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SPEECHES

*Reflections on the Indian Gilts Market**

Shaktikanta Das

It is my pleasure to be part of the Annual FIMMDA-PDAI Conference today. I take this opportunity to place on record the Reserve Bank's deep appreciation of the key role played by FIMMDA and PDAI in the development of financial markets in India. Both organizations have played a significant role in improving the depth and liquidity of interest rate markets and in supporting primary issuance by the Government.

Introduction

During May last year, in one of my statements, I had noted that COVID-19 has crippled the global economy, and that once again, central banks have to answer the call to the frontline in defence of the economy. It has been more than a year since. While there are signs of recovery, we are not yet out of the woods.

The sudden shock delivered by the pandemic called for swift and decisive policy responses. Central banks across the globe responded by lowering interest rates, expanding their balance sheets through large-scale purchase of government securities (G-sec) and other assets and injecting vast amounts of liquidity into the financial system. Many central banks also implemented measures targeting specific market segments that were witnessing heightened stress. These measures were, in many cases, complemented by regulatory relaxations (lower capital and liquidity requirements) aimed at supporting credit flow from banks and other financial intermediaries and at stabilizing the financial system and restoring confidence in financial markets.

The Reserve Bank too responded swiftly and undertook several conventional, unconventional and innovative measures in the realms of monetary policy, liquidity support and regulation. The Reserve Bank, like most debt managers around the globe, was confronted with a highly expanded borrowing programme of the Government. Through various measures, the Reserve Bank completed the borrowing programme in a non-disruptive manner and also created congenial conditions for other segments of the financial market such as the corporate bond market. The stabilisation of credit spreads across the rating ladder resulted in issuances of corporate bonds to the tune of ₹7.72 lakh crore in 2020-21. In my address today, I propose to focus on the G-Sec market which is the single most important financial market in any economy. Needless to add that this is a subject of great interest to both FIMMDA and PDAI.

Distinctive features of the G-sec market

The G-sec market is distinct from other financial markets in a fundamental way – it is the market in which the risk-free interest rate, a key macroeconomic variable, is determined. G-sec yields act as the benchmark for pricing of most financial assets. Without a well-functioning G-sec market, therefore, the financial system cannot function efficiently.

There are other distinctive features of the G-sec market. First, globally the G-sec market is predominantly an institutional market, with the major participants being banks and long-term investors, including investment funds, insurance funds, retirement funds. Second, different G-sec instruments are highly substitutable, the only differentiating factor being tenor of instruments. This is one of the reasons why the G-sec yield curve may be viewed as a public good, as I have been emphasizing. Third, G-secs provide the most widely used high quality collateral for payment

* Keynote Address by Shri Shaktikanta Das, Governor, Reserve Bank of India Delivered on August 31, 2021 at the 21st FIMMDA-PDAI Annual Conference.

and settlement systems, liquidity operations and other financial sector transactions. Fourth, and this is particularly relevant for a central bank, virtually all monetary operations are executed in the G-sec market. Monetary transmission is fundamentally linked to an efficient G-sec market in any market economy.

Let me now highlight some of the important measures taken to develop the G-sec market and how this role provides the Reserve Bank with the critical levers to balance its multiple responsibilities during normal times as well as during periods of stress.

Evolution of the Government Securities Market in India

Within the overarching statutory framework of the RBI Act, 1934, the Government Securities Act, 2006 and the Payment and Settlement Systems Act, 2007, the Reserve Bank has enabled the development of When Issued (WI) trading in G-secs, short-selling, repo transactions, interest rate derivatives and the like. Further, to promote integrity, transparency and fair access in markets, the Reserve Bank has introduced global best practices with the issuance of the Electronic Trading Platforms (ETP) (Reserve Bank) Directions, in 2018, directions for Prevention of Market Abuse in 2019 and the Financial Benchmark Administrators (Reserve Bank) Directions in 2019. As a consequence of these efforts, the legal and regulatory framework for the G-sec markets has evolved over the years to facilitate efficient management of public debt and development of secondary markets.

The Supply Side – From Monetisation of Debt to Market-based Debt Management

The development of the G-sec market was greatly facilitated by the abolition of automatic monetization of government debt, introduction of the auction process for issuance and enactment of FRBM Act, 2003. The next phase of reforms was directed towards institutional development, including the institution of Primary Dealers (PDs); establishment of the Clearing Corporation of India Ltd. (CCIL) - a central counterparty for guaranteed settlement - and formation of market bodies such as the FIMMDA and the PDAI. Since December 2015, a medium-term debt management strategy (MTDS) has been articulated which revolves around three broad pillars, viz., borrowing at low cost over a medium-term, risk mitigation and market development.

Issuances of G-secs are made in different maturity buckets, enabling the formation of a yield curve up to 40 years. Secondary market liquidity is supported by building up issue sizes through reissuances. The consequent rollover risk is managed through active consolidation using buyback/switches.

Transparency in supply was enhanced through the introduction of issuance calendars for auctions in G-secs since April, 2002. Auctions are conducted electronically, which ensure transparency as well as efficiency. Product diversity is ensured through various instruments, including inflation-linked bonds and floating-rate bonds. Treasury Bills and Cash Management Bills are issued to smoothen Government cash flows. Regulatory provisions for issuance of Separate Trading of Registered Interest and Principal of Securities (STRIPS) have also been made to facilitate the development of a zero-coupon yield curve and to attract retail investors to the G-sec market. Going forward, it would be desirable for the Reserve Bank and the market bodies like FIMMDA and PDAI to work together to popularize the STRIPS instrument further. Niche products targeted at retail investors also include sovereign gold bonds (a government security denominated in gold) and savings bonds.

The Demand Side – Resilience amidst Diversity

To impart resilience and diversity to the G-sec market, several steps have been taken to encourage direct retail participation. These steps include provision for non-competitive bidding in primary auctions and the odd-lot segment on NDS-OM;

permitting banks/primary dealers/stock exchanges to act as aggregators/facilitators for retail investors; introduction of products for retail investors, etc. Interoperability is sought to be enhanced by linking market infrastructure – linking exchange trading systems and NDS-OM; and linking RBI's Subsidiary General Ledger system and the depositories.

Foreign investors have been permitted to invest in G-secs, subject to prudential limits. Recent initiatives like the introduction of the Voluntary Retention Route (VRR) and Fully Accessible Route (FAR) have contributed to demand-side resilience. Non-resident participation in interest rate derivatives markets for hedging as well trading has been permitted. The regulatory framework for hedging of foreign exchange risk has been liberalized to incentivize investors to hedge their currency risk onshore. Several other measures to promote 'ease of doing business' by foreign investors viz., T+2 settlement of trades, extended timing for reporting of transactions and allowing banks to fund margins for G-sec trades, have also been taken.

Market Infrastructure – State-of-the-art Trade and Post-Trade Services

A sound, robust and safe market infrastructure increases the resilience of the G- sec market against external shocks and contributes to price discovery. The Reserve Bank has continuously engaged in developing state-of-the-art infrastructure relating to trading and post-trade services, including settlement, reporting and timely dissemination of traded information, both in outright and repo markets. I can say with all humility that the infrastructure of the G-sec market in India can be regarded as cutting edge in terms of sophistication. The NDS-OM system of the Reserve Bank – an anonymous order matching platform – provides multiple functionalities, which include trading in standard and odd lot sizes and trading in the "when-issued" market. This is in sharp contrast to most jurisdictions – including advanced economies, where trading in government bonds is predominantly voice-negotiated or fragmented over multiple Electronic Trading Platforms (ETPs). The NDS-OM is perhaps unique as it (i) provides unparalleled pre- and post-trade transparency; (ii) pools all market liquidity, providing a single order book; and (iii) facilitates anonymity in trading, thus ensuring fair and non-discriminatory price discovery even for small investors.

Complementing the trading infrastructure is a delivery-versus-payment-based guaranteed settlement mechanism which eliminates settlement risks and, through multilateral netting, reduces liquidity requirements. This is one of the important features of G-sec market in India as not many jurisdictions have central clearing of G- secs let alone central clearing for all cash and repo transactions in G-secs at one place. In fact, there is growing discussion in advanced economies about the need for widespread adoption of central clearing, after recent episodes of market dislocation.

High levels of pre-trade and post-trade transparency are achieved through public dissemination of live orders and all trades being executed on NDS-OM. Trade-wise historical data are available to all. End of day publication of valuations of G-secs by an independent benchmark administrator (FBIL) improves price transparency.

Complementary Markets

G-sec markets need supporting markets in the form of funding markets and risk markets. The repo market performs the function of a funding market. Similarly, interest rate derivative markets enable management of risk. Comprehensive directions covering both OTC and exchange-traded derivatives were issued in 2019 rationalising the regulations for eligible institutions, permissible instruments, exposure limits and reporting. Futures and options have been introduced. Efforts to make the markets deep and liquid remain ongoing.

RBI and the Government Securities market

Let me now turn to the criticality of the G-sec market for effective discharge of Reserve Bank's functions. The Reserve Bank's multi-faceted role as monetary policy authority, manager of systemic liquidity, government debt manager, regulator of interest rate and foreign exchange markets, regulator of payment and settlement systems and overseer of financial stability makes the G-sec market critical for the effective discharge of these responsibilities.

With the development of the domestic financial markets and deregulation of interest rates, effective transmission of monetary policy impulses relies upon the G-sec market being deep and liquid so as to create the intended impact on interest rates by linking expectations of future short-term rates to current long-term rates.

Similarly, a well-functioning G-sec market ensures efficient discharge of the public debt management function. The public debt structure *viz.*, quantity, composition and ownership of debt also influences monetary conditions. In the wake of the pandemic, when fiscal response resulted in a sharp increase in government borrowing, the market operations conducted by Reserve Bank not only ensured non-disruptive implementation of the borrowing programme, but also facilitated the stable and orderly evolution of the yield curve. Monetary policy, G-sec market regulation and public debt management, therefore, need to be conducted in close coordination, and the primary focus of such coordination is the G-sec market.

The current arrangements of the G-sec repository residing with the Reserve Bank facilitate seamless conduct of liquidity operations and simultaneous settlement of G- sec trading. This provides confidence to investors, removes custodial risk, and minimises transaction costs. Access to real-time market intelligence arising from ownership/oversight of market infrastructure is critical for fine-tuning of timely policy responses.

The Reserve Bank's regulation of the G-sec market has also a strong synergy with its role as the banking regulator – as banks are the largest category of participants in these markets. The importance of this aspect is also highlighted in the recent G30 report which identified the balkanized regulation of US Treasury markets where banking regulations seem to have adversely impacted market-making.

The current regulatory arrangement for G-secs offers synergies in terms of a unified market for G-secs, repo in G-secs, liquidity and other monetary operations, exchange rate management, regulation for key derivative markets, public debt management and prudential regulation of banks, the largest category among market participants. The synergy between the Reserve Bank's responsibility for key macro market variables – interest rates and exchange rates, which ensures overall financial market efficiency - and its obligation to ensure stability while keeping in mind the objective of growth is well-accepted. Indeed, its effectiveness in managing stress in foreign exchange and interest rate markets is made possible by direct access and oversight of the G-sec market.

Agenda for the Future

The size of the Indian G-sec market, measured in terms of outstanding stock as a per cent of GDP, is large relative to most Asian peers. Liquidity, measured through average bid-ask spreads for Indian G-secs is among the best, as per a 2019 BIS study[1]. The G-sec market has also provided a robust backbone for the development of the corporate bond market.

Notwithstanding the robust evolution of the G-sec market in India, there is scope for further development

1 *https://www.bis.org/publ/cgfs62.pdf*

to remain in sync with the emerging requirements. First, secondary market liquidity, as measured by the turnover ratio is found to be relatively low on several occasions and tends to remain concentrated in a few securities and tenors. The yield curve accordingly displays kinks, reflecting the liquidity premium commanded by select securities/tenors. To a certain extent, this is the result of the market microstructure in India, dominated as it is by 'buy and hold' and 'long only' investors. We need to develop a yield curve that is liquid across tenors.

Second, expansion of the investor base is key to further development of the market. The RBI, together with the Government, is making efforts to enable international settlement of transactions in G-secs through International Central Securities Depositories (ICSDs). Once operationalized, this will enhance access of non-residents to the G-secs market, as will the inclusion of Indian G-secs in global bond indices, for which efforts are ongoing. To encourage direct retail participation in G-secs, RBI has announced the 'Retail Direct' scheme, a one-stop solution to facilitate investment in government securities by individual investors.

Third, liquidity in G-secs market tends to dry up during periods of rising interest rates or in times of uncertainty. While the market for 'special repo' facilitates borrowing of securities, it is worthwhile to consider other alternatives that ensure adequate supply of securities to the market across the spectrum of maturities. It may be recalled that discussions were held on the introduction of Securities Lending and Borrowing Mechanism (SLBM) with a view to augment secondary market liquidity, by incentivizing 'buy and hold' type of investors (e.g., insurance companies, pension funds) to make available their securities to other market participants. Useful feedback was received on the subject from the FIMMDA and the PDAI. I would urge that these discussions be carried forward with a view to evolving market-based mechanisms that enable the lending and borrowing of securities as part of overall market development.

Fourth, the interest rate derivatives (IRD) market has developed over the years with the availability of a wide range of products. The only major liquid product, however, continues to be the Mumbai Interbank Offer Rate (MIBOR) based Overnight Indexed Swaps (OIS) market. Participation in the IRD markets is also largely limited to foreign banks, private sector banks and primary dealers. I am happy to note that based on RBI Directions, FIMMDA formulated the operational guidelines for trade-in swaptions in consultation with market participants and trading in swaptions have commenced. It is also an opportune time to consider new instruments to facilitate hedging of long-term interest rate and reinvestment risk by market participants such as insurance companies, provident and pension funds and corporates. On its part, the Reserve Bank will endeavour to ensure adequate liquidity in the G-sec market as an integral element of its effort to maintain comfortable liquidity conditions in the system. In my monetary policy statement of August 6, 2021, I had set out a roadmap for the gradual restoration of the variable rate reverse repo (VRRR) auction as the main operation under the revised liquidity management framework announced on February 6, 2020. In order to facilitate this process as markets settle down to regular timings and functioning and liquidity operations normalise, the Reserve Bank will also conduct fine-tuning operations from time to time as needed to manage unanticipated and one-off liquidity flows so that liquid conditions in the system evolve in a balanced and evenly distributed manner.

Conclusion

Government securities are a distinct asset class. It is important to appreciate the role the G-sec market plays in the overall macro interest rate environment of the economy. Over the years, the market for G-secs and the associated market infrastructure have reached a stage where it could be considered as one among the best in the world. These developments have taken place in tandem with efforts to develop and liberalise other key financial markets such as the markets for interest rate derivatives and foreign exchange markets, together with efforts to build linkages across different markets and market infrastructure. We have come a long way in developing the financial markets in the country, but this is a continuous journey and together we can make it even more robust and vibrant.

Thank you.

*Building a More Resilient Financial System in India through Governance Improvements**

Mahesh Kumar Jain

Ladies and Gentlemen. Warm Greetings. At the outset, let me thank India International Centre for hosting this very important session on building a resilient financial system, when the resilience of the society itself is being tested by the Covid-19 pandemic. At a broader level, resilience is defined as the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions[1]. I am confident that, we, as a country, will resist, absorb, accommodate to, and recover from the effects of Covid-19 very soon.

Meaning of Resilience of Financial System

In the context of financial system, a resilient financial system is one which is able to absorb the impact of endogenous shocks it is exposed to, rebound quickly to the original condition or adapt to new environment, and continue to perform its role of providing financial services. This definition of resilient financial system is different from a stable financial system. A stable financial system is one which is able to absorb shocks, whereas a resilient financial system will be able to adapt and reconfigure itself in response to a shock, in addition to absorbing it[2]. To put it simply,

> *"..a robust system will be one designed to withstand a once in 100-year event for example, an approach used in risk management. In contrast resilience makes no assumptions about the magnitude of possible shocks, but rather looks to build systems that can deal with the entire range of shocks….."*[3]

As such, our efforts should be focussed on building a financial system which is not just stable, but also resilient, as the type, source, magnitude and frequency of shocks are turning out to be highly unpredictable and non-measurable to a significant degree. Accordingly, focus of regulation and supervision of financial system should be to make sure that financial system as well as individual financial institutions are not just able to absorb the shocks, but are able to adapt to the changed circumstances.

Now, I would like to discuss some of the critical behavioural/cultural issues which, if handled appropriately, have the potential to tremendously improve the resilience.

Moral Hazard and Resilience

Moral hazard, rather absence of moral hazard, plays a substantial role in building a resilient financial system. Why would a bank invest in building a robust risk management system if it is aware that when push comes to shove, taxpayers' money would be used to rescue them? Shareholders of a bank will have incentive to seek better governance and risk management capabilities from the management of the bank only if their investments are at risk. Privatisation of profits and socialisation of losses is antithetical for building a resilient financial system. Similarly, employees of a bank should also have skin in the game.

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* Speech delivered by Shri Mahesh Kumar Jain, Deputy Governor, Reserve Bank of India on June 18, 2021 at the India International Centre, New Delhi.

1 UNISDR Terminology on Disaster Risk Reduction, United Nation International Strategy for Disaster Reduction, Geneva, Switzerland (2009).

2 Marc Welsh, Resilience and Responsibility: Governing Uncertainty in a Complex World, 180 GEOGRAPHICAL J. 15, 20 (2014).

3 Mary Dowell-Jones & Ross Buckley, Reconceiving Resilience: A New Guiding Principle for Financial Regulation?, 37 Nw. J. Int'l L. & Bus. 1 (2017). *http://scholarlycommons.law.northwestern.edu/njilb/vol37/iss1/1*

Resilience is a Collective Effort

Building a resilient financial system is a collective effort and cannot be left to regulators alone. While the regulators contribute majorly by framing appropriate regulations, a tick box approach to risk management by the banks would mean that the market's wisdom is replaced with regulator's wisdom. Regulations provide for minimum requirements to be met by all regulated entities. Hence, a resilient financial system requires contribution from all stakeholders and market discipline (*i.e.*, disciplining by depositors, disciplining by borrowers and disciplining by investors) is a necessary condition to achieve a resilient financial system.

Lemon Problem – Information Asymmetry

Another important feature of building resilience in the financial system and improving the credit flow is reducing the incidence of 'lemon problem', which would require improvement in governance at the borrower level also. If the lender cannot distinguish between the borrowers of good quality and bad quality (the lemons), he will only make the loan at an interest rate that reflects the average quality of the good and bad borrowers. The result is that high-quality borrowers will be paying a higher interest rate than they should because low-quality borrowers pay a lower interest rate than they should. One result of this lemons problem is that some high-quality borrowers may drop out of the market, with what would have been profitable investment projects not being undertaken[4]. The 'lemon problem' also impedes banks' ability to anticipate risk build-up in their portfolios. Borrowers are probably the first ones to see early signs of difficulties in their respective segment. When they do not pass on the information to their lenders fearing that the lender may refuse new loans or tighten the conditions of existing loans, lenders ability to identify risks early is severely hampered.

Tools to Ensure Resilience

Having explained the concept of resilience, let me delve into the tools required to achieve resilience in the financial system. The 3As model of resilience, though originally conceptualised in the context of climate change and disaster management, provides a useful template. The 3As of resilience are: Anticipatory Capacity, Absorptive Capacity and Adaptive Capacity[5]. Anticipatory Capacity could be thought of as the ability of the financial system and its constituents to identify and measure emerging risks as early as possible and mitigate the risks by taking corrective actions. Absorptive Capacity is the ability to withstand the losses which may arise due to shocks and cannot be mitigated or avoided. Adaptive Capacity helps in adjusting to the new realities, be it changed regulatory/economic conditions or a new competitive landscape.

Dimensions of Resilience

Resilience of the financial system can be tested from many dimensions, *viz.*, financial risks, operational and technological risks, competitive risks, climate risks *etc.*, and the financial system is required to anticipate, absorb and adapt to the same.

Financial Resilience

The ability of banks to anticipate and absorb financial losses during a crisis after crisis remain solvent and retain their ability to lend is a measure of financial resilience. The Reserve Bank strives to ensure financial resilience of the institutions that are regulated by it by prescribing a set of micro-prudential regulations, *viz.*, minimum capital requirements, provisioning norms for bad debts, liquidity norms, *etc.* Additionally, the Reserve Bank also resorts to macro-prudential measures when there is a system

[4] Frederic S. Mishkin, Asymmetric Information and Financial Crises: A Historical Perspective, Financial Markets and Financial Crises (1991); *https://www.nber.org/system/files/chapters/c11483/c11483.pdf*

[5] Bahadur, Aditya V., Peters, Katie, Wilkinson, Emily, Pichon, Florence and Gray, Kirsty; The 3As: Tracking Resilience Across BRACED. London: Overseas Development Institute (2015).

level risk build-up, which may not be fully captured by the micro-prudential regulations aimed at resilience of individual institutions.

While the prudential norms are aimed at improving the absorptive capacity of the individual institutions as well as the financial system as a whole, the anticipatory capacity of the banks requires to be strengthened by improving the risk governance in banks. The risk management function of financial institutions requires strengthening to be able to identify risks early and measure them with reasonable accuracy. It is important that the risk assessment process should include ongoing analysis of existing risks as well as the identification of new or emerging risks, as risks faced by financial system changing[6]. Banks, which are able to anticipate risk ahead of others, will also be able to raise capital ahead of others when the cost of raising such capital is low. Further, banks with superior risk identification capacity may be able to better recalibrate their capital requirements and put capital to use in a more efficient manner.

In addition to identifying current and emerging risks, financial entities should also perform stress tests to quantify their risk under various severe but plausible scenarios. The stress test should feed into their decision-making process in terms of potential actions like risk mitigation techniques, contingency plans, capital and liquidity management in stressed conditions, *etc.*

While the anticipatory and absorptive capacity of individual financial institutions enhance their resilience, at the system level, the Reserve Bank has also enhanced its own anticipatory capacity by improving its supervisory process.

Operational and Technological Resilience

The Covid-19 spread and the public health responses to the pandemic, including the social distancing and lock-down measures, tested the operational and technological resilience of the financial system like never before. However, it's a matter of great satisfaction that both the Reserve Bank and the financial institutions demonstrated tremendous operational resilience and ensured uninterrupted availability of financial services to the general public by putting in business continuity plans. The Reserve Bank ensured that payment systems were functioning normally and also monitored the availability of digital banking channels on daily basis.

Another equally important development, though not as sudden as the pandemic, that of growing reliance of financial institutions on technology. Resilience is now regarded as important as financial resilience, if not more important.

Even prior to the pandemic, the Reserve Bank has been focussing on ensuring cyber resilience of financial institutions. The Reserve Bank determines the cyber risk score for each bank using various key cyber risk indicators. The Reserve Bank has issued various instructions, *viz.*, cyber security frameworks, cyber security controls for third party ATM switch providers, Reserve Bank of India (Digital Payment Security Controls) Directions 2021, aimed at improving cyber resilience of the system. In order to enhance the ability of top management of banks to appreciate the issues surrounding cyber resilience, certification / awareness program on cyber security was mandated for Board functionaries, Senior Management and of banks.

Competitive Resilience

Even as banks' reliance on technology has grown by leaps and bounds, technology is also revolutionising the competitive landscape in financial system. Entry of BigTech firms and innovative Fintech players into the traditional domain of banks has already revolutionised the way financial transactions are carried out. Unbundling of banking services is a reality

[6] Basel Committee on Banking Supervision, Corporate governance principles for banks (July 2015).

and will change the way banks operate. This will test the adaptive capacity of banks and other traditional financial firms. Unless traditional firms adapt to new ways of doing business, they may be marginalised very soon.

However, even while individual entities adapt to the new competitive landscape, at the system level it is imperative to ensure that heterogeneity is preserved. A homogenous financial system will be less resilient and prone to systemic crisis if the underlying economic conditions change. Hence, it is important that the financial system consists of entities which follow different business models even while adapting to the newer ways of doing business.

Climate Resilience

Climate is fast emerging as a key risk driver for financial system. While insurance companies directly face the climate risk, banks are also required to take into account the climate risk more seriously. Climate risks can impact the financial sector through two broad channels, *viz.*, physical risks (arising from specific weather events and long- term climate change) and transition risks (emanating from the efforts taken to address the climate change). The fallout could include deterioration of asset quality of borrowers in affected geographical zones; the impact on business models due to governmental/societal response to climate change; and long-term liquidity effects[7].

Increased frequency of natural disasters and climate extremes have a direct impact on the operational resilience of banks, especially in the context of increased reliance on centralised technology platforms and data centres. There is a constant need to assess the climate risk and mitigate the same. In addition to mitigating operational risks arising out of climate extremes, there is a need for the financial system to move towards green financing, even while keeping in mind the developmental requirement of the country.

Resilience and Governance

In my view, what lies at the core of these three capacities (anticipatory capacity, absorptive capacity and adaptive capacity), which enhance the resilience of an entity, is a good governance framework. More often than not, excessive risk exposures, credit losses, liquidity problems and capital shortfalls stem from weaknesses in corporate governance, compensation policies and internal control systems[8]. While high-quality governance acts as a credible defense against risks, past experience suggests that weakness in corporate governance can cause failure of a financial system and may lead to financial instability. Several enquiries and studies have concluded that one of the significant reasons behind the Global Financial Crisis of 2007-09 was that of weaknesses in corporate governance at financial institutions. The world also witnessed failure of governance structures, which necessitated the overhaul of interest rate benchmark setting process. Given that the sources of future vulnerabilities are hard to predict, banks need to have robust frameworks of risk governance and management to identify and understand emerging risks and their potential impact on the firm. This remains one of the most important factors for bank resilience, given the ongoing changes in business lines, market practice, and financial technology that may test banks' governance and risk management[9].

Further, corporate governance is increasingly a major factor in the investment decision-making process. Poor corporate governance is often cited as one of the main reasons why investors are reluctant,

[7] Reserve Bank of India, Annual Report 2019-20, August 2020.

[8] Basel Committee on Banking Supervision, Guidelines for identifying and dealing with weak banks, July 2015.

[9] CGFS Papers No 60, Structural changes in banking after the crisis, 2018.

or unwilling, to invest in companies in certain markets. It can also explain why, in some economies, the shares of many companies trade at a significant discount to their true value. Even better governed companies are "tarred with the same brush" almost a case of guilt by association[10]. As such, banks' ability to raise capital, which is important to improve their absorptive capacity, is also a function of strength of its corporate governance practices.

Good corporate governance in financial intermediaries is also an important determinant of efficiency in allocation of resources and protection of stakeholders' interest (depositors, other customers, shareholders, *etc.*).

Governance quality depends substantially on two elements - governance structures and culture. While it is possible for the Government or The Reserve Bank to enact laws/regulations to prescribe governance structures within a bank, appropriate culture is something that cannot be legislated. Banks and the Boards have to develop the desired culture within the organisations. A sound risk culture bolsters effective risk management, promotes sound risk-taking, and ensures that emerging risks or risk-taking activities are recognised, assessed, escalated and addressed in a timely manner[11]. While culture influences the decision making within an organisation, it is hard to assess. Nevertheless, a structured framework should be put in place to assess the risk culture within banks and incorporate the assessment into the supervisory rating of the banks. The focus is on the bank's norms, attitudes and behaviours related to risk awareness, risk-staking and risk management[12].

Another important element of governance framework, which has significant effect on resilience of financial institutions, is the compensation policies. A compensation structure, which rewards short term risk-taking, without consideration for long term risk or negative externalities, may endanger the resilience of the individual institutions as well as the systemic resilience.

At the same time, inadequate compensation also has the effect of not sufficiently incentivising the top/senior management of financial institutions in developing the capacity of the financial institution to anticipate, absorb and adapt to various shocks faced by the financial institutions.

To conclude, it may not be an overstatement to say that financial systems in India and other jurisdictions are witnessing rapid shifts in the operating environment, characterised by changing competitive landscape, automation and increasing regulatory/supervisory expectations. The source, nature, frequency and magnitude of risks are also continuously changing. The Reserve Bank has put in place various regulations to improve the governance in banks and make them more resilient. In addition, banks have also made improvements in their risk management capacities. Yet, the changing operating and risk environment requires banks to be vigilant, strong and agile so as to identify risks early, absorb the shocks and be able to adapt to the newer ground realities. I am hopeful that banks and other financial institutions in India will rise to the challenge, continue to demonstrate their resilience and be able to contribute to a 5 trillion economy and beyond.

[10] Nick Bradley, Corporate Governance: A Risk Worth Measuring?, Selected Issues in Corporate Governance: Regional and Country Experiences, UNCTAD, 2003

[11] Financial Stability Board (April 2014), Guidance on Supervisory Interaction with Financial Institutions on Risk Culture

[12] ibid

ARTICLES

*State of the Economy**

Prospects are brightening for the economy achieving escape velocity from the pandemic as the second wave wanes and preparedness for future remains on war-alert status. Aggregate demand is gaining firmer ground, while on the supply side, IIP and core industries mirror improvement in industrial activity and services sector indicators point towards sustained recovery. The trajectory of inflation is shifting down more favourably than anticipated. As pandemic scars heal and supply conditions are restored with productivity gains, a sustained easing of core inflation can be expected, which will reinforce the growth-supportive stance of monetary policy.

Introduction

In the August issue of the SOE, we serenaded the onset of the month of *Sravana*, sensing a turn in the wind in the course of the Indian economy. It evoked a range of emotions, ranging from amusement to opprobrium. In the event, what a month August has turned out to be! New infections and fatalities fell appreciably, and vaccination picked up to touch a record daily level of 1.33 crore by the end of the month. *Kharif* sowing surpassed the normal sown area by end-August, followed by the revival of precipitation in September. Chances are that even the record sowing coverage of 2020-21 will be exceeded this year. Front run by the output of core industries, industrial production closed in on pre-pandemic levels – the July 2021 index just 0.3 per cent below its level in July 2019 – with mining and electricity generation having already exceeded their levels in July 2019. This is setting the stage for a rebound in industrial activity over the rest of the year, even as purchasing managers' indices (PMI) reported cost pressures easing up a bit in August for the first time this year. The silver lining came in the form of the services PMI, which surged to a 18-month high on new orders placed with service providers, stemming from greater consumer footfalls, reopening of several firms and aggressive advertising.

Exports are emerging as the gamechanger and potentially the pivot of a higher growth trajectory for the economy. A dynamic export sector enables an economy to grow faster than the pace that is possible with the size of the domestic market. Beyond a vent for surpluses, exports are an expression of international competitiveness, technological maturity and productivity. Merchandise exports remained above US$ 30 billion for the sixth consecutive month. The pace of export growth has actually sustained and accelerated in the pandemic, emboldening the setting of an ambitious target of US$ 400 billion for 2021-22 and US$ 1 trillion by 2027-28. The export performance during the year so far is powered by double digit volume growth and market diversification. The Production Linked Incentive (PLI) scheme is attracting international attention as it works towards making Indian manufacturing globally competitive, creating economies of scale and integrating India into the global value chain. Districts as export hubs, scaling up micro, small and medium enterprise (MSME) exports from a share of 48 per cent of total exports to 60 per cent and exports of geographical indication (GI) products will impart competitive edge and product/market diversification. Agriculture exports have remained robust during the post-COVID-19 period. The new products with GI tags, having high nutritional and medicinal properties, have brought exclusivity in India's agricultural export basket, which would benefit more in the long run.

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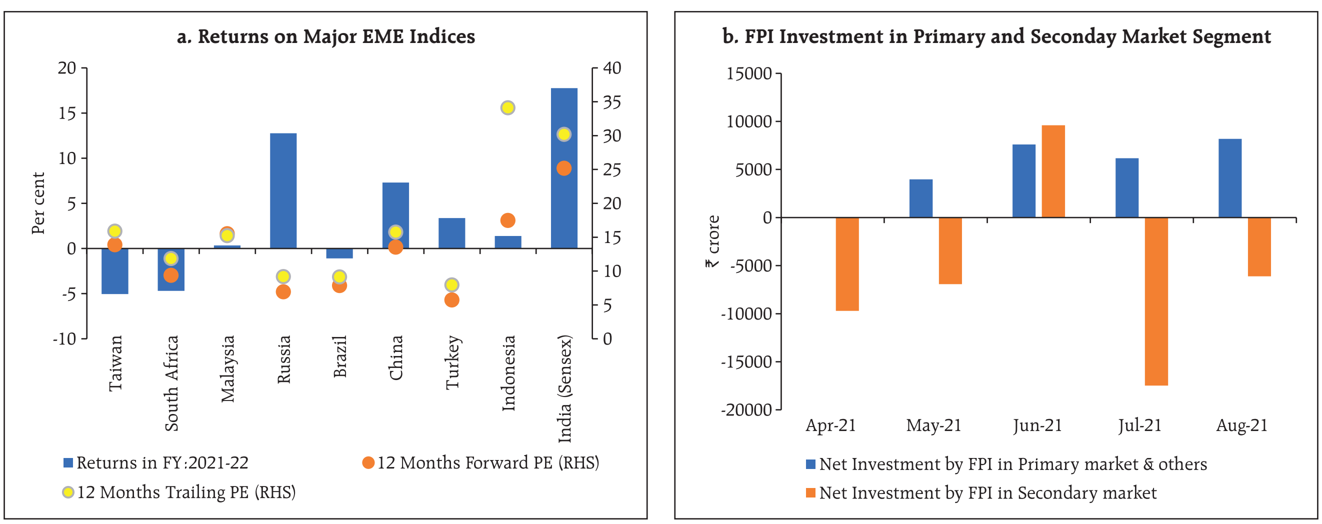
India's services exports remained strong in April-July 2021, rising by 15 per cent year-on-year (y-o-y) on the back of software exports. Major information technology (IT) companies recorded a revenue growth of over 20 per cent in Q1:2021-22 (y-o-y) in US dollar terms, led by the demand for cloud platform services, cyber security, analytics and insights and enterprise application services. The demand for IT services stemmed from verticals such as life sciences and healthcare, retail and consumer packaged goods, banking, financial services and insurance (BFSI) and manufacturing. Going forward, global IT spending (both software and hardware) is projected to increase by 8.6 per cent in 2021. In anticipation of growing demand, domestic IT companies are increasingly focusing on enhancing the domestic cloud talent pool.

In the financial markets, Indian equities have outperformed all emerging economy peers in 2021-22 so far, delivering the highest returns. By September 13, the BSE Sensex was more than 20 per cent higher on a year to date basis, on track for the best annual gain in four years. Valuations are stretched but supported by expectations of strong earnings growth (Chart 1). A record 29 companies[1] filed draft prospectuses for public listings, riding on the rally in equity markets. This was the highest tally in a single month in the past 17 years. At least 25 more companies[2] are expected to come out with initial public offerings (IPOs) in the remaining months of the year, and the fact that most companies that listed in 2020 and 2021 are trading above their offer prices is fuelling the IPO rush.

Typically, such rallies are driven by foreign portfolio investors (FPIs) and they are buying hand over fist, as discussed subsequently, but this time, the exuberance is a domestic investor story. Equity mutual funds attracted net inflows for the sixth consecutive month in August (Chart 2a). The number of systematic investment plan (SIPs) accounts registered in August alone was the highest-ever (Chart 2b). The phenomenon of the retail investor is also evident from the ballooning of the number of Demat accounts.

Chart 1: EME Stock Market Returns and FPI Investments

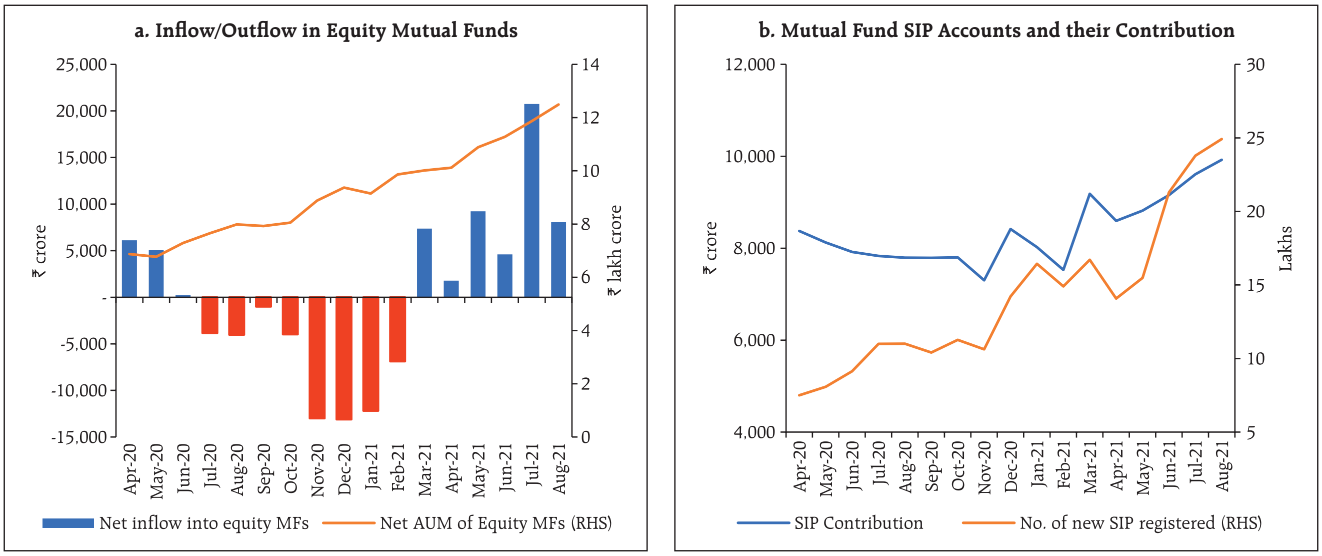


Note: Primary Market and Others data pertain to preferential allotment, purchase through rights issue, conversion of debentures into equity shares, receipt of bonus shares, redemption of debenture /units of mutual funds, repurchase of units by mutual fund and others.
Sources: Bloomberg; and NSDL.

[1] *https://www.livemint.com/market/stock-market-news/august-sees-highest-ipo-filings-in-17-years-11630519874172.html*

[2] *https://www.moneycontrol.com/news/business/ipo/india-ipos-poised-for-record-in-2021-after-38-firms-raised-rs-71800-crore-7357721.html*

Chart 2: Investments in Equity Mutual Funds

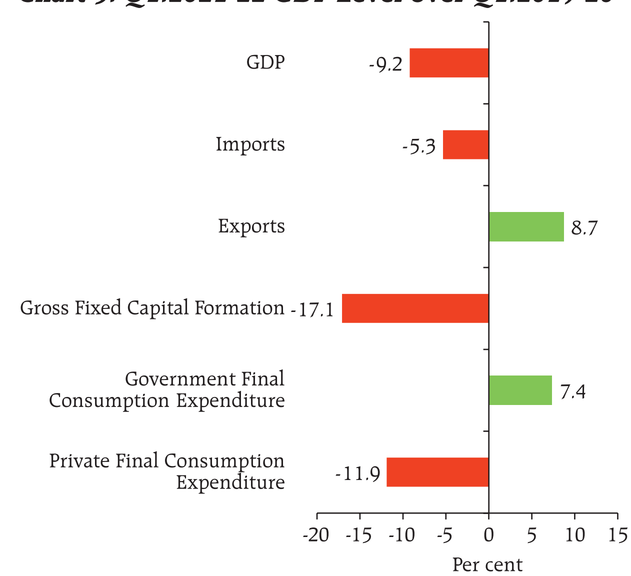


Source: Association of Mutual Funds in India (AMFI).

From net sellers in the market in the previous month, FPIs turned net buyers in August in both equity and debt markets. As a result, total FPI inflows crossed an intra-year peak in 2021-22 so far. India has become the third largest recipient of portfolio equity flows, after China and Brazil, in the calendar year 2021. FPI interest in the debt segment has gained traction in recent months in response to rising yield differentials and strengthening macro-fundamentals.

At the end of the month, the Q1 GDP data arrived. In April-June 2021, real GDP recorded its highest ever quarterly growth of 20.1 per cent, just a shade below the Reserve Bank's projection of 21.4 per cent and our nowcast of 22.1 per cent presented in the June edition of this article. In fact, if government final consumption expenditure is excluded, real GDP growth would have clocked 25.0 per cent. While attention has largely been drawn to base effects and the shortfall relative to pre-pandemic levels, the terrible experience with the second wave of the pandemic – when this GDP was being produced – should not be forgotten (Chart 3). The innate resilience of the Indian economy during the second wave stands out – the loss of output in Q1:2021-22 was 40 per cent of what was suffered during Q1:2020-21 when measured from the level of GDP recorded in Q1:2019-20 (pre-pandemic), owing no less to better adaptability of businesses and consumers and a surge in online deliveries and digital payments, as to the localised nature of restrictions.

Chart 3: Q1:2021-22 GDP Level over Q1:2019-20



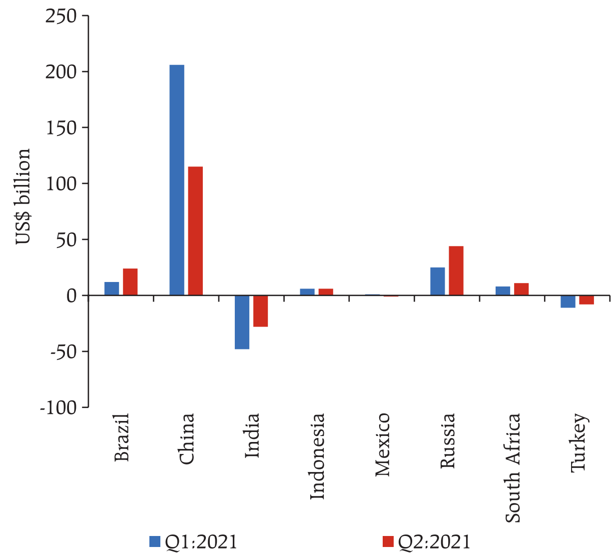
Source: National Statistical Office (NSO).

Exports outstripped pre-pandemic levels and imports are poised to catch up, but private consumption and fixed investment are still work in progress. On the supply side, agriculture and allied activities continued to exhibit robust pandemic-proofing and industrial output reached 97 per cent of its pre-pandemic level. Financial, real estate and professional services, constituting the largest share in the services sector, are near catch-up but contact-intensive trade, hotels, transport and construction remained sluggish. The plateauing of infections and faster pace of vaccination is likely to hasten the convergence to pre-pandemic levels in various sectors. Authors' economic activity index (Kumar, 2021) nowcasts real GDP growth for Q2:2021-22 at 7.7 per cent, *albeit*, with support from the low base of last year.

Incoming data suggest that the global recovery has peaked, reflecting, in part, the wide divergences in the paths of advanced and emerging economies through the pandemic. With GDP data now available for the second quarter of 2021 across countries, the focus is shifting to the even wider divergences rending the emerging world asunder, which is most visible in recent monetary policy actions. Why have some emerging economies chosen to attack what they deem transitory inflation by tightening monetary policy even pre-emptively, while others like India have preferred to persist with accommodation and wait for their own cue to commence normalisation?

The proximate answer lies in differing underlying macroeconomic configurations. Countries that have tightened monetary policy are also growing rapidly. Several of them are commodity and services exporters. The boom in commodity prices and revenge tourism has translated into favourable terms of trade, growing incomes and the rapid escalation of inflationary pressures. A few emerging market economies (EMEs)

Chart 4: Net Merchandise Exports



Source: OECD.

are also beneficiaries of spillovers and trade advantages from better growth prospects in the US. Some of the most aggressive rate hikers of 2021 registered a near doubling of net exports in Q2 over Q1 (Chart 4). A few of these EMEs recovered to their pre-pandemic level of output by Q2:2021.

Commodity importers and/or those with relatively low proportions of their populations having been vaccinated are forced to tolerate above target inflation. These countries have resolutely maintained a pause as a hasty tightening in response to inflation largely brought on by supply-side disruptions and other pandemic-induced factors could stump growth prospects in a scenario where aggregate demand remains on a weak wicket.

There are a few EMEs – dominant global suppliers – which enjoy low inflation with economic expansion, in spite of the waves of the pandemic. With growth stalling in recent months, they have initiated monetary accommodation through cuts in reserve requirement

Table 1: Economic Indicators for Select EMEs

Country	Inflation Target (Per cent)	Inflation (Per cent)		GDP Growth (Y-o-y growth, per cent)			YTD Change in Policy Rate (Basis points)	YTD Change in Exchange Rate (Per cent)	YTD Change in Stock Market Index (Per cent)
		Average H1:2021	Average H2:2021 so far	Q2:2020	Q1:2021	Q2:2021			
	Monetary Tightening; Terms of Trade Gainers								
Brazil	3.75 ± 1.5	6.5	9.3	-10.9	1.0	12.4	325	-1.0	-4.0
Chile	3.0 ± 1.0	3.3	4.7	-14.3	0.5	18.1	100	-9.9	6.9
Hungary	3.0 ± 1.0	4.2	4.8	-13.3	-2.1	17.9	90	0.2	25.5
Mexico	3.0 ± 1.0	5.0	5.7	-18.7	-3.6	19.6	25	0.1	16.9
Russia	4.0	5.8	6.6	-7.8	-0.7	10.5	250	1.2	21.7
South Africa*	3.0 - 6.0	4.0	4.6	-16.9	-2.6	19.3	0	3.4	8.2
Turkey	5.0 ± 2.0	16.3	19.1	-10.4	7.2	21.7	200	-12.2	-2.6
	Monetary Pause								
India	4.0 ± 2.0	5.2	5.4	-24.4	1.6	20.1	0	-0.9	22.1
Malaysia		2.4	2.2	-17.2	-0.5	16.1	0	-2.8	-3.1
Philippines	3.0 ± 1.0	4.4	4.5	-17.0	-3.9	11.8	0	-3.9	-2.4
Saudi Arabia		5.5	0.4	-7.0	-3.0	1.8	0	0.0	31.4
	Monetary Easing; Subdued Growth								
Indonesia	3.0 ± 1.0	1.5	1.6	-5.3	-0.7	7.1	-25	-2.4	1.9
Thailand**	1.0 - 3.0	0.9	0.2	-12.1	-2.6	7.5	0	-8.5	8.2
	Monetary Easing; Economic Expansion and Low Inflation								
China***		0.5	0.9	3.2	18.3	7.9	0	1.3	6.6

*: Not hiked rates yet, forward guidance of rate hike in Q4:2021.
**: Not cut rates, last MPC meet one-third votes were for rate cut.
***: Not cut rates, non-rate actions to promote liquidity and lending.
Note: Year-to-date (YTD) changes are up to September 10.
Sources: Bloomberg; and centralbanking.com.

ratios or targeted lending even in the face of increase in producer prices inflation.

A smaller set of EMEs is experiencing low inflation, but growth is way below desirable rates (Table 1). These are the countries that are trying to rev up monetary stimulus, by either indicating a cut in rates going forward or extending asset purchase programmes. The proportion of their immunised population compares unfavourably with the countries that are growing strongly or have better growth prospects.

We have looked at a group of EMEs. This selection comprises the biggest EMEs, including BRICS and a few others from within the G20 group as also a few other prominent ones from outside the group. This selection includes both inflation targeting (IT) countries and non-IT countries. Also includes countries that have exchange rate pegged to the dollar. There is at least one country from each of the continents.

Growth rate – the current pace or the prognosis for subsequent quarters – is the main criterion for the compartmentalisation. Countries that have relatively higher growth are further bifurcated based on inflation outcomes. It is observed that amongst the 'growth leaders', IT countries have high inflation and the non-IT countries such as China have low consumer price inflation. Almost all IT growth leaders have tightened monetary policy or given indication of the same. These are the first group of countries in Table 1. These countries have a common characteristic of terms of trade gains accruing from commodity prices boom and also tourism revenues in a few cases. On the other hand, the non-IT growth leaders are initiating measures to support the flagging recovery.

Low growth countries are those where the rebound in Q2:2021 is not as strong as the decline in Q2:2020. This includes IT countries such as India and Philippines and non-IT countries such as Malaysia and Saudi Arabia. The latter two are also commodity exporters, but do not match up on the growth statistic with their peers. Inflation is a concern in two of them. Amongst low growth countries, there are two where central banks have undertaken further support measures.

Clearly, one factor that is causing macroeconomic performance differentials is the vaccine reach (Table 2). India is difficult to compartmentalise into any of these categories. The sporadic episodes of high inflation since the outbreak of the pandemic have coincided mostly with lockdowns or waves of infections. As the lockdown eases or the waves wane, headline inflation begins to shed the impact of the supply disruptions. India is a rare EME that broke out of contraction in Q4:2020, further edged up in the positive territory in Q1:2021 and posted a growth of 20 per cent *plus* in Q2:2021 in spite of a second wave. Yet, aggregate demand remains weak and below pre-pandemic levels, despite a record-setting number of doses being administered in recent days. Not surprisingly in the July Update of the World Economic Outlook, the International Monetary Fund (IMF) revised upwards the growth projections for most EMEs, while India's was marked down. India has chosen not to join the EME bandwagon of rate-hikers that is gathering numbers and instead, to maintain an accommodative stance as long as necessary to revive and sustain growth, with the limited space provided by inflation remaining within the tolerance band, despite being elevated, and not outside it. It is a judgment call; it is all about giving growth a chance to reclaim a place in the sun while pursuing a graduated reduction in inflation from the pandemic high, spreading out output losses over the disinflation horizon.

Table 2: COVID-19 Vaccination Status (as on September 12, 2021)

Country	Percentage of population fully vaccinated
Brazil	34.6
Chile	72.8
China	69.3
India*	12.8
Indonesia	15.6
Malaysia	52.3
Mexico	30.4
Philippines	15.0
Russia	27.0
Saudi Arabia	49.4
South Africa	12.2
Thailand	16.7
Turkey	48.5

Source: Bloomberg.

*: The percentage of adult population vaccinated as on September 14, 2021 is 19 per cent.

The rest of this article is structured into four sections. Section II encapsulates recent global economic dynamics. Section III explores the domestic economy. Section IV evaluates unfolding financial conditions, and the last Section sets out some concluding remarks.

II. Global Setting

The shape of the global economic recovery is being chiselled by divergences across sectors and economies under the impact of the pandemic and the differentials in the pace of vaccination across geographies. The reopening of economies is facing headwinds from the delta variant, more pronouncedly since August. Downside risks to the global recovery have accordingly become accentuated.

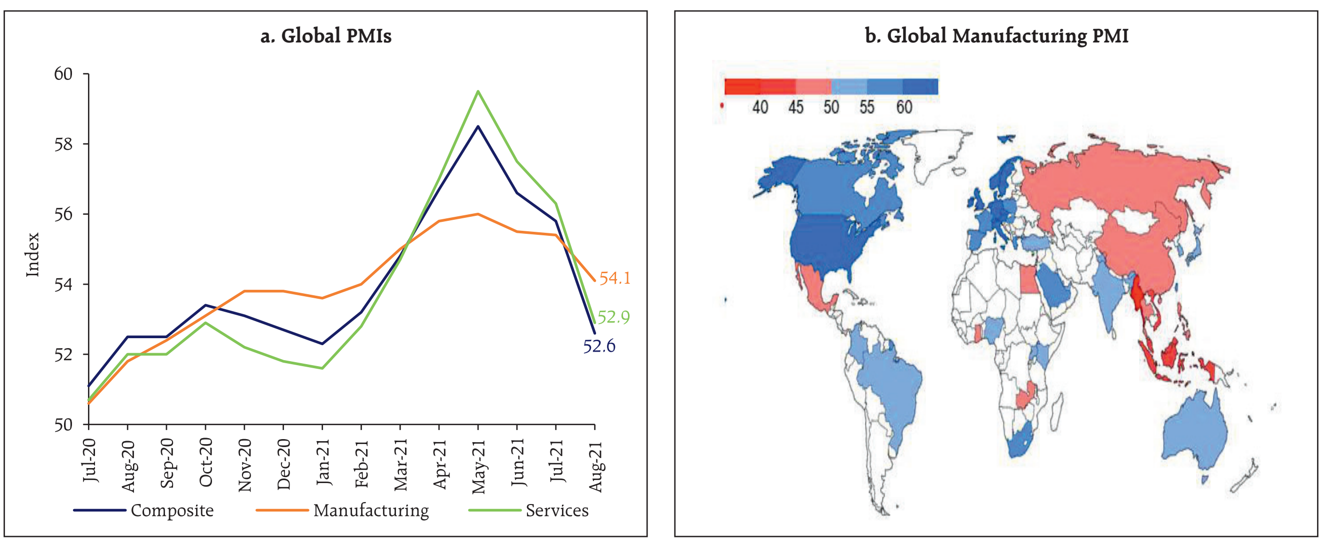
According to the provisional estimates of the Organisation for Economic Co-operation and Development (OECD) released on August 30, economic activity in the OECD area – which accounts for 50 per cent of world GDP in purchasing power parity terms – trails below pre-pandemic levels, despite a pick-up in growth to 1.6 per cent in Q2:2021 from 0.6 per cent a quarter ago.

The global composite purchasing managers' index (PMI) slid to a seven-month low in August as economic activity decelerated in the US and the Euro area and floundered in the Asian region (Chart 5). Within manufacturing, deceleration was observed across consumer, intermediate and investment goods sub-groups. In the tertiary sector, financial services was the only sub-group that registered an acceleration in growth.

Trade in goods remains strong despite the tightening constraints of supply and logistics bottlenecks, shortages of containers and personnel in international shipping, elevated freight rates and choked supplies of chips and semiconductors. These factors are, however, exerting pressure on the prices of traded goods.

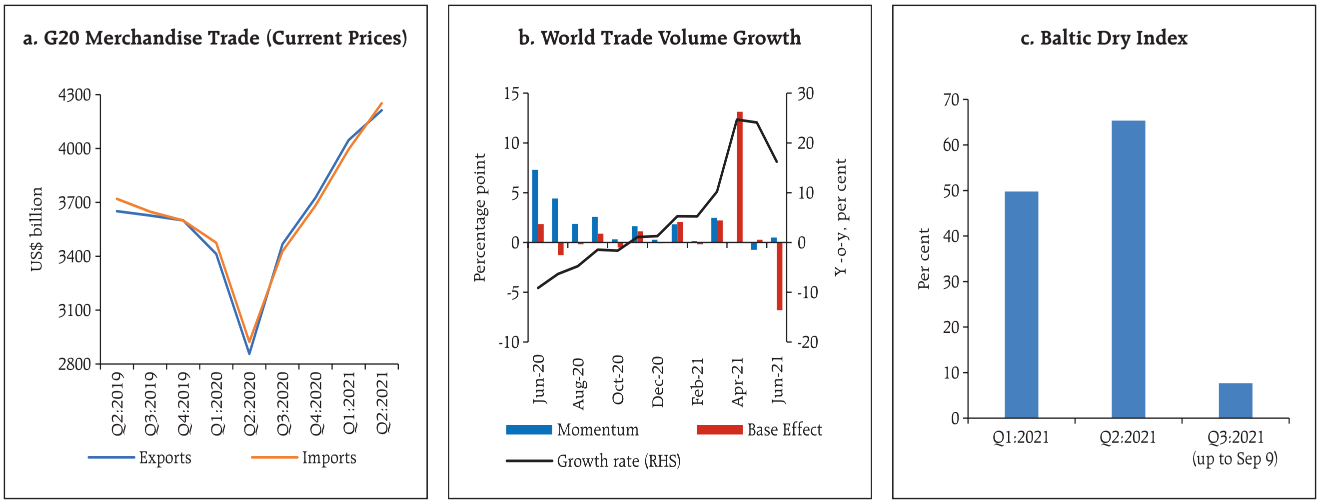
The US economy added 2,35,000 jobs in August, about 40 per cent of the average monthly job growth in 2021 so far and a sharp markdown from the 1.1 million jobs created in July. The weak jobs data reflects the impact of the rampaging delta variant on hiring plans, throwing up nation-wide labour shortages. Although the unemployment rate eased to 5.2 per cent – its best reading since March 2020 – it understates the amount of labour slack as the recovery in labour force participation is lagging well behind.

Chart 5: Global PMI



Note: Reading above 50 indicates expansion and *vice versa*.
Sources: IHS Markit; and Bloomberg.

Chart 6: World Trade and Shipping Costs



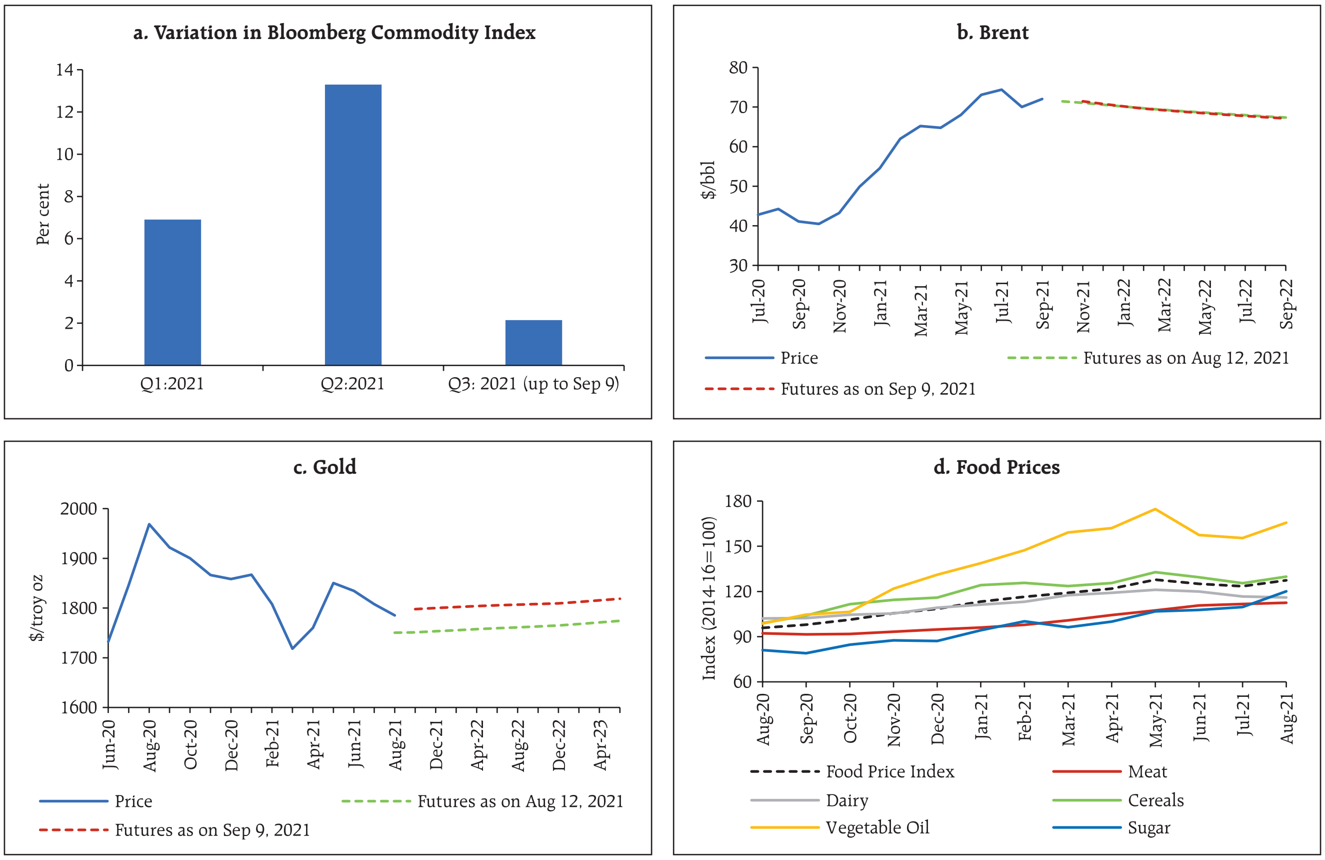
Sources: OECD; CPB Netherlands; and Bloomberg.

