Average Maturity (in years)	4.88	5.28	4.02	6.61
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.98	4.19	2.02	2.08
5.2 Interest rate range for Fixed Rate Loans	0.00-12.79	0.00-8.00	0.00-5.43	0.00-9.28

No. 38: India's Overall Balance of Payments

(US $ Million)

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

No. 39: India's Overall Balance of Payments

(₹ Billion)

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

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

(US $ Million)

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

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

(₹ Billion)

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

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2012-13		2012		2013			
			Dec.		Sep.		Dec.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	119,510	233,659	118,072	224,988	120,126	218,129	119,838	226,748
1.1 Equity Capital and Reinvested Earnings	84,850	223,143	84,081	215,009	83,645	207,396	82,733	215,631
1.2 Other Capital	34,660	10,517	33,991	9,979	36,481	10,733	37,105	11,117
2 Portfolio Investment	1,375	196,767	1,521	185,768	1,315	171,598	1,315	177,220
2.1 Equity	1,261	139,460	1,440	128,932	1,179	124,343	1,179	132,348
2.2 Debt	114	57,307	81	56,836	136	47,255	136	44,873
3 Other Investment	34,822	339,517	28,677	329,825	38,021	346,517	43,849	372,125
3.1 Trade Credit	3,921	88,980	5,671	84,600	8,192	89,557	10,859	88,361
3.2 Loan	4,917	166,937	3,524	165,477	5,716	168,683	5,553	171,858
3.3 Currency and Deposits	13,058	71,003	6,888	67,758	10,775	75,216	13,867	98,772
3.4 Other Assets/Liabilities	12,926	12,597	12,592	11,990	13,338	13,061	13,570	13,134
4 Reserves	292,046	–	295,638	–	277,233	–	293,878	–
5 Total Assets/ Liabilities	447,753	769,943	443,907	740,582	436,695	736,243	458,879	776,093
6 IIP (Assets - Liabilities)	–322,190		–296,674		–299,549		–317,214	

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2013-14	2014			2013-14	2014		
		Feb.	Mar.	Apr.		Feb.	Mar.	Apr.
	1	2	3	4	5	6	7	8
1 RTGS	**81.11**	**6.65**	**8.64**	**7.27**	**904,968.04**	**64,943.06**	**99,245.04**	**71,295.24**
1.1 Customer Transactions	76.35	6.31	8.22	6.92	573,614.03	42,259.36	65,212.63	46,528.98
1.2 Interbank Transactions	4.75	0.34	0.42	0.35	160,638.37	10,608.55	16,561.21	11,580.43
1.3 Interbank Clearing	0.011	0.001	0.001	0.001	170,715.64	12,075.15	17,471.20	13,185.83
2 CCIL Operated Systems	**2.56**	**0.18**	**0.20**	**0.20**	**600,714.76**	**42,524.90**	**53,576.36**	**52,430.62**
2.1 CBLO	0.18	0.01	0.02	0.01	175,261.92	11,653.44	14,561.71	10,367.53
2.2 Govt. Securities Clearing	0.87	0.06	0.05	0.07	161,848.24	10,650.13	10,103.22	17,920.69
2.2.1 Outright	0.82	0.06	0.05	0.06	89,566.99	5,610.83	4,365.67	6,020.75
2.2.2 Repo	0.046	0.003	0.003	0.008	72,281.26	5,039.30	5,737.56	11,899.94
2.3 Forex Clearing	1.51	0.11	0.13	0.12	263,604.59	20,221.33	28,911.42	24,142.40
3 Paper Clearing	**1,253.97**	**93.89**	**122.58**	**99.92**	**93,003.03**	**6,901.06**	**9,058.68**	**8,065.63**
3.1 Cheque Truncation System (CTS)	589.32	65.28	81.26	73.54	44,203.14	4,704.40	6,295.10	5,690.11
3.2 MICR Clearing	438.96	12.27	14.60	9.11	31,129.79	878.19	843.52	752.30
3.2.1 RBI Centres	229.97	3.76	3.84	2.93	16,050.82	275.54	314.42	226.85
3.2.2 Other Centres	208.99	8.51	10.76	6.19	15,078.97	602.65	529.10	525.44
3.3 Non-MICR Clearing	225.70	16.35	26.72	17.26	17,670.10	1,318.47	1,920.05	1,623.23
4 Retail Electronic Clearing	**1,018.79**	**93.00**	**114.18**	**102.47**	**47,415.95**	**3,959.35**	**5,673.86**	**4,550.39**
4.1 ECS DR	192.91	15.61	17.74	17.86	1,267.96	112.79	126.34	123.01
4.2 ECS CR (includes NECS)	152.54	11.01	10.61	10.88	2,492.19	175.96	214.79	186.26
4.3 EFT/NEFT	657.97	64.15	82.83	70.62	43,559.98	3,656.05	5,312.23	4,219.56
4.4 Immediate Payment Service (IMPS)	15.36	2.23	3.00	3.11	95.81	14.56	20.50	21.56
5 Cards	**7,219.13**	**591.49**	**674.88**	**657.04**	**22,157.84**	**1,778.47**	**2,029.02**	**1,977.71**
5.1 Credit Cards	512.03	41.06	46.40	46.74	1,556.72	128.33	147.15	147.40
5.1.1 Usage at ATMs	2.96	0.25	0.30	0.30	16.87	1.40	1.66	1.63
5.1.2 Usage at POS	509.08	40.81	46.11	46.44	1,539.85	126.93	145.49	145.77
5.2 Debit Cards	6,707.10	550.43	628.48	610.30	20,601.12	1,650.14	1,881.87	1,830.31
5.2.1 Usage at ATMs	6,088.02	501.53	571.50	554.03	19,646.53	1,575.79	1,796.10	1,743.46
5.2.2 Usage at POS	619.08	48.90	56.98	56.27	954.59	74.35	85.77	86.85
6 Prepaid Payment Instruments (PPIs)	**144.38**	**13.61**	**15.95**	**15.73**	**79.34**	**7.06**	**9.23**	**9.91**
6.1 m-Wallet	106.12	11.49	13.45	13.07	27.47	2.73	3.41	4.03
6.2 PPI Cards	37.74	2.08	2.45	2.61	28.15	2.70	3.25	3.75
6.3 Paper Vouchers	0.53	0.04	0.05	0.05	23.71	1.63	2.57	2.13
7 Mobile Banking	**94.71**	**8.86**	**10.74**	**10.17**	**224.18**	**26.36**	**33.91**	**32.96**
8 Cards Outstanding	**413.60**	**405.63**	**413.60**	**418.88**	–	–	–	–
8.1 Credit Card	19.18	19.05	19.18	19.23	–	–	–	–
8.2 Debit Card	394.42	386.58	394.42	399.65	–	–	–	–
9 Number of ATMs (in actuals)	**160055**	**150008**	**160055**	**162543**	–	–	–	–
10 Number of POS (in actuals)	**1065984**	**1035623**	**1065984**	**1076289**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**9,719.92**	**798.82**	**936.42**	**882.62**	**1,497,623.31**	**108,038.74**	**152,120.99**	**125,143.68**

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2012-13	2012	2013		
			Nov.	Sep.	Oct.	Nov.
		1	2	3	4	5
1 Small Savings	**Receipts**	**1,947.58**	**149.04**	**154.59**	**152.97**	**151.02**
	Outstanding	**6,049.47**	**6,020.58**	**6,108.91**	**6,115.77**	**6,127.59**
1.1 Total Deposits	**Receipts**	**1,684.08**	**130.65**	**137.67**	**140.01**	**137.42**
	Outstanding	**3,679.39**	**3,653.63**	**3,767.27**	**3,780.43**	**3,798.09**
1.1.1 Post Office Saving Bank Deposits	Receipts	839.00	66.78	71.57	73.82	71.85
	Outstanding	378.50	367.80	387.19	389.58	392.39
1.1.2 MGNREG	Receipts	82.89	3.59	–	–	–
	Outstanding	–10.73	–8.25	–	–	–
1.1.3 National Saving Scheme, 1987	Receipts	1.41	0.15	–0.08	–	0.02
	Outstanding	39.63	39.42	39.04	38.82	38.64
1.1.4 National Saving Scheme, 1992	Receipts	–0.01	0.01	–	–	–
	Outstanding	3.26	3.52	2.91	2.88	2.85
1.1.5 Monthly Income Scheme	Receipts	190.49	15.37	13.97	12.90	13.33
	Outstanding	2,017.87	2,021.90	2,024.61	2,025.31	2,026.46
1.1.6 Senior Citizen Scheme	Receipts	19.78	1.80	1.48	1.54	1.30
	Outstanding	240.93	247.10	231.86	228.67	228.15
1.1.7 Post Office Time Deposits	Receipts	191.53	13.78	20.19	18.59	19.13
	Outstanding	330.09	309.92	362.53	368.30	375.12
1.1.7.1 1 year Time Deposits	Outstanding	213.36	197.76	239.56	243.98	249.31
1.1.7.2 2 year Time Deposits	Outstanding	14.75	13.93	16.11	16.38	16.65
1.1.7.3 3 year Time Deposits	Outstanding	39.89	40.91	38.24	38.19	38.19
1.1.7.4 5 year Time Deposits	Outstanding	62.09	57.32	68.62	69.75	70.97
1.1.8 Post Office Recurring Deposits	Receipts	358.99	29.17	30.54	33.16	31.79
	Outstanding	679.62	671.89	718.91	726.71	734.32
1.1.9 Post Office Cumulative Time Deposits	Outstanding	–	0.11	–	–0.06	–0.06
1.1.10 Other Deposits	Outstanding	0.22	0.22	0.22	0.22	0.22
1.2 Saving Certificates	**Receipts**	**191.29**	**13.95**	**11.38**	**10.45**	**10.98**
	Outstanding	**1,958.87**	**1,994.76**	**1,917.52**	**1,910.09**	**1,902.79**
1.2.1 National Savings Certificate VIII issue	Receipts	191.02	13.77	11.54	10.42	10.94
	Outstanding	647.19	606.02	686.62	692.89	699.88
1.2.2 Indira Vikas Patras	Receipts	–	0.01	–	–	–
	Outstanding	9.07	8.83	9.00	9.00	8.99
1.2.3 Kisan Vikas Patras	Receipts	0.27	0.17	–0.16	0.03	0.04
	Outstanding	1,283.75	1,370.44	1,187.26	1,170.61	1,153.00
1.2.4 National Saving Certificate VI issue	Outstanding	–0.75	–0.74	–0.77	–0.77	–0.76
1.2.5 National Saving Certificate VII issue	Outstanding	–0.64	–0.59	–0.61	–0.57	–0.57
1.2.6 Other Certificates	Outstanding	20.25	10.80	36.02	38.93	42.25
1.3 Public Provident Fund	**Receipts**	**72.21**	**4.44**	**5.54**	**2.51**	**2.62**
	Outstanding	**411.21**	**372.19**	**424.12**	**425.25**	**426.71**