In August, the Goods Trade Barometer compiled by the World Trade Organization (WTO) hit its highest level in the last five years. According to the OECD, in Q2:2021, international merchandise trade (in nominal terms) in the G20 region surpassed the record scaled in the previous quarter (Chart 6a). On a monthly basis, merchandise trade grew y-o-y in double digits despite an unfavourable base (Chart 6b). Shipping charges continue to mount, with new supply disruptions in major hubs in Asia (Chart 6c). The PMIs show that the suppliers' delivery time sub-index dipped further into the negative zone for eight important Asian economies in August while the average vendor lead time increased, leading to a decline in output. In this regard, the unabated spread of infections in Vietnam – which acted as a global trade powerhouse during the most severe phase of the pandemic in 2020 and emerged as a potential pivot in global value chains – is throttling the functioning of global supply chains.

Delta variant concerns led to a cooling of the commodities market in August. Towards the last week of August and into early September, however, as new infections in China slid down, the commodity markets began bouncing back. The Bloomberg commodity index inched up to near the peak touched in July (Chart 7a). Crude oil prices eased by 5.9 per cent in August, the first monthly decline since April and the steepest since September 2020 as the global scale of COVID-19 outbreaks escalated concerns about the strength of the demand in the near-term (Chart 7b). Concomitantly, gold saw renewed interest both as an inflation hedge and as safe haven, leading to prices rising to US$ 1,828 per troy ounce by early September (Chart 7c). After two consecutive months of moderation, food prices rose in August, led by sugar, vegetable oils and cereals (Chart 7d).

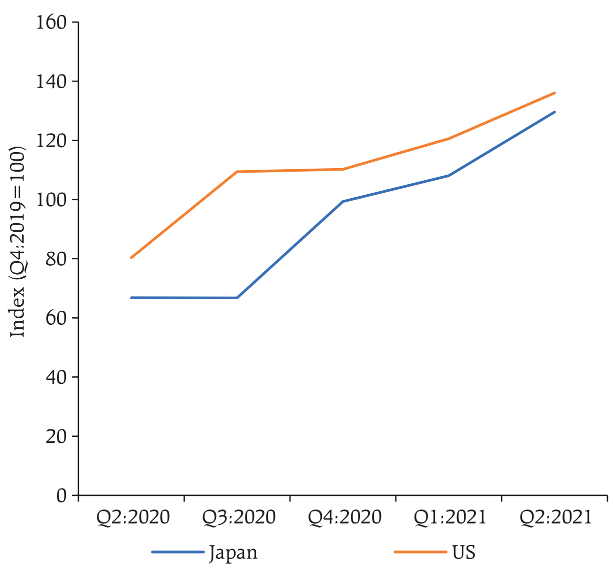
Financial markets remained resilient, taking in their stride the Federal Reserve's indication of tapering in 2021. Stock markets in advanced economies (AEs) are powering ahead due to strong corporate earnings as also due to optimism generated by impending elections in Japan (Chart 8). The US S&P index has scaled a new peak in every month up to September. EME stock markets, on the other hand, lag behind, reflecting China's regulatory

Chart 7: Commodity and Food Prices



Sources: World Bank; Bloomberg; and Food and Agriculture Organization.

Chart 8: Corporate Profits

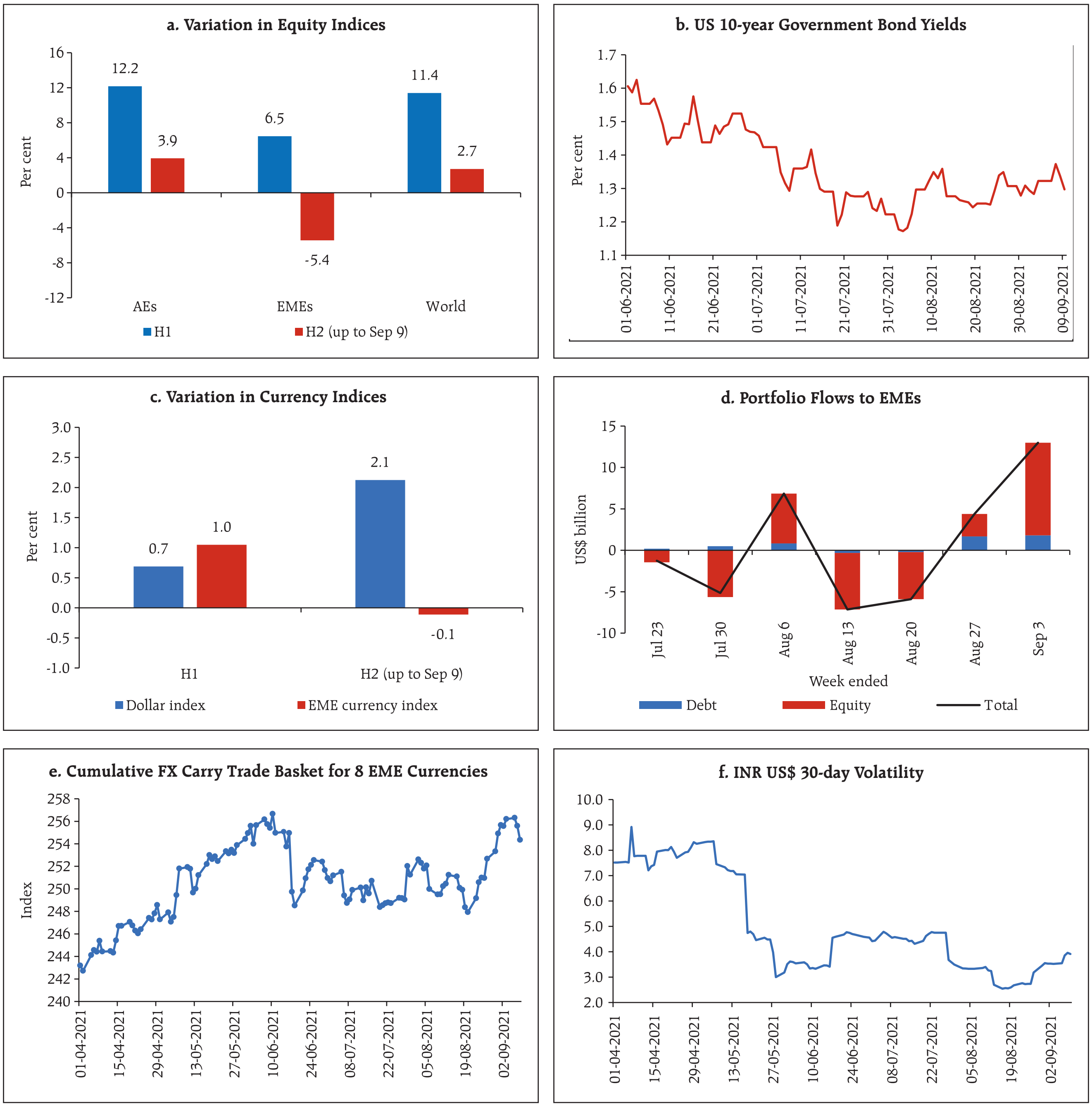


Source: Bloomberg.

actions as also the delta variant threat to the recovery (Chart 9a). US 10-year Treasury yields remained range-bound, with some hardening more recently (Chart 9b). Notwithstanding some volatility, the US dollar remained strong in August but weakened thereafter with poor payroll data (Chart 9c).

EME currencies are in a sweet spot, having strengthened since the latter part of August on the back of renewed capital flows (Chart 9d). The diverging policy paths of central banks has led to carry trade opportunities in EME currency markets, also due to recent weakness of the US dollar. The Bloomberg cumulative forex carry trade basket for eight EME currencies, representing the carry trade returns, has risen since the last week of August

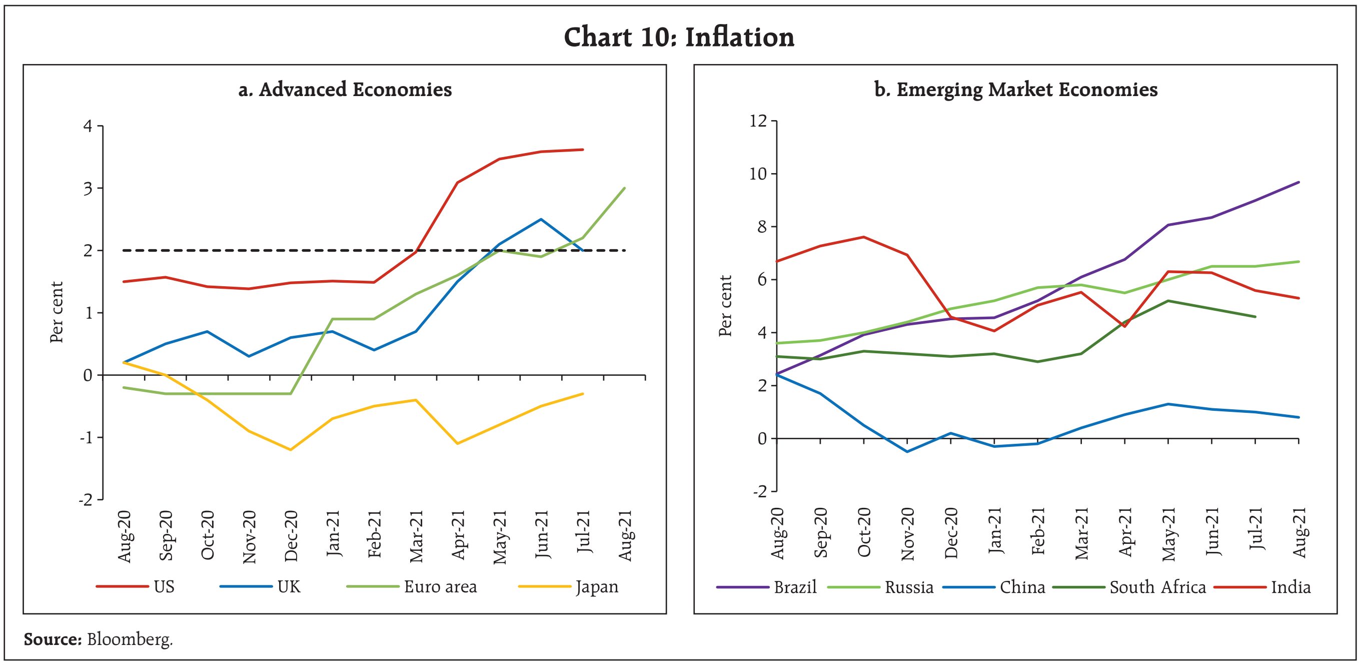
Chart 9: Financial Markets



Sources: Bloomberg; FBIL; and IIF.

(Chart 9e). This holds for the Indian rupee (INR) too, and positive sentiments on the INR implied in falling US$-INR forward premia have also added to its attractiveness for carry-trade strategies. The US$-INR 30-day implied volatility has also fallen (Chart 9f).

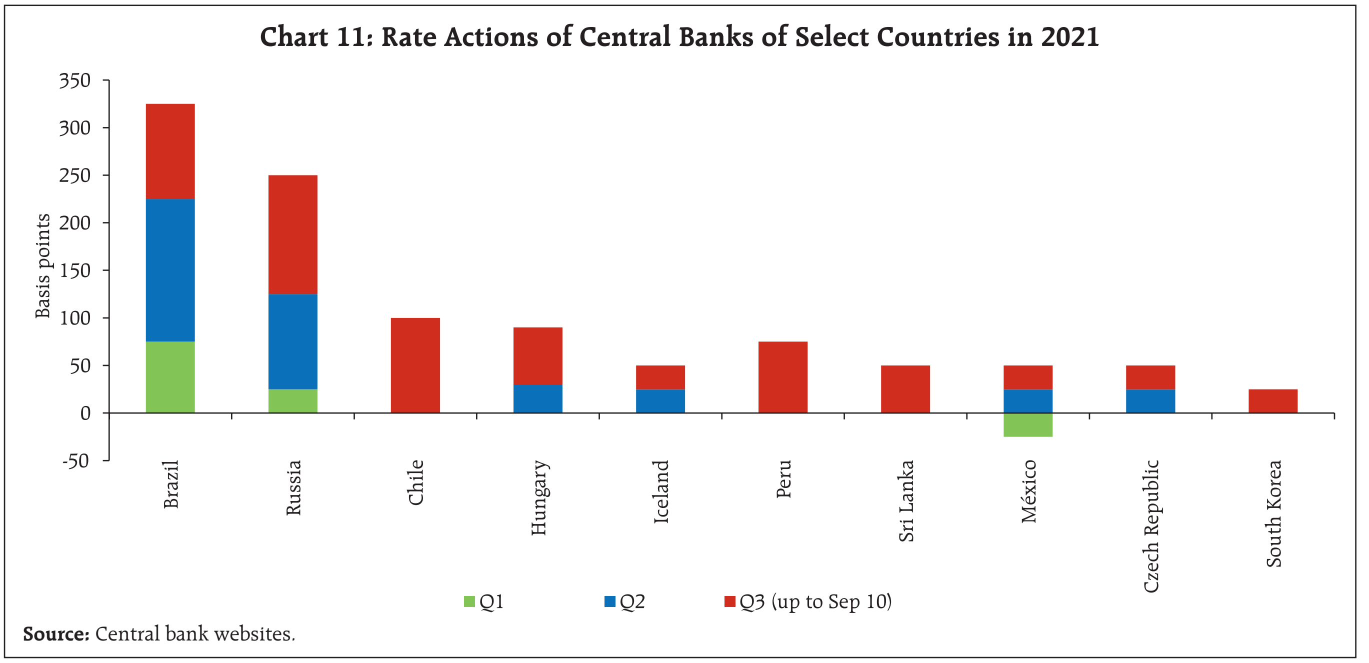
In the Euro area, inflation rose to 3.0 per cent in August, its highest level since October 2008, driven by supply chain bottlenecks, the ongoing economic rebound and the reversal of last year's cut in the value added tax in Germany (Chart 10a). Only four



Source: Bloomberg.

Euro area countries had inflation prints below 2 per cent, as compared with 16 countries in March. US core personal consumption expenditure (PCE) inflation remained unchanged at the 30-year high of 3.6 per cent in July. Among the BRICS economies, inflation edged up in Brazil in August to 9.7 per cent, its highest level since February 2016 (Chart 10b). In Russia, at 6.7 per cent, inflation was at a 5-year high in August.

In August, South Korea became the first major AE and the third overall to hike rates. It effected a 25 basis points (bps) hike in key rate in response to above target inflation and financial stability risks, even in the face of a resurgence in COVID-19 infections (Chart 11). Two other AEs – Czech Republic and Iceland – effected their second 25 bps hikes in August. Among major EMEs, Brazil stepped up its policy tightening



Source: Central bank websites.

by effecting a 100 bps hike in policy rate in August, while Mexico resorted to its second consecutive policy rate increase in response to persisting high inflation. Hungary raised rates for a third successive month by 30 bps, while Chile followed on the tightening that commenced in July with a more aggressive hike of 75 bps in August. Other Latin American economies such as Peru, Uruguay and Paraguay also raised policy rates. Russia effected its fifth rate hike of 2021 in September with an increase of 25 bps. The European Central Bank (ECB) has announced a reduced pace of bond purchases compared with the previous two quarters while not changing the total quantum of purchases under the Pandemic Emergency Purchase Programme. On the other hand, Australia postponed a review of its bond-buying programme by five months from mid-September 2021 to mid-February 2022, due to COVID-19 resurgence. It would continue to buy bonds at a weekly pace of AUD 4 billion till then.

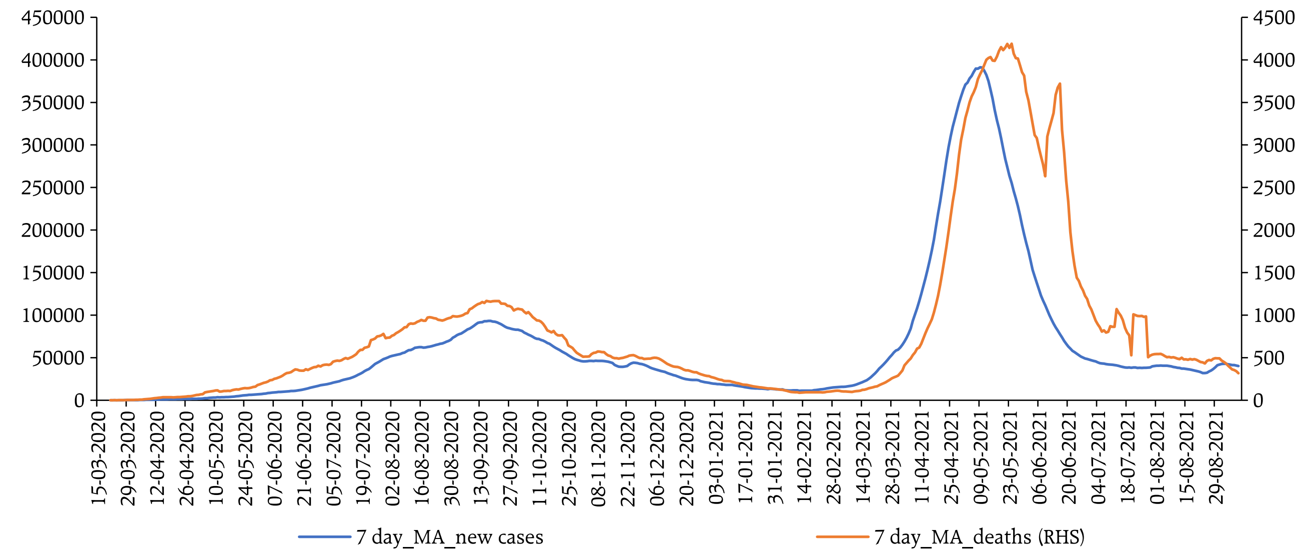
Overall, the near-term outlook stays downcast with the contagious delta variant putting a chill into economic activity and posing headwinds for world trade. Starkly diverging monetary policy actions and stances could precipitate a hasty tightening of financial conditions, which could put a brake on the nascent recovery.

III. Domestic Developments

Domestic economic conditions rounded a turning point in August as growth impulses gathered momentum with the progressive opening up of the economy and scaling up of the vaccination drive. Prospects are brightening for the economy achieving escape velocity from the pandemic as the second wave wanes and preparedness for future remains on war-alert status.

The 7-day moving average of daily new cases retreated to 35,464 on September 12, 2021 from the peak of 3,92,322 on May 8, 2021 (Chart 12). For the third time beginning August 27, 2021 till September 8, 2021, India administered more than one crore doses of COVID-19 vaccine in a day. The total number of doses administered has crossed the 72 crore mark (till September 9, 2021). As a result, double dose vaccination covered 12.8 per cent of the population by September 12, 2021.

Chart 12: COVID-19 Daily Cases and Deaths 7-day - Moving Average (MA)

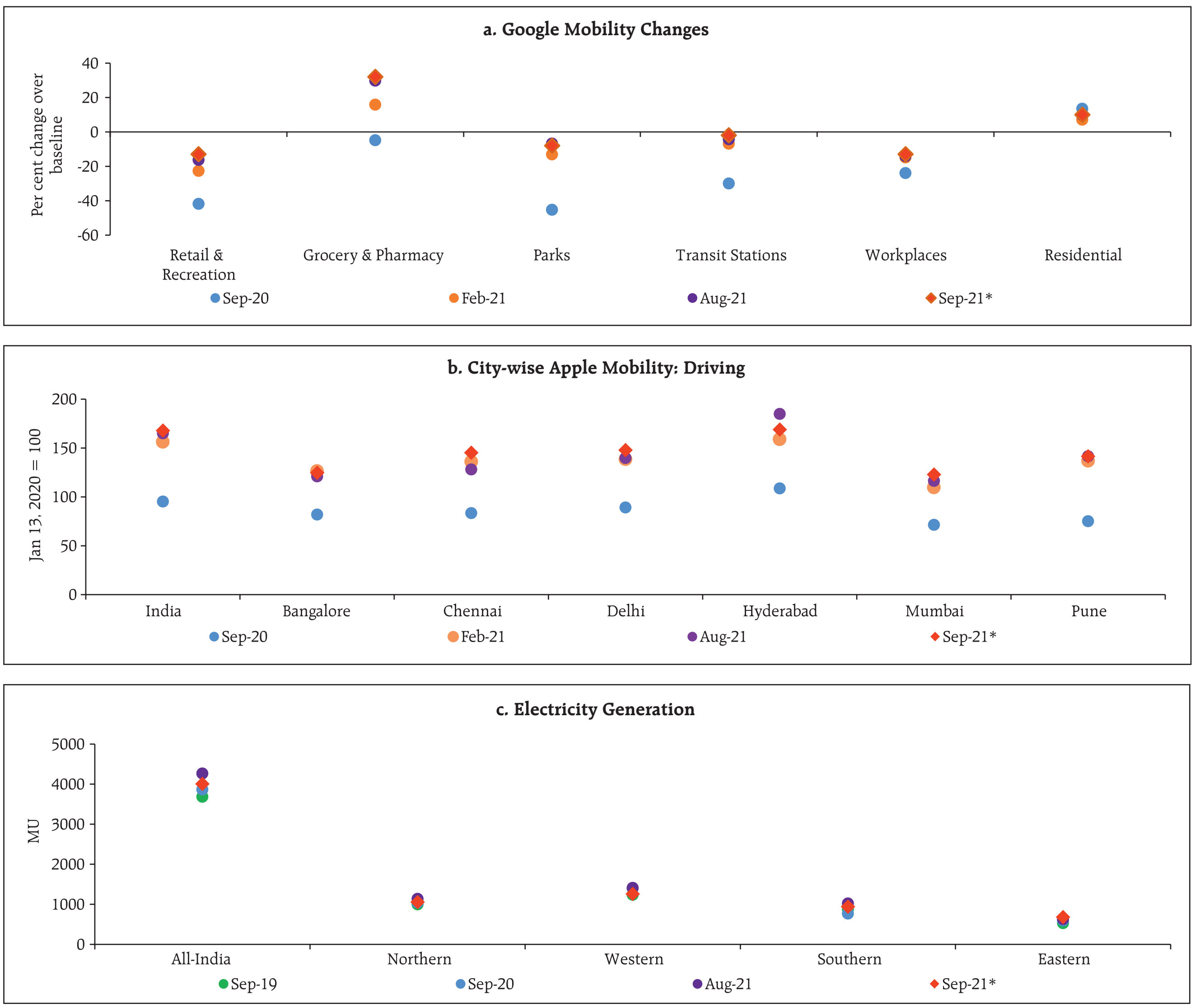


Source: Ministry of Health and Family Welfare (MoH&FW).

The National Statistical Office (NSO) released India's real GDP for Q1:2021-22 on August 31 at 20.1 per cent, largely attributable to a favourable base effect as GDP in Q1:2020-21 had plummeted. In fact the seasonally adjusted q-o-q annualised rate of GDP plunged, indicative of the weakened momentum of underlying activity in Q1. The level of GDP in Q1:2021-22 is still lower than in Q1:2019-20, reflecting the substantial slack in the economy. Nonetheless, the impact of the second wave on the real economy has been limited in comparison with the first wave, despite relatively higher rates of morbidity and mortality.

With confidence resurging, mobility rose (up to September 9, 2021) to its highest levels since the onset of the pandemic (Chart 13a and 13b). Electricity generation recovered to pre-pandemic levels of two years ago, *i.e.*, September 2019 (Chart 13c). The new electricity amendment bill 2021 aims to delicense electricity distribution and allow entry of private players. This should promote competition and increase efficiency in distribution.

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



*: Upto September 7, 2021.

Sources: Google; CMIE; CEIC; and POSOCO.

Aggregate Demand

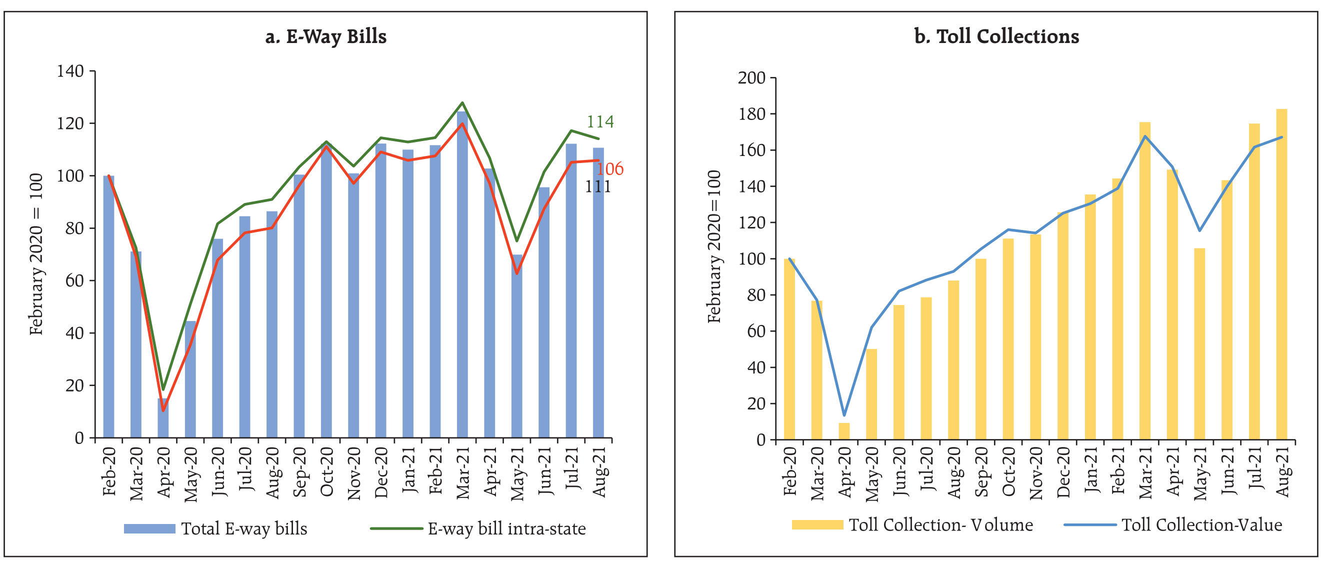
Aggregate demand is gaining firmer ground. Petrol consumption recorded an uptick in August 2021 even as aviation turbine fuel (ATF) continued to be tepid. Total consumption of fuel moderated as diesel consumption sequentially declined on account of monsoon rains stalling inter-state movement of trucks (Chart 15a).

In August, e-way bills – both intra-state and inter-state – remained above pre-pandemic levels of February 2020 (Chart 14a), signalling higher goods and services tax (GST) collections going forward (Annex). E-way bill collections for September (up to 9th) registered a strong growth in y-o-y terms as well as over corresponding levels of 2019. Toll collections jumped sharply in August, increasing by 107.8 per cent y-o-y and by 4.6 per cent over last month's level (Chart 14b).

Automobile wholesales recorded an uptick in August with positive momentum in growth across all categories barring passenger vehicles, where acute supply shortages of semiconductor chips impacted production[3]. The bottlenecks arise at a crucial juncture, ahead of the 32- day festival season.

Retail sales of motor vehicles registered growth over a low base in August last year, but contracted sequentially in relation to July 2021 due to contraction in respect of non-transport vehicles as pent-up demand declined and customers waited for festival discounts. Further moderation occurred in the first week of September (Chart 15b and c). Rural demand remained upbeat, with two wheelers reverting to pre-pandemic levels after the blip recorded during the second wave of the pandemic. Tractor sales recorded a seasonal decline in domestic sales as the *kharif* season came to an end. Sales of motorcycles remained robust, while sales of three wheelers picked up to about 60 per cent of pre-pandemic levels (Chart 15d). With monsoons normal and sowing gaining traction, industry experts remain bullish on the segment, expecting a good sales run in the coming months.

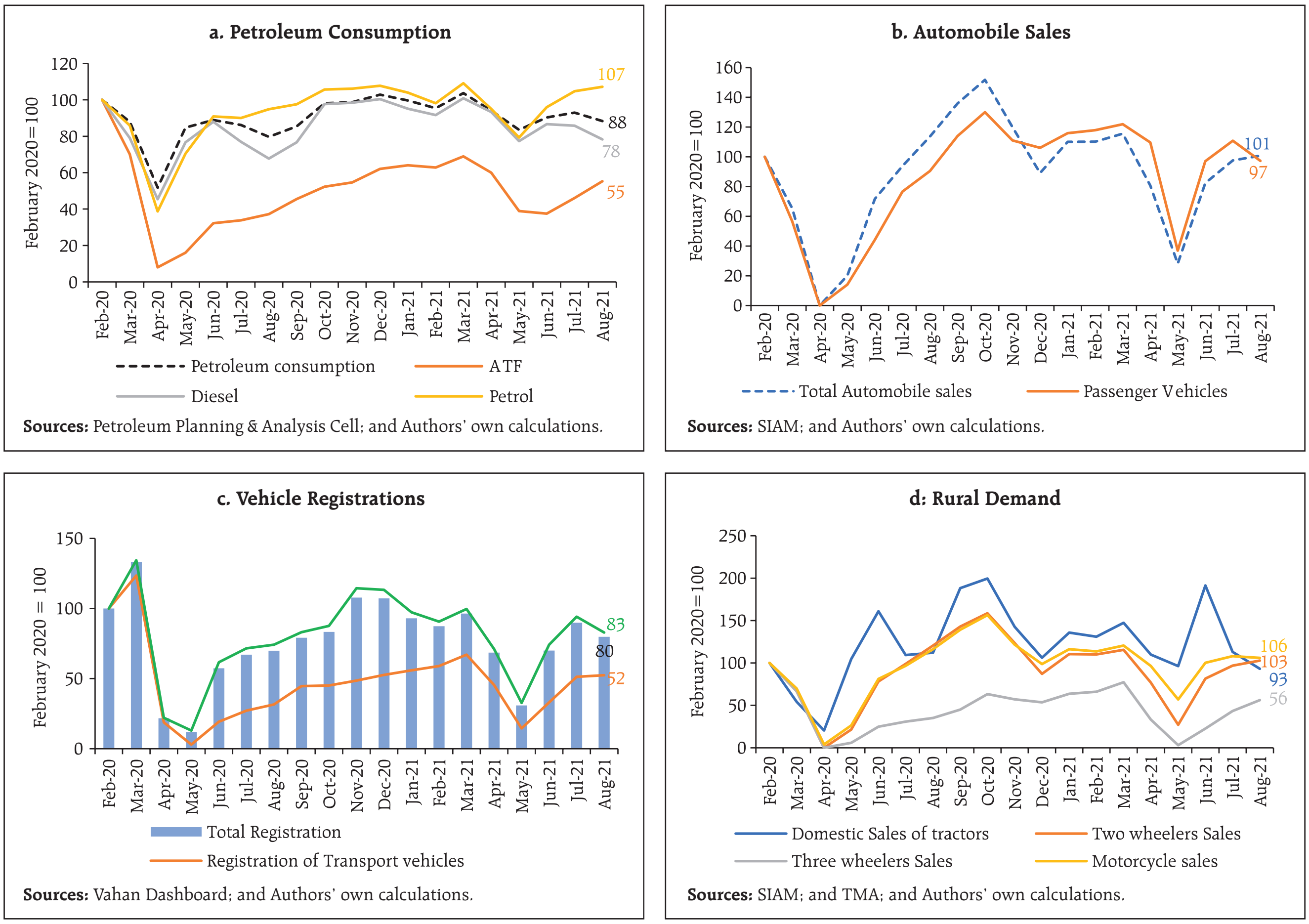
Chart 14: E-way Bills and Toll Collections



Sources: GSTN; Reserve Bank of India; and Authors' own calculations.

3 Maruti Suzuki's total production declined by 8 per cent in August 2021 due to shortage of semi-conductors (Times of India, September 8, 2021).

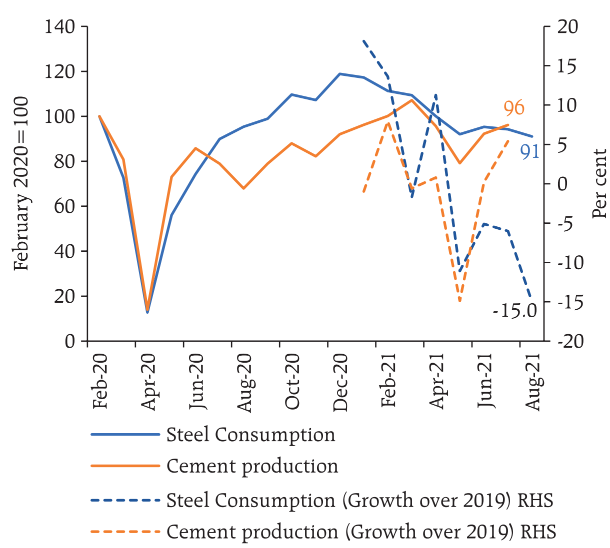
Chart 15: Transport Sector Indicators



In the services sector, Indian Railways freight continued to be impressive, marking an increase of 16.9 per cent in August (110 million tonnes) over its level a year ago. Even though it registered a decline on a m-o-m basis, it improved by 21.5 per cent over the pre-pandemic level of August 2019. Of the major commodities, cement freight recorded a sequential improvement in August (Chart 17). Normalised to February 2020 levels, high frequency indicators of construction activity - steel consumption and cement production - remained below the baseline; however, cement production registered growth above pre-pandemic levels (Chart 16).

Among various infrastructure segments, roads received the highest government projects

Chart 16: Construction Sector Indicators



Sources: Joint Plant Committee; and Office of the Economic Advisor, Ministry of Commerce and Industry.

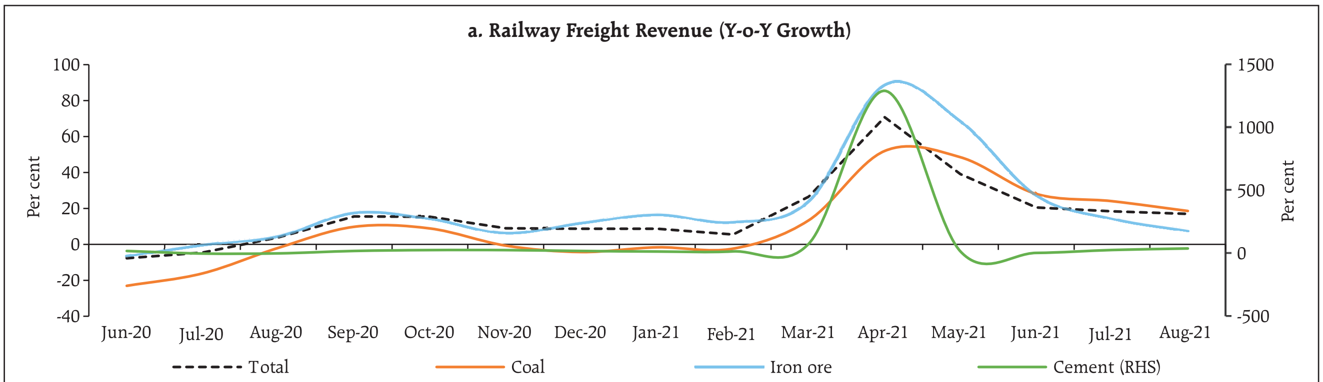
worth ₹22,200 crore in January-July 2021 – three times compared with the corresponding period of the previous year. This, together with improving execution, increasing labour availability and timely release of payments by the government, augurs well for road construction companies going ahead.[4]

In the aviation sector, the cargo segment continued to outperform the passenger segment in August. While some uptick was recorded in domestic passenger segment, with traffic increasing to 40 per cent *vis-à-vis* pre-pandemic levels in February 2020, international passenger segment remained dismal at only about 15 per cent of pre-pandemic traffic (Chart 17b).

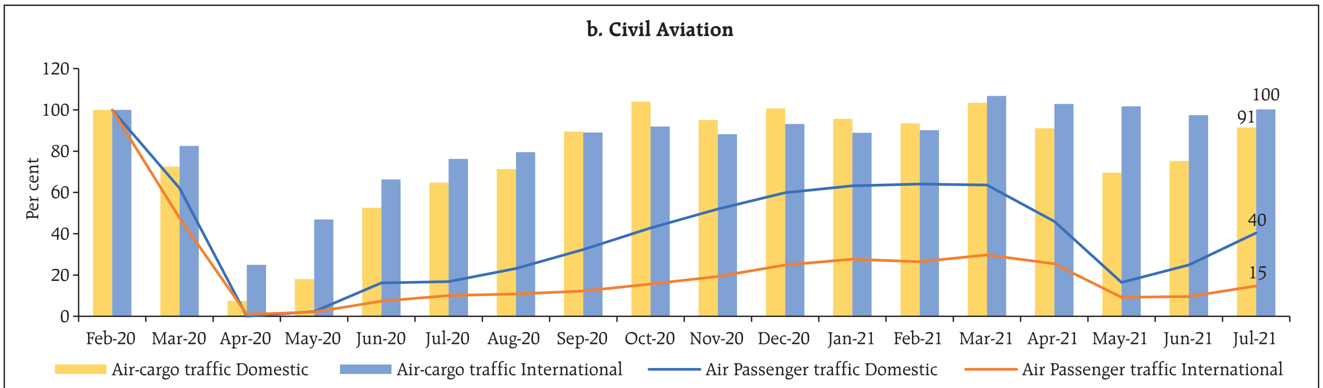
The fast-moving consumer goods (FMCG) sector surged in August 2021, with demand for goods remaining broad-based across regions. Notwithstanding supply constraints, most FMCG companies registered an uptick in footfalls in the second and third week of August. With the festival season nearing, companies expect a pick-up in sales in September 2021 going well beyond pre-pandemic levels.[5]

As per the household survey of the Centre for Monitoring Indian Economy (CMIE), the labour participation rate at 40.5 per cent in August 2021 has recovered to January 2021 levels, but there was an increase in the unemployment rate from 7 per cent in July 2021 to 8.3 per cent in August 2021

Chart 17: Railway and Air Traffic



Source: Rail Drishti.

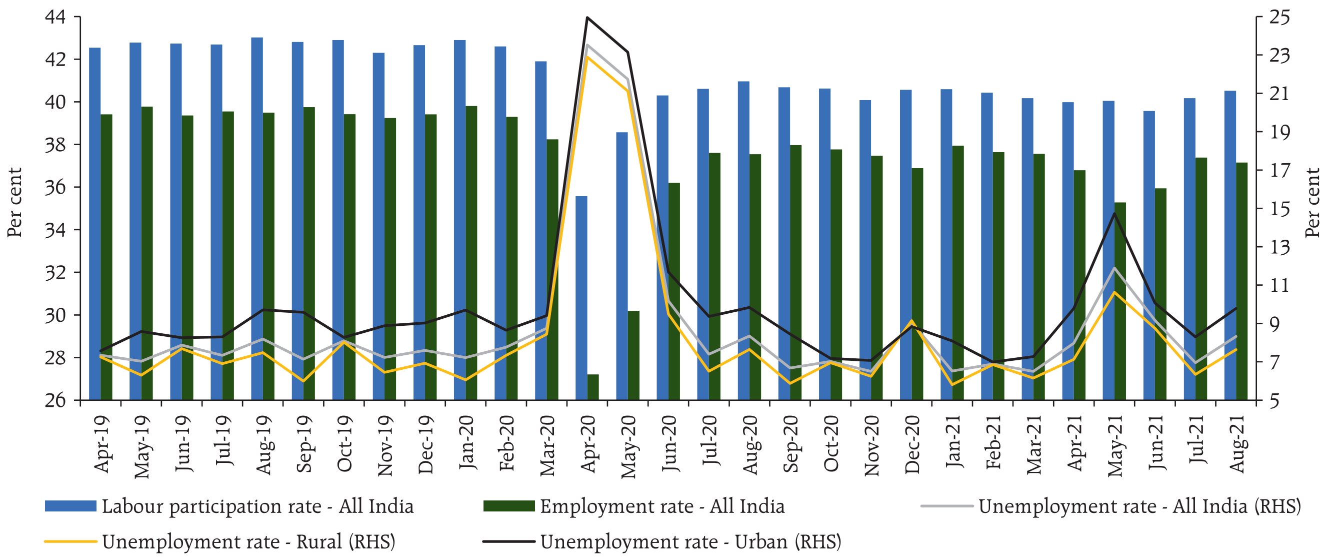


Source: Airports Authority of India (AAI).

4 ET, 20 August 2021.

5 Mint, 27 August.

Chart 18: Employment, Unemployment and Labour Participation Rates

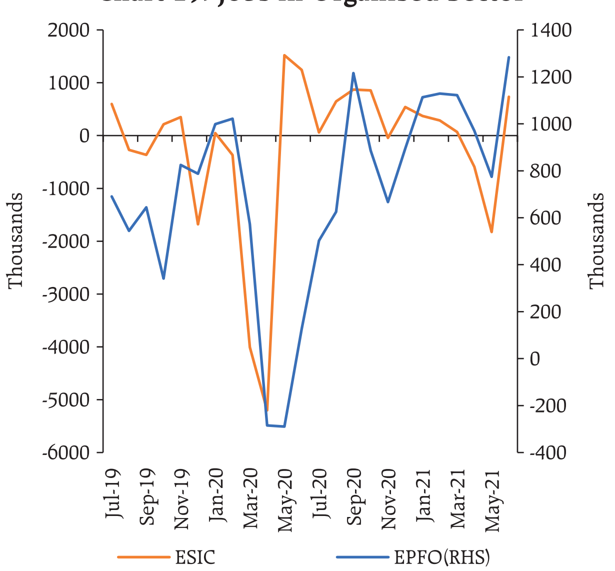


Source: Centre for Monitoring Indian Economy (CMIE).

(Chart 18). Weekly labour market indicators suggest that the unemployment rate fell significantly to 7.35 per cent and the labour participation rate improved marginally to 40.87 per cent in the second week of September 2021.

Organised sector labour market data, as captured by the Employees' Provident Fund Organisation (EPFO)

Chart 19: Jobs in Organised Sector



Sources: Ministry of Labour & Employment (MoL&E); and CMIE.

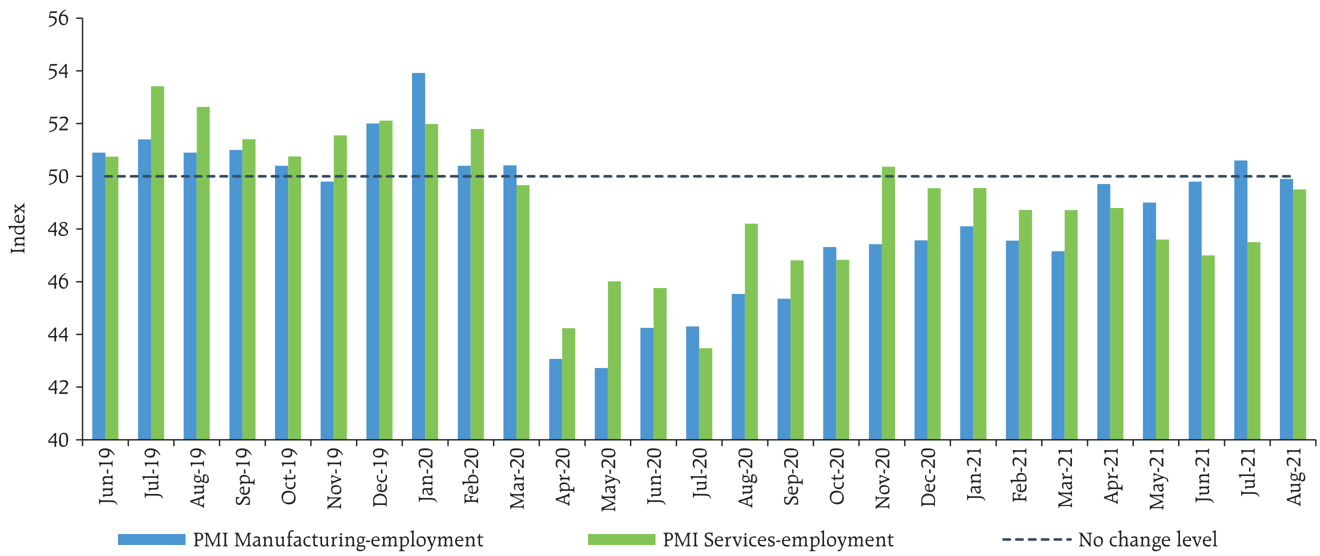
and the Employees' State Insurance Corporation (ESIC), show that the impact of the second wave has been relatively muted (Chart 19).

The employment sub-index of the PMI reveals a mixed picture. While the sub-index for manufacturing reverted to a marginal contraction at 49.9 in August 2021 after expanding marginally at 50.6 in July 2021, the rate of job shedding in services moderated from 47.5 in July 2021 to 49.5 in August 2021 (Chart 20).

During April-July, the fiscal deficit of the Centre remained contained at 21.3 per cent of budget estimates (BE), on the back of buoyant tax revenues and lower revenue expenditure (Chart 21a). Capital expenditure registered a growth of 14.8 per cent relative to the same period a year ago, led by the Ministry of Road Transport and Highways which has exhausted 44.7 per cent of its budgeted capital expenditure for 2021-22 (Chart 21b).

Capital creation and infrastructure development have received a boost with the launch of the National Monetisation Pipeline (NMP). Asset monetisation, which entails license/lease of a government-owned

Chart 20: PMI Employment Indices



Source: IHS Markit.

asset to a private sector entity for a limited period, unlocks the value of public investment from infrastructure by tapping private sector capital. The funds so received by the government could be reinvested in new infrastructure or deployed for other developmental purposes.

The NMP envisages an aggregate monetisation potential of ₹6.0 lakh crore over a four-year period from 2021-22 to 2024-25, of which ₹0.88 lakh crore is projected to be garnered in the current financial year. The top 5 sectors estimated to generate maximum value include: roads (27 per cent); railways (26 per cent); power (15 per cent); oil and gas pipelines (8 per cent); and telecom (6 per cent) [Chart 22].

GST collections (Centre plus states) stayed their course, remaining well above the ₹1 lakh crore mark

Chart 21a: Financial Position of the Union Government during April-July

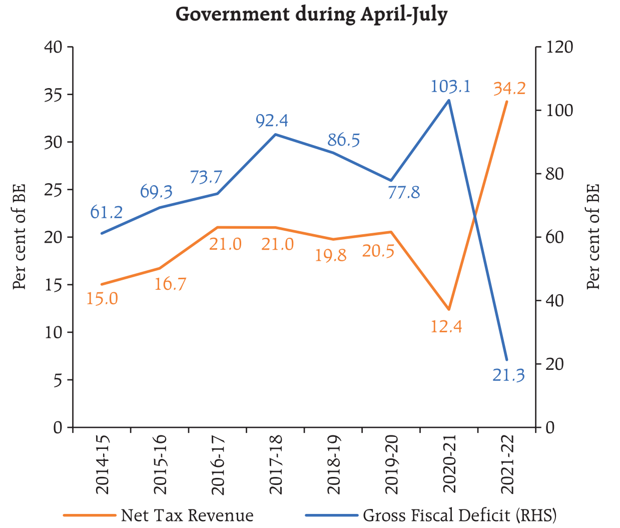
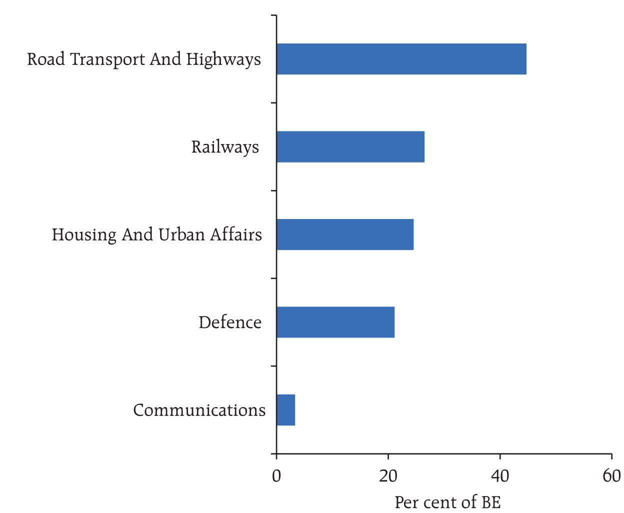
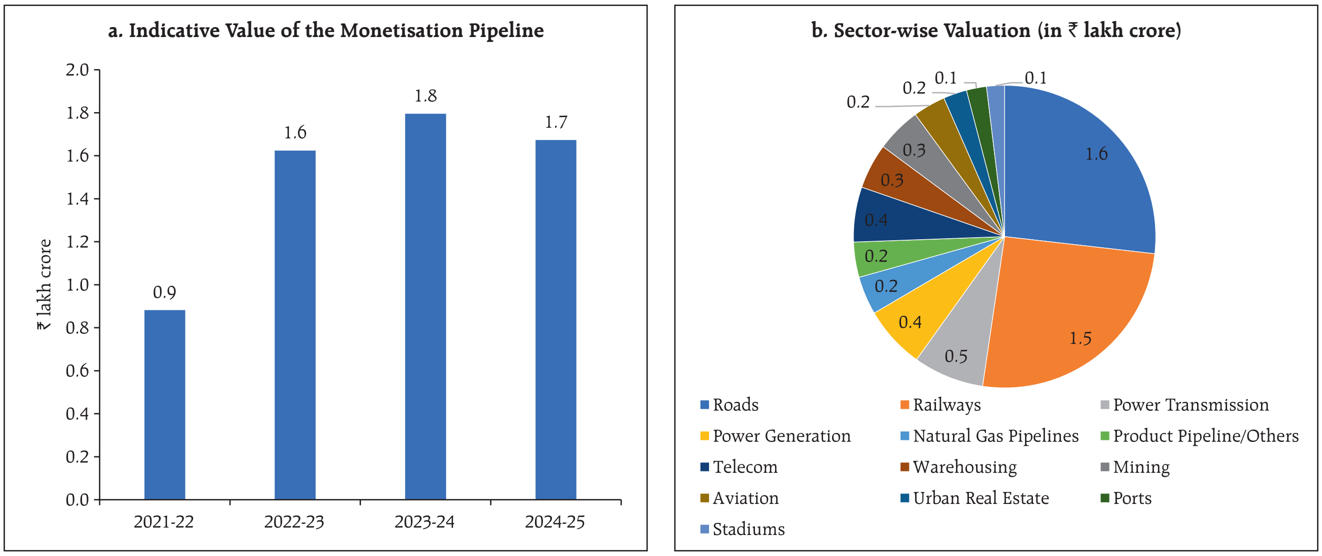


Chart 21b: Ministry-wise Capital Expenditure



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

Chart 22: National Monetisation Pipeline

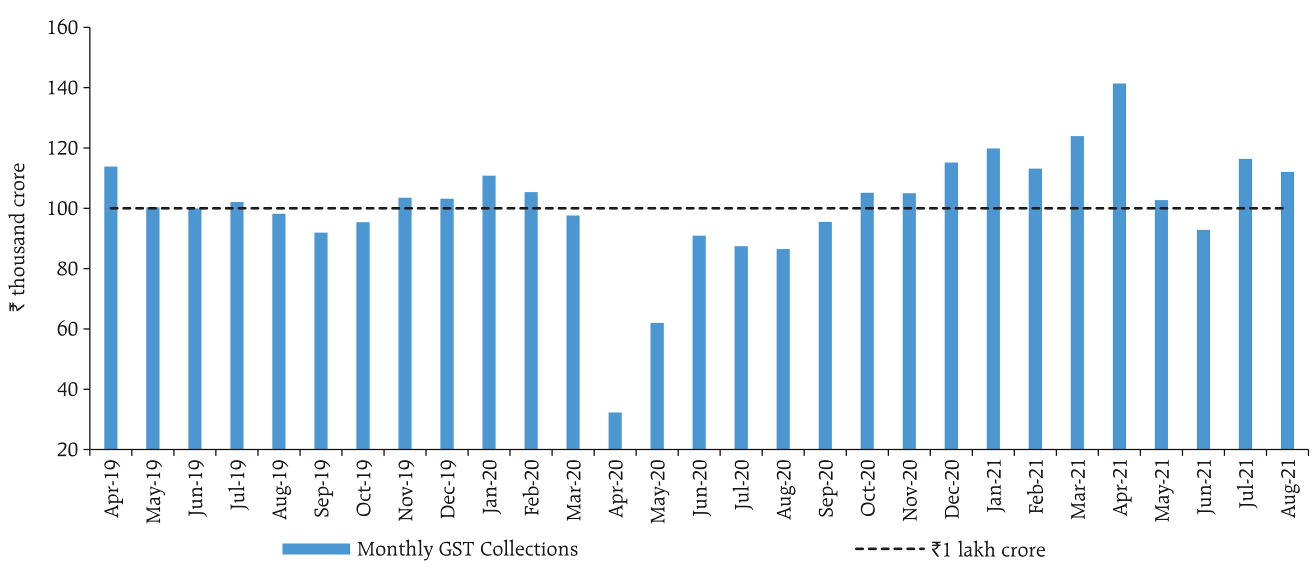


Source: Press Information Bureau (PIB).

in July and August after a transitory blip in June, reflecting a revival in economic activity after the second wave (Chart 23).

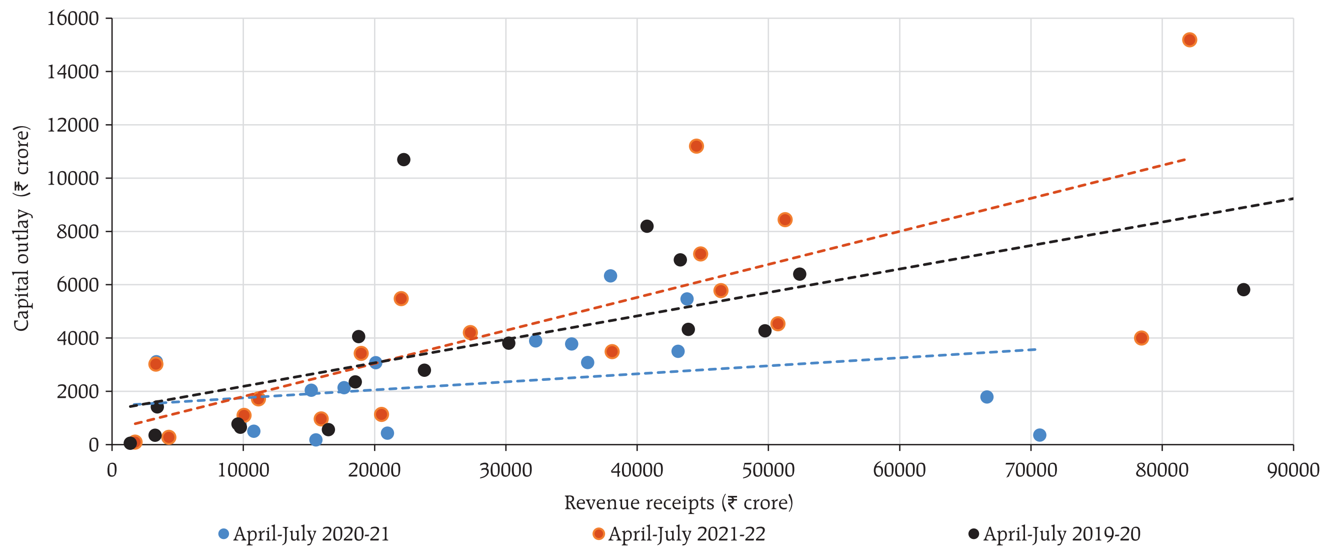
As per the latest information available for 18 states, their revenue collections improved by 17.9 per cent in April-July 2021 as compared with a contraction in April-July 2020. Higher collections occurred under both tax and own non-tax revenues, attributable to easing of state-specific lockdowns. This, coupled with better prospects for the remaining part of the year, is encouraging states to expand their capital outlay. During April-July 2021, capital outlay expanded by 99 per cent, as against a decline of 44.5 per cent in the corresponding period a year ago. In terms of both

Chart 23: GST Collections



Source: PIB.

Chart 24: States' Revenue Receipts and Capital Outlay



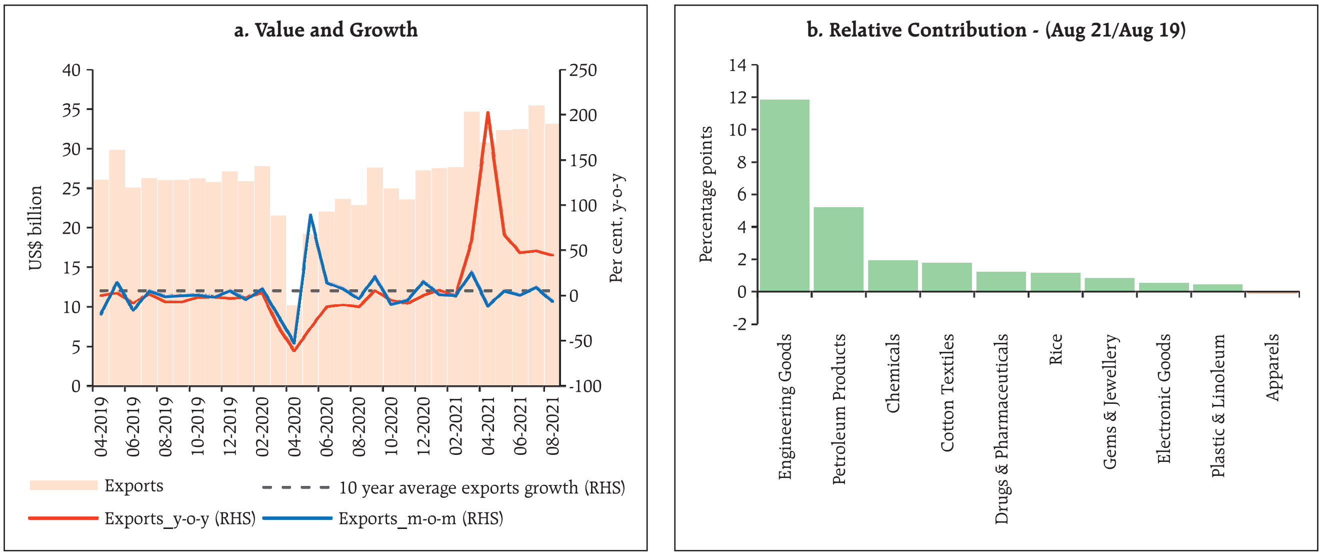
Source: CAG.

revenue receipts and capital outlay, states fared better than in the corresponding pre-COVID period of April-July 2019 (Chart 24). During the same period, states' gross fiscal deficit was contained to 23 per cent of budget estimates as against 29 per cent a year ago.

India's merchandise exports continued with their stellar performance (Chart 25). High growth was driven by demand in partner countries for engineering goods, petroleum products and chemicals (Chart 25b). Export growth remained broad-based as 9 out of 10 major commodity groups - accounting for more than 80 per cent of the export basket - recorded expansion during the month over a year ago.

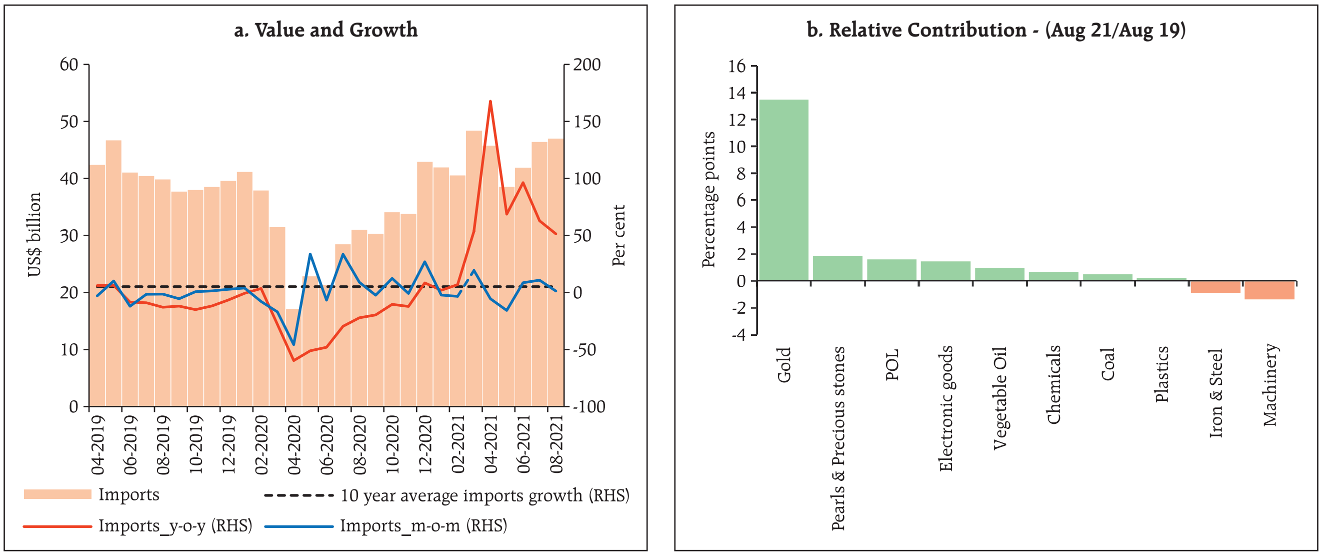
India's merchandise imports grew by 18 per cent over pre-COVID-19 levels (Chart 26a). Non-oil-non-gold imports have been in excess of US$ 25 billion

Chart 25: India's Merchandise Exports – August 2021



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

Chart 26: India's Merchandise Imports – August 2021



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

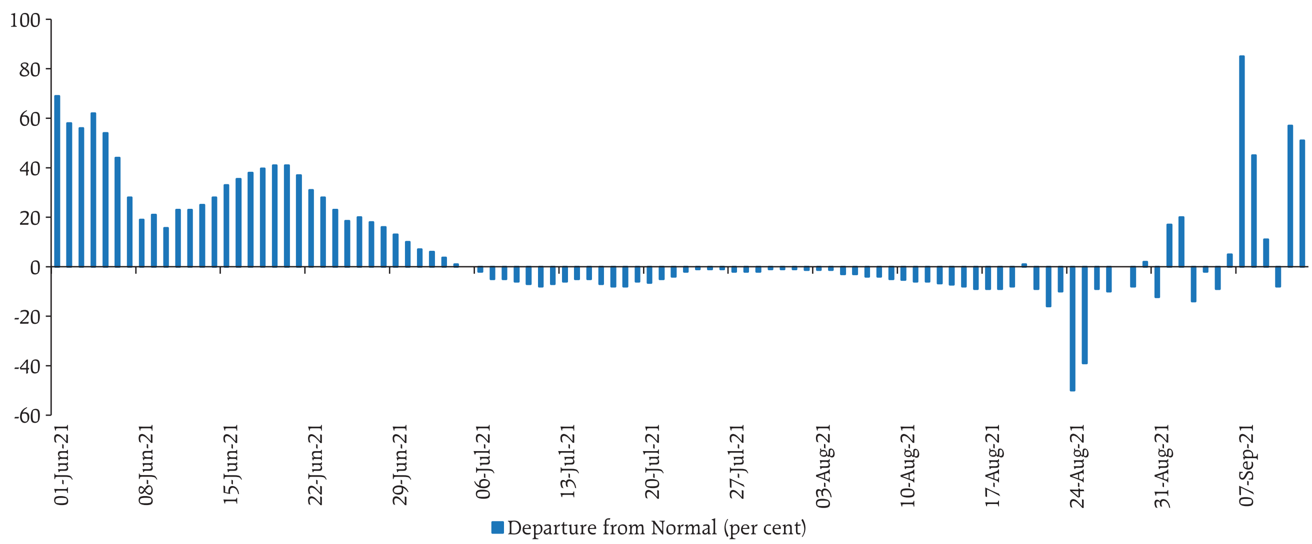
for the ninth consecutive month, reflecting the on-going recovery in the economy. Import growth has remained broad-based as 8 out of 10 major commodity groups (which account for more than 80 per cent of import basket) expanded *vis-à-vis* pre-pandemic levels (Chart 26b).

Gold imports, after contracting sharply through May-June 2021, surged in July and August, far exceeding their pre-COVID levels. This is reflective of the impact of pent-up demand for weddings and improved business sentiment in the gems and jewellery industry.

Aggregate Supply

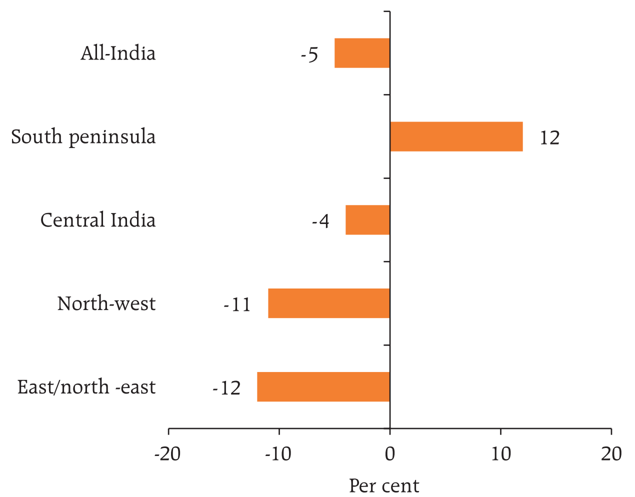
The cumulative rainfall (SW Monsoon) during June 1 - September 14, 2021 was 5 per cent below the

Chart 27: South West Monsoon 2021 – All India Cumulative Rainfall



Source: India Meteorological Department (IMD).

Chart 28: Region-wise Deviation in Rainfall (as per cent of normal) as on September 14, 2021



*96-104% rainfall of LPA is considered normal
Source: India Meteorological Department (IMD).

long period average (LPA) (Chart 27). The southern peninsula region received 12 per cent above LPA rainfall. However, East/North East India, Central India and North West India received below normal rainfall (Chart 28). The spatial distribution shows that rainfall was large excess/excess in 7 sub-divisions, normal in 22 sub-divisions and deficient/large deficient in 7 sub-divisions out of 36 sub-divisions during June 1 - September 14, 2021.

The overall sown area stood at 1096.7 lakh hectares, which is just 0.9 per cent lower than the record coverage a year ago, but above the normal (5-year average) acreage by 3.5 per cent and the full season acreage (5-year average) by 2.2 per cent (Table 3).

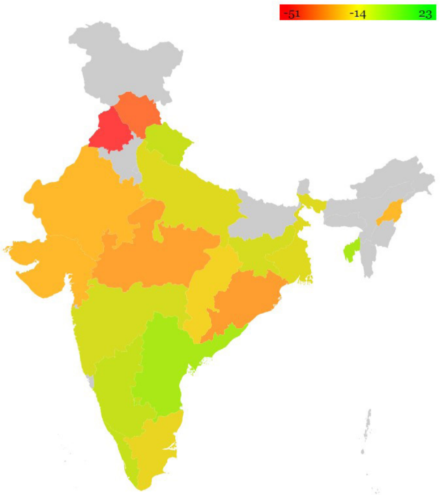
The India Meteorological Department (IMD) has forecast above normal rainfall (greater than 10 per cent over LPA) for September. The forecast suggests that above normal to normal rainfall is likely over many areas of central India. Normal to below normal

Table 3: All India Crop Situation - *Kharif* (2021-22) as on September 10, 2021

Crop Name	Cumulative Acreage (Lakh hectares)	Percentage variation		Area covered (Per cent of Full Season Normal*)
		Over normal* (as on date)	Over last Year	
1. Rice	**409.6**	**6.5**	**0.4**	**103.5**
2. Coarse Cereals	**173.8**	**-2.7**	**-2.5**	**94.7**
2a. Jowar	14.5	-16.2	-3.3	74.2
2b. Bajra	63.3	-6.4	-7.7	86.3
2c. Maize	81.1	1.9	1.6	108.6
3. Total Pulses	**139.6**	**2.2**	**1.9**	**103.2**
3a. Tur	49.8	5.4	3.9	109.2
3b. Urad	38.9	0.1	1.5	104.3
3c. Moong	35.1	5.6	-0.3	104.8
3d. Kulthi (Horse Gram)	0.5	-16.3	-3.6	23.5
3e. Others	15.3	-8.2	2.4	91.6
I. Total Foodgrains (1+2+3)	**723.0**	**3.3**	**0.0**	**101.2**
4. Oilseeds	**192.6**	**5.8**	**-1.6**	**107.0**
4a. Groundnut	49.0	12.5	-3.8	117.5
4b. Soyabean	121.7	7.2	0.4	107.8
4c. Sunflower	1.5	20.6	26.1	105.9
4d. Sesame	13.2	-6.5	-4.2	100.2
5. Cotton	**119.5**	**0.1**	**-5.8**	**96.7**
6. Sugarcane	**54.7**	**6.0**	**1.4**	**115.1**
7. Jute& Mesta	**7.0**	**-0.2**	**1.0**	**95.4**
II. Commercial Crops (4+5+6+7)	**373.7**	**3.8**	**-2.5**	**104.2**
III. All-Crops (I+II)	**1096.7**	**3.5**	**-0.9**	**102.2**

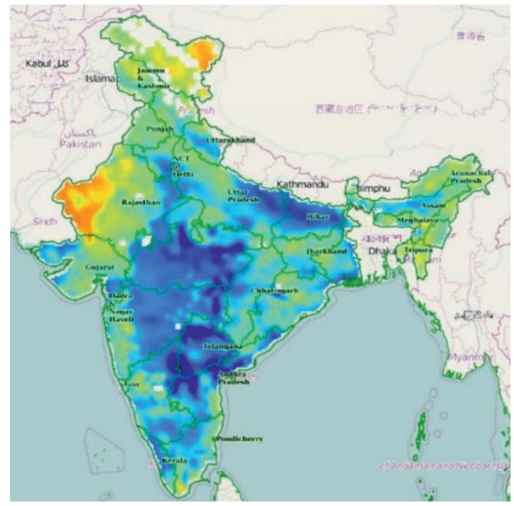
*: Normal Area: Average of last five years.
Note: Area figures are as per eye assessment of state Agriculture Departments.
Source: Ministry of Agriculture and Farmers' Welfare (MOAFW).

Chart 29a. Water Reservoir Levels
(Per cent departure from 10-year average)



Source: Central Water Commision (CWC).

Chart 29b. Soil Moisture Index



Source: Meteorological & Oceanographic Satellite Data Archival Centre, Indian Space Research Organisation (ISRO).

rainfall is most likely over many areas of north-west and north-east India, and most parts of peninsular India.

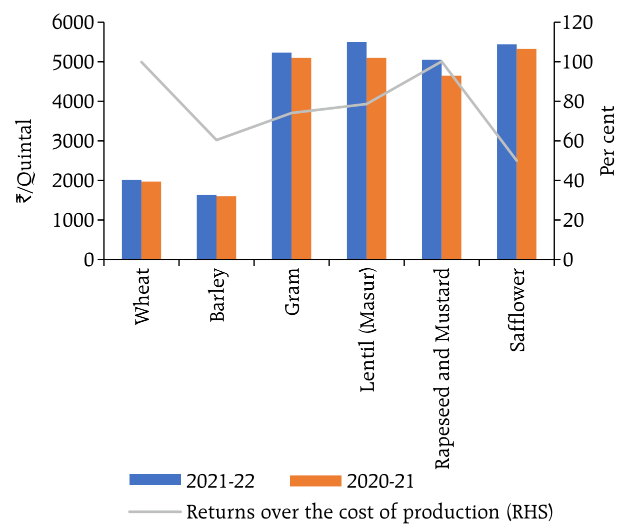
As of September 9, 2021 reservoir levels were just 6 per cent below the decadal average with lower levels mainly in Punjab, Haryana, Rajasthan, Gujarat, Madhya Pradesh and Odisha. The soil wetness index is positive across regions, barring the western parts (Chart 29).

As of end-August 2021, the stock levels of cereals are comfortable at 2.8 and 1.9 times the buffer norms of rice and wheat, respectively.

On September 8, 2021 new minimum support prices (MSP) for the upcoming *rabi* sowing season (2021-22) were announced, which marked an increase of 2.0-8.6 per cent over a year ago (Chart 30). The maximum raise in MSP was recorded for rapeseed and mustard (8.6 percent) followed by lentils (7.8 per cent) and gram (2.5 per cent). The mark-up in the MSP has ensured a return of at least 50 per cent over the cost of production (as measured by A2 plus FL[2]) for all the crops. The announcement of higher MSP well ahead of the sowing season is likely to bode well for the agriculture sector. The government has set a target of 307 million tonnes for foodgrains production for 2021-22.

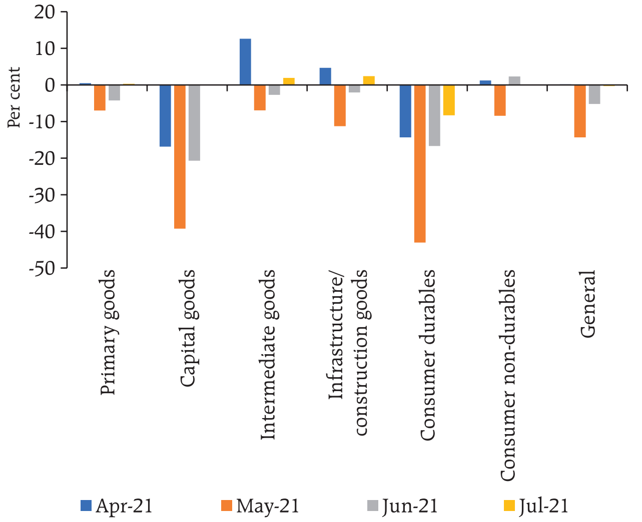
The index of industrial production (IIP) for the month of July 2021 signalled improvement in activity as it grew by 11.5 per cent y-o-y and the pace of decline came down to 0.3 per cent over July 2019 (-5.2 per

Chart 30: Minimum Support Prices for the *Rabi* Cropping Season



Source: Ministry of Agriculture and Farmers' Welfare (MOAFW).

Chart 31: Index of Industrial Production-Use based Category (Growth over 2019)



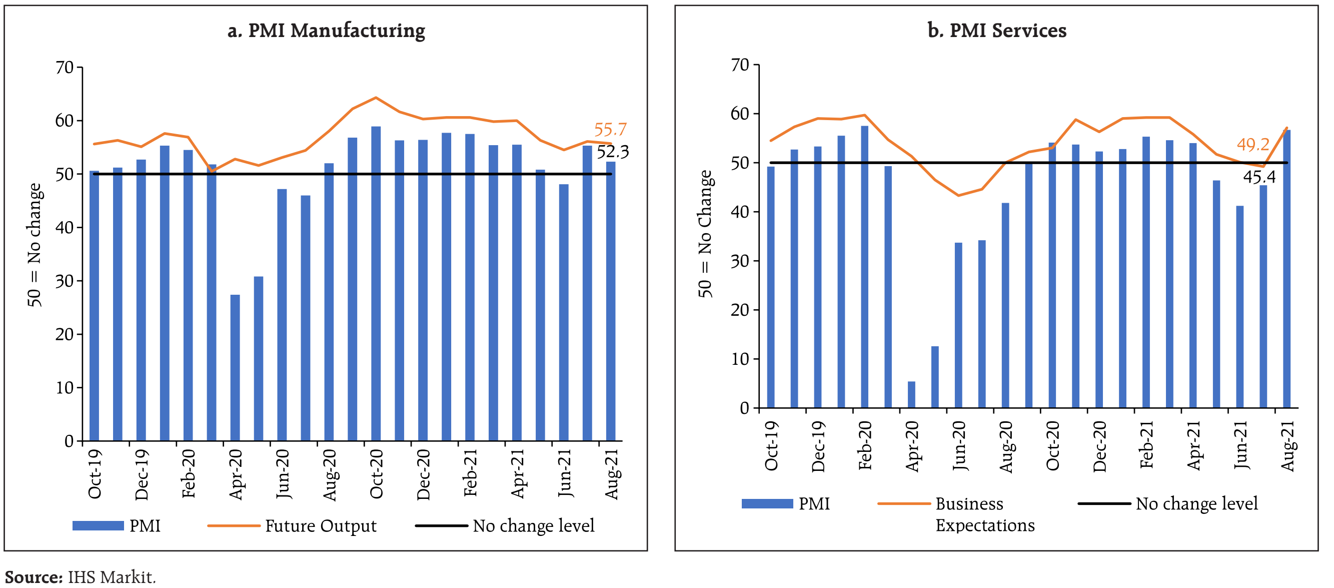
Source: NSO.

cent in June 2021 over 2019). All indicators showed sequential improvement when compared to 2019. Among use-based categories all except consumer durables showed improvement over pre-pandemic levels of July 2019 (Chart 31).

The headline PMI manufacturing expanded by 52.3 in August 2021, moderating from 55.3 in July 2021. Uncertainties surrounding the pandemic and rising input costs led to the moderation. Output and new orders expanded but less as in relation to the previous month. The headline PMI services, after staying in contraction for the past three months, expanded to 56.7 in August 2021. Moreover, the business expectations index for services, that entered contraction in July 2021 for the first time in the year, reverted strongly to a five-month high of 57.1 in August 2021. Firms expect demand to improve as COVID-19 restrictions ease (Chart 32).

The services sector's strong growth is supported by improvement in trade, hotels, transport and communication; however, in relation to corresponding 2019 levels, growth remained robust for most of the high frequency indicators of the services sector (Table 4).

Chart 32: Purchasing Managers' Index



Source: IHS Markit.

Table 4: High Frequency Services Indicators

	High Frequency Indicators- Services Growth (y-o-y, per cent)						Growth over 2019 (per cent)				
Sectors	**Indicators**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Apr 21/ Apr 19**	**May 21/ May 19**	**Jun 21/ Jun 19**	**Jul 21/ Jul 19**	**Aug 21/ Aug 19**
Urban demand	Passenger Vehicles Sales		162.5	119.3	44.7	7.6	5.7	-61.2	10.6	39.1	22.8
Rural Demand	Two Wheelers Sales		26.1	4	-2.1	-11.4	-39.3	-79.6	-36	-17.1	-12.1
	Three Wheelers Sales	59587	-48.7	-8.8	40.5	59.7	-70.3	-97.6	-81.9	-67.9	-60.5
	Tractor Sales	436.2	-8	18.9	3.3	-17	10.6	-4.3	45.5	43.1	45
Trade, hotels, transport, communication	Commercial Vehicles Sales*	234.4					-49.2				
	Railway Freight Traffic	70.7	39.1	20.5	18.4	16.9	10.5	9.5	11.2	13.0	21.5
	Port Cargo Traffic	29.5	33.1	19.3	6.7	11.5	2.4	2.2	2.0	-7.2	-0.1
	Domestic Air Cargo Traffic	105896.5	608.7	53.8	136.4		-4.9	-34.2	-25.6	-17.2	
	International Air Cargo Traffic	2575.0	343.3	31.2	45.9		-4.3	-9.4	-5.6	-8.0	
	Domestic Air Passenger Traffic	105896.5	608.7	53.8	136.4		-47.6	-82.9	-74.3	-58.1	
	International Air Passenger Traffic	2575.0	343.3	31.2	45.9		-75.2	-91.2	-90.8	-86.1	
	GST E-way Bills (Total)	582.5	56.8	25.9	32.7	33.3	11.9	-26.3	9.9	23.0	28.6
	GST E-way Bills (Intra State)	480.3	47.1	24.3	31.6	30.8	17.4	-20.6	14.5	26.5	32.7
	GST E-way Bills (Inter State)	840.6	76.5	28.8	34.4	37.2	4.3	-34.4	3.2	17.9	22.9
	Tourist Arrivals	14674.9					-91.0				
Construction	Steel Consumption	684.4	64.3	28.3	4.8	-4.2	11.3	-11.1	-4.6	-3.8	-15.0
	Cement Production	582.7	7.5	21.8			0.8	-14.9	0.2	5.4	
PMI Services	Output index	54	46.4	41.2	45.4	56.7					
	Business expectation	55.8	51.7	50.1	49.2	57.1					

*: Pertains to Q1:2021-22.

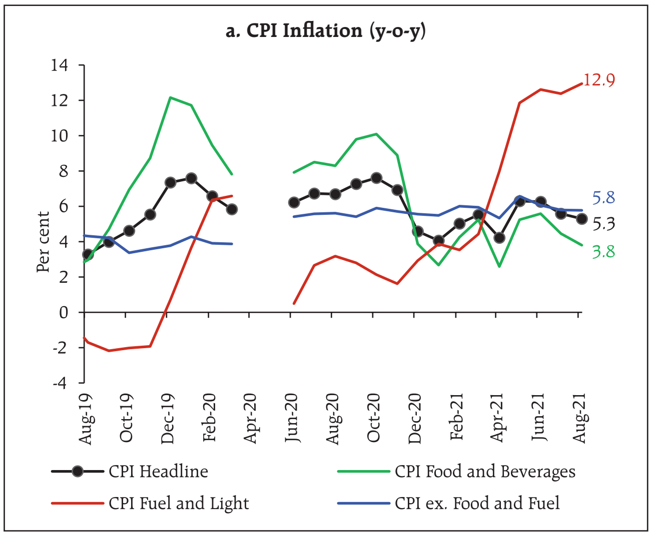
Overall, the domestic economic activity shows signs of rebound with the ebbing of second wave. IIP and eight core industries reflect improvement in industrial activity while available high frequency indicators for services sector in August point towards sustained recovery. Strong growth is witnessed in e-way bills, GST revenue, railway freight, electricity demand and labour force participation rates. PMI future output index continues to remain high for August with easing of COVID-19 restrictions and increased marketing effort. Further improved global demand reflected in strong export growth supports the domestic recovery.

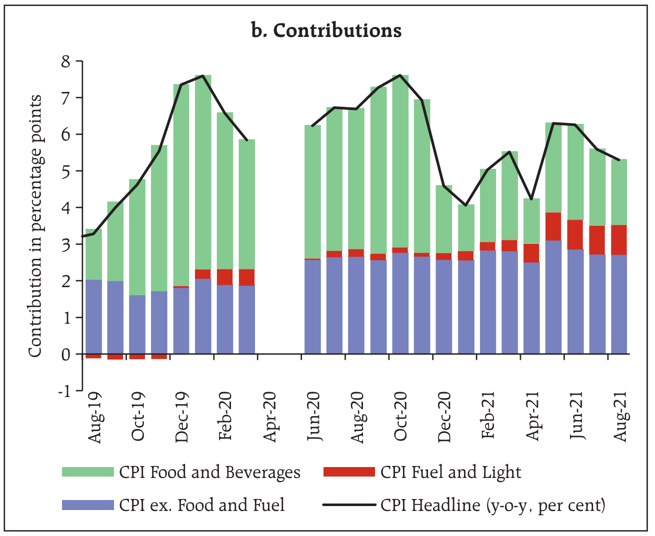
Inflation

Headline CPI inflation for the month of August 2021 was released on September 13 by the NSO. It brought relief, registering a moderation for the second consecutive month (Chart 33 a). A deceleration in the price momentum (month-on-month change in prices in the current month) to around 20 bps from 70 bps a month ago, along with a favourable base effect (month-on-month change in prices a year ago) of around 50 bps, which completely offset the price momentum, brought headline inflation down 30 bps from its level a month ago to 5.3 per cent in August from 5.6 per cent in July 2021.

Among constituents, food and beverages inflation moderated to 3.8 per cent in August from 4.5 per cent in July. In fact, the food and beverages index remained unchanged between August and July. A deepening of the deflation in vegetables, continuing deflation in cereals and sugar and the softening of inflation in eggs, fruits, pulses and non-alcoholic beverages were the main factors underlying the softening of food inflation. On the other hand, inflation in oils and fats, remained stubbornly elevated. Although inflation in meat and fish, and milk edged up, there was a decline in price momentum of meat and fish and a deceleration in price momentum of milk.

Chart 33: CPI Inflation





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

Fuel inflation edged up by around 60 bps to an all-time high of 12.9 per cent (in the 2012=100 base year series). LPG, kerosene, and firewood and chips continued to be its key drivers. Fuel (weight of 6.84 per cent in the CPI) contributed around 15 per cent of headline inflation in August (Chart 33 b).

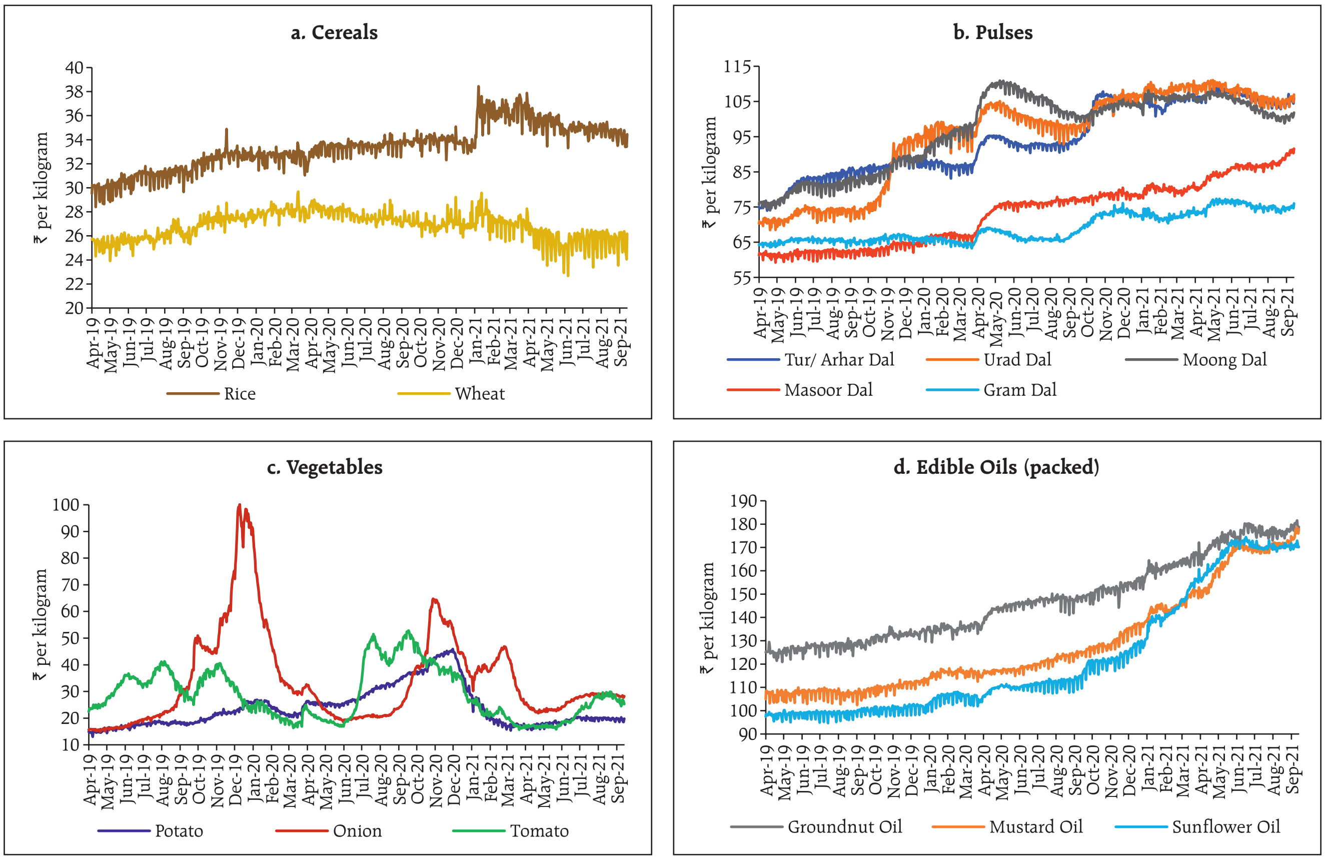
CPI inflation excluding food and fuel or core inflation remained steady at 5.8 per cent in August 2021. While inflation under personal care and effects, transport and communication, and pan-tobacco and intoxicants sub-groups registered moderation, inflation under education, clothing and footwear and household goods and services sub-groups registered a pick-up. Inflation in housing, recreation and amusement, and health remained more or less steady in August.

High frequency data from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) for September so far (until 13th) point to a further decline in cereal prices. On the other hand, prices of pulses, which have been on a downward trajectory in recent months, has reversed course in September, with a sharp increase in prices of *masoor*. Prices of all major edible oils have edged up further in September. Prices of key vegetables - tomatoes, onions and potatoes (TOP) - have registered a decline and are lower year-on-year (Chart 34).

Pump prices (average of the pump prices in the four major metros) registered some softening in September so far (September 1-13, 2021) to ₹102.26 per litre for petrol and ₹92.45 per litre for diesel (as on September 13, 2021). While kerosene prices declined in the first half of September, LPG prices were increased by ₹25 per cylinder each on August 17, 2021 and September 1, 2021 (Table 5).

Input costs, as reflected in the PMIs, increased further in August across manufacturing and services. While the rate of expansion in input costs quickened in services, it showed some softening in manufacturing. The pass-through of higher input costs to selling prices

Chart 34: DCA Essential Commodity Prices



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

remained muted in both manufacturing and services, with weakening of pricing power in the latter *vis-à-vis* the former.

Table 5: Petroleum Product Prices

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Sep-20	Aug-21	Sep-21^	Aug-21	Sep-21
Petrol	₹/litre	84.36	103.03	102.29	0.2	-0.7
Diesel	₹/litre	76.10	93.32	92.48	-0.2	-0.9
Kerosene (subsidised)	₹/litre	22.47	34.29	33.18	2.8	-3.2
LPG (non-subsidised)	₹/cylinder	604.63	870.13	895.13	3.0	2.9

^: For the period September 1-13, 2021.

Note: Other than kerosene, prices represent the average Indian Oil Corporation Limited (IOCL) prices in four major metros (Delhi, Kolkata, Mumbai and Chennai). For kerosene, prices denote the average of the subsidized prices in Kolkata, Mumbai and Chennai.

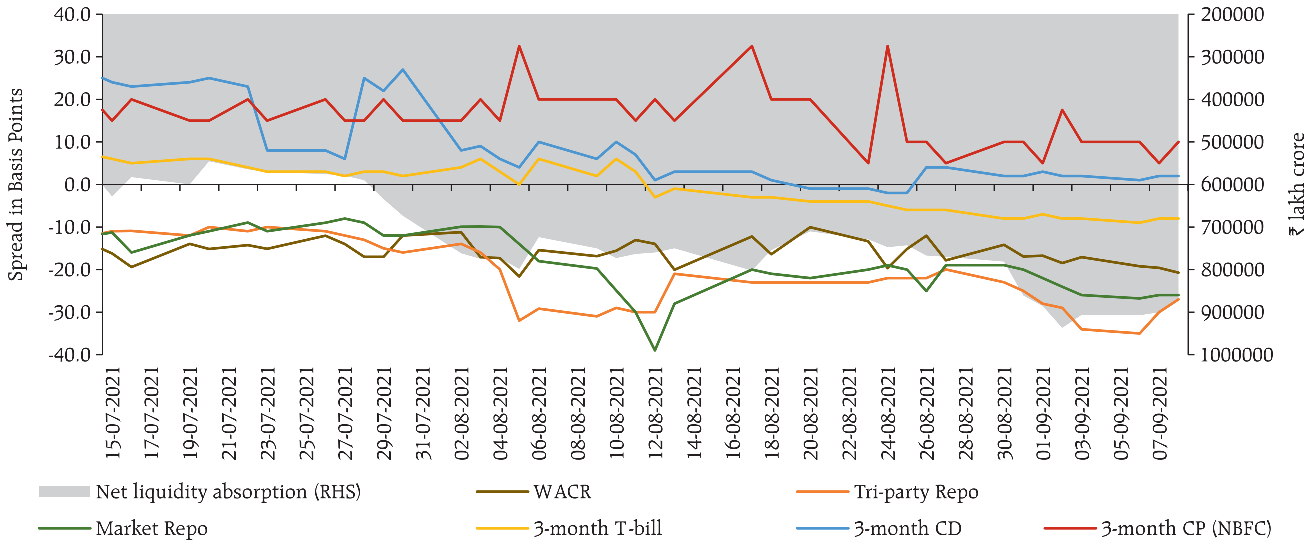
Sources: IOCL; Petroleum Planning and Analysis Cell (PPAC); and RBI staff estimates.

IV. Financial Conditions

The Reserve Bank remained engaged in steering and developing financial markets by enhancing operational flexibility and broadening participation, ensuring appropriate systemic liquidity, containing undue volatility and facilitating an orderly evolution of the yield curve. Efforts are underway to streamline regulations and build the necessary infrastructure for sound and efficient payments and settlement systems.

During August and Septemeber so far, domestic financial conditions stayed benign, with liquidity remaining comfortable across market segments. In the money markets, there has been a perceptible easing of rates commencing from early August, notwithstanding the upscaling of amounts absorbed under variable rate reverse repo (VRRR) auctions.

Chart 35: Liquidity Condition and Spread of Money Market Rates over Reverse Repo Rate



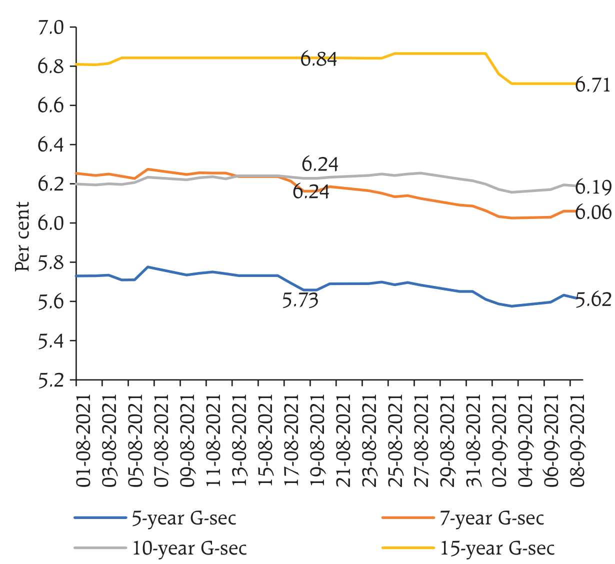
Sources: RBI; and Bloomberg.

These operations further elicited strong appetite with the bid cover ratio of 1.8, 1.7 and 1.5, respectively, on August 13, August 27 and September 9. Furthermore, auction cut-offs have trended steadily lower since June 18, 2021.

In the overnight money market segment, the spread of the weighted average call rate (WACR) below the reverse repo rate remained largely steady at around 16 bps; however, the tri-party repo and market repo rates traded, on an average, 25 bps and 21 bps below the reverse repo rate during August through September (up to 13th September). Surplus liquidity also pulled down T-bill and certificates of deposit (CD) rates below the reverse repo rate (Chart 35). During August-September (up to 13th September), the liquidity surplus absorbed under the liquidity adjustment facility (LAF) ballooned to ₹8.0 lakh crore as government spending picked up. During 2021-22 so far, the Reserve Bank has injected durable liquidity to the tune of ₹2.4 lakh crore through secondary market operations, which comprises ₹1.9 lakh crore through the G-sec acquisition programme (G-SAP) (including SDLs) and the remaining through open market purchases on the NDS-OM platform.

The softening bias in money market rates also spilled over to the debt market and was amplified at the long end of the curve by dovish comments on US monetary policy normalisation at the Jackson Hole symposium (Chart 36). The lower than anticipated CPI inflation print for July 2021, softening of US treasury yields, fall in crude oil prices and expectations

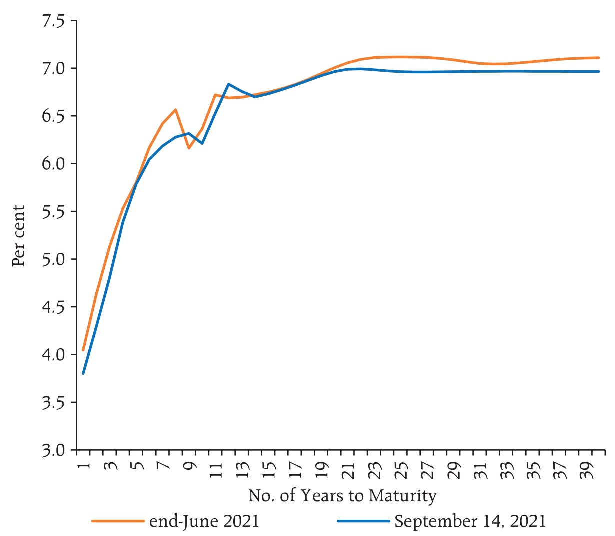
Chart 36: Movement in G-sec Yields



Source: Bloomberg.

Chart 37a.: Term Spread (Slope): 10 Year G-sec *minus* 2 Year G-sec

Chart 37b: Yield Curve



Sources: Bloomberg; and FIMMDA.

that additional borrowings may not be needed to bridge the GST shortfall combined to support market sentiments. The 10-year G-sec yield eased to 6.19 per cent on September 13, 2021 from 6.22 per cent at end-August 2021. In the primary market, all the auctions conducted in August sailed through smoothly, leading to the completion of nearly 89 per cent of the budgeted government borrowing slated for H1:2021-22.

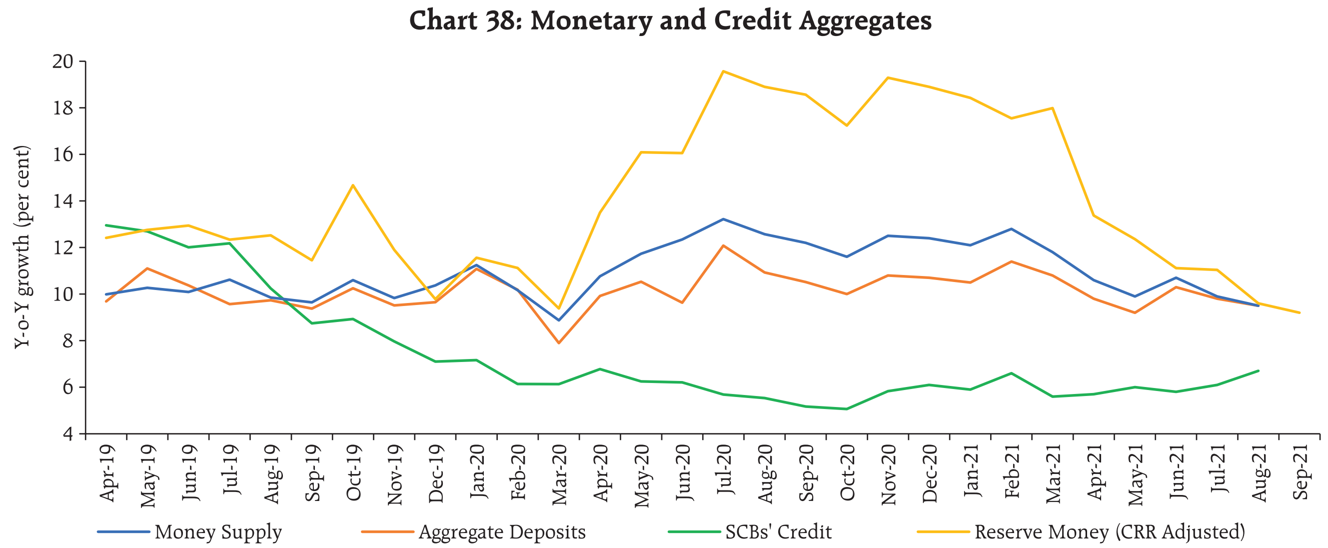
The term spread, usually measured as the difference between the 10-year and the 2-year G-sec yield, has been increasing, reflected in a steepening of the yield curve since July 2021 (Chart 37a and 37b).

In tandem with G-sec yields, corporate bond yields eased during August and September so far (up to 13th September). Relatively lower supply of corporate bonds than in preceding months, coupled with congenial financing conditions, imparted a softening bias to yields. Spreads over the corresponding government securities, however, widened across issuers and rating categories during September (up to 9th September) as compared with the preceding month (Table 6).

Table 6: Corporate Bond Yield and Spread

Issuer	Rating	Yield			Spread		
		Aug-21	Sep-21	Variation (Sep 2021 over Aug 2021)	Aug-21	Sep-21	Variation (Sep 2021 over Aug 2021)
PSU, Banks and FIs	AAA	5.40	5.25	-14	44	47	3
	AA	6.14	6.05	-9	118	127	9
	BBB-	9.28	9.20	-8	433	442	9
Corporates	AAA	5.20	5.19	-1	24	40	16
	AA	6.04	6.02	-2	108	123	15
	BBB-	9.99	9.96	-3	504	517	14
NBFCs	AAA	5.35	5.29	-6	40	50	10
	AA	6.25	6.23	-2	130	144	14
	BBB-	10.44	10.42	-2	549	563	14

Note: Yields and spreads are monthly averages for 3-year corporate bonds. Data for September 2021 is up to September 9.
Source: FIMMDA.



Notes: 1. Data pertain to last reporting Friday of every month for money supply, aggregate deposits and bank credit; and last Friday of every month for reserve money.
2. For the month of September, however, reserve money data as on September 10, 2021 are included.

Source: RBI.

Overall monetary and credit conditions remained supportive of the economic recovery. Reserve money (RM) growth (y-o-y), excluding the first-round impact of the cash reserve ratio (CRR) restoration, slackened to 9.2 per cent as on September 10, 2021 (19.0 per cent a year ago) [Chart 38]. Currency in circulation - the largest component of RM - grew at its slowest pace of 9.4 per cent since November 2017 (22.4 per cent a year ago), mirroring subdued precautionary demand in contrast to the surge recorded a year ago during the first wave. Money supply (M3) increased by 9.5 per cent as on August 27, 2021 (12.6 per cent a year ago), below its decennial average (2012-21) of 10.9 per cent.

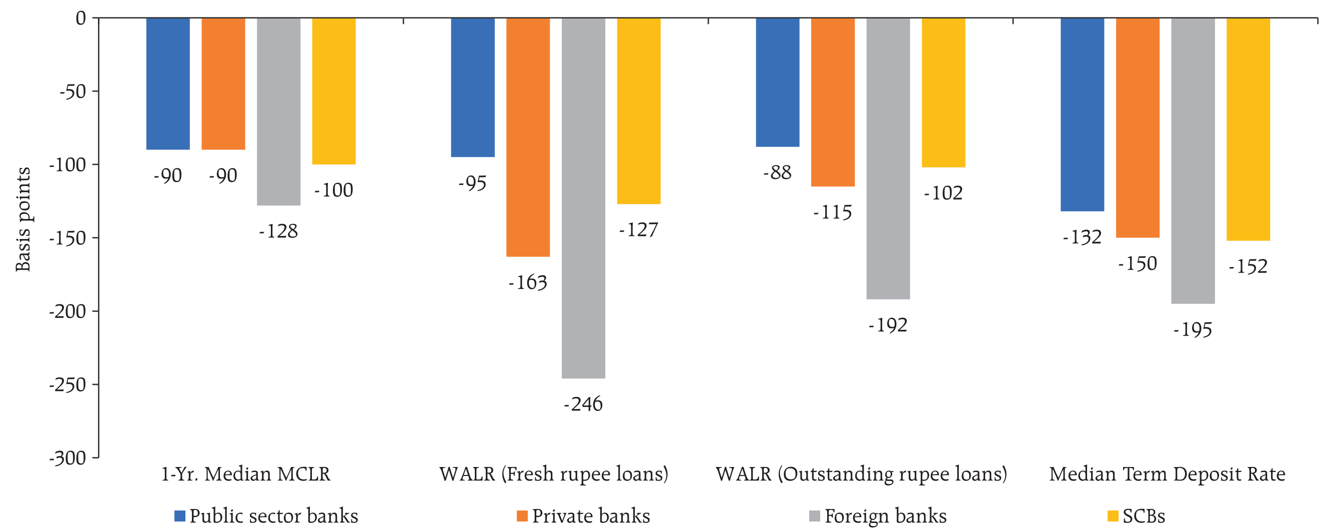
Aggregate deposits of banks – the largest constituent of M3 – remained strong, with y-o-y growth at 9.5 per cent (10.8 per cent a year ago). Scheduled commercial banks' (SCBs) credit to the commercial sector, which has grown faster than a year ago since July 2021, clocked a growth of 6.7 per cent (5.5 per cent a year ago) as on August 27, 2021.

Surplus liquidity, coupled with forward guidance by the Reserve Bank, facilitated monetary transmission. There has been a complete pass-through of the policy rate cuts to the weighted average lending rate (fresh rupee loans) and term deposit rates of SCBs since March 2020 (Chart 39). The median term deposit rate moderated by 152 bps through March 2020 to August 2021. A bigger dip of 181 bps is discernible across shorter tenor deposits of maturity of up to one year.

Private banks have effected higher pass-through to term deposit rates than public sector banks (PSBs) on account of higher deposit growth in the former. This has resulted in a convergence of weighted average domestic term deposit rates (WADTDR) on outstanding deposits of public and private sector banks (Chart 40). Since March 2020, the 1-year median marginal cost of funds-based lending rate (MCLR) of SCBs has softened cumulatively by 100 bps.

In August and the first half of September, the Indian equity market remained upbeat on supportive

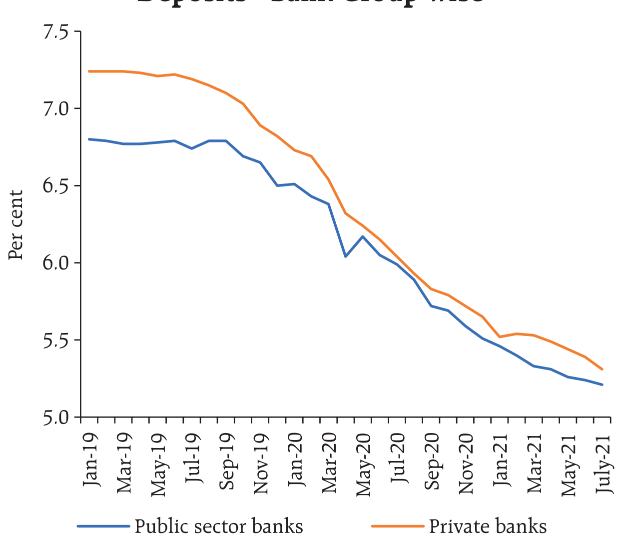
Chart 39: Transmission to Lending and Deposit Rates (March 2020 to August 2021)



Note: Latest data on WALRs pertain to July 2021.
Sources: RBI; and RBI staff estimates.

global cues, robust GST collections, strong corporate earnings results for Q1:2021-22, and a strong pick up in the vaccination drive. The BSE benchmark gained by 9.4 per cent in August 2021, and 1.2 per cent in September so far (up to 14th September) to close at 58,247 (Chart 41). The benchmark indices crossed multiple record highs and the market closed with moderate gains with mid-cap and small-cap indices gaining by 3.3 per cent and 0.5 per cent in August, respectively, and 5.0 per cent and 4.2 per cent, respectively, in September so far.

Chart 40: WADTDR on Outstanding Rupee Term Deposits - Bank Group wise

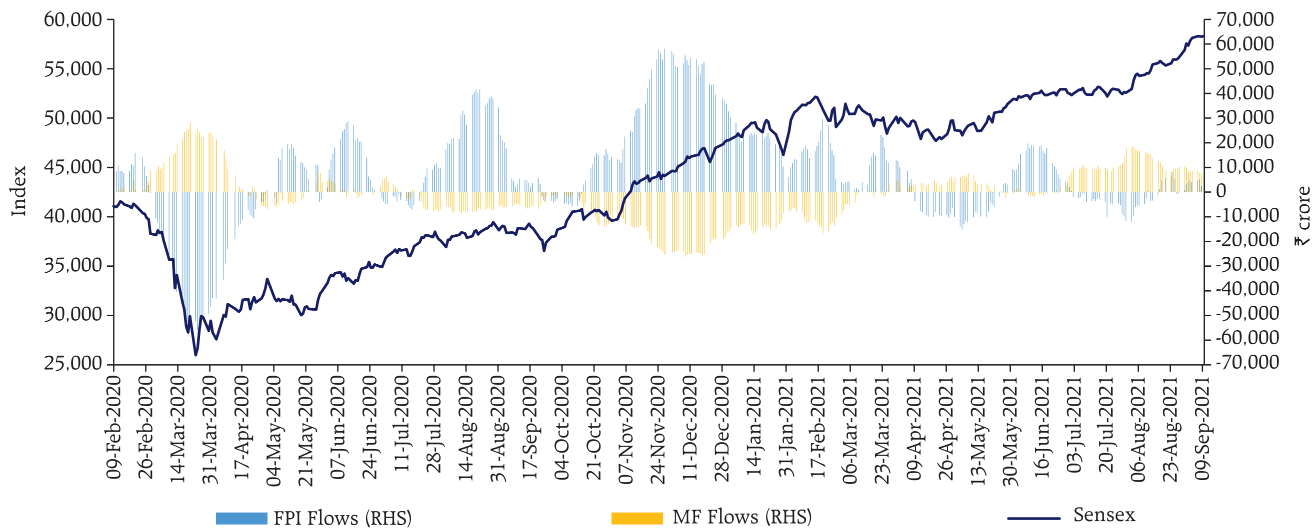


Source: RBI.

One-year forward valuations are at 25 times earnings, as against 7-17 times for other comparator countries. Foreign portfolio investors (FPIs) bought equities in August to the tune of ₹7,454 crore, despite offloading stocks in the last week of the month. In 2021-22 so far, FPIs have been sellers in the secondary market segment while being net buyers in the primary market – investment in IPOs and other primary issuances.

Domestic mutual funds expanded their investments in the Indian equity market in August and September, propelled by the success of various new fund offers. Equity funds attracted an investment of ₹8,057 crore in August. There has been a record entry of new retail investors into the stock markets through

Chart 41: BSE Sensex and Institutional Flows

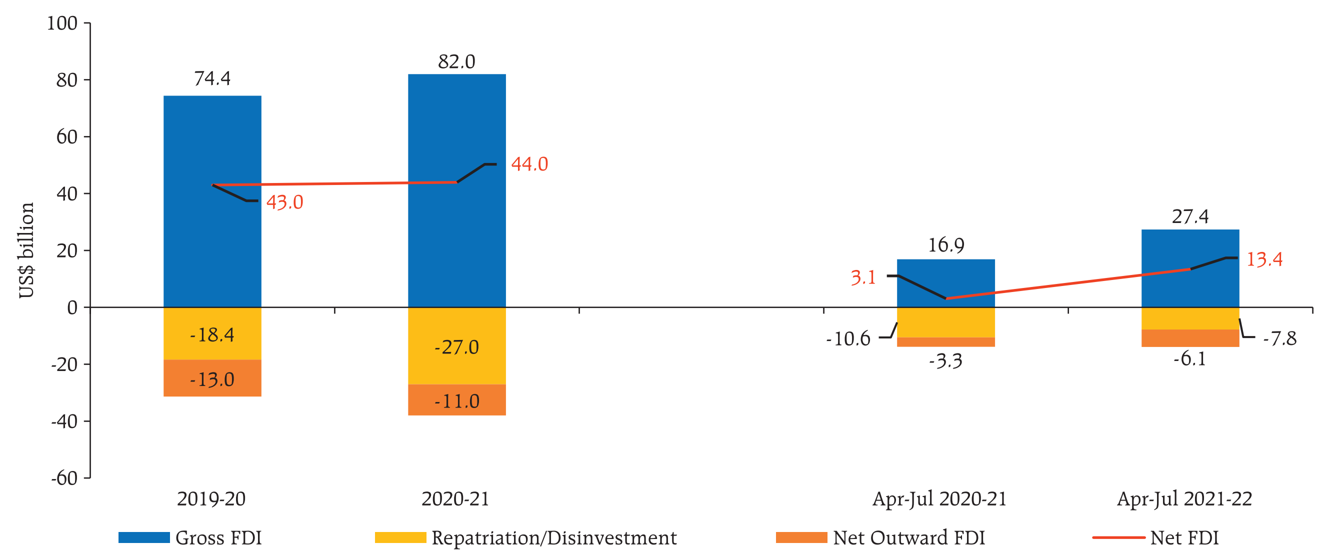


Note: FPI and MF investments are represented on 15 days rolling sum basis.
Sources: Bloomberg; NSDL; and SEBI.

mutual funds. The contribution of monthly SIPs, which allow retail investors to invest small amounts over a long period recorded a new high of ₹9,923 crore in August (8.1 per cent higher than ₹9,182 crore in March 2021). The number of retail SIP accounts surged to 4.32 crores with 24.92 lakh new registrations in August alone[6].

Cumulatively, net FDI increased to US$ 13.4 billion in April-July 2021 from US$ 3.1 billion a year ago (Chart 42).

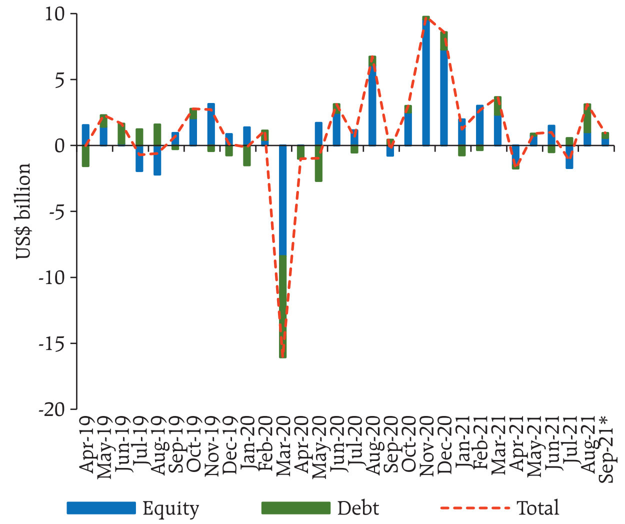
Chart 42: Foreign Direct Investment



Source: RBI.

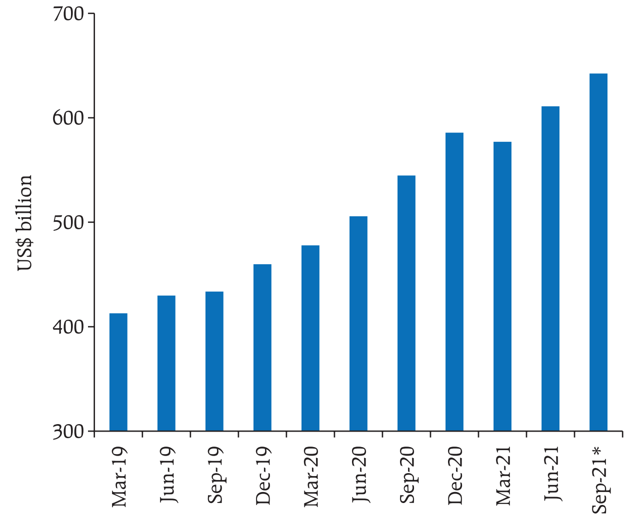
[6] *https://www.moneycontrol.com/news/business/personal-finance/equity-inflows-dip-as-etfs-marginally-surge-shows-amfi-monthly-data-release-7444581.html*

Chart 43: Net Foreign Portfolio Investment



*: Up to 13th.
Source: National Securities Depository Limited (NSDL).

Chart 44: Foreign Exchange Reserves



*: As on September 3.
Source: RBI.

In the domestic debt market, FPIs remained net buyers for the second straight month in August 2021 on the back of an increase in domestic yields *vis-à-vis* global yields. In 2021-22 (up to 13th September), net investment under the Voluntary Retention Route (VRR) was to the tune of US$ 1.3 billion as compared with US$ 1.3 billion a year ago (Chart 43).

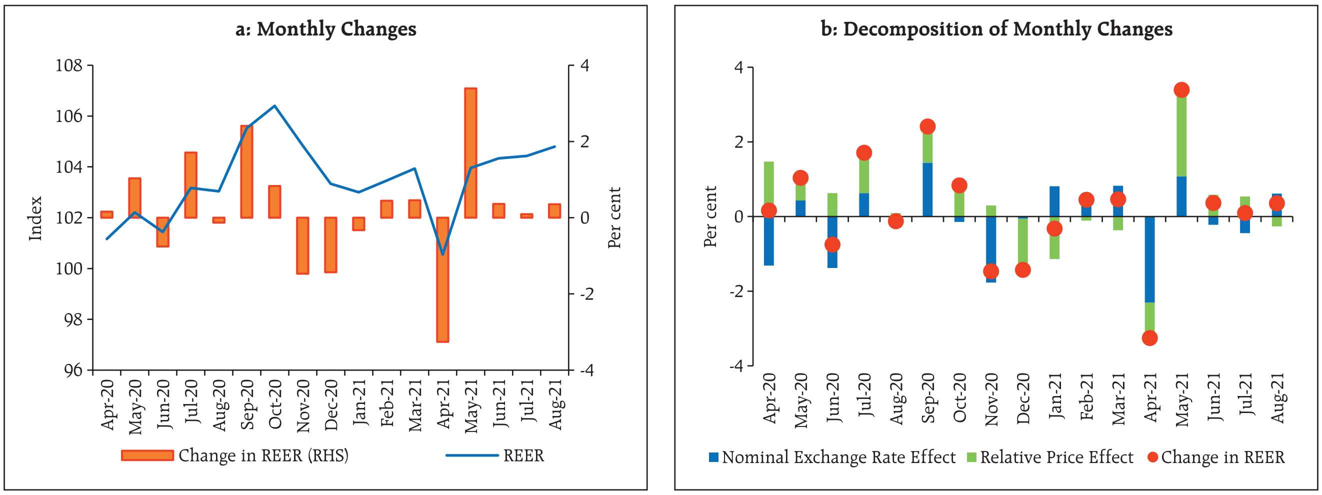
The approvals and disbursements of external commercial borrowings (ECB) to India recorded a sharp increase in July 2021, reflecting an improvement in domestic business environment. Cumulatively, ECB inflows (including intercompany borrowings) to India increased to US$ 6.3 billion in April-July 2021 from US$ 6.0 billion a year ago. However, non-resident deposit flows have moderated in 2021-22 so far with net accretions to the tune of US$ 3.1 billion in April-July 2021 as compared to US$ 4.3 billion a year ago.

Foreign exchange reserves reached an all-time high of US$ 642.5 billion on September 3, 2021, partly reflecting the general allocation of Special Drawing Rights (SDRs) to member countries by the International Monetary Fund (IMF) of which India received US$ 17.9 billion (Chart 44).[7] The level of reserves is close to 15 months of imports projected for 2021-22.

In the foreign exchange market, the INR appreciated against the US dollar in August 2021 by 0.5 per cent (m-o-m), amidst FPI inflows and softening crude oil prices. This development is reflected in the movement of the INR in terms of the 40-currency real effective exchange rate (REER) index, which appreciated by 0.4 per cent over its level a month ago (Charts 45a and 45b).

[7] On August 2, 2021, the IMF's Board of Governors approved a general allocation of SDRs equivalent to US$ 650 billion (about SDR 456 billion) for its members with the aim to help particularly more vulnerable member countries to cope with the impact of COVID-19 crisis. This is the largest allocation in the history of the IMF which became effective on August 23, 2021. The newly created SDRs were credited to member countries in proportion to their existing quotas in the Fund.

Chart 45: Monthly Movements in 40-Currency Real Effective Exchange Rate (REER) (Base: 2015-16 = 100)



Note: Figures for August 2021 are provisional.
Source: RBI.