Source: Accountant General, Post and Telegraphs.

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

(Per cent)

Category	2013				2014
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
1 Commercial Banks	34.50	34.47	36.34	35.55	35.42
2 Bank-Primary Dealers	9.36	9.38	8.36	9.18	9.04
3 Non-Bank PDs	0.11	0.08	0.04	0.15	0.11
4 Insurance Companies	18.56	19.20	19.27	19.27	19.54
5 Mutual Funds	0.68	1.24	1.61	1.56	0.78
6 Co-operative Banks	2.81	2.78	2.73	2.69	2.76
7 Financial Institutions	0.75	0.63	0.71	0.67	0.72
8 Corporates	1.14	1.20	1.19	1.27	0.79
9 FIIs	1.61	1.59	1.40	1.38	1.68
10 Provident Funds	7.37	7.19	7.20	7.37	7.18
11 RBI	16.99	18.22	16.83	16.01	16.05
12 Others	6.12	4.02	4.32	4.89	5.92

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

(₹ Billion)

Item	2008-09	2009-10	2010-11	2011-12	2012-13 RE	2013-14 BE
	1	2	3	4	5	6
1 Total Disbursements	**15,996.77**	**18,521.19**	**21,451.45**	**24,217.68**	**28,399.27**	**32,197.83**
1.1 Developmental	9,437.08	10,628.08	12,676.97	14,209.38	17,073.44	18,741.81
1.1.1 Revenue	7,521.03	8,513.03	10,260.24	11,394.64	13,683.21	14,980.55
1.1.2 Capital	1,699.72	1,868.38	1,935.80	2,163.39	2,767.23	3,302.42
1.1.3 Loans	216.33	246.67	480.93	651.35	623.00	458.84
1.2 Non-Developmental	6,374.53	7,687.34	8,520.46	9,695.88	10,931.15	12,981.15
1.2.1 Revenue	5,873.44	7,086.94	7,765.94	8,923.61	10,106.80	11,564.15
1.2.1.1 Interest Payments	2,834.54	3,145.70	3,485.61	4,000.03	4,619.05	5,355.94
1.2.2 Capital	487.07	594.08	747.48	754.79	800.13	1,396.33
1.2.3 Loans	14.02	6.32	7.04	17.48	24.21	20.67
1.3 Others	185.16	205.77	254.02	312.42	394.68	474.87
2 Total Receipts	**15,648.03**	**18,458.08**	**21,535.61**	**24,540.62**	**28,159.72**	**32,206.79**
2.1 Revenue Receipts	11,170.98	12,105.59	15,788.20	16,926.79	20,468.60	23,698.48
2.1.1 Tax Receipts	9,263.02	9,846.11	12,500.67	14,427.52	16,997.28	19,919.94
2.1.1.1 Taxes on commodities and services	5,468.55	5,580.66	7,393.66	8,745.55	10,442.54	12,222.90
2.1.1.2 Taxes on Income and Property	3,779.59	4,249.31	5,087.19	5,654.12	6,528.18	7,669.46
2.1.1.3 Taxes of Union Territories (Without Legislature)	14.88	16.14	19.82	27.85	26.56	27.58
2.1.2 Non-Tax Receipts	1,907.96	2,259.48	3,287.53	2,499.27	3,471.32	3,778.54
2.1.2.1 Interest Receipts	253.68	257.48	250.78	288.70	268.60	289.60
2.2 Non-debt Capital Receipts	154.44	368.92	322.93	441.23	414.65	649.90
2.2.1 Recovery of Loans & Advances	146.11	114.99	82.06	253.70	173.24	89.34
2.2.2 Disinvestment proceeds	8.33	253.93	240.87	187.53	241.41	560.57
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**4,671.35**	**6,046.68**	**5,340.32**	**6,849.66**	**7,516.02**	**7,849.44**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	4,561.20	5,936.30	5,104.76	6,725.18	7,493.88	7,743.84
3A.1.1 Net Bank Credit to Government	3,778.15	3,918.53	3,147.10	3,877.98	3,355.13	..
3A.1.1.1 Net RBI Credit to Government	1,747.89	1,500.10	1,849.70	1,391.80	548.40	..
3A.1.2 Non-Bank Credit to Government	783.05	2,017.77	1,957.66	2,847.20	4,138.75	7,743.84
3A.2 External Financing	110.15	110.38	235.56	124.48	22.14	105.60
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	4,561.20	5,936.30	5,104.76	6,725.18	7,493.88	7,743.84
3B.1.1 Market Borrowings (net)	3,510.16	5,070.19	4,151.75	6,195.07	6,758.65	7,001.78
3B.1.2 Small Savings (net)	–1.38	374.62	545.34	–190.88	83.84	–35.32
3B.1.3 State Provident Funds (net)	208.51	355.35	362.36	334.33	310.39	322.94
3B.1.4 Reserve Funds	–130.56	–155.71	35.62	178.51	63.32	114.62
3B.1.5 Deposits and Advances	117.37	175.68	342.92	122.10	203.78	100.35
3B.1.6 Cash Balances	348.74	63.12	–84.16	–322.94	239.55	–8.96
3B.1.7 Others	508.36	53.06	–249.06	409.00	–165.65	248.43
3B.2 External Financing	110.15	110.38	235.56	124.48	22.14	105.60
4 Total Disbursements as per cent of GDP	*28.4*	*28.6*	*27.5*	*26.9*	*28.1*	*28.4*
5 Total Receipts as per cent of GDP	*27.8*	*28.5*	*27.6*	*27.2*	*27.8*	*28.5*
6 Revenue Receipts as per cent of GDP	*19.8*	*18.7*	*20.3*	*18.8*	*20.2*	*20.9*
7 Tax Receipts as per cent of GDP	*16.5*	*15.2*	*16.0*	*16.0*	*16.8*	*17.6*
8 Gross Fiscal Deficit as per cent of GDP	*8.3*	*9.3*	*6.9*	*7.6*	*7.4*	*6.9*

Source : Budget Documents of Central and State Governments.

Explanatory Notes to the Current Statistics

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

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

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

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

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

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

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

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

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

Table No. 17
2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks
2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.
4: Include borrowings from IDBI and NABARD.

Table No. 24
Primary Dealers (PDs) include banks undertaking PD business.

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

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

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

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

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

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

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

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

Table No. 44
1.1.1: Receipts include interest credited to depositors' account from time to time.
1.1.9: Relate to 5-year, 10-year and 15-year cumulative time deposits. Exclude Public Provident Fund.
1.2.4 to 1.2.6: Negative figures are due to rectification of misclassification.
1.3: Data relate to Post Office transactions.

Table 45
Includes securities issued under the Market Stabilisation Scheme and the special securities, *e.g.*, issued to the oil marketing companies.

Table 46
(-): Indicates surplus/net outflow.
Data from 2011-12 onwards pertains to budgets of 27 state governments.
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: Includes borrowings through dated securities and 364-day Treasury Bills.
3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).
3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.
3B.1.7: Include Treasury Bills (excluding 364-day Treasury Bills), loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

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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Notes

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (http://dbie.rbi.org.in).
3. The Reserve Bank of India History 1935-1981 (3 Volumes), Challenges to Central Banking in the Context of Financial Crisis and the Regional Economy of India: Growth and Finance are available at leading book stores in India.

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