Payment Systems

In the payments space, digital transactions through major payment instruments sustained growth (y-o-y) in August and September (up to September 9) both in value and volume terms (Table 7). Real Time Gross Settlement (RTGS) transactions, an indicator of overall business activity, accelerated for the third consecutive month. On the retail side, payments through the National Electronic Funds Transfer (NEFT), the Unified Payments Interface (UPI), and the Bharat Bill Payments System (BBPS) gained further traction. There was a spike in the National Automated Clearing House (NACH) transaction values, owing to disbursals under the PM *Kisan Samman Nidhi* of more than ₹19,500 crore to beneficiaries on August 9, 2021[8]. This bodes well for rural retail spending in the upcoming days. As a testament to the potential of the e-RUPI, the number of issuer banks has grown from 11 (on launch) to 16.[9]

On August 17, 2021 the Reserve Bank introduced its Financial Inclusion Index, a comprehensive index comprising 97 indicators grouped under the three

Table 7: Growth Rates in Select Payment Systems

Payment System	Transaction Volume Growth (Y-o-Y, per cent)				Transaction Value Growth (Y-o-Y, per cent)			
	July-2020	July-2021	Aug-2020	Aug-2021	July-2020	July-2021	Aug-2020	Aug-2021
RTGS	-2.1	34.4	-1.7	42.6	-33.7	28.9	-36.7	39.4
NEFT	9.4	32.0	6.0	37.2	10.0	12.3	7.5	14.5
UPI	82.1	116.7	76.3	119.6	98.5	108.5	93.1	114.2
IMPS	17.3	58.7	22.9	54.3	24.0	37.9	24.3	36.2
NACH	8.6	1.9	22.2	-2.3	19.9	1.8	6.0	21.0
NETC	217.7	122.0	248.6	107.8	166.8	83.4	180.5	79.6
BBPS	97.0	153.7	100.8	177.6	113.1	159.3	106.9	172.5

Source: RBI.

8 *https://pib.gov.in/PressReleseDetail.aspx?PRID=1744050*

9 *https://www.npci.org.in/what-we-do/erupi/erupi-live-partners*, accessed on September 9, 2021.

broad heads – access (35 per cent weight), usage (45 per cent), and quality (20 per cent). Indicative of cumulative efforts of various stakeholders towards financial inclusion coming to fruition, the index improved to 53.9 in 2020-21 from 43.4 in 2016-17.[10] In a bid to enhance financial inclusion through digital payments, the Reserve Bank has decided to extend its Payments Infrastructure Development Fund (PIDF) scheme[11] to street vendors identified as part of the PM Street Vendor's *Atma Nirbhar Nidhi* (PM SVANidhi Scheme) in tier-1 and tier-2 centres[12], in addition to those in tier-3 to tier-6 centres who were already eligible for the PIDF scheme.

The Reserve Bank also announced a slew of changes in the card tokenisation framework to augment security of transactions and buttress customer data privacy. In addition to mobile phones and tablets, the facility of device-based tokenisation has been extended to include consumer devices – laptops, desktops, wearables, and other Internet of Things (IoT) devices.[13] With effect from January 1, 2022, no entity in the card transaction/payment chain (except card issuers and card networks) would be allowed to store actual card data[14] in the interest of customer data protection. However, it has also been decided to extend the device-based tokenisation framework to card-on-file (CoF) tokenisation as well, which will save customers the hassle of keying in card details for each transaction by using their tokenised cards instead. In doing so, the Bank has endeavoured to maintain a balance between customer convenience and data security.

Exciting developments are underway on the account aggregator (AA) front[15]. AAs are NBFCs licensed by the Reserve Bank that obtain customer consent, collect their data from financial information providers (*e.g.*, banks) and share it with financial information users (*e.g.*, digital lenders) that provide financial services to the customers. Access to financial data under this framework creates the potential to expand the delivery of financial products and services in a secure, transparent and efficient manner. The expansion of the AA ecosystem is expected to bolster financial inclusion and provide ample room for FinTech innovation by breaking down data silos.

Conclusion

In the August issue, we wrote about the music of autumn drowning out the songs of spring. We did so because we believe that at the current juncture, the Indian economy is evenly poised for that gravitational slingshot that will launch it on its aspirational growth trajectory. As the enervating effects of the pandemic recede, giving way to dormant growth impulses, the choice of strategy becomes critical.

Stabilisation policy – of which monetary policy is an integral element – is invested with steering the economy across the peaks and troughs of the business cycle; and as an influential voice from the central banking community pointed out – not attempt to offset what are likely to be temporary fluctuations; this 'may do more harm than good'. Moreover, stabilisation policies operate with long and variable lags and, therefore, time-consistent policy actions that fit the prevailing conditions when they impact the economy is key.

The pandemic is a shock like no other. Its short-term effects are evident and policy responses are addressing them on an ongoing basis. Policies for

[10] https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52068

[11] The objective of the scheme is to encourage deployment of Points of Sale (PoS) infrastructure (both physical and digital) in tier-3 to tier-6 centres and in north eastern states.

[12] *https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52112*

[13] *https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12152&Mode=0*

[14] *https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12159&Mode=0*

[15] *https://www.thehindubusinessline.com/money-and-banking/eight-major-banks-join-the-account-aggregator-network/article36256274.ece*

sustainable and inclusive growth with stability must be conditioned by an awareness of the longer-term effects of the pandemic.

The trajectory of inflation is shifting down more favourably than anticipated. The inflation outcome for August has vindicated the MPC's call for treating the May price shock as transitory and looking through it. The softening of prices of various food items is likely to extend into Q3 and contain the upside price pressures stemming from fuel and core prices on headline inflation. The task now is to consolidate these gains and carry them forward into Q4 as well. India is a price taker in respect of fuel prices, which have been broadly aligned over time with international prices. The outlook for core inflation is tied to the fortunes of the Indian economy going forward. As pandemic scars heal and supply conditions are restored with productivity gains that typically accrue after a large shock, a sustained easing of core inflation can be expected and this will reinforce the growth-supportive stance of monetary policy.

In August, we believe that India passed a turning point which consolidates and thrives come September.

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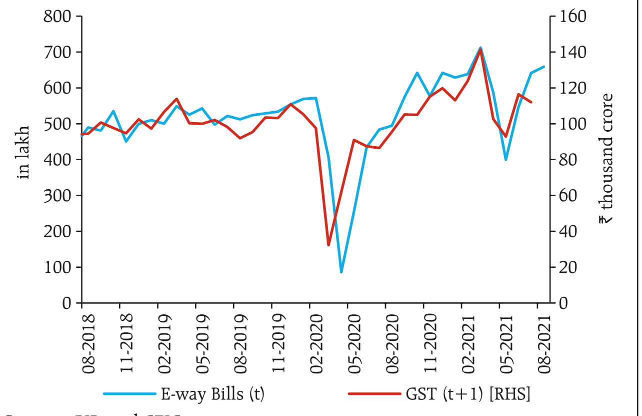
Kumar P., "An Economic Activity Index for India", *RBI monthly bulletin*, November 2020.

Annex: E-way Bills as a Lead Indicator of GST

Under the goods and services tax (GST) introduced in July 2017, all businesses with aggregate turnover of more than ₹5 crore in the previous financial year are required to file monthly GST return (GSTR-3B) by the 20th of the next month. Businesses with turnover less than ₹5 crore are allowed to file quarterly returns by 22nd or 24th of the month next to the quarter. In the last eleven months (Oct 2020 to August 2021), GST collections have exceeded ₹1 lakh crore in each month, except June 2021. This has been attributed to the ongoing economic recovery, closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, income-tax and customs IT systems and effective tax administration.

Chart A1: E-way Bills and GST



Sources: PIB; and CEIC.

Under the GST system, e-way bills are required to be generated for transport of goods whose value exceeds ₹50,000. While the e-way bills capture the transactions made in any particular month (t), the returns for these transactions are required to be filed in the next month (t+1). Thus, e-way bills generated in the month 't' can be an advance indicator of GST collections in the month 't+1'. A plot of GST revenues in period 't+1' and e-way bills in period 't' reflects the close co-movement between the two (statistically significant lead correlation of around 70 per cent) [Chart A1]. It may be noted, however, that e-way bills are an indicator of trade in goods; they don't contain any information on trade in services.

In August, e-way bills registered a year-on-year growth of 33.3 per cent[1], signalling that GST collections can be estimated at ₹1.1 lakh crore in September 2021[2].

[1] A month-on-month growth of 2.7 per cent.

[2] The forecast of GST revenues was made based on a simple regression framework: $GST_t = c + c_1\, ewaybills_{(t-1)} + \varepsilon_t$ with dummy variables introduced for April and May 2020 to account for the collapse in GST revenues during these months on the back of COVID-related restrictions. The specification was found to be free from autocorrelation (the null hypothesis of no autocorrelation of the Breusch-Godfrey Serial Correlation LM Test could not be rejected with a p-value of 0.3) and heteroscedasticity (the null hypothesis of homoscedasticity of the Breusch-Pagan-Godfrey Test could not be rejected with a p-value of 0.6), and the errors were found to be normally distributed (the null hypothesis of normal distribution of the Jarque Bera Test could not be rejected with a p-value of 0.13).

*Changes in Sectoral Bank Credit Allocation: Developments since 2007-08**

Indian economy witnessed a bank credit boom during the period 2007-08 to 2013-14. In the subsequent years, however, the credit cycle reversed along with a noticeable qualitative shift in the sectoral deployment of bank credit due to dismal credit offtake in the industrial sector, with credit growth almost entirely being driven by the non-industrial sectors, especially personal loans. Analysis of thirty three select banks reveals that dominant-group, comprising six leading banks on the basis of their share in non-food credit, continued to lend to the non-industrial sectors but its lending to the industrial sector was subdued. The other-group comprising the rest of the banks recorded a drop in industrial credit, especially during the pandemic period. An empirical exercise using fixed effects panel regression revealed that during the pandemic period, the industrial sector was affected the most.

I. Introduction

Adequate and timely availability of credit is an essential prerequisite for economic growth. In India, despite market-based sources gaining importance in the recent years, bank credit has been the prime source of finance for various sectors of the economy. Apart from financing growth, variations in bank credit are an important channel for central banks that rely on interest rates to convey their policy stance (RBI, 2005).

Fundamentally, bank credit assumes importance for individuals, business organisations, industries, as well as government[1]. Given the importance of bank credit flow to different productive sectors of the economy, the Reserve Bank has been compiling and publishing monthly sectoral deployment of bank credit data. The data is classified under the food and non-food credit (NFC) categories, with food credit being provided to the Food Corporation of India (FCI) and state agencies for procurement of food grains.

As food credit is largely driven by external forces such as monsoons, size of the marketed surplus and Government procurements, non-food credit is generally used as a gauge of bank lending (Banerjee, 2011). Non-food credit is categorised into four broad categories - (i) agriculture and allied activities, (ii) industry, (iii) services, and (iv) personal loans. Among these four, the credit offtake to personal loans segment has emerged as the prime driver of overall non-food credit growth in the past couple of years, accounting for a share of around 29.0 per cent in non-food credit and a growth (y-o-y) of 10.2 per cent in March 2021.

The evolving patterns in credit allocation across sectors assume greater significance, as banks' credit allocation strategies could have a potential impact on the economy, particularly in the case of emerging market economies (EMEs) like India, where there is a paucity of capital to support economic growth. It is also important to know how the sectoral composition of credit has changed over time, as this can have implications for economic growth and employment generation. As a result, channelising credit to targeted sectors, such as, the micro, small and medium enterprises (MSMEs), which have greater linkages, both forward and backward, and higher employment potential has always been a part of planned policy initiatives of the Reserve Bank.

In the recent past, Anthony *et al.* (2019) attempted to analyse movements of overall non-food credit along with its sectoral dynamics and noted a

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[1] Individuals obtain credit for both consumption and investment purposes, business organisations and industries borrow loans to invest in plant and machinery and in working capital, whereas government borrows to spend for recurrent as well as capital purposes (Timsina, 2014).

qualitative shift in the sectoral deployment of bank credit with aggressive lending to the retail segment in the form of personal loans. Prakash and Kumar (2021) further studied the developments in the sectoral deployment of bank credit during the period preceding the COVID-19 pandemic and compared them with that during the period of the first wave of COVID-19 in India and concluded that an already muted credit growth experienced a further setback in 2020-21 in the wake of the pandemic. These studies, however, focused on developments in non-food credit and its sectoral components. The bank-wise lending behaviour in different sectors has not been examined yet by any study.

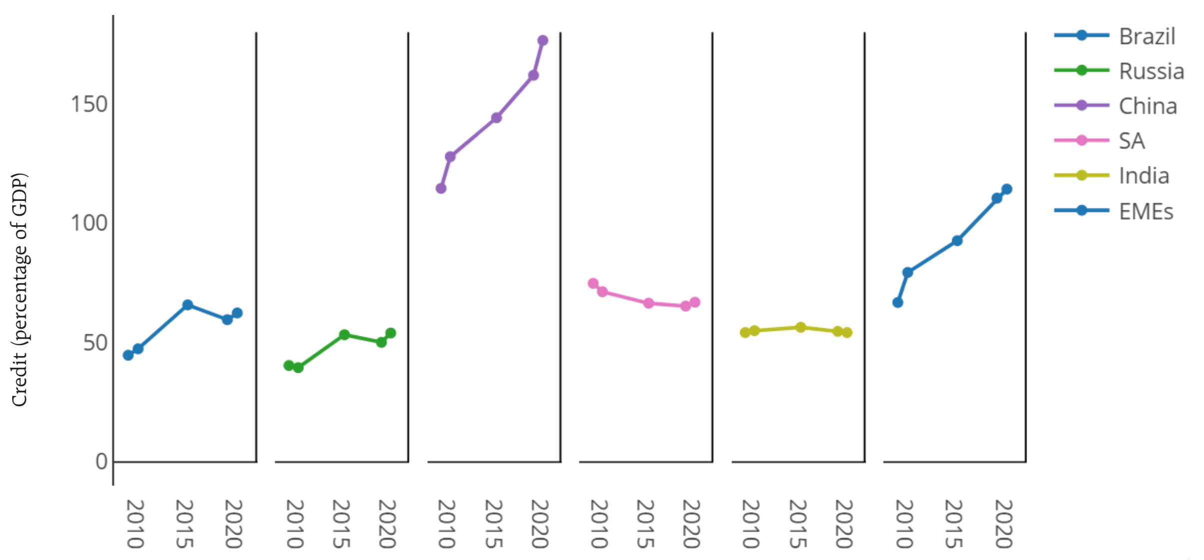
Against this backdrop, this article examines the changes in credit allocation, between industrial and non-industrial sectors[2], along with the lending behaviour of banks[3] since 2007-08. This study also empirically assesses the impact of COVID-19 pandemic on (a) credit delivery and (b) sectoral credit offtake. The analysis is relevant given the prevailing muted credit growth and provides important insights for shaping future policy for improving credit offtake and its allocation.

The remainder of the article is organised as follows. Section II presents trends in sectoral credit. Section III analyses if credit offtake to the industrial sector is driven by some banks. Section IV presents performance and lending behaviour of the bank groups in extending credit to various industrial sub-sectors. Section V analyses performance of bank groups in extending credit to the non-industrial sectors. Section VI provides empirical estimation relating to what has been defined as dominant-group and other-group of banks for the pre-COVID-19 period and COVID-19 period and finally, Section VII presents concluding observations.

II. Trends in Sectoral Credit

Bank credit to private non-financial sector in India accounted for 57.4 per cent of GDP in 2020. As compared to some of the EMEs, bank credit to the private non-financial sector in India has shown a nearly flat trend in the recent past (Chart 1).

Chart 1: Bank Credit to Private Non-Financial Sector



Source: Bank for International Settlements (BIS).

2 Non-industrial sectors include agriculture and allied activities, services, and personal loans segment.

3 For this study, banks have been grouped into dominant-group and other-group. The lending behaviour of these two groups is examined in the article.

An analysis of the sectoral composition of non-food credit reveals that the share of credit to the industrial sector in overall non-food credit offtake, which stood at over 45.0 per cent in 2013-14, declined to around 30.0 per cent by 2020-21. The share of credit to the industrial sector is still the highest, followed by personal loans, services, and agriculture (Chart 2). Over the years, personal loan segment and services sector credit have gained more prominence.

The Indian economy witnessed a bank credit boom during the period 2007-08 to 2013-14 with non-food credit registering compound annual growth rate (CAGR) of 16.8 per cent, primarily driven by robust credit growth to the industrial sector as well as accelerated credit flows to the non-industrial sectors. Credit to the industrial sector recorded CAGR of 19.6 per cent, while credit to the non-industrial sectors registered CAGR of 14.6 per cent during the period. The relative contribution of credit to the industrial sector in overall non-food credit growth was nearly 50.0 per cent, indicating robust credit growth associated with significant expansion of credit to the industrial sector during the period (Chart 3). As a result of the robust credit flow, the industrial sector's share in total non-food credit increased to 45.5 per cent in 2013-14 from 38.9 per cent 2007-08 (Chart 2).

In the subsequent years, however, credit cycle reversed along with a noticeable qualitative shift in the sectoral deployment of bank credit. During 2014-15 to 2020-21, credit growth decelerated, registering a CAGR of 8.3 per cent, primarily due to a reversal in credit growth in the industrial sector. Credit to the industrial sector recorded a muted CAGR of 1.6 per cent against CAGR of 12.4 per cent registered by credit to the non-industrial sectors during the period 2014-15 to 2020-21. The overall non-food credit growth was almost entirely driven by an expansion of credit to the non-industrial sectors, especially to the retail segment in the form of personal loans, during the period (Chart 3). The muted performance of credit to the industrial sector was because of factors like subdued demand for industrial bank credit, alternate sources of financing, viz., foreign direct investment (FDI), equity, bonds, debentures, etc., coupled with some risk aversion on the part of banks owing to the problem of stressed assets in a few large industries. The slowdown in credit growth got further compounded after the outbreak of COVID-19 pandemic in 2020-21.

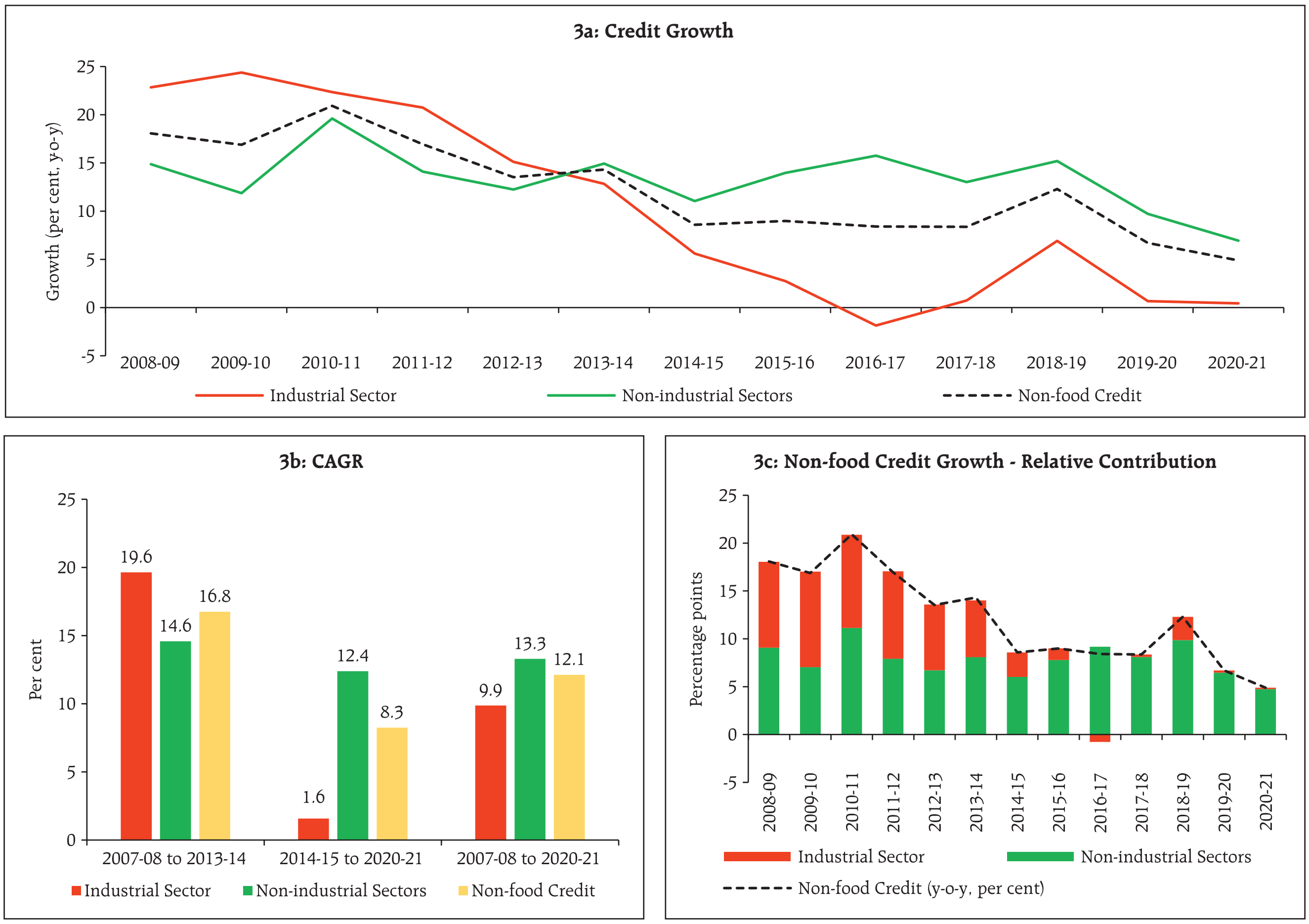
Chart 2: Share of Major Sectors in Non-food Credit

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Agriculture	12.5	13	13.7	13.1	12.7	12.1	12	12.8	13.5	14	13.4	12.9	12.6	13.5
Industries	38.9	40.5	43.1	43.8	45.2	45.8	45.5	44.3	41.7	37.8	35.1	33.4	31.5	30.2
Services	24.9	24.8	23.9	24.4	23.8	23.7	24.2	23.5	23.5	25.4	26.7	28	28.2	27.2
Personal Loans	23.7	21.6	19.3	18.8	18.2	18.4	18.3	19.4	21.3	22.8	24.8	25.7	27.7	29.1

<15% 15-20% 20-25% 25-33% 33-38% >=38%

Source: RBI and Authors' estimates.

Chart 3: Credit Offtake – Industrial *vs* Non-industrial Sectors



Sources: RBI and Authors' estimates.

As a result of the pandemic and consequent shutdown of most of the economic activities, not only did real GDP decline, but credit demand was also adversely affected, leading to further deceleration in credit growth to the industrial sector along with softening of credit growth to the non-industrial sector.

The sluggish credit growth to the industrial sector since 2014-15, which has also led to a moderation in the overall credit growth, warrants an investigation into the reasons; whether the slowdown in lending to the industrial sector is common to all the banks or there has been a divergence in behaviour across banks.

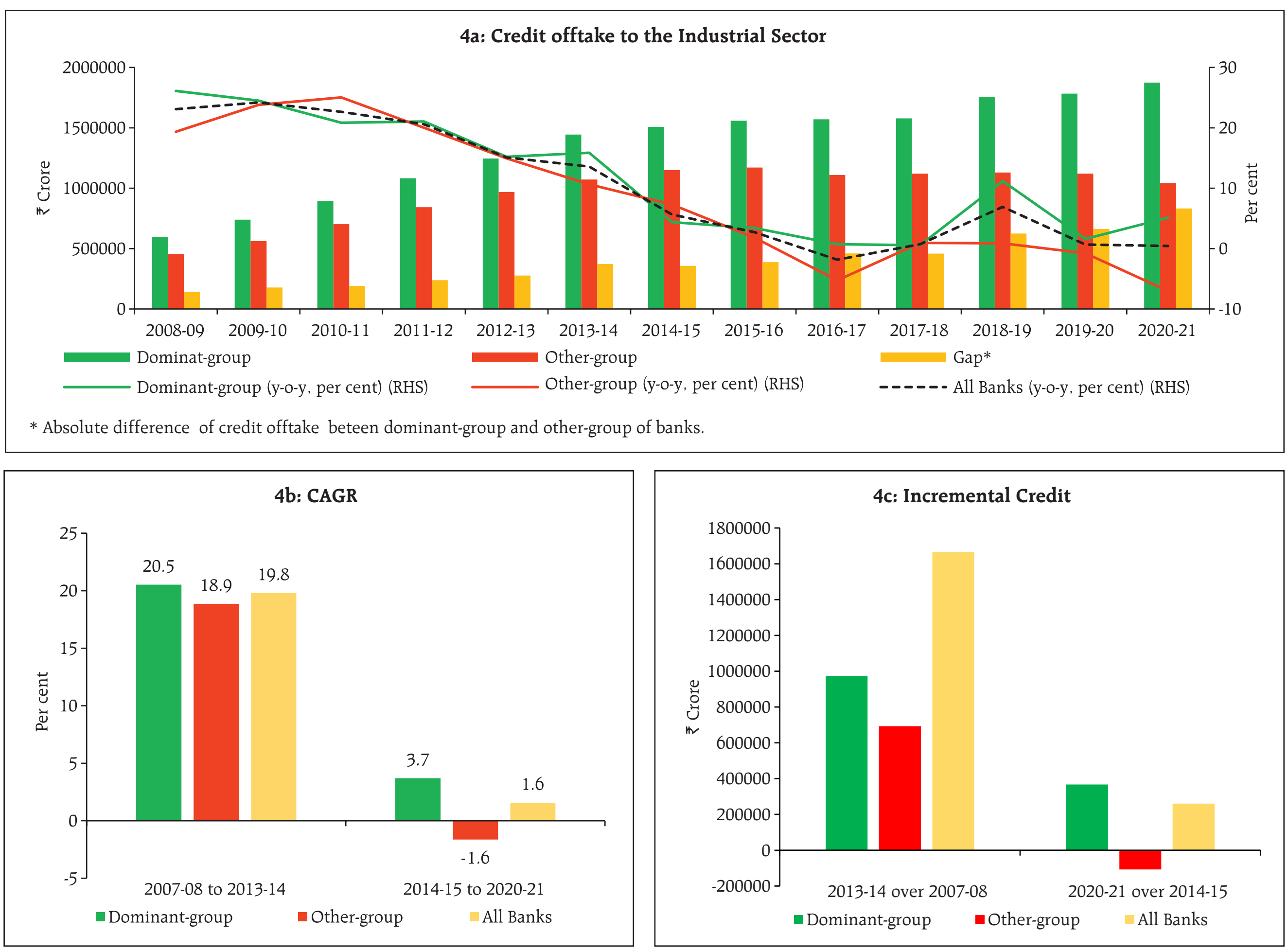
III. Is Credit Offtake to the Industrial Sector Driven by Some Banks?

With a view to studying the lending behaviour of banks, especially in the industrial sector, the sectoral non-food credit data, published by the Reserve Bank on a monthly basis, covering 33 select banks accounting for about 90 per cent of the total non-food credit extended by all scheduled commercial banks (SCBs), have been used. Based on a bank-wise analysis of data, it is observed that a few banks are contributing significantly to overall non-food credit offtake. Hence, the banks can be divided into two categories – (i) the dominant-group of banks, which includes six leading banks on the basis of their share in total non-food credit[4], and (ii) the other-group of banks, which includes the remaining 27 banks.

Credit growth to the industrial sector, which remained in double digits until 2013-14, witnessed sharp moderation subsequently, moving into negative territory in 2016-17 mainly due to a sharp contraction in credit offtake in the infrastructure sector, its largest component. It registered a recovery in 2018-19 but remained muted in the subsequent years. The robust credit growth to the industrial sector during 2007-08 to 2013-14 was due to the aggressive participation of both dominant-group and other-group of banks in lending to the industrial sector. It is also reflected in CAGR of 20.5 per cent and 18.9 per cent registered by dominant-group and other-group of banks' credit extended to the industrial sector, respectively, during the period. Although, dominant-group's credit offtake remained on the higher side, both in aggregate and incremental terms, the gap between credit offtake by dominant-group and other-group did not change much during this period (Chart 4).

After this credit boom period, credit growth to the industrial sector witnessed a sharp reversal and registered a muted CAGR of 1.6 per cent during the

Chart 4: Credit Offtake to the Industrial Sector – Dominant-group *vs* Other-group



Sources: RBI and Authors' estimates.

[4] The dominant-group of banks accounted for around 60 per cent share in total non-food credit extended by 33 banks in March 2021.

period 2014-15 to 2020-21. This decline in credit growth was primarily caused by a contraction in credit disbursed by the other-group coupled with modest growth in credit extended by the dominant-group to the industrial sector during the period. Credit to the industrial sector extended by the other-group registered a negative CAGR of 1.6 per cent, while that by the dominant-group registered a modest CAGR of 3.7 per cent during the period. Credit growth to the industrial sector experienced a further setback in 2020-21 and barely managed positive growth of 0.4 per cent due to the outbreak of COVID-19 and the resulting nationwide lockdown. In the pandemic year, the credit extended by the dominant-group to the industrial sector registered an accelerated growth of 5.1 per cent though that delivered by the other-group contracted by over 7.0 per cent. Thus, it is evident from the above that a few banks are driving credit growth to the industrial sector, whereas, most of the other banks are lagging behind in extending credit to the industrial sector. The lending behavior of the two groups of banks within the industrial sector and the non-industrial sectors has been analysed in the next two sections.

IV. Lending Behaviour of the Dominant-group and Other-group of Banks within the Industrial Sector

The industrial sector can be broadly categorised into micro & small, medium and large industries depending on the size of investment into plant and machinery. The share of large industries has been around 80 per cent in the overall credit offtake to the industrial sector. The deceleration in credit growth to the industrial sector since 2014-15 has primarily been due to a downturn in credit growth to large industries.

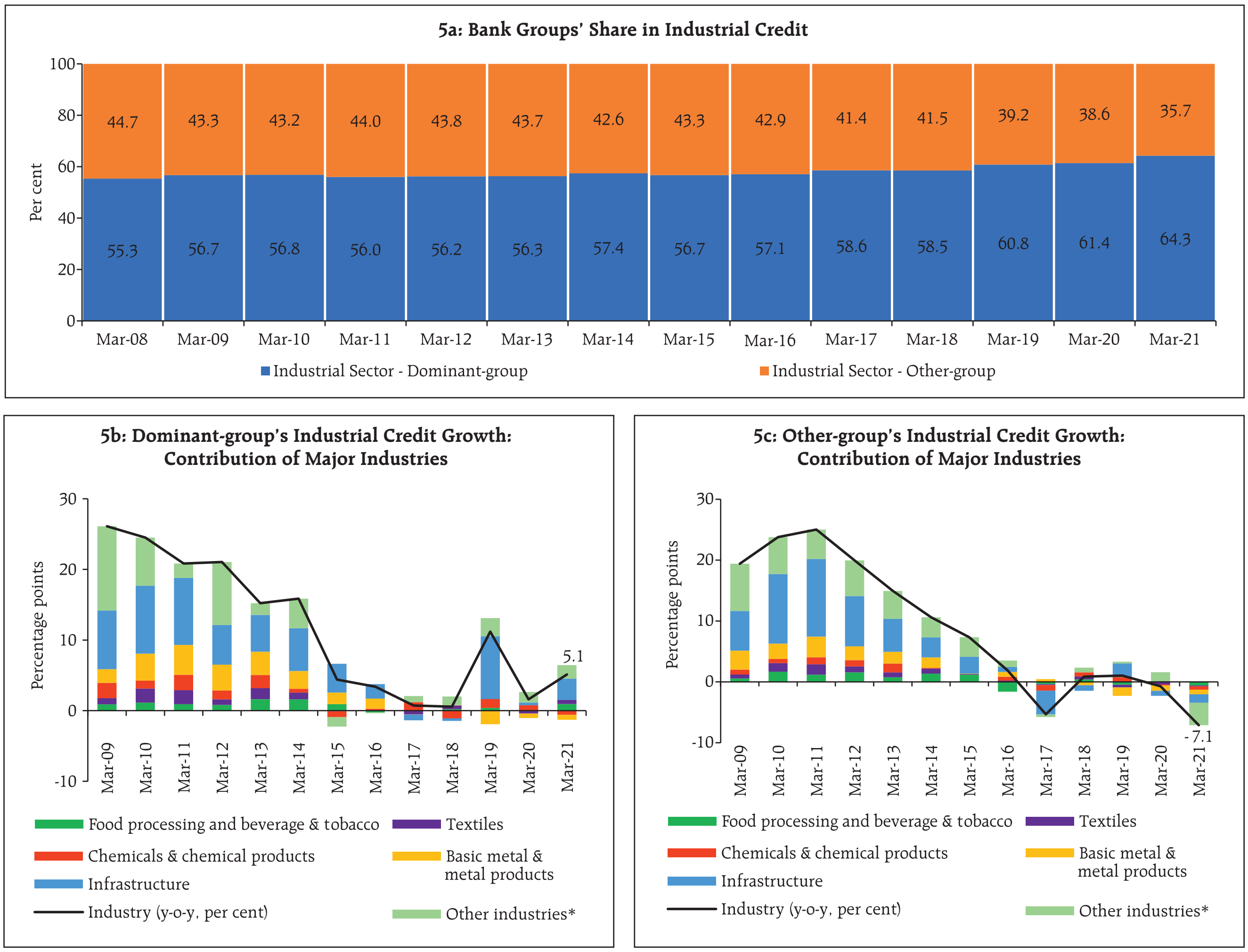
Among the sub-sectors[5], infrastructure accounts for close to two-fifth of the credit offtake to the industrial sector, followed by basic metal & metal product, textiles, chemical and chemical products, and food processing.

In terms of distribution of credit extended to the industrial sector by the dominant-group and other-group of banks, the other-group has been consistently losing market share, more sharply after 2017-18, *vis-a-vis* the dominant-group. The share of the other-group in credit to the industrial sector declined to around 36 per cent at the end of March 2021 (Chart 5).

The surge in industrial credit during the period 2007-08 to 2013-14 was primarily attributable to significant credit expansion to infrastructure by both groups. Credit to infrastructure, on an average, accounted for around 36 per cent and 40 per cent share in the industrial credit growth registered by dominant-group and other-group, respectively. Credit to basic metal & metal products industries contributed over 13 per cent to the growth of industrial credit registered by each group. A sharp reversal in credit growth to the industrial sector since 2014-15 was marked by deceleration/contraction in credit growth across major industries. This was also reflected in decline in each group's relative contribution to industrial credit growth, especially in the case of the other-group.

[5] Industries are divided into 18 broad categories, in line with the classification of the Basic Statistical Return (BSR) of the RBI/National Industrial Classification (NIC), in the sectoral deployment of bank-credit data.

Chart 5: Lending Behaviour within the Industrial Sector – Dominant-group *vs* Other-group



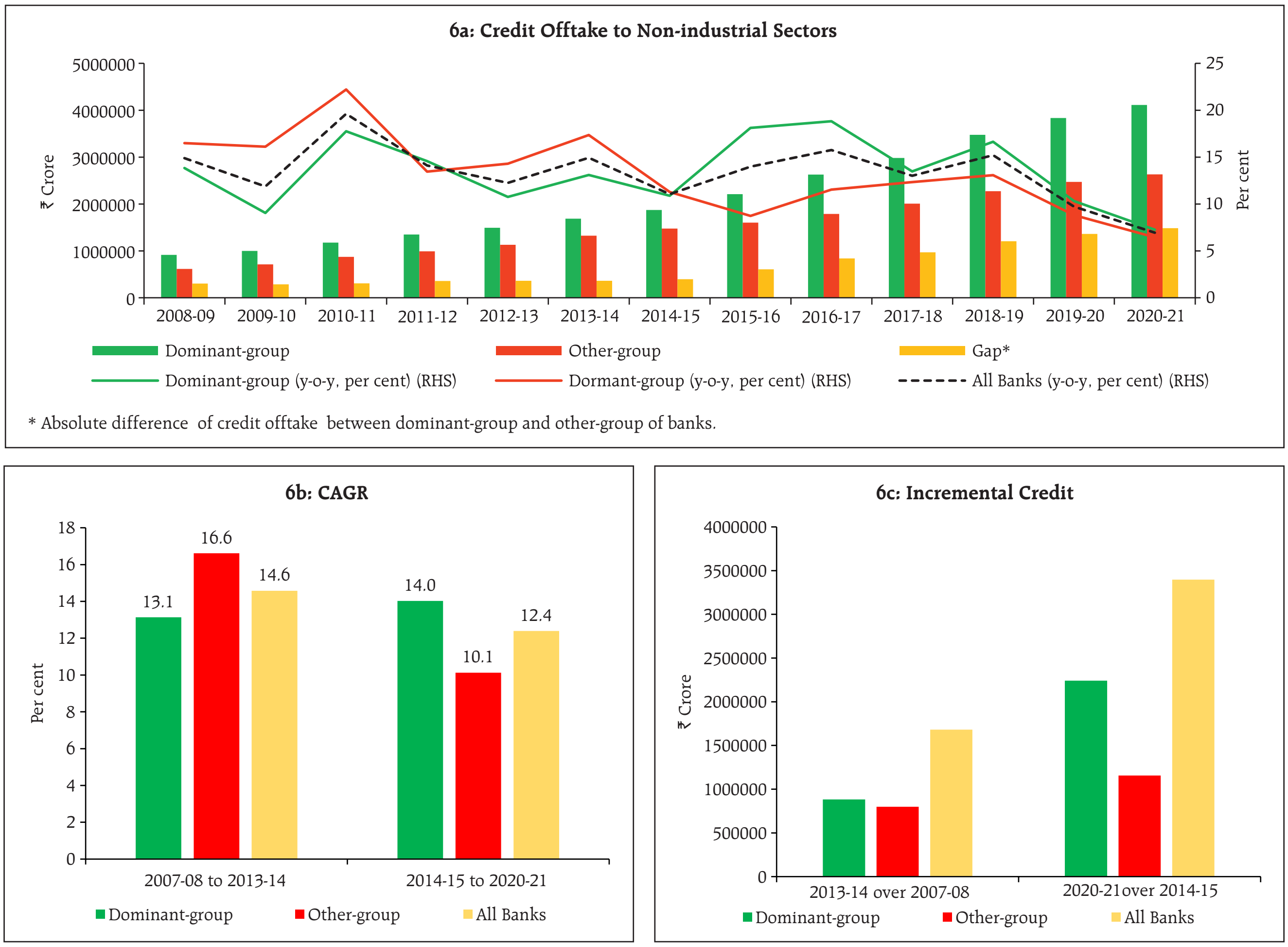
*Other industries include industries such as mining and quarrying, leather & leather products, wood & wood products, paper & paper products, petroleum, coal products & nuclear fuels, cement & cement products, gems & jewellery, all engineering, vehicles, vehicle parts & transport equipment, construction, etc.

V. Performance of Bank Groups in Extending Credit to the Non-industrial Sectors

While credit growth to the industrial sector has decelerated sharply since 2014-15 due to subdued lending by both dominant-group and other-group of banks to the industrial sector, credit growth to the non-industrial sectors continued to remain in the double digits until 2018-19, indicating that credit flows to the rest of the economy remained robust before slowing down during the last few years (Chart 6). This also points to the increasing divergence in credit growth to the industrial sector *vis-à-vis* the non-industrial sectors since 2014-15.

The robust credit growth to the non-industrial sectors, primarily driven by the personal loan segment, was due to persistent credit delivery to these sectors by both groups of banks. The credit extended by dominant-group and other-group to the non-industrial sectors registered CAGR of 13.1 per cent and 16.6 per cent, respectively during 2007-08 to 2013-14, while it was 14.0 per cent and 10.1 per cent, respectively, during the period 2014-15 to 2020-21.

Chart 6: Credit Offtake to Non-industrial Sectors – Dominant-group *vs* Other-group



Sources: RBI and Authors' estimates.

VI. Empirical Estimation Relating to the Dominant-group and Other-group of Banks: Pre and During the COVID-19 Period

In this section, an attempt has been made to empirically estimate if there existed a significant difference between dominant-group and other-group's ratio of sectoral credit to non-food credit in pre-COVID-19 and during COVID-19 periods applying fixed effects panel regression method. For empirical estimation, monthly data for the period from March 2016 to March 2021 have been used. Results are presented in Table 1. COVID-19 is a dummy which takes value 0 till March 2020 and 1 for the months thereafter. To find out if the other-group was impacted more by the COVID-19, an interaction term is also included. It was seen that for all banks together, it was the industrial sector which was most impacted by COVID-19. The personal loans segment was not impacted much by the pandemic. When comparing the dominant-group and other-group, credit extended by the other-group to the industrial sector was affected significantly due to COVID-19. The other-group performed better as compared to the dominant-group in credit extended to agriculture and services sectors.

Table 1: Fixed Effects Panel Regression

Variables	Ratio of Agriculture credit to NFC	Ratio of Industry Credit to NFC	Ratio of Services Credit to NFC	Ratio of Personal Loans to NFC
COVID -19	-0.316* (0.163)	-3.237*** (0.6)	1.259** (0.585)	2.295*** (0.341)
Bank type x Covid-19 Dummy	1.408*** (0.18)	-2.407*** (0.665)	1.198* (0.649)	-0.198 (0.378)
Constant	11.65*** (0.0309)	38.71*** (0.114)	30.58*** (0.111)	19.07*** (0.065)
Observations	1980	1980	1980	1980
R-squared	0.093	0.175	0.04	0.097
No. of Banks	33	33	33	33

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1; NFC: Non-food credit

Within the industrial sector, it was the large industries where credit extended by other-group was impacted more than the dominant-group. For medium and small industries, other-group of banks could lend some support (Table 2).

Table 2: Fixed Effects Panel Rregression within the Industrial Sector

Variables	Ratio of Credit in Large Industries to Industrial Credit	Ratio of Credit in Medium Industries to Industrial Credit	Ratio of Credit in Micro & Small Industries to Industrial Credit
COVID -19	0.424 (0.518)	-0.179 (0.27)	-1.335*** (0.391)
Bank type x Covid-19 Dummy	-3.799*** (0.555)	0.496* (0.299)	3.303*** (0.434)
Constant	80.840*** (0.095)	4.541*** (0.0514)	14.62*** (0.0744)
Observations	1980	1980	1980
R-squared	0.078	0.003	0.059
No. of Banks	33	33	33

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

VII. Conclusion

Bank credit growth has witnessed significant fluctuations in the past one and half decades. The period between 2007-08 to 2013-14 could be characterised as bank credit boom period in the Indian economy, as non-food credit registered double-digit growth, primarily driven by robust credit growth to the industrial sector. Both dominant-group and other-group of banks lent aggressively to the industrial as well as other sectors. Within industries, infrastructure, and basic metal & metal product industries accounted for a major portion of credit offtake from both the bank groups during the credit boom period.

Thereafter, however, the credit cycle reversed along with a shift in the sectoral deployment of bank credit. During 2014-15 to 2020-21, overall credit growth decelerated, primarily driven down by reversal in credit growth to the industrial sector because of deleveraging by non-financial firms, increasing dependence on non-bank sources for financial resources, and some risk aversion on the part of banks, especially by the other-group of banks to lend to industries, which got further compounded after the outbreak of Covid-19 pandemic.

An empirical exercise to gauge if there existed a significant difference between other-group and dominant-group ratio of sectoral credit to non-food credit in pre-COVID-19 period and during-COVID-19 period revealed that industrial sector was impacted the most during the COVID-19 period. Credit extended by the other-group to the industrial sector was affected significantly due to COVID-19 but the performance of the other-group is better than the dominant-group as far as credit to agriculture and services sectors is concerned.

The overall non-food credit growth during the period 2014-15 to 2020-21 was almost entirely driven by expansion of credit to the non-industrial sectors, particularly lending to the retail segment in the form of personal loans. Active participation of both the dominant-group and the other-group of banks is driving credit growth to the non-industrial sectors.

The sharp slowdown in industrial credit, especially by other-group of banks, warrants attention and steps to step up credit offtake commensurate with appropriate risk-taking, a number of which have already been taken by the Government and the Reserve Bank, could defreeze the credit market for the industrial sector and help in reviving the growth momentum derailed by the Covid-19 pandemic. After witnessing a significant slowdown in credit offtake during 2019-20 and 2020-21, there has been some uptick in credit growth in the recent months notwithstanding the second Covid wave, which augurs well for the economy.

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*Private Corporate Investment: Growth in 2020-21 and Outlook for 2021-22**

This article examines the near-term outlook for private investment activity in India based on data relating to investment intentions of the private corporate sector as per investment phasing plan indicated by project proposals. In 2020-21, reflecting the impact of Covid, there was a noticeable drop in the number of new projects sanctioned and also slower progress on projects already in the pipeline. Data on phasing plans for 2021-22 relating to projects in the pipeline point to persisting near-term risks to the investment outlook.

Introduction

Capital expenditure (capex) of the private corporate sector is a key lead indicator of the investment climate in the economy. Private investment can drive and contain higher growth and promote economic development. An assessment of the private investment outlook, therefore, is vital to gauge the prospects for growth. The annual accounts of companies having the details on investment are, however, published with a considerable time lag, limiting their usefulness to short-term forward looking analysis.

A review of literature reveals that countries often use survey based methods to generate information on envisaged corporate investment plans and investment sentiment. The results of such surveys pave the way for assessment of both current investment climate and investment intentions that are likely to materialise in the short to medium-term. Following international best practices, efforts have been geared towards conducting surveys in India also since the late 1980s for the assessment and forecasting/nowcasting of private investment.

For long, the Reserve Bank has been tracking capex plans of the private corporate sector through the projects that are funded by financial institutions for providing an outlook on investment based on the methodology adopted by Rangarajan (1970)[1] on time phasing of capex. Such articles were published initially in the Economic and Political Weekly and subsequently in the Bulletin since 1989.

The primary source of data on investment intentions are the financiers of capex projects *viz.*, banking sector and financial institutions (FIs)[2] as well as external commercial borrowings (ECBs)[3], foreign currency convertible bonds (FCCBs), rupee denominated bonds (RDBs) and initial public offerings (IPOs), follow-on public offerings (FPOs) and rights issues during a year.

Additionally, granular level data on capex projects from the capex database of the Centre for Monitoring Indian Economy (CMIE), dealing with their progress, right from announcement to completion (for completed projects), termination (for abandoned/ shelved projects) and intermediate events (for live projects) have also been used to assess the life cycle of projects (Box 1).

* This article has been prepared by Rajendra N Chavhan, Pronita P Saikia and R K Sinha in the Corporate Studies Division of the Department of Statistics and Information Management. The views expressed in the article are those of the authors and do not represent the views of the Reserve Bank of India. The previous study titled "Private Corporate Investment in 2019-20: Some Signs of Improvement" was published in the February 2020 issue of the Reserve Bank of India Bulletin.

1 The Methodology was published on 19th December, 1970 in the article "Forecasting Capital Expenditure in the Corporate Sector" authored by Dr. C Rangarajan in the Economic and Political Weekly (EPW), Volume No. 5, Issue No. 51, Page 2049-2051.

2 Includes all public sector banks, major private sector and foreign banks, and financial institutions which are actively involved in project financing namely, Industrial Financial Corporation of India (IFCI), Life Insurance Corporation of India (LIC), Power Finance Corporation (PFC), Rural Electrification Corporation of India (REC) and Export-Import Bank of India (EXIM).

3 ECBs include rupee denominated bonds (RDBs).

Box 1: Life Cycle of Capex Projects

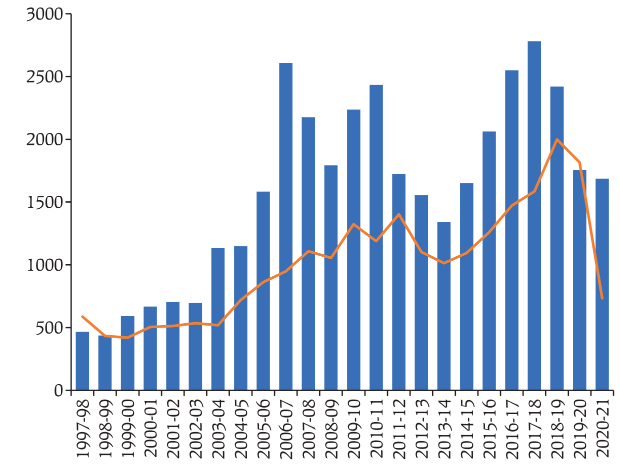
The life cycle[4] of a capex project typically begins with its announcement and progresses through different stages thereafter such as, obtaining various approvals, getting financial closure, sanction of loans, start of implementation, *etc.* The end of this cycle could either be a successful event, namely completion of the project, or an unsuccessful event, by way of an exit[5] prior to its completion. The projects, which have not ended (through completion of all stages), are treated as live projects. Some of the projects which get stalled for some time in between announcement and completion are termed as "Stalled" projects.

Announcements and Completions

The number of completed private projects declined substantially during 2020-21. It may be noted that it had dipped marginally only during 2008-09, the year of global financial crisis, and rose subsequently till 2011-12 with some volatility. It increased since 2013-14 till 2018-19 consistently before sliding in 2019-20 reflecting the prevailing weak outlook prior to the emergence of the pandemic. It nosedived in 2020-21 indicating severity of the pandemic. The number of new announcements also declined further in 2020-21. The declining trends of announcements and completions may impact the phasing profile of capital expenditure going forward (Chart 1).

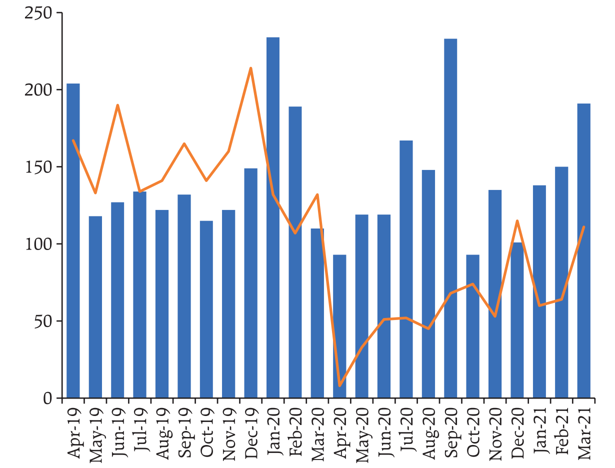
The monthly data reveals that only eight private projects were completed in April 2020, which witnessed the country-wide lockdown. There has been some recovery since then, although these numbers appear to be substantially lower than an average monthly number of a normal year. A relatively higher number of private projects announcements during Q2:2020-21 may cover the backlog, *viz.* pending/overdue announcements, which could not take place during Q1:2020-21 due to the intensified lockdown that prevailed in the quarter (Chart 2).

Chart 1: Number of New Announcements and Completions - Yearly



Source: CMIE and Authors' calculations.

Chart 2: Number of New Announcements and Completions - Monthly



Source: CMIE and Authors' calculations.

(Contd.)

[4] The life cycle of a capex project refers to the cycle covering various phases of the project before it gets completed. Another life cycle can be thought of covering the phase since its completion / commissioning till the time it remains operational before it gets demolished or becomes obsolete.

[5] The exit of projects could be at various stages. The earliest possibility is abandonment of the project after the announcement itself (without progressing to any further stage). The same could happen during various approval stages (after the announcement but before the start of implementation). The third possibility of exit is after the start of implementation. These three types of exits have been defined as "Announced and abandoned", "Shelved", and "Abandoned", respectively, in the capex database of the Centre for Monitoring Indian Economy (CMIE).

Average Time to Completion

The dataset of completed projects confirms that the average time to completion of a project since the date of announcement has a positive relationship with its cost size. This appeared to have increased during and around the period of the global financial crisis and remained high since then till 2014-15. The average time increased again since the trough of 2016-17 till 2020-21. It may be noted that the rise in the average time to completion in the Covid induced year 2020-21 is largely driven by significant increase in the same for the cohort of large projects (cost size ₹1,000 crore-₹5,000 crore). The number of such projects, which got completed, dipped noticeably in 2020-21, in line with the decline in the number of completions across all the cost-size groups. It is important to note that there is no mega project (cost size ₹5,000 crore and above), which got completed in the year (Chart 3).

Average Time to Abandonment / Shelving / Stalling

The average time of private projects, which could not be completed and ended either as abandoned or shelved has risen significantly over the years since the global financial crisis till 2017-18 (for abandoned projects) and 2015-16 (for shelved projects). From the compiled average time to abandon or shelving of projects after their respective announcements, it may be inferred that many projects, which were announced prior to the financial crisis (a boom period) were abandoned or shelved. Interestingly, after 2017-18, there has been a moderation in these numbers, which may reflect that either announcement of such projects have slumped or execution planning has improved. The average time to stalling of projects also increased gradually after the global financial crisis but moderated since 2017-18 (Chart 4).

Chart 3: Average Time to Completion

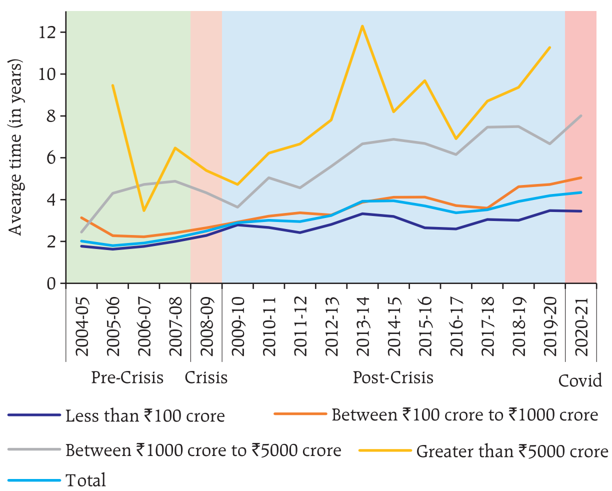
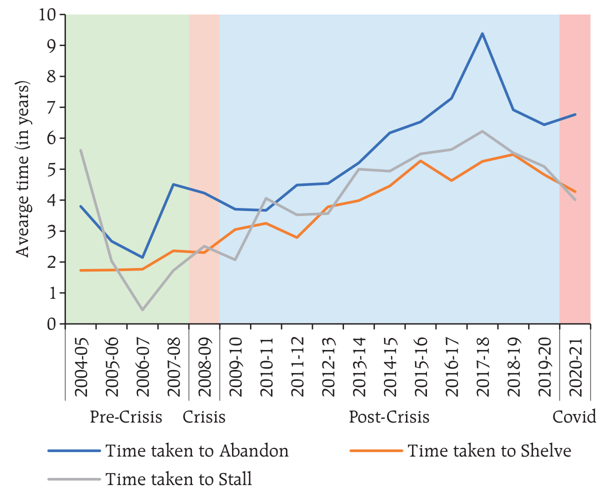


Chart 4: Average Time to Abandonment / Shelving / Stalling



Note:
1. Projects with no information on cost of projects were not considered.
2. The period of 2019-20 covers only around a few days of Covid-19 pandemic in the Indian context. Accordingly, only the year 2020-21 is considered as a pandemic impacted year.
3. Average time to completion/abandonment/shelving/stalling is based on simple averages.

Source: CMIE and Authors' calculations.

The article is organised under six sections. Section II sets out the methodology and its limitations. Section III addresses the characteristics of projects sanctioned or contracted during the period of review, funding thereof, and distributional aspects in terms of regions and industries. Section IV deals with the phasing profile of the sanctioned/contracted loans/financing and estimates growth of corporate investment. Section V presents an analysis of private placements and foreign direct investment made during the year. Section VI concludes the study.

II. Methodology and Limitations

As indicated earlier, the short-term (one-year ahead) forecasting of capex based on phasing details of corporate projects financed by financial institutions was pioneered by Dr. C. Rangarajan in 1970. For the estimation of capex under this methodology, data on projects in the private corporate sector are obtained from banks/FIs, supplemented with data on finances raised for capex purposes through other sources such as ECBs/FCCBs/IPOs/FPOs/rights issues. Based on *ex ante* phasing plans furnished by the companies at the time of appraisal by banks/FIs, an estimate of the likely level of capex that would have been made during the year is obtained.

In this analysis, due care has been taken to ensure that each project enters the information set only once, even if it is financed through more than one source, by using databases internal to the Reserve Bank as well as information provided by the Securities and Exchange Board of India (SEBI). Projects that are not financed through any of the aforementioned sources or of a size lower than ₹10 crore are not covered. Projects with private ownership below 51 per cent or undertaken by trusts, central and state governments, and educational institutions are also excluded.

The estimates are obtained based on the assumption that companies adhere to their *ex ante* expenditure plans. However, these estimates may digress from the *ex post* estimates of corporate fixed investment available in the National Accounts Statistics (NAS). This is in view of the possibility that some *ex ante* intentions may not fructify into realised investment in terms of their amount and timing of investment and some projects may be self-financed.

III. Characteristics of Projects sanctioned / contracted

The investment climate, which remained lacklustre in 2019-20, faced bigger challenges in the wake of the pandemic and has remained subdued since the beginning of 2020-21. The life cycle of existing projects got stretched coupled with lower number of fresh announcements (Box 1). This has been further corroborated by the data on sanctioned financial assistance for projects by banks/FIs during 2020-21.

The fresh sanction of projects in the first half of 2020-21 dwindled to 68 projects, a record low compared to 137 projects sanctioned during H1:2019-20, clearly indicating the role of Covid-19 pandemic. The majority of banks/FIs reported 'Nil' projects during H1:2020-21, which points to very subdued investment climate of private corporate sector owing to pandemic induced uncertainties. The second half of 2020-21 showed some signs of recovery in terms of number of projects, which got financial assistance from the banks/FIs, though the investment climate remained subdued in terms of total cost of projects sanctioned by these entities.

In all, banks and FIs sanctioned only 220 project proposals of the private companies during 2020-21, a record low[6] in the recent years. The total cost of projects sanctioned too declined sharply to ₹75,558 crore in 2020-21 from ₹1,75,830 crore in 2019-20 (Annex: Table A1).

A total of 344 companies raised an amount of ₹40,382 crore through ECBs/FCCBs and did not avail of any financing from the banks/FIs. Further, 12 companies did not avail of any bank finance or ECBs/FCCBs but raised ₹663 crore for their capex needs through domestic equity issues. Altogether, investment plans of 576 projects were made during 2020-21 aggregating to ₹1,16,603 crore as against 827 projects with investment intentions totalling ₹2,71,374 crore in 2019-20 (Annex: Table A1-A4).

The characteristics of projects sanctioned/contracted according to size, purpose, industry and location are described as below:

[6] The number of projects sanctioned by banks/FIs in a financial year has hovered around 400 (around 100 per quarter) although has witnessed a declining trend (485 in 2017-18, 409 in 2018-19 and 320 in 2019-20). The provisional number of projects sanctioned in the pandemic induced year 2020-21 stands at 220 (68 in H1 and 152 in H2). Some of these projects may get revised/cancelled going forward.

(a) Size-wise

The size-wise distribution of projects showed a noticeable decrease in the number of mega projects (₹5,000 crore & above) from five in 2019-20 to one in 2020-21 along with a decrease in its combined share in the total project cost. Similarly, the number of large projects of size ₹1000 crore-₹5000 crore declined from 36 (in 2019-20) to 24 in 2020-21. The relative share of such projects although increased to 53.5 per cent in 2020-21 from 37.4 per cent in 2019-20, which indicates higher relative presence in the small cohort of projects sanctioned in 2020-21. As observed in this article earlier (Box 1), the span of the life cycle of projects from announcement to completion is generally longer for larger projects. Accordingly, the phasing plan of mega/large projects may have a bearing on the capex in the longer-term (Annex: Table A5).

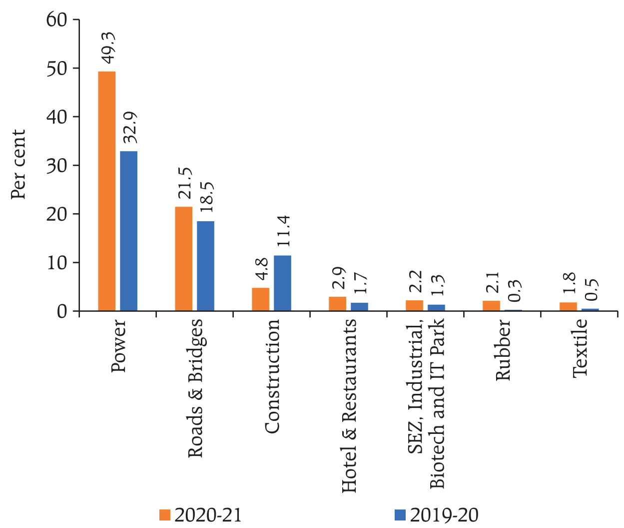
(b) Purpose-wise

The purpose-wise pattern of projects reveals that investments in green field (new) projects accounted for the predominant share (94.1 per cent) in the total project cost sanctioned by banks and FIs during 2020-21. This was higher as compared to corresponding shares in recent years (76.8 per cent in 2018-19 and 79.8 per cent in 2019-20). Expansion and modernisation of existing projects constituted about 5.9 per cent in the total project cost (Annex: Table A6).

(c) Industry-wise

The infrastructure sector, comprising (i) power, (ii) telecom, (iii) ports and airports, (iv) storage and water management, (v) SEZ, industrial, biotech and IT park, and (vi) roads and bridges, has seen an increase in its share from 61.5 per cent in 2019-20 to 74.3 per cent in 2020-21. This can be attributed to the surge in its two largest components, *viz.*, 'power sector' and 'roads & bridges'. However, the total project cost decreased from 2019-20 to 2020-21 across the board with many industries registering significant declines. For example, the total cost of projects sanctioned in the 'power sector' dipped from ₹57,855 crore

Chart 5: Share of Major Industries in Aggregate Cost of Projects Sanctioned by Banks/FIs



in 2019-20 to ₹37,253 crore, although its relative share increased in 2020-21. Similarly, the total cost of projects sanctioned in case of 'roads and bridges' also dipped from ₹32,522 crore in 2019-20 to ₹16,224 crore. It may be recalled that at the aggregate level, the total cost of projects declined by more than half (57 per cent) in 2020-21 from the previous year (Chart 5 and Annex: Table A7).

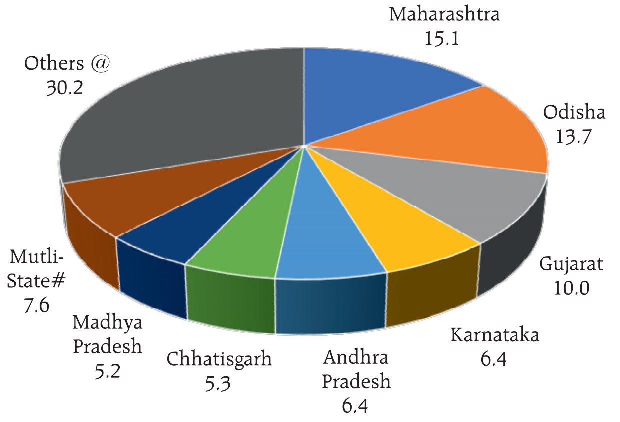
As the role of infrastructure investment is vital in spearheading long-term economic development of the country, it has been accorded high priority in various government plans and a slew of measures were also announced from time to time to scale up the infrastructure sector in order to spur up economic activities. The National Infrastructure Pipeline (NIP) launched recently by the Government of India has set a five-year roadmap with the projected infrastructure investment of ₹111 lakh crore during the period 2020-25, in which projects shall be funded jointly by the central government, state government and private sector.

The industry details corroborate the same as reflected in the projects sanctioned, notwithstanding the overall subdued investment climate due to the pandemic. Going forward, successful implementation of these new infrastructure projects (roads & bridges and construction) has the potential for stimulating growth. However, the pandemic would have posed a major impediment in timely implementation of these projects in the short run, which should ease with the gradual opening of the economy.

(d) State-wise

The deciding factors for the location of a project are access to raw materials, availability of labour, adequate infrastructure, market size, and growth prospects. Data for the last five years (2016-17 to 2020-21) revealed that more than half (52.3 per cent) of the projects were taken up in five states, *viz.* Gujarat, Maharashtra, Karnataka, Andhra Pradesh, and Tamil Nadu. The spread of projects encompassing more than one state has increased during the quinquennial period of 2016-21 over the quinquennial period of 2011-16, despite significant decline in its share in 2020-21 (Chart 6 & Chart 7).

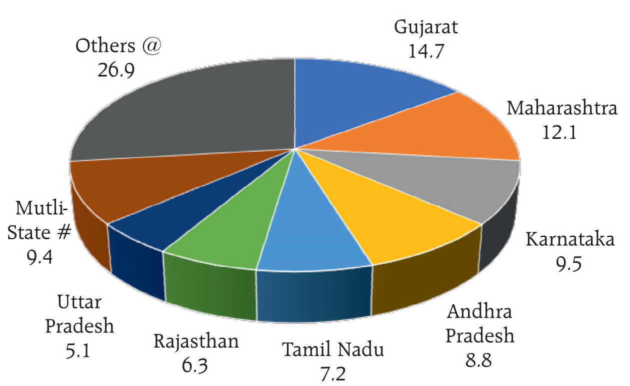
Chart 7: State-wise Distribution of Projects Sanctioned during 2011-12 to 2015-16*



: Projects distributed in 'Multi-State'
* : Share in per cent
@ : Includes States with 5 per cent and less share

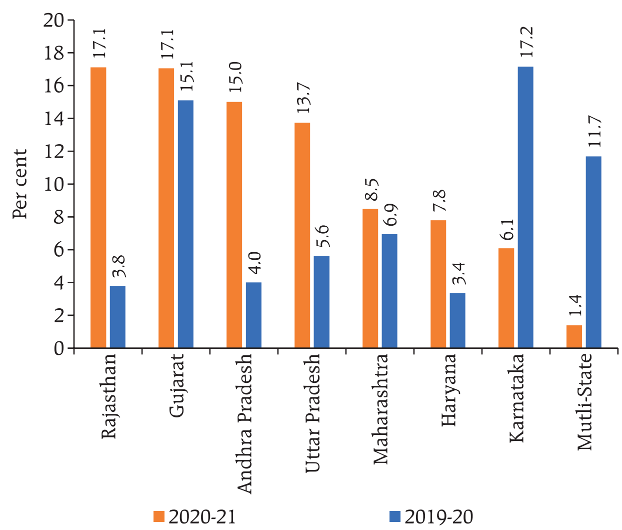
In 2020-21, Rajasthan and Gujarat each accounted for the highest share (17.1 per cent) in the total cost of projects sanctioned by banks/FIs followed by Andhra Pradesh (15 per cent), Uttar Pradesh (13.7 per cent), Maharashtra (8.5 per cent), Haryana (7.8 per cent), Karnataka (6.1 per cent). Rajasthan and Andhra Pradesh are the two states to have registered a significant gain (by more than 10 percentage points) in their shares from the previous year which also rose during the quinquennial period. On the other hand, states like Karnataka, Telangana, Tamil Nadu and Jharkhand registered a decline in their share from the previous year (Chart 8 and Annex: Table A8).

Chart 6: State-wise Distribution of Projects Sanctioned during 2016-17 to 2020-21*



: Projects distributed in 'Multi-State'
* : Share in per cent
@ : Includes States with 5 per cent and less share

Chart 8: Share of Major States in Aggregate Cost of Projects Sanctioned by Banks/FIs



Multi-State: Projects distributed in more than one state

IV. Phasing Profile of Investment Intentions

The information on the phasing profile of envisaged capex from the cohort of projects sanctioned during different years helps in generating short-term (one-year ahead) forecasting of capex. The phasing from the cohort of projects sanctioned by the banks/FIs in 2020-21 indicates that 38.4 per cent (₹29,013 crore) of the total proposed expenditure would have been incurred by the private corporate sector in 2020-21, 34.6 per cent (₹26,166 crore) in 2021-22 and another 18.8 per cent (₹14,179 crore) in the years beyond 2021-22. Around 8.2 per cent of total cost of the sanctioned projects in 2020-21 was already spent prior to 2020-21. From the planned expenditure, the capex envisaged in 2020-21 through banks/FIs showed a decline over the previous year by 10.9 per cent (from ₹1,38,288 crore to ₹1,23,240 crore) (Annex: Table A1).

The capex planned to be incurred from resources raised through international bond markets also shrank by around 59 per cent, which remained positive in the previous three consecutive years. The capital market (equity route) enabled the financing of envisaged capex of ₹159 crore in 2020-21, which was markedly lower than from the previous years (Annex: Table A2, A3).

To sum up, it is assessed that a total capex (from all channels) of ₹1,60,407 crore would be incurred by the private corporate sector in 2020-21, translating into a sharp dip of 30 per cent from the planned phasing of the previous year. This sharp dip is attributed to all the channels of financing (Annex: Table A4).

The phasing profile of the envisaged capex based on the pipeline projects[7] already sanctioned by the banks/FIs in the previous years indicates a decline from ₹94,227 crore in 2020-21 to ₹68,469 crore in 2021-22. The same also stands lower at ₹1,07,535 crore in 2021-22 (₹1,13,171 crore in 2020-21) considering all channels of financing together. However, it is quite possible that many of these might not have realised during 2020-21 and some other may not get realised in 2021-22 due to contingency pandemic related uncertainties (Annex: Table A1 and A4).

[7] Pipeline projects are those projects which are already undertaken for implementation. Capex from a pipeline project are envisaged amounts for a given year, which got sanctioned prior to that given year.

V. Corporate Investment Financed by Private Placements and Foreign Direct Investment

In recent years, the corporate sector has resorted to debt instruments like bonds and debentures and foreign direct investment (FDI) as alternative sources of capex financing. Data on debt-private placements reveals that mobilisation of funds through private placement of debt (bonds and debentures) rose substantially during the period from 2013-14 to 2016-17 but moderated largely thereafter from 2016-17 to remain below the peak attained in 2016-17. It increased in 2020-21 after dipping in 2019-20. The preference for FDI as an alternative source of capex financing is also observed, with an upsurge in FDI amount consistently from 2012-13 barring 2017-18. Accordingly, the FDI equity inflows stood at a record high in 2020-21 (Table 1).

Table 1: Private Placements and FDI

(in ₹ crore)

Period	Debt Private Placements*	Foreign Direct Investment**
2011-12	27,040	165,146
2012-13	59,188	121,907
2013-14	56,042	147,518
2014-15	97,358	181,682
2015-16	118,317	262,322
2016-17	153,356	291,696
2017-18	136,599	288,889
2018-19#	129,971	309,867
2019-20#	105,699	353,558
2020-21#	128,930	442,569

*: Only for the manufacturing and services companies in the private sector
**: FDI inflows includes equity capital only
#: Provisional Data
Source: Prime Database and Government of India

VI. Conclusion

This article uses data on investment intentions by the private corporate sector based on the phasing plans (*ex-ante*) of their project proposals to arrive at the aggregate investment intentions and assess the outlook for investment activity in the near term.

Even before Covid-19, the economy had been witnessing sluggish investment intentions, as reflected by the lower number of new announcements of projects as well as elongation of the life cycle of existing projects. The pandemic impacted adversely appetite for new projects during 2020-21 and also posed impediments to timely completion of projects in the pipeline. Monitoring the life cycle relating to the pipeline projects – the extent of the elongation of the cycle and more importantly the range of possible outcome (completion/abandonment/deferment etc.) – would, therefore, be important. The phasing profile of envisaged capex shows persisting near-term risks to the private investment outlook in 2021-22, even though in 2021-22, while new projects would shape the outlook for private investment; existing in the pipeline though moderate can get a fillip by deferred pipeline investment from 2020-21 to 2021-22 positively increasing overall thrust to private investment.

Annex

Table A1: Phasing of Capex of Projects Sanctioned by Banks/FIs

Year of sanction ↓	No. of Projects	Project Cost in the Year of Sanction (₹ crore)	Project Cost due to Revision/ Cancellation& (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2021-22
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
up to 2011-12				2,90,613	1,78,643	86,858	21,408	3,044	869						
2012-13	414	1,96,345	1,89,483 (3.5)	36,664	56,725	48,976	27,325	11,219	6,447	2,045					
2013-14	472	1,34,019	1,27,328 (5.0)	1,332	15,139	34,769	44,925	19,909	7,105	2,677	1,472				
2014-15	326	87,601	87,253 (0.4)		98	14,822	34,589	25,765	9,535	1,246	162	1,036			
2015-16	346	95,371	91,781 (3.8)			3,787	7,434	37,517	28,628	8,079	4,964	1,152	220		
2016-17	541	1,82,807	1,79,249 (2.0)			1,352	3,952	25,388	71,186	41,075	21,643	8,566	4,001	2,086	
2017-18	485	1,72,831	1,68,239 (2.6)				620	15,184	12,445	63,001	41,436	22,767	10,202	2,342	242
2018-19	409	1,76,581	1,59,189 (9.8)					569	6,862	11,000	59,973	47,080	21,248	9,759	2,698
2019-20	320	2,00,038	1,75,830 (12.1)							4,049	14,524	53,978	58,556	28,116	16,607
2020-21	220	75,558									2,491	3,709	29,013	26,166	14,179
Total#				**3,28,609**	**2,50,605**	**1,90,564**	**1,40,253**	**1,38,595**	**1,43,077**	**1,33,172**	**1,46,665**	**1,38,288**	**1,23,240**	**68,469**	**33,726**
Percentage change					**-23.7**	**-24.0**	**-26.4**	**-1.2**	**3.2**	**-6.9**	**10.1**	**-5.7**	**-10.9**	*	

: Column totals indicate envisaged capex in a particular year covering the projects which received financial assistance in various years. The estimates are *ex ante* incorporating only envisaged investments. They are different from those actually realised/utilised.

* : Per cent change for 2021-22 is not worked out as capex from proposal that are likely to be sanctioned in 2021-22 is not fully available.

& : Figures in bracket are percentage of revision/cancellation.

Table A2: Phasing of Capex Projects* Funded Through ECBs/ FCCBs/RDBs**

Loans contracted in ↓	No. of Companies	Total loan contracted (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2021-22
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
up to 2011-12			38,342	15,673	2,400	100								
2012-13	519	65,692		37,792	20,267	6,300	1,333							
2013-14	563	80,736			56,197	20,976	3,563							
2014-15	478	57,327				36,791	16,806	3,151	575	2	2			
2015-16	314	38,885					28,998	7,311	2,572	4				
2016-17	346	22,154						14,953	6,005	1,192	2	2		
2017-18	419	37,896							17,822	13,054	6,484	529	7	
2018-19	515	72,490								46,221	17,725	1,236	5,398	1,910
2019-20	495	95,491									65,367	17,157	11,717	1,250
2020-21	344	40,382										18,084	21,523	775
Total&			**38,342**	**53,465**	**78,864**	**64,167**	**50,700**	**25,415**	**26,974**	**60,473**	**89,580**	**37,008**	**38,645**	**3,935**
Percentage change				**39.4**	**47.5**	**-18.6**	**-21.0**	**-49.9**	**6.1**	**124.2**	**48.1**	**-58.7**	**#**	

* : Projects which did not receive assistance from banks/FIs.

** : Rupee Denominated Bonds (RDBs) have been included since 2016-17.

: Per cent change for 2021-22 is not worked out as capex from proposals that are likely to be drawn in 2021-22 is not fully available.

& : The estimates are *ex ante* incorporating only envisaged investment. They are different from those actually realised/utilised.

Table A3: Phasing of Capex of Projects Funded Through Equity Issues*

Equity issued during ↓	No. of Companies	Capex Envisaged (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2021-22
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
up to 2011-12			1,186	455										
2012-13	25	1,135		533	494	108								
2013-14	21	454				384	70							
2014-15	24	1,078				189	557	332						
2015-16	40	4,511				11	644	2,753	849	183	71			
2016-17	29	1,159					14	471	368	163	143			
2017-18	51	1,538							419	327	787	5		
2018-19	39	609								506	90	13		
2019-20	12	53								2	49	2		
2020-21	12	663										139	421	103
Total&			**1,186**	**988**	**494**	**692**	**1,285**	**3,556**	**1,636**	**1,181**	**1,140**	**159**	**421**	**103**
Percentage change				**-16.7**	**-50.0**	**40.1**	**85.7**	**176.7**	**-54.0**	**-27.8**	**-3.5**	**-86.1**	**#**	

* : Projects which did not receive assistance from banks/FIs/ECBs/FCCBs/RDBs.
#: Per cent change for 2021-22 is not worked out as capex from proposals that are likely to be implemented in 2021-22 is not fully available.
& : The estimates are *ex ante* incorporating only envisaged investment. They are different from those actually realised/utilised.

Table A4: Phasing of Capex of Projects Funded Through Banks/FIs/IPOs/ECBs/FCCBs/RDBs*/IPOs

Year of sanction ↓	No. of Companies Banks/ FIs/ECBs/ FCCBs/ RDBs/IPOs	Project Cost (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond 2021-22
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
up to 2011-12			3,30,141	1,94,771	89,258	21,508	3,044	869						
2012-13	958	2,56,310	36,664	95,050	69,737	33,733	12,552	6,447	2,045					
2013-14	1,056	2,08,518	1,332	15,139	90,966	66,285	23,542	7,105	2,677	1,472				
2014-15	828	1,45,658		98	14,822	71,569	43,128	13,018	1,821	164	1,038			
2015-16	700	1,35,177			3,787	7,445	67,159	38,692	11,500	5,151	1,223	220		
2016-17	916	2,02,562			1,352	3,952	25,402	86,610	47,448	22,998	8,711	4,003	2,086	
2017-18	955	2,07,673				620	15,184	12,445	81,242	54,817	30,038	10,736	2,349	242
2018-19	963	2,32,288					569	6,862	11,000	1,06,700	64,895	22,497	15,157	4,608
2019-20	827	2,71,374							4,049	14,526	1,19,394	75,715	39,833	17,857
2020-21	576	1,16,603								2,491	3,709	47,236	48,110	15,057
Total&			**3,68,137**	**3,05,058**	**2,69,922**	**2,05,112**	**1,90,580**	**1,72,048**	**1,61,782**	**2,08,319**	**2,29,008**	**1,60,407**	**1,07,535**	**37,764**
Percentage change				**-17.1**	**-11.5**	**-24.0**	**-7.1**	**-9.7**	**-6.0**	**28.8**	**9.9**	**-30.0**	#	

* : Rupee Denominated Bonds (RDBs) have been included since 2016-17.
#: Per cent change for 2021-22 is not worked out as capex from proposals that are likely to be sanctioned in 2021-22 is not fully available.
& : The estimates are *ex ante* incorporating only envisaged investment, they are different from those actually realised/utilised.

Table A5: Size-wise Distribution of Projects Sanctioned by Banks/FIs: 2011-12 to 2020-21

Period		Less than ₹100 crore	₹100 crore to ₹500 crore	₹500 crore to ₹1000 crore	₹1000 crore to ₹5000 crore	₹5000 crore & above	Total
2011-12	No. of Projects	420	145	36	26	9	**636**
	Per cent Share	8.3	17.0	13.7	27.6	33.4	**100 (1,91,592)**
2012-13	No. of Projects	245	119	20	23	7	**414**
	Per cent Share	4.8	14.6	7.3	26.8	46.4	**100 (1,89,483)**
2013-14	No. of Projects	306	115	25	21	5	**472**
	Per cent Share	8.3	20.0	13.9	29.1	28.7	**100 (1,27,328)**
2014-15	No. of Projects	223	65	18	19	1	**326**
	Per cent Share	9.0	16.6	14.6	47.8	12.0	**100 (87,253)**
2015-16	No. of Projects	214	76	34	21	1	**346**
	Per cent Share	8.6	20.9	26.0	38.5	5.9	**100 (91,781)**
2016-17	No. of Projects	287	180	29	40	5	**541**
	Per cent Share	5.8	23.3	11.9	41.7	17.4	**100 (1,79,249)**
2017-18	No. of Projects	263	149	28	42	3	**485**
	Per cent Share	5.2	21.0	10.8	43.8	19.1	**100 (1,68,239)**
2018-19	No. of Projects	220	110	39	36	4	**409**
	Per cent Share	4.8	17.0	17.0	39.6	21.6	**100 (1,59,189)**
2019-20	No. of Projects	150	84	45	36	5	**320**
	Per cent Share	3.3	11.9	18.6	37.4	28.8	**100 (1,75,830)**
2020-21	No. of Projects	128	52	15	24	1	**220**
	Per cent Share	5.5	16.8	14.2	53.5	10.0	**100 (75,558)**

Note: i. Figures in bracket are total cost of projects in ₹ crore.
ii. Per cent share is the share in total cost of projects. Percentages may not add to 100 due to rounding.

Table A6: Purpose-wise Distribution of Projects Sanctioned by Banks/FIs: 2011-12 to 2020-21

Period	Number and Share of Projects	New	Expansion & Modernisation	Diversification	Others	Total
2011-12	No. of Projects	449	172	5	10	**636**
	Per cent Share	70.6	23.1	0.1	6.3	**100 (1,91,592)**
2012-13	No. of Projects	303	107	-	4	**414**
	Per cent Share	84.2	14.7	-	1.1	**100 (1,89,483)**
2013-14	No. of Projects	361	95	2	14	**472**
	Per cent Share	65.2	20.1	-	14.7	**100 (1,27,328)**
2014-15	No. of Projects	203	92	2	29	**326**
	Per cent Share	39.4	14.7	0.2	45.7	**100 (87,253)**
2015-16	No. of Projects	260	64	3	19	**346**
	Per cent Share	73.6	14.3	0.1	12.0	**100 (91,781)**
2016-17	No. of Projects	429	97	4	11	**541**
	Per cent Share	78.6	9.9	0.1	11.3	**100 (1,79,249)**
2017-18	No. of Projects	396	80	2	7	**485**
	Per cent Share	89.0	9.5	0.1	1.5	**100 (1,68,239)**
2018-19	No. of Projects	309	80	-	20	**409**
	Per cent Share	76.8	19.3	-	3.9	**100 (1,59,189)**
2019-20	No. of Projects	262	37	1	20	**320**
	Per cent Share	79.8	13.7	-	6.4	**100 (1,75,830)**
2020-21	No. of Projects	181	38	1	-	**220**
	Per cent Share	94.1	5.9	-	-	**100 (75,558)**

Note: i. Figures in brackets are total cost of projects in ₹ crore.
ii. Per cent share is the share in total cost of projects. Percentages may not add to 100 due to rounding.
iii. - : Nil/ Negligible.

Table A7: Industry-wise Distribution of Projects Sanctioned by Banks/FIs: 2011-12 to 2020-21

Industry	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19		2019-20		2020-21	
	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share
Infrastructure	107	47.4	82	47.9	87	39.8	74	48.8	108	72.0	204	62.6	150	51.8	122	60.4	99	61.5	63	74.3
i) Power	82	42.4	71	39.4	70	35.1	65	42.2	92	57.1	170	45.4	117	36.5	78	26.8	47	32.9	35	49.3
ii) Telecom	1	0.0	2	5.6	1	0.0	1	4.9	1	0.3	1	0.0	-	-	-	-	-	-	-	-
iii) Ports & Airports	1	1.3	1	1.9	1	0.8	-	-	3	2.4	8	5.7	6	3.1	4	14.2	4	8.4	1	0.1
iv) Storage & Water Management	12	0.5	-	-	5	1.1	2	0.6	4	4.2	6	3.7	2	0.4	13	5.7	4	0.4	5	1.2
v) SEZ, Industrial, Biotech and IT Park	11	3.2	8	0.9	8	1.5	3	0.9	1	0.4	2	0.4	9	1.6	11	3.2	8	1.3	5	2.2
vi) Roads & Bridges	-	-	-	-	2	1.2	3	0.3	7	7.6	17	7.3	16	10.1	16	10.4	36	18.5	17	21.5
Construction	23	1.8	20	2.8	27	2.1	29	4.0	26	1.8	60	12.0	39	5.3	26	2.3	44	11.4	27	4.8
Hotel & Restaurants	51	4.6	31	3.1	29	2.7	15	1.1	16	1.1	12	0.8	29	2.9	26	1.9	16	1.7	4	2.9
Rubber Products	18	0.9	7	0.5	9	0.3	8	0.8	4	0.5	8	0.2	10	2.5	5	0.5	5	0.3	17	2.1
Textiles	94	7.0	31	1.9	58	10.3	50	4.1	49	4.8	57	4.1	54	3.7	27	3.4	11	0.5	15	1.8
Chemicals & Fertilisers	17	3.5	19	1.1	15	1.0	7	2.6	11	1.6	10	2.1	23	11.4	19	2.9	12	1.3	9	1.6
Food Products	41	1.5	36	0.9	43	1.8	34	2.9	26	1.8	38	0.9	47	2.8	28	1.4	32	1.9	20	1.5
Cement	9	2.0	11	3.9	12	7.1	7	3.8	5	1.9	5	2.3	3	0.6	10	5.1	2	0.1	5	1.3
Metal & Metal Products	73	16.3	51	28.9	44	17.0	17	17.4	14	1.5	23	4.9	21	9.7	16	3.0	14	0.8	6	0.8
Pharmaceuticals	20	0.8	10	0.4	19	1.3	9	1.5	11	0.3	12	1.1	15	0.6	23	1.6	9	0.6	7	0.5
Hospitals & Health Services	9	0.3	17	1.4	10	0.7	2	0.1	1	0.0	22	1.1	18	1.8	15	2.6	12	0.7	7	0.3
Transport Equipment	26	2.6	17	0.9	16	1.2	7	5.3	4	2.5	9	3.6	10	0.3	5	0.8	5	0.4	2	0.3
Mining & Quarrying	4	0.2	2	0.1	1	0.6	2	0.1	10	2.7	4	0.4	1	0.0	7	5.6	6	5.3	2	0.2
Others*	144	11.0	80	5.8	102	14.1	65	7.5	61	7.4	77	3.9	65	6.7	80	8.5	53	13.4	36	7.7
Total	**636**	**100**	**414**	**100**	**472**	**100**	**326**	**100**	**346**	**100**	**541**	**100**	**485**	**100**	**409**	**100**	**320**	**100**	**220**	**100**
Total project cost (₹ crore)	**1,91,592**		**1,89,483**		**1,27,328**		**87,253**		**91,781**		**1,79,249**		**1,68,239**		**1,59,189**		**1,75,830**		**75,558**	

* : Comprise industries like Agricultural & Related Activities, Paper & Paper Products, Printing & Publishing, Rubber Products, IT Software, Communication, Trading of services, Paper & Paper Products, Entertainment, other manufacturing, other services *etc.*
- : Nil/Negligible.
Note: Per cent share is the share in total cost of project. Percentages may not add to 100 due to rounding.

Table A8: State-wise Distribution of Projects Sanctioned by Banks/FIs: 2011-12 to 2020-21

States/Union Territory	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19		2019-20		2020-21	
	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share	No. of Projects	Per cent Share
Rajasthan	49	4.9	41	5.3	24	1.4	29	11.1	10	0.9	23	2.8	33	6.3	21	7.7	23	3.8	21	17.1
Gujarat	75	9.0	58	5.6	66	14.5	71	9.5	61	15.1	102	23.0	71	8.0	56	11.1	47	15.1	54	17.1
Andhra Pradesh	52	5.1	35	5.7	37	4.0	24	8.1	33	12.3	47	8.0	22	9.9	29	11.1	12	4.0	7	15.0
Uttar Pradesh	42	7.8	26	4.4	21	1.1	20	5.4	15	2.5	22	3.7	30	2.4	28	4.8	24	5.6	30	13.7
Maharashtra	86	19.1	67	10.7	76	19.7	38	14.8	36	9.4	57	8.8	65	23.3	34	11.5	41	6.9	13	8.5
Haryana	45	1.4	18	1.2	15	1.1	11	1.9	16	3.6	13	1.6	21	0.5	18	1.7	20	3.4	15	7.8
Karnataka	39	12.0	20	1.6	39	6.2	27	5.4	21	6.2	52	6.8	64	9.6	34	5.7	33	17.2	11	6.1
Assam	3	0.2	1	0.5	4	0.3	2	0.2	4	0.4	10	0.6	5	0.8	4	0.2	1	0.3	3	4.4
Madhya Pradesh	16	5.6	13	3.9	30	6.1	14	3.9	21	7.0	18	7.5	10	0.7	12	1.6	10	1.2	19	2.8
Telangana	-	-	-	-	-	-	-	-	10	3.8	51	5.5	17	1.9	26	9.1	12	4.0	9	1.9
Chhatisgarh	11	2.4	9	4.1	16	10.7	8	7.4	8	4.6	15	4.0	7	4.8	6	0.9	6	0.2	3	1.2
Tamil Nadu	58	5.7	22	1.8	33	5.4	27	2.9	26	9.3	23	4.4	28	6.6	32	12.8	28	8.3	7	0.7
Punjab	37	1.7	12	10.9	28	1.5	6	0.3	11	1.7	29	2.1	31	2.2	15	1.9	9	0.8	4	0.7
Puducherry	-	-	-	-	1	0.0	-	-	-	-	1	0.0	-	-	-	-	-	-	1	0.5
West Bengal	19	4.9	13	1.0	12	1.2	9	1.3	14	3.1	18	1.7	14	1.8	13	1.1	7	0.9	3	0.4
Jharkhand	12	1.3	8	1.2	4	0.3	2	0.7	5	0.3	1	0.0	3	0.3	2	0.5	4	9.4	1	0.2
Jammu & Kashmir	5	0.2	10	0.2	10	5.2	2	0.1	9	0.2	3	0.1	8	2.0	11	0.4	3	0.1	5	0.2
Himachal Pradesh	7	0.5	5	0.3	3	1.8	3	0.1	8	1.4	1	0.0	8	2.3	7	0.3	6	0.1	4	0.2
Multi-State#	34	4.5	15	7.7	21	6.9	10	9.5	13	13.5	17	11.8	16	7.5	15	9.8	8	11.7	2	1.4
Others*	46	14.0	41	34.1	32	12.5	23	17.3	25	4.6	38	7.5	32	9.0	46	8.2	26	7.1	8	0.2
Total	**636**	**100**	**414**	**100**	**472**	**100**	**326**	**100**	**346**	**100**	**541**	**100**	**485**	**100**	**409**	**100**	**320**	**100**	**220**	**100**
Total Cost of Projects (₹ crore)	**1,91,592**		**1,89,483**		**1,27,328**		**87,253**		**91,781**		**1,79,249**		**1,68,239**		**1,59,189**		**1,75,830**		**75,558**	

#: Comprise projects over several States/Union Territories.
* : Comprise remaining States/Union Territories.
\- : Nil/Negligible or Information not available.
Note: Per cent share is the share in total cost of project. Percentages may not add to 100 due to rounding.

*Financial Inclusion Plans – Reflecting the Growth Trajectory**

A review of the Financial Inclusion Plans (FIPs) data furnished by public sector banks (PSBs), private sector banks (PVBs) and regional rural banks (RRBs) from 2016 to 2020 shows the dominance of PSBs in the financial inclusion space. However, the growth in access indicators has remained tepid for PSBs, while for PVBs, the growth in both access and usage indicators has been high. From being an alternate delivery model, the Business Correspondent (BC) model is emerging as the predominant delivery model. The north-eastern, eastern, and central regions, which have historically remained behind the curve, have fared better in the access indicator of financial inclusion during the review period.

1. Introduction

In India, banks have been spearheading financial inclusion with the Reserve Bank striving towards a more competitive, efficient and heterogeneous banking structure so as to meet the various objectives of financial inclusion. In the Indian context, an important yardstick of measuring the progress under financial inclusion has been the assessment of the Financial Inclusion Plans (FIPs) introduced by the Reserve Bank since 2010. The objective of these plans has been to encourage banks to adopt a planned and structured approach towards financial inclusion. Through these plans, each bank group is expected to leverage upon their unique competencies to further financial inclusion. To illustrate, while public sector banks (PSBs) can usher greater financial inclusion through their dominance in reach and perceived trust among citizens, private sector banks (PVBs) can ensure inclusion through their early adoption of technology and regional rural banks (RRBs) through their local and regional presence.

Using the FIP returns submitted by these banks to the Reserve Bank, the progress under access and usage dimensions of financial inclusion can be effectively assessed. India's progress towards financial inclusion hold immense relevance on the global platform, as the country is the second largest in the world in terms of population and seventh largest in terms of area.

This article attempts to understand the progress achieved as part of FIPs during the five-year period from 2016 to 2020 across various geographical regions of India and to identify areas of strengths and limitations of the different bank groups in furthering financial inclusion. The article is divided into five sections. Section 2 discusses the issue of Access with Section 3 illustrating the issue of Usage. The BC model is discussed under Section 4 while Section 5 concludes.

2. Access

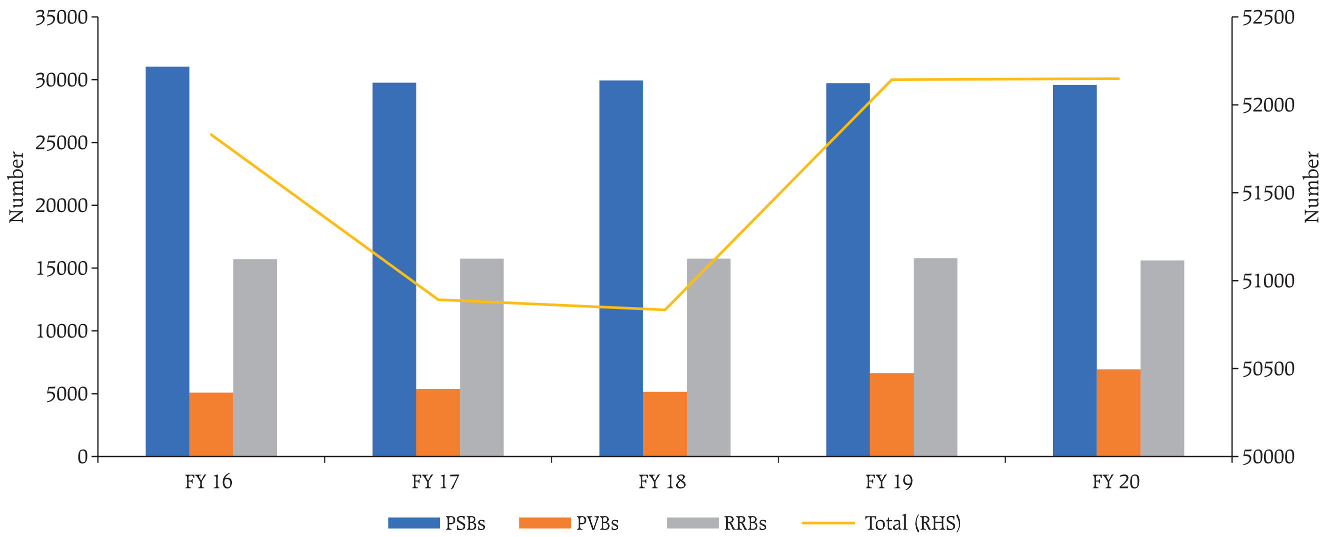
Access is one of the dimensions of financial inclusion, which refers to the range of avenues that are available to the customers to avail financial services. In this section, growth under two key access parameters of financial inclusion *viz.* rural bank branches and BCs, have been analysed.

A. Growth in Rural Branches

During the review period, the expansion in access in rural areas through the traditional brick and mortar branches has remained tepid; it posted a compounded annual growth rate (CAGR) of only 0.15 per cent. In PSBs and RRBs, there was a trend towards consolidation with their number of rural branches decreasing during this period. On the other hand, rural branches of PVBs have registered a growth of 8.10 per cent during the period under review (Chart 1).

* This article has been prepared by Sushmita Phukan, Saju Thomas Punnoose, Abhishek Kumar, Dineshkumar S and Abhishek Kumar of Financial Inclusion Division of the Financial Inclusion and Development Department (FIDD). Views expressed in the article are those of the authors and do not necessarily represent the views of the Reserve Bank of India.

Chart 1: Number of Rural Branches - Bank Group Wise



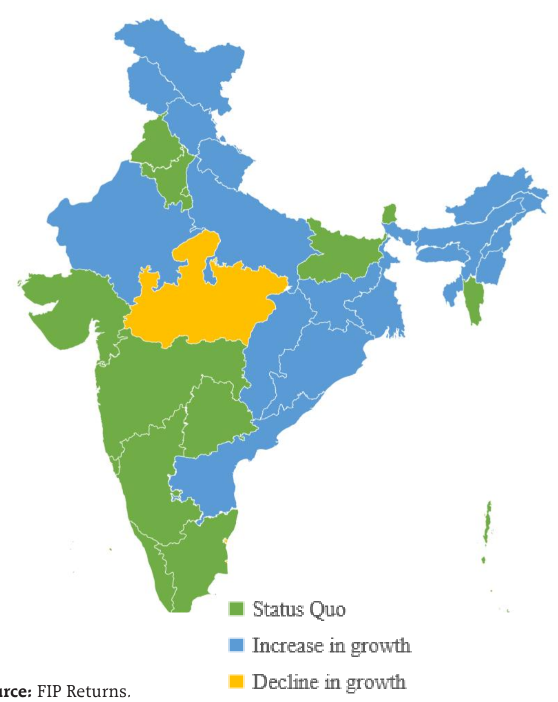
Source: FIP Returns.

The growth in the number of rural branches was the highest for the north-eastern (NE) region at about 3.70 per cent followed by eastern and central regions, recording a growth of 1.35 per cent and 0.43 per cent, respectively. Western and southern regions registered negative growth over the period (Chart 2).

B. Growth in BC Outlets in Villages

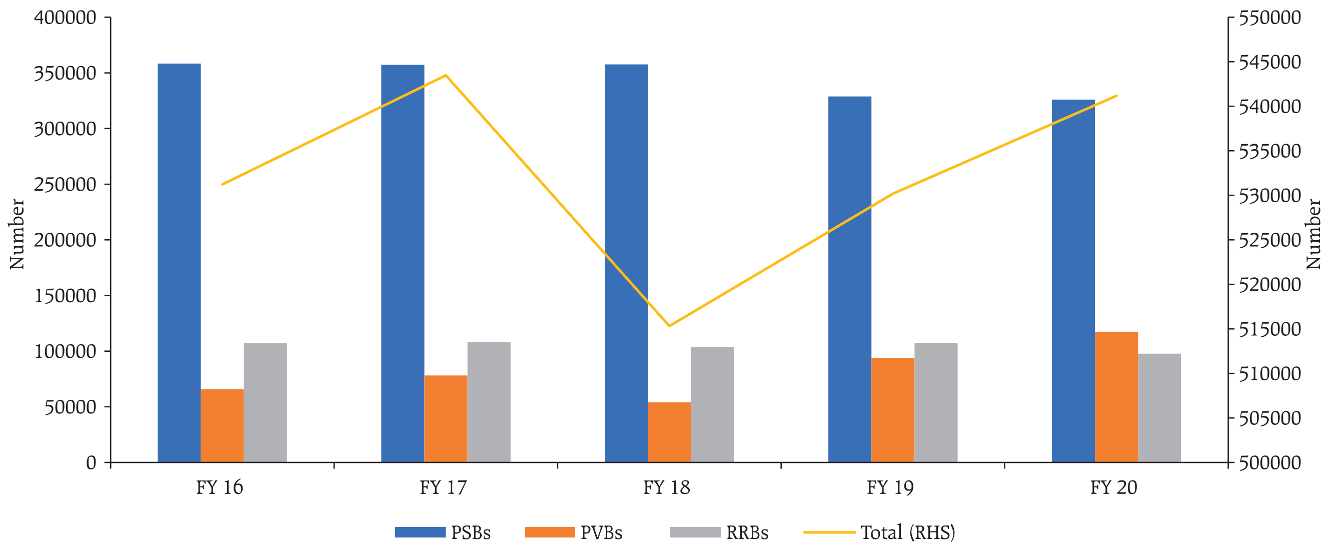
To ensure greater financial inclusion, banks were permitted to use the services of intermediaries in providing financial and banking services through the Business Correspondent (BC) Model. Over the years, the BC model has assumed greater prominence over the traditional brick and mortar branches. Increasingly, the access to banking services in rural areas, particularly in the unserved/underserved parts, is being provisioned through BC outlets. PSBs dominated the number of BC outlets in villages as discussed in sub-section C later, but during the review period, on account of consolidation, their BC outlets showed negative growth. The growth in BC outlets in villages was also negative for RRBs. In contrast, PVBs posted a positive growth in outlets between 2016 and 2020 (Chart 3).

Chart 2: Growth in Number of Rural Branches - 2016 *vs* 2020



Source: FIP Returns.

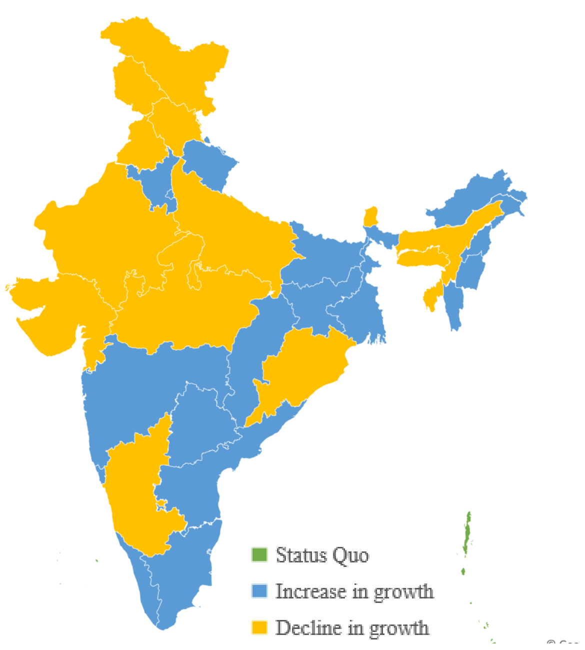
Chart 3: Number of BC Outlets in Villages - Bank Group Wise



Source: FIP Returns.

However, share of PSBs in BC outlets in rural areas has remained consistently above 60% over the years, being the highest among the bank groups.

Chart 4 : Growth in Number of BC Outlets in Villages - 2016 *vs* 2020



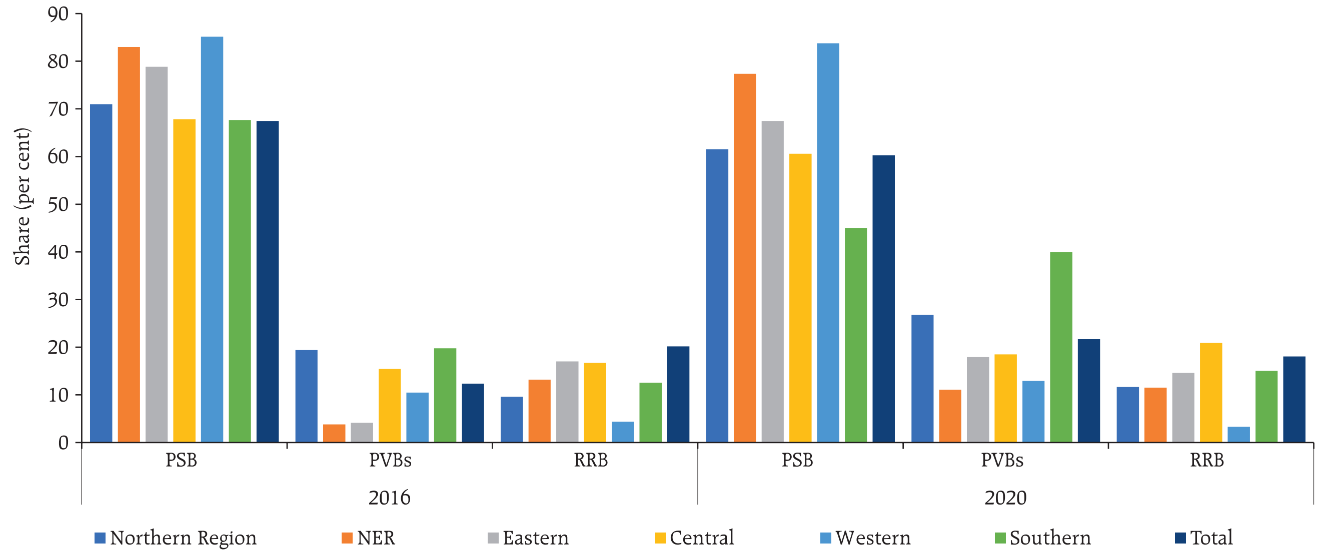
Source: FIP Returns.

The number of BC outlets in villages posted a higher growth in the eastern region with an addition of 22,998 outlets during the review period (Chart 4).

C. Share of BC Village Outlets and Rural Branches

As already noted, PSBs posted a negative growth in BC village outlets but they have continued to dominate these outlets. Similarly, they also dominated the number of rural branches in the country. Their share in rural branches has remained above 60% during the period (Chart 5). However, their share in BC village outlets has dropped marginally to 57 per cent in 2020 from 60 per cent in 2016 (Chart 6), across regions. For both rural branches and BC outlets in villages, PSBs continue to account for maximum share in western region. However, for BC outlets in villages, share of PSBs has dropped from 68% in 2016 to 45% in 2020. At the same time, PVBs have increased their share progressively across regions, with manifold increase in BC outlets in villages in NER, eastern and southern regions.

Chart 5: Rural Branches- Region Wise Share of Bank Groups

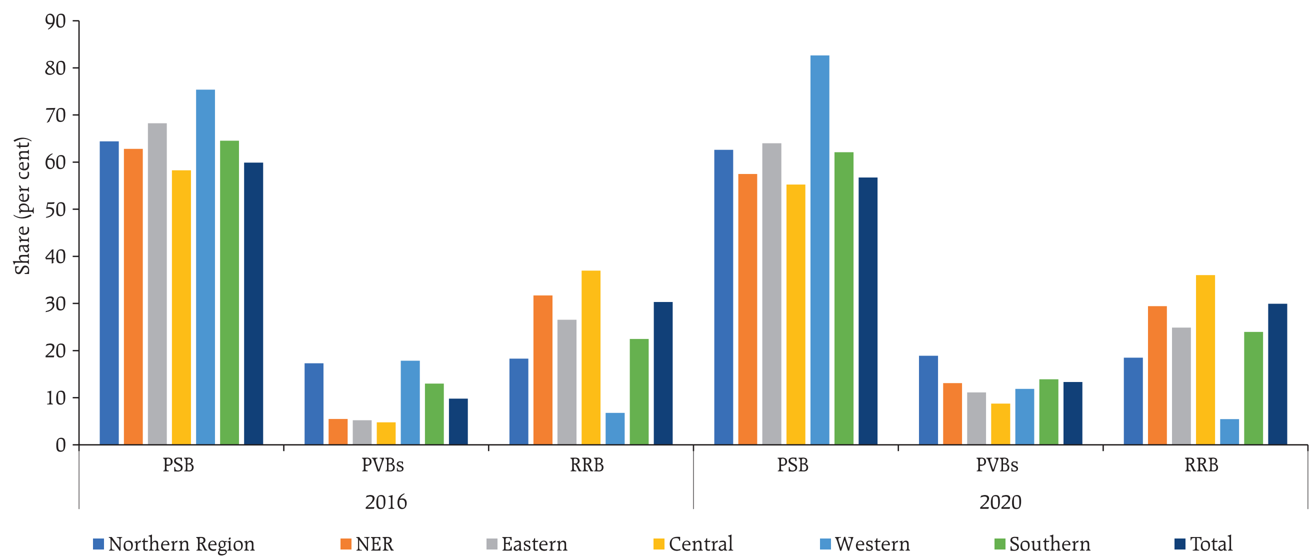


Source: FIP Returns.

D. BC Outlets in Urban Locations

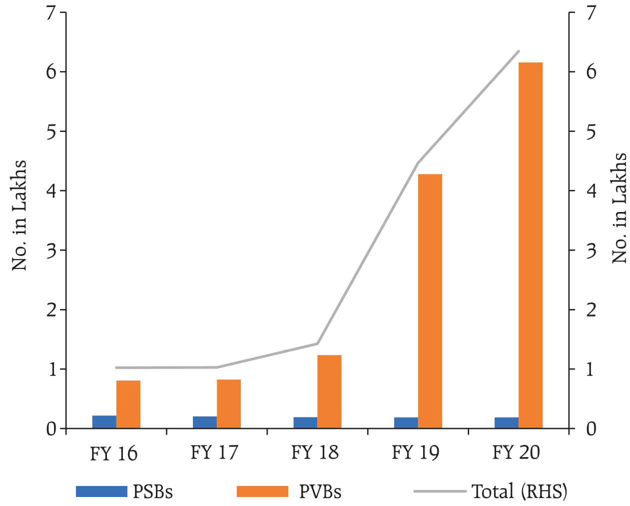
Traditionally, it was understood that a BC, which is an extended arm of a bank, offering basic banking services, would be operational in villages. However, over the years, banks have started to use the BC model in urban locations as well. The urban BC model has been primarily adopted by PVBs, which showed a significant growth of 66.23 per cent during the period under review (Chart 7).

Chart 6: BC Outlets in Villages- Region Wise Share of Bank Groups



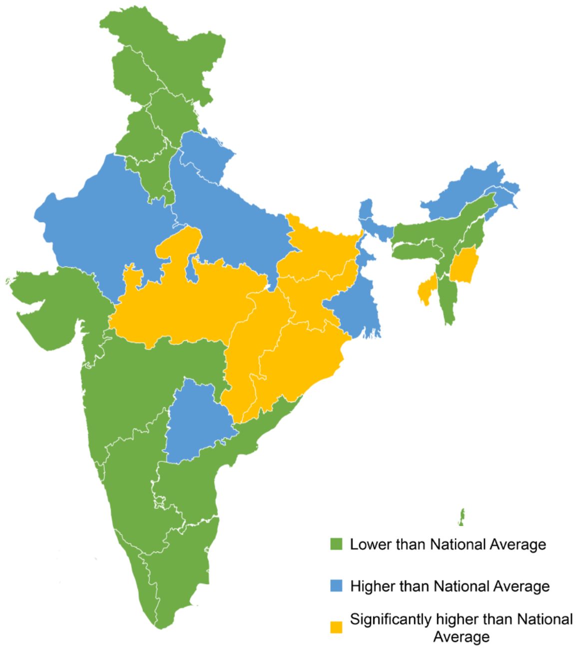
Source: FIP Returns.

Chart 7: Number of BC Outlets in Urban Location - Bank Group Wise



Source: FIP Returns.

Chart 8: Growth in Number of Urban BC Outlets - 2016 *vs* 2020



Source: FIP Returns.

All regions registered a positive growth in urban BC outlets during the review period, with the eastern region taking the lead with a growth rate of about 124.67 per cent, followed by central and NE regions with a growth rate of 97.59 per cent and 76.27 per cent, respectively (Chart 8[1]).

3. Usage

The dimension of usage refers to how the customers of financial services make use of the available access infrastructure. In this section, assessment of one deposit and one credit product, an important conduit for furthering of financial inclusion, has been carried out.

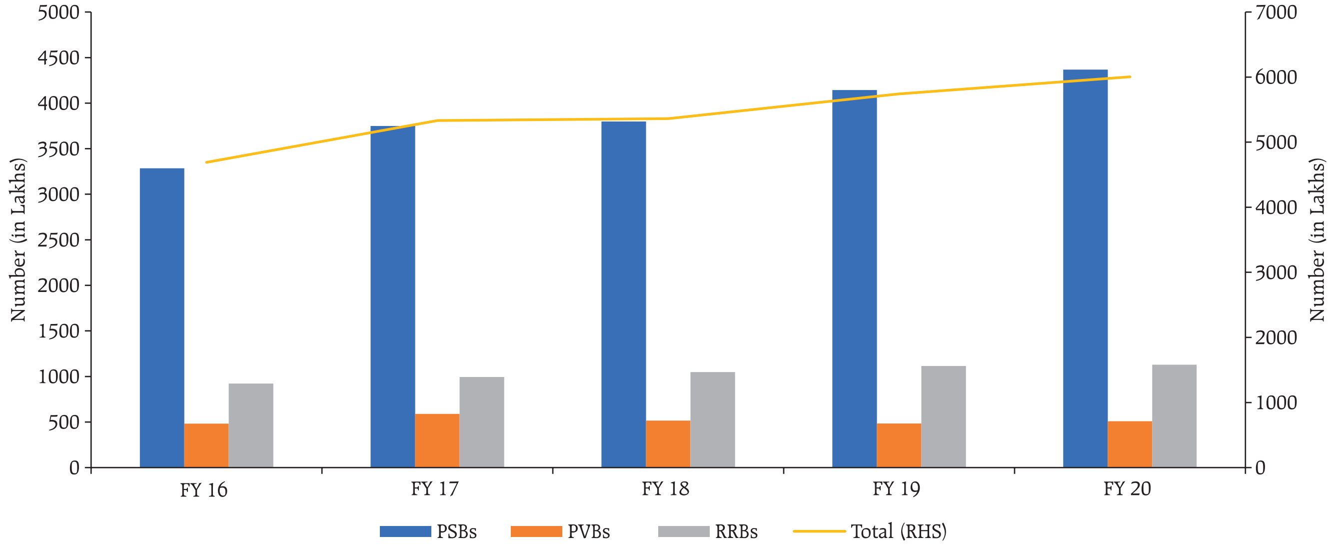
A. Deposit - Basic Savings Bank Deposit Accounts (BSBDAs)

Financial inclusion aims to extend the reach of formal financial services in an affordable way to the sections that are traditionally excluded due to several impediments including the cost of banking products and services. The Basic Savings Bank Deposit (BSBD) Account is designed as a savings account which would offer certain minimum facilities free of charge, to the holders of such accounts, thus, providing a cost-effective option for the unbanked/under-banked segments.

Total number of BSBDAs as at end-March 2020 stood at 6004.2 lakh as against 4690.04 lakh at end-March 2016 posting a growth (CAGR) of 6.37 per cent. The growth (CAGR) in the outstanding balance stood at 27.46 per cent. Following the impetus given by Pradhan Mantri Jan Dhan Yojana (PMJDY) – a flagship scheme of Government of India, an increment of approximately 1314 lakh BSBD accounts was registered over the review period, which was distributed across all bank groups in different proportions (Chart 9).

[1] Significantly Higher refers to CAGR of more than 75 per cent, with a National CAGR standing at 44 per cent.

Chart 9: BSBDA Total - Bank Group Wise

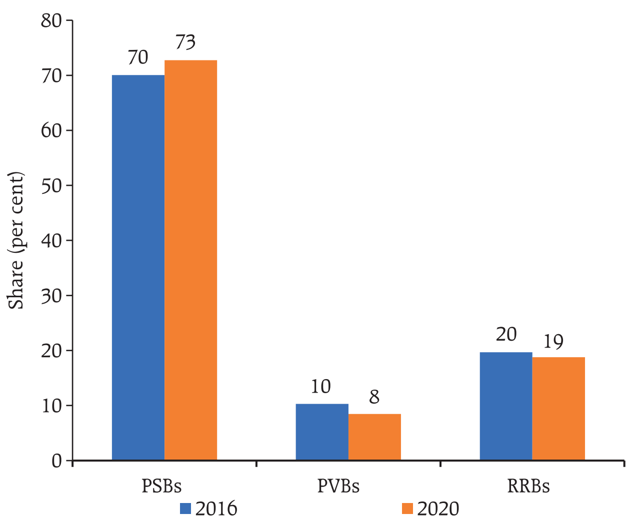


Source: FIP Returns.

PSBs showed an increase in both the number of and amount outstanding under BSBDAs. However, PVBs and RRBs posted a decline in their shares on both these counts (Chart 10 and 11).

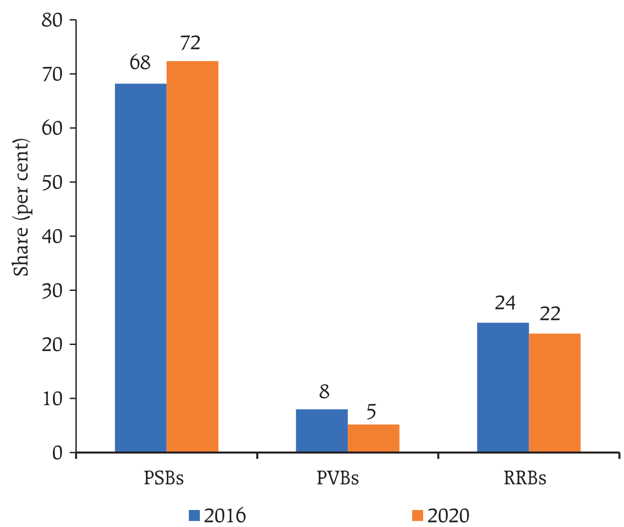
Growth in BSBDAs was distributed across India with all the regions showing positive growth in terms of number of accounts as well as amount outstanding. The eastern region showed the highest increase in the actual number of BSBDAs (of 569.62 lakh), while the NE region posted the highest growth in the number of BSBDAs (of 13.09 per cent) during the review period (Chart 12).

Chart 10: Share of BSBDAs (Number) - Bank Group Wise

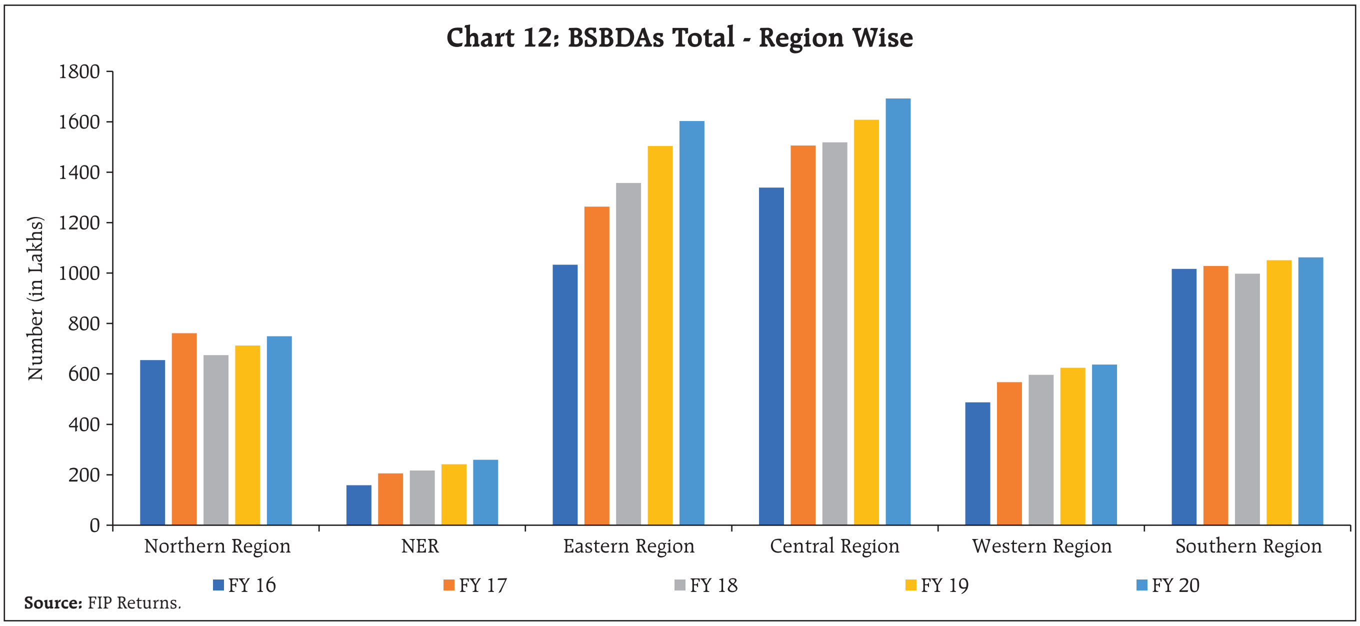


Source: FIP Returns.

Chart 11 : Share of BSBDAs (Amount Outstanding) - Bank Group Wise



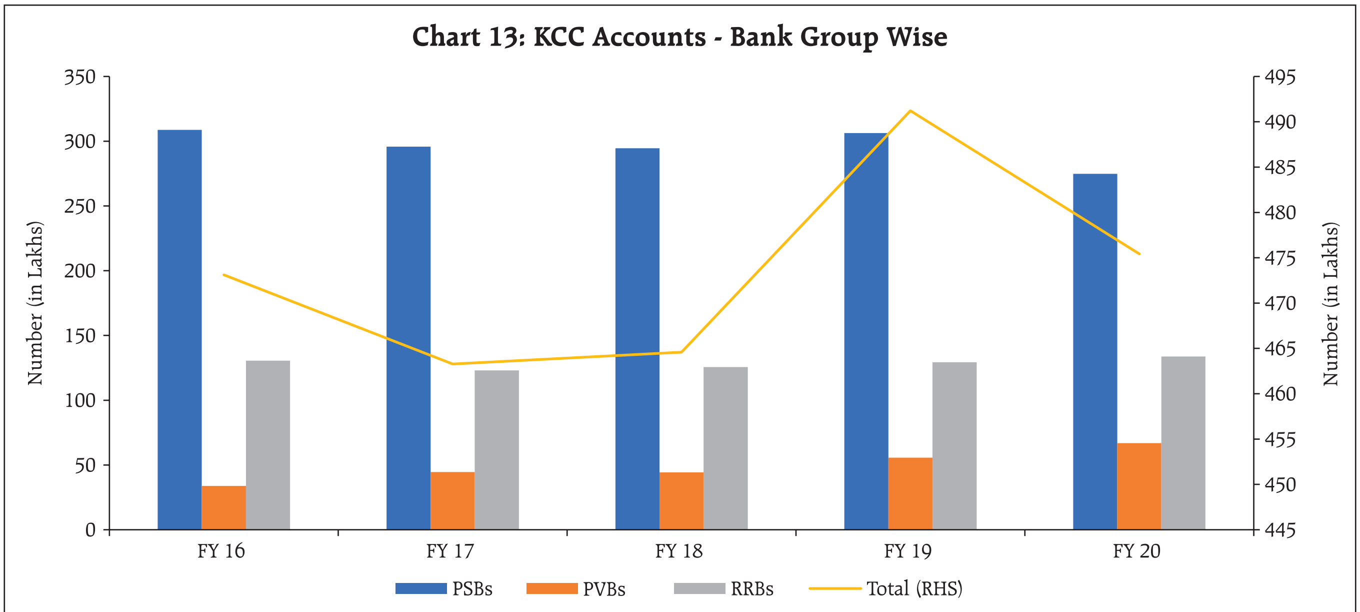
Source: FIP Returns.



Source: FIP Returns.

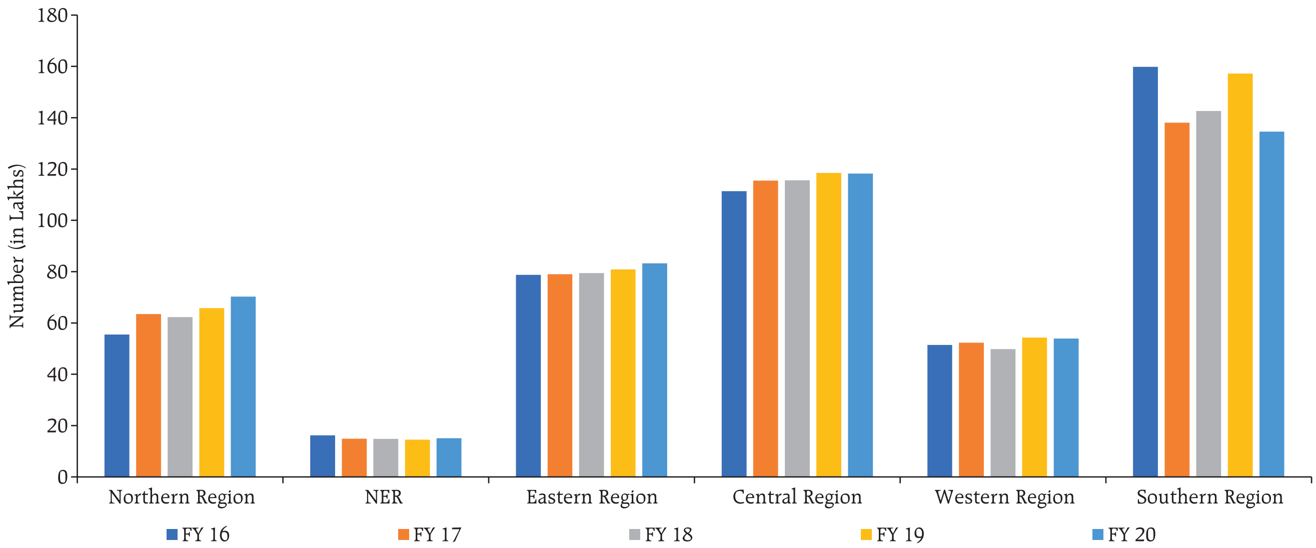
B. Farm Credit - Kisan Credit Cards (KCCs)

At end-March 2020, there were 475.42 lakh KCCs with an amount outstanding totalling to ₹6,39,069 crore. While the number of KCCs registered a marginal growth of 0.12 per cent, the amount outstanding under the accounts increased significantly at the rate of 5.64 per cent (CAGR) (Chart 13).



Source: FIP Returns.

Chart 14: KCC Accounts - Region Wise



Source: FIP Returns.

A positive growth in the number of KCCs could be seen for PVBs and RRBs, with PVBs taking the lead. Though the share of PSBs in total number of KCCs declined from 65 per cent to 58 per cent over the review period, they continued to account for the highest share among all bank groups.

Except the NE and southern regions, all other regions registered a positive growth in number of KCCs (Chart 14). As regards the total amount outstanding under KCCs, all regions recorded a positive growth.

4. BC Model

A. Number of BCs

The number of BCs reported by banks increased substantially with a CAGR of more than 35.35 per cent. Among the bank groups, PVBs showed the highest growth over the period with a growth of nearly 65.30 per cent. Further, RRBs too showed a positive growth in number of BCs during this period. By contrast, the number of BCs of PSBs decreased marginally, primarily on account of consolidation in this bank group.

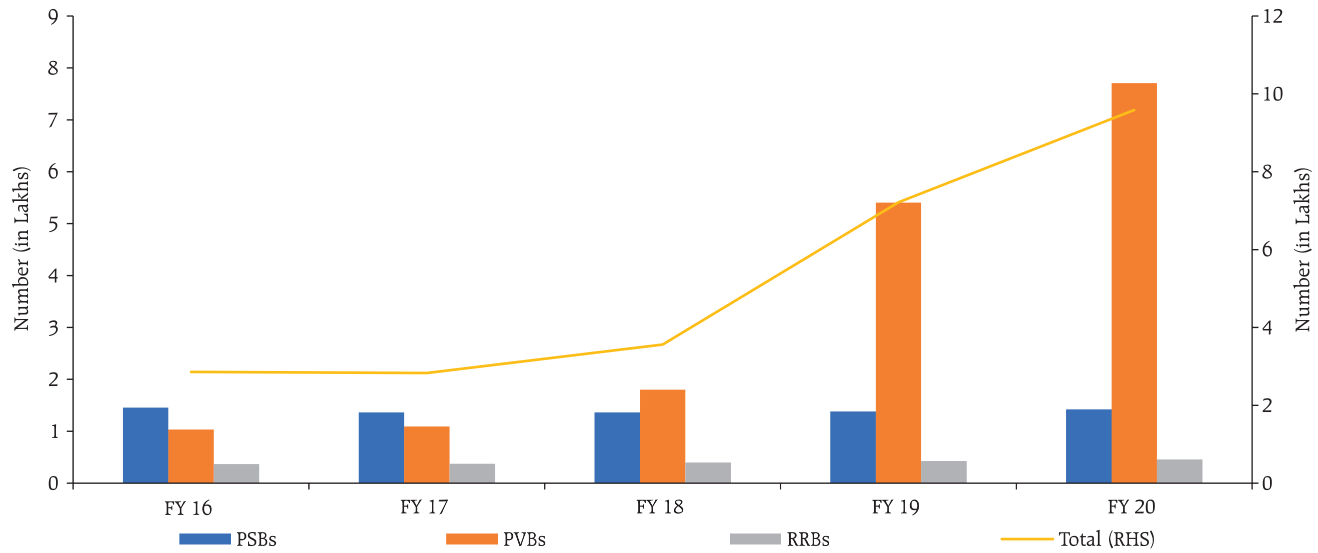
The share of PVBs in total number of BCs increased from 36.1 per cent in March 2016 to 80 per cent in March 2020 mainly due to significant increase in number reported by two private sector banks, while the share of PSBs decreased from 51 per cent in March 2016 to 15 per cent in 2020 (Chart 15).

Number of BCs increased in all the regions of the country with the eastern region alone registering an increase of 2,48,315 BCs at the rate of 54.19 per cent (CAGR) followed by central region and northern regions (Chart 16).

B. Transactions

Traditionally, a BC – an extended arm of the bank, offered basic banking services of deposit, withdrawal, transfer, account opening and balance enquiry to the customers of the bank (BC's bank). However, several policy level initiatives such as, regulatory provision of inter-operability,

Chart 15: Number of BCs Deployed - Bank Group Wise

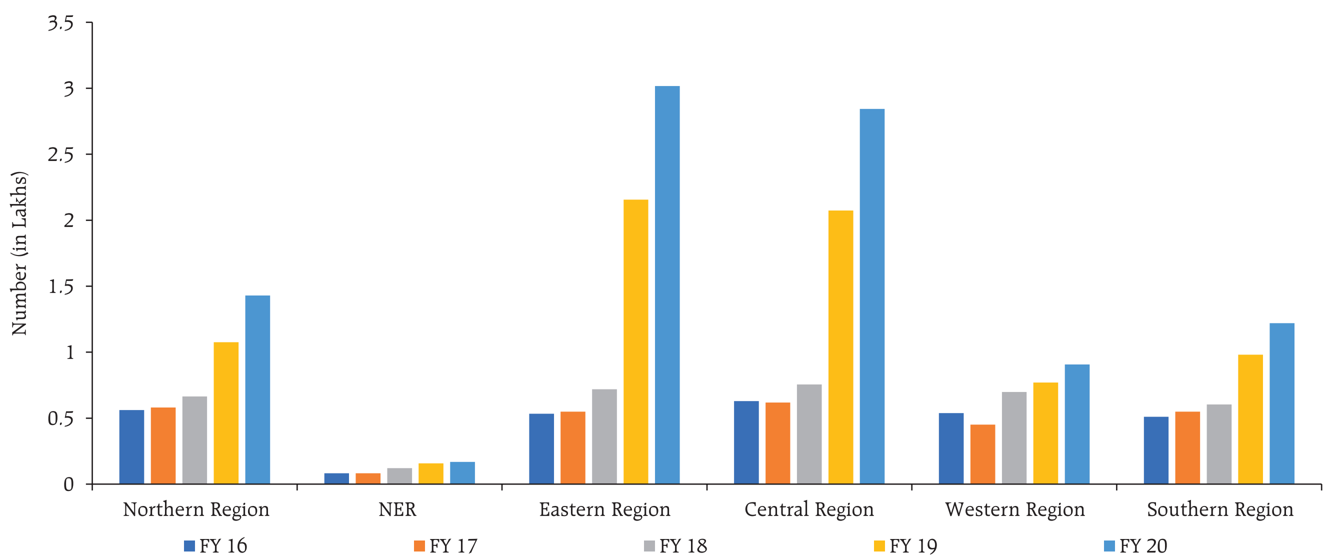


Source: FIP Returns.

developments in the payment systems, emergence of bio metric-based identification and transactions, and non-deposit taking Non-Banking Financial Companies (NBFCs-ND) being permitted to be engaged as BCs, led to the introduction of various new forms of BCs. These new BCs included remittance BCs, commonly referred to as Domestic Money Transfer (DMT) agents and credit-led BCs (mostly NBFC-MFIs have been roped in by banks to act as such BCs).

In this section, data of credit related transaction and remittance transactions undertaken at BC outlets have been analysed to understand bank group-wise/region-wise performance.

Chart 16: Number of BCs - Region Wise



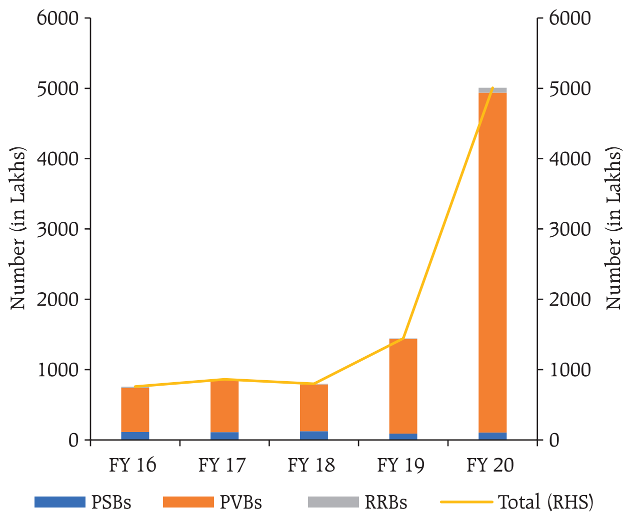
Source: FIP Returns.

I. **Credit related Transaction – ICT-BC – Credit/Overdraft (OD)Transactions -** During 2016-20, credit-related transactions at BC outlets grew for PVBs and RRBs at a CAGR of 66.91 per cent and 31.81 per cent, respectively. This was in line with the trend of increment in the number of BC agents for PVBs over the five year period. (Chart 17). However, during the same period, the ICT-BC Credit/OD transactions for PSBs declined marginally by 1.86 per cent.

Similarly, share of PVBs in credit/OD transactions at BC outlets rose progressively from 82 per cent in 2016 to 97 per cent in 2020, while the share of PSBs and RRBs reduced significantly.

The number of ICT-BC Credit/OD transactions through BCs recorded an overall CAGR of 60.27 per cent over the review period, with all regions registering a positive growth. The eastern region recorded the highest growth courtesy significantly higher numbers being reported by select PVBs (Chart 18).

Chart 17: Number of ICT-BC - Credit/Over Draft Transactions - Bank Group Wise

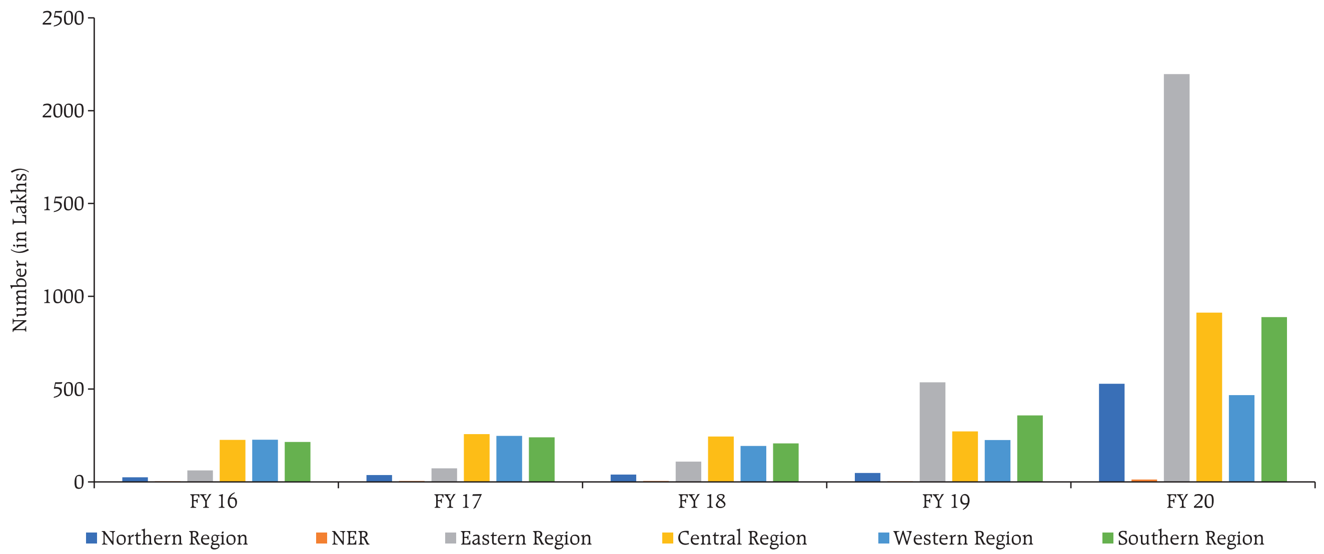


Source: FIP Returns

II. **Remittance - ICT-BC - Remittance Transactions**

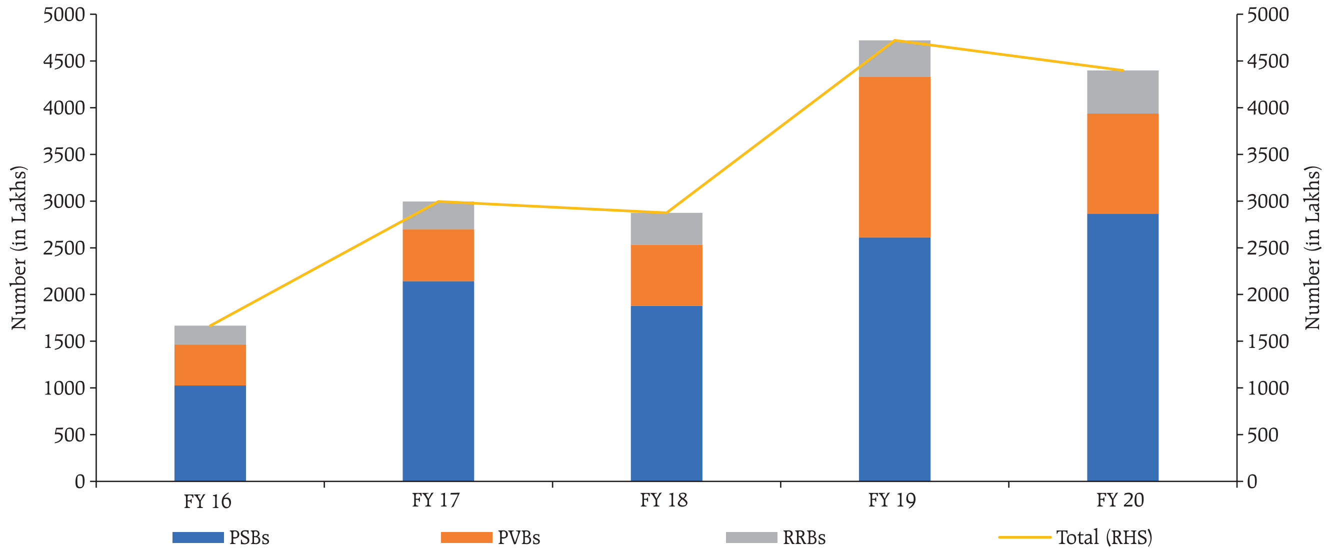
The number of remittance transactions grew for all bank groups with PSBs registering the highest growth of 29.30 per cent (Chart 19). During the period, the growth for PVBs and RRBs was 24.82 per cent and 23.31 per cent, respectively.

Chart 18: Number of ICT-BC-Credit/OD Transactions - Region Wise



Source: FIP Returns

Chart 19: Number of ICT-BC- Remittance Transactions - Bank Group Wise

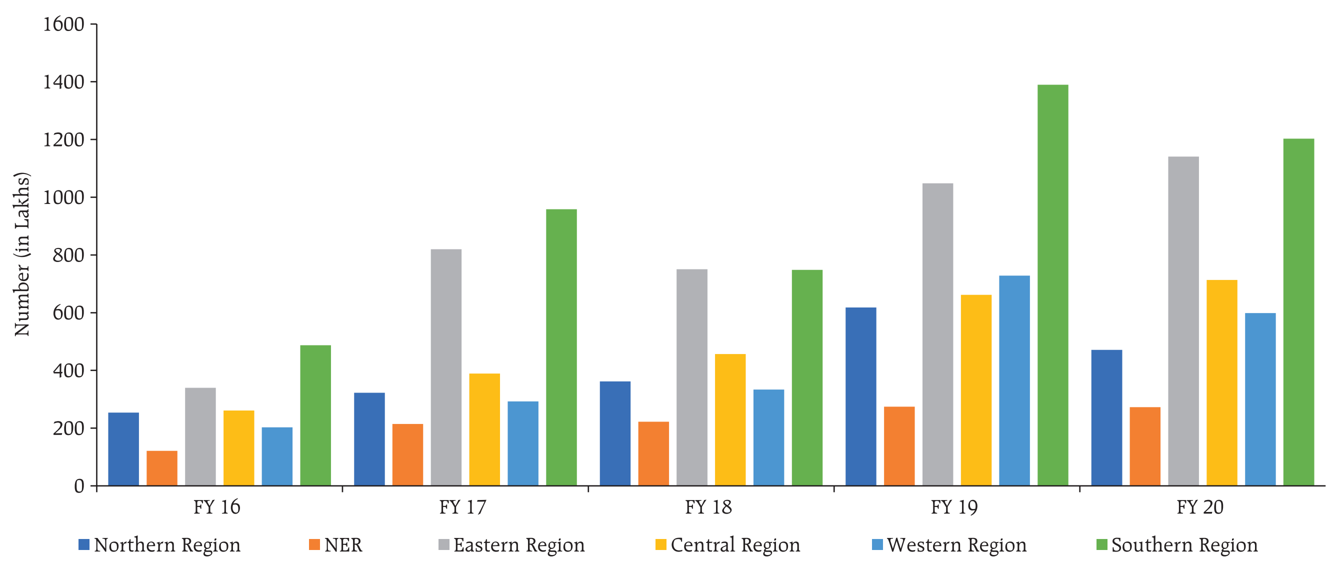


Source: FIP Returns

While PVBs accounted for the major share in the ICT-BC Credit/OD transactions, the ICT-BC Remittance transactions were dominated by PSBs having more than 65 per cent share of the total remittance transactions. Though the Urban BC space, which primarily is used as a remittance channel, has been dominated by PVBs, their share in the transactions decreased during the review period from 26.47 per cent in 2016 to 24.34 per cent in 2020.

All regions registered a positive growth in both volume and value of remittance transactions, ranging from 16 per cent to 35 per cent and 26 per cent to 62 per cent, respectively (Chart 20).

Chart 20: Number of ICT-BC- Remittance Transactions - Region Wise



Source: FIP Returns.

Eastern region recorded highest growth in number of transactions as well as amount involved in these transactions. However, the remittance transactions were dominated by the southern region. Eastern region showed a striking increase in the share in the total value of the ICT-BC remittance transactions during the review period.

C. Deposit and Credit Products through BC Model

The BC model has been striving to achieve two important aspects i) utility and ii) viability. The expansion in the BC network establishes that all stakeholders are now convinced of the utility of this model. Previous sections of the article provided insights into the reach of the BC model, which reinforced the utility of the model for financial inclusion.

Viability of the model is dependent on the deepening of the BC network (extension in the unserved/underserved rural and urban pockets) and broadening of the BC operations (delivery of bouquet of products and services). Engagement of BCs for account opening (BSBDAs), sourcing credit and facilitating credit related transactions are important steps towards strengthening the model.

I. BSBDAs through BCs

As on March 2020, 56.43 per cent of the total number of BSBDAs were opened/ sourced through the BC network with PSBs accounting for more than 75 per cent share of the total . Though the number of BC outlets (Rural +Urban) (7.3 lakhs) as well as BC agents (7.7 lakhs) were the highest for PVBs, their share in BSBDAs was the lowest, indicating that most of these BC outlets/BCs were not involved in delivery of such services.

II. KCCs through BCs

Only 5 per cent of the total KCCs were sourced/opened through BCs in 2020. PVBs accounted for the largest share (81 per cent) in KCCs through BCs followed by PSBs (15 per cent) and RRBs (4 per cent). Though having dominant presence in the number of BC outlets, PSBs' contribution in channelizing KCCs through BCs was insignificant, resulting in very less utilization of BC model for KCCs.

III. General Credit Cards (GCCs) through BCs

Total number of GCCs through BCs at end-March 2020 was 132.61 lakh, with PVBs accounting for almost 98 per cent of the total. The share of GCCs through BCs progressively increased from 34.60 per cent in 2016 to 65.58 per cent in 2020 with PVBs using the BC model extensively for GCCs. This can be attributed to the engagement of NBFC-MFIs as BCs by PVBs and using their network for sourcing and financing Joint Liability Groups (JLGs).

5. Conclusion

Through the review of FIP data furnished by banks (PSBs, PVBs and RRBs) over the five years (2016-2020), it is observed that the dominance of PSBs has continued in the financial inclusion space. PSBs accounted for about 56 per cent of total rural branches in 2020. PSBs were also predominantly present in the rural areas accounting for 60 per cent of total BC outlets in villages in 2020. Similarly, of the total BSBDAs, the contribution of PSBs remained over 70 per cent during the review period. Further, among the credit products, KCCs were channeled mainly through

PSBs, which accounted for 58 per cent of the total number of KCCs in 2020.

As PSBs continued to maintain their hold, PVBs too registered a higher growth in both access and usage indicators during the review period. There was a growth in BC outlets in villages for PVBs with the growth being significantly high for the north-eastern, eastern and central regions, surpassing the growth of PSBs and RRBs together. PVBs also significantly improved their tally of urban BC outlets during the five years with their share growing from 77 per cent in 2016 to 97 per cent in 2020. On similar lines, contribution of PVBs in the total number of BC agents too grew exponentially from 37 per cent in 2016 to 80 per cent in 2020.

From being an alternate delivery model, the BC model is emerging as the predominant delivery model. While the growth in number of rural branches remained subdued during the review period, there was a significant growth in BC outlets in both villages and urban pockets providing formal financial services at the doorstep of large number of unserved/underserved population. About 56 per cent of total BSBDAs and 65 per cent of GCCs were channeled through BCs. While BCs of PSBs dominated the deposit space, PVBs accounted for a major share in GCCs through BCs. During the review period, the total transactions routed through BC outlets increased considerably both in terms of volume as well as value.

Finally, the north-eastern, eastern, and central regions, which have historically remained behind the curve, fared better in the access indicator of financial inclusion during the review period.

*Financial Inclusion Index for India**

Greater financial inclusion (FI) is crucial for a wider, inclusive and sustainable growth. Therefore, a measure of FI is necessary to effectively monitor the progress of the policy initiatives undertaken to promote FI. A multidimensional composite Financial Inclusion Index (FI-Index) has been constructed based on 97 indicators which quantifies the extent of financial inclusion and is responsive to availability, ease of access, usage, unequal distribution and deficiency in services, financial literacy, and consumer protection. In a scale of 0 to 100, the annual FI-Index, with three sub-indices viz., 'Access', 'Usage', and 'Quality' computed for 2021 stood at 53.9, driven largely by Access sub-index which stood at 73.3 reflecting substantial progress so far in creating financial infrastructure in the country through combined efforts of all stakeholders.

> *"We must continue our efforts for greater financial inclusion in pursuance of the goal of sustainable future for all"*
>
> Shaktikanta Das, July 2021[1]

I. Introduction

Access to finance has always been considered as one of the vital parameters of economic growth, and therefore, the promotion of an inclusive financial system is an area of policy thrust and priority. In the post-independence period, mainstream financial inclusion journey of the country can be traced back to the promotion of cooperatives in 1950s, nationalisation of major commercial banks in 1960s and channelising the credit to the neglected sectors of the economy and weaker sections of the population. This was accompanied by various initiatives over the years such as expansion of branch network, introduction of Priority Sector Lending (PSL), launch of Lead Bank Scheme, promotion of Self-Help Groups (SHGs) and Joint Liability Groups (JLGs), implementation of Business Correspondents (BC) model, among others. The brick and mortar branches, complemented by the BC model have spread the reach of the banking system to every nook and corner of the country. However, the inflection point in the journey to greater FI was reached with the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY), under which a large number of accounts of hitherto excluded population were opened in a time-bound manner, and with the evolution, promotion and adoption of digital channels in recent years.

The Jan Dhan, Aadhaar and Mobile (JAM) eco-system has brought about a major shift in the field of financial inclusion and several initiatives have been taken to universalise digital payments in a convenient, safe, secure, transparent and affordable manner. Given the latent potential of harnessing value at the bottom of the pyramid, a large number of players are active in the field, ranging from commercial banks, cooperative banks, Non-Banking Financial Companies (NBFCs), niche financial entities such as payments banks, small finance banks, micro finance institutions (MFIs) and fintech companies. Greater focus is also being given to addressing the needs of the vulnerable segments of the economy and population, while paying attention to consumer protection and enhancing capacity of customers to undertake responsible and sustainable use of financial services. Taking this forward, the National Strategy for Financial Inclusion 2019-2024 (NSFI) and National Strategy for Financial Education 2020-2025 (NSFE) provide a road map for a coordinated approach towards financial inclusion, financial literacy, and consumer protection.

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* This article is prepared by Anil Kumar Sharma, Executive Director; Sonali Sengupta, CGM-in-charge; Indrajit Roy, Director; and Sushmita Phukan, GM Financial Inclusion and Development Department.

[1] Inaugural address by Shri Shaktikanta Das, Governor, Reserve Bank of India, delivered at the Economic Times Financial Inclusion Summit on July 15, 2021.

With concerted efforts for furthering financial inclusion, a consolidated measure of financial inclusion is necessary to effectively monitor the progress of the policy initiatives undertaken to promote financial inclusion. It is, therefore, pertinent to construct a Financial Inclusion Index (FI-Index) which quantifies the extent of financial inclusion and is responsive to availability, ease of access, extent of usage, inequality and deficiency in services, extent of financial literacy and consumer protection in the formal financial system; and captures the expansion of banking, investments, insurance, postal as well as the pension sector.

A Task Force (TF) was constituted by Government of India in October 2017, wherein all the stakeholders were represented, to suggest various dimensions and aspects for creation of an Index of Financial Inclusion. The TF submitted its report in August 2020. While the methodology suggested by the TF was retained, *inter alia*, a number of indicators under various sub-indices were added and a dimension of 'Quality' was introduced, in addition to determining weighting distribution, target values, *etc.*

Accordingly, this article dwells on the creation of the FI-Index in terms of indicators for 'Access', 'Usage' and 'Quality' dimensions, weighting distributions, desired goals for the selected indicators, and methodology to combine these indicators into a composite index. The FI-Index, thus constructed, captures information on various dimensions of financial inclusion in a single number ranging between 0 and 100 - where 0 represents complete financial exclusion and 100 indicates full financial inclusion.

The article is divided into five sections. Section II reviews some of the existing studies on financial inclusion. Section III discusses the methodology adopted for the FI-Index. Section IV captures the data and outcomes; and Section V dwells on the way forward.

II. Review of Literature

Most of the studies followed a multidimensional approach, with different set of indicators such as per capita bank accounts, bank branches, ATMs, credit/debit cards, number of household depositors/borrowers (Sarma 2012; Dabla-Norris *et al.*, 2015; Mialou *et al.*, 2017). Single indicator approach may not capture the true extent of financial inclusion, for example, just having a bank account may not necessarily imply that the account is well utilised on account of physical or psychological barriers. Also, despite having bank accounts, "marginally banked" people may not be making sufficient use of formal financial infrastructure and may be using informal non-bank services (Diniz *et al.*, 2011; Kempson, 2004; Seidman *et al.*, 2005).

At the institutional level, Financial Access Survey (FAS) of the International Monetary Fund (IMF) collects annual time series data on access and use of basic financial services around the world. The FAS was launched in 2009 to collate supply side data on key access and usage indicators under financial inclusion. The FAS, *inter alia*, provides information about ATMs per 100,000 population, bank branches per 100,000 population, number of depositors and borrowers per 1000 adults, deposit and credit as per cent of GDP, *etc.* It also captures data on insurance and digital transactions. The FAS serves as a comprehensive source of financial inclusion data for most of the countries of the globe and can be used for cross references. CRISIL's Inclusix, first published in 2013 with next three iterations in 2014, 2015 and 2018, is a composite index that measures financial inclusion as an aggregate of six parameters across four dimensions of Branch Penetration (BP), Credit Penetration (CP), Deposit Penetration (DP) and Insurance Penetration (IP). The 'Inclusix' considers district wise data and provides extent of financial inclusion at the national, regional, and district levels. Findex database (Demirguc-Kunt and Klapper, 2012) published by the

World Bank every three years beginning 2011, is based on surveys of more than 150,000 adults of age 15 and above in over 140 economies on how adults save, borrow, make payments, and manage risk.

III. Methodology

Construction of FI-Index has three broad challenges, *i.e.*, selection of appropriate indicators or variables, setting the target (desired level), and determining the weighting distribution.

Most of the existing studies on FI-index concentrate on indicators representing access and usage dimension of financial inclusion and then construct a composite index based on the weighted average (or equal weight) of normalised indicators. These studies, however, omit the 'Quality' dimension of the financial inclusion, which plays a very important role towards the objective of deepening financial inclusion.

As the selected indicators are required to be normalised to bring these on the same scale before combining, each indicator is compared with respect to its desired goal; when an indicator achieve its desired goal or 'optimum value; it is presumed that financial inclusion as proxied by the indicator is complete. Since theoretically it is difficult to arrive at an optimum level of achievement for an indicator of financial inclusion, fixing the target value is a challenging task.

Further, all selected indicators may not have equal significance towards financial inclusion goal. Therefore, weighting distribution among the selected indicators may be unequal and determined exogenously.

The FI-Index constructed by the Reserve Bank is based on the three dimensions of financial inclusion, *viz.*, 'Access', 'Usage' and 'Quality' with weights as 35, 45 and 20 per cent respectively. The weights were determined to make the index forward-looking with higher weights to the deepening aspect of financial inclusion ('Usage' and 'Quality').

The indicators for the three dimensions of the Index, their optimum values and their respective weights were decided in further consultation with the respective sectoral regulators and the Government, keeping in mind their role in furthering FI.

Broadly, one-third of total weight has been assigned to 'Access' where most of the initiatives in the past have been undertaken and which reflects the extent of supply side financial infrastructure made available. Two-thirds of the weight has been assigned to deepening aspect of financial inclusion, *i.e.*, 'Usage' and 'Quality'. Each of these three sub-indices are further composed of distinct set of dimensions computed based on non-overlapping set of indicators.

'**Access'** sub-index which is further divided into four dimensions, *viz.*, 'Banking', 'Digital', 'Pension', and 'Insurance', reflects the efforts made on the supply side of financial inclusion, such as availability of physical and digital infrastructure and measures for making basic products and services available for the excluded segments. The 26 indicators across four dimensions have been selected to capture number of banking outlets including BCs, NBFCs, and post offices *etc.*, total number of savings accounts including small savings, all type of cards and electronic payment infrastructure, JAM ecosystem, subscription base of various pension schemes and offices and agents of life and non-life insurance *etc.*

'**Usage'** sub-index is divided into five dimensions, *viz.*, 'Savings & Investment', 'Credit', 'Digital', 'Insurance' and 'Pension'. Comprised of 52 indicators, it is more of a demand side measure and reflects the extent of active usage of financial infrastructure by way of savings, investment, insurance, availing of credit and remittance facilities, *etc.* The indicators are designed to reflect savings and investment habits, availment of credit from banks and non-banks, use of retail digital payments, penetration of insurance both life and non-life, and contribution to various pension schemes.

'**Quality'** sub-index has three dimensions, *viz.*, 'Financial Literacy', 'Consumer Protection', and 'Inequality' in the distribution of financial infrastructure with 19 indicators. These indicators capture the efforts undertaken by the stakeholders to make citizens aware of the appropriate financial services available, safe ways of using them, and making them aware of their rights such as to overcome the psychological barriers. They also reflect effectiveness of the grievance redress mechanism and account for uneven distribution of certain indicators of financial access and usage. Gini coefficient based on Lorenz curve with district level data granularity has been used to measure inequality.

Of the 97 indicators in the Index, 90 are primary indicators and remaining seven indicators are inequality measures of respective seven primary indicators *viz.*, distribution of bank branches, distribution of fixed-point business correspondents (FBCs) outlets, distribution of ATMs, distribution of number of savings account and savings amounts, distribution of number of credit accounts and outstanding credit. Lorenz curve and inequality measure in terms of Gini coefficients of these seven indicators are presented in Annex. All indicators wherever necessary are adjusted for inflation based on the Consumer Price Index (CPI).

For creating a composite financial inclusion index, many research studies have used similar methodology as used by United Nations Development Programme (UNDP) in constructing Human Development Index (HDI) and Human Poverty Index (HPI). The approach of combining multiple indicators into a single number is similar to the method used by Sarma (2008) which had also followed the UNDP adopted methodology.

Selected indicators were normalised with respect to the case when no financial services were available, therefore, the FI-Index has no 'base year'. Lowest value of a normalised parameter is '0' and highest value is '100'. All indicators (Y_i) are normalised (N_i), to make them unit free and to bring them on the same scale, by dividing them by the respective desired goal. Desired goals (t_i) of all indicators and weighting distributions (w_i) of indicators, the dimensions, and sub-indices were arrived at after consultations with the stakeholders. Some of the indicators are separately added (*e.g.*, BSBDA, PMJDY accounts) in addition to their implicit presence in the total or overall macro indicators (Total savings accounts) as a group, which are also taken as one of the selected indicators, to emphasis their importance towards financial inclusion. Financial inclusion for all dimensions is measured by averaging the normalised 'Euclidean distance' of weighted normalised indicators (w_1N_1, w_2N_2,..w_kN_k) from their worst points (0,0,..0) and inverse of distance from their best points (w_1,w_2,..w_n) in n-dimensional space. FI sub-indices are calculated based on respective dimensions and FI-Index is calculated based on three sub-indices following the same methodology as used to calculate the dimensions.

Let Y_i, where i=1,2,..k, is i^th^ indicator, and w_i is associated weight to the i^th^ indicator and t_i is the desired goal or target set for the i^th^ indicator. Let N_i is the normalised value of i^th^ indicators corresponding to Y_i

$$N_i = Normalised\ value\ (Y_i) = \frac{Y_i\ - State\ when\ no\ Financial\ services\ were\ available}{Desired\ goal\ (t_i)}$$

$$N_i = \frac{Y_i - 0}{t_i} = \frac{Y_i}{t_i}$$

Let $d_i = w_i * N_i$; $d_i^2 = d_i * d_i$;

Let $D^2 = d_1^2 + d_2^2 + \cdots + d_k^2 = \sum_{i=1}^{k} d_i^2$;

Let $W^2 = w_1^2 + w_2^2 + \cdots + w_k^2 = \sum_{i=1}^{k} w_i^2$ and

$$(W - D)^2 = \sum_{i=1}^{k} (w_i - d_i)^2$$

Let $X_1 = \frac{\sqrt{D^2}}{\sqrt{W^2}}$ and $X_2 = 1 - \frac{\sqrt{(W-D)^2}}{\sqrt{W^2}}$

FI Index of a dimension = $\frac{X_1 + X_2}{2}$

IV. Data and Outcomes

Required data, at annual frequency, for all indicators for the period 2017-2021 have been obtained from the respective sectoral regulators.

The annual FI-Index computed for 2021 stood at 53.9 as against 43.4 for 2017 registering compound annual growth rate (CAGR) of 5.5 per cent.

Of the three sub-indices, FI-Access with the index value at 73.3, expectedly, is higher as compared to both FI-Usage (43.0) and FI-Quality (50.7) which indicates that building blocks for greater financial inclusion in the form of financial infrastructure put in place over the years needs to be built upon by deepening the FI through focusing on promoting 'Usage' and improving 'Quality'.

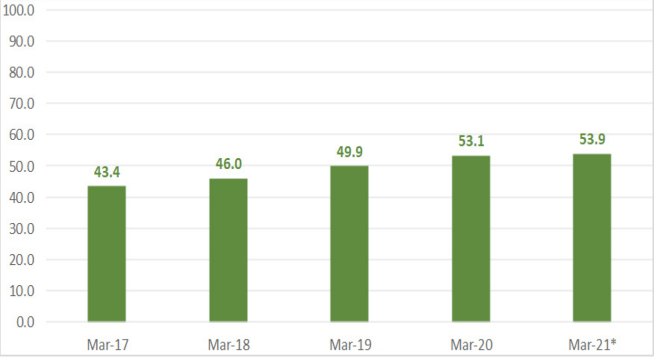
Access sub-index: Large number of measures since 1950s and recently, as outlined above, have been undertaken in providing greater access to financial services. Accordingly, 16 out of 26 indicators under 'Access' have index values which are more than the overall index value of 53.9, resulting in Access sub-index value of 73.3, which for a country of India's size and diversity, indicates commendable progress. This value is largely driven by the growth over the years, and recently, in the number of bank outlets manned by own staff, FBCs, total number of savings accounts, post offices, number of subscribers in Mutual Funds (MFs), JAM ecosystem, number of offices for insurance, Prepaid Payment Instrument (PPI) issuers, and Point of Sale (PoS) terminals *etc.*

Table 1: FI-Index and Sub-indices

Year	Access	Usage	Quality	FI-Index
Mar-17	61.7	30.8	48.5	43.4
Mar-18	63.9	33.7	51.4	46
Mar-19	67.5	38.7	52.6	49.9
Mar-20	71.6	42	53.8	53.1
Mar-21*	73.3	43	50.7	53.9

*Some of the data points are provisional.

Chart1 : FI-Index for 2017-2021 on a Scale of 0-100



Usage sub-index: Usage has shown highest growth as compared to other sub-indices, driven largely by 'Insurance', 'Credit' and 'Saving & Investment'. Some of the indicators under these dimensions which have shown substantial growth include total number of credit accounts, amount outstanding in the credit accounts, volume and value of Unified Payments Interface (UPI) transactions. Increased use of direct benefit transfer (DBT) for various government programmes also had a positive impact on the index value through higher outstanding amounts in Savings Bank (SB) accounts.

While digital infrastructure has expanded in last few years showing good index value under 'Access', its 'Usage' has declined in 2021 possibly due to COVID-19 related restrictions. The BC model, which uses the Aadhaar enabled Payment System (AePS) channel, came to the fore during these restrictions ensuring last mile delivery of cash benefits as announced under Pradhan Mantri Garib Kalyan Yojana (PMGKY) by undertaking more than 94 crore transactions accounting for ₹2.25 lakh crore during 2020-21.

Quality sub-index: Regional disparity in credit outstanding is most prominent with Gini coefficient at 0.72, followed by disparity in deposit amount with Gini coefficient of 0.58. Gini coefficient for number of deposit accounts, FBCs, bank branches, credit accounts, ATMs are computed at 0.20, 0.25, 0.29, 0.43, 0.45 respectively (Annex).

V. Way Forward

The progress, as measured by the FI-Index, highlights the need for greater and focussed interventions on the demand side of the inclusion effort. The NSFE has set an ambitious vision of creating a financially aware and empowered India. It includes a '5 C' approach for dissemination of financial education through emphasis on development of relevant Content (including in the curriculum in schools, colleges, and training establishments); improving Capacity of the intermediaries who provide financial services and education; adopting the Community led model for financial literacy through appropriate Communication Strategy; and enhancing Collaboration among various stakeholders.

To build on the success of PMJDY program in providing access, it is essential to address the issue of dormant/inoperative accounts through an understanding of the underlying factors like lack of sufficient/regular income, creating appropriate financial products and addressing lack of awareness about them, procedural/operational challenges and lack of available acceptance infrastructure, *etc.*

Recognising that sustainable financial inclusion can be achieved only when access to financial service providers is complemented with provision of a bouquet of financial products including insurance, pension, investment, and credit besides deposit, the NSFI, *inter alia*, recommends that every willing and eligible customer be provided with the same. This facet of financial inclusion needs further impetus. Moreover, in pursuance to the NSFI milestone to expand the reach of Centers for Financial Literacy (CFLs) to every block in the country by March 2024, the pilot project of CFL is being scaled up by setting up 1,199 CFLs in phase I.

With the proliferation of large number of BCs in the financial ecosystem with varying business models, given the crucial role they play in furthering financial inclusion by addressing the last mile disconnect, the issues pertaining to continued availability of BC agents, their capacity building, certification requirements and remuneration related issues need to be addressed proactively.

Ease of credit access, particularly to Micro Small and Medium enterprises (MSMEs), Small and Marginal Farmers (SMFs), women and micro credit segments remain a policy priority for policy makers. Recent revision in Priority Sector Lending (PSL) guidelines with a framework to encourage flow of credit to identified credit deficient districts across the country, inclusion of startups, emphasis on health infrastructure & renewable energy *etc.*, are expected to mitigate regional disparities in deployment of credit and ensure greater credit flow to the targeted sectors.

To facilitate expansion and deepening of digital transactions that promotes greater FI, 42 districts were identified as part of a pilot project to ensure these districts become 100 per cent digitally enabled in one year, through creation of necessary digital infrastructure and digital literacy. The scale up of the pilot in the other identified districts needs to be closely monitored.

With greater financial inclusion and increasing digital transactions, it is important to ensure effective and expeditious redressal of grievances which may arise on account of deficiency in services and failed transactions *etc.*, create awareness about, and address issues related to, frauds, cyber security and data protection. While several steps have been taken in these respects by all the regulators, efforts need to be scaled up and coordinated.

It is expected that the FI-Index to be published by the Reserve Bank every year in July, will not only reflect the success of measures already taken and being taken by various stakeholders, but will also serve as a guide with regard to further measures that need to be taken.

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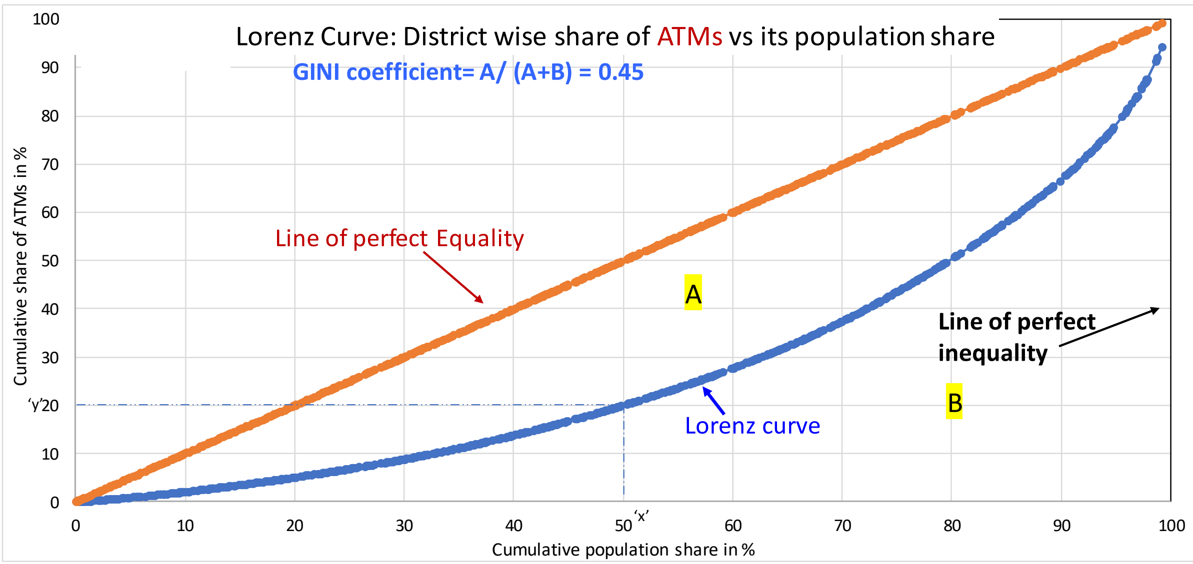
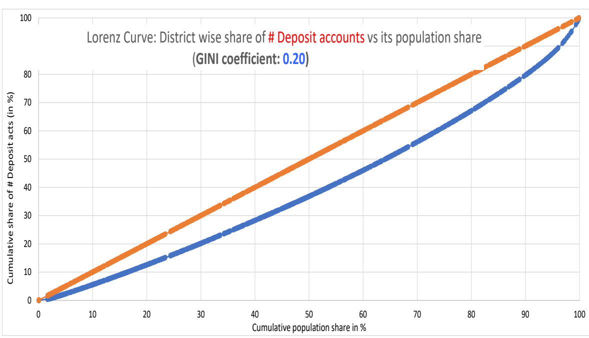
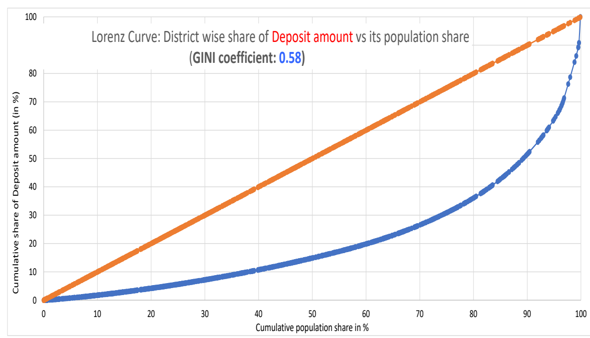
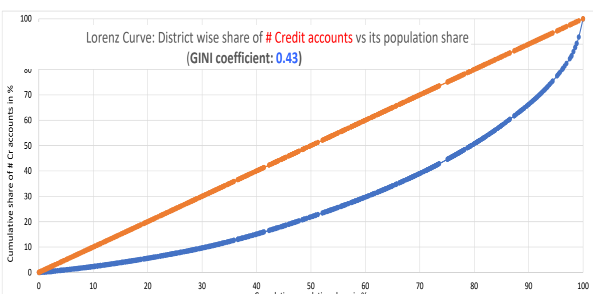
Annex

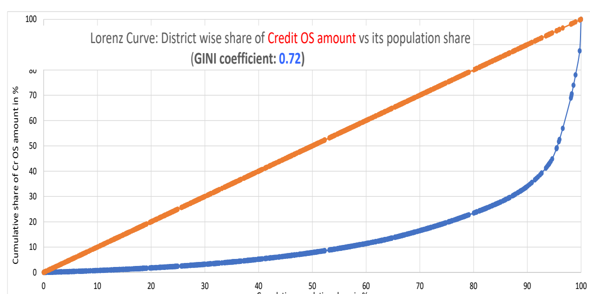
Inequality measured for select indicators

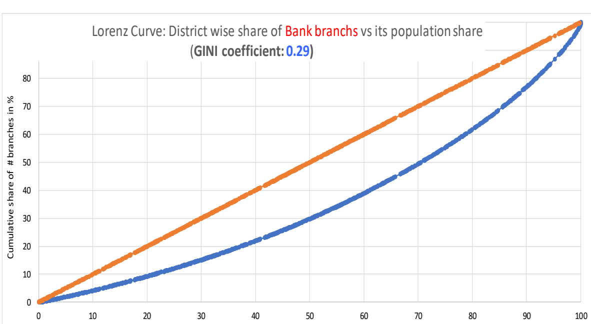


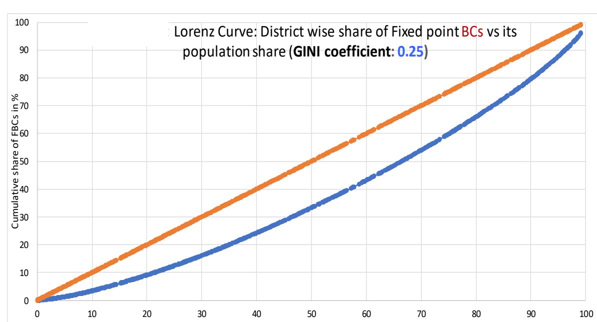












CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2020-21	2019-20	2020-21		2021-22
		Q4	Q1	Q4	Q1
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	-6.2	3.7	-22.4	3.7	18.8
1.1.1 Agriculture	3.6	6.8	3.5	3.1	4.5
1.1.2 Industry	-6.4	-3.2	-31.0	5.5	40.4
1.1.3 Services	-8.4	5.6	-24.9	3.2	16.1
1.1a Final Consumption Expenditure	-7.3	3.3	-19.9	6.4	13.8
1.1b Gross Fixed Capital Formation	-10.8	2.5	-46.6	10.9	55.3
	2020-21	**2020**		**2021**	
		Jun.	**Jul.**	**Jun.**	**Jul.**
	1	2	3	4	5
1.2 Index of Industrial Production	-8.4	-16.6	-10.5	13.6	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	11.4	9.6	11.1	9.8	9.8
2.1.2 Credit	5.6	5.6	5.7	6.1	6.1
2.1.2.1 Non-food Credit	5.5	5.4	5.6	6.1	6.2
2.1.3 Investment in Govt. Securities	19.3	18.9	20.8	10.4	8.2
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	18.8	11.8	14.9	16.9	16.8
2.2.2 Broad Money (M3)	12.2	12.3	13.2	10.7	9.9
3 Ratios (%)					
3.1 Cash Reserve Ratio	3.50	3.00	3.00	4.00	4.00
3.2 Statutory Liquidity Ratio	18.00	18.00	18.00	18.00	18.00
3.3 Cash-Deposit Ratio	4.2	3.7	3.7	4.7	5.0
3.4 Credit-Deposit Ratio	72.4	73.6	72.6	71.1	70.2
3.5 Incremental Credit-Deposit Ratio	37.4	-37.6	-15.0	-56.5	-8.9
3.6 Investment-Deposit Ratio	29.5	29.9	30.3	30.1	29.9
3.7 Incremental Investment-Deposit Ratio	46.8	122.8	93.1	87.1	41.6
4 Interest Rates (%)					
4.1 Policy Repo Rate	4.00	4.00	4.00	4.00	4.00
4.2 Reverse Repo Rate	3.35	3.35	3.35	3.35	3.35
4.3 Marginal Standing Facility (MSF) Rate	4.25	4.25	4.25	4.25	4.25
4.4 Bank Rate	4.25	4.25	4.25	4.25	4.25
4.5 Base Rate	7.40/8.80	7.40/9.00	7.40/9.00	7.40/8.80	7.40/8.80
4.6 MCLR (Overnight)	6.55/7.05	6.70/7.45	6.65/7.30	6.55/7.05	6.55/7.00
4.7 Term Deposit Rate >1 Year	4.90/5.50	5.10/5.65	5.10/5.50	4.90/5.50	4.90/5.50
4.8 Savings Deposit Rate	2.70/3.00	2.70/3.50	2.70/3.00	2.70/3.00	2.70/3.00
4.9 Call Money Rate (Weighted Average)	3.25	3.54	3.46	3.15	3.21
4.10 91-Day Treasury Bill (Primary) Yield	3.32	3.19	3.30	3.44	3.39
4.11 182-Day Treasury Bill (Primary) Yield	3.47	3.42	3.39	3.72	3.53
4.12 364-Day Treasury Bill (Primary) Yield	3.83	3.54	3.52	3.89	3.73
4.13 10-Year G-Sec Par Yield (FBIL)	6.34	5.90	5.78	6.36	6.22
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	72.40	75.48	74.77	74.18	74.39
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	85.31	84.63	88.87	88.57	88.39
5.3 Forward Premia of US$ 1-month (%)	6.80	3.66	3.61	3.80	3.55
3-month (%)	5.64	3.66	3.74	3.99	3.82
6-month (%)	5.47	3.82	3.80	4.13	4.01
6 Inflation (%)					
6.1 All India Consumer Price Index	6.18	6.2	6.7	6.3	5.6
6.2 Consumer Price Index for Industrial Workers	5.03	5.1	5.3	5.6	5.3
6.3 Wholesale Price Index	1.29	-1.8	-0.2	12.1	11.2
6.3.1 Primary Articles	1.71	-0.1	1.6	7.7	5.7
6.3.2 Fuel and Power	-7.99	-16.2	-9.8	32.8	26.0
6.3.3 Manufactured Products	2.75	0.1	0.6	10.9	11.2
7 Foreign Trade (% Change)					
7.1 Imports	-17.08	-48.0	-29.6	96.4	63.0
7.2 Exports	-7.08	-12.2	-9.9	47.9	49.8

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

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Crore)

Item	As on the Last Friday/ Friday						
	2020-21	2020	2021				
		Aug.	Jul. 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	2831727	2654096	2919525	2926858	2933072	2926662	2916737
1.1.2 Notes held in Banking Department	11	23	15	11	20	14	15
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**2831738**	**2654119**	**2919541**	**2926870**	**2933092**	**2926676**	**2916752**
1.2 Assets							
1.2.1 Gold	106555	119425	115119	112985	109752	112108	111366
1.2.2 Foreign Securities	2724437	2533943	2803636	2813114	2822587	2813829	2804667
1.2.3 Rupee Coin	746	751	786	771	753	739	719
1.2.4 Government of India Rupee Securities	–	–	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1504697	1373902	1959069	1966375	2001150	1993740	2011955
2.1.1.1 Central Government	100	100	100	101	101	100	101
2.1.1.2 Market Stabilisation Scheme							
2.1.1.3 State Governments	42	42	42	42	42	42	42
2.1.1.4 Scheduled Commercial Banks	542693	439411	674997	670411	672481	677256	641437
2.1.1.5 Scheduled State Co-operative Banks	6529	5183	7455	7624	7184	7287	6682
2.1.1.6 Non-Scheduled State Co-operative Banks	3204	2416	3582	3586	3583	3594	3546
2.1.1.7 Other Banks	31820	25785	37177	35695	38005	36012	37424
2.1.1.8 Others	895440	897611	1209139	1227275	1250915	1244638	1292462
2.1.1.9 Financial Institution Outside India	24868	3354	26576	21640	28838	24810	30259
2.1.2 Other Liabilities	1343670	1419535	1383256	1361944	1349879	1349702	1318100
2.1/2.2 Total Liabilities or Assets	**2848367**	**2793437**	**3342325**	**3328319**	**3351029**	**3343442**	**3330055**
2.2 Assets							
2.2.1 Notes and Coins	11	23	15	11	20	14	15
2.2.2 Balances held Abroad	1204135	1151725	1511979	1500834	1485728	1476363	1435914
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	1674	9033	836	7252	10175	9992	3080
2.2.3.3 Scheduled Commercial Banks	90275	253645	91796	91620	91750	91804	91806
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	35
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	26422	24803	16731	16772	16772	16772	16772
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	6678	9619	6609	6634	6634	6634	6634
2.2.3.9 Financial Institution Outside India	24858	2626	26670	21672	28837	23019	28450
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	1331671	1186206	1518026	1516983	1546006	1548814	1577196
2.2.6 Other Assets	162643	155757	169662	166539	165106	170029	170152
2.2.6.1 Gold	146572	153600	164967	161909	160079	164948	164566

* Data are provisional

No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Long Term Repo Operations &	Targeted Long Term Repo Operations #	Special Long-Term Repo Operations for Small Finance Banks	Special Reverse Repo £	Net Injection (+)/ Absorption (-) (1+3+5+6+9+10+ 11+12-2-4-7-8-13)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo				Sale	Purchase					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Jul. 1, 2021	-	502074	-	-	2	1865	-	-	-	-	-	-	-	-500207
Jul. 2, 2021	-	466876	-	200018	121	9	-	-	-	-	-	-	1942	-668706
Jul. 3, 2021	-	39103	-	-	1202	–	-	-	-	-	-	-	-	-37901
Jul. 4, 2021	-	8623	-	-	5	–	-	-	-	-	-	-	-	-8618
Jul. 5, 2021	-	482740	-	-	6	–	-	-	-	-	-	-	-	-482734
Jul. 6, 2021	-	458434	-	-	16	–	-	-	170	-	-	-	-	-458248
Jul. 7, 2021	-	446750	-	-	0	–	-	-	2585	-	-	-	-	-444165
Jul. 8, 2021	-	446463	-	-	0	–	-	-	835	-	-	-	-	-445628
Jul. 9, 2021	-	459911	-	-	1	–	-	–	20775	-	-	-	-	-439135
Jul. 10, 2021	-	2954	-	-	40	–	-	-	-	-	-	-	-	-2914
Jul. 11, 2021	-	1087	-	-	101	–	-	-	-	-	-	-	-	-986
Jul. 12, 2021	-	450452	-	-	3	–	-	-	950	-	-	-	-	-449499
Jul. 13, 2021	-	461868	-	-	0	-9	-	-	340	-	-	-	-	-461537
Jul. 14, 2021	-	455612	-	-	0	–	-	-	-	-	-	-	-	-455612
Jul. 15, 2021	-	510218	-	-	0	–	-	-	-	-	-	750	-	-509468
Jul. 16, 2021	-	463719	-	200022	0	–	-	-	695	-	-	-	3215	-666261
Jul. 17, 2021	-	33346	-	-	8	-	-	-	-	-	-	-	-	-33338
Jul. 18, 2021	-	1504	-	-	74	-	-	-	-	-	-	-	-	-1430
Jul. 19, 2021	-	480515	-	-	0	177	-	-	260	-	-	-	-	-480078
Jul. 20, 2021	-	426537	-	-	0	–	-	-	-	-	-	-	-	-426537
Jul. 21, 2021	-	5774	-	-	5678	–	-	-	-	-	-	-	-	-96
Jul. 22, 2021	-	445830	-	-	586	–	-	-	-	-	-	-	-	-445244
Jul. 23, 2021	-	451515	-	-	17	-900	-	–	20000	-	-	-	-	-432398
Jul. 24, 2021	-	2982	-	-	59	–	-	-	-	-	-	-	-	-2923
Jul. 25, 2021	-	1293	-	-	34	–	-	-	-	-	-	-	-	-1259
Jul. 26, 2021	-	456260	-	-	0	–	-	-	-	-	-	-	-	-456260
Jul. 27, 2021	-	460374	-	-	0	-600	-	-	-	-	-	-	-	-460974
Jul. 28, 2021	-	470948	-	-	42	–	-	-	-	-	-	-	-	-470906
Jul. 29, 2021	-	515171	-	-	0	5440	-	-	-	-	-	-	-	-509731
Jul. 30, 2021	-	554352	-	200033	254	–	-	-	310	-	-	-	3678	-757499
Jul. 31, 2021	-	80281	-	-	286	–	-	-	-	-	-	-	-	-79995

Notes: #Includes Targeted Long Term Repo Operations (TLTRO), Targeted Long Term Repo Operations 2.0 (TLTRO 2.0) and On Tap Targeted Long Term Repo Operations. Negative (-) sign indicates repayments done by Banks.
& Negative (-) sign indicates repayments done by Banks.
£ As per Press Release No. 2021-2022/177 dated May 07, 2021. From June 18, 2021, the data also includes the amount absorbed as per the Press Release No. 2021-2022/323 dated June 04, 2021.

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

i) Operations in onshore / offshore OTC segment

Item	2020-21	2020	2021	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	68315	15973	18633	7205
1.1 Purchase (+)	162479	16903	21923	16160
1.2 Sale (–)	94164	930	3290	8955
2 ₹ equivalent at contract rate (₹ Crores)	510516	119677	138217	54618
3 Cumulative (over end-March) (US $ Million)	68315	29008	28687	35892
(₹ Crores)	510516	217659	213952	268570
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	72751	-379	49573	49010

ii) Operations in currency futures segment

Item	2020-21	2020	2021	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0	0	0	0
1.1 Purchase (+)	12118	0	550	0
1.2 Sale (–)	12118	0	550	0
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	690	0	0	0

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

Item	As on July 31, 2021		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	7044	910	6134
2. More than 1 month and upto 3 months	15133	1340	13793
3. More than 3 months and upto 1 year	42723	13640	29083
4. More than 1 year	0	0	0
Total (1+2+3+4)	**64900**	**15890**	**49010**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item		As on the Last Reporting Friday						
	2020-21	2020	2021					
		Aug. 28	Mar. 26	Apr. 23	May 21	Jun. 18	Jul. 30	Aug. 27
	1	2	3	4	5	6	7	8
1 MSF	182	300	182	149	494	59	254	2
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	–	-	0	-	-	-	-	-
2.2 Outstanding	–	-	0	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	4900	4900	4900	4900	4900	4900	4900	4900
3.2 Outstanding	–	0	0	0	0	0	0	0
4 Others								
4.1 Limit	75000	65000	75000	75000	60000	76000	76000	76000
4.2 Outstanding	32387	34166	32387	27122	1662	5578	23296	23296
5 Total Outstanding (1+2.2+3.2+4.2)	32569	34466	32569	27271	2156	5637	23550	23298

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

Money and Banking

No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2020-21	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	2751828	2576293	2886015	2874742	2839340
1.1 Notes in Circulation	2826851	2646131	2961524	2950407	2919525
1.2 Circulation of Rupee Coin	26170	25686	26252	26310	26381
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	101935	96267	102504	102717	107309
2 Deposit Money of the Public	2042471	1688504	1937501	2033890	2017171
2.1 Demand Deposits with Banks	1995120	1648797	1887307	1983975	1971074
2.2 'Other' Deposits with Reserve Bank	47351	39707	50194	49915	46097
3 M_1 (1 + 2)	**4794299**	**4264797**	**4823516**	**4908632**	**4856511**
4 Post Office Saving Bank Deposits	150963	150963	150963	150963	150963
5 M_2 (3 + 4)	**4945262**	**4415760**	**4974479**	**5059595**	**5007474**
6 Time Deposits with Banks	14050278	13361006	14343444	14466513	14515084
7 M_3 (3 + 6)	**18844578**	**17625803**	**19166960**	**19375145**	**19371595**
8 Total Post Office Deposits	433441	433441	433441	433441	433441
9 M_4 (7 + 8)	**19278019**	**18059244**	**19600401**	**19808586**	**19805036**

No. 7: Sources of Money Stock (M_3)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2020-21	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
1 Net Bank Credit to Government	**5850374**	**5609914**	**5919507**	**6047015**	**6052724**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	1099686	1078662	1049521	1097776	1116973
1.1.1 Claims on Government	1337300	1184492	1487439	1501408	1517584
1.1.1.1 Central Government	1333917	1179635	1475641	1495581	1516748
1.1.1.2 State Governments	3383	4857	11799	5827	836
1.1.2 Government deposits with RBI	237615	105830	437918	403632	400612
1.1.2.1 Central Government	237572	105788	437875	403589	400569
1.1.2.2 State Governments	42	42	42	42	42
1.2 Other Banks' Credit to Government	4750689	4531252	4869986	4949239	4935751
2 Bank Credit to Commercial Sector	**11668466**	**10941684**	**11551357**	**11591156**	**11623630**
2.1 RBI's credit to commercial sector	8709	11588	5749	9633	8573
2.2 Other banks' credit to commercial sector	11659757	10930096	11545609	11581523	11615057
2.2.1 Bank credit by commercial banks	10949509	10282057	10841755	10878497	10910567
2.2.2 Bank credit by co-operative banks	694758	637599	686279	685393	686559
2.2.3 Investments by commercial and co-operative banks in other securities	15490	10440	17574	17634	17931
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**4578846**	**4228164**	**4813999**	**4926871**	**4974997**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	4199400	3983510	4434553	4547425	4595551
3.1.1 Gross foreign assets	4199637	3983748	4434789	4547670	4595795
3.1.2 Foreign liabilities	237	238	237	245	244
3.2 Other banks' net foreign exchange assets	379446	244655	379446	379446	379446
4 Government's Currency Liabilities to the Public	**26913**	**26429**	**26995**	**27053**	**27124**
5 Banking Sector's Net Non-monetary Liabilities	**3280021**	**3180389**	**3144899**	**3216950**	**3306880**
5.1 Net non-monetary liabilities of RBI	1356660	1547264	1349809	1384435	1382828
5.2 Net non-monetary liabilities of other banks (residual)	1923362	1633125	1795090	1832515	1924052
M_3 (1+2+3+4–5)	**18844578**	**17625803**	**19166960**	**19375145**	**19371595**

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2020-21	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	4794300	4264798	4823516	4908632	4856511
NM_2 (NM_1+ 1.2.2.1)	11048277	10199512	11209463	11347186	11320264
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	18936051	17727030	19263589	19466298	19463460
1 Components					
1.1 Currency with the Public	2751828	2576294	2886015	2874742	2839340
1.2 Aggregate Deposits of Residents	15892847	14837053	16078299	16291873	16334971
1.2.1 Demand Deposits	1995121	1648797	1887307	1983975	1971074
1.2.2 Time Deposits of Residents	13897727	13188255	14190993	14307899	14363897
1.2.2.1 Short-term Time Deposits	6253977	5934715	6385947	6438554	6463754
1.2.2.1.1 Certificates of Deposit (CDs)	78702	106526	68603	64728	64620
1.2.2.2 Long-term Time Deposits	7643750	7253540	7805046	7869344	7900143
1.3 ‘Other’ Deposits with RBI	47351	39707	50194	49915	46097
1.4 Call/Term Funding from Financial Institutions	244025	273977	249080	249767	243052
2 Sources					
2.1 Domestic Credit	18509287	17550995	18443322	18621703	18659302
2.1.1 Net Bank Credit to the Government	5850374	5609914	5919507	6047015	6052725
2.1.1.1 Net RBI credit to the Government	1099686	1078662	1049521	1097776	1116973
2.1.1.2 Credit to the Government by the Banking System	4750689	4531252	4869986	4949239	4935752
2.1.2 Bank Credit to the Commercial Sector	12658912	11941081	12523815	12574687	12606577
2.1.2.1 RBI Credit to the Commercial Sector	34134	36601	7433	21187	25304
2.1.2.2 Credit to the Commercial Sector by the Banking System	12624778	11904480	12516383	12553500	12581273
2.1.2.2.1 Other Investments (Non-SLR Securities)	951313	965520	954871	961213	954631
2.2 Government’s Currency Liabilities to the Public	26913	26429	26995	27053	27124
2.3 Net Foreign Exchange Assets of the Banking Sector	4438202	4087513	4691693	4842792	4818829
2.3.1 Net Foreign Exchange Assets of the RBI	4199400	3983510	4434553	4547425	4595551
2.3.2 Net Foreign Currency Assets of the Banking System	238802	104003	257140	295367	223278
2.4 Capital Account	2775245	2826533	2972838	3022636	3025200
2.5 Other items (net)	1263105	1111375	925584	1002614	1016596

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2020-21	2020	2021		
		Jul.	May	Jun.	Jul.
	1	2	3	4	5
1 NM_3	**18936051**	**17727030**	**19105313**	**19263589**	**19463460**
2 Postal Deposits	433441	433441	433441	433441	433441
3 L_1 (1 + 2)	**19369492**	**18160471**	**19538754**	**19697030**	**19896901**
4 Liabilities of Financial Institutions	33179	43663	28932	30104	29300
4.1 Term Money Borrowings	2645	8425	3563	3563	3563
4.2 Certificates of Deposit	25550	31750	20275	21525	20525
4.3 Term Deposits	4984	3489	5094	5016	5212
5 L_2 (3 + 4)	**19402671**	**18204134**	**19567685**	**19727134**	**19926201**
6 Public Deposits with Non-Banking Financial Companies	31905	..	..	31905	–
7 L_3 (5 + 6)	**19434576**	..	..	**19759039**	–

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

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2020-21	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	2853763	2672560	2988519	2977459	2946649
1.2 Bankers' Deposits with the RBI	698867	469087	715442	706277	723212
1.2.1 Scheduled Commercial Banks	651748	435414	669032	660018	674997
1.3 'Other' Deposits with the RBI	47351	39707	50194	49915	46097
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	3599981	3181354	3754155	3733652	3715957
2 Sources					
2.1 RBI's Domestic Credit	730328	718679	642416	543609	476110
2.1.1 Net RBI credit to the Government	1099686	1078662	1049521	1097776	1116973
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)	1096345	1073847	1037765	1091992	1116179
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	1333174	1178867	1474980	1494971	1515963
2.1.1.1.3.1 Central Government Securities	1333174	1178867	1474980	1494971	1515963
2.1.1.1.4 Rupee Coins	743	768	661	610	786
2.1.1.1.5 Deposits of the Central Government	237572	105788	437875	403589	400569
2.1.1.2 Net RBI credit to State Governments	3340	4815	11756	5784	794
2.1.2 RBI's Claims on Banks	-403492	-396584	-414538	-666167	-666167
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-378066	-371571	-412854	-563800	-649436
2.1.3 RBI's Credit to Commercial Sector	34134	36601	7433	21187	25304
2.1.3.1 Loans and Advances to Primary Dealers	1	30	1	1	1
2.1.3.2 Loans and Advances to NABARD	25426	25013	1684	11554	16731
2.2 Government's Currency Liabilities to the Public	26913	26429	26995	27053	27124
2.3 Net Foreign Exchange Assets of the RBI	4199400	3983510	4434553	4547425	4595551
2.3.1 Gold	247723	281463	265576	278573	280086
2.3.2 Foreign Currency Assets	3951694	3702064	4168994	4268870	4315482
2.4 Capital Account	1173033	1248046	1250419	1286179	1282350
2.5 Other Items (net)	183626	299218	99390	98256	100478

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	2020-21	Outstanding as on March 31/ last Fridays of the month/ Fridays					
		2020	2021				
		Jul. 31	Jun. 25	Jul. 2	Jul. 9	Jul. 16	Jul. 23	Jul. 30
	1	2	3	4	5	6	7	8
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	3599981	3181354	3698987	3726510	3702731	3733652	3689321	3715957
1 Components								
1.1 Currency in Circulation	2853763	2672560	2980029	2973280	2985406	2977459	2968067	2946649
1.2 Bankers' Deposits with RBI	698867	469087	668838	704487	669036	706277	673989	723212
1.3 'Other' Deposits with RBI	47351	39707	50120	48742	48288	49915	47265	46097
2 Sources								
2.1 Net Reserve Bank Credit to Government	1099686	1078662	1017177	1108633	1070752	1097776	1048409	1116973
2.2 Reserve Bank Credit to Banks	-378066	-371571	-452721	-566299	-559464	-563800	-551457	-649436
2.3 Reserve Bank Credit to Commercial Sector	8709	11588	6048	9632	9642	9633	8828	8573
2.4 Net Foreign Exchange Assets of RBI	4199400	3983510	4467940	4530861	4542137	4547425	4524878	4595551
2.5 Government's Currency Liabilities to the Public	26913	26429	27053	27053	27053	27053	27053	27124
2.6 Net Non- Monetary Liabilities of RBI	1356660	1547264	1366509	1383370	1387389	1384435	1368390	1382828

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2020-21	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	14960961	13988519	15146092	15355693	15397908
1.1.1 Demand Deposits	1861193	1528034	1751739	1848184	1834965
1.1.2 Time Deposits of Residents	13099768	12460485	13394353	13507509	13562943
1.1.2.1 Short-term Time Deposits	5894896	5607218	6027459	6078379	6103324
1.1.2.1.1 Certificates of Deposits (CDs)	78702	106526	68603	64728	64620
1.1.2.2 Long-term Time Deposits	7204872	6853267	7366894	7429130	7459619
1.2 Call/Term Funding from Financial Institutions	244025	273977	249080	249767	243052
2 Sources					
2.1 Domestic Credit	16368356	15541150	16385812	16499816	16512272
2.1.1 Credit to the Government	4461632	4291521	4580580	4656842	4642819
2.1.2 Credit to the Commercial Sector	11906724	11249629	11805232	11842974	11869453
2.1.2.1 Bank Credit	10949509	10282057	10841755	10878497	10910567
2.1.2.1.1 Non-food Credit	10888255	10202769	10754843	10792826	10833089
2.1.2.2 Net Credit to Primary Dealers	13970	9126	16166	11027	11848
2.1.2.3 Investments in Other Approved Securities	894	1888	1402	1199	1369
2.1.2.4 Other Investments (in non-SLR Securities)	942351	956558	945909	952251	945669
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	238802	104003	257140	295367	223278
2.2.1 Foreign Currency Assets	454866	355425	470587	515521	429636
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	152552	172750	152451	158614	151188
2.2.3 Overseas Foreign Currency Borrowings	63512	78672	60996	61540	55170
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	1010202	893214	1173216	1315368	1420586
2.3.1 Balances with the RBI	542693	435414	669032	660018	674997
2.3.2 Cash in Hand	90748	86229	91330	91550	96153
2.3.3 Loans and Advances from the RBI	-376761	-371571	-412854	-563800	-649436
2.4 Capital Account	1578041	1554316	1698248	1712286	1718679
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	834333	721555	722748	792805	796497
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	593095	444792	514490	480712	518434
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	71018	74778	66063	60658	53300

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 26, 2021	2020	2021		
		Jul. 31	Jun. 18	Jul. 16	Jul. 30
	1	2	3	4	5
1 SLR Securities	4462526	4293409	4581982	4658042	4644188
2 Commercial Paper	82584	91396	81474	84972	80502
3 Shares issued by					
3.1 PSUs	9840	11656	10554	10549	10701
3.2 Private Corporate Sector	64035	73007	68931	70250	70371
3.3 Others	5210	5201	5125	5168	5162
4 Bonds/Debentures issued by					
4.1 PSUs	121008	127045	113821	114008	113832
4.2 Private Corporate Sector	308904	308784	321962	318728	315601
4.3 Others	149325	152655	153305	150747	149065
5 Instruments issued by					
5.1 Mutual funds	31142	45359	39269	45662	47220
5.2 Financial institutions	167130	125695	151480	152166	153215

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

(₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2020-21	2020	2021		2020-21	2020	2021	
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	209	210	210	210	133	134	134	134
1 Liabilities to the Banking System	**259530**	**310011**	**240051**	**244295**	**254589**	**304773**	**235512**	**239820**
1.1 Demand and Time Deposits from Banks	200585	232324	181695	184989	195866	227270	177399	180794
1.2 Borrowings from Banks	40886	61085	39462	40938	40880	61085	39456	40920
1.3 Other Demand and Time Liabilities	18059	16602	18893	18369	17843	16417	18656	18107
2 Liabilities to Others	**16457782**	**15391502**	**16517473**	**16803856**	**16014145**	**14958717**	**16078860**	**16365752**
2.1 Aggregate Deposits	15540152	14576206	15692029	15970330	15113512	14161269	15272352	15549096
2.1.1 Demand	1899343	1563327	1788412	1875358	1861193	1528034	1748636	1834965
2.1.2 Time	13640809	13012879	13903617	14094972	13252320	12633235	13523716	13714131
2.2 Borrowings	248271	278344	257970	248918	244025	273977	252064	243052
2.3 Other Demand and Time Liabilities	669359	536952	567473	584608	656607	523472	554444	573604
3 Borrowings from Reserve Bank	**90275**	**258425**	**90829**	**91796**	**90275**	**258425**	**90829**	**91796**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	90275	258425	90829	91796	90275	258425	90829	91796
4 Cash in Hand and Balances with Reserve Bank	650745	536304	732251	790642	633440	521643	713780	771150
4.1 Cash in Hand	92793	88242	93470	98126	90748	86229	91424	96153
4.2 Balances with Reserve Bank	557951	448062	638780	692516	542693	435414	622356	674997
5 Assets with the Banking System	**265729**	**300944**	**245133**	**251829**	**197541**	**240022**	**188930**	**198368**
5.1 Balances with Other Banks	179430	195372	169444	177465	143294	162911	134552	142739
5.1.1 In Current Account	16796	23597	16908	20982	14226	21275	14204	18316
5.1.2 In Other Accounts	162634	171775	152536	156483	129068	141637	120347	124423
5.2 Money at Call and Short Notice	36716	35509	26459	23233	10654	13592	9180	7856
5.3 Advances to Banks	19908	25030	21525	23898	16764	24276	19910	23030
5.4 Other Assets	29675	45033	27706	27233	26829	39243	25288	24743
6 Investment	**4598924**	**4421093**	**4739506**	**4784826**	**4462526**	**4293409**	**4601130**	**4644188**
6.1 Government Securities	4591896	4412593	4732584	4777342	4461632	4291521	4599956	4642819
6.2 Other Approved Securities	7029	8500	6922	7484	894	1888	1175	1369
7 Bank Credit	**11297014**	**10614263**	**11197090**	**11248512**	**10949509**	**10282057**	**10859820**	**10910567**
7a Food Credit	91653	109692	121177	113296	61254	79287	85359	77478
7.1 Loans, Cash-credits and Overdrafts	11081668	10445518	10996327	11041167	10736491	10115236	10661149	10705239
7.2 Inland Bills-Purchased	30896	19744	29559	30468	30531	19465	29544	30452
7.3 Inland Bills-Discounted	128831	105755	116154	124753	127883	104766	114793	123424
7.4 Foreign Bills-Purchased	20762	17440	20268	19261	20394	17202	20057	19080
7.5 Foreign Bills-Discounted	34857	25806	34783	32863	34210	25387	34277	32371

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

(₹ Crore)

Sector	Outstanding as on				Growth (%)	
	Mar.26, 2021	2020	2021		Financial year so far	Y-o-Y
		Jul.31	Jun.18	Jul.30	2021-22	2021
	1	2	3	4	%	%
I. Gross Bank Credit (II+III)	**10949509**	**10282057**	**10841866**	**10910416**	**–0.4**	**6.1**
II. Food Credit	**61254**	**79288**	**86912**	**77478**	**26.5**	**-2.3**
III. Non-food Credit	**10888255**	**10202769**	**10754953**	**10832938**	**-0.5**	**6.2**
1. Agriculture & Allied Activities	**1304301**	**1172771**	**1284399**	**1318024**	**1.1**	**12.4**
2. Industry (Micro and Small, Medium and Large)	**2895521**	**2795788**	**2867304**	**2824855**	**-2.4**	**1.0**
2.1 Micro and Small [1]	383854	357711	375116	386092	0.6	7.9
2.2 Medium	136054	95249	147875	163401	20.1	71.6
2.3 Large	2375613	2342828	2344313	2275362	-4.2	-2.9
3. Services	**2603373**	**2529848**	**2600627**	**2597736**	**-0.2**	**2.7**
3.1 Transport Operators	133936	127366	141169	132405	-1.1	4.0
3.2 Computer Software	19179	18843	21006	19192	0.1	1.8
3.3 Tourism, Hotels & Restaurants	47875	45509	49640	48398	1.1	6.3
3.4 Shipping	7181	5138	6804	7142	-0.5	39.0
3.5 Aviation	25643	25012	26440	30351	18.4	21.3
3.6 Professional Services	104484	105819	112123	97174	-7.0	-8.2
3.7 Trade	588934	553332	614336	594351	0.9	7.4
3.7.1 Wholesale Trade	309097	275209	315376	313305	1.4	13.8
3.7.2 Retail Trade	279837	278123	298960	281046	0.4	1.1
3.8 Commercial Real Estate	270777	262291	232292	262655	-3.0	0.1
3.9 Non-Banking Financial Companies (NBFCs) [2] *of which,*	945383	887625	883851	892226	-5.6	0.5
3.9.1 Housing Finance Companies (HFCs)	187475	182256	166199	169722	-9.5	-6.9
3.9.2 Public Financial Institutions (PFIs)	78442	33892	77528	78398	-0.1	131.3
3.10 Other Services [3]	459983	498913	512966	513843	11.7	3.0
4. Personal Loans	**2856528**	**2570646**	**2786519**	**2858741**	**0.1**	**11.2**
4.1 Consumer Durables	8815	8078	7093	9526	8.1	17.9
4.2 Housing	1459346	1346742	1464645	1466762	0.5	8.9
4.3 Advances against Fixed Deposits	62984	55275	65891	59191	-6.0	7.1
4.4 Advances to Individuals against share & bonds	4454	6237	4430	4453	0.0	-28.6
4.5 Credit Card Outstanding	116537	101391	102757	111323	-4.5	9.8
4.6 Education	64203	65455	62720	62531	-2.6	-4.5
4.7 Vehicle Loans	277748	247868	238214	265951	-4.2	7.3
4.8 Loan against gold jewellery	59590	35189	62221	62412	4.7	77.4
4.9 Other Personal Loans	802852	704412	778548	816592	1.7	15.9
5. Priority Sector *(Memo)*						
5.1 Agriculture & Allied Activities [4]	1264151	1155345	1253199	1260065	-0.3	9.1
5.2 Micro & Small Enterprises [5]	1107236	1096621	1036420	1099061	-0.7	0.2
5.3 Medium Enterprises [6]	206122	122725	188251	209743	1.8	70.9
5.4 Housing	469863	464318	470908	471896	0.4	1.6
5.5 Education Loans	48201	51434	47127	46754	-3.0	-9.1
5.6 Renewable Energy	1171	1016	1321	1230	5.1	21.1
5.7 Social Infrastructure	2352	950	2467	2438	3.7	156.5
5.8 Export Credit [7]	19028	15823	19852	21765	14.4	37.6
5.9 Others	19062	9277	23860	29024	52.3	212.8
5.10 Weaker Sections including net PSLC- SF/MF	813263	771359	832421	775238	-4.7	0.5

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

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

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

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

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

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

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

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

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

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

(₹ Crore)

Industry	Outstanding as on				Growth (%)	
	Mar. 26, 2021	2020	2021		Financial year so far	Y-o-Y
		Jul. 31	Jun.18	Jul. 30	2021-22	2021
	1	2	3	4	%	%
2 Industries (2.1 to 2.19)	**2895521**	**2795788**	**2867304**	**2824855**	**–2.4**	**1.0**
2.1 Mining & Quarrying (incl. Coal)	**46050**	**43535**	**46544**	**46885**	**1.8**	**7.7**
2.2 Food Processing	**153262**	**148246**	**164730**	**151626**	**–1.1**	**2.3**
2.2.1 Sugar	25519	22993	23210	21248	–16.7	–7.6
2.2.2 Edible Oils & Vanaspati	18970	16988	19807	17490	–7.8	3.0
2.2.3 Tea	4273	3994	5692	4493	5.2	12.5
2.2.4 Others	104501	104270	116021	108395	3.7	4.0
2.3 Beverage & Tobacco	**15964**	**14475**	**15153**	**15036**	**–5.8**	**3.9**
2.4 Textiles	**200426**	**188233**	**202771**	**201145**	**0.4**	**6.9**
2.4.1 Cotton Textiles	90515	85438	88557	85916	–5.1	0.6
2.4.2 Jute Textiles	2724	2057	2624	2735	0.4	33.0
2.4.3 Man-Made Textiles	38834	34232	31216	41512	6.9	21.3
2.4.4 Other Textiles	68353	66505	80374	70982	3.8	6.7
2.5 Leather & Leather Products	**10461**	**10801**	**11450**	**10534**	**0.7**	**–2.5**
2.6 Wood & Wood Products	**13179**	**12690**	**13543**	**13451**	**2.1**	**6.0**
2.7 Paper & Paper Products	**35445**	**32248**	**36339**	**36129**	**1.9**	**12.0**
2.8 Petroleum, Coal Products & Nuclear Fuels	**66908**	**56471**	**73299**	**69299**	**3.6**	**22.7**
2.9 Chemicals & Chemical Products	**192295**	**176199**	**179134**	**182266**	**–5.2**	**3.4**
2.9.1 Fertiliser	32237	35642	31748	26330	–18.3	–26.1
2.9.2 Drugs & Pharmaceuticals	51709	49864	49653	50310	–2.7	0.9
2.9.3 Petro Chemicals	45621	35521	40172	41804	–8.4	17.7
2.9.4 Others	62727	55171	57561	63822	1.7	15.7
2.10 Rubber, Plastic & their Products	**54299**	**49521**	**54578**	**57630**	**6.1**	**16.4**
2.11 Glass & Glassware	**6319**	**6399**	**9234**	**6103**	**–3.4**	**–4.6**
2.12 Cement & Cement Products	**54192**	**60054**	**50255**	**47213**	**–12.9**	**–21.4**
2.13 Basic Metal & Metal Product	**328844**	**338964**	**299116**	**293065**	**–10.9**	**–13.5**
2.13.1 Iron & Steel	232928	256919	206361	201179	–13.6	–21.7
2.13.2 Other Metal & Metal Product	95916	82045	92755	91886	–4.2	12.0
2.14 All Engineering	**147506**	**141655**	**145635**	**144818**	**–1.8**	**2.2**
2.14.1 Electronics	33869	29707	32351	33349	–1.5	12.3
2.14.2 Others	113637	111949	113284	111469	–1.9	–0.4
2.15 Vehicles, Vehicle Parts & Transport Equipment	**83175**	**87252**	**84258**	**87141**	**4.8**	**–0.1**
2.16 Gems & Jewellery	**62983**	**55048**	**60158**	**61404**	**–2.5**	**11.5**
2.17 Construction	**94549**	**101196**	**97632**	**97834**	**3.5**	**–3.3**
2.18 Infrastructure	**1092203**	**1056232**	**1092381**	**1081228**	**–1.0**	**2.4**
2.18.1 Power	567579	567936	564092	568103	0.1	0.0
2.18.2 Telecommunications	112119	132022	116239	114138	1.8	–13.5
2.18.3 Roads	237061	183053	233219	237505	0.2	29.7
2.18.4 Airports	7327	4682	9467	7416	1.2	58.4
2.18.5 Ports	7363	11330	7700	8851	20.2	–21.9
2.18.6 Railways	11260	12197	12346	12909	14.6	5.8
2.18.7 Other Infrastructure	149495	145012	149318	132305	–11.5	–8.8
2.19 Other Industries	**237461**	**216569**	**231094**	**222047**	**–6.5**	**2.5**

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

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

(₹ Crore)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday								
	2020-21	2020	2021						
		Jun, 26	Apr, 30	May, 07	May, 21	May, 28	Jun, 04	Jun, 18	Jun, 25
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	32	32	32	33	33	33	32	32	32
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**125859.6**	**127063.2**	**126362.8**	**125580.8**	**125356.3**	**124193.8**	**123877.1**	**124724.1**	**126197.5**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**23736.9**	**24080.4**	**24146.6**	**25794.2**	**25691.4**	**27145.3**	**27140.1**	**26341.5**	**26044.7**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	4896.9	4100.6	5197.4	5245.1	4581.6	5137.8	5381.9	5372.9	4843.0
2.1.1.2 Others	13,899.4	13958.2	14115.6	15351.2	16012.8	15774.7	15694.1	15633.4	16249.1
2.1.2 Borrowings from Banks	0.0	110.0	10.0	184.9	484.9	829.8	817.1	819.8	819.8
2.1.3 Other Demand Liabilities	4940.6	5911.7	4823.6	5013.1	4612.2	5403.1	5247.0	4515.4	4132.8
2.2 Time Liabilities	**179957.5**	**177717.6**	**178951.7**	**173892.5**	**172963.6**	**169907.2**	**168702.8**	**169090.5**	**169807.5**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	65333.7	62430.6	64191.2	61126.2	61084.0	59567.6	58604.0	56839.2	56574.5
2.2.1.2 Others	111960.2	113105.0	112247.2	110229.6	109343.5	108419.1	108183.1	109090.7	109948.4
2.2.2 Borrowings from Banks	630.0	630.0	899.9	909.0	909.0	1118.9	1118.9	1308.9	909.2
2.2.3 Other Time Liabilities	2033.7	1552.1	1613.3	1627.7	1627.1	801.6	796.8	1851.7	2375.3
3 Borrowing from Reserve Bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	63559.8	56196.6	58908.7	49376.1	48100.8	49932.4	50548.8	52195.1	53705.9
4.1 Demand	15691.8	12464.4	11930.6	10425.1	10059.3	11059.3	9937.2	9969.4	10771.0
4.2 Time	47868.0	43732.2	46978.1	38951.0	38041.5	38873.1	40611.6	42225.7	42934.9
5 Cash in Hand and Balances with Reserve Bank	**8151.1**	**7433.5**	**8327.7**	**8073.1**	**8984.9**	**9274.1**	**9264.3**	**9227.3**	**8741.5**
5.1 Cash in Hand	570.3	720.9	604.1	607.6	692.6	682.3	612.3	687.4	660.5
5.2 Balance with Reserve Bank	7580.8	6712.6	7723.6	7465.5	8292.3	8591.8	8652.0	8539.9	8081.0
6 Balances with Other Banks in Current Account	**1148.1**	**2085.3**	**951.6**	**1129.6**	**1170.2**	**1251.8**	**1302.7**	**1226.3**	**1198.4**
7 Investments in Government Securities	**64455.2**	**53708.4**	**65337.4**	**65921.0**	**66037.9**	**67366.8**	**67041.3**	**65848.8**	**67450.1**
8 Money at Call and Short Notice	**28835.7**	**29404.9**	**24534.3**	**18596.6**	**21085.4**	**21768.4**	**20817.9**	**20909.6**	**20762.6**
9 Bank Credit (10.1+11)	**114631.6**	**111677.9**	**118073.6**	**113134.2**	**126320.1**	**108118.7**	**109509.1**	**106569.9**	**106339.9**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**114612.1**	**111674.5**	**118054.5**	**113115.0**	**126301.2**	**108099.8**	**109499.7**	**106569.4**	**106339.3**
10.2 Due from Banks	89429.1	80858.7	86692.3	81383.2	79921.7	84144.9	83060.6	85015.9	86149.5
11 Bills Purchased and Discounted	19.5	3.4	19.2	19.3	18.9	18.9	9.4	0.6	0.6

Prices and Production

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

Group/Sub group	2020-21			Rural			Urban			Combined		
	Rural	Urban	Combined	Jul. 20	Jun. 21	Jul 21(P)	Jul. 20	Jun. 21	Jul 21(P)	Jul. 20	Jun. 21	Jul 21(P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**156.7**	**161.1**	**158.3**	**155.3**	**160.5**	**161.7**	**159.9**	**166.2**	**167.9**	**157.0**	**162.6**	**164.0**
1.1 Cereals and products	145.4	149.9	146.8	147.6	145.6	145.0	151.6	149.2	149.1	148.9	146.7	146.3
1.2 Meat and fish	185.2	192.4	187.7	187.2	200.1	204.5	197.8	205.5	211.0	190.9	202.0	206.8
1.3 Egg	160.3	164.8	162.0	148.4	179.3	180.4	154.5	182.8	185.0	150.8	180.7	182.2
1.4 Milk and products	154.1	154.4	154.2	153.3	156.1	157.1	153.4	156.5	158.2	153.3	156.2	157.5
1.5 Oils and fats	148.2	139.9	145.2	139.8	190.4	188.7	133.4	172.2	170.6	137.4	183.7	182.1
1.6 Fruits	146.9	153.4	149.9	146.9	158.6	157.7	154.5	171.5	170.8	150.4	164.6	163.8
1.7 Vegetables	174.2	196.2	181.7	171.0	144.7	152.9	191.9	176.2	186.5	178.1	155.4	164.3
1.8 Pulses and products	154.4	156.0	154.9	149.9	165.5	163.6	151.3	166.9	164.7	150.4	166.0	164.0
1.9 Sugar and confectionery	114.4	117.0	115.3	114.2	114.6	113.9	116.8	116.1	115.7	115.1	115.1	114.5
1.10 Spices	161.9	160.4	161.4	160.0	170.0	169.7	160.0	165.5	165.5	160.0	168.5	168.3
1.11 Non-alcoholic beverages	149.8	141.3	146.3	143.5	165.5	166.3	136.5	152.3	153.4	140.6	160.0	160.9
1.12 Prepared meals, snacks, sweets	163.2	165.5	164.3	161.5	171.7	171.0	163.3	173.3	173.4	162.3	172.4	172.1
2 Pan, tobacco and intoxicants	**181.8**	**188.7**	**183.6**	**180.9**	**189.1**	**189.6**	**187.2**	**195.6**	**195.5**	**182.6**	**190.8**	**191.2**
3 Clothing and footwear	**155.6**	**149.7**	**153.3**	**154.3**	**164.6**	**165.3**	**147.8**	**154.8**	**155.6**	**151.7**	**160.7**	**161.5**
3.1 Clothing	156.4	152.0	154.7	155.1	165.3	166.0	150.0	157.3	158.1	153.1	162.2	162.9
3.2 Footwear	151.1	137.2	145.3	149.3	159.9	161.2	135.2	140.5	141.9	143.4	151.8	153.2
4 Housing	**--**	**157.2**	**157.2**	**--**	**--**	**--**	**155.5**	**160.5**	**161.5**	**155.5**	**160.5**	**161.5**
5 Fuel and light	**149.1**	**140.9**	**146.0**	**145.8**	**162.1**	**162.5**	**138.3**	**156.1**	**157.8**	**143.0**	**159.8**	**160.7**
6 Miscellaneous	**153.9**	**146.1**	**150.2**	**153.0**	**161.5**	**162.9**	**144.8**	**153.4**	**154.9**	**149.0**	**157.6**	**159.0**
6.1 Household goods and services	152.9	145.2	149.3	151.9	159.2	160.3	144.5	149.8	150.5	148.4	154.8	155.7
6.2 Health	160.3	151.3	156.9	158.8	169.7	170.4	148.7	160.8	161.5	155.0	166.3	167.0
6.3 Transport and communication	144.9	135.0	139.7	143.6	154.2	157.1	133.9	147.5	149.5	138.5	150.7	153.1
6.4 Recreation and amusement	154.0	144.3	148.5	152.2	160.4	160.7	141.2	150.7	151.2	146.0	154.9	155.3
6.5 Education	162.5	156.2	158.9	162.7	166.8	167.5	155.5	158.1	160.1	158.5	161.7	163.2
6.6 Personal care and effects	153.7	155.8	154.5	153.6	159.4	160.4	155.2	158.0	159.6	154.3	158.8	160.1
General Index (All Groups)	**156.1**	**154.4**	**155.3**	**154.7**	**162.1**	**163.2**	**152.9**	**160.4**	**161.8**	**153.9**	**161.3**	**162.5**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2020-21	2020	2021	
				Jul.	Jun.	Jul.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	-	–	121.7	122.8
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	1034	1021	1057	1061
3 Consumer Price Index for Rural Labourers	1986-87	–	1040	1028	1065	1070

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

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

Item	2020-21	2020	2021	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	48723	49878	47891	47764
2 Silver (₹ per kilogram)	59283	54813	69960	68338

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

No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Jul.	May	Jun. (P)	Jul. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**123.4**	**121.0**	**132.9**	**133.7**	**134.5**
1.1 PRIMARY ARTICLES	**22.618**	**145.7**	**145.1**	**150.2**	**151.8**	**153.4**
1.1.1 FOOD ARTICLES	**15.256**	**160.7**	**161.3**	**159.6**	**160.2**	**161.3**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	159.3	161.1	162.2	161.4	159.9
1.1.1.2 Fruits & Vegetables	3.475	179.2	181.8	159.4	162.5	169.6
1.1.1.3 Milk	4.440	153.4	152.1	154.9	154.4	154.9
1.1.1.4 Eggs,Meat & Fish	2.402	151.2	151.9	163.2	165.6	164.0
1.1.1.5 Condiments & Spices	0.529	149.5	143.0	150.3	151.1	150.9
1.1.1.6 Other Food Articles	0.948	162.0	164.7	169.4	166.2	165.1
1.1.2 NON-FOOD ARTICLES	**4.119**	**130.5**	**123.8**	**145.0**	**148.7**	**152.2**
1.1.2.1 Fibres	0.839	119.8	116.0	134.6	142.5	146.8
1.1.2.2 Oil Seeds	1.115	161.7	154.1	208.9	212.9	216.9
1.1.2.3 Other non-food Articles	1.960	109.0	104.8	115.8	115.9	116.1
1.1.2.4 Floriculture	0.204	210.0	173.3	119.5	138.7	167.7
1.1.3 MINERALS	**0.833**	**164.9**	**166.5**	**170.9**	**186.1**	**171.0**
1.1.3.1 Metallic Minerals	0.648	159.8	160.6	163.2	182.9	163.2
1.1.3.2 Other Minerals	0.185	183.1	187.0	197.7	197.1	198.1
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**70.4**	**71.0**	**92.2**	**92.3**	**99.6**
1.2 FUEL & POWER	**13.152**	**94.0**	**90.7**	**109.8**	**113.7**	**114.3**
1.2.1 COAL	**2.138**	**126.6**	**126.4**	**127.3**	**127.3**	**127.3**
1.2.1.1 Coking Coal	0.647	141.8	141.6	141.9	141.9	141.9
1.2.1.2 Non-Coking Coal	1.401	119.3	119.0	119.8	119.8	119.8
1.2.1.3 Lignite	0.090	130.9	131.1	138.1	138.1	138.1
1.2.2 MINERAL OILS	**7.950**	**79.2**	**77.1**	**106.9**	**111.0**	**117.0**
1.2.3 ELECTRICITY	**3.064**	**109.6**	**101.0**	**105.2**	**111.1**	**98.2**
1.3 MANUFACTURED PRODUCTS	**64.231**	**121.5**	**118.7**	**131.5**	**131.5**	**132.0**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**141.4**	**137.8**	**157.3**	**155.9**	**155.9**
1.3.1.1 Processing and Preserving of meat	0.134	137.2	135.3	143.6	144.3	141.8
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	139.0	137.0	139.8	139.8	142.2
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	120.2	119.6	122.2	122.1	121.4
1.3.1.4 Vegetable and Animal oils and Fats	2.643	143.5	130.1	191.0	185.4	185.9
1.3.1.5 Dairy products	1.165	146.9	145.9	148.5	147.7	148.4
1.3.1.6 Grain mill products	2.010	143.5	144.2	143.4	144.3	143.4
1.3.1.7 Starches and Starch products	0.110	115.9	112.6	124.2	123.4	125.9
1.3.1.8 Bakery products	0.215	138.1	137.6	142.0	141.9	142.7
1.3.1.9 Sugar, Molasses & honey	1.163	118.4	120.5	119.4	118.6	117.9
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	128.0	128.2	129.7	127.8	129.3
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	132.3	132.1	130.5	133.5	131.9
1.3.1.12 Tea & Coffee products	0.371	166.5	171.6	174.8	178.3	170.3
1.3.1.13 Processed condiments & salt	0.163	147.0	145.9	153.9	149.9	152.9
1.3.1.14 Processed ready to eat food	0.024	132.2	130.2	137.4	137.6	140.3
1.3.1.15 Health supplements	0.225	142.9	144.3	145.3	147.5	151.5
1.3.1.16 Prepared animal feeds	0.356	170.5	167.4	194.7	196.3	200.8
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**124.5**	**125.0**	**125.8**	**126.0**	**125.9**
1.3.2.1 Wines & spirits	0.408	120.2	121.1	122.2	123.5	123.0
1.3.2.2 Malt liquors and Malt	0.225	126.5	126.6	127.7	127.3	127.8
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	129.4	129.7	129.6	128.6	128.6
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**157.2**	**157.6**	**159.3**	**157.7**	**161.0**
1.3.3.1 Tobacco products	0.514	157.2	157.6	159.3	157.7	161.0

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Jul.	May	Jun. (P)	Jul. (P)
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**117.6**	**112.9**	**128.5**	**129.4**	**130.5**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	106.6	100.6	120.6	120.9	121.0
1.3.4.2 Weaving & Finishing of textiles	1.509	131.7	127.1	139.8	142.0	145.4
1.3.4.3 Knitted and Crocheted fabrics	0.193	115.2	114.4	122.7	122.0	123.3
1.3.4.4 Made-up textile articles, Except apparel	0.299	132.3	131.0	133.4	134.9	135.3
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	155.6	150.2	172.4	171.0	168.4
1.3.4.6 Other textiles	0.201	116.3	116.8	122.0	121.6	123.9
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**138.6**	**136.4**	**139.9**	**139.9**	**140.8**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	138.1	137.8	139.6	139.9	140.3
1.3.5.2 Knitted and Crocheted apparel	0.221	139.8	132.6	140.7	140.2	142.2
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**117.9**	**117.7**	**119.5**	**118.9**	**118.8**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	101.1	102.1	101.9	99.6	102.1
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	138.6	138.5	140.6	140.5	140.1
1.3.6.3 Footwear	0.318	120.6	119.7	122.4	122.4	121.2
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	**0.772**	**134.6**	**134.3**	**138.3**	**138.7**	**140.0**
1.3.7.1 Saw milling and Planing of wood	0.124	120.7	120.2	123.0	124.3	126.5
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	136.6	136.8	140.5	140.4	141.2
1.3.7.3 Builder's carpentry and Joinery	0.036	185.8	180.2	191.3	194.5	194.2
1.3.7.4 Wooden containers	0.119	125.7	124.7	128.9	130.0	132.8
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**121.7**	**119.9**	**132.6**	**132.8**	**132.7**
1.3.8.1 Pulp, Paper and Paperboard	0.493	124.1	121.4	137.3	136.3	135.7
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	122.2	119.5	133.9	134.6	134.7
1.3.8.3 Other articles of paper and Paperboard	0.306	117.4	117.9	123.7	125.3	125.8
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**153.8**	**152.7**	**155.2**	**154.0**	**155.8**
1.3.9.1 Printing	0.676	153.8	152.7	155.2	154.0	155.8
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**118.2**	**115.9**	**128.4**	**128.1**	**128.8**
1.3.10.1 Basic chemicals	1.433	118.6	114.5	135.3	135.5	136.5
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	123.6	123.4	127.6	126.7	127.2
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	116.7	111.1	135.8	133.8	133.8
1.3.10.4 Pesticides and Other agrochemical products	0.454	124.4	124.2	127.3	127.4	127.9
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	114.9	113.1	123.7	123.5	125.0
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	120.6	119.8	124.8	125.4	126.7
1.3.10.7 Other chemical products	0.692	115.1	113.6	123.6	124.5	125.1
1.3.10.8 Man-made fibres	0.296	93.7	90.8	102.3	101.9	102.4
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**130.9**	**130.0**	**136.9**	**136.9**	**135.1**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	130.9	130.0	136.9	136.9	135.1
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**111.3**	**107.3**	**121.2**	**121.0**	**120.5**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	98.3	97.8	102.1	102.3	102.4
1.3.12.2 Other Rubber Products	0.272	93.3	92.1	96.7	98.7	100.2
1.3.12.3 Plastics products	1.418	120.3	114.2	134.1	133.4	132.2
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**117.6**	**117.3**	**120.9**	**121.6**	**121.9**
1.3.13.1 Glass and Glass products	0.295	127.2	126.0	135.5	136.4	137.4
1.3.13.2 Refractory products	0.223	109.5	109.1	113.6	112.7	113.4
1.3.13.3 Clay Building Materials	0.121	109.3	105.3	114.8	112.5	109.0
1.3.13.4 Other Porcelain and Ceramic Products	0.222	109.5	108.6	107.7	110.4	111.5
1.3.13.5 Cement, Lime and Plaster	1.645	120.9	121.5	124.0	124.9	125.0

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Jul.	May	Jun. (P)	Jul. (P)
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	125.3	124.7	128.9	129.0	128.3
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	121.1	119.3	122.5	123.4	123.9
1.3.13.8 Other Non-Metallic Mineral Products	0.169	78.9	77.6	80.3	81.5	85.5
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**111.4**	**103.8**	**133.5**	**133.8**	**134.0**
1.3.14.1 Inputs into steel making	1.411	109.2	96.4	138.2	137.7	137.4
1.3.14.2 Metallic Iron	0.653	113.3	101.0	141.8	137.5	140.9
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	99.8	94.9	117.0	116.7	115.3
1.3.14.4 Mild Steel -Long Products	1.081	112.0	102.8	130.9	131.2	131.4
1.3.14.5 Mild Steel - Flat products	1.144	117.2	105.4	152.4	154.8	156.3
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	108.3	101.2	129.2	127.6	127.6
1.3.14.7 Stainless Steel - Semi Finished	0.924	108.7	103.3	135.1	135.5	134.0
1.3.14.8 Pipes & tubes	0.205	127.9	123.3	146.4	150.0	146.8
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	112.3	107.2	132.0	131.9	133.7
1.3.14.10 Castings	0.925	109.1	106.5	115.7	118.0	117.1
1.3.14.11 Forgings of steel	0.271	145.7	146.1	154.0	155.6	154.7
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**115.9**	**113.3**	**126.5**	**126.3**	**128.7**
1.3.15.1 Structural Metal Products	1.031	114.1	111.4	122.6	122.7	122.5
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	127.8	121.7	149.5	147.7	156.2
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	98.9	99.0	96.8	96.8	96.8
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	96.7	95.9	107.7	105.6	112.1
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	102.9	101.7	106.9	106.4	106.5
1.3.15.6 Other Fabricated Metal Products	0.728	125.0	123.7	132.7	134.3	133.9
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**109.8**	**109.6**	**111.6**	**112.1**	**113.2**
1.3.16.1 Electronic Components	0.402	99.1	97.5	100.3	100.8	104.1
1.3.16.2 Computers and Peripheral Equipment	0.336	134.8	135.1	134.8	135.5	134.6
1.3.16.3 Communication Equipment	0.310	114.9	114.8	118.4	120.7	119.7
1.3.16.4 Consumer Electronics	0.641	98.5	99.1	101.5	101.4	102.8
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	107.7	106.0	107.0	107.0	108.5
1.3.16.6 Watches and Clocks	0.076	141.8	141.7	142.0	142.4	143.3
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	102.8	103.5	106.0	106.5	108.5
1.3.16.8 Optical instruments and Photographic equipment	0.008	102.7	112.1	95.8	98.6	98.5
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**113.6**	**112.6**	**118.8**	**119.3**	**118.9**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	113.2	114.0	116.2	116.9	114.8
1.3.17.2 Batteries and Accumulators	0.236	117.1	116.3	115.8	117.3	118.1
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	98.1	93.7	101.6	101.1	100.2
1.3.17.4 Other electronic and Electric wires and Cables	0.428	115.9	110.9	134.7	134.9	137.7
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	111.1	110.5	113.9	113.2	114.2
1.3.17.6 Domestic appliances	0.366	119.7	118.2	125.1	125.3	125.7
1.3.17.7 Other electrical equipment	0.206	109.5	107.7	111.1	113.6	112.8
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**114.0**	**112.9**	**117.3**	**117.7**	**119.2**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	106.3	104.9	114.3	115.5	119.3
1.3.18.2 Fluid power equipment	0.162	119.4	117.4	120.4	120.5	120.1
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	111.6	110.8	115.0	113.7	113.7
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	111.8	110.6	113.4	115.4	118.8
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	80.2	81.5	72.3	72.3	74.2
1.3.18.6 Lifting and Handling equipment	0.285	113.4	112.0	116.5	116.4	116.8

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Jul.	May	Jun. (P)	Jul. (P)
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	128.7	127.9	131.6	131.8	134.8
1.3.18.9 Agricultural and Forestry machinery	0.833	121.6	120.6	124.4	124.6	126.0
1.3.18.10 Metal-forming machinery and Machine tools	0.224	108.4	108.3	109.6	110.1	114.8
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	75.7	75.1	77.0	76.7	76.4
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	128.0	125.7	128.4	130.1	128.3
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	121.9	121.9	126.2	124.8	123.3
1.3.18.14 Other special-purpose machinery	0.468	128.7	126.9	132.8	134.0	136.2
1.3.18.15 Renewable electricity generating equipment	0.046	65.2	64.6	66.5	66.2	66.0
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**117.8**	**117.3**	**119.5**	**119.6**	**120.5**
1.3.19.1 Motor vehicles	2.600	119.4	118.7	119.6	119.6	120.8
1.3.19.2 Parts and Accessories for motor vehicles	2.368	116.1	115.9	119.4	119.7	120.2
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**126.2**	**125.6**	**130.0**	**129.9**	**131.1**
1.3.20.1 Building of ships and Floating structures	0.117	158.8	158.8	158.9	158.8	158.9
1.3.20.2 Railway locomotives and Rolling stock	0.110	105.0	105.7	104.1	103.8	103.7
1.3.20.3 Motor cycles	1.302	124.7	124.0	129.0	128.9	130.5
1.3.20.4 Bicycles and Invalid carriages	0.117	130.3	128.7	135.9	136.3	136.4
1.3.20.5 Other transport equipment	0.002	128.5	127.4	133.5	132.4	132.3
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**133.2**	**127.7**	**146.3**	**147.5**	**145.9**
1.3.21.1 Furniture	0.727	133.2	127.7	146.3	147.5	145.9
1.3.22 OTHER MANUFACTURING	**1.064**	**132.4**	**134.1**	**139.7**	**138.4**	**137.0**
1.3.22.1 Jewellery and Related articles	0.996	130.5	132.4	138.1	136.7	135.1
1.3.22.2 Musical instruments	0.001	173.7	166.5	200.4	195.3	203.3
1.3.22.3 Sports goods	0.012	132.0	130.9	136.0	136.9	137.8
1.3.22.4 Games and Toys	0.005	142.4	143.9	148.5	146.8	148.7
1.3.22.5 Medical and Dental instruments and Supplies	0.049	167.4	167.3	170.7	170.7	171.3
2 FOOD INDEX	**24.378**	**153.4**	**152.5**	**158.8**	**158.6**	**159.3**

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

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

Industry	Weight	2019-20	2020-21	April-June		June	
				2020-21	2021-22	2020	2021
	1	2	3	4	5	6	7
General Index	100.00	129.0	118.1	84.0	121.8	107.9	122.6
1 Sectoral Classification							
1.1 Mining	14.37	109.6	101.0	84.0	107.0	85.7	105.5
1.2 Manufacturing	77.63	129.6	117.2	77.9	119.7	107.1	121.0
1.3 Electricity	7.99	158.4	157.6	144.1	168.3	156.2	169.1
2 Use-Based Classification							
2.1 Primary Goods	34.05	127.0	118.1	102.6	123.8	109.3	122.4
2.2 Capital Goods	8.22	93.3	75.9	35.4	74.4	63.8	80.2
2.3 Intermediate Goods	17.22	137.7	124.7	78.8	133.7	108.2	132.6
2.4 Infrastructure/ Construction Goods	12.34	136.6	124.7	74.5	135.6	114.9	136.8
2.5 Consumer Durables	12.84	119.0	101.2	41.1	95.6	78.2	101.7
2.6 Consumer Non-Durables	15.33	145.3	142.1	118.5	139.9	147.5	140.8

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

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(₹ Crore)

Item	Financial Year	April - July			
	2021-22 (Budget Estimates)	2021-22 (Actuals)	2020-21 (Actuals)	Percentage to Budget Estimates	
				2021-22	2020-21
	1	2	3	4	5
1 Revenue Receipts	**1788424**	**669149**	**227402**	**37.4**	**11.3**
1.1 Tax Revenue (Net)	1545396	529189	202788	34.2	12.4
1.2 Non-Tax Revenue	243028	139960	24614	57.6	6.4
2 Non-Debt Capital Receipt	**188000**	**14148**	**5458**	**7.5**	**2.4**
2.1 Recovery of Loans	13000	5777	5455	44.4	36.4
2.2 Other Receipts	175000	8371	3	4.8	0.0
3 Total Receipts (excluding borrowings) (1+2)	**1976424**	**683297**	**232860**	**34.6**	**10.4**
4 Revenue Expenditure	2929000	876012	942360	29.9	35.8
4.1 Interest Payments	809701	225817	198584	27.9	28.0
5 Capital Expenditure	554236	128428	111849	23.2	27.1
6 Total Expenditure (4+5)	**3483236**	**1004440**	**1054209**	**28.8**	**34.7**
7 Revenue Deficit (4-1)	**1140576**	**206863**	**714958**	**18.1**	**117.4**
8 Fiscal Deficit (6-3)	**1506812**	**321143**	**821349**	**21.3**	**103.1**
9 Gross Primary Deficit (8-4.1)	**697111**	**95326**	**622765**	**13.7**	**706.6**

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2020-21	2020	2021					
		Jul. 31	Jun. 25	Jul. 2	Jul. 9	Jul. 16	Jul. 23	Jul. 30
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	5676	24530	10543	10321	11259	10616	11000	9355
1.2 Primary Dealers	16740	20849	34544	32265	33597	33955	25219	23157
1.3 State Governments	13347	31204	41982	43982	41482	41482	45482	47982
1.4 Others	52802	148881	160981	174471	164985	159460	162217	159946
2 182-day								
2.1 Banks	67473	159639	127372	128922	129898	125984	120093	119323
2.2 Primary Dealers	30966	58945	58473	62377	57435	56953	57212	54786
2.3 State Governments	9436	12972	11839	11945	12945	12945	12945	15355
2.4 Others	31800	96263	99532	106713	108976	109807	112205	113457
3 364-day								
3.1 Banks	119024	133242	134123	129082	131494	124770	124133	120838
3.2 Primary Dealers	154197	75696	135126	135468	136509	136187	130828	123281
3.3 State Governments	18510	12213	17983	17983	17983	17983	18133	19825
3.4 Others	174501	126462	97843	98760	89460	90649	89695	94163
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	220351	139180	124998	94156	73175	128742	177522	159116
4.4 Others	747	552	685	810	514	1172	422	314
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	694471	900895	930341	952289	936023	920791	909160	901468

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

No. 25: Auctions of Treasury Bills

(Amount in ₹ Crore)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2021-22										
Jun. 30	15000	110	51656	2001	41	14999	2001	17000	99.15	3.4443
Jul. 7	9000	93	30758	5706	39	8994	5706	14700	99.15	3.4439
Jul. 14	9000	108	31343	2311	35	8989	2311	11300	99.15	3.4341
Jul. 20	9000	105	36181	11204	22	8996	11204	20200	99.15	3.4190
Jul. 28	9000	107	36504	6532	33	8999	6532	15531	99.16	3.3880
182-day Treasury Bills										
2021-22										
Jun. 30	15000	182	44896	894	70	14993	894	15888	98.18	3.7200
Jul. 7	4000	118	20827	1006	15	3994	1006	5000	98.23	3.6199
Jul. 14	4000	135	29445	11	18	3989	11	4000	98.24	3.5950
Jul. 20	4000	127	26568	2	7	3998	2	4000	98.25	3.5624
Jul. 28	4000	121	26270	2205	18	3995	2205	6200	98.27	3.5298
364-day Treasury Bills										
2021-22										
Jun. 30	6000	98	25631	0	28	6000	0	6000	96.27	3.8898
Jul. 7	4000	114	20681	0	23	4000	0	4000	96.31	3.8419
Jul. 14	4000	130	25952	0	15	4000	0	4000	96.34	3.8099
Jul. 20	4000	130	22982	1200	26	4000	1200	5200	96.37	3.7744
Jul. 28	4000	141	22648	1600	16	4000	1600	5600	96.41	3.7299

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
July	1,	2021	1.90-3.40	3.12
July	2,	2021	1.90-3.40	3.11
July	3,	2021	2.70-3.30	2.90
July	5,	2021	1.90-3.40	3.15
July	6,	2021	1.90-3.40	3.11
July	7,	2021	1.90-3.40	3.13
July	8,	2021	1.90-3.40	3.17
July	9,	2021	1.90-3.40	3.17
July	12,	2021	1.90-3.40	3.20
July	13,	2021	1.90-3.40	3.18
July	14,	2021	1.90-3.40	3.21
July	15,	2021	1.90-3.40	3.19
July	16,	2021	1.90-3.40	3.15
July	17,	2021	2.70-3.40	2.91
July	19,	2021	1.90-3.40	3.21
July	20,	2021	1.90-3.45	3.20
July	22,	2021	1.90-3.40	3.20
July	23,	2021	1.90-3.40	3.20
July	26,	2021	1.90-3.40	3.23
July	27,	2021	1.90-3.40	3.21
July	28,	2021	1.90-3.40	3.18
July	29,	2021	1.90-3.40	3.18
July	30,	2021	1.90-3.45	3.23
July	31,	2021	2.70-3.60	3.04
August	2,	2021	1.90-3.40	3.24
August	3,	2021	1.90-3.40	3.18
August	4,	2021	1.90-3.40	3.17
August	5,	2021	1.90-3.40	3.14
August	6,	2021	1.90-3.45	3.20
August	7,	2021	2.70-3.25	2.92
August	9,	2021	1.90-3.40	3.18
August	10,	2021	1.90-3.40	3.19
August	11,	2021	1.90-3.40	3.22
August	12,	2021	1.90-3.45	3.21
August	13,	2021	1.90-3.45	3.15

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2020	2021			
	Jul. 31	Jun. 18	Jul. 2	Jul. 16	Jul. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	104705.00	68209.42	69299.52	64586.90	64304.10
1.1 Issued during the fortnight (₹ Crore)	1292.97	6209.13	8817.62	270.74	950.89
2 Rate of Interest (per cent)	3.39-4.45	3.44-4.11	3.44-4.21	3.68-4.21	4.05-4.85

No. 28: Commercial Paper

Item	2020	2021			
	Jul. 31	Jun. 15	Jun. 30	Jul. 15	Jul. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	374817.20	404804.90	376117.85	471218.00	414981.65
1.1 Reported during the fortnight (₹ Crore)	53608.10	73440.40	97928.00	117197.20	149052.15
2 Rate of Interest (per cent)	3.18-12.33	3.36-11.32	3.43-13.03	3.32-12.80	3.38-12.94

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2020-21	2020	2021					
		Jul. 31	Jun. 25	Jul. 2	Jul. 9	Jul. 16	Jul. 23	Jul. 30
	1	2	3	4	5	6	7	8
1 Call Money	17461	23100	13148	11021	12416	14387	14355	13281
2 Notice Money	2604	1192	1009	3090	486	3048	403	3801
3 Term Money	757	594	568	624	815	326	809	575
4 Triparty Repo	421118	352688	476714	613769	517546	595711	498517	652552
5 Market Repo	337341	348069	329177	393590	317971	351699	279810	337951
6 Repo in Corporate Bond	2990	2112	8737	4750	6960	9508	14177	7200
7 Forex (US $ million)	67793	63829	73797	72797	60609	73419	72154	77056
8 Govt. of India Dated Securities	62490	73654	43103	36377	46770	45650	57285	40423
9 State Govt. Securities	5080	3989	6446	5641	6327	4865	4635	5104
10 Treasury Bills								
10.1 91-Day	4970	7702	8852	9720	6772	8347	4268	3883
10.2 182-Day	4870	2885	3881	6120	4085	4242	3221	3251
10.3 364-Day	4010	1532	2396	6712	2693	1606	2266	5958
10.4 Cash Management Bills	1490	1603						
11 Total Govt. Securities (8+9+10)	82910	91365	64678	64570	66647	64709	71676	58619
11.1 RBI	–	367	145	142	5029	654	5251	224

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

(Amount in ₹ Crore)

Security & Type of Issue	2020-21		2020-21 (Apr.-Jul.)		2021-22 (Apr.-Jul.) *		Jul. 2020		Jul. 2021 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	**74**	**102062**	**10**	**69051**	**32**	**26117**	**5**	**15911**	**10**	**13252**
1A Premium	73	97648	10	66114	30	25523	5	13403	9	13073
1.1 Public	53	38004	8	15527	24	25378	4	15511	8	13198
1.1.1 Premium	53	34848	8	13028	24	24905	4	13019	8	13061
1.2 Rights	21	64059	2	53524	8	739	1	400	2	54
1.2.1 Premium	20	62800	2	53085	6	618	1	384	1	13
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Bonds & Debentures	**16**	**5806**	**5**	**882**	**10**	**5389**	**1**	**160**	**4**	**1808**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	5806	5	882	10	5389	1	160	4	1808
3.2.1 Public	16	5806	5	882	10	5389	1	160	4	1808
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Total(1+2+3)	**90**	**107868**	**15**	**69933**	**42**	**31506**	**6**	**16071**	**14**	**15061**
4.1 Public	69	43809	13	16409	34	30767	5	15671	12	15007
4.2 Rights	21	64059	2	53524	8	739	1	400	2	54

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

Source : Securities and Exchange Board of India.

* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2020-21	2020	2021				
			Jul.	Mar.	Apr.	May	Jun.	Jul.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	2154339	177306	252670	228877	236584	239047	264034
	US $ Million	291164	23643	34711	30733	32290	32498	35428
1.1 Oil	₹ Crore	190749	13263	26199	26955	38973	29588	43626
	US $ Million	25784	1769	3599	3620	5319	4022	5854
1.2 Non-oil	₹ Crore	1963591	164042	226471	201922	197611	209459	220408
	US $ Million	265379	21874	31112	27114	26971	28475	29574
2 Imports	₹ Crore	2909937	213500	352365	340719	282480	308002	345815
	US $ Million	393611	28469	48407	45751	38554	41872	46401
2.1 Oil	₹ Crore	611353	48975	74768	80962	69253	78532	96100
	US $ Million	82684	6531	10271	10871	9452	10676	12895
2.2 Non-oil	₹ Crore	2298584	164524	277597	259757	213227	229470	249715
	US $ Million	310927	21939	38135	34880	29102	31196	33507
3 Trade Balance	₹ Crore	-755597	-36194	-99695	-111842	-45896	-68955	-81781
	US $ Million	-102447	-4826	-13696	-15018	-6264	-9374	-10973
3.1 Oil	₹ Crore	-420605	-35712	-48569	-54007	-30280	-48944	-52473
	US $ Million	-56900	-4762	-6672	-7252	-4133	-6654	-7041
3.2 Non-oil	₹ Crore	-334993	-482	-51126	-57836	-15615	-20011	-29308
	US $ Million	-45547	-64	-7024	-7766	-2131	-2720	-3933

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

No. 32: Foreign Exchange Reserves

Item	Unit	2020	2021					
		Aug. 28	Jul. 23	Jul. 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**3973733**	**4549373**	**4617303**	**4610155**	**4599392**	**4588475**	**4669426**
	US $ Million	**541431**	**611149**	**620576**	**621464**	**619365**	**616895**	**633558**
1.1 Foreign Currency Assets	₹ Crore	3655683	4225412	4287317	4285737	4280124	4261979	4212584
	US $ Million	498094	567628	576224	577732	576374	573009	571600
1.2 Gold	₹ Crore	273025	274565	280086	274894	269831	277056	275932
	US $ Million	37200	36884	37644	37057	36336	37249	37441
	Volume (Metric Tonnes)	668.25	708.38	711.18	711.18	718.64	722.37	724.24
1.3 SDRs	SDRs Million	1048	1087	1087	1087	1087	1087	13657
	₹ Crore	10868	11506	11545	11503	11464	11461	143028
	US $ Million	1481	1546	1552	1551	1544	1541	19407
1.4 Reserve Tranche Position in IMF	₹ Crore	34158	37891	38355	38022	37973	37979	37883
	US $ Million	4657	5091	5156	5125	5111	5096	5110

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

No. 33: Non-Resident Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2020-21	2020	2021		2020-21	2021-22
		Jul.	Jun.	Jul.	Apr.-Jul.	Apr.-Jul.
	1	2	3	4	5	6
1 NRI Deposits	**141895**	**135092**	**141529**	**141786**	**4332**	**3122**
1.1 FCNR(B)	20473	22467	19699	19599	-1777	-874
1.2 NR(E)RA	102579	96076	102920	102989	5550	3138
1.3 NRO	18842	16549	18910	19198	559	858

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2020-21	2020-21	2021-22	2020	2021	
		Apr.-Jul.	Apr.-Jul.	Jul.	Jun.	Jul.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**43955**	**3056**	**13433**	**3584**	**-692**	**2235**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**54927**	**6367**	**19565**	**4261**	**1405**	**2920**
1.1.1.1 Gross Inflows/Gross Investments	**81973**	**16918**	**27373**	**5078**	**4179**	**4820**
1.1.1.1.1 Equity	61088	10064	20868	3167	2777	2966
1.1.1.1.1.1 Government (SIA/FIPB)	948	107	112	10	39	2
1.1.1.1.1.2 RBI	51597	7200	12983	1539	2088	2373
1.1.1.1.1.3 Acquisition of shares	7091	2305	7320	1500	538	473
1.1.1.1.1.4 Equity capital of unincorporated bodies	1452	453	453	118	112	118
1.1.1.1.2 Reinvested earnings	16935	5280	5280	1372	1303	1372
1.1.1.1.3 Other capital	3950	1574	1225	539	100	482
1.1.1.2 Repatriation/Disinvestment	**27046**	**10552**	**7808**	**817**	**2775**	**1900**
1.1.1.2.1 Equity	26983	10540	7562	815	2739	1746
1.1.1.2.2 Other capital	63	12	246	2	35	154
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**10972**	**3311**	**6131**	**678**	**2096**	**685**
1.1.2.1 Equity capital	5583	1655	2960	419	587	635
1.1.2.2 Reinvested Earnings	3013	1004	1004	251	251	251
1.1.2.3 Other Capital	6688	1121	3145	332	1448	295
1.1.2.4 Repatriation/Disinvestment	4313	469	979	325	190	496
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**36137**	**1114**	**-2667**	**472**	**465**	**-1600**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	38725	1816	-990	718	995	-1149
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	2589	702	1677	246	530	451
1 Foreign Investment Inflows	**80092**	**4170**	**10766**	**4056**	**-227**	**635**

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

(US$ Million)

Item	2020-21	2020	2021		
		Jul.	May	Jun.	Jul.
	1	2	3	4	5
1 Outward Remittances under the LRS	**12684.40**	**995.16**	**1250.24**	**1232.22**	**1308.47**
1.1 Deposit	680.37	48.43	68.20	64.32	46.93
1.2 Purchase of immovable property	62.75	5.03	7.85	10.02	6.89
1.3 Investment in equity/debt	471.80	33.84	52.19	66.91	50.21
1.4 Gift	1586.24	129.75	149.38	178.21	175.22
1.5 Donations	12.59	1.42	1.95	1.59	0.78
1.6 Travel	3239.67	246.17	294.02	277.65	346.91
1.7 Maintenance of close relatives	2680.10	243.61	237.27	241.57	243.23
1.8 Medical Treatment	29.75	2.54	2.57	2.52	2.88
1.9 Studies Abroad	3836.12	277.50	429.73	380.23	423.35
1.10 Others	85.03	6.87	7.07	9.20	12.07

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

Item	2019-20	2020-21	2020	2021	
			August	July	August
	1	2	3	4	5
40-Currency Basket (Base: 2015-16=100)					
1 Trade-weighted					
1.1 NEER	98.00	93.92	93.48	93.19	93.77
1.2 REER	103.20	103.46	103.04	104.43	104.80
2 Export-weighted					
2.1 NEER	97.38	93.59	93.10	92.75	93.32
2.2 REER	102.88	102.96	102.51	103.64	104.05
6-Currency Basket (Trade-weighted)					
1 Base: 2015-16 = 100					
1.1 NEER	94.92	88.47	88.15	86.62	87.14
1.2 REER	103.60	101.78	101.19	101.93	102.69
2 Base: 2018-19 = 100					
2.1 NEER	100.78	93.93	93.59	91.97	92.51
2.2 REER	103.30	101.49	100.90	101.64	102.39

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

(Amount in US$ Million)

Item	2020-21	2020	2021	
		Jul.	Jun.	Jul.
	1	2	3	4
1 Automatic Route				
1.1 Number	1063	96	87	80
1.2 Amount	26799	848	1485	3034
2 Approval Route				
2.1 Number	13	2	-	1
2.2 Amount	8456	1300	-	400
3 Total (1+2)				
3.1 Number	1076	98	87	81
3.2 Amount	35255	2148	1485	3434
4 Weighted Average Maturity (in years)	6.03	8.03	5.12	9.23
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.93	2.40	1.75	2.44
5.2 Interest rate range for Fixed Rate Loans	0.00-13.00	0.00-10.29	0.00-10.25	0.00-10.50

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jan-Mar 2020			Jan-Mar 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**334313**	**315519**	**18794**	**336072**	**332683**	**3389**
1 CURRENT ACCOUNT (1.1+ 1.2)	**157116**	**156558**	**558**	**173382**	**181543**	**-8161**
1.1 MERCHANDISE	**76527**	**111569**	**-35042**	**91281**	**133025**	**-41745**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**80590**	**44990**	**35600**	**82101**	**48518**	**33583**
1.2.1 Services	53060	31033	22027	56004	32520	23485
1.2.1.1 Travel	6860	4208	2652	2308	3141	-834
1.2.1.2 Transportation	5016	5761	-745	6080	5633	446
1.2.1.3 Insurance	623	426	198	647	566	82
1.2.1.4 G.n.i.e.	182	284	-102	159	241	-82
1.2.1.5 Miscellaneous	40378	20354	20024	46811	22938	23873
1.2.1.5.1 Software Services	23285	2159	21125	26802	3327	23475
1.2.1.5.2 Business Services	11474	11928	-454	13324	12847	478
1.2.1.5.3 Financial Services	1024	1256	-232	1258	1402	-145
1.2.1.5.4 Communication Services	631	350	281	696	399	297
1.2.2 Transfers	20579	2179	18400	20927	2085	18842
1.2.2.1 Official	26	299	-273	18	285	-267
1.2.2.2 Private	20553	1880	18673	20909	1801	19108
1.2.3 Income	6950	11778	-4827	5170	13913	-8743
1.2.3.1 Investment Income	5523	11079	-5557	3517	13192	-9675
1.2.3.2 Compensation of Employees	1428	698	729	1653	721	932
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**176311**	**158960**	**17350**	**162690**	**150429**	**12261**
2.1 Foreign Investment (2.1.1+2.1.2)	**99638**	**101420**	**-1782**	**108195**	**98236**	**9959**
2.1.1 Foreign Direct Investment	20871	8908	11963	15393	12714	2679
2.1.1.1 In India	19255	4070	15185	13679	7928	5750
2.1.1.1.1 Equity	13923	4062	9861	8553	7894	659
2.1.1.1.2 Reinvested Earnings	3772		3772	4519		4519
2.1.1.1.3 Other Capital	1560	8	1552	607	34	573
2.1.1.2 Abroad	1616	4838	-3222	1714	4786	-3072
2.1.1.2.1 Equity	1616	2107	-491	1714	1197	517
2.1.1.2.2 Reinvested Earnings	0	788	-788	0	753	-753
2.1.1.2.3 Other Capital	0	1943	-1943	0	2835	-2835
2.1.2 Portfolio Investment	78767	92511	-13745	92802	85522	7280
2.1.2.1 In India	76983	91726	-14743	92500	84310	8190
2.1.2.1.1 FIIs	76983	91726	-14743	92500	84310	8190
2.1.2.1.1.1 Equity	60171	66381	-6209	81440	73679	7761
2.1.2.1.1.2 Debt	16812	25345	-8534	11059	10631	428
2.1.2.1.2 ADR/GDRs	0		0	0	0	0
2.1.2.2 Abroad	1783	785	998	303	1212	-909
2.2 Loans (2.2.1+2.2.2+2.2.3)	**27444**	**17526**	**9918**	**26446**	**18725**	**7721**
2.2.1 External Assistance	2000	1420	580	5380	1387	3993
2.2.1.1 By India	2	28	-26	10	21	-11
2.2.1.2 To India	1998	1392	606	5370	1366	4004
2.2.2 Commercial Borrowings	16368	6030	10338	11834	5759	6075
2.2.2.1 By India	1983	1053	930	683	745	-63
2.2.2.2 To India	14385	4977	9408	11152	5014	6138
2.2.3 Short Term to India	9077	10076	-1000	9232	11578	-2346
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	9077	9725	-649	8067	11578	-3511
2.2.3.2 Suppliers' Credit up to 180 days	0	351	-351	1165	0	1165
2.3 Banking Capital (2.3.1+2.3.2)	**22109**	**26716**	**-4606**	**16733**	**21158**	**-4425**
2.3.1 Commercial Banks	21996	26716	-4719	16518	21158	-4640
2.3.1.1 Assets	4813	10222	-5409	4141	7973	-3832
2.3.1.2 Liabilities	17183	16493	690	12377	13185	-808
2.3.1.2.1 Non-Resident Deposits	16844	14079	2765	11350	11889	-539
2.3.2 Others	113	0	113	215	0	215
2.4 Rupee Debt Service		7	-7		7	-7
2.5 Other Capital	27119	13292	13827	11315	12302	-987
3 Errors & Omissions	**886**		**886**		**711**	**-711**
4 Monetary Movements (4.1+ 4.2)	0	**18794**	**-18794**	0	**3389**	**-3389**
4.1 I.M.F.				0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	18794	-18794	0	3389	-3389

Note : P : Preliminary

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Jan-Mar 2020			Jan-Mar 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**2419902**	**2283860**	**136042**	**2449502**	**2424800**	**24702**
1 CURRENT ACCOUNT (1.1+ 1.2)	**1137275**	**1133238**	**4037**	**1263718**	**1323202**	**-59484**
1.1 MERCHANDISE	**553933**	**807581**	**-253649**	**665312**	**969572**	**-304260**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**583342**	**325657**	**257686**	**598406**	**353629**	**244776**
1.2.1 Services	384069	224629	159441	408194	237025	171170
1.2.1.1 Travel	49657	30461	19197	16819	22896	-6077
1.2.1.2 Transportation	36311	41701	-5390	44312	41058	3254
1.2.1.3 Insurance	4512	3081	1430	4719	4125	594
1.2.1.4 G.n.i.e.	1316	2057	-741	1158	1759	-601
1.2.1.5 Miscellaneous	292273	147329	144944	341186	167187	173999
1.2.1.5.1 Software Services	168546	15631	152914	195350	24250	171099
1.2.1.5.2 Business Services	83051	86341	-3290	97117	93634	3484
1.2.1.5.3 Financial Services	7410	9092	-1682	9166	10220	-1054
1.2.1.5.4 Communication Services	4567	2532	2035	5073	2905	2168
1.2.2 Transfers	148962	15774	133188	152529	15199	137330
1.2.2.1 Official	189	2167	-1978	129	2074	-1945
1.2.2.2 Private	148773	13607	135166	152400	13125	139275
1.2.3 Income	50311	85253	-34942	37682	101406	-63724
1.2.3.1 Investment Income	39977	80198	-40221	25637	96153	-70517
1.2.3.2 Compensation of Employees	10333	5055	5278	12045	5252	6793
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**1276212**	**1150622**	**125590**	**1185784**	**1096418**	**89366**
2.1 Foreign Investment (2.1.1+2.1.2)	**721222**	**734119**	**-12897**	**788594**	**716008**	**72586**
2.1.1 Foreign Direct Investment	151075	64481	86594	112193	92670	19523
2.1.1.1 In India	139378	29459	109919	99699	57788	41911
2.1.1.1.1 Equity	100781	29401	71380	62338	57537	4801
2.1.1.1.2 Reinvested Earnings	27305	0	27305	32935	0	32935
2.1.1.1.3 Other Capital	11292	58	11234	4427	251	4176
2.1.1.2 Abroad	11697	35022	-23324	12493	34882	-22389
2.1.1.2.1 Equity	11697	15253	-3556	12493	8726	3767
2.1.1.2.2 Reinvested Earnings	0	5702	-5702	0	5490	-5490
2.1.1.2.3 Other Capital	0	14067	-14067	0	20666	-20666
2.1.2 Portfolio Investment	570147	669638	-99491	676402	623338	53063
2.1.2.1 In India	557238	663952	-106714	674196	614505	59691
2.1.2.1.1 FIIs	557238	663952	-106714	674196	614505	59691
2.1.2.1.1.1 Equity	435547	480491	-44945	593588	537019	56569
2.1.2.1.1.2 Debt	121691	183461	-61770	80608	77487	3122
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	12909	5686	7223	2206	8833	-6628
2.2 Loans (2.2.1+2.2.2+2.2.3)	**198653**	**126862**	**71791**	**192758**	**136479**	**56279**
2.2.1 External Assistance	14475	10277	4198	39212	10111	29101
2.2.1.1 By India	14	201	-187	71	153	-82
2.2.1.2 To India	14461	10076	4385	39141	9958	29183
2.2.2 Commercial Borrowings	118476	43648	74828	86255	41978	44276
2.2.2.1 By India	14351	7622	6729	4975	5433	-459
2.2.2.2 To India	104125	36026	68099	81280	36545	44735
2.2.3 Short Term to India	65702	72938	-7236	67291	84390	-17099
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	65702	70397	-4695	58799	84390	-25591
2.2.3.2 Suppliers' Credit up to 180 days	0	2541	-2541	8492	0	8492
2.3 Banking Capital (2.3.1+2.3.2)	**160037**	**193379**	**-33343**	**121962**	**154215**	**-32253**
2.3.1 Commercial Banks	159220	193379	-34160	120397	154215	-33818
2.3.1.1 Assets	34842	73992	-39151	30186	58112	-27927
2.3.1.2 Liabilities	124378	119387	4991	90211	96103	-5892
2.3.1.2.1 Non-Resident Deposits	121926	101911	20016	82726	86651	-3925
2.3.2 Others	817	0	817	1565	0	1565
2.4 Rupee Debt Service	0	50	-50	0	50	-50
2.5 Other Capital	196301	96212	100089	82471	89666	-7196
3 Errors & Omissions	**6415**	0	**6415**	0	**5180**	**-5180**
4 Monetary Movements (4.1+ 4.2)	0	**136042**	**-136042**	0	**24702**	**-24702**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	136042	-136042	0	24702	-24702

Note : P: Preliminary

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

(US $ Million)

Item	Jan-Mar 2020			Jan-Mar 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**157116**	**156531**	**584**	**173382**	**181517**	**-8135**
1.A Goods and Services (1.A.a+1.A.b)	**129586**	**142601**	**-13015**	**147285**	**165545**	**-18260**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**76527**	**111569**	**-35042**	**91281**	**133025**	**-41745**
1.A.a.1 General merchandise on a BOP basis	75738	106394	-30656	89691	115206	-25515
1.A.a.2 Net exports of goods under merchanting	789	0	789	1590	0	1590
1.A.a.3 Nonmonetary gold	0	5175	-5175		17819	-17819
1.A.b Services (1.A.b.1 to 1.A.b.13)	**53060**	**31033**	**22027**	**56004**	**32520**	**23485**
1.A.b.1 Manufacturing services on physical inputs owned by others	66	8	58	102	6	96
1.A.b.2 Maintenance and repair services n.i.e.	41	309	-269	54	211	-157
1.A.b.3 Transport	5016	5761	-745	6080	5633	446
1.A.b.4 Travel	6860	4208	2652	2308	3141	-834
1.A.b.5 Construction	931	708	223	752	713	39
1.A.b.6 Insurance and pension services	623	426	198	647	566	82
1.A.b.7 Financial services	1024	1256	-232	1258	1402	-145
1.A.b.8 Charges for the use of intellectual property n.i.e.	182	1641	-1459	238	2107	-1868
1.A.b.9 Telecommunications, computer, and information services	23967	2638	21329	27574	3909	23665
1.A.b.10 Other business services	11474	11928	-454	13324	12847	478
1.A.b.11 Personal, cultural, and recreational services	588	819	-231	727	878	-150
1.A.b.12 Government goods and services n.i.e.	182	284	-102	159	241	-82
1.A.b.13 Others n.i.e.	2105	1046	1059	2781	865	1916
1.B Primary Income (1.B.1 to 1.B.3)	**6950**	**11778**	**-4827**	**5170**	**13913**	**-8743**
1.B.1 Compensation of employees	1428	698	729	1653	721	932
1.B.2 Investment income	4487	10921	-6434	2621	12952	-10331
1.B.2.1 Direct investment	2163	4654	-2491	1363	7837	-6474
1.B.2.2 Portfolio investment	88	2346	-2259	28	1633	-1605
1.B.2.3 Other investment	457	3910	-3452	122	3481	-3359
1.B.2.4 Reserve assets	1778	10	1768	1109	1	1107
1.B.3 Other primary income	1036	159	878	896	240	656
1.C Secondary Income (1.C.1+1.C.2)	**20579**	**2152**	**18427**	**20927**	**2058**	**18868**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	20553	1880	18673	20909	1801	19108
1.C.1.1 Personal transfers (Current transfers between resident and/	20102	1358	18745	20224	1303	18920
1.C.1.2 Other current transfers	451	522	-71	686	497	188
1.C.2 General government	26	272	-247	17	258	-240
2 Capital Account (2.1+2.2)	**142**	**161**	**-19**	**191**	**230**	**-38**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	9	40	-31	87	38	49
2.2 Capital transfers	133	121	12	104	191	-88
3 Financial Account (3.1 to 3.5)	**176169**	**177620**	**-1451**	**162499**	**153615**	**8884**
3.1 Direct Investment (3.1A+3.1B)	**20871**	**8908**	**11963**	**15393**	**12714**	**2679**
3.1.A Direct Investment in India	19255	4070	15185	13679	7928	5750
3.1.A.1 Equity and investment fund shares	17695	4062	13633	13071	7894	5177
3.1.A.1.1 Equity other than reinvestment of earnings	13923	4062	9861	8553	7894	659
3.1.A.1.2 Reinvestment of earnings	3772	0	3772	4519		4519
3.1.A.2 Debt instruments	1560	8	1552	607	34	573
3.1.A.2.1 Direct investor in direct investment enterprises	1560	8	1552	607	34	573
3.1.B Direct Investment by India	1616	4838	-3222	1714	4786	-3072
3.1.B.1 Equity and investment fund shares	1616	2895	-1279	1714	1950	-236
3.1.B.1.1 Equity other than reinvestment of earnings	1616	2107	-491	1714	1197	517
3.1.B.1.2 Reinvestment of earnings	0	788	-788		753	-753
3.1.B.2 Debt instruments	0	1943	-1943	0	2835	-2835
3.1.B.2.1 Direct investor in direct investment enterprises	0	1943	-1943		2835	-2835
3.2 Portfolio Investment	**78767**	**92511**	**-13745**	**92802**	**85522**	**7280**
3.2.A Portfolio Investment in India	76983	91726	-14743	92500	84310	8190
3.2.1 Equity and investment fund shares	60171	66381	-6209	81440	73679	7761
3.2.2 Debt securities	16812	25345	-8534	11059	10631	428
3.2.B Portfolio Investment by India	1783	785	998	303	1212	-909
3.3 Financial derivatives (other than reserves) and employee stock options	**11473**	**9287**	**2186**	**2662**	**4929**	**-2267**
3.4 Other investment	**65058**	**48119**	**16939**	**51642**	**47061**	**4581**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	16957	14079	2878	11565	11889	-324
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	113	0	113	215	0	215
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	16844	14079	2765	11350	11889	-539
3.4.2.3 General government	0	0	0			0
3.4.2.4 Other sectors	0	0	0			0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	23520	20086	3433	22382	16416	5966
3.4.3.A Loans to India	21535	19006	2529	21690	15650	6040
3.4.3.B Loans by India	1985	1081	904	692	766	-74
3.4.4 Insurance, pension, and standardized guarantee schemes	37	45	-8	27	43	-16
3.4.5 Trade credit and advances	9077	10076	-1000	9232	11578	-2346
3.4.6 Other accounts receivable/payable - other	15468	3832	11635	8435	7134	1301
3.4.7 Special drawing rights	0	0	0			0
3.5 Reserve assets	0	**18794**	**-18794**	0	**3389**	**-3389**
3.5.1 Monetary gold	0	0	0			0
3.5.2 Special drawing rights n.a.	0	0	0			0
3.5.3 Reserve position in the IMF n.a.	0	0	0			0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	18794	-18794	0	3389	-3389
4 Total assets/liabilities	**176169**	**177620**	**-1451**	**162499**	**153615**	**8884**
4.1 Equity and investment fund shares	92776	83455	9321	99217	89707	9510
4.2 Debt instruments	67925	71539	-3613	54846	53384	1462
4.3 Other financial assets and liabilities	15468	22627	-7159	8435	10524	-2088
5 Net errors and omissions	**886**	0	**886**		**711**	**-711**

Note : P : Preliminary

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

(₹ Crore)

Item	Jan-Mar 2020			Jan-Mar 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**1137271**	**1133041**	**4230**	**1263714**	**1323006**	**-59291**
1.A Goods and Services (1.A.a+1.A.b)	**938002**	**1032210**	**-94208**	**1073506**	**1206597**	**-133090**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**553933**	**807581**	**-253649**	**665312**	**969572**	**-304260**
1.A.a.1 General merchandise on a BOP basis	548221	770126	-221905	653724	839694	-185970
1.A.a.2 Net exports of goods under merchanting	5712	0	5712	11588	0	11588
1.A.a.3 Nonmonetary gold	0	37456	-37456	0	129878	-129878
1.A.b Services (1.A.b.1 to 1.A.b.13)	**384069**	**224629**	**159441**	**408194**	**237025**	**171170**
1.A.b.1 Manufacturing services on physical inputs owned by others	475	57	418	741	44	697
1.A.b.2 Maintenance and repair services n.i.e.	295	2240	-1944	393	1536	-1143
1.A.b.3 Transport	36311	41701	-5390	44312	41058	3254
1.A.b.4 Travel	49657	30461	19197	16819	22896	-6077
1.A.b.5 Construction	6740	5124	1616	5482	5199	283
1.A.b.6 Insurance and pension services	4512	3081	1430	4719	4125	594
1.A.b.7 Financial services	7410	9092	-1682	9166	10220	-1054
1.A.b.8 Charges for the use of intellectual property n.i.e.	1319	11876	-10557	1737	15356	-13619
1.A.b.9 Telecommunications, computer, and information services	173487	19096	154390	200979	28494	172485
1.A.b.10 Other business services	83051	86341	-3290	97117	93634	3484
1.A.b.11 Personal, cultural, and recreational services	4259	5927	-1669	5300	6397	-1096
1.A.b.12 Government goods and services n.i.e.	1316	2057	-741	1158	1759	-601
1.A.b.13 Others n.i.e.	15237	7575	7662	20269	6308	13962
1.B Primary Income (1.B.1 to 1.B.3)	**50311**	**85253**	**-34942**	**37682**	**101406**	**-63724**
1.B.1 Compensation of employees	10333	5055	5278	12045	5252	6793
1.B.2 Investment income	32476	79049	-46573	19106	94405	-75299
1.B.2.1 Direct investment	15659	33689	-18030	9937	57123	-47186
1.B.2.2 Portfolio investment	634	16984	-16351	203	11901	-11699
1.B.2.3 Other investment	3311	28299	-24989	886	25372	-24486
1.B.2.4 Reserve assets	12873	76	12797	8080	10	8071
1.B.3 Other primary income	7502	1149	6352	6530	1748	4782
1.C Secondary Income (1.C.1+1.C.2)	**148958**	**15577**	**133381**	**152526**	**15003**	**137523**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	148773	13607	135166	152400	13125	139275
1.C.1.1 Personal transfers (Current transfers between resident and/	145508	9826	135681	147403	9500	137903
1.C.1.2 Other current transfers	3265	3781	-516	4997	3625	1372
1.C.2 General government	185	1970	-1785	126	1878	-1752
2 Capital Account (2.1+2.2)	**1027**	**1167**	**-140**	**1393**	**1673**	**-280**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	67	293	-226	636	278	358
2.2 Capital transfers	960	874	85	757	1395	-638
3 Financial Account (3.1 to 3.5)	**1275189**	**1285693**	**-10505**	**1184395**	**1119643**	**64752**
3.1 Direct Investment (3.1A+3.1B)	**151075**	**64481**	**86594**	**112193**	**92670**	**19523**
3.1.A Direct Investment in India	139378	29459	109919	99699	57788	41911
3.1.A.1 Equity and investment fund shares	128086	29401	98685	95272	57537	37735
3.1.A.1.1 Equity other than reinvestment of earnings	100781	29401	71380	62338	57537	4801
3.1.A.1.2 Reinvestment of earnings	27305	0	27305	32935	0	32935
3.1.A.2 Debt instruments	11292	58	11234	4427	251	4176
3.1.A.2.1 Direct investor in direct investment enterprises	11292	58	11234	4427	251	4176
3.1.B Direct Investment by India	11697	35022	-23324	12493	34882	-22389
3.1.B.1 Equity and investment fund shares	11697	20955	-9257	12493	14216	-1723
3.1.B.1.1 Equity other than reinvestment of earnings	11697	15253	-3556	12493	8726	3767
3.1.B.1.2 Reinvestment of earnings	0	5702	-5702	0	5490	-5490
3.1.B.2 Debt instruments	0	14067	-14067	0	20666	-20666
3.1.B.2.1 Direct investor in direct investment enterprises	0	14067	-14067	0	20666	-20666
3.2 Portfolio Investment	**570147**	**669638**	**-99491**	**676402**	**623338**	**53063**
3.2.A Portfolio Investment in India	557238	663952	-106714	674196	614505	59691
3.2.1 Equity and investment fund shares	435547	480491	-44945	593588	537019	56569
3.2.2 Debt securities	121691	183461	-61770	80608	77487	3122
3.2.B Portfolio Investment by India	12909	5686	7223	2206	8833	-6628
3.3 Financial derivatives (other than reserves) and employee stock options	**83046**	**67224**	**15822**	**19402**	**35925**	**-16523**
3.4 Other investment	**470921**	**348309**	**122612**	**376398**	**343008**	**33391**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	122743	101911	20832	84291	86651	-2360
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	817	0	817	1565	0	1565
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	121926	101911	20016	82726	86651	-3925
3.4.2.3 General government						0
3.4.2.4 Other sectors						0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	170245	145393	24852	163138	119653	43484
3.4.3.A Loans to India	155879	137570	18309	158092	114067	44025
3.4.3.B Loans by India	14365	7823	6542	5045	5586	-540
3.4.4 Insurance, pension, and standardized guarantee schemes	270	328	-58	198	313	-116
3.4.5 Trade credit and advances	65702	72938	-7236	67291	84390	-17099
3.4.6 Other accounts receivable/payable - other	111962	27740	84222	61481	52000	9481
3.4.7 Special drawing rights				0	0	0
3.5 Reserve assets	**0**	**136042**	**-136042**	**0**	**24702**	**-24702**
3.5.1 Monetary gold						0
3.5.2 Special drawing rights n.a.						0
3.5.3 Reserve position in the IMF n.a.						0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	136042	-136042	0	24702	-24702
4 Total assets/liabilities	**1275189**	**1285693**	**-10505**	**1184395**	**1119643**	**64752**
4.1 Equity and investment fund shares	671555	604085	67470	723159	653844	69315
4.2 Debt instruments	491672	517827	-26155	399754	389097	10657
4.3 Other financial assets and liabilities	111962	163782	-51820	61481	76702	-15221
5 Net errors and omissions	**6415**	**0**	**6415**	**0**	**5180**	**-5180**

Note : P: Preliminary

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2020-21		2020				2021	
			Mar.		Dec.		Mar.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	193929	482208	182957	418234	190857	480190	193929	482208
1.1 Equity Capital and Reinvested Earnings	122726	456947	118442	395426	122489	454603	122726	456947
1.2 Other Capital	71203	25261	64515	22809	68368	25587	71203	25261
2 Portfolio Investment	6436	281842	3847	246700	5527	274032	6436	281842
2.1 Equity	840	177278	602	134778	1732	170630	840	177278
2.2 Debt	5596	104563	3246	111922	3795	103402	5596	104563
3 Other Investment	80897	446867	52412	427500	69382	438780	80897	446867
3.1 Trade Credit	5644	100342	1460	104271	3196	102598	5644	100342
3.2 Loan	13335	190382	6731	179834	10610	183983	13335	190382
3.3 Currency and Deposits	42436	142069	26011	130761	37343	140683	42436	142069
3.4 Other Assets/Liabilities	19482	14074	18210	12634	18234	11516	19482	14074
4 Reserves	576984		477807		585771		576984	
5 Total Assets/ Liabilities	858246	1210917	717023	1092434	851536	1193002	858246	1210917
6 IIP (Assets - Liabilities)		-352671		-375411		-341466		-352671

Payment and Settlement Systems

No.43: Payment System Indicators

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

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2020-21	2020	2021		FY 2020-21	2020	2021	
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.
	1	2	3	4	5	6	7	8
A. Settlement Systems								
Financial Market Infrastructures (FMIs)								
1 CCIL Operated Systems (1.1 to 1.3)	27.97	2.52	2.90	2.68	161943141	14102229	17144527	16798812
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	11.55	1.22	1.01	0.98	110634315	9407660	11317988	11096031
1.1.1 Outright	6.28	0.73	0.51	0.50	10032187	1146554	774292	744621
1.1.2 Repo	2.84	0.29	0.27	0.25	43751173	4098668	4653921	3802644
1.1.3 Tri-party Repo	2.43	0.20	0.23	0.24	56850956	4162438	5889775	6548766
1.2 Forex Clearing	16.04	1.28	1.82	1.64	48903961	4544294	5408999	5290626
1.3 Rupee Derivatives @	0.38	0.02	0.07	0.07	2404865	150275	417541	412155
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	–	–	–	–	–	–	–	–
1 Credit Transfers - RTGS (1.1 to 1.2)	1591.92	124.76	154.14	167.65	105599849	8335279	10196989	10741314
1.1 Customer Transactions	1573.47	123.22	152.92	166.43	91008367	7137945	8887546	9288984
1.2 Interbank Transactions	18.45	1.55	1.22	1.22	14591482	1197334	1309444	1452331
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	317851.82	21832.34	36684.40	41367.43	33522150	2587356	3029728	3214817
2.1 AePS (Fund Transfers) @	11.32	0.86	1.06	1.03	623	45	64	61
2.2 APBS $	14372.99	1182.38	1148.34	1045.01	112747	8976	8143	7952
2.3 IMPS	32783.47	2220.99	3038.45	3524.64	2941500	225775	284111	311310
2.4 NACH Cr $	16449.51	1053.54	1498.12	1171.72	1232714	98909	92266	85307
2.5 NEFT	30927.89	2401.03	2923.27	3170.00	25130910	1963113	2097771	2204303
2.6 UPI @	223306.64	14973.54	28075.16	32455.02	4103658	290538	547373	605883
2.6.1 of which USSD @	10.45	0.91	1.03	1.08	172	15	16	16
3 Debit Transfers and Direct Debits (3.1 to 3.3)	10440.40	855.71	981.70	986.32	872399	68356	86759	86503
3.1 BHIM Aadhaar Pay @	160.84	15.96	17.66	17.49	2580	216	417	414
3.2 NACH Dr $	9629.61	801.08	878.73	877.08	868906	68083	86215	85980
3.3 NETC (linked to bank account) @	649.96	38.67	85.31	91.75	913	56	128	109
4 Card Payments (4.1 to 4.2)	57786.60	4481.59	4493.75	5225.86	1291799	95883	113790	135972
4.1 Credit Cards (4.1.1 to 4.1.2)	17641.06	1319.66	1547.01	1820.49	630414	45558	62746	74885
4.1.1 PoS based $	8688.81	601.63	690.40	900.27	280769	20107	23977	30498
4.1.2 Others $	8952.25	718.03	856.61	920.21	349645	25451	38769	44387
4.2 Debit Cards (4.2.1 to 4.2.1)	40145.54	3161.93	2946.74	3405.37	661385	50325	51044	61087
4.2.1 PoS based $	20773.50	1461.94	1505.09	1901.64	377630	25821	28743	36764
4.2.2 Others $	19372.04	1699.99	1441.65	1503.73	283755	24504	22300	24324
5 Prepaid Payment Instruments (5.1 to 5.2)	49392.29	3987.42	4586.00	4959.07	197696	15521	18780	20806
5.1 Wallets	39987.01	3205.59	3911.95	4079.19	152065	12892	16088	17053
5.2 Cards (5.2.1 to 5.2.2)	9405.28	781.83	674.05	879.89	45631	2629	2692	3753
5.2.1 PoS based $	437.33	24.49	44.69	63.24	11639	628	552	683
5.2.2 Others $	8967.95	757.34	629.36	816.64	33992	2002	2140	3070
6 Paper-based Instruments (6.1 to 6.2)	6703.70	532.38	511.38	596.11	5627189	434072	477430	553256
6.1 CTS (NPCI Managed)	6702.53	532.24	511.38	596.11	5625941	433799	477430	553256
6.2 Others	1.17	0.14	–	–	1249	272	–	–
Total - Retail Payments (2+3+4+5+6)	442174.81	31689.45	47257.22	53134.79	41511233	3201188	3726486	4011354
Total Payments (1+2+3+4+5+6)	443766.73	31814.21	47411.36	53302.44	147111082	11536467	13923476	14752668
Total Digital Payments (1+2+3+4+5)	437063.03	31281.83	46899.98	52706.33	141483892	11102395	13446046	14199411

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2020-21	2020	2021		FY 2020-21	2020	2021	
		Jul.	Jun.	Jul.		Jul.	Jun.	Jul.
	1	2	3	4	5	6	7	8
A. Other Payment Channels								
1 Mobile Payments (mobile app based) (1.1 to 1.2)	255451.57	17281.26	32127.11	37458.94	9179707	637489	1033735	1149340
1.1 Intra-bank $	25166.33	1574.10	2829.58	3134.21	1869837	130568	196264	210636
1.2 Inter-bank $	230231.22	15707.16	29297.53	34324.73	7308472	506921	837471	938704
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	32493.63	2673.76	2703.44	3048.81	41581497	3251167	3468711	3710473
2.1 Intra-bank @	6886.15	582.31	545.84	606.23	20601554	1595612	1501184	1625684
2.2 Inter-bank @	25607.48	2091.45	2157.60	2442.58	20979943	1655556	1967527	2084788
B. ATMs								
3 Cash Withdrawal at ATMs $ (3.1 to 3.3)	60905.81	4687.45	4761.61	5378.72	2889826	232074	229633	254880
3.1 Using Credit Cards $	51.41	3.29	4.31	4.74	2560	167	219	235
3.2 Using Debit Cards $	60602.23	4664.96	4735.38	5348.70	2878025	231210	228681	253780
3.3 Using Pre-paid Cards $	252.17	19.20	21.91	25.28	9240	697	734	865
4 Cash Withdrawal at PoS $ (4.1 to 4.2)	394.77	33.57	7.87	7.45	1533	136	59	62
4.1 Using Debit Cards $	353.50	30.67	7.03	6.15	1484	132	44	43
4.2 Using Pre-paid Cards $	41.27	2.90	0.84	1.30	49	3	15	19
5 Cash Withrawal at Micro ATMs @	9460.43	743.41	856.89	869.89	225420	17469	24187	22973
5.1 AePS @	9460.43	743.41	856.89	869.89	225420	17469	24187	22973

PART III - Payment Infrastructures (Lakh)

System	As on March 2021	2020	2021	
		Jul.	Jun.	Jul.
	1	2	3	4
Payment System Infrastructures				
1 Number of Cards (1.1 to 1.2)	9602.51	9099.87	9688.24	9694.51
1.1 Credit Cards	620.49	576.32	628.15	634.14
1.2 Debit Cards	8982.02	8523.55	9060.08	9060.36
2 Number of PPIs @ (2.1 to 2.2)	21952.60	19272.63	22947.96	23388.31
2.1 Wallets @	20052.10	17749.31	20864.68	21244.36
2.2 Cards @	1900.51	1523.32	2083.28	2143.95
3 Number of ATMs (3.1 to 3.2)	2.39	2.34	2.40	2.40
3.1 Bank owned ATMs $	2.14	2.10	2.14	2.13
3.2 White Label ATMs $	0.25	0.24	0.26	0.27
4 Number of Micro ATMs @	4.04	3.06	4.54	4.75
5 Number of PoS Terminals	47.20	43.57	45.93	46.08
6 Bharat QR @	35.70	22.37	49.33	51.23
7 UPI QR *	925.22	–	1018.26	1070.08

@: New inclusion w.e.f. November 2019

$: Inclusion separately initiated from November 2019 - would have been part of other items hitherto.

*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

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

Occasional Series

No. 44: Small Savings

(₹ Crore)

Scheme		2019-20	2019	2020		
			Nov.	Sep.	Oct.	Nov.
		1	2	3	4	5
1 Small Savings	**Receipts**	**159573**	**14106**	**15218**	**12857**	**11446**
	Outstanding	**1078535**	**999208**	**1155063**	**1167887**	**1179309**
1.1 Total Deposits	**Receipts**	**116389**	**10876**	**11962**	**9626**	**8378**
	Outstanding	**734807**	**681695**	**796745**	**806371**	**814749**
1.1.1 Post Office Saving Bank Deposits	Receipts	25893	1881	3061	1319	1130
	Outstanding	166140	147007	184681	186000	187130
1.1.2 MGNREG	Receipts					
	Outstanding					
1.1.3 National Saving Scheme, 1987	Receipts	36	80	-23	52	-15
	Outstanding	3143	3015	3070	3122	3107
1.1.4 National Saving Scheme, 1992	Receipts	-1	823	-3	-11	-3
	Outstanding	9	809	0	-11	-14
1.1.5 Monthly Income Scheme	Receipts	16510	1584	1401	1151	841
	Outstanding	209168	201707	214935	216086	216927
1.1.6 Senior Citizen Scheme 2004	Receipts	20334	1706	2032	1851	1569
	Outstanding	76042	67394	85480	87331	88900
1.1.7 Post Office Time Deposits	Receipts	41795	3625	4278	3658	3066
	Outstanding	166087	148326	184793	188451	191517
1.1.7.1 1 year Time Deposits	Outstanding	92618	84270	100944	102272	103207
1.1.7.2 2 year Time Deposits	Outstanding	7097	6637	7269	7276	7295
1.1.7.3 3 year Time Deposits	Outstanding	7536	7262	7447	7422	7384
1.1.7.4 5 year Time Deposits	Outstanding	58836	50157	69133	71481	73631
1.1.8 Post Office Recurring Deposits	Receipts	11821	1177	1216	1606	1789
	Outstanding	114222	113441	123790	125396	127185
1.1.9 Post Office Cumulative Time Deposits	Receipts	1	0	0	0	1
	Outstanding	-25	-25	-25	-25	-24
1.1.10 Other Deposits	Receipts	0	0	0	0	0
	Outstanding	21	21	21	21	21
1.2 Saving Certificates	**Receipts**	**30170**	**2580**	**3010**	**3030**	**2850**
	Outstanding	**252190**	**237586**	**265147**	**268144**	**270970**
1.2.1 National Savings Certificate VIII issue	Receipts	19495	1717	1361	1448	1411
	Outstanding	117987	107778	124488	125936	127347
1.2.2 Indira Vikas Patras	Receipts	-101	0	-3	0	0
	Outstanding	162	-289	159	159	159
1.2.3 Kisan Vikas Patras	Receipts	-18168	-1090	-821	-603	-561
	Outstanding	1135	7753	-3288	-3891	-4452
1.2.4 Kisan Vikas Patras - 2014	Receipts	28972	1953	2473	2185	2000
	Outstanding	122602	111248	133676	135861	137861
1.2.5 National Saving Certificate VI issue	Receipts	-4	0	0	0	0
	Outstanding	-155	-179	-155	-155	-155
1.2.6 National Saving Certificate VII issue	Receipts	-24	0	0	0	0
	Outstanding	-106	-82	-106	-106	-106
1.2.7 Other Certificates	Outstanding	10565	11357	10373	10340	10316
1.3 Public Provident Fund	**Receipts**	**13014**	**650**	**246**	**201**	**218**
	Outstanding	**91538**	**79927**	**93171**	**93372**	**93590**

Source: Accountant General, Post and Telegraphs.

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

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

(Per cent)

Central Government Dated Securities					
Category	2020			2021	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(A) Total (in ₹. Crore)	**6704983**	**7137069**	**7357111**	**7635902**	**7882533**
1 Commercial Banks	38.98	38.55	37.81	37.77	35.99
2 Non-Bank PDs	0.36	0.34	0.25	0.27	0.34
3 Insurance Companies	26.24	25.33	25.64	25.30	25.83
4 Mutual Funds	2.02	2.42	2.62	2.94	2.82
5 Co-operative Banks	1.86	1.86	1.83	1.82	1.82
6 Financial Institutions	1.19	1.42	1.00	1.00	1.43
7 Corporates	0.78	0.94	1.05	1.06	1.39
8 Foreign Portfolio Investors	1.79	2.05	2.10	1.87	1.79
9 Provident Funds	4.96	4.77	4.61	4.44	4.04
10 RBI	14.70	15.00	15.71	16.20	17.11
11. Others	7.11	7.32	7.37	7.33	7.43
11.1 State Governments	1.99	1.86	1.76	1.69	1.67

State Governments Securities					
Category	2020			2021	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(B) Total (in ₹. Crore)	**3393099**	**3564979**	**3721573**	**3879982**	**4028849**
1 Commercial Banks	33.54	34.60	34.19	33.69	33.75
2 Non-Bank PDs	0.74	0.54	0.36	0.48	0.39
3 Insurance Companies	30.85	30.26	30.25	30.04	29.67
4 Mutual Funds	1.74	1.96	1.92	1.82	1.74
5 Co-operative Banks	4.38	4.19	4.11	4.05	4.12
6 Financial Institutions	1.96	1.92	1.88	1.86	1.79
7 Corporates	0.31	0.39	0.45	0.49	1.45
8 Foreign Portfolio Investors	0.02	0.02	0.02	0.02	0.02
9 Provident Funds	21.70	21.31	21.20	22.00	21.09
10 RBI	0.00	0.00	0.81	0.77	0.88
11. Others	4.78	4.80	4.82	4.77	5.10
11.1 State Governments	0.18	0.18	0.18	0.18	0.18

Treasury Bills					
Category	2020			2021	
	Jun.	Sep.	Dec.	Mar.	Jun.
	1	2	3	4	5
(C) Total (in ₹. Crore)	**881362**	**982286**	**839729**	**690646**	**901327**
1 Commercial Banks	46.11	53.50	54.75	55.54	52.25
2 Non-Bank PDs	1.48	2.16	1.65	2.82	1.82
3 Insurance Companies	4.64	4.06	4.50	5.61	4.75
4 Mutual Funds	23.45	19.90	18.98	17.80	19.93
5 Co-operative Banks	1.95	1.63	1.61	2.43	1.60
6 Financial Institutions	1.67	1.34	1.11	1.24	2.56
7 Corporates	1.43	1.63	2.01	3.16	3.00
8 Foreign Portfolio Investors	0.00	0.00	0.00	0.00	0.00
9 Provident Funds	0.05	0.00	0.09	0.22	0.10
10 RBI	11.27	4.80	0.68	0.49	2.58
11. Others	7.95	10.99	14.63	10.70	11.42
11.1 State Governments	4.35	7.76	13.27	5.98	7.97

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

(₹ Crore)

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

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

Source : Budget Documents of Central and State Governments.

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

(₹ Crore)

Sr. No	State/Union Territory	During July-2021					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
	1	2	3	4	5	6	7
1	Andhra Pradesh	464	23	2095	22	2192	14
2	Arunachal Pradesh	0		0		0	
3	Assam	0		0		0	
4	Bihar	0		0		0	
5	Chhattisgarh	901	14	0		0	
6	Goa	94	14	68	13	0	
7	Gujarat	0		0		0	
8	Haryana	0		0		0	
9	Himachal Pradesh	0		295	4	0	
10	Jammu & Kashmir UT	0		876	24	404	7
11	Jharkhand	0		0		0	
12	Karnataka	0		0		0	
13	Kerala	96	1	111	1	0	
14	Madhya Pradesh	0		0		0	
15	Maharashtra	0		0		0	
16	Manipur	0		264	31	155	15
17	Meghalaya	80	7	80	5	0	
18	Mizoram	0		100	13	0	
19	Nagaland	58	31	140	14	0	
20	Odisha	0		0		0	
21	Puducherry	42	1	0		0	
22	Punjab	249	2	0		0	
23	Rajasthan	0		0		0	
24	Tamil Nadu	0		0		0	
25	Telangana	580	19	1455	19	2910	14
26	Tripura	0		0		0	
27	Uttar Pradesh	0		0		0	
28	Uttarakhand	127	5	148	1	0	
29	West Bengal	0		0		0	

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

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of July 2021			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	8816	870	0	0
2	Arunachal Pradesh	1792	3	0	0
3	Assam	4054	58	0	0
4	Bihar	5961	0	0	0
5	Chhattisgarh	4988	0	1	4550
6	Goa	653	330	0	0
7	Gujarat	5221	509	0	0
8	Haryana	827	1287	0	0
9	Himachal Pradesh	0	0	0	0
10	Jammu & Kashmir UT	0	0	0	0
11	Jharkhand	479	0	0	0
12	Karnataka	6155	0	0	12000
13	Kerala	2276	0	0	0
14	Madhya Pradesh	0	976	0	0
15	Maharashtra	44885	674	0	17500
16	Manipur	163	107	0	0
17	Meghalaya	771	44	9	0
18	Mizoram	374	48	0	0
19	Nagaland	1750	35	0	0
20	Odisha	11927	1556	90	25433
21	Puducherry	325	0	0	1109
22	Punjab	1430	0	8	0
23	Rajasthan	0	0	129	4450
24	Tamilnadu	7072	0	40	17520
25	Telangana	6028	1315	0	0
26	Tripura	398	10	0	600
27	Uttar Pradesh	988	0	180	0
28	Uttarakhand	3466	135	0	0
29	West Bengal	9471	617	214	0
	Total	**130269**	**8573**	**670**	**83162**

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

No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2019-20		2020-21		2021-22						Total amount raised, so far in 2021-22	
						May		June		July			
		Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross	Net
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	**Andhra Pradesh**	42415	33444	50896	41915	6000	5417	6000	5420	3750	2242	17750	14379
2	**Arunachal Pradesh**	1366	1287	767	767	-	-	-	-	-	-	400	400
3	**Assam**	12906	10996	15030	14230	-	-	-	-	500	500	500	500
4	**Bihar**	25601	22601	27285	24685	2000	2000	2000	2000	4000	4000	8000	8000
5	**Chhattisgarh**	11680	10980	13000	10500	-	-	-	-	1000	1000	1000	1000
6	**Goa**	2600	2000	3354	3054	-	-	300	300	200	200	500	500
7	**Gujarat**	38900	28600	44780	33280	-	-1000	4500	3500	3000	2000	7500	4500
8	**Haryana**	24677	20677	30000	25550	5000	4000	5000	5000	-	-	10000	7200
9	**Himachal Pradesh**	6580	4460	6000	3755	-	-	-	-	-	-	-	-
10	**Jammu & Kashmir UT**	7869	6760	9328	6020	400	400	1700	1000	-	-	2600	1900
11	**Jharkhand**	7500	5656	9400	8900	-	-	-	-	-	-	-	-
12	**Karnataka**	48500	42500	69000	61900	-	-	-	-	-	-	-	-
13	**Kerala**	18073	12617	28566	23066	1500	1500	7500	7500	-	-	9000	9000
14	**Madhya Pradesh**	22371	16550	45573	38773	-	-	-	-	2000	2000	2000	2000
15	**Maharashtra**	48498	32998	69000	50022	13500	13500	10500	10500	5750	3750	29750	27750
16	**Manipur**	1757	1254	1302	1044	-	-	200	200	200	200	600	600
17	**Meghalaya**	1344	1070	1777	1587	-	-100	200	200	-	-	400	300
18	**Mizoram**	900	745	944	677	150	150	-	-	100	100	250	100
19	**Nagaland**	1000	423	1721	1366	-	-	250	150	-	-	600	500
20	**Odisha**	7500	6500	3000	500	-	-	-	-	-	-1000	-	-1500
21	**Puducherry**	970	470	1390	790	-	-	-	-	-	-	-	-
22	**Punjab**	27355	18470	32995	23467	-	-800	3500	1850	1200	-100	4700	-650
23	**Rajasthan**	39092	24686	57359	44273	4000	3500	8500	7500	3100	3100	19600	18100
24	**Sikkim**	809	481	1292	1292	500	500	-	-	-	-	500	500
25	**Tamil Nadu**	62425	49826	87977	76796	12000	11000	12000	10500	8000	6500	32000	28000
26	**Telangana**	37109	30697	43784	37365	3500	3083	8500	8080	3000	1908	16500	14071
27	**Tripura**	2928	2578	1916	1631	-	-100	-	-50	-	-	-	-150
28	**Uttar Pradesh**	69703	52744	75500	59185	-	-2500	5000	4000	7500	6000	12500	7500
29	**Uttarakhand**	5100	4500	6200	5208	-	-	700	700	500	300	1200	500
30	**West Bengal**	56992	40882	59680	50180	2000	-	8500	5500	5500	3500	16000	5827
	Grand Total	634521	487454	798816	651777	50550	40550	84850	73850	49300	36200	193850	150827

- : Nil.

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

Source: Reserve Bank of India.

Explanatory Notes to the Current Statistics

Table No. 1

1.2& 6: Annual data are average of months.

3.5 & 3.7: Relate to ratios of increments over financial year so far.

4.1 to 4.4, 4.8,4.9 &5: Relate to the last friday of the month/financial year.

4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.

4.10 to 4.12: Relate to the last auction day of the month/financial year.

4.13: Relate to last day of the month/ financial year

7.1&7.2: Relate to Foreign trade in US Dollar.

Table No. 2

2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.

2.2.2: Include cash, fixed deposits and short-term securities/bonds, e.g., issued by IIFC (UK).

Table No. 4

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

Table No. 5

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

Table No. 6

For scheduled banks, March-end data pertain to the last reporting Friday.

2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11

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

Table No. 8

NM_2 and NM_3 do not include FCNR (B) deposits.

2.4: Consist of paid-up capital and reserves.

2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.

L_1 and L_2 are compiled monthly and L_3 quarterly.

Wherever data are not available, the last available data have been repeated.

Table No. 13

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

Table No. 14

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

Table No. 17

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32

Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC SWAP arrangement. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34

1.1.1.1.2 & 1.1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

Table No. 35

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36

Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2018-19 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). The details on methodology used for compilation of NEER/REER indices are available in December 2005, April 2014 and January 2021 issues of the RBI Bulletin.

Table No. 37

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43

Part I-A. Settlement systems

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

Part I-B. Payments systems

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

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

5: Available from December 2010.

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

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

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

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

Part II-A. Other payment channels

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

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

Part II-B. ATMs

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

Part III. Payment systems infrastructure

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

Table No. 45

(-): represents nil or negligible

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

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

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

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

Table No. 46

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

Data pertains to all States and Union Territories.

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

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

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

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

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

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

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

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

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

Table No. 47

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

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

OD is advanced to State Governments beyond their WMA limits.

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

- : Nil.

Table No. 48

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

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

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

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

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

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

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12. Perspectives on Central Banking Governors Speak (1935-2010) Platinum Jubilee	₹1400 per copy (over the counter)	US$ 50 per copy (inclusive of air mail courier charges)

Notes

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

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